

DEMOCRACY AND ECONOMIC STABILITY: HOW NEOLIBERALISM,
GLOBALIZATION, AND RECESSION FUEL POLITICAL POLARIZATION AND
POPULISM

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Abstract

Recent public opinion data has revealed that satisfaction with democracy as a government system is in decline globally. An observed surge in support of anti-establishment movements is also recognized. The escalation of these groups has intensified partisan polarization and populism which decrease the effectiveness of democratic institutions and trust in government. Many scholars attribute this modern decline in democracy to a variety of social, political, economic, and contextual factors. The goal of this thesis is to join the conversation of why democracy is in decline by focusing on research from an economic perspective. The purpose of this research is to explore the relationship the economy has to democracy and provide evidence to support the proposed theory that economic stability is critical to democracy

The methodology used to examine these topics includes a quantitative data analysis in a case study manner. The United States and Britain serve as countries for these case studies due to their dominance as democratic capitalistic nations. The research questions associated to this assessment investigate how recession influences political polarization, how party realignment alters public opinion, and how manufacturing production shifts impact populism. The data examined when answering these questions reveals decreases in reports of economic satisfaction, well-being, and confidence in government due to recession in chapter one. Chapter two's discussion of realignment of the Labour Party in Britain indicates that public opinion of political satisfaction decreased while the importance relating to international partnerships and immigration increased among citizens. Chapter three found that economic insecurity caused by displacing local manufacturing jobs produces a nationalist political backlash.

The findings of these chapters serve as evidence to support the claims that recession increases political polarization, realignment of the Labour Party in Britain decreased public opinion, and manufacturing production shifts increased populism. These conclusions indicate that current international integrative efforts have expanded the consequences of long-standing economic policies of previous decades which were then exacerbated by the Great Recession. The significance of this study is its use of these findings to illustrate how neoliberalism, globalization, and recession have destabilized economies. Modern political instability then evolved as a consequence to economic instability.

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1. Introduction

1.1 Purpose

The traditional concepts of democracy are being challenged all over the world in modern times. Democracy is defined as a government where people are represented by officials in a free electoral system. Democracies have deteriorated in nearly every region of the globe where citizens no longer feel they are properly represented which has created protests and popular mobilization. The fragility of institutions in nations which were once viewed as the epitome of democratic stability has become visible.¹

1.2 Theory and Methodology

This thesis applies the knowledge from existing literature to a data analysis of public opinion to provide insight on the connection neoliberalism, globalization, and recession have to the modern decrease in satisfaction of democracy. A case study methodology using the United States and The United Kingdom in a comparative manner can reach findings which will apply to this scholarly conversation in a broader context than a nation specific assessment. Comparing timeframes of before and after recession can also reveal patterns which illustrate why current economic crises exacerbate longstanding inequalities. Case studies conducted in this manner can establish the relationship the economy has to democracy to then prove the proposed theory that economic stability is critical to democracy.

¹ David Miliband. "Brexit, Populism, and the Future of British Democracy." *Horizons: Journal of International Relations and Sustainable Development*, no. 15 (2020): 150.

1.3 Background

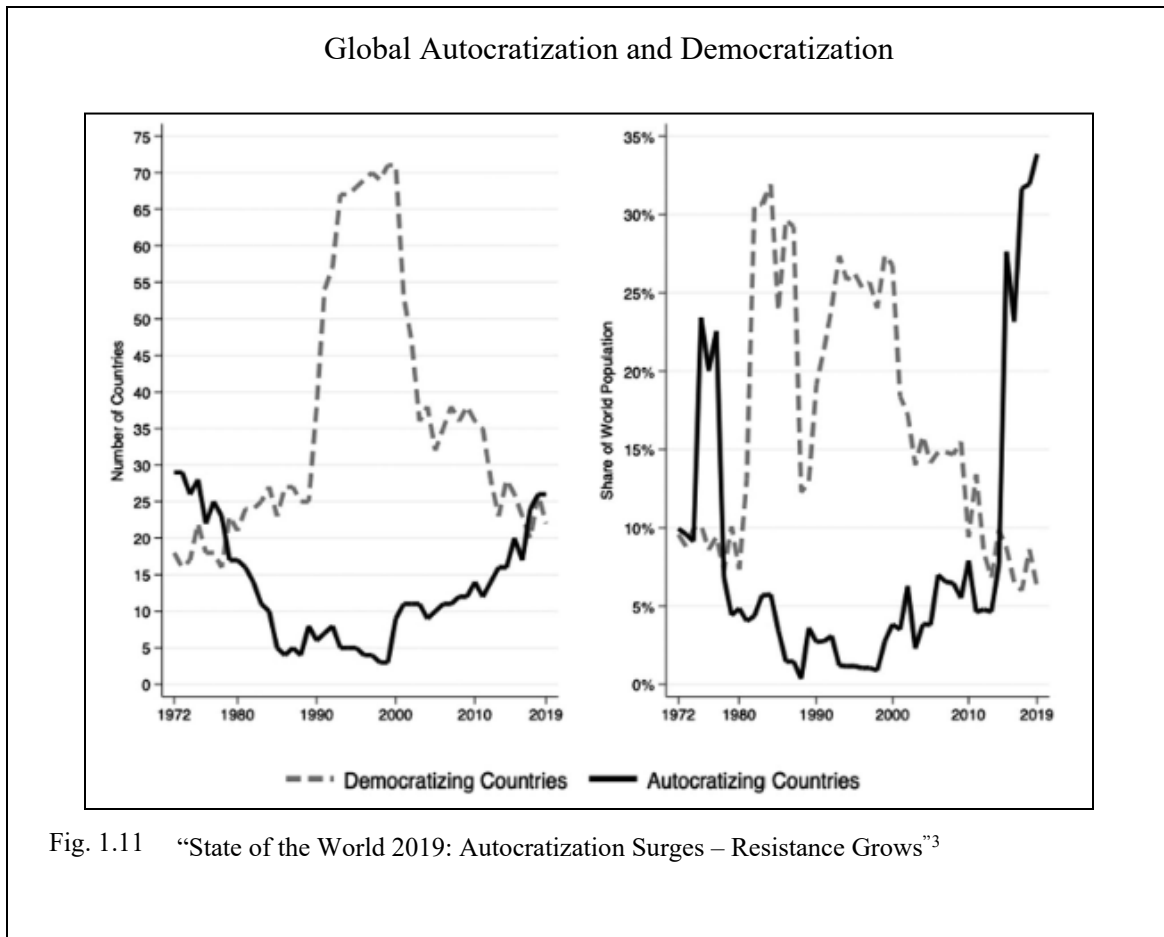
1.3.1 Decline in Democracy

The deterioration of modern democracy can be first illustrated in the numerical decline of democratic countries, the numerical increase of autocratic nations, the widespread decline of favorability, and the decline of satisfaction views of democracy. The consequences of this decline of public opinion can then explained through the monetary and political costs associated to anti-establishment movements from a global perspective.

The decline associated to democracy has been observed for over a decade but new research suggests that an autocratization wave is occurring. Democratic countries have decreased as the number of autocratic countries has increased since 1994.² In 2017, the number of autocratizing countries exceeded the number of democratizing countries for the first time since 1940. Figure 1.1 illustrates the decline of democratizing countries ranging from 1972 to 2019.

²Seraphine F. Maerz, Anna Lührmann, Sebastian Hellmeier, Sandra Grahn and Staffan I. Lindberg. 'State of the World 2019: Autocratization Surges – Resistance Grows.' *Democratization* 27 no. 6 (2020): 910.

Figure 1.1



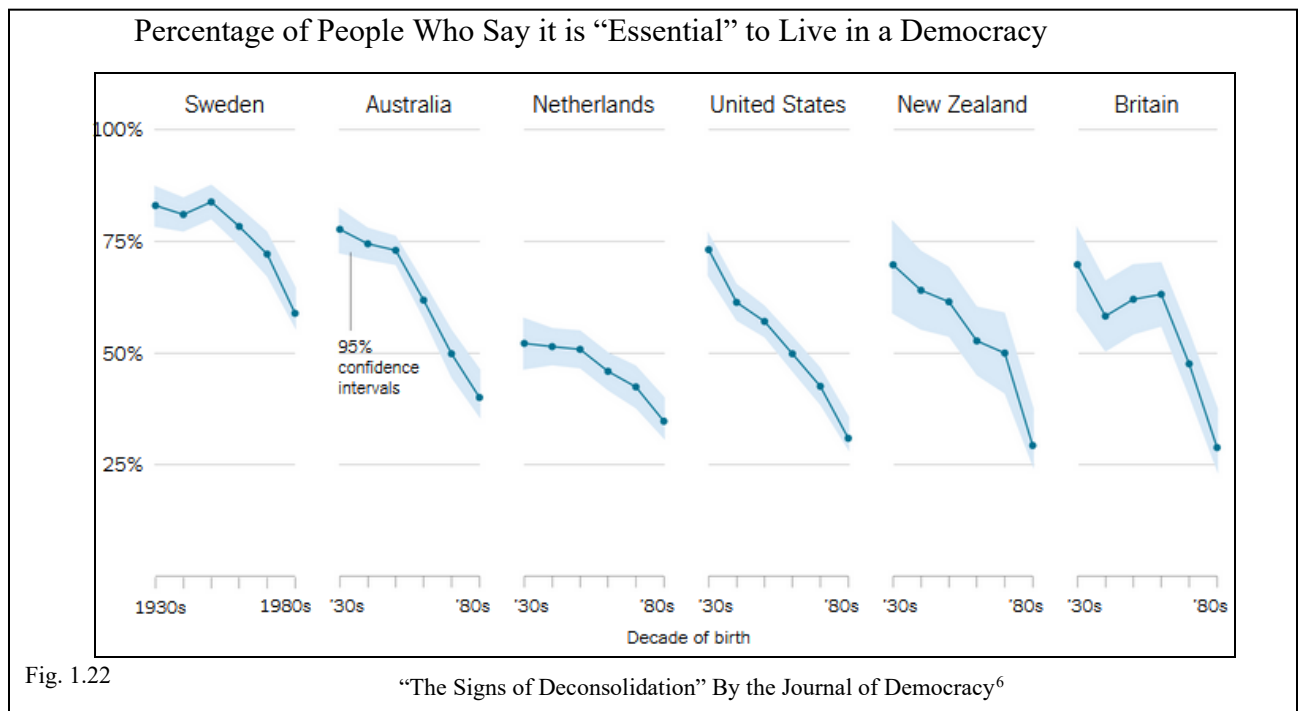
The charts indicate a clear trend of decline in the number democratizing countries and their percentage share of the world population. There is a pattern of decrease in these numbers both in 2000 and 2010. The information conveyed in this chart confirms increasing confidence in autocracy in contrast to democracy. In June 2019, the Financial

³Maerz, Lührmann, Hellmeier, Grahn and Lindberg. ‘State of the World 2019: Autocratization Surges – Resistance Grows.’ 911.

Times quoted Vladimir Putin himself stating, “the liberal idea is obsolete and has outlived its purpose.”⁴

The favorability of democracy is also dropping across many democratic countries. These nations include Australia, Britain, the Netherlands, New Zealand, and Sweden.⁵ Figure 1.2 illustrates the percentage of people who say it is “essential” to live in a democracy ranging from the 1930s to the 1980s.

Figure 1.2.



All countries listed in the graphic display the decline of at least 20% in those who found strong importance of living in a democracy after 1930. In the cases of The United

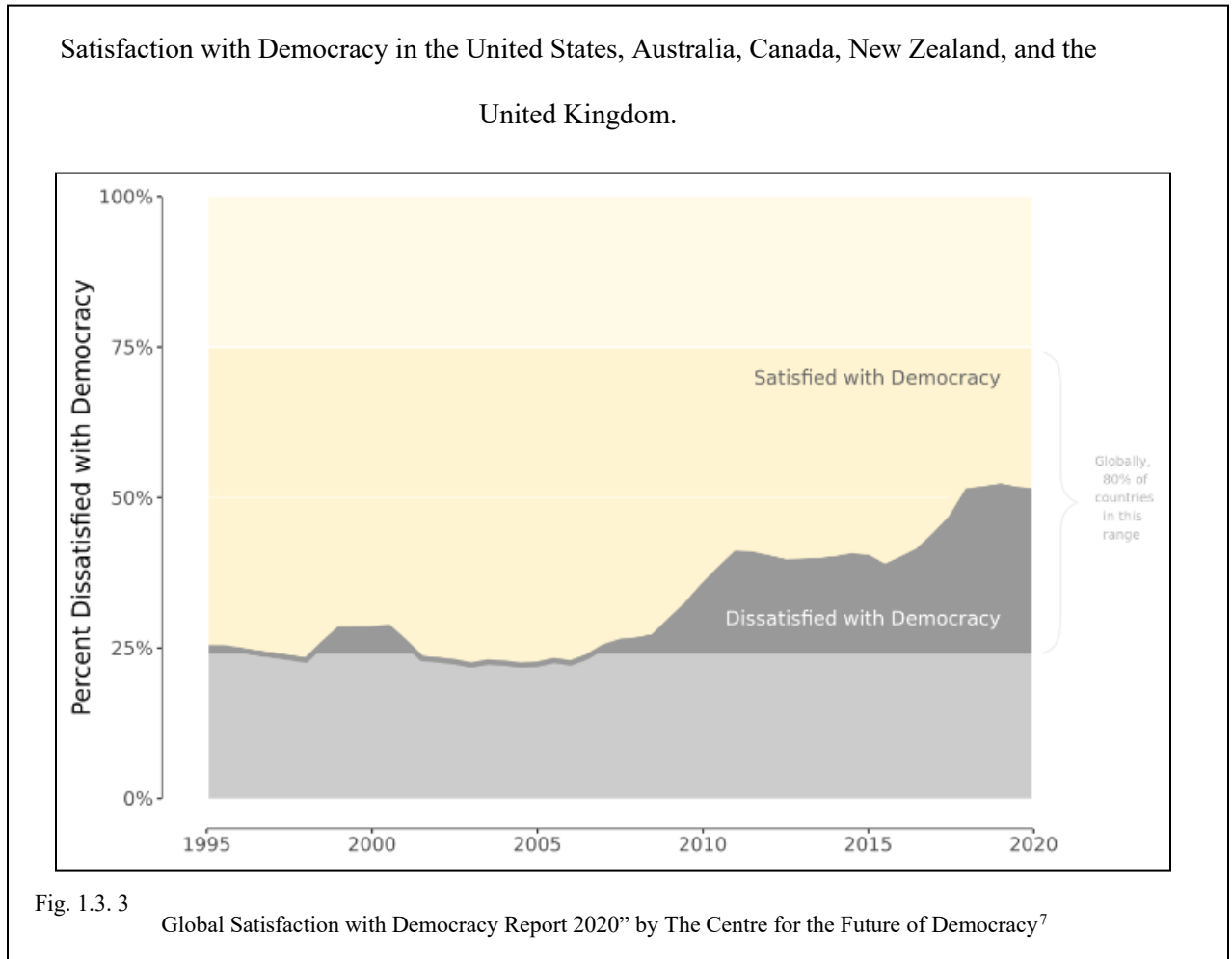
⁴Ibid.

