GLOBALIZATION, ECONOMIC POLICY AND DEMOCRACY

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'Globalization,' according to two British researchers cited by Rhys Edwards in his contribution to this year's volume of *Labor Essays*, 'is rapidly replacing the "Cold War" as the most overused and under-specified explanation for a variety of events in international relations' (Edwards 2001: 160). In fact international relations is far from the only sphere in which globalization has become the *raison* of first resort – both for those seeking to justify a particular policy position and those looking for a reason for the ills they perceive in contemporary society.

Globalization is now routinely portrayed by those who perceive it as a force for the greater good (an extension of freedom), by those who regard it as an unmitigated evil (a sinister plot by transnational corporations to undermine the sovereign powers of national governments), and by those who see it as having a mixture of beneficial and detrimental consequences as a 'thing' which is of comparatively recent provenance, somehow inevitable, and almost completely unstoppable. Rarely, as Edwards correctly notes, is this 'thing' ever defined; and Edwards himself is (as he acknowledges) no exception. Nor is Duncan Kerr, in his recent book *Elect the Ambassador! – Building Democracy in a Globalized Word*, which is the main subject of this review.

The *Penguin Dictionary of Economics* defines globalization as 'the geographical dispersion of industrial and services activities (for example, research and development, sourcing of inputs, production and distribution) and the cross-border networking of companies (for example through joint ventures and the sharing of assets' (Bannock, Baxter and Davis 1998: 176-7). This definition can be criticized as being too narrow: 'geographical dispersion' has also been experienced by (for example) sporting and cultural activities as well as industrial or services activities; 'cross-border networking' has involved not just companies but educational institutions, governments and non-government organizations; and ideas and fashions have been important agents of 'geographical dispersion' in addition to procurement or production decisions.

But this definition does emphasize that globalization is a *process*, not a set of outcomes; still less an ideology.

Indeed as a process it is simply the logical extension of the tendency towards increasing specialization and trade which has been going on since humans first appeared on the surface of the earth. A very large proportion of the progress which humans have made since that time has come from the ever-increasing awareness that each individual, each family unit, each tribe, and ultimately each nation can improve its position by abandoning the pursuit of self-sufficiency in every field in favour of specializing in activities in which it has some particular advantage and exchanging some of the fruits of that specialization with others who have a different set of advantages.

Thus did humans millennia ago discover that it made no sense for each to build his or her own shelter, grow or catch his or her own food, sew his or her own clothing, educate his or her own offspring, and defend him or herself alone against all marauders and predators.

And what individuals and tribes have discovered, so too have nations. As Amartya Sen pointed out in his Alfred Deakin lecture, ‘over thousands of years, globalization has contributed to the progress of the world through travel, trade, migration, spread of cultural influences and dissemination of knowledge and understanding’ (Sen 2001: 1).

Indeed, unless and until interplanetary travel and communications becomes both technically and economically feasible, globalization is the logical *end-point* of this tendency towards increasing specialization and trade among individuals and groupings of them.

None of which is to say that the process of globalization has ever been, or is in its contemporary form, an unmitigated boon to all whom it affects. Globalization has typically been accompanied by the spread of diseases (think of how the plague or syphilis arrived in Europe, or smallpox in the Americas); by the undermining of local cultures and beliefs (how ironic it now is to see the head of the Roman Catholic Church bemoaning the influence of contemporary ‘globalization’ on indigenous cultures); by the erosion of local monopolies (recall the impact that the discovery by Portuguese explorers of alternative trade routes to India had on the fortunes of Venetian merchants); by the occurrence of periodic financial crises (the Barings crisis of the 1890s comes to mind); and sometimes, though not always, by an increasing gap between those who are able to benefit from greater opportunities for specialization and trade and those who are not.

But, as Sen says, “to have stopped globalization would have done irreparable harm to the progress of humanity” (Sen 2001).

Indeed what is in some ways striking is not *how far* globalization has progressed, but in at least some respects *how little*. Most business today is still conducted within nations, not between them: world trade still represents less than a quarter of world output and more than half of what is traded is within three regions (Western Europe, East Asia or North America) rather than between them or with other regions of the world (Wolf 2001). Australia exported a higher percentage of its GDP in the first decade of its existence as a nation (25%) than in its most recent (19%).

