Handbook of Globalization, Governance, and Public Administration

Edited by
Ali Farazmand
Jack Pinkowski

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Handbook of Globalization, Governance, and Public Administration

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Preface

The purpose of this encyclopedic handbook on an increasingly important subject is to present original material on diverse issues and aspects of globalization, governance, and public administration to answer the need for a growing, worldwide, cross-disciplinary, multifaceted interest in globalization with various implications for public administration, public management, and governance. Up until now there has been no single resource to untangle the web of complex and multilevel issues connected with globalization to serve as a starting point for understanding the complicated relationships between globalization and the public sector. This handbook will serve a primer on the issues and a guide to inform a wide spectrum of interested parties including practitioners, academics, research scholars, public officials, corporate managers, researchers and students of political science, economics, finance, cross-cultural studies, human resource management, public policy, and business and public administration. There are a wide range of issues, perspectives, case studies, and analytical and theoretical aspects that are included in this volume.

The handbook is organized into nine parts of related topics. Section I, "Concepts, Meanings, and Theoretical Perspectives," sets the conceptual framework for our coverage of globalization in the public administration context. Essays in Section I present several definitions and a brief historical overview related to how globalization has developed and impacted governance and the practice of public management. The multidimensional process is presented as one that is perceived and received differently based on one's cultural perspective. Globalization transcends national borders and national cultures so that the cultural state of the world has now become more linked to the flow of information and knowledge. However, from a critical standpoint, the process whereby globalization develops from information and communications technologies is challenged as a process that is driven by design, resulting in directed change and challenges. The designing forces behind globalization are said to promote global hegemony and to serve self-interests of global corporations and dominant power players in world politics and economics. This has impacts on people and countries that are not equally distributed among all nations. Although nations and public administration continue to exist, the assertion is made that globalization presents new threats especially to national sovereignty

and the environment and tends to increase poverty and inequality worldwide, both producing global insecurity.

Section II, "Consequences and Implications for Public Administration," and Section III, "Consequences and Implications for Governance," include 14 chapters on various consequences and implications for public administration and governance. The social dimensions of globalization, specifically demographic changes, present a predicament in transitional governments such as the former East Germany. One result of unification across boundaries is the blurring of client identity that has implications for public management and the lack of clear agreement on what is in the public interest. The public interest changes depending on the configuration of the community it serves. This also has to do with regulation of professions and regulated occupations. Yet another result of global integration has substantial implications for national security and international health interests across changing national borders where the residents on both sides have in common family and their shared cultural identity. Besides the political and economic factors, negative side effects of globalization extend to cultural disruption, especially where the government institutions are weak and world standards are imposed on previously isolated regimes and reinforced by rapid electronic communications.

Much of the worldwide dissemination of information concerning globalization is filtered through traditional print and electronic media reports. E-government is prescribed as a counterbalancing influence for the public administrator to communicate directly with the public. Information and communication technologies also create new venues for individuals and partisan groups to reach out across borders to sway public opinion that allows both for greater participation in democratic governance as well as the ability for one individual with a computer connected to the Internet to proffer propaganda and critical commentary intended to undermine established regimes. In general, globalization has resulted in a shift in worldwide power from elected representatives or nation's elites to nonelected corporate elites, international non-governmental bureaucrats, and individuals.

The national administrations must increasingly interact with international organizations and laws that govern them, resulting in increasing importance of alliances with other states spanning issues and borders. Political power results from social energy and successful governments find it essential to delegate authority without losing it. Non-state actors are more and more important in global governance. International organizations figure importantly in coordination, cooperation, and decisions concerning international norms, standards, trade, and human rights. Governance under globalization means understanding and integrating national goals with the collective goals of the international community. Consequently, government may have become secondary to the transformation of governance, i.e., how

well institutions serve their clientele. However, globally powerful states of the North still tend to dominate through major avenues of global supranational organizations and economic institutions.

In three separate sections of the handbook, we include various accounts of transformations and administrative reforms. Section IV, "Globalization and Administrative Reform and Reorganization," includes the global view to restructuring governance and administration including "New Public Management" and pervasive privatization with associated diminution of accountability due to the increased autonomy given to private firms, agencies, and state-owned companies. Theoretical constructs are proposed for developing nations whereas others address the generally overlooked linkage between the drive for increased outputs and the limitations of human resources and its consequences tied to motivation and job satisfaction. Another chapter looks at the European Community as a case study of successful supranational governance, albeit with crises, failures, and occasional stagnation.

Section V is dedicated to country-specific case studies of administrative reforms and reorganizations in the Asia-Pacific region including the Philippines, Japan, China, and Hong Kong. In Hong Kong, the bureaucracy was the driving force and provided leadership to the reform movement. The administrative system there is credited with managing the social tensions triggered by major changes in society and the Hong Kong economy. These studies highlight the reform agenda including restructuring, privatization, decentralization, e-government, and efforts to increase transparency and accountability to make administration more responsive and responsible to the social equity and efficiency issues of the time. The difficulty of permanent reform is highlighted as the desire to abolish former regimes or consolidate government organizations that must face established vested interests both within the bureaucracy and from the private sector. Such resistance must be overcome for reforms to be successful. Some of the reforms in China are said to parallel those of New Public Management style reforms, i.e., downsizing, decentralization, market-orientation, contracting-out, and desire to increase transparency and improve public service.

Administrative reforms and reorganizations in Africa and India are the subject area of the chapters in Section VI. Obstacles to meaningful decentralization and measures for strengthening decentralization in the African continent are covered. The effectiveness of decentralization to local governments in Africa remains limited because of their dependence on the central government for financial resources and limited autonomy, inadequate grass roots participation, and the lack of committed bureaucratic leadership. Privatization efforts in Botswana are shown to have implications for a changing role of the state following public–private partnerships. The view of the private sector changed compared to colonial times when private

enterprise was viewed as a means of exploitation and the creator of income disparities in the country. Now it is considered the engine of growth and new public–private partnerships continue to be developed, partly out of the realization that performance of public enterprises has been disappointing. This has resulted in a new role for the state as a protector of the public interest and monitor of the performance of the privatized undertakings.

A traditional village in India is highlighted as an example of the paradox of development wherein land has been taken for development but the promised developmental tasks have not been forthcoming; instead it has resulted in corruption and exploitation. The conclusion calls for sustainable development under globalization to be grounded in community bonding with local deliberations in community-based institutions whereas governments seek growth through market expansion across borders worldwide. The strategies for good governance in India and developing nations are addressed along with an examination of what constitutes bad governance. Information communication technology is put forward as a tool to demystify governance reforms by facilitating transparency and accountability.

In Section VII, "Globalization: Comparative, Development, and Global Public Administration," we present chapters dealing with development that is driven by transnational corporations, which may actually result in underdevelopment. Although large international corporations may drive economic development, they do so with their own interest first and may not consider human rights for the citizens in the growth of the economy. Another chapter looks at imperialism as the extension of the globally more powerful states' power over resources or resource flows within another state's sovereignty to the exclusive benefit of the globalizing imperial state. Under globalization we see the exercise of power by private corporations and alliances of states that are not specifically tied to the national state where the power is influenced. In the public service context, this means self-serving behavior for private or state elite's interests irrespective of the "public interest."

Sustainable development is the subject of another chapter that calls for a multidimensional environment including coordination of intersectoral relationships, policy domains, and microlevel feasibility with less hierarchical bureaucracy. International development management is treated in a separate chapter. We also include here, instead of in Section VI, a case study in an African country because it is focused on development logic and globalization as forces behind ideology-driven reforms. The conclusion is that in the case of Ghana, crosscultural borrowing from different cultures should allow the development of a globalized public administration system capable of responding to both global and local needs relying on the interdisciplinary nature of the field; global–local interplay is required.

Section VIII, "Globalization: Issues in Public Management," includes chapters on public sector management reforms intended to improve

productivity with greater transparency. These include incentive systems, competition, privatization, and accountability standards. A case study in Russia compares the ability to autonomously generate revenues on the local level as well as local incentives to increase the tax base. Failing such incentives and rewards, regional and local governments are at the mercy of the central government, which results in increases in revenue-sharing formulas that offset any local gains.

A separate chapter focuses on ethics in the public sector to guide ethical decision making. The transformation of governance is the topic of a chapter that discusses increasingly international affairs by subnational governments. Energy policy is a global concern arising out of the mismatch between resource and production capacity and consumption demands. It pits consumers and business interests against the local public interest that may only be moderated by supranational, large utilities, and international organizations. Countries face the challenge of international trade and the need for foreign investment for competitive advantage versus domestic opportunities, resulting in diverting their resources to the foreign sector. Corporate interests and investors frequently control these outcomes. The key differences between "market driving" compared to "market-driven" business strategies, in the context of the global market environment, is the subject of another chapter.

Section IX, "Globalization and the Future of Governance and Public Administration," looks at the prospects for change in the coming century in the issues and implications from globalization. This includes an environmental ethic and the legacy that is being created for future generations borne out of consuming society's penchant for greater energy demands and natural resources degradation and corporate exploitation. One approach to altering the direction of change is change itself in the manner that we educate and train future public sector workers. This includes ethical training and consciousness to outcomes, unintended consequences, and negative externalities. Public health concerns and climatic change are covered in individual chapters. Both topics can cause drastic, rapid, and irreversible harm to our species. Regarding public administration, partisan, ideological conflict, and international forces have found their way into many aspects of public management including an area once thought immune to external influences such as the orderliness and predictability of local government budgeting.

The combined forces of globalization and its implications resulting in privatization, marketization, downsizing, corporatization, outsourcing, cross-border administration, and other topics included in this volume result in a challenge for public administration in this era. Revitalization of the field rests in part on the need to understand the multifaceted causes and implications covered in the broad spectrum of issues in this handbook.

The more than 60 contributors to the handbook include many established scholars and practitioners from around the world who share their individual expertise and unique perspectives on these phenomena. It is our collective hope that this handbook will serve as a library reference work and major textbook to fill the present need and stimulate future research on these topics.

We express our gratitude to all of the contributing authors who have been very patient throughout the extended process of bringing this project to fruition. We express our sincere appreciation to all the contributors for their prompt attention to requests for revisions, rewrites, and timely submission of their manuscripts during the extended time necessary to coordinate them all. Our original publisher, Marcel Dekker, Inc., was sold to the Taylor & Francis group during the time we were preparing and assembling manuscripts for this book. We are thankful that our new publisher, Rich O'Hanley, proved to be just as interested in our project and most cooperative during the transition. Our production editor, Claire Miller, was very understanding and helpful during the changeover period between publishers and the entire production staff at Taylor & Francis and CRC Press proved to be a joy to work with.

Finally, we would like to acknowledge the support of other individuals who made this project possible. Jack Rabin, the Public Administration and Public Policy series editor, has always been supportive and encouraged our efforts without reservation. We also thank Sami Ullah, Lynn Schweitzer, Mary Feeney, and Associate Dean J. Preston Jones at the H. Wayne Huizenga School of Business and Entrepreneurship at Nova Southeastern University who provided assistance in marketing our call for manuscripts, organizing the submissions, maintaining the database, communicating with the publishers and authors, and carrying out related tasks that enabled us to keep organized and complete the project.

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Editors

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CONCEPTS, MEANINGS, AND THEORETICAL PERSPECTIVES

I

Chapter 1

Globalization: A Theoretical Analysis with Implications for Governance and Public Administration

Ali Farazmand

CONTENTS

Introduction

The dramatic changes of the last 25 years have shaken up the entire world and produced profound changes and transformations in governments, political systems, governance, public administration, and civic society–state relations. Many old and traditional ways of thinking have been replaced by new ways of thinking, ideas, and perceptions regarding philosophy and management of governance, economy, and international relations. Similarly, many institutional changes have altered traditional structural forms and the substance of governance and administration. Indeed, it seems the whole world has turned upside down and the institutions have turned inside out or outside in.

If we look closely at the features of this new stage of world development, it would not be an exaggeration to claim that the dawn of a new civilization has begun with the rapid fall of the established, industrial civilization with which many parts of the world are still trying to catch up. While a few are making leaping advancements in individual and group life, the majority of the world population is still desperately struggling to survive. Concepts of *rupture* and *uncertainty* have replaced the term *rapid* to describe change or development. The result seems to be rupturing the transformation with temporary life and characteristics. This global phenomenon has many profound implications for societies, peoples, governments, and public administration systems.

Change is both inevitable and necessary, and it is often good for promoting dynamic systems, but chaotic change coupled with rupturing events can have potentially devastating consequences for many while presenting opportunities for some. Quantitative changes are important in shaping the structures and values of the societies, governments, and humanity, but it is the qualitative changes that alter the long-standing characteristics of human civilization. It is the massive qualitative changes that are now taking place and altering the planet Earth, and its societies and communities.

The high mark of these changes is "globalization," a concept that has become popular worldwide. It has appeared in scholarships, in political discussions, in various media, and in all circles of human inquiry all over the world. The term has captured many imaginary as well as practical ways of life and governance systems. Few terms in modern history have ever been used as frequently as the term "globalization." There is no single definition of the term, yet globalization has evoked various conceptual and intellectual, as well as political and economic reactions worldwide.

Indeed, numerous scholars and politicians and numerous ideological perspectives have expressed different ways to describe the changes associated with globalization. For example, Huntington (1996) speaks of the "clash of civilizations" in a divided world of East and West, Islamic and

other Asian religious-based cultures, on the one hand, and Judaic–Christian culture with a self-declared higher moral ground to dominate and subsume all other cultures on the other. Fukuyama (1992) predicts, rather superficially and prematurely, "the end of history and of the last man" (due to the fall of the Soviet system in USSR), and advises all governments and states to abandon their existence and leave everything to market institutions to perform the functions from A to Z. Korbin (1996) indicates a "return to medievalism," with its feudal features of serfdom, bondage, and baron-ruled slavery system. Handy speaks of the "age of unreason," in which doing the unthinkable and thinking the unreasonable are expected in the process of governing political systems and managing modern organizations of public and private sectors.

These expressions reflect major points of view on the rupturing qualitative changes worldwide. They present interesting points that merit consideration and analysis, but they also tend to exaggerate and oversimplify the rapid changes of the present and underestimate or misunderstand the dynamic process of dialectical change and transformation of the future, a process that has characterized the history of world civilizations from the earliest time; they will continue to surprise thinkers of fixating ideas in the future.

The world is experiencing a high degree of globalism representing ideological, political, organizational, and economic phenomena at the turn of the 21st century, and of globalization, which is a process of world-wide integration and transcendence. What does globalization mean? What are the theoretical underpinnings of globalization? And what does it mean for the state, governance, and public administration?

This chapter addresses these fundamental questions and offers a theoretical analysis of globalization with some implications for governance and public administration. A political economy approach is used to explain the changes of globalization within the process of continuity in the historical development of political and administrative systems. The section "Big Changes and the Challenge of Globalization," discusses "big changes" producing globalization with expressed concerns for the fate of governance and public administration; "Meaning of Globalism and Globalization," the meanings of globalization and globalism; "Theoretical Perspective: A Bird's Eye View," a theoretical analysis of different perspectives on globalization; and "Conclusion," (Part V) some implications for governance and public administration.

Big Changes and the Challenge of Globalization

Change has always been a driving force for transformations throughout history. However, several "big changes" of the last 25 years or so seem to

have taken the entire world by surprise, shaken up many traditional systems and ways of life, and produced new worldwide transformations in governments, governance, state–society relations, and public administration. In the realms of international relations and politics, arguments for a "world order" have emerged with attempts for global convergence and a new world order. Consequently, discussions have proliferated around the concepts of "convergence theory," "corporate hegemony theory," "late capitalism and global imperialism theory," and various globalization theories that represent different perspectives, viewpoints, ideological tendencies, and socioeconomic as well as ecological and technological orientations. For a detailed treatment of these and other theories, see my forthcoming book, *Globalization, Governance, and Administration* (Farazmand, forthcoming).

This spectrum of widespread perspectives covers a scope of scholarly discussions that range from left to right with many in between. It is beyond the scope of this chapter to delve into the details of this subject matter. However, for our purpose, an outline of these mega changes is presented to set the rest of the chapter materials in order.

Generally speaking, three broad, mega changes of worldwide significance have occurred that have caused revolutionary transformations in governments, governance, state–society relations, and public administration.

The first mega change is technological innovation in general, but most importantly of the computer, Internet, information, and satellite communications that have produced giant steps toward world integration and removal of many artificial barriers in learning about other nations and peoples around the world, with the ability to communicate instantaneously around the globe. This technological innovation is just the beginning of a long-term global change that will develop in the future. Acquiring knowledge and information today is made easy by striking a key on the computer board. The need to travel to libraries and information centers is disappearing fast, and access to worldwide information is instantaneous. No longer can governments and state or corporate institutions dictate to citizens or employees what they should or should not know or read.

However, this does not mean a total loss of boundaries of nationalism, or sense of national sovereignty and identity, though these concepts are being challenged already. Formation of supranational organizations such as the European Union (EU) is an example. Other organizations like EU may emerge or are emerging. At the same time, atomization, rise of nationalism, and small-scale identity formation — ethic, religious, etc. — are also developing, a contradictory development opposite of the supranational and collective identity concepts. This dual problem of collective and individual identity syndrome (or what I have called a dual identity syndrome — DIS) will continue to play an important role in national governance, international relations and politics, and public administration as well as culture.

Huntington's concept of "clash of civilizations" with a vision of Western civilization's hegemony over all others will meet its own antithesis, and indeed it has already met with such opposition in the world. This theory will produce nothing but a catastrophe for the world.

The second mega change of global significance is an extension of the first, that is the technological advancement in military and space areas. Although there is nothing new about this realm of technological innovations, as there have always been advancements of some sort throughout history, this time is different in that the ability of certain superpower nations, especially the United States, to master knowledge, skills, and tools to dominate the world via military threats through sky, land, and water has reached the level of global supremacy. Although deterrent forces of global scale still exist and may pose a serious challenge to the "supremacy," in the absence of the Soviet Union they do not possess an equal and countervailing balance of power. Besides, the global military supremacy of the United States as the only mega-superpower has already contributed to the establishment of an ideological doctrine of "global hegemony" within the top-ruling elite circles of the country, with the projection of subsuming the entire world as the new frontier realm of operation under the U.S. global leadership, a position that is denounced by many countries of the world (e.g., France, Russia, China, North Korea, Iran).

The assumption of such global hegemonic rule is explained by this new "hegemony doctrine" with sacred missions of serving American national interests worldwide with no limit to its fields of operation (read it as a global field), on the one hand, and the self-proclaimed ideological crusade of promoting Western ideas, culture, and Judaic Christianity along with the values and institutions of capitalism, on the other. This is done by both the peaceful means of diplomatic maneuvers, ideological slogans of freedom and democracy, financial tools, coercion, violence, and direct wars and the occupation of other nations that may pose resistance or challenge. This is the projection that the dominant elites have for the United States as the most dominant superpower of the world in the new century. The principles of "the Project for the New American Century," signed by some inner circle elites and political figures, including the current president George W. Bush, vice-president Dick Cheney, and defense secretary, Donald Rumsfeld, and others, clearly state the projection of American power in the world as a global empire in the 21st century.

This new global project, no doubt, raises many alarms to other nation-states trying to survive: the Europeans find the solution in the formation of the EU organization, the developing countries of different continents look for other alliances of similar fashion, and Islamic countries have their Organization of the Islamic Countries. However, these regional or associational organizations will not serve them an effective leverage against the

new global super baron for a wide range of economic, political, cultural, and military reasons. Most developing countries are familiar with this new global power reconfiguration and are used to its tricks and objectives. Most of them have experienced direct colonialism first, and then indirect or neocolonialism in the age of imperialism before and during the Cold War era.

However, what is different at this time is the absence of the alternative global superpower, the former Soviet Union (the USSR) that tended to maintain a countervailing balance of power worldwide and offered alternative realms of existence free from the global hegemony of neocolonialism or imperialism of the late corporate capitalism. Today, the threat of "military intervention by remote control," along with economic and diplomatic weapons, is used to push the "doctrine of global hegemony" and operationalize the "Project for the American Century" across the globe. This will keep the "Iron Triangles" of all fields profitably busy, especially in the military-industrial complex (MIC), agriculture, and information technology, to name a few. No doubt, this global assumption of supremacy creates its own antithesis of counterbalancing forces, alliances, superpowers, and possible grand conflicts. In the meantime, smaller nations feeling threatened and squeezed will attempt every possible way to survive and maintain a degree of autonomy and independence by acquiring means of deterrent power such as nuclear weapons and long-range missiles that can reach desired targets.

The proponents of rapid globalization of corporate capitalism, as we will see later in this chapter, view this development of survival strategy and self-reliance by some developing nations both dangerous and useless. Dangerous, because it poses a challenge to the "global hegemony doctrine" and causes a security threat to the new monopolistic world order; these nations or governments, therefore, must be prevented from developing such power that can lead them to further independence, development, and autonomy in the global village. Examples include North Korea, post-revolutionary Iran, and Libya; the latter has already been convinced through negotiations and its nuclear project has been terminated. North Korea insists on its atomic power production unless its security is guaranteed by a nonaggression agreement signed by the United States. Iran insists on its legitimate right to possess and develop nuclear technology for peaceful purposes but rejects it for military atomic weapon purposes, just like the advanced nations of the West, or India and Pakistan or Israel that already possess such nuclear weapons.

The proponents of globalization of corporate capitalism also call these nations' attempts for self-reliance and autonomy useless because they see no need for it, as the whole world is converging into one through the economic power of market capitalism, in which corporations rule the

world and Western supremacy of military and economic domination is unstoppable (see, for example, Fukuyama, (1992).

The third, and perhaps the most important, change of the late 20th century was the sudden and shocking collapse of the Soviet Union as the countervailing superpower of the world. The fall of the USSR ended the era of a bipolar global world order in which the two superpowers, the U.S. and the USSR, competed for world domination, control, and expansion of their spheres of influence. Developing countries of the world were divided more or less under these two global superpowers with two opposing ideological, political, social, and cultural orientations; for several decades, they had enjoyed some safety nets of protection zones created by the opposing superpowers. Yet, while Cold War characterized the two superpower relations, hot wars were always fought in developing and less developed nations that represented the extended arms of the superpowers in the battlefield.

With the sudden fall of the Soviet Union, this global bipolar world order was ended along with the Cold War drama, but immediately, a new global world order was proclaimed by the Western capitalist powers, especially the United States, which now claims to assume global leadership with projected plans of hegemony, domination, and control, all in the name of ideological and doctrinal slogans of market supremacy, corporate capitalism as the most advanced organization of economic system, liberal values of freedom and liberty, property, Western style of democracy, and Judaic–Christian religious values of the Western civilization (Huntington, 1996).

It is beyond the scope of this chapter to discuss the reasons why the USSR collapsed, but at least two broad multitudes of factors contributed to the phenomenon: one was internal and the other external. Internally, the system was new and was in experimentation for decades, therefore many trials and errors. Obviously, the system was surrounded from all fronts by hostile forces of capitalism that did everything they could to defeat the system. The country's overemphasis on military, defense, and space technological achievements, no doubt, gained the system tremendous recognition, respect, and ability as a superpower to check the abuses of the Western superpower and make a key difference in shaping and reshaping global politics and international relations. However, this superpower achievement was gained at a price domestically vis-à-vis its citizens, their consumer expectations, and the problems of managing a gigantic economy and society. Public management was a big project of the Soviet system, yet its dynamics failed to catch up with the latest in the world and with that of the Soviet achievements in the military and space areas.

While the fall of the Soviet Union was a sad tragedy for the poor, the working classes, and the less developed nations hoping to develop on a noncapitalist path of sustainable development free from mass inequality of

the capitalist order, the capitalist world of the West in general and the United States in particular cheered the collapse and celebrated the biggest change of the world in the last quarter of the 20th century. What a change! It gave the proponents of capitalism a boost of morale, a new source of energy, and a new claim of legitimacy for capitalist system of economy and society over socialism and all other forms of economic organization; market supremacy has since been a global slogan of Western powers, corporate leaders, politicians, academic circles, consulting think-tank organizations, and even religious leaders.

These and other equally or less important changes of the last 25 years seem to have turned the world upside down and caused massive transformation in all aspects of life, society, politics, and administration. They have contributed to the new, contending theories of global world order and globalization. But, then, what does globalization mean?

Meaning of Globalism and Globalization

Diversity and confusion characterize the meaning of globalism and globalization. These terms mean different things to people with different worldviews, ideologies, and knowledge bases. Thus, no single definition can be used to explain globalism and globalization. Notwithstanding, the impacts of knowledge on governance and public administration have been inconclusive and confusing with the subject being studied. Because public administration constitutes the core of the state and its governance (Holden, 1997), any changes in the character of the state means corresponding changes in governance and administration, and changes in governance and public administration are reflected in the character of the state.

Globalization and the State

Some scholars have already claimed the "end of the state and administration" (Stever, 1988). Others point to the irrelevance of the state or "state indifferent" in the new logic of global capitalism. Others may see their earlier dream of global "cosmocorporations" come through, seeing states as irrelevant. These arguments are hardly new. As far as globalism and world systems are concerned, both have existed since the turn of the 20th century and both were accentuated by the rise of the USSR and its ideological claim of world socialism.

The demise of the state was predicted by certain liberal internationalists as well as by some Marxist-Leninists early in the 20th century. Lenin's

seminal work, *Imperialism: The Highest Stage of Capitalism* (1965), focused on the growth and role of multinational corporations in modern capitalism, making the state redundant to serve the interests of transworld corporate elites. The recent argument of "transnationalism," which appeared in the 1970s, has also gained momentum. More recently, the works on globalization and new world order allude to the conclusion that the days of the state are numbered (Ohmae, 1995).

Similarly, scholars of governance and public administration have predicted the creation of a new world order beyond nation-states by global corporations and the emergence of a "global village" and a "world government" with "global management". However, with the exception of a few scholarly works (Farazmand, 1994, 1999, 2001a,b), little critical analysis of the terms *globalism*, *globalization*, and *new world order* have been offered in public administration. Others, however, have vocally refuted the idea of the end of the state. For example, Scholte (1997) has argued the persistence of the nation-states with all implications for public administration. Hirst and Thompson (1996), Zysman (1996), have argued that globalization has been exaggerated and that the states remain strong with crucial functions of governance. In fact, some political scientists like Skcopol (1985), who "brought the state back in" to their disciplines during the 1980s, have maintained their skepticism about the disappearance of the state from history. As a result, the process of globalization has produced opposing and controversial trains of thought, concerning the fate of the state in modern governance: one predicting the end of the state, another arguing on the persistence of the state and national governance, and still others with other perspectives in between, as we will see later in this chapter.

What is most important is the impact of globalism and globalization on governance and public administration. The fact is that these phenomena have changed the nature and character of the state and public administration worldwide. There have been "retreating shifts" in the quality and quantity of state power and authority (Strange, 1996; Graycar, 1983), away from the welfare state and transformed into a security-militarized and coercive "corporate state" (Farazmand, 1997a,b, 1999, 2001b). No matter what perspective is adopted, the end results have been increasing fiscal crisis of the state, accompanied by a serious crisis of governability, insecurity in the midst of increased militarization of the world, and further crises of human insecurity worldwide, a vicious cycle that only feeds into more crises in the age of globalization and increasing inequality.

Using a political economy approach, this chapter treats the concepts of globalism and globalization as phenomena produced by historical changes within the broader framework of continuity. Unlike assertions by some, as in the *End of History and the Man* (Fukuyama, 1992), this chapter considers

globalization as an expected historical, dialectical development of late capitalism and argues that globalization is caused by the dynamic nature of rapid accumulation of surplus at the global level. The dynamic nature of capitalist political economy in its latest development has shifted in favor of financial capital as opposed to the earlier production nature of the capital. It has shifted from national to global capitalism. Change and continuity are dialectical characteristics of the development of socioeconomic systems. The qualitative and quantitative changes of the last few decades have altered the nature of capitalist economies and their respective structures and organizations of governance and administration. These changes started after World War II and have accelerated since the 1970s. But the state will persist, I have argued.

Elsewhere (1999, 2004), I have argued that globalization has been caused by several factors, including the economic factors of surplus accumulation of capital, the state, domestic constraints, innovations in information technology, international institutions, and ideology. In turn, globalization has caused significant consequences for the capitalist state, its governance, and its public administration. The core of the state and administration persists in the broader sense of continuity. But major changes have been occurring, as a consequence of globalization, that alter the nature and character of the state and public administration from the traditional welfare administrative state to that of the corporate welfare state. Thus, global capitalism is analyzed in the context of the world political economy. In this context, globalization is considered more broadly than capitalism alone.

Capitalism needs the state and the state is not independent from capital; the elites of both work together in the globalization process because it serves both. Unfortunately, little has been studied on the causal relationship among the aspects of globalization, the state, sound governance, and public administration. With the rise of globalization of financial capital and ideological globalism, the very identity of nation-states and their sovereignty has been challenged.

What Does Globalism Mean?

Globalism means an ideological system with global wings of operations, strategic points, and integration. Like the term capitalism, globalism recognizes no territorial limits or boundaries and claims the entire realm of the world. As a concept, globalism is a global system of capitalist order, as proclaimed by the ideology of globalizing corporations and the globalizing superpower "states" that guard and promote them. Thus, globalism is an ideological, organizational, political, and economic phenomenon of the late 20th century, but its origin may be traced to the 19th century and even earlier times.

Globalism denotes integration and convergence of world powers, cultures, economic systems, organizational arrangements, and administrative practices. It reflects concentration, centralization, and a melding of differences to produce universal symbols, modules, norms, values, and structures. Therefore, globalism is the institutionalization of global peoples, structures, values, norms, socioeconomic systems, and power relationships toward a unifying system of structures and values. As such, globalism is a worldly ideology to which conformity and compliance are required or at least expected.

Once operationally established and institutionalized, globalism will be extremely difficult to resist though not impossible. However, it will also generate its countervailing dialectical forces of resistance from all over the world, forces that oppose oppression, exploitation, domination, and threat to human and national identity. The great Russian philosopher Dostoevsky once observed that "man will engage in self-destruction to preserve his identity." This may be true, but will it matter to the "power holders" of globalization in the age of late capitalism? What can the powerless do in the face of powerful?

What Does Globalization Mean?

While globalism is an ideological system, globalization is a process and a means to achieve the goals of globalism and serves its interests. Globalization has meant many things to many people. The ideas are diverse, interchangeable, and broad, so much so that it is easy to fall into a definition trap. For example, economists consider globalization as an advance step toward a fully integrated world market. Political scientists view it as a march away from the conventionally defined concept of state with territorial sovereignty and the emergence of supranational and global governing bodies under a new world order (Falk, 1997). Business school scholars and consultants see globalization as unlimited opportunities in a "borderless world" (Ohmae, 1990). Others view globalization as a phenomenon driven only by private-sector corporations, not governments (Strange, 1996). These viewpoints reflect different lenses of seeing the world, and they promote the interests they are supposed to serve.

Meanings and theories of globalization are expanding with time, as globalization is not an entirely new concept or reality. Indeed, globalization has a long history. Perhaps the first time in history that globalization was conceptualized and even realized to a great extent in the ancient world was by Cyrus the Great, who by conquering virtually the entire known world founded the first world-state Achaemenid Persian Empire in 550 B.C. Unlike the Romans, who attempted centuries later to assimilate all subject

peoples into one Roman culture, Cyrus envisioned a united and unified empire of Persia with a "synthesis of civilizations" many of whom were in place before the arrival of Aryans on the Iranian plateau; under this new global empire all civilizations were free to practice their cultures, traditions, and values under the novel system of "tolerant governance," in which slavery was abolished and freedom of religion, language, and cultures was assured by Cyrus the Great's Universal Charter of Human Rights, the first ever issued in human history (for more details, see Olmstead, 1948; Frye, 1975; Farazmand, 2001a).

Cyrus's globalization vision lasted for over 200 years, only to be followed by another globalization figure, Alexander the Great, whose vision was to establish a Hellenic world, a vision that did not last too long, for it soon was recaptured by the Parthian Empire of Persia in the East and the newcomer Roman Empire of the West. For the next 800 years, the world was ruled mainly by these two key superpowers, along with China in the Far East. The rise of the Islamic Empire in the 7th century was another attempt to form a global community of devout Muslims (Islamic Ummat) then facing the yet another contending globalizing force of Christianity. The subsequent rise and fall of other great empires of the West and the East in the last five centuries have shown how many times earlier attempts at the globalization game have been played out in human history.

Thus, early concepts and forms of globalization have been around for over 2500 years. Why then a surge of globalization discussion in the last 20 years? The answer to this question must be found in the "big changes" outlined earlier in this chapter.

Today, a cursory review of the monumental literature on globalization reveals diverse meanings and theoretical perspectives. Grouping together their common threads, we find several meanings and contending views as presented below. Aside from the viewpoints and meanings of globalization pointed out earlier in this section, it is important to note that all discussions of globalization deal with the question of borders, "the territorial demarcations of state jurisdictions, and associated issues of governance, economy, identity, and community" (Scholte, 1997, p. 430). Following this guidance, we discern six meanings of globalization:

1. *Globalization as internationalization* means an increase in cross-border relations among organizations, identities (including human and governmental) and communities beyond national jurisdictional boundaries. Originated centuries ago, internationalization grew with the rise of international trade and other aspects of economic and political relations among nations. Although governance and public administration have become more internationalized, such internationalization is not new either and

has been a common practice after World War II, and the Cold War era epitomized this 20th century phenomenon (Waldo, 1980; Riggs, 1994).

2. *Globalization as border openness* has similar limitations and is not new, as the borders of the capitalist nations, constrained by legal and political limitations, have never been closed to each other. The former East European and Soviet Union are exceptions, which are no part of the whole world of capitalism. Thus, border openness has some validity but is not a major departure from the earlier meanings of globalization, and is certainly not a strong defining one. Its validity rests in increased cross-border migrations, communications, financial transactions, and cultural relationships. Its purported idea of a borderless, integrated world would be characterized by a unified global economy, a global government, a homogenous global culture, and, by implication, a global system of governance and public administration (Scholte, 1997). This is a very commonly used notion of globalization about which much has been written and discussed in American political science and public administration literature in the 1990s. The Internet and other means of information technology have contributed to this meaning of globalization of governance and public administration with an idea of "thinking globally and acting locally," adjusting to global situations, and learning to adapt to global changes. The concepts of "new world," "global village," "global governance," and "global management" seem to characterize this notion of globalization and its implications for the state and public administration.

As noted above, this notion of globalization is also limited and redundant, and not new because it has been expressed for almost three centuries. The anti-cameralists raised it in favor of capitalist development, the liberal internationalists raised it against the doctrine of balance of power in the early 20th century, the transnationalists raised it against the "realist's" view of nationalist and state sovereignty proclamations in international relations (Scholte, 1997), and the socialist internationalists advanced it (led by the USSR) through the Communist International (Comintern) proclamation in the 1930s.

3. *Globalization as a process* has a useful meaning but when considered alone misses some points. Using a political economy view, this notion refers to globalization not as a phenomenon, but a process, a continuing process of capital accumulation in modern capitalism that has been going on for centuries. Only recently has it been intensifying as a result of the availability of modern technology. Therefore, it is nothing new. Accordingly, capitalism is "in its innermost essence an expanding system both internally and externally. Once rooted, it both grows and spreads" (Sweezy, 1997, p. 1). Beginning with the recession of 1974–1975, three trends have contributed to the accelerated rate of capital accumulation at the global level: the decreased growth rate, the "worldwide proliferation of monopolistic

(or oligopolistic) multinational corporation," and the "financialization of the capital accumulation process" (Sweezy, 1997, pp. 1–2). A quickening of globalization has taken place, but all three trends are traced to the changes in the internal process of capital accumulation.

4. *Globalization as ideology* has always been a major force driving ideas and systems, including capitalist systems. Ideology embodies values, norms, sanctions, and internalizing cultural bounding that tend to mold mind and soul among human beings towards specific, ideal forms of structure and processes with goals either manifest or implicitly pulling actions and behaviors. The ideological underpinnings of Western capitalist democracy act as a driving force to globalize American and Western European liberal democracy. The massive amount of information, including propaganda, which spreads throughout the world through the media, the press, through computers and satellite communication systems, offers an image of an ideal political system for other countries to emulate. The key words *freedom*, *individualism*, *free market enterprise*, and *plural democracy* have characterized this ideological force of globalization (Lindblom, 2001). Important and effective as this perspective may have been, this normative force of globalization also says little about the political economy of the state, governance, and public administration.

5. *Globalization as a phenomenon* means globalization as a cause-and-effect phenomenon in late capitalism, but it means a new phenomenon explained by nonlinear, noncausal, and chaotic events. The first is a political economy meaning used and preferred by this author, and the second is explained by chaos theory, which also has relevance to this subject, yet not powerful enough to solely define globalization. Sharing the view of the capital accumulation process, the first view treats globalization as a cause of world capitalism's endless effort to reach global markets for accelerated accumulation of capital during the stagnant era of the 1970s. Globalization has also produced significant consequences for the state and other institutions in the society, whose territorial borders have not only become somewhat borderless, but more importantly *transcended*. Here, the globe has become a single place, a village so to speak.

This view of globalization is useful for understanding global changes in the political economy of nations. The above meanings provide a set of explanations that help us understand globalization in the following manner:

6. *Globalization as both a transcending phenomenon and a continuing process of capital accumulation*. This meaning considers globalization as a process of surplus accumulation by global capitalism — a constant process of expansion into new frontiers and opportunities for increasing capital accumulation at the global level. It also views globalization as a phenomenon caused by the accelerated process of global capital

accumulation — a phenomenon that has manifested its negative and positive impacts almost everywhere. Not all nations are equally affected by this process. The countries of the North are the prime beneficiaries of this process, while the poor nations of the South are the dumping grounds of this global phenomenon of globalization. Unlike the Third World countries, which have been plagued by the devastating effects of globalization by multinational and transnational corporations for decades, the peoples, institutions, and communities of the advanced industrial countries of the North did not experience the impact of globalization until recently. Now the chicken has come home to roost for the latter countries and communities in the West too. New forces of globalization, namely China, are also entering the playing field, as inequality in power is a key factor.

It is this qualitative change spurred by the new globalization process that has caused concerns and "new consequences" for the nation-states in the dominant West. Therefore, this perspective of globalization is rather novel and complementary to the views noted above in that it adds an innovative idea to the conceptualization of the term. It considers the state as an active institutional player in the process of globalization and in dealing with its consequences. Other factors such as information technology also have played a key role.

Thus, we see a wide range of meanings that attempt to explain globalization. Adding to the list we may include the sectoral instruments, namely technological globalization, economic globalization, and a host of political, social, cultural, and academic globalization. Still, others may explain the recent development of globalization in several stages, beginning from the early 20th century divide of the world into socialism and capitalism, formation of the League of Nations, World War II, and the rise of the United Nations, rise of multinational and transnational corporations, and the fall of the Soviet Union in 1991. All these prints have useful explanatory power, but they all are parts of the above-mentioned political economy meaning of globalization, as the key to understanding globalization is the factors of power, economic accumulation, territorial boundaries, and control.

Theoretical Perspectives: A Bird's Eye View

The meanings and ideas detailed above lead us to a summary of theoretical perspectives outlined as follows. Broadly speaking three theoretical perspectives explain the heavy literature on globalization: the proponents, the opponents, and those in the middle.

1. The proponents of globalization see a new world of opportunities to economically and culturally integrate the world of nations and their peoples into "one place," a global village. Communication technologies of the

Internet, e-mails, information systems, and all other related means enable people worldwide to connect, obtain information, and purchase goods and services from anywhere in the world. This market theory of capitalist globalization sees the world population as costumers and the entire globe as marketplaces, many of which were not explored before.

The proponents see capitalism as the only legitimate system of economy and society that recognizes no national boundaries, state-imposed limitations, or constraints forced by geographical or climatic conditions, as the Internet and other technologies enable free flow of capital across the world, and instantaneous communication and financial transactions to take place anywhere in the world. These proponents (Fukuyama, 1992; Ohmae, 1995; Gates, 1995; Huntington, 1996, to name a few) view globalization as the stampede of a herd on the run, and nothing can stop it; any force or nation that stands in its way will be crushed and annihilated. Therefore, they advise all nation-states and governments to abandon their unique ideas, forms and systems of governance and administration as well as markets and join this "global herd" that can run all economies and market systems. In return, they will benefit from its largess of economy of scale, efficiency, and state-of-the-art technological advantages.

Any resistance to this global herd mentality will be futile and pointless, as its military machine (read this as the United States and NATO alliance) will crush all resistance with violence and war. Thus, globalization by violence of war is also the option available to the globalizing herd — the transworld corporations and their backing state military might. This view also dismisses any possibility of social revolutions by peoples across the world, as this new global empire (the runaway herd) will crush it with its military as well as economic and technological might; no hope for such revolutionary changes to counter globalization.

These proponents of globalization envision the entire globe politically and ideologically converging into the Western values of market capitalism run by corporations, political values of liberalism, individual freedom (as long as they do not oppose the globalization), and liberty to do private business and become agents of the global marketplace and its organization of transworld corporations, and hence "agencification" (Farazmand, 2002) of the world. Governments must also privatize and contract out all functions of public service, including military and security, and as the private business sector grows bigger, so does the globalization of market capitalism, and hence market supremacy over socialism and all other mixed forms of economy and society that characterized the world of capitalism for much of the 20th century. This was also known as "mixed economy and welfare state" with an administrative state to perform public service functions. This theory of globalization sees no legitimate alternative to market capitalism

and Western supremacy, and therefore must be crushed to pave the way in the entire world for its operations.

While privatization and outsourcing expedite the globalization process, "new public management" and a host of other "new ideas" in culture, governance, and organization theory have been promoted worldwide to serve as intellectual engines of education, training, and cultural transformation of governments, public managers, and administrators, and peoples around the globe (see, for example, Lindblom, 2001; Donohue and Nye, 2002).

2. The opponents of globalization view it a serious threat to the world of peoples, nation-states, cultures, governments, national sovereignty, democracy and self-determination, communities, individual freedom, and public administration. The opponents warn against global convergence by global corporations, which are merging and re-merging together to monopolize economic, financial, and political powers, and are therefore able to dictate political, social, and other policies to governments, communities, and people, hence their threat to national sovereignty and democratic rights of peoples and communities worldwide.

The opponents also warn against monopolization of economic organization and power in the global marketplace as it constrains individual choices and freedom. Moreover, they warn against the convergence theory, as the "cultural uniqueness" of peoples and nations will be destroyed in favor of consumer culture, which only benefits the ruling capitalist elites, corporate barons, and governments that protect and promote them worldwide. They see the rise of a new global imperialism through Americanization of the world and led by the U.S. global empire. The consequences of this globalization, they argue, are too many to name, but include increasing exploitation of cheap labor, massive poverty, political repression against all forms of resistance to this global order, and rise of all kinds of human wage slavery, mercenary labor, and global bondage. Loss of local and national autonomy, sovereignty, and democratic self-determination under the new world order of global dictatorship is a dangerous development that all peoples and nation-states must oppose and prevent from happening (for example, see Cerny, 1995; Dugger, 1989; Gill and Law, 1988; Cox, 1993; Korten, 1995; Mander and Goldsmith, 1996; Farazmand, 1999).

The opponents are also critical of globalization of capitalism and corporate hegemony, for they see the potential end of public administration (Stever, 1988) and the growth of global "insecurity" rather than peace and security (Scholte, 1997). They warn against the false promise of the proponents, who claim that wars will be rare and peace will prevail worldwide, and point to increasing potentials for conflicts and wars, including direct wars of interventions and occupation of developing nations by the

globalizing western powers. Recent wars and occupation of Afghanistan and Iraq by the United States are live testimonies to this warning.

In fact, the warnings continue, threat of direct military violence by the globalizing superpower, the United States, through "nuclear" weapons against resisting nation-states has increased rather than decreased. Such threats have been made by the current U.S. president, George W. Bush and other ruling elites against such countries as Iran and North Korea, both possessing capabilities to develop nuclear technologies, though mostly for peaceful purposes of energy production, a legitimate right that all nation-states have.

These global threats, coupled with increasing global inequality and poverty, promote global insecurity rather than the other way around. The opponents see the concept of "global village" not run democratically by village members, but unequally by the "strong" and more powerful ones, the barons with economic power and powerful military weapons (Harvey, 1995). This will take us back to medieval systems of feudalism and slavery (Korbin, 1996; Farazmand, 1999, 2004, forthcoming), and drive millions if not billions of hard working people in a "race to the bottom" (Brecher and Costello, 1994).

3. The third theoretical perspective, the work of this author included, on globalization reflects on realities, some unpleasant but also some positive ones, regarding the phenomenon and the process of globalization. This perspective is also complex as it represents several theoretical streams, some of which may appear to contradict each other. For example, one view argues that the world must reach the verge of destruction by the inequality-driven destructive forces of capitalism so that all peoples and weaker nations will rise in a global revolution to overthrow it in favor of the alternative systems. Another stream argues that the world of people and the oppressed do not have to suffer long by waiting for that destructive stage of capitalism to be ended by a revolution; globalization must be opposed and its negative consequences and impacts must be exposed through mass education for global awareness, collective actions, and more. In other words, resistance to globalization of corporate capitalism must be organized and intensified so the ruling barons of globalization are forced to retreat and modify their policies and accept the will of peoples worldwide.

Differences aside, this broad theoretical view sees globalization as an inevitable continuity in the process of global accumulation of corporate capitalism as the last stage of capitalist development, that is the global organization of world capitalism in search of new frontiers with no national or other barriers. It also sees globalization as an inevitable phenomenon of social and economic development in world history, a byproduct phenomenon of historical development in human history. The fact is globalization

cannot be stopped, but it can be modified by opposition, collective action, and people power.

Thus, while resisting the adverse impacts of globalization, strategies and plans of action need to be developed to adjust and adapt to the new global conditions, to manage and cope with new realities, and to develop strategic choices to build local, regional, and national capacities for autonomy and democratic independence and to preserve local and national identities in culture, values, and economic bases. This is a huge challenge facing nation-states and governance systems, leaders, and public administration in theory and practice. Proponents of this third perspective are many, and are still growing (for example, see, Korten, 1995; Strange, 1996; Scholte, 1997; Farazmand, 1999, 2004, forthcoming; to name a few).

Such a social and historical development necessarily entails negative as well as some positive consequences; both come together. For example, the Internet and other information and communication technologies facilitate global access and connectedness, but they also serve the ruling elites, capitalist class of governance and administration, the village barons, the exploiters, the employers, and all other organizations of administration and governance a powerful tool of oppression and exploitation.

Proponents of this perspective, this author included, acknowledge some benefits of globalization, but warn against its severe consequences inflicted on developing nations, the poor, the powerless, and weak, and working class people worldwide.

Conclusion: Implications for Governance and Public Administration

What does the above analysis of globalization mean for governance and public administration? First, we need to make a distinction between "globalization as a self-directed process," a process that develops automatically as a result of technological and communications innovation and other international relations, on the one hand, and the process of globalization driven by design and by forces that make it happen, on the other. The first process is inevitable and is like many other phenomena that develop with time.

The second process is most important to understanding the forces behind globalization, underpinning ideologies, and the consequences that they produce for people, communities, environment, nation-states, governments, and public administration systems. In fact, as noted earlier, globalization has many consequences, both positive and negative, for societies and their governance systems. These impacts are not equally distributed to all nations, and by far the rich nations of the North are prime beneficiaries,

while developing nations are the marginal receivers of any benefits, if any at all. Indeed, the latter countries are the prime receivers of the adverse or the negative impacts of globalization, a subject beyond the limits of this chapter.

Briefly noted, several implications may be drawn for governance and public administration:

First, globalization does not end the state, and by extension public administration. Thus, governance and public administration are in fact alive and will continue to persist. The bureaucracy will grow larger, rather than shrink, but its character will be security–military oriented, and its behavior will be coercive and repressive to maintain social control, order and stability, and its primary role will be to fight terrorism, the new global enemy created by the destructive behaviors of corporate capitalism and globalizing imperialism.

Second, however, the character and the role and behavior of the state and public administration change as result of globalization of corporate capitalism. In fact, there is a global transformation of the state and public administration from the traditional balancing mixed state to a new, market-driven and corporate-state ruled by transworld corporations and with the market ideology, that is the state is here to stay, but it is to serve the interests of the corporate capitalism. The new state is also coercive with a tendency to militarize the world for security purposes so the market can operate with peace. Public administration in this transformation process is also changed from a public interest oriented administrative system to a noncivilian, security-oriented police system of administration to achieve the mission of social control and capital accumulation. This is what public administration of corporate capitalism is all about: from public administration to administration of the public.

Third is the threat of globalization to state sovereignty, democracy and individual freedom, and to national independence in developing countries. Even the advanced countries of the West are not totally immune from this development, as globalization forces and supranational organizations such as the World Bank (WB), International Monetary Fund (IMF), the United Nations, and the World Trade Organization (WTO) as well as a host of other international agreements can force member-states to adopt globalization decisions that may go against national interests. Serving primarily the interests of the globalizing superpower nations — the United States, the Europeans, and the transworld corporations — such institutions as IMF and WB actually increase poverty and underdevelopment; they are the "lords of poverty" (Hankock, 1989).

Fourth, globalization also threatens the environment and ecological systems, as globalizing forces — corporations — always look for production environments with little or no regulations and labor legislation. They move to

other global locations overnight once pressures for environmental regulations and against cheap labor exploitation mount in existing countries.

Fifth, globalization tends to increase poverty and inequality worldwide (Hankock, 1989), and it causes more unemployment through technological innovations, drains governing systems with tax subsidies and tax expenditures, and demands massive expenditures on security and military functions for policing and social control. The result is the increasing crisis in governance and public administration known as the "fiscal crisis" (O'Connor, 1973). This will lead to increased public disenchantment, frustration, unemployment-driven problems, and eventual social revolutions at home and worldwide (LeFeber, 1984).

Finally, globalization will produce more war, not less, as globalizing forces and institutions will use violence to promote the goals of corporate globalization. At the same time, pressures to resist these global mercenary-like capitalists will likely rise, a system that tends to drive almost every one except the ruling elites and riches of the North to a global race deep to the "bottom" (Korten, 1995). And the globalization of Western or American "cultural imperialism" in the guise of consumption, sex, drugs, pornography, and violence will eventually backfire with resentment and revolutionary attempts to revive local and indigenous cultural values (Said, 1993). This is a lesson that history has taught us over and over again, and the rise and fall of great empires attests to this historical truth (Kennedy, 1989).

What can and should be done? There are ways and means, strategies, and policies that can be adopted to counter the destructive force of this runaway global capitalism. This is a subject that requires a separate chapter presentation. See my forthcoming works, *Globalization, Governance, and Administration* and *Public Administration in the Age of Globalization*.

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Chapter 2

Cultural Globalization

Nasser Momayezi

CONTENTS

Introduction

Globalization is not a one-dimensional phenomenon, but a multidimensional process involving domains of activity and interaction. Scholars defining globalization in terms of a multidimensional process (Axford, 1995; Waters, 1995; Friedman, 1999; Halliday, 1999) draw their analytical frameworks from the social sciences, namely sociology, economics, and political science. Some of these frameworks tend to view culture as the driver for global economic and political interdependence. The world has experienced successive waves of what we now call globalization. These periods have all shared certain characteristics: the expansion of trade, the diffusion of technology, extensive migration, and the cross-fertilization of diverse cultures — a mix that should give pause to those who perceive globalization

narrowly, as a process nurtured strictly by economic forces. Indeed, any analytical account of globalization would be woefully inadequate without an examination of its cultural dimension. A number of prominent scholars have emphasized the centrality of culture to contemporary debates on globalization. As sociologist John Tomlinson puts it: "Globalization lies at the heart of modern culture; cultural practices lie at the heart of globalization" (Tomlinson, 1999, p. 1). Indeed, the understanding of globalization as involving several dimensions including cultural issues is now common (Hall, 1991; Axford, 1995; Robertson, 1992). Giddens (1990) sees cultural globalization as a fundamental aspect of globalization. In 1994 he stated that "Globalization is not only, or even primarily, an economic phenomenon; and it should not be equated with the emergence of a 'world system'" (pp. 4–5).

The globalization of culture has a long history. The formations of the world's great religions are profound examples of the capacity of ideas and beliefs to cross great distances with decisive social impacts. No less important are the great premodern empires such as the Roman Empire, which, in the absence of direct military and political control, held its domains together through a shred and extensive ruling class culture. However, from the 18th century, as European empires expanded and a series of technological innovations began to have far-reaching practical effects, new forms of cultural globalization crystallized. The most important ideas and arguments to emerge from the West during this era were science, liberalism, and socialism (Held et al., 1999, Archibagi et al. 1998).

However, in the period since the World War II and particularly since the end of the Cold War, the degree and intensity, the speed, and the sheer volume of cultural communication are unsurpassed at a global level. Thomas Friedman argues that the globalization system, which replaced the Cold War system, is a "dynamic ongoing process that involves the inexorable integration of markets, nation-states and technologies to a degree never witnessed before" (Friedman, 2001, p. 297). The global diffusion of radio, television, the Internet, satellite and digital technologies has made instantaneous communication possible, has rendered many border checks and control over information ineffective, and has exposed an enormous constituency to diverse cultural outputs and values (Silverstone, 2001). In contrast to earlier periods, in which states and theocracies were central to cultural globalization, the current era is one in which the corporations have replaced states and theocracies as the key producers and distributors of cultural products.

The world has become more interdependent. Even the most authoritarian governments are barely able to stem the influx of goods, services, investments, drugs, pop culture, disease, money, and secrets. Mass communications have put every government, even the most oppressive one, in media fishbowls, in which their gaffs and crimes are inevitably exposed to

the world. National governments are less able to control the access of their population to new ideas, culture, and information that flows freely through multiple, transnational communication channels: phones, fax, the Internet, television, and films.

This chapter explores the impact of globalization of communication and cultural life on national culture, and the future impact of cultural flows on our sense of personal and national identities.

Cultural Globalization and Communication

Cultural globalization stems from the technological revolution and economic globalization, which together foster the flow of cultural goods such as symbols, morals, values, religion, philosophy, music, literature, and popular entertainment (Rapley, 2004). With advances in technology, communications, and transportation, the activities of states are being internationalized to a degree not previously experienced. Communication technology has indeed transformed the way individuals communicate and the way they learn from one another. The political and cultural barriers that separate us are mitigated by the technological channels connecting us. Faxes, modems, and cellular phones serve the global economy and transcend national politics and culture. In communications, for example, from 1970 to 1990 the cost of an international telephone call fell by more than 90 percent; in the 1980s telecommunications traffic increased by about 20 percent a year, and by the late 1990s over 50 million people were using the Internet. Indeed, the spread of ideas through media, television, videos, and the Internet seems to be contributing to the emergence of global culture (United Nations Development Program, Human development report 1997, p. 83).

The rapid diffusion of political and economic ideas around the globe has resulted in a clash of traditions within non-Western civilizations. This is a clash within the civilizations rather than between the civilizations as predicted by Samuel Huntington (1996). The new communication technologies have made control difficult for countries such as China and Iran, which have closed-door policies, to restrain access to the Internet. The new technologies have transformed the conduct of cultural, economic, and political life everywhere. As Rosa Gomez Dierks points out people in non-Western countries are challenging their own traditional culture, for example, Iranians pressuring their Islamic government to reverse itself, to open its economy, and to democratize and secularize national politics (2001). Likewise, the caste system in India is being challenged by members of lower castes who demand political equality and representation. Digital images of Indian villagers, Iranian and Chinese students communicating by

cellular phone and fax to mobilize national reform movements are a clear reminder that the communications revolution indeed represents the "death of distance" (*The Economist*, October 1999, p. 7).

Japanese business strategist Kenichi Omhae argues that more profound cultural and generational cleavages are occurring in Japanese society, as Japanese teenagers of the 1990s have learned a different set of perceptions and social values from those of their parents and grandparents. This generation he argues is much less accepting of traditional Japanese notions of authority and conformity, is much more culturally open, questioning, and creative: "Everything, finally, is open to considered choice, initiative, creativity and daring" (1995, p. 36). This shift results, Ohmae claims, from the use of computers, computer games, and interactive multimedia: "watching how a kid from another culture whom you've never seen before reveals character and mind-set through programming style" (p. 37).

The Internet is the key organizing principle of globalization, because it is the vehicle by which individuals, governments, and private firms are interconnected around the globe. In the past half century, over 62 percent of the 192 sovereign states around the world have become democratic, representing over 58 percent of the world's population (Diamond and Platnner, 1999). One of the possible reasons for the increasing number of democratic regimes across the globe could well be the fast and vast diffusion of information. Competitive, fair, and free political elections in recent decades may be explained by the democratization of information across Eastern Europe, the Western hemisphere, Asia, and Africa. In these areas, democratic regimes are increasingly replacing the authoritarian and repressive regimes (Dierks, 2001, p. 29).

The driving forces behind cultural globalization are the companies rather than countries. Today, global corporations have much more impact on local, national culture than the publishing houses as in previous eras. The last few decades have witnessed the rapid development of new communication media, and the era was constantly characterized as the Information Age — one in which information could be a key to the power and affluence. To the developing countries it was increasingly clear that the flow of information was continuing along the one-way street from the West to the rest of the world. Critics of multinational capitalism frequently complain of its tendency toward cultural convergence and homogenization. Hamelink, in his book *Cultural Autonomy in Global Communications* (1983), acknowledges that cultural homogenization or synchronization is closely connected to the spread of global capitalism. Hamelink argues that certain processes of cultural convergence are under way, and that these are new processes. He also argues that cultural synchronization is to be deplored on the grounds that it is a threat to cultural autonomy.

Does globalization increase cultural homogeneity, or does it lead to greater diversity and heterogeneity? Or, to put the matter into less academic terms, does globalization make people more alike or more different?

Arguments for Cultural Homogeneity

Some believe that the prominent icons of popular culture, like Coca-Cola, blue jeans, rock music, and McDonald's Golden Arches will dissolve all cultural differences in a dull and colorless homogeneity throughout the world, and they also believe that the driving forces behind this homogenization are the mass media. American and European companies are spreading their powerful images, sound, and advertising on unprepared peoples, which are designed to increase profits of capitalist firms. This phenomenon is called neocolonialism. As the argument goes, because direct politico-military control could no longer be practiced, neocolonist powers turned to symbolic and psychological means of control, which was conveniently facilitated by the rapid integration of global communications system and, especially, by the proliferation of television. Pushing mainly the American culture, they argue, promotes ideologies of consumption, instant gratification, self-absorption, and the like, which is consistent with mass media's spread of global capitalism. Suddenly, people all over Africa and the rest of the non-Westernized regions of the world appear to be imbibing materialistic and individualistic values, which were previously associated with the Western culture.

Tomlinson (1999) emphasizes that global cultural flows are directed by powerful international media corporations that utilize new communication technologies to shape societies and identities. There is a clear oligopolistic tendency as a few globalized firms have come to control up to 85 percent of the dissemination of works, in both film and record industries. As images and ideas can more easily and rapidly be transmitted from one place to another, they profoundly impact the way people experience their everyday lives. Culture remains no longer tied to fixed localities such as town and nation, but acquires new meanings that reflect dominant themes emerging in a global context. This interconnectivity caused by cultural globalization challenges parochial values and identities, because they undermine the linkages that connect culture to fixity of location. Similarly, the Arab critics of globalization argue that the "imbalance flow of western economic views and lifestyle heading for one direction, from rich countries to the poorer and from giant industrial states to the developing nations, have made in effect these lesser countries under invasion by the global socioeconomic forces of industrialized west . . . In fact, this rapid economic, technological, social, and political intrusion of foreign culture into the Arab world may put

their cultural magnitude in jeopardy and will force people to fear for the loss of their religious and social characteristics" (Moussalli, 2003, p. 2).

In the same vein, some scholars argue that these processes have facilitated the rise of increasingly homogenized global culture underwritten by the Anglo-American value system. Referring to the global diffusion of American values, consumer goods, and lifestyle as "Americanization," these authors analyze the ways in which such forms of cultural imperialism are overwhelming the more vulnerable cultures. American sociologist George Ritzer, for example, coined the term "McDonaldization" to describe the wide-ranging process by which the principles of the fast-food restaurant are coming to dominate more and more stores of American society as well as the rest of the world. In the long run, McDonaldization leads to the eclipse of cultural diversity and dehumanization of social relations (1993). Like other mammoth, multinational corporations, McDonald's sells a brand — that is, it sells homogeneity. It attracts customers with comforting promise that wherever they roam, wherever on the globe they find themselves, no matter what cultural challenges they face, a Big Mac and fries will always look and taste the same.

The prominent American political theorist Benjamin R. Barber also enters the normative realm when he warns his readers against cultural imperialism of what he calls "McWorld" — a soulless consumer market. For Barber, McWorld is a product of a superficial American popular culture assembled in the 1950s and 1960s and driven by expansionist commercial interest: "Its template is American, its for style . . . Music, video, theater, books, and theme parks . . . are all constructed as image exports creating a common taste around common logos, advertising, slogans, stars, songs, brand names, jingles, and trademarks" (Barber, 1996, p. 17). He claims that the colonizing tendencies of McWorld provoke cultural and political resistance in the form of "Jihad" — the parochial impulse to reject and repel Western homogenization forces wherever they can be found. Fueled by the furies of ethnonationalism or religious fundamentalism, Jihad represents the dark side of cultural particularism. Guided by opposing visions of homogeneity, Jihad and McWorld are dialectically interlocked in a bitter cultural struggle for popular allegiance. Barber insists that ultimately both these forces work against a participatory form of democracy, for they are equally prone to undermine civil liberties and thus thwart the possibility of global democratic future.

The proponents of the cultural homogenization thesis offer ample empirical evidence for their interpretation. They point to American Indians wearing Nike sneakers, people in sub-Sahara purchasing Texaco baseball caps, and Palestinian youth proudly displaying their Chicago Bulls sweatshirts in downtown Ramallah. Documenting the spread of Anglo-American culture, which is facilitated by the deregulation and convergence of global media and electronic communication systems, some commentators even go so far as to insist that there no longer exist any viable alternatives to the

"Americanization" of the world. For example, French political economist Serge Latouche argues that the media-driven, consumerist push toward "planetary uniformity" according to Anglo-American norms and values will inevitably result in a worldwide "standardization of lifestyle" (1996, p. 3).

In reaction to the cultural domination or cultural imperialism, less developed countries called for a "New World Information Order" (NWIO). These countries pleaded their case against the domination of Western media in UNESCO and other UN forums, arguing that restrictions should be placed on Western cultural propagation and that aid should flow to the former colonies to improve their nascent communication systems. However, global media, including the production of music and film, are monopolized by a few powerful Western corporations. It is estimated, for example, that in 1997, more than 280 million households around the world had access to MTV. Local TV stations in an increasing number of African countries, to maintain their audience, have resorted to organizing their broadcasts in Western fashion complete with Western shows, superficial news broadcasts, and Western style advertisements. Television broadcasts all over the world increasingly resemble each other as do the products in the fields of music, film, and publishing. The result of this cultural process of homogenization is that "a large section of the world's population dreams of living like Cosby & Co. or like the characters in any other stereotype American soap opera" (Akande, 2002, p. 3).

Cultural globalization destroys diversity and displaces the opportunity to sustain decent human life through an assortment of many different cultures. It is more a consequence of power concentration in the global media and manufacturing companies than the people's own wish to abandon their cultural identity and diversity. Circulation and distribution as well as production structures are now experiencing the phenomena of convergence, concentration, and massification and have thus become the main factors of cultural homogenization.

Argument against Cultural Homogenization

It is one thing to acknowledge the powerful cultural logic of global capitalism, but it is quite another to assert that the cultural diversity existing on our planet is destined to vanish (Appadurai, 1996). In fact, several influential academics offer contrary assessments that link globalization to new forms of cultural diversity. Roland Robertson (1992), for example, contends that global cultural flows often reinvigorate local cultural niches. Arguing that cultural globalization always takes place in local contexts, Robertson predicts a pluralization of the world as localities produce a variety of unique cultural responses to global forces. The result is not increasing cultural

homogenization, but "glocalization" — a complex interaction of the global and local cultures, characterized by cultural borrowing. These interactions lead to a complex mixture of both homogenizing and heterogenizing impulses. Often referred to as "hybridization" or "creolization," the process of cultural mixing is reflected in music, film, fashion, language, and other forms of symbolic expression. Diversity not only exists between cultures, but also within cultures. All cultures are plural, creol, hybrid, and multicultural from within. There are no more authentic, pure, traditional, and isolated cultures in the world, even if they ever existed at all.

There is little evidence that all cultures are heading in the same direction. "The history of the world, rather than moving toward cultural homogenization, has demonstrated the opposite; a trend to cultural differentiation and cultural complexity" (King, 1991, p. 16). Philippe Legrain, a chief economist in Europe, argues that "globalization not only increase[s] individual freedom, but also revitalizes cultural artifacts through foreign influences, technologies, and markets. Thriving cultures are not set in stone. They are forever changing from within and without. Each generation challenges the previous one; science and technology alter the way we see ourselves and the world; fashions come and go; experience and events influence our belief; outsiders affect us for good and ill" (Legrain, 2003, p. B8). Though the vast majority of cultural products come from the United States, this does not amount to a simple case of cultural imperialism. You can choose to drink Coke and eat McDonald's without becoming American in any meaningful sense. Legrain continues to argue that "the really profound cultural changes have little to do with Coca-Cola. Western ideas about liberalism and science are taking root almost everywhere, while Europe and North America are becoming multicultural societies through immigration, mainly from developing countries. Foreigners are changing America as they adopt its ways. Half of the 50 million new inhabitants expected in America in the next 25 years will be immigrants or the children of immigrants. Technology is reshaping culture: just think of the Internet. Individual choice is fragmenting the imposed uniformity of national cultures. New hybrid cultures are emerging, and the regional ones re-emerging. National identity is not disappearing, but the bonds of nationality are loosening" (B9, B10). Stanley Hoffmann makes similar observations:

> Economic life takes place on a global scale, but human identity remains national — hence the strong resistance to cultural homogenization. Over the centuries, increasingly centralized states have expanded their functions and tried to forge a sense of common identity for their subjects. But no central power in the world can do the same thing today, even in the European Union. There, a single currency and advanced economic coordination have not yet produced a unified economy or strong central institutions endowed with legal autonomy, nor have they resulted in a sense of post-national

> citizenship. The march from national identity to one that would be both national and European has only just begun. A world very partially unified by technology still has no collective consciousness or collective solidarity. What states are unwilling to do the world market cannot do all by itself, especially in engendering a sense of world citizenship. (2004/2005, 5)

National cultures are much stronger than people seem to think. One of the surprising features of our global age is how robust national and local cultures have proved to be (Appadurai, 1990). National institutions remain central to public life whereas national audiences constantly reinterpret foreign products in novel ways. In fact, the available evidence suggests that national and local cultures remain robust; national institutions in many states continue to have a central impact on public life; national television and radio broadcasting continue to enjoy substantial audiences. The organization of the press and the news coverage retain strong national roots and imported foreign products are constantly read and interpreted in novel ways by national audiences, that is, they become rapidly indigenized (Miller, 1992; Liebes and Elihu, 1993; Thompson, 1995, 1998). Moreover, the evidence indicates that there is no simple, common global pool of memories; no common global way of thinking; and no universal history in and through which people can unite. There is only a manifold set of political meanings and systems through which any new global awareness, or multicultural politics, or human rights discourse must struggle for influence (Bozeman, 1984; Silverstone, 2001). Given the deep roots of national cultures and ethno-histories, and many ways in which they are often refashioned, this can hardly be a surprise. Despite the vast flows of information, imagery, and people around the world, there are only a few signs, at best, of a universal or global history in the making, and a few signs of a decline in importance of nationalism.

The globalist's emphasis that globalization is "globalizing Western culture and Western cultural icons" is overstated. In most countries loyalty and identity are stubbornly rooted in traditional ethic, regional, and national communities. However, Norris notes that, in the long term, public opinion is moving in a more international direction (2000). Generations brought up with Yahoo, MTV, and CNN affirm this trend and are more likely to have some sense of global identification, although it remains to be seen whether this tendency crystallizes into a majority position and whether it generates a clearly focused political orientation.

Conclusion

It is widely asserted that we live in an era in which the greater part of social life is determined by a global process, and in which national cultures,

national economies, and national borders are dissolving. Globalization is understood as a multidimensional process that connects individuals, governments, and firms across national boundaries. It is a process that includes technological, economic, political, and cultural dimensions. Undoubtedly, telecommunication technology is the key organizing principle of globalization, because it is the vehicle by which individuals, governments, and private firms are interconnected around the globe.

The cultural state of the world can be interpreted as being intrinsically linked to the flow of information and knowledge. Today, it is the media, which are the primary channels for cultural globalization, that are at the heart of issues about cultural pluralism, given their economic power and their influence on our symbolic order. The fact that the internationalization of information has provided networks of communication and interaction between different cultures of the world is clear and certain. There are genuine causes for concern about the rate at which cultures (non-Western) are being undermined in a world that is bound together by ever-stronger economies. However, it is an exaggeration to speak of vanishing cultures, and it is equally naive to believe that cultures can be protected against foreign influences. There is no doubt that the magnification of global media networks and satellite communication technologies enable some dominant powers to have a truly global reach. The Americans thus have been successful in supporting firms that can profitably disseminate American images, ideas, and values throughout the world. They have understood that the best way to sell themselves is to create desires and dreams.

It is impossible to ignore the threat of Western cultural influences on non-Western cultures. However, we need to find ways to ensure balanced exchanges between societies and cultures that are equal in dignity and are able to reflect critically and honestly on their values, practices, and adaptation to the changing world conditions. It is as important for a society and culture as it is for a country to see its language, values, and views of the world shared and carried by others. Obviously, it would be an excessive form of cultural fundamentalism to suggest that non-Western countries should try and keep everything exactly as it is, rather than allowing culture to develop.

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Chapter 3

Planning for Change: Globalization and American Public Administration

Madlyn M. Bonimy

CONTENTS

Globalization: Some Definitions

Webster's *Third New International Dictionary* (1986, p. 965) defines globalization as "the act of globalizing or condition of being globalized." In this sense, globalization relates to and involves the interdependency of the entire world and a decreased emphasis on narrow or provincial actions and policies. Gary-Vaughn (2002, pp. 20–21) explains further how, with globalization "many barriers assumed to have separated governments, peoples, and cultures no longer exist." Another author, Luke (1998, p. 987), agrees and writes how globalization links "all the states of the modern world, to one degree or another economically, politically, and environmentally."

Thus economically, as Luke underscores: "where once the world economy was dominated by only a few nations, the globally interdependent economy is characterized by more widely shared economic power and influence among governmental and nongovernmental institutions. [And this] has eroded political sovereignty and diminished the power of the nation-state to control its economy directly" (1998, p. 987). Then, politically, Luke stresses how globalization has "diffused political power broadly among an expanding number of governmental and nongovernmental actors, dramatically increasing political pluralism in world politics. [Thus] the relative role of the nation-state in international affairs declines as global interdependence increases" (1998, p. 987). And finally, environmentally, globalization involves environmental spillovers. Again, Luke argues how "regional problems arise when neighboring countries share a common natural resource and one country's actions spill over borders and affect others, such as transboundary pollution and management of international rivers or regional seas" (1998, p. 987).

Therefore, the changes that the phenomenon of globalization will occasion — a world shrinking into a "global village," increasing economic integration, cross-border spillovers, increasing political pluralism, and the internationalization of domestic affairs, for example — will have a profound impact on the practice of American public administration. And, in particular, the occupational sector, enterprises, and activities that deal with the formulation and implementation of policy of governmental and other public programs and the management of such programs.

Globalization: A Historical Overview

It was after World War II that the concept of globalization emerged (Luke, 1998; Farazmand 1999; Kettl, 2000). Farazmand (1999) even goes further and credits Mikhail Gorbachev with this new way of global thinking and restructuring. Farazmand (1999, p. 510) argues how Gorbachev "called for

global restructuring, openness, an end to the Cold War, peace for all, [and] superpower cooperation..." Similarly, Luke (1998), Farazmand (1999), and Kettl (2000) agree that since the 1970s the significant advances in global communication and information technology have bound the world's countries and communities, thus connecting them more closely together than ever before.

Consequently, communication technology such as fax as well as information and computer technology, in the form of the Internet and the World Wide Web in particular, exemplify contemporary globalization. These technologically enhanced tools have forever changed the globe, producing rapid communication. In fact, no other technological innovation has the same capability to transcend national boundaries (Scott & O'Sullivan, 2002, p. 233). And in transcending national boundaries, globalization has been facilitated by this connection and coordination among peoples, governments, and nongovernmental organizations. Along with information technology, transportation technology (Luke, 1998, p. 985) too has further reduced geographic space. The result is a borderless world characterized by a unified global economy and global government.

Besides technological innovation, globalization has developed, and again, since the 1970s, because of the surplus accumulation of corporate capital. Farazmand (1999, p. 512) discusses how the surplus accumulation of corporate capital has crossed territorial boundaries, reaching a high point after the 1970s and its zenith in the 1990s. This capital accumulation at the global level marks a significant shift from national to global capitalism. Farazmand (1999, p. 512) correctly points out that: "surplus (or profit) accumulation is the lifeblood of capitalism which needs constant expansion at any cost." And a high rate of surplus accumulation has contributed to a "transworld mobility of corporations" (Farazmand, 1999, p. 512). Accordingly, this transworld mobility of corporations has led to the concentration of corporate power at the global level and to the creation of a globalizing class of transnational corporations, also called multinationals. In fact, the number of global corporations increased from 3,500 in 1960 to 40,000 in 1995, representing 40 percent of the world's total commerce (Farazmand, 1999, p. 513). Another author, Reich (1991, p. 30), also contributes to this discussion about multinationals adding how this concentrated global corporate structure has created a world government beyond nation-states — and, in fact, a new world government of managerial elites who can influence public policy and administrative decisions. Farazmand (1999, pp. 516–518) provides a good example of this situation when he writes how a few transnational elites can prescribe and dictate public policy in local communities. One example is when global corporations close factories overnight and take their business overseas for more profitable locations without consulting local people. This new world government

has implications for public administration as multinationals are expected to expand in this globalized age.

Our historical overview of how globalization developed ends with a look at a third major cause — the dominance of international institutions. Since the 1970s, the United Nations and its key affiliated organizations such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO) have been the powerful institutions in this process (Luke, 1998; Farazmand, 1999; Kettl, 2000; O'Toole & Hanf, 2002). We also point out here that the United States dominates the United Nations agencies, as it is a key donor of international aid. Yet, the United States, the current world's sole superpower, has found itself unable to act alone because, in the international debate, the federal government has become more marginalized as formal organizations like the United Nations and the WTO have become stronger (Kettl, 2000, p. 491). Then, too, as Farazmand (1999, p. 515) argues the decisions and the codes of conduct of these supraterritorial organizations are binding over the nation-state affecting their administrative systems. Consequently, in this globalized world, governments must devise new strategies for effective management of global processes. The new realities of the globalized world call for building an administrative capacity and apparatus for tackling transnational issues and institutions.

Globalization: What Will It Mean for the Practice of American Public Administration?

With globalization, public administration enters a new era of administration. This new administration era broadens the scope and the practice of public administration. Here, we discuss three critical changes for the practice of public administration.

Public Administration from Self-Governance to World/Transnational Governance

Stoker (1998, p. 17) and Huque (2001, p. 1291) define governance as "a new process of governing." Stoker adds how this new process of governing signifies a change in the meaning of government and a new method by which society is governed (1998, p. 17). Accordingly, today, because of globalization, society has a new method of governing and public administration has also adopted a new method. Public administration is now intertwined in the world's governance. Thus, with the increasing degree of interdependence in the world, public administration can no longer

just content itself with domestic, internal, territorial, or parochial issues. The critical policy problems — for example, jobs, immigration, environmental quality, and public health — have become globally interdependent and this forces public administration to think, act, and manage in global terms as well.

For example, Luke (1998, p. 989) argues how pollution has no boundaries and thus is a global issue calling for cross-border solutions. Then, Huddelston (2000, p. 678) emphasizes how public health too must shift to deal with global matters such as infectious diseases, various viruses (Ebola, and the recent outbreak of the severe acute respiratory syndrome (SARS), which requires quarantining mass numbers of people, nationals as well as visiting foreigners, for instance), and emergency preparedness against terrorist attacks. Huddelston (2000, p. 672) also reports how public administrators are overwhelmed with problems of immigration, legal and illegal, induced by poverty, repression, and civil wars in distant lands. These examples confirm that public administrators are already heavily enmeshed with policy and programs that extend well beyond the borders. American public administration is maneuvering in the international system of world/transnational governance and as such administrative decision makers are confronted with new challenges to which no single actor can respond. The emerging governance pattern is one of multilateral agreements.

Public Administration to Transnational Administrative Structure

With increasing global interdependence, there has been a major change in the configuration of public administration as transnational developments are changing administration. Therefore, government, particularly at the national level, has had to reorganize itself structurally to deal with transnational issues.

"The basic structure of American government comes from the New Deal days" as Kettl explains (2000, p. 488). It is basically a vertical system of hierarchical bureaucracies and signifies a government driven by functional specialization and process control. Kettl (2000, p. 495) adds how this model is "the keystone of democratic accountability" — in this vertical relationship, elected policy makers delegate authority to administrators in exchange for accountability for results. However, today, as a result of globalization, public administration must now adapt to deal with horizontal networks. These horizontal networks exhibit a distinctive pattern of multilateral decision making involving governments, intergovernmental bodies, and a variety of international nongovernmental organizations (O'Toole & Hanf, 2002, p. 160).

O'Toole and Hanf (2002, pp. 160–162) further underscore how "the global expanse has become a highly complex mixed-actor system . . . with many networks and many functionally specific regimes coexisting." Hence, in terms of a transnational administrative structure, public administration is moving toward: "disaggregated, multilevel, institutionally, complex, interdependent arrays" (O'Toole & Hanf: 2002, p. 160). And no federal cabinet-level department is untouched, for they all have specialized units to deal with the international aspects of their mission (Kettl, 2000, p. 492). Nevertheless, a major problem of horizontal networks is that they undermine accountability. And Kettl (2000, p. 494) stresses how "the spread of horizontal relationships muddies accountability. They replace hierarchical authority with networks . . . where administrative responsibility is widely shared and where no one is truly in charge." In short, diffused accountability is prevalent in joint action.

Public Administration to Transnational Collaborative Management

A new era of administration is emerging as evidenced by both the increasing importance of global governance and its transnational-networked administrative structures. In future years, it would seem, that the United States, a dominant and significant player in the globalizing world, will have to work more closely and as a partner with other countries to achieve its global policy aims. And for the most part, it appears that transnational collaborative management will be used to organize and manage shared problems in this complex and polycentric setting. Several writers recognize this move to transnational collaborative management with its various managerial strategies.

For example, Farazmand (1999, p. 519) points out how "as guardians of global community interests, public administrators have a global responsibility to act in a coordinated manner." O'Toole and Hanf (2002, p. 160) argue how "participants in any case cannot achieve something on their own. [As a result] Government actors find themselves necessarily engaged in forms of collaborative management." O'Toole and Hanf (2002, pp. 163–164) further explain how both decision making and problem solving have been reconfigured to "transnational decision making" and "mutual problem solving." With this global dimension, it is now imperative to collaborate. Collaborative management, says O'Toole and Hanf (2002, pp. 163–164), is the means to deal with issues like terrorism, for instance, that "surpass the resources and problem-solving capacities of territorially defined units."

Finally, Luke (1998, p. 989) reports how "nations must engage in cooperative action and collaborative initiatives across traditional boundaries

and jurisdictions." Partnerships, alliances, and various forms of interorganizational strategies are thus fundamental. Similarly, cooperative actions that are typified by bargaining and negotiation are essential. And we point out here that when it comes to bargaining and negotiation, administrators are not solely reactive to the international regime. As a matter of fact, O'Toole and Hanf (2002, p. 165) are quick to explain how, for example, "administrators are involved from the outset in conducting analyses, outlining options [and] framing negotiating positions. . . . "

So even though national decision makers will be expected to be the principal decision makers at an international level, engaging in various forms of transnational cooperation, their international commitments carry implications to subnational public administration — particularly, to state and local levels, where the implementation of international obligations by national authorities requires coordination and collaboration among agencies that share responsibilities. All things considered, transnational collaborative management is the emerging management strategy required for cross-border solutions and will enable public administrators to manage cooperatively in the networked arrangements of global disparate actors.

Globalization: How Can Public Administration/ Administrators Plan for the Changes?

With globalization, the focus of administrative work will be reshaped. Administrative work, as Mudacumura (2000, p. 2052) confirms, is reshaped on a global scale by the existence of complex interdependencies and interconnections that have crystallized the environmental context of public administration. This new environmental context of public administration demands new skills and tools in planning for change. The change literature (Kotter & Schlesinger, 1979; Senge, 1990), for example, argues how change will happen, for it is the only constant in life. Therefore, of utmost importance in planning for change is clearly leading the direction of change and possessing knowledge and skills in planning for it.

Thus, administrators must become aware of globalization and its interrelated processes, for their own effective and responsible functioning. In planning for change, public administrators must be proactive, rather than reactive; be inclusive with more points of view; make decisions with enough knowledge; work on the common good, rather than their own preferences; and finally, emphasize collective responsibility (Halet, 1997).

With regards to including more viewpoints, Farazmand (1999, p. 518) outlines how the space for citizen involvement has been shrinking with globalization. Nevertheless, the future legitimacy of public administration will be based on citizen involvement. Thus, in planning for change and

globalization, public administrators must engage citizens in the administration of public affairs and encourage them to play a proactive role in managing societal resources. Public administrators must also build a sense of community and foster values of citizenship and community/public interest.

Similarly, when it comes to making decisions with enough knowledge, Farazmand (1999, p. 518) underscores how in planning for change and globalization, practitioners must broaden their personal and professional worldviews. Public administrators must examine public administration from a comparative, international, and global perspective, thus expanding their knowledge about different peoples and cultures. Consequently, with broadened personal and professional worldviews, public administrators can appreciate the cultural, institutional, and religious underpinnings of the administrative cultures of other nations. In addition, scholars like Haque (2002, p. 177) believe that in planning for change and globalization public managers must receive training in cross-cultural administrative systems.

With the complex interconnections that now seem to define public administration, administrators must learn how to maintain, on a global scale, adequate levels of cooperation. Luke (1998, p. 989) warns how with the increasing interdependence comes the increased potential for conflict and confrontation. Consequently, in planning for change and globalization, public administrators will need skills in conflict management, including brainstorming, building consensus, and problem solving. And conflict management strategies that nurture shared stakes in solving common global issues need to be designed (Luke, 1998, p. 989).

Additionally, in planning for change and globalization, Mudacumura (2002, p. 2070) points out how an administrator will increasingly become a team captain or even first among equals; thus, there is a growing need to stress participatory management skills in global change.

Finally, in planning for change and globalization, several authors, for example, Farazmand (1999), Luke (1998), and Kirkwood (2001) discuss a number of educational strategies to assist future public administrators. Farazmand (1999, p. 518) argues how public administrators need exposure to studies that will help them to generate generalizations across global spaces. Luke (1998, p. 989) mentions how global interdependence demands heightened understanding of cultures, markets, and languages of other countries. Luke (*ibid.*), again, goes on to explain how not only a broadened international perspective is required, but also increased skills in international communications and foreign languages that will enable public administrators to observe, think, and act in an interdependent world are required. Additionally of importance, stresses Farazmand (1999, p. 518), is for public administrators to "learn how to discuss exports, deal with foreign officials, and develop a greater understanding of capital markets." In the final analysis, as Kirkwood (2001, p. 10) points out, leaders of the 21st century need education that focus on the

world with emphasis, for example, on cross-cultural awareness, multiple perspectives, comprehension and appreciation of cultures, and knowledge of global issues and the world as an interrelated system.

Altogether, it would seem that public administrators must adapt to the changing environmental context of global public administration. They must lead the direction of change and possess knowledge, skill, and education in planning for it.

Conclusion

This chapter has sketched in a variety of ways how globalization has changed the practice of public administration. The discussion has first touched on public administration heavily involved in world governance, then adding a new horizontal administrative structure, and finally moving to transnational collaborative management. The gist of the argument is that globalization is on the move: The globe has become smaller and physical boundaries have become irrelevant. Accordingly, this borderless world of globalization demands that nations engage in cooperative action to solve common international issues, and that administrators develop a broadened worldview managerial perspective.

This chapter has also presented several problems that globalization will induce vis-à-vis the practice of public administration: (1) Diffused accountability inherent in joint action as American administrators will be asked to enforce norms set in the global political community — the WTO and the IMF, for example; (2) Diminished governance as government is less able to govern in origin and scope. This means that cross-border problems, for instance, infectious diseases and terrorist attacks require cross-border solutions, administration, and coordination; and (3) Lessened legitimacy, because an administration that has diffused accountability and diminished governance has little legitimacy.

Nonetheless, globalization has set the agenda to which American public administration must respond. American public administration must thus plan for the changes of globalization by leading the direction of change and possessing knowledge and skills in planning for it. Finally, there must be educational strategies to assist future public administrators, including multicultural learning designed to learn more about other peoples, cultures, and languages.

Altogether, it would seem that in a world that is becoming highly globalized, both American public administration in the 21st century and its leaders have little choice but to actively embrace globalization. In so doing, however, American public administration enters a new era of administration and some degree of challenge lies ahead for it.

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CONSEQUENCES AND IMPLICATIONS FOR PUBLIC ADMINISTRATION

II

Chapter 4

The Challenge of Globalization to Public Administration Identity

Jonathan F. Anderson

CONTENTS

"The rapid progress of globalization has brought about a veritable disintegration of the world's borders. Before our eyes, the illusory nature of these former cultural and economic boundaries has been exposed during the last decade. The winds of changes have amended the context within which governments operate and with that, the purview and methods of their

public administrators. Policy makers now find themselves working in international environments. Consequently, they have to take into consideration the global implications of their domestic policies."

Walter Broadnax (2004)

"Government in the United States has, thus, become increasingly intertwined in the world's governance.... These changes ... have culminated, however, into a fundamental transformation of governance — a transformation that poses substantial challenges for public institutions and how we manage them."

Donald Kettl (2000)

Introduction

As our world encounters increasingly rapid technological and social changes, it can be imagined as both shrinking and expanding, as both becoming one, and flying apart, shattering into individual pieces. Centrifugal and centripetal forces tear at our conception of the world. Whereas this perspective is not new (Toffler, 1970; Waldo, 1971; Huntington, 1971), increasingly rapid advances in technology have made continuous change the new norm. Whereas the fault lines, cleavages, and conceptual borders of society have changed, public administration's identity has remained traditionally, and almost exclusively, located in the geographically bound world of the state. Concepts of the "public interest" are similarly geographically aligned. Little attention is paid to the pressures exerted on the identity of "public manager" in this globalized, postmodern age. This chapter articulates the need for a conversation about the impact of globalization on the identity of public administration and particularly the public manager.

Centripetal Forces

It is a cliché to say that the world is becoming smaller, but the reality impacts our lives daily. Advances in transportation and communication make distances less relevant. We can reach any point on the Earth in less than a day (assuming we have the economic resources). People and governments of the past took days, weeks, or months to communicate with each other. Now such interaction is almost instantaneous. In the past, events happening on one side of the world might never be known outside that region. Now events in isolated locations are broadcast to the rest of the world almost immediately, sometimes even before governments are aware

of them. Humans are more connected to each other than ever before. Radio, television, and the Internet connections encroach across every geographical boundary. The Internet facilitates conversations and instantaneous exchange of information. We are increasingly acquainted, if not intimate, with those who were previously strangers.

This explosion of communication has spawned a nascent monoculture that asserts itself even upon isolated communities (Anderson, 2001). The world distribution of movies, music, sports, fashions, and clothing promotes common ideas of appearance, behavior, music, and style. Barber's (1995) McWorld is a reality, with a McDonald's (and a KFC and a Burger King and a Pizza Hut) on every corner. Millions around the world sport the same logo-embossed clothing — or at least a pirated rip-off. Increasingly corporations have branches and distribution networks in a variety of countries. Small independent stores, unable to compete with the familiar big box stores, are forced out of business. Along with this homogenization comes the comfort and security of familiarity. We know what to expect from stores that are clones of those in our hometown. The world is coming together, and we are closer to one another because of these new technologies.

Centrifugal Forces

But the cliché, "familiarity breeds contempt" is also true, as the more we know of each other, the more we react to each other (Volkan, 1988; Barash, 1994). Positive and negative passions are heightened among those who are closest to each other and share commonalities. Families and neighbors know each other most intimately. They are brought together by similarities and driven apart by differences. With communication and transportation revolutions we have come to know those at a distance almost as intimately as those next door. The foreign countries of the past were exotic and distant, and did not impact our lives. You could close your eyes or turn your back. You knew they were there, somewhere, but they were not relevant to local realities. Today, a strike in India impacts service delivery in the United States. An incident in the Middle East immediately changes the price of gasoline at the corner pump. Jobs are lost not only because of a downturn in the economy, but also because someone is hired on the other side of the world (Lehoczky, 2004).

There are positive results from this intimacy. We form global connections and bonds. We share interests and memberships in transnational organizations. A natural disaster in any part of the world is reported immediately, and foreign aid arrives quickly. The explosion of technological and logistical changes results in drastic reductions of prices for consumer products, making yesterday's luxuries accessible to a much larger percentage of

the world's population. However, not only consumer products are available worldwide, but also tools of destruction (Balser, 2000).

Increased intimacy and increased technological advances contribute to a rising number of wars fought by civilians or paramilitaries and to personal conflict and personal wars, wars of neighbor destroying neighbor, and atrocities committed against former friends (Bercovitch, 2003; Sollenberg & Wallensteen, 2001).

Ethnic, cultural, and religious alliances cross borders, fueling complex and overlapping conflict configurations. Those who formerly fought for their land, now fight for their identity, which is based on characteristics that may not stop at state boundaries. Even as we come to know each other better, a paradoxical breakdown of civic-society fuels ethnic conflict (e.g., Varshney, 2002).

This increase in contact, facilitated by technology, is exacerbated by massive increase in population (also facilitated by technology). Our burgeoning population in the past 100 years has grown from about 1.5 billion in 1900 to over 6 billion in 2000, with over 70 million people added to the Earth annually (U.S. Census Bureau, 2004), forcing us to live physically closer at the same time the communication and logistics revolutions move us psychically closer. The more personal our contact, the more personal is the conflict. Familiarity does, indeed, appear to breed contempt. Centripetal forces are catalysts for the centrifugal.

Globalization blurs traditional lines of identity. Homogenized values make it difficult to say just who we are. Sassen (1998) in *Globalization and its Discontents* notes an "unmooring of identities from what have been traditional sources of identity such as the nation or the village" (p. xxxii), and that "globalization is a process that generates contradictory spaces characterized by contestation, internal differentiation, continuous border crossings" (p. xxxiv).

The foregoing is not a new analysis. We see and hear such critiques daily. A complementary, if somewhat less familiar, analysis is the changing nature of the state.

The Decline of the State

The concept of a "sovereign" state assumes control of human interactions within geographical borders. The state has a number of traditional responsibilities. It provides political security and stability through armed forces and law enforcement. It provides economic stability through regulation of markets. The modern welfare state may also provide education and a variety of social services. Whereas private and nonprofit entities may also provide services, the state regulates, coordinates, and sometimes funds those organizations.

In recent years multinational organizations have begun to undertake roles previously performed exclusively by the nation-state. Immediately after World War II a system of collective defense organizations was created, central among which were NATO and the Warsaw Pact (Van Creveld, 1999). At the same time, multinational political organizations also arose. The most recent example is the European Union where laws and policies cross national borders, and sovereignty becomes nebulous (Cananea, 2003). This chipping away at the sovereign powers of the state raises questions of "governability" (Howe, 2002) or what Boggs (2001) calls "political atrophy."

The concept of legitimate military actor has also shifted toward multinational organizations (Long, 1994; Smolowe & Angelo, 1992). Where previously the state was the only legitimate user of force, now in the international arena, forces of the individual state are often seen as illegitimate. Legitimacy is achieved through agreements within and among multinational organizations. The Korean War was designated as United Nation's action. The U.S. action in Vietnam had international participation that was continually cited as evidence of legitimacy. Both Persian Gulf wars were composed of coalitions of nations. It is more or less accepted that, other than defense from invasion, legitimate international use of force now demands a multinational response.

Even more than military security, economic organization and regulation have been internationalized. The explosive growth in communication and logistical technologies enables corporations to be worldwide organizations. Transnational corporations have been around for years, but they are now responsible for increasing percentages of national economies. Foreign ownership in local companies has increased and lowered regulatory barriers (Kleinert, 2001). Increasing foreign investment in local economies is a normative goal for most developed countries. The International Monetary Fund (IMF) and the World Trade Organization (WTO) both advocate facilitating such investment (*The Age*, 2003).

As corporations expand across borders, individual states have less control over them, weakening state regulatory power. Omae (1990) asserts that national economies no longer exist in an age of globalization. To fill this governance gap international treaties create international regulations. The WTO, IMF, and World Bank share in the regulation of state economies, reducing individual state sovereignty and creating what Bennett (2004) calls a "Network Commonwealth" of states.

As corporate ownership is internationalized, there is an increasing need for more international agreements and regulations. And with the increase in the multilateral organizations, perforce, comes a decline in the power of the individual state. Although this conclusion is not new, there has been little discussion about the impact of globalization on the role and identity of public managers.

Issue Networks

Network theories have begun to address the changing governance landscape. Intergovernmental relations scholars focus on network management as key to local government effectiveness (Kickert et al. 1997; Klijn & Koppenjan, 2000; Agranoff & McGuire, 2003). Yet, there is a tendency to assume that public managers "manage" or "facilitate" the networks in which they participate. Agranoff and McGuire (2001, p. 679) note "our analysis of economic development puts municipalities at the hub of horizontal and vertical connections as they engage in contacts and transactions with multiple federal and state agencies and interlocal players." There is also a strong normative assumption that public managers represent an aggregate public interest. Klijn and Koppenjan (2000, p. 135) conclude that "government's special resources and its unique legitimacy as representative of the common interest make it the outstanding candidate for fulfilling the role of network manager."

The Role of Public Managers

Public managers are traditionally charged to serve the public interest (Herring, 1936; ASPA Code of Ethics, 2005), and in that service many dedicated public servants find their professional identity (Brewer et al. 2000; Perry & Wise, 1990). (The Constitution gives little guidance to U.S. public managers, and the federal oath of office [U.S. Code] simply calls for public managers to "support and defend the Constitution of the United States.") (U.S. Code, 2005) Yet, identifying the public interest is a difficult task. Lippmann's (1955, p. 42) classic definition of the public interest is "what men would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently." Harmon (1969) identifies an array of roles for the public managers based on varieties of responsiveness and advocacy.

Guidance for public managers may come from four legitimizing sources: legal frameworks, elected officials, personal expertise, or directly from citizens. All four have conceptual difficulties. Guidance from legal structures and legislators can be vague, incomplete, and sometimes contradictory. Guidance from personal expertise may be subjective, parochial, and unrepresentative, whereas guidance from citizens may be emotionally manipulated or biased in favor of the educated, the vocal, and the accessible.

In the traditional (Harmon's "rationalist") understanding, articulated by Fox and Miller (1995) as the loop model of democracy (see Figure 4.1), citizens express their interests through election of public officials. Public policy promulgated by elected officials is, by definition, the public interest.
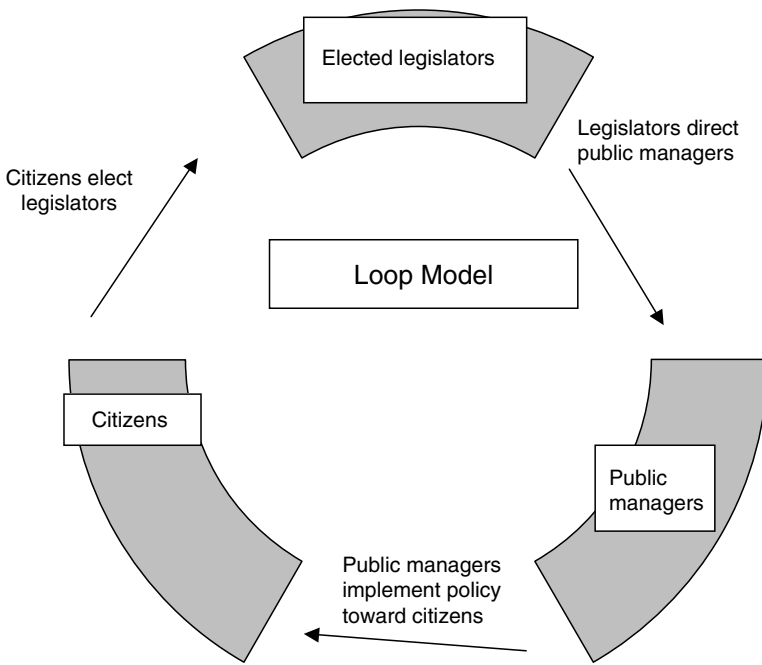
Figure 4.1   Loop model.

Elected officials tell public managers what to do, and public managers carry out that articulated public interest. The public interest is synonymous with legislation because of the assumption that, in a democracy, legislators' actions are the will of the people. The role of the public managers is to follow the directions of the elected representatives.

Whereas the public manager has always been called upon to serve the "public interest," most agree that the "loop model" is not a true reflection of reality. Citizens may choose candidates for reasons unrelated to policy preferences. Elected officials act for a variety of reasons, and the resulting legislation may or may not be the true preference of the electorate. Legislators have their own understanding of words and concepts. Compromise language takes advantage of those differences, resulting in legislation that is vague, and leaves policy details for public agencies and courts to sort out. This ambiguity and complexity make the rationalist loop model impractical to serve as anything more than a loose framework for public manager actions. This has led scholars across the ideological spectrum to propose alternative routes to the public interest.

Frederickson and others from the Minnowbrook conference (Marini, 1971) believe that the role of public managers is to ensure that our governmental system truly represents all citizens. They claim that many citizens are

under-represented. In other words the current constitutional structure does not accurately reflect the public interest, because it marginalizes segments of the polity. The "New Public Administration" called on public managers to ensure social equity by identifying the needs of, and advocating for the disempowered and disenfranchised.

The participatory approach epitomized by King et al. in *Government is Us* (1998) critiques governance as not accomplishing its democratic purpose. The public policy process is closed to the majority of the population, and public managers are called to involve citizens directly in public administration planning, decision making, and action (Box, 1998; Denhardt & Denhardt, 2000, 2003). The call for citizen participation is so ingrained in public administration as to be conventional wisdom (ASPA Code of Ethic, 2005). It is the responsibility of public managers to interact directly with citizens to help ascertain the public interest. Figure 4.2 presents the model where public managers synthesize public policy from the input of legislators and citizens, plus the public managers' interaction with marginalized groups.

Legal approaches see executive branch agencies as partners in a constitutional framework where they balance other powers. Long (1949, p. 259) wrote that "the bureaucracy is recognized by all interested groups as a major channel of representation to such an extent that
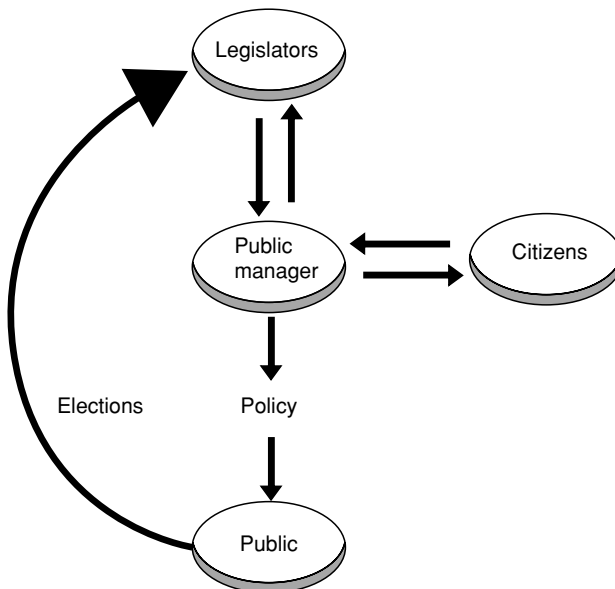
Figure 4.2   Public manager and citizens.

Congress rightly feels the competition of a rival.'' Rohr (1986) in *To Run a Constitution* argues that public administration is essentially a fourth branch of government. He conceives of public administration as a balancing force and a semi-independent actor in the democratic process, contributing to the checks and balances conceived of by the Constitutional framers. The conception of public managers as ''balance'' assumes that without such balance the democratic purposes of the Constitution will not be fulfilled.

Personal and technical expertise approaches are advanced by those who call for an increased separation of politics and administration. Lowi (1969) and others identify the problem of governance as too much pluralism, and call for a more independent public administration, free from the control of ''interest group liberalism.'' This perspective believes public managers can best identify the public interest without the influence of political pressures. This concept is echoed by Zakaria (2003) who calls for a public administration more insulated from the ephemeral moods of the masses. The role of public managers is that of an unbiased expert, protected from the whims of democratic mood swings.

Behn (1995) is similarly concerned with undue influence on public managers, but this time from elected officials. Recalling the civil service reforms of the 19th century, and Wilson's division of politics and administration, Behn bemoans interference from legislators. He wants public managers to have more discretion and to be insulated from the ''micromanagement'' of elected officials. Implicitly, he declares that legislators do not accurately identify the public interest, and that public managers should be allowed more independence to carry out their tasks. The role of public managers is to be the rational expert. New Public Management and Public Choice models similarly advocate decentralization and increased managerial discretion (Osborne & Gaebler, 1992; Barzelay, 1992). The underlying assumption is that the public interest is best identified and carried out by semiautonomous, objective technocrats, insulated from the influences of both legislators and citizens, allowing them to make implementation decisions, unbiased by interest groups. Figure 4.3 illustrates this model.

The unifying assumption of these varied perspectives is that the existing governance structure fails to adequately articulate the public interest, and, therefore, public managers need to take independent action. All conceive of a public administration with direct links to the polity (rather than through legislators), either interactive or analytical. Whereas these analyses shift a portion of the identification of the public interest to public managers, they do not specify where that interest can be found or of what it comprises.

Although participation advocates focus on process, and identify multiple publics, they still assume those publics are located within the public manager's political jurisdiction. For instance, Denhardt and Denhardt (2000,
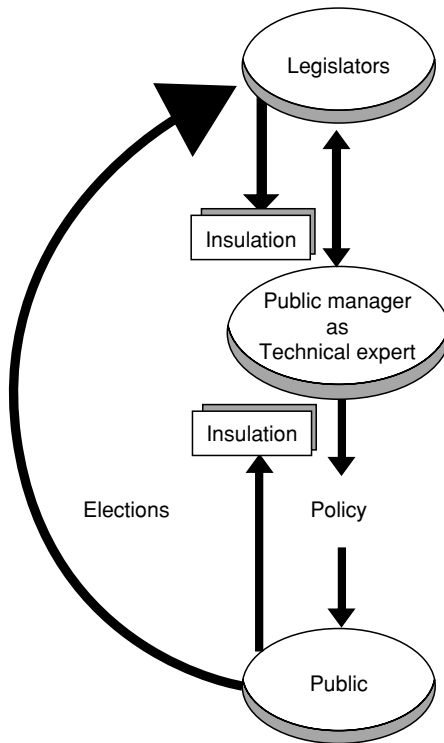
Figure 4.3   Expert public manager insulated from influence.

p. 553) note that government is "no longer in charge" and has become "another player," but still assume a public manager-centric model where managers control the agenda, bring the proper players to the table, and facilitate, negotiate, and broker solutions. In an outstanding exploration of these dynamics, Kettl (2000) asks how government can ensure accountability in an environment where vertical hierarchies are replaced by horizontal cross-governmental networks. Yet, he too locates his analysis within an American governmental environment. Whereas acknowledging the complexity of the world, this approach still places the public manager at the center of a circle, juggling, coordinating, and "managing" various geographically bounded publics to arrive at a consensual policy.

Network approaches speak of serving and interacting with "society," but the unspoken assumption is that "society" lies within national boundaries. Even postmodern approaches (Fox & Miller, 1995; McSwite, 2002; Habermas, 1984; Abel & Sementelli, 2004), whereas emphasizing discourse or critical theory, appear to take for granted a single public policy system centered around public managers. Figure 4.4 illustrates this model.
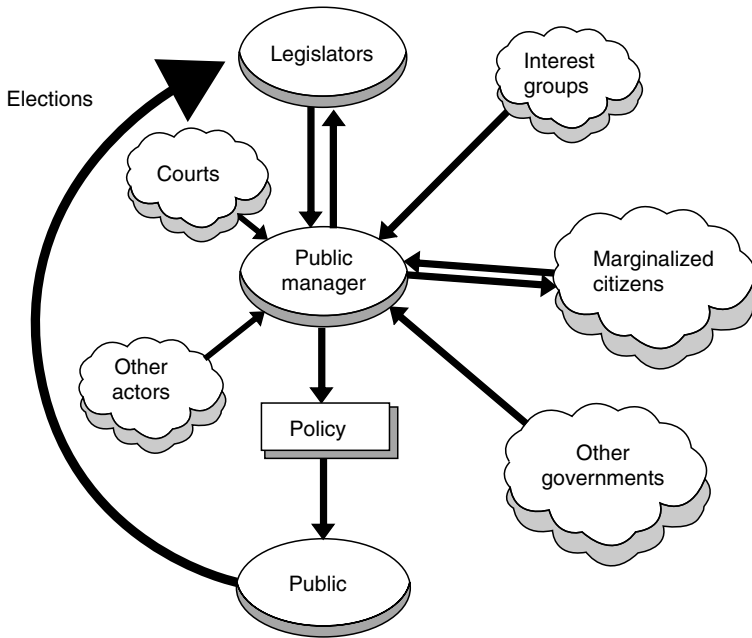
Figure 4.4 Public manager-centric model.

Globalization and the Public Interest: Who or What Public?

Once public managers leave the secure (but deceptive) simplicity of the loop model of democracy and seek to directly ascertain a "public" interest, they must confront the fact that there are many publics (O'Toole, 1997). Individuals and groups have conflicting interests. The interests of the city conflict with the interests of the state. States' interests conflict with the national interest. The interests of one trade group conflict with another trade group. The interests of developers conflict with the interests of environmentalists.

In the transnational system, citizen interests are no longer limited to the boundaries of the political unit. Their identities are linked not only to geographic location, but also to economic or interest-based communities that transcend borders. Sassen (1998, pp. 195–196) notes that information industries, finance, and advanced corporate services "tend to have a space economy that is transnational and is partly embedded in electronic spaces that override conventional jurisdictions and boundaries."

Public managers are challenged to confront both the divisions within their jurisdiction and the diversity of interests between jurisdictions. Public manager-centric models effectively address within-jurisdiction divisions by

challenging mangers to facilitate consensus among competing interests. Interests may be diverse, but they are still found within the borders of the larger polity and it is possible to conceive of a larger, polity-wide public interest. The problem is one of facilitating consensus, and the public manager is the neutral (and normatively admirable) facilitator. Network analysis addresses cross-jurisdictional challenges, but still within a polity based on national boundaries.

The postmodern challenge begins with the fact that local jurisdictions are part of larger polities, that picket fence or marble cake federalism requires state, federal, and local cooperation, and that horizontal cooperation between jurisdictions may be required to achieve local goals. This challenge is met by the creation of intergovernmental task forces and working groups. Public managers are agents who advocate the interests of their principals, but their principals do not constitute the universe of those impacted by the policy, but only a subset of it. "Public" is relative, diverse, and geographically fragmented. Within the policy network, there are multiple publics of which the public manager represents only one. The "public interest" for a policy network that crosses boundaries is defined differently by each jurisdiction-bound public manager.

In a public manager-centric model, the public manager is not an advocate, but a facilitator, an unbiased third party, seeking to "bring us all together." This fits well with the normative self-image of a neutral, unbiased, objective public manager, seeking the collective public interest. If a subgroup within the polity argues for a "self-serving" policy, the public manager reminds the subgroup of the larger public interest. In the intergovernmental network the public manager assumes the role of the subgroup representative. Calls to see the broader interest above and beyond the represented polity will not honor their role as agents advocating the interests of their principals. Rather than the normatively positive image of objective neutral, the public manager becomes advocate for a special interest — in this case a geographic political jurisdiction. Kass (1989) examines this clash of identity between objective facilitator and interest-group advocate, but he frames his call for an ethical basis of agency theory specifically in "American public administration" bypassing the challenges of globalization.

The globalized world adds an additional layer to this identity challenge. In the globalized world, interest groups, or publics, crosscut national boundaries. Environmental and economic impacts of trade and pollution ignore cartographic borders. The growing emphasis on outsourcing and privatization driven by the New Public Management movement results in state activities carried out by transnational private and nonprofit organizations raising crucial questions of accountability (Choudhury & Ahmed, 2002) and the capacity for self-management (Kettl, 2000). Transnational regulatory regimes create new constituencies and shared interests that do

not stop at national boundaries. "Political demands are no longer directed to one state-based interlocutor" (Radcliffe, 2001).

Broad public policy issues and interests may be controlled by nonstate institutions with varied interest boundaries. When issues cross national borders, transnational working groups of policy participants can be established, which may or may not function under the aegis of a state. The public interest for each public manager is constructed from the group each represents. There is no single universal public to which the public manager delivers policy, rather the policy implementation universe contains multiple policy systems within which the public manager may represent the entire or simply a fraction of the affected public. With the realization that there are many publics, the public manager is no longer at the center of the process. Figure 4.5 portrays the globalized, postmodern policy model where there are multiple publics and multiple policy makers. The public manager assumes the role of advocate for a particular geographically based interest group, rather than coordinator or facilitator of a centralized policy stream.
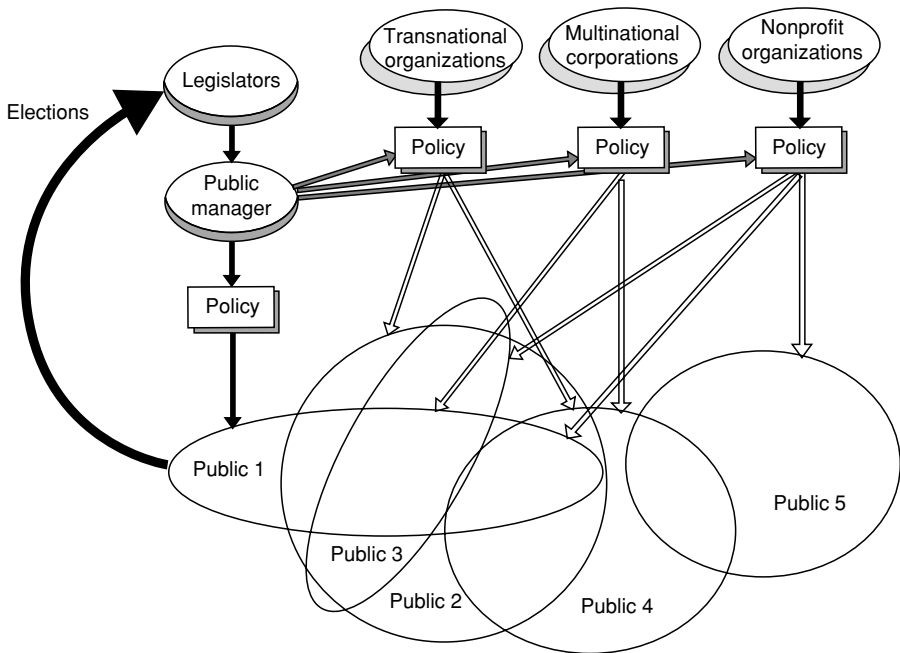
Figure 4.5   Globalized public policy process.

The Dilemma of the Public Manager: More Questions than Answers

The construction of a public interest is dependent upon a specification of constituent group. As extra-national political and interest groupings are created, the boundary of "public" may assume a variety of configurations. As noted earlier, public managers tend to normatively construct their identity as servant of the public interest, and public administration scholars often call on public managers to interface directly with that "public." As the concept of "publics" evolves, the individual public manager is challenged to reformulate his or her identity.

Who does the public manager serve, as the public interest changes depending on the configuration of people or entities considered? As issue networks crosscut geographical boundaries, so conceptualization of "publics" are re-formed. As the scope and power of the state diminishes, the power and centrality of the public manager likewise diminishes. As policies are implemented by structures and institutions that crosscut government boundaries, the public manager's role is to advocate a particular interest configuration, rather than be an objective, unbiased facilitator. Theories of public service motivation, public service ethics, and social psychology must be reconsidered as the public manager's role moves from center to periphery.

This article begins a conversation on the consequences of an increasingly global and networked world. Public managers are "faced with the continuous challenges of building trans-jurisdictional network capacities in order to implement policies that respect international agreements and national priorities" (Broadnax, 2004). Public administration must adapt "to deal effectively with the horizontal networks that have been layered on top of the traditional vertical system" (Kettl, 2000). "The new transnational administrative law needs a proper theoretical foundation which cannot be that of the state" (Cananea, 2003). The challenge for public administration is to reconceptualize the role of public managers in a globalized world where public interests crosscut and transcend the governments that public managers represent.

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Chapter 5

Globalization and Its Impact on Strategic Security

Christopher Van Vliet

CONTENTS

Globalization is the international system that replaced the Cold War system. With it came the integration of capital, technology, and information across national borders in an attempt to create a single global market. We have all seen evidence of the tension and conflicts that exist between this

interconnected system and the ancient forces of culture, geography, tradition, and community that feel brutalized by it and resist its intrusion. However, globalization is with us, whether we like it or not. While some might argue that the September 11, 2001 attacks resulted from its processes that had begun a generation earlier, it is these processes that will, in the long run, provide the United States and the rest of the world with the security that they desire and deserve. The challenge lies in ensuring everyone has a stake in globalization.

New Balances, New Threats

The Cold War system was built exclusively around nation-states, and it was balanced at the center by two superpowers: the United States and the Soviet Union. The globalization system, according to Thomas Friedman, is built around three balances: the traditional balance between nation-states; that between nation-states and global markets; and the most recent — the balance between individuals and nation-states. These super-empowered individuals, some of whom are quite dangerous, are now able to act directly on the world stage without the traditional mediation of governments, corporations, or any other public or private institutions (Friedman, 2000, pp. 12–13).

Since the end of the Cold War, weak or failing states have probably become the single most important problem for international order. Chester Crocker tells us that the problem is not the absence of nations but the absence of states with the legitimacy and authority to manage their affairs (Crocker, 2003, p. 37). Weak or failing states commit human rights abuses, provoke humanitarian disasters, drive massive waves of immigration, and attack their neighbors. Since September 11th, the vast majority of international crises have involved weak or failing states. The failed state of Afghanistan was so weak that it was hijacked by a non-state actor, the terrorist organization Al Qaeda, and served as a base for global terrorist operations. The attacks reinforced the ways in which violence had become democratized. Traditional forms of deterrence or containment are not effective against this type of non-state actor. For that reason, security concerns demand reaching inside of states and changing their regime to prevent future threats from arising. "The failed state problem that was seen previously as largely a humanitarian or human rights issue, has suddenly taken on a major security dimension" (Fukuyama, 2004, pp. 92–93). Moreover, it was a "general failure of the historical imagination," says Michael Ignatieff, "an inability of the post-Cold War West to grasp that the emerging crisis of state order in so many overlapping zones of the world — from Egypt to Afghanistan — would eventually become a security threat at home" (Ignatieff, 2003, p. 170).

Islamist fundamentalism, radical Islam, or what Walter Russell Mead more properly calls "Arabian fascism," has surfaced as the greatest security threat facing the United States and the international community. Arabian fascism is a totalitarian ideology inspired by a mythologized vision of the past. It attracts not only Arabs but all those for whom the early Islamic wars of religion and conquest represent a golden age. It aims to restore this past by force, not only in the world of Islam, but ultimately throughout the world. This fascism comes in two forms: secular and religious. The totalitarian ideologies now tormenting the Muslim world include the secular fascism of the Ba'ath Party of Iraq and the religious fascism of Osama bin Laden. Both movements believe in subordinating the rights of individuals and eliminating the independence of civil society in favor of a totalitarian politics. "Both movements," says Mead, "recognize no limits on the right of their leaders to command their followers to carry out lawless violence against innocent civilians and both are deadly enemies of freedom and peace" (Mead, 2004, p. 176).

Policies or Identity

A persistent question posed by president George W. Bush is, "Why do the terrorists hate us?" Are Islamic terrorists and increasingly much of the Muslim world incited by the United States' policies or do they simply hate our existence and what we represent? Professor Noam Chomsky believes that there are specific policies that have enflamed the potential "support base" for Islamic terrorism. Policies relating to the Israel–Palestine issue, sanctions in Iraq, and more fundamentally, U.S. support for corrupt and repressive regimes that undermine democracy and development. Anger in the Muslim world, he says, does not spring from resentment of our freedom and democracy, their own cultural failings tracing back many centuries, and their alleged inability to take part in globalization (Chomsky, 2003, pp. 213–214).

His sentiments echo those of Michael Scheuer, a senior U.S. intelligence official who, writing under the name, "Anonymous," explains that the United States is hated across the Islamic world because of specific government policies and actions. That hatred, he says, is concrete and martial not abstract and intellectual, and it will grow for the foreseeable future. Scheuer lists six U.S. policies that Osama bin Laden repeatedly refers to as anti-Muslim. They are: U.S. support for Israel that keeps Palestinians in the Israelis' thrall; U.S. and other Western troops on the Arabian Peninsula; U.S. occupation of Iraq and Afghanistan; U.S. support for Russia, India, and China against their Muslim militants; U.S. pressure on Arab energy producers to keep oil prices low; and U.S. support for

apostate, corrupt, and tyrannical Muslim governments (Anonymous, 2004, pp. 240–241). Since bin Laden has no center of gravity in the traditional sense, that is, no economy, no cities, no homeland, no power grids, no regular military, etc., his center of gravity lies in the list of current U.S. policies toward the Muslim world. It is that *status quo*, according to Scheuer, that enrages Muslims around the globe, no matter their view of Al Qaeda's martial actions, and gives bin Laden's efforts to instigate a worldwide anti-U.S. defensive jihad with virtually unlimited room for growth. He warns that so long as this fact is unrecognized by Americans and their leaders, bin Laden will keep winning the strategic war, even while continuing to suffer tactical losses (Anonymous, 2004, p. 263).

Other scholars and strategic thinkers reject the argument that it is our policies and not our identity that have created this rabid hatred. Jean Bethke Elshtain contends that changes in our policies would not satisfy Islamists because they loathe us for who we are and what our society represents. Even as the radicals indict specific U.S. actions, both past and present, bin Laden labels us "pagans" and "infidels."

> To Islamists, infidels are those who believe in separation of church and state. Infidels profess the wrong religion, or the wrong version of a religion, or no religion at all. Infidels believe in civic and personal freedom. Infidels educate women and give them a public presence and role. Infidels inter-marry across lines of religion. Infidels believe that all people have human rights. Whatever else the United States might do on the world scene to allay the concerns of its opponents, it cannot repeal its founding constitutional principles, which condemn it in the eyes of such fundamentalists
>
> Elshtain, 2003, pp. 3–4

Elshtain argues then that even if we were to alter our policies, we could not repeal our commitment to personal freedom. We could not negate the First Amendment to the U.S. Constitution, which guarantees the free exercise of any religion. Radical Islamists desire an official religion, and they would impose it everywhere they could, through terror if necessary. Our belief in freedom and our basic ideals are nonnegotiable. Thus, the terrorists despise us for what we are and what we represent. Francis Fukuyama reinforces this view by analyzing first-person accounts, reports, fatwas or legal opinions and the manuals of Islamist extremists. His article in *Newsweek*, "Their Target: The Modern World," explains that extremist groups celebrated September 11th because it humbled a society that they believed was at its core corrupt. This corruption originates in their view from secularism itself. "What they hate is that the state in Western societies should be dedicated to religious tolerance and pluralism, rather than trying to serve religious truth" (Fukuyama, as cited in Elshtain, 2003, pp. 22–23).

A Failure of Modernity

The Islamic world must overcome its consistent impulse to blame others for all of its failures. Poverty and bitterness can be attributed directly to the obscenely rich ruling families in places like Saudi Arabia and Jordan. Keeping the populace ignorant is a deliberate strategy of the jihadists who feed on poverty and ignorance whereas faulting secular rulers and the corrupt West. Muslim states and societies are decaying although their ancient competitors flourish. The Islamic world cannot progress without fundamental and pervasive changes in virtually every public and private sphere. According to strategic thinker Ralph Peters, "a billion people, as proud as they are ill-governed and ill-prepared for modern life, have found they cannot compete with other civilizations on a single front — not even in terror, for the West will, out of demonstrated need, learn to terrorize the terrorists" (Peters, 2004, p. 6). Islam, rather than shifting blame, must make a far more difficult choice of attempting to build tolerant, more equitable, open, and honest societies, reject a mythologized past, and embrace a challenging future. There is a hadith or a tradition that is attributed to the Prophet Muhammad that the condition of a people will not change unless they change it themselves. Islamic civilization cannot prosper under modern conditions as long as it is antimeritocratic, oppresses and torments women, mocks the rule of law, neglects education, and lacks a work ethic. The Islamic world, says Peters, will continue to do more harm to its own people than it has done or will ever be able to do to the West.

Islamist fundamentalism is an extreme repudiation of modernity or the processes of globalization, but even more tragically, most of the Muslim world is a textbook example of the "failure of modernity." It is afflicted by poverty, ignorance, and tyranny. Muslims fault American economic dominance and exploitation and America's support for many corrupt Muslim tyrants who serve its purposes. A potent combination of low productivity and a high birth rate in the Middle East has led to a caustic situation with a large and rapidly growing population of unemployed, uneducated, and frustrated young men. The United Nations and the World Bank inform us that the Arab world continues to lose more ground to the West, in areas such as job creation, education, technology, and productivity. Even more frustrating is that the rapidly rising economies of East Asia, in countries such as Korea, Taiwan and Singapore, are also leaving Arab nations behind. Eminent scholar Bernard Lewis presents a bleak and devastating picture of Arab underdevelopment. "The GDP (Gross Domestic Product) in all Arab countries combined stood at $531.2 billion in 1999 — less than that of a single European country, Spain ($595.5 billion)" (Lewis, 2003, p. 116). A listing of book sales among 27 countries begins with the United States and ends with Vietnam with not a single mention of a Muslim state.

Further evidence of underdevelopment can be gleaned from a report on Arab Human Development in 2002, which was prepared by a committee of Arab intellectuals and published under the auspices of the United Nations. It revealed that the entire Arab world, with 300 million people, translates about 330 books annually, one fifth of the number that Greece does with its 11 million people. According to the World Bank, in 2000 the average annual income in Muslim countries from Morocco to Bangladesh was only half the world average. In the 1990s, the combined gross national products of three of Israel's Arab neighbors, Jordan, Syria, and Lebanon, were significantly smaller than that of Israel alone. According to the United Nations statistics, on a per capita basis, the contrast was even grimmer. Israel's per capita GDP was 3.5 times that of Lebanon and Syria, 12 times that of Jordan, and 13.5 times that of Egypt (Lewis, 2003, p. 117). The people of the Middle East, thanks to modern media and communications, are painfully aware of the deep and expanding gulf between the opportunities of the free world outside their borders and the desperate and appalling conditions within them. Widespread and better modernization and an acceptance of globalization are the answers for some. Others, however, believe globalization itself is the problem.

Disconnectedness Portends Danger

Thomas Barnett, a former senior strategic researcher and professor at the U.S. Naval War College, calls globalization America's "gift to history" and explains why its wide dissemination is critical not only to our security, but the security of the entire world. The Pentagon is still in shock at the rapid dissolution of the Soviet Union and has spent the 1990s grasping for a long-term military strategy to replace containment. According to Barnett, our enemy is neither a religion (Islam) nor a place (the Middle East), but a condition — disconnectedness (Barnett, 2004, p. 49). Those parts of the world where terrorism and unrest are brewing are characterized by a disconnectedness from the globalizing world and disconnectedness portends danger.

In regions of the world where globalization is thick with network connectivity, financial transactions, liberal media flows, and collective security you find stable governments, rising standards of living and low murder rates. Barnett labels these parts of the world the Functioning Core, or Core. In areas where globalization is thinning or absent you discover politically repressive regimes, widespread poverty and disease, routine mass murder and most importantly, the breeding grounds that incubate the next generation of global terrorists. He refers to these parts of the world as the Non-Integrating Gap, or Gap. An analysis of U.S. military responses since

the end of the Cold War reinforces this relationship between globalization and connectivity. There has been an overwhelming concentration of military activity in regions of the world that are excluded from globalization's growing Core, such as the Caribbean Rim, virtually all of Africa, the Balkans, the Caucasus, Central Asia, the Middle East, Southwest Asia, and much of Southeast Asia. This is roughly one third of the world's population. Demographically, most are young and are labeled low or low–middle income by the World Bank (less than $3000 annual per capita).

America's goal must be to promote "rule sets" that are shared by both the Core and the Gap. When we see countries moving toward acceptance of globalization's economic rule sets, we should also expect to see a similar acceptance of emerging political and security rule sets that define fair play among nations, firms, and even individuals, not just in trade but also in terms of war. America does not commit herself to war simply because she dislikes a certain religion or people, or even a bad ruler. She intervenes when the rule sets are being so blatantly violated that the offending parties need to be stopped and removed from power. Rule sets encourage and protect connectivity, and growing connectivity is ultimately stabilizing. The Pentagon needs to focus on roughly 5 percent of both the states and transnational actors that tend to bend or break the security rule sets. By dealing with that fraction firmly and consistently, "it sends the right signals to the rest of the community that playing by the rules pays off" (Barnett, 2004, p. 353).

Barnett's suggested strategy contains three basic goals. Increase the Core's immune system capabilities to respond to 9/11-like "system perturbations" or disturbances. Work the seam states or countries like Mexico, Brazil, South Africa, Morocco, Algeria, Greece, Turkey, Pakistan, Thailand, Malaysia, the Philippines and Indonesia to firewall the Core from the Gap's worst exports, such as terror, drugs, and pandemic diseases. Finally, he insists that we must progressively shrink the Gap by continuing to export security to its greatest trouble spots. He adds that the United States should expect to put in the largest share of the security effort to support globalization's advance since it enjoys its benefits disproportionately. This transaction should be pursued out of rational self-interest.

Failed States

Sovereign nation-states have seen their power erode over the last generation and much of this reduction has been for the good. All too powerful states, primarily dictatorships in the 20th century, tyrannized populations and committed acts of aggression against their neighbors. Others, due to excessive state scope, impeded economic growth and were characterized by a variety of dysfunctions and inefficiencies. The trend has been to cut

back the size of state sectors and to transfer functions that have been improperly appropriated to the market or to civil society. The global economy has weakened the autonomy of sovereign nation-states by increasing the mobility of information, capital, and to a lesser extent, labor. Francis Fukuyama reminds us that the chief issue for global politics today is not how to cut back on stateness but how to build it up. He explains that for individual societies and for the global community, the withering away of the state is not a prelude to utopia but a recipe for disaster.

The crucial problem facing poor countries that obstructs their possibilities for economic development is their inadequate level of institutional development. These countries do not require extensive states, but do need strong and effective states to provide the necessary state functions. At the end of the Cold War, we witnessed the emergence of a group of failed and troubled states from Europe to South Asia. These weak states have posed threats to international order because they are the source of conflict and violations of human rights and because they have become potential breeding grounds for a new kind of terrorism they can reach into the developed world. Strengthening these states through various forms of nation-building is a task that has become vital to international security and the future of world order (Fukuyama, 2004, p. 120). In the absence of sovereign nation-states, Fukuyama warns, we are left with multinational corporations, non-governmental organizations, international organizations, crime syndicates, and terrorist groups, which seldom possess both power and legitimacy at the same time. Radical Islam would never have succeeded in winning followers if the Muslim countries that won independence from the European empires had been able to convert dreams of self-determination into the reality of competent, rule-abiding states. America has inherited this crisis of self-determination from the empires of the past, which now manifests itself in the "desire of Islamists to build theocratic tyrannies on the ruins of failed nationalist dreams" (Ignatieff, 2003, pp. 170–171).

Unilateralism, Preemption, and Hegemony

Assumptions about America's strategic security, scholar John Lewis Gaddis tells us, have been impacted by three surprise attacks in its history: the British attack of Washington and the burning of the White House and the Capitol in 1814; the Japanese attack of Pearl Harbor in 1941; and the Al Qaeda attacks of September 11, 2001. Following the burning of Washington in 1814, Secretary of State John Quincy Adams approved Andrew Jackson's invasion of Florida, which was then a possession of a very weak Spain. This controversial decision was supposedly designed to subdue marauding border gangs made up of Indians and former slaves, but the real objective

was to attack British adventurers based in the territory and ultimately seize it for the United States. Jackson argued that the move would preempt any attack from Great Britain, the Spanish, or their continental allies. Adams' plan was to prevent balance-of-power politics from breaking out on the North American continent similar to what existed in Europe. Through a strategy of unilateralism and preemption, Adams sought to maintain strength beyond challenge. For the United States to survive and prosper, it had to be the preeminent power on the continent. Otherwise it would descend into competitions over "rocks" and "fish ponds" (Gaddis, 2004, p. 26).

America withdrew from this strategy following the attack on Pearl Harbor in 1941 and instead began to cooperate with its allies on an inter-continental scale to defeat authoritarianism. However, we are now witnessing the Bush Doctrine, a grand strategy whose foundations are based in the 19th century tradition of unilateralism, preemption, and hegemony, projected this time on a global scale. Gaddis suggests that Spanish Florida would today be described as a failed state. Adams, in a controversial diplomatic note at the time, told the Spanish that they must either garrison enough troops to secure the territory or "cede to the United States a province . . . which is in fact a derelict, open to the occupancy of every enemy, civilized or savage, of the United States, and serving no other earthly purpose than as a post of annoyance to them" (Gaddis, 2004, p. 17). Today, in a world where rogue regimes and terrorists seek to obtain and detonate nuclear weapons and where nation-crippling technologies are becoming more portable and deadly, the globe is now the frontier. The United States is no longer protected by its geography and a balance-of-power politics is no longer feasible.

The essence of the Bush Doctrine is that America must maintain a preponderance of power or as President Bush announced at West Point in June 2002: "America has, and intends to keep, military strengths beyond challenge" (Gaddis, 2004, p. 30). A strategy of preemption or, more properly preventive war will put the United States in a position of governing potentially hostile populations in countries that threaten it with terrorism, as we have seen in Afghanistan and Iraq. Gaddis warns, however, that an empire acting unilaterally and without alliances may end up creating more threats than that actually exist. President Bush's "National Security Strategy," published in September 2002, elaborated on the West Point speech and stated that the goal of American foreign policy is to "extend the benefits of freedom across the globe." It further declared that:

> We will actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world . . . America must stand firmly for the nonnegotiable demands of human dignity: the rule of law;

limits on the absolute power of the state; free speech; freedom of worship; equal justice; respect for women; religious and ethnic tolerance; and respect for private property.

<div align="right">Ferguson, 2004, p. 23</div>

Is Democracy the Answer?

The administration believes, then, that democracy is the path to security in the Middle East. Thomas Friedman notes that while expanding globalization is critical, particularly for developing countries, it is equally important to democratize their political systems at the same time. The democratic process will give the public in these countries a sense of ownership over the painful process of economic policy reform. A politics of sustainable globalization requires a new social bargain between workers, financiers, and governments. A pure market vision alone, he says, is too brutal and not sustainable. Globalization and strategic security become stabilized by democratizing globalization, that is by making it work for more and more people all the time. That is why countries that are adjusting best to globalization today are not necessarily the richest ones, such as Saudi Arabia, Nigeria, or Iran, but rather the most democratic ones like Poland, Taiwan, Thailand, and Korea.

Distinguished professor Samuel Huntington, however, offers the antithesis to this argument and warns that terrorism and the Middle East's general anti-Americanism do not originate from the absence of democracy but from "civilizational" differences. He says that democratization and globalization have done little to erode these differences in the region. The security of the United States and other democratic societies depends not on trying to impose their own values on cultures where they cannot possibly take root, but rather on maintaining the "multicivilizational character of global politics" (Huntington, 1996, p. 21). The Bush National Security Strategy soundly challenges Huntington's theory and argues that 9/11 demonstrated that we could not coexist with our enemies. Furthermore, if Muslims themselves are so divided on the benefits of globalization, perhaps democratization might be the answer.

Historian Niall Ferguson believes that the world needs an effective liberal empire and that the United States is best suited for the job. He points to the success of economic globalization in the world's two most populous countries, China and India, where the per capita incomes have risen rapidly. However, even though international inequality is diminishing, Ferguson stresses the recurring theme that there are parts of the world (the Gap) where legal and political institutions are in a condition of such

collapse or corruption that their populations are effectively cut off (disconnected) from any hope of prosperity. The existence of states, which through either weakness (failed) or malice, encourage terrorist organizations committed to wrecking a liberal world order, is a problem that must be confronted with. He, like Friedman, advises that economic globalization needs to be underwritten politically, as it was a century ago (Ferguson, 2004, p. 301).

Former National Security Advisor, Zbigniew Brzezinski, cautions that if America promotes and pursues democracy in the Muslim world with a fanatical zeal that ignores the historical and cultural traditions of Islam, the project could backfire. While it is true that America successfully imposed democracy upon Germany and Japan after World War II, there were social foundations on which we were able to construct democratic constitutions. Brzezinski suggests that the situation in the Middle East will be more challenging and that the push for democratization will require "historical patience" and "cultural sensitivity." Muslim countries such as Turkey, Morocco, and even Iran, despite its fundamentalist posture, seem to demonstrate that: "when democratization takes place through organic growth and not through dogmatic imposition by an alien force, Islamic societies also gradually absorb and assimilate a democratic political culture" (Brzezinski, 2004, p. 225).

Conductivity, Not Empire

Discussions of empire, freedom, liberty, or democracy are premature and irrelevant in the context of Thomas Barnett's proposed operating theory. Much like Brzezinski, he explains that America cannot command societies to bypass their histories and suddenly discharge the hatreds that have developed throughout the years. What America can offer, according to Barnett, is the choice of "connectivity" to escape isolation and safety within which freedom finds practical expression. He emphasizes that none of this can be imposed, but only offered. "Globalization," he says, "does not come with a ruler, but with rules" (Barnett, 2004, p. 356). Thus, the goal should be broadband economic and social conductivity, not mandating content, such as democratic transformation. Offering connectivity only involves enforcing minimal rule sets. Imposing our political system on other societies is a more complicated and dangerous matter. Our role in providing globalization's security should be that of shrinking the Gap on those actors who willfully disregard its emerging rule sets.

