

**WORLD ON FIRE: HOW EXPORTING FREE MARKET
DEMOCRACY BREEDS ETHNIC HATRED AND GLOBAL
INSTABILITY (BY AMY CHUA, 2003)**

Ebenezer Agbeko

Ebenezer Agbeko is an Independent Researcher and holds a Masters degree from American Public University, School of Security and Global Studies (United States). His articles “**Understanding the Structural Dynamics of the Russo-Chechen Conflict...**” and “**The Syrian Conflict and Superpower Politics: The Way Forward**” were both published in the *Journal of Global Peace and Conflict* (Vol. 2, Issue No. 2, December 31, 2014). His articles “**The State of Iraqi Democracy**”, and “**Afghanistan after the US Withdrawal**” were published in the *Peace and Conflict Monitor* (June 06, and July 18, 2014 respectively). His article “**The International Experiment in Democratic Governance: Assessing the General Framework Agreement for Peace and the United Nations Mission in Bosnia-Herzegovina**” was published in the *International Journal of Current Research* (Vol. 5, Issue 7, May 31, 2015). Also, he authored the article “**Reconciling Huntington and Mueller’s Theories of Conflict: A Critical Analysis of Race, Culture and Conflict**” published in the *International Journal of Current Research and Academic Review* (Vol. 3, No. 6). The author can be contacted directly at: **Chua, Amy. 2003. *World On Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*. New York: Doubleday.**

Theoretical Framework of the Book

The theme of Chua’s book, *World On Fire*, explores the spread of free market democracy and its concomitant impact on ethnocentrism and violence across the globe. Chua’s thesis argues that the universalization of markets and democracy is “a principal, aggravating cause of group hatred and ethnic violence throughout the non-Western world” (p. 9). She opines that when countries,

particularly developing countries embrace democracy and free market economy too quickly, ethnic hatred, resentment, violence, and even genocidal conflicts can result. The two mainstream variables in the thesis are democracy, and free market capitalism, and Chua contends that these two core values of western civilization "...are not mutually reinforcing. Because markets and democracy benefit different ethnic groups in such societies..." (p. 9). Thus free market capitalism does not operate in tandem with democracy in the non-Western world, at least in the short run, to ensure peace and engender prosperity as the enthusiastic globalists of free market democracy and economic globalization popularly acclaim. In this context, contrary to popular belief, free market democratic principles coupled with unfettered globalization can lead to unintended consequences or backlash particularly in the developing countries where the institutions of rule of law and justice are weak and, for most part, ineffective and dysfunctional.

In the Philippines, Chua explains, the Chinese Filipino constitutes approximately 1% of the population but controls overwhelmingly about 60% of the nation's private economy, including banks, hotels, airlines, shopping malls and major conglomerates (p.3). In the same vein, Chinese Indonesians in 1998 comprised about 3% of the Indonesian population but controls disproportionately about 70% of the country's private economy, including all of the country's largest conglomerates (p. 6). There is a similar pattern throughout Southeast Asia, Africa and Latin America. The result of this development is the fomentation of bitterness, envy, resentment, and violence against the Chinese minority by the impoverished indigenous majority in these countries (Chua, 2003).

Chua points out free-market democratization come with the associated effect of increased ethnic conflicts resulting in violence particularly when an ethnic minority is disproportionately wealthy. She asserts, "When free market democracy is pursued in the presence of a market-dominant minority, the almost invariable result is backlash" (p. 10). This backlash, according to Chua, manifests itself in three ways: The first is a backlash against markets, targeting the market-dominant minority's wealth, the second is a backlash against democracy by forces favorable to the market-dominant minority and, the third is violence, sometimes genocidal, directed against the market-dominant minority itself (Ibid). In short, an overnight introduction of democratic culture in the developing world empowers the impoverished, indigenous majority, and in such a

circumstance democracy does not deliver on what is popularly expected, that is, reinforce markets, peace, accountability, electoral and political reforms, transparency, respect for human rights, media freedom and rule of law among a host of other socio-political imperatives that ensure a compact, coherent and viable state. Instead, manipulative politicians and demagogues emerge who prey on ethnic sentiments as a strategy to canvass political support by scapegoating the ethnic minorities. Chua employed historical antecedents to buttress her thesis and make her case. She, for example, draws extensively upon the examples of Whites in South Africa, Zimbabwe, and Latin America, the Ibo in Nigeria, the Tutsis in Rwanda, Lebanese in West Africa, and Jews in post-communist Russia.

