
UNIT 1 NATURE OF THE STATE

Structure

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1.0 LEARNING OUTCOME

After reading this Unit, you will be able to:

- Understand the concept and the nature of the State
- Discuss the different perspectives on the State
- Analyse the changing viewpoints on ‘Bringing the State Back In’ debate; and
- Examine the role of the State in the globalisation context.

1.1 INTRODUCTION

‘State’ is a complex concept connoting wide range of parameters that attempt to define it. But, somehow, there is no consensus on any definition of the State. The theorists have not been unanimous about the State’s nature, structure, functions and behaviour. Though the term ‘State’ found an inclusion in the political vocabulary around as late as the 16th century, there have been oblique references to the very idea of ‘State’ all through the evolution of human civilization. Be it ‘codified laws’, ‘shared norms’, ‘kinship’, ‘chiefdom’, ‘political system’, ‘sovereign authority’ or ‘divine monarch’; these terms have hinted at some or the other form of governance which came to be gradually defined as the ‘State’. The definition of the State has premised itself on ‘divine’, ‘ethical’, and ‘legal’ notions in the course of its evolution. Many scholars feel that it is impossible to theorise any phenomenon, such as family, culture, law, religion, and ecology without a reference to the State. The State impacts on the lives of individuals in a way no other institution can do.

This Unit will examine the concept of the State and different perspectives from which to analyse the State as an evolving phenomenon. It will highlight the contemporary Neo-liberal perspective of the State against the backdrop of globalisation besides touching upon the Liberal, Marxist and other pertinent viewpoints. As this is the first Unit of this Course, it will try to build a theoretical background for the subsequent

Units where the discussions will centre around the ‘relationship’ of the State with public administration, market, civil society and other non-state actors as well as the allied issues and challenges.

1.2 DEFINING THE STATE

The State has been considered as a problematic institution. The theorists are unable to decide when States first arose or what States actually are. The trajectory of the State involves a long and chequered journey ‘from’ tribal communities-city communities-city states of Greece and Rome-feudal societies – Absolutist Sovereign States ‘to’ Fascist States-Communist States and Welfare States. Some define the State in terms of morality, while others see it as an instrument of exploitation. Some regard it simply as an aspect of society, still others as a synonym for government. The State has even been viewed as a unique and separate association, which stands apart from social institutions. There are also metaphysical and quasi-religious interpretations of the State. Some point toward the legitimacy of the State, while some to the character of power it enjoys. Yet, we must define the State in order to grapple with its so-called ‘problematique’. If politics is all about who gets what, when and how, then the State becomes the executive agency for the same. In simplistic terms, the State could be defined in terms of its most basic features of territoriality, population, government and sovereignty. For a better comprehension, all these elements need to be analysed in the present context of globalisation. We will discuss these later in this Section.

The State may be defined as a system of relationship which defines the territory and membership of a community, regulates its internal affairs, conducts relations with other States and provides it with identity and cohesion. It consists of institutions and processes which are extremely various and complex, presiding over different spheres of the community, which distribute different social goods according to different principles (Jorden, 1985). On the other hand, States may also be viewed more macroscopically as configuration of organisations and actions that influence the meaning and methods of policies for all groups and classes in society. The State to the Statists is prescient, omnipotent, and even arbitrary as in this perspective, the society is seen as non-resistant, inactive and submissive (See: Chandhoke, 1995).

Among the many questions which provoke debate on the State, avers Bob Jessop (1990), are: Is the State itself best defined by its legal form, its coercive capacities, its institutional composition and boundaries, its internal operations and modes of calculation, its declared aims, its functions for the broader society of its sovereign place in the international system. Is it a thing, a subject, a social relation or simply a construct, which helps to orientate political action? Is statelessness a variable and if no, what are its central dimensions? What is the relationship between State and civil society, the public and private, State power and micro-power relations? Can the State be studied on its own; should it be studied as part of the political system, or can it only be understood and if so, what are its sources and limits? Jessop feels that any general definition of the State would need to refer to the State discourse as well as State institution. Not all forms of macro-political organisations can be termed as State like nor can the State simply be equated with governments, law, bureaucracy, a coercive apparatus or another political institution.

The State indeed is a contentious concept in political theory, observes Neera Chandhoke (*op.cit.*), as any inquiry into the State is value laden. Political theorists have been preoccupied with conceptualising a State, which could be capable of realising conditions favourable to human nature, but no definition ever has been able to capture the State in its entirety. It is extremely difficult to define the ‘State’. David Easton has spoken about the futility of conceptualisation of the State, as in his view, it just leads to needless debates and a kind of ‘conceptual morass’. In fact, Easton has claimed that scientific political theory requires clarity and therefore it is better to

abstain from using the term ‘State’ altogether. In 1981, however, he did change his stance and commented that many of our thoughts that had been polished off a quarter of century ago, have now risen from the grave to haunt us once again (Cited from (Cf) Hoffman, 1995).

Nicos Poulantzas has described the State as an ‘indecipherable mystery’. John Hoffman (*ibid.*) maintains that although Poulantzas argues that the State seeks to maintain the cohesion of a class-divided society, he does not tell us what the State actually is. The definition of the State as ‘institutionalised political power’ is circular since what is ‘political’ is never identified independently of the State. Poulantzas refers to the State as ‘a material condensation of a relationship between classes, but insists that it is not reducible to these relationships’.

Nietzsche has described the State as the “Coldest of all cold monsters”; the institution which tells lies in all the languages of good and evil (Cf Hoffman, *ibid.*). In the words of John Urry (1981), the State could be classified as a ‘parasite’ serving the interests of the influential, it could be described as a ‘mystification’ for only apparently representing general interests of economic base responding to and developing forces of production. The State is an ‘ideal collective capitalist’ standing alongside capital and sustaining its pattern of accumulation.

Some scholars like Nozick go on to contest the very need of the State. Nozick says that the fundamental question of political philosophy, one that precedes questions about how the State should be organised, is whether there should be any State at all. Why not have Anarchy? It has been observed that since the Anarchist theory, if tenable, undercuts the whole subject of political philosophy; it is appropriate to begin political philosophy with an examination of its major theoretical alternative. According to Nozick, in an Anarchy, pressed by spontaneous groupings, mutual protection associations, division of labour, market pressures, economies of scale and rational self-interest, there arises something very much resembling a minimal State (Karlson, 2002). We will read more on Nozick’s views in Unit 5 of this Course.

In the words of Christopher W. Morris (1998, *emphasis added*), the State is characterised in terms of a number of interrelated features namely:

- Continuity in Space and Time: The State is a set of political organisations whose institutions endure over time
- Transcendence: The State’s institutions do not constitute it; they are its agents
- Political Organisation: These are institutions through which the State acts
- Authority: The sovereign is the ultimate source of political authority in its territory
- Allegiance: Citizens owe allegiance to the State and the State has a strong loyalty towards them.

Primarily, as we mentioned earlier, the State can be understood through an analyses of its basic features of territory, population, sovereignty, and government. This means that a State exists in a geographically identifiable territory within which there exists a population, many of whom could be classed as citizens. The modern State overawes all other powers within a given territory through its institutions of bureaucracy, judiciary and military. Within the given territory, the State claims hegemony over all other groups and associations through its sovereign government. The State, thus, could be defined in terms of its monopoly of control over means of violence, territoriality, and sovereignty, constitutionality, impersonal power, public bureaucracy, authority, legitimacy and citizenship (Pierson, 1996). A detailed discussion on ‘territoriality’ and ‘sovereignty’ as major features of the State in the backdrop of globalisation will form a part of Unit 3 of this Course.

David Held *et al.* (1983) opine that in modern Western political thought, the idea of the State is often linked to the notion of an impersonal and privileged legal or Constitutional order with the capability of administering and controlling a given *territory*. This notion found its earliest expression in ancient Rome but it did not become a major object of concern until the early development of European State system from 16th century onwards. We will be reading more on the evolution of the State again in Unit 3.

Max Weber, who is generally known for his 'ideal' construction of bureaucracy, actually gave a systematic theory of State too. He attributed specific characteristics such as territoriality, violence and legitimacy to describe States. For him, bureaucratic form of organisation was the defining element of modern State. He tried to create an ideal type of State that was essentially a Bureaucratic State. In fact, his analyses give an insight into the relationship between the State and administration. Weber's analysis, as has been observed, assumes the existence of a strong, autonomous and formally rational State, whose form varies from nation to nation. The functions of this State would be performed through an accountable bureaucracy, but the reality of democratic control of bureaucracies is always problematic. For whole societies, only the market can provide an adequate mechanism for their rational coordination. However, both bureaucracy and markets merely express the power structure of society, a structure with no moral justification but one which formal rationality clothes with legitimacy (Low, 1991).

