



POLICY BRIEF

Can the center hold? Populist challenges, liberal democratic responses

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Some aspects of populism threaten liberal democracy, while others raise policy debates—the key is differentiating between the two and taking action accordingly.

EXECUTIVE SUMMARY

During the past decade, a populist revolt against long-established political arrangements has erupted throughout the West. This surge reflects deep-seated trends in contemporary market economies—in particular, the shift from mass manufacturing and resource extraction to information and services, which worked to the advantage of large metropolitan areas at the expense of smaller towns and rural regions. It reflects, as well, deep-seated cultural anxieties triggered by mass migration and the growing breach between progressivist and traditional attitudes on a range of social issues.

The populist uprising has triggered concerns about the future of liberal democracy, whose triumph seemed assured just a quarter of a century ago. But we need to distinguish clearly between the aspects of populism that threaten liberal democracy and those that do not—between policy disputes within liberal democracy

and attacks on liberal democracy. The Brexit vote did not weaken democracy in the United Kingdom; Viktor Orbán's consolidation of control over Hungary's press, judiciary, civil society, and electoral law certainly does.

Defenders of liberal democracy must focus their efforts on three fronts. First, they must defend the key guarantors of liberal democracy, the institutions that Orbán and his imitators have attacked, and they must champion political reforms that restore the ability of liberal democratic governments to act effectively and regain public trust. Second, they must make their peace with national sovereignty, which continues to command the loyalty of peoples and still underlies the international system, despite the network of treaties and international institutions that have come into being since the end of World War II. Third, they must strike a politically sustainable balance between concerns for the well-being of migrants and the determination of national communities to protect their borders.

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While the rise of populism merits concern and demands action, it should not trigger panic. Although complacency could prove disastrous, the ability of democratic regimes to respond to public discontent is the key to their resilience and the source of their superiority to authoritarian forms of governance.

INTRODUCTION

During the past decade, from Mitteleuropa to the English Midlands to America's Midwest, a populist revolt—symbolized by the Brexit vote and Donald Trump's election—has developed against long-established political arrangements. Emmanuel Macron's decisive victory over Marine Le Pen and the National Front in last summer's French elections led many observers to believe that this wave had crested. Subsequent events have dashed these hopes.

The persistence of the populist surge should not have been surprising. The trend reflects deep-seated trends in contemporary market economies—the shift from mass manufacturing and resource extraction to information and services, which worked to the advantage of large metropolitan areas at the expense of smaller cities and rural areas. It reflects, as well, deep-seated cultural anxieties triggered by mass migration and the growing breach between progressivist and traditional attitudes on a host of social issues.

While concern is warranted, panic is not. We need to distinguish clearly between the aspects of populism that threaten liberal democracy and those that do not—that is, between policy disputes within liberal democracy and attacks on liberal democracy. And we must remember that the ability of democratic regimes to respond to public discontent is the key to their resilience.

Nonetheless, complacent confidence that the democracies will muddle through would be self-defeating. The rise of populism is the most fundamental challenge to the post-World War

II order since the fall of the Berlin Wall and the collapse of the Soviet Union. Wise, concerted leadership turned the tumult of the late 1980s and early 1990s to the advantage of liberal democracy. The reaction of democratic leaders to the disorder of the past decade has been neither wise nor concerted. The continuation of business as usual could well see the equivalent of France's Yellow Vests in the streets of more European capitals.

THE LATEST PHASE OF THE POPULIST SURGE

In September 2017, the Alternative for Germany (AfD) won 12.6 percent of the vote and entered the Bundestag with 94 seats, upsetting Germany's post-war center-left/center-right political duopoly. In October, anti-immigrant businessman-turned-politician Andrej Babiš led his ANO Party to victory and became the Czech Republic's prime minister. Also in October, the Freedom Party of Austria won 26 percent of the popular vote, up from 20.5 percent in the previous election, and joined the governing coalition. In January 2018, Czech President Miloš Zeman's forceful anti-immigrant stance contributed to his narrow victory over a liberal internationalist challenger. In March, Italy's virulently anti-immigrant League jumped from 4 percent of the popular vote to 18 percent, surpassing Silvio Berlusconi's Forza Italia to become the dominant force on the right and subsequently forming a coalition government with the populist Five Star Movement. In April, Hungarian Prime Minister Viktor Orbán led his Fidesz Party to a sweeping reelection victory that preserved his two-thirds parliamentary majority. In September, the anti-immigrant Sweden Democrats increased their share of the popular vote by nearly 5 points and gained 13 seats in the parliament, cementing their status as the country's third-largest party. The ongoing Yellow Vests, or *Gilets Jaunes*, riots in Paris represent a lugubrious bookend to last summer's hopes for Macron's centrist reform agenda.