Critical Evaluation of the Book

Examining professor Chua's work, *World On Fire: How Exporting Free Market-Democracy Breeds Ethnic Hatred And Global Instability* (Doubleday, 2003), it is apparent that Chua over-emphasized the "market-dominant minorities" factor over other myriad combustible factors and internal country-specific socio-economic dynamics that also equally occasion or exacerbate the hatred and violence perpetrated against the minority economic elites (the market-dominant minorities). In fact, the interplay of these other factors and the entrepreneurial superiority of certain ethnic minorities as a result of free market capitalism combine to create a highly charged atmosphere within which tolerance, acceptance and conflict resolution mechanisms do not prevail, or often break down and open the vent for backlash and violence against the market-dominant minorities in the developing countries, in particular. Such highly charged volatile situations have, sometimes, been taken advantage of by some parochial and myopic political elements to fuel chaos and conflict in some states, or so I will argue. The Bosnian conflict and the Rwandan genocide in the 1990s are fundamental case studies.

The book aptly discussed how colonialism bequeathed wealth to some members of society as well as highlighted how colonial occupation and legacy have caused fault-lines among diverse demographics in society. Colonization in Africa and Latin America, for example, was conducted in such a manner that the economic resources (Gold, Diamond, Bauxite, Manganese, Timber and Ivory, for instance) of these regions were literally under the auspices of the colonizers. After colonial occupation ultimately came to an end, the descendants of the colonizers became

economically and financially well endowed as a result of the blatant unfair practices of the previous era which essentially benefited the white population and disadvantaged the indigenous people and also at the expense of the larger society and the public good. The white populations owned the most fertile lands, the mineral mines, big businesses, and control the financial services sector. This was the case in many parts of Southern Africa including South Africa, Botswana, Namibia, and Zimbabwe among others. This colonial legacy created huge economic disparity between the indigenous people and the white population even up to today, creating a turbo-charged atmosphere of tension, hatred, resentment, and in some cases violence against the white population who often own massive wealth. Chua writes, "...the main reason that South Africa's present-day whites are so overwhelmingly market-dominant, vis-à-vis the black majority, is not because of any superior "entrepreneurialism." It is because they have a gargantuan economic head start" (p. 99). Chua aptly simplified this argument further: "They have this head start because generations ago, their forebears turned the black majority around them into a mass pool of uneducated, disenfranchised, dehumanized labor held in check by a police state" (Ibid).

There is little doubt or debate that free market capitalism and organization of society coupled with globalization concentrate spectacular wealth and prosperity disproportionately in the hands of a few entrepreneurial ethnic minorities, "the market-dominant minorities" at the expense of the majority. This economic disparity, in some cases, often fuels the resentment, hatred and violence against the opulent ethnic minority in society. However, there are other undercurrent factors, apart from the market and economics that invoke and/or precipitate reprisal attacks against the economically successful minorities in some societies.

Religious, political and cultural factors also tend to stir up the resentment and violence against the market-dominant minorities across the globe. In this context, the overriding source of the backlash and violence is not pre-eminently the economic success of the ethnic minority, but religious and socio-cultural. For example, in the Middle East, there is strong resentment against Jews and the state of Israel not primarily because the Jews abound in entrepreneurial acumen but because of numerous religious, socio-cultural, and political rationalizations. The Palestinian people want a Palestinian state of their own, and they believe Israel is undercutting this aspiration with the tacit, and sometimes overt, support of the West, the United States and Europe

in particular. A case in point: A Palestinian application for statehood was threatened with a US veto in the UN Security Council in September, 2010. Besides, the state of Israel continues to develop settlements in the disputed Palestinian territories with impunity thereby jeopardizing negotiations and any meaningful peace talks. This state of affairs has emboldened Hamas, a Palestinian hard-lined group, to adopt a militaristic stance against Israel. The group has refused to recognize the state of Israel, and has consistently orchestrated and continues to launch sporadic rocket attacks against Israel. Cases in point are the 2008, 2012 and 2014 skirmishes between Israel and Hamas in the Gaza Strip. In this regard, the conflict between the two factions is not borne out of the entrepreneurial superiority of one faction over the other. Self-determination political motivations best explain the structural causes and dimension of the conflict. Chua's book falls short of expatiating on the deeper structural causes of conflicts or did little to capture the underlying historical context of violence in the Third World.

