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Paper

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THE STATE IS A MULTI-SYSTEM

- Understanding the Oneness and Diversity of Government

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Abstract: The contemporary state has been the focus of considerable controversy – about whether it exists and has ontological status (or not); about how it may be delineated; and about the sense in which it operates as a unity or some form of integrated agency in relation to civil society, and *viz a viz* other states. I argue that the modern state in liberal democratic societies can be understood as a multi-system - the complex amalgam of ten different forms of state, which are held together or integrated by six main attractive and inter-connecting factors. States additionally cohere because of their endogenous dependence on a particular economic system, interactions with national culture, and the generic impact of state efficacy.

If we are to make progress in analysing states, both political science and the social sciences more generally need to move on from previously over-simplistic concepts of what the unity of the state entails. On the one hand, to deny the existence of the state because of institutional multiplicity, or a diversity of organizational forms, is crude and ungrounded. On the other hand, traditional statism cannot be rescued by emphasizing just one form of the state, or over-weighting a particular integrative force. Instead we need to recognize the simultaneous systemic oneness and empirical diversity of the state as a multi-system.

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‘Sometimes it is hard to know where politics ends and metaphysics begins: when, that is, the stakes of a political dispute concern not simply a clash of competing ideas and values but a clash about what is real and what is not, what can be said to exist on its own and what owes its existence to an other’.

J. M. Bernstein ¹

The state has always been a fiercely disputed or suspect concept, especially in Anglo-American societies with a scientific culture stressing ruthless empiricism, a philosophical approach sceptical of monolithic systems, and a strong political commitment to pluralism. For many years these influences conjoined to create an intellectual climate in Britain and the United States where ‘the state’ was seen as something foreign, to be disliked and distrusted, a purely ‘continental’ construct (Dryzek and Dunleavy, 2009, pp. 6-7; Wilson, 1887; nettle, 1986). Political philosophers in these countries overwhelmingly concluded that the state was a reified abstraction. Once admitted into political science vocabulary, it would inevitably only be anthropomorphized and begin to stride the landscape of thought, legitimating violations of rights and oppressive acts (for ‘reasons of state’), and inspiring unhealthy and unreasoning forms of patriotism and loyalty. For instance, writing in 1915 Dewey argued:

‘[I]n German literature... the State, if not avowedly something mystic and transcendental, is at least a moral entity, the creation of self-conscious reason operating in behalf of the spiritual and ideal interests of its members. Its function is cultural, educative. Even when it intervenes in material interests, as it does in regulating lawsuits, poor laws, protective tariffs, etc., etc., its action has ultimately an ethical significance: its purpose is the furthering of an ideal community. The same thing is to be said of wars when they are really national wars, and not merely dynastic or accidental’ (Dewey, 1979, p. 170).

For pluralist thinkers, the state could only be legitimately admitted into discussion when handling the classics of political thought, dealing with safely by-gone eras and political forms (the Greek city states, the renaissance state of Machiavelli). Elsewhere the appearance of this concept must always be queried and decried as a form of mystification, distorting or detracting from the reality of specific institutions and actors behaving in empirically observable ways. Many writers (for instance, Mitchell, 1991, p.77; Hay, 1999, p. 320) have re-quoted an abbreviated aphorism by Phillippe Schmitter that: ‘[T]he modern state is ... an amorphous complex of agencies with ill-defined boundaries performing a variety of not very distinctive functions’ (Schmitter, 1985, p. 33). But they do not notice that even Schmitter immediately went on to acknowledge that ‘as a symbolic and systemic

totality' the state continues to dispose both of extensive coercive powers and legitimate authority within its territory. In the early twentieth century, mainstream Anglo-American economics succumbed to the prevailing anti-statism of the period by substituting an unanalysed and neutralized 'Government' for the state of earlier texts. Government was left unanalysed because it was now explicitly classed as lying outside economics' disciplinary scope. (Even in public finance textbooks) 'government' was principally handled in the discipline by assuming that it could undertake perfect market corrections whenever needed – the leitmotif of the first edition of Samuelson's textbook.

Nor is this calculated over-emphasis on the diversity of the state nowadays confined to liberal pluralists. Channelling Aristotle against 'the state considered as a sort of political universal', Michel Foucault famously observed:

[T]he state does not have an essence. The state is not a universal nor in itself an autonomous source of power. The state is nothing else but the effect, the profile, the mobile shape of a perpetual statification (*étatisation*) [process of state formation] or statifications, in the sense of incessant transactions which modify, or move, or drastically change, or insidiously shift sources of finance, modes of investment, decision-making centers, forms and types of control, relationships between local powers, the central authority, and so on. In short, the state... has no heart in the sense that it has no interior. The state is nothing else but the mobile effect of a regime of multiple governmentalities' (Foucault, 2008, p. 77).

In a recent review, Jessop (2008, p. 125) also finds 'declining interest in the more esoteric and abstract modes of state theorizing' in the Marxist and post-Marxist literatures, detecting a consensus in which: '[T]he state is seen as an emergent, partial and unstable system that is interdependent with other systems in a complex social order' (p.128). Yet he also notes that 'The state is the site of a paradox. On the one hand it is just one institutional ensemble amongst others within a social formation; on the other hand it is peculiarly charged with maintaining the cohesion of the social formation of which it is a part' (Jessop, 2008, p.129).

In this paper I want to first quickly sketch three reasons why these various attempts to minimize, sideline or even discard the concept of the state now make little or no sense. Second I briefly review the main forms of state and discuss how they interconnect. Third, I consider the principal integrative forces within and between the main forms of state. I conclude by setting out a particular claim about the oneness and diversity of the state, namely that it is a multi-system in which all forms need to work jointly if the whole is to survive or flourish. This multi-system is recognizably the same across different states.

The continuing centrality of the state

‘All government is an ugly necessity’.
*G.K. Chesterton*²

All the variants of conceptual anti-statism sketched above appear to be driven either by a ruthless empiricism that rejects any internal unity to government, or by a kind of intellectuals’ tidiness urge or an aesthetic repugnance at having to cope with complex phenomena. Such stances have been undermined and beleaguered by three key contemporary developments underscoring the centrality and indispensability of the state - the linkaging of the great financial crisis of 2008-12 to the fiscal crises of many states; the enduring salience of the state/non-state (or public/private) concepts in economics; and the continued polarization of political debates and ideological conflicts within liberal democracies around state versus private sector conflicts.

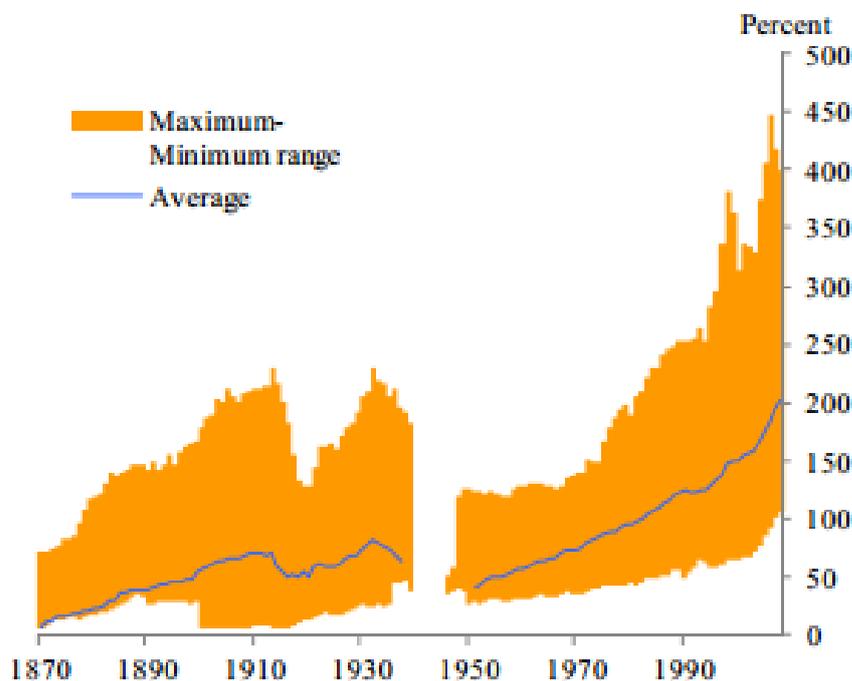
By 2008 the onset of the financial crisis highlighted in an acute fashion the inescapable role of state policies in underpinning the banking and financial systems of national economies. Successive legal and other changes made in modern times created an opportunity for banks to expand their lending, effectively underpinned by governments and taxpayers in the role of lender of last resort, a process that a senior Bank of England policy maker, Andrew Haldane (2011, p. 3) aptly termed ‘financial deepening’:

For the better part of a century, between 1870 and 1970, financial deepening in these countries followed a modestly upward trend. Over this period, the average bank assets-to-GDP ratio rose from 16% to over 70%, or less than 6 percentage points per decade.

Since 1970, this trend has changed trajectory. The ratio of bank assets-to-GDP has more than doubled over the past 40 years, rising from around 70% to over 200%, or over 30 percentage points per decade. In other words, since 1970 financial deepening has occurred five times faster than in the preceding century. For some individual countries, the rise has been more dramatic still - in the UK, the ratio has risen five-fold.

Figure 1 shows the chart that accompanied Haldane’s analysis, illustrating the sharp rise in the average advanced industrial country ratio of bank assets from around 50% of GDP in 1950, to an average of 200% by 2000. This growth continued through to 2007, and in the great financial crisis of 2008 exposed the huge vulnerability of countries like Iceland, Ireland and the UK where bank assets were much higher multiples of GDP.

Figure 1: The ratio of bank assets to GDP in 14 advanced industrial countries, 1870 to 2000



Source: Haldane, 2011, Chart 1, p. 14.

The crisis demonstrated in stark terms how far bank and financial firms' operations depended upon the security provided by national governments guaranteeing private sector debts. After the US decision to let Lehman Brothers go into liquidation a wave of financial panic swept through the most exposed economies in Europe and the USA, which was only halted by governments intervening in a wide variety of ways to nationalize or otherwise secure bad debts from cascading through the financial system. Yet what began as private sector crises of bad lending and rash financial behaviours, very quickly ended up as crises of state financial credibility in the worst affected countries. The International Monetary Fund and the European Union institutions, especially the European Central Bank for the Eurozone countries, played a modest role in then stabilizing the situation. But their role was modest indeed when set against the adjustments in fiscal positions and state budgets that fell upon the most deeply affected countries – each of which largely had to manage through the crisis on the basis of its own resources.

The centrality of state policies in the crisis (including the key role of more effective and precautionary economic and financial regulation in averting crises in some countries

like Australia, Canada and Germany) meshes well with second key factor that has kept the concept of the state alive in liberal thought – its centrality in economics. In practical terms the 2008 crisis demonstrated the indispensable role of states in underpinning all markets. In mainstream economics this role was progressively backgrounded, with a theorized ‘perfect’ government signalling the end of economics’ reach from the 1930s through to Samuelson’s introduction of welfare economics in the mid 1950s. Later developments from the 1970s pushed back the frontiers of political economics, and sought a more active and realistic model of government within the discipline’s focus of concerns, looking to endogenously model aggregate government responses instead of assuming them. Yet even as late as the Drazen’s (2002) macro-political economy textbook mainstream economics still handled an integrated ‘government’ role and issues of institutional design only with standard economic concepts and tools, while excluding any mention of the state concept. It also managed to say not one word about the issues touched on by Haldane above. A huge amount of institutionally specific analysis was summarized by Drazen on issues such as the economic salience of creating an independent central bank. But about the state’s role in underpinning financial markets, bank lending and economic security there was no mention, even in the sub-field for which it was most relevant.

