

BOOK REVIEWS

No More Dollars for Dictators

by Michael Palmer

The Democracy Advantage: How Democracies Promote Peace and Prosperity. By Halperin, Morton H., Michael M. Weinstein and Joe Siegle. New York: Routledge, 2005. 288 pp. \$27.50, hard bound. ISBN 0-415-95052-X.

“Yet much remains to conquer still: Peace hath her victories no less renowned than war.”

John Milton, To the Lord General Cromwell, 1652.

In *The Democracy Advantage: How Democracies Promote Prosperity and Peace*, Morton Halperin, Joseph Siegle, and Michael Weinstein explore the theory that democracy trumps dictatorship in improving the economic well-being of societies. The authors define democracy as “those governance systems in which national leaders are selected through free and fair elections, [in which] there are institutions that foster a shared distribution of power and citizens have extensive opportunities to participate in political life.”¹ Using a time-series statistical analysis, the authors refute constructivist ideas that “countries must go through an important structural change in their economic and political systems to even contemplate democracy.”² Democratic institutions, Halperin et al. contend, also enhance security (internal and external) and foster more sufficient economic growth than non-democratic regimes.

The authors first tackle the “50-year-old myth” that countries controlled by dictators are best suited to bring about necessary structural changes in the initial stages of development. Those supporting this view argue that politicians in income-poor democracies will avoid hard, economically necessary choices in order to curry favor with voters. Halperin et al. claim that the economic-development-first argument is fundamentally flawed because autocratic leaders tend to undermine the rule of law and use public office for personal gain. Additionally, the legal system in such countries is frequently decrepit, and judges often decide disputes as directed by

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those in charge. Furthermore, there is no off-the-shelf legal system available to install once a country has reached the magic per capita income to become a democracy. Rather, properly adapted laws, procedures, and institutions must be developed painstakingly over time in conjunction with civil society and economic growth.

In chapter three, “Sustaining New Democracies,” Halperin et al. acknowledge the logical appeal of the economic-development-first argument, but show through meticulous examination that the evidence leads to the opposite conclusion: autocratically ruled countries seldom become either prosperous or democratic. The authors also counter the assertion that incipient democracies are likely to fail because they lack mid-level economies. It is not the case, they say, that “when countries become democratic at low levels of development, their democracy usually dies.”³

In chapter four, “Democracy and Security,” the authors marshal their research in order to show that both internal and external security are enhanced when the international community supports democratic institutionalization in developing countries. They follow with two points of support: “first, autocracy, poverty, and conflict are a package deal. . . . [A]utocracies are more likely than democracies to generate both poverty and conflict... second, U.S. policy decisions to support autocratic governments in the name of stability have, at times, contributed to this vicious circle” of internal and external violence.⁴ They believe the resulting provision of security is, itself, a sufficient reason to promote democracy.

Admitting that there are some economically successful autocracies (e.g., Singapore), the authors discuss how they are different from run-of-the-mill dictatorships. But they also caution against making too much of the East Asian Tigers, noting that autocratic economic wonders experience economic collapse more frequently and with more devastating effects than do democracies.

Chapter eight stresses the need for a change in Western lender policy. Such policy, they assert, should see “democratic governance as the norm and should treat any funding for dictatorships as deviations from that norm.”⁵ But such deviations should be allowed. While some states should be cut off entirely, others, like Jordan, that have made an explicit commitment to democratic development should be assisted in ways that help them achieve greater transparency, greater self-reliance, and better skills in governance.

The assertion made in *The Democracy Advantage* is one which would have profound effects on international security and economic development if heeded by officials in the US, other donor countries, and especially the World Bank and IMF. The sooner donors stop doling out dollars to dictators and begin using them to support freedom and democracy in developing countries, the safer and more economically prosperous the world will be.

Notes

¹ Halperin et al., *The Democracy Advantage: How Democracies Promote Peace and Prosperity* (New York: Routledge,

2005), 9.

² Sunder Ramaswamy and Jeffrey W. Cason (eds.), *Development and Democracy: New Perspectives on an Old Debate* (Hanover: Middlebury College Press, 2003), 7.

³ Fareed Zakaria, *The Future of Freedom: Illiberal Democracy at Home and Abroad* (New York: W.W. Norton, 2003), 69.

⁴ Halperin, et al., *The Democracy Advantage: How Democracies Promote Peace and Prosperity*, 93.

⁵ Halperin, et al., *The Democracy Advantage: How Democracies Promote Peace and Prosperity*, 238.

Advances in Understanding State Socialization

by Clayton J. Cleveland

Socializing Democratic Norms: The Role of International Organizations for the Construction of Europe. Ed. Flockhart, Trine. New York, NY: Palgrave Macmillan, 2005. 288 pp. \$79.95, hard bound. ISBN 1-4039-4521-7.

