

ALTERNATIVE MODERNITIES AND THE LATE DEVELOPMENT TRAP

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A naive version of liberal modernization theory, existing especially in the minds of its critics, anticipated that sooner or later all societies would modernize and wind up looking like the trailblazer on that path, liberal England. As Daniel Lerner put it, “what the West is..., the Middle East seeks to become.”¹ A number of the most interesting modernization theorists, however, wrote about the detours that authoritarian modernizing countries like Germany, Russia, and Japan had taken off the main road.² For the most part, these scholars saw such alternative modernities as ephemeral successes, leading ultimately to disastrous dead ends.

By the end of the Cold War, liberal triumphalists thought that such alternatives had been relegated to history, but now that judgment seems premature.³ The rise of China, the impressive achievements of Singapore, the dynamism of politicized religion, and the assertiveness of authoritarian regional powers have lent credence to the notion that there might be multiple ways to be successfully modern, including illiberal ones.⁴ Liberalism’s recent woes—the 2008

¹ Daniel Lerner, *The Passing of Traditional Society* (New York: Free Press, 1958), p. 47. For a comprehensive intellectual history of the question, see Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003).

² Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon, 1966); Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge: Harvard University Press, 1962); Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

³ Francis Fukuyama, “The End of History?” *The National Interest* 16 (Summer 1989), 3-18.

⁴ S. N. Eisenstadt, “Multiple Modernities,” *Daedalus* 129 (winter 2000), 1-29; Peter J. Katzenstein, ed., *Civilizations in World Politics: Plural and Pluralist Perspectives*

financial crisis, the economic slowdowns in Europe and Japan, Europe's failure to integrate migrants, and endemic terrorism—have stoked support for illiberal, populist alternatives even in core liberal states.

Some commentators perceive benefits in the growing diversity of powerful states and dynamic cultures in world politics.⁵ Especially in societies that lack the embedded cultural and institutional legacies that allowed liberalism to thrive in the West, forms of modernity that foster technical rationality while tempering liberalism's free-wheeling competition in politics and markets might work better to sustain stability and growth. Pragmatic illiberal powers might constructively encourage dogmatically liberal stewards of international institutions to adopt more flexible practices that would tame the creative destructions of unregulated capitalism and smooth the clash of civilizations through live-and-let-live accommodations. If so, a multiplicity of alternative modernities could live alongside the liberal form, much as European state-organized capitalism coexisted with Anglo-American *laissez faire*.⁶ Cultures of rights could find a language of dialogue with cultures of duties. Even the quintessential liberal philosopher John Rawls endorsed comity among "decent," even if illiberal, states in the international system.⁷ This is said to be "the ASEAN Way."⁸

In contrast, other analysts accept the inevitability of multiple modernities, including illiberal ones, but see this as a source of breakdown of the system of liberal rules that sustains global order and prosperity. Dynamic illiberal powers may be profiting from the open international economic order that liberalism created and sustains, but their instinct may be to ride free on global public goods provided

(Routledge, 2010); Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (Cambridge: Cambridge University Press, 2006), pp. 8-10 on Singapore.

⁵ Amitav Acharya, *The End of the American World Order* (Cambridge, UK: Polity, 2014).

⁶ Peter A. Hall and David Soskice, *Varieties of Capitalism* (New York: Oxford University Press, 2001).

⁷ John Rawls, *The Law of Peoples* (Cambridge, MA: Harvard University Press, 1999).

⁸ Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order* (London: Routledge, 2001).

by liberal institutions, jockey for advantage in ways that undermine liberal rules, and defy the principles of law and individual rights that are the ultimate foundations of that system. In this view, the diverse collection of authoritarian technocracies, clientelistic petro-states, religion-based regimes, and populist semi-democracies will be unlikely to converge on any new set of rules and institutions to replace or even constructively amend the liberal order. If so, this will be “No One’s World,” managed by the “G-Zero.”⁹

The conjecture that I advance differs from both of these views. Instead of anticipating multiple, durable forms of modern social order, I speculate that we are witnessing convergence on a single main competitor to the liberal order, namely, neoliberal populist nationalism, which is an attempt to reconcile the currently dominant form of inadequately regulated capitalism with heightened mass public demands organized at the national level.¹⁰ To be sure, this competitor to liberalism takes on different forms in different settings, depending on whether the country is an advanced democracy or a developing state, and whether the lines of political cleavage and faction are ethnic, religious, nativist, or class-based. But the underlying logic is similar, gravitating toward similar governance formulas and legitimating ideologies.

Its taproot is the disruptive social and political impact of market forces unleashed in the course of economic modernization, both at the level of the

⁹ Ian Bremmer, *Every Nation for Itself: Winners and Losers in a G-Zero World* (New York: Portfolio/Penguin, 2012); Charles A. Kupchan, *No One’s World: The West, the Rising Rest and the Coming Global Turn* (Oxford: Oxford University Press, 2012).

¹⁰ This is a contemporary form of the problem analyzed in Karl Polanyi, *The Great Transformation* (New York: Farrar & Rinehart, 1944). For contemporary applications, see James Caporaso and Sidney Tarrow, “Polanyi in Brussels: Supranational Institutions and the Transnational Embedding of Markets,” *International Organization* 63:4 (fall 2009), 593-620; John Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36:2 (spring 1982), 379-416; Sheri Berman, *The Primacy of Politics: Social Democracy and the Making of Europe’s Twentieth Century* (New York: Cambridge University Press, 2006), conclusion; Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: New York: Cambridge University Press, 2002), 1-26, and Joseph Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton, 2003), chapters 1 and 4.

individual society and the global system as a whole. The increased mobility of capital and people that is called globalization has created opportunities for economic growth, but also huge challenges to adapt political and economic institutions to this altered world. Many of the elites who are riding this tiger of change have been seeking to create institutions and ideologies that allow them to maintain power and privilege in the face of rising demands from both the winners and losers from globalization. Neoliberal populist nationalism is the formula that many of them are turning to, with considerable success, toward this end.