Similarly, most savings are today still invested in domestic markets, not overseas ones: capital outflows from the world’s largest capital exporter in the late 19th and early 20th centuries, Britain, were far larger as a proportion of its (and the world’s) GDP than are those of today’s largest capital exporter, Japan (Baldwin and Martin 1999). Australia was more dependent on foreign capital inflows in the latter years of the 19th century than it is today.

And most strikingly of all, there is far less mobility of *people* (at least on a permanent basis) today than there was a century ago. Contrast Keynes’ evocation of the ability of a pre-August 1914 inhabitant of London to ‘secure forthwith, if he wished it … transit to any country or climate without passport or formality … and would consider himself greatly aggrieved and much surprised at the least interference’ (Keynes 1919: 6-7) with the panoply of barriers (including exchange controls, passports and visas) which until very recently confronted nearly all international tourists (and in some cases still do), or which still face every would-be migrant.

In the 1890s, the inflow of people into the US was equal to 9% of the population at the beginning of that decade; for the 1990s, the corresponding figure was 4%, and for nearly every other country in the world it was considerably less (Wolf 2001). Indeed, one of the reasons why it is much more common now than it was a century ago for companies to move operations from countries where labour is relatively expensive to countries where labour is relatively cheap is that rich country governments are far less willing to allow cheap labour to move from poor to rich countries than they were a century ago.

The current phase of globalization is occurring essentially for three reasons: because technology is making it feasible in ways that it was not previously; because (with all its attendant costs) people want it; and because governments, most but not all of them nowadays democratically elected, are consciously choosing to remove some of the obstacles to it.

Technological change tends to come in waves; as Landes observed more than thirty years ago, it 'is not a smoothed, balanced process' (Landes 1969: 3). Just as the arrival within a period of about 50 years of technologies such as the steam engine, the telephone and telegraph, and refrigeration helped make possible the late 19th and early 20th century phase of globalization, so have technologies such as long-range wide-bodied jet aircraft, containerized cargo carriers, the plethora of new information technology applications and the internet contributed to and helped shape the contemporary experience.

It would simply not be feasible for fresh food or management consulting services to be delivered across national borders without today's means of transportation; it would not be possible to manage production and supply chains involving numerous locations in different countries without today's information and communications technologies; nor without the same technologies would it be possible to switch enormous sums of money between countries or across asset classes at the touch of a computer keyboard.

One of the 'drivers' of globalization that is most often overlooked by its more fervent opponents is that a majority of people appear to want what it can deliver, notwithstanding the adverse consequences which it can bring in its wake. Given the option, Australians want to be able to drive imported motor vehicles, even though they know that this may result in fewer jobs in Australian motor vehicle plants. Given the option, French people want to be able to see Hollywood films, even though the French government makes them pay higher prices to do so than to see French films. Given the possibility, millions of Chinese citizens want to download Western political opinions via the internet despite the possible consequences for them if they are detected. Given the option (which until 1983 Australians were not) most people would like to decide for themselves how much money they can spend on overseas holidays rather than have governments impose a limit on it. Given the option (which they are not) my guess is that European consumers would rather eat foods which are both cheaper and produced in ways less damaging to the environment in Australia than be forced to pay exorbitant prices and taxes for intensively-farmed local produce that carries risks of deadly diseases.

And just as Lucas Walsh argues, in his contribution to *Labor Essays*, that the ‘participatory model [of education] encourages students to become actively aware of how they shape their social environment and how their environment shapes them’ (Walsh 2001: 186), education also increases people’s appetite for variety and diversity. It enhances their ability to make comparisons and choices; and it reduces their tolerance for being forced to buy shoddy or needlessly expensive goods and services simply because they are of local provenance.

