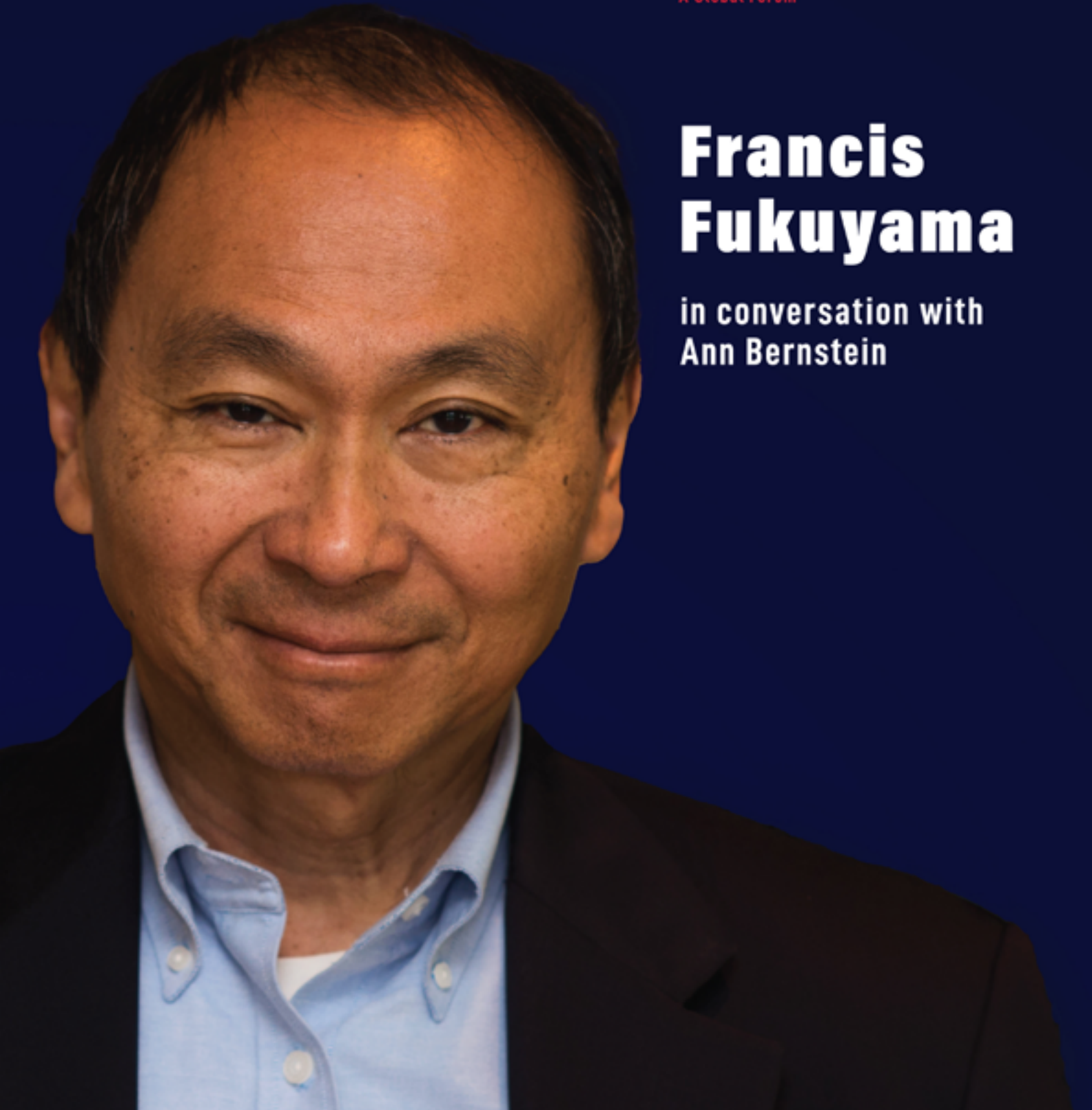




A Global Forum

Francis Fukuyama

in conversation with
Ann Bernstein



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In November 2020, CDE initiated a series of events to celebrate 25 years since its launch in August 1995. The series focuses on global conversations on democracy, business, markets, and development.

Brian Figaji, CDE Board member and Chairperson of the Jakes Gerwel Foundation opened the event. He spoke about the important role that CDE has played in consolidating South Africa's democracy. "CDE is a place where we constantly discuss, write about and debate all matters that relate to the consolidation of our democracy, growth, jobs, education, prosperity, and all the related policy options. We debate this to ensure that South Africa is on the best possible path to success. The regular infusion of new approaches, new ideas and international best practices has been extremely valuable in getting us to all think of new possibilities for South Africa."

