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The Global Crisis and the Assault on Democracy*

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ABSTRACT. The paper argues that the current global capitalist crisis entails an assault on democracy. Since crisis connotes danger and opportunity, the recent crisis appears to be a danger to democracy but an opportunity to its antithetical ideals. At the international level, multilateral institutions have seized the moment to reaffirm the perpetuation of the discursive and structural hegemony of *neoliberalism*. In East and Southeast Asia, states and regional organisations have revived arguments for the institutional justification of *authoritarian liberalism* in the region. And in the US and Europe, attempts at restoring *nationalism* are gaining ground. The global crisis provides the momentum for—but not the sole cause of—the intensification of these counter-democratisation movements and tendencies.

Introduction

The world is now compelled to face with sober senses the real conditions of the global capitalist system — a conglomeration of interdependent and interrelated crises. The current political-economic conjuncture is nothing but a culmination of the cumulative effects of the simultaneous crises in finance, production, food, ecology, energy, and governance that have been plaguing the world capitalist structure since the postwar. Today actors from various ideological positions perceive the situation as an opportune moment to make the crisis work to their respective interests.

The original Greek signification of crisis denotes 'the turning point of a disease when an important change takes place, indicating either recovery or death'. As to whether the multiple crises would lead to recovery or death to the hegemonic neoliberal system is a question to be determined by the dynamics of the 'double movement' or the unfolding struggle between those who have vested interests in maintaining the status quo and those who are for transformation of the basic social structure. While clamours for a more people-centred (i.e., democratic) alternative futures have been expressed 'from below', the crisis has not elicited new strategies and new visions to put an end to market-driven (i.e., neoliberal) social relations as manifested in the policies and practices of decision-making institutions at the international and state levels.

This paper argues that the current global capitalist crisis entails an assault on the ideals of democracy and the process towards democratisation. The level of analysis is on the policies and discourses of international institutions, regional organisations, and incumbent states.[1] A survey of the crisis responses of these institutions and states across Asia and Europe suggests the promotion of anti-democratic ideals, namely: neoliberalism, authoritarian liberalism, and nationalism. These three counter-

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[1] Of course, if the level of analysis is 'from below'— i.e., on civil society and social movement—one can argue that the mere fact of the politics of opposition and resistance is a sign of democratisation.

democratisation tendencies and projects are manifest. Firstly, the World Bank, IMF and their G-20 allies attempt to use the crisis to their advantage by reaffirming their long held values of neoliberalism. Secondly, in East and Southeast Asia, the crisis has implications for reviving institutions of authoritarian liberalism—i.e, liberal market economy embedded in authoritarian polity—as has been the case in the 1997 Asia crisis. And third, in US and Europe, new nationalisms and protectionisms and their attendant anti-migrant, xenophobic, and colonialist policies loom on the horizon.

Reaffirming Neoliberalism

The understanding of neoliberalism used here refers to the application of free market doctrines not only to all aspects of economic activity but increasingly to the operation of public institutions. Neoliberalism is capitalism in substance with a particular institutional form and refers to: that specific configuration of capitalism (liberalism plus new institutions), that specific ideology (market fundamentalism), that specific phase of capitalist development with the ascendancy of financial cum productive capital (postwar), those specific sets of 10 economic reform policies enshrined in the structural adjustment programmes (SAPs or the Washington Consensus), that specific class relation (real subsumption of labour to capital), that specific process of capital accumulation (using money to make more money). As David Harvey (2005) has commented, neoliberalism elevates the private sector, private property and their attendant values to a dominant role in society. Neoliberalism therefore goes against the values of the collective wisdom of the people based on the principles of democracy, where governance and institutions are much more responsive to people over profits, to societies over markets.

Viewed as an overarching structure in motion, the history of capitalism is the history of cycle of crises and booms. In the almost 40-year history of neoliberalism, crises have been more functional, rather than dysfunctional, to its perpetuation in terms of capitalist social relations, market-led development strategies, and neoliberal state restructuring. The constitutive role and functional effect of crises in its life cycle means that neoliberalism: was born out of the crises of the 1970s; has evolved through a series of crises over the last 35 years; and died of the multiple crises culminating in the present global crisis[2] (see Juego and Schmidt 2009).

Over 100 financial crises in the world have been recorded in the last 35 years. Yet, notwithstanding these statistics, it is palpably evident that the majority of the peoples and societies in the world have long been in crisis. Crises have been inherent from the very birth of neoliberalism to a series of transformations it has undertaken over the decades. True to form, as the Greek *krisis* aptly means ‘turning point in a disease’, every crisis impels and compels the capitalist mode of production to innovate and to transform itself to secure its hegemony.

