Part II

The Present: What Is Happening?

A candidate claiming to be a billionaire, who advocates lowering taxes and reducing social programs, is supported by the working class, while a candidate who wants to tax the rich is supported by the *Wall Street Journal*. A thrice-married man who prides himself on unwanted sexual advances receives almost unanimous support from religious groups committed to "family values." A lot of people believe any kind of apparent nonsense. The incumbent party loses an election when the economy is the best it's been in recent decades. An election in which almost all parties, including the victorious one, campaign against "the establishment" generates a parliament that is even more elitist than the outgoing one. A blow against globalization, the free flow of capital and commodities, is inflicted by parties on the right wing of the political spectrum. Nationalists form international alliances. None of this makes sense.

What is going on and why? What do we need to make sense of if we suspect that democracy may be in crisis? I want to make sense of the current political, economic, social, and cultural transformations: what, if anything, do they add up to? Yet "making sense" is a deceptive endeavor, guided by what Pangloss tells us in Voltaire's *Candide*: that there must be a "because" for everything, everything must be logically connected. As intellectuals, we seek hidden logical connections among appearances: in Marx's words, "If essence and

appearance coincided, no science would be necessary." But the danger is that we may overdo it, finding causal connections where none exist. While the quest for sense is inexorable, finding it is always perilous: our beliefs are replete with false positives.

Moreover, it is not always obvious of what we should be making sense, what are the "facts." As Leo Goodman once said, "A fact in fact is quite abstract." Facts are constructed, subject to interpretation, and often disputed. Which parties should be considered to be radical Right? Does automation reduce the demand for labor or are jobs that are substituted by machines replaced by other jobs? Is there a "hollowing of the middle class"? What is the marginal product of the CEOs? Not only explanations but even facts cannot be taken for granted.

In what follows, I invert the schema used to analyze the past. I first describe the signs that a crisis may be here: the collapse of traditional parties, the rise of the radical Right, and of attitudes supporting it. Then I venture into possible explanations: economic, cultural, and autonomously political. Subsequently, I address the issues entailed in looking for causality and focus on micro-level explanations. Finally, I ask whether and which of the current conditions may be historically unprecedented and ominous.

5

The Signs

The signs that we may be experiencing a crisis include: (1) the rapid erosion of traditional party systems; (2) the rise of xenophobic, racist, and nationalistic parties and attitudes; and (3) the decline in support for "democracy" in public opinion surveys.

5.1 Erosion of Traditional Party Systems

Party systems that endured without much change during almost a century are eroding in many countries. The systems that emerged in Western European and Anglo-Saxon countries in the aftermath of World War I were typically dominated by two parties, one left and one right of center. Parties bearing social democratic, socialist, or labor labels occupied the space of the moderate Left. The labels were more varied on the Right, but each country had at least one major party located right of center. These systems have remained almost ossified until recently. While at times they changed labels, merging and splitting, they survived not only the turmoil of the interwar period and World War II but also the profound economic, demographic, and cultural transformations of more than fifty years following the war.

However we characterize this stability, it is astonishing.[1] Very few parties that did not receive at least 20 percent of the

[1] The following numbers and figures are based on countries that were members of the OECD as of 2000, except for Greece, Italy, Portugal, and

vote in the elections closest to 1924 have broken this barrier since. Liberals in 1929 in the United Kingdom and NSDAP in 1932 in Germany were the only ones to do so before 1939. The immediate aftermath of World War II witnessed an upsurge of the Left vote (Communist in France in 1945, Finnish People Democratic League in 1945, Socialist in Japan in 1947). Between 1951 and 1978 only two parties, in Belgium and in France, crossed for the first time the threshold of 20 percent. Yet from 1978 until the moment this text is being written seventeen new parties broke this barrier. One way to see this stability and its erosion is that, in spite of the upheaval following World War II, a new party crossed the threshold once every 7.6 years between 1924 and 1977 and once every 2.3 years after 1977.

Another way to characterize this stability and its erosion is to consider the percent of the two top vote-getters in each country around 1924 that remained in the top two in the subsequent elections. Except for NSDAP in 1930, the two top vote-getters remained in this position in all the countries under consideration during the entire period until 1945. The aftermath of the war shook their positions somewhat, but almost 90 percent of the two 1924 leaders remained in the top two until the late 1990s. A major destabilization in 1999 was largely overcome by 2007, but the 2008 financial crisis led to another major shake-up. Chiaramonte and Emanuele (2017) show that the movement of voters across parties has

Spain. The total number of countries is nineteen. Given the changes of names, mergers, and splits it is sometimes necessary to make decisions about which parties are heirs of the already existing ones and which are new. The data cover the period through 2014.

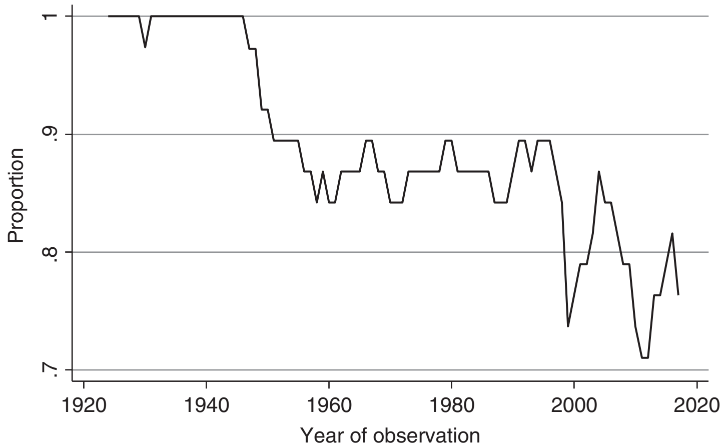


Figure 5.1. Proportion of parties that were the two top vote winners around 1924 that remained in the top two

increased in the most recent period and that electoral volatility is due mainly to the entry and exit of parties. Figure 5.1 illustrates these patterns.

This picture still underestimates the original stability as well as its recent erosion. It underestimates the stability because several countries had a three- or even four-party system in which the vote margins between the parties were small, so that it was easy for them to change places. But considering only party labels, rather than their programs, does not take into account the general ideological drift to the right, both of the center-left and the center-right parties (see Maravall 2016). If we were to consider programs, the recent destabilization would appear more pronounced.

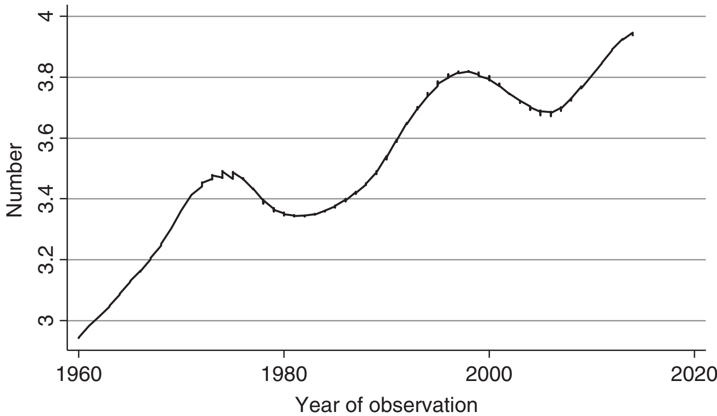


Figure 5.2. Effective number of parties in the electorate since 1960, in countries that were members of the OECD as of 2000
Source: Armigeon et al. 2016 CDPS Lowess smooth

Finally, as Figure 5.2 shows, the effective number of parties[2] in the electorate has increased since the early 1980s, again with an upturn during the past few years.

