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GLOBALIZING THE POLICY PROCESS:
FROM >IRON TRIANGLES= TO >GOLDEN PENTANGLES=?

by

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ABSTRACT

Despite increasing scholarly attention devoted to globalization, approaches to the public policy process have continued to focus primarily on the level of the nation-state. This paper argues that globalization has become sufficiently generalized in structural terms that it must no longer be treated as exogenous to public policy. This paper aims to endogenize international and transnational actors and processes within a broadened model of the policy process. It outlines a five-component model of the policy process (>golden pentangles<) which includes those domestic political structures and actors that have traditionally been treated as endogenous to so-called >iron triangles< i.e., politicians, bureaucrats, and interest groups but also brings within the model two major categories of actors previously treated as exogenous: (a) public intergovernmental institutions and bureaucratic processes; and (b) transnational market and >civil society< actors. It also argues that the interaction of these components has been altered by the impact of international variables, thereby modifying the agenda, the menu of available options, and the range of potential outcomes of the policy process. The key intervening variable concerns how the actors within each category come to perceive their own interests and goals differently in a more interdependent world. This redefinition leads them increasingly to build coalitions around policy options that are perceived to liberalize policy processes and adjustment mechanisms in issue-areas characterized predominantly by non-specific assets while maintaining a margin of flexibility for making side-payments to distributional coalitions in issue-areas characterized predominantly by specific assets.
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I. The Limits of Traditional Approaches to Public Policy

Most academic discussion of the public policy process treats the international and global levels of analysis as exogenous. This reflects a general tendency in social science to see domestic political systems as the paramount playing fields where political actors interact and pursue their goals. This bias is reinforced by the study of International Relations, which generally treats domestic actors as subsumed into reified states, deemed to be >unit actors=. A >levels of analysis distinction= is thereby built into the basic analytical frameworks of social science. This image of policymaking processes as being constituted predominantly through endogenous variables C the image of the >inside= C is less and less valid. In this process, the >outside= has dramatically changed too. However, because this evolution has been extremely uneven, it has not been at all clear how these complex linkages should be treated in policy analysis. Indeed, given the democratic deficit of >global governance= C and despite the growing institutionalization of transnational decision-making processes both public and private1 C the analytical predominance of the inside continues to be underpinned and reinforced by democratic notions of bottom-up legitimacy, however frayed.2

Today, however, inside and outside taken together form a complex, uneven and asymmetric set of multilayered cross-cutting processes and nodes of interaction. Different economic sectors C not just firms or markets, but economic activities producing distinct types of goods through distinct asset structures C are now organized formally and informally across borders. Collective goods too must increasingly be provided in a transnational context.3 At the same time, non-governmental organizations or NGOs C i.e., transnational interest or pressure groups C have become much more central to processes of change in a range of issue-areas.4 Finally, government agencies and state actors are increasingly drawn into cross-national or >transgovernmental= policy networks of various kinds, both institutionalized and ad hoc. These uneven and often quite divergent processes, however, interact with and cut across not only each other but also traditional domestic processes, creating interaction effects that alter both the way policy is made and the outcomes of the policymaking process. These effects vary from issue-area to issue-area, depending on the structural characteristics of each and on the ways key actors in each attempt to internalize, manipulate, and orchestrate their responses.

In this context, the politics of the policy process cuts across borders as well as domestic socio-economic categories, becoming less hierarchical and bureaucratic and more and more market-like and network-like. Whereas statist, neopluralist, and new institutionalist critiques of pluralism of the 1970s and 1980s sought to re-insert hierarchical structures into American-style political science,5 today analysts of transnational markets and globalizing civil society are suggesting a new multilayered multipolarity, on at least three levels:
the emergence of a new, more complex, cross-cutting pecking order to socio-economic as well as political hierarchies;
a transnational rearticulation of social and political coalitions as actors attempt to cope with and control the consequences of these changes; and
the development of a more complex and fluid governance structure or quasi-institutional playing field through which these factors interact.

