



Democracy & Society

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BY SIDNEY TARROW



A summer ended in 2001, a range of Washington-based organizations were planning a demonstration against a meeting of the World Bank and the International Monetary Fund (Gillham and Edwards 2003: 91). Made up of a coalition of national and international advocacy groups, church and community organizations, and trade unions and environmental campaigners, they had organized themselves into a coalition, Mobilization for Global Justice (MGJ). Their goal was to mount “the latest in a series of high-profile, mass demonstrations since the Battle of Seattle had nearly brought the meetings of the World Trade Organization to a halt in 1999” (p. 92). The two institutions had been targeted by a protest a year earlier, but in the wake of the killing of a young demonstrator in Genoa in July..., the Washington police were preparing for a much bigger confrontation. The organizers were prepared as well, with the panoply of electronic communication, face-to-face [Continued, Page 10]

From *The New Transnational Activism* by Sidney Tarrow. Copyright © 2005 Cambridge University Press. Reprinted with the permission of Cambridge University Press.

Democracy and Human Development: Empowering Citizens in Times of Globalization

BY P.M. GRAHAM

Excerpts from remarks made at the World Movement for Democracy Assembly in Istanbul, Turkey in 2006.

Three large concepts—democracy, human development and globalization. Each of them is worth exploring on their own; together they are a complex capable of infinite disagreement.

From where we sit at the Institute for Democracy in South Africa (IDASA), which is a 20-year-old organization promoting sustainable democracy through active citizenship, democratic institutions and

social justice, it is clear to us that the practice of democracy has many manifestations. There have been a number of attempts to find the set of minimum conditions that defines and characterizes a democratic threshold above which one can talk about a democratic state and below which it does not exist, but a number of these confuse principles with institutions, and all are open to debate. As a result, we place our emphasis on the people’s rule, and the extent to which the people rule equally.

This narrow focus can be most dramatically seen in action during an election where all have one vote of equal weight. But, the ability of people to rule, and to rule equally, has consequences far beyond a particular election. Indeed, constructing such a level of personal, political and economic equality forms the very basis of action for citizen empowerment. [Continued, Page 20]



From the Director
BARAK HOFFMAN

The Complex Links Between Globalization, Democracy, and Development

Three major changes have occurred at CDACS since our spring issue. Most important, founding director Steve Heydemann has moved to the United States Institute of Peace where he is Associate Vice President. Steve worked tirelessly to set up CDACS, and we wish him the best of luck in his new position. Taking over CDACS from where Steve left off has not been easy and maintaining the high standards he set is my top priority. Second, we have created the Democracy and Governance Studies program at Georgetown, which comprises CDACS and the MA program in Democracy and Governance. Combining these two programs under one roof has created exciting opportunities for merging theory and practice in CDACS's core areas of interest. Finally, Sarah Cleeland Knight has taken over for Sarah Cross as one of our two editors, and we are very pleased to have her working with us.

This fall has been a busy time for us. Most prominently, on October 25, we joined with the International Forum for Democracy Studies of the National Endowment for Democracy and the Forum for the Study of Democracy and Autocracy in presenting Professor Larry Diamond, Senior Fellow at the Hoover Institution, Stanford University. Professor Diamond spoke about his forthcoming book, *The Spirit of Democracy: The Struggle to Build Free Societies Throughout the World*. Despite recent democratic setbacks, most notably in Central Asia, Professor Diamond remains optimistic that democracy will continue to spread to countries where citizens are not free. We also hosted talks by Gerald Hyman, President of the Hills Program on Governance at the Center for Strategic and International Studies; Ken Wollack, President of the National Democratic Institute; Scott Mainwaring of Notre Dame University; Richard Snyder of Brown University; and Kellee Tsai of The Johns

Hopkins University. We sponsored the latter three with the Comparative Politics program at Georgetown.

This edition of *Democracy and Society* examines the relationship between globalization, democracy, and development. Over the past three decades, democracy and economic integration have spread at a rate unparalleled in history. Many argue that this is not a coincidence because economic and political liberalization are mutually reinforcing. However, the essays that comprise this issue demonstrate that the links between globalization, democracy, and development are far more complex. Two articles examine the topic from a country perspective; two others and our excerpt from Sidney Tarrow's *The New Transnational Activism* provide detailed case studies. We are very pleased that authors outside the U.S. contributed three of our four articles, and that of those three, two are from developing nations. Such a range of contributions confirms that readers of *Democracy and Society* form a diverse international audience.

In the first of our two articles on globalization, democracy, and development at the national level, Paul Graham, Executive Director of the Institute for Democracy in South Africa, argues that in developing countries, significant tensions exist between policies that facilitate economic integration and those that are capable of addressing entrenched inequality and unequal citizenship. From a similar orientation, David Post, a Ph.D. candidate in Government at Georgetown University, illuminates how the developed world's increasing reliance on natural resource exports from sub-Saharan Africa is undermining its efforts to promote democratic reform in that region. Focusing on the case study perspective, Pradeep Peiris and Anupama Ranawana, from the Center for Policy Alternatives in Sri Lanka, analyze how uncoordinated donor assistance in response to the 2004 tsunami in Sri Lanka worked against grassroots efforts at reconstruction. From a similar vantage point, Niklas Egels-Zandén, a Ph.D. student at Sweden's Göteborg University, challenges the view that good corporate governance among foreign investors encourages political liberalization in non-democracies. Finally, our book excerpt for this issue comes from *The New Transnational Activism* by Sidney Tarrow, Maxwell Upson Professor of Government and Sociology at Cornell University. This piece demonstrates the complex relationship between globalization and transnational civil society by examining how events of major international significance can both catalyze and inhibit social mobilization across borders.

[Continued, Page 5]

Money Matters: Foreign Aid, (Lack of) Democratization, and the Resource Curse in Sub-Saharan Africa

BY DAVID POST

Sub-Saharan Africa (SSA) is rich in natural resources such as oil and minerals, including more than half of the world's cobalt and manganese and over a third of its bauxite (Asiedu 2003). Given SSA's strategic importance as a relatively untapped source of raw materials, resource flows from the continent will play an increasingly important role for global development.

At the same time the world is increasingly reliant on these states for raw materials, however, resource-rich countries in SSA also tend to be particularly prone to authoritarianism, poverty, corruption, and internal conflict (Collier and Hoeffler 1998). For example, while states such as Angola and Cameroon are plagued by rampant corruption and repression, other resource-rich states such as the Democratic Republic of Congo and Sudan continue to be embroiled in violent conflict.¹ In Nigeria, Africa's most populous nation and major oil producer, unrest in the volatile and impoverished Niger Delta region in recent years has undermined the country's fledgling experiment with democracy at the same time that international oil prices have been spiraling unpredictably.

The international community has attempted to address the destabilizing consequences of the "resource curse" through interventions such as the Extractive Industries Transparency Initiative.² Moreover, foreign donors have dedicated substantial resources to promote democratization as a strategy for mitigating the corruption, poverty, and instability that are endemic to these resource-rich states.³

However, despite receiving similar levels of foreign aid as their resource-poor counterparts,⁴ resource-abundant states in SSA have experienced much greater difficulties achieving democratic reforms (Jensen and Watchekon 2004). I argue that in addition to their ability to use resource rents to overcome internal pressures for democratic change, resource-dependent states are largely immune from donor pressure to democratize. This suggests that as the world becomes increasingly reliant on natural resource flows from SSA, donors' capacity to promote political reform will further weaken in countries where democracy already seems least likely.

RESOURCE DEPENDENCY AND DEMOCRATIZATION

In order to understand why foreign aid may be less effective in resource-rich states, it is important to explore why these states are prone to authoritarianism in the first place. Existing studies provide empirical support for three different yet complementary mechanisms to explain why democratic consolidation in resource-dependent states is so difficult (Ross 2001). First, the "rentier effect" suggests that governments use natural resource revenues to assuage demands for greater accountability. For example, when governments derive most of their revenue from natural resources, they are unlikely to tax populations heavily. Citizens may be less likely (or less able) to demand increased accountability since the government is not reliant on their tax revenues to fund government priorities (Mahdavy 1970).

Second, the "repression effect" proposes that resource wealth allows governments to "spend more on internal security and so block the population's democratic aspiration" (Ross 2001). According to this line of reasoning, incumbents' resource wealth allows them to support the large military forces they need to repress demands for political liberalization. Moreover, because opposition parties are forced to resort to non-constitutional means and violence to push for change, resource-rich leaders often pre-empt these activities by banning opposition groups or forcing them to join the ruling party. As long as the state can use its control over resources to suppress dissent, democratic consolidation cannot occur (Jensen and Watchekon 2004).

Third, the "modernization effect" suggests that resource wealth inhibits democratization by blocking the secular modernization processes necessary to spur important social and cultural changes—such as higher levels of education, occupational specialization, and urbanization—which shift the "balance of power" between states and their citizens (Ross 2000). In the absence of these changes, citizens have much less ability to exert pressure on the government for greater accountability and democratization.

THE ROLE OF FOREIGN AID

Over the last two decades, sub-Saharan Africa has received the most foreign aid per capita of any continent.⁵ Two recent studies have found that foreign aid is positively, albeit weakly, associated with democratic development in Africa (Jensen and Watchekon 2004; Goldsmith 2001). Moreover,

while recent political trends cannot be attributed to foreign aid alone, nearly three-fourths of African states have improved their Freedom House rating of political openness over the last decade (Goldsmith 2004).

Foreign aid can play an important role in the democratization process for a variety of reasons. First, foreign aid can be used to improve the electoral process, strengthen different branches of government relative to the executive branch, and enhance the capacity of civil society organizations. Aid in this category decreases the discretion that the executive has to distribute resource rents by strengthening other stakeholders' ability to influence this process. Second, the conditionality placed on many foreign aid programs provides governments with fiduciary incentives to move ahead with the process of democratic consolidation. Finally, foreign aid can foster long-term increases in per capita income and improvements in education that are positively associated with democratization (Knack 2004).

BUCKING THE DEMOCRATIC TREND

While foreign aid has been used successfully to promote democratic consolidation in resource-poor African states such as Mali and Senegal, it has largely failed to produce the same results in resource-rich states. This is because, in addition to being prone to authoritarianism in the first place, the unique characteristics of resource-rich states make them more resistant to aid donors' democratizing pressure.

