

## The Wondrous Politics of Global Ideas: A Comment

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*The Wondrous Politics of Global Ideas: A Comment*

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Nothing appears more surprising to those, who consider human affairs with a philosophical eye, than the easiness with which the many are governed by the few; and the implicit submission, with which men resign their own sentiments and passions to those of their rulers. When we enquire by what means this wonder is effected, we shall find, that, as FORCE is always on the side of the governed, the governors have nothing to support them but opinion. It is therefore, on opinion only that that government is founded . . . (Hume 1777/1985: 32)

Global ideas matter, local politics decide – if that is true, as the articles presented here in the forum seem to indicate, what is it that makes global ideas relevant but still leaves local politics in a pivotal position? Where do ideas about ‘setting policies right’ come from and, more important still, where do they get their power from? And why, to elaborate a little bit more on the second question, is local politics in spite of shrinking distances and the end of state-defining geography able to make a difference?

To answer the first question, perhaps the most important source of those global ideas which are pushed to restructure the national institutions of economic and social policy is the drive of the USA to globalize its own brand of welfare capitalism in order to fend off alternatives. The more dominant US companies became in the world economy, the greater the need to make sure that this world economy is not a source of contending varieties of welfare capitalism. But this is not just to expand commercial opportunities within a framework of giving American policy formulas and legal institutions a transnational reach. There is much more at stake: the principles of good government established ‘from reflection and choice’.<sup>1</sup> Because the SA is both the ‘indispensable nation’ for globalization and its juggernaut, it is also the most challenged by its centrifugal forces.

The runaway world created by globalization cuts across all boundaries of geography and nationality, undermines organizations, institutions, and identities: ‘The trial by market everything must come to’, as Robert Frost pithily put it. In this sense, globalization can be said to unite all mankind. But the relationships created by markets are too ephemeral to serve as foundations for new forms of social organization – organizations strong enough to create the solidarity necessary to burden its members with taxes. In some way or another public needs have to be met. The trial by viable community that everything must also come to. Thus, it is a paradoxical unity that globalization brought about, a unity of disunity: it confronts every society and government with disintegration and unending reform, there is no end to struggle and contradiction, and ambiguity and dissension are constant features of our new

moral economy. Like the first wave of economic globalization one and a half centuries ago, the present globalization created a universe in which, as Marx said, 'all that is solid melts into air'. In other words, globalization threatens to destroy not only everything we have, but also everything we are.

Globalization is not only about the economic integration of the world, but also the spread of democracy. Democracy, however, or national self-determination, is something not easily reconciled with one-world capitalism because it always involves the cultivation of societal peculiarity. Democracy superimposes society on the state and thus presupposes some kind of unity that can also be called 'culture' (Rieger and Leibfried, 2004). The more fragile this unity, the more it is challenged, the higher the probability that this unity is achieved with the help of a legend of providential 'mission' (Weber, 1978: 925).

Because democracy has become the hegemonic norm of political organization, and since in a democracy the passion for equality is always stronger than the passion for freedom (Tocqueville), this peculiar constellation of both the global spread of democracy *and* market capitalism is indeed a threat to the USA as a viable community. James Madison, in his *Notes of Debates in the Federal Convention of 1787* (Madison, 1787/1987: 194) describes the central problem of the peculiar American system:

We cannot however be regarded even at this time, as one homogenous mass, in which every thing that affects a part will affect in the same manner the whole. In framing a system which we wish to last for ages, we should not lose sight of the changes which ages will produce. An increase of population will of necessity increase the proportion of those who will labor under all hardships of life, & secretly sigh for a more equal distribution of its blessings. These may in time outnumber those who are placed above the feelings of indigence. According to the equal laws of suffrage, the power will slide into the hands of the former. No agrarian attempts [i.e. land reform] have yet been made in this Country, but symptoms, of a levelling spirit, as we have understood, have sufficiently appeared in certain quarters to give notice of the future danger. How is this danger to be guarded against on republican principles?

The solution to this problem is that the USA has become a 'world transforming society' (Brzezinski, 2004). Its traditional source of cultural security, geographical isolation, has disappeared as a result of new circumstances and technologies. Since turning a European struggle for hegemony into the First World War and making the metaphysical principles of a good society the bone of international contention, Americans are remaking the world to resemble themselves. If democracy and capitalism – in their peculiar American amalgamation – spread throughout the world, security for the long-standing American project of a new society could become automatic. This grand strategy of American foreign policy won new urgency after 9/11, but is far from new (Gaddis, 2004). 'Regime change' is not limited to Afghanistan and Iraq, but a global strategy for quite some time, and the means to accomplish

it is less strategic bombing but more the diplomatic apparatus of the State Department and the Treasury engaged in 'technical assistance' and 'capacity building'. During the cold war, with the Soviet Union as a countervailing centre of power, American leaders were forced, at least to a degree, to care what the rest of the world thought, and framed their international strategy accordingly. When this constraint disappeared, and the promise of 'free' cultural security for the USA, thanks to the irresistible – and irreversible – movement towards democracy and capitalism did not get fulfilled, the new formula was 'Fukuyama plus force' (Gaddis, 2004: 90).