David Held (1989) points out that Max Weber drew extensively from Marxist writings *albeit* critically. Weber believed that it was simply misleading to conflate problems concerning the nature of administration in itself with problems concerning the control of the State apparatus. The modern State, unlike its predecessors has a capability of monopolising the legitimate use of violence within a given territory. The State maintains compliance within a given territory. Its web of agencies and institutions find their ultimate sanction in the claim to the monopoly of coercion. This coercion is legitimised by a belief in the justifiability or legality of this monopoly.

Political order, David Held (*ibid.*) observes, is not achieved through common value systems or general respect for authority of the State or *legitimacy* or by complex web of interdependencies between political, economic, and social institutions and activities, which divide power centres and which create multiple pressures to comply. The specificity of the State lies in the fact that the State, by codifying the dominant power relations in society, gives to these power relations fixity and thereby to society its stability. As a set of specific political branches, the State bestows legitimacy upon a set of hegemonic social relations, because it recognises them and codifies them through legal acts. The State possesses the capacity to select, categorise, crystallise and arrange power in the formal codes and institutions.

Both Claus Offe and Jurgen Habermas analyse State in terms of legitimation. Writers like Habermas have held the view that in the conflict between the true nature of the State and the ideology, the State as the caretaker of society would sooner or later create a crisis of legitimacy of the State itself. As per Jurgen Habermas, increased State activity in economic and other social relations is one of the major characteristics of contemporary capitalism. In the interests of avoiding economic crises, government and the State shoulder an increasing share of the costs of production. But the State's decisions are not based merely on economic considerations. Thus, the Capitalist State must act to support the accumulation process and at the same time act, if it is to protect its image, as fair and just to conceal what it is doing. If mass loyalty (compliance to laws, rules, etc) is threatened, tendency towards a legitimation crisis is established (Cf Held, *et al, op.cit.*).

The legitimacy of the government depends on how they exercise the power of the State and what ends do they promote. The question of legitimacy is connected with the nature of 'Soft' States (See: Gunnar Myrdal, *Asian Drama: An Inquiry into Poverty of Nations*, 1968) that are unwilling to coerce people in order to implement declared policy goals such as collecting taxes, punishing evaders etc. and also the 'Hard States', which coerce the people to comply with the policy directives e.g. military dictatorship. In reality, every State is a mix of the two extremes. The State's claim to monopolise legitimate force, as has been observed, is one with its claim to the sweeping authority and such a claim is not credible. It is a claim that no force may justifiably be employed by someone if it is not accepted or authorised by the State (Morris, 1998). However, specific ends and rules regulate the monopoly of force. The idea of legitimacy is important with regard to the government as the State seeks its own legitimation in terms of common interests of a community. The modern State, as per Poulantzas, engages more in ideological and symbolic legitimation. For instance, flag hoisting on independence day, republic day parade in countries like India are exercises in 'symbolism'.

Another feature that is linked with the concept of the State is *sovereignty*, both internal as well as external. Many feel that different types of State can be differentiated according to the locus of sovereignty-be it monarchy, aristocracy or democracy. Sovereignty is that power which is used to remove conflict. It is the defining characteristic of the State (See: David Held, 1989, *op.cit.*). Sovereignty for Rousseau is inalienable and indivisible but is vested in the body politic. He differentiated the sovereignty of people from that of governments. Sovereignty is held in abeyance when the government is in power with legislature being supreme. In fact, early Liberals such as Hobbes, Locke and Rousseau have extensively written on the nature of the sovereign, that is bound and the nature of sovereignty that could be unlimited. In order to further comprehend the sovereign nature of the State, we will discuss their views in some detail later in our next Section.

From the 16th century, States in Europe came to take for granted that their survival depended on absolute control over a bounded, territorial space. Sovereignty was imagined as the unifying 'soul' inscribed on the landscape and population within the State's territory, which was protected and extended by a centralised military and economy under the control of the absolutist sovereign, whether Crown or Parliament (Opello and Rosow, 1999). Unit 3 will deal with the nature of feudal and absolutist States in detail. As the modern State came to be more highly developed, the problematic of instituting sovereignty shifted. Sovereignty came to be seen as residing in the population of a territory and not in the ruler. This popular sovereignty positioned the sovereign as protector of a separate private sphere consisting of the market economy and sphere of private conscience. In terms of popular sovereignty, the State was conceived as a creation of pre-existent people either as its useful property or as its expression.

Several writers like Jean Bodin in the 16th century and Thomas Hobbes in the 17th century have argued that the sovereignty of the State had no limit in principle and no need for justification outside itself. The State was not confined to administering traditional laws but could create new laws. Hobbes sets clear limits to the operation of the principle of sovereignty, stating that there are many areas with which the State should not be concerned. This question of the limits of the new sovereign power was taken up by Locke, Montesquieu and Kant. What was emphasised was that the State was only one association amongst many to which individuals belong in a civil society and that it did not have an exclusive claim over them. Gradually, certain things like freedom and happiness became indispensable to individual autonomy and governments were withheld from infringing them (Gamble, 1981).

Sovereign Statehood thus depends on territoriality, fixed locations and supreme authority over land and space. But the pivotal role of the State in globalising capitalism has at the same time threatened this very characteristic of sovereignty. If we look at the developments in the post-1970 period, it becomes clear that the traditional meaning of sovereignty vis-à-vis territoriality has undergone a change. Since the 1970s, the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO), have enforced more authoritative measures on the monetary and fiscal policies of less developed member countries. The structural adjustment programme has forced these countries into reforms and deepened their dependency on globalising corporations (Farazmand, 2002).

David Held *et al.* (*op.cit.*) observe that it is more cogent to view political communities sociologically as overlapping networks of interaction rather than geographically as bounded territorial totalities. The difficulties of coming to a judgment about the modern State are compounded when one examines it in relation to the system of Nation State and the interconnections of the world economy. It has been pointed out that the notion of Nation State that emerged with the struggle against feudal and despotic monarchies is fast disappearing. The process of globalisation has brought with it new issues and challenges for the notion of sovereignty. Globalisation is an ideology coming from the centre of the system that asserts: (i) There is today an international community that is independent of Nation States, and ii) The Nation States, have lost the autonomy to define their national policies, having no alternative but to follow the rules and constraints imposed naturally by global markets (Bresser-Pereira and Carlos, 2003). Unit 3 of this Course will further discuss this aspect.

Some scholars believe that there is a real crisis of Nation State. Sudipta Kaviraj (1995) in the context of India, observes that there could be a crisis of Nation State. The central contradiction of the history of Indian National State seems to be between the logic of economic development and logic of political identities. Economic change through centralising State and the homogenising market, powerful bureaucracy, massive managerial and professional middle class understands the advantages of large entities like the commodities and labour market. But the very processes produce exclusion, resentment and hostility in those who cannot partake the benefits of these processes. It marks a crisis in the life of the Indian Nation State. But, as pointed out by John Dunn (1995), all power is relational. If there is any crisis of Nation State, then it stems from various threats to human security rather than anything else.

The assumption that the emergence of global civil society and increasing levels of inter-state interactions have eroded sovereignty is not quite correct. Closer international cooperation among States is in itself, an exercise of State sovereignty. Concerted action does not necessarily weaken States; rather it can strengthen them by creating more stable international interactions. Moreover, globalisation without effective and robust multilateralism is bound to lead to crisis because markets are neither inherently stable nor equitable. Thus, Nation States clearly drive the entire framework for global interaction. In brief, globalisation does not reduce the role of the Nation State but redefines its functions (Bertucci and Alberti, 2003) In fact, globalisation makes Nation States more strategic. A purely market or a fully State coordinated economy has never existed in history (Bresser-Pereira and Carlos, *op.cit.*).

The growth of the State, points out Nils Karlson (*op.cit.*), is one of the most remarkable features of the 20th century. In all Western democracies, the State has become bigger and bigger, both in relative and absolute terms. Typically, these modern States, the so-called Welfare States are characterised by various types of distributional systems, regulations and high levels of public expenditure. In some of these countries, public sector expenditure amounts to over half of the Gross National Product and taxes sometimes take over half of the incomes generated in the society.