First and foremost, resource-rich states are less likely to respond to donors' threats to withdraw aid funds. Aid money is typically distributed to benefit a relatively wide range of interests among broad sections of the population, not members of the elite. However, resource-rich states do not depend on the support of the masses to remain in power; they depend on small segments of the population. Since natural resource rents provide regimes with the resources they need to stay in power, a regime's stability is unlikely to be compromised even if foreign aid is significantly reduced. Indeed, even if foreign aid represents a significant part of the budget, rents from natural resources typically comprise a much greater proportion of the national budget. For example, in 2005, Angola generated ten billion US dollars in oil revenue, representing over 20 percent of GDP, while receiving a comparably paltry sum of one billion dollars in development assistance.⁶

Second, since resource-rich states often block the secular modernization processes necessary to shift the state/society balance, civil society is often much weaker in resource-rich states than in other nations. Given that civil society often plays an important role in spurring democratic consolidation, donors often focus significant funding on enhancing the capacity of this important constituency for change (Brown 2005). Yet resource-rich states often inhibit the

development of the labor unions, civic associations, and business elites necessary to generate opposition to the government. Accordingly, donor funding cannot be used as effectively in resource-rich states to generate the bottom-up pressure necessary to spur democratic change.

Third, even if resource-rich states agree to donors' conditions to liberalize politically, their control over resource rents gives them an important competitive advantage over emerging opposition political parties (Jensen and Watchekon 2004). When leaders agree to democratize, they still have significant discretion over resource rents. As a result, they can bolster their rule by increasing the size of the national bureaucracy, buying off voters, and investing resources in expanding the capacity of their political party. For example, Zambia's ruling United National Independence Party has historically used resource rents to stimulate patterns of employment favorable to the regime, including higher wages for urban workers (Bratton 1994). Thus, even as they fulfill donor's conditions for democratic reforms, leaders can simultaneously take steps to cement their hold over power. In this way, resource-rich states can initiate cosmetic forms of political liberalization in order to attract donor funds without actually putting their control over the state at risk.

Finally, domestic political conditions may make it easier for resource-rich leaders to shirk on instituting reforms. Even if the political climate is conducive to change, leaders of resource-rich states can credibly claim that they do not have the capacity to initiate reforms because of the internal pressure brought on by entrenched patronage networks. Since democratization amplifies pressures for transparency and accountability of natural resource revenues, these reforms increase the probability that leaders will lose control of the rents necessary to maintain political stability. For example, in countries like Nigeria, "politics is dominated by issues concerning the distribution of resource rents, not ideology. Voters select parties on the basis of credible promises to deliver natural resource rents to regions, localities, and groups of individuals" (Jensen and Watchekon 2004).

Thus, although reforms that decrease leaders' autonomy over rents can have the positive effective of advancing democratization efforts, they can also potentially promote instability as stakeholders that benefited from the previous system of patronage attempt to undermine, or even take control of, the government. As a result, even if leaders lock themselves into condition-based aid programs, the potential for instability generated in this "two-level game" between international and domestic constituencies provides them with increased insulation from donor pressures. Indeed, the more that reforms threaten donors' interest in preserving peace, preventing property damage and, perhaps most importantly, ensuring continuity in production of vital natural resources, the greater the likelihood that they will seek accommodations that restore order, even at the expense of

progressive change (Brown 2005). Paradoxically, as a result of their regimes' weakness, leaders of resource-rich states may have much more latitude to justify the postponement of democratic reforms to foreign donors.

CONCLUSION

Given that democracy usually emerges based on internal factors, using foreign aid to spur democratic consolidation is never easy. This task is even more difficult in resource-rich states, which possess unique characteristics that can counteract many of the potential democratizing benefits of foreign aid. At the same time, there is a compelling need from a policy perspective to develop ways to improve governance in, and enhance the stability of, resource-rich African states. To the extent that democracy can alleviate the authoritarian repression that breeds conflict and instability and promote economic development, the international community must work to arrive at more nuanced understandings about the role foreign aid can play in this process.

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ENDNOTES

- 1 Other resource-rich states in SSA include Congo, Gabon, Guinea, Equatorial Guinea, Mauritania, Niger, Sao Tome and Principe, South Africa, and Zambia.
- 2 For more information see <http://www.eitransparency.org/>
- 3 According to estimates by the OECD, Africa received 22.5 billion dollars in overseas development aid in 2005 alone (www.oecd.org).
- 4 According to the author's calculations (using the data from the World Development Indicators online), resource-dependent states and non-resource-dependent states received roughly the same level of overseas development assistance on average.
- 5 Africa not only is the largest recipient of foreign aid, but it has also seen an increase in its share of foreign aid in recent years. In 1997-98, sub-Saharan Africa received 35 percent of overseas development assistance disbursements by the OECD's Development Action Committee countries. In 2002-03, this share had climbed to 41 percent.
- 6 Overseas development assistance data is from the World Development Indicators Online; oil revenue data is from the IMF.

HOFFMAN, Continued from Page 2

We complement our thematic focus on globalization in this issue of *Democracy and Society* by reviewing five books on the topic recently published by a selection of economists and political scientists. As with our articles, the diversity of these volumes suggests that we are far from a consensus on whether globalization in its current form advances or undermines democracy and prosperity. On the one hand, Jagdish Bhagwati and Deepak Lal defend free trade and investment as the keys to growth and political liberalization in developing nations. Ethan Kapstien, Dani Rodrik, and Joseph Stiglitz, by contrast, contend that if globalization is to generate these positive outcomes, the rules that govern it must be able to accommodate the economic and political challenges developing countries encounter. That such prominent figures display starkly different points of view promises that the debate over the relationship between globalization, democracy, and development will continue for the foreseeable future.

Politics Is Not the Business of Business: Corporate Social Responsibility in Leading Firms in China

BY NIKLAS EGELS-ZANDÉN

INTRODUCTION

The increasing influence of transnational corporations (TNCs) in the global economy has led civil society organizations (both non-governmental organizations (NGOs) and labor unions) to demand that TNCs increase their responsibilities for social development (Anderson and Cavanagh 1996; Frenkel 2001; Kortén 2001; van Tulder and Kolk 2001). Sometimes willingly and oftentimes reluctantly, TNCs have accepted this demand for extended responsibilities, giving rise to what is known as the Corporate Social Responsibility (CSR) movement (van Tulder and Kolk 2001; Sethi 2002).

The CSR movement has resulted in, and has been built around, several influential transnational initiatives that define the principles of responsible business practice. One of the most important of these initiatives is the UN Global Compact, which has been signed by more than 2,500 companies and numerous NGOs (Cavanagh 2004; Kuper 2004). The UN Global Compact sets out ten principles relating to human rights, workers' rights, environmental protection, and corruption. Its launch marked "a major turn in development thinking. After decades of hostile relations, the UN and business now acknowledge their common interest in the promotion of sustainable development" (Thérien and Pouliot 2006, 55; cf. Kuper 2004). An underlying assumption of the CSR movement, of which the UN Global Compact is a critical part, is that TNCs can become allies promoting "a more sustainable and inclusive global economy,"¹ particularly in developing countries.

There is already extensive research into CSR firms' practices in developing countries (Frenkel 2001; Egels-Zandén 2007), but this research rarely, if ever, analyzes the link between these firms' practices and political liberalization. This article addresses this gap through an empirical study of the operations of a Nordic TNC, hereafter referred to as 'Nordix,'² in China. The findings suggest the relationship

between CSR and political liberalization is more complex than advocates of CSR typically assume. Specifically, the study shows that CSR-driven economic globalization can promote political liberalization within a TNCs' *internal* operations. Nonetheless, it also shows that a TNCs' policy to separate business and politics decouples, and potentially even counteracts, the globalization-liberalization link *outside* the corporate boundaries. This is especially so in countries such as China, with strong national governments and restrictive political liberalization agendas.

The article focuses on China because it is one of the countries where political liberalization is perceived as most needed. Nordix was chosen for study because Nordic firms are regarded as the front-runners in the CSR movement (Morsing, Midttun, and Palmås 2007), and this particular firm is ranked as one of the best Nordic CSR firms. Nordix is thus representative of leading CSR firms and provides an excellent opportunity for examining the social development resulting from the work of a proactive TNC. Nordix is a large manufacturing company with sales and production units all over the globe. It has been present in China for several years and operates numerous units there. Data have been collected by document analysis, more than 100 interviews with Nordix top-management, middle-management, and employees as well as international and local stakeholders in Europe and China, and observations in Europe and China.

CSR PRINCIPLES AND PRACTICES

Like other TNCs, Nordix has operationalized its CSR commitment in numerous policies and initiatives. Among the most important of these is the company code of conduct, which is drafted in accordance with the principles of the UN Global Compact. Briefly, Nordix's code of conduct states that the company should comply with existing UN and International Labour Organization (ILO) conventions regarding human rights and workers' rights. These UN and ILO principles are, in turn, closely linked to ideals of individual rights, democracy, and, some would claim, a Western form of civilization (Donnelly 1989; Renteln 1990; Tomuschat 2003). Hence, it is easy to see why the UN, NGOs, labor unions, and academics regard corporate adoption of these principles as integrating economic globalization with political liberalization.

The globalization-liberalization link is to a great extent observed in Nordix's operations in China, where the company complies with strict Chinese labor law while also respecting its corporate code of conduct. Consequently, the principles of the UN Global Compact are implemented in Nordix's operations in China. There is little of the decoupling between the company's espoused CSR principles and actual corporate practices (also known as "greenwashing" or "bluwashing") that occurs in other TNCs (Sethi 2002;

Egels-Zandén 2007). In combination with human resource practices that emphasize employee participation, training, continuous improvement, and the like, this principled approach makes the experience of working at Nordix very different from many local Chinese firms. Like other TNCs, Nordix has also started to demand that the CSR principles be adopted by their Chinese suppliers, thus offering further support to the argument that the presence of TNCs that espouse CSR promotes human rights and political liberalization (van Tulder and Kolk 2001; Sethi 2002; Egels-Zandén 2007).

