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Author: Carl Hamilton

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Globalization and Democracy

Carl B. Hamilton

2.1 Introduction

It is for good reasons that many people regard the world as unjust and plagued with poverty. From that observation, one could draw the conclusion that the state of the world is the result of existing international institutions and today's ruling political ideologies. If you take this view, it is hardly surprising that you also protest when international leaders and representatives of fifty-plus long-standing international organizations declare that the recipe is "more of the same"—more and freer trade, stricter and more norm-based fiscal and monetary policies, and the like. In addition, although many of these leaders themselves come from democratic countries, they do not seem to bother too much about the absence of democracy for poor people in many developing countries. Is it surprising that some protest?

This paper takes as its starting point the criticism coming from the anti-globalist movement. Two distinctly different claims are looked into. First, the claim that globalization is undemocratic and, second, that institutions like the World Trade Organization (WTO), the World Bank, and the International Monetary Fund (IMF) should be democratic.

Carl B. Hamilton is adjunct professor of international economics at the Stockholm School of Economics and is also a Member of Parliament.

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2.2 Globalization, Anti-Globalists, and Democracy.

Following Sen (1999, chap. 6, 152), any country that “is independent, that goes to elections regularly, that has opposition parties to voice criticisms, and that permits newspapers to report freely and question the wisdom of governments policies without extensive censorship” is regarded as democratic. The concept includes not only political rights (like the right to form political parties that openly can compete for and be elected to positions of power in government), but also crucial civil liberties, like personal freedoms, freedom of the press, belief, and association. Countries’ level of democracy has been measured by index. One such index has been constructed from the Policy III data set, but there are several other indexes, like the Freedom House index¹ (see Gurr and Jagers 1995).

The word “globalization” means different things to different people. To limit confusion, here globalization means international trade in goods and services and foreign investment.

Who are the anti-globalists?

There are strong tensions between organised labour and campaigning non-governmental organisations (NGOs); between people who want to protect national autonomy and those who want to override it; between those who want to save the environment and those whose main aim is development; between those who want to protect traditional ways of life and those who want to upset them; and, of course, those who want reform and those who seek a revolutionary transformation. Some protesters are self-interested. Others are idealistic. (Martin Wolf, *Financial Times*, September 4, 2001)²

In the light of this description, is it possible to find a common denominator among the anti-globalist NGOs?

First, many take one of three views: there should be less globalization than there is today; globalization at least should not increase from today’s magnitudes, or, if globalization would increase, it should not do so unless there are some additional conditions attached to it. Second, many anti-globalists take a skeptical view of international organizations like WTO, the World Bank, and IMF (the latter two are generally regarded as international financial institutions [IFI]). Of course, it is possible to be positive toward globalization and negative toward the present work of WTO and the IFIs.

2.3 Undemocratic Globalization?

What distinguishes many anti-globalists from others—like scholars and journalists—is that some of them claim that they are able to represent the preferences of others and not just themselves. There are

1. The index, methodology, and criteria can be found on <http://www.freedomhouse.org>.

2. See also Bhagwati (2002a, c).

grassroots NGOs claiming to represent people whose lives and livelihood are being directly affected by the actions and policies of the IMF, the World Bank and the WTO. The argument here is that representation in international institutions is imperfect. The emissaries of existing governments fail to represent many groups' rights and predicament. NGOs acting in international fora are necessary to fill the gap in representation and accountability that results. (Woods and Narlikar 2001, 15)

This argument, as it stands, is not that globalization is necessarily bad, but that not all views are represented when important decisions are taken in international fora on for example, the rules of the multilateral-trading system.

However, implicitly or explicitly, the critique is also that the preferences of those who are *not* represented in international institutions are more negative on globalization than are the preferences of those who are represented. If the preferences of all concerned—the set of which is difficult to define precisely and whose preferences are more difficult than usual to aggregate—had been taken into account, then the decisions of the IFIs would have yielded different outcomes and less trade and foreign investment.

Let us consider a claim that the true preferences of peoples of the world on globalization are more skeptical than the preferences reflected in the policies of WTO's member states and of member states and staff of the IFIs.

Can a hypothesis be rejected which states that the present ruling preferences on trade, economic integration, and investment—as reflected in the policies of important rich and poor countries and consequently also in the WTO and the IFI—reflect the views of a majority of the populations in the rich and poor countries?

To discuss the popular preferences on globalization, two approaches are used. Since we want to capture the history of Gatt/WTO rounds during the last forty-plus years, we start off by dividing countries into democratic Organization of Economic Cooperation and Development (OECD) member countries and “other countries.” For the subset of OECD member countries, the question is whether or not it is possible that the preferences of the electorate on trade and integration in a systematic way in elections have differed from that of the democratically elected governments' positions? For the other countries, comparative international opinion polls on globalization, trade integration, and protectionism are considered. With good polls, one should be able to learn how respondents in different countries look upon globalization and trade. If such polls consistently would yield the result that globalization and free trade are disliked and that respondents are inward looking and in favor of protectionism, then the polls would call into question the basis for many member countries' positions and of the policies of the IFIs.

2.3.1 Democratic OECD Countries

Do democratic member countries of, for example, the WTO differ in policy positions from the voters' preferences in a systematic pro-globalization way?

Even if every government in the world were democratically elected, a large problem of accountability would still remain for international organisations. . . . We have seen that in national politics a government rarely wins or loses an election on a particular issue. Yet rarer would be a government that won or lost an election (or office through some other means) due to a position taken by its representative within an international organisation. Indeed, given that elections do not hold politicians to account on domestic issues, it would be rather ludicrous to assert that they might serve as a mechanism of accountability in the international sphere where voters have even less information, and less motivation to cast their votes on such issues. Clearly elections as a mechanism of domestic restraint on public officials cannot be stretched into an effective mechanism of accountability for international institutions even if every government in the world were democratically elected. Yet this is precisely what the arguments about the traditional structure of governance and representation attempts to do. (Woods and Narlikar 2001, 7)

The authors are hardly correct that “a government rarely wins or loses an election on a particular issue.” There are plenty of counter examples unless one defines “issue” in an extremely narrow sense. Apart from this flaw in the quote, the authors are probably correct if one would consider individual decisions in the WTO and most countries at a particular point in time. But do isolated cases of narrowly defined issues constitute the appropriate sample? Our answer is no: The authors seem unlikely to be correct when considering the direction of policy embedded in the large number of successive decisions over some forty years on multilateral trade rounds resulting in lower trade barriers and enhanced economic integration.

Let us consider the OECD countries. To be a member of the OECD, a country must fulfill the requirements of being a pluralistic democracy, enforcing respect for human rights, and having a market economy exposed to international competition. Assuming that *on average* there has been at least twenty-five such members per year since 1960 and that the average period between general elections has been four years, this means that there have been at least 250 general elections among this group. (The true number is higher since the number of members has increased, and the average term is less than four years.) If these governments' decisions to liberalize (manufacturing) trade had been in a systematic conflict with the voters' preferences, it is likely that such a misrepresentation at some points in time had become serious election issues in some of the 250 elections.