My argument differs not only in seeing a single competitor to liberalism, rather than multiple ones, but also in seeing that competing formula as unsustainable and doomed to failure. Market-taming authoritarian populism was the formula that animated most of the failed historical projects trying to reconcile authoritarian, elite-managed systems with technically advanced modernity in the face of rising mass activism spurred by economic change. Usually this took the form of nationalism, but in Soviet Russia a functionally comparable idea was called “socialism in one country.”¹¹

For reasons embedded in the normal sequence of economic development, this formula can be wildly successful in early stages of the shift to modern market society, but then fails at the stage where the “primitive accumulation of capital” by tapping a large pool of underutilized agricultural labor must shift to productivity-based growth.¹² These two stages of development call for different institutional arrangements, indeed different economic cultures, but at the inexorable turning point, elites often choose to maintain state-organized markets justified by populist, usually nationalist, ideologies just when they should instead be choosing impersonal rule of law and democratic accountability.¹³ These efforts tend to fail dramatically in the long run, but not immediately, so elites often gamble on the sustainability of this formula, at huge cost.

¹¹ E. H. Carr, *Socialism in One Country, 1924-1926* (London: Macmillan, 1958-64).

¹² For the term and the concept, see Karl Marx, *Capital*, vol. I, section 8, chapter 26.

¹³ Yasheng Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State* (Cambridge University Press, 2008).

I analyze the details of this mechanism by drawing on research on “late development” and what has recently been labeled “the middle income trap.”¹⁴

The logic of modernity

In considering the feasibility of multiple pathways to modernity, it is important not to smuggle in liberal assumptions by definition. For that reason, I define modernity in a minimal way as a social order that produces self-sustaining economic growth based on scientific and technological progress. I leave out of the definition any assumptions about the institutional features that are needed for a modern social order, since that is what we are trying to figure out. I also leave as an empirical question whether the relevant unit of analysis for a given social order should be considered the nation-state, an economically interdependent multinational region, or the globe as a whole.

Modernization theorists since Ferdinand Tönnies’ breakthrough work on “community and society,” *Gemeinschaft und Gessellschaft* (1887), have posited that the crucial move enabling modernity is the shift from personalistic social relations based on family, lineage, patron-client networks, and cultural in-group favoritism to impersonal social relations based on rules that apply to all individuals. Similarly, Emile Durkheim’s *Division of Labor in Society* (1893) posited a transition between two distinct forms of social solidarity, from traditional society’s group solidarity based on similarity to modern society’s solidarity based on complementarity of functional roles in its complex division of labor. Durkheim went so far as to claim that the whole idea of the individual and of individualism emerged from this change in social organization. Other foundational figures of social science filled in other pieces of the modernization picture. Karl Marx had already analyzed the breakdown of feudal caste privileges as ushering in capitalist relations of production based on

¹⁴ Gerschenkron, *Economic Backwardness*, chapter 1; David Dollar, “Institutional Quality and Growth Traps,” Pacific Trade and Development Working Paper Series, No. YF37-07, prepared for a conference at the Institute of Southeast Asian Studies, Singapore, June 3-5, 2015; Barry Eichengreen, Donghyun Park, Kwanho Shin, “Growth Slowdowns Redux: New Evidence on the Middle-Income Trap,” NBER Working Paper No. 18673 (January 2013).

free contracting. Max Weber in turn discussed the shift from organized nepotism to rational, legal, meritocratic, rule-following bureaucracies.

In this framework, culture matters as well as institutions. But the crucial cultural divide is not between civilizations bearing different cultural legacies, as in the theory of multiple modernities, but rather between the culture of tradition and the culture of modernity.¹⁵ When human rights scholar Jack Donnelly collected a list of purported “Asian values,” it turned out they were not about cultural distinctiveness at all but actually express values typical of traditional societies everywhere, including the historical West (e.g., patriarchy, duties rather than rights, priority of society over individuals), or typical concerns of all developing countries (asserting state sovereignty, priority of economic development over civil rights).¹⁶

These ideas animated not only the American modernization theories of the 1950s and 1960s, but they remain central to contemporary social science works on the evolution and efficacy of the modern state. Francis Fukuyama’s two-volume, 1,250-page masterwork argues convincingly that the central problem of political order and decay from pre-history to the present has been the struggle to overcome the inefficiencies embedded in lineage-based, clientelistic social systems, supplanting them with modern systems of impersonal rules and accountable government.¹⁷ Celibacy, eunuchs, and orphan slave armies were just some of the idiosyncratic institutional innovations devised to overcome the deadweight costs of nepotistic corruption in earlier times, until impersonal rule-of-law institutions

¹⁵ Peter Katzenstein, ed., *Civilizations in World Politics*, ch. 1; Eisenstadt “Multiple Modernities.”

¹⁶ Jack Donnelly, *Universal Human Rights in Theory and Practice*, 2d ed. (Ithaca: Cornell University Press, 2003), 107-126; Stephen Krasner, *Structural Conflict: The Third World Against Global Liberalism* (Berkeley: University of California Press, 1985).

¹⁷ Francis Fukuyama, *The Origins of Political Order from Prehuman Times to the French Revolution* (New York: Farrar, Straus and Giroux, 2011) and Fukuyama, *Political Order and Political Decay* (NY: Farrar, Straus, 2014); Fukuyama, “Why Is Democracy Performing So Poorly?” *Journal of Democracy* 26:1 (January 2015), 11-20; see also Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders* (Cambridge: Cambridge University Press, 2009); Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown, 2012).

eventually removed the fetters on growth in liberal societies. Ending on a somber note, however, Fukuyama argues that remnants of the old corruption remain endemic in institutional legacies even in the most advanced democracies, not to mention rising state-dominated capitalist powers such as China, with dangerous implications not only for inefficiency but also disorder.

A crucial question for the debate over multiple modernities is how far must a society go in adopting the full package of liberal social arrangements to achieve self-sustaining economic growth. The purist view emphasizes that virtually all societies that have been highly successful over a long period of economic development have moved quite far in the direction of the fully liberal model, both in formal arrangements and in effective rights for most segments of society. This includes due process of law, non-discrimination, rule-based protections of property and sanctity of contracts, and widespread rights to political participation through free speech, political organizing, and fair, competitive elections of representatives that are bound by law. Setting aside oil sheikdoms and city-state entrepôts that exist under the protection of their liberal customers, the correlation between per capita income and stable, liberal democracy remains overwhelming.¹⁸

That said, China's unprecedented run of sustained economic growth raises the question of whether its illiberal formula, based largely on the technocratic skill of its elite, can succeed indefinitely.¹⁹ Modernization theory might pose it this way: is Weberian technical and administrative rationality enough to sustain modern economic performance, especially if the system's legal rationality is poorly developed? Below I will answer this question skeptically based on the literature on typical sequences in the pattern late development.

