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# ORDER

## **Against ‘Free Market Authoritarianism’**

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Can a ‘free market’ version of authoritarianism’ — or ‘liberal authoritarianism’ for those outside the U.S. context and discourse — exist and serve as a viable alternative system to liberal democracy? This paper contends that the idea of a system that combines political authoritarianism with respect for personal and economic liberties is oxymorous, and therefore an impossible and dangerous idea. Empirical support for the so-called free-market authoritarian regimes refer to a small sample of cases with controversial outcomes (namely Singapore today, and South Korea and Taiwan in the 1970s and 1980s). Instead, the nature of the entanglement between politics and economics is such that economic liberalism can never become reality under authoritarianism exactly because state power has always been exploited by those who want to extract value from society through suppression, and only liberal democracies have devised institutions and a pluralist and contentious political ecology to partly tame and restrain this. By contrast,

authoritarianism leaves political power unhinged by societal checks. Constitutional checks do not suffice. Under authoritarianism, socially unchecked and highly discriminatory political control would create a close-access system with an elite network in charge benefiting from rampant corruption and favoritism. Singapore is an exception because its ruling elite had to prioritize the security of this small city state by attracting international investment and acting as a financial hub in the region.

### **Disillusionment with democratic capitalism**

Classical liberals developed a fractious relationship with democracy (Meadowcroft and Ruger 2014; Irving 2017; Hayek 1960). Constant (2003) was a committed democrat, but feared that democracy could fall into ‘convulsive tyranny’ just as a constitutional monarchy could descend into a ‘taciturn despotism.’ Tocqueville admired the spirit of equality that American democracy represented but suggested it was also building a state apparatus that could undermine it. Mill supported broadening the franchise from its then narrow male propertied constituents in Britain, but he also supported

weighting the franchise in favor of those more informed in public affairs.

It is rare to find classical liberals who explicitly support authoritarianism. Classical liberalism is centered around the principle of individual liberty, and praises personal autonomy against government control. Authoritarianism, on the other hand, involves a concentration of state power in the hands of a political elite and comes with significant government control over many aspects of life. However, classical liberals believe that democracy can lead to the ‘tyranny of the majority’, or ‘the tyranny of special interests’ and advocate for mechanisms like strong constitutions with strong protections for individual rights and other safeguards to prevent what they see as serious risks from democracy (Buchanan and Tullock 1962).

In light of these concerns, classical liberals endorse constitutional limits to democratic decision-making to prevent domination by majorities or special interests. Likewise, classical liberals would contend that liberal norms, as property rights and individual liberties, are essential for a free market economy to flourish. Buchanan and Tullock (1962) argued for limited governance and constitutional constraints,

fearing the emergence of a ‘Leviathan state’ where government intervention becomes excessive, infringing on individual freedoms and economic liberties. Constitutional limits are supposed to curb this tendency (Buchanan and Tullock, 1962). Without such constraints, governments could expand their powers unnecessarily and a majority could impose its will on the minority, oppressing minority rights. Hayek (1960) embraced a liberal democratic system with strong legal foundations, limited government intervention, and robust protections for individual freedoms as the institutional fabric for the market process to work as the best economic system.

The idea that constitutional democracy and freer markets are entangled systems found its best expression in the concept of an ‘open access’ order (North, Wallis, and Weingast 2009), which refers to a type of political and economic framework where access to resources, markets, and political institutions is open to all members of society. By contrast, in ‘closed access’ systems, such access is restricted to a limited group, resulting in monopolistic or oligarchic controls over the economy.

