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THE STATE AND GLOBALIZATION:
DENATIONALIZED WORK AND INTERNAL POWER SHIFTS
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In the larger worldwide debate about the so-called “welfare state,” most attention has gone to its changed conditions for survival and to its changed contents (its objectives, policies, and budgets). The critical question has been: Can it survive?

Can it? Two leading experts argue that yes, but it will take some sharp transformations in the organizing of public welfare. Esping-Andersen (1990) argues that the welfare state is not only about the state. We need to recognize the multiple locations needed for advancing public welfare—state, family, communities. This helps us expand the institutional domain within which to place the project that is the welfare state. To use the British locution, we might say such changes would move us away from the “nanny” state version of public welfare and towards peership between the state and the citizen. And Hemerijck (2002), Director of the WRR, finds that we need to recalibrate the mix of objectives and resources of the welfare state; the welfare state is dynamic, and thus can consist of a range of combinations.

From the perspective of research about the state and globalization, rather than the welfare state per se, there are two critical facts that come into the picture though they are not part of the welfare state debate.†One of these facts strengthens the viability of Esping-Andersen’s and Hemmerijck’s proposals. The other throws some sand in the state machinery we need in order to carry out those proposals.

The first, more familiar of these two facts is, ironically a consequence of the increasingly institutionalized character of the global economy. This includes the formalizing of a growing range of “rights” of global firms and global markets. One might ask how this could possibly help in revising rather than eliminating the welfare state.

† This paper is part of the author’s larger multi-year research project (see Sassen 2006).

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† For a full analysis of these trends please see Sassen (2006).
To understand what democratic options arise out of this growing institutionalization of the global economy, in my research I have sought to establish the extent to which these powerful global actors actually *need* national states, especially in the highly developed world. In other words, regardless of the facts of increased global mobility, global firms and markets need a global operations space that is at least partly inserted in the countries that comprise the global economy. They need private property protections and guarantees of contracts from each of the states involved.

One question then is: Does such “need” translate into a possibly novel type of authority of national states in the context of an increasingly formalized global economy. This would indicate that the liberal state has more options when confronted with global actors and pressures than the rhetorics of state powerlessness suggests. Further, it would also indicate that the role of the national state around questions of welfare may be less constrained and more open to genuine innovation (rather than pressures to cut spending) than is the common understanding of a somewhat powerless national state in economic matters given global firms and markets. Finally, it suggests that if the state actually gains particular types of authority from its participation in the implementing of formalized global systems, it could also use this authority for projects other than strengthening the rights of global corporate actors—for instance, strengthening the welfare state through various revisions.

But the second fact that comes out of my research on the state and globalization is more troublesome, and partly undermines the above mentioned possibilities (especially in the US). It is the marked redistribution of power inside the national liberal state. The power of the executive branch (or prime minister’s office) has grown sharply since the 1980s, and especially in the 1990s. But the same processes that feed executive power are partly hollowing out the powers of the legislative branch. This internal redistribution of power can also alter, in multiple and often highly specialized ways, the formal relationship of the state to people. These power shifts are grounded in major changes in the organizational architecture of the state apparatus and to some extent transcend party politics. They also signal that speaking of states losing power in a global economy obscures these critical shifts.

These shifts have often been highly specialized and hence not particularly visible or self-evident. The tendency has been for this power shift to consist of multiple specific technical changes that are usually seen separately, in terms of the specific domain (commerce, finance, citizens rights) within which they take place. One of the reasons this power shift inside the
liberal state has received little attention is that it is an emergent trend, becoming legible in some liberal states (especially the US and, to some extent the UK, Australia, and Italy among developed countries, and in a large number of states in developing areas, notably in Latin America) but barely so in many other states. I would not presume to address the Dutch case—given the expertise in this conference. A second reason this power shift has received little attention is that it has been obscured by the larger image of “the state” as losing power in a global economy.

