The Age of Anxiety: The Crisis of Liberal Democracy in a Post-Hegemonic Global Order

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ABSTRACT
The crisis of liberal democracy is closely associated with major global shifts, which have been accelerated by the global financial crisis of 2008, with its dislocating effects in the established democracies of the global centre. Relative stagnation and rising problems of inequality and unemployment, coupled with additional shocks in the form of mass migration and terrorist attacks have generated fertile grounds for the rise of right-wing radical populist sentiments, which have been turned into electoral advantage by charismatic leaders. The crisis of liberal democracy is also a global phenomenon in the sense that liberal democracy has been severely challenged by the rise of strategic models of capitalism, notably its authoritarian version represented by the growing power and influence of the China-Russia coalition. Indeed, the success of the latter has served as a kind of reference for many authoritarian or hybrid regimes in a changing global context, at a time when the key Western powers appear to be losing their previous economic and moral appeal.

Almost a decade has passed since the beginning of the global financial crisis of 2008. One of the striking features of the post-crisis era has been the dramatic decline in the fortunes of liberal democracy. In the late twentieth and the early twenty-first century, especially following the collapse of communism, the predominant expectation was that liberal democracy would spread to different parts of the world through successive waves. It was quite common to talk about ‘second’, ‘third’ or ‘fourth wave’ democracies. The established democracies of the ‘West’ or the ‘global North’, whatever terminology one prefers to choose, appeared to be firmly consolidated. In the early years of the ‘Arab Spring’ there was great hope and expectation that firmly entrenched authoritarian regimes of the Arab Middle East would crumble, paving the way for political liberalisation and eventually democratic forms of governance of some form in a region characterised by its exceptionalism in terms of the very strength, durability and brutality of its authoritarian regimes.

Only a few years have passed since the onset of the Arab Spring. The initial optimism has been reversed. There are exceptional cases of success such as Tunisia. But the overall pattern points towards the extraordinary resilience of authoritarian structures and a dramatic
setback for any kind of democratic opening in this troubled region of the world. Beyond the Arab Spring, the future of liberal democracy appears to be uncertain even in the very heartland of democracy – in the United States and Western Europe – where anti-intellectualism, jingoism and xenophobia are on the rise. The changing tone of the dominant literature on comparative democratisation studies increasingly utilises terms such as “the global recession of democracy” and “the process of de-consolidation”, which aptly summarize the drastic change of mood in recent years.1

In that sense, 2016 was a remarkable year, characterised by dramatic and unexpected shocks, such as the Brexit decision in the UK and the victory of Donald Trump in the presidential elections of the United States. The impacts of these momentous events are likely to have further repercussions in Western Europe with the rising challenge of the radical right to the established centre parties during the course of 2017. These chains of events highlight that liberal democracy may be in a state of acute crisis. This is not to say that we are in a period where ‘liberal democracy is dead’ in the language of popular discourse. We may safely argue, however, that liberal democracy is confronted with severe challenges and it no longer seems inevitable that it will expand progressively to the rest of the world through successive waves. The optimism of the liberal modernisation school seems to have faded somewhat in recent years.

The central claim of this article is that a global, holistic perspective is required to understand the forces that have undermined the momentum for democratic progress, both in the very core of the system, the global North and in the broader periphery, the ‘global South.’ The changing fortunes of liberal democracy may only be understood with reference to the onset of dramatic global shifts, which have been taking place in the context of late twentieth and early twenty-first century globalisation. While the global financial crisis of 2008 did not initiate these shifts directly, it has certainly contributed to their acceleration.

Within the context of global shifts in an increasingly post-Western or post-hegemonic world, the following elements appear to be particularly important. The first concerns the relative decline of established powers in a rapidly shifting global order and the uncertainties, tensions, fears and backlashes that these tensions and fears generate. The second is the formidable challenge that the rise of powerful ‘southern’ states with a different set of norms such as China, India and other major BRICS,2 as well as near-BRICS, presents to the global hierarchy of power relations.3 One of the striking features of recent years, again somewhat unexpected and paradoxical, is that the coalition of authoritarian BRICS, the China-Russia axis, has become one of the dominant elements within the club of BRICS itself, a phenomenon which has not been adequately challenged by the more democratic BRICs, such as India, Brazil and South Africa. The outcome of this process is that the China-Russia axis may present itself as an increasingly powerful alternative, especially to countries that are already governed by authoritarian regimes or are in the category of ‘hybrid regimes’ or ‘illiberal democracies’.

A ‘push and pull framework’ can be identified to discuss the fortunes of the countries that find themselves in this intermediate or hybrid category. ‘Push factors’ refer to those forces

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1Particularly relevant in this context are Diamond, “Facing the Democratic Recession”; Bermeo, “On Democratic Backsliding”; Dawson and Hanley, “The Fading Mirage”; Foa and Mounk, “The Democratic Disconnect”; make an important contribution to the debate on the possible de-consolidation process underway in established Western democracies.

2Acronym for Brazil, Russia, India, China and South Africa.

3Kupchan, No One’s World, provides a powerful analysis of the rise of BRICS and other emerging powers and its global implications. Cooper, The BRICS, also provides a valuable survey of the key debates involved.
which underline the declining appeal of the established or core democracies. 'Pull factors', in turn, refer to the increasing attractiveness of the coalition of authoritarian BRICS for the powerful leaders of many hybrid or illiberal regimes. This push-pull framework, associated with major global shifts, is particularly applicable to the case of the European periphery, which has witnessed a dramatic illiberal turn in 'European insiders', such as Hungary under Victor Orban and Poland under Jaroslaw Kaczynski, as well as the dramatic backslide from illiberal democracy to 'competitive authoritarianism' in a major ‘European outsider’, Turkey under Recep Tayyip Erdogan.