Are voters in OECD countries—as a general rule—unmoved by issues

like trade, economic integration, and globalization? Trade has on several occasions been an issue in U.S. elections—as reflected in the U.S. handling of the Seattle WTO meeting in 1999 and the U.S. steel protection following the 2000 presidential campaign. Trade has also figured on several earlier occasions in U.S. politics (e.g., see Scheve and Slaughter 2001, chap. 1). The post–World War II history of Western Europe has had many national elections and referenda fought on aspects of economic and political integration. The outcomes of these elections and referenda have sometimes forced governments to resign and have permanently split political parties. From Western Europe we also have the additional experience that democratic countries—through elections and referenda—choose different degrees of integration with the surrounding world. Switzerland has decided to stay out of the European Union (EU), as well as the European Economic Area (EEA). Norway and Iceland are members of the EEA, but they are not members of the EU. Denmark, the United Kingdom, and Sweden are members of the EU, but they have not (yet) adopted the common currency. The United Kingdom is a member of the EU, but not the Schengen agreement on passport-control-free movement of persons. One can also note that over time the European countries have decided, in democratic processes, to integrate more and more.

The hypothesis does not seem possible to reject: The forty-plus years of pro-globalization positions and decisions of OECD democracies represent the preferences of their electorates.

If, on the other hand, it had been a correct description that trade issues seldom have been significant election issues, such an observation does not warrant a claim that voters are unmoved by globalization issues. Precisely for the opposite reason, political parties and governments may try to ensure that trade and integration issues do not become significant ones in elections. They can do this by trying to ensure beforehand that trade and integration policies will be unlikely to cause—from their perspective—disruptive conflicts and undermine efforts to control the agendas of the election campaigns. Then the hypothesis cannot be rejected, of course.

Also, if voters had been opposed to a continued opening up of markets for goods and services and investment, in Europe, for example, nationalistic politicians at times can be expected to have capitalized on such sentiments. Indeed, one has seen inward-looking nationalistic movements in many European countries, but these have typically focused on immigration and asylum seekers and not on trade in goods and services and foreign investment. In several polls, xenophobia does not correlate reliably with the respondents' views on globalization.³

The conclusion is that the trend to liberalize in the multilateral trade ne-

3. Received by mail from Dough Miller of Ipsos-Reid. The polls can (soon) be found on the home page of the Political Science Department of Queens University, Canada.

gotiations—including exceptions like agriculture and textiles—cannot be said to have been in conflict in a systematic way with the preferences of the voters in the OECD countries. Thus, one cannot reject the hypothesis that some forty years of (pro-globalization) positions and decisions of the OECD democracies have been in line with the OECD electorates' preferences.

2.3.2 Other Countries

With the help of three international and comparative polls, the group of countries is widened to include also important non-OECD ones, including several ones that are not democratic.

Globalization

In October to December 2001, a poll on globalization was taken with representative samples of individuals in twenty-five countries.⁴ Some of the questions are seen in the head of table 2.1. The survey results can be said to be within a 3 percent positive or negative range of what they would have been nineteen times out of twenty had the entire population been surveyed. Globalization was defined as international trade in goods and services and in investment. In the table, the countries have been grouped in two classes, richer and poorer ones. The column heads of table 2.1 supply, first, the participating countries' GNP per capita and, second, the three different questions that the respondents were asked.

The (unweighted) averages are strikingly similar (column [2]). Among the OECD countries, Australia, France, and Spain stand out as the more negative ones. Argentina's and Turkey's recent economic crises seem to be reflected in strongly negative attitudes. Note the similar results for the populous countries—China, India, Indonesia, and Nigeria—but also for Qatar, Venezuela, and South Korea. They all report weak negative (column [2]) and strong positive (column [3]) attitudes to globalization. When the results for poorer countries are weighted by population size, the pro-globalization results of the four populous countries dominate. Thus, accounting for some 43 percent of total world population and 51 percent of all low- and middle-income countries' population (in 1998), only some 10–15 percent of the sample regarded globalization as negative. As many as 70–80 percent regarded globalization as positive. One should note in particular the positive Chinese responses to the country's benefits from integration with the world economy (columns [4], [7], and [10]).

Considering the two biggest economies, the United States and Japan, the respondents of Japan were more skeptical to globalization than those of the United States. In fact, the respondents of the United States and the

4. See the table 2.1 source and note for reference and some information on the methodology.

Table 2.1 Poll on Attitudes to Globalization, 25 Countries, Representative Samples of 1,000 Citizens, October to December 2001

Country	PPP GNP Per Capita 1998 (1)	Perceived Effects of Globalization on Respondent and Family				"Will the Economy of Our Country Get Better or Worse Because of Globalization?"			"Will the Number of Jobs in Our Country Get Better or Worse Because of Globalization?"		
		Negative (2)	Positive (3)	(3)-(2) (4)	Worse (5)	Better (6)	(6)-(5) (7)	Worse (8)	Better (9)	(9)-(8) (10)	
The United States	29,240	21	76	55	27	65	38	45	46	1	
Canada	22,814	22	74	52	34	59	25	45	47	2	
France	21,214	34	37	3	57	31	-26	72	17	-55	
Germany	22,026	20	77	57	37	59	22	70	28	-42	
Italy	20,365	22	61	39	21	62	41	29	48	19	
The United Kingdom	20,314	22	73	51	25	64	39	43	44	1	
The Netherlands	22,325	13	87	74	26	75	49	41	59	18	
Spain	15,960	33	36	3	34	39	5	48	24	-24	
Australia	21,795	35	60	25	29	63	34	58	33	-25	
Japan	23,592	12	32	20	43	40	-3	76	10	-66	
Qatar	18,871	11	78	67	11	88	77	21	75	54	
South Korea	13,286	21	75	54	36	62	26	52	45	-7	
Avg. above	20,984	22	64	42	32	59	27	50	40	-10	
Argentina	11,728	48	39	-9	69	24	-45	73	22	-51	
Brazil	6,460	27	62	35	41	51	10	54	39	-15	
Chile	8,507	20	60	40	30	55	25	42	40	-2	
China	3,051	10	75	65	10	83	73	41	49	8	
India	2,060	15	79	64	26	69	43	50	43	-7	
Indonesia	2,407	16	74	58	57	40	-17	65	33	-32	
Kazakhstan	4,317	11	60	49	11	69	58	19	59	40	

(continued)

Table 2.1 (continued)

Country	PPP GNP Per Capita 1998 (1)	Perceived Effects of Globalization on Respondent and Family			“Will the Economy of Our Country Get Better or Worse Because of Globalization?”			“Will the Number of Jobs in Our Country Get Better or Worse Because of Globalization?”		
		Negative (2)	Positive (3)	(3) – (2) (4)	Worse (5)	Better (6)	(6) – (5) (7)	Worse (8)	Better (9)	(9) – (8) (10)
Mexico	7,450	23	69	46	34	54	20	41	45	4
Nigeria	740	10	70	60	31	61	30	28	59	31
Russia	6,180	13	32	19	17	46	29	26	33	7
South Africa	8,296	18	61	43	46	42	-4	61	28	-33
Turkey	6,594	61	27	-34	43	45	2	13	70	57
Venezuela	5,706	13	87	74	30	65	35	39	55	16
Avg. above	5,654	22	61	39	34	54	20	42	44	2

Source: Data from World Economic Forum “Global Public Opinion on Globalization,” conducted by Environics International Ltd. in collaboration with the World Economic Forum, February 2002.