Still, classical liberals remain concerned with how constitutional democracies actually work, by pointing to the ‘Pareto inefficiency’ nature of democratic decision-making processes, the influence of short-term electoral cycles on economic policy, the propensity for populist policies to distort the rules for economic activity, and the impact of special interest groups that secure rents in lieu of an openly competitive economy. Politicians tend to prioritize policies that would secure them votes and political clients in the next elections, even if these policies are economically unsound in the long run ([Trantidis 2016](#)). Olson ([1982](#)) argues that democracies are prone to collective action problems whereby special interest groups can exert considerable influence over policymakers, leading to economic policies that benefit a few at the expense of the general public. Persson and Tabellini ([2004](#)) suggest that the pressure to win elections can lead to fiscal irresponsibility, as politicians may increase public spending to please voters. Stigler ([1971](#)) posits that regulatory capture occurs when regulatory agencies are dominated by the industries they are supposed to regulate, resulting in policies that hinder competition and innovation. According to

Dornbusch and Edwards ([1991](#)), measures, such as extensive subsidies or protectionist trade policies, can lead to economic distortions, inflation, and fiscal crises.

Greece's economic history serves as a cautionary example, highlighting the pitfalls of democratic governance in managing economic challenges effectively. The persistent debt crisis and reluctance to implement substantive reforms underscore broader skepticism about a democracy's capacity to sustain long-term economic growth and stability amid complex socio-economic dynamics ([Trantidis 2016](#)). Post-war Greece aimed to expedite development through state intervention, including preferential credit and public contracts to selected entrepreneurs. However, these policies immediately degenerated into a system of widespread favoritism and clientelism.

It is plausible to argue that constitutional systems of democratic governance do not overcome the problems of rent seeking, elite predation, clientelism and corruption. Clientelism — the granting of special government benefits by those in government to their political supporters and allies in the form of an explicit transaction — is the 'default'

position of politics. The logic of exchange in politics is so strong that contrary to expectations that democratic governance would prioritize public goods provision, clientelist politics creates a Nash equilibrium in which no politician or political party has an incentive to limit this practice or abstain from it unilaterally, as doing so would advantage their rivals (Trantidis 2016). Consequently, clientelism affects how decision-making processes, policies, and the rules of the political game truly work. Even during economic crises, policy reforms and measures are likely to burden the general population through austerity and tight monetary policy rather than harm the core interests of political clients.

These observations feed into a broader skeptical approach by classical liberals over political systems more broadly. In view of these observations, classical liberals may find it worth exploring whether a system of ‘liberal authoritarianism’ – an imagined system where individual liberties and economic freedom are maintained within an authoritarian political framework ideally freed from the pathologies of democracy - is a viable alternative to liberal democratic capitalism.



Supposedly, this hybrid system can harness the benefits of free-market policies while maintaining political stability and order, thus facilitating sustained economic growth and development. It will be led not by a military junta or a populist leader but by a cautious team of technocrats respectful of the rules of the game.

Here, ‘free market’ authoritarianism may seem, in a sense, a radical vision that supposedly severs from democracy’s pathologies, this time establishing not a constrained version of democracy but, instead, a constrained version of a non-democracy conforming to classical liberal tenets. This vision may appear tempting to those who prioritize free markets and continue to be disillusioned with how democracies perform under the current constitutional constraints. The idea is that capitalism could flourish under an authoritarian yet economically liberal regime.

The question of whether authoritarianism provides a more stable environment conducive to economic growth has emerged following the relatively recent advances of countries such as China, Vietnam, and Singapore in terms of economic and human development. The idea is that political stability under authoritarian regimes attracts foreign

investment, as businesses seek predictable and stable operating environments. Although China and Vietnam are not seen as the best alternatives to Western prosperity and personal freedom, Singapore seems to exemplify how a stable, authoritarian government can transform an economically underdeveloped country into a global economic powerhouse with high living standards.

**Is free-market authoritarianism really a viable alternative?**

Proposals for ‘free-market/liberal authoritarianism’ basically rely on the expectation that a liberal constitution would suffice to establish a robust legal system to prevent human rights abuses and the suppression of personal freedoms and economic liberties. Such a formal institutional setting would prioritize the safeguarding of property rights, establish an effective judicial system, and ensure that the leadership would be dedicated to promoting private capitalism through policies that foster and bolster private investment. Such liberal system would supposedly become a better variation of a ‘pragmatic’ authoritarian governance system for capitalism as practiced in China (Cf. Tsai and Naughton 2015; Lai 2016), one that is also

genuinely committed to the rule of law and respecting property rights. Authoritarianism under liberal norms would supposedly reduce the scope for clientelism and the short-term focus of political decision-making to redistribution for electoral gain. The aim is, in essence, to recreate a 'benevolent dictator' in a system of governance that would remain loyal to the framework of economic liberalism, and ensure the protection of property rights and individual freedoms, avoiding the distributional biases often observed in Western democracies entangled with domestic interest groups.

