ARTICLES

Will Global Public Policy Arise from Global Crisis?

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Abstract: *The global crisis has gravely affected and continues to affect the lives of people around the planet. Some authors see it as an opportunity to change the paradigm for interpreting the problems of contemporary societies as well as the ensuing governance. In this article, I attempt to answer the question whether or to what extent public policy as a scientific discipline has helped us to explain the nature of this crisis and find our ways out of it. I conclude by proposing some desirable directions for this discipline's further development in order to make it better capable of responding to the global challenges humanity is facing.*

Keywords: *social sciences, public policy, globalization, global crisis, governance, state, market*

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Central European Journal of Public Policy
Vol. 3—№ 2—December 2009—pp 4–21
ISSN 1802–4866

Introduction

It is not by accident that an increasing proportion of social science articles come with titles ended by a question mark. Changes in contemporary societies seem to have gained a momentum that the interpretative frameworks and analytic capacities of social sciences are unable to respond to—at least in a timely and adequate manner. This article is no different in that it does not provide ultimate answers. It defines the cognitive task and discusses the ways public policy as a scientific discipline has responded to it as well as the conditions for improving that response in future.

It is the global crisis which emerged in 2007 and continues to exist as of today[1] that poses the following difficult question to social sciences, including public policy: In spite of the fact that it has ruined the living conditions of hundreds of millions around the world through lost property, work, and shelter, how is it possible that the global crisis was not anticipated, and therefore, nothing was and nothing could be done to effectively prevent it? Other questions are related: Are we able to understand the crisis now that it is here? Can we anticipate its further development and consequences? Are we able to provide decision makers with advice for dealing with it efficiently? And do decision makers have the resources, tools, and motivations to fight the crisis?

Late 1980s were the last time social sciences went through a similar situation. The Soviet empire broke down unexpectedly and with it the entire communist bloc fell apart. That was perhaps even more surprising to Western sovietologists than to social scientists working inside this bloc. Of course, similar situations happened earlier in history but that was at times when the cognitive ambitions of social sciences were much more limited.

However, the world is changing. It is becoming increasingly complex. New, hitherto unknown actors are taking part in the world's development. New institutions emerge and relations are getting reconfigured. "The gains in our ability to model (and predict) the world may be dwarfed by the increases in its complexity—implying a greater and greater role for the unpredicted." (Taleb 2007: 136) "Fifteen years ago hardly anybody thought that modern nations would be forced to endure bone-crushing recessions for fear of currency speculators, and that major advanced nations would find themselves persistently unable to generate enough spending to keep their workers and factories employed. The world economy has turned out to be a much more dangerous place than we imagined." (Krugman 2008: 181) This, however, should not lead us to agnosticism and resignation. Instead, this should become a new impulse for our effort to in-

1 This article was submitted for publication in September 2009.

vestigate the possible consequences of today's decisions and actions, and thus minimize future threats while maximizing development opportunities.

In the following article, I am going to:

- briefly summarize the ways the crisis is defined. I am going to explain the ways it came to exist and developed, as reconstructed by selected scholars. This will create the background for me to
- take inventory of the warning signals social sciences (including public policy) had transmitted prior to crisis as well as the reasons they were ignored. Finally, I am going to
- define the directions public policy should take in order to prevent from further opening the gap between its capacities, on one hand, and the demands of understanding the civilization development, on the other hand, and thus help avoid those future disasters that are avoidable.

Defining the existing global crisis, its genesis, and its mechanisms

Is this a crisis of financial markets or, more broadly, an economic crisis or a governance crisis? Is this a crisis of international institutions, a crisis of confidence, or a moral crisis? Even if all analysts do not share the same view of its nature, the crisis tends to be defined as a system crisis affecting all aspects of the life of human civilization today. It not only affects the economy, but also has political, administrative, value, intellectual, and ideological aspects.[2] While it was launched by the crisis of major private financial institutions, primarily in the U.S., its very nature can be best defined as a breakdown of (the system of) governance at the global level. I share the view that the crisis was primarily caused by quickly escalated imbalance between global market actors (above all, multinational corporations and financial market institutions) and the actions of individual nation states, limited by their territories and administrative competencies.

