9

The Liberal Peace, Democratic Accountability, and the Challenge of Globalization

Michael W. Doyle

In recent years global democratization rose to the international agenda as the three peak global economic associations all came under attack. In Seattle, at the meeting of the new World Trade Organization (WTO), and in Washington at the meetings of the World Bank and the International Monetary Fund (IMF), a diverse collection of labour unions and environmentalists from the industrial North and trade and finance ministers from the developing countries of the South each launched sharply critical barbs. The critics successfully disrupted the WTO meeting that had been designed to launch (and celebrate) a 'Millennium Round' of further reductions of barriers to global trade. The aims of the critics were very different, but together they derailed the entire proceedings and exposed important differences in priority among the developed states, and particularly the United States and Europe. Charlene Barshefsky, the US Trade Representative and the meeting's chair, later conceded, 'We needed a process which had a greater degree of internal transparency and inclusion to accommodate a larger and more diverse membership' (Khor, 1999). This highly regarded trade-o-crat had come to recognize that the eminently oligarchic WTO needed some democratization (as yet undefined).

Joseph Stiglitz, formerly the chief economist of the World Bank, offered a still broader criticism of the Bank's sister institution, the International Monetary Fund. The IMF was designed to rescue countries in temporary balance-of-payments difficulties. It actually operates, Stiglitz charges, more like a bureaucratic cabal than an international rescue team:

> The IMF likes to go about its business without outsiders asking too many questions. In theory, the fund supports democratic institutions in the nations it assists. In practice, it undermines the democratic process by imposing policies. Officially, of course, the IMF doesn't 'impose' anything. It 'negotiates' the conditions for receiving aid. But all the power in the negotiations is on one side – the IMF's – and the fund rarely allows sufficient time for broad consensus-building or even widespread consultations with either parliaments or civil society. Sometimes the IMF dispenses with the pretense of openness altogether and negotiates secret covenants. (Stiglitz, 2000)

Two themes resonate through the denunciations: global governance and global (or international) democratization. The key question is how they relate to each other. Three issues connect them. The first is the broad ethical question of how could and should the world be organized politically.[1] I present the claims for the leading organizational political framework today, one designed to promote world order while recognizing the reality of sovereign

independence. This is the Kantian idea of a pacific union of free republics, or the liberal democratic peace. More controversially, I then argue that, however good the Kantian peace has been and could be, it has significant limitations that have been exposed by increasing globalization. Globalization both sustains elements of the Kantian peace and also undermines it, making it less sustainable and indeed vitiating some of the democracy on which it is founded. And third, I discuss a range of possible responses to the challenges that globalization poses for the existing international order. I conclude with a comment on why global democratic sovereignty is not yet viable although global norms – more democratically derived – seem needed to promote more perfect a union of order and democracy.

Global Political Theory

How could and should the world be politically organized? That is, how should one assess various forms of political organization of world politics with respect to their ability to fulfil a set of human values that would be very widely shared – even if not exactly in the same way – around the world? Take, for example, these values: peace; prosperity; national independence, cultural identity or pluralism (so that people can express their identities in some public form); and individual human rights (including democracy, participation, equality and self-determination).

How well do various schemes of international order fulfil these basic human values at the global scale? Political philosophers have told us that the international system is a mix of hard choices among values. The political theorist Michael Walzer has reformulated those choices well in an essay that explores the range of values from little to much international governance, that is from national autonomy (and international anarchy) to a global, hierarchical, centralized government over all individuals (Walzer, 2000). There is no single arrangement that obtains everything – one that procures international peace, domestic peace, liberty, democracy, prosperity, and pluralistic identity. Instead, while the virtues of the nation-state are domestic peace and perhaps national identity and national democracy, those same virtues are the foundations of international anarchy, geopolitical insecurity and international economic rivalry. Global government can be a foundation for global peace and a single efficient world market, and maybe even a global democratic polity, but it could also be the institution that represses national particularity, the global 'soul-less despotism' against which the eighteenth-century German philosopher Immanuel Kant eloquently warned the liberals of his day. In between global authority and national independence, one can imagine confederal arrangements that allow room for a diversity of civil societies, but again only at the cost of both national autonomy and international insecurity. The message of Michael Walzer's spectrum of global governance is hard choices: there is no comprehensive ideal solution.

Although there is no perfect solution to the problem of implementing human values on a global scale, the Kantian liberal peace lays claim to being the optimal combination, the one that gets us the most peace and global prosperity at the least cost in liberty, independence, and the least trampling on national identities.