Democratically-elected, and in some cases even unelected, governments ignore these aspirations at their peril. Hence the third important driver of the contemporary wave of globalization, namely, thousands of conscious decisions made by hundreds of governments to reduce or remove barriers which they or their predecessors have previously erected to the movement of goods, services and capital. By one count, artificial barriers to international trade from government policy interventions have fallen by between 80 and 90% since World War II (Mussa 2000: 25). By another, governments around the world made 1,035 changes to foreign investment laws between 1991 and 1999, of which 974 were ‘favourable’ to foreign investors, and signed nearly 1,500 new bilateral investment treaties (UNCTAD 2000: 6).

No-one forced these countries to do these things. Some countries – North Korea, Cuba, Myanmar and the majority of sub-Saharan African nations come to mind (and notice that most of them are not democracies) – have chosen not to; and neither the WTO nor multi-national corporations nor more powerful nations have tried or been able to induce them to change their minds. Rather, it has been the experience of those nations contrasted with those (such as the nations of East Asia) which did seek to integrate (to varying degrees) with the global economy which has in the past two decades prompted the majority of nations to choose the latter course. No-one is forcing some 30 developing countries, including China, to now be applying for membership of the WTO. No-one forced India’s democratically elected government to embark on its course of economic liberalization in the early 1990s; as much as anything else, it was frustration with the ‘Hindu rate of growth’ to which India had been constrained by 40 years of Nehruvian autarchy and the contrary experience of China since 1979 which prompted the change.

Likewise Australia (and New Zealand) were able consciously to ‘opt out’ of the successive rounds of liberalization of trade in manufactured goods in which the rest of the developed world engaged during the 25 years following the launch of the first GATT round in 1947. The result was that the share of exports in Australia’s GDP rose by less than half what it did for the rest of the industrialized world; that our per capita economic growth rate was below the average for the rest of the industrialized world; and that by the end of this so-called ‘Golden Age’ Australia’s ranking among a sample of 28 developed and developing countries had slipped from 4th in 1950 to 14th in 1975 in terms of per capita GDP and from 2nd to 12th in terms of the UN’s Human Development Index (which includes measures of life expectancy, literacy and school enrolment as well as income) (Crafts 2000: 7, and UNDP 2000: 178-81).

It was partly in response to such evidence that subsequent Australian Governments, of both major political persuasions, elected to pursue more open economic policies – with the result, incidentally, that Australia’s ranking on the Human Development Index has since risen to 4th by 1998.

While it is hardly unexpected that right-wing xenophobes in rich countries are unmoved by the pleas of developing countries to allow them to participate more fully in the global economy, it is rather more surprising that those ostensibly on the left of the political spectrum, who claim to be motivated by among other things both democratic values and concern for poverty in developing countries, are so ready to ignore or even to over-ride the wishes of democratically-elected developing country governments.

For not only is it undeniable, as Sen says, that ‘the economic predicament of the poor cannot be reversed by withholding from them the great advantages of contemporary technology, the well-established efficiency of international trade and exchange, and the social as well as economic merits of living in open rather than closed societies’ (Sen 2001); but it is also undeniable that this view is also held by the vast majority of democratically-elected governments in the developing world.

They want *more* globalization, not less. Who can speak with more authority for more of the world’s poor than the (twice) democratically-elected Prime Minister of India, Atal Behari Vajpayee, when he says: ‘No country can keep away fully from [globalization] without hurting itself’(*Financial Times* 2000)? What right do protestors in OECD countries have to thwart (twice) democratically-elected Brazilian President Fernando Cardoso’s recognition that ‘if Brazil is not prepared to be part of the global economy, it has no way of competing … It is not an imposition from outside, it’s a necessity for us (Moffett 1995).

These leaders know – as a study published last year by two researchers at the World Bank, these days hardly an unabashed exponent of free-market capitalism, concluded - that ‘anyone who cares about the poor should favour the growth-enhancing policies of good rule of law, fiscal discipline and openness to trade’ (Dollar and Kray 2000).

