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Subject : Globalization and Democracy

Lecture by : Lord Meghnad Desai

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SHRI P.D.T. ACHARY, SECRETARY-GENERAL: Esteemed Lord Meghnad Desai; hon. Members of Parliament; Colleagues; and Friends:

It is a matter of great privilege for me to extend a very warm welcome to you all to the Lecture on 'Globalization and Democracy'. We have here this morning Lord Meghnad Desai, the eminent economist, renowned scholar and distinguished author to speak to you. As you know, this lecture is being organized by the Bureau of Parliamentary Studies and Training as part of the Lecture Series for Members of Parliament on the initiative of our hon. Speaker, Shri Somnath Chatterjee.

Lord Meghnad Desai needs no introduction to you. After studying Economics at the University of Bombay, Meghnad Desai left India to join the University of Pennsylvania from where he received his Doctorate. In the decades that followed, he has enriched the academia with his splendoured contributions. Professor Desai was Associate Specialist in the Department of Agricultural Economics, University of California, Berkeley. Subsequently, he has remained closely associated with the London School of Economics in various capacities. He was the Head of the Development Studies Institute during 1990-95 and has been the Director of the Centre for the Study of Global Governance, which he founded in 1992. Professor Desai has received several Honorary Doctorates and other prestigious Awards and Honours. He has also written extensively on a wide range of subjects and his widely acclaimed works include *Divided by Democracy*; *Development and Nationhood: Essays in the Political Economy of South Asia*; and *Global Governance: Ethics and Economics of the World Order*.

Professor Desai's immense experience and sound knowledge of economic issues and governance issues have very appropriately been utilized by the Governments of the United Kingdom and Algeria and International Organisations like the FAO, UNCTAD, World Bank, UNIDO and the UNDP.

Professor Desai has also adorned the Chair and the Presidentship of the Islington South and Finsbury Constituency Labour Party in London. He was raised to peerage as Baron Desai of St. Clement Danes in the City of Westminster in 1991.

In recognition of Professor Desai's outstanding contributions in diverse areas, especially in Economics and Education, which has enhanced the image of the People of Indian Origin, he was honoured with the *Pravasi Bharatiya Samman* Award in January 2004.

Lord Meghnad Desai will speak to us today on the theme 'Globalization and Democracy' which has attracted the serious attention of academicians, economists and political leadership across the world. His wide-ranging expertise and experience on this subject area will provide us with a perceptive understanding of the various dimensions of globalization. I am sure the lecture of Lord Meghnad Desai will further enlighten us on the impact of globalization, especially on the developing countries and specifically on their democratic processes.

With these words, I once again welcome Lord Meghnad Desai to share his views with all of us. Thank you.

LORD MEGHNAD DESAI: It is a great honour and privilege to be here in Indian Parliament and talking to the Indian parliamentarians and other friends because this is one of the older democracies in the world. Few people realize in terms of length of democracies, how much older India is as a democracy than even many countries of Europe. Indian democracy is also a very good example of how in some rare cases, democracy can be transplanted. It is not something that needs a particular culture. It is not that democracy can only flourish in a Western culture or in a certain kind of religious culture. Democracy can flourish anywhere. It does not mean that it has to be imposed everywhere. But it can flourish everywhere.

What I want to do today is, open out a debate about globalization and democracy because globalization is something that people talk about very much in terms of economics. We have many debates about the economic impact of globalization. There are serious worries and fears that somehow globalization is a process that leads to inequitable growth or that it is going to divide the world into rich, poor and so on. I am not going to be speaking about that at all today because there are other concerns that I want to address. I have written extensively on that topic.

What I want to address is this. Is there a connection between globalization as a process and democracy? For that reason, I think one has to see globalization as not just an economic process but fundamentally as a process in which a revolution in communications and transport, especially through IT, availability of multiple channels of television, very fast transmission of information and ideas, is very central to the whole process of globalization.

