Globalization and the “Hollowing out of the State”? 

Before the end of the Cold War, according to Hirst and Thompson (1999), nation states were:

perceived as the primary political communities with the capacity to determine the status and to make rules for any activity that fell within contemporary understandings of the scope of legitimate authority. States were sovereign and hence each state determined within itself the nature of its internal and external policies. (p. 258)

The revolution of 1989 in Eastern Europe and their aftermath have led to a growing concern about whether modern states are losing their capacities for governance, and whether national-level processes are ceding their primacy to global ones. Believing capital is becoming more mobile and has no national attachments, national politics and political choices are considered to have been sidelined by the global market forces while transnational corporations are perceived as the key players in defining not only economic, but also social and political agendas. Hence, national-level governance is regarded as ineffective in coping with challenges generated from globalizing economic and social processes (Horsman & Marshall, 1994). The rise of “the borderless world economy,” “global politics,” and “global civil society” seems to suggest the sovereignty of the state and the capacities of any government are being eroded (Garrett, 2000; Woods, 2000).

Against the wider political economy context discussed above, hyper-globalists such as Ohmae and Reich even believe nation states have become the local authorities of the global system (Ohmae, 1990, 1993; Reich, 1992). Without the capacity in riding over the competing and even contradictory economic, social, and political demands resulting from growing globalization challenges, nation states are reduced to becoming “municipalities within states … to provide the infrastructure and public goods that
business needs at the lowest possible cost” (Hirst & Thompson, 1999, p. 262). With such conceptions in mind, the globalists believe the scope, roles, forms, and architecture of modern government should change. Unlike the globalists, the skeptics and transformationists believe nation states still retain the ultimate claim of legal legitimacy within their territories even though they have to respond to external pressures generated by the changing global contexts (Jayasuriya, 2001; Pempel, 1998). Contrary to strong globalists’ arguments for “the decline of nation states,” the skeptics and transformationists believe globalization challenges could be conducive processes for reconfiguring modern states, driving them to restructure their governance models and reform the ways that they manage the public sector (Pierre, 2000).

More specifically, non-globalists believe modern states would make use of the globalization discourse or globalization challenges as justifications for shaping domestic political and public policy agendas or legitimizing public sector reforms (Cheung, 2005; Cheung & Scott, 2003). By adopting trendy “global practices” like decentralization, privatization, and corporatization strategies in governing public policy and managing the public sector, coupled with adherence to the neo-liberalist doctrines in reducing the state’s burdens in providing and financing public services while simultaneously institutionalizing state-society linkages, modern states can regenerate and reinvent themselves into successfully riding over the challenges of globalization (Knill & Lehmkühl, 2002; Scharpf, 1994). The present paper sets out against this theoretical context to examine how East Asian states have been affected by the growing impact of globalization, in what ways they have attempted to change higher education governance, and specifically what strategies they have adopted to enhance the global competitiveness of their higher education systems. Has the search for new governance weakened the state capacities of East Asian states in shaping public policy formation and governing public sector management? Would the adoption of more “pro-competition” policy instruments make the developmental state model irrelevant to East Asia? The following discussion will address these questions.

Globalization Challenges and Educational Restructuring

A close examination of international trends in higher education shows that the globalization of the economy, the decline of the welfare state, and the commodification of knowledge have continued to shape higher education developments globally (Burbules & Torres, 2000; Marginson, 2002; Schugurensky, 1999). In order to meet the heightened expectations of the public for more higher education opportunities and the need to enhance the global competence of citizens in the increasingly competitive global marketplace, modern states are confronted with growing demands for better quality higher education. Yet at the same time, they are constrained by limited resources. In attempting to resolve such dilemmas, a significant global trend during the last two decades is the restructuring of higher education (Mok & James, 2005).

Central to this restructuring process is the introduction of restructuring strategies along the lines of decentralization, corporatization, privatization, marketization, and commodification to transform higher education institutions. Similarly, diversified
policy tools and instruments such as commercial banks, private corporations, industrial corporatizations, networks, and partnerships in education financing and provision are becoming increasingly common in generating additional resources to support higher education (Rhodes, 1997, 2000). The diversification of financial sources and the proliferation of actors in education provision suggest that higher education is now experiencing fundamental governance changes from the “state-centered” towards a more “society-centered” approach. Such developments may supplant hierarchical command and control; more importantly, such restructuring processes would inevitably lead to a redefinition of the relationship between higher education institutions and the market, as well as a drastic reduction of institutional autonomy. Although it is difficult to make generalizations about the patterns and trends in higher education developments in East Asia since each country/society may have its own stage and speed of development, comparative studies of similar settings have reported some interesting patterns and trends common to the development of education in East Asia (Mok & James, 2005), and even to the Asia and Pacific region (Mok & Welch, 2003). Some of the major changes in higher education governance are as follows.