Global shifts and the emerging post-hegemonic order

The global financial crisis of 2008 constituted an important turning point in the fortunes of Western powers. Crises of neoliberal globalisation were not a new phenomenon. In the 1990s, they manifested themselves primarily in the context of emerging powers. During 2007-08, however, the crises of neoliberal globalisation returned to the very core of the system, originating initially from the dominant power, the United States, and spreading to Europe with devastating consequences, especially for the latter. Almost a decade has passed since the outbreak of the global crisis of the centre. There has been a certain degree of recovery in recent years, with the United States doing better than Europe in terms of overall economic performance. Even in the United States, however, the recovery process has been slow and the gains from the recovery seem to be distributed extremely unevenly with large segments of the population failing to benefit in real terms from the re-activation of economic growth. In the European context, relative stagnation or very slow recovery has been the norm in spite of exceptional cases of dynamism, such as in Germany, Sweden and Poland. Austerity policies pursued in the post-crisis era have contributed to rising inequality and unemployment and the erosion of the welfare state in Europe, while failing to create the basis of a sustained recovery.

What is significant in the present context is that the West’s diminished economic prosperity and financial resources have been damaging its position as a natural reference point for many countries in the developing world and its transformative capacity in both the European periphery and the broader global setting. The increasing preoccupation of Western powers with setting their own house in order has also meant that they have remained fundamentally passive to the major humanitarian crises of the new era, such as the Syrian crisis with its devastating consequences. Western powers seemed to have neither the collective capacity nor the willingness to facilitate the transformation of the Middle East with the onset of the Arab Spring in the way they helped transform post-communist Eastern Europe twenty years ago.

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4Öniş, “Democracy in Uncertain Times”, and Öniş and Kutlay, “Global Shifts”, provide the basis of the ‘push and pull framework’ and highlight the similarities between the Turkish and Central and Eastern European experiences in recent years. Ünver Noi and Toperich, Challenges of Democracy, is a valuable source on the weakening of the EU’s democratisation impulse and the broader trends concerning the rise of illiberal democracy in the European periphery.

5Somer, “Understanding Turkey’s Democratic Breakdown”, and Esen and Gümüşçü, “Rising Competitive Authoritarianism in Turkey”, offer convincing accounts of the Turkish experience with severe democratic backsliding.

6Stiglitz, The Great Divide and The Euro, present in-depth analyses of the challenge of rising inequality in the United States in the post-crisis era and continued stagnation and unemployment and the weakening of the welfare state in Western Europe, which he associates with the mistaken policy of sticking to a single currency in a union with widely differing levels of development. The recent work of Streeck, Delayed Crisis of Democratic Capitalism, also provides a cogent analysis of the challenges faced by capitalism in advanced industrialised countries, notably with reference to Western Europe.
One could also talk about a certain decay in the moral and normative appeal of the West, and the European Union, in particular in the sense that the humanitarian crisis in Syria and the broader Middle East became an effective concern only when it manifested itself as a problem of domestic politics in key Western states. Growing security threats with the rise of ISIS and the massive influx of refugees to the heart of Europe led to a renewed interest in the prolonged crises in the Middle East. Yet there seemed to be relatively limited humanitarian concern and a certain lack of interest as a new authoritarian wave regained momentum and replaced the early optimism of the initial phase of the Arab Spring in countries such as Egypt. The relative decline of the West in the post-global crisis context clearly manifested itself both in the United States and Western Europe in a growing inward orientation and single-minded concern with domestic problems. This increasing inward orientation and narrowly interest-driven approach to regional and global problems means that the West no longer seems to command its previously dominant position and serve as a natural anchor for the elites of many countries in the developing world.\(^7\)

Another dramatic consequence of the global financial crisis was to tilt the balance in favour of rising powers from the global South (Table 1). The process of power shifts had already begun in the pre-crisis period with the phenomenal rise of China and other major BRICS from the 1990s onwards. Indeed, the term BRICs was coined by Jim O’Neill, a Goldman Sachs economist, in 2001. Yet, the crisis clearly accelerated a phenomenon that was already gathering momentum. The rapid rise of China, India and others facilitated a certain recovery of the world economy and prevented a deeper recession than would otherwise have been the case. Yet, the rise of China, BRICS, and even second-tier near BRICS (such as Turkey, Mexico, Indonesia) helped to produce a more complex world than the previous one dominated by the United States and Western powers.