We remember not all that long ago when there was only one channel. There was one television channel in India. It was Doordarshan, and now there are multiple channels. The same is true in the West. When I first went to London, there was BBC and then there was Eye TV. Eventually, they have got four channels. Now, if I flick on the TV, I have access to 900 channels. Not all those 900 channels are useful. But if I want to find out news from anywhere, I can flick on television or I can search the net and I can find. So, one of the major differences that globalization has made is that people are much more aware of what is happening around them. Citizens can find out what is happening in their countries. Even when the Government wants to control the flow of information—to that extent it has liberated citizenry—this makes problems for Governments which want to control information. This problem now clearly exercises non-democratic Governments much more than democratic Governments. Democratic Governments are more or less happy to share information with the citizens or if they are not happy, then the citizens will make them share information with them.

One opening that globalization has made for democratic forces is this immense explosion in availability of information. Here I want to mention one thing and it is not a controversial remark. But I will make it. It is that when Babri Masjid was brought down way back in December 1992, the CNN reported it even before Doordarshan reported. Those who had access to CNN in Delhi were able to see it much before Doordarshan. It is one of the instances in which citizens have much greater access to information.

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But then there is one another aspect to globalization which is also democratic forces and that is that Governments in the past used to be able to be much more in control of their economies and they did not actually need to either attract capital from abroad or allow migration of the citizens and so on. What globalization has done, and this is only about last 20 to 25 years is, on the one hand it has made very difficult for Governments to run the economy like an unclaimed. All economies have become open and all economies have become subject to the dictates of the market.

Bill Clinton once said that if he is ever born again, he wants to be born as a bond market because whenever he wants to do something the immediate answer is – Mr. President, the bond market will not like it if you do it like that. So, if the bond market is more powerful than the President of the United States then that is what he wants to become.

What is going on here is that people have freedom to move money around on globalization in many countries. When people have freedom to move money around, Governments have to be responsible how they use people's money because if people suspect that there is going to be inflation or some sort of dramatic change in financial circumstances, they will move money out. That will, in itself, cause a problem.

In a context like that, Governments also have found the necessity – there is the opportunity as well – of being able to attract money from abroad because if you want your economy to grow, that you need today you keep all your skilled people at home and attract capital to employ them, as against the opportunity that skilled people of traveling abroad. What has happened is quite a lot of skilled people are traveling abroad. It is not possible for Governments to stop all these things and because also the Governments gained by getting remittances. So, there is a dilemma.

Most governments, even the Governments of developed countries, have to adopt a strategy of being open to foreign investments which will create employment at home, but at the same time, trying to keep their skilled people at home and attract skilled people from abroad as much as they can. This is where the policy is there followed by the developed countries definitely and many developing countries.

In a context like that, the way businesses behave towards their employees, becomes very important. Because of transparency, it is not possible for a multinational to go somewhere far away from their base and carry out a policy of employment-employee relations which is exploitative because very soon they are going to be exposed. A number of corporations like Nike, Lee-voice have found that their American and European consumers will boycott them if they follow exploitative labour practices in Indonesia or Philippines.

Certainly, the world gets interconnected in a way in which democratic forces ask their consumers' movement or civil society movement that can exert pressure on globalised capital. In a way, that was not possible before. Of course, which one needs to be done? But this is one of the interesting democratic forces which have been released by globalization.

People are now aware, more and more aware, how other countries, or how other Governments are and what drives and powers other countries' citizens enjoy because they have the information. So, given that there is a lot of pressure on

regimes which were not democratic, to concede democratic rights, of course, it is not a simple process; there is a lot of struggle going on. But what is most interesting phenomenon is how in Latin America, if you look at the history of Latin America over the last 20 years, a number of dictatorships have yielded to democratic forces and many may opt with a whole upsurge of what I would call social democratic, progressive movements in Latin America which was stalled for a number of years. You see it in Ecuador, Bolivia, Venezuela, Chile etc.