This new playing field reaches down to regional and local levels too. It increasingly subsumes domestic-level policy processes themselves and incorporates domestic actors into wider, cross-cutting arenas. This multilayered web of governance is linked and articulated through a complex of public and private processes and institutions; the exemplar is global finance, rooted in markets and networks. More widely, this web undermines state-embedded hierarchies and overlays them with new kinds of quasi-pluralist groups, interests, and forms of political behaviour that often do not fit easily into traditional notions of politics in the domestic arena. These newer forms of politics and politicking which are of course not totally new as such but blends of old and new factors not only enable new political forces to influence the policymaking process across borders but also generate innovative combinations of old and new pressures and interests domestically, from the bottom up.

Broadly speaking, debates on the overall character of global politics focus on whether this state of affairs reflects a new highest stage of capitalism based on a transnational class system or alternatively creates a more open transnational opportunity structure, thereby expanding the potential for genuine pluralism. More importantly, however, it creates differential patterns of politics in which interest groups, political parties, and political entrepreneurs seek use the policy process in order to benefit from globalizing trends. Different actors face divergent cost-benefit calculi. At one level, the policy process becomes a terrain of conflict and coalition-building between those actors and interests that believe they would benefit on the whole from globalization, on the one hand, and those that believe they would be disadvantaged. But at another level, globalization (especially globalization as discourse) becomes a bargaining process among groups that are characterized by different kinds of payoffs.

II. The First-Order Problem: Endogenizing the Global

The model outlined here is based on two fundamental propositions. The first is that mainstream approaches to policy analysis are not inherently limited to the domestic arena. Most are rooted in methodological assumptions and practices that are quite easily translated onto the international/transnational level. Pluralism, neo-pluralism, democratic elitism, and some forms of neocorporatism are common to much of the empirical, taxonomic and model-building literature in public policy. All can be applied in a transnational context. Within International Relations too, a range of non-realist approaches, traditional as well as critical, already put analogous pluralistic or quasi-pluralistic processes of conflict, competition and coalition-building at the centre of their analyses.

The second proposition is that globalization develops out of complexity and breeds further complexity, opening up a widening range of international and transnational playing fields and arenas. There is not just one end state of an integrated, globalized world, but
rather a number of distinct trends involving both convergence and divergence, occurring at a number of levels, across a range of distinctly organized sectors, issue-areas and social processes. Of course, these complex trends do not occur in isolation from each other. They generate interaction effects in both time and space. To point out a key aspect of this interaction process that has often been misunderstood by analysts, it can be argued that what Paul Hirst and Grahame Thompson call >inter-nationalization< (with a hyphen C indicating that they are referring to traditional interstate or intergovernmental relations) amongst states is not so much a separate and distinct process from transnationalization as a different but that the two are inextricably intertwined processes which, combined with other cross-cutting structures and processes, together produce the complex outcome called globalization. Indeed, these interaction effects further alter the distribution of resources across different groups, sectors, issue-areas, etc.; thereby change the pecking order or distribution of resources and authority in society; and, in turn, reshape the ways people interact, make sense of, and attempt to manipulate the world through politics and policymaking.

In this context, the constraints and opportunities actors face are increasingly in flux C sometimes tightening structural constraints and creating new constraints, sometimes loosening them and creating new opportunities for actors to expand the scale and scope of their activities, even at times allowing actors to alter those constraints themselves, whether by design or as a by-product of other political activities. Whether we are talking about integration of global financial markets, internationalization of production, or the emergence of intergovernmental institutions and transnational regimes, both new and transmogrified constraints and opportunities transform political action in unanticipated ways. These changes can be brought about in a range of different ways. Trial and error and tit-for-tat approaches often trump both older embedded patterns and preconceived proactive strategies. Thus globalization should not be seen merely as creating closure, but as opening up a wider and more asymmetric transnational opportunity structure.

