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## **Populism, Liberalism, Democracy**

*William Galston ■ Yascha Mounk*

# THE POPULIST CHALLENGE TO LIBERAL DEMOCRACY

*William A. Galston*

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For those who believe in liberal democracy, it is sobering to review the events of the past quarter-century. Twenty-five years ago, liberal democracy was on the march. The Berlin Wall had fallen; the Soviet Union had collapsed; new democracies were emerging throughout Europe, and Russia seemed to be in transition as well. South Africa's apartheid regime was tottering. Even though China's government had brutally repressed a democracy movement, it was possible to believe that a more educated and prosperous Chinese middle class would eventually (and irresistibly) demand democratic reforms. Liberal democracy had triumphed, it seemed, not only in practice but also in principle. It was the only legitimate form of government. There was no alternative.

Today, the global scene is very different. Liberal democracy faces multiple *external* challenges—from ethnonational autocracies, from regimes claiming to be based on God's word rather than the will of the people, from the success of strong-handed meritocracy in places such as Singapore, and, not least, from the astonishing economic accomplishments of China's market-Leninist system.

But there is also an *internal* challenge to liberal democracy—a challenge from populists who seek to drive a wedge between democracy and liberalism. Liberal norms and policies, they claim, weaken democracy and harm the people. Thus, liberal institutions that prevent the people from acting democratically in their own interest should be set aside. It is this challenge on which I wish to focus.

## THE SEYMOUR MARTIN LIPSET LECTURE ON DEMOCRACY IN THE WORLD

William A. Galston delivered the fourteenth annual Seymour Martin Lipset Lecture on Democracy in the World on 29 November 2017 at the Canadian Embassy in Washington, D.C., and on 18 January 2018 at the Munk School of Global Affairs at the University of Toronto. The title of his lecture was “The Populist Challenge to Liberal Democracy.”

Seymour Martin Lipset, who passed away at the end of 2006, was one of the most influential social scientists and scholars of democracy of the past half-century. A frequent contributor to the *Journal of Democracy* and a founding member of its Editorial Board, Lipset taught at Columbia, the University of California–Berkeley, Harvard, Stanford, and George Mason University. He was the author of numerous important books, including *Political Man*, *The First New Nation*, *The Politics of Unreason*, and *American Exceptionalism: A Double-Edged Sword*. He was the only person ever to have served as president of both the American Political Science Association (1979–80) and the American Sociological Association (1992–93).

Lipset’s work covered a wide range of topics: the social conditions of democracy, including economic development and political culture; the origins of socialism, fascism, revolution, protest, prejudice, and extremism; class conflict, structure, and mobility; social cleavages, party systems, and voter alignments; and public opinion and public confidence in institutions. Lipset was a pioneer in the study of comparative politics, and no comparison featured as prominently in his work as that between the two great democracies of North America. Thanks to his insightful analysis of Canada in comparison with the United States, most fully elaborated in *Continental Divide* (1990), he has been dubbed the “Tocqueville of Canada.”

The Lipset Lecture is cosponsored by the National Endowment for Democracy and the Munk School, with financial support this year from Johns Hopkins University Press, the Schar School of Policy and Government at George Mason University, the Canadian Embassy in Washington, and the Canadian Donner Foundation. To view videos of the Lipset Lecture from this and past years, please visit [www.ned.org/events/seymour-martin-lipset-lecture-series](http://www.ned.org/events/seymour-martin-lipset-lecture-series).

Across Europe and North America, long-established political arrangements are facing a revolt. Its milestones have included the Brexit vote; the 2016 U.S. election; the doubling of support for France’s National Front; the rise of the antiestablishment Five Star Movement in Italy; the entrance of the far-right Alternative for Germany into the Bundestag; moves by traditional right-leaning parties toward the poli-

cies of the far-right in order to secure victories in the March 2017 Dutch and October 2017 Austrian parliamentary elections; the outright victory of the populist ANO party in the Czech Republic's October 2017 parliamentary elections; and most troubling, the entrenchment in Hungary of Prime Minister Viktor Orbán's self-styled "illiberal democracy," which seems to be emerging as a template for Poland's governing Law and Justice party and—some scholars believe—for insurgent parties in Western Europe as well. This revolt threatens the assumptions that shaped liberal democracy's forward march in the 1990s and that continue to guide mainstream politicians and policy makers of the center-left and center-right.