Note: Globalization is defined as increased trade between countries in goods and services and investment. In each country, face-to-face or telephone interviews were conducted with representative samples of 1,000 citizens (for a total of 25,000). Each national poll is accurate to within ± 3 percent, 19 times out of 20. The GNP of United Arab Emirates is taken as proxy for Qatar’s GNP.

United Kingdom in this poll display very similar preferences on globalization. One can also note the positive attitude to globalization found in Russia. The respondents throughout are more skeptical about the effect of globalization on jobs than on the economy as a whole. This is especially striking for Germany, Japan, and Australia.

Trade and protection

The Ipsos-Reid Global Poll (2000) was taken at about the same time as the previous one (i.e., November to December 2001).⁵ It covers twenty countries, some of which overlap with the first poll (see table 2.2). This poll asks about free trade versus protection rather than the more vague concept of globalization. Also, from this poll, it is difficult to nail down any distinct difference in opinions between, for example, rich and poor countries. An open orientation of respondents in China and South Korea is confirmed, and Taiwan can be added as well. Mexicans seem distinctly positive to openness in both polls, while the opposite holds for the Argentines' attitudes at the beginning of the acute phase of the country's 2001–2002 crisis. Again, France and Australia stand apart as skeptics to trade and globalization. The U.S. respondents seem positive regarding globalization generally, but seem negative toward free trade. This confused attitude is shared with the United Kingdom and Brazil. The second question in table 2.2 tries to capture the response regarding the freedom to shop versus restrictions. Here there is another type of confusion, which is to say that in four countries many respondents seem to prefer freedom to shop and restrictions on imports at the same time (i.e., the United States, Australia, Poland, and Portugal).⁶

Scheve and Slaughter (2001) have looked more deeply into U.S. attitudes. Their polls indicate that Americans think that international trade is beneficial from an overall perspective, but at the same time Americans worry about job destruction and lower wages, in particular among lower-skilled and lower-paid Americans.

The papers by Mayda and Rodrik (2001) and O'Rourke and Sinnott (2001) both use the same database to look into similar questions. The database that they use is the *International Social Survey Program* (ISSP), a sur-

5. See the Ipsos-Reid Global Poll, 20 February 2002. The poll is available from <http://www.Thomas.riehle@ipsos-reid.com>, and the methodology from <http://www.rob.breitzkreutz@ipsos-reid.com>.

6. Given the French respondents' consistently skeptical views on globalization and free trade, it is somewhat surprising in the Ipsos-Reid poll that in no other country—apart from the respondents in Japan and the United States itself—is it more popular to work for an American company than in France. (That part of the poll is not discussed further here.) The polls for France underscores one of France's European dilemma, that is to say, wanting to be the leader and engine of European integration and at the same time often being more skeptical than other European countries about the benefits of international trade, investment, and globalization. It is difficult to have it both ways.

Table 2.2 Poll on Protection Versus Free Trade, 20 Countries, Representative Samples

Country	PPP GNP Per Capita 1998 (1)	Question 1 ^a			Question 2 ^b			
		Restrict Imports ^c (2)	Do Not Restrict Imports ^d (3)	(3)-(2) (4)	“Good Thing” (5)	“Not Such a Good Thing” (6)	“Doesn’t Make any Difference” (7)	(5)-(16) (8)
The United States	29,240	51	41	-10	51	11	36	40
Canada	22,814	43	49	6	48	13	38	35
France	21,214	51	40	-11	25	24	48	1
Germany	22,026	40	49	9	54	12	33	42
Italy	20,365	43	46	3	33	21	41	12
The United Kingdom	20,314	47	41	-6	56	12	31	44
The Netherlands	22,325							
Spain	15,960	40	40		43	20	31	23
Australia	21,795	60	30	-30	44	21	32	23
Japan	23,592	43	53	10	69	8	23	61
Qatar	18,871							
South Korea	13,286	36	58	22	47	28	20	19
Avg. above	20,984	45	45	-1	47	17	33	30
Argentina	11,728	77	18	-59	21	46	26	-25
Brazil	6,460	49	43	-6	45	17	37	28
Chile	8,507							
China	3,051	28	61	33	67	12	19	55
India	2,060							

vey that was conducted in twenty-four countries in 1995 to 1996 and concerned countries that can be characterized as old OECD plus Eastern Europe.⁷ The sample thus did not cover third-world countries (with the exception of the Philippines) and it was taken five years before the above two polls. In the survey, the respondents were asked how much they agreed or disagreed with the statement that their country “should limit the imports of foreign products in order to protect its national economy.” In spite of slightly different methods being used to analyze the data, the two papers arrive roughly at the same empirical conclusion. In a country that is abundant in unskilled labor, relative to most of the rest of the world, the unskilled labor should be in favor of free trade. Mayda and Rodrik (2001, 3) state the conclusion as such: “individual trade preferences interact with country characteristics in exactly the manner predicted by the factor-endowments model. . . . It is a robust result and perhaps our strongest single finding.” They later elaborate that “Highly educated individuals tend to be pro-trade in countries that are well endowed with human capital (the USA), but against trade in countries that are poorly endowed with human capital (the Philippines)” (2001, 32). O’Rourke and Sinnott (2001, 5) discuss the result outside the ISSP’s sample and the possibility that the conclusion would hold also for a larger sample, including the world’s poor countries: “Of course, this is pure speculation on our part: nonetheless, the results we are able to obtain from these data seem entirely consistent with the insights of Eli Heckscher and Bertil Ohlin.”

The results of the two polls presented above, if anything, support O’Rourke and Sinnott’s speculation that in populous countries, abundant as they are in unskilled labor, the population on the whole would have a free-trade orientation, in line with the predictions of the factor endowments theory.