To be sure, the democratically-elected leaders of developing countries want globalization to be *fairer* than it has been to date. They want rich countries to stop using intellectual property laws to deprive them of opportunities to reap rewards from indigenous plant species, or to prevent them from accessing affordable medicines. They want rich countries to stop subsidizing the export of products which compete with their own industries, to whom they cannot afford to give similar assistance. And above all, they want rich countries to remove their barriers to developing country exports of agricultural products and of textiles, clothing and footwear – which, as UN Secretary-General Kofi Annan has pointed out, would be of twice as much benefit to developing countries as the present level of annual aid flows (Annan 2001).

Yet where are the demonstrations outside US, EU, Japanese and other diplomatic missions demanding that these countries do precisely this?

Similarly, those on the left of the political spectrum have usually been eager to use international treaties and conventions drawn up under the auspices of unelected bodies such as the UN and its agencies, to advance progressive causes such as environmental protection, human and workers’ rights, and the treatment of indigenous peoples and refugees. They have consciously advocated the over-riding of decisions taken by democratically-elected governments by reference to such treaties and conventions. Duncan Kerr cites a number of examples (Kerr 2001: 86-87).

Yet when it comes to matters of taxation, trade and investment, many on the left seem to retreat behind the same escutcheon of ‘national sovereignty’ that (as Craig Emerson notes in his chapter in *Labor Essays*) has been wielded by those on the right to defend laws discriminating against homosexuals or racial minorities, the willingness of State governments to allow the despoilation of the environment, or harsh treatment of refugees.

Kerr’s book reflects this ambivalence about globalization and how those on the left should respond to it. He looks back almost wistfully to the days when ‘Australia had high levels of public ownership’, ‘high (albeit reducing) tariffs’ and ‘government had the power to regulate the money supply and maintained a fixed exchange rate’ (Kerr 2001: vii); he regrets that ‘much real power has shifted to the market and to the institutions of international government’ (viii); but he recognizes, albeit grudgingly, that ‘the efficiency benefits of open trade and investment regimes have led to net economic growth’ and that ‘strategies that will be destructive of open markets are … not only naïvely impractical but also flawed in principle’ (114).

Whether as a result of this ambivalence or for other reasons, Kerr’s analysis of the effects of globalization is in a number of respects either severely flawed or deeply confused.

For example, Chapters 2 and 3 are taken up with what he describes as the ‘decline of the state’ and of ‘the public sphere’, alternately attributing this to ‘external pressure from the globalization of the economy and from … organizations such as the IMF’ and ‘attempts to appease the market’ (80) but elsewhere conceding that ‘nation states retain a greater degree of autonomy in public policy than most commentators on globalization allow’ (59).

Most of Kerr’s dire assertions about the decline in the size of the State in Australia are simply not supported by statistical evidence. According to the March quarter 2001 national accounts (ABS 2001), government outlays represented 35.2% of GDP in calendar 2000, down from a peak of 38.0% of GDP in 1992. But two-thirds of this is attributable to declining interest outlays (the result of repayments of public debt and lower interest rates); the share of non-interest outlays in GDP has fallen by just 1.0 percentage point over this period, from 34.1% to 33.1% - a figure which is 1½ percentage points higher than the average for the decade prior to floating of the Australian dollar in 1983, an event usually regarded as marking the beginning of the ‘era of economic rationalism’. It hardly amounts to what Kerr calls a ‘substantial reduction of the public sector’ (65).

Despite the decline in unemployment since the early 1990s, social security payments have increased as a percentage of GDP from 6.8% in 1992 to 7.4% (a record high) in 2000. While this increase may be largely the result of inexorable demographic change, it is hardly consistent with the idea that globalization (or ‘neo-liberal economic ideologies’) have successfully mounted a full-frontal ‘attack on the welfare state’.

Likewise total tax collections, at 31.2% of GDP in 2000 according to the March quarter 2001 national accounts, were only marginally below the all-time peak (for a calendar year) of 31.5% in 1987.

Within that total, company income tax collections as a percentage of GDP stood at an unprecedented 5.3% in 2000, up from 3.8% at the corresponding stage of the previous economic cycle in 1989; and lest it be thought that this was the result of an increasing trend on the part of the self-employed to incorporation, the combined total of company and non-PAYE individual income taxes as a percentage of GDP amounted to 7.2%, also a record high, in 2000.

