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Globalization, State Formation, and Reinvention in Public Governance: Exploring the Linkages and Patterns in Southeast Asia

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Abstract While the existing studies on globalization widely cover the realms of economy, politics, society, and culture, the discourse is hardly extended to the domain of public governance. Although there are studies on the globalization or cross-national convergence of contemporary neoliberal models of governance – that is, the New Public Management (NPM) model and its revisionist post-NPM alternatives – there is a relative lack of research on how the globalization phenomenon itself has been a major cause of the emergence of such a neoliberal public sector management. In explaining the main causes of these neoliberal reinventions, most scholars highlight issues like fiscal crisis, state failure, and public sector inefficiency. They rarely consider how the dominant actors of globalization may constitute a major force causing the recent neoliberal transformation of the state and market-led reinvention in state policies and management. This article explicates these linkages – between globalization, state formation, and public sector reform – with specific reference to Southeast Asia.

Keywords Globalization · State · Governance · Neoliberal Reform · Southeast Asia

Introduction

The current epoch of globalization represents one of the most significant historical phenomena with implications for shaping the structures of economic production and distribution, state formations and interstate relations, patterns of cultural norms and lifestyles, and modes of knowledge production and information exchange. Compared to the pre-colonial and colonial stages of transnational interaction and confluence (Frank 1998; United Nations 2000a, b), the contemporary phase of globalization, which is interpreted by Farazmand (2012) as the predatory globalization under predatory capitalism or hyper capitalism, is remarkable in terms

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of its worldwide scope, multi-dimensional impacts, and unprecedented speed, intensity, and complexity (Haque 2004). Thus, globalization is widely recognized to be "the master concept of our time" (Weiss 2000:1), and its consequences for economy, society, politics, culture, and ecology have been seriously studied in diverse academic disciplines like economics, geography, sociology, political science, and philosophy (Kim 2011:165–166). In comparison, however, there is a relatively inadequate discourse in the field of public administration on the implications of the crucial globalization factor for shaping public governance, especially in the major Asian regions. In this context, the article aims to examine how the recent NPM-style business-like transition in public governance in Southeast Asia has been reinforced by the globalization process as such.

In the public administration field, the current academic discourse has been dominated by the worldwide diffusion of the NPM (and post-NPM) model of governance as well as the extent of the model's cross-national convergence and divergence (Holmes 1992; Hood 1996; Cheung 2005; Turner 2002; Tillah 2005). There are also some studies on the implications of the global spread of NPM for the profession and education in public administration in the developing world (Jreisat 2011; Kim 2008; Hope and Chikulo 2000). Only few studies offer more comprehensive interpretations of globalization and its adverse consequences for public administration (Farazmand 1999; Jreisat 2009; Farazmand and Pinkowski 2007; United Nations 2001). For example, Farazmand (2001, 2002) has done extensive research on the major causes, actors, and consequences of globalization, especially with regard to the changing role and structure of the state and its public management. However, most studies do not use a comprehensive political-economy approach (Robinson 2001; Faeazmand 2002) to explain the linkages between globalization, state formation, and the adoption of the market-led NPM and post-NPM models. In particular, there are almost no such studies focusing specifically on Southeast Asia as a region.

To a great extent, it is this relative dearth of research on the emergence of the neoliberal[1] state (especially under the influence of globalization led by transnational capital), which may have expanded the futile divergence-convergence debate over NPM-type reforms in Southeast Asia and other regions, and created a speculation over whether NPM is dead and replaced with post-NPM alternatives. It is quite ironical that although public administration is an integral part of the state, and its basic character largely depends on the nature of state formations – that is, the capitalist state, welfare state, communist state, authoritarian state, developmental state, and neoliberal state – in the existing literature, there is hardly any consideration of the nature of the state in studying public administration. This represents a serious intellectual limitation in the field.

