

# FIRE PREVENTION: A BOOK REVIEW OF AMY CHUA'S *WORLD ON FIRE*<sup>1</sup>

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*In this article, Ms. Goldenziel argues that World on Fire presents a compelling descriptive argument that would thwart the development of effective foreign policy. By failing to define the central terms of her thesis, Professor Chua oversimplifies the complex and unique historical, sociological, and political circumstances of the countries she studies. Ms. Goldenziel explains how more precise definitions are crucial to the creation of functional democratic processes, and presents a rubric for systematizing factors that affect democratization.*

## I. INTRODUCTION

Professor Amy Chua's *World on Fire* presents a compelling descriptive argument with problematic prescriptive implications. Chua posits a causal relationship between the opening of free markets, democratic reforms, and anti-ethnic backlash in developing nations. Her persuasive analysis, global in scope, begins to untangle the processes that influence ethnic backlash in the developing world. Yet by failing to precisely define the central terms of her book, Chua cannot provide a basis for developing effective policies. Chua ignores important qualitative factors that define the groups she labels "market-dominant minorities" and that differentiate the types of free market processes that affect the developing world. Chua's greatest oversight, however, lies in her failure to distinguish between the variety of democratic reforms that have exacerbated and assuaged ethnic tensions in the developing world. This review essay attempts to elucidate some of the factors that might help create a more precise picture of the relationship between free markets, democratization, and inter-ethnic relations that Chua presents. After a brief review of

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

2. J.D., New York University School of Law 2004. A.B. Princeton University 2000. Thanks to Prof. Frank Upham, Prof. Stephen Holmes, Prof. Stanley Katz, David S. Lee, and Michael Pine.

Chua's argument, I argue that her failure to define "market-dominant minority" and "free markets" hinders the development of effective foreign policy. In suggesting ways to make her definitions more precise, I then present a framework for understanding the factors that comprise democratization. I conclude by speculating on the implications that my analytical framework raises for a deeper understanding of the relationship between minorities, markets, and democratization.

## II. CHUA'S THESIS

Chua aims to debunk the common wisdom that free markets and democracy will cure the ills of the developing world. She posits that the advent of free markets exacerbates underlying ethnic tensions in developing nations, spurring further conflict. Most developing countries have what Chua calls a "market-dominant minority," distinct from the country's "indigenous" majority, that exerts disproportionate control over the country's primary economic sectors. The opening of free markets maintains or increases the position of the market-dominant minority, which builds on the capital that it has historically controlled. As a result, the less wealthy or impoverished majority group lashes out against the market-dominant minority, often in the name of eliminating the dominance of the outsiders and reclaiming the country for its "rightful inhabitants." Newly minted democratic processes, such as a free press and elections, enable this angry majority to curb the power of the market-dominant minority, and/or to rally against the perceived injustices brought by free markets or other democratic reforms. Sometimes, as in the case of the former Yugoslav republics, newly free-flowing political rhetoric escalates into horrific and tragic violence against the market-dominant minority.

To support her thesis, Chua cites countless examples of backlash against market-dominant minorities throughout the developing world. She draws primarily on examples from Southeast Asia, where Chinese historically have been a market-dominant minority, but references groups as diverse as the Kikuyu in Kenya, the Tutsi in Rwanda, Russians in Central Asia, Whites in South Africa, and Tamils in Sri Lanka. She devotes each of the four main descriptive chapters of her book to a region of the globe, discussing the Chinese in Southeast Asia, "pigmentocracy" in Latin America, Jewish wealth in post-Communist Russia, and the various market-dominant minorities in Africa. In the second half of her book, "The Political Consequences of Globalization," Chua explains how her market-dominant minority thesis can be extended to fit Jews in Weimar Germany, Israel

in the modern Middle East, Koreans in inner-city U.S. neighborhoods, and even the U.S. as a global market-dominant minority in light of the September 11, 2001, terrorist attacks. In her view, each of these situations involved a market-dominant minority – local, regional, or global – that suffered from a horrible backlash against it in the wake of free markets and democratization.

