

# Has Inequality Led to a Crisis for Liberalism?

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One of the differences between a crisis and a catastrophe is that with a catastrophe—whether environmental, financial, or military—there can be no doubt about its existence or general severity, whereas with a crisis there will be debate about whether it is happening at all. A crisis most basically refers to a threshold level at which an underlying system, whether practical or ideological, no longer seems viable in its current form. And the reason people can disagree about crises is that just what this threshold level is, and what the consequences will be for crossing it, usually remain uncertain. In the case of a catastrophe, such as a natural disaster, the collapse of an economy, or the descent of a state order into violence and civil war, the devastation is obvious and the likelihood of fundamental change hardly less clear.

The stresses currently experienced by contemporary liberalism fit much more obviously in the category of crisis, since the level of uncertainty—and, with it, the genuine possibility that not much will change ideologically or politically in the near term—is still quite high. Still, what undeniably gives our time the sense that liberalism is crisis-ridden is how clearly things have changed from the situation just a generation ago, when it seemed—in the immediate aftermath of the fall of the Berlin Wall in 1989 and the subsequent collapse of communism in Eastern Europe—that the liberal system was nothing less than the culmination of world history, as Francis Fukuyama among others memorably asserted.

But what is the liberal system? It consists of at least four strands. Politically, it refers to a liberal-democratic regime, which strives to afford equal respect to its citizens, conceived as free and equal co-legislators of public affairs. From a religious perspective, liberalism stands for the idea that the public realm must not be colonized by a specific religious faith, but must separate and protect

a space that is religiously neutral from a private sphere in which citizens are free to subscribe to sharply divergent religious ideas and practices. Economically, liberalism indicates the sanctity of private property as well as the mutual advantageousness of markets and the inequalities they generate (when they lead to gains for all). And ethically, liberalism celebrates the standpoint of the individual, both as the holder of rights whose protection is the deepest purpose of the liberal state and as the agent of a way of life shaped by choice, freedom, self-realization, and the broad cultural diversity these attributes generate.

Following the fall of communism in Europe, there was unprecedented consensus among thinkers, policy analysts, and journalists regarding the moral superiority, if not the providential quality, of each of these strands as well as their mutual compatibility. Today, even if that consensus has hardly been destroyed, it has weakened due to a litany of well-known factors including the theocratic challenge of political Islam and the recent rise of authoritarian leanings in numerous Western countries (including Hungary, Poland, and the United States).

More broadly, the global economic system, even if it appears to have contributed to a substantial decrease in absolute worldwide poverty over the past generation, nonetheless has also generated, within prosperous Western countries, income gains that have been largely restricted to the wealthiest citizens. The rest of the citizenry can reasonably doubt whether the increases in inequality in their societies have been mutually beneficial. This last dynamic has only been further dramatized by the 2008 financial crisis, which flirted for some time with becoming a full-blown catastrophe, and whose handling seemed to reflect the unfair penetration of liberal-democratic governments by well-entrenched financial interests.

The most glaring and perhaps most disturbing sign of the weakening of the liberal order is in the attitude of ordinary citizens, who, especially in the developing world, seem to be losing confidence in the very idea of liberal democracy. For example,

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according to recent polls, support for democracy has fallen to just 32 percent in Brazil and an even lower 30 percent in Guatemala.

## THE CRISIS OF DECLINE

The multiplicity of causes behind the pressures on contemporary liberalism cautions against overly broad explanations. Thus, it may be useful to distinguish two different kinds of crisis that these recent developments reflect.

One of these, which we can call the “crisis of decline,” is the sense that liberal democracy is not what it used to be, compared with historical precedents. A great deal of data suggests, in fact, that inequality in most Western countries declined or was contained from the end of World War II to the early 1970s, but that since then the very wealthy have taken the vast share of economic gains. Furthermore, the provision of public welfare (more useful, of course, to the less wealthy) has stagnated, declined, or been reconceived as “entitlements” rather than rights.

My point is not simply that this rising inequality has significant consequences that may be seen in eroding support for liberal democracy—it is difficult to imagine authoritarian movements getting as much traction without it—but that it points toward a kind of crisis that is in principle entirely reversible. As political scientists such as Larry Bartels, Jacob Hacker, and Paul Pierson have shown in the case of rising inequality in the United States, it was hardly a natural or inevitable result of free-market capitalism, but was underwritten by changes in government policy—income tax cuts for the wealthy, the dramatic reduction of the estate tax which likewise benefits the rich, the shrinking of the minimum wage through inflation, and the deregulation of the financial industry—that clearly could be counteracted should there be sufficient political will. Of course, building coalitions to effectively exert such political will is no easy task, due to the sad ossification of constitutional structures (which makes fundamental change exceedingly difficult to attain in complex, highly bureaucratized societies) and the difficulty of mobilizing citizens along economic, as opposed to ethnic and nationalistic, lines.

Still, the point remains that, on the level of ideas, rectifying the crisis of decline requires little

new thinking, but rather leadership and will. Senator Bernie Sanders, whose candidacy in the 2016 US presidential election embodied an attempt to reverse the crisis of decline, reflected this point in his call for America to emulate an already existing Danish model. Indeed, the Nordic countries, which routinely score at or near the very highest on indices measuring how liberal-democratic the nations of the world are, stand as a potential model for other regimes.

