From the End of History to the Retreat of Liberalism

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The Retreat of Western Liberalism
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When the Berlin Wall fell in November 1989, Edward Luce and his college friends drove to Berlin from Oxford to take part in the massive party that ushered in the end of communism. The communist world had been under strain at least since the imposition of martial law in Poland in 1981; the process accelerated rapidly when first Poland and then Hungary began to experiment with power-sharing arrangements. But the fall of the wall was the only event offering an excuse for a college-age kid to celebrate the sea change in history. Luce took advantage of the opportunity in the belief that a post-communist world would be much better than the one it replaced. His college tutors tolerantly accepted the reason for his absence upon his return.

Alas, things did not turn out as planned, leaving Luce to look back wistfully on what should have been a once-in-a-lifetime chance to toast the end of history. In the decades since, liberal democracy has faced challenges both from without and within, many of which Luce has witnessed up close. As a journalist, he met with the great and terrible both before and after they became

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famous. His early encounter with Rodrigo Duterte, for example, serves as a chilling reminder that authoritarian leaders learn by doing, and build on their experience; such well-honed skill should not be underestimated.

Neither should we underestimate the efforts of our own politicians to meet these challenges, according to Luce. He writes in *The Retreat of Western Liberalism* as more than an outside observer. He spent time speech-writing for US treasury secretary Larry Summers during the Clinton administration. In that role, he encountered some of America's best political talent. Although Luce is harshly critical of Hillary Clinton's electoral campaign, he is quick to admit that the United States' political talent pool still runs deep. If liberal democracy is not rising to the challenge of our age, it is not for want of trying.
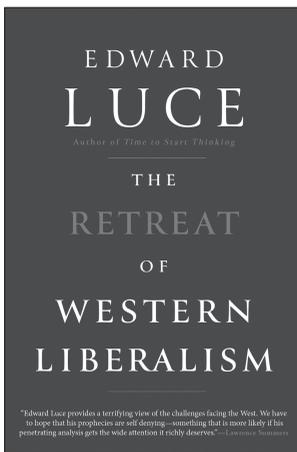
Globalisation's comeuppance

How to explain, then, the fleeting nature of liberalism's triumph and the growing attraction of more authoritarian alternatives? Anyone who stopped reading Luce's book at the halfway mark could be forgiven for coming away with a sense that economic determinism is to blame. The basic claim is that globalisation and technological change unleashed two complementary sets of forces. In advanced industrial societies, growing reliance on distributed manufacturing involving low-wage workers abroad and increasing investment in machines at home has left a large section of the middle class facing an uncertain future of at best diminishing prospects. These victims of modernity have only recently learned how to voice their discontent about an increasingly inequitable distribution of welfare across social groups and geographic space: white-collar workers in urban financial centres have benefited; blue-collar workers in manufacturing centres and rural communities have lost.

Meanwhile, the governments of countries such as China that have managed to lift hundreds of millions out of poverty are facing challenges of a different sort. They struggle with an accelerated modernisation process; a rapid increase in popular aspirations; and an even more inequitable dis-

tribution of gains. Many of the governments in such countries are deeply suspicious of democratic institutions. Others, such as India (which Luce knows well), are content to allow democracy to function at home, on their own terms, but prefer a world order in which democracy promotion is not a prerequisite for full membership. The more economic wealth and market access these governments have to offer, the more attractive such a hands-off world order becomes.

It would be easy to conclude from all this that globalised liberalism (or liberal globalisation) is the victim of its own success: the rich countries have failed adequately to adapt to the forces they have unleashed, and the emerging powers have become more able to resist (and less inclined to accept) the liberal-democratic values that advanced industrial democracies have promoted. The title of Luce's book makes intuitive sense as well: the Western liberal order is retreating, with little clarity about what will replace it.

This partial reading of Luce's argument captures the zeitgeist of current debates about the British referendum on European Union membership and the election of Donald Trump as US president. The 'losers' from globalisation, so the argument runs, have rejected a political logic in which they do not feel represented. This reading is also compatible with the conventional wisdom about market authoritarianism as the main alternative to the liberal-democratic order. Hence the temptation to close Luce's book midway.

Doing so would nevertheless be a mistake. Luce's real argument comes in the second half of the volume, once he gets past convention. This argument is not about economic determinism – it is about the fundamental tensions at the heart of liberal democracy. If anything, the flaws of Western liberalism revealed by Luce are even more troubling than the conventional wisdom about the impact of globalisation.

