

THEME 01

Alternatives at the return of History

DEMOCRACY

CAPITALISM

HISTORY

Back in 1992, just after the collapse of the Soviet Union and the fall of the Berlin Wall, political philosopher Francis Fukuyama famously wrote that “at the end of history, there are no serious ideological competitors left to liberal democracy”. Almost three decades later, the belief that liberal democracy combined with free market capitalism is the ideological endpoint of human history, is seriously doubted. As such, the debate on the End of History has flared up again, with possible new alternatives.

Our observations

- In 1996, Michael Walker claimed that “the age of geopolitics has given way to an [age of what \[could\] be called geo-economics](#). The new virility symbols are exports and productivity and growth rates, and the great international encounters are the trade pacts of the economic superpowers.” It implied that competition between states would continue, although it would be fought with economic means, as commercial interests would supersede the combative intentions of states and its citizens. Related to this is the [Golden Arches Theory of Conflict Prevention](#): no two countries that have McDonald’s restaurants, and thus a middle class with significant spending power, have gone to war with each other. The same principle was applied in post-war European integration; belligerent German intentions would be curbed because going to war with other European countries would have become too costly.
- In his book [Every Nation for Itself](#), Ian Bremmer states that there is a growing power vacuum in international geopolitics because no country or group of countries has the political and economic leverage to pursue a global political agenda or provide global public goods (e.g. safe waterways, fighting climate change). This is because of a relative decline of Western power, especially of the U.S., as a result of the rise of China and other Asian economies. In his recent book [The Future is Asian](#), Parag Khanna states that the future of the 21st century belongs to Asia, as it’s catching up with Western technology, is pursuing economic and political reforms to create modern states and is pushing for regional integration and militarization. As such, the Atlantic Era is coming to an end and Asia is (re) emerging in its “natural leading place in world history” after centuries of colonization.
- We have written before that when changes (e.g. technological innovation, new ideologies, systematic changes of work and public life) come too fast, people tend to [revert back to things that are known](#) to them, such as traditions and local community life. Many of the current problems and issues can be conceived of as such “anomic reactions” to accelerating changes, such as [populism](#) (against political and demographic changes), [nationalism and localism](#) (against globalization), the rise of [angry societies](#) (against the breakdown of local communities and mass-scale urbanization), or [reality apathy](#) (in response to the explosion in available information and sources that erode collective truths).
- Many thinkers have wondered what life might look like after the “End of History”, and envisioned an equal and peaceful life in material superfluity and physical comfort. For example, the economist [John Maynard Keynes](#) argued for a shortening of the working day with the aim of “making mild preparations for our destiny, in encouraging, and experimenting in, the arts of life as well as the activities of purpose.” In [Marx](#), communist utopia, where the “whole Man” has finally shed his false, material needs, so that he can use his energy “to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner”. Philosopher [Nietzsche](#) voiced the most prominent critique of this life of the Last Man, in which he states that “megalothymia” (the wish to be recognized as better than others) was subverted by “isothymia” (the desire to be recognized as equal by others), such that the moral of “slaves” (i.e. a morality based on the [ressentiment](#) of the less noble and virtuous) prevailed.



Connecting the dots

In 1992, Francis Fukuyama wrote his [The End of History and the Last Man](#), which voiced a hope that a new era of human history had arrived, one in which the whole world would convert to liberal democracy and adopt free-market policies. This thesis seemed to be empirically verified by the collapse of its major ideological competitor, the Soviet Union, the subsequent democratization of former Soviet states, as well as the economic opening up of other parts of the world (mainly China in 1978 and India in 1991) and absence of war on the European continent made possible by the “post-historical” European Union. However, we have written before that the presumed-to-be-dead [ideological competition between democracy and authoritarianism has been revived](#). Those making an argument for authoritarian leadership can call on the success of the Communist Party of China, which achieved its “economic miracle” while keeping a tight grip on nationalist politics, or on the reappearance of authoritarian leaders chosen by democratic principles (so called [illiberal democracies](#)), incompetent leaders chosen by popular vote, the failure of the Arab Spring or the “democratic” Brexit process. Furthermore, with increased critique of free-market capitalism (and the growing belief in a [“Chinese model of capitalism”](#)), Fukuyama’s thesis seems to be doubted again. But a closer look at Fukuyama’s thesis reveals that it is not obsolete yet.