Even some of the individuals' most private spheres have become penetrated by the State. These societies have become more and more politicised.

We have to thus examine the nature of State in the present globalisation context. In the parlance of public administration (the executive arm of the State), the State would mean the organisations constituting the system of governmental institutions. Over here, public administration is conceived as the key output linkage of the State towards civil society (Pierre, 1995). The different perspectives to the study of the State could form the basis for analysing the State. The deluge of viewpoints on the State is, however, unable to capture the vast canvas of its nature and scope. The empirical evidence on the working of State apparatus nevertheless defies the influence of any single predominant perspective. Let us now discuss some of these viewpoints.

1.3 CHANGING PERSPECIVES ON THE NATURE OF STATE

The idea of modern State, sovereign internally and externally, with supreme jurisdiction over its territorial space, was the subject matter of normative political theory till it was eclipsed by the rise of behaviouralism (See: Mukherjee and Ramaswamy, 1999). As per Neera Chandhoke (*op.cit.*), the aspirations of behaviourist political scientists held sway all through the early 19th century. They believed that politics should comply with the norms of an objective, value-free and accurate science. This resulted in the exclusion of all those concepts, which could not be accommodated. The major casualty was the concept of State. The social upheavals and the political unrest in the late 1960s in many capitalist countries, the disenchantment with the nationalist project in the Third World, dismay over the political excesses of the post-colonial era and the denunciation of the excesses of Stalinism brought the State back into political theory. Around the late 1960s, political theory resurrected the concept of the State and endowed it with a theoretical prominence and an empirical identity that it had not enjoyed since the early decades of the century.

The study of the State has been looked at from various perspectives that gauge it in terms of parameters of individualism, egalitarianism and universalism. In fact, the plethora of viewpoints to study the State conflates its defining features even further. Each perspective describes the State differently. So much so that convergence points are difficult to determine and a holistic picture of the contemporary State remains blurred. The three perspectives that have prominently defined the nature of State are: Liberal, Marxist and Neo-liberal. Units 4 and 5 of this Course discuss them in detail. Over here, we will simply gloss over the varied viewpoints.

1.3.1 Liberal Perspective

Different thinkers have described the evolution of State in their political theory through the lens of Liberal perspective. Their perspectives have been based on their analyses of the 'state of nature' that has depicted human beings in a different light, compelling them to look for a surveillance system in the form of an individual or group of individuals in order to protect their life, property and self-interest. All evolutionary theories of the State show that individuals have surrendered their privileges and powers in order to create a State like institution for their defence (protection of property and promotion of liberty) as well as for a smooth provision of goods and services.

Liberalism developed as a distinctive form of ideology that accepted the State only in so far as it could be justified by a rational discourse appealing to universal standards of human nature and justice. Liberal thought supported the Rule of Law as it would protect citizens best from arbitrary rule and leave individuals free to pursue their own

private lives and accumulate wealth and property. The early Liberals, John Locke, Montesquieu, David Hume, Adam Smith, James Mill and Jeremy Bentham accepted democracy because it was the best way to protect individual liberty from growing power of the State. Liberals first believed that the right to vote and to hold office would be restricted to those individuals who owned a certain amount of property, but 19th century liberals such as John Stuart Mill and Alexis de Tocqueville expanded the definitions of equality, freedom and democracy (Opello and Rosow, *op.cit.*).

The New Classical Liberals such as Vilfredo Pareto, Max Weber, Emile Durkheim, Ludwig von Mises and F.A Hayek also advocated a drastic reduction in the role of the State to that of maintaining a free market in goods and labour. However, these thinkers, for instance, Pareto divested the market mechanisms of most of the moral advantages that the earlier Liberals had talked about. The utility of the market lay in its being a less corruptible and more neutral mechanism than democracy for revealing individual preferences and achieving the optimal degree of satisfaction (Billamy, 1993).

The Austrian School (von Mises and Hayek) insisted on the analytical priority of macro-economic theory and denied its validity questioning all governmental attempts to interfere in the economy. Max Weber's perspective on the State, about which we have read earlier on in this Unit, was in consonance with the Austrian School. The Liberals, towards the end of 20th century tried to combine the Liberal values of liberty and equality with a concern for social justice keeping in view the requirements of efficiency. John Rawls and Robert Nozick wrote on these lines. It is from this premise that the Neo-liberal or the New Right philosophy takes over (*ibid.*, *emphasis added*).

Talking of the early Liberals, it can be seen that thinkers like Thomas Hobbes were the first to comprehend the nature of public power as a permanent, sovereign, rightful and authorised representative to exercise powers. Hobbes saw human relationships as those of mutual suspicion and hostility and attributed this predicament to human nature. As a result, the individuals surrendered all their powers through a contract to a third party who was not a component of the contract, but nevertheless received all the powers that were surrendered. It created a 'Monist State' and a 'government' at the same time.

John Locke's state of nature was a state of perfect freedom and equality. But since, he did not rule out the possibility of disputes among individuals, a rational and limited agreement, which assured obedience for the preservation and enhancement of life, liberty and property was envisaged. In fact, it was the social character of property that enabled Locke to defend a minimal State with limited government and individual rights (See: Mukherjee and Ramaswamy, *op.cit.* and David Held *et al.*, *op.cit.*).

The state of nature in Jean Jacques Rousseau's writings comprised individuals guided by instincts of self-preservation and compassion. For Rousseau, vanity among human beings and difference in property and possessions led to conditions of inequality. Civil society degenerated into a state of war and a social contract ensued. He propagated participatory democracy instead of representative parliamentary government. Rousseau's conception of self-government has been among the most provocative, challenging at its core some of the critical assumptions of liberal democracy, especially the notion that democracy is the name for a particular kind of State, which can only be held accountable to citizens once in a while (See:Held *et al.*, *op.cit.*).

Jeremy Bentham believed in greatest happiness for greatest number of people. He regarded the notion of modern State as an ideal. State was a legal entity with individualism as its ethical basis. He stipulated happiness and not liberty as the end of the State and called for institutions that would support the legal system namely bureaucratisation of public service and legalisation as a continual process,

accommodating change and diversity. In fact, Utilitarianism is one of the most influential schools of modern Liberalism. (Mukherjee and Ramaswamy, *op.cit.*).

It will be appropriate to mention Hegel's views on State over here. For him, the State represented universal altruism (State was an ethical entity with no element of coercion and fear). He perceived the State as an end in itself. He did not distinguish between private and public spheres. Bureaucracy was the most important component of the Hegelian State. Hegel actually modernised the idea of the organic State to fit the atomised market society that had developed in the beginning of the 19th century. In the words of Hegel, extreme poverty was an inevitable concomitant of a system of production based on private property. Such a highly atomised and conflictual society could not be expected to hold together without a strong and institutionalised expression of structures that could carry out the functions of government. The State was thus woven into civil society (Cf Low, *op.cit.*).

Adam Smith, a staunch Liberal, is often cited as the authority for advocating *laissez-faire* and State minimalism. He thought of the State as performing pertinent functions of defence, protection from injustice, and erection of public works and institutions. But beyond that, the State had to be confined and restrained. Liberal thought sustains itself on this premise; even though the Liberals started off with *laissez-faire*, they moved on towards 'restrained State intervention' over time.

It was John Stuart Mill who deviated from the classical economic theory of *laissez-faire* and advocated 'optional' areas of State interference. He visualised the State as a moral institution concerned with promotion of virtue and excellence in an individual citizen. Emile Durkheim maintained that the satisfaction of the need to be associated with others demanded some form of corporative association, a kind of moral order that could subordinate individual interest to a wider general interest. He looked forward to the re-emergence of the corporations in modern society as non-territorial occupationally bounded institutions extracting discipline from their members.

As Liberal perspective will be discussed in detail in Unit 4 of this Course, let us briefly highlight the different strands in Liberal thought in this Section. Modern Pluralism that advocates that 'intermediate institutions' such as churches, universities and professional or economic organizations ought not to be regarded as dependent organisations upon the will of a sovereign authority, but should enjoy a degree of rightful autonomy. It is an important strand in Liberal thought. Pluralism has been a profound liberal democratic reaction against the greatness of the State and absoluteness of sovereignty. It believes the State to be only an association of society like many other associations. The Pluralist theory assumes that functional tasks are divided among a variety of specialised agencies, each of which attends to its own specific goal and adapts its behaviour to environmental changes or the policies of other organisations, public or private, which affect the efficient performance of its duties (Self, 1985).