III. The Accumulation of Counter-Paradigmatic Findings

Various studies have attempted to cross these boundaries in specific issue-areas, potentially creating a small Kuhnian revolution. One area concerns European public policy, which focuses on the development of an intermediate institutionalized playing field, the European Union, and the system of multi-level governance it has spawned. Another area involves epistemic communities or transnational policy networks, focusing mainly on issue-areas where high-level knowledge is a crucial element C e.g., environmental protection (where scientists, informed intellectuals, and NGOs play a key part), the role of think tanks, studies of the internet and other aspects of technological interpenetration, policy transfer (where key elites copy policy techniques seen in other countries), and the like. Furthermore, the study of transnational advocacy networks and other interest and pressure groups capable of a kind of variable geometry in seeking out points of access at a variety of levels has grown rapidly, reflecting the flexibilization of interest group politics in a globalizing world. Perhaps most salient is the development of International Political Economy in general in issue-areas like trade, production, money, financial services, central banking, immigration, some aspects of macroeconomic policy, and the like. None of these specialized fields of study, however, has yet led to the development of an overall analytical framework for the policy process.
Probably the most robust (if often criticized as limited) concept in the policy literature is that of iron triangles. These lie at the heart of wider and more complex notions of issue networks, policy networks, policy communities, and the like. Iron triangles are not unproblematic. As Anthony King has written: >Within the federal government in Washington, the old iron triangles... have given way to much more amorphous issue networks, to the description of which a simple Euclidian geometry is no longer appropriate.= Nevertheless, the image they convey is still much clearer than those of the wider if still domestically rooted frameworks they spawned. The notion that relatively narrow coalitions of actors, both in and out of governments, linked around specific issues and distributions of resources, and brought together by regularized professional (and often personal) contacts, would settle many ongoing and outstanding issues (especially routine issues) and negotiate potential conflicts through bargaining amongst themselves is a common sense one.

In iron triangles, the policy process consists mainly of three broad categories of actors:

(4) relevant elected officeholders: members of legislatures, party officials, ministers in parliamentary governments, etc., as well as those in key lower-level institutions such as American states, provincial governments and the like whose policymaking responsibilities and clout in terms of resource allocation are concentrated in specific issue-areas (e.g., membership of congressional or parliamentary committees);

(5) bureaucrats employed in agencies that regulate, control resources for, propose and implement policy towards, or otherwise deal with those same issue-areas; and

(6) non-officeholding actors, mainly in the business and voluntary sectors (and those that cut across the public/private divide), who have (a) particular objectives they wish to pursue with regard to those same issue-areas, whether as unorganized interests or as organized groups, and (b) some combination of relevant mobilizable resources, including specialized knowledge, direct economic interest, elite network contacts, financial and other material resources, a popular or group base, ideological affinity, etc., which can enable them to influence government policy through their regularized interactions with (1) and (2).

Of course, actors in each of these categories are conceived as operating first and foremost within a national playing field. There are several reasons for this.

In the first place, politicians in liberal democratic systems are widely seen to be primarily concerned with staying in office and managing sufficient institutional and material resources and prestige to gain not only regular re-election but also promotion on the basis of existing career ladders within institutions like legislatures and executives as well as hierarchies of elected offices. Their priorities, even if dealing with transnational issues, are to play to their colleagues and electors. Secondly, bureaucrats are seen to be concerned primarily with expanding the scope and scale of their empires (turf, prestige, and pay), as well as rising in the bureaucratic hierarchy; at the same time, they want a >quiet life= and not
to be continually conflicting with politicians, private sector actors, or their colleagues in other agencies. And finally, relevant non-governmental actors—whether those with direct material interests in the outcomes of particular policy processes (from individuals or firms to highly organized special interest groups) or other sorts of pressure groups (whether pursuing sectional interests or causes), or even informally linked groups of electors with connections to the issue-areas in question—are seen to be concerned primarily with maximizing outputs from the governmental system. Of the four main types of public policy—regulatory, productive, distributive, and redistributive—national governments are still the main providers of immediate material outputs.