The earlier phase of globalisation dominated by the United States and the West involved fewer actors (G-7 including Japan) and uniform norms, namely commitment to liberal forms involving free markets and liberal democracy. A certain difference could be detected between the logics of the ‘Washington’ and ‘post-Washington’ consensus, with the latter pointing towards a more regulated and humane version of the free market. Yet, the difference was not fundamental. The new phase of globalisation, instead, involves new actors appearing in the picture (G-20 with the participation of BRICS and near BRICS). More significantly, in the context of the present analysis, the new order also involves a fundamental clash of norms as key elements of the ‘Beijing consensus’ seem to challenge the liberal developmental and democratic norms associated with Western-based logics of the Washington or post-Washington consensus.\(^8\)

From the perspective of many developing or emerging economies, the challenge of the Beijing consensus has a number of benign or positive features with respect to Washington’s norms, which posit a uniform set of institutions and policy reforms based on Western experiences. Ironically, China does not seem to promote a particular model of development

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\(^{7}\)Youngs, The Uncertain Legacy of the Crisis, provides a subtle analysis of the challenges facing the EU and EU foreign policy in the post-global crisis context. To be fair, the absence of a political will was, in part, a result of the inability of Western leaders to figure out how they could intervene in a region without doing more harm to their interests, than simply a greater focus on domestic problems, which was always there even during the times of uncontested Western hegemony.

\(^{8}\)The basic principles associated with the Chinese economic model and the Beijing consensus are discussed in Noughton, “China’s Distinctive System”; Zhao, “The China Model”; Li et al., “Redefining Beijing Consensus” and Yaşcı, “A Beijing Consensus”; Putten, “Harmony with Diversity”; Garrett, “G-2 in G-20”; and Yinhong, “China: Global Challenges”; point towards the problems of cooperation in a world where the United States and China are the dominant players but a large number of actors participate in the global governance process; the clash of norms emerges as an important problem.
for the developing world based on its own particular experience. The key principles of the Beijing consensus appear to be ‘flexibility’ and ‘sovereignty’. The overriding logic is that countries should not necessarily copy from others, but experiment with different policies or institutions depending on their individual contexts and particular historical and cultural settings. The Chinese experience, in particular, and the experience of the BRICS represent different styles of integration into the global political economy based on significant state interventionism involving continued protection of the industrial sector, and control over capital flows. In other words, ‘strategic capitalism’ is emerging as a serious rival to the established models of the free market model of the United States and the social market model of Europe.

China and the BRICS promote a rival form of strategic capitalism through their growing role in existing institutions such as the World Bank, the International Monetary Fund (IMF) and World Trade Organization (WTO). They also promote it through a new set of institutions such as the BRICS Summits, the New Development Bank, the Asian Investment and Infrastructure Bank (AIIB) and the Shanghai Cooperation Organisation (SCO), among others. China is clearly the dominant actor in this process. In addition to its key role in the creation of the new institutions of the emerging post-Western economic order, it has also been developing mega projects such as the One Belt One Road project, to link many countries and build economic interdependence over a wide geographical space. The attractiveness of the Beijing consensus is accentuated by the fact that economic interdependence with China and to a lesser extent with other BRICS offers major benefits for many countries in terms of trade, investment and infrastructural development, and aid for countries at low levels of development.

The dark side of the Beijing consensus and the new China-Russia axis

The major BRICS (including South Africa in recent years) agree on the broad principles underlying a more participatory, post-Western, multipolar global order. The experience of

Table 1. Differential growth in the Global North and the Global South.

<table>
<thead>
<tr>
<th>Region</th>
<th>2005-2009</th>
<th>2010-2014</th>
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<tbody>
<tr>
<td>EU</td>
<td>0.9</td>
<td>1</td>
</tr>
<tr>
<td>US</td>
<td>0.9</td>
<td>2.2</td>
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<tr>
<td>BRICS</td>
<td>6.2</td>
<td>5</td>
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all major BRICS, by and large, represents different versions of strategic capitalism. While
BRICS agree on developmental norms, considerable differences exist within the group on
the issue of democratic norms. In this respect, there is a fundamental difference between
the democratic BRICS (India, Brazil, and South Africa) and the authoritarian ones (China
and Russia). This substantive difference arguably prevents the BRICS from evolving from a
strategic community based on a common set of interests into a genuine political community
based on common norms. An important corollary of this dichotomy in the emerging global
order is that the democratic BRICS face a real dilemma. In terms of developmental norms
they are part of the BRICS coalition. Yet, in terms of their commitment to liberal democratic
norms they are much closer to the core Western states. In that respect, democratic BRICS
find themselves in a hybrid, in-between situation.9

Democratic BRICS are confronted with two fundamental challenges with important
implications for the future of liberal democracy on a global scale. First, they face a collect-
tive action problem. Their economic dependence on China, in particular, and the benefits
of participation in the club of BRICS tend to place firm constraints on their ability to act
collectively as democracy promotion actors. Secondly, their domestic performance in recent
years has also undermined their ability to serve as model cases of democratic success for
many countries of the global South. Indeed, both Brazil and South Africa, the two with
the strongest democratic credentials on paper, have been experiencing severe economic
and political crises in recent years. In both cases, key political leaders have been associated
with major corruption scandals shedding serious doubts on the quality of their respective
democratic regimes. It is also ironic that the two BRICS with the strongest credentials in
terms of democratic participation are among the most unequal societies in the world, sug-
gesting that civil and political rights are not always translated into a significant expansion
of social and economic rights.

Among the democratic BRICS, only India is doing well in terms of economic growth.
Yet under Narendra Modi, India seems to be experiencing some degree of backsliding in
its democratic regime in terms of repression of press and media freedoms by the dominant
Hindu majority. The fact that India has moved closer to the China-Russia axis by becoming
a member of SCO in 2016 may also be interpreted as a sign that it is more likely to favour
its economic and security interests over others such as democracy promotion.