All these trends indicate that the traditional party systems are crumbling. But an argument can be made that this is not a sign of a crisis but just a routine partisan realignment that will result in a rejuvenation of democracy. Hopefully we may still learn *ex post* that this is what it was. But at the moment all we see is that the old party system, which has ossified over seventy-five years, is crumbling, and that no stable new pattern

[2] "Effective number of parties" is an index that weighs parties by their vote (or seat) shares. Specifically, it is measured by $1/v_i^2$, where v_i is the vote share of party i. For example, if the vote shares of three parties are 0.5, 0.4, and 0.1, the effective number is 1/0.42 = 2.38.

has yet crystallized. Hence, this is a crisis: the old is dying and the new is not yet born. Moreover, if a realignment does ensue, it will include the rise of xenophobic parties that have little patience for democratic norms. As Piketty (2018) emphasizes, given multidimensional divisions of the electorate, different coalitions may emerge. Specifically, he speculates that in France and the US the most likely realignment is one of "globalists" against "nativists," while in Britain a "two-elite model" – wealthy against educated – is likely to persist. Note that this phenomenon is almost universal among developed democracies, so something strange is going on.

5.2 The Rise of Right-Wing Populism

The general mood is populist. Populism is an ideological twin of neo-liberalism. Both claim that social order is spontaneously created by a single demiurge: "the market" or "the people," the latter always in singular, as in "le peuple," "el pueblo," or "lud." Neither sees a role for institutions: spontaneity suffices. No wonder they appear together on the historical scene.

Many emergent parties portray themselves as "anti-system," "anti-establishment," or "anti-elite." They are "populist" insofar as the image of politics they project is one of an "elite" ("casta," cast, in the language of the Spanish Podemos; "swamp" in the language of Donald Trump) that betrays, abuses, or exploits undifferentiated "people" (Mudde 2004: 543). Such claims originate on the Left as well as the Right (Rooduijn and Akkerman 2017). Indeed, as the French 2017 elections show, they can also emerge from the center, even if ironically the parliament that resulted from this election is even more elitist in social terms

than the outgoing one, just including fewer professional politicians. The populist parties are not anti-democratic in the sense that they do not advocate replacing elections by some other method of selecting governments. Even when they express a yearning for a strong leader, they want leaders to be elected. Political forces that question democracy do exist but they are completely marginal. In turn, these parties, again on the Left as well as on the Right, claim that the traditional representative institutions stifle the voice of "the people" and call for some new form of democracy that would better implement "popular sovereignty" (Pasquino 2008) and bring governments closer to "the people" (Canovan 2002). Popular initiative referendums are their favorite, but otherwise their projects for constitutional reforms are vague. Still, the populist image of politics is associated with the rejection of representative democracy and its replacement by a different, "direct" one. Hence, while the populist parties are not anti-democratic, they are anti-institutional in the sense of rejecting the traditional model of representative democracy. As a Mexican presidential candidate, Manuel López Obrador, exclaimed in the aftermath of his defeat in 2006, "to hell with your institutions" ("al diablo con vuestras instituciones").

On economic issues, left-wing parties are resolutely egalitarian. Those on the Right are more ambivalent: they want to retain the support of the traditional petite bourgeoisie, which wants lower taxes and a flexible labor market, while recruiting industrial workers, who want more job protection and more income redistribution (Iversflaten 2005). Both extremes are highly protectionist (Guiso et al. 2017, Rodrik 2017). Moreover, they oppose globalization and are strongly anti-Europe. The result is that at least in some countries, the economic policies

of the radical Left and Right do not diverge by much. For example, comparing the electoral programs of the extreme Left candidate in the 2017 French presidential elections, Jean-Luc Mélenchon, and of Marine Le Pen, shows convergence on economic, social welfare, workers' rights, and protectionism issues.[3]

The similarities, however, end there. The sharp difference is with regard to immigration, immigrants, xenophobia, and racism. Some populist parties – Podemos in Spain, Syriza in Greece – are open to the coexistence of multiple cultures, view immigrants as net contributors to the economy, and take a strong stand against racism. In turn, the parties standardly referred to as "extreme" or "radical" Right are nationalist and xenophobic, or "nativist." They also tend to be racist and repressive. They adopt electoral strategies that emphasize the salience of "immigration" (Arzheimer 2013). Defending "national values" – a favorite phrase of Marine Le Pen – they advocate excluding immigrants from publicly provided social services, nationalistic indoctrination in education, banning Halal foods in school cafeterias, a dress code, etc. To this extent, they are authoritarian. With some unease, I follow Golder (2016) in using the label of "radical Right" to denote such parties.

While one may quibble about classifying particular parties, the trend is manifest. Figure 5.3 portrays the rise of radical Right parties in different sets of European and Anglo-Saxon democracies.[4] This picture, however, hides important differences among countries.

[3] See www.leparisien.fr/elections/presidentielle.

[4] Armingeon et al. (2016) use the label "populist right" and lump together what Golder (2016) would distinguish as "extreme" and "radical" Right.

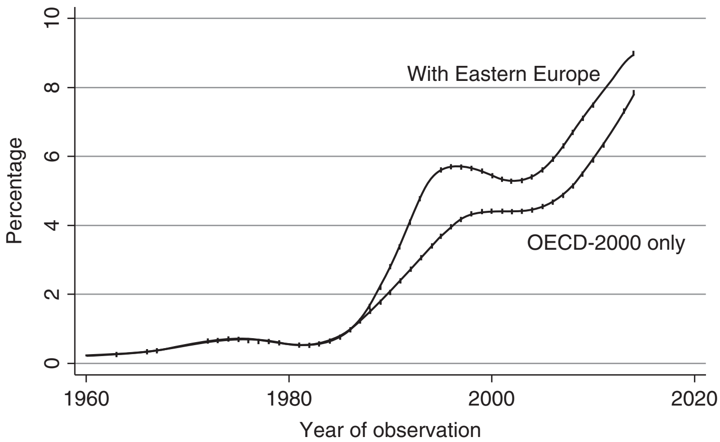


Figure 5.3. Average electoral support for radical Right, by year
Source: Armigeon et al. CDPS 2016, with modifications for Hungary and Poland.Lowess smooth

The highest current share of radical Right parties are in Switzerland, Austria, and Denmark, where they exceed 20 percent. In Austria and France, radical Right candidates won more than 25 percent of votes in the first rounds of presidential elections. In turn, in five countries such parties either do not exist or get no votes at the present. The trends are not homogeneous either: radical Right parties gained strength only most recently in Norway, Sweden, and Germany, while they peaked some time ago in Belgium, Italy, and Japan. The open question is how to treat the Republican Party in the United States. It now satisfies all the criteria most scholars use to classify parties as radical Right, even if Armingeon et al. (2016) do not classify it as such. More

They do not consider Fidesz in Hungary, Law and Justice (PiS) in Poland, and UKIP as "Right," which I do. The data end in 2014.

generally, this classification does not take into account movements of traditional right-wing parties toward the extreme, which is perhaps why Armingeon et al. (2016) do not classify the Hungarian Fidesz and the Polish PiS as radical Right.

Table 5.1 *Share of votes of radical Right (countries that were members of the OECD as of 2000)*

Country	Maximal share[a]	Period	Last parliamentary	Last presidential[b]
Austria	28.2	2008–12	26.8	35.1
Belgium	14.0	2007–9	3.7	
Denmark	21.1	2015–	21.1	
Finland	19.1	2011–14	17.7	9.4
France	14.9	1997–2001	14.4[c]	26.0[c]
Germany	12.6	2017–	12.6	
Greece	14.4	2012–14	10.7[d]	
Iceland	3.0	2013–16	0.0	
Italy	25.8	1996–2000	4.1	
Japan	14.9	2012–13	2.1	
Luxembourg	2.3	1989–1999	0.0	
Netherlands	17.0	2002	13.1	
Norway	16.3	2013–17	15.2	
Spain	2.1	1979–81	0.0	
Sweden	12.9	2014–	12.9	
Switzerland	28.9	2007–10	26.6	
United Kingdom	3.1	2010–17	1.8	

Note: As of October 15, 2017. The radical Right has never won any votes in Australia, Canada, Ireland, New Zealand, or Portugal. (a) Maximal share of votes before the most recent parliamentary election, to the lower house if there is more than one. First-round results are reported for France. (b) Only where president is directly elected. (c) Front National + Debout La France. (d) Golden Dawn + ANEL.