Neoliberalism is often divided into two distinct yet successive phases: the Washington Consensus (the first generation reforms) and the post-Washington Consensus (the second generation reforms). The difference between the two phases

[2] It is only the neoliberal form and configuration of capitalism (i.e., market fundamentalism or non-state intervention in market activity) that has died, but not the substance of capitalism as a *process* of capital accumulation and *relations* in which labour is subordinated to capital (Juego and Schmidt 2009).

cannot be simply reduced into a state-versus-market debate, in which the Washington Consensus is said to be the subordination of states to markets and the post-Washington Consensus, on the other hand, promotes a complementary relationship between them. The state-versus-market debate or a zero-sum game between states and markets is hollow. Neoliberalism, just as capitalism has always been, is a political project—that is, it requires active state intervention (Polanyi 1944; Bugra and Agartan 2007). For instance, the dismantling of the welfare state could not have taken place without the weakening of labour through policies carried out by the state. By merely taking the transformation of capitalism at face value, it misses the historical reality that active state interventions to make markets work have been present from the very beginning of capitalist development. The difference between the two development paradigms lies not in form, but in substance, in the agenda on goals and strategies. The Washington Consensus aimed to realise an open global market economy through SAPs and sound macroeconomic policies of privatisation, deregulation, liberalisation, and financial reforms. The post-Washington Consensus, on the other hand, is a project towards the realisation of 'universal convergence on competitiveness' through deep institutional and behavioural reforms and policies on labour market flexibility, human capital, and social capital (Cammack 2009a).

The proponents of neoliberalism representing the dominance of private capital are all too aware of the crisis-prone and conflict-ridden nature of the capitalist system. Hence, neoliberalism has always been promoted as a strategy for continued development through the market and at the same time a blueprint for crisis management. In the interest of capital accumulation and new profits they always look at crisis moments as perfect moments to further entrench, and never retreat from, neoliberal institutions and practices. Take for example the responses to successive crises since the 1980s. When Latin America was in a deep debt crisis in 1982, IMF and pro-capitalist political forces imposed SAPs as conditionalities for rolling over debts, a harmful consequence of which was massive deindustrialization and rise in unemployment, poverty and uneven development all over the region. In addition, the responses to several financial crises in the last 20 years—namely, Scandinavia (early 1990s), Mexico (1994), East & Southeast Asia (1997), Russia (1998), Argentina (2001), Turkey (2001-2002), US subprime mortgage (2007), the Great Recession (2008)—have had as their overarching theme an open 'international financial architecture' through regulatory institutions that guarantee the domestic and global rights of private capital. Despite acknowledgement of the usefulness of some capital controls (like in the cases of Chile and Malaysia), the IMF and its political forces further promoted policies toward effective neoliberal regulation to smoothen adjustment to the supposed openness of the international financial system (e.g., IMF's surveillance mechanism). Indeed, as in the words of the former Chief Economist of the World Bank, Michael Bruno (1996: 4): 'There is a growing consensus about the idea that a large enough crisis may shock otherwise reluctant policymakers into instituting productivity-enhancing reforms is by no means new' (see also Klein 2008).

The World Bank, IMF and their G-20 Allies

Over the last decade, the neoliberal global governance institutions—the World Bank, the IMF, and the WTO—have been facing severe crisis of legitimacy and credibility. The disillusionment with these institutions come from the series of political-economic crises they themselves have inflicted on countries that they were supposed to manage, restructure, and develop. In addition to the not so well-publicized budgetary crisis, failed projects and prescriptions of the World Bank (Woods 2006; Bello 2006), the dramas and revelations during the successive resignations of Joseph Stiglitz and Ravi Kanbur in the early 2000s demonstrated the Bank's hard core neoclassical and neoliberal stance. The IMF received crushing blows from heavily indebted countries in Latin America, Africa, and Asia promising to never again be subjected to neoliberal adjustments and conditionalities. The WTO has been struggling for survival as the almost five-year long Doha Development Trade Round collapsed in mid-2006. But with the current global crisis, predictions about the imminent demise of these neoliberal multilateral institutions appear premature, if not unfounded. In a concerted effort, they have risen up to the challenge of the crisis, not to admit and rectify errors in the past, but to reassert their presumed legitimacy and *raison d'être*.

Writing in July 2007—barely a month before the US subprime mortgage crisis became apparent—in commemoration of the 10th anniversary of the 1997 Asia crisis, the scholar-activist Walden Bello (2007) remarked about the 'demise of the IMF'. Bello (2007) argues that IMF has actually been a victim of the 1997 Asia crisis because the Southeast Asian states of Thailand, Indonesia, Malaysia and the Philippines have vowed 'never again' to IMF subjections. In addition, the IMF has suffered from severe and deepened crisis of legitimacy and credibility following 'the bankruptcy of its star pupil Argentina in 2002'. This also resulted in a serious budget crisis for the IMF since its big Latin American borrower states of Brazil, Argentina, and Venezuela boycotted it (Bello 2007).