One of the striking trends of recent years concerns the possible fragmentation within
the BRICS camp and the development of sub-groups. The China-Russia axis appears to be
much stronger and institutionalised, epitomised by the growing role and attractiveness of
the SCO for important leaders of the developing world. This is aptly illustrated by Turkish
President Erdoğan’s growing preference for the SCO as opposed to the EU. Nevertheless,
democratic BRICS also form a sub-group within the BRICS and have developed the India-
Brazil-South Africa (IBSA) Dialogue Forum as a means of fostering closer collaboration
between BRICS with common democratic norms. The IBSA Dialogue Forum, however,
represents a much looser and weaker organisation than the umbrella organisation of the
authoritarian BRICS, the SCO.10

9Malle, “Russia and China in 21st Century”, provides a valuable analysis of the emerging China-Russia axis. Stuenkel,
“Rising Powers”, is a useful source on the nature and limits of the influence of key democratic BRICS. Piccone, Five Rising
Democracies, extends the range of democratic emerging powers by including near-BRICS with democratic credentials,
which could potentially be influential in a global setting.

10See Stuenkel, “The Uncertain Future of IBSA” on the challenges and dilemmas facing IBSA.
This brings us to one of the darker features that tends to counterbalance the benign face of the Beijing consensus. The appeal of ‘Sino-capitalism’ or the Chinese developmental model for the elites of many authoritarian or hybrid regimes in the developing world originates from the fact that it represents a successful and dynamic model of capitalism in a highly institutionalised, single-party dominated authoritarian setting. There is an important debate in the literature concerning whether China actually practices ‘autocracy promotion’. The bulk of the evidence suggests that China does not try to influence directly the political regimes of the countries with which it conducts serious economic relations. The key concept is respecting the sovereignty of individual nations. However, its growing economic presence indirectly injects an authoritarian bias as many authoritarian or hybrid states can develop strong economic relations with China and thereby escape the pressures and disciplines of Western powers or Western-dominated institutions such as the IMF and the World Bank. This, in turn contributes to the resilience of authoritarian regimes (with notable examples in central Asia and Africa), as well as to the further backsliding into authoritarianism of illiberal democracies (with striking recent examples in the European periphery).

Any analysis of China and the Beijing consensus would be incomplete without considering the crucial role that Russia is increasingly playing in developing a strong coalition of authoritarian BRICS. Although the Russian economy has been in a state of crisis in recent years, in sharp contrast to China which has been growing quite rapidly at rates near to 7 percent per annum (in spite of a certain loss of momentum recently compared to earlier periods), it also wields considerable powers based on its energy resources and military capabilities. Under the leadership of Vladimir Putin, Russia has been trying to regain the global power status that it temporarily lost following the collapse of communism and the disintegration of the Soviet Union in the late 1980s and early 1990s. This appears to have paid handsome dividends at home in terms of continued popularity and political appeal to large segments of the Russian population.

So while China has been more of a relative bystander in terms of influencing regime change in different countries, Russia has clearly been a proactive force. It has played an important role in reversing the tide of the ‘coloured’ revolutions in the broader European periphery, a phenomenon that looked very promising for the future of democracy in the region in the early 2000s. In the case of Ukraine, Russia intervened directly and has since been shaping its domestic political dynamics. The list of direct Russian influence on individual polities can be extended. The most recent example is Syria where, without direct Russian support, the highly authoritarian and entrenched Assad regime would most likely have collapsed at some point. There are even suggestions that the Russians have been trying to influence the outcome of elections in the core Western states, an issue, which came to the surface during Donald Trump’s election as the new president of the United States.

From the perspective of the future of liberal democracy in a broader global setting, Chinese power and Russian power cannot be considered as separate and isolated phenomena. The powers of China and of Russia are mutually reinforcing processes. Indeed, if Russia were in a state of isolation, its ability to project its power first in the European periphery

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and then in the Middle East, and its ability to escape Western sanctions would be far more limited. China also draws strength from its alliance with Russia, given the complementarities of the economic structures of the two countries and Chinese dependence on the energy sources, oil and natural gas, abundantly available in Russia and the post-Soviet world. There is no doubt that the resilience of this powerful new alliance will be tested by the growing competition between Russia and China over Central Asia. This is likely to cause tensions and frictions, especially if the growth performances of the two countries remain so strikingly asymmetrical. The possible rapprochement between the US and Russia under the Trump administration might also pose a threat for the China-Russia alliance. For the time being, however, the new axis appears to be fairly secure and represents a formidable challenge to the project of extending the boundaries of liberal democracy on a global scale.

Inequality, uncertainty, and challenges for liberal democracy in a fragmented world

Proponents of globalisation often point to its positive features. Empirical evidence suggests that post-war economic growth through greater interdependence of national economies and the flow of capital from the centre to the periphery has helped to raise living standards and reduce absolute poverty by a significant margin in many parts of the world. High levels of wealth and income inequality, however, remain a serious challenge and the problem of inequality has a close bearing on the future of liberal democracy, especially in the core group of established democracies. Recent research suggests that the process of rapid globalisation over the past few decades has led to a decline in interstate inequality, as countries of the global South have managed to achieve rapid growth, reducing the significant gaps between the living standards of North and South. At the same time, however, intra-state inequality seems to be on the increase, especially in advanced industrialised countries.