Is 'liberal authoritarianism' a realistic governance model? I believe that forfeiting political freedoms in exchange for the ambiguous promise of economic prudence and stability is a misguided and dangerous idea.

While the idea for 'liberal authoritarianism' draws on disappointment with the relationship between politics and markets in democracies, it is based on a deficient understanding of why this entanglement happens in really existing democracies and authoritarian regimes alike: *the nature of political power is to impose redistributions of income and*

*resources by society to those who hold that power. Those who see Singapore as a transferrable model of governance place unwarranted faith in the power of liberal institutions to constrain the nature of state power under dissimilar circumstances. In reality, only a pluralist and democratic society, through free collective action, has been the closest point human societies have ever reached to create a system that moderates exercises of state power and makes government accountable to the subjects of this power to a significant degree. This ‘great moderation’ has been possible due to how the institutional structure of democracy allows societal contestation to prevent domination by a single group (Trantidis 2017) and combines with the epistemic values of democracy as a continuous feedback mechanism, alerting those in government about societal preferences, grievances, anxieties, values and ideas (Trantidis and Cowen 2024).*

In the following sections, I will further explain how ‘liberal authoritarianism’ is an unrealistic and dangerous idea.

## **The problem of state power**

The group who controls state power becomes the most powerful social actor. This is because the state is the organization shaping the rules governing the allocation of economic resources via private markets and, at the same time, directly allocates the greatest amount of resources and business opportunities through regulation and direct redistribution. In that sense, *any economy inevitably becomes politicized*, in the sense that the production, exchange and distribution of resources as well as the creation of business opportunities are wholly or partly decided by state power through a political process. What the political process will be *depends on the nature of the political regime*.

The significance of state power in the economy automatically creates a strong incentive for social actors to compete for preferential access to the resources which the government allocates, often at its discretion. Such a nexus between social demand and political supply is created and develops *under any political system*. Competition as to who gets what through the distributional mechanism of politics continues through a multitude of other informal channels under any form of political

regime. Moreover, the distribution of resources and the allocation of business opportunities is a powerful political tool in the hands of the political elite to influence political behavior.

The premise underlying support for ‘liberal authoritarianism’ is that this imagined system would not favor the kind of opportunistic behavior that seeks to capture the regulatory and distributional powers of the state for its benefit at the expense of others.

However, authoritarianism inherently tilts the balance of power heavily in favor of those in control of government over all other social and economic actors. The notion that an authoritarian regime would be constrained by liberal laws and procedures in the absence of societal autonomy is misguided. Formal checks and balances can only be enacted and animated by a relatively free civil society, vigilant against potential transgressions and abuses of power by government. An authoritarian leadership will evade the active real checks and balances typically provided by a free civil society in a democratic system. Liberalism *on paper*, in this context, is not a guarantee for actually constrained government and cannot become a stable political

condition; socially unchecked authoritarianism will lead to unconstrained despotism. It will not be an efficient system because authoritarian leaders will exploit political and economic means to create a circle of cronies and garner public support by combining coercion with patronage ([Trantidis 2022](#))

So, while some authoritarian systems in Asia emerged as economic powerhouses, we must resist the temptation to attribute their success to authoritarian political institutions. The most frequently cited example is China, where the Communist Party oversees a model of state-managed capitalism. China's economic opening in the 1980s was a response to previous economic failures, leading to an adjustment towards an export-oriented, competitive economy. This can be seen as a survival choice by an elite who decided to boost standards of living in order to secure its ruling position among the population and allow its cronies to become rich. Equally important is the observation that, unlike elites in the Soviet Union, Chinese communists decided to *monetize* their powerful position *in an orderly fashion*.