Immanuel Kant's essay *Perpetual Peace*, published in 1795, was a direct response and alternative to both the autarkic nation-state and a sovereign world government. The key to the liberal argument is the claim that by establishing domestic liberty, political participation, and market exchange one can have the international payoff of peace as well.[2] Kant described a decentralized, self-enforcing peace achieved without the world government that the global governance claim posits as necessary. This is a claim that has resonated in the modern literature on the 'democratic peace'. It draws on the ideas of American presidents as diverse as Woodrow Wilson, Ronald Reagan and Bill Clinton and British prime ministers from Gladstone to Blair. Promoting freedom and 'enlarging' the zone of democratic rule were the doctrinal centrepieces of their foreign policies. Advocates of the 'democratic peace' have claimed that over time, country by democratizing country, a peace would spread to cover the entire world, building one world order – democratic, free, prosperous and peaceful.

Kant's argument was much more complicated, presented in three necessary conditions, each an 'article' in a hypothetical peace 'treaty' he asks sovereigns to sign. First, states should adopt a liberal constitutional, representative, republican form of government which would constrain the state such that the sovereign would, on average, usually follow the interest of most of the people, or the majority. Second, the citizens of this liberal, constitutional, representative republic should affirm a commitment to human rights, one holding that all human beings are morally equal. Then states that represent liberal democratic majorities in their own countries will regard with respect other states that also represent free and equal citizens. Tolerance for various national cultures and trust emerges among fellow liberal republics, as does non-aggression and peace. Third, given this trust, states will lower the barriers that have been raised to protect the state from invasion or exploitation in the competition of the balance of power. Trade, tourism and other forms of transnational contact grow, leading to prosperity, reinforcing mutual understanding, increasing opportunities for profitable exchange and producing contacts that offset in their multiplicity the occasional sources of conflict.

For many, this seems the optimal equilibrium, given both the world as it is and a commitment to the values of peace, liberty, prosperity, national identity and democratic participation. Does this mean that there are no tradeoffs? Far from it; for, again, there is no such thing as a perfect political equilibrium.

There are two major limitations. One is that this peace is limited only to other liberal republics. Outside the liberal peace, realpolitik and, at best, rational balance-of-power rule. International respect is only extended to other, similarly republican liberal states. The very same principle of trust that operates among liberal republics tends to corrode attempts at cooperation between liberal republics and autocratic states, whether modern dictatorships or traditional monarchies. The liberal warns: 'If the autocrat is so ruthless that he is unwilling to trust his own citizens to participate in the polity and control his behaviour, just think what he will do to us.' Liberals then raise trade and other barriers, ensuring that conflicts are not dampened. The prejudice may be true. Many dictators – think of Napoleon or Hitler – have been aggressive. Many dictators, however, are also quite shy and cautious. They like the benefits of being absolute ruler and may fear jeopardizing the quiescence of their subjects with costly foreign adventures. The distrust and hostility are probably thus a joint product. The autocrats do like to gain the profits and glory of expansion and their subjects – cannon fodder and taxpayers – have no constitutional right to stop them. At the same time, the liberals are prejudiced against the autocratic regime and do not extend to those regimes the normal trust in international exchanges or negotiations and may, indeed, launch 'freedom fighters' against them. Although the record of wars between liberals and non-liberals and the long history of nineteenth- and twentieth-century liberal imperialism testify to the depth of this tension, it can be overcome by autocratic prudence and liberal statesmanship.[3]

The second limitation is associated with the assumption of minimal interdependence. In order for liberal republics to remain effectively sovereign and self-determining, allowing free citizens to govern themselves, material ties to other liberal republics would need to be limited. Kant assumed that those ties were limited to non-aggression, collective security and hospitality (free trade and mutual transit privileges). This is 'light' interdependence[4] – some mutual sensitivity, some limited vulnerability, but not enough to challenge the liberal republic's ability to govern itself in the face of social and economic forces outside itself. Kantianism presumes marginal trade, marginal investment, marginal tourism; not extensive interdependence. This second limitation is increasingly unrealistic today. Does modern interdependence challenge the Kantian liberal peace? Can the liberal peace sustain extensive, 'heavy' interdependence? That is the question to which I turn next.

Challenges of Globalization

Global interdependence is the first challenge to the sustainability of the liberal peace. Can Kantian peace operate in a much more intensive environment of social and economic exchange? Globalization's second challenge is to the legitimacy of the liberal democratic system. Can the people truly govern themselves when much of their social and economic interaction is with other societies outside their borders and outside the reach of their representative government?

Globalization I

The first challenge to the sustainability of liberal peace was articulated in one of the great books of the twentieth century, Karl Polanyi's *The Great Transformation*.[5] His book is a profound study of the effects of the market economy both domestically and internationally. Polanyi's argument, in short, holds that marketization makes peace unsustainable. Kantian liberals hoped that over time, with some ups and downs, international markets would tend to liberalize non-liberal societies, leading to more and more liberal republics, which would eventually cover the whole world and thus create global peace. Polanyi says it cannot work that way: there are built-in sources of corrosion produced by economic interdependence that make liberal politics and the liberal peace unsustainable.

