
The End of the End of History

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Through out modern times, liberal states have always co-existed alongside many kinds of tyranny. Similarly, the modern world has always contained numerous economic systems - many varieties of capitalism, planned and guided economies, and a host of hybrid economic systems not easily classified.

Diplomacy and international law developed to cope with the fact of diverse regimes. Yet throughout the 20th century global politics was shaped by the project of unifying the world within a single regime. Insofar as it remained committed to Marxist ideology, the long-term goal of the Soviet regime was world communism. The whole world was to be a single socialist economy, administered by forms of governance that were to be everywhere the same.

This Marxist project is now widely and rightly viewed as utopian. Even so, its disappearance as a force in world politics has not been accompanied by an acceptance of a diversity of political systems. With communism's fall we were, in Francis Fukuyama's famous phrase, at the 'end of history,' a time when western governments could dedicate themselves to unifying the international system into a single regime based on free markets and democratic government. But this project is as utopian as Marxism once was, and promises to be considerably more short-lived than the Soviet Union.

Many reasons exist for why the Soviet bloc collapsed, but - contrary to conventional opinion - economic inefficiencies were not central among

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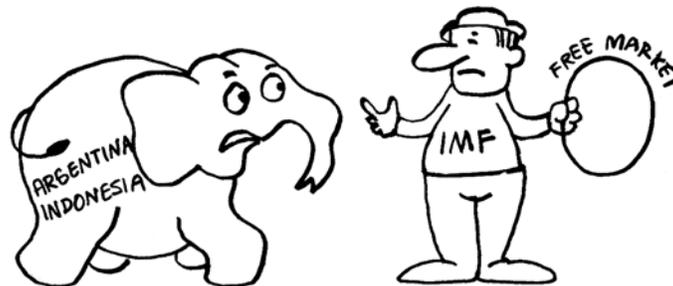
them. The Soviet bloc disintegrated because it could not cope with nationalist dissent in Poland and the Baltic states and more generally because a single economic and political system could not meet the needs of vastly different societies and peoples. Marxism is a version of economic determinism. It predicts that differences between societies and peoples narrow as they achieve similar levels of economic development. Nationalism and religion have no enduring political importance, Marxists believed. In the short run, they can be used to fuel anti-imperialist movements. Ultimately, they are obstacles to the construction of socialism. Guided by these beliefs, the Soviet state waged an incessant war on the national and religious traditions of the peoples they governed.

In practice, Soviet rulers were compelled to compromise in order to remain in power. Few could be described as wholehearted ideologues. Even so, the Soviet system's rigidity was largely the result of the fact that it was established on a false premise.

The basis of the Soviet system was the Marxian interpretation of history in which every society is destined to adopt the same economic system and the same form of government. The USSR fell apart because its monolithic institutions could not accommodate

nations - Czechs and Uzbeks, Hungarians and Siberians, Poles and Mongols - whose histories, circumstances and aspirations were radically divergent. Today, the global free market constructed in the aftermath of the Soviet collapse is also falling apart - and for similar reasons. Like Marxists, neo-liberals are economic determinists. They believe that countries everywhere are destined to adopt the same economic system and therefore the same political institutions. Nothing can prevent the world from becoming one vast free market; but the inevitable process of convergence can be accelerated. Western governments and transnational institutions can act as midwives for the new world.

Implausible as it sounds, this ideology underlies institutions such as the International Monetary Fund (IMF). Argentina and Indonesia have very different problems, but for the IMF the solution is the same: they must **DEVELOPMENT THEORY** both become free-market economies. Russia at the time of communism's fall was a militarized rustbelt, but the IMF was convinced that it could be transformed into a western-style market economy. An idealized model of Anglo-Saxon capitalism was promoted everywhere. Unsurprisingly, this highly ideological approach to economic policy has not succeeded. Indonesia is in ruins, while Argentina is rapidly ceasing to be a first-world country. Russia has put the neo-liberal period behind it and is now developing on a path better suited to its history and circumstances.



Countries that have best weathered the economic storms of the past few years are those - like India, China and Japan which took the IMF model with a large grain of salt. To be sure, like the few remaining Marxists who defend central economic planning, the ideologues of the IMF claim that their policies did not fail; they were not fully implemented. But this response is disingenuous. In both cases, the policies were tried - and failed at great human cost.

If the global free market is unraveling, it is not because of the human costs of its policies in countries such as Argentina, Indonesia and Russia. It is because it no longer suits the countries that most actively promote it. Under the pressure of a stock market downturn, the US is abandoning policies of global free trade in favor of more traditional policies of protectionism. This turn of events is not surprising. Throughout its history, America has always tried to insulate its markets from foreign Neo-liberal dead-competition. So history has once more triumphed over ideology.

With America's loss of interest, the chief prop of neo-liberal policies has been pulled away. Mainstream politicians may still nod reverently when the global free market is invoked, but in practice the world is reverting to an older and more durable model. It is being tacitly accepted that in the future, as in the past, the world will contain a variety of economic systems and regimes. The global free market is about to join communism in history's museum of discarded utopias. ▶

About the Author

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