Source: Armingeon et al. (2016), updated by own research.

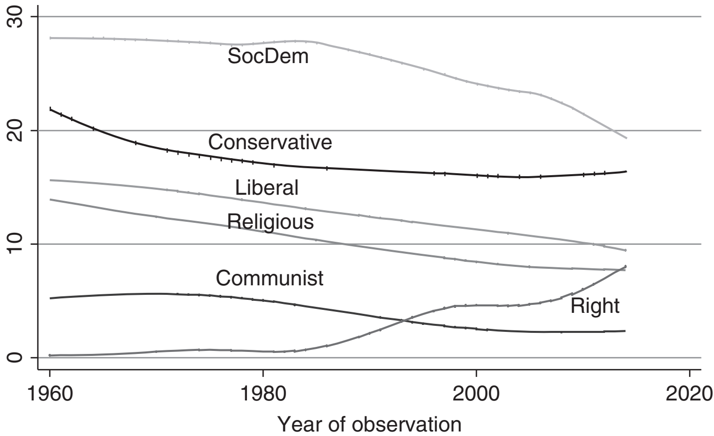


Figure 5.4. Vote shares of parties by years in countries that were members of the OECD before 2000
Lowess smooth. Data source: Armingeon et al. 2016 CDPS

Traditional parties lost electoral support among the potential voters, while the support for the radical Right has crept up. But is it because political opinions became more polarized, with voters moving to the extremes, or because traditional parties lost touch with their supporters? The crumbling of traditional parties need not entail an erosion of centrist, moderate preferences but just disgust with the parties themselves. When people believe that all professional politicians are the same, self-serving, dishonest, or corrupt, they turn against them whether they locate themselves on the left, right, or center. Hence, the erosion of traditional parties need not signify an erosion of the center.

The decline of traditional parties is manifest. In Figure 5.4 the parties are, from top to bottom, the leading social democratic, conservative, liberal, religious, and Communist

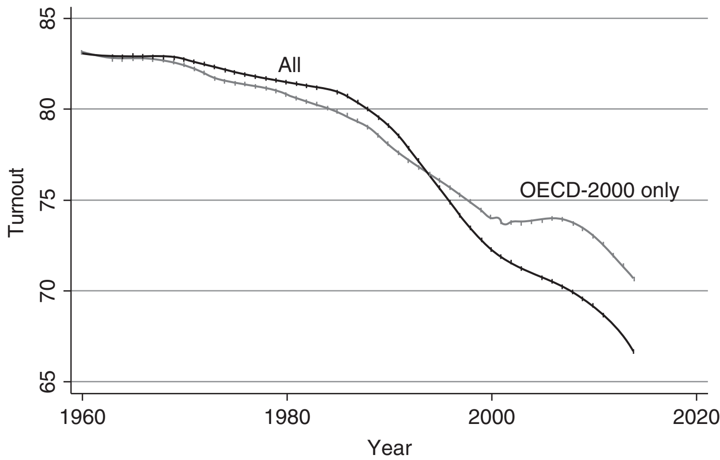


Figure 5.5. Turnout by year
Lowess smooth. Data source: Armingeon et al. 2016 CDPS

parties, as classified by Armingeon et al. (2016), while the lowest, rising, trend is for the parties of the radical Right. Perhaps surprisingly, this erosion of support for the traditional parties coincided with sharply declining turnouts (Figure 5.5).

This is not just a coincidence. Guiso et al. (2017) point out that if the decision to vote and the direction of the vote share are common determinants, one should expect the relation between turnout and right-wing vote to be negative. Within-country regressions of the vote shares of the radical Right on turnout in Figure 5.6 show that among the ten pre-2000 OECD members in which the radical Right exists, only in Denmark is the slope positive.[5]

[5] In the pooled data including all the countries, fixed-effects OLS regression generates the 95 percent confidence interval of the coefficient as [−0.168,

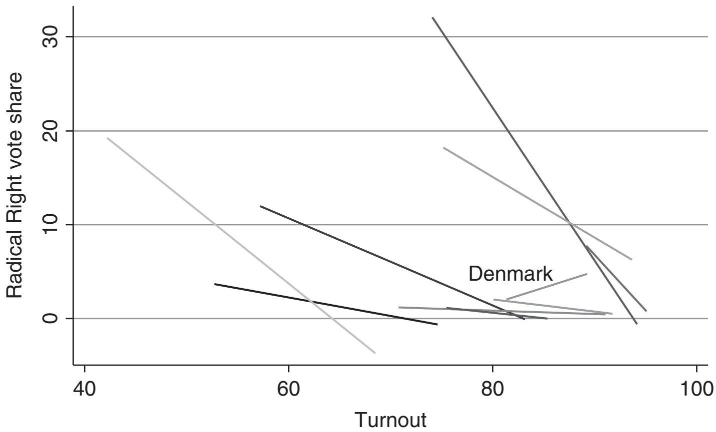


Figure 5.6. Turnout and radical Right vote share in ten developed democracies
Linear fit. Data source: Armingeon et al. 2016 CDPS

One cannot tell from the available data which part of the increase of electoral shares of the radical Right is due to an increase in the numbers of its supporters and which to the growing abstention of centrist voters. Yet it may well be that the increasing share of the radical Right is due more to the abstention of centrist voters than to an increase of extreme voters.

Why would centrist voters withdraw from the electoral process? There are two, not necessarily rival, hypotheses. One goes like this. The stagflation crisis of the 1970s, followed by the victories of Thatcher and Reagan, pushed traditional right-wing

−0.095; N = 1571]. Given that several countries do not have any radical Right parties, I also estimated a random effects Tobit regression, which gives an even more negative coefficient: [−0.487, −0.274; 453 uncensored observations].

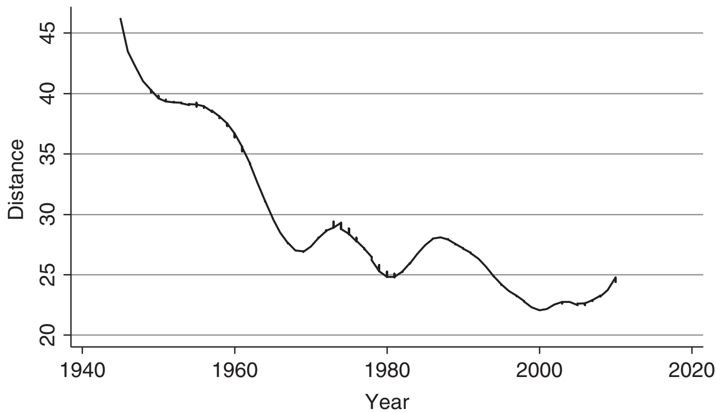


Figure 5.7. Ideological distance between center parties, by year Data from the Manifestos Project, courtesy of Jose Maria Maravall. The ideological scale ranges from −100 on the left to +100 on the right. Countries include Western Europe plus Australia, Israel, Japan, and New Zealand. Lowess smooth

parties to the right. For some reason, perhaps because of the economic fiasco of the first year of Mitterrand's government, the Social Democrats followed by also making a "virage" to the right, embracing the language of "trade-offs" between equality and efficiency, fiscal discipline, and flexible labor markets. As a result, the ideological distance between the two major center-left and center-right parties has decreased sharply during the post-war period, perhaps with a slight upturn following the crisis of 2008, as shown in Figure 5.7.

