

the serious political problems of industry policy.

One could also doubt the assumptions behind Rodrik's three-way globalisation dilemma (or 'globalization trilemma,' as he puts it). His core argument is that 'national democracy and deep globalization are incompatible'—with democracy here meaning a highly regulated welfare state with a unionised labour market. Such a system may well be threatened by the expansion of free trade, but this is not everyone's definition of democracy. Policymakers in numerous democratic countries have adapted to globalisation and used its benefits for social ends. And while Rodrik claims sympathy for the idea of 'global governance,' he sets this alternative up to fail, saying that international cooperation is ineffective because it can't achieve the high level of regulation governments ought to enforce in the domestic economy.

Rodrik is clearly aware that if he is to criticise the prevailing system, he needs to propose alternatives, and it's to his credit that he does this. His proposals, however, are disappointing. He calls for trade negotiations to be predicated on domestic social welfare considerations, with countries allowed to take 'safeguard action' on issues such as labour conditions. But even if labour conditions are poor in a developing country, stalling trade would do nothing to address those conditions. He makes an innovative proposal for a global guest worker scheme—reasonable enough on economic principles but entirely unworkable in practice, given that guest workers are

unlikely to want to return home. Rodrik notes that China would likely be strictly treated under his system of safeguard action, but says: 'China will have to take the trade restraints it experiences under this mechanism in stride—not as instances of protectionism that it needs to fight tooth and nail, but as necessary exercises in system maintenance.' Many may doubt that China would see it so positively.

The biggest problem with the book is that, for all its presentation as a major response to the global financial crisis, it feels surprisingly out of date. Rodrik condemns 'hyperglobalization,' but attitudes toward the global financial system have moved far beyond the 1990s era of the Washington Consensus. Rodrik strenuously contends that the GFC proved the failure of global systems of governance, but hardly mentions the major international response to the crisis: the formation of the Group of Twenty. The G20 may well be far from perfect, but it is a key advance towards a global economic system that formally brings together the developed economies and the rapidly rising, big developing economies.

In many respects, the most important theme to emerge from the crisis is not the failure of globalisation but its breadth and depth, with its driving force now spread more widely around the world. As Nancy Birdsall and Francis Fukuyama wrote recently in *Foreign Affairs*, traditionally the agenda for international development was generated in the developed world and implemented, or imposed on, the developing world. But in future,

major countries such as China, India and Brazil will be both donors and recipients of resources for development.

It is regrettable that Rodrik is still stuck in a 1990s frame of mind where globalisation was all about sharply differentiated developed and developing countries. As the centre of economic gravity shifts closer to the centres of population, it will be necessary to think of globalisation in far more forward-looking ways.

**Reviewed by
Richard Salmons**

The Price of Freedom Denied: Religious Persecution and Conflict in the Twenty-First Century

By Brian J. Grim and Roger Finke

Cambridge University Press, 2011

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The right to religious freedom is enshrined in international covenants and national constitutions around the world, yet religious persecution is widespread. In *The Price of Freedom Denied*, Brian Grim and Roger Finke examine this disconnect and seek to explain it. The book is particularly relevant today in the face of resurgent religious fundamentalism and debates about the place of religion in the world.

The book begins with a brief survey of the intellectual history of religious persecution and conflict, touching on Voltaire,

Adam Smith, and David Hume. Grim and Finke argue that world-wide there are essentially two responses to the possibility of persecution and religious conflict. Voltaire and Hume's advocacy of religious pluralism as the most stable and peaceful situation seems to be a minority view today. Most countries consider suppressing heterodox beliefs and promoting unity as the best way to create the peaceful society.

The authors test these theses through a rigorous analysis of the current data on religious persecution from around the world. Their carefully argued analysis suggests that restrictions on religious freedom correlate strongly with religious persecution and conflict.

The findings are based on research for the *Reports on International Religious Freedom* compiled by the US State Department between 2000 and 2007. Grim and Finke carefully coded these reports for comparison and cross-reference to provide statistically useful data, and combined this analysis with the international Pew Forum survey data about perceptions of religious freedom around the world.

Essentially, *The Price of Freedom Denied* is a presentation and discussion of these results, which make for very interesting reading.

Though at times the quantitative approach risks oversimplifying complex situations, it addresses a heated issue in a factual manner; attempting to draw conclusions and sound generalisations from the acknowledged mess of

intricacies and details. Throughout, the authors try to put the statistics within a historical and cultural context.

A very measured tone delivers some stark realities. Religious persecution is evident in every region of the globe. Of the 143 countries surveyed, 86% reported physical persecution on the basis of religious belief. In some countries, religious persecution is both widespread and severe; 25 countries are reported to have more than 10,000 incidents of persecution each year. The varied situations in Japan, Brazil, Nigeria, China, India, and Iran are all discussed and compared as detailed case studies. Some of the trends identified are further explored and

explained by the authors.