Nonetheless, there is one aspect of Nordix's operations that is inconsistent with its code of conduct and the principles of the UN Global Compact – the absence of freedom of association. While several of the factories owned by Nordix or by its suppliers in China do have labor unions, all these unions are affiliated with the All China Federation of Trade Unions (ACFTU). Given that ACFTU is the only legally allowed Chinese labor union, this is perhaps to be expected. However, the situation highlights a key issue in terms of the influence of TNCs in developing countries. Nordix accepts the prevailing Chinese laws and has no intention of challenging them. Consequently, it gives compliance with local laws priority over applying the principles of the UN Global Compact. In fact, Nordix's code of conduct states that Nordix does not in any way interfere in the host country's domestic politics. Consequently, Nordix not only refrains from questioning the Chinese ban on independent labor unions, it also refrains from questioning or even discussing political developments. As one Nordix manager put it: "I would never ever in any situation at any time discuss politics in China. It is the one thing that I do not talk about. We are not in China to engage in politics. We are in China to engage in business. This is Nordix's very clear policy position." Nordix's non-involvement in politics is not restricted to China. It is its corporate policy and, consequently, Nordix does not interfere in politics in Denmark, Russia, the US, China, or any other country.

This framing of corporate responsibility as not including involvement in any political issues outside the boundaries of internal and supplier corporate governance is not unique to Nordix. Several other large Nordic TNCs make similar claims of neutrality with regard to politics.³ At least implicitly, this separation is also consistent with the UN Global Compact and the dominant thinking in the general CSR movement. Indeed, Nordix is rarely, if ever, criticized for its "neutral" position vis-à-vis national politics. Business and politics are framed as separate and independent. Similar separations are made in, for example, the debate about sports responsibility in the 2008 Olympics in China, where individual organizations claim that sports are unrelated to politics, and that they thus have no responsibility to intervene in political development in China.

Interestingly, in business the separation of business and politics is only present outside the boundaries of the corporation and its suppliers. Within these boundaries, TNCs are expected to uphold and promote UN Global Compact values that are closely linked to liberal and democratic ideals of social development. This division between internal and external matters and the focus on influence inside but not outside these boundaries can be linked to the modern notion of a corporation (Latour 1993; Palmås 2005). Hence, it is an integral part of contemporary construction of "the corporation," making it highly influential and difficult to challenge.

The separation between business and politics is one potential explanation for the limited political liberalization of China despite extensive economic globalization. At the very least, it indicates that the oftentimes assumed link between corporate adoption of responsible business practices and political liberalization is questionable outside the realm of corporations' own operations and those of their suppliers.

TNCs ENTWINED IN POLITICS

The case of one of Nordix's largest factories in China illustrates well the entwined relations of TNCs and politics. This joint venture factory was set up in the 1990s after extensive negotiations between the top management of Nordix and Chinese government officials. As one manager at the Chinese partner noted, it did not choose Nordix. Rather, Chinese government officials chose Nordix and instructed them to set up a joint venture with it. The reason for this extensive government involvement was that the industry in question is vital for economic development in China, and the joint venture was envisioned as central to the development of this industry.

Nordix was not the only partner considered. The Chinese government's choice of Nordix was related to its reputation as a skilled company, and also to it being Nordic. While other producers of similar products (e.g., US firms) were perceived by Chinese government officials as entwined in national politics too critical of the Chinese government, the Nordic country's relatively supportive position towards the Communist regime was viewed as positive. This indicates that Chinese officials believed that Nordix and Nordic governments would exert only limited pressure on the Chinese government in terms of political liberalization.

The Chinese joint venture partner is a state-owned enterprise and part of the Chinese Ministry; in other words, it is part of the Chinese government. Interestingly, the joint venture's customers are also part of the Ministry. Since the industry in question is highly regulated, the Ministry has decision-making power in terms of market share, sales prices, new product approval, etc. Logically, this has led to frequent, and sometimes extensive, [Continued, Page 22]

Democracy, Civil Society, and International Tsunami Assistance in Sri Lanka

BY PRADEEP PEIRIS AND ANUPAMA RANAWANA

In September 2007, earthquakes registering at 7.9 on the Richter scale rocked the Indonesian seas and tsunami alerts were issued to Australia and the surrounding East Asian countries, causing officials to immediately begin evacuation of coastal communities. The sense of emergency and alarm was reminiscent of December 2004, when thunderous waves of destruction disrupted thousands of lives in the Sri Lankan tsunami.

As unprecedented as the destruction wreaked by the tsunami was the amount of foreign assistance that flowed in to Sri Lanka. As Sunil Bastian (2007) points out, continuing a foreign aid policy that began in the post-Cold War era, donor countries and institutions such as the United States, Japan, and the World Bank channeled substantial portions of their assistance through local civil society organizations. The expectation was that such aid would fortify civil society and strengthen democracy, as well as enhance the efficiency and participatory nature of the delivery of assistance. Therefore, in the aftermath of the Boxing Day tsunami, a glut of money was virtually “dumped” on such civil society agencies, with estimates topping US\$300 million.

Nonetheless, a post-mortem of this three-year recovery process does not substantiate whether it achieved its desired objectives in terms of either empowering Sri Lanka’s civil society or making substantial improvements to the affected communities. A series of focus group discussions and monitoring visits carried out by these authors suggest that the foreign donor contributions and assistance strategies implemented after the tsunami steered the recovery process away from the desired objectives. This study demonstrates the need to establish mechanisms that can ensure that such missteps will not be repeated in the future.

SRI LANKA AND DONOR ASSISTANCE

Sri Lanka’s protracted ethnic conflict and years of instability have made it an impoverished and underdeveloped nation.

Even though Sri Lanka can claim half a century of undisputed parliamentary democracy, it is still far from Western ideals of democratic virtues. According to the 2006 *Freedom in the World Report*, Sri Lanka rates at scales of three and five on civil liberty and freedom, respectively (Freedom House 2006). Over 50 years of nation building has failed miserably. On one hand, instead of creating a national identity among its communities, the nation is now a mass of communal and religious polarization. On the other hand, social welfare institutions established 50 years ago certainly kept Sri Lanka far ahead of most developing nations in terms of social indicators such as literacy rates, life expectancy, and so on, but a recent past of continuous puerile politicking of Sri Lankan leaders prevents the nation state from uplifting its economic status to anything marginally close to Asian super-economies such as China and India.

The transition from a closed economy to a market economy in 1978 exposed Sri Lanka to global markets; nonetheless, the country’s economic status has deteriorated since that time. The government of Sri Lanka is now so profoundly in debt that its only recourse is to borrow more and more. INGOs and other external agencies have, thereby, fast become a weighty force in the policy, budget, and development processes of Sri Lanka in the past two decades. For those living in the war zone, foreign assistance has been a vital life line for decades. After the tsunami, the focus of the foreign assistance was largely shifted to the tsunami recovery, and INGOs were given the massive challenge of bringing the lives of victims back to normalcy.

THE TSUNAMI STORY

Three years after the tsunami, although affected communities have to a great extent been restored to their previous condition, the reconstruction process has failed to reach its expected outcomes. The mechanisms used by the foreign donors largely ignored cultural norms and values of society while undermining the true spirit of civic mindedness amongst the members of the coastal communities. For example, a majority of the donor agencies contacted their native NGOs to deliver tsunami assistance. Hence, primary and secondary levels of management, usually comprised of foreign nationals and locals, were mostly used for grass-roots-level activities. Further, a lack of coordination and communication with the Assistant Government Agent office, which was the nucleus for the entire aid process, left most of the foreign donor workers rather ill informed. The role of the foreign agencies was further challenged by the ambitious deadlines imposed by their head offices, which were largely removed from the actual situation in the field. The end result was a delivery process that was designed by alien, uninvolved head officials.

The countries affected by the tsunami received unprecedented attention from leaders worldwide. Local offices of

international agencies such as the United Nations Development Programme (UNDP) were given the ambitious task of restoring these communities, and all aid to Sri Lanka was henceforth re-routed from other objectives and focused completely on reconstruction and rehabilitation. A glut of financial assistance was virtually “dumped” on the country with no proper guidelines of how to expend it. The direct effect of this was to create two significant problems; one, a policy change that halted any other crucial projects that local offices were already engaged in; and two, it posed a major challenge for these agencies with regards to the proper distribution of budgeted funds to qualified community-based organizations. This massive allocation of funds by various organizations then caused competition over the identification of local partners and projects. Three years after the disaster, there is still no information database from which one can distinguish who initiated which project and where. An innumerable number of households have received more aid than they actually require or have use for. This, while some families continue to live in temporary tsunami housing and have received little or insufficient aid. Though foreign donor agencies are partially responsible for these failures, one must also hold the Sri Lankan administration to blame for its failure to provide proper leadership and guidance to the reconstruction and rehabilitation process. Indeed, without foreign assistance these authors doubt the country would have experienced the same level of material success in the rebuilding process.

AFFECTED COMMUNITIES EMPOWERED OR DISADVANTAGED?

The surplus of financial assistance weakened government institutions to some extent, but it also undermined society’s strength, a sentiment echoed by Dharini Rajasingham (2005) in her article “*After the Tsunami*.” This, to a certain extent, was because funding from international agencies was not unaccompanied. Scores of new international agencies and hundreds of young and largely inexperienced “experts” arrived as part of the overall aid package. At least 60 new international organizations opened local offices. Most of these were distant and out of touch with local culture and the intricacies of indigenous social dynamics. A majority of these agents were also saddled with budgets that had been decided upon by their head offices, causing frequent misallocation of funds that did not match societal requirements.

When the US marines were clearing devastated southern coastal villages, the office of the transition initiative of USAID also partnered with locals to clear the wreckage. People from neighboring villages were hired by local agents and provided t-shirts and caps with USAID logos. This largely served as successful branding for the generous assistance “*from the American people*,” and as a route to easy money; not, as intended, a stimulation of community-

motivated activities. Most donor agencies marketed themselves with similar branding while distributing aid. Such activities also underplayed the contribution of local labor unions, political parties, religious organizations, and volunteers who mobilized communities and rushed to assist the affected even before foreign bodies could begin their relief work.

Several years into the assistance, it is evident that the foreign assistance has created a culture of dependency. When we traveled to the southern districts, we met many people who stated that since “Foreigners” (referring to INGOs) pay for everything, be it the clearing of garbage or constructing waste water wells, there is then “no need for us [the locals] to bother.” They also made the fascinating point that, since INGOs fund clearing and reconstructing projects, villagers themselves are quite justified in expecting assistance to clear their own garden or construct their own toilet. A group of school teachers from the southern city of Galle complained that the tsunami and the attitude of the international relief agencies have created a culture of dependency. The communities’ constituents seem unable to stand on their own feet; they simply wait for “easy” salvation from an INGO.