¹⁸ Adam Przeworski, Michael Alvarez, Jose Cheibub, and Fernando Limongi, *Democracy and Development* (Cambridge: Cambridge University Press, 2000); Stephan Haggard and Robert R. Kaufman, "Democratization During the Third Wave," *Annual Review of Political Science* 19 (2016), 125-144, at 129-130.

¹⁹ For the argument that technocracy will suffice for success, see Daniel Bell, *The China Model: Political Meritocracy and the Limits of Democracy* (Princeton: Princeton University Press, 2015).

Other unanswered questions in modernization theory challenge the assumption that liberalism even in developed democracies is safely past the danger point as a durable solution to sustain economic growth and stable social order. Three contradictions of contemporary liberalism stand out, most of them exacerbated by the accelerating globalization of the division of labor.

First is the tension between liberalism's two core concepts, liberty and equality. Since Marx, critics of liberalism have argued that the formalism of equality in legal rights is a practical dead letter if unfettered pursuit of grossly unequal wealth produces grossly unequal political influence. Although Rawls may have solved this in theory, the increased mobility of global capital has exacerbated the problem in practice.

Second is the tension between equal civic rights within the nation-state and huge inequalities of rights, opportunities, and outcomes between individuals in different nations, notwithstanding their joint participation in single, global division of labor. In earlier times when modernization theory could assume limited economic interdependence across national boundaries, such inequalities were arguably of secondary concern, but now they are posing functional problems in governing the increasingly mobile international financial system and labor markets.²⁰

Third, unregulated markets produce innovation and growth through a process that Joseph Schumpeter called "creative destruction." As Karl Polanyi wrote, however, politically engaged modern mass publics tend to insist on state protection from the wrenching pain of market adjustments. They are likely to support Nazis, Communists, economic nationalists, nativists, Keynesians, welfare-state corporatists, or anyone who promises to use state power to control the invisible hand of the market. This creates an interlocking set of endemic troubles for liberal modernity. Market "self-corrections" can careen out of control, as in 1929

²⁰ Menzie D. Chinn and Jeffrey A. Frieden, *Lost Decades: The Making of America's Debt Crisis and Long Recovery* (New York: Norton, 2011), 171-4.

and nearly in 2008, bringing the economic system down.²¹ In parallel, public demands for protection from this danger can play into the hands of illiberal demagogues, bringing the political system down. Finally, owners of capital can use ideology, market power, and political leverage to resist demands for market regulations that limit capital mobility and profitable risk-taking. During the Kennedy Administration, Walter Heller and the Harvard school of liberal economists thought that the Keynesian consensus and Bretton Woods institutions had solved these interlocking problems by embedding global and national market regulation in a set of prudent rules, but globalization, deregulation, and neoliberal ideology have undermined these stabilizers.²²

Today's newly rising powers face all of these contradictions, as well as another set of even worse contradictions that are distinctly their own. Since all of the rising powers are extensively integrated into world markets run according to liberal rules, they face the ripple effects of the same contradictions that the established liberal states do. All of their domestic economic and political systems, notwithstanding areas of authoritative state control, are penetrated by neoliberal practices, ideas, and dependencies. But in addition, the rising, modernizing powers also face an even more challenging set of contradictions that are specific to their own transitional circumstances. These are rooted in the mismatch between the institutions these emerging powers have and the ones they need for further growth.

In the next section, I discuss the political implications of the contradictions that established and rising neoliberal states face in a globalized era, explaining the appearance of similar neoliberal, populist, nationalist forces in both advanced democracies and rising powers. In a subsequent section, I discuss the distinctive additional contradictions that make for a particularly potent version of this brew in today's rising powers, the BRICS and near-BRICS.

²¹ Jeffrey Frieden, "The International Governance of Finance," *Annual Review of Political Science* 19 (2016), 33-48; Daniel W. Drezner, *The System Worked: How the World Stopped Another Great Depression* (New York: Oxford University Press, 2014).

²² Blyth, *Great Transformations*, 95, 152-201.

Populist nationalism under conditions of neoliberal globalization

The syndrome of nationalist or nativist, culturally conservative, often neoliberal, populist authoritarianism has been riding a rising tide not only in middle-income developing powers but also in the core regions of the developed democracies, the EU and the US. Not only are the regimes of Putin, Erdogan, and Modi often said to fit this profile, but so do the constituencies for Brexit and Trump.²³ Far right European parties manifesting such features have participated in coalition governments in Austria, Croatia, Estonia, Finland, Italy, Latvia, the Netherlands, Poland, Serbia, Slovakia, and Switzerland, and they have supported minority governments in Bulgaria, Denmark, the Netherlands, and Norway. They have also been influential in the politics of France, Belgium, and Hungary.²⁴ In some prominent cases, far right movements exist in a symbiotic, if sometimes fraught relationship to mainstream neoliberal conservative nationalist parties: the Jobbik party and Prime Minister Viktor Orban in Hungary, Israeli settlers and the Likud, the Tea Party and the Republican Party in the US, the RSS and Prime Minister Narendra Modi in India, Marine LePen and former President Nicolas Sarkozy in France.²⁵

Consequently, any explanation for the rise of illiberal populist regimes and movements in the rising major powers must also be able to account for analogous regimes and movements in the developed democracies. My conjecture is that the trend in the rising powers is an especially thorny form of a more general phenomenon that can be best illuminated by looking first at established liberal states.

Populism, like nationalism, is often said to be an empty signifier that can be filled up with almost any content and its opposite, and adapted for almost any

²³ Christopher de Bellaigue, "Welcome to demokrasi: how Erdogan got more popular than ever," *The Guardian*, August 30, 2016.