Even if wealth inequality in those countries is high, income inequality is lower. The effects of economic inequality are kept in greater check than in most other countries by a variety of institutional factors. These include non-onerous voting registration that helps keep voter turnout over 80 percent, a proportional-representation system that incentivizes and recognizes voting for minority parties, rigorous campaign-finance legislation that effectively constrains the role of money in politics, a relatively generous welfare state that

powerfully benefits the least advantaged members of society, and perhaps most impressively, the eradication of poverty of the kind found almost everywhere outside of Northern Europe. That the United States initiated a War on Poverty in 1964, and then abandoned that war in de-

feat in the 1980s, was both an important episode in its own crisis of decline and illustrative of what path a reversal of that decline might take.

## THE CRISIS OF IMPOSSIBILITY

There is a second kind of crisis, relating to similar issues as the first, but different in its ultimate standpoint, that could be called the “crisis of impossibility.” What this crisis signifies is awareness that some of liberalism’s greatest ambitions are not in fact fully realizable, neither now nor in a more enlightened future. Among the intelligentsia it is uncommon to speak in such terms, but any honest assessment ought to lead to this recognition. For example, take the long-standing liberal aspiration that a nation’s political and educational systems be free from the arbitrary influences of socioeconomic class. This goal, however noble and susceptible to ever-greater approximation, is impossible to fully achieve so long as there is private property (which cannot help but affect the scope and potency of one’s political voice) and the family (which cannot help but influence the career prospects of other-

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wise similarly talented and motivated children). Plutocracy—defined as the unfair intrusion of economic inequality into realms, such as politics and education, where it ought not tread—needs to be recognized as a permanent problem in any conceivable liberal-democratic order.

If the Nordic countries represent something like the solution to the crisis of decline, they operate in very different fashion with the crisis of impossibility, helping to demonstrate its very intransigence. A recent survey in Finland, arguably the world's most egalitarian country, found that 78 percent of Finns believe that having wealthy parents has at least some relevance to getting ahead in life. This is a sober reminder about the limits of mere juridical equality and a well-ordered welfare state when it comes to achieving a feeling of freedom and equality among an entire citizenry.

The growing sense that “the system is rigged,” which has been exploited by authoritarian-leaning populists in the United States and elsewhere, is not after all entirely groundless. Although leading politicians and political thinkers do not like to acknowledge it, generations of cross-national social-scientific studies have shown that, even in the most egalitarian European nations, wealthier citizens are more likely to engage in politics and attain higher levels of education. Earlier political thinkers accepted these dynamics as a matter of common sense. In the eighteenth century, for instance, Montesquieu could write that “it is impossible that riches will not secure power.” The contemporary liberal order admirably aims to contest this circumstance with unprecedented zeal and effectiveness, but it goes astray when it cannot acknowledge what ordinary Finns already know.

### RESTORING PERSONAL OBLIGATION

The two crises are, of course, related. The crisis of decline motivates greater appreciation for the crisis of impossibility. And from the other side, one way to address the crisis of impossibility is to redouble efforts to reverse declines and seek a better, if still incomplete, achievement of free and equal citizenship.

But my sense is that growing awareness of the crisis of impossibility will need to be addressed in additional ways besides the ever increasing—but also ever imperfect—approximation of what a liberal order's political and educational systems

ideally would require in order to be characterized as free and equal. There are numerous novel institutions that might be introduced to further reduce the unfairness afflicting any liberal-democratic society—for example, methods of political inclusion (such as citizen juries and sortition) that bypass traditional electoral mechanisms to give ordinary citizens more direct say in policy debates, or a fresh commitment to decentralization that affords local control to diverse groups and communities.

What might also prove valuable are personal burdens placed on the most advantaged, which simultaneously acknowledge the constitutive unfairness of any liberal-democratic regime and, in some partial way, also seek to remediate it. Such an idea is not as outlandish as it seems. Many of the earliest popular republics of which we have records, most notably Athens and Rome, imposed compulsory noblesse oblige on their wealthiest citizens, forcing them, for instance, to pay special taxes in times of emergency, uniquely

fund various state activities, and sponsor numerous events for public consumption and benefit. To recognize that the most advantaged have a special role to play within a liberal-democratic order that is constitutively unfair would be but a modern-day continuation

of this long-standing tradition.

Of course, a renewed sense of personal responsibility need not be limited to the very wealthy and powerful. A further consequence of facing up to the crises threatening liberalism might be a reinvigorated sense of individual ethical obligation for all citizens. In other words, as liberalism suffers, liberals must fill the gap. A bland deference to systemic or constitutional structures is not enough.

We are increasingly aware that liberals must choose to care about the truth and be offended by lies in order for the free press to fulfill its traditional function of protection against the abuses of power. Likewise, the representational potential of our admittedly imperfect electoral systems depends on the enduring willingness of individual citizens—especially the least advantaged, who disproportionately abstain from politics—to value civic engagement as an essential mechanism for improving their lives and contesting inequality. And since studies have shown that polarization is enhanced by media echo chambers, citizens per-

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haps will recognize, as never before, a duty to get their news from more than a single ideological source.

Taken together, these suggestions—permanent vigilance in contesting the effects of economic inequality on a nation's educational and political systems, newfound interest in regulating the most ad-

vantaged class, and a recognition that liberals have individual ethical responsibilities to buttress the underlying institutions of the liberal state—would not erase the sense of a liberal order that cannot quite attain its highest aspirations. But they might produce an order that is more genuinely liberal than any that has yet existed in history. ■