Nevertheless, these actor categories are particularly useful to our model. Indeed, two of them can be directly translated. The main exception concerns elected political officeholders; it is highly problematic to extrapolate their roles onto the global or transnational plane. In liberal democratic systems, such officeholders will always see themselves first and foremost as beholden to domestic voters and interests or as embodying the state in international affairs. Even when operating on an international or quasi-diplomatic plane and attempting to find cooperative ways to tackle international and global issues, they will fiercely avoid acting in ways which might be seen by their domestic constituencies as contrary to national interests or, indeed, to the interests of key groups of voters or special interest groups that put them into office. Of course, this incentive structure can shift significantly where elected officeholders—especially legislative officeholders—must deal on a regular basis with transnationally cross-cutting interests and/or transgovernmentally linked bureaucrats; in such cases, however, their actions can be seen as predominantly dependent variables. Normally their international and transnational roles are highly circumscribed by their embedded state locations, whether as domestic policy players or traditional foreign policy actors.

In contrast, however, domestically appointed bureaucratic actors are frequently in a position relative to their agencies’ concerns and to the interests of their main sectoral constituencies—particularly with regard both to transnationally linked economic interests and to advocacy coalitions (cause groups)—that they will internalize vital international and transnational dimensions into their evaluation of a range of policy issues and potential solutions. Furthermore, they also become enmeshed in transgovernmental networks around specific issue-areas. This is particularly true where they are part of a bureaucratic hierarchy for example, an independent central bank or a securities regulator—relatively insulated from direct political pressures, or where a relevant and relatively autonomous domestic policy network or epistemic community exists to support transnationally innovative approaches. Finally, increasing linkages at private sector and NGO levels continually draw interest group and advocacy coalition actors into the international and transnational arenas, often interacting with both domestic and international or transnational bureaucratic actors on a regularized basis. The iron triangles of the past are being overlaid, supplemented and even replaced by golden pentangles.

However, while the image of iron triangles symbolically represents giant Second Industrial Revolution steel industries with their national markets and close corporatist relationships with the state (and often with trade unions), that of golden pentangles evokes global financial markets and international financial institutions. The growth of international
capital flows, cross-border price sensitivity, and related technological developments have driven economic globalization and shaped policy responses along more market-oriented lines, leading to the emergence of an embedded financial orthodoxy in public policymaking. Golden pentangles represent in highly stylized fashion a five-sided policy process analogous to the three-sided iron triangles. The first three sides of the former consist of the same three categories represented in iron triangles: politicians, bureaucrats, and interests, broadened by the endogenization of international and transnational actors and cross-cutting structural factors.

This image is apt. The abstract, non-specific character of financial markets creates structural pressures for actors to accept the rules of the game and conform to the imperatives of embedded financial orthodoxy. Their global scope and their ability to bypass and constrain state actors create pressure for liberalizing and marketizing a whole range of sectors beyond the financial sector per se. Thus the fourth of our five sides or actor categories involves those more formalized or highly institutionalized public or quasi-public activities undertaken by the International Monetary Fund, the World Bank, the World Trade Organization, the Bank for International Settlements, the International Organization of Securities Commissions, the G7, the G20, and many more. Finally, the fifth category is made up of the universe of interlocking webs of governance constituted by mixed public/private sector quasi-institutions (markets in the active sense) and non-state actors. As with interest groups or pressure groups in the traditional pluralist literature of American political sociology, increasing weight in a globalizing world must be accorded to cross-border non-governmental structures and actors, from transnational markets to civil society.