The shift of Latin America to progressive sort of Government has come about because of democratic forces which came from below; again because globalization, the instrument of globalization provides it. I ask people to organize much better. There is lot of E-mailing you can do among the people. Sometimes it is not all very difficult. I will give to you another example. People may or may not agree with the movements – but the Narmada Bachao Andolan, when it started, was able to organize not only nationally but globally and they were able to use their friends and their counterparts in western countries to petition the World Bank about the complaints people had, about the World Bank giving money to Indian Government or Gujarat government about the Narmada Andolan.

I think the Narmada dam was a good thing. But that follows problems of rehabilitation, rehousing of people and so on. But, it was very unusual in the context of the way Indian democracy grew up, for a movement to go against its own democratically elected Government and say – we have reservations about what our democratically elected Governments to do about economic development and to make our way known.

We are not just going to protest at them, that we are going to summon outside forces to pressurize multinational institutions to do something about allocation of money. This is a very complex process. I remember when the whole thing started there was a very serious debate whether this whole legitimate exercise of freedom of information, freedom of association. But eventually, democracies are structures where citizens decide what they can or what they

cannot do. Eventually, rights in citizens were not granted by Governments. Governments can police the rights, they can implement the rights; but they do not actually grant the rights.

That sort of idea, once it spreads globally, becomes a very very powerful force. Again, as I was saying, one of those significant events of the era of globalization was the change of regime in the USSR, the collapse of the old Soviet Union and its transition to a number of independent States, all with very different and patchy history of democratization. What happened in Eastern Europe? What is it that helps to raise the possibility? Any country can decide for itself whether it wants to be a democracy or not. So, a number of Eastern European countries are now for democracies which they were not before, and number of countries within the old Soviet Union – some are democratic, some are not democratic. But again, see what happened in Ukraine when you see the history of the people's movement in Ukraine which forced the Government to change. That was again a glance for moment. Those things, I believe, are positive aspects of globalization.

Let me come to what is probably a much more controversial issue. In Indeed most controversial issues are raised in contemporary politics. That is about the idea that democracy could be exported and indeed should be exported. Of course, I am referring to the neo-conservative ideology which was inaugurated by George Bush. The idea was that it was the task of a Super Power to implement the democracy in another country. I think that it is difficult to ask another country for the removal of what one might call a dictator. Again, these are very controversial matters. In Yugoslavia, in Bosnia, in Kosovo, in Serbia underwent various stages through the 1990s when a number of interventions were done by European powers along with the United States to basically change the existing Governments and make them more democratic.



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It was a bloody and violent affair, but what one can say is that ethnic cleansing was stopped in Yugoslavia and to some extent, a number of former Yugoslavian nations are now independent nations and they are, by and large, democracies. The successive Yugoslavs perhaps think that Yugoslavia's experiment can be extended everywhere. For example, what happened in Iraq? Saddam Hussein was removed. What has taken place is a very fragile democracy. There have been elections, there has been a Constitution, but there is immense amount of mayhem going on. Basically, a civil war is going on. It does raise a question whether there would have been a better way of making a transition from dictatorship to democracy in the Middle East. In the Middle East, it is a strange democracy because we know the example of Lebanon. Then, there is a guided democracy in Egypt and so on. Then, the Iraq intervention raises a number of questions. What is the best way of transiting from non-democratic form to democratic forms of Government and who initiates this process? Should it not come entirely from within as it came in Ukraine or should it be helped from outside as happened in Yugoslavia? Then, is there only one form of democracy or are there different forms of democracies available? Is there only a single Anglo-Saxon or American form of democracy which comes with certain kinds of trappings, or are there varieties or forms of democracies available?

Clearly, what is true is that if you look at Lebanon, the fragile democracy was sustained by making it not a majoritarian Government, not a single party majority or single community majority Government, but a Government in which all communities have to have an equal role. So, the Governments are always coalition and co-operative Governments. This is one experiment which Britain has finally succeeded in introducing in Northern Ireland. It was very difficult for the Northern Ireland as because of violence between the communities, Northern Ireland was an undemocratic place for 60-70 years. At least, it has been possible to make it a democracy by abandoning majority rule and saying that every

community will have to agree to co-operate in forming a Government. Lebanon has been able to do this. In Iraq, right now it has not been possible to do that. In Iraq, there is far too much going on partly because of presence of American troops but partly also because of internal divisions between communities. Each community feels that if the majority rule comes, the minority community will suffer. Of course, in some regions, what is a majority community nationally is a minority community locally.