In the above context, this article examines how the forces of globalization could have led to the emergence and spread of the market-driven NPM model via the restructured neoliberal state. The central argument here is not regarding the globalization *of* NPM; it is rather about NPM *for* globalization (about how the model was adopted by the state in response to the demands or pressures of the globalization

[1] Neoliberalism represents a set of economic tenets – including the retreat of the state, primacy of market forces, privatization of state enterprises, competition through liberalization and deregulation, promotion of free trade, and so on – which are also reflected in the Washington consensus (Liow 2011:241; Beeson 2001:497).

forces or actors).[2] More specifically, it can be argued that the process of globalization facilitates the expansion of transnational market forces by integrating national economies and ending political barriers. This requires major changes in the structure and role of the state in favour of market-led neoliberal principles and policies (Tillah 2005; Beeson 2001), and suggests the corresponding pro-market reforms in the state's public management, as prescribed by the NPM model (Weiss 2000; United Nations 2000b; Haque 2002). For exploring this framework of analysis, the article focuses on Southeast Asian countries (especially Indonesia, Malaysia, the Philippines, Singapore, and Thailand), which have been widely known for achieving spectacular economic progress under a state-centric developmental model. These countries have recently experienced unprecedented neoliberal changes in the state formation, plus certain NPM-type reforms in public management (Coclanis and Doshi 2000).

The article begins with some clarification of the concepts and actors of globalization, then discusses how the globalization process and its major actors have transformed the nature of state formation and precipitated the emergence of a transnational neoliberal state (in terms of its internal institutions, policy priorities, and external linkages) that tends exogenously to serve the demands of transnational corporations and institutions. It explores how the market-led, business-like NPM model of public governance became a natural outgrowth and integral part of this transnational-neoliberal state. The subsequent section of the article uses this general analytical framework to examine the similar recent NPM-type reforms in governance carried out in Southeast Asia, often under the influence of major globalization actors.

Globalization, the State, and Public Governance: Analytical Linkages

The concept of "globalization" is replete with multiple interpretations depending on its analytical focus (e.g., process, structure, and consequence); on its constitutive ingredients (e.g., capital, state, people, ideas, and technology); and on its major domains (e.g., economic, political, and cultural) (see Friedman 2000; Mittelman 2000; United Nations 2001). However, scholars like Guedes and Faria (2007:29–30) offer a more comprehensive view on globalization by simultaneously presenting its content, means, structures, and symbolic bases. They recognize that globalization does not imply universalism, harmony, and convergence (Guedes and Faria 2007:29–30); rather, it involves the structures of domination, dependency, and conflicts. Thus, it can be concluded that globalization is largely a process of integration:

> [Globalization is] a process of integrating nations, societies, and peoples in the domains of economy, politics, culture, ideology and knowledge through the transnational networks of capital, production, exchange, technology, and

[2] It should be noted here that while the prevailing causal explanations emphasize problems, such as government failure, public sector inefficiency, fiscal crisis, and external debt (Hope and Chikulo 2000) as major causes behind NPM-type reforms, these arguments are not often sustainable, because these reforms have been embraced more enthusiastically by countries without such problems (e.g., Singapore, Hong Kong, Malaysia, and South Korea) than by countries where these problems are often serious (e.g., Myanmar, North Korea, and Cambodia) (Turner 2002).

information, owned and controlled unequally by dominant states, organizations, classes, and individuals (Haque 2004).

It should be emphasized that among the major dimensions of globalization (economy, politics, ideology, culture, language, knowledge, and information), economic globalization remains most central (Weiss 2000:3; Tillah 2005:9). This is not only due to the fact that most tangible effects of globalization are in the economic realm (e.g., international trade, foreign investment, capital flow), but also because the globalization process is largely based on market forces, led and managed by the world economic powers, and guided by capitalist ideology (United Nations 2000b:2; Mitrovic 2008:179).

Globalization and its consequent governance restructuring are not just neutral ideas, events, and initiatives: they involve human agents or actors with vested interests. A tentative list of such globalization actors or forces should include transnational corporations, advanced capitalist states, international agencies, regional economic and trade blocs, consultancy firms, and certain think tanks and the mass media. First, the most central actors of globalization are the transnational corporations (TNCs) which largely shape the world economy through their control over global trade, finance, investment, information, and technology (Haque 2004). The second set of globalization actors includes the governments of advanced capitalist nations, who help TNCs penetrate global markets, use international institutions in favour of TNCs, and put pressure on foreign governments to open up economies for these transnational investors (Gritsch 2005:2–9). The third set of globalization actors includes the major international agencies or supra-national organizations such as the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank, and the International Finance Corporation (IFC), and so on (Beeson 2001). In alliance with TNCs and advanced capitalist states, these organizations often influence developing countries with heavy external debt to accept structural adjustments, adopt pro-market policies, reduce trade barriers, and expand opportunities for foreign investment (Farazmand 2001; Robinson 2001). Other actors of globalization include the regional economic and trade blocs (e.g., the Organization for Economic Co-operation and Development, the North America Free Trade Area, and the Asia-Pacific Economic Cooperation); major consulting firms (e.g., Arthur Andersen, Ernst & Young, Coopers & Lybrand, and McKinsey & Co); and large think tanks (examples are the Adam Smith Institute, the Heritage Foundation, and the American Enterprise Institute (U.S.), which play a significant role in advising and prescribing pro-business policies and reforms (ILO 1999; Hildyard 1997; Saint-Martin 2001).