⁵ Roberto Stefan Foa, and Yascha Mounk. “The Signs of Deconsolidation.” *Journal of Democracy* 28, no. 1 (2017): 6.

⁶ Foa, and Yascha. “The Signs of Deconsolidation.” 6.

States and Britain, the decrease in the last 50 years was nearly 50%. These numbers can be further expanded on by Figure 1.3 which conveys global reports of satisfaction with democracy ranging from 1995 to 2020.

Figure 1.3.



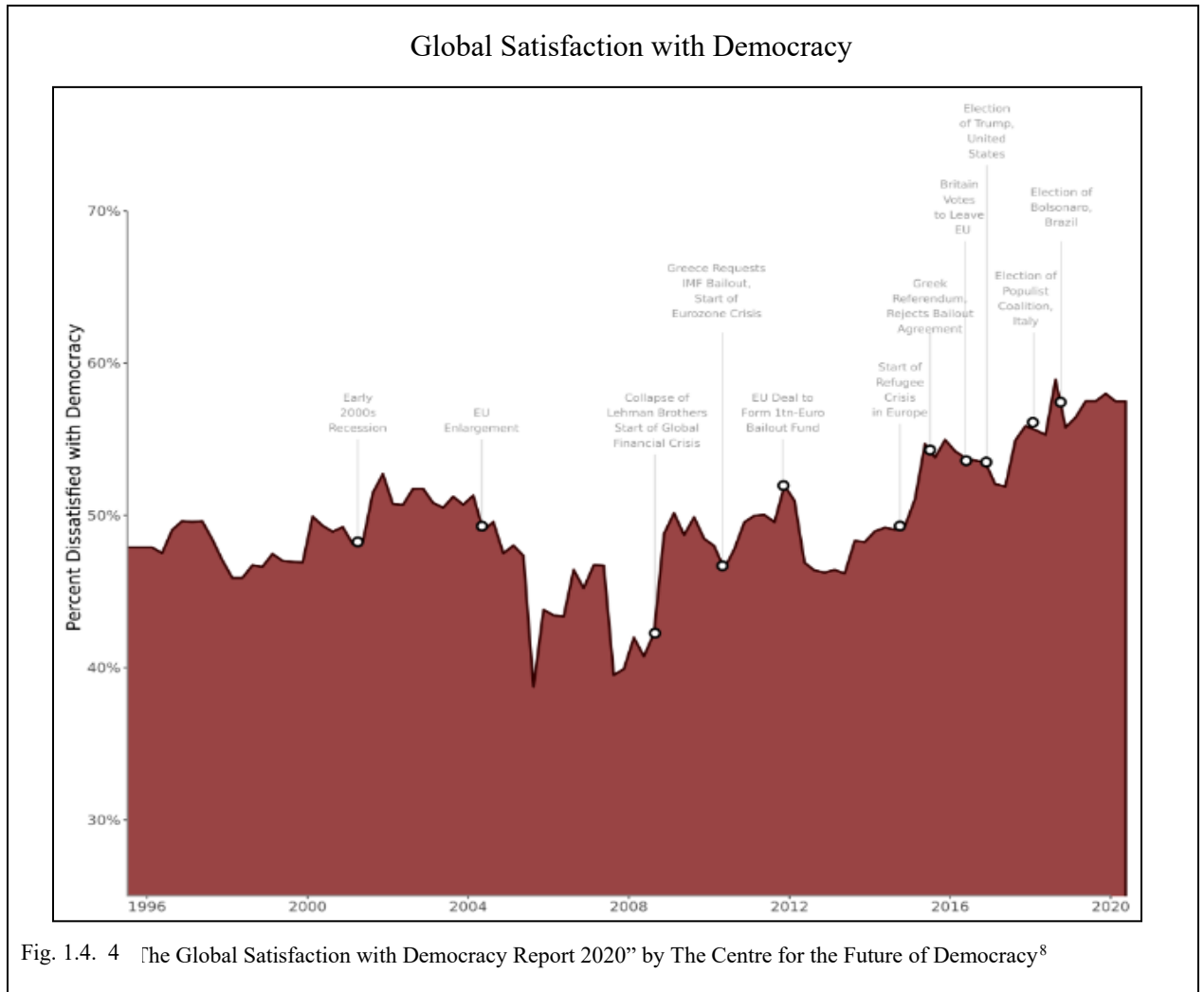
The graph reveals generally consistent reports of under 25% dissatisfied until roughly 2008. After 2008, a substantial increase is indicated in the reports of dissatisfaction regarding democracy from a global perspective. The reports of 50 % dissatisfied with democracy are nearly double of the numbers reported before 2008. The

⁷Foa, R.S., Klassen, A., Slade, M., Rand, A. and R. Collins. “The Global Satisfaction with Democracy Report 2020.” *Centre for the Future of Democracy* (2020): 18.

decline of satisfaction is evident, but raises the question, what specifically is occurring that is causing the decline? Incorporating important global events into these measurements of dissatisfaction can provide the answer.

Figure 1.4 provides a similar measurement assessment to Figure 1.3 regarding dissatisfaction of democracy. However, the figure expands on the percentages by including influential global events which had occurred in the yearly range of 1996 to 2020.

Figure 1.4.



The global events included in the graphic highlight the early 2000s recession, European Union enlargement, the start of the global financial crises, bail out conflicts, and important political elections. All of the events coincided with spikes in the responses of dissatisfaction and continued a general trend of dissatisfaction.

⁸ Foa, R.S., Klassen, A., Slade, M., Rand, A. and R. Collins. “The Global Satisfaction with Democracy Report 2020.” *Centre for the Future of Democracy* (2020): 9.

The decline of democracy is clear though the visible decreases in measurements of the number, the favorability, and the satisfaction in this governmental system. The modern conversation of declining democracy is relevant and important because of the political responses and economic consequences which have coincided with it. These responses include increased electoral support of anti-establishment movements, increased political polarization, and increased populism. The economic consequences can be illustrated by gridlock in Congress in the United States and the results of the Referendum for Britain to leave the European Union.

1.3.2 Anti-Establishment Movements

Measured support for anti establishment movements have increased in an abundance of countries. Jean-Marie Le Pen's National Front in France united with a platform together against the EU as a political establishment. In addition, Umberto Bossi's Lega Nord in Italy, Jorg Haider's Freedom Party in Austria, the Vlaams Belang in Belgium, and the Sweden Democrats Party have all acquired approximately 10 percent of the vote in their last national parliamentary elections. These anti-system movements do not only position themselves with the people against elites, but do so by challenging the principles of representative democracy.⁹ These movements give a voice to the anger and frustration of citizens and embody what many consider to be viable alternative to democracy. General feelings of distrust, economic malaise, and political instability have given birth to new anti-establishment movements or have strengthened existing ones. These movements are the articulations of modern increases in populism.

⁹ Dokos, Thanos, Eleonora Poli, Chiara Rosselli, Eduard Soler I Lecha, and Nathalie Tocci. "The Eurozone Crisis and Anti-Establishment Groups in Southern Europe ." *Istituto Affari Internazionali* (2013): 6.

1.3.3 Populism

Populism originates as a political source when existing political parties are not responding to the desires of large sections of the electorate. This condition is referred to by scholars as a representation gap. The 2016 election of Donald Trump as President of the United States has been defined as quintessentially populist and is related to party politics¹⁰. His supporters have a strong nationalist identity and researchers suggest his presidency may be the result of the Republican Party's failure to incorporate a wide range of constituencies. Populism allows the problems of individuals to become grievances of a “people like us” collective.¹¹

The increases in number and electoral support of these movements illustrate the rise of populism globally. These increases are alarming by the threat they pose to democracy.¹² Indeed, an integral component required to sustain democracy is mutual tolerance of politicians according to Steven Levitsky and Daniel Ziblatt, the Harvard University authors of *How Democracies Die*. Government actors must accept their opponents as legitimate representatives and loyal citizens with which they disagree. Civility cannot be achieved if opponents are viewed as dangerous and illegitimate.¹³ Therefore, an additional component of emerging populism as it pertains to the extensive divide among representatives is political polarization.

¹⁰ Eric J. Oliver, and Wendy M. Rahm "Rise of the "Trumpenvolk": Populism in the 2016 Election." *The Annals of the American Academy of Political and Social Science* 667 (2016): 202.

¹¹ Oliver, and Rahm "Rise of the "Trumpenvolk," 203.

¹² Ibid.

¹³ Steven Levitsky and Daniel Ziblatt. *How Democracies Die* (New York: Crown Publishing (2018) 153.

1.3.4 Political Polarization

Populism is detrimental to democracy because it fuels political polarization. Political polarization weakens a democracy's ability to function effectively. Populists force extreme and exclusionary efforts into political agendas. Public discourse is effectively pushed out to the ends of the political spectrum which undermines the consensus building political culture which democracy requires. Populists also view the world from a divisive perspective which places people in contrast against corrupt elites. Politics are framed as a zero sum competition between these groups¹⁴. The consequence of populist parties entering government is that public attitudes polarize. People become willing to tolerate abuses of power and sacrifice orderly and regulated democratic principles. The end justifies the means if the interests of their side are advanced and the other is kept out of power. Therefore, populism fueled political polarization increases the risk of democratic decline.¹⁵

Populism and political polarization have clear associations to the decline of modern democracy. However, more clarity on this connection can be illustrated by asking the question: what are the specific visible costs associated to political polarization and populism? Insight can be gathered by reviewing polarization in Congress in the United States and the Referendum Vote in Britain to leave the European Union.

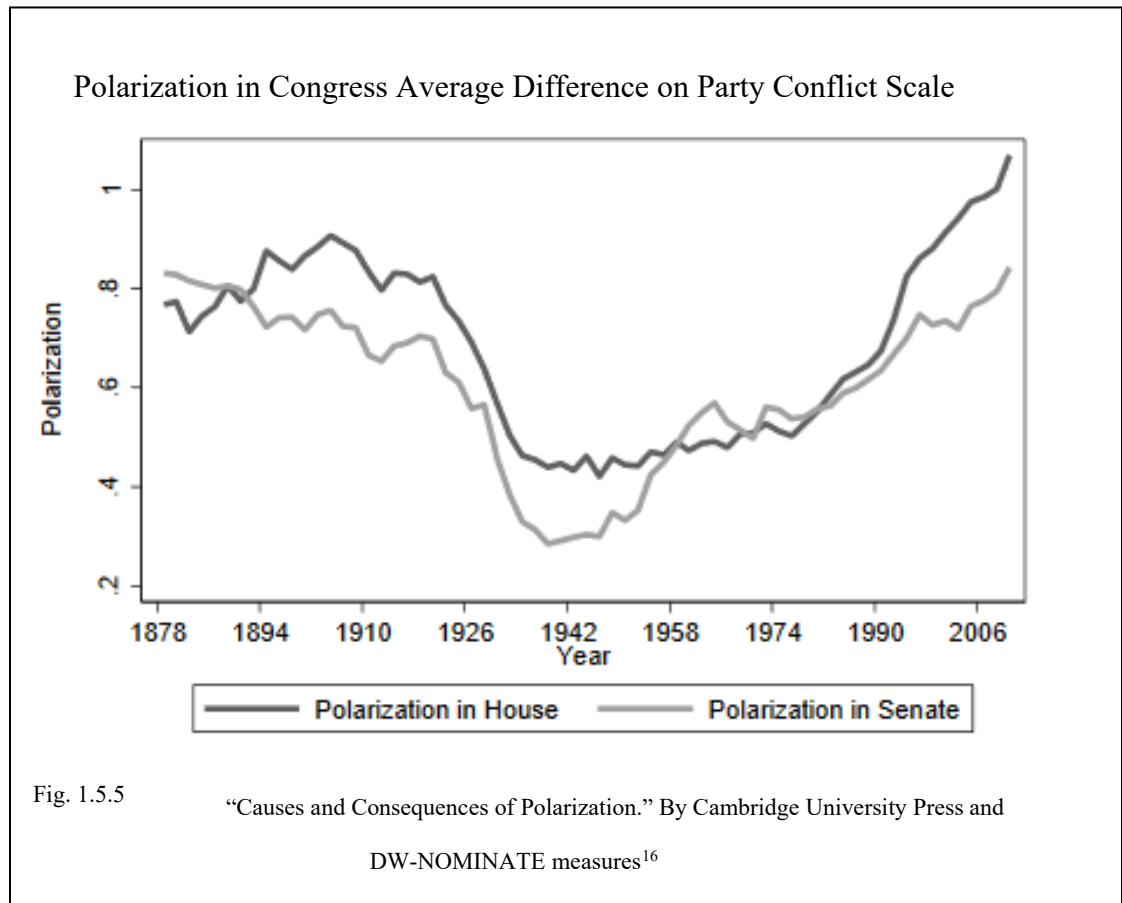
1.3.5 The Costs

¹⁴Andrea Kendall-Taylor and Carisa Nietzsche. "Combating Populism: A Toolkit for Liberal Democratic Actors." *Center for a New American Security*(2020): 3.

¹⁵ Kendall-Taylor Nietzsche. "Combating Populism: A Toolkit for Liberal Democratic Actors." 4.

The costs of political polarization in Congress can be illustrated by examining the information in Figure 1.5. Figure 1.5 measures the average difference on a party conflict scale to highlight polarization in Congress and ranges from 1878 to 2006.

Figure 1.5.