However, the importance of the state concept within economics was kept alive and assigned significance in several other ways. A kind of economics fetishism focused obsessively on issues around public-collective goods versus private-individual goods. In Austrian School and Hayekian thought the state appears as a kind of market-nemesis, no sooner tolerated in one sphere than it will be launching modern societies on the slide into authoritarian administration (perhaps even a totalitarian society) (Hayek, 1944). Partly drawing on this ideological tradition, and partly not, the later successful public choice theory critique of the liberal economics’ ‘government as impartial market arbiter’ position progressively re-endogenized ‘government’ as a coherent and joined-up actor in economic thinking. So the scepticism of pluralist political science about the state sits very uneasily with the continued salience within its dominant disciplinary neighbour economics continues about public/private polarities.

The third and strongest influence preventing any marginalization of that state has come from practical political debates, especially the development and morphing of neo-liberalism in the USA since the 1970s. It has brought a visceral dislike of ‘the state’ back from the margins of political discourse and into the mainstream of American debates.

Foucault decried ‘state phobia’ amongst Marxists and on the political right as illusory, but the latter variant especially has remained a vital element of modern politics. Libertarian thinkers like Murray Rothbard (1977) have an intellectual view that makes Hayekian anti-statism seem a pallid resentment by comparison:

There runs through... most of ... my work... a deep and pervasive hatred of the State and all of its works, based on the conviction that the State is the enemy of mankind. In contrast, it is evident that David [Friedman, author of the merely privatizing text *Machinery of Freedom*] does not hate the State at all; that he has merely arrived at the conviction that anarchism and competing private police forces are a better social and economic system than any other alternative. [T]here is no sign that David Friedman in any sense hates the existing American State or the State *per se*, hates it deep in his belly as a predatory gang of robbers, enslavers, and murderers. No, there is simply the cool conviction that anarchism would be the best of all possible worlds, but that our current set-up is pretty far up with it in desirability.

At the time he wrote this passage, this kind of rhetoric still put Rothbard (just) beyond the neo-liberal pale. But not any more. In particular, the neo-liberalism of the Regan era was marked by the establishment of a rigid anti-statism in Republican party attitudes that systematically sought to restrict the scope of state-public activity, paralleling Thatcherite ideas in the UK. During Jeb Bush’s first (successful) campaign to become Florida’s governor, he proclaimed: ‘Government is not good. This campaign is about *clubbing the government into submission*’ (my italics).

The neo-conservative period under George W. Bush marked a partial resiling of anti-statism, with the integrated projection of American power overseas instead seen as the priority. For neo-con intellectuals and practitioners fetishizing government’s size and boundaries was a secondary issue – big government was chiefly problematic when fiscal pressures from other policy sectors impeded the need for emphatic (expensive) foreign and defence policies. But the practical politics of Washington and beltway still saw the Reaganite agenda being implemented via ceaseless corporate pressure and political finance linkages, with strong effects:

‘For three decades now a consistent majority of Americans has agreed with the following statements when asked: “When something is run by the government, it is usually inefficient and wasteful,” “The federal government controls too much of our daily lives,” “Government regulation of business usually does more harm than good,” and “Poor people have become too dependent on government assistance programs”’ (Lilla, 2010).

Since the financial crash of 2008-9 and the subsequent recession the emergence of the populist Tea Party once again strengthened a fierce anti-statism, now linked to an embittered nostalgia for a distant pre-modern time when individuals could be self-reliant and government could be minute:

‘The seething anger that seems to be an indigenous aspect of the Tea Party movement arises, I think, at the very place where politics and metaphysics meet, where metaphysical sentiment becomes political belief... The implicit bargain that many Americans struck with the state institutions supporting modern life is that they would be politically acceptable only to the degree to which they remained invisible, and that for all intents and purposes each citizen could continue to believe that she was sovereign over her life; she would, of course, pay taxes, use the roads and schools, receive Medicare and Social Security, but only so long as these could be perceived not as radical dependencies, but simply as the conditions for leading an autonomous and self-sufficient life. Recent events [the financial crash of 2008 and depression lasting to 2011] have left that bargain in tatters’ (Bernstein, 2010).

Again with massive corporate backing, Tea Party activism swept through the Republican party (Courser, 2010), leading to a reviling of the ‘weakness of will’ about the big state shown in the Bush era, a stance later characterized by Karl Rove as ‘childish’ (Gerson, 2010; and see Gerson and Wehner, 2014). Yet similar ideas now recur routinely and pervasively in the discourse of American business, Republican politicians and right-wing intellectuals and commentators, producing a level of violence in political rhetoric that has few European counterparts. I have argued elsewhere that:

‘We might draw at least *some* parallels between the recurring anti-state backlashes [in the USA] and Roger Griffin’s 1991 definition of fascism as “palingenetic ultra-nationalism”, intoxicated with the idea of national rebirth. In the same way we might speak of the American far right as embracing “palingenetic anti-statism”, where the body politic seems repeatedly to resurrect elements from its embryonic development, even though their potential environmental relevance has long since lapsed’ (Dunleavy, 2011, p. 4).

The European equivalent of this right-wing harking back to simpler times is in the main more straightforwardly nationalist, ultra-nationalist or quasi-fascist, evidenced by the growth of anti-foreigner, anti-immigration and anti-EU parties across all European countries. Yet *some* of these parties also have strong anti-state strands in their ideologies. For instance, during the 2010 UK general election the right wing populist party UKIP advocated rolling back public spending to 1997 levels, reversing around £200 billion of increased spending, half of it on the NHS. In wider political debates in Europe too, business intellectuals and commentators on the right routinely denigrate government in strong terms.

To give just one example, the intellectual and businessman Matt Ridley (1996) proclaimed that the state is ‘a self-seeking flea on the backs of the more productive people of this world ... Governments do not run countries, they parasitise them’. (He subsequently went on to spectacularly crash the former building society turned bank Northern Rock into bankruptcy in 2008, ironically belying the headline of the *Daily Telegraph* article publicizing his view: ‘Power to the people: we can’t do any worse than government’. Even this disastrous fiasco could not prevent Ridley rising back to prominence again as an influential right wing commentator for *The Times* (Monbiot, 2010)).

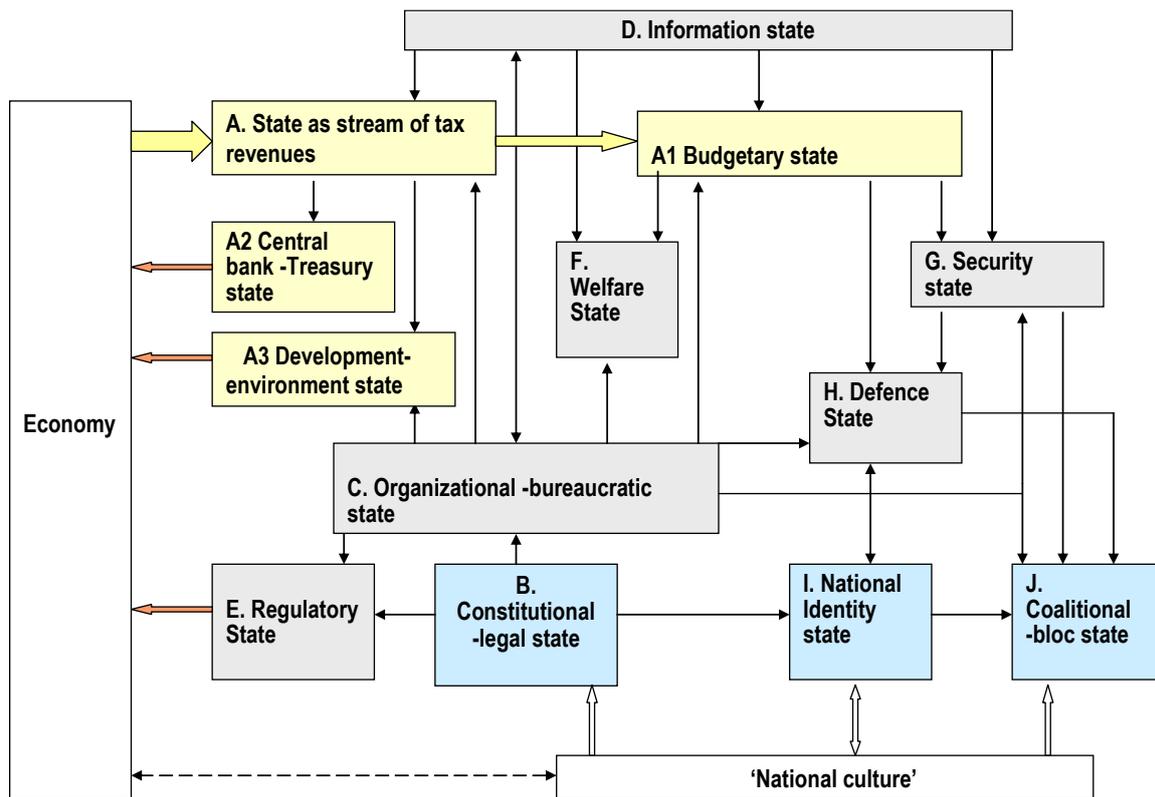
The erstwhile liberal-conservative-pluralist effort to deny the usefulness of the state as an organizing concept in political science has been decisively marginalized by the scale of the nation state’s key role in the profound crisis of 2008-12, the continued intellectual centrality of state-non-state concepts in economics, and the apparently irrepressible salience of anti-state politics in the USA and other countries. If practical politics, intellectual development in economics, and critical areas of policy-making are all now structured so much in pro- and anti-state terms, then the original pluralist denial of any validity to ‘the state’ seems fruitless and not worth perpetuating. Yet abandoning a last-ditch denial is only a first-stage step to achieving greater understanding. The problems of defining an effective, positive analysis of the state (one that is empirically plausible) remain substantial.

The main forms of state

To understand ‘the state’ better, we must generate an inclusive listing of the ways in which it is present in the world, a listing that does not omit salient features of the concept-in-use. Figure 1 above meets this need. It provides a basic map-and-typology of the modern forms of state, and shows in a preliminary way how they are inter-related. Figure 1 forms the (complex) structure of which most of the remaining linear text exposition is an (inadequate and limited) re-expression.

Second, I seek to show how these different forms of state are connected to each other by real, objective causal links and flows – the focus of section 3 below. The patterns involved here are intricate and cannot be captured verbally alone. Figure 1 arranges the main forms of the state in two-dimensional space, allowing some relationships to be physically expressed. For instance, it shows which forms of state are closest to which other

Figure 1: The state as a web of state forms and integrative flows



forms. In addition, the state is unified in an interestingly complex way – by *multiple integrative forces*, each of which is partial in its coverage. But taken together these linkages create a binding net of causal influences, such that developments in one form of state always have significant implications for changes in other forms. I begin by examining the nine main forms of state (plus three sub-sets of the first and most crucial form) shown in Figure 1.

My discussion seeks to answer the question: How can we distinguish a *fundamental* form of the state, a key system composing the multi-system. from the purely contingent institutional arrangements that may apply across different countries and societies? A voluminous literature already covers some of the different forms in Figure 1, for example, discussing the ‘welfare state’ or the ‘regulatory state’. But these accounts almost all follow the ‘primitive’ strategy of claiming primacy for one or another state function and mode of integration over all others - a position that I strongly resist here. Some other boxes in Figure 1 are innovative and are rarely covered in the existing state literature. So how can each of these particular characterizations be justified?

