

Ten Years from Now

Jennifer L. Hochschild

Introduction to Symposium

In the winter of 2005 I invited an array of scholars to respond to a variant of the same question: What do you predict about some important political phenomenon or process over the next decade, and why? What leverage do political scientists' theories, evidence, or concepts give us in understanding a given situation, such that you have grounds for prediction beyond those of an informed journalist or political actor? I urged authors to "really go out on a limb and make a clear prediction that can be analyzed, argued with, and supported (or falsified!) after a decade." I then wrote a specific query to each of the people invited, beginning "Ten years from now . . ."

Almost everyone accepted the invitation, some within a few minutes of receiving the e-mail from me. The results are before you. I am not an objective observer, of course, but I find the essays provocative, revealing, and simply fun to read. I promised the authors in the letter of invitation that "students will really appreciate it [your essay], faculty will enjoy it, and it might even make a difference in how some scholars do their work." I hope that prediction, at any rate, comes true, and we invite readers' responses to any or all of these essays. We hope to publish some of your responses, and envision that *Perspectives* will return for a reality check ten years from now.

Danielle Allen

The Lower Frequencies: On Hearing the Stirrings of Transnational Partisanship

Ten years from now, what will be the dominant terms of public discourse in politics? At a dinner party in March (2005), I offered a spur-of-the-moment prediction: that the U.S. would have troops in Iraq, all told, for twenty years, by which point we (I spoke as a citizen) would have forgotten why we were there in the first place. Until then, we would stay in Iraq, I continued, in order to keep a Shiite Iraq from growing too close to a Shiite Iran. Another guest countered that the language and cultural barriers between Iraq and Iran would trump shared religious doctrine and practice. On one level, my comment was a watered-down Platonism—an eyebrow raised at democratic fickleness: democrats, to paraphrase Plato, are people who don't stay the course. On another level, however, our exchange made note of the fact that much of world politics these days is about the interaction not between states but between *ethnoi* and states.

By *ethnos* I mean a social group defined as a group not because of shared political institutions (though an *ethnos* may have these), but because of shared language, religion, or other cultural rituals. These days it often seems that members of particular *ethnoi* are out to see how they can swing state institutions, to which they have diverse kinds of allegiance, in directions that are to their liking qua members of their *ethnos*. Thus Ahmed Chalabi and his colleagues in the Iraqi National Congress formed a party across state lines in order to influence the fate of a particular state, Iraq, by drawing on the resources of another state, the United States.

The editors of *Perspectives* posed the following questions. "Will the challenges of effective state-building—conflicted regions around the world—return the language of power to prominence? Will we care more about the formal institutions of the state and how states interact with one another, or will we focus more on the civil society within a given state?"

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Yes, realism is likely to gain in strength in the next few years, but if the realists of ten years from now take states as their main objects of analysis, they will be like the proverbial blind men who each have hold of one, distinctly different, part of the elephant.

The world's most powerful nation is an immigrant country, and technology has changed the nature of immigration. It is possible now, to a level previously unknown, to be simultaneously a partisan at home and a partisan in one's adopted land. Given this novel fact about immigration, regional conflict is much more likely to be internationalized than in the past. To be meaningful, the realism of ten years from now will have to make common cause with subaltern studies and diasporic studies, for states will be in regular engagement with transnational parties whose origins are a particular *ethnos*. These transnational parties will be the underdogs trying to turn the system of states to their own advantage.

This claim that transnational parties will be relevant to politics and will count as actors alongside states is not new. It was the basic situation leading to the Peloponnesian War and also guiding events as they developed through it. Not only Athens and Sparta, but also cities like Corinth had, in the years preceding the war, sent out colonists (or emigrants) to found new cities or become substantial elements in existing cities. What's more, the Athenians tended to send out emigrants who were prodemocracy. The Greek world during the period of war could be mapped in terms of city-states and their territories, but it could also be mapped in terms of exactly where emigrants from different motherlands had settled and also in terms of where the internationalized party of democracy or the internationalized party of oligarchy was ascendant. It is really these latter mappings that explain the dynamics of the Peloponnesian War and the relative risings and fallings of particular cities. Transnational parties will, I think, in ten years, be again part of our basic political analyses. Or at least I hope they will, since I always hope that political scientists will be incisive analysts of our world.

The most important feature, however, of the landscape ten years from now—here comes another wager—will be the continued conflict between Israel and Palestine, which has put the issue of the relationship between *ethnos* and state at the heart of the contemporary political subconscious. It matters that one of the first state-level transformations to occur after the break-up of the Soviet Union was the peaceful separation of Czechoslovakia into separate Czech and Slovak Republics. That breakup was quick and easy, but it was also the beginning of a dynamic that has not yet fully worked itself out. This was an early case of the *ethnos* trumping, and requiring changes in, state institutions.

My prediction about Israel and Palestine lies simply in the claim that the conflict will still be ongoing. I feel uncertain in this prediction, however. This element of our future landscape is, I think, like the Berlin Wall. We polit-

ical scientists are not good at assessing how long any given store of human psychological capital can sustain a high level of conflict. At some point the psychological resources available to be committed to conflict will be exhausted. Will that be in ten years? One would have to be on the ground to know.

Now to the question of concepts themselves. Will a resurgence of interest in realism diminish the importance of human rights in our public discourse? No. But the position of human rights within our public political discourse will shift. The language of human rights has many important and salutary effects in our world, but it also provides a basis for destabilizing national borders. In this regard the language of human rights, strangely enough, resembles the commitment to an *ethnos*. Think of the erstwhile *de facto* alliance of Michael Ignatieff and Chalabi. Insofar as the destabilizing effects of transnational parties based on *ethnoi* are likely to lead to a reassertion by states of control over their presently given boundaries, those states are likely too to push back at the language of human rights in favor of the language of the individual rights of citizens. In an effort to restore their own legitimacy, they will argue on behalf of their own capacity to protect the rights of their own political citizens. In Afghanistan, Karzai is not asking for the intervention of the UN on behalf of prisoners in Guantanamo. He is not seeking a world court to intervene in the housebreaking practices of U.S. soldiers. He claims that the authority and capacity of the sovereign state (namely, Afghanistan) are sufficient to protect the rights of that state's citizens. I am, then, describing something of a reaction effect. To the degree that the language of human rights feeds the destabilization of the state system, states will respond by trying to restore, in place of a language of human rights, a language about the responsibilities of states to citizens within their own borders. This is another place where technology has changed political possibilities. It was once possible for states to lose track of their citizens or residents; these people, lost and departed, could, then, reasonably be said to come under the purview of a necessary and important domain of human rights. But now, when it is harder for states to lose track of their own citizens, the language of citizen's rights comes in conflict with the language of human rights because each implies a different jurisdiction, and this is just what states and partisans of different kinds are likely to be fighting over in ten year's time.

Thus in ten years I think we'll be talking a lot about immigration, about dual and mono citizenship, about the relative capacities of states to withstand actors on the world stage such as *ethnoi* and transnational parties.

I'll end telegraphically by saying that in the United States I hope that we will equip ourselves to live in such a world by replacing the language of multiculturalism with the language of multilingualism, which, in contrast to its predecessor, will recognize and expect a high level not merely of cultural diversity but more importantly of cultural fluidity in our own democracy.

Sarah A. Binder

Ten More Years of Republican Rule?

If history is any judge, Republicans should lose control of Congress or the White House during one of the five elections to come between now and 2015. Since Democrats and Republicans became national competitors in 1855, unified party control has lasted on average just 5.9 years. Unified *Republican* control has endured a bit longer, averaging 6.3 years. Even at its longest (with the onset of the 1896 realignment), Republican control of government has lasted just fourteen years. With the current Republican regime emerging from the elections of 2000, Republican control of Congress and the White House should have run its course by the elections of 2014.

The received wisdom, of course, is more often likely to predict Republicans' electoral invulnerability, and for good reasons. First, transformation of the South from solid "blue" to "red" is said to have created a substantial base for the Republican Party in both congressional and presidential elections. Second, population movement to the south and west, as well as GOP capture of numerous state legislatures in the South, has made redistricting following the decennial census (and in Texas in the intervening years) an effective tool for securing Republican seats in the House. Third, the decline of ticket-splitting districts (in which voters choose the presidential candidate of one party and the congressional candidate of the other) has narrowed Democratic opportunities for regaining control of the House. Only eighteen congressional districts won by John Kerry in 2004 are represented in the House by Republicans, compared to the 41 Bush districts held by Democrats.¹ The decline of competitive races nationwide, coupled with the Republicans' structural advantage in elections, certainly makes it hard for Democrats to regain control of the House.² Nor is the Senate within easy reach of Democrats, with the losses the party experienced across the South and elsewhere in the 2004 elections.

That is what the received wisdom might predict about the next ten years. I predict that Republican government is unlikely to endure uninterrupted over the decade. Despite the decline of competitive House races, the politics of slim electoral and legislative majorities will be the Republicans' undoing. Consider this alternative perspective on the nation's electoral future.

Congressional Republicans have won consistent, but small, majorities since gaining control of the House in the 1994 midterm elections. Republican majorities have held on average just over 50 percent of the chamber seats. In contrast, Democratic majorities in the previous decade

held nearly 60 percent of the House. Nor were extra-large Democratic majorities an anomaly of the 1980s. Between 1954 and 1994, Democratic majorities in the House averaged exactly 60 percent of chamber seats. Given the magic number of 218 votes to prevail on a House vote, slim Republican majorities (averaging just 227 seats) have often left the GOP scrambling to build a majority. In contrast, over their 40 years of House control, Democrats held on average 261 seats, giving Democrats a typical surplus of 43 votes. Although the 2004 elections ushered in the largest GOP House majority since 1994, at 232 seats, the *smallest* Democratic majority over the past half-century (after the 1954 elections) was also 232 seats. Nor have recent Senate Republican majorities had many votes to spare, especially given that chamber's supermajority rules for ending debate. Since 1994, Senate GOP majorities have averaged just 53 seats, well short of the 60 votes needed to maintain a filibuster-proof majority.³

Down the Avenue, the Republicans' presidential margins have also been exceedingly narrow. In 2004 Bush won 51.4 percent of the two-party vote, up from 49.7 percent in 2000. Only three states switched sides in the two elections: two states with narrow Democratic wins in 2000 went Republican in 2004, and one state narrowly won by Republicans in 2000 voted Democratic in 2004.⁴ Given the distribution of the vote across the states, analysts of recent elections conclude that neither party has an electoral base sufficient to guarantee victory in 2008, and short-term forces could easily swing the election to either party. Moreover, when the president's party has controlled the White House for two or more terms, the incumbent party more often loses than wins in the following election—making 2008 a "time for a change" election.⁵ Since World War II, when the president's party has controlled the White House for two or more terms, the incumbent party has won just one-third of the ensuing elections.

Why will such small margins be so consequential for Republicans? Call it the curse of overreaching: today's mostly moderate public is unlikely to reward a majority party that pursues an ideologically polarizing agenda. Large majorities can suffer the consequences of a disaffected public, but slim majorities in an era of polarized parties cannot. As I suggest below, slim congressional majorities face distinct procedural hurdles to achieving their policy goals, hurdles that will affect their party's electoral future adversely.

To detect the impact of slim majorities, consider first the electoral context in which the Republican majority must maneuver. Today's legislative parties are extremely polarized, with few moderate legislators left in the political center. Although polarization has been increasing over the past two decades, most Americans remain solidly in the ideological middle.⁶ Yet despite the Republicans' narrow majorities and Americans' centrist tendencies, Republican majorities have governed as if with a sweeping conservative mandate. Bush's policy proposals in 2001 were

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ambitious and, as many have noted, “off-center,” including tax cuts, education vouchers, faith-based initiatives, and privatization of social security—an agenda crafted to appeal to the Republicans’ conservative base.⁷ Bush’s interpretation of the 2004 election summed up his party’s view best: “I earned capital in the campaign, political capital, and now I intend to spend it.”⁸ If mandate elections are marked by their sweeping scope and unexpected character, then Bush’s stock of political capital is unlikely to buy him and his party much success in his second term.⁹

Could overreaching by slim majorities in today’s electoral environment cost Republicans control of the House or Senate? My hunch is yes, given the policy and procedural consequences of narrow majorities. Slim majorities make majority coalitions tough to build and to sustain. A handful of defections can cost the majority its coalition.¹⁰ Moreover, we know from two centuries of House politics that small, cohesive majorities are especially prone to manipulate the rules of the game to their advantage; threatened by minority obstruction, majorities alter the rules to secure their policy goals.¹¹ Not surprisingly, given the difficulty of building winning coalitions, Republican House majorities since 2001 have relied much more heavily than did their predecessors on restrictive rules: nearly half of all special rules in the 108th Congress (2003–4) allowed the minority party to offer just one substitute amendment on the floor or allowed no amendments at all. Such limitations on the minority have been deemed necessary by Speaker Denny Hastert, given the GOP’s narrow margin of control and the lack of Democratic votes for GOP initiatives.¹²

In a legislative body with so few centrist members, reliance on restrictive rules that limit votes on moderate alternatives is bound to produce more ideologically polarized outcomes—as evidenced by GOP legislative victories on economic policy (for example, enactment of tax cuts heavily skewed to upper income taxpayers) and on social policy (for example, intervention in the end-of-life decisions of Terry Schiavo). In structuring votes between an unacceptable vote for the status quo and a vote for a polarized alternative, centrist members of the majority party are often unable to vote for outcomes that best reflect their constituents’ preferences. Such votes at times cost centrists their seats, as moderate Democrat Marjorie Margolies-Mezvinsky learned the hard way in 1993 after voting for President Bill Clinton’s budget.

Senate Republicans have been equally aggressive—to the extent chamber rules allow—in exploiting the rules of the game to secure more polarized outcomes. The use of multiple reconciliation bills has protected Republican initiatives from both Democratic filibusters and Republican moderates who might otherwise vote against cloture.¹³ And stung by Democratic filibusters and wavering moderates, Republican leaders have sought to “go nuclear”—despite a disapproving public—to ban filibusters on judicial

nominations.¹⁴ These procedural tactics are made necessary given the narrow margin held by a conservative chamber majority seeking noncentrist outcomes.

Can overreaching on policy and procedure cost Republicans control of Congress? To the extent that Republicans succeed in securing their party’s policy goals, resulting legislation is more likely to be off-center, catering to the majority’s base. Conversely, to the degree that Republicans falter in pursuing their agenda, they are likely to be blamed for inaction. Neither outcome is likely to be rewarded over the next decade by a persistently moderate public. In fact, public approval of both the president and Congress had slipped markedly by spring 2005. In March 2001, 55 percent of the public approved of the way Congress was doing its job; four years later, just 37 percent approved—its lowest rating in almost a decade and a far cry from the 84 percent who gave Congress high marks after the attacks of September 11.¹⁵ President Bush’s approval rating at the same time—the end of the first one hundred days of his second term—was under 50 percent.¹⁶ Summary evaluations of the president have, of course, strongly predicted the vote in nearly every election in postwar America.¹⁷ Moderate publics are unlikely to sustain unified—and often overreaching—Republican rule over the decade to come.

Notes

- 1 Charlie Cook, “435 Ways to Parse the Presidential Election Results,” *National Journal.com*, March 29, 2005, available at <http://www.cookpolitical.com/column/2004/032905.php>.
- 2 Jacobson 2004.
- 3 I count Senator Richard Shelby as a Republican starting in the 104th Congress, and Senator James Jeffords as an Independent starting in the 107th Congress.
- 4 Abramson, Aldrich, and Rohde 2005.
- 5 Abramowitz 2005.
- 6 See Binder 1996 on the disappearing political center, see McCarty, Poole, and Rosenthal 1997 on partisan polarization; see Fiorina, Abrams, and Pope 2004 on the moderate public.
- 7 Hacker and Pierson 2005.
- 8 White House 2004.
- 9 See remarks by James Stimson as cited in Brookings Institution 2004.
- 10 Some of the most important votes since 2001 have been won with just 218 votes, including major votes on the federal budget in 2005 and on expansion of Medicare in 2003.
- 11 Dion 1997; Binder 1997.
- 12 Wolfensberger 2005.
- 13 Republicans were also willing to fire the parliamentarian for advice deemed adverse to the party’s

interests. See Helen Dewar, "Key Senate Official Loses Job in Dispute with GOP," *Washington Post*, May 8, A1.