Yet the convergence of party platforms on the left–right dimension is not the only plausible explanation. Already Lipset (1960) argued that political attitudes are two-dimensional, with

the second dimension being "authoritarianism."[6] According to Albright (2010: 714), the single left–right dimension "is steadily diminishing in its ability to summarize party behaviour." While economic issues still constitute the most important dimension along which parties compete in most countries (Huber and Inglehart 1995, Wagner 2012), social and cultural issues have gained in importance since the 1970s (Inglehart and Flanagan 1987). Moreover, it has been argued that in many countries the cultural and the economic dimensions do not neatly correlate with each other anymore, so that the political space cannot be characterized by a single left–right axis but has to be depicted as two-dimensional (Kitschelt 1994, Kriesi et al. 2006, 2012, Marks et al. 2006). Brady, Ferejohn, and Papano (2017), for example, find in a study of seven countries that traditional parties adopt more pro-immigration policies than their supporters and attribute the weakening of these parties to this distance: "immigration has driven a wedge between the major parties – those that regularly play a role in government – and their supporters and that this wedge opens up enormous space for new movements either inside existing parties or outside." For a long time, the rhetoric of the radical Right has been that "they are taking jobs from you," while recently it has become more along the lines of "you are paying for them," that the "middle class" is paying for the poor, particularly the immigrants, and particularly those with a different skin color. "Illegal immigrant households receive far more in federal welfare benefits than native American

[6] On general issues concerning bi-dimensionality and party strategies in the presence of a second dimension, see the special issue of *Party Politics* (2015, vol. 21(6)), with an introduction by Elias, Szocsik, and Zuber (2015).

households," Trump wrote in a 2016 Facebook post, "I will fix it." As Brady, Ferejohn, and Paparo (2017: 3) put it, "immigration puts a recognizable face on events that may well be properly attributable to other forces." Hence, the alternative story is that whatever the left–right distance among them, the traditional parties increased their distance from voter preferences on the immigration issue, thus alienating their supporters.

An open issue is why the center parties would remain distant from voters on the second dimension, whatever it is. A plausible explanation is provided by Dancygier (2017). Accommodating xenophobic preferences is costly for these parties in terms of votes because it causes people she refers to as "cosmopolitans" to move out of the electorate. Hence, center parties face a trade-off between winning the votes of some sectors of the potential electorate and losing them from other sectors. They adopt xenophobic postures when it is electorally advantageous and refrain from appealing to such attitudes when it would lead to the erosion of their traditional support. Even if they maximize their potential vote shares, in either case they face limits to how far they can move. Hence, in equilibrium, they still remain distant from some voters on the cultural dimension.

Before summarizing, it is instructive to look in more detail at a particular country, namely France. First, while a large majority, 71 percent, up from 57 percent in 2013, of French survey respondents now agree that "the notions of the Left and the Right are obsolete," 94 percent are still able to locate themselves on this dimension (Hastings 2018). So can 91 percent of Europeans (excluding Russia) in general (Cautres 2018). During the past forty years France experienced several partisan alternations in office, all governments focused on reducing unemployment, and

yet unemployment never fell below 9 percent. Hence, as Teinturier (2018: 65) reports, voters ask themselves whether politics has any effect on their lives. Since 2013, between 75 and 83 percent of the French declared that "The democratic system functions rather badly in France. I have an impression that my ideas are not well represented." Moreover, about two-thirds agree that "Most politicians are corrupt" and between 83 and 89 percent that "They act principally in their personal interests." Politics evokes "disappointment" among 40 percent, "disgust" among 20 percent, "anger" among 13 percent, and "indifference" among 9 percent (all these numbers are from Teinturier 2018). Electoral abstention in legislative elections has increased sharply since the 1980s and in presidential elections since 2007. Together these patterns indicate that while the left–right dimension remains as salient as it was in the past, most people are just disgusted with the traditional parties.

At the same time, there is a general perception that the issue space is not unidimensional. Following Inglehart, Foucault (2018) sees the second dimension as broadly cultural, but without specifying its components or showing its independence of the economic dimension. In a daring novel (*Soumission*, 2015), Michel Houellebecq raises the specter of a confessional, Catholic-Islam coalition opposed to a secular, republican one. The only piece of hard evidence I could find is from Piketty (2018), who uses exit polls to classify voters according to their positive or negative attitudes toward redistribution and immigration, and shows that in 2017 they divided almost equally among the four cells of this two-by-two table. Hence, the evidence is that immigration divides people independently of the left–right dimension, but it is not clear what else does.

Finally, the result of the 2017 presidential election was a debacle for the traditional Left. Among their usual constituencies, the share of the Left vote among people between eighteen and thirty-nine years old fell from 31 percent in 2012 to 7 percent; among people with more than high-school education from 33 to 7 percent; among public employees from 41 to 8 percent. But it seems that most of the vote the Socialists lost was split between the extreme Left and the center, not benefiting the Right. In turn, while the 2017 election was the first one in which more workers voted for the extreme Right (Front National) than the Left, the largest party among them are non-voters (based on Foucault 2018).

In the end, even with all these data it is difficult to tell to what extent the recent political transformations in France are due to the general disaffection with the traditional parties – a crisis of representation – and to what extent they are due to an emerging salience of some second dimension that divides people independently from the economic one. Piketty (2018: 26–7) reports that the proportion of voters who say that there are "too many" immigrants in France has actually declined over time, as has the salience of the religious dimension. Hence, it is not clear whether the virtual disappearance of the traditional center-left and center-right parties is due to voters' disgust with politicians or to their distance from voters on the dimension of immigration.

More generally, we can see that support for traditional center parties has crumbled across Europe and that some centrist voters withdrew from the electorate, while the vote shares of radical Right parties, but not necessarily absolute numbers of their supporters, have increased. To what

extent these transformations are due to a general rejection of parties and politicians and to what extent to the rise of some second, "cultural," dimension is difficult to weigh. Moreover, to repeat the caveat of Section 5.1, the rejection of party politics may be just a transitory phenomenon: new center parties may replace the traditional ones, mobilize centrist voters, and deter a further move of the electorate toward the radical Right, as at least for now seems to be happening in France. Yet it is also possible that the center will continue to erode and xenophobic, populist parties will continue to gain strength, or that the traditionally centrist parties will successfully prevent the electoral rise of the radical Right only by moving to that position themselves.

5.3 Decline of Support for Democracy in Surveys

All kinds of surveys are cited as evidence of declining support for democracy: "democratic backsliding" or "democratic deconsolidation." In particular Foa and Mounk (2016) find it alarming that in the six countries they examined, younger people find it less "essential to live in a democracy."[7] Armingeon and Guthman (2014) examined seventy-eight surveys in twenty-six European Union countries to compare support for democracy in 2007 and 2011. They found that this support fell in twenty countries and increased in six, with the total mean declining by 7.2 points. Countries that were most affected by the 2008 crisis,

[7] For a debate on Foa and Mounk, go to http://journalofdemocracy.org/online-exchange-%E2%80%9Cdemocratic-deconsolidation%E2%80%9D.

notably Greece and Spain, are where this support fell most. Similar results about the effect of the 2008 crisis emerge from surveys conducted by the World Values Studies that ask people whether they have confidence in democracy, experts, the army, or strong leaders, albeit with more heterogeneous patterns over the longer run, and with the United States showing the sharpest decline in the relative standing of democracy since the 1994–8 period (Weakliem 2016a). Surveys also show declining confidence in other, not just representative, institutions. At least in the United States, confidence also declined sharply for newspapers, television, banks, big business, religion, schools, and the medical system (Weakliem 2016b, based on data from Gallup).