Looking specifically at the post-global financial crisis years, an era of fragmentation can be discerned which is contributing to new uncertainties and insecurities. The latter, in turn, are at the very heart of what one might call the ‘new age of anxiety’. This fragmentation seems to be occurring at several distinct levels, the common denominator of which is that they cause tensions, frictions and counter-reactions that present formidable challenges to the future of liberal democracy or democratic governance at large. The following layers of fragmentation appear to be particularly striking:

(a) Fragmentation and rising intra-state inequality within advanced democracies

The United States may be in a more favourable situation in terms of the degree of post-crisis recovery. Yet, there is considerable evidence that the benefits of that growth have mainly accrued to high-income groups. Lower and middle-income groups have by and large failed to recover their pre-crisis positions. There has been some degree of social democratisation of the American model during the Obama administration in the form of the healthcare reforms. Yet, while important in extending welfare coverage to the poorest segments of American society, they did not go far enough with respect to the scale of the

12 For evidence on the long-term benefits of globalisation, see Wolf, Why Globalization Works.
13 Milanovic, Global Inequality, provides a comprehensive analysis and empirical evidence of inequality on a global scale.
14 See Ibid., chapter one, in this context. Also relevant is Landy, “A Tale of Two Recoveries.”
problem involved, in spite of the fact that the policy managed to reduce the number of uninsured Americans by 20 million. In Western Europe, with a strong tradition of state welfare, slow recovery from the crisis and severe austerity policies have undermined the very basis of a more egalitarian form of social market capitalism and contributed to further increasing unemployment, which has emerged as a serious economic, social and political problem in many European states.

(b) Fragmentation in terms of uneven growth and rising inter-state inequality among advanced democracies

Arguably the European market model has been the real loser of the global financial crisis and the significant global power shifts, which have been taking place in recent years. While Europe as a whole lags behind the United States, within Europe there has been considerable variation in performance. This has resulted in fragmentation and contributed to weakening solidarity and the resolve to undertake collective action on key issues such as the reform of the Eurozone system and the migration and refugee crisis.

The Eurozone crisis has been the key contributor to the North-South divide in Europe, while the migration and refugee crisis has emerged as the central element underlying the East-West divide. The EU’s inability to deal effectively with these crises has encouraged fragmentation by making the option of exit from membership a concrete possibility. The United Kingdom’s Brexit decision was one of the most dramatic events of recent times and it could have a domino effect in the sense that, with a weakening sense of solidarity and common identity and rising nationalism and Euro-scepticism, other countries may follow in the UK’s footsteps.

(c) Growing inter-state fragmentation within the BRICS

The BRICS and other emerging powers have clearly emerged as the immediate winners of the global financial crisis as the balance of economic power has registered a shift in their power since 2008. Parallel to their growing economic power, they have also gained greater influence in global fora such as the G-20. Yet, in recent years, we have observed a pattern of uneven growth between major BRICS themselves, which may also have profound implications for the global future of democracy. The general pattern seems to be a slowdown in economic growth in BRICS as a whole. Within the group instead, the two very large BRICS, China and India, continue to grow quite rapidly, while Russia, Brazil and South Africa appear to be struggling with serious economic and political crises. It would be misleading to argue that authoritarian BRICS are outperforming the democratic ones, since, India a major democratic BRIC has been doing well in terms of economic growth. Yet, with the continued rapid growth of China, and its strong interaction with Russia, the coalition of authoritarian BRICS appears to be in much better shape than the much looser and weaker coalition of the democratic BRICS.

15 For evidence, see Acharya, End of the American World Order, and Li, BRICS and Beyond.
16 One can observe this trend by comparing the high growth performance of China with the sluggish growth rates of Brazil and South Africa.
17 For a critical overview, see Sharma, “Broken BRICS”. Also relevant in this context is Didier et al., Slowdown in Emerging Markets.
Continued intra-state fragmentation and inequality within the BRICS

Wealth and income inequality appears to be an endemic problem in all the major BRICS. Indeed, as already emphasized, it is ironic that the democratic BRICS, Brazil and South Africa, continue to be among the most inequitable countries in the world. It is also important to emphasize that the degree of inequality within individual BRICS tends to be considerably higher than that observed in established democracies of the core, especially by European standards. Both democratic and authoritarian BRICS have managed to spread some of the benefits of their rapid economic growth through a variety of social and redistributive programs. This has had some impact in reducing the degree of inequality. For example, the Gini coefficient was reduced by a sizable margin in the golden years of the Brazilian social democratic model under Lula. However, two qualifications are in order. First, the starting point was extremely unequal. Second, it is difficult to extend redistribution in the face of stagnant growth. In that case, democratic BRICS like Brazil and South Africa are likely to face greater challenges than authoritarian BRICS like China, where continued growth creates the space necessary for further redistribution towards the poor. A common pattern in all BRICS, however, is that, in spite of some degree of horizontal redistribution, there is a considerable concentration of wealth and power in the top segments of society, and this constitutes a serious challenge for extending the boundaries of substantive democracy even in the case of the democratic BRICS.

Highlighting these patterns of fragmentation is important in that they give an idea of the difficulties the pro-democracy coalition has to deal with on a global scale in confronting the rising tide of authoritarianism and its growing appeal in the global South. The analysis suggests that in a world of major global shifts, expansion of the boundaries of liberal democracy will be met with major structural obstacles.

