Relations between Capitalism, Political Culture and Populism

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Abstract

A general trend in the modern world is that the populist forces gain better electoral results and greater relevance in the management of public goods. Every political system is based on a particular political culture. The advancement of populism in democratic political systems may point to serious social changes that condition the changing of political culture. This article will deal with the exploration of relations between capitalism as a socio-economic formation, political culture as the foundation of the political system and populism as a form of governance.

Keywords: Capitalism, Political Culture, Populism

1. Introduction

Today, in most countries in the world, we have a capitalist socio-economic formation with a democratic political system. Both capitalism and democracy have important functions for the society and balance of the social system. The common view is that capitalism and democracy as systems are joined together and complement each other. Some even take them as synonyms, so when they talk about democracy they think of capitalism and vice versa.

Lipset (1960) points out that there is a democratic political system in economically developed countries, while in the poorest countries there are different types of dictatorships. That's why Lipset's thesis, that as a country develops economically, the more likely it is to establish or maintain democracy as a political system. According to modernist theory, the development of the economy and democratization go hand in hand. At the moment when a country achieves a satisfactory level of economic development, wealth, technology development, education, capacity of bureaucracy, citizens become dissatisfied with paternalistic political authority and require the establishment of effective people's sovereignty (Rostow 1960). This leads to the erosion of traditional political institutions and the democratization of society. Accordingly, it can be said that the growth of democracy is inextricably linked to the growth and success of capitalism and is a consequence of it. Historically, wherever there was a successful development of capitalism, after some time it lead to pressure for democratization of the country. The more some country progress economically, the democracy as a political system is better established in that country (Bernhagen 2009: 88). According to Przeworski (2004: 487), although democracy appears only in countries with consolidated capitalism, the development of capitalism leads to, though not necessarily, to the development of democracy. When democracy in the countries with consolidated capitalism is established as a political system, it is difficult to change it, because many social groups have much to lose by changing the political system and for that reason they stand up in its defense.

However, the relations between capitalism and democracy are much more complex than at first glance. If we look at capitalism and democracy from a critical perspective, it will be clearly seen that they work with different mechanisms and embody different normative ideas. The Democrats are trying to balance between the right to property on the one hand and civil rights on the other. The normative principle of democratic societies for equality of opportunities on the one hand and the responsibility of the authorities to the citizens are an example of this. The first serious difference between the normative principles of democracy and capitalism is reflected in the fact that ownership and income are not equally distributed in capitalist democratic societies, such as the right to vote. The second serious difference between democracy and capitalism is the responsibility of those who are in the position of possessing power. While political leaders are responsible to the citizens for their actions, the owners do not respond to anyone other than themselves. Workers do not have the right to choose the management of an enterprise as citizens choose those who manage the state (Bernhagen 2009: 86).
According to Green (1985), for example, the inherent characteristic of capitalism is to produce inequalities, and democracy as a political system that relies on political equality cannot cope with the growing social inequalities. There are countries with a successful capitalist economic system, without there being fully developed democratic institutions. Examples of such countries Bernhagen Patrick (2009: 89), cite Asian economic tigers since the 1980s such as Hong Kong, Singapore, South Korea and Taiwan. The dictatorship in Brazil between 1964 and 1985 also had serious economic results. From the 1990s to the present, China, in a situation where there is no democratic political system, also shows serious economic results. Accordingly, authoritarian political systems and dictatorships are just as compatible with capitalism as democracy (Przeworski 2004: 488).

The successful combination of authoritarian regimes with a functional and successful capitalist economic system shows that the initial thesis of modernist theory, for the positive correlation between economic development and democratization, does not always have to be linear. Friedrich von Hayek, as one of the founders of libertarianism, for example, demanded the abolition of democracy as we know it today in order to defend the economic and civil freedoms. For capitalism to be successful and to deliver the best possible results, the protection of the market and property rights should not depend on the will of voters, but from international institutions such as the European Commission and the European Court of Justice (Streeck 2011: 3). According to some authors like Robert Dahl (1998: 166), capitalism and democracy resemble two spouses who live in a marriage of interest, with many conflicts, and none of them wants a divorce.

Following the thought of Schumpeter (2014), Dahl (1998) agrees that contemporary democracy is the product of capitalism. According to him, democracy cannot develop into a non-market economy. But at the same time, democracy inhibits economic development on the one hand, on the other hand economic inequalities will create frustrations in the lower social strata and erode the sense of belonging to the community and the legitimacy of the economic as well as the political system that allows, encourages and justifies social inequality and its growth. Accordingly, capitalist economic power undermines political equality, democratic responsiveness and the legitimacy of public policies (Bernhagen 2009: 89). To check this position of Dahl, we will deal with the analysis of the relationship between economic inequalities and democracy.