The first part of this paper focuses on how the global is partly constituted inside the national, thereby blurring the distinction global/national and signaling that the national state participates in the implementation of globalization. The second part of the paper focuses on what this implies for state work and public policy. One interpretation is that it partly, and often in highly specialized ways, denationalizes state work.

I. The Global is Partly Constituted Inside the National

The effort here is to recover the ways in which the state participates in governing the global economy in a context increasingly dominated by deregulation, privatization, and the growing authority of non-state actors. A key organizing proposition, derived from my previous work on global cities (2001) is the embeddedness of much of globalization in national territory, that is to say, in a geographic terrain that has been encased in an elaborate set of national laws and administrative capacities. The embeddedness of the global requires at least a partial lifting of these national encasements and hence signals a necessary participation by the state, even when it concerns the state’s own withdrawal from regulating the economy.

One question this raises is whether this participation might entail the formation of a specific type of authority/power for the state in global systems—both for the state as such and/or for the particular state institutions involved. Does the weight of private, often foreign, interests in this specific work of the state become constitutive of that authority and indeed produce a hybrid that is neither fully private nor fully public? My argument is that, indeed, we are seeing the incipient formation of a type of authority and state practice that entail a partial denationalizing of what had been constructed historically as national.

This denationalizing consists of several specific processes, including importantly, the re-orienting of national agendas towards global ones, and the circulation of private agendas dressed as public policy in side national states. Such a conceptualization introduces a twist in
the analysis of private authority because it seeks to detect the presence of private agendas inside the state, rather than the more common focus on the shift of state functions to the private sector, including private forms of authority. It differs from an older scholarly tradition on the captured state which focused on cooptation of states by private actors. In contrast to this older tradition, I emphasize the privatization of norm-making capacities and the enactment of private norms in the public domain.

The purpose here is, then, to understand and specify a particular aspect of globalization and the state which is lost in what are typically rather dualized accounts of this relation; in such accounts, the spheres of influence of respectively the national and the global, and of state and non-state actors, are seen as distinct and mutually exclusive. Even if many components of each of these spheres are separate and mutually exclusive, I argue that this still leaves a specific set of conditions or components that does not fit in this dual structure. Key among these are some components of the work of ministries of finance, central banks, and the increasingly specialized technical regulatory agencies, such as those concerned with finance, telecommunications, and competition policy. In this regard then, my position is not comfortably subsumed under the proposition that nothing has much changed in terms of sovereign state power, nor can it be subsumed under the proposition of the declining significance of the state.

An important methodological assumption here is that focusing on economic globalization can help us disentangle some of these issues about the state today precisely because in strengthening the legitimacy of claims by foreign investors and firms it adds to and renders visible the work of accommodating their rights and contracts in what remain basically national economies. However, these dynamics can also be present when privatization and deregulation concern native firms and investors -- pace the fact that in much of the world, privatization and deregulation have been constituted through the entry of foreign investors and firms.

Using a multi-scalar analytics allows us to see that sub-national processes and institutions are also critical sites for globalization. Accepting the proposition that the global is multi-scalar leads to its conceptualizing as at least partly consisting of the denationalizing of specific forms of state authority insofar as particular components of global processes are actually located in national institutional orders. This multi-scalar conceptualization diverges from the mainstream scholarship on the state and globalization, where these are seen as distinct and mutually exclusive domains. It helps us see the particular substance and institutional insertions of what
I argue is a new mode of state authority that remains insufficiedntly recognized and theorized. Though housed or located in national state capacities and institutions, this mode of authority is not national in the way we had come to understand this feature of states over the last century. (The empirical focus for much of the examination is confined to states under the so-called rule of law, and especially the U.S.).

II. Globalization and Denationalization
What is it we are trying to name with the term globalization? In my reading of the evidence it is actually two distinct sets of dynamics. One of these involves the formation of explicitly global institutions and processes, such as the World Trade Organization, global financial markets, the new cosmopolitanism, the War Crimes Tribunals. The practices and organizational forms through which these dynamics operate are constitutive of what are typically thought of as global scales.