Besides, there is a certain level of resentment against the West in the Arab world on the account of the protracted Israeli-Palestinian conflict, US foreign policies in the region, and also because majority of the Arab world resent Western penetration or infiltration into their domain. They would like to preserve their religion and way of life or culture without external influence, culturally or politically. For this, and many other socio-cultural and political reasons, some hard-lined elements in the Arab world consider Westerners "Infidels". In this context, the Arab resentment against the West does not stem from American (or Western) free market-capitalist economic model and dominance. Rather, dominant socio-cultural and political factors come to play. Chua's book overlooked the political undertones of conflicts in the developing world or failed to address some of the aforementioned political intricacies-or so I will argue.

It is worthy to note that a good number of the countries that Chua cited within which resentment against market-dominant minorities emanate are, for most part, developing or least developed countries where there is lack of, or low level of national identity, national consciousness, economic and political inclusiveness, and the rule of law. In states where there is a conscientious national strategy or effort at carving an all-inclusive national identity, and to establish the rule of law and justice for all (as in the West) resentment, violence and unnecessary reprisal attacks against market-dominant minorities are, arguably, non-existent. In his article, "The Crash of

Western Civilization: The Limits of The Market and Democracy”, Jacques Attali (1997, p. 2) wrote, “A market economy and democracy can endure only in nations that maintain certain indispensable features: the rule of law, a legal system, a free media, and a social consensus on efficient tax collection.”

George Leef of the John Locke Foundation debunks Chua’s argument about the motivation for ethnic violence perpetrated against the market-dominant minorities. Leef contends that myriad other factors could spark ethnic resentment, and for that matter, account for ethnic violence, including the simplest motivation of pure racism and/or discrimination. Evidence of multi-causal underpinnings of violence abounds when one views conflict (both intra-state and inter-state) through the prism of history. Historical evidence suggests that violence and its motivation can be traced and linked to multiplicity of motives, even before free market capitalism and democratic models or systems were evolved. In short, ethnic violence against some groups in society has been with mankind since antiquity, and since the history of man. To adopt a reductive approach, and to attribute the causes of ethnic violence almost exclusively to free-market democracy, amount not only to oversimplification but also being overly selective.

A plethora of the cases or countries that Chua employed as the basis for her theoretical framework rather amplify the weaknesses of the very foundation of her thesis. The book, for example, referenced the ethnic violence in Zimbabwe to make a broader case about how free market economy and majoritarian rule can spur violence. What Chua overlooked or did not consider, perhaps conveniently, is that Zimbabwe has cast itself as the epitome of a state with very minimal or no respect for human rights, freedom of the media, freedom of speech, transparent electoral system, rule of law, equal justice and appalling human rights record under the grips of a dictator, Robert Mugabe, who has ruled this hitherto prosperous African nation with an iron fist since independence on April 18, 1980. In short, some of the countries that the book employed as case studies are those that have made very minimal strides, if at all, to free market economy and tentative democratic culture.

Irrespective of the critique, Chua’s book highlights a growing phenomenon and trend around the world that ought to be investigated. The book aptly utilizes historical facts and evidence to

illustrate a modern phenomenon of ethnic violence motivated by ethnic resentment against a minority group that is disproportionately wealthy, and has their wealth expanded and entrenched as a result of free-market *laissez-faire* economy. Despite its weaknesses, the demonstrates how democracy can stir ethno-sectarian tensions up and turn ugly when exported to the developing world and power is transferred to the majority who, in most cases, controls a minute percentage of their countries' economic resources.

Chua accurately outlined the fact that, sometimes democracy and free-market economy, the two pillars or core values of Western civilization do not reinforce each other. In many cases that Chua cites in her case study, the two paradigms seem to weaken each other more than strengthen one another, at least in the short-term. Attali (1997, pp. 2,3) argued, "Despite the prevalent belief that the market economy and democracy combine to form a perpetual-motion machine that propels human progress, these two values on their own are in fact incapable of sustaining any civilization." He continued, "Both are riddled with weaknesses and are increasingly likely to break down...these two sets of principles [democracy, and free markets] often contradict one another and are more likely to go head-to-head than hand in hand..."(Ibid).

