States in the Global Economy

Bringing Domestic Institutions Back In

The growing interconnectedness of national economies and an expanding awareness of global interdependence in the 1990s have generated lively debate over the future of national governance. In a world of highly mobile capital, are states still vital to the social and economic wellbeing of their citizens? A number of changes in the state’s domestic and international environment – ranging from regulatory reforms and welfare state restructuring to the proliferation of intergovernmental agreements – have promoted the view that globalisation has a negative impact, compromising state capacities to govern domestically. This book challenges the ‘constraints thesis’. Covering vital areas of state activity (welfare, taxation, industrial strategy, and regulatory reform), the contributors focus on a range of issues (finance, investment, trade, technology) faced by both developed and developing countries. The contributors argue that globalisation can enable as well as constrain, and they seek to specify the institutional conditions which sharpen or neutralise the pressures of interdependence.

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Bringing domestic institutions back in

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Preface

It is often said that comparative and international political economy are sister disciplines which would benefit from greater cross-fertilisation. This volume takes a step in that direction by arguing the case for understanding the impact of globalisation on the state as being tightly connected with the character of domestic institutions (understood broadly as the embedded norms and organisational arrangements that shape interests and outcomes).

The idea for this volume grew out of a talk given at UCLA’s Center for Social Theory and Comparative History in 1999. My talk took issue with the ‘top–down’, overly deductive nature of much of the globalisation literature and the way it rarely seemed to engage with what was happening to states ‘on the ground’, as it were. While many contributors to the globalisation–state debate have acknowledged that ‘institutions matter’, surprisingly few have given substance to that aphorism. Encouraged by the responses, I drew up an ‘A’ list of authors noted for work that was both well grounded in domestic institutions analysis and at the same time able to engage with the concerns of international relations scholars. Prospective co-authors were provided with an outline of the project’s aims and rationale, along with key questions. In the interests of producing a tight volume, proposed collaborators were asked to indicate, if they intended to join the project, how their chapter would contribute to the aims of the book. It has been my good fortune to have a generous and talented team, which has certainly made the job of editor a less onerous one than I had been led to anticipate.

The feedback from two anonymous referees was very important in helping to shape the final product. Peter Katzenstein’s comments, given in the context of a symposium at Gothenburg to mark the fifteenth anniversary of his study of small states, helped me to shape the conclusion.
Preface

Reversing the ‘inside-out’ argument, it acknowledges that the character of globalisation over the long haul can also be institution shaping, though in ways that globalist analysis does not anticipate. It would be remiss of me not to mention how much I owe as well to colleagues whose invitations to speak at various gatherings – namely, UCLA, Purdue, Simon Fraser, Aarhus, Roskilde, Gothenburg, the ANU, Griffith, and Macquarie – allowed me to try out some of the key arguments of this volume. In addition to the participants at these colloquia, I would like to thank Robert Brenner, John Degnbol-Martinusson, Mette Kjaer, Laurids Lauridsen, Michael Mann, John Mathews, Stephen McBride, Ole Nørgaard, Ulf Olsson, Jonas Pontusson, Tim Rowse, Georg Sørensen, and Urban Strandberg. I am grateful to John Haslam, my editor at Cambridge University Press, and Steve Smith for their support for the project. Sheila Kane’s assistance with copy-editing was much appreciated. Elizabeth Thurbon, a much treasured research assistant and young academic extraordinaire in the making, gave her usual best in helping to turn the typescript into a book.

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