There was, also, a significant labor migration from the center of the county to coastal areas during the construction of transition and permanent housing schemes. Studies show that there were many carpenters and masons in these areas already. However, these workers are now acquiring formal and informal tsunami relief that is largely distributed in the camps setup on main roads, while outside contractors and foreign NGO workers are rebuilding their destroyed houses.

More than a culture of dependency, the tsunami aid and welfare process has also bred a culture of greed that has caused a certain level of communal polarization. The superfluity of money available is common knowledge amongst all these people and they now expect to be constant recipients of the same. In fact, when NGO workers and field operatives canvass these areas to assess the rehabilitation process, they are often followed by insistent members of the community who are eager to have their names placed on all non-governmental aid listings. If one party in particular is paid more attention than another, the latter are often wont to raise strident objections, reminding the aid worker that he/she and his family are also victims. This exemplifies the dependency syndrome, community polarization, and individualism that were the unintentional consequences of the mechanisms used by the international civil society to channel their foreign assistance.

CONCLUSION

These observations raise an interesting paradox. Either by choice or by necessity, Sri Lankan [Continued, Page 14]

TARROW, *Continued from Page 1*

“spokescouncils,” and radical puppetry that had become familiar in international demonstrations since Seattle. But they were by no means all “global justice” activists, for they varied in character and degree of militancy from advocacy “insiders” to activist “outsiders.” And although their claims ranged from the most global to the very local...their plans were structured around the focal point of these international institutions. Everything seemed to conspire to promise the most vast, energetic, and potentially disruptive international protest of the year 2001.

But when four terrorist airplane-bombs crashed into the World Trade Center, the Pentagon, and the Pennsylvania countryside on September 11, everything changed for the MGJ. In their careful reconstruction, Gillham and Edwards specify the various responses of the organizers. Of the roughly eighteen events and protests that were planned for the week of the World Bank - IMF meeting, ten were canceled outright and four others were revised to respond to the new situation. The most disruptive protests and theatrical events, like radical puppetry, were canceled, and several new and more conventional activities were decided upon. A number of groups that had worked to plan MGJ events dropped out or scaled back their involvement. In particular, the AFL-CIO, which had always been queasy about working alongside radical peace groups, pulled its forces from

the coalition to devote its energies to disaster relief. Strains quickly appeared in the coalition, in part echoing traditional ideological differences, but in part on the basis of different appreciations of the national tragedy. Some groups wanted to cancel the demonstration, others determined to maintain it as planned, while others turned swiftly to what they already saw as the growing threat of war.

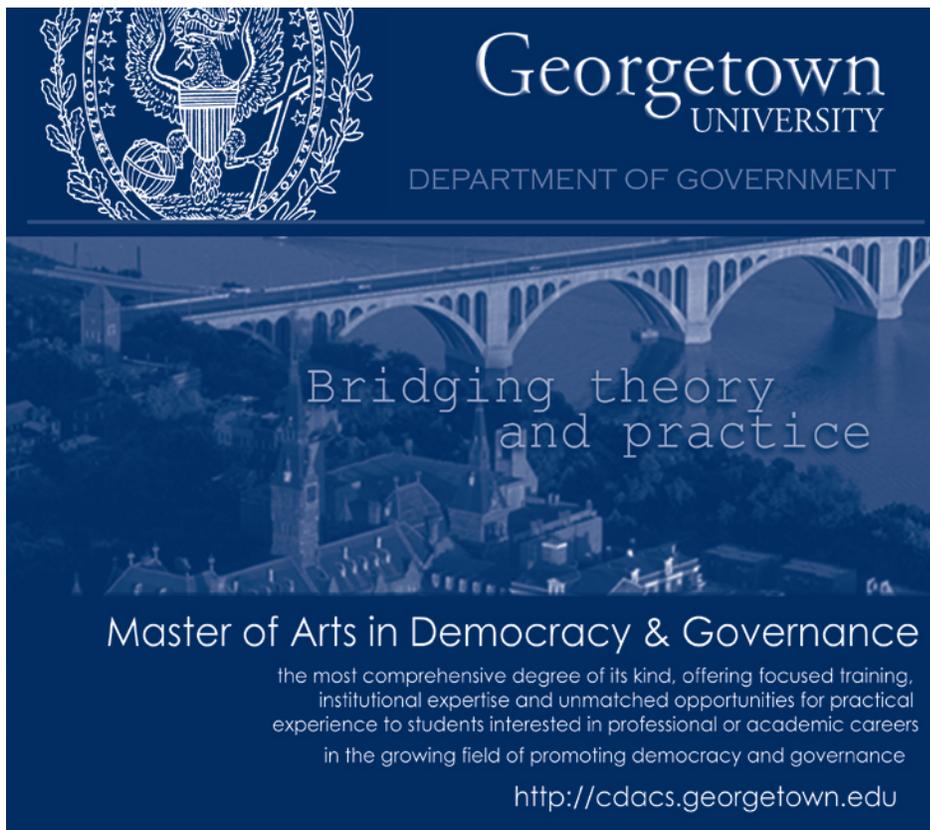
The result was that many people who had been expected to travel to Washington didn’t show up. Most of the media stayed away and the broad panoply of meetings, protests, trainings, and marches that had been meticulously planned around the theme of global justice collapsed in favor of a much smaller and more-conventional protest. The disaster on September 11 was a historic hinge, not only for the United States and its relations with the rest of the world, but for a movement that had found a surprisingly warm reception in the heart of global capitalism.

Would the movement collapse, go into hibernation, or survive in a different form (Mittelman 2004)? Some of its components shifted permanently into antiwar activities; others—stunned by the attacks on September 11—subsided into passivity as the country prepared for war; still others soldiered on in a campaign that attempted to reframe global injustice around the target of American militarism. Like many social movements, the global justice movement’s fate depended heavily on forces outside its control.

WHAT IS HAPPENING HERE?

The derailment of the September 2001 protests underscores many of the assumptions and findings of this book: about internationalism and globalization; about the wide variety and varied sources of “rooted cosmopolitanism,” about the fragility of a global movement faced by the unimpaired power of states, and about the processes of transnational contention and their significance. It also affords a convenient foundation on which to summarize the previous chapters and will help to respond to the broad questions raised [in the book]:

- To what extent and how does the expansion of transnational activism change the actors, the connections among them, the



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forms of claims making, and the prevailing strategies in contentious politics?

- Does the expansion of transnational activism and the links it establishes between nonstate actors, their states, and international politics create a new political arena that fuses domestic and international contention?
- If so, how does this affect our inherited understanding of the autonomy of national politics from international politics?

INTERNATIONALISM AND INTERNATIONALIZATION

The story of the failed September 2001 Washington protest allows us to summarize the main findings of this study and propose answers to some broader questions. First, the Washington event lends support to my contention that the new transnational activism recruits supporters around the focal points of international institutions, regimes, and events....[I]nternationalism is a structure of threat and opportunity ‘within which the new transnational activism has emerged.

Some observers have seen internationalism as no more than the public face of globalization; others have seen it as no more than intensified horizontal ties between states; still others only as international economic exchange. My view is that it is a triangular structure of opportunities, resources, and threats within which transnational contention is mobilized. Internationalism’s horizontal axis is indeed found in a dense network of intergovernmental and transnational ties; its vertical axis consists of the extraordinary growth of international institutions, treaties, and regimes; and it provides the framework within which global economic exchange is organized. This structure provides the opportunity space within which efforts to control globalization, advance human rights, reverse environmental threats, dislodge dictatorships, and, most recently, oppose resurgent militarism are made.

For simplicity and to focus on contentious processes, I have treated internationalism as a static process, but there has been evidence of growing internationalization throughout this book. Internationalization is the broad process through which the density of both horizontal and vertical ties expands and opportunities and threats are externalized. We have seen evidence of it in the increasing number of international organizations, in the greater reach and influence of international institutions, in the growth of decision making and standards setting by transgovernmental committees and compacts, and in the extent to which nonstate actors are using international venues to advance their claims.

PROCESSES OF TRANSNATIONAL CONTENTION

Within this broad process, nonstate actors are present in three sets of contentious processes. Two more “domestic” processes were described in Part Two—global framing and internalization. Two international processes that I called externalization and coalition building were described in Part Four. Linking the two are the two transitional processes I examined in Part Three—diffusion and scale shift. In both the planning of the protest against the World Bank and IMF meeting and its derailment after September 11, many of the processes we have seen at work in this book were present. That event will help us to summarize the findings of these chapters; its disappointing outcome will guard us against excessive hope for the creation of a brave new world.

Global framing. In Washington, even palpably domestic issues, like the plight of the homeless, were included under the global umbrella of a protest against these international institutions; but more important was the framing of domestic inequality as the result of global processes. Global justice protesters have helped even conservative Americans see the costs of rampant outsourcing of goods and services.

Internalization. The Washington protesters were also using the event to challenge domestic opponents on domestic ground;...internalization of international pressures has gone further in the European Union, where farmers, fisherman, pensioners, and anti-GNI protesters target their national officials as proxies for hard-to-reach international institutions. But Americans, too, use international venues to challenge domestic opponents.

Diffusion. Throughout this book we have seen the transnational brokerage and theorization of forms of contentious politics, which are then adopted and adapted in places very different than their place of origin. As in the spread of the Gandhian model of nonviolence..., a new form of protest organization—the so-called “Seattle model”—was planned for the streets of Washington until September 11 intervened.

Scale shift. Scale shift is a vertical process that diffuses collective action and often the response to it—to higher or lower levels. We saw it in its most lethal form in the creation of a global Islamist network and its most pacific in the groups that adapted the World Social Forum model to the local level in Western Europe. In Washington, activists from the American Northeast and the West came to Washington to join a national protest event.

Coalition formation. Finally, “insiders” like the AFL-CIO and the Sierra Club joined uneasily in the Washington protest with outsiders like Anti-Capitalist Convergence and the Ruckus Society in an “event coalition”.... Transnational campaign coalitions are the surest sign that enduring

networks of activists and advocates can have an impact on global governance.