Are these numbers signs of a crisis of democracy? If a crisis is defined by these numbers, then this is just a tautology, albeit one that is frequently made by those who produce them. But should we take them as harbingers of a collapse of democracy? Titles of popular articles in which these numbers "ring bells for democracy" are ubiquitous. Yet while such numbers are disheartening, there is not a shred of evidence that they predict anything. Six months before the coup in Chile only 27.5 percent of respondents thought that "a military coup is convenient for Chile" (Navia and Osorio 2018). Whether democracy requires democrats, whether its continued existence depends on individual attitudes, is a controversial issue. Even if it does, the causal relation between answers to survey questions and the erosion of democracy must depend on the actions of organized political groups.

Responses to survey questions are informative but not predictive. For one, no one knows what people in different countries and at different times understand by "democracy"

when they are asked whether "democracy" is the best form of government or whether it is essential that their country be governed "democratically." While elites see democracy in institutional terms, several surveys indicate that mass publics often conceive of it in terms of "social and economic equality." Moreover, even if recent surveys indicate that many people would want to be governed by "strong leaders" and many others by non-partisan "experts," does it mean that they do not want to have a voice in choosing the leaders or the experts? The taste for selecting governments through elections is an acquired one, but it is addictive once acquired. Wanting governments to be effective, hoping that they will be competent and effective in improving people's lives, does not imply abdication from the right to choose them and to replace them when they fail. Finally, with all the variations in the support for democracy shown by surveys conducted in different developed countries over the past thirty-five years, democracy collapsed in none of them. We may be worried when few people declare confidence in political parties, parliaments, or governments, when the belief that democracy is the best system of government declines among the mass public, or when the yearning for strong leaders or the rule by experts increases. But the predictive power of answers to such questions for the outright collapse of democracy is null. One should not draw inferences about the survival of democracy from answers to survey questions.

6

Potential Causes

Here's an Irish joke. A couple of tourists gets lost while trekking in Ireland. They ask a peasant cultivating his field, "How do we get from here to Dublin?" He responds, "First, you do not begin from here." Where to begin the explanations? Globalization, technological change, breakdown of class compromise, immigration, authorization of prejudices by some insurgent politicians, or something still else? The purpose of this chapter is just to catalogue the potential explanations, without attempting to adjudicate among them. Issues entailed in identifying causality are raised in Chapter 7.

6.1 The Economy: Income Stagnation, Inequality, and Mobility

The instinct is to start with the economy, and this is where I begin. The economic developments of the past decades can be grossly characterized by three transformations that generated two effects. These transformations are: (1) decline of growth rates of the already developed countries; (2) increase in income inequality among individuals and households, as well as a declining labor share in manufacturing; and (3) decline of employment in industry and the rise of the service sector, particularly of low-paying service jobs. Here is some evidence.

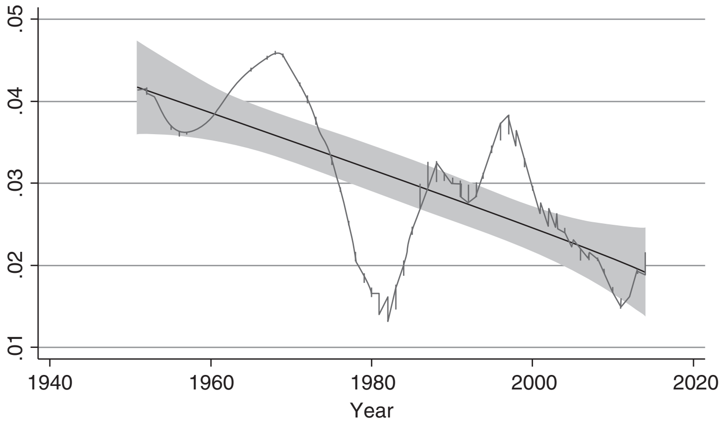


Figure 6.1. Rate of growth of per capita income by year of countries that were members of the OECD before 2000
The irregular line is a lowess smooth, the fitted line fractional polynomial regression with 95% confidence interval

The rates of growth of developed democracies, which I take as countries that were members of the OECD before 2000, declined from about 4 percent in the aftermath of World War II to about 2 percent currently. Figure 6.1 shows the annual averages and the trend. As shown in Figure 6.2, the average within-country inequality increased sharply (the picture looks almost identical for countries that were members of the OECD before 2000). Figure 6.3 shows that the average labor share took a precipitous dip from about 1980. In turn, as shown in Figure 6.4, the average employment in industry declined over time in absolute terms in the developed democracies, while employment in services increased.

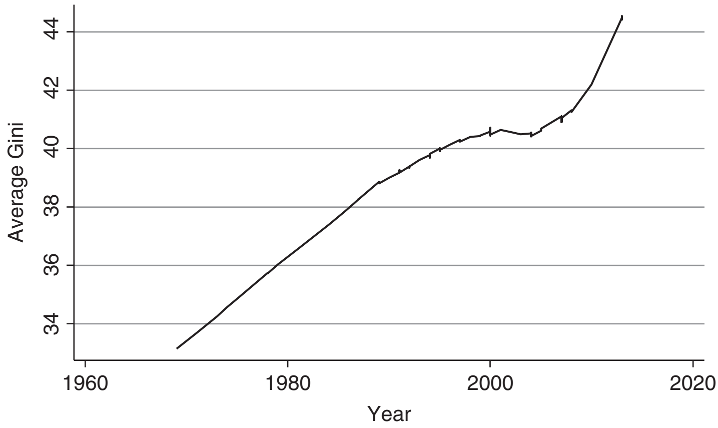


Figure 6.2. Average Gini coefficient of pre-fisc incomes in Europe, Japan, Australia, New Zealand, by year
Data source: Armingeon et al. 2016 CDPS. Lowess smooth

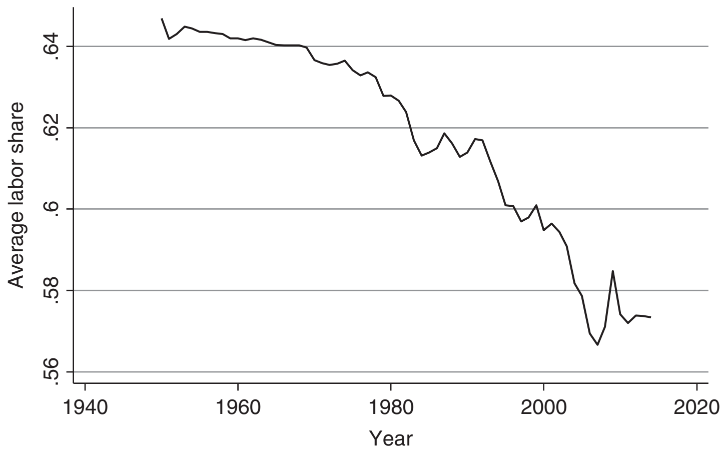


Figure 6.3. Average labor share by year among countries that were members of the OECD before 2000

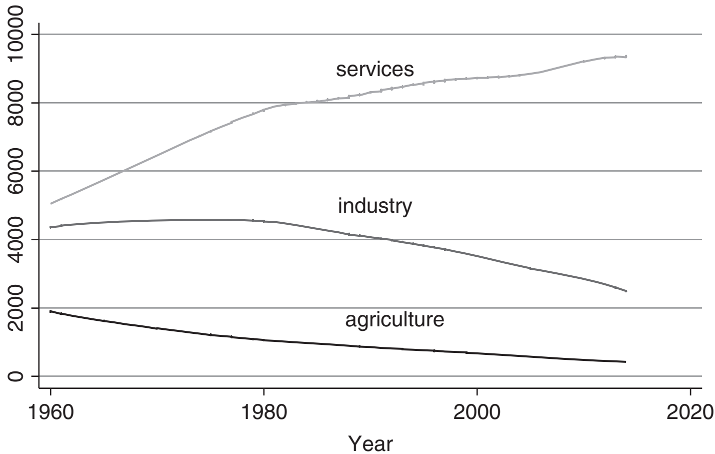


Figure 6.4. Average employment by sector over time, absolute numbers
Lowess smooth. Source: Armingeon et al. 2016 CPDS

The first effect of the combination of declining growth rates with increasing inequality is the stagnation of lower incomes, which has been exceptionally long-lasting in the United States, portrayed in Figure 6.5. The picture is somewhat different in the remaining OECD-2000 countries. Figure 6.6 shows that while the distance between the income of the top and bottom 10 percent of recipients increased sharply from the 1980s onwards, incomes below the median continued to creep up until all incomes were hit by the crisis of 2008.