Our third conversation is with Francis Fukuyama, Olivier Nomellini Senior Fellow at Stanford University's Freeman Spogli Institute for International Studies (FSI), Director of FSI's Center on Democracy, Development, and the Rule of Law (CDDRL), and Director of Stanford's Master's in International Policy Program. Fukuyama is one of the world's leading intellectuals. He is famous for many books, including *The End of History and the Last Man*, *The Origins of Political Order: From Prehuman Times to the French Revolution and Political Order and Political Decay: From the Industrial Revolution to the Present Day*, and most recently, *Identity: The Demand for Dignity and the Politics of Resentment*. He blogs regularly at www.americanpurpose.com.

Ann Bernstein: It's a great pleasure to welcome Frank Fukuyama back to South Africa, even if only virtually. Frank is one of the world's leading thinkers on democracy and politics. He is a veteran board member of the National Endowment for Democracy in Washington, D.C., one of my favourite bipartisan American institutions. In 2019, we were lucky to entice Frank to come to South Africa for a week, when we took him to many places – National Treasury, the Reserve Bank, Wits University, etc. There are three documents summarising his talks during that visit available on our website ([here](#), [here](#), and [here](#)).

Frank, let me start with a big question. You have described US politics as "rotten to the core" and said that America's political decay accelerated during the Trump era, with political parties being overtaken by political tribes. What do you mean by this? How do you see American politics at the moment?

Francis Fukuyama: Thank you, Ann. It is a great pleasure to be back on a CDE platform, even if it has to be virtual this time.

I think that the US has a really big problem, which is related to its deepening political polarisation. The background to this has been the shift away from a political division defined by economic policy, towards one that was defined increasingly by identity, particularly racial identity.

Political parties have increasingly become defined by identity, starting with the rise of identity politics on the left where different constituent groups like African Americans, Hispanics, gays and lesbians all began arguing that inequality was not just economic, it also had to do with their specific marginalisation by mainstream society.

That set off a reaction on the right where white working-class voters began to think of themselves as a separate identity group and felt that they were victimised. They started to use the same identity language to talk about their problems. And that was what spurred the rise of Donald Trump.

As in South Africa, the racial element is deep in US history. We thought that with the election of Barack Obama in 2008 we had reached a post-racial society. It turned out to be the opposite – his election triggered many intense fears for white people.

What's happened since the November 3rd election is something, which, I think, is much worse. The word 'tribalism' is invoked often to describe what is happening: that people's beliefs are not based on ideology or policy; it is simply a matter of loyalty to a particular person or party.

Donald Trump made himself the centre of worship of many Republicans. Their primary loyalty is no longer based on the Republican policy agenda, but rather to whatever Donald Trump says. He managed to abandon a lot of longstanding Republican ideas, such as fiscal constraint and free trade. Republicans had been in favour of more open immigration policies and he reversed that.

During the Republican Convention in August 2020, the party refused to write a Republican platform – instead they said that the party's platform was whatever Donald Trump wants. He has been blamed for lying constantly and for attacking American institutions, and I don't think there was any attack more serious and deeper than the one he made on the election itself.

On all accounts, the November 3rd election is one of the freest and fairest we have ever held in the US. It was held under conditions of a pandemic, and I think the decentralised election authorities did an incredible job in managing the election.

But Donald Trump didn't want to lose, and his followers didn't want him to lose. Now we are in this terrible situation which was capped off by the attack on Congress on January 6th. Millions of Americans who thought the election was stolen – many of them were armed, many of them are extremely angry – think that they are defending the Constitution and democracy, but it is actually all based on a lie.

So that is the problem that we are confronting right now, because even though Joe Biden won by approximately 7 to 8 million votes, his legitimacy is contested based on a complete fabrication. Working this out of our system is going to be the leading challenge that we face today.

Ann Bernstein: Are you worried that there is going to be more violence before – as you said - the country returns to sanity? And how confident or optimistic are you that Joe Biden is going to set the US on a better course? Can he do it?

Francis Fukuyama: I think Biden can get very lucky, because he is set to preside over a fairly successful country between now and the end of the calendar year. The vaccination programme is going quickly. People are now able to move around. And once they move around, because consumer spending has been truncated by the pandemic, there is going to be a big explosion of demand. The government is also about to sign a \$1.9 trillion stimulus package. So, it could be that by the end of the year, things will essentially be back to normal.

In many ways, power is based on performance. The one thing that might break this polarisation is if it looks like the country is doing really well after 10 months of the Biden presidency.