Change and adjustment

This is not the first time that liberal democracy has faltered. Liberal democracies also experienced a crisis of governability in the 1960s and 1970s. The difference then was that distributed manufacturing was only just getting started, and so much of what we think of as the emerging market today was still cut off from the fruits of globalisation. In other words, the problem

was home grown. The benefits of trade and innovation were shared mainly among advanced industrial economies – and still they fuelled discontent.

The problem then was with winning, not losing. A new generation freed from pressing material concerns turned to a new set of post-material or quality-of-life priorities.[1] Luce acknowledges this as a critique of the left. In the late 1960s and early 1970s, the left abandoned solidarity in the pursuit of personal fulfilment.

Left-wing politics has never been the same. Instead, it has become more fragmented, leaving working-class or lower-middle-class voters without a coherent alternative to what can be unattractive and illiberal substitutes. Hence, the roots of modern populism can be traced to the Nixon era, with its first flourishing accompanying the election of Ronald Reagan.

The simple lesson is that any form of adjustment is difficult to manage. Winning and losing are two sides of the same coin, after all. The tumult of the 1960s and 1970s reveals the importance of institutional resilience. When circumstances change, political and economic institutions need to adapt without breaking. Western liberalism is supposed to be good at that sort of thing. Free markets make it easy for entrepreneurs to explore new opportunities and for workers to move in search of higher wages and better conditions. Democratic institutions ensure that everyone is heard and that there is periodic, peaceful alternation in government. But that is only in theory.

In practice, the 1960s and 1970s revealed the limits of market adjustment and the constraints on political renewal. A breakdown in macroeconomic performance ran alongside political disorder.[2] Even the most advanced liberal democracies struggled to channel the discontent. Political violence was commonplace, particularly when civil liberties were at play. The race riots in America are one illustration; the troubles in Northern Ireland are another. (One could also cite the Red Army Faction and the Red Brigades.) These episodes may not feature directly in Luce's argument, but they do not sit far from the page.

This is not to say that liberal democracy failed altogether to adapt. Certainly, Western governments responded better than their communist counterparts in countries such as Poland and Czechoslovakia. Nevertheless, liberal-democratic institutions did not emerge unscathed. On the contrary,

many of the institutions critical to integrating a broadly enfranchised society into a functioning democratic electorate were damaged. The mainstream political parties lost their ideological coherence, the churches lost their worshippers and the trade unions lost their membership. Subsequently, politicians such as Ronald Reagan and Margaret Thatcher sought to upend the political rules of the game and so force a permanent electoral realignment. When they succeeded, they also broke a connection between voters and politics that would not be easily replaced.

This mixture of influences, more than anything else, explains why so many voters are 'free floating' in today's advanced industrial democracies. These voters have few institutional loyalties and are capable of making their own choices. Too often, they are unsatisfied with what's on the menu.[3] Worse, they feel little incentive to participate unless they have a strong, specific complaint. When people bowl alone, they are less likely to go bowling.

Groups and individuals

The rise of political individualism emphasising personal fulfilment should not be antithetical to liberal democracy. On the contrary, it resonates with liberal-democratic values in a distinctive way. As Luce points out, liberalism promotes individual rights, while fascism promotes group rights (p. 97). His argument is that American democracy works best as a plural arrangement; it breaks down when politicians start to organise society into coherent and competing blocs. The logic of that claim only goes so far, however, because it takes a group to generate power.

Politics is first and foremost an exercise in collective action. Thus, any argument about the relative importance of groups and individuals should pay close attention to how those groups are formed. In fascism, the group comes first and the individual need only exist to belong. This is true of communism as well, although the group is defined differently. In both cases, power is exercised by the group on behalf of the individual. This group agency is central to notions such as the 'vanguard of the proletariat' and 'false consciousness'; it also explains why Germans harbour such a profound sense of guilt about a Holocaust in which they personally did not take part. The collective responsibility is hard to escape.

In liberalism, by contrast, individuals form groups, and group power is a product of committed involvement rather than some form of historic entitlement. This notion of individual choice and commitment differentiates liberal nationalism from other variants based on culture, ethnicity or race. The liberal nation is a collective achievement – 'we the people'. The cultural nation is a historic aspiration or ideal type – 'a certain idea of France', in Charles de Gaulle's words.