In her conclusion, Chua offers several broad prescriptions for avoiding anti-ethnic backlash in the developing world. She suggests that nations isolate and address, if possible, the causes of the market-dominance of certain minority groups. Beyond systemic programs like affirmative action, these policies must provide immediate results to address the potentially explosive problems of anti-ethnic backlash. Second, Chua recommends establishing programs of distributive wealth such as tax-and-transfer programs and stronger property laws, along with programs to give members of the indigenous population an ownership stake in their society's capital markets. She also advocates making democracy encompass more than majority rule, but offers little explanation of what this means, noting that Western-style constitutional safeguards and human rights protections have been exploited in developing countries. She cites China as an example of a country that may be embarking on a slow democratization process and opening of markets that will make for a smoother long-term democratic transition than other developing nations have experienced. China, as she acknowledges, does not have a market-dominant minority, so it is an imperfect example. In the Middle East, Chua suggests that the U.S. should not advocate an overnight turn to democracy, but instead should press Arab nations to step away from supporting Islamic fundamentalists and make greater efforts to promote democratic rights and freedoms. Finally, Chua advocates voluntary generosity by market-dominant minorities, whose own efforts to assimilate into and give back to their home communities will help prevent ethnic strife.

Throughout *World on Fire*, Chua carefully emphasizes her support of free markets and democracy. Her book is simply meant to caution against their use as a panacea for the problems of the developing world. Chua, however, offers few specific solutions for developing nations or their nation-builders to avoid anti-ethnic backlash on the road to democratization. To apply Chua's theories to democratization policy, one must clarify her definitions of market-dominant minorities, free markets, and democratization.

### III. WHAT IS A MARKET-DOMINANT MINORITY?

Chua appears unable to describe her own intellectual creature, the “market-dominant minority.” Chua’s baseline case of the market-dominance of the Chinese throughout Southeast Asia presents a clear example of a homogenous, ethnically-defined minority group that is culturally and economically (and often religiously) distinct from the populations of the nations in which it resides. Yet outside Southeast Asia, Chua expands and contracts the scope of the term “minority,” and sometimes the size of the market, in an awkward attempt to make her thesis fit. In doing so, she oversimplifies historical factors and societal cleavages in potentially destructive ways.

Chua’s discussion of Latin American “pigmentocracy” presents an example of the questionable expansion of her thesis. In many parts of the world discussed by Chua, ethnicity is a relatively static concept. Intermarriage rates between Chinese and most indigenous populations in Southeast Asia, she notes, are virtually zero, allowing ethnic populations to remain distinct. In Brazil and other pigmentocratic nations, “whites” are favored over darker-skinned peoples. However, unlike ethnicity in Southeast Asia, race in Latin America is a fluid concept. In Brazil, which exemplifies Chua’s discussion of pigmentocracy, at least half of the country’s 178 million people are descendants of African blacks.<sup>3</sup> However, a far smaller number is willing to self-identify as black. According to Ivanir dos Santos, the leader of Brazil’s Center for Articulation of Marginalized Peoples, “In the United States, you have the one-drop rule. If you have one drop of black blood, you are black. Here it’s the opposite. If you have one drop of white blood, you’re anything but black.”<sup>4</sup> Blacks and whites intermarry frequently in Brazil.<sup>5</sup> Because of this racial mixing, census takers have documented about 300 separate racial classifications, from “sour milk” to “bamboo brown.”<sup>6</sup> State universities have begun to address the problem of pigmentocracy by implementing a new racial quota system.<sup>7</sup>

Yet lumping the pigmentocracy problem together with other examples of market-dominant minorities conflates very different issues and may lead to disastrous policy prescriptions. Ethnically or racially distinct populations face issues of group identification and cohesion that are less likely to occur in ethnically or racially

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3. Michael Astor, *Brazil Tries Quotas to Get Racial Equality*, L.A. TIMES, Sunday, Feb. 29, 2004.