When I began writing about this emerging revolt a few years ago, I believed that economics lay at its core. Contemporary liberal democracy, I argued, rested on a tacit compact between peoples on the one hand and elected representatives together with unelected experts on the other. The people would defer to elites as long as they delivered sustained prosperity and steadily improving living standards. But if elites stopped managing the economy effectively, all bets were off.

This compact began to weaken with growing competition from developing nations, which put pressure on policies designed to protect the citizens of advanced democracies against labor-market risks. The erosion of the manufacturing sector and the urbanization of opportunity—the shift of economic dynamism away from smaller communities and rural areas toward a handful of metropolitan centers—destabilized geographic regions and political structures. Inequality rose. A globalized economy, it turned out, served the interests of most people in developing countries and elites in advanced countries—but not the interests of the working and middle classes in the developed economies, which had done so well in the three decades after World War II.

Against this backdrop, the Great Recession that began in late 2007 represented a colossal failure of economic stewardship, and political leaders' inability to restore vigorous growth compounded the felony. As economies struggled and unemployment persisted, the groups and regions that failed to rebound lost confidence in mainstream parties and established institutions, fueling the populist upsurge that has upended U.S. politics, threatens the European Union, and endangers liberal governance itself in several of the newer democracies.

In recent years, however, I have come to believe that this is only a portion of the truth. A structural explanation that places economics at the base and treats other issues as derivative distorts a more complex reality.

The United States, the United Kingdom, and the European Union all failed to deal with waves of immigration in ways that commanded public support. Not only did immigrants compete with longtime inhabitants for jobs and social services, they were also seen as threatening estab-

lished cultural norms and public safety. Postelection analyses show that concerns about immigration largely drove the Brexit referendum, the 2016 U.S. presidential election, and the gains of far-right parties across Europe.

In government, the media, and major metropolitan areas, technological change has spurred the growth and consolidation of an education-based meritocracy, giving rise to new class divisions. For citizens with less formal education, particularly those in rural areas and smaller towns, the dominance of this new elite has led to feelings of marginalization. Too often, individuals who have prospered in this meritocracy are seen as harboring a sense of superiority to their fellow citizens. Denying the equal dignity and worth of others is self-defeating: Insult does even more than injury to fuel resentment, one of the most dangerous of all political passions.

With these developments, divisions among citizens based on geography, formal-education levels, and value systems are growing sharper. Supporters of dynamism and diversity increasingly clash with proponents of stability and homogeneity, beneficiaries of technological change with those harmed by the resulting economic shifts. As the British analyst David Goodhart vividly puts it, democratic citizenries are being divided into “Anywheres” (individuals whose identities are professional and who can use their skills in many places, at home and abroad) and “Somewheres” (individuals whose identities are tightly bound to particular places).<sup>1</sup> A college degree, it turns out, not only expands economic opportunities but also reshapes an individual’s entire outlook.

As I wrote in these pages in April 2017, “elites’ preference for open societies is running up against growing public demands for . . . economic, cultural, and political closure.”<sup>2</sup> All too often, liberal democracy is conflated with the spread of a cultural liberalism at odds with custom and religion. The combination of economic dislocation, demographic change, and challenges to traditional values has left many less educated citizens feeling that their lives are outside their control. The national and international governing institutions they thought would step in to help seemed frozen or indifferent. In the United States, partisan polarization gridlocked the system, preventing progress on critical issues. In Europe, the opposite phenomenon—a duopoly of the center-left and center-right that kept important issues off the public agenda—had much the same effect.

In light of this apparent inability to address mounting problems, governments across the West face growing public ire. Many citizens, their confidence in the future shaken, long instead for an imagined past that insurgent politicians have promised to restore. As popular demand for strong leaders grows, rising political actors are beginning to question key liberal-democratic principles such as the rule of law, freedom of the

press, and minority rights. The door seems to be opening for a return to forms of authoritarianism written off by many as relics of the past.

### What Is Liberal Democracy?

To clarify what these developments may mean for liberal democracy, it is helpful to distinguish among four concepts—the republican principle, democracy, constitutionalism, and liberalism.