The second effect is the erosion of the belief in material progress. According to the Pew Research Center (Spring 2015 Global Attitudes Survey), 60 percent of respondents in the United States and 64 percent in Europe now believe that their children will be worse off financially than they are.

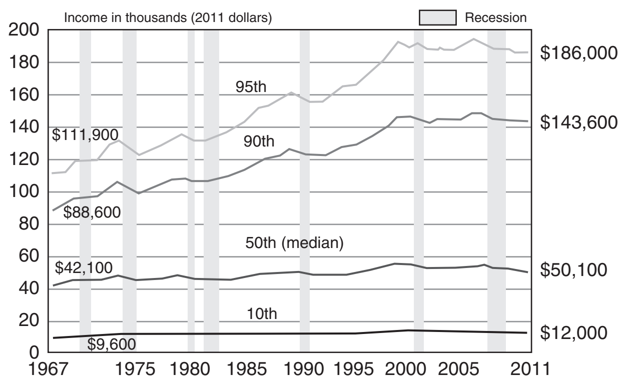


Figure 6.5. Real household income at selected percentiles, 1967 to 2011
Source: United States Census Bureau, public domain.

Moreover, these are not just perceptions. Chetty et al. (2016) calculate that in the United States 90 percent of thirty-year-old offspring were better off than their parents at the same age in 1970, while in 2010 only 50 percent were. This collapse of the deeply ingrained belief in intergenerational progress is a phenomenon at a civilizational scale. The expectation of material progress has been an essential ingredient for Western civilization during the past 200 years. Since about 1820 every generation in Europe and the United States lived and expected to live better than their parents, and yet this belief is being shattered. This is certainly a transformation that can have profound cultural and political consequences.

Why did these economic transformations occur? Two hypotheses are straightforward and plausible. One is "globalization," the combination of the liberalization of commodity

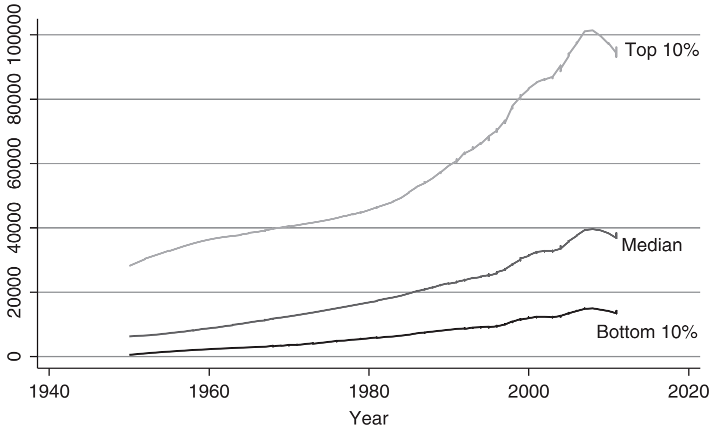


Figure 6.6. Average incomes of selected groups, OECD-2000 countries excluding the United States
Calculated from PWT9.0 and WIDER, in 2011 PPP USD Lowess smooth

and capital markets, combined with the Chinese reforms. The second is an *autogolpe* (self-coup) of the bourgeoisie, the breakdown of class compromise. Both of these events have a definite date, more or less 1978–80, so they cannot be distinguished by rough timing. They may or may not be associated but I discuss them separately.

The effect of China is a subject of much controversy. Autor et al. (2013; see also Acemoglu et al. 2016) conclude that rising imports cause higher unemployment, lower labor-force participation, and reduced wages in local labor markets that house import-competing industries. They attribute one-quarter of the contemporaneous aggregate decline in United States manufacturing employment to import competition from China. Yet Rothwell (2017) questions the Autor et al. estimates,

concluding that foreign competition does not appear to elevate the risk of job loss to a greater extent than domestic competition, and that people living in the communities most exposed to foreign competition are no worse off on average. Rothwell and Diego-Rosell (2016) conclude that "Surprisingly, there appears to be no link whatsoever between greater exposure to trade competition or competition from immigrant workers and support for nationalist policies in America, as embodied by the Trump campaign." In turn, Miao (2016) points out that import competition lowers prices, and identifies a significant welfare gain from trade with China. Moreover, in a recent review of the literature, Helpman (2016) concludes that increased wage inequality is due mainly to factors other than commodity trade. Hence, economists need to sort out their disagreements. What is clear is that some people lost as a result of globalization and were not compensated by redistributive or other policies (Rodrik 2017).

An alternative explanation is the breakdown of class compromise. The most startling picture is for the United States, portrayed in Figure 6.7. The same is true for some, albeit not all, other advanced economies after 1999, shown in Figure 6.8. Other sources show the same to have occurred in Germany as of 1997, Japan as of 2002, and the UK as of 1988.

Until about 1978, increases in wages almost exactly followed increases in productivity, so that the functional distribution of income was stable. Industrial workers were organized by unions protected by the state and, with almost

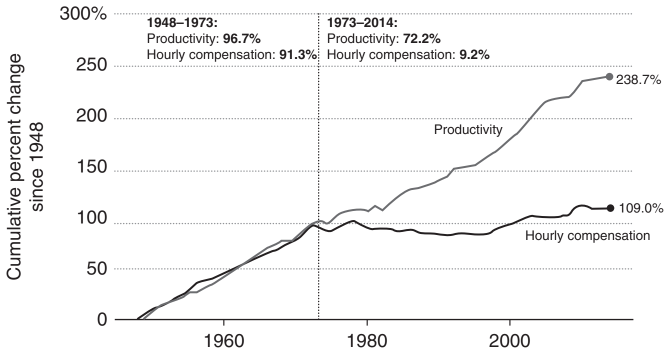


Figure 6.7. Disconnect between productivity and a typical worker's compensation, 1948–2014
Source: Economic Policy Institute.

full employment, unions had monopoly power over labor markets. Anticipating that excessive wage demands would cause firms to invest less, wherever they were sufficiently centralized, unions exercised wage restraint. Government policies were subject to the same constraint as unions, namely that excessive income taxation would reduce investment, and thus future consumption. In turn, facing moderate wage and taxation demands, firms not only invested but could also live with unions and with democracy. As a result, a "democratic class compromise" naturally emerged. Governments managed this compromise by regulating markets, providing social services, and offering incentives for investment and innovation.

Note: Labour productivity is defined as GDP per employed person and used GDP in constant 2005 PPP$ for all countries. G20 advanced economies include: Australia, Canada, France, Germany, Italy, Japan, the Republic of Korea, the United Kingdom and the United States. Both indices are based on a weighted average of all the countries in the group that takes into account labour productivity and the size of paid employment.

Figure 6.8. Productivity and wage index (G20 advanced economies)
Source: ILO.

This compromise was shattered in the United Kingdom and the United States by the respective victories of Thatcher and Reagan, whose first targets were the unions,[1] and eroded more gradually in most other countries. As a consequence, as shown in Figure 6.9, the average union density dropped by more than ten percentage points between the peak in 1980 and 2010. Perhaps the most consequential policy of the Thatcher government was the stealth opening of capital account, which changed the trade-offs between

[1] "Unions" was the most frequently used word both in the 1979 Conservative Manifesto and in Thatcher's electoral campaign. Under the combined pressure of unemployment and of hostile legislation, the trade union movement was seriously weakened, losing 17 percent of its membership in five years.