4. *Id.*

5. Hector Tobar, *A Racial Quake in Brazil*, L.A. TIMES, Oct. 1, 2003.

6. Astor, *supra* note 3.

7. *Id.*; Tobar, *supra* note 5.

fluid societies. Where color is measured in drops, factors other than racial or ethnic background may define whether one is “white” or “black,” and hues may serve as mere proxies for social mobility. In racially or ethnically fluid populations, shared religion or class may serve as loci for group cohesion. Religious or class ties may also enable members of different racial groups to overcome negative group characterizations. For example, the market-dominant Chinese minority in Thailand has experienced little anti-ethnic backlash in comparison to its regional neighbors. Thai Chinese intermarry with the indigenous Thai population at rates much higher than elsewhere in Southeast Asia.<sup>8</sup> Chua notes that the shared Buddhist faith of the Chinese and indigenous Thai populations may contribute to this relative interethnic harmony.<sup>9</sup> As discussed below, countries like Thailand with racially fluid populations of similar religious backgrounds should consider different democratization strategies than those with disparate racial, ethnic, and religious groups.

Chua’s definition of a “minority” group is too malleable to be meaningful. She does not explain whether her market-dominant minority groups become visible through self-identification, government-defined group membership, or identification by others. She also does not explain how ethnic dominance becomes visible or known to average members of the population, which is relevant to constructing policies to prevent anti-ethnic backlash. For example, Chua never explains her reasoning in using “seven Jewish oligarchs” as her signpost for Jewish economic dominance in former Soviet Russia. The names of the wealthiest people in the U.S. are listed in the Fortune 500, but neither their names nor their ethnic origins are household knowledge to average Americans. Chua does not discuss why the position of these seven oligarchs is significant, and why their visibility in Russian society could be enough to create a perception of overall market-dominance by Jews. Elsewhere in the world, entire ethnicities or races of people comprise “market-dominant minorities”; only in Russia are seven wealthy people enough to evidence a group’s market-dominance in *World on Fire*. Chua’s point may be that Russian popular perception of Jewish market-dominance creates a similar anti-ethnic backlash to that experienced by other market-dominant minorities. Yet the difference between an empirical or subjective definition of market-dominant minority translates into different policies for promoting free markets and democratization while minimizing anti-ethnic backlash. In the

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8. Chua, *supra* note 1, at 179.

9. *Id.*

case of Russian Jews, Chua's elastic definition of market-dominant minorities may have been stretched too far.

Chua also wildly expands her definition of free markets to include Israel as a Middle Eastern market-dominant minority. Despite the non-existence of free markets between Israel and the surrounding Arab and Muslim nations, she analyzes the Arab-Israel conflict in accordance with her general thesis. Chua also forgets to note that Israel is not a newly democratizing nation, but has been a democracy since its inception. Israel has maintained democratic institutions like elections, judicial review, and freedoms of speech and press that the rest of the Middle East cannot parallel. Israeli free markets and democracy have raised the standard of living for most residents of the country, including Palestinians.<sup>10</sup> Israeli Arabs enjoy full participation in Israeli politics, sponsoring several political parties. While interethnic tensions blatantly exist, and Arabs are all but barred from some of the country's important economic sectors,<sup>11</sup> Israel still provides opportunities for upward mobility for its Palestinian citizens unparalleled by its Arab neighbors. Following Israel's example, Palestinians have developed more functional and more long-standing democratic institutions than any other Arab nation.<sup>12</sup> Democracy and free markets have benefited Israelis alone in the Middle East not because they are the region's market-dominant minority, but because Israel is the only country in the region to have experimented with democracy and free markets to such a high degree. To explain the Arab-Israeli conflict as yet another case of backlash against a market-dominant minority underestimates and oversimplifies the problem.

#### IV. TOP-DOWN VERSUS BOTTOM-UP: THE HISTORIC MARKET-DOMINANT MINORITY

Besides expanding and contracting her definition of market-dominant minorities, Chua also does not delineate the substantive differences between the ways in which market-dominant minorities have been historically treated by those in power. Some market-dominant minorities, like the Tutsis in Rwanda, gained their economic prowess because they were favored by former colonial rulers. Years of ethnic hatred were precipitated by programs designed to exploit both the Hutus and the Tutsis by

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10. See ALAN DOWTY, *THE JEWISH STATE: A CENTURY LATER 199-200* (1998).

11. For example, Israeli Arabs cannot serve in the Israel Defense Force, and thus lack a prerequisite for many government jobs. See DOWTY, *supra* note 10, at 197-98.