Corporatism, as Peter Self (*ibid.*) puts it, is even more slippery concept than Pluralism. As another important strand in Liberalism, it lays stress on the social nature and the need for a systematic social order, rather than opportunities for competitive pursuit of individual freedom and happiness. Corporate States have sought to limit the number of representative organisations and granted those they officially recognised a kind of monopoly where policies are decided within representative organisations. Corporatism can also be defined as a distinctive combination of political representation and State intervention (Jessop, *op.cit.*). Corporatism shares with socialism a view of competition as wasteful. Corporatism chains all private firms to the discipline of a national plan. The Neo-corporatist theory is more in tune with capitalist societies. Neo-corporatist theory recognises the significance of the cleavage between capital labour, and the groups that form around

this cleavage. While the Pluralist theory tends to regard the State as neutral with respect to interest mediated, the Neo-corporatists suggest that there is more to the State's neutrality. The structural rules within which bargaining takes place exclude marginal groups and issues. The central theme of Neo-corporatist theory is the intermediation between core interests in civil society and those of the State (Low, *op.cit.*).

1.3.2 Marxist Perspective

In the view of the Marxist theory, about which we will read more in Unit 4 later, Paul Streteen (*op.cit.*) points out, that the government is the executive committee of the ruling class and always serves the economic interest of that class. The State acts in the interest of a ruling class. It is the function of the State to reconcile the differences of interest within the ruling class, so as to maintain its power and capitalist mode of production. David Held, *et al.* (*op.cit.*) maintain that Marxists conceive of the State as an extension of civil society reinforcing the social order for the enhancement of particular interest in capitalist society. The democracy can only be established with the destruction of social class and ultimately the abolition of State itself.

Marx originally treated the modern State as a parasite institution that played no essential role in the economy. The State and State power was discussed as 'epiphenomena' of the system of property relations and the resulting economic class struggles. State, in the Marxist perspective, has been treated as a set of institutions and no general assumptions are made about its class character (Jossop, *op.cit.*). There are two strands in Marx's account of the relation between classes and the State. David Held (1989, *op. cit*) observes that the *first* strand stresses the fact that the State generally and bureaucratic institutions in particular, may take a variety of forms and constitute a source of power which need not be directly linked to the interests or be under the unambiguous control of the dominant class. By this account, the State retains a degree of power independent of the class; its institutional forms and operational dynamics cannot be inferred directly from the configuration of class forces; they are 'relatively autonomous'. This position has been propagated by Marxists such as Nicos Poulantzas, Claus Offe and Theda Skocpol.

The *second* position in Marx, observes David Held, is the predominant position in his writings, which is that the State and its bureaucracy are class instruments that emerged to coordinate a divided society in the interest of the ruling class. Marx could never reconcile these two positions. Ralph Miliband later argued that in order to be politically effective, the State must be able to separate itself routinely from the ruling class factions. He wanted to assess the class and the State on the one hand and the State and the society on the other. Nicos Poulantzas rejected Miliband's approach, which he considered as subjectivist. He argued that State is the unifying element in capitalism. It should function to ensure political organisation of dominant classes as well as political disorganisation of worker classes, which can threaten the hegemony of bourgeoisie. But even Poulantzas neglects the relationship among elites, government officials and parliamentarians in his study of State, which is taken up by Claus Offe and Habermas in their writings.

Poulantzas says 'the State is a social relation'. This approach puts the form of the State at the heart of any analysis of political representation and / or State intervention in so far as the complex form of the State as institutional ensemble shapes and conditions the whole political process. It also directs attention to the diverse structural and conjectural factors that determine their relative weight on the State. Poulantzas's views have met with sharp criticism by Jurgen Habermas and Claus Offe. They observe that both Poulantzas and Milliband regard capitalist States from a negative perspective, as the State is treated only from the point of view of how far it stabilises capitalist economic enterprise or prevents the development of potentially

revolutionary influences. The role of institutions has been neglected. As per Claus Offe, most significant feature of the State is the way it is enmeshed in the contradictions of Capitalism. The State, on the one hand, must sustain the process of accumulation and on the other impartially arbitrate class interests, thereby legitimating its power (*ibid.*).

In recent times, the Marxist writings have seen a revival of anti-dependency Marxism. As per the Marxists such as Bill Warren, predatory State acts in its own interest and that of the powerful pressure groups. There is no place for disinterested, benign, altruistic government policies in State-led economies (Cf Paul Streeten, *op.cit.*). Warren observes that contrary to Marxist views, the prospects of successful capitalist development in many underdeveloped countries are quite favourable. He stresses that State itself is not a monolithic block; it is an arena of conflict and schism. He holds that peripheral capitalism is a progressive, revolutionary force, making for productivity, growth and economic progress. He believes that obstacles to capitalist development can be traced to internal contradictions of the Third World rather than the relationship between imperialism and Third World (Cf Bhattacharya, 1999).

1.3.3 Neo-liberal Perspective

Another prominent perspective of the State i.e., the New Right or Neo-liberal perspective, is a strong advocate of the retreat of the State. It is a pro-market, minimal State perspective that builds on the Public Choice approach, which in turn basis itself on principal-agent theory and transaction cost analysis. In the view of Paul Streeten, (*op.cit.*), the Public Choice perspective of the State holds that States can do no right; they use the authority of government to distort economic transactions for their benefit. According to Public Choice theorists, all distortions are due to government interventions. State is an optimising agency but it optimises the interests of special groups. The normative idea of Public Choice theorists, as has been pointed out, revolve around three positions: i) New Right conservatism based on inability of government to make men better or more equal, ii) Goal of maximisation that entails problems of agenda setting and political manipulation; and (iii) Liberal individualism that supports competitive market and private property as essential elements in individual freedom of choice (Spulber, 1997).

Public Choice theorists have recommended minimising the role of the State, setting limit to the discretionary power of politicians, reducing public monopolies and curtailing the functions of government agencies. We will read about Public Choice perspective in detail in Unit 19 of our next Course (012) on Administrative Theory. Drawing from the Public Choice analysts, Neo-liberalism presents the late-modern condition as a deterritorialised world-as a national system of absolute free trade in which State boundaries do not act as barriers to the flow of goods and services around the globe. The ideology of Neo-liberalism, in which Liberalism is reduced to market economies, suggests that States are simply passive vehicles in globalising world economy, whose momentum they are powerless to stop and control. The best States can do is get out the way (Opello and Rosow, *op.cit.*).

The Neo-liberal perspective could be considered the most prominent one in the contemporary scenario of globalisation. We will read more about the role of the State in the backdrop of globalisation in Units 3 and 5 later in this Course. The most conspicuous impact of this perspective could be seen on public administration in the form of revival of 'Managerialism'. The new reform model in public administration of 1980s and 1990s, the New Public Management (NPM) Model has condemned the traditional public administration as a failure. Public administration today observes Mohit Bhattacharya (1999, *op.cit.*) is oscillating between the pressures exerted by globalisation and liberalisation, on the one hand and demands to transform itself into a humanistic, eco-friendly and egalitarian administration, on the other. The changing

nature of the State has also impacted on the complexion of public administration. Mohit Bhattacharya (2003) draws attention to five components of the new paradigm of public administration in the globalisation context. These are: i) High quality services that citizens value, ii) High quality standards of services, iii) Rigorous performance management, iv) Managerial support services; and v) Receptiveness to competition. The two Units 14 and 17 in this Course will discuss this aspect at length.

It is very difficult to look at the State from a single vantage viewpoint or perspective. The perspective of the Discourse Theory, propagated by Cynthia Mc Svain, Orion White, Charles Fox and Hugh Miller adds an entirely different dimension to the study of the State. They believe that administrative legitimacy is the product of understanding created by participants in public discourse. Themes among discourse theorists include anti-fundamental resistance to meta-narratives, a constructivist view of knowledge, and the search for free and uncovered communication (Box, 2002). The new sovereign is not the legislature but the citizens themselves. Alternatives to the representative democratic accountability feedback loop model in the form of Constitutionalism or Neo-institutionalism and Communitarism or Civism are being sought (Fox and Miller, 1995).

