The Age of Insecurity

Can Democracy Save Itself?

By Ronald Inglehart, FOREIGN AFFAIRS, May/June, 2018

Over the past decade, many marginally democratic countries have become increasingly authoritarian. And authoritarian, xenophobic populist movements have grown strong enough to threaten democracy’s long-term health in several rich, established democracies, including France, Germany, the Netherlands, Sweden, the United Kingdom, and the United States. How worried should we be about the outlook for democracy?

The good news is that ever since representative democracy first emerged, it has been spreading, pushed forward by the forces of modernization. The pattern has been one of advances followed by setbacks, but the net result has been an increasing number of democracies, from a bare handful in the nineteenth century to about 90 today. The bad news is that the world is experiencing the most severe democratic setback since the rise of fascism in the 1930s.

The immediate cause of rising support for authoritarian, xenophobic populist movements is a reaction against immigration (and, in the United States, rising racial equality). That reaction has been intensified by the rapid cultural change and declining job security experienced by many in the developed world. Cultural and demographic shifts are making older voters feel as though they no longer live in the country where they were born. And high-income countries are adopting job-replacing technology, such as artificial intelligence, that has the potential to make people richer and healthier but also tends to result in a winner-take-all economy.

But there is nothing inevitable about democratic decline. Rising prosperity continues to move most developing countries toward democracy—although, as always, the trajectory is not a linear one. And in the developed world, the current wave of authoritarianism will persist only if societies and governments fail to address the underlying drivers. If new political coalitions emerge to reverse the trend toward inequality and ensure that the benefits of automation are widely shared, they can put democracy back on track. But if the developed world continues on its current course, democracy could wither away. If there is nothing inevitable about democratic decline, there is also nothing inevitable about democratic resurgence.

BY POPULAR DEMAND

Over the past two centuries, the spread of democracy has been driven by the forces of modernization. As countries urbanized and industrialized, people who were once scattered over the countryside moved into towns and cities and began working together in factories. That allowed them to communicate and organize, and the economic growth driven by industrialization made them healthier and wealthier. Greater economic and physical security led successive generations to place less emphasis on survival and more on intangible values, such as freedom of
expression, making them more likely to want democracy. Economic growth also went hand in hand with more education, which made people better informed, more articulate, more skilled at organizing, and therefore more effective at pushing for democracy. Finally, as industrial societies matured, jobs shifted from manufacturing to knowledge sectors. Those new occupations involved less routine and more independence. Workers had to think for themselves, and that spilled over into their political behavior.

Moreover, democracy has a major advantage over other political systems: it provides a nonviolent way to replace a country’s leaders. Democratic institutions do not guarantee that the people will elect wise and benevolent rulers, but they do provide a regular and nonviolent way to replace unwise and malevolent ones. Nondemocratic leadership successions can be costly and bloody. And since democracy enables people to choose their leaders, it reduces the need for repressive rule. Both these advantages have helped democracy survive and spread.

For the past few decades, the most striking alternative to the democratic path has come in China. Since its disastrous experience under Mao Zedong, the country has been governed by an exceptionally competent authoritarian elite. That reflects the political genius of Mao’s successor, Deng Xiaoping. In addition to guiding China toward a market economy, Deng established norms that limited top leaders to two five-year terms in office and mandated retirement at age 70. He then selected some of the country’s most competent 60-year-olds to run the government and installed a carefully chosen group of 50-year-olds below them. For roughly two decades after Deng’s retirement, China was governed by the people he had selected. In 2012, that group chose a new generation of leaders. Despite growing cronyism and corruption, this group also seems competent, but its leader, Xi Jinping, is maneuvering to establish himself as dictator for life, abandoning Deng’s system of predictable, nonviolent successions. If Xi succeeds, China’s government is likely to become less effective.

Most authoritarian countries, however, are not governed nearly as effectively as contemporary China (nor was China under Mao). During the early stages of industrialization, authoritarian states can attain high rates of economic growth, but knowledge economies flourish best in open societies. In the long run, democracy seems to be the best way to govern developed countries.

FITS AND STARTS

The long-term trend toward democracy has always had ups and downs. At the start of the twentieth century, only a few democracies existed, and even they were not full democracies by today’s standards. The number increased sharply after World War I, with another surge following World War II and a third at the end of the Cold War. Sooner or later, however, each surge was followed by a decline.

