

THE FIRE MARSHAL'S REPORT ON RACE AND GLOBALIZATION

World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability

Amy Chua

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Reviewed by David Wilson

Amy Chua's awakening to racial and ethnic reality began more rudely than most. Her aunt, a wealthy ethnic Chinese woman living in the Philippines, was murdered in 1994 by her Filipino servant. What appeared at first to be a random killing turned out to have a decidedly racial undertone. As Chua came to discover, the intense resentment felt by the mostly poor Filipino majority toward the exceedingly wealthy Chinese minority in that country has led to the kidnapping of hundreds of Chinese a year, some of whom are murdered even after a ransom is paid. Others are killed in connection with robberies. The police, who are ethnic Filipino, are "notoriously unmotivated" to investigate crimes against Chinese, Chua says. The servant who murdered her aunt was never apprehended.

The experience got Chua, a Yale law professor who is herself ethnically Chinese, thinking about ethnic relations in countries where a majority and a minority share space and compete economically. She turned her attention to the United States' push to implement its favored political and economic systems—democracy and free markets—in countries around the world. She concludes in her book, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, that the effort can lead to disaster.

In the many countries with a “market-dominant minority,” free markets and democracy are two trains on a collision course, she says, especially in countries where the markets and the democracy were rapidly introduced. Free markets concentrate wealth in the hands of an able and connected few, while democracy concentrates power in the hands of the poorer majority. When the few constitute one race or ethnicity and the majority constitute another, the result is chronic tension, repressive regimes, and genocide. This she calls the “sobering lesson of globalization over the last twenty years.”

As might be expected from a liberal academic, Chua ignores racial differences in intelligence and temperament as explanations for differences in economic success. Only briefly does she mention “cultural differences” as a possible explanation. Disappointingly, she seems to deny any biological basis for race at all. “Ethnicity,” she says, preferring the word to race, is “not a scientifically determinable status” but “a kind of group identification, a sense of belonging to a people ... That ethnicity can be at once an artifact of human imagination and rooted in the darkest recesses of history—fluid and manipulable yet important enough to kill for—is what makes ethnic conflict so terrifyingly difficult to understand and contain.”

Of course, to the growing number of Americans now viewing current events from a more racially conscious perspective, ethnic conflict is not difficult to understand. The races of the world are often profoundly different, a fact with far-reaching consequences, not the least of which is group conflict. Yet Chua’s book ranks as one of the few from a liberal perspective I am aware of that acknowledges some measure of racial reality. “[Ethnic] identity is rarely constructed out of thin air,” she concedes. “Try telling black and white Zimbabweans that they are only imagining their ethnic differences—that ‘ethnicity is a social construct’—and they’ll at least agree on one thing: that you’re not being very helpful.” Whatever doubts she has about the validity of race as a social function, she at least proceeds as if it were, faithfully reporting the fact of racial conflict without reflexive harping about oppressors and the oppressed.

In Chua’s book, I see revealed an academic who accepts the moral postulate of racial equality but sees racial difference at work in the world. She insists that it is the combination of politics, economics, and race that sets off explosions, perhaps taking comfort that by juggling the three, she can toss up the race ball when it gets too hot. Still, I am calling her book progress. If conservatives won’t start acknowledging racial conflict from new perspectives, maybe liberals will.

World on Fire takes the reader on a spicy world tour, highlighting the ethnic undercurrents of global business. She begins in Burma, where, as in many countries of southeast Asia, the Chinese dominate the economy. We meet characters like Lo Hsing-han, a Chinese businessman who began as an opium warlord in the 1960s but has come to have (relatively) legitimate business holdings estimated at \$600 million, including valuable ruby concessions and

stakes in jade mining. Meanwhile, many of the indigenous Burmans, 69 percent of the population, make about \$300 a year. The military government is run by ethnic Burmese, who are described by Chua as working hand in hand with the wealthy Chinese. Both, she says, are resented by the majority of Burmans. The result is a country reported to have one of the worst human rights abuse records in the world, including bans on Internet use, political organization, and free expression.