WTO

In a poll conducted by TEMO in June 2001 in Sweden, the respondents were asked how they regarded WTO. The result was, first, that the WTO was regarded as “very positive” or “positive” by 44 percent, which was much less than for the UN (88 percent), but slightly more than for the EU (40 percent). However, almost half of the respondents answered either that they were neither positive nor negative to WTO, or that they didn’t know.⁸

7. Specifically, the countries are Australia, West Germany, East Germany, Great Britain, the United States, Austria, Hungary, Italy, Ireland, the Netherlands, Norway, Sweden, the Czech Republic, Slovenia, Poland, Bulgaria, Russia, New Zealand, Canada, Philippines, Japan, Estonia, Latvia, and Slovakia.

8. See *Svenska folket om globalisering* (The Swedish population on globalization), TEMO investigation no. T-21950, 26 June, 2001; see <http://www.temo.se>. Several questions were asked in addition to the one on WTO. One of these was on child labor: Of the generally free-trade-oriented group of Swedish respondents, no less than 74 percent agreed with the statement that Sweden should not trade with countries allowing child labor.

From these polls, it does not seem possible to reject the hypotheses that when governments and international institutions advocate and promote openness, they reflect the views of the majority of populations of the OECD countries and distinctly poor countries of the world.

2.4 Can Non-Governmental Organizations (NGOs) Fill a Gap in Representation and Accountability?

Suppose that the above conclusions—based on some polls and the revealed record of decades of policy making in democracies—were wrong. Still the question remains as to whether or not NGOs' preferences could be said to be less wrong. To quote a view presented in Woods and Narlikar (2001, 15), is it true that “NGOs acting in international fora are necessary to fill the gap in representation and accountability”? Are the preferences of NGOs focusing on trade and development more representative and more correct as a starting point for decisions on globalization and trade rules than current polls and the revealed positions of the democracies of the world?

First of all, there are many hundreds of NGOs; they do not think alike, and their internal systems of representation and accountability differ. Second, most NGOs have their origin in developed countries and are likely to reflect knowledge of and concerns about development felt in their home countries. These values and priorities need not be same as those of the poor countries, of course: “A long standing concern about these NGOs is that their activities further magnify the voice and influence of industrial countries' peoples and governments in international debates and institutions which already disproportionately represent the industrialised world” (Woods and Narlikar 2001, 15). Of the 738 NGOs accredited to the 1999 WTO-meeting in Seattle, 87 percent were based in industrialized countries (UNDP 2002, 8). The largest Swedish NGO—Forum Syd (Forum South)—is an umbrella organization for all Swedish-development NGOs and it is financed entirely by the Swedish state through its aid agency Swedish International Development Authority (SIDA). The interest of rich countries in poor countries' labor standards and environmental protection is often in those poor countries regarded as a particularly hypocritical form of protection against their exports.⁹

The NGOs are like multinational firms (MNF), trade unions, and farmers' organizations in the sense that they all have roles to play in domestic policy discussions. They can also be invited and included in country delegations since the composition of these is a national decision. An NGO or an individual from a developed country can quite legitimately be made a member of a poor country's team. However, a *formalized* role for NGOs,

9. See Bhagwati (1995) and (2002b).

MNFs, trade unions, farmers' organizations, and the like in the international debates, negotiations, and decision making of the WTO or IFIs raises serious questions about representation and accountability. What criteria should be applied when selecting MNFs and NGOs? To state that "such a selection [of NGOs] should be done in collaboration with civil society"—as suggested by Bellman and Gerster (1996, 40)—is not a starting point since it just raises the question of the operational content of the concept of "civil society." Furthermore, there are no guarantees against—but instead the very real risk—that a formal role for MNFs and NGOs would give some countries extra votes. Likewise, there are no guarantees against—but the opposite due to the logic of *realpolitik*—that some NGOs would be funded (and founded) by MNFs, farmers' organizations, trade unions, and other organized interest groups, and operate under the cover of a NGO label.

A typical NGO often starts with concerns for specific projects or issues. Perhaps it is for this reason that most NGOs have developed a micro-perspective of development. They can be involved in projects focusing on farming in some region; the plight of women, children and education; microcredits; environmental concerns; and so forth. These are all honorable causes, but—from the point of view of representation of views—the overall result is likely to be tilted in favor of distributional issues and "soft" policy stances. There are few, if any, NGOs devoted to "hard" issues, like the enhancement of better and more stringent rules for budget discipline, financial-sector reforms, the reform and abolition of bad banks, a unified exchange rate, a rent-free trade policy, or simply economic efficiency.

There are some particular aspects of the links between democracy, NGOs, and developing countries that merit consideration. First, if a (poor) country is on its way to democracy, it can be risky for an international institution to bypass the fragile democracy and its institutions and instead use an NGO as the institution's channel to the population, even if the NGO is run in an exemplary manner. There need not be a conflict between fragile democracy and an NGO, of course, but there is a clear procedural dilemma.

Second, poor countries have well-known difficulties with participation in the WTO. If well-funded NGOs, MFNs, and so forth are given formalized roles—like the right to be heard or speak in decision-shaping processes (as urged by Bellman and Gerster 1996)—that is very likely to result in a crowding out of poor countries' struggle for attention and influence in WTO. Today, well-funded and capable NGOs already can achieve what many poor countries cannot afford, that is a presence in Geneva and being continuously involved in WTO activities. If scarce resources, like time in the WTO machinery, are spent on presentations of the views of NGOs,

MNFs, and others, such a time allocation will almost certainly be at the expense of weaker parties, like poor countries' and their interests.¹⁰

A most surprising aspect of Bellman and Gerster (1996) is that they do not seem to recognize that their demand for significantly larger influence of NGOs in WTO would be at the expense of their other major request—a vastly expanded role for national parliaments. Neither do they seem to realize the separation of roles in a parliamentary democracy regarding decision preparation and decision making between the government (executive) and the parliament (their description of the role of parliaments in the formulation of countries' trade policy is not always correct).¹¹

In conclusion, it is impossible to give a definite answer for all places and times on the value and a proper role of NGOs. Neither does it seem possible to deliver an answer to the question if NGOs can fill a gap when it exists and properly reflect the preferences of others, like the poor persons of a country. However, in the light of the above, it seems very unlikely that NGOs normally could fill a gap. The burden of proof rests heavily on the NGOs themselves.

2.5 International Institutions, Globalization, and Democracy.

Now the second criticism—the claim that decisions taken in international institutions like WTO and IFI are undemocratic—is considered. It is clearly correct that these decisions are imperfect reflections of the views of the peoples of the world. This is so in spite of a statement like the following from an otherwise excellent book on WTO: “Some would argue that . . . the WTO is probably the most democratic international organisation extant, in that it operates by consensus and, if voting occurs, it is on the basis of one-member-one-vote” (Hoekman and Kosteci 2001, 70).¹² For example, not all of WTO members are democracies (e.g., China and Saudi Arabia), and such member countries' representatives should not be as-

10. Bellman and Gerster (1996) argue for NGO participation in several ways in WTO: In the dispute settlement process (Article 13.2), they suggest that “NGO participation could possibly be enhanced if recourse to [NGO contributions] were to be made compulsory” (37). The WTO and NGOs (jointly?) should undertake systematic “impact assessment studies on development and the environment” (40, 62). In addition, NGOs should have observer status in WTO's Committee on Trade and Development (CTD) and on WTO's Committee on Trade and Environment (CTE). However, Bellman and Gerster (1996) do not suggest that there would be any NGO interest for a role in WTO's Committee on Budget, Finance, and Administration. This reinforces an impression of wanting to play with the angels only.