The economy-security-identity triangle: the politics of fear and the rise of the radical right

Powerful global shifts and the resultant tensions and insecurities have created new sources of resentment and counter-reactions. Following the global financial crisis, the second major crisis of global capitalism after the Great Depression of the 1930s, the natural expectation of many analysts was that the very depth and global nature of the crisis would provide fertile ground for the return of left-wing politics. Instead, the hard-line populism of the radical right gathered further momentum after 2008. Indeed, one of the distinguishing features of the new, post-crisis era appears to be a dramatic decline in the fortunes of the centre-left, social democratic parties in the majority of established Western democracies.

The puzzle concerning the rise of right-wing populism as opposed to a possible resurgence of the left could be explained by referring to the logic of the 'economy-security-identity triangle'. There is no doubt that economic factors contributing to the rising inequality and

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18For extensive evidence, see Ivins, “Inequality Matters”.
19For extensive evidence, see Ivins, “Inequality Matters”.
20See Judis, The Populist Explosion, for a cogent analysis underlying the rise of radical populism in the Western world in the post-global crisis context. Muddle, Populist Radical Right Parties, provides a comprehensive account of the rise of the radical right-wing in Europe predating the crisis period. For recent developments concerning the rise of Trump, Brexit and the rise of populism on a global scale, see Inglehart and Norris, Trump, Brexit, and Aydin-Düzgit and Keyman, “The Trump Presidency”.
unemployment in core Western democracies have played an important role in generating a new set of insecurities. Economic factors, however, only constitute a part of the explanation. Adding to the purely economic dimension of the new insecurities, is the impact of the terrorist attacks engineered by Islamic radicals, starting with the September 11 attacks in the United States and followed by several similar incidents in major European capitals, such as London, Madrid, Paris and Brussels. More recently, the massive influx to Europe of refugees displaced from their home due to the Syrian crisis has generated additional pressures and tensions. Feelings of physical and economic insecurity have tended to reinforce each other, generating strong fears and anxieties on the part of ordinary citizens. These identity challenges have interacted with economic challenges in producing a climate of fear, which has provided fertile ground for the growth and cross-national spread of right-wing populism.

One of the key elements in this context is that the radical right has been able to articulate the fears of many ordinary citizens through a direct identification of the enemy, a subtle combination of 'economy' and 'identity', linking it to the 'multiple insecurities' that ordinary people feel. Right-wing populism points to the 'other' or 'the foreigner' as the ultimate cause of everyday problems. The effectiveness of their message is that the 'enemy' is close and visible. Donald Trump, for example, was able to use this rhetoric very effectively during the presidential campaign of 2016, resulting in his unexpected electoral success. According to Trump, it is exports from China and the influx of migrants from Mexico that are at the heart of the problems encountered by white American workers and middle classes. Islamophobia has been added to this package identifying foreigners as the cause of the underlying problems. It capitalises on the damage inflicted by Islamic radicals in terms of generating deep resentment against Muslim minorities, now a major problem not only in the United States, but perhaps to an even greater degree in the Western and broader European context. The simple diagnosis of the problem also suggests simple, clear-cut remedies: banning migration or putting restrictions on goods from other countries will help reverse these insecurities and help solve the problem. The concern with migration was at the heart of the June 2016 UK referendum, which gave rise to the largely unexpected Brexit decision leading Britain down the road to departure from Europe after four decades of EU membership.

One of the features of the new right is the emergence of powerful, charismatic leaders who were able to build broad electoral majorities. Trump is a clear example of this. The common denominator of these leaders is their rejection of centrist, consensus politics, as they play directly to the economic and identity concerns of large segments of society through a highly divisive rhetoric coupled with a strong element of nationalism. The language of hatred replaces the language of compromise and consensus. A monocultural vision of society replaces multiculturalism and leads to the celebration of the dominant culture in society at the expense of others.21 The nature of the dominant or celebrated identity may change from one national context to another. In the United States it may be the white Americans, in the UK it may take the form of the native British, in Turkey it may be Sunni Muslims, in India it may be Hindu nationalists and so on. Clearly, race, religion and national identity become part and parcel of the strategy of this new wave of populist leaders who seek to gain popular support through a process of intense social and political polarisation.

The emergence of charismatic leaders playing a similar game has a kind of domino effect whereby their mutual interaction at the international level seems to reinforce their strength

\[21\] On the rise of the global populist wave, see Moffit, *Rise of Global Populism*. 
and durability in their domestic politics. Clearly, there is a transnational element in the rise of radical right-wing populism, which makes it even more disturbing. Vladimir Putin of Russia is identified as a key example of a successful leader of this kind, which many other leaders including Trump, Erdoğan and Orban in very different geographical contexts take as their primary reference point.

A hallmark of the new era appears to be the principle of majoritarianism. Indeed, “majoritarian” or “electoral” democracy emerges as a fundamental challenge for liberal democracy. Most of these right-wing populist leaders are elected through normal elections. But once they are in power, they undermine the foundations of the democratic system through a combined process of weakening democratic values and eroding democratic institutions by dismantling the checks and balances mechanisms that constitute the central pillars of a genuinely liberal democratic political system. In the end, what is left is a hollow version of democracy, where only the electoral dimension remains and the other critical dimensions have been effectively eliminated. Even the electoral contest may lose its significance as the dominant majoritarian party effectively institutionalises its rule and undermines any kind of opposition through powerful restrictions on freedom of speech, opposition, press and media. Putin’s Russia represents the ideal case for this kind of electoral majoritarianism and clearly constitutes the reference for many hard-line populist leaders towards which to take their countries.