The abovementioned actors or forces of globalization often create pressure on the state to reconfigure itself (in the mode of a neoliberal state); to change its policy priorities (in favour of privatization, deregulation, and liberalization); to revamp its social programs (through de-subsidization, welfare cuts, and outsourcing); to restructure its organization and management (for instance by disaggregating itself into autonomous agencies and decentralizing its budget and finances). These causal linkages between globalization, state formation, and public governance are briefly explained below.

Transforming the State Formation

While the major actors of market-driven globalization, especially transnational corporations, advanced capitalist states, and supra-national institutions, are interested in global networks and operations to gain access to cheap resources, expand markets, invest in profit-making sectors, and own valuable assets worldwide, the main barrier they face is the protectionist and interventionist state and its public sector policies and institutions (Hildyard 1997; Robinson 2001). While the globalization actors do not want to see the end of the state, they desire the state to become neoliberal, that is, to reduce economic intervention, embrace promarket policies, expand free trade and markets for foreign goods, and facilitate foreign direct investment (Farazmand 2001; Chittoo et al. 2009). Since all these market-driven neoliberal reforms demanded by the globalization actors cannot be pursued under the existing state systems (with their embedded traditions, structures, and vested interests) – including the welfare state, developmental state, the bureaucratic state, and socialist state (Haque 1996) – it becomes imperative to reconfigure the state formation itself.

However, the emergence of such a neoliberal state began to be a reality with the changing composition of private capital in the 1970s, especially with the unprecedented expansion of the internationally-mobile transnational fraction of capital (representing transnational corporations) which, unlike the protectionist national fraction, became increasingly involved in global-scale accumulation (through liberalized and deregulated trade and investment). This type of capital rapidly penetrated major national economies worldwide (facilitated by progress in information and communication technologies), and led to the emergence of transnational capitalist elites, who exerted considerable influence on states even in the developing world (Robinson 2001; Dent 2003). These globally organized, networked, and overwhelmingly influential transnational elites began to exercise control over the state by capturing key executive positions in national politics and bureaucracy, and by infiltrating global economic powers such as the World Trade Organization, the International Monetary Fund, the World Bank, and the World Economic Forum (Robinson 2001). The agenda of these globalization actors has been to restructure any form of interventionist state and to favour market-led neoliberal policies serving the interest of transnational corporations (Robinson 2001:173–178). In this regard, while some scholars highlight that the role of nation-states has become redundant, others emphasize that the state can adjust and transform itself in response to the demands of such transnational corporate forces (Dent 2003). This newly-emerged market-driven state formation, which can be interpreted as the *transnational neoliberal state* (Robinson 2001), is characterized by its increasing partnership with transnational elite, its outward-oriented policies to serve transnational corporate demands, its neoliberal ideological bases (market competition, anti-welfarism, and unrestrained free trade), and its pro-market policy preferences (liberalization, privatization, deregulation) (Haque 2008; Bertucci and Jemiai 2000; Robinson 2001; Kim 2008).

Globalization, the State, and Public Governance

In the context of the above – that is, my review of the process and forces of globalization led by transnational capital and the consequent restructuring of the state into a transnational neoliberal state – it was only logical that public management, being an integral part of the state, had to undergo corresponding changes. Central to the study of contemporary public management reforms should be this historical shift in the formation of the state shaped by the major actors of intensive globalization. Thus, it is pointed out that "the absence of an effective public administration can often constrain states from participating in the global economy … The reform of public service would give states a better opportunity to globalize" (United Nations 2001:33). For Tillah (2005:16), NPM is "seen as the response of government (plus other sectors) to a globalizing world". It should be noted that the political domain of the state (especially the executive branch) is being increasingly dominated by neoliberal political elites who are often affiliated with transnational capital, engaged in advocating market-led reforms, and often involved in anti-public sector campaigns and bureaucrat-bashing. But it is mainly the administrative domain managing the public sector – involved in state ownership, regulation, and control – which became the main target of drastic market-led changes preferred by the globalization actors, including transnational corporations and international agencies. Thus, the World Bank, UNDP, IMF, and bilateral aid agencies have played a dominant role in the developing world to prescribe neoliberal reform initiatives such as the structural adjustment program (Martin 1993; Polidano 2001).