But there is a second set of processes that does not necessarily scale at the global level as such yet, I argue, is part of globalization. These processes take place deep inside territories and institutional domains that have largely been constructed in national terms in much, though by no means all, of the world. What makes these processes part of globalization even though localized in national, indeed subnational settings, is that they involve transboundary networks and formations connecting or articulating multiple local or “national” processes and actors. Among these processes I include particular aspects of the work of states. These include specific monetary and fiscal policies critical to the constitution of global markets that are hence being implemented in a growing number of countries as these become integrated into global markets. The bundle of policies involved in the project of making liberal states “competitive” is another important instance. But it also includes a range of very different types of instances that are not the focus in this paper –though I have dealt with them at length elsewhere (Sassen 2006). Examples are cross-border networks of activists engaged in specific localized struggles with an explicit or implicit global agenda, as is the case with many human rights and environmental organizations; the use of international human rights instruments in national courts; non-cosmopolitan forms of global politics and imaginaries that remain deeply attached or focused on localized issues and struggles yet are part of global lateral networks containing multiple other such localized efforts.

A particular challenge in the work of identifying these types of processes and actors as part of globalization is the need to decode at least some of what continues to be experienced and
represented as national. While seeming national, these types of practices and dynamics are actually constitutive of global scalings we do not usually recognize as such. When the social sciences focus on globalization it is typically not on these types of practices and dynamics but rather on the self-evidently global scale. And although the social sciences have made important contributions to the study of this self-evident global scale by establishing the fact of multiple globalizations (e.g. Appadurai 1996; Eichengreen and Fishlow 1996; Aman 1998), only some of which correspond to neoliberal corporate economic globalization, there is much work left. At least some of this work entails distinguishing: a) the various scales that global processes constitute, ranging from supranational and global to subnational (Taylor 2000; Brenner 2004; Swyngedouw 1997; Amin and Thrift 1994), and b) the specific contents and institutional locations of this multi-scalar globalization (e.g. Massey 1993; Howitt 1993; Jonas 1994). It is the latter two that concern me in this lecture. Geography more than any other of the social sciences today has contributed to a critical stance toward scale, recognizing the historicity of scales and resisting the reification of the national scale so present in most of social science.

III. The Subnational: A Site for Globalization

Studying the global, then, entails not only a focus on that which is explicitly global in scale, but also a focus on locally scaled practices and conditions articulated with global dynamics and a focus on the multiplication of cross-border connections among various localities. Further, it entails recognizing that many of the globally scaled dynamics, such as the global capital market, actually are partly embedded in subnational sites and move between these differently scaled practices and organizational forms. For instance, the global capital market is constituted both through electronic markets with global span, and through locally embedded conditions, i.e., financial centers.

A focus on such subnationally based processes and dynamics of globalization requires methodologies and theorizations that engage not only global scalings but also subnational scalings as components of global processes, thereby destabilizing older hierarchies of scale and conceptions of nested scalings. Studying global processes and conditions that get constituted subnationally has some advantages over studies of globally scaled dynamics, but it also poses specific challenges. It does make possible the use of long-standing research techniques, from quantitative to qualitative, in the study of globalization. It also gives us a bridge for using the wealth of national and subnational data sets as well as specialized scholarships such as area studies. Both types of studies, however, need to be situated in
conceptual architectures that are not quite those held by the researchers who generated these research techniques and data sets, as their efforts mostly had little to do with globalization.

One central task we face is to decode particular aspects of what is still represented or experienced as “national” which may in fact have shifted away from what had historically been considered or constituted as national. This is in many ways a research and theorization logic that is the same as that developed in the economics of global city studies. But there is a difference: today we have come around to recognize and code a variety of components in global cities as part of the global. What I am trying to focus on here engages a range of conditions and dynamics that are to be distinguished from those global city components in that they are still coded and represented as local and national; further, my concern in this lecture is largely the realm of the political rather than economic.

One important focus for research is the specific set of interactions between global dynamics and particular components of national states. My main argument here is that insofar as specific structurations of the global inhabit what has historically been constructed and institutionalized as national territory, this engenders a variety of negotiations. One set of outcomes evident today is what I describe as an incipient, highly specialized, and partial denationalization of specific components of national states.