But in less than two years since Bello's doomsday pronouncements, the global crisis has turned the tide towards the revival of the IMF. Perhaps the happiest person in the world at this time of crisis is none other than Dominique Strauss-Kahn, Managing Director of the IMF, who triumphantly expressed during the G-20 Press Conference on 2 April 2009 that the:

> IMF is back. Today you get the proof when you read the communiqué, each paragraph, or almost each paragraph—let's say the important ones—are in one way or another related to IMF work. (IMF 2009b)

Ironically, the very same countries that suffered from decades of IMF conditionalities identified by Bello—specifically, Argentina, Brasil, and Indonesia which are now part of the G-20 following the G-7's expansion in 1999 to include emerging economies—were the ones who breathed new life to the Fund and thereby affirmed its legitimacy and relevance. The G-20 Summits in London (April 2009) and Pittsburgh (September 2009) have affirmed the International Financial Institutions' (IFIs) 'important role in supporting (G-20's) work to secure sustainable growth, stability, job creation, development and poverty reduction. It is therefore critical that (they) continue to increase their relevance, responsiveness, effectiveness and legitimacy' (G-20 2009d: para 5). Furthermore, the new project for economic cooperation enshrined in the *G20 Framework for Strong, Sustainable and Balanced Growth* will be assisted and 'supported by IMF and World Bank analyses' (G-20 2009d: para 3; see also G-20 2009a; 2009b; 2009c). This in effect makes the G-20 another strategic institution, notwithstanding what they proclaim as an 'informal forum', through which the World Bank and IMF agenda are expressed and, more importantly, legitimised. However, despite the G-20's claim that they enjoy legitimacy, credibility, and economic weight, the hundreds of vulnerable and marginalised poor countries outside the Group are not represented and hence neglected. The crisis that could have killed the IMF and World Bank is also the one that has resurrected it. And the countries that were supposed to disdain them were also the ones who retain them.

While the world awaited the G-20 Summit in London in April 2009 and some hoped for a possibility of change in the global economic architecture, one could easily predict the crisis responses of the G-20 member countries, especially those of the World Bank and the IMF. A close reading of the policy prescriptions of the World Bank and IMF re the global crisis documented prior to the G-20 London Summit could already give the idea of their agenda for the Summit: that is, the crisis offers an opportunity not to retreat from the global neoliberal project but to further advance a truly open international financial architecture and competitive markets that are coordinated, regulated, and enforced by them at the global scale.

The World Bank's *Global Monitoring Report 2009: A Development Emergency* echoes exactly the same neoliberal programme and project that it has been pursuing from the early 1990s to present (see Cammack 2003; 2009a; 2009b). In particular, the Bank's six priority areas are: [1] fiscal response to ensure macroeconomic stability; [2] prominent role of the private sector in investment, business, enterprises, finance, trade, and business to improve stability of the financial system; [3] 'leveraging the private sector's role in the financing and delivery of services'; [4] prescribing national governments to 'hold firm against rising protectionist pressures and maintain an open international trade and finance system'; [5] expediting the completion of the Doha negotiations; and [6] assertion of the 'key role' of the World Bank and the IMF 'in bridging the large financing gap for developing countries resulting from the slump in private capital flows, including using their leverage ability to help revive private flows' and thereby calling for the necessity for them to 'have the mandate, resources, and instruments to support an effective global response to the global crisis' (World Bank 2009: xii). A couple of days before the London Summit, World Bank President Robert Zoellick (31 March 2009, prior to the G-20 Meeting) repeated the same script pushing for an agenda to revitalise the multilaterals, namely: 'a WTO monitoring system' to complete the Doha negotiations; a monitoring role for the IMF to assess stimulus packages; and 'an overhaul of the financial regulatory and supervisory system' in which authority over regulation rests on national governments under an expanded Financial Stability Forum, which works 'with the IMF and the World Bank group on implementation' (Zoellick 2009).

IMF's *Initial Lessons of the Crisis for the Global Architecture and the IMF* released in February 2009 sees the crisis as 'a unique opportunity … to make progress on seemingly intractable issues'. Here the IMF has resolved not to miss the moment. While the IMF acknowledges that '(t)he crisis has revealed flaws in key dimensions of the current global architecture', the bottom line is that they uphold long held principles and propose to impose same policies again and again such as: [1] surveillance mechanisms that were first articulated after the 1997 Asia crisis and the dot-com bust in 2001 to allow them to detect vulnerabilities and risks at an early stage for their timely intervention; [2] that they be strengthened and mandated 'to take leadership in responding to systemic concerns about the international economy'; [3] rules governing cross-border finance; and [4] that they be given 'readily available resources' 'for liquidity support and easing external adjustment' (IMF 2009a: 13).

In sum, despite the cataclysmic effect and extensive scope of the crisis, the institutions of global governance remain apologists of the tenets of neoliberalism. Their agenda is not to retreat from free market doctrine but to further advance it with stronger and better institutions. But this begs the question: stronger and better institutions *for whom*? Their answer is straightforward: *not* for the people, but for the market.

Reviving Authoritarian Liberalism in Asia

The reaffirmation of neoliberalism despite its own crisis by international institutions is well received in the Asian region. Contrary to the popular characterisation of 'developmental states' in East and Southeast Asia, a distinctive state form has long been in the process of being institutionalised ever since the region got locked-in the circuit of neoliberal globalisation. The *de facto* state form in the region is referred to as 'authoritarian liberalism', where a liberal market economy is embedded in an authoritarian political framework. It is within this framework that these parts of Asia are responding and progressing during the global crisis. Drawing on experiences in the 1997 Asia crisis and the 9/11 terror attacks and the crisis responses of the ADB and ASEAN, the case of authoritarian liberalism in the region provides important lessons toward understanding the eventual and most probable outcome of the present crisis.