Democracy’s most dramatic setback, which came in the 1930s, when fascism spread over much of Europe, was partially driven by economic decline. Under relatively secure conditions in 1928, the German electorate viewed the Nazi Party as a lunatic fringe, giving it less than three percent of the vote in national elections that year. But in July 1932, with the onset of the Great Depression, the Nazis won 37 percent of the vote, becoming the largest party in the Reichstag, before taking over the government the next year. Each period of democratic decline brought a
widespread belief that democracy’s spread had ended and that some other system—fascism, communism, bureaucratic authoritarianism—would be the wave of the future. But the number of democracies never fell back to its original level, and each decline was eventually followed by a resurgence.

The defeat of the Axis powers in World War II largely discredited authoritarian parties in the developed world: from 1945 to 1959, they drew an average of about seven percent of the vote across the 32 Western democracies that contained at least one such party. Then, in the 1960s, as the unprecedented prosperity of the postwar era took hold, their support fell even further, to about five percent, and it remained low during the 1970s.

After 1980, however, support for authoritarian parties surged. By 2015, they were drawing an average of more than 12 percent of the vote across those 32 democracies. In Denmark, the Netherlands, and Switzerland, authoritarian parties became the largest or second-largest political bloc. In Hungary and Poland, they won control of government. Since then, they have grown even stronger in some countries. In the 2016 U.S. presidential election, the Republican candidate Donald Trump campaigned on a platform of xenophobia and sympathy toward authoritarianism, yet he won 46 percent of the vote (and the Electoral College). In Austria’s 2016 presidential election, Norbert Hofer, the far-right Freedom Party candidate, narrowly lost with 46 percent of the vote. In France, Marine Le Pen, the leader of the National Front, won 34 percent of the vote in last year’s presidential election, almost double her party’s previous high. Ever since World War II, Germans have had a strong aversion to authoritarian, xenophobic parties, which for decades never surpassed the five percent threshold required for representation in the Bundestag. But in 2017, the authoritarian, xenophobic Alternative for Germany won 13 percent of the vote, becoming Germany’s third-largest party.

THE ERA OF NOT-SO-GOOD FEELINGS

To a large degree, the shifts between democracy and authoritarianism can be explained by the extent to which people feel that their existence is secure. For most of history, survival was precarious. When food supplies rose, population levels rose with them. When food grew scarce, populations shrank. In both lean and fat times, most people lived just above the starvation level. During extreme scarcity, xenophobia was a realistic strategy: when a tribe’s territory produced just enough food to sustain it, another tribe moving in could spell death for the original inhabitants. Under these conditions, people tend to close ranks behind strong leaders, a reflex that in modern times leads to support for authoritarian, xenophobic parties.

In rich countries, many people after World War II grew up taking their survival for granted. They could do so thanks to unprecedented economic growth, strong welfare states, and peace between the world’s major powers. That security led to an intergenerational shift in values, as many people no longer gave top priority to economic and physical security and no longer felt as great a need to conform to group norms. Instead, they emphasized individual free choice. That sparked radical cultural changes: the rise of antiwar movements, advances in racial and gender equality, and greater tolerance of the LGBTQ community and other traditional out-groups.

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Those shifts provoked a reaction among older people and those holding less secure positions in society (the less educated, the less well off) who felt threatened by the erosion of familiar values. During the past three decades, that sense of alienation has been compounded by an influx of immigrants and refugees. From 1970 to 2015, the Hispanic population of the United States rose from five percent to 18 percent. Sweden, which in 1970 was inhabited almost entirely by ethnic Swedes, now has a foreign-born population of 19 percent. Germany’s is 23 percent. And in Switzerland, it is 25 percent.

All this dislocation has polarized modern societies. Since the 1970s, surveys in the United States and other countries have revealed a split between “materialists,” who stress the need for economic and physical security, and “postmaterialists,” who take that security for granted and emphasize less tangible values.

In the U.S. component of the 2017 World Values Survey, respondents were asked a list of six questions, each of which required choosing which of two goals was most important for their country. Those who chose things such as spurring economic growth, fighting rising prices, maintaining order, and cracking down on crime were defined as materialists. By contrast, those who gave top priority to things such as protecting freedom of speech, giving people more say in important government decisions, and having greater autonomy in their own jobs were designated postmaterialists.