With few exceptions, most prominently among which is a growing scholarship in geography, the social sciences have not had critical distance, i.e., historicized, the scale of the national. The consequence has been a tendency to take it as a fixed scale, reifying it, and, more generally, to neutralize the question of scaling, or at best to reduce scaling to a hierarchy of size. Associated with this tendency is also the often uncritical assumption that these scales are mutually exclusive, most pertinently for my argument here, that the scale of the national is mutually exclusive with that of the global.

Finally, the notion of processes that denationalize the national goes against those assumptions and propositions that are now often captured through the concept of methodological nationalism. But they do so in a distinct way. Crucial to the critique of methodological nationalism is the need for transnationalism because the nation as container category is inadequate given the proliferation of transboundary dynamics and formation (e.g. Taylor 2000; Beck 2001). What I am focusing on here is a set of reasons other than
transnationalism for supporting the critique of methodological nationalism: the fact of multiple and specific structuratio...national. Because the national is highly institutionalized and thick, structuratio...national entail a partial, typically highly specialized and specific denationalization of particular components of the national.2

IV. Towards a New Type of State Authority

How do the analytics briefly developed above map onto the main scholarship on globalization and the state, much of it coming from political science. At what points do these analytics deborder or contest propositions in that scholarship.

The literature on the state and globalization is large and growing. A number of scholars have addressed various dimensions of the particular issue that concerns me here, participation by the state in global processes. For some states remain as the key actors and hence not much has changed for states and the interstate system (e.g. Krasner 2003; Pauly 2002; Helleiner 1999; Hirst and Thompson 1996; Joppke 1998). For others, even if states remain important there are today other key actors, and globalization has changed some important features of states and the interstate system (e.g. Cerny 1990; 2000; Strange 1996; Cutler et al. 1999; Ferguson and Jones 2002; Dark 2002; Palan 2003). For what is probably the most comprehensive mapping of the main strands in the scholarship on globalization and the state, see Held et al. (1999). They categorize the two major emerging strands as “hyperglobalists,” who posit that national states are becoming weak and are on their way out, and “transformationists,” who contend that globalization has brought about significant changes in state authority and the work of states.

My particular argument is that we are seeing the incipient formation of a type of authority and state practice that entail a partial denationalizing of what had been constructed historically as national. Even if we accept that the present era is, at a very general level, a continuation of a long history of changes that have not altered the fundamental fact of state primacy, it still leaves us with the need for detailed research about the specificities of the current changes.3

2. I have developed this at greater length in Sassen (1996; 2006). I should clarify that when I first developed the construct “de-nationalization” (1996) I intended it to denote a specific dynamic. I did not intend it as some general notion that can be used interchangeably with post-national, global, or other such terms.

3. Along these lines of analysis, I argue that economic globalization is in fact a politico-economic system partly located inside national states (Sassen 1996: chapters 1 and 2; 2006: chs 4 and 5), thereby having the effect of partly denationalizing specific, often highly specialized components of state work.
In this conceptualization I introduce a twist in the various analyses on the broader subject. First, it needs to be distinguished from analyses of private authority because these emphasize the shift out of the public domain and into the private domain. I seek to detect the presence of private agendas and authority inside the public domain represented by the state. Second, I emphasize the privatization of norm-making capacities which were once in the public domain, and today’s enactment of these private norms in the public domain – where they look “public”. This perspective also differs, then, from a literature that emphasizes the decline and obsoleteness of the state. It comes close to the scholarship that emphasizes state transformation even though this literature tends to discard the specificity of the current phase of globalization.