Those Americans who favor an isolationist policy in the wake of the 9/11 attacks ignore the fact that if we do not deal with these troubled regions now, we will have to deal with them in the future. These disconnected

places must be invited to participate and have a stake in globalization. It is not a question of the United States seeking to extend its power or become a neo-imperialist global centurion, but instead a case of simply quelling the efforts of those who will kill to preserve a society's disconnectedness. Bringing order to the frontier zones is the primary task and it must be done without denying the local people their rights to some degree of self-determination. Michael Ignatieff reminds us that while Americans possess global power, they do not seek global domination. "They cannot rebuild each failed state or appease each anti-American hatred, and the more they try, the more they expose themselves to the overreach that eventually undermined the classical empires of old" (Ignatieff, 2003, p. 169).

The Role of Soft Power

President Bush's new security strategy or the Bush Doctrine is correct in assessing that the "privatization of war" by transnational groups like Al Qaeda is a major historical change in world politics that must be addressed. However, his strategic vision has never been clearly elucidated to the public and the world, and the Bush administration appears to be fumbling over how to implement this new strategy. Bush's strategy relies heavily on American military power or hard power and this is certainly indispensable in our fight against terrorism. America, though, is not properly utilizing another weapon at its disposal and that is its soft power.

Soft power is the attraction of our culture and ideals. Our ability to persuade and attract others is a necessary complement to our military might. We defeated the Taliban government in Afghanistan, but that victory accounted for less than a quarter of the Al Qaeda transnational network, which is believed to have cells in 60 countries. Success in places like Hamburg or Kuala Lumpur depends on close civilian cooperation, sharing of intelligence, coordinating police work across borders and tracing global financial flows. Whereas America's partners work with us partly out of self-interest, the inherent attractiveness of U.S. policies can and does influence their degree of cooperation. More importantly, the current struggle against Islamist terrorism is a contest whose outcome is closely tied to a civil war between moderates and extremists within Islamic civilization. According to Joseph Nye, Jr., former Assistant Secretary of Defense, the United States and other advanced democracies will only win if moderate Muslims win, and the ability to attract the moderates is critical to victory. We need to appeal to moderates and use "public diplomacy" more effectively to seek out common ground (Nye, 2004, p. 131).

Thomas Kean, former governor of New Jersey and chairman of the national commission that produced the *9/11 Report* agrees. He says the

West must offer an alternative to the media manipulation occurring in the Muslim world, primarily through the Al Jazeera news outlet. Kean questions how a man, supposedly living in a cave (Osama bin Laden), has been able to "outcommunicate" us. America must convey, for example, through public diplomacy and our media that we have protected Muslims in the past, in places like Bosnia, Kosovo, and Somalia. Institutions such as the International Monetary Fund, the World Trade Organization, and the United Nations play a role in enhancing a country's soft power, as well. Countries encounter less resistance to their wishes when they make their power legitimate, in the eyes of others. If a country's culture and values are attractive and persuasive and it uses institutions and follows rules that encourage other countries to conduct their affairs in ways it prefers, the benefits are obvious. The Bush Doctrine, then, which seeks to identify and eliminate terrorists wherever they are together with the regimes that harbor them, must expand its approach to include soft power as part of its overall strategic plan.

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Chapter 6

Nation-Building: An Appraisal

John D. Montgomery

CONTENTS

Any serious appraisal of nation-building should begin by recognizing the historical reality that no external force can build a nation. What it can do is make a state more viable or improve its responsiveness to its people, and even that end is not easily achieved being a nation. For, being a nation requires more than the sheer exercise of authority. It rests on a voluntary sense of public community, which is derived historically from a confluence of ethnic, economic, and political factors. What international or domestic statesmen can do, on the other hand, is to contribute to state-building, in the hope of achieving a quality of governance that extends throughout a nation. To call that process nation-building transcends reality, but for the sake of convenience most of us accept the misnomer.

Both the U.S. State Department and the Pentagon are reluctant about the process anyway, regarding it as a distraction from more "serious" enterprises like diplomacy and war. It is their sad fate, time after relentless time, to find themselves engaged in it.

The American public mind ignores both this linguistic indulgence and professional skepticism. Thus the World Wide Web offers an extensive bibliography (Questia.com lists 435,000 books and articles on nation-building, without running out of confirmatory historical experience). Even in jaded Europe, political voices were indulged in nation-building aspirations for Afghanistan before they balked at applying it in Iraq and perhaps still in other post-combat countries, in spite of the probability that "regime change" would serve the international order better than the *status quo*. Yet advocates of nation-building can describe successes in the troubled aftermath of the fall of the Soviet empire and the hundreds of development programs in Africa and Asia that have implied a nation-building impulse. Interest in the subject has even made it a commercially viable subject for publishers and writers, with the result that Buy.com is prepared to offer access to more than a million "products," for which it can claim 5 million customers. And dozens of governments, international bodies, and non-governmental organizations could cite decades of their own earnest experience if they wished to qualify themselves as experts in the field.

Upon reflection, however, their conclusions are not encouraging: almost all of these sources echo the same trenchant proposition that nation-building usually fails. The policy implication is to avoid excessive ambition for it — but the nation-building temptation returns nevertheless even among seasoned politicians, who are willing to ignore the unwelcome corollary that some countries may be unsuitable for it.

As a historical principle, the proposition is easily affirmed by observing most of the attempts to install an enduring democracy to replace an authoritarian system. The failures can be ascribed either to a hostile context (insecurity and instability of the "patient") or to an imperfect process (conceptual and operational inadequacies on the part of the "doctor"). "Contextual" failures appear in countries that lack the experience of accountable governance, a condition that is all the more distressing when the "doctor" intervenes, as a result of an impulsive or ideological gesture instead of an appraisal of the context of action. "Process" failures reveal how fragmentary is the contemporary understanding of the necessary ingredients of viability in modern states. To be sure, there have been advances in the theory and practice of governance that should restrain too much irrational exuberance, but no theory would encourage immediate hopes of bringing about a simple, spectacular regime change in a failed state. In fact, most of the nation-building histories that are regarded as successes have taken the form of modest disaggregated improvements that helped raise the "patient" out of a chronic state of morbidity. For, serious nation-building cannot occur during periods of chronic insecurity.

Yet there are cases of the more ambitious forms of nation-building. Some large-scale operations of the past have generated perhaps misleading

expectations for the prospects of introducing stable, democratic, or accountable government. For example, one careful study of seven cases (Japan, Germany, Somalia, Haiti, Bosnia, Kosovo, and Afghanistan) has even identified principles that seem to explain these successful cases: all took place in the presence of adequate levels of security; all displayed a high degree of donor commitment as measured by the cost of the operation, the manpower employed, and the duration of the military presence. Those that were undertaken bilaterally proved to be less complex or time-consuming than international operations, but the latter, despite the additional effort, seem to have produced a more thoroughgoing transition to a new regime and have developed stronger regional relationships.[1]

The more modest and less comprehensive successes consisted of isolated improvements that were introduced piecemeal in the form of foreign aid or induced institution-building. Such relatively unpretentious programs have improved many countries' educational systems, health programs, agricultural services, economic planning units, and military organizations, as a result of efforts by both international assistance agencies and non-governmental organizations. Similar results were once celebrated as a consequence of 19th century imperial assistance, but even the most benign colonialism rarely succeeded in introducing a sustained Westminster system, however much it was desired. They did achieve some degree of political competition and a professionalized bureaucracy that occasionally continued under independence, however, after the departure of imperial captains and kings. These forms of nation-building were more likely to survive as the result of a series of pragmatic ameliorative measures than as an externally imposed form of permanent revolution.

Both aspects of nation-building — the partial, pragmatic and the holistic, ideological — have contributed to or induced some form of "regime change" that is sufficient to sustain the hope among international donors which well-intentioned future interventions can "install" or at least "encourage" democracy, by providing decisive support to hope for a "positive" political development. What seems to come to mind is that few of the large-scale efforts (Germany, Japan, South Korea, and Panama) persisted for more than a decade, in contrast to equally ambitious programs that produced a new regime which lasted barely three years (Cuba, Haiti, Nicaragua, Cambodia, and Vietnam) or even less (Grenada and Dominican Republic).[2]

Clearly, however, the less ambitious enterprises were the more successful ones. The first cases dated as far back as Truman's Point IV program, in which international assistance was able to contribute significantly to the infrastructures of good governance while leaving it to the indigenous populations to do the rest. Such interventions began with citizen-service

activities, beginning with the expansion of educational opportunities, technical improvements in agriculture, and public health initiatives.

A second, more comprehensive tier of assistance began to emerge with improvements in economic planning, the mobilization of community participation in self-help programs, and the stimulation of active political movements. Taken together, these efforts merged into a comprehensive (though unacknowledged) "donors' model" of activities that were deemed to serve political and economic objectives of the post-war international order.

These traditional forms of technical assistance drew heavily on Western experiences, which were stripped of "political interference" where possible. Their successes included improvements in educational resources, agricultural productivity, and public health standards. These improvements were not without state-building significance. Relevant aid programs generally strengthened central authorities even when they were intended to benefit local organizations because they required the channeling of added resources to national ministries. Donors soon became aware of this issue; it has become increasingly common for aid projects to operate below the level of both national and provincial authorities. One strategy has been to place resources directly in the hands of traditional community leaders to encourage them to join in developing new elements in the civil society. Such efforts risk alienating the national leadership, however, especially when they support local "warlords" at the expense of stabilizing the internal security.

In time, political consequences began to influence foreign aid aspirations. Donor programs that had begun by rebuilding governance and administrative capacity, to develop the infrastructure to make good use of foreign aid, began to consider political development objectives as appropriate in themselves. Newly independent countries and post-conflict economies shared a general need for strengthened governmental macroeconomic management capability, as a result of which aid programs addressed questions of national budgeting, expenditure control, public sector investment management, central bank functions, and revenue collection. But there was an increasing recognition of the need for improved processes of governance through civil service reforms, decentralization schemes, and attention to citizen participation programs.[3] These interventions were still presented as politically immaculate where possible, however, to avoid invasive aspects of foreign aid.

But recognition was growing that institutional infrastructure was not merely technical. It as well included observance of the need for rule of law, as a result of which coherent legislation was introduced to enhance the legal framework for economic activity and to advance an effective and independent judiciary. Efforts to encourage the viability of the rule of law included offering legislative advice, suggestions for judicial reform, and

recommended improvements in public access to courts. The international requirements of statecraft also received assistance in matters such as protecting foreign direct investment, promoting liberal trade, advancing the cause of free speech through assistance to the media, and even strengthening the prospects of a vital civil society, through support to advocacy groups and professional associations. The protection of human rights by publicly condemning violations became an important element in an emergent practice of nation-building.

These elements of a "donors' model" permitted international development agencies to advance their preferences for the internal affairs of ailing states, without overtly seeking to promote regime change. Yet, they could contribute constituent elements to the task of nation-building. It was clear that sectoral or microlevel successes were more likely to survive than large-scale institutional reforms that were intended as regime changes. All that donors could reasonably hope was that such "good things go together" and produce some benevolent spillover from each limited success.

The prospects for these modest aspirations exceeded the public expectations for foreign aid.[4] Although no one could claim that such assistance had produced new democracies, it is clear that some of its results extended beyond the sectoral or microlevel at which it functioned.[5]

Current doctrine continues to regard such efforts as promising. Programs aimed at promoting the rule of law, for example, are considered to have had significant impacts in Latin America and East Europe in situations where local institutions have received financial and technical assistance from abroad,[6] foreign aid has contributed to a productive economy when competitive organizations are encouraged.[7] Freedom of speech and media diversity have risen more frequently when there is a conspicuous foreign presence than without it, even in the face of setbacks when critics venture too far; human rights are at least as much protected by foreign intervention as by domestic politics.[8] Finally, for all their impreciseness, the techniques of good governance over the many years have contributed to productivity as a result of or advances in accountability, transparency, efficiency, reduced corruption, support to competitive markets, and emergent agricultural technology.[9]

These spillover effects are enhanced when programs serve purposes of equity and opportunity and when they reinforce institutions of self-governance and enrich a public sense of national identity and purpose.[10] To be sure, democracy is not guaranteed by such measures. Not all support to decentralization of power necessarily contributes to democratization unless it is accompanied by a formal devolution of authority; even elections, however popular, do not necessarily increase responsibility in government. The historical data is insufficient to prove that such characteristics have to be first developed or that there is any other dependable means to identify a

necessary sequence in their rise. But some tentative principles emerge: it often develops that competitiveness among economic enterprises precedes such developments, including a cluster of conditions like freedom of speech, human rights, and the rule of law. These recurrent circumstances offer modest support to the priority that donors currently assign to the development of a competitive market economy.[11] There is wisdom nevertheless in treating each variable as an independent opportunity, addressing them one by one without expecting that any of them will bring improvement throughout the social system.

These experiences reinforce the wisdom of refraining from wholesale efforts to transplant democratic institutions and democratic politics.[12] It is a disconcerting fact that induced democratic processes have sometimes perpetuated conflictual divisions in a society that should have been moving toward cooperation and compromise. Even supposedly democratic forms of group action such as party and electoral systems have promoted ethnic schisms and polarized the political behavior of competing groups. The roots of such institutions need to be indigenous to avoid the kind of politics that release and stimulate group antagonisms and elevate repressed fears that sometimes emerge when authoritarian control is relinquished.

In short, it is possible to identify areas of success in supporting democratic institutions through foreign aid. The rule of law has advanced significantly in Latin America and East Europe where local institutions have received financial and technical assistance from abroad[13]; a productive economy has perhaps been the most conspicuous product of foreign aid, especially when enterprises have been competitive[14] and outward-based, even when they risk falling into a new form of colonization[15]; free speech and media diversity have accompanied a foreign presence, sometimes at the cost of sustaining excessively daring critics[16]; human rights have been protected more by foreign intervention than by domestic politics[17]; and for all its impreciseness, the congeries of technical qualities involved in good governance have included special elements immediately associated with productivity, such as emergent agricultural technology,[18] as well as advances in accountability,[19] transparency, efficiency, absence of corruption, and support to competitive markets, which are the hallmarks of government most preferred by the international banks. There is often a spillover effect in well-designed aid projects that serve purposes of equity and opportunity, while reinforcing institutional aims and enriching a public sense of national identity and purpose.[21]

There are even some historical principles that tentatively suggest sequences in the experience of foreign aid. Studies of the rise of democratic states have emphasized the importance of attaining institutional strength at the center first, before local autocrats or other rival groups can interrupt a

transition to a responsible government. Programs to promote the rule of law, support media diversity, and train a corps of professional civil servants are usually introduced before competitive elections and partisan activism.[21] It is certain to be expected, however, that these relationships would apply as much to the Islamic world as to the modernizing polities anywhere: They are not merely an expression of Western donors' preferences. The path to development there, as elsewhere, will be shaped more by indigenous factors and events in the field rather than by donors' underlying values. Whatever may be the role of political culture,[22] most scholars agree that nothing in the Islamic world, resistant as it may appear to be in the aftermath of chronic wars in the Middle East, makes democratic aspirations impossible.[23]

Not all aid is directed at democratic outcomes. Donors' models range from the hope of constructing Islamic states, inspired by the Koran, to hopes of the former Soviet Union for East Germany, North Korea, China, and newly independent Eastern states. On the whole, however, current doctrine associated with nation-building derives from liberal democratic states.

The opportunity to participate directly in constitutional innovations occurs only rarely, however, notably in cases involving peacemaking or in restraining assertions of an aggressive sovereignty. The most likely of such interventions occur at moments when there is international action to end or prevent wars, following traditional Westphalian views of national integrity and sovereignty. In recent years, the UN, the World Bank, and several Western governments have provided advice and good offices about issues of statecraft following chaos and insecurity. In such cases, internal conditions sometimes appear as prerequisites to peaceful relations, thus apparently justifying the exertion of powerful pressures to reform as part of a peace settlement. Most recently, the international community enthusiastically offered modest technical assistance to Afghanistan in constitution drafting, including logistical and other support to the Loya Jirga, a national assembly that served as a prelude to the formation of a constitutional national government. Bosnia, too, was the occasion for an international agreement regarding the internal governance that was pressed upon several unwilling parties.

Out of respect for the national sovereignty of members, international agencies cannot maintain a standing capacity to engage in nation-building. Some observers, including the present author, have suggested the creation of a body of professionals to perform these functions for bilateral relationships.[24] But it is still desirable to reduce the reluctant resort to sheer nation amateurism in both bilateral and international efforts by developing professional traditions on the basis of a growing reservoir of experience. If necessary, a standing non-governmental organization could perform the same function.

Nation-building doctrines have emerged from history, from careful appraisals of diplomacy and statesmanship, and from general propositions developed in political science, economics, and other systematic reviews of experience. It is not necessary to act out of serendipity and political accident to gain access to the most promising areas of intervention on behalf of improved and sustained political development. Even there, nation-building is highly experimental and perhaps should be undertaken only if the donors are willing to contemplate failure and if they are willing to mobilize a significant professional capacity drawing upon the talents of foreign assistance agencies, from the scattered elements in the diplomatic corps, and from the scholarly and commercial communities with experience in political development.

To seek such professionalism will be a major task of international leadership in the coming decades.

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Globalization and the Regulation of Professions

Robert P. Goss

CONTENTS

Globalization is fetching substantial change in both governmental and voluntary self-regulation of professions and occupations. The stodgy, even creaking, system of fragmented professional regulation in nations around the world is undergoing metamorphosis. Occupational regulation in the

United States has been moving from one largely undertaken and overseen by 50 states to one more amenable to national interests, from one operated to satisfy domestic stakeholder to one more international in scope, and from one largely governmental to one more dependent upon non-governmental interests and organizations. These changes in professional regulation mirror the development of American public administration from one characterized as the Old Public Administration into one more like the New Public Service, yet applicable globally. The changes reflect the applicability of different political, economic, and administrative theories too. Corresponding adjustments regulating professions within other nations are also proceeding rapidly because of globalization.

Impact of Globalization on the Regulation of Professions and Occupations

The flow of technology, knowledge, people, values, and ideas across national borders has affected not only the world's economic order, but also the international and the intranational political order. Several hundred years of U.S. history have demonstrated movement from colonial dependence to independence, but more recently from independence to hemispheric and global interdependence. The 1787 Constitution met the need for a common market in goods and services among the collective 13 American states, subject to the police power of the states where trade was open with no state-imposed tariffs, but globalization has now broadened that concept through free-trade agreements to much of the world. However, such agreements now include diminution of non-tariff barriers as well, and have the effect within the United States of amending the 50 states common market. Specifically, the free movement and use of professional services across states, nations, and continents fosters recognition of *bona fide* professional and occupational credentials. Correspondingly, trade in services has diminished those who do not meet appropriate standards and fomented efforts within the United States and other nations for change. Economic, political, and free trade forces will continue into the immediate future.

What is the status of governmental regulation on professions and occupations? What about voluntary self-regulation? And where is such regulation headed in the future? In responding to such questions, this chapter does not cover only a single profession. Rather, it deals broadly with the changing nature of intranational, national, and transnational bases for occupational and professional credentialing and licensure because of globalization. It identifies past and current models now in use because of globalization, and offers ideas and suggestions about the

future of globalized professional services regulation. Thousands of associations of professionals in the United States and around the world, billions of consumers, and thousands of governmental agencies and nonprofit regulatory organizations are and will be affected by these developments. Moreover, an understanding of them is fundamental for those engaged in policy analysis and the making of public policy, as well as administering policies dealing with occupations. Simply stated, globalization is changing both the rules and the means by which professions and occupations are regulated. Reassessing alternatives in light of new directions resulting from globalization may provide governmental policymakers and the leaders of nonprofit organizations and businesses, as well as billions of consumers, with potentially better ways of serving both the public and specific stakeholders through professional services regulation.

Traditional Regulation of Occupations

In many nations governments regulate occupations. The conventional distinction between professions on the one hand, and occupations on the other, involves the advanced nature of the required education, training, and preparation necessary to provide services to the public; historically, there was a mental rather than manual work distinction as well. The general public tends to accept as professions those occupations providing essential services that are prestigious, in part, due to their required extensive preparation and training. In federal governmental systems the regulation of occupations is often at the state or provincial level. So it has evolved in the United States, with governmental regulation in the United States having a long history. Among the first colonial or state regulation was Virginia's medical practice act in 1639, occurring well before the United States was formed. The Constitution's Tenth Amendment confirmed the concept that licensure was the responsibility of the states. In the 1800s state licensure for physicians, dentists, pharmacists, attorneys, and teachers began occurring in earnest, and in the 20th century dozens of additional groups became licensed — barbers, funeral directors, accountants, nurses, real estate brokers, chiropractors, etc.[1]

During the Progressive Era, the foundations of American public administration were laid and built upon. The Old Public Administration asserted a separation between policymaking on the one hand, and implementation of policy on the other. Yet the implementers of professional services regulation were increasingly called upon to make policy themselves. Policymaking included the advancement of social well-being through Keynesian economics from the New Deal through the post-World War II period. Arguments for a welfare economics approach to state licensing involved public benefits, including assurances to consumers of high-quality services

by only competent individuals in lieu of unregulated individuals endangering the public's health, safety, or economic well-being. However, such a public interest rationale or theory and the corresponding "market failure" concept justifying governmental action for reasons such as "asymmetric information," where professionals know so much more than consumers as a basis for state action, has been challenged by critics.[2]

In other nations there has been a preference for professions to regulate themselves. The United Kingdom serves as an example of professional self-regulation, where associations have monitored education requirements, accredited educational programs and training requirements, awarded and renewed licenses, controlled aspects of practice, and disciplined recalcitrant members.[3] But in many countries, including the United States, there have been varying degrees of self-regulation for professions.[4] Of course, guilds have existed since the Middle Ages, with their activities directed at the protection of the interests of their members as well as contributions to the communities in which they worked. In the view of critics, however, an association of professionals does not generally have as its primary goal protection or benefit of the general public. Instead, a professional association seeks principally to advantage its own members. Critics of state licensure activities have indicated that licensure should not have as a consideration, the improvement of business conditions for the licensed profession; in particular, an association's influence in the operation and staffing of a state licensure board should be minimized.[5] The capture of regulatory agencies by special interests has produced restrictions on entry into the profession and higher costs for consumers. Both incrementalism and public choice theory suggest that government officials, including those serving on state licensing or comparable boards, as well as those charged with administering such professional regulation, may have, as motivation, something less than that of *homo politicus* — a public-spirited actor interested in the well-being of the public — and more like that of *homo economicus* — an individual seeking to maximize personal benefits. Capture theory, incrementalism, and particularly public choice theory have led to skepticism about whether "market failures" in private regulation identified by professional associations properly serve as a basis for governmental action in the form of state regulation. Critics have charged that state-sanctioned monopolies over the supply, provision, and regulation of services have more likely demonstrated "government failure" that should be mitigated through a market-like solution where credentials can and do compete. For emerging occupations it is often more difficult to secure state licensure because of "sunrise" provisions in many states, requiring the costs and benefits of proposed licensure to be demonstrated to the legislature, and so new occupations have sought private-sector credentialing instead. In the late 1970s and 1980s the Old Public

Administration and public interest theory were being reconsidered, and the New Public Management and public choice theory were ushered in.

"Credentialing" is a generic term for licensure, certification, and registration,[6] although it is often used to include educational diplomas as well.[7] "Licensing" is a process by which a government agency grants individuals permission to engage in a specified profession or occupation, upon finding that individual applicants have attained the minimal degree of competency required to ensure that the public's health, safety, or economic well-being will be reasonably well protected.[8] "Certification" is a process by which a governmental or non-governmental organization grants authority to use a specified title to an individual, who has met predetermined qualifications.[9] The primary purpose of licensure and certification is to protect the public,[10] if the programs are well-designed. Compared with licensing, which is the most restrictive form of occupational regulation, "registration" is the least restrictive form of regulation or credentialing, usually consisting of requiring individuals to file their names, addresses, and qualifications with a government agency before practicing an occupation or profession.[11]

State licensure and voluntary regulation have grown since 1980, when over 800 occupations and professions were regulated at the state government level in the United States compared with 1100 in 2004,[12] whereas professions unable to secure state licensure have often turned to voluntary self-regulation through nonprofit organizations. Requirements for initial licensing and certification have historically included one or more of the 4Es — education, experience, examination, and ethics — for initial licensure or certification. In addition, there have often been requirements to continue to maintain one's licensure or certification. For example, regulatory bodies have applied continuing education or continuing competency requirements, as well as required adherence to practice standards and codes of ethics; these have been enforced by the power of government agencies as well as nonprofit organizations that investigate complaints and take disciplinary action against licensees and certificants failing to comply.[13]

Admission to practice a given occupation by means of licensure is generally confined to one state or area of jurisdiction. Often states will engage in "reciprocity" arrangements — whereby one state may communicate to a second state that it will accept the other's licensees if that state will accept its licensees in return — on a bilateral or multilateral basis so that a licensee who moves to or practices in another state may be able to secure permission to practice in more than one state without going through a new qualifications process. Yet this is frequently difficult, and reciprocity is not the norm. "Endorsement" is also a process used by states to recognize the professional qualifications of those in a particular discipline that have been licensed in other states. Here the state makes a judgment whether a specific candidate has met comparable (but not necessarily equivalent) standards or

other requirements. If affirmative, the applicant is admitted to practice in the second state by means of endorsement. If reciprocity or endorsement is not universally available within the states for occupations and professions, the challenge of applying such approaches to globalized professions is augmented. Writers have recommended that the broader public — beyond the regulated profession or occupation itself — be heard on regulatory matters. In particular, when a legislature is considering whether to enact a law to license an occupational group, when a regulated group is proposing rules and regulations that could determine entry-level standards, professional practices, or ethical obligations, or when a legislative body is considering whether to sunset or continue a regulatory board, the voice of the general public ought to be discerned.[14]

In the United States, competition policy has been expressed in the form of the Sherman Antitrust Act of 1890 with enforcement responsibilities assigned to the U.S. Department of Justice and to the Federal Trade Commission (FTC). Charged to protect consumer interests through investigations involving rules of conduct for various professional associations, the FTC has frowned upon agreements that might limit competition.[15] On the other hand, the U.S. Supreme Court in the case *Parker vs. Brown* (1943) has determined that the Congress did not intend to limit the states' sovereign regulatory power when it passed the antitrust laws, and thus, under a dual system of government in which the states are sovereign under the constitutional principle of federalism, actions of the state itself are shielded from federal antitrust scrutiny when state conduct is in furtherance of a clearly articulated state policy and actively supervised by the state. This "state action" doctrine generally does not cover a non-sovereign state licensing board simply asserting a public interest rationale for its actions because it has assumed delegated responsibility from the state legislature; rather, it must be an articulated state policy determined by a sovereign entity like the legislature or state supreme court. However, courts have found that state-level boards and similar entities with private participants can be exempted from the active supervision requirement where they perform a public function and are directly accountable to the state, such as state bars or state boards of accountancy.[16] Although the FTC cannot use its enforcement authority to challenge competitive restraints, it can and does seek to persuade policymakers of the benefits of competition. For example, it has worked with state legislatures and state licensing bodies to set aside or temper attempts to restrict advertising and prevent competition from those outside the profession.[17] These activities have represented applications of public choice theory replacing public interest theory.

The U.S. Supreme Court has also declared the use of professional credentials and designations from *bona fide* organizations as protected commercial free speech. In *Bates vs. State Bar of Arizona* 433 U.S. 350

(1977), the court found that the prohibition on the advertising of professional services violated the First and Fourteenth Amendments. In *Ibanez vs. Florida Department of Business and Professional Regulation*, 512 U.S. 136 (1994) the Court found that a state licensing board dealing with accountancy may not constitutionaly prohibit an attorney from including in her advertising truthful references that she is a Certified Public Accountant and Certified Financial Planner. Commercial advertising does merit First Amendment protection given the important functions it serves in society, such as providing consumers with valuable information. The proper use of both *bona fide* nonprofit and governmental occupational qualifications was upheld.

In addition to the licensing and certification elements of credentialing, there exists a third element called accreditation. Within the United States six regional nonprofit organizations accredit colleges and universities on a regional basis, and more than 50 accrediting organizations review school programs for individual professions.[18] The Council for Higher Education Accreditation (CHEA), recognized by the U.S. Department of Education, is currently the organization that carries out this recognition function in the private sector as a non-governmental entity. The National Commission for Certifying Agencies (NCCA) is similarly a nonprofit organization that accredits programs of certifying bodies which meet its rigorous standards.[19] Typically, accreditation deals with programs or an organization, whereas licensing and certification are applied to individuals.[20]

Neighboring nations of the United States — and those also parties to the North American Free Trade Agreement (NAFTA) — have differing credentialing processes. Under the Canadian constitution, the provincial governments have complete jurisdiction over education. Moreover, there is no federal department or ministry of education. Autonomous and professional self-regulation in Canada applies to universities and professionals. The Association of Accrediting Agencies of Canada (AAAC), formed in 1994 to monitor trends and support accreditors of professional education, has served as a Canadian network for professional accrediting bodies. Educational accreditation in Canada has been similarly voluntary, such that the quality of professional education is the responsibility of both the professions and the post-secondary educational institutions within which the professional schools are housed. Accordingly, the role of national, educational, and non-governmental professional associations has been powerful in the development of education standards and accreditation.[21]

In Mexico, the higher education and licensing procedures used are very different from those of Canada and the United States. Undergraduate study programs are specialized along subjects of study (*carreras*), leading to a professional degree. The programs are lengthy, with heavy course loads. Upon graduation the student is granted licensure to legally practice the

profession in addition to receiving the university degree. Accordingly, University undergraduate studies in Mexico are called "*licenciatura*" studies. The National Autonomous University of Mexico (Universidad Nacional Autonoma de Mexico or UNAM) is the entity that performs accreditation of the study programs for post-secondary educational institutions.[22] In some other Latin American nations, such as Chile, the accreditation system is similar to that of Mexico.[23]

Tensions Involving Domestic Professional Regulation with Globalization

Globalization as a term represents the concept of increasing integration and interchange between people, businesses, organizations, nations, and governments. Alterations in means of communication and the modes of transportation have improved the speed and frequency with which people, products, services, and ideas move about the globe. Notwithstanding time and distance, communities and societies have become more connected. The global community is also fostered through immigration and emigration.

Although the term globalization is relatively new, international cooperation in standards-setting is not recent. The internationalization of standards began a century ago with the formation of the International Electrotechnical Commission (IEC) in 1906, followed by the International Standards Association in 1926. The current International Organization for Standardization (ISO) was formed in 1946 as the world's largest developer of standards — initially technical standards for products because exports and imports representing international commerce would be impossible without similar standards. More recently, ISO has worked on service standards, and its determinations are useful to governments and regulatory bodies, to conformity assessment professionals in both the public and private sectors, and to consumers or users of services. There are many stakeholders within the 148 national standards institutes that make up this non-governmental organization (NGO) developing market-driven, voluntary consensus standards. Founding bodies for the ISO were the national standards bodies of 26 countries, including in the United States the current American National Standards Institute (ANSI), itself a nonprofit organization founded by several professional societies and three federal agencies. Although the ISO does not regulate or legislate, its voluntary standards can become market requirements through adoption in countries as part of specific regulatory frameworks or by reference in legislation for which standards serve as a technical basis. ISO standards represent agreements among the participating standards institutes, are significant in scope and size, and are properly termed global standards. In 2003, ISO issued international standard

ISO/IEC 170024 providing guidelines or a global benchmark for organizations managing certification of personnel in any profession or trade.[24] And in 2004, the organization issued ISO/IEC 17011 covering similar requirements for accreditation bodies to insure that they operate in a consistent, comparable, and reliable manner worldwide.[25]

One year after the creation of ISO the General Agreement on Tariffs and Trade (GATT) was signed, providing an international forum that encouraged free trade between member countries through regulating and reducing tariffs on traded goods, and by providing a common mechanism for resolving trade disputes. Nonetheless, continued growth in the world's economic order depended upon the free movement of not just products, but also services.[26] Services are the largest productive sector in most national economies, with the share of services in the national products of most nations having risen steadily in the last several decades. In 2001 services reached 72 percent of GDP in developed nations and 52 percent in developing countries,[27] making the services sector the largest and fastest-growing sector of the world economy.[28] In the United States the service sector comprises 80 percent of U.S. employment and 64 percent of U.S. GDP. The size of the service sector means significant value results from reducing barriers to trade in services. For example, the Office of the U.S. Trade Representative (USTR) has cited a University of Michigan study estimating that a one third cut in global barriers to trade in services would increase U.S. annual income by $150 billion, or about $2100 per American family of four, and total elimination of barriers in services would raise U.S. annual income by $450 billion, or about $6380 per family of four.[29]

Increasing global trade necessitates producers and consumers moving from one nation to another, producers establishing a presence in another nation, or freer cross-border transportable services.[30] Professional mobility does not only mean that an individual be able to physically travel from one jurisdiction to another, but also encompasses virtual mobility where the outcomes of a professional's work are free to circulate without losing their validity.[31] Thus, professional services barriers can involve those where the provider never leaves her political jurisdiction, or the economic control of her service firm in the provider's country, but where the delivery of the service depends upon means like satellite delivery or fiber optic communications, telecommunications, film, videotape, audio recordings, as well as written materials.[32] Professionals follow product and services industries in moving overseas and around the globe, increase their use of the Internet and other communications systems, immigrate or emigrate with their practice skills, and otherwise broaden their international ties.

For individuals, businesses, organizations, and governments the globalization of professions creates challenges associated with having practitioners credentialed within one jurisdiction practicing in a different

jurisdiction. The use of e-mail, the Internet, and satellite communications makes it possible for the practice of an occupation to cross jurisdictional boundaries even if the individual practitioner never leaves his or her geographical locale. Telepractice, for example, has come to mean professionals providing interactive, long-distance services to a consumer in another location.[33] A health practitioner located in an urban area may be able to monitor the heartbeat of a homebound patient in a rural area of another state with an electronic stethoscope. A surgeon in one country can direct a person in a second nation in repairing a patient's heart. Architects and engineers may send drawings using the Internet, whereas lawyers may send contracts.[34] Interstate, international, and interjurisdictional practice are becoming increasingly common for professions because of globalization. The effects of globalization include more than the invention and use of technological tools associated with it; they include the educational preparation of the individual, the credentialing of that person, the delivery of services by the credentialed person, and the person's continuing competency after first being credentialed.

The lack of international recognition of credentials — the inability to recognize professional credentials from one nation to another — is not the problem of a single profession or occupation. Rather, it is pervasive and crosses virtually all disciplines. Each day practitioners engage in informal conversations between and among themselves, irrespective of their native countries, regarding advancement of their knowledge in the field, the application of concepts and theories, and principles to the specific circumstances of clients, and freedoms and constraints regarding their work. Occasionally, international meetings and conferences are organized for formal discussion and resolution purposes. One such conference in 1995, sponsored by the Paris-based Organization for Economic Cooperation and Development (OECD) created in 1960, identified key obstacles to the internationalization of professional services: (1) lack of appropriate access to local practice; (2) restrictions concerning the establishment of firms; and (3) local presence and nationality requirements.[35] At this session the OECD chair of the Committee on Competition Law and Policy noted that increased international competition would help mitigate the identified three major abuses of professional regulation: (1) entry requirements, including limitations in establishing a practice; (2) fee-setting, including those wrongly justified by a presumed need to avoid price competition; and (3) ethics rules, such as those constraining the consumer's right to change suppliers and thus prevent fluidity of the market.[36] Also at this meeting consumer representatives voiced their view that the public would be best served by a competitive market with choices and the necessary information and means to exercise those choices. From a consumer perspective there were only two legitimate purposes of professional regulation: (1) protection of the

public that uses professional services; and (2) protection of the integrity and quality of the profession.[37]

Not surprisingly, complaints regarding the insular and nontransportable nature of credentials have only partly come from professionals themselves, for many still have single geographic community perspectives. Consumer advocates, economists, and governmental officials charged with protecting the public interest within a nation have voiced concerns. In the United States the FTC is responsible to ensure that markets operate efficiently and benefit consumers through lower prices, innovation, and choice among products and services. Its consumer protection mission is also designed to help consumers make informed choices about their purchases, and thereby maximize benefits for consumers.[38] Yet grievances against and alternatives to the structure of singularly domestic professional services regulation have recently come with greater force from outside individual nations.[39] The globalization decade of the 1990s began a strong expansion in trade and economic integration that highlighted some problems. Following the Canada–U.S. Free Trade Agreement in 1988, the North American Free Trade Area (NAFTA) was negotiated in 1992 and became effective in 1994. The World Trade Organization (WTO) and its corresponding General Agreement on Services (GATS) were agreed to in 1994 and became effective in 1995, and there have been continued activities with the Asia–Pacific Economic Cooperation Forum (APEC) begun in 1989, the 1994 proposal for a Free Trade Area of the Americas (FTAA), as well as several bilateral trade agreements. Because of the importance of NAFTA and GATS, the design and impact of these two agreements are stressed in this chapter.

NAFTA's Chapter 12 did not automatically extend the right of professionals to practice in other countries. Rather, the agreement required that the professionals from NAFTA countries be given "national treatment" — nondiscriminatory access to certification and licensing procedures.[40] Under NAFTA's Article 1210, Canada, Mexico, and the United States were each obligated to ensure that their licensing and certification of nationals "does not constitute an unnecessary barrier to trade" and "is based on objective and transparent criteria, such as competence and the ability to provide a service," "is not more burdensome than necessary to ensure the quality of a service," and "does not constitute a restriction on the cross-border provision of a service." Within the first two years of the agreement each nation was to "eliminate any citizenship or permanent residency requirement for the licensing and certification of professional service providers." Although no national government is required to extend recognition of education, experience, or licenses and certifications obtained in other nations, it must afford interested parties "an adequate opportunity to demonstrate that education, experience, licenses or certifications obtained in another nation should also be recognized." Moreover, a comprehension of the significant functions

undertaken by non-governmental bodies was explicitly recognized in Article 1213, where any reference to a federal, state, or provincial government was defined to include "any non-governmental body in the exercise of any regulatory, administrative or other governmental authority delegated to it by such government." In NAFTA's Annex 1210 dealing with professional services nations are obligated to "encourage the relevant bodies in their respective territories to develop mutually acceptable professional standards and criteria for licensing and certification of professional service providers to provide recommendations on mutual recognition" including education, examinations, work experience, conduct and ethics, professional development and re-certification, scope of practice, and "encourage their respective competent authorities, where appropriate, to adopt those recommendations within a mutually agreed period." These NAFTA commitments to change occupational regulation were critical, but they were succeeded by at least equally important commitments reached under GATS.

At the government-to-government meeting in Marrakech, Morocco, in 1994, ministers signed documents involving the creation of the General Agreement on Trade in Services (GATS) and the framework for establishing the intergovernmental organization called the World Trade Organization (WTO). In contrast with GATT that dealt with goods, GATS was an extension of the trading system into the services sector. Individual WTO member nations are responsible for monitoring their compliance with these agreements; the WTO does operate a dispute settlement system for member nations, however. Ambassador Charlene Barshefsky described the WTO in a speech to the Institute for International Economics on April 15, 1998:

> . . . The role of the WTO is not to demand a system of uniform regulation nor to detract in any respect from the absolute right of governments to establish a particular set of regulatory norms, provided they are neither discriminatory, arbitrary, nor disguised barriers to trade. Rather, the role of the WTO is to ensure that national regulatory practices are fully transparent and not politically directed. This includes the principles of genuine national treatment and due process, commitments to publish and make widely available all regulations and to ensure that it is those public regulations and not others that are actually applied. Inherent in the need for clear, enforceable rules is also the need for impartial regulators.[41]

GATS has two general rules applicable to WTO member nations, including their subnational governments and non-governmental bodies, relevant to professional services — Article VI that deals with domestic regulation of the professions, and Article VII that covers the recognition of qualifications. Even future free-trade agreements entered into by WTO members must be in keeping with these provisions. Article VI, Domestic Regulation, calls upon WTO members to reasonably, objectively, and impartially administer

specific commitments made, and to generally assure that qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services. A Council for Trade in Services was authorized to develop particular guidelines for specific professions — and when done WTO members must adhere to those guidelines — based on objective and transparent criteria such as competence and the ability to supply the service, regulating in a manner not more burdensome than necessary to ensure the quality of service and, in the case of licensing procedures, not having them serve as a restriction on the supply of service. Article VI also acknowledges "international standards" of relevant international organizations, meaning entities whose membership is open to the appropriate bodies of at least all WTO members. Article VII, Recognition, calls upon WTO members to "work in cooperation with intergovernmental and non-governmental organizations toward the establishment and adoption of common international standards and criteria for recognition and common international standards for the practice of relevant services trades and professions." WTO members are expected to set their own "standards or criteria for the authorization, licensing or certification of service suppliers" and without discrimination "recognize the education or experience obtained, requirements met, or license or certifications granted" in other countries through harmonization, agreements with another country, or accord them recognition unilaterally. These procedures and verification of qualifications requirements affect both governmental and non-governmental entities within countries and thus respect and give assurance to these bodies about their functions.[42]

When federal governments enter into international trade agreements on a global level, they often become acutely conscious of barriers at the state or provincial level of government. This occurred in Canada, which recognized that it was easier to trade between the United States and Canada than it was to trade between Canadian provinces. In 1994, the provincial and territorial governments of Canada signed an Agreement on Internal Trade (AIT) with the objective "to reduce and eliminate to the extent possible, barriers to the free movement of persons, goods, services and investments within Canada and to establish an open, efficient and stable domestic market." Chapter 7 of AIT, applied to measures adopted or maintained by the provinces and territories that create barriers to mobility, such as occupational standards, licensing, certification, registration, or residency requirements for workers.[43] The Office of the U.S. Trade Representative (USTR) has encouraged state governments and non-governmental organizations to remove barriers to trade in services where they exist, but in GATS negotiations USTR has recognized that the "United States and sub-federal governments will continue to be able to establish, maintain, and fully enforce domestic laws protecting consumers, health, safety, and the environment."[44] Indeed, the

federal government continues to be reluctant to become involved in state occupational licensing, although the commerce and supremacy clauses of the Constitution could be used as a basis for doing so.[45]

A more assertive posture has been taken by the European Union (EU). The European approach to barriers for trade in services has represented a response to both WTO and EU needs. Prior to the expansion of the EU to 25 countries in May 2004, it had sought to achieve the reality of a more truly common market for professional services — both through its Competition Directorate General (DG), which urges member states to abate restrictions, like advertising limitations and price-fixing arrangements, and through its Internal Market DG, which cuts administrative burdens and excessive conditions that inhibit EU businesses and professional service providers from offering services across borders or opening operations in other nations.[46] In February 2004, after the completion of a study, covering the six professions of lawyers, notaries, accountants, architects, engineers, and pharmacists, that was a part of the Competition DG, the Commission announced that it was calling on its member states to abolish restrictions unless they are "clearly justified by the public interest." The research study reaffirmed economic theory and capture theory that governmental regulatory bodies bend toward the will of those being regulated instead of the larger public interest, concluding that "economic benefits are being gained by highly regulated professions at the expense of consumer welfare," that there is a "negative correlation between the degree of regulation and the productivity," that "none of the markets for professional services has experienced the dire consequences of market breakdown predicted by theories based on the presence of conditions known as market failure," and so "the predictions of public interest theory seem wide of the mark, and that, on the contrary, regulation could be reduced."[47] Noted Commissioner Mario Monti at the October 2003 European Commission Conference on Professional Regulation:

> I put the emphasis upon the Lisbon goal . . . aiming at making Europe the most competitive and dynamic knowledge-based economy in the world. . . . In the U.S., the professions or authorities have indeed done away with some of the most serious restraints on competition and are considering some further relaxation of the existing rules. Nevertheless, even today members of a profession cannot necessarily practice in another State. To me this means that in some ways the EU could, if it so wished, be more progressive than the U.S. in this important sector of the economy. . . . In the U.S. the Federal Trade Commission has highlighted that citizens of one State are often forced to absorb the costs imposed by another States' anti-competitive regulations. . . . This also limits consumers' choice and may have adverse effects on employment.[48]

The Competition DG became effective on May 2004.

The EU Internal Market DG may come into effect by 2007; the matter is still under consideration. But unlike the Competition DG, its application is limited to EU nationals. Non-EU professionals, even those qualified and licensed in one of the EU countries, will still need a separate license to operate as licensed professionals in other EU states, and will not benefit from the Internal Market DG. Of course, GATS allows negotiation of mutual recognition agreements on a bilateral or a regional basis, as long as the parties to the agreement afford an adequate opportunity for other WTO members to enter into that agreement or a similar agreement.[49] For the Internal Market DG, the EU noted that the rights of EU citizens to establish themselves or to provide services in any of the EU countries are fundamental principles of the European Community law, and regulations that only recognize professional qualifications of the particular jurisdiction present obstacles to these fundamental freedoms. The proposed directive would have the effect of replacing 15 existing directives in dealing with the recognition of professional qualifications, described as constituting the first comprehensive modernization of the community system since it was conceived 40 years ago.

Concepts and Models of Global Professional Services Regulation

Globalization has fostered increasingly more frequent interchanges among government regulators, regulated professionals and businesses, and the respective national organizations representing their interests. Florini and Simmons indicate that the three fundamental international actors — states, the private sector, and civil society — vary greatly in their ability, with governments having coercive power, firms possessing economic power, and the third sector commanding moral authority.[50] But combinations of these three may offer both "hard" and "soft" power policy options, and perhaps global decision making requires all three plus intergovernmental organizations.[51] Both regional and global networks of government officials and professionals have arisen and meetings involving them have created NAFTA and GATS as well as organizations like the WTO, ISO, and OECD, permitting both official and unofficial governmental actors to address common problems on a regional or global scale. It is these intergovernmental organizations (IGOs) and non-governmental organizations (NGOs) — and additional networks and organizations composed of public or private individuals and organizations generated from them and others — that are a key feature of world order in the 21st century and represent good public policy according to Slaughter.[52] Their expansive regulatory reach allows

government officials, nonprofit regulators, and business and professional interests to cooperate on a continuing basis, exchange information about their activities, develop databases and best practices, provide technical assistance, harmonize approaches to the regulation of professions, and improve compliance with international standards and norms, achieving results not through the application of coercive or hard but rather persuasive or soft power. Slaughter notes that such self-regulatory networks can be understood as a type of global governance. Yet with political authority still held by national governments, there appears an increasing disjunction between transnational challenges and the capacity of mostly national systems to solve them. These transnational systems that are emerging to resolve problems are not accountable directly to people affected by their policies, and no real constituency elects international entities composed of governments, businesses, and professional interests.[53]

Rather than thinking of these IGOs as entities representing the collective interests of unitary states or nations, Slaughter urges us to look upon them as performing legislative, adjudicatory, and administrative functions for nations. Accordingly, although nations exist in the world as crucial actors, they are "disaggregated" and relate to other nations through channels that represent some element or portion of their sovereignty, including the regulation of specific professions and occupations. Through the lens of disaggregated rather than unitary states, policymakers and others can view a changed international political system, and through these government official networks, parts of unitary and federal governments will make and enforce global rules.[54] Within the United States, counterpart government officials have long been connected horizontally across states through nonprofits that they have controlled to assist specific state regulatory agencies in performing their missions, but horizontal government networks now link counterpart national officials (and such state federations) across national borders. Correspondingly, there are vertical government networks linking national and state governmental officials with their supranational counterparts.[55] Horizontal and vertical IGOs and NGOs are truly features of the reformed international regulatory scheme, and they represent "governance" in professional regulation,[56] and the new description of the revised public sector.[57]

For individuals, governments, and nonprofit regulators of occupations, approaches to professional regulation include: (1) a unilateral approach — where a governmental or authoritative body recognizes credentials; (2) a bilateral approach — where two governmental or authoritative bodies recognize the credentials of the other; and (3) a multilateral approach — where several governmental or authoritative bodies mutually recognize credentials.[58] The unilateral approach has been rendered inappropriate or unworkable in many situations because of the explosion in the global

economy, in favor of a reciprocal form of recognition.[59] The multilateral approach has received the most attention. For example, professional associations in Europe have used group registers to recognize qualifications like "European Biologist," "European Geologist," and "European Chemist."[60] The formation of the EU itself has fostered creation of federations of national professional associations within Europe, and those federation functions have included support for lobbying in Brussels as well as for country-specific national professional associations.[61] The establishment of NAFTA and GATS under WTO with oversight to foster professional regulatory changes, the expansion of ISO standards into occupational regulation, and the formation of singular international professional federations and NGOs all illustrate this multilateral approach. A description of six particular professions, which follows in this chapter, unfolds the applicability of each of these unilateral, bilateral, and multilateral approaches to regulation and governance. But before undertaking a U.S. domestic and vertical description of these six fields, however, it is helpful to understand the roles and functions of several U.S.-based organizations, whose memberships horizontally cut across many professions and occupations, but which have responded to global developments with vertical adjustments. They are presented in the order of their chronological creation.

The Council on Licensure, Enforcement and Regulation (CLEAR), an affiliate of the Council of State Governments, was organized more than 25 years ago with a membership consisting of not only government regulators responsible for licensure, certification, or registration processes of credentialing, but also members that included the professions and occupations regulated by government. Within its membership are those engaged in the regulation of occupations as diverse as accountancy, architecture, engineering, investment advising, law, and nursing. CLEAR's focus has been on the common interests in government regulation; it actually operates a certification program for government investigators and inspectors with a consumer protection thrust. Although originally an organization with a U.S. focus, its membership has come to embrace substantial numbers of Canadian organizations and other individuals. Global trends have encouraged CLEAR in recent years to describe itself as an international resource for professional regulation stakeholders. Recent annual meetings have increasingly featured participants and research drawn from nations on other continents. Moreover, CLEAR has a London office, and an expressed interest in closer ties with the regulatory communities in Europe and Australasia.

In contrast with CLEAR's focus on government credentialing and regulation, the National Organization for Competency Assurance (NOCA) has concentrated more on non-governmental credentialing, particularly certifying bodies. NOCA is an Internal Revenue Code 501(c)(3) membership body that formerly had a U.S. focus but has changed due to international

expansion (NOCA, 2004), such that member assistance often involves credentialing efforts globally.[62] NCCA is an administratively independent entity that is the accrediting body for NOCA; in contrast with NOCA, it has no members. Originally, NCCA was the National Commission for Health Certifying Agencies (NCHCA) that in 1977 developed standards of excellence for voluntary certification cooperatively with the federal government.[63] A certifying program may be accredited if its standards meet or exceed the NCCA accreditation standards, and certification programs so accredited may display the NCCA seal in their literature. NCCA places strong reliance upon a "job analysis" delineating the tasks, criticality, and functions performed by professionals, who accurately demonstrate the skills and knowledge (core body of knowledge) necessary to perform in the particular discipline. A keen or robust emphasis during the NCCA review of a certification program is placed upon the reliability and validity of the testing elements, to be sure that they are consistent with widely accepted legal and psychometric requirements.[64]

The Center for Quality Assurance in International Education (CQAIE) is a collaborative endeavor of the higher education and the competency assurance communities. Physically located with other higher education organizations in Washington, D.C., it also promotes the globalization of professions, holding periodic conferences on issues dealing with the effects of NAFTA and other trade agreements on education and the professions.

The International Accreditation Forum, Inc. (IAF) was formed in 2001 as a world association of Conformity Assessment Accreditation Bodies. Unlike the other bodies above, its roots are international. The IAF's principal function is to develop a single worldwide program of conformity assessment that reduces the risks of businesses and customers by assuring them their certifications may be relied upon. It does this through accreditation, assuring the competency and impartiality of the body accredited, with consequential benefits to governments and consumers through regular surveillance that certification bodies are independent and competent.

The work of U.S.-based nonprofit organizations, such as CLEAR, NOCA, NCCA, CQAIE, and the internationally based IAF, often helps to transmit ideas through policy diffusion across occupations and professions. They are joined by some silo-like NGOs that characterize professions by spreading ideas and concepts vertically within their own fields. Individuals involved in these entities sometimes have used a lexicon including "global licensure," "global certification," and "global accreditation," perhaps inaccurately. In discussing the prospect of "global licensure" the director of the New Mexico Board of Examiners for Architects identified the possibilities of an international entity to determine policy issues and authenticate credentials, certification through professional associations, administration through a body like the United Nations, a compact or international governmental

agreement, or having professionals in different states or nations create an umbrella global certification agency that might help keep costs and the supporting credentialing infrastructure at reasonable levels for participating local bodies.[65] In addition to IGO models represented by the WTO and the individual freestanding professional bodies covering individual professions spanning many nations, there are existing NGOs who are adapting themselves to the need for transnational regulation of occupations, including the ISO.

Globalization has represented a potentially expanding market for credentials offered both inside and outside the United States. For United States and other national professional certification programs desiring to extend their efforts beyond their own boundaries, there appear four possible models: (1) simply offering the certification outside the nation with the understanding that is a certification based in a specific nation; (2) modify the certification for use within another country; (3) creating an international credential; and (4) creating an international federation of related credentialing bodies. These are all examples for global certification, but it may be necessary to understand the trademark legal effects of these alternatives.[66]

Transformation in Several Specific Professions

Changes underway in six professional fields serve to illustrate the breadth and scope of the effect of globalization upon governmental and voluntary regulation schemes in the United States and elsewhere.

Accountancy

In the United States each of the 50 states has a state board of accountancy that establishes standards for professional competency and required educational quality to be licensed to practice accountancy in that state as a Certified Public Accountant (CPA). Although licensure requirements vary somewhat among states, most have education, examination, and experience requirements, and some have ethics requirements. Historically, licensure in one state has not permitted a CPA to practice in another state. The National Association of State Boards of Accountancy (NASBA), a nonprofit entity representing the 54 state and territorial boards, assists its members in performing their regulatory functions. For example, NASBA's National Registry of Continuing Professional Education Sponsors lists organizations that provide high-quality continuing education in accordance with nationally recognized standards, and its Quality Assurance Service recognizes organizations that provide self-study courses of the required caliber.

Educational accreditation for accountancy is performed by the Association to Advance Collegiate Schools of Business (AACSB International), a not-for-profit corporation of approximately 900 members representing colleges, universities, and business and professional organizations. Founded in 1916, AACSB began its accreditation function with the adoption of the first standards in 1919. Additional standards for programs in accountancy were adopted in 1980, and revised sets of standards that are relevant and applicable to all business programs globally and which support and encourage excellence in management education worldwide were adopted in 2003.

The Uniform Certified Public Accountant Examination is designed to assess the knowledge and skills that entry-level CPAs need to practice public accountancy. This licensure test has been developed by the American Institute of Certified Public Accountants (AICPA), a nonprofit membership association, and is administered only in the United States. NASBA offers the International Uniform CPA Qualification Examination (IQEX) to qualifying candidates, which exists to facilitate the U.S. CPA qualification process for accounting professionals from other countries whose professional bodies have entered into mutual recognition agreements (MRAs) with the AICPA and NASBA. Such agreements are in effect only with the Canadian Institute of Chartered Accountants (CICA), the Institute of Chartered Accountants in Australia (ICAA), CPA Australia, and the Instituto Mexicano De Contadores Publicos (IMCP), but additional MRAs with others are anticipated in future.

Accounting is one of the most globalized professions, representing the need for accuracy, materiality, and timeliness in financial and performance information and measures. There is keen interest in international standard-setting for accounting; developing nations, for instance, must have an accounting system capable of measuring enterprise performance, and credit agencies and banks require harmonized standards across borders.[67] Measured by revenues, the "Big Four" firms — PricewaterhouseCoopers, Deloitte Touche Tohmatsu, and Ernst & Young all headquartered in New York, and KPMG headquartered in Amsterdam — dominate this field. Each of them has thousands of partners, tens of thousands of employees, offices around the world, and annual revenues greater than $10 billion. Big four revenues alone are estimated to be one third of all global accounting services revenues; these firms audit the majority of publicly listed companies in developed nations (78 percent in the United States, 80 percent in Japan and Italy, 90 percent in the Netherlands, and 97 percent in the United Kingdom), and they have a national presence in all but 43 countries. The spread of accounting firms around the globe initially occurred as they followed their clients who moved outside their home countries, but their continuing expansion abroad is often based upon non-equity (i.e., licensing) forms of investment because of national regulatory constraints, such as

the right of national practice only being granted to national firms that have majority ownership and management control. These barriers have often resulted in expansion of operations by adding members to a network of firms which are usually separate legally, and locally owned and managed as partnerships.[68]

To advance the profession of accountancy internationally, the International Federation of Accountants was formed in 1977, representing 128 member bodies in 91 countries and more than two million professional accountants. A federation of national professional bodies, it has produced a set of international standards on auditing, ethics, education, financial and management accounting, and the public sector. Even earlier in 1973 the International Accounting Standards Committee was formed to work for harmonization in financial reporting.[69]

Under NAFTA, the countries of Canada, Mexico, and the United States agreed to eliminate all residency requirements for certification to practice accountancy. National governments upon signing the treaty allowed a two-year period for provincial and state governments to file reservations, and Annex 1205.5 of the agreement encouraged the relevant regulatory bodies in countries to develop mutually acceptable standards and criteria for licensing and certification.[70] The Certified General Accountants (CGA) of Canada and the Canadian Institute of Chartered Accountants in Canada (CICA), and in the United States both the NASBA and the AICPA, proceeded to establish qualification appraisal boards to review the standards for accounting credentialing in other nations, thus facilitating reciprocity agreements with professional accounting bodies in other countries.[71] Such initiatives in Canada and the United States were undertaken because in both nations accountancy is regulated at the provincial or state level. In Canada there are three national accounting organizations — CGA, CICA, and the Management Accountants of Canada — and in Mexico the profession is similarly segmented; but the Mexican government created a Committee for the International Practice of Accountancy that is representative of all the accounting organizations in that country.[72]

Beyond North American developments, the Working Party on Professional Services (WPPS), a former committee of the WTO, had focused on MRAs and on legally binding rules and principles for regulation of the accountancy profession. The OECD conducted a study of four professions including accounting, reviewing licensing and regulatory measures in its member countries; its work product was shared with the WPPS.[73] WPPS developed guidelines for the negotiation of MRAs in accounting in 1997 and disciplines for regulation of the accounting profession in 1998, both of which have been adopted by the WTO.[74] The Working Party on Domestic Regulation (WPDR), successor of the WPPS, is considering whether to establish similar disciplines for additional professions.[75]

Following the approval of NAFTA and the establishment of the WTO and its WPPS, NASBA and AICPA jointly developed a Uniform Accountancy Act (UAA) in 1998 in large measure because of the globalization of business, demographic shifts in the profession, and legal challenges to the regulatory system in place at the time.[76] UAA represented model legislation that the groups sought to have enacted by each of the 50 states, and excellent progress in state adoption of this model legislation has occurred. UAA contains the concept of "substantial equivalency" to provide greater ease of mobility across state lines, both in-person and electronically. Thus, a CPA who has a license in good standing from one state that follows the UAA criteria would be qualified to practice in another state that subscribes to the UAA as well. If a CPA moves to another state and wishes to practice there or be employed there, he or she is required to obtain a reciprocal license. NASBA established a National Qualification Appraisal Service (NQAS) to help both state boards and individual CPAs to make determinations of "substantial equivalency." There is symmetry between NASBA's work through NQAS in determining whether a state's licensure requirements are substantially equivalent under the UAA and the concept of international reciprocity under the International Qualifications Appraisal Board (IQAB) established by NASBA and the AICPA.[77]

As a result of NAFTA and GATS agreements, and the broader forces of globalization affecting the interests of accountants, their national and international organizations, the interests of multinational corporations and large accounting firms, and the interests of state boards of accountancy, the status of state regulation of accountancy is more uniform and reciprocal, and mutual recognition of accounting credentials and those who hold them is occurring, both between U.S. states and among nations. The profession of accountancy has fostered support networks where domestic and international IGOs and NGOs are involved in regulating, coordinating, and managing activities associated with accountancy credentialing.

Architecture

All 50 states require individuals to be licensed (although the term used is "registered") before they may call themselves architects or contract to provide architectural services. Licensure requirements usually include a professional degree in architecture, a period of practical training or internship, and passage of the Architect Registration Examination. Typically, the state regulatory authority is vested in a state board of architecture comprised of architects and others. Without registration issued by the state board, one may not engage in the practice of architecture nor use the title

"architect" within a state. State boards may discipline architects whose practice does not meet minimum standards of professional conduct, and they typically have continuing professional development requirements as well. The National Architectural Accrediting Board (NAAB) is the agency authorized to accredit professional degree programs in architecture, and most state registration boards in the United States require any applicant for licensure to have graduated from a NAAB-accredited program.[78]

As early as 1920, it became evident to state architectural boards that architects conducted their practice in several states and therefore needed to obtain registration from multiple states. The nonprofit National Council of Architectural Registration Boards (NCARB) was formed as a federation of all state boards that regulate the practice of architecture. The national certification developed by NCARB permits individual architects to more easily respond to opportunities for business in other states; it simplifies and facilitates the registration process because every state board has recognized the NCARB certifying process as adequately rigorous. The NCARB develops the Architect Registration Examination as the written test used by all states, offers "monograph quizzes" online as evidence of successful completion of continuing education requirements, and also develops "Legislative Guidelines and Model Law" to assist state legislatures and member state boards to promote a uniform regulatory framework within states.[79] Either as a part of a sunset review process or a general performance review process, boards that license or register architects have been proposed for abolition from time to time; a recent example came from the August 2004 California Performance Review titled "Government for the People for a Change" that recommended the architects board be eliminated while retaining regulatory functions in a proposed new Department of Commerce and Consumer Protection.

The International Union of Architects (UIA) was founded in 1948 as a federation of national organizations. In 1999 its assembly unanimously approved the UIA Accord on Recommended International Standards of Professionalism in Architectural Practice and nine other policy guidelines, as global standards; China and the United States served as the joint secretariat for the UIA Professional Practice Program.[80] These standards were greatly influenced by GATS and the WTO's Council for Trade in Services. The UIA sees itself as a relevant international organization whose standards should be taken into account by the Council in judging conformity to GATS, including facilitating the portability of professional credentials across borders. It has published specific procedures on reciprocity.[81]

Architecture has been characterized as a profession without boundaries for decades. The American Institute of Architects (AIA) is the U.S. professional membership organization, and has as members approximately half of

all registered architects, many of whom are registered in multiple states. Through "reciprocity" available via the NCARB certification process, a registered architect in one state can apply for registration in another jurisdiction by having the NCARB process documentation or by presenting documentation that he or she meets that jurisdiction's registration requirements. Agreements like NAFTA and GATS have promoted this domestic reciprocity concept to an international level. By 1999, NCARB certificate holders could practice in Canada and Canadian architects could similarly practice in the United States through the establishment of an inter-recognition agreement. When the requirements of other nations have both some similar and dissimilar aspects, the NCARB has used bilateral accords where architects from other nations are granted the opportunity to practice in the United States by affiliation with a U.S. architect.[82] In 2002, the Architects Accreditation Council of Australia (AACA), an organization that represents eight state and territorial architects' registration boards, and NCARB announced a Protocol for Practice that allows architects in Australia and the United States holding a NCARB certificate to practice in one another's country in association with a licensed architect. Globalization has encouraged the AACA to develop cooperative agreements with other countries, and the NCARB to ratify similar protocols for practice with the Czech Republic and New Zealand, an MRA and Bilateral Accord with China, and a full MRA with Canada. AIA and NCARB together have signed a Memorandum of Intent and Understanding with the national registration authorities of Canada and Mexico.

Since 2002, several architectural organizations of the United States and European Union have been engaged in discussions to establish mutual recognition. NCARB, AIA, and the Architects' Council of Europe (ACE) are concluding negotiations for such an MRA. This arrangement is expected to be implemented by regulatory jurisdictions in Europe and the United States in 2005, and make it easier for both United States and European architects to provide services in each other's market. It should enable an architect, who is duly licensed in a U.S. jurisdiction, to be recognized as an architect in any EU member state, and any architect meeting the requirements of EU Directive 85/384/EEC in any member state of the European Union may similarly be recognized as an architect within the United States based on the approval actions of individual state boards of architecture.

The profession of architecture has undergone significant changes because of globalization. Professional regulation recognized the need for mobility among the states in United States early, but recent international developments have made possible greater recognition of credentialing among nations, including but not limited to licensure. The functions of NCARB in providing architect certification acceptable to all states has been central to progress fostered through both IGOs and NGOs.

Engineering

The engineering profession is less self-regulated and is more closely associated with corporations than are other professions.[83] Beginning engineering graduates usually work under the supervision of experienced engineers and may receive training. While acquiring knowledge and experience, engineers may be assigned increasingly difficult projects with greater independence and decision making. All states require licensure for engineers offering services directly to the public (professional engineering), but even engineers who will not prepare, sign, and submit engineering plans to a public authority for approval, or provide services to private clients requiring licensure, may still seek that enhanced status. Engineers so licensed, called Professional Engineers (PEs), include civil, electrical, mechanical, chemical, and other engineers. Generally licensing requires a degree from an accredited engineering program, four years of relevant work experience, and successful completion of a competency examination. Recent graduates can start the licensing process by taking the examination in two stages. The initial fundamentals examination can be taken upon graduation, and individuals who pass are called Engineers in Training (EIT) or Engineer Interns (EI). After acquiring suitable work experience, EITs can take the second examination. Many states also impose post-licensure continuing education requirements, and most states recognize licensure from sister states provided the manner in which the initial license was obtained meets or exceeds their own licensure requirements.

State licensing boards for PEs perform the regulatory functions of licensure and relicensure, and possess investigative and disciplinary powers. The National Council of Examiners for Engineering and Surveying (NCEES) is the nonprofit organization of state licensing boards that assists its members in performing these very activities. It encourages the elimination of state-specific engineering examinations, for example, in favor of a national one that will promote comity,[84] develops and scores the licensure examinations for engineering, offers a model Engineering Practice Act for state legislatures to consider, maintains a records program service for professionals that facilitates the process of licensure in multiple states, and coordinates with international organizations to promote licensure of all engineers. In the United States the title engineer can be used by individuals not licensed as PEs; less than 20 percent of engineering graduates become licensed and some educators, engineering firms, and policymakers are thought indifferent to the idea of licensure.[85] In 2003 NCEES created a separate entity to administer the engineering examinations called Engineering and Land Surveying Examination Services (ELSES); ELSES, LLC is a limited liability company managed by NCEES. Similar to the California recommendations regarding the board regulating architects, the California

Performance Review in August 2004 also recommended abolition of the California Board of Registration for Professional Engineers and Land Surveyors with those functions to be performed by a new Department of Commerce and Consumer Affairs.

The engineering profession has been profoundly impacted by globalization, resulting in calls for greater mobility.[86] Realization of the effect of globalization upon the practice of engineering resulted in a report by the American Society of Mechanical Engineers in 1999 explaining factors such as licensing requirements, treaties, trade agreements, as well as codes and standards that may exist to restrict or enhance the cross-border flow of engineering services.[87] Mechanical engineers are expected to adapt and support the efforts of their employers to achieve competitive advantage in a global market.[88] Globalization is causing a basic shift in the location of research, design, and development in the electrical engineering profession; essentially the field follows the market. Where once multinational companies may have looked to engineers from the United States or Europe to design-at-a-distance, they now look to native engineers in China, India, and other parts of Asia as they seek to increase their manufacturing and marketing presence there.[89] Engineering transnational corporations (TNCs) often provide training to their employees, and the profession of engineering is among the services identified as part of the shift toward services in the World Investment Report.[90] The World Federation of Engineering Organizations (WFEO) has noted that engineering has been an international profession for at least a century.[91] WFEO itself was formed in 1968, with the support of the United Nations Educational, Scientific and Cultural Organization (UNESCO), to advance the engineering profession worldwide, working with governments and business entities. This Paris-based NGO does concern itself with harmonizing global standards in engineering and facilitating global mobility for engineers. Its U.S. member is the American Association of Engineering Societies (AAES).

Accreditation of U.S. college and university programs in engineering is the responsibility of the Accreditation Board for Engineering and Technology (ABET), a federation of 30 U.S. professional and technical societies representing many fields that has provided higher education quality assurance for 70 years. Beyond accrediting more than 2500 programs at over 500 colleges and universities, it also seeks to promote mobility of technical professionals through activities such as the development of mutual recognition of systems of accreditation, the determination of substantial equivalency of programs, and the evaluation of educational credentials. In 1989 ABET and similar accreditation bodies in Australia, Canada, Ireland, Hong Kong, New Zealand, South Africa, and the United Kingdom signed the Washington Accord, establishing that graduates of engineering education programs accredited by any of them in their nations are prepared to

practice engineering at the entry level. Although the licensing or registration of professional engineers is not directly covered by this Washington Accord, the signatory accrediting bodies agreed to work to assure that regulatory entities for engineers accept the substantial equivalency of academic programs they accredit. ABET, for example, offers a service of assessment of credentials, Engineering Credentials Evaluation International (ECEI), for those educated outside the United States that is useful to state licensing boards. Japan was added as a provisional member in 2001, and in 2003, provisional membership status was conferred by the signatory countries of the Washington Accord upon accreditation agencies in Germany, Malaysia, and Singapore. Additional national organizations are expected to be added in the future, and provisional membership of these bodies may eventually result in full signatory status.

In 1989, three U.S. organizations — ABET, NCEES, and the National Society of Professional Engineers (NSPE), a professional association of credentialed engineers — established the United States Council for International Engineering Practice (USCIEP) to negotiate on behalf of the three organizations to identify constraints to practice, recommend procedures to eliminate any artificial constraints, and promote cross-border practice. After the approval of NAFTA, which included negotiation with counterparts in Canada and Mexico to develop a Mutual Recognition Document (MRD) for engineering services, the relevant professional bodies of Canada, Mexico, and the United States signed an MRD on June 5, 1995. By 1998, it seemed ready to be implemented in all jurisdictions in Canada and Mexico, but only Texas among the states had announced its intention to implement the agreement.[92] However, just as in the case of NAFTA, there was much debate and controversy involved in the signing of the MRD; so the signing of this MRD did not close debate and controversy within USCIEP over the nationally normed examinations given by the state boards in the U.S. or over the details of the temporary licensure provisions within the MRD. As a result, USCIEP concluded to seek a negotiated resolution of these differences with its counterpart organizations in Canada and Mexico.[93] Subsequently, USCIEP expressed its concern with the document developed by Canada, Mexico, and the Texas Board of Professional Engineers in September 2002 to implement the NAFTA MRD procedures for temporary licensure of those wishing to practice in one another's jurisdictions because it seemed inconsistent with the model law supported by U.S. engineering licensing boards across the United States.[94] The sticking point is the licensure examination required by the states for PE; similar examinations are not required in Canada and Mexico for licensure. In recognition that a psychometrically sound competency examination for licensure is an important differentiator between engineers who are PE licensed and those who are not, state boards are not yet ready to accept through mutual recognition those not yet

demonstrating that qualification needed to protect the health and safety of the public.

More recently USCIEP and two other international organizations — the Asia–Pacific Economic Cooperation (APEC) Engineer Coordinating Committee and the Engineers Mobility Forum (EMF) — have sought to improve professional mobility through international decentralized registries that foster opportunities for engineers to work on international projects. EMF was a former subcommittee of the Washington Accord signatories, but became an independent entity in 1997 with participating countries — Australia, Canada, Hong Kong, Ireland, Japan, Korea, Malaysia, New Zealand, South Africa, United Kingdom, and the United States. The APEC Engineer Register was launched in 2000 by professional bodies and regulatory authorities to help remove barriers to professional mobility in Australia, Canada, Hong Kong, Japan, Korea, Malaysia, and New Zealand; eligible individuals from Indonesia and the United States have since been added. The European Engineering Federation (FEANI) has similarly developed a register of "European Engineers."[95] And in South America there is continuing work toward common standards in engineering through MERCOSUR (the Market of the South) involving Argentina, Brazil, Paraguay, and Uruguay.[96]

Like the professions of accountancy and architecture, engineering has clearly been affected by globalization. Some elements of the process for U.S. state licensure have become simplified and easier, but the requirement of passing the licensure examination, an important distinction between being an engineer and a PE, has not been fundamentally modified. Accordingly, progress on mutual recognition or reciprocity under NAFTA and GATS has occurred more slowly for engineering because state licensure in the United States does require passage of a competency examination that other nations do not administer. On the other hand, mutual recognition dealing with the education of engineers and accreditation is progressing.

Financial Planning

Financial planning involves the process of determining whether and how an individual can meet life goals through proper management of financial resources. This holistic approach to personal finance developed from the limitations and inadequacies of U.S. segmented advisors in the fields of insurance (life, health, property, and casualty), investments (securities and real estate), taxation, employee benefits, and estate planning. From the late 1960s onward individual clients sought comprehensive advice from practitioners to deal with the financial implications of greater longevity, increased career mobility involving more than one employer, the expansion in

employer use of defined-benefit — 401(k) and 403(b) plans — that shift the risk of investments to individuals in lieu of the employer bearing such risk under traditional defined-benefit or pension plans, the availability and use of new individual retirement accounts (IRAs), more complexity in federal and state tax laws, the increased likelihood of second marriages and step-children, and the challenging financial situations of individuals moving from state to state or nation to nation or holding property or other invest-ments outside their domicile. Some practitioners in specific fields like investments and securities, insurance, employee benefits, taxation, and estate planning began to call themselves financial planners or advisors to denote the greater scope of their interest in serving clients, but there was not always a corresponding level competence in handling topics and client issues outside of their particular training. These and related concerns caused the Consumer Federation of America (CFA) and the American Association of Retired Persons (AARP) to raise questions, and in 1988 the U.S. House Committee on Energy and Commerce, Subcommittee on Telecommunica-tions and Finance to hold hearings and receive a report from the staff of the U.S. Securities and Exchange Commission.[97] Some college graduates actually sought to begin their careers as broad-based financial planners, but during this period the several government regulatory schemes — both federal and state — involving investment advice, securities, insurance, accountancy, and law were bound by statutory limitations and the unwillingness of the regulated occupations to change those frameworks if doing so might advantage competitors.

Individuals interested in offering personal financial planning services were drawn to educational programs that provided them broader but necessary educational preparation for the field of financial planning, and a nonprofit regulatory framework developed in the United States to fill the void left by numerous silo-like government regulatory schemes for specific occupations. In the United States there are more than 300 educational programs offered through nearly 200 colleges and universities registered with the Certified Financial Planner Board of Standards, Inc. (CFP Board), an IRC 501(c)(3) nonprofit organization, as covering the more than 100 financial planning topics that several financial planner job analysis studies have indicated as necessary for practice. The CFP Board, created in 1985, does not accredit educational programs, but its functions are analogous to accrediting agencies. The certification program offered by the CFP Board, however, has been accredited by the NCCA. Successful completion of an approved educational program satisfies the educational requirement and allows an individual to take the two-day certification examination offered nationally and internationally several times a year. Passage of this compe-tency test, demonstration of experience, and completion of an ethics declaration and agreement entitles the applicant to use the certification

marks — Certified Financial Planner® and CFP®. Continuing certification requires adherence to the ethical code, practice standards, and continuing education. Oversight and administration of both pre- and post-certification processes, including an ethics and standards enforcement disciplinary process to protect the public, is performed by the professional regulatory organization for its 50,000 CFP certificants (the CFP Board does not have members) in the United States. Membership associations for financial planners in the United States include the Financial Planning Association, the National Association of Personal Financial Advisors, the Society of Financial Service Professionals, and the American Institute of Certified Public Accountants' Personal Financial Planning Membership Section.

In addition to the nonprofit regulatory framework provided by the CFP Board for those financial planners who are certified, financial planners are regulated by governments. Specific activities performed by financial planners — such as investment advice or the sale of securities or insurance — are overseen by state and federal agencies. These include state securities agencies regulating individuals as investment adviser representatives and securities salespersons, and state insurance departments regulating individuals as insurance agents, brokers, or consultants (for life, health, property, and casualty insurance purposes). Practitioners may also be regulated as attorneys or accountants if they are so licensed by states. The vast majority of financial planners, whether certified or not, fall under both state securities and state insurance regulatory schemes.[98] Individuals with the certification, and those holding similar *bona fide* credentials from other bodies such as the AICPA and the American College, have found some governmental licensure processes easier. For example, state insurance departments often exempt such individuals from some further pre-licensing examinations, and state securities agencies have exempted them from Uniform Investment Adviser Examinations 65 and 66.

The North American Securities Administrators Association (NASAA) was organized in 1919 and consists of government securities administrators of the 50 states, the District of Columbia, Puerto Rico, Canada, and Mexico. It has worked closely with the National Conference of Commissioners on Uniform State Laws (NCCUSL) to develop model laws, including the Uniform Securities Act, and to have that act adopted by state legislatures. Under the federal 1996 National Securities Markets Improvement Act (NSMIA) the U.S. Securities and Exchange Commission (SEC) registers investment adviser firms with $25 million or more in assets under management, and states register investment adviser companies or firms with under $25 million in assets under management. States also license individuals who provide investment advice regarding buying and selling securities for a fee separate from other services; they are called investment adviser representatives and include financial planners offering investment advice to clients. For many

years state securities agencies did not have competency examinations for individuals providing investment advice to consumers[99]; but following passage of NSMIA, the states were the only registering authority for about two thirds of the firms as well as all investment adviser representatives, so in 1997 NASAA developed a memorandum of understanding that supported competency examination development.[100] The SEC and NASAA have jointly developed the Investment Adviser Registration Depository (IARD) program, built and operated by the National Association of Securities Dealers, Inc. (NASD). In 2002, NASAA indicated that IARD would enable financial planners and other investment advisers to become licensed with regulators online, saving both time and money. Two years earlier, NASAA's president had testified before the U.S. Senate Banking Committee that because of globalization, new electronic technologies and increasing numbers of consumer investors, regulators at all levels of government need to "take a fresh look at what they do, how they do it and its impact on industry and consumers."[101] He also noted that the National Governors' Association and the National Association of Insurance Commissioners (NAIC) had adopted similar statements because of the changing role of government in the global economy.

NAIC was formed in 1871 to coordinate regulation of multistate insurers. The oldest state officials' organization, the NAIC also serves as an accrediting body for its state agency members. The federal 1945 McCarran–Ferguson Act was enacted to allow states to continue to regulate the insurance business after the U.S. Supreme Court, in *U.S. South-Eastern Underwriters Association* (overturning an 1869 decision in *Paul vs. Virginia*) declared insurance to be interstate commerce within the authority of Congress to regulate; under McCarran–Ferguson insurance is exempt from some federal antitrust statutes to the extent that it is regulated by the states. In recognition of this act, yet being sensitive to the plight of consumers and insurers but particularly to insurance agents, brokers, and consultants who were having significant difficulty obtaining state licensure efficiently from multiple state insurance departments, Congress enacted and President Clinton signed the Financial Services Modernization Act of 1999, the Gramm–Leach–Bliley Act (GLBA). As the most sweeping federal legislation to affect the state-regulated insurance industry since the McCarran–Ferguson Act, GLBA required that unless states made their insurance licensure laws both substantially uniform and fully reciprocal within three years, a National Association of Registered Agents and Brokers (NARAB), a quasi-independent organization to be established by the federal government, would be created to govern the licensure of insurance agents, brokers, and consultants in all states. The National Conference of Insurance Legislators (NCOIL) and the National Conference of State Legislatures (NCSL) worked with NAIC and others to pass model legislation known as the Producer Licensing Model Act (PLMA)

and forestall federal preemption. By August 2004, 49 states had passed the PLMA, 41 states had been certified by NAIC as meeting GLBA requirements for licensure reciprocity, 49 states were using the same application form for licensure (Uniform Non-Resident Application), and 30 states were processing non-resident applications electronically through the National Insurance Producer Registry (NIPR), a nonprofit affiliate of the NAIC incorporated in 1996 to make uniform the insurance producer licensing process for the benefit of regulators, insurers, producers, and consumers. NIPR is a comprehensive source of licensing, demographic appointment, and market conduct data for over 3.8 million producers. The federal threat to state regulation of insurance through NARAB had caused state legislators and others to respond to the need for efficiency, uniformity, and reciprocity to help maintain a U.S. competitive edge in the increasingly global economy.[102] In a corresponding effort to preserve states' authority to regulate the insurance market, NAIC, NCSL, NCOIL, and the insurance industry have created an Interstate Insurance Product Regulation Compact (IIPRC) to allow insurers to market their products nationally more quickly and efficiently to be responsive to the industry and beneficial to the consumers. This is a national multistate public authority to receive, review, and quickly make regulatory decisions on insurance product filings consistent with national uniform standards created by the Compact's member states.[103]

Global connections among federal and state security regulators and their counterparts in other nations largely occur within the International Organization of Securities Commissioners (IOSCO) created in 1984. Similar connections between state insurance regulators and their counterparts from other countries largely occur through the International Association of Insurance Supervisors (IAIS) created in the 1990s. Both of these IGOs have been termed transgovernmental networks by Slaughter, but there are also corresponding networks for financial planning NGOs as well.

Interest in personal financial planning within other nations was spawned by similar internal forces as described above for the United States. Moreover, the increasing propensity of clients to have personal investments, business dealings, and employment with persons and organizations in other nations, which include more travel and communications for both clients and financial planners, fostered increasingly frequent interchanges among practitioners in the financial planning field. An international assembly of financial planning regulatory bodies, the International CFP Council, was formed as an advisory and subsidiary body of the CFP Board by both the Australian financial planning organization and the CFP Board in 1990. Subsequently, members from Asia, Africa, Europe, and North and South America that qualified were added. In October 2004, the International CFP Council became the independent Financial Planning Standards Board; it handles accreditation of programs for all

national financial planning organizations outside the United States. These include accrediting programs for certification of individuals in Australia, Austria, Brazil, Canada, Chinese Taipei, France, Germany, Hong Kong, India, Japan, Malaysia, New Zealand, Republic of Korea, Singapore, South Africa, Switzerland, and the United Kingdom, as well as the rules for the use of certification marks across borders covering nearly 50,000 certificants outside the United States based upon common standards.

In addition to the international network of individuals and national organizations represented within the Financial Planning Standards Board associated with certification marks — Certified Financial Planner® and CFP® — in different nations, this network of groups and individuals has also chosen to work through the ISO and national affiliate organizations associated with ISO, including the American National Standards Institute (ANSI) in the United States. ISO Technical Committee 222, Personal Financial Planning, has been charged with standardization in the field of personal financial planning, including the certification of practitioners and the processes they use in working with clients.[104] ANSI serves as secretariat for TC 222 and has designated the CFP Board to serve as its agent. Since 2000 its decision to establish this financial planning technical committee, the ISO has issued in 2003 an international standard dealing with conformity assessment (assurance that services measure up to the particular relevant standard), covering the general requirements for bodies operating programs for the certification of individuals (ISO/IEC 17024). This ISO standard has spawned affiliate activities in accreditation of certification programs based upon ISO/IEC 17024; ANSI was the first national body to do so in March 2003, announcing that its efforts would protect the integrity of individual certification programs, and promote consumer and public confidence.[105]

In the field of personal financial planning the federal–state government division of responsibilities has not always been clear and has been much less cooperative. In recent years more clarity and coordination have developed because of federal legislation for both insurance and the giving of investment advice. Still, the U.S. financial planning occupation has been adapted to preexisting government regulation of some subdisciplines with broader voluntary nonprofit regulation, partly because the existing regulatory systems had strong "iron triangle" reinforcement that was not receptive to much change. Moreover, global interest in the field of personal financial planning and the corresponding international nonprofit network of standards-setting and professional associations within many nations grew rapidly along side of the vertical but narrower government regulatory scheme for insurance and securities regulation represented by IAIS and IOSCO. These IGO and NGO combinations have spawned a global governance system that is more complicated than in other professions, and is still evolving. For personal financial planning such developments would

have occurred even without specific NAFTA and GATS provisions, but globalization has fostered greater reliance upon nonprofit certification.

Law

Attorneys, counselors at law, or lawyers are individuals who have been authorized by the highest state court in a specific U.S. jurisdiction to use such titles and to practice law. Federal courts and federal agencies set their own standards for lawyers litigating or appearing in proceedings before them.[106] Prelicensing requirements for lawyers generally include education represented by a law degree, and the passing of a bar examination. Law schools are accredited by the American Bar Association's Council on Legal Education and Admission to the Bar; the American Bar Association (ABA) is a membership organization representing about half of all U.S. practicing attorneys. The bar examination for a state usually consists of a Multistate Bar Examination and the Multistate Professional Responsibility Examination, prepared by the National Conference of Bar Examiners (NCBE), a nonprofit 501(c)(3) corporation formed in 1931 to develop, maintain, and apply uniform standards of education and character and to test for eligibility to practice law. Most states also have an essay portion to supplement these bar examinations, and these singularly state-specific exams are prepared by the individual state bar examiners. Postlicensing requirements for lawyers include continuing education and adherence to ethical codes.

The International Bar Association (IBA) was founded in 1947 by representatives of 34 bar associations inspired by the vision of the United Nations. In 1970, individual lawyers were able to join IBA, and in that same year the Section on Business Law was formed. Membership has grown to nearly 200 bar associations and over 16,000 individual lawyers, who promote the exchange of information and the practice of law globally, seek to preserve the independence of the profession and the judiciary and support human rights of interest to lawyers worldwide.

There have been impediments to the licensing of foreign lawyers in the 50 states for decades, even beyond the challenges faced by attorneys licensed in one state not being able to practice in other states; it is not an easy process except where specific reciprocity treatment is available.[107] EU has less limitations for mobility among lawyers in specific EU countries than does the United States for mobility from state to state. Nonetheless, globalization of legal services continues. In 1999 legal services were the third largest export in the business services sector, and during the 1990s the growth of U.S. legal services was about 10 percent annually, during which time the U.S. exported more in legal services than it imported.[108] The U.S., U.K., and Australian law firms dominate international legal services as they

were the only ones listed in the top 20 legal service TNCs in 2002.[109] Legal fields covered by such firms include antitrust and trade, banking and finance, intellectual property, real estate, environment, and tourism. Services provided to clients are dominated by large TNC clients with the lawyering provided heavily dependent upon host-country specific skills. This is because the legal code under which these firms operate is unique, with a country's values, culture, and beliefs superimposed. Legal services TNCs typically organize their activities in the form of partnerships with host-nation firms that are thoroughly familiar with norms and standards.[110]

Among the many reasons for globalization of legal services one has been the growth and complexity of the role of the multinational "General Counsel" in corporations. This also has been one factor propelling the need for a review of national or state admission requirements and limitations in the practice of law. The increase in number, prestige, and authority of in-house counsel, along with the globalization of business and capital markets, added to the expectation that in-house counsel were to be proactive in protecting their employers from possible suits, and forced the general counsel of global organizations to wrestle with unfamiliar, cultural, ethical, and legal challenges.[111]

Changes in the individual state requirements for law practice have been slower than for other professions. In less than half of the states, individuals licensed to practice law in a country outside the United States are eligible to be "foreign legal consultants" for the limited purpose of just giving legal advice to clients regarding the laws of jurisdictions other than that of the United States; this has made more difficult the likelihood of achieving reciprocity for U.S. lawyers in other nations, even though U.S. lawyers are being called upon to analyze and understand international law and the laws of other countries.[112] NAFTA promotes the use of foreign legal consultant arrangements within its three member nations, with benefits including the advancement of legitimate client interests.[113] Among the reasons for the slow pace of change is the inherently self-regulatory framework of attorney regulation, which occurs under the oversight of the judicial branch of state government (California is an exception, with the legislature setting basic standards), arguably more insulated from the interests of the general public than regulation of other professions under partisan elections for the executive and legislative branches.

After the turn of the 21st century the work of the WTO's Working Party on Domestic Regulation (WPDR) caused great discussion and ferment among the legal profession that is largely self-regulated. Following approval by the WTO Council on Services in Trade of the Disciplines for the Accountancy Sector in 1998 and establishment of the WPDR, it undertook to secure comments from the IBA about the applicability of such disciplines to legal services. For example, some within the WPDR have thought that the

accountancy disciplines could be applied to other professionals on a horizontal basis. WTO member nations also sought to secure comments and suggestions from legal organizations within those nations. The September 19, 2002 Federal Register requested comments on the Doha Development Agenda negotiations concerning both goods and services. In general, legal services organizations in the United States have been slow to provide feedback, and there has been a relatively low level of awareness about GATS among U.S. groups.[114] This was not true for Canada, however, as the Canadian Bar Association (CBA) and others have been active in making their views available to the Canadian Department of Industry and the Department of Foreign Affairs and International Trade. The CBA opposed the horizontal application of the disciplines for accountancy to the legal profession, noting that "the legal profession should not be covered by a common generic set of professional disciplines," that "the legal profession must be self-regulating," and that the profession "through the law societies, must be able to determine the standards of admission into the profession, establish standards and rules which govern members of the profession, and discipline those who fail to meet these standards," partly because "with the exception of general principles underlying broad doctrines such as the 'common law' or 'civil law,' legal rules are jurisdiction-specific."[115] In the United States the profession of law is regulated by the state courts, and the separation of powers doctrine has been invoked to shield the law profession from a regulatory scheme that was crafted by federal executive branch officials under GATS. In 2003, ABA Center for Professional Responsibility launched a new Web page on the topic of GATS and legal services to stimulate communications.[116] The IBA replied to the WPDR invitation in 2003, suggesting changes to the disciplines so that they could properly apply to legal services. It is not clear the extent to which, if at all, the legal services sector will be covered horizontally by any WPDR-adopted disciplines, but comments from WTO officials have indicated that they believe that legal professionals will benefit from liberalizing legal services around the globe more than any other profession.[117]

Although globalization has greatly affected the practice of some aspects of the legal profession, others aspects of law have appeared more insulated from such pressures. The self-regulatory nature of legal practice in some nations has permitted many attorneys to pretty much continue to practice both civil and criminal law within their confined states and provinces. Moreover, the differences between common law systems of some nations (United Kingdom, United States, India, Malaysia, and former British Commonwealth countries), based upon non-statutory law developed by courts, and civil law-based legal systems in most of the world, have posed challenges to greater interest and pressures for uniformity and reciprocity. Yet

the practice of law may over time have global WTO or other disciplines adopted.

Nursing

Nursing regulation within the United States involves governmental over-sight provided for nursing practice in each state. It is regulated because it is one health profession that poses risk of harm to the public if practiced by someone who is unprepared and incompetent. Some believe that consumers may not have sufficient information and experience to identify an unqualified healthcare provider, and the public is therefore highly vulnerable to unsafe and incompetent practitioners. State boards of nursing permit only those individuals to practice nursing who have met their qualifications. The National Council of State Boards of Nursing, Inc. (NCSBN) is the non-profit entity composed of all 50 state boards of nursing; it assists its members with their regulatory functions and develops licensing examinations in nursing, including those for registered nurses and licensed practical nurses (LPNs) or vocational nurses (VNs). It also develops model laws for state legislatures and state boards to consider, such as the Nurse Practice Act, which typically defines nursing and the boundaries and scope of nursing practice, the types of licenses and titles to be used and the requirements for licensure, and identifies grounds for disciplinary action.[118] Registered nurses (RNs) constitute the largest healthcare occupation, with about 2.3 million in the United States; this title generally requires graduation from an approved nursing program and passing a national licensing examination.[119] Among state boards of nursing there are some variations in regulating advance practice nurses.

It is the National League for Nursing Accrediting Commission (NLNAC), a nonprofit organization and a subsidiary of the National League for Nursing, which serves as the national accrediting body for all types of nursing education programs. It is recognized by the U.S. Department of Education and other federal agencies, the National Council of State Boards of Nursing (NCSBN), and the Council for Higher Education Accreditation (CHEA). For some U.S. nurses, certification in a specialty is required; for others it is voluntary. Certification may be offered by several organizations, but the American Nurses Credentialing Center (ANCC), a subsidiary of the American Nurses Association, an organization of 150,000 nurses, is the largest. Many of its certification programs have been accredited by NCCA; some states seek certification programs to be accredited by an independent commission. In an effort to promote and validate nursing excellence around the world, ANCC established "Credentialing International" in 1999 that includes certification of specialists and advance practice nurses, accreditation of

continuing education providers for nurses, and a "Magnet Recognition" of nursing services effort to deal with nursing shortages and deteriorating work environments for nurses.

Healthcare, specifically nursing, has been changed by globalization; unrelenting external forces are transforming the healthcare system and nursing practice. The advent of the Internet, telehealth, and global migration has been the driving force, breaking down barriers to the interstate practice of nursing.[120] Patients through the Internet have access to a primary care provider, a specialist, online professional help, online pharmacy, and online self-help; healthcare providers in addition to providing care are also facilitators of self-managed care.[121] The demand for foreign nurses remains high in the United States, as the nation struggles to replace nurses who have retired or changed professions. The Commission on Graduates of Foreign Nursing Schools (CGFNS), a nonprofit entity, was organized in the late 1970s to facilitate a review of credentials and certify nurses and other healthcare providers, and otherwise assists migrating nurses and others to determine if they are qualified to be able to practice in the United States and meet state licensure requirements. The continuing shortage of nurses in the United States has fostered a review of how healthcare providers can recruit Canadian or Mexican nurses who qualify for TN nonimmigrant status under NAFTA.[122]

Nurses began exploring the possibility of mutual recognition under NAFTA by 1998.[134] The challenge of NAFTA to develop mutually acceptable standards for licensure and certification, intended to permit greater mobility of professionals across the borders of Canada, Mexico, and the United States, was manifested early, and it led representatives of the nursing profession in 1993 to undertake what came to be termed the "Trilateral Initiative for North American Nursing." This cooperative endeavor, overseen by CGFNS, involved nursing professionals from the three nations in a broad-based assessment project with a short-range objective of gaining common understanding of nursing in these nations, and the long-term goal of having common education and practice standards in several phases.[123] Genuine differences involving licensure, registration, and certification were found, including ongoing competency requirements. Meanwhile, telepractice and other activities within the United States propelled many nurses to agree to an interstate compact, which upon implementation would enable nurses to move from state to state.[124] This internal U.S. mutual recognition model of nurse licensure allows a nurse to have one license (in his or her state of residency) and to practice in other states (both physical and electronic), subject to each state's practice law and regulation. Under mutual recognition, a nurse may practice across state lines unless otherwise restricted. Since 1998, the Nurse Licensure Compact has included RNs and LPNs or VNs. In 2002 the NCSBN approved model

language for a licensure compact for advance practice registered nurses (APRNs), with only those states that have adopted the LPN/VN Nurse Licensure Compact able to implement a compact for APRNs. In 2004, states began entering this newer compact, the mechanism that the states are using to adopt the mutual recognition model. Even within some states, however, the concept of nursing regulation through compact has been controversial. The attorneys general of both Kansas and Nebraska, for example, had issued opinions that the Nurse Licensure Compact was unconstitutional because it violates the state's rights to regulate nursing practice.[125]

The International Council of Nurses (ICN), founded in 1899, is a federation of national nurses' associations in over 120 countries. Headquartered in Geneva, Switzerland, it is dedicated to advance nursing worldwide and influencing policy. For example, it has published standards for "telenursing" programs.[126] It also encourages and tracks the development of MRAs. Australia and New Zealand have been engaged in efforts to develop cross-border nurse practitioner standards, and signed the Trans-Tasman Mutual Recognition Agreement in 1997. Moreover, the ANC/NCNZ Memorandum of Cooperation in 2001 is moving both those nations toward harmonizing the standards of nurses across their jurisdictions.[127] ICN has reported that an MRA under NAFTA is still under negotiation, but the Caribbean Community and Common Market (CARICOM) MRA is underway permitting reciprocity, as is another one for the Eastern, Central, and Southern African College of Nursing (ECSACON) dealing with standards of practice and the core content of education.[128] Meanwhile, within the United States, the NCSBN announced in 2004 that it has selected the first three international locations — England, Hong Kong, and South Korea — where it will offer its National Council for Licensure Examination (NCLEX) (both registered nurse and practical nurse), beginning in 2005, for U.S. domestic nurse licensure purposes.

Healthcare is among the most sensitive fields for government professional services regulation. Medical practice was among the first to be regulated in the United States because of the obvious public health, welfare, and safety risks. Notwithstanding increasing interest regarding professional mobility, reciprocity, and uniformity broadly in medicine, and specifically in nursing, public interest theory concerns about the unqualified not practicing is still extant. Accordingly, the credentialing barriers and existing qualification requirements for the practice of nursing are undergoing change more slowly than other professions. However, U.S. internal reciprocity and uniformity is occurring with state compacts supported by the NCSBN and other nursing organizations, and there seems to be growing influence for the operation of these state compacts.

Conclusions and the Feasible Future

National governments — and state or provincial governments within federal systems — are losing some ability to both assert and implement occupational regulatory policy within their territorial borders. International and domestic expectations and pressures for substantial equivalency, reciprocity, harmonization, mutual recognition, and uniformity are succeeding — slowly in some fields and with greater alacrity in others. Political boundaries still exist, but globalization has reduced the meaning of borders (both virtual and actual), and they have become porous. Elites and experts in the nonprofit and business sectors are increasingly aiding and abetting government officials in the development and establishment of international norms and standards through transnational organizations. Writers Reinecke and Slaughter suggest that governance is replacing government, with governance representing a hodgepodge of private and public international entities through which public policy is created and administered.[129]

Clear notions of governmental sovereignty and distinctions between the public, nonprofit, and business sectors have been blurred. Whereas the Old Public Administration generally included only those who worked in government agencies, especially those receiving merit appointments in the civil service, the multisectored New Public Service now includes individuals working within the governmental and the public-serving nonprofit communities.[130] Graduating college seniors themselves think of the nonprofit sector when they hear the words "public service,"[131] and National Association of Schools of Public Affairs and Administration (NASPAA) schools have been increasingly channeling their graduates to public service employment in the nonprofit and business sectors. Public service thus includes all individuals providing goods and services for governments, including workers directly employed by governments but also some in nonprofit organizations and private businesses.[132] The scope and breadth of the New Public Service[133] is illustrated in Table 7.1 using the numerous government agencies, nonprofits, IGOs, and NGOs considered in this chapter.

Table 7.1 further shows the critical U.S. domestic role filled by nonprofit organizations and federations composed of state regulatory boards and agencies. As both nonprofits and IGOs, these entities in the professional fields of accountancy, architecture, engineering, insurance, investment advising, and nursing serve as national networks of state government officials and have become the principal means by which state regulatory agencies cooperate in the United States. States have delegated selected functions to such entities, or to special subsidiaries or creations of these federations. Thus, there has been an accretion of power and authority by them because their activities dealing with examinations, certification, record-keeping, model laws, etc. are central to domestic and international encouragement

Table 7.1 Classification of Organizations

	Name of Agency or Organization	OPA	NPS	Nonprofit	IGO	NGO
1.	Accreditation Board for Engineering and Technology (ABET)		a	x		x
2.	American Association of Engineering Societies (AAES)			x		x
3.	American Association of Retired Persons (AARP)			x		x
4.	American Bar Association (ABA)		c	x		x
5.	American Bar Association's Council on Legal Education and Admission to the Bar		a	x		x
6.	American Institute of Architects (AIA)			x		x
7.	American Institute of Certified Public Accountants (AICPA)		e	x		x
8.	American National Standards Institute (ANSI)		ac	x		x
9.	American Nurses Association (ANA)			x		x
10.	American Nurses Credentialing Center (ANCC)		c	x		x
11.	American Society of Mechanical Engineers (ASME)			x		x
12.	Architects Accreditation Council of Australia (AACA)		a	x		x
13.	Architects' Council of Europe (ACE)			x		x
14.	Association of Accrediting Agencies of Canada (AAAC)		a	x		x
15.	Association to Advance Collegiate Schools of Business (AACSB)		a	x		x
16.	California Board of Registration for Professional Engineers and Land Surveyors (CBRPELS)	x	x			
17.	Canadian Bar Association (CBA)			x		x
18.	Canadian Department of Industry	x	x			
19.	Canadian Department of Foreign Affairs and Trade	x	x			
20.	Canadian Institute of Chartered Accountants (CICA)			x		x
21.	Consumer Federation of America (CFA)			x		x
22.	Center for Quality Assurance in International Education (CQAIE)		x	x		x
23.	Certified Financial Planner Board of Standards, Inc. (CFP Board)		x	x		x

(*continued*)

Table 7.1 (continued) Classification of Organizations

Name of Agency or Organization	OPA	NPS	Nonprofit	IGO	NGO
24. Certified General Accountants – Canada (CGA)			x		x
25. Commission on Graduates of Foreign Nursing Schools (CGFNS)		c	x		x
26. Council for Higher Education Accreditation (CHEA)		x	x		x
27. Council on Licensure, Enforcement and Regulation (CLEAR)		x	x	x	
28. Engineering and Land Surveying Examination Services (ESLES)		x	x	x	
29. European Engineering Federation (FEANI)			x		x
30. Financial Planner Standards Board (FPSB)		x	x		x
31. Financial Planning Association (FPA)			x		x
32. Florida Department of Business and Professional Regulation	x	x			
33. International Accreditation Forum (IAF)		a	x		x
34. International Association of Insurance Supervisors (IAIS)		x	x	x	
35. International Bar Association (IBA)			x		x
36. International Council of Nurses (ICN)			x		x
37. International Electrotechnical Commission (IEC)		x	x		x
38. International Federation of Accountants (IFA)			x		x
39. International Organization for Standardization (ISO)		x	x		x
40. International Organization of Securities Commissioners (IOSCO)		x	x	x	
41. International Qualifications Appraisal Board (IQAB)		c	x		x
42. International Union of Architects (UIA)			x		x
43. Interstate Insurance Product Regulation Compact (IIPRC)		x	x	x	

#	Organization					
44.	Institute of Chartered Accountants in Australia (ICAA)			x		x
45.	Instituto Mexicano De Contadores Publicos (IMCP)			x		x
46.	National Architectural Accrediting Board (NAAB)		a	x		x
47.	National Association of Insurance Commissioners (NAIC)		x	x	x	
48.	National Association of Personal Financial Advisors (NAPFA)			x		x
49.	National Association of Securities Dealers, Inc. (NASD)		e	x		x
50.	National Association of State Boards of Accountancy (NASBA)		x	x	x	
51.	National Autonomous University of Mexico (UNAM)		x	x		
52.	National Commission for Certifying Agencies (NCCA)		a	c		c
53.	National Conference of Bar Examiners (NCBE)		e	x		x
54.	National Conference of Commissioners on Uniform State Laws (NCCUSL)		x	x		x
55.	National Conference of Insurance Legislators (NCOIL)		x	x	x	
56.	National Conference of State Legislatures (NCSL)	x	x	x	x	
57.	National Council of Architectural Registration Boards (NCARB)		x	x	x	
58.	National Council of Examiners for Engineering and Surveying (NCEES)		x	x	x	
59.	National Council of State Boards of Nursing (NCSBN)		x	x	x	
60.	National Governors' Association (NGA)		x	x	x	
61.	National Insurance Producer Registry (NIPR)		x	x		x
62.	National League for Nursing (NLN)			x		x
63.	National League for Nursing Accreditation (NLNAC)		a	x		x
64.	National Organization for Competency Assurance (NOCA)		c	x		x
65.	National Society of Professional Engineers (NSPE)			x		x
66.	North American Securities Administrators Association (NASAA)		x		x	

Table 7.1 (continued) Classification of Organizations

Name of Agency or Organization	OPA	NPS	Nonprofit	IGO	NGO
67. Nurse Licensure Compact		x	x	x	
68. Office of the U.S. Trade Representative (USTR)	x	x			
69. Organization for Economic Cooperation and Development (OECD)		x	x		x
70. Society of Financial Service Professionals (SFSP)			x		x
71. Texas Board of Professional Engineers (TBPE)	x	x			
72. United Nations Educational, Scientific and Cultural Organization (UNESCO)		x	x	x	
73. United States Council for International Engineering Practice (USCIEP)		a	x		x
74. U.S. Department of Education	x	x			
75. U.S. Department of Justice	x	x			
76. U.S. Federal Trade Commission	x	x			
77. U.S. Securities and Exchange Commission	x	x			
78. U.S. Supreme Court	x	x			
79. Working Party on Domestic Regulation (WPDR) of the WTO		x	x	x	
80. Working Party on Professional Services (WPPS) of the WTO		x	x	x	
81. World Federation of Engineering Organizations (WFEO)			x		x
82. World Trade Organization (WTO)		x	x	x	

Key: OPA = Workers are government employees in the Old Public Administration.
  NPS = Workers in this organization are in the New Public Service.
   a = Qualifies for accreditation purposes.
   c = Qualifies for certification purposes.
   e = Qualifies for examination purposes.
   x = Qualifies an organization as a nonprofit, intergovernmental organization or non-governmental organization.

for state regulatory boards as well as state legislatures to move toward more uniformity. Economies of scale have also played a significant part. And the expertise and leadership assembled through the NCCUSL, CLEAR, NOCA, NCCA, and others have been important as well. Generally, there has been a willingness to assent to the collective wisdom and judgment exercised by these nonprofit entities and elites on behalf of regulatory boards and legislatures. Truly we have governance through networks in the professional services sphere within the United States.

Concurrently with state government coordination and cooperation through nonprofits to perform governmental licensure functions, there has been greater movement for individual certification and program accreditation through nonprofits. The public and private sectors have each come to increasingly rely upon voluntary certification and accreditation, beyond governmental licensure, as a means to provide competency assurance to the general public, consumers, businesses, and even government institutions. Because courts and agencies of government, employers, professions, and others often ask, "Who reviewed your certification program?" Providers of certification programs themselves seek an independent assessment of what they do. The adoption of sunrise and sunset provisions within states has had the effect of diminishing the numbers of occupations that have been granted government regulation from what might have otherwise occurred. Although relatively few have been entirely deregulated, more occupations have never become regulated by government because estimated costs were projected to outweigh the benefits of licensure. Privatization through voluntary certification programs has flourished. Moreover, licensure and certification are not mutually exclusive options. Indeed, many state bar organizations have recognized certification and specialization for attorneys, whether that specialization certification has been provided by the state bars in some capacity or by recognized national or regional certification agencies. Similarly, the medical field has long had certification of medical specialties for its practitioners that are licensed. As described for architecture, NCARB itself operates a certification program. States, business employers, and consumers have encouraged the establishment and use of *bona fide* credentials, even as new occupations have been defined or old ones redefined such as through the North American Industry Classification System.[134] The importance of credentialing individuals through licensure or certification has in turn driven the need for accreditation of both governmental and nonprofit agencies performing such activities. The result has been a strengthening of credentialing processes within the United States in the nonprofit realm. Perhaps this would have occurred to some extent without globalization, but certainly it has been augmented by it.

It is more difficult still to delegate functions formerly performed by state and national governments to international nonprofits, whether IGOs or NGOs. There are political and legal hurdles. And after all there are language and custom differences for many; however, the United States as a multi-ethnic nation from immigration may have an advantage with its relative heterogeneity. But in most cases there exists no entity that could take on responsibilities internationally in the same way as nonprofit organizations in the United States composed of state regulatory board members cooperate together through existing institutions. Nonetheless, the potential is there, and some early steps have been taken. With the establishment and expansion of operations of the WTO and ISO, regional and global agreements like NAFTA and GATS, the creation of IGOs such as IOSCO and IAIS, and the formation of NGO bodies like the IFA, the UIA, the WFEO, the Financial Planning Standards Board, the IBA, and the ICN for the identified professions above, as well as the advancement of public choice theory, a profound shift has taken place in the roles of the public, private, and nonprofit sectors. A new and more global nonprofit sector has emerged, composed of IGOs and of NGOs that have filled space unoccupied because of limitations on both government and business. Just as NGOs have assumed a significant role in international relief and development activities,[135] they are doing so for professional regulation administered through both government agencies and nonprofit entities.

Further liberalization of trade in services is likely, with concomitant effects on credentialing. For many nations, including the United States, additional regional and bilateral trade agreements are possible — examples include the Free Trade Area of the Americas and individual bilateral agreements. There will be more nations joining the WTO too. The concept of a global license to practice a profession is not immediately feasible through the varied and separate nation-state domestic regulatory schemes, but it may be substantially accomplished through networks of IGOs and NGOs involved with credentialing over time. Global certification of individuals based upon non-governmental standards may be more possible than global licensure, but it is still daunting for trademarks that are still subject to the laws of political jurisdictions even where marks licensing is used. Global accreditation may be more likely than the first two, yet still formidable. Movement toward global licensure or registration, certification or accreditation, may spawn the creation or expansion of single-profession entities that cover only one occupation, or may result in the adaptation of existing organizations or the creation of new bodies encompassing a multitude of occupations. As documented in this chapter, both approaches exemplify institutional theory that includes governance or network theory seeing organizations as bounded social constructs of rules, norms, and the expectations that constrain individual and social choice and behavior.

Institutionalism assumes that policy preferences are neither exogenous nor stable but are molded through collective experience, institutions, education, and particularly professions.[136]

International leadership in the regulation of professions varies. For some fields the United States appears to lead and for other fields the U.S. profession seems to respond to the lead of others. Leading and responding models may be occupation-specific. But through trade agreements, international membership organizations, and international IGOs and NGOs, professional interests, organizations, and businesses can and do influence the nature of U.S. occupational regulation and that of all other nations. Recent EU Directives and policies from other nations pose challenges to traditional public interest theory and the Old Public Administration system of national and subnational governmental regulation. Some applications suggest that public choice or economic theory continues to spread, with a corresponding emphasis on New Public Management in implementation. Globalization forces may be expected to promote centralization over decentralization actions, yet for nations with federal systems, legal instruments are likely to continue to be sensitive to subnational regulatory structures and processes. Even with slow movement greater uniformity within and among nations appears a trend.

In the United States the drafting and approval of national trade and other documents will continue to recognize the police power of state governments to engage in the traditional regulatory functions involving the licensure of professions and occupations. This inherent right of state governments, evidenced by the Tenth Amendment, to impose upon private rights reasonable restrictions related to promotion and maintenance of the health, safety, morals, and general welfare of the public, *North Dakota vs. Cromwell* 9 NW2d 914 (1943), has been accepted in many court cases. Whether in the form of federal legislation, federal court decisions, approved treaties, presidential orders, and federal agency regulations, there is a political desire not to run afoul of the principle of federalism. Thus, professionals that are parties to MRAs with their counterparts in other countries should not assume that the U.S. government will enforce the provisions of any such agreements concluded by those U.S. professional organizations, for it is the states that will need to implement these agreements.[137] On the other hand, there exists a widening consensus about removing barriers to professional services with resultant benefits, so even within the United States there may be a confluence of problems, politics, and policies[138] that might result in federal preemption of professional regulation in a specific field if the lack of reciprocity or uniformity adversely and sufficiently affects interstate and foreign commerce, such as was perceived by Congress dealing with insurance agents, brokers, and consultants. The fundamental nature of the U.S. domestic common market was initially one

eliminating tariffs between the states. Now that non-tariff barrier diminishment has become more important, the forces of globalization (not limited to trade agreements) are placing stiffer constraints upon regulation by the both state governments and nonprofit entities. As long as there is perceptible movement toward a lessening of credentialing barriers, any wide or forceful federal response is unlikely.

Perhaps a more likely scenario to achieve uniformity and reciprocity, consistent with principle of state primacy in occupational regulation, involves interstate compacts in the United States, as formal agreements between two or more states, interstate compacts represent sovereign state cooperation without the involvement of the national government. Examples are the Nurse Licensure Compact and the IIPRC. Some may involve the *de facto* exercise of discretion moving to a compact administrative entity making decisions. Very few compacts, however, ultimately include all states or even a majority of them,[139] and this is a weakness. Nonetheless, in the Nurse Licensure Compact the states continue to have authority for determining licensure requirements and disciplinary actions.

It is not inconceivable that governmental regulation of the professions could occur on a regional or international basis. But if states within the United States have difficulty in delegating functions to a state compact entity, which they may oversee and from which they can remove themselves, how likely is a more global governmental body that is imbued with the authority to act for nations not sharing a common culture and norms? Conceptually a common governmental body could be set up or an existing one be used. Yet the critics of "governmental failure" on a national or subnational basis are not prone to find support for more governmental regulation on a global scale, and the transfer of any element of sovereignty is jealously guarded. More probable is voluntary action by interest groups working together to bestow authority upon a new or existing NGO to perform regulation of a profession outside of a governmental structure on an international basis. Such privatization of international regulation might not be entirely self-regulation of the profession, but rather a more balanced regulation with consumer and other groups working cooperatively with professional associations, and involve possibly oversight by governmental regulatory representatives.

Greater privatization of state regulation or deregulation, more reliance upon voluntary certification in lieu of governmental licensure, the increasing interests of professions and businesses and consumers to reduce barriers to trade in services between states and among nations, the accretion of capacity and authority to IGO nonprofits in the United States to act on behalf of the states collectively, some additional acceptance of uniform state laws, the relative likelihood of some additional use of interstate compacts, and many other factors are all likely to mean a reduction in some of the high-quality

barriers loosely identified as constituting the past and current state of regulation for occupations and professions in the United States, and perhaps other nations. Centralizing tendencies toward uniformity and reciprocity seem more prevalent and stronger than decentralizing tendencies. Consequently, professional regulation from a U.S. perspective is likely to look less governmental, more voluntary, and more subject to market decision making by service users, consumers, businesses, and practitioners of the professions. The rising importance of non-state actors in the nonprofit and business sectors suggests the possible application of additional elitism and pluralism for professional regulation, both nationally and internationally. Singular existing professions may develop distinctive cultures and mores that span nations, but new professions and occupations may be based less and less on national customs and traditions and more on regional or international commonalties. Greater acceptance of economic and capture theory, greater consumerism, and a change of direction on the part of professions themselves, and particularly the elites within them, regarding the perceived value of state regulation for their professions compared with the benefits and costs of deregulation, are evident. Accordingly, national identities and regulatory frameworks will still matter, but may matter relatively less. The old reliance upon governmental authority and coercion is giving way to a New Public Service that explicitly recognizes the growing roles and functions of nonprofits and NGOs and the application of persuasion and "soft" power to achieve accepted norms and standards developed and accepted internationally. Globalization is reworking as well as redefining the professions.[140] Nation-state regulation of professions and occupations is still a descriptive hallmark, but the future of public policy and public administration within this domain will continue to undergo substantial change.

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Chapter 8

Globalization and Media Coverage of Public Administration

Mordecai Lee

CONTENTS

Introduction

Comparative and international administration has generally paid little attention to media issues. For example, administrative–media relations are not addressed in the overviews and handbooks from Heady (2001), Hyden (1997), Garcia-Zamor and Khator (1994), Baker (1994), Dwivedi and

Henderson (1990), and Rowat (1988). Whereas the first edition of Faraz-
mand's handbook did not include any entries for media relations, the
second edition had one (Farazmand, 1991, 2001). That entry, by Kalantari,
focused on the role of the media in the United States, its impact on the
political system, and a short discussion of the implications of these trends
on public administration (Kalantari, 2001). Although a helpful contribution,
it did not address the broader scope of agency–media relations from inter-
national and comparative perspectives. A contributing factor to the minor
attention paid to media relations is partly related to the limited ability to
draw generalizations between the wide variety of the governmental and
media systems of contemporary nation-states (Lenn, 1996, p. 441; Grunig,
1997, pp. 270–271).

An attempt to find such literature in other related fields provided equally
meager results. In public administration writings, according to Martin, the
study of agency relations with the press "is one of the more dramatic
examples of a subject from which Public Administration has borrowed
only a scattering of the available literature" (Martin, 1989, p. 148). Accord-
ing to Garnett, all aspects of communication, whether internal or external,
have "been underemphasized in public administration practice and scholar-
ship relative to its importance to the enterprise of public administration"
(Garnett, 1997, p. 6).

Similar results are found in political science. It has dedicated sub-
stantial attention to the reporter–politician relationship in democracies,
both regarding coverage of candidates, campaigns, and elections, as well
as coverage of elected officials once in office (Jacobs & Shapiro, 1996;
Lipset, 1996, pp. 285–287; Patterson, 1996a,b; Nimmo & Newsome, 1997;
Nye, 1997; Alger, 1998; Gans, 1998). However, the field generally focuses
less on the relationship between the administrative side of government
and the news media. Nearly 40 years ago, Hiebert noted that there were
very few studies of the public information function in the U.S. federal
government or research that would be relevant to public information
practitioners (Hiebert, 1968, p. 6). Since then, little has changed. McKerns
noted that the focus of the government–media literature "has been
largely myopic, i.e., the primary focus has been on the relationship at
the federal level and between the president and the news media in
particular" (McKerns, 1985, p. 20). Nimmo and Swanson summed up
research in political communications by noting that "even more rare are
analyses of bureaucratic communication" (Nimmo & Swanson, 1990,
p. 28).

Finally, the literature of media studies regarding the government
generally focuses on elected officials, politics, and public policy making.
Little separate attention is paid to the nonelected side of government,
the bureaucracy. For example, Asante's comprehensive review of the

literature did not identify a subfield regarding media coverage of public administration in the section on the government–press connection (Asante, 1997, pp. 11–49).

The following two sections provide a brief summary of the limited available knowledge about how the media covers public administration from a comparative and international perspective.

Media Coverage of Public Administration: First World Nations

An assessment of the trends in media coverage of American public administration concluded that it has been diminishing quantitatively. Further, the reduced coverage has been assuming a greater negative tone; with reporters often framing their stories with archetypal story lines, such as "wasteful bureaucrats," "citizen victimized by bureaucracy," and "agency ignoring real needs" (Lee, 1999, pp. 454–455). The overall impact is that "the bureaucracy and other institutions of government, with little influence and access to the media, get victimized and condemned without proper investigation" by reporters who are driven by a different agenda (Kalantari, 2001, p. 881).

These patterns are spreading to other countries also. Negrine and Papathanassopoulos reported on the Americanization of political communications throughout the world: "Indeed, as television becomes the main source of information for most people, the fact that its own development has been greatly influenced by the U.S. experience increases the connections between practices in the United States and elsewhere" (Negrine & Papathanassopoulos, 1996, p. 53; Patterson, 1998 makes a comparable point). Similarly, the growing importance of talk radio in the United States has spread to other countries, such as Hong Kong, as well (Lee, 2002a).

Several reports by the Organisation for Economic Co-operation and Development (OECD) suggest that the trends regarding U.S. media coverage of public administration are also occurring in other First World countries. OECD consists of 30 of the most economically advanced nations, which have a free-market economic system and a democratic political system. At its "Ministerial Symposium on the Future of Public Service" representatives expressed concern over pressures from the media for rapid responses to problems. In particular, they felt that "the part played by the media, clearly vital to the functioning of democracy and oversight of administrative action, can be disruptive if decision-makers are subjected to permanent inquisition" (OECD, 1996, Session Two, p. 4). As a result of this, a year later OECD issued a public management paper noting general trends in media coverage similar to ones occurring in the United States,

including a basic "spin" that is increasingly cynical, superficial, and sensational. This negative trend was compounded in OECD nations by a media focus on scandal, real or fabricated crises and policy failure. Another trend in media coverage is a sense of urgency and expectation of immediate response that has the effect of skewing policy agendas and decision-making. However, "what is urgent is not always what is most important" (Washington, 1997, p. 30).

Although Japan is a democratic and an economically advanced nation like the United States, media coverage of the bureaucracy has been significantly different. Notwithstanding its modern media institutions that are on par with those of the United States, Japan's media gives much greater coverage to the administrative state than U.S. media. According to Krauss, Japanese television had had an "exceptionally large percentage of stories related to the bureaucracy and its advisory councils in Japan (together occupying 36 percent in the Japanese sample versus only 2 percent for mentions of bureaucracy in the American sample)" (Krauss, 1996, p. 99). Whereas U.S. media is executive-centered and input oriented, Japanese media is bureaucracy-centered and output oriented. Krauss concludes that "the portrayal of politics and government, particularly the administrative state, is one of the most important and seemingly distinctive aspects of the content of NHK television news compared to American network news" (Krauss, 1996, p. 102).

This significant difference can be partly attributed to the general cultural factors, but Freeman (2000) attributes it largely to the prevalence of press clubs in Japan. These press-based information cartels limit competition between reporters from different media outlets who are assigned to the same beat. Furthermore, most assignments are institution-based, normally corresponding to major administrative departments. Press clubs have the effect of giving bureaucrats the ability to assert control and define their own agendas.

One similarity between U.S. and Japanese media trends is that "saturation television news coverage in Japan of bizarre events easily rivals its American counterparts" (Pharr, 1997, p. 136) that can have the effect of slowly crowding out the current extensive coverage of bureaucracy. This, again, confirms the trend of the globalization of American-style media coverage of public administration.

Media Coverage of Public Administration: Eastern Europe

According to Édes, one of the ongoing problems for government information officers in the transitional countries of Eastern Europe is what he calls "immature media." Somewhat comparable to some Western media trends, he noted that "some newspapers make little effort to report in a balanced,

objective manner, and resort to sensationalism to attract readers" (Édes, 2000, p. 463).

Earlier, O'Neill had noted the Americanization of television coverage of government news in Eastern Europe, describing it as aggressive, critical, reckless, and sensational (O'Neill, 1993, p. 155). He concluded that "however much these trends may vary from country to country, they are traveling in the same general direction: toward various degrees of mediacracy, in which TV politics replaces old patterns of governance, . . . and instant public emotions override reflection and deliberation in the making of policy" (O'Neill, 1993, p. 156).

A newspaper reporter from Germany who was assigned to cover southeastern Europe noted "because of a journalist's constraints always to cover 'headline-news', important background stories on subjects like public administration reform never or seldom are written" (Rub, 1996, p. 47). Kimble suggested that in the successor states to the Soviet Union, which had been dominated by the administrative apparatus, the emergence of market economies, personal freedom, and democracy meant, "government is becoming irrelevant" (Kimble, 1998). Diminished media coverage of the bureaucracy, she argued, reflected evolving citizen perceptions of those institutions that are now important in their lives and those that no longer are.

What to Do? Practitioner Responses to the Globalization of Media Treatment of Public Administration

The preceding sections have demonstrated that the academic research and reports from practitioners indicate early signs of the trends of globalization regarding press coverage of public administration in the United States, including reduction in quantity and an increasingly negative tone in quality. These patterns are gradually manifesting themselves in other countries as well. This trend is currently most noticeable in the First World nations, which are economically, socially, and politically at levels comparable to that of the United States. However, as a broad generalization, the 21st century era of globalization suggests that these trends will eventually encompass all nations, not just the First World countries. If so, what is the modern-era public administrator to do?

Training

Public administration education has gradually reduced its focus on the importance of external communications, public relations, and media skills

(Lee, 1998). However, with the emergence of the digital era as one of the most important driving factors of globalization, training in the use of information outside the bureaucracy is as important as it is in-house. If "knowledge is power," then certainly in the Information Age effective government administrators need techniques for communicating with the public. In fact, information has become such an important commodity in the globalized world that some theorists are now suggesting that in the next phase of the digital era, the citizenry will assert that it must be given formal legal and constitutional rights to information from government (Bovens, 2002). In this context, government managers-in-training need to include external relations in their curriculum and that current practitioners would benefit by seeking continuing education and professional development in this area.

In a separate piece, this author has suggested a specific and detailed curriculum outline for public information, including the purposes, audiences, and techniques that government managers can use to accomplish their responsibilities (Lee, 2000). The key is to avoid the temptation of focusing on learning techniques in a sterile context. Rather, the appropriate techniques emerge from the purpose and audience in each specific circumstance. Therefore, selection of communication techniques should be the last step of the process for the practitioner, rather than the first. Certainly, media relations is a narrower subject within the larger rubric of external relations, but public administrators can use public information and external communications strategies very effectively for many other related and important missions, not just media relations (Weiss, 2002; Freeman & Nelson, 2003).

Given the global trend of the Americanization of media coverage of public administration, practitioners particularly need to hone their skills for dealing with an increasingly unfair, distracted, trivia-obsessed, and crisis-driven press corps. Some specific recommendations include (Lee, 1999, pp. 455–458):

■ Becoming a policy entrepreneur, especially focusing on the importance of the "problem definition" stage of public issues and concerns.
■ Learning to speak in short and pithy sound-bites and being able to express a position in ten words or less.
■ Making it as easy as possible for reporters to cover the agency.
■ Communicating through multiple mass media, not just the "traditional" ones.
■ Seeking allies in the press corps, especially individual reporters who are concerned about a problem and would be willing to publicize it.
■ Involving the agency's public affairs staff in decision-making at the highest level of the organization.

- ◼ Putting a human face on the issue the agency is involved in, by bringing forward a client or customer who would be likely to appear sympathetic to the reporters and the audience.

Some practical and useful handbooks on conducting media relations have been published for U.S. practitioners including Brown (2002), Cohen and Eimicke (2002, Chap. 11), Krey (2000), Bjornlund (1996), and Wade (1993). Assuming that the globalization of media relations in public administration is indeed a gradual Americanization of it, some elements of these training guides can be useful for international practitioners where similar trends are occurring.

E-Government and Direct Reporting to the Citizenry

The emerging global concept of e-government has the potential of revolutionizing many elements of public administration, governance, and democracy (Kakabadse et al., 2003; Margetts, 2003). In particular, direct government-to-citizen (G2C) e-gov and the emerging phenomenon of e-democracy offer the practitioner an efficient, inexpensive, and mass-reaching way to communicate *directly* with the citizenry. For the first time, by using e-gov technology the public administrator can bypass the press corps and exchange information with the public-at-large. In this respect, e-gov provides an alternative to the traditional reliance of government on the mass media to provide information to the public. Until now, public administrators could only communicate this information to the citizenry *indirectly* through the press. That, of course, has meant that reporters had the power to define the agenda and control what information would reach the individudal members of the public. However, in traditional public administration theory, government managers were also assigned the normative obligation of direct public reporting to keep the citizenry informed of their activities and record (Beyle, 1928; Lee, 2002b). One of the fullest flowerings of institutionalizing public reporting in the United States was the establishment of the Office of Government Reports by President Franklin Roosevelt within the Executive Office of the President. The mission of that agency, which existed from 1939 to 1942 and then from 1946 to 1948, was to keep the public informed of the programs and activities of the Executive Branch and to report back to the president on public opinion (Lee, 2005b).

When it is considered from the perspective of purpose, the obligation of the public administrator to engage in media relations is to account to the citizenry, albeit indirectly through the media. If the rationale for media relations is to engage in public reporting, then the emergence of the digital

era permits the practice of public reporting to continue, simply doing it in a slightly different way, directly to the citizenry rather than indirectly through media relations.

The technological capability, provided by e-gov, for government managers to be able to report directly to the citizens without dependence on the media has been called *e-reporting*. Increasingly, public sector organizations are using the Internet to provide information to the citizenry. This helps contribute to the basic need for an informed public in those forms of governance that call for, whether directly or indirectly, the consent of the governed. Certainly, notwithstanding the many variations on democratic government, the *sine qua non* of popular sovereignty is an informed public. Regardless of the details, the expectation is that in a republic, public opinion is of utmost importance.

Until now, the role of the free press has been to serve as an instrument of democracy, by being the only channel that governments can use to inform the citizenry of their activities and then be held accountable by public opinion. Now, G2C e-gov technology permits public managers to engage in e-reporting by keeping the citizenry informed through the Internet, websites, e-mail, and other digital technology applications (Lee, 2005a). In a sense, the technology contributing to globalization of public administration includes the expansion of the definition of traditional media relations to include direct e-reporting to the citizenry. Some best practices in e-reporting include:

- Report consistently, for example at least annually.
- Make it easy to find it on a government's homepage.
- Make it easy for a lay citizen to read and understand.
- Include photographs, charts, and other visual aids to communicate the record of the agency in nonverbal forms also.
- Keep it short, since lay citizens are not interested in too much detail.
- Present performance management information.
- Use performance management results that closely correlate to the interests of the citizens, rather than those that would interest managers and policy decision makers.
- Create a feedback loop for citizens to give their opinions, ask questions, and get involved.

More generally, OECD has strongly encouraged public managers to enhance their direct interactions with citizens as a way of promoting citizen engagement. Efforts such as providing information to the public, engaging in consultation with the citizenry, and increasing public participation in policy making contribute not only to better public administration, but also help to balance out the traditional dependence of the government manager

on press relations to reach the public (Caddy & Vergez 2001, 2003; Gramberger, 2001). In fact, improved standing with the public can strengthen the political standing of a government agency and helps it in withstanding future pressures and unwanted interference.

In conclusion, the globalization of media relations in public administration presents both problems and responses to the government manager. The Americanization of press coverage of government is contributing to a style of coverage that is increasingly negative, episodic, scandal-driven, and uninformative. However, to counterbalance that spreading phenomenon, the global trend towards e-government is providing the public administrator with new capabilities of communicating directly with the public. This has the potential of discounting the potential harmful effects of the international trends in the media coverage. In this regard, the 20th century focus on press relations in public administration is being superseded, thanks to technological advances, into a managerial activity that could be called public relations — in the best sense of that term. The key, as always, for public administrators is to be adaptable and fleet-footed in implementing their role of keeping the citizenry informed of their activities, stewardship, and record.

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Chapter 9

The Etiology of Transnational Health Security in the Age of Globalization

Elizabeth Sharpe Overman

CONTENTS

Introduction

The accelerated convergence of people associated with intensified global-ization is transforming the health situation worldwide. Understanding what makes health a transnational security issue hinges on an awareness of evolution and ecological interdependence. Medical professionals are find-ing that the etiology of contemporary health security lies not in health

events of the last 150 years but rather stretches back 100,000 years to our human beginnings. The assumption was that scientific enterprise coupled with technological development would continue to successfully generate breathtaking advances in health care. This paradigm was premised on the belief that the 30-year increase in the human life span and the dramatic decline in the deadly diseases of smallpox, leprosy, and polio meant that the dangers of infections were a thing of the past. The U.S. Surgeon General announced in 1969 that the health battles of the future were to be waged, exclusively, against chronic and degenerative diseases, and problems of aging. Scientific technology that rapidly distinguished between different kinds of germs lent itself to diagnosis so rapid that the long-term damaging effects of many diseases were marginalized. The reigning epidemiological theory ushering in these advances was based on the fruition of a 19th century model, which witnessed a 150-year decline of infectious disease in North America and Europe and suggested that the diseases would simply disappear, especially as a country developed or modernized. The health situation appeared to be stabilized and even static in wealthy countries.

The new millennium, however, has been accompanied by a reemergence of the "classic diseases" in more toxic, biotic resistant forms accompanied by the appearance of new infectious diseases such as AIDS, Legionnaire's disease, Ebola virus, toxic shock syndrome, multiple drug-resistant tuberculosis, severe acute respiratory syndrome (SARS), and a host of others. This chapter points out that these changes occurred because public health predictors took too narrow a view geographically and temporally. They looked only at a century or two instead of the entire sweep of human history. They failed to recognize that diseases come and go when there are major changes in social relations, among populations, the kinds of food we eat, and the way we use the land. When we change our relations with nature, we also change epidemiology and the opportunities for infection. With or without bioterrorist attacks, the health situation is in constant flux and as we are learning, it always has been. This makes health a transnational security issue in this era of hyperglobalization.

The Sweep of Human History

The emergent globalized public health paradigm begins about 100,000 years ago. A series of migrations out of Africa, first to the geographically contiguous Middle East and then to most of the habitable world scattered humankind in discrete communities across the face of the globe. This ended about 15,000 years ago when the tendency to slowly reintegrate began to merge previously scattered human populations into ever larger units as the barriers among them gradually disappeared. Human interaction

combined with technological, social, and cultural exchange across the continents set the world's people on the path of increasing interdependence that it has been following ever since.

Each step in this reintegration of human populations has had significant ecological, political, and socioeconomic consequences, not the least of which has been the insecurity associated with the emergence and the spread of disease. Viruses, bacteria, and various animals and plants have never respected human boundaries. Microbes sailing in the winds or the waters have accompanied travelers, be they explorers, migrants, merchants, missionaries, or mercenaries, mostly with no effect. There have been times, however, when the introduction of microbes has reshaped the entire societies and their accompanying ecosystems, altering the course of human history.

The bones of our paleoithic ancestors reveal that as hunters and gatherers we consumed a wide range of food, which prevented the onset of any of the deficiency diseases related to malnutrition. Pestilence, plagues, and epidemics became permanent problems for humans when paleolithic hunters and gatherers settled down in one place and domesticated animals and various grains in order to produce a narrow range of food crops. The adoption of agriculture and the transition to settled societies exposed humans to diseases they had never encountered before with a resultant deterioration in health. For the first time, not only were a large number of humans living side by side, but many people were sharing living space with animals. Thus began the transfer of diseases and infections between humans and their animals. Cowpox evolved into smallpox; rinderpest and canine distemper became measles; tuberculosis and diphtheria evolved from cattle; influenza from hogs; and the common cold from horses. Leprosy came from the water buffalo and SARS from chickens. As the diseases established themselves in human organisms, they began to spread to new areas with the acceleration of human contact.

The sheer concentration of large human populations offered potential disease organisms a rich and accessible food supply. A steady supply of food led to a vast and rapid increase in the number of people, and soon sustained the merger of clans and tribes into cities and kingdoms. Slowly microorganisms grew and multiplied in human villages as they gave way to cities and robust civilizations. Human proximity, a new experience, became the social norm even though it continues to challenge human health. The emergence of larger administrative units, such as empires, brought previously isolated peoples and microorganisms together. Human populations have to reach specific sizes to sustain infectious disease and they did so with the emergence of the Roman Empire in the West and the Han Empire in the East. Infections became powerful agents of human tragedy as each empire was wracked by strange diseases killing from a quarter to a third of the

population at a time. The rise of the Mongol Empire united almost all of China and Korea as well as central Asia, Russia, Iran, and Iraq at a time when caravan traffic across Asia and down into central Africa brought diverse people into contact with one another and lead to the appearance of new diseases. At the same time populations in Europe were expanding, setting the stage for the successive waves of pneumonic and bubonic plague. Sometimes as many as 40 percent of the residents in urban areas perished in a single outbreak. The age of European exploration and colonization brought even more people into contact with one another. The microorganisms that accompanied conquerors, particularly those causing smallpox, measles, typhus, malaria, and yellow fever, killed nearly two thirds of the indigenous populations in the Americas. World War I triggered the annual global influenza epidemics we struggle with today. The HIV/AIDS pandemic that is ravaging Africa, the Caribbean, and parts of East Asia is another example.

From this perspective, one can see that the struggle for existence between different forms of life on Earth is an endless chain of parasitism that we call infection. The typhus louse, the plague flea, and the yellow-fever mosquito have had far more power over the fates of nations than all the warfare combined. Huge societies have collapsed in the face of malaria. Armies have crumbled into rabbles under the onslaught of cholera, spirilla, dysentery, typhoid bacilli, or syphilis. The tsetse fly has devastated huge expanse of humanity.