While institutions with certain global regulatory competencies existed before the crisis, some proved weak or unprepared for action at the global stage (UN, EU, G8) and the unintended consequences of the policies of others (WB, IMF, WTO) may have helped cause the crisis. It is further necessary to distinguish between institutions governed by codified formal rules (UN, EU, WB, IMF, WTO) and those formed and run through unwritten and changing informal agreements (G8 or the newly arising G20). (Derviş 2009)

2 Wallerstein (2006) calls it a structural crisis of the modern world-system.

Since the crisis was brought about by the collapse of financial markets, we must examine the history of financial market regulation. Some authors believe that this was a climax of decades of economic policies controlled by the free market ideology, i.e., the belief that government regulations must be suppressed and replaced by market force self-regulation. Soros (2008, paraphrased based on Klvačová 2009: 12) states that the crisis could have been avoided had we been able to refuse the market fundamentalist ideology's false assumption that markets can self-regulate. The same was even admitted by Alan Greenspan, the long-time head of the US Federal Reserve and one of the former main protagonists of U.S. economic deregulation, in his testimony before the US Congressional Committee on Oversight and Government Reform. The results of those policies included opening national economies to the global economy, abolishing government monopolies in external economic relations, and weakening the territorial embeddedness of economic processes and economic power in individual countries. (Rudd 2009, Šikula 2009) Since the 1960s, national restrictions began to be removed from financial markets. With the expiration of the Bretton Woods international treaty (1950–1972), the exchange rates of the world's main currencies ceased to be fixed. This, along with the 1971 abolishment of the U.S. Dollar golden standard, led to an unprecedented liberalization of financial markets. Another important relaxation came when 1999 saw the abolishment of the U.S. Glass-Steagall Act which, after the 1930s Great Depression, had separated financial and investment banking, restricted the bond market activities of commercial banks, and introduced mandatory deposit insurance. The so-called creative economy became an extremely facilitating environment for different kinds of quasi-banks such as hedge funds, private-equity funds, or mortgage brokers; those enjoyed, if possible, even less regulation than banks, lending (or selling) money or liabilities (such as collateralized debt obligations, CDO) under conditions even more favorable than banks. This undermined direct relationship with those bearing the risk of such loans. The financial sector became increasingly detached from the real economy of goods production and service provision. The turnover of financial transactions surpassed the value of goods and services production multiple times, also because financial transactions promised higher returns than the traditional economy. The boom of those institutions was facilitated by new information and communication technologies (primarily the internet), the behavior of private credit rating agencies with profit motivation to underestimate their clients' risks, and the interests of corporate top management to make immediate profit in order to receive higher salaries and bonuses. This process is called economic financialization (Foster & Magdoff 2009) or monetary expansion (Klvačová 2009: 11). While the global GDP grew by 52% between 1995 and

2005, stock market capitalization grew by almost 400% during the same period. The ratio between global exports and the annual turnover of global financial markets increased from 1 to 12 in early 1980s to more than 1 to 100 in 1995–2005. (Šikula 2009) The economic financialization, characterized by economic activity shifts from production to the financial sector, helped inflate and subsequently burst price bubbles (artificial rises in commodity prices based on excessive amounts of capital followed by steep price declines) in different sectors of the economic life, and caused rapid growth of debt in the general population, the company sector, and the public sector alike.

Since financial markets operate on a global scale and their regulation has failed, there is probably one more general cause of the crisis: a global governance deficit. This can be best defined as an insufficient preparedness of humanity to govern its affairs in areas that go beyond the competencies of individual states. The economic crisis goes across the borders of individual countries, as did the former speculative transactions in those markets. The global governance deficit—crisis in the way humanity governs its affairs—represents the common denominator for all partial aspects of the crisis. A question arises, are individual governments or international groups and organizations able to cope successfully with such a deep structural crisis?

Warning signals within social sciences (including public policy)

By no means do I intend an exhaustive account of the warnings that appeared in social scientific scholarly production before the crisis erupted. My selection for the purposes of this article will only reflect the following aspects:

- historic antecedents,
- some attempts to apply the public policy approach to address such issues, and
- the positions of several economists who stepped out of the shadow of mainstream neoclassical theory and were able to reflect the upcoming threat from the point of view of their own discipline.

I will conclude this section by specifying the reasons social sciences as a whole were unable to assert themselves in the global discourse and insist on their warnings about the risks that would eventually result in today's crisis.