Polanyi acknowledges that, indeed, the combination of the domestic market economy, political representation, the gold standard and the international balance of power did create a sustaining circle of mutually reinforcing economic contacts that helped produce the peace of the nineteenth century – the Long Peace of 1815 to 1914. But, he warns us, contrary to Immanuel Kant, trade is not just an exchange of commodities at arm's length or at the border. Trade is a revolutionary form of exchange. Exchanging commodities changes the value in relative and absolute terms of the factors that go into producing the commodities that are exchanged. As was later elaborated in a set of theorems concerning 'factor price equalization', trade in commodities has potentially revolutionary effects in changing the returns to various factors – land, labour and capital – that go into the production of these commodities. Countries tend to export commodities that intensively use the factors with which they are most endowed and import commodities that embody scarce domestic factors. Trade thus increases demand, price, and eventually factor returns for relatively abundant factors as it shrinks price and return for scarce domestic factors. Together, this leads toward global factor price equalization (in theory, with many assumptions, and thus real-world qualifications).[6]

In 1795, however, Kant seemed to assume that trade simply was arm's-length commodity exchange. He neglected the potential effects of commodity trade on the factors that go into the production of the commodities exchanged (land, labour and capital). Why is this important? Trade, whether national or international, destabilizes the social relations among land, labour and capital, disrupting relations that had become embedded in social hierarchies and in political power. Treating land, labour and capital as commodities dislocates established communities, village life, regional life, the relations among classes, industries and sectors and eventually changes the international balance of power. Trade therefore produces a reaction. Farmers do not like to have the prices of their farm products drop to the prices set by more competitive rivals. Consumers might prefer the lower prices, but the usually better organized producers resist. Labourers and manufacturers do not want to compete with labour that makes one-tenth of their income or with firms that have costs a fraction of their own, whether in a newly integrated national or international market.

When people's livelihoods are marginalized, they tend to react. Polanyi recounts that, at the end of the nineteenth century, the reaction to the market took the form of either social democracy on the left or fascism on the right. National economies attempted to protect themselves from the swings of the global economy by raising tariffs in order to protect national consumption or by launching imperial conquests to expand national resources. The resulting rivalry produced, Polanyi continues, the First World War, the Great Depression and its competitive devaluations, and eventually the Second World War. Liberal peace, prosperity, democracy collapsed under the weight of heavy interdependence.

Globalization II

Following the Second World War, the allied leaders successfully rebuilt liberal interdependence, constructing a new way to mix together democracy and social stability. They developed a series of safety nets that would make people less vulnerable to the vagaries of the market both domestically and internationally. Rather than adjusting to an autarkic world of intense national competition (as in the 1930s) or letting trade and finance flow freely in response to market incentives (the nineteenth century), the capitalist democracies in the postwar period constructed the IMF, the GATT and the World Bank to help regulate and politically manage the shape of the world market economy. Trade was opened on a regulated basis. Currencies were made convertible when economies could

sustain the convertibility and cushioned with financing to help maintain parities. Long-term financing, a form of global Keynesianism, was provided first to Europe and then (in lesser amounts) to the developing countries in order to spread opportunity and reduce the conflicts between the 'haves' and 'have nots' that had wracked the interwar period. All this helped promote stability, cooperation, and solidarity in the Cold War struggle against the Soviet Union. Thus, with a set of political-economic policies that have been called 'embedded liberalism', the postwar leaders of the West found a way to manage the tensions that Polanyi had described, the dangers of marketization (Ruggie, 1982).

It was good while it lasted, but by the 1980s frustration with over-regulation, falling productivity and the oil shock, together with a demand for ever more profit and cheap goods, produced a move back to marketization, the Thatcher–Reagan 'magic of the marketplace'. Reacting to the welfare state's restrictions on consumption and profit (and seeking a more dynamic spur to industrial reallocation and profits), many of the protections embedded in the postwar political economy were relaxed. Increasing trade, floating exchange rates, more open financial markets and privatization became the 'Washington Consensus', the watchword of international economic orthodoxy and the standard prescription of the IMF for countries experiencing balance-of-payment difficulties.

As the barriers to global marketization fell, the forces that propelled ever closer interdependence accelerated. One force accelerating the effects of global marketization was advances in communication and transportation technology. The costs of transportation and communication began to fall radically in the postwar period. In 1930 the cost of a telephone call between New York and London was (in 1990 dollars) $245 for three minutes. By 1998, the same call cost 35 cents – a vast reduction in the cost of communications. That and the related explosion of the Internet are what makes much of global banking – and all of global academia – possible. If we were still paying $245 for three minutes across the Atlantic, there would be less that we could afford to say.