12. See James Bennet, *Letter from the Middle East* N.Y. TIMES, Apr. 2, 2003 (citing poll showing Palestinian admiration for Israeli government).

favoring one group over the other and pitting them against each other. Other market-dominant minorities, like the Jews of Weimar Germany or of Russia today, received no governmental assistance in their post-democratization rise to market-dominance. Historians might trace the long-time dominance of Jews in the financial sectors in these countries back to a time when Jews were forbidden to enter other economic sectors, like agriculture, and instead were forced to become "merchants, dealers, tax farmers . . . peddlers . . . and other like professions."<sup>13</sup> Chua's failure to distinguish between these "top-down" and "bottom-up" market-dominant minorities blurs her picture of the interaction between anti-ethnic and anti-democratic backlash. Where market-dominant minorities are perceived by the majority as being in league with the former, non-democratic government, discerning the difference between an anti-ethnic, anti-market, or anti-"outsider" backlash may be difficult. Voters and activists, however peaceful, may have a similar reaction at the ballot box whether they are reacting against foreign systems of markets and government or those they perceive as outsiders. For instance, anti-Chinese riots in Indonesia can be seen as both anti-market and anti-ethnic, since the populace long perceived the Chinese as allied with Suharto and as the disproportionate beneficiaries of the new system. However, when the government does not interact with the market-dominant minority, or the minority is an object of government victimization, the cause of the backlash may be isolated. For example, the recent rise in Russian anti-Semitism may have more to do with the reawakening of centuries of Russian anti-Semitism in a country with new freedoms of speech and access to information than to any rise in market-dominance by Jews. The Russian government has not been allied with the Jewish minority, but may actually encourage anti-Semitism. Recent Russian anti-Semitism cannot be explained as a simple backlash to vague concepts of "free markets" and "democratization." A thorough understanding requires a thorough analysis of the confluence of electoral democracy, the emergence of new civil rights in Russia, and the complex history of Russian anti-Semitism.

## V. WHAT ARE FREE MARKETS?

Chua does not differentiate between the types of free market reforms undergone by democratizing nations. The opening of markets is a factor separate from, although related to, the po-

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13. DANIEL LANDES, *THE WEALTH AND POVERTY OF NATIONS* 173 (1999) (quoting the chronicler Bernaldez regarding the Jews at the end of fifteenth-century Spain).

litical processes of democratization and rights development. Some of the most important decisions a newly developing democracy will make include what type of market system to have, how quickly to open it, what types of taxes, tariffs, and other trade restrictions to implement and with whom; what types of securities regulations and antitrust laws to have, and what international economic organizations to participate in and to what extent. These decisions may be made using the new democratic process, giving them greater political legitimacy, or in accordance with international agreement, or both.

Chua conflates market factors with processes of political democratization in developing countries. She does not explain the types of free market reforms made in each of the developing nations that she profiles, nor how they benefited the position of the market-dominant minorities alone or increased the visibility of their market-dominance to the majority groups. Surely market reforms in post-colonial African nations differ greatly from those in post-Communist Russia, and these reforms had different effects on South African Blacks and Russian Jews. Markets were opened at different speeds due to political factors and historical trading partnerships. Market controls, such as antitrust laws and securities regulations, may make a significant difference in curbing anti-ethnic backlash in countries with large market-dominant minority groups.<sup>14</sup> Without a detailed discussion of these market reforms, including how and when they were enacted, one cannot determine how these processes might have caused backlash against market-dominant minorities.

## VI. WHAT IS DEMOCRATIZATION?

Chua's definition of democratization is also too nebulous to present a basis for policy construction. She notes that "Americans often forget that there are many different models of democracy, even within the Western nations . . . these different versions of democracy can have significantly different effects on ethnic politics." (273). However, Chua sometimes seems to forget her own advice. Chua does not define "democracy" in *World on Fire*, instead defining "democratization" as "the concerted efforts, heavily U.S.-driven, to implement immediate elections with universal suffrage."<sup>15</sup> Although her initial definition is un-

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14. The new South African constitution contains provisions designed to ensure equitable distribution of the country's natural resources among minority groups. As this article was being finalized, debate ensued over provisions to distribute oil wealth among ethnic groups in the new Iraqi constitution. See James Glanz, *Constitution or Divorce Agreement?*, N.Y. TIMES, October 9, 2005.