These Post-modernists pose a different problem for a critique of the State since they appear to reject the very idea of 'critique' itself. Post-modernists frequently embrace a relativist position, says Hoffman (*op.cit.*) which equates all 'discourses' as equally arbitrary and identifies logic itself as logo-centric in character. "Down with rationality; long live Nihilism" but a nihilist stance not only makes a serious critique of the State impossible, it also contradicts post-modernists support for Pluralism and self-activity. Bob Jessop (*op.cit.*) adds that Marxist State theory has been the predominant one in the study of nature of State. But in the recent past, as we just read, many new theoretical perspectives have started dealing in questions of legal and the State theory. Especially, influential on the left, have been Foucault's works as well as recent work in deconstruction in the field of Discourse Analysis. Other developments such as new institutionalism, rational choice and Structuration theories have also offered alternatives to Marxist perspective. Challenge has also been mounted from the State-centred theorists themselves.

Hoffman (*op.cit.*) observes that the theories of the State are partial and defensible. A theory of Capitalist State would be adequate to the extent that the theory is based on the specific characteristics of capitalist social formations; the State is not viewed functionally, as automatically developing its form or changing its policy in response to the needs of the capitalist system. Mohit Bhattacharya (1999, *op.cit.*) avers that the theorists of the State have never been unanimous about the State's functions and behaviour in actual practice. He observes that the assumption of an 'autonomous' State and a 'benign elite' as a champion of modernisation and development has never been examined. The Statist perspective to development has been responsible for it. If the nature of the State itself is in most instances the root of poverty, inequality and injustice in the Third World, then this needs to be seriously examined and exposed. Neera Chandhoke (*op.cit.*) adds that a meaningful State theory needs to negotiate not only the kind of State that exists but also the kind of State that should exist.

One of the most severe deficiencies of existing theories of the State, observes David Held, (*op.cit.*), is their tendency to concentrate on group bargaining within a Nation State (Pluralism) or on the citizens and their relation to the State (Liberal Democracy) or between classes, economy and State in capitalist country (Marxism). It is important to relate the State to the context of international conditions and pressures. Mohit Bhattacharya (1999, *op.cit.*) feels that Peter Self's *Modern Theories of Government* in which he weaves the Pluralist, Corporatist and Bureaucratic perspectives at one place is a fresh insight into the changing integrative role of the State.

Thus, the perspectives on the State either keep it at the periphery or totally bring it at the heart of political and socio-economic system. At times, optional areas of interference are granted to the State but mostly it is best kept out of the way, even wished away or hoped that it would wither away. The State is the 'predator', 'necessary evil', 'provider of goods and services', 'facilitator', 'catalyst' and so on. The contemporary Neo-liberal perspective has earmarked a minimal role for the State. But this viewpoint holds little value for the developing countries. In the context of the Third World, where majority of the population is poor, deprived and disadvantaged, the State cannot be rolled back as it is needed for the functions of defence, security, welfare, infrastructure development, social justice and economic growth. Empirical evidence, as we will see later in this Unit as well as the subsequent Units of this Course, calls for a renewed emphasis on bringing the State back in the globalisation scenario. Before going into the role of the State in the globalisation era, we must ascertain 'why' and 'how' can the State be brought back in.

1.4 BRINGING THE STATE BACK IN: THE CONTEMPORARY DEBATE

In order to understand if the State could be brought back in, we must recapitulate the evolution of the State under three major paradigms that could be categorised as Mark I, Mark II and Mark III. (Bhattacharya, 1999, *op.cit*). The Mark I paradigm is the 'Low State' paradigm which ruled the roost between the 1860s-1930s under the Liberal perspective. Right from the industrial revolution onwards *laissez-faire* State was adopted and this stayed put till the 1930s. Even the Marxist viewpoint talked of 'Low State' approach, although for different reasons. (i.e.State would form an interim law and order support system till the Dictatorship of the Proletariat precipitates its 'withering away').

The Mark II paradigm or the 'High State' paradigm has been prominent between 1930s and 1970s. It got a boost with the Keynesian macro-economics. State was considered most suitable to perform the core and basic functions, leaving out the peripheral ones for the private sector. Economic recession followed by World War II brought the attention back to the State. But this paradigm was replaced by the Mark III paradigm, again a 'Low State' paradigm under the impact of the Neo-liberal perspective. With the fall of Statism in East-European countries, this new viewpoint got a fresh impetus. Thatcherism and Reaganism type of governance pushed the State into the very basic functional role of security, law and order maintenance, and protection of weaker sections. As mentioned earlier theoretical basis of this paradigm was drawn from the Public Choice approach.

This Mark III paradigm which finds a clear resonance in World Bank reports, has become a permanent fixture in the backdrop of globalisation. This stage is also marked by a disciplinary collapse, when the State supporting ideologies are supposed to be crumbling (End of Ideology- Daniel Bell) and all paradigms of political analysis are on the brink (End of History-Francis Fukuyama). In fact, it has been pointed out that another form of 'Endism' in the form of Convergence Theory has become predominant. It holds that the communist systems in East Europe would adapt more market-oriented principles and pay greater attention to Western freedoms, while Western systems would become more Statist and welfare-oriented (Eatwell and Wright, 1993)

Do we then conclude that there is not going to be any Mark IV paradigm or is it true that 'Low State' Approaches are here to stay? More recent developments at the theoretical and empirical fronts, however, point towards the contrary. State, according to many has, in fact, become more powerful than before. The theoretical

underpinnings in terms of the Critical Theory (Claus Offe, Habermas) Relative Autonomy of State approach (Theda Skocpol), and Anti-dependency (Bill Warren) writings have opened up new vistas to the study of the State and its relationship with the market and civil society.

At a theoretical level, David Easton has talked of the return of the State due to four factors namely: i) Importance of developing a coherent theory of politics around the State, ii) Conservative yearning for stability, iii) Rediscovery of the State by the market as their correctional *bete noir*; and iv) The State as a convenient tool of analysis for students of policy studies (John Hoffman, *op.cit.*). In the early decades of 1970s, the behavioural analysis and Eastonian Systems theory came to be displaced by a State centric theory accepting the State as a ‘determinate object of analysis’.

Samuel Huntington did not use the word ‘State’ but was the first who could be credited with ‘bringing the State back in’ at the discourse level. He described how the actions and characteristics of the array of public institutions in the country meaning State made a vast difference for society. He brought public institutions to the centre stage. According to Huntington, only where the level of political institutionalisation overstrips the level of political participation, can there emerge stable politics working in public interest (Migdal, 2001).

The other person most closely identified with the move to ‘bring the State back in’ is Theda Skocpol. She argued that there has been a paradigm switch in the ‘Western Social Sciences’ in the 1970s, from society-centred work, which treated the State as a dependant variable to the theories which treat it as an independent variable. As per Skocpol, the State derives its autonomy from: i) The needs rooted in geo-political factors and the dynamic of inter-state systems, ii) Its domestic responsibilities for law and order, iii) The activities of political managers; and iv) Periods of crisis. She adds that the overall pattern of State structures influences group formation, interest articulation and political capacities (Cf Jessop, *op.cit.*).

Thus, ‘Bringing the State back in’, has also been seen as a timely return to Institutionalism and to the basic concern of political analysis for instance the social basis of power and the ethical dimension of politics. At the same time, the State-centric political analysis has tended to silence autonomous societal action. Both modernisation theory and dependency theory had suffered from ethnocentricity in the sense of directing the Third World towards the model of the developed West. The State focused analyses in recent times have facilitated the restoration of:

- In-depth analysis of bases and contours of State power
- Search for residence of power even in experiential and everyday existence not just in exercise of authority
- Concern for autonomous social action or people’s spaces at micro-level
- Alternative modes of social reconsideration away from ‘etatism’; and
- Rebuilding enterprise in political science-disciplinary reconstruction along the lines of Aristotelian ‘master science’ concept (Bhattacharya, 2003, *op.cit.*).

B. Guy Peters (1994) rightly observes that the public sector is difficult to control and even more difficult to ‘roll back’. As the State is rolled back in some ways it almost inevitably must ‘roll forward’ in others. Government is a big ‘business’ and continuous to grow. In the developing countries, government must function as a principal source of capital accumulation for future economic growth. In the developed economies, government plays an important role in promotion of human capital. Government has certainly grown. By whatever measures we would want to apply, governments spend money, employ more people and constitute a more pervasive influence on the lives of their citizens now than for most of human history.