One strategy that I have followed is to seek to identify foundational dichotomies for each form of state. The idea here derives from Niklas Luhman, one of the leading post-war German social theorists of modernization. In this account specific systems develop in society through the elaboration of dichotomies that simultaneously define ‘inside’ concerns separated from and responding to an ‘external’ environment. The essential driving force here is the internal differentiation of the system so as to be able to handle complex external phenomena. For instance, Luhman (1979) sees the state (and other institutions) as defined partly in a system of power - here the powerful/powerless dichotomy is developed as a radically effective medium for social communication. ‘Chains of power’ provide frames that locate all institutions and individuals in a comprehensive hierarchy, and once institutionalized operate in catalytic fashion to accomplish collective social purposes (Luhman, 1979). There are many such systems (or sub-systems) in this approach, and they operate in an increasingly ‘autopoietic’ (i.e. self-sufficient and relatively independent) fashion (Luhman, 1990). Over and above the power/state-lead other examples of sub-systems might include trust as a social medium, or law and the legal system. Some of these elements (like trust systems) may not fit neatly against the typology of state forms set out here. But the following discussion seeks to show that many forms of state do embody a relevant Luhmanian dichotomy.

A second question useful for distinguishing fundamental forms of state from less salient institutional variations asks if that form has a distinctive ‘story of origins’, a highly simplified justifying narrative of why this form of intervention and state development came into being and has been sustained over time. Where a credible story of origins is told across countries and institutional settings, and is also sustained over long periods of time, then the cultural and anthropological supports of that form of state intervention are generally stronger and deeper rooted. Two further criteria are also covered in the short accounts below. The third asks if a given form of state can be seen as responding to a distinctive core logic of operations, a set of structural influences that must systematically pattern its responses in a way that if not ineluctable is none the less hard to escape or change. The final criterion seeks to link each form of state to core institutions and organizations that are recognizably beneath the surface fuzz of variations across countries in the detailed workings of state interventions. I turn next to a brief explication of each form included in Figure 1.

A. The state as a stream of tax revenues.

At some level, one fundamental energy force of all states is provided by taxation. Without some ability to requisition resources from citizens, businesses and other civil society organizations within its territory, an organized state cannot exist. If the state is to borrow for capital projects, or to alter or smooth out its spending across different time periods by issuing government bonds, the capacity to raise taxes also needs to be institutionally secured and routinized, so that a future stream of revenues can be reliably foreseen.

This primacy is well-captured in Mancur Olson's (1993) account of 'the state as a stationary bandit', where any ruling regime that seeks to do more than pillage a territory and move on somewhere else must begin to modify its tax requisitioning behaviours so as to rationally limit damage to the economy that produces them. Similarly in Margaret Levi's (1998) far more detailed account of the state as a rational revenue maximizer, regimes that evolve towards permanence remain predatory but none the less are constrained by the adverse disincentive effects of taxation, and by the political or military transactions costs of collecting 'excessive' taxes. Scheidel (2012) shows that the ancient Han and Chinese empires followed different courses, the Chinese state focusing on direct and rather universalist taxation on farming financing large corps of officials; while the Romans taxed mainly trade and mining, and relied on tax-farming by patricians to gather revenues in.

Taxation always creates immediate dead-weight losses, (DWLs) arising from the loss of consumers' and producers' surplus that occurs when labour not undertaken or investments are not made because productive resources are diverted to meet the state's requisition. Of course, tax DWLs may also be offset by the stimulative effects of public spending, especially investments made by the infrastructure or planning state, or redistributions of income by the welfare state (see below). But controversy surrounds the extent to which this countervailing stimulus occurs.

One of Levi's key themes is that it is far cheaper for states to rely upon 'quasi-voluntary compliance' in raising taxes. So a dialectic of revenue maximization and reducing the transaction costs of revenue-raising underlies the whole history of states. This dynamic cumulates in liberal democratic advanced industrial societies with sophisticated but also very low cost forms of tax administration. Here government needs only to 'hold the ring' in impartially sustaining taxpaying, principally achieved via only routinely reluctant taxpayers voluntarily complying. So the state does not (cannot afford to) rely on far more

expensive and less effective ‘full coercion’ modes of raising finance from a strongly opposed population. The politics of tax administration also dictate that wherever possible

- universal taxes are used (reducing distortions from the ‘dead weight losses’ of taxes);
- levied on buoyant tax bases (ones that uprate automatically with inflation, thereby minimizing the need to raise tax rates); and
- hence are as politically invisible as possible;
- indeed, taxes ideally should be collected by non-governmental corporate actors best placed to insure against the risks and costs of tax raising - such as employers for PAYE schemes and retailers for VAT or goods and services taxes (Horn, 1995).

In the modern period the slightly confusingly labelled concept of ‘tax productivity’ denotes the extent to which a state can actually raise the sums of money implied by its levels of GNI and economic activity set against its core tax rules (Gallagher, 2005). This should not be confused with the organizational productivity of a tax agency, given by dividing its administrative output or activity levels by its total factor costs or staffing (see Dunleavy and Carrera, 2013, Chs 3-4). In modern times, minimizing the transactions and administrative costs of collecting broadly-accepted taxes has typically been represented as a minor consideration.

Yet incidents where quasi-voluntary compliance is withdrawn by citizens demonstrate the relative fragility of tax compliance. The UK’s combination of a strong executive, very weak legislature and cultural proneness to commit ‘policy disasters’ (Dunleavy, 1995) points to an interesting example of governments encountering massive resistance when tax policies are pushed too far. The first was Margaret Thatcher’s abortive attempt to introduce a poll tax, thwarted both by overt protests and by hidden withdrawals from the tax register that rapidly ‘geared up’ the tax burden on compliant citizens (Butler et al, 1995); and the second a short-lived but serious ‘scare’ for the Blair government in 2000 when an attempt to push fuel tax above inflation sparked a national boycott out of the blue (Hetherington and Henley, 2000).

A major issue for all governments in assuring a stream of revenues is to cope with the growth of the ‘black economy’, untaxed transactions taking place off the formal books. Some estimates of the size of a country’s ‘tax gap’ work by comparing the amount of cash in circulation with the level of recorded economic activity, and then attributing the use of

excess amounts of cash to untaxed transactions. Some numbers show alarming rises in the black economy share of GDP for most OECD countries (Schneider and Enste, 2000), reproduced uncritically in the leading public finance text Hillman, 2003, p. 520). However, the early methods were ultra-black box and un-triangulated with other evidence (OECD, 2002b). For instance, after controlling for the secular shift to a cashless economy, the amount of cash in circulation may have increased in the modern period because people and businesses now hold or operate with larger cash balances than in the past, rather than because they use the money in unregistered transactions. Still modern work suggests a stages terrain, with advanced industrial states losing 12 to 15 per cent revenues on average, and still industrializing or developing countries far more (Schneider, 2012).

A1. The budgetary state.

Joseph Schumpeter (1954, p.100) famously quoted Rudolf Goldscheid (the Hungarian finance minister in 1918) who declared that: ‘The budget is the skeleton of the state, stripped of all misleading ideologies’. All budgets of course depend principally on the flow of tax revenue, plus the ability of a state to raise cash in the bond markets and to keep turning over loans and financing its debt (see state form 3 below). Ignoring this latter complication for the moment, Becker (1983, p. 372) argues that: ‘Taxes and subsidies are related by the identity between revenues and expenditures: the total amount raised from taxes, including hidden taxes like inflation, equals the total amount available for subsidies, including hidden subsidies like restrictions on entry into an industry’. In hard budgetary terms the immediate corollary is the ‘common pool resources’ (CPR) problem where different lobbies may cumulatively bid up state budgets to economically adverse levels, as a result of the weakness of the key institutions reconciling budgetary claims with revenue-raising in relation to lobbies and pressure groups, and to sector-specific ministries and agencies. In every government, the key budget review actors are always executive Presidents or Prime Ministers, the ‘shadow’ of whose interventions is key for budget negotiations (Breton, 1998, p.104); Treasury or finance ministers and finance ministries or CFAs as OECD terms them (Krause, 2013); and budgetary review committees (Kraan, 1996) and processes in legislatures (Wehner, 2010). A large political economy literature has repeatedly claimed that presidential systems are better for maintaining fiscal discipline (von Hagen, 1992; Persson and Tabellini, 2005), but operates only with macro-variables and sketchy ‘clockwork’ models of budget setting. Both ignore the critical roles of micro-

institutions, such as the standing order in the UK's House of Commons that rules out of order *any* proposal by a legislator to increase expenditure unless they have a certificate of permission from a minister, which is never given.

In addition to CPR problems budgetary misallocations can arise between policy sectors because of imbalances of budget-setting structures or political power between lobbies (Hallerberg, 2004; Hallerberg et al, 2009). However, Becker (1983, 1985) provides grounds for expecting an optimal balance of policy spending to emerge in liberal democracies for several connected reasons. First the deadweight losses of taxes weigh heavily in the political scales, mobilizing taxpayers to resist forms of requisitioning that reduce social welfare most, creating pressures for the most efficient (least distorting taxes to rise to the top), and de-mobilizing subsidy-seekers. Second, the stronger any deadweight losses of subsidy policies themselves (e.g. the leakier the bucket built by a system of redistributive transfers) the greater taxpayer resistance is and the less subsidy seekers are motivated to incur lobbying costs. This creates a continuous political pressure for the selection of the most efficient subsidy policies over less efficient ones. The only exceptions in Becker's view occur for relatively small interest groups that are politically privileged by institutional designs or political party factors - such as agriculture interests in many advanced industrial societies, which benefit from geographical over-representation, historical embeddedness in policy structures, ideologically-based privileging by right-wing parties, and wider public sentimental support.

A2. The central bank/Treasury state.

Each nation state's store of accumulated future value of tax receipts provides it with the essential collateral that also allows its central bank and Treasury/finance ministry to act as lender of last resort to its country's banks (Xavier et al, 1999), and to provide guarantees of repayments of deposits to its citizens and overseas investors (OECD, 2002a). Set against the condition of banking system stability or crises, and against national economic growth or recession, the decisions that states make on raising surpluses or maintaining deficit spending and issuing government debt also condition fundamentally its ability to finance debts in domestic and international bond markets, and the rates of interest that it must pay for borrowing (Wheeler, 2004; World Bank, 2007). In addition, every state issuing a currency has a last ditch capability to create limited amounts of new money (by printing

banknotes) to cover government deficits, at a cost of immediately devaluing its currency and potentially triggering inflation (or hyper-inflation in extreme cases).

The acute and many-layered fiscal crises in Western states during 2008-12 demonstrated repeatedly that each state functions as the ultimate guarantor of the banking sector and hence economic life, markets and future economic survival for its society. This link applies across all levels of nation state, from the economic colossus of the USA and the European economic power house of Germany; through medium size economies like the UK, Spain, and most other EU countries; and then also small countries like Ireland, Greece and Portugal; through to micro-states like Iceland. The tangled effects of attempted Eurozone monetary integration added an acute, continent-wide element to the crises (de Grauwe, 2011). In each of these cases, the scale of bank lending created in the boom years of the noughties was suddenly juxtaposed against the fiscal capacity of the nation state and its GNI. In some states, a very belated official (and public opinion) recognition occurred that they are critically undersized viz a viz the scale of inescapable bank macro-liability risks in the new global economy – a key part of the acute crises in Iceland, Ireland, Portugal, Spain and Italy. A push to re-scale liabilities and cut state deficits also necessitated drastic austerity, first in the UK and later in the cycle in the USA.

Strangely enough there is very little academic discussion of the fundamental Treasury and central bank state roles in managing state borrowing and bond market positions, printing new money in crises, acting as lender of last resort to the banking system, and seeking to recreate bank liquidity via low or zero interest rates or ‘quantitative easing’ (the re-branded name for printing money). By contrast, many economic and institutional studies have analysed central bank ‘independence’ (Drazen, 2002, pp.142-57). Whatever its significance under routinely buoyant growth conditions in the noughties, this arrangement was arguably at best a minor institutional influence during 2008-12 crisis conditions within all the key states, partly because interest rates were already low internationally. Central bank independence is more deeply engrained in EU structures where the European Central bank is a strong actor in a generally less developed institutional landscape.

A3. The planning/ infrastructure/ developmental state.