The rise of the populist right has coincided with a catastrophe for the center left. A recent survey showed support for Germany's center-left Social

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Democratic Party (SPD) shrinking by 5 points since the September 2017 election and that it had fallen behind the AfD for the first time. The Socialists, France's ruling party, received just 7 percent of the vote in last year's presidential election. In the Netherlands, the Labour Party's share of the vote fell from 24.8 percent in the 2012 general election to just 5.7 percent in 2017, reducing its parliamentary representation from 38 seats to 9. The Czech Social Democrats, who had received nearly one-third of the popular vote as recently as 2006, collapsed in the 2017 elections, winning only 7.3 percent of the popular vote and 15 seats in parliament, down from 50 in 2013. In Italy, support for the Democratic Party fell to just 19 percent, and its leader, former Prime Minister Matteo Renzi, felt compelled to resign. Even in Scandinavia, long a bulwark of social democracy, the once-dominant center-left parties are in decline, and nationalist parties with nativist tendencies are growing.

Under pressure, center-right parties from their far-right flank have felt compelled to adjust by shifting toward populist policies and rhetoric. During the 2017 Dutch election, center-right Prime Minister Mark Rutte castigated immigrants who "don't want to adapt, attacking our habits and rejecting our values, who attack gay people, who shout at women in short skirts, or call ordinary Dutch people racist." His blunt message: "Act normal or go away." The coalition he formed after the election embraced populist-influenced policies on immigration and national identity. Similar shifts are evident among center-right parties in Scandinavia. In Italy, Silvio Berlusconi, who early in the 2018 campaign had pledged to serve as a counter-balance to the League's radical anti-immigrant stance, ended up endorsing the deportation of more than 600,000 refugees who had arrived since 2015.

In Germany, Chancellor Angela Merkel's decision in 2015 to open the doors to refugees from Syria and other zones of distress triggered a crisis within the EU and sparked the rise of the anti-immigrant AfD. She justified her decision in principled terms

against the backdrop of Germany's history. But after the disastrous election of September 2017, which weakened Merkel's Christian Democratic Union (CDU)- Christian Social Union (CSU) bloc, the new coalition agreement between the CDU-CSU and the Social Democrats called for managing and limiting migration to prevent a repetition of the 2015 refugee influx, capping the number of family members who will be allowed to join migrants living in Germany without full refugee status, and strengthening efforts to integrate migrants into German public life.

Hungary's Prime Minister Orbán has committed his country to what he calls "illiberal democracy," creating a model that other countries such as Poland and Italy in the region are only too eager to follow. Governments in Hungary and Poland have intensified their efforts to weaken core liberal institutions such as a free press, independent civil society, and constitutional courts. Majorities in both countries increasingly are defining their national identity in exclusionary ethnic and religious terms, and anti-Semitism is on the rise. Poland criminalized public discussion of its role in the Holocaust, and the Polish prime minister characterized some Jews as collaborators in the destruction of European Jewry. For his part, Orbán has succeeded in shutting down the independent Central European University backed by George Soros after waging the most nakedly anti-Semitic political campaign Europe has witnessed since the end of World War II. The Czech Republic, Slovakia, and even Austria are moving toward the Polish-Hungarian axis.

Developments during the past few years confirm that the rise of populism, mostly right-leaning, is the most important European political development of the 21st century. It has eaten into support for traditional center-right parties while dealing a knock-out blow to the center-left. The result is the end of the center-left/center-right duopoly that has dominated European politics since the end of World War II. Party systems throughout Europe have fragmented, and most have shifted toward the right.

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Because Vladimir Putin's embrace of ethno-nationalism and religious traditionalism has proved attractive to populist movements, their rise has strengthened Russian influence throughout Europe. He offers an attractive model of renewed, unapologetic patriotism and national confidence. He has shown that when liberal democracy is not deeply rooted, democratic governance failures can open the door to authoritarianism that enjoys widespread support, despite the erosion of individual liberties and the rule of law.

These developments have triggered understandable concerns about the future of liberal democracy. **But we need to distinguish clearly between the aspects of populism that threaten liberal democracy and those that do not—that is, between policy disputes within liberal democracy and attacks on liberal democracy.** The Brexit vote did not weaken democracy in the United Kingdom; nor would the erection of Donald Trump's southern border wall do so in the United States. Efforts to place issues such as immigration and national sovereignty beyond the pale of legitimate political contestation will do more to undermine liberal democracy than robust debate ever could. Threats to core liberal institutions—such as a free press, independent civil society, constitutional courts, and the rule of law—are another matter altogether.