IV. How the Policy Process is Changing

Although such inside/outside linkages have existed since time immemorial, the pace, density and complexity of change today are unprecedented. Furthermore, globalization is not merely an economic process but a political process. It involves building coalitions and developing institutional strategies for coping with and controlling the globalization process around criteria such as justice, fairness, and the effective provision of public goods. Such developments are intermediated through a range of salient issue-areas which present unfamiliar challenges and opportunities, as well as creating new constraints, for policy actors. These issue-areas run the gamut of different types of public policy, both domestic and international, traditional and emerging, as indicated in this brief provisional list.

Foreign economic policy is perhaps the most obvious area where a range of cooperative intergovernmental practices, institution-building processes, transgovernmental networks, and transnationally linked sectional interest groups have led to new arrangements practices on a trial-and-error, often ad hoc, basis. These new arrangements have been seen as necessary in order to cope with and promote such innovative policy trends as trade liberalization, financial deregulation and harmonization, energy policy, environmental policy, aid policy, and the like. National economic interests are increasingly impossible to disentangle from the interdependencies of the contemporary world. It must also be emphasized that many
aspects of security policy too have been impacted by globalization, leading to a >New Security Dilemma. 20

Macroeconomic policy is also increasingly intertwined with international and transnational processes. Fiscal, interest rate setting, money supply control, and other measures to fine-tune the domestic economy must increasingly be adjusted in ways which take into account the interests of transnationally linked producers, investors, consumers, and the like, as well as international economic institutions and other governments.

Domestic regulatory policy, especially deregulation and other forms of market-friendly regulatory reform, is conceived and implemented today not merely through domestic policy processes but increasingly through transgovernmental networks, institutions and informal governance processes. Sometimes government officials take the lead in marketizing regulatory regimes in order to benefit from greater international openness, and sometimes they are pushed and pulled towards change by the rapid growth of international capital mobility, cross-border price sensitivity, and various forms of arbitrage, both economic political, engaged in by private sector actors across a range of relevant issues, most notably financial liberalization.

Patterns of microeconomic and mesoeconomic policymaking are also changing in response to global marketizing pressures. Political actors and governments no longer stress taking whole issue-areas out of the market (decommodification), as they once did in the past with regard not only to the welfare state but also to the promotion of particular industrial sectors, the pursuit of domestic self-sufficiency in sectors like energy, the subsidized provision of patient capital, etc. Declining sectors are increasingly allowed to run down rather than be protected, and welfare and other public services increasingly are meant to work according to quasi-market principles or new public management or reinventing government. Winners are no longer directly picked through traditional forms of industrial policy; rather, governments prioritize the creation of a market-friendly and competitive regulatory environment applicable to all firms rather than a selected few. Although domestic political conditions still retain a range of options for domesticating globalization, those options are both narrower and in some issue-areas quite different from earlier periods. Social democracy, for example, is increasingly challenged to find alternatives to traditional options of state-led policies of redistribution and public service provision without sacrificing its traditional goals of social justice.

Moreover, key patterns of coalition-building are changing. Political actors are led more and more to adopt approaches that prioritize capturing the benefits of globalization. 22 This potentially allows the creation of new material and political resources for rebuilding decaying bases of support and attracting new constituencies, mass as well as elite, in a period of shifting identities, allegiances, and class structures in a globalizing world. Conservative coalitions pioneered this form of realignment in advanced industrial countries in the 1970s and 1980s, through Thatcherism and Reaganism in particular, while on the center-left, the notion of the Third Way that has been adopted in the 1990s by the New Democrats in the U.S., New Labour in
the United Kingdom, and the Social Democrats—>Neue Mitte< in Germany, is explicitly conceived as a response to globalization.

V. How the Policy Process Works in a Globalizing World

Just as with iron triangles, some issue-areas will be dominated by only a subset of the basic actor categories. Rarely will an issue-area be characterized by an ideal-type, balanced five-node policy process as such. A number of more specific hypotheses can be suggested in this regard.