The third key derived aspect of the state as a stream of tax revenues is government’s role in investing in national or regional infrastructures, and in overt state-guided economic

development interventions. The financial constitution rules for sub-national governments (such as states in the USA and local governments in most of Europe) often prohibit bond financing for maintaining services or funding current consumption, and limit bond raising to investments that will deliver future revenues streams enough to break even, that is, pay off the debts incurred and finance intervening interest payments. Nation states live by much laxer rules, especially in conditions of rapid economic growth with industrialization and urbanization generating strong Wagner's Law increases in the demands for public services, as in much of Asia now and for the last twenty years, and in Europe (especially France, Italy and Spain) across the early post-war period to the mid 1970s.

East Asia also provides the clearest examples of an 'industrial development state' role in which governments actively plan and guide private sector macro-strategy changes, as with the phenomenally successful phased and state-guided industrial developments of Japan (lead by MITI in a dominant party system) and of south Korea (under military dictatorships) from the 1960s to the '80s (Johnson, 1982; Okimoto, 1989; Woo-Cumings, 1999). Even in Japan and Korea the political and organizational under-pinnings of bureaucratic guidance of the private sector proved time-specific, and both countries have moved to more somewhat more western standard practices from the 1990s.

In most western states, at most time periods, the politically legitimate space for such planning interventions has been far smaller, focusing on state support for research and development, encouragement of industrial clustering and agglomeration economies, and generalized infrastructure investments. In Anglo-American societies suspicious or suspicious of 'state planning' these interventions have none the less been consistently substantial and arguably have underpinned vital economic moves forward, as in the 'tyre tracks' report on the American IT industry's development (National research Council, 2012). There is a strong case that these arrangements in fact socialize all the risks of pre-competitive research, while the benefits of commercial exploitation are privatized – in the case of the American IT industry, benefiting some of the largest and most vigorously tax-avoiding corporations in the world (Mazzucato, 2013).

The most minimal but far from the least influential aspects of development state interventions concern the rescuing of viable industries from market short-terms. Again especially constrained in Anglo-American countries, partly given a history of 'lame duck' rescues such as British Leyland, successful examples include Rolls Royce, the UK's fourteenth largest employer in the early 1970s rescued by the Heath government

(Zahariadis, 1995, p. 57), a move described by Margaret Thatcher in her memoirs as ‘the most radical form of socialism proposed by an elected British government’. Rolls Royce went on to become a central pillar in the whole of the UK’s dwindling high tech manufacturing industry and defence sector. A recent even more salient example is provided by GM and Chrysler, rescued and re-structured by the US federal government in 2008-11 at a cost of \$39 billion for GM alone (Rattner, 2010). Vice President Joe Biden aptly summed up the achievements of the first Obama government as ‘Osama Bin Laden is dead, and GM is not’. This case is notable for the explicit extension of legislative approval for interventions in the financial industry (under a ‘lender of last resort’ rationale) to apply also to one sector of the ‘real economy’.

B. The constitutional and legal state.

The constitution and wider legal system hence always provide a second foundational basis for the state, normally codified in a written constitution (Rosenfeld and Sajó, 2012). Legal systems add a further element of differentiation between common law systems which stress the evolution of legal principles via case law and precedent, and Roman law systems, which stress the rationalist derivation of law from established codes. Developed legal systems also place a special emphasis upon the allocation of unambiguous property rights, the impartial registration of ownership and interests, the predictable operations of markets and contracts, the clear allocations of rights and duties and the cumulative development of legal knowledge and practice.

The ‘story of origins’ here can take various forms, varying from the Lockean idea of an initial contract in which citizens are the initiators (and so retain a right to withdraw consent) (Corbett, 2010) through to the more Rousseauist or republican collective will constructs. But all legal systems rest on a dichotomy of legal/constitutional versus illegal/unconstitutional behaviours. And: ‘Constitutional supremacy... expresses the idea that the Constitution is the supreme law of the land, is derived from the people, and cannot, at least in its fundamental features, be altered, save (if at all) by wide popular consent’ (Gordon, 2011, p. 9).

Hence legal systems are generally strong forces for continuity over time and for integration across all the multifold process aspects of state operations and apparatuses. This is consistent with ‘punctuated equilibrium’ patterns where a rapid evolution of legal doctrine and judicial opinion can occur in short periods, responding to new legislative

enactments, shifts in legal interpretations responding to changing social conditions and power balances amongst interests, and the relatively autonomous logic of development of law as a body of knowledge. Indeed for Luhman, the modern legal system is almost a paradigm case of an autopoietic system, one that responds to its own internal logic, and while responding to its environment, cannot be externally controlled (Teubner, 1992).

The focal institutions of this part of the state are the constitutional or supreme court, along with the top tiers in the domestic hierarchy of courts (that provide appeal possibilities in civil and criminal law systems) are. Additionally, a Ministry of Justice provides an essential linkage between the legal system and the police parts of the security state, and between the core executive institutions setting legal policies and the upper courts and legal professions.

C. The organizational/bureaucratic state

The core idea of bureaucracy ('rule by office', rule by the pen) was crystallized in Germany long before Weber, by the mid nineteenth century (Albrow, 1970), reflecting centuries of previous less self-conscious evolution of practices (e.g. in the British Admiralty and War Office (Knight, 2013)). No sooner had Weber (1994) provided the apparently definitive account of bureaucratization as linked ineluctably to modernization and societal rationalization than civil service systems across the world split into two dramatically different variants (Silberman, 1993). Where political elites had already solved the problem of peaceful leadership succession in a liberal constitutional order (as in the UK and USA), a low-key 'professional' mode of socializing civil servants into the public interest (relying on university socialization) could suffice for national bureaucracies. It could also be extended via meritocratic practices to the whole public sector, in the post-1945 period as the 'progressive public administration' (PPA) model (Hood and Dunleavy, 1994). By contrast, where the bureaucracy had to bear the whole burden of maintaining state continuity amidst strong political turbulence and radical regime changes (as in France and Japan) central ministries developed strong organizational cultures melding professional identities and a national interest identities into a fusion where internal socialization was dominant. In Europe the legacy forms were Bonapartist strong Weberian hierarchist models (Verheijen and Kotchegura, 1999) and elsewhere the East Asia variant, incorporating Confucian themes and later a strong development-state orientation (Im, Campbell, and Cha, 2013).

In the modern (post 1985) period the growth of new public management (NPM) extensively undermined PPA models in the Anglo-American (and a few European and east Asian) countries stressing disaggregation, competition and economic incentivization and accomplished limited modernization (Dunleavy et al, 2008). However, the approach had only patchy success before running into acute problems through its inability to handle the essential integrative nature of the modern information state and austerity pressures post 2008, both of which have generally fostered ‘digital era governance’ (DEG) patterns stressing reintegration, holistic approaches to citizen needs and strong digitization (Margetts and Dunleavy, 2013). In particular, NPM turned out to be an expensive set of solutions in its UK heartland (Dunleavy and Carrera, 2013; Hood and Dixon, 2013).

Contemporary civil and public service systems in the allegedly ‘networked state’ of American and Westminster system countries are now typically eclectic mixes of historic ‘legacy’ cultures of the types analysed by Silberman (1993), pluralistic PPA ideas (Moore, 1995), NPM implementations and para-state developments, and DEG trends driven by the state’s need to stay nodal within civil society (Margetts and Dunleavy, 2013). At the same time strong Weberian models remain important in Europe and east Asia, with overlayerings of some NPM and more extensive DEG developments. As government sector agencies become more fully digitized the secular linkage of public services to information state developments grows progressively stronger.

D. The information (database) state.

The newest form of state is one that is largely unrecognized in contemporary political theory. Behind every form of state - but in an immediate and particular way behind the state as a stream of tax revenues, the budgetary state, the welfare state, and the surveillance state - there inherently lies an organized capacity to assemble and process information that is a human and social phenomenon:

‘The world does not contain any information. It is as it is. Information about it is created in the organism [a human being] through its interaction with the world. To speak about the storage of information is to fall into a semantic trap. Books or computers are parts of the world. They can yield information when they are looked upon. We move the problem of learning and cognition nicely into the blind spot of our intellectual vision if we confuse vehicles for potential information with information itself’ (Illich, 1973, p. 101).

Or as one of the key founders of the post-war computing revolution put it: ‘The idea that information can be stored in a changing world without an overwhelming depreciation in its

use value is false' (Weiner, 1954, p. 129). The political theory of information is now a fascinating and voluminous literature, built up almost solely by people left almost unrecognized by political scientists, philosophers and cultural theorists alike. Overwhelmingly these are the IT and information engineers whose work has dramatically changed the foundations of modern social organization.

Their political thought typically is split three ways. One influential pole are 'big science' leaders and technologists who are happy to assist (almost) all forms of 'big state' endeavours that make available resources to fuel their scientific advances, whatever the purposes, especially during the cold war. The paradigm case was John von Neumann the economist and game theorist, who helped the development of the ENIAC computer and machine code, before helping to develop the hydrogen bomb: he famously advocated a 'preventative' nuclear war to destroy the Soviet Union in 1950 (Poundstone, 2011, p.). Since the noughties the expansion of the surveillance state in the name of homeland security has extensively refurbished this big state technology line of thought.

A second group of scientists and technologists are extreme libertarians, who almost emulate Rothbard in their dislike of the government and the state, sometimes also encompass big, old corporations in the same net (until they own one of their own). Their primary value is antipathy to big projects (that they do not control), a stress on unconstrained individual autonomy and radical freedom. They want to create decentralized technologies and self-organizing projects that change lives (and make money doing so). Paul Raymond expressed the philosophy well in a speech that was also praised US gun freedoms:

'All too often, people who invoke "social responsibility" are demanding that we give up individual liberty – that we accept just a bit more taxation, just a bit more regulation, just a bit more governmental intrusiveness, all for the supposed good of society.... We cannot leave the defense of liberty to politicians... It is the duty of every citizen, and of every responsible programmer .. to take power away from government so that individuals and voluntary groups may peacefully work out their destinies' (Raymond, 2001).

The libertarian impulses here are still consistent with a certain (open source) culture: 'Given enough eyeballs, all bugs are shallow' (Raymond, 1999). At times this may seem to pose a challenge to government regulation, but chiefly in a demand for technical autonomy: 'We cannot do much to slow the growth of technology, but we can speed the growth of foresight... Protecting free speech on technical matters may be crucial' (Drexler, 1986, p.200). This is a strictly limited liberalism.

The third strand of IT utopianism is left-leaning (verging into hippy social thought), opposing the authoritarianism and control drives of ‘the Man’ in all its corporate and governmental forms, committed to radical democratization, prioritizing a new discipline of citizen surveillance, and advocating a refurbished republicanism as the permanent vigilance of empowered and informed citizens. They stress the fundamental creative potential of unconstrained co-operative and democratic endeavours and the creative power of autonomous communities:

‘Governments of the Industrial World, you weary giants of flesh and steel. I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather..’ (Barlow, 1996, p.1).

The impulse here is cross-national: ‘The new electronic interdependence recreates the world in the image of a global village’ (McLuhan, 1962, p.31). And it focuses a great deal on the protection of privacy and open access: ‘To live effectively is to live with adequate information... Communication and control belong to the essence of man’s inner life, even as they belong to his life in society’ (Weiner, 1950, p. 18). For this strand, like the libertarians, the development of open source software as the fundamental engine of the Internet and the Web is the key demonstrator of their creeds.