Neither form of nationalism is unambiguously good or evil. That is why the Gaullist illustration is useful. Some historical aspirations or ideal types can play a constructive role – a fact that the liberal nationalists of the nineteenth century, and later Charles de Gaulle, were quick to use to their advantage. Indeed, without such grand aspirations, the participatory element of groups can become pathological. Because the members of smaller groups are more committed (or their commitment is more easily enforced), such groups are often more powerful than larger ones, in which members tend to 'free ride' on the benefits without contributing to the group's activities.[4]

This pathology helps explain why liberal democracies fall prey to the politics of special interest. It also explains a central weakness in democratic accountability, at least at the individual level: where fascists or communists are held responsible for the actions of the group, it is easier for liberals to confuse inaction with resistance. By withholding their participation, they believe the government no longer necessarily acts on their behalf. 'Not in my name!' only works as a protest when that name belongs to an individual and not a collective.

Uncivil society

Here it is necessary to fill in the gaps in Luce's exposition. The voluntaristic relationship between groups and individuals reveals a fundamental tension in the functioning of liberal democracy. The system gives priority to individuals, and yet only groups can change the system to meet individual needs. That is why liberal democracies allow for some kind of freedom of association. Such free associations can be problematic, however. Truly voluntaristic groups can fall prey to a logic of collective action that leads to the dominance of special interests. Groups that exist according to some other

logic than choice – for want of a better term, call this 'identity' – pull liberalism away from its foundations.

Any form of association based on a pre-existing group identity cuts against the assumption that individuals come first. Narrow appeals to priorities such as animal rights or environmentalism are consistent with liberalism, because such goals are a matter of choice; narrow appeals to features such as race and gender (or gender preference) are more challenging insofar as they focus on characteristics individuals find harder to obtain or deny. The notion of 'identity' used here is broad and ambiguous in analytical terms, yet can nevertheless achieve precision when observed in practice. It is one thing to define what it means to be French, and quite another for a group of people to claim that they are French and others are not.[5]

Unfortunately, identity politics is not limited to obvious dichotomies (such as black and white) any more than group identity is limited to biological (unattainable, inalienable) characteristics. Depending upon the circumstances, groups formed around language and religion can be just as problematic for liberal democracy, as can groups that form around ideology, geography and class. Moreover, politics often falls prey to what an outsider might view as the tyranny of small differences. Civil wars can be more devastating than inter-state conflicts; sectarian violence can leave more lasting scars than any clash of civilisations; and blood feuds can be the most hurtful of all.

The challenge is to anticipate which groups are consistent with liberal democracy and which are not. Luce cites in positive terms the old Dutch practice of consociational democracy (p. 89). This is the formula according to which Dutch society was organised into vertical pillars of Catholic, Protestant and non-Confessional institutions that allowed people to live separate lives within the same geographic space. Luce suggests that this formula was stable because it coincided with a period of growth in output and productivity. The reverse is closer to the truth. Consociational democracy was the source of stability; growth in output and productivity was only possible because the Netherlands managed to avoid sectarian conflict.[6]

The direction of causality is important here because consociational democracy originated and operated during periods of relative hardship.

The system unravelled once growth and stability took root. Prosperity was its undoing. This is because consociational democracy was not all that democratic, nor was it all that liberal. Instead, it required a mixture of top-down discipline and back-room deal-making to function. Once empowered as individuals, the Dutch sought to escape the constraints of what they viewed as identity-based sub-national authoritarianism and anti-democratic consensus. Democrats '66 (now called D66) was the most important (and lasting) political movement created to break open consociational democracy; the Pim Fortuyn List was the most dramatic.

This pattern of political renewal is not unique to the Netherlands. It can be found anywhere traditional political parties have lost their hold over the electorate. When old groups break down, new groups rise to fill the vacuum. Some of these new groups, such as D66 or Emmanuel Macron's En Marche, put democratic values at the core of their activities, while others, such as the separatist movements in Flanders, Scotland, Quebec and Catalonia, seek to protect the rights of individuals (linguistic, religious, cultural) under the guise of group identity. It is difficult to define such proto-nationalists as definitively illiberal or undemocratic. Nationalism was, after all, a liberal project for much of the nineteenth and early twentieth centuries. It is nevertheless easy to see how nationalism could be a threat to a specific liberal-constitutional arrangement, if not to Western liberalism as a whole.