By the *republican principle* I mean popular sovereignty. The people, this principle holds, are the sole source of legitimacy, and only they can rightly authorize forms of government. This idea is at the heart of the most American of all documents, the Declaration of Independence, which famously asserts, “Governments are instituted among men, deriving their just powers from the consent of the governed.”<sup>3</sup> Consistent with the Declaration, James Madison wrote: “We may define a republic to be . . . a government which derives all its powers directly or indirectly from the great body of the people.”<sup>4</sup>

*Democracy*, at the most basic level, requires both the equality of all citizens and broadly inclusive citizenship. A society in which all citizens are equal but only 10 percent of all adults are citizens would not, today, count as a democracy. Together with equal and inclusive citizenship, the other key pillar of democratic governance is majority rule. This means, first, that public decisions are made by popular majorities of citizens whose votes all count equally; and second, that democratic decision making extends to a maximally wide range of public matters. Majoritarianism is limited only by the imperative of preserving the liberties and powers—freedom of speech, assembly, and the press, among others—that citizens need to influence public decisions.

In this conception of democracy unmodified by any adjective, there is nothing essentially undemocratic about majoritarian decisions that systematically disadvantage specific individuals and groups or invade privacy rights. If it wishes, a democratic public may embrace the maxim that it is better for ten guilty individuals to go free than for one innocent individual to be found guilty—but it is no less democratic if it adopts the opposite view. Nor is it undemocratic per se to conduct judicial proceedings in the same manner as legislative affairs. The Athenian assembly that condemned Socrates may have been wrong, but it was fully democratic.

The third concept, *constitutionalism*, denotes a basic, enduring structure of formal institutional power, typically but not always codified in writing. This codified structure is “basic” in that it provides the basis for the conduct of public life. And it is “enduring” because it typically includes some mechanism that makes it harder to change the structure itself than to amend or reverse decisions made within it.

In addition to organizing power, constitutions also establish boundar-

ies for the institutions that wield it. These limits can be horizontal, like the familiar “separation of powers” and “checks and balances.” They can also be vertical: Through federalism, public power is divided among different levels of jurisdiction (national, regional, and so forth). These limits need not constrain public power in the aggregate. If the national government has limited police powers but subordinate jurisdictions are free to regulate what the national government may not, then in principle there is nothing beyond government’s reach. This is why the decision to limit public power in all its aspects marks the line between constitutionalism in general and the specific type of constitutionalism we call *liberal*.

This brings us to the fourth and final concept: *liberalism*. Benjamin Constant famously distinguished between the “liberty of the ancients” and the “liberty of the moderns.” For the ancients, liberty entailed “active participation in collective power”—that is, in direct self-government. The sheer size of modern political communities, however, makes this impossible, even for those communities founded on republican principles. One might conclude, then, that the liberty of the moderns consists in the selection of representatives through free and fair elections in which all may participate on equal terms. But this is only part of the story. In fact, Constant presents the “peaceful enjoyment of individual independence” as the modern alternative to direct participation in government.<sup>5</sup> The exclusion of most citizens, most of the time, from direct self-government opens up a large sphere of nonpolitical life—economic, social, cultural, and religious—that citizens expect to conduct on their own terms.

We have now reached the core idea of liberalism: recognizing and protecting a sphere beyond the rightful reach of government in which individuals can enjoy independence and privacy. In this spirit, the U.S. Declaration of Independence not only invokes but also limits the republican principle. If all human beings are endowed with “certain unalienable rights” that governments do not create and individuals may not surrender, then the republican principle can authorize only forms of government that uphold these rights. Governments, the Declaration reminds us, are created to “to secure these rights,” not to redefine or abridge them.

We can now venture a more precise characterization of liberal democracy. This type of political order rests on the republican principle, takes constitutional form, and incorporates the civic egalitarianism and majoritarian principles of democracy. At the same time, it accepts and enforces the liberal principle that the legitimate scope of public power is limited, which entails some constraints on or divergences from majoritarian decision making. A liberal order can use devices such as supermajority requirements or even unanimity rules to limit the majority’s power, or it can deploy constitutional courts insulated

from direct public pressure to police the perimeter beyond which even supermajorities may not go.

### How Does Populism Challenge Liberal Democracy?

These distinctions also shed light on the populist challenge to liberal democracy. Populism is not merely, as some observers have suggested, an emotion-laden expression of disappointment over frustrated economic expectations, resentment against rigged rules and special interests, and fear of threats to physical and cultural security. Even if it lacks the kind of formal theoretical underpinnings or canonical texts that defined the great “isms” of the twentieth century, populism nonetheless has a coherent structure.