What the IT engineers realized in the 1940s (but social scientists, politicians and government officials were so slow to understand) is that in essence the state is just a particular set of information recognition processes - for establishing identities and categorizing persons and organizations, requisitioning taxes, implementing regulations, paying economic subsidies or making transfers of welfare benefits. For governments the development of IT and communication technologies has created numerous inter-related problems, including:

- (i) The rise of a new class, of expert systems and information personnel, whose interests and internal organization were imperfectly understood. Like most new classes, the infocrats and their immensely powerful corporations are partly compliant with, and partly evade, previous forms of state and corporate control, responding to their own values and dynamics.
- (ii) The advent of waves of disruptive IT technologies, mainly designed for business, consumer or civil society use since the 1980s, and spreading through society in very rapid ways, transforming behaviours and expectations. Just as many business service or goods sectors have been threatened or eviscerated by

disintermediation trends, government have typically lagged in their responses to ICTs in many dimensions. The list of common failings at a bureaucratic level includes - adopting e-government late; steadfastly resisting later digital changes (like social media); and sticking with 'new public management' approaches that are at root inimical to the new logics of digital era governance (Dunleavy et al, 2005, 2008; Margetts and Dunleavy, 2013). In wider policy there have been repeated fracas over government privacy policies and weak protections for citizens' information; the development of a near-universal electronic surveillance capability by the US and UK states, and perhaps some IT corporations; government's inability to keep many aspects of digital regulation 'real'; and the state's passivity in the face of the crumbling of intellectual property rights (IPR) regimes.

- (iii) One key mass response to government's lagging technological stances and standing outwith major cultural changes has been a growing citizen perception of the state as an inherently laggard sector, slow moving, unmodernized, partly redundant or incapable. The obsolescence of government IT at a prosaic level contrasts with the omni-competent fantasy control of societal information systems contained in innumerable paranoid Hollywood movies about the surveillance state movies. The realist contrast here is with Paul Greengrass's (2006) film *United 93* which contrasted the successful information-gleaning of passengers using mobile phones on the doomed 9/11 flight with the uselessness of civilian air traffic control and air defence staffs in understanding the crisis they were trying to manage. As Stephen E. Flynn (2008) aptly pointed out, by preventing their hijacked plane being crashed into the Capitol or the White House:

'[United 93]'s passengers foiled al Qaeda without any help from - and in spite of the inaction of - the U.S. government... [T]he reality [is] that the legislative and executive centers of the U.S. federal government, whose constitutional duty is to 'provide for the common defense', were themselves defended that day by one thing alone: an alert and heroic citizenry'.

- (iv) The whole architecture of government (like that of business) has responded to the dialectical pressures of ICT changes and related business process transformations, with network effects tending to centralize controls and build wider, flatter hierarchies; while database effects tend to decentralize decision power to grass roots workers and local implementation agencies. Yet the

immensely strong constitutional/legal state barriers commonly exist to governments adopting the ‘intelligent centre/decentralized delivery’ structures used in ultra-modern giant IT, retail or services corporations.

- (v) Even for state agencies to retain a position as an ‘intelligent customer’ for ICT systems has become very difficult in many countries, with the extensive (and continuing) outsourcing of critical information state functions to powerful systems integrator corporations (Dunleavy et al, 2008). The information state is increasingly critical for policy development in all the multiple fields discussed above, from digitally implemented tax collection, budgeting for complex public service delivery chains, monitoring (let alone regulating) financial markets, through to electronically delivering hundreds of millions of welfare transfers, running the surveillance state, and now coping with cyber warfare

The key challenge for the information state is to control technocracies and knowledge professionals (partly located in the giant corporations) whose *raison d’etre* lies elsewhere, whose value systems often resonate to different rhythms and dynamics. There are constant battles between governments and big corporations on the one hand, and armies of hackers, open government leakers, open data exponents, cyber criminals and external cyberforces on the other. Across the now indispensable global infrastructures of the Internet and the Web, these struggles have taken place on the terrain where the efficacy and legitimacy of the modern state are increasingly defined.

E. The regulatory state.

The concept of a ‘regulatory state’ is a characteristically pluralist effort to define a ‘third way’ between unregulated private markets and classic, Weberian bureaucracies. In the original American literature the latter were routinely characterized as operating command-and-control enforcement systems that are directly legislated, closely controlled by the executive, and are implemented in a no-questions-asked style by large government inspectorates operating volumetric controls – a combination of features now often called ‘old regulation’.

By contrast, ‘regulatory rule’ vested both policy and implementation decisions in an independent regulatory agency, charged by legislation with determining policy via compulsory hearings or consultation, vested with considerable autonomy within an overall legal framework. They are quasi-government agencies, operationally independent from the

executive, often run by a corporatist-style commission, and typically ‘negotiating’ their policy decisions and even enforcement style with the regulated industries, under far closer supervision by the courts. The final element of ‘new regulation’ was a shift to ‘light touch’ or minimalist approaches, that retained ‘choice’ by economic actors, were framed in terms of economic criteria (like maintaining competitive tension or the famous RPI+/-x formula adopted for UK privatized industries). New regulation is typically operated via small agencies of technocrats closely studying market outcomes, using sampling and risk-based interventions (in place of pervasive volumetric controls and blanket rules). These basic contrasts are supplemented by many other administrative law innovations (Benish and Levi-Faur, 2012). Some practice in the USA and developing countries also involves NGOs explicitly in enhancing regulatory compliances (Grabosky, 1995).

There are two strong rational choice explanations of the popularity and growth of this model. Stigler’s (1971) theory of regulatory capture predicted that all regulation would be ‘owned’ by the industry concerned, and at first seemed to hinge on the presence of a US-style political finance set up, and to apply better to ‘old regulation’ under the direct administrative control of executive politicians (and legislators, uniquely in the USA) than to ‘new regulation’ run by independent agencies. However, the articulation of capture theory progressively showed how the need for industry expertise, plus the rationally self-interested choices of regulators themselves (however formally independent) typically favours ‘weak’ regulation (Leaver, 2009). Yet Stiglitz’s model is one of chronic imbalance of influence, with recurring risks of crises and malfunctions. Horn (1995) set out a wider rational choice logic of insulated regulatory agencies as institutional forms that perpetuating the influence of the incumbent majority in maximum ways. In doing so they raise the value of political promises and new legislation in ways that potentially substituted for the early post-war wave of state-owned enterprises (SOEs), which accomplished similar things.

From these modest American beginnings, the idea of a ‘regulatory state’ was subsequently enlarged into an ambitious ‘third way’ rival now for the welfare state, stressing that governments did not need to spend (large) budgets to secure economic and social objectives (Levi-Faur, 2011). A maximal regulatory state concept emerged from the 1980s to the 2000s that was immensely filled out by several factors:

- First in the UK and Westminster system countries, later in Europe and somewhat in the USA, a wave of privatizations closed down SOEs and broke up nationalized industries, selling-on assets to private companies, but in an

extensively re-regulated economic climate to secure minimal public interest goals.

- A deregulatory phase saw the scrapping of ‘old regulation’ apparatuses and their replacement by ‘new regulation’ arrangements.
- In financial markets especially the theory of ‘light touch’ regulation took deregulation further towards ultra-minimal and micro-based controls, leaving macro-risks (at the systemic level) completely uncovered in the noughties asset price bubble before the resulting 2008 financial crisis triggered extensive re-regulation, for instance, of banking and some hedge fund operations (Tomasic, 2010).
- The development of ‘new public management’ approaches stressed disaggregating large agencies into chunks, bringing in competition to core public administration tasks, and shifting towards incentivization strategies (Dunleavy et al, 2005; 2008) – supposedly to maximize asset-use and performance against metrics of performance (KPIs). These changes lead directly to an ‘audit explosion’ and ‘rituals of verification’ with sharply increasing use of intra-govt regulation (Power, 1997; Hood et al, 1999). Re-regulation was especially vital in accomplishing purchaser vs provider separation and in introducing quasi-market systems (LeGrand, 2007).

Perhaps the strongest flowering of a discrete regulatory state occurred in the European Union. In line with dual state theory the evolving EU design concentrated economic regulation in inaccessible union-wide institutions, dominated by industrial and to a lesser degree wider corporatist interests. Majone (1997, 2002) outlined the most maximalist possible concept of the regulatory state, contrasting it with the welfare state in terms of scope and significance. He also accurately stressed the overwhelming dominance of economic regulatory functions ‘by stealth’ in EU decision-making, the subordinate roles of labour or environmental regulation (Majone, 2009). The relatively minor role of budgetary decisions in the EU is well known, with spending by Brussels institutions accounting for no more than 1.5 per cent of GDP, against member state levels of 40 to 60 per cent. Just as European theorists dominated the exposition of a mixed economy and welfare state by the 1980s (Dryzek and Dunleavy, 2009, Ch.6), so Majone re-expressed the originally limited American concept in its most grandiloquent version. The European sociologist Ulrich Beck (1992) also introduced a key later theme of regulation state studies,

by stressing the fading of ideological adversary politics in favour of managing major, rapidly changing risk issues. In a 'risk society', anticipatory and precautionary regulation is a critical state challenge.

Important though regulatory developments have been, these maximalist characterizations of a regulatory state counterposed only with a welfare state are clearly exaggerated, and make no sense in 'the state as a multi-system' framework set out here. The regulatory state versus welfare state contrast in Majone and other authors (summarized well in Levi-Faur, 2011) is a patently false dichotomy. It can only attain a shred of credibility by absorbing into the concept of a regulatory state all the elements captured above in the constitutional/legal state. But while the latter provides a key foundation for regulatory styles, it both pre-dates regulatory expansion and has its own inner Luhmanian dichotomy (lawfulness versus illegality) which is different from and goes far wider than regulation.

The regulatory state is also tightly bound

- to the central bank/bond-raising state across the whole field of financial institutions regulation (especially in first introducing and now rolling light touch regulation);
- to the infrastructure/developmental state in controlling and stimulating long-run investments; and
- to the state as a stream of tax revenues for core institutional funding and nudge incentives for business.

It is the tax stream state that clearly remains fundamental to *all* the economic operations of the state, and not regulatory activity. Government cannot regulate or de-regulate their way out of a financial crisis or recession when the problem is inadequate demand or a need for increased (credible) monetary liquidity.

Given the increased inter-connectedness of the globalized economy, the capacity to effectively regulate many dimensions of economic activity and technology development has also migrated away from nation states, and towards a wide range of international or global-region level organizations. Such regulation is inherently a two-level game, so the coalition or alliance state (discussed below) is critically important, and cannot be assimilated within the regulation state concept.

Finally, both the surveillance state and welfare state interact strongly with social regulation in a swathe of activities essential to maintaining social order and state

legitimacy. Regulationist theories have been very useful in stressing the conditionalities and disciplines inherent in welfarism (see next sub-section). But there are many other forms of state than can be sublimated under either the regulation or the welfare states, as I demonstrate below. The whole thrust of this analysis is that there are multiple forms of state, so to contrast only two in a fake dichotomy is pointless and misleading.

There were many interesting debates about regulatory development in the growth periods of the noughties, towards ‘responsive regulation’ (Ayers and Braithwaite, 1992). Yet the failure of most advanced countries’ regulatory apparatuses to avoid boom and bust cycles, to preserve the fundamental importance of the state as a stream of tax revenues, or to encompass systemic or macro-risks has led to an unprecedented change of heart in official and professional circles, amongst economists and inside international organizations, although only evanescent recognitions in political or industrial circles. The strong belief system of the boom years, that light touch regulation could work, and that market rationality cannot be bucked, have been replaced by an effort to avert systemic threats that markets cannot adequately plan for. Yet this inner change of heart by key actors coexists with a weakness of will to effect real changes, an unwillingness to do re-regulation (hence politicians’ reliance on exhortations and rhetorical regulation alone to try and curb bank bonuses etc). The need to concert actions and the difficulties of dealing with ‘laggard’ nations that have plagued environmental policy have reoccurred here also.

F. The welfare state.

The conventional ‘story of origins’ for the welfare state has three main components (Barr, 2012), beginning with the claim that it is an anthropological necessity in every human community to make some provision for the care of those who cannot provide for themselves - especially the old, the physically or mentally sick, young children and people subject to other misfortunes or burdens that prevent them being self-sufficient or able to work. The logic here is risk-pooling, which national government can do more inclusively and efficiently than any other societal actor.