On the question of violence, the situation is very worrisome. Sales of ammunition and guns hit record numbers last year after the pandemic began. There isn't going to be a civil war but there is a part of the right that could essentially turn into a terrorist organisation, which could try to organise kidnappings and assassinations, and other individual acts of violence.

Ann Bernstein: I want to move onto a bigger stage. Some people have said that the way in which authoritarian states, particularly China, have handled the pandemic has led them to be seen as stronger than democracies. How do you see the way that democracies and authoritarian states have responded to this unprecedented situation?

Francis Fukuyama: Obviously, an authoritarian state has certain advantages in a pandemic, because they can take measures that a liberal democracy cannot. They don't worry about surveillance and lack of privacy; they don't worry about tracking people nearly as much – they can actually force people into lockdowns and quarantines, and China has done that.

However, it is not clear that democracies can't perform at a high level. If you look at the democracies in Asia, like Japan, South Korea, and Taiwan, they are doing just as well as China. Taiwan's infections were in the tens, not in the hundred thousands or even millions that you have in the US and Europe, and Taiwan is a fully-fledged democracy.

Ann Bernstein: How do you see the rise of China? What are the big changes that you are anticipating because of the growing weight of China in the global economy and all the other things that come along with that?

Francis Fukuyama: I think that China has changed dramatically since Xi Jinping became their President in 2013. He has consolidated power in a pretty ruthless way and he will probably be given another five-year term. In foreign policy, they have shifted from building their own society to a much greater willingness to project their model abroad. They have been using the Belt and Road initiative to develop influence all over the developing world, and they are now using technology as a means to spread their system. One of the things that they have been selling all over Africa and other parts of the developing world is surveillance technology, which they implement at a large scale in China. All these things are a real challenge to any democratic society.

Ann Bernstein: So, are you optimistic about the prospects of democratic governments going forward and the future of liberal democracy?

Francis Fukuyama: Well, no, I am not optimistic. Freedom House has just issued their Freedom in the World report, and this is now the 15th consecutive year of decline. Decline in 2020 was steeper than in previous years. The US was downgraded and India was downgraded to the point where it is not clear whether they are still classified as a free society.

A pandemic is a perfect excuse for people with authority to build their powers. And so, last year was a very bad year for global democracy. The question is whether this will continue. It seems very likely that most of the leaders who grab excessive emergency powers are not just going to turn them back when the medical emergency lifts. And in any event, the emergency is going to stay in place in many countries for quite some time, and so that creates a challenge.

We are in a serious crisis of democracy right now. It is not an inevitable trend, however, because I do think that democracies have certain resources and resilience that authoritarian countries don't. To give an example, the United States has checks and balances built into its constitutional system that make the accumulation of excessive power very difficult, and I think that they fundamentally worked to thwart Trump's attack on democracy. The courts did not accept certain initiatives and the electoral check worked, despite him contesting the election. We are in a very serious position and it is not going to get better unless people push back against these authoritarian tendencies. It is something that we should all be very worried about.

Ann Bernstein: Let me turn to populism. People throw this word around very easily. You have said that there are different kinds of populism. What are they and how do you see them playing out?

Francis Fukuyama: One initial distinction to make is populism of the left versus populism of the right. Populism of the left – somebody like Chavez in Venezuela who used his authority to redistribute money and wealth to poor people, but did it in a way that was not sustainable and undermined the long-term potential of the economy – is the kind of populism that existed all across Latin America historically, and we see a lot of cases of that in sub-Saharan Africa.

Right-wing populism is a new form that really appeared in the 2010s, represented by Trump or the AfD party in Germany or by Marine Le Pen in France. And this is more racially or ethnically based – it regards culture and national identity as the thing that needs to be protected. Some are populists in economic terms who are perfectly happy to redistribute income, but when they talk about 'the people', that doesn't include immigrants and people that fall outside their ethnic or racial category. In India, Modi and the BJP have been trying to shift to an Indian national identity based on Hinduism, which cuts out almost 200 million Muslims who live in India. That is the right-wing form of populism.

What all populists share is a certain political style of charismatic leadership in which the populist leader feels that they have a direct connection to the people, and so they don't see a need for institutions, they don't need a party, and they despise the checks and balances that a constitutional democracy enforces, as they get in the way of a leader's ability to supposedly act on behalf of the people. All these populists attack their own institutions.

It is interesting that some of the worst performances during the pandemic have been under populist leaders. There are three of them that I can identify: Trump, Jair Bolsonaro (who is a populist of the right), and Andrés Manuel López Obrador in Mexico (who is a populist of the left). We wonder why they all spent so much time trying to deny that the pandemic was a real thing. I suspect it has to do with the fact that populists want to be popular – they don't want to associate themselves with bad news or difficult policies that require sacrifices from people.