Events surrounding the enlargement of the European Union and Europeanization generally have garnered increasing attention from students of European politics.¹ Trine Flockhart's edited volume, *Socializing Democratic Norms*, represents significant progress on these topics and the role of international organizations in promoting norms and values.² The theoretical framework used to analyze the efforts of International Organizations (IOs) is labeled complex socialization for this volume. This theoretical model provides a sophisticated understanding of how IOs spread their norms and principles.

The book is arranged into three sections. The first section provides an explanation of the theory of complex socialization and the state of the art on the influence of international and transnational influences on democratization. The second section focuses on the various organizations which play a role in the socialization of Europe. These first two sections provided a strong framework to evaluate the target cases evaluated in the third section.

In the first section, Jean Grugel examines the literature surrounding democratization.³ From her perspective, the literature on international factors within the processes of democratization was very scarce until the 1990s. In this Clayton J. Cleveland holds an MA in Diplomacy and International Relations and is currently a doctoral student in political science at the University of Oregon.

literature, there has been strong emphasis on structure rather than agency when international factors are examined.⁴ The solution Grugel offers is to adopt a transnational perspective incorporating both structure and agency into this process. Complex socialization represents this solution as it examines the process of how agents attempt to modify the structure of domestic political behavior.

In the next chapter, Flockhart outlines the volume's framework as the model of complex socialization that produces a variety of analytic tools that can be applied across different cases.⁵ This framework provides order to the various micro-level explanatory theories which have been previously available. Using a theory of socialization, the efforts of European international organization examined in this volume are based on "in-group/out-group" dynamics. The "in-group" in this case constitutes Western European countries, based on Karl Deutsch's conception of liberal democratic security communities.⁶ The "out-group" is further subdivided into four different groups with different orientations towards the "in-group."

In the next chapter, two factors are stressed by Frank Schimmelfennig: the governmental level political elites and the general masses of the public.⁷ This division compliments the theory of complex socialization by demonstrating how the "in-group" European organizations can influence the different forms of "out-groups" in the target countries. Schimmelfennig stresses the cost benefit analysis used by elites as they consider the implementation of measures which conform to international norms. Schimmelfennig specifies the antecedent conditions wherein, if present (*ceteris paribus*), domestic conditions determine the outcome. This is suggestive that there may be conditions where international factors determine the outcome of the socialization process.

The chapters dealing with target societies examine different cases representing the various societal groups vis-à-vis the socializing agents. These groups include two countries which have joined the EU in the most recent round of the enlargement, the Czech and Slovak Republics; a candidate country, Turkey; and two countries from further east, Russia and Belarus. In addition to the case studies of target countries, this volume examines the ways in which different organizations address the activity of socialization between societies in Europe. The different roles of the UN, EU, OSCE, and NATO are highlighted in comparison with each other.

This volume succeeds in laying out a framework for viewing the socialization of societies in Europe. Though often complex, leading to mixed portrayals of the empirical evidence within the case study chapters complex socialization represents advancement in the study of the mechanisms of how international organizations can influence domestic societies. In fact the largest disappointment is that there are not more cases examined including some of the more successful countries which have acceded to the European Union.

Notes

¹ Notable attempts include Geoffrey Pridham, *Designing Democracy: EU Enlargement and Regime Change in Post-Communist Europe* (New York: Palgrave Macmillan, 2005), Frank Schimmelfennig and Ulrich Sedelmeier, "Theorizing EU Enlargement: research focus, hypotheses, and the state of research," *Journal of European Public Policy* 9, no. 4 (2002), Frank Schimmelfennig and Ulrich Sedelmeier, eds., *The Europeanization of Central and Eastern Europe* (New York: Cornell University Press, 2005), Milada Anna Vachudová, *Europe undivided: democracy, leverage, and integration after communism* (New York: Oxford University Press, 2005). Previous attempts, although admittedly less systematic than might be hoped for, are very informative. See Ronald H. Linden, ed., *Norms and Nannies: The Impact of International Organizations on the Central and East European States* (Lanham, MD: Rowman & Littlefield Publishers, 2002).

² On the role of international organizations promoting democracy, see Jon C. Pevehouse, *Democracy from Above: Regional Organizations and Democratization* (New York: Cambridge University Press, 2005). See also the special issue "International Institutions and Socialization in Europe," *International Organization*, Fall 2005, ed. Jeffrey T. Checkel.

³ Jean Grugel, "The 'International' in Democratization: Norms and the Middle Ground," in *Socializing Democratic Norms: The Role of International Organizations for the Construction of Europe*, ed. Trine Flockhart (New York: Palgrave Macmillan, 2005).