11. Bellman and Gerster (1996, 50) write, “Parliamentarians are authorized to participate only . . . as observers [in the WTO].” What other role could they possibly take on without replacing the government?

12. Also, the UNDP (2002, 8) takes the view that democracy in WTO would be one country, one vote: “Consider the World Trade Organization. Every member has one vote, which is very democratic.”

sumed even to have the representation of the population as their ambition. Furthermore, why should Iceland and India—with 350,000 and nearly one billion inhabitants, respectively—have the same number of votes? If one were thinking about even some imperfect approximation of democracy, it would be reasonable for India to have more votes than Iceland. These remarks do not mean that the issue of representation of preferences in international institutions would be trivial or unimportant—quite the contrary; Demands for more democracy in intergovernmental organizations is more complex than many critics of WTO and the IFIs seem prepared to discuss. One cannot ignore the basic undemocratic feature, namely, that it is the nation-state that has a right to membership of WTO and IFIs.

One would have thought that demands for global democracy, a global parliament, and a world government would be the logical visionary alternative suggested by the critics of today's intergovernmental organizations (e.g., one along the lines suggested by the world federalist movements). But just the opposite seems to be the rule: The anti-globalists seem more local than global in their visions when it comes to political decision making (“glocalism”).

Thus, issues on international trade and globalization will likely continue to be handled by governments in intergovernmental organizations and by diplomats and other civil servants. Then, negotiations and decisions are prepared and taken in processes that are not always open and—to be effective—many times cannot be open except with a time lag.¹³ This is a classic problem of democratic accountability in foreign and security policy, and it is not specific to WTO and IFIs. The problem is handled in slightly different ways in different democracies, and generally speaking, through parliamentary committees with special rights to secret information, to closed sessions, and to the possibility of being consulted and deciding on negotiating positions. However, compared to a normal parliamentary control of governments' domestic actions, the control of what goes on in international organizations is often weak and indirect and is dominated by the participating governments' agendas and selection of information. Furthermore, it is only in the subset of democratic member states of WTO and IFI that parliamentary control can be exercised.

Moreover, the parliamentary perspective is typically a national one. The economist's interest in the global-welfare effects of trade reform, systemic aspects of the global trading system, and problems of regionalism attract few votes and have few pressure groups working for them. This, of course, just makes economists' contributions on these matters relatively more important.

13. The time lag normally can be anything between two hours or a few weeks, and only rarely would it be necessary to last for years.

2.6 Globalization, Democracy, and Poverty Reduction

The democratic deficit that is part and parcel of the intergovernmental form of decision making makes the WTO and IFIs natural targets for many anti-globalists.¹⁴ However, the fact that the WTO and the IFIs are not actually *being run in a democratic way* does not exclude the possibility that they would *advocate democracy* as the preferred mode of government of nations. However, the IFIs are not seen to argue in favor of democracy. Should the IFIs be neutral on the issue? This section looks into the issue both in the light of the anti-globalist critique and the UN's poverty-reduction objective.

It is likely that the anti-globalists' criticism that owners and staff of the IFIs promote globalization from an undemocratic platform would lose ground if the IFIs would argue openly for democracy in member states, but avoiding such criticism cannot be the aim of the IFIs. There is a much more substantive issue, namely whether democracy is instrumental in achieving the IFIs' stated overriding objective (i.e., poverty reduction) in addition to being a desirable objective per se.

Second, the IMF and the World Bank support the UN's Millennium Development Goals. These are, by the year 2015, "to have reduced by half the proportion of people living on less than a dollar a day, and to have reduced by half the proportion of people who suffer from hunger," while improving health, education, and the environment (see the UN website at <http://www.un.org/millenniumgoals/index.html>).

2.6.1 Governance, Poverty, and Democracy

Individuals have preferences not only over outcomes, but also over processes. Thus, measures taken to enhance openness and globalization that have been decided upon through a democratic process are more legitimate and should have a better chance of long-term survival than if the same decisions were arrived at in some other way (e.g., through a dictator's decision, occupation of territory, or external pressures). This is described by the IFIs as the importance to apply "participatory approaches" and for governments to "own" domestic reforms and policies. A democratic process is—among other things—a participatory approach. *Ceteris paribus*, democracy thus seems desirable for the IFIs from a governance point of view.

Of course, the World Bank has for many years been working on so-called governance issues, but the Bank has not seen it proper to argue openly and clearly in favor of democracy.

14. After the ISTI conference, the UNDP (2002) published its development report. It contains much material on governance, poverty, and democracy. The UNDP—like the UN, WTO, and the IFIs—is not a democratic organization, of course.

The World Bank has identified three distinct aspects of governance: (i) the form of political regime; (ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and (iii) the capacity of governments to design, formulate, and implement policies and discharge functions. *The first aspect is deemed outside the Bank's mandate.* (World Bank 1994, xiv, our italics)

The Bank at times seems very close to endorsing democracy with a governance motivation, although it never calls for a democratic process or democracy: "It is all about equal opportunity and empowerment for people, especially the poor," as stated by director James Wolfenson (World Bank 2002, iii). The Bank can go to great lengths not to use the word democracy when it describes desirable governance policies.

Exchanging information through open debate creates demand for institutional change by holding people accountable, by changing behaviour, and by supplying ideas for change from outside the community . . . Developing country actors often face too little competition, often because of current institutional structures." (World Bank 2002a, 4 and iv)

Democracy and desirable economic reforms are about power, of course.

The effectiveness of institutional designs adopted by governments will be affected by the political distribution of power. . . . Sometimes policy-makers wishing to embark on reforms may have to create new institutions . . . ineffective institutions may exist in part because there are no interest groups pressing for change—not because some interest groups oppose change. (World Bank 2002a, 10)

Against this background of World Bank descriptions of desirable approaches to governance—to reach the objective of reducing poverty by half to 2015—there seems reason for the Bank and its owners to be clearly in favor of democracy from a governance point of view (if for no other reason).

It seems important to note, before leaving the governance argument, to point out that the above conclusion is not a claim that democracy itself necessarily fosters economic growth. There is a fairly large and inconclusive discussion of this different, but related, issue (e.g., Bhalla 1997; Przeworski and Limongi 1993, 1997; Stiglitz 1999) and a brief survey in the United Nations Development Program (UNDP; 2002, 56 box 2.4). Good arguments are put forward both for and against the suggestion that democracy is good for growth. However, in surveys, like UNDP (2002), the observation is made that "democracy appears to prevent the worst outcomes, even if it does not guarantee the best ones" (56).

