

Democracy in Times of Unstable Conditions
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How Income Inequality Threatens Democracy

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The 21st century started restless. Maybe not as much as its predecessor yet still, fundamental questions over the very soul of the recently globalizing planet of ours are upon this generation in a background of bloody conflict, looming environmental disaster and a global pandemic. Democracy apparently losing its allure is one such fundamental question; as the tide of global democratization turning upside down, authoritarian regimes with strong leaders recruit new members while democracies have to deal with rising radical reactionary movements, the world is left to wonder what exactly changed with the turn of the century. Modern post-WWII Western liberal democracies justified their existence to their own citizens with personal liberties, extensive political rights and, perhaps more importantly, increasing generational wealth. This 'liberal dream' didn't always work out perfectly and certainly not for everyone, but it was proven to be consistent for a large majority of the citizens in Western democracies and desirable to people outside of its borders strongly enough to come out as the clear victor of the ideological battlefield of the 20th century. Now, shortly after this victory lap and with an apparent lack of opposing grand narratives threatening the ideological hegemony of liberalism, how and from where threats to its integrity can come from becomes a very interesting question.

Liberal democracy, or democracy as a part of liberal ideology, is not the easiest concept to define. Liberalism as a term in contemporary politics became an "ideological vacuum cleaner" (Dryzek, 2009), incorporating most other ideologies on its way with a large portion of the political spectrum paying lip service to it and diametrically opposed political positions claiming ideological ownership of the same term. To be able to have a discussion on the term, to find democracy in the bag of the vacuum cleaner of liberalism, it should be first stripped to its bare bones. When we go back to the very basics to ask the question what makes a modern democracy, we find the ideas of social contract and government-by-consent, core ideas of political liberalism, with other political/personal liberties for minorities and individuals around the concept defined by the same political tradition. Here political and economic liberalism is understood as two different ideological traditions. The individual liberties and political rights regime modern liberal democracies are built on will be considered political liberalism and the principles of the economic system built around the idea of minimal state intervention and free entrepreneurship will be considered economic liberalism. Those two "liberalisms" are historically related and so far, have created the two wings of modern liberal democracies: A democratic regime with guaranteed personal liberties and entitlements with a capitalist economic model creating wealth for the entire society. The Hayek-Friedman paradigm even went far enough to claim that those two liberalisms are one and the same and one necessitates the other. This, however, does not seem to hold true in our day and age as those two ideologies start to show signs of friction and we have examples of market liberalism working very successfully under authoritarian regimes without bringing any visible push towards democratization in examples such as China. The main argument of this essay is that this friction between political and economic liberalism is the biggest internal threat to political liberalism that incorporates modern liberal democracy in our era.

As mentioned, the idea and practice of a society of free individuals working to freely accumulate wealth worked well so far. Now a new reality started to clash with this formula though:

growing economic inequality. Income and wealth inequality started to reach such extents that the pie getting bigger started to not translate into their own slice following suit for a growing portion of the society. All over the developed world wealth inequality is increasing (Keeley, 2015), the middle class is disappearing (OECD, 2019), the generational wealth gap is widening, which all lead to the “losers” of the system to look for alternatives outside this ideological umbrella or at the very least consider opinions at its fringes. While the rising economic inequalities belong to the economic liberalism, frustrations created by it are turned towards political liberalism under the umbrella of rising far right¹. Starting from the principle that individuals can be judged but societies need to be understood, making normative judgements on masses now flirting with anti-democratic ideologies is not the goal on this essay. Neither is blaming outside forces for funding fringe ideologies inside Western democracies². The very basic intuition is that people do not have a responsibility to actively work against their own interests and political regimes should depend on public consent. Refined a bit, this takes us to the Rawlsian arguments over inequalities that do not benefit the whole population are not justified and people do not have any incentive to legitimize unjustified regimes (Rawls 2005). As the political system starts to lose its legitimacy for those who do not economically benefit from it, social legitimacy of liberal constructs also starts to come to question. Wide reaching in-groups that were created in the modern sense as social constructs by liberalism such as “citizenship” and “humanity” start to lose their meaning as well, being replaced by traditional/primitive tribal identities, strong families and alliances of people who look and talk similarly (Inglehart & Norris 2017). Strong men preaching nativism and protectionism start to gain popularity and fascist ideologies that were thought to be long dead and buried started to rise from their graves, selling their 20th century darkness to brand new audiences displeased with what they have. Or, to restate this argument far more aesthetically than I or Rawls could ever have done, “Food is the first thing, morals follow on” (Brecht 2020, 146).

Inequalities pushed to limits hurt liberal democracies not just indirectly by creating a rallying call against democracy. Economic inequality also directly hurts fundamental liberal democratic rights. In most of the world right now, wages are not rising in tandem with marginal productivity (Mishel 2021), the difference between the two being concentrated in the hands of a small minority who use it to lobby for tax cuts for themselves and carry it to tax havens, in practice lowering taxable income of governments. This results in social spending becoming more and more of a problem for state treasuries, as taxable wealth does not follow the increase in productivity and rising needs of the population, both escalated by technological innovation. We see absurdities like governments around the world racing with each other to increase the age of retirement while rapid productivity increases due to automatization should have resulted in the opposite. Rights to education, healthcare and retirement are under danger. Positive rights/entitlements are universalizable and inseparable from negative rights from a rights-based perspective and ignoring these rights leads to atomism (Steigleder 2017).

¹ For the causation between income inequality and support for far-right movements, see Inglehart & Norris 2017.

² The assumption here isn't necessarily that such outside influences such as Russian help especially for far-right organizations in Europe does not exist - in fact it is clear such attempts do exist (Pabst 2014), but rather that such outside help does not have meaningful results without a likeminded sentiment already existing inside the country as seen in examples such as Iraq and Afghanistan.

An atomized society cannot be expected to have a functional democracy which is a regime based on norms as much as it is based on rules and requires a large degree of social cooperation. Moreover, if a political system cannot protect the fundamental rights of its citizens, then it cannot be justified to exist in the first place. In the Global North while the frozen wages are slowly gnawed away by inflation, prices are kept in check by underpaying immigrant workers for cheap services and shifting production to countries with lower wages for cheap products. Neither of those are permanent solutions as immigrants over time start to demand the same rights and wages as the locals and wages eventually increase in the Global South as FDI develops producing countries. Furthermore, economic differences between two groups of people based on their passports creates anger and frustration in both groups leading to ethnic tensions, tendencies for nativism and tribalism. Not only is the current solution ineffective in the long term, but it is also counterproductive.

The assumption that economic and political liberalism are one and the same and the latter does not need any protection against the former lead to a situation where political liberalism is being hurt, challenged and its very existence is threatened by unchecked economic liberalism leading to monopolization and concentration of wealth to the detriment of a large portion of the population in liberal democracies. By rising inequality leading to the whole system losing its legitimacy in the eyes of the masses that are disadvantaged by the crooked relations of distribution, anti-democratic nativist and protectionist ideologies looking for authoritarian strongmen for guidance are rising up. The biggest internal, direct, and indirect, threats towards democracy are stemming from unchecked unregulated neoliberalism. To save liberal democracy, it must be understood not as an extension of economic liberalism, but as a separate regime justified in itself that must be, when necessary, protected against the economic system as well.

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