A second key component is a powerful inductive generalization, Wagner’s Law. The law says that the progress of urbanization and industrialization always strongly increases the demands for collectively consumed services (roads, sewers, schools, hospitals, care homes etc). In such societies the clustering of people into cities, then metropolises, megalopolises and now the ‘endless city’ all increases the dependence of lifestyles on an

increased division of labour in services. Agglomeration makes self-sufficiency infeasible, and fragments earlier large family and community self-help forms of care. Wagner's Law is not necessarily explicit on who should undertake the provision of commonly consumed services, but there is a strong expectation that much of the increased demand will be met by government sector provision.

The third element of the welfare state story of origins is the 'stages' thesis of W. H. Marshall. It argues that societal development follows a pattern whereby first the legal and property forms of civil rights must become established if capitalism is to develop and grow, initially benefiting a restricted section of the population. Economic growth and increasing dependence upon consumer markets then lead on (either via gradual pressure or more concentrated periods of conflict) to the evolution of extended political and economic rights for citizens. Finally the advent of political equality and liberal democracy (including trade union rights as well as voting) progressively bring about the extension of basic equality and welfare rights and entitlements across a whole population.

A specific implication is the escalating need for modern government to make comprehensive provision for a lengthy education system, comprehensive health insurance, compulsory and universal social security (especially provision in old age), and social services including protective regulations and the direct supply of social care for the sick and elderly people. Most recently has been the state taking on responsibility for securing or subsidizing extended childcare.

Collectively these are the key welfare state services, but governments may be either more or less involved in directly providing these services. Yet the advent of liberal democracy, combined with the political salience of these issues, mean that the state will be inextricably implicated in

- securing the organization of these services, whether under regulated private provision, or mixed economy arrangements, or in more statist forms of provision;
- regulating all the actors involved in intensive ways, going far beyond normal industrial regulation; and
- either funding services directly, or extensively underwriting them financially, including securing long term political consensus such that citizens can rationally plan for the future.

The national state has come to this role despite extensive political blockages and ideological resistances from the right, notably strong in federal states because of constitutional barriers. Principally government's role reflects the fact that it is the ultimate form of risk-pooling collectivity. There are solid actuarial advantages to having adverse risks to health and economic security distributed across the maximum politically feasible population. *Ceteris paribus*, no alternative form of securing social insurance can be as technically efficient as distributing risks across a whole population.

In terms of Luhman's dichotomies some forms of welfare state are structured around being eligible for benefits versus not being eligible, especially in Anglo-American and low welfare societies. The modern development of active labour market policies and of 'workfare' programmes in many OECD countries have strongly reinforced the claim of regulation theory to explain how some policies (especially extensive conditionalities built into welfare rules) play key roles in maintaining labour discipline in the workforce, preventing the exploitation of public budgets via fraud or malingering, and rationing out scarce publicly funded healthcare (Dwyer, 2008). However, a range of studies have also suggested that workfare and other disciplinary rules rarely have anything like the coercive impacts that may seem to be implied when taken at face value.

Instead political debates about (and cultural attitudes governing) the public response to different areas of welfarism often show strong variations within countries – for instance, as in the UK applying 'less eligibility rules' zealously to social security benefits for working age people, but pursuing much more relaxed rules (if scarcely more generous benefits) to people past retirement age. Walzer (1983) has argued for the importance of 'blocked exchanges' that prevent monetary resources from becoming the completely dominant primary social good in all aspects of social life. Instead, specific contextual logics and values govern the operations of political debates, cultural attitudes and public policy provisions to create distinct 'spheres of justice' – even in societies like the USA where government interventions in 'social engineering' have been most suspected, as witnessed by the brief Obama healthcare extension victory in 2010 which seems likely to survive Republican efforts to scrap it, despite IT delivery glitches (Rocco, 2013). While Walzer's highly contextualized fairness concepts are easily distinguished in more liberal-capitalist countries, in some parts of Europe these are pooled and aggregated into an overall ethos of care, whether on universalist lines in Scandinavia, or in a more corporatist fashion in Germany, the Netherlands and France.

Finally the core institutions of the welfare state show an interesting polarization between the centre of the state setting macro-policies for welfare transfers and health budgets, and decentralized agencies and NGOs delivering services to citizens in person. The financing of social security, health care and education systems (the ‘SHEW’ sectors) has concentrated ever more strongly at central or federal state levels, for only here are sufficient access to revenue-raising and maximum risk-pooling most feasible. The core institutions here are the social security and health departments, and the Treasury – for budgetary flows are fundamental to every operation of the welfare state. And in advanced industrial (OECD) states social security spending typically accounts for 22 per cent of all national state budgets, with health and long term social care taking a further 17 per cent (OECD, 2013, p. 9). So a close Treasury or finance ministry involvement with the sector is also usual.

In Marxist and corporatist theory of institutions the ‘dual state’ thesis (and the ‘triple state thesis’ largely fail to account for the extent to which welfare state policies have come to dominate national or federal spending. However, they fit a lot better in explaining how the European Union (a new form of uber-centralized state specific to the late twentieth century) has no social welfare agenda at all (beyond a small amount of regulation). These interpretations also fare a lot better in explaining the localization of social consumption spending in local authorities and decentralized health care authorities – the suggestion being that easily understood consumption issues provide an illusion of democratic control over the most accessible issues. Against such ‘Machiavellian’ accounts, liberal interpretations stress the feasibility of localizing non-redistributive (allocational) services at local level, where there will not be a risk of resource misallocations; and the public management gains from administering the delivery of physical services in local areas (Peterson, 2012, 1995).

G. The security state.

Several defining characteristics of the modern state centre on the ability to exhaustively define who its citizens are and who they are not; to be able to control entry into and exit from the state’s territory; to have the capacity to maintain internal law and order, enforcing criminal law against wrong-doers and civil law governing disputes between private organizations or private citizens. At the top level of the organizational chains here sits an intelligence and surveillance state. It invariably now includes a homeland security

apparatus of spying and intelligence agencies, communications monitoring and eavesdropping agencies, criminal intelligence, and elite police or military units. The threat of terrorism has greatly expanded the size, capital intensity and digital pre-occupations of the central security state. It is now very closely linked to the defence state (for instance, via the development of cyber warfare and cyber attacks) and to the information or database state (via the joining-up of massive databases for universal surveillance).

Yet it is easy to forget how relatively recent most of this high tech apparatus is. It was only in the 1790s that the first French Republic sought to comprehensively enumerate all its citizens and to create impermeable territorial borders, fully policing entry and exit (Dunleavy and Carrera, 2013, pp. 162-4). Anglo-American countries have resisted universal ID cards ever since, partly for fear of their 'police state' potential. As one result, these countries still generally lack unique electronic identifiers for citizens (and certainly for organizations).

Across the state's territory there is also a network of regional or local police forces that implements more routine regulation of citizens' conduct, although in the modern period even this is often backed with pervasive surveillance via CCTV in cities and on highways. In advanced industrial states the quasi-voluntary compliance of most citizens with most laws is as vital as it is in the tax system. The administrative machinery of the security state is premised heavily upon continued general compliance amongst citizens, founded in the overall legitimacy of the state. And in many cases (especially the UK) the lower tiers of the state, those in direct contact with the population, could not easily function effectively if the legitimacy of the government and law-and-order systems were systematically challenged by any substantial section of the population - hence the 'policing by consent' approach.

H. The defence state.

The story of origins for the defence state also draws on a strong Hobbesian parable, focusing here on the historically dreadful fate of weaker nations located in dangerous parts of the world or proximate to larger neighbours, and the defence state as the solution to group jeopardy for all its citizens. The central Luhmanian logic of the defence state is the power versus powerlessness dichotomy, articulated into a specific national conception of its place in a generally hostile international environment.

From the dawn of the Westphalian era, inaugurated after unprecedented levels of European warfare between states and coalitions on religious grounds, through to the 1960s

the defence state has seemed to many 'realist' observers to define the essence of the nation state. In an essentially lawless and anarchical international society, states for many centuries freely invaded each other and built empires from the territories of less well-defended peoples. Here it was resource-conditioned defence capabilities that separated states out into a fixed or only slow-changing hierarchy of:

- *imperial super-powers*, able to build a world-wide or regional bloc of subject territories and peoples, and essentially invulnerable to external attack, although often confronting internal troubles),
- *great powers*, able to take on two or more medium-sized neighbours militarily and survive),
- *minor powers*, too small to invade others and in troubled world regions often highly dependent upon their coalitional and diplomatic capabilities to survive; and
- *micro-states* dependent on the patronage or tolerance of other states in order to survive at all.

The centrality of defence for national survival, combined with the location of each state within this fixed hierarchy, and the resource burdens and the perils involved, extensively conditioned the whole of the rest of state operations. The defence and foreign policy state is always highly centralized in the very core of the core executive, now in a single defence department (but with historically bifurcated, later trifurcated armed forces and older separate departments). Defence and foreign policy has always been a closed elite business, self-sufficient and running on its own dynamic, often carried out in a 'club' atmosphere spanning political parties and responding to 'good of the state' pressures. Public opinion, electoral and lobbying pressures enter this closed world, especially in the postwar period, but remarkably weakly compared with say the welfare or regulatory states. The historical stakes in this area were too high to allow for more than walk-on or acclamatory roles for most citizens.

The effects of this insulation are evidence in different ways in both UK and France throughout the nineteenth and most of the twentieth centuries. Both developed strongly 'schizoid' constitutional structures and elite attitudes from the effort to combine within a single governance architecture both a developing liberal democracy in the domestic or metropolitan state, an apparatus of essentially despotic rule overseas. This recurring

condition has many echoes also in the contemporary USA. As George Santayana (1922, p. 468) noted:

[W]hen a people exercises control over other peoples its government becomes ponderous even at home; its elaborate machinery cannot be stopped, and can hardly be mended; the imperial people becomes the slave of its commitment.

The post-war collapse of the European empires, the warming of the cold war, and the flawed but none the less substantial expansion of international organizations' ability to curb high levels of inter-state rivalries (and most recently, even internal state violence by regimes against their populations) have all greatly undermined the centrality of the defence state, especially in the last three decades. The size of armed forces has greatly reduced in most countries, even in the USA (as the solitary global super-power), and some former imperial powers (such as Britain and France). Wars, undeclared wars and incursions, wars of secession and other internal civil wars have remained almost continuous phenomena. But despite the appearance levels of continuing high levels of conflict, war-related violence measured in terms of people killed have dropped radically despite the major conflicts of the twentieth century (Pinker, 2012). Successful seizures of territory by one state from another, even serious attempts at such seizure, almost completely died out in the modern period - until Russia's seizure of small parts of Georgia in 2008 and of Crimea from the Ukraine in 2014 (albeit with limited violence). State boundaries have partitioned up the whole inhabitable space of the world, and these divisions are essentially now permanent (barring changes due to secessions).

These transitions have created an additional and specific crisis of the *western defence state*, with its strong historic proclivity to rely on vigorous use of force overseas against 'uncivilized' states and peoples, and its reliance on advanced military/security technologies to counter a domestic shortage of (willing) military manpower. The conspicuous failure of the American neo-conservatives' 'hard power' solutions in Iraq and Afghanistan, and now also in Pakistan and along the Arabia/Africa border zone, has created strong public unease over the re-appearance of a West versus Islam mobilization (on both sides). This 'clash of civilizations', long-foretold and welcomed on the US right, has not worked as Huntington (1996) or others foresaw, contributing to fears and denial pressures in American public opinion manifesting in domestically-focused anti-statism. In fact, the USA's population will grow from 300 to 500 million people by 2050, and the country remains perhaps the wealthiest and amongst the most populous great powers ever in human history. But relative economic decline, and the rise of India and China, will likely drain

away American capacity to sustain its current world-wide military hegemony beyond the next two decades.