There are two mainstream theses that cannot explain well contemporary political economy of East and Southeast Asia: first is 'modernisation theory' of the hyperglobalist that says that globalisation necessarily creates a world of liberal democracies; and second is the 'democratic peace' that claims that democracies do not go to wars against each other. The restructuring of states in the region towards authoritarian liberalism offers a much more appropriate reading than that of the mainstream. A look at two major crises that struck capitalism in Asia, namely the 1997 crisis and the 9/11 terror attacks, suggests how crises have become functional to the institutionalisation of authoritarian liberalism.

The toppling of two military regimes—Ferdinand Marcos' in the Philippines in 1986 and Suharto's in Indonesia in 1998—were regarded as 'democratic moments', signalling the process of democratisation in the broader region. This comes at a time when the dominant discourse from mainstream scholars and policy-makers prophesies that economic liberalisation encourages the development of liberal and democratic modes of governance. The mainstream assumes that the liberation of a self-reliant and progressive middle class from authoritarian rule was a functional requirement of well-managed markets. Today, such a claim appears hollow. Theoretically, the model of liberal democracy generally proposed in the transitions literature was always thin. It alienated the idea of democracy from its social connotation as popular power in favour of 'formal' and procedural criteria, symbolised above all by the holding of regular multi-party elections and the 'effectiveness' of political institutions. The principles and associated practices of people's sovereignty, including the accountability and responsiveness of governments, and political expression and participation by voters and citizens, hardly featured at all in this research programme. Empirically, Asia appears to demonstrate a quite different prospectus from this dominant discourse—characterised by limited accountable government, relatively unfree and unfair competitive elections, partially curtailed substantial civil and political rights, and compromised associational autonomy. In fact, neoliberal globalisation and its crisis prone economics may mean the end of liberal democracy rather than its triumphant ascendancy. Historically, if there is any cogent lesson that the past two decades have shown about the relationship between democracy and political-economic regime, it is that a market economy can thrive and survive even without democracy (Juego 2008a). Asian elites do not necessarily become forces for political liberalism and democracy; they can be downright illiberal and anti-democratic so long as it serves their interests (Rodan et al. 2006).

1997 Asia Crisis and 9/11 Terror Attacks

The 1997 Asia crisis accelerated the reorganisation of state authority and regulatory frameworks (Schmidt 2008) that were already in train long before the crisis in East and Southeast Asia. Central to these political-economic forms is 'the emergence of the new regulatory state, which is directed towards the production of economic and social order within a globalized economy' (Jayasuriya 2005; see also Jayasuriya 2000, 2001). The rationale behind this attempted transformation of political authority is clear. Through the provision of new regulatory frameworks, the state seeks to insulate a range of key economic institutions from the influence of democratic politics and thereby safeguard the market order. The outcome is an explicit linkage between authoritarian politics and a rules-based mode of governance in a range of economic policy areas.

Looking back on the 1997 Asia crisis experience, the political strategies and social policies carried out in response to it had been detrimental to democratisation, human rights, and the poor. Firstly, the crisis provided the political, economic, and intellectual justification for authoritarian rule—couched in the language of 'Asian values'—especially among Asian elites (notably in Malaysia, Singapore, China, and Thailand). These elites also came out to explicitly preach the inappropriateness of North and West European welfare state system. Secondly, the crisis had sidelined human rights obligations on civil and political rights in the name of surveillance and internal security (such as in Malaysia and Singapore) and on social and economic rights in the name of belt-tightening measures (resulting in the reduction of social spending in many countries like Indonesia, the Philippines, and Thailand). And thirdly, the policy responses to the crisis from governments and international institutions were designed to save and protect the market, businesses, and corporations. For instance, the Second Asia-Europe Meeting (ASEM-2) held in London in 1998 created the 'ASEM Trust Fund' which eventually proved to be lacking in political will and institutional mechanisms to ensure that the fund targets the poor and the workers who were the most vulnerable and adversely affected groups during the crisis. In short, in times of crisis democratisation may be stalled, human rights compromised, and the poor severely neglected.

Even the 9/11 terror attacks, a crisis in capitalism with security dimension, has not jolted Asia out of the institutionalisation of authoritarian liberalism. In fact, the US-led war on terror has provided 'exceptional' powers to Asian governments through the expansion of their discretionary powers of detention and surveillance. Asian semi-authoritarian regimes have become strategic sites of opposing terrorism. The human rights situation in the region after the events of 9/11 has been alarmingly dismal, hitting the headlines which range from numerous cases of outright killing of human rights defenders and journalists in the Philippines to the heartless killing and harassment of monks and their sympathisers in Burma. These killings pose serious threats to freedom of expression and constitute a violation of the right to life.