- 14 See Richard Morin and Dan Balz, "Filibuster Rule Change Opposed," *Washington Post*, April 26, 2005, A01.
- 15 See Andrea Stone, "Congress' Approval Rating on the Slide," *USA Today*, March 14, 2005, http://www.usatoday.com/news/washington/2005-03-14-congress-poll_x.htm.
- 16 See Morin and Balz, "Filibuster Rule Change Opposed."
- 17 Abramson, Aldrich, and Rohde 2005, 50.

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Don Herzog

Another Tocqueville

Time for a true confession: I'm skeptical of predictions in social and political life. Talk of causal generalizations and Hempel's covering laws strikes me as science fiction and fantasy in drag; talk of the unfolding of the immanent logic of modernity makes me dyspeptic. I usually think that structural considerations are context, not cause, and that weird combinations of stray contingencies explain what happens. Worse, now I'm called on to predict how political theorists will be discussing democracy ten years hence. Images of herding cats and Brownian motion come to mind. Nonetheless, duty calls. I dust off my crystal ball and discover it has three channels.

We tune in first to BLEAK REALISM. As the fog clears, we glimpse a gathering of extremely cool people dressed in all black. They are discussing equality, hegemony, discourse, alterity, domination, preliminary steps toward the possibility of articulating the possibility of an emancipatory politics, and more laborious bits of jargon I can't quite make out. The conversation is liberally peppered with new forms of exotic leftism, preferably with Continental conceptual lineages and surnames, though oldies and goodies (Lukacs, Habermas, Foucault, Zizek, Agamben) still get their share of fond and uncertainly ironic airtime. (Come on, I can't be called on to predict the names of yet-unheard-of theorists.) Peering over my shoulder, you're baffled by what seems like a conceptual shell game, with too many abstractions chasing too few particulars. Still, many of the participants really are exceedingly intelligent, and if you could burst in to complain that you can't make out quite what it is they want to say, they would remind you that it's not as though the rest of political science does without repellent jargon. They invite you to join their merry band: with some years of sustained reading and study, you too could talk this way. But I predict you'll politely decline—and then my crystal ball goes blank.

Not to worry: a new channel bursts into focus. At BRAVE NEW WORLD, bespectacled young men with facial hair—somehow women seem in very short supply here—are huddled over computers. Dust-covered busts of Kenneth Arrow and William Riker are leaning over, atop an old file cabinet strewn with economics journals. This time the transmission is good enough that I can make contact with the ghostly denizens of the future. "Modeling?" I ask. I get a snippy yes; then one of the younger and brighter whippersnappers asks facetiously, "What else?" "N-dimensional issue spaces? Cycling? Structure-induced equilibria?" I persist. One looks confusedly at another. "Is this guy a historian of political theory?" he asks. The other shrugs. The

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first gazes at me with solicitous, no, clinical concern. “I think I might still have some stuff on that in my old textbooks,” he says. “No, don’t bother,” I go on, suddenly excited by the thought of grabbing their spiffy new models and bringing them back to the present. Think of the lustrous new line of prestigious publications on my c.v.! But the gruesome shade of Karl Popper intercedes. “You cannot predict scientific innovation,” he cautions me. “If you could predict it, it would happen now, not later.” Oh well. I have one last question. “What happened to political theory?” I ask plaintively. “Don’t be silly!” one shoots back. “We *are* political theory.”

The picture is still vibrantly clear, but I’m suddenly finding the lebensraum-style audio signal repulsive, so I throw a black cloth over the crystal ball. A few minutes later I’ve tuned into CAUTIOUS OPTIMISM. These are my kind of people: they’re immersed in Tocqueville. Better yet, they’ve learned to shrug off the uneasy sense that political theorists are always poised precariously between necrophilia and metaphysics. They don’t have any ghettoization fantasies about their role in political science: they’ve figured out that the behaviorists’ battle for an amusingly—or embarrassingly—crude conception of Science is well and truly dead, and that it’s fun and interesting to talk to their colleagues (yes, the modelers too). Some of their colleagues even reciprocate.

They’ve also figured out that Tocqueville is not interesting for his own predictions. Yes, he got some right, perhaps most spectacularly that America and Russia would emerge as the two great powers (*Democracy in America*, I, conclusion). But he produced some unfortunate howlers too. Islam has not in fact faded from the scene (II.i.5) and Protestantism seems to be holding its own quite nicely between Catholicism and atheism (II.i.6). Next decade’s theorists have noticed that Tocqueville capitalizes on the Jeane Dixon effect: make enough predictions and some of them will come true. (Yes, I’m capitalizing on it, too. Or trying to.) Tocqueville insists that Americans will never rely on a military draft (I.ii.5) and that democratic societies will inevitably rely on a military draft (II.iii.23). Whoops. Tomorrow’s theorists gently laugh off prediction as a fool’s errand. Nor are they captivated by Tocqueville’s grandiose historical claims, such as the one about the relentless providential march of equality over seven centuries (I, introduction). They explain that he wanted to jolt the Catholic ultras out of their maudlin obsession with doom and gloom by exhibiting the French Revolution as God’s irreversible will, that’s all.

But they are much pleased by two other facets of Tocqueville’s work. One is his sustained ambivalence about equality. God may count the rise of equality as progress, Tocqueville reports, but he sees it as decay (II.iv.8). This jittery stance strikes them as far more promising for understanding the problems and possibilities of democracy than any value-neutral stance. And even if they are (little-d)

democrats, as they mostly are, they think it better in social inquiry to be acerbic than starry-eyed. The other is Tocqueville’s fascination with finding aristocratic substance under Jacobin forms, or, as he puts it, the aristocratic colors under the democratic paint (I.i.2). Secondary associations as estates (II.iv.7), industrial capitalists as aristocrats (II.ii.20), whites as aristocrats (I.ii.10), lawyers as Egyptian priests, and omnipotent judges chastening the jury’s belief in democratic competence (I.ii.8): such curious social formations don’t merely allow Tocqueville to console the ultras, to assure them that all is not lost; they also open up a lovely research agenda, exploring the weird, intricate links between egalitarian and inegalitarian social dynamics in democratic societies.

So too Tocqueville worries about dangerous transitions. He explains, for instance, that domestic service works fine when everyone is reciting from a fully aristocratic script or a fully democratic one, but that in the move from one to another, everything is alarming, even dangerous (II.iii.5). Scrap the inexorable providential march, take seriously the thought that equality and hierarchy exist side by side—Tocqueville was wrong about Protestantism, but it’s not as though the Catholic Church is going away, either; nor have democratic societies vanquished the social inferiority of women he congratulates them on maintaining (II.iii.12)—and you realize that we’re always up against dangerous dissonances, if not dangerous transitions.

I note that these theorists have rejected a priority thesis Tocqueville regularly flirts with. I mean his thought that political society will inevitably reflect civil society (II.iii.8.n1; so too I.i.5, I.i.8, I.ii.5). They notice that at the very least Tocqueville understands reciprocal causation, or scratch/itch cycles: if the public turns passively individualist; if their social horizons shrink; if they succumb in turn to a debased taste for leveling equality; then they will assign more and more power to the state, and the benevolently paternalistic state in turn will control more and more of social life, furthering the people’s mindless absorption in their daily lives. And since these future theorists are not the least bit pious or deferential about the canon, they don’t mind adding a thought, whether or not it’s Tocqueville’s: they’re interested in how politics and policy shape society. Like Tocqueville, they move readily back and forth between constitutional structure and apparently trivial episodes in everyday life, between law and religion, between the weight of tradition and how history gets written.

In short, these theorists turn to Tocqueville not for melodramatic theses about the shape of modernity, not for conservative cautions that we must save liberty from the ubiquitous threat of equality, but for an approach to doing political theory. To call it a method would be too much: enough, even better, that it’s a grab-bag of tricks and insights. Now you may suspect that my crystal ball has mislabeled the channel, and I’ve really tuned into UTOPIAN OPTIMISM. Or, then again, NAIVE SELLOUT. Maybe. Time will tell.

Amaney Jamal

The Prospects of Democracy and Economic Reform in the Arab World

While it is hard to predict where the Palestinian-Israeli conflict will be in ten years, one thing is certain: a peaceful reconciliation between Israel and Palestine, based on a two-state solution that guarantees Palestinians and Israelis territorial integrity and security, would have a positive impact on economic and democratic developments in the Arab world. These developments, however, will not occur easily; such transitions are often chaotic, shocking, and painful.

Resolution of the Arab-Israeli conflict will further movements for democratic change through two mechanisms. The newly emergent Palestinian democracy will serve as the “model domino” in the Arab world, and the resolution of the Palestinian-Israeli conflict will decrease anti-Americanism in the region. The reduction in animosity toward U.S. policies—which have been perceived to not only privilege Israelis over Arabs, but also to promote Israeli interests at the expense of Arab interests—will weaken authoritarian regimes that have for too long used the ongoing conflict as an excuse for their lack of democratic reforms. In other words, when the United States urges Arab countries to reform, these countries will no longer be able to stand behind the Arab-Israeli conflict as a reason for their lack of cooperation. Similarly, decreasing anti-Americanism will further embolden opposition movements, which have not been able to formulate all-encompassing domestic platforms, to contest authoritarianism. Traditionally, opposition movements have successfully mobilized on anti-Israel and anti-United States platforms. These same opposition movements have been hesitant to criticize authoritarian regimes and demand reform, lest they appear complicit with their American counterparts.

Palestine: The model democracy of the Arab world. The Palestinian elections, held on January 9, 2005, are of momentous historical significance. Two democratic and fair Palestinian elections were held within six weeks—one at the municipal level, the other for the presidency. The transition of power from Arafat to Abbas was peaceful and bounded by the rule of law. The elections proved vital for Palestinians and observers alike, demonstrating that after four years of Intifada, the Palestinians were committed to democratic ideals and processes.

In the months following the elections, President Mahmoud Abbas has responded to concerns and allegations of Palestinian National Authority (PNA) corruption and

incompetence. Responding to both international and domestic demands to stamp out corruption and maintain the rule of law, Abbas has reshuffled the PNA's security apparatus and removed many of the old elite guard of the PNA from power.¹ He has also reformed the Palestinian media, which Arafat had completely controlled under the executive office.² These developments indicate that Abbas is committed to democratic principles. The inclusion of Hamas in recent elections also bodes well for democracy in a new Palestinian state.

As Palestinians prepare themselves for an independent democratic state, they are simultaneously attempting to advance economic development policies that will alleviate unemployment rates and provide the framework for a market economy. Several discussions on this front focus on the proposed Gaza pullout. According to negotiators and advisors, the Erez industrial zone might be revitalized by an Israeli pullout, thus creating much needed jobs for Palestinians. Several technological innovations to expedite border checks between Gaza and Israel are under consideration, and a proposed railway linking Gaza to the ports of Ashdod would facilitate Palestinian imports and exports. Developing the stunted economy and easing the unemployment crisis will undoubtedly bolster Palestine's democratic trajectory.³

The democratic Palestinian state will serve as a model Arab democracy in the region. A successful Palestinian democracy will not only serve as the first falling domino, demonstrating to the Arab world that democracy is possible,⁴ but Arab peoples across the region will shift attention from the Palestinian predicament to the lack of democracy in their own countries.

Linking Arab-Israeli peace to the prospects of Arab democracy. To address the broader implications of a peaceful Palestinian-Israeli resolution on democratic development in the Arab world, one needs to analyze the existing authoritarian realities of the Arab world. The Arab-Israeli conflict did not create Arab authoritarianism: Israel cannot be blamed for the lack of democracy in the region. The factors that explain persistent authoritarianism in the region are numerous and wide-ranging. Political economic realities like rentierism and soft budget foreign aid—both bound up with mind-boggling levels of unemployment—favor authoritarian consolidation at the expense of private-sector development. Arab governments channel disproportionate amounts of their GDPs to the purchase of technologies that consolidate power. Among its global counterparts—Latin America, Eastern Europe, and Africa—the Arab world spends the highest proportion of its GDP on military equipment. In 1997 total defense expenditure constituted 7.4 percent of the GDP, well above the world average military expenditure of 2.4 percent.⁵ Further, inefficient bureaucratic arrangements characterized by corruption, cronyism, and

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patronage have kept regimes solidly in place at the expense of more efficient forms of government bureaucracy. All Arab governments are unified by the fact that they prohibit both economic and democratic development within their societies.⁶ In the words of Eva Bellin, the “repressive capacity of the state” is paramount in the Arab world.⁷

Given this repressive capacity, where will the impetus for change begin? Conventional theories posit change occurring from oppositional civil societies, coalition shifts among the elite leading to a weakened government, or external influences like the promotion of democracy from abroad. The probability of government weakening is not on the horizon in any country of the Arab world. Among the monarchies, the royal families are firmly in place; among the dominant-party states, the existing leaderships have amply demonstrated their ability to hold on to power. With militaries and secret services under control in these regimes, potential transgressors are dealt with before they can pressure change. It is no surprise that the only opposition movements that have arisen are Islamist in nature—in the battle with “extremist elements,” Arab authoritarianism acquires a good name.⁸ Better authoritarianism than Islamism, in the view of existing regimes.

This leaves two other viable options for reform: oppositional civil society and outside pressure, namely from the United States. Both approaches would be more effective if the Palestinian-Israeli conflict were resolved. Since the creation of the modern Arab states in the mid-1950s, the one unifying factor that has mobilized all opposition movements—whether secular, pan-Arab, socialist, communist, democratic, or Islamist—is the emphatic denunciation of Western colonial influence. British colonialism, followed by American hegemony in the region, has dealt the Arab world an overwhelming sense of humiliation, exploitation, and defeat. The birth of the nation of Israel in 1948, Lamis Andoni reminds us, dispossessed Palestinians and cut them off from their environment, “instill[ing] a deep awareness of a residual colonial legacy.”⁹ Israel’s decisive military victories against these dispossessed, which resulted in the creation of the Palestinian refugee problem and the Israeli occupation of the West Bank and Gaza, form yet another layer in the saga of colonialism. Both to the average Arab citizen and for collective opposition movements in the region—socialists or Islamists in Egypt, the Muslim Brotherhood or communists in Jordan—Israel’s treatment of the Palestinians is unjust, and the United States supports Arab suffering.

Thus as opposition movements emerged in various countries in the region, they mobilized on an anti-Israel/anti-United States platform, often criticizing their respective governments for tacitly approving of deteriorating Palestinian living conditions. Although the Islamists have emerged to advocate other internal reforms (favoring socially conservative policies and condemning government corruption), the bulk of their platform is still

couched in a discourse emphasizing the unjust treatment of Palestinians by Israel and the American approval of the occupation. In the absence of anti-American sentiment opposition movements would need to adopt internal programs and strategies to maintain the support of their constituencies.¹⁰ And while the United States currently calls for democratic reforms, it would be much more likely to push for regime concessions if it were not worried about anti-United States constituencies seizing power.

The second dimension of this argument holds that reducing anti-Americanism with a resolution of the Palestinian-Israeli conflict will hamper the ability of Arab governments to dismiss U.S. calls for democratization and reform. People remain skeptical—not because they don’t like the message, but because they resent the messenger. Polls in 2002 found that support for the United States had significantly plummeted across the region, with U.S. support for Israel often cited as an explanation for Arab dissatisfaction with the United States.¹¹ The Arab world has not shown any willingness to divorce the messenger from the message. This is certainly true about the regimes themselves. Recently, Hosni Mubarak of Egypt said of U.S. calls for reform, “The deliberate disregard of the daily violations of human rights committed by Israel in the occupied Palestinian territories . . . will not help our endeavor to reform but may even strengthen terrorism and extremism which stem from the despair and frustration of Arab societies.”¹² In this formulation, Mubarak explains his unwillingness to reform as part of a strategy to counter U.S. support of Israel. He also tries to win sympathetic points from would-be internal dissenters.