**Changing Higher Education Governance in East Asia**

### Quest for Entrepreneurial Universities

Against an increasingly competitive global context as outlined above, schools and universities in different parts of the globe have been under tremendous pressures from governments and the general public to restructure or reinvent the way that they are managed in order to adapt to the ever-changing socio-economic and socio-political environments and to maintain individual nation-states’ global competitiveness. As Martin Carnoy (2000) has pointed out, “globalization enters the education sector on an ideological horse, and its effects in education are largely a product of that financially driven, free-market ideology, not a clear conception for improving education” (p. 50). Education reforms, under the context of globalization, could be characterized by a finance-driven reform emphasizing decentralization, privatization, and better performance. Attaching far more weight to entrepreneurial efficiency and effectiveness, contemporary universities are under immense pressures to transform their roles to adapt to rapid socio-economic and socio-political changes. This is particularly true when modern governments have reduced capacity to continue financing growing demands for higher education.

It is against the socio-economic context discussed above that the processes of academic capitalization in general, and the pursuit of academic entrepreneurship in particular, has become increasingly popular in shaping the relationship between government, university, business, and industry. Therefore, new “university-academic-productive sector relations” have emerged (Sutz, 1997); notions such as “corporate academic convergence” (Currie & Newson, 1998), “entrepreneurial universities” (Marginson, 2000), “campus inc.” (White & Hauck, 2000), “capitalization of knowledge,” “strong executive control” and “corporate characters” are used to conceptualize...
current changes in contemporary universities (Etzkowitz & Leydesdorff, 1997). In the context of reduced financial support from the state, higher education systems across different parts of the globe have attempted to generate incomes through entrepreneurial activities (see, e.g., De Zilwa, 2005; Marginson & Considine, 2000; Mok, 2003a). It is therefore not surprising that “the language of human capital dominates official policy recommendations dealing with growing economic and social problems” (Spring, 1998, p. 163).

My recent comparative studies on how governments in Hong Kong, Taiwan, and Singapore have tried to foster entrepreneurship among their higher education systems indicate that the Government of the Hong Kong Special Administrative Region (HKSAR) has played a facilitating role in promoting entrepreneurialism (Mok, 2005a). Instead of high levels of government intervention, the HKSAR acted as a “market-facilitating state” that set a conductive policy framework bridging the various sectors – university, business, and industry – for exploring and developing entrepreneurial opportunities. Similar developments have been found in Taiwan and Singapore when these Asian governments attempted to partially retreat from directing and intervening in industrial and business developments. Conventional wisdom suggests that the postwar East Asian economic miracle was directed by highly interventionist states. Entrepreneurial activities in general, and industrial and Research & Development (R & D) policies in particular, were directed by the state. In Taiwan, for instance, the government used to play a significant role in coordinating R & D collaboration. According to Gregory Noble (1998), research and development consortia in Taiwan were “actually forms of direct provisions of technological services by the government and its quasi-public research institutes” (p. 146). Similarly, Meaney (1994) argues that “state intervention took the form of focused R & D” by “choosing technology, acquiring technology [and] developing domestic R & D capability” in Taiwan (p. 173). In the same vein, Robert Wade (1990) contends that the postwar developmental state in Taiwan strategically intervened in the market. Government hands were highly visible, especially when competition was mediated by purposive public policies. Through the use of “incentives, controls and mechanisms to spread risk,” these sorts of public policies “enabled the government to guide – or govern – market processes of resource allocation” (p. 26). Therefore, the market in Taiwan was “organized” in order to maximize productive or innovative efficiency. Judging by the significant role that the government had played in industrial and entrepreneurial activities, we may well argue that the Taiwanese government was actually a “market-constructing” state.