Note the process that did not appear in the Washington protest—externalization. Only one group in the Washington protest even took it upon itself to maintain ties with foreign allies, and there were almost no foreigners present at the demonstration. This may be a function of the perceived centrality of the United States, of the isolation of that country from other centers of resistance to neoliberalism, or of the parochialism of American progressivism. In any case, it underscores the difficulty of creating truly global movements, even when the target of a campaign is a clearly global institution.

If internationalization continues to expand, we can expect all of these contentious processes to become more prominent.

ROOTED COSMOPOLITANISM

The new transnational activism is as multifaceted as the internationalism within which it has emerged. Although globalization and global neoliberalism are frames around which many activists mobilize, the protests and organizations we have seen in this study are not the product of a global imaginary but of domestically rooted activists who target dictatorship, human rights abuse, HIV/AIDS, or militarism and its side products, or emerge from within religious denominations or their surrogates. Nor are the forms of their activism limited to the ones that appear in the press or on the internet. From sturdy port inspectors defending seamen's rights on shore to Greenpeace opposing oil platforms at sea; from well-dressed NGO insiders in New York and Geneva to activists on the ground in Sudan or Afghanistan; from quiet supporters of the "good" NGOs supporting peace, the environment, or human rights to the noisy protesters of Seattle or Genoa, transnational activism is a many-sided phenomenon. Its activists are the connective tissue of the global and the local, working as activators, brokers, and advocates for claims both domestic and international.

The events of September 11 revealed that transnational activism has a "dark side".... As the enthusiastic supporters of the Mobilization for Global Justice were planning to protest global neoliberalism peacefully, the "birds of passage" of political Islamism, disguised as "nested pigeons" in immigrant ghettos, were preparing to destroy the Pentagon and the World Trade Center. Although there is little in common between the liberal and progressive groups that planned the Washington demonstration and the militant adepts of political Islamism who attacked the World Trade Center, both reflect the tangled skein of transnational ties that weave our world together.

RESILIENT STATES, FRAGILE MOVEMENTS

Notice that I did not claim that the processes I have examined are breaking down the walls of the state system. Internationalism takes a number of forms that impinge on but do not destroy the power of states: the "multilevel governance" that Liesbet Hooghe and Gary Marks (2002) uncovered in the European Union; the "complex multilateralism" described by O'Brien and his collaborators (2000); and the weaker mechanisms of NAFTA, the International Landmines Convention, and the Kyoto process. Internationalism is not an inexorable force working against the state but a loose framework of institutions, regimes, practices, and processes that include state actors and penetrate domestic politics. The lesson of the story that began this [excerpt] and of many of the episodes described in this book is that internationalism is partial and many-faceted and intersects with the determined powers of states and the international institutions they have created. Later [in the book] I turn to the question of whether it is reversible and reversing.

The 2001 Washington demonstration also underscores the fact that, in contrast to the hopes of many advocates, states are still robust in respect to transnational activism. From a sleeping giant that seemed unable to defend itself against the terrorist attacks of the 1990s, the United States responded to the September 11 outrages like a wounded tiger, transmuted itself into an aggressive military power abroad and a semipraetorian state at home. That dynamic profoundly affected the American global justice movement too, as the story of the Washington protest suggested. In response to September 11 and the war fever that it triggered, many American activists retreated from the broad terrain of global neoliberalism to the more immediate ground of electoral politics, where their lack of success in 2004 was palpable. Were they turning permanently inward? It is too soon to tell, but despite the thinly veiled attacks of the Bush administration against the UN, large majorities of Americans—even elites—still supported the organization after 9/11.

Both domestic and transnational movements depend on external threats and opportunities; but these are more volatile in international politics, where institutional routines are less established, allies and enemies change their strategies at will, and there is no single core of public authority. If we define internationalism as a triangular opportunity space made up of states, international institutions, and nonstate actors, we are bound to see states—especially powerful ones—asserting themselves periodically within this framework and movements struggling to reshape themselves around these changes, as we did in the failed Washington demonstration in September 2001.

Moreover, the world of the early twenty-first century is not neatly divided into a camp of statists and globalizers on

one side opposed by a composite movement for “global justice” on the other. Such condensation makes for exciting politics and popular journalism, but it is reductionist on both counts. On the one hand, the post-Iraq war world is a lot more multilateral than it seemed when American forces stormed into Baghdad in March 2003; on the other, the “global justice” movement is a lot more fragile than its advocates hoped. Through its energy and diversity, the movement helped to dignify and generalize a wide variety of claims that might otherwise have remained local. But its geographic and sectoral dispersion and the different targets of its components made it difficult to sustain as a unified movement. To be sure, the movement put new issues on the global agenda; but states and institutions have inherited and are processing them.

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CALL FOR SUBMISSIONS

“Democracy & Society” Volume 5, Issue 2

CIVIL LIBERTIES,
HUMAN RIGHTS, AND
TERRORISM

We are seeking well-written, interesting submissions of 800–2,000 words on the themes below. **Submissions are due Friday, January 25, 2008.**

The terrorist bombings in London, Madrid, New York, and Washington, DC since 2001 have led many countries to reassess the appropriate balance between civil liberties and national security. In consolidated democracies, the exigency of fighting terrorism has led some to question whether extensive protection of civil liberties and human rights can co-exist with the measures governments need to implement in order to protect the innocent majority from terrorists that wish to harm them. For example, many argue that policies such as the USA Patriot Act in the US and strengthening the Prevention of Terrorism Act in the UK are vital for addressing the new threats terrorists pose. Others view these policies as unnecessary infringements on basic democratic freedoms. Similarly, some contend that in many fragile democracies, governments have employed the fear of terrorism as a deliberate tool for reversing previous democratic reforms. More broadly, while terrorism itself is a violation of human rights, a number of observers maintain that many countries unjustifiably violate other human rights, such as freedom from torture, in the name of fighting terrorism. Finally, some claim the complexity of US Anti-Terrorism Certification Rules complicate the ability of the US Government and US-based NGOs to work with civil society organizations abroad, thus impeding efforts to promote political reform overseas.

This issue of *Democracy and Society* will explore how nations are reexamining the balance between protecting individual freedom and ensuring national security in an age of global terrorism. We welcome submissions that explore how consolidated democracies, fragile democracies, and non-democracies are addressing this issue. Moreover, we also are interested in submissions that analyze how these policy changes are affecting foreign assistance programs, especially those seeking to encourage democratic changes abroad.

For additional information, please visit <http://cdacs.georgetown.edu> or contact Julie Lantrip or Sarah Cleland Knight at cdats06@gmail.com.

Upcoming Events

PEIRIS AND RANAWANA, *Continued from Page 9*

Below is a list of upcoming CDACS events. Some of the dates are currently tentative. Please check our website, <http://cdacs.georgetown.edu>, for more information.

January 17, 2008

- **Charles Tilly**, Joseph L. Bottenwieser Professor of Social Science, Columbia University.

End-January (exact date TBD)

- **Carl Gershman**, President, National Endowment for Democracy.

February 15

- Admissions deadline for MA in Democracy and Governance Studies. See: <http://www1.georgetown.edu/departments/democracyandgovernance/admissions/>

February 28

- **Conference**—*Democracies and Double Standards: Lessons for American Democracy at Home and Abroad*. Co-sponsored with the Forum for the Study of Democracy and Autocracy and Freedom House.

Mid-March (exact date TBD)

- **Eric Goldstein**, Director, Middle East and North Africa Division, Human Rights Watch.

March 31

- **Conference**—*Failed States: Causes, Consequences, and Policy Choices for the Next Administration*. Co-sponsored with the Institute for the Study of Diplomacy, the Mortara Center for International Studies, and the Security Studies Program.

Late April (exact date TBD)

- **Conference in Alexandria, Egypt**—*Political Opposition in the Middle East*. Co-sponsored with the United States Agency for International Development and the United States Institute of Peace.

communities have traditionally functioned in a collectivist manner. For example, people in the villages band together to meet the economic burdens of events such as weddings or funerals. These ceremonies are organized in such a way that participation is inevitable. This voluntary community participation allowed for individuals to be independent of any outside agency; they could rely on their neighborhood to fund them in their times of need. The New Year and religious festivals are celebrated in a grand scale with no outside assistance. Why did the tsunami recovery process not amplify this civic minded, collectivist spirit?

Amartya Sen (1985) contends that the capability of a person depends partly on the “bundles of commodities” over which they can ascertain possession. Each society has civic rules that govern the exact usage of these commodities. In the case of the tsunami aftermath, a glut of aid, combined with no concrete strictures and guidelines, has caused a disintegration of such civic rules. These beneficiaries naturally feel that their “bundles” are now compromised – and the ensuing breakdown of social structure allows them to chase after the aid without paying heed to certain laws or ensuring equal distribution to other members of their society.

The short and sweet of it is that the institutions that have been upheld as the nurturers of liberal democratic values can, more often than not, have an effect that is inconsistent with their good intentions.

PRADEEP PEIRIS AND ANUPAMA M. RANAWANA are researchers at Social Indicator (SI), the survey research unit of the Colombo, Sri Lanka-based think tank, the Centre for Policy Alternatives (CPA)

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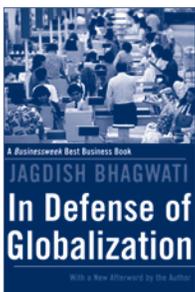


- *Reviving the Invisible Hand: The Case for Classical Liberalism in the Twenty-First Century* by Deepak Lal
Review by Gregory Baldi
- *Making Globalization Work* by Joseph Stiglitz
Review by Jennifer Maruska
- *Economic Justice in an Unfair World: Toward a Level Playing Field* by Ethan B. Kapstein
Review by Erica Alini
- *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* by Dani Rodrik
Review by Sarah Cleeland Knight

The five books we review in this issue of *Democracy and Society* represent the full spectrum of the current debates regarding globalization, democracy, and development. That leading scholars in these fields reach such starkly different conclusions demonstrates that we are far from a consensus on whether globalization is advancing or undermining democracy and development. On the one hand, Jagdish Bhagwati and Deepak Lal argue that an unfettered flow of goods and capital across borders is the only cure for many of the world's inequities. On the other hand, Ethan Kapstein, Dani Rodrik, and Joseph Stiglitz are far more skeptical that reducing barriers to trade and investment will inevitably reduce inequality across nations. What is perhaps most interesting about these dissimilar arguments is that political concerns loom large in each one. For many years, economists broadly agreed that political actions affecting the gains and losses from economic policies were an obstacle to economic development. Rodrik and Stiglitz, in particular, make clear that such a consensus no longer holds. Moreover, although Bhagwati does not reach the same conclusion as Kapstein, Rodrik, and Stiglitz, he nevertheless takes seriously the political apprehensions of globalization's skeptics. While we are from universal agreement on the complex links between globalization, democracy, and development, these volumes demonstrate that it now at least possible for economists, politicians, and civil society leaders to discuss these issues constructively. This is a considerable achievement.