Post-9/11 Asia is by far a region of authoritarianisms—a security complex of authoritarianisms (Juego 2008b). Regional stability appears to come from a 'peaceful coexistence among authoritarianisms', rather than among democracies, following the policy of non-interference which every government in the region normatively proclaims. The region is progressing towards the resurgence or deepening of variations of authoritarianisms: semi-authoritarian regimes in Malaysia and Singapore; the military government in Myanmar; the influence and prominent role of the military and monarchy in Thailand; one-party rule in China, Laos, Cambodia, and Vietnam; culture of impunity and continued militarisation in Aceh and Papua in Indonesia; and an administration predisposed to authoritarianism in the Philippines (Juego 2008a). Time and again, numerous researches conclude that it is under conditions of authoritarianism, alongside war and poverty, in which governments and people are most likely to commit large scale murder, torture, and arbitrary imprisonment.

ADB and ASEAN

The Asian Development Bank (ADB) proactively responded to the fiscal needs of its developing member countries affected by the global crisis through 'lending assistance' amounting to USD 32 billion for the period 2009-2010 (ADB 2009). As expected, it is banking-as-usual for the ADB—these are 'loans' extended to needy Asian countries to be paid from five to 15 years whose interest rates are determined by the London Interbank Offered Rate (LIBOR) either on a floating-rate or fixed-rate basis (see ADB 2008). Typical of ADB's agenda and priorities *for* the private sector since time immemorial, 44% of the loan are for programmes to stimulate growth and restore private sector confidence; 35% for countercyclical support facility (a new short-term loan extended to middle-income member countries) for structural reforms toward an attractive investment climate; 12% for trade facilitation to support private sector development; but only 6% for infrastructure and a measly 3% for social protection (see ADB 2009). Of course, the debtor governments (read: the people and the taxpayers) guarantee these loans, absorb all the risks, and are accountable even when the private sector fails and is responsible for the crisis.

A month prior to the G-20 London Summit, the ASEAN Heads of States/Governments had its 14th Summit in Cha-am Hua Hin, Thailand and had a caucus on 1 March 2009 to discuss the global economic and financial crisis and come up with their agenda which Indonesia, the only ASEAN member country of the G-20, is ought to convey to the G-20 leaders. What the caucus' final statement declares are exactly of the same theme—even using the same words—that the World Bank, IMF, and ADB spelt out in their respective responses to the global crisis. The ASEAN leaders: concurred [a] 'to restore market confidence and ensure continued financial stability'; [b] 'welcomed expansionary macroeconomic policies, including fiscal stimulus' and 'measures to support private sector, particularly SMEs'; [c] 'stressed the importance of coordinating policies'; [d] 'reaffirmed their determination to ensure the free flow of goods, services and investment, and facilitate movement of business persons, professionals, talents and labour, and freer flow of capital'; [d] 'agreed to stand firm against protectionism and to refrain from introducing and raising new barriers'; [e] 'agreed to intensify efforts to ensure a strong Doha Development Agenda outcome'; [f] 'develop a more robust and effective surveillance mechanism'; [g] 'welcomed the new Asian Bond Markets Initiative Roadmap'; [h] called for 'more coordinated action by both developed and developing countries … to restore financial stability and ensure the continued functioning of financial markets to provide support to growth'; and [i] 'called for a bold and urgent reform of the international financial system' (ASEAN 2009c). This declaration is simply coherent with ASEAN's commitment towards the neoliberal ideals of free trade, competitiveness, and an open market economy being institutionalised over the last decade and will be pursued in the years to come. With the adoption of the ASEAN Charter at the end of 2008, ASEAN member countries have expressed their commitment to deepen Asian integration, patterned after the rules-based EU, towards the creation of a single market and productive space by 2015 (see ASEAN 2009a; ASEAN 2009b). Rather than being cautious of the promises of free trade under conditions of the current crisis, ASEAN has had sealed investment and free trade agreements with countries in the Asia Pacific (Australia and New Zealand), East Asia (South Korea and China), and South Asia (India) almost every month from February to August 2009.

The ASEAN 2015 Project Towards a Single Market

The current responses of East and Southeast Asian states to the global crisis are bold and explicit that there is no backtracking on authoritarian liberalism. The multi-billion dollar economic stimulus packages carried out by these countries as well as the multi-million loans they have received from the ADB are all directed and oriented towards economic growth recovery, private sector assistance, and an open market economy, and less on social protection for the poor (see ASEAN Affairs 2008; ADB 2009). Still, in a highly volatile political-economic situation there are risks that these billions of dollars can generate sharper budget deficits and even lead to another debt crisis. In fact, it is in the context of the three successive major economic crises in the last decade—the 1997 Asia crisis, the 2001 dot-com bubble collapse, and the 2008 Great Recession—that a daring project for a rules-based ASEAN single market by 2015 has been launched following the ratification of the ASEAN Charter on December 2008. Add to this, as already mentioned above, is a series of trade and investment agreements in the region that have been signed and adopted in the first half of 2009, namely: ASEAN free trade agreements with Australia and New Zealand, investment and trade in goods and services within ASEAN itself; ASEAN investment agreements with South Korea and China, and ASEAN trade in goods agreement with India.

With the adoption of the ASEAN Charter and thereby the ASEAN Economic Community Blueprint, the 10 member countries have categorically committed themselves to the furtherance of free trade, competitiveness, and an open market economy; thus the perpetuation of a neoliberal order. All these commitments are expressed only on paper. The realpolitik is at the national level of individual member countries. The feasibility of this vision comes into conflict with the realpolitik of the nature of Asian elites—that is, it is their respective interests, not ideology, that matter at all times. Asian elites can be profoundly anti-market and counter-competitive so long as it serves their interests.