In recent U.S. presidential elections, this split has had a major influence on voting patterns, dwarfing the effects of other demographic traits, such as social class. Consider the 2012 election: those who gave priority to materialist values in all six of their choices were 2.2 times as likely to have voted for the Republican candidate, Mitt Romney, as they were for the Democratic candidate, Barack Obama, and those who gave priority to postmaterialist values in all six choices were 8.6 times as likely to have voted for Obama as they were for Romney. This relationship grew even stronger in 2016, when Trump, an openly racist, sexist, authoritarian, and xenophobic candidate, ran against Hillary Clinton, a liberal and cosmopolitan one, who was also the first woman nominated by a major party. Pure materialists were now 3.8 times as likely to vote for Trump as they were for Clinton, and pure postmaterialists were a stunning 14.3 times as likely to vote for Clinton as they were for Trump.

Economic insecurity can exacerbate these cultural pressures toward authoritarianism. In 2006, the Danish public was remarkably tolerant when protesters burned Danish embassies in several Muslim-majority countries in response to a cartoon of the Prophet Muhammad published by a Danish newspaper. At the height of the crisis, there was no Islamophobic backlash in Denmark. The next year, the anti-Muslim Danish People’s Party won 14 percent of the vote. But in 2015, in the wake of the Great Recession, it won 21 percent, becoming Denmark’s second-largest party. A backlash against the European migrant crisis was the immediate cause of the party’s support, but rising economic insecurity strengthened the reaction.

FOR RICHER, FOR POORER

Economic insecurity need not take the form of absolute hardship to undermine democracy. In the vast literature on democratization, researchers disagree on many issues, but one point draws
almost unanimous acceptance: extreme inequality is incompatible with democracy. Indeed, it is not surprising that the rise in support for authoritarian parties over the last three decades roughly parallels the rise in inequality over the same period.

According to data compiled by the economist Thomas Piketty, in 1900, in France, Germany, Sweden, and the United Kingdom, the wealthiest ten percent of the population took home 40 to 47 percent of total income before taxes and transfers. In the United States, the figure was 41 percent. By around 1970, things had gotten better, and the share going to the top ten percent in all five countries fell to levels ranging from 25 percent to 35 percent. Since 1980, however, income inequality has risen in all five countries. In the United States, the top ten percent now takes home almost half of the national income. In all but one of the countries in the Organization for Economic Cooperation and Development for which data are available, income inequality rose from 1980 to 2009.

Although inequality in almost all developed countries has followed a U-shaped pattern, there are striking differences between them that reflect the effects of varying political systems. Sweden stands out: although it had substantially higher levels of inequality than the United States in the early twentieth century, by the 1920s, it had lower income inequality than the other four countries in Piketty’s study, and it has maintained that to this day. The advanced welfare state introduced by Sweden’s long-dominant Social Democrats is largely responsible for the country’s low inequality. Conversely, the conservative policies implemented by U.S. President Ronald Reagan and British Prime Minister Margaret Thatcher in the 1980s weakened labor unions and sharply cut back state regulation, leading to higher levels of income inequality in the United States and the United Kingdom than in most developed countries.

As long as everyone was getting richer, rising inequality did not seem to matter much. Some people might have been rising faster than others, but everyone was going in the right direction. Today, however, everyone isn’t getting richer. For decades, the real income of the developed world’s working classes has been declining. Fifty years ago, the largest employer in the United States was General Motors, where workers earned an average of around $30 an hour in 2016 dollars. Today, the country’s largest employer is Walmart, which in 2016 paid around $8 an hour. Less educated people now have precarious job prospects and are shut out from the benefits of growth, which have overwhelmingly gone to those above them.

Rising inequality and a stagnant working class are not the inevitable results of capitalism, as Piketty claims. Instead, they reflect a society’s stage of development. The transition from an agrarian to an industrial economy creates a demand for large numbers of workers, increasing their bargaining power. Moving to a service economy has the opposite effect, undermining the power of organized labor as automation replaces humans. This first reduces the bargaining power of industrial workers and then, with the transition to a society dominated by artificial intelligence, that of highly educated professionals.

THE MACHINE AGE

The problems of cultural change and inequality in rich democracies are being compounded by the rise of automation, which threatens to create an economy in which almost all the gains go to
the very top. Because most goods in a knowledge economy, such as software, cost almost nothing to replicate and distribute, high-quality products can sell for the same price as lower-quality ones. As a result, there is no need to buy anything but the top product, which can take over the entire market, producing enormous rewards for those making the top product but nothing for anyone else.

It is often assumed that the most important part of the knowledge economy, the high-tech sector, will create large numbers of well-paid jobs. But that sector’s share of all jobs in the United States has remained flat since statistics first became available about three decades ago. Canada, France, Germany, Sweden, and the United Kingdom show the same pattern in their high-tech sectors. Unlike the transitions from an agrarian economy to an industrial economy and then to a knowledge economy, the move toward artificial intelligence is not generating large numbers of secure, well-paid jobs.