The second force was trade. There has been a near revolution in the amount of trade tying the countries of the world together. Even the United States, which because of its continental scale is one of the less interdependent economies, has experienced a large change in the impact of trade. In 1910 (that is, during Globalization I) 11 per cent of US gross domestic product (GDP) was in trade (exports and imports). By 1950 this fell to 9 per cent. That is what the Globalization I crisis – the Great Depression and the two world wars – was all about. But by 1995 trade had risen to 24 per cent. This is more than double the extent of trade interdependence in the previous era of globalization. In the Germany of 1910, 38 per cent of its GDP was in exports and imports. By 1950 this fell to 27 per cent; by 1995 up to 46 per cent. The UK, the leader of the first wave of globalization and the most globalized economy at the time, in 1910 had 44 per cent of its GDP in trade. In 1950 this dropped to 30 per cent. By 1995 57 per cent was again in exchangeables. Among the highly developed industrial economies, only Japan is less dependent upon trade and investment income than it was in 1910. It is the only major industrialized economy that is less globalized now than it was in 1910.

And lest you think that trade alone is globalizing the world, you should examine foreign direct investment (FDI) and portfolio flows of finance. Between 1980 and 1994 trade doubled; but in that same period foreign direct investment grew six times, and portfolio flows of finance grew by nine times.

As in the earlier age of globalization, these flows of trade and finance are beginning to change the operation of the world's political economy – altering what is profitable, what is politically sustainable, and what is not. Perhaps most strikingly from an economic point of view, the world now increasingly appears as one large market, a single division of labour. From the standpoint of the multinational company, production strategies are genuinely global, as parts of the production process are allocated to subsidiaries and contractors in countries or regions around the world where they are most cost-effective. This has formed a global process of production and marketing that is a highly interdependent whole at the global level. In the old global interdependence, cars and shoes were traded among many countries or even made in many countries by one company; now one company makes cars or shoes globally with component factories spread around the world.[7]

Challenges to Liberal Democratic Peace

The new globalization poses three challenges to the liberal scheme of global democratic peace. In addition to the widely noted effects of transboundary 'collective bads', such as ozone depletion and cross-border pollution that tie national fates together, the three challenges have emerged: commodification, inequality and insecurity.

Commodification

The World Trade Organization meeting and demonstrations in Seattle against it demonstrate the first challenge, a tradeoff between globally regulated market prosperity and democracy. The tradeoff is becoming more politically costly as interdependence increases. Politically, the democratic challenge was well expressed recently by Edward Mortimer (then *Financial Times* foreign editor) when he said that too much democracy kills the market (that's Polanyi's account of national and social democracy in reaction to Globalization I) and, on the other hand, too much market kills democracy (this is the threat some see is posed by Globalization II). Commodities seem to rule citizens.

US environmentalists struggled for years in order to lobby for a US Endangered Species Act that protects turtles inadvertently caught in the course of the fishing for shrimp. It requires that shrimp nets be designed in a way that permits turtles to escape (the Turtle Excluder Device). The environmentalists struggled long and hard in order to pass the Bill, but they forgot that a new arena of interdependence had engendered a new arena of regulation. When the US government attempted to reduce the impact of the bill on favoured Caribbean Basin allies, the WTO not surprisingly declared the effort discriminatory and, therefore, illegal under international trade law. When the US government revised its guidelines to remove discrimination, environmentalists charged that it weakened the protection for turtles, creating loopholes that were soon exploited by Australia and Brazil (WTO, 1999).

In the European Union, many of its consumer advocates struggled for a campaign to protect European consumers from genetically engineered food – so-called 'Frankenfood'. The WTO has yet to rule on this issue that pits American corporations against European food activists. Signs of more sympathy toward health regulation are recently in evidence in WTO decisions. But the WTO earlier ruled that bans against hormone-treated food were a form of trade discrimination and illegal under international trade law (Meunier, 2000).

In a wider challenge, the developing countries have insisted upon the right not to be bound by the standards of labour safety, child labour prohibitions, and the minimum wages that hold within the industrialized world. They believe that it is only by taking advantage of their large supplies of talented, hard-working and inexpensive labour that they will be able to develop their countries. But the United States, responding to pressure from labour unions and human rights advocates, argued at Seattle that the US-level standards on labour rights and environmental protection should be applied to all traded goods. The developing countries saw this as a denial of their ability to choose their own development path. At the WTO in Seattle, moreover, the developing countries were outraged by the prevalence of so-called 'green room' procedures under which the wealthy industrial countries caucus and decide how to manage the WTO. The developing-country majority of the membership want much broader participation in order to avoid having rules imposed upon them that favour the industrialized market economies. National policymakers in the developing world thank the World Bank and IMF for the doors to development they open and for not as yet succumbing to the demands for increased global regulation made by the environmentalist protesters at Seattle and Washington (Aguirre-Sacassa, 2000).