²⁴ Matt Golder, "Far Right Parties in Europe," *Annual Review of Political Science* 19 (2016), 477-498, at 478.

²⁵ Hadas Aron, "Monopolizing the Nation - Evidence from the Israeli Settlement Issue on Right Wing Capture of National Lexicon and Symbols," paper presented at the annual convention of the American Political Science Association, Philadelphia, September 2016, and "The Nationalist Capture: The State and Far Right Groups in Central Europe," working paper, 2016.

constituency. It can be on the left or on the right; militantly religious or militantly secular; prone to violence or like William Jennings Bryan militantly pacifist. That allows populism and nationalism to be successfully pressed into the service of seemingly improbable masters. Wheeler-dealer businessmen like Donald Trump and Thailand's former Prime Minister Thaksin Shinawatra can win votes as populist celebrities promising to deliver their constituents from the brutality of market competition. Plebiscitary dictators from Juan Peron to Vladimir Putin can preside over "sovereign democracies," through which the people are promised the exercise national self-determination without actually having procedurally accountable government. These protean characteristics help explain how the eminent scholar of far right European parties Herbert Kitschelt could argue in 1997 that their natural winning ideological formula is a pro-market position on the economic dimension with an authoritarian position on the cultural dimension, whereas nowadays anti-system parties are more likely to "blur their actual economic position in an attempt to maintain a cross-class coalition."²⁶

While many populist parties have been on the right, espousing neoliberal market ideologies, some are on the left, lashing back against the effect of neoliberal markets. Nonetheless, they often share common attitudes on other issues. A 2016 survey of 45 "insurgent parties" in Europe, "ranging from the hard left to the far right," revealed a common skepticism about the EU, uniform backing for holding popular referenda, wariness about relations with the US, prioritizing refugees and terrorism as a greater threat than Russia, distancing from Ukraine, and lack of enthusiasm for sanctions against Putin's regime.²⁷

If the policy content of populism can be varied and elusive, students of these movements argue there is nonetheless coherence to its political style. Populists, like

²⁶ Golder, "Far Right Parties in Europe," 490, citing Herbert Kitschelt, *The Radical Right in Western Europe: A Comparative Analysis* (Ann Arbor: University of Michigan, 1997), and Jan Rovny, "Where Do Radical Parties Stand? Position Blurring in Multidimensional Competition," *European Political Science Review* 5 (2013), 1-26.

²⁷ Susi Dennison and Dina Pardis, *The World According to Europe's Insurgent Parties: Putin, Migration and People Power* (European Council on Foreign Relations, ecf.eu, June 27, 2016).

nationalists, portray a mythologized communitarian version of “the people” as the repository of virtue, their sufferings the result of a parasitical, immoral elite.²⁸ Consistent with a myth of the general will of the people, populists believe in a form of democracy that is majoritarian and plebiscitary. The people’s will is unitary, not pluralistic, and is anchored in the traditionally dominant religious, ethnic, or racial majority group of the nation, which fears that it is being sold out by its own elite. The popular will is seen as best expressed by referendum in a direct relationship between the people and their leader, unmediated by laws and institutions that only introduce stumbling blocks in the path of implementing the popular will by decisive means. Populism is inclusionary to a fault within the in-group, with little tolerance for individual deviations that sully its purity, and exclusionary toward out-groups, which are at odds with the myth of popular unity. Like other mass social movements, populist movements are not well suited ideologically or organizationally for compromise.²⁹ They see a world in crisis and favor “bad manners” as a way of defying more genteel elites and polite mainstream discourses that obfuscate the urgency for action.³⁰ Even when populists are actually in the minority of public opinion, their imaginary hoped-for world is a tyranny of the majority.

Social scientists’ explanations for the rise of far-right populism look both at the demand for populist ideas among the people and at the supply of facilitating conditions in the social environment. On the demand side, a recent survey of this research identifies three interrelated sources of grievance that feed far right movements: modernization, economic, and cultural grievances. The first focuses on the losers from modernization who struggle to adapt to the wrenching social and psychological effects of changes driven by technology, deindustrialization,

²⁸ Golder, “Far Right Parties in Europe,” 479; Benjamin Moffitt, *The Global Rise of Populism: Performance, Style, and Representation* (Stanford: Stanford University Press, 2016).

²⁹ Herbert Kitschelt, “Landscapes of Political Interest Intermediation: Social Movements, Interest Groups, and Parties in the Early Twenty-First Century,” in Pedro Ibarra, ed., *Social Movements and Democracy* (New York: Palgrave, 2003), 84.

³⁰ Moffitt, *The Global Rise of Populism*, 44-45.

globalization, democratization, the transition from socialist to capitalist society, and the importation of values from the US and Western Europe. European far right voters tend to be young males with low levels of education and insecure employment from “the second-to-last fifth of postmodern society,” often motivated by pragmatic concerns.³¹ This overlaps with economic grievance inasmuch as far right voters in Europe are those most likely to believe that they are competing economically with immigrants. However, such perceptions depend on how politics structures economic competition. In Britain, for example, nativist rivalry with immigrants happens in locations where economic scarcity combines with immigrant voting power to shift public resources away from the native population, triggering resentment.³² Cultural grievance against immigrants is a universal theme among Europe’s far right parties, though voters for mainstream parties often express anti-immigrant attitudes, too. The size of the immigrant population does not seem to correlate in a straightforward way with the intensity of the cultural grievance.

On the supply side, research focuses on how the structure of political competition creates openings for populist parties and movements, or fails to. A central concept is the political cleavage structure. Historically, for example, the main axis shaping European party systems has been economic class cleavage. When this cleavage structure was stable, there was little space for populist movements to gain a foothold. Some argue that class cleavage has become less important in the postindustrial social welfare states of Western Europe. Others note that the party systems and economic class structures in Europe’s postcommunist states are fluid and ill defined. For these structural reasons, far right parties gain more room to maneuver by redefining grievances, including economic ones, in cultural terms.³³

³¹ Golder, “Far Right Parties in Europe,” 483; Michael Minkenberg, “The Renewal of the Radical Right: Between Modernity and Anti-Modernity,” *Government and Opposition* 35 (2000), 335-362, at 187; Wouter van der Brug, Meindert Fennema, and Jean Tillie, “Why Some Anti-Immigrant Parties Fail and Others Succeed,” *Comparative Political Studies* 38 (2005), 537-73.