2.6.2 Famines as Acute Poverty and Democracy

An important example in which democracy provides a channel for information and an early warning system is when there is a risk of famine. Sen and Drèze have focused on this acute form of poverty.

No substantial famine has ever occurred in any independent country with a democratic form of government and a relatively free press. Famines have occurred in ancient kingdoms and contemporary authoritarian societies, in tribal communities and in modern technocratic dictatorships, in colonial economies run by imperialists from the north and newly independent countries of the south run by despotic national leaders or by intolerant single parties. But they have never materialised in any country that is independent, that goes to elections regularly, that has opposition parties to voice criticisms, and that permits newspapers to report freely and question the wisdom of governments' policies without extensive censorship. (Sen 1999, 152)¹⁵

An interpretation of this result is that the effect of democracy is to reduce variance of economic performance: "One can argue that regimes affect the variance of rates [of economic growth], and specifically, that democracies are less likely to generate both miracles and disasters than dictatorships" (Przeworski and Limongi 1997, 166).¹⁶ Against this background and since the IFIs have as their objective to reduce poverty by half by 2015, the IFIs should be in favor of democracy as an antifamine method, if for no other reason.

2.6.3 The "Democratic Peace" and Poverty Reduction

A second important claim for democracy is that there have been no wars between democracies (the democratic peace). The argument does not apply to wars between democracies and nondemocracies, it does not apply just to self-defense situations, and it does not apply to peace within democracies. The latter is important to note since a large part of today's violence occurs in conflicts within states. The huge discussion in the international relations literature on democratic peace has been summarized as follows.

Although some still argue that the hypothesised impact of democracy on peace is spurious, or that causality runs from peace to democracy rather than from democracy to peace [references], there is a growing consensus that the pacifying effects of joint democracy are real. While some say that it goes too far to claim that the absence of war between democracies 'comes as close as anything we have to an empirical law in international relations' (Levy 1980, 270), no one has identified a stronger empirical regularity, and many make the law-like claim that joint democracy is a sufficient condition for peace [references]. (Levy 2002, 358–59)¹⁷

15. Sen (1999) also refers to this point in chapters 2 and 6. See also Drèze and Sen (1989).

16. The infant mortality rate is a measure of basic hygiene and health conditions and thus has been used as a proxy measure of poverty. Bhalla (1997) arrived at the conclusion that the increased democracy of a country results in a faster decline in the infant mortality rate.

17. Other references on the democratic peace discussion are Brown, Lynn-Jones, and Miller (1996); Russett (1993); Cederman (2001); Russett and Oneal (2001); and Hegre et al. (2001).

The next question is *why* democracies do not wage war against each other. There are basically two lines of explanations. The first one is ideological and refers to a democratic ethos that is being developed—tolerance, moderation, basic inclination to seek peaceful conflict resolution, and so forth. The other one is structural. A democratic structure implies that there is power sharing, public accountability, and so forth, and this makes it difficult for leaders to convince citizens to go to war. However, for the present purpose, there is no need to have an answer to the debate on the causality.¹⁸ It is enough to conclude that it has a significant value if countries are democracies since it prevents wars against other democracies and reduces poverty that would otherwise have been a consequence of such conflicts. For example, had Africa's nations become democracies after independence, some of the violence on the continent would not have occurred, and poverty and other disasters would have been less widespread. However, the numerous and bloody civil wars (e.g., in Angola, Rwanda, and Burundi) would not necessarily have been prevented—but, on the other hand, it may be that the drawn-out and disastrous civil war in Angola would have been a brief and limited conflict had South Africa, Soviet Union, and Cuba been democracies at the time. There are probably more examples of this kind.¹⁹

To summarize, starting from the objective of the UN and the World Bank to reduce poverty, which is endorsed by the Bank's owners, there are at least three arguments for the Bank to state that democracy is the preferred mode of government, that is to say, governance, elimination of famines, and reduction in war. This does not mean that the Bank's membership would be limited to democracies only or that only democratic member countries would be allowed to borrow or receive technical assistance from the Bank. However, it would imply that the Bank—to enhance its own poverty-reduction objective—should be crystal clear on the issue that the Bank prefers democracy to other modes of government. A link between democracy and poverty reduction implies also that the Bank should support projects with the objective of enhancing democracy, like fostering and supporting independent media, technical assistance on the practicalities of democracy in the legal system, and so forth.

By analogy, the IMF could consider the same policy on democracy as the preferred form of government.

18. For a recent survey, see chapter 18 of the *Handbook of International Relations*, as quoted by Levy (2002).

19. There seems to be a parallel to the democratic peace, that is, democratic trade liberalization: Democratic pairs of countries tend to be more likely to cooperate to lower trade barriers and to sign trade-liberalizing agreements than are autocratic ones (Mansfield, Milner, and Rosendorff 1997, 1998).

2.6.4 Openness and Democracy

We now return to the globalization theme. Taking democracy to be the preferred mode of government, and *if* openness—as a suggestion—would enhance democracy, then increased openness would be desirable as an instrument for enhanced democracy and (in the next step) reduced poverty.

What can be said about the relationship between economic openness and democracy?

Is there causality from democracy to openness or vice versa? Milner and Kubota (2001) ask the question of whether or not democracy is conducive to trade liberalization. They find empirical evidence that democracy, in general, and democratization have contributed to the lowering of trade barriers in a number of developing countries since the 1970s (i.e., they find a causality from democracy to increased openness). The model that they test defines democratization as an expansion of the group of actors involved in government.

Democratisation means a movement toward majority rule with universal suffrage . . . [and] the democratisation of the political system may open up new avenues of support for free trade . . . *and reduce the ability of governments to use trade barriers [and rents] as a strategy for building political support.* . . . Political leaders may have to compensate more voting consumers for the same level of protection [i.e. with the same amount of total rent], and may no longer be able to afford as much protection [rent per supporter]. . . . Hence an increase in the size of the electorate and thus the winning coalition may change political leaders' optimal policy in the direction of freer trade, *ceteris paribus*. (Milner and Kubota 2001; 6, 19, and 10–11)

Using data for over 100 developing countries in the period 1970–1999, the authors then provide empirical evidence for the hypothesis that more democratic countries have lower trade barriers and are more open economies. However, as the authors themselves acknowledge, they regard democratization as exogenous. “It might be that having a more open trade regime exerts an impact on the type of political regime. Although we lag all our independent variables [in the testing] this could be a longer term effect” (Milner and Kubota 2001, 41).

