

LIBERALIZATION MAY SLOW DOWN

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The Washington Consensus emerged from the systematization of a way of thinking that was certainly present from the very early post-war years, but not widely recognized until the 1970s. Before this time, during the 'trente glorieuses' (the 30 years of exceptional economic growth following the war), the Western European powers built 'welfare states' and variations of a 'social market economy.'

The shift to unmitigated Hayekian policies took place in the 1970s (Friedrich August von Hayek, Austrian-born economist and philosopher, known for his defense of classical liberalism and free-market capitalism against socialist and collectivist thought. — *Editor's note*). Thus, the door was opened for a thirty-year dominance of neo-lib-

eral policies, which led to the general belief that 'the market knows best.' This primitive belief in the self-regulatory nature of markets led to catastrophic results, culminating in the financial crash of 2008.

With the fall of European communist systems at the turn of the 1990s, this approach was systematized within an ideology of globalization. In the 1980s, the word 'globalization' was rarely used; but its universal application in the post-communist era was a way of legitimizing neo-liberal policies within a conceived framework of a natural order of things. It was then, in the 1990s, that the dominant western economic model became known as the 'Washington consensus.'

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Neo-liberalism is no longer quite so triumphal as it was before the crash, but it has by no means been laid to rest. At the moment, there is no sustained intellectual alternative. Although the drive towards liberalization may slow, a full-scale return to welfare social market economies is not on the cards.

One lesson of the 2008 crash may be that we cannot return to a system of 'business as usual,' although this is precisely what seems to be happening. Gordon Brown's statement that the Washington Consensus has ended is just one more example of the way that his words have no tangible connection with reality. His words are shaped purely and simply by his immediate political needs, and are lacking both in intellectual honesty and strategic vision.

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Neo-liberalism will continue, but the slow decline of the US is a separate and objective process. As new economies emerge in the East, the relative force of the US in the world

economy will inevitably fall. This should be neither welcomed nor condemned, but simply understood — and on this basis, managed.

The US will continue to play a leading role in the world on the basis of neo-liberal policies. Even modest attempts to create a more 'welfare' system under Obama look unlikely to succeed.

What has changed, however, is the **repudiation of neo-conservative messianism**, and this should allow the US to take its proper place in the world as a more normal, and responsible, great power.

The 'unipolar' moment in world politics is coming to an end, but the features of the new multipolarity are not yet clear. It is right for the US to take the lead on certain issues, but they must also work in partnership with the rest of the international community.

It can only establish this partnership, however, if there are real partners to be had. One of these partners is, of course, the European Union.

Unfortunately, Russia has not yet found a way to be treated as a worthy and trusted partner in world affairs. In part, they must bear some responsibility for this themselves, but above all, Russia's inability to return to international politics as an independent and trusted power is largely due to structural impediments.

This is partly because of the asymmetrical end to the cold war, where institutions that managed the conflict on the one side were dismantled while those on the other side, primarily NATO, were intensified. However, we now have the opportu-

nity to finally transcend these asymmetries, and at last enter a post-post-cold war era.■

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