Of our four key concepts, populism accepts the principles of popular sovereignty and democracy, understood in straightforward fashion as the exercise of majoritarian power. It is skeptical, however, about constitutionalism, insofar as formal, bounded institutions and procedures impede majorities from working their will. It takes an even dimmer view of liberal protections for individuals and minority groups.

It might seem, then, that the aim of contemporary populism is what many scholars and at least one national leader (Orbán) call “illiberal democracy”—a governing system capable of translating popular preferences into public policy without the impediments that have prevented liberal democracies from responding effectively to urgent problems. From this perspective, populism is a threat not to democracy per se but rather to the dominant liberal variant of democracy.

Indeed, some observers contend that populism, so understood, is not without merit: It represents “an illiberal democratic response to undemocratic liberalism,”<sup>6</sup> and thus is less an attack on democracy than a corrective to a deficit thereof. These observers argue that elites, by taking important issues such as economic, monetary, and regulatory policies off the public agenda and assigning them to institutions insulated from public scrutiny and influence, have invited precisely the popular revolt that now threatens to overwhelm them.

But to stop here would be to leave half the story untold—the more important half, in my view. Because populism embraces the republican principle of popular sovereignty, it faces the question inherent in this principle: Who are the people? When we say “we,” what do we mean?

This may sound like an abstract theoretical question. It is anything but.

Today, “we the people” is understood to mean all citizens, regardless of religion, manners and customs, and length of citizenship. The people is an ensemble of individuals who enjoy a common civic status. During the founding period of the United States, however, a thicker understanding prevailed. In *Federalist 2* John Jay wrote, “Providence has



been pleased to give this one connected country to one united people—a people descended from the same ancestors, speaking the same language, professing the same religion, attached to the same principles of government, very similar in their manners and customs.”<sup>7</sup> We may wonder where this left African Americans, not to mention Catholics and those for whom German was the language of daily life. How, if at all, did Jay’s understanding of the American people differ from the understanding of peoplehood in today’s Hungarian constitution, whose preamble “recognise[s] the role of Christianity in preserving nationhood,” praises “our king Saint Stephen” for making Hungary “a part of Christian Europe,” and speaks of “promoting and safeguarding our heritage, our unique language, [and] Hungarian culture”?<sup>8</sup>

Historically, right-leaning populists have emphasized shared ethnicity and common descent, while left-leaning populists have often defined the people in class terms, excluding those with wealth and power. Recently, a third definition has entered public debate—the people as opposed to cultural elites. In its U.S. version, this definition sets “real people” who eat hamburgers, listen to country and western music, and watch *Duck Dynasty* against “globalist” snobs who do whatever PBS, NPR, and the *New York Times* deem refined.

When populists distinguish between the “people” and the “elite,” they depict each of these groups as homogeneous. The people have one set of interests and values, the elite has another, and these two sets are not only different but fundamentally opposed. The divisions are moral as well as empirical. Populism understands the elite as hopelessly corrupt, the people as uniformly virtuous—meaning that there is no reason why the people should not govern themselves and their society without institutional restraints. And populist leaders claim that they alone represent the people, the only legitimate force in society.

This approach raises some obvious difficulties. First, it is divisive by definition. In the context of popular sovereignty, splitting a country’s population into the people and the others implies that some parts of the population, because they are not really part of the people, do not deserve to share in self-government. Individuals outside the charmed circle of the people may therefore be excluded from equal citizenship, violating the principle of inclusion that is essential to democracy.

Second, the populist definition of the people is inherently counterfactual. According to Jan-Werner Müller, a leading scholar of populism, populists “speak and act *as if* the people could develop a singular judgment, a singular will, and hence a singular, unambiguous mandate.”<sup>9</sup> But of course they cannot. In circumstances of even partial liberty, different social groups will have different interests, values, and origins. Plurality, not homogeneity, characterizes most peoples, most of the time.