Reform in the Arab world will not happen without difficulties. Evidence from the former Soviet Union and other third-wave countries indicates that the transition from authoritarianism to democracy is typically accompanied by unrest, instability, violence, and chaos. In the Arab world, the ability of current regimes to weather the winds of necessary economic reform will, to a great extent, determine the success of political reform. Unemployment for the entire group of Arab countries is about 15 percent. Combined unemployment and underemployment is as high as 20–25 percent. In Algeria it is at 30 percent; in the West Bank and Gaza it could be as high as 35–50 percent—in some areas even as much as 75 percent. First-time job seekers have the worst of it, and about 80 percent of the unemployed in Egypt are in this position. Since 1980, real wages for almost all occupations have declined in Egypt. Exacerbating this bleak economic predicament, the Arab world’s share of world trade has declined from 38 percent in the 1980s to 3 percent today.¹³

Regional peace will increase the chances of regional economic agreements that include Israel and the United States. The qualified industrial zones (QIZs) in Jordan are but

one example. Created in 1994 as part of a dividend for the Jordanian and Israeli peace agreement, these projects have created over 26,000 jobs, increased exports of Jordanian goods to the United States, and increased foreign investment in Jordan by almost 50 percent since 2002.¹⁴ In this regard, Jordan will have a more successful and peaceful transition than Egypt. Further, where economic realities are bleak, one should expect Islamists to gain stronger support. Islamists will attempt to push Islamist agendas, but as they continue to participate in formal political processes, they will have to adjust their visions to accommodate popular sentiment. It will take several election cycles, but eventually Islamists will moderate and effectively create domestic agendas.

The key to the success of democracy in the region is a simultaneous strategy of economic and political reform. Resolution of the Palestinian-Israeli conflict will induce these developments, but the success of reform will depend on the ability of governments to adopt effective economic policies. I expect instability in the next decade or so, but it should be a healthy instability, that is, one in which societies and states are determining their own futures.¹⁵

Notes

- 1 "Abbas Names New Security Leaders," *AlJazeera*, March 24, 2005.
- 2 "Shake-up of Palestinian Media," *BBC*, May 4, 2005.
- 3 "The Erez and Gaza Industrial Estates: Catalysts for Development (Report)," *East-West Institute: Bridging Divides*, May 9, 2005.
- 4 Huntington 1991; Beissinger 2002.
- 5 Henry Azzam, "Arab Countries are Still the World's Leading Market for Arms," *Jordan Times*, March, 2000.
- 6 Jamal (forthcoming); Schlumberger 2000 114, 117; Hamzeh 2001; Ismael 2001.
- 7 Bellin 2004.
- 8 Lust-Okar 2005.
- 9 Lamis Andoni, "Arab Progress and Democracy Require Justice for the Palestinians," *Daily Star*, November 2003.
- 10 Steven Cook, "Which First Things First," *Haaertz*, January 14, 2005; Marina Ottaway, "Listen To Arab Voices," *Washington Post*, April, 2005;
- 11 John Zogby and James Zogby, "Impressions of America," Zogby International Polls 2004.
- 12 Glenn Kessler, "Arab Leaders Criticize US Support of Israel," *Washington Post*, December 11, 2004.
- 13 Sullivan 2003.
- 14 Some have criticized the QIZs in Jordan for attracting a significant portion of Asian capital over domestic Jordanian capital. They further point out that as violence increased between the Palestinians and

Israelis, Jordanian support for the QIZs decreased. See Moore 2003.

15 Huntington 1968.

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Nathan Jensen

The Multinational Corporation Empowers the Nation-State

In the next ten years, who will win and who will lose from globalization? In thinking about this question, I avoid speculating on the broad impact of globalization on economic outcomes. Instead, I limit my treatment to the impact of multinational corporations (MNCs) on developed and developing countries, especially how competition to attract firms affects domestic politics and national economies.

The literature on the direct impact of multinationals on national economics and the determinants of multinationals' foreign direct investment yields two general findings. First, the independent impact of multinationals on domestic society remains quite limited. Multinationals have become the villains in movies and the engine of progress in the eyes of many conservative pundits, but their real effect is less dramatic. At most, the impact of multinationals is conditioned by domestic policies and domestic institutions. In countries with high levels of human capital and strong domestic competition policies, multinationals can be vehicles for technology transfer, economic growth, and ultimately increased wages. Conversely, in countries with domestic institutions and policies that provide avenues for rent-seeking and reduce competition, MNCs can affect the economy negatively. Rather than making domestic politics irrelevant, multinationals magnify the importance of good governance.

Second, scholars have documented increased competition to attract MNCs.¹ Politicians and pundits in both developing and developed countries claim they need to lower the levels of capital taxation to attract multinationals, even though little systematic evidence exists that the decisions of multinationals are dominated by taxation policies. Corporate income taxes may affect the distribution of income within a society, but they have little impact on the distribution of foreign direct investment (FDI).

My prediction on the future winners and losers from globalization loosely follows from these two developments. The winners will be those who can harness the benefits of globalization and manage the distribution of costs; benefits will closely follow government policy and not rely directly on the globalization of production. Ironically, the countries that lower their levels of corporate taxation in an attempt to take advantage of globalization

are, I expect, the ones that will be least able to provide the environment necessary to reap the rewards of multinational corporations.

Walmart and welfare. The promotion of foreign direct investment has become a central development strategy for developed and developing countries alike.² Most countries have dedicated agencies to promote FDI, running ads such as "Invest in Singapore" in the *Economist* and *Wall Street Journal*, while multilateral organizations such as the World Bank actively promote the attraction of FDI as a development strategy.³ Indeed, FDI, like the promotion of trade, is generally viewed favorably by academic the economics community.

Is the evidence on the positive impact of FDI on economic development clear? Not quite. While there is little evidence that FDI damages national economies, scholars have struggled to find a strong independent impact on economic development.⁴ The growing consensus in the literature is that the benefits of FDI are conditional on host economic conditions.⁵ For example, one influential series of papers finds that FDI has a substantial positive impact on economic growth in countries with high levels of human capital.⁶ Countries require the necessary "absorptive" capacity for technology transfer to be feasible, including a skilled workforce to use technology for production.⁷ Other studies find that the impact of FDI is conditional on trade policy,⁸ institutional capacity and bureaucratic efficiency,⁹ public expenditures,¹⁰ government intervention into market failures,¹¹ and the development of domestic financial markets.¹² Yet these policies or practices are endogenous to higher levels of economic growth, which are independent of FDI. The same policies that promote economic growth are the policies that harness FDI's potential. Globalization of production increases the benefits of good governance, but not the fundamental relationship between domestic politics and economic performance.

Trickle-in economics. Some argue that the competition for capital transforms governance by sparking fiscal wars to attract investors with generous tax rates and investment location incentives.¹³ One example is Biella, Italy, where government revenues were used to provide financial incentives to attract textile manufacturing. The logic was probably to draw scarce international capital in order to stimulate local production and create jobs. I have to guess on this since the historical record is a bit spotty. The year was 1160.¹⁴

Contrary to assertions in best sellers like Thomas Friedman's *The World is Flat* and what we hear on "Lou Dobbs Tonight," mobile production is nothing new.¹⁵ Using low tax rates or fiscal incentives has a long and sordid history. What has possibly changed is that governments and candidates on the left—social democratic governments in Europe and John Kerry's presidential campaign, for

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example—have joined the right in arguing for lower corporate tax rates. Their argument differs from the classic argument of the right in that these new adherents maintain that low taxes are necessary in order to attract foreign capital and limit the “outsourcing” of domestic capital. A consensus, albeit for different reasons, has emerged on the need to lower corporate tax rates.

However, the academic literature on the relationship between corporate tax rates and FDI inflows does not support this conclusion. On the contrary, there are theoretical reasons why we would expect multinationals to be less sensitive to rates of capital taxation than other forms of investment. The major innovation in the literature on FDI in the 1960s and 1970s was modeling FDI as a response to market imperfections.¹⁶ Simple models of multinationals flocking to low-tax countries were cast aside before most of our students were born.

Tax rates can matter. *Ceteris paribus*, multinationals will prefer low corporate tax rates to high tax rates, and tax policy could tip the scale when comparing two very similar locations. Important scholarship finds that tax rates do affect multinationals’ FDI and production decisions.¹⁷ Yet on balance taxes do not matter for market-seeking FDI or for countries with high per capita incomes.¹⁸ As a comprehensive review of the existing literature on taxes and FDI states:

Tax policies are obviously capable of affecting the volume and location of FDI, since all other considerations are equal, higher taxes reduce after-tax returns. Of course, all other considerations are seldom equal. Countries do not differ in their tax policies, but also in their commercial and regulatory policies, market size, natural endowments, and human capital. All these factors influence the desirability of an investment location.¹⁹

This review is supported by numerous surveys of multinational firms. In a 2002 survey, the World Bank’s Multilateral Investment Guarantee Agency found that firms selected location based in part on tax rates, but that national and state taxes ranked 11th and 14th, respectively, as the most important location factors.²⁰

Though taxes remain a relatively minor determinant of FDI inflows, other factors such as the protection of property rights and security of investment from expropriation are important determinants of FDI. Considerable controversy remains on the specific institutional structures that protect property rights, but numerous recent works have focused on the role of political institutions in reducing risks for multinationals.²¹ Government policies that attract FDI, such as education policy and physical infrastructure investment, require tax revenues, and companies place more importance on these factors than on availability of low taxes. Thus how governments use their tax revenue may be more important than tax rates.

Countries that can accumulate high levels of human capital, provide for robust economic growth, protect private property, and provide a low tax environment will

attract FDI inflows. In short, the same policies that allow for a favorable business environment for domestic firms are those that attract FDI.

Firms and the future. My predictions run counter to the melodramatic rhetoric of (or about) globalization. Policies that have already created wealth, poverty, income inequality, economic insecurity, and the like are pretty much the same policies that will determine these outcomes in the future. Globalization has changed the rewards to good government, but in a way that actually enhances the role and importance of the nation-state.

Finally, I want to go out on a limb and make one observation that does not necessarily follow from the rest of this essay. Some scholars have documented the negative impact of globalization on the middle class and on middle-income countries.²² I predict that many of the serious issues that affect individuals’ income and wealth in rich countries (for example, changing demographics putting pressures on social security and health care costs) and those confronting developing countries (for example, attempts to improve physical infrastructure and spurn human capital accumulation) will require government financial support. Societies that ignore this bunk globalization rhetoric and fiscal competition chatter, and continue to maintain higher levels of corporate tax rates will be more capable to respond to these issues. The citizens of these countries will be the globalization winners.

Notes

- 1 See Li (forthcoming).
- 2 Moran 1998.
- 3 The World Bank has dedicated its recent World Investment Report (2005) to “A Better Investment Climate for Everyone.”
- 4 Görg and Greenaway 2004.
- 5 Balasubramanyam, Salisu, and Sapsford 1999. See also Garrett 1998 and Boix 1998 for a broader argument.
- 6 Borensztein, Greorio, and Lee 1998; Glass and Saggi 1998; Li and Liu 2005; and Xu 2000.
- 7 Durham 2004.
- 8 Balasubramanyam, Salisu, and Sapsford 1996.
- 9 Olofsdotter 1998.
- 10 Le and Suruga 2005.
- 11 Hoekman 2004.
- 12 Alfaro et al. 2004.
- 13 See Jensen (forthcoming) and Li (forthcoming) for a survey of some of these arguments.
- 14 I shamelessly borrow this example from Wells 1999, 5.
- 15 Friedman 2005.
- 16 Kindleberger 1969; Caves 1971; Dunning 1977, 1981; Hymer 1976.

- 17 Altshuler, Grubert, and Newlon 2001; Devereux and Griffith 1998; Hines 1997; Gordon and Hines 2002.
- 18 Mutti 2003.
- 19 Morisset and Pirnia 1999, 5.
- 20 MIGA 2002.
- 21 One controversy is over the impact of democratic political institutions on multinationals' investment decisions. See Jensen 2003, forthcoming and Li and Resnick 2003. Recent research by Li (forthcoming) finds that countries with poor property rights protections offer generous tax incentives to compensate for this disadvantage.
- 22 See, for example, Garrett 2004.

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David C. Kang

Why China's Rise Will Be Peaceful: Hierarchy and Stability in the East Asian Region

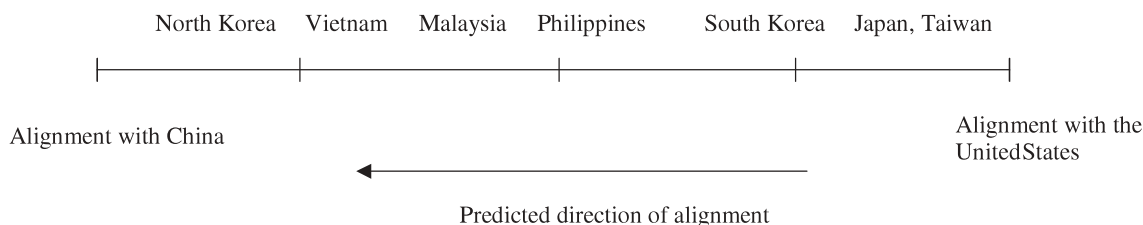
Will China's expected emergence as the predominant state in East Asia result in hierarchy or balancing?¹ At least three major bodies of literature predict that a rising China will be destabilizing. Realpolitik pessimists see China's rise as inherently so. John Mearsheimer writes that if China threatened to dominate the entire region, "It would be a far more dangerous place than it is now . . . Engagement policies and the like would not dull China's appetite for power."² Power transition theorists also see rapidly rising power as a likely cause of conflict. Robert Powell writes that, "A rapidly shifting distribution of power combined with the states' inability to commit to an agreement can lead to war."³ Finally, those who focus on signaling emphasize that an authoritarian state has more difficulty in making credible statements about its intentions than a democratic state.⁴

However, China has already been growing rapidly for almost three decades, and there is little evidence that the region is devolving into balancing, or that China's rise is causing undue alarm.⁵ Surely, given the anticipatory nature of the pessimistic arguments—that states prepare for future contingencies today—China's growth should already have prompted a reaction from East Asian states. Stability is also not the result of the United States acting as an offshore balancer, attenuating regional conflicts and counterbalancing Chinese power, uniformly welcomed by East Asian states.⁶ Only Taiwan, and perhaps Japan, clearly rely on a U.S. security umbrella to balance Chinese power. In deciding how closely to align with either China or the U.S., states can choose to align tightly with the U.S., tightly with China, or a position somewhere between the two. While no state is completely allied with China, many states are at least accommodating its rise (fig. 1). States such as Vietnam, Thailand, the Philippines, and even South Korea could align much more strongly with the United States, but they have chosen not to do so. Indeed, the case of East Asia belies the notion that some states are "too small to balance." With a potential offshore balancer in the United States, even small states have a choice about whether or not to try to balance rising power. If Taiwan, with only 22 million people and close geographic proximity to China, can seek to balance because of a U.S. umbrella, then all the other states in East Asia could as well. If my argument is right, the direction of states' alignments will move towards China and away from the United States, even though they may remain hesitant to clearly choose one side or the other.

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Figure 1

Current and predicted alignment between the United States and China of selected East Asian states



China's expected emergence as the most powerful state in East Asia has been accompanied with more stability than pessimists believed possible because China is increasingly becoming the regional hierarchy.⁷ It has provided credible information about its capabilities and intentions to its neighbors; East Asian states believe China's claims, and hence do not fear—and instead seek to benefit from—its rise. This shared understanding about China's preferences and limited aims short-circuits the security dilemma.⁸ One need only imagine the consequences of Japan attempting to undertake such a role to realize how important is this social understanding about China's position in East Asia.