Nonetheless, such conventional wisdom has been challenged. Recent studies focusing on organizing technovation and technological dynamism in Taiwan suggest that there has been a fundamental change in the state’s role with regards to R & D policies. Changing from acting as a “market-constructing state” to a “market-facilitating state,” the Taiwanese government now encourages collaboration and competition among various actors. Government policymakers, previously the main actors promoting R & D and entrepreneurial activities, now interact more with other actors from the scientific community and the market in order to pull them together to conceive and develop projects that promote entrepreneurialism. Instead of being heavily involved in directing R & D and other entrepreneurial activities, the Taiwanese government entrusts other
public organizations such as the National Science Council (NSC), one of the government organizations in Taiwan, to oversee biotech development on the island state. Working closely with the Science and Technology Advisory Group and the Biotechnology Strategic Review Board, the NSC is responsible for implementing key national science and technology projects. Meanwhile, many more of the biotech projects have been directly run by commercial firms.

Despite the fact that the Taiwanese government remains important in shaping the rules for the introduction of competition in R & D and entrepreneurial activities, non-state players like those who work in the scientific community and the market actually determine the R & D and entrepreneurial developments in Taiwan (Chen, 1997; Hsu & Chiang, 2001). Since the 1990s, an increasing number of alliances have developed in Taiwan, “bringing together firms, and public sector research institutions, with the added organizational input of trade associations, and catalytic financial assistance from government” (Mathews, 2002, p. 633). Such developments have been confirmed by another study of technological dynamism in Asia, which concludes that “innovation in Taiwan and Hong Kong is a result of domestic individuals and independent firms” (Mahmood & Singh, 2003, p. 1052). Similarly, another study focusing on the development of biotechnology and R & D collaboration in the biotech sector has also argued with evidence that R & D and entrepreneurial activities are becoming more commercially-driven, the development of which has been significantly directed by market forces rather than state initiatives.

Openly recognizing the lack of the spirit of inventiveness and risk taking, and, at the same time, worrying about the lessening of its competitiveness in the globalizing economy, the Singapore government has begun to launch projects in promoting entrepreneurship. Comparing Singapore to Taiwan and Hong Kong, entrepreneurial activity is relatively low since the Singapore government has long been orchestrating the developments of the city-state. Having been paternalistic, the Singapore government has put the promotion of entrepreneurship at the top of its political agenda in recent years (Tan, 2003; Tan & Tan, 2002). According to unofficial estimates, the Singapore government, together with its linked companies, employs more than half a million people in the island nation (Asia Times, November 27, 2002). Singapore, regarded as a “government-made city-state” (Low, 2001), has seen very high levels of government intervention across different social, economic, and political aspects. Criticized for its over-concentration of economic decision-making, control of factors of production (including corporations) and unnecessary influence over-pricing and supply of land and savings, the Singapore government has attempted to change its governance strategies by introducing privatization to the Government of Singapore Investment Corporation (GIC) (Institute of Policy Studies, 2003).

In addition, the government has designated a Minister of State to be responsible for promoting a more entrepreneurial Singapore. By setting up a Public Service for the twenty-first Century (PS21) Office directly under the Prime Minister’s Office, the government hopes to make civil servants think more innovatively and creatively. In addition, the Civil Service College of Singapore has been organizing different kinds of exhibitions and symposia promoting the spirit of entrepreneurship. Personal visits to the PS21 Office and the Ministry of Education in Singapore repeatedly confirm how
important the promotion of entrepreneurship is in Singapore. On the public administration front, the Singapore government has started reforms in making its administration more efficient and responsive to changing market needs (PS21, 2005). Believing that education significantly determines the creation of an entrepreneurial spirit, the Ministry of Education in Singapore has started a new reform movement called “Innovation and Enterprise,” where students are encouraged to venture in the commercial sector by developing their own small firms or engage in selling and buying activities after school (Ministry of Education, 2004).

Realizing that the conventional university governance model (i.e., a state-directed and centralized model) can never drive state universities in Singapore to become entrepreneurial, the government has adopted an entirely new governance model in setting up the Singapore Management University (SMU). Intending to make SMU more flexible in governance and more responsive to changing education needs of the business and commercial sectors, the Singapore government deliberately made SMU a publicly-funded but privately-run university. The government provided the set-up fund and established an endowment to finance the future development of SMU. According to Prof. Tan Chin Tiong, Provost of SMU, the newly established University has been very successful in developing close relationships with the business and commercial sectors not only in Singapore, but also overseas. In response to the Singapore government’s University Matching Grant Scheme, SMU has been able to match the fund-raising targets set by the government. It secured one billion for the endowment fund by approaching Dr. Lee Ka Shing, a very famous Chinese businessman in Hong Kong. In addition to fund-raising, SMU has maintained a very close relationship with business and commercial sectors (communicator’s name, personal communication, February Date, 2005). Putting the above observations together, it is clear that universities in East Asia, like their counterparts in Australia, the U.S., and the U.K., have begun to shift their paradigms from purely upholding the mission of research and teaching to the third mission of promoting economic and social development. The pursuit of academic entrepreneurship and the transformation towards the “entrepreneurial university” has started in East Asia.