15. CHUA, *supra* note 1, at 14.

specific, her discussion focuses almost exclusively on *national* elections. Such a broad definition of democratization ignores other types of democratizing reforms that might mitigate or exacerbate interethnic tensions in developing nations. The development of other important dimensions of democratic societies also affects the electoral process and influence toleration of minority groups.

Democratization can also be defined as the process by which nations achieve the standard benchmarks of democracy. Thus, a measure of democratization can be developed by examining the components of popular definitions of democracy and the extent to which developing nations have achieved them. In his seminal book *Polyarchy*, Robert Dahl offers an oft-cited list of eight requirements for democracy.<sup>16</sup> For Dahl, democracies grant their citizens the right to vote and the right to be elected. Political candidates compete for support and votes in free and fair elections. Democratic institutions are developed to ensure that government policies are dependent on votes and other expressions of constituent preference. Citizens have freedom of association, freedom of expression, and access to alternative sources of information besides those under government control. Under Dahl's model, free and fair national elections would be just one measure of true democratization, which would have an equally important rights-based component. Until a country has made concrete efforts to achieve all of these factors, democratization has not occurred.

Besides broad definitions of democracy like Dahl's, other theorists characterize democracy in terms of institutional systems beyond electoral structures. As Chua notes, U.S. and other Western democracies are commonly referred to as liberal democracies. Yet multi-ethnic societies may not be well-suited for the model of liberal democracy with which Westerners are familiar. Stephen Monsma and J. Christopher Soper present a basic definition of a liberal democracy as a democracy in which individual rights are universally respected, inherited class distinctions do not give one special political prerogatives, each person receives one vote, and free and competitive elections occur.<sup>17</sup> This definition presupposes a commitment to a democratic process which reflects the society's liberal values and priorities. While no societies appear to be perfect liberal democracies under this definition, societies in which a large market-dominant minority exists may be particularly poorly suited for adopting the liberal model

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16. ROBERT DAHL, *POLYARCHY* (1979).

17. STEPHEN MONSMA AND J. CHRISTOPHER SOPER, *THE CHALLENGE OF PLURALISM: CHURCH AND STATE IN FIVE DEMOCRACIES* 7 (1997).

of democracy. As Chua's examples indicate, new democracies may not be prepared for the mutual tolerance and respect demanded by liberal democracy because of long-festering inter-ethnic tensions.

The model of communal democracy, which provides an alternative to the standard liberal conception of rights, may be a better fit for multi-ethnic societies. In communal democracy, individuals are bound by custom and condition to communities but are full participants in governing the community.<sup>18</sup> As proposed by Alasdair McIntyre, communal democracy is built upon the idea, that one's identity is not independent of one's aims and attachments, but partly constituted by them. An individual is situated from birth, embedded in a history that locates him among others, and implicates his good in the good of the communities whose stories he shares.<sup>19</sup> Communal democracies thus seem particularly appropriate for developing nations where ethnic loyalties run deep, and the populace perceives its potential for prosperity to be intimately tied with ethnic affiliation. A communal democratic structure would allow for both economic expression by groups and the type of individual entrepreneurship engendered by capitalist growth. In communal democracies, both communities and individuals develop naturally and the individual finds his rights best protected within the framework of his community. To participate in democracy, these communities must develop a covenant or compact of government, which comprises or leads to a constitution of government. This constitution must provide for the protection of the rights and liberties of both the community and the individual. Communal democracy must include popular participation in the governmental process, but with greater emphasis on deliberation and achieving consensus rather than winning by majority vote. The institutions of communal democracy are constructed according to this theory of government, which values the maintenance of the community equally with the satisfaction of the individual.

These ideas about communal democracy provide a theoretical backdrop for the institutional model of consensus democracy. Advanced by such thinkers as Arend Lijphart and Sir Arthur Lewis,<sup>20</sup> consensus democracy embodies the idea that the exclusion of minorities from the decision-making process, which may

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18. Daniel Elazar, "Communal Democracy and Liberal Democracy in the Jewish Political Tradition," Jerusalem Center for Public Affairs, <http://www.jcpa.org/dje/articles/commdem-jpt.jtm> (last visited Mar. 15, 2005).