The American politics of global ideas quite consciously – and most notoriously in the form of the 'Washington consensus' of the World Bank – try to create interests and structures in other countries that parallel those of the USA, thus pre-empting any challenge to the American model both from abroad and from the inside.<sup>2</sup> The latter is achieved because domestic critics have a hard time to point to any viable alternative, whereas the former means the build-up of transnational networks of like-minded policy makers. Djelic's article on the globalization of the American competition regime in this issue of GSP illustrates this general mechanism of the interplay between ideas and interests.

The American globalization project is to remake the world in its own image – but the world, more often than not, resists. Paradoxically, at least to the American led globalization, the main reason for this is the very 'democracy' they try to promote. Democracy in the USA, however, is something quite unique, in the sense that the federal constitution is a conscious attempt to check democracy for the sake of freedom.<sup>3</sup> It may well be that the American values bolstering their globalization drive are 'universal', but a democratic polity has always at its centre unique social structures. Without cultural autonomy democracy would be an empty shell. Domestically, the institutional infrastructure that a globalized market economy with highly mobile capital necessitates is subject to electoral politics. Social, economic and financial regulation, the management of foreign trade relations and competition regimes is still placed in the political arena, where one-person-one-vote rules. In addition, it is quite obvious that the economic problems posed by globalization are symptoms of unanswered social, cultural and political questions. With this discourse, democracy does make a difference in order to be legitimate. Democratic government is popular government. When majorities of people perceive themselves to be threatened by globalization they ask questions as if their answer would determine the future of popular government 'by and for the people' (Rieger and Leibfried, 2003).

Thus, the inevitable refraction of global ideas through local politics – and perhaps an answer to the second question. National politicians have to take care of exclusively national voters, and since economic globalization means both the destruction and the creation of economic opportunities every election turns into a referendum into what to accept from globalization under

what condition – and what not. Ganghof's article on changes in the tax state shows both the direct effect and the limits to the international tax competition induced by the new freedoms of capital. Because welfare states are well entrenched, politicians are forced to cultivate its tax base. The different fate of corporate and personal income taxation – or the mercantilist privileging of capital – in the last two decades, reflects the increased power of the mobile factors of production and thus a shift of the tax burden to the immobile groups.<sup>4</sup>

The rise of global 'epistemic communities', which form part of the infrastructure of globalization is by itself a product of the democratic global-local mismatch. The transnational networks of central banks, antitrust authorities and financial regulators are in a way a reflection of the power of democracy.<sup>5</sup> Cross-country alliances of these interests being unified are attempts to compensate for their domestic weakness – their lack in numbers in one-person-one-vote systems geared towards majority interests. To strengthen competitive markets, to deregulate labour markets and to use private institutions for the production of public goods, to give private capital a stake (and profits) in pension and health care systems – all this is quite impossible in a democratic polity with its natural bias towards *social* democracy. The European integration project of a single market could succeed because of its basically supranational format, i.e. eliminating the voice of national parliaments in both the creation and the governance of the 'common market'. It is not by accident that, as can be learned from Ervik's article in this issue, the most liberal (in the European sense of the word) reform ideas are voiced in international organizations several steps removed from national parliaments and without representative institutions. For this reason the two Bretton Woods institutions, the IMF and the World Bank, come up with essentially American blueprints for social policy reforms, and the ILO, with its corporatist set-up an essentially European creation, tries to defend the welfare state formulas of social democracy.<sup>6</sup>

'The great cold calculated story' (Henry James) of American success and its transformation into a salvation religion for the whole world is a default condition. The basically American faith in the moral weight and the healing power of economic theory is a function of the American political constitution that makes it extremely difficult to harness state power to welfare state goals. In the USA, not the people but the constitution is sovereign. Hence, by default, the drive to exploit the socialist potential of competitive markets, the need to harness the private institutions of capitalism to the realization of public goods, and the evocation of consumer socialism as the American version of the welfare statism that is a correlate of democratic political systems.<sup>7</sup> Whereas in Europe the political adjustment of rights and obligations was used to produce a countervailing system to the distribution of positive and negative privilege by the blind forces of the market, in the USA the operations of the market are used to adjust rights and obligations.<sup>8</sup>

