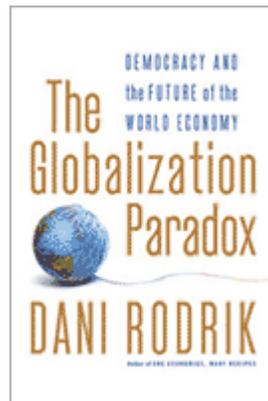


Turkish economist and Harvard University professor Dani Rodrik is a vocal critics of what he calls the "hyper-globalization agenda." Preceding the wave of anti-globalization protests since then, his 1997 book *Has Globalization Gone Too Far?* raised a number of important questions still looking for compelling answers.

In his new book, *The Globalization Paradox*, the author calls for a change of course, towards what he calls "smart globalization." Markets need states, he argues, but states, reflecting the democratic wishes of their citizens, must retain their sovereignty, their distinctive institutions, and their freedom to manage economic frameworks that serve their individual best interests.



Globalization, Rodrik argues, began to run off course with the notion that any restrictions on the cross-border flow of goods or capital would cause great losses in efficiency and economic growth.

Quoting historic examples, the author makes a strong point that free trade is not inherently associated with economic and political progress; rather, that its implications for distributive justice and social norms must also be taken into account.

In Rodrik's view, open can markets succeed only when embedded within social, legal and political institutions that provide them legitimacy by ensuring that the benefits are broadly shared. "A thin layer of international rules that leaves substantial room for maneuver by national governments is a *better* globalization," the author argues.

Wisely, the author refrains from trying to define a full roadmap to how smarter globalization can be achieved. What he does spell out, however, are seven principles for "Designing Capitalism 3.0":

"Markets must be deeply embedded in systems of governance"; "Democratic governance and political communities are organized largely within nation states, and are likely to remain so for the immediate future"; "There is no 'one way' to prosperity"; "Countries have the right to protect their own social arrangements, regulations, and institutions"; "Countries do not have the right to impose their institutions on others"; "The purpose of international economic arrangements must be to lay down the traffic rules for managing the interface among national institutions"; "Non-democratic countries cannot count on the same rights and privileges in the international economic order as democracies."

No matter where you stand on these issues, *The Globalization Paradox* offers a number of valuable observations and suggestions that make it worth reading.

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