Populism is the enemy of pluralism, and thus of modern democracy. Imposing the assumption of uniformity on the reality of diversity not

only distorts the facts but also elevates the characteristics of some social groups over those of others. To the extent that this occurs, populism becomes a threat to democracy, which, as Müller puts it, “requires pluralism and the recognition that we need to find fair terms of living together as free, equal, but also irreducibly diverse citizens.”<sup>10</sup> Whatever may have been possible in classical republics, no form of identity politics can serve as the basis for modern democracy, which stands or falls with the protection of pluralism.

Equally counterfactual is the proposition that the people are uniformly virtuous. They are not, of course. Political movements based on this premise inevitably come to grief, but not before disappointment gives way to a violent search for hidden enemies. Populist leaders attack “enemies of the people” in moralistic terms, as corrupt, self-seeking, and given to conspiracies against ordinary citizens, often in collaboration with foreigners. Populism requires constant combat against these enemies and the forces they represent.

In this way, presuming the people’s monopoly on virtue undermines democratic practice. Decision making in circumstances of diversity typically requires compromise. If one group or party believes that the other embodies evil, however, its members are likely to scorn compromises as dishonorable concessions to the forces of darkness. In short, populism plunges democratic societies into an endless series of moralized zero-sum conflicts; it threatens the rights of minorities; and it enables overbearing leaders to dismantle the checkpoints on the road to autocracy.

### How Serious Is the Threat?

On the one hand, this is no time for complacency. Liberal democracy faces clear and present dangers. On the other hand, I must underscore a less fashionable point: This is no time for panic either. The best stance is reality-based concern, as detached from fear and foreboding as we can manage.

History offers a valuable corrective to myopia. A recent study of politics in the wake of financial crises over the past 140 years finds a consistent pattern: Majority parties shrink; far-right parties gain ground; polarization and fragmentation intensify; uncertainty rises; and governing becomes more difficult.<sup>11</sup> Economic historians tell us that the effects of financial crises, unlike cyclical recessions, typically take a decade or more to abate. It was not until this year that middle-class families in the United States regained the level of income they enjoyed prior to the onset of the Great Recession in late 2007. They have not yet regained the wealth they lost during this period. The lag in Europe is worse.

We may also gain perspective, and a measure of comfort, from a cross-national survey released just a couple of months ago. Although there is widespread discontent with how democratic institutions are per-

forming in the European and North American countries included in the survey, median support for representative democracy across these countries stands at 80 percent. By contrast, only 13 percent support a system in which a strong leader can make decisions without interference from the legislature or the courts. Even fewer support military government. That said, while publics are not turning their back on representative democracy, they are willing to consider other forms of decision making. Seventy percent favor referendums in which citizens vote directly on major national issues, and 43 percent believe that allowing experts to make decisions about what is best for their countries makes sense.<sup>12</sup>

Over the past year, I have been part of a bipartisan Voter Study Group that has been working to understand not only the 2016 presidential election, but also Americans' views of their democratic system. The news is mostly good. Among respondents, 78 percent believe that democracy is preferable to any other form of government, while 83 percent think it is very important to live in a democratic system. Nonetheless, 23 percent are open to a strong leader who does not have to bother with Congress and elections, and 18 percent would countenance military rule. Openness to undemocratic alternatives was most pronounced among voters who combine economic liberalism and cultural conservatism—the policy profile most characteristic of U.S. populists. It was also evident among voters who favor one primary culture over cultural diversity, believe that European heritage is important to being an American, and harbor highly negative views of Muslims. Nearly half the voters who supported Barack Obama in 2012 but switched to Donald Trump in 2016 favored a strong, unencumbered leader and declined to endorse democracy as the best form of government.<sup>13</sup>

It is not clear that these findings represent a break with the past. Overall support for a leader who can act unchecked by Congress and the courts is no higher than it was two decades ago. Readers familiar with Seymour Martin Lipset's scholarship will recall similar themes in his 1970 text *The Politics of Unreason* and in the work he did on working-class authoritarianism in the 1950s.<sup>14</sup> Nonetheless, there are grounds for concern, not least because our system allows aroused political minorities to exercise disproportionate influence.

In practice, not every manifestation of populism threatens liberal democracy. While the Brexit vote, as a policy decision made by referendum, raised some issues in terms of parliamentary sovereignty, its outcome ultimately pivoted on policy concerns. In systems where liberal-democratic institutions are strong, disputes about trade, immigration, and even national sovereignty can still take place. In the long run, the effort to place such issues beyond the pale of political contestation will do more to weaken liberal democracy than robust debate ever could.