Historical context

The roots of today's thinking about the global crisis can be found as far as in the works of Adam Smith and Karl Marx. Smith contributed to understanding the ways individual market economies as a whole facilitate cooperation between multiple economic actors and thus, without actors having that as their primary goals, facilitate overall economic wellbeing. At the same time, he recognized the political framework of such operations. Marx studied, above all, the processes of capital monopolization, their interrelationships with political power, the alienation of financial markets from goods and services production, and possible contradictions in the real application of ownership and political rights.

In the period immediately after World War II, a conceptual argument between Joseph Schumpeter and Karl Polanyi emerged, which continues to be relevant to our days. Schumpeter advocated for a free market with its capacity to innovate by creative destruction (and at the same time, along with Smith, respected its embeddedness in political and administrative structures), while Polanyi openly warned from the potentially destructive consequences of a self-regulating market that is free of regulation by public authorities, especially in areas like monetary stability (!), social justice, and the environment.

Public policy context

I will introduce the attempts to address the issue through public policy concepts by referring to the Charles E. Lindblom classic, *Politics and Markets* (1977), the book *States Against Markets* edited by Robert Boyer and Daniel Drache (1996), and the Club of Rome report by Yehezkel Dror entitled, *The Capacity to Govern* (2001). In the context of the Central and Eastern European post-communist transformations, I will also refer to my monograph entitled, *Not Only the Market* (Potůček 1999). All those works analyzed the "difficult partnership" between the state and the market. Finally, I will look at the development of selected concepts that are relevant for our subject matter and our discipline.

The state-market relationship

In his analysis of the functioning of the American society, Lindblom found out decades ago that "...in all the democratic market-oriented systems, corporations and other business enterprises enter into politics. (...) Their political impact differs from and dwarfs that of the ordinary citizen. Clearly democratic theory needs to be extended to take account of what we will call the privileged position of business." (1977: 5) In his monograph, he repeatedly mentioned the idea that policymaking in existing polyarchies is in the hands of persons who want to protect the privileges of business and property. His conclusion was that neither businesses nor governments have reasons to undermine their symbiotic relationship. Finally, he gave an example from the area of economic globalization by pointing out the clear dominance of multinational corporations over the governments of small countries, resulting in the negotiation of privileges to ensure that corporations do not turn to other countries. (ibid: 168, 172–180)

The above-mentioned book edited by Robert Boyer and Daniel Drache (1996) says in its introduction that—as opposed to the decades following the 1930s Great Depression—market actors have emancipated and begun to "pay back" to governments for their past dominance. "Financial institutions decide which state policies are acceptable and which are not. In these new circumstances, governments are beholden to market forces in a way few could have predicted." (ibid: 1) The book shows how multinational corporations exploit national differences for their own profit-making ends. States have lost their ability to control capital markets. The book states that while financial market autonomy benefits concrete international financial institutions, the risks of their operations (the negative consequences of lost financial stability or lost political autonomy) affect entire nations anonymously. Therefore, liberalization proposals are more easily asserted in politics because there is no one to oppose them. While politicians give up their ability to regulate financial markets at the national level, they fail to replace this system with a new regulatory system at the international level. The dominant position of transnational market's actors may be due to the fact that no supranational authority has the power to discipline them. (ibid: 7) This was already shown by the financial crises of the past years, with speculative raids causing the quick devaluing of several national currencies and enormous negative impacts on the living standards of people in affected countries.

One of the latest Club of Rome reports analyzed the capacities of governance at the national and, more importantly, global levels (Dror 2001). One of the book's principal research-based arguments is that humanity must change its existing—hopelessly obsolete—forms of governance and develop radically new forms that will be functional in the ongoing global transformation. Failing to do so would result in increased social costs or even mistakes jeopardizing the very existence of humanity. The chapter on *Governing Private Power* states that governance structures provide the private sector with increasing autonomy or are controlled by it, rather than controlling it themselves. This contradiction leads to the growing powerlessness and inadequacy of governance. Governance must be, the author argues, strengthened vis-à-vis the private sector: "Without a considerable amount of intervention by public governance in markets, private economic power will damage the market system itself." Dror also gives the following example: "The economic meltdown in some South-East Asian countries in 1998 can also be explained in part as a failure by governments in not adequately controlling short-term capital flows and currency speculations, not protecting themselves adequately against global speculative transactions, and being corrupt in their dealings with private economic power." He continues by saying: "Powerful global actors operate outside the effective control of any presently existing public governance. At the same time, they cannot be assumed to satisfy value requirements and promote economic prosperity for the majority of humanity, if left to their own devices." (ibid: 181) And he concludes: "Global governance capacities to oversee, regulate and steer private transnational economic power should therefore be urgently improved. However, this requires superb global governance bodies. (…) Efforts by private interests to prevent global governance from developing these abilities should be unmasked and defeated." (ibid: 182)[3]