Restoring Nationalism in US and Europe

Nationalist and protectionist policies promoted in slogans like 'Buy American' and 'Buy European' become prominent since the 2007 US subprime crisis spillover to the developed world from the big German economy to the welfare state Denmark. While these calls run counter to the ideas of free market and free capital mobility, they also signify exclusivist political and economic policies in pursuit of what they regard as their national interests.

With the growing failure of global capitalism, there have been varying tendencies of alternative futures. A massive return of nationalism becomes apparent. As to whether it is positive or negative nationalism remains to be seen, but there are clear signs of aggressive rivalry between the two poles (Saul 2004). Economic nationalism and protectionism is not necessarily the problem. Polanyi's concept of the 'double movement' denotes that in re-imposing effective social control over their economies, societies must ultimately choose between either the fascist or the socialist principle, for a fundamental and inevitable conflict lies between, on the one hand, an individual's need and desire for freedom, and on the other, a modern complex society's need to define the framework and parameters within which economic activity must be embedded and organised. Today, as in the past, the rich and powerful tend to prefer the fascist solution, because it allows them to defend their power and their privileges more effectively. This means that those who prefer a democratic socialist solution always face a more difficult struggle (Bienefeld 2007: 13-14). The capitalist class never inherently needed democracy, and even less egalitarianism. Hence, authoritarian states like China and Vietnam become attractive to foreign capital; they are the real darlings of private capital. In this equation, democracy and human rights are regarded as obstacles to high-speed profit making.

In the US

There is an observable swing to nationalist and protectionist measures. Signs of backlash abound. Stephen Roach counts 45 anti-China legislative measures in the US Congress since early 2005 (Bennhold 2010). While none of these bills passed, it shows that the backlash is real and that protectionist projects exist. The German Marshall Fund found that more than half of Americans want to protect companies and domestic jobs against foreign competition, even if that means slowing growth. 'Japan is alarmed about inequality, stagnant wages and jobs going to China. Europe has tied itself in knots trying to "manage" trade in Chinese textiles' (*The Economist*, 18 January 2007). There has also been resistance in the US Congress to foreign takeovers and changes in visa requirements in the name of homeland security (McRae 2007).

Further, the 2007 US subprime crisis was responded through bailouts and stimulus packages. In his account of the history of neoliberalism, Harvey (2005) sees post-WWII neoliberalism as an attempt at consolidating and restoring capitalist class power. The Reagan-Thatcher configuration of capitalism promoted a new phase of ideological assault on the working class. The Bush-Paulson-Bernanke-Obama bailouts programme, for instance, is therefore reminiscent of the birth of neoliberalism. It is an attempt to consolidate and restore the power of corporations, assure the ascendancy of finance capital, and hence save capitalism from its own destruction. As Wade and

Veneroso (1998) put it, citing the Asia crisis as a case in point, but still very apt today: 'Financial crises have always caused transfers of ownership and power to those who keep their own assets intact and who are in a position to create credit'. They went on to recall the memorable lines attributed to Andrew Mellon, an American banker and former Secretary of Treasury during the Great Depression: 'In a depression assets return to their rightful owners'.

In Europe

The political economy of Europe at the beginning of the 21st century is marked by the rise of right-wing parties and movements. In fact, a complete turn to the 'right' is evident in West, North, South, and East Europe. There is a movement towards the restoration of nationalism in Europe. It is 'restoration' in the sense that the process of capitalist development in Europe over the last 500 years—from England to West and North Europe—was not a process of liberalism, but of nationalism (Chang 2003; Reinert 2007). New nationalisms and protectionisms loom on the horizon and colonial development strategies endure, while darker shades of xenophobia and Islamophobia become apparent.

As recession hit the rich EU economies in the beginning of 2008, policy discourses from the European Commission are bold and daring, echoing the same colonial trade and technology policy they pursued as 'old' colonial masters. A *Politiken* (4 November 2008) news report entitled 'EU to trade aid for new materials' says it all:

> Europe needs raw materials for its growing hi-tech industry. The EU Commission wants to use aid as leverage for supplies.
>
> A single mobile phone requires some 40 different raw materials — some of them particularly rare.
>
> 'Many of the raw materials are found in Africa — a continent that thanks to foreign and aid policy has Europe as its most important partner,' says EU Industry Commissioner Günther Verheugen.
>
> 'We must use these instruments to ensure that we have secure access to raw materials,' says Verheugen, adding that aid will not be removed from countries without raw materials.

The statement made by the EU Industry Commissioner Günther Verheugen on EU's trade and aid policy is straightforward and reminiscent of colonial development strategy (for a historical account of colonial development strategy since the 16th century, see Reinert 2007). The agenda is for Africa to continue to specialise in being poor, to specialise in poor economic activities (i.e., exporting raw materials); while Europe specialises in being rich, in rich activities (i.e., innovation and production of/through high technology). That we still live under colonial relations is not a lie.