**Corporatizing and Internationalizing Universities**

Another emerging trend commonly found among East Asian university systems is the adoption of corporate or business ideas/principles and strategies in reforming/running higher education institutions. Yonezawa’s recent work (2007) compares and contrasts the backgrounds and the current developments of the evolution of the “education market” in Singapore, Japan and Malaysia. Unsatisfied with the conventional model along the lines of “state-oriented” and “highly centralized” approaches in higher education, these Asian governments have introduced and implemented “corporatization” measures to turn their state/public universities into independent legal entities, allowing them more flexibility and autonomy in running and governing their own businesses. Adhering more towards the market and corporate principles and practices, these state universities are now run on a market-oriented and business corporation model instead of being closely directed by the Ministry of Education or equivalent government
administrative bodies. State universities are now also required to become more proactive and dynamic in looking for their own financial resources. With reference to the previous discussion on how universities have tried to become more entrepreneurial, Yonezawa’s article adds value to the current debates on how state universities in Singapore, Japan and Malaysia have transformed their governance and management styles to meet the changing social and economic needs of their nations.

Like universities in Hong Kong, universities in Taiwan have also experienced marketization and corporatization processes in the last decade. The Ministry of Education in Taiwan has decided to change the “statutory” position of state universities into “independent judicial entities” by adopting principles and practices of corporatization. In order to reduce the state burden in higher education financing, all state universities in Taiwan have to generate additional funds from non-state sectors such as the market and enterprises. Like Hong Kong, university presidents in Taiwan nowadays are occupied with fund-raising since the Ministry has cut down its financial support to state universities by 20–30%. In order to generate sufficient funds to finance their institutions, various kinds of market-driven strategies have been adopted. Like Japan and Singapore, the Taiwanese Government has also tried to restructure its state universities by passing a new University Bill to make state universities independent legal entities. Influenced by the Japanese model, state universities in Taiwan have to establish new governance structures while facing immense pressures in searching for additional financial support from the non-state channels, especially when the Taiwanese government has significantly reduced its funding (Lo & Weng, 2005).

Having reflected upon the changing university governance models and evaluated the recent experiences of SMU, the Ministry of Education in Singapore has decided to change the governance models of the existing state universities, namely, National University of Singapore and Nanyang Technological University, by making them independent legal entities through the process of “corporatization” (communicator’s name, personal communication, December Date, 2004). By corporatizing these state universities, the Singapore government hopes that universities on the island state could become more entrepreneurial. Such discussions have once again shown that the ideologies and practices of the market have become increasingly influential in shaping higher education governance in East Asia (Mok & Tan, 2004). Similarly, public universities in Malaysia have begun to experience the “corporatization” processes. According to Lee (2004), the restructuring of higher education in Malaysia is very much influenced by neo-liberal economic ideology. In order to expand higher education opportunities, the Malaysian government has adopted similar strategies in corporatizing some of the public universities. After the reform, “the structural changes in the corporatized universities show that collegial forms of governance has been sidelined, entrepreneurial activities have increased, and corporate managerial practices have been institutionalized” (Lee, 2004, p. 15).

Recent study on changing university governance has also found that Japan, like other East Asian states, is not immune from the impact of neo-liberalism, managerialism, and economic rationalism, three major ideologies underlying the tidal wave of public sector reforms and reinventing government projects across the world. With the intentions to make its state university system more responsive and flexible in coping with
intensified pressures generated from the growing impacts of globalization, the Japanese government has incorporated all state universities since 2004. Central to the transformation of the existing national universities into “National University Corporations” are three major reform aspects: increased competitiveness in research and education; enhanced accountability together with introduction of competition; and strategic and functional management of national universities (Mok & Yonezawa, 2005). It is in such context that the Japanese government has begun to take “internationalization” of the higher education agenda more seriously.