The chart reveals an increase in the average difference on party conflict scale over the last 50 years. The largest trends also appear to begin in the 1970s as there are

¹⁶ Michael J. Barber, and Nolan McCarty. “Causes and Consequences of Polarization.” In *Solutions to Political Polarization in America*, ed. Nathaniel Persily (Cambridge: Cambridge University Press, 2015) 20.

significantly lacking decreases in these polarization measurements. Additionally, both polarization in the House and Senate are the highest they have ever been since 1878.

Political polarization is claimed to damage government institutions by producing policy gridlock and ineffectiveness. For example, researchers have noted that the 112th United States Congress passed fewer laws than any Congress stretching back to the 1800s.¹⁷ Additionally, the filibuster is more regularly used as a partisan way to promote gridlock which obstructs legislation that serves public interest. Congress is also more likely to miss deadlines and continue legislation into future sessions.¹⁸ These concerns have been raised about congressional ability to manage longer-term problems such as reform to entitlements including Social Security and Medicare. It is important to also note that just 9 percent of Americans have a great confidence in Congress.¹⁹ The movement away from the political center has coupled with bitter partisanship and voters became disillusioned with Washington politics.²⁰ Costs associated to polarization in Congress can also be found in the consequences of the Referendum vote in the United Kingdom.

Figure 1.6 conveys the results of the 2016 Referendum to leave the European Union. The illustration highlights the high level of polarization associated to the decision with 52% voting to leave and 48% voting to stay. This very close split represents extreme

¹⁷ Sarah A. Binder "The Disappearing Political Center: Congress and the Incredible Shrinking Middle." *The Brookings Review* 14, no. 4 (1996): 38.

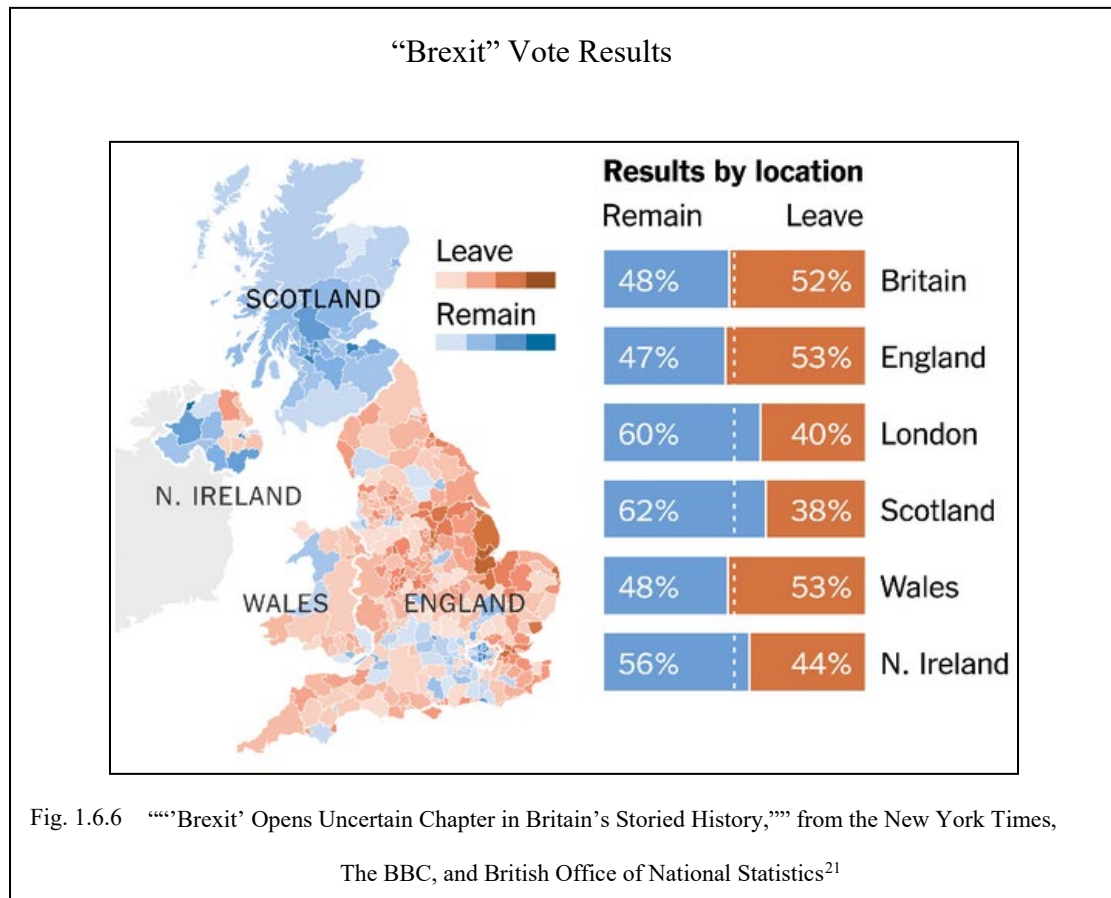
¹⁸ Binder "The Disappearing Political Center: Congress and the Incredible Shrinking Middle." 39.

¹⁹ Niall Ferguson. "Populism as a Backlash against Globalization: Historical Perspectives." *Horizons: Journal of International Relations and Sustainable Development*, no. 8 (2016): 12.

²⁰ Binder "The Disappearing Political Center: Congress and the Incredible Shrinking Middle." 39.

disagreement in the nation and will likely be exacerbated when the costs associated to leaving are clearer.

Figure 1.6.



Author John Van Reenen argues that high trade costs with the rest of Europe will be inevitable with the vote to leave. Trade with Europe comprises almost half of all trade in Britain. Lower trade and investment will likely produce lower average incomes for UK

²¹ Steven Erlanger, ““Brexit’ Opens Uncertain Chapter in Britain’s Storied History,” The New York Times, last modified June 24, 2016, <https://www.nytimes.com/2016/06/25/world/europe/brexit-european-union-uncertain-chapter-in-britains-storied-history.html>.

citizens. Trade costs will emerge from a combination of tariff and non tariff barriers.²² Computable multi country and multi sector equilibrium models suggest welfare losses of 1.3% to 3.6%. Additional models which incorporate productivity effects claim that these numbers could be much higher and range from 6% to 9%. When the Referendum was held on June 23 2016, Britain's Sterling Pound value dropped the same day of the announcement.²³

Those who argue in favor of leaving the European Union claim the benefits will ultimately outweigh the costs if lower immigration, improved regulations, and increased trade deals with other non-European nations are obtained. The vote to leave termed "Brexit" is unique regarding the costs. It reveals what policy issues are becoming more crucial to citizens even if there are costs associated to them and highlights the increased importance of international issues.

The discord in Europe and the United states caused by Brexit and increasing political polarization has further diminished the appeal of democracy for people who used to see it as an unrivaled governmental model to imitate. Even in the success stories of Central and Eastern Europe, the initial enthusiasm for European integration has given way to growing support for illiberal and nativist policies. Support for these policies stem from feelings of diminished sovereignty implicit in the very project of westernization. Around the world as social discourse becomes more polarized, nationalist policies gain traction with voters and citizens become less trusting of democratic institutions. This loss of legitimacy can be attributed to many factors which exist independently. However, in a

²² John Van Reenen. "Brexit's Long-Run Effects on the U.K. Economy." *Brookings Papers on Economic Activity*, (2016): 366.

²³ Van Reenen. "Brexit's Long-Run Effects on the U.K. Economy." 367.

broader sense, many scholars suggest these factors are intertwined and strengthen each other through globalization. Globalization then exacerbated problems associated to financial crisis and neoliberal policies.

1.3.6 Globalization

International integration present in the European Union is essentially a monetary partnership which establishes an economic system designed to foster competition among private sector players. However, these centralized policies ultimately removed currency devaluation of member states while the competitiveness of their economies remained uneven. Joint decision making in the partnership was lacking on financial, economic, and social policies which allowed for distributional mechanisms to strengthen existing structural imbalances between the economies of member nations.²⁴

Stricter monitoring and greater coordination of national economic interests aimed at larger unity became unpopular. These rules were perceived by large segments of society as ineffective and to have contributed to a further economic hardship resulting in a decline of national parliamentary sovereignty over budget making.²⁵ European citizens began feeling the effects of weakening welfare systems, rising unemployment, and minimal growth. People viewed the economic partnership as progressively and systematically producing the inability for them to enjoy their economic, social, civic and political rights. Exclusion of many groups from the decision making process resulted in

²⁴ Thanos Dokos, Eleonora Poli, Chiara Rosselli, Eduard Soler I Lecha, and Nathalie Tocci. “*The Eurozone Crisis and Anti-Establishment Groups in Southern Europe*.” *Istituto Affari Internazionali* (2013): 12.

²⁵ Dokos, Poli, Rosselli, Soler and Tocci. “*The Eurozone Crisis and Anti-Establishment Groups in Southern Europe*.” 13.

an increase of economic and social inequality.²⁶ Widespread frustration with the EU and the alienation of elected elites from the people occurred. This alienation, therefore, has an economic origin which produced political consequences.

The political developments of the 2016 electoral campaign in the United States and Brexit in Britain have revealed the depth of anxiety and resentment among citizens in many wealthy nations. These issues reach further than the economic environment and likely cannot be addressed by economic policy alone.²⁷ However, the economy appears to have been key to the political upheaval through which people are now living. Solutions to these problems may no longer be enough to stabilize the political and social environment, but it difficult to imagine how to restore a sense of order without addressing the economic concerns.²⁸ Thusly, the question can be asked: how does the economy influence satisfaction of democracy? The answer can be found by further examining the relationship the economy has to democracy which will allow one to join the conversation of the why there is modern dissatisfaction of democracy.

The alienation of elected elites from the people, exclusion of many social groups from the decision making process of the state and society, and increasing social economic inequality have all decreased the satisfaction associated to democracy. The costs of political polarization and populism as represented in Congress and the Brexit vote have clear economic distinctions. When researching how the economy relates to democracy

²⁶ Ibid.

²⁷ David Black. "Revitalizing Democracy Assistance to Counter Threats to Democratization." *The German Marshall Fund of the United States* no. 26(2019): 5.

²⁸ Michael Piore. "Economic Policy in the Time of Reactionary Populism." *Issues in Science and Technology* 34, no. 3 (2018): 24.

many scholars claim the financial crisis acted as a catalyst which ignited many of the current criticisms.²⁹

1.3.7 Recession

The economic hardship associated to the 2008 Financial Crisis raised concerns regarding the free market system and the underlying values of capitalism.³⁰ The once rarely questioned link between economic progress and liberal democracy became highlighted. Some political scientists claim the disillusionment with democracy has less to do with democracy itself than with the economic policies which have been attached to it. The dominant market model of the last several decades has been comprised of economic policies centering on neoliberalism.³¹ The consequence of expanding neoliberalism was an intertwining of economic policies with important elements of democracy.

1.3.6 Neoliberalism

Neoliberalism is comprised of principles which affirm free markets. These policies include deregulation of industries and capital flows, reduction in welfare state provisions and protections, privatized and outsourced public goods, ending wealth redistribution as an economic or social political policy, and large scale financialization. Author Wendy Brown deemed neoliberalism as “democracy incorporated.”³² These

²⁹ Piore. "Economic Policy in the Time of Reactionary Populism." 35.

³⁰ Black. "Revitalizing Democracy Assistance to Counter Threats to Democratization." 6.

³¹ Ibid.

³² Wendy Brown. "Undoing Democracy: Neoliberalism's Remaking of State and Subject." In *Undoing the Demos: Neoliberalism's Stealth Revolution* (Cambridge, Massachusetts; London, England: MIT Press, 2015) 16.

policies have stirred criticism after decades of their application. Intensified inequality, crude commoditization and commerce, and increased corporate influence in government have culminated in economic instability. Critics emphasize that liberty was transferred to economic life from political life through an extensive meshing of the economy with democracy.³³

1.4 Discussion

The existing literature indicates the importance of neoliberalism, globalization, and recession have when explaining the economy's relationship to the modern decline of democracy. These three topics are explained to have played a role in decreasing economic satisfaction. Decreased economic satisfaction coincided with increased political polarization, increased populism, and decreased satisfaction of democracy. The available literature provides insight on why there is decreased satisfaction. However, less clarity is provided as to how exactly this phenomena developed.

Author Yotam Margalit claims the importance attached to economic insecurity may be inflated in regards to increasing populism and suggests great importance of culture and identity. A claim which diminishes the influence economic insecurity has on populism would serve as a counter argument to the importance economic stability has to democracy. The inflation is due to estimates being made on the level of insecurity when supporting populist's candidates. He argues there are generally lacking measurements,

³³ Brown. "Undoing Democracy: Neoliberalism's Remaking of State and Subject," 17.

comparisons, and calculations in this study.³⁴ However, assessing further public opinion data can provide these measurements as illustrated in Figures 1.2 and 1.3. Additional non-economic factors influencing the decline of democracy including ideology and pre-existing social conditions can also be addressed in this quantitative manner through the analysis in each chapter.

The roadmap to answering the broader question of how the economy has influenced the decline of modern democracy can be found by assessing research divided into three sections. These sections include assessing the connection recession has to political polarization, the connection that party realignment has to public opinion, and the correlation production shifts have to populism. Examining the connections of these more distinct topics can provide more clarity and depth associated to the relationship the economy has to democracy.

Critical points on the road map include quantitative data regarding economic insecurity, unemployment, income inequality, financial impact fragmentation, radicalization of political parties, realignment of political parties, political and social alienation of specific groups, backlash to immigration, nationalism, and blame. These important points reveal decreased public opinion of government which animated voting behavior. This voting behavior is represented through political polarization and populism and is a reflection of how citizens view their democracy through an economic lens.

³⁴ Yotam Margalit "Economic Insecurity and the Causes of Populism, Reconsidered." *The Journal of Economic Perspectives* 33, no. 4 (2019): 157.

The contribution of this research is the information which can be gathered by reviewing more specific topics within the roadmap when demonstrating the connection globalization, neoliberalism, and recession have to democracy. Assessment of these specific points will allow a pattern to emerge which was not previously visible. Neoliberal policies ranging back decades had a negative impact on the manufacturing sector which coupled with globalization. The financial crisis then worsened the negative impact of these economic and internationalization endeavors. Economic inequality, insecurity, dissatisfaction, and fragmentation as represented by the public opinion analysis prove economic instability influences political stability and satisfaction. Political polarization and populism emerged as consequence to economic complications which deteriorate democracy. Therefore, economic stability is critical to democracy.