19. Alasdair McIntyre, *The Virtues, the Unity of a Human Life, and the Concept of a Tradition*, cited in Michael Sandel, "Introduction," in *LIBERALISM AND ITS CRITICS* 9 (Michael Sandel ed., N.Y.U. Press 1984).

20. See generally AREND LIJPHART, *PATTERNS OF DEMOCRACY* (1999).

occur in majoritarian systems, is undemocratic in a basic sense. The ideal of the consensus democracy is the diffusion of power in accordance with some form of proportional representation. Thus, a consensus democracy tries to ensure, through its political institutions, that minority groups are represented in the political decision-making process, and that compromises are reached to ensure the inclusion of minority opinions. Paradigmatic examples of consensus democracies include Switzerland and Belgium, in which large ethno-linguistic groups have created successful power-sharing arrangements. The European Union may also be defined as a successful model of consensus democracy.<sup>21</sup>

The consensus model is characterized by executive power-sharing in broad coalition cabinets and a balance of power between the executive and the legislature. A multi-party electoral system corresponds with proportional representation, and few, large interest groups act in concert rather than competition. Consensus democracies have federal and decentralized governments, strong bicameralism, constitutional rigidity, and judicial review which serves as a check on the legislative process. Central banks in the consensus democracy model are independent from the executive.<sup>22</sup>

## VII. THE RIGHTS DIMENSION OF DEMOCRACY

Rights, which form the basis of Dahl's and many other definitions of democracy, are barely discussed by Chua as a factor impacting democracy or democratization. Rights discourse diverges greatly between liberal and communal democratic systems, and the implications for how rights are granted and enforced may be tremendous for minority ethnic groups under either model. Variables representing rights are particularly difficult to operationalize, and mapping the positions of all of the democratizing nations discussed by Chua along the rights dimension lies beyond the scope of this review. However, the following criteria might be useful to create a rubric for comparing the ways in which rights are conceived in democratic systems and influence the development of other political reforms in democratizing nations.

The first criterion of the rights dimension would measure how, and to whom, rights are granted. In liberal systems, rights are granted to individuals, while in communal democracies, rights are granted to communities. The granting of rights to individuals or communities might take a variety of forms within democracies. A universal declaration of rights for all citizens might

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21. LIPHART, PATTERNS OF DEMOCRACY 33.

22. *Id.* at 31-46.

be entrenched in a national constitution or bill of rights, as in many liberal democracies. In a communal democracy, rights might be determined by the norms of religious or ethnic communities, or might vary between political regions. In regimes affiliated with a particular ethnic group, rights and benefits might accrue to various "minority" communities that are not accorded to indigenous individuals, or vice-versa. For example, a state might have a national-language policy, or regulate the educational institutions of a minority ethnic group, while still being considered a democracy.

The form of constitutional and judicial systems in democracies also reflects the way in which rights are granted. Liberal democracies generally have strong constitutions with entrenched bills of rights that safeguard individual liberties. Communal democracies have weaker constitutions, often without bills of rights, allowing communities more autonomy to determine the rights of their individual members. Since communal democracies regard the community, not the individual, as the basic building block of society, little need exists to safeguard individual liberties in an entrenched bill of rights. Instead, the community is regarded as the best vehicle by which to safeguard the rights of individuals. Although liberal democracies are often majoritarian, the liberal characteristic here would not correspond with other characteristics related to majoritarian systems. Democracy scholar Arend Lijphart notes that majoritarian democracies generally have a flexible constitution that can be changed by a simple majority.<sup>23</sup> However, liberal democracies have rigid constitutions that can be changed only by special majorities. A communal democracy with strong ethnic cleavages, particularly a newly democratizing community, might benefit from a more rigid constitution with strong judicial review to protect a newly created covenant of rights.