2. The relationship between economic inequalities, democracy and political culture

Kelley (2017: 161), citing data from the World Bank and the International Monetary Fund, points out that since the 1980s there has been a trend of growth of inequalities even in the most developed economies. The average inequality in the countries of the world is higher in 2010 than in the 1980s. This trend covers the countries of Eastern Europe, Central and South Asia, and the only exceptions are several Latin American countries like Brazil, Bolivia and Colombia. Statistics show that inequality grows much faster in the United States than in Canada, France, Germany, and Italy (American Political Science Association 2004: 2).

It seems Merkel (2014) rightly states that the welfare state is part of a compromise and the coexistence between capitalism and democracy and the reduction of the welfare state is the product of the unbalanced power and dominance of the economic over the political sphere, that is, of capitalism, the financial capitalism over democracy in the last decades. Together with the weakening and reduction of the welfare state, goes a process of growth of inequalities. Although the welfare state itself is not designed to reduce inequalities, but to reduce poverty, libertarian theories suggest that social inequalities are natural, even just, and that they are a product of the natural differences in talent, the skills, the efforts, and the success with which individuals do their job.

What many point to, is that social inequalities delegitimize and even threaten democracy as a political system, especially in countries where it is fragile and insufficiently established. As Kelley (2017: 165) notes, on the one hand, major social inequalities jeopardize democracy, on the other hand, democracy does not necessarily have to undertake anything specifically to reduce inequality. This does not mean that with the growth of inequality, individuals will automatically change democracy as a political system, but only that they will be less willing to defend the political system that produces major social inequalities. Some authors such as Scheve and Stasavage (2017) point out that, under certain conditions, social inequalities do not result in a change in the political system. Such a condition is that there is a bigger problem in the society that causes a greater social division than social inequality, such as racial, interethnic conflict, etc. The second condition is citizens to accept social inequality as natural and just. The problem, however, occurs when social inequality constantly grows and increases. Houle (2009: 589) and Przeworski (2004) find that the growth of inequalities endangers consolidation and democracy in countries with an un-established democratic system, but at the same time it does not jeopardize democratization. Democracy as a political system is established in societies in which it represents value for itself. These are societies in which democracy is not seen instrumentally, as a way to reach other social goals or goods. The basis on which the political systems are laid is the political culture.
Democracy as a political system is best established and legitimized in societies in which prevails a political culture in which citizens have an active attitude towards the government. Citizens' activity or passivity is the basic criterion according to which Almond and Verba (1963) make a categorization between participatory (democratic) political culture, and a parochial, passive (authoritarian) political culture that expects a great national leader to come to the fore and solve all the accumulated problems of the nation. In determining the participative political culture Almond and Verba, pointed out three criteria: voting, volunteering in political campaigns during elections and financial contribution, and thus supporting one of the candidates. If these three criteria are looked at, from the aspect of social stratification and especially from the aspect of the growth of inequality, it will be noted that fewer people from the vast majority of marginalized individuals are motivated to participate in the democratic political game. For example, surveys in the United States show that while 90% of people who have more than $75,000 a year's family income vote in the presidential election, only 50% of those from families with 15,000 annual revenues vote in the same election. The same is the ratio when it comes to volunteering during the campaign, while 16% of those from families with incomes above $75,000 volunteer, only 4% of those with families with incomes up to $15,000 volunteer in campaigns of one of the candidates for elections. The difference is greatest in contributing financial resources to support a particular candidate in the election. While 56% of those who are family members with incomes above $75,000 provide financial support, only 6% of those whose families earn up to $15,000 provide financial support for a particular candidate in the election. Research generally shows a much more active attitude to the social problems of people with higher incomes, and so they are more involved in protests than those with lower incomes. Thus, while 7% of people whose families have incomes above $75,000 participate in protests, only 3% of people living in families with incomes of up to $15,000 participate in protests (American Political Science Association 2004: 9).

3. Political Consequences of Economic Inequalities

Inequality has serious social consequences. It may call into question the principle of equality of citizens. Bearing in mind the function of politics to regulate the relations between large social groups and to redistribute and allocate social goods, inequality can at least affect the ability to influence decision makers. Privileged groups in society are very well organized to press for their demands to be part of government policies, in contrast to marginal groups where there is often no awareness of common interests and some form of coordination to achieve them (American Political Science Association 2004: 1). An inequality also jeopardize the perspectives of at least two risk groups, young people and women actively to be involved in economic, political and social life, and adversely affects social mobility. Inequalities also have a serious impact on the greater proportion of the population having lower incomes and a lower standard of living (Kelley 2017: 167).