In response to the demands or pressures of these globalization actors, the state has had to deregulate and liberalize (expanding mobility of capital, market exchange and foreign direct investment), to privatize and outsource (replacing state ownership by corporate ownership), to downsize (weakening bureaucracy and its regulatory power), to disaggregate and corporatize (expositing the public sector to market competition), to withdraw subsidies and introduce user fees (expanding markets and customers for private-sector goods), and to form partnerships and adopt business principles (creating business-friendly attitudes and cultures in public organizations) (see United Nations 2001:34). These globalization-driven reforms actually reflect the main tenets of NPM. From numerous existing studies, it can be generalized that the NPM model includes neoliberal policies of privatization, deregulation, liberalization, and downsizing, as well as business-like organizational and managerial principles such as disaggregation and agencification, facilitating the role of management, financial and managerial autonomy, performance measures, result-based controls, efficiency and parsimony, and customer orientation (Hood 1991; United Nations 2001; Monteiro 2002; Hope and Chikulo 2000). The declaration of the death of NPM has been considered "misplaced and exaggerated", as it is still being adopted and practiced in many developing countries (Chittoo et al. 2009).

Early Globalization, the State, and Governance in Southeast Asia

There are considerable diversities amongst Southeast Asian countries with regard to their colonial backgrounds – the British in Malaysia and Singapore, the Dutch in Indonesia, the Spanish and American in the Philippines, and the French in Cambodia and Vietnam – which had considerable impact on the nature of public governance in these countries. They also differ in terms of the patterns of their political systems, including a fragile democracy in Thailand, presidential democracy with ethnic tension in the Philippines, semi-democratization in Indonesia, a reformed communist model in Vietnam and Cambodia, and parliamentary democracy with a one-party-dominant system in Malaysia and Singapore (Coclanis and Doshi 2000; Régnier 2011). Some variations exist in the pace and level of economic progress in these countries – with the rapid take-off in industrial and economic growth in Malaysia, Singapore, and Thailand; less successful economic progress in Indonesia and the Philippines; and low-level economic status in Cambodia and Myanmar (Régnier 2011:13–14). There are great variations also with regard to demographic size and composition, status of development, and levels of income.

Despite these contextual diversities, several scholars have tried to explore some general patterns in the formation of the state and its administrative system in Southeast Asia, especially during the period since the emergence of colonial rule in the region. In the region, it is possible to discern some historical stages with certain common models of public administration – for example, the traditional-bureaucratic model (colonial period), the developmental model (postcolonial stage), and the NPM model (contemporary phase) – which emerged under specific formations of the state. However, the main focus here is on the current stage of neoliberal state formation and the corresponding NPM-type restructuring of public administration in Southeast Asia.

Colonial Period

Although countries in pre-colonial Southeast Asia were already mutually interactive, which led to the formation and spread of Chinese, Indian, and Islamic civilizations, it was mainly the Western colonial intervention that led to their forced globalization, especially in terms of forming economic and administrative linkages with European metropolises (Loh and Ojendal 2005; Coclanis and Doshi 2000). During the colonial period, the local state structures were infiltrated and dominated largely by the colonial rulers and subordinated to states in Europe. Thus, the colonial state in Southeast Asian countries represented an indirect rule –by the British in Malaysia and Singapore, the Dutch in Indonesia, the Spanish in the Philippines, and the French in Cambodia and Vietnam – although some local native elites were co-opted in the administrative hierarchy.

At least officially, public administration under such a colonial state largely reflected the basic features of a Weberian bureaucratic model characterized by hierarchy, specialization, merit-based selection, impartiality, formal rules, and discipline, especially in Singapore and Malaysia (Monteiro 2002; UNDP 2004). This administrative model was also followed in the Philippines, despite its colonial rule being based on the American presidential system (Gonzalez and Mendoza 2002:150). Although Thailand was not under colonial rule, the government adopted some principles of this bureaucratic model, especially after the enactment of the Civil Service Act of 1928 (ADB 1999:18).