One of my efforts here is, then, to blur some longstanding dualities in state scholarship, notably, those concerning the distinctive spheres of influence of respectively the national and the global, of state and non-state actors, of the private and the public. While it may indeed be the case that mostly the two sides of the duality are separate and mutually exclusive, I argue for the critical importance of recognizing and deciphering conditions or components that do not fit in this dual structure (e.g. Zacher and Sutton 1996; Bermann, et al. 2000). In the case of US law, one domain where this debordering plays out in what I find intriguing ways is the

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4. A growing literature that often overlaps with particular parts of the above cited strands in the scholarship emphasizes the relocation of national public government functions to private actors both within national and transnational domains (see Cutler et al. 1999; Aman 1998). For a state of the art elaboration of the rise of private authority see generally Hall and Biersteker (2002). For the emergence of cross-border governance mechanisms see generally Ferguson and Jones 2002.

5. A good examination of these issues as they materialize in specific institutional settings can be found in Aman (1998). An excellent collection of essays that seeks to capture these types of dynamics can be found in Likosky (2002).

6. Perhaps the best known, though not necessarily the most precise, authors here are Ohmae (1995) and Wriston (1992). See also Kobrin (1998); (Cohen 2001).

7. There is today a growing literature (Cox 1987; Panitch, 1996; Gill 1996; Mittelman 2000) that interprets deregulation and privatization as the incorporation by the state of its own shrinking role; in its most formalized version this position emphasizes the state’s constitutionalizing of its own diminished role.

8. Perhaps the best example is Helleiner (1999), who examines the regulatory changes brought on by the emergence of global financial systems and shows how states remain as key actors.

9. A good source in this regard is Mansfield and Sisson (2004), containing papers by major scholars in international relations addressing key issues about the state and the current features of the interstate system, with responses by critics from other disciplines.
relation between Federalism and several new global regimes. An important methodological assumption here is that focusing on economic globalization can help us disentangle some of these issues.

The embeddedness of the global requires at least a partial lifting of these national encasements and hence signals a necessary participation by the state, even when it concerns the state’s own withdrawal from regulating the economy. Does the weight of private, often foreign, interests in this specific work of the state become constitutive of a particular form of state authority that does not replace but works alongside older well-established forms of state authority? My argument is that the mix of processes we describe as globalization is indeed producing, deep inside the national state, a very partial but significant form of authority, a hybrid that is neither fully private nor fully public, neither fully national nor fully global.

10. For a development of some of these issues please refer to Sassen (2000a). In this context, I find interesting parallels in a specific type of legal scholarship focused on the construction of jurisdictions and the locating of particular issues in jurisdictions that may today be less and less adequate; see, for instance, Bermann (2000); see also the extraordinary analysis in Resnik (2001).

11. Beyond issues pertaining to the global economy, the question of state participation is also at the heart of a far broader debate about globalization and the state. There is an older scholarship on world-order systems (e.g. Falk 1992; 1993) recently invigorated by debates about cosmopolitanism (Held 1995; Held et al. 1999). It examines and theorizes the possibilities of transcending nationally oriented state authority and instituting world-level institutional orders. This literature often includes partial world-level orders such as the international human rights regime (e.g. Brysk 2002) or certain features of international environmental treaties (e.g. Lipschutz and Mayer 1996), and, quite prominently, discussions about the possibility of a global civil society (e.g. Held et al. 1999; Kaldor et al. 2002).

12. Several scholars have focused on the nature of this engagement (e.g. Strange 1996; Scholte 1997; Cerny 2000; Dark 2002; Doremus et al. 1999; Kagarlitsky 1999). One way of organizing the major issues is to ask whether the role of the state is simply one of reducing its authority – e.g., as suggested with terms such as deregulation and privatization, and generally “less government” – or whether it also requires the production of new types of regulations, legislative items, court decisions, in brief, the production of a whole series of new “legalities”. I use this term to distinguish this production from “law” or “jurisprudence.” (Sassen 1996: chapter 1).