Furthermore, the United States may not be the key to stability in East Asia. If the United States withdraws significantly from the region, East Asia will not become as dangerous or unstable as the balance-of-power perspective expects, because other nations will accommodate China's central position in East Asia, rather than balance against it.⁹

The microfoundations of hierarchy. A hierarchic system is one that involves a dominant power that does not fold secondary states under its wing in empire, and yet also does not cause other states to balance against it. Although much of the literature emphasizes the potential costs associated with a rising power, just as important to consider are the potential benefits to secondary states. A rising power may demand concessions or territory from secondary states, but it may also offer benefits from a growing economy and lower defense spending if relations between the two are amicable.¹⁰ Balancing a rising power puts the balancer in a better position to avoid potential costs if there is conflict. However, balancing will also be more likely to limit the benefits of cooperation with the rising power, and may raise costs through added defense expenditures and creating conflict where there was none to begin with. Thus a secondary state's decision will depend in part on the tradeoff between the costs and benefits the rising power potentially provides.

However, while material factors are important elements of hierarchy, shared expectations about state preferences are just as important.¹¹ In a system of unequal

(or "unbalanced") power, it is not just security and economic relations, but also the intentions and preferences of both dominant and secondary states that make China's emergence as the largest regional state stable and non-threatening. This coincides with recent formal work on international conflict that has identified asymmetric information as one of the main causal mechanisms that can lead to conflict.¹² Signals must show that the state is moderate and willing to reciprocate cooperation.¹³ To the extent that China communicates restraint to its neighbors, and its neighbors believe China, then the system will be stable even in the context of its rising power.

Signaling China's intentions. Viewed in material terms, China's rise poses both potential costs and benefits. The costs are obvious: the richer and more powerful China becomes, the more it can bully other states. And were China to provoke a war somewhere in East Asia, it would effect the entire region and quite possibly the United States. However, the benefits from China's rise are just as obvious: as both a consumer and a producer, the Chinese market is increasingly seen to hold the future for many companies worldwide, and many countries—including the United States—are attempting to gain access to it.¹⁴ In addition, good relations with China also hold the possibility for regional stability and a spillover of increased economic and diplomatic cooperation.

Of all the Asian states, Japan is the most likely to have the capability to challenge China's regional leadership, and the ultimate direction of Japan-China relations is still evolving. However, Japan has not sought regional leadership and appears unlikely to do so in the future.¹⁵ Although Japan and China still have unsettled historical animosities and territorial disputes, their economic ties have been rapidly increasing, and the two countries cooperate on a range of issues.

Leaders of East Asian states believe China because its signals about its intentions have become more moderate even as its power has increased. China has toned down its rhetoric, resolved territorial disputes with its neighbors, and joined (and proposed) international and regional institutions. Most significantly, China has put in writing that it has no intention of using force in Southeast Asia.¹⁶ East

Asian states increasingly see their economic and diplomatic futures tied to China. Thus states such as Vietnam, the Philippines, and even South Korea are reorienting their foreign policies to adjust to it.

Why would China reassure other East Asian states? Because its continued economic growth and domestic stability is predicated on deep integration with, and openness to, the regional and international economy. This grand strategy is often called “peaceful rise.”¹⁷ China recognizes that it needs continued economic growth and is dependent on continued open international economic relations. Indeed, the Chinese Communist Party’s main claim to legitimacy is its economic record. Furthermore, China realizes explicitly that it would gain very little from conflicts with its neighbors, but has much to gain from warmer ties.¹⁸

Conclusion. Although material factors are important in predicting whether or not China’s rise will be destabilizing, I have focused on the often overlooked factor of information and assessments about preferences. Focusing on how China signals its intentions to neighbors leads me to conclude that East Asia will adjust to China’s rise, rather than balance against it.

If China is ascending the hierarchy in East Asia, then two other predictions follow. First, the United States may not be the key to stability in East Asia. If the United States withdraws significantly from the region, East Asia will not become as dangerous or unstable as balance-of-power theorists expect, because other nations will accommodate China’s central position in East Asia, rather than balance against it. Second, if East Asian nations do not balance China as realists expect, a U.S. attempt to construct a balancing coalition against China using East Asian states will be highly problematic. East Asian states will be extremely reluctant to choose sides, and if forced to choose, many will not choose the United States.

Notes

- 1 This paper is a shortened version of Kang 2005.
- 2 Mearsheimer 2001, 400. For similar arguments see Betts 1993, 55; Friedberg 1993–94.
- 3 Powell 2004, 231.
- 4 Fearon 1994.
- 5 Kang 2003; Alagappa 2003.
- 6 Mastanduno 2003; Ikenberry 2004.
- 7 I use the term “hierarchy” instead of “hegemony,” because hegemony implies a comprehensive system-level dominance. My argument is focused on a region, and none of the East Asian states are challenging the United States for global leadership, nor do any states—including China—want to drive the United States out of the region.

- 8 Glaser 1992.
- 9 I define “East Asia” as comprising the states roughly from Japan through the Association of Southeast Asian Nations (ASEAN).
- 10 Powell 2002, 16.
- 11 Powell (2002) writes that “Although some structural theories seem to suggest that one can explain at least the outline of state behavior without reference to states’ goals or preferences . . . in order to specify a game theoretic model, the actor’s preferences and benefits must be defined” (p. 17).
- 12 Kydd 2005; Fearon 1995, 381; Martin 1993. Information is asymmetric or incomplete when different actors know or believe more about their own preferences and vital interests than do other states. This can lead to conflict if two sides have different assessments of the other’s willingness to fight over an issue. The other main mechanism is the “commitment problem,” which arises when two states cannot trust each other to uphold their side of a bargain. See Powell 2004.
- 13 Kydd 1997.
- 14 Hoge 2004.
- 15 Heginbotham and Samuels 2003.
- 16 In November 2002 China signed the Declaration on the Conduct of Parties in the South China Sea, a memorandum that prohibits the use of force to settle rival claims over the oil-rich Spratly Islands. Declaration on the Conduct of Parties in the South China Sea, signed at the Eighth ASEAN Summit in Phnom Penh, November 2002 (<http://www.aseansec.org>). For an assessment of the details of the agreement, see Ang 2004.
- 17 Goldstein (forthcoming).
- 18 Shambaugh 2004–5; Womack 2003–4.

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Jytte Klausen

The Re-Politicization of Religion in Europe: The Next Ten Years

In the coming decade religion will become an increasingly salient issue in European politics.¹ This prediction runs counter to the conventional wisdom that Europeans are “post-Christian.” When comparing Europe to the United States, observers note that church pews are empty, that fewer people profess to believe in God, and that Europeans are moral relativists who shy away from principled positions against authoritarian countries. In the European view, modernization implies secularization, and by this standard Europeans are modern while Americans are, depending on who the observer is, either postmodern or irrational.² Why then are we flooded with evidence of the “re-Christianization” of Europe?

Surveys show recent growth in the number of Europeans who express an increasing measure of religious commitment. It is only in Sweden and the former East Germany that nonbelievers are the majority.³ When the new constitution of the European Union (EU) was drafted, German, Italian, Polish and Slovakian delegates argued that a reference to “God” and to “Christian values” should be incorporated in the text, and they were supported by the former French president, Valéry Giscard d’Estaing, a Roman Catholic.⁴ Greece, Denmark, and Ireland fought to include a preemptive paragraph (Article I-51 [3]) that protected existing church privileges against the convention’s antidiscrimination clauses, arousing the ire of the British Humanist Society and the International Association of Non-Confessionals and Atheists (Internationaler Bund der Konfessionslosen und Atheisten) a German-based association.⁵ The governors of the BBC criticized the corporation for cutting religious programming.⁶ A Danish social democrat and former New Left historian, Karen Jespersen, has declared that she does not want to live in a multicultural society and prefers to stick to the national values articulated by N. F. S. Grundtvig, a nineteenth-century Lutheran reformer. The Norwegian press is suddenly filled with references to Christianity.⁷

Before we pronounce a Christian revival to be on its way, we should pause to consider if the original reports on the dearth of faith were perhaps not exaggerated. The empty-pews comparison presumes that if you do not go to church on Sunday, you do not care about religion. But religion matters more to Europeans than their Sunday behavior lets on. Europeans pay their governments to support their churches and quite rightly assume that the church will be there when they need it. The consumption of essential religious services—baptisms, confirmations, weddings,

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and funerals—has been remarkably resistant to change. Denmark and Sweden are often described as the epitome of European secularism, but 85 percent of the population in the two countries belong to the national Protestant churches. Swedes are more prone to church weddings (61 percent) than are Danes (43 percent); however, Danes are more partial to confirmations (80 percent). About three-quarters of the newborns in both countries are christened, and they get christened even if the parents are not married.⁸ The Danish and Swedish national churches provide 90 percent of the population with a religious burial. One has to conclude that many Swedes and Danes who profess not to believe in God nevertheless turn to the church for assistance throughout their lives.

But if Europe is still Christian, and perhaps becoming more so, it is also grappling with new issues of religious pluralism. Fifteen million Muslims live in western Europe today. The new insistence on Christian values is clearly linked to a backlash against Islam. Angela Merkel, the leader of Germany's Christian Democratic Party, has said that everyone who lives in her country must accept that it is based upon a Judeo-Christian value system. Annette Schavan, the Christian Democratic culture minister in Baden-Württemberg who was responsible for pushing through legislation prohibiting teachers from wearing the Muslim headscarf in public schools in Baden-Württemberg—a state that also mandates placing crucifixes in public classrooms—gave as the reason for the apparent inequity in the treatment of Christianity and Islam that Christianity is an essential part of the value systems of the “occident.” It is, in her view, a matter of public ethics to keep Christianity in the classroom: “We cannot allow a spiritual vacuum to emerge that would leave our society without guidance,” the Minister warned, “We must stand by our cultural and religious traditions as they are expressed in our Constitution.”⁹ Academics have also voiced the view that the moral identity of Europe rests upon secularized Christian values, which other faiths (for example, Islam) are perceived not to share.¹⁰

The problem with Muslims, it is widely argued, is that they are too religious and do not distinguish properly between private faith and public values. Last fall, Helmut Schmidt, the former chancellor of Germany, expressed his regret that under his stewardship, Germany had opened the doors to Muslim labor migrants. In retrospect, he said, it had been a mistake, because it was now clear that Christians and Muslims could not tolerate each other. Schmidt blamed the Christian churches for having indoctrinated Germans with resentment against Muslims, but he said also that peaceful accommodation between Islam and Christianity is possible only in authoritarian states.¹¹

Western European states are not secular. Nor are they neutral in matters of religion. On the contrary, Europe is riddled with Christian privileges. Existing state-church frameworks carry the imprint of the 1555 Treaty of Augs-

burg, which established the principle that subjects would have the faiths of their rulers. Among the countries that have both constitutionally established confessions *and* publicly subsidized faiths are Austria, Denmark, Norway, Finland, Greece, and Italy. The Church of England is an established church, although it receives few direct subsidies. If we count funding for faith-based educational institutions, the education of Christian clergy at the theological faculties at public universities, and publicly funded Christian social and health services as examples of public support for religion, the self-portrayal of Europe as deeply committed to secular values and state neutrality crumbles even further.

France, Germany, the Netherlands, and Sweden are constitutionally secular states but provide direct or indirect subsidies for institutions associated with *recognized* faiths, for example, religious schools or social and health services. In Sweden, Belgium, and the Netherlands, funding opportunities are de jure available to all religions, but state neutrality remains an elusive and not fully accepted goal. In Germany, the Protestant and Roman Catholic churches, as well as Judaism, but not Islam, the third largest faith, are entitled to federally collected church taxes and the right to run state-subsidized religious social services and hospitals. Spain's 1978 constitution, created after the overthrow of the Franco regime, declared the state to be secular and ended the Roman Catholic Church's long-standing association with the state. Yet the government continued to fund the Catholic Church following an informal agreement reached in 1979 and still in effect. The Netherlands and Sweden “privatized” but fully funded clergy salaries and pensions in 1983 and 2000, respectively. Even in France, where the law of 1905 and the principle of *laïcité* has been invoked to prohibit Muslim girls from covering their heads in school, churches are municipal properties and are lent free of charge to parishes, cemeteries are owned by municipalities but run by parish councils, and 25 percent of French students go to Catholic schools, which are publicly funded. No publicly funded Muslim school exists.

Twentieth-century European states modernized religion but they never embraced constitutional principles about state neutrality and the separation of church and state. Secularization in Europe was achieved by means of state control of religion. Germany and France still maintain lists of banned sects. Stein Rokkan's theory of path-dependent nation-building since the sixteenth century and the subsequent “freezing” of partisan cleavages in the age of mass politics depended upon the unacknowledged but assumed stability of basic religious affiliations, of the *cuius regio, eius religio* principle.¹² Political scientists have for a decade debated the consequences of the collapse of the Westphalian order—so named after the 1648 Treaty of Westphalia, which established the sovereign nation-state as the basic unit of the international order—for

international relations, but we have neglected the attendant consequences for the Augsburg principles of *Religionsfriede*.¹³ Migration is one of many consequences of the new international order, and it means that many subjects no longer belong to the official faiths of states.

Conflict over the role of religion in western Europe does not pit Christians against Muslims, but secularists against those who want public policy to endorse faith. Muslims are as divided as Christians on these issues. Lale Akgün, the SPD member of the Bundestag, told me that, in her view, when historians come to explain how Muslims changed Europe, they will conclude that Muslims promoted the belated separation of state and church. "Because of [the headscarf bans], we are having a discussion about secularism. I do not say that things will change in two months, but we are looking for a new parity of state and secularism and religion in Germany. It is very interesting that Islam has brought a new dimension to the discussion in this country. It is a very big difference, and when you look in five years, in ten years, what will have changed will be because of this decision."¹⁴

Nonetheless, many religious Muslims prefer a Christian state to one that has no public religion. A young man of Turkish origin, native-born and a German citizen, who was elected as a Christian Democrat to a state parliament, explained to me that Muslims like himself, who draw their civic values from their faith, see nothing wrong with a party program that mentions God. But when religion comes to mean exclusively "Christianity" and "occidental values," then Muslims have to object.¹⁵ The manager of a controversial German association of mosques hesitated when I asked which party Muslims like himself could best expect to work with in the future. "Many people say the Greens," he said, "I am not so sure. Probably, the Christian Democrats are better."¹⁶ His hesitation was understandable, since he and his association had just been subjected to yet another volley from the Christian Democrats about German commitments to "occidental" and "Christian" values. The Greens have attracted support from many Muslims for their strong support for human rights and strengthened antidiscrimination enforcement, but the party is also secularist.

Religious pluralism is a new social fact that European states have yet to engage. Europeans have to reexamine the twentieth-century "stability pacts" between church and state. New national conversations about religion and public policy cannot be avoided. The European Union is a central actor in these debates for two reasons. First, the awkward debates on the ratification of the European Constitution and Turkey's accession will soak up the simmering conflict. Second, the EU is based upon a post-Augsburg constitutional framework. The EU has no one "national" religion and must remain neutral with respect to all the religions within the European space. Europe's large political parties are faced with the difficult task of

negotiating between the rocks of xenophobic parties mobilizing on nativist sentiments about the dilution of national "values" caused by immigration and the shoals of the EU's efforts to endow the federalist project with a bill of rights based upon principles of nondiscrimination that reach beyond mere mercantilism. I predict that in a decade, Europeans will no longer be able to accuse Americans of being the ones to mix politics and religion. Governments face a choice of funding Islam or allowing foreign sponsors to continue to provide money for mosques and supply imams and religious instruction. Muslim associations, community groups, and political and civic leaders, who strongly favor dismantling the ties to the Islamic countries, have found an ally in national security agencies. At the same time, growing public sentiment that Islam is a threat to national identities and the populist embrace of Christianity as tool for mobilizing voters guarantee heightened conflict over the place of religion in public policy.