Postcolonial Period

During the postcolonial period, countries in Southeast Asia adopted a nationalistic approach in pursuing socioeconomic progress, although very soon most of them (except Vietnam, Laos, and Cambodia) were drawn into the world capitalist system with their increasing "integration into competitive global markets" (Coclanis and Doshi 2000). Compared to other developing regions (for instance South Asia and Africa), some Southeast Asian countries more enthusiastically embraced foreign investments, built export processing zones, preferred export-led industrialization, and formed joint-ventures with foreign corporations (Coclanis and Doshi 2000; Loh and Ojendal 2005). According to Régnier (2011:15), "South-East Asian industrial capitalism has relied primarily on Asian, European and North American investors interacting with strong developmental states and local business elites …". Although these economic activities would represent a considerable degree of the region's economic globalization, they were pursued largely under the auspices of interventionist developmental states and assisted with foreign aid from international agencies (especially the World Bank) in order to carry out development plans and programs (Loh and Ojendal 2005:26).

Some of the major common tenets of such a developmental state include the following: a planned and coordinated development process led by the state, a significant developmental role played by state bureaucracy with technocratic competence, administrative discretion to pursue developmental goals, competitive merit-based recruitment, and clientelist but transparent relations between the state and businesses (Beeson 2001; Régnier 2011; Doner et al. 2005). While some authors present Singapore as a developmental state and Malaysia, Indonesia, the Philippines, and Thailand as "intermediate" states (Doner et al. 2005), other scholars use a broader perspective and interpret all these cases as developmental states (Beeson 2001; Régnier 2011; Liow 2011; Milne 1992).

Under the developmental state, in general, public administration in Southeast Asia took the form of so-called development administration, which, although it maintained the legacy of the colonial-bureaucratic approach with some structural revision for greater flexibility, aimed to achieve developmental goals such as nation-building, economic progress, and people's participation (Monteiro 2002:2; UNDP 2004:1). This state-centred-development administration model involved long-term development plans and economic ventures. In line with this trend towards a state-centric model of development administration, most countries in Southeast Asia pursued such a model in order to realize their long-term development goals. They invested in the public sector by creating various planning agencies and development-related institutions. This was the case in Malaysia, Indonesia, Thailand, and Singapore (Polidano 1999). In particular, after its independence 1957, Malaysia adopted considerable reforms in public administration; it pursued the state's developmental and welfare role through its Development Administration Unit (Painter 2004). Similarly, the Thai government established the National Institute of Development Administration in order to offer development-related education in public administration (UNDP 2004). Also in the Philippines, the government established the National Economic Development Administration to coordinate development plans and agencies.

Current Globalization, the State, and Governance in Southeast Asia

The abovementioned early phases of low-intensity globalization mostly took the form of internationalization under which the inter-state relations, although they remained unequal, did not pose any serious challenge to the leading role played by the interventionist developmental states. In the case of Southeast Asia, the interventionist states steered the mobility of capital, negotiated international trade and investment, and planned national development. In comparison, the current stage of high-intensity globalization (which, as already stated, is led by transnational capital and other allied actors and enhanced by revolutionary information and communication technologies – see Coclanis and Doshi 2000) is based on a market-driven neoliberal perspective, which, as also mentioned earlier, demands the end of the state's interventionist role and its reconfiguration into a transnational neoliberal state.

Globalization and the Transnational-Neoliberal State

Most countries in Southeast Asia have been significantly affected by the forces of contemporary globalization; they "have emerged as an important base for offshore production by multinational corporations" (Coclanis and Doshi 2000:58–62). Some of the key indicators of economic globalization include the volume of trade and the amount of foreign direct investment. Between 1980 and 1996, the volume of trade as a percentage of the Gross Domestic Product (GDP) increased from 113 to 183 % in Malaysia, from 54 to 94 % in the Philippines, from 54 to 83 % in Thailand, and from 48.9 to 82 % in Vietnam (compared to the average increase from 21 to 30 % in South Asia and from 32 to 33 % in Latin America) (Coclanis and Doshi 2000:57). Similarly, between 1980 and 1996, the amount of Foreign Direct Investment (FDI) received annually increased from US $1.09 billion to $9.96 billion in Indonesia, from $2.33 billion to $4.50 billion in Malaysia, from $530 million to $1.40 billion in the Philippines, from $5.57 billion to $9.44 billion in Singapore, from $16 million to $1.50 billion in Vietnam (compared to from $464 million to $3.43 billion in South Asia as a whole) (Coclanis and Doshi 2000:57). Among 208 countries listed in the globalization survey, the overall rank of economic globalization is Singapore 1, Malaysia 30, Thailand 48, Vietnam 72, Indonesia 76, and the Philippines 97 (compared to Russia 98, Brazil 100, and India 129) (KOF 2013). Within each country, the index of economic globalization increased remarkably between 1980 and 2009: from 34.90 to 60.96 in Indonesia, from 28.82 to 60.78 in Cambodia, from 64.32 to 60.78 in Laos, from 64.32 to 76.38 in Malaysia, from 37.33 to 55.41 in the Philippines, from 90.83 to 97.39 in Singapore, from 34.18 to 69.55 in Thailand, and from 38.21 to 61.91 in Vietnam (KOF 2013).