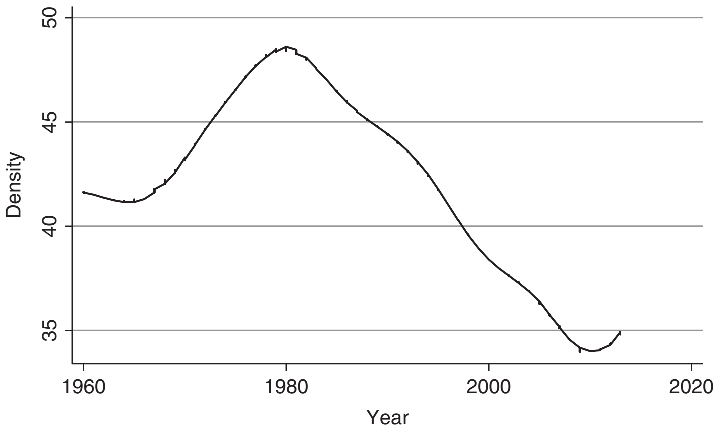


Figure 6.9. Union density by year in countries that were members of the OECD before 2000
Lowess smooth. Source: Armigenon et al. 2016 CPDS

redistribution and growth and thus forced both major political parties to reduce the extent of the redistribution they proposed (Dunn 2000). The opening of capital account was not an issue in the election of 1979 when Mrs. Thatcher came to office. Yet once the decision was made, the entire spectrum of feasible policies was moved. It bears emphasis that this offensive by the Right was premeditated, planned, vigorously promoted by all kinds of think tanks, and coercively spread by the influence of the United States in the international financial institutions, codified as the "Washington Consensus."

Whatever the causes, plus automation, these processes generated winners and losers. For future reference, it makes sense to distinguish: (1) actual losers, those who lost stable jobs with living wages in industry and either moved to lower-paid services or were forced to retire or became long-

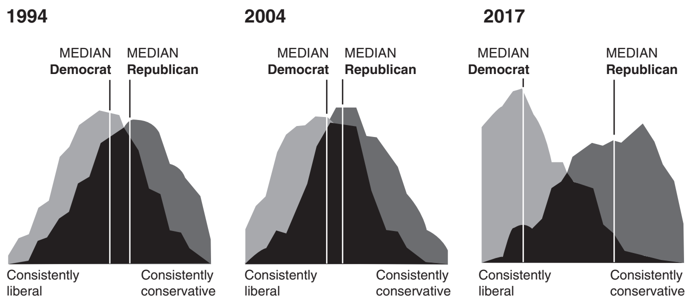
term unemployed; (2) prospective losers, those who fear this fate; (3) non-winners, principally the self-employed, the traditional petite bourgeoisie whose material conditions did not change much one way or another; and (4) winners, the recipients of profit incomes, however disguised.

6.2 Divisiveness: Polarization, Racism, and Hostility

When thinking about the intensity of political divisions, we need to consider two distinct aspects. (1) Distributions of preferences over some general policy dimension (liberal–conservative in the United States, left–right in Europe) or over specific issues, such as immigration. These distributions can be characterized in terms of "polarization": a population is polarized if individual preferences divide people into clusters that are internally homogeneous and distant from each other (Esteban and Ray 1994). (2) The actions that people with particular preferences are or are not willing to engage in with regard to members of other group(s). This is important because people with the same ideological profile may have different postures toward those with whom they disagree and may be willing or not to engage in hostile acts against them.

The ideological distance of party supporters in the United States, portrayed in Figure 6.10, has sharply increased in the past twenty-three years. Whether the same is true across the European countries is more difficult to diagnose because of the prevalence of multi-party systems, in which people sort themselves out around parties occupying several

Distribution of Democrats and Republicans on a 10-item scale of political values



Notes: Ideological consistency based on a scale of 10 political values questions (see methodology). The light grey area in this chart represents the ideological distribution of Democrats and Democratic-leaning independents; the dark grey area of Republicans and Republican-leaning independents. The overlap of these two distributions is shaded black.

Figure 6.10. Democrats and Republicans more ideologically divided than in the past
Source: Pew Research Center, public domain (see www .pewresearch.org/terms-and-conditions).

positions of the left–right spectrum. Given the availability of several parties, one would expect that supporters of each are more homogeneous, but the overall distance between them is more difficult to characterize. Indeed, the evidence that voters moved away from the center is ambiguous outside the United States. The distribution of individual positions on the left–right dimension, studied by Medina (2015: figure 1) in eighteen European countries, tends to be trimodal, with a large mode at the center and small modes left and right of center. Between 2002–3 and 2008, the mean position shifted to the left in six countries, to the right in six, and in six it remained statistically indistinguishable. In terms of polarization, the size of the center mode decreased in seven countries

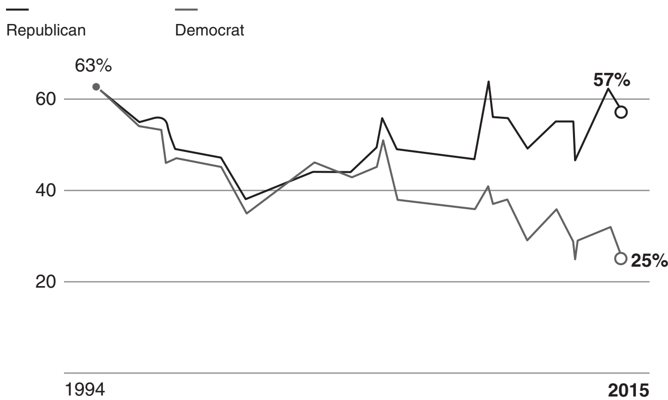


Figure 6.11. Immigration wasn't always a partisan issue
Source: Pew Research Center, public domain (see www.pewresearch.org/terms-and-conditions).

(Belgium, Czech Republic, Denmark, Finland, Germany, Poland, and Slovenia), increased in three, and remained the same in eight. In turn, Moral and Best (2018) found that the polarization of citizens increased in Australia, Denmark, Sweden, and the United States, but decreased in Germany and the Netherlands. Hence, even if in some countries people moved away from the center, there is no general European trend.

As shown in Figure 6.11, the increase of polarization is particularly evident with regard to immigration. Immigration, in some countries specifically the inflow of refugees, is also the most salient and divisive issue in Europe. The distribution of

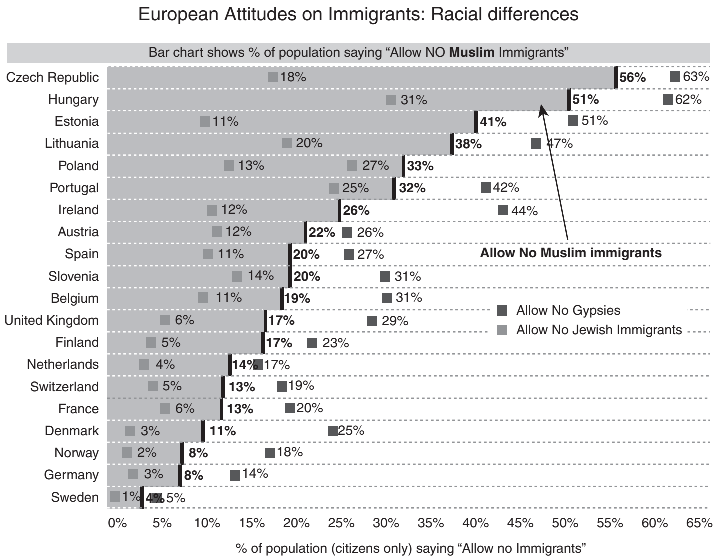


Figure 6.12. European attitudes to immigrants: racial differences
Source: European Social Survey.

postures toward immigration is clearly bimodal across Europe (Spoon and Kluwer 2015). Moreover, while attitudes toward immigration vary across European countries, it is striking that survey respondents distinguish the potential immigrants by ethnicity or race: as shown in Figure 6.12, Gypsies are less desirable in almost all countries than Muslims, who are in turn less desirable than Jews.