The growth of inequality is becoming the most important issue of today, especially in terms of the health and resilience of democracy as a political system. The growth of inequalities leads to intensification of conflicts in society, polarization and weakening of the same, and marginalization of moderate (centrist) forces in the democratic game. In the long term, inequality creates imbalances in representing the interests of individual segments of the population, endangering the equality of opportunities and equality in access to social resources. These factors undermine trust and support in democracy. Research on the World Value Survey shows that trust in democratic institutions, Parliaments. Governments, in both developed and developing countries, are declining (Dalton and Shin (2011: 12). Population alienation increases support for populist and extremist ideologies, especially among the younger population. Kelley (2017: 160) among examples in which inequality threatens democracy is pointing out on: Angola, Costa Rica, Ghana, Guatemala, United States and Venezuela.

4. The growth of inequality and political populism

The growth of the unequal at the same time means the growth of tensions in society, especially in the light of large and structural transformations of the global society and the related migration of businesses from developed countries to developing countries, due to lower wages. This meant the growth of unemployment and pauperization of large social strata. In such cases, people first lose confidence in a political system that cannot solve their problems, and later search for the easiest way to solve them, and populism and populist leaders come here. So populist political leaders in Europe have begun to explain that the problems of unemployment and a poor standard of living are caused by migrants. In the United States, it was explained that the problem with the economy is a problem of patriotism and the conditions of international trading, primarily in the US relationship with China (EEAG 2017: 50). History does teach that the growth of populism worldwide should not be ignored (Baker 2017: 1). Many analyses show that historically, the growth of populism across Europe between the two world wars, especially in the 1930s was due to the desperate economic situation, the difference between the elite's perspectives and the stagnation of ordinary people, the ineffectiveness of politics and the failure of traditional parties to find a solution to the accumulated economics and social problems and the sense of endangerment of traditional values (Dalio, Kryger, Rogers and Davis 2017: 5).
Although it is not possible to have sympathies with xenophobia and racism that are characteristic of populism, certain social groups have a reason for anxiousness. Even in the most developed countries such as the United States, revenue distribution does not work in the interest of the vast majority of the population. The OECD analyzes (2015) indicate that inequality in the population for the last two decades has grown in almost all richest countries. It is not a product of natural forces, but a result of economic policies (Baker 2017).

Populism as a term derives from the Latin “populis”, which means people, population, and collectivity. Historically, Populist Party was formed in the United States in 1882. Its members were small farmers who opposed bankers and railway companies, and advocated the nationalization of land and rail (Bruce and Yearly 2000: 236). The Russian intelligentsia, which between the 1860s and 1880s argued against the attempts of the imperial regime for the industrialization of the country was also called populist (Martinelli 2016: 14). Populism as an ideology is based on the split between the elite that is claimed to be corrupt and the ordinary people to whom the highest moral characteristics are attached and in doing so advocates the exercise of the will of ordinary people. Populist leaders have often been able to show disdain for representative political institutions as mediators between the leader and the people. As Dalio, Kryger, Rogers and Davis (2017: 2) note, populism arises from ordinary people's revolt toward:

- The gap between the wealth of the elites and the small opportunities of ordinary people, (social inequalities and inequalities of opportunities as a source of populism). Populists usually accuse ordinary people of not getting what they deserve from the growth of the economy. With this, left-wing populists blame the economic elites, while right-wing populists blame the migrants. Right-wing populists usually promise to give priority to their own national group, before foreigners, and in such a way will restore their well-being (Baker 2017)
- Threats to the values of culture, to which ordinary people belong, from the values of people belonging to different foreign cultures (fear of the EU citizens from migrants as a source of populism)
- The revolt towards the establishment that is in the position of power, and does not do its job and does not open up perspectives for ordinary people (the crisis of representative democracy as a source of populism)

When such sentiments in a society prevail, they produce strong leaders from whom it is expected to solve all the problems of ordinary people that traditional political leaders were incapable of solving. Populist leaders are confrontational-oriented rather than cooperative. They have more to do with exclusivity, than with inclusiveness. Defective groups that are accused of endangering the well-being of ordinary moral people are usually the domesticated elites, the transnational elites, the global financial elite, the migrants, those seeking asylum (Dalio, Kryger, Rogers and Davis 2017: 2; Martinelli 2016: 15).

