Government Matters More Than Ever: The State and Public Administration in a Transformed World

By

Mary R. Hamilton, Ph.D.
Executive Director
American Society for Public Administration (ASPA)
1120 G Street, NW Suite 700
Washington, DC 20005

(202) 393-7878 (telephone)
(202) 638-4952 (fax)
mhamilton@aspanet.org

www.aspanet.org

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Throughout human history the role of government in relation to the marketplace has shifted with changes in world conditions, major technological innovations, and political perspectives. A brief look at the relationships between the two since World War I shows some of these shifts and the reasons for them.

Since the late 1980s the world has changed once again. Globalization has become the dominant world system. At the same time, government, entrusted with dominance over the economy from World War II into the 1980s, has been discredited as the driving force and free markets have come to be seen as the answer to economic and social woes. Thus, although the argument can be made that quality government is critical to nations’ abilities to participate effectively in a global economy, the prevailing public perspective in most countries is that government is of marginal importance and needs to be kept from interfering with the market.

In the aftermath of the September 11th, 2001 terrorist attacks on the United States, we may be seeing another shift in the view of government. People and industries in nations around the world are turning to their governments for protection, and once again only government has the resources to meet the current threats—of international terrorism and possible recession.

Whether the shift occurs or not, it is incumbent on the international community of political science and public administration to make it a top priority to work together to support, create, and sustain quality government around the world—government that improves the lives of citizens, that eliminates oppression and poverty, and that breeds hope.
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Introduction

September 11, 2001: the day international terrorism became real for the United States of America—the day we Americans lost our sense of invulnerability and our complacency and became like the rest of the world. Donald Klingner says it well in the October 2001 issue of PA Times: “Before, we shrugged off international terrorism as something that happened to other people in other countries. We watched the evening news with interest and concern, but also with smug superiority. Now we are humbler and less complacent.”¹

The results of that tragic day are all too well known: the staggering loss of life—more than 6,000 people from some 80 nations; the total destruction of a major symbol of United States economic power—the World Trade Center; major damage to another symbol of US power—the Pentagon; and the massive and mounting financial toll for individuals, industries and national economies.

Another result of the horror of September 11th is a shift in the public perspective of the role of government and of the public service. This shift is most apparent in the United States, but also evident in other nations.

In this paper I argue that, because of changes in the world over the past twelve years due to globalization and because of the horrific attacks on the United States on September 11th, government matters more than ever. Prior to September 11th, this argument was acknowledged but had little influence on public policy and actions.

After September 11th there is growing acceptance that government does matter and proposed policy changes reflect this view.

If government now matters more than ever, what are the implications for public policy and for what actions are needed? I argue that the international political science and public administration community has a responsibility to work together to build a better world for everyone. We are reputed to be the experts on government and governmental institutions. It is our responsibility to use our expertise on behalf of people everywhere, building and supporting institutions that will allow the people of all nations to improve their lives and shape a better future for themselves and their children.

To make this argument, I will first provide a brief historical context showing how the role of government has waxed and waned in the world’s nations since World War I. Second, I will discuss the more recent changes caused by globalization and the events of September 11th and their implications for government and public administration. Finally, I will describe the challenges facing international political science and public administration and suggest ways we can work together to address these challenges.

Historical Context

Daniel Yergin, in *The Commanding Heights: The Battle Between Government and the Marketplace that is Remaking the Modern World*, traces the shifts since the first World War in the role of government vis a vis the marketplace. Yergin describes how, during the 1920s “the market system had not performed
anywhere near adequately in many countries, and during the 1930s it failed massively.”\textsuperscript{2} With the onset of World War II governments in Europe and the United States took over their economies and ran them efficiently and effectively in the service of the war effort.