The way in which minority groups associate would form another criterion of the rights dimension. Traditionally, liberal democracies permit citizens to associate with these communities voluntarily, while communal democracies assign their members to communities by which they are governed. A newly democratizing country might fall into neither of these models, and would have to choose the best way in which to build loyalty for the new regime. States might mandate that ethnic communities be the basis of political expression to ensure that group preferences are adequately (or at least nominally) expressed within the political system. However, a new state might also choose to forbid ethnic association as a basis for political parties in an attempt to subvert ethnic voting blocks, force members of different ethnic groups to

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23. LIJPHART, *supra* note 20.

work together on issues of mutual importance, and build loyalty to the democratic system based on issues other than ethnicity. Alternatively, a newly democratizing state can choose to allow multiple parties to freely coalesce.

While not a variable on a liberal/communal democratic continuum, any study of the rights dimension in democratizing nations must include an analysis of the speed and manner in which a framework for rights and rights-enforcement was implemented. The speed with which equal rights, particularly those of free speech, press, and political association are implemented in a new democracy and the degree to which they are regulated may be crucial for mitigating ethnic strife. The creation of independent and indigenous mechanisms for rights-enforcement, separate from the armies of a colonial ruler or "nation-building" army, may also help mitigate anti-ethnic, anti-democratic backlash. The visibility and efficiency of these institutions to the population as a whole will also be important for their effectiveness, which might make local mechanisms more useful than national ones.

Thus, my rights analysis presents a framework for analyzing the way in which rights are construed in democratic systems. Applying the rights criteria to an analysis of the relationship between democratization procedures, markets, and ethnicity helps to elucidate the ways in which rights and rights-enforcement helped influence backlash against minorities, markets, or democratization.

#### VIII. MEASURING THE INTERACTIONS BETWEEN MINORITIES, MARKETS, AND DEMOCRATIZATION

In his analysis of thirty-six long-standing, stable democracies, Arend Lijphart notes three relationships that bear significance for the creation of democracies in multi-ethnic countries.<sup>24</sup> None of the democracies Lijphart studies are those that Chua defines as having market-dominant minorities. However, they represent a sample of the types of long-standing democracies existing today. First, a clear relationship exists between social heterogeneity and type of regime.<sup>25</sup> Countries which are more ethnically divided or that have strong political cleavages are more likely to have consensual characteristics, since a consensual system acts to ensure participation of minority voices and deal with societal cleavages effectively and peacefully. Smaller countries are more likely to be "unitary" democracies, since the need for administrative divisions generally decreases with a country's

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24. LIJPHART, *supra* note 20.

25. *Id.* at 116.

size; while conversely, larger countries are more likely to be "federal." Lijphart also notes that countries that have been British colonies or dependencies tend to adopt a form of the Westminster system of government.<sup>26</sup> Lijphart, however, does admit that the default adoption of the Westminster system by former British lands may interfere with the development of systems that reflect the unique needs of each country, such as internal divisions and population size.

Lijphart's analysis suggests important questions for the democratization process in countries with and without market-dominant minorities. Nation-builders should ask, for example, whether power shared in the old regime was centralized or decentralized, how well this worked, and whether this should change. Would changing this power-sharing arrangement change the relationship between ethnic groups and disrupt the social fabric? How should other institutions develop to reflect this indigenous power-sharing arrangement? By comparing new democracies to models of established democracies, nation-builders might note that other characteristics of the new nation's political structure should be changed to make a nation less of a democratic outlier and therefore, more likely to conform to recognized successful democratic models.

A consensual democracy might work well for a multi-ethnic country with a large market-dominant majority. Indeed, Michael Walzer suggests a type of consensual model as a model regime of toleration within a nation-state in his book *On Toleration*.<sup>27</sup> A consensual democratic system might be structured so that it either reinforces or breaks up group identity, according to the particular needs of a state. A consensus system could be designed so that political parties are proportionally representative of the ethnic groups in the population. For example, a legislative system could be designed so that representatives are elected from the areas in which certain ethnic groups live proportionally to their percentage of the population. Alternatively, a legislative system could be designed in which parties are forbidden to organize along ethnic lines (at least nominally), to entice broader feelings of national identity as people vote for parties that cross ethnic lines. Under either system, broad coalition cabinets would almost certainly have to include members of both minority and majority groups, and judicial review would safeguard the rights of minority groups. In this way, members of minority and major-

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26. *Id.*

27. Michael Walzer, *ON TOLERATION* 22-24 (1997). Using the example of Switzerland, Walzer terms this type of toleration regime to be a "consociation," but discusses the same characteristics of what I call communal democracy.

ity ethnic groups could share power in a way that would help build the political fabric of the nation.