Microbes evolve to feed on the nutrients within the human body. In response, the human body has evolved three primary ways to fend off dangerous microbes. The best response mechanism available to humans is natural selection. In an epidemic people with genes for resistance to that particular microbe are more likely to survive than people lacking such genes. With repeated exposure, existing human populations will consist of a higher proportion of individuals with the genes for resistance, those without the genes having perished. But the development of these genes can come at an evolutionary price. Sickle-cell, for example, evolved as a protection against malaria and sleeping sickness. Today it can cause anemia or a deoxygenated blood system. Tay-Sachs evolved initially as a protection against tuberculosis and today it causes cancer. Cystic fibrosis, which evolved as a protection from bacterial diarrhea, now causes the lung tissue to solidify to the point of suffocation. The second method, which fends off an invasion of lethal microbes, is the human body's ability to develop a fever and kill germs through the application of heat. The development of vaccinations is the third method of stimulating antibodies or white cell production to the extent that the human body is no longer susceptible to the disease-causing microbes. The evolutionary paradox is that as humans develop more and better agents to confound

the infectious microorganisms, the stronger, more varied, and complex they become in response.

We know that microbes jump from animals to humans and back. The major killers of humanity throughout our recent history — smallpox, flu, tuberculosis, malaria, plague, measles, and cholera — are infectious diseases that evolved from diseases of animals, even though most of the microbes responsible for our own epidemic illnesses are now almost confined to humans. Bubonic plague originated in Mesopotamia about the middle of the 11th century, and spread by rats serving as hosts to fleas, with the disease killing an estimated 25,000,000 people. The greatest single epidemic in 20th century human history was that of influenza, derived from a mix of chickens, geese, and hogs, which killed 21 million people at the end of World War I. Until World War II, more victims of war died of warborne microbes than of battle wounds. It was smallpox, not the military might of the Spanish in 1520, which gave Europeans a decisive advantage in Mexico. Mexico's initial population of about 20 million plummeted to about 1.6 million. For the New World as a whole, the Indian population decline in a century or two following Columbus's arrival is estimated to have been as large as 95 percent. The main killers were Old World germs to which Indians had never been exposed, and against which they therefore had neither an immune nor a genetic resistance.

The original inhabitants of the Americas had not been exposed to diseases such as smallpox, measles, influenza, plague, tuberculosis, typhus, cholera, and malaria. These were the contaminants to which Eurasians, for the most part, were either genetic resistant or immune by the 1400s. This paradox can be attributed to the availability of useful livestock. Those microbes responsible for the infectious diseases of crowded human societies evolved from very similar ancestral microbes causing infectious diseases of the domestic animals with which food producers came into daily contact around 10,000 years ago. Eurasia harbored many domestic animal species and hence developed many such microbes, whereas the Americas harbored few domesticable animal species and therefore many fewer microbes. The question of animal origins of human disease underlies the broadest pattern of human history and is one of the most important contemporary issues today. AIDS, for example, is an explosively spreading human disease that appears to have evolved from a virus resident in wild African monkeys. Another example is the emergence of bovine spongiform encephalopathy (BSE), also called mad cow disease, in the Great Britain. BSE spread to humans as a new variant of Creutzfeld-Jakob disease.

In the 20th century the development of a single-type vaccine against all forms of clinical smallpox, combined with the absence of any reservoir of smallpox virus in nature, made possible the attempt by the World Health Organization to eradicate smallpox from the world. This immense project

involved following all contact of every case of smallpox with timely vaccinations to prevent the spread of infection. Smallpox is estimated to have caused 2,000,000 deaths in 1967. No cases were reported from 1977 to 1980, with the exception of two cases in England in 1978 whose source was a laboratory virus. Routine smallpox vaccination has been discontinued, and the virus was stored in four laboratories throughout the world, ready to be made into vaccine if it was ever necessary. Some of the smallpox vials have disappeared from their resident laboratories, raising the possibility that the disease could be used in weapons production programs. AIDS will soon surpass the Bubonic plague as the world's worst pandemic if a vaccine is not found and the 40 million plus people living with HIV/AIDS do not receive the necessary anti-retroviral drugs that could prolong their life. Since the beginning of the epidemic in the late 1970s, 21.8 million people have died. In the next 10–15 years as many as 65 million people could succumb to the disease.

Epidemic diseases move rapidly through human populations spreading microbes until everyone is either dead, recovered, or immune. At that point the disease dies out until a new crop of virgin hosts appears. Infectious diseases that visit us as epidemics share five common characteristics. First, they spread quickly and efficiently from an infected person to a nearby healthy person. Second, the illness is acute. That is people either die shortly or recover completely. Third, those who recover develop antibodies. Fourth, these diseases tend to be restricted to humans. And, fifth, the diseases need a human population that is sufficiently numerous and densely packed, or a new population of susceptible children available for infection by the time the disease would otherwise wane.

Epidemic diseases are also known as crowd diseases. Diseases become successful as epidemics only when the population becomes more vulnerable because the social infrastructure that would have controlled the disease vectors has crumbled. A population of a few hundred thousand sustains measles. We know there are diseases that require a quarter million people to be self-sustaining. As life conditions change, so do opportunities for disease. In the 21st century we may find out which diseases will emerge in crowded populations of 10 or 20 million.

Transnational Security

Over the time human populations have coevolved with millions of other animal and plant species and even larger numbers of potentially pathogenic microorganisms. Those germs that spread the best leave the most offspring and are favored by natural selection. Science regards death of the host as the accidental by-product of infectious disease. The ideal host for any

microbe is the one that continues to broadcast the offspring into more and more hosts. The bacteria from cholera diarrheal fluid making its way into the municipal water supply is an example of this. In the current period of increasing dependence and globalized urbanization, many of the once banished microbes are returning, having successfully developed evolved mechanisms to counter the weapons that once banished them. At the root of the resurgence of old infectious diseases is an evolutionary paradox. The more vigorously we have assailed the world of microorganisms, the more varied the repertoire of bacterial and viral strains have been thrown up against us. People, plants, and animals are all coming into contact with new environments through expanded trade and more rapid transportation. Globalization opens societies through economic integration, which could lead to the disappearance of national borders, which inhibit the free flow of people and goods among regions. Patterns of human settlement and behavior are in flux, fostering a resurgence of pathogenic microorganisms combined with the worldwide spread of various kinds of other potentially destructive disease species. This makes health a transnational security issue.

Historically, national security issues are focused exclusively on the nation-state. In a hyperglobalizing environment, health is an arena of shared mutual concern. Public health failures can result in failed regions with devastated economic and social structures. There is a connection between economic growth, vitality, and health. The AIDS/HIV pandemic is a dramatic example of how precipitous population declines cause businesses to lose competitiveness through lower productivity. In countries ravaged by the pandemic, tourism and foreign direct investment falter, skilled workers emigrate, the tax base shrinks, government resources are redirected to health care, and education declines. International action may be necessary to avoid a descent into chaos and preserve health, education, police, and other public services. Global disease surveillance and response systems are not enough. Medical goods and services must be disbursed to prevent the spread of infectious disease. Those countries in the developed world that lead the world in the development of medical technology and medical research and development, possess a global public good, which may be called upon to foster transnational health security by sharing their knowledge and resources with less competitive countries and regions. The need for effective global health security systems comes at a time when governments, the principal authorities for health care implementation strategies, are decentralizing. As political, economic, and developmental activities become transnationalized at all levels and among all types of organizations in complex decentralized networks, centralized structures that traditionally controlled the processes of international activities and decision making will lose influence. This will also impact global public health.

Conclusion

Microbes move seamlessly, crossing national borders with ease. Whereas diseases are transnational, health care delivery systems are national, stopping at borders. The globalized nature of the threat facing the world's population implies that global integration will be sustainable only if systems for regulating and policing it keep improving as well. If the free flow of people, goods, capital, and ideas is important, common prevention and protective measures that facilitate legitimate cross-border movements must be enacted. This calls for enhanced national governments that work cooperatively with other enhanced national governments.

What we are learning is that life on Earth depends on the maintenance of a number of delicate balances between a whole array of complex processes. The most important task in all human history has been to find a way of extracting enough resources for maintaining life — food, clothing, shelter, energy, and other material goods — from differing and dynamic natural ecosystems. The problem for human societies has been to balance various demands against the ability of the ecosystems to withstand the resulting pressures. This is the global health challenge that confronts the whole of humanity.

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Chapter 10

Globalization and Public Administration Education: A Process of Mutual Transformation in the Former Soviet Union and Central and Eastern Europe

G. Arno Loessner

CONTENTS

Overview

Two great forces are converging in the 21st century: globalization and civil society. The former benefits from a well-coordinated effort by multinational corporations intent upon competition on a "level playing field." Globalization standardizes the conduct of business and flows of capital across national borders (Beck, 2000, as cited in Beynon & Dunkerley, 2000, p. 4).[1] Firms should compete on the basis of price and product quality. Predictably, those with economic power try to define the rules of the game for those who want to play. Some rules guide transfer and tenure of property ownership. Others enhance competition and transparency. The intent is to reduce the risk of doing business by creating a business atmosphere of stability and predictability.

Side effects of globalization may include economic, political, and cultural disruption. Rules that standardize practices can disconnect people from their cultures. In countries with weak institutions, these side effects may be worse than the ills they are intended to address (Friedman, 2000; Held, 1999, as quoted in Beynon & Dunkerley, 2000, p. 8).

Globalization in the former Soviet Union and Central and Eastern Europe (FSU/CEE) following the "revolution" of 1989–90 has demonstrated negative side effects. World standards reinforced by rapid electronic communications have been imposed on weak institutions after more than four decades of isolation. Reducing the impact of these side effects and restoring social and economic stability will require a stronger civil society, a product of higher education reform in the fields of public administration and public policy.

Globalization and the Former Soviet Union and Central and Eastern Europe

The rapid and severe decline of economic well-being in the FSU/CEE region is unique, resulting in a rate of increase in poverty since 1989 greater than in any other region of the world (World Bank, 2000). Unlike China, which has

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[1]Beck makes a distinction between globality, globalism, and globalization. "Globality" refers to the fact that we are increasingly living in a world society in the sense that the notion of closed spaces has become illusory . . . from now on nothing which happens on our planet is only a limited local event. "Globalism" is the view that the world market is now powerful enough to supplant (local and national) political action. "Globalization" describes the processes through which sovereign national states are criss-crossed and undermined by transnational factors with varying prospects of power, orientations, identities, and networks. The term globalization in this paper incorporates each of these concepts.

achieved notable economic success by pragmatically maintaining its planned economy while introducing market economy principles in parallel to it, the FSU/CEE region suffers from a hasty adoption of Western economic models that have caused social and political turmoil (Lau et al., 2000; McIntyre, 2001; Sachs, 2001). Whereas there have been high yet fairly stable levels of inequality in Latin America over some time, the deterioration of the income distribution in the FSU/CEE region occurred in only a decade, " . . . a change of unprecedented magnitude and speed" (World Bank, 2000, p. 139). There is little question that globalization is a primary factor in explaining the economic hardships and increasing disparities in income and wealth that threaten the fabric of these (FSU/CEE) societies.

Rather than an attack by young intellectuals intent upon demonizing capitalism, as vocal dissent against globalization may be characterized (Bhagwati, 2002), the complaint is that traditional patterns of life were uprooted in response to pressure for change before workable substitutes were in place. In contrast to the majority of poor people in developing countries, citizens of this region are educated, accustomed to employment, and expecting pensions after retirement (World Bank, 2000, p. 32). The shock to the psyche of the region has been particularly severe.

Countries in the FSU/CEE region are very much in need of becoming players in the global marketplace. They enjoy a comparative advantage of low cost, highly skilled workers in economies that are in search of international credit and trade opportunities to exploit the business advantages that these factors provide. Several CEE countries are either newly admitted or trying to meet the criteria required to join the European Union (EU). It is not surprising, therefore, that 9 of the 45 most globalized countries in the world are found in this region[2] (Foreign Policy Magazine Globalization Index, 2003, pp. 60–72).

Some say that advisers and politicians in the region have been hiding behind the rhetoric of globalization to avoid accepting responsibility for fiscal and economic failure (McIntyre, 2001; Smadja, 1997). Others conclude that the problems arise from a combination of long-term institutional insufficiency exacerbated by effects of globalization (Sachs; World Bank). Although exact causes are debated, the fact is that governments have tried to meet global expectations by reducing resources for traditional social programs (social dumping) and weakening environmental regulations (regulatory arbitrage).

Predictably, these attempts to make foreign direct investment more attractive have actually discouraged investment, undermined citizen confidence in governments, and helped encourage organized crime and

[2]The 9 EU countries and their ranks in the list of top 45 globalized countries in the world are: Czech Republic (15), Croatia (22), Hungary (23), Slovenia (25), Slovakia (27), Poland (32), Romania (40), Ukraine (42), and Russia (45). Romania expects to join the EU in 2007.

corruption — a situation that makes the process of organizing and delivering public administration education all the more complicated and all the more necessary (McIntyre, 2001; World Bank, 2000 and 2003). Moreover, the CEO of the International Labor Organization, complaining about the negative impact of globalization on employment, concludes that the outcomes are good for corporations and bad for employees. "We see a situation where high productivity, high-quality, high technology are no longer linked to the notion of higher wages. We see a new world where instead of creating new jobs, high productivity is destroying jobs." This is, of course a transition. But nobody knows how long the transition will last. We see a situation where there is a complete delinkage between the fate of the corporation and the fate of its employees. "If I want to put it in extreme form, you might say that the better the corporation is today, the shakier is the fate of the employee" (Smadja, p. 2).

Globalization and Higher Education

If other cultures are to function effectively in the international marketplace, it will be necessary that they have an informed electorate and responsive public officials. This means an educational effort consistent with international educational standards that concurrently steers university teaching, research, and public service activities to meet the needs of civil society. Teaching and research in the field of public administration and public affairs education must be at the heart of this educational reform.

Accomplishing such reform will require several changes in the way higher education is conducted, ranging from institutional governance and management practices to rethinking traditional faculty roles and pedagogical practices. Should educators place a priority on reform? The World Bank thinks so:

> Under state socialism, many countries attained high rates of participation in education, producing large numbers of skilled graduates, and cutting edge research. Achievements in tertiary education were particularly noteworthy in mathematics, natural sciences and engineering. However, the introduction of a market economy resulted in a sharp decline in public funding for colleges, universities and scientific academies...the quickening pace of both social and technological change increased the rate at which skills became obsolete and undermined the effectiveness of the hyper-specialization that had characterized tertiary education under socialism. Demand for broad skills such as critical analysis, problem solving and teamwork greatly increased. Colleges, universities and scientific academies in Russia and other transition economies are struggling to adjust to these new realities.

> World Bank (2003, p. 2)

American Land Grant institutions have extended higher education into the community. Perhaps this successful approach of integrating public service in research and teaching might be adapted in FSU/CEE, keeping in mind lessons learned from the mistakes of rapid adjustments during the 1990s. It is interesting to consider how these reforms may be facilitated by globalization, in what might be termed a process of mutual transformation.

Enrollments in post-secondary education are increasing rapidly in FSU/CEE, partly in response to the opportunities of the global marketplace (UNESCO, 1995) (Table 10.1). Students, no longer captives of the state higher education system, are in a stronger position as consumers. They want relevance in university education and academic credentials that permit advanced study and career opportunities abroad. The word "relevant" might mean qualified teachers imbedding examples from applied research in their teaching, as suggested by this review of programs in the Czech Republic:

> There are some problems common to all public administration programs in the Czech Republic, even within faculties with many of the prerequisites for the field. Of primary importance is the lack of coordination of teaching and research activities in faculties of public administration, as well as the fact that research tends to lag behind teaching efforts. At present, this condition is, to a certain extent, justified by the short history of public administration as an academic field and the fact that initial efforts were focused on building curricula. In the future, however, the lack of coordination between these essential areas will become problematic and may lead to a substantial decrease in the competitiveness of the field with classic economic, legal, sociological and geographic disciplines. In addition, the issue of improving the quality of teaching must be addressed, particularly by introducing young qualified faculty. This is especially true in many regional academic institutions.
>
> NISPAcee (2000)

Should their universities fail them, they may be expected to take advantage of enhanced opportunities for student mobility. As countries gain membership in the EU, their citizens enjoy the same tuition at European universities as other EU nationals. In Britain, the difference is a maximum tuition charge of £1125 instead of £16,000, the amount charged for residents of non-EU countries. Most pay nothing, because their family's earned income is below the £21,475 threshold that applies in England. This has resulted in a 30 percent increase in demand in the United Kingdom for university placements from nonresident applicants (Halpin, 2005).

Unfortunately, improvements in mobility are not yet significant enough in many FSU/CEE countries to influence the higher education market. The loss of the traditional social safety net experienced since 1990 has meant that many students are still needed at home to help provide for family; so

Table 10.1 Post-Secondary Education in CEE, Selected Data, 1998–01

Country	Population 2000 (000)	Enrollment 1998–99	Enrollment 1999–00	Enrollment 2000–01	Enrollment 2000–01 as percent of population	percent GDP spent on tertiary ed.[a]
Belarus	1,582	353,108	377,167	437,995	27.7	6.0 percent
Bulgaria[b]	1,161	270,007	261,321	247,006	21.3	NA
Czech. Rep.[c]	10,293	231,224	253,695	260,044	NA	4.5
Estonia	206	48,684	53,613	57,778	28.0	7.6
Georgia[c]	5,335	130,164	137,046	140,629	NA	NA
Hungary	1,468	279,397	307,071	330,549	22.5	5.2
Kazakhstan	2,956	323,949	370,321	445,651	15.1	NA
Latvia	346	82,042	91,237	102,783	29.7	5.9
Lithuania	533	107,419	121,904	135,923	25.5	NA
Poland	6,559	1,399,090	1,579,571	1,774,985	27.1	5.3
Romania	3,612	407,720	452,621	533,152	14.8	3.6
Russian Fed.	22,753	NA	NA	7,224,014	31.7	3.1
Slovakia[c]	5,380	122,886	135,914	143,909	NA	4.2
Slovenia	291	79,126	83,816	91,494	31.4	NA

Source: UNESCO.
[a]Most recent year during the period 1998–01.
[b]Reductions in enrollments in Bulgaria may be attributed to reported 5.4 percent reduction in population between 1995 and 2000.
[c]Population for various years from www.gazetteer.de/home.htm
NA: Not available

although the potential for increased mobility is improved, most students and their families currently lack the financial resources to take advantage of it. Student mobility is likely in the future to become an important globalization-inspired factor contributing to education change in this region, but it is not likely to be influential in the near term. Reform that may be experienced will probably have to come from within.

Are the conditions present to help nurture such reform? An important factor that is stimulating reform from within is the demand from new groups of higher education consumers. An emerging practice of training of civil servants creates a new higher education clientele not known to FSU/CEE universities prior to 1990. These students and other "nontraditional" students from the private sector and their employers expect high-quality educational product and student services. This trend is changing the nature of the civil service[3] requiring universities to look at new ways of doing business to achieve both pedagogical reforms and budget savings (Johnstone, 2002).

Some of these changes have the potential to impact the way students learn. For example, FSU/CEE students and faculty may spend 30–35 hours a week in classroom lectures. University public administration departments in the region are seeking new approaches to allow more time to be spent in problem-based and service learning and the development of relevant case studies. These pedagogical changes present potential opportunities for American faculty to make an important contribution in the region if a process of adaptation of American norms in curriculum and practice can be developed in working relationships with Western universities.

FSU/CEE faculty teach public policy and public management using U.S., Western European, and Australian cases and examples. The use of applied research and service learning as teaching tools is needed to give greater meaning and relevance to public administration education in the region and to link learning to practice. Gaining this dimension in public administration education is also likely to help students and faculty tailor public administration education to local areas' needs — the essence of the mutual transformation process that may help reform local institutions and educational processes.

Service learning and applied research can be controversial and new techniques usually require new skills on the part of faculty, new sources

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[3]"The excessive presence of political ideology in the civil service interfered with objective decision-making and led to political criteria guiding civil service appointments over professional qualifications. This clearly had a negative effect on the education of civil servants to the detriment of individuals with the necessary skills for such positions. Other factors, in particular the constant economic downgrading of the 'non-productive' sphere and the civil service, also affected the quality of public administration. In addition, arts and humanities education, and, particularly in the 1950s, legal education were undervalued and preference was given to technical subjects, which were more distant by their nature from public administration." http://www.nispa.sk/reports/Czech/Part1.htm

of funding, and new relationships for universities in the community.[4] In the West, faculty may experience some local controversy after the production of a public policy study report. This has not been the experience in FSU/CEE. Implementing these reforms will require an established university presence in the community by stronger university rectors (presidents), who will need to work with advisory and governing boards, of which there is little to no experience in the region. Rectors will need to find independent sources of funding to help faculty establish community linkages (Marga, 2002).

As strong relations with civil society become a more important part of public affairs education, the activity will help university managers rely less upon top-down direction from the central education ministries. But these changes will take time, in part, because rectors currently lack sufficient authority to make them. The practice of university public service activity has often not been clear to university officials or to the public officials they might serve. Under the previous system, the university did not train those responsible for public functions or conduct surveys or applied research or policy forums. The development of capacity in these practices provides an opportunity for American faculty in this region.

Another significant constraint is the process by which rectors are selected (Frenyo, 2002). Currently, faculty and students in the university senate elect rectors for terms of four or five years' duration, usually with a two-term limit. Largely symbolic, prior to 1989, senates have become more influential. External boards and donors may be expected to want to play by different rules if a more "Western" corporate management style is adopted. For example, prior to 1989, it was often common practice that deans and department heads would go around the rector to make budget deals directly with the Ministry of Education (Prof. Dr. Joze Mencinger, Rector of the University of Ljubljana, Slovenia, personal communication. April 2, 1999). These practices would have to change as rectors become CEOs working for governing boards in a new approach to governance and financial support.

Principles of academic freedom, institutional autonomy, and accountability are not well rooted in FSU/CEE. Universities lack experience in institutional advancement and advocacy, and have little incentive for entrepreneurship in university management (Petrin et al., 2002).[5] In addition, government officials are inexperienced with academic–industry relations, often resulting in universities in the region encouraged to develop links

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[4]A recent example is the election of a member of the PA faculty at Babes–Bolyai University as Mayor of Cluj–Napoca, the city in which the University is located. The University had very little contact with the previous Mayor, but is now involved in applied research, student internships, and other service-learning applications that involve the city.

[5]One university described the process used in buying computers. University officials decided on the machine they wanted and ordered as many units as their budget permitted. There was no

with overseas corporations, rather than relying on local experience (Etzkowitz et al., 1998, p. 153). Pressures from the global educational marketplace will likely be a necessary catalyst for change in traditional university practices, because the role of universities in the region has been that of guardian and interpreter of culture, oriented more to preservation than to change. Higher education leaders, who are more likely to emphasize the place of their institutions in history than their potential as societal change agents, often describe their universities as one of the oldest universities in their country.

Public administration faculty may also be expected to resist change. Some resistance has come from inexperience with Western concepts and teaching methods, whereas some is based in a reluctance to change direct advisory relationships (paid consultancies) with local clients that have helped supplement meager university salaries. Faculty salaries will have to be increased if they are to devote the time necessary to achieve a Western-style-service learning approach to public affairs education. Unfortunately, most universities in the region currently lack the resources to raise faculty salaries sufficiently to accomplish this.

The Network of Institutes of Public Affairs/Administration in Central and Eastern Europe (NISPAcee), with 109 institutional members in 21 countries, was organized with the assistance of the U.S. National Association of Schools of Public Affairs and Public Administration (NASPAA) to facilitate intra-regional and international exchanges on matters of public affairs education and practice. This is a means of "globalizing" public administration education, in which FSU/CEE universities seek best practice adaptation. European-wide convergence of higher education standards, a major thrust of the Bologna Declaration of 1999, is another influence of globalization that may help bring about reforms in the practice of public affairs education. The Declaration recognizes a role for higher education in a competitive global environment: "We must in particular look at the objective of increasing the international competitiveness of the European system of higher education. The vitality and efficiency of any civilization can be measured by the appeal that its culture has for other countries. We need to ensure that the European higher education system acquires a world-wide degree of attraction equal to our extraordinary cultural and scientific traditions" (Bologna Declaration, 1999).

Preparing students for the new environment influenced by globalization requires new subjects and approaches to learning. Just as it is important to

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consideration of having firms compete for the order; no effort to buy some from each of several vendors, with the understanding that the vendors that provided the best price and service would be preferred in future orders; and no request that potential vendors consider contributing a certain number of units as a way to promote future sales to graduates and help a resource-poor university meet its needs. It will take time to change these practices.

understand the role of profit to the economic engine of a society, it is also important to appreciate the distribution of responsibilities of the public and nonprofit sectors in a three-sector economy (Weisbrod, 1975). There is a need for new courses in ethics in public administration, environmental policies, social welfare policies, public–private partnerships, efficiency and effectiveness in the public sector and the development of new types of public administration, and for discussions of balance between theory and practice, policy and management, qualitative and quantitative, specialization and core knowledge skills (Barth, 2002; Denhardt, 2001).

Universities seek to accommodate local stakeholders in an effort to be accepted in their societies, while also asserting their autonomy in research, teaching, admissions, and university management practices (Marga, 2003). In addition, universities must attend to external factors to meet international expectations. All this can be quite confusing and frustrating, particularly in the social sciences, where unlike engineering and the "hard sciences," there is not likely to have been close working communications and connections with the West during the previous system.

Faculty and students who were asked to rationalize the previous social and economic system may now be called upon to critique it and prepare it for change. Faculty and administrators are pressing for modernization and "westernization" of public affairs education programs (NISPAcee, 2002). Public administration faculty need partnerships with governments and the private and nonprofit sectors to further develop emerging public service activities. An increasing number of institutions are offering degrees in public policy and public administration, despite a paucity of relevant experience.[6]

Transition in public administration education has not come easily. Central government ministries have been reluctant to share resources and power with universities. They have resisted experimentation necessary to develop public administration degrees that meet local needs. Some universities, lacking adequate guidance, have launched programs without adequate resources and without pretesting the market. Misdirection and confusion have, in some cases, been accompanied by lack of probity in admissions, grading, and the awarding of degrees (Frenyo, 2002).

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[6]An example of this point is found in a statement from an NISPAcee report of evaluation of public administration programs generally in Romania: "Comparative courses in public administration programs, especially courses that concern the EU, are slowly being introduced. These include courses in comparative administration systems, European integration, etc. Although this tendency is now fairly well developed in comparison to 1991, it is still not of major significance or importance. Nevertheless, the trend is to develop this part of the curriculum, especially because of the larger movement of the Romanian higher education system towards Western models and the need to modernize the Romanian public administration system." http://www.nispa.sk/reports/Romania/Part5.htm

Despite false starts and frustration, the sense of urgency to accomplish educational change is palpable. After decades of isolation, university leaders and stakeholders are considering new models of university reform and modernization to achieve a status of international competitiveness. Hasty adoption of Western models has caused great hardship, leading to the conclusion that practices elsewhere may not necessarily be "best practice" for this region; or even if they are best practice, they should be adapted to local needs, not adopted hastily. Using this approach, the adaptation of American experience by FSU/CEE universities may indeed insure a process of mutual transformation.

The author gratefully acknowledges assistance for this chapter from the Salzburg Seminar in American Studies and the Morris Library at the University of Delaware.

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CONSEQUENCES AND IMPLICATIONS FOR GOVERNANCE

III
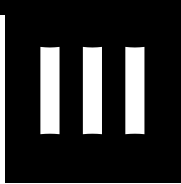
Chapter 11

Globalization and Information and Communications Technology Influences on Democratic Governance

Jack Pinkowski

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Introduction

In his book *1984*, Orwell (1961) envisioned a future that would be surmounted by electronic communication wherein citizens would be constantly monitored and controlled by "Big Brother." According to Orwell's scenario, information technology would evolve as an instrument of oppression, resulting in citizens viewing their government with suspicion because all their behaviors, attitudes, opinions, actions, political views, and religious beliefs would be recorded in databases by the surveillance instruments of the authoritative state. The end result would be substantial enhancement of state political power at the expense of personal freedoms, human rights, individuality, and democracy.

Technology would ultimately pose a threat to liberty without respect for human rights in the name of the omnipresent nation-state. The states of the world would be diminished in number as an outcome of the behemoths getting more powerful through their control of knowledge and recorded history. In *1984*'s world, only three countries would remain with most of the Western world part of Oceania. And the three state powers would be continuously at war with each other. Individuality would be inhibited and squelched. The totalitarian state would maintain power through censors and Thought Police who monitor everybody's behavior, thoughts, and ideas. Democracy would become an underground movement, and conformity would be the only sane path to survival.

The world has changed substantially, especially regarding technology, since Orwell penned *1984* at mid-century, but the future did not turn out the way he envisioned. The number of countries has not been reduced to just three but has grown progressively over the last 40 years, so that there are now 170 or more nation-states in the world (Dicken, 1998). Orwell was right though, in that technological change would be a hallmark of the era and knowledge would be a source of power. But its consequences for the human condition, governance, and democracy are quite different. In fact, assessment of these outcomes at the beginning of the 21st century is far from certain. This chapter presents an overview of globalization and democracy with a focus on information and communications technology and how it can contribute to individual freedom and free expression. At the same time that technology allows for individual expression and facilitates participative governance, it has the potential to be a tool of propaganda and special interests, not all that far from Orwell's dark model.

Globalization and Technology

Globalization in some form has been with us for as long as men have ventured out to trade around the world. One consequence of world trade

has always been the intermingling of ideas and cultures. Mercantilism, colonialism, and the worldwide factory are arguably contemporary manifestations of exploitation in the name of utilitarianism as described by Bentham (1843/1962) and Mill (1863/1987). In this view, for the sake of the greatest good for the greatness number, it would be alright to oppress a small minority if it benefits the great majority.

The Internet and the World Wide Web[1] have intertwined the technologically advanced segments of the world's population with the consequence that power has been shifted downward to the individual at the expense of the nation-state. This may actually reinforce democracy in that the voice of the individual has been provided with more political freedom. People and individuals have a voice that can be heard. Globalization has been attributed to the spread of democratic governments and increased legitimacy for newly created ones in recent years (Grindle, 2000). But as the Internet and worldwide computing and telephonic communication continue to expand and influence the daily lives of people around the world, public confidence in government has declined in many democratic countries (Nye, 1997). This is a paradox. Suffice is to say that democracy has been transformed.

As a marketplace for ideas, the Internet functions as if it were a town hall meeting reaching out to disparate audiences in cyberspace. Computer-aided communications have indeed been employed in town meetings to facilitate communication between citizens and their elected representatives (Guthrie & Dutton, 1992; Hacker, 1996). Breakthroughs in information technology enable the world's population to access information about distant regimes in addition to keeping abreast of their hometown governments. New social forms do not necessarily emerge as a consequence of technology. But over the last several decades of the 20th century, the interaction between technology and globalization has resulted in changes in world geopolitics. It has resulted in new ways of producing goods and services and has more freely spread ideas as a byproduct of interaction in global business exchanges.

The production chain for goods is worldwide following cheap labor, abundant natural resources, relaxed environmental regulation, and the flow of capital, all of which are augmented by technology and communications. Negative externalities are disregarded in the name of corporate profitability. In the most egregious terms, this includes pollution of the environment,

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[1]Although often used synonymously, these two terms are different. The Internet is the architecture of a "network of networks" that links computers globally. It allows any computer to communicate with any other computer in the world as long as they are connected to the Internet. The World Wide Web, or Web, is a popular way of accessing information and is expressly designed for information sharing. It often utilizes browsers to share documents containing graphics, sounds, video, and text.

depletion of natural resources, diminishing quality of life, substandard healthcare, unsafe working conditions, and nonexistent social safety nets. New information technologies allow capital to be shifted throughout the globe between economies literally overnight (Castells, 2000). Financial consequences that span borders equally hastily can have disastrous effects on local currency and markets.

The new means of communications and managing firms means that component parts can be sourced from anywhere in the worldwide production chain. Cairncross (1997) has described this as the "death of distance" where the reduction in the cost of communications is probably the single most important force shaping society in the new century. When we call a telephone number or key a Web site for information and services, we could be communicating with a representative working halfway around the world. The physical location is totally transparent to the inquirer. The interaction of the different cultures has the potential to influence each of their thinking even to the extent of attitude, work habits, schedules, and spoken accents. This cultural globalization contributes to a social and cultural admixture for all participants (Rosendorf, 2000). In one sense this is considered economic development, yet it may be at the expense of exported jobs in another region of the world, such as concerning U.S. steel mills, garments, and textiles manufacturing.

Although technological change has the power to revolutionize the way people live, it also has the potential for a profound effect on how they are governed with implications for the sovereignty of international borders, international trade, and democracy. Dictatorial regimes want more than ever to control their media including what appears on television, in print, and now what is permitted over the Internet. Although social conditions do not directly determine the types of technology in use within a specific community, governments can affect general financial conditions that suffocate or accelerate the process of technological modernization. This has been true throughout history. Neither technology nor business alone could have developed the global economy. The decisive agents in this evolution were governments, especially in the wealthiest countries. The policy changes that shaped the foundation for globalization were deregulation of domestic economic activity in terms of financial markets, the privatization of publicly controlled enterprises, and liberalization of international trade and investment (Castells, 2000).

The information technology revolution has been instrumental in restructuring capitalist systems in the last several decades in comparison to the consummate collapse of statism, at least in the Soviet model. In contrast, the Chinese model, which seems to embrace capitalism and integration in global economic networks, is leading to structural changes and likely will lead to internal political conflicts and institutional change in the coming

years (Castells, 2000). Globalization, along with changes in communications technologies, works together and complements social and economic progress. The networked society depends on "interconnectedness" that supports the knowledge economy. The benefits of globalization however have not as yet been distributed equally among countries, populations, or families, and the poorest within any community have been least positioned to benefit (Grindle, 2000).

Significant changes in local control over public services and resources, private investment, and privatization have consequences for governments too. In some cases, they are leading to global governance and reduced control by local governments over opportunities for development (Strange, 1996). Globalization has negatively affected transparency and accountability thereby shifting power from elected officials as direct representatives of the people to nonelected corporate officers, trade officials, and international, non-governmental organization bureaucrats.

The Information Technology Revolution: A Power Shift

The power shift from the central authority nation-state to the individual is augmented by the growth of multinational business firms, relatively cheap and quick worldwide air travel, and satellite communications that effectively make transnational corporations more powerful than many states. It also makes them able to disregard many cross-border restrictions with impunity (Korten, 2001). The biggest problem with the power that international corporations have amassed is that it has not been accompanied by corresponding obligations to workers and consumers. Consideration has been given to neither the preservation of natural resources nor the impacts on neighbors through unintended consequences and negative externalities. Nevertheless, the appeal, convenience, and affordability of worldwide commerce contribute to the pursuit of methodological individualism on the microfirm level, as well as for Fortune 500 firms. Today's worldwide entrepreneurs also include "mom-and-pop" businesses who market on the Internet and ship via FedEx or UPS Worldwide, with instantaneous, secure, online credit card payments. These changes are described as the "third industrial revolution," or the technological revolution, due to the impact of computers and communications technology (Drucker, 1999).

Toffler (1981) parsed human civilization into three "waves." The First Wave was an agrarian-based culture, lasting over thousands of years. The decisive change associated with the transformation brought about by this revolution was that people stopped hunting and gathering. Instead of

following their food, they developed food sources on the land they occupied for extended time periods. Socially speaking, this led to extended families and the development of farms. Communication and history during this era was through oral narratives (Toffler & Toffler, 1995).

The Second Wave of human development was the industrial age that lasted a few hundred years. Coming after the Middle Ages, feudal power gave way to commercial organizations because they had the greater ability to mass produce with uniformity and lower prices. As the guilds of craftsmen lost influence, nation-states grew to protect business interests. Cities developed as efficient places to coordinate people and material movements for the manufacture of goods and the provision of specialized personal services. Governmental services developed and with them developed the associated decision making to manage cooperating as well as competing human activities. Adam Smith (1776) prescribed the need for governments and a system of laws as essential to protecting capital. Governments came to be the repository for coin of the realm as work became specialized and workers received pay in currency instead of barter in exchange for their labor. Work moved from the home to the factory. When money became more important than land, governments started taxing money, both income and profits, for support to enable them to provide public services. The invention of moveable type meant that information and communication could be shared among greater numbers of people over greater distances. The American Civil War was essentially a clash of the Second Wave, the industrial North, with the First Wave, the agrarian South.

In the Third Wave, material things have become secondary to the transfer of information. This wave has only been apparent since the 1950s. It grew out of the need to track money resulting from the success of the industrial wave where business investment and capital management started to become more complex. In the information age, factory work is less important than knowledge work because factory work is no longer completed from start to finish in one place. Knowledge work can be done anywhere and transferred around the world. Careers and senior employees who know the traditions of the firm are less valuable because information systems themselves keep the information as the repository of knowledge. Oral accounts are no longer passed on as in earlier ages as people spend less time interacting with people. Cell phones are ubiquitous. People communicate electronically and spend less time communicating face-to-face. Everyone is online everywhere as thirst for information is insatiable, instantaneous communication is unavoidable, and the amount of new information keeps expanding. Location and distance are no longer relevant, except in the use of real estate. Mass customization has led to mass sameness. The big losers in this evolution are the middlemen, the brokers, and

the traders as now direct-to-consumer is the business model. This disintermediation also extends to politics and governance.

The industrial revolution at the turn of the 19th century demanded energy to power machinery. The governmental regulations over industrial power supplies were based upon the need for intergovernmental cooperation in the production and delivery of large scale power supplies, such as with hydroelectric dams and power transmissions lines. As an outcome, the size and influence of government grew.

With the immigrant workforce and expansion of the industrial base at the turn of the 20th century, police forces and public fire companies were necessary to maintain order amongst disparate workers in dense urban areas. Public schools were necessary for parents who began to work away from home in factories. Capital for infrastructure needed to be accumulated for massive infrastructure projects like railroads, canals, and highways, which led to further regulation and taxation. This also led to growth in government.

Globalization has enhanced the technological revolution so that firms now readily operate in multiple jurisdictions simultaneously with vertical supply chains that are coordinated with high technology and electronic communications. Now, big business marshals its own resources, capital flows, and supply chains around the world where it is their own best interest. This frequently is at the expense of taxing systems of the nation-states and may result in negative consequences for workers' rights.

The shift in commercial activity to avoid taxation will result in smaller government that is more focused on the ways it provides services and regulates business. The new role in the diminished state may be one of informing, monitoring, and measuring services instead of providing them directly (Cairncross, 1997). Geographical boundaries will continue to diminish as the prime determinant of government authority. Today, governments are frequently considered as just one source of authority among many that influence the market (Strange, 1996).

Since the emergence of the state in mid-17th century, growing commerce and globalization have been accompanied by growth in nation-states as the dominant form of governance to facilitate international economic relationships. Governance of national economies was synonymous with government by nation-states with legitimate control over sovereign territory. However, governance is a function that can be performed by a variety of actors including states, non-state actors, private, national, and international institutions as well (Hirst & Thompson, 1996). As an expression of weakened power of individual nation-states under globalization, we see more supraregional associations such as trading blocs, free-trade areas, customs unions, common markets, and economic unions.

With the Internet, individuals can take on causes that even large organizations avoid because of their overhead and interlocking boards of directors (Anderson & Anthony, 1986; Dooley, 1969). Power is shifting and diffusing to include more individual power, small businesses, and small non-governmental organizations. But like tabloid newspapers and celebrity magazines, the Internet is a medium where extreme statements attract attention and unfounded allegations including totally fabricated accounts and intentional misstatements gain authority.

Weblogs (a.k.a. Blogs): The Fifth Estate or Challenge to Democratic Governance?

With the power of the Internet, individuals, as well as representatives of formal or informal groups, have new power in advancing partisan causes without regard to authority or geopolitical boundaries (Davis, 1999; Kamarck & Nye, 2002; Wilhelm, 2000). The latest challenge to democratic governance, trust in government, and respect for traditional authoritative institutions around the world is the persuasive political power of weblogs.

The weblog, or blog, is a hybrid of a personal diary and a public discussion board that welcomes continual commentary on some subject of interest. The word "blog" is new to the English language and started entering dictionaries in the early 21st century, but it is quickly gaining usage around the world. Reportedly, blogs started around 1998 as only 23 blogs were known to exist at the beginning of 1999 (Franke-Ruta, 2005). According to a blog tracking Web site (http://www.Technorati.com), a new blog is created nowadays every 7.4 seconds. The site is currently tracking more than 10 million weblogs.

"Blog" was named as 2004's word of the year by Merriam-Webster Online in recognition of its popularity and increased use in the technology lexicon. The dictionary now defines a blog as "a Web site that contains an online personal journal with reflections, comments, and often hyperlinks provided by the writer" (http://www.m-w.com/info/04words.htm).

Weblogs represent an Internet community of special interest where communications are spread by e-mail among technology-savvy, proactive participants. The Internet community is significant because it has joined other human associations adding to personal affiliation options such as family, church, professional association, workplace, and civil society (Dyson, 1998). There are thousands of weblogs that are formed to express and advance the personal thoughts and beliefs of their writers, often among strangers and antiestablishment. It fits with the postindustrial shift in human values that emphasizes the individual at the expense of, and with diminished respect for, authority and institutions (Inglehart, 1997).

Whether blogs should be classified as "freedom of speech" or a tool of anarchists may rely on the interpretation of the reader. When it transcends political boundaries or even when the message recipients are entirely within one political state, a blog represents the exertion of political influence outside the scope of checks and balances, media scrutiny, or ethical accountability that traditionally protects society against the abuse of a few zealots. Nevertheless, recent successes in marshalling public opinion that have resulted in embarrassment for the establishment would support blogs as yet another element in the decline of the primacy of the nation-state as the center of power.

News and Views

One might argue that lobbyists, for many causes, are essentially no different in their attempts to influence policy. Indeed, the Internet has been described as electronic lobbying (Davis, 1999). Unlike lobbyists, who represent others, bloggers frequently include individualists who have no financial or institutional backing, just access to a computer and an opinion. They can expedite their message to a mass audience with no need for editorial review or fact-checking. Because blogging requires no credentials, careless reporting and baseless charges are possible. Editors in traditional journalism and peer review in academic publication help to mitigate this problem, but it is given wide abandon in blogging journalism (Albritton, 2003). These new political advocates have another substantial advantage over other players in advancing their cause: speed. We have seen terrorist and extremist groups claim responsibility on their Web sites for bombings, plane explosions, and murders even while the flames are raging. Sometimes these are with the express intention of influencing democratic elections. Unlike most Web sites, weblogs invite the viewer to contribute to their argument. By merely accumulating individual opinions and claims, support for an idea or a position grows in commonality among a disparate assembly of Internet users.

The only credibility the bloggers offer is that they usually link to their source (McKinney, 2005). However, those hyperlinked URLs can quickly become dead links and are generally beyond authoritative accountability. As evidence of their emergence as a new source for up-to-the-minute contemporary news and views, some have suggested that libraries include blogs along with other print media in their periodicals collections (Gordon, 2005). The bloggers even have the power to influence the conventional media.

An Internet blog using the moniker Power Line is credited with bringing about veteran journalist Dan Rather's early retirement (McKinney, 2005). Power Line was named the "Blog of the Year" by *Time* magazine for it (Time, 2004). In a dramatic account of the power of Internet communications,

the Power Line site was one of the first to compile evidence regarding the flaws in the story that President George W. Bush's service record as reported on the weekly television news magazine, *60 Minutes*, might be bogus. It eventually led to retraction by CBS News of their story on the president's military service record in the Texas Air National Guard and Rather's retirement, one year earlier than planned (Pein, 2005).

The simplicity and alacrity of the blog is well illustrated by this case: One of the bloggers at Power Line received an e-mail from a reader after the original story was telecast. The e-mail was posted with two paragraphs and a link to a threaded discussion on another Internet site, questioning the news story; within an hour an additional 50 e-mail messages were added by other readers with additional information suggesting the documents were fraudulent (McKinney, 2005). The media establishment had effectively been trumped by the antiestablishment, "an army of citizen journalists" (Kurtz, 2004).

Weblogs have the power to make mainstream journalists more accountable, but they also have the power to manipulate information for personal interests. The White House issued the first of its kind press pass to a blogger, Garret Graff, in 2005 to allow him admittance to press briefings, thereby joining the ranks of the White House press corps (Greeley, 2005). Although there are an estimated 1 million professional journalists in the United States, there are an estimated 8 million bloggers, and there could be as many as 280 million (Welch, 2005). The phenomenon is spreading around the world.

The power of their large numbers was evidenced in the global sharing of news in the aftermath of the Indian Ocean tsunami in December 2004. The capacity of the traditional media in remote locations was eclipsed by online dissemination of personal accounts from citizen journalists. Their accounts and various online postings made their way to publication in print and broadcast media to complement conventional media and perhaps did a better job (Waldman, 2005). With the power to compete with the "fourth estate," comes the power to influence democratic elections.

Journalists have had the power to speak and make others pay attention to causes and concerns of their editorial choosing, which has acted as a check on abuses by the government aristocracy, the clergy, and other elites. In doing so, they uphold democratic values and advance the public interest. Now, individual bloggers can attend to similar objectives as traditional journalists, and their digital age journalism may constitute the "fifth estate."

Political Persuasion

The influence of the Internet community and bloggers was dramatically showcased in the presidential election bid of former Vermont governor, Howard Dean, in the 2004 U.S. presidential election (Cone, 2003; Whitney,

2004; www.bloggingofthepresident.com). The blog in Dean's campaign was used to build his community of supporters and inspired thousands of citizens to get involved. The Dean blog helped to frame the campaign ideologically and provide an effective means to fund his campaign activities. Dean's early campaign success may also have been due to the weakened power of the traditional broadcast media to build grassroots support for candidates (Lessig, 2003).

In an online fund-raiser, Dean was able to raise more money than Dick Cheney on the same weekend at a $2000-a-plate luncheon for the campaign (Palser, 2003). Dean was not the only politician to demonstrate the power of bloggers and partisan Internet journalism in elections (Walker, 2004). Senate Democratic leader, Tom Daschle, was defeated by John Thune in South Dakota by bloggers in Thune's campaign (Crowley, 2005). This approach builds on prior Internet-mediated campaigns that proved successful. John McCain raised millions of dollars in 2000 and signed up tens of thousands of supporters through his Web site (Lizza, 2003). Jesse Ventura, the former professional wrestler, who won election as governor of Minnesota, used a Web site in 1998 to raise contributions for his campaign (Holmes, 2001).

The first Internet sites for presidential candidates appeared in 1996, but these were limited to one-way communication including biographical information, platform positions, organization addresses, and press releases (Davis, 1999). The clear, demonstrated impact by bloggers on the U.S. political campaigns is persuasive and will no doubt be used by political activists around the world and across all geopolitical boundaries. What should be clear from the American experience is that bloggers are not journalists. They function more like partisan operatives, whose ideological agenda should be scrutinized and weighed when relying upon them for useful information. Bloggers in any case clearly now have the power to support democratic agendas and to undermine democracy.

International Ideology

The open dialog, typically welcome by blogs, may pose a threat to the establishment. Such communication is illegal in some Muslim countries and may be a vital source for spreading democracy. As a factor in globalization, it represents the uncensored spreading of ideas. It has the power to put the individual, ordinary voter on the soapbox of public opinion, on par with society's powerful elites. Blogs rely on personal views of democracy.

The first Iranian weblog was launched in 2001 (Corrick, 2005). The Internet has been described as "effectively the only unrestricted interactive

medium accessible to Iranians" (http://www.stop.censoring.us/). The use of weblogs goes both ways: It can advocate for causes or censor political candidates whose views are not tolerated by the ruling party (ITIran, March 27, 2005). Consequently, the Iranian government has taken to filtering the blogs on the part of the Internet Service Providers (ISPs). Especially in fundamentalist countries, authorities believe that free expression, such as that of the webloggers, should be filtered because their views present a risk to youth in terms of immoral and sacrilegious messages. When President George W. Bush labeled Iran as part of the Axis of Evil in his State of the Union Message, a weblog was quickly created dedicated to Iranian people who are against military attacks on Iran. "Iranians for Peace" welcome the opinions of Iranian people around the globe who are in opposition to war, and they believe that their support base extends around the world, not just within the Iranian borders (http://nowarforiran.blogspot.com).

Since the Iranian Revolution in the 1970s, there has been a thriving cultural underground that has kept young Iranians exposed to and interested in other points of view (Wright, 2000). Most Iranian blogs are in English, which reflects this outreach to other cultures around the world. Farsi is now tied with French as the second most common language used in blogs. There are an estimated 100,000 active Iranian blogs (Siamdoust, 2005). Blogs are especially important in giving women a voice in the Muslim world (Corrick, 2005). The door to some countries has been closed for ideological and political reasons. But bloggers are stepping in to function as alternative media to exchange information, opinion, and analysis. Sometimes, as with North Korea, these have been labeled a "jungle of lies." Yet these eyes of the world in-country may provide the only means for relating events in distant countries to the outside world, including its collaborative and supranational monitoring institutions such as the United Nations (MacKinnon, 2004).

Governance and the Individual

Although the number of nations has not been reduced as Orwell's *1984* assumed (Orwell, 1961), the nations are shrinking in terms of their functions. Land is less important than an educated populace, currency and precious metals' stockpiles are less important than capital flows, and parochial interests are less important than international economy as a whole (Rosecrance, 1999). In previous eras, leaders of states were obsessed with accumulating more territory. The underlying assumption had been that land is the key to production, resources, and power. The ability for such nation-states to achieve their goals was thought to rest upon their economic power, military power, and political power.

Today's new conception of state power has to do with modern technology and knowledge research. New value is placed on income that comes not only from manufacturing, but also from product design, marketing, financing, and human creativity as applied to commerce (Florida, 2002). When real economic power is decoupled from land, production and people can move to wherever the creative class of workers prefers to live and work in the world. Corporate downsizing has contributed to the new class of worker who functions very well in virtual space. These individuals do not think in terms of the state protecting their capital or government regulations as necessary for their well-being. In earlier "waves" of technological revolution, the growth of the nation-state was accepted as necessary outcome contributing to the public good. Knowledge workers have become more individualistic.

Corporate marketing is now increasingly aimed at Internet users rather than mainstream media because of the proven power of persuasion. This trend portends diminished role if not the elimination of the public relations middlemen (Shenk, 1997). Governments face new challenges to enforce jurisdictional issues as the lines of "legitimate" authority are more blurred (Dyson, 1998). This challenges fundamental conceptions of jurisdiction based on physical place and consent of the governed. E-commerce and direct-to-consumer sales have direct consequences for government revenues and budgets, and ultimately their ability to provide traditional services.

At the same time, governments are using e-government initiatives to bring services directly to their constituents via the Internet, thereby "marketing" themselves to enhance the value and utility of their services. This includes citizen involvement and feedback, in addition to routine services like applying for building permits and paying taxes online. The digital revolution is remaking two intertwined relationships between people and their government: the one between government and the citizen consumer or customer; the other between government and the citizen-owner or shareholder (Tapscott & Agnew, 1999).

The virtual economies lead to more open government because the flow of ideas, capital, and production is aided by open borders. The feat of conquering other states to gain access to resources and markets is less important when commerce, trade, and capital flows are virtual. Still, as Adam Smith (1776) cautioned, successful business depends on a system of laws and courts to enforce them to protect the businessman's capital. The new role of the state includes protecting international factors of production. After all, foreign capital must have legal safeguards if direct foreign investment is to continue to be important to growth of domestic production. We still need governments for this purpose and for many other noneconomic reasons. Protecting human rights, implementing social policy on the local level, social inequity and redistributing income, providing public goods,

assuring safety nets for the poor, and regulating financial and energy markets are still very important government roles. But there is growing power of the individual to function outside of the state. The new paradigm breaks down hierarchies and creates new power structures that empower individuals and elites.

The dissemination of so much information opens the door to spurious information and perhaps too many choices. Internet-based groups effectively lobby the policy-making process for the sake of their own agenda. They represent new political groups that can reach a mass audience and their constituency instantaneously. Traditional groups may become organizational dinosaurs in the cyberspace age (Davis, 1999). The political power will shift to smaller, less well-financed groups based on the passionate, technology-savvy constituents who capitalize on the low overhead, and low-cost communication possible via the Internet. But Internet lobbying is not party neutral; it favors libertarians, free markets, advocates for deregulated, decentralized government and otherwise conservative issues (Shenk, 1997).

Conclusion

Free communication across borders results in greater sharing of ideas and balance of power between citizens and their government. The Internet connects people and organizations across borders, across the world, allowing them to share the same interests, curiosities, complaints, and aspirations. The global village has a presence in every village with an Internet connection. When citizens are better informed, public choice theory suggests they will make better decisions as to which jurisdiction to live within, based on the package of services available from their government (Buchanan & Tullock, 1962).

The Internet can be used to collect information that is not usually available to the public, and therefore makes possible a new era of openness and transparency (Davis, 1999). When Newt Gingrich was elected Speaker of the U.S. House of Representatives in 1995, one of his first acts was to make all U.S. Congressional documents available online in order to "change the balance of power" in favor of the citizen and away from the traditional power brokers and lobbyists (Shenk, 1997, p. 173). In theory, citizens can make their views known to others and vote on policy decisions in direct democracy (Fountain, 2002; Toffler & Toffler, 1995). This is now also possible on the individual level through weblogs and other content-rich Web sites outside the hierarchy and bureaucracy of traditional political parties.

Information technology and communications advancements create new venues for citizens to engage in political activity, including, for example, joining interest groups, voting in elections, and participating in

online political forums (Wilhelm, 2000). World Wide Web sites can be pro-West, spreading American culture, as well as anti-American, supporting stinging attacks on American foreign policy (Barber & Schulz, 1996). As always, in the court of public opinion, leaders have to understand that democracy is about sharing one's opinions in general and cannot be regulated in truly open societies. For example, a Web site in China was established in 1999 by *People's Daily* as a vehicle for the Communist Party to involve citizens in anti-American rhetoric following the U.S. bombing of the Chinese embassy in Belgrade. "Emboldened by their freedom to discuss China–U.S. relations, users have now moved on to domestic issues, offering stinging attacks on corruption, bad government and social inequality" (Gilley, 2001, p. 64).

The Internet and the information and communications technology revolution of the late 20th century provide new means for people to participate in democratic governance. It has given new powers to individuals that equals or are greater to powers once held strictly by society's elites. Worldwide commerce and human interchanges that are aided by globalization have meant sharing of ideas and opinions on a global scale. If these are not repressed by nation-states or ideological governmental interests, unfettered freedom of expression will result in profound change in who governs, how we govern, and how satisfied we are with our representatives. It also provides new power to anonymity where all participants online are truly equal because they are shed of their physical and social baggage. It seems that this contributes quite well toward a model of enhanced democracy and democratic governance, or not, depending on one's own ideology.

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Chapter 12

Regional Integration, Regionalism and Public Administration: Bridging the Global–National Divide in Decision Making and Policy Implementation

Mary Farrell

CONTENTS

Broadly speaking, public administration is the implementation of policy within a state framework. More concretely, it is fair to describe the core of what public administration is about, in terms of taking care of the state's and international organizations' business by civil servants within the executive branch of government. Two things stand out in this description of public administration. The first is the arena of action in which public administration is performed, namely the state with its territorial, juridical, and political boundaries clearly defined. The second feature that is highlighted in the above definition refers to the scope of activities within the remit of contemporary public administration. The national public administration is concerned with issues and policies emanating from the government of the particular nation-state and increasingly must engage with the policies and laws of international organizations.

The modern state interacts with the international system to a significant extent, and this is true for both rich and poor countries. The pattern of interaction and cooperation is evolving in new ways, and although war is still a causal factor in a more negative form of interaction, today international cooperation between states is largely of a more peaceful nature. The conquest of territory is much less a motivating factor behind a state's decision to engage in cross-border activity, though the conquest of international markets has become a dominant objective in the foreign policies of advanced and developing countries alike. In all parts of the world, states have become enmeshed in an ever-growing number of alliances with other states, for purposes that are both diverse and complex, and covering issue areas spanning the economic, social, cultural, environmental, and security, to name a few.

This dense pattern of cooperation is shaped by both formal and informal arrangements, by legal and quasilegal agreements, sometimes conducted within the framework of international organizations, and other times through the loose coordination that takes place under an intergovernmental umbrella. Whatever the legal and institutional arrangements that are decided upon, each and every case of nation-state involvement in international cooperation imposes a new set of responsibilities upon the national administration, with consequences for public management and the resources available for the efficient operation of its role, and indeed for the nature of the governance system. Instead of pursuing the designated role of the national bureaucracy in the Westphalian nation-state, implementing the policy of the national government while subject to the scrutiny of the national parliament and acting within the framework of the national legal system, contemporary public administration faces a much more complex set of tasks. Public administration is faced with implementation of policies that have not been agreed through the customary national political process.

In effect, the diverse nature of new responsibilities, which are imposed upon the public administration by the state's set of preferences for international cooperation, is reflected in the resulting agreements signed and the membership of various international organizations, all of which call into question the traditional relationship between the state and national public administration. The essential stability among the judiciary, the legislature, and the executive branch of government is threatened, as laws and policies decided outside the territory of the state must now be implemented within the political jurisdiction of the state by the public administration arm of the national political authorities (Majone, 1996).

This chapter sets out to examine one case of such deterritorialization, in the form of the regional agreements between sovereign states. Regionalism is not a recent phenomenon, but it is increasingly becoming a preferred solution to common problems and shared interests for many countries in the advanced and developing parts of the world. There is a distinction to be made here between international agreements or treaties (formal or nonbinding) among sovereign states, the international organizations comprising membership of sovereign states established for a specific function or purpose, and the diverse forms of regional cooperation arrangements in different parts of the world, reflected in such regional integration arrangements as the European Union (EU), the Association of South-East Asian Nations (ASEAN), the Economic Community of West African States (ECOWAS), the North American Free Trade Area (NAFTA), or the Common Market of the South (Mercosur). It is the latter forms of cooperation that this chapter is concerned with.

The chapter is structured along the following lines. In the section "Regional Integration: from Concept to Practice," an examination of the different conceptual approaches to regional integration and varying definitions in the literature suggest a diversity of perceptions by academic commentators, an explicit result of the different disciplinary attempts to understand this real-world form of cooperation. Having worked our way through the disciplinary and conceptual definitions, the next section "Regional Integration and Globalization" moves on to examine the nature of the relationship between regionalism and globalism. There have been two broad schools of thought on this question, an early school which saw regionalism (especially regional economic integration) as a stepping stone to globalization (that is, to a global open trading system), and a contrasting position held by those who saw regionalism as a response and defensive reaction to the threats and challenges emanating from the unstoppable forces of globalization (Breslin et al., 2002). Here, an attempt will be made to tease out the complexities of this relationship beyond the fixed views of these polar positions.

The key concern of the chapter is to explore the impact of regionalism on public administration and to assess the changing nature of national governance in the context of the development of regionalism. No matter what form regional cooperation may take in any given region (i.e., whether more or less intergovernmental), the cooperating states make certain commitments and arrive at decisions and agreements on courses of action to be implemented subsequently in each country. At the implementation stage, the responsibility falls to the public bureaucracy in each state to activate the agreements and commitments made by the respective governments. At this point, fulfilling the responsibilities, entered into through international commitments, is more than just extra work for already over-worked public officials. As a minimum, regionalism requires a division of responsibilities, functions, and decision making between the national and regional (i.e. supranational) levels. In many cases, this division will extend to the subnational level, thereby creating a multilevel governance system (Hooghe & Marks, 2001).

In the section "Modes of Governance," the discussion is focused upon an exposition of modes of governance in the framework of regionalism, and the section "Implications for Public Administration" considers the implications for public administration. The concluding section takes stock of the likely future challenges facing public administration in the face of continued interest in regional cooperation among countries around the world. Despite this shared interest in regional cooperation, however, it is clear that regions are taking an independent approach toward developing the type of regional model that best reflects the particular socioeconomic, political, and historical circumstances of each region. This variety in the forms of regional cooperation makes the task of identifying implications for public administration more difficult, and also more challenging as an intellectual exercise. Ultimately, students and public policy practitioners must take into account the political and practical consequences for public administration, arising from the fact of having to implement policies and programmes originating outside the national political and legislative framework.

Regional Integration: From Concept to Practice

One of the immediate reactions to the perusal of the academic literature on regionalism is the diversity of concepts and terminology (Fawcett & Hurrell, 1995; Laursen, 2003). Indeed, it is evident that there is little agreement on the substantive definitions and this then presents problems for our intention to explain the significance for public administration of such arrangements. For one thing, the use of such different terms as regionalism, regionalization, and regional integration requires us to consider whether and to what

extent different terms are used to explain different phenomena, or whether in practice the phenomena are the same, but the use of terminology reflects different schools of thought or disciplinary background, or even priorities shaped by the academic study of particular regions (loosely described in current academic parlance as area studies).

Given the complexity of the phenomenon under study, many authors have attempted to elucidate the issues by a preliminary conceptualization of the notion of region (Rosamond, 2000; Fawcett, 2004). Fawcett begins her discussion of regionalism by providing a definition of what is a region. The region can be defined in terms of geographic space, thereby embracing a number of countries, not all of which need to share borders. Or, the region can be conceived of as a zone, embracing groups of states with some identifiable patterns of behavior (Fawcett, 2004, p. 432). A region can be understood as an "imagined community," where the states are bound together by a sense of shared history, culture, identity, and common experience and customs, thus placing the region in a comparable situation to that of a nation.

Generally, a region will comprise a group of states that are linked together (loosely or otherwise) by a shared bond of mutual interdependence, and some geographical relationship. Fawcett adds a qualifying statement that regions need not conform to state boundaries, a qualification that opens up the possibility of regions with subnational and supranational political entities. Taking into account the existence of state, substate, and supranational entities in the region should alert us to the fact that non-state actors can also be important in shaping and defining the activities and programmes of the region — including business and labor interests, environmental groups, non-governmental organizations, and other elements of civil society.

If we turn from the definition of a region to the concepts associated with regional processes, it is not always clear that simply defining what we mean by region will allow clarity in explaining regionalism, regionalization, and regional integration. Regionalism is commonly understood as a state-led project, where states and non-state actors cooperate and coordinate policies and strategies in the region. Cooperation is driven by the shared interests of the participants, and the common purpose to pursue and promote common goals in certain issue areas — economic, trade, money, security, resource management, conflict resolution, and peace building. This is certainly not an exhaustive list of action areas, and in any given regionalist project the precise set of activities will reflect the political preferences and resources of the participating states, as well as the political commitment of each state. Each regional project has its own set of priorities, and there is no real necessity to start with one issue area and proceed logically to cooperate in the next issue area by following some functional logic.

Clearly, some regions already have their priorities for action, determined by the particular set of sociopolitical, historical, or other circumstances in the region. In West Africa, for instance, ECOWAS began with the aim of fostering economic integration among the member states, but is now increasingly embroiled in attempts to restore stability to the conflict-ridden countries of the region. Hence, what was originally envisaged as an economic community is by default having to take on security activities and develop a regional role as peacemaker. Similarly, the ASEAN began as a security community, a goal that was explicit in its mandate and actions over three decades (Öjendal, 2004; MacFarlane, 2004). By 1990s, the member states were beginning to consider new policies and projects in the economic arena with proposals under consideration to establish a form of monetary cooperation, and an Asian Economic Community. From its inception, the EU had the intention to create an economic community, but there was no doubt that the underlying rationale was based upon concerns with security, prevention of war, and creating unity in Europe to withstand the encroaching communism and Soviet expansion. But the political goal of European unity was to be achieved through economic means (Haas, 1958).

Regionalism can take different forms and is illustrated along a continuum between "soft regionalism," with a sense of regional identity, of awareness, or community, to "hard regionalism," where regional actors, groups, and networks interact on a supranational basis often through formal institutional arrangements and organizations (van Ham, 2001). Regionalism is thus a state-led project, involving also other non-state actors (Hettne et al., 1999). Moreover, a regionalist project has both vertical and horizontal dimensions, bringing in subnational and supranational actors and linking them together within the framework of a system of multilevel governance (Marks et al., 1996).

Continuing with the task of clarifying the terminology, we can introduce another term: regionalization. Often regionalization and regionalism are used interchangeably, however those analysts who distinguish between these two terms are concerned to draw out a differentiation based upon processes and actors. Regionalization is therefore understood as a process of integration arising out of the activities of firms, markets, capital flows, and generally the strategies of companies. In simple terms the distinction comes down to differentiating between top-down, state-led projects and bottom-up processes pushing for greater regional economic (trade) integration. Similar bottom-up processes of regionalization can be identified in non-trade activities, particularly in the arena of security. For example, the spillover effects arising out of conflict in one country can produce regional responses to contain the conflict — essentially in the form of an unplanned set of actions by the regional actors, producing the effect of creating a sense of regional community and identity (Allison, 2004).

Although regionalism and regionalization processes constitute distinct and separate phenomena, it would be wrong to overstate the differences between them or to suggest that the two are not interlinked. Regionalization processes can be spontaneous, producing a concentration of activity at the regional level (activities that range across the economic, social, security, legal, and illegal) and helping to create a sense of regional identity or to foster regional organizations. But in a world where states continue to hold territorial and political sovereignty as core elements of the Westphalian nation-state, the kind of activities and processes associated with regionalization will depend very much upon the political will of these states in the region, and the collective and individual decisions and policies of the respective states. The regionalization of trade, for instance, has been facilitated to a large extent because of the decisions to remove national tariff and nontariff barriers, as well as other trade-promoting policies in the participating states.

Clearly, there arises the question as to which comes first — the state-led regionalism project or the regionalization processes that prompt a political response and collective action on the part of the states within the region. If we look at the many examples across the world, the evidence suggests that in some cases regionalisms may prompt further processes of regionalization, although elsewhere the emergence of regionalization activities opens up a governance space to which states have then to respond to address a political deficit, or a perceived threat to sovereignty. One way around this confusion over regionalism and regionalization is to be found within the literature in regional integration. The study of regional integration goes back to 1950s, and can be found in both political science and economics contributions. Ernst Haas, one of the most influential contributors to the field of regional integration, explained how and why nation-states decide to cooperate in a sustained and reiterative process, seeking common interests (Haas, 1958). Regional integration involves processes of cooperation, rather than movement toward a defined outcome. The primary actors are to be found at several levels — subnational, national, and supranational. At the national level, actors include interest groups, political parties, national bureaucrats, although at the supranational level, regional organizations (i.e., supranational institutions) also play a role in managing cooperation, diffusing tensions among sovereign states with competing interests, mediating between different interest groups, and proposing policy initiatives.

For Haas, the initial impetus for regional integration came from the economic sector, which he described as the most dynamic and with a high degree of interdependence. Consequently, integration in one economic sector gave rise to the need for integration in a related sector, either to protect the gains from integration already in place, or to address the negative externalities of existing integration. One illustration of this type of "spillover" is the case of market (economic) integration, which may require

an additional integrative step to make the market integration work more successfully by establishing a single currency — the one market, one money principle which the European Commission advocated in its strategy to persuade the European states to give up their currency in favor of a single currency, the euro.

In the economics literature, the classic model of economic integration was expounded by Balassa at the beginning of 1960s (Balassa, 1962). In the Balassa model of economic integration, formal cooperation takes place between states to create a free-trade area, where tariffs and other nontariff barriers are removed on internal trade between the participating countries Although each country retains its own tariff on trade with third countries (nonmembers of the free-trade area). Balassa suggested a progressive movement of liberalization and integration in stages, moving from the free-trade area to a customs union, a common market, a monetary union, and ultimately an economic and political union. Each stage implies deeper integration, greater coordination of national economic policies, and widening of the issue areas and policies that would be subject to coordination.

Issues in this economic approach to regional integration were the likely impact upon welfare arising out of trade liberalization, the impact upon trade patterns, and the effect of increased competition upon national firms and industries. These considerations remain of paramount importance in the contemporary world, and have taken on a political salience that was not at all evident in the original Balassa model. Since the original formulation, the number and scope of regional integration arrangements in all parts of the world has been extended. Much of these agreements take the form of free-trade agreements, although some aspire to move toward deeper integration at a later stage, possibly through the establishment of a customs union or a common market (Estevadeordal et al., 2004). In practice, a significant number of these free-trade agreements never move beyond this stage, and some never reach the stage of being a comprehensive free-trade area.

Yet the reasons for initiating regional integration arrangements remain valid over time. States and economic actors may have their separate interests in seeing regional integration emerge, but they also share common interests in the project, and, in the processes inherent to regional integration. Economic actors gain from the economics of scale associated with a larger market, and a reduction of transaction costs associated with market exchange, as well as cost advantages associated with the ability to locate production in a lower-cost partner country. As integration processes develop, participating countries may opt for further coordination or harmonization of policies and common rules on trade, industrial standards, taxation, and labor market regulation.

Deeper integration may follow with decisions on cooperation and macroeconomic policy coordination, common fiscal and monetary policies,

and common social policies — ultimately, perhaps a regional transfer or redistributive mechanism to ensure balanced integration, to compensate the losers, and to help individual countries and subnational regions to bear the burden of adjustment to the demands of deepening integration. Even when the goal is economic integration, it remains essential to compensate the losers and to support efforts at adjustment to the pressures arising from increased levels of competition, so as to ensure the political viability of economic integration. These pressures can have economic, social, or environmental consequences, not all of which may have been anticipated with the initial decision to cooperate.

The foregoing discussion of regional integration presents two very important conclusions with implications for how we interpret the phenomena, and also the causal connections with national (and international) public administration. Firstly, regional integration involves a process rather than an outcome. It is not a teleological process, whereby the participating states are moving toward some inexorable destination predetermined by the architects of regional integration. Contrary to earlier studies and critiques, regional integration represents ongoing processes of interaction between myriad actors at different levels (firms, governments, bureaucrats, non-governmental organizations, interest groups, and supranational institutions), without any destination firmly established. As interests change, and the external circumstances alter, the pressures emanating from the internal and external environment will give rise to new patterns of cooperation.

Secondly, regional integration encompasses both a political and an economic dimension, with the two interacting in a complex and mutually reinforcing manner. The answer to the question, "Is integration an economic or a political phenomenon?", has to recognize the interaction between political forces and economic actors played out at regional, national, and subnational level.

Regional Integration and Globalization

The renewed interest in regional integration since 1980s has coincided with the spread of globalization (Gilpin, 2000). The topic of globalization has itself attracted much attention across the academic community and among the wider general public, generating intense, if often confused, debate over the causes and the likely impact. Not surprisingly, the debate over globalization has intensified in recent years with the emergence of an anti-globalization movement and counter-tendencies that have spread from the advanced countries to the developing ones. Of particular concern in the debate over globalization has been the question of the uneven distribution

of the benefits, and the unequal impact of the negative consequences associated with such aspects as financial instability, uneven growth and underdevelopment, income inequalities, and poverty. Despite these reservations, globalization processes proceed unabated and largely uncontested in the international arenas of power.

Described as an intensification of economic flows (trade, capital, investment) at the international level, and an increase in the level of international or global interdependence, globalization has resulted in a deterritorialization of economic activities and a weakening of state autonomy. It also has a cultural dimension, manifested in the spread of ideas, values and, for many, producing a cultural hegemony with the dominance of Western values and the promotion of a consumerist society (Held et al., 1999).

Where does regional integration fit into these broader processes of globalization? Is regional integration a stepping stone toward globalization? Or, an alternative way of organizing economic and political relations at the regional level, thereby strengthening the economic and sociopolitical ties between the participating countries, their citizens, economies, and political leaders? In fact, regional integration is both a stepping stone toward globalization and an alternative way of regionalizing relations between political and economic actors (Mansfield & Milner, 2001). Much of the current regional integration arrangements involve preferential trade liberalization agreements among the participating countries, and are exempted (under GATT article 24) from the World Trade Organization (WTO) rules that preferential agreements should be extended to all trading partners.

Because the regional trading blocs are permitted under the WTO rules regarding the maintenance of a "global" open trading system, regional trade agreements may therefore be considered as stepping stones toward globalization. In a similar vein, many regional integration arrangements around the world have adopted neoliberal policies and values, embracing the ideology of the market on a collective scale, reflecting a convergence of the dominant ideas system to be found within the WTO and other international institutions.

Despite this seeming convergence of ideas and values among the prominent actors in regional integration, there is also reason to suggest that regional actors have fashioned the form of regional integration to address precise regional problems and meet specific goals and objectives, to conform with the particular set of circumstances and national preferences. For example, in the wake of the Asian financial crisis of 1997 the countries of the ASEAN grouping began to give serious consideration to deepening monetary cooperation and, later on, to direct their attention to deeper trade integration. The EU enlargement to 25 states was first mooted at the beginning of 1990s in the aftermath of the collapse of the Soviet Union and the subsequent instability in the counties on the EU's eastern borders — thereby

making the widening of integration a security issue. Sometime later, it became clear that a larger EU also meant a larger market, and therefore an attractive option for the firms and industries of Western Europe facing a largely saturated and certainly low-growth market in the EU-15.

In 1990s, regional integration exhibited a renewed vigor in Europe, Asia, the Americas, and Africa (Farrell and Hettne, 2005). The success of the European integration model prompted reaction, albeit with different motivations. The North American Free Trade Area (NAFTA) was an attempt to construct regional integration so as to act as a counterweight to the European bloc and a possible 'Fortress Europe' that might erect protectionist barriers against imports from the United States. In Africa, regional integration was revived at the continental level in the decision to establish the African Union, a proposal for a very formal and highly institutionalized form of regional integration, modeled on the EU system. In Latin America, Mercosur was established at the beginning of 1990s, and also initially modeled on the EU. However, regional integration in Latin America failed to secure real progress in policy areas, in part due to the rivalry between the two largest countries Brazil and Argentina.

Despite the references to the "EU model," there is no serious intent on the part of the regional actors around the world to adopt the "European model" (Wiener & Diez, 2004). Although it may be possible or even desirable to take lessons from the European experience, in practice each regional community appears to be developing a model of regional integration appropriate to the particular political, socioeconomic, and cultural, as well as historical conditions, prevailing in the region. Just as there are real obstacles to the application elsewhere of a particular development model which produced good results in an individual country, so also with regional integration models. What works in Europe, for instance, may not work in Asia due to differences in social and political relations, distinct value systems, domestic political preferences, and other conditions that have been historically determined in each region.

Modes of Governance

One of the striking aspects in a study of regional integration is the disparity between different arrangements and the diverse record of successful cooperation. Although some regional groupings are successful, others begin well and subsequently run out of steam, and they eventually disappear or remain moribund until a change of circumstances or a crisis encourages regional actors to revive cooperation to provide shared solutions to common problems. The issue of why some integration schemes are successful and others fail was explained by Mattli (1999) in terms of the degree of

commitment on the part of political leaders toward making regional integration work and, for economic actors, the potential gains should be significant. Simply signing a regional integration agreement (whether it relates to a free-trade area or a more substantial form of integration that includes economic and political dimensions) does not make it a substantive reality. Indeed, for many of the regional trade agreements that were signed in recent years, the lack of foresight over the implications and follow-up has deterred real progress toward the kind of liberalization suggested in the founding text of the trade agreement. Moreover, the process of integration takes time and the requisite political commitment by the heads of state (signatories to the agreement) to actually make the necessary administrative, legal, and political changes at national level. This is where public administration becomes most directly involved — somewhere down the road from the actual signing of the agreement.

However, in individual states public administration is, or should be, involved at an earlier stage before the commitment to enter into a regional integration arrangement. In the normal course of events, the national public administration officials are engaged in formulating strategies relating to the implementation of government policy, and often this requires working with different branches of government to identify national interests and priorities. Domestic politics involves the reconciliation of diverse national interests, and in international relations the national government must also adopt positions and negotiating strategies that take account of different national interests. Public administration is closely bound up with the process of devising policies for government, and doing so in a manner that incorporates and reflects the diversity of national interests.

Once an agreement is reached by a group of countries to establish a regional integration arrangement, the agreement must be implemented. Implementation is largely the responsibility of the national public administration in each of the signatory states. Even an agreement by national governments to integrate their economies will involve a multistage process of establishing common rules, regulations, and policies, some of which will be written into the agreement, although other policies result from the interpretation of the spirit of the treaty or the general principles and objectives of the regional integration agreement (or treaty). Regional integration is therefore a process that evolves over time. In the course of implementing the arrangement, governments must take a decision regarding the overall nature of the integrative arrangements. Should integration adopt formal or informal structures to coordinate the activities and policies decided upon by the participating countries? Formal structures tend to take the form of a supranational organization dedicated to the task of coordinating the policies and initiatives adopted by the member governments. In practice, the mandate of the supranational organizations can vary widely,

depending upon the preferences of the participating states and usually these responsibilities are set out in the founding treaty or agreement establishing the regional integration arrangement (Archer, 2001).

Informal structures of regional integration tend toward looser coordination mechanisms and limited institutionalization. This has been the model adopted by the ASEAN, and typically there is a stronger emphasis on maintaining national sovereignty. The categorization of regional integration arrangements into formal and informal structures is intended to give a general representation of what are really two ideal types. However, regional integration arrangements can incorporate elements of both formal and informal structures — in other words, combining both supranationality and intergovernmentalism in policy making and implementation, and mechanisms for reconciling different interests or resolving conflicts. Regional integration arrangements can therefore be represented as a continuum linking intergovernmentalism and supranationalism (Sandholtz & Stone Sweet, 1998).

At the intergovernmental end of the spectrum, the national governments are the key actors in intergovernmental politics, and the decisions they make are the product of bargaining and negotiation. Integral to the whole process is the relative power of the individual states and the preferences of each state as determined by the reconciliation of domestic interests and politics. At the other end of the continuum, supranational governance is reflected in centralized governmental structures that possess jurisdiction over specific policy domains within the territory of the member states (Andersen & Eliassen, 2001). As a result, the supranational organization can shape the behavior of states and other actors, including both public and private sectors. Within this continuum it is possible to situate any given policy domain under regional integration, or to characterize the development of regional integration as a whole. We can, for instance, use this continuum to situate existing regional integration arrangements, such as Mercosur, NAFTA, ASEAN, or ECOWAS. It is a useful organizing framework, but should be considered together with the detailed analysis of actual political and policy developments in each case.

As regional integration develops, the arrangements become more complex and the horizontal and vertical linkages between social, economic, and political actors evolve and are strengthened. Vertical linkages are established and develop over time between actors organized at the supranational level and actors organized at the national and subnational levels (Marks et al., 1996). These vertical linkages become stable over time, as repeated interactions solidify relations of trust and engender habits of cooperation. Horizontal linkages in the form of interactions between groups of actors in one member state with actors organized in another can also evolve with regional integration. Such horizontal linkages, or "patterned interaction,"

can occur between governments, national public administrations, local authorities, interest groups, or other actors seeking to influence the regional integration process in some way or another. Integration involves this process of evolving horizontal and vertical linkages — and a gradually evolving multilevel governance framework, linking supranational, national, and subnational levels of policy making.

Implications for Public Administration

Regional integration changes the context in which the national public administration operates, and the very nature of what public administration does. Instead of implementing policies and delivering services at the behest of the national government, and as decided and approved in the national parliament, the national public administration must implement policies that are the outcome and product of decisions arrived at through the regional cooperation framework. Although the national government is still very much involved in formulating the policies that the public administration is then expected to implement, these policies are the result of a complex process of interstate bargaining and negotiation to arrive at common interests.

In a more supranational form of regional integration where the national public administration must respond more directly to the policies established by the supranational organization, national officials have to be well informed regarding the international context in which they operate, and continually update their knowledge of regional developments. National public administration officials are increasingly required to coordinate the national level policy with that of the regional level, and to align national and regional mechanisms for coordination. New national policies may have to be placed in a regional context, and national officials will be required to engage in more regional dialogue, and to involve their counterparts from other member states.

Regional integration may impact upon how policies are implemented and services delivered. Some policy domains will move to a supranational level with greater harmonization and the development of common policies. In other policy domains, there may be an agreement to implement policy at national level, or to subdivide implementation between national and subnational levels. In the case of European integration, there has been a gradual realignment of subnational, national, and supranational levels of authority, with local authorities engaging more directly with the European level and in some cases using the opportunity to bypass the national government (especially evident in the domain of regional policy).

As markets and economies become more integrated, there is greater competition and the increased opportunity for cross-border trade and

provision of services. The market is no longer national, and the service customer (or service provider) may neither originate from within the territory nor be subject to the jurisdiction of the national public administration. This deterritorialization arising out of the processes of regional integration has implications for the regulatory and other policies of the national administration. Public services can be delivered by nonnational providers, or consumed beyond the national boundaries. Public services, such as education, healthcare, public utilities, are potentially subject to the impact of these deterritorialization processes. Consequently, regional integration can have a radical impact in terms of changing the relationship between the public sector provider and the consumer. The coordination function of national public administration will in such instances become more important, as different national government departments become involved in policy implementation.

In addition to the impact on how policies are made and implemented, regional integration can also have significant implications for resources within public administration, not least human and financial resources. This is not simply an issue of numbers, whether of personnel or the budgetary resources required to implement an increasingly complex range of activities in an expanding policy domain. There is the broader consideration of state capacity, especially in the context of regional integration involving developing countries. The pursuit and effective implementation of a regional integration strategy is dependent not just on the political commitment of the participating governments. Equally important is the capacity of the state, and its public administration, to implement policies agreed at regional level. Therefore, developing countries need to have the capacity to coordinate national and regional level initiatives, to be able to initiate regional level dialogue where appropriate, and to represent and defend national interests in regional negotiations. Capacity for integration will vary from region to region, in part dependent upon the nature and form of regional integration in each case and what is therefore required from the participant states in terms of policy adaptation, judicial reform, institutional innovation, and political change.

Capacity for regional integration is defined by the adaptive capability of the national public administration in each country. But two other factors play an important role: the quality of personnel in the public administration and the readiness and ability of the public administration to "think regional." This latter requirement emanates from the fact that regional integration involves the gradual emergence of new sites of decision making, and new centers of power on the one hand, and also from the explicit desire of the states themselves to create a form of regional integration. Turning the regional integration intention into reality will require a shift in the attitudes and frames of reference of national actors, including public

actors and national administrations. Recent theoretical work within the constructivist school in international relations, when applied to the study of regional integration, emphasizes the importance of the social interactions among actors in terms of shaping identities and interests (Rosamond, 2000). Interests are not predetermined and fixed but emerge out of the processes of social interaction. This interaction can allow for the gradual emergence of a regional identity and facilitate the ability to "think regional."

National administrations are naturally embedded in national social structures, and accustomed to think in terms of the national context. However, neither the national governments and the public administration nor the emerging regional entity is a static concept. Globalization and regional integration constitute challenges to the traditional nation-state from "above." But the state is also being challenged from "below," through pressures for decentralization, delegation, and even privatization. So, what are the future challenges for the national public administration in the context of the evolving processes associated with regional integration?

Conclusion

Regional integration has attracted the attention of academic scholars and the policy community with the increasing popularity of integration over the past couple of decades. Even with the diverse record of success across regional integration schemes, the general view is that regional integration will continue to feature prominently in the politics between states (Breslin et al., 2002). Although the level of research into the topic is considerable, especially in the disciplines of political science, economics, and international relations, there has been comparatively little work done on the impact of the integration process on national administrations and public services, with the possible exception of the European integration experience. Consequently, the question is still to be answered. In part, the dynamic nature of integration makes it difficult to assess its impact upon public administration. Also, each integration model has its own particular configuration of policy domains, and a distribution of authority between the national and supranational level that varies from one policy area to another, making it difficult to assess the nature and extent of integration on the national competence.

In the literature on public management reform, recent work suggests an international convergence in public management systems (Peters & Pierre, 1998). However, there is no firm consensus on the degree of convergence, and some suggestion that even among the most similar countries, the extent of convergence has been overstated. How to explain this discrepancy? It is one thing to acknowledge that a shared discourse may be taking place in

different countries, and that common decisions are adopted by countries within a regional integration framework (or through participation in international treaties), but it is quite another thing to claim that public administration systems are converging in terms of how the work is done or the results that are achieved. As the preceding discussion suggests, there are good reasons to consider the issue of how national public administration is affected by regional integration, and how the national level can make an impact at the regional level.

The current interest in regional integration suggests that both the demand and supply conditions identified by Mattli (1999) continue to operate. Yet, there are problems that remain. First, there is the issue of the legitimacy of policy decisions made beyond the level of the state but have to be implemented by national public administration. The so-called jurisdictional gap presents a problem for the national administration that must be resolved in order not to undermine the credibility of the national administration. There are possible lines of action to address the legitimacy problem. One is to extend the supervisory and review activities of the national parliaments, and to enhance the monitoring of regional integration processes by parliamentary committees that can then report back to the national parliament. Similarly, national governments regularly inform national parliaments about the commitments entered into as part of membership of the regional integration scheme.

Second, there is the issue of who is "in" and who is excluded from the policy-making arena associated with regional integration. This is the "participation gap" identified with both global and regional governance systems. Because the regional level is closer to the national level, and also increasingly the level where more decisions and policies are made that are likely to impact on national administration, it is imperative to address this particular deficit by ensuring that all relevant interests are included, and particularly important to enhance the participation of civil society. Regional integration has tended to involve political elites and economic interests (especially large corporations), yet it is becoming more evident that popular support is essential to ensure the continued relevance of regional integration for the broadest societal interests (Tsakatika, 2005). The challenge is to make regional governance work, and the responsibility is on respective national authorities to ensure that the national populace can identify with a political project that is democratic and inclusive of the wider interests.

Third, regional governance and policy making is often characterized by the "incentive gap," the problem of how to make implementation work. Even in long-established regional integration schemes like the EU, implementation of decisions made at the supranational level is uneven and patchy in certain policy domains. Elsewhere, the implementation gap is more acute, and especially in regional integration involving developing

countries. Addressing this particular problem means the simultaneous attack on the other challenges already identified — the jurisdictional and participation gaps — although national governments must continue to back up the rhetoric of regional cooperation and integration with substantive political commitment and action. Ultimately regional integration will work to the extent that it is promoted by national governments, and the policies jointly decided upon are implemented by national public administration. No state can function without a public administration, and the public service is essential to both national and regional (i.e., supranational) level policy making. Without an effective national public administration, regional integration attempts will be doomed to failure — not least, regional integration among developing countries.

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Chapter 13

Globalization and Governance: Explaining Success and Failure

Herbert H. Werlin

CONTENTS

Introduction

If we are to believe Thomas L. Friedman's 1999 bestseller, *The Lexus and the Olive Tree*, countries that attempt to avoid globalization are doomed to poverty. This is because, "the more you let market forces rule and the more you open your economy to free trade and competition, the more efficient and flourishing your economy will be" (Friedman, 1999, pp. 8–9). Using World Bank statistics, Friedman goes on to point out that between 1975 and 1997, the number of countries with liberal economic regimes had expanded from 8 percent of countries (amounting to $23 billion of direct foreign investment) to 28 percent of countries ($644 billion of direct foreign investment). According to Friedman, what has made globalization, "inexorable," has been a combination of international developments (the end of the Cold War and, with it, the triumph of capitalism, urbanization, international finance, and American culture) and technological developments (computerization, miniaturization, fiber optics, the Internet, cable and satellite television, automation, much faster and cheaper forms of transportation, and the handling of goods and services).

However, even if we agree with Friedman that there is no way to avoid globalization, we can still ask ourselves, "is it a good thing?" After all, the angry protests and the riotous behavior of thousands of demonstrators at recent meetings of the international finance organizations, the World Trade Organization, and the finance ministers of wealthy states cannot be completely ignored, however much we may be offended by it. This is why it is useful to come to grips with a thoughtful presentation of the antiglobalization case by the former Peruvian diplomat, Oswaldo de Rivero in his 2001 book, *The Myth of Development: Non-Viable Economies of the 21st Century.*

Perhaps without doing too much injustice to this book, de Rivero's arguments can be boiled down to the following: (1) Only a small number of countries (the city states of Hong Kong and Singapore, together with Taiwan and South Korea) have been able to take full advantage of globalization. (2) Despite globalization, 30 percent of the world's working age population remain unemployed and 40 percent of the population of Latin America, Asia, and Africa live below the poverty line, on less than one dollar a day. (3) Globalization has intensified problems of overpopulation, urbanization, waste or mismanagement of resources, poverty, unemployment, pollution, crime, inequality, oppression, and erosion of national sovereignty. (4) Because 75 percent of the world's population live in impoverished countries, they lack the financial, scientific, and technological resources to be competitive in a world dominated by a small number of transnational corporations,

with decreasing need for unskilled labor and raw materials. (5) The economic policies supporting globalization pushed by the World Bank, the International Monetary Fund (IMF), and the leaders of wealthy countries, including comparative advantage, structural adjustment, free trade, liberalization, deregulation, and privatization, have proved to be mistaken, counterproductive, and harmful to the poor. (6) Even when countries attempt globalization, they face high tariffs and subsidies to protect the products most exported by developing countries, such as food, clothes, and textiles.

Two more recent books (Stiglitz, 2003; Bhagwati, 2004) bring the debate into focus, not so much over the "benefits of globalization," but, rather, on the "the consequences of globalization" and how to protect countries from these consequences. Although both the books point to some of the same problems regarding globalization (e.g., dangers of intensifying unemployment, monopolization, corruption, inequality, environmental neglect, excessive production, labor exploitation, foreign capital flight, and financial failure or instability), Stiglitz sees them more inevitable and intractable than Bhagwati does. In this regard, Stiglitz's assertion (p. 5) that "to many in the developing world, globalization has not brought the promised economic benefits" can be compared to Bhagwati's enthusiastic position (p. 240): "The debate, then should be not about whether we should be content with the pace at which economic prosperity, aided by globalization, proceeds to reduce, say, child labor, but about what additional policy instruments can we deploy to accelerate that pace."

Whereas both these distinguished economists recognize the importance of governmental policies and their implementation in maximizing the advantages of globalization and minimizing its disadvantages, they do not seem to fully appreciate or understand the importance of public administration in this regard. Consequently, I suggest that Stiglitz may be overemphasizing the deleterious impact of the so-called "Washington Consensus Policies" (privatization, deregulation, financial market liberalization, free trade, and balanced budgets), whereas Bhagwati may be underemphasizing it. According to Stiglitz, Poland, which ignored the IMF's economic policy prescriptions, has done better than the Czech Republic, one of the "IMF's star pupils." (p. 156) Yet, as of 2003, economic conditions were better in the Czech Republic than in Poland (*The Economist*, 2004, p. 83).

In regard to structural adjustment requirements imposed by the World Bank, Stiglitz is far more critical than Bhagwati. But as we look at a particular country (Uganda, as presented by Stiglitz, p. 76), it is not the school fees insisted upon by the World Bank or IMF that reduce educational opportunity but, rather, poor public administration, combined with inappropriate policies. In Uganda, more than three times is spent on the education of the wealthiest fifth of the country than on the education of the poorest, and much of the money intended for schools is either stolen or diverted (World Bank Development Committee, 2004, ch. 7, pp. 8–9). One

can add that the teacher absentee rate in Uganda has been estimated at about 25 percent. While I would agree with Bhagwati (p. 162) that free trade cannot be blamed for Jamaica's failure to attract international investment, I would place far more emphasis (as I do in this chapter) on the government's corruption and mismanagement for this failure.

Stiglitz (p. 6) notes the hypocrisy of wealthy countries — pushing free trade on poor countries, while maintaining many forms of protectionism. In this regard, he might have quoted a recent World Bank publication: "OECD protection rates for sugar are frequently above 200 percent, and its support to sugar producers of $6.4 billion per year roughly equals developing country exports" (World Bank Development Committee, 2004, Chapter 1, p. 10). However, without justifying the protectionism of developed countries, Bhagwati (p. 232) uses World Bank research to point out that tariff rates for agriculture, textiles and clothing, and industrial products are actually higher in the developing countries than in the developed countries. Yet, regardless of existing impediments to trade, it is amazing what poor countries can do to promote their exports when determined to do so. Vietnam, for example (*The Economist,* May 8, 2004, p. 39), not only has developed diversified exports, but also has found new markets for products encountering higher tariffs (such as catfish).

Political Power as Social Energy

On the American Political Science Association's Web site, it is recognized that there is more than one definition of politics. Yet, the only one mentioned, presumably derived from Harold Lasswell's 1936 book, is "who get what, when, and how." This is explained as follows: "Almost always the political process involves competition for scarce resources." To me this seems to be a unidimensional definition of politics, emphasizing partisanship (rather than statesmanship or governance) and, as such, is misleading and counterproductive. And above all, as explained in this chapter, it prevents us from understanding political power. Consequently, it distorts our understanding of political words such as democracy, corruption, and decentralization and thus prevents us from linking political science to public administration.

Ask a political scientist what he or she means by "politics." The reaction is likely to be a mixture of irritation and confusion. Introductory political science textbooks frequently use the meaning of politics as "the authoritative allocation of values" and "the pursuit of power" without indicating the relationship between these concepts (Norquest, 1991, pp. 504–505). Yet, values cannot simply be imposed (behavior, yes; values, no) and power cannot be pursued within an empty framework. The process of inculcating

values requires a strong relationship between leaders and followers. Such a relationship cannot develop unless the struggle for power is carried out within an acceptable framework.

Imagine watching the Olympics and seeing it only as the competitive struggle for victory. How many gold, silver, and bronze medals an individual or nation wins then becomes most important. However, if there is no consensus on every aspect of the competitive process (rules, officiating, equipment, facilities, etc.), the competition is meaningless. How to build consensus to maximize the competitive process is, of course, the responsibility of leadership. This is where we need my suggested overall definition of politics: the relationship of leadership to followership for the purpose of governance, presented in the next section, introducing political elasticity (PE) theory.

I believe that behaviorally oriented political scientists prefer seeing politics simply as "a struggle for competitive advantage" because political power is then seen as similar to money and, as such, is easier to measure that way. Consequently, they often end up distorting or trivializing political situations and phenomena. Above all, they fail to solve the so-called "mysteries of development" that have been presented in my various publications (e.g., Werlin, 1998, 2000, 2003): (1) Why is it that autocratic governments are sometimes more effective (though usually not) in promoting development than their more democratic counterparts? (2) Why is it that more developed countries (MDCs) tend to be both more centralized and more decentralized than less developed countries (LDCs)? (3) Why is corruption more devastating for poor countries than rich countries? (4) What explains the capacity of certain countries (such as Singapore) to do "cultural engineering?" (5) Why is it that economic globalization has had a more positive impact on some countries than on others? For this reason, we have to introduce an "elastic" concept of political power, recognizing that we cannot altogether escape the "tautological trap" (seeing what we want to see) in doing so. In this regard, PE theory is no different from other theories in political science which "may be likened to a net that is cast out to capture political phenomena, which are then drawn in and sorted in a way that seems meaningful and relevant to the particular thinker." (Wolin, 1960, p. 21).

An elastic concept of political power enables us to conceptualize it as a form of social energy, rather than merely a resource to be fought over in a competitive way. This analogy to physical energy also suggests that, while energy is essential to life, it can also be highly destructive, inert, or counterproductive. In illustrating political power as a form of social energy, I am going to introduce a personal note, using a recent trip to Berlin (June, 2003), seeing how it has changed in the 75 years (1928) since my father had visited it on his way to Moscow to study the origins of the Soviet system for a University of Chicago history Ph.D. dissertation. Although visits to other

German cities are useful, one can find "within the borders of Greater Berlin" a "microcosm" of German problems (Heneghan, 2002, p. 236). Concentrating on political power, one can observe the following manifestations:

Dynamic

In his 1928 unpublished diary, my father found Berlin to be remarkably clean and neat: "By contrast to American cities of anything like its size, its preeminence in these characteristics is only the more unchallengeable. There is none of those begrimed and besmoked buildings as in Chicago, for example. I have yet to see a cluttered-up backyard or alley, yet to see empty lots with the grass uncut and piled high with rusty iron, old lumber, and other junk." In regard to art, science, industry, and technology, Berlin was clearly one of the great centers of civilization.

Devastating

Under Hitler's Third Reich (1933–1945), political power within Berlin and the rest of Germany became totalitarian, as described by Friedrich and Brzezinski (1956) with the following characteristics: an official ideology, a single mass party, terroristic police control, near-complete domination of mass communication, and central direction of the economy. The devastation wrought was overwhelming as to be generally considered "unprecedented": a brutal war of conquest, genocide, the deaths of 40 million people, extensive slave labor, and, within Germany, enormous economic, intellectual, and cultural loss (Turner, 1987, pp. 3–7).

Miraculous

Despite the Soviet efforts to divide, isolate, and undermine Berlin during the Cold War, West Berliners enjoyed the "economic miracle" and welfare-state capitalism associated with the Christian Democratic leadership of Konrad Adenauer and Ludwig Erhard during the 1950s and 1960s. By the end of the 1950s, the Federal Republic was "ranked second only to the United States in world trade," with low levels of inflation and unemployment and "one of the world's largest currency reserves" (Turner, 1987, p. 61). For the first time, prosperity became associated with political stability, labor union participation, burden-sharing, democracy, and a highly elaborate welfare state. It was not only a time of cultural and educational renaissance but also reconstruction as well, with an estimated quarter of the country's housing having to be rebuilt.

Lethargic

How to characterize political power under the German Democratic Republic (1945–1989) remains unclear: semi-totalitarian, post-Stalinist, Sovietized, tutelary, and so forth, "linked, however indirectly, to the normative aims of those speaking and writing?" (Kocka, 1997, pp. 17–18). However described, the regime was authoritarian and repressive, undermining spontaneity, innovation, and adaptability. Although not obviously inelastic in comparison to LDCs in much of the world, East German factories, in comparison to their West German counterparts, "suffered from outdated technology, environmental problems, delays in resolving property ownership issues, and low productivity" (Smith, 1999, p. 117). According to some observers, the character of East Germans had become so deformed by years of socialization under communism that it would take generations to overcome their "pathological disabilities" (e.g., Baylis, 1999, p. 26).

Revitalized

Whereas scholars and journalists recently visiting East Berlin and East Germany recognize the difficulties that remain to be overcome, most seem impressed by what has so far been accomplished. Heneghan's finding in 2002 (Heneghan, 2002, p. 61) probably remains valid, that the unemployment rate is still twice as high as that in the West and the average household purchasing power is about 70 percent as much. Yet, despite the view often expressed by economists that "full integration will take 30 or 40 years" and that "in the meantime continuing financial transfers from West to East will be necessary," East German firms may be able to adapt better than their West German competitors to the Euro (Smith, 1999, p. 232). Consequently, "Thomas Mann would have been pleased to see how European his Germany had turned out to be by the end of the tumultuous century" (Heneghan, 2002, p. 238).

We can end this section by noting that the Marshall Plan was clearly a great success in West Germany in facilitating the transformation that has occurred. But this would have been impossible without the country's underlying political software (as explained in the next section). Where political software is inadequate, foreign aid (as administered by the World Bank) has been largely unsuccessful. Although how to encourage LDCs to take more advantage of globalization opportunities will be left to the last section of this chapter, the political software requisites noted in the next section suggest possibilities. In any case, I hope that what I have written here will call attention to the need to rethink the meaning of political power and what has to happen for it to be effective. In so doing, we may be able to dissipate the "intellectual chaos" associated with political power (Baldwin, 1989, p. 2).

Political Elasticity Theory

Because PE theory is essential to our effort to better understand the capacity of countries to use political power for their globalization efforts, its five propositions are presented here:

1. The more governments or those in authority can integrate and alternate soft forms of political power (linking incentives to persuasion) with hard forms (including disincentives and coercion), the more effective they will be.

2. As leaders integrate and alternate soft and hard forms of power, their political power takes on "rubber band" and "balloon" characteristics, allowing them to (a) decentralize or delegate power by various methods without losing control and (b) expand their influence in ways that predictably affect the behavior of wider circles of citizens, participants, and subordinates.

3. Political elasticity depends partly on the selection of appropriate political hardware (including "objective" forms of organization, regulation, procedure, and technology) but mostly on the enhancement of political software (i.e., policies and practices that foster respectful relations between leaders and followers).

4. The effectiveness of political software is directly proportional to the government's success in establishing acceptable goals, hiring qualified personnel, encouraging training, delegating responsibility, stimulating motivation and competition, paying attention to morale, expanding two-way flows of communication, promoting legitimacy, maintaining supervision, cultivating contractors, protecting independent spheres of authority, and developing conflict resolution procedures. Inasmuch as a government fails to do any of these commonsensical requirements (with appropriate variations), its efforts to reform both micro- and macro-administration are going to be problematic. Yet, progress can be measured on the basis of steps taken to improve any aspect of these requirements.

5. Enhancing political software requires a balancing of two forms of struggle — for competitive advantage and for consensus — suggested by the various meanings of politics found in Wolin's 1960 study of political thought (Wolin, 1960, pp. 10, 42, 66, 363). Within the framework of his overarching definition of politics (the relationship of leadership to followership for the purpose of governance), measures taken to increase advantage may be considered "primary politics" (i.e., partisanship) and measures taken to build consensus may be considered "secondary politics" (i.e., statesmanship).

Three Success Stories

In the literature on economic development, we find various explanations given as to why some countries benefit far more than others from globalization: geographic, cultural, sociological (ethnic, religious, racial, and other divisions), political (particularly, the existence of democracy), and the choice of economic policies. Although all of these explanations are relevant, I find them inadequate in explaining why globalization helps some countries more than others.

In thinking about the relationship of globalization to development, we might link it to an earlier body of literature having to do with "growth without development," underscoring the fact that development is more than the production of goods and services or per capita gross national product (GNP) (Lindenberg, 1993, p. 15). A 1966 Northwestern University study of Liberia (Clower et al., 1966) showed clearly how unsatisfactory GNP per capita figures are. While Liberia's per capita GNP in 1965 (US $642) put it then within the category of a "mid-level" country by the World Bank standard, 75 percent of the population remained illiterate and 75 percent of the national income went to foreign households, business firms, and the political elite. Thus, this study concluded that much of the growth that occurred during the post-World War II years had not led to meaningful development. A similar conclusion has been reached by students of Soviet development, noting that the "low quality of goods and services produced obscured statistics showing above median world growth prior to 1990" (Easterly & Fisher, 2000, p. 481).

In regard to the potential benefits of globalization, PE theory points to the importance of an "enabling environment," which can be fostered but not dictated by government. This is why an effective public administration is essential. In emphasizing governance, I find myself somewhat alone, inasmuch as social scientists (particularly economists and political scientists) tend to ignore it (Werlin, 2000). Economists (especially at the World Bank and the IMF) who promote structural adjustment often minimize the role of government in favor of liberalization, deregulation, privatization, and reliance of the market place. Political scientists seem more concerned with who governs and the selection of policies (so-called "rational choice") than the quality of governance and and the implementation of policies.Only a small percentage of articles in journals dealing with comparative politics, political development, and economic development are primarily concerned with public administration.

The three "success stories" that will be presented in this section illustrate the "message" of PE theory, that, as countries prosper, political power takes on "rubber band" and "balloon" characteristics. If we see political power as

nothing more than the product of physical and legal resources, it is likely to manifest itself as coercion or corruption, thereby appearing to be "real political power" as defined (Baldwin, 1989, p. 201) by Robert Dahl ("the ability of A to get B to do something he would not otherwise have done") but, as such, essentially inelastic. In other words, whereas A can force B to surrender his resources, he cannot force B to productively invest them. PE theory allows us (as noted earlier) to see political power as a "form of social energy" and, as such, that is essential for globalization purposes, much as physical energy is essential for biological life. In each of the following cases, governmental effectiveness can be seen as dependent upon the quality of relations between leaders and followers, rather than merely the monopoly of coercive authority.

The Netherlands

The Netherlands is a remarkable country in many ways. It is one of the most densely populated countries of the world, with 27 percent of it below sea level, protected by its famous dikes. Yet, it was judged by the 1996 UN Human Development Report to have the best living conditions, including the lowest unemployment rates, within the European Union (Hunt, 2000).

For purposes of this chapter, I will concentrate on the fact that the Netherlands ranks third worldwide (after the United States and France) in agricultural export value — an achievement that clearly would be impossible without a high quality of governance, including merging of centralization and decentralization. On the one hand, the Netherlands appears to be highly centralized inasmuch as the central government appoints mayors, provides more than two thirds of municipal revenues for specific purposes, and determines the policies and guidelines for provincial and local administration (Andeweg & Irwin, 1993). On the other hand, the Netherlands is also a decentralized state in which local governments have considerable autonomy (Jones, 1995; Toonen, 1996). Within the limits set by central and provincial officials, each municipality prepares its own plans and regulations, following extensive discussions, negotiations, and opportunities for objection. According to Wintle (2000, p. 149), under the Dutch model, "the state is highly centralized, big-spending and all-powerful, but that does not and need not threaten in any way the integrity of the component units."

"Elastic decentralization" (to use my terminology) is evident in the complex private sector–public sector (sometimes characterized as "corporatist") linkages that are responsible for agricultural, as well as industrial, development in the Netherlands. These linkages have been promoted since the 1930s by provincial institutes for economic development (van Zanden, 1998). Associated with them is a tight infrastructure of agricultural research,

education, rural banks, cooperatives, commercial firms, advisory councils, parastatal organizations, and extension services to encourage and facilitate new products, production techniques, and marketing opportunities. While 80 percent of farmers are organized, they are divided among "pillarized" groups (Catholic, Protestant, Socialist, Liberal, etc.). What makes this fragmented system politically elastic is the respect for independent experts, for the judiciary (including various bodies of administrative justice and appeal), and for the existing system of formal and informal consultations. Above all, there is a devotion to the politics of accommodation, pragmatism, and consensus.

One can point to the example of political inelasticity in the Netherlands (Hendriks & Toonen, 2001). How to prevent excessive water use and pollution, for example, has been particularly difficult. Nevertheless, politicians are able to turn to "incrementalism" — "a process of shared perception, negotiation, and trade-off" (Bekkers & Lips, 2001).

South Korea

Because economists seldom understand the power of politics, their analysis of economic problems and opportunities can be quite misleading. When political leaders are as firmly committed to economic development, as they were (and still are) in Korea, they can cause the most rational recommendations stemming from comparative advantage, cost–benefit, and other forms of analyses to appear mistaken and even ridiculous. In other words, they can make economic progress by disregarding the prevailing economic advice. This "school of dissent" has been led by Amsden (1994, p. 96), who points out that, in the Korean case, "getting prices wrong" has been essential in accounting for its amazing industrialization success.

Amsden (1994, p. 113) suggests that state-guided capitalism has become controversial in South Korea, particularly because of the criticism of Korean economists influenced by the "conservative, anti-government Chicago school." The truth is, she concludes, there is no scientific evidence to back up the contention that either Japan or Korea could have grown faster with less government intervention. Johnson (1994, p. 470) notes in this regard that neoclassical economic theorists who prevail at the World Bank and other international organizations remain very defensive about the achievements of state-guided capitalism, "which they did not anticipate and still cannot fully explain using their purely economic concepts."

Comparing Korea's industrialization with that of India, Lee (1991, p. 470) suggests that Korean leaders were able to free themselves from orthodox or classical economic thinking only because they respected it. In other words, Korean leaders often distorted market incentives and disincentives to

compete in the world market; but they were "pragmatic and bold enough to reform the entire incentive and economic management regime when circumstances dictated it."

South Korea's industrialization efforts would have certainly failed if its administration had not been politically elastic, recognizing that it was an authoritarian regime until the 1990s. The history of its industrialization effort presented here should illustrate that fact.

Whereas in 1960, the Korean civil service was viewed "as a corrupt and inept institution," and by the 1970s, it had "become one of the most reputable in the developing world" (World Bank, 1993, p. 176). South Korea has followed the Japanese "best product" policy in public employment practices, selecting top graduates of Seoul National University for the majority of the senior positions in politically and economically important agencies. Although President Park during the 1960s and the 1970s and President Chun during the 1980s surrounded themselves with "palace guards" (particularly classmates from the Korean Military Academy) and patron–client networks to satisfy partisan needs in ministries like construction, both balanced them with highly qualified civilians with advanced degrees in key economic ministries (Kim, 1991, p. 321).

South Korea had to face problems of corruption associated with the *chaebol* (financially linked companies). The practices of the *chaebol* include: use of corporate money for personal purposes, cross-payment guarantees among subsidiaries, dubious book-keeping practices (for example, inflating sales or assets and deflating debts), false names for bank deposits, and misuse of the banks (or financial institutions) for careless investments. As pointed out by Cheng et al. (1999, p. 105), "it was generally accepted for businesses to provide gifts, services and even cash for bureaucrats as a way of keeping relations with various ministries on a solid footing." This capitalistic corruption is considered responsible for the financial crisis that struck South Korea in November 1997, requiring the IMF's most expensive rescue operation (amounting to $55 billion). Within one year, the percentage of Koreans living in poverty nearly tripled from 8.5 to 22.9 percent (Dahlman & Andersson, 2000, p. 47).

Since 1997, there has been an improvement in the quality of the Korean civil service. Although public sector employment has been reduced from 7 percent to 5 percent of the total employment, civil servant wages have been increased at par with comparable private sector employees. The result has been a much greater administrative capacity to deal with capitalistic corruption, according to Jung-in (2002), facilitated by the fact that "the institutional landscape of the Korean economy has changed dramatically over the past four years." This conclusion is underscored by the Organization for Economic Co-operation and Development (OECD, 2000, p. 15), pointing out that in Korea there has been "a rapid and profound reorientation in

administrative, legal and economic policies," bringing the country "closer to the mainstream of good regulatory practices in OECD countries." What also seems to be making a difference, according to the OECD (2000, pp. 15–16) "has been a surge in the number of non-governmental organizations in recent years, to over 8000," willing and able to fight for the interests of consumers, labor, and good government.

In 1969, the South Korean government borrowed from the World Bank to create a network of vocational training institutions near the industries, so that instructors could analyze the needs of these industries and also the experts from the industries could serve as part-time tutors (Werlin, 1998, pp. 278–284). A Curriculum Research and Development Department within the Ministry of Education was created to facilitate the introduction of computer technology, new textbooks and equipment, a national testing service, and "models of excellence" approach. By tying their vocational education system to five-year economic development plans and to man-power the projections, the schools were able to find employment for 81 percent of their graduates and to keep the dropout rates low.

The development of industrial parks in South Korea has been facilitated by the domination of a small number of conglomerates (the *chaebols*) along German and Japanese lines, together with a close partnership among gov-ernment agencies, universities, and corporations. President Park developed a "reverse brain drain," attracting Koreans, who were studying and working abroad, to fill the top ranks of industries and research institutes (Clifford, 1994, p. 110). "Over a thousand scientists were repatriated with financial support from the government between 1968 and 1989" (Lall, 1997, p. 23).

According to Gibney (1992, pp. 128–129), the Korean government has been particularly concerned with the expansion of electronics, in which Korea (as of 1990) ranked fourth in the world. Pae (1992, p. 484) points out that the Daeduck Science and Research Center expanded from 1970 to 1990 to accommodate about 40 research institutes and three universities. By the end of 1990s, about 5 percent of Korea's GNP went for Research and Development (R&D), which was considered "an unprecedented rate of investment in technological activity...." (Lall, 1997, p. 26). This investment supported the efforts of nearly 3000 research establishments, including more than 1000 R&D units in universities and colleges, and 200 public research establishments. Moreover, the government has been contributing about $25 million annually in recent years to give small businesses access to the same kind of planning, management, and accounting tools that big businesses use, particularly with the goal of making electronic about one third (up from 12 percent currently) of business transactions by 2005 (Ihlwan, 2003, p. 26).

In analyzing the implications of South Korea's industrial development, Lall (1997, pp. 31–32) suggests that "the design of structural adjustment

programs has to be very different from the essentially neo-liberal approach recommended by institutions like the World Bank today." In looking at the Korean experience, economists must pay attention to such political factors as the determination of leaders to create skilled and independent bureaucracies and to overcome entrenched vested interests. In doing so, they can go on to generalize that the economic potential of countries rests upon these factors, thereby incorporating them in their theories.

Whereas the Dahlman and Andersson report (Dahlman & Anderson, 2000, pp. 31–32) is somewhat critical of Korea's "misallocation of investments" and "impediments to high-value-added services," it points out that, as of 1997, there were 48 researchers per 10,000 labor force in Korea, as against only 6 in Mexico. Because of the existence of a well-educated population combined with "aggressive capital investment on a large-scale, modern facilities, risk taking, and vigorous domestic rivalry," Korea has been able to recover from its 1997 financial crisis with unemployment falling to 4.4 percent by the end of 1999 (Dahlman & Andersson, 2000, p. 96).

Although Korea had to face difficult competition from China, it has been able to maintain a comparative advantage in regard to the delivery time, reliability, and technological sophistication of its products. For example, although prior to 1974, South Korea did not even have a shipbuilding industry, it is currently vying with Japan for world leadership in this industry, specializing in double-hull tankers that are highly automated and computerized (Kirk, 2003, pp. W1, W7). Even when recognizing the alleged "unfair subsidies" to this industry received in the form of loans from government-owned banks, observers note that Korea's dominant share of world shipbuilding would not have been possible without its highly educated and motivated workforce.

Singapore

Singapore has been described as a "sub-fascist state," in which the "vulnerability" of the island republic is used as a pretext "to crack down on democratic critics" (Haas, 1999, p. 39). Despite periodic elections, the government has used a single-party system to suppress dissent, detain without trial, intimidate newspapers and radical trade unions, and enact antidemocratic laws and administrative regulations. Although the regime does employ overt repression, it prefers to use "the bankrupting libel suit" as a tool to discourage political dissent (Beng-Huat, 1994, pp. 655–657).

Lee Kwan Yew, Singapore's prime minister from 1959 until his resignation in 1990, has always been ambivalent about democracy. Whereas in a 1992 speech in the Philippines, he proclaimed that "what a country needs to develop is discipline more than democracy," he explained to a Chinese

delegation to Singapore that year "that social control could not depend on discipline alone," adding "people had to have a decent life with reasonable housing and social amenities if they were to lead moral and upright lives. They had to accept the basic principles of our system of government..." (Lee Kwan Yew, 2000, pp. 304, 646).

At the beginning of 1997, the ruling People's Action Party (PAP) increased its seats (leaving only two in opposition) in Parliament and its share of the vote (reaching 65 percent) over 1991. It did so, however, by threatening to delay the upgrading of public housing estates and planned infrastructure projects in opposition-supporting constituencies. These tactics, together with those used to discourage opposition candidates in the November 3, 2001 elections, are seen as essential to prevent "rampant individualism, social instability, and decadence" (Neher, 1999, pp. 48–49). Yet, they were a crude manifestation of "hard politics": "what you get depends upon how you vote!" As explained by Mutalib (2000, p. 317), "an illiberal, (soft) authoritarian form of governance is certainly preferable to liberal democracy" because "economic growth demands much sacrifice from the people," which they might not be willing to support if given a choice.

Although liberal democracy is clearly undermined in Singapore, classical democracy is evident in various ways. Survey data indicates a high degree of public respect for the government in regard to property rights, the legal system, honesty, reliability, business environment, and lack of corruption (Huff, 1999). The Lee Kuan Yew government transformed its bureaucracy over a 25-year period from one that was somewhat inefficient and corrupt into probably the most respected in Asia, including personnel who are carefully selected, highly paid, and trained, with excellent equipment and working conditions, and properly motivated and controlled. Although the jury system has been eliminated, both the Swiss-based Institute for Management Development and the Hong Kong-based Political and Economic Risk Consultancy ranked Singapore's judicial system as the best in Asia during the 1990s (Lee Kwan Yew, 2000, pp. 219–220). Transparency International Web site lists Singapore as among the world's least corrupt countries. In a book that is quite critical of authoritarian rule in Singapore, one of the authors points out that "Singapore does enjoy substantive democracy," including due process of law, equality of opportunity, and "a modicum of civil liberties" (Neher, 1999, p. 51).

Lee Kwan Yew, in his recent (2000) autobiography, is proud of the cultural engineering that occurred under his rule from 1959 to 1990, transforming a population that was largely uneducated, illiterate in English, impoverished, and without professional or technical skills into a one comparable to what exists in the most advanced countries. By the end of the 1990s, 40 percent of eligible youth (as against 5 percent in 1970s) were

enrolled in higher education, facilitating the annual export of $60 billion worth of high-tech products, which was about one third more than exported by China (*The Economist* November 10, 2001, p. 11). In the process, two disadvantaged sections of the population (women and Malays) have especially benefited. Between 1970 and 1990, the percentage of women aged 25 to 29 years with a secondary of college education doubled, those in wage-earning employed increased by 20 percent, and the fertility rate was reduced by 70 percent (Werlin, 1998, pp. 219–220). With the financial support and encouragement of the government, the independent Association of Muslim Professionals became very successful during the 1990s in quadrupling the percentage (from 7 to 28 percent) of Malay students undertaking higher education, so that a higher percentage of Malays in Singapore hold administrative or professional positions than in Malaysia, thereby also reducing their hostility toward the Chinese majority (Lee Kwan Yew, 2000, p. 209). Yet, animosity remains insofar as the government has not found a way to completely integrate the various racial and religious communities and, at the same time, respect their differences. Allowing veiled schoolgirls seems to be the most vexing problem made more difficult by "Singapore's knee-jerk rejection of all but the mildest dissent" (*The Economist*, February 9, 2002a, p. 37).

Lee Kwan Yew's cultural engineering would not have been successful without a high quality of political software. In my case study of Singapore's successful public housing program, I found government officials remarkably responsive to changing needs and demands (Werlin, 1998, pp. 231–234). University planning professors, in the interviews that I had with them in 1990, were impressed, not only by the willingness of officials to listen to their criticisms and suggestions, but also by their willingness to fund research on existing and emerging problems. In this regard, Mutalib (2000, p. 337) reports on the willingness of the government in 1998 to revise its economic policies (including cost-cutting measures, lowering of fees and taxes, and a reduction in employers' social security contributions), taking unusual steps to swing public opinion in favor of radical reform. During a recession in the mid-1980s, employees of even profitable firms agreed to a significant reduction in salaries as a result of a "tripartite" advisory council composed of government, employees, and labor. This was facilitated by "vocal and frank comment on all public policies" carried out in the press, parliament, public forums, and grass roots institutions" (Chee, 1986; Campus & Root, 1996, p. 81). Likewise, in response to the 1998 Asian financial crisis, the parliamentary designated committee on Singapore's competitiveness made a number of painful recommendations, including reducing total wage costs by up to 20 percent, which were acceptable only because of the existing high-quality political software (Leong, 2000).

Since 1990, under Prime Minister Goh Chok Tong, there have been more experiments to expand two-way flows of communication: community development councils, a speakers' corner, an award for the best public suggestions for improving the functioning of the courts, and a liberalization of registration requirements for groups or societies. Leong (2000, pp. 436–455), a political science lecturer at the National University of Singapore, has summarized what the current situation is, indicating that constructive criticism is to be encouraged, but not counterproductive statements or activities, particularly having to do with racial, ethnic, and religious differences. The permission granted to political satires is an indication of the recent flexibility and tolerance existing in Singapore. However, what Leong (2000, p. 442) refers to as, "this love–hate attitude among policy makers for citizen input" seems to be reflected in a remark of Prime Minister Goh that while those "who put forth their views in very well-meaning ways will receive a very gentle and very well-meaning reply," those who try to undermine the authority of the government through snide remarks and mockery "must expect a very, very hard blow from the government in return."

Although Singapore has slipped since 2000 in its place as the world's top trading nation in terms of trade as a proportion of gross domestic product (GDP), it "has consistently placed among the most competitive economies in the world for a long time," being more competitive than Switzerland, Japan, Sweden, Germany, and the United States, according to studies of the United Nations Industrial Development Organization (UNIDO) (Audretsch, 2003). Despite criticism that "the economy is excessively state managed," both domestic and foreign entrepreneurs continue to find opportunities here in "high-end electronics, process chemicals, pharmaceuticals and biomedical sciences" (Bhaskaran, 2003, p. 154).

An article by Kam (2001), a professor in Singapore National University's business school, underscores some of the reasons why Singapore is such an attractive place for multinational corporations (MNCs): (1) the government's Research and Development (R&D) expenditure (increasing sixfold between 1987 and 1998); (2) an impressive growth of research scientists and engineers; (3) the sponsorship of an increasing number of public R&D institutions; (4) the widening enrolment in technology courses at the local universities and polytechnic institutions; (5) the increase in spin-offs from universities and public R&D institutions; (6) the rapid growth of public research institutes and centers; (7) the increase in patents filed by Singapore-based organizations; (8) the encouragement of technology deployment efforts, particularly advanced manufacturing and internet technologies; (9) a very liberal immigration policy to attract foreign talent; (10) incentives for MNCs to send Singaporean engineers overseas to acquire new technical skills; (11) the offering of investment incentives to MNCs to upgrade operations; and (12) the promotion of science parks

and incubators (places to help newly emerging companies). Without the linking of improved training, infrastructure, finance, research, labor relations, and marketing arrangements, Singapore's globalization efforts, particularly in electronics, would not have been possible.

Three Failure Stories

In seeing political power as a form of social energy, using PE theory, it should be appropriate to underscore the basic point made in this chapter that political power tends to take a more politically elastic form in MDCs than in LDCs. I emphasize the word, "tends," because there are examples of "political inelasticity" in MDCs and "political elasticity" in LDCs. In this regard, Costa Rica (which is clearly an LDC) may be doing a better job than the United States in protecting its "ecological treasures" (Newton & Dillingham, 1994).

Some scholars do not regard persuasion as a form of power because they equate "power with the capacity to compel obedience in the face of opposition" (Wrong, 1979, p. 22). In fact, coercion without persuasion is likely to be ineffective because it indicates a poor quality of political software. Although political software (as indicated in the propositions of PE theory) requires a series of commonsensical steps, it is by no means an easy or inexpensive process. In this regard, Peters (1991, p. 153) quotes V.O. Key to the effect that "the average voter is no fool; he or she generally understands what is being done with taxes and services." In 1998 Swedes were the most heavily taxed people in the world, with tax receipts amounting to 52 percent of GDP (about twice the European Community average); but their willingness to pay this amount stemmed from their belief that they were receiving "a fair return in services for their taxes" (Peters, 1991, p. 160). In Nigeria, on the other hand, people have successfully resisted paying local taxes because there has been so little progress toward administrative efficiency and effectiveness (Phillips, 1991). In Onitsha, for example, officials threatened to cut off water service to those failing to pay property taxes. However, because services were unreliable and mismanaged, taxpayers considered the threat meaningless (Dillinger, 1991, p. 28).

Goerner and Thompson (1996, p. 28) note that although political philosophers define political authority "as a monopoly of the means of coercive physical force," they have failed to deal with the paradox of "a coercive public order to guarantee individualistic liberty." Where there is a high quality of political software, there is no real problem in this regard. In LDCs, on the other hand, we constantly see evidence of "political inelasticity." This is clearest in Africa under "predatory rule" where authoritarianism coexists "with a definite lack of authority" (Fatton, 1992, p. 28).

Although African leaders have a great capacity for exercising coercion, they have only a limited capacity for governance. This may be because governance in Africa "is more a matter of seamanship and less one of navigation — that is staying afloat rather than going somewhere" (Jackson & Rosberg, 1982, p. 18).

The case studies below are intended to explain why is it that LDCs are less effective than MDCs in creating wealth, a high standard of living, and the implementation of policies. Insofar as political power in LDCs lacks rubber band and balloon characteristics, it will not be energetic enough for beneficial globalization. As such, these case studies are also relevant in dealing with the "mysteries of development" that were presented at the beginning of this chapter.

Ghana

While Ghana has about the same population size as the Netherlands (15–20 million), it is far more dependent on agriculture. Whereas in the Netherlands, manufacturing accounts for 70 percent of merchandise export, Ghana depends on agriculture for nearly half of GDP and export earnings and 70 percent of employment (Chibber and Leechor, 1993, p. 29). This would not be a problem if Ghana utilized its agricultural potential. Ghana's most lucrative agricultural product remains cocoa. However, its share of the world market has dropped from 30 percent in 1970 to about 10 percent, without much likelihood of recovery. According to a 1993 study of the OECD, Ghana has a clear competitive advantage in many crops (in addition to cocoa): coffee, rubber, maize, sorghum, cotton, tobacco, pineapples, and oil palm (Alpine & Pickett, 1993).

Agricultural output has risen in recent years at an average rate of only 2 percent per annum, as against a population growth rate of 3 percent. The growth of food crops, livestock, and fishing output has been particularly slow. Because only about half of Ghana's arable area is cultivated, agricultural export opportunities are being missed. For example, although Ghana could be exporting more and better pineapples than Costa Rica, in 1994 it managed only $5 million worth, as against $45 million worth for Costa Rica that year (Buckley, 1996, pp. A1, A12–A13). Likewise, offshore fish stocks could also be better utilized. Horticultural exports certainly could be expanded, considering that Kenya (which has a much longer flying time to Europe) successfully exports horticultural products (consisting now of 70 percent of its produce), thereby reducing its reliance on coffee and tea (Africa Region, 2003).

The inability of the government to significantly expand agricultural productivity clearly stems from underlying bottlenecks to rural development

(Chibber et al., 1993 Bahal et al., 1993;). Perhaps most serious of all is the lack of feeder roads, of which an estimated 60 percent are in poor condition. This means that rural Ghana remains a "footpath economy," with farmers (most of whom are women) having to spend much of their time head-loading commodities. The government has not even helped in providing fuel-efficient cooking stoves, small carts, wheelbarrows, and bicycles, which could also promote local artisanal and small-scale industry. There is also an inadequate availability of simple equipment for conditioning, processing, and preserving crops. And very few farmers have access to irrigation, credit, fertilizer, insecticides, animal husbandry services, and other inputs taken for granted in MDCs. Because of the traditional tenure system (without individual ownership of land), there is little incentive for land improvement and credit provision.

The research and extension systems remain uncoordinated and ineffective. Much of their staff is untrained or without funds and vehicles to get to the rural areas. Although recently there has been an effort to make better use of non-governmental organizations (NGOs) to assist farmers, they have so far "failed to incorporate farmers' issues into research activities…" (Puplampu, 2003, pp. 148–149). Thus, horticulture export, which could be profitably expanded, is discouraged. And more severe problems, such as soil fertility loss, soil erosion, and deforestation (estimated to cost 4 percent of GDP per year) cannot be addressed. Because of the poor transportation and storage systems, the cost of marketing food accounts for about 70 percent of the retail price of agricultural produce. Although Ghana has successfully expanded its export of tropical fruits and vegetables in recent years, crop losses remain high because of problems of storage, infrastructure, technology, and quality control (Memorandum of the President, 2004, pp. 7–8).

The Ghanaian government has failed to mobilize the self-help efforts of rural areas. Although in 1988 it embarked on an extensive program of decentralization to district assemblies (DAs), it remains an extremely centralized country. All but about two percent of DA revenue comes from the central government. DAs generally lack qualified staff to do financial planning, budgeting, revenue collection, expenditure control, and accounting. The staff sent by the central government tends to be inadequate in number, unqualified, poorly paid, and rotated every few years without regard for local needs and personal preferences. Moreover, the performance of staff is seldom audited or supervised. Consultations with DAs are rare, even on priorities and budgetary needs. The shortage of personnel at the local level is related, not only to the unattractive conditions of work, but also to the lack of authority and poor social infrastructure (Ayee, 2003, p. 77). While local governments have the authority to collect revenue, they seldom have the capacity and willingness to do so, leaving them unable "to reconcile shrinking revenue bases with

increasing expenditure levels" (Ayee, 2003, p. 72). Since DAs are so dependent upon the central government for funds, projects often have to be suspended because of the irregular disbursements of proceeds.

Civil servants generally consider their postings in rural areas a hardship because of the lack of adequate housing, infrastructure, family services, and resources to carry out their assigned tasks. In rural areas, the infant mortality rate is 30 percent higher and child mortality rate is 20 percent higher than in urban areas. Lack of medical facilities in rural areas is only a part of the reason for this. Of far greater importance is the fact that only 20 percent of the rural population (as against about 70 percent of the urban population) has access to safe water sources (Bahal et al., 1993, p. 25). Especially unhappy are the secondary and university graduates who are required to spend a year in villages doing low-level jobs (Peil, 1996, p. 56). They are seldom paid enough to cover accommodation and food. Consequently, officials are unable to inspire or facilitate the sort of cooperation essential for community development.

Over the years, the Ghanaian government has attempted a variety of programs, usually with foreign aid, to help farmers. But none has worked very well. In 1975, for example, the government established the National Council on Women and Development (NCWD), particularly to help women in agriculture and agriculturally based enterprises inasmuch as women comprise much of the rural labor force. So far, however, according to a study by Chao (1999, p. 57), the NCWD has been ineffective for various administrative reasons: rapid turnover in leadership, unqualified staff, low pay, poor conditions of service, inadequate resources and mobility, etc. Moreover, women's limited access to education, land, appropriate technology, transportation, capital, and storage facilities makes it very difficult to help them (Kesson-Smith & Tettey, 2003).

Ghana's Technology Consultancy Center was set up in 1972 as an autonomous unit within the Kumasi University of Science and Technology. It received assistance from a number of sources, particularly the London-based Intermediate Technology Development Group. Much of its effort was directed at assisting a huge informal industrial area near Kumasi called Suame Magazine. Smillie (1986, pp. 10–12) described it as a dismal place where more than 40,000 workers struggled without reliable credit, water, sanitation, electricity, and roads, using rudimentary buildings, techniques, and equipment. Employees in the small establishments (typically consisting of a master with three or four assistants) were industrious and enterprising but seldom knew much about materials, safety, or engineering. According to Smillie (1986, p. 11), "none of the workers understood how an internal combustion engine worked, making simple diagnosis, testing and maintenance virtually impossible." Smillie (1986) gives several examples of Canadian and American foreign aid projects, during the 1970s and early

1980s, to expand or improve Ghanaian industrial parks that were frustrated or delayed by various factors, most important of which stemmed from governmental indifference. In 1982, Ghanaian officials never even bothered to meet a visiting Canadian team.

The same discouraging situation persists. The uncompetitive nature of Ghanaian firms is reflective of the fact that few employ quality control personnel, practice regular maintenance of their equipment, have research and development capabilities, use interchangeable parts, and "produce large quantities of goods of consistent quality to precise delivery schedules" (Berman, 2003, pp. 36–37). During the 1990s, the average rate of growth of the manufacturing subsector was about 2.5 percent. The share of manufacturing in Ghana's GDP then remained at around 10 percent. This slow growth is attributed to the governmental discouragement and to the fact that "opportunities were constrained by the presence of public enterprises with powerful political connections" (Chhibber and Leechor, 1994, p. 177). Summarizing the situation at the end of the 1990s, Berman (2003, p. 23) writes that, despite some renewed economic growth, the unemployed in the cities could not expect anything more than "self-employment in the informal sector." While the business climate has improved somewhat since 2000, the most recent economic surveys "suggest that small- and medium-size firms bear a relatively high share of the costs of the business environment in Ghana, preventing them from expanding and reaching a size sufficient for entering world markets" (Memorandum of the President, 2004, p. 11).

Under the rule of Jerry Rawlings, from the beginning of 1982 to the end of 2000, business associations were treated with disrespect (Kraus, 2002). Among their problems were high interest rates, lack of credit and access to foreign currency, ruinous inflation, suppression of communication media and any form of dissent, arbitrary governmental action, and denial of the rule of law. Reasons for this seem to include, not simply ethnic considerations and hostility to capitalism, but also a fear that "wealth acquired by successful business people will be used to support the opposition groups rather than the incumbent government" (Arthur, 2003, p. 170; Adjibolosoo, 2000). This accounts for "the low levels of trust that entrepreneurs have in institutional arrangements" characterized by a political system without transparency (Arthur, 2003, p. 175).

Without a well-functioning legal system that can ensure individual rights and provide a credible means of resolving conflicts, Herbst (1993, p. 162) points out that the Ghanaian investment climate remains unattractive. After the 1992 election, the President urged Ghanaians to avoid products made by companies supporting the opposition parties (Buckley, 1996, p. A13). Several of these companies were nationalized, including the nation's largest tobacco company, with some 1000 workers. The ability of owners to legally fight such actions were doubtful inasmuch as the bureaucracy and the

courts did "not effectively enforce the most basic of the institutional and legal conditions of capitalism" (Berman, 2003, p. 38). When Ghanaian journalists attempted to expose the corruption of the Chief Justice of the Supreme Court, they were fined and imprisoned on the grounds "that truth was not an acceptable defence" (Tettey, 2003, pp. 94–95).

The untrustworthiness of the banking system may account for the fact that Ghana's "savings performance is notably poor in comparison to all low-income countries" (Armstrong, 1996, p. 37). Moreover, the sort of "export mentality" that exists in South Korea has not emerged, which is indicated by the lack of an export credit facility, an export bank, and a system for exempting duties on imports needed to promote exports (Armstrong, 1996, p. 97). This partly explains the low level of foreign investment — about 4 percent of Ghana's GDP, as against 18 percent in South Korea during the 1970s and between 12 and 18 percent in Southeast Asia (Campos & Root, 1996, p. 123). Yet, this is the result, not of cultural impediments, but of political ones since, when given a chance, Ghanaians can be very entrepreneurial. On the other hand, they cannot be expected to overcome a persistent "vicious circle" consisting of nepotism and patronage, discretionary abuse by politicians and officials, and "the lack of enforcement of clear rules of the game" (Berman, 2003, pp. 38–39).

As it is, the government has not provided employment opportunities and a stimulating learning environment for the nearly 25,000 students enrolled in its three universities, six polytechnics, and seven colleges. During the 1990s, only about 15 percent of the 250,000 young people annually coming out of the school system found jobs (Chibber et al., 1993, p. 25). They faced the fact that, in urban areas, unemployment often exceeded 25 percent. Even those with degrees in science and engineering are discouraged. Although business courses are popular, there are few jobs available and, for the reasons mentioned above, individual entrepreneurship remains extremely difficult. Even when entrepreneurs find funding for research and development, they are discouraged by constant power disruptions and greedy land owners. Yet, when given appropriate opportunities and incentives, they "can demonstrate their drive, initiative and capabilities against the odds..." (Arthur, 2003, pp. 172–173).

Jamaica

What makes classical democracy essential for economic development is that it is also necessary for a high quality of political software. Liberal democracy, on the other hand, can be quite counterproductive unless it is balanced by classical democracy. This point calls into question Lord Acton's famous assertion, "Power tends to corrupt and absolute power corrupts

absolutely" (quoted, Caiden, 2001, p. 16). In other words, using Wolin's two sides of politics noted earlier, partisanship and statesmanship, we can also make a distinction between primary and secondary corruption. Under primary corruption, manifestations of greed (associated with corruption) are somewhat controlled by the political system; under secondary corruption, there is no such control. Primary corruption would be similar to a normal basketball game, in which competent referees call the fouls; secondary corruption would be a basketball game, in which the referees were corrupt, so that fouling became so prevalent as to be almost meaningless.