Was the Chinese system the outcome of a tacit 'authoritarian bargain,' in which elites and citizens

are asked to forego their political freedoms in exchange for welfare opportunities and allocations provided through the state? No such bargain ever existed. Despite a great degree of economic liberalization, significant control over economic policy remains with the central and regional authorities and is employed in an arbitrary and discriminatory fashion. Socioeconomic actors have no other choice but to accept authoritarian controls, otherwise they face economic exclusion, sanctions and social marginalization, if not imprisonment. In short, the society's complacent behavior and seeming loyalty is not the result of a tacit agreement between society and government, but a function of political oppression which also includes fears of socioeconomic exclusion and economic sanctions by an authoritarian party state.

A critical question under Communist rule in China is the extent of autonomy granted to economic agents and whether their grievances and concerns can be openly expressed. Despite China's increasing integration into global trade and efforts to attract foreign investment, the government has resisted further economic liberalization and imposed significant restrictions on freedom of expression aided by unprecedented technology of mass



surveillance. Another risk for Chinese society lies in the potential ease with which the Chinese regime could reverse its current trajectory towards less economic freedom due to a preference for elite stability over mass prosperity.

Elsewhere, it has been observed that, in countries that experienced severe and prolonged economic crises, authoritarian regimes emerged in response to escalating social unrest, such as in Latin America during the 1970s. In those cases, the breakdown of democratic systems occurred when specific demands by militant social groups seemed to threaten the interests of powerful economic and political elites. But the authoritarian regimes that were installed were corrupt, violent and incapable of creating a good economic environment. The absence of accountability and contestability in economic policy decision-making under dictatorship underscores this risk. Historically, elites who initially allied with authoritarian regimes promising social order and industrial growth through the suppression of dissent came to realize that such alliances were unreliable, one-sided and eventually harmful for their own interests due to the regimes' erratic behavior. Concentrated political and economic power, as exemplified by the Nazi

regime in Germany, led to an unprecedented political and economic catastrophe.

### **Democracy is an imperfect solution to the problem of state power**

Classical liberals should bear in mind the great risks from dismantling democratic mechanisms. The key challenge is to constrain state power, and this can only be effectuated through collective actions of a free civil society. Actual historical observations indicate that liberal democracy emerged from struggles by social groups aimed at taming state power and making it more accountable to their preferences, ideas, and demands. Barrington Moore's 1967 thesis, famously encapsulated in the phrase 'no bourgeoisie, no democracy,' posited that liberal democracy was pursued by the bourgeois class when circumstances were such that this class saw liberal democracy as the best guarantee for its status. This move came after a class of entrepreneurs, manufacturers, and traders challenged absolute monarchy's arbitrary power that included a property confiscation capacity. The establishment of the rule of law as a form of negative freedom became essential for fostering economic activity, but it alone did not guarantee

sound policies. In Moore's analysis, the preference for democracy among business elites stemmed from the need to avoid the excesses of political power and establish regularized and transparent rules of open access to decision-making.

In my analysis, without a democratic system taming arbitrary exercises of state power, governments would reverse this relationship: from 'no bourgeoisie, no democracy,' there will be a situation of 'no democracy, hence, no bourgeoisie' in the form of a relatively independent business and commercial society.

This is happening today. The main strategy used by incumbent leaders to establish authoritarian rule is not direct oppression but a more subtle way to reduce or even eliminate democratic contestation. The prevalent process of autocratization today, which refers to the shift from a competitive political system to a regime controlled by a single political force - includes interventions by the governing elite in three crucial domains: public legitimization, institutional reforms aimed at enhancing political repression, and widespread co-optation (Trantidis 2021; 2022)

In political systems known as 'electoral authoritarian', leaders like Putin and Lukashenko assert their popularity and legitimacy not by mass electoral fraud or actual everyday acts of violence but primarily by co-opting a significant portion, if not all, of the socioeconomic actors, including businesses, the media, and civil society organisations ([Trantidis 2013](#)). This weakens the ability of their political opponents to amass sufficient resources to initiate a noticeable campaign.