So much for Kerr's claim that 'tax revenue has already declined because of the collapse of claims for the legitimacy of the redistributive tax system' (5). Kerr's frontbench (and factional) colleague Lindsay Tanner is much closer to the truth when he writes that 'The notion that levels of taxation are shrinking in the face of merciless pressure from financial markets is seriously exaggerated' and that 'the facile notion that Australia is a static entity in the process of being subjected to various "economic rationalist" policies should be dispensed with' (Tanner 1999: 91, 94).

Nor does the experience of other developed nations lend any greater support to Kerr's contention that globalization or the growing 'power' of financial markets has undermined the role of the state. OECD governments collected a record 37.0% of their countries' GDP in 1998, the latest year for which data is available (OECD 2000: 68), an increase of more than 2 percentage points over the previous decade.

Globalization has not prevented Sweden from collecting more than 50% of GDP in taxes.

Globalization has not prevented Japan (in rather different circumstances) from raising the share of government spending in GDP by over 6 percentage points, and funding it by raising the level of public debt from 60% to nearly 130% of GDP over the past decade. Such policies may have failed to revive Japan's economy, but they have not prevented the yen from remaining one of the world's strongest currencies nor long-term interest rates from falling to unprecedentedly low levels – hardly evidence that financial markets have disapproved of them.

Globalization did not force European governments to insist that countries wishing to adopt the single currency reduce their budget deficits to less than 3% of GDP and their public sector debts towards or below 60% of GDP; rather, that requirement stemmed from the unwillingness of German taxpayers to underwrite past Italian, Belgian and Spanish profligacy.

Elsewhere Kerr repeats the assertion that globalization has widened the gap between the wealthiest and poorest nations (25-27; 116). Given the frequency with which such assertions are made by agencies such as the World Bank and the United Nations, Kerr can perhaps be forgiven for accepting them without demur. But as former Australian Statistician Ian Castles (2001) has argued, such assertions are simply wrong. They are based on a method of converting GDPs into a common currency (using nominal rather than purchasing power exchange rates) which the UN Statistical Commission explicitly advises against. Properly measured, the share of global GDP produced by the richest 20% of the world's population is 60-65%, (Commonwealth Treasury 2001: 26), not 86% as suggested by the table Kerr reproduces (27) from the UN Human Development Report.

Properly measured, the ratio of incomes of the richest 20% of countries to the poorest 20% declined from 15:1 to 13:1 between 1968 and 1998 – not a lot, perhaps, but in the 'right' direction and in stark contrast to the trend which persisted over the previous century and a half (Melchior et al 2000; see also Lindert and Williamson 2001).

Even these comparisons fail to allow for the fact that the countries in these groupings (especially the poorest 20) have changed considerably over time, a practice which the UN Statistical Commission has described as 'seriously misleading' (2000: 14-15). Taking this into account, the poorest 20 countries in 1975 contained nearly 48% of the world's population but by 1999, the poorest 20 countries accounted for just over 7% of the world's population, with 11 of those countries (including China, India, Indonesia and Pakistan) having moved out of that group over this interval (Commonwealth Treasury 2001: 36).

And Kerr appears not even to consider whether the fact that 'the poorest nations … failed to secure a slice of the great surge in global economic growth' (27) might not be at least in part due to the policy choices made by their own governments, to persistent military conflicts, and to pervasive corruption and nepotism, rather than to globalization?

More fundamentally, if globalization really were such a bad thing for developing countries, why is it that the vast majority of those whose governments are democratically elected want more of it (albeit, as noted earlier, on fairer terms) rather than less? Why is it that 'NAFTA remains more controversial within the United States and Canada than in Mexico', as Kerr notes (103) but does not explore? Could it be that Mexicans actually see NAFTA as a means of narrowing the gap between their living standards and those of their northern neighbours (and perhaps that Canadians and Americans do too, and don't care much for the prospect?)