■ *In Defense of Globalization* by Jagdish Bhagwati

REVIEW BY KRZYSZTOF PELC, Ph.D. student in Government at Georgetown University



Originally published in 2004, Jagdish Bhagwati's *In Defense of Globalization* was heralded as the first successful reply to the anti-globalization movement. Doing away with economic jargon and regression tables, Bhagwati sympathetically addressed the main claims advanced by anti-globalizers and convincingly argued against them.

How much relevance, then, does *In Defense of Globalization* have today? A great deal, in fact.

As presidential candidates toss around warnings of a “race to the bottom” in everything from environmental standards to working conditions, blaming economic openness for falling wages and increasing job insecurity, Bhagwati's original arguments bear recalling.

The Indian-born, Oxford-educated, Columbia University economist is especially good at emphasizing the unintended consequences of popular policy decisions. As Bhagwati demonstrates, in 1993, when the US Congress threatened to pass the Child Labor Deterrence Act, Bangladeshi textile firms heeded the warning and dismissed 50,000 child workers. The net outcome on the affected children's lives was likely negative: many ended up working in worse factory conditions or fell into prostitution. Bhagwati convincingly demonstrates that due to the complexity of social processes, policies that may appear as sound responses to obvious problems often fall short of improving the situation.

Bhagwati repeatedly demonstrates how anti-globalization arguments can be so appealing to the public, while falling short on the empirical record. Rhetoric against economic integration relies on plausible, linear arguments that invoke highly personal accounts and appeal to sentiments of justice and fairness. The task of the economist is difficult: he must uncover the complexity of economic relationships while retaining his audience's attention. Bhagwati accomplishes this with colorful language, personal anecdotes, and a slew of literary references.

He argues that races to the bottom are not as common as races to the top, where protectionist groups and their political allies push for costly higher standards abroad, in regards to the environment or employment conditions, as a means of suppressing competition. It is precisely such protectionist devices, in his view, that threaten developing countries most. Like many economists, Bhagwati relies on slow shifts in societal preferences that drive domestic policy adjustments over drastic changes imposed from abroad. According to this view, environmental standards will rise with mean income, as environmental issues become increasingly salient in developing countries, and thus need not be manipulated externally. In the meantime, differences in standards are "...no reason to cry foul....Diversity of economic tax burdens is part of the immense diversity that makes for the gains from trade" (147).

This view leads to one of the few slips of logic in the book. Bhagwati often seems at once to condemn anti-globalization groups and take their effect for granted. He dismisses their concerns as being empirically unfounded, but in so doing relies on societal preference shifts that are most often driven precisely by the forceful rhetoric of such groups. "Our institutions are simply too strong to permit [a race to the bottom in job standards]. The unions, even though weaker than they were, and the environmental groups, which are stronger than ever, are politically active, not ciphers, and the Democratic Party sees them as core constituencies" (131). Yet Bhagwati's book is primarily aimed at disconfirming the arguments used by these groups to put pressure on governments. Who is to say, then, how much empirically unfounded public condemnation from unions and environmental groups is needed? Without them, societies cannot hope to bring these issues to high saliency; yet the groups themselves push for policies that often undermine the competitive advantage of foreign countries, and gains from trade for all. Bhagwati falls short of providing an answer to this tradeoff.

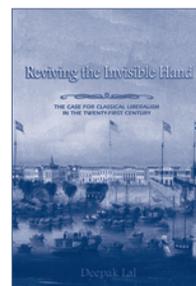
Bhagwati is most effective when comparing anti-globalizers' claims against empirical evidence, and is at his weakest when proposing alternative policy solutions. In one instance, he argues that American unions ought to cross-train their workers so that the costs of job changes are lessened.

Why unions would invest in lowering their workers' dependency on the main service they provide, job protection, is unclear. Training as a means of helping inter-industry shifts would seem a task much better suited for central governments than for unions. Similarly, Bhagwati suggests that community colleges and engineering schools devise broader curriculums, so as to enable their students to face the inevitable shifts of national comparative advantage. But does globalization not create a need for precisely the opposite—ever increasing specialization?

Nonetheless, Bhagwati presents a highly readable and convincing defense of economic integration. Under current falling wages and bursting bubbles, where politicians are quick to denounce trade and economic openness as the culprit, Bhagwati's arguments remain as current as ever.

■ *Reviving the Invisible Hand: The Case for Classical Liberalism in the Twenty-First Century* by Deepak Lal

REVIEW BY GREGORY BALDI, Ph.D. student in Government at Georgetown University



To many, modern economic globalization represents a shift away from the interventionist practices of the immediate postwar era and a re-assertion of liberal ideas and principles. Not so, says Deepak Lal in his book *Reviving the Invisible Hand: The Case for Classical Liberalism in the Twenty-First Century*. In Lal's view, the modern global economy has fallen short in

its adoption of the classical liberal principles that made the world's last experience with a liberal economic order—the *Pax Britannica* of the late nineteenth and early twentieth centuries—such a sweeping success. More provocatively, Lal argues that the United States, seen by many as the guardian of economic liberalism and the inheritor of Britain's liberal leadership role, has contributed to this failure by eschewing domestic policies of *laissez-faire* and free trade.

Lal maintains that an assortment of anti-globalization activists, developing world advocates, Third Way proponents, labor rights groups, and environmentalists, among others, are subverting whatever globalization has achieved and seeking to replace it with a "New Dirigisme" of protectionism, interventionism, income redistribution, and welfare state expansion. As for the United States, he argues that far from being a paradigmatic example of classical liberalism, America has shown itself to be a poor successor to Great Britain as globalization's leader by pursuing bilateral and reciprocal trade agreements rather than unilaterally removing trade barriers and maintaining much of its New Deal welfare system.

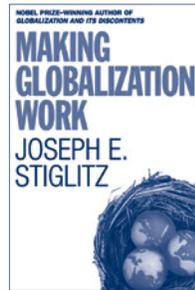
The “revival” of liberalism called for in the book’s title is thus in Lal’s view a much-needed response to the assault on globalization and the inadequacies of the United States as overseer of a new liberal world economic order. Much of the book is therefore dedicated to countering anti-liberal views and outlining, as an alternative, methods for anchoring classical liberal ideas into modern systems of global trade and finance.

Like the late Keith Joseph—one of the classic liberals to whom the book is dedicated—Lal writes with the conviction of a true believer who feels that only strict adherence to classical market orthodoxy can bring about an end to poverty and suffering and improve global living conditions. At the same time, he is unwilling to accept any qualifications to or limitations on classical liberal theory and summarily dismisses challenges to even the most extreme consequences of unfettered global capitalism, such as child labor, violations of human rights, environmental degradation, and vast economic inequalities. These challenges, he argues, are empirically inaccurate, morally misguided, or logically flawed.

The economic arguments in Lal’s book, which provide few new data and rely primarily on existing studies (including several of the author’s own), are likely to appeal to orthodox liberal thinkers who wish to see an unfettered global free trade regime and a dramatic decline in state interventionism in both the economy and society. Many others, however, (including political conservatives, whom Lal also sharply criticizes) may take issue with the author’s confrontational style and find his unwavering commitment to pure laissez-faire ideology a distraction from his efforts to address realistically contemporary concerns about globalization. Arguably more interesting than the economic views in the book, however, are the political ones. While much recent literature on globalization and civil society has assumed a pro-democratic normative bias (either implicitly or explicitly), Lal’s work is openly and unapologetically anti-democratic. For all the criticisms directed at the proponents of the “New Dirigisme,” many of Lal’s most pointed critiques are saved for democratic publics, who through their continuing support of illiberal policies such as social security, adjustment assistance, and economic protection, represent for him the greatest obstacle to the re-establishment of a liberal economic order more closely resembling the *Pax Britannica*.

■ *Making Globalization Work* by Joseph Stiglitz

REVIEW BY JENNIFER MARUSKA, Ph.D. student in Government at Georgetown University



Admirers of Joseph Stiglitz’s *Globalization and its Discontents* (2002), which harshly criticized the IMF’s policies during the East Asian financial crisis, will perhaps be struck by the overall tone of moderation in his follow-up tome, *Making Globalization Work*. But unfortunately, moderation does not always translate into practicality.

As chairman of the Council of Economic Advisers for the Clinton administration from 1993 to 1997, chief economist of the World Bank from 1997 to 2000, and 2001 Nobel laureate, Stiglitz has a commanding resume. Although he is a blue-chip member of The Establishment, Stiglitz has earned his chops with the anti-globalization crowd and sees himself as a critical-minded outsider. But Stiglitz goes beyond criticism in this book and provides many suggestions. The time has not yet come for some of these proposals: without a crisis or shock to the world system, they are unlikely ever to be considered. Yet within the impracticable suggestions lie a few policy ideas with real merit.

Making Globalization Work could be assigned as part of a point-counterpoint debate with Jagdish Bhagwati’s *In Defense of Globalization*. Bhagwati’s volume does a tremendous job of laying out his opponents’ view before shredding it to pieces. In contrast to Bhagwati, Stiglitz does not directly challenge the arguments of his opponents. Instead, each chapter lays out a problem (such as “free” trade, environmental depletion, and crushing foreign debt), discusses a few examples, and provides possible avenues for change. This formula is successful only insofar as the reader agrees with Stiglitz’s depiction of the problem in the first place. Stiglitz discusses how the Washington Consensus is outdated and proven wrong, but he does not attempt to convince those who still believe in the status quo. This may make him the darling of non-American anti-globalization movements, but it does him two major disservices: first, his argument comes off as “anti-globalization” and not as nuanced as it could be, and secondly, it means that policymakers in powerful countries that set many of the rules of globalization, such as the U.S., can safely ignore his advice.