13. Among the issues raised by this type of analysis are the increased autonomy and influence of a whole variety of types of processes and actors, including non-state actors. The literature on non-governmental organizations (NGOs), including transnational ones (TNGOs), and the associated forms of activism, has also generated a series of interesting insights into the changed position of states in a context of multiple globalizations (e.g., Keck and Sikkink 1998; O’Brien et al. 2000; Bolli 1995; for a critical account that partly rejects the notion that these non-state actors actually represent a politics that undermines existing forms of authority, including that of the state, see Drainville 1995). I would also include here a variety of emergent global networks that are fighting equally emergent global agents such as trafficking gangs (e.g. Global Survival Network 1997; Coalition to Abolish Slavery and Trafficking, Annual). Along these lines a new set of concrete instances
As states participate in the implementation of crossborder regimes, whether the global economic system or the international human rights regime, they have undergone at times significant transformations because this accommodation entails a negotiation. In the case of the global economy, this negotiation entails the development inside national states — through legislative acts, court rulings, executive orders, policy — of the mechanisms necessary for the reconstitution of certain components of national capital into “global capital”, and necessary to develop and ensure new types of rights/entitlements for foreign capital\textsuperscript{14} in what are still national territories in principle under the exclusive authority of their states.\textsuperscript{15} And it involves developments aimed at making states more competitive, notably the shrinking of welfare programs.

These particular transformations inside the state are partial and incipient but strategic. Such transformations can weaken or alter the organizational architecture for the implementation of international law insofar as the latter depends on the institutional apparatus of national states. Further, they have also created the conditions whereby some parts of national states actually gain relative power as a result of that participation in the development of a global economy. As particular components of national states become the institutional home for the operation of some of the dynamics that are central to globalization, they undergo change that is difficult to register or name. This is one instantiation of what I call a process of incipient denationalization.

This partial, often highly specialized or at least particularized, denationalization can also take place in domains other than that of economic globalization, notably the more recent

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\item has come about with the September 11, 2001 attack on the World Trade Center, i.e., the use by international organized terrorism of the global financial system and the international immigration regime (see, for a variety of analyses Calhoun et al. 2002).
\item 14. Seen from the perspective of firms and investors operating transnationally, the objective is to enjoy the protections traditionally exercised by the state in the national realm of the economy for national firms, notably guaranteeing property rights and contracts. How this gets done may involve a range of options. See, e.g. Cutler et al. (????); Hall and Biersteker (????).
\item 15. Two very different bodies of scholarship which develop lines of analysis that can help in capturing some of these conditions are represented by the work of Rousenau, particularly his examination of the domestic “frontier” inside the national state (Roseneau 1997) and by the work of Walker problematizing the distinction inside/outside in international relations theory (Walker 1993). An interesting variant on this subject is Callaghy et al. (2001), who examine the proliferation of global non-state-centered networks in the case of Africa.
\end{itemize}
developments in the human rights regime which allow national courts to sue foreign firms and dictators (Stephens 2002) or that grant undocumented immigrants certain rights. Denationalization is, thus, multivalent: it endogenizes global agendas of many different types of actors, not only corporate firms and financial markets, but also human rights objectives.

The question for research then becomes: What is actually “national” in some of the institutional components of states linked to the implementation and regulation of economic globalization? The hypothesis here would be that some components of national institutions, even though formally national, are not national in the sense in which we have constructed the meaning of that term over the last hundred years. One of the roles of the state vis-à-vis today’s global economy has been to negotiate the intersection of national law and foreign actors — whether firms, markets, or supranational organizations. This raises a question as to whether there are particular conditions that make execution of this role in the current phase distinctive and unlike what it may have been in earlier phases of the world economy.