In my monograph, *Not only the Market* (1999), I identified the risks in the transformation processes of post-communist countries arising out of the uncritical admiration of the market, as an antipode to the former central administrative operation of political and economic systems. I demonstrated the social and economic costs of the fact that the transformation aimed merely at establishing a liberalized laissez-faire market under the flag of neoliberalism: "The market cannot function without competition. Competition is, however, a form of conflict. Government is the only institution that has the power to create specific control mechanisms to keep the conflict within boundaries." (ibid: 74) Nonetheless, I limited my analysis to national level actors, their behavior, and the institutional framework they are part of, without noting the growing discrepancies between national level governance and the globalizing market.

All the above approaches had in common the identification of distortions in the dynamic relationship between two key regulators in the life of contemporary societies, i.e., the market and the state. They all identified growing imbalance between the two regulators as a source of tensions and possible future crises.

3 This invasion of private institutions (firms, private international regimes, networks, or transnational private arenas, composed of regulatory agencies and/or networks) into the sphere of global governance is analyzed in more detail by Hall and Biersteker (2002).

New concepts

Analysis of the changing market-state relationship is not the only theme public policy as a discipline has contributed to the study of change in contemporary societies. It could not leave unnoticed the globalization processes, especially the ways of regulating these processes in general (governing globalization) and global finance specifically (Held & McGrew 2002). Importantly, the somewhat ambivalent concept of global governance has been applied here based on "The Global Impact" initiative by UN Secretary General Kofi Annan. (Nanz & Steffek 2003, Detomasi 2007)[4] The concept of global governance relates to the emerging urgent global problems which cannot be solved by the national instruments of decision making. It is often linked to the concepts of global commons (Dror 2001) and global public goods that are indeed similar in their contents. (Kaul, Grunberg & Stern 1999) Other contexts are used for the concepts of global public domain (Ruggie 2004, Tieleman undated) or global public sphere (Helleiner & Porter 2009).

This brings me to a more general concept that has not yet been completely domesticated in the academic discourse but shows us the trend of developing capacities for coping with global public policy tasks: the concept of global public policy. While individual authors had different motives to introduce the concept, they all shared the necessity to solve the task unknown after World War II, when our discipline emerged to analyze decision making and management problems at the level of individual countries. Reinicke (1997) argued in favor of global public policy by saying that in order to solve international policy problems generated by the growing interdependence of individual countries, a more adequate disciplinary platform was needed than what policymakers accustomed to the traditional international relations paradigm tended to apply. Brinkerhoff (2002) examined the formulation of acceptable and feasible global public policy with the capability to resolve conflicts over large technological projects. This case study demonstrated that the partnership of stakeholders mediated by the World Commission on Dams could address conflictive policy issues. Finally, Detomasi (2007) used this concept in the context of global public policy networks, global analytic instruments helping state, market, and civic sector actors create an international governance system to overcome the weaknesses afflicting each individually and make multinational corporations more responsive to societal expectations and needs.

4 However, in practice, the idea of improving global governance by engaging international non-governmental organizations has been confronted with the power of multinational corporations operating in the same arenas, e.g., as Tieleman (undated) documented on the example of the failure of the multilateral agreement on investment (MAI) organized by the OECD.

Nevertheless, these conceptual extensions are, in my opinion, merely the first steps to creating an independent and robust new scientific discipline, global public policy, although there are no doubts about the necessity and broad applicability of such a discipline given the gravity of existing crisis.

Economic dissidents

During the past decades, mainstream economics successfully dominated the public space in which social sciences analyzed the dynamics of contemporary societies and formulated recommendations for societal practice. The great turn occurred in the 1970s when Keynesian concepts for fighting economic crises through government intervention were put in question. Monetarism and belief in the self-regulatory power of market forces began to dominate economics.