That is because computers are fast reaching the point where they can replace even highly educated professionals. Artificial intelligence has already made huge strides toward replacing human labor in analyzing legal documents, diagnosing patients, and even writing computer programs. As a result, although U.S. politicians and voters often blame global trade and offshoring for their country’s economic difficulties, between 2000 and 2010, over 85 percent of U.S. manufacturing jobs were eliminated by technological advances, whereas only 13 percent were lost to trade.

Although artificial intelligence is rapidly replacing large numbers of jobs, its effects are not immediately visible: the global economy is growing, and unemployment is low. But these reassuring statistics conceal the fact that in the United States, 94 percent of the job growth from 2005 to 2015 was among low-paid security guards, housekeepers, janitors, and others who report to subcontractors. Moreover, the top-line unemployment figure hides the large numbers of people who have been driven by dismal job prospects to drop out of the work force altogether. The U.S. unemployment rate is 4.1 percent. But the percentage of adults either working or actively seeking a job is near its lowest level in more than 30 years. In 2017, for every unemployed American man between 25 and 55 years old, another three were neither working nor looking for work. Work rates for women rose steadily until 2000; since then, those have also declined.

Life as a labor-force dropout is not easy. Working-age men who are out of the labor force report low levels of emotional well-being, and a 2016 study by the National Bureau of Economic Research found that nearly half of all working-age male labor-force dropouts—roughly 3.5 million men—took pain medication on a daily basis. Not surprisingly, they tend to die early. From 1999 to 2013, death rates rose sharply for non-Hispanic white American men with high school degrees or less, the group most likely to have left the labor force recently. So-called deaths of despair—suicides, liver cirrhosis, and drug overdoses—accounted for most of the increase. From 1900 to 2012, U.S. life expectancy at birth rose from 47 to 79 years but then leveled off, and in both 2015 and 2016, life expectancy at birth for all Americans declined slightly.

GETTING DEMOCRACY RIGHT
Whether this latest democratic setback proves permanent will depend on whether societies address these problems, which will require government intervention. Unless new political coalitions emerge in developed countries that represent the 99 percent, their economies will continue to hollow out and most people’s economic security will carry on declining. The political stability and economic health of high-income societies require greater emphasis on the redistributive policies that dominated much of the twentieth century. The social base of the New Deal coalition and its European counterparts is gone, but the reappearance of extreme wealth concentrated in the top one percent has created the potential for new coalitions.

Governments’ top priority should be improving the quality of life for society as a whole, rather than maximizing corporate profits.

In the United States, taking a punitive approach to the top one percent would be counterproductive, as it includes many of the country’s most valuable people. But moving toward a more progressive income tax would be perfectly reasonable. In the 1950s and 1960s, the top one percent of Americans paid a much higher share of their income in taxes than they do today. That did not strangle growth, which was stronger then than now. Two of today’s wealthiest Americans, Warren Buffett and Bill Gates, advocate higher taxes for the very rich. They also argue that the inheritance tax is a relatively painless way to raise badly needed funds for education, health care, research and development, and infrastructure. But powerful conservative interests are moving the United States in the opposite direction, sharply reducing taxes on the rich and cutting government spending.

From 1989 to 2014, as part of the World Values Survey, pollsters asked respondents around the world which statement better reflected their views: “Incomes should be made more equal” or “Income differences should be larger to provide incentives for individual effort.” In the earliest surveys, majorities in 52 of the 65 countries polled at least twice supported greater incentives for individual effort. But over the next 25 years, the situation reversed itself. In the most recent available survey, majorities in 51 of the 65 countries, including the United States, favored making incomes more equal.

The rise of automation is making societies richer, but governments must intervene and reallocate some of the new resources to create meaningful jobs that require a human touch in health care, education, infrastructure, environmental protection, research and development, and the arts and humanities. Governments’ top priority should be improving the quality of life for society as a whole, rather than maximizing corporate profits. Finding effective ways to achieve this will be one of the central challenges of the coming years.

Democracy has retreated before, only to recover. But today’s retreat will be reversed only if rich countries address the growing inequality of recent decades and manage the transition to the automated economy. If citizens can build political coalitions to reverse the trend toward inequality and preserve the possibility of widespread, meaningful employment, there is every reason to expect that democracy will resume its onward march.