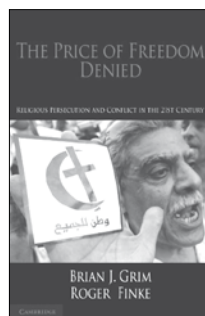
Perhaps the most controversial finding is that in countries where Islam or religions other than Christianity are the majority, 'religious persecution is reported in 100 percent of cases.' (p. 21) It is not just the occurrence of persecution but also the intensity that stands out. Grim and Finke conclude, 'Religious persecution is not only more prevalent in Muslim-majority countries, but it also generally occurs at a more severe level.' (p. 169)

Islamic fundamentalism as a possible reason for this is considered but dismissed by the authors. They argue that in almost all cases, the social and government restrictions leading to persecution predate the more recent rise of Islamic fundamentalism. The role of religion in identity is a more credible factor. Historically,

government restrictions are traced to the need for unity in the wake of independence from colonial powers. In many newly independent countries, Islam became central to the dominant social and/or national identities. Armed conflicts and civil wars also contributed to government reassertions of social and national identity. Muslim-majority countries have been particularly afflicted.

Religion per se is not the problem but rather the relationship between religion, society and the state. There is some discussion of the role of Sharia law as a common factor among Muslim-majority countries. Sharia is supposed to combine the majority religion and the state, making minority beliefs a threat to society, the majority religion, and the state. Grim and Finke say the differences between Shia and Sunni approaches to Sharia law further contribute to these tensions as the two branches of Islam differ considerably on how it should be regulated; in many places, this itself is a cause for conflict.

This is consistent with Grim and Finke's overall thesis that heightened levels of persecution and conflict are the result of social and government restrictions on religion. Grim and Finke note that Muslim-majority countries assert they have more reasons to impose restrictions than Christian-majority countries. Some of these are the result of tensions within Islam; others are the result of their post-colonial context. It will be interesting to see whether the recent revolutions in the Middle East and North Africa recast the place of religion in the Muslim majority states.



This book could be read as yet another defence of pluralism and multiculturalism. However, such an interpretation would miss the strength of the book's argument and its refreshingly pragmatic force. A plurality of beliefs is not put forward as a good in itself. Rather it is the stepping stone that connects religious freedoms to a reduction in persecution and religious conflict. Their argument is that where there is freedom of ideas, beliefs flourish and multiply, producing a diverse spectrum of groups (p. 71 and elsewhere). In such a context, no group has the numbers or influence to either dictate to government or pose a political or cultural threat that might justify persecution or conflict between groups.

Grim and Finke point out that the cycle of religious oppression is self-perpetuating. Once freedoms are denied, conflict ensues, which is then used to justify further regulations and limits on freedom. How can a state reduce the persecution of religious minorities when it views them as a cause of conflict or as a genuine threat to the state and its people? The solution is easier said than done. Granting religious freedom to religious minorities is the last thing such a state would consider. Counterintuitive though it might be, this is the logical implication of the book.

At this point, the book could have benefited from some discussion of the role and impact of plural secularism in many of those 'Christian-majority' countries it refers to throughout. Authors such as Charles Taylor and Peter Berger, in discussing this, have

pointed out that it is not always the win/win for religion and the state that is suggested here. However, this would go beyond what is being attempted.

That being said, *The Price of Freedom Denied* is a valuable contribution to the current debates about religion and the state. Its factual foundations are refreshing in an arena often dominated by polemic and opinion. However, this is a debate that, in many places, is yet to be had. The authors put forward a strong case for the connection between religious freedom and reduced persecution and violent conflict. But, as always, freedom is 'inconvenient and fragile' (p. 213).

Reviewed by John Shellard

Guaranteed to Fail: Fannie Mae, Freddie Mac, and the Debacle of Mortgage Finance

By Viral V. Acharya, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White

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The global financial crisis has occasioned a vast literature purporting to analyse the causes and consequences of the crisis. The crisis literature ranges from morality play narratives, insider accounts, and melodramas to wise-after-the-fact analysis. Yet most of this literature, like many of the policy responses to the crisis, has been beside the point.

A new book, *Guaranteed to Fail: Fannie Mae, Freddie Mac, and the Debacle of Mortgage Finance*, stands out among all the others. Written by economists Viral V. Acharya, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White, it is one of the very few books to focus squarely on the ultimate cause of the crisis: US government housing policy and the role of the two government-backed mortgage giants Freddie Mac and Fannie Mae in giving effect to that policy.

It has become common practice to date the crisis from 15 September 2008 when Lehman Brothers was allowed to fail. Yet the failure of Lehman Brothers was a trivial event compared to a much bigger but largely ignored failure that took place one week before, when Freddie and Fannie were put into 'conservatorship' by the US government. The failure of the two government-sponsored enterprises (GSEs) was far more serious than any other financial failure during the crisis.

While the two GSEs have a long history, their role in US housing finance changed dramatically from 1992, when they were given 'affordable housing' mandates by the US government. These were explicitly designed to extend credit to those least able to finance a mortgage. An alphabet soup of government programs and agencies were active participants in this overall mandate, but it was Freddie and Fannie that ultimately financed it. While private financial institutions participated in the growth of high-risk mortgage lending, it was Freddie and Fannie that led the race to the bottom