In Latin America, Chua lays bare what anyone who's seen pictures of Vicente Fox or Augusto Pinochet has come to suspect: that the successful sorts who run the show down there are primarily of European extraction. The blacks of Brazil and indigenous Amerindians of Bolivia and other countries occupy the lower rungs of society, economically and otherwise. At a dinner party in La Paz with a former student, she observes that "most were what North Americans would consider 'white'—light-skinned, blond and blue-eyed, auburn-haired and green-eyed, and so on. They were also disproportionately good-looking and on average about a foot taller than the indigenous maid and manservant serving us." Interestingly, she reports that in Brazil, despite years of racial mixing and boasts of utopian racial harmony, a "pigmentocracy" has always held, with whites at the top.

In recent years, however, indigenous politicians have made inroads in South America by appealing explicitly to race. Peru's Alejandro Toledo won the 2001 presidential elections with a campaign targeted toward the dark-skinned Peruvians "who look like I do." In Bolivia, an Amerindian movement led by an Aymaran known as "Mallku," or great condor, was threatening in 2001 to take over parts of the country. Bolivia "belongs to the Aymara and Quechua Indians and not the whites," he declared. "The whites should leave the country. We cannot negotiate the blood of my brothers. Kill me if you are men!"

In post-Soviet Russia, Jewish economic power has fueled considerable anti-Jewish sentiment. The outrageously wealthy "oligarchs" are widely hated by the Russian public. Chua came to suspect their Jewishness after reading a draft of an article by a Yale Law School colleague on the privatization woes in Russia. She remarked to the colleague—who was Jewish—that the key players had been Jewish. The professor angrily denied it, but in fact six of the seven "oligarchs" were Jewish. These men, some of whom had sharpened their business skills in the Soviet black markets, achieved extraordinary economic and political power by offering a "loans for shares" deal, in which they filled the empty Russian treasury in exchange for pennies-on-the-dollar shares in formerly state businesses rich in nickel, gold, and oil.

One of the more notorious Jewish oligarchs, Boris Berezovsky, convinced Russians to pour \$50 million into his "Avva Fund," ostensibly for the purpose of building a new car in a joint project with GM. The project went nowhere, but Berezovsky made off with \$50 million, tax-free. Another, Mikhail

Khodorkovsky, chairman of Yukos, Russia's second-largest oil company, installed cameras to monitor employees in one of the companies he took over and eventually fired a third of them. The result, Chua says, is Russian frustration with Jews that reveals itself with references to "zioncrats" and "bloodsucking Yids" on the Internet, anti-Jewish leaflets, and denunciations of Jewish economic control in the Duma.

The horrific murders of white farmers by Robert Mugabe's black followers provide a stark example of the market-dominant minority theory. Once unleashed by "democracy," blacks in Zimbabwe set about seizing the farmlands, killing the farmers, and declaring whites the enemy. "Vote for Zanu PF and you will all be given land, farms, houses," it was said, as the 2002 elections approached. "Down with the whites. Down with colonialism. Down with the MDC. Down with Britain."

Chua stretches her thesis—in my opinion, too thinly—to include whole countries as "market-dominant minorities" in certain regions, citing the United States as a "market-dominant minority" of the world and Israel as a "market-dominant minority" of the Middle East. The dominance, she says, helps to explain why Arabs and Muslims worldwide would have anti-American sentiments. Here, I think Chua overlooks what motivates much Arab and Muslim resentment of the United States: its alliance with and support of Israel, whose conflicts with the Arab world need no detailing here. She also reaches back into history to apply her market-dominant minority idea, noting that the American South following the Civil War and Weimar Germany following World War I both experienced rapid democratization and economic destabilization. In the South, blacks were enfranchised by amendments to the Constitution, and in Germany, a left-leaning republic was replacing monarchy. In the South, whites held property and were surrounded by former slaves, while in Germany, the minority Jews were "perceived" to control the economy (though Chua acknowledges that in some sectors they did dominate). The result, she says, was white attempts to disenfranchise blacks and the deaths of Jews at the hands of Hitler's forces.