The book pointed out the degree to which western complicity plays critical role in fuelling the ethnic divisions that existed between some market-dominant minorities and the relatively poor majorities especially in Africa. The Belgian colonizers of Rwanda, for example, favored the ethnic Tutsi minority over the Hutu majority using dubious and unfair tactics as a way of perpetuating their colonial subjugation, and in doing so, heightened tensions between the two groups (Chua 2003). These tensions, due to historical memory, persisted and partly led to the Rwandan genocide in 1994. Chua (2003, 166) writes "To facilitate their own goals of colonial subjugation, the Belgians perpetuated the myth that the Tutsi- usually stereotyped as lanky, light-skinned, and thin-lipped-were genetically superior to, and thus born to rule over, the supposedly stockier, darker, thick-lipped Hutus."

Contribution of the book to the larger Debate in Globalization

Globalization, in recent times, has generated a lot of debate particularly about its impact, positive or otherwise, in the international political economy. Advocates of globalization and the free

market enterprise contend that free and open trade have the highest potential to unleash economic prosperity to regions that lack it, cure many of the problems of underdevelopment, and bring about increased standard of living.

The larger issue that Chua's book, as many other critics of globalization, tackles is the unintended consequences that free market democracy and globalization spawn. The introduction and success of these twin values (democracy and free markets) incontrovertibly depends, to a large degree, upon the internal socio-economic and political dynamics that exist in a particular country. Stanley Hoffmann (2002, 5) writes "...the states that it [globalization] does transform react in different ways. This fact stems from the diversity of economic and social conditions at home as well as from partisan politics." In fact, Chua's book aptly utilizes practical historical facts and developments from across the globe to demonstrate how the two systems in many cases do not reinforce each other, but weakens each other particularly in the developing countries. Capitalist market practices and globalization, according to Chua, encourage market-dominant minorities to have control over massive economic resources at the expense of the relatively impoverished majority around them. This creates economic disequilibrium or a lopsided distribution of economic resources in many countries. Consequently, some members of society become enormously wealthy and others live in abject poverty or close to that, creating economic unfairness, and a class society that many critics of globalization and unfettered free market have sharply lambasted. Hoffmann (2002, p. 4) submitted, "The specialization and integration of firms make it possible to increase aggregate wealth, but the logic of pure capitalism does not favor social justice. Economic globalization has thus become a formidable cause of inequality among and within states..."

Aside the ethnic resentment and violence, mostly in the developing world, as a result of free-market democracy that Chua encapsulates in her work, Joseph E. Stiglitz a former World Bank chief economist, commenting on the broader negative impact of free market liberalization and globalization on developing countries pointed out that post-war trade regimes such as GATT, WTO, and NAFTA had been crafted to better serve the developed countries, United States, Europe, and Japan in particular. These countries, Stiglitz argues, leveraged their economic and financial power to out-bargain poor countries. The rich countries, he contends, forced

liberalization of trade in industrial goods and skilled services upon poor countries, but retained subsidies on their agricultural products as well as maintained non-tariff barriers that are highly prohibitive and disincentive to exports from the developing world (Stiglitz 2007). This is indicative of the fact that free markets, economic liberalization and globalization do not always produce the desired impact or results that the economic globalists hope for or anticipate. A typical case in point was the Latin American experience in the 1990s. After swallowing IMF and the World Bank conditionalities hook, line, and sinker including, privatization, economic liberalization and globalization packaged as structural adjustment policies, the Latin American economy initially recorded some growth for sometime after which their whole economies slumped or plummeted into virtual recessions, and recorded economic growths that were far below the figure they had before the adoption of such liberalization policies. Thus the main contribution of Chua's book, among other things, is that it brought into the limelight and focused like a laser beam on a global phenomenon that ought to be investigated. Her book is a pioneer in evaluating the impact of free-market democracy on market-dominant minorities around the world, and for that she ought to be credited and celebrated.

Notwithstanding the inherent weaknesses of the free market enterprise and globalization, there are no doubt, powerful alternative impact or, yet still, benefits of the economic models in the international system. Free market capitalism and globalization propelled by technology, as enthusiasts like Thomas Friedman of the New York Times have asserted, have jointly facilitated to literally shrink borders and open markets overseas making it possible for products and services to be readily available across the four corners of the globe for almost every individual consumer that craves them. The volume of international trade, as a result, has increased exponentially more than any period since World War II, and many more nation-states participate in this interconnected web of global trade because the world today is much more interdependent such that policies of isolation or protectionism of the past age do not yield any positive outcomes. Benjamin R. Barber, a political scientist at Rutgers University wrote, "By shrinking the world and diminishing the salience of national borders, these imperatives [free markets, resources, technology, ecological effects and democracy] have in combination achieved a considerable victory over factiousness and particularism..."(Barber 1992, 1).