Table 1, Classification of the socio-economic system, society, welfare and the value system depending on the political orientation and particular political ideologies

<table>
<thead>
<tr>
<th>Socio-Economic System</th>
<th>Left</th>
<th>Right</th>
<th>Liberalism</th>
<th>Populism</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Management</td>
<td>Free Market/Small State</td>
<td>Pluralistic Democracy</td>
<td>Anti Establishment/ Strong Leader</td>
<td></td>
</tr>
<tr>
<td>Economic Redistribution</td>
<td>Cohesion</td>
<td>Equality of Opportunities</td>
<td>Popular Will</td>
<td></td>
</tr>
<tr>
<td>Welfare State</td>
<td>Corporativism</td>
<td>Small Taxation</td>
<td>Nationalism</td>
<td></td>
</tr>
<tr>
<td>Collectivism</td>
<td>Individualism</td>
<td>Progressive Values</td>
<td>Traditional Values</td>
<td></td>
</tr>
</tbody>
</table>

Source, EEAG2017: 53 with some modifications

Populism almost always ties with extremisms. If formerly for the radical left was perceived as populist, now the same claims are related to the radical right in Europe and the United States. Two serious indicators of the growth of populism were Bexit of June 24, 2016, and Trump's victory in the US presidential election (EEAG 2017: 50). Social forces that advocate for openness, tolerance, diversity, multiculturalism globalization lose ground under their feet.

We have a lot of populism throughout Europe. In France, the Front Nationale of Marine Le Pen has serious election results. In Hungary, the leader of the Fidesz Party, Victor Orban, regularly wins the elections, and advocated the deportation of whitewashes and the building of a wall between Hungary and Serbia. In Poland, the Law and Justice Party, Jaroslaw Kaczynsky, and even more populist Kukiz 15 advocated building a wall between Poland and Hungary. In the Netherlands, the Geert Wilders, Freedom Party, with the anti-migrant and the EU's exit platform reached 30% of the electorate. In Austria, Freedom Party in similar anti-migrant and anti-EU positions has also recorded serious election results. In Denmark, populism is channeled through the Danish Folkeparti and the Danish Peoples Party. In Greece, right-wing populist parties are Golden Dawn and ChrysAvgi. In Italy, the anti-immigration movement revived the Lega Nord, and at the same time appeared the 5 Star Movements. In the UK, UKIP, UK Independence Party has been active for a long time, while Alternative For Deutschland appeared in Germany (EEAG 2017: 50).
Populists almost always address and manipulate the pauperized lower social strata. In the contemporary context, since inequality between middle and high classes also grows, populism has significant symbolic and cultural capital, and is practically an expression of dissatisfaction with several neoliberal policies that, on their economic agenda, complement identity politics and the atomization of social substance through the advancement of individualization in a lifestyle. Ulrich Beck, for example, claims that the individualistic approach to lifestyle has defeated the collectivist concept of the social class. There are several reasons that have caused the growth of inequalities in societies. At the ideological level, it is the growth of neoliberalism between both right-wing and left-wing parties. Globalization, which, if not a direct product of neo-liberalism, is then seriously supported by it (Martinelli 2016: 9), produced serious inequalities at the global level, by opening up labor markets, spatially separating production from company management (especially multinational) and produced a new caste, i.e., a world financial elite and, accordingly, a new type of capitalism, a fiscal capitalism that differs substantially from traditional industrial capitalism (Merkel 2014). With the opening of competition in the labor market at a global level, quite a lot of people in the most developed countries have lost their jobs, especially unskilled workers and workers in the industry. Capital has moved to developing countries, where workers work for lower wages. Capital is thus fertilized; the profit for investors is even higher. Thus, in the most developed countries, there was growth of inequality, on the one hand a decline in the middle and working class that became under classes, on the other hand, the growth of the wealth of the upper class. It creates a zombie society, with much capital for small privileged social groups, in which the lower strata are pauperized. If the high social classes are analyzed, there can be separation. On the one hand is the international financial capital, and on the other hand is the domestic industrial capital, which loses ground under the feet, just like the workers who work there. These are social preconditions that have conditioned the emergence of the Trump phenomenon. Trump appears to have been supported in the election by precisely domestic industrial capital and pauperized workers, which he pledged to tackle migration, build a wall to Mexico, and millions of illegal migrants will return them from the United States (EEAG 2017: 50). The policies of questioning free trade, putting into question the globalization or some of its instruments seem to be moving in that direction. If we look at the situation in the developing countries where investment from developed countries arrives, with the exception of employment growth, it is difficult to talk about employee salaries growth, because of competition between many developing countries over that which will give the most favorable conditions for foreign investors, and the price of labor here is a significant item.