The language of "immigration" used by the Right amalgamates two distinct issues. One is control over the current flow of foreigners across borders, which is the standard-bearer of the language of "national sovereignty." But note that the current net flow between the United States and

Mexico is southward: according to Pew Research Center (2015), between 2008 and 2014 the Mexican population in the United States fell by 140,000. Hence, if President Trump does build a wall, it will keep more Mexicans in than it prevents from coming. Indeed, there are reasons to think that if this border was completely open, there would be fewer undocumented Mexicans in the United States at any time: lowering the risk of not being able to come back would reduce the incentives to stay illegally. The same does not hold for countries exposed to a massive inflow of refugees, but it does hold for France, where the net inflow is relatively low. In fact, when Mme. Le Pen or President Trump refer to "immigrants," they mean the third-generation offspring of immigrants, who happen to have a different physiognomy. Both invoke a myth of a "national culture," some traditional way of life, that is being undermined by the presence of "immigrants." "Immigrants" is just a code word for racism.

As sacrilegious as it may seem, it is useful to delve into the conceptual relation between racism and multiculturalism. The obvious difference is that racism claims inequality between groups, treating them as innately superior and inferior. The second difference is that the races are defined by the racists, and in their view one is a member of a race by virtue of origin, independently of one's choice, while the ideology of multiculturalism allows individuals to choose their cultural identity. Yet the identities we choose for ourselves are not always those in terms of which we are perceived by others. In a beautiful phrase of Amitav Gosh, we leave "shadow lines": I may not see myself as Jewish or Muslim, yet others may still see me as one. What these ideologies have in

common is the ontology of social fragmentation that should be acknowledged by society and the state. As Michaels (2007: 3) observed, "the goal of overcoming racism, which had sometimes been identified as the goal of creating a 'color-blind' society, was now reconceived as the goal of creating a diverse, that is, a color-conscious, society." Their commonality becomes clear when juxtaposed against the ideology of "republicanism": the idea that as citizens we are anonymous, that when people with different features and different self-identifications enter the public sphere they lose all their qualities and must be treated equally because they are indistinguishable (Rosanvallon 2004). In spite of all their differences, racism and multiculturalism are both ideologies that fraction society into distinct groups.

When combined with cultural relativism, postmodern ideology implies a multiplicity of truths. The truth of a statement is authenticated by the identity of the speaker and all identities are equally authoritative. It creates a world that allows for differences but precludes disagreements (Michaels 2007). If I say "As a pink male, I believe the news is . . ., " one can claim that this news is false for him or her. But you cannot persuade me and I cannot persuade you: each of us has our own truth. There is nothing to talk about: a recent study reports that in 2017 a Thanksgiving dinner with guests from electoral districts dominated by different parties lasted 30–50 minutes less than with exclusively co-partisans (the average was 257 minutes; Chen and Rohla 2018). Our beliefs have no authority over others because they are conditioned by our identity. In a relativist world, the news of others are all "fake" and there is no procedure by which they could be determined to be true or false: this is a "post-truth" world.

In an exceptionally well-informed and incisive analysis, Lewandowsky, Ecker, and Cook (2017) report some results of research:

1. "Corrections are rarely fully effective: that is, despite being corrected, and despite acknowledging the correction, people by and large continue to rely at least partially on information they know to be false ... In some circumstances, when the correction challenges people's worldviews, belief in false information may ironically even increase" (p. 355).
2. Falsehoods induce some people to conclude that truth is unknowable even when the false message is not credible.
3. Propagating falsehoods diverts people from recognizing other messages as true.
4. People tend to persist with beliefs they admit to be false if they believe they are shared by others.

They conclude, "We are now facing a situation in which a large share of the populace is living in an epistemic space that has abandoned conventional criteria of evidence, internal consistency, and fact-seeking ... An obvious hallmark of a post-truth world is that it empowers people to choose their own reality, where facts and objective evidence are trumped by existing beliefs and prejudices" (pp. 361–2). What distinguishes people is not information but alternative epistemologies. Powerful evidence presented by Meeuwis et al. (2018) shows that investors who had different models of the economy modified their portfolios differently in response to the US election of 2016, and the differences ran along party lines.

Moreover, even when the views of particular individuals remain fixed, their attitudes toward those with whom they disagree can be less or more hostile. In the United States, 86 percent of Democrats and 91 percent of Republicans have unfavorable views of the other party, with 41 percent of Democrats and 45 percent of Republicans seeing the other party as a "threat to the nation" (Acherbach and Clement 2016). Poignant anecdotes about experiences of discrimination and abuse in everyday life abound, and many systematic data indicate that the general level of anger and hostility is on the rise. In 2012, 33 percent of Democrats and 43 percent of Republicans described themselves as angry at the opposing party's presidential candidate "most of the time" or "just about always," while by 2016 the percentage of Democratic voters who said they were this angry at Trump rose to 73 percent, and the percentage of Republicans with that level of hostility toward Hillary Clinton increased to 66 percent. Where we have more systematic evidence, albeit only for the most recent years, is with regard to "hate crimes." In the United States their incidence in the nine major metropolitan areas increased 23.3 percent from 2015 to 2016, with a total of 13,037 (NBC 2017). Another source reports that they jumped in the aftermath of the election, with over 1,000 incidents self-reported between November 9 and December 12, 2016 (SPLC 2016). Overall, anti-immigrant incidents (315) remain the most reported, followed by anti-black (221), anti-Muslim (112), and anti-LGBT (109). Anti-Trump incidents numbered twenty-six. Britain saw an increase of over 40 percent in self-reported hate crime incidents between

2015 and 2016. In addition to race-based hate crimes, Britain also saw a rise in hate crimes based on sexual orientation. Galop, a London-based LGBT anti-violence charity, reported that hate crimes motivated by sexual orientation rose 147 percent during the late summer of 2016. Other countries across Europe have also experienced an increased rate of hate crimes over the past several years. Between 2014 and 2015, Germany reported a 77 percent increase in hate crimes. Amnesty International reported that incidents of race-based violence are at an all-time high since World War II in Germany. Statistics collected by Germany's Interior Ministry show that asylum shelters were attacked 1,031 times in 2015, a drastic increase from 199 attacks in 2014 and sixty-nine attacks in 2013. In Spain, the Spanish Federation of Islamic Religious Entities reported that anti-Islam attacks increased from forty-eight in 2014 to 534 in 2015. Additionally, Spain's Interior Ministry published statistics for 2015 reporting hundreds of hate crimes based on disability, ideology, and sexual orientation (Human Rights Brief 2017). France seems to be the exception, with racist crimes (anti-Semitic, anti-Muslim, anti-Roma) having peaked in 2015 and then falling 44.7 percent, from 2,034 to 1,125, between 2015 and 2016 (Franceinfo 2017).

These, albeit unsystematic, facts show that the divisions that rip several countries apart are not merely political but have deep roots in society. These two levels are obviously related but which way the causality runs is hard to determine, as social and political polarization may feed on one another (Moral and Best 2018). What these facts do tell us is that we should not overpoliticize our understanding of the current

situation – that we should not reduce it to the actions of politicians. The incessant complaints about Trump's temper and incompetence should not obscure that fact that his election and his continuing support reflect something deeper, something that lurks in the everyday life of society.