Kerr's analysis of the institutions of 'global government' (92-99 and 148) is mistaken in several respects – the IMF and the World Bank are not 'UN-sponsored organizations'; the IMF is not 'primarily a supervisory institution for co-ordinating efforts to achieve greater co-operation in the formulation of economic policy' (that sounds more like the OECD or the G7); the US does not 'exercise practical control over key appointments' (the Managing Director of the IMF is by convention a European, and until the appointment of the current incumbent was always a Frenchman); and the WTO does not operate 'under the auspices of the United Nations'. The Bank for International Settlements (which would be more appropriately termed "the reserve banks' reserve bank" than the IMF) is not mentioned at all.

However there can be little argument with his proposition that there is a need to 'develop a mechanism to confer legitimacy on the decision-making processes of the international sphere', for without such legitimacy, 'the consensus that has hitherto supported open markets and multilateralism may be lost' (123). The issues he raises are in many respects similar to those raised in Europe by what is often described as the 'democratic deficit' associated with the shift of decision-making power from the governments of member states of the European Union to the unelected European Commission.

The key question is whether Kerr's 'ten proposals towards global democracy' would do much to achieve his goal of conferring greater legitimacy on the various international policy-making fora to which he refers.

In some cases, the answer is clearly 'yes'. For example the proposal to establish a 'foundation for global democracy' to sponsor thinking and discussion about how to achieve greater accountability and democracy in international institutions, if combined with efforts to assist in building democratic institutions and social capital in the world's poorest countries, this could potentially provide large benefits for the sums involved.

Kerr's proposal could be extended by giving the WTO, or some other body, funding sufficient to enable it to carry out and publicize research documenting the costs, especially to developing countries, of high barriers to cross-border trade and investment – in much the same way as the Tariff Board, beginning under Alf Rattigan in the 1960s and continuing in its subsequent re-incarnations as the Industries Assistance Commission, and then the Industry Commission highlighted the burden which protection imposed on the Australian economy and on consumers in particular. Indeed Australia's experience in this area, which is almost without parallel elsewhere in the world, would enable it to play a leadership role in this effort.

Similarly there should be no argument against Kerr's proposition that NGOs meet minimum standards of internal democratic accountability before being accredited to international forums. While Kerr appears to be more bothered by 'phoney front organizations … set up to argue the interests of big business and polluting industries', those concerned with democratic values or with the interests of developing countries should be no less alarmed at the role played by industrialists such as US textile billionaire Robert Milliken whose economic interests are threatened by the possibility that workers in developing countries might improve their circumstances by selling textile products in the United States (Krugman 2000; Lizza 2000; Hartcher 2001), or at the role played by militant anarchist groups (again almost exclusively from rich countries) in fomenting violent demonstrations wherever gatherings of international political or business leaders are held (Canadian Security Intelligence Service 2000).

Nor can there be any serious objection to Kerr's call for the terms of draft agreements between national governments to made widely known in sufficient time to allow community debate to take place prior to such agreements being finalized. Indeed that is exactly what the Department of Foreign Affairs and Trade has been doing ahead of the WTO Ministerial Meeting in Doha, Qatar in November this year.

Most Australians would support Kerr's advocacy of a global anti-tax evasion strategy designed to curb the use of tax havens – an effort spearheaded by the OECD (yes, the same agency that sponsored the now abandoned Multilateral Agreement on Investment – ah, but that was different!) but now thwarted by the Bush Administration. Ironically, the other main plank of Kerr's proposal to 'deal with the negative structural consequences of globalization', the 'Tobin tax' on currency transactions, would almost certainly enhance the appeal of tax havens.

Kerr’s other proposals for extending the reach of democracy into the realms of international governance, though transparently well-intended, seem for the most part to be a combination of the impractical and the ineffectual. The main suggestions are for a second, directly representative assembly for the UN; submitting the names of candidates for positions such as secretary-general of the UN or managing director of the IMF and the World Bank to ‘the judgement of national electorates’; allowing for the ‘recall’ (ie, dismissal) of incumbents of such positions if requested by a prescribed number of nations, with such requests driven by citizen-initiated referenda; and requiring national nominees for such positions to be subject to a vote of their own citizens.