In each of these cases, commodification through globally regulated norms of non-discrimination – however efficient and fair from a global point of view – erode democratic, or at least national democratic, accountability.

Inequality

The second challenge to democratization concerns both intra-national and international equality. Globalization allows for those who are most efficient to earn the most. That is what markets usually do. And as the barriers to global sales, production and investment fall, inequality – at least in the short to middle run – tends to rise.

Globalization does not appear to exacerbate poverty and may indeed contribute toward its reduction. Instances can be found in which global pressures, such as those to resolve the East Asian financial crisis of 1997, hurt the poor in a variety of countries, most notably Indonesia. But, worldwide, the proportion of those in extreme poverty ($1 a day) is falling, although this is largely a product of growth in China and India, while elsewhere in Africa, Eastern Europe and Central Asia the proportions of those in poverty are increasing. Moreover, the absolute number of those in poverty does not appear to be increasing – and may be falling – from the 1.2 billion of 1990 (Panagariya, 2003).[8]

Inequality appears to be the problem. Domestically in the United States, beginning about 1975, the economic fates of the top 5 per cent and bottom 20 per cent of the US population substantially diverged. By 1995, the real family income of the top 5 per cent stood at 130 per cent of the 1973 level, but over the same period, the real family income of the bottom 20 per cent stayed at the 1973 level. Internationally, we see what appear to be similar trends in a comparison of the OECD (the rich industrial economies) to the rest of the world between the 1970s and 1995. In 1970, the OECD countries enjoyed 66 per cent of global GDP. By 1978, their share was up to 68 per cent; in 1989, to 71 per cent; and in 1995, to 78 per cent. The rest of the entire world lived on the complement to that: their figures go from 34 per cent in 1970, sinking to 22 per cent in 1995 (Gilpin, 2000, p. 307).[9] In per capita terms, while the real per capita GDP of the developing countries increased from $936 to $1,417 from 1980 to 2000, in the developed countries it soared from $20,397 to $30,557 (UNCTAD, 2004, p. 18). The difficulty lies in explaining unequal growth. Some note the progress of India and China in recent years and differences in growth rates between open economies (3.5 per cent) and closed economies (less than 1 per cent) and therefore see trade interdependence leading to increasing global equality. Others noting various barriers to the trade of developing countries read the evidence very differently.[10]

Whatever the deep sources and potential cures, the most productive are winning, accumulating wealth in their own hands. The consequences of globalization appear to be favouring some over others – the rising tide is not lifting all the boats at the same rate. Not surprisingly, demands for accountability rise.

Insecurity

The third challenge is insecurity. Kantian liberalism produces security and peace (at least among the liberal republics). But globalization challenges the stability of liberal geopolitics in two ways. First, what Americans call globalization is what many others call Americanization. That is, the US leading role within the world economy which to Americans appears as an economic issue of dollars and cents is to other countries a power issue, one fraught with control and guns. Second, global rules for trade and investment have allowed China to benefit from its high savings rate and labour productivity, becoming one of the fastest-growing economies in the world. If you add rapid growth to a large population (and if China continues to grow at recent past rates), then soon after the year 2020 China will have a GDP that is not only larger than that of the United States or Europe, but as big as the two combined. From an economic point of view, the prospect of many more Chinese consumers and producers should make everyone content. But from a geopolitical point of view, China's growth entails a massive shift of world political power Eastward. That makes the statespeople of the United States and Europe nervous, especially if, referring again to the Kantian liberal argument, China does not democratize.

Responses

There have been a variety of responses of widely varying purpose and consequence to these three challenges. States are being tempted to reduce interdependence to fit national jurisdiction, expand effective national jurisdiction to internalize interdependence, and, in better measures, explore new forms of international cooperation. Nonetheless, the key question we face today is whether and how the liberal equilibrium can be reinvigorated, reincorporating a combined prospect of peace, prosperity and self-government.

Protectionism

Polanyi called this the 'Crustacean' strategy – one that reinforced the hard shell of the nation-state. It focuses on each nation protecting itself from globalization. This is familiar to us. In the United States, Ross Perot and Pat Buchanan made these kind of arguments; in France, Jose Bove (the anti-McDonald's impresario); and in Austria, Jorg Haider. Their themes are simple: 'globalization is a threat to the cultural integrity and prosperity of many of us who are vulnerable, it is a threat to democracy, to our way of life. Let us build a thick shell.'

In a much more sophisticated version, this is the heart of claims made by the organizers at Seattle. Lori Wallach, the chief organizer of the wide coalition that disrupted the WTO meeting, described her alternative to current globalization in this way: 'There would be a global regime of rules that more than anything create the political space for the kinds of value decisions that mechanisms like the WTO now make, at a level where people living with the results can hold decision makers accountable' (*Foreign Policy*, 2000). Interdependence would then be made subject to the reach of democratic accountability at the local level. This could lead to effective global rules for interdependence, but it is more likely to build national 'shells'. Apart from national non-discrimination (national treatment) provisions, each country would make its own rules for environmental standards, intellectual property, child labour, wages, and have a right to bar any import that it determined did not reflect those standards.