But sometimes the populist challenge does directly threaten liberal

democracy. Left unchecked, moves to undermine freedom of the press, weaken constitutional courts, concentrate power in the hands of the executive, and marginalize groups of citizens based on ethnicity, religion, or national origin will undermine liberal democracy from within. Hungarian leader Viktor Orbán is frank about his antipathy to liberalism. The country that gave birth to the Solidarity movement is following his lead. We dare not ignore these developments, which may well be harbingers of worse to come. As Abraham Lincoln once said as the clouds of crisis darkened, “If we could first know where we are and whither we are tending, we could better judge what to do and how to do it.”<sup>15</sup>

### What Is to Be Done?

In the space remaining, I can only gesture toward the elements of a liberal-democratic response to the populist challenge.<sup>16</sup>

1) The defenders of liberal democracy must focus relentlessly on identifying and countering threats to liberal institutions. An independent judiciary, freedom of the press, the rule of law, and protected space for civil associations (secular and religious) represent the first line of defense against illiberalism, and they must be safeguarded. At the same time, political reforms are needed to restore the ability of liberal-democratic institutions to act effectively. Gridlock frustrates ordinary citizens and makes them more open to leaders who are willing to break the rules in order to get things done.

2) We should distinguish between policy disputes and regime-level threats. Populist parties often espouse measures, such as trade protectionism and withdrawal from international institutions, that challenge established arrangements but not liberal democracy itself. In a similar vein, it is essential to distinguish between the liberal element of liberal democracy and what is often called cultural liberalism. Liberal democrats can adopt diverse views on issues such as abortion, same-sex marriage, local traditions, and religion while remaining true to their political creed.

3) 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. Again, this is a policy dispute *within* liberal democracy, not *about* liberal democracy. The defenders of liberal democracy should likewise 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 number and type of immigrants to admit. In recent decades, as public concerns about population flows across national borders have intensified throughout the West, this issue has done more than any other to weaken support for liberal-democratic norms and institutions.

To some extent this trend reflects anxiety about economic displace-

ment; the “Polish plumber” became a trope in the Brexit debate. Worries about the increased demand for social services, too, have played a part. But darker fears are also at work. The threat of Islamist terrorism has made Western populations less willing to absorb new immigrants or even refugees from Muslim-majority countries. Citizens increasingly fear that Islam and liberal democracy are incompatible and that a clash of civilizations is inevitable. National identity is taking on increasing prominence in politics, and those who believe that liberal democracy draws strength from diversity have been thrown on the defensive.

Large population flows, finally, have triggered concerns about the loss of national sovereignty. During the 2016 Brexit referendum, the EU’s unwillingness to compromise on the question of movement across its member nations’ borders made it far more difficult for Britain’s “Remain” forces to prevail. In the United States, Donald Trump’s famous promise to build a “big, beautiful wall” along the Mexican border became a powerful symbol of sovereignty regained.

But the concern extends beyond illegal immigration. Since the passage in 1965 of reforms that liberalized U.S. immigration policy following four decades of restrictive legislation, the country’s demographics have been transformed. In 2015, first-generation immigrants made up 14 percent of the population, just shy of the peak slightly over a century earlier.<sup>17</sup> It should not be surprising that this latest cycle of immigration, like its early twentieth-century precursor, has evoked support for more restrictive policies among many U.S. citizens—this time including descendants of the previous wave’s immigrants.

One may speculate that any country (even a self-styled nation of immigrants) has a finite capacity to absorb new arrivals, and that bumping up against this limit triggers a reaction that detractors condemn as nativist. But denouncing citizens concerned about immigration as ignorant and bigoted does nothing either to address the issue in substance or to lower the political temperature. As Jeff Colgan and Robert Keohane put it, “It is not bigotry to calibrate immigration levels to the ability of immigrants to assimilate and to society’s ability to adjust.”<sup>18</sup> 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.

4) It is time to abandon a myopic focus on economic aggregates and work instead toward *inclusive* growth—that is, the kind of economic policies that improve well-being across all demographic lines, including those of class and geography. As recent decades have shown, no mechanism automatically translates economic growth into broadly shared prosperity. Allowing the well-off strata of society to commandeer the lion’s share of gains is a formula for endless conflict. So, too, is allowing the concentration of economic growth and dynamism in fewer and fewer places.