In terms of its political character, the corporate-driven European Union fails to observe transparency. The so-called 'democratic deficit' in the European Commission has, together with the stalemate surrounding the Constitution and the Euro crisis, made the vulnerable segments of the EU populations more skeptical about regional institutions. The ‘war on terror’ has created a draconian climate of fear, extra-judicial detention, and expulsion of illegal immigrants, leading to serious violations of human rights and a virtual and physical surveillance system of Orwellian proportions. Anti-terror laws combined with European foreign policy support for the wars in Palestine, Iraq and Afghanistan demonstrate the hypocrisy involved, and create the real paradox — more fear and more terror (Schmidt 2010).

A growing xenophobia against refugees fuels rightwing populist ‘identity politics’. The migrant and refugee regime has shifted from a system designed to welcome Cold War refugees from the East, and to resettle them as permanent exiles in their new homes, to a ‘refusing regime’ or a ‘non-entrée regime’, designed to exclude and control asylum seekers from the South. This implies that the major burden of caring for refugees falls overwhelmingly on the poorer countries of Asia and Africa (Castles 2003: 181). Progressive organizations are also facing rightwing social movements that appeal to widespread anxieties, prejudices, and resentments in order to exploit them for political gain. The real problem is the restrictive notion of citizenship, which holds that genuine democracy is based on a culturally, if not ethnically, homogeneous community; that only long-standing citizens count as full members; and that society’s benefits should be restricted to those members of society who, either as citizens or taxpayers, have made a substantial contribution to society (Betz 2003: 194-195).

The inherent contradiction between capitalism and democracy is likewise visible within Europe, where negative nationalism, in the form of new levels of Islamophobia against, first and foremost, immigrants and refugees with a Muslim background, has put the Left and leftist movements on the defensive. This is uncharted territory for European socialism. An offensive posture by socialists in defence of bourgeois rights in capitalist society creates confusion on many issues. Under the conditions of real existing capitalism, socialists are confronted with that ghosts of the past that continue to haunt these societies. It is ominous that a substantial segment of the populations is responsive to demagogy, and that a most serious menace is to be found in an apparent change in the political culture of society. In the present context, catering to a xenophobic discourse and nurturing Islamophobia serve the extreme right. Right-wing undemocratic tendencies are not only a structural phenomenon; they require an ideologically motivated mass movement. Seen in this light we can sense danger signals throughout most of Europe (Brun and Hersh 2008). Thus we are seeing the introduction of measures limiting civic rights in European and other Western societies. This prepares the ground for policies that can be used against progressives and labor movements should the economic crisis become politically uncontrollable. The paradox seems to be that the EU and the US are moving more and more towards an anti-democratic solution, while at the same time bashing China, Vietnam, Cuba and Venezuela for their authoritarian policies. Tensions between nationalism and a real dismantling of the neoliberal institutions have not yet found a final solution (Schmidt 2010).

While the current crisis in Europe is not the impetus for growing undemocratic tendencies promoted by right-wing parties and organizations, it has intensified strong ethno-nationalist arguments against migration. The crisis is a common cause of two separate effects; it has become both a centripetal and centrifugal force on migration. As it has always been under conditions of neoliberal globalisation, the combined yet uneven character of development in the world makes the rich European countries receivers of migrants and foreign workers. The flow of capital stimulates migration. People follow capital and not the other way around. On the other hand, crisis has also become a centrifugal force as renewed sentiments of negative nationalism and protectionism are on the offensive as reflected in the growing political and economic discourse and policies in Europe over the last years (e.g., messages such as 'Migrants take jobs', 'Migrants compete for welfare benefits', 'Buy European', 'Employ European').

Europe has the largest migrant population of over 60 million and is confronted with the difficulty of creating a common migratory space and jointly managed borders within the framework of the EU. The current emphasis of the EU, in both policy and discourse, on the issue of migration as primarily 'political' is extremely weak and hence deemed problematic. Here lies the major crux because it mainly sees migration as a political problem that involves questions of control and border security. In fact, the initial attempts to address migration are limited to exchange of information on flows of migrants and migration management, cooperation in improving the quality and security of travel documents, fighting forgery of documents, setting up networks of immigration and consular liaison officers and meetings at expert and director-general level. The political response to migration through these limited initiatives would founder on its inability to grapple with the complex phenomenon of migration and hence the need for comprehensive responses. Under this current agenda and strategy, 'the political' is exalted, 'the economic' downplayed, and 'the cultural' neglected.

Migration is a 'social relation' in which 'the political', 'the economic', and 'the cultural' are organically connected to—not separated from—one another. When migrants come in to a receiving country, they come in not merely as 'commodities' devoid of relational character, they come in as a domestic social force and hence contribute to the political, economic, and cultural evolution of the receiving and sending countries.

In reality, while EU basically places migration issue as a political concern, most—if not all—migration agenda of its rich individual member countries are essentially intended for 'economic' development. In other words, these policies perpetuate a development strategy in which a poor country's brain drain is the rich countries' brain gain. In this sense, migrants are reduced to being players in the game of buying and selling of goods and services in a space called the 'labour market'. They are treated merely as 'factor of production' devoid of any character as human beings who are embedded in social relations, socialised in various ways, and also living beings with hopes, dreams, and fears.