The above comparative figures show that in various degrees, Southeast Asian countries have been significantly globalized, and the major actors of globalization played a crucial role in this regard. As Loh and Ojendal (2005:17) mentions, "the fiscal crisis and foreign debt problems in Southeast Asia in the early 1980s … resulted in a swing in the balance of power away from the domestic states and capital to international financial institutions". For Régnier (2011), the main agents of such globalization in the region have been global economic powers, foreign governments, transnational business networks, and certain local business circles. In particular, "the APEC and the WTO have played vital roles with regard to trade liberalization and the opening up of national economies to the global market and … [they] constitute two very powerful forces that are responsible for globalization today" (Tillah 2005:13). After the Asian financial crisis in 1997, the IMF and the World Bank played a crucial role in expanding transnational capital in Southeast Asia through more foreign direct investment, corporate mergers, and banking acquisitions (Régnier 2011:16). It is observed that the World Bank, IMF, and UNDP imposed neoliberal policy reforms as the loan conditions for heavily indebted and dependent countries such as the Philippines, Indonesia, Thailand, and Vietnam (Milne 1992; Kimmet 2004; Loh and Ojendal 2005).

With regard to the changing state formation under current neoliberal globalization, although some scholars argue that the developmental state in Southeast Asia has followed the strategy of adaptation without drastically changing its nature (Dent 2003; Kim 2011), most scholars present a more realistic scenario of how some states in the region demonstrate their growing neoliberal features in terms of adopting market-driven policies and reforms, especially after the 1997 financial crisis (Loh and Ojendal 2005). In the case of Singapore, for Liow (2011:241–243), the state has undergone structural changes, moved towards a synthesis or neoliberal and developmental options, and demonstrated a transition "from a developmental state to a neoliberal regulatory one". In Malaysia, on the other hand, the government confidently pursued neoliberal policies under the so-called New Economic Policy that often benefitted the *Bumiputera* businessmen and the ruling party elite (Milne 1992), and required the state administration to serve the business sector or private capital.

In Indonesia, the growing dominance of business conglomerates became further entrenched by forming alliances with state officials (both politicians and bureaucrats), and since the early 1990s, the government has begun to embrace the neoliberal reform principles (under the influence of the World Bank) that allegedly has strengthened market forces at the expense of the state's capacity (Kimmet 2004; Milne 1992). The Philippine government, meanwhile, has taken drastic neoliberal policy options (since 1986), and sold all major government-owned and controlled corporations, oftentimes to foreign investors via local business firms (Milne 1992). In the case of Thailand, the political domain of the state increasingly has aligned itself with local and foreign businesses, and the constitutional reform in 1997, which contained a neoliberal policy position (Article 87 of the 1997 Constitution), to a great extent, has guaranteed the use of market-led economic reforms (Milne 1992; Kimmet 2004).

From the above analysis, it can be concluded that despite certain speculation over the continuity or disjuncture of developmental states in Southeast Asia, the recent market-driven changes in the state's missions, structures, and policy preferences, which have been adopted oftentimes under the influence of the leading global economic powers, demonstrate that state formation in the region has increasingly become neoliberal and transnational.

New State Formation and NPM-Style Governance

It has been emphasized above that being an integral part of the state, the domain of public management needs to be restructured and made more market-driven and business-like (as reflected in NPM). This will bring public management in line with the changing nature of the state towards a transnational-neoliberal formation shaped by the major actors of contemporary globalization. Thus, it is not surprising that since the mid-1980s, with the changing formation of the state in Southeast Asia from developmental to neoliberal, the sphere of public sector management increasing has embraced some major ingredients of NPM, including macro-policy orientations and internal organizational-managerial changes. Table 1 shows the list of Southeast Asian countries that have adopted the basic NPM ingredients.