After World War II, Western European nations were devastated. They faced massive hunger. The physical facilities of their major industries were destroyed; technical skills were all but lost; and unemployment was pervasive. Because of the experience with capitalism in the 1920s and 1930s, and because of the performance of government during the war, the European nations and the United States looked to government “to deliver full employment, . . . regulate and stabilize economic activity, and ensure that the war was not followed by a depression . . .”\textsuperscript{3}

It is hard to imagine now, in a world that sees markets as far superior to government, but at that time capitalism was completely discredited. It was seen as both totally ineffective to deliver economic growth and a decent life, and morally bankrupt—“it appealed to greed instead of idealism, it promoted inequality, it had failed the people, and—to many—it had been responsible for the war.”\textsuperscript{4}

After the war, several affected nations greatly expanded the role of their governments in overseeing and directing their economies, including in many cases owning major parts of key industries. Each had as their objective “to ensure government control of the strategic parts of the national economy, its major


\textsuperscript{3} Ibid., p. 22.

\textsuperscript{4} Ibid.
enterprises and industries,” because “only governments could marshal the resources necessary to rebuild devastated and dislocated nations.”

The record of economic success in Western Europe in the postwar years was extraordinary. “The mixed economy delivered a standard of living and a way of life that could not have been anticipated, or even imagined, at the end of World War II. . . . Government had created and assumed the responsibilities of the welfare state, and it was dedicated to correcting the ‘failures’ of the market.”

State control continued to advance through the 1960s and 1970s. “For three decades the consensus held that achieving economic growth and improvements in the standard of life and human welfare required some form of central management. The extent of coordination was considered so great that only the state could provide it.”

During this period, governments used a combination of tools to manage their economies including: regulation, planning, state ownership, industrial policy, Keynesian fiscal management, and monetary policy. The basic rationale for government’s central role was perceived failure of the market to move nations toward secure futures. Government was seen as the solution to market failures.

The seeds of a shift in views of government and markets were planted in the 1960s and 1970s when inflation began to creep up. The oil crisis of the early 1970s and the economic slump that followed shocked the system, and inflation and unemployment “began to rise together in a deadly and unprecedented spiral.”

Government policies that had worked for 30 years and produced economic growth

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5 Ibid., p. 12.
6 Ibid., p. 45.
7 Ibid., p. 127.
8 Ibid.
9 Ibid., p. 129.
proved futile and counterproductive. Confidence in existing arrangements (i.e., central control by government) eroded. Government was seen as “less powerful . . . less all-knowing.”

There was general acceptance that government’s role in the marketplace had to be reevaluated.

In response to grave economic problems in Great Britain in the 1980s, Margaret Thatcher embraced privatization and a greatly reduced government role. She sought to replace the “Nanny State” with the “enterprise culture” by drastically cutting government spending, massive privatization, and restricting the power of trade unions. Other nations followed Britain’s example. By the 1990s “it would turn out that Margaret Thatcher had established the new economic agenda around the world.”

The marketplace had become the solution for the economic problems attributed to 30 years of government management. This economic agenda was emulated by industrialized countries as well as emerging nations, and continues to prevail to this day.

In our field, The New Public Management has endorsed and promoted these views of the relationships between government and the marketplace. Thus in today’s world government is frequently seen as the problem, the private sector as the solution, or even the savior in the face of the mess made by government. Market forces allowed to range freely are seen as superior to intervention of any sort, especially intervention by government. The growth of globalization during the past decade has reinforced this bias toward the private sector.

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10 Ibid.
11 Ibid., p. 108.
12 Ibid., p. 123.
Globalization and Terrorism

The Globalization System

More than a decade ago, when the Berlin Wall crumbled and the Soviet Union collapsed, walls were coming down all over the world as a result of “three fundamental changes—changes in how we communicate, how we invest and how we learn about the world.” Thomas Friedman, in his explication of globalization entitled The Lexus and The Olive Tree, calls these three forces

- **The Democratization of Technology**—it revolutionized how we communicate with each other through the Internet, cellular phones, cable systems; it was made possible by computerization, minitiarization, compression technology, and digitization.

- **The Democratization of Finance**, fostered by the democratization of technology, started in the 1960’s with the emergence of the ‘commercial paper’ market, followed in the ‘70’s by ‘securitization’ of home mortgages, and exploded in the ‘80’s with junk bonds, capital markets opened to foreign traders, and a shift from countries dealing with banks to dealing with thousands of individual investors and mutual funds.