We need to understand more about the nature of this engagement than is represented by concepts such as deregulation. It is becoming clear that the role of the state in the process of deregulation involves the production of new types of regulations, legislative items, court decisions (e.g. Cerny 1997; Picciotto 1992; Picciotto and Mayne 1999), in brief, the production of a whole series of new “legalities.” It also is evident in the proliferation of specialized, often semi-autonomous regulatory agencies and the specialized cross-border networks they are forming which are taking over functions once enclosed in national legal frameworks.\footnote{We can see this in particular features of a variety of domains: for instance, competition policy (Graham and Richardson 1997; Portnoy 2000), specific aspects of international business collaboration (Dunning 1997; \textit{Indiana Journal} 1998), in networks among members of the judiciary (Slaughter 2000) and, in a very different domain, the new opening among the top leadership in a growing number of unions to organizing immigrants (Haus 2002).} The background condition here is that the state remains as the ultimate guarantor of the “rights” of global capital, i.e., the protection of contracts and property rights, and, more generally, a major legitimator of claims.\footnote{While it is well-known, it is worth remembering that this guarantee of the rights of capital is embedded in a certain type of state, a certain conception of the rights of capital, and a certain type of international legal regime: it is largely embedded in the state of the most developed and most powerful countries in the world, in western notions of contract and property rights, and in new legal regimes aimed at furthering economic globalization, e.g., the push to get countries to support copyright law.} It is in this sense that the state can be seen as incorporating the global project of its own shrinking role in regulating economic transactions and giving it operational effectiveness and legitimacy. The state here can be
conceived of as representing a technical administrative capacity which cannot be replicated at this time by any other institutional arrangement; furthermore, this is a capacity backed by military power, albeit not an option in many countries, and with global power in the case of some states. To some extent this work of states is becoming privatized, as is signaled by the growth of international commercial arbitration (Dezalay and Bryant 1996; Salacuse 1991), and by key elements of the new privatized institutional order for governing the global economy.

Legislative items, executive orders, adherence to new technical standards, and so on, will have to be produced through the particular institutional and political structures of each participating state. Even when imposed from the outside, there is specific work that individual states need to do.18 The emergent, often imposed, consensus in the community of states to further globalization is not merely a political decision: it entails specific types of work by a large number of distinct state institutions in each of these countries. Clearly, the role of the state will vary significantly depending on the power it may have both internally and internationally. 19 It is in fact some states, particularly the U.S. and the UK, which are producing the design for many of these new legalities, i.e., items derived from Anglo-American commercial law and accounting standards, and are hence imposing these on other states given the interdependencies at the heart of the current phase of globalization. This creates and imposes a set of specific constraints on the other participating states.20

There is in this dynamic an interesting dialectic. These types of state participation can contribute to strengthen the forces that can challenge or destabilize what have historically been constructed as state powers (Arrighi 1994; Davis 1999). In my reading this holds both

18. In terms of research and theorization, one of my concerns, this is a vast uncharted terrain: it would mean examining how that production takes place and gets legitimated in different countries. This signals the possibility of cross-national variations (which then would need to be established, measured, and interpreted).
19. I have developed this at greater length addressing an audience of legal scholars in Sassen (2000a). See also the development of the argument focusing on private rather than state actors in Sassen (2001).
20. This dominance assumes many forms and does not only affect poorer and weaker countries. France, for instance, ranks among the top providers of information services and industrial engineering services in Europe and has a strong though not outstanding position in financial and insurance services. But it has found itself at an increasing disadvantage in legal and accounting services because Anglo-American law and standards dominate in international transactions. Anglo-American firms with offices in Paris do the servicing of the legal needs of firms, whether French or foreign, operating out of France (see Sassen 2000b). Similarly, Anglo-American law is increasingly dominant in international commercial arbitration, an institution grounded in continental traditions of jurisprudence, particularly French and Swiss (Dezalay and Garth 1996).
for the U.S. and for other countries. The U.S. government as the hegemonic power of this period has led/forced other states to adopt these obligations toward global capital and, in so doing, contributes to globalize conditions that reduce particular forms of state authority in more and more countries around the world. One way in which this becomes evident is in the fact that while the state continues to play a crucial, though no longer exclusive, role in the production of legality around new forms of economic activity, at least some of this production of legalities is increasingly feeding the power of new emerging structures, whether global markets for capital, WTO, or the international human rights regime.