Apparently, globalisation has not yet brought about its promise of the free movement of both goods and people. This is especially so in times of a great recession in Europe. There are much more restrictions to the mobility of people than of goods. Irregular migrants abound because immigration is restricted. This barrier to the free movement of people can only be evaded by illegal immigration (which creates 'disposable workers' that are easily vulnerable to exploitation, appalling labour conditions, and despotic situations) or through casualisation and short-term contracting without job security.

In a palliative attempt to harmonise the political, economic, and cultural aspects of migration, receiving countries in the EU have been incorporating the idea of 'social integration' into migration policy. However, this policy is not sufficient because the assumption upon which the idea ultimately depends is hollow. Integration implies a one-way process—that is to say, immigrants are obliged to adjust to the lifestyle of the receiving society. This idea assumes that the receiving country is static and migrants are passive robots.

In sum, there is a remarkable difference between viewing migration as a social integration issue, on the one hand, and migration as a social relation. The idea of 'social integration' has unrealistic assumptions that see migration as a one-way process, that societies and human relations are static, and that migrants are mechanical. Policies that are founded on unrealistic assumptions are most likely to generate tensions, conflicts, and contradictions. For a migration process to succeed in forging social harmony and development, it is therefore of decisive and crucial importance to regard migration as a 'social relation'. This is simply because successful migration has to be a harmonious synergy between the migrants (and also the sending countries where they come from) and the receiving society (and its people). As indicated, migrants enter into the receiving society not merely as a passive commodity but as a social force who are proactively involved in the political, economic, and cultural evolution of the receiving country (as well as the sending countries). Societies evolve; they are not static. A society is like an organism capable of change and constantly engaged in the process of change.

However, the management of migration and the promotion of multicultural societies would only address the symptoms rather than the causes of a deeply structural problem. Migration is a palpable manifestation of the combined and uneven character of development in today's world where the rich enjoys hegemony over the poor. The fundamental development challenge remains: a qualitative improvement to the lives of all. Addressing this challenge requires much bolder visions and coordinated strategies for in the community of nations toward a just, peaceful, caring, and developed world. It is only when the problems of uneven development and tremendous privation are resolved in each and every country in the world that a genuinely harmonious multicultural societies can be realised, a world with many worlds in it, and free human beings who are free to move in any place they wish to lead a 'good life'.

Conclusion

What this paper has tried to do is to present the social consequences and tendencies of the global crisis as manifested in the political-economic policies and discourses of the international institutions, regional organisations, and states in their respective responses to the crisis. The political-economic tendencies identified, namely, neoliberalism, authoritarian liberalism, and negative nationalism constitute an assault on the ideals of democracy and the movement towards democratisation. The global crisis is not the sole cause or the impetus for these anti-democratic projects and tendencies, but it has strengthened and even accelerated the institutional and discursive assault on democracy that has already been in train across the world long before the crisis.

Three anti-democracy tendencies are identified. First, the hegemonic neoliberal agents and structures are seizing hold of this moment of crisis, using it to their advantage, and hence reinforcing neoliberalism and its effects of deepening and widening miseries. The neoliberal projects and advocacy of the World Bank, IMF and their G-20 allies are not faltering. While they may speak of reforms, their strategy means reshaping class and social relations in ways that perpetuate the hegemony of capital over labour and the preservation of elite rule; restrategising development plans of institutions from international organisations to states to further advance, not retreat from, market-led development; and restructuring states and societies in which social institutions are oriented towards the logic, requirements, and imperatives of neoliberalism. The fundamental rules and values are for political-economic governance to be more responsive to market forces than the popular democratic forces.

Second, in East and Southeast Asia, it is within this emergent political-economic regime referred to as authoritarian liberalism (market economies in a framework of authoritarian polities) that countries in the region are responding to the crisis. The signs drawn from the 1997 Asia crisis and 9/11 experiences are clear; the ADB's banking-as-usual, private sector-led development predisposition is enduring; and the ASEAN 2015 project towards a rules-based single market is telling about the further entrenchment of authoritarian liberalism as a state form in the process of neoliberal reproduction in the spaces of global capitalism at this time of multiple crises.

And third, the swing back to nationalism in US and Europe as expressed in their political and economic responses are observable. These exclusivist tendencies and projects range from protectionist economic measures to xenophobia to Islamophobia to colonialist development strategies. These exclusivist practices are essentially exclusionary and hence substantively undemocratic. Liberal freedoms of human beings are politically suppressed. The market, not democracy, is the driving mechanism of the polity and the economy.

The current crisis reveals the weak link in neoliberalism in particular and global capitalism in general. But in a situation where the configuration of political-economic power remains to the overwhelming advantage of the hegemonic structure and agents, the 'spatio-temporal fix' of contemporary global capitalist crisis becomes conducive to neoliberal reproduction and anti-democratic projects. The intensified assault on the ideals of democracy and the process of democratisation points to the way where, why, and how peoples' resistance and struggle can be mounted.

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