

Does the State Still Matter

Sociology

The case that states are being hollowed out, and the case that they are not.

Constrained

- Capital can exit faster than it can be taxed
- Supranational bodies bind policy choices
- Firms larger than many national economies
- Regulatory competition pushes standards down
- Some problems cross every border

Still central

- States created the rules that allow the flows
- Borders for people are tighter than in 1913
- State spending is a large share of output
- Crises are met with national bailouts
- Enforcement is still territorial

THE DIFFERENCE THAT MATTERS

Transformationalists argue the state is reconstituted rather than weakened: different powers, not simply fewer.

Educational reference. Evidence on tax competition and a race to the bottom is mixed and varies by tax base.