The most engaging aspect of this book is its message of hope. Stiglitz seems to have matured into a more constructive critic of globalization: he is no longer focused on its discontents, but rather on making globalization work as a force for promoting equity, reducing environmental destruction, and making trade fair. *Making Globalization Work* seems to be a conscious answer to critics of

Globalization and Its Discontents, filling in the policy gaps on poverty reduction, debt relief, free/fair trade, intellectual property, and the environment, and attempting to construct economically viable options for the progressive politician.

Democracy and Society readers will be particularly interested in Stiglitz's discussion of civil society organizations like Grameen and BRAC, which empower the very poorest people in Bangladesh (mostly women) through micro-finance projects (51-3). At the global level, Stiglitz condemns the democratic deficit in international financial regimes (especially the IMF), and proposes democratizing reforms.

The clear prose and systematic layout of each chapter makes this volume easily accessible to the layperson or the undergraduate political economy student. His argument that increased regulation is necessary to “make globalization work” is based on the basic yet eloquently made point that economic globalization has outpaced political globalization. The book is replete with aphoristic reality checks: “Doha failed.” “Globalization is not inevitable.” But despite the stark aphorisms, *Making Globalization Work* is surprisingly neutral in its evaluation of the potential of globalization. Just as it has been a force for inequality, globalization can be a force for good. NAFTA, according to Stiglitz, has not been an absolute success or failure, but somewhere in the middle—an opinion that will not rally the anti-globalization troops, but it is a realistic appraisal of the intended and unintended consequences of the agreement. Some suggestions for reforming international institutions also appear to be realistic—the U.S. would retain veto power in the IMF while implementing other democratizing reforms, for example. Ultimately, Stiglitz does not expect the richest states to become saviors; he places the responsibility for development on the developing countries themselves (287).

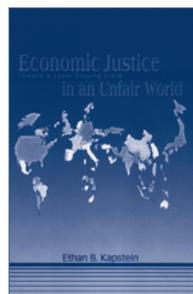
Where the book falls short is in its Utopian policy recommendations (such as abandoning the current dollar reserve system in favor of “global greenbacks”—a Keynesian idea that even Keynes could not implement). While thinking globally is popular with environmentalists and activists, the principle can be seen to undermine sovereignty and is unlikely to take hold at the level of the nation-state. For example, it is difficult to imagine that anyone in the U.S. leadership will take dramatic steps to eliminate agricultural subsidies out of pure goodwill for the peoples of the developing world and to the detriment of voters in Kansas and Iowa. Some of Bhagwati's proposals, however, seem much more feasible and effective, such as taxing skilled workers who leave poor countries for jobs abroad (215-6).

While the feasibility of Stiglitz's proposals is questionable for now, Stiglitz also illustrates how the U.S. current account deficit makes a global financial crisis more likely in the near future. In the era of crisis that Stiglitz warns may

be on the horizon, such radical overhauls may not seem as pie-in-the-sky as they do now.

■ *Economic Justice in an Unfair World: Toward a Level Playing Field* by Ethan B. Kapstein

REVIEW BY ERICA ALINI, *Masters candidate in the School of Foreign Service at Georgetown University*



How to turn the current global economic regime into a fair playground for all? This is the ambitious question that Ethan B. Kapstein poses in *Economic Justice in an Unfair World: Toward a Level Playing Field*.

Departing from much of the development literature, Kapstein focuses on the state—understood as an “ethical compact”—rather than the individual, as the unit of analysis. A fair international system is a “level playing field,” (2), in which all states enjoy an equal ability to prosper. Because the global movement of capital, labor and investment drives national economies towards convergence of prices and resource-distribution, argues the author, globalization must be deepened, not restrained. States, writes Kapstein, must reach an agreement on an international economic regime that is “participatory, inclusive and welfare-enhancing for all.” (18).

Kapstein addresses five aspects of the global economy: trade, financial aid, migration, labor, and investment. For each the author provides an analysis and ethical evaluation of both the status quo and proposed reforms to render it fairer for developing countries. In the chapter dedicated to trade, Kapstein prizes the inclusiveness of the system shaped by the World Trade Organization but advocates the adoption of a principle of “diffuse reciprocity,” which values states' trade concessions in proportion to the size of their national economy and not in absolute terms as in the current system of “strict reciprocity.” Similarly, notes the author, although the World Bank is a participatory institution, the developing world has little say on the allocation of financial aid.

On migration and labor standards, Kapstein takes a different view. It is the single polity, he writes, rather than the society of states, that holds “primary responsibility for its labor markets.” (146). Nonetheless, multilateral cooperation is needed in order to elaborate policies meant to facilitate remittances (eliminating the high cost of third-party intermediaries) and a fair division of migrants' tax revenues.

Analyzing cross-border investment flows, Kapstein laments a lack of international regulatory regimes, noting that investment transactions are too often a one-time interaction between foreign firms and host countries, and therefore subject to prisoner's dilemma rules. Therefore, argues Kapstein, multilateral treaties are needed that would encourage a reiterated interaction and stretch a Keohanian "shadow of the future" on investment transactions, promoting a stable and secure investment environment.

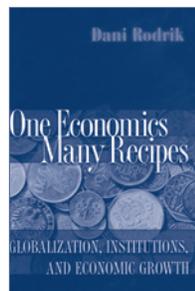
Economic Justice in an Unfair World offers a clear and engaging analysis of how the current global regime perpetuates economic disparities around the world. Contrary to much of the literature concerned with human rights and development, Kapstein maintains a pragmatic approach, looking for solutions that are both just and likely to be pursued by self-interested states. Realists, argues Kapstein, fail to understand that a just economic system can be pursued by states in their own self-interest, because "a system that all participants view as being reasonably fair" (17) is a stable one. According to Kapstein's reasoning, states would have no incentive to subvert an international system that they perceive as just, and given that stability is a core interest of every state, ultimately a just system is in every state's interest. This assumption, however, seems reasonable only when a state dissatisfied with the regime in control can realistically threaten to overthrow the status quo. In this case, it makes sense for hegemonic powers sponsoring the international regime to co-opt the newcomer as one among equals, in order to ensure the continuation of the regime itself. Nonetheless, it is not clear what would motivate self-interested states at the top of the power hierarchy to forgo their power-maximizing behavior when smaller states cannot subvert the status quo in the foreseeable future.

Kapstein's normative suggestions occupy only a small part of the book. Kapstein conveys the issues at stake in each aspect of the global economy with exceptional clarity and analytical ability, but the encyclopedic review of current debates is not followed by an equally in-depth analysis of possible ways to amend the present global economic system. Kapstein relegates the discussion of his proposed solutions to the very last few pages of each chapter, leaving the reader dissatisfied and eager to know more.

Nonetheless, with its well-structured, accessible and up-to-date analysis, *Economic Justice in an Unfair World* is a must-read for anyone studying international economics and development theory.

■ *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* by Dani Rodrik

REVIEW BY SARAH CLEELAND KNIGHT, Ph.D. student in Government at Georgetown University



The title of Dani Rodrik's newest book, *One Economics, Many Recipes*, succinctly and accurately captures his main argument: there is no single blueprint of reforms that countries can undertake to start and sustain economic growth; rather, the right recipe of reforms depends on "local capabilities, constraints, and opportunities" (42).

While the book overall is a somewhat disjointed collection of previously-published articles and chapters, it contains nuggets of valuable information for academics and policymakers interested in economic development and the contributions that foreign aid agencies and international financial institutions (World Bank, International Monetary Fund (IMF), etc.) can make toward that goal.

The real contributions of the book are in Chapter 2 (Growth Diagnostics) and Chapter 5 (Institutions for High-Quality Growth). In Chapter 2, Rodrik, along with his original co-authors, Ricardo Hausmann and Andrés Velasco, adopts the neoclassical mantra for economic growth: property rights, rule of law, sound money, etc. But he argues, and convincingly so, that these principles do not map easily onto concrete policy recommendations, and previous attempts to devise a single blueprint for development, such as the Washington Consensus-style reforms of liberalization, privatization, and deregulation, have often failed to produce the intended results. Moreover, policymakers are overwhelmed when faced with a laundry list of required reforms in order to qualify for foreign aid or IMF assistance. As Rodrik argues, "Rather than utilize a spray-gun approach, in the hope that we will somehow hit the target, focus on the bottlenecks directly" (63).

Using game theory, Rodrik devises a framework for identifying the bottlenecks to growth and the specific policy reforms needed to remove those bottlenecks. For example, low levels of private investment and entrepreneurship could be blamed on either 1) low returns to economic activity (which demand one set of reforms, such as investment in human capital or lower taxes); or 2) the high cost of finance (which demand a different set of reforms, such as banking reform or incentives to increase domestic savings). He then applies the framework to three cases, Brazil, El Salvador, and the Dominican Republic, to illustrate which reforms policymakers in those countries should prioritize. No doubt Rodrik's framework is more successful at identifying bottlenecks to growth in countries that have

already instituted broad reforms (otherwise, it would be difficult to move very far down Rodrik's decision tree), but it should be very helpful for countries like El Salvador that have faithfully followed the Washington Consensus with disappointing results.

Chapter 5, on institutions, should be particularly interesting to *Democracy and Society* readers. At first Rodrik makes a plug for institutional diversity and argues that the institutions in a market-based economy (to protect property rights, guard against anti-competitive behavior, provide social insurance, etc.) can take a number of different forms, depending on local norms. But Rodrik's desire for institutional diversity stops at the design of government itself, and he argues that democracies are an important "meta-institution" for eliciting and aggregating local knowledge and building better secondary institutions. He presents a wealth of evidence from previously published work: 1) democracies yield more predictable long-run growth rates; 2) democracies are more stable in the short-run; 3) democracies recover better from adverse shocks; and—most important—4) democracies deliver better distributional outcomes (168-182). Too bad, then, that Rodrik does not extend this discussion to engage the current debate on democracy promotion.

It is disappointing that the other chapters, including the last section on globalization, are not integrated better with the rest of the book. In these chapters Rodrik makes a number of provocative statements but lacks the evidence—or at least does not present the evidence—to back up his claims. For example, on globalization, Rodrik advocates international harmonization of rules and standards with room for plenty of exit schemes and opt-out clauses, but he does not detail how he would change the status quo (other than to make the World Trade Organization (WTO) more focused on development). Rodrik also claims the "benefits of trade openness are now greatly oversold" (221), but he only looks at the relationship between trade barriers and growth, and rather superficially at that. Also, time and again he holds up the East Asian tigers, particularly South Korea, as examples of countries that have successfully forged their own development track, yet he hardly mentions the Asian financial crisis. Could some of the turbulence of those years have been avoided with less government intervention in the economy in the preceding decades?