Notes

- 1 The argument presented here is based upon Klausen 2005.
- 2 Anderson 2004; Kagan 2002; Cooper 2001.
- 3 Based on the 1990–91 World Values Survey, Mattei Dogan (2002) pronounced victory for the non-believers in Europe. Nonetheless, even in this survey 62 percent of the French said that they believed in God. The 1999 World Values Survey revealed a significant increase in believers, even in the more secular countries. See Lambert 2004.
- 4 Terrence Murray, "Europe Debates God's Place in New Constitution," *Christian Science Monitor*, April 10, 2003, <http://www.csmonitor.com/2003/0410/p07s01-woeu.html>.
- 5 See Ladwig n.d.; Stinson n.d.
- 6 *The Guardian*, May 9, 2005.
- 7 Gullestad 2002.
- 8 Statistisk Årbog 2002, Denmark; Stiftslista 2000, www.svenskakyrkan.se.
- 9 Land Baden-Württemberg, communication of April 1, 2004.
- 10 Seidentop 2001, 191.
- 11 Quoted in *Hamburger Abendblatt*, November 24, 2004.
- 12 Rokkan 1968.
- 13 March and Olsen (1998) described the rigid domestic order associated with the Westphalian system, but their argument about the post-Westphalian system focused exclusively upon the changes to the international order.
- 14 Interview with Lale Akgün, Berlin, November 8, 2004.
- 15 Interview, Boston, June 15, 2004.
- 16 Interview, Berlin, November 26, 2004.

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TaeKu Lee

Bringing Class, Ethnicity, and Nation Back to Race: The Color Lines in 2015

Much has been made of the dramatic influx of immigrants to the United States since the mid-1960s. This “Fourth Wave” of migration is remarkable not just for its sheer numbers, but also for its ethnic diversity, with newcomers disproportionately arriving from Asia and Latin America. Much too has been made of the changes in how the state classifies and counts by race and ethnicity. Most recently, the Office of Management and Budget (OMB) issued Directive No. 15 in 1977, requiring all federal agencies to collect data for at least five groups—American Indians and Alaska Natives, Asians and Pacific Islanders, non-Hispanic blacks, non-Hispanic whites, and Hispanics—then revised this directive in 1997 to include “mark one or more” responses that would allow for self-identification with multiple races/ethnicities. The face of America is changing before us.

These changes have inspired some to conjure Panglossian reveries of a multiracial city on the hill, while others portend the rise of Manichean “race wars” and “culture wars” and the end of our national identity as we know it. Several pointed questions prefigure these debates. Will Asians increasingly be “honorary whites”? Will Latinos increasingly be racialized, assimilated, or fragmented? Will African Americans remain relatively unified, or will they be increasingly divided by class, political ideology, or something else? What effect will the multiracial population of America have on these trends? Lastly, what can the work of social science tell us about the likely configuration of race and ethnic politics over a finite future, say, ten years hence?¹

Demography as destiny. A fine line separates forecasting from fortune-telling in a domain as complex and dynamic as racial and ethnic politics. But there are some obvious predictions to draw over a time horizon of ten years. Foremost among these is the persistence of current demographic trends. In the coming decade we can expect the foreign-born population and, with it, the proportion of Asians and Latinos in the United States to continue to rise. Sometime in this century, we are told, whites (as conventionally defined) will no longer comprise a majority of the voting-age population. Based on the last two censuses, moreover, the migration of Asians and Latinos to the United States is likely to spread well beyond “gateway” cities like New York, Los Angeles, and Miami into more geographically dispersed locales. Thus fewer Americans in 2015 will be able to claim no direct encounter with an Asian or Latino person.

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A second prediction is that the population of Americans who self-identify with more than one race and ethnic group is likely to increase by 2015. I expect this for several reasons, first among them being our greater familiarity with the option to self-identify multiracially. Another reason is the continuing increase in interracial marriages, with Asian Americans in particular being likelier to outmarry than African Americans and, to a lesser extent, Latinos. Third, the best evidence suggests that only a small fraction of Americans who might have identified with more than one race did so in 2000. This conclusion is buttressed by the fact that modest changes in how we ask people to self-identify ethn racially can lead to dramatic increases in the estimated population of multiracial Americans. In a 2003 survey, for example, I find that more than one in four Californians identify multiracially when asked to allocate “identity points”—a substantially greater proportion than the one in twenty Californians who identified multiracially under the “mark one or more” format of the 2000 census. Finally, the trend of growing social acceptance of interracial unions and political legitimacy of multiracial identity will likely continue, thus amplifying each of the other factors leading to greater multiracial identification.

These predictions about demographic change, however, do not translate neatly into predictions about their likely effect on race relations and politics. A common view is that politics is a game of numbers, and that the rise in brown and yellow bodies will therefore crystallize into the emergence of Latino and Asian political power in America. Such expectations have thus far been dashed by the low levels of citizenship acquisition, voter registration, and political participation among these new Americans, not to mention the relative absence of party mobilization, the salience of dual citizenship and transnational political ties, the persistence of language barriers, little discretionary time, and other impediments to full incorporation and greater participation. Furthermore, greater intergroup interaction cannot guarantee peaceful coexistence and collaboration, as demographic change often instead precipitates and intensifies intergroup conflict. Similarly, it is unclear what the growing multiracial population in America implies. Some scholars envisage a radical transformation of how we conceive of families; others foresee the emergence of a *mestizo* nation and a *mestizaje* politics; yet others visualize the abandonment of our existing ethn racial categories altogether and, with it, the significance of a politics organized around race and ethnic identity.

What more can we say than that growth and complexity will continue? One strategy is to presume that the past is prologue, and work as though past trends and current realities will transmute mechanically into future projections. Proceeding thus, the most commonly recapitulated racial ordering puts whites on top and blacks at the bottom. Bridging this black-white divide are Asians

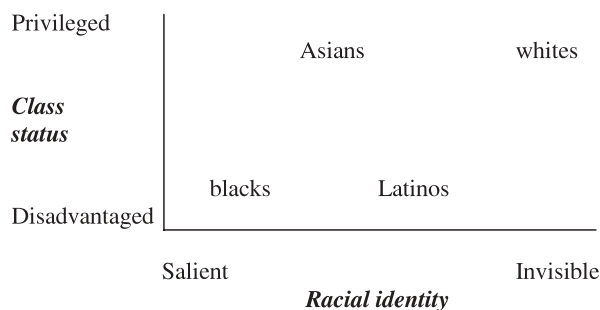
and Latinos, who are expected to continue becoming immersed in, and integrated into, the fabric of American society through processes of assimilation and incorporation that are segmented and uneven across the multiple contexts of immigrant life. A third common extrapolation is that Asians will be increasingly indistinct from ethnic whites, while Latinos and African Americans will continue to face economic hardships, social segregation, and political marginalization.

Beyond black-white. Such predictions, however, are incomplete. For one thing, the reliance of such predictions on structural trends leaves little room for the agency of mobilized interests—whether through pluralist or contentious politics—to alter the course of racial and ethnic politics. For another, they flatten crucial subgroup differences. The material conditions facing Southeast Asians are discernibly worse than those facing other Asians; the economic and political power of Florida’s Cuban American community is substantial compared to other Latinos; the persecution facing Muslims, Arabs, and South Asians after 9/11 is more acute than that facing other immigrants in America. Even within the supposedly homogeneous African American community, there is considerable (and, by some accounts, growing) ideological diversity, economic division, and conflicts cutting across gender, sexuality, and immigration lines.

Perhaps most important from the standpoint of social science, projecting the future by reflecting on the present and past is dicey given the speed, scale, and scope of changes on the ground. In asking about the future of racial/ethnic relations in 2015, we need to do more than recite demographic projections or replicate dualisms like viewing race through a black-white lens or immigration through an assimilation-racialization lens. Our challenge is to consider whether the continuing demographic diversity in this nation will reconfigure our racial order, or otherwise alter the degree to which race functions as an organizing principle in American society. As this recasting of the question suggests, an alternate approach to forecasting the future—an approach perhaps better suited to our present disequibrated times—is to limn several vignettes that imagine, conceptually, how Asians, Latinos, blacks, and whites might be situated vis-à-vis one another a decade hence.

My aim is to articulate analytically manipulable dimensions of “peoplehood,” where race is explicitly understood as one among several durable, overlapping group identities that interact with one another and serve as the basis for organizing, perpetuating, and contesting the existing distributions of power and privilege in our economy, polity, and society. The group identities I have in mind here are nation, class, and ethnicity. Past scholarship has rightfully and painstakingly separated race from class, ethnicity, and nation in the service of establishing the

Figure 1
Mapping class identity onto racial identity

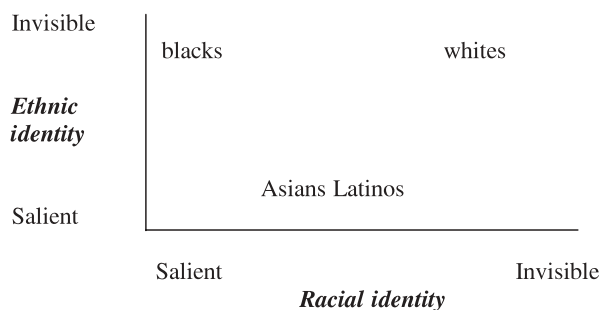


distinctiveness and singularity of race. In the context of this essay, it is equally crucial to recognize that race inextricably intersects with, without reducing to, these dimensions of peoplehood. If the future is meaningfully different from the present, it will be as a result of the reconfiguration of race with class, ethnicity, and nation.

Race and class. The first vignette typifies contemporary debates over racial progress and racial attitudes, couched in terms of the alleged upward class mobility of African Americans, the putative merits of class-based over race-based policies, and the supposed reducibility of race to class (and vice versa). Race and class, taken together, situate whites and blacks at the antipodes with respect to each other. Both dimensions are integral to the everyday experiences of African Americans, while whiteness is defined by the invisibility of race as a lived experience, an absence reinforced by the relative material advantages of whites compared with blacks and by ideological commitments to economic individualism and the classless foundation of American society. This core antipodal relationship is a virtually defining characteristic of American racial order and just the sort of sticky, slow moving, structurally enchain reality that is unlikely to change over a decade.

What about Asians and Latinos? One point of this exercise is that if we hew narrowly to current state definitions of Asian or Pacific Islander “races” and “ethnic” Latinos, then Asians and Latinos too are situated opposite each other in this two-dimensional space (see fig. 1).² That Asians and Latinos—caveats about subgroup differences and glass ceilings notwithstanding—face contrasting socioeconomic conditions is uncontroversial: the material circumstances of Asian Americans are comparable to that of whites and quite unlike that of Latinos, who continue to function in the U.S. economy as its principal source of low-wage labor. The racial ordering, however, is more disputable (and, perhaps, disputatious). Beyond the state classification of Asian “races” and Latino “ethnicities,” the relatively greater salience of race for Asians is suggested by the difference in self-reported lev-

Figure 2
Mapping ethnic identity onto racial identity

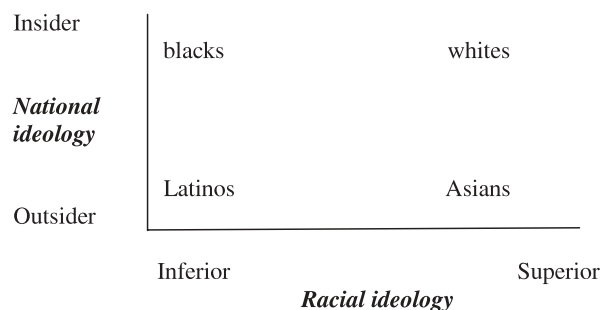


els of racial discrimination—relatively low for Latinos and high for Asians, given their respective material circumstances. But this is too slender a reed on which to rest such a weighty claim. For one thing, the experience of second generation Latinos appears more racialized than that of their newly migrated counterparts. Furthermore, a disproportionate number of Mexican Americans identify racially as “Other Race”—a move that rejects the deracialization of Chicano/a identity and says more, perhaps, about the ironies of our present-day ethnoracial classification system than it does about real differences in “folk” race.

Race and ethnicity. The moorings of our present-day classification system are even shakier in the second vignette. Figure 2 proposes that we consider ethnicity as relatively invisible for blacks and whites. For African Americans, the viability of “ethnic options” is largely subsumed under the force of racial domination, the ethnic claims of African or Afro-Caribbean immigrants and cultural strands of Afrocentrism notwithstanding. For whites, ethnic claims are perhaps more readily accessible but sharp boundaries based on European ancestry are largely in their twilight, visible principally in symbolic celebrations of the cultural remnants of nationhood. By contrast, ethnic identity is far more salient for Latinos and Asian Americans—principally with respect to one’s ethnic/national origin, but occasionally also in the form of panethnic identities. The result of this mapping of race and ethnic identity is that whites and Asians stand opposite one another.

One might object that this result is achieved through artifice, by foisting an incongruous OMB ethnoracial classification scheme upon an emphatically more complex and contested reality. This incongruity, further, contradicts other logics of statecraft, such as the seamless incorporation of Latinos, Asians, and Native Americans under EEOC affirmative action guidelines and other cases in which all white racisms are treated as equivalent. This is, however, the *reductio ad absurdum* of our current state definitions of race and ethnicity. To the extent that bureaucratic illogics

Figure 3
Mapping national ideology onto racial ideology



are a generative force for change, one possible future is that in which the state is impelled toward new racial classifications that resituate Asians and Latinos at the interstices of a black-white linear hierarchy. Accordingly, the ironies of our current classification scheme also open up a space for contestation and agency—as seen in the political free-for-all leading up to the OMB’s revision of Directive 15 in 1997 and in the liberal employ of ethnic options in social surveys.

Race and nation. What should not be lost, however, in the rush to conform the state’s ethnoracial classification system to our judgments about how race in America is ordered, is the palpable breach dividing Asians and Latinos from whites and African Americans. This breach is perhaps most economically described by juxtaposing racism against nationalism. In this vignette, we move from state definitions of race to consider race as an ideology of domination that locates Asians closer to Whites and Latinos closer to African Americans. Racially, Asians are often valorized as “model minorities” in contrast to the more negative popular images of blacks and Latinos. On the dimension of national ideology, however, both Asians and Latinos are cast as “perpetual foreigners” of unassimilable cultures and suspect loyalties. This bright line of national belonging not only separates immigrant-based ethnics like Asians, Latinos, and Arabs from whites and African Americans, but has also served a crucial role in nation-building projects and the making of America.

This vignette reveals a third possible ordering (see fig. 3), with whites and Latinos at the antipodes and a black-Asian pairing on the off-diagonal. Thus one upshot of the three vignettes is that any group—blacks, Latinos, *or* Asians—might be situated opposite to whites, depending on how race is defined and which overlapping identity classes are paired with it. A second upshot is that these dimensions of peoplehood act as organizing principles in American life precisely because they are durable. The relative position of blacks, Latinos, Asians, and whites vis-à-

vis one another within the ideological structures of class, race, ethnicity, and nationhood are unlikely to change radically over the next decade.

Two steps back. At this point, the vignettes still lurch forward in the manner of an enthymematic argument—implying conclusions without the benefit of testable premises. That said, my charge is not to hedge bets, but to take risks. In this spirit, I close with specific predictions. First, we are *not* likely to grin and bear our current ethnoracial classification system for long. In particular, our current convention—most evident in the census—that ethnicity solely distinguishes Hispanics from non-Hispanics while assorted Asian national-origin groups are defined as separate “races” is untenable and likely to change in the near future. This prospect, however, will not lead to eradication or even diminution of race, even with the likely uprise of multiracial identities in American life.