The United States today, and much of the rest of the West, Chua says, do not suffer from the market-dominant minority problem because they don't have a market-dominant minority. Whites are still a numerical majority in the United States, and within the top stratum of the American wealthy, there are few Jews. Advanced economies with high levels of tax-and-spend wealth transfers take care of the rest. Here, Chua underestimates the racial tensions within the United States, neglecting to mention its frequent racial violence and open-immigration pandemonium. And if Jews aren't a market-dominant minority, they certainly qualify as a media-and-politics dominant minority.

But even without the levels of internal ethnic conflict experienced elsewhere, the proliferation of McDonald's and other marks of U.S. economic dominance across the world creates resentment toward us, Chua

says. This is where her theory starts to fall apart. As noted, Arab and Muslim resentment is fueled mostly by U.S. support of Israel, and, to date, Islamic militants are the only ones to have directly attacked the United States. A French farmer's dismantling of a McDonald's restaurant in France can hardly be equated with suicide attacks using commandeered airplanes.

In fact, there is evidence that once the territorial designs of an economically successful country are factored out, the rest of the region responds favorably to it. Smaller regional countries in Asia are now reported to be looking toward China as a trading partner. Nor is China's racial homogeneity presenting any sort of problem. Chua concedes that "in societies with no market-dominant minority, the division between the few who are rich and the many who are poorer is unlikely to be ethnicized – but it remains, at least potentially, a source of conflict," potentially being the key word. It is only when the Chinese filter out to smaller Asian nations and set up shop that the problems arise. Chua cites no examples of monoracial societies beset by conflict and bloodshed, economic or otherwise.

The reader eager for Chua's brilliant solution to the world's ethnic conflicts will be disappointed; in fact, to her credit, she acknowledges there may be none. A solution like "additional education spending" typically "produces depressingly few benefits," she says, and believably so. She dismisses forced assimilation. I was surprised to hear Chua recommend affirmative action as a possible ameliorative, but she righted herself by later acknowledging that affirmative action often creates more tension than it soothes. Beyond that, she resorts to that liberal catchall, more spending on the poor. But even here, Chua so honestly qualifies the benefits to be had as to acknowledge that spending, too, can be of little help. If nothing else, it will demonstrate humility, she says. As an example, she cites Coca-Cola's construction of El Paplote, a children's museum in Mexico City.

Whether such gestures yield results is questionable. If, in fact, huge cash donations by wealthy white Americans to poor black and Hispanic Americans served to lessen racial tension, then Bill Gates's recent donation to New York City public schools would mean that white people in New York City would not be subject to racial attacks by blacks and Hispanics. And yet they are. In recent decades, whites have clamored to present blacks with gift baskets on bended knee, and yet blacks have only become more resentful, more demanding, and more violent. Similarly, the American government's coddling of illegal immigrants has resulted in only more brazen demands by the immigrants and their lobbyists.

Chua concludes that "Market dominance is surprisingly intractable, and resistant to government-sponsored 'corrective' ethnic policies." But as Chua herself seems to admit, it isn't really "market dominance" that's so intractable.

After all, as Chua details, a racial majority can and will seize the assets of a market-dominant minority through nationalization, which may dampen economic performance but certainly solves the problem of market dominance by a minority. What Chua really means is that racial difference is surprisingly intractable, and resistant to government-sponsored corrective ethnic policies.

It is interesting that Chua would lay out so thoroughly the incompatibility of democracy, markets, and multiracialism. Her critical praise on the dust jacket takes her work to be an indictment of “markets” and “democracy.” Needless to say in this day and age, “multiracialism” is left out. For Chua, as for so many others, multiracialism is a given that we must work around. But why? If democracy and free markets are not compatible with multiracialism, is she suggesting that totalitarianism and communism are? In fact, she might be: Tito, she recalls, kept a lid on ethnic conflict in the former Yugoslavia with just those tools.

That should be a sobering insight for the multitudes of conservative and liberal race-deniers, and it is perhaps the best insight to be drawn from *World on Fire*. If the price of multiracialism is the loss of freedom, do we want to pay it?

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