³² Rafaela M. Dancygier, *Immigration and Conflict in Europe* (New York: Cambridge University Press, 2010).

³³ Ronald Inglehart, *The Silent Revolution* (Princeton: Princeton University Press, 1977); Kitschelt, *The Radical Right in Western Europe*; Herbert Kitschelt, “Left-

Viewed from the perspective of privileged elites, democratic systems inherently create a risk that the median voter will want to use steeply progressive taxation to equalize wealth.³⁴ To what extent this actually occurs is quite variable from country to country and over time. Equality of wealth was greatest in advanced capitalist states in the wake of high taxation to pay for the world wars. More recently, inequality has been growing along with globalization and the increasing adoption of market-fundamentalist neoliberal policies, but at different national rates.³⁵

One tried and true method that elites use to escape confiscatory taxation in democracies is to try to shift the main axis of political cleavage from economics to group identity, nationalism, and culture. In the US, this dynamic was colorfully captured in the book *What's the Matter with Kansas?*, where the journalist Thomas Frank argued that wealthy Republicans were duping low-income, small-town, white citizens into voting against their own economic interests by hyping cultural “wedge issues” such as abortion, gay rights, racism, and threat-inflated militaristic patriotism.³⁶

Variants of this tactic are ubiquitous across time and space. In the wake of Germany's rapid industrialization, the aristocratic monarchist Chancellor von Bismarck responded to middle-class demands for constitutional government and limited parliamentary democracy by going them one better: universal manhood suffrage including the working class and the peasantry. He gambled that the

Libertarian Parties: Explaining Innovation in Competitive Party Systems,” *World Politics* 40:2 (January 1988), 194-234; J.A.J. Evans, “The Dynamics of Social Change in Radical Right-Wing Populist Party Organization,” *Comparative European Politics* 3 (2005), 76-101; Golder, “Far Right Parties in Europe,” 488.

³⁴ Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracy*, 15-47; Carles Boix, *Political Order and Inequality* (New York: Cambridge University Press, 2015).

³⁵ Thomas Piketty, *Capital in the Twenty-first Century* (Cambridge, MA: The Belknap Press of Harvard University Press, 2014); Kenneth Scheve and David Stasavage, “Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation,” *American Political Science Review* 106:1 (February 2012), 81-102.

³⁶ Thomas Frank, *What's the Matter with Kansas* (New York: Henry Holt, 2004) 2004; Larry M. Bartels, “Homer Gets a Tax Cut: Inequality and Public Policy in the American Mind,” *Perspectives on Politics* 3:1 (March 2005), 15-32.

peasants would vote the way conservative landlords told them to, and that appeals to true German national identity could split up any hypothetical progressive coalition among labor, Catholics, and middle class Protestant nationalists. He was right. In nine national parliamentary elections between 1870 and 1914, the conservative coalition did much better in the five that were fought on so-called “national” issues defined by the *Kulturkampf* against the Catholics, colonial expansion, and military budgets to defend Germany against “hostile encirclement” by the Entente powers, which German diplomacy had largely provoked in the first place.³⁷

The all-purpose logic of shifting the axis of electoral politics from economics to identity politics also explains urban rioting in India. Steven Wilkinson’s definitive research shows that riots occur when municipal elections are expected to be close between an elite-dominated identity-based party, such as the Hindu nationalist BJP, and a lower-class-based party attempting to appeal across identities such as Hindu and Muslim.³⁸ Using thugs and rumors to foment rioting is designed to polarize politics on the identity axis on the even of the election, inducing lower class Hindus, for example, to vote their blood rather than their pocketbook. This only works, says Wilkinson, when the state’s governing party coalition, which controls whether state police will intervene to prevent the riot, does not include the identity group to be targeted in the rioting, such as Muslims.

Although supply and demand for such strategies is hardly unique to contemporary times, the neoliberal moment of capital mobility and demographic change facilitates their use. The next section traces these effects in the rising powers of the developing world.

Populist nationalism in emerging powers undergoing social transition

³⁷ Brett Fairbairn, “Interpreting Wilhelmine Elections: National Issues, Fairness Issues, and Electoral Mobilization,” in Larry Eugene Jones and James Retallack, eds., *Elections, Mass Politics, and Social Change in Modern Germany* (Cambridge: Cambridge University Press, 1992), 22-30.

³⁸ Steven I. Wilkinson, *Votes and Violence: Electoral Competition and Ethnic Riots in India* (Cambridge: Cambridge University Press, 2004).

Over the past two or more decades, several of the large states in the developing and post-communist worlds have experienced significant economic growth as they introduced liberalizing reforms in their domestic markets and international economic relations. Impressive improvements in mass living standards and spikes in economic inequality have often accompanied this growth. I will lay out the case that a syndrome of neoliberal, nationalist, populist authoritarianism reflects economic and political contradictions that are heightened at the cusp of a shift from extensive to intensive growth strategies.

During the Cold War, large developing states were able for a time to pursue strategies of state-led economic development and import-substituting industrialization (ISI).³⁹ This depended economically on the “advantages of backwardness”: mobilizing underutilized labor and resource in-puts, copying well-known industrial processes, and the use of state power to accumulate capital and protect infant industries from foreign competition. Politically, this typically depended on authoritarian or single-party politics with the state aligned with a coalition of domestic manufacturers and organized labor. Subsidies and protectionism were a drag on productivity growth, however, so the system gradually stalled out.

Around the same time, “neoliberal” policies of easier capital mobility and deregulation of markets, increasingly favored by advanced capitalist states and international financial institutions, offered opportunities for more dynamic, export-led growth. China, India, Brazil, Turkey, and other large developing states signed up for liberalization, and as a result each for a time experienced an acceleration of economic growth.⁴⁰ Russia went through its more superficial, petro-state version of market reform.

³⁹ Guillermo O’Donnell, *Bureaucratic Authoritarianism: Argentina, 1966-1973, in Comparative Perspective* (Berkeley: University of California, 1988).