In *The End of History*, Fukuyama follows Plato’s division of the soul into three basic categories that motivate human behavior and action: ratio, desire and what he calls “thymos” or the longing for recognition. Modern natural sciences maximally fulfill our demand for rationality, the imperatives of which create the most welfare under free markets conditions by means of modern industrialization and bureaucratization. This, in turn, results in free people who can deliberately trade and interact with other free people. The “universal and homogenous state” (i.e. liberal democracy) is the organizational form that treats all of these free people as equals, instead of basing a hierarchy on “irrational” hence unfree foundations such as nationality or religion, thus fulfilling the human longing for recognition. The conclusion is that the combination of liberal democracy and free markets creates a “post-historical” state that frees us from traditional constraints and from historical cases of coercing others into recognizing us (e.g. by means of war, illusion or imperialism).

Following this line of thought, there is still no final verdict on Fukuyama’s claim, and Fukuyama is able to counter his critics. For example, in his dual-volume [The Origins of Political Order](#) and [Political Order and Political Decay](#), Fukuyama explains the regression of several states from democratization into authorization because these states failed in their modernization process, thus failing to provide their populations with basic necessities, angering them and causing them to flock to authoritarian leaders that promise change. And in his latest book [Identity: The Demand for Dignity and the Politics of Resentment](#), Fukuyama states that nationalism and populism are to be explained from the lack of freedom and recognition of those who are materially left behind in globaliza-

tion, and as psychological – but irrational – coping mechanisms for the acceleration of change in our world. As such, we can still believe free-market capitalism and consumerism (desire), the natural sciences and modernization (reason), and the universal and homogenous state (thymos, recognition) are the endpoints to the universal path of history.

Nonetheless, alternatives are emerging that comprise immanent criticism of Fukuyama’s conceptual framework. First, realists could claim that the struggle for recognition will increasingly happen between states, mooting the establishment of “post-historical” universal and homogenous states. They claim that the recent decades of liberal democratization were the result of a unique set of socio-economic conditions, in which the traditional great power competition was lacking, as was any serious challenger to the economically and militarily superior U.S. But with a [resurgent Russia](#) and the global economic power shift towards [Asia](#) (and demographic balance shifting towards [Africa](#)), as well as a more [multipolar military world order](#) (e.g. [Japan](#), [India](#), [Saudi Arabia](#)), we are bound to enter a new period of geopolitical conflict in which liberal states might lose and become subjected by more aggressive and powerful “historical” states.

Nonetheless, this still leaves room for the possibility that one day, all states will transform into liberal, free-market democracies. More fundamentally, one could claim that free-market capitalism isn’t the most efficient way of creating and distributing welfare. Criticism of free-market capitalism already increased significantly after the 2008 financial crisis, [even within the IMF](#), one of the beacons of the neoliberal Washington Consensus. In previous research, we already described that recent decades have led to [increasing inequality](#), the [rise of corporate power](#), and [neglect of the financial cycles](#), in turn resulting in the academic and public discredit of neoliberalism. In the face of mass disruption caused by [automation](#) and [AI](#), new economic narratives are needed to fulfill our human desire for the equal distribution and growth of welfare. Second, it might seem that the modern state and industrialization are not so rational after all. Given the dual contradictions within modernity of structural inequality (resulting from the [immanent laws of capitalism and corrupt “superstructure” politics](#)) and [ecological degradation](#) (as a result of our wasteful forms of production and consumption), the current models of modernity might not be fit to tackle these persistent problems. As [deep transitions](#) within the socio-technical systems of societies and economies are required, a more “enlightened state” that transcends the individual wills of citizens, consumers and stakeholders might be necessary. Lastly, new sources of recognition could emerge. Whereas Fukuyama conceived of recognition as the mutual respect of free and equal people, whose dignity and freedom is based on material possessions and rational interaction, new forms of recognition could emerge that transcend this anthropology. For example, we might come to place [less emphasis on material possessions](#), or develop ideas of [post-human ethics](#) and [religions](#).

Implications

- The matrix of possible alternatives for the end of end of history could be expanded. The above alternatives are already somewhat realized in different states with different cultural and historical backgrounds. For example, [China’s meritocratic but non-democratic Confucian state](#) embodies the rationality of “enlightened state” to deal with modernity’s inner contradiction. [India’s spiritual and “otherworldly” traditions](#) could become a global source of inspiration in the search for new desires and narratives to provide meaning in a “post-historical” world. And the [Rhine model of capitalism](#), which combines a strong state with regulation but has relatively free markets, could provide an answer to the inherent flaws of neoliberalism, realizing a more “human-centered” society and economy. Lastly, whole new forms of collaboration and organization could emerge when the [boundary between humans and machines begins to blur](#), giving way to a new kind of techno- or post-humanist politics, society and economics.