2. Chapter 1: Recession and Political Polarization in America

2.1 Introduction

The topic of political polarization among U.S. citizens has been emerging more and more frequently in recent years. Polarization as part of this political context is defined as the increase of citizens who identify near to the extreme ends of the political aisle. An increase in extreme identification will coincide with a decrease of identification within the moderate middle section of the partisan spectrum. Political division is important due to the claimed negative effects it produces.

2.1.1 Background

Rising levels of division have been argued by political scientists to cause a decrease in the capability of Congress to produce bipartisan legislation.³⁵ These challenges generate a political stalemate and policy gridlock which ultimately hinders congressional productivity and a marked decline in the number of bills produced.³⁶ A widened ideological gap makes it more difficult for the parties to overcome their differences and reach compromises. Congressional inefficiency, therefore, provides an illustration of the negative effects which political polarization has on democracy. It is damaging the quality and quantity of public policy within an integral government establishment.³⁷ The example of Congress's inefficiency provides some clarity on the effects of polarization. However, there appears to be less agreement on the cause of the division.

³⁵Edward G Carmines and Matthew Fowler, *The Temptation of Executive Authority: How increased Polarization and the Decline in Legislative Capacity Have Contributed to the Expansion of Presidential Power* (Indiana, Indiana University Press, 2017), 371.

³⁶Carmines and Fowler, *The Temptation of Executive Authority*, 372.

³⁷*Ibid*, 377.

Surveys of public opinion suggest that there has been a recent spike of polarization over the past decade and many accredit the phenomenon, in part, to the Great Recession.³⁸ This revelation can direct research toward the question of: how does economic recession influence political polarization? Existing literature on this question emphasizes the importance associated to impact variation. There is considerable variation over who is impacted during a recession and how extensive the damage can be. Impact serves to guide economic policy which then provokes political disagreement among citizens as a consequence.

Research can provide a road map to answering questions concerning the connection that political polarization has to recession. The literature addresses and assesses a specific range of topics which comprise this road map. These topics include: changes in partisan identification, views of economic system fairness, measurements of economic satisfaction, electoral outcomes, a transformation of the political parties, and the diminishment of moderate votes. Examining the existing literature and available public opinion polling will illustrate how recession increases polarization. The partisan divide has increased over decreasing economic satisfaction, worsening income inequality, division and fragmentation of the public based on impact, and distrust in government through a radicalization of the political parties. Partisan views, unemployment, and income inequality become the critical evidence in this assessment.

Increased partisan views, unemployment, and income inequality in association with this study can be then be applied through a comparative data analysis methodology.

³⁸ Drew Desilver. "Partisan Polarization, in Congress and Among Public, is Greater than Ever." Pew Research Center (July 7, 2013). Retrieved from <https://www.pewresearch.org/fact-tank/2013/07/17/partisan-polarization-in-congress-and-among-public-is-greater-than-ever/>.

This analysis, which identifies broader trends and patterns, allows one to join the academic conversation over how recessions threaten democracy by increasing political polarization.

2.2 Literature Review

One key concept that is revealed by the existing literature is the importance of impact variation. Variation regarding who specifically is impacted during the crisis and how extensively is important to explaining the connection recession has to political polarization. The impact of a financial crisis serves to guide economic policy preferences. Impact variation is explained through a variety of sources which examine partisan identification, economic system fairness, economic satisfaction, income inequality, unemployment, electoral outcomes, political parties, and moderate votes. Disagreements over policy preferences can first be illustrated by modern increases of partisan self-identification.

2.2.1 Partisan Identification

Recent literature and survey data reveals marked increases in partisan self-identification. These resources demonstrate that political polarization of citizens has increased since 2000.³⁹ Self-described conservatives as well as liberals have made up the demographic majority of the Republican and Democrat parties from 2000 to 2012. The Self-described conservatives rose from 59% in 2000 to 68% in 2012. Those who identified as liberal increased from 27% to 39% during the same time frame.⁴⁰ A marked

³⁹Drew Desilver. "Partisan Polarization, in Congress and Among Public, is Greater than Ever."

⁴⁰Ibid.

deterioration of moderate identification also occurred.⁴¹ These increases in partisan identification coincided with a change in view of economic system fairness after the financial crisis.

2.2.2 Economic System Fairness

Political views of the economic fairness associated with the American economic system, deteriorated as a result of the Great Recession. Survey data revealed a partisan split regarding this decline. Polling questioned whether the system unfairly favored powerful interests or if it was generally fair to most citizens. The result of the polling revealed a divide based on political party.

Almost 84% of Democrats believed the system was unfair as of 2018 which was an increase from 76% in 2014.⁴² Republicans also viewed it as 54% unfair and then 57%, respectively. 80% of wealthy Democrats with an annual income of over \$100,000.00, believed the economic system to be unfair.⁴³ Conversely, 60% of Republicans with the same annual income viewed the American system as fair. It is also important to note that 51% of Republicans who had an annual income of less than \$30,000.00 viewed the

⁴¹Ibid.

⁴²Amina Dunn. "Partisans are divided over the fairness of the U.S. economy – and why people are rich or poor." Pew Research Center (October 4, 2018). Retrieved from <https://www.pewresearch.org/fact-tank/2018/10/04/partisans-are-divided-over-the-fairness-of-the-u-s-economy-and-why-people-are-rich-or-poor/>.

⁴³Hannah Fingerhut. "Most Americans say U.S. economic system is unfair, but high-income Republicans disagree." Pew Research Center (February 10th, 2016). Retrieved from <https://www.pewresearch.org/fact-tank/2016/02/10/most-americans-say-u-s-economic-system-is-unfair-but-high-income-republicans-disagree/>.

economic system as unfair.⁴⁴ These statistics suggest there is a correlation of income regarding the fairness views of the American system, but it can depend on partisanship. More people deemed the system unfair if they were in a low-income bracket. Therefore, investigating how the recession impacts income inequality may provide more insight.

Due to financial stress and insecurity during a recession, income inequality can cause discrepancies in perceptions of fairness in the citizens. Income can become more volatile and is subject to steeper increases and decreases during these times of economic difficulty. For example, lacking health insurance and the ability to pay bills directly links to insecurity as these are necessities. This insecurity is important because 28% of Americans reported having one or both of these insecurities in 2004 even before the Great Recession⁴⁵. In 2004, 15.8% of citizens reported pressure to pay whiles. This was an increase from 12.6% in 1991.⁴⁶ Financial difficulties signal problems in maintaining a decent standard of living and meeting basic needs for a large portion of the population and has been increasing according to The General Social Survey.⁴⁷ The financial crisis, ultimately, provided clear recognition of inequality based on income. This example of income inequality also highlighted the importance of employment.

Political attitudes on employment opportunity can shift in response to recession because the employment available to citizens is reduced. Employment opportunity is determined by a worker's, education, training, skills, expertise, and other competencies. Education and other attributes should enhance relative levels of job security during

⁴⁴Russell Heimlich. "Lower-Income Republicans See Economic System as Less Fair." Pew Research Center (February 7, 2012). Retrieved from <https://www.pewresearch.org/fact-tank/2012/02/07/lower-income-republicans-see-economic-system-as-less-fair/>.

⁴⁵Trias "The Great American Recession: Sociological Insights on Blame and Pain," 10.

⁴⁶ Ibid, 12.

⁴⁷Ibid, 10.

economic crises and diminish the risk of long-term unemployment.⁴⁸ By contrast, those with lower incomes and less education are unfortunately expected to be at the greatest disadvantage. Such disadvantages can lead these groups to comprise a larger number of the unemployed during recession.⁴⁹

Unemployment, therefore, serves as a polarizing issue. It guides policy preferences by aggravating class issues through economic concepts of “the haves” and “the have nots.”⁵⁰ Economic hardship that impacts people due to unemployment will often create more welfare and redistributive policies.⁵¹ People on the higher ends of the income spectrum often will often steer away from these policies or strive to block them based on partisanship. This concept can be further supported by recorded data which indicates who specifically was impacted the most by recession created unemployment and how important the issue truly is.

2.2.3 Economic Satisfaction

Survey data taken during periods of high unemployment reveal the connection that monetary earnings and job availability has to measurements of general economic satisfaction. Public opinion surveys measured the satisfaction that Americans had about the economy as well as their perceptions of job availability from 2004 to 2009. In November 2007, the unemployment rate was 4.7% and reached 10% in October

⁴⁸Brian C. Thiede and Shannon M. Monnat, “The Great Recession and America’s Geography of Unemployment,” *Demographic Research* 35 (2016): 897.

⁴⁹Thiede and M. Monnat, “The Great Recession and America’s Geography of Unemployment,” 897.

⁵⁰Enns. and McAvoy. “The Role of Partisanship in Aggregate Opinion.” 631.

⁵¹Peter K Enns. and Gregory E McAvoy. “The Role of Partisanship in Aggregate Opinion.” *Political Behavior* 34 no. 4 (2012): 630.

2009.⁵² Additional measurements revealed that 6.3% of all jobs were lost during the Great Recession.⁵³ This unemployment, therefore, resulted in a loss of monetary earnings of US citizens as a whole.⁵⁴ Losses by certain groups had a negative impact on public opinion surveys which measured job availability and economic satisfaction.

In 2004, a measured 18% of respondents indicated very unsatisfied.⁵⁵ When measured again in 2009, the survey results of citizens who provided a very unsatisfied response rose to an astounding 70%. General satisfaction of the economy had greatly declined. This decline coincided with the measured perception of the difficulty associated with job availability. In 2004, 59% responded that jobs were difficult to find. The same survey taken again in 2009 measured that 80% responded that jobs were difficult to find.⁵⁶

In 2008, a survey asking what the most important economic issue facing Americans today was, 13% responded with, “jobs”. In less than one year, the same survey data taken in 2009 showed that 42% responded with, “jobs”.⁵⁷ These measurements indicate that loss of earnings involved with unemployment and the associated unavailability of jobs can sway economic satisfaction. It is important to note that white collar workers suffer less than blue collar workers.⁵⁸ The lower and middle class was also affected much more by recession than the upper class. It was likely that

⁵² Sheldon Danzinger. “Introduction: Evaluating the Effects of the Great Recession.” *The Annals of the American Academy of Political and Social Science* 650 (2013): 6.

⁵³ Danzinger. “Introduction: Evaluating the Effects of the Great Recession.” 18.

⁵⁴ Aaron Pacitti. “The Cost of Job Loss and the Great Recession,” *Journal of Post Keynesian Economics* 33 no 4 (2011): 598.

⁵⁵ Robert Blendon and John Benson. “America’s Response to a Deep Recession.” *Challenge* 52 no 4 (200): 32.

⁵⁶ Blendon and Benson. “America’s Response to a Deep Recession.” 34.

⁵⁷ Ibid, 36.

⁵⁸ Weatherford, “Economic Conditions and Electoral Outcomes: Class Differences in the Political Response to Recession,” 921.

blue collar workers comprised the largest increase of the unsatisfied reports. Therefore, specific sectors and industries dominated by class such as manufacturing and construction suffered the most and experienced the highest unemployment rates to that point.

Recent data reveals that increased unemployment which was triggered by the Great Recession served to impact citizens differently in regard to their gender, race, and age. Data compiled during the beginning of the 2007 recession confirms that white men had a 3.6% unemployment rate compared to 3.2% of white women. Black men had a 9.1% unemployment rate while black women had a 6.5% rate. Hispanic men had a 6.2% unemployment rate and Hispanic women had a 4.9% rate. Indeed, the numbers show that men and racial minorities often were uniquely disadvantaged.⁵⁹ Available data also confirmed that young people were impacted the most by unemployment.⁶⁰ Citizens aged 16 to 19 had an unemployment rate of 14.4%. Citizens aged 20 to 24 had a 6.4% unemployment rate.

The variation of impact associated to recession is evident. However, how unemployment disrupts the contentment of citizens to generate a political response lacks clarity. Data of measured well-being can serve to illustrate why recession induced unemployment is a polarizing issue. Economic satisfaction and employment appear to correlate with how citizens view their well-being during the crisis.

⁵⁹ Ibid, 898.

⁶⁰Hilary Hoynes, Douglas L. Miller, Douglas L., Jessamyn Schaller. "Who Suffers During Recessions?" *The Journal of Economic Perspectives* (26) no 3 (2012): 27.

Survey data taken during the Great Recession ranging on a three-point scale from very unhappy to happy revealed an increase in the unhappy selection which varied by specific groups.⁶¹ Men in general, African Americans, and Hispanics made up for the largest increase. It appears that certain groups have more general discontent than others based on economic factors, and these groups appeared to be more disadvantaged during the recession. When certain groups have more discontent than other groups, there will be a consequence in voting behavior which is again tied to economic performance satisfaction.

2.2.4 Electoral Outcomes

Research suggests that low economic performance will influence electoral outcomes. The claim is that voters punish administrations for bad economic policies. Research on the political cost of inflation and recession reveals that shifts in the balance of party support over time correlates with economic cycles.⁶² Political responses to economic conditions will most likely be determined by the severity of the conditions and the individual's outlook on the events in the economic arena. Therefore, strong evidence of a relationship between general economic conditions and voting behavior can be illustrated through the concept of blame on poor economic conditions.⁶³

⁶¹ O'Connor, Kelsey, O'Connor. "Who Suffered Most from the Great Recession? Happiness in the United States." *The U.S. Labor Market During and After the Great Recession* (2017): 72.

⁶² M. Stephen Weatherford, "Economic Conditions and Electoral Outcomes: Class Differences in the Political Response to Recession," *American Journal of Political Science*, (22) no 4 (1978): 917.

⁶³ Weatherford, "Economic Conditions and Electoral Outcomes: Class Differences in the Political Response to Recession," 918.

Recognition of the groups who are supposedly responsible for poor economic performance will coincide with the creation of a political identification of who is to blame.⁶⁴ Greedy mortgage bankers, naive economists, and inept government regulators are broadcasted as the problem.⁶⁵ These will associate with specific narratives of flawed government policies, mismanagement of monetary policy, and runaway congressional spending, for example.⁶⁶ Blame constructed in this manner which is based on the identification of groups who are to blame will fuel polarization by creating a general concept of “us” versus “them” with political associations.⁶⁷ This adversarial concept is likely the culmination of citizen disagreement and the strongest contribution recession provides to polarization as it agitates the political parties.