So, one of the things that globalisation does is that it says to people that if you have a mixed community of religion or race, it is not possible to treat people unequally. There is so much information available around the world about what you are doing. So, as far as possible, you ought to treat communities symmetrically. In civil society, actions are possible on a much larger scale than ever before and communities are better organised to fight for their rights. Indeed, there has been mayhem in Iraq. One of the most remarkable things in Iraq is that there may be different parties, different groups or battalions, but these groups or parties have formed since the fall of Saddam Hussein. In a sense, we do not know where they were before.

What I take from that is that a country like Iran is critically examined. It do not think it is up to anybody to say that Iran should be another kind of a democracy than what it is. It is for the Iranians to decide what sort of democracy they are going to fashion for themselves. They have a form of democracy which was not prevalent when Shah of Iran was there in power. It happens to be a dual authority democracy in which the Clergy has certain reserved powers as it were and then, they guide the Parliament.

There are countries where there is a single party dominance. For example, there is single party dominance in Mexico for many years. In Japan, only one party has practically always been in power all these many years. We do not deny Japan or Mexico the label of democracy. So, what is it about democracy that is important? I think, what globalisation increasingly allows us to do is to judge the

quality of democracy. The quality of democracy is not only in terms of structures of Parliament and rights to vote but also whether the civil society has the scope and freedom to form itself and to be able to agitate on behalf of citizens. So, a democracy is more than a Parliament and Governments. It is also what citizens do for themselves, how citizens get redressed for their complaints and whether the structure allows citizens to be able to do these sorts of things. At the same time, it is also about whether we can judge the Government to be responsive Government to people's complaints or not.

The most difficult case in this respect is China because China is clearly not a democracy by the standards of almost any democratic system that one can judge by, but there are scholars in China and outside China, especially a colleague of mine, who argue that basically, there is one party rule in China, but the party in power, unlike the party that used to be in power in USSR, is much more responsive to people's need because the Communist Party of China had to spend about ten years in exile trying to win popular support before it came to power in 1949. So, unlike the Russian Communist Party, which just came to power with no preparation and none of the Communist Party Members in Russia had even been part of the local authority when they formed national Government, the Communist Party of China had struggled for 10-15 years trying to get people's support by implementing land reforms and health reforms. So, when they came to power, they were much more responsive. That is why, China's democracy has gone through a variety of upheavals, especially the cultural revolution which was a very bizarre episode. The Communist Party of China is more responsive to pressures from below than many other Communist Parties are. So, there is a big debate on whether China will have to transit to democracy. My answer is that it will depend upon what kind of democracy China chooses to transit to. China will choose to transit to democracy when the Chinese people themselves throw up forces from below which will compel other authorities to devise new forms of Government because in a globalised world, you cannot be isolated and you cannot keep the rest

of the world ignorant of what is happening. What rest of the world has freedom to do in this open world is to leave your shores, if they are businessmen. If the human rights' situation becomes very bad in a country, the foreign capital, and even some of your domestic capital, may leave your shores.

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This is what happened to Nokia and Livewire. People may boycott. Therefore, to pay attention to human rights, to pay attention to democratic pressures, to take care that your country does not get a bad reputation is not only good politics but also it has become a good business. That is because of the exposure that globalization has created to a variety of things. Every country in the world is exposed in this way. So, that is one positive part of it. While there is always the controversy as to what other effect globalization has, I can find, on balance that by releasing information and knowledge, by releasing the instruments of forming associations across the globe through the Internet, through e-mail and so on, what globalization does is that it has created greater possibilities for democracies to flourish than before. I will stop here. Thank you.

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