(1) With regard to foreign economic policy, for example, traditional foreign policy actors (diplomats and foreign ministry officials, members of national executive branches and their advisors, etc.) and those involved in intergovernmental processes are likely to benefit from their positions in the domestic state hierarchy to exercise disproportionate influence. Furthermore, such actors are more likely to be able to resist pressures from some kinds of domestic interests and see their primary role in a traditional, somewhat insulated diplomatic context; they still often resemble the category of >cosmopolitan elites.<

(2) With regard to macroeconomic policymaking, economic experts, central banks, treasury departments, and actors closely connected with particular phases of the legislative process and legislative-executive bargaining, such as members of budget or banking committees in the United States, will benefit from similar advantages; they are increasingly likely to see their roles, however, as an attempt to lead or to respond to international market conditions, privileging such criteria as market confidence and stabilization.

(3) With regard to regulatory policy, close links between particular regulatory bodies with transgovernmental links, specialized private sector interests often with transnational links, elected officials with particular expertise in such fields, and international institutions will form a complex system of ongoing bargaining and reform, especially with regard to so-called >regulatory arbitrage< between different national regulatory systems.

(4) In microeconomic policy, domestic economic interests, especially producer and consumer interests, have a much greater role to play. However, increasing interpenetration of transnational markets for a widening range of goods and assets can dramatically alter the perceptions of such actors and lead to a partial internationalization from below along with demands for compensation for losers.

(5) And finally, coalition-building strategies are likely to involve a much wider range of latent and manifest groups. While class, regional, sectional, and other patterns of voting and interest group behavior still exist, they are increasingly cross-cut and rearticulated into competing >associations of consumers< in that even more >multinucleated< political system that is created in the process of globalization.

Therefore a number of different networking patterns or subsets C dyads, triads, quads,
or even full-blown pentangles $C$ are likely to develop within different issue-areas, although the development of a full-blown theory of how this will happen is premature. The literature is likely to be built from the bottom up as empirical case studies are carried out and compared. Nevertheless, the substantive content of the policy process in different issue-areas is likely to vary in relatively systematic ways. In particular, adapting the framework applied to demands for protectionism developed Jeffrey Frieden and Ronald Rogowski, it can be hypothesized that the relative concentration and diffusion of costs and benefits for different groups of actors in constrasting issue areas will lead to substantively different outcomes.25 Patterns of action are likely to vary substantially, as Eric Helleiner, for example, has shown in his contrast between the politics of trade and that of finance. Trade openness depends on multilateral action, over which state actors and domestic interests may have a veto, whereas financial openness can effectively be pursued unilaterally by state actors responding to market developments.26

Perhaps the most obvious distinction shaping the content of the process is that between those groups and actors who represent or are otherwise linked with economic sectors characterized predominantly by non-specific assets on the one hand and those characterized by specific assets on the other.27 In the first case, where the assets of a sector can easily be transferred from one use to another, where sufficient market liquidity exists for those assets to be bought or sold in a market, and where a reliable market price for those assets can be established among a reasonably large range of buyers and sellers (non-specific assets), interest groups and those political entrepreneurs more closely linked with such sectors will be likely to support policy measures and policymaking institutions that liberalize market structures, maximize cross-border market opportunities, and/or promote competitive advantages in those fields. Finance and tradable goods are key examples. On the other hand, where assets cannot easily be transferred and liquid markets and reliable market prices are problematic, groups and political entrepreneurs will either oppose liberalizing measures outright, usually by demanding various forms of protectionism, or demand compensation for their loss of structural clout by demanding tax breaks and benefits, adjustment assistance, and/or other side-payments.

In this context, our main hypothesis is that the endogenization of international and transnational elements into the policy process is likely over time (a) to further privilege those sectors and actors in the former (non-specific asset) category in terms of agenda-setting, bargaining, and obtaining preferred policy outcomes and (b) to force those in the latter (specific asset) category to adopt strategies that are based less and less on protectionism and more and more on side-payments. In both cases, the center of gravity of the policymaking process in terms of setting the policy agenda, the payoff matrix for the bargaining process itself, and the range of feasible outcomes is shifted towards conditions that are broadly liberalizing or globalizing, in a feedback process that reinforces transnationally intertwined interests and actors and progressively marginalizes what used to be called national capital=.