2.2.5 Political Party Radicalization

Democrat and Republican elites took strong opposing stands on most of the specific policy issues raised by the 2008 financial crisis. There was disagreement on the magnitude and composition of an economic stimulus package, extensions of food stamps, unemployment insurance, and other safety net programs.⁶⁸ Recession strengthens the division within the parties as it directs voting in favor of or against increasing these programs. This division is claimed to produce a loss of compromise for mutual benefit of the parties which serve public interest. Blame on the opposing party, disappointment in

⁶⁴ Robert J. Samuelson “Rethinking the Great Recession.” *The Wilson Quarterly* (35)(1) (2011): 18.

⁶⁵ Barry Clark. “Inequality and the Great Recession.” *Challenge* 54(3) (2011): 58.

⁶⁶ Clark. “Inequality and the Great Recession.” 60.

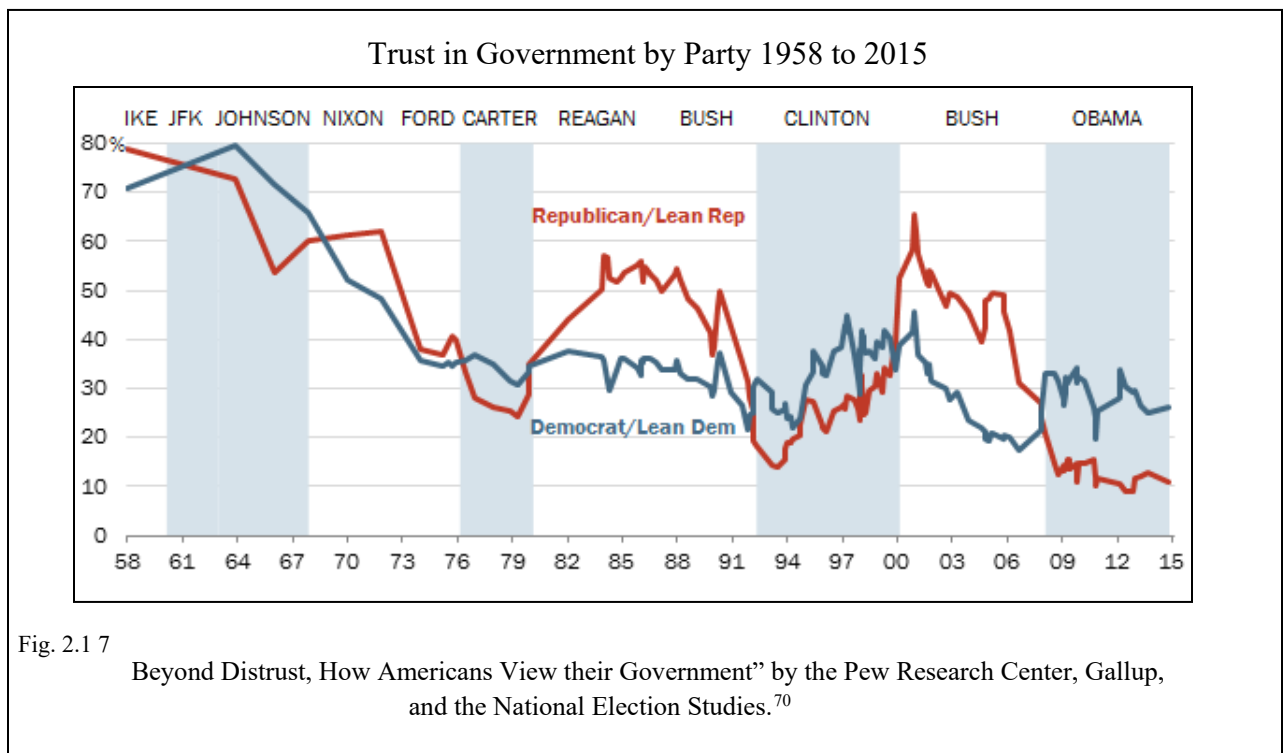
⁶⁷ Bermeo, Nancy Gina, and Larry M. Bartels. *Mass Politics In Tough Times: Opinions, Votes, and Protest In the Great Recession*. New York: Oxford University Press, 2014. 6.

⁶⁸ Bartels, Larry M. Bartels “Stress Test: The Political Economy of the Great Recession.” In *Unequal Democracy: The Political Economy of the New Gilded Age - Second Edition*, 278.

both parties, and a loss of confidence in government from the citizens was the consequence.⁶⁹

Lacking support of government is confirmed by Figure 2.1. The chart measures trust in government by political party and ranges from 1958 to 2015. The graphic reveals a decline of trust in the government of citizens who identify in both parties beginning in the year 1958.

Figure 2.1.



⁶⁹ Bartels, Larry M. Bartels "Stress Test: The Political Economy of the Great Recession." 279.

⁷⁰ Beyond Distrust, How Americans View their Government” by the Pew Research Center, Gallup, and the National Election Studies. Last Modified November 23, 2015. Retrieved from <https://www.pewresearch.org/politics/2015/11/23/1-trust-in-government-1958-2015/>.

During the Eisenhower Administration, responses of both parties were within the 70% and 80% range of government trust. These results continually dropped over subsequent decades but did have increases in 1980 and 2001. However, reports of 20% and below are shown during the Great Recession of 2008 and after. Therefore, trust in the government reached its historic lowest level in modern time. To confront the decline, author Corwin Smidt suggests the political parties radicalized and fueled polarization. The parties gratified and mobilized their supporters in a competitive manner while attempting to acquire nonpartisan voters or “floating voters”.⁷¹

2.2.6 Moderate Voters

Moderate or floating voters provide a unique value to the electorate through their flexibility. They can change their party support due to unawareness, indifference, or indecisiveness. Flexibility, however, is reduced when party differences are clearer. Americans can more easily recognize the meaning and consequences of candidate differences through polarization. The result is a decrease in ambivalence and indecision in voting through party radicalization and Americans will often become more reliable in their voting behavior and in which party they support. These dynamics are consequential for those voters who otherwise lack partisan connections.⁷²

Recession enables independents and the politically inattentive to resemble loyal partisans in their attitudes and behavior because an incentive is provided to do so. The incentive is through the clarity of candidate differences. Political parties benefit from

⁷¹ Corwin D. Smidt, “Polarization and the Decline of the American Floating Voter.” *American Journal of Political Science*, (61) no 2 (2017): 365.

⁷² Smidt, “Polarization and the Decline of the American Floating Voter.” 366

polarization by gaining support through these usually non-partisan voters. These typically indecisive voters are pulled into the polarized vortex of the parties based on economic conditions.⁷³ This type of vortex is a byproduct of recession and lends itself to further polarization.

The available literature regarding the influence recession has on political polarization leads to a connection of specific topics. It is clear that economic recession fuels polarization through changing partisan identification, altering economic system fairness views, reducing economic satisfaction and security, influencing electoral outcomes, transforming the political parties, and diminishing moderate votes. Viewing these sources in a collective manner confirms the importance of the variation associated to the impact recession has on people. Some citizens, for example, experience extensive financial stress and are heavily burdened by occupational insecurity while others are not. Ultimately, research validates the importance of the role recession plays in impact variation by increasing inequality.

The existing sources reveal the importance unemployment and income have in association to this inequality. The majority of variation in impact during a recession can be related to these two variables which can allow them to be incorporated into an analytical data assessment. A case study methodology can be used to further prove increases in polarization. It can be used in a quantitative manner to demonstrate increased partisanship as suggested in the literature. The Great Recession can be used as a case study to supply answers and can be expanded upon by comparing the 2008 financial crisis to similar studies of the recession in 1973 and the recession in 1980. Measurement

⁷³ Ibid, 365.

of the defined points on a political identification scale can also be used to test increases in political polarization.

2.3 Data Analysis

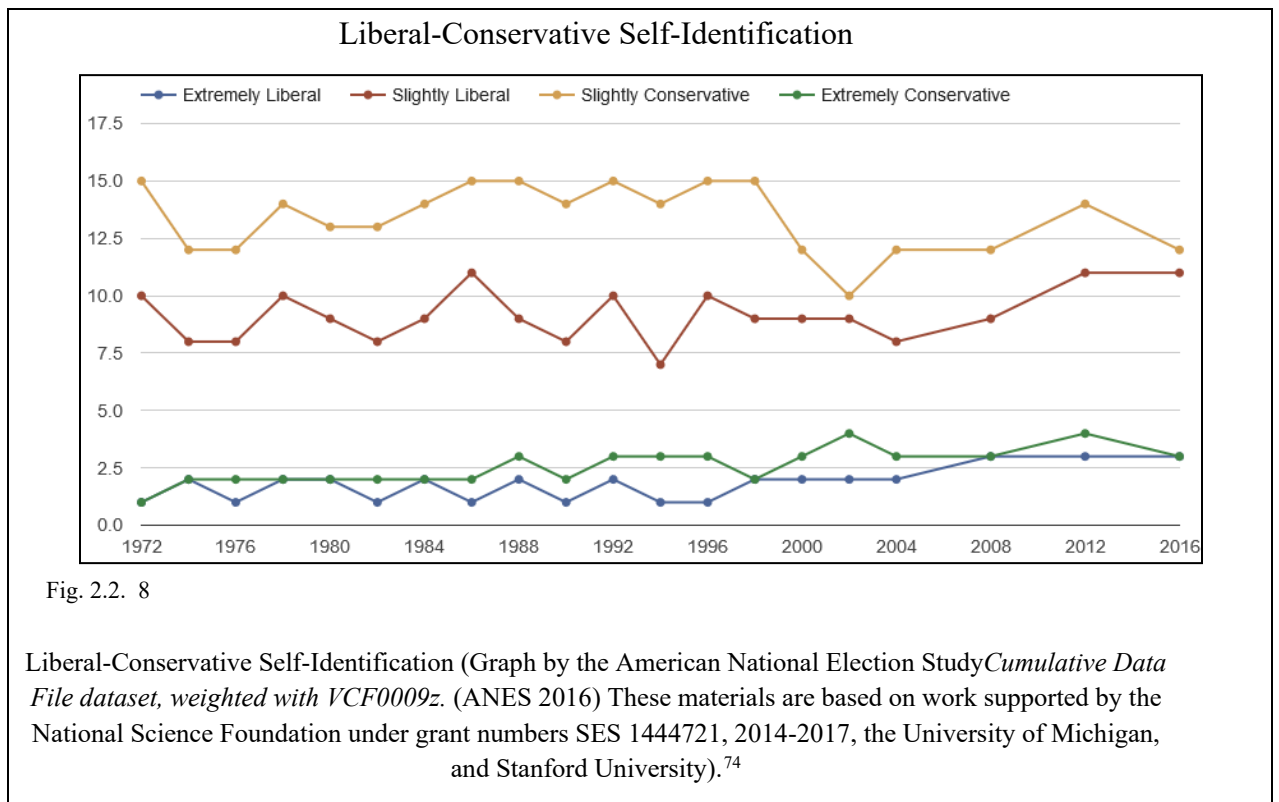
Testing the hypothesis that economic recession will increase polarized views on a partisan scale can be completed through a case study analysis of *American National Election Study* data. This data can be used to measure changes in a partisan identification scale. These changes can be used to identify increases and decreases of political identification which can serve to illustrate polarization. Further evidence to support increased polarization can then be provided through incorporating a further quantitative assessment of the variables discussed in the literature review.

2.3.1 Methodology

Figure 2.2 provides an illustration of documented political partisan self-identification ranging from the year 1972 to 2016. This figure captures data reflecting the recessions in 1973, 1980, and 2008. The graph, therefore, can be used for the purpose of a full case study comparison. The data points range from Extremely Liberal to Extremely Conservative which also includes Slightly Liberal and Slightly Conservative. These data points act as markers for analysis. Increases in Extremely Liberal and Extremely Conservative provide one marker. Decreases in Slightly Conservative and Slightly Liberal provide another. These indicate polarization as they reveal self-identification moving away from moderate political views toward extreme ones.

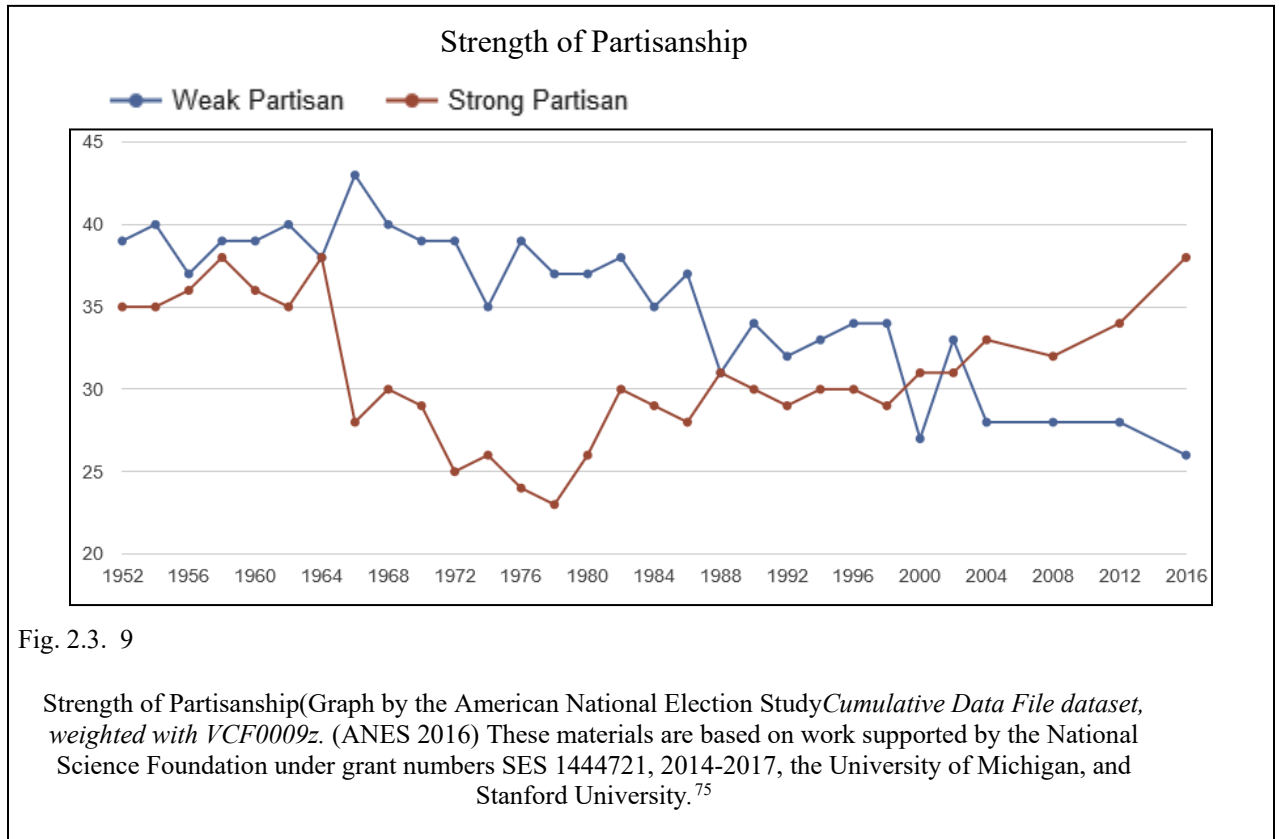
The information located in Figure 2.3 builds on Figure 2.2 in a more simplistic manner. Figure 2.3 measures the strength of a respondent's partisanship. Increases in Strong Partisanship and decreases in Weak Partisanship can be indicative of spikes in polarization when focusing on time frames of recession.