The second half of the 1990s was the last time that the incomes of

all economic groups from top to bottom progressed together at roughly the same rate. It is no coincidence that during this period the labor market reached and then sustained full employment, improving workers' bargaining power and bringing previously neglected individuals back into the workforce. That history suggests that full employment should be a focus of economic policy. This is a moral as well as an economic imperative. In modern societies, work provides more than a livelihood; it gives our lives structure and purpose, and is a key source of self-confidence and social respect. It promotes stable families and healthy communities and strengthens the bonds of trust between individuals and their governing institutions. Conversely, we know all too well the consequences of long-term unemployment: diminished self-respect, increased strife within families, epidemics of substance abuse, blighted neighborhoods, and a corrosive sense of helplessness.

The challenge is not only work for all, but also reasonable compensation. In the long run, workers cannot spend more than they are paid. As wage growth slowed in recent decades, middle-class families kept up their living standards via women's entry into the workforce and by taking on additional debt, in part drawn from the equity they had accumulated from rising home prices. When the housing bubble burst, these families suffered an economic shock that drove many into bankruptcy. The recovery since the end of the Great Recession has been the weakest of the entire postwar period largely because household and family incomes have remained flat. Only wage increases can generate more vigorous growth, and if market mechanisms fail to produce higher wages, public policy should step in.

The principle of inclusive growth applies across lines of geography as well as class. Throughout the market democracies of the West, remote and less densely populated regions are losing ground to metropolitan centers. Agricultural areas can still do well when prices are high, but the light industries that once thrived in smaller communities have weakened in the face of competitive pressure. More than that, it appears that the modern knowledge-based economy thrives on the density and diversity found in larger cities, where concentrated professional networks spur innovation. For this reason, public policy cannot fully eliminate the rural-urban gap. But by investing in transportation infrastructure that enables people who work in cities to live further from their places of employment, governments can help small towns participate in the fruits of metropolitan growth. Information technology can also be an asset: Expanding internet access today, like rural electrification during the New Deal, could help to bring isolated communities into the national economy and society.

### **Agency Within History**

Liberals are anti-tribal, cherishing particular identities while subordinating them to broader conceptions of civic and even human solidar-

ity. But citizens often crave more unity and solidarity than liberal life typically offers, and community can be a satisfying alternative to the burdens of individual responsibility. Preferring those who are most like us goes with the grain of our sentiments more than does a wider, more abstract concept of equal citizenship or humanity. So does the tendency to impute good motives to our friends and malign intent to our foes. Antipathy has its satisfactions, and conflict, like love, can make us feel more fully alive.

The appeal of populism—with its embrace of tribalism, its Manichean outlook, and the constant conflict it entails—is deeply rooted in the enduring incompleteness of life in liberal societies. This vulnerability helps explain why, in just twenty-five years, the partisans of liberal democracy have moved from triumphalism to near despair. But neither sentiment is warranted. Liberal democracy is not the end of history; nothing is. Everything human beings make is subject to erosion and contingency. Liberal democracy is fragile, constantly threatened, always in need of repair.

But liberal democracy is also strong, because, to a greater extent than any other political form, it harbors the power of self-correction. Not only do liberal-democratic institutions protect citizens against tyrannical concentrations of power, they also provide mechanisms for channeling the public's grievances and unmet needs into effective reforms. To be sure, the power of self-correction is not always enough to prevent liberal democracies from crumbling. As we learned in the 1920s and 1930s, the combination of public stress and strong undemocratic movements can be irresistible, especially in newer democracies. But the oft-heard analogy between those decades and our current situation obscures more than it reveals. Today's economic ills pale in comparison to the Great Depression of the 1930s, and today's autocratic regimes lack the ideological attraction that fascism and communism held at their peak.

Still, there is no cause—and no excuse—for complacency. The current ills of liberal democracy are deep and pervasive. Surmounting them will require intellectual clarity and political leaders who are willing to take risks to serve the long-term interests of their countries. Human choice, not historical inevitability, will determine liberal democracy's fate.

For now, democratic publics want policy changes that give them hope for a better future. Left unmet, their demands could evolve into pressure for regime change. The partisans of liberal democracy must do all they can to prevent this from happening.

## NOTES

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