A social scientist comparing Singapore and Jamaica in the early 1960s (each with population then of about 1.6 million and a GDP per capita of $400), when independence from Great Britain was looming, might have predicted a much brighter future for Jamaica, despite problems stemming from colonial rule, racial tension, and the dangers of hurricanes and earthquakes (Norris, 1962). In 1960 Jamaica was the world's primary source of bauxite and alumina. Its Industrial Development Corporation was responsible for 30 factories and over 300 manufactured items. Although its agricultural exports consisted largely of plantation products such as sugar, bananas, citrus fruits, and coconuts, it was promoting various exotic fruits and spices, suitable for smallholder production. The country's beauty gave it tremendous potential as a tourist center, particularly after the Cuban revolution. Jamaica's potential for export-led growth was enhanced by its geographical proximity to North America and its English-speaking workforce. At the same time, Singapore had no natural resources and was suffering from severe racial, religious, and political turmoil, intensified by its traumatic 1965 separation from Malaysia.

The situation now obviously is very different, indicated by the great disparity in per capita income: compare Singapore, nearly $30,000 (with a 6.5 percent annual growth) with Jamaica, less than $4,000 (with negative growth for most of the last 25 years). Whereas Singapore's government has managed to eliminate persistent poverty, unemployment, and crime, Jamaica's government has been unable to break the linkage between high teenage pregnancy rates (40 percent), female-headed households (40 percent), school dropout and failure rates (one third of those from poor households), poverty (one third of the population), unemployment (16 percent), and extremely high rates of ordinary and violent crime (Human and Social Development Group, 1997). Whereas Singapore has been able to undertake some of the world's best programs in public housing, public transportation, urban planning, public health, and public education, Jamaica's efforts have largely failed. Between 1965 and 1995, the World Bank lent Jamaica $1.3 billion for 62 projects, of which 52 were evaluated as unsuccessful in regard to outcome, sustainability, and institutional improvement (Caribbean Country Management Unit, 2000, p. 19).

Jamaica, in contrast to Singapore, has maintained a vigorous two-party system since independence, with the People's National Party and the opposition Jamaica Labor Party alternating in power about every ten years. However, both political parties regularly employ criminal gangs (assisted to some extent by police and civil servants) to mobilize political support, distribute favors, and intimidate opponents. These parties have divided the country into "garrisons," within which illegal acts are allowed so long as they contribute toward electoral victory: "The sharing in the spoils provides a basis for community support for the justification of hatred, murder and mayhem against the opposition" (Figueroa & Sives, 2002, p. 98). The origin of the violence goes back to the 1970s, when community leaders (known as "dons") were armed by the parties, given control of patronage, and used as enforcers in the turf wars that divided the country.

The civil service, the judicial system, and the police have lost citizens' respect as their effectiveness has been undermined by inadequate pay, training, expertise, and even drug money (Hudson & Seyer, 2000). According to *The Economist* (November 1, 2003a, p. 36), extortion by gang leaders adds 40 percent to project costs, amounting to "an official tax of perhaps $100 million a year," further encouraging violent turf wars between rival gangs and contributing to debt, which "eats up 60 percent of Jamaica's tax revenues." Moreover, insofar as "those who make and enforce the laws of a country are perceived to be intimately involved in illegal activities," the "legitimacy of national institutions" is undermined (Figueroa & Sives, 2002, p. 100). Whereas various efforts have been made to improve the functioning of the Jamaican bureaucracy, it has not been able to escape "the problems of weak performance and poor quality in the delivery of service to the public" (Ferguson, 2002, p. 23). Not much can be expected when "the complex network of corruption and illegality" continues "to undermine the integrity of many of the country's institutions and has had a significant impact on the value systems to which people increasingly adhere" (Figueroa & Sives, 2002, p. 100).

The consequences of a democratic political system, in which partisanship is more apparent than statesmanship, were once again revealed in July 2001, when riots broke out in the Tivoli Gardens neighborhood of West Kingston, causing much destruction, personal injury, and loss of more than 25 lives (Gonzales, 2001, p. A3). The violence broke about when the police went into the community, led by Edward Seaga, the former prime minister and leader of the opposition Jamaica Labor Party, looking for illegal weapons. "Homes, shops, factories, schools, and other community buildings have been abandoned and lands that could be redeveloped close to the center of Kingston lie in ruins" (Gonzales, 2001, p. A3). In the case of Jamaica, political disorder clearly results from bad governance, rather than from such common causes of political instability as racial, religious, or

ethnic differences. In other words, party bosses have used political gang-sters and lower class partisans to bring "their zero-sum communal loyalties and their savage violence and predatory instincts into national politics" (Gray, 2003, p. 78).

Because primary or liberal democracy has taken a dysfunctional form in Jamaica, contrary to the conventional assumption, it has intensified corrup-tion. At the same time, there is not enough secondary democracy here to prevent persistent mismanagement of the economy manifesting itself in slow growth, budgetary shortfalls, inflation, and unpayable debt. Parastatals (of which some 150 remain) have been used by the government to under-mine the economy because they are "monitored only in exceptional cir-cumstances" (Harrigan, 1998, p. 17). Moreover, banks, credit unions, and insurance companies continue to be undercapitalized, undersupervised, and underregulated, with the public usually kept in the dark about this mismanagement (Dean, 1998; Henke, 1999). Public expenditure is hidden, first of all, from the IMF, and, secondly, from the legislature and the public, indicating that these methods "are linked to the workings of clientelist politics" (Harrigan, 1998, p. 17).

How the resulting political inelasticity has undermined business devel-opment is indicated in a recent World Bank report showing a connection between, on the one hand, the "factionalized civil society" and the "parallel system of government in inner cities" and, on the other hand, the "low respect for law and order" and "low national pride" (Caribbean Country Management Unit, 2000, Section E). Businesses must not only pay kick-backs and bribes, but also "there is pressure to employ workers and contractors based on political affiliation rather than competence" (Figueroa & Sives, 2002, pp. 99–100). A combination of "politically inspired gangsters, heroic bandits, and left-wing gunmen" have "robbed banks, challenged the security forces with hit-and-run tactics, and mocked the rule of the two parties" (Gray, 2003, p. 90). Until there is more evidence of classical (secondary) democracy, Jamaica will certainly be unable to escape its poverty, violence, and misery, even though, culturally, it may remain more exciting than puritanical and authoritarian Singapore.

Mexico

Mexico's experience with export-oriented manufacturing (the so-called "maquiladora corporations" — generally, direct subsidiaries of trans-national firms) goes back to 1965, when it was set up along the border areas in cooperation with the American government to discourage illegal migration, while protecting domestic manufacturers (Cooney, 2001). Under this arrangement, imports of raw materials and parts from the United States

were allowed without duties or restrictions on the condition that the finished goods were sent back to the United States, with taxes paid only on the value added by the Mexican workers. Yet, by 1980 it was clear that there was more needed to be done, which was indicated by a number of factors then affecting Mexico: (1) extensive oil income amounting to more than 75 percent of export earnings; (2) the increase of foreign debt to nearly $80 billion (making it the most indebted nation in the world by 1982); (3) an inflation rate reaching nearly 30 percent (going up to almost 100 percent by 1982); and (4) an overvalued exchange rate (Damian, 2000).

Mexico was required under structural adjustment policies, which were imposed by the IMF and the World Bank from the 1980s onward, to adopt an "export-at-all costs" strategy. Under it, Mexico eliminated most import licenses and import prices, cut subsidies for industrial and agricultural inputs, privatized a high percentage of state enterprises, drastically reduced tariffs and rigid controls on foreign investment, joined the General Agreement on Tariffs and Trade (GATT), entered into the North American Free Trade Agreement (NAFTA), and signed trade agreements with many Latin American countries. Consequently, as of 2000, Mexico was earning more from maquiladora exports (which expanded by about 200 percent from 1994 to 2000) than from oil exports. Whereas in 1985, oil accounted for more than 55 percent of total exports and manufacturing, 30 percent, this ratio was reversed by 1995, with the oil share falling to under 11 percent and manufacturing, 85 percent of export composition. During the 1990s, Mexico had the highest rate of export growth in the world (making it the world's eighth largest exporter and the United States' second biggest trading partner after Canada) and accounted for nearly one fourth of the total GDP of Latin America and the Caribbean (Levy & Bruhn, 2001, p. 11). In 1998–1999, it sold about $35 billion worth of high-tech products, nearly as much as China, which has more than ten times Mexico's population. In 2000, Mexico had a $20 billion trade surplus with the United States. Consequently, Mexico came to be viewed "as a model of economic reform worthy of emulation by other nations" (Kelly, 2001, p. 84).

Despite Mexico's achievements, there has been an increase in the level of poverty, indicating that per capita growth has been about one third that achieved under import-substitution from 1940 – 1980. Real wages dropped 40 percent during the 1980s and fell even further during the 1990s. During the 1990s, per capita growth was less than 3 percent annually, as against 6 percent annually from 1950 to 1980 (Damien, 2000, p. 29). In 1996, 42 percent of the Mexican population was reported to be living below the poverty line (an increase of nearly 75 percent from 1989), which was partly a result of the terrible financial crisis of 1994–1995.

Severe poverty affects especially rural Mexico, containing (as of 1998) 25 percent of the population but accounting for nearly 60 percent of those in

extreme poverty (Tulchin & Selee, 2003 Peters, 2000;). Because nearly three fourths of all Mexican households in 1996 were considered at least somewhat impoverished, the expectation that NAFTA membership would reduce illegal migration to the United States (where wages are ten times higher) proved illusory. An estimated 60 percent of the economically active population continue to work within the informal sector and, as such, lack the protection of social security, unemployment insurance, and other social safety provisions found in most industrialized countries (Latin America and the Caribbean Region, 2001, p. 5).

On the Human Development Index (combining per capita income, health, and adult literacy statistics), Mexico scores 78.6, as against 80.1 in Costa Rica, despite Mexico's higher per capita purchasing power (25.5 percent of that of the United States, as against 19.9 percent in Costa Rica). However, one can point to other indications of the failure of the Mexican government to use its economic success for a higher standard of living. Mexico's illiteracy rate remains at about 13 percent, as against about 6 percent in such an impoverished country as Cuba (Peters, 2000, p. 163). Although Mexican education has improved in recent years, with the average child receiving 7.7 years of schooling, the poorest 10 percent of children, particularly in rural areas, receive only a few years of education under extremely inadequate conditions (Levy & Bruhn, 2001, p. 11; *The Economist*, 2001, pp. 25–26).

Whereas Mexico and Poland had about the same per capita purchasing power in 2000, the percentage of the adult population in Mexico with upper secondary education was 21.2 percent, as against 54.3 percent in Poland; and Mexico was then spending 50 percent less than Poland on each primary school student ($935 as against $1435). Mexico spends only 2.8 percent of its GDP on health as against 4.2 percent in Poland, partly resulting in an infant mortality rate (per 1000 live births) three times higher (30 compared to 10) than that of Poland. Perhaps more significant is that, whereas almost all Poles now have access to adequate water sources and sanitation, the comparative percentages for Mexico are 83 and 66 (OECD, 2001, 2002).

Globalization may have increased income inequality in Mexico, with the top 20 percent of households expanding their share of total income from 49.5 percent in 1984 to 58.2 percent in 2000, leaving Mexico with one of the most unequal income distributions in the world. The top decile of the population now accounts for more than 40 percent of the nation's income, as against only about one third in 1984 (Cypher, 2003, pp. 29–30). Globalization seems also to have intensified "territorial polarization" in Mexico, with the states south of Mexico City largely excluded from export activities. Summarizing the impact of the "neoliberal model of development" for Mexico, Cooney (2001, p. 80) concludes that, while it may be useful for the elite, "the benefits for the majority of Mexicans appear minimal if not nonexistent."

Inequality in Mexico, as in the United States, is certainly associated with racial and cultural divisions. While one quarter to one third of Mexico's poor are indigenous, indigenous people make up about 60 percent of the extreme poor. This is particularly true in rural areas where the typical pattern remains of indigenous landless peasants working for white large landholders (the *latifundios)*, who are protected by private militias, soldiers, and police. This has resulted in the Zapatista rebellion in the state of Chiapas. However, no more than 10 percent of Mexicans speak primarily an Indian language, and, despite Mexico's diversity, "the degree of homogeneity is increasing" (Levy & Bruhn, 2001, p. 25).

Because of the lack of attention to governance in much of the social science literature on Mexico, we have to use a variety of specialized sources. Transparency International's 2001 Corruption Perception Index (available on its Web site) puts Mexico at 3.7 (slightly higher than Egypt). OECD reports are also useful. A 1999 report (OECD, 1999, pp. 251–252) having to do with regulatory reform in Mexico notes that "the enforcement of regulations is problematic in Mexico," adding "complex and unclear regulation, and difficulties at the judicial level with interpretation and enforcement, have meant that Mexican regulation has long been the source of considerable uncertainty and confusion to the citizen." In Mexico civil society "remains thin and uneven compared with advanced industrial democracies" (Levy & Bruhn, 2001, p. 75). Consequently, Mexico's own anti-corruption czar estimates that corruption costs the country about 10 percent of its GDP — twice the education budget (Rosenberg, 2003).

The recent murder of Digna Ochoa, one of Mexico's most prominent human rights attorneys raised concerns about the ability of President Vincente Fox's government to transform the political culture. In much of Mexico, law enforcement agents cannot be distinguished from the criminals they are supposed to arrest. The payment of bribes is so common that is difficult to determine if this practice results more from "extortion" or voluntary "gift-giving." Indeed, according to a recent study by Mexican sociologists, the police are taught by their colleagues and superiors how to extort money from businesses and citizens, which partly accounts for the fact that only about 8 percent of crimes are solved and suspects who pay bribes are usually let go (Botello & Rivera, 2000). In 1994, even the violent Brazilian cities of Rio de Janeiro and Sao Paulo reported more than 16 percent of crimes resolved, as against only 2.6 percent in Mexico City that year (Elizondo, 2003, p. 44). On the other hand, more than half of the 22,000 prisoners in Mexico City's jails are there for offenses so slight that human rights advocates (and, increasingly, city officials) "say that they never should have been jailed in the first place" (Sullivan & Jordan, 2002, pp. A1, A10). The arbitrary nature of Mexico's legal system is underscored by the fact that there are no jury trials and that in many cases, the judge never even sees the defendant.

The failure of the legal system has been most apparent in Ciudad Juárez where nearly 400 women "all of them poor and with virtually no political influence" have been tortured, raped, and killed since 1990 with justice being undermined by bungled autopsies, falsified evidence, and use of torture to obtain confessions, according to an Amnesty International report (Forero, 2003, p. A6). "Intolerable killings" occur here, as this report goes on to emphasize, because of a combination of "indifference, lack of will, negligence, or inability."

Toward the end of the 1990s, the attorney general admitted that 80 percent of the federal police engaged in corruption; and, despite President Vincente Fox's campaign against corruption, the most recent report of Transparency Mexico (the local arm of Transparency International) suggests that residents of Mexico City have to pay bribes for almost a quarter of the government services they receive, with businesses particularly targeted (Levy & Bruhn, 2001, p. 17). So lucrative is this situation for policemen that many bribe their way into police positions, disregarding the fact that their official pay is very low. Corrupt police officers may be responsible for the fact that Mexico ranks second in the world (next to Colombia) in kidnapping, with more than 3000 cases in 2003 (*The Economist*, June 19, 2004, p. 37).

In Mexico, freedom of the press is undermined by the fact that journalists, editors, and publishers are often paid (or given financial inducements) by the government or criminal elements to exercise "self-censorship," therefore preferring "to follow the corruption-paved avenue to mobility offered by members of the state rather than attack the system" (Morris, 1991, p. 52). Those who resist (as happened to more than 30 reporters during the late 1980s) may well be murdered. In the last 16 years, three journalists have been assassinated in Tijuana for reporting about government corruption and drug trafficking (Sullivan and Jordan, 2004, A18).

The lack of trust in the police and the courts accounts for the increasing tendency of citizens to resort to mob justice, "including lynchings and beatings of suspects caught in the act" (Levy & Bruhn, 2001, p. 17). Because torture has been "standard operating procedure" in the Mexican legal system, there is a profound lack of trust in the judiciary (Weiner, 2001, p. A10). To reform it is going to require a complete overhaul of the justice system, including changing the nature of criminal investigations and judicial standards. Many criminals escape simply because cases are delayed, thrown out on technicalities, or undermined by the lack of a national police database. During the 1990s, there were major efforts to reform the judicial system; but, according to a study by Domingo (2000, p. 742). the "alarming persistence of human rights violations, high levels of inefficiency in the administration of justice, overburdened courts, and the continuing crises of corruption scandals and political violence undermine the notion that the rule of law is advancing in Mexico." In 2001, a United Nations special

rapporteur on human rights in Mexico claimed that seven out of ten federal judges were corrupt (*The Economist*, June 29, 2002b, p. 36).

The fact that an estimated 2.5 percent of Mexico's GNP and 8 percent of its export earnings are derived from the illegal drug trade greatly increases the difficulty of reforming the system (Levy & Bruhn, 2001, p. 222). The increasing use of soldiers to prevent peasants from growing the raw material for this trade has become controversial in this regard. For example, while soldiers are frequently accused of human rights violations, they are tried in military courts where, despite President Fox's promises of reform, "there has not been a single conviction" since he came to power (*The Economist*, June 29, 2002b, p. 36). Recent studies have generally concluded that "human rights violations are the worst in rural, and especially indigenous regions of the country" (Levy & Bruhn, 2001, p. 107).

While Mexico may have improved the quality of administration in recent years, it still remains very weak. In 1998, the OECD (1998, p. 113) (which tends to be very diplomatic) reported that "Mexico does not have a true civil service as this term is understood in other OECD countries, with the exception of a few Ministries" and that management and training are very inadequate. Observers of Mexican administration point to a variety of weaknesses. According to an article in *The Economist* (May 12, 2001, p. 42), "there are few evaluations, either inside or outside government, of how well it performs," thereby facilitating the corrupt handling or mismanagement of contracts as well as the inefficient performance of work. The practices of ministries are often opaque; and insofar as there are no instruments to force them to comply with regulations, there is also no effective oversight. Because about a third of officials are affected by the sexenio system (the change in government every six years), those who gain power often consider it their right "to partake of the system's spoils." Consequently, meritocratic considerations are less important than loyalty, deference, and services that clients can provide to patrons; and corruption here "is less a sickly deviation from Weberian health, than the cartilage and collagen which holds a sprawling body politics together" (Knight, 1996, p. 231).

Mexico's poor quality of governance undermines business development in all sorts of ways. Whereas Korea spends 13.3 percent of GDP on education, Mexico spends less than 5 percent. In regard to researchers per 10,000 labor force and scientific publications per 100,000 population, Mexico is far behind South Korea and other comparable countries. Moreover, unlike other industrial nations, where on average the private sector undertakes in excess of 40 percent of national outlays for R&D, in Mexico, it accounts for only about 17 percent of the total.

What has kept Mexico from spending more on education and social expenditure is the failure of the government to increase tax revenue much about 10 percent of GDP, as against 23.6 percent in Korea. Social expenditure

in Mexico as a percent of GDP (14.7) is the lowest for any OECD member, which means that it is about 50 percent lower than that of Korea. Moreover, according to Elizondo (2003, p. 46), "because the quality of expenditure is usually poor, the result is a very low provision of public goods when compared to the taxes collected." A vicious circle therefore exists, with the bureaucracy inefficient, poorly paid, and corrupt and thus unable to cope with the needs of society, and, at the same time, the unwillingness of taxpayers to pay more because "they do not perceive the benefits of their taxes" (Elizondo, 2003, p. 46).

Perhaps even more serious is the failure of the banking system to facilitate business development. Bank credit to the private sector in Mexico stands at less than 10 percent of GDP, as against 30 percent in Brazil and 52 percent in the United States (Malkin, 2004, pp. W1, W7). The average cost of a banking transaction, including the use of checking accounts and debit and credit cards in Mexico is $1.62, compared with 52 cents in the United States. Only about 70 percent of Mexicans (including 40 percent of those in formal employment) use commercial banks or have contact with financial services (*The Economist*, August 9, 2003b, p. 61).

While officials are anxious for more Mexicans to have access to banking and credit, they have failed to supervise existing financial institutions and enforce regulation, thereby discouraging expansion of the banking system. It is not so much lack of capital that prevents Mexican banks from lending more, but rather, a "reluctance to lend to risky borrowers under a soft legal system" (Herrmann, 2002, p. 43), Moreover, without a more efficient and trustworthy bureaucracy, it is difficult to enforce repayment of loans and appropriate accounting rules, which further undermines the system.

Conclusion: Helping Countries to Globalize

In the case of Asia, it is clear that globalization has caused a significant decrease in those living below $1 a day (Ravallion, 2004, p. 65). With the good performances of India and China, the percentage of the world's population below $1 a day has declined from 33 percent in 1981 to about 18 percent in 2001. However, while the percentage of miserably poor has fallen in Asia since the early 1980s, it has roughly doubled in Africa. Whereas one in ten of the world's poorest then lived in Africa, it is now about one in three.

Considering Africa's economic retrogression, Professor Jeffrey Sachs (2004, pp. 19–21), a special advisor to the UN secretary general on the Millennium Development Goals, advocates about a tripling of foreign aid (from $8 billion to $25 billion a year), with about half of this amount going to Africa, to be administered by the International Development Association

(IDA) of the World Bank. While I entirely agree that Africa needs such financial assistance, I remain skeptical because of the history of World Bank's antipoverty efforts over the years.

While the world's wealthy countries have provided an estimated $1 trillion to developing countries since World War II, the primary responsibility of helping these countries has been given to the World Bank, including several hundred billion dollars of loans for projects and economic reform. With its staff of over 10,000, including the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), the Bank made loans totaling $19.5 billion and worked in 100 countries in 2002. For the poorest countries, assistance is largely channeled through the IDA, almost without interest charges. Nearly half of new loans are for IDA projects, and lending for economic policy reform has reached more than 50 percent of Bank lending. Moreover, using a research budget of about $25 million, the Bank remains the primary source of data and social science research. As such, it determines the direction these countries should be moving in and establishes the benchmarks of how well they are doing.

Despite success over the years in facilitating global improvements in infant survival, life expectancy, agricultural output, and adult literacy, World Bank loans appear to cause countries to become increasingly indebted and, therefore, more impoverished. On the whole, only a minority of World Bank projects have been judged by the Bank itself to be "sustainable" and, for the poorest, often most indebted countries, less than one in four (Rich, 2002). While policy reform projects (the so-called "structural adjustment lending") has been at times unfairly criticized (disregarding the need for adequate tax collecting or cost recovery), a 1997 evaluation found only 19 percent of the projects performing satisfactorily (Rich, 2002, p. 27).

The World Bank's own evaluation reports have emphasized its failure to carry out "its self-proclaimed goals of poverty alleviation and environmentally sustainable development" (Pincus & Winters, 2002, p. 22). At the end of the 20th century, the Bank economists determined that the "average income in the richest 20 countries is 37 times the average in the poorest 20 — a gap that has doubled in the past 40 years" (World Bank, 2000, p. 3). This indicates that, despite economic growth in some countries, the dismantling of socialist economies, extensive globalization, large amounts of foreign aid, and many donor assisted projects, at least 75 percent of the world's population live in countries with a per capita income of less than $1000, with about half of the world (2.7 billion) living on $2 a day (Ravallion, 2004, p. 65).

My own research (Werlin, 1998) suggests various reasons why the World Bank has not been more successful; and this analysis has been underscored by a more recent book edited by Pincus and Winters (2002). Perhaps the

biggest factor remains the political software inadequacies within borrowing countries. However, the Bank staff have to work under conditions established by its main shareholders, particularly the United States, accounting for the three most persistent explanations for failure:

1. *The culture of loan approval.* A major study of the World Bank (the 1992 Wapenhans Report) drew attention to the pressures on Bank staff to "favor the formulation and approval of new projects over the monitoring and supervision of ongoing projects." After all, staff need to keep busy; governments need the loans; good relationships with borrowers are essential; and pressure from contractors or businesses in donor countries cannot be easily resisted. When all is said and done, the Bank's board and management still focus on "staff/dollars lent." This means that staff are rewarded "for moving projects through the approval process at a faster pace, and having a client (borrower) orientation — not for policy compliance" (Rich, 2002, p. 29).

2. *The World Bank's political constraints.* The World Bank is "forbidden from engaging in political activity by its own rules." While the Bank is increasingly willing to deal with such political issues as governance, decentralization, and civil society, it "must remain on guard against accusations of meddling in domestic political affairs, not only because its *Articles of Agreement* require it to do so, but also because its authority as a development bank — and hence its attractiveness to donor countries — depends largely on its claim to "technical, objective expertise" (Pincus, 2002, p. 84). However, efforts to keep a project "apolitical" has political consequences that cannot be avoided. For example, to really help farmers, the Bank has "to confront the political realities behind its rhetorical edifice of participation, partnership, and support for civil society" (Sender, 2002, p. 199). The truth is, all reform efforts have political implications. For example, programs to help African rural women may be impossible without "an accessible court that is independent of local male notables" (Sender, 2002, p. 198).

3. *The unwillingness to confront underlying problems.* For the reasons already mentioned, the solutions generally promoted by the World Bank (privatization, reducing government expenditure, trade and financial liberalization, deregulation, and the other reforms associated with the so-called "Washington Consensus") tend to be naive as well as unrealistic. Even the Bank's approach to the problem of corruption is often technocratic requiring borrowers to expand expertise, including "workshops for everyone from elementary school principals to judges to bureaucrats," rather than dealing with underlying problems (Winters, 2002, p. 112). While the authors of an important World Bank 1997 document on corruption recognize that it may stem from "the

way power is exercised and retained," they then consider it to be an "untouchable realm" (Winters, 2002, p. 113). Although noneconomists (particularly, anthropologists and sociologists) are increasingly used by the World Bank, they do not really "challenge the economics and economists of the World Bank and can have the effect of strengthening their position and scope" (Werlin, 1998, p. 319).

An Alternative Approach

Using PE theory, it can be argued that countries are poor because political power cannot be easily delegated or decentralized and, as such, cannot predictably control or affect the behavior or their populations. What is essential is the development of political software (consensus building), which requires various commonsensical steps that have been presented. Progress can be measured on the basis of steps to improve any aspect of them.

If this analysis is correct, the World Bank must act more like an ordinary bank — requiring justification for loans, rather than being simply a source for loans, and starting with small loans, gradually increasing their size and scope based on the progress made. While the Bank must avoid partisan or "primary politics" (particularly, getting involved in elections), it cannot avoid "secondary politics" (the consensus building essential for political software development). In the process of introducing technocratic considerations, the underlying factors needed for development must always be emphasized.

There is a saying that the more impoverished a country (or individual) is, the more tightly closed is the door to reform, with the lock having to be opened from inside. While I believe that a heavy-handed approach would be counterproductive, I suggest that the following approaches might be experimented with: (1) requiring prior reform — making sure, for example, that a country has the capacity and the willingness to repair old roads before new roads are financed; (2) intensifying pressure in various ways — terminating ineffective projects following the dissemination of explanatory reports and holding of public hearings, which the press would be encouraged to cover; and (3) promoting competition — getting countries at similar levels of per capita income to compete for project support, based upon the quality of governance.

I also have in mind making structural adjustment and debt-relief contingent a competitive process after the amounts potentially available to each eligible country are suggested. Each of these countries would be expected to determine its quantifiable goals, strategies for achieving them, and timetables for doing so. Taking into account the governmental improvements of

this country in comparison to those of other highly indebted or impoverished countries, evaluators (led perhaps by Transparency International, the world's leading anticorruption organization) would periodically announce how much countries would receive, together with justifications, encouraging countries to keep trying for additional funds. The objective would be to make structural adjustment and debt relief "prizes to be worked for," rather than "gifts to be waited for." Otherwise, they are likely to be wasted.

What is suggested here is that the path to reform is much the same, regardless of cultural or other differences between the countries, indicated by success stories in Malawi and Peru, showing that progress can be made even under authoritarian and corrupt leaders based on the implementation of political software requisites (Werlin, 1998). Under President Banda in Malawi, road repair was made a national priority. A management system was installed, using microcomputers to provide the needed information at various levels of organization. Workshops were also established to set objectives for the implementation of all repair activities. In addition, there was a comparison of work performance between districts, creating a spirit of competition and an incentive for supervisors to perform to the limits of their potential. Consequently, as of 1990, only 6 percent of Malawi's paved roads and 16 percent of its unpaved roads were in bad shape, compared to an estimated one quarter of paved roads and 40 percent of unpaved roads being in a similar dismal shape in Sub-Saharan Africa as a whole. In Peru, the percentage of the GDP collected in taxes nearly tripled during the early 1990s (from less than 5 percent to nearly 15 percent) when the tax collecting agency (*Sunat*) was professionalized.

This underscores the importance of inducing the country itself to create an appropriate project unit: identifying needed positions; requiring staff to take examinations to compete for these positions, and giving salaries comparable to those in the private sector. Only when the World Bank is satisfied with the quality of this unit would the project begin. Another possibility is simply a "grant-in-aid" system, in which community efforts are matched by the government (supported by the Bank). This worked quite well in Egypt during the 1980s under a "village improvement program."

However, such projects are difficult without a national commitment to improve the quality of governance. To foster this commitment, the World Bank needs to support programs for which there is the greatest enthusiasm. Such enthusiasm can easily be undermined by evidence of corruption. This is what happened in Kenya in the 1980s when powerful people ceased to pay property taxes and service charges, thereby causing residents of World Bank-supported housing projects to riot when they were also required to pay these taxes and charges (Stren, 1989, p. 33).

As a professor, I used to tell my students that "it is as difficult to help poor countries as it is the beggars on urban streets." In other words, when

beggars suffer from alcoholism, drugs, or various forms of mental illness, you can give them charity but never make them independent of it. Likewise, unless the World Bank is willing to go deep into the underlying causes of poverty, even at the risk of alienating shareholders and executive directors, it will never be really successful. While the Bank's *Articles of Agreement* certainly disallow interference in domestic political affairs, they also "vest the Bank with unambiguous rights and responsibilities to safeguard the integrity of its loan funds" (Winters, 2002, p. 106). Indeed, the Bank and its directors could eventually be sued in the World Court by indebted countries "for willfully and illegally contributing to their criminal debt burden" (Winters, 2002, p. 106).

A Final Note: The Case of Liberia

As an example of "what not to do" is a report released at the end of January 2004 by the United Nations and the World Bank suggesting that Liberia needed about $500 million in stabilization aid during the next two years. According to an article in *The New York Times* there was a donors conference in February 2004, attended by Secretary of State Colin Powell and French Foreign Minister Dominique de Villepin to discuss this report, with the United States promising about $200 million for this effort (Sengupta, 2004, p. A6).

Without denying the desperate situation in Liberia, it can be argued that the World Bank should start out with only a small loan, requiring Liberia to show significant progress in improving its public administration along the lines earlier suggested, before any additional funds were released. As it is, Liberia is one of the most corrupt and mismanaged countries in the world. Under these circumstances, a small grant-in-aid would be much more appropriate, with additional financial support given only when the Liberian government demonstrated real progress in effectively dealing with its most serious problems. Otherwise, however carefully supervised by foreign officials, the money is likely to be wasted unless Liberian leaders are induced to come to grips with their fundamental weaknesses. This might also give supporters of reform within Liberia itself the encouragement they need to successfully carry on their struggle.

My own analysis of the situation is based on my experience reviewing in the late 1980s a World Bank urban project in Monrovia, Liberia that was undertaken at the end of the 1970s (Werlin, 1990). Although this project was considered a failure insofar as the institutional reform efforts were never implemented, including a reform of accounting systems, building codes, revenue collection, and fiscal discipline, there were possibilities that were missed, such as the following:

1. *Mobilizing potential reformers.* There were experienced and capable Liberians both within the country and outside it anxious for reform who could have been used. Moreover, the Bank could have turned for additional assistance to churches, ethnic associations, and mutual-help groups which were active in Monrovia.
2. *Sponsoring public workshops.* It was discovered during a "Project Launch Workshop," held after the project had begun that many of the city's leaders and much of the population were unaware of the project's origins or purposes. This suggests the importance of periodically sponsoring such workshops to provide a time for serious dialogue about Liberia's political policies and practices.
3. *Using incremental rather than blueprint procedures.* If a step-by-step approach had been used for the Monrovia project, step one could have included the institutional reforms essential for step two, which could have concentrated upon infrastructural investments and capital works, to be followed by additional steps essential for overall urban development. The entire project, accordingly, could have been presented as a multisectoral urban loan package, with funds released, based upon progress in institutional development.

For any reform to work, leaders must be convinced that it is in their own self-interest. This is apparently what caused the Kenyan government under President Daniel arap Moi, despite his corrupt and authoritarian ways, to privatize Kenya Airways in 1996, under a partnership with KLM (Africa Region, 2003, p. 101). His motivation was apparently a desire to please a growing African business elite anxious for the success of tourism and horticultural exports to Europe. Consequently, Kenya (despite continuing problems with crime, corruption, and mismanagement) remains the dominant airline hub in the region, sustaining the tourist industry and facilitating the development of a first class horticultural industry. Although in the case of Liberia there is no guarantee that leaders will be motivated to allow any type of reform, they might be influenced by the linkage of extensive foreign aid to reform efforts, assuming that these efforts also have the support of an enlightened public opinion which might be reached by the World Bank officials who recognize the importance of doing so.

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Chapter 14

Global Governance, the UN Secretariat, and International Public Administration

Itoko Suzuki

CONTENTS

Introduction

Purpose

After nearly 60 years of existence of the United Nations, it was gratifying for the present and former UN staff (the author was a staff member of the UN during 1969–1999) to hear the news that our Secretary-General Kofi Annan received 2002 Nobel Peace Prize together with the United Nations. The United Nations was created in 1945 with the objectives of maintaining peace and security and to achieve international cooperation in solving international problems. The founding period environment has tremendously changed since. Especially now, we see strong impact of globalization, and yet we still see the states having the final authority in deciding the fates of our global community. Nevertheless, non-state actors including the inter-governmental organizations (IGOs) (as well as non-government organizations (NGOs) and private sector firms) have increasingly become important in global governance in which the United Nations is playing a crucial role. The United Nations is the most comprehensive (issue-wise) IGO in the present world, as the United Nations is currently managing many more international regimes. The United Nations is the most universal international institution with a membership of 191 states. Any state, member, or nonmember of the United Nations can bring into the United Nations (General Assembly) any issue for its solution. The United Nations is often considered to have legitimacy (of course depending on issues) even to bind nonmembers. When the present world community does not possess the world government, the United Nations is taking a crucial role in global governance.

    It is well known by now that the Secretary-General is not only the chief administrative officer of the United Nations Secretariat, but also has been recognized as a creator, in his capacity officially as an advisor to the international community, of the partnerships beyond the member states, of all actors representing and seeking the preservations of global human interests, which can sometimes override national interests. The Nobel Prize awarded to the Secretary-General symbolizes, of course, his excellent personal

capacity, but also the importance of the leadership of the Secretary-General of the United Nations in the current international community, which is assisted by the staff of the UN Secretariat.

The UN Secretariat is, according to the Article 7 of the UN Charter, one of the major entities of the United Nations together with the General Assembly and the Councils (we do not argue in the context of this chapter about the International Court of Justice, which is also a major UN entity). In the governance framework, whether it is at the level of national, local, or international, actors are not only governments, but also non-state actors. In the global governance, the UN Secretariat, not an IGO by itself, but as a global actor of governance, is increasingly emphasizing the relationships and networks harmonizing among the state and non-state actors including IGOs, private firms, and NGOs.[1] The UN Secretariat, represented by the Secretary-General, is a focal point to link all "the peoples" of the world in managing global or international regimes, as it provides forum of dialogue, discussions, negotiations, coordination, and decisions and advices for the world community of many actors and networks. For managing these regimes, and all the other activities of the United Nations, the UN Secretariat mobilizes and allocates major administrative resources including normative, financial, human, and informational from and to member states as well as many other actors in the international community. The UN Secretariat is obviously situated in the main street of the international public administration. It is not possible to clarify the system of global governance. But it can organize some facts that the international public administration is making global governance a practical reality.

This chapter tries to review, from the experience of a former UN official engaged in the international public administration, some salient functions and resources of the UN Secretariat, as they evolve the international public administration, and attempts to identify major roles of the UN Secretariat for the global governance. In doing so, this chapter sketches some peculiar phenomenon of the international public administration, which intersects with the UN Secretariat.

This chapter does not argue, define, or prescribe any theory or theoretical foundations of international public administration or global governance. Even with the limited and nonacademic scope, this review will hopefully serve to be a step toward many future investigations of issues in the international public administration as it evolves in and through the UN Secretariat.

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[1]See the detailed concept of networking described in Takeo Uchida (2002). Introduction: Roles and Challenges of the UN Secretariat in Global Governance. In: The Japan Association for United Nations Studies, ed. *The United Nations Secretariat as a Global Actor*. Tokyo: Kokusai Shoin. Prof. J. Ruggie described how the UN Global Compact was designed in his article (Ruggie, J.G. (2001). The Global Compact as Learning Network. *Global Governance* 7(4) (Oct.–Dec.), 371–378). Secretary-General Kofi Annan reiterated the importance of non-state actors in his Millennium Report, http://www.un.org/millennium/sg/report/ch1.pdf (accessed November 1, 2004).

International Public Administration Used in the Context of This Chapter

There are many definitions, approaches, and interests to be covered in international public administration. The terms such as "international," or "public administration" are defined invariably and their usages are numerous. Each definition involves each historical context, possesses different purpose, and levels, and each definition itself is still the object of further argument. This essay tries to avoid such arguments, and is looking only into the process of the international public administration which evolves, in and through the UN Secretariat. As stated earlier, the UN Secretariat is one of the three major entities of the United Nations together with the General Assembly, and Councils that are the IGOs. There may be many other international public administration phenomena intersecting these IGOs, which are beyond the purview of this chapter.

The UN Secretariat is a legal international public institution, which procures its resource, allocates, and distributes in the global governance, which aims at cooperation among various actors in managing world orders. Analogous to national public administration in which resources procurement and distribution are managed by the public system and organizations, international public administration is the public administration of international issue or issues pertaining to the allocation of public goods beyond and across the national border via coordination or cooperation. As international administration requires coordination or cooperation for issues between nations, diplomacy can be international public administration. If so, international public administration has been exercised much before interdependent relations among sovereign states have been clearly recognized to have emerged. This chapter does not deal with such arguments, nor does it deal with the UN administration *per se.* This chapter will argue only one aspect of international public administration as it evolves in and through the international organization called the UN Secretariat. While international public administration is evolving in various levels of governance and many public systems, this chapter will deal with the international public administration system as it is exploited in the UN Secretariat that has its own resources and functions.

The UN Secretariat is an international public organization. The organization for the objectives between and among the states is the organizing principle of the international public administration. According to Mitrany,[2] the cooperation among the states is possible, and that possibility is actually

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[2]Mitrany, D. (1966). A Working Peace System. Chicago, quoted in Shiroyama, H. (1997). *The Structure and Process of International Administration.* Tokyo: University of Tokyo Press, p. 13. The author is much indebted to Prof. Shiroyama for his theories and thrusts presented in this book and another cited in footnote 6 that have inspired her.

enabling the international public administration. In other words, as Woolf[3] puts it, international public interests can be possibly shared by and among states. Taking into account these organizing principles of international public administration, and the resources cited above for the UN Secretariat, several functions exercised by the UN Secretariat will be reviewed in the following sections, as we try to understand the salient characteristics of the international public administration in and through the UN Secretariat.

International Public Administration in the Context of Global Governance

Positioning of the United Nations

The current world is not an anarchical society; the world is not always with uncontrollable disorders. Global governance theory or theories try to identify positively, what issues exist now in the global community, and how the states, international organizations and civil society can cooperate toward its solution. In this context, current international public administration is deploying the cooperative activity without a central world government. As neither global governance nor international public administration have yet developed their systems, the real substance of either global governance or international public administration cannot always assure effective results. However, in a world of uncertainty, particularly in the international community, global governance can provide a framework or at least the possibility of a framework in which many actors of international community can cooperate toward responding to globally threatening issues.

For one thing, the United Nations as an IGO created in the half of the 20th century has since been serving as an indispensable institution in the international community, despite its defective parts, and has served the global interests and by working for the solution of major international issues. If the international community shares the global governance, that means, according to Prof. Joseph Nye, "cooperative power"[4] is exploited in the international community in which each actor is implicitly required to act civil. Also the United Nations is required by its Charter that member states ("we the people") act in "tolerance."[5]

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[3]Woolf, L. (1916). International Governance, quoted in Shiroyama, H. (1997). *The Structure and Process of International Administration*. Tokyo: University of Tokyo Press, p. 11.
[4]Keohane, R.O., and Nye, J.S. (2000). Introduction. In: Nye, J.S. and, Donahue, J.D. eds. *Governance in a Globalizing World*. Washington, D.C.: Brookings Institution Press, pp. 1–41.
[5]UN Charter, Preamble. http://www.un.org/aboutun/charter/index.html.

The United Nations and its system organizations including the World Bank, International Monetary Fund (IMF), United Nations Educational, Scientific, and Cultural Organization (UNESCO), International Labor Organization (ILO), World Health Organization (WHO), Food and Agriculture Organization (FAO), and other specialized agencies as well as United Nations Development Program (UNDP), United Nations Environment Program (UNEP), and other funds and programs plus UN regional commissions, altogether constitute "the UN system." Each entity has its own designated principles, norms, rules, procedures, and financial and human resources. It organizes dialogues, coordination, cooperation, and formulates agreements and policies. Current global governance is decentralized. Decentralized systems mean that there is no single world order applicable for all global or international issues, and each issue is identified, reviewed, and solved with the relevant regime or regimes. The current world community has organized so many international regimes and these are managed in a fragmented, not always coordinated manner. Thus, decentralized does not mean that the world is regionally, or territorially decentralized, but the solution to the global issues can create each regime to be solved. Many global and international regimes have been created and many are with each UN system organization as the focal point. These activities are possible when the above-cited co-opted soft power, compliance, or tolerance is available in the international community.

Global Governance and the UN Secretariat

Although it is known that the United Nations consists, organizationally of General Assembly, Councils, and the Secretariat, the UN Secretariat performs more than administrative functions of the United Nations, which is an IGO. Regime management and coordination, or the policy process with the initial norm and issue identification starts often with the UN Secretariat. As a permanent organization, UN Secretariat has budget, the international civil service system, and other resources. The UN Secretariat is an important actor of the global governance with the rest of the actors, state, and non-state and IGOs including UN General Assembly and UN Councils.

The UN Charter stipulates that the Secretary-General is the chief administrative officer of the organization in its Article 97. However, the role of the Secretariat is not specifically stated. Chapter XV of the Charter does not explicitly state that the UN Secretariat is an administrative organ, although, the staff member's neutrality as international civil servants who must be responsible only to the organization (United Nations) is stipulated. However, since its Article 99 stipulating that the Secretary-General, the head of the Secretariat, may bring to the attention of the Security Council

(sometimes a primary decision-making institution in the United Nations above the General Assembly) any matter in his opinion may threaten the maintenance of international peace and security, can be interpreted that he can lead, and advise the international community. Then his staff, international officials employed in the Secretariat as international civil servants, need to function in this capacity (of course in support of the Secretary-General) as well. One of the recent advisory acts of the Secretary-General to the international community was his expression of the opinion dated February 1, 2005 over the Nepalese King's decision of national emergency and his dismantlement of the government. The Secretary-General expressed his strong concern and advised to restore the democratic procedure to the nation. The UN staff are not after all the staff of the national governments and solely work for the chief administrative officer of the United Nations. The following sections of this chapter discuss the functions, not all but some illustrative, performed by the UN Secretariat in the UN General Assembly and Councils, to clarify further the roles of the UN Secretariat.

The UN Secretariat in the "Legislative" Process

Governance functions can generally be divided into the three branches: legislative, executive, and judicial. In the UN governance, these functions are not categorically decentralized. As stated earlier, the United Nations, as an IGO, possesses three major organizations, General Assembly (as a quasilegislative body for all members), Councils, and the Secretariat. The UN Charter stipulates more clearly the roles of General Assembly and the Councils than the role of the UN Secretariat. Unlike the national governance, the three divisions, legislative, judicial, and executive (administrative), are not fully clarified for the United Nations either.

For instance, the UN General Assembly is usually considered as the legislative body, but it does not always possess the authorities accepted by all member states in their decisions including declarations, resolutions, or decisions. They sometimes could bind or restrain the member states, but not always. UN General Assembly is not strictly a legislative body like the congresses of states.

On the other hand, many norms and rules have been created by the (through) United Nations as international laws or "soft laws." The United Nations has formed many regimes in the international community. Most of the soft laws take the shape of recommendations even if they are part of the UN resolutions and decisions in the General Assembly (or UN-organized conferences). Some of the decisions take the form of legal documents like treaties that would bind the states signed and ratified with the United Nations (and then often nonmember states as well). Legal powers to bind or restrain

states differ according to each decision. Often, resolutions remain just as resolutions. But in many cases, they are taken up by national congresses through the state governments, and if ratified, relevant national laws are to be formulated or revised. Then legal authorities arise in the national community, and if accumulated from many states subsequently in the international community. Even if UN resolutions are not to become part of domestic laws (due to opposition in the national parliament or for some other reasons), UN resolution often functions in the domestic congress and public administration (Prime Minister or Foreign Ministry, for example) as a norm to be respected or cannot be totally ignored by the government of a country. In this manner the UN General Assembly functions as a *de facto* legislative entity in the global governance.

The relevance of the above descriptions in the context of this article is the fact that the draft of these important resolutions or decisions (possibly prospective national rules or laws) are often prepared by a relevant staff of the Secretariat, after consultations and negotiations made with the governments of the member states. Before the draft decision or resolution is submitted to the General Assembly, in the formulation, the staff in charge in the UN Secretariat make a number of direct contacts with the counterpart staff of the permanent missions of the member governments in the committee or plenary meetings of the General Assembly. For one decision or resolution, that secretariat staff member may become the *de facto* focal point for representatives of many member states in the General Assembly. The UN staff have no authority to organize the decision on the subject, but make horizontal contacts with delegations of the member countries, to organize policy contents and coordinate many different interests of countries. In the international administration, nonhierarchical coordination is performed. Because the General Assembly does not possess its own secretariat, the members of the UN Secretariat perform the functions of the General Assembly Secretariat. The policy formulation process in the General Assembly involves intersects between the member states and the UN Secretariat, which shapes the international public administration phenomenon.

Similar situation arises in the UN Councils, which are the managing boards of the United Nations. For instance, in the Economic and Social Council (ECOSOC), the Department of Economic and Social Affairs (DESA) serves as the Secretariat of the Council and its staff in charge of the particular issue takes the similar position as in the General Assembly, and performs drafting policies, resolutions, or decisions for the submission to the Council sessions in coordination with the delegations of the member states as well as with other intergovernmental bodies, particularly within the UN system.

In the United Nations, General Assembly is a "congress," but the General Assembly is not represented by the national congressmen with the rights to represent the state governance. Bureaucrats of the government

of the member states represent the government, negotiate with the Secretariat and representatives of other member states, and remain the mainstream of the delegation in the General Assembly. In this way, the elected officials of the state governance do not represent the General Assembly. As such, many diplomats consider General Assembly as the administrative body governed by international public administration.

The UN Secretariat in the Judicial Process

As another function of governance, judicial function is exercised in the United Nations by the International Court of Justice and the UN Security Council, when it decides the sanction, and by the World Trade Organization (WTO) that has judicial functions as well. But the exercise of the judicial function is not limited to these organizations only.

Judicial function of governance is mainly the function to apply and interpret the laws. In the United Nations, each regime is usually equipped with the review function to be undertaken if not annually, every few years. General Assembly and the Councils monitor the maintenance and the management of the respective rules and the regimes. Monitoring is a preliminary function of the judiciary, as well as the function of public administration to manage the regime. For instance, if some countries are found not to be complying with the regimes, secretariat (Secretary-General, and therefore UN professionals) can inform the Security Council (that action may lead to a sanction), and the staff members who assisted the legislation of the regime may in fact monitor the resolution pertaining the particular regime. In this way, in the UN administration, judicial function of governance is deeply embedded in the regime administration, which also shapes an international public administration phenomenon through the monitoring function. In fact, monitoring is in practice mandated in many UN organizations, programs, and projects.

Additionally, for instance, during the peacekeeping operations (PKO) in Cambodia that lacked at that time the judicial system of a national government, the United Nations used the PKO (UN Secretariat staff) itself to exercise the judicial function of the state. In that case, the United Nations administered the judicial function of the state as the temporary "World Government."[6]

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[6]Shiroyama, H. (2001). International Administration: An Indispensable Element in Global Governance. In: Watanabe, A., and Tsuchiyama, J., eds. (2001). *Global Governance: In Search of Order without Government*. Tokyo: University of Tokyo Press, pp. 146–167. Also, Hoshino, T. (2001). International Organization: An Agent of Governance. In: Watanabe, A, and Tsuchiyama, J., eds. (2001). *Global Governance: In Search of Order without Government*. Tokyo: University of Tokyo Press, pp. 168–191.

Coordination in the Nonhierarchical International Administration

Coordination is one of the important functions of public administration. Coordination integrates and harmonizes all functions that are decentralized in a central government to maintain integrity of public administration. In the United Nations, secretariat staff is destined to be involved in coordinating the interests of member states in the General Assembly and Council secretariats for formulating draft policies in respective substantive area. Specific substantive area has been managed by each UN program or specialized institution that forms part of the UN system. For the management of each regime and each substantive area, and when common framework for the member states is explored, UN staff members try to coordinate the interests among the UN institutions as well as between the UN system and the member state governments. Coordination is an important function in international public administration as well.

Staff members of the United Nations make nonhierarchical coordination with the member states and among the intergovernmental bodies. Probably much more horizontal relations take forms under the nonhierarchical coordination through the UN Secretariat than the relations between the state bureaucrats with the state congressmen. Some characteristics and the nature of "coordination" in the UN Secretariat will be further analyzed below.

Due to the importance of the coordination, the UN Secretariat (Secretary-General) is constantly and even now under reform of the coordination mechanisms in the United Nations at several levels. For the UN system wide coordination, Chief Executives Board (CEB) for Coordination [7] — formerly the Administrative Committee on Coordination (ACC) — is the forum which brings the executive heads of all organizations to further coordination and cooperation on the whole range of substantive and management issues facing the UN system. Chaired by the Secretary-General of the United Nations, the Board meets twice annually. It is composed of the Executive Heads of the 28 member organizations including United Nations, ILO, FAO, UNESCO, the Bretton Woods institutions, other specialized agencies, funds and programs and the WTO.

For the UN resource coordination, Committee for Programme Coordination (CPC) coordinates all programs of the UN system before the annual budget coordination; 34 prominent representatives (ambassadors or ministers) of member states are selected in the General Assembly as members for the CPC. For budget coordination before the General Assembly adopts the

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[7]On the coordination of the UN system and other level of coordination, see http://ceb.unsystem.org/ for details.

biennium budget of the United Nations, Fifth Committee and Advisory Committee for Administrative and Budgetary Questions (ACABQ) of the General Assembly performed coordination within the General Assembly's budgetary process after the CPC finishes program coordination. ACABQ as an advisory body consists of 16 government officials selected in the General Assembly on the basis of individual and professional capacity. CPC and ACABQ are found among some involved Secretariat staff to express strong authority to the Secretariat as they "check" programs and budgets prepared by the Secretariat staff. Security Council and ECOSOC coordinate in semi-annual meetings relevant policies; additionally each committee and program under each council does organize annual meeting to coordinate the interests of member states, NGOs, and scientific professional's opinions for policy integration. Representatives of relevant UN agencies are also invited to these meetings to express opinions.

Each specialized agency, UN fund, and program has its own coordination mechanism with relevant organizations and member states. For instance, World Bank Consultation Group meeting does coordinate their activities with those of the relevant UN agencies and representatives of member states, relevant NGOs. Similarly, UNDP Round Table organized for each country (UNDP has many permanent representative offices in member states) annually coordinates technical cooperation resources for a particular country from all UN agencies with participation of representatives of member states.

DESA of the United Nations is a secretariat of ECOSOC, and has the function of coordination of activities of all the substantive programs, agencies, and regional commissions under ECOSOC. Each year before the regular General Assembly session starts in September, it organizes coordination meeting twice a year in Geneva and in New York alternately, for the coordination of programs of budgets and resource procurements. All relevant UN agencies and heads of the programs participate in the respective coordination meetings together with the representatives of the member states of the ECOSOC.

Each substantive program of the DESA also holds meetings, as a committee or expert group with government representatives for resource and norm coordination; independent experts and NGOs provide comments for new technology use, norms, etc. rather than resource coordination.

In all the levels, coordination with the delegates of member states forms the shape of international public administration. Global governance exploits heavily the UN Secretariat, which often takes initiatives or a role of focal point for coordination of interests of diverse actors, government or non-government, of the international community.

Coordination practiced in the United Nations is a function of international public administration. It differs somehow from the coordination

function of the domestic public administration. The difference may be firstly explained in the differences in coordination and cooperation.

Coordination and cooperation are two different functions in administration. Coordination and cooperation are usually differentiated with the following criteria: equity in the rule (order); commonality of objectives (limiting participants); threat to the autonomy. Coordination is undertaken to seek total integrity of the whole public administration system and often reveals commonality among the institutions and threatens the autonomy of each entity. In the international administration, each actor, whether it is the government of a member state (has a sovereignty), or a UN agency, or other international organization, has high degree of autonomy in the international community. Even for coordination among the UN entities, UN headquarters has difficulty in coordinating the interests of relevant UN agencies. Coordination threatens the autonomy. The process of coordination sometimes creates hostile relations, contrary to the function of the coordination. Coordination and co-opted activities are derived in the name of cooperation. For instance, interagency cooperation, a product after "coordination," is reached with a written agreement of cooperation to avoid misunderstanding to occur later based on ambiguity.

Under the system of nonhierarchy, which is the environment in the international public administration, coordination of common objectives is difficult. Even in domestic governance, interministry coordination is not easy as it functions in the nonhierarchical system.

Under the nonhierarchical system, cooperation and compliance are sought by way of negotiation. International community functions with the availability of common objectives and goals. For global governance to function (co-opted control of each other in a nonhierarchical system without central governing institution), negotiation is a key function, and negotiating to reach a cooperation activity is making some coordination possible in the international community.

In addition to these two reasons, i.e., high autonomy of each actor and nonhierarchical system, that are making coordination difficult in the international public administration, another reason may be the difficulty of creating trust in the multicultural community. For instance, in the recent UN management training programs, working in a multicultural environment and how to cooperate with different cultures are major topics. These training programs are sometimes offered as joint program for UN and member states' officials. This circumstance only would indicate the difficulty to work in the multicultural organization.

Because of the insufficient coordination, overlapping activities and programs emerge in the global governance. Difficulty or lack of coordination might make it easy to create overlapping institutions in the UN system, which led to the criticism of the UN system on account of redundant

activities, although some critiques argue, redundancy is sometimes useful to supplement decentralized activities.

Advocacy as an International Public Administration Function

National public administration nowadays requires increasingly more activities to advocate, calling attention, providing adequate information for the security of the nationals. National government these days requests cooperation of citizens to comply with a new norm for environment, food and health, safety and security, etc. rather than issuing a restraining order or sanction. The United Nations as a focal point of norm and regime creation and management takes advocacy as an important function. In fact, advocacy is not only a role of the United Nations but is embedded in the functions of the UN Secretariat staff. As such it is an important function of the international public administration like coordination, cooperation, and negotiation as described above.

Most of the UN organizations provide advocacy programs to disseminate norms and related information to the world community. The UN Secretariat staff consume substantial energy and resources for exercising this advocacy function. The United Nations organizes world conferences not only to generate norms but also to advocate the norms and to solicit support for the new norms. In line with the planning, organizing, staffing, directing, coordinating, and budgeting (POSDCORB), once itemized major functions of the traditional public administration, advocating can be added, as an important function of the UN Secretariat (including its staff). Advocating can make negotiation for coordination with state authorities easier, as advocacy succeeds, soliciting cooperation for coordination of common interests with the states can be easier. Counterparts in negotiation will listen to the points of arguments when they find intellectual (normative) authority. Often coordination can be stagnated, as it is a difficult task for the UN staff members, advocating is a more promising (as well as more appealing and gratifying) function, rather uniquely heavy loaded in the international public administration for the UN staff to engage.

This heavy weight of the advocacy is due to the unique mission of the United Nations to provide global public goods or manage new norms and regimes. In the exercise of the function, the UN Secretariat interacts not only with the governments of the member states, but also with non-governmental organizations and the civil society.

Due to limited resources, the UN Secretariat cannot advocate systematically the new norms to the international community. For instance, the UN Public Administration Program used to provide assistance to national policy

support for new norms, and training (each year average 30–50 countries with some 20 professional staff including interregional and technical advisors with the help of residential/field project professionals) mainly in the technical cooperation projects funded by UNDP, World Bank, or Official Development Assistance (ODAs). Many developing countries request technical assistance, but the United Nations has limited resources despite the Secretariat (meaning staff) efforts to tap additional resources from more generous member states' governments. Of course some developing countries do not wish the intervention of the United Nations. With these limitations, UN norms and regimes have been advocated to member states.

Advocating can be compared with such administrative function in the state public administration, as administrative guidance, that is exercised to bring the society to a desired circumstance or standard. Administrative guidance is enabled from the cognition that the public administration side is good and then to some extent that guidance engineer people and organizations to a better situation. In the case of the international public administration, most of the member states and their citizens acknowledge generally that the United Nations is a "good" (or "goodness") organization (United Nations is after all an intermediate global public good) that is protecting nationals, international community, and global interests.

Advocacy function is still underdeveloped and there is no established definition for this function neither in public administration nor in the international public administration. This function can be further reviewed and evaluated in connection with the validity and the legitimacy of the role of the UN Secretariat in the context of the international public administration.

Resource Allocations of the UN Secretariat

Public administration can be often most simply viewed as allocation of scarce public resources. Major resources of public administration are rules (laws, regimes, norms, treaties, decisions, etc., in the context of the United Nations), and financial, human, and information resources. In the context of the international public administration, coordination (when difficult, cooperation and negotiation for) resource allocations among member states, between the states and the United Nations, and among the UN agencies was discussed in earlier section as an important administrative function. The system in resource allocations is not well developed for the United Nations, as often criticized in the case of allocation of financial resources. This paper is not intended to describe the details of these functions or resources. This section will highlight some limited aspects of the allocation of resources of the United Nations, so that the roles of the UN Secretariat, which exploits the international public administration can be further clarified.

Financial Resources

The UN Secretariat experienced throughout its history many financial crises and tried to rectify the problems. The United Nations cannot levy the tax to member states and instead requires their assessed contribution. Each member state pays its dues based on the established principles of assessed contribution. The amount is in accordance to the commensurable national economic ability. Although the United Nations cannot actually enforce member states to comply, if a country fails to provide assessed contribution for more than two years, it is supposed to lose the status of membership, although such a rule is not always exercised.

The UN budget is biennial and each program of the United Nations needs to submit the annual budget and the execution report to the relevant Council and then to the General Assembly. PKO budget is separate, but is similarly assessed to each member state. The United States of America is a number one contributor for both, but the ceiling of the assessed amount to a single member is now provided.

In addition to assessed contribution, the United Nations receives voluntary contribution. Development-oriented entities of the United Nations such as UNDP, United Nations Children's Fund (UNICEF), and FAO as well as UN Secretariat receive voluntary contributions. Voluntary contribution includes both regular contribution, which resembles the regular budget contribution, and the *ad hoc* voluntary contribution based on the will of a particular government or on the requests of the UN Secretariat. In the context of this chapter, it is important to describe the latter case.

Large amount of voluntary contribution to developmental agencies like UNICEF, UNDP, United Nations High Commissioner for Refugees (UNHCR) naturally can be politically influenced. Contributing governments can specify the areas. Many programs and funds in economic and social areas in the UN system very much rely on the voluntary contribution to organize activities. Some countries are well known to be interested in the issue of women's rights, whereas others for instance, in environmental activities. Their national policies determine to which areas or the countries to contribute voluntarily. This means that the UN administration is much dependent on the will of the sovereign states. However, overall, financial resources are said to have been secured by the cooperation from many developed countries to the multilateral institution (United Nations) without distorting the rules of the United Nations or disrupting the UN norms.

A UN staff member can also take initiative to tap the voluntary contribution to his or her own work. The UN Secretariat can sometimes be politicized because of this possibility in which the staff can be linked to the financial resources of a country. However, UN staff, as an international civil servant, cannot receive any influence (any country cannot instruct UN

staff) based on the principles of neutrality sanctioned by the UN staff rules based on the UN Charter. In addition to the aforementioned roundtable (of UNDP) or consultation group meeting of each UN office, coordination on the voluntary contribution is regularly organized among the aid-providing countries and UN agencies. Because the UN developmental agencies organize pledging conferences inviting all interested states, all states are well informed which country pledges or contributes to what areas and how much. By such consultation and coordination meeting, overlaps (too much) or too obvious tied provision are tried to be minimized.

Although the official UN members are the governments of member states, the financial resources can be tapped not only from the governments but also from the private sector and civil society organizations, as well as individual citizens. It is well known that UNICEF is selling its goods and receives contribution from the airline passengers. One Japanese diplomat once suggested the airline travel tax to be levied as a UN tax. Many ideas have been presented to secure financial resources. Followed by $1 trillion contribution by Ted Turner, large-scale contribution from Bill Gates and others have been tapped. Private contribution is usually welcomed by the financially "poor" UN Secretariat. These circumstances can be interpreted as the financial resources administration of the United Nations being always uncertain, compared to the financial administration of the national government.

Human Resources[8]

Again this chapter is not intended to analyze the UN human resources system. This chapter highlights the difficulty of the UN Secretariat to secure human resources to manage the international public administration. Permanent staff, who are employed as professionals in the UN Secretariat, are international civil servants recruited based on professional qualifications and equitable regional representation. Neutrality (to remain independent from governments) and geographical representation are important principles in a multicultural organization. It is both a merit and desirability to secure international professional officials service (international civil service) based on geographical representation, as most of the UN activities require

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[8]For useful references, see (a) Kuyama, S. (2002). The International Civil Service: Origins, Principles and Composition. In: The Japan Association for United Nations Studies, ed. *The United Nations Secretariat as a Global Actor*. Tokyo: Kokusai Shoin; (b) Tashiro, K. (2002). Activities and Prospects of the International Civil Service. In: The Japan Association for United Nations Studies, ed. *The United Nations Secretariat as a Global Actor*. Tokyo: Kokusai Shoin; and (c) Mauritzen, H. (1990). *The International Civil Service: A Study of Bureaucracy: International Organizations*. Brookfield, VA: Dartmouth.

knowledge of the countries and the region in addition to the professional knowledge.

In recruitment, each member state is offered to contribute candidates for the professional posts. It is not always possible for a country to contribute the desired level of human resources based on the regional representation principle. For instance, Japan, as a number two financial contributor, cannot meet even one half of the desired level of human resource contribution to the UN Secretariat, whereas the countries such as the Philippines are often over-represented. These realities are not desirable in light of the principle of diversity.

In addition to the regular professional staff, professional staff members with limited length of appointment, such as advisors and experts work in the UN Secretariat and projects. These temporary staff who are employed for the work of staff or advisors and experts are also important UN human resources.

What matters most is the quality of these professionals working in and for the Secretariat. Recruitment method, promotion, human resource management is very much different from those of the national civil service. International Civil Service Commission and the UN human resource management offices have provided rules and methods for how to secure and maintain best quality and efficiency as well as regional representation in the UN human resources. With all the devices and constant reforms in the human resource management within the UN Secretariat, the Secretariat would still need improvement in human resource management, which can only be possible when the member states take more interest in the human resource management (and not intervention).

Major difficulties in the human resource management arise from the fact that the standard setting of human resources is extremely difficult in international administration, as the job of the international civil servant is not always attractive to some countries due to their economic and cultural differences. Additionally UN staff members, whether in security area or development assistance area, often engage in fieldwork that entails danger and risks. Negotiations with member state representatives for new standard setting or regime management are not an easy task. In a nonhierarchical system, administrative authority is not bestowed to the UN officials unlike the national public administration systems. There are many "predicaments" to becoming UN officials.

Internally, the UN staff members work under the regulation of international civil service and in a hierarchal bureaucratic system, like any national civil service. And the UN bureaucratic system requires staff members to be independent from any national government. However, staff members have their own cultural ties and bureaucratic cultural background of their country of origin. They may sometimes tend to psychologically rely

upon the ties of their original country. UN human resource management is in peculiar difficulties as staff members have their own bureaucratic culture, which contributes to mosaic bureaucratic system that may in turn lead to highly unorganized management in the UN Secretariat. Working in international public administration, particularly in the UN Secretariat, means individual staff members are away for a long period of time from their homeland, and are compelled to live in a closed society of different cultural settings from their homeland. These peculiar circumstances are making human resource management extremely difficult.

A realistic and systematic survey on these aspects and as well as other human resource management predicaments can be undertaken to improve the human resource and resource management of the UN Secretariat. As it is the people who manage the regimes and norms of the United Nations, the future of the intergovernmental organization is indeed dependent on how well the UN Secretariat can secure the better quality of human resources and their management.

Information Resources

Information collection and dissemination are entrusted activities of any office or program in the United Nations. Staff of the UN Secretariat is assigned to collect, organize, and analyze the information received from the member states and other sources.

The UN Public Administration Progamme of DESA, for instance, collects and disseminates information on innovative experiences of countries in administrative reforms or governance capacity building. Expert committee meetings and field projects are good sources for information collection and they are organized in close cooperation with relevant UN offices and organizations such as the UNDP, World Bank, regional commissions as well as other specialized UN agencies, as stated earlier, to share relevant information.

The UN Secretariat staff members develop information networks for the respective program activities to facilitate information collection and dissemination functions of the UN Secretariat. Collected information is analyzed and used for drawing new international public policies, as disseminated in the resolutions, declarations or decisions in the Council and General Assembly eventually to be developed as rules or regimes or even UN treaties.

Member state governments are not the only sources in most of the UN offices and programs, which deal with issues of development or humanitarian affairs, NGOs are important sources for information collection and strategy building. Of course, information collection in the international public administration cannot be always systematic, or automatic. Some

NGOs are vocal and others are quieter. Despite these discrepancies, UN information has contributed to the policy and strategy building of many member states, particularly developing countries, where the information from other countries is scarce and information collection abilities are not always sufficient. To developing countries, certain assistance (to retrieve information) is provided through development cooperation projects or advisory services.

Summarizing the Roles of the UN Secretariat

From the foregoing discussions on some functions performed by the UN Secretariat of the United Nations, the distinctive roles of the Secretariat can be summarized in the following. These roles unfold the unique phenomenon of the international public administration intersecting the UN Secretariat as exhibited in the above sections.

Instrument for Global Public Policy Making

The UN Secretariat services the secretariat of the legislative bodies (decision making) of the United Nations including the General Assembly and Councils, and serves to a certain degree a judicial process particularly through its monitoring function. The UN Secretariat prepares forums for discussion, debates, and decision making. These decisions include international standards, rules, norms, and regimes in practically all areas, such as human rights, women's rights, transportation, trade, environment, labor, health, education, etc. In the "legislative" process, the UN Secretariat categorizes and clarifies the issues, directly negotiates and "coordinates" with member states and NGOs to synthesize common interests. "Coordination," cooperation, and negotiation are important international administrative functions performed in the UN Secretariat as discussed in the section "Coordination in the Nonhierarchical International Administration" of this chapter. This chapter also argued that the UN Secretariat, although not an IGO, but as an aide to the Secretary-General who performs as an advisor to the international community, directly coordinates and negotiates with member states and other actors in global governance.

Information Clearing Center for International Networking

To implement UN-mandated activities, the UN Secretariat collects information from the member states as well as other sources, and disseminates them to the world community. The UN Secretariat (in many programs and

UN organizations) has established many information networks for their program, regime, or rule management. The role of the UN Secretariat in information collection and networking is expected to serve the information clearing function for the international community. Information resource management in the UN Secretariat has been discussed in the section "Information Resources" as part of the international public administration.

Monitoring UN Decisions, Resolutions, International Laws, and Rules

As the UN Secretariat serves the secretariat of the decision-making bodies of the United Nations, whether it is the Security Council, or General Assembly, or of the ILO, or International Atomic Energy Agency (IAEA), as well as many international regimes, these decision and regime implementation are monitored in fact by the secretariat. Often the same staff who have served the decision-making secretariat do monitor the progress of the implementation of the decision or regime, including any violation through information collection.

Advocacy of Norms, Rules, Standards, and Regimes

As discussed earlier, the Secretariat staff does engage substantial time and resources for advocating the new and emerging rules and norms to be spread in the member states and international community. This chapter argued in the section "Advocacy as an International Public Administration Function" that advocating is uniquely a heavy function that forms a part of the international public administration.

Advisory and Technical Assistance

The Secretariat organizes advisory and technical assistance activities, with the resources provided by member states as well as non-governmental sources. The advisory function may be an auxiliary function of advocacy and the function may be performed based on the availability of resources, but mainly addressed to norm or standard setting in the member states, particularly in developing countries, mostly upon request.

Mobilizing and Allocating Resources

The international administration system is often discussed as a system of resource allocation of the UN Secretariat. The UN Secretariat as a permanent

institution with budget has to manage administrative resources including financial, human, and informational. Material resources and infrastructure (building and others) are also procured and managed in the UN Secretariat. These resources are mobilized and allocated by the Secretariat from mainly member state governments but from other sources as well, as discussed in the section "Resource Allocations of the UN Secretariat." Resource procurement, allocations, coordination and negotiation with the member states and among the UN institutions (mostly IGOs) also evolve as the international public administration phenomenon as discussed in the foregoing sections.

Toward Reforms of the International Public Administration

In this chapter, some limited aspects of the international public administration which the UN Secretariat exploits for global governance were discussed. Global governance cannot be possible without the international public administration. In the United Nations, international administration evolves in all governance branches including legislative, judicial, and executive. This does not mean that global governance is practiced with legitimacy or responsible fully to the international community. Global governance system has not yet been clearly designed, but the international administration is responding to the global governance objectives and remains a major enabling part of the system. This chapter, however, neither verifies the effectiveness of the international administration nor does it assert that the administrative phenomenon exhibited by the activities of the UN Secretariat is all international public administration. In fact it is only one scope of international public administration. Even with such a limited scope in the future, it is desirable to evaluate the accountability (mainly to the member states) of the international public administration and effectiveness (degree of contribution to the international community) in the context of global governance.

Evaluation in public administration is relatively a new experiment and its indicators and methods are not adequately established yet even for the evaluation of national public administration. The standards applicable to the national public administration evaluation such as the accountability, legitimacy, equity, transparency, or legal framework may not be applicable to the international public administration as they are. The UN Secretariat has been the target of criticism on account of expanded bureaucratic system, inefficiency, difficulty of coordination among the organizations of the UN system, lack of financial resources, etc. The UN Secretariat has constantly

been reformed internally by the initiatives of the Secretary-General[9] and the member states. The end of the 2004 report of the High Level Panel[10] recommended many reforms in order for the United Nations to become better and more responsible actor for global governance. To improve the international public administration that intersects with the UN Secretariat is only one aspect of the expected UN reforms, but even for that purpose, establishing the appropriate evaluation indicators is acutely needed.

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Chapter 15

Global Governance and National Governance: How Mutually Exclusive?

Kalu N. Kalu

CONTENTS

Global Governance: An Enduring Myth?

In the new lexicon of international cooperation, the words "globalization" and "global governance" have become ubiquitous household names. But these are abstract concepts without qualitative meaning. Although "globalization" is often preceded by the understanding that information technology

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and digital communications have brought peoples and cultures more closely, the concept of "global governance" while idealistic in its presentation, still lacks the institutional context for its realization. Nation-states continue to abide by their own rules and have remained quite reticent in the protection of their sovereignties.

In the new mantra of global governance, how to integrate disparate national goals with the collective goal of the international community is the foremost challenge for public administration in the 21st century. And there is also the crucial problem of decision making: who decides how we govern and under what conditions? Among some of the models that have been utilized in various attempts at collective governance, especially the European Union in its formative years was the principle of unanimity on important decisions as well as in imposing sanctions. In a world caught between the defense of state sovereignty and supremacy in the international system, the very application of the principle of unanimity becomes a *liberum veto* that paralyzes the whole governance system and the underlying regimes which it represents.

To say that the world is unipolar and that it is becoming one through globalization is all too suggestive (Waltz, 1999, p. 10). The point remains that global or world politics has not taken over from national politics; trade and technology do not determine a single best way to organize a polity and its economy, and national systems, naturally, display a great deal of resilience (Waltz, 1999, p. 6). Without the national state, deeply rooted in the past, evolved through ages of growth, expressing profound feeling of peoples trained in the habit of common obedience, these organs of global governance would be merely mechanisms without a driving, controlling, or directing force (Pollard, 1918, p. 30). The world ends up with an artificial unity, which will sooner or later break down under the strain of natural forces or the nostalgia of distant nationalism.

The point is that people are not coming together in the political or cultural sense of the term. It is true that communication and transportation have facilitated transcultural immigration but it is yet to facilitate transcultural integration. There is also an equal tendency to mistake the global spread of multinational corporations (including McDonald's) as an indication of the "homogenization of cultures" (see Kettl, 2000, p. 492); rather what we have is the "globalization of markets." The two are different. Second, Kettl (2000) also points out that such cultural integration has been facilitated by the fact that "the Internet has helped to cement English as the global language and has fueled rapid communication" (Kettl, 2000, p. 492). However, the use of the Internet has not eliminated other native languages besides English, and many Internet softwares are also written in languages other than English. It can therefore be said that the use of the Internet, although it may have increased the frequency of cross-cultural

communication, has not necessarily brought about the homogenization of cultures.

The same dialectic applies to international immigration encouraged by increasing and cheaper modes of transportation, communications, and commerce. As can be observed in the United States, many immigrant populations have been quite successful in carving out for themselves their own territory from the larger American real estate pie. They surround themselves with traditional and cultural artifacts from their home countries as a symbol of identity as well as affinity. The Chinatowns, the barrios, and various ethnic enclaves in many urban centers are good examples of resilient subcultures within the larger American cultural domain.

Ironically, much of the discussions on globalization have focused on the interdependence of markets, but not on how the integration of markets, politics, and culture can facilitate the creation of a regime for global governance. Though it has been much overlooked in the literature, there is a stark difference between globalization and global governance. Whereas globalization involves a greater level of structural (market, technological, communication) interdependence among societies and nations, global governance involves the functional integration of critical systems (politics, culture, policy) of national sovereignty. But the problem here is that "sovereignty is strongly egalitarian with respect to state rights and motivates states to resist external interference in their affairs. Hence, given that the institution of sovereignty alone would induce subordinate state actors to resist external control, the problem in "informal empire" (a global governance system) is to create identities and interests that subordinates would not otherwise have (Wendt & Friedheim, 1995, pp. 700–701).

Bureaucratic Flux: Test Cases in Administrative Complexity

Unfolding events of the post–Cold War period coupled with the rude awakening of September 11, 2001 has generated increased ambiguity about the course of globalization and what it portends for public administration and governance in an increasingly restless world. As political leaders ruminate over the proper context for a seemingly complex system of "global governance," the question remains: who governs the world, and how?

In May 2003, a subtle event in U.S. Iraq policy that may have gone unnoticed by many occurred. Retired Lt. General Jay Garner, who had served barely two months as the interim U.S. civilian administrator for Iraq, was replaced by Ambassador L. Paul Bremer, a career diplomat from the State Department. It was a palace coup that saw the State Department

take over postwar Iraq policy from the Department of Defense. The underground war between the Defense and State Departments has ended and it was a tempered victory of "diplomacy" over violence or use of "force." It was also a recognition of the fact that the military lacks the administrative preparation to run the infrastructure of a civilian government, nor is it able to weave through the cultural and political milestones characteristic of Middle East politics. As Donald Rumsfeld licked his wounds, he invited Lt. General Garner to stand beside him at a Defense Department press briefing. It was a ceremonial and face-saving attempt to soothe the now-wounded ego of the poor retired general. He was already out of service and the rest was nothing more than an unseemly diplomatic nicety.

The lieutenant general can be said to have set himself up for the kind of subtle embarrassment he may have received as a result of being removed from Iraq. First, at the formal end of the war, he opted to run Iraq from a safe distance in Kuwait, and later from the southern city of Basra. He was quite late in moving to Baghdad to restore order and to establish his presence. This created a vacuum that enabled Ahmed Chalabi, the erstwhile leader of the Iraqi National Congress to beat him to it and move to Baghdad. Chalabi's credibility and legitimacy was already established in the eyes of the ordinary Iraqis and Lt. General Garner never recovered from it. Second, instead of staying in Baghdad to deal with the daily crisis and anarchy, he found time to travel to Kurdistan in the northern part of the country where there was already relative peace, and where he was already a recognizable face there as a result of his military expedition there in the post-1991 Gulf war period. While Baghdad burned, the picture of Lt. General Garner decorated with showers of praises and collars of flower rings by men, women, and children of Kurdistan may have roiled deep thinkers within the Bush administration, hence his fate was sealed. A few days later, he was recalled to Washington.

Having now taken over the reins as the Interim Civilian Administrator for Iraq, L. Paul Bremer (State Department) has to report to Donald Rumsfeld (Defense), while General Sanchez (the Army field commander in Iraq) had to be subservient or at least take policy orders from Bremer. Despite the rather political nature of this relationship, chaos and anarchy continued to dwell in Iraq as many more coalition soldiers continue to be killed. To get a handle on the situation, the Bush administration in October 2003 created what is called an Iraqi Stabilization Group headed by Condoleeza Rice (National Security Adviser) to take over postwar Iraq policy. Select deputies from the State and Defense departments were chosen to work under her as the administration's response to the rising level of volatility in Iraq. Many saw this as a sidelining of the State and Defense departments, whereas others saw it as a mild vote of no confidence in the way postwar Iraq administration was conducted. Others also saw it as another unnecessary layer of

authority that can only hamstrung the military to do what is necessary to stop the seething guerrilla insurgency in Iraq. In the end, it was a triumph of the unitary actor model over the organizational and bureaucratic politics of the State and Defense departments that prevailed. It was the decision of the President to eventually reassign and combine specific responsibilities pertinent to his Iraq policy and how it should be governed. There are many lessons to be learned from the above event.

Administrative Norms and the Challenge of Global Governance

But by its various pronouncements, there was little doubt that the collective thinking of the Bush administration was firmly rooted in an earlier tradition. In a Fox News interview by Brit Hume on September 22, 2003, President Bush made a statement to the effect that "a free Iraq will be a significant dynamic in changing attitudes in the Middle East. Free societies are peaceful societies." It was believed that the democratic gene, once firmly planted in Iraq, would have a multiplier effect throughout the rest of the region and beyond. As the famous Yale historian John Lewis Gaddis (2003) pointed out in a PBS-sponsored analysis of the Bush doctrine, "this grand strategy is actually looking toward the culmination of the Wilsonian project of a world safe for democracy, even in the Middle East. And the long-term dimension of it reflects a kind of thinking not only about what do we have to do tomorrow or next week, but where do we want to come out at the end of this process. While this brand of thinking is not new, at least in its fundamental principles, it harbors a strong historical precedent."

The inauguration of Woodrow Wilson on March 4, 1913 as the 28th President of the United States was perhaps, the first in the history of this country when presidential public policy transcended the philosophical ideals of a scholar-diplomat. Such ideals not only projected a kind of liberal activism in domestic politics, but also served as a mantra for the pontification of an American global leadership and supremacy, and a world made peaceful for democracy. The period from 1914 to 1920 were challenging years that tested the viability as well as the inherent truism in what has now become the Wilsonian doctrine: a peaceful world founded on democracy, with American leadership and tutelage as the anchor. World War I started in Europe in 1914, but the United States at Wilson's insistence, maintained neutrality until it was broken two-and-half years later in 1917 after a long trail of diplomatic vacillations.

Although Wilson had argued that "belligerency would end all chances of American mediation in the conflict," the United States reluctantly entered the war on the side of the Allies against Germany, "simply to end the war

and bring the carnage to an end." There was also the hope that ending the war would allow for a reasonable peace settlement and the reconstruction of a new world order — a thinking that eventually crystallized in the fated Draft Covenant for a League of Nations. In 1919, the Treaty of Versailles ended World War I, and the belligerents signed an armistice. But to be seen as a war to end all wars, Wilson utilized his diplomatic acumen to introduce a Draft Covenant for the creation of a League of Nations as part of the final resolution of the Treaty of Versailles. His ideal was derailed after the U.S Senate (led by the fiery Henry Cabot Lodge of Massachusetts) failed to garner enough votes to ratify both the Treaty of Versailles and the Draft League Covenant.

As a leader in foreign affairs, who guided the American people from provincialism toward world leadership and responsibilities, Wilson's internationalist idealism evolved out of his personal scholarship, the circumstances of the moment, and his own personal moral upbringing. He began to evince keen interest in foreign affairs for the first time in the late 1890s and early 1900s. He was reacting in part to new shifts in international power, as well as changes in American thinking about the future role of the United States in world affairs as a consequence of the Venezuelan controversy with Great Britain, the war with Spain, the extension of American interests to the Far East, and the acquisition of an overseas empire (Link, 1979, p. 3).

Though it lasted for approximately four months, Wilson saw especially the war with Spain (1898) as the end of American isolation and the inevitable beginning of a new era in which the United States would have to play a widening role in world politics. As he wrote later on in the 15th reprinting of the "Congressional Government," "much of the most important change to be noticed is the result of the war with Spain upon the lodgment and exercise of power within our federal system: the greatly increased power and opportunity for constructive statesmanship given the President, by the plunge into international politics and into the administration of distant dependencies, which has been that war's most striking and momentous consequence" (Wilson, 1956, pp. 22–23). "The American people were now neighbors to the world, whether they like it or not, and could not escape the coming challenges by ignoring them" (Link, 1979, p. 3).

Benign Hegemony: Governance in a Transformative World

In defeat, Wilson's internationalism left less of a sad postscript as opposed to an enduring challenge facing modern democracies in light of the realist politics of the international system. There are three ideals that remain even more relevant today: enshrining democracy among countries of the world,

creating conditions for peaceful coexistence and cooperation (democratic peace), and the U.S. moral leadership in matters of international affairs. Despite its failures and chequered existence, the United Nations as a multilateral concept has come to be generally regarded as "vindication" of Wilson's idealism. With limited or no enforcement mechanism, and founded on a liberal doctrine of international peace and cooperation, it has nonetheless proven to lack the "collective" capacity to enforce many of its crucial resolutions.

The United Nations has harbored a historic inclination to avoid the use of force unless prodded by a powerful interest behind the scene. Because rules governing international behavior are generally flaunted by member states when matters of state sovereignty and national interest collide with the collective will of the international community, the United Nations can be effective only to the extent that member states are willing to grant it. The abstract (psychological) notion of the United Nations as a conglomerate of nations-states serves more to temper the independent excesses of member states than any expectation of punishment after-the-fact. In the contemporary world that we live, there are ample reasons to come to this conclusion. The United Nations would probably not have sanctioned (due to disagreement within the membership) the Korean War without the singular commitment of the United States; the same applies to the civil war in the Congo in the 1960s, as well as the Persian Gulf War of 1991. Although the United Nations was unable to inject itself wholly into the Balkan conflict, the United States went in under the umbrella of North Atlantic Treaty Organization (NATO) forces. Before that, it was Somalia where the United States took on the leadership role whereas the United Nations played a secondary role.

As the Cold War came to an end, many regions of the world have suddenly unearthed deep-seated animosities between states, within states, and among ethnic groups, such that we now have more regional conflicts than we did in the period of the Cold War. In his *The Coming Anarchy*, Robert Kaplan (1994) was quite poignant in his prophetic assessment of the post–Cold War international regime. He points out that in a "moonscape" over which peoples have migrated and settled in patterns that obliterate borders, the end of the Cold War will bring on a cruel process of natural selection among existing states. No longer will these states be so firmly propped up by the West or the Soviet Union. Also in his article *Why We Will Soon Miss the Cold War*, John Mearsheimer (2002) bemoaned the fact that the rigid bipolar alliance structure which sustained the Cold War, and invariably the "long peace" for the past 45 years would now be replaced by a multipolar system of power asymmetries; and power asymmetries (in the absence of a hegemon) more often than not invite wars. In the ensuing flux and uncertainty of the international system, as nation-states come

together, as national interests collide and break away, who governs and how becomes of utmost importance.

There is certainly a case to be made for a model founded on the concept of benign hegemony since in fundamental ways, some of this may have already become evident. The United States is the only country that can organize and lead a military coalition, as it did in Iraq and the Balkans. Some states have little choice but to participate, partly because of the pressure the strong can bring to bear on the weak and partly because of the needs of the latter (Waltz, 1999, p. 10). Where the United Nations has failed in the governance and enforcement of international resolutions and regimes, the United States seems to have succeeded through benign hegemony in "taming" state appetite for nuclear weaponry and proliferation (Libya, Iran, North Korea), or by outright use of force as leader of a coalition of countries (Iraq, Afghanistan, the Balkans). Ironically, she may have (at least by default) become the "quasi-hegemon" of the contemporary international system — a possibility that, among other things, so worried the U.S. Senate as it voted in 1919 to kill President Wilson's vision for the League of Nations. The international leadership that Wilson had idealized for the United States can in fundamental ways be amenable to the doctrine of benign hegemony. But to do that would require a modification of Wilson's concept of the administrative state in light of the exigencies of the moment, and the role of public administration in adapting to changes within and between nations in the international environment.

The Political Context: Upholding the Nation-State

Due to technological advances in communication, the decline in the number of centralized economies, a wave of liberal democracies and free-market economies emerging in Eastern Europe and South-East Asia, the rising economic punch of the European Union, the teething economic pains in Russia, and the rise of China and her "abbreviated" brand of capitalism, many have argued that the world is moving toward a politically borderless and highly interdependent global economy that will foster prosperity, international cooperation, and world peace through democracy. A corollary of this position is that the American economic and political system has become the model for the world (Mansbach & Rhodes, 2003, p. 288). But how would the emerging model be governed?

Although most "politicians have grasped the policy implication of the democratic peace theory, using it to justify actions, even military actions, which are intended to create or defend democracies" (Ziegler, 2000, p. 140), this premise fits right into the corner of the current Bush administration's

policy toward authoritarian nondemocratic regimes like Saddam Hussein's Iraq and others similarly disposed. In a Russert NBC "Meet the Press" program held on February 8, 2004, Tim Russert posed a question to President Bush at the Oval Office: "Mr. President, why are we (U.S. Soldiers) now engaging in nation-building in Iraq?" President Bush responded: "Our troops are trained to fight and win wars, and therefore to make peace possible. But to make peace possible, it is permissible to engage in nation-building. In the end, a free Iraq will change the world; a free Iraq will make it possible for our kids to grow up in a safer world."

Accepting the fact that the new Bush doctrine mirrors elements of the Wilsonian democratic peace idealism, in the sense that the virtue of peaceful coexistence among nation-states is a desirable end, they both differ in how the democratic peace ought to be secured. Wilson's belief in the pacific resolution of international disputes, the use of war as a last resort, was severely criticized as both timid and unrealistic in light of the realist propensities in the behavior of states. While "his conviction that all error resided in governments and that people were always and everywhere virtuous led him into some of the gravest follies of the Paris Peace Conference; the point remains that in much of the 20th-century world, "democracies are (were), by and large, naturally pacific and mutually compatible in ways that dictatorships, personal or collective, are (were) not" (Nicholas, 1968, pp. 184–185). It was the same sense of realism that led to much of the early criticisms of the Wilsonian doctrine.

But unlike the Wilsonian doctrine, "the current U.S. National Security strategy does not envision that U.S. interests and general world stability can be safeguarded without the presence and sometimes active application of American political, economic, and military power worldwide. Thus, embodied in the strategy is a clear expansion of the demands placed on the military, in responding to terrorism abroad and ensuring the security of the American homeland, in maintaining American preeminence as a military power, and in preempting attacks against the United States by terrorists and rogue states, particularly attacks that might involve weapons of mass destruction" (Davis & Shapiro, 2003, p. 8). Although it departs from past doctrines in its succinct statement of the intention of the United States to act militarily, and if necessary, alone to preemptively protect the interests and security of the country, Davis and Shapiro (2003) also point out that the goal reflects the central notion that U.S. leadership presents an opportunity as well as a duty to use American power and influence to make the world safe for democracy.

As the only superpower in world politics, the United States has found itself in a quandary: How to reconcile issues of domestic politics in the context of playing a pragmatic role in an international system characterized by flux and violence? Traditional issues of foreign policy, security,

and defense remain the province of nation-states, so too are macroeconomic and monetary policies (Ohmae, 1993, p. 80), as well as taxation and public investment needed to provide the necessary infrastructure and incentives for managing the welfare state. Some Americans believe that the United States benignly provides a necessary minimum of management of the international system and that because of its moderation, other states will continue to appreciate, or at least accept, its services (Waltz, 1999, p. 11). However, continued appreciation of United States' role in the international system very much depends on the mix of models it applies in doing so. Certainly, time has changed and the pacific approach to internationalism which Wilson employed in the early 1900s may not be as expedient for dealing with most of today's circumstances; especially in an era when foreign, economic, and defense policies play equal roles in shaping the contours and direction of national security policy.

The Economic Context: Global Market Regime

The idea of economic globalization is a concept that captures key developments in international trade, finance, and foreign direct investment by transnational corporations (TNCs). As Mansbach and Rhodes (2003, p. 284) point out, since the end of World War II, international trade has greatly expanded and has become a much more important factor in both domestic and international economic affairs. Whereas the volume of international trade had grown by only 0.5 percent annually between 1913 and 1948, it grew at an annual rate of 7 percent from 1948 to 1973. Nonetheless and over the course of the postwar era, trade has grown from 7 to 21 percent of total world income, as the value of world trade has increased from $57 billion in 1947 to $6 trillion in the 1990s. In the course of these developments, most trade barriers have declined, various multilateral trade regimes like the General Agreement on Trade and Tariffs (GATT), the Uruguay Round, World Trade Organization (WTO), and many others have been negotiated among nation-states. The European Union has emerged as an imperial economic market with no tariffs, open trade borders, and a uniform currency to facilitate trade and policy coordination between member states.

However, when we talk about globalization, it rarely suggests that national boundaries are shifting nor are state policies becoming merged. Rather most of what we see is an increasing level of communication or transactions between nation-states coordinated not necessarily by a uniformity of interests, but by a regime of rules anchored within the market system. We refer to this as the free market or free enterprise doctrine — characterized by various clichés like open borders, antiprotectionism, free

trade, most favored nation status, and so. The governance mechanism that holds this relationship together is not based on institutional frameworks but on an almost universal acceptance that the market doctrine is supreme both in the creation and in the distribution of wealth. At the center of this relationship is the critical role of TNCs and their ability to demonstrate visible presence and independence in almost every part of the globe.

For the fact that the market regime that govern, the operation of TNCs operates (at least in theory) outside of the political domain of nation-states, it becomes difficult to develop a uniform rule to check potential excesses. "Although states have a variety of weapons they can use against TNCs, among them taxation, capital controls, regulation, and nationalization, they rarely do so because they need corporate investment. Hence when the interests of states and that of TNCs collide, both may be losers" (Mansbach, 2000, p. 199). Even when they have no political intent, corporate decisions may have important political consequences, over which governments have little control (Mansbach, 2000, p. 201). Although there is a general agreement on the increased role of the market and of globalization as integrating forces in an emerging global community, there is growing ambivalence regarding the ability of the market to maintain international peace and global order.

Many have argued that the only thing that has changed is that the proclivity of nation-states to compete with each other has only shifted, but this time, into the economic arena. Because most countries in the developing world are not able to compete on the same economic plane as the industrialized countries of the West, economic globalization therefore leads to increasing levels of poverty, unemployment, indebtedness, inequality among nation-states, environmental degradation, and international currency speculation to the detriment of poor countries. Even the postwar international rules and institutions created within the Bretton Woods system have also come under intense criticism as being heavy-handed and overly paternalistic when it comes to assisting poor countries to properly manage their economic policies.

Whereas critics point to the fact that the West's gain in the context of globalization has been at the expense of developing countries, the already meager share of the global income of the poorest people in the world has dropped from 2.3 to 1.4 percent in the last decade, and continues to decline. Hence, many poor countries have become, not participants, but spectators in the international surge of economic globalization. Even among industrialized countries and as the process of international economic integration takes place against the backdrop of retreating governments and diminished social obligations, the need for social insurance for the vast majority of the population continues to grow (Rodrik, 1997, p. 21). However, "it is one mistake for government to restrict and distort market activity, reducing competition and perpetuating privileges; it is another to

assume that market forces will automatically create opportunities for those at the margin" (Birdsall, 1998, p. 80). "The bottom line is that international trade and open markets are less of a problem than worldwide changes in the technology of production that favor skilled workers everywhere" (Birdsall, 1998, p. 79).

The Shifting Phases of Globalization

For some, the concept of globalization continues to redefine itself. In his *The Rise of the Region State*, Kenichi Ohmae (1993) argues that the nation-state has become an unnatural, even dysfunctional, unit for organizing human activity and managing economic behavior in a borderless world. He argues that on the global economic map the lines that now matter are those defining what may be called "region states" — the boundaries of which are imposed not by political fiat, but by the deft but invisible hand of the global market for goods and services. Region states are natural economic zones, and represent no threat to the political borders of any nation, nor does it require any taxpayer's money to defend such borders. Ohmae points to the North American Free Trade Area (NAFTA) between the United States, Canada, and Mexico, the Association of South East Asian Nations (ASEAN), Hong Kong and the Pearl River Delta, the special economic zones in China, the growth triangle of Singapore and her neighboring Indonesian islands, Japanese manufacturing and the Mississippi Valley in the United States, the distinct cross-border economic units such as those in northern Italy, Wales, Catalonia, Alsace-Lorraine, or Baden-Wurttemberg.

On the other hand, Richard Rosecrance (1996) sees globalization as evolving into what he calls a "virtual state" — a state that has downsized its territorially based production capability. The virtual state is a country whose economy is reliant on mobile factors of production. It is an agile entity operating in twin jurisdictions: abroad and at home. The state no longer commands resources as it did in mercantilist yesteryears, but negotiates with foreign and domestic capital and labor to lure them into its own economic sphere and stimulate its growth. Rather than amass land, capital, and labor, virtual states set strategy and invest in people. Hence, in formulating economic strategy, the virtual state recognizes that its own production does not have to take place at home; equally, it may play host to the capital and labor of other nations. Examples of virtual states are Hong Kong, Korea, Japan, Germany, Switzerland, Holland, Singapore, and to an extent England.

But in both cases of the "regional" and "virtual states," economics serves as the driving governance mechanism. Because international market competition still retains the inherent tensions between the quest for state

supremacy and maintenance of a global order, states will be less reluctant to invoke protectionist policies to protect their domestic economy and their relative position in the structure of the international economy. To the extent that domestic politics lacks the jurisdiction to alleviate global problems, states are more likely to strike out on their own when national interests collide with the collective interest of the global community. Hence, the credibility of any global governance mechanism must be seen in relation to how each state views it as advancing its own interest while limiting that of others in the system.

Conclusion: After Globalization, Then What?

Globalization raises many diverse issues, including culture, national identity, and the structure and governance of international economic organizations. But as increasing levels of interdependence are sought either through commerce, technology and communications, or through bilateral and multilateral regimes, there are still lingering questions as to the ultimate benefit of globalization, and if so, to whom and how much? Like any powerful movement for change, globalization encounters resistance — from religious fundamentalists to labor unions and their allies, anti-Americanists, and everywhere from cultural traditionalists (Waltz, 2000, p. 47).

It may be true that economic interdependence, cultural and environmental interdependence can bring states and societies closer, but in the same way that this could be beneficial, it could also be detrimental. "Economic growth that states seek in order to enhance the well-being of their people often leads to environmental degradation and loss of biodiversity that endangers everyone" (Payne & Nassar 2003, p. 112). Although economic interdependence essentially reinforces the asymmetrical nature of trade relations between rich and poor nations, it also has not abated the rise in relative poverty and deprivation among many nations in the developing world. On the cultural level, many societies in the developing world have begun to see aspects of economic interdependence as subtle forms of cultural hegemony and Westernization, as they seek overt steps to reaffirm their authentic native culture. Even in the developed countries of Europe and the Americas, the sudden rise in immigration from the developing countries has generated tensions that resonate both ethnic and religious overtones. Whereas the long-term consequences for the preservation of Western civilization are becoming more obvious, yet the arguments remain muted.

The jury is still out as to what globalization means and what it will lead to many years from now. While the world is far away from a perfect integration of markets, services, and factors of production, sometimes the

simple existence of borders slows down and can even paralyze this integration, or at best give it "flavors" and "colors" of the dominant state (Hoffman, 2002, p. 108). In an ironic way, globalization involves everything around us, from the dissemination of Hollywood movies, the role of international news media, multinational national banking institutions, megainternational manufacturing corporations, international educational institutions, international airline conglomerates, are all agencies of globalization. Due to the essential differences in the nature and role of these agents, we are more often than not confronted with a sense of ambiguity in our understanding of globalization, hence the possibility for its regulation and governance.

But among the most critical challenges to globalization is cross-national immigration and how it can be managed. For the past few decades, there has been an increasing level of emigration from Asia and the Middle East to Western and Eastern Europe, and from Central and South America to the United States and Canada. Because modern immigrants seek to define and maintain their cultural identities in their host countries, they seek adaptation rather than assimilation. Over time, as the host culture is slowly undermined and made to accommodate itself to an "alien" culture, the possibility for the evolution of hybrid cultures in many host countries and the disappearance of authentic native cultures becomes more real than imagined. Because this has remained at the core of state sovereignty and national identity, what makes a person German, French, Swiss, Dutch, Polish, Slovak, Italian, or Canadian may be in danger of being lost. Hybrid cultures will continue to evolve over time, and could essentially, represent the last stage of globalization.

As new immigrants refuse to completely abandon their heritage to the attraction of Western civilization, their insistence on remaining true to their tradition and faith will emerge as the new source of global conflict — but this time not between states but within states. As their population increase, they will over time acquire enough voting power to reshape the political fate of their host countries in fundamental ways that can only provoke greater resistance and a sense of cultural loss and ambiguity in the host populations. Globalization may, in fact, lead to more conflicts among and within societies. The current cultural tension in France as it struggles to maintain its secularity in the face of Muslim advocacy for religious preferences has sent shock waves to other countries in Western Europe of the impending crisis they will face with an increasing Muslim population. Rising unemployment in many industrial countries has also led to resentment against immigrant populations who flock these countries for employment and other economic and welfare opportunities. The choice for governments and public administrators is to device methods for managing the assimilation or coexistence of immigrant cultures into their societies or

to seek their integration in such a way that inherent tensions are not manifested in overt backlash and cultural conflict between native and foreigner.

It is rather premature when some of the literature (Ohmae, 1993; Rosecrance, 1996; Friedman, 1999) seeks to celebrate the presumed demise of the nation-state. Even if such an eventuality becomes real, it should be a source of concern for the world. The simple fact is that state institutions have historically provided the foundations for the governance mechanisms needed to bring societies and economies together. "The sovereign state with fixed borders has proved to be the best (as well as enduring) organization for keeping peace internally and fostering the conditions for economic well-being. States perform essential political, social, and economic functions (macroeconomic and regulatory policies) than other forms of organizations; national politics, not international markets, account for many international economic developments" (Waltz, 2000, p. 51). In an ironic way, "while the age of globalization may well be defined in part by challenges to the nation-state, but it is still states and government — by the practices they adopt, the arrangements they enter into, and the safety nets they provide — that will determine whether we exploit or squander the potential of this era" (Haass & Litan, 1998, p. 5). It is true that there have been various benefits credited to globalization, but like every other revolutionary change, and at some point, it will generate its own critical mass as it reaches a state of diminishing returns, and only then, will the triumphs and failures become more manifest. In the absence of any other sovereign authority and without the central role of the state and its institutions, globalization would be ungovernable.

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Chapter 16

Good Governance: Its Theory and Practice in India

S.R. Maheshwari

CONTENTS

Governance is essentially a value-laden normative concept, defined as "how well do governments govern" or "does the government serve us well"? The *Oxford English Dictionary* defines it as "the action or manner of governing"; according to the same source, the term refers to the contents. The Webster's Encyclopedic Unabridged Dictionary of the English Language defines governance as a method or system of government or management. Good governance has become an exciting theme in India since the 1990s, having been originally popularized by international donor agencies like the

World Bank and the International Monetary Fund. Today, no discussion of contemporary public administration in the country is expected to be complete without a reference of good governance though the word has been in usage for a much longer time. The concept of good governance was known to India since ancient times. Good governance found its articulation in the world's oldest full treatise on public administration. In *Arthasashtra*, written about three to four centuries before Christ, Kautilya writes:

> In the happiness of his subjects lies his happiness in their welfare his welfare, whatever pleases himself he shall not consider as good, but whatever pleases his subjects he shall consider as good.[1]

The precise term "governance" is said to have entered the English language as early as 1628.[2] What is more, a distinction, though subtle, was made between government and governance which is underlined in the observation made as far back as in the year 1701: "Wise princes ought not to be admired for their government but governance." Governance is a qualitative concept whereas government is a physical entity to say so. The difference between the two can be conveyed more sharply by an observation like "India should have less of government but more of governance." Governance claims a complex of traits and includes both procedural and substantive formulations.

Good Governance Defined

The concept of good governance was exported to India by the international donor agencies like the World Bank and the International Monetary Fund which virtually made it a precondition for the monetary aid that India was desperately seeking in the 1980s and the 1990s even though it was implicit in the Indian social milieu.

Good governance must necessarily seek its base in a set of formally proclaimed structural attributes such as written constitution, rule of law, judicial review, natural justice, limited government — the familiar armoury of western liberal thought incorporated in India's system of governance as defined in their own imperial style by the British colonial rulers and later championed by the nationalist freedom movement. The list enumerating the components of good governance is not static.

More recent items co-opted in the concept of good governance include judicial reform, simplification of laws, and their subsidiary creations, namely

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[1]R. Shamasastry; *Kautilya's Arthasashtra*, Mission Press, Mysore, 1929, Chapter xix, sloka 39, p. 38.
[2]The *Oxford English Dictionary*, Vol. IV.

subordinate legislation, property rights, contract enforcement, etc. Potentially, good governance covers the entire public sector reform — "all its aspects".[3] Because the structural adjustment program was underway since the 1990s, good governance incorporates reform in the private sector as well. It is not confined to the central government in New Delhi but extends to state and local governments as well, the country having a federal constitution.

Good governance legitimately takes its place within the ordering framework of the supreme document of the land, namely the Constitution. The Constitution of India, enforced in 1950, and in operation ever since can be properly understood only in the context of the long-drawn national freedom movement under the leadership of Mahatma Gandhi (1869–1948). To mobilize all sections of the society and to keep the national movement in momentum the fight for political freedom had to be made broad-based and comprehensive by articulating wide-ranging programs of economic and social reform. The various pledges made to the society, some of them apparently inconsistent but effectively overlooked in the overriding national urge for unity, essential for waging the struggle against the most powerful colonial power in human history, found their way into the Constitution. The ideology articulated during the freedom struggle may be said to broadly fall into three categories — liberal, socialistic, and Gandhian. The liberal articulations laid stress on rule of law, parliamentary democracy, secularism, freedom of the press, federalism, fundamental rights, etc. The socialist ideology was reflected in the demand for public ownership of means of production, planning as the mode of national development, and prevention of concentration of wealth in the society. The Gandhian philosophy also influenced the freedom movement and its mobilizational devices, with its principal ingredients like village panchayats, village and cottage industry, prohibition, crusade against untouchability, etc. All these streams of ideology were contending for inclusion and recognition in the Constitution of India, though in practice the Gandhian ideology proved to be a minor symphony in the overall orchestra with its dominant note on liberalism. At the time of constitution-making no one realized the contradiction in the ideological baggage fondly believing that the essential nobility of man would be the effective solution to any problems encountered.

The elaborate scale on which the ideological baggage has been spelled out must not allow one to think that the Constitution of India conditions the society to one particular ideology whether capitalistic, socialistic, or Gandhian. The ideology orchestrated in the Constitution's preamble,

[3]International Monetary Fund: *Good Governance: The IMF's Role*, International Monetary Fund, 1997, Washington, D.C., p. v.

fundamental rights, directive principles of state policy, and its other parts, to put it crudely, is very much like a cafeteria with enough options to pick and choose from, thus capable of accommodating all political parties whatever be their ideological persuasion. The goal of the state occupying the commanding heights of the economy was promoted by this Constitution as it is presently fulfilling the goal of market capitalism.

The concept of governance was thus not unknown to the nationalist leadership in India. Mahatma Gandhi used to talk about *swaraj* (independence) as well as "*suraj*" (good governance) as the twin goals of freedom movement. However, the term "governance" was not much in use when the Constitution was in the making. The Constitution has not used the term even once in its preamble. Indeed, the Constitution has used "governance" only once — in its directive principles of state policy. Article 37 says: "The provisions contained in this part shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the state to apply these principles in making laws." The major components of good governance enumerated in the directive principles of state policy are:

1. Right to an adequate means of livelihood (Article 39(1))
2. The ownership and control of the material resources of the community are so distributed as best to subserve the common good (Article 39)
3. The operation of the economic system does not result in the concentration of wealth and means of production to the common detriment
4. Equal pay for equal work for both men and women is ensured
5. The health and strength of workers, men and women, and the children of tender age are not abused and the citizens are not forced by economic necessity to enter avocations unsuited to their age or strength
6. Children are given opportunities and facilities to grow in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment (Article 39 of the Constitution)

The directive principles of the state policy emphasize the "content" part of good governance. It must be noted that in 1977 one additional item was added to the list of these parameters of governance — the item on child.[4]

A discussion of the constitutional provisions about good governance would remain incomplete without a mention of the fundamental duties[4] though not a part of the Constitution as originally drafted and was inserted

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[4]Article 51A of the Constitution of India.

in it by the Constitution (42nd Amendment) Act, 1976. Good governance enjoins duties on citizens to renounce practices derogatory to the dignity of women, to protect environment, to have compassion for living creatures, and to safeguard public property and abjure violence, to name a few. Good governance includes transparency, accountability, citizens' responsiveness, and participation; the list is only illustrative. Good governance is a holistic concept and a shortfall in one area of administrative life is enough to nullify the otherwise adorable work done in other larger spheres. Good governance is an indivisible exercise precisely because life itself is indivisible. Regular electricity — electricity failure a common experience in modern times — for instance, is apt to negate good governance, leaving jarring notes in the society. The weakest link in administration determines the strength of the chain.

Additional Agenda of Good Governance

The notion of governance was for a long time restricted to the exclusive domain of government. Since the 1980s, the state started baring its fundamental inadequacies and limitations — a discovery which has led to a serious search for alternative and complementary institutions and processes of governance. Non-governmental organizations (NGOs), including people's organizations, the business sector, etc., are perceived as being alternatives to the career bureaucracy and indeed many of them have begun playing varying levels of roles particularly in the delivery of basic services to the citizens. Most conspicuous in this search has been the entry of the private sector. Privatization is a favored direction of structural reform that is increasingly advocated since the 1990s. Thus, there are many partners in the process of governance today and its dimensions have been steadily enlarging. Since 1990s India is leaning less and less on direct government intervention. This must not make one conclude that government is left with virtually no brief. It cannot fold up and leave those below the poverty line — who constitute nearly 30 to 40 percent (estimates vary) of the country's population — to their unenviable fate. About 250 million people consume less than three fourths of the needed calories whereas another 59 million take less than half of their daily calorie requirement.[5]

Unemployment in the country is another acute problem. India has a backlog of nearly 18.7 million unemployed and another 125 million people likely to enter the labor market between 1996 and 2010.[6] The employment opportunities are severally limited, posing a serious problem

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[5]Report of the Fifth Central Pay Commission, 1997, p. 91.
[6]Ibid., p. 91.

to governance. It will continue to have an interventionist role for the deprived sections of the society. Liberalization also necessitates considerable strengthening of the regulatory role of the state. India will need a large regulatory bureaucracy on the broad pattern of independent regulatory commissions of the United States. The country has already set up multi-member bodies like the Telecommunication Regulatory Authority of India, Competition Commission, etc., and more such bodies are likely to be set up in the years to come. Also, the state in India has a significant role in ensuring wider diffusion of technologies developed elsewhere. This is especially true for small- and medium-sized enterprises, which have limited access to such technologies. For this, information systems at their disposal must be used to permit their diffusion to domestic industries.

History of Good Governance in India

It is pertinent to assert that it is not for the first time that the subject of good governance is examined in India. The problem of good governance (read administrative reform) is discussed in each five-year plan as well as by parliamentary committees. Besides, the Government of India has appointed no less than 34 committees[7] devoted to good governance making a large number of recommendations. The Administrative Reforms Commission, set up in 1966 and which worked till 1970, carried out a comprehensive examination of Indian administration in its various sectors and at various levels making as many as 581 recommendations. What is frustrating about

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[7]These Administrative Reforms Committees are as follows:
 1. The Reorganization of Central Government (Richard Tottenham) 1945–1946. (It visualizes independent India; hence its inclusion)
 2. The Advisory Planning Board (K.C. Neogi), 1949
 3. The Secretariat Reorganization Committee (Girja Shankar Bajpai), 1947
 4. The Central Pay Commission (Varadachariar)
 5. The Economy Committee (Kasturbhai Lalbhai)
 6. The Reorganization of Machinery Government (Gopalswami Ayyangar), 1949
 7. Estimates Committee's Second Report on Reorganization of the Secretariat and Departments of the Government of India (First Lok Sabha), 1950–1951
 8. Report on Public Administration (A.D. Gorwala), 1951
 9. Report on the Efficient Conduct of State Enterprises (Gorwala), 1951
 10. The Machinery of Government — improvement of Efficiency (R.A. Gopalaswamy), 1952
 11. Public Administration in India — Report of a survey (Paul H. Appeleby), 1953
 12. Estimates Committee's Ninth Report on Administration, Financial and other Reforms (First Lok Sabha), 1953–1958
 13. Re-examination of India's administrative System with special reference to administration of Government's Industrial Commercial Enterprises (Paul H. Appleby), 1956; The Railway Corruption Enquiry Committee (J.B. Kripalani), 1955; The Public Service (Qualification for Recruitment) Committee (A. Ramaswami Mudaliar), 1956

India's quest for good governance is not dearth of solutions — recommendations on good governance are as numerous as are leaves in Vallomborosa — but a paralytic reluctance to act on them. Indian story of efforts toward good governance enjoys notoriously low credibility, precisely, because of a low level of implementation.

Prerequisite to Good Governance

Good governance presupposes a wide-ranging package of administrative reform. This must make the reader think about the prerequisites of good governance. In order to be effective, quest for good governance must seek the prior fulfillment of certain conditions, some of which are referred to briefly here. Foremost is the assured availability of sustained political support by the Prime Minister and his cabinet. The reform effort, moreover, must be led by most competent persons: it must be led by star performers possessing clear vision and familiar with objectives of reform and its priorities. As the agenda of good governance is new, even novel in nature, it requires undivided attention of its managers. The portfolio of good governance must become the full time job of carefully selected public functionaries. Equally, such persons must stay in their job for a fairly long time and must not be transferred out quickly. They should also be given a

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14. The Commission of Enquiry on Emoluments and Conditions of service of Central Government Employees (Jagannath Das), 1959
15. The Staff Welfare Review Committee (Fate Singh), 1961
16. Indian and State Administrative Services and Problems of District Administration (V.T. Krishnamachari), 1952
17. The Committee on Prevention of Corruption (K.Santhanman), 1964
18. Estimates Committee's 93rd Report on Public Services (Third Lok Sabha), 1966
19. The Administrative Reform Commission, 1966–1970. (it submitted 20 reports. Besides, there were study team reports)
20. The Third Pay Commission, 1973
21. The Committee on Recruitment and Selection (D.S. Kothari)
22. The Economic Reform Commission (L.K. Jha), 1983
23. The Fourth Central Pay Commission, (P.N. Shinghal), 1986
24. The National Police Commission (Dharma Vira), 1979
25. The Commission on Centre–State Relation (Justice K.S. Sarkaria), 1987
26. The Committee to Review the Scheme of the Civil Service Examination (Satish Chandra), 1989
27. The NDC Committee on Austerity (Biju Patnaik), 1990
28. The Tax Reforms Committee (Raja J. Chelliah), 1991
29. The Central Fifth Pay Commission (Pandian), 1993
30. The Strategic Management Group Task Force, 1997
31. The Central Expenditure Commission (Geetakrishnan), 2001
32. The Committee to Review in-service Training of the IAS Officers (Alagh), 2003
33. The Surendre Nath Committee on Assesment of Performance Evaluation in Civil Service, (2003)
34. The Committee on the Civil Service Reform (P.C. Hota), 2004

certain measure of flexibility, in action. Reform efforts must secure high-level employees' participation, and even support. It would prove the feasibility of reform if the reform proposals are first tested in pilot situations and then adopted all over the social space. Most importantly, good governance would remain a mere dream if it is not accompanied by appropriate attitudinal and behavioral change on the part of all the players engaged in the exercise. Also, governance cannot be strengthened merely by the reform of the career civil service. This must be underlined. It requires political revamping as an essential requisite of good governance of which an important component is a minimum political stability in the country. Since 1990s, India has entered an era of coalitional polities with Damocles' sword hanging over the executive, which inclines the government of the day to make all kinds of compromises detrimental to the cause of good governance. To save the country from political instability, India should borrow from the German constitution the concept of constructive vote of no confidence under which the legislature must elect the successor prime minister while dismissing a ministry. One must equally consider whether it is not prudent to delink membership of the council of ministers from legislative membership as in France. This would ensure at least two very powerful advantages. One, the chief executive would have greater freedom to choose his political crew and secondly, there would not be a high-pitch scramble for the legislative seats as at present. To clarify further, this measure would not in the least undermine the role and place of parliament in essential matters. Parliament would continue to control the public purse and legislation. What is proposed is the assertion and acceptance of the principle of incompatibility between the legislative membership and ministerial office. When these prerequisites have been fulfilled and the required mental discipline assured, ground is ready to initiate the reform exercise. It must be made absolutely clear that reform proposals made here constitute a package, constituting a single unbreakable unit traveling together.

Barriers to Good Governance

The Constitution, it is our firm conviction, is a noble document. Fifty-four years of its functioning show certain shortcomings, inadequacies, and gaps, which must be attended to. India's main worry is that those who are operating the Constitution — both the elected and the selected — lack proper skills, attitudes, and behavioral orientation. The human material operating the Constitution is not up to the mark to fulfil the dreams of the constitution-makers, which is perhaps India's saddest shame. No constitution is a shade better than the men and women operating it. The most disturbing problem confronting Indian politics is its criminalization

confirmed by the Vohra Committee Report. The growing nexus between the bureaucracy, the politician, the businessman, and the criminal poses the greatest threat to both democracy and good governance in the society today. The country's legislative chambers are for some time showing signs of becoming the sanctuaries of criminals. The criminal-turned politician — or criminal-cum-politician — poses a direct threat to good governance, for under the latter's supremacy his rightful place should be the jail. He, therefore, leaves no stone unturned in frustrating its installation despite the occasional rhetoric he indulges in. Politicians in India constitute the country's elite, locally known as the VIPs ("very important personalities"). By definition, the VIPs — India's ruling class — are ideally placed because of their political status to carry out the necessary reform and ensure good governance but they are ensconced in preferential treatment and already get well served by the *status quo*, leaving them with little motivation, incentive, or provocation to work for good governance. They are above the law of the land — beyond its catch — although they formally enact laws under which the country is governed. Potential change agents are thus seen in practice to get co-opted by the target system. They become the staunchest critics of the country's public administration once out of power: alas, they wake up too late! The widely prevalent perception in the society that the country's public funds are the object of loot must be changed. Politicians must thus reorient their values and must seek to serve the society, not corner its resources.

Another barrier to reform toward good governance is the prevalent corruption in administration. Corruption is rampant in India: nearly all points of public dealings are bristling with corruption. Many laws and rules in India are too rigid and complicated, which the emerging middle class overcomes by bribing the local bureaucracy. In other words, members of the middle class are induced to view corruption as the local instant reformer of administration: corruption is thus perceived as functional in want of good governance. Good governance is sorely demanded by the inarticulate wretched of the Earth — the god-forsaken children of the land. Corruption is antipoor and the agency for administering plans and programs of good governance is not competent enough for the task. The civil service is politicized, career-seeking, corrupt, and weak in professionalism. Things in India are going deeply wrong: "... the reason will not be that we had a bad Constitution. What we will have to say is that man was vile."[8] These are the prophetic words of B.R. Ambedkar, regarded as the architect of the Indian Constitution.

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[8]Quoted in M.P. Sharma: *The Government of the Indian Republic*, Allahabad, Kitab Mahal, 1951, p. 39.

Concluding Observation

Under liberalization the state increasingly finds itself on the defensive. Distrust of public bureaucracy deeply marks the modern administrative thinking and search is on for market-based solutions to social problems. Governance is, therefore, to be examined in the larger context of a shift away from the public sector to the private sector, privatization and de-regulation are the highly courted components of the emerging system of governance. Free market economy underpinned by globalization is sweeping the world and India is also a willing partner, even active, in the emerging arrangement. As a result, the state is presently under disen-chantment and its alternatives, namely market and NGOs are in growing demand. Reformers at the international level are becoming more active and assertive. What is more, the emerging challenges are likely to be more and more unprogramed, demanding novel solutions. New solution mech-anisms will have to be devised to ensure good governance. Equally, sharing of tasks and responsibilities through partnership between the state and private groups is a notable shift from doing them alone either by the state or the private sector. These are among the new patterns of interaction between the public bureaucracy and the civil society, consti-tuting altogether new ways of managing new problems. Public adminis-tration thus finds itself subjected to unexpected and powerful forces of novel nature.

Profession and practice seldom match but mismatch is a cause for embarrassment in a developing country like India. Education, as universally argued, has a vital role in promoting good governance but the country's rate of literacy in the year 2001 was 65 percent. Even the Supreme Court of India has taken the view that the right to education is an extension of the right to life. Yet, nearly 60 million children have not attended schools and are thus doomed to illiteracy. The directive principle of state policy elevates the child in the social hierarchy. But this apparently means precious little: gestures are recklessly made in India but these are cosmetic exercises. At the same time, articulations about good governance must not overlook administration's capacity to absorb and internalize them. Otherwise, such strategies would look like sheer decoration pieces that are not meant for implementation, thus enlarging the gap between the professed and the practiced. The civil society in India showing signs of emergence since the 1990s is unevenly developed and occasionally moving in opposite direc-tions, providing no clear direction and leadership to the national quest for good governance. The state, still the prime mover though liberalization seeks broad basing of governance, appears to be unevenly developed and is weak in social skills and values. So are the other sectors engaged in the task of governance. The existing forms of governance in the country

including its alternatives — or supplements — like NGOs and the market are presently weak to meet the challenge. What is called for is the innovative redesigning of governance. Governance also entails, among others, formulation of long-term views on national problems and concerns. This is important because most governments seem to lack vision, remaining absorbed in only day-to-day problems. This results in heavy discounting of the future — a neglect, which may cost a nation dearly. This is an apt warning in the case of India of today. Political parties of the land are presently engaged in fomenting what may be called competitive populism in a bid to create vote banks on the basis of caste, religion, or every other ascriptive base. Cheap popularity and good governance do not rhyme with each other and what India seeks or should seek is sustainable good governance.

A core area of good governance is where the execution of public policies takes place, which is the country's public delivery system. In the year 2002, India's Planning Commission in collaboration with the United Nations Development Program (UNDP) brought out *Successful Governance Initiatives and Best Practices: Experiences from Indian States*. The work narrates success stories of development depicting strategy of intervention in the delivery of social services. The key to success according to this study lies in the community empowerment marking a paradigm shift from a supply-driven model of service delivery to a demand-driven approach, leading to transparency and flexibility in operation.

A prerequisite to good governance is downsizing of the government — or the right sizing. This implies that the government should perform core functions, leaving noncore functions for the market. Government today is a major user of electronic computers and management information systems. Improvement has been made particularly in revenue collection, financial management and accounting, and interdepartmental communication system. Customer care programs are regularly organized by many government departments to impart a customer or client orientation to those engaged in public delivery system. The message sought to be conveyed is that the citizens are not mere passive recipients of monopolistically provided services. A large number of public organizations having direct dealings with the citizens have adopted citizens' charters, with the aim to promote openness, citizens' participation, and improved customer service in the public sector. But they have not been very effective for want of follow up. The much needed right to information is in operation since October 2005.

Instaling new institutions and processes is obviously vital to promote good governance. But even more crucial is the urgency for attitudinal and behavioral retuning. Instruments promoting responsiveness and accountability in administration like the citizens' charters need to be reinforced. But good governance demands, first and foremost, a mental revolution in the

career bureaucracy in all sectors and levels. An example in this regard has to be set by the top political and administrative leadership of the land along with the strict enforcement of the necessary provisions of laws and other pronouncements. The reward and punishment armoury of the state must, without fear and favor, be activated and invoked more widely as part of the larger process of reform and rejuvenation. Civil society has a definite role to play in exacting a suitable behavioral change in the public functionaries. The babu (the clerical functionary in government) is presently the shame of Indian administration, and he has to be reinvented. In this respect, the classical mechanisms of control like regular inspection and supervision have a definite role to play in the path of good governance.

Indeed, administrative reinventing would be a constant need of good governance. Any passive role for India in the matter of ensuring a good governance is apt to transfer this task to bodies like the World Bank, which would not be a very wholesome development for the country. Citizens' charters that have been adopted to empower the citizens also entail a risk — formally announced measures seeking good governance may get distanced from groundlevel realities and dynamics of local life. India ought to discover its own solutions to its problems including problems of good governance.

Chapter 17

Globalization and Governance in the Former East Germany: The European Union Factor

Jean-Claude Garcia-Zamor

CONTENTS

The former German Democratic Republic's (GDR) present predicament is similar to that faced by many countries across Europe: How to deal with globalization and demographic change? Financial globalization may put the former GDR at greater risk of slipping into crisis than the western part of Germany. Its economy has been trailing that of the rest of the country since reunification in 1990. With unemployment rate in the former GDR much higher than in the western part of the country, many Easterners do not clearly understand why globalization does mean a sharing of jobs and goods within the national boundaries of unified Germany. An examination of the separate bureaucratic experience of the divided country will help understand why it is still so difficult for the East to share the benefits of globalization. After the separation of Germany, a wide gap developed between the bureaucracies of the GDR in the East and the Federal Republic in the West. Whereas the West German bureaucrats were selected because of their qualifications and continued to form a conservative, honest, and conscientious civil service, the East German bureaucrats were recruited primarily because of their political and ideological loyalty. Gravier (2003a,b) has argued that the loyalty factor has offered an important framework for civil service recruitment even after 1990 because it rooted the selection of East Germans in a legal procedure that had been elaborated over the years and could not be considered as an *ad hoc* solution to purge unwelcome personnel. But before 1990, East German bureaucrats had to work according to the principles of socialist morality and ethics. They also had to demonstrate their capacity to transform the general resolutions of the Communist Party — known as the Socialist Unity Party (SED) — into concrete administrative actions. One of the main principles of the GDR civil service was the blind observance of a socialist law and order. The disparity between the two bureaucracies added to the socioeconomic and political problems that became evident at the time of reunification in 1990. It has been argued that those who steered the processes of reunification failed to design institutions of sound governance that fit the circumstances of the governed.

However, it is important to point out that many of the bureaucrats who served the Western administration after 1950 had a Nazi past. They were allowed to return to the civil service only after the need for an efficient and effective administration started to threaten the Western (and especially American) efforts to build up a strong Federal Republic as a centerpiece of the Cold War architecture. This is another illustration of the importance administrative "know-how" has in a modern society. Some people were allowed to work for a democratic government often without a thorough investigation of their potentially criminal past. The key for the different situation in the two Germanies was the ideological configuration. In the East, it was impossible to employ former NS-officials because of the role

"antifascism" played as a legitimizing state doctrine. This enabled the GDR propaganda machine to claim that the East represented the "good Germans," the Communists and Social Democrats, who had fought Fascism. But the West was more interested in establishing itself as a "free world," starting in the late 1940s, that meant: anticommunism. This made it possible to put criteria like efficiency ahead of questions of guilt. Yet, the quick transfer of Western political, judicial, and economic institutions to the East without any major modifications turned out to be problematic. It was clear that this radical system change would have a shock-like impact, but the majority of politicians overestimated the capacity of the Western institutions to solve problems under East German circumstances.

The sophisticated system elements of the Federal Republic had been developed gradually to meet the specific requirements of its society. Its complexity, overregulated aspects, and transparency became obstacles to the process of rebuilding in East Germany, especially in light of the fact that in 1980s the institutions of the West German welfare state were criticized heavily by protagonists of "Reaganomics" and "Thatcherism." Thus, the outdated Western laws and rules were used to solve problems in an even more complicated and fundamentally different context. Glaessner (1997, p. 97) wrote "fundamental differences between the Western and Eastern political cultures are the main obstacles to uniting the two parts of Germany socially and culturally in the foreseable future." A major problem in the GDR was the overstaffing of the bureaucracy. Because the objective of the Communist government was to have zero unemployment, not only the civil service, but also the bureaucracies of all universities and factories were grossly overstaffed. In addition, the federal government of the newly unified country has been demanding from the civil servants of the former East Germany a new adaptability and creativity that was never promoted in the GDR bureaucracy.

The chapter analyzes the state of the bureaucracy in the East prior to reunification and discusses the changes that occurred after 1990, whereas the country was moving from communism to democracy. It shows that despite some original difficulties in adapting the new Western norms, the Eastern bureaucracy has been able to develop some goal-oriented activities that are typical of good governance in Western bureaucracies. Its recent performance in a variety of public sectors reveals a new efficiency and professionalism. It has developed a sense of the necessities of the time, including globalization. The chapter analyzes the impact of the European Union (EU) on both governance and transparency in the former East Germany. In essence, EU has put some restraints in the freedom of its member countries to formulate policies unilaterally. It has also established a standard of administrative ethics that cannot be ignored by the bureaucracies of the member countries. The chapter is also about bureaucratic culture

and the influences of external political, economic, legal, and social systems upon it, and shows the relationship of bureaucratic culture to organizational performance under different conditions (Garcia-Zamor, 2003). It also reviews two types of bureaucratic cultures over time — GDR and West Germany. In the GDR, there were transitions from "real existing socialism" to democracy and from democracy to reunification; In the West Germany there were transitions from a unified federal democracy to an enlarged geopolitical and bureaucratic structure. Each transition marked a change in laws, norms, structure, etc. In addition, reunification meant that the two separate cultures had to unify, resulting in yet another transition that is still taking place. At each step of transition, culture influences the behavior of individual bureaucrats and the culture of the bureaucratic organization.

The Political and Bureaucratic Transition

The GDR's first (and last) freely elected government after the March 1990 election explicitly rejected the idea of a professional civil service and its "traditional principles" that can be found in Article 33 of the Basic Law. However, this decision quickly became meaningless. The overwhelming victory of the Alliance for Germany in the 1990 election effectively put the German state professional civil service in the GDR's future, regardless of the immediate will of the newly elected East German government (Kvistad, 1999). In June 1990 the last democratic government in the GDR began to restructure state and administration. Reunification was imminent, so creating compatible administrative institutions was the main goal. Work began on the level of the old *Bezirke* (districts), the regional level, on which the reestablishment of the *Länder* would be based. Parallel to this activity, local self-government was reintroduced to towns and cities. It was at that time that the first administrative reform aid was provided by the West. Two overlapping phases can be identified: in the beginning, acting administrators were sent to the East for a limited period of time. It quickly became clear however, that a "permanent elite-transfer" was necessary, Because the East German administration would depend on the professional knowledge of Western experts for a very long time (König, 1999, p. 87). Limited time consultants were not seen as a long-term solution, it was necessary to keep them in the East. They were hoping that they could develop more empathy for the people and local conditions.

Western personnel went East for a variety of reasons. Some wanted an adventure in the "wild East," whereas others had ancestral roots there and wanted to rediscover a lost past. For others, monetary rewards certainly played a role. An American expert in East German studies wrote the following:

> Western elites received *Buschgeld*, or bush money to go east, and some also received free weekly flights home. While many of the imported personnel were fully committed to furthering German unity and planned to make the east their home, the behavior of other western imports created resentment among some eastern Germans who perceived they were being colonized by second-rate bureaucrats and carpet-baggers.

> Yoder (1999, p. 92)

For a variety of reasons, the approval of Western civil servants was not unanimous. For some of these expatriates, the East was formerly a distant and unknown world. Problems of integration and little interest in becoming familiar with Eastern problems were common. Staab (1998) mentioned that the mentality and living standards of East and West were too diverse to allow for a smooth integration, and friction was hard to avoid. He added that:

> The persistent post-unification rhetoric of denunciation of the SED regime — not only for its political failures and shortcomings but in general for every aspect of life in the GDR — helped to establish the notion of the victorious West in the fight for systematic supremacy between Capitalism and Communism. As a result, the perception of a political takeover was complemented by notions of an administrative subordination of the East.

> Staab (1998, p. 85)

Yoder also wrote that this development introduced a hierarchy in the new administrative institutions, which instantly put Easterners in a subordinate position. Western elites went East with the purpose of retraining indigenous personnel. The existence of a blueprint for administrative institutions, complete with the transfer of West German programs and routines, left little or no room for substantive contributions from the past experiences of Eastern Germany (Yoder, 1999). Although the adaptation to the Western system did not seem to present an overwhelming problem for some Eastern professionals, on the whole, many of them suffered severe setbacks in their careers. Those who were "taken over" by the West German system (public administrators and teachers) experienced the least disruption. Educational certificates functioned as a safety net for most of them (Kupferberg, 2002). So during 1991, the legal framework was created to transfer these Western *Beamte* to the East (with the new laws protecting their *status quo* and hierarchical rank). This situation prompted a German scholar to ask if German unification was not a watershed of institutional reform (Helms, 2000). Another European scholar, who has published widely on Germany, made the point that reform in Germany is typically incremental, painstaking, and legalistic (Flockton, 2001). After reunification, the German public

sector seems to have been stabilized by minor adjustments rather than far-reaching reforms. The federalized nature of the institutional system played a decisive role in explaining this outcome. But up until today, West German civil servants hold many leading positions and therefore play a key role in Eastern administrative processes, although they only account for a small percentage of the total staff.

The shortage of trained experts could be bridged that way, but the question whether to keep or to lay off old cadre did not become obsolete. On the one hand, local staff was necessary, and on the other hand it was impossible, for political reasons, to keep the old structures. A quantitative problem added further pressure: overstaffing. 7 percent of the working population in the West and 12 percent in the East were employed in the public sector. Although most of the top positions were cleared of old nomenklaturists on October 3, 1990, the staff restructuring was an unsolved question at the time of reunification and had to be analyzed as an element of the general system transformation. Remaining administrative institutions had to be remodeled, obsolete ones shut down, and new ones created. There was one basic principle for remaining institutions: "in the interest both of administrative continuity and the civil service, public employees would not lose their job" (König, 1999, p. 88). In case they worked for a structure that is no longer necessary, the employees were "placed on hold." Some of them found a new position at a different administration, often they had to accept a lower rank. However, several criteria could be used to lay off the staff:

- *Stasi* activities
- Violations of (internationally recognized) human rights and the rule of law
- Lack of qualification
- Overstaffing
- Dissolving of an institution

It was still a tremendous task to move the old socialist administration to the principles of "classical administration" with its specific elements like professionalism, efficiency, and effectiveness. The Unification Treaty (*Einigungsvertrag*) specifically demanded public obligations to be performed by *Beamte* (civil servants). The practical solution of the problem consisted to entitle East German civil servants as *Beamte auf Probe* — on probation (König, 1999, p. 89). Furthermore, the specific educational degrees usually necessary to become a civil servant were not required. Instead, individual performance on the job was evaluated. Also, while on probation, everybody had to take part in further training classes organized by a network of West German educational institutions. This way of transforming the East

German administration basically accepted staff continuity and resulted in longer transitional period.

However, the transition took place within the new legal framework of the 1990 Unification Treaty. Chapter V of the Treaty dealt with public administration and the administration of justice and Article 19 affirmed the validity of decisions taken by GDR administrative bodies. It declared that all the administrative acts of the GDR performed before the accession took effect should remain valid. They could be revoked only if they were incompatible with the principles of the rule of law or with the provisions of the Treaty. In all other respects the rules on the validity of administrative acts should remain unaffected. But Article 20 on the legal status of persons in the public service merely stated that the exercise of public responsibilities should be entrusted as soon as possible to professional civil servants (Glaessner, 1992). Still, reunification altered significantly the process of policy making. It soon became apparent that policies aiming at equalizing living conditions between East and West could be successful only if these two factors were met: the transformation of the former GDR economy from state socialism to a market economy, and the adaptation of political and administrative structures to the Western model.[1] An immediate aim of the decision makers was to institutionalize joint responsibilities between different levels of government. However, after reunification the new *Länder* placed more emphasis on working together to pursue their specifically East German interests than on trying to work in concert with the Western *Länder*. They have in some cases, notably in education policy, pursued a policy agenda clearly different from that of the Western *Länder*, although they were willing to accept a high degree of federal influence over their affairs in return for extra financial assistance from the Federation (Jeffery, 1995). Policy making in Germany is highly interconnected. In addition to the coordination of decision making between the *Länder*, a wide range of tasks are jointly financed by the *Länder* and the federal government, sometimes with the involvement of European and local actors (Sturm, 1996).

The end of communism in the GDR created a host of new and unexpected challenges for West German government and public administration. As far as the public sector is concerned, stability and continuity seem to have prevailed (Benz & Goetz, 1996). Unlike the other Central and Eastern European countries where the building of new political and administrative

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[1]Philip Zelikow and Condoleezza Rice, who were members of the U.S. National Security Council staff of the first Bush presidency, participated in some of the negotiations that led to the reunification of Germany. They later told their story from the U.S. perspective, while looking in detail at the other international actors and Washington's efforts to bring them in line with America's priorities (Zelikow & Rice, 1995).

institutions evolved in an almost incremental and partly erratic manner (Garcia-Zamor, 1994), institution building in the former GDR was shaped by a massive institutions transfer in which the entire readymade legal and administrative model of West Germany was literally exported overnight and implanted in the new eastern part of the country. This was a unique task: the transformation of the "real-existing socialist" state and its administration was part of a fundamental system change. Because any socialist economy was part of the state administration, one of the main challenges (and transformation starting points) was the necessary "re-differentiation" of state and economy — a crucial aspect to any capitalist, liberal, and democratic society. And this process itself was subject to political influence (by the new political power of course), as the different ways to approach that task in Eastern Europe show (with Germany choosing the *Treuhand* model of privatization). The whole process could be analyzed as "re-modernization," after communism had "de-modernized" Central and Eastern European States.