Figure 2.2.



⁷⁴“Liberal-Conservative Self-Identification.” American National Election Study *Cumulative*. (2016) *The National Science Foundation*. Retrieved from <https://electionstudies.org/resources/anes-guide/top-tables/?id=29>.

Figure 2.3.



2.3.2 Case Study One 1973

Case study one encompasses the recession of 1973. Unemployment and inflation plagued the nation in that time. Unemployment increased from 4.9% in 1973 to 8.5% by 1975.⁷⁶ Case study one of data in 1974 indicates a one point increase in both Extremely Liberal and Conservative measurements as a result of the recession in 1973. A two-point drop in Slightly Liberal with a three-point drop in Slightly Conservative is also present.

⁷⁵ “Strength of Partisanship.” American National Election StudyCumulativeThe National Science Foundation(2016). Retrieved from <https://electionstudies.org/resources/anes-guide/top-tables/?id=23>.

⁷⁶Mark Tausig and Rudy Fenwick, “Recession and Well-Being,” *Journal of Health and Social Behavior* 40 no 1(1999): 2.

This data reveals an increase of politically extreme self-identification and a decrease from the moderate Slightly Liberal and Conservative segments. The data listed in Figure 1.3 echoes these findings. After the recession in 1973, there is a one-point increase in Strong Partisanship and a four point drop in Weak Partisanship. The first case study, therefore, provides a pattern that would confirm the hypothesis that recession increases partisan political polarization.

2.3.3 Case Study Two 1980

Case study two encompasses the recession of 1980 where substantial unemployment was also reported. The 1982 data indicates a constant point in Extremely Conservative and a one-point decrease in Extremely Liberal after the recession of 1980. A one-point drop in Slightly Liberal which coincides with a constant point in Slightly Conservative is shown. The data reveals decreases in self-identification on the liberal side of the spectrum and consistency on the conservative end. The information provided by Figure 2.3 slightly differs from this conclusion. The data points after the recession in 1980 convey a four point rise in Strong Partisanship. A one point increase in Weak Partisanship is also shown but the increase of the strong identification is still dominant. The data does not perfectly mimic the clear results of case study one. Figure 2.2 does not confirm the hypothesis, but it also does not disprove it. The focus can then be on Figure 2.3.

The graphic used for the second case study does suggest a correlation of the 1980 recession time frame to marked increases in Strong Partisanship. Strong Partisanship served to eclipse the small increase in Weak Partisanship. Ultimately, the result of case

study two provides support for the hypothesis that recession increases partisan political polarization even if the evidence is not as strong as case study one.

2.3.4 Case Study Three 2008

Case study three comprises the timeframe of the Great Recession. The data between 2008 and 2012 indicates first consistency and then a one-point increase in Extremely Conservative. This occurred with a one-point increase and then a constant point in Extremely Liberal. A two- point increase in Slightly Conservative and Liberal is also recorded. Data suggesting increases in the moderate categories would serve to disprove the hypothesis that recession increases political polarization. However, it is important to note that the impacts of the Great Recession may have lasted over a longer period of time than the other two case studies. This may distort the conclusions which can be formulated from the data. Indeed, after 2012 there is a clear decrease in both Slightly Liberal and Slightly Conservative. More polarized data may comprise the years after 2016 which is still being compiled by the *American National Election Study*.

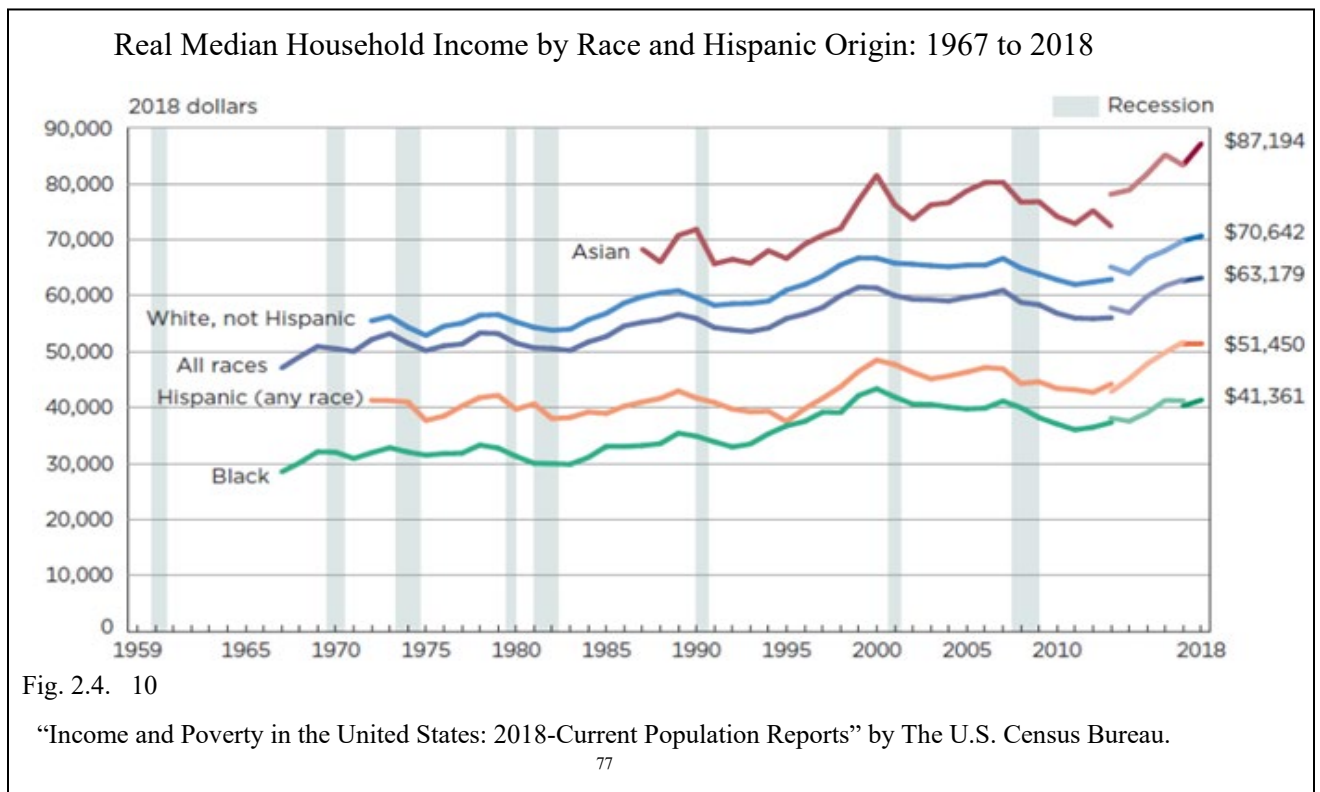
When assessing the results of these case studies, case study three and its possible distortion of data bring forth important discoveries when interpreting recession triggered polarization. Both Figures 2.2 and 2.3 illuminate evidence of fluctuating polarization. The graphics illustrate how these views can change drastically in as little as one or two years in accordance with a recession. However, The Great Recession is a unique occurrence which officially ended as of 2009. The timeframe is similar in length to the other case studies but the emergence of the full shockwaves of the Great Recession and

the dissipation of its effects may not have been similar in timeframe. Long lasting and deep political polarization may have been the consequence of this extraordinary crisis.

2.3.5 Variable Assessment

The case study analysis can be expanded upon through a quantitative assessment of *U.S. Census Bureau* and *U.S. Bureau of Labor Statistics* data. These sources illustrate income inequality and unemployment which become important variables as identified by the literature review. Data of income inequality is represented by Figures 2.4 and 2.5 and unemployment is conveyed by Figures 2.6 and 2.7.

Figure 2.4.



⁷⁷ Jessica Semega, “Income and Poverty in the United States: 2018-Current Population Reports” *The U.S. Census Bureau* (2019) Retrieved from <https://www.census.gov/library/visualizations/2019/demo/p60-266.html>.

Figure 2.5.

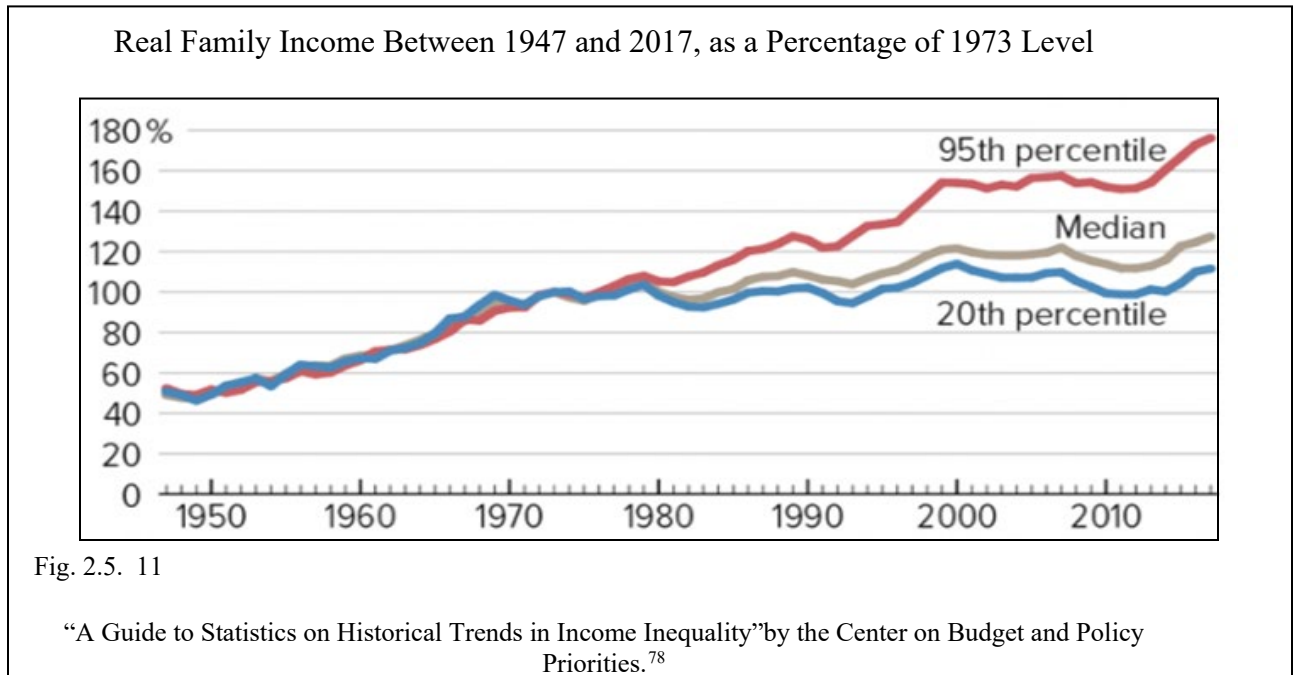


Figure 2.6.



⁷⁸ Chad Stone, “A Guide to Statistics on Historical Trends in Income Inequality,” *Center on Budget and Policy Priorities*, 2019. Retrieved from <https://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality>.

Figure 2.7.

Unemployment Rates, by Race and Hispanic or Latino Ethnicity, Quarterly Averages, Seasonally Adjusted, 1990-2016

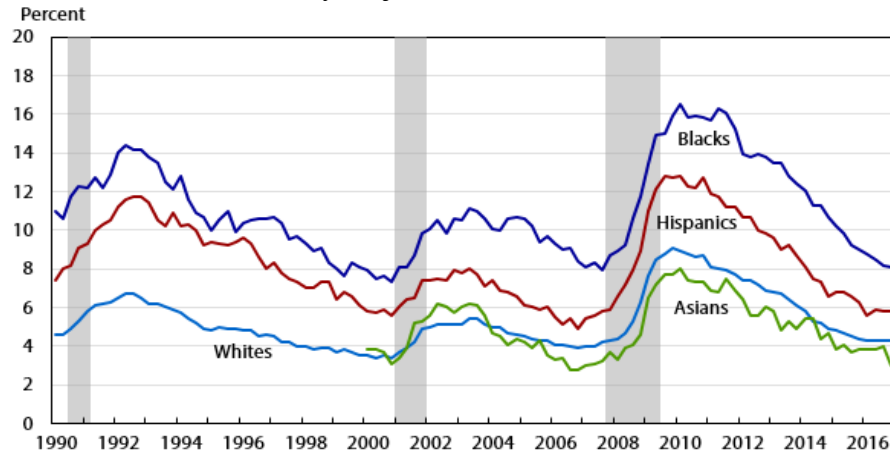


Fig. 2.7. 13

Unemployment Holds Steady for Much of 2016 but edges Down in the Fourth Quarter by the U.S. Bureau of Labor Statistics, Current Population Survey.⁸⁰

2.3.6 Income Inequality

The influence of recession in regard to income inequality by race is illustrated by Figure 2.4. The graph provides measurements of household income from the years 1959 to 2018. A marked income inequality that exists for some minority groups is illuminated. The data in the shaded sections also confirms that income decreased for all races during times of recession. It is clear that specific groups of citizens are at the top and the bottom of the income scale. However, the graphic does show that incomes in all brackets of the scale did decline during the recession. This could allow for researchers to question the importance of these short-lived decreases in income if everyone experienced a decline.