My argument is that these systems will exhibit authoritarian characteristics because a leadership in control of the state's distributional mechanism has both an incentive and the means to become *coercive without violence* ([Trantidis 2013](#)). It would do so by restricting the behavioural autonomy of social actors such as businesses. Their choices will be constrained to demonstrating allegiance, anticipating benefits and preferential treatment from the government, or acquiescence, refraining from challenging the government for any decisions they may consider harmful, due to their constant fear of suffering discrimination and retaliation by the government. Similarly, constitutional checks can be eroded by the same set of incentives, as those who

run these institutions – judges, lawyers, civil rights organizations – would also be susceptible to the promise of perks and the threat of sanctions.

Second, while some decent economic performance is necessary for a political organization to claim legitimacy and secure popularity in a democracy, in the clientelistic system described above under authoritarianism, business and civil society actors have no choice but to tolerate imprudent economic policies. Hence, authoritarianism does not tackle rent-seeking but, instead, makes rent-seeking the prime mechanism by which the government would construct a semblance of public legitimacy built upon clientelism and co-option.

By contrast, democratically elected governments, while engaging in clientelism, are exposed to open debates and protests regarding economic performance and political conduct. Elections may be an incentive for politicians to ‘supply’ rents, privileges and subsidies to their constituents and key supporters, but equally, democratic elections and all the in-between period is when they are openly criticized for doing so. Despite the pathologies associated with democratic competition as the selection mechanism of the political leaders,

democratic contestability still allows a higher degree of exposure to public debates and a greater degree of public accountability compared with authoritarian regimes. Far from an idealized take on democracy, I contend that the distributional tendency observed in all political systems – as state power is inevitably present in the economy - is publicly scrutinized and criticized in a democracy under competitive elections and a vigilant civil society. By contrast, dictators are unaccountable in their choices of discriminatory distribution which they could also deliver in the form of favoritism and corruption. They can almost never be ‘benevolent.’ While dictators at some point come to consider how sustainable their economic model has become, they can tackle public discontent through the extensive use of coercion, both the clientelistic and the violent version. This further disables the capacity of economic actors to express concerns about economic policy openly and early enough.

### **State power is unhinged in an authoritarian regime**

So, what about cases like Greece and Singapore? Greece is the archetypal case of perpetual economic crisis occurring in a democracy while Singapore has

been the flagship of the economically successful one-party state. Indeed, in my book, I observe that the highly clientelist nature of politics in Greece is what prevented effective and sound economic policies for decades before the crisis ([Trantidis 2016](#)). But what I distill from that case as well as the case of authoritarian Belarus is that clientelism works as a mechanism for co-opting economic and social actors in any type of political system and, in a democracy, this weakens but does not eliminate civil society's role in holding institutions accountable and advocating for broader societal needs.

Clientelist politics establishes a Nash equilibrium where no politician or party has an incentive to unilaterally limit or abstain from clientelism; doing so would disadvantage them against their rivals. Consequently, clientelism profoundly influences decision-making processes, policy outcomes, and the rules of the political game ([Trantidis 2016](#)). This could foster a political culture of cynicism and distrust towards both politicians and civil society organizations. The public may perceive these organizations as less interested in addressing their needs and more focused on securing benefits for themselves and their affiliated groups. However, a

democratic system allows multiple patrons to compete, thus retaining a degree of political contestability and preventing exercises of clientelism to become coercive in the sense described in the previous section.

Singapore has been an exception in some regards (Cf. Vasil 2000; Calder 2016). In a city state and a small island nation with limited natural resources, Singapore's elite understood that the country's prosperity, stability and safety heavily relied on trade and investment to drive economic growth, positioning Singapore as a gateway to the broader Southeast Asian market. Under the leadership of Lee Kuan Yew and his successors, the government adopted a pragmatic approach that emphasized meritocracy, efficiency, and market-oriented reforms. This included promoting foreign investment, maintaining low taxes, and minimizing bureaucratic hurdles for businesses. While a patronage system is present and active in Singapore too, those policies created a conducive environment for international entrepreneurship.

