

How to Transition to Sustainable Democracies?

Investing in Democracy Means Fighting Income Inequality

by Susan Stokes

Over the past half century, democracies around the globe have become more unequal, while in the past quarter century, democracy in many countries has frayed. It turns out that these two trends are related: the more unequal a country's distribution of income, the more likely its democracy is to erode. Therefore, policies that reduce income gaps are not only important on economic and moral grounds; they are also an investment in the resilience of global democracy.

What do scholars mean by phrases like *democratic erosion* or *democratic backsliding*? These are processes in which politicians are elected president or prime minister and then actively work to undermine its their country's democratic institutions. They aggrandise their own powers, and do so in ways that go beyond the conventional muscle-flexing of chief executives. An example is when Viktor Orbán, beginning in 2010, engineered a virtual

partisan takeover of Hungary's courts; or when Donald Trump in 2020 falsely claimed fraud in the U.S. presidential election and tried to block the transition of power; or when Nicolás Maduro in 2017 closed down Venezuela's national congress after elections brought the opposition to power, and turned legislative authority over to government-friendly Supreme Courts.¹

Melis Laebens (2022), of the Central European University, conceptualises democratic erosion as sizeable and simultaneous declines in vertical and horizontal accountability. *Vertical accountability* means that voters are able to assess the actions of incumbents and either re-elect them or cast them out of office. (If individual leaders are under term limits, voters can hold their parties to account.) *Horizontal accountability* means that co-equal branches of government and independent public agencies are able to monitor and potentially block the actions of

¹ Book-length studies include Levitsky and Ziblatt (2018), Haggard and Kaufman (2021), Przeworski, (2019) and Gamboa (2022). My own book, *The Backsliders: Why Leaders Undermine Their Own Democracies*, will be published later this year by Princeton University Press.

presidents and prime ministers when these actions would violate laws and regulations. The co-equal branches include high courts, the national legislature, election-administration bodies, and civil administration watchdogs. Laebens uses quantitative measures, based on expert surveys gathered by Varieties of Democracy at the University of Gothenburg, to identify about two dozen cases of erosion that took place between 1999 and 2022.

Backsliding leaders come in basically two flavours: right-wing ethnonationalists (such as Orbán, Trump, and India's Narendra Modi), and left-wing populists (such as Hugo Chávez in Venezuela, Jacob Zuma in South Africa, and Andrés Manuel López Obrador in Mexico). Despite their ideological differences, both kinds of leaders have in common an incentive and proclivity to spread distrust about elite institutions, including legacy political parties.

Changes in party systems in advanced democracies, going back decades, opened the door for right-wing ethnonationalists, including those who would undermine their democracies if they come to power. Through the inter-War and post-World War II decades, social democratic and leftist parties in the advanced democracies had as their core constituencies labour unionists and the industrial working class. Beginning in the 1970s and 1980s, and responding to social and economic changes, these parties increasingly built coalitions between workers and educated middle classes. The opening to more affluent, educated voters came in response to electoral incentives and may also reflect the class and educational status of the leadership of these parties. But a consequence of this change was that the parties' images or "brands" as workers' parties became blurred.

By 1990, social democratic, leftist, and green parties in Europe were receiving a larger percentage of their votes from middle-class people than from working-class ones.²

For their part, in the 1980s and 1990s, legacy conservative parties tended to double

down on their anti-tax, small-state stances, arguing that the needs of lower-income citizens would best be served by robust economic growth: a rising tide would lift all boats. In the 1990s, the legacy left and right moved closer to one another on what might be called the neo-liberal agenda – increased global economic integration of national economies, together with greater deregulation and a reliance on market mechanisms at home.

When the general-welfare promises of globalisation and neo-liberalism went sour, a substantial swath of the public became disenfranchised, and were responsive to the appeals of ethnonationalist and populist political entrepreneurs. Citizens who had been left behind by economic and social changes were moved by arguments that legacy elites of the left and right did not care about them, and that the left pandered to minorities and to immigrants.

That income inequality is the backdrop to the 21st-century wave of democratic erosion finds support in quantitative analysis. Eli Rau and I use the tools of cross-national statistical analysis to demonstrate that economic inequality is a strong and robust predictor of where and when democracy is in danger of eroding.³ Even wealthy and longstanding democracies, like the United States, are prone to democratic backsliding if they are highly unequal. The association between inequality and risk of democratic backsliding is highly robust. It holds when we use different measures of income or wealth inequality, when we include an array of statistical controls and estimate different statistical models, and when we predict not the likelihood of a country experiencing backsliding in any given year but the likelihood of any given election producing a win for a backsliding leader.

The dataset that Rau and I constructed included democracies from around the globe. In some world regions, the pattern looks a bit different. Several prominent cases of backsliding under right-wing ethnonationalist governments are in countries which, for historical

2 Gingrich and Häusermann (2015) show this to be true across 15 European countries.

3 Rau and Stokes (2024).

reasons, have relatively equal income distribution. These include Ukraine, which was more equal than 85% of all democracies, Hungary, which was more equal than 80% of them, and Poland which was more equal than two-thirds of democracies around the world (in all cases, as measured in 2015).⁴ On the other hand backsliding countries like Serbia and Macedonia had Gini coefficients that were close to the international mean for democracies. It may be that *changes* in inequality mattered more in the Central European post-Communist countries than did absolute levels of inequality. It is likely that, in these countries, *growing* income inequality, rather than high levels of it, are contributing to the erosion of these democracies.

The loss of working-class support to right-wing ethnonationalist leaders with questionable commitments to democracy has occasioned much regret and recriminations on the left. This is the case nowhere more than in the United States, where White working-class support for Donald Trump, and some weakness in working-class Black and Hispanic support for Democrats, contributed to Kamala Harris's loss in the November 2024 presidential contest. Yet Trump's strength among workers continues a long-term trend, not just lost opportunities for the Democrats to connect with workers in 2024. The sour mood of the electorate, in particular with post-pandemic inflation, probably accounts for the Republicans' headway among lower-income and less-educated voters of colour. The trend of the left away from workers and the poor is longer-lasting than the last campaign and broader than the United States. Reversing this trend, and recommitting to a politics of growth with fair distribution, is a key strategy to reverse the trend toward autocratic politics.

⁴ Ukraine experienced erosion between 2010 and 2013, Hungary beginning in 2010 and continuing as of this writing, and Poland between 2015 and 2023. Russia is another country relatively equal income distribution and autocratizing politics. But Russia does not figure on lists of democratic backsliders, including in the Laebens's calculations, because it never achieved a sufficiently high level of democracy.

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About the Brussels Democracy Papers

In response to the rise of leaders with autocratic tendencies in advanced democracies, creeping autocratisation in many democracies previously considered consolidated, and faltering democratisation processes in Southeastern and Eastern Europe, the Friedrich-Ebert-Stiftung EU Office Brussels and FES Democracy of the Future Office Vienna organised the first Brussels Democracy Dialogue on 20 November 2024. Just like the previous Hambach Democracy Dialogue (HDD), this expert conference is a platform to exchange progressive ideas and proposals for further developing European democracies.

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