- **The Democratization of Information** began with the globalization of television, making it possible to know how everyone else lives and very difficult to isolate people and keep them from learning about the rest of the world.

These three forces have transformed the world.

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14 ibid., pp. 39-58.
Friedman contrasts the world today with the world that we were familiar with during the Cold War. During the Cold War there were static spheres of influence with clear divisions—two superpowers, neither of which encroached on the other’s territory. Today’s globalization system is dynamic and integrative, with one superpower, and shifting alliances. The Cold War focused on the clash of communism and capitalism; globalization’s driving idea is free-market capitalism. Nuclear weapons were the dominant technology of the Cold War. Computerization, miniaturization, digitization, satellite communications, fiber optics, and the Internet characterize globalization. Under globalization speed is the ultimate measure—speed of commerce, travel, communications, innovation.15

Friedman goes on to describe two major forces that he argues drive the globalization system and compel most nations to participate: the ‘Electronic Herd’ and the ‘Golden Straitjacket’. The former he defines as the “faceless stock, bond and currency traders at computers all over the globe, moving money around with the click of a mouse from mutual funds to pension funds to emerging market funds” and the “multinational corporations who spread their factories around the world, constantly shifting them to the most efficient, low-cost producers.”16

Friedman uses the term ‘Golden Straitjacket’ to describe the rules of the free market in today’s global economy, rules that a country must heed in order to attract investment capital from the ‘electronic herd’. These rules include: treating the private sector as the primary engine of growth; maintaining low inflation, price stability, a balanced budget; shrinking the size of the state bureaucracy; eliminating or lowering

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15 Ibid., pp. 7-11.  
16 Ibid., pp. 90-91.
tariffs on imports; removing restrictions on foreign investment; increasing exports; deregulating; and eliminating corruption.\textsuperscript{17}

This globalization system, while transforming the world, has wreaked havoc with the economies and cultures of many nations and completely altered the challenges facing individual nation states. Friedman summarizes the challenge thus: “to find a healthy balance between preserving a sense of identity, home and community and doing what it takes to survive within the globalization system.”\textsuperscript{18} He chose the title of his book to emphasize the need for balance. Olive trees symbolize “everything that roots us, anchors us, identifies us and locates us in this world”—family, community, tribe, nation, religion, home.\textsuperscript{19} The Lexus represents “an equally fundamental, age-old human drive—the drive for sustenance, improvement, prosperity, modernization.”\textsuperscript{20}

The biggest threat today to roots and home is “from all the anonymous, transnational, homogenizing, standardizing market forces and technologies that make up today’s globalizing economic system.”\textsuperscript{21} Friedman notes that there are two ways to make a person fell homeless. You can destroy his home or you can make his home look and feel like everybody else’s. However, “the survival of globalization as a system will depend, in part, on how well all of us strike this balance. A country without a Lexus will never grow or go very far. A country without healthy olive trees will never be rooted or secure enough to open up fully to the world. But keeping them in balance is a constant struggle.”\textsuperscript{22}

\textsuperscript{17} Ibid., pp. 86-87.
\textsuperscript{18} Ibid., p. 35.
\textsuperscript{19} Ibid., p. 27.
\textsuperscript{20} Ibid.
\textsuperscript{21} Ibid., p. 29.
\textsuperscript{22} Ibid., p. 36.
**Government Matters More Than Ever**

As a result of all of these changes, and in spite of the marginalization of government that prevails today, government matters more than ever. Stable, functional political and economic and regulatory institutions and systems are critical to nations’ abilities to participate in the global economy, achieve the balance necessary to protect indigenous cultures, and thrive. Friedman makes this case strongly throughout his book.

Key to nations’ effective functioning in today’s world are quality legal, regulatory, tax, and financial systems and quality economic management. All of these systems are currently largely under the control of governments. Also key is transparent, accountable government, free of significant corruption. The higher the quality of these institutions and systems, the better able a nation will be to get the most out of participation in the global economy while protecting itself from the worst excesses of globalization.