Market-led Policy Orientations of NPM

The actors of globalization, especially the IMF, WTO, and World Bank, have advocated policies such as privatization, downsizing, and deregulation to ensure a minimal but effective role of governments in Southeast Asia (Tillah 2005). As Loh and Ojendal (2005:20) mentions, "Southeast Asia's encounter with the neoliberal global economy, beginning from the mid-1980s … refers to the introduction of liberalization, deregulation and privatization policies that reversed the trend in the growth of the public sector over the previous 10–15 years". First, since the early 1980s, the privatization policy has been pursued in countries such as Indonesia, Malaysia, the Philippines, Singapore, and Thailand (Haque 2002; Milne 1992). For achieving the privatization agenda, the state created some new institutions, including the Committee on Privatization (1983) in Malaysia, the Asset Privatization Trust and the Committee on

Table 1 NPM components adopted in Southeast Asian countries

Privatization: Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam
Facilitating Role: Indonesia, Malaysia, Philippines, Singapore, Thailand
Outsourcing: Malaysia, Philippines, Singapore, Thailand
Downsizing: Indonesia, Malaysia, Laos, Philippines, Singapore, Thailand
Agencification: Malaysia, Singapore, Thailand
Partnership: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam
Result-based Budget: Malaysia, Singapore,
User Fee: China, Vietnam, Pakistan
Managerial Autonomy: Singapore, Malaysia, Philippine, Singapore, Thailand
Performance Targets: Singapore, Malaysia, Thailand

Haque (2006); Atreya and Armstrong (2002); Polidano (1999)

Privatization (1986) in the Philippines, the Public Sector Divestment Committee (1987) in Singapore, and Inter-Ministerial Committee on Privatization (1986) in Thailand (Milne 1992; Loh and Ojendal 2005). A policy option also emerged in the 1980s and 1990s to streamline or downsize the public sector – including a reduction in the growth of public employment in Malaysia, 5–10 % reduction in public sector employment in the Philippines, minimal or zero growth in civil service employment in Singapore, and a 10 % reduction and recruitment freeze in Thailand (Haque 2007).

In Southeast Asia, since the mid-1980s, most governments have pursued market deregulation and trade liberalization, which "further facilitated the influx not only of FDIs, but of portfolio investment as well, especially following the liberalization of the financial sector" (Loh and Ojendal 2005:30). These countries also liberalized the finance sector, reduced trade barriers, and allowed more foreign investment and foreign ownership (Montes 1997). The scope of such neoliberal policy options expanded further after the Asian financial crisis, leading to greater integration of these countries into the global capitalist market system (Régnier 2011; Wong 2004).

Organizational-Managerial Reforms Under NPM

In line with the adoption of increasing market-friendliness in policy options, the internal organization and management of the public sector were redesigned to change the sector's role from being a leading actor in national economic management to a more facilitating task of assisting the business sector. This development also represents the abovementioned transition in the state itself, from its developmental to neoliberal character. The public sector as a facilitator or enabler has become a common ethos in the public management profession in the Philippines, Malaysia, Singapore, and Thailand (Haque 2007).

These four Southeast Asian countries have also restructured various state ministries, departments, and agencies into autonomous entities – all in order to manage them like business companies, to assess their performance on market-oriented standards, and to allow them greater operational autonomy in financial and human resource management (United Nations 2000a). This initiative is conducive to create a more business-friendly atmosphere, attitude, and treatment within public management, and it can be observed across the region, but especially in Singapore, Malaysia, and Thailand. In addition, Southeast Asian countries have adopted the so-called result-based budget; it puts greater emphasis on the outputs rather than inputs of public agencies (another crucial ingredient of NPM). In Malaysia, this type of budget is known as the modified budgeting system based on the principle of decentralization, and in Singapore it is known as a result-based budget, inasmuch as it puts emphasis on final results rather than the input factors (Cheung 2005; Turner 2002). These measures certainly put public management on par with the principles and styles of business sector management.