Ann Bernstein: You have spoken about how Trump and Berlusconi 'captured the narrative' – this is obviously really important if you want to be a reformer, but on the other hand, terrible people in government seem to be very effective in capturing the narrative. Can you talk a little bit about this?

Francis Fukuyama: Berlusconi invented, I think, a new style of politics in which you use media to get into politics, and then use politics to protect business interests. He was owner of Mediaset, a huge Italian media conglomerate, and he understood that he could use the media empire to make himself a celebrity, which he did, and that allowed him to win the Prime Ministership in the early 1990s. Once he became Prime Minister, he could get Parliament to protect him from criminal prosecution for the things that he had done as a business owner.

This joining of media power, entertainment power, and politics is something that has now spread all over the world. In eastern Europe, a lot of oligarchs have realised that the route to power is to buy a media empire and to use it to protect their own business interests. This is a pattern we are seeing in many democracies: Hungary, Ukraine, Czechia, Russia, Turkey, and many other places.

Politically, this is what Trump did. He was a media star, and he used his position as a reality show host, in addition to Twitter, very effectively to create a huge following. He made himself the centre of attention, which then helped him gain political power, and he could then use that political power to protect his own business interests.

Ann Bernstein: How close do you think Trump brought the US to a patrimonial state – a concept you talk about a lot which perhaps you can explain? Your notion of "a tyranny of cousins" is unforgettable.

Francis Fukuyama: He was overtly patrimonial in many ways – ways that we decry in a developing country. The obvious thing has to do with elevating his own children and relatives to positions of power. It has to do with his own overt corruption in using the government to enrich the Trump organisation and himself personally.

He violated a lot of norms of modern government by doing what many patrimonial governments do all over the world: distributing state benefits only to your supporters and denying them to the people who don't support you. This occurred even in something like disaster relief. For example, California was hit by these terrible wildfires last summer and Trump said that it was a result of the policies of Democrats, so why should we help them and bail them out, rather than saying that Californians are Americans too, and we are going to help anybody that is subject to a natural disaster. There are lots of examples of this.

One of the things that he was never able to master was the American bureaucracy, which is trained to behave in an impersonal manner. He tried to fill some senior leadership positions with his own supporters that would be loyal to him personally, and he succeeded in certain agencies. But Biden has fired all those people and restored the normative framework. For example, when Texas got hit by this recent cold snap and a lot of people lost electricity, Biden didn't say that Texas is a red state and so therefore they have to take care of themselves; he immediately declared that they are eligible for disaster relief. So, at least at the top, we are getting a return to non-patrimonial politics.

Ann Bernstein: What would your advice be to people in a country like South Africa on how to prevent populism? What do we do to combat this anti-rational approach to politics that is so harmful?

Francis Fukuyama: I think the starting point is that populism always builds on a legitimate popular demand that people are unhappy about. In Venezuela, for example, one thing that propelled the rise of Hugo Chavez was extreme inequality. So, I think that in order to meet that threat, you have to recognise that those inequalities are one of the drivers of populism, and you have to do something about them.

This needs to be seen against a backdrop of so-called neoliberalism that prevailed in the 1980s and 1990s, which said that we needed strict fiscal discipline and to cut back on the size of the state and to deregulate as much as possible. That ended up undermining state capacity and a lot of social protections.

The social protections had gotten out of hand – they were expensive and could not be sustained over long periods of time – but things went too far in the other direction, to the point of demonising the welfare state.

The appropriate response is to recognise that you do need social protections provided on an impartial basis. You

also need to deliver state services effectively. This is one of the big failings in developing countries – they lack the state capacity to do things like manage health emergencies effectively. If your attitude is that the state is just an obstacle to economic growth, you are not going to build the capacity that is really needed.

Ann Bernstein: You wrote an article that really resonated with me and I think will surprise a lot of South Africans where you said, "the latest United States election demonstrated that demography is not destiny". Many people in the Democratic Party had been assuming that as minority groups grew in numbers in America, it would automatically translate into greater support for them. Perhaps you could briefly explain this article.

Francis Fukuyama: American demography is changing. We have a lot of immigration and a lot of immigrants have children, while birth rates for native-born Americans have been low and continue to fall. In California, where I live, we are already a so-called 'majority-minority' state, in which people of European descent are less than 50% of the total population. The Democrats see this as positive, and the Republicans fear it, which is why they thought they needed to resort to voter suppression – Trump said out loud that Republicans will never win another election if everybody gets to vote.