Legal systems need to provide evenhanded enforcement of equitable laws and commercial codes, a level playing field, plenty of legal safeguards, and rule of law that enable markets and contracts to work and protects and encourages innovation through patent protection and bankruptcy laws and courts. Legal systems also must provide a fair judicial system that provides legitimate means of settling disputes.

Regulatory systems need to regulate the free market without either choking it or letting it get out of control. They need to buffer the economy and the nation so that the inevitable ups and downs of the market provide minimal disruption.
Tax systems and institutions need to support entrepreneurial culture by allowing the successful investor or innovator to keep a large share of her/his capital gains.

In addition to all of the above, the financial and economic management institutions and systems must provide a safety net for those who are not able to participate in the global economy, or who find their livelihood threatened by it.

Finally, countries also need democratic and accountable governments with honest, fair legal and regulatory systems that are open and accountable by virtue of regular, open elections and public and press scrutiny. Governments need to be transparent and free of corruption. They need to be open to scrutiny. They need to allow free flows of information. They should have an independent free press that will “expose corruption inside government and unmask flimflam companies that are cheating their shareholders.”23 In summary, stable, functional, transparent government is critical to nations’ abilities to participate effectively and thrive in the global economy and protect their cultures while doing so.

In spite of the credibility of the argument that quality government is critical to nations’ success in today’s world, the prevailing public perspective is that the marketplace is the vital component, and government is at best marginal, at worst a purveyor of problems that the private sector must resolve. Efforts by industrialized nations to help developing countries improve their situations largely focus on economics not government. Building local stock markets and entrepreneurs are seen as the proper focus of development efforts, not building government institutions.

23 Ibid., p. 131.
Belief in the rosy futures that would be spawned by efficient markets is strong. “In this future, ever-growing financial and trade flows would make democracy inevitable . . .”

**September 11, 2001: A Turning Point?**

Then came the terrorist attacks on the United States of September 11, 2001. Since those events it has become very clear in the United States and many other parts of the world that once again only government has the resources to meet the current threats, namely international terrorism and possible recession.

Much has been written since September 11 about the shortsightedness of strenuously and successfully whittling away at government’s powers, legitimacy and funding over the past decade. Much has also been written about how, when faced with the reality of overwhelming danger, we turn to government to protect us. As H. George Frederickson put it in the October issue of *PA Times,* “When things go wrong, badly wrong, we turn as if by instinct to our cities, our states, our nation.”

Following this change in perspective in the United States are a set of policy shifts. It is now accepted that airport security should be “federalized” in order to improve its quality and prevent future attacks. (Although at this writing the US Congress is split along ideological lines over how ‘federalized’ airport security should be.) The United States airlines industry has requested and been granted a huge financial bailout—seemingly a reversal of the belief that unfettered markets are wise, and intervention—especially government intervention—is to be avoided at all costs. Other industries are lining up for their piece of the pie as recession threatens.

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Bush administration is proposing a large infusion of government funds to stimulate the United States economy.

The ripple effects of the terrorist acts coming at a time when the world economy was sagging have meant massive layoffs in affected industries around the world, and increased public pressure for governments to step in with safety nets for both the industries and the newly unemployed individuals. All of a sudden government is seen as the solution once again.

If we aren’t convinced yet that government matters more than ever, we have only to look at the growth of terrorism around the world. We know that terrorism thrives in nations and regions where people are oppressed, impoverished and without hope. Colin Talbot, in an online column for the ASPA web site makes a distinction between two kinds of terrorism—those with specific grievances with whom we can negotiate and compromise (not easily of course, witness the IRA and the PLO), and terrorists who are waging an ideological war against our way of life, with whom “there is no compromise possible . . .”26 Talbot goes on to argue that our strategy to defeat international terrorism must include settling genuine grievances, and working to alleviate oppression and poverty in order to remove support for these ideological groups. Markets are not capable of improving the lives of people without stable government infrastructures that allow markets to work.

Implications for Political Science and Public Administration

First, let me establish my view of the role of public administration in society. I embrace the view so ably articulated by John Kirlin that public administration is a profession and a field of inquiry that must be in service to the society at large. As he says, “Public administration is a central part of the grandest of human endeavors—shaping a better future for ourselves and those yet unborn.”  He goes on to argue that the results of public administration have worldwide impact: “The institutions crafted to achieve human aspirations require administration . . . . the measure of success is . . . its enduring value not only to those in a particular nation, state, or city but worldwide to all who aspire for improved lives.”