However, even the ranks of economists included exceptional scholars voicing early warnings, in some cases in sharp contradiction to their prior positions. Among them were Paul Krugman (2008), George Soros (2008), Joseph Stiglitz (2009), Francis Fukuyama, and Geoffrey Sachs. Furthermore, people such as Paul Baran, Paul Sweezy, Freda and Harry Magdoff, and John Bellamy Foster voiced minority opinions that were marginalized in the U.S. scholarly and, to a greater extent, political discourses. A fresh book by Foster and Magdoff (2009) provides an up-to-date summary of their analyses and warnings, many of which were publicized more than ten years ago. Rather critically detached from free market theorists were also other economists studying the market's institutional embeddedness, primarily within institutional economics. Here I will mention the paper of Merton and Bodie (1995) proposing a conceptual framework for analyzing the global financial system. Their notably early functional analysis of this system emphasized one key function that has been often ignored afterwards: the necessity of risk management. (ibid: 5)

In the Czech Republic, the societal threats of an institutionally unregulated market have been the long-term topic of Lubomír Mlčoch (2005, 2006). Ondřej Benáček also anticipated the fragility of an American prosperity built upon increased global debt and the possibility of a financial market crisis breakout (2006). These and similar opinions have been rather exceptional in the Czech scholarly community and ignored by the political practice.

Social sciences' deficits

This stunning deficit in the social scientific understanding of contemporary civilization problems was partially caused by the ongoing specialization of social sciences and insufficient integration of specialized approaches and evidence. Wallerstein (1996: 76) believed that social sciences must overcome the "artificial separation erected in the nineteenth century between supposedly autonomous realms of the political, the economic, and the social". This separation has prevented them from applying the holistic approaches mentioned in the above section on historical context. In other words, economics cannot be the only discipline to analyze the problems of financial markets, just as political science cannot be the only one to explain declining legitimacy and efficiency of public and political institutions. Lindblom (1977: 8) formulated an early warning about the risk of separating economics and political science in contemporary science: "For many good reasons, politics and economics have to be held together in the analysis of basic social mechanisms and systems." Wallerstein (1996: 84) pointed out another challenge: the fact that social science institutions pay too much attention to states as units of analysis, ignoring complex structures at the more global level.

What caused the fact that the state's role in regulating the market in the globalization context was not fully understood or appreciated? Decisive was the change in the macrosocial and macroeconomic paradigm which fully prevailed in the West during the past thirty years as well as in post-communist countries during the past twenty years.

Until recently, the world's problems were explained under the flag of the dominant neoliberal paradigm, as incorporated in the so-called Washington consensus. This can be—with the necessary simplification—described with the slogan, "Government is an obstacle of free enterprise, and therefore, the prosperity of society as a whole." Since the 1970s, the paradigm emerged and thrived in the United States and later in the United Kingdom. In both countries, the paradigm set the direction for a political turn initiated by Ronald Reagan and Margaret Thatcher. Ultimately, supported by institutions such as the World Bank and the International Monetary Fund, it fully entered the post-communist world. Here it coincided with the discrediting and political defeat of communism and enhanced the search for radically different solutions.[5]

In this context, the processes of political and economic transformation in post-communist countries proved to be an interesting arena of differentiated actions by and power of international institutions. Pension reforms can be given as an example. The formerly public pay-as-you-go systems were reformed in most of these countries in order to transfer portions of people's insurance contributions into private pension funds.[6] This took place under the intellectual aegis of neoliberal orthodoxy and often with direct institutional assistance by the World Bank and the International Monetary Fund. The European Union remained a passive observer of this process as it weakened the application of the solidarity principle, which had been and continues to be fundamental to the idea and practice of European Welfare State. The process caused financial destabilizing of what remained of public pension schemes, further weakened public budgets, and increased the risk of long-term inadequacy of pensions for large parts of those countries' general population.

The sociology of knowledge argues that political and economic interests play important roles in supporting ideologies that are able to change substantially the ways people think, believe, and behave. (Mannheim 1936) Wallerstein (2006) goes further by stating that social sciences form an important element in the functioning and legitimizing of the modern world-system's political, economic, and social structures. A similar concept is used by Lindblom (1977: ix) in identifying persuasion as the third regulator of social life, along with (the market-mediated) exchange, and (the state-mediated) authority. Therefore, the success of the neoliberal interpretation of contemporary civilization problems should primarily be sought in the massive and articulated economic interests of the global financial capital. Those interests have mobilized large resources to systematically, generously, and both directly and indirectly support the academic and political circles which applied such concepts in preparing, justifying, and implementing reforms for (de)regulating economy and dismantling the welfare state.[7] They asserted, often successfully, a narrow economic interpretation of societal problems (and possible solutions) in public discourse, i.e., the tendency that entered history under titles like "arrogant colonization of the social science by economics"[8] or even "economic imperialism".