Using these guidelines, a "pigmentocracy" like Brazil might undergo completely different democratic reforms from a country like the Philippines. By allowing census takers to define race along a sliding scale, Brazil is already emphasizing pride in its national racial diversity rather than the divisiveness between populations.<sup>28</sup> Racially (and religiously) fluid countries like Brazil would be more successful in promoting homogenization and a unified national identity than ethnically stratified countries. Brazilians might choose to focus their political agendas and political system toward resolving other issues that might mobilize blacks and whites to work in unison instead of concerning themselves with sharing power between racial groups.

Stratified societies with ethnic market-dominant minorities, on the other hand, might need to concentrate most of their political efforts on ensuring proper representation for ethnic groups that are major players in the country's economy. A pure model of consensual democracy would not benefit minority groups such as the Chinese in the Philippines. The Chinese, as Chua notes, constitute a very small percent of the population in countries like the Philippines, yet wield disproportionate economic power. Consensual democracy benefits ethnic groups numerous enough to enter into power-sharing (and often territory-sharing) arrangements with the country's dominant or other ethnic groups. In countries like this, where a country's powerful business interests are controlled by a discrete minority group, the market-dominant minority might benefit from consociational tendencies like mutual agreements and power-sharing between dominant groups within society and the political system. For example, democratizing nations like the Philippines might promote a high degree of autonomy for the Chinese minority to run its internal affairs. Democratizing nations with economically vital market-dominant minorities might also consider the mutual veto, or the "concurrent majority" rule, which allows minorities to veto legislation that pertains directly to their interests. Such a rule should not exist, however, without an independent judiciary to check the decisions of the "concurrent majority" and to ensure that the policy does not exacerbate existing ethnic tensions by conferring a favored political status on the minority group.

The development of substantive rights or lack thereof in countries with market-dominant minorities can change the perceived balance of power between majority and minority ethnic groups. Perhaps tensions in many democratizing nations could

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28. See Astor, *supra* note 3; Tobar, *supra* note 5.

have been mitigated by a stronger emphasis on the development of democratic institutions, the rule of law, and mechanisms for rights enforcement before national elections were held. A gradual transition to democracy through local elections prior to national elections would have made a transition to a democratic system run more smoothly overall. Local elections would have allowed majority group members to gain a stake in an important sector of their societies, and they also might have helped nation-builders (foreigners or otherwise) gauge the possibility of ethnic backlash related to national elections.

## IX. CONCLUSION

World on Fire presents a useful thesis that needs to be kept in its place. Chua's analysis represents a brilliant first step toward understanding the complex interplay between the opening of free markets, democratization, and group cleavages in multi-ethnic societies. Yet further analysis of the types of reforms introduced in the nations and the order in which they were implemented can help us to develop better models for democracy and democratization for future developing nations. Both Indonesia and South Africa present important examples of market-dominant minorities, but understanding the differences between violent backlash against market-dominant minorities in post-Suharto Indonesia, and the more successful transition to democracy in post-apartheid South Africa, might help developing nations create more effective policies in the future.

Neither free markets nor democracy may cause problems in the developing world. However, the processes of developing both may collide in a catastrophic way. Perhaps a tipping point exists at which democracy and free markets interact to bring too many reforms to a nation too quickly. Perhaps the introduction of political choice without a developed legal system or a free press will maximize the potential for hateful rhetoric to carry political sway, while more complete information and a more fully developed judicial and rights dimension could ensure complete information and keep political choice from becoming violent. Perhaps market reforms such as strong anti-trust laws should be a cornerstone of any new democratizing system to help break market-dominant minority strongholds without targeting the minority group itself. Once clarified, Chua's thesis may reveal that *incomplete* democratization – not democratization itself – is to blame for the evils committed against market-dominant minorities.