Roger Goodman, in his recent paper (2007), examines a Japanese term “kokusaika” (often translated as internationalization) and its related expressions from the mid-1980s. Goodman argues that “globalization” has become one of the most fashionable concepts in social scientific discourse over the past 15 years, along with a related vocabulary of words such as “transnationalism,” “McDonalization,” “Cocacolanization,” “localization,” and “globalization.” Much ink has been spilt on how such terms should be defined and used in a theoretical context and how they can be mobilized methodologically, but little agreement has been reached on either score (see, e.g., Eriksen, 2003; Guillén, 2001; Rosenau, 2003). Nonetheless, he argues that there is a lack of consensus about the exact meaning of any new concept, resulting in it becoming what the anthropologist Victor Turner (1974) has called a “multivocal symbol.” Such symbols are capable of being interpreted in multiple ways by different actors and in some cases can become the site of conflict as different interest groups compete to have their own interpretations accepted as the dominant one. Therefore, Goodman believes that it is necessary to undertake a detailed, “thick description” of the use of such words in a particular social context during a defined historical period. His article provides further insights on how Japanese people interpret “internationalization” and how they have attempted to make their higher education system more “internationalized” in response to the growing impacts of globalization.

Lesley Vidovich, Rui Yang, and Jan Currie (2007) address another dimension of “corporatization” of universities in their co-authored piece examining how universities in mainland China have been affected by the growing impact of globalization. Based upon empirical findings generated from fieldwork observations and interviews, this research team has found that academics in Chinese universities are not happy about the evaluation measurements and performance and assessment criteria imposed from the top and borrowed from the West. With a focus on changing accountabilities in higher education after China “opened up” to globalization, academics have inevitably had very different lifestyles in the university sector. Criticizing the Chinese government for taking to the extreme performance assessment in light of “imposed western standards,” some interviews on teaching and research performance in general and individual job appraisals are just “like forcing a gentlewoman to be a prostitute.” Such a critical analysis on the accountability movement in Chinese universities have reminded us of the very important fact that we should not take “global trends” or “global practices” for granted. Without proper contextualization, the adoption of such “trendy global strategies” or “global reform measures” may be counterproductive. Most important of all, globalization processes are complex and often contradictory; we therefore need to avoid an overly deterministic view of globalization. We should not underestimate the
social and political costs of globalization. In particular, when we try to make use of the globalization discourse or globalization framework to drive reforms in the public sector and public policy in East Asia, we must appreciate the strong traditions, rich cultures and social norms embedded in these societies. The extreme form of globalization along the “Anglo-Saxon” line may produce adverse effects and threaten the social, economic, political, and cultural developments of East Asian states.

Diversifying Policy Instruments in Education

The processes of globalization discussed above have accelerated changes to the public sector, driving more East Asian governments to engage in public sector reforms to search for alternative “policy tools” or “policy instruments” to solve public problems. Hence, new governance models are evolving and different kinds of management reform measures are developing to improve public sector performance. Despite the fact that theories of new governance are contested and in some respects appear contradictory (Peters, 2000), they grapple with a broad set of “mega-trends” across a wide range of institutions and relationships that are not easily or precisely operationalized in testable propositions. To try to overcome this, the approach adopted here by an increasing number of governments not only in East Asia, but also in the West, is to focus on one important dimension of new governance: changes to the mix of policy instruments (Pierre, 2000). According to Salamon (2002), instruments can be distinguished in a number of ways – one can draw up more or less exhaustive lists (e.g., “direct government provision, social and economic regulation, grants, information collection and dissemination” and so on; p. 21).

According to the most recent statistics of OECD and UNESCO, consistent trends and patterns of reductions in state funding in higher education have been found, while the non-state sectors have become increasingly important in higher education financing and provision. In 2001 alone, household expenditure, expenditure of other private entities and other private sources constituted about 25 and 43%, respectively in terms of the total expenditure on education in Japan and South Korea (OECD, 2004). Looking closely at relative proportions of public and private expenditure on tertiary educational institutions, we find that public sources constituted only 44.5%, while private sources contributed to 55.5% in Japan in 1999. Similarly, public and private expenditure on tertiary educational institutions in South Korea indicates that private sources constituted 79.3% and public sources were about 20.7% in 1999 (UNESCO, 2003). UNESCO data also show that private sources constituted around 43% and public sources about 57% on tertiary educational institutions in China in 1999. Similar trends can easily be found in China and other Asian societies when these Asian governments began to reduce their financial support to higher education. This is particularly true when higher education institutions are urged to become more entrepreneurial (as discussed earlier) and the role of student loans and fees is becoming increasingly important in higher education financing. Similar to what happened in the U.K., where young people in particular and the public in general are now beginning to question whether it is worth having a university degree (especially when more and more young graduates only find themselves burdened with a huge amount of student loans, graduate
loans and many of them becoming debtors upon graduation), governments in East Asia have begun to introduce other policy tools like student loans and charge more fees in university education instead of simply treating it as a “public good.”