DRIVERS OF THE POPULIST RESURGENCE

In the early stages of the populist revolt, it appeared that an economic narrative lay at its core. Growing competition from developing nations eroded the manufacturing sector throughout the West and exposed citizens to labor market risks. The urbanization of opportunity—the shift of economic activity away from smaller communities and rural areas toward a handful of metropolitan areas—intensified inequality. The modern knowledge-based economy thrives on the density and diversity found in larger cities. A globalized, urban economy, it turns out, served the interests of most people in developing countries and elites in advanced

countries—but not the interests of working and middle classes in the developed economies, which had done so well in the three decades after World War II.

The Great Recession that began in late-2007 represented a colossal failure of economic stewardship, and leaders' inability to restore vigorous economic growth compounded the felony. As economies struggled to recover and unemployment persisted, the gap between successful and unsuccessful regions widened. The regions that failed to rebound lost confidence in mainstream parties and established institutions, fueling the populist upsurge. The revolt of small-town and rural France against policies rooted in the sensibilities of the Paris *haute-bourgeoisie* is but the latest manifestation of this deep-seated discontent.

This narrative was valid—as far as it went. But if economic arguments had determined the outcome of the Brexit vote, Britain would have chosen to remain in the EU. If economic growth had been decisive in Poland, which enjoyed the fastest growth rate in Europe between 1989 and 2015, the populist Law and Justice Party would never have become the country's dominant political force. Even as Europe's economic recovery gathered pace and unemployment declined, the populist surge continued. Indeed, it has gathered strength since 2015. **It is now evident that populism also draws strength from public opposition to mass immigration, cultural liberalization, and the perceived surrender of national sovereignty to distant and unresponsive international bodies.**

Throughout the West, public worries about population flows across national borders have intensified. To some extent this trend reflects anxiety about jobs and wages. Worries about the increased demand for social services have also played a part: Americans complain about tax burdens at the state and local level, while British citizens fear that their cherished National Health Service is being overwhelmed.

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But darker fears are also at work. The threat of Islamist terrorism directed at Western institutions and citizens has made these populations less willing to absorb new immigrants or even refugees from Muslim-majority countries. Many citizens fear that Islam and liberal democracy are incompatible.

Divergent attitudes towards immigration are part of a larger cultural clash. The technological change that has triggered new modes of production and a shift toward more knowledge-intensive urban economies has also catalyzed the rise of an education-based meritocracy that dominates government, the bureaucracy, the media, and major metropolitan areas. The emergence of this new elite has left less-educated citizens in outlying towns and rural areas feeling denigrated and devalued, sowing deep resentment.

These trends are deepening social divisions between long-established groups and newer entrants into the civic community, between those who benefit from technological change and those who are threatened by it, between the cities and the countryside, between more and less educated citizens, and between those who celebrate dynamism and diversity and those who prize stability and homogeneity. Elites' preference for open societies is running up against public demands for economic, cultural, and political closure.

Battered by economic dislocation, demographic change, and challenges to traditional values, many less-educated citizens came to feel that their lives were outside their control. The national and international governing institutions they thought would step in when individual agency proved insufficient seemed frozen or indifferent. Many citizens lost confidence in the future and longed instead for an idealized past that insurgent politicians promised to restore.

In the United States, partisan polarization gridlocked the system, preventing progress on problems that demanded concerted action. In Europe, the opposite phenomenon—a center-left/center-right

duopoly that kept important issues off the public agenda—had much the same effect. Throughout the West, elected governments seemed incapable of acting forcefully to deal with mounting problems, triggering a demand for strong leaders who were willing to break the rules to get things done.

POLICY RESPONSES

This diagnosis offers the defenders of liberal democracy a clear plan of battle.

First: They must focus relentlessly on identifying and countering threats to liberal institutions. An independent judiciary, freedom of the press, the rule of law, protected space for civil associations (secular and religious), and minority rights represent the first line of defense against illiberalism, and they must be protected.

At the same time, liberal democracy's champions must work for the kinds of political reforms that restore the ability of liberal democratic institutions to act effectively. Gridlock and the exclusion of important issues from political debate—like an open and honest policy debate on immigration—frustrates ordinary citizens and makes them more open to populist leaders who are willing to break the rules in order to get things done.

Second: Liberal democrats must make their peace with national sovereignty. Political leaders can assert the right of their nations to put their interests first without threatening liberal democratic institutions and norms. Within limits, self-preference is defensible for both individuals and political communities. Cooperation for mutual advantage does not require altruism. International institutions derive their just powers from the consent of member nations, which only the consent of their respective peoples can make legitimate.