These movements may create democratic control and they may be good for national solidarity, but they could be very bad for overall national prosperity, as nation retaliates against nation for each restriction it finds unjustifiable. A recent study by a group of economists who are associated with the European Union estimates the possible benefits from the next Millennium Round of the WTO at $400 billion per year.[11] For many, whether rich or poor, that is too much extra world income to forgo. If this study is correct, there is a great deal to be lost if global trade suddenly starts closing down, or global investments start being drawn back.

National champions

If protectionism is a 'crustacean' strategy, we can extend Polanyi's aquatic metaphor, bringing into view the 'sea slug' strategy. The sea slug, a voracious and non-discriminating eater, consumes anything that is smaller than itself. This is the strategy of national champions. The nation-state supports its own firms in order to compete to win more global sales and seeks to lure foreign firms, increasing shares of inward FDI for the national economy. The Clinton administration was very successful in persuading Saudi Arabia to buy just American aircraft, built by McDonnell/Boeing, then headquartered in Seattle. The large sale included both F-15s and passenger airliners and was very popular in the American Northwest. The sale was not so popular in France (which also engages in the same practice) where Airbus was seen to be just as good a plane. Why did the Europeans not get the sale to Saudi Arabia? Many speculate that the US security relationship with the Gulf, and particularly the protection offered against the ambitions of

Saddam Hussein, had much to do with the business deal. But that does not make the French or other Europeans happy. Nor were Americans pleased when Qaddafi gave the contract to build the Mediterranean pipeline from Libya solely to a European consortium.

To the extent that states try to foster national champions or subsidize inward FDI to attract capital and jobs, they produce similar behaviour by other countries. This may benefit international consumers. It may also lead to a 'race to the bottom' with fewer and fewer environmental and labour standards, or increased international conflicts, as short-term prosperity is again pitted against long-run democratic autonomy.

Democratic solidarity

Let us turn to a third strategy, 'democratic solidarity'. Here statespeople seek to extend the liberal political peace into an economic arrangement: forget about the rest of the world, let us build a stronger WTO for the democracies, a democratic WTO. (Bill Antholis, recently of National Security Council's economic staff, is writing a fascinating book on this topic.) Why not have a democratic WTO where we will solve our problems more easily than we would in a global WTO? If you look at the US trade bill extending 'most favoured nation' status to China and exempting it from annual reviews, one of the things that made it more difficult for the administration to mobilize a Congressional majority is that China is regularly vulnerable to charges that it is threatening Taiwan with invasion and abusing its own nationals' human rights. If democracies limited their most extensive trade privileges to the area of fellow democracies, they would find progress toward further integration easier, or at least free from the baggage of political strife over human rights and security concerns.

The problem, of course, is that such a 'democratic WTO' leaves China and other rapidly developing countries out. Excluding the potentially biggest, fastest-growing economy in the world is not good for global prosperity or for global cooperation on other issues. If you will pardon me for quoting President Lyndon Johnson's apt reference to the higher logic of cooperating with an opponent, recall his words: 'Do you want him inside the tent pissing out, or outside the tent pissing in?' That is the China problem. If China is not part of the WTO, it is very likely to cause an immense amount of strife in the world political economy and be absent from important efforts to curb pollution or stabilize East Asian security.

Disaggregated cooperation

The fourth response – disaggregated cooperation – is the most pragmatic. It is 'disaggregated'. Proponents urge us to break down and multilateralize the problem. For them, the issue is not that national jurisdiction cannot manage an extra-national issue; it is that we need to establish international jurisdiction to manage an international problem. No one nation has a legitimate democratic claim to complete control; many nations, including those subject to non-democratic states, are affected and thus have a legitimate claim to a voice in its resolution.

Advocates of this strategy would allow the multinational corporations (MNCs) to deal with other MNCs, and markets to solve as many problems as they can. State bureaucracies will scramble to keep up, doing less than may be ideal but enough to avoid catastrophe. Genetically engineered food may be sold with less controversy if the United States labels organic food and then lets consumers buy it or not as they wish. US organic food exports, having been certified, could be sold in Europe. Consumers, not governments, will decide; thereby depoliticizing the issue (hopefully). Or, international institutions will allow beleaguered states and their bureaucrats to establish multilateral jurisdiction over fugitive transnational actors. States will find a 'new sovereignty' instantiated through their participation in international institutions (Chayes and Chayes, 1995). Courts, moreover, will deal with courts, bureaucrats with bureaucrats, experts with experts, thus taking problems out of 'politics' and solving the problems pragmatically (Reinicke, 1998; Slaughter, 1997). Indeed, international institutions dedicated to free trade may better represent the true interests of democratic national majorities than actual national legislatures with their well-known susceptibility to special-interest legislation (Petersmann, 1995).[12]