⁴ See Samuel P. Huntington, *The Third Wave: Democratization in the Late 20th Century* (Norman, OK: Oklahoma University Press, 1991).

⁵ Trine Flockhart, "Complex Socialization and the Transfer of Democratic Norms," in *Socializing Democratic Norms: The Role of International Organizations for the Construction of Europe*, ed. Trine Flockhart (New York: Palgrave Macmillan, 2005).

⁶ Karl W. Deutsch et. al., *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton: Princeton University Press, 1957). See also Emanuel Adler and Michael Barnett, eds., *Security Communities* (Cambridge, UK: Cambridge University Press, 1998).

⁷ Frank Schimmelfennig, "The EU: Promoting Liberal-Democracy through Membership Conditionality," in *Socializing Democratic Norms: The Role of International Organizations for the Construction of Europe*, ed. Trine Flockhart (New York: Palgrave Macmillan, 2005).

Is the Welfare State Doomed to Extinction?

by Heather Ramsey

The Decline of the Welfare State: Demography and Globalization. By Assaf Razin and Efraim Sadka, in cooperation with Chang Woon Nam. Cambridge, MA: The MIT Press, 2005. 133pp. \$28, hard bound. ISBN 0-262-18244-0.

In this brief, but rigorous volume, Assaf Razin and Efraim Sadka use a political economy approach to examine the future of the welfare state in the context of

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globalization, increased migration, and aging populations. The two part, eight chapter tome manages to build on itself chapter-by-chapter to draw simple (and, according to the authors, inevitable) conclusions about the outlook for welfare states. Part of the CESifo series, a division of MIT press, the book aims to contribute to economic policy debates through overviews of current economic issues. Though the authors draw largely on the European experience for their examples, the statistical models used to predict the future of welfare state programs may certainly be applied elsewhere. Following an overview, the authors analyze in detail the effects of aging; migration and wage issues; the need for a balanced budget; the type of predominant tax (capital vs. labor); and international tax competition.

The first international trend with a potential impact on the existence and fortitude of the welfare state is migration, which has been increasingly facilitated by the globalization process. The authors theorize that welfare states attract low-skill migrants, as opposed to the traditionally welcomed high-skill ones. This influx increases pressure on the welfare state. Since it is assumed that these migrants possess little, if any, capital, they pressure the state to pay for welfare structures through capital, rather than labor, taxation. This pressure, however, is returned by the aging and native-born populations, who may not tacitly accept the burden of assisting the low-skill migrants. The concept that welfare may decline despite increased need is important in that it directly contrasts much of popular opinion, which tends to state that more people needing state assistance means more state assistance. An issue not addressed, however, is how the downsizing of welfare states will affect migration trends, and how these trends will then affect the evolution of the welfare state.

The authors then tackle the growing importance of aging populations. These groups increase pressure on pay-as-you-go systems, causing the younger population to encourage a switch to individual accounts. The young, seeking to avoid receiving smaller proportions of benefits in their own old age, thus anger the current elderly who benefit from the pay-as-you-go system. The effects of an aging population depend, however, on the type of taxation supporting the welfare system: a reliance on labor taxes will result in a downscale of the system, while a reliance on capital taxes will result in an upscale. Generally speaking, older people are less than a majority, but are holders of capital; therefore young people will prevail in a vote to tax capital rather than labor. Whether this wealth structure will always be present to support such voting patterns is unclear.

The authors then segue into a discussion of the current issues surrounding international tax competition brought on by globalization. Simply put, as capital is free to move across the globe, countries may compete for it through their capital tax rates. Though a country may wish to use capital taxes to finance its welfare state, it will likely face the threat of this capital being lured elsewhere through lower tax rates, and, consequently, a loss of capital and tax income. Because of this, the authors assert that, “a welfare state that relies on capital taxes is akin to a house built on sand.”¹ This fact, in conjunction with the pressure to base the welfare state on capital

taxes, leads inevitably to the downsizing of the welfare state.

This conclusion certainly has important ramifications, not just for the European countries examined, but for welfare states worldwide. Though the book does provide an interesting overview of the problems faced by welfare states in the era of globalization, this overview abounds with complex statistical models that, though critical for practicing economists and statisticians, do not help promote the message of the book as well as concrete examples would. Nonetheless, the authors open the door for further research. An interesting question that immediately arises from this book's conclusion, for example, is how states can effectively react to the inevitable need for change in order to bring about the least painful adjustment process possible. This is a timely subject that will have a direct impact on the millions, if not billions, of citizens in welfare states worldwide.

Notes

¹ Assaf Razin and Efraim Sadka, *The Decline of the Welfare State: Demography and Globalization* (Cambridge, MA: The MIT Press, 2005), 104.

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