This view of public administration requires the kind of “new public service” described by Robert Denhardt and Janet Vinzant Denhardt. It is time to move from the market-based New Public Management to a view of public service “built on work in democratic citizenship, community and civil society, and organizational humanism and discourse theory.”

The Denhardts outline seven principles of the New Public Service. The emphasis in the principles is on service, and they mean service on the part of everyone—elected officials, public employees and citizens. No one is exempt. Everyone is responsible for “building a collective, shared notion of public interest”, and for making the public interest (the common good?) “the aim, not the by-product” of

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28 Ibid.
30 Ibid., p. 549.
their efforts.\textsuperscript{31} Finally, everyone is responsible for working together to make things happen for the public good.

The fourth of their principles is particularly appropriate for this discussion, “Serve citizens, not customers.”\textsuperscript{32} The Denhardts frame the principle nicely when they argue that “government should not first or exclusively respond to the selfish, short-term interests of ‘customers’ . . . that people acting as citizens must demonstrate their concern for the larger community, their commitment to matters that go beyond short-term interests, . . .”\textsuperscript{33} It seems that post-September 11th there is much more sympathy for this position, both within nations and among them.

The New Public Service requires a much different set of skills—facilitation, negotiation, building coalitions, listening—than we currently provide public servants in most formal education and training programs. And it certainly calls for very different expectations of elected officials and citizens.

I find the concept of the New Public Service an inspiring alternative to the frequently barren (albeit efficient and productive and entrepreneurial) New Public Management. I agree with the Denhardts that their description of the New Public Service “seems most consistent with the basic foundations of democracy” and that “a concern for democratic citizenship and the public interest has not been fully lost [in the New Public Management], but rather has been subordinated.”\textsuperscript{34}

I prefer a model that ensures the primacy of democratic values and the public interest and that calls on all of us to serve. I believe this is the model that will best

\textsuperscript{31} \textit{Ibid.}, p. 554.
\textsuperscript{32} \textit{Ibid.}, p. 555.
\textsuperscript{33} \textit{Ibid.}
\textsuperscript{34} \textit{Ibid.}, p. 557.
equip us as a field and a profession to build on the public sentiment that government is once again part of the solution and to do our part to balance the respective roles of the public and private sectors in our societies.

Based on these definitions of the roles of public administration and of public servants, I contend that it is our responsibility, as the international community of political science and public administration, to make it a top priority to work together to support, create, and sustain quality government around the world—government that improves the lives of their citizens, that eliminates oppression and poverty and breeds hope. We are the experts and we believe deeply that governments matter. If we don’t take this on, who will? If we don’t take it on now, when the world is growing more dangerous and oppressive each day, when will we act?

Now, a fair question is how. If we agree that we should take on this massive challenge, what do we DO? We can use our various forums—publications, conferences, press interviews, consultancies with government officials and other leaders—to make the case again and again that government matters, that a healthy government infrastructure is essential for nations’ economies to thrive and grow, that stable, functional, transparent government is critical to eradication of poverty and oppression and generation of hope. We can use our expertise to work within our own nations or with other nations to build stable, transparent government at all levels. We can use our influence with government officials and leaders of industry to argue consistently for foreign policies that emphasize making the world better for all people.

In summary, in a world that has changed dramatically in the last decade, where we still don’t understand the new rules, but have had time to make a lot of mistakes,
we are finally beginning to realize that quality government matters more than ever, and that a first, foundational step in making globalization work for everyone is to build stable governments, to replace corruption with rule of law, walls of transparency and accountability, and to replace dependence with responsibility.

The international political science and public administration community has a responsibility to work together to build the functional political and financial and regulatory institutions that will allow nations to thrive in this new world.

I am proud of the partnerships between ASPA and the political science and public administration scholars and professionals of Mexico and many of the other countries represented at this international congress. Together we can help each other and be a force for quality government in the world.