If we recall the modernist theory, the growth of inequality seems to condition the devolution of the standard of life of the lower and middle social classes. It seems that the neoliberal principles of globalization destroy social cohesion and have their own consequences in the pauperization of the population and the mistrust that is expressed towards democratic institutions by searching for it in quick and easy solutions to addressing complex social problems. The social system is not static, but an equilibrium that depends on the multiplication of many processes in the society. Democratic political culture in the most developed societies is not once, forever given. When there are shifts in economic and social structures, they also produce political consensus in the form of the phenomenon of populism, which is a symptom of serious social problems that traditional policy with its instruments is unable to solve. Dalton and Shin (2011: 2) point out that, unlike the 1960s, when Almond and Verba (1963) did their research, political culture in the most developed countries inclines to be more passive, which is a prerequisite for the growth of populism and authoritarianism, while democratization takes place in countries that do not have precursors for this, with democratization not implying the establishment of a genuine but only formal democracy. Houle (2009: 589) and Przeworski (2004) indicate that inequality causes serious problems in the functioning of democratic political systems, but does not pose a problem that jeopardizes the existence of democratic societies, although it undermines the political culture on which the democracy is based and potentially can be a mortal problem of democracy. Martinelli (2016: 16), suggests that populism is a problem in democracy, but not for democracy, because since the 1930s no single democratic system has been replaced in a violent way. In the post-socialist countries, the same problem of the spread of populism occurs, but is caused by various causes. Populism here is not a problem of the devolution of political culture, but the establishment of the very democratic political system itself and its relation to political culture.

5. Post-socialist type of populism

If we start from the modernist theory, we should expect that the development of the economy leads to the emancipation of society and democratization of the same. The introduction of democracy because of occurrence of favorable political circumstances, but without the development of the economy and the conquest of economic freedoms and the political emancipation of the population, as was the case with the post-communist countries, leads to the establishment and consolidation of a formal, facade democracy in which citizens formally have all civil and political rights, but due to the poor economic situation they are dependent, blackmailed and controlled in the election process.
It is a system that resembles a democratic one that possesses all the formal characteristics of a democratic political system, but in essence it lacks the basic premise for the functioning of the democratic political system, the economic freedoms, which are a precondition for the political ones. As O'Donnell and Schmitter (1986) cite, the political and economic system may range from a certain authoritarian to something else that should resemble liberal democracy, even if economic and political freedoms are not won. However, in such societies, democracy is not fully established and always more riskier, for the return of authoritarian regimes or a revolutionary alternative than societies with established democracy and democratic political culture.

The lack of economic basis and political emancipation means that in the most of the post-socialist countries, the democratic political system is set on parochial political culture and pauperized population. This is a prerequisite for the growth of political populism and intolerance to diversity. The attitude towards the migrants of most post-socialist countries shows exactly this. The attitude towards democracy and democratic institutions like parliament is also negative. A results of the World Value Survey in Eastern and Central European countries that have become members of the European Union show that in Hungary, Poland, Bulgaria, the Czech Republic, Romania, Slovenia mistrust in parliament is higher in 2010 than in the first parliamentary elections in the early 1990s. The situation is similar with Russia, until 1999 (Dalton and Shin 2011: 12).

The Polish sociologist Sztompka (2000) cites some elements that precipitate the emergence of populism, which are characteristic only for post-socialist societies. Above all, this includes the traumatic experiences of the breakdown of historical continuity and the radical change in all spheres of social life: politics, economy, culture, everyday practices. The frustrations of the past related to the inefficiency of the bureaucracy, the legal system, the economy and the changing of the social system in one part of the population created unrealistically high expectations that were not fulfilled by the first democratic elites. With the process of transformation of the social formation, social divisions emerged: winners and losers of the process of social transformation appeared. The number of losers was far greater than the number of winners. The transformation of societies has resulted in increased unemployment, selective employment, crime growth, and so on. All this created favorable conditions for the growth of populist parties and political leaders who would complete the unfinished revolution and remove from political life as the communist political elites, as well as the elites that are implementing the transformation of society (Martinelli 2016: 19).

Populism is spreading both in Central and Eastern Europe, as well as in Western Europe. But unlike Western Europe, where a political mainstream is formed, and populist parties rarely come to power, in Central and Eastern Europe it happens more often and populist parties usually establish a political regime that resembles authoritarianism and lasts relatively long in power. Populist parties use collectivism and nationalism, we, against them, as long as they are in opposition, so when they come to power. Significant mechanisms that populist regimes use to maintain power are clientelism and corruption (Martinelli 2016: 19).

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