In short, perhaps the biggest danger for a liberal understanding of democracy in the current era is that the hard-line populist leaders are able to justify their position with their reference to their electoral success. True, they are elected and often re-elected as part of a highly competitive electoral process. The problem is that they then use their power to drive their respective political systems in an illiberal or authoritarian direction, as illustrated by the recent experiences of Hungary, Poland and Turkey in the European periphery. The promotion of monoculturalism of the majority, combined with a strong nationalistic and ‘nativist’ rhetoric and an aggressive foreign policy stance brings in dividends at home, as the cases of Putin and Erdoğan clearly testify.

Why is the left unable to provide an effective response?

The inability of the left, broadly defined, to emerge as a serious political force countervailing the dramatic rise of right-wing populism constitutes one of the major ironies of our time. Before exploring some of the reasons for the glaring weakness of different shades of the left in the current global context, it is important to state from the outset that left of centre governments have not been totally absent from the scene. There are a number of examples of centre-left or progressive governments in Latin America and Southern Europe in recent years. Brazil under Lula and Roussef, Italy under Renzi, and France under Hollande represent some examples of social democratic governance in recent years in both the global South and the global North. Obama’s presidency also represented a significant, albeit limited, experiment in social democratic, reformist politics in the American setting. Furthermore, the experiences of Syriza in Greece and Podemos in Spain provided a lot of excitement in the early stages as challenges from below to the dominant economic and political establishments in their respective countries and, as a result, attracted significant attention beyond their immediate borders. At the same time, however, it is clear that even in countries where left of centre governments have gained office, their positions and power bases have remained
largely insecure. Currently, it is hard to identify a single case in either established or emerg- 
ing democracies where there is a highly popular effective social democratic party that enjoys 
durable prospects of political power. Canada may be considered an exceptional case in this 
context. Under a young leader, Justin Trudeau, the Liberals seem to be doing well. 

In retrospect, a number of structural reasons may be identified, which explain why the 
left in general has failed to present itself as a uniformly strong political force in different 
democratic settings in the post-global crisis era.

(a) Left of centre governments tend to be preoccupied with redistributive politics in a 
predominantly national setting. The scope for economic redistribution in national 
settings, however, is severely constrained in a highly globalised world with significant 
possibilities for the mobility of capital and highly skilled labour. Such redistributive 
policies also generate much resistance from corporate interests, which is abundantly 
clear, for example, with respect to Obama's health care program, which is currently 
-facing a backlash from the new Republican presidency.

(b) In Latin American settings, such as Brazil and Argentina, there is also a consid-
erable reaction to redistributive politics from powerful national and transnational 
corporate interests. Indeed, in many Latin American countries, the resurgence of 
the left of the past two decades is being replaced by a decisive turn to the right and 
a more neoliberal direction.

(c) The left's focus on economic inequality has been only on one part of the broader 
economy-security-identity triangle. There are other insecurities and concerns of 
everyday citizens that the left is not able to understand and respond to adequately. 
Certainly, multiculturalism, which was one of the hallmarks of the European left, 
has been severely shaken by the growing threats of migration and successive terrorist 
attacks. The right, in turn, has been able to capitalise on the *Angst* of many ordinary 
people and their desire to live in closely bounded, monocultural communities. In 
other words, the cosmopolitanism and multiculturalism of the left has been effec-
tively challenged by the desire of large segments of the electorate to benefit from 
the material side of neoliberal globalisation, while escaping from it by preferring to 
 live in communities occupied by people of similar identity in racial and religious 
terms, leading to the exclusion of the 'other'. In other words, the right has been able 
to capture the mood and anxieties of large segments of the electorate and has built 
its polarising and divisive politics on these premises.

(d) The left has suffered from the fact that its identification of endemic problems such as 
inequality and unemployment with broader structural problems of global capitalism 
or transnational finance appears to be somewhat distant from the everyday lives and 
concerns of the vast majority of the electorate. In contrast, the identification of the 
'other', such as migrants or foreigners, by right-wing populists is much more concrete 
and real and touches the daily experience of ordinary citizens.

(e) The left has displayed a much greater degree of fragmentation and internal conflict 
than its right-wing counterparts. The evidence suggests that the gap between the

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22For a comprehensive analysis of the limits of social democratic, redistributive politics in Latin American settings in the face 
of powerful corporate interests, see Luna and Kaltwasser, *Resilience of the Latin American Right*. 
23This shift is particularly striking in both Argentina and Brazil, where current presidents Macri and Temer are clearly politicians 
with a marked centre-right, neo-liberal orientation. For a succinct account of recent shifts, see Haynie, "Latin America's 
Right Turn".
radical right and the centre-right is not as deep as the gap between the radical left and the centre-left.

(f) In general, radical right parties in Europe such as the Front National in France or UKIP in the UK, even if they fail to win elections directly, may still exert a considerable influence by tilting mainstream, conservative parties further to the right of the political spectrum. In contrast, the positions of centre-left reformist elements and the more radical left tend to be often irreconcilable. A number of striking examples illustrate this dichotomy. The election of Jeremy Corbyn as the leader of the Labour Party has expanded the party’s membership base, but also caused deep fragmentation in the Labour Party itself with many centre-left elements feeling deeply alienated from the party. This will no doubt influence the party’s electoral fortunes in the future in a negative manner. Similarly, a deep division emerged between the different factions of the Democratic Party in the United States with the conflict between the more radical agenda of Bernie Sanders and the reformist-centrist agenda of Hillary Clinton having helped to undermine its electoral fortunes. In spite of the unusual candidacy of Donald Trump, the Republicans, for example, did not experience a similar degree of structural fragmentation.