Globalization spearheaded by multinational corporations (MNCs) has helped to bring about development into many developing countries, India, China, Southeast Asia, and Latin America in particular. A number of transnational conglomerates outsource all or parts of their production units to the developing world and in the process create employment for many people in these countries. The MNCs also transfer technology to local employees and in many cases live up to their corporate social responsibilities. They pay taxes to domestic national governments that are crucially vital for socio-economic development in these countries. Dougherty and Pfaltzgraff (2001, 471) summed up the benefits of MNCs to the developing countries: “The initial flow of capital improves the balance-of-payments picture; brings in advanced technology not available domestically; creates jobs locally; affects savings on research and development; enhances the technical, productive, and organizational-managerial skills of indigenous personnel...” Anne Krueger, former Acting Managing Director of the IMF commenting on the broader impact of globalization and technology wrote, “On a wide range of measures – poverty, life expectancy, health, and education – more people have become better off at a faster pace in the past 60 years than ever before” (Krueger 2004, 1).

Conclusion

Chua’s perspective falls within the middle of the two schools of thought. She contends free-market democracy and globalization foment ethnic resentment and violence against market dominant minorities. She is also simultaneously an avid proponent of free-market enterprise and democratic culture. However, Chua asserts that the two systems (democracy and free market capitalism) ought to be promulgated concurrently with prudent socio-economic public policies designed to redistribute national economic resources or wealth to ensure that equitable distribution of economic resources is achieved in the larger interest of public good. Such integrative socio-economic public policies will facilitate reining in on lopsided income and wealth distribution that is associated with unfettered free market capitalism.

Although free market democracy, in some cases, spawns resentment against market-dominant minorities in some societies, it is cardinal to highlight the fact that other crucial underlying factors also stir up and heighten or facilitate the hatred, resentment and violence against the economic elites in some societies in the developing world. Therefore, such factors ought to be

investigated and emphasized in any analysis in order to construct a broader, balanced and objective narrative. Colonial legacy, religious, social and cultural factors, as well as political systems are all some of the critical undercurrent dynamics that play into the causes of the resentment and violence against market-dominant minorities thereby culminating in insecurity and global instability. Chua, I should point out at this juncture, is not an anti-market disciple or a proponent of socialist egalitarian practices and canons. The thrust of her argument is that democracy and free-market capitalism when exported in their undiluted or unfettered form engender ethno-sectarian tensions, violence and conflict in some societies in the developing world. The book, overall, is a brilliant masterpiece and a valuable contribution to the understanding of the field and the spread of democracy and market enterprise in the international system.

References

- Attali, Jacques, “The Crash of Western Civilization: The Limits of the Market and Democracy.” *Foreign Policy*, Number 107, summer 1997, pp. 54-64.
- Barber, Benjamin R. 1992. “Jihad vs. McWorld.” *The Atlantic*. (<http://www.theatlantic.com/magazine/archive/1992/03/jihad-vs-mcworld/3882/>). Accessed 05/15/2014.
- Chua, Amy. 2003. *World On Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred And Global Instability*. New York: Doubleday.
- Dougherty James E., and Robert L. Pfaltzgraff, JR. 2001. *Contending Theories of International Relations: A Comprehensive Survey*. Fifth Edition, New York: Addison Wesley Longman Inc.
- Hoffman, Stanley. 2002. “Clash of Globalizations.” *Foreign Affairs* Vol. 81, Issue 4.
- Krueger, Anne, “Educating globalization’s Luddites.” *Financial Times*, London, UK, April 16, 2004.
- Leaf, George C., “World on Fire: Government Fails to Protect Society’s Scapegoats.” *John Locke Foundation*, August 26, 2004. (http://www.johnlocke.org/news_columns/display_story.html?id=1759). Accessed 04/28/2014.
- Stiglitz, Joseph E. 2007. *Making Globalization Work*. New York: Norton, W.W & Company, Inc.