⁴⁰ Rahul Mukherji, ed., *India’s Economic Transition: The Politics of Reforms* (New Delhi: Oxford University Press, 2007); Huang, *Capitalism with Chinese Characteristics*; Ismet Akca, Ahmet, Bekman, and Baris Alp Ozden, eds., *Turkey Reframed: Constituting Neoliberal Hegemony* (London: Pluto, 2013).

In many of these states, the initial phase of liberalization remained based on many of same the advantages of backwardness as in ISI, only the market now became global. Cheap labor, easily extracted natural resources, copycat technology, and development-pushing state policies were now harnessed to foreign direct investment and integration into internationally managed production processes. The liberal institutional package of modernity was selectively cherry-picked, assimilating features needed narrowly for liberalized trade and finance, but broader rule of law, freedom of speech, and open democratic political competition were approached more warily. Clientelistic economic and political arrangements more commonly associated with traditional societies and state-run economies continued. “Neoliberal” in many such states became an epithet meaning crony capitalism.

Just as ISI eventually ran out of gas, so too there are strong signs that this phase of the neoliberal development model is leading into a transition trap at the point where extensive must give over to intensive growth. Extensive growth is based on adding more inputs: more labor coming off the farm, more land foreclosures, higher rates of capital investment, exploiting already know technologies on a wider market scale. But the very success of this phase leads to its demise. Wage rates rise once most of the useful labor force is employed. New land for commercial enterprises is harder to come by, and requisitioning it creates more resistance. The levers of state power ratchet the rates of savings and investment higher and higher, but force feeding growth in this way demands more and more capital inputs to generate less and less output. This syndrome constitutes exactly the impasse that China faces now.

The solution is to shift from the strategy extensive growth to that of intensive growth driven by increases in the combined productivity of all factors of production. This depends not on ever-increasing inputs but on the more efficient allocation of factors of production through responsiveness to market incentives. In countries in China’s situation, this would require the development of its vast internal consumer

market, which is at odds with the strategy of enforced savings.⁴¹ But the major underlying requirement is for the strengthening of liberal institutions of rule of law and governmental accountability to reduce the inefficiency drag of corruption, insecure rights of property and contracting, and inequality.⁴²

This conclusion is well supported by research on the so-called “middle income trap” among developing countries. Some economists have argued that middle-income countries necessarily tend to experience slowdowns once easy sources of growth such as rural-to-urban migration, primitive capital accumulation, and the initial spurt of export expansion are exhausted, while the institutional capacity for high-end growth through technological innovation and product differentiation remains underdeveloped.⁴³ Others, however, challenge the notion of a middle-income trap, pointing out that episodes of slower-than-average growth can happen at every level and stage of development, and that high-income countries tend to have the slowest average growth. Even some who accept that the key to sustained growth lies in better quality institutions, especially rule of law and governmental accountability, suggest that institutional quality matters at all stages.

While taking these qualifications into account, a study by Brookings economist David Dollar finds that improving institutional quality is especially important for sustaining economic growth in middle-income countries, for precisely the reason of supporting the shift from extensive to intensive growth.⁴⁴ China and Vietnam were able to develop relatively good institutions for their lower level of

⁴¹ For a range of views, see Cynthia Estlund, *A New Deal for China's Workers* (Cambridge, MA: Harvard University Press, forthcoming in 2017); Keun Lee and Shi Li, “Possibility of a Middle Income Trap in China: Assessment in Terms of the Literature on Innovation, Big Business and Inequality,” *Frontiers of Economics in China* 9:3 (2014), 370-397.

⁴² David Shambaugh, “Contemplating China’s Future,” *Washington Quarterly* 39:3 (Fall 2016), 121-130.

⁴³ Indermit Gill and Homi Kharas, “The Middle-Income Trap Turns Ten,” Policy Research working paper no. WPS 7403 (Washington, DC: World Bank Group, 2015) <http://documents.worldbank.org/curated/en/291521468179640202/The-middle-income-trap-turns-ten>.

⁴⁴ David Dollar, “Institutional Quality and Growth Traps,” Pacific Trade and Development Working Paper Series, No. YF37-07, prepared for a conference at the Institute of Southeast Asian Studies, Singapore, June 3-5, 2015.

income and stage of development, and they sustained a good rate of growth for a time without developing the whole panoply of civil liberties. However, for high-income countries, he finds a tight connection between good economic institutions—including well-defined property rights, rule of law, effective government, and limits on corruption—and a broader set of liberal rights as measured by Freedom House's Civil Liberties index. Not counting oil states, Singapore is the only exception to this rule. In the 1990-2010 period, for countries at low levels of per capita income, authoritarian countries grew faster than democratic ones, but above one-fourth of US per capita income democracies grew faster. The developmental histories of Korea and Taiwan illustrate the pattern.

Dollar reports that by 2010 China and Vietnam no longer had above-average institutional quality for their income level. China fell well below average, and Vietnam fell to the average for its reference group. He notes that the subsequent growth slowdowns in both countries are consistent with his overall argument.

Putting this kind of analysis in perspective, the development economist Robert Wade, long an advocate for state-led industrial policy in settings such as South Korea, accepts that the transition from extensive to intensive growth is likely to produce a slowdown. He argues, however, that fixing the problem requires not only improving legal and accountability institutions to prevent market failures, but also that state investment policies are needed to avoid debt traps and to boost the developing country's export profile into more sophisticated, diversified products.⁴⁵

If Dollar is at least partly right about the need to continually improve—meaning liberalize—economic institutions as a country moves up the per capita income food chain, why don't more countries, especially large ones, follow the example of South Korea and Taiwan? Several factors may come into play. Large size and substantial capital accumulated in the extensive growth phase give them leeway to pursue their preferred strategy. Moreover, administrative methods and patronage-based bargaining is what they know how to do, and they have succeeded

⁴⁵ Robert H. Wade, "The Role of the State in Escaping the Middle-income Trap: The Case for Smart Industrial Policy," *METU Studies in Development* 43:1 (April 2016), 21-42.

at it. Like Wade, they may think that industrial policy, done their way, will work to fix or anticipate market failures, as it has in their recent past.⁴⁶

A more basic reason is that the ruling elite, state apparatus, patronage networks, ethnic or religious majorities, and rising middle classes of these emerging powers have vested interests in keeping the incompletely liberalized system going.⁴⁷ The alternative is to hand political and economic power to the mass of the population, which in many such countries has not yet experienced the full benefits of neoliberal growth and indeed may have stockpiled grievances against neoliberal crony capitalism. When the demonstrators in Tahrir Square learned that Mubarak and his sons would just get a slap on the wrist rather than a death sentence, the crime that focused their outrage was the ill-gotten vacation villas, not the repression of human rights activists.