Third: The defenders of liberal democracy should acknowledge that control of borders is an attribute of national sovereignty and that liberal democrats can have a wide range of views on the appropriate

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number and type of immigrants. Denouncing citizens concerned about immigration as ignorant and bigoted does nothing to ameliorate either the substance of the problem or its politics. It is not illiberal for a county to conclude that certain kinds or levels of immigration are placing excessive stress on its society and public welfare programs. No issue has done more to spark the rise of contemporary populism, and finding a sustainable compromise would drain much of the bile from today's liberal democratic politics.

Canada offers a promising model. Since the mid-1960s, its policies have emphasized immigrants' education, skills, and potential economic contribution while remaining open to people from all countries and regions. Despite the country's rapid pace of immigration and a share of first-generation immigrants in excess of 20 percent, its policy has been a political as well as economic success. In the past quarter-century, the share of Canadians who view the economic impact of immigration as positive has increased from 56 percent to 76 percent. Forty-five percent of Canadians believe that immigration makes their country a better place to live; only 17 percent disagree. While many Canadians continue to think that not enough immigrants adopt Canadian values, the share of Canadians expressing these views has fallen by 20 percentage points since 1993. And in the past three decades, the share of Canadians who regard most refugee claims as illegitimate has fallen by half, from 79 percent to 40 percent, while those who believe refugees are imposing a severe strain on the country's social services has fallen from 79 percent to 48 percent.

Finally: It is past time to abandon a myopic focus on economic aggregates and focus on *inclusive* growth—that is, on the kind of economic policies that improve well-being across all demographic lines, including class and geography. Allowing the best-off strata of society to commandeer the lion's share of gains from growth is a formula for endless conflict. So is allowing the concentration of

economic growth and dynamism in fewer and fewer places. While public policy cannot eliminate the rural-urban gap, it can help slow down the growing economic divergence between regions.

A recent Brookings Institution report highlighted pro-growth policies for left-behind areas.¹ Among them: extending broadband to less densely-populated areas, providing investment capital for new and small businesses, using transportation investments to connect smaller towns with larger cities, and taking regional impact into account in regulatory and anti-trust policies. These policies would require the United States to rethink its neglect of place-based policies, and the EU to rethink its cohesion policy, which has funneled vast sums into lower-income regions without sparking self-sustaining economic growth.

WHAT THE FUTURE HOLDS

The events of the last quarter-century have challenged the view that history would move us inexorably toward a liberal democratic world. Liberal democracy is not the end of history, because nothing is. The tribalism at the heart of the populist vision draws strength by appealing to citizens who often crave more unity and solidarity than life in open societies typically offers.

But we should not lurch from the liberal triumphalism of the immediate post-Cold War period to its opposite. In the U.K., anti-immigrant sentiment is declining and buyer's remorse is increasing as the practical consequences of Brexit become evident. In the United States, President Trump's aggressively populist governance style has provoked a backlash among educated voters who regard themselves as moderate rather than hard-edged conservatives. In the Bavarian elections of October 2018, the center/environmentalist Green Party more than doubled its share of the popular vote, far outpacing the AfD's gains, and emerged as Bavaria's second-largest party.

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In most Western democracies, publics want effective governance and policy changes that give them hope for a better future. Left unmet, their demands could evolve into pressure for regime change. It is up to the partisans of liberal democracy, here and around the world, to do all they can to prevent this from happening by throwing their weight behind ambitious programs of political and policy reform. Political choice, not historical inevitability, will determine liberal democracy's fate.

This said, the odds are that liberal democracy will remain intact in countries where it has been long entrenched. Brexit does not threaten parliamentary democracy in the U.K.; nor does the election of Donald Trump portend the end of constitutional democracy in the United States. Despite historically grounded fears, support for liberal democracy remains robust in Germany. Even during the inter-war years, when anti-democratic forces were much stronger than they are today, not one established democracy collapsed from within. By contrast, democracies that had emerged after World War I proved fragile, and many did not survive.

In the current context, the democracies that emerged from the rubble of the Soviet Union and Warsaw Pact seem vulnerable, with a smaller margin for policy failure. Illiberal forces are stronger in Hungary, Poland, and central Europe than in Western Europe, and many observers are removing Hungary from the list of liberal democracies.

If the European Union stays on the sidelines, this trend could continue. By contrast, emphasizing that the advantages of EU members are contingent on adherence to liberal democratic norms would create powerful incentives for populist leaders with authoritarian inclinations to keep their policies and political tactics within democratic norms. Robust support from the United States would add weight to a forceful EU stance, but it probably will not be forthcoming unless and until a new administration takes power in Washington.

REFERENCES

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