Rather, our current sociopolitical milieu—Republican control of the federal government, nativist vigilantes policing the United States–Mexico border, sustained efforts to unmake the racial progress of the 1960s and abolish government codification by race or akin identities, encroachment of Christian mores in our political ethos, and other fin-de-siècle *cris de coeur* filled with nostalgia and jingoism—sets the backdrop for further consolidation of a contentious politics around “peoplehood.” The processes of immigrant assimilation and incorporation for Asians, Latinos, Arabs, and Afro-Caribbeans will grow even more bumpy and lumpy: immigrants who come matched to skills in demand in the U.S. economy will continue to enjoy the material fruits of their labor, but never without the thorns of social ostracism and ethno-national chauvinism. Similarly, a select few blacks will continue to move upward in America, but never without sobering reminders of the intertwined roots of the ideology of equal opportunity and the illusion of color blindness. At the same time, the prospects of a flourishing prismatic politics too are dim. The symbolic and, sometimes, real gestures of the current Republican regime to reach out to blacks, Asians, and Latinos may be ill-fated, but, over the short duration of a decade, they are a contrivance that will succeed. Barring some a restoration of the left, the Democratic Party’s historic stranglehold on the partisan loyalties (if not actual votes) of communities of color will likely continue to attenuate.

This coup d’oeil into the future is decidedly bleak. To adapt Donald Rumsfeld’s poetics to present circumstances, it is limned from “known knowns” and “known unknowns.” But there are “unknown unknowns” that too may adjudicate between the soothsayer and sophist in this essay. Ultimately, time (and perhaps our will to make a difference) will tell that tale.

Notes

- 1 Given the economy of space, there are two particularly conspicuous omissions in this essay. First, I do not discuss the racial positioning of Native Americans. This is regrettable not just because a corner of the “ethno-racial pentagon” is abandoned, but more so because this corner has seen the dramatic political and demographic resurgence of American Indian identity over the last few decades. Second, the conventions of academic citation are forsaken—given the stock-taking, synthetic premise of this essay, even a reasonably representative list of references would exhaust my allotment of words. The references for any fact-based claims in the essay are, of course, available upon request.
- 2 These figures are used purely for illustrative purposes and not intended to imply the specific placement of any group.

Mark Q. Sawyer

“Race” to the Future: Racial Politics in Latin America 2015

The year is 2015, and across Latin America and the Spanish Caribbean there are social movements demanding racial justice as political parties jockey to incorporate candidates of African and indigenous descent. Textbooks are being rewritten to highlight the contributions and unique experiences of indigenous and black Latin Americans and affirmative action programs are being debated and implemented. W. E. B. DuBois’s famous line, “The problem of the twentieth century will be the problem of the color line,” applies to Latin America in the twenty-first century.¹ What led us to this moment? And what tools does political science have to explain it?

Many would be surprised at the scenario outlined above, for scholars have traditionally focused more on the dearth of racial activism in Latin America than on the centrality of race in its politics. Until the late 1980s and 1990s, scholars tended to view Latin American societies as racial democracies, arguing that the lack of Jim Crow–style segregation and a tradition of interracial marriage rendered racial boundaries more fluid than in the United States.² There was, in this view, very little real racial discrimination in Latin America. However, in the 1980s and 1990s scholars and activists began to challenge this narrative, uncovering inequalities in all aspects of Latin American life and revealing deep racial inequalities beneath a veneer of racial inclusion and racial mixing, or *mestizaje*. Economic inequalities, educational and health disparities, and racial language that valorized whiteness and denigrated blackness or indigenous identity all pointed in the same direction: there are no racial democracies in Latin America.

International institutions and domestic political elites reinforced this new view. The 2001 World Conference on Racism in Durban, South Africa, brought the issue of racism to the fore.³ Countries like Brazil, which sought to enhance their international prestige, recognized racial problems; Brazil’s President Henrique Cardoso, in his drive for a seat on the UN Security Council, implemented affirmative action in selected ministries.⁴ He also formally recognized the festival of Zumbi, a leader of maroons who fought against slavery in Brazil. This brought the legacy of racial inequality into clear focus.⁵ Presidents ranging from Hugo Chávez in Brazil, on the left, to Alejandro Toledo in Peru, on the right, have all sought to identify with indigenous and black groups and now emphasize the need for their social and political incorporation.⁶

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Political activism on racial issues has also increased. Indigenous protest in Bolivia has toppled two presidents. Protests over land rights, privatization of public utilities, economic inequality, cultural recognition, and other issues have stopped traffic and grabbed public attention in Brazil, Ecuador, Bolivia, Peru, and Honduras.

As activists and scholars challenged the idea of an achieved racial democracy, they transformed the concept from an issue frame into a myth. To predict the future transformations, we should consider concepts of transnationalism, interest group theory, and what we know about how events shape racial politics. These concepts can help us understand how the stage has been set for the evolution of racial politics in Latin American and the Spanish Caribbean.⁷

Policies and interests groups. Scholars have argued that countries seeking international prestige and the attention of international organizations should ensure that racial minorities have political opportunities. As Andrea Campbell, for example, argues, policies help to create interest groups: “Public policies can confer resources, motivate interests in government affairs by tying well-being to government action, define groups for mobilization, and even shape the content and meaning of democratic citizenship.”⁸ Thus in places like Brazil, Colombia, and Ecuador, recognition of black and indigenous rights claims in constitutions and government policies encourages, rather than suppresses, mobilization. Mala Htun notes that international organizations, such as the Ford Foundation, and now the Brazilian government help to form new black identities by supporting affirmative action and black movements.⁹ Michael Hanchard has argued that difficulty developing an identity tied to a specific “political” rather than cultural project hampered the nascent black movement in Brazil;¹⁰ implementation of affirmative action has solved that problem for the movement by providing a clear set of policies for people to support or oppose and providing incentives for the black and brown majority in Brazil to self-identify racially.

Similarly, the construction of a politics around indigenous and black land rights in places like Colombia, Ecuador, Bolivia, Venezuela, and Honduras has provided a basis for African-descended and indigenous movements to organize around race issues. These movements are finding organizations on the international stage that support their activities. As these movements grow, their gains and policy innovations have the potential for diffusion across Latin America. Furthermore, democracy provides opportunities for protest and challenges to power.¹¹

Democracy and markets. The ongoing march of democracy across Latin America will embolden social movements. In the past, authoritarian regimes either violently suppressed racial social movements or co-opted groups

into corporatist relationships using the levers of the state. With more open civil societies and electoral competition, organized racial groups become interests that cannot be ignored. Indeed, race can become a central campaign issue or powerful political symbol. For example, Alejandro Toledo in his electoral campaign contrasted himself with Alberto Fujimori, who is of Japanese Peruvian descent, by emphasizing his indigenous heritage, which in this case stood for populism and for national authenticity. In elections in the Dominican Republic and Venezuela, race has similarly played a key role in elections.¹² Hugo Chavez, the controversial president of Venezuela, has used race to his advantage to increase his support among the poor black and indigenous people in Venezuela.¹³ Commenting on the virulence of opposition to Chavez, Richart Gott asserts that “[o]nly a racism that dates back five centuries—of the European settlers towards their African slaves and the country’s indigenous inhabitants—can adequately explain the degree of hatred aroused. Chavez—who is more black and Indian than white, and makes no secret of his aim to be the president of the poor—is the focus of racist rage.”¹⁴

Other transformations in the landscape will help spur these movements. James Vreeland has highlighted how market “reforms” help decide winners and losers in Latin America.¹⁵ In places as disparate as Cuba, Bolivia, Peru, and Ecuador, the high prices that accompany privatization of electricity and water companies have hurt many poor black and Indian communities. This injury has spurred protest across Latin America. Even in socialist Cuba, whose economy is in part dependent upon foreign tourism and remittances from white émigrés, the unequal flow of remittances has created discontent among Afro-Cubans.¹⁶ The youths’ embrace of cultural forms like hip-hop has further racialized debates on the island.¹⁷ President Fidel Castro is aware that the international tide is changing, and, while not offering reparations, he supported the spirit of calls for reparations at the World Conference on Racism in 2001.¹⁸ Castro will not be around forever. Greater openness in the Cuban system—a likely outcome of his passing—along with growing racial inequality, will cast Afro-Cubans as a significant and strong pressure group in the Cuban polity.¹⁹

Migration and globalization. Domestic forces are not the only forces that will shape Latin American racial politics. Globalization has intensified migration across the hemisphere. While transnationalism and immigration are deeply explored phenomena in sociology and anthropology, political scientists are only now catching up.²⁰ The two largest groups currently coming to the United States are Dominicans and Mexicans. Dominicans, who generally reject the idea of themselves as blacks on the island, are socialized into a very different racial system in the United States, where their dark skin and obviously African features mark them as “black.” The continued flows of

Dominicans to and from the island and their experience of racialization in the United States have intensified debates about race and racism in the Dominican Republic.

I have argued elsewhere that racial events both domestically and internationally can transform racial politics.²¹ Incidents in the 2004–5 international football season have changed the European dialog on race and have further set in motion the racialization of football players and, in particular, black Brazilian players. In one incident, an Argentine player was caught on tape making racist remarks to a black Brazilian player on the field. After the game, the Argentine player was arrested and charged with racist insults. The insult marked the Brazilian player as black in a country where, traditionally, money and stature has whitened. Attacks against African, Brazilian, and Afro-European players across the entire European Union have become so frequent that Nike launched a campaign against racism in football, issuing interlinked white and black rubber bracelets with the motto “Stand Up, Speak Up.” Rather than conform to the ideal of *mestizaje*, or “Brazilian race,” as had been the norm in Brazil, they emphasize that for the most part Brazilian players facing racism are black.

Conclusion. While predictions are risky, I am willing to say that race will play an increasingly prominent role in the future of Latin American politics. While students of U.S. and Latin American racial politics have frequently pointed to legal segregation as the catalyst for racial politics, a more global point of view and consideration of the growth of interest group politics through the support of the state and international NGOs demonstrate that there is no reason to state that the United States will have racial politics and interest groups and Latin American will not. In fact, while the United States retreats from policies to promote racial equality, Latin America during the next decade may look like the United States did in the early 1970s. Eventually, scholars in Latin America, as in the United States, will be struggling to understand the transition from “protest to politics” or perhaps studying concepts like “linked fate” among black and indigenous peoples.²²

Notes

- 1 DuBois 1987, 12.
- 2 Harris 1974.
- 3 Mann 2002; Turner 2002.
- 4 Htun 2004.
- 5 Ibid.
- 6 Luciano and Pastor 1995; Giordani and Villalon 2002.
- 7 Pierson 2004.
- 8 Campbell 2005, 1. See also Skrentny 2004.
- 9 Htun 2004.

- 10 Hanchard 1994.
- 11 Guidry and Sawyer 2003.
- 12 Sagas 2000.
- 13 Giordani and Villalon 2002.
- 14 Gott 2002.
- 15 Vreeland 2003.
- 16 Sawyer, Peña, and Sidanius 2004; Sawyer 2005.
- 17 Olavarria 2002; Fernandes 2003.
- 18 Sawyer 2005.
- 19 Ibid.
- 20 Gupta 1992; Keck and Sikkink 1998; Smith and Guarnizo 1998; Waters 1999; Guidry, Kennedy and Zald 2000; Hanchard 2003; Pierre 2004; Rocco 2004.
- 21 Sawyer 2005.
- 22 Tate 1993; Dawson 1994; Dawson 2001.

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Alastair Smith

Why International Organizations Will Continue to Fail Their Development Goals

Although International Organizations (IOs) have the ability to promote economic and political development throughout the world, political imperatives ensure that they will fail to meet their potential. This essay is a response to the editor's kind request to speculate as to the role of IOs over the next decade. Although my arguments apply broadly, here I consider development, and so I focus on organizations such as the World Bank and IMF. Over the coming decades these organizations will fail in their attempts to alleviate poverty. On a more positive note, political science is rapidly advancing our understanding of the pathologies of IOs. Unfortunately, the failure of IOs to alleviate poverty is, I believe, a politically stable circumstance: intellectual advances will not translate into better-performing IOs. I focus on a specific set of theoretical arguments as to why IOs fail to promote development, concluding that we should anticipate more of the same rather than the radical reforms that are necessary if IOs are to achieve their stated goals.

Over the last few years political scientists have made great strides in explaining international relations by opening up the internal politics of nations and organizations to focus on the incentives of decision makers and how institutional settings shape their choices. As Kenneth Arrow's impossibility theorem guarantees, what constitutes national interest depends critically upon the institutional context in which the question is asked.¹ It is not semantics to distinguish a leader's interests from those of her nation.² Leaders have their own objectives; the extent to which their actions are aligned with the interests of the members of society depends upon the context in which they hold office. Like nations, IOs are complex organizations. How, and even whether, they pursue their stated goals depends upon the individuals who run them, the demands of those who fund the organization, and the institutions of the IO.

Institutions shape the policy choices of leaders. Bruce Bueno de Mesquita and colleagues characterize institutions by the number of people whose support the incumbent requires to retain power—the winning coalition (W)—and the size of the pool from which these supporters can be drawn—the “selectorate” (S).³ By way of illustration, democracies are typically large W and large S systems; while military juntas and monarchies have small W and small S. Selectorate institutions shape which policies best enable leaders to survive in office. When coalition size is small, leaders can lavishly enrich their small number of necessary supporters. However, as coalition size increases, for a leader to

reward each supporter with individual private benefits becomes inefficient relative to providing effective public policy and other forms of public goods.

Coalition size also shapes political survival. When rewards to supporters are predominately private in nature, as is the case in small W systems, then supporters of the incumbent jeopardize these benefits if they defect to a political rival. This is particularly the case when the selectorate is large, as the political rival will have a large pool from which to draw supporters and is therefore less likely to include members of the former coalition in his coalition. In contrast, when supporters defect from the incumbent in a large coalition system they risk less since rewards in such systems are predominantly public in nature. As a consequence, as coalition size increases leaders must work harder to maintain the loyalty of their supporters and political survival becomes more difficult.

Leaders in large coalition systems commit to policies of low levels of expropriation and taxes and high levels of public goods. These are the policies most likely to help them retain their hold on office given the institutional context in which they serve. These policies also promote economic growth. Leaders in small coalition systems cannot commit to such growth-enhancing policies, as they are incompatible with the institutional context in which the leader holds office. For small coalition leaders, bad public policy is often good politics. IOs operate against this political backdrop. National leaders follow the policies that keep them in office rather than the policies that IOs recommend to promote growth.

IOs provide expertise and resources ostensibly for economic development and poverty relief. Unfortunately, all too often these resources are misappropriated, as illustrated by recent events in Kenya. In December 2002 Mwai Kibaki was elected president following the retirement of the long-term incumbent Daniel Arap Moi. Billions of dollars were stolen under Moi's rule. Given worsening economic conditions, aid agencies such as the IMF agreed to the resumption of aid to Kenya. The Kenyan government promised to reduce corruption. Unfortunately, rather than being used to root out corruption, these funds have been largely stolen. The BBC reports that graft has cost Kenya \$1 billion under Kibaki's increasingly autocratic regime. A majority of Kenyans believe they are worse off under Kibaki than Moi.⁴

While the occasional small-coalition leader might be civic-minded enough to carry through reforms—Lee Kwan Yew of Singapore springs to mind—for the most part venality and the imperatives of political survival ensure that economic development fails in small-coalition systems. Political institutions drive policy choices. Without political reforms, development programs fail.

IOs are not blind to the need for political reform. Unfortunately, political leaders in recipient countries are extremely reluctant to engage in genuine political reforms since such reforms jeopardize their tenure in office; under most

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circumstance they would prefer to forgo development assistance. The personnel of IOs face a terrible dilemma. Although they probably recognize the unlikelihood of subsequent political reforms, they are confronted by terrible need.