Two estimates undertaken in this chapter suggest that openness and democracy go together. I do not claim to establish a direction of causality. Since the early 1970s, Freedom House (FH) has evaluated almost all countries' status with regard to political rights and civil liberties in its annual surveys²⁰ and has constructed a democracy index with a scale running

20. The methodology, criteria, and so forth that have been developed over the years can be found on <http://www.freedomhouse.org>.

from 1 to 8. The lower the number, the more democratic the country. In the 2000–2001 survey, the traditional developed countries, as well as many other countries, take on values below 2.²¹ To measure countries' openness, two proxies were used: The first one was countries' simple mean tariff (from World Bank 2002b, table 6.6). The hypothesis is that there would be a correlation between the level of the simple mean tariff at the end of the 1990s (mostly either in 1998 or 1999) and the value of the 2000–2001 democracy index. A standard (Pearson) correlation coefficient yields $r^2 = 0.44$ for the tariff variable (significant at the 99.9 percent level; $n = 91$). The hypothesis that openness—measured as a lower mean tariff—is positively correlated with democracy cannot be rejected.

As a second proxy for openness was used for the relative *change* between 1989 and 1999 in trade as share of GNP, that is, $(X + M)/\text{GNP}$, measured in purchasing power parity (PPP) terms and calculated from *World Development Indicators 2001*, table 6.1 (World Bank 2002b). The hypothesis is that there is a negative correlation between a change in share of trade in GNP and the value of the democracy index (remember, the more democracy, the lower the index value). Again, a correlation calculation yields $r^2 = -0.19$, and a significant correlation at just about the 90 percent level between our measure of change in openness and the FH measure of democracy ($n = 75$). Again, the hypothesis that openness and democracy are positively correlated cannot be rejected.

Finally, one should note one of the poll results of table 2.3 (statement 5). Respondents were asked about the perceived effect of globalization on different aspects of life. Globalization was regarded as much more positive than negative for human rights, individual freedom, and democracy.²²

In summary, it may be that the character of political regimes has a direct effect on trade policy, and, at the very least, it seems very plausible that openness and democracy go together. If so, it has important implications for the present conflict over the value of globalization. If the causality goes from openness to democracy, and if anti-globalists' demand for less openness and reduced world economic integration was satisfied, it would mean reduced prospects for democratic development. Accepting the positive effect of democracy on governance, famine prevention, and peace, less

21. Examples are Argentina, Belize, Bolivia, Cape Verde, Costa Rica, Mauritius, Panama, South Africa, Surinam, Taiwan, and Uruguay. Most Caribbean countries and also Benin, Botswana, Bulgaria, the Dominican Republic, Ghana, Guyana, India, Jamaica, South Korea, Madagascar, Mali, Mexico, Mongolia, Namibia, Papua New Guinea, the Philippines, and Thailand are found just above the value 2. The least democratic ones take on numbers at the other end of the scale, like Algeria, Angola, Belarus and most other Commonwealth of Independent States countries, Bahrain, Brunei, Burma, Cameroon, China, Cuba, Egypt, Iran, Kenya, North Korea, Libya, Pakistan, Qatar, Saudi Arabia, Sudan, Swaziland, Syria, Tunisia, Uganda, the United Arab Emirates, Vietnam, and Zimbabwe.

22. An aggregate view of the meaning of the other economic variables of table 2.2 is hard to formulate since they seem rather contradictory.

Table 2.3 The Perceived Relationship between Globalization and Fifteen Variable Conditions for Twenty-Five Countries, October–December 2001 (%)

Statement	Response		Difference
	Worse	Better	
1. Access to foreign markets	22	66	44
2. Availability of inexpensive products	25	63	38
3. Your family's quality of life	23	60	37
4. Natural cultural life	28	60	32
5. Human rights, individual freedom, and democracy	28	57	29
6. National economy	33	56	23
7. Your income and buying power	27	54	27
8. Economic development in poor countries	36	51	15
9. Quality of jobs in country	39	48	9
10. World peace and stability	38	47	9
11. Workers' rights, working conditions, and wages	40	47	7
12. Economic equality in the world	40	45	5
13. Number of jobs in country	46	42	-4
14. World poverty and homelessness	45	41	-4
15. Environmental quality in the world	47	41	-6

Source: Data from World Economic Forum "Global Public Opinion on Globalization," conducted by Environics International Ltd. in collaboration with the World Economic Forum, February 2002

openness would be negative for poverty reduction over and above the traditional arguments in favor of division of labor through international trade.

If, on the other hand, the causality goes from democracy to openness (e.g., in the developing countries, as suggested by Milner and Kubota 2001), the anti-globalists would have two channels for their argumentation: First, to argue directly against international trade and investment or, second, to argue against the spread and enhancement of democratic rule in poor countries. Alternatively put, the Milner-Kubota result points to a choice that would have to be made with regard to developing countries between either (a) more democracy and more openness or (b) less democracy and less pressure for openness.

2.7 The World Trade Organization (WTO) and Accountability

Anti-globalists criticize the WTO for working without proper democratic accountability and being dominated by a few countries, leaving the others outside. Member governments have handled this criticism by improving transparency, public observation, and openness to the press.²³

Focusing on the European perspective, the EU Commissioner for Ex-

23. See Sampson (2001).

ternal Trade, Pascal Lamy, in 2001 provided four suggestions to democratize the WTO. First, Lamy suggested more transparency “at home” in member countries; second, “a closer involvement of Parliaments in WTO matters, both in capitals and in Geneva”; and third, “a substantial reinforcement of the rights of the European Parliament [EP] in the formulation and control of trade policy” (Lamy 2001). Finally, Lamy thought that “there is merit in discussing the establishment of a WTO Parliamentary Consultative Assembly” (Lamy 2001). While there seems to be little reason to oppose the first or second proposals (see the following discussion), there are important arguments against the last one.²⁴

A Parliamentary Consultative Assembly of the WTO would cause constitutional confusion. First, the WTO was set up in the mid-1990s as an inter-governmental organization in which governments and the EU, through its commission, are represented. In such a system, there is no decision-shaping or decision-making role for a parliamentary body. The body would risk being a pseudodemocratic side scene. If so, first, the end result could be just the opposite one to the proclaimed one, that is to say, to discredit the WTO. Second, all delegates would not be elected (directly or indirectly) through a democratic procedure (China and Saudi Arabia, again, are clear examples). Third, “at home” in the WTO’s democratic member states, a consultative assembly would cause constitutional confusion about the roles of the executive and legislative branches in the area of external trade policy.

Democratically elected parliamentarians and free media are two of the most important democratic control mechanisms. Considering Lamy’s second suggestion, it may well be an advantage for the WTO and for the debate in member states if a larger number of democratically accountable persons learned more about the world trading system—what the WTO can and *cannot* do, since enhanced globalization and WTO-related issues have become increasingly domestic and more important in domestic politics. With regard to parliamentarians, two to three members of a country’s parliament, for example, could be attached to the task of following WTO matters more closely. They could do this at home through hearings and investigations in parliamentary committees, as well as through regular *observer* participation in, for example, WTO seminars on specific issues, key countries and country groups, and systemic aspects of world trade. To achieve this enhancement of accountability, there is no need for any new international agreements or bodies, but instead for national decisions by national parliaments to become more active in this area. (Some countries already have such arrangements.)