According to Luhmann system theory, modern societies are characterized by "functional differentiation": relatively independent subsystems with specific system rationalities (e.g., the economic sphere with private property, free markets, and competition, etc.) are separated from the political–administrative sphere featuring democracy, civil liberties, rule of law, separation of powers, etc. The Marxist ideology implemented in the GDR meant a "counter-modernization" because the level of differentiation reached in Eastern Europe was lowered back to "democratic Centralism" as it was called (König, 1999, p. 74). Holding this perspective, Meuschel (1992) argues that specific subsystems (especially the economic one) and their system requirements were dominated by the power of the political structure symbolized by the fact that the party always had the last word, thus, destroying the very conditions of specific system rationalities. A good example is the politically motivated East German welfare program, started in the early 1970s, which was far too generous relative to economic capacity. As a result, foreign debt rose sharply in the 1980s and, among other inefficiencies, infrastructure, equipment, and research investments declined, further diminishing the economic capacity. Meuschel pointed out the fact that party power in East Germany was based not only in society's "de-differentiation," but also in specific German traditions of being apolitical as a citizen, an attitude that prevented the development of an opposing civil society. Instead, the people showed a lack of participation or resistance and the majority simply accepted the system in an old authoritarian fashion (*ibid.*). The "re-differentiation" therefore included two major goals: the transformation from a centrally planned economy to a market economy and from an authoritarian to a democratic system.

This was made possible by the political, administrative, financial, and economic might and will of West Germany. In addition, a significant number

of West Germans were transferred to the East to occupy high-level political and bureaucratic positions. These factors made the bureaucratic transition in East Germany a unique case in the spectrum of former socialist countries (Wollmann, 1996). The orderly disappearance of the GDR left no institutional void. The dissolution of the East German state and the transfer of West German political institutions were managed with remarkable efficiency as far as the legal groundwork and the merger of organizations were concerned. Some analysts mentioned the crucial role that time played during this period. It would have been impossible, they argued, to design a completely new set of rules quickly. The political pressure of the East's collapse created the need for fast solutions, which was to use Article 23 of the Basic Law to reunite Germany. Article 23 of the Basic Law simply extended the West German constitutional framework to East Germany.

During this period, a political rationality clearly dominated the decision-making process (including some competing economic rationalities). The most controversial one was the introduction of the West Deutsche Mark in the East in July 1990 against the advice of the Bundesbank and many economists. Whether the economic evaluation of the East German transformation process dominate the public discussion relative to questions like *Stasi* past, bureaucracies, or general democratic progress depended on whether West Germany or former communist countries were used as a comparison. The problem was twofold: not only did the SED with its multilevel party organization influenced state and bureaucracy, but also there was a net of party members within the administration, or as König wrote "both a 'party-pyramid' over the 'state-pyramid' and a 'party-pyramid' within the 'state-pyramid' existed" (König, 1999, p. 82). Thus political transformation had to deal with several problems: potential informal communication networks of the old cadre, the reestablishment of the horizontal separation of power (legislative, executive, and judicial), and the vertical separation of power, which was supposed to create a decentralized administration like the German federalism model, including the principle of local self-government by villages, towns, and cities — all in a sharp contrast to "democratic Centralism." However, as was to be expected, political and administrative integration after reunification have met with a host of obstacles that derive from the legacy of socialism, a lack of resources in the East, and differences in East and West German mentalities. The highly intrusive, demanding political regime of the GDR had forged a very real sense of "GDR identity" among its citizens. The GDR did not collapse because of a nationalist quest for reunification. The quest for reunification arose as a result, not a cause, of the collapse of communist rule in the GDR (Fulbrook, 1999).

One measure of bureaucratic performance is often the administrative capability of the civil servants in the economic sector. In case of the former

East Germany, the slow development of the economy could be traced to several obstacles. However, it has also been proven that when some very efficient technocrats took control of the management of certain economic sectors, they were able to overcome some of these obstacles (Garcia-Zamor, 2002, 2004). Among some of the mistakes that were made during the unification period was the federal government's goal to equalize East and West German wages, even though Eastern workers were only a quarter to a third as productive as their Western counterparts. Samuelson wrote that:

> East Germany's currency (and wages) were converted into West German marks at an unrealistic exchange rate of one to one; then, East German wages were raised more than 50 percent from 1991 to 1995. Instantly, high labor costs made many firms uncompetitive and rendered East Germany unattractive for new factories. Massive unemployment resulted; it still exceeds 18 percent.

> Samuelson (2002, p. 59)

In addition, Samuelson also pointed to the fact that huge payments (3 to 4 percent of GDP) from West Germany have been made to the East to pay unemployment and welfare benefits. The cost of unification has had a negative impact on the German economy. Work was what made somebody a valuable member of society in both parts of Germany, but the orientation toward work as the central aspect of life was more pronounced in the East than in the West, a difference that could probably be attributed in part to the threat of unemployment in the East. Unemployment is even more dramatic to Easterners as they were raised in a Communist society where every member of the society had a job (Glaeser, 2000).[2] For them, unification marked the beginning of a transformation that would radically alter their lives. As workers and firms were subjected to the rigors of market forces, the situation that had created the ironic GDR quip, according to which "they pretend to pay us, and we pretend to work," also passed into history (Keithly, 1999, p. 188). But after reunification, many of the jobs that people assumed to be guaranteed for life began to disappear. Professional qualifications were downgraded, and much of previous work experience counted

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[2]In socialist countries, work is a central institution in the technical order of economic production. It is also central to the social structure and to individual motivation, and thus the central point at which the individual relates to society. Peattie (1981) explored the implications of social planning by looking at the transformation of Cuba in the course of the Revolution. She found that the country was organized around "moral incentives" just as — in the alternative model — around material ones. The Cubans developed a complex system of nonmaterial incentives that resembles in part the former East Germans' one (public praise by the leaders, medals, buttons, diplomas, plaques, certificates of communist work, and honorable mention in factory bulletins, etc.). These prizes and honors are the equivalent of the paper currency in the moral incentive system.

for little. East Germans became disillusioned with the new situation and were shocked by the unexpected burdens and the impact of unification on their personal lives. Many started looking back to the "good old days" of "real existing socialism" in the GDR. Staab (1998, p. 97) wrote: "Repressing the inhuman aspects of the oppressive regime resulted in a selective memory that disproportionately remembered the positive aspects — for instance, social welfare or job security." This remarkable phenomenon soon earned a name in the media: "GDR nostalgia" (Kapferer, 2000).

Before 1989, many East Germans thought that socialism was a far better system than capitalism, despite the fact that they were aware of the West Germans having a higher standard of living. They blamed party officials for the failure to achieve greater economic development, not the system of government. Despite the fact that the policies of *glasnost* or openness begun by Soviet President Mikhail Gorbachev rushed across eastern and central Europe like waters from a burst dam, most East Germans were not really pro-reunification. They had great hope that *perestroika* would only open the system and make it more transparent. It is sometime hard for people who have chosen to leave for the West, or for some Westerners who have always lived in a democratic system, to fully comprehend or to accept this fact (an interesting similarity with the case of Cuba) (Garcia-Zamor, 2001). König wrote a very interesting chapter in his book that might contribute to a greater understanding of this phenomenon. He analyzed the aspect of how to transform the *Kader-Verwaltung*. The specific East German situation was characterized by the classical question of any regime change: How many of the old faces will remain in power? Is it possible (both by political and professional standards) to keep at least some of them? What about the need to recruit new personnel? This classical situation was further complicated by the "dualism of East- and West-German administrators" (König, 1999, p. 86). It was clear from the beginning that a transformation to democracy could not work with the old *nomenklaturists* in charge. The consequences of their political incompetence could be observed everywhere (*ibid.*). After it became clear that the system would collapse, they did not put up relevant resistance to the change, but tried to use the time between November 1989 and the reunification in 1990 to "clean" their personal files or to transfer to a different, potentially safe, and unsuspicious position. In any case, they were no longer able to use their former power as administrators.

The European Union Factor

Although in Germany ideas for new policies formally originate from government ministries, parliament, or the Chancellor's office, pressure groups,

new social movements, and even public opinion at home and abroad do have some influence on policy initiation. A very important new source of influence, which has stimulated many policy changes, has been the EU, especially after the member states agreed on the aim of the post-1992 Single Market with the Single European Act of 1986 (Sturm, 1996). Numerous new German laws are also influenced by the EU. German unification had presented great challenges for European integration. It bound the larger Germany into a deeper form of EU integration, while providing part of the architecture for a wider Europe, following the end of the Iron Curtain (Flockton, 2000). This factor became an important element in the complexity of the integration of the former GDR bureaucracy into the federal system and relates to patterns of external interaction with regard to Germany's participation in the EU. Benz and Goetz describe this as an important new development in the German public sector:

> As regards the contextualization of the German administrative system within the European legal, political and administrative framework, it is becoming increasingly impossible to understand the workings of German public administration without constant and systematic reference to its embeddedness in the European order. The scope and content of administrative action, the national institutional setting, administrative procedures and personnel policy are influenced by European integration to an extent where it is becoming increasingly problematic to conceptualize integration as an external force affecting domestically defined administrative arrangements. Already the interactive ties between the national administrative system and its European environment are of such variety and intensity that they constitute a decisive new element in Germany's administrative history.
>
> Benz and Goetz (1996, p. 22)

The EU is presently influencing policy making in all its member countries through a series of treaties that sometimes draw out struggle for power between the big and small member states. Some people view EU as a challenge and a threat to national governance Because it dictates norms to be followed in different bureaucratic sectors. In the economic area, the crucial challenge for Germany — and for most other EU members — is to promote sustainable growth. After several years of economic stagnation the German government has launched a comprehensive growth and modernization strategy called Agenda 2010. In the defense area, Germany wants to implement an EU plan to allow it, France, and Great Britain to set up a small military planning unit capable of overseeing operations independently of North Atlantic Treaty Organization (NATO). Many of these initiatives do not include EU's smaller states. At a December 2000 summit in Nice, a complex

voting formula was adopted to preserve a better balance of power in the EU. Under this formula, accepted by German Chancellor Gerhard Schröder, Germany has 29 votes — the same as less populous Britain, France, and Italy. Poland and Spain both have 27 votes under this arrangement, even though they have populations half the size of Germany. Both argue this formula maintains the balance needed to stop Europe being run by a directorate of big member states. The new formula favored by Germany is a "double majority" voting system in the Council of Ministers where decisions would require the votes of a majority of states representing a majority of the population. However, a constitutional treaty that included these changes was not ratified at a meeting that took place in December 2003. Although the constitutional treaty was aimed to streamline the EU and sharpen its role on the world stage after it enlarges to 25 members in May 2004, failure at resolving the voting issue doomed the meeting.[3] That failure represents a big slowdown in the European integration process. Six of EU's biggest paymasters already are calling for a freeze in the EU budget until 2013 — a move that could cut aid to poorer countries, including Spain and Poland. The leaders of Germany, Britain, France, the Netherlands, Sweden, and Austria, all net contributors to the EU, said the union's budget should be subject to the same "painful consolidation" as national budgets (Parker, 2003, p. 4).

There were other major areas of conflict in the ratification of the new European constitution. Parts of the constitution, such as the provision that employees shall not be dismissed without due cause, have the potential to inflict economic damage. Several European countries have tried to open up their labor markets by granting exemptions from dismissal laws. These laws are now at risk of becoming unconstitutional on grounds of unfair discrimination — Why should some employees enjoy constitutional rights that others do not? At present the 16 million people from the former East Germany might have the most to lose when Germany fully adheres to the new constitutional treaty. The level of unemployment is higher there than in the western part of the country and the competition from the new EU member states where unemployment is even higher will possibly have negative effects on them. In addition, East Germans come from an

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[3]The president of Rand Corporation, James A. Thompson, wrote that the collapse of the EU's efforts to agree on a constitution primarily over the issue of voting power, mirrors what happened in America more than 200 years ago. Like Europe today, the original states of the United States were in a weak union when they met in 1787 to strengthen their links to better manage the federal economy and provide for the common security. As in Brussels in December 2003, the vital issue dividing the delegates was the distribution of voting power among the states. The "Great Compromise," which created the two chambers of Congress, broke the deadlock: One house — the Senate — provides equal strength to each state. The other — the House of Representatives — is based on population (Thompson, 2003).

anti-Western culture and most recently have been exhibiting a sentiment referred to as *Ostalgie*, the sadness of not being able to go back to the "good old days" of their socialist past. New movies, TV shows, and publications depicting the past inaccurately seem to soften the bitterness felt by Eastern Germans over the alienation and high unemployment that have accompanied unification. To most of them, the integration into the EU seems hardly a solution to their problems.

The debate about EU in terms of Germany's interest as a nation is not a new issue. It came up soon after reunification and usually focuses on (a) how Germany should treat the question of participation in military operations and (b) what role the larger Germany should play in the process of European integration. In these debates, there are no substantial differences between Eastern and Western politicians. Although there remain "cultural" differences between East and West, such as a higher percentage of people in the East supporting pacifism, and more people there seems to have a critical attitude toward the United States and NATO, the former East Germany is solidly beyond the participation of Germany in EU. With regards to European Integration, there is almost a consensus among all major German parties that this is a good thing to do, although the left tends to point out to the democratic problems of the EU (transparency, participation, etc.). As the EU becomes more and more powerful (as pointed out earlier, the number of laws and regulations depending on EU legislature is constantly growing), nobody seems to know how to make it more transparent. Transparency, however, is a crucial factor in any democracy because it is necessary to know who is responsible for what and who should be held accountable. It is almost impossible for the ordinary German citizen to understand what is going on the European level. After all, the German political system is already so highly intertwined, that every political actor can deny responsibility by pointing to another institution or to a higher level. In that way, the EU, all too often, might be just another useful victim when playing the "blame game." But the only thing the East is constantly demanding is a permanent flow of financial aid. And so far, that has been no problem, although it is changing right now, as the richest Eastern regions or cities perform better than the poorest Western regions, especially in the Ruhr-Area (Gelsenkirchen, Duisburg, and Dortmund all have higher unemployment than Dresden, for example). So there is pressure building up to reduce the amount of money going to the East. This pressure will probably increase with the admission of the ten new countries from central and Eastern Europe. Most of these ten countries still have enormous domestic difficulties and a serious shortage of administrative staff. German policy makers worry that the Union may become unmanageable when these new small member states join the EU. In addition, their membership might shift the geographical center of Europe from Brussels to Prague.

Thus, after 2004, Eastern Europe might become Central Europe — as it has been for centuries until the Iron Curtain appeared after World War II. Although the rationale for Germany's former policy of support for European integration remains as valid as ever, some German politicians think that the EU is a bureaucratic hindrance.[4] They are tempted to use Brussels as a scapegoat for the failure of national politics.

A very ambivalent situation exists in the former East Germany. Although the anxiety over the arrival in EU of the new small Eastern countries is rather high in all of Germany, it is especially so in parts of East Germany. Some people there think that they might lose more jobs to countries like Poland, and that a wave of new immigrants and an increase of the crime rate might occur. These fears seem to be rather unsubstantiated. The process of moving jobs to Eastern Europe is more than ten years old and will probably not accelerate too much because the disadvantages of the East remain quite numerous. Also, immigrants will probably not flow in large numbers into East Germany because Germany negotiated a seven-year period during which the free movement of labor will not be possible. In addition, the new immigrants will probably not go to East Germany due to high unemployment there. On the other hand, those fears are compensated by the positive attitude toward the process of European integration by other East Germans. Not only political parties, but also many citizens agree that this is something necessary to eventually overcome the Cold War separation and to prevent deep conflicts like the ones that preceded World War II. The political parties have been telling people that their fears are unsubstantiated and that they should see the integration of the Eastern countries as a big advantage and an opportunity for them. East Germany will no longer be a border region and trade could grow more easily (trade between Germany and Poland, for example, grew by 98 percent between 1997 and 2002). East German companies could start new joint ventures with the East (especially the Czech Republic), something that is already happening, especially in Saxony. However, despite the reassurance of the politicians, most East Germans do not see the EU integration scheme as a helpful process for solving unemployment in the former East Germany. This ambivalence is something quite common in all of Germany. In general, the EU is viewed by many East Germans as a welcome additional source of money: billions have been directed to the East and East Germany has especially been taking advantage of the EU's principle to help underdeveloped member regions. Countless projects are financed by the EU (80 percent of Leipzig's new subway tunnel, for example, the Autobahn from Dresden to Prague, etc.)

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[4]The EU enlargement will be a very hard bureaucratic task. It will need to put 80,000 pages of EU rules into domestic law and free movement of goods, services, money, and people.

Also, everybody enjoys traveling all over Europe without border controls or money exchange problems. Great portion of the public hardly realizes to what extend the EU is already influencing their lives.

Regarding the bureaucracy, the EU is a big challenge because it is a new, powerful player. After all, essential sovereignty rights have been transferred to that institution and the problems arising from this can be observed every day. Right now the Deficit and Stability Pact issue shows every one that the old nation-state has no longer unlimited budget power. All of a sudden there is someone in a foreign city telling the German finance minister what to do. This is quite remarkable and new. At the state and local levels, bureaucrats have to be trained so they would know how to apply for EU money. They have to implement countless new regulations, especially in the environmental sector (sewage plant standards are a big problem, Because the costs for modernization are enormous). They have to know what kind of subsidies to companies can be handed out without risking EU intervention. At the present time, the biggest fear of East German politicians and bureaucrats is the possible loss of the so called "Target One" status, which designates East Germany as an area eligible for receiving the highest level of EU aid and also allows the East Germans to hand out money to companies that plan to invest there. The negotiations in this area are still going on.

So, a brief assessment would be that on a political and bureaucratic level, the perception of EU integration in East Germany is positive. Problems are seen as natural and do not undermine the belief that integration is good. Among the electorate (both East and West), the perception is similar, although problems tend to frighten people, some people in a strong way because their knowledge about the process is limited. The scientific debate often stresses the fact that EU integration is undermining the nation-state, but is strengthening both the new supranational and local levels. This is a very slow but continuing process. The integration process at the local level is at least as interesting as the one on the supranational level. There are countless projects and network initiatives between European regions and cities focusing on all sorts of problems. This could be an important democratic fundament that will sustain integration from the local level, so both a "bottom-up" and a "top-down" process would push the project ahead — slowly, but with persistence. This is a unique process, and the fact that after a century of war and separation Europe is becoming one again is absolutely spectacular. To the present generation it means a big opportunity and only through the process of EU integration could the continent's problems be solved. There is no certainty that the current pace can be sustained. Probably everything will be much slower than expected. The ten new states will have to adjust to the big changes they will face in the coming years. Then

there is also the problem of integrating the Balkan countries, Romania, and last but not least the big issue of what to do with Turkey. At the end, if the EU is going to survive and prosper, it can do so only on the basis of solidarity. The rich countries must help the poor ones.

Changes for More Integrity in Governance

A new generation of administrators is being educated at new schools for public administration that have been established everywhere on *Länder* level to gradually replace the old ones. After the Revolution of 1989 there was no relevant (quantitative or qualitative) counter-elite, which could have filled open positions (König, 1999). The reasons for that can be found in the perfect system of oppression, which usually excluded dissidents from higher schools and universities, thus preventing educational careers.

Prof. Dr. Dieter Schimanke who in 2000 was *Staatssekretär* (state secretary, the second highest rank in a ministry, right below the minister) in the Ministry for Work, Social Affairs and Health of Sachsen–Anhalt, Magdeburg wrote an interesting article describing his experience in his ministry. He found that even after thorough further education, Eastern civil servants continued to surprise their Western trainers. When it came to implementing new rules, specific behavior patterns came back to life, based on Eastern experience and socialization. Schimanke especially highlights what he calls "GDR-pragmatism," which meant that each individual case was decided in a discretionary way. If a decision turned out to be a mistake, it was possible to correct it, regardless of what the rule (the abstract norm) demanded. This behavior of course was not compatible with the standards of the rule of law. This pattern corresponds to the informal *Eingaben* (petition system) common in the former GDR. Whenever people had a problem, usually on the local and individual level (need for a new playground, problems with the distribution of consumer products, etc.), they wrote a letter to the administration complaining about what bothered them. Although there was no legal framework for this, these petitions were taken extremely seriously because they were considered to be an indicator of discontent and therefore important with regards to system stability. In a way, this was a method to control the administration, because whenever "Berlin" demanded a report, these letters and petitions usually revealed problems to the disadvantage of the local or district authorities. So the instrument of correcting administrative decisions in order to achieve "individual case justice" was widely used in the GDR.

Schimanke (2001, p. 185) describes his observation of the transformation process "interim results" as follows.

Professional Quality

Parts of the East German administration meet the requirements, especially if there is a stable authority with skilled civil servants (for example, infrastructure authorities). A general quality problem is a lack of professionalism when it comes to the legal framework. Very often mistakes are made because authorities exceed their competencies. There are too many incorrect or inadequate decisions that can cause significant damage for administrative authorities.

Independent Work

Very often civil servants wait for orders from a higher level, although they could act independently. And if they do, it is a different way of acting independently (Eastern behavior patterns) compared to Western standards.

Problem-Solving Capacities

Especially on the level of state ministries there are deficits in this field. Strategic thinking and "intelligent" modern administrative practices are not found often enough. Schimanke stresses the fact that this is a problem also characteristic for West German *Beamte* who settled in the East.

Budget and Overstaffing

Room for personnel policies and promotions is very limited, because of the need to reduce staff. Also, top positions are filled with a relatively young and homogeneous (with regards to age) Western group, which will block career opportunities for younger Easterners for the next years.

Further Education and Training

There is a lack of strategies and concepts to deal with the unique situation. Also, even if they were available, there are motivational problems: if you know that chances for a promotion are very small, the will to obtain more skills might not be very developed.

A Summing-Up: Governance, Ethics, and Bureaucratic Culture

In the transitory period between the opening of the wall in October 1989 and the unification of the two Germanies in October 1990, many people believed in the illusion that only the wall separated the Germans.

> Initially preoccupied with the enormous legal and financial burdens of Eastern reconstruction, federal officials devoted little energy to the equally formidable task of reforging a sense of national identity from within, beyond a reinvocation of national symbols. United Germany's health as a nation will depend upon the extent to which its predominantly Western leadership succeeds not in 'Kohlonizing' but in grafting Eastern political culture on to its own.
>
> Mushaben (1998, p. 374)

As the disparate citizens' groups that had provided the intellectual and spiritual rationale for the 1989 revolution were unable to present themselves as credible spokesmen for the population of East Germany, political power drained out of the few remaining centers of authority that still existed in the East. A disillusioned one-liner read: ''The Revolution had won, the revolutionaries had lost.'' The mayor of Dresden observed: ''Power is up for grabs, yet no one picks it up'' (Peterson, 2002, p. 251). The GDR regime had permitted limited protests as long as the system was not generally questioned. The boundaries of criticism allowed by the party sometimes appeared to be far drawn. But the government made sure that the majority of citizens would respect these boundaries. Anyone trying to test the limits of the system by crossing the prescribed lines would incur great personal disadvantages, and most GDR citizens did not take the risk. The dissidents were no exception in this regard. And because they did not truly want a revolution, they never demanded power. They wanted only reforms and focused their entire political energy on defeating the *Stasi*. For them the *Stasi* was the root evil of GDR socialism. Yet they either did not perceive or did not react to the new tendencies turning up at the demonstrations. They neither expressed opinions on the question of reunification, nor put their objective in concrete terms, nor did they provide any revolutionary program (Voss & Opp, 1995). These two scholars concluded by writing that:

> There were no groups in the GDR that played an outstanding role in the revolution. There was no revolutionary class and no revolutionary party. There was also no charismatic personality who motivated the 'masses' to revolutionary actions. One reason for this lack was that the members of opposition groups, who were particularly active in the protests, were also

prisoners of the ruling socialist ideology and thus could not offer 'the people' any basic alternatives.

<div align="right">Voss and Opp (1995, p. 165)</div>

The lack of dominant personalities, in the government as well as the opposition, made post-communist East German politics look very different from those of Poland and Czechoslovakia, where personality cults have formed around Lech Walesa and Vaclav Havel, respectively (Darnton, 1992). Contrary to the common view that the dissidents and intellectuals were the leaders of the revolution, at no point did they possess the decisive initiative. They were the reluctant revolutionaries and outsiders in a process that they neither initiated nor desired. Their prominence was more an effect than a cause of events during the autumn of 1989 (Ross, 2002). They remained a minority not only in Germany as a whole, but also within East Germany. West Germans took little interest in their claims. Moreover, they ended up feeling like the real losers of the democratization process (Müller, 2001).

The burden of GDR's absorption into the Federal Republic practically fell onto the shoulders of West Germany's policy makers. These policy makers were overburdened at the time. Thus, the federal administration had to hand over responsibilities to the *Länder* bureaucracies; in other cases it had to take over responsibilities normally vested in the federal units. But because the *Länder*, in cultural policy for instance, did not want to spend scarce resources on East Germany, the Federation took over. The process became a kind of "Keynesianism of Reunification" — against the will of the actors involved (von Beyme, 1998, p. 117). Another important reason for West German politicians' early interest and involvement was the fact that the Basic Law required federal elections in 1990 and the largest political parties in the West were to compete in an all-German vote for the first time. In early 1990, several of these political parties sought to take advantage of their existing or possible counterparts in the East by utilizing them as vehicles for reaching out to new voters (McAdams, 1993).

After reunification, public administration in the East could not simply be adjusted to accommodate the methods of the West. It had to be significantly modified to eliminate the structural incompatibility that existed between the two models of public administration. The centralized administration of the socialist state, which was subject to strict control by the SED hierarchy, was replaced by a differentiated system in accordance with the tenets of federalism and municipal self-government. An authoritarian and often arbitrary administration lacking many features of efficient bureaucratic and legal organization, such as administrative records, had to be transformed into a service-oriented administration mindful of the protection of citizens' rights, which are provided by administrative courts (Kreile, 1992).

In addition to analyzing the interaction of sound governance and administrative ethics in the former East Germany during the difficult transition of the GDR bureaucracy from communism to democracy, the paper sought to highlight bureaucratic culture and the influences of external political, economic, legal, and social systems on bureaucratic behavior. It illustrated the relationship of bureaucratic culture to organizational performance under different conditions. It also analyzed how two types of bureaucratic cultures (GDR and West Germany) have coped with a series of changes that involved fundamental ideological adjustments in the political systems of the two countries. The bureaucracies of the East and the West had to operate under changing laws, norms, and structures that were designed to maximize the control of the political leaders who were in power at different times. When reunification came in 1990, the two bureaucracies were merged according to plans that were not negotiated between them. West Germany had the sole control over the retention and recruitment of the Eastern civil servants who eventually joined the federal bureaucracy. Although problems still exist in the reunification process, they are neither unsurmountable nor influencing only the bureaucratic transition. As shown in the chapter, they are also affecting the social, political, and economic integration of the two parts of Germany. It is not easy to determine how long it will take before the former GDR bureaucracy can fully absorb the Western norms and values of sound governance, administrative ethics, and globalization that are being imposed by unification. At the federal level, the ruling SED party has seen the departure of 130,000 members during the years Gerhard Schröder was the German chancellor. These defections were partly prompted by the voters' rejection of the globalization policies of the government. However, it is safe to say that such integration of globalization values in the former GDR, even if it takes time, is inevitable.

A report of the global commission on the social dimensions of globalization issued in February 2004 showed dramatically how the debate on globalization has changed in recent years. The commission was established in 2002 by the International Labor Organization (ILO) and had 24 members chosen from diverse interest groups, intellectual persuasions, and nationalities. Its mission was to look carefully at the social dimensions of globalization that had been often neglected in policy discussions. Joseph E. Stiglitz, a professor of economics at Columbia University and a Nobel Prize winner for economics in 2001, was a member of the commission. He stated that the economic and financial volatility — and hence insecurity — associated with globalization is the result of an agenda driven by interests and ideology (Stiglitz, 2004). His comments seem to describe quite well the situation in the former East Germany where capital market liberalization has contributed little to full economic and societal growth.

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GLOBALIZATION AND ADMINISTRATIVE REFORM AND REORGANIZATION

IV

Chapter 18

Global Administrative Reforms and Transformation of Governance and Public Administration

Ali Farazmand

CONTENTS

Introduction

The global waves of administrative reform of the last 25 years or so have produced intense political and administrative debates, monumental volumes of scholarly research and publication, and fundamental changes in directions and outcomes that have captured much of the discourse on governance and public administration, on the role and size of government in economy and society, and on how public management should be organized. New paradigmatic changes have developed and as a result of these changes, new trends have surfaced with new ideological claims, and new organizational patterns have been prescribed with theoretical and practical applications worldwide.

Much of these global waves of change have pointed to directions that challenge the traditional ways of thinking and refute the conventional wisdom on governance, administration, and public management. The premises and underlying assumptions of what was practiced in government and public administration have been questioned, rejected, and, in most countries around the world, replaced by new concepts and ideas, new models, and new perspectives. At the same time, a monumentally growing body of literature has surfaced on the discourse of globalization, which is the hallmark of many of these global waves of change and transformation that have affected governments, economies, citizens, administration, and public management. The dimensions of these changes and transformation are many and encompass the political, social, cultural, administrative, managerial, organizational, and administrative spheres; they cover all the spheres of public and private life, at local, national, and global levels.

Implications of these new trends in thought and action in the realms of government and administration are far too many to enumerate here, and they have had profound impacts on governance and administration, on the enterprise of public administration as a field of study and as a professional field of practice in public management. Within the scope of government and governance, the concepts of new governance, market-based governance, and good governance have replaced the traditional concepts of government and governance. Reinventing, reengineering, and reform have filled the literature. Similarly, in public administration, the concepts of new public management, public administration by proxy, outsourcing, and public–private partnerships, as well as through privatization and

contracting out have captured much of the literature. Today, it is safe to say that the field of public administration has been profoundly transformed in both theory and practice across the world. Indeed, a new orthodoxy has captured the field with much strength, momentum, and lasting power.

Many of these transformational changes have been structural and systemic, producing fundamental transformation of the fields of public administration and governance, whereas the others have been both cultural and process oriented. Of these three categories, the structural–systemic changes and transformation are the hardest to reverse in the face of challenging opposition, although the cultural and process transformations are more flexible, trendy, and adaptive.

Yet, there is a discerning fragility in the premises of these changes and transformation, a problem that the critics have all along warned about; this fragility was expected and reported from the onset. Therefore, as expected, reports of failure of these new structural, cultural, and process transformation are appearing increasingly out of the fields of practice and experimentations across the globe. Although it is very early to assess comprehensively the impacts of these new global administrative reforms and the new public management orthodoxy, studies are now proving its critics' key challenges that have consistently been reported in the literature, including the studies of this author. It is beyond the scope of this chapter to address an evaluation of these impact studies, but a brief discussion of this important point is presented at the end of this chapter.

This chapter addresses these global waves of change and transformation that has ensued in the theory and practice of governance, public administration, and public management. Specifically, the paper is organized into four sections. The section "Structural Reorganization and Reconfiguration: A Theoretical Framework" presents a theoretical framework of structural reorganization and sectoral reconfiguration in governance and administration, including structural changes of privatization, contracting out, and outsourcing. The section "Administrative Reform and Reorganization: A Theoretical Analysis" addresses a theoretical analysis of administrative reform and reorganization, putting the issue of reforms in three perspectives that cut across several disciplines of organization theory, political science, economics, and management. The section "Global Reforms and Transformation: Dynamics and Outcomes" outlines an analysis of the dynamics and outcomes of the global reforms and transformation that have transpired worldwide since the 1980s. Here, a more focused discussion (1) puts the issues of globalization and global reforms in perspective, particularly, the relationship between systemic and structural privatization and other structural reforms that have tended to redefine the role and size of government as well as the ways in which governance administration and public management are organized and performed, including the rise of the new global

orthodoxy of new public management (NPM) as an intellectual arm of globalization of corporate capitalism; (2) analyzes the process of global transformation of government and public administration as we enter the new millennium; and (3) presents a brief report on the failure of NPM based on some of the most recent studies, legislative actions in different countries, and scholarly reports of implementation from around the world. The final section concludes the chapter with a few final notes on the positive and the negative consequences of structural reforms such as sweeping privatization.

Structural Reorganization and Reconfiguration: A Theoretical Framework

The structural reorganization and reconfiguration here refer to two major types or forms of reform that have appeared in both theory and practice of governance and public administration. In order to understand these two developments, we need some clarifications on the meaning of the terms reform, reorganization, and revolution, on the one hand, and reconfiguration and restructuration, on the other. Let me proceed with these distinctions first, and then identify some of the key elements of structural changes, via a brief theoretical analysis that would help put the reforms in perspective.

Reform and Reorganization

First, on reform: Reform refers to intended or designed changes into established or routine ways of life, of the ways organizations perform, of governance, administration, and management. Reform may be profound fundamental alteration of the existing order, or it may simply be a surgical alteration in the system of organization and administration, government, and politics.

A reform with fundamental changes may at the ultimate level invoke radical changes with significant transformation of a system, and as such can produce revolutionary alteration of the existing order considered no longer desirable or acceptable. Outcomes of radical and revolutionary changes are often unpredictable and they produce uncertainties, at least in the short run. Most revolutionary changes demand popularly expected radical reforms or alteration in the system that are no longer legitimate or acceptable. Examples of this sort include changes in the entire system of governance and administration after the Iranian revolution of 1979, the Cuban revolution of 1959, and the Russian revolution of 1917 (Farazmand, 1989).

Less revolutionary reforms may also be expected when a system is in malfunction, disorder, or stagnation. Such reforms could either (1) serve and maintain the system by injecting new ideas and revitalizing it or (2) cause severe disruption, implosion, and uncontrollable events that may lead the system to the edge of chaos and breakdown. An example of this sort is Gorbachev's *perestroika* of the 1980s that caused the ensuing events, leading to the collapse of the Soviet system in the USSR. Such major reforms may also be launched as demanded by the external forces, a requirement for funding, legitimacy and support, and economic and political reasons, as a condition for receiving foreign aid. Most of the global reforms of the last 25 years have been of this sort, namely the Structural Adjustment Programs (SAPs), required and demanded of developing nations by global and supranational institutions such as the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO), and transnational corporations that have had profound transformational impacts on most developing nations worldwide. However, many of these changes have also been carried out, with mixed results, in developed nations of the West, including the United States, Europe, and Japan.

On the other hand, surgical reforms are often embarked on for the purposes of: (1) system preservation and enhancement as well as reform for the sake of reform (e.g., Shah's reform in Iran in the 1960s); (2) improvement in the administrative and system capacities (e.g., most on-going reforms in governance and organizational operations in business and public administration, including some of the reforms in postrevolutionary situations, and managerial reforms in the United States); and (3) simply following the trends of reform, as done by many organizations. Although some of these reforms may in the long run produce unexpected consequences, as in the case of the failures of the Shah's reforms and the eventual Iranian revolution in 1978 and 1979 that led to the system's destruction (Farazmand, 1998), other reforms simply tend to perpetuate or marginally improve the existing system; or they may also be resisted effectively and become irrelevant, and even lose credibility and be forgotten with changes in political masters. Examples of the latter are found everywhere, not only in the developing and less developed countries where the problem is most severe, but also in advanced countries of the United States and Europe, where changes in partisan leadership or regimes also change reform agendas. The result is a cycle of change and continuity, or "change of change" (Peters, 2001b).

In short, reform may range from surgical, minimal changes to radical and fundamental alterations in the system of government, administration, and management. Reform, as such, could be structural, process, and value or cultural oriented. Structural changes are prone to produce fundamental and radical changes, whereas process and value changes may or may not be

profound changes with long lasting assumptions. In either case, reforms can serve as powerful forces of change and are important tools of governance, administrative, and managerial systems in both theory and practice. The more genuine and realistic the reforms, the more likelihood of their successful implementation and legitimate perception among the citizens, hence acceptance and effectiveness. This point explains why so many reforms fail so often, and why new reforms are always promised by new political and administrative leaders.

Second, on reorganization: Reorganization refers to structural rearrangement, reconfiguration, reordering, and reformation. By structure I mean three concepts: one is the skeletal formation, meaning either hierarchical, or flat and horizontal structuration of an organization, administration, and governance, where the flow of authority, decision making, communication, and coordination is structured by design. This concept may work very well, or may simply serve as a facade structure. Both terms facade and skeletal structures serve one meaning of reorganization as a way of restructuration to an existing structure of government, organization, administration, and management.

The second meaning of reorganization refers to the rescuing of an otherwise disorganized and chaotic system, government, organization, and administration. It is a way of bringing in a new structure, a new organization, and a new order; hence the concept of reorganization.

The third meaning of structure refers to the rules, procedures, and regulations that govern the process and functions of a system of government, organization, administration, and management; hence structuration by design. However, informal rules, regulations, and values very often form an informal and cultural structuration that can positively or negatively affect the formal structure of an organization; hence the concept of double structuration (Farazmand, forthcoming).

Thus, to reorganize means to restructure; hence structural rearrangement and reorganization. Reorganization therefore refers to skeletal, functional, regulatory, organizational, administrative, and managerial restructuration from an undesirable to an intended and desired structural system in governance and administration. Rearrangement and reorganization, therefore, mean, for example, consolidation of several organizations or agencies into a single structural organization with a combined or a new name or title. Examples include consolidation of several security agencies and organizations such as Central Intellegence Agency (CIA), Federal Bureau of Investigation (FBI), into the Homeland Security Administration (HSA) with a brand new cabinet level name in the post-9/11 United States' federal government. Or the recent consolidation of the former Plan and Budget Organization (PBO) with the State Organization for Administrative and Employment Affairs (SOAEA) into a single national agency in Iran,

namely the Planning and Management Organization (PMO). Reorganization also occurs through restructuration of the rules, regulations, and procedures that govern the new or the same organizations. Reorganization also means re-prioritization of organizational and administrative structures to facilitate leadership function by signifying certain policy or issue preferences; it redefines new structuration. Most presidents of the United States have since the early 20th century, after election, exercised this constitutional power of reorganization of administrative structure to signify new policy directions. Structuration clarifies expectations and provides road maps to achieve expected goals and missions.

Therefore, like reform, reorganization may have structural, process, and value dimensions and orientations. However, unlike most reforms, reorganizations contain broader and macroscope dimensions of change that may also carry reform programs. Reorganization is a powerful tool of governments and most political leaders engage in some sorts of reorganizations to restructure their preferences and the organizational ways through which they intend to strive to achieve their missions.

Structural Reconfiguration

By structural reconfiguration I mean rearranging and resorting the functions, responsibilities, rights, and duties of government and public administration in the management of economy, society, and politics both domestically and internationally. Reconfiguration in the realm of governance and administration can mean many things with many areas, but two major realms are in mind here: One relates to the fundamental questions of governance: "What should and should not governments do?" This is a big question of philosophy, ideology, and political economy that affects every citizen and sector of society and economy.

The second realm refers to the big questions of "how, when, and who should do what that is to be done." Discussion of these two realms of governance and administration is beyond the scope and limits of this chapter. I briefly note here that, however, they address the functions and responsibilities of government in the management of the economy, society's resources, and in the provision of goods and services as well as in the distribution of national income. They are macro questions with far more political and economic consequences and outcomes.

Nevertheless, reconfiguration here refers to the sectoral redefinition of what government should do and how should it be done in the wide range of functions a society performs as an open system. Here, sectoral redefinition refers to: (a) revision of the traditional functions of government — what governments have done and how they have done it; (b) bringing into

the plain field an expanded role of the private sector in performing what governments used to do; (c) emergence of new sectoral structures such as nonprofit organizations (NPOs) and non-governmental organizations (NGOs); and in some societies, especially in developing nations, (d) the cooperative organizations and associations (Cos/As) that serve to enhance a sector of the society and economy with characteristics of self-organization and self-governance. Together, these and other peripheral organizational restructurations help shape a reconfiguration in a wide range of the fields in which government and society function, including the fields of service delivery, security and social control, market performance, domestic and foreign relations, education, health, labor, etc.

Thus, sectoral reconfiguration here refers to the sectoral restructuration of governance administration in the last 25 years, leading to more pluralized, multisectoral, and multiactor structures in which the governance administration has been transformed from a more traditionally unilateral organizational arrangement to more dispersed, multisectoral, and pluralistic structural arrangements (Wise, 2002). This new structural reconfiguration in governance administration and public administration has not only created opportunities for some, but it has also created many new challenges and constraints for others. For example, massive privatization, contracting out, outsourcing, and workforce downsizing have been the key elements of structural reorganization and reform of the economy and society, and, in governance administration, they have served as powerful tools in the structural reconfiguration process. They have provided enormous amounts of opportunities to some, especially corporations and big business in the private market sectors. However, they have also created enormous challenges to governance administration and public management, as well as enormous amounts of adverse impacts and constraints on many citizens and groups, especially among the lower- and middle-working class people around the world. Additionally, with this massive restructuration, contract management has become a big challenge that most governments are ill-equipped to handle due to the lack of trained personnel and operational mechanisms.

Administrative Reform and Reorganization: A Theoretical Analysis

Administrative reforms reflect the nature of leadership decisions, content or substance of reforms, target populations or recipients of reforms, mode of operation; organizational arrangements for implementation, budgetary issues or funding the reforms, leadership support, continuity or disruptions in the reform programs, and politics as well as economics of reforms. Each

of these issues demands comprehensive treatment of analysis, a task beyond the scope of this chapter.

Theoretically speaking, three broad approaches to administrative reform may explain some of the intricacies of reforms, including who starts and who benefits, who implements and who decides, how reforms take shape and how they are implemented, what makes reforms successful or failures, and a host of other questions. These three broad approaches are top-down, bottom-up or environmentally induced, and institutional or hybrid; each of these approaches cuts across several disciplinary fields of inquiry, namely organization theory and behavior, political science, economics, management, and public administration, each explaining the approaches from a distinct point of view (see, Farazmand, 2002d).

Top-Down Reforms

This approach to reform and change generally starts from the top leadership of organization, governing elites, administrative and bureaucratic elites or leaders, executive managers of an enterprise, and chief executive officer (CEO) of a corporation. Problems are detected, needs are identified, and issues are developed by top leadership — as a group, as an individual, or as a committee — who then decide to launch reform or change programs. Announcements are made and perhaps deliberations are sought, but leadership decisions are final on change and reform. Generally, it is perceived that top leadership has full knowledge of the whole organization, system, and government, and therefore knows well what the problems are and what changes would solve them. Also, it is argued that top leadership has a full view of the big picture, has the command of authority to make reform and change happen, and has the financial capacity to fund the implementation of reforms (Peters, 2002; Farazmand, 2002b).

If perceived to be a genuine reform, the change will have a great chance to be accepted by those below the leadership — organizational members, citizens, etc. — and the legitimacy will enhance the chance of implementation. Sound as it may be, this approach has a key drawback, namely, its blind ignorance of the real needs, expectations, and preferences of those below the leadership: citizens, employees, workers, and the like. It is very easy to misread people's preferences, and it is certainly very difficult to understand them if there is a lack of legitimacy and close communication between the leaders and the led or followers. Throughout the history, politicians and administrators have committed this basic mistake over and over again, and they are still making these mistakes as we read from this chapter. It guarantees failure.

Bottom-Up Reforms

The opposite to the top-down, elitist approach to reforms is the bottom-up reform approach that emphasizes not only marginal inputs or participation from rank-and-file employees in organizations, and, by extension, from citizens in decision making regarding changes and reforms, but also the spontaneously developed movements from the environment of an organization or political system. This means changing dynamics, pressures, demands, and expectations from people, constituencies in a governing system, and, of course, employees or workers of an organization within and from outside the system. That is why the environmental approach is used as a way to signify what a system or an organization and its leadership need to know on a constant basis, what they must understand by accurate reading of their surrounding changes, and what courses of action are needed to appropriately respond to those preferences, demands, and expectations. Otherwise, the leadership's position is no longer in capacity to lead.

External forces of change driving organizational leadership to perform can lead to three possible forms of responses: The first is the leadership adaptation of those changes and demands from the environment by reflecting in decision making and implementation via reforms and changes that would be responsive and adaptive. The second way to respond is to adopt as few as possible the environmentally induced changes in the leadership programs of reform; and this will be mainly a reactive and passive approach to respond to the environmental demands for change. There is a third possibility, and that is, in face of realization by those below that leadership — political or organizational — are not genuinely interested in reforms and changes that would reflect their interests, a full take over of the entire system of leadership may be contemplated.

This is of course a rare possibility, but it is a potent possibility once considered as an option; most revolutionary changes are of these sorts of action for change, and once happened, it would be too late to think of reforms, for the entire system is now up for grabs, and revolutionary changes are expected to sweep away the old, ancient regime of order. In such cases, reforms will not satisfy those from below, the citizens. Examples include the revolutions of Iran, Cuba, Russia, and Nicaragua around the world (Farazmand, 1989, 2002b).

One potential drawback of the bottom-up approach to reform and change is the possibility of missing the big picture by those from below — citizens and organizational members — who may see the trees well but do not have a full view of the forest system from above; they may be short-sighted.

Institutional or Hybrid Reforms

The institutional approach to change and reform is often viewed, in scholarly research, as a more realistic, more comprehensive model for change and reform. It is viewed as a superior approach because it combines the advantages of both the top-down and bottom-up approaches to reform and change. It is a hybrid approach.

The argument is that, from an institutional perspective, there are at least three key elements that require close attention: structure, process, and values. The first element of this approach is the structural dimension. Changing structures is fairly easy (not to be confused with structural changes) to pursue by a top-down approach, and the second element is process dimension, and process changes require cooperation of the bottom-up approach because it has a better chance of promoting an understanding of what the reforms and changes are all about, and how they can be implemented without threatening the people involved. The third element of this approach is the value or cultural dimension, which is embedded in the institution, in its environment, and in the basic assumptions that form and reform the organization, system of government, and society at large. In short, the institutional approach is considered a more comprehensive model to pursue change and reform, because changing institutionalized orders require institutional approaches (Farazmand, 2002c).

A drawback of this model is its potential resistance to reforms and changes that may threaten its basic assumptions as well as its structural foundation. For example, capitalism resists revolutionary changes and reforms that tend to challenge its basic assumptions or to bring in the ideas of socialism and nationalization of major properties. Similarly, organizations resist changes that threaten their core foundation. Even revolutionary leaders often find themselves having to go slowly and gradually to transform the already institutionalized systems of old government, bureaucracy, and administration. In short, the institutional theory explains why some reforms fail miserably while others succeed in modern public administration. It has roots in organization theory, economics, political science, and management, with the concept of neo-institutional theory that has a currency hold in scholarship and practice. (For more details on this, see Farazmand, 2002a, chapter 3; Farazmand, forthcoming; Peters, 2001a, 2002.)

Global Reforms and Transformation: Dynamics and Outcomes

The dynamics of administrative reforms of the last 25 years that have characterized major changes in the governance and administration of the

public sector around the world have had many dimensions and produced significant transformation in the ways systems of government and public administration have traditionally worked for a long time. Indeed, one may argue that perhaps the world has turned upside down, and that time and the world have changed very dramatically. For example, Fukuyama (1992) spoke of "the end of the history and of the last man," Handy (1997) noted of the "age of unreason" in which doing unthinkable and thinking unlikely were possible, and Rifkin (1996) warned of the "end of work." There is a great deal of truth to the above assertions and statements, as the world has indeed changed and big turns of historical magnitude are unfolding with worldwide impacts.

This brief section addresses four components of this global trend of big turns (my own term, see Farazmand, forthcoming): First is the phenomenon of globalization of corporate capitalism; the second relates to the sweeping privatization of the state and public administration and other global administrative reforms in that line; third is the massive transformation, or rather, re-transformation of governance and public administration in both theory and practice. Fourth is the trend of disappointment and a turn away from these transformations, with still a search for new models as well as a return back to the good old ones in governance and administration. The future of governing and governance are given in detail elsewhere (see Peters, 2002; and Farazmand, 2004), and instead our focus here is on the key reforms and transformation of public administration.

Globalization and Global Reforms

The 20th century was a witness to several trends of administrative reform around the world. First came the big structural reforms of the post-World War II on nation-building followed by institution-building in the 1960s, both motivated by the necessity of the time — postcolonialism and national independence movements — and structural capacity-building for governance and administration in a new world characterized by Cold War dynamics. The world was divided and also were the theories of development, governance, and public administration equally divided.

The capitalist world led by the United States and Europe launched massive programs of aids, technical assistance programs, and projects that were intended to deter the appeals of socialism and the growing global power of the USSR, to westernize the third world countries, and to maintain culturally and institutionally similar, or replica of, capitalist models of government and administration with the private sector playing a key or dominant role.

The postwar nation-building and institution-building were coincided with the global quest of multinational corporations, now mainly controlled and dominated by the United States; the United States since World War II began a relentless global quest to outdo its rivals, including the Great Britain, and to claim global leadership of the Western capitalism. In this process, empowering the state as the key institutional player in the realms of economic and politics was essential, not only in advanced countries but also in developing and less developed nations. The state provided the most important basis of security for financial capital investments in developing countries; it was the grantor and guarantor of investment returns.

It was more profitable and secure for multinational corporations to enter into financial agreements with the states through which cheap labor and resources could be secured along with the state-led market opening to international or foreign imports. As a consequence, nationalization became a key policy tool in developing countries with a massive growth of public enterprise management, as was the growth of public enterprise management in the advanced countries for at least two centuries (see Farazmand, 2001b, 1996, for details on the rationales and factors contributing to the growth of government and public enterprise management worldwide).

Interestingly, nationalization and public enterprise management gained momentum and grew dramatically during the 1960s and even the 1970s. Governments and public management played a fundamental role in economic growth, infrastructure development, national development, and national income distribution and redistribution of national wealth. The state had become a moderator of inequality, and the so-called welfare state became a powerful institution of class and income gap moderation. The Western quest for globalization of corporate capitalism was checked and restrained by global socialism and the USSR that, as a superpower, had played a key role in international arena and significantly influenced the shaping of world politics. The rise of the welfare state in the West was primarily, it may be argued, a reaction and deterrent to the growing appeal of global socialism, with the USSR championing its leadership role for the working class worldwide.

The decline and the stagnation of capitalism in the West accompanied by the continuous rise in expenditures on arms race, on the one hand, and the growing pressures inwards — for higher wages and participation in management, emerging power of the women workforce, and unions, etc. — inside the industrialized countries of the West, on the other, pushed multinational corporations to go further outward in search of cheap labor, open markets, and cheap resources. This time, new technologies aided them to move faster, and to enter into joint ventures with former enemies, such as China and later the USSR. The fall of the USSR gave a golden opportunity to the global corporate capitalist elites to dismantle the welfare

state, to turn back the decades of achievements in administrative and social reforms on labor and environmental regulations, to keep the working class and average people quiet at home, to move out and outsource jobs to cheap places with little or no regulations, and to exploit new markets in former socialist countries.

With the fall of the USSR, there was no longer a compelling rationale for the welfare state. The idea that every one must fend for himself or herself in the new world with "one market under God" (Frank, 2000) became the new global slogan of corporate capitalism. The ideological underpinning that market is superior to all other forms of social and economic organization (Lindblom, 2001) was coupled with the purported Western supremacy. As a result, many changes began to flow worldwide, affecting the lives of billions of people. Advancement in technological innovations, almost overnight, also added rapid pace to these changes, and transformation began to take place, some naturally and others by design. Consequently, epochal changes began as humanity entered the new millennium. Yet, these changes must be considered a part, or in a context, of continuity in historical quest of world capitalism for absolute profits or accumulation drive, and the changes only reinforce the horse power of global capitalism.

The hallmark of all these changes has been globalization, a term that has captured the topics and subjects of books and publications too many to count. Globalization has been the transcending force that recognizes no national boundaries, no space, no time, and no limit in its process of action. Globalization is a process "through which worldwide transcendence and integration are taking place" (Farazmand, 1999a, 2004), enclosing the entire globe under the banner of global capitalism with a self-declared ideological supremacy of market capitalism led by the globalizing corporate hegemony (Dugger, 1989). Discussion of globalization, its causes and consequences, and implications for public management is beyond the limits of this chapter. I have done this elsewhere (see, Farazmand, 1999a,b for details).

The fundamental points of relevance to administrative reform are several, the most important of which is a globally implemented comprehensive set of reforms that would: (1) facilitate the process of change and continuity in world capitalism toward a more cohesive and well-coordinated global organization of corporate capitalism; (2) shrink the size and reduce the functions of the state and governments worldwide, whereas at the same time, expand the role, functions, and scope of activities of the business–private sector dominated by the corporate organizational arrangements; (3) position the societies or countries for favorable operations of the global corporate capitalist systems by deregulations of environment, relaxation of labor laws, and deregulation of workplaces; (4) dismantle the welfare administrative state and replace it with a corporate welfare state that supports and promotes, both politically and financially, the corporate sector; (5) establish

a system of global corporate dependency through "agencification" of national economies and promotion of the so-called subsidiarity concept through outsourcing and contracting out functions around the world; and finally, (6) establish a global corporate hegemony with concentrated global power centered in the West, especially the United States and Western Europe, with Japan as a key ally. Yet, interglobalization, rivalry, and competition are also developing via Western Europe, Japan, and now China which also has entered this new era of capitalist globalization.

The bottom line of all these changes — linear, nonlinear, and chaotic — is the continuity and expansion of global capitalism with the corporations positioning themselves toward a global hegemony (see also Korten, 2001). Therefore, the close correlation has already been established between globalization and its demands for sweeping structural reforms around the world (see Farazmand, 2002b,d; Korten, 2001; Mander & Goldsmith, 1996 for more details). Sweeping privatization has functioned as an instrument of implementing the goals of global corporate capitalism. Accompanied by a set of deregulations, devolution, and agencification, sweeping privatization and contracting out have been the most important and structurally comprehensive administrative reforms that have been carried out worldwide. Sweeping privatization reforms have taken place in several forms and resulted in the reorganization and the structural reconfiguration of public–private sectors, which is detailed earlier in this chapter.

Sweeping Privatization

Privatization reforms have been in at least three forms: tactical, pragmatic, and systemic. Tactical privatization and contracting out is not a new idea, and in fact it has been used by almost all governments worldwide, from local to national levels for thousands of years. It is a way of getting things done through other private or nonprofit organizations. Pragmatic privatization is applied to areas in which governments decide where and what areas to privatize on pragmatic grounds and for the reasons of efficiency, effectiveness, and economy, as well as for matters of priorities in policy and performance. Systemic privatization is the most comprehensive form of privatization, with profound structural changes in governance and administration. Together, these and other reforms produce a structural reorganization of governance administration, with a new public management philosophy that has served as an intellectual arm of corporate globalization; together, they serve as a driving engine of globalization of corporate culture.

The approaches used in launching and implementing reforms, right from the initial to the most transformational stages, have been predominantly top-

down, with some environmentally induced models serving for justifications for change. The processes of radical, systemic as well as pragmatic and tactical privatization from introduction to implementation in most countries, including industrially advanced countries of the West, but especially developing and less developed countries, have been a response to two fundamental forces of change: one internal and the other external. Internally, the initial policy design of the Reagan and Thatcher regimes in the United States and the Great Britain set the whole motion of massive privatization in the early 1980s, a macro organizational redesign of the government–society–private sector relations. Reagan and Thatcher were the key governmental instruments of initiating and implementing by design the privatization policies to achieve the goals of the globalizing corporate power elites. Both regimes represented the core of the globalizing corporate elites and their interests using the institutional channels and budgetary powers of the state to accomplish the goals of global capitalism.

Subsequently, the international or foreign arms of these two governments of the North expanded the deliberate policy of globalizing restructuration into the developing and less developed countries, most of whom are highly dependent on them and had no choice but to adopt the reform policy. Foreign aid and other economic and technological exports accompanied the new conditions of structural reforms. These external forces to reform were also reinforced by a host of other international and globalizing institutions such as the United Nations and its strategic organizational entities, namely, the International Monetary Fund (IMF), the World Bank (WB), and the World Trade Organization (WTO), and others that have systematically pushed for fundamental structural reforms of the public sector with privatization and devolution as a key condition for technical assistance and financial aid. The key words of the 1980s were structural adjustment programs (SAPs) supplemented by the words good governance and public–private partnerships of the 1990s that have entered the new millennium. Today, a true transformation has taken place in governance, administration, and public management.

Global Transformation of Public Administration: A New Orthodoxy

The sweeping global privatization of the public sector has gone far beyond its initial rationale and ideological claim of inefficiency in certain public enterprises and other government corporations as a burden on national government treasury and citizen tax payers. The privatization policies that have been pursued during the last two decades or so have covered almost every function and activity, including those always considered the core and

heart, of governments around the world for millennia. The entire public sphere has been taken over for profit and capital accumulation by the corporate business organizations.

Therefore, a fundamental structural reconfiguration has taken place in public–private sector relations worldwide; everything in society has been claimed by the business corporations for profit purpose, including prisons, mental hospitals, healthcare, and security areas. There has been a fundamental restructruation in public–private sector relations, and the structural reconfiguration has resulted in macro-reorganization of the ways in which economy, society, and governance administration function.

The role of government and society has been redefined by the new ideological reform of capitalist organization and philosophy. The role of the state has been pulled back, or forced to retreat (Strange, 1996), and reduced to providing law and order (system maintenance) for social control to promote the goals of capital accumulation and facilitation of corporate sector ideals. Structural and systemic privatization has been accompanied by massive deregulation, devolution, and deconcentration of some functions while centralizing others, especially the commanding ones. Therefore, although there are many paradoxes in the reforms movement, the overall structural changes are a reality that has taken place to position the corporate sector in a commanding status of governance, administration, and management, as well as of policy and economy worldwide. This has been accomplished by a top-down approach with the appearance of some bottom-up or environmentally induced changes. Although the forms of privatization have also varied — from partial privatization to contracting out, and outsourcing — systemic privatization has been the most dominant form, especially in developing nations, with tactical and pragmatic privatization to follow. Systemic privatization has structurally altered the public–private sectors' configuration as a macro public policy, with profound implications for governance, administration, and citizens.

Concurrent with the sweeping privatization reforms that resulted in structural changes in the public sector, a new ideological-oriented managerial theory has been developed. Dubbed as new public management, this new theory is constructed on business management models, with the conservative neoclassical economic theory of public choice of the 1960s (see Buchanan & Tullock, 1962), updated by transaction-cost and principal–agent theories. These theoretical underpinnings consider citizens as consumers, public managers as agents serving consumer principals, and business models as the best and only best models of managing any organization anywhere around the world; hence the ideological concepts of managerialism, subsidiarity, agencification, and principal–agent relations (see Hood, 1991; Jensen, 1983; Williamson, 1985) of modern public administration.

The initial idea of public choice theory — already discredited in the age of globalization of large-scale corporate organizational systems due to the concept of "voting on foot" and efficiency achieved through small-scale, overlapping jurisdictions — was now supplanted by the freshly supplied and refined models of transaction-cost and principal–agent in organization theory with a root in sociology (Williamson, 1985). This new ideological, managerialist, and entrepreneurial model of organization in public management has since the 1990s been on the forefront of governmental reforms to run governments and public organizations and programs like private enterprises, with maximum managerial flexibility. The traditional models of public administration and management have been rejected as inefficient, inflexible, and too regulatory and procedure-oriented. Efficiency and cost cutting imperatives have replaced concerns for equity, equality, and fairness. The concept of managerialism, therefore, is claimed to have the capacity of an ideal model for all organizations (see, for example, Hood, 1991; Barzelay, 2001).

This new public management therefore represents a new orthodoxy of "one size fits all" in public management and governance administration. Ironically, this so-called new public management is claimed by its proponents as a response to the failing and discredited old orthodoxy of the bureaucratic models of governance administration. Subsequently, what we have in hand today is a new ideological-oriented, neoconservative political–economic model of organization and management that purports to solve old problems, although it has become a new orthodoxy in itself, with too many promises and few achievements, as we will see further in the chapter. This new "one size fits all" model of public management is in fact more rigid and inflexible than any previous model, so much so that it allows no tolerance of any alternatives to its market-oriented supremacy in theory and practice. The reason for this self-declared supreme model of managerialism is its attachment to the globalization of corporate capitalism discussed earlier.

Therefore, the new ideological-oriented model of public management has risen as an intellectual arm of corporate globalization of capitalism serving its goals of profit maximization and accumulation of capital. It is this global transformation of governance administration and public management that the sweeping structural reforms and reorganization — through systemic privatization — and propagation of new managerialism and new public management have transpired worldwide as we enter the 21st century.

There are many features of this new global transformation in public management, with implications for education and training in public administration and for public policy. Aside from the structural transference of government functions, including its core functions, to the corporate sector and reducing the role of governments to agents of global corporate governance, there are cultural and value transformations that are also taking place. This new market-based, corporate organizations, and ideological-oriented

definition of citizens as consumers will have serious ramifications for societies, human values, and cultures as well as for governance administration and public management.

It is beyond the limit of this chapter to go over the features of this new global transformation, but an outline of such listing would include the following:

- Replacement of public bureaucracy with giant, corporate bureaucracies without human face (e.g., dealing with 800 numbers and minimally trained and cheap corporate organizational workers, whom I call corporate soldiers)
- Private use of public assets for profit purposes
- Reducing citizens to market-place consumers
- Empowerment of corporate elites and elevating them to idols of success
- Emphasis on social control and fighting terrorism to provide security and peace worldwide and promote corporate goals of capital accumulation
- Viewing human beings as commodities to be exchanged in the marketplace
- Loss of control over public service delivery due to lack of capacity to monitor privatized functions
- Lack or loss of accountability and transparency
- Abuse of outsourced public authority (prisons, mental hospitals, children, and other institutions)
- Loss of quality and efficiency
- Loss of public funds in privatized organizations and services
- Loss of concern or value for human beings and viewing them as exchangeable commodities in the global marketplace. There are also other contradictions and paradoxes that have also characterized the public management and governance administration both institutionally and organizationally. For example, decentralization, empowerment, and diversity are preached by this new movement, although in reality the facts of centralization, disempowerment, and conformity are stressed in public organizations as well as in privatized enterprises.

Failure of NPM and Privatization?

Critics of NPM, this author included, have from its inception warned against the flaws of this new orthodoxy that range from promising too much to its impracticability, antidemocratic, and inequality-driven premises, as well as ethical and accountability problems that it carries both in theory and

practice. Reports of the failures of administrative reforms — with privatization and adoption of NPM as their key features — in Latin America have been presented at the CLAD conferences (Latin American Conferences on Public Administration Reforms) since the mid-1990s. As a result, many Latin American countries have either abandoned NMP or modified its application to the point that it has become almost irrelevant to public management. The overriding concern of these countries has been the issues concerning fairness, equity, and equality, as well as accountability that NMP cares less about. In fact, NMP's overriding interest is managerial flexibility and cost efficiency without concern for fairness, equity, transparency and accountability. Ironically, much of the failure of the sweeping privatization and NMP reforms have been reported in Latin American countries, a region which is highly dependent on, and influenced by, the globalizing corporate forces of North America, namely the United States.

Similar evidence of failures of NPM and sweeping privatization have been documented by the United Nations documents and other international conference reports (see, for example, Argyriades, 2001). Other scholars (see, for example, Wettenhall, 2001, 2003) have also warned against the serious flaws of sweeping privatization, public–private partnerships, and NPM.

The most recent reports of NPM's failures have been documented in two European countries of Switzerland and the Netherlands (see Noordhoek & Saner, 2005). In both cases, local legislators (parliaments) have voted against NMP's application in local government administration, and a key overriding concern in both countries has been expressed regarding the loss of democratic control, accountability, and fairness, as well as lack of promised efficiency. Even in the birthplace of NPM, which is New Zealand, newly elected government recently reversed the NMP's adoption and decided to either abandon it or modify its application.

Despite the increasing failures of NMP and privatization, this new global orthodoxy continues to capture the attention and interest of many developing countries and scholars who have limited knowledge of it but are fascinated by its so-called new notion. One would wonder why? I have already given my answer to this key question, and that is, the intimate relationship between globalization and systemic privatization and similar reforms, with NMP acting as an intellectual arm of globalization promoting its goals in both academia and governments. Most governments in developing countries are under a heavy burden of financial, political, and military dependency on global capitalism and powers of the North. They have little or no choice but to accept what is dictated to them by the globalizing corporations, powerful governments of the North, and the international financial institutions such as IMF, WB, WTO, and the United Nations that tries to help achieve developmental goals. Others, like Iran, are following suit to meet the conditions of joining the WTO.

Conclusion

The global administrative reforms of the last two decades or so have had profound impacts on public administration, governance administration, and government–society relations all over the world. Through structural reforms of the public sector, implemented by sweeping privatization and its managerial ideology of NPM to achieve the goals of globalization of corporate capitalism, a fundamental transformation has taken place in governance administration and public management, a process that is still in progress.

Impacts of this global transformation are many and will likely last for a long time, though the reports of its failure are being documented worldwide. This chapter cautions against blind adoption of NMP, sweeping privatization, and promotion of the goals of globalization at the expense of national sovereignty, national development goals, independent growth, and development of a country. Example for this is Iran that has needed almost all natural resources as well as financial and organizational capacity to govern its society and manage its economy. Cooperation, partnership building, and other forms of regional and international governance relations are important issues in an increasingly interdependent world that is rapidly globalized, but this globalization is mostly driven by the powerful North, and the South on the receiving side. The receiving South must be very careful in its approach to the issues of globalization and its structural reforms.

Elsewhere (Farazmand, 2001a), I have discussed in detail some policy recommendations of globalization for developmental states in developing countries, including Iran, with some implications for public management education and training in another study (see Farazmand, 2002a). Is privatization all bad? No, and not necessarily; in fact, privatization has produced some positive as well as negative consequences (see Farazmand, 2001b, 2002a, b for details on these consequences). On the positive side, privatization may free governments from becoming shopkeepers involved in details of microeconomic issues of a society. Also, "privatization and globalization have made public administrators and managers appreciate what they have had and not to take things for granted" (Farazmand, 2002a, p. 365). There is a wake-up call for all in governance administration and public management. The idea of "thinking globally and acting locally" has also linked local problems to global ones and vice versa, and this is good.

On the negative side, globalization and sweeping privatization have posed serious threat to democratic self-determination, to state sovereignty and governability, reduced the ability to manage in government and administration, producing problems of corruption, unethical conducts as well as loss of accountability, fairness, and equity, and this means more problems for developing countries already in deep trouble. Globalization and spread of NPM as well as sweeping privatization and other structural reforms in

administration and governance means Americanization of the world, with all its negative consequences such as the rise of the police state for social control and security, loss of personal liberty due to increasing concern of the states over terrorism, and a lot more (there are some positive ones too, including making people aware and understand the true nature of what globalization is, including globalization by violence can bring to their countries, their people, and their resources). What does all this mean for public management education and training? There are several, but this question calls for a separate paper presentation, beyond the limits of this chapter.

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Chapter 19

Globalization of Administrative Reforms: The Dilemmas of Combining Political Control and Increased Institutional Autonomy

Tom Christensen and Per Lægreid

CONTENTS

Introduction

New public management (NPM) as a model for public-sector reform has spread rapidly to many countries over the past two decades. Spearheaded by reform entrepreneurs such as the Organization for Economic Co-operation and Development (OECD) and some Anglo-Saxon trailblazers (Pollitt & Bouckaert, 2004), the reform wave has, with varying degrees of intensity, encompassed mainly Western democracies but also affected some developing countries via the influence of the International Monetary Fund and the World Bank (2000). Although NPM now seems to have peaked and have been modified in countries that might be regarded as NPM pioneers, such as New Zealand (Gregory, 2003), it is still having a major impact on the structure and functioning of the public sector in many countries. In many cases a previously integrated state structure has become considerably more diffuse or even fragmented. Although this is the main picture, there is a considerable degree of national variation resulting from differences in the existing structural apparatus prior to reform and in historical–cultural traditions and determined by the extent of external pressure for reform (Christensen & Lægreid, 2001).

The main structural changes made in NPM reforms have been not only structural devolution or increased vertical specialization, giving agencies and state-owned companies more autonomy, but also increased horizontal specialization according to the principle of "single-purpose organizations," creating more narrow and nonoverlapping roles or functions as public owner, administrator, regulator, purchaser, provider, etc. (Boston et al., 1996). The effects of these reforms seem to have been more complex and bureaucratic organizations, not less as promised, more problems of political control, more influential administrative and commercial state leaders, etc. (Pollitt & Bouckaert, 2004). This again has created attempts at regaining some of the political control lost.

With this background, this chapter will address the following questions:

■ What are some of the most crucial dilemmas and challenges of balancing political control and increased institutional autonomy in NPM reforms, and what characterize some of the attempts at solving or influencing these dilemmas and challenges?

- How can we explain similarities and varieties in the way governments handle these dilemmas and challenges in different countries?
- What may be the future prospects and trends in governments balancing political control and institutional autonomy?

We will have a broad transformation perspective as a point of departure, encompassing and combining theories about environmental pressure, cultural factors and path dependency, and instrumentally oriented theory digging into the importance of the actions of political executive leaders, top administrative executives, and CEOs of state-owned companies (Christensen & Lægreid, 2001; Pollitt & Bouckaert, 2004). We will mainly discuss the dilemmas mentioned on the central political–administrative level by utilizing broad comparative studies of these questions.

A Transformative Perspective

The theoretical perspective used to analyze governmental reform in general, and dilemmas of balancing political control and increased institutional autonomy in particular, is a broad institutional one, looking at the interaction between structural and instrumental features (national polity), cultural features (historical administrative traditions), and external constraints (the technical and institutional environments) (Christensen & Lægreid, 2001). This approach focuses on the complex and dynamic interplay between different internal and external factors as a way of understanding the organizational transformation, occurring in the public sector generally and in the civil service specifically, and its effects.

One school of thought regards the implementation of NPM-related reforms and the creation of a fragmented state primarily as a response to external pressure. This environmental determinism (Olsen, 1992) can be of two kinds. In the first instance, a country may adopt internationally based norms and ideas about how a civil service system should be organized and run simply because these have become the prevailing doctrine. NPM has its origins in certain Anglo-Saxon countries and international organizations like the OECD, where a kind of reform myth has taken hold, has become ideologically dominant, and has spread all over the world (Czarniawska & Sevón, 1996; Meyer & Rowan, 1977; Scott, 1995). This process of dissemination may imply isomorphic elements — i.e., it may create pressure for similar reforms and structural changes in many countries all over the world (DiMaggio & Powell, 1983 Boli & Thomas, 1999;). Isomorphism can be seen as a deterministic, decontextualized, natural process engendered by common dominating norms and values in a globalized world society (Drori et al., 2003; Kettl, 2000). In the

second instance, NPM may genuinely be seen as the optimal solution to widespread technical problems — i.e., it may be adopted to solve problems created by lack of instrumental performance or by economic competition and market pressure. In this instance NPM reforms are adopted not because of their ideological hegemony but because of their perceived technical efficiency. The two lines of argument treat the environment as institutional or technical, respectively.

Another view of NPM holds that reforms are primarily a product of the national historical–institutional context. Different countries have different historical–cultural traditions and their reforms are "path dependent," meaning that national reforms have unique features and trajectories (Krasner, 1988; March & Olsen, 1989; Selznick, 1957). The reform roads taken reflect the main features of national institutional processes, where institutional "roots" determine the path followed in a gradual adaptation to internal and external pressure. The greater the consistency between the values underlying the NPM reforms and the values on which the existing administrative system is based, the more likely the reforms are to be successful (Brunsson & Olsen, 1993), for a high degree of compatibility furthers adaptation and implementation.

A third view emphasizes national differences in constitutional features and political–administrative structures and contends that these factors go some way to explaining how countries handle national problems and reform processes (Olsen & Peters, 1996; Weaver & Rockman, 1993). The main features of the polity, the form of government, and the formal structure of decision making within the political–administrative system may all affect a country's capacity to realize administrative reforms. Westminster-style "electoral dictatorships" and homogeneous administrative systems are potentially more conducive to reform than non-Westminster systems with complex party structures, changing parliamentary majorities, and a heterogeneous bureaucracy (Hood, 1996). And Westminster systems are more reform-prone than Presidential system with checks and balances, even though the latter system also opens up for reform entrepreneurs.

Within the constraints outlined, political leaders also have varying amounts of leeway to launch and implement NPM reforms via administrative design and an active administrative policy. Their identities, resources, and capacity for rational calculation and political control (Dahl & Lindblom, 1953; March & Olsen, 1995) are to a great extent constrained by the complex interplay of environmental, historical–institutional, and polity features. Thus, adaptation to external pressure is not only about environmental determinism but may also have intentional elements ensuing from the actions of the political–administrative leadership, the professionals or consulting firms that certify certain prescriptions or reforms, or else represent systematic double-talk or hypocrisy (Brunsson, 1989). Conscious national

handling of internationally inspired reforms can, however, also lead to the imitation of only selected reform elements instead of whole reform packages and as such create variation between countries (Røvik, 1996). Furthermore, political ability to control reform processes can be enhanced by polity and structural factors increasing the capacity and attention of the political leadership or hindered by negotiation processes or by a lack of compatibility with historical–institutional norms (Christensen & Peters, 1999 Brunsson & Olsen, 1993;). Such features will probably also make political–administrative systems more vulnerable to pressure for reform from the environment.

A transformative perspective emerges when we combine internal and environmental reform features to explain why the content, effects, and implications of NPM may be different in different countries (Christensen & Lægreid, 1998). This perspective denies both the optimistic position that willful political reform actors have full, comprehensive insight into and power over reform processes, and the fatalistic position that they have no possibility of influencing reforms through political choice (Lægreid & Roness, 1999; Olsen, 1992). Instead, the transformative perspective offers an intermediate position, whereby political leaders are assured a degree of maneuverability whereas their influence is constrained by environmental factors, polity features, and the historical–institutional context.

At one extreme, international environmental pressure to adopt NPM reforms, whether through international organizations or economic crises, may have profound effects on national systems, if the reforms are simultaneously furthered by the political–administrative leadership and are compatible with historical–cultural traditions. At the other extreme, environmental pressure for reform may produce few changes and effects, if political and administrative leaders consciously try to hinder or avoid reforms owing to their lack of compatibility with traditional norms and values and with national reform models (Brunsson & Olsen, 1993). These extremes correspond, respectively, to a contextualization process — which emphasizes where environmental change concepts and internal needs match — and a decontextualization process, which stresses the uniqueness of national systems and the lack of compatibility between their values and norms and reforms of external origin (Røvik, 1996).

In reality it is likely that when externally generated reform concepts and processes are transferred to national political–administrative systems, they will become more complex and have more varied and ambiguous effects and implications than the extremes outlined above. In practice political leaders can use certain elements of externally generated reforms or try to redefine ambiguous reform elements and situations in a national context to match instrumental goals and national culture. Or they might

deliberately manipulate the reforms as myths and symbols, pretending to implement them, but actually having little intention of doing so, and try to further their legitimacy through double-talk or by separating talk, decisions, and actions (Brunsson, 1989). In yet another scenario political leaders might accept the reforms, leaving their implementation to administrative leaders and thus allowing for adjustment, translation, and editing to fit institutional–cultural features (Jacobsson et al., 2003; Røvik, 1998; Sahlin-Andersson, 1996).

The effects of NPM-related reforms on political control may in principle, given the potential complexity shown by the transformation perspective, point in different directions. Politicians may intend to retain or strengthen their power and control by consciously using the reform measures. But they may also lose control by accepting reform elements that undermine their leadership. The effects of NPM reforms on political–democratic control may be related to how managers define or redefine their roles and implement reforms. Negotiation processes may also be evident, making political leaders accept compromises or culturally based resistance.

NPM as a reform wave consists of some main ideas, ideology, and theories on the one hand, and a variety of more practical reform measures on the other (Christensen & Lægreid, 2001; Politt & Bouckaert, 2004). This means that the dilemmas and challenges faced by public leaders, confronted with NPM reforms, may be of different kinds. First, they may be related to a confrontation of ideologies and main thoughts about how to organize the central government, i.e., related more to the big picture. This includes also a potential more fundamental tension between old and new political–administrative cultures, i.e., a conflict between different broader informal norms and values (Selznick, 1957). Second, they may be connected to more middle-range theories about how to organize government, i.e., particularly new institutional economy theories and management theories in the case of NPM reforms (Boston et al., 1996). Third, the dilemmas and challenges are also, on the practical side, connected to the specific organizational reforms made, i.e., to alternative ways of organizing political–administrative systems in reality. Fourth, the effects of NPM reforms, whether on political control, efficiency, consumers, or broader societal factors, are also significant in analyzing these dilemmas and challenges. The two first points are related to the world of ideas, ideology, and theories, whereas the last two encompass central elements of practice.

We will now address the dilemmas and challenges of balancing political control and increased institutional autonomy by first focusing on the world of ideas and then on the world of practice.

Balancing Political Control and Agency Autonomy: The World of Ideas

Confrontation of Governance Models

A traditional view, in parliamentarian countries, is that democracy and political–administrative control are defined according to the "parliamentary chain of governance" and the mandate given by the population to political leaders through the election channel (Olsen, 1983).[1] The people select representatives to political bodies in elections, executive power is based on the political majority in these bodies and the executive has at his disposal a neutral civil service with a wealth of professional expertise, who prepares and implements public policy, including reforms. This perspective on the role of the bureaucracy is still relevant and important, but it has been modified in a number of ways. Olsen (1988) labels this model of governance "the sovereign, rationality-bounded state," meaning a centralized state with a large public sector in which standardization and equality are prominent features. The model emphasizes the collective and integrative features of the political–administrative system, the common heritage and the role of the citizen (March & Olsen, 1989). The role of the civil service in such a state can be seen as rather complex, relating to considerations of political control, to decision effectiveness, responsiveness, professional competence, and to "Rechtsstaat" values (March & Olsen, 1983). This complexity is said to enhance the flexibility and political sensitivity of civil servants and is therefore perceived as more of a strength than a weakness (Christensen, 1991).

In accordance with this state model, change and reform processes in a political–administrative system are hierarchical and dominated by political and administrative leaders, i.e., the decision processes are closed and have an exclusive group of participants (Hood, 1998; March & Olsen, 1983). Within the limits of bounded rationality, leaders score high on rational calculation by consistent goal formulation and conscious organizational means–end thinking (Dahl & Lindblom, 1953; Simon, 1957). As indicated, this ideal is difficult to fulfill in a complex and fragmented state.

This traditional model has been supplemented by a variety of others, among them the corporatist state model (Olsen, 1988; Peters, 1996). But the one closely related to NPM, and the focus of our attention here, has been labeled by Olsen (1988) "the supermarket state." In this alternative model of democracy and political–administrative control, the state is

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[1]Many of the basic features described here of course also apply in presidential and more mixed systems, but the difference is that in such systems the people have more than one set of representatives or agents.

perceived as a service provider, with an emphasis on efficiency and good quality, and the people as consumers, users, or clients (Hood, 1998). In this model the hierarchy is in a sense turned upside down — i.e., rather than the state controlling society on the basis of a democratic mandate from the people, society controls the state more directly through market mechanisms. The supermarket state primarily attends to economic values and norms, meaning that other values and considerations from the centralized state model must be downgraded, making this model more one-dimensional (Nagel, 1997). Furthermore, public reform processes are primarily a result of changes in market processes and user demand and hence environmental-deterministic in nature (Olsen, 1992). This model is not new in one sense, because its elements have been represented in Anglo-American countries over a long period of time, but has through NPM been revitalized, extended, and spread worldwide as a reinvented and generic model (Hood, 1996; Self, 2000).

Administrative reforms, according to this model, appear to be apolitical or even antipolitical in nature (Fredrickson, 1996). Thus, political bodies and politicians tend to be seen almost as illegitimate actors who obstruct efficiency, and the centralized state as overloaded and inefficient at the central level (Boston et al., 1996; Gustafsson & Svensson, 1999). What the model lacks is a perspective on the relationship between the influence of voters or citizens on politicians through the election channel, on the one hand, and their more direct influence on public bodies as clients and consumers on the other. And although the model may be said to contain some elements of an alternative view of democracy — namely, a direct, individually oriented democracy with economic overtones — it is not easy to see how atomized actors making choices in a market can participate in creating a stable and responsible democratic system and give political leaders unambiguous political constraints. One might indeed argue that their potential to influence services is also ambiguous and debatable.

To sum up, the supermarket state seems to represent a one-dimensional view of the public sector, where the economic factor predominates, whereas the society-controlling state is more preoccupied with a complex balancing of a variety of legitimate considerations. The two state models presented have normative-political implications traditionally associated with a left–right spectrum. Socialist and social democratic parties have defended the sovereign state model, whereas conservative and liberal parties have supported the supermarket state model (Nagel, 1997). The attitudes of interest groups have also followed the same cleavage, exemplified by resistance among trade unions and civil servants' unions associated with the labor parties to the supermarket model (Castles et al., 1996; Lægreid & Roness, 2003). However, an electoral shift to the right in Western countries during the last 20 years has led to a breakthrough for the supermarket model, such

that now even many socialist and social democratic parties have come to accept some elements from it. Although these are seen by some as highly controversial, others view them as a political necessity or as a "third way" (Giddens, 1998), thus generally paving the way for a wider implementation of NPM. But still there are different trajectories in public sector reforms, ranging from families of states representing the more traditional and reluctant maintainers to the more radical countries enhancing a marketize or minimize strategy (Pollitt & Bouckaert, 2004).

NPM Representing New Models for Organizing Government

The political-normative debate about the development of the public sector has been accompanied by a parallel debate among scholars around the world. Some economists and management scholars have pointed to the inefficiency of the public sector and called for a leaner and more efficient state (Boston et al., 1996). These people have played an active role in reform processes, both as producers of models and ideologies and as entrepreneurs in the civil service, as exemplified in New Zealand (Goldfinch, 1998). They have seen NPM as a "window of opportunity" to further their own predefined model (Aberbach & Christensen, 2001; Kingdon, 1984). At the same time, political scientists have often defended a public sector model based on collective and institutional arguments.

When NPM reforms are said to be typically theoretical, as in New Zealand, this often means that economic theories dominate. Examples are public choice theories, principal–agent models, and transaction cost models (Boston et al., 1991; Boston et al., 1996). In these models activities in the political–administrative system are seen as strategic games between rational actors whose goal is to make the system more efficient, streamlined, and consistent (Evans et al., 1996). Such economic models seem to regard the ambiguous goals, complicated formal structures, and composite cultural norms of a complex civil service as signs of "disease" and not as fundamental distinctive features of a heterogeneous public sector. Critics of such models emphasize that this way of thinking is simplistic and plays down the importance of public-sector ethics and institutional–cultural constraints; they also point out that it has not proven as fruitful as anticipated when confronted with everyday life in the public sector.

Even if NPM espouses economic values and objectives, the concept is loose and multifaceted and offers a kind of "shopping basket" of different elements for reformers of public administration (Hood, 1991; Pollitt, 1995). The main components of NPM are hands-on professional management — which is said to allow active, visible, discretionary control of an organization

by people who are free to manage — explicit standards of performance, a greater emphasis on output control, increased competition, contracts, devolution, disaggregation of units, and private-sector management techniques. The main hypothesis in the NPM reforms is that more market, more management, and greater autonomy will produce more efficiency without having negative side effects on other public-sector values, such as political control. We argue that this hypothesis is contested and that it has yet to be confirmed as a general finding. The effects of NPM are often promised or expected but seldom very well documented, as will be discussed later (Christensen & Lægreid, 2001; Pollitt & Bouckaert, 2004).

Tension arises from the hybrid character of NPM, which combines economic organization theory and management theory (Aucoin, 1990; Hood, 1991). This tension results from the contradiction between the centralizing tendencies inherent in contractualism and the devolutionary tendencies of managerialism. The first set of ideas comes from economic organization theory and focuses on the primacy of representative government over the bureaucracy (Boston et al., 1996). A lesson from this paradigm is that the power of political leaders must be reinforced against the bureaucracy. This concentration of power requires attention to centralization, coordination, and control, objectives that are to be achieved primarily via contractual arrangements. The question, however, is to what extent this actually happens in practice. The second set of ideas comes from the managerialist school of thought, which focuses on the need to reestablish the primacy of managerial principles in the bureaucracy (Kettl, 1997). However, enhancing the capacity of managers to take action requires attention to decentralization, devolution, and delegation, which, of course, potentially undermines the very political control prescribed by economic organization theory. Thus, by advocating both centralization and devolution, NPM contains an inherent contradiction or dilemma, creating different types of challenges for political and administrative executive leaders.

Summing up, the new economical and management-oriented theories of government, imitated from the private sector, are connected in many countries to the growing ideological dominance of the supermarket state model. In NPM their dominance is also connected to strong, and not always well-founded, opinions about the implications of economic values for the formal organization of the public sector, for administrative procedures, for the expertise needed, and for its relationship with the private sector (Self, 2000). These opinions have often been characterized by symbolic features. These features, creating several dilemmas and challenges for NPM reforms, seem to result from the ambiguities and inconsistencies of the new theories of government mentioned that they are underdeveloped concerning organizational implications and effects,

and that they confront traditional complex governmental systems with elaborated cultures that cannot easily be substituted by new simple structures and values (Boston et al., 1996).

Balancing Political Control and Agency Autonomy: The World of Practice

Main Structural Elements of NPM — Structural Devolution and Horizontal Specialization

Vertical structural devolution entails a transfer of authority downwards in the hierarchy between different organizational forms, either between existing organizations or to new subordinate governmental organizations, like traditional multifunctional agencies, regulatory agencies, or state-owned companies (Pollitt & Bouckaert, 2004). Horizontal specialization, on the other hand, implies separating administrative functions within the same organization or between public organizations (for example, ownership in one ministry and regulatory functions in another), something that under NPM has often gone hand in hand with increased vertical structural specialization, creating a more disintegrated or fragmental formal structure of government.

In many countries structural vertical devolution or specialization occurs when they change their main organizational political–administrative arrangements by moving units to organizational forms that are further away from the central political leadership, in some cases still within the governmental administrative organization, and in other cases, not (Pollitt & Talbot, 2004, Pollitt et al., 2005). One well-known example is the next step reform in United Kingdom establishing a number of new semiautonomous agencies (James, 2003). Arguments in favor of the more internal kind of structural devolution, involving greater autonomy either for ordinary agencies or for regulatory agencies, are that the former can be more efficient in delivering services and that the latter have a special need for professional autonomy (Christensen & Lægreid, 2003). Arguments against the tendency to move agencies out of the government administration are the problems of decoupling policy control and development from service delivery, the potential importance of political control of many of these units, and from a democratic perspective, the problematic implications of elevating professional autonomy to the most important feature of the regulatory function.

Economic arguments for this structural devolution, particularly the more external kind of structural devolution, are based on a kind of deterministic logic. Global pressure to cooperate and compete in new ways is pointing in the direction of more market competition and vast change

processes (Self, 2000). To adjust to this development, so the argument goes, more structural devolution of commercial functions is needed to handle the increased competition. This is a reflection also of the axiom that politics and business should be separated and that private actors make better market actors than public ones. Accordingly, the most effective way of doing business for the public sector is either to create organizational forms that attend more systematically to commercial functions or to let private actors take over some public commercial functions (Boston et al., 1996). The argument is that state monopolies should be deregulated and transferred to open market competition. Often this process is accompanied by a reregulation by building up quasiautonomous regulatory agencies to guarantee free and equal competition in the market. The nature of political considerations is also changing. Traditional public policy considerations of a broad societal character or sectorial considerations are now seen as either irrelevant or noncommercial functions that have to be paid for separately (Self, 2000).

In many countries that have implemented NPM-related reforms an increase in horizontal differentiation between administrative functions is evident. Functions that were traditionally organized together, such as policy advice, regulative tasks, ownership functions, control functions, and purchaser and provider functions, have now been separated into distinct units. New Zealand has been the most typical example of this type of structural change, having adopted the principle of single-purpose or single-mission organizations (Boston et al., 1996). Arguments for this solution are that it enhances effectiveness and efficiency by clarifying administrative functions and avoiding overlap and ambiguous coupling of functions that blur the lines of command and authority. One possible effect of such strong administrative specialization of functions is an increase in the need for horizontal coordination, because there is more fragmentation in the system (Gregory, 2003). Another effect could be that the new specialized units will grow by adding tasks they have lost through specialization — e.g., purchaser units might add policy advice functions. All this could potentially lead to an increase in the number of civil servants and resources used — i.e., in a more complex rather than a simplified bureaucracy.

Modern NPM-related reforms have combined vertical and horizontal specializations, thus creating a state that is more fragmented than the traditional integrated governmental model (Christensen & Lægreid, 2001). The transformational nature of these changes is of course more evident in parliamentarian systems than more fragmented system like the U.S. system, but even systems like the latter face many of the same dilemmas and challenges as exemplified in the Reinvention Government program (Aberbach & Rockman, 2000). The effects of this development will be analyzed in the next section.

The Effects of Increased Structural Devolution and Horizontal Specialization

Evaluating results of reforms may focus the main effects of the reforms and the side effects (Hesse et al., 2003). The ideal reforms are the ones reaching their main goals and also fulfilling side effects, or at least not creating negative side effects. According to the idea and theories behind NPM, reflected in the supermarket model, the main goals and effects focused are the ones related to efficiency (Boston et al., 1996). NPM is not that preoccupied with other effects, but seems to promise that effects on factors like political control should not be negative, without arguing much for why. Other effects like social effects are mostly ignored. Based on the ideas connected to the centralized state model, the main goals of public reform are related to their effects on political-democratic control, and culturally connected to effects on social factors like equality and equity, although efficiency is mostly de-emphasized. So it is obviously a tension concerning what effects to focus, showing quite clearly the general dilemmas and challenges of balancing political control and increased institutional autonomy.

The aim of structural devolution is to devolve functions that do not need to be controlled politically and to keep politically important tasks under central control. Together with greater transparency the aim of this process is said to allow "more steering in big issues and less steering in small issues" (Boston et al., 1996). We argue that this is easier in theory than in practice and that the result might easily be less political control, both formally and in reality. What is politically important may be difficult to define or controversial, or may change over time, and keeping central control through increasing institutional autonomy may be an illusion.

Devolution is inspired by the slogan "let the managers manage," meaning discretion for managers and boards and not too much daily interference from political leaders. The implication of this slogan is that chief executives are better at managing and therefore should be given the discretion and opportunity to do so, thereby reducing the burden on the political leadership, and through a sharp division between politics and administration, increase political control (Dunn, 1997; Weller et al., 1997). But one could also argue that the slogan reflects an antipolitical trend, potentially undermining political control. "Let the managers manage" may mean that managers gain more resources, tasks, and responsibility, making it less legitimate for politicians to interfere in their business. Moreover, structural devolution often means less capacity for central political control. One potential effect of increased structural devolution of commercial functions is both a slimmer core and generally a slimmer public sector, as experienced in New Zealand, due to cuts in the workforce in public enterprises

and due to privatization (Gregory, 1998a). Adding to this is the fact that NPM narrows the definition of politics concerning public companies to only commercial aspects, from a broad societal and sectorial definition typical for traditional control of the companies. Another effect is growing structural complexity or hybrid forms, because there are new combinations of political and commercial interests built into new public units, showing both innovation and ambiguity in control relations.

But does increased structural devolution in reality undermine political control, regardless of whether it is efficient? The balance between control and autonomy varies according to a number of factors, such as how extensive and radical the devolution is, the starting situation, and polity features like whether it is a Westminster system or not. Political–administrative culture and stage of reform has also to be taken into consideration (Yesilkagit, 2004). Strategic constraints and control could mean different things in different countries, ranging from "hands-off" to relatively more "hands-on" activities from the political leadership. And there might be a "zone of indifference" in which managers might operate with great autonomy in the shadow of the politicians. If, however, they exceed a certain limit, politicians might tighten up political control. This means that the relationship between political and administrative executives might be more of an ebb-and-flow pattern than a linear development toward less political control. This being said, one main argument for decreased political control, and one dominant argument in several comparative studies, is that structural devolution changes the instruments of control and increases the distance between the political leadership and subordinate units and lower levels of management (Christensen & Lægreid, 2001; Egeberg, 1989). This logic is based on the notion of erecting new structural barriers or limits. The main lesson is, therefore, that structural devolution means a decrease in the central capacity for control and in the authority to exercise control and less attention to political considerations in subordinate units, especially market-oriented units (Mascarenhas, 1996; Pollitt & Bouckaert, 2004). There is a tendency to define political involvement in public enterprises as "inappropriate" interference in business matters, reflecting a confrontation between new and old public culture. A study of the top political and administrative leadership in Norway shows this development (Christensen & Lægreid, 2002a).

The more limited form of structural devolution is the internal procedural one, meaning a transfer of authority from ministries to agencies. This gives the agencies more autonomy, responsibility, and leeway in using allocated resources while keeping the main form of structural affiliation stable. This weak version of autonomization has generally not aroused much controversy, even though it potentially undermines political control. It is associated in many countries with various new systems of control, encompassing

management by objectives and results (MBOR), performance budgeting, performance management and auditing, a formal "steering dialogue," an annual letter of objectives and resource allocation from the ministries to the agencies, performance reports from the agencies to the ministries, and formal meetings. When asked what they thought of the new system, Norwegian ministers and agency leaders generally expressed satisfaction (Christensen & Lægreid, 2002a). The main problem seems to be at the interface between politicians and administrators. The ministers expend little time and energy on the new steering techniques and leave them to a great extent to the administrative leaders, thus in practice transferring power and influence to them.

Another type of devolution, potentially combining the internal and external type, is the establishment of new regulatory agencies or supervisory authorities, often a reflection of increased structural devolution of public companies and service-producing agencies (Pollitt & Talbot, 2004). Whereas the regulatory function has always existed side by side with administrative and commercial tasks, it is now often located in specific regulatory bodies with the formal status of agencies, showing increased interorganizational horizontal specialization. This development, which has a long tradition in the United States and has been adopted more recently in other NPM countries, has proved to be more controversial for a number of reasons. One central issue is whether these regulatory agencies should have more autonomy than other agencies. Cabinet members in the Norwegian study mentioned are the most skeptical toward autonomy, their main argument was that some of the regulatory agencies cover policy areas that require political control and that there is no reason to give them extra autonomy (Christensen & Lægreid, 2002a). They also sense a whiff of antipolitical sentiment in the argument that regulatory agencies should have special autonomy in general or more professional autonomy in particular.

Another controversial question concerning the regulatory agencies is whether the ownership and regulation of state-owned companies should be located within the same ministry. The main argument in OECD and leading NPM countries is that these functions should be kept separate (OECD, 2003). But one argument in favor of having the regulatory agency in the corresponding sector ministry, often supported by political executives, is that this arrangement maintains and strengthens sectoral competence.

To sum up: although the single-purpose organization seems to have emerged as the new administrative orthodoxy, there is disagreement and institutional confusion and ambiguity among political and administrative leaders about how to organize the central agencies and supervisory authorities horizontally, vertically, and also geographically.

New Zealand is a kind of extreme case regarding complex structural devolution, because it chose to combine strong horizontal specialization with strong vertical specialization. Boston et al. (1996) argue that in New Zealand devolution has had a certain dual effect. On the one hand, the separation of noncommercial and commercial functions, highlighted in the establishment of public enterprises, is said to be efficient and to secure accountability, even though it is designed to weaken political control (Evans et al., 1996). On the other hand, some Crown entities, in competition with private actors, have made political control and coordination more problematic and lines of authority more ambiguous, and this has made it more difficult to secure collective interests. The current political leadership seems, however, to think that overall structural devolution has created problems of political control and the control is now tightened, whereas effects of horizontal specialization are met by increased coordination efforts (Gregory, 2003).

Australia has had a similar profile concerning structural devolution, but chose another much more integrated horizontal solution as a way of organizing the machinery of government. Sixteen core departments were established in the early 1980s, so-called mega departments, and this feature supported Hawke's policy of strengthening the integrative features of the cabinet (Campbell & Halligan, 1992). Compared with a more fragmented solution this probably strengthened the influence of the political leadership, both with regard to top civil servants in the central agencies and departments, and as a counterbalance to the subordinate institutions and commercial entities. But structural devolution, commercialization, and privatization, especially in the 1990s, and even more so now, under the Howard cabinet, generally have weakened the central political leadership, even though its control over the core of the public sector is still rather strong.

Norway, typical for some European countries showing traditional reluctance toward NPM reforms, chose a structural reform path more similar to Australia's than to New Zealand's in the 1980s, with the emphasis on moderate horizontal specialization of ministries — though it created nothing resembling Australia's mega departments — and moderate vertical specialization. Over the last 5–10 years the reforms have been more reminiscent of New Zealand in the 1980s, including transforming old public enterprises into new state-owned companies, giving ordinary agencies more autonomy, and establishing new regulatory agencies (Lægreid et al., 2003). Several studies have shown that this trend undermines central political leadership and creates increased complexity and confusion. It is some kind of paradox that imitation of NPM reforms from NPM trailblazers primarily digs into the reported successes, often exaggerated, although learning from problems, like New Zealand has experienced, is much more difficult.

Effects on Efficiency and Social Conditions

As NPM introduced a large number of reform elements at the same time, some of which point in different directions, it is clearly impossible to make a general analysis of the effects of reform on efficiency. Instead, the effects of different reform elements need to be analyzed individually. NPM aimed to produce more efficiency via several structural changes, like increased structural devolution (vertical differentiation) and increased horizontal specialization (single-purpose organizations) (Boston et al., 1996; Christensen & Lægreid, 2001). NPM has probably simplified the jobs of leaders of subordinate organizations, like agencies and state-owned companies, because they have fewer considerations to attend to, but at the same time the roles of top leaders have become more complex and potentially inefficient (Pollitt & Bouckaert, 2004). In a few countries, like New Zealand and United Kingdom, there has been a conscious attempt to reduce personnel, but this is not the main picture and attempts like there are often not lasting long (Gregory, 2001).

The most likely area for efficiency gains is public service provision, particularly where competitive tendering is used. Several studies have been conducted in this area, mainly by economists. Their overall conclusion is that NPM leads to savings and efficiency gains, often of around 20 percent or more (Domberger & Rimmer, 1994). More sophisticated studies put this figure rather lower, however (Hodge, 1999). There are also problems of measurement, and savings will vary according to the type of service, the market situation, and "purchaser competence." The main finding seems to be that savings result from increased competition as such, irrespective of whether the service is public or private, but this is disputed (Hodge, 2000; Savas, 2000).

A general finding is that the efficiency effect is not as significant as promised by the reform agents (Pollitt & Bouckaert, 2004). A study from United Kingdom on reforms in healthcare, housing, and schools shows that there are some efficiency gains of devolution and contracting out in the first two policy areas but less in education. Responsiveness toward users has been improved in the fields of housing and schools, but not for hospitals. For all three fields there have been enhanced equality and equity problems (Boyne et al., 2003). This tendency of positive effects on efficiency and responsiveness and negative effects on equity is also found in a Swedish study of NPM reforms in schools and hospitals (Blomquist & Rothstein, 2000).

Thus, one crucial question is whether increased efficiency through competitive tendering has been obtained at the expense of other goals and considerations. In the old public administration many considerations other than purely commercial ones were coupled to service provision, such as more general societal considerations or issues of sector policy. Many of

these involved additional expense and have now been removed from the services. They are often defined as noncommercial and as something that has to be paid extra for making them vulnerable in budget processes (Christensen & Lægreid, 2003; Self, 2000). Clearly a narrower and commercial definition of a public service potentially may make it more efficient. Examples of this are when regional considerations in communications policy are weakened by the introduction of competition, or when the interests of weak clients in educational, health, or social services are formally de-emphasized or taken care of in other ways. In this latter respect NPM understandably increases social differences, a feature that is accepted to a very varied degree in different countries (Podder & Chatterjee, 1998; Stephens, 2000).

Another broader socioeconomic perspective on efficiency in public service provision concerns the fate of the workforce under NPM. In many countries, particularly Australia and New Zealand, efficiency gains were obtained by reducing the number of people working in public services, particularly in telecommunications and transport (Mascarenhas, 1996). Where the workforce is rather old or unskilled, these people may well end up in various pension programs, casting doubt on the overall economic gains of NPM.

It is often said that the increased consumer orientation of NPM will eventually lead to increase in both quality and efficiency. The argument is that the consumer knows best how to improve services and that increased consumer participation and influence will enhance service provision (McKevitt, 1998). There are few studies showing this in reality. One factor undermining this argument is that consumer's experience of and hence attitudes to public service provision vary considerably, so increased efficiency and quality for one set of consumers may run counter to the interests of others (Aberbach & Rockman, 2000).

Another question is whether consumers really influence public service provision under NPM. Although certain strong and coordinated groups of consumers may do so, possibly to the detriment of others, the overall picture is that service providers think primarily about profit. Allowing consumers too much participation or influence takes time and resources and is therefore not efficient (Fountain, 2001). In this respect the consumer-orientation of NPM may have symbolic overtones. Nevertheless, certain consumer-oriented structural reform efforts look more promising in terms of efficiency than others. One example is the "one-stop shop" or "one-window" programs established first in Australia (Centrelink) (Halligan, 2004; Vardon, 2000) and later in Western Europe (Hagen & Kubicel, 2000). They seem to make a difference for users with a complex problem profile and represent potential administrative efficiency gains, but may also create cultural conflicts and increased organizational complexity.

The Challenges of Accountability

A last effect to mention, involving both structural and cultural elements, is the effects of NPM on the accountability question, involving the challenges of balancing political control and managerial accountability. With its principles of accountability based on output, competition, transparency, and contractual relations, NPM represents a departure from "old public administration," where accountability was based upon process, hierarchical control, trust, and cultural traditions. There has been a shift from simple to complex models of accountability (Day & Klein, 1987). The traditional notion of accountability, namely, top-down authority responsible to the people through elected policy makers, is challenged by the twin emphasis on customers and results, which in some cases makes administrators focus downwards, toward citizens, rather than upwards toward elected officials. In administrative reforms such as NPM, much attention has been paid to managerial accountability with sparse consideration of political responsibility (Christensen & Lægreid, 2002b).

March and Olsen (1989) emphasize this difference by making a distinction between aggregative and integrative processes in public organizations. Civil servants will in integrative processes have a feeling of belonging, a shared history, and traditions that make it easier to have a sense of integration, obligations, and common purpose and to act appropriately (March, 1994). In aggregative processes actors are more atomized and do not have a sense of integration; they need incentives to act in certain ways. Instead of being socialized into an administrative culture and a code of ethics, they are disciplined to change their behavior by various kinds of formal motivation (Lægreid & Olsen, 1984). We see here the contrast between the logic of appropriateness (culturally related) and the logic of consequence (instrumentally related).

Although managerial accountability may have improved, as shown in the New Zealand government, the reforms have also led to fragmentation of the public sector and the acceptance of political responsibility by ministers has been attenuated, as shown by Weller et al. (1997) in a comparative study of the executive in several countries. The problem of "many hands" (Thompson, 1980) has grown. The conceptual distinctions drawn by the reform with regard to the roles of minister and chief executive are amply clear on paper, but they fail in practice. The ambiguity of responsibility becomes especially clear when things go wrong (Gregory, 1998b). This means that the reduction in political responsibility would need to be balanced against possible gains in effectiveness and efficiency (Boston et al., 1996). A preoccupation with efficiency tends to overvalue the need for managerial accountability rather than promoting political responsibility. Efficiency is no guarantor of good political and

social judgment, which is essential in securing genuine political responsibility and legitimacy (Gregory, 1998b).

There is an underlying tension between the accountability standards of traditional public administration and contemporary public management (Shergold, 1997 Minson, 1998;). NPM challenges two main features of traditional public administration: anonymity and permanence of top civil servants (Stark, 2002). This raises new accountability problems. In Australia public-sector reforms have caused worries over accountability, with a special focus on the distinctive character of public accountability and on the role of the public's interest in the world of Australian public administration (Uhr, 1999). In Norway and New Zealand there has traditionally been a doctrine of ministerial responsibility, which states that the minister takes the political blame, as well as the credit, for the actions of administrators, who must remain anonymous and beyond credit or blame. The administrative reforms have enhanced public knowledge of the identity and policy obligations of many senior civil servants and separated ministers further from the administrative process, thus challenging this doctrine. In New Zealand the administrative reforms may have altered the doctrine of ministerial responsibility, though a new version of accountability has developed based on contractual relationships between ministers and their chief executives (McLeay, 1995). Accountability by contracts is based on the idea of opportunistic behavior, whereby people learn to distrust each other. This may make control more visible but it is an open question whether this is a better form of control than the old internal control based on trust.

The Handling of Dilemmas and Challenges

During 20 years of NPM reforms all over the world there have been some striking similarities between different political–administrative systems, primarily in the ideas, ideologies, and theories used. Based on the increasing pressure on the welfare states in many countries, earlier it was taken for granted that they had efficiency problems and that NPM was the solution to these problems. This was more a domination of neoliberal ideology and new institutional economic and management theories than spreading of similar specific NPM reform measures, reflecting a trend to decontextualize the reforms (Røvik, 1996). It was important for the reform entrepreneurs, whether OECD or central Anglo-American countries, to argue instrumentally — saying that different countries had the same technical efficiency problems — but in reality they relied very much on using broad reform myths and symbols to drum up support (Sahlin-Andersson, 2001). In their world there were not much of dilemmas balancing political control and

institutional autonomy, because the NPM was the generic solution, pointing in a one-dimensional way toward more efficiency and autonomy.

Concerning the more practical reform measures, different countries have showed a lot of variety during the last two decades, even though the rhetoric often has been the same, reflecting some kind of belief in the legitimacy-enhancing effects of "double-talk" (Brunsson, 1989). The variety is rather easily explained by the three main elements in the transformative perspective outlines. The more reform-happy countries have been the Anglo-American countries, characterized by a strong neoliberal ideology, more accommodating historical traditions, political systems more easily allowing reform entrepreneurs, more pressure — both technically and institutionally — from the environment, etc. (Christensen & Lægreid 2001; Pollitt & Bouckaert, 2004). And the more reform-skeptical countries — the laggards — like Germany, France, Spain, Japan, and most Nordic countries, because they have developed less of an NPM ideology, have had cultures with less compatibility with NPM values, and have had a parliamentary complexity making it more difficult to implement reforms. The distinction between the two groups has not been that unambiguous concerning pre-conditions, as Labor parties implemented the reforms in Australia and New Zealand, and the United Sates has had better economic conditions than the other countries in the group and also a polity system of checks and bal-ances, and there has also been variety in the group of reluctant reforms.

Over time — during the two decades of NPM reforms — there seems to have been a combination of two tendencies. One is characterized by some trailblazers moving even further in the direction of structural devolution, the emphasis on efficiency, the use of contracts, competitive tendering, and different market mechanisms, followed by many laggards, often more on the local than central level, showing the latter group moving closer to the practical reform measures of the front-runners. The other tendency is an overall tendency to modify at least some aspects of the NPM reforms in both groups, making it less obvious that NPM is moving continuously in a linear way, and one can even argue that the pendulum is partly swinging back. This does by no means, however, imply that the NPM is over (Pollitt, 2003). Two concepts may be used to explain these seemingly inconsistent tenden-cies: feasibility and desirability (March & Olsen, 1983; Pollitt & Bouckaert, 2004). Feasibility concerns the quality of the organizational thinking behind NPM and the potential for controlling the reform process and its implemen-tation. Desirability is about normative questions and what kind of society and political–administrative system is preferable.

Feasibility may be connected to what Dahl and Lindblom (1953) labeled rational calculation, i.e., the quality of the organizational or means–end thinking. Do the main ideas of NPM draw a strong enough connection between economic and management ideas and organizational solutions to

secure desired effects? Boston et al. (1996) show that the basic economic ideas in NPM may translate into a number of different organizational forms — i.e., contrary to the arguments of many reform entrepreneurs, the ideas of NPM do not offer one "best solution." A reasonable conclusion is, therefore, that the theories and ideas behind NPM are underdeveloped and do not provide a satisfactory basis for organizational solutions and concrete reform efforts. This seems to have translated further into the effects of the reforms, where NPM has had problems of delivering what has been promised, something that increases both elite and popular skepticism. The NPM-related thinking has not easily led to increased overall efficiency and effectiveness, particularly when reforms are broad ranging and ambitious. NPM has been too undifferentiated, not emphasizing enough that it is more feasible when a reform is narrow, related to one sector, public institution, or function, or if it is related to functions that inherently are easy to quantify (for example, technical functions) or targeted by elites as quantifiable (Christensen & Lægreid, 2001).

A second aspect of the feasibility question concerns political, administrative, or social control (Dahl & Lindblom, 1953). How easily will different stakeholders, inside and outside the public apparatus, accept the organizational thinking behind the reforms, the efforts to implement them, and the effects? As shown through the transformative perspective, the preconditions for control of reforms are much better in Anglo-American countries than in the groups of laggards. But if the organizational thinking behind the reforms is seen as unsatisfactory and particularly the effect seen as problematic or negative, it could also be quite easy to change course as seen in New Zealand during the last years (Gregory, 2003). This tendency seems to influence the traditional laggards increasingly and also more eager reformers now. Tensions now more often exist between and inside different governmental levels, international level, and societal actors. And the media seems more easily to dig into popular discontent with the NPM reforms, weakening their support for the elite actions.

The question of desirability is at the heart of the normative issue. NPM reforms may be feasible, but whether they should be furthered or implemented depends on basic ideological and cultural norms (Self, 2000). Does NPM represent a normative trend with the potential to create new types of leaders, citizens, public systems, and societies, or is it a less fundamental reform model, aimed at modifying only certain aspects of traditional public sector models? And another fundamental question is whether the magic of NPM is about to evaporate.

The debate about NPM reform processes often takes place at the symbolic or ideological level (Brunsson, 1989). Advocates of NPM gather support for reforms by stressing all the worst things about the traditional centralized state, particularly its legitimacy and efficiency problems. Myths

and symbols are used to convince people that NPM-related reforms have all the instrumental answers to the pressing problems of a modern state (Christensen & Lægreid, 2003). Skeptics and opponents of NPM see this primarily as a neoliberal crusade, undermining and destroying traditional and well-functioning public systems. NPM ideas are presented as highly problematic and their potentially negative effects exaggerated, although the old public administration is held up as heroic and flawless. The result is normative polarization. Although supporters of NPM often claim that there are objective reasons to say that the old public administration has failed concerning efficiency and caring for clients or users, opponents deny this and underline that empirical evidence for this is loose and that if it isn't broken, don't fix it. Democracy is however an open project and in the long run the NPM reform project has to pass the test of citizens' assessment. If the general public is moving toward more individualization and neoliberal values then NPM reforms might fit well into their general attitudes and beliefs. But if negative effects are in the forefront, less popular support is expected.

There seems to be a certain change in many countries during the last few years that the ideological debate is less fierce, both because the supporters are less cocky and because the opponents are more pragmatic. And the supporters of the NPM seem to be somewhat more on the defensive rhetorically, partly because of problematic effects of the reforms and more problems of control, resulting in modifications of the reforms and even right out U-turns like in New Zealand (Gregory, 2003).

Future Prospects and Trends in Balancing Control and Autonomy

One possible scenario is efforts at regaining political control, now more and more emerging, connected to the tendency that the political executives are losing control while still getting the blame, something that is seen as increasingly problematic, even in NPM-eager countries (Brunsson, 1989). Structural devolution makes it more difficult for the political executives to obtain information about what is going on at lower levels in the systems, the administrative and commercial leaders may more easily engage in blame-games, something that is increasingly demanding the capacity and attention of the political executives. Therefore, there are now emerging different strategies of regaining political control.

The most obvious strategy for executive politicians to regain policy capacity and control is simply to reorganize to win back their influence. This depends primarily on two preconditions: there must be a winning coalition in favor of regaining control, and the negative effects of

autonomization must be so obvious that there would be much to lose politically if nothing were done. The latest developments in New Zealand demonstrate a number of ways in which political influence can be regained (Gregory, 2003): the political–administrative center can be strengthened again by employing more people to perform control functions (Wise, 2002); control of agencies and state companies can be strengthened; contracts can be drawn up that clearly delineate the accountability of subordinate leaders; and programs and projects can be launched to strengthen coordination in a fragmented governmental structure. In several of the most radical NPM countries like the United Kingdom, New Zealand, and Canada, the governments have over the past few years established "joined-up-government" programs to regain coordination power (Bakvis, 2002; Gregory, 2003; Richards & Smith, 2002).

Another strategy to regain control is for political executives to reassert themselves by using the existing and reformed levers of control more actively. The advantage of this strategy is to "take back" more influence by being more proactive and to try to decrease the importance of the power vacuum that emerged when the executive political leaders withdrew from strong control and the parliaments are stepping in. The disadvantage is that they can end up in "double-bind" situations. The danger is that politicians will try to delegate blame but not credit, whereas the administration accepts credit but not blame. Such attempts by the politicians to have their cake and eat it by making credit flow upwards and blame flow downwards are likely to lead to conflicts and deadlock situations and ultimately probably to blame sharing (Hood, 2002).

Another way for executive political leaders to try to regain some control is to propose new reform programs. The best way to get rid of a reform is to launch a new reform. Reforms always look better *ex ante* than *ex post* (Brunsson & Olsen, 1993). Typical for these programs, which seem to be more frequent than before, is that they have strong symbolic features. They are important for developing meaning and interpreting experience (Lægreid & Roness, 1999). Thus, an important task for political leaders is to launch reform ideas, formulate visions of the public sector, and talk about what constitutes relevant questions and proper solutions.

One option for political leaders to regain political control is to put more effort into procedural rather than substantive planning of reforms. Focusing on procedure elements tends to transfer an increasing number of control tasks to the politicians. But because of limited capacity, control may be more formal than real. Stronger procedural focus includes increasing decision-making arenas, establishing access rules for people, problems, and solutions, and drawing up rules for the ways in which attention should be organized and decisions made (Lægreid & Roness, 1999). Procedural planning means controlling certain premises for future decisions rather than

controlling the decisions themselves. The implication is that political leaders should pay attention to their role as organizers as well as to their role as substantive policy makers (Lægreid & Olsen, 1984).

Another fruitful strategy for politicians, who lack time and attention capacity, is to exert control by measures of random intervention (Hood, 1998; Lægreid & Roness, 1999). It is important to distinguish between political engagement in any matter and political engagement in all matters. In practice limited capacity and attention mean that they may only involve themselves in a limited number of matters. An element of contrived randomness or deliberate unpredictability with regard to when and how politicians intervene, oversee, and control the reform process can compensate for lack of capacity and attention and give them more influence over the policy process. Building an element of randomness into the reform process can be a feature of organizational design that gives participants with the largest attention deficit an opportunity to increase their control over the reform process.

The second possible scenario is that there will be increasing differences again in how political control and institutional autonomy are handled in the groups of traditional, eager, and reluctant NPM countries. This may be the result of increasing differentiation in these groups. In the Anglo-American group Australia, after Howard's last election victory, seems to continue to head down the extreme NPM path, and Bush's recent victory may also be seen as a mandate to pursue an even more neoliberal course, even though his reform policy in the first period was not having a clear profile (Aberbach, 2003). But in this group New Zealand is, as mentioned, following a path clearly modifying NPM, and there are also signs of Blair being more reluctant and pursuing more the third way and joined-up government (Pollitt, 2003). In the group of traditional laggards, recently more eager reformers, future prospects are also more mixed. Denmark and Norway, both headed by right-leaning governments, seem to be different in some ways and similar in others. A conservative hard-liner minister for the interior in Norway succeeded, for example, in strengthening the control of the immigration policy, modifying reforms that some few years ago allowed much more autonomy to the agency and appeal board in this sector. Denmark seems generally to follow a path more similar to Howard in Australia, and some social democratic parties in Europe are increasingly and openly talking about the apparent negative effects of NPM, often to regain voters or to soften their stands before elections.

A third possible scenario is that the main NPM path will still be the dominant one in the near future, but less clear-cut and more complex and differentiated. One argument for this is that the effects and implications of NPM have had that learning effect that the reform measures are more relevant at some levels and institutions, and connected to some roles and functions, than to others. This will make the government more multistructured and

hybrid, i.e., it is not feasible to use "one size fits all" concerning reforms. A comparable development seems to emerge concerning the cultural trends, i.e., in some areas new cultural elements of autonomy will succeed, although in others there is an increasing need for stable and traditional cultural norms, making the political–administrative more differentiated and hybrid.

Over the past years there has been a rediscovery of historical–institutional context (Olsen, 2003). The need for in-depth understanding of the special situation in individual countries is now underlined to a greater extent. Priorities have shifted form a drive to create autonomous agencies to a striving to find the right balance between accountability and autonomy by focusing on weak coordination devices, lack of governing capacity, and weak accountability mechanisms (OECD, 2002).

A fourth scenario, probably overlapping the other three, concerns the increased attention to evaluation processes. Evaluation has become much more popular and is used by reform advocates, who often have the upper hand in the modern reform processes, as a political-symbolic instrument to brand most reforms as successes, and to underline the need for continued reforms (Boyne et al., 2003; Christensen et al., 2003). The opponents of NPM have tried to come up with countersymbols and counterexpertise to undermine the reform process, and seem increasingly to succeed with these strategies, partly supported by the media in many countries. The future of NPM-related reforms is therefore also probably increasingly a tug-of-war concerning impression management.

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Chapter 20

Globalization, Regulatory Regimes, and Administrative Modernization in Developing Nations: Toward a Theoretical Framework

Robert F. Durant

CONTENTS

Scholars increasingly appreciate the impact of the global policy environment on administrative and policy processes and outcomes in both developed and developing nations worldwide (e.g., Cleveland, 1993; Haas et al., 1995; Jackson, 1990; Litfin, 1998; Wapner, 1996). As Welch and Wong (1998, p. 43) argue, "governments and their bureaucracies are not only [acutely] aware of global pressures for change and reform, they are increasingly making decisions that incorporate global constraints and opportunities into their own domestic agendas." Indeed, some scholars argue that in various policy areas, global agreements, institutions, and regulatory regimes (e.g., the General Agreement on Tariffs and Trade, the Convention on Biological Diversity, and Agenda 21) "may have even greater influence on a country's economy than any of the domestic economic institutions in each individual country" (Welch & Wong, 1998, p. 45). They aver, as well, that global policy pressures like these can "create more tension [in nations] between administration and democracy, and pose serious questions [regarding] the foundation of legitimacy in public administration" (Welch & Wong, 1998, p. 45). At the same time, however, they also demonstrate in subsequent research on the impact of global technology that domestic context has a powerful mediating effect on global pressures (Welch & Wong, 2001).

Illustrative of these global policy pressures for administrative modernization in recent years have been efforts to ensconce the precautionary principle as the animating principle of national and international regulatory regimes worldwide. As a meta policy, the precautionary principle "presumes that in situations where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as reason for postponing cost-effective measures to prevent environmental degradation" (Sampson, 2002, p. 60; also see Sunstein, 2002). In effect, activities or products are presumed harmful to public health, safety, or the environment until proven otherwise, if the magnitude of risk they afford is adjudged too great.

Despite its otherwise intuitive appeal, the precautionary principle has proven quite controversial. After all, it turns traditional regulatory approaches on their heads, shifting the burden of proof away from opponents of technoscientific advances to prove their harm and toward proponents to prove their safety. Moreover, critics such as Sunstein (2002, p. 103) argue that although "there is some inherent truth in the precautionary principle," it fails to consider that regulation itself can cause harm (e.g., if lives are lost in

the interim as regulators await assurances of safety). Adds Sunstein, "[i]f we take costly steps to address all risks, however improbable they are, we will quickly impoverish ourselves."

Perhaps nowhere have these precautionary politics proven more intractable, volatile, and problematic for proponents of technoscientific advances in a global economy than in the application of modern agricultural biotechnology advances in the production of genetically modified food, feed, and fiber [henceforth referred to as GMOs (genetically modified organisms)]. Proponents of these products argue that agricultural biotechnology has the potential to meet the spiraling food, nutrition, and health needs of burgeoning and impoverished populations in the developing world in environmentally sustainable ways.[1] Their optimism is fueled by three types of GMO trait technologies under development that proponents argue will increase crop yields, at lower net costs to farmers, with greater health benefits to consumers, and in more environmentally benign ways. The first, input trait technology, promises to reduce substantially the use of environmentally harmful pesticides (e.g., by giving herbicide tolerance, disease resistance, and insect resistance). The second, output trait technology, promises to improve farm productivity and yields (both generally and on marginal lands in developing countries), nutrition, quality, appearance, and shelf life. For example, many scientists speak of GM plants becoming "microfactories" in the near future, producing "neutra-ceuticals" to deal with malnutrition in developing countries (Sriwatanapongse, 2002). The third, agronomic trait technology, promises to afford protection against natural conditions and disasters that devastate the livelihood of farmers on marginal lands in developing countries (by affording salt tolerance, drought tolerance, and water submergence tolerance).

Unpersuaded, anti-GMO campaigners worldwide tout the cataclysmic risks to public health, safety, and environment that they claim are inherent in GMO research, production, and commercialization. Most prominent among these risks for humans are the disruption or silencing of existing genes, activation of silent genes, modification in the expression of existing genes, and formation of new or altered patterns of metabolites. The creation of new allergies or harmful toxins is hypothesized, as well, for which the body is ill-prepared to deal, causing sickness and death among vulnerable populations. Anti-GMO activists also allege that a rise in antibiotic resistance in humans could occur because of the use of antibiotic resisters in gene-splicing.

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[1]Supporters by late 2003 include six national academies of science, the Third World Academy of Sciences, 20 Nobel Prize winners, the World Bank, the World Health Organization (WHO), the Rockefeller and Ford foundations, the American Medical Association, the American Dietetic Association, the American Society of Toxicologists, and the United Nations (UN) Development and Environment programs.

In terms of ecological threats, GM food critics tout a miscellany of intolerable risks as genetically engineered genes "drift" to nearby locations, cross-pollinating with wild relatives and competing with other species. These risks include killing off otherwise useful natural pests and predators, introducing destructive alien species, enhancing the ecological fitness of genetically engineered plants at the expense of native species, creating "super weeds" that will damage crops, and inducing pathogen resistance in plants by using antibiotic resisters in gene-splicing.

The most notable manifestation of the polarized politics driving debates over the application of the precautionary principle to GMOs has been the European Union's (EU) reaction to them. Since 1997, for example, the EU has required mandatory labeling of foods containing GMOs. Moreover, since 1998, six nations led by France (and including Belgium, Ireland, Italy, Portugal, and Spain) have prompted and sustained a *de facto* EU moratorium on the approval of new GM crops. Then, in June of 2003, the European Parliament approved new, broader, and more stringent regulations on GM food labeling and traceability that it argued paved the way for ending the then five-year moratorium on approvals of new GM foods. Producing nations such as the United States, Australia, and Canada vehemently disputed the EU's claims as inaccurate, "onerous" to GMO-producing nations, scientifically unjustified, and constituting an illegal nontariff barrier to trade. Indeed, the United States filed a case against the EU at the World Trade Organization (WTO), an ultimately successful protest aimed at restarting testing of GM foods.

In May and July of 2004, the EU Commission effectively ended the moratorium on new biotech foods by allowing the selling of Syngenta's GM sweet corn and GM maize (NK603) developed by Monsanto for import, feed use, and industrial processing. But this occurred only after 13 other nations had approved them (e.g., Korea, Japan, South Africa, and the Philippines), and after Monsanto decided to delay (others say "cancel") development of GM wheat and halted plans for GM canola development in Australia in the face of regulatory restrictions and state bans. Moreover, because Syngenta's corn is considered less controversial than some of the other strains (33 applications are presently pending) that the EU is considering, rapid approvals on a wide-scale basis are unlikely. In fact, the approval of Syngenta's application occurred only after EU farm ministers deadlocked on Syngenta's application, allowing the more biotech-friendly EU Commission to approve it.

Meanwhile, a 2004 report by the UN Food and Agriculture Organization (FAO) supported agricultural biotechnology as a tool for meeting "the needs of the poor and undernourished" worldwide. The FAO report conceded that biotechnology is "associated with certain environmental and health risks, so that effective biosafety and food safety regulations have to

be integral components of responsible biotechnology development and utilization. Yet, the evidence so far suggests that environmental and health risks can be managed, so that there is no reason for an outright rejection of GM crops based on safety concerns.'' The FAO also highlighted major areas where biotech applications are needed to bring the ''gene revolution'' to greater numbers of the poor (Scientists Support FAO Biotech Report, 2004).

Nations in the developing world are caught in the middle of these often roiling, acrimonious, and polarized debates over applying the precautionary principle to GM foods. First, with the EU–U.S. battle over GM foods at loggerheads for the last six years, multinational corporations (e.g., Aventis, Bayer Crop Science, and Monsanto) aggressively eyed developing world markets (especially in Africa, China, India, and Latin America) as both laboratories for GMO research and development (R&D) and as markets for their products. Second, many developing nations fear that if they eschew the modernization of their agricultural biotechnology capacity, they will lose both domestic and foreign market shares for their products if the promise of GMO pans out. Third, and conversely, they worry that if they do modernize their GMO biotechnology capabilities and if consumers at home and abroad view their GMO regulatory regimes as inadequate, they will lose markets to nations like the EU with stricter regulatory regimes.

What is the impact of global policy pressures like these on administrative modernization in developing nations? What is the pattern of politics informing their responses? And how can researchers best account for them? A growing and insightful literature addressing these questions has developed in recent years on larger questions of state sovereignty, and most especially regarding the impact of international environmental regimes (e.g., Haas et al., 1995; Litfin, 1998). Yet, as Welch and Wong (1998) argue, our understanding of the relationship between global policy pressures and administrative modernization still remains rudimentary and begs refinement in future research.

This chapter seeks to test, elaborate, and extend a model and theoretical framework for assessing the dynamics offered by Welch and Wong (1998). Its analytical focus is Thailand's efforts over the past decade to cope simultaneously with global cross-pressures to develop, pursue, and commercialize agricultural biotechnology amid raging conflicts within the nation and among its trade partners over the application of the precautionary principle to GMOs. Using a longitudinal case study design, the chapter's purposes are threefold. First, it seeks to describe how these global cross-pressures have affected R&D and regulatory modernization in Thailand. Second, the article offers and tests a theoretical framework for understanding these dynamics in cross-national settings that integrates and tests Wilson and Wong's framework as elaborated and extended with insights from comparative state-building, historical institutionalist, and international relations theorists. Third, it culls

from this analysis lessons for advancing theory building on the impact of global policy pressures on administrative modernization more generally.[2]

Precautionary Politics, Administrative Modernization, and the Developing World: A Theoretical Framework

As Paarlberg (2001) argues, developing nations confronted by global pressures in this policy arena have five critical sets of decisions to make that have major implications for administrative modernization. First, they must make controversial decisions about how much institutional protection of intellectual property rights (IPRs) (i.e., patents) they will afford to multinational companies investing in GMO R&D in their countries. Second, they must determine to what extent regulatory regimes will screen for biosafety risk when GMOs are involved (i.e., will GMO seeds and products be screened differently). Third, they must specify the extent to which regulators will encourage or discourage the import or export of GMO products. Fourth, they must determine if, and at what levels, GMOs in food will trigger the labeling of these products to give consumers choice over whether to purchase them or not. Finally, nations must decide how much public research investment in GMOs they will allow or permit others to make within their borders, either unilaterally or in partnership.

How can practitioners and scholars best anticipate and understand cross-national variations in how, why, and with what patterns of politics developing nations respond to these types of global policy pressures? And going beyond immediate technocratic implications of these pressures, what implications do they hold for national sovereignty, the relationship between democracy and administration, and the legitimacy of public administration in developing nations? Arguably, Welch and Wong's model of global pressures on public bureaucracy offers an important point of departure for addressing these questions, and it does so in three unprecedented ways in the literature.

First, it synthesizes (as per the work of Dwivedi and Henderson, 1990) what they call the "traditionalist" model (e.g., Heady, 1995; Riggs, 1994) and "revisionist" model (e.g., Aberbach & Rockman, 1987; Peters, 1988) of administrative modernization. Second, it directs researchers' attention to both the "direct" impacts of globalization on bureaucracy and its "indirect"

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[2]The data informing the analysis is the product of extensive archival research undertaken in Thailand in 2002; a content analysis of Thai newspapers from 1995 to 2003; and 30 semistructured interviews conducted in Thailand with indigenous and international representatives of NGOs, government R&D and regulatory officials, university agro-biotechnology scientists, international trade consultants, and the U.S. State Department from June through September of 2002.

effects through the changes it can have on the social, economic, and political systems of nations. Finally, their model directs attention to the specific attributes of bureaucracy that global pressures can affect: (1) centralization versus decentralization of structures, (2) the scope or breadth of bureaucracy's service responsibilities, (3) the relative autonomy of the national bureaucracy to make policy decisions, and (4) the type of bureaucratic accountability pursued.

From their model, Welch and Wong offer three hypotheses suitable for testing, elaborating, and refining when adapted to the GMO policy arena:

1. H_1: The greater the pursuit of GMO R&D in a nation, the greater the degree of bureaucratic centralization in making modernization decisions.
2. H_2: The greater the number and degree of formalization of global institutions attempting to affect GMO policy in a nation, the lower the policy-making autonomy of the bureaucracy in making modernization decisions.
3. H_3: The greater the number and types of GMO-related modernization efforts undertaken in other nations, the greater the number of initiatives undertaken in a specific developing nation and the more these initiatives mimic those taken by other nations.

As noted, Welch and Wong urge scholars to test, elaborate, and extend their model, theoretical framework, and hypotheses in future research. This enterprise, in turn, requires a set of analytical tools capable of "opening up" the black box of as yet unspecified political, social, and economic dynamics affecting and affected by the bureaucracies under pressure. I argue that the rudiments of such a theoretical framework lie in adapting and integrating insights from the comparative state-building literature, from historical institutionalist scholars, and from scholars studying the diffusion of policy in a globally interdependent world.

As comparative state-building theorists recognize, external "shocks" like battles over the precautionary principle or potentially revolutionary breakthroughs in agricultural biotechnology do not mean that nations (even those in the developed world) are capable of or willing to respond. Instead, a pattern of precautionary politics adapted from Skowronek's (1982) work on nation building is likely to emerge. First, a structural–historical mismatch arises between existing administrative structures and the strategies necessary to cope with environmental pressures (e.g., multinational corporations seeking permits for field testing in Thailand, or the EU issuing labeling requirements or imposing a *de facto* moratorium on GMOs). Proponents of GMO modernization are likely to go on the offensive to resolve this mismatch, with political leadership a key to success and with realignment of existing political

coalitions a potentially critical variable. But even these efforts are conditioned initially by leaders' perceptions of the existing opportunities, incentives, risks, and constraints involved in advancing a modernization agenda. And if neoinstitutionalists and international relations scholars studying diffusion of global policy innovations are correct, the substance of the reforms proposed is likely to take one of two forms: policy emulation (imitating without analysis what other nations are doing) and policy learning (imitating and adapting on the basis of understanding what works, and thus is appropriate for one's circumstances) (DiMaggio & Powell, 1983).

Even when these circumstances are most favorable (i.e., opportunities to advance modernization exist, the political risks involved are minimal, the political incentives for doing so are high, and resource constraints are minimal), modernization efforts are likely to run pell-mell into a counteroffensive by opponents of the technology in question. Here, the work of comparativists and international relation scholars portends that a battle will be joined among actors from the international (e.g., transnational nongovernmental organizations (NGOs), multinational corporations, or business associations), domestic (e.g., local NGOs, elected officials, or producer associations), and bureaucratic (e.g., across public agencies and within single public agencies) realms. Indeed, as Haas et al. (1995) note, the most powerful impact that international regimes can make is in stimulating, supporting (with technical capacity and information), and focusing the attention of networks of local and transnational NGOs who, in turn, put grassroots and international pressures on governments for redress.

Following most likely as a consequence, however, is what Skowronek calls a "crisis of authority." This occurs as domestic actors within and outside the government — and even among pro- and antidevelopment elements within the same domestic and international ministries — vie for ascendancy. They wish to see either their positions ratified in policy, or their favored issues linked to others in ways that advance their causes (e.g., antiglobalization), or their jurisdictions expanded, contracted, or protected. The legacy of these crises of authority are accommodations among interests that leave compromised and implementation-challenged administrative systems in their wake. As such, rather than resolve conflicts over GMOs, these accommodations are more likely to institutionalize the abilities of the antagonists to "fight" another day within "halting, halfway, and patchworked" administrative structures.

Relatedly, a final insight applicable to these battles over modernization involves the reciprocal relationship that historical institutionalist scholars posit among politics, structural reforms, and policies (Skocpol, 1992). Based on their logic, longitudinal research on GMOs and administrative modernization in developing nations should, on the one hand, chronicle how changes in internal and international political, social, and economic forces

lead to changes in administrative capacity building and policies pursued. Conversely, analysis also should reveal how changes in GMO-related policies and administrative structures lead, in turn, to changes in the nature of the politics that take place within a developing nation.

Expecting these patterns of modernization politics to unfold in this way over time, however, still offers little guidance about what attributes of these decision processes to study to ascertain "tensions between administration and democracy" and the "serious questions [regarding] the foundation of legitimacy in public administration" that arise in the process (Welch & Wong, 1998, p. 45). Arguably, adapting the five attributes that Cohen et al. (1972) suggest, informed decision making in "organized anarchies" affords a useful analytical framework for assessing these dynamics. "Entry times" refer to the pace at which GMO problems and decision opportunities confront Thai decision makers, whereas decision structures identify who has the legitimacy to participate in these GMO decisions by virtue of their position in formal hierarchies. Decision structures, in turn, differ in terms of how hierarchical (or nonhierarchical), specialized (closed or open to non-specialists), and segmented (greater or fewer agencies or actors within the decision structure) they are. Access structures refer to the extent to which and to how readily other problems and decision opportunities get linked to GMO issues. Relatedly, energy loads refer to the nature and ratio of agency resources (e.g., financial, personnel, time) to agency responsibilities and, hence, to GMO decisions that must be made. Finally, energy distributions refer to who has the resources to deal with GMO issues, their institutional predisposition to make choices in certain directions, and their comparative strength relative to each other.