The organizational arrangements within IOs reinforce the incentives to do something rather than do nothing, even if the effects are marginal. William Easterly categorizes many institutional deficiencies at the World Bank. For instance, it is a standard practice to measure success by inputs, such as the amount of money loaned, rather than outputs, such as the amount of poverty relieved. IOs generate detailed plans for policy reforms; however, few resources are applied to evaluating why similar previous proposals remain unimplemented. Under such incentives, an ambitious bureaucrat should chase bad loans with more money, rather than find out why the prior attempts increased debt rather than alleviated poverty.⁵

IOs typically fail to promote sustained growth in small-coalition systems because they lack the leverage to induce leaders in these systems to make consequential political reforms. As in the case of Kenya, all too often the resources destined for poverty relief end up in the pockets of politicians and their cronies. My recent work with James Vreeland shows that IMF agreements helps small-coalition leaders survive longer when they are experiencing economic difficulties.⁶ Thus an unfortunate consequence of IOs' programs is that they help maintain the political regimes whose policies produce poverty.⁷

The kleptocratic policies endemic in small-coalition systems risk running down the economy, such that a minor shock can cause an economic crisis. This creates a political crisis for the leader since, as the economy contracts, it becomes increasingly difficult for the incumbent to raise the revenues required to provide the private goods required by supporters. Since further expropriation only makes the economic problem worse, political leaders can no longer resist calls for political reforms. Only through such reforms can leaders credibly commit to the types of policies that encourage economic activity. Of course, such political concessions endanger a leader's long-term political survival. They are therefore only willing to assent to political change when economic deterioration becomes a political crisis.

IOs' assistance during economic crises often lets political leaders off the hook. If leaders are offered an alternative source of revenue from which to reward supporters, they can avoid the need for political reform. While an IO's help often entails a commitment to political reform, once aid is delivered and the leaders' political problems are solved, they renege on promises of political reform. By offering aid in advance of genuine political change, IOs undermine endogenous demands for political reforms.⁸ In small-coalition systems, IO assistance provides little genuine alleviation of poverty and perpetuates political systems that discourage economic development.

Given the failure of IOs to alleviate poverty, it is reasonable to ask why donor nations like the United States, which provide the fuel for IOs, perpetuate their existence when either scraping or radically reforming them would offer greater prospects for promoting long-term growth in recipient nations. IOs have not changed much—nor, I predict, are they likely to—for one simple reason. While they are not effective at alleviating poverty, IOs are an attractive tool of leaders in donor states to reward political leaders in recipient states, that is, to buy policy concessions. Vreeland has recently demonstrated this, showing that nations that align their UN votes with those of the United States get greater access to IMF funds. Vreeland also suggests that there are fewer conditions attached to loans for nations friendly toward the United States.⁹

Donor nations, such as the United States, are typically large-coalition systems. Leaders in such systems survive by providing public goods and effective policies. Buying policy concessions from abroad provides an effective means to deliver rewards to their supporters at home. Democratic leaders promote growth at home because these policies help them survive in office. They do not promote growth abroad because citizens abroad do not vote for them. Rewarding foreigners at the expense of their own supporters jeopardizes large-coalition leaders' tenure in office. While they might wish to promote growth abroad, doing so is not conducive to their institutionally induced survival interests. Leaders in donor nations are interested in obtaining international concessions that reward their voters. Seen from the perspective of donor state leaders, the pathologies of IOs do not appear as such a disadvantage. Perversely, it might actually be disadvantageous to promote political development abroad, since an enlargement of a recipient state's winning coalition makes buying policy concessions more expensive and difficult.¹⁰

My analysis paints a depressing picture for the role of IOs in promoting development over the coming decades. I predict little will change. Although our understanding of IOs and their interaction with donors and recipients will improve, the *modus operandi* of IOs will persist. The policy prescriptions I propose for effective poverty reduction are that IOs should do less rather than more, at least until consequential political reforms are enacted in recipient nations. This advice runs counter to the prescriptions of others, such as Jeffrey Sachs, who advocate massive increases in development assistance.¹¹ However, IOs will follow neither tack as long as they continue to play a useful role for leaders in donor nations by providing a means through which to reward foreign leaders for policy concessions.

Notes

- 1 Arrow 1951.
- 2 Bueno de Mesquita and Siverson 1995 is a seminal paper in this regard as it explicitly considers

international conflict from the perspective of the individual leader.

- 3 Bueno de Mesquita et al., 2003.
- 4 "Timeline: Kenya: A chronology of key event," March 5, 2005; "Corruption haunts Kenya's Leader," February 23, 2005; "Poll Blow for Kenya's New Rulers," December 31, 2004. <http://news.bbc.co.uk/>.
- 5 Easterly 2002.
- 6 Smith and Vreeland 2005.
- 7 Bueno de Mesquita and Root 2002.
- 8 A parallel phenomenon is the resource curse. Abundant natural resources provide revenues that ensure that leaders can satisfy their supporters' demands for private goods. With the political risk associated with an economic crisis alleviated, leaders can become more expropriative.
- 9 Vreeland 2004.
- 10 Bueno de Mesquita and Smith 2004.
- 11 Sachs 2005.

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Ashutosh Varshney

China and India: A New Asian Drama

With the economic rise of India and China, a new question has entered the international public sphere: How will the politics of India and China be shaped by their continuing economic march over the next decade or so? More specifically, will politics get in the way of their steady economic rise, or will political liberalization continue as the market forces are embraced ever more vigorously? Will economic liberalization, in short, promote further political liberalization? This question is more relevant to China than to India, where economic liberalization has been pursued within the framework of a long-established democracy.

The last question, in principle, can be extended to much of Asia, including Indonesia, which, after the Asian financial crisis of 1997–98, is slowly crawling back to a higher economic growth path as well as moving forward democratically, and Malaysia, whose economic growth of the last thirty years is propelling it toward the status of a high-income country, though it is not clear that Malaysian polity will allow greater political freedoms to its citizens any time soon. While Asia in general is attracting notice again, the international public sphere—corporate headquarters, diplomatic capitals, and journalistic circles—is now especially buzzing with India-China comparisons. As Lee Kuan Yew, the "father" of Singapore and one of the most visible figures and authoritative voices in Asian diplomatic circles, recently noted in an international conference in Singapore, India and China, because of their sheer size and potential capabilities, raise issues that the general rise of other Asian nations since the 1960s simply could not.¹ Between them, India and China have almost 40 percent of the world's population. A great domestic economic transformation of these two countries, therefore, also has major international implications.

What can academic specialists of development say beyond what one hears in the public sphere? Let us begin with a brief factual survey of economic developments in the two countries. There is a consensus now in economic circles that both India and China have turned a corner. China since the early 1980s and India since 1991 have been shedding regulatory controls and embracing international openness. Both successfully weathered the Asian financial crisis in 1997–98.² On the whole, for the last twenty-five years, India has been growing at roughly 6 percent per annum and China at 8–9 percent per annum. In corporate circles, China is now viewed as a capital of the world's manufacturing, and India, with the

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development of an internationally competitive information technology (IT) industry, as a service capital of the world. Although there are criticisms in India that the pace of reforms could be quicker and the growth rate higher, approximating China's, observers now firmly believe that reforms are irreversible, India's economic environment has qualitatively changed, and a considerable economic momentum has been generated, which one should in any case expect from a roughly 6 percent annual growth rate maintained over more than two decades. Of the 133 countries for which the World Bank provides statistics, eleven economies registered a growth rate of over 6 percent per annum during 1990–2000.³ India and China were the only two with a massive economic size, making a 6 percent growth rate highly significant in relative terms.

All short-run economic indicators currently put China ahead of India: a huge inflow of foreign direct investment; a greater privatization of the state sector; investment rates at about 44–45 percent of GDP versus India's 23–24 percent; trade/GDP ratio of 70 percent versus India's 25 percent; and so on. The serious issues for the long-term future, however, concern the economic and political institutions of the two countries.

Let us begin with the economic institutions. Two differences, though they are by no means the only ones, stand out: India has developed world-class corporations, whereas China has not, and India's capital markets are significantly more developed.⁴ This institutional map of the economy has a clear history behind it. Post-independence India over-regulated entrepreneurs, but a private sector was always allowed to exist. Business houses such as the Tatas are over a hundred years old. Communist China did not allow private companies between 1949 and 1978, so those private firms that now exist are no more than 20–25 years old. The same is true of the capital markets. This institutional divergence goes a long way toward explaining why China's growth is widely viewed as factor-driven, based on the mobilization of capital and labor, not efficiency-driven. India may have a considerably lower investment rate, but its incremental capital output ratios, compared to China's, are lower too, suggesting greater efficiency in resource use.

Will China have to worry about economic efficiency at some point? Will the relative underdevelopment of firms and capital markets seriously constrain its economic march? It has recently been argued that lack of world-class firms might constitute a significant problem for China in the coming years, slowing it down seriously,⁵ but it seems unlikely that economic institutions will be the biggest hurdle for China's progress. The reasons are not hard to identify. While the house of the Tatas may be over a hundred years old, several world-class companies in India, especially those in the IT sector, are not more than 25–30 years old. Infosys, India's most prominent IT firm in international corporate circles, was born in 1981 with a few hundred dollars of initial capital. In 1998 it was the first

Indian company to be listed on NASDAQ and in late May had market capitalization of over \$18 billion. Such cases of quick learning and achievement are not uncommon in the business world. Similarly, capital markets can also be significantly improved reasonably quickly.

The greatest institutional hurdle for China's future is political. China may have undergone increasing economic liberalization, but its polity continues to be marked by a Communist monopoly over political power. Local-level elections have been allowed, but only between candidates chosen by the Communists. Being a democracy for over fifty years, India has an institutionalized system for letting political power change hands. Those who win the elections form the government. Indeed, incumbency has become a disadvantage in Indian democracy. Three out of four governments have been voted out in the last twenty years at the federal and state levels. Elections have become India's institutionalized political common sense, and transfer of power between different political parties or alliances is a regular political occurrence.

Will the Communist power monopoly be challenged in China? It is highly probable that government will face a serious challenge in the next decade or so. Two sources are easy to identify: rising inequalities, especially between the urban and rural parts; and a substantially richer and huge middle class that the most remarkable economic transformation of our times is giving birth to. A tipping point may be triggered by an exogenous shock—for example, a banking crisis, an environmental disaster, a serious local-center clash, an act of egregious brutality or corruption by the Communist party—which could lead to the party's split.

Rural protests in China against the local government machinery are now regularly reported. However, rural protests in and of themselves may not pose an insurmountable obstacle for Beijing. China's huge economic resources can be deployed to deal with possible large-scale rural unrest. Moreover, as is well known, due to inherent collective action problems, rural unrest tends not to become organized nationwide. Rural protests become potent only if combined with a split within the ruling party or the state.

Though China scholars often call attention to the rising localized unrest of the peasantry or industrial workers,⁶ the urban middle class may well turn out to be equally, if not more, critical. All societies that have gone through a market-based growth rate of 7–9 percent per annum for nearly three decades witness the emergence of a strong middle class. China's Communist Party has begun to absorb some of the newly rich purely on grounds of pragmatism. While such a strategy can work in a city-state, a country 400 times as large as Singapore cannot possibly achieve a Singapore-style politics of middle-class containment. Is a quiescent 500 million strong middle class, whose incomes are based increasingly on private sector activity, even possible?

Over time, the middle classes begin to look for political freedoms, often to protect recently acquired private property from unpredictable state behavior. Urban disaffection has been on the rise in China.⁷ Sooner or later, China's rulers will have to face the prospect of middle-class unrest, which may also be accompanied by a split within the Communist Party.

China's rulers will have two options: refashion the Communist party on democratic lines à la Hungary and Poland, or crush the unrest à la Tiananmen Square.⁸ China's Communists are not likely to take the route of democratic transformation. Communist parties in East and Central Europe had failed both economically and politically, losing legitimacy comprehensively. In comparison, China's economic success, under the tutelage of the Communists, is beyond doubt. This phenomenon continues to give the Communist party considerable legitimacy in many quarters, and the party is unlikely to give in the same way as the Eastern and Central European Communist parties did. China's Communist party is not a clay-footed colossus, even though it is to be expected that it will lose legitimacy among important sections of the rising middle class. A strong and independent middle class and a quite powerful state are thus likely to exist together. This kind of structural situation is more conducive to a confrontation than to a capitulation by the ruling party.

In short, a Tiananmen Square-like dénouement is more plausible. The external situation also makes it more likely than a democratic transformation. The unresolved status of Taiwan and China's historical animosity with Japan had no parallels in the post-1989 East and Central Europe. Faced with an internal rebellion, China's rulers are quite likely to use the external threat for internal legitimation and for an excuse not to make a democratic transformation. They will ask citizens a standard political question often used by ruling parties in such situations: What is more important, the nation or political liberalism? Liberalism rarely wins in a clash with ferocious nationalism.

However tempting a Tiananmen Square-like response may be for the Chinese rulers, it will not be as easy to discipline the nation that way. China had a very small middle class sixteen years ago, when the Tiananmen Square rebellion was suppressed. The middle class is much larger now—and much richer. Expect serious turbulence in China and East Asia in the next decade.

Notes

- 1 Lee Kuan Yew 2005.
- 2 Primarily because capital accounts were not fully liberalized, only current accounts were.
- 3 World Bank 2002.
- 4 Other critical issues include India's more solvent commercial banks and provisions for the owning of private property. In China, farms still cannot be

owned privately; they can be leased from the state, which is legally the owner of all farming land.

5 Huang and Khanna 2003.

6 Gallagher 2005.

7 Ibid.

8 On the democratization of the Polish and Hungarian Communist parties, see Grzymala-Busse 2002.

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Keith E. Whittington

You Say You'll Change the Constitution?

Ten years from now, what kinds of issues of interest to politics will dominate the agenda of the United States Supreme Court? Will a dominant approach to constitutional interpretation emerge to guide the justices in their handling of these significant cases?

Factors affecting the immediate agenda of the U.S. Supreme Court operate within the context of the Court's constitutional and statutory jurisdiction. By statute, Congress eliminated most mandatory appeals, leaving the Court with an almost entirely discretionary jurisdiction since the early twentieth century. The justices hear the cases that they want to hear.

In recent years, that has meant that the justices have heard relatively few cases. While the docket of cases filed in the Supreme Court has grown dramatically over time, paupers' petitions account for much of that volume, and the Court is unlikely to take these cases from prisoners and other unrepresented individuals. The paid docket of cases filed by attorneys on behalf of clients is only about a quarter of the total and has been more stable. While the Court regularly heard upwards of 150 cases per term through the mid-1980s, over the past two decades the number of cases heard by the Court per year has dwindled to fewer than 80, about one percent of the cases placed on the docket.

With their discretionary jurisdiction, the justices have shown a distinct preference for certain types of cases. While cases involving ordinary business litigation, taxation, and regulation once dominated the Court's agenda, they now absorb little of the justices' attention. The modern Supreme Court has instead given most of its attention to the sexy cases involving civil rights and civil liberties, with some secondary coverage of cases involving federalism or judicial power.¹ Even within these broad contours, the Rehnquist Court has shown a distinct preference for reserving its calendar for the most important cases in which the Court can set significant precedent with a single intervention. Everything else has been brushed off the agenda.²

Three factors affect the Court's agenda: the political environment, the activity of potential litigants, and the interests of the judges. The political environment affects the Court most directly by raising some issues onto the broader public agenda, while putting the laws in place that the judiciary must interpret, apply, and possibly lay aside. Congress can effectively force some issues onto the Court's calendar through specific jurisdictional grants. The Bipartisan Campaign Reform Act of 2002, for exam-

ple, included provisions for its expedited judicial review by the Supreme Court. Parties and politicians can also help shape the Court's agenda by raising the salience of some issues, as the Republicans have done with federalism since the 1980s.³ State and federal governments can keep an issue on the Court's agenda by challenging the settlement the justices have tried to impose, as they have done with abortion.⁴ They can also hasten its departure from the Court's agenda by rapidly complying with the dictates of the justices, as they did on the constitutionality of sex discrimination.⁵

The litigation environment can also affect the Court's agenda. The justices may have been ready and even eager to pluck Clarence Earl Gideon's 1962 pauper's petition out of the pile so as to issue a ruling on the obligation of states to provide lawyers for indigent criminal defendants, but they often require more assistance than that. Through the nineteenth and much of the early twentieth century, there was no organized support for litigation involving modern civil rights and civil liberties, and as a consequence these issues came before the justices rarely. When they did, they were often thinly developed and idiosyncratic. Only in the second half of the twentieth century has a bar developed with sufficient resources, organization, and expertise to routinely bring before the justices the full range of civil rights and liberties issues that might be of interest to them.⁶ It took even longer for ideologically oriented litigators to replace businesses in developing and presenting cases raising conservative issues before the Court. Organized interests and experienced litigators can improve the quality of a case so that it presents issues in the most favorable light for getting on the Court's agenda while also signaling to the justices which cases are important enough to merit their consideration.⁷

Finally, of course, the justices themselves play an important role in setting their own agenda. Within the small class of highly salient cases, individual justices bring their own particular interests to bear. The Warren Court, under the leadership of a former prosecutor, encouraged a growth of criminal justice cases, and many of the justices on the Burger and Rehnquist Court were equally concerned to hear such cases in order to undo some of the consequences of the Warren Court's decisions. The Rehnquist Court, which includes at least two members with particularly strong concern for the limits of federal power vis-à-vis the states, has shown more interest in that area than has any Court since the New Deal. The Court has internally adopted a "Rule of Four," by which they will take up any case that four justices want to hear. In practice, the justices are strategic in selecting among the petitions on the docket to schedule cases for argument primarily when a majority of at least five justices is prepared to establish new doctrine.