## NOTES

1. This phrase is from Alexander Hamilton in his Federalist Paper No. 1, where he states that 'it seems to have been reserved to the people of this country, by their conduct and example, to decide the important question, whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force' (Madison et al., 1788/1987: 87).
2. On the rise (and, perhaps, the imminent fall) of the set of ideas branded as 'Washington consensus' (see Naim, 1999). The notion that the American approach to financial, economic and social regulation is essentially uncontested, both domestically and internationally, informs most work on 'transgovernmental relations' (Keohane and Nye, 1974), American 'soft power' (Nye, 2004) or a 'new world order of government networks' (Slaughter, 2004). Slaughter flatly states that 'where a U.S. regulatory, judicial, or legislative approach is dominant, it is likely to be powerful through attraction rather than coercion – exactly the kind of soft power that Joseph Nye has been exhorting the United States to use. This attraction flows from expertise, integrity, competence, creativity, and generosity with time and ideas – all characteristics that U.S. regulators, judges, and legislators have exhibited with their foreign counterparts' (Slaughter, 2004: 5). To deny that the ideas that inform regulatory approaches are contested is, of course, a political statement. James Madison would agree. In his Federalist Paper No. 10 he argues that 'as long as the reason of man continues fallible, and he is at liberty to exercise it, different opinions will be formed. As long as the connection subsists between his reason and his self-love, his opinions and his passions will have a reciprocal influence on each other; and the former will object to which the latter will attach themselves. . . . The latent causes of faction are thus sown in the nature of man; and we see them everywhere brought into different degrees of activity, according to the different circumstances of civil society. A zeal for different opinions concerning religion, concerning government, and many other points, as well of speculation as of practice; an attachment to different leaders ambitiously contending for pre-eminence and power; or to persons of other descriptions whose fortunes have been interesting to the human passions, have, in turn, divided mankind into parties, inflamed them with mutual animosity, and rendered them much more disposed to vex and oppress each other than to co-operate for their common good' (Madison et al., 1788/1987: 123, 124).
3. Zakaria (2003: 17) makes the same point when he argues that the American system 'might be termed "constitutional liberalism"' and that it has 'nothing intrinsically to do with democracy and the two have not always gone together, even in the West'.
4. This is by no means a new phenomenon, nor does it contradict the substance of democracy, as can be learned from Weber (1978: 352), describing the situation in the decade before the First World War: 'Even where the propertyless strata are dominant, the taxation of personal property meets certain limits, as long as the propertied can freely leave the community. . . . If propertied families leave a community, those staying behind must pay more taxes; and in a community dependent on the market economy, and particularly a market economy, the have-nots may find their economic opportunities so much reduced that they will abandon any reckless attempt at taxing the haves or will even deliberately favor them. . . . Thus, even where the have-nots are in control, personal property may

- either expect mercantilist privileges or at least exemption from . . . taxes, *provided* a plurality of communities competes with one another among which the property owners can chose their domicile.’
5. Deacon’s article in this issue shows a learning process in the sense that the promotion of universalistic forms of social policy in international organizations mimics the success of the neoliberal revolution ‘from above’. Of course, there is no absolute judgement possible in ‘setting policies right’. When Deacon argues that there seems to be a shift underway from means-tested programmes to universal programmes – and marks this as progress – then this thinking is clearly linked to notions of social policy that have a strong cultural bias.
  6. See, for example, the Declaration of Philadelphia from 1944 ‘on the aims and purposes of the International Labour Organization and of the principles which should inspire the policy of its Members’, which is a formal part of the ‘constitution’ of the ILO. The Declaration (<http://www.ilo.org/public/english/about/iloconst.htm#annex>) states as the first ‘fundamental principle on which this organization is based’ that ‘labour is not a commodity’, thus defining social and economic security as ‘decommodification’.
  7. For two historical studies making a similar point see Sklar (1988) and Livingston (1997).
  8. This was first recognized by the American economist John Bates Clark in 1887 and is still relevant today (Livingston, 1997: 43).

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### *The Geography of Comparative Welfare State Research: A Comment*

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In 2004, the United Nations (UN) had 191 member-states. Far from all of them would be labelled welfare states, although many of them pretend to belong to that category. When Harold Wilensky (1975) pioneered comparative welfare state research some 40 years ago, his sample from 1966 consisted of 64 countries at a time when the UN had 119 member-states. However, his analysis focused on the 22 most developed welfare states (see also Wilensky, 2002). And so it has been, until recently.

Wilensky's sample included the core West European countries, Israel, Canada and the USA in North America, three East European countries (Czechoslovakia, Poland and Hungary), Australia and New Zealand in the Pacific. Japan was number 23 on the list. Thus, this was the geography of advanced welfare states on the globe – minus Japan (Wilensky 1975). In analytical terms, Wilensky made a distinction between four types of welfare states: liberal democratic, totalitarian, authoritarian oligarchic, and authoritarian populist. In 1990, when Gösta Esping-Andersen published *The Three Worlds of Welfare Capitalism*, a work that in many ways summarized the research that had followed in the tracks of Wilensky, his sample had shrunk to 18 countries: Japan was included, Israel was gone and, most important, the East European countries had disappeared. The three 'worlds' made up the combined world of advanced capitalism and liberal democracy. Thus, democracy, or Western state- and nation-building more generally, had become a key indicator in the selection of research objects although also the decline in social development should not be forgotten. Nevertheless, it is probably too early to forget the various forms of authoritarian welfare states that hitherto have existed.

Since the early 1990s, the geography of comparative welfare state research has changed dramatically. Hence, globalization, and in particular global