In *Against Democracy* (2016), Brennan argues for "epistocracy," or rule by a more knowledgeable portion of the citizens as an alternative to



traditionally more inclusive democratic franchise. Brennan mentions Singapore as an example of a country, effectively run as a technocracy with high standards of living and effective governance despite its lack of a full democratic system. Caplan suggests that Singapore is by several standards a democracy, and has become in fact a one-party state, because it adopts economically efficient policies, which the electorate appreciates.<sup>1</sup> Hans-Hermann Hoppe (2001) praises Singapore in his critique of democracy, as an example of how a relatively authoritarian government can achieve significant economic success and maintain public order. He contrasts what he sees as a model of a city state with what he presents as the inefficiencies and failures of democratic systems. Hoppe claimed that monarchies have an advantage regarding delivering a rule of law system – although he gave us no historical evidence about this claim:

Further, it is in a personal ruler's interest to use his monopoly of law (courts) and order (police) for the enforcement of the pre-established private property law. With

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<sup>1</sup> See Caplan, Bryan. 2009. Singapore's Political Economy: Two Paradoxes. *Ethos*, issue 09 at <https://knowledge.csc.gov.sg/ethos-issue-06/singapores-political-economy-two-paradoxes/>.

the sole exception of himself (for the nongovernment public and all of its internal dealings, that is), he will want to enforce the principle that all property and income should be acquired productively and/or contractually. The less private crime there is, the more private wealth there will be and the higher will be the value of the ruler's monopoly of taxation and expropriation. (2001: 19)

Hoppe disregards the obvious historical observation that all monarchical systems relied on an extensive network of clients and cronies enjoying privileges, preferential treatment and tolerance for their corrupt practices at the expense of the governed. This historical fact counteracts any association of authoritarianism with Olson's (1965) idea of a small ruling group behaving like a 'stationary bandit' with an encompassing interest in the country's prosperity.

Broadly speaking, proponents of authoritarianism in any form neglect the fact that the only chances that human societies have to impose some effective checks on the expansion of arbitrary state power requires a democratic system where civil society consists of relatively autonomous, free and freely

associating social, economic and political agents and groups. This cannot happen in an authoritarian system. Only a democratic system can allow the kind of social activity and collective action such that no group would gain an unrivalled advantage in terms of political power that would allow it to control the entire political system, the state, and its bureaucracies. Under such circumstances, any efforts made by a particular group to establish dominance will be thwarted by the collective coordination of other groups, and the power of the governing organization can be counterbalanced by the organisational prowess of the opposing factions. Democracy works as a system of ‘mutual controls’ (Dahl 1982).

The bottom line is that both democratic and authoritarian regimes tend towards the establishment of a largely *state-administered economy*. My work has stressed how state power can overwhelm a system of democratic governance and an economy. The same analysis equally refutes the argument that authoritarian capitalism can coexist with minimal, limited and predicted government intervention bound by the respect of the rule-of law under ‘liberal authoritarianism’. Any form in which political power is unaccountable and

unchecked by an autonomous civil society opens the way to the uncontrolled expansion of political authority into spheres of economic activity at the expense of individual autonomy, and would include continuous encroachments on private economic activity. It is the nature and extent of state power that must be of our concern.

An authoritarian government can more easily make use of state power to command societal complacency. The most effective strategy to achieve this is to deprive individuals of financial means and their economic autonomy, and to subject them, instead, to relations of economic dependency on the state. Besides offering economic rewards to its supporters, an authoritarian government can more openly target those who express dissent by excluding them from the distribution of rents and by punishing them by means of economic retribution. Tax inspections can fabricate irregularities in their books; government authorities could refuse to grant access to funding schemes for businesses, and banks could make it difficult for selected businesses to get a loan etc. But such a strategy, again, presupposes the expansion of state control over the economy and the degeneration of policy-making into highly discriminatory economic policies.