**New Governance and the Demise of the East Asian Developmental State?**

The above discussions regarding higher education governance change seem to suggest that these East Asian states are reduced to the role of the “night-watchman state” of classical liberalism, only taking care of law and order, protecting the sanctity of contract, and maintaining the minimum level of welfare to protect those really poor and vulnerable and facilitating the free operation of the market particularly in the tidal wave of a “pro-competition” regime. In this role, it may seem like the capacity of nation states have changed in the sense that they become less autonomous and have less exclusive control over the economic, social, and cultural processes in their territories. However, before we jump to such a conclusion, we must first examine how successful these Asian states have been in protecting their own autonomy when making use of these indirect policy instruments.

Our above discussion has shown that the adoption of “pro-competition” policy instruments in response to the growing impact of “liberalizing and marketizing” forces does not necessarily lessen state capacity in public sector management. As outlined earlier, East Asian governments find it easier to govern their higher education systems by introducing corporatizing strategies that drive institutions and academics to perform and enhance their productivity. The quality assurance movements institutionalized in these Asian higher education systems, with references drawn from international benchmarking, and good practices would have strengthened nation states in their capacity to steer higher education developments rather than weaken it. Accordingly, Lee’s research on university corporatization in Malaysia indicates that the role of the state is strengthened instead of being weakened. He stated unequivocally, “the restructuring of higher education in Malaysia is taking place in the context of a strong interventionist state” (2004, p. 15). My recent comparative research on educational decentralization in Mainland China, Taiwan, and Japan has also revealed a “centralized decentralization” trend evolving in education governance, further suggesting that these Asian states still maintain a significant level of control over higher education policy formulation, management and governance (Mok, 2003b, 2005b).

According to Castells (1997), the developmental state has now run its course, at least in Japan, South Korea, and Taiwan. It has performed its historic mission and in so doing, has made itself redundant. It now represents a barrier to development in the informational economy of the global age:

The success of the development states in East Asia ultimately led to the demise of their apparatuses and to the fading of their messianic dreams. The societies they helped to engender through sweat and tears indeed (created) industrialized, modern societies. But at the end of the millennium, their actual projects are being shaped by citizens, now in the open ground of history making. (p. 286)
Contrary to Castells’ argument of the demise of the developmental states in East Asia, our case studies above have shown that East Asian states remain robust and dynamic in pursuing their nation-building projects despite globalization pressures and crises. It is particularly true when we analyze the current educational developments in these societies from a public policy perspective – we may find that the higher education reforms in these East Asian societies are pursued within the context of managing state-building (or government-capacity) and economic growth within a paradigm of governance rather than to de-power the state/government. In this regard, the adoption of new governance in higher education in these Asian states can be interpreted as the strategies adopted by the government to cope with problems of political and bureaucratic governance instead of purely problems of severe economic and social difficulties.

More importantly, our discussions above suggest the presence of diverse national and local agendas that have given different meanings to common management jargons and statements. Even though similar strategies are adopted by different countries in response to the so-called tidal wave of policy instruments reform, different governments may use the same strategies to serve their own political purposes. As Hallak (2000) rightly suggested, modern states may tactically make use of the globalization discourse to justify their own political agendas or legitimize their inaction. Similarly, Painter and Wong (2005), in their recent study of the telecommunications regulatory regimes in Hong Kong and Singapore, has also observed that in the era of growing pro-competitive regulatory, states still exhibit distinctively different regulatory regimes due to the need to formulate strategies to suit their own traditions, capacities and goals.