Quo vadis, public policy?

Wallerstein (2006, paraphrased based on Czech translation 2008: 68) sees a direct link between global crisis and the crisis of social sciences. He believes the development of structures of knowledge is simply a part—and an impor-

5 Václav Klaus was and has remained a protagonist of this way of thinking about the requirements of our time, generally, and of the state, specifically.

6 Hungary in 1998, Poland in 1999, Latvia in 2001, Estonia in 2002, Slovakia in 2003, and Lithuania in 2004. Of the post-communist countries joining the EU in 2004, only Slovenia and the Czech Republic resisted the pressure. See Potůček (2008b) for more details.

7 The Heritage Foundation or the Cato Institute can be mentioned among American institutions.

8 This is the way American sociologist Fritz characterized the situation of social sciences years ago.

tant one—of the development of the modern world-system. The structural crisis of one is also the structural crisis of the other. The battle for the future will be waged on both fronts.

What do we know about the crisis in this stage of its development? We still know very little. Mainstream economists tend to "see light at the end of the tunnel" in every slight improvement of the economy that suggests recession slowdown. Analysts who realize the existing power imbalance between global market actors and the limited possibilities of national governments point out that the crisis treatments so far have been very expensive, have burdened public budgets with unprecedented debt service for many years ahead, yet have been rather palliative in nature, failing to remove the principal causes of the crisis. Astronomical public budget transfers to bail out private financial institutions during 2007–2009 were effected without substantial guarantees that their behavior would change in future, i.e., without principal changes in the global regulatory environment. (Stiglitz 2009) Therefore, the global economic crisis, they argue, may become protracted or strike again, perhaps with more strength and destructive effects than so far. Even if this is prevented, avenues have yet to be found to effectively solving the two principal negative side-effects resulting from the existing gap in regulating market forces at a global level: the ever widening gap between the rich and the poor (both citizens and states) and the escalating environmental threats of planetary proportions. Both cases obviously include grave social, political, economic, and security threats.

I perceive two main barriers to better understanding the essence of the global crisis: a cognitive barrier and an interest barrier.

A cognitive barrier to understanding the global crisis

I will begin with the first one. Global public policy must reflect the growing complexity of the world we live in and the ways we govern it. Clearly, political science, economy, and sociology—the basic social sciences that have provided public policy with most of its existing theory and methods instruments—have mainly shaped public policy to be useful in investigating individual countries or adding small stones of insight to the tremendously complex mosaic of contemporary social problems. Continuing scientific specialization outweighs attempts to cooperate, create synergies, and synthesize the perspectives of individual disciplines. Therefore, emphasis on multidisciplinary research will be necessary for a positive turn in future. This, however, cannot be done mechanically and universally. Instead, we will be better off taking minor attempts to apply interpretative frameworks combining two or three disciplines.

What are the promising directions for the future of public policy? Given the existing results of my study of the global crisis and the factors behind it, I primarily wish to subscribe to the efforts to formulate interpretative frameworks in close cooperation between economics and political science. In other words, I support the revival and development of classical political economy, yet with due regard to the autonomous development of both disciplines in the past decades.[9] Indeed, public policy does not have a sufficient conceptual framework available to study the principal relations surrounding the attempts to solve the crisis, on one hand, and the obstacles standing it their way, on the other, i.e., the relationship between the political and economic interests of differentiated actors within the specific global economic institutional frameworks. On the other hand, public policy may effectively, and perhaps uniquely, contribute to finding new regulatory instruments (or, more generally, governance instruments) with adequacy for the changing environment.

We will not be able to abandon the existing orientation on clarifying mutual relations, symbioses, contradictions, and synergies in the regulatory functions of the market, the state, and the civic sector (Potůček 1999, Potůček, Musil & Mašková 2008). As the key cognitive task here I consider the necessity to identify the causes and effects of the discrepancies between the global regulative powers of the market, on one hand, and those of politics and administration (with focus on the competence of individual countries and with difficulties in creating more effective structures for their functioning at the global level), on the other hand. Here public policy will probably be able to rely, to a much greater extent than so far, on global studies, geopolitics, and international relations theory in order to find new concepts and methods that are better fit to the nature of the subject under investigation.