Given the ineffectiveness of the UN General Assembly as presently constituted, it is difficult to see what meaningful purpose could possibly be served by creating a second chamber, especially if (as Kerr suggests), ‘states … which do not want to use democratic selection procedures could appoint their own non-government representatives from amongst their most distinguished citizens’? How does it aid the spread of democratic values to allow the wishes of the representatives of democratically-elected governments to be over-ridden by the appointed lackeys of military dictators and self-perpetuating oligarchies? If the role of a second assembly ‘would have to be advisory only’, how would that differ from the role played by the current General Assembly?

The idea that the head of the World Bank or the WTO should be determined by the outcome of a series of national elections seems almost farcical. It took more than a year for member governments of the WTO to decide between two candidates for that post, a delay which seriously undermined preparations for the WTO Ministerial meeting in Seattle in November 1999 (and which was much more the cause of the failure to launch a new trade round at that meeting than the mayhem outside); how long would it take if more than 100 different national elections were to be required? What impact on the work of such organizations would the need to engage in potentially global campaigns have? What chance would there ever be of prospective candidates from developing nations attaining such positions – as Thailand’s Dr Supachai Panitchpakdi will in the WTO from September next year – in competition with well-financed candidates from industrialized countries?

Other practical questions suggest themselves almost immediately. Why would countries who do not allow their citizens to elect their own governments allow them to elect the head of the IMF? Why would countries who agreed to submit the alternatives to a vote of their own citizens be willing to be over-ridden by a majority of countries who did not?

Unless voting in such elections were to be compulsory (which may be possible in Australia given our traditions, but is difficult to contemplate elsewhere), how could governments prevent them from being dominated by those whose aim is simply to prevent organizations such as the IMF or the WTO from functioning at all? It is hard to imagine ordinary American or ordinary Japanese voters, fewer than half of whom nowadays vote in elections to determine the composition of their national governments, being eager participants in a ballot to determine the next head of the World Bank.

More fundamentally, it is hard to understand why should it be crucial to the legitimacy of institutions such as the IMF that its managing director be elected, when no-one seriously suggests that (for example) the Reserve Bank – which has far greater impact on the lives of ordinary Australians than the IMF – lacks legitimacy because its Governor is appointed by the government of the day rather than elected by a national vote.

The same objections apply to Kerr's suggestion that key international positions be subject to recall by citizen-initiated referenda in a prescribed number of nations. It is not difficult to imagine dedicated anti-globalization activists initiating such referenda on an almost perpetual basis, with the sole aim of disrupting the work of such organizations. And why should the incumbents of key international positions be subject to recall in this way when, with very few exceptions around the world, Ministers, elected legislators and public servants are not? It seems far more likely that these proposals would, if implemented, significantly weaken the ability of national governments to participate effectively in international decision-making fora, and heighten their vulnerability to populist or dedicated minority-group pressures.

Duncan Kerr comes across in his book as a principled person of the political left, who recognizes that globalization challenges beliefs which he has long held dear, but who is also realistic enough to acknowledge that to attempt to halt the process of globalization or to throw it into reverse would be foolhardy in the extreme. His aim is 'better' or 'fairer' globalization, rather than 'less'. Many of his assertions about the effects of globalization do not withstand scrutiny – whether in his book or in the sources from which he has drawn them; and some of his proposals seem difficult to take seriously.

But there is no denying his premise that unless the concerns about the consequences of globalization which he discusses are effectively addressed – through policies to share more equitably the costs and benefits of globalization, to deal with the increased sense of powerlessness that globalization has fostered among many citizens, or through more effective responses to the propaganda of those whose opposition to globalization is purely ideological – then there is a very risk that the process of globalization will be halted, or thrown into reverse, with devastating consequences for those with whom people of the left are traditionally most concerned (as the history of the first half of the twentieth century dramatically demonstrates).

There is, as Sen (2001) says, 'a strong case for far-reaching re-examination of the institutional structure of the international world'. One does not have to endorse all, or even any, of Duncan Kerr's proposals to accept that he has made a contribution to that re-examination.

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