Unfortunately, there are some problems that are just not pragmatic. For the environmental organization that worked so hard to reform the Endangered Species Act in order to protect turtles, a turtle was not a technical question that they were willing to see negotiated away. It became a part of their own sense of identity, their own sense of moral worth, and their sense of responsibility to the globe – not something that they would let the bureaucrats decide. Feeling less than fully enfranchised in Washington, they had no reason to think that their views would receive a better hearing in Geneva, whose accountable connection to them was even more remote. And second, when things get tougher – that is, when the world economy moves into the next recession – it will be even more difficult to delegate to careful bureaucrats and their allegedly objective global criteria.

Global democratization

Responding to the concerns noted above, some have begun to wonder, 'Don't we need some increased accountability and increased legitimacy to contain and govern the practical negotiations among the experts? Don't we need to have norms that are more broadly shared, or even decisions that are legitimate because people across borders have participated in outlining their direction?'[13] We want expert pilots to fly the planes we ride in, but do we want them to choose our destinations (Dahl, 1989, ch. 5)? We are thus concerned about the dangers of increasingly expert, non-democratic control of key financial decisions (Berman and McNamara, 1999). For some it is now time for a global parliament or civic assembly, structured on the model of the European parliament in Strasbourg (Heinrich, n.d.; Falk and Strauss, 2000). That pillar of the burgeoning EU represents voters across Europe and operates through cross-national parties, not national delegations. Others hoped that the recent Millennium Assembly of the United Nations which provided a forum for non-governmental organizations from around the world, would take a first step in this direction.

Realistically, however, no strong version of global democracy is viable at the present time.[14] We will not soon see global legislation deciding new regulatory standards for the global economy. Why not? Because global democracy is not about being willing to win democratically, it is about being willing to *lose* democratically. None of the popular advocates of increased democratization, whether in Seattle or Strasbourg or New Delhi, is willing to lose an issue and accept it because it went through a democratic process. The world is simply too unequal and too diverse. To give an example, the top one-fifth of the countries have 74 times the income of the bottom one-fifth of the countries, and it is getting worse. That is more than double the greatest degree of inequality within the most unequal domestic economy, the Brazilian economy, where the ratio between the top fifth and the bottom fifth is 32 to 1; more than double the Brazilian ratio, and yet Brazil itself has found its democratic processes repeatedly subject to extra-constitutional pressures.

With respect to culture, moreover, the globe falls far short of the preconditions of ordinary democracy. India, the largest and one of the most linguistically diverse democracies, has 81 per cent of its population describing itself as Hindu and an elite all of whom are fluent in English. That is a huge core of common identity that helps sustain the Indian democracy despite all of its diversity and internal dissention. There is no such core identity in the globe today. There is no single such identity (other than the thin identity of basic human dignity) to which 81 per cent of the world will subscribe.

Our primitive political global condition is reflected in disputes about the very meaning of global democracy. Is the world more democratic when the majority of nations decide, when the most populous nations decide, when only democratic nations participate, or when the majority of the world's people decide? Unfortunately, there is as yet no agreed meaning of 'global democratization'.

Therefore, I suggest that while there is a need for democratic legitimation, we must be more moderate in our democratizing ambitions. For instance, international institutions will benefit from better mechanisms to improve transparency and accountability to those directly affected, such as by the establishment of ombudsmen and other fora suited to the redress of grievances (Keohane, 2003; Bradlow, 1994). The Security Council and other consequential organs of international authorization will benefit from an even more diverse representation of national interests and an inclusion of demographically under-represented nations and regions (Annan, 2002).

But none of those valuable reforms will directly provide a greater voice for the peoples of the world in setting goals. The role of global democratization should be limited to helping to develop global norms. Not legislation, but deliberation over norms will make the process of cooperation among the bureaucrats easier, more readily achievable, more legitimate, less contested. We must be very modest because norms do not usually do that much work. What they do, however, is make it easier for national politicians and international bureaucrats to cut pragmatic deals. Therefore, global democratization should be limited to endorsing measures such as those advocated in the Carlsson–Ramphal Commission, the Global Neighborhood report (Carlsson and Ramphal, 1995).

In addition to sending diplomats to the annual meetings of the United Nations General Assembly, we should also send legislators. Every country can put five members in the General Assembly. At least two of them should be elected from the legislatures of their home countries. Bringing in the other branches of government, those somewhat more tied to the people, may help to begin to create a transmission belt between home and globe, fostering a more legitimate articulation of global standards at the international level. The hope is that these elected legislators will take the role seriously and participate actively in

the annual general debate in the fall of each year and interject a sense of democratic legitimacy and accountability.