⁷⁹“Unemployment holds steady for much of 2016 but edges down in the fourth quarter,” *The U.S. Bureau of Labor Statistics*, 2017, Retrieved from <https://www.bls.gov/opub/mlr/2017/article/unemployment-holds-steady-for-much-of-2016-but-edges-down-in-fourth-quarter.htm>

⁸⁰ Unemployment holds steady for much of 2016 but edges down in the fourth quarter,” *The U.S. Bureau of Labor Statistics*.

The income itself would be of vital importance when discussing the full impact it has on the people who reside in these monetary brackets.

There is evidence to support this concept of specific brackets of income being impacted more heavily due to the measured existence of increasing general income inequality since the late 1970s. Figure 2.5 illustrates a splintering of incomes which continues to grow through year 2017. The data reveals the important influence recession has on income. If income inequality has continually risen for the past 30 years, the impact of recession will apply to specific groups and specific income brackets more heavily with each subsequent recession. Essentially, the inequality based on race is further aggravated which impacts certain groups on the lower end more drastically even though all groups saw a decline. Therefore, inequality represented by race is further exacerbated as it couples with a general pattern of increasing income inequality from the 1970s. This rise in income inequality is important regarding recession because it will place a further strain on the already existing inequality.

Figure 2.4 offers a median graphic for incomes to further convey the concept of inequality based on race. However, the graphic can also be used to discuss the importance associated with just income brackets. For instance, there are citizens who earn over \$100,000.00 annually. There are also citizens who earn under \$30,000.00 annually. These divergent incomes can help assess the impact disparity of recession.

A citizen who earns under \$30,000.00 annually and then accumulates less due to the recession will struggle differently than those of a higher income. A decrease from \$90,000.00 annually to \$85,000.00 annually will be a less devastating factor than a

decrease from \$30,000.00 to \$25,000.00 annually. Income decreases from a recession leads to a worsened inequality when it causes certain groups to struggle with paying for necessities. The vast difference in impact will serve to steer political identity and voting behavior as they correlate to each of these groups.

2.3.7 Unemployment

Income inequality is not the only variable that can serve to steer political behavior during recession. Unemployment is also increased which will correlate to a citizen's political attitudes as discussed in the literature review. Figure 2.6 emphasizes a clear increase in unemployment associated with times of recession as represented by the shaded areas. The spikes are clear in 1973, 1980, and 2008. Figure 2.7, further delineates the unemployment by race and ethnicity to again show the breakdown of unemployment ranges from 1990.

Assessment of these variables illustrates the structure and clear inequalities associated with citizens in regard to income and unemployment. The quantitative information listed in Figures 2.2 to 2.7 mirrors the concepts conveyed in existing literature. Strong partisan identification spikes coincided with decreases in income, increases in inequality, and increases in unemployment.

The Recession in 2008 is important in this context because the gap in time for the high unemployment rate to normalize is much larger than earlier recessions. This would support the previously discussed concept that the effects of the Great Recession took a longer amount of time to emerge as well as dissipate. Evidence to support this notion is apparent in both the case study analysis and the variable assessment through a pattern of

inequality reaching back many years. Meshing this research together can provide further clarity and a conclusion on how recession influences political polarization.

2.4 Conclusion

Synthesis of the data analysis with the literature review can now provide the answer to the research question of the relationship recession has to political polarization. The importance of economic satisfaction, employment, income, and equality can then be illustrated in this context. The contribution this research provides, addressing possible counter arguments, and revealing additional related areas of study can now be completed.

2.4.1 Discussion

The culmination of the evidence in this study provides support for the statement that recession increases political polarization by increasing partisan identification, increasing unemployment and income inequality, producing an economic fragmentation of citizens based on impact, increasing hostility through blame, driving the political parties to radicalize, and decreasing moderate voters. These complications served to increase broader inequality, decrease trust in government, produce policy gridlock in Congress, and ultimately threaten democracy.

2.4.2 Ideology Counter Argument

One counter argument involving an economic based conversation of political polarization and recession can involve ideology. Indeed, public opinion polling which was discussed in the literature review revealed a high number of Democrats making \$100,000.00 annually viewing the American economic system as unfair. This would

indicate some form of core values or principles associated to how they vote. Voting on this belief would counter the importance of class issues and the “haves” and the “have nots” narrative relating to polarization. This counter argument would weaken claims which emphasize the importance of income and suggest recession may not heavily alter beliefs or how citizens vote.

However, to contrast an emphasis on ideology, one could argue against the importance that ideological voters have in regard to an assessment of polarization. These ideologies would be present in partisan identification but the radicalization of the parties has a strong association to competition and moderate voters. Radicalization of the parties would no doubt exacerbate and feed off of strong ideological beliefs. However, if strong core values comprise how a citizen votes on an ideological basis, the opposing party would likely be unable to sway this citizen. The parties are competing for the non-ideological voters instead which have become more accessible due to recession.

Authors Steven Levitsky and Daniel Ziblatt explain the danger associated to polarization when opponents are not being viewed as legitimate or dangerous. Ideology is no doubt important to how citizens interpret this legitimacy. However, if authors suggest that political parties have an inability to fully shape or change citizen’s perceptions it can be suggested that ideology is a pre-existing condition which is being aggravated by recession. This inflammation leads to blame, a need of voters to punish administrations for bad economic performance, and a radicalization of the political parties. This radicalization of the parties in an adversarial manner can lead citizens to feel as though they are not properly represented which increases distrust in government. Authors Kyle Saunders and Alan I. Abramowitz suggest that this distrust and party radicalization also

serve to energize electorates and stimulate political participation in a competitive manner.⁸¹

The further contribution of this study on recession and polarization is the illumination it provides to the connection these topics have to broader concepts. Income inequality has been increasing for decades and is at the highest it has ever been. This fact likely made the Great Recession have more of an impact than previous recessions where unequal income was not as prevalent. This pattern of income inequality also highlights a long-standing pattern of inequality based on race. Since 1960, inequality in this context of income has not improved in a meaningful manner for minorities, and the same can be said for issues of unemployment. Additionally, certain occupations, industries, and sectors within the economy are more vulnerable to recession than others.

The Great Recession appears to be the cataclysm which ignited the deep partisan divide present in American society today. However, the quantitative analysis provides the significance of this research and illustrates the depth associated with the conversation of polarization. The data illuminates a pattern of longstanding inequalities which reaches back almost 50 years and has played a role. Polarization in modern times is the culmination of years of increasing inequalities and lack of progress in reducing them. All of which was exacerbated by economic crises.

Additionally, the figures regarding unemployment and income inequality during times of financial crisis indicate their relevance to long lasting consequences. The graphs

⁸¹ Alan I. Abramowitz and Kyle L. Saunders. "Is Polarization a Myth?" *The Journal of Politics* 70, no. 2 (2008): 542.

illustrate that it took years for income and employment to stabilize back to the levels prior to the Great Recession. This is in contrast to the fluctuations of these variables attached to years prior and after other listed recessions. The Great Recession appeared to have a slow recovery and it seems the political consequences remained even after the economy recovered.

The study of recession and polarization can be further explored through the revealed pattern of inequality which reaches back decades. The economic policy of the American capitalist society of the twenty first century was comprised of neoliberalism.⁸² Examining how neoliberalism contributes to inequality and creates a vulnerability of certain economic sectors to crisis may prove enlightening. Dissecting neoliberal policies, therefore, may provide further evidence of the important role employment and income equality have in producing political polarization and the influence they have on democracy.

⁸² Philip G Cerny. "In the Shadow of Ordoliberalism: The Paradox of Neoliberalism in the 21st Century" *European Review of International Studies* 3, no. 1 (2016): 79.

3. Chapter 2: Party Realignment, Neoliberalism, and the Modern Decline of Public Opinion in Great Britain

3.1 Introduction

The United States has been the focal point of study regarding partisan political polarization to date.⁸³ American politics has experienced extensive increases in observed division between traditional conservative values and progressive liberal principles. The established literature on the United States' experience differs from the more recent evidence of polarization in the United Kingdom. Discussion on the topic of a political divide from the British perspective is fairly new and has been ignited by the nation's relationship with Europe.⁸⁴ Therefore, the conventional wisdom offered by highlighting only the perspective of the United States may provide only part of the picture when researching topics on political polarization. Incorporating the considerations of strife in policy attitudes through the lens of the United Kingdom can remedy the lacking totality of narrow and exclusive research on the United States.

Patterns in British attitudes have evolved in a different manner than those in America. A weakening of party allegiances and a fragmentation of economic and social public opinion has occurred over the past few decades.⁸⁵ The established political structures are experiencing difficulty in securing the diverse views among party supporters. The differences between these varied positions and their connection to the United Kingdom's relationship with Europe present one of the greatest current political challenges for the country. These new political identities preceded the recent European

⁸³Bobby Duffy "Divided Britain? Polarization and Fragmentation Trends in the UK," *The Policy Institute*(2019): 5.

⁸⁴Duffy, *The Policy Institute*, 7.

⁸⁵*Ibid*, 32.

Union referendum and tie back to long term party realignment and increased concern about cultural and economic changes in the United Kingdom.⁸⁶ Tracing previous British party realignment may provide further understanding of the formation of these identities through their influence on public attitudes.

3.1.1 Background

Substantial party realignment can be traced back to Britain's Labour Party success in the 1997 Election. This specific realignment has significance because there is study of its connection involving a shift toward the dominating neoliberal economic censuses in the United Kingdom at that time. The full impact of this shift may be clearer in more recent times. Thusly, a timeframe case study comparison methodology using the Great Recession can provide insight. The recession would likely have impacted the economic policies which comprise neoliberalism and influenced public opinion as a consequence.

Examination of public opinion as it pertains to the substantial disagreement in Britain can illustrate why neoliberal economic policies are at odds with modern democracy. Realignment of the Labour Party influenced public opinion after the recession by decreasing views of government, economic confidence, and well being. This decline of public opinion in these topics made citizens question if Britain should maintain European Union membership. Political polarization, class issues, populism, and nationalism then flourished.

This research can join the scholarly conversation on modern political polarization by examining what created the weakening of party allegiances, expanded the fragmentation of public attitudes, and caused the recent divide on European Union

⁸⁶Ibid, 10.

membership. These issues can be explored through providing an answer to the research question, “how has realignment of the Labour Party toward neoliberalism in the United Kingdom influenced public opinion after the Great Recession?” Party realignment is defined in this context as abandoning long standing policy positions and repositioning the programmatic outlook of Labor to meet modern aspirations and preferences.⁸⁷

The schools of thought which reside in the present literature define a roadmap to answering this research question. The points on this roadmap include: the furtherance of political party core values, efforts for party control of the economic narrative, resulting party realignment for market and public adaptation, and Brexit disagreements. Exploring these topics will reveal the pathway of what resulted in decreased positive public opinion on views of government, politicians, and economic satisfaction. How these views ultimately altered issue attention of the British population will also be illuminated. Literature on core values can be presented first to reveal the roots of this alteration through emphasizing the importance of party ideology.

3.2 Literature Review

The current Labour Party principles center on equality and collectivism. These values would be channeled through a focus on Keynesian economics, nationalization, centralized planning of a mixed economy, and a welfare state.⁸⁸ Under Keir Starmer’s current leadership, the Labour Party strived to eliminate structural causes of poverty, reduce wage inequality and housing costs, increase minimum wage, cap overdraft fees

⁸⁷Mark Wickham-Jones, "Signaling Credibility: Electoral Strategy and New Labour in Britain." *Political Science Quarterly* 120, no. 4 (2005): 655.

⁸⁸Bill Jones, Philip Norton, and Oliver Daddow. *Politics UK* (New York: Routledge, 2018) 6.

and interest on loans, regulate the labor market to end exploitation of all workers, and establish a humane immigration system.⁸⁹ These values differ from the Conservative Party ideals.

3.2.1 Political Party Core Values

The Conservative and Unionist Party's focus is centered on the idea that businesses are at the heart of a successful economy. A clear emphasis is on equality of opportunity, property, and government operation through checks and balances.⁹⁰ Under Prime Minister, Boris Johnson, the current Conservative Party is driven to control debt, invest in infrastructure, establish a point style based immigration control system, and stopping raises to the income tax rate and national insurance.⁹¹ It is these party values and principles that comprise manifesto priorities and statements which serve to drive the economic initiatives of both the dominant British political parties. These core values will be important as they will connect to current public opinion which will reach back to the influential historic realignment of the Labour Party. However, this can raise questions regarding how much influence the political parties themselves have on public opinion.

Articles written by George Argitis and Christos Pitelis indicate there is no substantive or statistically significant evidence that voters adjust their perceptions of party's left-right positions in response to policy statements. Voters do not adjust their perceptions on the basis of party manifestos or declarations of intention. Political elections suggest that the parties campaign on the basis of their manifestos but there is no

⁸⁹Labour Party Manifesto. Last modified 2020. <https://labour.org.uk/manifesto/>.

⁹⁰Jones, *Politics UK*, 3.

⁹¹*Conservative Party Manifesto*, Last Modified 2019. <https://vote.conservatives.com/our-plan>

evidence of partisan adjustment of citizen's thoughts in response. These sources, therefore, claim the parties have an inability to fully shape citizen's perceptions. An assimilation of new political information to schemas that are already in place occurs.⁹² What these authors are potentially missing regarding this idea, however, is their failure to see the possible influence parties have beyond their ability to change voter partisan identification. This concept is critical to assessing party realignment consequences.

3.2.2 Control of the Economic Narrative

The inability of the parties to alter voter perceptions is important. It will connect to the portion of the public that is politically inattentive according to scholars James Adams, Lawrence Ezrow, and Zeynep Somer-Topcu. The political parties will attempt to tap into the uninformed, undecided, or politically inactive. The parties are ultimately striving, in an opportunistic manner, to activate these groups through the manifestation of an adversarial narrative.⁹³ The parties challenge the sincerity of the other's economic policy promises. Gains on one side become associated to failure or loss of ground on the other.⁹⁴ Intensified disagreement can be claimed to be created through these hostile narratives. They further mobilize existing party voters while acting to incorporate and drain the pool of politically moderate or inactive voters.

⁹² James Adams, Lawrence Ezrow, and Zeynep Somer-Topcu. "Is Anybody Listening? Evidence That Voters Do Not Respond to European Parties' Policy Statements During Elections." *American Journal of Political Science* 55, no. 2 (2011): 379.

⁹³ Adams, Ezrow, and Somer-Topcu, *American Journal of Political Science*, 223.