All this, in turn, suggests several interrelated hypotheses suitable for testing, elaborating, and refining when adapted to the GMO policy arena:

1. H_4: The more numerous, rapid, complex, or contentious the issues involved, the less adequate existing energy loads of bureaucracies will be, the greater the pressure to modernize them, and the more dependent developing nations become on global institutions for support.
2. H_5: The greater the disagreement among formal global institutions and subnational actors about the ends of policy both among subnational actors and formalized global institutions:
   a. The more open decision structures and access structures will become.
   b. The more likely modernization issues will get entangled with other issues related to domestic politics and globalization (access structures).
   c. The greater the amount of disagreement within decision structures.

    d. The less autonomy and centralization of decision power that accrues
       to national bureaucracies.
    e. The more halting, halfway, and patchworked (or prismatic — see
       Riggs, 1966) bureaucratic modernization becomes.
    f. The more likely that future conflicts over modernization are institu-
       tionalized within the bureaucracy.
 3. H_6: The more halting, halfway, and patchworked administrative mod-
    ernization becomes, the more modernization decisions depend either
    on power differentials among the bureaucratic actors involved in
    decision structures or on the larger political concerns of elected
    sovereigns.

GMOs, Precautionary Politics, and Administrative Modernization in Thailand

To test the utility of this more elaborated model, as well as the various
hypotheses derived from it, this section assesses changes in the pattern of
precautionary politics that have driven the five areas of modernization, which
Paarlberg identifies as critical for developing nations. They are assessed in
terms of the pre-1997 and post-1997 modernization of these GMO R&D and
regulatory regimes in Thailand. This breakdown is used because 1997 was the
year that the EU enacted its labeling law predicated on the precautionary
principle (followed, of course, by the EU moratorium the next year).

   As the following vignettes will describe, each of the five areas is char-
acterized by a significantly quickened pace of GMO choice opportunities
(i.e., entry times) in the post-1997 era, which in turn made access structures
decidedly more amenable to linking GMO issues with nonscientific issues.
The latter involves a more culturally based, redistributive, and conflict-
enhancing "return-to-localism" discourse that is decidedly antiglobalization
in outlook. Both responding to and affecting these pressures, Thai decision
structures in all five areas became more open, less hierarchical, and spe-
cialized (i.e., there was more international, subnational, local, and cross-
agency coordination needed), with each more vulnerable to the influence
of pro- and anti-GMO forces alike.

   In each case as well, these dynamics led to a decided imbalance in the
energy loads of the bureaucracies involved, with modernization demands
producing results but far outstripping the administrative capacities of these
organizations. Rampant, as well, were both cross-agency and within-agency
internecine conflicts as various actors in pro-GMO-development and regu-
latory bureaucracies struggled for power, access, and influence over the
direction of Thai R&D and regulatory policy. Amid all this, as Zahariadis

(2003, p. 156) predicts, the antagonists used "framing" (i.e., taking advantage of people's tendencies to be more worried about losing something of value than gaining something new that might be of value) and the "strategic use of symbols" (i.e., biasing choice through emotive appeals) to advance their competing agendas. Left in the wake of these struggles in all five decision areas is a patchworked, halfway, and halting modernization structure that has institutionalized rather than resolved GMO disputes within these structures.

Public Research Investment

Thailand's stance on public research investment in agricultural biotechnology has leaned heavily toward the supportive end of the scale throughout both the pre- and post-1997 eras. Various Thai governments have invested scarce resources in GMO R&D, encouraged substantial support from international foundations (e.g., the Rockefeller Foundation), and partnered with different nations in the enterprise. What is more, they have consistently sought investments in both genetic transformation and post-transformation genetic capacity across the two eras (albeit to levels nowhere near commensurate with their aims because of financial constraints). What has changed in the post-1997 era, however, is the accelerated pace of the entry times of GMO-related modernization issues, accompanied by a heightened degree of caution in making these investments as they have gotten linked by GMO opponents to larger and more conflictual livelihood, antiglobalization, and anticorporate issues.

Thailand launched its campaign to create a biotechnology program in 1983. Albeit never funded on the same scale as China's formidable program, this beginning was still two years before Communist Party chairman Deng Xiaoping began funding the training of Chinese students abroad in biotechnology, and seven years before China opened its first bioengineering laboratory staffed by these scientists. The Thai campaign began with the founding of the National Center for Genetic Engineering and Biotechnology (known as BIOTEC today) under the Ministry for Science, Technology, and Energy. In 1991, BIOTEC was incorporated into a new National Science and Technology Development Agency (NSTDA) as a quasigovernmental center.

Operating outside the Thai civil service and state enterprise system to give it necessary flexibility, BIOTEC's mission ever since has been to support and transfer biotechnology R&D to the private and public sector to advance the social and economic welfare of the nation through development of industry and agriculture. Yet it also has been charged simultaneously with developing biotechnology to protect the environment and natural resources, a mission that frequently was marginalized in agency

deliberations by Thailand's emphasis on economic development throughout the pre-1997 period. Since that time, BIOTEC, the Department of Agriculture (DoA), and the Ministry of Science and Technology — with strong support from the Commerce and Trade ministries — have led the development of GM food, feed, and fiber in Thailand. They have been joined most recently by several private Thai companies doing some (although not intensive) genetic R&D (e.g., the giant CP Group's work on flour).

With BIOTEC the first to enter the field with any R&D capacity at all, however, every subsequent extension of R&D capacity in the pre-1997 era was initiated and controlled tightly by scientists in these decidedly pro-GMO development agency. During this era, for example, BIOTEC launched a satellite laboratory — the Plant Genetic Engineering Unit (PGEU) at Kasetsart University in Bangkok — that pioneered GMO research in this area. PGEU, in turn, has been joined (either independently or collaboratively) in the post-1997 era by Mahidol University in GMO R&D ventures on cotton, papaya, and rice (focusing on both input trait technologies for pest and viral resistance, and agronomic trait technology for salt tolerance and delayed ripening). Output trait technologies also have been launched by Chulalongkorn University in Bangkok for vaccines against poultry diseases. PGEU additionally worked in the pre-1997 era with the Ministry of Agriculture and Cooperatives in the DoA on large-scale field testing of transgenic plants developed in Thailand, including GM papayas. And when the government established its first DNA Technology Laboratory in 1999 for testing GM content, it did so as an extension of BIOTEC operations. Thus, as the distributor of research grants, with the most developed institutional capacity, and the holder of the longest institutional memory on the subject, BIOTEC has operated with "energy distributions" in its favor — at least among other Thai government agencies. It has, as such, held a "first mortgage" on GMO research decisions, benefited from powerful constituencies in research universities dependent on its largesse, and enjoyed an institutional leg up on other agencies engaged in GMO research (but with decidedly less expertise in the genetic area).

What BIOTEC, the Ministry of Agriculture and Cooperatives in the DoA, and the Ministry of Science and Technology have *not* had over the years are sufficient technoscientific expertise, finances, and laboratories (energy loads) of their own to keep up with advances in the developed world, and even with those of some of Thailand's neighbors in the developing world. The UN estimates, for example, that the ratio of scientists to population is one-per-ten-thousand in Thailand. This ratio is in contrast to comparative ratios in biotechnology-bent regional competitors like Korea, Taiwan, and Japan of 26-, 23-, and 60-per-ten-thousand, respectively (UNDP Human Development Report 1997, cited in Sriwatanapongse, 2002, p. 9). Moreover,

in 2002 the Thailand Research Fund (TRF) estimated that the country needed to invest annually at least five times (50 million baht) what it is investing presently (9 million baht) to realize its development potential. TRF also estimated that meeting Thailand's development needs requires a tenfold increase in the number of researchers in coming years, lamenting in the process Thailand's shortage of "strong research institutions" (Thailand Research Fund, 2002).

With energy loads so lacking in comparison to those of their economic competitors, and with GMO expertise lodged in private corporations rather than public research institutes worldwide (unlike during the Green Revolution) in the pre-1997 era, the Thai government began allowing foreign multinational corporations (viz., Calgene, Monsanto, and Novartis) to set up GMO field trials in the country for various crops (in particular, the Flavr Savr tomato and Bt cotton). As one BIOTEC researcher describes the results of this policy, by the late 1990s, "streams of GMOs" were entering the nation in the form of "finished food products, feed ingredients, and raw material for production of food-related products such as vegetable oils" (Damrongchai, 2002).

Also in the pre-1997 era, resource-strapped Thai agencies began searching for R&D partnerships with other nations and international organizations. For example, PGEU joined in collaborative GMO R&D ventures on cotton, papaya, and rice with CIRAD (a French company), Cornell University (United States), and the Rockefeller Foundation (Valyasevi et al., 2003). These public–private–nonprofit ventures also focused on developing pest, viral, and salt resistance, as well as delayed ripening. All this picked up in the late 1990s as Thailand began partnering with, among others, the Consultive Group on International Agricultural Research (CGIAR) and its International Rice Research Institute (IRRI), as well as with nine other nations in the International Rice Genome Research Consortium (IRGRC) and the Papaya Biotechnology Network of Southeast Asia (including Indonesia, Malaysia, the Philippines, and Vietnam).

Venturing into collaborative agreements with multinational corporations and institutions was not without its consequences, however. First, and as dependency theory predicts, external Thai actors began having enhanced control over the pace of GMO entry times, energy distributions, and formal influence in Thai decision structures. Second, Thailand gave anti-GMO activists an opening to link the (still even today) esoteric technology with another larger issue that was becoming salient to developing nations: concerns about the impact of globalization on their finances, culture, and economic livelihoods. As political scientist Robyn Eckersley (1994) argues, the end of the Cold War wrought the rise of environmentalism as a galvanizing force for opponents of capitalism and the state. More precisely, "environmentalism [and use of the precautionary principle as a driving

force within it] has emerged as a powerful challenge to dominant industrial capitalism,'' generally, and, in particular, to the so-called ''Washington consensus'' for attaining economic development in the developing world (i.e., through financial market liberalization) (Eckersley, 1994, p. 5; also see Stiglitz, 2002).

Proffered instead is an alternative development model dramatically in opposition to what recent Thai governments and their business constituencies see as the way for Thailand to modernize its economy. This ''softer'' development model is predicated on a return-to-localism discourse that some Thai scholars have linked to a ''culture at risk'' discourse that is ''a form of guerilla resistance to the peripheralization'' of communities that they see globalization promoting (Phongpaichit & Baker, 2002). This alternative development model is premised on non-Western scientific models and thus eschews large-scale, high-technology farming in preference for small community-based tracts informed by the ''traditional wisdom'' of farmers, a traditional wisdom that they want to see protected from patenting by multinational corporations. Proponents also reject the Western penchant for consumerism and maximizing productivity in favor of ''self-reliance'' (i.e., producing enough only for one's family and to share with one's village).

Significant enough in its own right, personal and village self-reliance morphed into a philosophy of national ''self-reliance'' in the aftermath of the Asian financial crisis of 1997. Calls mounted for rejecting ties with global financial and trade markets, especially when less free-market-exposed nations like Korea and Malaysia did not fare anywhere near as badly as Thailand. Also linking GMOs to these antiglobalization sentiments were two indigenous networks established in 1995: the Assembly of the Poor (a coalition of over 100 people's organizations and NGOs, including 35 farmer groups) and a Bangkok-based NGO called BIOTHAI (Biodiversity Action Thailand; previously the Thai Network on Community Rights and Biodiversity).

Following rapidly on the heels of these events were a series of public–private–nonprofit partnering-related embarrassments in Thailand. For example, in 1999 antiglobalization elements exploited a ham-handed effort by Monsanto to use a microcredit system to pay farmers in northeast Thailand to buy the company's pesticides and to train them to use herbicides and GM seeds. Involved in this venture were the Thai DoA, a Thai NGO (the Population and Community Development Association), the Kenan Institute of Asia (KIAsia), and the IRRI in the Philippines. With the World Bank financing the IRRI, with Monsanto's project director a former high-level employee of IRRI, with KIAsia funded by the U.S. Agency for International Development, and with the head of the NGO on the IRRI board of directors, it was an easy ''sell'' for anti-GM campaigners to arouse ''cultural imperialism'' fears. Nor was this situation helped when, a year later, an internal Monsanto report was leaked to anti-GMO campaigners outlining the

company's efforts to have pro-GMO scientists appointed by governments in developing nations (including Thailand's government) to international scientific committees reviewing these issues (see, for example, GeneWatch UK Press Release, 2000; Third World Network, 2000).

In response, the agricultural biotechnology industry launched concerted pressures globally to offset the "localism discourse" in developing nations like Thailand with pro-GMO campaigns of their own. For example, after Greenpeace Southeast Asia established its headquarters in Bangkok in 2001 to coordinate its anti-GMO campaign, the U.S.-based International Service for the Acquisition of Agri-Biotech Applications (ISAAA) opened an office in Bangkok. As ISAAA-Thailand director Panatta Junchai explained, her organization's immediate aims in Thailand were to counteract "biased and unsound" information about GMOs propagated by NGOs (led by Greenpeace), and to work closely with Thai scientists from the Science and Technology Development Agency to develop these technologies (Samabuddhi, 2002a). But to BIOTHAI director Witoon Lianchamroon, the ISAAA was only a tool of the biotech industry: "ISAAA's goal, to eliminate Asian farmers' poverty by using biotechnology, will make conditions worse for small farmers because the technology is controlled by multination agribusiness whose interests are contrary to farmer needs" (Samabuddhi, 2002a).

Still, in late 2003 the Thaksin government's commitment to improving the nation's biotechnology advances became clear, as did its commitment to building the capacity to protect them from pilfering by other countries. Thailand's National Biotechnology Committee on Agriculture released a draft of an eight-year R&D development plan for Thailand that the government approved. Included among its aims for the 2004–2012 era were improving the input, output, and agronomic traits of 11 commodities (including jasmine rice, commercial fruits, commercial woods, tapioca, rubber, and sugarcane). To these ends, the Agriculture and Cooperatives Ministry set up a new Biotechnology Research and Development Office. Yet even in opening Thai R&D decision structures even more broadly by including representatives of the NGO opponents, committee chairman Sutat Sriwatanapongse noted serious capacity-related (i.e., energy-load-related) challenges that constrained these efforts, most notably a lack of Thai experts in biotechnology fields (Changyawa, 2003a). And wrought in the process was the institutionalization of conflict over future GMO R&D decisions.

IPRs, Biosafety, and Trade

Not unlike the R&D modernization effort, over the past two decades Thai governments have cobbled together a variegated, fragmented, and resource-challenged biosafety, IPR, and trade regulatory regime. In the

pre-1997 era, decision structures related to each of the three areas were relatively hierarchical and specialized. In the area of biosafety, BIOTEC in 1986 commissioned a status report on agricultural biotechnology. The agency's fear was that the promise of GMO research in Thailand could never be realized if the nation failed to develop trusted biosafety guidelines for testing. Not until 1990, however, did BIOTEC form a biosafety subcommittee to develop those guidelines, and not until 1992 did it release laboratory and field testing guidelines (rather than rules).

While making Thailand one of the first Southeast Asian nations to adopt national guidelines for GMO laboratory work, field testing, and release into the environment, these remained only guidelines. Moreover, they were guidelines developed in hierarchical and specialized decision structures by an avowedly pro-GMO development agency. The following year, Thailand expanded this decision structure somewhat by creating a National Biosafety Committee (NBC) to do technical assessments on GMOs and to advise the government on GMO safety issues. However, the Committee still reported to the secretariat of BIOTEC, which made final decisions. At the same time, the government created Institutional Biosafety Committees (IBCs) at research centers to approve all GMO research at these institutions, IBCs that still reported to BIOTEC (and that in 2003 totaled 23 in number).

Thailand's GMO regulatory responsibilities in the areas of trade and IPRs also were shared among several largely pro-development and pro-commercial government ministries. Of those most relevant to GMO food, feed, and fiber in Thailand, the DoA has to approve all imports, testing, and releases of GMOs into the environment (as per Thailand's Plant Quarantine Act of 1964 as amended in 1999 and the Plant Variety Act of 1975). In turn, the Department of Livestock Development in the DoA handles petitions for commercial release of GMO-containing animal feed, regulates rDNA-derived and biotechnological products, and is responsible for general environmental protection regarding GMOs. Meanwhile, the Department of Justice and, most importantly, the Department of Intellectual Property Rights in the Department of Commerce is responsible for regulating GMO technology transfers dealing with IPRs.

The pace of the entry times of issues related to all three areas began to accelerate dramatically in the post-1997 era, however. Spawned in their wake were significantly less hierarchical and specialized decision structures than those afforded historically by Thai statutes, as well as a more precautionary approach to GMOs. As noted, GMOs of foreign origin were first introduced for field testing into Thailand in 1994. As more requests for field testing for research came in, however, so too did controversy. In 1999, for example, Monsanto became involved in yet another scandal regarding the legality of its actions, this time related to Bt cotton seeds.

The Thai government had given Monsanto permission to conduct Bt cotton research experiments in four provinces (Lopburi, Nakhon Ratchasima, Phetchabun, and Ratchaburi), with the understanding that all Bt seeds would be burned after the experiments ended. Yet prompted by Thai NGOs led by BIOTHAI and Technology for Rural and Ecological Enrichment, BIOTEC testing found that GM seeds were still used by farmers, Bt cotton seeds that villagers claimed "were provided by a cotton company" (Bt cotton found in two provinces, 1999). As the group's leader, Daycha Siripatra charged caustically, "only the Department of Agriculture and Monsanto don't know" that GM seeds are sold illegally in Thailand to farmers anxious to improve their yields (Bt cotton found in two provinces, 1999).

Nor was the situation helped when Thai plant quarantine inspection officials confessed that genetically modified soybean and corn had been imported illegally into Thailand since 1994 with their full knowledge. Under the Plant Quarantine Act of 1994 (originally banning the import of 40 plant species and subsequently amended in 1999 to require the banning of all possible GM plant varieties unless imported for research and experimentation), inspections were done by the pro-industry Commerce department. As one inspector put it in the late 1990s, his inspection station had never tested products for GMOs: "We can prohibit GM produce imports only in the law. In reality, the authorities can hardly do anything with the transgenic [i.e., GMO-containing] produce brought in for consumption for fear that the food industry would be harmed" (Atthakor & Noikorn, 1999).

Meanwhile, in the post-1997 era, foreign concerns about GMOs picked up the pace of issue entry times in Thailand. For example, several supermarket chains in Austria, France, and Great Britain banned GM products from their shelves; the EU's Scientific Committee on Plants advised against the release of GMO potatoes containing antibiotic resisters; the British Medical Association warned that GMOs could lead to new allergies and resistance to antibiotics; Greece banned the import of GE rapeseed; a Brazilian court outlawed cultivation of GM soybeans; national bans on planting GM crops were enacted by the Danish and Norwegian governments; South Korean students blockaded state-funded greenhouses used in biotechnology; and over a million Japanese supported a "No GMO Food" campaign. In short order, and with Europe's *de facto* moratorium beginning in 1998, Thai exports also were caught in the crosshairs of these international regulatory debates with, for example, canned tuna and several other exports (e.g., soybean flower in Germany) returned to Thai exporters or detained from entry by several EU trade partners and (later) Middle East countries.

Not surprisingly under these circumstances, business groups like the Thai Food Processors' Association and the Thai Tuna Packers' Group began

demanding that BIOTEC's capacity to screen food samples be improved (Atthakor, 1999). This, in turn, produced demands on agency capacity that quickly outstripped available Thai regulatory capacities (i.e., their energy loads). When in 1999, for example, exporters submitted over 200 food samples for testing and certification as GMO-free during the first month his agency opened a new DNA testing center for screening, the director of BIOTEC, Somwong Tragoonrung, averred that BIOTEC was not qualified to issue GMO-free certificates: "We simply produce laboratory results. We will be able to give certification only when … we know exactly whether the tested samples are really used in production. And we [can do] this only on a random basis" (Atthakor, 1999). Nor, he averred, did BIOTEC have the capacity to test all kinds of oils for GMOs.

Nonetheless, as a result of these internally generated demands to cope with these externally generated global policy pressures, GMO decision structures (i.e., those with formal authority to address GMO issues) that had historically been dominated by technocrats at BIOTEC expanded to include Thailand's nonscientific Committee on International Economic Policy and its National Biotechnology Committee on Agriculture. The latter was comprised of nonscientific ministries and a few NGO representatives. Meanwhile, splits in attitudes toward GMOs among administrators arose even within the same Thai R&D and regulatory agencies. Deputy agriculture minister Newin Chidchob, for example, said he would set up a committee that would include NGO representatives to investigate contamination charges. But before these studies were done, Agriculture Department head Ananta Dalodom denied the allegations, saying that "field trials are transparent and all procedures [already] are strictly controlled" (Bt cotton found in two provinces, 1999).

Against this leitmotif of internecine warfare, and despite the representation of some NGOs in decision structures, grassroots NGO actions to stymie GMOs did not let up. Indeed, the 1999–2001 era saw a variety of NGO efforts in Thailand to halt field trials of Bt cotton in particular and GMO testing and experimentation more generally. In late 1999, for example, a network of eight agricultural organizations formally petitioned the Thai government for a ban on imports and field testing of GMOs. Veerapol Sopa, representing this network, plied with virtuosity indigenous anticorporate and antiglobalization feelings. Farmers, he argued, would be forced to buy seeds at higher prices from the multinational corporations and GMOs also would cause mutation of local produce. To which a prodevelopment commerce ministry official responded that "relaxation [of rigorous GMO standards is] in the public interest [because] … denying GM produce access would result in a string of problems affecting producers and consumers" (Atthakor, 1999).

Conceding, however, that smuggling of GM seeds and lax inspection at Thailand's borders were occurring, deputy agriculture minister Newin

Chidchob announced in late 1999 that the government would try to set up a GMO-free zone in the country to allow Thai organic farmers to access organic markets globally (Bid for plainly grown food, 1999). Chidchob, however, made no pretense that a totally GMO-free Thailand was possible in light of Thailand's inadequate administrative capacities. Not only did Thai farmers in any prospective zone have to be registered and certified as not using GMO seeds, but also at least one DoA laboratory had to be added to the one already operated by BIOTEC to guarantee that imported seeds were non-GMO (and thus would not contaminate organic plants in non-GMO areas).

In quick order, however, the anti-GMO campaign was rejuvenated again after Mr. Newin Chidchob approved the import into Thailand of 30 tons of potato seeds by the U.S.-based Frito-Lay company for field testing near Chiang Mai without prior testing for GMO content (Noikorn, 2000). In a now-familiar tactic, anti-GMO campaigners also deftly linked biotechnology on Jasmine rice to both health concerns and pockets of resentment against globalization and the Green Revolution. The latter was particularly effective with Thai farmers who had gone deeper into debt, lost farms to finance continuing rounds of pesticides, or lost traditional rice varieties because of the green revolution's emphasis on "high yield with high [fertilizer] input" (Siripetra, 2000). Wrought in the process was a widely publicized rice forum and a "long march" of farmers in September 2000 across six northern Thai farm provinces.

Confronted by this grassroots opposition and the administrative capacity challenges it wrought, in April 2001 the Thai cabinet announced that it would suspend GMO field trials and reconsider field testing once adequate biosafety standards were legislated. And to these ends, another expansion of Thai regulatory decision structures occurred: although the National Biosafety Committee convened to develop those standards was led by the largely prodevelopment Agriculture Department, vocal anti-GMO activist Witoon Lianchamroon of BIOTHAI was added to the committee as well.

After nearly two years of deliberation, the biosafety committee announced, first, in February 2003 that large-scale open field trials of GMOs still would be banned. However, limited field trials involving Monsanto and overseen in DoA laboratories would be allowed (Samabuddhi, 2003). Perceived by NGOs as a relaxation of the ban in favor of their perennial GMO nemesis, this proposal was quickly denounced by Varoonvarn Svangsophakul of Greenpeace Southeast Asia as both nonimplementable and dangerous because Thailand lacked an adequate monitoring system to ensure leakage or drift of GM seeds (Samabuddhi, 2003). What is more, these comments were indirectly supported by some careerists within Thai bureaucracies and by some in the Thai cabinet who were split over the issue.

For example, Hiran Hiranpradit, a senior career civil servant in the DoA, was decidedly less sanguine about GMO plants and seeds than his political superiors. Urging caution and worrying about avoiding untoward effects of

GMOs on the "natural production of crops" (i.e., traditional farming and conventional breeding), Hiranpradit asked in a public forum, "How can we be sure that transgenic [i.e., GMO-containing] crops are 100% safe?" (Samabuddhi, 2003). Likewise, two deputy agriculture and cooperatives ministers (Prapat Panyachartraksa and Natee Klipthong) made public their concerns about purely government testing. To which deputy agriculture permanent secretary Ampon Kittampon warned that keeping the testing ban meant that agricultural biotechnology industries would not transfer badly needed and desired genetic technology to Thai agencies (a *quid pro quo* they had been offering) (Samabuddhi, 2003).

Significantly, however, this internecine GMO biosafety debate between and within regulatory and pro-development agencies was won by historically weaker proponents of precaution (albeit with some concessions). Responding positively to continuing pressures from the Assembly of the Poor, biodiversity advocates, regulatory agencies, and transnational NGOs, the Thaksin government decided to keep the full ban in place (Changyawa & Kongrut, 2003). Thus, as of late 2003, neither third parties like Monsanto nor civil servants could field test GMOs, even if international market competitors were selling the same GMO-derived crops commercially.

According to Thai deputy prime minister Suvit Khunkitti, the total ban on field testing of GMOs would not be lifted until the National Environment Board (NEB) decided that GM crops were not a threat to the nation's ecology. However, the comments of Lianchamroon of BIOTHAI and the biosafety committee foreshadowed the direction of future conflict: even then, lifting the ban would be too risky because Thailand would still be "without a code of practice dealing with biosafety, patent protection, benefit-sharing, and liabilities for [GMO] contamination."[3]

Food Safety and Consumer Choice

As with the other R&D and regulatory regimes discussed in this chapter, the pace of the entry times of GMO consumer choice issues increased dramatically in the post-1997 era, especially as labeling laws were linked to other international pressures (i.e., access structures grew more open, less hierarchical, and more unsegmented). Global and internal pressures began mounting for a GMO food labeling law in late 1999 as concern grew over Thailand's export markets and as drift from GMO field testing continued.

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[3]Moreover, as Langkarpint (2003, p. 7) notes more generally, capacity problems plague the operation of the NEB, sorely limiting its ability to carry out responsibilities like these. The NEB, for example, cannot directly monitor and enforce its findings unless business agrees, and its focus has remained on urban rather than rural issues.

However, labeling initially was opposed successfully by a coalition of Thai food processors and feed mill operators, a coalition that would later come to support it to protect their export business.

Appealing directly to consumer concerns over pocketbook issues, they argued that labeling would prove expensive to consumers because suppliers would charge more for separating GMO products from non-GMO products. They also argued that Thailand's fallible GMO testing processes rendered labeling problematic. Moreover, even were this not the case, labeling was not necessary because GMOs had not been scientifically proven harmful. Still, the Thai Food and Drug Administration (FDA) — an organization within the Ministry of Health with lead responsibilities for regulating food safety — announced that it did not rule out labeling laws. At the same time, however, deputy FDA administrator Siriwat Tiptharadol also noted how a labeling law would place complex and capacity-challenging demands on his agency that could not be met if European standards (preferred by NGOs) were used (see Bhatiasevi, 1999).

But with labeling requirements of varying stringency and breadth spreading across Europe, Australia, Hong Kong, Japan, Korea, and New Zealand in the post-1997 era, the anti-GMO BIOTHAI mounted an aggressive public campaign to prod the industry ministry to promote a GMO labeling law for Thailand. Premising their arguments on the right of consumers to know what they were eating, BIOTHAI, other NGOs, and many university academics simultaneously pointed out the benefit that Thai farmers could reap by selling GMO-free foods abroad (Pressure up for labelling of products, 1999). Labeling proponents also got an unexpected boost for their cause when word spread of a meeting that deputy agriculture permanent secretary Ampon Kittampon held with a three-member delegation from the United States, including Senator Christopher Bond (R-MS) and Monsanto scientists (based in St. Louis). They came to Thailand both to press their antilabeling case on Thai officials and to dissuade Thai regulators from embracing the precautionary principle (Pressure up for labelling of products, 1999). Once announced, however, this meeting quickly became a focusing event, linking health and environmental concerns about GMOs to indigenous antiglobalization, anticorporate, and return-to-localism sentiments (i.e., as access structures opened).

Nor was the pro-GMO movement helped in early 2001 when Greenpeace Southeast Asia shipped 30 corn-, soy-, and potato-related products already in Thai grocery stores to an independent laboratory in Hong Kong to see if they contained GMOs. Despite government assurances that all the products sold in Thailand were GMO-free, seven of those tested contained GMOs: Nestle baby food (Baby Cerelac), Unilever's Knorr soups, Pringles potato crisps, Nissin Cup Noodle, Vita-Tofu soybean curd, Good Time cereal beverage, and Lay's potato products. Moreover, by late 2002, the

Hong Kong laboratory found a variety of other products that contained Monsanto's GMO-Roundup-Ready soybean, including Nestle's Nesvita and Leader Price's soy products (Samabuddhi, 2002b).

Not surprisingly, labeling opponents quickly went on the offensive. For example, senior officials at BIOTEC caustically indicted the integrity of both Greenpeace and the tests themselves. "I wonder," asked Sakarindr Bhumiratana of BIOTEC, "why Greenpeace avoided stating there are no scientific data on health problems due to consumption of GM foods" (Samabuddhi, 2001a). In addition, when Greenpeace forwarded another batch of baby foods for GMO-testing in mid-2001, the head of BIOTEC's DNA technology laboratory argued that transparency was lacking in the testing: "to be fair, every sample taken for testing should be countersigned by the manufacturers" since contamination might be occurring during the sampling process itself (Atthakor, 2001a).

This counteroffensive by labeling opponents notwithstanding, Greenpeace and local NGOs adroitly turned the Nestle baby food findings into the centerpiece of their anti-GMO campaign. Moreover, they framed the GMO issue more broadly as cultural bias promoted by immoral globalization forces: multinational corporations were using Thais — and, especially, Thai babies — as "guinea pigs in what is a massive experiment with potentially far-reaching and irreversible [health and safety] consequences" (Atthakor, 2001b). Noting how Nestle had, since 1996, committed to not using GMOs in baby foods in Germany, Greenpeace campaigner Auaiporn Suthonthanyakorn said the company was nonetheless "feeding [Thai] children GE baby food without even informing mothers about GE ingredients" (Atthakor, 2001b).

How soon would the Thai FDA respond to these calls for action, and in what form? As one manufacturer characterized the realpolitik of the pre-1997 situation, "it is known fact that the [Thai] Food and Drug Administration was reluctant about labeling because that move would have a critical impact on Thai industries, especially small-scale manufacturers" (Atthakor, 2001b). But with the entry times of labeling-related issues mounting, Thai decision structures that were once dominated by pro-GMO development agencies grew less hierarchical and segmented (Samabuddhi, 2001b). For example, a subcommittee was established to inform the FDA's deliberations over labeling laws (which involved the medical science department in the Ministry of public health). Moreover, membership on the subcommittee included not only pro-GMO representatives like BIOTEC and the DoA, but also representatives of Greenpeace and other consumer groups (Samabuddhi, 2001c). In turn, whatever recommendation the subcommittee eventually made was subject to public comment, then subsequent review by a newly constituted National Food Commission with broadened representation.

Drafted in July 2001 and subject to public comment in August, the subcommittee's recommendations reflected a combination of tactical

positioning vis-à-vis trade competitors, Thailand's administrative shortcomings, and Thai electoral politics. To the chagrin of Greenpeace campaigners and local NGOs, for example, the subcommittee recommended limiting labeling to only 22 specific food products made from GMO corn or soybean. Moreover, labeling on these products was necessary only if one of their three primary ingredients (rather than any ingredient or overall ingredients) contained more than 5 percent GM materials. Thus, the subcommittee decisively rejected the EU's 1 percent content standard in favor of positioning the nation tactically with its neighboring market competitors. More precisely, the law was not as stringent as Korea's labeling law with its 3 percent content standard, and no more stringent than Japan's 5 percent rule (Changyawa, 2003b).

The FDA's secretary-general Vichai Chokeviwat readily admitted that further limiting the stringency of the labeling law was the inability of Thai laboratories to test for GMO content in products other than corn and soybean (Bhatiasevi, 2001a). Nor would testing and labeling of raw materials be pursued, as these were very costly and complex and would be infeasible in light of the thousands of corn and soy products already requiring testing. Likewise, decisions to categorize cooking oils as GMO-free were made because analyzing their transgenic content was too difficult, given existing Thai capacity (Bhatiasevi, 2000).

Finally, the proposed labeling law sought to assuage both multinational corporate concerns and those of Thai small businesses and street vendor interests. As the corporations urged, labels could not be stigmatizing (i.e., could not imply that GMOs were harmful), and they could not be written in red (as this color is typically used for "warnings" and the FDA was not saying the product is dangerous). Moreover, the Thai cabinet gave manufacturers six months from final approval of the law to clear their shelves of GMO products before they could be punished for not labeling them. Finally, "small food producers" and street vendors selling fresh corn or soybeans did not have to worry about labeling their products.

This compromise satisfied no one, of course, thus engendering conflict over the timing and terms of the labeling law during the next year. According to Ms. Svangsophakul of Greenpeace, "to continue using the present [5 percent] rule is to continue lying to consumers . . . . Products which Greenpeace already knows contain GM materials, such as Nestle's baby food Cerelac, do not need a special label under the rule" (Changyawa, 2003b). Likewise, Saree Ongsomwang of the Thai Foundation for Consumers said that labeling should begin immediately and be premised less on laboratory testing and specific content than on whether or not products were made from raw materials containing GMOs (Bhatiasevi, 2001b). In the end, however, the Thai government embraced the original recommendations with minor amendments. For example, producers and sellers of products (e.g.,

grocery chains) with GMO content were granted more time to find reliable alternative suppliers of non-GMO raw materials (i.e., the labeling law did not go into effect until May 2003). In response, Thai NGOs and transnational NGOs refused to endorse the document. This set the stage for further conflict.

Conclusions

The preceding discussion has used the Thai GMO experience over the past decade as a policy "window" for testing, elaborating, and refining the insights of Welch and Wong's theoretical framework for understanding how global policy pressures affect administrative modernization in the developing world. Revealed in the process are the strengths of their framework; the importance of incorporating within their model the insights of comparative state-building, historical institutionalism, and international relations theorists; and the utility of Cohen and his associates' parameters of decision making in organized anarchies. Combined, these help ascertain "tensions between administration and democracy" and the "serious questions [regarding] the foundation of legitimacy in public administration" that arise in the process (Welch & Wong, 1998, p. 45).

Turning first to the components and posited direction of the relationships in Welch and Wong's original synthesis model, the Thai experience suggests that researchers pay special attention to the impact of three key attributes of the global policy environment on administrative modernization: (1) the heterogeneity of the pressures it affords and the level of conflict these produce (e.g., the competing pressures applied by pro- and anti-GMO forces internally and transnationally); (2) the instability of the pressures exerted (e.g., the volatility and rapidity of the entry times of GMO-related issues); and (3) the level of turbulence, whereby pressures in one part of the environment affect other parts, reverberate, and spread (e.g., the opening of access structures leading to less hierarchical and specialized decision structures as GMO health and safety issues were linked to livelihood and anti-globalization feelings).

At the same time, the Thai experience also points to the utility of conceptualizing the direction of influence in the global policy arena as reciprocal rather than unidirectional. To be sure, global policy pressures affect bureaucratic modernization both directly and indirectly (through the political, economic, and social systems). Yet the historical and existing decision structures, energy loads, and energy distributions of the bureaucracy in a given nation also structure today's patterns of access, influence, and relative advantage of political actors (national, subnational, intrabureaucratic, transnational, and international). These in turn define the nature,

pace, and scope of administrative modernization and the policies produced.

So, too, does the state of administrative capacity in a nation's ministries help to shape the nature of the global policy initiatives, pressures, and inducements offered for change in GMO R&D and regulatory capacity exist and thwart corporate, scientific, and trade interests in the developed world, the major antagonists in the GMO battle — the United States and the EU — have linked (implicitly or explicitly) technical assistance to particular regulatory structures. In the case of GMOs, for example, the United States offers financial and technical assistance to these countries that are linked to their adopting GMO regulatory regimes that eschew the precautionary principle. In contrast, and in addition to direct threats of GMO product boycotts, the EU tries indirectly to advance regulatory regimes based on the precautionary principle through its more generous foreign assistance to developing nations and its more ready engagement (than the United States) in international regulatory regimes. This gives greater influence than the United States when these entities are making GMO R&D and regulatory decisions.

Likewise, the internecine dissensus and conflict occasioned by global pressures in this policy arena both across and within Thai ministries demonstrate the wisdom of not treating the bureaucracy as a unified and opaque "black box" in future research. Revealed in the process is how historical differences in agency power among these bureaucratic entities actively confront the present. For example, agencies such as BIOTEC no longer dominate in increasingly more open and less specialized decision structures, but they are still relatively advantaged by virtue of their accumulated expertise and ability to distribute R&D resources.

In terms of testing the validity of the hypotheses proffered earlier, the Thai experience offers both support and areas for refinement. In Thailand's case, for example, conflicting global policy pressures produced a decidedly mixed result. To be sure, a diminution of political autonomy for national bureaucracies occurred (H_1 and H_2), and greater numbers of initiatives were taken in other nations (e.g., labeling laws). At the same time, conflicting global policy pressures had diffuse impacts on access structures and decision structures that simple categories like decentralization versus centralization fail to capture.

Decision structures did decentralize in terms of becoming more open to indigenous actors and NGO associations in all five of Paarlberg's modernization areas (H_5·a, b, c). Currently, and in distinct contrast to the pre-1997 era, the GMO regulatory structure alone is comprised of four disparate policy bodies, with memberships and subcommittees chaired or cochaired by institutional representatives that both embrace and have strong reservations about GMOs. These include: (1) the Committee on International Economic Policy (chaired by a deputy prime minister, and

with a subcommittee on biotechnology policy chaired by the permanent secretary of agriculture); (2) the Committee on Conservation and Utilization of Biodiversity (chaired by another deputy prime minister, with a subcommittee on national biosafety policy chaired by the chairman of the National Biodiversity Committee); (3) the Committee on Solving the Problems of the Assembly of the Poor (chaired by another deputy prime minister, with a subcommittee on biosafety law chaired by the Agriculture minister); and (4) the National Food Committee (chaired by the permanent secretary of public health, with a subcommittee on safety review of GM food and a workgroup on GM food labeling, both chaired by the FDA secretary). But decision structures also expanded vertically to include corporations and international foundations offering funding and technology assistance, as well as to include interagency coordinating committees in an effort to accommodate more open access structures and more political control by the prime minister's representatives. By the same token, they also expanded horizontally to include other nations and international entities, like the Rice Genome Project and the ISAAA, in cooperative ventures.

Relatedly, evidence from Thailand supports to a degree the hypotheses (H_2 and H_5·d) that the greater numbers and degrees of formalization of global institutions that evolved during this era would lessen the autonomy of national bureaucracies. But again, the process by which this occurred was not exclusively driven from top downward. Nor did it necessarily erode the legal sovereignty of the nation, as "state erosion" theorists like Falk (1971), Ophuls (1977), and Jackson (1990) predict. Discerned instead, as other scholars predict (e.g., Haas et al., 1995), was a modification of operational sovereignty, but one in which international actors are just as likely to be at the mercy of states for success. As Haas et al. (1995) point out more generally, international regimes depend for their success on the concern, credible commitments to regulate, and capacity of nation states.

Relatedly, as the Thai case illustrates, when conflict over international norms like the precautionary principle are involved, a pattern of politics is likely to emerge that is driven simultaneously by the interaction of top–down pressures (e.g., international influences like producer and trade associations and transnational NGOs), bottom–up pressures (e.g., domestic interests like national trade associations and indigenous NGOs), and horizontal pressures (e.g., cross-organizational "mimesis," as well as cross-agency conflict). Moreover, the specific form of any administrative modernization that does emerge from these multidirectional pressure points need not be a function solely of policy emulation or policy learning (H_3). It also can be a function of political, capacity-building, and tactically driven considerations (e.g., the setting of the content standards of the Thai labeling law).

In sum, the Thai experience suggests that developing nations' dependence on others for resources is growing, but this does not mean that they inevitably get drawn disadvantageously into a resource dependency relationship with international donors or multinational corporations (H_2 and H_4). As in Thailand, for example, savvy domestic and international opponents can reframe biotechnology advances to their advantage by linking them to antiglobalization, anticorporate, and return-to-localism discourses in the post–Cold War era (H_5·b). Neither does it mean, however, that domestic or transnational GMO opponents necessarily will get their way. Recall, for example, how Thailand's biosafety, trade, and labeling laws were distinctly limited in scope and substance by existing R&D and regulatory capacity in the country, as well as by local political realities and by the actions of regional (rather than transnational) market competitors.

All this leads, in turn, to a major conceptual refinement for researchers to consider in their work. Theoretical frameworks accounting for responses of developing nations to global policy pressures must take into consideration the return-to-localism cultural discourse that exists in many of these nations. As the pace of GMO-related "choices" confronting Thai decision makers accelerated in the post-1997 era, GMO issues increasingly were linked to even more cleavage-ridden issues with redistributive implications like globalization, discomfort with Western technoscientific models, and cultural imperialism (access structure). In the process, greater numbers of more diversified, less specialized, and often polarizing actors from the domestic and transnational realms drove GMO precautionary politics in Thailand as decision structures grew less hierarchical, less specialized, and more unsegmented.

At the same time, the Thai experience shows how efforts to respond and shape global policy pressures do not end conflicts over the introduction of technoscientific advances (H_6). Rather, and as comparative state-building theorists suggest, they tend largely to institutionalize them in the resulting administrative structures created (e.g., incorporating dissident NGO groups and agencies with competing interests in coordinating groups in Thai decision structures). Indeed, a pattern of politics described by Skowronek tends largely to emerge: a structural–historical mismatch arises between existing structures and the strategies necessary to cope with environmental change (e.g., multinational corporations seeking permits for field testing in Thailand or the EU issuing labeling requirements or its *de facto* moratorium). Proponents then go on the offensive to try to resolve this mismatch, but quickly run into a counteroffensive by opponents of the technology in question — some from the international realm (e.g., transnational NGOs, multinational corporations, or business associations), some from domestic political actors (e.g., local NGOs, elected officials, or producer

associations), and some from within the government (e.g., across public agencies and within single public agencies).

As a consequence, a "crisis of authority" follows as these domestic actors vie to see: (1) their positions ratified in policy (e.g., BIOTEC, the Thai Biodiversity Center, and the FDA); (2) their jurisdictions expanded, contracted, or protected (e.g., BIOTEC and the FDA); or (3) their favored issues linked to others (e.g., Buddhist economics or protectionism) in ways that advance their causes. What follows from these crises of authority is an accommodation among interests that leaves in its wake fragmented and implementation-challenged administrative systems (e.g., at Thai agricultural inspection stations, DNA laboratories, and FDA certifiers). Moreover, rather than resolve policy problems, this accommodation institutionalizes the abilities of the protagonists to "fight" another day within the four patchworked, halting, and halfway structures noted above.

Writing in the mid-1960s, Riggs (1966, p. 382) characterized Thailand as a prismatic society. "[A]s economic growth and industrialization take place," he observed, "the required level of governmental outputs — the 'infrastructure' — increases ... but not as rapidly as the need ...." As this study of R&D and regulatory modernization has described, nearly four decades later no more apt characterization exists of Thailand's evolving response to the global cross-pressures on its administrative capacities occasioned by the precautionary politics of GMOs. Are these and other global policy pressures having the same effect in developing nations worldwide? Much empirical and comparative work is needed before definitive answers to this question are known. Arguably, the theoretical framework afforded in this chapter can help inform this cross-national research agenda. But regardless of the framework used, such analyses are timely, important, and overdue as globalization proceeds apace in the early 21st century.

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Chapter 21

Promising the Future or Just Empty Promises? The Paradoxes and Perils of Human Resource Management Reform in a Global Context

Heather Getha-Taylor

CONTENTS

Introduction

According to Schultz (2002), two factors dominate the history of the U.S. civil service: "first, the pursuit of merit; second, the desire for reform." That desire for reform is not confined by U.S. borders, though. Because of the concerns and criticisms about the structure and performance of public service delivery, "many countries embarked on comprehensive reform of their public services" (Bissessar, 2001). Leaders of nations around the world are searching for the best ways to reform their bureaucracies to meet their governmental needs (policy) and the needs of their citizens (service provision). Reform is such a popular topic that Cayer (1995) notes that "reform is virtually a national pastime," and from Bissessar's work, we can infer it is a worldwide pastime as well. This preoccupation, says Cayer, is often due to competing values. For instance, the tension that exists between the values of democracy and the values of bureaucracy can create value trade-offs. Nachmias and Rosenbloom (1980) suggest that democracy embraces

plurality, diversity, equal access, liberty, dispersion of power, freedom, election, openness, and participation although bureaucracy demands unity, hierarchy, command, control, appointment, and long tenure of members. It is because that the ill-fitting bureaucracy is used to serve mismatched democratic objectives that the conflicts occur (Cayer, 1995). "Much of reform is an attempt to resolve the conflict."

Although public sector reform is not a new topic, interest in reforming the public human resource function is a fairly recent phenomenon. According to Bissessar (2001), around the world, until the late 1980s there was "little to no concern to increase output in the public sector and little or no attempt was made to link resources, especially human resources to output or productivity." It is surprising that this interest began so late considering that according to Schiavo-Campo et al. (1997), "a competent and motivated civil service is a prerequisite for maintenance of good governance, production and distribution of public goods and services, fiscal management and sustainability, and efficient and effective performance of government."

The information presented in this chapter is the result of scholarly literature review and practitioner document analysis. Throughout the research, there appeared ongoing references to the merits of private sector human resource management when considering public sector reforms. "In the race to reinvent government and to develop a new public management (NPM), government leaders, both elected and administrative, have excitedly drawn on the popular strategies of the private sector to guide change" (Hays & Plagens, 2002). However, according to these authors, the sectors do not confront the same problems in an age of globalization and as a result, the worldwide public sector suffers if it relies on private sector advice alone. According to the authors,

> Assaults on public personnel systems strike us as particularly counterproductive at a time when most of society's problems transcend jurisdictional borders. Our primary argument is that the major thrusts of reinvention and NPM — decentralization, decreased reliance on government, privatization, and managerialism — swim upstream from what the demands of globalization would otherwise suggest.
>
> Hays and Plagens (2002)

According to Hays and Plagens (2002), globalization and administrative human resource reform "spring from a remote yet common gene pool." And although sweeping global generalizations taken from country-specific reforms are not appropriate based on cultural, geographic and economic, variations, it should be noted that all the countries are increasingly becoming a part of the global reform scene. "While the general purpose of reform

may be similar — citizens and policy makers want public sector workforces that meet citizen needs better and more efficiently — the specific needs of individual governments vary" (Selden, 2003).

HRM Reform: Drivers and Promises

Human resource management (HRM) reform often finds its worst critics in its target audience: members of the civil service. Such reform is often viewed as either thinly veiled or blatant criticism of the ways in which the members of the bureaucracy are doing their jobs, and for civil servants, this can be a personal blow. Civil servant morale and motivation can suffer, which is ironic, because many reforms seek to invigorate the men and the women of the bureaucracy. According to Ingraham (1995), during the implementation of the U.S. Civil Service Reform Act of 1978, "the members of the civil service being attacked in the selling of reform were the same people who would be revitalized public servants once the reforms were in place."

The risk of potential losses in motivation and morale requires that HRM reform be well-founded. Although much of reform (particularly private sector models) is based on the "bottom-line", Wise (2002) reminds us that not all drivers for government reform are market-based. In addition, there can be multiple driving factors that spur the reform as well as several promises that will hopefully become tangible following implementation of the reform plan. Wise argues that there is a balance to be found between competing drivers of change, and understanding that balance is instrumental for "interpreting both contemporary and future administrative reform."

Driver: Economics

In the case of Paraguay's attempts to reform the bureaucracy, as presented by Nickson and Lambert (2002), international financial institutions exerted pressure on the nation to engage in civil service reform to both "improve the provision of basic services and to avoid a growing fiscal deficit." Marked by rampant corruption and inconsistent personnel practices, Paraguay officials faced huge obstacles in enacting a reform plan. However, the financial push was enough to spur the public sector to action.

Adamolekun (1993) provides the example of sub-Saharan Africa where public sector employees were forced to engage in outside employment to supplement their inadequate paychecks. As a result, says Adamolekun, this economic stimulus was one that could not be ignored. The sector had to be reformed to remedy this imbalance because the civil servants in this case

could not "be relied upon to respect the norms of loyalty, fairness, and impartiality." In other words, they could not serve the state efficiently because they were unfocused.

In the case of Jamaica and Trinidad and Tobago, as chronicled by Bissessar (2001), both countries faced severe, unprecedented economic hardship in the 1970s and 1980s. Both countries approached the World Bank for loans. In this case, one of the stipulations for granting the loans was centered on civil service reform. Says Bissessar: "they were to be accompanied by comprehensive reform of the public services." Both the countries accepted the loans with the stipulations and began on a comprehensive reform plan, although both countries adopted different provisions of the plan.

Driver: Privatization/Democratization

Denhardt and Denhardt (2000) discuss the ways in which the public sector is changing to be more responsive to citizens, or more in line with the democratic ideals of access and equity. In this way, reforming the civil service for this purpose builds "public institutions marked by integrity and responsiveness." The tenets of the New Public Service, as advocated by Denhardt and Denhardt (2000) and King and Stivers (1998), are greater responsiveness and an increase in citizen trust, as opposed to greater managerial control and efficiency. The authors cite the contributions of Osborne and Gaebler (1992), who remind us that "the kind of governments that developed during the industrial era, with their sluggish, centralized bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well."

One of the lessons learned from New Public Service, as offered by Denhardt and Denhardt (2000), is that *people* should be valued just as much as productivity. Under the values of the New Public Service, "rational attempts to control human behavior are likely to fail in the long term if, at the same time, insufficient attention is paid to the values and interests of individual members of an organization." The authors do not agree that values such as efficiency and productivity should be sacrificed, "but should be placed in the larger context of democracy, community, and the public interest."

In the case study of civil service reform in Paraguay, as presented by Nickson and Lambert (2002), privatization and democratization were both essential components of implementing the reform plan. Because of the unique features of the nation including its small size, low levels of both efficiency and effectiveness, high levels of politicization and an "endemic level of corruption," Paraguay presents an interesting case for examining

the importance of these principles for HRM reforms to take root. Paraguay's public sector was marked by poorly qualified employees, inconsistency in salary levels, extremely high rotation of senior staff, no transparent recruitment system, promotion based solely on political and personal loyalty, and no performance evaluation of staff. By privatizing many of the state's enterprises, the nation was able to introduce a measure of competitiveness to revitalize the public service.

Driver: Political Agendas

According to Green (1998), growth of the civil service via reform is fundamentally a public policy issue.

> It is often argued that Civil Servants wish to expand their departments to signify their success, politicians want their hobby horse supported, customers want more and better quality in provision of services, and the ageing population and high levels of unemployment increase the demand for social services and benefits. Whether through the increasing complexity of society of through the power of public officials to grow their empires, the public service is seen to have an inexorable tendency to grow, to graft on new initiatives without replacing older ones.
>
> Green (1998)

From Cheng's 1998 study of civil service reform in Korea and Taiwan, we learn that in both the cases, "political leaders had an interest in reforming the civil service to carry out their programmatic initiatives." Although the two nations implemented separate paths to reform (Korea faced an overall reform of the civil service by the military, Taiwan relied on special career tracks to transform the civil service), Cheng notes that in both cases, there was a common interest in building state capacity by strengthening the civil service. This, says Cheng, "is a clear reminder that policy and institutional reform go hand in hand."

Promise: Merit over Patronage

In the United States, the Pendleton Act of 1883 serves as the benchmark for obliterating patronage, or hiring based on personal or political ties, and replacing it with hiring based on merit, or qualifications. However, "patronage continues to adversely affect the efficiency of the public service" around the world (Daniel, 1993). Patronage, says Daniel, stifles the efforts of public organizations as they become more complex, more professionalized, and foster mission-oriented cultures. The process by which employees

are selected or promoted sends "strong signals about real priorities, be they mission fulfillment, cronyism, or supporting campaigns."

Promise: Control of the Bureaucracy

Some scholars have suggested that reforms are simply attempts to exert more control over the bureaucracy. The U.S. Civil Service Reform Act of 1978, the first major reform of federal personnel practices since the Pendleton Act of 1883, has been both critiqued and applauded. According to Ingraham (1995), the Act included provisions for the creation of the Senior Executive Service, performance appraisal, merit pay and pay for performance, and the abolition of the Civil Service Commission. Although these measures were meant to professionalize the civil service, they could also be interpreted as means to elicit greater accountability from bureaucrats.

In the case of China's reforms, as documented by Ding and Warner (2001), the reforms, which removed the "three irons" of public employment (lifetime employment, centrally administered wages, and state-controlled appointment and promotion), sought to improve employee motivation and morale. Under the "three irons" system, workers were not held to performance standards. Further, their work lives were inextricably tied to their personal lives. Employees had to receive permission to marry and were prohibited from relocating to another area. In this case, new reform measures will result in additional control over professional tasks via performance measurement, but the component of personal control will be relaxed.

Promise: Efficiency

According to Hays and Plagens (2002), civil servants have served as "scapegoats for many of society's problems." Public servants often feel the brunt of that criticism directed at perceived inefficiency and waste in the government. For many, it is all about numbers. In one example documented by Fifield (1998), government officials determined it was paramount to transform the South African public service, based, at least partially, on the fact that there seemed to be a great deal of duplication and overlap. This was clearly evidenced by the fact that before the implementation of the Public Service Act of 1994, there were "no less than ten pension funds in existence."

In another example, Gaertner et al. (1984) noted concern among the U.S. employees who worried that after HRM reforms took effect, the "quantity rather than quality of work" would be emphasized for the purposes of pay and promotion. For those workers, more work seemed better. But for Jim King, less was more. When King took over as the director of the

Office of Personnel Management in 1993, he promised to downsize the organization. By his definition, efficiency equalled a smaller, more stream-lined organization (Marshall, 1998).

Promise: Responsiveness

Again, the influence of private enterprise is felt in this promise of reform. According to Green (1998), in today's culture that embraces the "customer is king" principle, governments must follow suit or lose favor in the public eye. Public services, like markets, says Green, must be "more responsive to the needs and preferences of their users." The reinventing government movement of the early 1990s, which utilized principles of total quality management, was viewed not only as a way to reduce government costs, but also as a way to make government more respon-sive to citizens (Cayer, 1995). This new direction in service may be due to many factors, including party politics and citizen preferences. According to Ingraham (1997), "intensely ideological politics captured citizen dis-satisfaction and translated it into demands for leaner, more focused, more responsive government."

Promise: Comparative Lessons Learned

By analyzing reports on multinational attempts at implementing HRM reform, learning is a priority. Even if the reform is not deemed effective, the nations' representatives seem willing to share those failures in addition to the successes for the purposes of learning. According to Shim (2001), HRM reform has become a priority for Organization for Economic Cooperation and Development (OECD) countries seeking to enhance the productivity of the civil service and its customer service orientation. The author's study of reforms during the 1980s and 1990s in OECD countries identified four common reform trends that were shared (see below). It should be noted that "the pace and scope of the HRM reforms are very different from country to country, depending on their overall reform strategies, cultural and historical backgrounds, and the degree of economic recessions."

HRM Reform Trends: OECD Countries (Shim, 2001)

1. Reducing the gap between public and private HR management
2. Decentralization and flexibility of HR management
3. Securing Managerial and organizational accountability
4. Maintaining a "good model employer"

In addition, Shim identifies leadership development as a critical issue for further study for all OECD countries in the context of human resource management reform.

Reflection on HRM Reform Paradoxes

Certainly, drivers of reform can be misinterpreted, thereby leading countries to respond incorrectly to a stimulus for change. Also, the promises reformers seek may not always come to fruition just as a result of trying. In addition to these potential disappointments, there are additional considerations that must be weighed before, during, and even after a reform is implemented. By learning from the experiences of others, reformers can glean new lessons to apply to their own circumstances. Below are some common paradoxes identified through the literature review on global HRM reform.

Ethical Issues

Crow (1998) provides a look into the Polish civil service reforms, from the point of view of the female government employees. In an effort to overcome past problems such as low productivity and low morale, the Polish government introduced changes and innovations in the 1990s. Part of that reform included rebuilding a civil service that emphasizes education, experiences, knowledge, and competencies rather than "communist party membership and political reliability." In order to retain only the best employees, reform leaders implemented "labor-shedding programs," which targeted employees who were considered "redundant." Women, says Crow, feel threatened as a result of these reforms, because of their dual roles as wife or mother and employee. Because these women have family responsibilities, the organization views them as both expensive and unreliable, and therefore, expendable workers. In the case of this Polish case study, women have had to bear the negative effects of reform. Crow identifies three barriers for women that should be dealt with in future reforms to improve the working conditions for women in this Polish organization: access to training, perception of management as a masculine domain, and mentorship in the workplace.

Divergent Reform Plans

In Chan's 2003 analysis of China's "one nation, two systems" approach to civil service reform, we learn that even within nations we might find separate civil service systems to meet different needs. According to Chan,

in post-handover Hong Kong, the high level of institutionalization within the civil service was viewed as "an obstacle to the assertion of political leadership." The reform efforts therefore set politically appointed leaders apart from civil servants in order to "centralize political authority." However, in China, the civil service framework reinforces "political authority over the civil service" and greater institutionalization is seen as a reform option. According to Chan, "the institutions of China's and Hong Kong's civil services point to two logical extremes: Hong Kong has chosen to strengthen political authority over the civil service, which promotes deinstitutionalization. By contrast, China has opted to strengthen the institutionalization of its civil service. What appears to be a problem for one actually can be seen as a solution for another."

Diversity Effects

Anderson et al. (2002) document Australia's experience with a NPM initiative: the implementation of the Public Service Act of 1999. According to the authors, NPM is based on a greater reliance on market forces and a reduced role for government, which is believed to result in better economic and societal outcomes. The Public Service Act of 1999, which was meant to (1) "maintain public service integrity and professionalism," (2) "continue the traditional notions of a career service," and (3) reinforce "the merit principle and notions of equity and fairness," actually resulted in negative HR workforce development effects. Primarily, as a result of the Act, the civil service was indeed reduced in size — keeping with NPM tenets. However, following the implementation of the Act, workforce diversity has been negatively affected. "The composition of the APS [Australian Public Service] has been characterized by a decreasing proportion of people with a disability and people from racially or ethnically diverse backgrounds" (Anderson et al., 2002). A similar example comes from Fifield's 1998 study of South African reform efforts. Although considerable progress has been made in South Africa in improving the level of representativeness "especially as regards the variables gender, color, and race," little has been done to address the imbalances in representation of disabled individuals. To investigate this matter, however, the author notes that efforts must first be made to make sure that the government buildings are accessible for disabled clients and employees. Returning to Australia as an example, Patrickson and Hartmann (1995) present the case in which the restructuring of the Australian civil service has negatively affected senior adult employees by highlighting "the vulnerability of the over 50s" and it has "helped validate negative stereotypes concerning their competence." Reform efforts must not sabotage other HRM provisions, such as equal opportunity regulations that are protected by law.

Rhetoric, Not Reality

"Political leadership, in short, is clearly important. Political rhetoric is not" (Ingraham, 1997). To many, the reform efforts around the world have more to do with rhetoric than results. "One of the essential competencies of the Civil Service is its ability to draft elegant prose which dresses up the ordinary into the exceptional. Creating a hubbub and a lot of noise about change can create the illusion of change without the substance" (Green, 1998). In addition, Green adds, many reform efforts might just be cleverly wrapped boxes containing the same old ingredients — "indeed a subtle way of gaining more time to carry on as in the past." There are many examples in which rhetoric prevailed over results in the scholarly and practitioner literature. Anderson et al. (2002) report that following the implementation of the Australian Public Service Act of 1999, there were large gaps in government rhetoric between successful implementation and the actual flaws of the implementation such as unclear reporting standards and unfair remuneration. In South Africa, although a lot of work has been invested in developing goals and policy frameworks over the past decade, little has actually been done toward drafting strategies for change and implementing plans for change (Fifield, 1998). According to Gabris et al. (1998), it is common for governments to formulate strategic plans for reform "that are little more than sophisticated and, in some instances, unsophisticated wish lists with very little probability of implementation. It is easy to formulate a plan, even fun. The difficulty arises in its implementation."

In the case of Barbados' HRM reform efforts, adherence to the guidelines of implementation lagged behind other management reform efforts for a decade. According to Khan and Charles-Soverall (1993), "a great deal of verbiage and rhetoric permeated organizational reform." The case of Paraguay also provides a fascinating tale in the use of rhetoric rather than reform. In 1970, a civil service law was passed to establish a professional civil service, complete with merit-based recruitment, promotion based on qualification and performance evaluation. However, the law was not implemented and both patronage and corruption continued to reign until 1996, when a consensus rose to replace rather than implement the sound law. Nickson and Lambert (2002) view this as the "highly rhetorical content of the reform discourse" rather than healthy political participation.

Even in the United States, the reinventing government movement of the 1990s, which was spurred by the work of Osborne and Gaebler (1992) and spearheaded by Vice President Al Gore, provided politicians "with a means to at least symbolically respond to the widely-shared cynicism people hold toward government" (Thompson & Ingraham, 1996). Ban (1998) provides the example of the publicity stunt in which the lengthy Federal Personnel Manual (FPM) was discarded to much fanfare under the

tenets of deregulation that the National Performance Review ushered into federal personnel management. In fact, this was simply a symbolic event: many personnel managers continued to use the regulations to guide their activities. According to one federal employee, "without changing the fundamental rules, you've not helped them by eliminating the FPM."

Reversal of Expectations

In the case of the National Performance Review, it was expected that the initiative would result in a trimmer, less regulated, decentralized human resources function. However, as a result of the drastic cuts in personnel specialists (18 percent between 1992 and 1996), agencies responded by centralizing the personnel function of the organization (Ban, 1998). Also, in the case of New Zealand's civil service reform efforts, Green (1998) notes that the public organizations are actually on the increase — like business firms. In this trend, "there is continuing pressure to drive costs down and efficiency up, managers routinely manage against plans, and they are more responsive to external conditions and customer expectations. There is more emphasis on team work and more pressure for conformity and groupthink." The end result is felt most strongly in the individual employees, and that result is negative. "All this can make for more productive organizations and more stressed employees" (Green, 1998).

Absence of Theoretical Frameworks to Guide Reform

One U.S. initiative, GeorgiaGain, profiled by Facer (1998) implemented the tenets of the reinventing government movement by dissolving the merit system and implementing pay-for-performance among civil servants in the state of Georgia. Facer notes that the initiative could have been helped with the insights from scholarly literature on government reform efforts, but has missed several "critical lessons." According to Facer, the GeorgiaGain pay-for-performance provision "was theoretically bankrupt." A similar incident was mirrored in the Caribbean in the case of Barbados' reform efforts. In the absence of theoretical insights to supplement practical experience, Khan and Charles-Soverall (1993) claim that it is unlikely that the reform will have "any significant and sustained impact on the public sector." The closest thing that academics have to really do is roll up their sleeves, put their theories to work, and "test" human resource reforms to evaluate the results of the U.S.-based demonstration projects of the past 20 years. These projects, which were approved under the U.S. Civil Service Reform Act of 1978, serve as experiments to test reforms under specific guidelines provided by the Office of Personnel Management. One such project was chronicled

by Gilbert (1991). This demonstration, known as Project Pacer Share (PPS), was implemented at McClellan Air Force Base in Sacramento, California. According to Gilbert, PPS was unique "in its focus on HRM reform in order to demonstrate improved quality in government."

Breaking the Promises of Reform

Even under the best circumstances, successful reform can be elusive due to a number of factors. Based on scholarly literature and practitioner accounts, below are some of the most frequent reasons for HRM reform failure.

Resource Deficiencies

For a government to reform the human resource function, it must first have human resource managers and structures in place. As governments "attempt to develop more coherence in their strategic role and aims, they turn increasingly to their own agencies to do the planning and coordinate the implementation" (Green, 1998). In the case of Tanzania, personnel employees were unable to carry out the reform initiatives due to a lack of basic amenities. According to McCourt and Sola (1999), the employees were unable to process disciplinary cases "for want of the necessary official forms." In addition, their filing proved sporadic and unreliable. Records were often lost. Unreliability, says the authors, "enables corruption: it is too easy for ages to be falsified, ghosts to be created, and so on." Although the failure in Tanzania can be attributed to human resource failure, in the case of Nigeria, the country was unable to sustain the reform effort because of the high price tag. According to Sekwat (2002), there were insufficient financial resources to maintain the necessary training, recruitment, and retention activities. "The impact of inadequate fiscal resources is manifested by the steady decline of civil servant salaries, pensions, and other benefits; deteriorating physical conditions of public facilities including office buildings, machinery, and equipment; and increased incidence of corruption in the civil service." Last, a study by Randma (2001) indicated that small nations, such as Estonia, face considerable amount of difficulty in achieving reform success in large part due to the scarcity of resources available — both financial and human.

Improper Preparation

Branine (1996) provides evidence that for reforms to be implemented properly, managers must be trained effectively. In the case of China's

reform efforts, Branine notes that there remains a gap between the abilities of Chinese managers and what is expected of them when implementing reform. "Expectations run higher than what could be actually achieved." This mismatch is due to three factors directly related to training deficiencies: limited resources, inadequate means, and ideological restrictions. According to Green (1998), organizations must first engage in some self-assessment before beginning the reform process. Even with detailed plans for reform implementation, "there is little assessment of the skills, organizational and cultural capabilities and learning that may be required to enable the organization to meet its performance objectives or broader political outcomes." We learn from Wescott's (1999) account of civil service reform in Uganda, in which the cart went much too far before the horse, that the nation's effort to downsize the civil service was unsuccessful in large part because the infrastructure was not ready to handle the redistribution of activity once the reform was set in motion.

Selective or Creeping Implementation

In the case of China, during the mid-1980s when the "three old irons" system was replaced with one that was centered on employee performance, reform scholar Warner (1996) noted a phenomenon referred to as "one factory, two systems." In this case, says Warner, incumbent permanent workers continued to enjoy the benefits of the old system in which salary was guaranteed. The new employees, however, were contractual employees who would be evaluated based on their performance. "When contractual workers are working, permanent workers are just looking." In another example, Gaertner et al. (1984) found that employees of some U.S. agencies responded in a very lukewarm way to the Civil Service Reform Act of 1978. The Mine Safety and Health Administration (MSHA) had a hard time being convinced "that there are any benefits to the new [performance appraisal and merit pay] system," and managers at MSHA felt that the reforms "were not seen as providing a tool for management." As a result, the agency devoted few resources to implementing the reform initiatives and made minimal efforts to integrate the reforms with their other management systems.

Resistance to Reform

In the case of China's human capital reforms, where the nation broke away from the traditional "three old irons" system of lifetime employment, centrally administered wages, and state-controlled appointment and promotion, it was a struggle to change the attitudes associated with these

systems. "If there was an economic rationale involved here, there was also a psychological one as well" (Ding and Warner, 2001). Nigeria confronted a similar situation when attempting civil service reform in the 1990s. Attitudinal changes are perhaps one of the most important changes that would have been necessary to sustain the reform effort. Unfortunately, in the case of Nigeria, there were no leaders to advocate for reform and stand against the rampant corruption in the country by issuing tough sanctions for offenders (Sekwat, 2002). In addition, Bissessar (2001) notes that the lack of success in reforming the public sector in Trinidad was due to "resistance by public servants," who were unmotivated to implement reform perhaps primarily due to what they perceived as "veiled threats by the government" that seemed to nearly guarantee their removal from the public employment.

Finding Themes in Global Human Resource Management (HRM) Reform

Considering the vast variations in experiences, cultural influences, economic realities, and geographical space among nations implementing HRM reform, can we find themes or lessons from these cases? From the literature reviewed, indeed, six themes were identified that crossed individual national reform efforts and served as lessons for future reform efforts.

Trust Matters

■ Gaertner et al. (1984) found in their study of organizational reactions to the U.S. Civil Service Reform Act that employees at the Environmental Protection Agency welcomed the reforms because they would create accountability and lower "suspicions" from outsiders of their agency activities.

■ Gilbert (1991) reports that in the case of the demonstration project known as Project Pacer Share (PPS), "most employees in the host agency were overtly distrustful" of the initiative. One way to move from distrust to trust, says Gilbert, is to provide workforce education and training to inform the workforce and quell rumors.

■ A lack of trust between supervisors and workers can be magnified under reform conditions. Especially for older workers, who may view reforms as means to make them accept a form of "voluntary early retirement" (Patrickson & Hartmann 1995).

■ According to Peters and Savoie (1994), the constant bureaucracy bashing issued by political leaders during the 1980s "constituted a hostile environment for civil servants." The constant references to

the practices of the private sector "served to underscore the lack of trust in bureaucrats and in traditional public administration." This lack of trust resulted in a severely demoralized civil service across the globe as evidenced in the United Kingdom, Canada, and the United States. The Volcker Commission (1989) commented on the sad state of affairs: "it is evident that the public service is neither as attractive as it once was nor as effective in meeting perceived needs."

Values Matter

According to Kellough and Selden (2003), personnel administration in the public sector "sits at the intersection of competing values." Nearly every case study reviewed for this chapter overtly presented a set of values that were used as guiding principles for reform efforts, which are summarized below.

Setting	HRM Reform Values
South Africa (Fifield, 1998)	Efficiency, effectiveness, economy, fairness, merit, equity, accountability, transparency, accessibility, quality service delivery
Ireland, Northern Ireland, Australia, New Zealand (Green, 1998)	Culture, excellence, vision, core competencies, learning, empowerment, transformation, sustainable competitive advantage
United Kingdom (Green, 1998)	Privatization, deregulation, strategic management initiatives, efficiency audits, senior management reviews, devolved budgeting, merit pay, enhanced communication
Singapore (Jones, 2001)	Output volume, service quality, efficiency, effectiveness, accountability, accuracy
Barbados (Khan & Charles-Soverall, 1993)	Delegation of authority, public accountability, decentralization of recruitment, succession planning, and performance appraisal, effectiveness, efficiency, productivity
Korea (Kim, 1997)	Flexibility, fairness, effectiveness, democracy, ending corruption, eliminating fraud
China (Liou, 1997)	Decentralization, professionalization, accountability, efficiency
Tanzania (McCourt & Sola, 1999)	Efficiency, effectiveness, reducing public sector employment, building capacity, retraining
Paraguay (Nickson & Lambert, 2002)	Transparency, accountability, performance evaluation, efficiency, compulsory retirement

Setting	HRM Reform Values
Nigeria (Sekwat, 2002)	Simplification, accountability, professionalization, transparency, efficiency, effectiveness, reorganization
Estonia (Randma, 2001)	Merit, competition, decentralization, security of tenure, professionalization

Culture Matters

■ When the government officials of Barbados recognized a need to reform the Caribbean nation in 1986, they did so in response to "low motivation and morale, declining productivity and efficiency, poor measurements, widespread centralization, lack of mission statements and articulated policies, structural rigidities, unsatisfactory communications and indecisive leadership" (Khan & Charles-Soverall, 1993). To address these concerns, government officials looked to other Caribbean countries to find "the most relevant structures and tools" to match their cultural needs.

■ "Even in countries that share a number of basic underlying values and traditions and where political and administrative institutions are similar, the kind of systems or mechanisms that may be implemented may vary due to factors such as ethnicity, political culture, party dominance or level of economic development" (Bissessar, 2001). According to Hood (1996), no one tenet or principle of NPM has been consistently applied in any two countries. Similarly, according to Selden et al. (2001), it seems there may not be one best way to personnel reform. Each nation is likely to adopt the most appropriate form based on their own culture and needs.

Competencies Matter

■ Kamoche's 1997 study of civil service reform in Africa highlights the importance of competency development for successful implementation. "Ultimately, the effectiveness of the public sector product and service delivery will depend not only on economic and financial parameters but also on the availability of sufficiently skilled personnel." Although Kamoche notes that human resources are valued as organizational assets in the reform process, "this view quickly turns into an empty platitude if little effort is made to develop and realize the full potential of the human resources." To meet reform objectives, it is important to identify the necessary competencies that will

be needed to implement the reform "and then institute efforts to develop and cultivate a stock of expertise."

■ In the case of Barbados' public human resources reform experience, Khan and Charles-Soverall (1993) found that the effort was stunted due to the fact that they did not have trained personnel to carry out the functions of interviewing, grievance handling, people management, counseling, and performance appraisal.

■ In the failed case of reform implementation in Nigeria as chronicled by Sekwat (2002), we find that the lack of employee competencies in policy formation and service delivery served as a blow to the effort.

Long-Term Goals and Vision Matter

■ In the case of Jamaica and Trinidad and Tobago as described by Bissessar (2001), reform was imminent because of duplication of tasks, incoherent personnel policy implementation, lack of coordination between departments, there was "little or no attention" paid to developing competencies, and there was no planning for future needs. "Essentially, human resource agencies were reacting to crisis phenomena instead of adapting to changing needs or long term plans."

■ According to Kamoche (1997), for organizations to meet long-term strategic goals such as the implementation of HRM reform, it is critical that they develop a long-term plan that includes the skills and competencies that will be necessary to meet the organization's goals.

HRM Professionals Matter

■ According to Gilbert (1991), the implications of human resource reform for HRM professionals are great. One of the implications the author references is that "the HR manager needs to identify impediments to quality in the personnel system and take the lead to reform them."

■ According to Ban (1998), reforms that call for "delayering," or that reduce the workforce, actually put more pressure on those remaining human resource managers. Those managers must take on greater responsibilities and accept a greater span of control.

■ For successful civil service reform, Wescott (1999) emphasizes the importance of support for the initiatives — not just from top-level politicos, but from administrative leaders and rank and file employees. HRM professionals can play an important role in garnering this support. In the case of the Nigerian efforts at civil service reform as

reported by Sekwat (2002), the partial implementation of the reform was in part due to a lack of committed leaders, both political and interorganizational leaders.

Future Directions

Based on this research, I offer the following suggestions for further exploration.

Develop a Consistent HRM Reform Vocabulary

Separating HRM reforms from general public management reforms can be a challenge. The vocabulary used when referring to values, personnel, and so forth, is inconsistent across the board. It would be a useful endeavor to work and develop a more consistent language for comparing and contrasting HRM reforms.

Find Measures for Reform Outcomes

In 1998, Ban noted that with regard to the Government Performance and Results Act (GPRA), agencies were required to provide five-year strategic plans linked to annual performance plans with objective, quantifiable outcome measures. However, says Ban, "there appears to be little if any centralized effort to develop standards that could be applied across agencies." Similarly, as noted in Jones' 2001 study of the civil service reform efforts in Singapore, there was great difficulty in developing indicators of effectiveness "which go further than measure outputs and efficiency, and measure ultimate outcomes." By giving attention to consistent, valid measures, we are giving attention to our desire for standardization that will allow for better comparisons and more relevant lessons learned.

Give More Thought to Demonstration Projects

Gilbert's comprehensive overview of Project Pacer Share is a rich account, but unfortunately, it is only one of barely a handful of similar studies. Demonstration projects require time, effort, and money. Not concentrating more scholarly effort in the evaluation and discussion of these projects seems to be a great waste. Although each project is required to submit evaluation reports, these reports are not widely circulated. Gilbert (1991)

notes that in the case of PPS, the RAND corporation was unable to "identify relationships between specific changes in the Civil Service system (e.g. gainsharing, pay banding, etc.) under demonstration and overall organizational performance improvement." However, the finding is not unusual in this type of measurement that is often difficult. Although evaluating each project is a useful exercise, the application of those lessons from the projects to broader contexts would be even more useful. However, Ban (1998) notes the dismal prospects when it comes to applying demo projects' successes to the rest of the bureaucracy. "In the complex political environment of federal personnel management, no demonstration project has led to systemwide reform." Although demonstration projects have not yet transformed the civil service system in the United States, they remain an important topic for scholarly research. "Just as Congress and agencies are building on the lessons from 20th century demonstration projects to reform today's civil service, so tomorrow's policy makers will look to the next civil service demonstration projects for breakthrough ideas that take human capital management to the next level" (Beecher, 2003).

Conclusion

In an age when the world is getting smaller, thanks to instant communication, and the expanse of national government authority is no longer limited by national boundaries, we must even consider the impacts and lessons of human resource reform in a global context. "We suspect that long-term solutions to such crises as populations migrations, deadly communicable diseases, malnutrition, income maldistribution, terrorism, and stateless crime syndicates can only be found through the cooperation and collaboration of governments" (Hays & Plagens, 2002). So also, the global community should work together to determine the best ways to support and sustain the men and women who comprise the bureaucracy. Based on this literature review, it is clear that reform is not always successful and can, in fact, result in unitended negative consequences. For instance, the psychological effect that reforms have on public employees needs to be investigated further. "The so-called 'quiet crisis' in public employment," says Hays and Plagens (2002), has now "evolved into a loud chorus of complaints and concerns about governments' inability to recruit, retain, and motivate the next generation of civil servants." Perhaps the best way to prepare for the future is to look in the rear-view mirror, which is what I hope is the contribution of this research. When thinking about these reforms, says Schultz (2002), the real challenges "are carefully defining the goals, taking sufficient account of the environmental context, and learning from the lessons of the past."

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Chapter 22

Deconstructing the Nation-State Bureaucracies: Supranationalization and Regionalization as Polarizing Forces in the New Europe

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Lon S. Felker and Platon N. Rigos

CONTENTS

Introduction

By the end of the millennium, evidence abounded that the nation-state was in trouble. With the rise of a new Europe out of the ashes of the old in the phoenix-form, what we call the European Community[1] or EU, it is becoming ever clearer that the nation-state, at least in Europe, is being deconstructed into a mere member in a federation and weakened by regionalist movements and units as in Belgium or Italy. It is ironic that the nation-state is in the process of deconstruction in the very world region that gave birth to it. But this is not entirely surprising, as the elements of supranationalism and regionalism have always been present in Europe (Newman, 1996, pp. 109–137). What, after all, was the Holy Roman Empire if not an early form of loose supranationalism? Or to go to the other extreme, what are the regional movements from Scotland to Belgium (Newman, 1996, pp. 112–113)? Evidence surely that there is nothing new under the European sun.

The signing of the Maastricht Treaty in 1992 (Agence Europe, 1991) more formally known as the "Treaty of European Union," marked the establishment of a new supranational governmental entity in Europe. Under its terms, the Union established under Maastricht was founded at the time on three pillars: amendments to the treaties that founded the original European Coal and Steel Community (ECSC), the European Eco-

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[1]We will use the term EU to stand for European Union or the term EC to stand for European Community interchangeably. The Europa site (see http://europa.euint/) uses the term EU in its main page, but also refers to European Community in other instances.

nomic Community (EEC), and the European Atomic Energy Community (Euratom),[2] a Common Foreign and Security Policy; and cooperation in the areas of justice and domestic affairs (Dinan, 1998, pp. 1–2). More recently we have seen the emergence of a new entity: the European Monetary Union (EMU) and its select number of states. Dinan (1998, p. 2) observes that the European Community's (EC) "pervasiveness tends to obscure its uniqueness and relative newness." The ever closer union envisioned in the movement toward a common currency is unprecedented in modern history.

However, the view of a federalizing Europe, the integration of many individual nations into one big super federal system, is not an uncontested view. In fact some see only two alternatives to Europe's future, as summarized by Schmitt and Thomassen (1999: p. 16): "(1) as pure intergovernmental cooperation among sovereign states; (2) as a federal entity that would take the form of a supranational sovereign European state." It is the latter view that is offered here as a form of deconstruction — the view that as the EC evolves further politically (the use of the Veto in the Council of Ministers), economically (the EMU), and socially (i.e. common labor standards), it might erode the sovereignty base of the individual nation-states. Within this second view there is also awareness that within a federalizing Europe, regional movements and units can gain more autonomy and recognition,[3] whereas the state still controls the important tools of power and authority like an army and taxation.

The force of regionalism, long suppressed by the individual nation-states but never entirely destroyed, is the other factor in the deconstruction. At present, across the face of Europe, subnational groups are claiming their birthright and making bids for sovereignty unparalleled in 20th century history. Scotland, which has often thought of itself as a "nation," not a region gained a lot of autonomy (Bulmer, et al., 2002 pp 1–2) as we shall see later in this chapter. Even in Germany, which is struggling to integrate the eastern Laender of the former German Democratic Republic into the Federal Republic, there had already been substantial strengthening in the status of the old Laender. They used the Maastricht Treaty to recover lost rights and have gained strong constitutional guarantees to maintain them (Newman, 1996, pp. 112–113). This is a fascinating time to view European politics. Never have Europe's

[2]Some names of institutions have changed and some new institutions have been added (see http://europa.euint) *op. cit*; The Council of Ministers is now called Council of the European Union, there is still the European Commission. Along with the Court of Justice which has not changed name, there is a Court of Auditors. Among other important institutions are The European Central Bank, the Committee on Regions, the European Ombudsman and the European Investment Bank.

[3]Devolution like the one in Spain resulted in 17 provinces in Spain; 6 units in Belgium and the more recently empowered 20 regional governments of Italy. The Laender of the German State have increased their powers and the French units are the weakest.

stakes been so high and the risks so great. Yet the story becomes more complex as ten new states were admitted in 2004 and the issue of Turkish membership looms large in the near future. But this is not a part of this study.

What we propose to do here is to present some new ways of looking at the EU and its relationships with member nation-states and their bureaucratic and political systems. A general examination of the EC in terms of several different theoretical perspectives is offered, along with some possible scenarios as to the likely futures of the EC. Finally, we will propose a poststructuralist analysis of the EC.

Deconstruction — Its Origins and Significance

Deconstruction is a term attributed to Jacques Derrida (1984), a French philosopher. As used here, it connotes a major change in the form and nature of European government and bureaucracy. This change, it is proposed, will be in the direction of destruction or transfiguration of the nation-state. Deconstruction is associated with linguistic analysis as a methodology in the determination of meaning. In applying Derrida's mode of analysis to the changing nature of government within the EC, some light may be shed on recent developments. The results of such an analysis are presented later in this chapter.

Deconstruction is a postmodern approach that seeks to unmask hidden assumptions and contradictions in "texts." Deconstruction is sometimes literally the taking apart of an argument or theory to reveal hidden, previously unanalyzed dimensions (Lye, 1996). The approach is now extended to other fields, including public administration (see Denhardt, 2000, pp. 176–180). Deconstruction sometimes takes the form of discovering "differance" (a combination of the concepts of difference and deferral) that signifies a system in which meaning is conveyed by means of the contrast of differences between signs, but in which ultimate meaning, or presence, is always deferred. This occurs because each sign is only a referent to another sign, and so on. Meaning is never truly present except by the virtue of the recognition of its absence.

As practiced by Derrida and others, deconstruction offers a potent tool in getting beneath the skin of otherwise commonly accepted dichotomies. Rooted in postmodern skepticism, deconstruction shares postmodern writer Francois Lyotard's idea that the term "modern" designates any science that legitimates itself with reference to a metadiscourse . . . (that makes) explicit appeal to some grand narrative" (quoted in Fox & Miller, 1995, p. 44).

We argue that the fields of public administration and to a larger extent, its parent discipline, political science make such claims. Indeed, within

the larger "texts" of Western social science literature and research is the underlying assumption that progress lies in certain directions, institutions, and procedures. Postmodernism adds that they cannot be understood without apprehending their opposite or nonexistence. And by the same token, regression, lack of progress, and decay lie in the reverse direction.

The "grand narrative" here is the idea of a United State of Europe, the notion of an "every closer union," and other appeals to the vision of progress as cooperation and integration of nation-states into one political entity with fervent and active regionalist movements that sometime take on formal attributes like Parliaments. Let us begin with an examination of the history of European federalism, for this structure lies at the root of that remarkable project, the EC.

Federalism in Europe

The modern history of European federalism is relatively short, and largely German. The only successful European nation-state to implement a federal system for a long time is Germany. It did so under the aegis of Bismarckian *realpolitik.*

Recognizing the significant differences that pervaded the Germany of the 1800s, Otto von Bismarck created a union of states directed from Berlin, but one that recognized local institutions and political traditions. This broke the mainstream trend in political state organization at that time: all European states were unitary in nature.

It is telling that the system survived the World War I and the Weimar Republic. Hitler, of course, centralized most of the state power in the hands of the National Socialist Party, but the federal system remained intact, at least on paper. Again, in the post–World War II period, West Germany adopted the same federalist model as in previous eras.

The Federal Republic was born with a system of national and local political organization roughly modeled on the American constitution, with most of the prewar states or Laender having territorial readjustments. Even so, the new republic retained the old system of provincial control and local tradition. The ghost of Prussian hegemony was laid to rest. In East Germany, the boundaries and governments were also retained, albeit in the service of a Communist centralizing party.

This long retention of federalism bespeaks a deep commitment to this form of governance in Germany. It also served as a basis for German willingness to experiment with a European-wide federalism. As the largest nation-state within the EC, this long relationship with federal systems is not an insignificant factor. More recently, federal structures have appeared in

Spain and Belgium. France and Italy have created provinces. The federal idea seems to be spreading even to some of the most centralized nation-states.

Supranationalism — The Force from Above: A Brief History

The First Period: The Birth of Institutions

The father of a "United States of Europe" is Jean Monnet, a senior official in the French government, who introduced and championed the concept of sectoral economic integration. Today, French foreign minister Robert Schuman is also acknowledged just as much the founder of the EC on May 9, 1950.[4] The European Coal and Steel Community, the first tentative step toward European integration, was "never viewed as an end in itself but [as] part of a process that would culminate in a European federation transcending the nation-state" (Dinan, 1998, p. 3).

Monnet's "selling" of his idea for a unified control of German–French coal and steel to Robert Schuman was premised as much on French national interest in economic recovery following a devastating war, as it was on altruistic notions of international cooperation (Monnet, 1978). Dinan (1998, p. 9) observes that, in accepting West Germany as an equal in partnership with France, and in turning over the responsibility of both nations' coal and steel production to a supranational entity, the Schuman Plan "gave substance to the hitherto vague notion of European unity and integration."

Equally important were the other institutional entities created to manage the ECSC and resolve disagreements (http://europa.eiint, scadplus/log/en/lob/133080.htm). First, the High Authority (which would become the EU High Commission) was tasked with economic planning and implementation. Because of its small size, it was essential that the High Authority work closely with the national bureaucracies to coordinate the implementation of ECSC legislation. The Court of Justice was established as a judicial body established to adjudicate intracommunity disputes and underwrite member states' compliance with the treaty's terms. Against Monnet's judgment, a council of ministers of member states was also created to represent the individual member states' wishes and interests. The latter was to take on extraordinary importance, as nothing gets done without approval from the

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[4]It is now acknowledged as Europe Day (see http://europa.euint) *op. cit*.

council. Finally, a Common Assembly (later renamed the European Parliament) consisting of delegates from national legislative and parliamentary bodies would provide the element of popular democratic accountability.

The European Commission has extraordinary powers as an executive body (Haas, 1958). It is empowered to table most legislative proposals. The Commission is furthermore empowered to implement most of the legislation of the Parliament. Following the Amsterdam Treaty (1997), the European Parliament has the power of codetermination in areas roughly comprising half the legislation (Duff, 1997), whereas the council of ministers, comprised as it is of representatives of the member-state governments, still is the most powerful actor in the EC's governing process. Unfortunately that power is limited by the need for unanimity in the council's voting, which frequently proves elusive (Pinder, 1998, 27ff.).

The Second Period: The Gaullist Challenge, 1958–1969

The imposing figure of Charles de Gaulle assumed a major role as an opponent of the intergovernmental aspects of the ECSC, and as an opponent of the expansion of the Community by admission of Great Britain. For de Gaulle, supranationalism posed a threat to France's sovereignty and her chances for leadership in postwar Europe.

De Gaulle successfully exploited divisions within British party councils over Common Market membership, and publicly questioned Britain's commitment to the Community (see, for example, Dinan, 1998, Chap. 2; Pinder, 1998, pp. 59–60, 216). De Gaulle used the Common Market's common tariff as another weapon, challenging Britain's call for a free trade zone (EFTA: European Free Trade Association, which still exists) within what was then termed the Common Market.

Within the Community itself, de Gaulle was equally confrontational; attempting successfully to limit the powers of the Commission and the Parliament. Dinan (1998, p. 41) suggests that admission of Great Britain on the terms she demanded might very well have made the Common Market ineffectual as a policymaking body, as it would have turned Europe into a free trade zone.

This would have "thwarted the CAP (Common Agricultural Policy), would have also undermined the Community, and turned the customs union into a broad free trade zone" (Dinan, 1998). In short, Dinan sees de Gaulle as a guarantor of the integrity of the EU, albeit for motives that had little to do with protecting the principles of supranationalism. De Gaulle's rejection of Britain's bid for membership in the Common Market in 1963 constituted the gravest crisis in this second era of EU history.

The Third Period: The International Challenge, 1969–1979

The period was christened one of "completion, deepening and enlarge-ment" by French president Pompidou at the Meeting of the Six at the Hague summit of 1969 (Dinan, 1998, p. 68). International events outside Europe, such as the Arab oil embargo of the mid-1970s, had a negative effect on the EC's ability to pursue new initiatives such as the Economic and Monetary Union (EMU).

Georges Pompidou was more of a political realist. France's worsened economic fortunes dictated another course of action in the 1970s. After currency devaluation, Pompidou tacitly acknowledged that the German mark — not the French franc — had become the dominant currency in the Common Market. He called for a coordination of the member states' economic policies. This was primarily directed at securing the Common Agricultural Policy, a policy very essential to French interests.

On the other hand, German chancellor Wily Brandt was eager to launch his *Ostpolitik* toward East Germany. He recognized that any territorial settle-ment with the East would awaken fears of resurgent German nationalism in France and other nations in Western Europe. Therefore he sought to balance his rapprochement with East Germany with a *Westpolitik*: a broadening of the Community to include Great Britain (Pinder, 1998, pp. 148–153).

In Great Britain, Prime Minister Edward Heath had long concluded that membership in the Community made sense for Britain. After winning an electoral victory in June 1970, Britain under Heath renewed its application for membership. The White Paper, which Heath submitted to Parliament, stressed the competitive advantages and efficiency that Britain sorely needed (Pinder, 1998, p. 62).

These personalities and events led up to the first expansion of the EC to include Great Britain, Ireland, and Denmark. The major obstacle for the new members was the Common Agricultural Policy (CAP), which had been designed largely for the six founding members. With a small agricultural sector, and a major importer of foodstuffs, the British consumer paid a high price for Britain's accession to the EC.

Another sore point was the surrender of sovereignty, an issue that the House of Commons took up periodically. Heath's White Paper had repeated assurances that there would be "no question of any erosion of essential national sovereignty" although there was to be a "sharing and an enlargement of individual national sovereignties in the general interest" (Heath, 1971, p. 16). British public opinion has not been completely mollified by such assurances — then or now.

The major impression that one carries from an examination of this period of EC history is that the expansion from the Inner Six to include

Britain, Ireland, and Denmark resulted in a widening, but not necessarily a deepening, sense of EC (Pinder, 1998, p. 63). Important signs of progress were an agreement for the first direct elections to the European Parliament and the inception of the European Monetary System (EMS). But overall there hung an atmosphere of stagnation and delay, if not deliberate obstruction. Britain and Denmark resisted most efforts to limit national sovereignty, and Heath's party, facing a more critical attitude toward the EC within the British voting public, became at best lukewarm in its embrace of EC membership. In 1975, a referendum was held on the membership question, with a two-to-one favorable response by the voters. Still some of the old British elites were far from mollified.

There were other events and crises that deepened the sense of EC malaise. The contentious admission of Greece, Spain, and Portugal to membership was one of these. The three new nations had considerably underdeveloped economies in comparison to the other states in the EC. Another issue was the continued dilatory behavior of the Council on the question of agricultural reform. All the three new countries had large agricultural sectors that were undermechanized and undermodernized. By the end of the 1970s, The EC's CAP had resulted in large agricultural overproduction in many of the member states. Although the problem was acknowledged by the Mansholt Plan, which was calculated to reduce the number of laborers in the EC's agricultural sector by roughly half, the political will to do something about it was lacking. A principal stumbling block was the need for "guidance" from the top, and for a considerable surrender of authority if the Mansholt Plan were to succeed. As Pinder (1998, p. 104) summarizes:

> All, and not least the Germans, were influenced by the lobbies; and the French government, still strongly Gaullist, was keenly opposed to the enhancement of the Commission's role that the proposed policy would imply. . . . The result was the attrition of the Mansholt Plan over more than three years of discussions, until the Council decided in April 1972, to provide only some modest finance for development loans to farmers, incentives for early retirement, and assistance for information and training intended to raise efficiency.
>
> Pinder (1998)

This was a case of too little, too late. The EC's inadequate handling of the CAP would haunt it well into the 1980s.

The Fourth Period: Revival

If the 1970s were years of stagnation for the EC, the 1980s might be called a period of revival and renewal, a third period starting with unauspicious

beginnings. To start with, the problems besetting the EC in the early 1980s were considerable: an inadequate agricultural policy (CAP), a new French president (Mitterand) committed to a revitalized French economy at any price, and a new British prime minister (Thatcher), who was stridently demanding a rebate of Britain's contribution to the EC budget (Dinan, 1998, pp. 99–100). In December 1983 at Athens, the European Council concluded its summit without agreeing on a concluding communiqué. The future of the EC looked bleak, indeed.

There were many factors that helped the EC turn the corner in the early 1980s, many of these having started earlier, but bearing fruition in 1980s: (1) the previous establishment of the EMU; (2) the earlier direct elections to the European Parliament, thus adding a popular and democratic dimension to an otherwise elitist panoply of EC institutions; (3) the satisfactory resolution of the British budget contribution dispute at Fontainebleau in June 1984, and probably most significantly; (4) the leadership of Roy Jenkins, who had become president of the European Commission in 1977.

Jenkins's chief contribution to the EC was the championing and the implementation of the EMU (Jenkins, 1989). Drawing on support from the Belgians, Jenkins got a recommitment to the concept of an EMU from the Council of Ministers. Furthermore, he got unexpected help from German chancellor Helmut Schmidt, whose concerns about the increasing burden West Germany was assuming in assuring global economic stability led him to attempt to share that burden with other EC member states. This led to the establishment of a European Economic System in 1978, complete with an Exchange Rate Mechanism (EMR), which supplanted the so-called "snake in the tunnel" exchange rate system that had earlier proved problematic.

Pinder (1998, p. 159) credits the ERM with stabilizing the EC participants' exchange rates in the 1980s. Both exchange rates and interest rates reduced in variability, and the 1980s saw a much brighter economic picture. These events opened the door to further macroeconomic convergence by EC members, leading to the creation of the EMU and the Single European Act, which established the goal of a common European currency.

If the EMU counts as one of Jenkins's triumphs, the other major conundrum of the early 1980s was the settling of the British Budget Question (BBQ) under pressure from Margaret Thatcher (Thatcher, 1988). Her complaints that the U.K.'s budgetary contribution was excessive led to a major crisis that Jenkins sought to head off. Thatcher had additional ideological reservations to the whole notion of supranational European governance. According to Jenkins's account, the Strasbourg summit of June 21–22, 1979 saw Thatcher engage in major histrionics over the budget issue, ultimately

alienating not only Giscard D'Estaing and other representatives from the Netherlands, Ireland, and Denmark, but also Schmidt, whose cooperation was crucial (Jenkins, 1991, p. 494).

Eventually it took several more diplomatic efforts and the good offices of Lord Carrington, as well as a formal cabinet vote, to convince Thatcher that the offer on the table was the best that Britain was going to get. At the Brussels summit of the European Council, March 19–21, 1984, the budget issue was finally laid to rest with an agreement that Great Britain would receive a rebate of her contribution to the common budget based on a fixed percentage (66 percent) of Britain's net contribution each year (Dinan, 1998, pp. 111–115).

With the BBQ (Jenkins quipped it had become the "Bloody British Question") resolved, the Brussels summit proved to be surprisingly cordial. Thatcher's insistence on fiscal adjustment paid off in other respects. It stressed the need for budgetary restraint in EC expenditures, and under-scored the problems with the CAP as well as contributing to the decision to implement an *ad valorem* tax (effective in 1986), from 1.0 to 1.4 percent of the value-added tax revenues collected in the member states (Dinan, 1998, p. 115).

More progress was made throughout the remainder of the 1980s in terms of the single market agenda, as well as the improvement of EC cooperation in industrial policy. The wave of deregulation that begun in the United States had a profound impact on economic thinking within the EC. After a failed attempt at renewed state intervention, protectionism, and regulation in the early 1980s, the socialist Mitterand government of France embarked on a radical change, of course, embracing to the possible extent a number of free market policies, resulting in a remarkable turn-around in the French economy.

In this period we see a new resolve of interests within the EC to chart an independent course between the superpowers, and to lessen dependence on the United States for technology. Within the EC itself, a major obstacle was the use of the veto by members of the Council of Ministers. Specifically, France called for restricted use of the veto in the Council, which had proven a stumbling block to agreement on policy.

Mitterand noted that the Luxembourg compromise, which was France's 1966 assertion that it would exercise the right of veto in the Council "when very important interests were at stake," had proven more a curse than a blessing (Pinder, 1998, p. 15). The logic for abandoning the veto was persuasive: the EC was due to undergo an enlargement to include Spain and Portugal, and unanimity with a body of 10 had been difficult in the best of times; with 12 it might be insurmountable. In fact, the Council had been moving toward majority voting on an informal basis for some time; Mitterand's plea merely served to move matters along (Mazey and

Newman, 1987). Belgium challenged Britain on a veto over farm prices in May 1982, and successfully managed to get a vote despite Britain's stated intent to veto.[5]

Of equal note was the emergence of the European Parliament as an active institution in EC affairs. In the years from 1980 to 1982, the European Parliament passed eight resolutions for institutional reform and progress on political and economic integration in the EC (Dinan, 1998, p. 122). The work of Altiero Spinelli and the Crocodile Club are worthy of special note here. This led in time to a parliamentary-based Committee on Institutional Affairs, which met in parliamentary chambers to consider a reaffirmation of the EC's fundamental principles. And gradually there emerged out of these discussions a sensed need for a new treaty and a new union to replace the ones that existed. These developments served to heighten the sense of urgency that the European economic crisis and the concerns over the institutional viability of the EC's institutions as voiced by Mitterand and others.

The Fifth Period: Challenges and Progress

The 1990s proved to be an era of transformation, in which many of the reform initiatives of the 1980s bore fruit. The word "irreversible" began to be heard in the discourse over EC future policy by the late 1980s. It signaled the sense that the single market and all it symbolized for the EC was now inevitable, and it was only a matter of time and political will before it manifested itself (Dinan, 1998, pp. 149–150).

The decade of the 1990s also brought changes in the size of the EC, with the applications of eastern European states such as Hungary and the Czech Republic after the end of the cold war. These eastward expansions (made official in 2004) brought complications, and the integration of nation-states having economies crippled by years of socialist economic policy could prove problematic. Much more troublesome were the new Balkans wars in the former Yugoslavia, which strained many facets of the EC's foreign policy and reawakened fears of German hegemony as a unified Germany backed the Croatians in their war against Serbia. North Atlantic Treaty Organization's (NATO) eventual involvement in peace keeping and the containment of Serbia also renewed questions of whether a common EC foreign and military policy without NATO was politically feasible.

Despite the ominous developments in southern Europe, the overall impression of the 1990s in terms of EC economic, political, and social policy

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[5]The subject of the veto is looming even larger today with the entrance of the new states. Still it is felt that some matters should be still protected by veto.

was positive. With the Maastricht summit of December 9–10, 1991, there was a marked change in direction for the Community. On the one hand, there was Britain's opposition to greater EC involvement in domestic social policy. This rejection by Britain nearly precipitated a dumping of the social policy chapter from the Maastricht treaty. Had the other 11 states of the Community decided to proceed without the U.K., this would have been a serious change in terms of furthering the intergovernmental nature of the EC. Progress was made in the direction of a common currency (EMU), and the stage was set for intensive political reaction to the Treaty (Dinan, 1998, pp. 182–183).

On the other hand, at the national level, there was the Danish Parliament's rejection of the Treaty following a referendum defeat by Danish voters. Then Ireland's high court issued an opinion judging the Treaty unconstitutional. The surprising aspect of both of these decisions by national governments was that at no time was there any serious mention of a "crisis in the Community" (Dinan, 1998, p. 184). The Danish referendum vote, however, signaled a serious challenge to the EC's future. Despite the actions of Denmark, Great Britain, and France — where referendums were called for — all the other member states ratified the Treaty by the target date of December 1992, thus giving the forces of unity a strong vote of confidence (Nugent, 1999).

By the end of the 1990s, despite the Danish "opt-out," ratification was a reality, and the EC was becoming a fixture in European politics. Its four primary institutions — the Council, the Parliament, the Court, and the Commission — had over a period of 40 years developed a series of protocols and relations that suggested a mature institutional setup.

But is the old Europe truly "deconstructing?" Are national interests and identities being subsumed within the larger framework of the EC? More specifically, are the EC's institutions absorbing the sovereignty of the member state governments and furthering the deconstruction process? Before attempting a response to these questions, it is necessary to provide another perspective on the EC and its operations.

Problems and Public Policy in the European Union

A continuing problem in many Western European economies is recurrent unemployment. However, an opposing view holds that long-term unemployment might be because of overregulation at the supranational level, exposing national economies to international competition (Scharpf, 1989). This view locates the problem in the nature of the EC and its tariff structure. According to this view, long-term low employment is an artifact of the "unfair regulatory competition" that prevails between nation-state

and the EC. Scharpf discusses this in terms of "negative integration" within the Union (Scharpf, 1999, pp. 4–5).

Regulatory policy coordination within the EC seems to be one sore point between national and suprantional governments. Regulatory competition contributes to lack of flexibility in adjusting national to supranational regulatory targets, where the latter have precedence over the former. As more of the individual member states' regulatory policies are set in Brussels rather than the nation-state capitals, it follows that there will be a corresponding loss of legitimacy and sovereignty of national regulatory bureaucracies.

Another source of potential conflict is the question of how national bureaucracies have been integrated and coordinated with one another. Since the inception of the EC the pattern for national bureaucracies has been to be coordinated through Brussels and the highly focused bureaucracy of the Commission. But the question of nation-to-nation coordination and cooperation seems to be the one seldom addressed in the literature.

An example of the sort of problem that can result when such cooperation is lacking, arose in a recent Internet discussion site (Reading Room; www.pathfinder.com/time/reports/visions/judt1.html). One voice in protest over Brussels's hegemony was that of Dr. Drude Dahlerup, a professor of political science at the University of Aarhus, Denmark:

> . . . The transfer of so much decision-making power to Brussels benefits two sets of people: bureaucrats and large corporations. The losers are elected politicians, smaller organizations like unions, and ordinary people, who feel more powerless than ever. The democratic connection is cut. Why aren't there more referenda? Why don't the European elites dare ask people for their opinions? What are they afraid of ?

> Dr. Drude Dahlerup

From a "street-level bureaucrat's" perspective, there is also a mild dissent. Werner Thiel, a custom officer in Trier, Germany (http://www.pathfinder.com/time/reports/visions/Thiel.html) remarks:

> I believe in the idea of a united, borderless Europe. But from my experience as a customs officer, the participating countries first have to reconcile their differences if Europe is to work.

> Werner Thiel

Differences in legislation and in the labor market are just two of the many problems Europe will face on its way to unity. Since the Schengen

Agreement (which in March 1995 eliminated border controls between certain countries inside the EC) was put into action, there has been a huge increase in the number of people traveling to the Netherlands to buy soft drugs, which are forbidden in Germany. Naturally, those who are seized with soft drugs do not understand the German procedures. Such discontent indicates that political and bureaucratic *Gleichschaltung* (integration) has yet to be fully achieved between the bureaucracies of member states and the overarching EC bureaucracy (Weidenfeld, 1994).

Regionalization: The Force from Below

In studying how regionalization and governance have manifested themselves in Europe, Budge and associates (1997) distinguish two distinct models, the federal and the differentiated models. The second has a number of variations (Budge and associates, 1997, pp. 295–303). The first one is the Germanic model said to exist in Switzerland also. We can also add Belgium because it has a well-recognized federal system (Hooghe, 1995, pp. 134–165). All units in the federation have the same standing.[6] The *Laender* and Cantons do the field administration. The local civil services carry out legislation of the Federal or *Laender* governments on one hand and legislation is usually pretty uniform. On the other hand, the regions have power over what the Federal Government wants to do. In Germany the *Laender* nominates delegations to the *Bundesrat,* the second chamber (like the U.S. States used to do in the 19th century with Senators). This gives them a lot of political power. This is how they have extracted out the central government, specific articles that have gone into the Basic Law. These stipulate that the further integration into the EU will not undercut any of their prerogatives.

We will not deal with Switzerland since it is not within the EC. But Belgium deserves our scrutiny. In 1989, six Belgian regions and communities were federalized; and, they have acquired so much autonomy that they can deal directly with the EC. The Belgian model provides an alternative that would allow regions to go directly to the EC's agency for some problems, bypassing the state. Scotland and Northern Ireland have also asked for that power. The constitutional revisions of May 1993 gave final status to the changes of 1989 that recognized the formal change of a unitary state into "a federal state, composed of Communities and Regions" (see Article 1 of the [New] Constitution), (Hooghe, 1995, p. 135). There are two regions, Flanders and Walloonia. The regions and communities can, as we stated

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[6]The German states have closer intergovernmental relations than in the USA.

above, deal directly with other nation-states. Only an "elaborate machinery of co-ordination, ensures coherence in Belgian Foreign policy" (Hooghe, 1995, p. 136). The Flemish and Walloon administrations have proved that they can organize society as well as the Belgian state. The Belgian case is particularly unique because of the sharp linguistic differences. These are not duplicated to the same intensity elsewhere.

The second model is labeled the "differentiated model" in Budge et al. (1997, pp. 298–299). This "second type of European Federalism" is designed to manage minority nationalism. It varies with the intensity of the minority movements in some regions. It also varies between the formal recognition of movements and the creation of semiautonomous provinces in Spain, to the creation of regions in highly centralized France where Corsica is given a separate parliament.

In 1986, France has created some 22 regions and given them the right to elect their own council members. Before that date, they existed purely as administrative subdivisions. France has the weakest form of regionalism. The status of French regions was diminished when it became impossible (Balme, 1995, p. 177) for regional council members to be members of the national Parliament, something that is allowed to mayors of cities. The regions were created by Francois Mitterand in 1982, as part of the fulfillment of a campaign promise, but have been dominated by conservative parties, even before Jacque Chirac came to power. Regions have a large say in environmental politics (Balme, 1995, p. 171), but have few other powers except those delegated to them by Paris. Yet they are playing a significant role in the national policy, because they have attracted a lot of the new technocrats and professionals who seem to be more attuned with modern governance concepts (Balme, 1995, p. 176) than most French politicians.

Parliaments have been created in Scotland, Wales, and Northern Ireland (Bulmer et al., 2002 ch. 1). The Scottish one is the most evolved. After Tony Blair's accession to power, Scotland and Wales were given a lot of autonomy through acts of Parliament. Scotland is effectively self-governing through a Scottish Executive.[7] The Executive was established in 1999, following the first elections to the Scottish Parliament. It is a coalition between the Scottish Labor Party and the Scottish Liberal Democrat Party. A First Minister, who is nominated by the Parliament and in turn appoints the other Scottish Ministers, leads the Executive (http://scotland.gov.uk). Northern Ireland is too mired in the fight between the Catholics and the

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[7]The Scottish Executive is the devolved government for Scotland. It is responsible for health, education, justice and police, rural affairs, and transport. It manages an annual budget of more than £20 billion in the financial year 2002–2003. Executive civil servants are accountable to Scottish Ministers, who are in turn accountable to the Scottish Parliament. http://scotland.gov.uk

Protestants to make much of an impact as a region, but it has had an Assembly which has been dissolved once, but is back in business. Britain's devolution is more advanced than in France simply because of its history and the ascendancy of the Labor party that has always had a strong position in the localities. Under Thatcher in the 1980s, the local governments were actually punished for being pro-Labor by losing autonomy and were asked to raise additional taxes (Keating & Jones, 1995, pp. 91–95). Under Thatcher, conservatism's belief in local government in most nations took a second place to political expedience.

Italy has given special status to Alto Adige (near the Austrian border), Val d'Aosta, Sardinia, and Sicily. The activities of the Northern League (*Il lega*) in the 1990s did not result in special status for Lombardia because it was seeking outright secession. But the Northern League came back in September 2004 under the leadership of Roberto Calderoli and was able to extract more autonomy for all of northern Italy, which then was translated into more autonomy for all 20 regions in the country. They acquired new powers over health, education, and law and order (Barber, 2004).

In Spain, following the death of Franco and the accession of King Juan Carlos, the bitter conflict between the central government and the Basque terrorist movement (ETA), set in a province called Euzkadi (local name for the Basque Area), was gradually resolved as efforts to provide true regional expression for the Basque, Catalonian, and other Spanish national regions were implemented. Regionalization not only proved to be an instrument for local development planning, but also strengthened the Spanish state as well (Budge and associates, 1995, p. 302).

Although regionalization is significant as a development within the context of the nation-state, it has not totally modified the power relationships in all European countries (except Belgium), or in even those with significant regional council systems. What it has accomplished, however, is a serious rethinking of centralized "*etatisme,*" and provided a viable model of what a "Europe of the regions" might look like. Another aspect of this is the degree to which modern Europeans, whether in the EC or not, are coming to regard themselves not just as Frenchmen, Germans, or Italians, but also, and perhaps just as meaningfully, as Gascons, Rhinelanders, and Sicilians. In other words, they can be members of subnational groups having real political identity, as well as a cultural or linguistic *personae*.

Among the more recent additions to the institutions of the EC is the Committee on Regions. As the EC's youngest institution, it reflects "the member states' strong desire not only to respect regional and local identities and prerogatives but also to involve them in the development and implementation of EC policies" (http://europa.eu.int/inst-en.html). As an expression of the EC's recognition of a Europe "of the regions," the

Committee could take on greater importance as regional identity and regional issues begin to generate more interest and controversy. At present, it mainly seems to be a discussion group.

Supranational and Regional Forces "Deconstructing" Europe

Deconstruction is a term widely attributed to the French philosopher Jacques Derrida. Here it connotes a major change in the form and nature of European government and bureaucracy. This change, it is proposed, will be in the direction of destruction or transfiguration of the nation-state, to such an extent that it will be virtually unrecognizable. Applying Derrida's mode of analysis to the changing nature of government and its meaning within the EC might shed some light on recent developments. More immediately however, we present four scenarios of EC development that range from the rosy to the dark and the dreary.

Scenario One: A Europe of States That Are "Withering Away"

Within this scenario, the trends are toward eventual devolution of the nation-state into federal units similar to state governments in the United States but with fewer functions and an EC bureaucracy as large of the U.S. Federal government today. The major operative force in Scenario One is the continued ability of the EC to regenerate itself in ever more profound and extensive ("deepening and widening") iterations. Some of these would be moving toward a common foreign and social policy. Labor standards will have to be set so as to satisfy the very generous states with those that would like a greater freedom for market forces. Ireland has achieved such a compromise, often called "the third way." Other areas of deepening would be the policies toward unemployment. In terms of internal forces, the EC is successful in developing functional governmental machinery that successfully integrates all the institutional elements and provides a framework for incorporating the various ethnic, linguistic, and cultural entities of the EC into a mosaic of meaningful and manageable proportions. The Council, Commission, Parliament, and Court all function in an institutional atmosphere of checks and balance, with the overall policymaking process a reflection of the original intent of Jean Monnet. Regions will exist in an *ad hoc* way, not challenging the states, but playing a constructive role buttressed by the EC's Committee on Regions. The security system of

Europe might provide a better defensive umbrella than the present European Force, making NATO an historical artifact.

A Europe dominated by a supranational government, with regional expression permitted and encouraged, may strike some as overoptimistic at best, particularly in the light of past European history. But the forces now at work within the EC seem to offer optimistic grounds as well as the alternative. Britain's commerce is 60 percent with Europe. Even though Britain seems reluctant to go down that road, economic self-interest often prevails.

Scenario Two: Regionalization Weakens the States

This scenario posits that the regional movement now progressing in a number of European countries will eventually develop more legitimacy by bypassing the states and getting recognition and funds from the EC. Regions will emerge as primary local decision-making venues in the light of the continued expansion of participatory decision making at all levels. Frustration with the regulatory competition between the EC and nation-states will provide a window of opportunity for the regional subgovernments to express themselves as local representatives of the popular will. This will create a cascade effect, eroding the sovereignty of the nation-state even further.

The nation-state does not disappear, but it remains a legal entity with lesser meaning. This will vary from nation to nation. Some of the small nations like Greece, Slovakia, the Czech Republic, Denmark, and the Netherlands may not experience any regionalist upsurge. But even in France under that scenario, some of its old division will reassert themselves. Alsace, Britany, the Basque area, Corsica, the Rhone Corridor (increasingly the center of hi-tech activity), and Marseilles are just a few among many units ready to stake their claim. Germany's *Laender*s will start playing a role internationally, as will Scotland and Northern Ireland. Some regions will start reaching across boundaries, the Spanish Basques and Catalans reaching out to their homologues in France. The Rhinelanders will reach out to Alsace; parts of Slovenia will reach out to southern Austria; and parts of northern France may reach out to Wallonia as the Belgian state becomes the first to disappear.

It is unlikely that Frieslanders will ever demand autonomy from the Netherlands. But even in this example, the future is not so foreseeable. The Friesian Islands extend over German as well as Dutch territory. Is not a transnational Friesian independence movement possible as Dutch and German nationalism in the larger states lose their attraction? Much of this scenario depends on what Europe becomes if and when Turkey is accepted. Romania, Bulgaria, and Croatia are also in the wings. But all these are problematic states.

Scenario Three: The EC at Two or Three Speeds

In this scenario, some portions of the New Europe like Great Britain, Poland, Denmark, and the new states (such as the Czech Republic and the Latvian) may seek to give no further powers to the EU than what they feel they have already given to Brussels. This means no monetary union and no deepening of the Union, and no labor policy (see Scenario One). For these countries, the EC will remain nothing more than a glorified set of intergovernmental agreements useful for economic development and trade.

But another part of the EC may proceed to some of the ideals described in Scenario One. Among the core of those nations will be France, Germany, and Belgium (at least Wallonnia). Italy, the Netherlands, and Spain are also members of that group despite some doubts mentioned above. Portugal and Greece are also the likely members of the club that believes that Europe is more than an intergovernmental agreement. Agricultural subsidies play a role for the southern European states, like Malta, Cyprus, Slovenia, Slovakia, and soon Croatia. The latter three's linkages to Germany will keep them on track toward a stronger EU. The same applies to Austria. Some of the new states that want to stay on a course toward full membership may get a time of adjustment to join the EMU.[8]

Spain and Italy particularly will be split. A lot will depend on their internal politics and their links to the United States. They may join a third set of nations. The third set will be made up of states like Spain and Italy and all those who are pressured by the United States to follow Great Britain, yet cannot have full separation from the EC institutions. Spain and Italy are in the EMU. Would they want to give that up? In this scenario some of the EU institutions (the Court of Justice, the Parliament etc.) will weaken but still survive albeit with reduced membership. The Council of Ministers will remain the main decision body.

Scenario Four: The EC as an Intergovernmental System

Scenario Four may include larger membership and stronger nations-states. It is in some ways the ``doom and gloom'' scenario. Here the forces unleashed within the EU create its own destruction. The EC expands to unmanageable proportions, and the Eastern European nations, unwilling to sacrifice the level of national sovereignty and national identity that membership will require, revolt, and spark a general reassessment of supranational governance. This turn of events is encouraged by Great Britain and Denmark that resent any loss of sovereignty and with the help of the United

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[8]This would be similar to the period of adjustment granted to Greece before it could join the EMU in 2001.

States seek to neutralize any supranational Europe led by France and Germany, which may threaten NATO.

According to this scenario, there is no deconstruction. National governments and bureaucracies engage in ''win back'' strategies that beggar the EC. Furthermore, regional movements are reduced to pipe dreams and hard nationalist agendas resurface. The recent electoral victory of the Freedom Party in Austria, a political party with an avowedly antiimmigrant and antiforeign platform, has raised a number of questions about Austria's domestic political situation within the context of the EC. The inclusion of this party, whose ideology and program violate much of the EC's governing philosophy, brought threats of pushing Austria out of the EU. This type of conflict may become more common, if immigration issues are not resolved to the satisfaction of voters in states on the periphery of the EC's borders. The influx of new immigrants into established nation-states may well provide the catalyst to bring about a version of Scenario Four, especially given the related factors of high youth unemployment rates in many West European nations, and the attraction of unemployed youth to extremist movements.

However, there is perhaps another way of viewing this scenario. Europeans of all nations may in time come to see the EC as an institutional arrangement that served a specific period of European history. The reassertion of nationalism may take on a less destructive course than its 19th and 20th century history might portend.

Game Theoretical Perspective of the European Union

Game theory offers some notions of how the EC has succeeded in the past, and may continue to do so into the future. The EC resembles a nonzero-sum game. It has aspects of a cooperative game in which side payments and cooperative strategies are possible. Moreover, the EC is a game in which resources are not divisible, and the gains of one player do not represent losses to the other players.

Recollecting the brief summary of EC history offered above, it is important to recall that the initial ECSC was a success because it offered both initial partners, Germany and France, rewards for engaging in cooperative strategies. France wanted economic growth; Germany desired rehabilitation in the community of nations and a sharing of natural and industrial resources. Both found the ECSC a win–win strategy.

The EC expanded from this base because it offered potential member-states opportunities for larger markets and access to more resources, not the least of these a larger labor pool. It gave individual European countries a firmer base from which to deal with superpower entities such as the United

States (in farming and export/import policies) and the Soviet Union (military/diplomatic policy) when it was a credible threat.

Game theory further offers at least one idea about EC success. Strategies of member states that at one time may have destroyed the EC do not have that outcome now. These developments instead point to the viability of the EC as an ongoing game, and the degree to which side payments and selective incentives may motivate member-states to continue their support in other areas of EC policy, despite profound differences in other areas. The Baltic states, Poland, Hungary, and the Czech Republic may still harbor fears of the Russia. Side payments may help in their cases.

Conclusions — Deconstructing Europe: Some Postmodern Thoughts

It is simple to identify ongoing dichotomies in the history of the EC since its inception. The long-standing debate as to whether the EC represents a federal system of weakened states or just a large system of intergovernmental agreements between sovereign states (see Schmitt & Thomassen, 1999) is still even more urgent after the French and Dutch rejections of the European Constitution in June 2005. This sort of dichotomy is the very meat of deconstruction and poststructuralism, for it makes the unstated assumption that structure is the essence of the thing.

Do the nation-states represent the "building blocks" of an ever-growing intergovernmental system, or are they being "chipped away" in a more centralized federal structure? Which model — federal or intergovernmental — represents the "true face" of the EC? Each group of advocates would muster arguments for one view or the other in terms of more structural "signs" — institutional arrangements, voting procedures, policymaking processes — that serve to refer to other signs. The play here (to use Derrida's term for this manipulation of symbols) serves only to lead the argument away from an examination of other data and signs that point to possible other interpretations of the EC's nature, or presence.

What other signs and which alternative interpretation depend as much on the values and interests of the observer/analyst as anything else. One interpretation presented in this chapter, for example, is that the rise of regionalism and regionalist subgovernments in Western European nations signals a shift away from the nation-state toward a government with a recognizable human face (or at least a local face). Furthermore, it can be argued that such regionalist phenomena not only challenge the nation-state, but also suggest that another possible dialectic in European politics may be that of a supranational federal EC versus a series of regional subgovernments.

In support of this alternative interpretation offered signs are — evolving regionalist institutional arrangements, the shifts in decision-making power away from the national bureaucracies and toward the European Commission and the regionalist governments — all perfectly real phenomena and all referring to one another in a sort of argument daisy chain. Structures, as Derrida and others have stated, are "historical, temporary, contingent, operating through differentiation and displacement" (www.brocku.ca/english/courses/4F70/deconstruction.htlm). All "texts" are so constituted so as to be different from other texts, but any text includes that which it excludes, hence the similarity with other texts. One merely reaches for the appropriate signage and constructs according to the intended structure.

There are vehement dissenters like Stephen J. Korbin (1999) who attacks the EMU. He argues "whether E.M.U. was born an anachronism, a 20th century innovation that will become increasingly irrelevant in the 21st century." Britain and Denmark still oppose it, and it is a question whether the new states admitted in 2004 will be able to qualify for the EMU. Already discussion is proceeding as to whether the strict standards should be relaxed because not a single member of the EC is able to meet them.

Examining the issue of democratic participation within the EC, one can again employ a poststructural view on the available information. Previously we have seen that certain observers of the EC have less than sanguine views of the degree to which democratic participation will flourish under EC hegemony. The essential dichotomy here is one of elitism (EC) versus democratic participation. The discontents of Euro-federalism see the panoply of Euro institutions as window dressing for elitist supranationalism, a venue for peak organizations in Europe to subvert the sovereignty of national governments, and a superstate run for and by Eurobureaucrats. Yet many ethnic, linguistic, or religious minorities might find in the EU and its courts and agencies an additional bulwark against encroachment against the existing European nation-states.

There have been recent developments in a few European countries that suggest not only an emerging tolerance of such minorities but also a "new deal" for ethnic and linguistic regions within the nation-state. The Union criteria demand more than lip service, and the absence of a free press, free elections, and other "democratic" standards poses a high barrier to EC membership for a nation-state in which minority oppression has been a major feature of domestic politics.

In ensuring democratic governance and regional semiautonomy, is not the EC establishing a "meta-discourse" with many of the regional entities heretofore submerged within existing nation-states? In establishing a Committee on Regions and encouraging regional identity, is not the EC moving toward a "Europe of the Regions" rather than a Europe of the nation-states?

The play here seems to be underway and the players seem to be changing. The various scenarios adumbrated above may be by no means exhaustive, and the nature of the game may well change early in this millennium. Definitely there are signs and portents that signal a change of course and a new set of realities in European politics, and not all of them are emanating from the EC. Much of the tolerance and even encouragement of regionalist phenomena could, and perhaps should, be attributed to a new confidence in the EC. Deconstruction is afoot, but precisely where the fracture lines will run is mostly a matter of historical guesswork. The attitudes of Britain, the United States, and some of the new countries will have a major impact.

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ADMINISTRATIVE REFORM AND REORGANIZATION IN THE ASIA–PACIFIC REGION

V

Chapter 23

Adapting Asia and the Asia–Pacific Public Administration to a Globalizing World: Some Lessons from Experience

Clay G. Wescott[a]

CONTENTS

[a]This is a personal view, and not necessarily the view of the ADB. An earlier version was published.[2]

Background

Since 1995, the Asian Development Bank (ADB) has increased its attention to governance issues. Building on a notion that sound development management is needed for effective development performance in a globalizing world, the ADB became the first international finance institution (IFI) to adopt a Board-approved, governance policy.[1] This work was carried out in close coordination with the World Bank, which subsequently issued a similar commitment at the highest level.[b] To support this emerging consensus, Transparency International was launched in 1993 by a former World Bank staff to mobilize pressure from civil society on the governance agenda.

ADB has since broadened its definition of good governance to include a cluster of policies and strategies, including procurement, law and policy reform, participation of civil society, gender, anticorruption, and money laundering. This cluster helps member countries adopt institutional and policy reforms to adapt to an increasingly competitive regional and global economy by building sound macroeconomic and legal frameworks that strengthen markets and individual choice, and in turn economic growth and poverty reduction. Although internationally accepted tools, concepts,

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[b]Cf. Wolfensohn.[3] This policy commitment to good governance by the World Bank's President followed a series of analytical reports.[4–6]

and notions of good practice broadly influence the goals and strategies of reforms,[c] there are significant differences among Asian countries in how they choose to implement their reforms.

The ADB defines governance as "the manner in which power is exercised in the management of a country's social and economic resources for development." Within ADB's governance policy, support to public administration reform is a key component:

> Civil service reform is perhaps the most elusive transformation facing a government . . . . A professional and accountable civil service that can administer rules, maintain standards and competition, and respect property rights is critical for private sector confidence in the government's efforts at economic reform. What is needed, therefore, is to move progressively towards public administration systems that provide clear career paths, adequate compensation and benefits, and incentives that tie advancement in the civil service more closely to staff performance and productivity. While downsizing operations should facilitate such improvements, [they] will not by [themselves] obviate the requirement for more sophisticated management and control systems.[1]

By contributing to sound governance, public administration reform also contributes to reducing poverty because it

> (i)   supports participatory, pro-poor policies and sound macroeconomic management,
> (ii) ensures adequacy, predictability, transparency, and accountability in use of public funds for pro-poor budget priorities,
> (iii) encourages private sector initiatives,
> (iv) promotes effective delivery of public services by a capable, motivated civil service,
> (v)   disseminates basic performance data and provides client feedback to monitor service delivery, and
> (vi) helps establish and maintain the rule of law.[11]

Although ADB and other IFIs use terms such as "participation," "transparency," "accountability," and "rule of law" in describing their governance support, they do not explicitly promote democratic political processes as is done by other development agencies. Article 36 of the ADB's Charter states that the ADB "shall not interfere in the political affairs of any member nor shall they be influenced in their decisions by the political character of the member

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[c]For example, "Washington Consensus," cf. Williamson[7]; "new public management," cf. Mathiasen[8]; "total quality management," cf. Sharma and Hoque[9]; "performance–based management," cf. Jones.[10]

concerned. Only economic considerations shall be relevant to their decisions . . . ." Similar restrictions in other IFI charters also apply. However, this has proved less of a hindrance to supporting good governance than might be expected. One reason is that the United Nations (UN) and bilateral development agencies have been active in promoting democratic political processes, based on their different mandates and comparative advantage. A second reason, particularly evident in the Asia region, is that some countries have achieved economic growth and poverty reduction with less attention to democratic freedoms than has been the case elsewhere. Recent surveys[12] show, for example, that People's Republic of China, Vietnam, Malaysia, and Singapore have higher competitiveness ratings than the Philippines and Indonesia, despite lower rankings in civil liberties and political rights.

With this conceptual foundation in mind, the following will draw from recent experience in the Asia–Pacific region to examine some conditions that are needed for administrative reforms to take hold, some lessons, and two approaches to reform. It will then give a brief overview of some key reform priorities, with examples from the region. This typology is drawn from a framework recently developed by the ADB.[13] Although experience with reform has improved our understanding of what works, more in-depth research is needed on how to achieve high performance in the public sector.

Conditions Needed for Reforms to Take Hold

There are five conditions that are generally met when public administration reforms start to take hold: (i) leadership; (ii) vision; (iii) selectivity; (iv) sensitivity; and (v) stamina.

Leadership

Barzelay[14] points out that heads of state and other top officials have a crucial role in putting reforms on the policy agenda and in determining how important reforms are relative to other priorities, with the decisive factors being maximizing political advantage and minimizing political risk. For many leaders, the politically opportune time for launching reforms is shortly after forming a government.

For example, in Vanuatu, inheriting fiscal uncertainties and a weak governance structure, the government that assumed office in October 1996 introduced the Comprehensive Reform Program. This was a broad initiative to reform the public service sector and public enterprises, and improve the enabling environment for private sector development. A participative

and consultative process was adopted from the very beginning, which included extensive media coverage, and convening annual summits to provide citizens an opportunity to monitor progress in the implementation of reforms. However, a weakness of the program is that there are not enough senior lawyers, engineers, accountants, and capable managers. As a result, service delivery has not improved, and may have gotten worse in some sectors such as in agriculture.[15,16]

In Pakistan, the new Government taking power in 1999 launched a process of decentralization reforms to "(i) break the political and administrative hold of traditional elites, (ii) pass effective political and fiscal power from the federal and provincial levels to newly empowered local governments, and (iii) make local governments accountable to the Public."[17] The reforms were formally instituted following the conclusion of local government elections in 2001. Among the reasons for slower than expected implementation since then has been the challenge of ownership. Although the reforms have the full support of the Head of State and the powerful National Reconstruction Board, they were not initially fully supported by key officials at the provincial levels. Since then, extensive consultation has taken place with the concerned officials, and as a result implementation progress is improving.

In the case of Vietnam, a reform-minded prime minister appointed in 1997 was initially responding to demands from "war veterans" (who carried out unprecedented protests against corrupt local officials, punitive tax demands, etc., in two provinces in 1997), some party elites, investors, and donors for cleaner, more effective implementation of party policy to better regulate a fast growing economy. To ensure effective coordination in designing a reform program, the Vietnam National Public Administrative Reform (PAR) Committee, chaired by the prime minister, was constituted in 1998. It included two former deputy prime ministers, Nguyen Khanh, who effectively chaired meetings, and Nguyen Tan Dung, responsible for financial reform. Other members were ministers responsible for the Government Committee on Personnel, the Office of the Government, and the Ministry of Justice.[18]

Although authentic national leadership and ownership are crucial to reform success, one must be careful in aid-dependent economies not to confuse it with merely placating donors.[19] Donors can play a supportive role, but successful reforming leaders generally have more important, domestic political reasons for reform.

Vision

Comprehensive reforms that take hold are founded on a coherent vision of goals, broad objectives, and notional timetables for bringing about

improved public administration. For example, Vietnam's PAR Program approved by the prime minister in 2002 outlines a work plan for the period 2001–2010, and it proposes to reform the entire public administration system by the end of that period. This is in line with Vietnam's overriding goal to accelerate the transition from a centrally planned to a socialist oriented market economy, with a state governed by the rule of law.

The program's agenda is broad. It includes replacing cumbersome administrative procedures with more simplified and transparent ones; reducing red tape and corruption; better defining the mandates and functions of institutions; reducing, during the period up to 2010, the number of ministries and consolidating within these the number of agencies; reforming provincial and other subnational administrations and redefining their relations with one another and the center; streamlining and rightsizing the organizational structures of ministries and other government agencies; reforming and rationalizing the relationship between ministries and other administrative bodies, and service delivery organizations and enterprises; raising the quality, standards, and skills of civil servants and other public sector workers; undertaking salary reform for public employees; reforming public financial management; and modernizing the public administrative system, notably through computerization and the introduction of e-government.[20]

Selectivity

Reforms take hold when they are important, and have a good potential to be carried out in a timely manner and to be a catalyst for additional reforms. Selectivity means filling in the reform timetable in a pragmatic way, while supporting the long-term vision. It does not mean pushing ahead with *ad hoc* reforms, or with isolated project implementation units (PIUs) or other privileged enclaves isolated from the mainstream. For example, the state government of Andhra Pradesh, India, has in recent years begun implementing its "Vision 2020" reforms. One part of the reform agenda that has captured global attention has been a number of e-government initiatives. For example, about 214 land registration offices have been completely computerized since April 1998. Deeds are registered in one hour and other services like the issue of encumbrance certificates and valuation certificates in 15 minutes. As of February 2000, about 700,000 documents had been registered under CARD. Middlemen are no longer needed, and time consuming manual copying and indexing of documents, and storage in paper forms have all been replaced.[21] There has also been some progress in the state in human resource management and public enterprise reforms. However, politically sensitive reforms on reducing

staffing, streamlining investment approvals, and reducing corruption have moved at a slower pace. For example, the government has only been able to get public employee union approval for e-government projects by promising that no jobs would be lost.[22]

Sensitivity

Each country has its own unique historical, political, and cultural context that needs to be factored in. For example, Cambodia has experienced frequent changes in its political and economic regimes, which have been somewhat influenced by regional (e.g., Vietnam) and nonregional countries (e.g., France). The evolutionary process of the legal system includes a French-based civil code and judiciary before 1953; a Vietnamese communist model from 1979 to 1989; and now back to the French-based civil code combined with common law in certain sectors. The economic system similarly changed from a colonial system, to market-based, to Soviet-style central planning; and now back to a market-based economy.[23] In addition to the plethora of economic and administrative models, there are postconflict issues including reconciliation, rebuilding institutions, skills and trust, and demobilizing combatants. The Royal Government of Cambodia's Governance Action Plan has been designed with this complex array of issues in mind.

Stamina

Any fundamental reform takes time to take hold, and needs to be sustained across changes in governments and changes in donor funding. Because of the range of administrative problems, and the economic and political urgency of solving them, governments need a comprehensive vision and timetable for reform. However, because of the enormity and political sensitivity of the task, and the severe limitations on capacity to manage reform, such a framework may take 10 to 20 years to achieve significant impact. Take the case of ICT reforms in Vietnam. The story begins at least as far back as 1993, when a National Information Technology Program was initiated. The new prime minister appointed in 1997 continued implementing the program, including a government information network, and considerable application development, training, and awareness raising. Next, the prime minister approved the PAR Master Program mentioned above with seven action programs, one on modernizing state administration with a major role for e-government. Next, the Government made a landmark policy decision in September 2001 for State Administrative Management Computerization (SAMCom), which was a far more comprehensive strategy

than the earlier 1993 program. Based on this, the prime minister requested ADB support through the policy loan for support to PAR action program 4 (training) and program 7 (e-government). In addition to the loan approved in 2003, two additional ADB loans are provisionally planned to ensure successful implementation through 2010.

The slow progress of administrative reform in the Russian Federation also shows the need for stamina. In 1989, a group drafted a civil service law that was not adopted. Spurred on by the dramatic political changes of 1991, some modestly effective laws and regulations were enacted, and progress made on modernizing human resource management and training. In 1996, work began on designing more significant reforms toward a merit-based, efficient, effective, corruption-free public sector, based on surveys and analysis by a number of expert working groups. Although a comprehensive design was presented to the new prime minister in 1997, and summarized in President Yeltsin's annual message to the National Assembly of 1998, the detailed design was never published nor implemented. However, the initial effort did help to raise awareness among some senior officials of the need for reforms, and thus helped pave the way for a recent wave of reform launched by President Putin in 2002. The new reforms are reinforced by extensive diagnostic and comparative analytical work, initially led by the Center for Strategic Studies, including a functional review of 5600 functions of 60 federal agencies. Achievements include launch of significant pay reform for senior-level civil servants, enactment of a code of conduct for civil servants and other relevant decrees, laws, and regulations, and launching of pilots projects in ministries and regions on pay reform and performance budgeting, with support from the World Bank[24,25] and other donors.

Broad Lessons from Experience

Improving public administration is one of the most difficult challenges facing governments and their development partners because of the complexity of the processes, the wide variation in context, and the difficulties in measuring reform outputs and outcomes. Still, there are four broad lessons to consider: (i) begin with diagnostic work; (ii) test for readiness; (iii) move at the right speed; and (iv) implement effectively.

Begin with Diagnostic Work

Broad diagnostic work can be useful as a first step. Governments, development agencies, and other stakeholders are often not fully aware of the administrative challenges faced.