I think that this is wrong. The November 3rd elections showed that the Republican Party did a lot better than Donald Trump. There is something that is making more than 70 million people vote Republican – and there is a certain part of that which is not due to Donald Trump. I think what drives a lot of Republican voters is fear of the Democrats. They don't like the identity politics and many of their more radical positions. So the coming Democratic majority is not automatic. If the Democrats are not careful and they move to embrace the left wing too quickly, they are going to lose a lot of working-class voters that gave Biden the White House this time around.

The Republicans face a common challenge for conservative parties. For the last few hundred years, conservative parties have been forced to confront the problem of rapid social, economic, and demographic change, causing the voter base they traditionally relied on to shift. Any conservative party therefore has a choice to make: they can either try to attract a new class of voters or they can resort to undemocratic methods to prevent their loss of power.

In Prussia, later Germany, and in Argentina, and many other countries, they opted for the latter. In Argentina, there was a coup in 1930, where conservative landowners said that they couldn't stop the democratising trends, so we are going to call in the army to take over. In Germany, that is a familiar story, people ended up supporting Hitler. The British Conservatives, on the other hand, did the opposite with the Reform Bill in the 1850s. Disraeli argued that new voters could be persuaded to vote conservative and they did.

This is the choice that Republicans face: they can go down an authoritarian path where they see the only way of hanging onto power is to prevent minority voters from voting, and that is unfortunately what you are seeing in a lot of states. Or the Republicans can appeal to voters on new grounds. That could keep them viable and aligned with democracy.

Ann Bernstein: I can't let you go without asking you about reform. South Africa is a country in desperate need of change; reform in our state, in our approach to growth, in very many areas. I know you have thought a lot about this. You have looked at American history; you have looked at reform in Latin American countries. Perhaps you can talk a bit about the lessons you have learnt and how you see the way in which society as a whole, not just government, but civil society as well, should be thinking about pushing for the big changes that their societies might need.

Francis Fukuyama: Well, the path to reform is pretty straightforward. It is essentially all about political power. The most common reason why reform doesn't happen is because there are very entrenched forces in a society that don't want reform. This is particularly true in the area of corruption, where powerful political figures benefit from corrupt practices, and therefore don't want exposure, transparency, or accountability.

The way that you get reform has to involve both top-down and bottom-up efforts. Political power in a democracy, or in an authoritarian country, has to be based on a stakeholder coalition. What political leadership means is the ability to build a coalition, in which people who want reform can operate on the same page and push for the same objective. That also needs grassroots support, so civil society and the business community are very important as part of that coalition.

Reform needs a clear set of ideas. One of the big problems with many progressives is that they really don't know how to translate mobilisation into actual policies that will make things better. It is not just about holding demonstrations or Twitter campaigns; it really means mobilising for elections, election campaigns, defining policies, pushing them through legislatures, getting legislatures to commit resources, dealing with the courts, and then finally implementing the policy. All these things are difficult, but there is a tendency to focus on the initial mobilisation and policy formulation stage, without later going through the difficult measures that do require very traditional political skills.

Ann Bernstein: I will close by asking you your least favourite question. You first came to prominence with your article and then the book on 'The End of History'. Can you reflect on where you are now, the misinterpretations, and perhaps how you would respond to queries about that thesis and the world today?

Francis Fukuyama: A lot of the criticism is based on a misunderstanding of the title. The 'end of history' did not refer to events stopping; it referred to the direction of the modernisation process. 'End' was meant in the sense of direction or target. And the argument was: where does modernisation point? Many Marxists believed that the end of history would be a socialist or communist society. My argument was that didn't seem very likely, and we would probably stop at the stage before that, which they had defined as a bourgeois industrial society.

Connected to the liberal democratic political order, the question I was trying to raise is whether there is a different political and social organisation that promises to achieve development and good social outcomes? I think that there are many examples of lower stages, but it is not clear to me that there is a superior one than liberal democracy based on markets. The only one that might now be plausible as an alternative is China, because they have succeeded in mastering modern technology and science pretty effectively. It is a stable and seemingly a coherent political system. But the question is whether it is going to be sustainable over longer periods of time. That is something that I would say the jury is still not in on.

In *The End of History*, I spent the last part of it talking about threats to liberal democracy. And among the most important was actually the identity threat – the idea that peace and prosperity would not be enough for people, that if people couldn't struggle for justice, they will struggle against justice. In many ways, that is what we are witnessing right now with the rise of populism. It is not because we have mistreated people struggling for equality, but something a little bit more sinister that arises out of boredom or dissatisfaction with the fact that they are just living in a liberal society that doesn't set higher goals for people.

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