Nonetheless, even with these drawbacks, Rodrik serves as an important, moderating voice in the globalization debate, and this book proves no exception. At a time when the Washington Consensus slate of reforms is coming under increased scrutiny, perhaps more policymakers and officials within the World Bank and IMF will be willing to hear him out.

Human development, on the other hand, remains an even more contentious term, but the basic lineaments are agreed: the escape from extreme poverty, the ability to make personal choices, and the power to act upon and change the environment within which one finds oneself and one's community. Development includes, *but is not synonymous with*, economic growth, although economic growth and prosperity do provide the wherewithal to achieve human development.

For some time now, there has been a conversation about the relationship between development and democracy. There are those who believe that a modicum of development is necessary for, and might even trigger, democracy. While countries can somehow achieve democracy under conditions of general poverty, they are still at risk of reverting to more authoritarian forms of government.

On the other hand, substantial empirical research has shown that democracies perform better in development and are more likely to bring peace and prosperity.

Amartya Sen makes the argument, backed by recent United Nations Development Programme studies, that whether one should start with development or democracy is the wrong question; rather, democracy is a necessary part of becoming human, even if it does not immediately change one's material conditions. In our opinion, this is also an argument for democracy first, a thesis supported by the many poor people across the world who have sought democracy as a way out of oppression. Without the power and freedom to make decisions, there is no guarantor of development.

Yet, equally, disillusionment over the ability of poor countries to improve the living standards of their people after a democratic transition is a real threat to democratic sustainability or progress. Unfortunately, the data are not reassuring: countries with low per capita Gross Domestic Product, and hence less ability to afford the accoutrements of democracy without outside help, generally do struggle to avoid a collapse or a degradation of democracy. Not all do—but the risks are high.

In addition, democratic countries seem unable to reduce inequality. The depth of inequality at the point of democratization can be impervious to change. Indeed, the economic compromises of democracy seem to accelerate the gap between those who benefit and those who get left behind. This despite the ability of the poor to organize themselves and to make demands of their representatives and of the state. To reduce such inequality, activists should focus on responsive governments, adequate human rights and policy framework, education, mobilization, and organization.

The third of our big concepts, “globalization” has lost its recent dominant mystique. The view that we are all connected, and that what happens in one part of the globe has consequences elsewhere, is by no means new. However, in the last few decades, there has been a qualitative change, perhaps most fundamentally in the velocity with which information and capital can move and the volume of that movement. Countries suddenly have found themselves at the mercy of impersonal conglomerations of private and institutional decisions, their currencies buffeted; many have found that perceived domestic decisions have been influenced by international pressures.

But the global wind blows good as well as ill: the mobility of people and ideas, new technology, cheap global travel, and a new lingua franca, combined with somewhat older global principles such as the International Declaration of Human Rights, has had an impact on countries holding their citizens in thrall.

Nevertheless, globalization has exposed a crisis of governance. From our experience in governance crises at the state level, there seem to be common consequences—and I observe that these are present at a global level as well:

- There is a hubbub among citizens organizing themselves to substitute for, or to ameliorate, the consequences of a government vacuum.
- Freed from the obligation of national regulations, private economic interests spread rapidly and with little fear wherever costs can be cut and profits can be made.
- Negotiations between elites are energized to find better forms of management of the burgeoning crisis, and these forms freeze existing social relations unless carefully considered.

I do not wish to suggest that transition theory produces a full description of the trajectory of the hurricane of globalization, but we should be alert to the possibility of liberalization and democratization freezing into new forms of authoritarianism.

Having raised this concern, I want to point to the immediate problem of globalization, and the likely challenge should we find ourselves unable to build international institutions that are not merely captive to powerful countries unwilling to submit themselves to these institutions.

In the first place, nation states have lost or have chosen to give up full control over their destinies. And because of transnational economic interests, the control has not necessarily transferred to accountable or representative institutions; hence, the growing interest in corporate governance and ethics. And if nation states have lost this power, certainly their citizens have as well. Of course, power does

not have to be a zero-sum game; all of us here are intent on, and in some cases have succeeded in, mobilizing power to change global relationships.

The international and regional institutions being negotiated need not merely entrench the rich: rules can be established that encourage and empower citizens, or elite pacts can be voted down as happened recently in Europe.

But even if international institutions are democratized, and even if the complexities of global governance are overcome, South Africa’s national experience suggests that while wealth may increase and the global economy may grow (leaving aside unresolved debates about limits to growth), inequality will be intractable, with the very poor, marginalized in their own countries, pushed even further to the margins. The popular remedy of Aid, Trade, and Debt Relief leading to economic take-off will not immediately deal with this inequality, nor that between countries.

So while we might hold out the hope that democracy will improve people’s quality of life, their destiny is driven by larger and increasingly global forces. And, while we must therefore consider broader international forms of democracy, these may not reduce inequality, a fact that threatens to overthrow the institutions being constructed.

Those living in countries with more developed international institutions have experience in transnational citizenship. Those living in countries still at the mercy of “strong winds” can explain the impacts and consequences of globalization. And those whose poverty has meant that they remain dependent on the rich should talk of this.

This conversation between citizens of the world is precisely the most important means of empowerment in times of globalization.

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interactions between Nordix and the Ministry, in which the development of the joint venture and the industry have been discussed.

The joint venture structure, which gives the Chinese partner over 40 percent ownership, also gives the Chinese government influence in the company's internal operations. The Chinese partner can, for example, nominate a deputy general manager. So far, this manager has always been a Communist Party member. Besides participating in operational decision-making, this deputy general manager is responsible for the company's Communist Party committee. This committee consists of over 100 managers within the company (thus, nearly all the managers) and serves as a forum for communication and advancement of the Communist Party agenda. Since Nordix does not "interfere" in politics, both Nordix and the Chinese partner recognize that the operations of the Communist Party committee cannot be financed by Nordix. Instead, financing is channeled from Nordix's payments to the trade union (which is also closely linked to the Communist Party and reports to the deputy general manager) and from there to the Communist Party committee. Additionally, the company's board members from the Chinese side have always been Party members.

These measures mean that the Communist Party has extensive knowledge of the company's operations. It also has the ability to influence the company's operations: internally, through the trade union, the deputy general manager, the Party committee, and the company board; externally, through the Ministry's control of prices, market share, product approvals, etc. Hence, the Communist Party has been able to oversee any changes Nordix has made in the company's operations. This does not imply that the Party has explicitly attempted to influence the company's operations. As the majority owner, Nordix has assumed management responsibility. Rather, it means that the Communist Party has retained several platforms of influence and information over Nordix's operations.

In sum, the joint venture has helped the economic development in China by improving both the performance and quality of products in this industry. This Nordix-induced economic development has had few links with political liberalization. Although internal operations have changed, external political development remains unchallenged. This study even indicates that the official separation between business and politics can serve to uphold the influence of the Communist Party. The Communist Party was forced to open up to foreign know-how in this industry in order to develop the Chinese economy, making it vulnerable to external pressure. However, due to Nordix prevailing separation of business and politics, the Communist Party was

never challenged. It was able to achieve its economic objectives while preserving its control and influence over China's political development.

CONCLUSION

The CSR movement claims that if TNCs adopt responsible business practices, political liberalization will follow. This study of Nordix—one of the leading CSR firms globally—shows that this claim is valid as regards TNCs' internal operations. Nordix is certainly doing more internally for human rights and workers' rights than most other firms. However, the study also shows that leading CSR firms and the CSR movement in general—at least implicitly—accept the separation of business and politics in the host country. This separation decouples, and potentially even counteracts, the link between economic globalization and political liberalization. Although Nordix is more explicit than most TNCs in its separation of business and politics, most Nordic and international TNCs adopt practices similar to that of Nordix regarding political involvement (particularly in politically sensitive markets such as China). Hence, this study's results are not only applicable to Nordix, but indicate that the CSR movement's focus on TNCs' internal and supplier operations risks undermining its claim to closely link economic globalization and political liberalization.

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ENDNOTES

- 1 www.unglobalcompact.org (Accessed 7 December 2006).
- 2 'Nordix' is a anonymized name that has no reference to either the studied TNC's name or any potential firm and/or organization actually named 'Nordix'.
- 3 This conclusion was reached by the author after reading through numerous Nordic TNCs' codes of conduct.

■ In October Professor of Government **Clyde Wilcox** published *The Politics of Same-Sex Marriage* with Craig Rimmerman (University of Chicago Press). He also recently traveled to Russia and Turkey, as part of a State Department democracy-building program, and gave lectures to professors, students, and civil society groups.

■ Associate Professor of Government **Marc Morjé Howard** presented two papers at the 2007 Annual Meeting of the American Political Science Association (APSA). He also gave a talk on "Measuring and Analyzing Post-Cold War Political Regimes" as part of the Comparative Politics Speaker Series at Ohio State University. He is also the co-guest editor (with Dietlind Stolle), and co-author of two articles (one with Dietlind Stolle, the other with Leah Gilbert) for a special symposium of five articles based on the "Citizenship, Involvement, Democracy" survey that is forthcoming in *Political Studies* (2008).

■ **Denis P. Cosgrove**, a graduate student in the Democracy and Governance Studies program, recently published "Speaking to Moscow by Way of Tehran" for *Central European Digest*, a publication from the Center for European Policy Analysis. The article is available at <http://www.cepa.org/digest/speaking-to-tehran-by-way-of-moscow.php>.

■ **Aspen Brinton**, former CDACS graduate fellow, defended her dissertation in late August. She accepted a position as assistant professor at Georgetown University's School of Foreign Service in Qatar, teaching political philosophy. She also presented "Civil Society Outside of Democracy: The Case of the Eastern European Dissidents" at APSA 2007.

■ CDACS graduate fellow **Sarah Cleeland Knight** presented her paper "A Survey of Preferences and Political Activity on Exchange Rates" at APSA 2007. She also was invited in October to consult on the Harvard Globalization Survey.

■ **David Madland**, former CDACS graduate fellow, defended his dissertation with Distinction in late August. He is now Director of the Work/Life Program at the Center for American Progress.



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