For example, ADB carries out Country Governance Assessments (CGAs) to systematically assess the quality of governance for borrowers, and to strengthen the linkage between the quality of governance and levels and composition of assistance. ADB has completed CGAs in six countries, and they are underway in an additional 22.[26] Results of CGAs have been incorporated or are being incorporated into Country Strategy and Programs, and Poverty Partnership Agreements. Internal reviews of CGAs have found that there needs to be better linking of governance support and poverty reduction. CGAs often highlight the "absorptive capacity" of the country to pursue market-oriented reforms and utilize external assistance as a reoccurring governance challenge. Within strategic sectors of the country's economy, such as agriculture and transportation, governance was repeatedly discussed as an underlying issue essential to the sectors' overall development and performance. Other development partners such as the World Bank,[27] the European Bank for Reconstruction and Development, and the U.K. Department for International Development, along with private consultancies such as Political & Economic Risk Consultancy, Ltd. also support governance diagnostic work in the region.

In addition, political assessment tools can help stakeholders to better understand the array of interests lining up for and against specific reforms, and the opportunities for mobilizing decisive coalitions of interests to speed up reform.[28–30] One analyst suggests focusing on "where does the shoe pinch," or what aspects of governance offend government stakeholders and clients, how durable is the support for change, how much division is there among stakeholders, and what are the lessons of similar attempts to change in the past.[31]

Test for Readiness

Even when conditions may not be right for fundamental reforms, governments may be willing to carry out detailed surveys, functional reviews, and nonsensitive improvements in areas such as information systems. These pilot initiatives can test the readiness of the government and society for more fundamental reforms, and help to increase the demand for reform from a range of stakeholders. For example, in Nepal the Ministry of General Administration (MOGA), with support from ADB, has put civil service personnel records online linked to approved positions, and is in the process of linking this system to payroll. In addition, some vacant positions have been eliminated, the creation of new civil service posts frozen, and agreement reached to stop new recruitment in vacant posts in lower positions constituting about 33 percent of total civil service positions. The government has also approved a contracting out directive, which will allow subcontracting of certain positions and functions to

the private sector.[32] These initial reforms may help to build up support for deeper reforms in the future.

Move at the Right Speed

Some stress the need for a "top-down," politically driven, all-encompassing reform process to address such problems. Thus Werlin,[33] citing the example of countries such as Korea, argues that reforming central bureaucracies is primarily a problem of political will and government capacity to effectively use persuasive and manipulative (rather than coercive and corrupting) forms of power.

Esman,[34] on the other hand, advocates a "bottom-up" approach. He claims that systemwide reforms disrupt familiar routines and threaten established centers of powers without demonstrating convincingly their effectiveness. He prescribes, instead, incremental, confidence-building measures, such as training, new technologies (e.g., e-government), introduced with staff participation and focused at the level of individual programs or organizations. Brautigam[35] makes a related argument that reforms should concentrate on a few critical functions, shifting politically important patronage opportunities to less vital agencies.

Both viewpoints are correct, assuming that in either case a coherent vision is being broadly followed. Reforms need to move "…as fast as possible when circumstances permit, and as slow as necessary when accountability needs to catch up, absorptive capacity to grow, or public tolerance to be rebuilt…."[13] Implementation may need to proceed in many small stages. Some of these can be planned, and scheduled based on priorities and complementarities. Others will proceed based on targets of opportunity.

ADB's policy-based lending to the Kyrgyz Republic in corporate governance and enterprise reform points out the risks of trying to move too fast in the regulatory area. Although regulatory changes were needed to improve performance of key, state-owned enterprises (SOEs), there was only limited success in implementing the changes because of corruption and weak governance in public administration, the financial sector, and the judiciary. Targeted support to address selected aspects of these problems might have helped to build the foundation for broader, more successful SOE reforms at a later stage.[36]

Implement Effectively

Outputs at the early stages of reform may include vision statements, strategies, action plans, frameworks, sectorwide adjustment programs,

commitments agreed on at international meetings, reorganizations, and new laws and procedures. However, these are of little value if not properly resourced and implemented. Both development agencies and governments sometimes take such outputs as indications that a challenge has been solved, rather than as a step along the way.[37] For example, Philippine leaders periodically boast of their strong stance against corruption, citing the seven laws and 13 anticorruption agencies instituted to fight graft since the 1950s. Yet because of the overlapping mandates and accountabilities of these agencies, low salaries for public officials, red tape, inconsistent policing, nepotism, and lack of political will, these laws, institutions, and related action plans have not been effective.[38]

Approaches to Reform

Building on the conditions and lessons outlined above, there are two operational approaches that have been successful in some countries: (i) assessing and strengthening capacity, including interagency linkages and (ii) empowering agents of change.

Assessing and Strengthening Capacity, Including Interagency Linkages[d]

Many capabilities are needed for effective public administration and to design and implement reforms, and capacity assessments are key compon-ents of the diagnostic work needed. Competitive pay and incentives are necessary, but not sufficient, conditions for building capacity to effectively perform critical tasks. Improving the performance of a task needs to begin with mapping the organizations involved in performing it.[39] The organiza-tional map is the picture of the task network: the organizations with primary responsibility for carrying out the task, those that are less central but still play a role, and those that provide various kinds of support to the perform-ance of the task. The description of interactions between these organiza-tions is important, as is analysis of whether the interactions among the institutions are effective or are an area of capacity weakness. Questions of relationships and coordination among organizations are important here. All the dimensions of capacity need to be viewed from the perspective of the performance of the task.

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[d]This draws from conceptual work in Wescott.[40]

The second step involves looking outward from the task network. What contextual factors play a significant role regarding the capacity to perform these tasks, and how do they affect how — and how well — the tasks are performed? At the level just above the task network, the impact of the institutions of the public sector needs to be considered, along with the broader economic, political, and social environment.

The third step focuses on each organization and its human resources. These are closely interwoven, with the human resources a principal component of an organization's capacity, but only as brought together, structured, and utilized by the organization. A profile of the human resource dimension should focus on the recruitment, training, and retention of skilled managerial, professional, and technical personnel. What impact does the organization's human resource profile have on its ability to perform its assigned tasks and reach its goals? What are the human resource strengths and weaknesses?

Whereas the human resource profile of an organization is very important, whether those skilled personnel are effectively utilized is frequently the key to an organization's level of capacity to perform its assigned tasks and reach its goals. This issue focuses analysis on the organizational level, where such factors as the structure of work and authority relations, appraisal and incentive systems, formal and informal behavioral norms, management practices, and leadership influence whether skilled personnel are willing or able to contribute fully to performing the task.

In addition, there are other capacity issues. Does the organization have adequate financial and physical resources to function effectively? Is it organized to use these resources effectively and efficiently to reach its goals? Is it able to interact with other organizations, clients, and other stakeholders?

Capacity strengthening is most effective when it is designed based on a thorough assessment covering the above issues. Evaluations of ADB[41] and other donor agency support to capacity strengthening show that such assessments are often not carried out, and thus the support is less effective than desired. To address these concerns, ADB supported an extensive capacity assessment in 2003 of elected commune councils in Cambodia, and key organizations they work with at national, provincial, and commune levels, prior to making investments in capacity building. Elected commune councils have relatively little decision-making power, and are subject to bureaucratic control from their governor, and from central ministries. Although citizen participation is minimal in commune affairs, survey results suggest that citizens have a favorable impression of their performance. Since commune council members are mainly elderly, conservative men with relatively low levels of education, most have limited capacity for absorbing training. However, commune clerks need enhanced skills to

deal with complex programming requirements. Training is also needed to support civil registration of 95 percent of Cambodia's citizens not presently registered. This exercise requires close coordination with commune council chiefs, provincial and district staff, and the Office of Civil Registration and Department of Local Administration (DOLA) of the Ministry of Interior.

DOLA is considering the following priority steps for building capacity: competitive staff incentives, clear strategic direction, new organizational structure aligned with this, and a professional human resource function. Without these, any training provided will mainly contribute to the personal development of staff, and not to the achievement of organizational goals.

Empowering Agents of Change

One element of capacity strengthening deserves special mention: for reforms to take hold, there need to be change agents strategically located in key functional areas to spread new ways of working throughout the public administration system. Such staff need to be carefully selected, provided good working facilities, flexible procedures, and other incentives, good at teaching others on the job, and at networking across organizations.

Such agents of change and their organizational units are different from the "project implementation units" often set up by donor agencies. The latter are set up to be insulated from mainstream administrative systems, on the assumption that this is the best way to prevent corruption and ensure effective delivery of donor support. By contrast, agents of change emerge within existing structures, and work to change them from within, and to spread innovations across government.

For example, the Royal Government of Cambodia began implementing Priority Mission Groups (PMGs) in 2003 as a means of motivating a group of initially 1000 carefully selected officials to facilitate key reform initiatives whereas longer-term civil service reforms were taking hold. PMGs were meant to replace the previous practice of donor agencies topping up the salaries of counterpart officials working on their projects.[42]

In another type of example, the Hyderabad (India) Metropolitan Water Supply & Sewerage Board uses its single window cell (SWC) to reduce corruption for new connections. Previously, applications were made to one of 120 section offices, and then forwarded to 14 other staff before approval, each requiring "speed payments." Under the SWC, the application process is centralized in one, public place, with applications recorded on computers that are difficult for corrupt officials to alter. Staff are motivated to provide good service with distinctive uniforms, modern offices, and individual computer terminals. The service improvement has

been praised extensively in the media, which further improves staff motivation.[43]

Key Reform Priorities

With these conditions, lessons, and approaches in mind, one can now review some key reform priorities that have emerged in the region, and have a better basis for analyzing how to tackle them in a given country. This list is not complete, but gives an indication of some leading reform challenges in Asia–Pacific countries.

Government Machinery and Organization

Central Government Organization

Governments need a structure at the center that ensures both coordination and accountability. When there are trade-offs between the two, emphasis should be placed on assigning clear roles and accountabilities. For example, public administration reforms in People's Republic of China since the late 1980s have initially focused on aligning government structures and practices with the needs of a market economy. This has included corporatizing government departments producing goods for the market, and reducing the number of State Council ministries and commissions from 40 to 29 between 1998 and 2001. New personnel practices have also reduced the average age and raised the educational level of cadres, and made the selection process more competitive. Downsizing efforts have not been as successful during this phase, with the number of public employees increasing by 16 percent from 1991 to 1999.[44] By another measure, between 1980 and 1996, administrative costs increased 14.6 times, whereas revenues increased by 5.5 times, thus giving an impetus for future reform.[45]

Central agencies are normally responsible for the regulatory framework covering, *inter alia*, banking, capital markets, utilities, environment, labor, and pensions. The central issue in most countries is not the quality of regulations, but the weaknesses in implementation. Take, for example, ADB's recent support to pension reform in Bangladesh, India, Indonesia, Thailand, and Uzbekistan. Governments drew on this support in the hope that the growth of privately managed pension funds would spur the development of capital markets, and reduce the burden on publicly funded, pay-as-you-go systems. However, an evaluation found that vital preconditions were missing such as qualified regulators, an independent judiciary, capital markets too thin to give reasonable assurance of

adequate returns, and fiscal constraints. Initial work should have focused in these areas.[46]

Subnational Government Organization and Decentralization[e]

Decentralization means transferring fiscal, political, and administrative functions from higher to lower levels of government, and can take on different forms depending on the degree to which independence of action is assigned to lower levels of authority. Deconcentration involves central agencies assigning certain functions to lower-level branch offices, and is appropriate when the national government wants to retain control. Delegation takes place when authority for defined tasks is transferred from one public agency to another agency or service provider that is accountable to the former, but not wholly controlled by it, and is appropriate for certain technical functions. Devolution takes place when authority for defined tasks is transferred from a public agency to autonomous, local-level units of elected leadership holding corporate status, granted, for example, under legislation,[f] and is appropriate for functions that are local in scope.

Decentralization is not necessarily a spatial concept requiring reassignment of service delivery responsibilities from higher to lower orders of administration, though this often is the case. Cohen and Peterson[50] emphasize that it is rather the broadening of institutions producing and providing needed goods and services at efficient cost, wherever they are located and whether they are public, quasipublic, or private. A related trend is that many governments are contracting out public services, which gives rise to debate about the consequences for efficiency, through competition and accountability, and through unclear, overlapping mandates.[51]

It is fallacious to presume decentralization indicates an inexorable policy progression from "more" to "less" centralized governance structures, but by conventional measures, decentralization is in its early stages of adoption in the region, despite common commitment in most countries to intensify it and the fact that various "decentralizations" are underway.

A key issue in the region is ensuring that subnational units have sufficient skills and capacity to exercise essential functions. Weak capacity is not a reason for keeping functions at the center that should be decentralized, although it can mean avoiding hasty decentralization until sufficient capacities are in place. For example, ADB is supporting district governments in

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[e]This section draws from Wescott and Porter[47] (2004).
[f]This categorization as defined by Rondinelli,[48] Leonard and Marshall,[49] and others, is the most widely accepted in the recent literature, although Cohen and Peterson[50] list a long array of alternative definitions.

Indonesia to raise their operational capability. Each participating district is preparing a capacity-building action plan (CB-AP), strengthening service providers (CB-AP) to help implement the plan, and using information and communications technology to support coordination and management. Initial implementation was slow due to the uncertainty whether the project falls under the provision of finance minister decree no. 35/2003 on the channeling of international aid to the regions, which was issued in January 2003 one month after the loan was approved by ADB Board. After a six-month consultation between ADB, Ministry of Home Affairs, and Ministry of Finance, it was agreed that the project should be the responsibility of the central Government (Ministry of Home Affairs), not regional governments. Article 112 of Law no. 22/1999 stipulates that the empowerment of regional government under decentralization (such as capacity building) is the responsibility of central government.

By mid-2004, it is expected that 14 district CB-APs will be approved by their regional parliaments. Procurement of service providers to implement the CB-APs will start immediately and 14 contracts are expected to be awarded at the fourth quarter of 2004. The formulation of CB-AP will be done through a participatory process involving media, civil society, and private sector. The project will also support a change to the focus of government personnel training from structural into technical- and competency-based training.[g]

In Vietnam, as part of the ADB-supported PAR program, processing and clearing procedures for ships using the Ho Chi Minh City Sea Port are now handled by one agency rather than six, and require only nine rather than 36 documents, reducing clearance time from 6 hours per agency to only 30–60 minutes per ship. Likewise, in Quang Tri Province, the time for issuing land tenure certificates has been reduced from 91 to 23 days for urban land and from 90 to 13 days for rural land. One-stop-shop systems have been set up in 35 out of 64 provinces to allow citizens and businesses better access to government, and expansion to all provinces is planned.[52] A sample survey of citizens and officials in 20 districts and 40 communes reveals that there have been widespread benefits from simplification of administrative procedures through similar, "one-stop, one-door" models. Citizens benefit by spending less time waiting and traveling, and having better information provided to them. However, progress has been uneven; more prosperous jurisdictions have benefited more than poor ones, and poor and vulnerable groups, ethnic minorities and women benefit less than other groups. For example, even though more efficient local administrations can now deliver

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[g]Personal communication from Syahrul Luddin, ADB Jakarta.

birth and land use right certificates, and other documents faster than before, poor people still cannot afford the charge.

Managing Public Sector Resources

Central Government

Sound public expenditure management (PEM) aims to control expenditures with available revenues, to allocate funds so that policies and programs are adequately funded, and to ensure efficient and effective implementation. Budgets should be comprehensive, and given adequate time for preparation, transparent consultation, and due process. Reliable revenue forecasts are crucial for ensuring budget realism. Adequate accounting and other systems should be in place to facilitate good budget execution and audit.

ADB supports this process at both core and sector levels. For example, in Mongolia, ADB helped set up an outcome-based PEM system to provide the needed backbone for planned public administration reforms. The system (i) links medium-term planning with annual budgeting, (ii) establishes credible hard budget constraints on aggregate and sectoral spending, and (iii) incorporates contingent liabilities as an integral part of the annual budget. In PRC, ADB supported the formulation and adoption of auditing standards and procedures that conform to PRC's Audit Law and international auditing standards. Auditors from China's National Audit Office (CNAO) were trained in the application of audit standards through courses and study tours to various private audit firms and supreme audit institutions in the region. They also learned about risk-based audit methods, planning processes, and evaluation of internal controls. The audit training programs developed will continue to be used to improve adherence by CNAO auditors to the revised government auditing standards and procedures. The auditors also introduced measures to ensure continued compliance. These measures comprised establishing systems for accountability, quality review, and incentives. CNAO reported that effective results could be seen and are drawing increasing public attention.

An example at the sector level is ADB's support to Royal Government of Cambodia in managing its comprehensive sectorwide education reform program. To support a doubling of government spending over the period 2001–2003, ADB provided technical support to ensure improved spending effectiveness, including: (i) systemic and targeted programs aimed at the poorest families and communes; (ii) targeted facilities development programs in underserved areas; (iii) new financial planning processes that directly link policy priorities to annual budget allocations; and (iv) introduction of new accounting and audit procedures covering 15 programs across

around 250 budget holding institutions and departments. As part of this process, procedures have been developed to underpin delegated spending authority to over 6500 primary and secondary schools. An annual financial performance review process has been introduced in 2003 to identify future capacity-building gaps and staff development programs.

Subnational Government

The benefits of decentralization can only be achieved if local authorities have clear fiscal responsibilities, and the means to carry them out. Careful consideration is also needed for the impact of fiscal decentralization on poverty and regional balance, and appropriate measures instituted as necessary to ensure adequate service standards across all jurisdictions.

For example, following the election of over 126,000 new councilors in Pakistan in 2001, district governments are responsible for elementary and secondary education, and primary and secondary health. They can raise some additional revenues, whereas Provincial Finance Commissions authorize transfers from provincial funds. Improving access to justice has been a priority, with additional funding provided to subordinate courts and police services. Although these reforms are significant, there are still many remaining challenges, including cumbersome budget execution procedures and uneven provincial cash flow.[53]

Since the enactment of the 1991 Local Government Code, intergovernmental transfers in the Philippines from central to local authorities have increased from about 3 to 18 percent of the total government budget. Over 70,000 personnel were transferred from central to local agencies, including 60 percent of personnel of the Ministries of Agriculture and Health. Many services were transferred to local authorities, including agricultural extension and research, health, social welfare, and local infrastructure provision. However, the outcome has been mixed. On the plus side, local governments have more predictable and transparent financing than in the past, allowing them to pursue a range of innovative reforms, some of which have won international awards.[h] However, there has been no comprehensive effort to assess local government performance, so the overall record is unknown. The generous revenue allotments have contributed to an unsustainably high national budget deficit, and possibly allowed many local authorities to avoid collecting local taxes.[54]

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[h]Mayor Jesse M. Robredo of Naga City won the Magsaysay award in 2000 "for his giving credence to the promise of democracy by demonstrating that effective city management is compatible with yielding power to the people." See http://www.rmaf.org.ph/FRAMES.HTML

Procurement

Systems work best when they are simple and transparent, and managed by competent officials and clear organizational arrangements. Many countries in the region have centralized, overly complex systems that often only exacerbate the corrupt practices they are intended to control. Government agencies with such procedures need to go through a lengthy process of securing funds, seeking competitive tenders, and awarding contracts. This lengthy process leads to different problems concerning, for example, procurement of ICT systems. To prevent undue influence of any one official, many decisions along the way are made by committees, which can lead to an unclear focus as compromises are made. In addition, a result of the lengthy process is that when acquisitions are made, the technology has often moved far beyond where it was when the project was first conceived. Thus, governments often install outdated systems. They also pay excessive prices, because new products may have come to the market during the long tender review that can deliver the same ICT power for much less money. The difference between the outdated tender price and the market price is also an arbitrage opportunity for corrupt officials.[55]

A study[56] of procurement practices in the Philippines allows one to estimate the exposure of ADB projects to potential losses from corruption. The prequalification stage is the most subjective, and therefore an area at great risk to corruption. Payments are made by bidders to be prequalified. Bidders also agree at this stage who will win the bid, with others stepping aside in return for payment. Bidders may also collude with public officials to have competitors disqualified on false grounds. In the civil works area, foreign consultants reportedly pay 5–10 percent of the contract value to "buy" a contract. This increases the cost of the contract, and reduces quality by discouraging many qualified bidders. Contractors may also have to pay to expedite permits, licenses and approvals, certification for payment, contract revisions or variations, quarry royalties over and above those officially negotiated, to the consultants' site staff for approval of work done, to expedite progress and escalation payments, to help agreement on the final measurement, and to approve the final handover. Although specific payments can rarely be proven, the wide consensus that they do helps explain the low quality of work frequently observed. Table 23.1 provides estimates of exposure for ADB civil works projects and goods procurement.

To address such problems, Mongolia instituted a Public Procurement Law in 2000. Bidders usually have 4–6 weeks to prepare bids, and evaluation and selection usually take another month. For domestically financed projects, the total process rarely lasts longer than 2 or 3 months. The results of major tenders are made public and unsuccessful bidders are informed of

Table 23.1 Exposure to Graft of ADB-Financed Projects in the Philippines in Civil Works and Procurement of Goods

	Percent of Project Cost	
Area	*Civil Works*	*Supply of Goods*
Project selection	0	0
Bidding stage		
Prequalification	5	5
Evaluation, negotiation, and award	5	0
Conduct of works and delivery of goods		
Permits, licenses, approvals	10	5
Contract administration	10	5
Financial management	0	0
Total	30	15

Source: ADB.[56]

results. Most tender exercises to date have generated a good deal of interest and multiple bids, which one hopes is leading to price competitiveness.

Pay and Employment

Governments need a workforce of the right size and skills, which is motivated, honest, accountable, efficient, effective, and responsive. This is a challenge for developed countries, and more so for developing ones in Asia–Pacific. Internal accountability mechanisms may not be sufficient when officials collude with each other and with politicians, whereas outward accountability faces challenges of weak democratic traditions and systems. Public sectors are overstaffed and underpaid, thus limiting motivation and further encouraging graft. Personnel management systems are politicized and without a strong emphasis on merit or performance. Training is not well targeted, and often granted as a political favor rather than to build capacity.

Despite these formidable challenges, some countries in the region are making headway. The Republic of the Marshall Islands reduced the unsustainable size of its civil service by 30 percent with ADB support between 1996 and 2000, although it subsequently increased by 20 percent. Because of other personnel issues remaining to be addressed, the quality of public services has declined.[57,58] The Federated States of Micronesia also reduced the size of its civil service by 22 percent during FY1997 and 1998, and a 28 percent savings in wage bill costs.[59] This helped to reverse a situation of economic decline (4.5 percent in 1997 to 6 percent growth

in 2000). Public services have weakened in some areas (education) but not in others (health).

Improving Performance

Although improving the performance of public services is a goal widely supported across many different stakeholders in the region, determining how to achieve it is not easy. There are many ways to improve performance, including use of quantitative and qualitative indicators, dialogue, report cards, peer pressure, incentives, and sanctions. Performance measures should be simple and normally brought in without disrupting normal administrative and budgetary systems.

Take, for example, the road sector in Cambodia. Since the end of hostilities in the early 1990s, Cambodia and its development partners have improved about one third of primary and secondary roads to a point where they can be maintained, and about two fifth of tertiary roads. Yet survey results indicate that while 40.7 percent of primary roads were in good or better condition in 2001, only 7.7 percent of secondary national roads were at this standard, and 6.5 percent of provincial and urban roads, because of poor maintenance. To improve this performance, development partners have recommended a unified planning and budgeting process, use of analytical tools in making inputs to the planning and budgeting process, greater transparency in investment and procurement decisions. Although these recommendations make sense in principle, the reality on the ground is that many transport planning and strategy documents are prepared only in the local Khymer language, and thus not fully understood by donors. Before donors push Cambodia toward new administrative systems, they themselves need a better understanding of the local systems already in place, and their strengths and weaknesses.

An approach to productivity improvement being adopted in some regional countries is results-based management (RBM),[i] which typically includes the following elements: (i) a focus on desired results; (ii) indicators to measure progress made toward these results; (iii) the ability to use information on results to manage operations and resources to improve future performance; (iv) holding relevant staff accountable for results; (v) recruitment and promotion of staff based on merit; and (vi) staff awareness and ownership.[60] For example, since 1999, 49 agencies in Thailand have adopted RBM to improve performance.[61] Notions of improving performance by measuring results originated in the private sector. Yet both private and public organizations have found it difficult to adopt this approach.[62,63]

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[i]See footnote c for some related approaches.

ADB has been facilitating education ministries in Cambodia and Mongolia to develop result-oriented sector performance management capacity-building plans. In Cambodia, a key aspect of results-based monitoring has been the development of a joint annual sector review process, including the involvement of a recently formed non-government organization (NGO) education partnership to formally participate in the process. The annual review includes formation of joint ministry, donor, or NGO working groups who jointly assess performance and make recommendations for improving sector results. A follow-up Education Forum involves a range of stakeholders, including provincial governors and National Assembly officials.

In Mongolia, the focus of ADB-supported, RBM development is the introduction of performance agreements at central, aimag, and school levels. The objective of these agreements is to develop an inclusive process for results-oriented planning, management, and monitoring. The leadership of the process by the minister and provincial governors is designed to ensure accountability to a range of stakeholders. In particular, the school performance agreements directly involve communities and parents in annual target setting, development planning, and monitoring, using the results of the year's work, as a basis for revising school development plans.[j]

In a more developed example, the system of program agreements adopted in Malaysia, starting in 1990 provides contracts between implementing agencies and the Treasury. Agency performance is evaluated at the end of each year against targets for output and impact; substandard performance necessitates preparation of an "exception report." Agencies are given flexibility to move spending within their budget ceiling. The system has some shortcomings: it does not set priorities among results achieved, it does not vary penalties depending on the extent to which the target is missed, and it does not cover non-Treasury funded areas. Still, the system has reportedly improved efficiency and client satisfaction.[64]

However, such measures need to be used carefully. In the quest to achieve measurable results, there is a risk of quick fixes that are not sustainable, attaining measurable targets of questionable benefit (e.g., downsizing staff and rehiring the same staff as consultants), and setting up unreasonable expectations for change that cannot be met.[65] There is also the risk that perception will diverge from reality.

Laws and regulations enacted may not be enforced. Anticorruption units may focus on eliminating political opponents. Policy makers may ventriloquize commitment to donor-supported policy changes, giving the impression of local ownership of reforms; yet their actual views may be directly opposite. Expatriate advisors may be used not to train counterparts, but to

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[j]Personal communication from Dr. Claudia Buentjen, ADB.

carry out policy formulation and coordination roles, thus sidelining counterparts, who are seen by insecure rulers as potential threats if they know too much. Staff given specialized training may be transferred to assignments where the training is irrelevant for the same reason, thus perpetuating problems of low government effectiveness. Thus, one needs to be careful what results one measures, and what inferences are drawn.[66]

Conclusion

Drawing from ADB's experience since 1995 in the Asia–Pacific region, we have examined five conditions that are needed for administrative reforms to take hold: (i) leadership; (ii) vision; (iii) selectivity; (iv) sensitivity; and (v) stamina, with examples of each. Improving public administration is one of the most difficult challenges facing governments and their development partners, because of the complexity of the processes, the wide variation in context, and the difficulties in measuring reform outputs and outcomes. The paper considers four broad lessons: (i) begin with diagnostic work; (ii) test for readiness; (iii) move at the right speed; and (iv) implement effectively.

Building on the conditions and lessons outlined above, there are two operational approaches that have been successful in some countries: (i) assessing and strengthening capacity including interagency linkages; and (ii) empowering agents of change. With these conditions, lessons, and approaches in mind, this chapter reviews examples of two administrative reform priorities in the region: (i) strengthening government machinery and organization (e.g., central government organization, subnational government organization and decentralization, and other government bodies); and (ii) managing public sector resources (e.g., central government, subnational government, procurement, pay and employment, and improving performance).

The public administration reform experiences in Asia–Pacific and other regions have improved our understanding of what works and what does not, what practices are transferable, and under what conditions. The successes and failures of reforms are better understood than in the past with the help of cross-border reform networks, international agencies, think tanks, consultants, media, and scholars. However, genuine evaluation of reforms using rigorous social science techniques is rare. Reasons include the difficulties of proving cause-and-effect relationships because of problems of multiple attribution, lack of baseline data, lack of robust, experimental designs, lack of agreed conceptual frameworks and language for reform, methodological difficulties of comparing reform outcomes with counterfactuals, and the tradition of public management research focusing

on prescription rather than explanation and analysis.[67,68] Fully cognizant of the methodological challenges, greater investment is needed in more rigorous research on how to achieve high performance by the public sector in Asia–Pacific. Such research would lead to better prescriptions, and a better return on the considerable investment in reform by governments and international agencies.

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Chapter 24

Recent Major Administrative Reforms: Japan's Response to Global and Domestic Challenges

Yuko Kaneko and Itoko Suzuki

CONTENTS

Introduction

Japanese government has recently organized major administrative reforms to adapt its public administration to the emerging challenges both from international and domestic communities. The reform agenda included the areas of restructuring, privatization, decentralization, strengthening of the local government, creation of incorporated administrative agencies, civil service improvement, promotion of e-governance, etc. The reforms are

directed at strengthening the leadership of the government, central and local, to promote accountability, transparency, and participation of the civil society, and to make public administration responsive and responsible to new issues of social equity, efficiency, and effectiveness. This chapter will focus on these current reform efforts that began in 1996 in Japan, analyze the several factors that make these the most comprehensive and drastic major administrative reforms a reality, and draw innovations of administrative reform undertakings as lessons of experiences that may be of use to the future major administrative reforms in Japan and elsewhere.

Administrative State and Administrative Reforms as Social Innovations in Japan

As late Prof. Yasuo Watanabe, an eminent Japanese scholar in public administration, asserted, administrative reform is a continuing process as long as civilization unfolds. In more specific terms, Herbert Emmerich (1950, pp. 1–3) once stated that administrative reform would take place whenever there is a change in the size, the distribution and the nature of the executive functions, or their staffing and financing. Administrative reforms comprise both major administrative reforms and continuing changes in functions and structure brought about by less generalized and less comprehensive reforms. It could be used synonymously with administrative improvements that are taking place on a daily basis. Administrative improvement is a long-range and continuing undertaking. Some administrative improvement efforts organized in the name of administrative management may be integrated in its broad sense as part of administrative reform. These continuous efforts may be reinforced by landmark activities, which may be called major administrative reform, defined as a normative undertaking of a comprehensive nature deliberately organized to bridge the gap between desirability and reality in public administration, usually, with the establishment of an extra-bureaucratic investigation or review organ.[1]

Public administration inherently suffers from time lag. In an administrative state such as Japan, because of the importance of public administration systems in the national and local governments as well as their impact on individual people's lives, many governments have strived to remove this time lag to accelerate administrative improvement. Such efforts include

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[1]Suzuki, I. (1980). Administrative Reforms in Japan, 1962–1964, Ph.D. dissertation, US Microfilm, Inc., New York, in which the references are cited on definition of administrative reform, UN ESA, *Interregional Seminar on Major Administrative Reforms in Developing Countries*, Report (ST/TAO/M/62). p. 10; Leemans, A.F. ed. (1976) *The Management of Change in Government*. The Hague: Maritinus Nijhoff. p. 61 and pp. 64–65.

major administrative reforms. In fact, according to one of our founding fathers of modern public administration (Mosher, 1978) one important feature of public administration in the 20th century was administrative reform. Japan was not an exception.

In Japan, public administration has in fact been dominant in the country's governance system which initiated modernization and economic development during the 1868 Meiji Restoration. It was particularly so when the government clearly selected industrialization and strong armament as national objectives in the prewar era, and when Japan adopted accelerated economic growth without arms and military expenditures after World War II, especially after 1960. Japanese public administration's initiatives and roles in the national modernization and development process may have been incomparable to those of other countries.

It is often said that the entire modernization and industrialization process of Japan occurred under the leadership of so-called modernizing elites or higher civil servants as technocrats. Whereas the postwar Japanese governance system is based on a parliamentary democracy, and it has market economy, the system has been strikingly involved in administrative leadership and guidance in its operations. Up until the mid-1980s, an important characteristic of the Japanese government in the last century was the increased role and size of the public sector. Bureaucracy and public administration systems had expanded with the advent of new technological changes, increasing complexity of political and social systems, and adoption of national planning. When the national goals are clear and shared by the majority of the people and the political process is stable, the governance can be left to the public administration as the more important influencing mechanism of quality and outcome of national activities. It has also influenced the existence of government. In Japan, the security of political power in a particular regime had become increasingly dependent on the content of public policies formulated by public administration, rather than the representatives of the political power (Suzuki, 1980).

It is only in recent years that administrative guidance has become weakened, and instead, citizens and the private sector have now required vigorous evaluation of what public administration and government are doing. At least until the collapse of the bubble economy in the middle of the last decade, the Japanese governance system was more generally characterized in a trilateral cooperative system of higher civil servants, political leaders, and big business leaders. In this axiomatic relationship, higher civil servants and their bureaucratic organizations had played a significant role to pursue the national goal. Foreign critique used to call this system "Japan Incorporated".[2]

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[2]Kaplan, E.J. (1972). *Japan: the Government–Business Relationship*. Washington D.C.: U.S. Government Printing.

Due to a leading role of the bureaucracy in managing national resources and the opportunities of society, administrative reform meant a great deal to not only public administration, but also private sector management. Bureaucracy served, though indirectly, other economic and social institutions in Japan in addition to public sector institutions. Many major administrative reforms have taken place in Japan since the end of World War II. These administrative reforms constantly generated not only administrative innovations such as constant review of the range and level of government activities, abolishing or transforming government regulations, and changing the central–local government relations but also social innovations such as a more competitive market and the development of nonprofit organizations.[3]

Background for the Hashimoto Major Administrative Reforms

The major administrative reforms that are discussed in this chapter are also indicative of the administrative and social innovations that occurred during a particular time in Japan. Before the cessation of the Cold War, Japan has become one of the world's most affluent countries under the postwar world order. When Japan was rising upward in economic success and when the state aim was to catch up with the rest of world, politicians could leave their steering to the bureaucracy, as because of the end of the war, there was no other ideology other than the economic development and promoting market-oriented society. In the past 50 years, living standards have improved remarkably. Then the people's attitude toward the government started to change and began to demand more and in increasingly diversified areas, such as customers seeking efficiency and responsiveness in government and public administration as that enjoyed in the economic sector management.

Japan became an aging society in 1970 and turned into an aged society in 1994, where the elder citizens (65 years old and over) accounted for more than 14 percent of the population. Now the population is continuously aging although the people's needs for public services are increasingly getting more diversified. In 2004, Japanese population in age of 65 years and above accounted for 20 percent, and will soon reach 25 percent. Domestic challenges coupled with the cessation of the bubbly economy that features bankruptcies, big ban, and the end of the lifetime employment, and these domestic predicaments are coupled with the international challenges of globalization.

[3]Gerald Caiden examined relations between social change and administrative reforms in his book, *Administrative Reform*. Chicago: Aldine. 1969, pp. 43–71.

After the Cold War ended, the political and ideological confrontation, which once existed among countries and hindered free economic activities, was destroyed. International money flow evolved greatly and money began to move almost freely to more lucrative markets seeking financial gains beyond the national borders. With the deepening of such economic globalization, every government is forced to examine and reform economic structures and systems, and government functions and organizations.

At the same time, technological development in every field has been changing the world greatly. Recently, technological innovations in the fields of transportation and telecommunication, in particular, have been facilitating globalization. Information and communication technologies are advancing rapidly and with the development of the Internet, it has become much easier for the ordinary citizens to explore, transmit, and distribute information across the world. E-government and transparency of government operations are now making different sets of government and public administration process.

These are the circumstances in which the Hashimoto major administrative reforms were organized, which paralleled with the other streams of governance reforms — local, economic, and social. In September 1996, Prime Minister Hashimoto propagated that 23 ministries and agencies were to be reorganized into about half the number of ministries. He asserted that the current government structure was so compartmentalized that appropriate allocation of tasks and coordination became difficult, when the challenges for the emerging needs for public administration were so much diversified.

During the general election of the House of Representatives held in October 1996, the reform of ministries and agencies was put on every political party's election platform and these party pledges had become a major contesting issue in the national election. After winning this election, in November 1996, Prime Minister Hashimoto established the Administrative Reform Council as an advisory body, a usual procedure to undertake the major administrative reform in Japan since 1962, but this time, under the direct control of the prime minister himself. The council started its deliberation to study the roles and functions of the government to be suitable for the 21st century to examine how the central government ministries and agencies should be reorganized, and to consider how to strengthen the functions of the prime minister and the cabinet to empower political authorities than the then still strong bureaucratic power.

In December 1997, about a year after its establishment, the council made its final report on the major administrative reform. The contemplated reform indicated that the Japanese government would, at the turn of the century, carry out the most radical government reform in these 50 years, to cope up with the new challenges that resulted from the economic and

social development, which took place over many years, from the emerging aging population society, and from the continuing globalization and instability of the world.

This chapter deals with not only the content of these major administrative reforms, but also the procedures of the reform that have taken place from planning to implementation that is still continuing. The various initiatives have been interlinked and function complementarily, involving comprehensive administrative reform of the central and local government reforms, and other decentralization movements, as well as various economic and social reforms. The comprehensive governance reforms have been put in place in parallel efforts with the administrative reforms in Japan of which 1996 Hashimoto major administrative reform was the most significant part that has been inherited and followed up by the current Prime Minister Koizumi.

Procedures of the Hashimoto Major Administrative Reforms

Firstly, the procedures that took place for the Hashimoto reforms will be analyzed. Prime Minister Hashimoto is a ranking politician of the government party, who has a long experience with government systems, organizations, and practices, and already had rich experience in administrative reforms. Before he became the prime minister, he had been convinced of the need for a very drastic restructuring of the central government bureaucracy including restructuring of ministries and agencies. Notably, the following events took place for the Hashimoto major administrative reforms.

Major Administrative Reforms as an Election Pledge

Before and during the election campaign for the House of Representatives in 1996, Prime Minister Hashimoto made pledges to overhaul the central government machinery.

Creation of an Advisory Body by Cabinet Order

After winning the general election, Prime Minister Hashimoto created the Administrative Reform Council as an advisory body for the prime minister. Different from previously organized advisory bodies for administrative reforms, which were created by law, the cabinet order this time established the Administrative Reform Council. The prime minister himself became the

chairman of the council, and the Minister for Administrative Reform (the Director-General of the Management and Coordination Agency[4]) was appointed as the vice-chairman.

Prime Minister Hashimoto took the leadership during the deliberations of the Council. It was very rare in Japan for a prime minister himself to chair his advisory body and to take active leadership in it. Because ex-government officials were not included in the council members this time, Prime Minister Hashimoto himself was the most knowledgeable about the systems and operations of the central government among the council members. Former chairman of the Headquarters for the Promotion of Administrative Reform of the Liberal Democratic Party (government party) became the prime minister's assistant in charge of the administrative reform, and was appointed as a member of the Administrative Reform Council and also as the director of the secretariat for the Administrative Reform Council. Even though core members of the secretariat were seconded from the Management and Coordination Agency and other government agencies, young professional staff was also recruited from outside the bureaucracy.

Creating the Administrative Reform Council by the cabinet order allowed the prime minister to start the deliberation as early as possible and to choose members as freely as possible. The choice of the council members including the prime minister and the minister for administrative reform as core members of the council, appeared accelerating the decision-making process of the council even on controversial issues and critical points, obviously also facilitated the earlier transition of reform process from a deliberating stage to an implementing stage.

Accelerated Process of Council Report Preparation

About nine months after it began its work, the Administrative Reform Council issued an interim report, which was made public. Three months later, a final report was issued. During the period between the issuance of the interim report and the final report, intensive discussions and negotiations were carried out between the Administrative Reform Council and the government party. About one year after the Administrative Reform Council started its activities, the final report was issued.

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[4]The Management and Coordination Agency was one of the Agencies whose heads were the ministers of state established under the Prime Minister's Office. It was responsible for promoting and coordinating administrative reform efforts. It was merged with the other two ministries (Ministry of Home Affairs and Ministry of Posts and Telecommunications) to become the Ministry of Internal Affairs and Communications in 7 January 2001.

Enactment of the Basic Law Incorporating All Reform Measures

One day after the final report was issued, a cabinet decision was made to respect the final report to the maximum extent. After this cabinet decision, different from the previous cases of major administrative reforms, the government immediately prepared a bill to enact all the reform contents included in the final report as well as the schedule for their implementation. This bill included the creation of the Headquarters for the Promotion of the Reform of Ministries and Agencies. Two and a half months after the issuance of the final report, the Basic Bill for the Reform of Ministries and Agencies was submitted to the parliament and enacted in June. This means that not only the government (ministries and agencies), but also the parliament made the commitment to implement the administrative reforms, as they were stipulated in this Basic Law. The drastic restructuring of ministries and agencies became the law, although the political momentum and the strong support of the general public still existed. Even though other legislations were necessary to implement restructuring and other reforms, the implementation became easier, politically speaking, because the Basic Law was enacted. The Basic Law also stipulated the schedule for the implementation. Unlike the previous time, in which the schedule of implementation was left to the cabinet and each ministry, this time the schedule for actual reforms could not be postponed as stipulated by law.

Creation of Implementation Monitoring Office

According to the Basic Law, the Headquarters for the Promotion of the Reform of Ministries and Agencies was to be created in July 1998. The prime minister headed the headquarters that had the executive office with more than 100 staff. The director and most of the core staff members were seconded from the Management and Coordination Agency and other ministries. Because each ministry or agency was made responsible for implementing reform of its own, it was very rare to create an *ad hoc* administrative body in charge of implementing reforms with the executive office composed of a large number of professional staff from the government offices.

This implementation monitoring office had the following functions and authorities:

— Drafting bills and cabinet orders necessary to implement restructuring ministries and agencies and other reform programs

— Making basic plans for downsizing government organizations and improving the efficiency of their operations

— Overall coordination for a smooth transition to the new government structure.

Governmentwide restructuring of ministries and agencies required many parallel and well-coordinated preparatory works of interrelated organizations based on the same principles and rules to be applied uniformly to all the organizations that are to be affected. This *ad hoc* body with the professional secretariat turned out to be extremely effective and it also enabled to promote the large-scale governmentwide restructuring in accordance with the implementing schedule stipulated by law.

Content of the Hashimoto Major Administrative Reforms

With the above procedures, the following major reforms were undertaken in the Hashimoto major administrative reforms, some of which are in fact followed by the current Prime Minister Koizumi.

Reduction of Number and Amalgamation of Ministries and Agencies

In accordance with the Hashimoto major administrative reforms, in 2003, the former 23 ministerial-level organizations were actually restructured into one cabinet office and 12 ministries, and agencies. The basic idea of this reorganization was to break the organizational walls among ministries and agencies and to integrate interrelated or similar functions. Under the Japanese cabinet system, any decision at the cabinet meeting must be made unanimously; therefore the cabinet cannot decide anything if one Minister of State objects. When interrelated or similar functions among ministries are merged into a single ministry with wider jurisdiction, one Minister of State can coordinate interrelated functions more efficiently and also reduce the duplication and redundancies of similar programs within one single ministry. This makes the cabinet to decide its policy with speed.

Two ministries and two agencies, including the Ministry of Transport, the Ministry of Construction, the National Land Agency, and the Hokkaido Development Agency were merged into one ministry called the Ministry of Land, Infrastructure, and Transport. The new ministry is now promoting the thorough and systematic exploitation, development, and preservation of national land; constructing social infrastructures in a more coordinated way,

and establishing a unitary traffic system including road, air, and marine traffic facilities and services.

Two ministries, the Ministry of Health and Welfare and the Ministry of Labor merged as a new Ministry of Health, Labor, and Welfare. This merger, for instance, enabled consolidation of three different programmers under one ministry, including job and child rearing support measures; job and social welfare measures for the handicapped; and job and social participation measures for the elderly.

The Science and Technology Agency and the Ministry of Education were consolidated to become the Ministry of Education, Culture, Sports, and Science and Technology. The new ministry is making efforts to upgrade research and development programs by integrating basic research projects with applied and development research projects. It is also promoting to integrate the science and technology measures with the education measures.

The Environment Agency was upgraded to the Ministry of Environment, symbolizing the more emphasis and importance of environment administration, and the new ministry took over responsibilities of waste treatment from the former Ministry of Health and Welfare.

The most prominent merger was the creation of a new Ministry of Internal Affairs and Communications, integrating three ministerial-level organizations (Management and Coordination Agency, Ministry of Home Affairs, and Ministry of Posts and Telecommunications) into one. Later, postal service functions were separated from the internal organs of the new ministry, and the Postal Services Agency was created to carry out these services as an external organ of the ministry. In 2003, the Postal Services Agency was abolished, and the Japan Post was newly established as a public corporation to deliver postal services. Simultaneously, the internal organization of the ministry was restructured, and the size of the bureau in charge of supervising postal services became much smaller than before.

Introduction of the Incorporated Administrative Agency System[5]

The reform item to be described next is the introduction of the incorporated administrative agency (IAA) system. This system was introduced to establish a separate and independent legal entity outside a ministry and to entrust the entity with certain public functions to be carried out. The basic idea of this system is to separate, as much as possible, policy or program implementing

[5]"Incorporated administrative agency" is the formal English translation decided by the Ministry of Internal Affairs and Communications in July 2003. It is the same entity as "independent administrative institution" described in the papers by Yuko Kaneko in 1999, 2000 and 2002 and by Yuko Kaneko and Masahiro Horie in 2003 and by Toshiaki Matsuda in 1999.

functions from policy-formulation functions of the government and to allow more flexible, business-like, autonomous management for policy implementation, and to ensure efficiency and effectiveness. The concept is close to the application of ''Management by Objectives'' in the public sector. In April 2001, 57 incorporated administrative agencies were for the first time established to carry out functions previously conducted by the ministerial-level government organizations.

The characteristics of the IAA are summarized as below:

- IAAs are corporate bodies independent of the government; the employees may or may not have the status of civil servants.
- To promote flexibility and autonomy, the executives of IAAs are given more discretion in implementing the projects and programs, and in management of the institutions. The chief executive can appoint members of the board of directors and employees without approval of supervising minister. It can be said that the responsibilities and decision-making authorities of the executives have been strengthened. They now do not have to report to the supervising ministries as frequent as their predecessors (before incorporation) used to do.
- To ensure more effective and efficient operations of IAAs in a more autonomous way, IAAs must prepare medium-term business plans covering a three-to-five-year period according to the medium-term business goals set by the supervising ministers. These medium-term business plans are to be submitted to the supervising ministers for approval. IAAs are not subject to annual approval of business plans by the ministers.
- To promote transparency in accounting, IAAs must comply with the corporate accounting principles and must have their accounts audited by certified public accountants.
- To promote result-oriented operations, IAAs must submit annual reports as well as medium-term reports to the evaluation committees, established in the supervising ministries. Evaluation committees will conduct evaluations of performance and achievements based on these reports and other related information.
- As a high-level evaluation body with governmentwide responsibility and perspective, the Evaluation Council of the Ministry of Internal Affairs and Communications is to be reported by the individual evaluation committees concerning the individual evaluation results. The Council has the authority to submit its opinions to the evaluation committees and to recommend necessary measures on IAA's projects and programs, and organizations, including the abolition of IAAs to the supervising ministers.

Strengthening the Cabinet Office and Leadership of the Prime Minister (Augmented Capacities of Political Leaders vis-à-vis Bureaucratic Leaders)

Numerous reform measures were implemented by the Hashimoto Reforms to strengthen the cabinet functions and the leadership of the prime minister. To operate the cabinet with speed, flexibility, and better coordination, the number of the ministers was reduced from 20 to 14 (up to 17 is allowed) on one hand. On the other hand, the number of ministries and agencies was reduced to 12. Therefore, the prime minister can appoint Ministers of State without portfolio more freely than before to accommodate the emerging needs for special tasks and responsibilities that may arise from time to time.

To ensure stronger leadership of the prime minister and the cabinet, the cabinet secretariat is now given the authority not only to coordinate ministries and agencies but also to initiate basic policymaking. The cabinet office was newly established with several hundred staff in its head office to support the prime minister, the cabinet, and the cabinet secretariat. The prime minister may appoint his supporting staff more freely on his own initiative not only from within the government but also from outside.

As one of the measures of restructuring ministries and agencies, highly authoritative advisory councils such as the Council on Economic and Fiscal Policy and the Council for Science and Technology Policy were created in January 2001, in the cabinet office, to strengthen the political leadership of the prime minister and the cabinet. Because the prime minister himself heads these councils and the other members of these councils are the Ministers of State in charge of relevant policies and programs (in addition to relevant experts and distinguished figures from the outside), the decisions hitherto made by the relevant ministries are now made by the leadership of the prime minister with the support of fresh blood from outside the bureaucracy. These councils are becoming the *de facto* decision-making bodies of the cabinet (rather than the ministries). The relative strength of the cabinet and hence the prime minister is now secured substantially by this new device.

Especially, the Council on Economic and Fiscal Policy now plays an important role in deliberating various challenges that Japan faces today. The law gives the council the responsibilities of investigating and deliberating crucial matters such as basic policies on economic and fiscal management of the state, and structural reforms upon the request from the prime minister. Issues of vital importance such as strategies for structural reforms (the most important parcel of the Koizumi reform, which was the pledge of the

national elections that he won twice) including regulatory reform, taxation system reform, and social security reform were put on the agenda and deliberated intensively in this council.

For instance, Prime Minister Koizumi has been advocating (as another important pledge of the national election and an important pillar of his strategies) the privatization of the Japan Post (now existing as the public corporation in charge of postal services); he brought the agenda of the postal reform to this council and asked the council to prepare a basic policy on privatization of the Japan Post. There was certain opposition expressed against the privatization of the Japan Post in the ruling parties, but the cabinet decided the basic policy on privatization of the Japan Post in September 2004, taking into account the deliberation results of the council.

It is evident that Prime Minister Koizumi takes advantage of the Council on Economic and Fiscal Policy as he chairs it. The council as a capable deliberating authority of every important area of national economy and societal agenda, having in its members, prominent and reliable (to the prime minister) personalities from the big businesses and the academic fields has so far proven to be useful to the prime minister. It appears that the outcomes of the previous reforms have equipped strong institutional capabilities for Prime Minister Koizumi to effectively promote his structural reforms.

December 2000 Cabinet Decision to Reinforce Hashimoto Reform with a New Deadline of 2005

To ensure the successful outcome from the Hashimoto major administrative reforms as well as to promote the continuous governmentwide reform efforts, a cabinet decision was made in December 2000 just before the initiation day of the government restructuring that was included in the Hashimoto Reform as of January 2001. The present reform efforts are carried out mainly based on this cabinet decision, "Fundamental Principles of Administrative Reform." In this cabinet decision, the basic direction of the reforms and a deadline of 2005 is prescribed so that the progress is to be timely monitored and a follow-up approach is to be taken appropriately.

The main reform items included in this cabinet decision are:

- Fundamental reform of government organizations and operations such as the reforms of public corporations and civil service system, and the introduction of policy evaluation system
- Further promotion of decentralization
- Regulatory reform

- ■ Realization of electronic government
- ■ Other items to improve the effectiveness and efficiencies of the government.

The following reforms scheduled from January 2001 have been actually put in place as of today.

Reform of the Public Corporations

Public corporations were established directly by law or through the special procedure provided by specific laws to meet specific policy needs of the time. There were 77 public corporations as of June 2001. They carried out programs of public nature based on their establishment laws, and substantial public funds were allocated to them. There existed 86 government-authorized corporations as of June 2001. They are private entities but are authorized by the relevant ministries to carry out certain government programs. Therefore, their functions are quite similar to those of the public corporations so that they have been treated almost in the same manner as the public corporations by the government.

As society and economy change, the policy needs will change accordingly. The reform of public corporations and government-authorized corporations became the top priority reform item. These reform needs included the abolition and transferring of the corporation programs to the private sector along with cutting down the government subsidies.

To promote the deliberation of reform plans, the Framework Law on Public Corporation Reform was enacted and took effect in June 2001. Based on the law, the Headquarters for Promoting Public Corporation Reform headed by the prime minister was established and an executive office comprising about 20 staff was set up in the cabinet secretariat.

During the period from June to December, the executive office carried out a complete review of the respective public corporations and government-authorized corporations. In December 2001, the Cabinet decided the Program for Streamlining and Rationalization of Public Corporations. This program included specific organizational reform measures as well as rationalization plans of projects and programs of public corporations and government-authorized corporations.

Based on the program, some corporations have already been or will be abolished; some corporations are to be privatized. Public corporations and government-authorized corporations whose major functions were decided to be continued as public projects and programs are allowed to survive. Many of them were required to be transformed into incorporated administrative agencies. By October 2004, 36 public or

government-authorized corporations were transformed into incorporated administrative agencies.

Privatization of the Japan Post

As for the privatization of the Japan Post (until 2003 it was the part of the ministry and it became a public corporation in April 2003), which was the top priority reform item of Prime Minister Koizumi, the lessons learned in the past reform efforts seem to be utilized for the necessary preparation. For example, in the basic policy of privatization of the Japan Post, it is stipulated that the Headquarters for the Promotion of Privatization of the Japan Post is to be established with members consisting of all cabinet members and with the prime minister as chairman. This headquarters is in charge of conducting preparatory work such as drafting bills related to privatization, making overall coordination for a smooth transition from a public corporation to private companies as well as the transitional process. This arrangement followed the exact practice as what Prime Minister Hashimoto created for the Headquarters for the Promotion of the Reform of Ministries and Agencies.

Reform of the Civil Service System

The reform of civil service system was investigated in the Hashimoto Reform but the deliberation was set aside until the completion of restructuring of ministries and agencies. The Fundamental Principles of Administrative Reform of December 2000 stipulated that reform of the civil service system should be carried out with a view to restore the confidence of the people toward civil service as well as to make better use of the capabilities of the civil service. Basic policy directions included the introduction of a performance-based personnel system, rational and strict control of ex-officials' reemployment, and promotion of personnel interchange among the ministries and between the government and the private sector.

Fundamental Principles for the Civil Service Reform were adopted at the cabinet meeting in December 2001. The major points of this decision included:

- Establishment of a new framework of personnel/organization management for comprehensive and strategic policy planning and swift and efficient delivery of public services
- Introduction of a new civil service system including a new capability appraisal system, a performance-based pay system, a new impartial capability/performance evaluation system, etc.

- ◼ Reform of the recruitment examination system
- ◼ Establishment of fair reemployment rules for ex-officials.

Some issues of civil service system are so controversial and complicated that further reviews and deliberation may be required before the government prepares for the necessary bills and regulations.

Introduction of Policy Evaluation System

Under the new structure of the central government, each ministry established a unit responsible for policy evaluation, so that the evaluation results would be properly fed back to the policy-planning units. The ministerial evaluation unit was also meant to improve the transparency of the administration by disclosing the evaluation results to the public. In addition, a policy evaluation committee, a third party organ consisting of outside experts, was created in each ministry to review and examine the evaluation results conducted by the ministry. The Policy Evaluation Council was also established in the Ministry of Internal Affairs and Communications for an overall examination and coordination of government policy evaluation activities.

In January 2001, a Guideline for Policy Evaluation was adopted at the Liaison Conference for Policy Evaluation, members of which were the heads of policy evaluation units in all the ministries. The guideline obliged all the ministries to make their own directives for implementing policy evaluation activities; and such directives were prepared and made public by July 2001.

To make the policy evaluation system more effective and to improve the accountability concerning policy evaluation, the Policy Evaluation Law was enacted in June 2001 and took effect in April 2002. Based on the stipulation of the law, the fundamental principles on policy evaluation were adopted at the cabinet meeting in December 2001.

From April 2002, under the framework of the Policy Evaluation Law and the fundamental principles on policy evaluation, each ministry prepares its own policy evaluation plan comprising a three-to-five-year basic plan and an annual plan, and duly implements evaluation of its projects and programs, compiles the evaluation results, and prepares and releases the evaluation report.

The Ministry of Internal Affairs and Communications, as an office specialized in policy evaluation with a governmentwide viewpoint, monitors the policy evaluation activities, compiles and publishes an annual report including the evaluation results by the ministries, and provides governmentwide training in policy evaluation. It also carries out additional evaluations

for securing coherence of policies as well as for ensuring objectivity and strictness of policy evaluations conducted by the ministries.

Promotion of Decentralization and Strengthening Local Governments

Japanese governance has been shared by the central and local governments. Before and during the Hashimoto major administrative reforms, parallel major reforms toward decentralization were undertaken, and a series of decentralization acts took effect in 2000. In these reforms, the division of responsibilities between the central government and the local governments was changed. Before the reform, some government affairs were delegated by each ministry to local governments as agency-delegated affairs. These affairs amounted about 30–40 percent of the work of the local governments. In this practice, the heads of the local governments had to deal with the central government ministries as their subordinates. The ministers retained the authorities for these affairs and the governors or mayors of the local governments carried out these affairs under the supervision of the ministers.

In the new system, the central government can only entrust the local governments to deal with the affairs of the central government by stipulation of laws. Thus, the relationship between the central government and the local governments became on equal footing, as trustees. When a dispute arises between the ministers and the heads of local governments, the committee on intergovernmental disputes, a third party organ newly established in the Ministry of Internal Affairs and Communications, would act, as it is in charge of examining the contents of the dispute, making recommendations and mediating the dispute.

Local Government Mergers

To further promote decentralization, encouraging the merger of second tier of local governments (cities, towns, and villages) is highly recommended, as the merger would strengthen the organizational infrastructure of the local governments. There were 3218 municipalities in Japan as of April 2002, when a special law for promoting merger of the municipalities was enacted. Based on the law, the government has been promoting voluntary merger of municipalities. As of 6 December 2004, the number of municipalities is 2927. The special affirmative treatments (getting some subsidies, if merged and attained certain population size) for the merged local governments will be applicable if they merge by the end of March

2005. Therefore, the intensive efforts are being taken at the local government level. The ruling party suggests the goal to be 1000 local governments in the second tier. But some local governments, even small ones, may not wish to merge with the neighboring entities although the number of merged local governments has been increasing.

Trinity Reforms for Local Governments: Subsidies, Equalization Tax, and Tax Authorities

The so-called "Trinity Reform," to undertake simultaneously (1) changing subsidies and grants-in-aid and (2) the local allocation tax, as well as (3) the transfer of the tax sources to local governments is another important priority of the current Koizumi cabinet. The financial self-responsibilities of the local governments are acutely called for to improve local public finance system from that of huge debts to a sound system. The Japanese government, both central and local, holds huge financial deficits of about 700 trillion yen.

Currently the revenue of the local government largely consists of three major sources: the local tax revenue, the local allocation tax revenue, and the subsidies and grants-in-aid from the individual ministries. The local government itself collects the local tax revenue. The local allocation tax revenue is the tax money allocated by the central government. The Local Allocation Tax Law stipulates the amount of total local allocation tax as a certain percentage of specific national tax revenue. The Ministry of Internal Affairs and Communications distributes the local allocation tax fund to the local governments taking into account the financial situation as well as the public service needs of the individual local governments. These funds have certain effects for equitable provision of public services among the local communities, whether they are richer or poorer communities.

The percentage of local tax revenue to the total revenue of the local governments is 33.3 percent, that of the local allocation tax revenue is 19.0 percent, and that of the subsidies and grants-in-aid is 13.5 percent, as of fiscal year 2001. Thus, the local government collects only one third of the total revenue and more than 30 percent of the total revenue is provided by the central government. In this practice, local governments cannot exercise their own initiatives based on the local needs or else dependent local governments may waste their allocated funds as they are not borne by themselves. At the same time, because the central government financial deficits became so huge, it is now forced to cut government expenditures including the subsidies to the local governments as much as the local government must also streamline their activities to reduce their own financial debts. To restore balance to the public finances and improve the efficiency and effectiveness

of public administration, both central and local, financial decentralization and the reduction of the subsidies were chosen by both the central and the local governments.

With a view to strengthen the financial independency of the local governments as well as to reconstruct a sound central and local government finance system, the central government is now deliberating how to curtail the subsidies and grants-in-aid and the local allocation tax, and how to transfer tax sources (authorities) involving the governors and mayors of the local governments. Some ministries are not ready to reduce the subsidies and grants-in-aids as they are afraid of not performing their responsibilities mandated by law without these resources. Some local governments are also resisting the Trinity Reform, as the delegation of tax sources may not always be an effective solution to rectify the local government's finance system.

Regulatory Reform

In coping with liberalization of economies to open them to transnational spheres, deregulation is one of the most important policies including simplifying the government organizations and functions. The basic framework is to decide a three-year action program, to revise it at the end of the first year and to revise it again at the end of the second year, and to adopt a new program at the end of the final year, of the three-year term. The government has been carrying out deregulation measures based on a series of action programs since 1995. In promoting the action programs, an advisory body which was established to assist the prime minister monitored the progress of regulatory reform, deliberated future regulatory reform measures, and prepared its recommendations to be submitted to the prime minister. The government prepared its regulatory reform measures by taking into account these recommendations. The 2001–2003 action programs for regulatory reform were adopted in March 2001 and revised in March 2002 and 2003.

The Council for Regulatory Reform, an advisory body established in April 2001, included in its members, prominent experts and distinguished figures from the private sector. As an example of the measures deliberated by the council, an idea of special zones for structural reform was presented in March 2002. The Council of Economic and Fiscal Policy materialized this idea. The Law on Special Zones for Structural Reform was enacted and put into effect in December 2002. The law aims at promoting socioeconomic structural reform and regional development in fields such as education, retail trade, agriculture, social welfare, and research and development, through establishing special zones for structural reform. The Headquarters for the Promotion of Special Zones for Structural Reform headed by the prime minister was established in December 2002, based on this law, for the

purpose of setting special zones, where exceptions to government regulations are permitted corresponding to the proposals by the local governments. Each local government can propose a unique special zone program for revitalizing local economy.

The activities of the Council for Regulatory Reform ended in March 2004, when a new three-year regulatory reform program was adopted at the cabinet meeting. In April 2004, the Headquarters for Regulatory Reform and Opening the Doors to the Private Sector headed by the prime minister was newly established together with the Council for Regulatory Reform and Opening the Doors to the Private Sector, which inherited the work of the Council for Regulatory Reform.

Now the Headquarters for the Promotion of Special Zones for Structural Reform, the Headquarters for Regulatory Reform and Opening the Doors to the Private Sector, and the Council for Regulatory Reform and Opening the Doors to the Private Sector are promoting regulatory reforms in parallel under the leadership of the prime minister. The council is currently deliberating reform measures to be recommended in December 2004. One of the major proposals discussed at the council is to introduce market testing of public service functions.

Realization of Electronic Government

Recent Efforts

To promote comprehensive measures aimed at developing Japan into an internationally competitive IT nation, the Basic Law on the Formation of Advanced Information and Telecommunication Network Society (The IT Basic Law) was enacted and came into force in January 2001. Realization of electronic government is one of the basic policy measures stipulated by the IT Basic Law.

Based on the stipulations of the IT Basic Law, an e-Japan Strategy was adopted at the first meeting of the IT Strategic Headquarters in January 2001. To implement the e-Japan Strategy, an e-Japan Priority Policy Program was approved in March 2001. The program is a specific blueprint for achieving the national goal of becoming the world's most advanced IT nation and includes details of the government actions that need to be implemented expeditiously and intensively, as well as the target date.

The Priority Policy Program was reviewed and amended once every year. The latest version was adopted in June 2004.

A Ministerial Chief Information Officers Council (CIO Council) was established in September 2002 as a subordinate organization to the IT Strategic Headquarters. The council is expected to play an important role of promoting the use of information and communication technologies

(ICTs) in the government as well as making the public administration more streamlined, efficient, trustworthy, and transparent.

The CIO council adopted a Program for the Creation of Next-Generation Electronic Government in July 2003. The program is a three-year plan from fiscal 2003 to fiscal 2005. The program targets at realizing user-oriented public services and high budget efficiency.

The following three objectives are identified in the program:

■ Enhancing the convenience and service standards to the people
■ Operational reform in response to the use of ICTs
■ Building common frameworks for promoting next-generation e-government.

The Program for the Creation of Next-Generation Electronic Government was reviewed and amended in June 2004. Now the Japanese government is implementing specific measures described in the program and is expected to realize user-oriented streamlined public administration by March 2006.

Major Achievements to Date

The major achievements of the government's actions toward the e-government up to date are listed as follows.

Provision of Government Information over the Internet

A government portal site (http://www.e-gov.go.jp) has been developed to allow anyone access to government information easily and comprehensively. The site has been accessible since April 2003. Services that are offered include a search engine for the websites of the government organizations, appropriate guidance for the use of government-built databases and relevant links to basic information on the government websites.

Online Filing of Administrative Procedures

All the foundations for online filing of administrative procedures have been developed. Currently the following services are available online:

■ The Government Public Key Infrastructure Services were started in April 2001.
■ A group of laws to enable online filing of administrative procedures, enacted in December 2002, were enforced in February 2003.

- Online application acceptance systems were developed and the services became available in March 2003.
- The electronic revenue payment services became available in January 2004.
- The local governments started the public individual authentication services in March 2004.

Promoting Outsourcing to Improve Effectiveness and Efficiency

The government has been making as much use as possible of the private sector capabilities to process the following affairs:

- Statistical affairs such as tabulation, database construction, and field survey operation
- Public works
- Maintenance of housing for government employees
- Communication affairs of local branch offices of the National Police Agency
- Management and maintenance of jails
- Security services for immigration control offices
- Consulting functions for part-time job seekers
- Maintenance of air traffic control offices and national park management offices.

National Hospitals Now as IAAs

To improve the efficiency and quality of public services as well as to downsize the government, the government has tried as much as possible to transform existing government organizations into incorporated administrative agencies.

National hospitals, which had been part of the Ministry of Health, Labor, and Welfare, were transformed into incorporated administrative agencies, as the National Hospital Organizations in April 2004.

Transforming National Universities into National University Institutions

Likewise, National Universities were removed from the Ministry of Education, Culture, Sports, Science and Technology and became national university institutions, similar entities as the incorporated administrative agencies, as of April 2004.

Reduction of Staff

The five-year staff control plan under the new structure of central government was adopted at the cabinet meeting of July 2000. According to the new plan, the number of full-time employees of ministries and agencies including postal service personnel should be reduced by a minimum of 10 percent over a ten-year period starting from January 2001 (the total number of these employees is 840,691). It also stipulated that the government should make every effort to reduce personnel by creating incorporated administrative agencies, and by other methods of outsourcing and privatization, so that the final goal of 25 percent reduction (this reduction goal is to be applied to the employees excluding postal service personnel, i.e., 543,665 employees) would be attained in ten years.

It is expected that the government will be able to achieve this final goal by the end of fiscal year 2004 (March 2005).

Reform Procedures and Institutions as Innovations of Japanese Major Administrative Reforms

Overall Frameworks for Reform Undertaking

It is uncertain whether the above major administrative reforms are really successful undertakings or not. We still have to wait for yet a number of evaluations needed from various perspectives. However, as described earlier, these reforms have actually been put in place; the new government structure of "the cabinet office plus 12 ministries and agencies" (much reduced in number) is now in operation and other key reform measures have also been implemented. Some of the enabling factors are endogenous to the Japanese innovations, which had been created over years in many administrative reform undertakings. Through the experience of decades, mechanisms and procedures for governmentwide reform have been built up.

In promoting administrative reform and realizing successful outcomes, two of the most crucial elements are how to make effective reform plans, and how to get the commitment of all concerned. Administrative reforms are essentially changing the vested interests in the existing system. Reform plans must be convincing and resistance must be removed, by providing good plans and by obtaining commitment of leaders and public support.

The Japanese innovations created out of diverse and rich experiences accumulated over the years can be seen in some procedural frameworks of the administrative reforms from the very initiation stage to the end of the realization stages: firstly, the initiation of reform efforts; secondly, examination of reform agenda and deliberation of reform plans; thirdly,

implementing reform plans; and lastly, monitoring the reform implementation.

Institutions such as a central management office, advisory committees on administrative reform, and *ad hoc* headquarters headed by the prime minister assisted by a sizable staff, all proved to be substantially effective to carry out comprehensive major administrative reforms. These institutional innovations are outlined below as these were also made available during the Hashimoto major administrative reform undertaking, and the subsequent follow-ups organized by the current prime minister Koizumi.

Initiation Stage: Availability of Central Administrative Management Office

In Japan, primary responsibilities for changing policies or programs and improving organizations or operations belong to each ministry concerned. A central management office, now called as the Ministry of Internal Affairs and Communications, played an important role to promote such changes and reforms and also governmentwide reform efforts.

This ministry is given the responsibilities of planning, making, and coordinating measures with regard to organizations, personnel, and management of administrative organs by its establishment law. Its mission is to restructure the government organizations based on the requests from the ministries as well as to control the number of government employees by setting up a personnel reduction plan and examining the requests of personnel increase from the ministries.

It is mandated to make constant efforts to investigate the actual situations, collect facts and figures, identify the challenges the government faces, and study and prepare necessary reform strategies. Such continuous day to day work is contributed substantially to implement the reforms. The previous experiences of reform have been embedded as innovations in the central management office, from which core members of the executive office to the advisory committees on administrative reform were seconded.

At the reform initiation stage, it is indispensable to have a strong support of the prime minister even though the ministry is given authorities to promote the reform. After all, whether it is active or passive, the commitment of the prime minister is essential to initiate major administrative reforms.

Deliberation on Necessity and Measures

Establishing an Advisory Committee

An *ad hoc* advisory committee on administrative reform is always organized for the prime minister. Such an advisory committee on administrative

reform is usually composed of prominent scholars, journalists, ex-government officials, leaders of the business world, trade unions, and so on. It is not only a place to deliberate on the necessity and measures of administrative reform, taking into consideration various views and opinions of different backgrounds and interests, but also a place to involve concerned parties in the process of administrative reform. Creating such an authoritative advisory committee can symbolically appeal to the public and attract the attention of the public whose support is essential for the success of reforms.

Legal Framework for the Advisory Committee

The creation of an above-mentioned advisory committee is by stipulation of law, which requires the prime minister to get the approval of Parliament in appointing members of the committee and also requires the prime minister to respect the report and recommendations of the committee. In the case of the Hashimoto major administrative reforms, as mentioned earlier, Prime Minister Hashimoto created the Administrative Reform Council after winning the general election in 1996 not by law but, at this time, by a cabinet order. By avoiding the time-consuming enactment process, this method of creating the advisory body enabled the speedy deliberations and finalization of the needed reforms.

Supporting Staff for the Advisory Committee

When an advisory committee is established, it is assisted by the secretariat. Before the Hashimoto Reform, core members of the secretariat were "professional reformers" seconded from the Management and Coordination Agency of the Prime Minister's Office. Because the committee must cover many areas during its fixed term of office, usually two or three years, subcommittees are normally set up and members including experts are commissioned to participate in the deliberations of subcommittees. In the case of the Hashimoto Reform, as stated earlier, the procedure itself was streamlined, and his close aide who was a minister-level politician was placed in the reform center, together with the professional experts from the government office. A reliable plan for the prime minister was thus created smoothly for speedy operations.

Deliberation on the Necessities of Reform and Reform Measures

The advisory committee and subcommittees invite government agencies and private sector organizations as well as individual citizens to express their views and opinions. Based on the reports of subcommittees, the committee

prepares its reports and recommendations to the prime minister. The committee may make reports and recommendations several times during its term. In the case of the Hashimoto major administrative reforms, within a year, the final report of reforms of the advisory committee was issued in public. By the time the report was issued, commitment of all parties for implementation had already been attained. The pattern of membership and the procedure accelerated the decision-making process and also the transition of reform process from a deliberating stage to an implementing stage.

Adopting and Implementing Reform Plans and Programs

Usual Process from 1980s to 1996

In the case of the advisory committees established by law, the prime minister is required by law to pay serious attention to their reports and recommendations on administrative reform, and the government has to decide how to deal with them. Usually the first action of the government is to make a cabinet decision to give serious consideration of the report and recommendations to the maximum extent. Making a cabinet decision by a unanimous agreement among ministers means ensuring the commitment of ministers, and thereby the commitment of ministries and agencies they head. However, "to pay serious attention to the reports and recommendations to the maximum extent" does not necessarily mean that all the ministries and agencies agree on all parts of the reports and recommendations, and more often than that there remain many parts in recommendations which need further elaboration and deliberations before concrete reform programs of the government are made. Therefore, the central management office has to persistently pressure the ministries and agencies to make further reform efforts and to take necessary steps in accordance with recommendations.

For this purpose, the central management office usually prepares another cabinet decision on administrative reform platform including specific reform items. Ministries and agencies are required to take necessary reform measures, such as amending existing laws or enacting new legislation, in accordance with an administrative reform platform. The central management office monitors the progress of implementation and thus promotes the reform efforts to the fullest extent.

In the Case of the Hashimoto Reform: 1998 Enactment of the Basic Law Forbade Changes and Hence Enabled Implementation

In the case of Hashimoto major administrative reforms, about one year after the Administrative Reform Council started its activities, the final report was

already issued. Different from the previous cases of administrative reform, as analyzed earlier, the early enactment of the contents of the final report enabled the actual implementation of reform measures without much resistance.

Conclusion: A Dozen Points as Enabling Factors for the Hashimoto Reforms

In any country, it is difficult to abolish or consolidate government organizations. It is particularly so, when reorganization involves abolition or consolidation of the central government ministerial-level organizations that requires enactment of a law. In Japan, on the one hand, these administrative reforms take a legislative process that may provoke resistance of many vested interests of concerned parties in parliament, government, bureaucracy, and the private sector. This factor alone tells us the difficulty of reorganizing government organizations.

On the other hand, government structures such as ministries and agencies, and the allocation of functions and responsibilities among them, provide the basic framework of government activities. Therefore, organizational changes, especially ministerial-level reorganization, as well as personnel changes are expected to result in changes in the framework and the process of decision making. Such changes, in turn, are expected to result in changes in the content of decisions as well as in the speed of decision making. Administrative reforms are meant to realize these changes.

Current major administrative reforms went through many difficulties to attain consensus and agreement on specific reform programs. Many resisting and opposing factors existing in the bureaucracy and political process have been overcome to start implementation. This chapter did not deal with the stories of the difficult process. It rather simply tried to explore what was proposed and implemented, and through what procedures. Our mission was to highlight the procedures that have been established for many major administrative reforms over the past decades in Japan, and to make available the undertaking of the current reforms with additional innovations that have been created by the current political leaders with the assistance of the administrative reform professionals.

On the basis of our review of the reforms that took place and analysis of the Japanese innovations of administrative reform procedures, which were employed by the Hashimoto major administrative reforms, the following 12 points can be summarized without order, as factors that have enabled the current reforms in Japan. These synopses may be of some positive reference to the future undertaking of the major administrative reforms in Japan and elsewhere.

- Time was ripe for comprehensive administrative reforms as evidenced by the emergence of the circumstances under which even the opposition parties submitted administrative reform bills
- Timely appearance of one of the most experienced prime ministers, who had knowledge and experiences in government operations and a strong conviction and will for government reform
- Victory of the government party headed by the leader in 1996 general election, who had pledges of major administrative reforms in election campaign
- Creation of the Administrative Reform Council not by enactment of a law (avoiding legislative procedure) but as a cabinet order under the leadership of the winning prime minister (Hashimoto)
- Immediate start of the implementing process of the key administrative reform measures proposed in the final report of the Administrative Reform Council
- Prompt enactment of the Basic Law for the Reform of Ministries and Agencies, which stipulated detailed reform measures proposed in the final report of the Administrative Reform Council
- The stipulation of reform implementation schedule by the Basic Law
- Creation of the Headquarters for the Promotion of the Reform of Ministries and Agencies with a sizable secretariat. The secretariat reports directly to the prime minister and is given the authority of drafting necessary bills and cabinet orders for the reform
- Stationing influential and politically powerful members of the Diet around the prime minister, namely the cabinet secretary, the deputy cabinet secretaries, and the minister of state in charge of administrative reform
- Weakening of the resistance from the senior bureaucracy because of repeated reports of scandals
- Changing positioning of the private sector from government-dependent to more independent, and self-responsible
- Empowered citizens' watching of government affairs and vocal opinions becoming a most important criterion for continuing the current regime.

Addendum for the Present and Prognosis

In concluding this chapter, we would like to provide some thoughts that may be considered as a reference to the future major administrative reforms to be undertaken. We are repeatedly reminded that major administrative reforms cannot be carried out without overcoming resistance. For each major administrative reform, change in the bureaucracy's mentality and

attitudes is always called for, as it is difficult to change their patterns of behavior, and the administrative reform always aims at changing the on-going patterns.

In Japan, strong resistance was exerted particularly from inside the bureaucracy in the cases of many previous major administrative reforms. The existence of such a strong resistance was due to the fact (1) that the prime minister and his cabinet were highly dependent on the ministerial bureaucracies for policy making and coordination functions; (2) that the senior civil servants of ministry bureaucracies successfully mobilized major power groups of society to prevent implementation of reform programs that might jeopardize their vested interests; and (3) that it was the senior bureaucrats themselves who actually formulated concrete administrative reform programs to implement the reforms recommended by an advisory committee on reform (Suzuki, 1980).

Until this system was abolished a few years ago in Japan, senior civil servants were often appointed as government members to respond to the questions that occurred in the parliamentary debates on behalf of the cabinet ministers. In addition to the fact that they were potential candidates for members of the parliament, their participation in parliamentary sessions had blurred the relationships between public administration and politics under the parliamentary cabinet system. On the other hand, the parliament's dependence on the bureaucracy in policy planning had deteriorated the parliamentary power and the control of the bureaucracy.

This portrait of the bureaucratic power and the situation has nonetheless been changed significantly these days. For instance, the parliamentary debates must now be addressed only to the ministers and his deputies who are the members of the parliament. This means that these political figures must be capable of responding to parliamentary debates by themselves, although that capacity had been in the past performed by senior bureaucrats. These changes are only a part of many others as a result of the Hashimoto major administrative reforms as well as the current follow-ups that are institutionalized by the Koizumi Cabinet. At present, only highly qualified and learned politicians who understand how to perform in professional capacities can only survive in the cabinet or as successful parliamentarians. However, it is still largely the bureaucracy where the expertise is available in such an administrative state as in Japan. A harmonious and adequate level of role division between the political and administrative processes yet needs to be attained.

It is encouraging to note that Hashimoto major administrative reforms have been producing some results in enhancing the public knowledge and watch on the government undertaking, which in turn can ensure the support of the public toward the reforms. The strong public support is after all most essential to the success of major administrative reform undertaking.

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Chapter 25

Administrative Reforms in China: Globalization or Localization?

Mengzhong Zhang

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Introduction

Most countries all over the world have implemented administrative reforms in one form or another since early 1960s, and during this time, a number of formerly colonial countries attained independence. As different countries were in different historical, political, social, and economic stages, their reforms bore distinct features in terms of causes, purposes, and approaches. Nevertheless, careful studies have found out that many of these administrative reforms share certain common traits.

How can this phenomenon be accounted for? One explanation is that the forces of globalization are at work. As the world entered into the "global village" era in the latter half of the 20th century, no country ever since is immune from influence from the other parts of the globe. However, the impact is not uniform, i.e., not every country is influenced to the similar degree and of the same scope by globalization. Each independent country had its unique hallmark of social, economic, and political circumstances and was at a different historical starting point in the first place. Therefore, it is interesting to observe the two seemingly contradictory phenomena: convergence on the one hand and divergence on the other.

Conventional studies of comparative administration focus on borrowing the lessons and experiences from the first world (more developed societies) and giving to the third world (less-developed societies). Although comparative study of public administration has its ebb and flow, it has never been a full-fledged academic discipline of learning. Less attention is paid to the aspect of administrative reforms in socialist countries in general, and to that of China in particular, by the mainstream public administration community. Even less energy is spent on comparative study of administrative reforms between socialist China and the rest of the world, despite a few recent efforts (Straussman & Zhang, 2001; Zhang & Straussman, 2003; Zhang & Zhang, 2005).

This chapter attempts to fill this gap in public administration literature by putting Chinese administrative reforms under the microscope of global government innovation in general and the New Public Management (NPM) movement in particular. The purpose is to identify the common traits shared by Chinese administrative reforms and those of NPM-labeled countries, as well as distill distinct characteristics of Chinese administrative reforms.

To accomplish the aforementioned task, this chapter first reviews public administration literature from three dimensions: globalization and its impact on public administration; NPM; and policy transfer. Second, a brief description and analysis of Chinese administrative reforms are presented. Third, the author analyzes the impact of globalization on Chinese administrative reforms and identifies the common features of administrative reforms shared by China and other countries. Fourth, unique characteristics of Chinese administrative reforms are demonstrated. Finally, concluding thoughts and future prospects are presented.

Literature Review

The detailed accounts of globalization, NPM, and policy transfer literature can be found elsewhere. The purpose of this section is to lay a concise international background of Chinese administrative reforms and to conceptualize policy transfer. Thus it serves as a foundation to analyze the common as well as unique characteristics of Chinese administrative reforms.

Globalization and Its Impact on Public Administration

As other academic terminologies, globalization defies simple definition. The essential understanding of globalization is that economic globalization is a necessary trend of world economic development. Globalization means that economic resources (capital, technology, products, and labor) flow across national boundaries over the globe. In this process, the economy of each country becomes increasingly open and interdependent. One country's economy is shaped and constrained by other country's economy, and vice versa. Thus, an integrated global economy is formed.

Accompanied by the recent revolution of science and technology, especially the rapid growth of information and communication technology and network technology, information can be freely delivered over space, thus accelerating the progress of globalization. Human beings can overcome space obstacles and social barriers, such as institutional and cultural aspects, to realize adequate communication and achieve more concerted actions. Under the influence of globalization, world economy, politics, culture, science and technology, education, and even the thinking modes

have had profound and ongoing changes. As a result, countries and societies are more interconnected and more interdependent.

Globalization can be traced back to the 16th century, and the spread of imperialism and capitalism across the globe are essential (Amin et al., 1994, pp. 2–3; Halliday, 1994, p. 2). As capitalism was boosted by the two world wars and reached new heights in the Cold War era, the process of globalization also speeded up. With the collapse of Soviet communism, the pace of globalization in the 1990s was further hastened. Globalization refers to "quantitative and qualitative increase in the scope and intensity of the processes of internationalization" (Cope et al., 1997, p. 446).

Farazmand (1999) highlights the challenges facing public administration and offers 12 suggestions for public administrators across the world. Five aspects of impact of globalization on public administration are briefly presented here.

First, there are multiple public administration subjects under globalization. The traditional notion of nation-state is challenged and weakened. Supranational agencies such as United Nations and its affiliated organizations, like the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO), are playing increasingly important roles, and these organizations are dictated by the Trilaterals (the United States, some West European governments, and Japan) (Farazmand, 1999). In addition, there are other international non-governmental organizations (NGOs) and multinationals and transnational corporations as the governance bodies (Farazmand, 1999).

Second, in the age of globalization, the means of public administration has become more computer-based, digitalized, and networked. E-government, e-commerce, e-education, e-mail, and other information communication modes are deeply transforming the traditional administration instruments and methods. These changes are enhancing public productivity (Zhou, 2000).

Third, although the process of globalization has boosted the world economy and societal development, many new problems are generated in the meantime. These problems include environmental pollution, endangered species, deforestation, desertification, and scarcity of resources. In the social aspect, the problems are demonstrated in population growth, an increasing gap between rich and poor, financial crisis, and ethnic and religious conflicts. Other than that, drug trafficking, smuggling, international prostitution, organized crime, and international terrorism are all challenging the public administration community. Therefore, concerted effort and coordinated resolution are needed.

Fourth, globalization requires a higher qualification of civil servants. Public employees are expected to have the awareness of reform and innovation of the traditional institution and administrative systems.

Fifth, there are a number of negative consequences of globalization. "They include the diminished or lost sovereignty of states, constraints on democracy, loss of community, concentration of the global power structure, increased centralization of corporate and government organizational elites, and increased dependency among less-developed nations on globalizing powers" (Farazmand, 1999, p. 515). It is imperative that the public administration community fight against such changes.

New Public Management

According to Hughes (1998, p. 1489), NPM is "a concerted program of public sector reform aimed at replacing administration by management, replacing formal bureaucracy by markets or contracts as far as possible, and reducing the size and scale of the public sector."

Hood (1991), who popularized the term NPM, stated seven aspects of the managerial program. First, there should be hands-on professional management in the public sector. This indicates that the focus on management is the manager. Or in other words, the frontline administrator should be empowered. Second, there should be explicit standards and measures of performance. Third, there should be a greater emphasis on output controls instead of input controls. Fourth, there is a need to separate units in the public sector and establish some sorts of quasi-independent organizations as executive agencies. Fifth, there is a shift to greater competition in the public sector, including public tendering procedure. Sixth, there is a stress on bringing the private-sector style of management practice into the public sector. Seventh, there is a stress on reducing resource use in the public sector to minimize the public expenditure.

In short, the concept of NPM movement started from the early 1980s, originating from New Zealand (later became the "New Zealand Model"), Australia, and the United Kingdom, and later disseminated to the United States and a number of other countries. The essence of NPM is borrowing and applying the concepts and techniques of private-sector management into public-sector management, thus reducing the functions of the public sector through contracting out and privatizing. The theoretical foundations of NPM are the new institutional economics and public choice theory, which assumes that human beings are rational and economic and believe that maximizing budgeting provides the biggest incentive for public officials. Thus rational choice is supplanting government and other public sectors with market mechanisms (Zhang & Straussman, 2003). To be more concrete, these NPM ideas cover the retrenchment of public employees, reducing the scale of public expenditure, privatizing, contracting out, shifting out government service to the outside, importing private-sector

instruments to the public sector, decentralization, deregulation and reregulation, fostering a culture based on performance, utilizing quality as measuring instruments, emphasizing results and outcomes instead of process, as well as emphasizing the priority of customers (Masser, 1998).

There might be multiple causes that triggered NPM style of administrative reforms in recent two decades. From late 1970s to early 1980s, many countries initiated reform programs in the public sector, many of which had economic downturns. Moreover, there was political pressure requiring reform endeavor. "Bureaucracy bashing" is a typical phenomenon. Bureaucrats were accused of self-expanding, trouble making, lack of initiative, and insensitivity (Savoie, 1994). The sentiment of anti-state was vividly demonstrated in the late President Ronald Reagan's various quotes: "In this present crisis, government is not the solution to our problem. Government is the problem" (Ronald Reagan, January 20, 1981, http://joshbotts.com/pdf/tnr-sullivan-crisisoffaith.pdf: accessed on May 20, 2005); "Outside of its legitimate function, government does nothing as well or . . ."; "The federal government has taken too much tax money from the people, . . . "; "As government expands, liberty contracts"; "Government is like a baby. An alimentary canal with a big appetite at . . . "; "A government bureau is the nearest thing to eternal life we'll ever . . . "; "No government ever voluntarily reduces itself in size" (quoted from: http://www.quotedb.com/categories/government: accessed on May 20, 2005). With its long-term guidelines of administrative reforms in the United Kingdom, Thatcherism originated from the ideological influence of the right. It pursued the stance of antistatism. Thatcher argues that overarching government suffocates the creativity of individuals, families, and social groups. She maintains that big government generates and distributes public goods without efficiency, that big government twists the market mechanism and is insensitive to the quality requirements from the consumer, that uniform provision ignores the diversity of public service. Thatcher also believed that political appointees had become the captives and conspirators of the bureaucracy. In the aspect of executive function, the criticism of Thatcherism focused on its rigid hierarchical structure that lacked flexibility and creativity. Therefore, the bureaucracy could not follow the rapid pace of economic and technological development (Zhou, 1999).

The core of the Thatcherism public management tenet is reform based on market orientation, which has four dimensions. First, Thatcherism admires market mechanisms and market forces, arguing for reducing government intervention to the minimum. Second, Thatcherism advocates cheap and small government. Thus, cost savings and tax reductions are believed to have the incentive to motivate private capital investment that results in economic prosperity. Third, Thatcherism suspects that bureaucratic government will lead to low efficiency and waste, thus it is imperative to

strengthen the control of senior political appointees and downsize the scale of the civil service force. Fourth, Thatcherism distrusts government and all public sectors. In contrast, Thatcherism appreciates the methods and means of private-sector management (Greenwood & Wilson, 1989).

Policy Transfer

Although literature on policy transfer is not scant, a recent comprehensive effort to review the literature on policy transfer is an article titled "Policy Transfer as a Form of Prospective Evaluation: Challenges and Recommendations" by Mossberger and Wolman (2003). As early as the Civil War era, the United States borrowed the idea of a national income tax system from the British to finance the army (Waltman, 1980, p. 16). Social security and unemployment insurance were examples of cross-national policy transfer during the period between the end of the 19th century and the early 20th century (Collier & Messick, 1975; Waltman, 1980). Although the use of entrance examinations for the employment of competent civil servants in the United States was distinctly British in origin (Carter, 1998), the root of this practice could be traced to the practice of ancient China's civil service. The United Kingdom actually benefited from Chinese intellectual sources in the civil service system. Immediately after World War II, the administrative reform in Japan borrowed ideas and practices from the United States (Pempel, 1982).

With the advancement of communications and the accelerated pace of globalization, cross-national policy transfer has the potential to increase in frequency and scope. In the field of public administration over the past two decades or so, ideas of administrative reforms such as privatization, decentralization, and market orientation witnessed transnational diffusion not only between developed countries, but also penetrated the thinking and practice of many developing countries (Lam, 1997; Zhang & Straussman, 2003).

One aspect of the policy diffusion literature is the chronological and geographic patterns of the adoption of policy innovation across government units. It tries to explain the determining factors of which units are early, more innovative adopters, or factors that distinguish adopters from nonadopters in particular policy fields (Seely, 2003). The other aspect of the policy diffusion literature seeks the sources of diffusion: cue-taking patterns among the states and the role of national governments, professional organizations, policy communities, and policy entrepreneurs in promoting diffusions (Seely, 2003). Although many factors played significant roles in promoting policy diffusion across national boundaries, cross-national case studies showed that at least five factors are important in the process. These

are: (i) geographic proximity (Rose, 1991); (ii) policy entrepreneurs (Dolowitz and Marsh, 2000; Wolman, 1992); (iii) informal policy communities (Haas, 1989); (iv) federal government involvement (Welch & Thompson, 1980); and (v) international organization assistance (Haas, 1989).

There is a plethora of individual case studies for cross-national policy transfer. Most of them have built theoretical constructs based on a few cases. These studies examine a variety of concerns, including the reasons that the recipient government engages in policy transfer, the roles that policy transfer plays in the political process, the characteristics of the decision process, and reasons for the success or failure of the effort (Seely, 2003).

In recent years, the study of policy transfer garnered further momentum. For example, New Zealand collected ideas from Australia and several other countries in its NPM reforms (Boston, 1996). The U.S. government used the results of the Organization for Economic Cooperation and Development's (OECD) research on performance management in a few countries, and especially the practice of Australia to form its Government Performance and Results Act (Breul, 1996). A few new book titles also suggest the popularity of policy transfer. These are: *Policy Transfer and British Social Policy: Learning from the USA* (Dolowitz et al., 1999); *Public Management & Policy Transfer in Southeast Asia* (Common, 2000); and *Policy Transfer, New Public Management and Globalization: Mexico and the Caribbean* (Bissessar, 2002).

Administrative Reforms in China

In this section, I sketch the main outlines of Chinese administrative reforms. While detailed accounts may take book length, this part attempts to distill the prominent features of Chinese administrative reforms. From a historical point of view, commentators and observers would agree that the People's Republic of China's (PRC) history could be divided into two parts: the Mao era (1949–1976) and the post-Mao era (1977 onwards), for each era has some unique characteristics. The two eras also present a natural comparison of similarity and difference of the reform effort.

The Mao Era (1949–1976)

The Formation of Chinese Governance

When the Chinese Communist Party (CCP) came to power in 1949, it did not have many alternatives for economic development. Its priority task was to rehabilitate the war-torn economy and the immediate implementation of

some form of land redistribution. The most important program enacted by the PRC, from 1950 to 1953, was agrarian reform. In 1949, when the CCP took over the country, some 500 million people were living in the countryside. The 1950 Agrarian Reform Law was basically a mild reform measure that permitted "rich" peasants and landlords to retain their land. The land redistribution was completed in 1952. It soon became obvious that land redistribution was not going to solve the basic agrarian problem. The millions of new landowning peasants realized very quickly that their plots were too small to produce enough to feed even their families. Having committed themselves to the party's cause by participating in the land redistribution, the peasants had to accept the party's new appeal for mutual aid teams, which pooled together draft animals, implements, and shared labor. In 1953–1954, the mutual aid teams gave away to more complicated cooperative ventures, the mandatory agricultural producers' cooperatives (APCs). The individual peasants pooled their productive resources (land, draft animals, implements, and houses) in return for shares in the enterprise. Although the movement was voluntary, the party conducted massive campaigns to persuade and to coerce peasants to join the APCs.

The APCs made the peasants utilize resources and labor better. During the slack seasons, surplus labor could be mobilized easily to carry on small-scale irrigation works, such as making ditches, ponds, and dams. Combined surplus labor could reclaim land through irrigation and reforestation. By 1953, the regime had completed the immediate tasks of rehabilitating the war-torn economy and consolidating its control over the nation. With the end the Korean War, the regime was confident enough to embark on a rapid industrialization program. The approach adopted was the Stalinist strategy of long-term centralized planning that was approved to be the successful socialistic model emerging from World War II.

Fundamental to the Stalinist model was the rapid buildup of the heavy industry sector through the concentrated allocation of investment into capital goods industries. The model demanded highly centralized decision making by the top politicians to determine targets and quotas to be fulfilled by the different economic sectors (Theen & Wilson, 1996).

First Three Rounds of Administrative Reforms

Unlike the U.S. political system, which has three branches of government, in the PRC, there are a number of branches of governance. These include: the Executive branch (State Council, formerly known as Political Council from 1949 to 1953); the Central Military Commission of People's Revolution; The Supreme People's Court; and The Supreme People's Procuratorate. In addition, The Central Political Bureau and Its Central Committee of Chinese Communist Party, the National People's Congress and the Chinese People's

Political Consulting Conference have been playing an essential role in Chinese governance.

The First Round of Administrative Reform (1949–1956)

Within the Political Council, there were 35 working organs (ministries and commissions) in 1949. Although there were some minor adjustments, the total number of central administrative organs remained the same by 1951, i.e., 35. To implement the first five-year plan, it was perceived necessary to strengthen the centralization of central government and to increase the number of central administrative organs within the Political Council. By 1953, the total central administrative organs increased to 42, largely responding to the increased economic functions of the government. In 1954, the State Council was established, replacing the former Political Council. By 1954, there were altogether 64 Central Administrative Organs (hereafter CAOs, ministries, commissions, and other working offices under the State Council). Among them are 35 CAOs in charge of economic function. In 1955–1956, the State Council was further adjusted and there were 81 CAOs; the first round of administrative reform was completed. The main feature was increasing the central administrative organs, largely responding to the need for economic development of socialist construction (Liu, 1998, pp. 290–294).

Within the first administrative reform, there were a couple of attempts to downsize the number of administrative organizations and personnel. For example, the central government had promulgated directives to downsize personnel and administrative organs in 1951. By June 1954, 152,000 public employees had been downsized from central and provincial governments. The second attempt was conducted in 1956 that downsized 36,270 personnel, accounting for 40.1 percent of the total number, and eliminated 2198 divisions and sections of administrative organs (about 38 percent of the total number) (Song, 2001).

The Second Round of Administrative Reform (1956–1959)

Accompanied by the completion of the measures of the first five-year plan and socialist reformation, some problems appeared out of the overall concentration of the central authority. These included the bloating of administrative organs, low efficiency of administration, and complaints of local authority. Because the central government was taking care on a basis that was too wide, the local government had no discretion and incentive to produce public goods and deliver effective public service. Under such circumstances, Chairman Mao Zedong said in his well-known ''On the Ten Major Relations'' in 1956:

> At present, under the premise of consolidating the leadership of central government, we should expand the power of local government, permit them more independence to construct a powerful socialist country. The territory of our country is so huge, and the circumstances are so complex, that it is much better to have the independent initiatives of both the center and the locality. We should not follow the path of the Soviet Union, centralizing everything to the central government, in the process strangling the flexibility and motivation of local government.
>
> Mao (1999a, p. 31)

Following Mao's article, the central government began to delegate some authority to local governments. In particular, some of the state-owned enterprises (SOEs) previously controlled by the central government went to the hands of local governments. It was no longer necessary for the central government to have so many ministry-level units. CAOs had downsized from 81 in 1956 to 60 at the end of 1959 (Liu, 1998). Among these downsized departments, those in charge of economic functions occupy 50 percent or more (Song, 2001).

The Third Round of Administrative Reform (1959–1976)

The ''1959 downsize'' brought about chaos and anarchy partly because of the "Great Leap Forward" movement and the influence of "left" ideology. At the Mount Lu Conference in July 1959, Mao said, "we have delegated too much of the Four Powers (referring to Personnel, Finance, Commerce, and Industry) to the local government too quickly. Chaos and confusion are in existence. Now we are in a situation of semi-anarchy. We should emphasize unified leadership and centralize power again. The delegated powers should be claimed back to the central and provincial governments" (Mao, 1999b, p. 80).

To comply with Mao's opinion, the central government began to emphasize unified leadership and concentration of authority. In 1961, many of the previously eliminated organs came back and new organs were also created. Thus, by the end of 1965, there were 79 working organs under the State Council. Nevertheless, downsizing also occurred in this period. Between July 1960 and September 1961, central government downsized 16,000 public sector employees (15 percent) and service institutions (Shiye Danwei) downsized 65,000 employees (26 percent). From February of 1962 to 1964, central government further downsized 10,000 public sector employees and local government nationwide downsized about 800,000 public sector employees (Liu, 1998, p. 297). This downsizing was a response to the "three difficulty years" from 1959 to 1961. It was estimated that about 20 to 30 million people died in the period of the Great Leap

Forward (1958–1960) (http://www.boxun.com/freethinking/freetxt/lishi/
ls011.htm: accessed on March 5, 2005). The hardship can be compared to
the Great Depression periods from 1929 to 1933 in the capitalist world. As a
result, not only government employees were downsized, but also workers
in the factory. From early 1961 to June 1963, about 20,000,000 workers were
downsized (Song, 2001, pp. 338–339). Many of them were sent to the rural
areas, losing their urban residency.

In 1966, the "cultural revolution" movement began and the normal oper-
ation of State agencies was affected. As a result, many government agencies
were trapped into stagnation. By the end of 1970, there were 32 adminis-
trative organs under State Council. In reality, the State Council only led 19
organs (Liu, 1998, p. 298). In 1975, Premier Zhou Enlai (or Chou En-lai)
stated that China would realize four modernizations (industry, agriculture,
science and technology, and defense) by the end of 20th century. In the
meantime, the central government determined that Deng Xiaoping would
be in charge of the State Council, reflecting an emphasis on economic
development. By 1975, the number of ministry-level units increased to 52.

Recent Four Rounds of Administrative Reforms in the Post-Mao Era (May 25, 1977)

The Fourth Round of Administrative Reform (1977–1987)

With the fall of the "gang of four" and the end of the "cultural revolution"
in 1976, there was profound underpinning of political and economic logic
for the administrative reform. To correct the problems created by the ten-
year turmoil, it is natural to increase agencies and personnel to solve a
number of urgent issues. In December 1978, the Third Plenum of the
Eleventh Central Committee of the CCP was held, which decided the
overall "reform and open" grand policy of the PRC. This is indicative of
the focus change from previous priority of class struggle to the current
economic development.

From 1977 to 1981, the State Council had recovered and created 48
administrative organs. Thus, by the end of 1981, there were 100 adminis-
trative organs altogether under the State Council. Administrative personnel
also increased to 51,000 in the central government. From 1978, a number
of SOEs previously delegated to the subnational government had been
claimed back by the central government. The number of SOEs and service
institutions affiliated with the central government jumped from 1260 in 1978
to 2680 in 1981. Correspondingly, fiscal administration, tax power, and
materials authority was withdrawn to the central government. There were
several prominent features of the administrative system in this period. First,
the number of administrative agencies rocketed. Second, government

employees became more aged. Third, overlapping of agencies was a predominant phenomenon. For example, there was a ministry of agriculture, a ministry of agricultural reclamation, and a ministry of agricultural machinery. Above these ministries, there was a higher layer called the National Agricultural Commission. Fourth, deputy positions were mushroomed. For the Ministry of Metallurgy, there were 19 deputy ministers (Ren, 1998).

Against such a backdrop, Deng Xiaoping, the actual paramount leader of China from 1978 to 1997, presented his view for the necessity of further administrative reforms. A few of which are quoted here: "Now (December 1978), in our economic work, there were overbloated and overlapping agencies. Red tape is rampant and leading to low efficiency. Exaggerated rhetoric overwhelmed other issues. It is not the responsibility of certain cadres, but is the problem of not raising the issue of reforms in time" (Deng, 1998, p. 76); "…but now (July 1979), the executives at every level of government are too old and they do not possess adequate energy…it is certain there are other problems in organization lines, such as how to solve the problem of the bloat of agencies and retirement. The temple is fixed and the number of Buddhas cannot be increased. Therefore, the younger employees cannot enter the public service if the elders do not retire. This is a simple reason" (Deng, 1998, pp. 191–193). In January 1982, Deng further stated that "Downsizing administrative organs is a revolution." He argued that "administrative agencies overbloating and overlapping, duties are not clear. Many people are not qualified. They are not accountable. They lack vitality, knowledge and efficiency…the situation has been reaching to an intolerable degree. The public will not tolerate it and our party will not tolerate it either" (Deng, 1998, p. 396).

In the wake of Deng's speech, the fourth administrative reform proposal was passed in March 1982. The effect of the reform was demonstrated in three levels: central, provincial, and county governments. At the central level, administrative organs were reduced from 100 to 61, government employees were reduced from 51,000 to 32,000. At the provincial level, administrative agencies were reduced from previous 50–60 to 30–40, government employees were reduced from 180,000 to 120,000. At the county level, government employees were downsized by about 20 percent. The average age of minister-level leaders was reduced from 64 to 60 and the average age of bureau (juji) level leaders was reduced from 58 to 54. In addition to the above changes, the education length of the leaders increased (Liu, 1998, pp. 301–302). All these reflected a trait of revolution, professional, knowledgeable, and younger age, which are required for the cadres.

Nevertheless, not long after, the expanding incentive showed its power again; there were 65 administrative organs and by the end of 1986 this

number increased to 72. This situation heralds a new round of administrative reform.

The Fifth Round of Administrative Reform (1988–1992)

The 1982 administrative reform reduced administrative organs at the ministry level from 72 to 65. The number of central government employees downsized was 9700. However, the main character of the 1982 reform was the transformation of government function. The reform proposal of the State Council in 1988 had the following callings. It is necessary to establish an administrative system with comprehensive functions, reasonable structure, coordinated operation, and flexible and high efficiency. It is also important to separate the function of government from the CCP; separate the function of government from enterprise and service institutions. So the targets are: transforming the government functions, downsizing agencies and personnel, enhancing administrative efficiency, overcoming the bureaucratic style of doing business, and strengthening the vigor and vitality of agencies. That is, trying to create conditions to smooth the relation between government-enterprise and between government units and between central and local governments (Liu, 1998; Song, 2001).

The Sixth Round of Administrative Reform (1993–1997)

By the end of 1991, the number of public employees in the government and party system reached a new height at 9.2 million. The administrative expenditure of the government was 37 billion yuan RMB, plus the expenditure of service institution (Shiye Danwei) of 140 billion yuan RMB; these two items account for 37 percent of the government fiscal expenditure. The year 1993 started another round of administrative reform, the focus of which was to adapt the socialist market economy. The emphasis was still transforming the government functions. The avenue to do that was to separate the function of the enterprises from that of the government. The 1993 reform had reduced the administrative organs from 86 to 59, and downsized central government employees from 36,700 to 29,200.

In 1994, reform efforts continued in three aspects. First, returning the discretion of enterprise management to enterprises (from government); second, transferring the basic functions of adjusting resources to the market; and third, shifting the social service function and monitoring functions to the market intermediate organizations. By the end of 1994, there were 1.3 million service institutions with 26 million employees (Liu, 1998, pp. 306–309).

The Seventh Round of Administrative Reform (1998–2002)

In March 1998, the First Session of the Ninth People's Congress ratified the organizational reform proposed by the State Council. The number of ministries and commissions was reduced from 40 to 29. Sizeable cuts in government employment were planned and targeted at downsizing 50 percent of government employees. Gan Luo, the General Secretary of the State Council put forth the following "principles" to justify the seventh administrative reform in the PRC:

1. According to the requirements of developing socialist market economy, transforming government functions, realizing the separation of enterprise from government, it is imperative that government's function should be transformed to macro-adjustment and control, social management and public service, and to return the power of producing and operating to enterprises.
2. According to the principles of retrenchment, unification and efficacy, adjusting the organizational structure of the government is needed realizing downsizing of personnel and simplifying government agencies. Strengthening the macro-economic adjust and control agencies, adjusting and reducing the professional economic agencies, appropriately adjusting social service agencies, strengthening law-enforcement and regulation agencies, and developing social intermediate organization.
3. According to the principle of harmony of power and duty, adjusting the boundary of position and duty is needed to clarify the division between different government units.
4. Strengthening the rule of law is needed (Liu, 1998).

The seventh reform efforts sought to transform government functions. In clarifying the relationship between government and enterprise, the State Council had shifted out 280 functions to the enterprises, social intermediate organizations, and local governments. It aimed at creating clear functional divisions between different sectors and organizations; downsizing organizations and personnel, and strengthening the rule of law. Gains were made in all of these areas (Song, 2001, pp. 375–376).

Impact of Globalization on Chinese Administrative Reforms

In this section, I further abstract and conceptualize the characteristics of Chinese administrative reforms, compare and contrast the similar features with other NPM and non-NPM type countries, and analyze the avenues and resources of international impact on Chinese administrative reforms.

Administrative Reforms in the Mao Era (1949–1976)

Prominent Features

The fluctuation between downsizing and expanding central government agencies and employees could be observed throughout the Mao era (1949–1976). The objective was to search for a proper balance in the relationship between the center and locality. Yet, the pendulum constantly swung between the central and local governments without ever finding a proper equilibrium. In examining administrative reforms in China, Lan (2001) correctly observed that the central–local government relationship was not the only issue troubling the leadership. Also entangled in the mix were the issues of party–government relationship and government–business relationship. For instance, Dong Biwu once said at the Eighth Party's Congress, "The Party should lead government organizations through its party members and party organizations, not by taking their place" (Lan, 2001, p. 447). As early as November 6, 1956, an article titled "Allowing More Autonomous Power for the Enterprise" appeared in the *People's Daily*, the premier newspaper in the PRC. The Eighth Party over the Congress also reported that government agencies exercise too much control over enterprises, severely hindering the initiatives and flexibility of enterprises. These perplexing issues would again enter the lexicon of administrative reforms in the post-Mao era (after 1976).

One prominent feature of administrative reforms in this period is a top-down approach where top politicians are decision makers. In particular, the authority was concentrated to one person. The paramount leader Mao's words were obeyed as absolute truth. It was a time of blind obedience, for Mao gradually enjoyed a status as the "God" of the country. It is against such a political background that decentralization and centralization decisions were made in a seemingly *ad hoc* manner.

These decisions sometimes influenced the destiny of millions of people. A bad decision could be lethal to the whole country, such as the case of "Great Leap Forward" that was a disaster for the entire nation. It is also noticeable that the swing of the pendulum between the central and local governments mainly concerns who is in charge of what SOEs. This is indicative of a command economy where the government controls every facet of the enterprise and the national economy. Literally, there was no private industry, which reflects the essential character of collectiveness of a typical socialist country.

In short, the reform efforts in the Mao era were partly a response to the economic development and partly a response to the political incentives of class struggle and continued revolution under the proletariat dictatorship (perceived by Mao). On the surface, an evil cycle of

"downsizing–swelling–downsizing–swelling (of government organizations and public employees at every level)" was easily observable. The Stalinist model that China adopted demanded highly centralized decision making by the top politicians for the political, economic, and social development of the country.

Why did the PRC adopt the Stalinist model of governance instead of other models? What global forces influenced China's direction in the Mao era? To address and appreciate these issues, we have to look at the international environment and examine China's foreign policy.

PRC in the Cold War Era

From the early days of the PRC in 1949, Mao Zedong tried to break the bipolar system and enable China to become an independent and important strategic power. In the Mao era, the foci of Chinese foreign relations strategy alternated between the Soviet Union and the United States: the *yibiandao* (leaning to one side) strategy in the 1950s, the *liangge quantou daren* (fighting with two fists) strategy in the 1960s, and the *yitiaoxian* (one united front) strategy in the 1970s (Zhang, 1998).

The "leaning to one side" strategy was adopted by the Common Program of the Chinese People's Political Consultative Conference in September 1949 and embodied in the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance in 1950. China cooperated with the Soviet Union against the United States, thus positioning China as a key member of the socialist bloc against the Capitalist camp in the bipolar Cold War era. "Of course, *yibiandao* was constructed on the basis of independence, equality and mutual benefit, not fell into the Soviet Union's arms" (Qian Qichen, 1994, pp. 40–44). *Yibiandao* is a strategy for survival, which was expected to guarantee China's security, sovereignty, and independence.

By the end of 1950s, Nikita Khrushchev was perceived to be ready to cooperate with the United States in controlling the world and imposing many unreasonable demands on China's sovereignty. Moscow adopted a number of steps to threaten China politically, economically, and militarily (Zhang, 1998). Although the United States welcomed the Sino-Soviet split, Washington continued to isolate China. The latter became the key target of the U.S. strategy of "containment" pursued since the end of World War II.

In such unfavorable international environment, China adopted an anti-imperialist (the United States) and anti-revisionist (the Soviet Union) international united front strategy in the 1960s, which was known in China as the *liangge quantou daren* (fighting with two fists) strategy, or the *liangtiao xian* (two united fronts) strategy, or the *shijie geming* (world revolution) strategy.

In view of the deterioration of Sino-Soviet relations, especially the armed conflicts along the Sino-Soviet border in 1969, the Chinese leadership realized that China's biggest threat came from the Sino-Soviet relationship. China's very survival was at stake.

While looking for allies to deter the Soviet Union, China's best choice obviously was the United States. In February 1972, President Richard Nixon visited China, which presented a chance of cooperation between China and the United States. Mao explained his *yitiaoxian* strategy (1973): "I talked with a foreign friend and indicated that I want to draw a line, i.e., the latitude lining up the U.S., Japan, China, Pakistan, Iran, Turkey and Europe" (Mu, 1994, pp. 172–180). The essence of this strategy was to unite all the forces that could be united, including the United States, to struggle against Soviet hegemony. The *yitiaoxian* strategy continued until 1982–1983 (Zhang, 1998).

By and large, Chinese governance was greatly influenced by the Stalinist model of command economy where market force plays a minimal role. As for the administrative reforms, no perceivable forces were coming from abroad. The Chinese economy was quite a closed model in the Mao era. China seldom, if ever, had contact from outside other than the brotherly friendship with the Soviet Union and socialist blocs in the 1950s. The interaction of China with socialist countries in this period did not exert any incentive and pressure over administrative reforms in China. Thus, administrative reforms in the Mao era were quite a matter of internal affairs in terms of cause, approaches, contents, and consequence.

Administrative Reforms in the Post-Mao Era (1977–2002)

Prominent Features

It is apparent that in the post-Mao era, the cyclical trend of downsizing and expanding of organizations and personnel has been repeated. However, it was not a simple replication of the previous efforts. As for adjustment in the relationship between the center and the locality, for example, the Mao era reforms were, in some sense, a swing between centralization and decentralization to locate an "optimal point" for the expediency of internal management. In the post-Mao era, the adjustment of central–local relations reflected more of the decentralization trend, a phenomenon called "playing to the provinces" (Solinger, 1996) from which local governments benefit. This trend is irreversible if the PRC wishes to continue harvesting the vitality and creativity of local governments in economic development, the key concern of the Chinese government in the post-Mao era. On the path to a market economy, more authority was delegated from the central to local governments, and from government to enterprises. Although there was

resistance in the bureaucracy to "surrendering" their power to enterprises and the phenomenon of "two steps forward and one step backward" did exist, the overall trend has favored decentralization and delegation.

The post-Mao reform is not a simple repetition of the Maoist reforms. Superficially, it is somewhat similar in its focus on downsizing organization and personnel. But under scrutiny, the market-oriented economy is not only changing the relationship between central and local government, and the government and enterprises, but it is also a driving force in adjusting the relationship between the government and society and the government and the party. From this perspective, Chinese administrative reforms are surely moving down a one-way path.

Among others, prominent features of administrative reforms in this period at least include the following aspects: (i) transforming the functions of government to macro-adjustment and control, social management and public service, and to return the power of producing and operating to enterprises; (ii) adjusting the boundary of position and duty to clarify the division between different government units; (iii) strengthening the rule of law; (iv) separating the functions of enterprises from that of government; (v) decentralization and centralization trends in the fiscal relation between central and local governments; (vi) building an open and transparent government; and (vii) emphasizing grass root democratic participation.

Possible Avenues of Policy Transfer

We can safely say that administrative reform in the Mao era was largely an activity within a comparatively closed society, given the focus of the country on class struggle under a command economy. The administrative reforms in the post-Mao era were different in the sense that the country implemented an opening policy and gradually built a market economy.

New ways of thinking and means of governance filtered in from the outside world. For example, when China was considering building a modern civil service system, the government held a conference jointly with the United Nations (United Nations, 1985) and sponsored numerous visits to learn from the experiences of Western societies. In the area of public administration, the Chinese Public Administration Society was established in 1988 as a semiofficial association, and the National School of Administration was founded in 1994 to train PRC's high-level officials. A number of academic journals were created to reflect the theory development and the conduct of practice in public administration around the world.

A specific case in point is the introduction of the Master of Public Administration (MPA) program in China in 2001 that in some ways reflects the American model. At the beginning, there were 24 MPA programs in

China that recruited more than 3000 students in 2001 and 2002. Now there are 83 MPA programs in China.

Although hard evidence is yet to be found regarding the details of how Western NPM ideas influenced Chinese administrative reform initiatives, it is clear that there has been some influence. Osborne and Gaebler's (1992) best-seller *Reinventing Government; How the Entrepreneurial Spirit is Transforming the Public Sector* was translated into Chinese soon after its publication, while the Chinese version of Hughes's (1994) *Public Management and Administration* became a best-seller, as well as hundreds of other books in the field. Visits to the Western countries, scholar exchange programs, conferences, workshops, seminars, book and journal publications, and specific consultant reports have all helped to shape Chinese administrative reform ideas. This situation is in sharp contrast to the Mao era when the aforementioned channels of knowledge transfer and dissemination virtually did not exist due to the PRC's closed-door policy at the time. What we are arguing here is that administrative reform initiatives in the post-Mao era reflect both China's distinct characteristics and the influence of Western NPM thought (Zhang & Straussman, 2003).

Common NPM Features of Chinese Administrative Reforms

Does China share some of the features that are typical in NPM countries? Zhang and Straussman's probe provide a preliminary answer (See Table 25.1).

Bashing the bureaucrats was a phenomenon common to all four countries compared. In the United Kingdom, this was prominent during the Thatcher administration. Margaret Thatcher took a stance of antistatism and

Table 25.1   Similar Features of Administrative Reforms in Japan, the United Kingdom, the United States, and the PRC

A. Phenomenon	1. Bashing the bureaucrats
	2. Economic concern
B. Reasons	3. Restoring the trust and confidence in government
	4. Top politician support
	5. Downsizing government organization and employees
	6. Decentralization of government function and authority to lower levels of government
	7. Privatization
C. Contents	8. Market-orientation
	9. Contracting-out
	10. Minimal state orientation
	11. Promoting transparency of administrative procedure
	12. Improving public service

Source: Zhang, M. and Straussman, J. (2003). *Public Administration and Policy*, 12(2): 142–179.

was very critical of conventional bureaucracy (Zhou, 1999). From that posture, administrative reform in the United Kingdom was generally regarded as benchmark of NPM movement. In the United States, both Reagan and Clinton used this strategy for political advantage. Ronald Reagan, surely unsympathetic to bureaucrats, declared "In this present crisis, government is not the solution to our problem. Government is the problem" (Ronald Reagan, January 20, 1981, http://joshbotts.com/pdf/tnr-sullivan-crisisoffaith.pdf, accessed on May 20, 2005). In Japan, although bureaucrats were highly respected for centuries, a recent survey revealed that almost half of the respondents did not trust them in the 1990s. In the PRC, the bureaucracy was seen as inefficient and irresponsible by the public. Corruption was rampant in the 1980s and especially in the 1990s and the 21st century.

Although economic downturn in the 1970s was perceived as a driving force for administrative reforms in the United Kingdom, the United States, and Japan, in China it was a different scenario. Based on a poor foundation in 1970s, the growth of Chinese economy was strong in the 1980s and well into the 21st century. The fast pace of economic development demands a corresponding administrative system that can further facilitate economic growth. This situation requires a changing of traditional structure, instruments, functions, and ideology of administration. The pressure for administrative reforms to match the economic reform and development was high over the past two decades or so.

In all the countries listed, governments were conceived as overbloated, inefficient, unproductive, and generally not responsive. Therefore restoring trust and confidence in government was a major concern that compelled the governments to go to reform. To win back the public trust and confidence in the governments, and to rebuild the legitimacy of governance, top politicians (Mao, Deng, and Jiang Zemin in the PRC, Thatcher and Blair in the United Kingdom, Reagan and Clinton in the United States, and a number of prime ministers in Japan) have supported somewhat similar administrative reform initiatives.

In their efforts of administrative reforms in the recent two decades, all four countries (PRC, United Kingdom, United States, and Japan) have downsized government organizations and employees to a certain degree. Under the banner of "decentralization," Japan, the United Kingdom, and the United States focused more on empowering the frontline managers "to manage." This operation contrasts with the practice of PRC, where the focus was on shifting power and authority to the lower levels of government, and transferring economic functions to enterprises from the government.

Careful observers would notice that under the same rubric there exists the nuanced differences. For example, privatization in Japan, the United Kingdom, and the United States took place in an economy in which private capital dominated. Thus, privatization in these developed capitalist countries privatized the state-operated company. In the PRC, the private

economy virtually ceased to exist in the Mao era (1949–1976). Thus the post-Mao reforms concentrated on both stimulating the growth of the private sector and privatizing SOEs.

Although Japan, the United Kingdom, and the United States adopted an approach more pro-market, in the PRC market-oriented reform gradually took place in the early 1990s, though with Chinese socialist characteristics. Contracting out of some government services to the private sector and nonprofit sector is not dominant in the PRC, but it is not unthinkable. However, other NPM countries used the strategy more frequently.

Minimal state orientation echoed each other in these countries to rebuild the image of government as efficient and productive. In Japan, the United Kingdom, and the United States the effort focuses on cutting public expenditure. In China, the emphasis is on downsizing government organizations and employees. It is ironic to notice that the government expenditure over gross domestic product (GDP) has been steadily increasing since 1994 (Zhang, 2003).

Constructing a transparent government is an objective shared by all the four governments. In the United Kingdom, the Citizen's Charter movement is dubbed as the "the core element of government reforms in the 1990s" by Prime Minister John Major (Zhou, 1999). The Citizen's Charter requires that all information related to the public service must be open and transparent, including the content and operating status of service, expenditure and cost of specific service, management organization and operating agencies, and the standards and quality information of the latter institution (Zhou, 1999). In the United States, the reinventing government movement also presented similar requirements by the National Performance Review. Japan's broad postwar administrative history can be summarized as repeated efforts to control the growth of government, to develop a policy of fiscal conservatism, to pursue deregulation, and to make the elite civil service more transparent and accountable (Terasawa & Gates, 1998). In China, there are a number of initiatives to make the government more transparent. The buildup of a public hearing system in China is a recent demonstration of such an endeavor (Peng et al., 2004).

Although improving public service is an umbrella term matching all the government reforms, in China, this characteristic is more obvious. City governments in Chengdu, ZhongQing, Nanjing, and Guangzhou have piloted service-oriented government in recent years. Public service is no longer a lip-service, but a practical action serving the public, both individuals and organization, especially the "one-stop shops" for the enterprise.

Common Features with Nontypical NPM Countries

By presenting the NPM features of Chinese administrative reforms, I am not saying that administrative reforms for the rest of countries do not look alike.

Far from that point of view, Lam (1997) actually suggested that administrative reforms all over the world share some sort of NPM traits. In his understanding, the NPM movement not only is restricted to developed countries such as United Kingdom, New Zealand, Australia, and Canada, but also found its way to developing and transitional societies in Asia, Latin America, and Africa. Countries like Singapore, Malaysia, India, the Philippines, Ghana, and Malta all adopted NPM ideas and practices (Lam, 1997).

Elaine Kamarck, of the JFK School of Government of Harvard University, once the advisor of National Performance Review, recently reviewed government innovation around the world (2004). She identifies six universal components of government reform. They are: government that costs less; quality government; professional government; digital government; better-regulated government; and honest and transparent government. Chinese reforms also have this content.

As countries around the globe have attempted to reduce government cost to stimulate economic development and attract more foreign direct investment, public sectors have resorted to various forms of budget innovations. In every round of administrative reform in China, efforts were made to downsize government agencies and personnel to reduce administrative cost. In the recent two decades, the incentive of building a small government is strong in China.

In a reform age, every nation is trying to construct a quality government. Although quality can mean a lot of things, many reformers regard quality as reforms that attempt to improve service delivery (Kamarck, 2004). Borrowing the idea of Citizen Charters that originated in Great Britain, the leader of a government department in Yantai municipality in 1994 introduced a path-breaking new system, called the "Service Promise System" (*fuwu chengnuo zhi*), designed to enable his agency to do a better job of providing public services (Foster, 2004). In 1999, the Chinese Customs agency cooperated with the United States Customs agency to begin the Shanghai Model Port Project. The project will give Shanghai Customs a capacity to process clearance 24 hours a day, seven days a week. It serves as a model for customs modernization (Kamarck, 2004). In 2002, the city government of Chengdu piloted the standardized service-oriented government in three agencies but is now applied to all government-wide agencies in the city. In the same period, city governments of Zhong Qing, Nanjing, and Guangzhou all adopted similar efforts in constructing service-oriented government. In China, to serve the joint venture better, the increased proliferation of public administration service centers or "one-stop-shops" started around 2000. Now, there are hundreds of such one-stop-shops all over the country (Li, 2004b).

As for a professional government, China adopted a tentative regulation of civil service on August 14, 1993, which initiated the contemporary civil service system. The law of PRC civil service was formally approved by the

Tenth National Congress on April 27, 2005. The promulgation of the law is an indication that China is on the way toward a professional government. Starting from 2001, China started its first MPA program, now there are 83 such programs. Other than that, China built a system of public administration schools at national, provincial, and municipal levels. At the national level, China Pudong Cadre School, China Jinggangshan Cadre School, and China Yanan Cadre School began to recruit trainees from 2005. Many Chinese public employees have been sent abroad (United States, Canada, Europe, Singapore, etc.) for advanced learning. These initiatives are only a part of a concerted effort to build a professional government in China.

China is not a laggard for digital government building. The earliest effort could be traced to 1985. At that time, Chinese government started a domestic project targeted at government information (Wu, 2004). By January 2001, the total number of domain names ending with "gov.cn" had reached 4722. Starting in 1993, the Chinese government attempted to build a series of "golden" projects such as Golden Bridge Project (aimed at economic information communication), Golden Customs Project, Golden Credit Card Project, Golden Wisdom Project, and so forth. The effort of building digital government is along two lines: one is a vertical line which is a top-down approach to facilitate online government functions such as finance, tax, civil affairs, customs; and the other is a horizontal line which is targeted at facilitating cross-regional cooperation such as the "digitalized Beijing" and "digitalized Shanghai" (Wu, 2004).

Whereas many developed economies are on the track of deregulation to provide incentive for entrepreneurship and reduce the chance of corruption, the developing world is working toward more and better regulations. In China, the main trend is making more regulations for related professions. The recent official promulgation of civil service law is a case in point. Because China has been transforming from a planned economy to a market economy, it is necessary to establish a number of laws and regulations. Parallel to the economic development, China has been strengthening the rule of law, from rule by man, over the past decades. Thus, deregulation is not a major current in China. This is not to say that deregulation does not happen in China.

For example, in 2002 alone, the State Council eliminated administrative approval of 789 items and correspondingly would make an impact on the function of adjustment of related administrative agencies.

To build an honest and transparent government is not easy but it is not impossible. In Changsha (China), the opening of government affairs was initiated in the late 1980s and up to 1996, the party's Committee and Municipal Government of Changsha jointly decided to expand the system of opening government affairs citywide. This innovation has won back confidence in the government from the public (Yu, 2002). In Guizhou

province, China, the city of Guiyang won the Innovations and Excellence in Local Chinese Government award in 2002 for opening up the standing committee of the People's Congress to citizen attendance and citizen participation (Kamarck, 2004). As a matter of fact, many local governments in China take similar actions to make their governance more open and transparent.

Thus, with the above comparison and analysis, we can say for sure that the forces of globalization are at work. In the post-Mao era (1977 onwards), China is hardly immune from outside influence. In the area of administrative reforms, China shares a number of universal traits that were identified in other countries, either NPM or non-NPM ones.

Unique Characteristics of Chinese Administrative Reforms

In the last section, we have seen that administrative reforms in China share a number of characteristics with other countries. Then, are there any features unique to China?

As we know, administrative reforms in the Mao era demonstrated a vicious strange cycle of "swelling–downsizing–swelling–downsizing," reflecting a centralization and decentralization swing. When the administrative power was centralized, the central government was in charge of too many enterprises and directly participated in the micromanagement process of planning, production, circulation, and consumption of industrial products. When this happened, the central government was swelled and the subnational governments lacked the initiative for economic development. In return, when decentralization took hold, many of the enterprises previously affiliated to central government now became the turf of the local governments. Then, the central government had the incentive to claim back the lost authority. Compared with the Western developed countries, the recurring of such centralization and decentralization phenomenon is unique to China.

In the post-Mao era, the adjustment of several pairs of relations in China is not familiar to other countries, especially to those developed countries. First is the adjustment of the relation between the government and the CCP. Traditionally, the government and the CCP are regarded as the same integrated entity by the public, because they have overlapping functions and more often than not, they have the same personnel working for the two units. Even nowadays, in some circumstances, one set of personnel carries two titles. For example, one set of personnel serves a local School of Administration and a local CCP School simultaneously; these two schools have the same locality and are staffed with the same faculty.

The direction of the reform is to separate the functions of the party from that of the government. The second approach is the separation of enterprise from that of government. Government should focus on macro-management, coordination, and control, whereas enterprise should be responsible for its own planning, production, circulation, and sale of its products and services. Thus, government and enterprise have their different domains of business, and government should not interfere with the affairs of enterprises. In the past two decades reform has largely adjusted the relationship between the government and the enterprise. Still, governments occasionally try to intervene with the business of enterprises. In this regard, the transformation of government functions has yet a long way to go. The third approach is to adjust the relationship between government and the social intermediate organizations. In the past, government took over all the social issues under its wings. Now, it is recognized that a strong nonprofit sector is the requirement of developing a civil society. The last, but not the least, approach is the adjustment of the relationship between the government and the individual. Government in China conventionally played such important roles in personal life as to influence individuals' private life. Now, it is recognized that there must be a boundary between government and citizen, and that individual freedom, liberty, and privacy should be protected. In a word, human rights are more appreciated. Although some other countries may have similar adjustment of these relationships, the adjustment of these relations is essential to the Chinese society in the post-Mao era.

One focus of administrative reforms in the recent two decades is the transformation of government functions. This is basically the adjustment of relationship between government and enterprises as just described. This transformation of government function is an ongoing business in China.

As discussed earlier, China has been on the way toward strengthening the rule of law and promulgating more regulations in related professions. This feature may be in sharp contrast with many developed countries where the efforts are spent on deregulation. However, better-regulated government is a target for many developing countries (Kamarck, 2004).

In developed countries, it is not difficult to locate an organization that is in charge of reform initiatives. In the United States, for example, we know that the Grace Commission was responsible for the reform design of the Reagan Administration, whereas the National Performance Review was the leading force for the reinventing government movement during the Clinton Administration. In Great Britain, the Efficiency Unit was in charge of the NPM style of reform initiatives. This is in contrast to the administrative reform in China, where to identify the institution in charge of reform initiative is like entering a labyrinth. Although we understand that the State Council proposed the reform bills, we have no idea who prepared them.

It is ironic that China is striding toward the rule of law on the one hand, whereas on the other hand, each round of administrative reform had no accompanying laws to guarantee the enforcement. Instead, there were only administrative directives to guide the reform efforts. Thus, more often than not, there was no performance measurement and no corresponding mechanism of awards and punishment. It is not surprising to know that the outcome of the reform frequently falls short of accomplishing the promised targets. For example, the seventh round of administrative reform was targeted at reducing 50 percent of civil servants. There were reports about the actual downsizing in the central and provincial level government, but it is not clear how many public employees were actually downsized in the city, county, and township level, where most public employees are located. In the end, no one knows how many personnel were downsized nationwide.

There is no budget constraint for each administrative reform exercise in China. Thus, the targeted governments (and agencies) have no incentive to reduce their personnel and associated power, authority, and prestige. This may result in the failure of administrative reform.

Although borrowing ideas and techniques from the private sector is a typical strategy of many NPM style reforms, in China, such a notion is alien to the reformers. In China, there is a growing awareness of serving the public and achieving high performance. Nevertheless, in each of the former seven rounds of administrative reform, the issues of customer orientation and performance orientation did not appear to surface.

Concluding Thoughts and Future Prospects

From previous discussions, we observe that Chinese administrative reforms share a number of common features with NPM style of reforms in terms of phenomenon, reasons, and contents. At least in the following eight areas, Chinese administrative reforms have similar characteristics with those of NPM movement countries: downsizing government organizations and personnel; decentralization of government function and authority to lower levels of government; privatization; market-orientation; contracting out; minimal state orientation; promoting transparency of governance; and improving public service. Compared with nontypical NPM movement countries, the six universal components of government reform identified by Kamarck (2004) are also hallmarks of Chinese reforms: government that costs less; quality government; professional government; digital government; better-regulated government; and honest and transparent government.

For those "unique" characteristics of Chinese administrative reforms, we have to understand them in a relative sense. The vicious cycles of "swelling–downsizing–swelling–downsizing" in the Mao era reflected the

requirements of internal management, though the globalization forces were somehow irrelevant to Chinese reforms in this period. In the post-Mao era, the evil cycle repeated, but it was not a simple replication, because factors counted in. The transformation of the government functions is essential to Chinese reforms and the adjustment of several pairs of relationships is the key to understanding recent changes of the Chinese governance. From rule by man to rule of law is a core feature of Chinese society striding toward modernity. For the area of Chinese administrative reforms, the future attention should be paid to promulgating corresponding laws and regulations for each specific effort. A stringent budget constraint is necessary as a mechanism to ensure the reform results for each targeted government agency. Performance measurement for the government organization is an effective instrument for administrative reform. Ultimately, the most important question is the purpose of the reform endeavor. In this regard, future reforms should be focused on customer orientation. There are encouraging signs that Chinese reformers have gradually emphasized the issue from the abstract concept of "serving the people" toward the concrete construction of a service-oriented government with detailed standards and procedures.

Administrative reforms have been shaped by and would shape the changing society. The average annual growth rate of Chinese economy was 9.5 percent over the past 26 years. This achievement is a miracle comparable to the four mini-dragons (South Korea, Hong Kong, Taiwan, and Singapore). Assuming that China can maintain an annual growth rate at 8 percent, then the per capita GDP of China will reach the 2004 U.S. level — US$ 38,000 in 2031 (http://news.creaders.net/headline/news-Pool/11A237493.html: accessed on April 12, 2005). What are the outlooks of China for the future? Wang Mengkui, the Director of the State Council Development and the Research Center of China, provided some clues. According to his understanding, for the next five to fifteen years, China will be on the track of industrialization, urbanization, marketization, and internationalization. In the same period, China needs to grasp the mega-trend of social economic development, purposefully adopting some grand policy measures. Wang raised four concerns to be addressed. First, how to alternate the manner of economic growth? Second, how to combine the issue of facilitating urbanization with the issue of "agriculture, peasants, and rural development?" Third, focusing on solving social problems, and realizing a harmonious development between economy and society. Fourth, enhancing the level of opening to the outside, and participating international cooperation and competition in larger scope, scale, and higher level. The essence of these concerns is industrialization, urbanization (with Chinese characteristics), marketization (complementing socialist market economy system), and internationalization (merge to world economy and trade system), as well as realizing the coordinated development between

societal stability and economic growth (http://news.yam.com/cna/china/200505/20050527183752.html: accessed on May 28, 2005).

The future prospects of Chinese governance thus lie in a broad political, social, historical, economic, and cultural context. Both domestic and international forces will exert great influence on Chinese public sector management in general and government reform and innovation in particular. With China's entry into the WTO in 2001, China faces serious challenges at least in the following facets: government system, law system, mindset and ideology, civil service workforce, market system, and industrial system (Ruan, 2001). At present, many Chinese local governments are in a fad of building up service-oriented government, which not only serves the people and various organizations better, but also has a responsibility to construct a government to be more responsive, accountable, legitimate, fair, and equitable. Li (2004a) stated that a service-oriented government is also a public, limited, rule of law, accountable, entrepreneurship, and digital government. One of the necessary means is performance measurement and management.

Although nobody can predict precisely the features of Chinese administrative reforms in the future, it is for sure that both domestic and international forces will play important roles in the process. Despite the fact that Chinese reforms emerged from a radically different starting point in the early years (relatively underdeveloped, centrally planned, and ruled by a one-party monopoly) (Burns, 2001), in the long run, Chinese governance will bear more global than local characteristics. In other words, in the area of administrative reforms in China, the force of convergence is stronger than the force of divergence.

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Chapter 26

Globalization, Bureaucracy, and Administrative Reform in Hong Kong

Ahmed Shafiqul Huque

CONTENTS

Introduction

Hong Kong has gone through remarkable changes over the past four decades, first as a British colony and then as an autonomous region of the People's Republic of China. The exceptional performance of the Hong Kong economy was the first to catch the attention of scholars and observers across the world. Economic prosperity was a major catalyst in the formulation and implementation of a wide range of reforms in social policy. However, in the absence of an effective political authority, leadership was provided by the bureaucracy, which was acknowledged to be one of the key driving forces behind the success of Hong Kong in the late 20th century. Thus, by default, the bureaucracy has been a key institution in responding to the challenge of reforming the administrative system for integration with the globalized world.