Putting the above observations regarding changing higher education governance and choice of policy tools/instruments in light of the conventional wisdom in understanding public policy governance in East Asia such as the “East Asian Economic Miracle” thesis (World Bank, 1993), attributing the economic success in Japan, South Korea, and Taiwan to the strong developmental state (“East Asian developmental state” or “plan-rational” theses; Johnson, 1982), or Wade’s (1990) argument of “governed market” in East Asia, as well as the fourth world of welfare regime that Ian Holliday (2000) calls “productivist welfare capitalism” in East Asia, we can easily find that the Asian states do play significant roles in social/public policy formation. Recent comparative studies related to policy instruments and governance in East Asia have repeatedly reported that adopting “pro-competition” policy instruments may not necessarily weaken the capacity of nation states (Stiglitz, 2005). On the contrary, the adoption of “pro-competition” and indirect policy tools may well have strengthened the state’s capacity in steering public sector management more effectively.

Taking the case of mainland China for example, the accession to the World Trade Organization and the adoption of privatization strategies in the economy and social policy reforms are selective internalization by China of principles, institutions and rules embedded in the world economy being dictated by strategic and instrumental rationale (Wong, 2002; Zheng, 2005). Similarly, the Chinese government has skillfully and tactically made use of the “globalization discourse” to justify its reform programs originally grounded locally; while other Asian states like Malaysia and Thailand can guard against the growing impact of globalization by creatively developing policies matching their local needs instead of blindly following global trends (Moore, 2005;
A rich literature on government-industry relations and state capacity in East Asia (see, e.g., Brodsgaard & Young, 2000; Evans, 1995; Wade, 1990; Weiss, 1998), coupled with the literature related to the strong and staying force of the bureaucracy in public policy formation and public sector reforms in East Asia (see, e.g., Cheung, 2005; Cheung & Scott, 2003; Mok, 2003a, 2005b; Ramesh, 2005), indicate that East Asian states are highly interventionist. They may adopt popular “pro-competition” instruments and “indirect policy tools” to reduce the state financial burden in financing and providing higher education or other public/social policies, but still maintain a strong “state-planned, state-led or state-managed” approach to economic and political development. Therefore, “it is not surprising to observe that governance reform programs have not carried any overly anti-public-sector connotations, and do not seek to denigrate the bureaucracy per se” (Cheung, 2005, p. 13).

Most important of all, the choice of policy tools is highly political and governments should pay particular attention to the particular socio-economic and socio-political contexts of their countries when making such choices (Peters, 2002; Salamon, 2002). In addition, the adoption of policy tools is significantly shaped by political feasibility, resources available to implement policy, and behavioral assumptions about the target populations. In this regard, we must be sensitive about the political culture, the nature of the state and the unique socio-economic and socio-historical contexts in which policy tools are chosen by different Asian states, bearing in mind the fact that they are not entirely immune from the growing impact of globalization. The comparative studies presented above have clearly indicate that the role of government in East Asia is still important, especially when there is a strong need for government to set up appropriate regulations, social protection, and welfare. Hence, governments in East Asia are very much conceived as a complement to the markets (Stiglitz, 2005). Despite the changes in governance and the adoption of pro-competition policy instruments in a neo-liberalist fashion, such changes have not moved significantly beyond the original policy paradigm, while the whole restructuring processes are still state-directed and conforming to the model of state developmentalism.

Conclusion

In conclusion, the above scrutiny of higher education governance change in East Asia has clearly shown that the revitalization of non-state sectors (including the market or private actors) in education provision and financing may not necessarily weaken the states’ capacity (Knill & Lehmkuhl, 2002), but instead may drive modern states to reconstitute and restructure their systems to become activist and proactive in shaping policy agendas and policy directions. As Pierre (2000) has rightly argued, “as the state’s traditional power bases seem to be losing much of their former strength, there has been a search for alternative strategies through which the state can articulate and pursue the collective interest without necessarily relying on coercive instruments” (p. 2). Similar to experiences elsewhere (e.g., the U.K.) when strategies of deregulation, contracting-out, agencification and privatization were introduced to reform the public sector (Bache, 2003; Hood, 1991), the reforms did not necessarily lead to the
“hollowing out of the state” and weakening of the state capacity. On the contrary, the introduction of new governance, particularly the diversification of non-state actors and proliferation of policy tools, may in fact enable the state to retain and enhance policy control. Through prudent restructuring exercises, these Asian states can successfully reinvent to steer the public policy/public sector management more effectively with considerable financing and provision burdens downloaded to other one-state sectors.

Note

1. This refers to the mobilization of non-state sources and proliferation of non-state actors in social/public policy provision and financing.

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