To keep the game going, and to avoid reforms that would endanger their power and privileges, the ruling elite and their key support constituencies often turn to policies of neoliberal authoritarian nationalism and cultural conservatism. Let's examine the elements of this syndrome one-by-one to consider the role it plays in this scheme of rule.

Plugging into the global neoliberal capitalist system is the only game in town for the ruling elites. Soviet-style semi-autarky is a dead letter. Even continent-sized emerging powers now realize that their scale is not big enough to delink from world markets. Russia's economy depends on a diverse, developed-country market for its energy exports, not on the Eurasian Economic Union. China can build a Silk Road through Central Asia to burn excess construction capacity, but not to move to a higher level of per capita income and world-class innovative technology. Such states must participate in the neoliberal global system. The problem is how to package

⁴⁶ Barry Naughton, "China's Economy: Complacency, Crisis & the Challenge of Reform," *Daedalus* 143:2(Spring 2014), 14-25.

⁴⁷ Joel Hellman, "Winners Take All: The Politics of Partial Reform in Post-Communist Transitions," *World Politics* 50:2 (January 1998), 203-234; Andrew Nathan, "The Puzzle of the Chinese Middle Class," *Journal of Democracy* 27:2 (April 2016), 5-19; Jessica Teets, *Civil Society under Authoritarianism: The China Model* (New York: Cambridge University Press, 2014).

neoliberalism and its attendant wealth inequality to citizens and subjects who don't see themselves benefitting much from it.

Authoritarianism is arguably the first choice for solving that problem.⁴⁸ But in a globalized market economy that depends on having an educated population with enough information and initiative to do their jobs, some pressure for accountability is inevitable. Even China wants to have local competitive elections and investigative reporting of local officials abuses so that the central government can blame someone lower down. In Turkey, the Anatolian mindset of the tyranny of the new Islamic majority fits perfectly with his Erdogan's view of democracy as "a bus you get off when you get to your destination," and the coup-plotters just drove it into the terminal. Even so, he sustains his rule not only through the repressive use of state power, but because he occupies the pivot of Turkish politics. The pious Turkish majority, including its thriving neoliberal "Anatolian tiger" exporters, gives him a substantial base of support, but what really cements his party's rule is that his opponents prefer a coalition with him to alliances with each other: Kurds (most of whom are religious), secular illiberal hypernationalists who hate the Kurds, Gezi Park Western-style liberals, and the remnants of the Kemalist secular party burdened by its legacy of coup-plotting and elitist contempt for the people. In short, for most of these countries, authoritarian coercion is in the tool kit, but other political and ideological tools supplement it.

In poor countries with conspicuous wealth inequality, trickle-down economics can be used to justify neoliberalism, as it is in the developed neoliberal states, and with a more convincing answer to classic question asked in American political campaigns: China's growing middle class, though still very small compared to the mass of the population, *is* much better off than their parents were.⁴⁹ Erdogan,

⁴⁸ Larry Diamond, Marc F. Plattner, and Christopher Walker, eds., *Authoritarianism Goes Global* (Baltimore: Johns Hopkins, 2016).

⁴⁹ Homi Kharas and Geoffrey Gertz, "The New Global Middle Class: A Cross-Over from West to East," in Cheng Li, ed., *China's Emerging Middle Class: Beyond Economic Transformation* (Washington, D.C.: Brookings Institution Press, 2010); Kellee Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca: Cornell University Press, 2007).

likewise, is busting the national budget with no-bid mega-construction projects, digging new canals to parallel the Bosphorus, and also dispersing construction patronage throughout the backwaters of Anatolia to build poor-quality universities and shiny new airports. This cements the loyalty of the support base, and to the gullible it looks like modernity.⁵⁰

If these inducements lose their appeal, nationalism is a tested tool for shifting the main axis of politics away from economic interests and grievances to concern about culture and identity. It allows unaccountable or semi-accountable elites to pretend plausibly to be one with the people.

In rising powers, pride in the nation's newfound economic or political success gives an automatic boost to the regime. Putin has alternated economic and political prestige strategies, riding the invasion of Chechnya to power in his first landslide election, rising still higher along with the price of oil and gas, and now manufacturing prestige with his gambits in Ukraine and, more ambivalently, Syria. Along with the national pride that accompanies a booming economy comes the expectation that this newfound power should be accompanied by a newfound respect abroad. The expectation among Chinese nationalists that their century and a half of humiliation would now be over was, however, disappointed in recent clashes over island sovereignty, leaving them upset not only with the non-compliant foreigners but also risking dissatisfaction with their own state's failure to deliver better results.⁵¹

Another goad to nationalism inherent in the neoliberal setup is the risk that market exchange will be a vehicle for foreign penetration of the nation's traditional culture. Putin plays this "danger" to his advantage since it creates an excuse to shut down the homegrown progressive opposition and to urge vigilance against the

⁵⁰ Ayse Ozturk, "Examining the Economic Growth and the Middle-Income Trap from the Perspective of the Middle Class," *International Business Review* 25 (2016), 726-738.

