

politicians in general. Perhaps mass surveys rather than extensive interviews of a limited number of people would have better fleshed out why people voted for independents.

The question is raised as to whether voters support independent candidates in protest against policies seen as being anti-regional, or whether it is to keep pressure on the major parties to throw money at the bush. The authors manage to confuse themselves (and the unwary reader) in the process. For instance, in the introduction we read about how the major parties 'have largely abandoned traditional rural policies and now require regional communities to take responsibility for their own sustainability.' A few pages later, we hear of the hundreds of millions of dollars spent to appease regional and rural Australia in the lead-up to the 2001 election.

Three years down the track, we are no closer to the answer. It has been argued that the government continues to squander its fiscal dividend in regional areas, while failing to make tough reforms in agriculture that may benefit the country but leave certain areas (read 'marginal electorates') worse off. One suspects that it is an argument that Costar and Curtin hold little sympathy for.

Indeed, Costar and Curtin manage to portray themselves as rebels with a dubious cause via an unsubstantiated attack on (their own perception of) economic rationalism. Having criticised—quite validly—the arrogance of a senior public servant who argued that Australia could not afford to elect independents, the authors somehow draw a line from this view to 'an extremely "rationalist" paradigm derived from market economics, which regards efficiency rather than effectiveness as the ultimate good'.

Firstly, whether there is unfettered executive power over the parliament has little to do with any

particular form of economic policy. Secondly, few supporters of market economics of whom I am aware would laud its efficiency rather than its effectiveness. Perhaps Costar and Curtin should stick to their discipline of choice—politics.

This book is a start. A more complete study of independents in Australian politics, containing documentary material, a comprehensive index, and deeper analysis, awaits.

**Reviewed by Peter Taft**

*In Defense of Globalization*  
by Jagdish Bhagwati  
Oxford University Press  
2004, 304pp, \$62.95  
ISBN 0195 170253

Jagdish Bhagwati set out to write a book for the intelligent everyman that explores the nature and origins of anti-globalisation. He spends time 'understanding the anti-globalization movement and defining its concerns'. He explodes a few anti-globalisation myths and highlights the anti-globalist penchant for presenting fear as fact.

Wittily and eloquently, and using both empirical and anecdotal evidence, Bhagwati shows how globalisation helps the poor, reduces child labour, advances opportunities for women, improves third-world labour standards and wages, and aids environmental protection. So far so good. But nothing very good lasts forever.

Bhagwati has a fascination with putting a 'human face' on globalisation.

He argues 'Globalization has a human face, but we can make that face yet more agreeable'. This may or may not be the case, but how does one measure such a thing? Does a textile worker in Thailand really care whether globalisation is wearing a happy face, or whether they are paid three times what they could earn working in a rice paddy?

Bhagwati undoes his good work by warning of 'the perils of gung-ho capitalism' as if it was not gung-ho capitalism that brought about the aforementioned benefits of globalisation. From there it's all downhill. Bhagwati warns against the 'freeing of capital flows in haste without putting in place monitoring and regulatory mechanisms and banking reforms' and seems particularly haunted by the Asian economic crisis of the late 1990s. He uses this as an example of the dangers of 'imprudent

financial liberalization...allowing free international flows of short-term capital without adequate attention to the potentially potent downside of such globalization.'

Even Bhagwati admits the Asian crisis happened despite the relevant economies' 'splendid fundamentals' which leads one to the obvious, and correct, conclusion: that, like all crashes, the crisis was driven by fear and greed. Last time I checked they hadn't worked out a way to regulate against fear or greed or stupidity. However, Bhagwati lays blame at the feet of a 'lack of banking and financial regulation'.

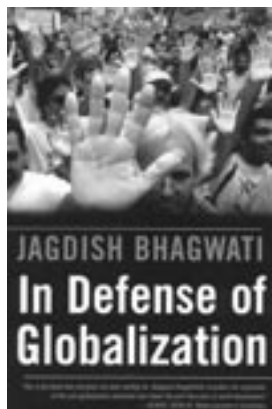
Bhagwati goes on to say 'appropriate handling of the downsides of globalization that will undoubtedly occur with integration into the world economy, and in the course of transition to such integration as well, requires a complex set of new policies and institutions.' Even more disastrously he suggests 'the design and financing of these new institutions and policies cannot be left simply to the government in these [poor] nations.' So you know where the money is coming from.

Bhagwati finds the ideas that the difficulties of globalisation are overcome in the long-run and that globalisation promotes growth that aids both rich and poor nations 'unpersuasive'. He wants 'institutional mechanisms to cope with the occasional downsides' of globalisation—whatever that means.

Bhagwati is wrong, wrong, wrong. Globalisation will not become more beneficial if the process is managed—in fact, the opposite is true. Regulation is costly, ineffective and creates perverse incentives unforeseen by regulators. Globalisation has already been

proven to work—Bhagwati spends the first three-quarters of the book saying so —so why moderate the process?

The answer to this may be that Bhagwati wants to be liked. *He* wants to be seen as the human face of globalisation. Despite taking a



satisfying swing at Arts students and faculties, Bhagwati falls over himself to identify and engage with those 'critics of globalization whose discontents are well within the parameters of mainstream dissent'. *In Defense of Globalization* contains concessions that may make its conclusions

more palatable to these critics but that are bound to infuriate true proponents of globalisation. Should these ideas take hold they will limit globalisation's long-term effectiveness.

Bhagwati argues the case for globalisation well and *In Defense of Globalization* could so easily have been an articulate, not to mention mercifully short, contribution to the often irrational debate on globalisation. Unfortunately, in his attempt to accommodate anti-globalists Bhagwati seriously weakens his argument and does a great disservice to globalisation.

**Reviewed by Chris Prunty**

*State-Building: Governance and World Order in the Twenty-First Century*

by **Francis Fukuyama**

Great Britain, Profile Books, 2004, 194pp, \$45

ISBN 1 86197 781 6

Francis Fukuyama rose to prominence just before the fall of the Berlin Wall in 1989 when he proclaimed the 'end of history'—that is, the end of ideological conflict and the triumph of liberal democracy as the final form of government. He then turned his attention to issues such as trust and civil society, divorce and family breakdown, and the ethics of biogenetic engineering. *State-Building: Governance and World Order in the Twenty-First Century* marks his return to geopolitics to focus on what he argues is one of the biggest challenges to international order—state weakness and what can be done about it. Weak and failing states are the 'source of many of the world's most serious problems from poverty and AIDS to crime and terrorism', and can no longer be safely ignored.

Based on three lectures delivered at Cornell University in early 2003 (and, in the case of the third lecture, on his 2002 John Bonython Lecture for CIS), the aim of the book is to bridge the divide between development and security studies. For when countries like the United States intervene in failed states, whether for humanitarian or strategic reasons (or both), they end up facing the same questions as international aid agencies: 'how to build self-sustaining institutions that can survive once foreign advice and support are withdrawn'. This is commonly known as 'nation-building' yet, as Fukuyama points out, outsiders cannot create or mend the social, cultural and historical ties that bind people together as a nation. A more accurate term is 'state-building'—the creation of