24. The convention on the future constitution of the European Union suggested 2003 that the EP would have a bigger role in the EU’s external trade policy. If implemented, the result is likely to be reduced effectiveness on the part of the EU in international trade negotiations.

2.8 Concluding Remarks: The Globalization Paradox

Globalization in the sense used in this paper, opens up *increased possibilities* for citizens as well as governments through an enhanced global division of labor. Potentially, all citizens can enjoy the fruits of increased specialization, for example, in the form of higher incomes and a larger menu of goods and services to choose from. Governments can exploit a larger tax base and provide more public goods and services as well as transfers. Globalization is also likely to enhance democracy. However, globalization at the same time *reduces governments' room for maneuvering* because of a more intensive international competition and international rules, like those of WTO. This is a paradox of globalization. Unfortunately the global anti-globalist movement seems unable to see anything but the latter part of this paradox, in spite of being a typical product of the globalization age.

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Comment Kimberly Ann Elliott

The survey of anti- or alternative globalization activists by myself, Debayani Kar, and J. David Richardson (in this volume) finds that critics are as concerned about the legitimacy of the process by which globalization is occurring as they are about the outcome. But process and outcomes are also linked in their minds. Many critics believe that the globalization out-

Kimberly Ann Elliott is a fellow at the Institute for International Economics.

comes they perceive as being unbalanced and unsustainable, both ecologically and socially, result from a negotiation and rule-making process that is also unbalanced and undemocratic.

Carl Hamilton's interesting paper approaches these issues from a variety of angles. He examines survey results to ask whether pro-globalization policies are at odds with public opinion and finds that, in most countries, it does not appear that they are. He then asks whether it is plausible that fifty years of post-World War II liberalization could be fundamentally at odds with voter preferences in democratic countries and, again, concludes that it is not. Hamilton also argues that NGOs do not necessarily make existing institutional arrangements any more representative or accountable and that including them more formally in the process could squeeze out the voices of developing countries with, sometimes, more limited resources and influence. Hamilton concludes that governments do pretty well at representing the interests of their citizens and that existing intergovernmental institutions should remain just that. He does, however, recommend that the international financial institutions embrace democratic governance more explicitly in their work—for both legitimacy and pro-development reasons—and that the WTO consider engaging parliamentarians from member countries more intensively, through observer status and education programs, and encouraging these representatives to learn about and follow WTO activities more closely.

While the call for the IFIs to embrace democracy would clearly be welcomed by globalization's critics, Hamilton's other responses to their concerns are unlikely to sway many. Breaking the analysis down along slightly different lines, however—on the nature of democratic process and the changing nature of the globalization—could help to move the dialogue further along. This comment will focus on three distinctions that could help:

- transparency and accountability as core elements of democracy, which highlights the distinction between having a voice but not necessarily a vote;
- changes in the negotiating agenda, from lowering border barriers to writing rules to govern globalization that potentially conflict with national laws and regulations; and,
- the need to recognize important nuances in the polling data that suggest broad support for globalization is contingent on complementary policies to address the costs.

The Meaning of Democracy

The ultimate measure of effective democracy is a government that is accountable to its citizens. Transparency is a key tool in ensuring democratic accountability. Voting is a means of allowing citizens to express their pref-

erences, but that alone does not deliver democratic governance if corruption, media repression, or other illiberal institutions impede transparency, give certain groups or individuals in a society preferential access, and prevent officials' being held accountable for their actions. This suggests that democratic legitimacy could be improved by increasing transparency, as both the IFIs and the WTO have done in recent years, and by ensuring that all relevant constituencies, and not just privileged ones, have access to the process. This does not mean that NGOs or other representatives of civil society need to have a vote or a veto, but allowing them more access in the form of voice could result in outcomes that are more acceptable and more sustainable.

How this might be done would differ from institution to institution . . . more meaningful consultation with affected populations in World Bank projects? *amicus curae* briefs in WTO dispute settlement? less extensive, detailed IMF conditionality?

Finally, there is another large hole in the argument that governments adequately represent their citizens and that intergovernmental institutions should remain as such. As the WTO membership has expanded, more non-democratic countries have joined, most notably China, and as developing countries have become more active in negotiations and in decision making, questions about the legitimacy of outcomes have grown. The consensus rule of decision making in the WTO ameliorates this concern to some degree (thanks to Robert Baldwin for pointing this out), but the greater the weight of large and undemocratic regimes in the WTO (China, Egypt, Malaysia, Burma, potentially Vietnam) the more the concern will grow.

Process and the Changing Agenda

Negotiation and ratification rules appropriate for bargaining over border barriers may be less appropriate for writing rules that constrain national and local policy autonomy in areas previously regarded as primarily domestic—food health and safety, services regulation, and professional certification and licensing.

Although there were always import-competing industries that opposed liberalization that threatened their interests, there is a broad consensus that eliminating tariffs, quotas, and other explicit discrimination between foreign and domestically produced goods and services improves national and global welfare. There is no such consensus regarding the appropriate level of regulation for health and safety or other public purposes; and as the WTO has moved from removing *de jure* discrimination to *de facto* discrimination, which requires judging the legitimacy of the regulations themselves (e.g., with respect to genetically modified organisms or the use of hormones or antibiotics in meat production), the conflicts have sharply increased.

In these areas, single-undertaking and fast-track (in the United States)

rules, which were efficient and effective in promoting trade liberalization and preventing log-rolling in tariff bargaining—may be neither.

Examining the Polling Data More Carefully

General questions about people's attitudes toward globalization do not tell us much. More detailed surveys, such as those conducted or summarized by the Program on International Policy Attitudes (PIPA), show that most people are not opposed to trade per se but that they are concerned about the conditions under which liberalization takes place. While similarly detailed surveys are not (yet) available for other parts of the world, extensive analysis of poll questions on trade by Slaughter and Scheve find that U.S. voters are split right down the middle. They recognize the benefits of trade, in terms of lower costs and greater variety, but they are concerned about the costs and they tend to weigh the costs more heavily than the benefits.

If the costs are addressed, however, (e.g., by providing training or other adjustment assistance to those dislocated by trade), support for further liberalization increases markedly. Respect for minimum labor standards is also widely supported. In sum, most people are supportive of globalization, as long as their other concerns are also addressed. Knowing more about what those concerns are requires international economic institutions to be more open and more willing to listen—and respond—to constituencies beyond the business community and narrowly focused central bankers, finance ministers, and trade negotiators.