(g) The left parties face a deep dilemma between taking a radical position while on the opposition, and being forced into cooptation once they occupy office. This has been a major dilemma for Syriza, for example. Syriza, under the leadership of Alexis Tsipras, presented a radical alternative agenda for solving the Greek crisis. Once in power, however, given the international and domestic political environment in which it had to operate, the ability of the Syriza government to follow a distinct course was severely limited. A similar process of cooptation leading to a loss of popularity over time was evident in the case of the centre-left government in Italy led by Matteo Renzi.

(h) In spite of the fact that left-wing, progressive politics are cosmopolitan and internationalist by nature, the variety of left governments in office in recent years in France, Italy and Greece, have by and large remained parochial, operating as largely independent entities within the boundaries of their domestic politics. In contrast, right-wing radical populism with its set of powerful and charismatic leaders from Trump to Orban has been able to establish itself much more as a mutually reinforcing transnational movement, which makes it potentially more durable and potentially irreversible at the same time. The left in the current global conjuncture seems to have a leadership problem. Especially centre-left leaders with a willingness to compromise and govern through consensus are not able to contest the popular appeal of the strongman associated with right-wing populism with a clear-cut, definitive message based on a divisive rhetoric with a clear identification of the ‘other’. The flamboyant life-style of the powerful leaders seems to have an added attraction for large segments of society, with their strength in some way substituting for their own weaknesses and insecurities.

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24For an assessment of this inherent tendency for fragmentation in centre-left parties following the election of a radical leader, with reference to the Labour Party in the UK, see Diamond, “Trouble with Jeremy Corbyn”, and Beacon, “Labour has become two parties”.
Concluding observations

The crisis of liberal democracy is closely associated with major global shifts, which have been accelerated by the global financial crisis of 2008, with its dislocating effects in the established democracies of the global centre. Relative stagnation and rising problems of inequality and unemployment, coupled with additional shocks in the form of mass migration and terrorist attacks have generated fertile grounds for the rise of right-wing radical populist sentiments, which have been turned into electoral advantage by charismatic leaders. The crisis of liberal democracy is also a global phenomenon in the sense that liberal democracy has been severely challenged by the rise of strategic models of capitalism, notably its authoritarian version, represented by the growing power and influence of the China-Russia coalition. Indeed, the success of the latter has served as a kind of reference for many authoritarian or hybrid regimes in a changing global context, at a time when the key Western powers appear to be losing their previous economic and moral appeal.

The crisis of liberal democracy in the core of established democracies does not mean the collapse of democracy per se. Such collapses are more likely to occur in already hybrid or illiberal regimes. The problem for the established democracies is that liberal democracy may increasingly pave the way for a more limited and minimalist understanding of majoritarian democracy. The central dilemma in this context is that the populist leaders who take advantage of current uncertainties and insecurities will generate increasingly more polarised, divided and conflict-prone societies, without necessarily contributing to the solution of the social and economic problems which facilitated their rise in the first place.

Take the example of Trump’s presidency. It is highly unlikely that the kind of policies proposed by Trump, such as imposing defensive protectionism on exports from China or Mexico, will bring manufactured jobs back to the United States. Indeed, some of the key actions proposed by Trump on the path to the presidency, such as the possible repeal of the health care system instituted during the Obama administration, would reverse some of the important gains made by the poorest segments of the society under the previous administration. The proposed tax cuts on the corporate sector and the relaxation of banking and environmental regulations would contribute to further inequality. What is more likely to happen is that the Trump presidency will try to maintain its fragile electoral coalition via an appeal to the identity-based insecurities of large segments of the electorate, by introducing large scale bans on migration, for example. Similar processes are likely to occur in post-Brexit Britain. The outcome would most likely be growing polarisation and instability in societies where the liberal ethos and the desire to live together with the other are effectively undermined. The outcome is societies where people increasingly live in artificially ‘bounded communities’, leaving large segments of society excluded and alienated in the process. Such societies, in turn, are prone to conflict and violence and hardly represent cases that other societies would take as examples to follow and emulate in the future.

On a more optimistic note, the early months of Donald Trump’s presidency suggest that one should not underestimate the resilience of liberal democracy in environments where strong institutional checks and balances are present to prevent the abuse of power by hard-line populist leaders. Trump’s proposed ‘Muslim ban’ was blocked by the judicial system and his attempts to repeal the health care reform implemented under Obama were prevented by Congress, suggesting the presence of clear institutional and political limits to his presidential powers.
In established democracies such as the United States or key Western European states such as Germany, given the nature of the political culture and the strength of democratic institutions, liberal democracy is likely to exhibit a considerable degree of resilience in the face of rising populist threats. The same degree of optimism, however, cannot be displayed in the context of emerging democracies or hybrid regimes, where the liberal democratic culture is weakly rooted and key institutional checks and balances, such as judicial autonomy, are not sufficiently developed and robust enough to resist the temptations of the majoritarian impulses of hard-line populist leaders. Even in established democracies, however, there are likely to be persistent tensions and pressures as the strength of the democratic institutions are continuously tested by the underlying populist sentiments that emerge as a by-product of dissatisfaction with the political establishment, presenting a danger to the established liberal order.

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