A series of reforms in the administrative system have helped Hong Kong deal with the turning points in its pursuit of economic miracle and manage the social tensions triggered by major changes in the economy and society. The unique political structure and administrative arrangements in Hong Kong have contributed to the closest approximation of Weberian bureaucracy in the contemporary world. This chapter seeks to draw parallels between the ideal construct of Weberian bureaucracy and the nature of changes taking place in the Hong Kong administrative system to argue that the traditional approach to public administration can be applied to circumstances where the conditions are appropriate. However, subsequent changes in the international arena have influenced recent reform endeavors, and finally, the inadequacies of a Weberian style of bureaucracy are becoming evident.

The chapter begins with an attempt to develop a portrait of the bureaucracy in Hong Kong and draw parallels with the ideal construct postulated by Weber. An overview of the background and evolution of the administrative system in Hong Kong will further substantiate the unique features of the bureaucracy and its special position in the society. This is followed by a discussion of the reform attempts made during the British rule as well as after the reversal of sovereignty to China, to identify the main themes and directions of changes. An interesting paradox can be noted in the divergence from the approaches followed by Britain and China in structuring and operating administrative organizations. The British rulers of Hong Kong established and reinforced the classical bureaucratic format, although the approach in the United Kingdom has been more open and flexible. The Chinese government adheres strictly to the classical approach in its administrative system, but has allowed Hong Kong to proceed along different directions that are consistent with the international trend.

Classical Bureaucracy and Administrative Reform

Administrative reforms are influenced by numerous considerations. The literature is replete with cases of reforms initiating from the changes in government, ideology, financial and political capability of countries, as well as demands from the internal and the external environments. Reforms often aim to balance the needs of the time, the pressures from the environment, and the intention and capability of the system (see Szanton, 1981; Caiden, 1991).

Globalization has brought to the fore another source of reform ideas that emanate from international trends. Influential countries, powerful financial institutions, and international agencies offer ideas and agenda on the direction of changes they would like to see for strengthening the global efforts to promote development. The essence of administrative reforms in the Western industrialized countries are generally considered appropriate. In addition, governments learn from the experience of other countries and seek to introduce changes for emulating success achieved in their efforts to improve management and living conditions.

Generally, reforms are carried out with the stated objective of enhancing the capacity of the government and the bureaucracy by simplifying procedures, restructuring the organization, rearranging personnel, or streamlining the administrative process, of which many appear to have a common objective of cost-cutting (Huque, 2002, p. 8). In the final analysis, political considerations play an extremely important role in the process. In the absence of strong political authority in a country, the bureaucracy may be able to assume a strong position and set the agenda for the reform process. In most cases, administrative reforms are aimed at serving the interest of the government in cutting costs, improving services, and enhancing the acceptability of its programs to the electorate.

The public bureaucracy is a key institution in Hong Kong, and has played a central role in all aspects of change and development in the territory. Bureaucracies take various forms with differing degrees of emphasis on the structure, function, relationship with other institutions and place in the system. Although bureaucratic structures in one form or another have existed for a long time, Max Weber was the first to attempt to discuss the features of the bureaucratic form of organization and constructed a list of its key features:

1. Fixed authority and official jurisdictions based upon a specific grant of power to the official office
2. Written, formal rules as the basis of management of the bureau
3. Impersonality and bureaucrats to apply rules without regard to their own interests, special features of the case, status of the clientele, bestowals of favor, or traditional value

4. A hierarchy of offices in which the relationships between officials are regulated by the rule of hierarchy
5. Career services in which bureaucrats are expected to be loyal to their office[1]
6. Permanence, as it provides continuous service and its web of power is impossible to destroy (Weber, 1946).

McCurdy pointed out that all public organizations cannot be considered as bureaucratic, and succinctly summed up Weber's views: "An organization is not bureaucratic unless, by definition, it possesses special structural characteristics designed to maximize efficiency in pursuit of established goals. The most important structural characteristics are a permanent class of civil servants with clearly defined duties, whose authority is officially fixed by law, and record keeping, so that past decisions can be used as the basis for future administrative actions. The result is a system of administration that can provide routine, uninterrupted services where officials are prone to emphasize operational effectiveness and rational behavior over other organizational values" (McCurdy, 1977, p. 71).

It is understandable that classical bureaucracy is not easily amenable to change and is likely to resist efforts to alter distribution of power and patterns of relationships. It will be interesting to examine the response of the bureaucracy — a powerful institution in Hong Kong — to the efforts to introduce reforms and initiate changes to keep abreast of developments in the contemporary world.

Globalization and Administrative Reform

One of the most potent developments in the contemporary world has been the enigma of globalization. The move toward an integrated world economy began, as major business corporations sought to expand their markets — and subsequently, operations — across national boundaries. Globalization is thus a consequence of the liberalization of states and the opening up of economies, and the process took off in a big way after the cessation of the Cold War. It was facilitated by the remarkable progress achieved in information technology (IT), and the net result has been the free movement of capital, commodities, services, people, and ideas across national borders. It can be said that globalization has succeeded, to a considerable extent, in opening up societies and standardizing rules of governance.

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[1] The bureaucrats receive a fixed salary based on the rank, permanency in office, pension, and prospect of promotion on the basis of seniority.

There are implications for administrative reform. A common tendency is to introduce similar programs for all countries, regardless of indigenous needs. One of the most common problems confronting most nations has been the diminishing pool of resources and rapidly rising demands from the public for better and new services. As the 20th century drew to a close, a changed macroeconomic environment and expectations on the part of the citizens led to a challenging environment, and these were further compounded by "a changed international context, the change in organizational paradigm in the private sector, and the modernization policies being pursued in competitor countries" (Naschold and von Otter, 1996, pp. 57–60).

The impact of the forces of globalization on administrative reform in Hong Kong was relatively easier to handle as the territory had already been a participant in the global economy. Administrative institutions and their regulations had to be consistent with global standards, and positive reports from influential international agencies indicated that the reform agenda was consistent with the trend. The principles, values, procedures, and practices of public administration are increasingly becoming similar across the globe, and Hong Kong has followed the trend to respond to the strong influence of globalization.

One of the most striking impacts of globalization has been the exertion of pressure — direct or indirect — on countries to converge toward a common system of governance. This calls for, among other prerequisites, mature political and economic institutions, as well as a system of public administration that emphasizes economy, efficiency, and effectiveness. Although many countries seek to introduce reforms along these lines after succumbing to external pressures, problems arise if there are strong internal pressures that are ignored in the process.

Administrative Reforms in Hong Kong

In many ways, Hong Kong has been a unique entity in terms of administrative arrangements. It was described as an "administrative state" in which administrative organizations and operations were particularly prominent in spite of the presence of legislative and judicial organs (Harris, 1978, p. 55). A large number of expatriate officials occupied the key positions in the bureaucracy and they were under the direct control of the governor and the chief secretary. Strict hierarchical authority and a simple pyramidal structure in a colonial setting provided the ideal condition for implementing Weberian principles. Weber believed that bureaucracy was critical not only in achieving the optimum level of rationality for overcoming chaos but also for the achievement of social justice (Weber, 1946, p. 260).

As a British colony for over a century and a half, the natural choice for Hong Kong was to emulate the British model that emphasized a system led by administrative generalists. Understandably, the style of administration in the public sector was modeled on the British system, and some of the reforms introduced there in the late 1970s and 1980s were emulated in Hong Kong. However, before the new culture emphasizing service to the public and stronger customer orientation could take root, Hong Kong was returned to China.

Administrative reforms in Hong Kong have been influenced by its internal as well as external influences, mainly from the United Kingdom. Under a simple structure of the administrative system, a colonial governor appointed by the British Crown exercised full control. A bureaucracy, led mainly by British officials, provided strong support with senior public servants running the administrative machinery. The executive council, a body of officials and advisers appointed by the governor, was the key forum for discussing policies and making decisions. The executive branch of the government dominated policy initiation, formulation, and implementation (Lee and Lam, 1992, p. 45). As the global wave of democratization influenced Hong Kong, the legislature did acquire some power in the 1990s.

There was practically no attempt to introduce changes in the administrative system of Hong Kong for a long time after the British assumed control of the territory. Riots and social disturbances in the late 1960s drew attention to the fact that the classical bureaucratic approach had resulted in a vast distance between the citizens and the government. A report on the social disturbances revealed that the cause of the riots was alienation of citizens, which resulted from the rigid and nonpublic nature of the system, and suggested strengthening the channels of communication between the government and the public and making service delivery more proactive (Commission of Inquiry, 1967).

The government sought to identify the source of the weaknesses in the administrative system that may have contributed to the disturbances by appointing a consulting firm — McKinsey and Company — to review the machinery of the central government in 1973. This was the first attempt to undertake a review of the system and was the first concrete step toward administrative reform in Hong Kong. It should be noted that advice from senior bureaucrats played a central role in selecting the consulting firm as well as determining the terms of reference.

Since the 1970s, Hong Kong began its transformation from a manufacturing and trading center toward a thriving and modern emerging economy in the region. The government tried to cope with the changes by introducing plans to expand a range of social services in the areas of health, welfare, education, and municipal services. These steps were expected to

promote social stability. McKinsey and Company had identified work over-load at the highest level as a major problem, and a group of policy secre-taries were appointed within the central secretariat to support the bureaucrats at the highest level. This resulted in the establishment of a highly centralized system, which ensured that the governor received com-plete information and remained in full control (Miners, 1995, p. 88). The main features of the administrative system could be described in terms of minimal government, deference to authority, and high degree of central-ization (Lee and Huque, 1996, p. 14). "The government was essentially an administrative structure and the bureaucracy strictly Weberian in nature" (Huque and Yep, 2003, p. 147). The Hong Kong government thus embarked on the path of modernization with a fully entrenched classical bureaucracy.

As a result of spectacular economic growth in Hong Kong during the 1980s, new challenges were encountered and administrative reforms were needed to deal with them. The size and scope of administrative organiza-tions expanded rapidly as the government became involved in additional responsibilities. Some of the new responsibilities were a consequence of major changes ushered in the form of "new public management." Rhodes listed its main features: "a focus on management, not policy, and on performance appraisal and efficiency; the disaggregation of public bureau-cracies into agencies which deal with each other on user-pay basis; the use of quasi-markets and contracting out to foster competition; cost cutting; and a style of management which emphasizes, amongst other things, output targets, limited term contracts, monetary incentives and freedom to man-age" (Rhodes, 1991, p. 1).

New public management encompassed a common set of responses to problems of oversized bureaucracies, expensive public services, and de-mands to a transparent and responsive public service. Hong Kong govern-ment responded to the changing circumstances by publishing plans in 1989 to initiate major changes. The aim was "to improve the quality of manage-ment within the civil service by promoting an increased awareness of what results are actually being achieved by the government and at what cost" (Finance Branch, Hong Kong Government, 1989, p. 1). The same classical bureaucracy was able to implement the new public management-oriented reforms with similar effectiveness. A small public sector and the dominant influence of business interests were conducive to the introduction of private sector practices to the public sector.

These proposals continued to be implemented over the 1990s through a series of reforms, reorganizations, and reorientations. In 1992, an efficiency unit was established to plan, guide, and assess the implementation of re-forms. The government departments were required to develop performance pledges, and senior public officials emphasized service to the community in

their statements.[2] The composition of the legislative council was gradually changed to make it fully representative with directly elected members for the first time in Hong Kong's history. The process was helped by an enthusiastic media, which acted as an important catalyst in transforming the administrative philosophy, approaches, and strategies. However, with the withdrawal of British control over Hong Kong, the initiatives of opening up the government's administrative process to intense legislative scrutiny lost momentum as the composition of the legislature underwent changes.

Worldwide, there was a clear shift in the values to be accorded prominence in administrative principles and practices. Economy, efficiency, and effectiveness as well as increased care in using financial resources became the predominant theme. In Hong Kong, institutional arrangements were in the process of consolidation after government responses to perceived and actual problems helped chart the courses of actions to be taken, particularly drawing lessons from the experience of other countries across the world.

The basic structure of the political and administrative systems remained largely unchanged with the reversal of sovereignty to the People's Republic of China. Under the current system, a chief executive holds widespread power similar to the former British governor, and the executive council continues as the key unit in making important political and administrative decisions. Led by the key officials — the chief secretary for administration, the financial secretary, and the secretary for justice — the civil service retains most of the power and privileges it has enjoyed over the past century. Yet, changes have taken place in the society and the government had to respond to them.

Hong Kong sought to retain the advantages it had carved out for itself in the world system, and these advantages were considered in the negotiations to determine the terms and conditions of handover to China. The capitalist system and the way of life in Hong Kong were to remain unchanged for 50 years (Basic Law Article 5), and there was to be no interference from the central government except in the clearly specified areas of defense and foreign affairs (Basic Law Articles 13, 14). The region was to be administered autonomously, and the concept of "one country, two systems" allowed the coexistence of different economic and political systems to function within greater China.

External Influences and Local Challenges

For several decades, Hong Kong flourished as a financial and commercial center due to its natural as well as strategic advantages and achieved a high

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[2]For example, see Anson Chan (1996), based on a speech delivered by her as the chief secretary for administration, Hong Kong government.

standard of living for the population. Hong Kong has been exposed to the vagaries of international competition for many years as the territory earned the reputation of being the "freest" economy and a major financial center for successive years in the 1990s. This has facilitated the integration of Hong Kong with the global system, which has been substantially affected by the phenomenon of globalization. The move toward an integrated world economy was a consequence of the liberalization of states and the opening up of economies after the cessation of the Cold War. The process was facilitated by remarkable progress achieved in IT, and the net result has been the free movement of capital, commodities, services, people, and ideas across national borders. It can be said that globalization has succeeded, to a considerable extent, in opening up societies and standardizing rules of governance.

Globalization has been a major force pushing toward the tendency to perceive problems facing governments in similar ways and to develop solutions within internationally accepted frameworks. One of the most common problems confronting most nations has been the diminishing pool of resources and rapidly rising demands from the public for better and new services. The private sector served as a point of inspiration, and governments have sought to change established practices and procedures, revise priorities, and reassess the values of outcome and efforts undertaking and managing the public sector (see, for example, Hood, 1991; OECD, 1995).

Hong Kong's small size and simple administrative structure had helped avoid many problems faced by states across the world. There is a strong pressure — direct as well as indirect — on countries to converge toward a common system of governance. This requires mature political and economic institutions, as well as administrative arrangements that emphasize economy, efficiency, and effectiveness. Although many countries seek to introduce reforms along these lines in accordance with external pressure, problems arise if there are strong internal pressures that are ignored. Hong Kong has been moving in that direction with its Weberian bureaucracy in the driving seat, and has overcome many of the impediments to reforms that exist in political systems with democratic institutions and effective political control over the administrative apparatus. Internal pressures have forced the government to strengthen the economy and the capacity of the government, as well as respond to the social needs of health, housing, education, and employment for the local population.

The composition of the bureaucracy began to undergo changes with the termination of British rule in 1997. The Basic Law (1990) stipulated that "only Chinese citizens among permanent residents of the Region with no right of abode in any foreign country may fill the following posts: the Secretaries and Deputy Secretaries of Departments, Directors of Bureaux,

Commissioner Against Corruption, Director of Audit, Commissioner of Police, Director of Immigration, and Commissioner of Customs and Excise" (Article 101). This provision has significant implication, as many non-Chinese bureaucrats with extensive experience were no longer eligible to rise to the top echelon.

The emergence of a middle class and economic and social progress achieved over the previous three decades resulted in high citizen expectations in Hong Kong. The standard of living was on the rise, and many local citizens were exposed to overseas administrative systems and practices as they traveled or emigrated. The underlying current of a democratic movement encouraged effective scrutiny of the government's operation, management, performance, and efficient use of financial resources. A strong and independent media was encouraged by these circumstances, and emerged as a facilitator of such changes.

Administrative reforms were introduced in line with changes taking place worldwide. The basic principles of the reforms emphasized regular and systematic review of public expenditure as well as a proper system of management of resources and policies. There should be clearly defined and delegated responsibilities for formulating policies and implementing them. Moreover, public bureaucrats were to be made aware of resources used in pursuing policy objectives, and they were to be held accountable for the outcome. Finally, services were to be provided through an appropriate framework of organization and management that was conducive to the nature of each service (Finance Branch, Hong Kong Government, 1989, pp. 1–2).

A key initiative has been the establishment and inculcation of a culture of service in the framework of public administration. The efficiency unit served as the engine behind the changes aimed at improving the quality of service, enhancing efficiency, and ensuring customer orientation. Over a short period of time, there were evidences of increased awareness of customer needs and preferences, and senior bureaucrats emphasized the importance of service to the community (see Chan, 1996; Lee and Huque, 1996).

By way of implementation of the reforms initiated in the 1990s, agencification, corporatization, contracting out, and privatization were in progress when British rule ended in Hong Kong.[3] The handing over of Hong Kong to China coincided with a number of problems related to the avian (bird) flu and an increase in microalgae (red tide) in the coastal water of Hong Kong, indicating a weakening of the capability of the bureaucracy, and system

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[3]For example, certain transportation services were handed over to public corporations, contracts were awarded to build and operate transportation tunnels and public housing, and a number of government departments were designated as self-financing trading funds.

failures on the day of opening Hong Kong's expensive new airport attracted severe criticism from the public, media, and observers (see Huque and Lee, 2000). These events seemed to highlight a declining level of efficiency of the bureaucracy. Hong Kong government responded by drawing up reform plans for introducing substantial changes with special emphasis on the areas of personnel management, performance and pay, and a result-oriented management culture (Huque, 2002, p. 14).

Under British colonial rule, the administrative system of Hong Kong developed and underwent reforms that were intended to respond to local needs and challenges. The organizational structure and distribution of power reflected a high degree of centralization, quite unlike the United Kingdom, which adopted a parliamentary democratic system with an effective system of checks and balances. So the structure was British in orientation, whereas the spirit was quite the opposite. Under Chinese sovereignty, Hong Kong has been allowed a high degree of autonomy, and hence the structure and spirit remain basically unchanged. This is in contrast with the administrative system in China, which has strong centralizing tendencies.

Classical Bureaucracy and Change in Hong Kong

Common emphasized the resemblance of the Hong Kong civil service to the classical bureaucracy. He highlighted the support of a strong hierarchy by Chinese values, and the lack of expectation for junior officials to become involved in problem-solving or employing discretion (Common, 1999, p. 49). This feature has, in fact, contributed to higher cohesion as there is no scope of misinterpretation or distortion of ideas or information flowing up or down the hierarchy.

How does a stable, permanent, and neutral bureaucracy respond to circumstances involving flexibility, transition, and rapid turnover of program and personnel? Hong Kong's interest has been served well for several decades by its classical bureaucracy. The key tasks have been dealing with the routine problems of management and development of human resources to manage Hong Kong and provide adequate support to the fast-growing economy. A number of factors made it convenient for the bureaucracy to respond to changing circumstances and implement decisions speedily without encountering strong opposition from within its ranks.

Unity of Values

The concentration of power of the chief executive (earlier governor) and his executive council has been a facilitator. The small body of decision

makers included the key officials from the bureaucracy and they were able to represent the interest of the bureaucracy. The elitist nature of the executive council has helped in fostering a spirit of camaraderie, and there is not much possibility of disagreement among the members. Therefore, it has been comparatively easier for the decision makers in Hong Kong, with active participation by the bureaucracy to determine the nature and scope of administrative reforms.

Speedy Decision Mechanism

The small size and simple structure of the administrative system and the pattern of power distribution has resulted in an efficient decision-making arrangement. The executive council meets regularly and follows a simple method of discussing issues and providing directions that is worked upon by the bureaucracy to put them into action. Potential concerns of the bureaucracy can be dispelled at the decision-making stage because the key administrative officials participate in the process.

Easy Implementation of Decisions

In many countries, the gap between decisions on administrative reforms and their implementation is a matter of concern. Many reforms are unsuccessful as implementation plans are vague and, more commonly, the bureaucracy may resist them for several reasons. Bureaucratic resistance is common in cases where the reform initiatives come from the political leadership, with little input from the institution that will be responsible for implementing them. In the case of Hong Kong, these problems were minimized as key officials of the bureaucracy are active participants in the decision process, and often the initiators of reform plans.

The simple hierarchical structure and strict discipline assist in the quick dissemination of reform plans and programs. The small size of Hong Kong and its bureaucracy makes it possible to make uniform arrangements for informing and instructing officials and motivate them in the spirit of the reforms.

Support from Society

The bureaucracy enjoys the confidence of the public as an efficient and reliable institution in Hong Kong. Leading members of the bureaucracy often top the list of the popular public personalities in opinion polls, and frequently are ahead of political leaders. Prolonged period of colonial rule

during which Hong Kong achieved remarkable progress under the competent leadership of the bureaucracy has led to such a mindset. Strict adherence to the rule of law and effective anticorruption measures have succeeded in establishing a fair and efficient image of the bureaucracy among the public. This helps the bureaucracy to function as a trusted agency that operates with the best interest of the community in mind, and enables it to secure the support of the citizens, which is critical in implementing administrative reforms.

Security of the Bureaucracy

There are various reasons that make the bureaucracy arguably the best institution to work for in Hong Kong. Traditionally, public officials have enjoyed excellent compensation packages, and attractive perks were offered to entice the best and the brightest to public service. Proximity to the power center and full cooperation from the governor and the executive council boosted the image further and the bureaucrats were highly satisfied with the terms and conditions of the job. These factors encouraged the bureaucracy to be proactive and anticipate changes in the society that would require prompt response. While making adjustments to the existing system to deal with changing circumstances, the bureaucracy was cautious to protect its own interests, and thus a classical rigid bureaucracy was able to dictate the directions of administrative reforms.

There may be undesirable effects and issues of concern emanating from these reforms. For example, programs aimed at diminishing the role of the state, contraction of the public sector and the government's activities, privatization, and reduction of public expenditure have some beneficial outcome. But in some cases, these "policies increased the gap between rich and poor, the powerful and the weak, the well connected and the isolated, the skilled and the unskilled; multiplied worldwide the poverty-stricken and underprivileged; aggravated crime, violence and corruption; and degraded the environment" (Caiden and Caiden, 2002, p. 41). Hong Kong was able to avoid such effects due to the strong influence of a classical bureaucratic model, which worked on the basis of clear rules oriented toward definite goals.

Conclusion

Over a century of British rule has left Hong Kong typically colonial in nature, and the governor and his executive council exercised absolute control. Several modifications were made to the administrative system to

adjust to societal and economic changes and also address the political aspirations of the citizens. Reform programs were in line with the core values of classical bureaucratic ideals with hierarchical structure, rationality, efficiency, and devotion to rules acquiring prominence.

A strong bureaucratic institution was effective in serving the government well and, at the same time, protecting and promoting its own interests. The bureaucracy was an active participant in all public activities and was able to plan and design administrative reform programs. Unlike other societies where conflicts between the executive and legislature result in obstacles to formulation of meaningful reform programs and effective implementation, Hong Kong bureaucracy was in sync with the decisions of the government.

The power structure of Hong Kong facilitated value consensus at the top, and the simple administrative arrangement allowed the making of quick decisions and their implementation. Strict discipline and extremely attractive compensation packages elicited a high degree of loyalty and the bureaucrats considered their positions valuable. The bureaucracy was cautious to protect its own interests, and obviously a classical rigid bureaucracy was able to dictate the directions of administrative reforms. Thus, the absence of strong political leadership and the existence of a weak state provide a context in which classical bureaucracy can be a useful tool for designing and implementing administrative reforms. Hong Kong's bureaucracy has demonstrated the advantages of the traditional model by highlighting its efficiency, rationality, cohesiveness, and capacity to adopt and implement hard choices under the right circumstances.

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Chapter 27

Chinese Administrative Reform: A Genie in a Bottle

Barbara L. Neuby

CONTENTS

even as a model for others. As China transitioned into communism although she remained unique in her culture, advancement in administration halted. Under the planned economy, collectivization alienated the peasants and exposed the poor management by various party cadres regarding the local production of goods (Ogden, 2004; Ruan, 1994; Kirby, 1985).

Concerns over the Soviet Union's activities and China's experience in the Korean War showed Chinese leaders that she must increase production and quality of all manner of goods and services. The commune system, by and large, was not achieving this goal. During the 1960s rural experiments with a peasant-initiated system of household contracts and local control over production produced stronger outputs across the agricultural sector. Commodity surpluses improved the State's situation and the door of peasant autonomy was nudged open (Unger, 2002). This "responsibility" system that linked production of food and livestock to the individual's efforts, (and less to the State's) introduced some degree of local control although ultimate control still rested within the party cadre system. As the notion of a market economy got its foot in the door, farmers were happier and wealthier and the State had a surplus of goods (Ogden, 2004; Ruan, 1994).

On the promise of technological exchange, foreign multinationals were allowed to invest on a small scale in Chinese markets bringing with them new products and an entirely different set of values than those held by the Chinese for thousands of years. The door to modernization was nudged open a little further. Continued State control of production resulted in low outputs of poor quality military and industrial goods not easily salable in world markets. Changes were obviously needed, even though resisted by many conservative Chinese leaders, if China was to prosper (Ogden, 2004; Ruan, 1994; Morey, 1993; Lee, 1989). Decentralization of economic decision making and the idea of local autonomy had taken hold and demonstrated the positive results that could be produced.

Although this modest experiment in "capitalism" was occurring, Mao halted the development of Chinese bureaucracy. Seeking to rid the State of her negative influences, Mao criticized the bureaucracy for its corruption and limited its intellectual advancement (Tong & Straussman, 2003; Whyte, 1980). Other nations pressed forward in administrative science — paving the way for their continued socioeconomic development. China fell further behind in administrative and economic reforms. When Mao died in 1976, a vacuum of leadership and encroachment of Western values (in part from foreign firms and in part from the media) had eroded China's traditional value system. By the time Deng Xiaoping survived the intraparty politics and rose to become the Party leader in 1979, China lagged behind most nations in administration, democratic reforms, and various socioeconomic indices (Ogden, 2004; Tong & Straussman, 2003). Realizing that China's economic status would not improve and she would be shut out of the emerging global economy, Deng

and most of Chinese Communist Party (CCP) leaders instituted reforms that included private incentive systems for entrepreneurship, wealth, and private property. China began the long march toward streamlined bureaucratic structures and procedures as well as a reorganization of the methods of production involving state-owned enterprises (Nathan, 1990; Tsai, 1989). Streamlined administrative policy and procedures would help make China competitive. Deng believed that political reform would follow economic reform and that economic reform rested upon sound administration (Tong & Straussman, 2003; Ruan, 1994; Tsai, 1989). Hu Jintao carries forward Deng's reforms to usher China into the 21st century (Hu Urges, 2004). Indeed, China's percentage of nonstate-owned enterprises has increased from 24 percent in 1980 to 72 percent in 1996 (Jefferson & Rawski, 1999). Her technological growth is unparalleled (Ramstad, 2004). The GDP has risen to 1.4 trillion dollars in 2003 and the per capita incomes have quadrupled since 1979 (Kuhn, 2004). Her exports as a percentage of GDP rose from 23 percent in 1985 to 44 percent in 2000; and in 2002, China is the third largest world market, only behind the United States and Germany (Nation Now No. 3, 2005). It is to those reforms that we now turn.

Structural and Procedural Reforms

Over the last 20 years, structural and procedural changes in the Chinese administration have paved the way for economic development, membership in the WTO, and acceptance of the bid to host the 2008 Olympics. These opportunities mandate reorganization of relationships between the State and private business, elimination of bureaucratic inefficiencies, strengthening the rule of law, and modernizing the military, healthcare, and education.

"Rationalization" and administrative capacity building are now the policies for growth and development. Since 1995, the number of Chinese ministries has been reduced from 86 to 29. Millions of employees have been forced to find other jobs. Functional areas have been reviewed and agencies merged to eliminate redundancies. The state council, the highest administrative body overseeing all ministries and agencies, has been reorganized to focus on managing the new market economy (China, 2004). Ministries that suffered the largest reorganization were those responsible for industrial and energy planning. Many were subsumed under the new State Economic and Trade Commission charged with overseeing and regulating China's industrial and energy output. One exception is the creation of a new ministry of information that replaces the ministry of electronics and telecommunications. The state planning commission formerly known for its production quotas has been renamed The State Development Planning

Commission and is now charged with estimating growth targets instead of planning outputs. These ministerial changes are designed to break up some of the older state-owned enterprises and promote competition among them. Other ministries and agencies were demoted to a lower level status or brought up to the position of vice ministry all in an attempt to transition from a planned state economy to a market oriented one. In addition, the central government staff has been reduced by nearly 50 percent, thereby reducing the layers of bureaucrats, through which a business or a citizen must go to receive service (Yang, 2002).

It was those very redundancies and excessive bureaucratic "red tape" at the local level that prevented many foreign businesses from investing in China (Ogden, 2004; Lai, 2003; Yang, 2002). The local level serves as the interface between foreign firms and a Chinese entrepreneur; and when regulations, lost paperwork, and corruption stand in the way, corporations are likely to go elsewhere. It is easy to see why foreign and particularly American and European firms would be interested in China. In 2002, the average wage of an industrial worker was $21.11 in the United States and $14.22 in other countries (Coy, 2004). The average Chinese factory laborer earns 64 cents per hour, is younger, is willing to work 12-hour shifts, and does not expect a wide range of benefits (Engardio et al., 2004). Indigenous Chinese manufacturers can produce goods far more cheaply than almost any other manufacturer in an industrialized nation. The "China price" (about 30 percent lower than other manufacturing prices) is the new benchmark signifying to all large manufacturers that they either have to match this price or beat it, or else they will lose business (Engardio et al., 2004; Fishman, 2004). Furthermore, few environmental regulations exist to hinder business in China, though everyone knows that the *status quo* is destined to change.

Many of these reforms were directly linked to China's 15-year effort to gain entrance to the WTO. When China emerges as a full partner she will experience a 30 billion dollar increase in her trade surplus and an 8–11 percent increase in the GDP (Adhikari & Yang, 2002). As part of the membership, China agreed to eliminate or change its business licensing and locating procedures, regulations on business scope, and open their telecommunications and financial services markets as well as promote private ownership of industrial property (Adhikari & Yang, 2002; Jefferson & Rawski, 1999). Zoning regulations will change and China also agreed to eliminate *ex post facto* regulations, subsidies to certain State-owned enterprises, and reduce other import tariffs by 50 percent (Adhikari & Yang, 2002). To accomplish these changes, radical shifts in the bureaucratic structure and procedure will be necessary (World Bank, 2002; Deng, 1985a). New missions, new policies, procedures, routines, and employees will reinvigorate bureaucracies once geared to a state-planned economy.

Position classifications, facilities, procedures, and agency structures — all need to change to implement these sweeping reforms successfully. But when this happens, and most China watchers believe it will, there will be global shifts in trade, production, and employment as the full thrust of 1 billion workers and an efficient bureaucracy impact the world's markets (Sappenfield, 2004).

As both a structural and a procedural reform, China's banking sector adopted friendlier policies toward private capital investment. Grants for state-owned enterprises were gradually replaced by loans linked to production. Special enterprise zones (SEZs) were created to facilitate private investment. New state banks and credit cooperatives were established at the local level to further the investment. The market was also opened to branches of foreign banks in the mid-1990s (Jefferson et al., 1999). One holdover of planned socialist banking is the "policy loan" designed to further the planned economy model even when it is known that the state sector is performing poorly. Few expect these loans will be repaid, hence, allowing inefficiency into the banking market (Jefferson & Rawski, 1999). China's state-owned banks are also replete with nonperforming loans, as much as 40 percent in some sectors (Bremner, 2004; Cheng, 2000). What is interesting is the fact that lending decisions are centrally less determined and focused not on a planned socialist economic model but, rather, on the capitalist paradigm.

Decentralization and Devolution

Decentralization of power and functions is bringing newfound autonomy to local levels. An experiment in Guandong province brought reduced agency size and payrolls and allowed local agency directors to make decisions about business policy. State-owned enterprises are also enjoying increased autonomy, and horizontal relations between the governments are replacing strict vertical relations in which the province once determined everything for local governments. A new tax-sharing arrangement, which cuts approximately 23 percent of provincial and cadres staff, has furthered this devolution of powers (State Council, 2004; Chen, 2002). Within Guandong province is the city of Shenzen in which a SEZ has been created. Elimination of taxes and other hindrances to investment have been removed, resulting in a 34-fold increase in Shenzen's GDP (Chen, 2002). This decentralizing pattern has emerged in other provinces as well. Many argue that decentralization must include democratic reforms for a truly free-market economy to work (Cai, 2002). Yet the economic boost to the city and province cannot be denied. Others argue economic decision making may prompt more openness in political decision making

(Jin & Qian, 2001). Some villages elect their local leaders though there is dispute as to whether the party controls these elections. At minimum, decentralization or devolution strengthens the institutional capacity at the local level. Some of these changes almost resemble federalism — "with Chinese characteristics."

Tensions over decentralization persist. Although some view the movement as the central government relinquishing control (Zhong, 2003) others point out that the central government still appoints provincial leaders and the provinces still set local budgets (Saich & Yang, 2003; Yang, 2002). A system of rewards and punishments remains in effect for failing to meet production quotas. If the government really wants a free-market economy could they get out of the game altogether (Lee, 2001; Saich & Yang, 2003; Cai, 2002; Unger, 2002)? Although the public is generally regarded as obedient and, for the most part trusts the central government, the thousands of mass demonstrations since 1999 may signal an emboldened citizenry willing to get involved politically (Wong, 2004a; Yang, 2002; Cheng 2000). Moving 1.3 billion people from a planned to a market economy cannot be done overnight and is certain to pose some dislocations in society. Incrementalism is probably the only way. Deng Xiaoping focused on small steps (1985b). An elephant runs a slower race but moves everything out of its way.

Law

China is developing its civil legal codes. Criminal law is fairly well established, but leaders and scholars insist that rule of law in all areas including matters affecting government become the norm in China. Most insist on an independent judiciary based on precedent (Qi, 2004; Cai, 2002; Wang & Gu, 2002; Ma, 1999; Lam & Chan, 1996; Tsao & Worthley, 1995). Noting that China has a 1000-year history based on moral law, an independent judiciary would go far toward, creating a branch of government with a greater degree of separation from the party and the government thus limiting the state power. Over reliance on legal statutes has been the norm, the judiciary having been controlled by the government. Law is the foundation for most administrative systems and a stable administrative system contributes to steady economic growth because it tends to produce more predictable, fair outcomes and therefore certainty (Qi, 2004). Business desires a fair and impartial forum that settles disputes that inevitably arise in a foreign investment arena. Recently, in a significant event, a private firm won a trademark dispute with a government agency. An administrative law ruling based upon interpretation of statute provided that victory and of course, business is watching (Manacling the Mandarins, 2004). This development

will be even more important as China becomes a full partner in the WTO and learns to operate under international law. Ministries and agencies, once again need to facilitate procedures for business to prosper, having an administrative law system, provide a mechanism by which to do that (CIA, 2004; Manacling the Mandarins, 2004; Fewsmith, 2003). If civil and administrative law evolves such that private business can rely on a body of known common law and the use of precedent, further investment will continue.

Public Administration

The Practice

Essential to and simultaneous with economic, structural, and procedural reforms is the reinvigoration of Chinese public administration as a science and a discipline. Deng believed and also most other scholars believe that forward progress in science and technology and hence economy, rest on proper management (Fewsmith, 2003; Cai, 2002; Ma, 1999; Deng, 1985a). Two parallel developments ignited scholarly efforts. One, the CCP officially sanctioned efforts toward professional management of state workers and party cadres; and two, universities are planning to offer degrees in public administration that will actually inform administration and develop the discipline. The goals are many and questions remain. For administration to prosper, the criteria for a Chinese public administration must be determined. What Chinese characteristics or values should be the framework of this effort (Lan, 2003; Cai, 2002; Wang, 2002; Zhang, 2002; Guo & Zhang, 2001)? What sort of management system or paradigm should operate (Wang & Gu, 2002; Wang, 2002; Lam & Chan, 1996)? Who should control this huge reformed bureaucracy — the party or a separate organization (Aufrecht & Bun, 1995; Tsao & Worthley, 1995; Lam, 1994)? How should theory structure efforts toward administrative reform and what is that theory (Lan, 2003; Wang, 2002)? How should public administration curricula be formed (Ding, 2004; Hayhoe & Zha, 2004; Wang, 2002; Xu, 2002; Guo & Zhang, 2001)?

What characteristics typify 1.3 billion people? Are there commonalities among them that amply describe what they are about? A few are clear. The Chinese people have been ruled by a strong central government for thousands of years and are basically obedient and trusting, in general. From Mao and Communist ideology the good of the state is a more important focus than the individual. There are signs in demonstrations and attitudes that this may be changing. Rule of man has been more prevalent than rule by law or position. The size of the nation indicates rapid sweeping change that must give way to slower, more incremental change.

A number of aphorisms also mark the Chinese society. "Right title, proper words," "Open and aboveboard," and "the world as one community" serve as reminders of what is important (Zhang, 2002). Chinese public administration should be valid, stable, public, and universal (Zhang, 2002). Newer ideals include capitalism for the collectivity and collective leadership (Wang, 2002). The Chinese system is also characterized as patriarchal and redundant (Tong & Straussman, 2003) and is based on politics and not science (Cai, 2002; Zhang, 2002; Ma, 1999). The Chinese boast some of the best tailors in the world. Can they fashion their unique brand of administrative science?

They are also searching for theory. It has been suggested that Marxist theory does not provide guidance for new administrative efforts (Lan, 2003; Wang, 2002). This difficulty suggests that the good of the state and the capitalist paradigm have not yet been blended to produce one or more guiding principles on which to base reform. Yet reform proceeds. The current president and leader of the CCP, Hu Jintao, realizes as Deng earlier realized, that inconsistencies remain between modern theories of administrative reform, a market economy, and earlier ideologies (Fewsmith, 2003; Lan, 2003). Some say China should borrow from Woodrow Wilson, the individual whom most consider as the father of American public administration. Others suggest Weber's focus on "efficiency" provides the priority paradigm (Ma, 1999). The autocratic rule by minority based on Machiavelli and Hobbes may have played a role in the traditional theory of state administration that focuses on control. As reform continues scholars see the other possibilities for China (Wang & Gu, 2002). After 100 plus years of experience with the Wilson–Weber model, Chinese scholars point to ill effects. This model tends to produce institutionalization, bureaucratic rigidity, opacity, and separates politics from administration (Wang & Gu, 2002). The new public management paradigm focuses on streamlined, downsized, and democratized administration and this focus may be, in part, better suited to the current reform movement (Wang & Gu, 2002). Building theory takes time; and, given China's history it is likely that they will borrow eclectically from existing theories as well as create their own theories quite in line with Chinese characteristics.

Ideas represented in the 1993 civil service reform may indicate the direction the Chinese scholars are leaning with respect to theory. One of the crucial questions is what operating system or paradigm is best for China? The 1993 Regulations on State Functionaries Act advances pillars of the Wilson–Weber paradigm in that power and legitimacy is placed in the office, title, or institution, rather than in the person as it has been in the past. Changing a 40-million person bureaucracy is no mean feat. Clearer demarcation of job duties, types of positions, merit examinations for recruitment, and promotion and pay as enumerated in the Act, indicate that the Chinese are focusing on objectivity, a big change from the traditional

rule by human (Tsao & Worthley, 1995). Penalties for malfeasance and the right spirit and attitudes one should possess to perform one's state job are also spelled out. A code of ethics identifies 14 ideals and the penalties for nonperformance to eliminate alleged administrative corruption and ineptitude (Ma, 1999; Lam & Chan, 1996; Tsao & Worthley, 1995). Debates on important management issues have been held throughout the country and have included many levels of state, provincial and local managers, and party cadres. The role of the cadres within a professionalized management system is also reviewed. Currently, the new ministry of personnel governs the state workers whereas the central organization department controls the cadres. Affirmative action provisions are also included in the Act of 1993. These moves suggest that China is evolving its administration by implementing some aspects of the Wilson–Weber model and incorporating elements of participatory democracy.

The Military and Public Order

Technocratization marks the changes found in China's military forces. Replacement of obsolescent equipment with advanced, electronic technology and a more mobile, leaner force advances China's conventional military power around the world (National Defense in 2004). Reduction in personnel, the purchase of modern fighter jets, naval carriers, and destroyers has brought China on par with the United States and Russian capabilities (Lim, 2004; Gregor, 1989). The party feels that the military must remain under their control for the party to remain in power therefore it is in the party's best interest to make the military as efficient and effective as possible (Lim, 2004; Cossa, 1996; Jencks, 1996). The development of rapid deployment forces is underway and younger technocrats with engineering and science degrees replace the older, and the more conventional military elites. Professionalization of military ranks vaults this essential branch to "reformed" status much like other bureaucracies.

The public perception of the police has declined to an all-time low (Wong, 2004a). As evidence of this angst, citizens have taken the lives of 443 policemen in 2001 (Wong, 2004a). This serious statistic is mirrored by the number of investigations against police officers for corruption, an increase in crime, and the occurrence of new crimes like cybercrime and drug trafficking for which the Chinese police are totally unprepared for (Let a Hundred . . . , 2004; Gill et al., 2002). New regulations governing police behavior were promulgated; and, in 1995 the Police Law was passed to bring police regulations under one comprehensive structure thereby hoping to provide coherence and continuity to the reform effort.

Healthcare and Social Policy

Social welfare policy is a fairly new focal point for the Chinese government (Fewsmith, 2003; Wong & Cheng, 2003; Zhang, 2002). Unemployment, socioeconomic differentiation, maldistribution of resources, migration, healthcare inequities, and police brutality have contributed to a general feeling of public dissatisfaction with government policy and service (Gill et al., 2002). Huge disparities exist between the urban and rural healthcare systems and funding for preventive measures dropped off considerably until the severe acute respiratory syndrome (SARS) epidemic hit (Hsiao, 2004). Many in rural areas remain with no care or ineffective and intermittent care. Forty-three percent of urban dwellers had insurance but only three percent of rural dwellers enjoyed this coverage (Hsiao, 2004). With the recognition of the SARS and HIV problems, a new health minister and conferences on health modernization, most think China has ushered in a new era of openness (Kuhn, 2004).

The United Nations, the WHO, and the U.S. government have praised China's recent efforts to combat HIV. Predicting 10 million HIV victims by 2010 unless something was done, the Chinese government has begun several programs to combat the spread including needle distribution, condom education, and free HIV testing (Let a Hundred..., 2004). Other reforms include a renewed preventative effort. Noting that too much is spent on curative services, Chinese reformers urge the public not to adopt a Western diet, to exercise regularly, stop smoking, and are working with the WHO to develop a healthcare reform plan (Bekedam, 2004).

Education

The rebirth of the study of public administration parallels the radical development in the structure and procedure of administration. In 1980, Deng authorized a reincarnation of the public administration field as a discipline. "We have overlooked the study of political science, law, sociology, and world politics, and we need to catch up" (Guo & Zhang, 2001). For further development, conferences and seminars were held throughout China and a new journal, *Chinese Public Administration Review* published its maiden issue in 1985. In 1988, the Society for Public Administration was created and the state council recommended adoption of its various suggestions. At its founding conference Premier Li Peng wrote the inscription for the society that symbolized its mission: "Government administration must focus on science, pursue efficiency, follow the law and emphasize uprightness" (Guo & Zhang, 2001). The charter defines the agenda. The society's

purpose is to study theories and practices of public administration, provide suggestions for reform, promote the development of administration with Chinese characteristics, conduct research, and academic exchange (Guo & Zhang, 2001). The stage was set.

There are four types of universities in China: (1) research universities; (2) provincial universities; (3) public short-term colleges; and (4) private schools. Enrollment in higher education, in general, increased from 15 percent in 2001 to 18 percent in 2003 (Hayhoe & Zha, 2004). Public administration degrees are now being approved, and, given that career mobility now requires an advanced degree, a steady stream of willing bureaucrat-students seems certain. Will China be able to keep up with this new academic demand (Ding, 2004)? With the reduction in size of most bureaucratic agencies, where will all these new graduates be employed (Cheng, 2004)?

As Ding (2004) points out, development of the field of administration as a discipline will do several things for China. One, increased enrollments may alleviate unemployment, currently about 10 percent in urban and rural areas (CIA, 2004). Two, an intellectual class of administrators is certain to promote change in administration. Finally, the direction of that change is not clear, and however may depend upon the paradigms and theories adopted or the Chinese characteristics identified as ideal.

Practical matters are also open for discussion. Class size, manner of instruction, curricula, methods of examination are all debated as Chinese scholars search the world for what works the best. Noting that the American system is itself a hybrid, with its own particular problems, China is not necessarily eager to adopt "all things west." An interesting program began in 2003 to send Chinese administrators to American institutions for fast-track masters in public administration degrees (Wang & Gu, 2002). It is too soon to understand what impact an American Master of Public Administration (MPA) degree has on administrative reform and the discipline, however, this author is one of the professors in such a program. My preliminary assessment shows that the Chinese student-bureaucrats possess managerial capability but are learning how to be creative and flexible and adapting to the facts in each situation.

Dilemmas and Contradictions

China has much to show for its supreme economic effort. They have significantly reformed their administration and revived the discipline. Despite these successes, there are dilemmas and contradictions worth noting. Can administrative reform with democratic precepts flourish alongside Chinese communism? What will a new class of highly educated bureaucrats,

or "supercrats," mean for Chinese society? How does rule of law impact the party? Is administrative reform part of the military's game plan? The degree of growth and change has produced anxiety in society. Is there concern about human rights? Does economic power segue into political power? Can China repair its health system and avoid larger problems? Finally, will the Chinese allow the imagination and creativity to flexibly manage, what will probably be in a few years, the largest economy on earth? What do answers to these questions mean?

Conflicting Values

Scholars say that the Chinese modernization produces two contradictory values, control versus autonomy and believe that they cannot coexist indefinitely (Lan, 2003; Wang & Gu, 2002; Falkenheim, 1981; Nathan, 1990). Some miss the point. The dilemma is one of not only how to maintain control but also what type of control to maintain and who is doing the maintaining? For the last 25 years, elements of democracy have coexisted alongside a ruling Communist party while the dramatic reforms have taken place. The Chinese have never had total democracy, as the West has known it. Why should they? Democracy is not an easy thing to put into practice. Witness Russia's attempts and failures. Could the CCP and the National People's Congress state policy goals, through the new class of educated bureaucrats, implement the changes to meet those goals? The model is not Western but one based on Chinese characteristics. Deng saw no contradiction between the party's ideology and the market economy (1985b).

China is in much the same position as the United States was at the turn of the 20th century. A booming economy in the industrial revolution produced a whole new range of tasks for government. There was societal dislocation, immigration, broad economic and social change, health problems, etc. America had no administrative science on which to base her reforms. Woodrow Wilson argued for eclecticism. "But where has this science grown up? Surely not on this side of the sea." "If we would employ it, we must Americanize it (Wilson, 2000)." This is no different than reform with "Chinese characteristics." Wilson borrowed from German sociologist, Max Weber, and reluctantly factored in the democratic aspect of administration. Wilson and Weber thought little of the collective mass wisdom. Can China adopt democratic reforms on an incremental basis? Indeed, can she do otherwise? Another issue is whether, as Wilson desired, politics will be separate from administration? A difficult road to walk and almost nowhere evident among nations is the complete divorce of the two concepts. Reform and progress can continue despite seeming contradictions.

"Supercrats" and the Rule of Law

An unanswered question is what power and status do the newly educated bureaucrats have? It is often said that knowledge is power. How will new knowledge transform these new "supercrats?" Will they form an elite class similar to their Hong Kong counterparts and thus be a counterweight to the party's modernization plans? At the heart of this debate is the question of who will make policy? If the bureaucrats are allowed freedom to implement laws on the basis of a rule of law, then they will have established their own power base and serve as a check on the party.

Article V of the 1982 Constitution of the People's Republic of China places all parties and governments under the law, but thus far, it is not clear what sort of limitation actually exists. Scholars call for rule of law but conveniently sidestep the issue of the party's position. At issue is the concept of limited power and the party has never known such limits. Will law be the required framework for other governmental sectors including the bureaucracy? If the judiciary is allowed to issue opinions based on precedent, another independent power base may be established. A public held to legal standards will likely expect that the government will be held to the same standard. A freewheeling government loses legitimacy and contributes to the growing public sense of dissatisfaction.

Public Safety and Welfare

Capable militaries and effective police forces are definite power bases but, if not used well, will likely ignite more dissatisfaction in a public that already feels emboldened, prone to protest, and refuse direction. In turn, this may bring stricter controls on the public and reform efforts could stall. Is there any degree of independence in the military's new technological ability? Health-care and socioeconomic challenges also remain. Improvements in rural health and incomes must occur for growth patterns to continue. Action toward a cleaner environment will bring more worldwide investment and the threat of bank failures looms large over the financial scene.

Conclusion

Checks to party rule are emerging. Village self-control, provincial self-determination, encroaching Western materialism, independent branches of government, and a democratizing administration are all signs of change in action and attitude. The once very tightly held parameters of public life are loosening by encroachments from the economic, political, and social sectors. As Kaifeng Yang (2001) asks, will the public body in China develop a new "*danwei*" or spirit to move them forward and faster and, is the party's

position powerful enough to stop them? China can continue for the foreseeable future to grow very, very fast but only if it walks a fine line between control of the mammoth movements it has begun, and limited freedom. The genie is part way out of the bottle. If the party can keep its distance and direct administrative and economic reform whereas provincial and local levels and the public enjoy some degree of autonomy and betterment in the quality of life then there is every reason to believe that the economic trend will continue. China is now, and will likely continue to be, a player in all realms. In offering a new model of government and administration to the world, in which seeming contradictions can, in fact coexist to produce a new force to be reckoned with, China's genie may cause many to scratch their heads and go back to the drawing board.

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ADMINISTRATIVE REFORM AND REORGANIZATION IN AFRICA–INDIA

VI

Chapter 28

Privatization in Africa: The Case of Botswana

Keshav C. Sharma

CONTENTS

Introduction

Soon after their independence, a large number of countries on the African continent earmarked a central role to the public sector for economic development. Public sector continued to expand not only as a result of creation of new public enterprises but also due to large-scale nationalization of private enterprises (indigenous, foreign, and multinational) motivated by ideological, political, or preferred development policy and development planning considerations. Toward the end of the past century, as a result of continued poor performance of public enterprises, the collapse of communism, and advocacy of structural adjustment programs (SAPs) by donor agencies, the state and the public-sector agencies in these countries started rolling back and we started witnessing a shift of emphasis from public sector to private sector. A significantly different approach toward the private sector was noticeable. The private sector that was earlier considered to be an instrument of exploitation and creator of disparities between the rich and the poor was then recognized as an engine of growth. Divestiture and privatization in different forms became common. The governments of different countries started encouraging private and even foreign investments. New forms of partnership between public and private sector started developing (Nellis, 1986; Ramanadham, 1989; Shirley and Nellis, 1991; Rasheed et al., 1994).

Poor Performance of Public Sector Enterprises in Africa and Efforts for Reforms

The performance of public enterprises in African countries has been disappointing. Many of these are incurring huge losses, have not been able to meet the objectives for which these were set up, and have been a drain on the national exchequer. Corruption, nepotism, political manipulation, inefficiency, and mismanagement have plagued many public enterprises. In many countries, rigid adherence to the ideology of socialism after independence resulted in large-scale nationalization and all pervasive public sectors. Private enterprise was shunned as it benefited a few entrepreneurs and created a gap between the rich and the poor. Public sector overexpanded beyond its capacities and even started undertaking activities, which should have been the domain of the private sector (Fadahunsi, 1996; Grosh and Mukandala, 1994). The United Nations Economic Commission for Africa (UNECA) (1991) identified the following factors as contributing to the failure

Reforming the Botswana public sector would require paying greater attention to maintaining lean and efficient public institutions; relating inputs (i.e., public expenditure) to outputs (i.e., provision of goods and services); avoiding redundant, conflicting, or overlapping powers, responsibilities, and departmental operations; rationalizing or terminating public services that are not cost-effective; and monitoring more closely and evaluating the performance of government ministries on a continuous basis. The application of commercial principles in running government operations (commercialization) would be one way of reducing waste and improving the efficiency of allocation and utilization of economic resources (BOCCIM, 1996). The Task Force on Privatization emphasized the need to modernize the country's public enterprises and make them operate in a business-like manner. It recommended measures such as managerial autonomy, appointment of boards of directors exclusively on grounds of merit, performance contracts for the CEO and senior staff, and performance targets (Republic of Botswana, Draft White Paper, 1998, pp. 39–40).

Expansion and Performance of Public Enterprises in Botswana

The creation and expansion of public enterprises in Botswana was not due to the ideology of socialism as was the case in many other African countries. The Government of Botswana never adopted a policy of nationalization. On the contrary, the government was against the policy of nationalization all along and its development plans assured the private sector investors in this regard. Botswana, right from the time of independence in 1966, was not restrictive of the private enterprise and welcomed foreign investments. Where feasible, the government was interested in joint ventures. The largest (diamond mining) company Debswana, a 50–50 joint venture between De Beers and the Government of Botswana is an example of that policy. Botswana Development Corporation (BDC) holds shares in a variety of firms across the economy. The creation and expansion of existing public enterprises in Botswana was a result of the positive role assumed by the government after independence for developing the country's poor economy. As the private sector was not developed at the time of independence, the state had to come forward and undertake activities that were considered essential for economic development and social welfare. Development plans and economic policies operating in a mixed economy were governed by pragmatic considerations. Some public enterprises (e.g., Botswana Power Corporation (BPC), Water Utilities Corporation (WUC)) were considered essential, as these were public utilities. Some public enterprises (e.g., National Development Bank

(NDB), BDC) were created to induce or facilitate private enterprise. Mass urban housing in the capital city was to be provided by the Botswana Housing Corporation (BHC). Other public enterprises were created to help the agriculture (Farmers Marketing Board), telecommunications (Botswana Telecommunications Corporation (BTC)), and transport network (Botswana Railways (BR)). Bank of Botswana came into existence as the central bank. Botswana Building Society as a housing finance institution and the Botswana Savings Bank (BSB) as a successor to the Post Office Savings Bank were among other public enterprises. Botswana's public enterprises were not to restrict or inhibit the growth of private enterprises. The public enterprise sector as a whole in Botswana is rather smaller than is typical in Africa.

With regard to the performance of public enterprises, the general view is that African public enterprises have yielded a very low rate of return on the large amount of resources invested in them. Botswana's record is better than that of most public enterprises in Africa. Presenting his budget speech to the National Assembly in 2004, the minister of finance and development planning B. Gaolathe observed "financial performance of majority of public enterprises was satisfactory for the year 2002/2003 although there is ample scope for improvement." More specifically, "the Botswana Telecommunications Authority (BTA), the Botswana Power Corporation (BPC), the Water Utilities Corporation (WUC), the Botswana Development Corporation (BDC), the National Development Bank (NDB), the Botswana Vaccine Institute (BVI), Air Botswana (AB), the Botswana Housing Corporation (BHC), the Botswana Savings Bank (BSB), and Banyana have all recorded operating as well as net profits for the year 2002/2003 . . . However, the Botswana Telecommunications Corporation (BTC), the Botswana Railways (BR), the Botswana Meat Commission (BMC), the Botswana Post (BP), and the Botswana Agricultural Marketing Board (BAMB) made losses in 2002/2003" (budget speech, Republic of Botswana, 2004, p. 6). In 2005 the same minister reported to the National Assembly in his budget speech that "the financial performance of the majority of public enterprises was relatively satisfactory for the year 2003/2004. Some public enterprises that recorded losses during 2002/2003 have now recorded net profits and positive return on capital employed. These include the Botswana Telecommunications Corporation, the Botswana Agricultural Marketing Board, the Botswana Post. . . . Despite the good performance of most parastatals, there has been no noticeable improvement in the performance of the Botswana Meat Commission, as it continued to make losses in 2003/2004. . . . The Botswana Development Corporation continued its good performance in the past year with a profit before tax of P65.5 million" (budget speech, Republic of Botswana, 2005, p. 6). The performance of public enterprises has fluctuated during the past years. BMC, for instance, was a profit-making

public enterprise in the 1990s and was even identified by UNECA as a model of success (Sharma, 1994). A mixed picture of this kind and fluctuating performance, although not too depressing, establishes a need for reforms and privatization for enhanced productivity.

Reasons for Privatization

Disappointing performance of public enterprises, failure of different measures for improving performance, and structural adjustment measures recommended by donor agencies have resulted in the adoption of different forms of privatization in various African countries. The collapse of communism in the Soviet block of nations and pursuance of privatization policies in the Western world have given further impetus to the privatization drive all over Africa. It has been suggested that as the state with its limited administrative capacities has overextended and overloaded itself, it should reduce and curtail the scope of its activities and contract. Increased scope of activities has resulted in inefficiency, mismanagement, and corruption. With political control and interference, it has been difficult to operate these enterprises on business lines. Weak management has been difficult to develop and the environment has not been conducive for the successful operation of public enterprises. Privatization policy in African countries is an outcome of these reasons (UNECA, 1990; 1991).

Botswana's reasons for privatization are somewhat different from those of other African countries. The government has not been pressurized to follow SAPs by international financial institutions to privatize its public enterprises. This policy in Botswana has also not been driven by budgetary constraints as in some other African countries. The impetus for privatization in Botswana has come from a desire to improve efficiency in the delivery of service, to attract direct foreign investment, and to create further opportunities for the citizen business sector. It is expected to create greater business development opportunities for the private sector as a whole. The private sector in Botswana has grown during the past years. It is now capable of delivering services both in competition with and in place of government. The financial sector is also more developed. The government realizes that the private sector could undertake some functions more efficiently and the government could be left primarily with the tasks that cannot be performed by the private sector. The National Development Plan (Republic of Botswana, 2003, NDP 9) follows this policy and Vision 2016 also suggests that the government must become better at costing its activities and must feel free to contract for services from the private sector to achieve its objectives more economically.

The privatization policy for Botswana is a product of extensive nation-wide consultation undertaken by the task force set up to prepare the draft White paper on privatization in 1998 (Republic of Botswana, 1998). The report of the task force culminated in the adoption of the Privatization Policy for Botswana by the government in 2000 (Republic of Botswana, 2000, Government Paper No. (GP) 1).

Meaning of Privatization

Defined narrowly, privatization means transferring the ownership of public enterprises to private buyers. The transfer of ownership from public to private hands is usually through selling all or some of the assets of public enterprises or other public entities to the private sector. This particular form of privatization is often termed divestiture, which may also be done by liquidation of assets. Defined broadly, privatization is much more than that; privatization encompasses all measures and policies aimed at strengthening the role of the private sector in the economy. The government of Botswana has adopted the latter definition where privatization covers a very wide range of different policy actions, resulting in private sector involvement in economic activities that have been previously undertaken by the public sector (Republic of Botswana, 2000, GP 1, p. 7). According to the CEO of PEEPA, "privatization is not an end in itself but is a tool to shape economic policy. Privatization is a journey, not a destination, and must be understood in that context" (Galeforolwe, 2004, p. 4).

Objectives of Privatization

Privatization policy has been advocated as the means to enforce market discipline and promote efficient allocation and use of economic resources. Although the reasons for privatization differ from one country to another, the objectives of privatization have often been very similar. These objectives include: promoting competition, improving efficiency, and increasing productivity of enterprises; increasing direct citizen participation in the ownership of national assets; accelerating the rate of economic growth by stimulating entrepreneurship and investment; withdrawing from commercial activities that no longer need to be undertaken by the public sector; reducing the size of public sector; relieving the financial and administrative burden of the government in undertaking and maintaining a constantly expanding network of services and investments in infrastructure; and broadening and deepening the capital market (Republic of Botswana, 2000, GP 1, pp. 8–9).

Forms and Methods of Privatization

There are many alternative forms or methods of privatization such as commercialization, corporatization, contracting-out, management contracts, franchises, leases, concessions, and stock market floatation. The choice of privatization modalities depends upon the objectives to be achieved. Commercialization will mean bringing the public enterprise activities to the market place, putting them on a fee for service basis, and managing them like any other business enterprise. The main requirements of corporatization are: the establishment of clear and nonconflicting objectives; the appointment of board members, management, and staff based on merit; managerial autonomy; effective performance monitoring; remuneration and terms of service according to market conditions; effective rewards and sanctions related to performance; establishment of competitive environment; tax liability like private enterprises; commercial accounting practices; eliminating subsidies; and adoption of consumer- and market-oriented approach. In some cases, commercialization and corporatization may be an appropriate privatization method. In other cases, they are regarded as the prelude to outright divestiture. Under the contracting-out method, the government maintains control of the activity but contracts out the production of goods or services to the private sector. Instead of using government employees and equipment, private firms are paid from government funds to perform specific tasks or supply specific goods. The contracting-out of services to the private sector is carried out through competitive tendering. Under a management contract arrangement, the government retains ownership of business and its assets but hires an operator who manages them for a fee (common in hotels, airlines, etc.). Franchise involves the government granting a private firm an exclusive franchise to supply a particular service in a given locality. The government may maintain control over the price of goods or services to be sold by the private firm. Under a lease arrangement, the government concerned retains the ownership of the property and other assets and simply leases them to an operator who runs the business for his own account. The private party pays the government a fee to use the assets. For some types of property or activity (for example, a forest, wildlife management, or a mining prospect) a concession arrangement may be considered appropriate as it specifies the precise use that can be made of the property and the nature of charges to be levied (Republic of Botswana, 2000, GP 1).

Public–Private Sector Participation

The government realizes that the public sector and private sector have to play complementary roles and do not have to be seen as substitutes for

each other. Government and markets both play an indispensable role in economic development. Markets are not always perfect and government intervention is needed to offset market limitations and failures. Governments cannot replace markets as evidenced by the collapse of centrally planned economies. The government believes that "the question should not be what activities should be carried out by the government and which activities should be undertaken by the private sector. Rather, it should be how best to balance the strengths and limitations of markets and governments and how best they can complement each other" (Republic of Botswana, 2000, GP 1, p. 1).

In a mixed economy, the government has a number of responsibilities. This includes the designing of public policies and legal framework for operation of private sector, giving property rights, facilitating the provision of basic needs of its population, establishing conditions for enforcement of contracts, ensuring social justice, and providing equitable access to economic opportunities. The government intervention in the market has been justified on the grounds of public interest. This includes defense and security services, looking after the interests of vulnerable and marginalized sections of society, creating and maintaining a social safety net, building of infrastructure, protecting environment, and promoting universally accessible education. Increasingly the role of government is expected to be concerned primarily with the creation of enabling environment for the operation of the private sector so that it can operate as an engine of growth, operate within the framework of public policies and legal framework of the country, and contribute to the realization of vision and mission of the government in partnership with the government.

Machinery for Implementation of Privatization

Realizing that the management and implementation of the privatization process requires an autonomous organization that has the authority, resources, and technical skills to undertake the task, the government has established "Public Enterprise Evaluation and Privatization Agency (PEEPA)." This entity is mandated to perform the twin tasks of effective evaluation of the performance of parastatals and advice on the commercialization and privatization processes. PEEPA is at present attached to the ministry of finance and development planning, but it is expected to be an autonomous entity. The government would like it to be a company with a board of directors drawn mainly from the private sector. Those chosen from the public sector will serve in their personal capacities. Members of the board will have diversified backgrounds and experiences (i.e., a lawyer, a banker, an economist, an accountant, an engineer, a businessman).

The responsibilities of PEEPA are: to identify candidates for privatization or commercialization/corporatization and decide on the appropriate course of action; to prepare a privatization master plan; to oversee all aspects of implementation of commercialization and privatization on behalf of the government; to review objectives of existing parastatals and set objectives for entities to be commercialized or corporatized; to assist the government in setting performance targets for parastatals and other public entities; to monitor the performance of these entities in meeting their objectives and targets; to advise the government on the appointment of directors of public companies and parastatals; to monitor the performance of those directors and boards; to hire and supervise consultants on privatization and performance evaluation; to publicize its activities; and to develop and execute public education programs (Republic of Botswana, 2000, GP 1, pp. 21–22).

Process of Implementation
Principles

The Government of Botswana has adopted the following principles for implementing the policy of privatization: privatization will be conducted for the benefit of all, not for the privileged few; privatization will be selective and, where implemented, the process will be transparent and equitable; privatization will be conducted in a way that will stimulate the development of local financial and capital markets and citizen-owned businesses; different modalities of privatization will be considered as appropriate for improving the efficiency of different enterprises; measures will be taken to safeguard employee interests; the government will drive the privatization process but also hire in the expertise of different kinds required for the task (Republic of Botswana, 2000, GP 1, pp. 9–10).

Selecting Candidates for Privatization and Action Plans

The criteria to be adopted by the government for considering candidates for privatization include: potential of the enterprise for improvements in efficiency and productivity; advantage of acquiring foreign participation to produce new technology and management and international link-up; the opportunity it could afford for domestic private sector growth and for citizen empowerment; contribution to stock market development; introducing competition into an otherwise monopolistic market; and extent of private sector interest in purchase and capacity for quicker investment. Action plans prepared by PEEPA will guide the process and determine the kinds of safety nets and other support programs that will be developed on a

facilitate citizen ownership of privatized enterprises. Some services (cleaning, catering, gardening, maintenance, etc.) currently produced in the public sector would provide opportunities to start many small business ventures by the same people who are presently government employees (Republic of Botswana, 2000, GP 1, pp. 11–12).

Foreign Participation

The government realizes that there may not be enough local corporate investors with the financial resources and management expertise to acquire large state-owned enterprises. In such cases foreign participation would be necessary. As limiting foreign participation to very low levels could deter foreign investors, the government plans to adopt liberal rules for encouraging foreign participation and investment. The government's policy is not to exclude foreign investors outright and not to impose across-the-board fixed restriction on foreign participation but to consider these on case-by-case basis. This is in keeping with government's policy to project Botswana as an investor-friendly country. Where practicable, government will encourage and enable Botswana investors to acquire majority control. If citizen investors do not come forward to own majority of shares, concessions such as build–operate–transfer (BOT) or build–own–operate–transfer (BOOT) will also be considered in cases where international expertise and technology are needed (Republic of Botswana, 2000, GP 1, pp. 12–13).

Safeguards and Safety Nets

Lay-off of some workers could be inevitable in the interest of efficiency and productivity as some of these enterprises to be privatized have been over-staffed. In such cases, the government would award negotiated redundancy packages to the affected employees within the established laws and policies. A program of training and skill reorientation will be launched to facilitate the absorption of employees in other trades.

Measures for Public Education

Government realizes that privatization will be successful only when it respects and informs the public. The public needs to be regularly informed about each activity and how it will affect them. Government intends to disseminate information to the public through workshops and seminars, brochures and articles in newspapers, television and radio panel discussions, public speeches and special activities in rural areas. A national

stakeholders' conference on privatization organized by PEEPA in April 2004 was an effort in that regard.

Apprehensions

Successful implementation of privatization policy will depend upon the extent to which it will be able to address adequately the anxieties and apprehensions of the people. It will have to be understood and appreciated by the public that privatization will not be a panacea for all the problems of ailing public enterprises. These enterprises may not become productive overnight simply as a result of change of ownership. In many cases competitive environment and commercialization may be an essential prerequisite for successful operation of privatized enterprises (UN, 1989). Privatized enterprises may not become productive if these remain monopolies. The public may be subjected to inefficient and unproductive operations and may not be able to exercise control over these enterprises due to their diminished public accountability as a part of private sector. Because of underdeveloped private sector and dearth of local entrepreneurs, privatization may result in domination of foreign enterprises, multinationals, or local business elite when these are offered for sale. The interests of the poor and vulnerable may not be adequately guarded when these enterprises are owned by the private entrepreneurs or when the government starts applying cost recovery principles for the services rendered by the public sector. Lay-offs, retrenchment, and downsizing exercises might increase unemployment and unrest. Haphazard implementation of privatization policy without adequate preparation and consultation with stakeholders and appropriate administrative machinery for implementation of the task could result in an unexpected outcome. The objectives of privatization may not be realized. Privatization could also create room for corruption, in identifying the clients for buying the enterprise, fixing the price, settling the terms and conditions, etc. The experience of Zambia during the last few years demonstrates how economic liberalization and privatization could increase corruption. In that country, a widespread privatization program undertaken during 1992–1997, hailed by Western donor countries as a model of success, revealed widespread corruption as documented by Chikulo (2000): "Indeed, although there is no evidence to suggest an economic turn around, privatization of the economy has, instead, opened up opportunities for rampant corruption and allowed the ruling political elite to amass enormous wealth . . . small scale companies which have been bought at almost give away prices by locals, have been monopolized by politicians and their associates . . . only the well connected few reap any benefits from the government's privatization and economic liberalization program" (pp. 168–169).

The Government of Botswana appears to be mindful of such apprehensions and anxieties and proposes to undertake measures (some of these have been discussed above) to preempt such possibilities. Botswana has been cautious and proposes to be selective in identifying the candidates for privatization or for resorting to a particular form of privatization. The country took time to deliberate extensively on the privatization policy before it was adopted. The recommendations of the task force on privatization submitted in 1998 were widely discussed and the government adopted the policy in 2000. PEEPA, established as an administrative machinery after the adoption of the policy, has taken time to produce the action plan for privatization. This will be debated in the National Assembly and by the public before approval and implementation. Public discussion and transparency will hopefully check the undesirable practices and corrupt practices.

Monitoring, Evaluation, and Follow-Up

An effective system of regulation, continuous evaluation, and close monitoring are essential to the success of the privatization process. Regulation may be required to intervene to influence the economic decisions of an enterprise and continuous evaluation will be required to draw conclusions and make judgments on the outcomes or impact of the reform program. Similarly, monitoring will be essential for systematically appraising progress during the process and after privatization and to check that the objectives of privatization are being achieved. The government has entrusted PEEPA to be responsible for these tasks with assistance from the public enterprise monitoring unit (PEMU) of the ministry of finance and development planning.

Critical Factors for Success of Policy

The government recognizes that the success of privatization is contingent upon a number of factors: a strong political commitment to policy implementation; an appropriate legal framework; an effective supervisory or regulatory authority; reformed management systems; support of public servants and public enterprise employees; public support and transparency. It is widely recognized that privatization is a political process as well as a commercial and economic process. Therefore, public support is a major consideration in any privatization program.

Postprivatization Phase: Changed Role of the State

The role of government will not end after the implementation of privatization plans, but it will only change. The government will have to continue to safeguard public interest and monitor the performance of private sector generally and privatized undertakings in particular. The government realizes that its role will continue to change as the economy changes. The determination and commitment of the government will have to be matched by readiness and cooperation from the private sector. "The interaction between government and the private sector will be transformed into a "smart partnership" of cooperation and complementarily that emphasizes "win–win" situations. The drive toward diversified growth must be led by the private sector, which is expected to display the qualities of good corporate citizenship, including the promotion of citizen empowerment. The public sector will progressively diminish its role in the provision of marketable goods and services and will rather seek to facilitate and, where necessary, regulate the operation of business by the private sector" (Republic of Botswana, 2000, GP 1, p. 3). One could derive some satisfaction in this regard from the statement made to the National Assembly by the minister of finance and development planning, Baledzi Gaolathe, when presenting the draft privatization policy for Botswana. He made it clear to the country that the privatization should not entail government discarding any of its core responsibilities, which include good governance, safety, and welfare of its citizens. He assured the house that the process will be carried out with a human face and efforts will be made to safeguard national interests (*Mmegi*, 2000). To what extent these assurances will be honored; only the time will tell.

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Introduction

This chapter attempts to investigate the impact of globalization on administrative reforms brought about in the area of local governance. This happens to be a formidable assignment especially at this juncture when studies on globalization have developed a high level of proficiency in administrative research and legitimization on parameters of democracy. In public administration studies it could be understood as the second tide of introspective analysis to clear its own jungle, the first being in 1961 when comparative studies evoked three dynamic trends in administrative studies.[1] Through the case study methods, these trends affirmed that the institutions cannot be abstracted from their environments. The present genre of administrative research moves still further to state that the inner contradictions of the processes which implant globalization-induced reforms in local governance fail the test of sustainability. Yet it cannot be denied that although the intellectual roots of the Comparative Administration Group (CAG) were located in American positivism and structural–functional approach, the impetus to present analysis is indigenous and completes the onerous research undertaken by CAG in explaining the ecology of governance relationships. This second tide of investigating reforms relocates the "community" at the center of local governance, which sets at rest the illusion of a passive society in a developing country and also provides answers to the anxious query which Ford Foundation's George Gant had made to CAG, "With all this theorizing and all this study what are you going to do about it?" One would concede that it is for three reasons that public administration can now provide incisive answers to such a query. First, the focus is now on the analysis of microlevel institutions that have a greater capacity than the state to prescribe and proscribe local norms and practices in public policies. Second, there is a better understanding of regulatory changes and policy implementation processes due to generous inputs from anthropological and economic data in public administration. Third, due to a resurgence of civil society and rise of environmental movements there is better understanding of resource distribution issues that substantiate claims on ecology as the driving force of governance today.

Public administration is now asserting a different domain outside that of "American exceptionalism" (Lipset, 1996). Globalization has unfolded the perceived monoliths of Eastern and Western societies into dispersed community structures that represent completely self-governed but unique ecosystems. These ecosystems also generate discourses and carve out

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[1]Riggs identified three trends in comparative study of public administration (1962, pp. 9–15). The first was a movement from normative toward empirical approaches, the second from idiographic tonomothetic approaches, and the third from nonecological to ecological modes of thought.

opportunities. These indicators are accepted as fundamental to the assessment of deliberative bodies that help clear people's access to the benefits of globalization. Other factors such as that of service delivery improvements, which include variables like speed, cost of transactions, corruption in public offices, etc., are treated as spillovers from the previous indicators. Democratic institutions are taken as dependent variables of global investments in terms of foreign direct investment (FDI) and foreign institutional investors (FIIs).

Local Governance in India

India is a vast country of diversities and is divided into 28 states and 7 union territories. States are divided into administrative districts that are the centers of local governance activities. Local government has been one of the most integral components of Indian democracy as it is the only direct interface with people and so better equipped to deal diversities at local level. It is of two types: *Panchayati raj* is the name given to local governance in rural areas and *Nagarpalika* for urban areas. For explaining the processes that disaggregate community structures over land this chapter would only focus on the former, nevertheless this is also true that globalizing cities have obliterated the divide between the two while at the same time deepening further the gulf between. Although its valuable role in providing sustainable economic regeneration had been recognized from preindependence era, yet it has subsequently been sidelined in the planning processes of post-independent India. The first five-year plan introduced the community development program (CDS) in 1952 but the system worked through a centralized system of monitoring and control that reduced local deliberative spaces and hence the initiatives of grassroots dwellers. The CDS model also failed to work out a reasonable people–resources relationship and in fact the centralized state was so obsessed with structural modifications that it completely ignored the substantive rationality of the existing structures. Balwant Rai Mehta Committee Report of 1957 suggested a three-tier system of panchayati raj institutions (PRIs) in rural areas but in the absence of a constitutional status to this level of governance it remained under part IV of the constitution, which contained "directive principles of state policy." This led the local governance system to develop differently in different states. Thus the CDS model of postindependence reforms ended up as a futile exercise, which could neither inspire participation nor bring development in the poverty-stricken rural areas.

The consistent failure of all the five-year plans till the eighth five-year plan in 1992 led to a rethinking of the processes of development in a manner that would contain exclusion and alienation in local communities.

It was also recognized that by merely changing structures, local bodies only develop excessive formalism,[3] which weaken the implementation of reforms. Despite early attempts of Balwant Rai Mehta Committee in 1957 until 1992 these local government bodies continued to be plagued by political apathy and corruption, which prevented their growth as responsible constitutional bodies at local levels. This was however overcome in 1992 when the 73rd Constitutional Amendment was brought about to provide a constitutional status to PRIs. This made them both welfare as well as service delivery bodies. The three tiers are, the gram sabha and the gram panchayat, which compose the grassroots body over which stands the panchayat samiti as the middle-level link between the village and the district administration, and zila parishad, the topmost district level body that composed of both elected members and district administrators. This system has historical roots in village governance patterns in India. Although service delivery obligation under the 11th schedule of the Act was a British perspective, where local bodies are seen more as an agency of service delivery rather than a political institution, yet the political element introduced into a forgotten institution almost 40 years after independence required much more than just an introduction of regular elections. As John Stewart (1996, p. 41) observes, "In so far as there is scope for local choice and local voice, the case remains but it is a weaker case, leading to a weaker approach to local democracy. A different conception of local government is possible as the community governing itself — which is a stronger concept of local government." Little research was fed into the process of integrating community governance systems with local governance model of 1992. Thus the value of an ecosystem-based existence of agricultural communities in Indian villages was not realized in policy changes at grassroots. This also cut through the ability of the panchayats in overcoming the insurmountable jungle of governance embedded into institutions controlled by landowning upper castes. The 1996 Panchayats Extension to Scheduled Areas Act (PESA) tried to overcome the weaknesses of the 1992 Act but because it was introduced only in nine states that contained a dominant percentage of tribal population, therefore it could not provide a comprehensive solution to the problem. It also conveyed a highly mischievous impression that only villages with tribal population are natural resources dependent and others can be dispensed of them, thereby clearing the way for multinational corporations (MNCs) to enter their domain, and use their resources under a viel of legitimacy.

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[3]Riggs defines formalism as "a degree of discrepancy or congruence between the formally prescribed and effectively practised, between norms and realities. The greater the congruence, the more realistic the situation; the greater the discrepancy the more formalistic" (1967, pp. 415–416).

Thus the market reforms based on new public management (NPM) approaches also influenced policies toward village resources like land, water, forests, and grazing grounds. The 73rd Amendment Act in 1992 diverted attention from their just distribution, management, and control to a democratic election thereby throwing the onus of solutions to historically subdued and dependent mass of people who were never trained to mobilize for a just cause like their counterparts in West Bengal and Kerala. Also, no effort was made to neutralize the corrupt nexus of revenue administration with landowning classes controlling local government. In West Bengal programmes such as *Operation Banga* could help strengthen the voice of poor and few years later these voices became change agents in local programmes. Most local governance institutions have been embedded historically into these resources that generate a management regime of reciprocity and substantive democracy[4] in contrast to the representative democracy. Once this element is removed, local governance inflates into a narrow platform for representative democracy but composed of dispirited communities estranged from their ecosystem and have nowhere to go. The wilting of those ecosystems, which had made face to face deliberations and debates on common issues possible, is a prelude to the MNC takeover of an area.

The Gurgaon Phenomenon

This chapter is mainly a study of the impact of globalization on a city called Gurgaon (a district in the Indian state of Haryana), an erstwhile small village on the outskirts of Delhi. In the last ten years Gurgaon has become one of the top three silicon valley regions in India, the destination for main software companies, and a hub of business process outsourcing (BPO) companies and so it is named as the millennium city, a medicity, or a cybercity. Its skyscrapers and malls of international standard may leave any non resident Indian not residing in India awestruck for the progress that India has made out of globalization, which has seeped into the social fabric of this city and manifests into branded lifestyles where San Jose is better known than the streets of Agra where the Taj Mahal is. Gurgaon has been one of the four cities in India, other three being Bangalore, Hyderabad, and Chennai, and has been quick enough to catch up and keep pace with the global upswing of the Indian market. The 2004 Global Retail Development Index of A.T. Kearney titled as the *Emerging Market* reveals that on the basis of attractiveness among global retailers India rises to the second position whereas even the "Asian Powerhouse," that China is known as, remains at

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[4]"It encourages the citizen to see in the local authority not one agency among many carrying out administrative tasks, but the corporate manifestation of the local community (collective locale), which is the first resort in case of local difficulty" Blair (1991, p. 51).

which meant that their land would be acquired and plots would be finally measured and sold out to developers and infrastructural builders. The 14 villages in Gurgaon (Table 29.1), which were adopted for urbanization, are some of the oldest historical villages dating back to the times of Mahabharata and the period of Dronacharya, the guru of Pandavas.[9]

A further investigation reveals that the situation is much worse in the villages that were given to private developers. No record was available about the money spent on developmental works nor on the land acquired. These areas have police, district, town, and country planner working in tandem to apply stringent disciplinary laws on villagers. They were centers of electoral fallacies, caste divisions, and the greatest democratic deficits. Most of these private colonizers are working in connivance with land-owners to provide work spaces, residential townships, and recreational centers for MNCs by transferring village resources to them. There are many cases lying in the High Court of Chandigarh against these colonizers. Colonizers have their own bureaucracy that lacks accountability and transparency in any form.

In March 2004 HUDA came up with the second round of "urbanization of village programme" in which any "gram panchayat" having more than 15 acres of land would be selected for this block development work. HUDA planned to cut plots of the size of 250, 300, and 500 yd to be sold to developers for residential purposes. It was able to quickly implement it in Rangla, Rajour, and Pinghava where it acquired 16.8 and 16.10 acres, respectively (Tiwari, 2004, p. 6). However with the defeat of Om Prakash Chautala, the globalizing chief minister of Haryana, in the March 2005 State Assembly elections this plan has slowed down.

The history of Gurgaon has been a history of an intricate relationship of people to their land. This historic fact has been ignored in the process of globalizing this area. Being an arid region, the majority of people living here have been dependent upon cattle and other animal-rearing occupations or potters who survived on clay they obtained from a pond, which was very sacred to them. Wells have been very well protected and were used not just for water but as a meeting space for village women. A large majority had served in the Indian Army from earlier times and their aggressive control of land kept any administrator in the past from acquiring their land. They have also been highly emotional in fighting injustices of the State starting from the mutiny against the East India Company in 1857 and later for

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[9]Mahabharata was written in around 2500 BC which narrates the historic battle between the Pandavas and the Kauravas. Dronacharya was the great teacher who taught Arjuna, one of the Pandavas, the strategic master archery but also took away the thumb of a poor dalit boy who revered him for the fear that he may be a threat to Arjuna's position. Gurgaon is named after the so-called great guru and one of the villages here is the home of the dalit boy Eklavya.

Table 29.1 Land Acquisition in Villages Adopted by HUDA for Urbanization Process between July 1999–September/2004

Number of Villages	Names of Villages	Years of Existence	Land Acquired (in acres)	Amount Spent on Developmental Work (in lakhs)	Population[a] 1991 Census
1	Kadipur	500	500	82.81	3310
2	Basai	1000–1500	b	47.44	6767
3	Sukhrali	500	total	29.42	5538
4	Daulatpur–Nasirabad (Carterpur)	500	b	59.89	2602
5	Mulahera	500	2000	30.28	3589
6	Islampur	900	60	36.14	2436
7	Jharsa	500–1000	600	211.30	8480
8	Dundahera	500	b	60.17	6767
9	Naharpur	500	1000 + 60	2.74	1586
10	Gurgaon			108.45	14398
11	Khandsa (Eklavya's village)	2500	b	79.28	4634
12	Dhanwapur Dalit village	500	b	110.35	6767
13	Kanhai	1000–1500	b	33.35	2995
14	Sarhole	500+	b	51.17	2638

[a]This does not include a population increase in these villages @ 2 percent per year between 1991 Census and 2001. This also does not include a four times growth of migrant population of workers from outside states.
[b]Indicates that clear records of land acquired were not made available in HUDA/HSIDC office in Gurgaon.

laying their lives in the freedom movement led by Mahatma Gandhi. They also served in the Indian National Army led by Subhash Chandra Bose against the British regime.[10] It was only once in history that their land was acquired forcibly by the British government under Acts XXV of 1857 and 1858 "for their failure to extend any help to British at the time of sore need.'[11] The British had perceived that this would act as a capital punishment for them but it ultimately turned out to be harmful to even the British as these people sank into complete inactivity and anarchy till a sensitive Indian Civil Service (ICS) officer, F.L. Brayne, developed programmes to bring them out of this crisis. Brayne was posted as a deputy commissioner of Gurgaon district in 1920. In trying to rectify this he launched his famous "Gurgaon Experiment," focussing upon improved techniques of farming. Because economic betterment targeted an area that sent strongest signals for participation to the local mind the experiment did succeed in its objective "to jerk the villager out of his old groove, convince him that improvement is possible, and kill his fatalism by demonstrating that both climate, disease and pests can be successfully fought." (Gurgaon gazette, 1984, p. 398). Although this experiment fizzled out once Brayne was posted out of Gurgaon, its message left behind was completely ignored by policy makers of the globalization decade. The MNC requirement ignored the balance sheet of land acquisition. The population of these villages was largely dependent on two main sources of income. First, upon agriculture as they enjoyed a healthy existence on rich agricultural produce over their land. Second, upon those common property resources made available from land such as ancient wells, ponds, forests, and grazing grounds raised and conserved by few committed village personalities in the course of historical evolution like Sadhu Baba, Sukhpal Maharaj, and Yadavs of Nuni–Rasunpur (Narnaul).

Tanks, wells, and ponds are now the dumping grounds for urban wastes. Many villages such as Narsimhapur and Daulatabad have become dumping stations and suffer effluent discharges from chemical factories and medical wastes on their agricultural land (Yadav, 2004, p. 6). The grazing grounds and forests are gone cattle roam on the streets and pigs feed on residential area garbage. There is a deepening divide between the land owners, who have got rich compensation for their land and now act as local help for land acquisition authorities in tandem with colonizers and developers, and the landless who survive on animal dependent or wetland-based occupations. Many village chiefs called *sarpanchas* came out openly to express their woes when this survey was taking place. One Ramprasad

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[10]Gazette of Gurgaon 1984 mentions, "According to records maintained by Capt. Mehtab Singh, President, INA Association, Rohtak, 1317 persons (233 officers and 1094 other ranks) belonged to the Gurgaon District." p. 72.

[11]File/R/194, pp. 240–241; Statement of the landed property confiscated during the Mutiny.

complained of the spread of allergic diseases about which they are kept in complete dark by the district authorities. Another sarpanch, Ramzan, expressed the threat posed by severe fall in water table and the drying land. Many others like Sarpanch Mukhtiar Singh of Dundahera feels tired running after district authorities for preventing the destruction of their forest land and water bodies but there is nobody to listen to them. The only gain for villagers' source of income has been the large number of migrant workers in BPO companies and low-wage laborers from the poor states of Bihar, Orissa, and West Bengal who have taken sheds and rooms in the villages on rent. In a village called Nathupur, which has the prestigious Microsoft, Convergys, GE, and Sony Erickson's offices on its land, the per month income rise for ten sample households has been 1000 percent and two of them have only the rent as their source of income from more than 250 dilapidated rooms with common toilets. In some of these villages sewer lines have been put in promised, but they lead to nowhere and end up within the village as a result of which these globalizing villages are an island in the midst of sewer water. The worst complaint that the villagers expressed aggressively was that none of the companies have employed local people as promised by them when the land was being acquired. Not even the security services employ any local villager for fear of an uprising on their wage exploitation, which most companies are doing for their unorganized labor (survey made between March and September 2004). Some of the basic facilities like a primary health center, a school, a computer training center, self-help programme, or an infrastructure like a metaled road and clean drainage system remain what they were prior to 1995 in the preglobalization era. The water table has dropped to a scary low, setting at naught all the borewells and handpumps for irrigation and drinking water. Whatever water remains is first served to the rich residential areas and MNCs rather than to the people in the villages. Within the village also the dalit areas often get their water blocked for failing to comply with some unjustified electoral demand. The younger boys from Nathupur village came out openly to a local newspaper *Amar Ujala* in February 2004 in protest against a local candidate belonging to the ruling party of the state. It shows that village residents have neither benefited from the spread of MNC clusters on village land nor their local deliberative structures gained in empowering themselves democratically.

These areas also generate electoral fallacies which create a smokescreen of democracy to conceal the increasing exclusion of the ordinary Indian from social security systems governed by the market.[12] These villages have

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[12]"— Although democracy has never been more widely established in the world as a system of government it is increasingly seen as subordinate to and invaded by the market, to such an extent that its distinctive character as an institutional order separate from the market is being lost. Democracy is being hollowed out" Gamble (1996, p. 127).

witnessed great instabilities in their elected bodies. The post of sarpanch has been the worst affected. Basai village for example had six sarpanchas in four years and one village sarpanch, Satish Yadav, admitted that HUDA's land acquisition and urbanization program has broken homes and has destroyed bonds of trust and affection among villagers. In Bangalore also, which is another city undergoing rapid globalization and FDI investment, during the last elections to the panchayats, as a report revealed, there has been an auction of seats in the 2001 panchayat elections (Vyasulu, 2001). Most of the intermediate local bodies are elected under donor pressure. Government departments are given targets to set up self-help groups and other people's organizations for better participation of peoples. There have been allegations on government by Bellandur gram panchayat and surrounding villages that were selected for the proposed IT corridor project in the city. The exogenous pulls of reforms bring in structures of governance, which are neither understood by people nor do they gel with their experience. "All of a sudden, an electoral system arises in a country so the government can get some aid, credits or most-favored-nation trading status," Karl Terry said. "I call this electoralism; that is, having the procedures of democracy without deeper internal roots" (1986, pp. 9–36). This suggests that the postsocialistic transformation of Indian state would need a reinvestigation of democratic ideals in administrative reforms with an ecological perspective.

Local Institutions as Ecosystems for Meaningful Discourses

Any analysis of local institutions has a contextual and epistemological relationship to its sociological and anthropological origin. Institutions emerge to regulate a reciprocative way of communitarian life. Durkheim may call this a reciprocative function or a social obligation. Thus their task is to constrain individual behavior in accordance with the requirement of community welfare. In this way they are largely composed of informal rules (Lijphart, 1984, p. 3). This chapter inclines to accept the Durkheimian conceptualization, which suggests that institutions are shaped by social realities that determine the patterns of possible behavior. This sociological realism forms the basis of institutional analysis in Durkheim. "The bottomline is that institutions are not only effect producing but also distinct 'realities' that mould patterns of behaviour of groups and organizations" (Keman, 1996, p. 8).

Therefore institutional analysis is based upon three key questions: The first is about rules, be they formal or informal, the second is about the relationship between behavior and action, and the third question is about

how do rules affect political processes. An analysis of local institutions in a globalizing city is supported by the cultural theory of institutions. It provides some important "paradigmatic" answers to market fundamentalism and NPM reforms in a third world country. It explains "cultural biases" and the nature of "social relations." The degree of congruence between the two is then expressed in "ways of life" or "culture" (Keman, 1996, p. 13). Thus it assumes that every institution has a cultural context or it is a unique ecosystem like entity, self-governed, stable, and sturdier pattern of interaction rooted into its evolutionary history, and experience-based good practices. Douglas North sums it up as, "institutions provide the participants with classifications, logical operations and guiding metaphors" that function as a cognitive window with a view at reality (1986, p. 10). This cultural theory of institutions in the larger mold of critical theory is like a time bomb under the globalization-induced reforms such as NPM and provides a framework for explaining the qualitative weakening of local institutions while the overall growth rate of the economic index of the nation rises.

Globalizing cities are undergoing a process of public sector reform based on the economic theory of democracy. It pushes through and instills the aggregating strategies into society so that public policies could balance people's expectations from reforms. It implies pure deductive reasoning, which is free of value systems and therefore gains legitimacy through elections. This however reduces what Habermas (1992) referred to as a "deliberative perspective of politics," in which people participate, confront, and debate in local institutions to solve common problems and also shape a collective identity (Erikson, 1995). Most ethical and moral questions that fail to feature in large national legislatures become important issues for local bodies. Solutions are where problems emerge. Thus the essence of discourse model is that it ties legitimacy to a free and open debate in public forum (Christensen & Laegreid, 2001, p. 294).

Globalization in India as in other third world countries has come as a reaction to the centralized socialist and protectionist state. An emboldening of market theorists in the present era has pushed reinvention exercises in which democratic institutions have been reduced to a provider of services. This has serious consequences for the role of politician and that of bureaucracy but the most discernable impact is that on the lives of citizens. The deliberative aspect of local institutions shrinks as the most difficult questions are kept out of the political arena. "By replacing democratic procedures of consensus building by such other method of conflict resolutions, government elites avoid the 'official' institutions of politics in a constant search for nonpolitical forms of decision making" (Offe, 1984, p. 168).

Panchayats have been sacrosanct to villages in India even before they were constitutionally recognized in the 73rd Constitutional Amendment Act

of 1992. This amendment was a new milestone in the democratic evolution of India because it was a landmark in the direction of decentralized decision making. Panchayati raj institutions (PRIs, which are the rural governance structures) and municipal bodies (urban structures) ensured people's participation in planning, decision making, implementation, and delivery. This chapter would work on the logic that reforms have to resonate people's habits and value systems and for that reason it is imperative for reforms to originate from people because administrative practices cannot divert from established habits and norms of society (see Box, 1997, pp. 84–100).

The "freedom to govern their own problems" has been the core of local institutions in Haryana as the panchayats are historic bodies governed by customary laws, which have evolved within the village community. This aspect gets weakened as globalization spreads on their land in the form of a master plan prepared for the city as it is mandatory for every city to prepare a developmental plan. This master plan sets in motion the task of land acquisition for developmental purposes in accordance with the prospective problems, which the city may encounter as it grows. The problem begins when the core component of development, that is "land," is the scarcest commodity within the municipal limits. So this land would have to be acquired from the surrounding villages. Thus agricultural fields, land under panchayats, and the village community resources such as ponds, wells, village forests, and watershed areas, which are cherished as common property of all village inhabitants suddenly become commodities to be sold in the market. This process of acquiring land from villages has been going on for ages, but HUDA records in Gurgaon reveal that earlier they were being acquired for laying a railway line, a road, an electric line, or an industry that in many ways compensated the loss of land through the ethical argument of capacity development of villagers. In present times globalization pushes multinationals into the market as a result of which government acquires land and passes it on to the developer who finally becomes the major beneficiary.

The ability to enter a meaningful discourse or deliberate on policy issues has been reduced with the loss of the main occupations in the villages. Many farmers cherished their local innovations in the field and now feel amputated and as secondary citizens in their own village. The region as a whole indicates that growth has not been sustainable. Since the village governance became the center of policy deliberation in a globalizing city there has been systematic decrease in the number of villages in Gurgaon. In the 1991 census Gurgaon had 688 inhabited villages, which increased to 700 villages in the 2001 census because of the massive explosion of 44.64 percent increase in its population, mostly migrants from poorer states like Bihar, Orissa, and West Bengal, but the number of so-called "uninhabited villages" mentioned in the Director of Census Operations records fell from

42 in 1991 to 26 in 2001. This is reflected in the creation of a new town in Gurgaon district as the number of towns increased from 11 to 12 during this period. These so-called uninhabited villages were the grazing grounds of cattle and sheep rearing rural inhabitants who gained little out of a global spread of BPO companies. Gurgaon being a district with a dominant rural population,[13] the workforce largely arrived from cities outside Gurgaon. The massive housing and construction boom that followed took place over the land acquired from villages.

Although foodgrain production has gone down in Gurgaon from 71.02 percent in 1970–1971 to 49.01 in 2001–2002 as percentage of gross value of agricultural output at current prices (Economic and Statistical Organization, Haryana, 2004, p. 768) even the area under forests has been drastically reduced from 4.62 percent in 1980–1981 to a mere 1 percent in 2004 (Statistical Abstracts of Haryana 1980–81 and 2004) and therefore Gurgaon has a pathetically low forest area, that is just 2.56 percent of forest area to the total geographical area of the district (Forest Department, Haryana, 2004:332). These factors have also led to a loss of state credibility and legitimacy, and this is evident in decreasing people's contribution to the developmental programs and their participation in state programs. The community development statistics of Haryana (2004, pp. 346–347) reveal that people's contribution to the community development programs in Haryana, which rose from Rs. 648.19 lakhs in 1967 to Rs. 763.44 lakhs in 1981 shows a sharp downturn in the period of global shift in which it has fallen to a mere Rs. 75 lakhs in 2002–2003. There is also a startling revelation that the globalizing industrial states when compared to the less globalized industrial states have more working population for the simple reason that these small states offer more diversified and community-based options available to every class of citizen whereas the globalizing townships are straightline trajectories of urbanized middle-class growth marginalizing the rural poor.[14] This is adding on to the burgeoning numbers of unemployed people in Haryana. The director of the Employment of Haryana Statistics Department shows that the number of unemployed persons has almost

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[13]The 2001 census of Gurgaon shows rural and urban populations as 1,288,365 and 369,304 as compared to 913,386 and 135,884 in 1991 census. The maximum increase of population has occurred in the central Gurgaon town where urban population in 2001 shows a substantial rise to 249,403 of the total of 369,304. This part of Gurgaon, which forms the industrial region, is contiguous to Delhi and therefore is the hub of MNCs expansion (Director of Census Operations, Haryana. Statistical Abstracts of Haryana, Economic and Statistical Advisor, Planning Department, Government of Haryana, 2004, pp. 36, 40, 51).

[14]The 2001 Statistical Abstract of Haryana shows that the percentage of main workers out of total population is 28.03 and 28.32 in Gurgaon and Faridabad, respectively, the top globalizing districts of Haryana but is 32.57 and 32.47 in Sirsa and Fatehabad, respectively, which are trailing far behind in the rush for global companies.

doubled from 486,706 persons in 1985 to 802,581 persons in 2002 even though the market has opened up but the state capacity for placement has decreased from 17,253 persons to 4764 persons in 2002.

Thus globalization has brought reforms that have weakened people's participation in meaningful discourses for their empowerment. In this manner the obsolescence of local governance continues to disempower local people.

Global Integration through Administrative Reforms

Many legal and structural reforms have been brought about to rationalize the process of global integration in Haryana. In the early era of liberalization most of the state governments did not have the requisite money to compensate villagers for their acquired land. This anomaly was partly rectified in 1996 when urban development plans formulation and implementation (UDPFI), the government of India rationalized the problems of land acquisition so that the benefits of adequate compensation reach out straight to the owner and the predictability of developmental programs for the city are also assured.

UDPFI defined "transfer of development rights" (TDR) as "development right to transfer the potential of a plot designated for a public purpose in a plan, expressed in terms of total permissible built space calculated on the basis of Floor Space Index or Floor Area Ratio allowable for that plot, for utilization by the owner himself or by way of transfer by him to someone else from the present location to a specified area in the plan, as additional built up space over and above the permissible limit in lieu of compensation for the surrender of the concerned plot free from all encumbrances to the planning and Development Authority." This system helped the real estate developers and thus the total land cost flows from the developer to the landowner. It also got a shot in the arm when government notified in November 2003 that it would permit 100 percent FDI, on a case to case basis, in the development of integrated townships. This would permit FDI into housing, commercial premises, hotels, resorts, city, and regional level urban infrastructure facilities such as roads and bridges, and mass rapid transport systems. Two Malaysian companies — Feedback Integrated Infrastructure Development Corporation and IJM Infrastructure Ltd. — have already entered into an agreement in development of townships at Gurgaon in Haryana and Kukatpally in Hyderabad. Reforms that have reduced bureaucracy and liberalized laws have also helped in reducing the democratic imperative of local institutions.

The developments mentioned above have made rural areas and their local bodies such as the panchayats vulnerable to the pressures of real

estate developers. The role of the panchayats in protecting and generating income for the poor, the landless, the animal-rearing tribes, and the dalits in the village by protecting most of their resources such as land, water bodies, and forests including the common property resources has decreased and mostly subdued. The planning commission has also noticed this lacuna of planning in which the higher administrative bodies of the country have failed to relate the people's problems to their policies. The Report of the Task Force on the Panchayats, constituted in 2001 under the chairmanship of K.B. Saxena had pointed out certain grave factors that prevented people's access to the planning process. "It is observed that a number of Ministries of Central Government have not taken any concrete steps to integrate PRIs in their strategy of planning and implementation of various programmes which essentially fall in their jurisdiction" (2001:1). This problem has also been exacerbated due to the direct nongovernmental organization (NGO) access to relevant ministries. The shocking fact discovered in the report is that "PRIs do not really figure in this strategy of implementation and in fact there is not even a conceptual recognition of it. That, NGOs are operating in areas and on subjects which belong to the PRIs and therefore are expected to work in tandem with them" (2001, p. 1). The report further admitted that because the ministries undertake internationally funded projects, they tend to implement them directly without any involvement of PRIs. Ironically, the ministry of rural development has failed to bridge this gap. In 2001 annual report (2001 column 5) there were 232,278 panchayats at the village level, 6022 at the intermediate level, and 535 at the district level. These panchayats were manned by 29.2 million elected representatives at all levels out of which one third were women. Ironically this huge deliberative framework has been ignored in the process of planning and the NGO-led decentralization has brought in experts who are delinked from the anthropological history of that region.

This part of the chapter mainly looks into the process of globalization and the reforms undertaken to facilitate it. To understand reforms in the local governance of Gurgaon, it would be interesting to begin from the panchayats of the capital city Delhi, in the neighborhood, where the panchayati raj continues to be suspended by the state government and no effective steps have been taken to revive PRIs. Much of the illegal activity of land mafia continues over a large juridically overlapping area of rural–urban governance also called the "lal dora land." The Delhi Development Authority controls most of the development over the land. Bangalore had also set up Bangalore Development Authority and now has the Bangalore agenda task force as a catalyst in realizing the city's potential. Gurgaon has HUDA, which until 1996, was acquiring land and then giving it to Haryana State Industrial Development Corporation (HSIDC) for demarcating plots for developmental activities. It is a paradox that in these cities no specific

body has come up to look into these irregularities of globalization-led land acquisition from rural communities. This has helped the state government acquire the benefits of centralizing city plans including the financial flows.

It is imperative to study the process of development and urbanization in globalizing areas and seek ways to measure the democratic deficit of such townships. The most important administrative and political strategy is that of acquiring land from adjoining villages. It involves a number of inter-related measures. First comes the most essential ingredient, a developer-friendly legal framework, which ensures that land can be easily bought and sold. Second is the administration-friendly procedures and regulations to ensure that the development of land is at an affordable cost. Third measure is that of a legitimacy in which land taxation system is designed to promote equity and efficiency in land use. This process also includes an installation of a transparent and corruption-free local administration that may not really push up the reforms to improve people's access to these measures.

The legal framework, which was reformed, included the laws protecting land in villages and to smoothen their acquisition. The district town and country planner (DTCP) claims that the controlled areas that fall at the rural–urban fringes are real centers of planning for further industrialization. In Gurgaon alone it comprises something of one third of the total land in the district out of which only 9.5 percent of the areas are urban areas, thereby leaving more than 90 percent area of the state free from any of the controls of Acts enforced by the Government. There has been a substantial amount of infrastructural mismanagement considering the fact that the municipal committee and the panchayats are not obliged to function within this area and the town and country planner (TCP) cannot undertake work without an officially declared plan for that area. They may more reasonably be termed as the "areas of diluted governance." The land purchased within the controlled areas needs a change of land use (CLU) certificate from the DTCP that the land purchased outside the controlled areas does not require. Because the industrial townships have not been able to develop plots, these industries have started buying plots directly from the farmers and managing to obtain CLU certificates from the directorate of town and country planning (TCPD). This process was guided by a colonial legal system defined under Land Acquisition Act of 1894. In 1995, on February 9th, government con-stituted a committee comprising of the following officers as a process to decentralize the power hereby concentrated in the development corpor-ation (DC):

- Divisional commissioner as the chairman
- Deputy commissioner as the member secretary
- Representative of the concerned member department
- District revenue officer as the concerned member

This also restricted the District Commission's (DC) discretion to determine the market price of land not on the basis of five years sales average but only on the basis of one year's sales average. Section 5A of this New Land Acquisition Act 1995 also enabled the land owner to refer to the court under Section 18 of the Act. At the peak of this globalizing exercise in Gurgaon another amendment was undertaken on September 8, 2003. Section 22 of the Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963 after clause (a) an amendment (aa) clause was added to increase the "abadi deh areas" (or the inhabited areas within the village) and reduce the controlled areas in which there are numerous restrictions on constructive activities. The explanation to the amendment given in the statement of objects and reason given by the town and country planning minister of Haryana was the need to exempt construction activity in abadi deh areas to prevent unnecessary harassment of villagers but it implied that a larger part of village land was liberated from official controls. The impact of this change is evident in at least one important case in the Supreme Court involving the former prime minister of India, Chandrashekhar.[15] His huge farmhouse and luxury villa was built on village land belonging to the panchayat. The issue of a village panchayat gifting land to the person in power violated Section 5A and 15(2) (ff) of Punjab Village Common Land (Regulations) Act, 1961 and Rules 3(2), 3(10), 13, and 13 A of Punjab Village Common Land (Regulation) Rules 1964. The issue also brought to light a violation of Forest Conservation Act 1980, Section 2.

Parallel to liberalizing the process of laws related to ceiling on agricultural land, acquisition and disposal of surplus area,[16] there has also been a systemic restraining of decision-making autonomy of local bodies. The 73rd Panchayat (Amendment) Act 1992 had given a constitutional status to the panchayats and the Haryana Panchayati Raj Act 1994 had adopted this provision for better administration of rural areas. With the globalization of market there are certain amendments made to the state act, which raise questions about the democratic imperative of these local bodies. Three provisions may be mentioned here. First the Act of 1994 contains that, "If the whole of the sabha area is included in a municipality or a cantonment, the Gram Panchayat shall cease to exist and the assets and liabilities of it

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[15]B.L. Wadhera versus Union of India 2002SOLCase No. 242/decision date April 19, 2002.

[16]Haryana Ceiling of Land Holdings Act 1972 (Act 26 of 1972) through which surplus land was assessed and automatically vested in the State on the pretext of "unutilized" (*Kehar Singh and another versus State of Haryana and others 1995* (2) RRR 654 (P&H) even though the family of the landowner grows bigger he is not entitled to have surplus area case reopened for recomputation under the 1972 Act (*Bhagwanti Devi versus State of Haryana* 1994 (2) RRR 358 (SC).

shall vest in the municipality or cantonment as the case may be." (Part II, 7[4]). Taking cue from this, the developers constructed urban areas on village lands and thus were given the benefit of not having any such taxation regime of cities. But the price for this anomaly is extremely high as these villages are on the verge of extermination by real estate developers in business here such as DLF city, Unitech city, Ansal city, Ardee city, etc. These areas exempted from the restrictions imposed by the 1963 Act mentioned above have not been included in the municipal council of Gurgaon for fear of losing a vote bank because their inclusion into a municipality would mean their subjection to a taxation system on property and land transfer deeds. But besides this tax exemption these residents of MNC-led urban areas also become entitled to vote in the panchayat elections without being the residents of villages either physically, historically, or emotionally. This is a total turnaround to the very idea of the panchayats as a system of self-governing institution for village communities and as recognized by the Constitution of India (Article 243G). The urban voters almost outnumber the rural communities living in these village areas who have lost their land, occupations as well as access to their community governance systems.

Second are the series of amendments to the 1994 Act that have systematically weakened the checks and balance system embedded into the Act. Part II Article 8(2b) of the Act which provided for 6 to 20 *panches* (deputy village headmen) from wards in a panchayat area in the manner prescribed so that the despotism of the headman or the sarpanch could be restrained has been omitted vide Haryana Act No. 10 of 1999. This has abolished the power of the panches to call a special meeting with notice to the sarpanch and have also led to the Haryana Act No. 14 of 2003 in which the obligation upon the panchayats for having a circle supervisor from amongst the existing gram sachivs to supervise the work of gram vikas sahayaks (village development supervisor) was substituted vide Haryana Act No. 14 of 2003.

The third concern is that it also raises questions of constitutional propriety of such measures becoming common in India. In a case pending in Haryana high court against a major colonizer in this area it has been recognized that there exists a clear violation of Articles 243 X and 243 W read with Schedule 12 in which the developer was to undertake the responsibility of maintenance under agreement between DLF and DTCP. The contesting Qutab enclave resident welfare association (QERWA) of urban settlers charges it as the "biggest land scam in the country" (QERWA press release, August 2003). People's awakening in villages led to the demise of the regime of former chief minister of Haryana Om Prakash Chautala and his sons in the last Assembly elections of 2004 who were instrumental in chaperoning an uncontested rule of colonizers and land mafia in the district of Gurgaon (*Amar Ujala*, September 29, 2003). In Bangalore, Janata Dal (secular) secretary-general C. Narayanswamy demanded a high-level

inquiry into land grabbing by private land developers and influential persons.[17] It has been reported that influential persons, middlemen, and private land developers have cheated the farmers by paying them less than the actual market value for their lands and then selling the acquired lands at prevailing market rates to IT companies like Intel, despite preliminary notification for land acquisition by the Bangalore Development Authority and the Karnataka Industrial Area Development Board (KIADB).

Globalization and Epistemic Bondings in Local Governance

Globalization has traumatized local communities by imposing policies that contrasts with their norms and modes of living. New unidentifiable actors have come into the fray to steal their resources and benefit out of their ignorance. A question arises as to what constitutes sustainable governance in which people participate in the policy process without fear or obligation. This model of epistemic bonding suggests a relationship that merges well in a sustainable process of growth, which would be reciprocative and therefore egalitarian and more economic. But this cannot be represented in the form of a structural functional model based upon subject–object approach but a spherical system in which each member of a community is bonded to the center (which represents their most commonly used natural resources, could be land, water, common grazing areas, animals, forests, etc.) and their distance from the center builds the degree of motivation to participate in a program. Communities are composed of people who have compatible roles and contrasting tasks that are mutually fulfilling. The use of resources may generate a set of relationships and a network of exchanges, which may be hierarchically arranged and it keeps solidifying their bonds on a continuous basis. Collection of a large number of bonds in a particular geographical region may form a community. Community has a regular crystalline structure representing a natural hierarchy of valuable ecological relationships for economic and social governance (see Figure 29.1). This creates a niche of autonomy for each community system within which they survive in equilibrium with their ecological domain. When development is exogenous these ecological relationships are disturbed and as a result community spaces start shrinking (see Figure 29.2).

Quantum mechanics offers a method to understand the structures of society and about the ecological bonds, which may be referred to as

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[17]"Janata Dal seeks probe into land acquisition" *Deccan Herald*, September 23, 2004.
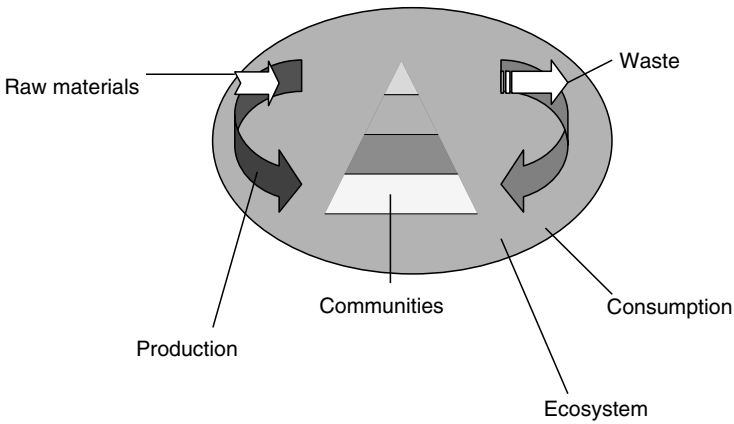
Figure 29.1   Ecological existence of community structures.

epistemic bonds (EB), which bring people together and sustain them into a common mode of beliefs, values, and culture or more appropriately in an ecosystem. Thus EB is a "strong attractive force" composed of a set of relationships between the resources and the resource-dependent community. These bonds also provide stability and security of habitation and of the availability of needed resources from the ecosystem. All this is assured due to internal governance systems nurtured and sustained over a long period of history within the framework of ecological relationships, which an exogenous mode of development fails to visualize.

Figure 29.2   Ecosystem stress and reduced community space.

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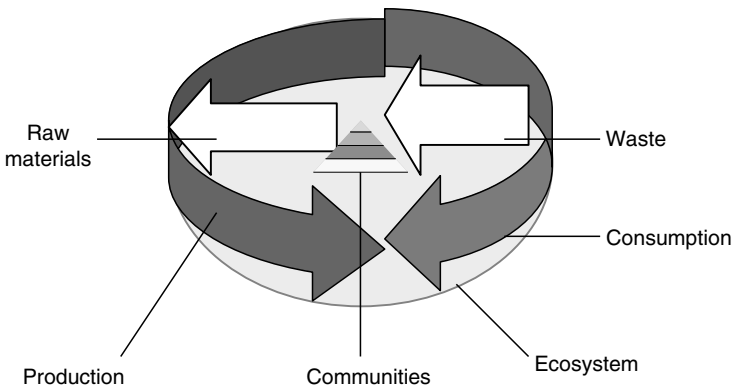*Amar Ujala*, September 29, 2003.

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Chapter 30

The Effect of the African Growth and Opportunity Act on the Textile and Apparel Industry in South Africa

Pan G. Yatrakis, Leslie Cauthen Tworoger, and Helen K. Simon

CONTENTS

Eight countries do not meet AGOA eligibility requirements at this time because of their failure to meet one or more of the AGOA criteria. A list of these countries, together with the reasons for failure to qualify is provided (see Table 30.2). The countries of Comoros, Sudan, and Somalia were not reviewed, because they did not formally request to be considered for AGOA benefits (Feldman, 2003).

Preferences provided to the sub-Saharan countries that are certified to comply with the Act's criteria include:

1. Duty-free access for about 95 percent of exports under the generalized system of preferences (GSP) program, with the major exception of apparel
2. Duty-free and quota-free access for apparel produced in the qualifying countries from fabric or yarn made in the United States
3. Duty-free and quota-free access for apparel produced in the qualifying countries from types of fabric or yarn not produced in commercial quantities in the United States, such as silk, velvet, and linen, as well as for knit sweaters made from cashmere and merino wool
4. Duty-free, but not quota-free, access for apparel produced in all but the most developed sub-Saharan countries (Botswana, Gabon, Mauritius, Namibia, Seychelles, and South Africa) from input materials made anywhere in sub-Saharan Africa (Office of the U.S. Trade Representative, 2001).

Two years after AGOA was enacted, early reports indicated that the effects have been immediate and fairly dramatic: "in the first 11 months of 2001 U.S. imports of AGOA-covered products, excluding oil and other

Table 30.1   AGOA Beneficiary Countries as of December 30, 2003

Angola	Gabon	Namibia
Benin	The Gambia	Niger
Botswana	Ghana	Nigeria
Cameroon	Guinea	Rwanda
Cape Verde	Guinea-Bissau	Sao Tome and Principe
Central African Republic	Kenya	Senegal
Chad	Lesotho	Seychelles
Republic of the Congo	Madagascar	Sierra Leone
Cote d'Ivoire	Malawi	South Africa
Democratic Republic of the Congo	Mali	Swaziland
Djibouti	Mauritania	Tanzania
Eritrea	Mauritius	Uganda
Ethiopia	Mozambique	Zambia

Table 30.2 Nonbeneficiary Countries

Country	Reasons for Failure to Qualify
Burkina Faso	Undermining U.S. foreign policy; dealing in contraband diamonds
Burundi	Civil war; economic mismanagement; corruption; child labor; human rights
Central African Republic	Military coup
Equatorial Guinea	Government interference in private sector; corruption; child labor; arbitrary behavior by government security forces
Eritrea	Deteriorating human rights conditions
Liberia	Corruption; virtually no social services; interfered in Sierra Leone's civil war; forced child labor; inhumane prisons
Togo	Corruption; no fair elections; privatization stalled; labor rights; abuses by security forces
Zimbabwe	Intimidation of political opponents; illegal seizures of private property; corruption

mineral fuels, rose by 96 percent to $1.2 billion" (Alden, 2002, p. 11). Additionally, the area has become attractive for investors from Asia hoping to take advantage of both the low-cost labor and trade preferences under AGOA (Alden, 2002).

South Africa is particularly well suited to take advantage of AGOA. Statistics from the Embassy of South Africa's ministerial meeting on AGOA indicated that from January to June 2001, South Africa realized benefits of $135.5 million. "Excluding the benefits accrued to participating oil-producing African countries, South Africa accounts for some 72 percent of total benefits accrued through AGOA" (Embassy of South Africa, 2001).

The Economy of South Africa

The U.S. Trade Representative Robert Zoellick observed that if sub-Saharan Africa had been able to continue the level of world trade it had in 1980, its exports to the global marketplace would be more than double their current levels (Alden, 2002). Indeed, after more than 22 years of isolation from the world's markets, South Africa is taking advantage of liberalized trade with the United States. What economic and governmental policies are in place that enabled South Africa to benefit from AGOA?

South Africa stands to gain for a number of reasons. The government has reduced the national budget deficit. In 2001, the deficit was a planned

1.9 percent, down from 8 percent in 1994. Inflation is under control and has fallen from 9 percent in 1994 to 6 percent in 2001. Furthermore, this commitment to sound fiscal policy has resulted in South Africa being given investment grade status by Moody's and Standard & Poor's (*The Economist*, 2001). South Africa's currency, the rand (R), has been one of the strongest in the developing world (Mead, 2001). In addition, the government is reasonably free from corruption and has a competent central bank headed by a fine administrator. Further, it has a stable government, an adequate transportation system, and a legal system comparable to first world countries (*The Economist*, 2001).

The government's policies should continue to attract foreign direct investment (FDI). Auto manufacturers, such as Mercedes, BMW, Fiat, Volkswagen, and Ford have factories in South Africa. However, "by the standards of other countries, South Africa has lured relatively little FDI: $32 per head in 1994–1999, compared with $106 for Brazil, $252 for Argentina, and $333 for Chile" (*The Economist*, 2001).

Despite this optimistic picture, however, many obstacles must still have to be overcome if progress is to continue. Privatization of large, government-controlled enterprises has begun and must move forward. "When the African National Congress came to power in 1994, it inherited big debts and a bunch of public utilities that guzzled subsidies . . . and offered rotten service at extortionate prices" (*The Economist*, 1999). Furthermore, these firms are overstaffed and in debt. At least 27,000 jobs must be eliminated, a difficult move for the government when the unemployment rate hovers between 30 and 40 percent (*The Economist*, 1999). At least 500,000 jobs were lost in various industries in South Africa from 1995 to 2000 (Swarms, 2000). Further complicating the labor picture is the strength of the labor unions. Their demands for higher wages, coupled with declining productivity, discourage investors (*The Economist*, 1999).

Health and human services issues need to be addressed, as HIV/AIDS is rampant: 3 million people need housing, 7.5 million people do not have running water, and 21 million people have no access to sanitation services (Swarms, 2000). Approximately one half of the population of South Africa gets by on less than $200 a month, and many suffer from hunger and malnutrition (Mead, 2001).

Political Background

Despite widespread recognition of Africa's economic problems on the part of congressional lawmakers, there was nevertheless considerable opposition to the passage of the AGOA from those with NAFTA-like concerns with regard to American jobs and worries about the exploitation of African workers

(Boyer, 1999). The House rollcall vote taken on July 16, 1999 showed 234 in favor, but 163 opposed (*Washington Post*, 1999). Despite considerable arm-twisting by the Clinton administration, many Democrats failed to support their party's leadership, and voted 99 to 98 against AGOA. Among Republicans, the Act passed by 136 to 63, with most of the "nay" votes coming from those representing districts with textile-manufacturing plants.

Opposition to the bill was orchestrated by an unlikely coalition of apparel and textile companies, labor unions, environmental groups, antifree traders, and some black clergy. Neither party affiliation nor loyalty to a specific caucus or interest group mattered in the end. Charles Rangel of New York, a liberal Democrat and a member of the Congressional Black Caucus, teamed up with the conservative Republican Tom DeLay of Texas to support the bill; other Black Caucus members such as Maxine Waters (D-CA) and Jesse Jackson III (D-IL) joined southern Republicans in vocal opposition (*Washington Post*, 1999).

Conservatives opposed to the bill argued the protectionist point of view that AGOA would undermine America's textile industry by facilitating the entry of inexpensive imports. Liberal opponents argued that the Act failed to provide sufficient protections for human rights and against labor and environmental abuses, and did nothing to provide debt relief for Africa's poorest nations. Rep. Waters argued that the bill would reward corporations that had done business in the past with South Africa's apartheid government.

In answer to the protectionist argument, proponents of AGOA pointed out that African textiles comprised less than 1 percent of all textiles imported into the United States and that, even under AGOA, this total was not expected to rise much above 1 percent. Responding to the arguments from the left, Rep. Rangel expressed the view that AGOA would help level the playing field and give Africans the opportunity to enter the game of international trade (*Washington Post*, 1999).

The change of administrations in Washington did not diminish official support for AGOA. In October 2001, Secretary of State Colin Powell expressed the Bush administration's resolve to help African nations to participate in and benefit from the global economy, and to utilize trade to achieve self-propelled economic development (*Africa News Service*, 2001). Elsewhere, the Bush administration has been quick to publicize AGOA success stories, such as the 126 percent increase in Madagascar's exports to the United States and the $100 million investment in Lesotho by a Taiwan denim factory, which will eventually create 5000 new jobs (*Financial Times*, 2001).

Trade Liberalization

There is ample evidence in the literature that trade liberalization can have a positive impact on economic development, precisely as intended in the

AGOA. Levinsohn (1992) outlined the ways in which trade liberalization can affect growth:

1. By promoting investment in export-oriented capital goods, which increase productivity and economic growth throughout the economy
2. By facilitating acquisition of technology developed outside the country through FDI in export-oriented industries
3. By broadening consumer choice, leading to an increase in consumer expenditures
4. By increasing competition, thereby improving the efficiency with which resources are used.

Several of these effects were demonstrated empirically during the last decade. Dollar (1992) and Sachs and Warner (1995) examined the relationship between trade and growth in the output across countries and identified positive correlation between trade and economic growth. Coe et al. (1997) and Edwards (1998) focused on economic growth through increased productivity. They, too, used cross-section analysis and concluded that trade is positively correlated with increases in total factor productivity. In one of the few time-series studies of this relationship, Coe and Moghadam (1993) found a robust long-run association among growth, factor inputs, and openness in the economy of France.

In the *IMF Staff Papers*, perhaps most relevant to the present study, Jonsson and Subramanian (2001) presented the empirical relationship between trade and total factor productivity in South Africa. Using data across manufacturing sectors, they demonstrated that trade liberalization during the last decade had a positive effect on productivity. An interesting twist on the direction of causality was put forth by Bernard and Jensen (1999); they suggested that firms that are already efficient tend to take advantage of open markets and thereby contribute to increased trade, rather than market openness, and increased trade further contributing to the higher efficiency of firms.

Finally, Rodriguez and Rodrik (2001) questioned a number of studies that show relationships between trade and productivity, on conceptual and technical grounds. They criticized some for endogeneity of outcomes and for failing to specify the mechanisms through which trade affects growth; others were cited for measurement problems, lack of robustness to alternative specifications, or multicollinearity of their trade data with other variables such as macroeconomic stability and regional dummies.

Even if the main premise of AGOA, the relationship between trade and economic growth, is accepted, there still remain doubts about the efficacy of this specific legislation in facilitating investment in sub-Saharan Africa.

The South Africa Foundation summarizes the criticism of AGOA in this context as follows:

In light of World Trade Organization (WTO) commitments to eliminate completely the tariffs on textiles and other manufactured goods over the next eight years, AGOA provides only a short-run advantage, which may limit investment to cheap, nonproductivity-enhancing sweatshops that will close or relocate once their preferential treatment in U.S. markets is eroded. Without substantial debt relief, the ability of many African countries to direct resources toward basic services and infrastructures is limited; lacking such basics (e.g., roads, communications, a healthy and educated work force, etc.), businesses will be severely constrained in implementing new investment (South Africa Foundation, 2001).

In a similar vein, Khor (2000) criticizes AGOA for providing "slim benefits" to African exporters while improving substantially the access of American companies to domestic markets in sub-Saharan Africa. Reinforcing this argument, the South Africa Foundation (2001) points out that countries of sub-Saharan Africa have not taken substantial advantage of benefits already available to them under the U.S. GSP, or under the Lome Agreement for preferential access to markets in the European Union.

Although AGOA provides opportunities for firms in qualifying countries, there is some skepticism in the literature as to whether these opportunities will actually translate into an acceleration of textile and apparel exports from the countries of sub-Saharan Africa to the United States, and whether such a trend will be powerful enough to generate a wave of investment and productivity-led growth in their domestic economies. Although several years of data will be required to answer the second question, it should now be possible to gain at least some initial insight into the first two full years, as relevant data has now been released by the U.S. International Trade Commission.

This chapter reports on a descriptive analysis of these data by the authors, along with the current literature. We have also relied upon the correspondence with textile and apparel industry officials and interviews with officials from two large apparel and textile enterprises, in which they shared their thoughts regarding AGOA's impact on exports from South Africa and other qualifying sub-Saharan countries to the United States.

AGOA's Impact on the Apparel and Textile Industry

AGOA comes at a time when the beleaguered textile industry is on its knees. The retail industry is suffering under light recession, and there has been a change in consumer spending. The market is flooded with illegal textile imports. The local situation was dismal, but AGOA has brought new hope (BharatTextile.com, 2001).

The textile and apparel industries comprise the sixth largest manufacturing sector and are the eleventh largest exporters of manufactured goods in South Africa. Furthermore, this industry provides 430,000 direct and indirect jobs and is the second most significant source of tax dollars (Clothing Federation of South Africa, 2000).

These industries are recovering after a devastating period that initially began in 1992. At that time, the South African government began a program to significantly lower tariffs over a 12-year period (Clothing Federation of South Africa, 2002). This reduction in tariff protection, which opened up the South African marketplace to worldwide competition, coupled with the Asian financial crisis resulted in a wave of low-cost imports. By 1995, Pakistan, China, and India, all low-cost producers, contributed to imports going up by 225 percent. After years of protection by the South African government, the domestic textile and apparel industries found themselves unable to compete. They were overstaffed and saddled with factories whose technology was out of date (Roberts and Thoburn, 2004).

AGOA Progression

In the first full calendar year of implementation, AGOA has proved to be a vital tool for economic growth and development that is stimulating trading opportunities for African businesses, empowering local entrepreneurs, delivering much-needed investments, and creating jobs (Shine, 2002).

During the fourth quarter of 2001, AGOA enabled 92 percent of beneficiary country exports to enter the United States duty-free. In addition, indications are that nearly $1 billion of new investment has been realized (Shine, 2002). Sub-Saharan countries' exports to the United States in 2001 included more than 4000 products under a GSP, plus 1800 items that were added through AGOA (BBC, 2002).

Janet Labudda of the Division of U.S. Customs, speaking in Africa on July 2, 2002, indicated that AGOA will not serve as a protection for African goods, but will simply provide producers the opportunity to compete in the American marketplace. She further indicated that many requirements need to be met by African governments to comply with the Act, and that having strong export associations to help monitor compliance is crucial. To enable sub-Saharan countries to realize the full benefits of AGOA, she indicated that the Act is likely to be extended past its original 2008 termination date (newafrica.com, 2002a,b).

Data from South Africa's Textile Industry, provided by textile federation economist Helena Claassens and covering the period 1999–2002, is presented (see Table 30.3) and indicates that textile jobs were still lost as late as 2001 (Textile Federation, 2003). In 2002, employment in the spinning,

Table 30.3 South African Textile[a,b] Industry — Summary Statistics 1999–2002

	1999	2000	2001	2002
General				
Employment — total (average)	56,486	55,475	53,372	54,538
Spin, weave, and finish	26,278	25,379	25,203	26,634
Sales — total (million rand)	9,774	10,164	10,470	13,412
Spin, weave, and finish of text	6,304	6,440	7,023	8,632
Imports (million rand)	4,023	4,656	5,192	6,929
Exports (million rand)	2,618	2,888	3,372	4,517
Contribution to GDP (percent)	2	1.5	1.2	
Consumption per capita	R280	R298	R307	R400
Index of physical volume of production 1995 = 100	91.2	93.5	94.8	104.9
Utilization of production capacity (percent)	83.6	80	81	82
Fabric production (mill m2):				
Wovens	415	420	386	408
Knitted	165	136	139	138
Fabrics — total	580	556	525	546
Spun yarn production (thousand tons)	90	93	93	100
Exports of garments to the United States. (million rand)	474.05	790.77	1194.26	1646.8
Exchange rate: **US$1 = R**	6.1131	6.3953	8.6031	10.5165

[a]"Employment in the spinning, weaving, and finishing industry has increased. Ex-factory sales have increased. Index of physical volume of production has increased. Utilization of production capacity has increased. The existing textile mills have geared themselves to be compliant to the AGOA rules" (Claassens, 2003).
[b]Excludes knitting.

weaving, and finishing industries increased. Capital expenditures on new technology and plant upgrades were made before AGOA, and were forced by the increasingly competitive marketplace after tariff protection was phased out in 1995 (Claassens, 2003).

Roberts and Thoburn (2004) postulate that the greatest employment losses have been in the large textile-manufacturing firms. These are the firms that process the fabric to prepare it for garment manufacturing. This may be attributed to the fact that the machinery purchased by these firms in recent years has much greater throughput than the units they replaced. This equates to increased productivity and lower unit labor costs, and finally reductions in the workforce. "Even if the textile sector were significantly to increase production and exports, it is evident that it would not create significant amounts of new employment relative to the jobs that they have

Table 30.4 South Africa Garments

Production Price Index

2000 = 100	*Manufacturing*	*Textiles*	*Clothing*
PPI for total output			
1998	88.2	94.9	93.1
1999	92.9	96.7	95.2
2000	100	100	100
2001	107.2	105.5	105.3
2002	121.4	118.9	114.6

Source: Stats SA.

Index of Physical Volume of Production

1995 = 100	*1998*	*1999*	*2000*	*2001*	*2002*
Manufacturing	101.2	101.2	106	109.4	114.1
Textiles	91.4	91.2	93.5	94.8	104.9
Clothing	87.3	88.7	82.7	78.8	86.9

Source: Stats SA.

Employment and Remuneration

Number of Employees *Average per Annum*	*1998* *No.*	*1999* *No.*	*2000* *No.*	*2001* *No.*	*2002* *No.*
Manufacturing ('000)	1,360	1,308	1,284	1,261	1,270
Textiles (total — excluding knitting)	58,267	53,997	55,476	53,372	54,538
Spin, weave, and finish	29,585	26,278	25,379	25,203	26,634
Other	28,682	27,719	30,097	28,169	27,904
Knitting mills (fabrics and garments)	14,569	11,661	11,150	10,701	10,913
Clothing	11,9657	12,2380	12,5237	12,2513	12,2531

Remuneration (Total/Annum) *Gross Salaries and Wages*	*1998* *R (million)*	*1999* *R (million)*	*2000* *R (million)*	*2001* *R (million)*	*2002* *R (million)*
Manufacturing	65,358	67,798	70,867	76,031	84,435
Textiles (total)	2,357	2,265	2,290	2,305	2,472
Spin, weave, and finish	1,338	1,272	1,181	1,152	1,273
Other	1,019	993	1,109	1,153	1,198
Knitting mills (fabrics and garments)	364	380	311	365	374
Clothing	2,899	3,199	2,452	3,043	3,383

Source: Stats SA.

exports, consumption per capita, the index of physical volume production, and utilization of production capacity all increased over 2001 (see Table 30.3).

Based on the qualitative research conducted with the executives of leading South African apparel and textile firms, there appears to be substantial benefits that may not have not been reflected in the previous research on AGOA. They are the following:

■ The opportunity for South African firms to work in concert with top American companies, which have set high standards and are, in turn, helping make their South African counterparts more competitive

■ Increased networking and cooperation among textile firms in the sub-Saharan nations impacted by AGOA

■ Increased interest by other nations in investing in South African industries to take advantage of AGOA.

Numerous factors will determine how effectively South Africa will be able to take advantage of AGOA: political climate, labor relations, training of workers, investment in new technology and equipment, and cost of money. For South Africa to fully realize the potential of AGOA, the authors recommend the following:

■ South Africa's government must continue to work to make the country attractive to investors by providing sound economic management, effective governance, enhanced infrastructure, and improved health and human services.

■ The temporary nature of AGOA has made companies hesitant to expand capacity to take full advantage of the Act. Lobbying should continue in the United States to obtain an extension of AGOA and expand the items covered. Adding household linens to the list of goods would be of immediate and enormous benefit to South Africa's textile industry.

■ When possible, South African textile and apparel manufacturers should be encouraged to purchase equipment, raw materials, and yarn from producers in the United States. As the dollar declines, this source becomes increasingly attractive to South Africa's textile firms, and will make allies of U.S. manufacturers in the quest to increase bilateral trade.

■ Job creation in South Africa is vital. The number of jobs in the textile industry increased slightly in 2002; however, it is still well below 1999's level. Even though sales and exports are up significantly in the apparel industry, there is still a net loss of jobs since 2000 (see

Table 30.3). South Africa's textile industry has been realizing efficiencies with new processes and technologies, but its capacity utilization rate is still just 82 percent. According to Roberts and Thoburn (2004), the garment industry is the most likely to create new jobs because it is very labor-intensive.

■ Only new capital investment will create these much-needed jobs; however, very strict environmental laws are hindering new plant construction. The government must work with private industry to review South Africa's environmental laws and to investigate technologies that will facilitate new construction while protecting the environment.

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faced with one or the other or multiple of problems relating to the legitimacy of the government, enforcement of law and order, tribal violence, political instability, coups and counter coups. Their limited resources and energies are diverted from development purposes to the handling of such problems. The political, economic, and social environment therefore has created serious obstacles in the promotion of good governance (Wunsch and Olowu, 1990; Reddy, 1999).

Limited financial strength of local authorities has been another limiting factor in the effectiveness of decentralization. The local authorities in African countries do not have their own sources of revenue and depend very heavily on the central government for their needs. The central government not only meets their capital or development expenditure but also their recurrent expenditure. In such a situation, the local government remains weak. In a country like Botswana, although the recurrent expenditure of local authorities has been growing steadily, their own independent sources of revenue have remained limited. The difference between their expenditure and revenue is financed by the central government, through increased contributions from the central government budget (Reddy et al., 2003).

Scarcity of qualified staff has been a major constraint of local authorities. Due to this scarcity, local authorities have faced problems in planning for development. Particular bottlenecks have been caused by shortage of qualified professional and technical personnel such as engineers, architects, and accountants. In some countries the local authorities have been heavily dependent on the administrative staff provided by the central government. This dependence limits their autonomy. In Botswana, when the local authorities did not have the capacity to attract, remunerate, and train qualified staff, the central government decided to provide them with such staff by creating a separate service called unified local government service. Through this service, all the permanent and contract staff in the local authorities are provided to them. In Botswana, the establishment secretary based at the headquarters is responsible for recruitment, training, promotions, postings, transfers, discipline, and conditions of service of all employees belonging to the local government service. This arrangement has some advantages but it limits the autonomy of local authorities. Through a unified service such as this one, the local authorities are able to get qualified staff at salaries they could not pay independently. The staff belonging to this pool of service could have better training opportunities and promotion prospects and better conditions of service generally. The staff is also insulated from local politics. However, this arrangement strengthens the central control over the local authorities and limits their autonomy. Due to this arrangement local authorities have little control over their own staff, which is accountable to and has its loyalty to the establishment secretary at the center instead of the collective body of councillors representing the local