New groups rise to fill the vacuum

Even in its most positive form, the nation is an exclusive identity that draws upon features such as ethnicity, language, religion and culture that individuals find difficult to ignore or escape. This might not be antithetical to democracy in principle, but it is likely to disrupt the politics of existing liberal-democratic states, particularly those in which citizen and co-national are not necessarily the same. Such disruption is easy to see where separatists are at work.[7] The disruptive influence of nationalism is also apparent where populists have seized upon the symbols of national identity to mobilise one part of a democratic society against new immigrants, established minorities or, most commonly, the governing elite.

Elites and institutions

Toward the end of Luce's argument, it becomes clear that the threat to Western liberalism does not come from the 'losers' of globalisation. The people who have been left behind by the pace of international trade and technological innovation are the instruments and not the authors of our current predicament. Moreover, they have legitimate complaints. These people bear an unacceptable share of the burden of adapting to changes in the economy and society. They see their life prospects diminishing. They face an uncertain future. And, in a liberal democracy, they have the right to object to their fate.

The real villains are our political elites, both actual and aspiring. The problem Western liberalism faces is twofold. Firstly, the traditional institutions of liberal democracy are not responding adequately to what are legitimate complaints from increasingly wide swathes of the electorate. Instead, those institutions – and the political elites who guide them – are tied up in the politics of special interest and the internecine quarrels of what currently passes for party politics. There may be many talented politicians within this group who have sincere ambitions to make the world a better place, but they are too distracted by the challenges of winning powerful supporters or fending off potential rivals. They also have to deal with the growing ranks of their colleagues who see more benefit in jamming up the institutions of government than in making them work.[8] Worse, as Luce makes clear, different groups of elites dislike each other intensely and find little room for compromise as a consequence (p. 195).

The second problem is that there is an emerging group of would-be elites who are not afraid to make strong appeals to identity politics if doing so is necessary to get them into power. These are the 'populists' who tend to attract so much attention. They are threatening because so many voters have become disenchanted with democratic politics. And while they may claim to seek power through legitimate means, that fact offers only cold comfort. 'Is illiberal democracy a contradiction in terms?' asks Luce. 'Maybe not in its opening stages. But as time goes on the true populist loses patience with the rules of the democratic game' (p. 138). This tendency of victorious populists to chip away at democratic institutions is raising concerns about the fate of

countries such as Hungary and Poland. The fact that the governments of these countries are wrapped up in the broader patterns of European party politics is even more cause for alarm.[9]

It seems clear that the damage done to liberal democracy by appeals to identity politics is profound. This is why Luce is so insistent that any solution must be political as well as economic (p. 198). At this stage in the decline of Western liberalism it is not enough to cover the costs of adjustment or to offer a brighter economic future. Political elites must find some new formula for restoring an inclusive democratic politics. That task will be impossible if the winners from globalisation do not take part. Those who lost out from the rapid pace of globalisation cannot be blamed for expressing their frustration, but the same does not hold for those who profited. If Western liberalism falters, they will be held to account.

Notes

[1] See, for example, Ronald Inglehart, *Modernization and Postmodernization: Cultural, Economic, and Political Change in 43 Societies* (Princeton, NJ: Princeton University Press, 1997).

[2] Theodore J. Lowi, *The Politics of Disorder* (New York: W.W. Norton & Company, 1971).

[3] Peter Mair, *Ruling the Void: The Hollowing-Out of Western Democracy* (London: Verso, 2013).

[4] Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven, CT: Yale University Press, 1982).

[5] Rogers Brubaker and Frederick Cooper, 'Beyond "Identity"', *Theory and Society*, vol. 29, no. 1, February 2000, pp. 1–47.

[6] Erik Jones, *Economic Adjustment and Political Transformation in Small States* (Oxford: Oxford University Press, 2008).

[7] See my commentary on Catalonia beginning on p. 44 in this issue.

[8] Erik Jones and Matthias Matthijs, 'Democracy without Solidarity – Political Dysfunction in Hard Times', *Government and Opposition*, vol. 52, no. 2, 2017, pp. 185–210.

[9] R. Daniel Kelemen, 'Europe's Other Democratic Deficit: National Authoritarianism in Europe's Democratic Union', *Government and Opposition*, vol. 52, no. 2, 2017, pp. 211–38.