Only a few countries, such as the United States, bother to appoint legislators or public delegates to the General Assembly. Washington's proximity and the foreign affairs responsibilities of the Congress, rather than any unusual internationalism, presumably account for this anomaly. But all countries have the prerogative of doing so. When they hopefully do, it will be important to avoid trampling on the formal rules of sovereignty and state responsibility. Only the diplomatic representatives of the national government should have the right to express sovereign will in UN voting. Elected legislators could, however, play a vital role in biennial Assembly debates concerning the monitoring of major international commitments, such as the Millennium Goals, which set forth an agenda in peace and security, human rights and democratization, development and the alleviation of extreme poverty and a range of other global commitments.

The second way to enhance global normative articulation and transparent accountability is to engage civil society. In 1955 there were fewer than 2,000 international non-governmental organizations (NGOs); today there are more than 20,000 (Annan, 2000, p. 70). None of them is genuinely democratic; their virtue is that they are voluntary and broad-based. But it is worth establishing an annual global forum that brings together representatives of global civil society.[15] Meeting the week before the General Assembly meets each year, the current Department of Public Information Annual NGO Forum does not quite serve this purpose; it serves more as an information and trade fair for NGOs. A stronger role would see NGOs invited from all over the world to present reports, discuss and issue recommendations (by majority vote) about global standards for the environment, humanitarian intervention, international economic assistance and reforms of international institutions such as the IMF, the World Bank, or the United Nations itself.

Conclusion

These recommendations are far from a cure-all. Electing legislators from non-democratic legislatures to the UN General Assembly does not enhance global democracy strikingly. Others will ask who elected the NGOs, for whom there is no internal process of democratic accountability to their members or to those whom their policies affect. But, on the other hand, merely that act of debating in a global forum about global problems and who is there legitimately and who is not – all in the same room, talking about global problems – will itself be a process which helps build global norms and gives more voice to those who bear the consequences of globalization. This is far short of democratic legitimation. In terms of democratic evolution, this represents much less than a modern equivalent of the meeting of the English barons at Runnymede in 1215 – a cautious consultation far short of accountability. There will be mounting tension between prosperity, stability and accountability. Global interdependence will subject the liberal peace to increasing stress. But it can be the preliminary to increasingly responsible deliberation. And that may well be the best we can do in the world as it is today.

Notes

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1 A similar debate engages the European Union. See, e.g., Sandholtz and Stone, 1998; Hayward, 1995; and Keohane and Hoffmann, 1991.
2 I contributed a two-part essay to the elaboration of Kant's proposition; see Doyle, 1983. The extensive debate is well presented in Brown et al., 1996. I found 68 such liberal republics as of 1990 in Doyle, 1997, table 8.1, including countries from all major religions, levels of economic development and areas. As of 2002, there were 103 such countries, using the same coding rules.
3 For an interesting discussion of the effects of liberalism on a general disposition to abide by international law see Slaughter, 1992, 1995; Alvarez, 2001.
4 For a discussion of the features of interdependence see Keohane and Nye, 1977.
5 Polanyi, 1980. Originally published in 1944.
6 Theoretically, any trade, even at arm's length, should equalize factor prices, but tariff, transportation and other barriers mute trade's effects. Movements of factors – labour, capital or technology – multiply the effects of trade in commodities. The key theoretical contributions were made by Heckscher et al. For a non-technical survey, see Williamson, 1983, ch. 3. For a contemporary study of the collapse of what I call 'Globalization I', see James, 2001.
7 Drucker (1997) calls this 'transnational strategy'. Whitman (1999) explores how American companies that were once stable, lumbering, globe-striding giants with paternalistic ties to their home communities have become lean, mean and footloose.
8 Also, see the UN annual Millennium Goals Report.
9 For global GDP comparisons, see Beg, 2000, table 2; and Birdsall, 2001.
10 See, e.g., Dollar and Kraay, 2002, and a critical response by Galbraith and Wells-Dang, 2002. Contrary to both, Rodrik (2001) has argued that domestic institutional innovations make much more difference than trade in promoting growth.
11 http://www.europa.eu.int/comm/trade/2000_round/ecowtomr.htm
12 Also, see the valuable discussion of this and related issues in Rustiala, 2000.
13 A good introduction to this issue is in Archibugi and Held, 1995. For further discussion of cosmopolitan individual rights and democratic governance, see Pogge, 1997 and Thompson, 1999.
14 For one prominent critic of the idea, see Dahl, 1999. Dahl focuses on the extent of delegation international organizations currently embody. My criticism is different below.
15 For a valuable discussion of how civil society organizations have developed a role in global governance, see Charnowitz, 2003.

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