

# From neoliberalism to new-etatism

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## Opinion News

With Joko “Jokowi” Widodo as new President, Indonesia might try a third road to welfare and democracy. But watch out! In the international discourse there is instead a shift from one extreme to the other, from neoliberal democratization to conservative state-building.

The story begins in 1992. The most influential conservative American political scientist Samuel Huntington and his neoliberal former student Francis Fukuyama dispute the world after the Cold War.

In Huntington’s view, the conflicts between East and West will be replaced by a clash between civilizations. According to Fukuyama the victory of liberalism is the end of history.

Subsequent discussions swung often between Huntington’s realpolitik in defense of the West and Fukuyama’s ideal-politics to foster the markets and liberal democracy. But the times are changing.

While the market forces have been victorious, the West has run aground in fighting threatening civilizations as well as in exporting liberal democracy.

It looks particularly bad in the former Soviet states, the Middle East and North Africa. What Huntington would have said we do not know; he is no more. But in two voluminous books — *The Origins of Political Order* (2011) and *Political Order and Political Decay* (2014) — Fukuyama is now discussing civilizations, abandons liberalism and revives Huntington’s etatism from the 1960s.

Fukuyama’s new thesis is that state building is fundamental. Historically, good liberal democracy has grown out of an efficient state that has then been combined with the rule of law and public accountability. This happened in those parts of Europe where rulers had built strong states to win wars. Fukuyama’s favorite is Denmark.

When it did not happen, the result was corruption, clientelism and conflicts. This continues to haunt the US, for example.

However, Fukuyama adds, the current problem is worst in the Global South. Here (except China) countries are trying to build democracy in spite of inefficient states. Then things go wrong. The West has been involved. “To get to Denmark” one should rather start with efficient states.

Many critics of neoliberalism and Iraqi style interventions applaud Fukuyama’s conversion. Several political scientists agree, and peace researchers like Edward Mansfield and Jack Snyder add that conflicts increase when democratization precedes strong institutions.

Yet there are also strong objections. If democracy and democratization are not separated, and if it is not acknowledged that both may have different scope and quality, but are only defined as certain freedoms and elections, surveys will certainly show that they might well generate corruption and ethnic and religious conflicts.

But this is petty critique given that Fukuyama’s thesis is far from new, historically selective and politically dubious.

Fukuyama is surely not writing in explicit defense of autocrats. He is only saying that efficient states must come first. And aside from neoliberals and anarchists, everybody agree, of course, that there must be an efficient state to guarantee the rule of law, public accountability, social rights and welfare.

But how do efficient states come about? Fukuyama is certainly right that his previous strategy — to deregulate the economy, overthrow the dictators and export “correct” judicial and political institutions — is disastrous, especially in cases where there are few appropriate state apparatuses and institutions to start off from; such as in Iraq or Libya.

But what is to be done when there are no effective state foundations? That is the important and unresolved question in most parts of the world!

Fukuyama’s response is state building through “politics of order”. Having summarized

selected parts of Europe's and China's political history, he has namely nothing more to say about state building than to revive Huntington's old thesis from the early 1960s.

This thesis was that the old political institutions and leaders in the South could not handle "the masses" when ordinary people gained more freedom, education and jobs in the cities (or became unemployed).

Meanwhile the new middle class was too weak to win elections. On the contrary, many people were attracted by socialism and communism. This was good analysis — the problem was the conclusion: That since the middle class was weak there was a need for "politics of order" to enable instead strong leaders and bureaucrats to build effective states. Moscow had a similar thesis.

This was the reason for the military intervention in Vietnam, the mass killings and the New Order in Indonesia as well as the wave of middle class coups in Latin America and elsewhere during the 1960s and 70s. All of which generated more abuse of power, corruption and crises. But Fukuyama avoids the catastrophes. He only refers to the parts of history that speaks in his favor. That is poor social science.

The same applies to the cases where democratization has worked reasonably well, in spite of bad conditions. Little is said of the world's largest democracy (India) or the largest new democracy (Indonesia). And nothing is mentioned of the fact that corruption in such countries rests largely with the powerful actors who, according to Huntington and Fukuyama, would build a better state but instead abuse it because of the lack of sufficiently strong democratic checks and balances.

A relevant question is certainly if especially the middle classes that previously were too weak to foster effective states, which motivated authoritarian "politics of order", have now become stronger thanks to recent economic growth, so that state building would call for less autocracy. But this too is ignored by Fukuyama, who generalizes from the history of Europe.

Relevant research on the Global South points instead to the persistent shortage of impartial public officials as well as of capitalists that want to have rule of law (because they no longer prioritize extractive business) and of a unified labor movement (in favor of welfare states). This shortage does not apply to Myanmar only.

Even the more industry and service driven growth in the South continue mostly to be based on institutions that foster extractive rather than inclusive development, to use the concepts of leading American political economists Daron Acemoglus and James Robinson in their sweeping but more balanced *Why Nations Fail* (2012). So what should be done?

Apparently neither neoliberals nor supporters of “politics of order” have a realistic answer. Less extreme research instead suggests gradual democratization that supports representation of the fragmented yet potentially important social forces within the middle and working classes, as well as among the urban and rural poor, who really can propel a well-functioning state with rule of law, responsibility to the society and welfare policies.

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