Indeed, the proportion of economic sectors and activities that is characterized by non-specific asset structures is growing, for two reasons. The first is that even large-scale manufacturing industries find it more difficult to establish and maintain monopolies, oligopolies, formal or informal cartels, etc., at international and transnational levels than at national or local levels. The world economy is too big for even the biggest economies of
scale to lead to market dominance. I am aware of only one large-scale industry which is characterized by growing international oligopolization to any great extent, the commercial aircraft industry, although even here the evidence is ambiguous and governments (including the European Union) have been assiduous in attempting to impose compensatory regulation. Generally speaking, globalization promotes increased competitiveness in most sectors. The second is that many industries are in the process of restructuring in order to reflect technological changes that make them more flexible in terms of production processes, management and organizational systems, marketing, the use of new information and communications technology, etc. C what is often called the >Third Industrial Revolution= or >post-Fordism=. Flexible structures are by definition more marketizable and therefore structurally non-specific. The shift of the steel industry everywhere from large-scale plants (often now called >Rust Belts=) to mini-mills is typical, despite the fact that governments often have to pander politically to older large-scale firms for electoral reasons.

In this changing structural context, globalization changes the cost-benefit calculus away from the promotion of domestic self-sufficiency or insulation toward adjustment mechanisms that integrate or endogenize internationalized and transnationalized agendas, bargaining situations, and policy outcomes. The capacity to form protectionist or quasi-protectionist coalitions is thereby increasingly circumscribed as fewer actors C and fewer economically heavyweight and/or politically significant actors C have a direct economic or political interest in such policy measures. Broadly speaking, then, globalization increasingly compels actors to seek liberal solutions because only by accepting such solutions is it possible to form sufficiently large coalitions to gain tolerable compensatory benefits from the policy process in the medium-to-long term.

Nevertheless, there are important exceptions to this general rule, three of which are particularly salient at the time of writing. The first involves exogenous shocks where previously negotiated policy and/or institutional outcomes prove to be counterproductive and the pressure of unfavorable events shifts the underlying pattern of coalition-building away from what was previously agreed either into a reshaped bargaining process or toward the limbo of an empty core among former coalition partners. An example of these (mainly the latter, so far) is the collapse of Argentina=s peso/dollar convertibility policy (also known as the >currency board=) in 2001-02 C a laboriously won settlement that after five years of relative success has since the mid-1990s unwound dramatically. The second involves negative reactions to particular liberalizing measures on the part of >concentrated= domestic interests, i.e. those groups and actors that are able to mobilize a well-defined sector of the electorate in particular geographical regions and social categories where elections are tight and can be swung by political action. An example of this is the Bush Administration=s agreement to impose tariffs on several categories of steel imports, especially from Europe and Japan, in March 2002. The third, in this case only a partial (and at first glance paradoxical) exception, is the spread C and often the transnational transfer C of tighter and stricter, rather than looser and apparently more >liberal=, policy measures, such as increasingly strong environmental regulations, health and safety regulations, and financial regulatory reforms. An example of the last, still in the making, is the current pressure to tighten up on auditing and accounting standards in the wake of the bankruptcy of the Enron Corporation in late 2001. But this last exception may be the exception that proves the rule, as it is the transnational transfer of such regulatory measures that is turning the competition state into the regulatory
Globalizing the policy process, therefore, although it is likely to lead to more liberal outcomes over time given the altered balance of interests, groups, actors, etc., involved in that process is unlikely to lead to a disarming of the state. Rather it is leading to a reallocation of state resources and authority away from insulated domestic agendas toward policy measures that promote coalitions among:

1. actual cross-border interests, usually economic but also social and political;
2. those domestic interests that are not merely vulnerable to international and transnational conditions but also seeking to benefit from wider competitiveness; and
3. domestic interests seeking compensatory side-payments.