CONCLUSION

In sum, a crucial part of the argument is, then, the fact of the institutional and locational embeddedness of globalization inside the national, including the state apparatus. In terms of the concerns in this lecture, it is crucial for two reasons. First, because it signals that the global economy needs states and hence the possibility of states gaining a specific type of authority, one still dressed in the same old national clothes but actually substantively different. It is possibly a new hybrid base from which states can act. Second, it signals that the range of ways in which the state could be involved is conceivably far broader than what it is today, largely confined to furthering economic globalization. States have more playing room than the typical dualized analyses of the global and the national suggest. They could contest pressures to becoming neoliberal competitive states.

One problem is that the playing room states derive from the fact that their work is critical to the corporate global economy is obscured precisely because it is located inside the national state apparatus and the nation-state generally. This playing room has a hybrid quality – it is neither national as historically understood nor global as this term is understood today, that is mutually exclusive from the national. This hybridity renders it invisible. But it is important to recover the fact that there is in this playing room a new kind of authority for the state. And its character goes well beyond the actual uses states have made of this hybrid authority (mostly ensuring the rights and guarantees of global firms and markets). State participation creates an enabling environment not only for global corporate capital but also for those seeking to subject the latter to greater accountability and public scrutiny. 21 But unlike what has happened with global corporate capital, the necessary legal and administrative instruments

21. There are several types of analyses that address particular forms of this question. See e.g. Aman (1995; 1998) on how states could participate in global governance; Ferguson and Jones (2002) on how to rethink political space; Brysk and Shaffir (2003) on the citizenship gap in a global world and what states could do; for a very particular angle on these issues see Calhoun et al. (2002).
and regimes have not been developed that would allow citizens to participate in global governance through state institutions. The trade-offs and the resources that can be mobilized are quite different in the case of citizens seeking to globalize their capacities for governing compared to those of global capital seeking to form regimes that enable and protect it.\textsuperscript{22}

Drawing the implications of this type of analysis for the welfare state is a task that I will have to leave with those who are experts on the welfare state. Very briefly we might indicate three issues.

One is that in terms of welfare reform, these shifts spell out a challenge that goes beyond the details of such reform. The conditions within which such reform is to be enacted have changed significantly. It is not just a matter of the “welfare state” needing reform. It is also a question of an increasingly sharp change in the conditions under which the liberal state functions. The analysis above points to sharpening divisions inside the national state. While the state has always been marked by internal heterogeneity and conflicting interests, the changes taking place today are of a different order. The gain in executive power and the hollowing out of legislatures is significant since democratic representation is largely enacted through the legislature. This is also the branch of government that is most public and that slows down politics, allowing citizens to catch up and engage. How can a weakened legislature ensure execution of, and democratic participation in, the enactment of welfare reform that ensures a people oriented outcome, rather than for instance as in the US, an outcome that fits the Executive branch’s agenda. There is today a growing alignment between the interests of the executive (or Prime minister’s office) and the global corporate and political agenda, and a growing disalignment with the larger public agenda enacted through legislatures and democratic representation. This is well illustrated by the fact that when a country becomes an IMF “program country,” the IMF will only deal with the executive branch; it will not deal with legislatures. One important question for welfare reform is then what does this redistribution of power \textit{inside} the state—and not only, as typically noted, between the state and global actors—entail for the viability of a peoples’ needs oriented welfare regime.

\textsuperscript{22} Elsewhere (2006: chapter 6) I examine some of these issues from the perspective of the institution of citizenship. This produces a domain for global politics that can be distinguished from the notion developed above that state participation in the global economy should function as a bridge for a country’s citizens to participate in global governance. However, I see an emergent institutional resonance between the features of the state discussed here and the features of an evolving institution of citizenship.
A second implication is that the fact that the global corporate economy and the supranational regulatory system “need” national states to implement their aims, translates into a possibly novel type of authority of national states in the context of economic and increasingly political globalization. This would indicate that the liberal state has more options confronted with global actors and pressures than the rhetorics of state powerlessness suggests. This points to the possibility that the role of the national state around questions of welfare may be less constrained and more open to genuine innovation (rather than pressures to cut spending) than the typical view of the state today as somewhat powerless in economic matters given global firms and markets.
References Cited


Bolli 1995??