In Europe the same reaction has sapping Turkey's chances of joining the EU and wrecked Eurocrats' ambitious earlier plans to stabilize its borders with Africa in the Sahara, south of the Mediterranean Arab states (which would have entered the European Economic Area) and to the east with Russia. Much has been made of the supposed differences between the 'soft power' focus of European countries (stressing the attractive power of culture) by contrast with the 'hard power' of the USA stressing resource control and military power, vigorously used (). Amongst rising powers, China has strongly copied the USA in the post-war period developing a world wide pursuit of directly state-sponsored control of overseas materials and energy, while India has preferred to rely on trade and market forces to secure resource flows.

I. The state as a focus of national identity.

It was not always thus, but in the modern era states are almost all nation states. Such state identities are also often contested by some of the people living there. Yet, for the most part, the whole existence and operations of modern states are integrally linked to:

- a unitary or majority population living within a defined, historical territory;
- expressing its cultural and social identity in distinctive ways and via characteristic artefacts (such as, cooking, music, literature, architecture, art, etc.);
- speaking one or a very few common languages; often sharing a distinctive racial or ethnic appearance; and
- frequently finding additional focus in one main religion.

This strong bundling together of many causal factors, together with the huge group-jeopardy pressures sustaining the defence state in conditions of international anarchy, historically focused national identity into a dominant form, patriotism. The 'last refuge of a scoundrel' (according to Dr Johnson), patriotism originally focused most on a particular ruler or ruling house, as the embodiment of traditional, legitimate and often religiously sanctioned authority, and often as a defence for potentially fractured peoples against a common enemy (as with the Hapsburg empire). Patriotism also focused institutionally on the defence state. The American and French revolutions served to progressively refocus patriotism on the idea of nation as embodied instead in the people, and nineteenth and early twentieth century nationalism forever reconstituted the idea of a nation state, even for small

countries that could at best span between micro-state and minor power status. Strong cultural nationalism supplemented increasing political nationalism and imperialism to feedback into sustaining the long-lived primacy of the defence state as the critical form of state, both amongst elites and the mass of citizens. This position was cemented by the world wars of the twentieth century and the salience of post-war nuclear weapons development.

In the modern period, however, the ebbing away of major wars and the strong shift of emphasis from an isolated defence state towards collective defence and alliance strategies (discussed below) have both caused a partial de-focusing on the defence state as the sole or primary focus of national self-identity. Patriotism persists in more ‘soft power’ or attractive modes (pride in history, the constitution, democracy, ethnicity, governing and cultural traditions, and often also a (majority) religion). Hence the relevance of constitutional patriotism and the ‘twentieth century Rousseauian’ position summed up by Jan-Werner Müller (2009, p. 81) as: ‘Our government makes no sense unless it is founded on a deeply held religious faith – and I don’t care what it is’. Contemporary popular nationalism (in Europe especially) focuses a lot more on maintaining a distinctive language and culture; liberal politics, human rights, democracy and welfare state provisions; economic progress and the maintenance of social stability and community; and overall equality and quality of life achievements. So linkages between the welfare state and the regulatory state now powerfully help to define the state as a focus of national identity.

In Luhman’s terms the national identity state might seem still to be founded on the potent and everlasting dichotomy of ‘us’ and ‘them’. Yet without any close linkage any more to the defence state, this is a far milder version of even mid twentieth century nationalism. Ruling elites in most countries have also absorbed potent lessons of the two twentieth century world wars and the Nazi holocaust of European Jews (along with many other episodes of mass killings, for example, of Germans and Russians in the ‘bloodlands’ between Hitler and Stalin 1941-6 (Snyder, 2011), of Chinese 1933-45, in Armenia in 1915, or throughout the Spanish civil war). Most modern and educated elites have largely ceased to ‘play the national card’ in ways that stoke up intra-state social animosities. So ‘us’ and ‘them’ conflicts are milder (Pinker, 2012), and now focus primarily on immigration and multi-culturalism issues, and in Europe opposition to the EU and cross-border flows of ‘foreigners’ (Wodak et al, 2013).

Conflicts around national identity are also ‘managed’ now in more strictly centralized, media-run and coded ways by political elites. As a result the key political

institutions involved are officially the core executive (especially the ‘symbolic politics’ power house of the PM or President, and top opposition leaders). The organizational cultures of other institutions directly involved in implementation, such as border and police forces, add varying emphases. If political elites and public policies seek to manage the challenge of ‘legacy racism’ and destructive nationalism, there are also strong ‘extra-system’ pressures in this area. Discontents are fuelled once again in the aftermath of the 2008 crisis by anti-system, far right parties. These dynamics now define the development of the state as a focus of national identity - yet its continuing importance is well illustrated by the inability of other global, international and alliance groupings to achieve any remotely similar political focus and community identification. Most notable are the weak political links after many decades still between the European Union’s quasi-state apparatus and national electorates, and the severely limited and contested moral force of the United Nations, European Court of Human Rights and other international bodies. Lacking the role of states in focusing still enormously potent national identities, international (and even more global) bodies remain very weakly grounded, only feeble ideological challengers to the still-prevalent image of a world of states. For instance, the EU’s efforts to be a ‘global conflict manager’ have had a mixed record (Whitman and Wolff, 2012) even in the former colonies of member states.

J. The coalitional (or bloc/alliance member) state.

One of the longest-lived political science approaches to studying ‘power’, that of power index studies, essentially equates the concept with an actor’s ‘coalitional potential’ C, defined by the actor’s resources R (typically its vote-share) in relation to a an externally-set winning threshold (typically the proportion of votes needed to win). However, all power indices radically overstate the importance of coalitional potential, and have well-known defects, including: overstating the importance of small but pivotal actors, and assigning all power to winning coalitions (whatever their margin of passing the threshold level), and no power at all to losing oppositions (however close they are to recapturing threshold+1 levels of support). Yet we can reset these indices on a far better basis by taking a simple step and defining power (p) as a function of both coalitional potential (C) and resources (R), using the formula:

$$P = xC + (1-x)R \qquad \text{where } 0 \leq x \leq 1$$

If $x = 1$ then all power is coalitional, as power indices insist. If $x = 0$ then power can be read off directly from knowing an actor's resources, as Marxists and elite theorists have tended to argue. If x lies in between 0 and 1 then both resources and coalitional potential shape an actor's power, albeit in many different possible variations. State power is no exception to this claim, with great powers and imperial super-powers disposing of resources that make alliances and coalitions of less immediate importance. By contrast, with only small-scale resources, micro states and minor powers often extensively depend for their survival or international influence upon their coalitional and alliance capabilities.

The post-war stabilization of the world order, and the locking down of inter-state conflicts (and even civil wars) to a few exceptional areas of the globe, largely reflects the development of permanent alliances and groupings of states. In Europe the growth of first NATO and later the European Union have gone the furthest. NATO guarantees mutual defence to its 28 member states, and has intervened both in the 'European neighbourhood' in the Balkans and north Africa, as well as backing US interventions in Iraq and Afghanistan. The EU extensively pools national sovereignty rights, both over internal policies (e.g. the creation of a single European market) and over external negotiations (e.g. the pooled ability of the Brussels centre to conduct international trade negotiations on behalf of all its Overlapping set of 28 member states).

In less than half a century the shift away from international anarchy to near-permanence for nation states, the fixing of borders globally, has meant that the defence rationale of alliance formation has drained away. The inter-penetration of markets has undermined the abilities of 'small states in world markets' to shape their own economic weather, even with extended strategies linking welfare states and economic regulation in 'competition state' alignments (Katzenstein, 1985). Middle range powers too confront severe restrictions on their regulatory autonomy. The globalization of technology changes (especially ICT imperatives), greater internationalization of trade, and aggregation in goods and financial markets have all meant that economic imperatives increasingly provide a key alternative foundation of the coalitional and alliance state. The European Union is the strongest exemplar of a global-region counter-response, so far with only pale imitations elsewhere (Katzenstein, 2005). But even for the USA or China, coalitional and alliance state strategies in the economic sphere have vastly increased in economic salience.

Summing up the ten forms of state

Summing up the main lines of discussion sketched above, Figure 1 provides a summary overview of how each form of state can be linked to

- a distinctive story of origins (which provides a narrative justification of its importance or primacy);
- to a founding dichotomy (in Luhmanian terms), from which chain orderings can be derived;
- to a core logic of operations; and
- to core institutions and organizations.

Most of the classifications in Figure 2 should be immediately clear I hope, and all are justified above.

In addition the four right hand columns in Figure 2 show additional codings for each main form of state in terms of

- The main *organizational/morphological types* identified in Mintzberg's valuable typology. The key configurations here are
 - o machine bureaucracies (associated with strong Weberian civil service systems and old-style regulation);
 - o professional bureaucracies (associated with grass roots public service delivery and new-style regulation); and
 - o divisionalized bureaucracies (characteristic of the defence sector and armed forces).
 - o Two other Mintzberg forms play more marginal roles in modern states - adhocracies in the staffs surrounding presidents and premiers, and a few dedicated innovation/modernization agencies; and
 - o simple bureaucracies in quasi-market delivery systems and the delivery of services in the peripheries.
- The *organizational culture* prevalent in each state form distinguished by Hood (1998) Most important here is
 - o 'hierachism', a combination of high 'grid' (many formal rules) and high 'group' (strong mutual surveillance and conformism amongst staff members), characteristic of machine bureaucracies. However, there are also versions of hierachism that lean towards

Figure 2: Some key underpinnings of the main forms of state

Form of state	Story of origins	Organizing dichotomy (Luhmann)	Core logic	Core institutions	Main Mintzberg organization type	Organizational culture	Agency type	Tool mix
A. State as a stream of tax revenues	State as a stationary bandit (Olson) or revenue maximizer (Levi)	Fiscally sovereign vs fiscally failing	Fiscal development – expansion of the tax base; ensuring tax discipline	Tax agencies and Treasury	Machine bureaucracy	Strongly hierarchist	Taxing	Authority, Organization
A1 Budgetary state	Common pool resource problem	Funded vs not funded	(Long run) equality of revenues and expenditures	Treasury and/or Ministry of Finance	Professional bureaucracy	Hierarchist, sometimes strongly so	Control	Treasure
A2 Central bank/ Treasury state	Evolution of sound money – leveraging economic development	Sound risk (solvent) vs over-indebted/defaulting/toxic risk	Laws of finance – finance market responsiveness	Central bank Bond market Treasury	Professional bureaucracy	Mix of hierarchist and individualist	Regulatory	Authority, Expertise
A3 Planning/ developmental/ infrastructure state	Keynesian spend to save	Development vs stasis/ decline	Economic planning, counter-cyclical interventions	Treasury, business ministry, development agencies	Professional bureaucracy	Individualist	Transfer agency (business-facing)	Treasure Expertise

Figure 2 continued:

Form of state	Story of origins	Organizing dichotomy (Luhmann)	Core logic	Core institutions	Main Mintzberg organization type	Organizational culture	Agency type	Tool mix
B. Constitutional /legal state	Lockean (or Rousseauist) initial social contract	Constitutional and legal vs unconstitutional, illegal	Legal knowledge/ practice development	Supreme or constitutional court (including ECJ, ECHR), Ministry of Justice, hierarchy of lower courts	Professional bureaucracy	Hierarchist, stability orientated	Regulatory and delivery	Authority Expertise
C. Organizational /bureaucratic state	Meritocracy and (perhaps) representative bureaucracy	Common institutional memory vs fragmentation	Socialization of public servants	Core executive, civil service agency/ministry	Machine bureaucracy, ad hococracy	Hierarchist	Control	Organization, Authority
D. The information (database) state	Moore's Law (processing power doubles per decade) and information theory	Information/ message vs entropy/ noise/ static/ silence	Constant ICT modernization. Matching private sector and civil society	Core executive, Chief Information Officers, ICT 'community' and 'new class, Security agencies (dark side)	Professional bureaucracy	Hierarchist	Contract	Expertise, Nodality, Treasure