In this context, furthermore, two additional trends can be identified. The first is the attempt (or strategic decision?) on the part of a growing number of political entrepreneurs whether on the Right or on the Left to focus on facilitating such bargaining processes. Domestic populist politics are increasingly seen as marginal and unproductive, while the discourse of political modernisation is increasingly hegemonic. The second is the apparent emergence of an awareness in a number of countries, and perhaps in the IMF, the World Bank and the WTO as well, that political bargains entered into in this context have a wider political or ideational dimension. If the kind of shift of policy agendas, bargaining processes, and policy outcomes discussed here are to be seen as legitimate in the future, they will increasingly be presented as representing wider liberal social and political values and not merely neoliberal economic solutions (in the European sense). Margaret Thatcher’s saying that You can’t buck the markets is being challenged within the political mainstream not by the recreation of the mid-20th century industrial welfare state, the state of the iron triangles, but by the notion of globalization with a human face (Bill Clinton), the official promotion of poverty reduction approaches by the World Bank, or the need for a global safety net. Indeed, even outside that mainstream, today’s anti-globalization protesters are increasingly aware that the nation-state no longer constitutes an effective arena for protest and that opposition to economic globalization itself requires the globalization of protest from below.

Finally, in terms of the inclusiveness or exclusiveness of the policy process in transnationally-linked issue-areas, mass-based or voter-oriented groups would at first glance seem less likely to participate proactively than in traditional domestic policy processes. However, this rule of thumb falls away when the issue-area concerned becomes clearly perceived in popular consciousness as being inherently or structurally international, transnational, or global. Thus environmental protection increasingly involves mass input, mobilized through transnational pressure groups like Greenpeace; nevertheless, epistemic communities in this issue-area have managed to keep their central role through their specialized scientific expertise. Trade as an issue-area is increasingly mobilizing mass groups in the wake of the Battle of Seattle, although results are limited and mainly symbolic at this stage.

Conclusions

At the core of the model, then, is an apparent paradox. For the most part, the addition
of our two additional categories of actors to the golden pentangle model tends to give an even larger agenda-setting role to elite groups, because they are more likely to be transnationally linked, than is the case for the iron triangle model. The \( \text{>democratic deficit=} \), the growing weakness of organized labor, constraints on the welfare state, and the like, seem to give increasing structural and relational power to the more mobile sectors of international capital, especially in the financial sector. At the same time, however, expansion of the number of relevant categories of actors also increases the possibilities for competition among various groups at different levels and makes it less possible for a closed or monolithic national state \( \text{C} \) or even some sort of emerging \( \text{>global state=}^{30} \text{C} \) to result. The process is more neo-pluralist than either fully pluralist or elitist.

Thus the globalization of public policy is a complex process. At one level it creates new playing fields for a wider range of groups to participate. At another level, however, it is also a process characterized by a specific set of constraints and opportunities, especially those stemming from the distinction between non-specific and specific asset structures. Nevertheless, globalization of the policy process involves the continual and growing interaction of both old and new elements of the political opportunity structure, giving political entrepreneurs considerable scope to shape that evolution. Finally, it strengthens the hand of internationally linked interests and actors and shifts the balance of agenda-setting, policy bargaining, and policy outcomes towards globalizing coalitions and proto-coalitions. The impact of globalization on the policy process is already both extensive and substantial and is not likely to diminish.
NOTES


22. I am indebted to Michael Shalev for this phrase.


24. The concept of >publics= as >associations of consumers= draws from a strand of public choice literature originally developed in the context of urban politics by scholars such as Elinor and Vincent Ostrom; see the discussion in P.G. Cerny, >Globalization, Governance, and Complexity,= *op. cit.*