What does all this mean for the next decade? Most likely, it means more of the same. The replacement of

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some of the existing justices will undoubtedly allow new majorities to form and bring some new interests into the judicial conference room, but there is little reason to think that a reconfigured Court will radically alter the judicial agenda. The justices will likely retain a preference for dealing with a few, big-ticket cases each year. At the same time, the logjam in the Senate and the “chastened aspirations” of the broader intellectual climate are likely to mean that a reconstituted Court will not strike off in bold new directions.⁸

Some issues are perennials on the Court and will likely remain important in the coming years. Criminal justice and religious liberty have received regular attention from the justices since the 1960s, and it would not be surprising if they received even more attention in ten years. Both are complicated issues with many facets, subject to a fair amount of disagreement among the justices (making the issues hard to settle), and politically salient (creating new permutations for judicial consideration). The traditional constitutional concerns associated with the “wars” on crime and drugs will likely be supplemented by a related set of concerns arising from the war on terror and domestic efforts to ensure “homeland security.” The Rehnquist Court has reached something of an equilibrium on religious liberty issues, but the replacement of several justices will likely result in a desire to revisit some of those issues. At the same time, resurgent political and legislative interest in religion and issues intersecting religion (such as the faith-based initiatives and school choice programs), aided by a maturing group of public-interest law organizations sympathetic to religious conservatives, will prod the Court to revisit the subject.

Other issues are unlikely to receive sustained attention from the Court. The current majority seems to have run as far as it is willing to go on federalism, and the Court will need to take a fresh approach to the issue if it is to make further progress. Despite recent hype of a putative “Constitution in Exile” movement dedicated to slashing government power and ratcheting up protections for property rights, there is little reason to think that such goals will find favor with any likely majority of the Court in the next decade.⁹ A majority of the justices may well offer constitutional protection to gay marriage, perhaps in as soon as ten years, but the issue is unlikely to “dominate the agenda” of the Court—a onetime intervention will probably suffice. While war powers and immigration raise important constitutional issues and will continue to be highly relevant in coming years, the Court has traditionally been reluctant to get involved in those areas.

As for whether a dominant approach to constitutional interpretation will emerge on the Court, it seems very unlikely. Most justices and lawyers are interpretive pluralists, using a variety of constitutional arguments. Text, history, precedent, purpose, and public values are all available to the justices and routinely deployed in opinions. There

was no dominant approach to constitutional interpretation on the Court or in academia through most of the twentieth century, and there are no signs that a consensus is forming now (at least not around anything that would provide any significant degree of determinacy). Not only are there the obvious differences in approach between conservatives and liberals, but there are also deep divisions among conservatives and among liberals over how best to go about the specific tasks associated with constitutional interpretation. The politics associated with judicial nominations and confirmations further reduce the probability that any single approach to constitutional interpretation will come to dominate the Court.

Notes

- 1 Pacelle 1991; Lanier 2003.
- 2 Hellman 1997.
- 3 Pickerill and Clayton 2004.
- 4 Devins 1996; Epstein and Kobylka 1992.
- 5 Goldstein and Stech 1995.
- 6 Epp 1999.
- 7 McGuire and Caldeira 1993.
- 8 Tushnet 2003. One can debate whether a decision such as *Lawrence v. Texas*, striking down the Texas sodomy statute, is bold in this sense.
- 9 Rosen 2005.

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Jennifer Widner

Human Development in Africa in 2015

The *Perspectives* editors handed me the following assignment: “Ten years from now, what will be the status of human development in sub-Saharan Africa? What will be the trajectory of the AIDS crisis; what actors—if any—can we expect to address problems of health, education, and poverty? What political changes can we anticipate, and how will these affect standards of living (and vice versa)?” The choice of language is significant. Most studies of development in Africa have focused on growth. However, here the interest is in the degree to which growth and other things, most especially the quality of government, translate into standards of living and aspects of “human development” or “capability,” typically measured by school completion rates, child malnutrition, under age-five mortality, and related indicators.¹

The significance of the exercise is not in doubt. Expressing a widely shared concern, Elsa Artadi and Xavier Sala-i-Martin call Africa’s economic stagnation the worst economic disaster of the past century.²

- “[B]etween 1960 and 1980, per capita GDP increased slightly from US \$1,500 to about \$2,000. It then stagnated at this very low level ever since.”³ [These figures include North Africa, which has performed better than points south.]
- The poor have grown poorer and the rich have remained about the same over four decades.
- Forty-eight percent of the population of sub-Saharan Africa consumes less than a dollar a day (less than 65 cents, actually).
- There are increasing differences in equality across countries. Worldwide, income inequality has been decreasing, but in Africa it has increased, and between Africa and the rest of the world inequality has increased.
- Social indicators improve with income, but even the African countries that realized economic growth during the 1990s have underperformed countries in other regions in translating higher income into better welfare.⁴

Not all the news is bad, however. For example, although levels of under-age-five mortality are high across the continent, a number of countries experienced slight improvement between 1990 and 2001. Southern African countries—for example, Botswana and South Africa—fared worse than many others, probably in large part because of the higher prevalence of HIV. Primary school

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completion rates deteriorated in some countries, but increased substantially in others, most especially Uganda.

Perhaps replying on the need to build the political capital necessary to address these issues, or responding to the current penchant for unified theories and silver bullets, several organizations have recently tried to offer sweeping diagnoses and projections. In 2001 the World Bank's Strategic Partnership with Africa issued a report, *African Poverty at the Millennium*, which sought to identify causes and solutions. It emphasized continued reform of economic policy, development of stronger institutions, and a step back from some past policies the Bank had advocated, on the grounds they had unanticipated distributive effects (for example, user fees). This year, Tony Blair and Jeffrey Sachs challenged developed countries to increase aid spending in Africa dramatically (to \$25 billion per year by 2010) in order to rise to the challenge.⁵

Underlying *Perspectives'* questions is a similar enthusiasm for bold projections, one I normally resist, partly because of the analytic challenges involved and partly because of the African continent's enormous diversity. I want to echo the pleas of several economics colleagues that we step back from the general models that underlie a lot of the "growth regressions" that are often the stock-in-trade in our field these days. The remainder of this note offers some pretty safe bets and a prayer that I am proved wrong.

Learning from cross-national growth regressions? In forecasting, one first tries to identify the kinds of things that explain current patterns before looking at trends in these as well as potential shocks or new patterns of causality that might emerge over time. The forecaster's impulse is to reach for a variation on the standard growth model, suitably modified to help us understand the translation of economic growth into human development and to accommodate the effects of HIV/AIDS prevalence on human development both directly and indirectly, through higher business costs, greater insecurity, and possibly lower government capacity. One could then simulate the consequences of fixing component variables at given levels and offer projections on that basis, later modified to take into account the effects of a variety of shocks. The key is to be able to make some straight-line projections, mere extrapolations, and then to modify these by running simulations and weighing alternative scenarios. With respect to Africa at least, this approach runs into trouble fast.

Several challenges make this approach impracticable. To begin, we don't understand much about growth in Africa. Over the past decade, economics journals have hosted many attempts to parse the "Africa dummy," the variable that signifies the effect of being located in Africa on differences in economic performance. Welfare is not the same as economic performance, but whatever accounts for observed patterns of national income growth is likely

to influence human development, either through its effect on income and expenditure, or through expansion of resources potentially available for provision of health care, education, and other services. The bad news is that there is much speculation about the causal relationships the "Africa dummy" captures and little convergence upon a standard story. The Africa dummy is explained away by "malaria" (Sachs), geography (land-locked, also fragile soils), high ethno-linguistic fragmentation (William Easterly), conflict (Easterly, partly Paul Collier), natural resource dependence, coups, institutions (Sachs and Andrew Warner, Collier, Daniel Kauffman), rule of law (Robert Barro, Stephen Knack, and Philip Keefer), and high investment risk (Collier), among other things. The recent Sachs report posited five main reasons why sub-Saharan Africa has fallen prey to a persistent poverty trap: very high transport costs and small market size, low-productivity agriculture, a very high disease burden, adverse geopolitics, and very slow diffusion of technology from abroad.

The lack of convergence on an understanding of growth (much less human development) may have to do with the character of the subject matter and a mismatch between analytic tools and the character of the phenomenon. For example, it is almost certainly the case that interaction effects, thresholds, duration of exposure, and endogenous relationships are important in the study of growth and in the translation of growth into lower child mortality, school completion, and other outcomes. When several of these characteristics are present at the same time, it becomes very hard to use standard regression techniques meaningfully. Better understanding often comes from within-country analysis over time or natural experiments within national boundaries. Moreover, in most instances what matters to policy makers is not the mere fact that the level of an important ingredient of growth is low, but why it is so—and the *why* is a function of local conditions.

For these reasons I join other voices in suggesting that if the aim is to develop explanations that are sufficiently accurate and specific to generate policy prescriptions or the kinds of projections that take into account the enormous diversity within Africa, one might wish to back away from the quest for a single model that holds across countries.⁶

There are also big gaps in data and knowledge about important parts of the relationship between key variables. For example, the impact of HIV/AIDS on income and welfare remains difficult to capture, in part because of the relative newness of the disease, the slow pace at which the effects unfold, and the still poorly understood influence on household economies, business costs, and institutional capacity. Of the 35–42 million people living with HIV/AIDS globally, around 25.5 million live in Africa. According to UNAIDS, in 2003 HIV prevalence in southern Africa was 16 percent; in east Africa, 6 percent; and in

west and central Africa, 4.5 percent.⁷ Thirteen million have already died from the disease. Twelve million children have lost at least one parent. Because population growth will continue on the continent, the number living with HIV will increase through 2025 if current policies continue.

We have fragmentary information about the consequences of the HIV/AIDS epidemic for income and welfare. UNAIDS points to a variety of influences, most discerned only in small scale studies.

- AIDS-affected households suffer a collapse in income. Findings from Zambia suggest that most households experienced an 80 percent reduction of monthly income. In Cote d'Ivoire, incomes fell by half. Effects were smaller in Botswana, but the Botswana studies revealed that each income earner could expect to take on four more dependents.⁸
- The disease has strongly affected public service. Nearly a third of all teachers are HIV positive, and shortages of teachers are expected in most parts of Africa. Illness and mortality among health care workers has increased five to six times.
- Businesses in southern Africa, including the South African mining sector, will experience sharply higher costs from absences, lower productivity, lower benefits from training, and higher medical costs. About one third of mineworkers in South Africa will be HIV-positive this year. Losses to the labor force in other parts of southern Africa will gradually rise to about 25 percent over the next 15 years.⁹

The existing growth models for Africa do not incorporate these effects.

Although “institutions” are undoubtedly important in the translation of growth into human development, most studies of institutional performance lack sufficient detail to motivate policy choices among alternative forms. Using International Country Risk Guide and World Bank data for countries for which information is available, there are statistically significant correlations between “bureaucratic quality” in 1995 and 2000 and key human development indicators in 2000/2001 (not controlling for other factors). Unfortunately, we don't really know which aspects make a difference—or even whether, as seems likely, there is something that causes both better bureaucracy and higher levels of human development. Although the theory behind the promotion of democracy as a way of building accountable government is elegant, it is not clear that new democracies perform as anticipated. In policy, as in academic research, there is undoubtedly an overemphasis on voting as a key to better government and a neglect of other aspects of institution building. Again, this is an area where detailed but highly systematic, theory-based field research would be helpful.

Blunt projections. In the absence of a refined understanding of the kinds of things that influence human development in African settings, it is impossible to offer precise predictions. That said, here are some blunt projections:

- Although there are variations in human development across countries in Africa, conflict and HIV/AIDS are likely to depress most human development indicators in most places for the next ten years. Many of the costs of the HIV pandemic materialize only after a delay (for example, the need to care for and train orphaned children, or bankruptcies in the face of high training costs and lower competitiveness).
- Although some countries have experienced impressive levels of economic growth in recent years and have seen an improvement in human development, in most cases rapid improvement has come only after total or near-total economic collapse. The recipes that helped them recover from extended civil conflict or bad macroeconomic policy may not prove useful in moving to the next level.
- Several countries in Africa grew at a fast pace in the 1960s and early 1970s, then experienced a decline after the 1973 and 1978 OPEC oil price hikes. The high cost of oil now will affect the continent adversely. Similarly, if it materializes, as seems likely, an international economic crisis triggered by high U.S. deficits and trade surpluses would undermine growth in Africa.
- The relationship between economic growth and levels of human development is variable. Certainly, higher tax revenues from healthier economies enable governments to enhance public health systems and expand education, as well as build roads. But good governments can help even where growth is sluggish. High HIV-induced turnover in the civil service will complicate efforts to enhance public sector capacity, but innovative solutions could help a government have an impact even amid lackluster economic performance.
- Competition for oil may undercut pressure for better government performance. Already we see China and other countries attenuate demands for accountable government in the Sudan in the quest for oil. China is willing to offer cash and high prices for oil, with the promise that it won't comment on a government's performance. As new oil comes on line in several parts of Africa and demand escalates, international pressure for performance may dissipate unless the international community, including private companies, decide that better government will eventually lead to less conflict and lower costs—and then coordinate their actions.
- Persistently low human development indicators coupled with the effects of HIV and conflict could shorten

time horizons and willingness to invest, aggravating the continent's governance problems and increasing the likelihood that armed gangs will move from country to country to loot for survival. Devising ways to draw youth into constructive work and education, as well as buffering neighbors from conflicts next door, will be of utmost importance during the next decade.

- An infusion of aid on the scale Tony Blair has proposed might also be counted as an exogenous shock. Whether it would prove helpful or not is unclear. To date, most studies of aid have found relatively little benefit. Much would depend on how and where the money is spent.

The seeds of improvement after 2015 will be sown in the next few years. A decade with little visible improvement in human development may be inevitable, but the focus of attention ought to be on creating the base for a big rebound thereafter.

Notes

- 1 Aturupane, Glewwe, and Isenman 1994. Also see McGillivray 1991; Noorbakhsh 1998; and Crafts 2002.
- 2 Artadi and Sala-i-Martin 2003.
- 3 Ibid.
- 4 White et al. 2001.
- 5 Sachs et al. 2004.
- 6 Hausmann, Rodrik, and Velasco (2005) have suggested that in understanding growth and growth strategies there are tradeoffs between the search for parsimonious general insight and the level of accuracy required for intervention. Avinash Dixit has similarly noted that, "theoretical modeling explores the implications of one cause or mechanism in depth, deliberately isolating it from others, whereas policy prescriptions require one to look at one country and consider all the different causes or mechanisms at work there and how they interact with one another" (personal communication).

7 UNAIDS 2005, p. 13.

8 Ibid., 31.

9 Ibid., 32.

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