Form of state	Story of origins	Organizing dichotomy (Luhmann)	Core logic	Core institutions	Main Mintzberg organization type	Organization -al culture	Agency type	Tool mix
E. Regulatory state	Origins and management of risk	Within safe/sustainable limits vs outside such limits	Hierarchism as organizational culture	Economic regulatory agencies, social regulators	New style regulation: Professional bureaucracy Old style: Machine bureaucracy	Hierarchist (old) or hierarchist/individualist (new)	Regulatory	Authority Old: Organization New: Expertise
F. Welfare state	Anthropological necessity; and Wagner's Law	Social security (sustainable) vs insecurity (not sustainable)	Optimal risk pooling; collective good optimization	Social security ministry, and Public health care system	Machine (SS) bureaucracy and Divisionalized professional bureaucracy (NHS)	Hierarchist/Fatalist (SS) and Egalitarian/hierarchist (NHS)	Transfer (SS) and Delivery (NHS)	Treasure Organization Expertise
G. Security (surveillance) state	Hobbesian initial contract, feudalism	Secure, managed risk vs insecure, unmanaged risk	Risk-control, surveillance, intelligence	Intelligence and homeland security agencies	Professional bureaucracy	Hierarchist	Delivery	Expertise, Treasure, Organization
H. Defence state	Jeopardy or self-sufficiency in an anarchic international order	Powerful vs powerless	Great power or minor power	Defence Department, Armed forces	Divisionalized (professional/machine) bureaucracy	Hierarchist	Capital intensive delivery agencies or Contract	Treasure, Expertise, Organization.

Form of state	Story of origins	Organizing dichotomy (Luhmann)	Core logic	Core institutions	Main Mintzberg organization type	Organization -al culture	Agency type	Tool mix
I. State as a focus of national identity	Nationhood foundation myths	Us (citizens, insiders) vs Them (aliens, outsiders)	Historical progress of the nation/ ?race	Presidency/ premiership, Immigration and Culture Ministries	New: profess- ional bureaucracy Old: Machine bureaucracy	Hierarchist	Regulatory	Nodality, Authority, Organization
J. Coalitional (bloc or alliance) state	Jeopardy or self-sufficiency in an anarchic international order	Our alliance vs Their alliance	Bloc-level historical development (e.g. EU's 'ever closer union')	Core executive, Defence department, Security agencies	Professional bureaucracy	Cosmopolitan hierarchist	Delivery	Nodality, Treasure

- ‘individualism’, a low grid/ low group focus on market-lead changes and risk-taking, found in some business-facing agencies;
 - ‘egalitarianism’, a low grid/ high group form prevalent in strong professional bureaucracies, like those doing decentralized public service delivery in health care, education, social work etc; and
 - ‘fatalism’, a kind of bureaucratic coping culture with high grid/ low group, characteristic of failing or stagnant machine bureaucracies, like prison systems or immigration agencies, often because of ‘chronic capacity stress’ (Bastow, 2013).
- the predominant agency type identified by Dunleavy (1991); and
 - the main mix in that state form of the ‘tools of government’ identified by Hood and Margetts (2007), summed up in the slightly amended mnemonic NATOE, covering nodality (N, the state’s central positioning in societal information systems), authority (law and regulation, the ‘A’), treasure (the ‘T’, essentially finance, property and requisitioned resources), basic bureaucratic organization (the ‘O’), and organized, esoteric expertise (the ‘E’ added as a separate element by Dunleavy and Carrera, 2013, p. 79).

The integrative forces of the state

So far my attention has focused chiefly on what differentiates state forms one from another, on the diversity of the state. Turning now to the ‘oneness’ of the state, I consider next what factors make the state as a whole a genuine multi-system – and not just a random bundle of loosely associated institutions. The first aspect of a proof here is simply that the ten forms of state (and three sub-forms) distinguished above are present in all modern states, especially those in advanced industrial societies and in liberal democratic polities. No modern state can do without any of the ten main forms, or the three sub-forms (A1 to A3). If the states were no more than loose assortments of institutions, could this degree of macro-institutional isomorphism be explained?

Second, Figure 3 sets out a basic matrix mapping of the closely linked elements amongst the different state forms and shows the following main linking factors:

- (i) *Tax flow dependency* unites the key economic forms of state numbered A to A3 – without a secure, consistent and buoyant flow of tax revenues no state can

successfully budget, defend its currency and raise debt effectively, or afford to undertaken developmental interventions.

- (ii) *Budgetary dependency* spreads widely from the institutions of the budgetary state to all the main spending sectors, especially the welfare state, developmental state, information state, security state, defence state and to a lesser degree the regulatory state. Each of these sectors is involved in regular, annual ecological competition with each of the others for (relatively) fixed funding resources. The 2008 financial crisis also demonstrated that although the central bank role does not normally involve heavy budgetary expenditure, interventions to prevent banking system meltdown can have long run expenditure consequences, as liabilities are actualized, the state absorbs bad assets or ‘too big to fail’ banks, and an additional squeeze is put on all other sectors.
- (iii) Constitutional and legal inter-connections are equally as general as the state as a stream of tax revenues. They fundamentally condition the operations of the largely ‘immortal’ bureaucratic/organizational state (especially the slow-moving organizational cultures of public agencies), and the operations of the information and regulatory states. Legal rights and provisions additionally strongly condition the character and efficacy of the tax state, as well as shaping the derived operations of budgetary systems, and the central bank/Treasury roles in bond markets and debt management. Influences on the planning/infrastructure state are less strong, chiefly operating via contracting rules.
- (iv) Common bureaucratic and organizational factors within state agencies strongly condition how the welfare, regulatory, security and defence states all operate, creating strong organizational culture continuities, common processes, personnel inter-connections, and public expectations about rights and treatment.
- (v) The development of information systems is increasingly key for how the welfare, security and defence states operate. If the information state is weak or plagued by contracting problems then none of the major service sectors can meet business-comparable or internationally competitive standards. At its most fundamental, the state’s tax capacity now depends strongly on databases development and matching corporate and personal sector ICT and legal capabilities.

Figure 3: The major dependency and inter-dependency cluster factors that integrate the state as a multi-system

	A Tax flow	A1 Budget	A2 Bank/ bonds	A3 Devel- opment	B Consti- tutional / legal	C Bureau- cratic	D Infor - mation	E Regul- atory	F Welfare	G Security	H Defence	I National identity
A Tax flow												
A1 Budget												
A2 Bank/ bonds												
A3 Devel- opment												
B Consti- -nal/ legal												
C Bureau- cratic												
D Information												
E Regulatory												
F Welfare												
G Security												
H Defence												
I National identity												
J Coalitional/ bloc												

Key: The main clusters are:

- | | |
|---|--|
|  Tax flow dependency |  Budgetary dependency, and ecological competition |
|  Legal interdependency |  Organizational form and culture continuities |
|  ICT competencies |  Security/defence inter-dependencies |
|  Keynesian linkages |  Weak linkages |

- (vi) The security, defence, national identity and bloc/coalition states are closely bound together by intelligence (including information state), homeland security, force projection and alliance-sustaining capabilities. With relatively fixed national boundaries, the salience of security-intelligence-ICT factors over force projection capabilities has grown.

There are, finally, some weaker linkages. The willingness of the central bank/Treasury state to undertake counter-cyclical borrowing conditions the scale of the development state, which in turn impacts on the welfare burden. There are factors of national identity involved in central bank and Treasury decision-making on currency management (for instance, conditioning Thatcher's and later UK Euro-sceptic opposition to European monetary convergences in the ERM and Euro) – although they do not affect countries equally.

In Figure 3 there are 81 possible two-way inter-connections between the 13 main forms of state, and only 31 of these are shown coloured in as significantly inter-related, and five weak links. Thus plenty of white spaces remain (covering more than half the total). The overall structure of the state thus has relatively restricted inter-connections and many gaps and distant, mediated connections. It is not a blanket wall of similar inter-dependencies.

Conclusions

The state is a multi-system. Like many innovations, the proposition may seem obvious once explicitly set out. Yet we know from other branches of knowledge how resistant human knowledge development can be about recognizing multi-systems. For several thousand years generations of highly skilled and intelligent people knew the location of all the obvious organs within the human body. But for almost all that time the interpretations of what each organ was for, how it operated, and how each organ linked to others were overly simplified. Bodily systems were typically characterized in ways that now seem to us to be naïve, almost childish - in terms of their radical incommensurability with the phenomena to be explained, and the obvious gaps in knowledge or prediction that they left unexplained. It is only in the last century that we have come to what might be called a 'grown up' understanding of the human body as composed of lots of different cells; where cells of the same kind form a tissue; multiple tissues together make an organ; a group of organs makes a complete system; and the collection together of a number of systems and their interactions with each other produces an organism as multi-system, the human body. How many

systems we delineate in the body is of course partly constructed, depending on what level of detail we focus on (how far we go into sub-systems). But a roughly adequate characterization would say that the human body has seven essential systems – the conscious brain, the unconscious brain (the brain stem), the endocrine system, the cardio-respiratory system, the gastro-intestinal system, the genito-urinary system, and the muscular-skeletal system.

Seen in this perspective it is hard not to look at the highly simplified discussions of the state in contemporary practical political discussions and to feel that a far wider group of viewpoints than the Tea Party remain stuck in relatively childish modes of thought. Academic discussions are more sophisticated in their form of expression, and more articulated in their conceptions of the state (Dryzek and Dunleavy, 2009). But from that book, or any other review of contemporary theories of the state, it would be hard to argue that the progress made has been cumulative; that current scholarly debates and controversies have become less polarized over time; or that any viewpoint has yet embodied sufficient internal development to embrace the range of empirical phenomena needing explanation

The current paper seeks to encourage a more integrative and articulated concept of the state as the complex product of a number of different systems (and sub-systems). I have distinguished ten basic forms of the state (plus three derived sub-systems) – as

- a stream of tax revenues, implying
 - o an integrated budgetary apparatus
 - o a lender of last resort to the national banking sector, and issuer of government debt
 - o an economic developmental/infra-structure capability
- a common constitutional and legal order
- a common template of bureaucratic organization and socialization
- a connected set of information systems
- a connected regulatory apparatus
- an overall system for welfare risk pooling and meeting anthropological needs
- a homeland security apparatus
- a defence/ armed force-projection capability
- an institutional apparatus supporting a national identity; and
- a node of co-operation in wider coalitions or blocs of states.

Six principal connective forces operate

- the dependency of almost all state functions on tax-raising;
- more specific budgetary competitions and allocations;
- constitutional and legal inter-dependencies and their extension via regulatory instruments; organizational and bureaucratic commonalities;
- information state commonalities and linkages; and
- a nexus of national identity, security, defence and coalitional factors.

All of these forms of the state and integrative forces are essential to the whole. They must interact effectively together within narrow limits and tolerances if the state as a whole to operate successfully.

Many aspects of this substantive way of framing things are eminently disputable. Different authors and schools of thought will certainly want to contest the number of systems included, or to attempt to re-define their characters. Hopefully, however, it will still be feasible to reach some scholarly agreement that the state (like the human body) is composed of multiple systems, each of which contributes outputs of existential significance for the whole. Multiple linking factors integrate some parts of the operations of the state, but none of these alone integrates the whole, nor does every part connect to every other. Instead connectivity is relatively loose, but none the less vital. Perhaps we may in time agree on a ‘modernized Leviathan’ image of a multi-system, complexly integrated state (analogous to the human body as we now know it to be). If so, we should also advance our understandings of how political practitioners at many levels handle the diversified forms of the state in connected ways, and their interactions.

Endnotes

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