However, the extent and scope of adopting the abovementioned NPM-led state policies and internal organization-management in governance vary among Southeast Asian countries. As demonstrated in Table 2, some authors (Turner 2002; Haque 2007; Cheung 2005) have already explored these intra-regional variations and categorized these countries as the enthusiastic reformers, cautious reformers, and unfamiliar reformers. Table 2 also presents the globalization indices of Southeast Asian countries

Table 2 Degree of NPM-type reforms and extent of globalization in Southeast Asia

Adoption and degree of NPM-type reforms	Countries in Southeast Asia	Overall globalization index			Remarks
		1990	2000	2010	
Enthusiastic (High-intensity)	Singapore	81.31	85.28	88.89	Reforms in both macro-state policies and internal organization- management
	Malaysia	59.10	73.59	78.23	
Cautious (Medium-intensity)	Philippines	40.99	55.51	56.12	Reforms more in macro-state policies, and less in internal organization- management
	Thailand	38.21	58.04	64.15	
	Indonesia	35.27	53.07	55.20	
Unfamiliar (Low-intensity)	Vietnam	29.25	38.13	46.38	Reforms mostly in macro-state policies, but minimal in organization-management
	Cambodia	26.20	39.03	47.68	
	Laos	16.7	22.02	26.52	

Turner (2002); Bertucci and Jemiai (2000); Haque (2007); Cheung (2005); KOF (2013)

covered under each of these three categories. It is obvious from Table 2 that countries with the highest degrees of globalization in Southeast Asia (Singapore and Malaysia) have been most enthusiastic for high-intensity NPM-type reforms in both macro-state policies and internal organization-management. The countries with moderate degrees of globalization in the region (Indonesia, the Philippines, and Thailand) have been cautious to introduce moderate NPM-style reforms, especially in macro-state policies. Finally, Southeast Asia’s communist countries, which show much lower degrees of globalization (Cambodia, Laos, and Vietnam), are relatively inexperienced or unfamiliar with the NPM model, and they have embraced market-led state policies without much change in organization-management. Thus, Table 2 shows two parallel trends – first, the degree of globalization of each Southeast Asian country, and second, the extent of its NPM-type reforms in governance.

Further Analysis and Conclusion

It has been explained above that the dominant actors involved in market-driven globalization have played a central role in Southeast Asia in restructuring the state formation towards a transnational neoliberal state, and thus, to the logical transition of the state’s public policy and management towards the so-called NPM. Similar patterns of compatibility between the extent of globalization and the degree of neoliberal NPM-type reforms can be found among countries in other developing regions. In the case of Africa, for instance, the major NPM-led reformers are also the most globalized nations in the region. This includes Ghana with the globalization index of 54.55, Zambia 55.62, Nigeria 61.2, and South Africa 64.39 (KOF 2013). Similarly, in Latin America, the countries with a greater extent of NPM-oriented reforms are the most globalized in the region, including Argentina with the index of 58.3, Mexico 59.25, Brazil 59.21, and Chile 72.91 (KOF 2013; Oszlak 1997). From a cross-regional perspective, it can be observed that Southeast Asian cases like Malaysia and Singapore, with a high globalization index (78.23 and 88.89 respectively), have adopted more comprehensive

NPM-style reforms than have South Asian cases like India, Bangladesh, and Sri Lanka (these countries are ranked much lower in the globalization index, at 51.57, 40.65, and 49.85 respectively) (KOF 2013; Samaratunge et al. 2008).

However, beyond the exogenous forces of globalization, it is crucial to consider diverse internal factors or forces that also affect the extent of neoliberal state restructuring and NPM-oriented reforms in the developing regions, especially in Southeast Asia. For instance, Vietnam is still under communist rule despite its drastic move towards a market-led economy, Myanmar is under military rule, Thailand's fragile democracy suffers from the legacy of bureaucratic polity and instability, Singapore and Malaysia are more politically stable and have electoral democracy and one-party-dominant systems. These prevalent internal factors have implications for the cross-national divergence in the nature of state formation, the mode of public governance, and the extent of globalization itself in Southeast Asia.

As there are numerous studies on such divergence-convergence debates (Cheung 2005; Turner 2002), the main focus here has been on the common trends or directions (irrespective of cross-national variations) of the state's structural transformation, and the consequent reform in the state's public management. These trends and their consequences have been viewed from the context of predatory neoliberal globalization (Farazmand 2012), which is led by transnational corporations and their allied actors. More importantly – and in contrast to the existing views on the causes of the emergence of NPM, which largely provide managerial explanations without much attention paid to the changing nature of the state shaped by the anti-state globalization process – this article is an attempt to provide an alternative interpretation and outline of the nexus of relations between globalization, state formation, and public governance. While I have attempted to use this analytical frame in the context of Southeast Asia, it can be further developed and applied to other national and regional contexts in future research.

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