More important in recent years has been a government's ability to withstand the numerous attempts to reduce its size and scope. Growing incidence of malnourishment, poverty, underemployment, unemployment, labour unrest, weak social security measures go on to show that accent on privatisation, divestment and corporatisation has not been able to deliver satisfactory results in developing countries like India.

It has to be also kept in view that in developing countries where the State, as many scholars claim, must perform the role of removing market distortions, setting standards of service, ensuring fair competition among private players, providing appropriate regulatory legal framework for market, fostering institutional development, developing processes, ensuring transparency; and strengthening human capacities, it would be foolhardy to roll back the State. Richard C. Box (2003) feels that in the developing countries, the State organisations cannot be run like a business. Government functions cannot be reduced to technical-instrumental market functions. Services to citizens cannot be marketed like a customer product.

Even the Western liberal ideas, which earlier downplayed the significance of State, have started acknowledging the need to take into view the positive aspects of governance such as creating effective legal, judicial, and regulatory mechanisms, ensuring transparency, evolving market-friendly forms of State intervention, and mobilising human resources in pursuance of public policies. The State is in no way retreating. The Public Choice Approach that had challenged the very basis of government itself has drawn flak from different quarters. As per Bhattacharya (1999, *op.cit.*) "Integrative Communitarianism and not Methodological Individualism is what the Third World is seeking" Prabhat Patnaik (2000) observes that to see the new package as entailing a 'retreat of the State' is seriously misleading. It does entail a retreat of the State from its role as a producer and investor, which means a 'rolling back' of the State capitalisation of the earlier development strategy. But it underscores an alternative role of the State as supporting the position of large capital.

Even in Thatcherite Britain, with its commitments to a Neo-liberal economic strategy and its declared hostility to tripartism, trade unionism and social charters, we find powerful counter currents pushing towards more State intervention and more cooperation between capital and labour in precisely those areas where pure market competition and open class antagonism generate heavy costs for capital accumulation (Jessop, *op.cit.*). In fact, some critics feel that the State is in danger of becoming a 'police' or 'nanny' State once again. In UK, for instance, in addition to a plethora of tough laws already in place to combat terrorism, illegal immigration and a variety of social problems, a new regime of even tougher laws is in the offing. (*The Hindu*, December 2004). Modern State, as a benign entity appears mythical in view of its infusive, security-obsessed and repressive character.

John Dearlove offers a similar critique of society-centred approaches from a British viewpoint. For him, the State has been brought back in at least five different ways. These comprise:

- Studies in Corporatism
- Neo-Marxist State Theories
- Public Choice and public sector economy
- The Statist Perspective in International Relations
- New Right criticisms of the State and its political influence (Cf Jessop, *op.cit.*).

It has been observed that the heated debate in Western developed democracies concerning the rising level of public expenditure, growing size of government and its involvement in the daily lives of people has generated what has been called a

‘Welfare Backlash’ argument (Bhattacharya, 1999, *op.cit.*). A UNDP Report (1997) has observed that the ‘Shrinking State’ in many parts of the region has contributed to warring trends in human development including high rates of poverty, rapidly growing economic and social irregularity to socio-economic fragmentation, deterioration in public health and public education and worrying trends in culture and long-term health of environment. A recent Report of International Labour Organisation says that Millennium Development Goals have not been met, as unemployment has reached a record high and job growth is disappointing (*The Hindu* Sept 13, 2005).

In the Indian context, the State has never shown any signs of ‘receding’. In the view of Rajni Kothari, there have been three critical shifts in the structure of the relationship between power and society in the modern age. *First*, there emerged a territorial centre in each major juridical –political entity around which identities were built with which political affiliations were structured. *Second*, the new State centre became the authoritative core of the emergent political form everywhere namely the nation, defining both the internal and its external boundaries. *Third*, as the State centre began to extend towards the peripheries and the lives of the people in its attempt to deal with economic and social affairs and to manage diverse form of conflict, there emerged the phenomenon of mass society with its inherent tendency towards homogenisation and standardisation. In turn, this led to continuing expansion in the functions of the State and paved the way for its increasingly managerial and bureaucratic as well as mercantilist and welfare orientations. A trend that, as we have seen in this Unit, is now being witnessed around the globe.

Reinforcing these three basic tendencies of centralisation, of nationalisation and of straightjacketing of social differentiations into a mass society has been the external role of the National State. This has forced the State to close ranks and insist that its various constituents fall in line, to become the only legitimate spokesperson of each nation in a world of nations and with this aim in mind to build itself up into a national security apparatus in order to defend the integrity of its borders, its economy and its culture (*ibid.*). We will read about the nature of Indian State in detail in Unit 7 of this Course.

It is not possible, as has been pointed out, to transform labour and financial markets into pure commodities that would obey the iron law of supply and demand. In the 1930s itself, John Keynes, Karl Polanyi and Harold Innis had brought out the benefits of State intervention. We can, in the contemporary context still learn a few lessons from their analyses. They maintained that markets were not only incapable of being self-organising, but did not move from equilibrium point to equilibrium point (Boyer and Drache, *op.cit.*).

Keynes’ great economic insight was to understand that injecting more money into the private economy, investing in public infrastructures and restoring the confidence of investors and consumers are a few means available to governments to correct malfunctioning of a market economy. Polanyi addressed the question: Can societies be ruled exclusively by markets along with principles of supply and demand. He believed that delivery of goods is possible in typical products by the market and not in basic elements of economic life, labour, land and money. According to Harold Innis, narrowly based competitive strategies push countries to adopt beggar-thy neighbour policies and without adequate institutional protection, frontier economies, would become ‘storm centres to the modern international economy (*ibid.*).

State would always have to make appropriate interventions to protect and guard against the negatives of marketisation. It has to be multifunctional. Samir Amin talks of two alternatives, *one* either we accept the subordination to the demands of world’s structural adjustment or *two* build a polycentric world through reciprocal

adjustment (Bhattacharya, 2003, *op.cit.*). Countries like Korea have solid employment, insurance, public works, social security, livelihood protection schemes for creating a base for competitive and knowledge based economy. This kind of infrastructure base is more adaptive to the trends in globalisation. China has shown a remarkable dual progress. On the one hand, it has adopted free market principles and policies such as privatisation. On the other, it continues to hold on to its concept of community development, social farming and small-scale industries.

It needs to be remembered that rolling back of the State in the Third World has not stemmed from any internal compulsions and problems. It is something that has been imposed on it by the structural adjustment programme of the Bretton Woods Institutions. We therefore have to look for an administrative paradigm that serves the purpose of the developing countries rather than international corporations. Another issue to mull over is that the developing countries have yet not been able to build strong political, economic and administrative institutions, structures and processes for keeping pace with globalisation trends. So if the governments have not been able to deliver, can the markets show results? The query becomes pertinent, given the fact that the institutional base framework remains just the same in these countries. What about the bureaucratic set up in private enterprises? The bureaucratic pathologies have a tendency of creeping in everywhere. Thus, rolling back the State is a misplaced strategy in the context of Third World, as the market-based State is not conducive for developing countries where fairness, equity and justice are the parameters for efficient delivery of goods and services.

The State's role is to organise political power for the purposes of governance and cannot be reduced to being a pro-market, pro-capitalism institution. In the regulation perspective, the Welfare State is of fundamental importance in maintaining social solidarity. It provides the institutional glue without which preservation of national identity is impossible (Boyer and Drache, *op.cit.*). A participatory democratic political system with transparency and accountability supported by rule of law and efficient administrative institutions is required both for sustainable development and for dealing positively with globalisation forces.

We must ascertain the capacity of the State to deliver in the right earnest, instead of exaggerating its potential. The grand rhetoric of States, and the expectations about State capabilities, says Joel S. Migdal, (*op.cit.*) have obscured the failures of public institutions and policies. By setting the bar so high in terms of what the State should and could properly demand of people, scholars have succeeded in making the disparity between State goals and State accomplishments even sharper.

Actually, the issue is not about either 'State' or 'market'. The issue is not of substitution of one with the other. Both are important and must positively collaborate. Paul Streeten (*op.cit.*) has pointed out that issue is not to have the State off our backs and let there be markets. The real issue is to have a strong State with an expanded agenda, differently conceived and implemented. In the debate over market versus State, real States, fall under neither monolithic type nor are impervious to pressures of rational and altruistic policies. According to Commonsense Theory, State neither optimises public welfare nor self-interest. It compromises attempts to resolve conflicts, manages bargaining between groups and occasionally leads. A discussion on the role of the State in the backdrop of globalisation would further explain its role of conflict mediation and network management.