Another move to integrate the approaches and findings of different disciplines will be to attempt to better understand the very processes of governance, including their dimension called multilevel governance. Here the primary task will be to investigate global governance. This is in spite of the fact—or precisely because of the fact—that the governance concept is often used uncritically, or even abused to obscure the real motives of power holders under the cover of equal access to global decision making for all actors. Here emerges an entire new terminological cluster that might become a platform for theory innovations and would include the concepts I used in Section 2.2 above: governing globalization, global commons, global public goods, global public domain, global public sphere, global public policy networks. Interestingly, three

9 This does not exclude the close collaboration with other core disciplines, namely sociology, public administration and social psychology.

key dimensions of the governance concept (or the strategic governance concept, as defined in some earlier works of my Center[10]) prevail here at the global level of analysis: multilevel governance, market-state-civic sector interactions, and actor networking. (Potůček 2004, 2007, 2008a, Potůček et al. 2009)

Last but not least, public policy will have to pay much more attention to the institutional environment of contemporary economy, and in particular, analyze financial market institutions and public institution regulatory activities, including those at the global level. Here it will be suitable to enlist the disciplinary resources of institutional economics, theories of government, public administration, and cybernetics.

An interest barrier to understanding the global crisis

In the decades to come, there will be one difficult structural problem in the world's development: who will be interested to formulate and finance such difficult research tasks at the global level? Clearly, political representations of even the most powerful states are currently largely dependent on the will of global financial market actors as well as the globally operating multinational corporations. The latter find themselves in the advantageous free rider positions. If they submit—as many of them already have—to the temptation of moral hazard and continue to abuse their privileged positions for their own benefit, they will prevent any systematic analytic investigation of their behavior resulting from this positional advantage.

The onset of a more effective approach to global governance and global public policy forming may be found in the gradual shift of power from the G-8 framework (seven most developed Western countries plus Russia) to G-20, a platform of twenty developed and fast developing countries. The G-20's development suggests that a new global-level governance center will sprout from what was originally an informal group. The last three G-20 summits[11] adopted declarations emphasizing the need to depart from an era of irresponsibility and create a framework of policies, regulations, and reforms to ensure strong, sustainable, and balanced global growth, thus responding to the needs of the 21st century global economy. This should arise from agreement on shared political goals, and in particular, "the overarching goal to promote a broader prosperity for our people through balanced growth within and across nations; through coherent economic, social, and environmental strategies; and through robust financial systems and effective international collaboration" (Leaders'

10 Center for Social and Economic Strategies, Charles University in Prague. http://www.ceses.cuni.cz.

11 December 2008 in Washington, April 2009 in London, and September 2009 in Pittsburgh.

Statement 2009). However, many analysts have pointed out the incoherent, more-or-less declaratory character of this statement.

Dror (2001: 159) recommends that the United Nations Organization becomes the sponsor of analytic efforts necessary to understand the global challenges: "The office of the Secretary-General of the United Nations should be reconstituted to serve as a 'core central mind of global governance' with the help of suitable staff, deep policy reflection and think tank units". This, however, seems unrealistic given the deteriorating status and influence of the UN. An alternative solution through non-governmental think-tanks—even though one such think-tank, entitled Global Public Policy Institute[12], already operates—will hardly be able to rely on sufficient private resources to solve tasks of this magnitude.[13] And what about global government? This certainly remains a vision for distant future.

On the other hand, it is obvious that many influential political elites at the national level as well as financial institutions and multinational corporations at the global level may feel threatened by any such task formulation… I wonder if a new challenge, unprecedented in size and importance, is arising for global public policy as well as social sciences as such. Are they going to have a chance and be able to respond competently and responsibly? Or are partial economic and political interests going to push them aside, making them passive students of the negative social, economic, security, and political consequences of a misunderstood and uncontrolled global crisis? Such a development surely would become an interesting research topic for sociology of knowledge. Yet could it not disturb us as global citizens?

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12 See www.gppi.net.

13 The Club of Rome or the Bertelsmann Foundation formulated such tasks in the past.

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