⁵¹ Jessica Chen Weiss, "Authoritarian Signaling, Mass Audiences, and Nationalist Protest in China," *International Organization* 67 (January 2013), pp. 1-35; Alastair Iain Johnston, "How New and How Assertive is China's New Assertiveness?" *International Security* 37:4 (spring 2013), 7-48.

decadence of the West. In Turkey, surveys show that the vast majority of Erdogan's supporters believe that the Gezi Park demonstrations were an imperialist plot by the West.⁵² Erdogan, however, is safe from the charge that his neoliberal market reforms created this Fifth Column since the Kemalist regime that Erdogan supplanted had long ago empowered Istanbul's Europeanized "white Turks." All of the BRICS and near-BRICS have well rehearsed resentments stemming from the legacy of imperialism, even the ones never subject to colonial domination. Stalin's 1931 reminder that "Old Russia was always beaten for her backwardness" still plays fresh, as does the post-World War I Sevres Treaty for the Turks and the Opium War for China.⁵³

With national wealth and power on the rise, constituencies who consider themselves the core of nation, the sons of the soil, may expect it is time to be given their due economic rewards and cultural hegemony. Modi indulged Hindu nationalists by allowing the Gujarat anti-Muslim riots in 2002, and critics charge that he is similarly passive now when Christians are persecuted for beef-eating or trumped up charges of cow desecration.

In short, emerging neoliberal authoritarian powers that want to shift the national discourse from the reform demands and economic grievances of those left behind to the cultural agenda of their support base will find plenty of opportunities to do so.

Assuming there is indeed a syndrome of neoliberal authoritarian nationalist populism that has currency in a number of rising powers, the question arises whether this commonality will lead them to band together in rhetoric or in action. At the level of talk and symbolic action, the answer is already yes. The BRICS and near-BRICS are generally sovereignty hawks, balking at support for liberal humanitarian interventionism and decrying support for color revolutions. Ideologically, they support each other's justifications for majoritarian or "sovereign"

⁵² Konda Gezi Report, "Public Perceptions of the Gezi Protesters" (Konda Anket survey, June 5, 2014), at Konda Gezi Report.pdf.

⁵³ Peter Hays Gries, *China's New Nationalism: Pride, Politics, and Diplomacy* (Berkeley: University of California Press, 2004), chapters 1-3.

democracy, cracking down on NGOs, and resistance to liberal rule of law, human rights accountability, and media freedom. They form their own international organizations and election monitoring organizations.⁵⁴

Nonetheless, alliances among authoritarians and ruthless nationalists have always been opportunistic. There has never been anything comparable among authoritarians to the principled democratic peace among liberal states. The trouble their nationalisms make for the liberal order may add up piecemeal, but it is unlikely to be highly coordinated. States like Russia and China will fear each other's power. That said, they will fear liberalism's principles as well as its material power, giving them an endemic motive for wary, opportunistic cooperation against it.

International causes of failure and success

Historically, illiberal paths to modernity have led to dead ends in part because of limitations of the institutions they use to stimulate economic growth. The Soviet collapse was mainly from these sources.

Other illiberal modernizers, especially Germany and Japan, failed largely because of the geopolitical costs of a system of political authority based on unchecked state power, the justification of rule by nationalist ideology, and a foreign policy aimed at the direct control of resources and markets through military conquest. These regimes provoked their demise not simply because they were expansionist, which is all too common in international affairs, but because they were heedlessly expansionist, gratuitously provoking overwhelming opposition and failing to learn to retrench from their overcommitments.

These mistakes were not incidental to their institutions and ideologies of illiberal late development. The seminal economic historian Alexander Gerschenkron showed how late, copycat development requires centralized financing

⁵⁴ Alexander Cooley, *Dictators without Borders* (New Haven: Yale University Press, forthcoming in 2017).

and policy leadership by a strong state, which leads in turn to authoritarian political coalitions and the cooptation of mass support through nationalist ideology.⁵⁵

Admittedly, the errors and recklessness of Germany and Japan were stimulated in part by the shortcomings of the liberal international system they were operating in. By the mid-1920s, both of these late-developing great powers were governed by labor-export coalitions in fragile, somewhat democratic multiparty systems, cooperating internationally in security and economic arrangements with the major liberal states. This was the era of the Locarno security treaty in Europe, the Washington naval arms limitation treaties, and the Dawes and Young plans for financing war reparations. However, the collapse of international financial stability and free trade in the Great Depression undercut the cooperative diplomacy of these coalitions, which were replaced by popular authoritarian nationalist regimes that sought direct political control over resources and markets in expanded empires. Middle classes and industrial cartels turned out to be fickle liberals, supporting free trade in consumer goods before the crash and shifting into imperial strategies requiring expanded military production after it.⁵⁶ In late developers, a weak capitalist class and middle class is often tempted to enter into an alliance with the state and traditional elites, in part to get protection from a restive and growing working class. In Germany, a shift of the capitalist class from support of free trade to protectionism happened twice, at the beginning of the 1870s and the end of the 1920s, both times triggered by sharp downturns in international markets.⁵⁷

More broadly, an important predictor of a peaceful, successful transition to democracy is having stable democratic neighbors: be Spain, not Burundi. More generally, in recent decades the power and number of democratic states in the international system has become increasingly important in determining the

⁵⁵ Alexander Gerschenkron, *Bread and Democracy in Germany* (Berkeley: University of California Press, 1943).

⁵⁶ Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca: Cornell University Press, 1991), 112-120, 133-150.

⁵⁷ Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca: Cornell University Press, 1986), 71-180.

likelihood of a successful transition, compared to the greater importance of the domestic characteristics of the state in earlier eras.⁵⁸

In short, the strength of the liberal order and the ease of rising powers, transition to modernity are interdependent. This leads to a conundrum. If the “G-Zero” school of thought is correct, middle-income rising powers will act opportunistically at the expense of the prevailing liberal economic and security order. The resulting weakening of global liberal institutions could in turn weaken the economic and political position of those social interests in middle-income great powers that depend on the smooth functioning of the liberal system, intensifying the syndrome of authoritarian populist nationalism. Cooperation among the developed democracies in keeping global regulatory institutions strong is a top priority for managing the rise of the illiberal powers.

⁵⁸ Haggard and Kaufman, “Democratization during the Third Wave,” 136-7; Carles Boix, “Democracy, Development, and the International System,” *American Political Science Review* 105:4 (November 2011), 809-828; Seva Gunitsky, “From Shocks to Waves: Hegemonic Transitions and Democratization in the Twentieth Century,” *International Organization* 68 (Summer 2014), 561-598.