1.5 ROLE OF THE STATE IN THE GLOBALISATION CONTEXT

For more than two decades, globalisation has been changing the rules of the game for Nation States as we read earlier on in the Unit. The traditional role of the State as a protector and promoter of the interests of the disadvantaged has also come under the impact of globalisation forces as many other social, economic and political institutions are beginning to take responsibility for dealing with the so-called disruptions in society. The market-based approach to public administration is leading to the emergence of Competition State, which is being interpreted as a commodifying agent.

We can thus infer from the preceding discussion on the State that, during the last decade or so, its nature has changed beyond recognition, as a result of metamorphic changes in the economic and political spheres. Internationalisation of trade, technological revolution, micro-economic analysis, standardisation of world security systems and redefinition of cross border problems have eroded the significance of barriers, implicit, as many scholars put it, in distance and time. The whole world appears to have come under the so-called tutelage of the Washington Consensus propagated by the IMF and the World Bank.

The transition from a centrally planned State to a market-based economy has been subjected to several doubts being raised about the relevance and efficacy of the State in the globalisation context as well as the ways of striking a balance between the State, market and society. It has been pointed out that globalisation has an intense impact on the State's policies, institutions and functionalities. The impact varies with the extent of economic condition of each State and the degree of exposure the State has to the process of globalisation. Many critics feel that in the globalisation context, the State becomes an agent, directly and openly promoting private enrichment, through the sale of State property and resources at lower prices. The benefits accruing from the State policies on private investment, interest rates, trade and commerce benefit only a privileged few.

The negatives of globalisation are often highlighted by the critics. Globalisation, it is averred, holds no promise that a new world order backed by super-national sovereignty will provide more democracy, equality and security in alliance with capitalism. There remains a strong need for a correct mix of State, private corporate, community and individual responsibilities in blending capitalism with social democracy (Stehr and Ericson, 2000).

Globalisation process though has its positives, which cannot be overlooked. Globalisation has shrunk spaces by forging new connections through Information Technology revolution. States within developing countries can now act as independent entities and pursue their agendas; the international bodies have brought to light the much-sidelined issues of human rights, gender, sustainable development that touch a chord with the disadvantaged, poor and weaker sections. State capacity is a necessary condition to use the opportunities provided by globalisation to work in these areas and to protect and promote the interests of vulnerable sections of society. The State can play a critical role in alleviating poverty, protecting the environment, promoting human security, and ensuring social equity and ethics.

Developed and strong States are more conducive to withstand the negatives of globalisation. Greater economic and social interdependence seems to affect national decision-making processes in two fundamental ways. It calls for a transfer of some decisions to be transferred from the national to local levels of government. At the same time, the problems arising from inadequate State capacity are becoming more pronounced. States with stronger capacity have more political influence in shaping the international agenda and, operating the intricate web of multilateral arrangements that characterize global economic interaction. States with weaker capacity, especially developing countries, have less active role (Bertucci and Alberti, *op.cit*).

The OECD's studies indicate that freer and more open market economies can bring both economic and social benefits to countries at all levels of development. Among the potential benefits are:

- Greater freedom of choice for individuals to obtain goods and services and engage in specialisation and exchange
- Comparative advantages in world trade
- Higher incomes to those employed in jobs for international markets
- Lower prices and greater availability of goods and services
- Opportunities to diversify risks
- Access to capital at lower costs
- More efficient and productive allocation of resources
- Inward transfer of knowledge and know-how

The globalisation process appears to be irreversible; if there are no alternatives to it then we must try to find alternatives within it. Ali Farazmand (*op.cit.*), points out that globalisation does not put an end to the State and public administration. There is a new global challenge that broadens public administration's scope of research, practice and teaching. Public administration has just entered a new stage of human civilisation, with a future that is both brightened and darkened by globalisation and the hegemonic world order. It is upto the developing countries to develop a development strategy that could adapt conducive to the positive and negative impact of globalisation process. It has to be seen how well the State reinvents itself to fit into the new scenario.

The debate on whether globalisation positively affects the State's capacity to provide goods and services or not would continue. What needs to be kept in view is that globalisation requires the State to improve its capacity to deal with greater openness, but it does not seem to understand its fundamental national and international roles. The State remains central to the well-being of its citizens and to the proper management of social and economic development. The State is also responsible for adopting policies that facilitate greater economic integration (*ibid.*).

Jessop calls the new emerging regulatory regime the 'Schumpeterian Workfare State'. The State, in his opinion, remains actively promoting innovation and national economic growth, combining market mechanisms with strategic intervention (Cf Bresser-Pereira and Carlos, *op.cit.*). Paul Streeten (*op.cit.*) maintains that if it were just a matter of correcting failures, the task would be relatively easy. But if the signals propagated by the market are based on a very unequal distribution of land, assets and income, it is market success in responding to these signals that causes the trouble. The Market Model is adequate and desirable for certain functions while the same model will be totally inappropriate for many services. Likewise, the Participatory Model would be well suited to urban planning or environmental issues but would produce difficulties for many criminal justice programmes. The Temporary Model probably would suit such complex issues as drug law enforcement as well as such transient concerns as disaster relief (Perry, 1994).

Anthony Giddens in his work "The Third Way: The Renewal of Social Democracy" makes a case for broadening of the democracy with government acting in partnership with agencies in civil society so as to combat civic decline. This is crucial as the 'public sphere' and the space for citizens' involvement seems to be shrinking with the arrival of Corporate State or Competition State with an accent on deregulation, and privatisation. The economic overtures of this type of State have to be muffled to some extent or, at least, not encouraged at the cost of social equity and justice.

According to Paul Wilding (2002), globalisation raises vital questions about the State's continuing capacity to develop and deliver those national policies which make up the welfare State and promote human welfare in advanced industrial societies. A facilitative climate for the State can be nurtured only if there are improved channels of partnership between an intelligent democratic State and a vibrant civil society. Globalisation calls for building robust partnership between the State and civil society. In particular, the State could greatly benefit from weaving stronger social networks (Bertucci and Alberti, *op.cit.*).

Paul Streeten (*op.cit.*), adds that as far as State-society coordination is concerned, there is a need for building synergy through appropriate strategies that aim to:

- Develop, strengthen and sustain collaborative and participative processes
- Foster institutional development that facilitates resource mobilisation, coordination and networking
- Ensure transparency, empowerment, accountability; and
- Strengthen human capacities

We will read more about the relationship between the State and civil society in Unit 19 of this Course. We must also keep in view that globalisation is more influential in the core industrialised countries-Europe, North America and Japan. 85 per cent of foreign investment flow is between the member of this 'Triad'. Intense 'triadisation' of financial market is more visible than full-scale globalisation (Boyer and Drache, *op.cit.*). The way the States respond to the pressures of globalisation makes them important agents in the globalisation process. They are not simply acted upon, it is observed, they also act. Globalisation needs States just as markets have and will.

1.6 CONCLUSION

The State is a difficult concept to define. It has had a chequered evolution. The different perspectives on the State bring out its need, relevance and constraints. The Neo-liberal perspective in particular talks of rolling back the State and letting the markets take over. The experiences of developing countries show that keeping the State at periphery is a misplaced strategy. What is needed is a correct mix of State, markets and non-State actors.

By way of conclusion, we could ponder over the fact that the so-called retreating of State in many countries of the Third World has not mainly been an outcome of State failure of policies and goals but, rolling back of the State seems to be a global compulsion. Structural adjustment loans are being given by the World Bank on the condition that recipients liberalise, privatise, decentralise and deregulate. State is in no way retreating in these countries but has only taken on a new role of facilitating these. The Washington Consensus, observes Deepak Nayyar (2002), although has lost some of its lustre as development experience during the 1990s has belied expectations. Its prescriptions are now subjected to questions. Changes in thinking mirror changes in reality.

The study of State has to look into the nature of State which, as pointed out by many scholars, is enmeshed into the political and cultural institutions of society, caste, class and institutions, formal as well as informal. It needs to be seen as in what way the State shapes them and in what way they are shaped by the State. Governments that seek to participate in and benefit from a world becoming more integrated and interdependent must reinvent their structures and processes to become more professional, digital, technologically proficient, deregulated, honest and transparent.