Revisiting Hayek's *The Road to Serfdom*, Trantidis and Cowen ([2022](#)) discern contemporary conditions in which modern-day forms of state intervention and economic institutions could threaten personal and political freedom. We argue that, in today's mixed economies, coercion is likely to emerge from policies that are more amenable to clientelistic and discriminatory biases whereby politicians and political parties blackmail social and economic actors into offering their support and can destroy their opponents via economic retribution. The policies that can act coercively have a command-and-control nature. They involve protectionist measures, subsidies, state aid, and government contracts. These kinds of policies are fervently advocated by the Radical Right. While they differ significantly from the socialist planned economy which Hayek originally had in mind in his own warning, ironically so, it is also a seemingly starkly opposite political group that could lay the foundations for the modern-day road to illiberty.

To sum up, while the practice of clientelism is found in many democratic countries, it is important to highlight the particularly obnoxious form it takes under an authoritarian regime. First, clientelism is unscrutinized and unchecked by civil society.

Second, when networks of clientelistic exchange are operated exclusively by the authoritarian leadership, no serious antagonistic network exists, and, as a result, the scope for discrimination is larger, since there is no antagonistic political network which economic actors can have recourse to. It is expected that with no opportunity for exit to a sphere of economic activity relatively autonomous from government discrimination, economic actors will make a risk assessment likely to suggest they should show support of, or at least complacency with the authoritarian government. Therefore, the authoritarian government will tend to expand state power over the economy to cover the vast majority of the population so that very few areas of economic activity will eventually lie outside the power of the government to distribute economic opportunities at its discretion. It has happened in economies in which the government controls the country's main source of income, such as the extraction of oil and minerals, and acted as the 'gatekeeper' of economic opportunities.<sup>2</sup>

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<sup>2</sup> See inter alia: Michael Ross, 2001, 'Does Oil Hinder Democracy?', *World Politics* 53 (3): 325-361. Naïem A. Sherbiny and Mark A. Tessler (eds.), 1976, *Arab Oil: Impact on the Arab Countries and Global Implication*. New York: Praeger; Dirk Vandewalle, *Libya since Independence: Oil and*

**Conclusion: democratic reform to tackle the problem of state power**

By now, I hope that some of the key perils of authoritarian capitalism are understood as, in essence, *the problem of state power being both 'unhinged' and 'on steroids'*. Insofar as clientelism creates a vicious circle that weakens civil society and reinforces the grasping nature of political power in the economy even in a democracy, the solution is not to turn the system into authoritarianism, which would keep clientelism but completely get rid of relatively independent voices and open political competition that could act as a brake.

The way out is to limit the scope of clientelism before it becomes a tool for authoritarian control over civil society and leads to a hybrid form of

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*State-Building*. Ithaca, N.Y.: Cornell University Press 1998; Hazem Beblawi, 1987, 'The Rentier State in the Arab World', in Hazem Beblawi and Giacomo Luciani (eds), *The Rentier State*. New York: Croom Helm, at 51; Hussein Mahdavy, 1970, 'The Patterns and Problems of Economic Development in Rentier States: The Case of Iran' in M. A. Cook (ed.), *Studies in Economic History of the Middle East*. London and Oxford: Oxford University Press, at 428; Kiren A. Chaudhry, 1994, 'Economic Liberalization and the Lineages of the Rentier State'. *Comparative Politics* 27(1): 1-25, at 9.

authoritarianism ([Trantidis 2013](#), [2021](#)). Both stronger constitutional checks and a more vigilant civil society are needed to limit the extent of such allocations that can be harmful in terms of both economic outcomes and personal liberty. These reforms must aim at restructuring the role of political power in the economy and society through a system of checks and balances. But they can never work unless there is a vigilant and relatively independent civil society pushing for those reforms under considerations of its own broad interest and survival.

Any new thinking among classical liberals should be about reconsidering forms of state intervention in the economy while appreciating the actual checks that a democratic society places on arbitrary exercises of state power. The direction of reform must be enhancing both formal and societal checks and balances: how the state operates, what kind of distributional rules apply, what kind of practices are restricted, and how these reforms will strengthen the independence of civil society vis a vis those in government.

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