As the globalisation process unfolds, a larger State may seem to be more resilient and less vulnerable, as has been observed, to disintegration and disruption. The State would now have to analyse the ramifications of the globalisation onslaught. It would have to build necessary physical infrastructure, legal framework and governance processes that are favourable to foreign capital and technology influx. The State would have to create an environment that is able to encourage the involvement of regional organisations in distribution of benefits and management of human rights. The subsequent Units in this Course will take up these pertinent issues in detail.

In fact, as Ali Farazmand (*op.cit.*) observes, ironically, Capitalism needs a strong State and stable environment to prosper. It demands order and social control. Globalisation has not brought about the end of the State and its bureaucracy nor will it result in a decline of the State in the future. The territorial State as a socio-political identity will continue to exist, as it has till now.

1.7 KEY CONCEPTS

Anarchy

The term conjures up images of chaos, but it is actually derived from the Greek word meaning 'no ruler'. Anarchists believe that human beings are by nature cooperative and benevolent. They believe that if the State is abolished and economy and society decentralised, societies would function without conflict, disorder and inequality. Anarchists have helped pioneer cooperatives and Libertarian communities, some of which were based upon the principle of equal exchange between private commodity producers, others upon cooperative production, while still others on self-sufficiency. Anarchism has immensely appealed to peasant communities in Europe. It is considered as a seedbed for socialist ideas.

(Andrew Gamble, 1981, *An Introduction to Modern Social and Political Thought*, Macmillan, London).

Behaviurlism

The Behaviouralist movement tried to organise research in political science on model of natural sciences. It emphasised on a science of politics, giving a new orientation to research and theory building exercises within the discipline. Behaviurlism rejected political theory as merely chronological and intellectual history of ideas. It was believed to have no practical relevance in understanding political reality. Behaviouralists used inductivist approach to research and remained prominent till the 1960s. The behaviouralists' tendency to measure that could be easily measured rather than what was theoretically important was rejected by the Post-behaviouralists in the 1970s. (Subrata Mukherjee and Sushila Ramaswamy, 1999, *History of Political Thought: Plato to Marx*, Prentice-Hall, New Delhi).

***bete noir* :**

Person or thing one particularly dislikes.

Corporatism

It can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed, if not created, by the State, and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

(Nicholas Low, 1991, *Planning, Politics and the State: Political Foundations of Planning Thought*, Unwin Hyman, London.)

Dependency Theory

A theory that argues that, due to the exploitative nature of the relationship between advanced capitalist societies and the Third World, the development of the former resulted in the underdevelopment of the latter. Developing countries are kept in a position of dependency and underdevelopment due to existing economic and institutional power structures sustained by leading western nations.

www.indiana.edu/ipe/glossary

www.stile.coventry.ac.uk/cbs.

Discourse Analysis

Discourse analysis allows affirmation of, and may, when properly theorised, induce improvements in tendencies already existing in public administration. The discourse theory in public administration urges movement away from the idea that there is a reality 'out there' that a value-free researcher can account for by formulating law-like generalisations whose truth is observable, testable and cumulative. The theoretical underpinnings of discourse analysis include i) Phenomenology (contextual meaning depends on experiences or interrelated condition), ii) Constructivism (observers of social reality cannot be external to it), iii) Structuration Theory (basic domain of study of social sciences is neither the experience of the individual actor, nor the existence of any form of societal totality but special practices ordered across space and time), and iv) Energy Fields (institutions are recursive practices embedded in habitual human compartments and expectations of varying degree of malleability).

(Charles J. Fox and Hugh T. Miller, 1995, *Post-modern Public Administration: Toward Discourse*, Sage, London)

End of Ideology

The thinking prevailing in the western democracies that democracy has solved all the major problems of industrial society and that those which remain are of a second order magnitude (or less serious in nature) involving merely technical adjustments within the prevailing democratic system.

Ectopic State

A society composed of infinite number of unorganised individuals that a hypertrophied State is forced to oppress and contain. It constitutes, as Durkheim puts it, a veritable sociological monstrosity.

End of History

'The End of History and the Last Man' is a 1992 book by Francis Fukuyama, expanding on his 1989 essay "The End of History"? He argues the controversial thesis that the end of the cold war signals the end of the progression of human history.

[En.wikipedia.org/wiki](http://en.wikipedia.org/wiki)

Etatism

Often considered as State socialism. It involves State control of some industries and public services

countrystudies.us/turkey/94.htm

Loop Model of Democracy

It comprises the following features:

- i) The people are aware of what they want or need

- ii) Competing candidates or parties for electoral office offer alternative packages of wants or needs
- iii) People choose a representative by voting which alternative package seems to best match their preferences
- iv) Coalitions of winning entrepreneurs pass laws reflecting the people's choice
- v) A vigilant populace pays enough attention to the electoral process and the results
- vi) If satisfied with results, people will reward incumbents with their votes. If not they will vote for alternative packages

(Charles J. Fox and Hugh T. Miller, 1995, *op.cit.*)

Methodological Individualism

It is one of the basic assumptions underlying Public Choice approach. It says that a rational man maximises his utilities by: i) Making decisions on the basis of self-interest ii) Ranking rationally and methodically all available alternatives, iii) Collecting relevant information for minimising risk and uncertainty, iv) Selecting a maximising strategy in order to maximise benefits and v) Remaining within the units of lawful conduct

(Mohit Bhattacharya, 1999 (2nd Edition) *Restructuring Public Administration: Essays in Rehabilitation*, Jawahar, New Delhi.

Nihilism

Nihilism literally means belief in 'nothing'. As a philosophical position, nihilism is the view that the word and especially human existence, is without meaning, purpose, comprehensible truth, or essential value. It is more often a charge leveled against a particular idea than a position which is overtly subscribed to movements such as deconstructivism have been described by various observers as 'nihilist'. Nihilism diffuses revolutionary movement of the mid-19th century Russia that showed contempt towards authority and tradition and believed in reason, materialism and radical change in society and government through terrorism and violence.

www.thefreedictionary.com

New Right Philosophy

The proponents of New Right philosophy believe that empirical analysis of the consequences of government actions clearly establishes that the market is more effective than the government in achieving social goals. Four main schools of New Right are Chicago, Austrian, Public Choice and Supply Side.

Principal-Agent Theory

It is concerned with behavioral studies of employer-contractor or employer-employee in a business management context. The central dilemma investigated by the principal-agent theorists is how to get the employee or contractor (agent) to act in the best interests of the principal (the employer). Also called Agency-cost Theory; the agency costs involved are a kind of transaction cost. Without these costs, it is not possible for principals to ensure that agents will act in the principal's interest.

Statism

Statist approaches present the State as an autonomous entity whose actions are not reducible to or determined by forces in society. It was recognised that though the State was disproportionately influenced by economic factors. It occupied a distinct and an irreducible place in society. A whole new vocabulary was coined for the State

and its functionaries to describe their overwhelming power and autonomy from capitalist and working classes. The Statists constructed a case for State-centric theory on the basis of a sustained attack on Pluralist, Structuralist, Functionalist and Marxist accounts of the State.

(Neera Chandhoke, 1995, *State and Civil Society: Explorations in Political Theory*, Sage, New Delhi).

Rule of Law

It implies that government authority may only be exercised in accordance with written laws which are adopted through an established procedure. As per Dicey's Rule of Law, no human being (rich or poor, influential or commoner) is above the Law. All humans are equal before the Law

en.wikipedia.org/wiki/rule-of-law

Transactional Cost Analysis

It is a mode of analysis which emphasises the costs associated with carrying out transactions and exchanges in the economic or political sphere. Such costs can lead to sub-optimal outcomes. This type of analysis studies institutional arrangements in society that raise or lower transaction costs.

Washington Consensus

The term was coined in 1989 by John Williamson to refer to the lowest common denominator of policy advice being addressed by the Washington based institutions to Latin American countries. It called for a competitive exchange rate, which necessarily implies intermediate regime since either fixed or floating rates can easily become overvalued. The term was misconstrued as reforms being imposed by Washington based institutions, though all that it aimed was to introduce 'one size fits all' type of magic pill. The term has become synonymous with Neo-liberalism and globalisation. It stresses on corporate governance, anti-corruption devices, flexible labour markets, trade agreements, financial codes etc.

1.8 REFERENCES AND FURTHER READING

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1.9 ACTIVITY

1. Go through the recent newspapers, magazines or books and try to note down the contemporary developments in the area of globalisation trends and their impact on the functioning of the State.