⁹⁴ George Argitis, and Christos Pitelis. "Monetary Policy and the Distribution of Income: Evidence for the United States and the United Kingdom." *Journal of Post Keynesian Economics* 23, no. 4 (2001): 632.

The inability of political parties to fully shape citizen's perceptions leaves them with limited options to gain support in certain circumstances. It appears they can either polarize or they can alter their policy goals in accordance to the political climate and market to pull in more support. A transformation is what occurred with the Labour Party in the late 1990s. The party realigned because polarizing would not produce electoral success in the political climate at that time. However, it seems as though the opposite circumstance which calls for polarization emerged years later.

3.2.3 Realignment for Market and Public Adaptation

Realignment, in 1997 by the Labour Party, served to further the existing neoliberal consensus. The importance of this occurrence can be illustrated by explaining the historic expansion of Margaret Thatcher's policies, The Conservative Party's victory in 1992, and the General Election in 1997. Examining the background and rise of these policies can reveal why their expansion conflicts with the traditional goals of the Labor Party and why this shift will impact public opinion in the future.

Since Margaret Thatcher's rise to power in 1979, the neoliberal consciousness has controlled economic policymaking in the United Kingdom. Neoliberal principles recognize markets as the main engine for economic growth. Government macroeconomic policy should prioritize price stability over full employment, refrain from actively managing the business cycle, and intervene on the supply end only to correct market failures. Neoliberals believe that a high level of employment is achieved through microeconomic policies such as labor market de-regulation. Rapid economic growth will stem from supply policies aimed to increase the long-term potential of the economy which

includes privatizing state owned-enterprises, product market deregulation, financial market liberalization, and free trade. These neoliberal values guided the overall British policy framework which continued into the 1990s with the Conservative Party's re-election in 1992.⁹⁵

The Conservative Party's 1992 general election victory on the back of a short term recession proved to be crucial for the evolution of economic policy-making in Britain. With 41.9% of the vote, the Conservatives were re-elected, but with a diminished majority. However, proving victorious, they would set out to complete the neoliberal revolution with further privatization and continued de-regulation. The British economy then began its longest sustained period of growth ever after 1992.⁹⁶ Low interest rates fostered investment, a weaker pound fueled exports, and tight spending control policy increased business confidence. This led to five years of economic growth between 1992 and 1997. New income spread widely which hindered income inequality as a result. The neoliberal consensus continued, but a decline in manufacturing was eroding the Conservative Party's persuasiveness to portions of the general public.⁹⁷ This concept reaches back to Margaret Thatcher's Conservative Party conference speech in 1980. Thatcher refused to 'court public opinion' by reversing unpopular policies regarding interest rates and unemployment.⁹⁸ Persuasiveness was ultimately key in the 1997

⁹⁵ Adams, Ezrow, and Zeynep, *American Journal of Political Science*, 438.

⁹⁶ Ibid., 440.

⁹⁷ Caitlin Milazzo, James Adams, and Jane Green. "Are Voter Decision Rules Endogenous to Parties' Policy Strategies? A Model with Applications to Elite Depolarization in Post-Thatcher Britain." *The Journal of Politics* 74, no. 1 (2012): 441.

⁹⁸ Matt, Cole. "Cole, Matt. *Democracy in Britain*. (Edinburgh. Edinburgh University Press, 2006), 12.

election. The Conservative party did not realign to appeal to manufacturing. The Labour party, however, did realign.

The 1997 General Election signified a realignment of the Labour Party which embraced a “Thatcherite” version of neoliberalism after Tony Blair became its leader. In their 1997 election manifesto, a “New Labour” promised to pursue a third way centrist policy that differs from the old left and the conservative right. The purpose of this change was focused on the idea that “Old Labour” had failed to meet the policy preferences of the electorate. Society changed and the party needed to change with it.⁹⁹ Party outlook was altered to meet current aspirations and preferences. However, this party realignment ultimately accepted neoliberalism and Labour had sacrificed many of its social democratic goals to underscore the Conservatives.¹⁰⁰

Realignment gave the Labour Party the opportunity to grab hold of the economic narrative but further solidified neoliberalism into British economic policy in the process. The party altered itself and changed as an adaptation to the market and to the political climate it resided within in order to produce its victory.¹⁰¹ This party adaptation sparked the beginnings of strong division in the United Kingdom and the results are clearly reflected through the current Brexit dilemma. The argument is that a detachment of the party from a specific portion of the public occurred which produced long lasting consequences.

⁹⁹Mark Wickham-Jones, "Signaling Credibility: Electoral Strategy and New Labour in Britain." *Political Science Quarterly* 120, no. 4 (2005): 655.

¹⁰⁰Caitlin Milazzo, James Adams, and Jane Green, *The Journal of Politics*, 442.

¹⁰¹Christoph Arndt. *The Electoral Consequences of Third Way Welfare State Reforms: Social Democracy's Transformation and Its Political Costs*, 201-14. (Amsterdam: Amsterdam University Press, 2013) 78.

3.2.4 Brexit Disagreements

The United Kingdom's vote to leave the European Union signified the end of the period of the broad neoliberal economic policy consensus which emerged in the previous decades.¹⁰² Literature suggests that the end of the previous general economic agreement can be represented through the effects that EU expansion had on the UK regarding migration, disagreement on what leaving the union would produce, and the formation of a hostile narrative known as "Euroscepticism."

Migration into the UK has increased with the expansion of the EU since 2004. The high level of associated migration created discontent because competition for employment, especially for low-skilled, low pay, and insecure work increased as a result. Political scientists claimed that the consequences of the financial crisis and strict neoliberal policies have disproportionately affected the social conditions of older, blue collar, and lower skilled people. A disproportionate impact also coincided with a hostile narrative to place blame for domestic issues. Criticism of integration with the Europe culminated in what has been termed "Euroscepticism."¹⁰³

The dominant political parties have tried significantly to control the debate on Europe within the UK which contributes to the nation's weak and skeptical relationship with the EU. The parties response to this relationship with Europe produced a cycle of

¹⁰² Thomas Philippon. "Brexit and the End of the Great Policy Moderation." *Brookings Papers on Economic Activity*, (2016): 386.

¹⁰³ Steve Corbett. "The Social Consequences of Brexit for the UK and Europe: Euroscepticism, Populism, Nationalism, and Societal Division." *The International Journal of Social Quality* 6, no. 1 (2016): 13.

pragmatism and radicalization of the Conservatives and Labour as they stepped in and out of office which ultimately increased the disruptive aspects of Euroscepticism.¹⁰⁴ These disruptive aspects became tied to the parties which made support for populist ideologies to increase.

Authors Steve Corbett and Anand Menon believe that Euroscepticism has led to increases in populism and nationalism, opposition to representative liberal democracy, and discontent of immigration policies. These beliefs can be attributed to the idealization of a “heartland” and the particular social values that make up this heartland. Protection of these values is, consequently, widening societal divisions and constructing a gravitation pull away from global leadership.¹⁰⁵ This pull has a strong correlation to economic policy, the political parties, and class.

The populist argument against continued union membership is that almost 60% of British exports currently ship to countries outside of the European Union. Therefore, there is little support for keeping the British economy bound by the Union’s regulations and leaving would enhance the global capabilities of the UK by increasing its sovereignty.¹⁰⁶ The populist’s goal was to force British policymakers to focus on these types of economic interests. On the opposite end of the spectrum, arguments against leaving the Union center on what the damaging economic consequences would be. They speculate that the consequences would include declines in GDP, rises in unemployment,

¹⁰⁴ Steve Corbett, *The International Journal of Social Quality*, 14.

¹⁰⁵ Anand Menon. "Littler England: The United Kingdom's Retreat From Global Leadership." *Foreign Affairs* 94, no. 6 (2015): 97.

¹⁰⁶ Menon, *Foreign Affairs*, 97.

declines in real income, and a decline in the pound sterling exchange rate.¹⁰⁷ With a 52% vote to leave and a 48% vote to stay, disagreement on Brexit reveals strong societal division in the United Kingdom and each side is mainly represented by the Labour and Conservative Parties.¹⁰⁸ However, this representation is distorted by the populists.

Bryn Jones and Michael O'Donnell speculate that Brexit is a critical modern issue in British politics. These authors believe Brexit represents a full public desire to “exit” neoliberalism itself. Neoliberalism was applied for nearly 40 years and it has more recently become clear that its principles are failing to meet basic human necessities in security, health, and shelter. It is argued that the Great Recession served as the catalyst which signified the failure of neoliberalism. It made the substantial problems associated to inequalities in wealth and income, public and private debt, and international trade very clear. The economic crisis also highlighted unaccountable and under taxed corporations who often benefit from exploited labor.¹⁰⁹ Opposition and negative public opinion of neoliberal policies have become well established as a consequence to these issues. Bryn Jones and Michael O'Donnell claim that neoliberalism has increased the power of markets and business so deeply that it damaged British democracy. To loosen the constrictive hold neoliberalism has on Britain, it appears a draconian level of social, political, and economic reform to empower civil society is required.¹¹⁰

¹⁰⁷ Eran, Oded, and Vera Michlin-Shapir. “A Historic Bombshell: Britain Leaves the European Union.” *Institute for National Security Studies* (2016): 2

¹⁰⁸ Steve Corbett, *The International Journal of Social Quality*, 12.

¹⁰⁹ Bryan Jones and Michael O'Donnell, *Alternatives to Neoliberalism: Towards Equality and Democracy* (Bristol: Bristol University Press, 2017): 245.

¹¹⁰ Jones and O'Donnell, *Alternatives to Neoliberalism: Towards Equality and Democracy*, 246.

Klaus Stoltz and Clair Ainsley contribute to this research through their argument that neoliberal policies have degraded democracy in the United Kingdom. These scholars emphasize that democracy is to include economic, social, cultural, and political participation which allows for individual as well as collective forms of representation. This would be in addition to decision making by distance governments and corporate business elitists.¹¹¹ With this traditional definition in mind, these authors explain that democracy is deteriorating in the UK. Corrosion is occurring because populist movements and distrust of politicians and their capacity to serve citizens are increasing. Changes in social class are important to understand in this context. Decline in the political and democratic representation of working-class people is attributed to a series of economic and industrial trends which served to undermine their labor centric values.¹¹² Membership of the European Union has become viewed by many citizens in Britain as an obstacle to these social, cultural, and political principles.¹¹³

The existing literature on this topic ultimately suggests that realignment of the Labour Party toward neoliberalism since the Great Recession has influenced public opinion by increasing disagreement both between the parties and among citizens. These produced attitudes and party initiatives have strengthened broader political polarization and public discontent. The furtherance of party core values, strives for party control of the economic narrative, party realignment for market and public adaptation, and Brexit

¹¹¹ Klaus Stolz. "Scotland, Brexit and the Broken Promise of Democracy." In *Contested Britain: Brexit, Austerity and Agency*, edited by Guderjan Marius, Mackay Hugh, and Stedman Gesa, 189-202. Bristol, UK; Chicago, IL, USA: Bristol University Press, 2020: 189.

¹¹² Claire Ainsley. "Democracy." In *The New Working Class: How to Win Hearts, Minds and Votes*, 136-51. Bristol: Bristol University Press, 2018. 137.

¹¹³ Klaus Stolz. "Scotland, Brexit and the Broken Promise of Democracy, 190.

disagreements, therefore, serve as the evidence to support these assumptions and illustrate the changes in public opinion.

The existing literature does indicate general dissatisfaction and what this dissatisfaction produced as a result of party realignment. However, examples of quantitatively assessed public opinion data is lacking in this literature. These may strengthen the message being conveyed by the existing research and reveal specific underlying issues or variables. By including public opinion measurements which were produced due to realignment, further clarity as to how this shift in party policy influenced the opinions of citizens may be provided.

3.3 Data Analysis

Public opinion data can build on the literature review by illustrating why the Labour Party's historic shift toward neoliberalism appeared to increase division in the United Kingdom. Data analysis can be completed through a case study comparison methodology of public opinion information. The decade before the Great Recession and the decade after the crisis would comprise the two timeframes for study. Public opinion data for these case studies can be assessed by evaluating changes in general satisfaction, changes in economic satisfaction and expectations, and party leader and general government satisfaction reported within these two time frames.

3.3.1 Methodology

Case study one can be completed by dissecting surveys which were conducted by Ipsos MORI. Ipsos MORI gathered public opinion data of satisfaction of government and

party leaders in a political monitor survey ranging from 1997 to 2020. This information provides the data required for analysis of the timeframe before the recession and builds a foundation for case study two of after the recession.

3.3.2 Case Study One: Public Opinion Before the Recession

The Labour Party election success in 1997 was tied to its shift toward neoliberalism as discussed in the literature review. This would indicate positive public opinion data in the late 1990s which is confirmed by Ipsos MORI. Starting in May 1997, respondents reported 46% satisfied with a small percentage of 9% dissatisfied. A slow trend of dissatisfaction increased in the following years but reports still remained mainly positive. However, starting around February 2002, the reports reversed and more reported dissatisfied than satisfied.

It should come as no surprise that support for government officials aligned with overall government satisfaction. Beginning in June 1997, 72% of respondents reported satisfaction with Prime Minister Blair's performance with only 7% dissatisfied. Again, there remained positive reports over the next several years with a slow trend of decline. More responded as dissatisfied with Blair's performance than satisfied in the 2002 to 2003 timeframe. In 2007, Blair ended with 33% satisfied and 60% dissatisfied. This negative trend continued with views of Prime Minister Gordon Brown's performance. A similar pattern presented itself when looking at the timeframe after the recession.

3.3.3 Case Study Two: Public Opinion After the Recession

Case study two after the Recession can begin in a similar manner as the first study with data offered by Ipsos MORI. In June of 2008, a jarring 78% of provided responses indicated dissatisfaction with government. These measurements decreased to the 50% and 60% range in the following years but did then reveal a continued slow negative trend again. By March 2019, 86% responded with dissatisfaction and a miniscule 8% report of satisfied views. The same can be said about the satisfaction measurements of party leaders.

In July 2008, only 21% responded with satisfied and 72% with dissatisfied. The years following the measurements for each Prime Minister did improve but for each year the responses of dissatisfied greatly trumped the number of satisfied responses. As revealed with satisfaction reports on general government performance, the dissatisfaction responses on party leaders greatly increased again in 2018. The most current measures of Prime Minister Boris Johnson also reveal many dissatisfied measurements. However, there appears to be an increase on the opposite side to more evenly split the totals.¹¹⁴

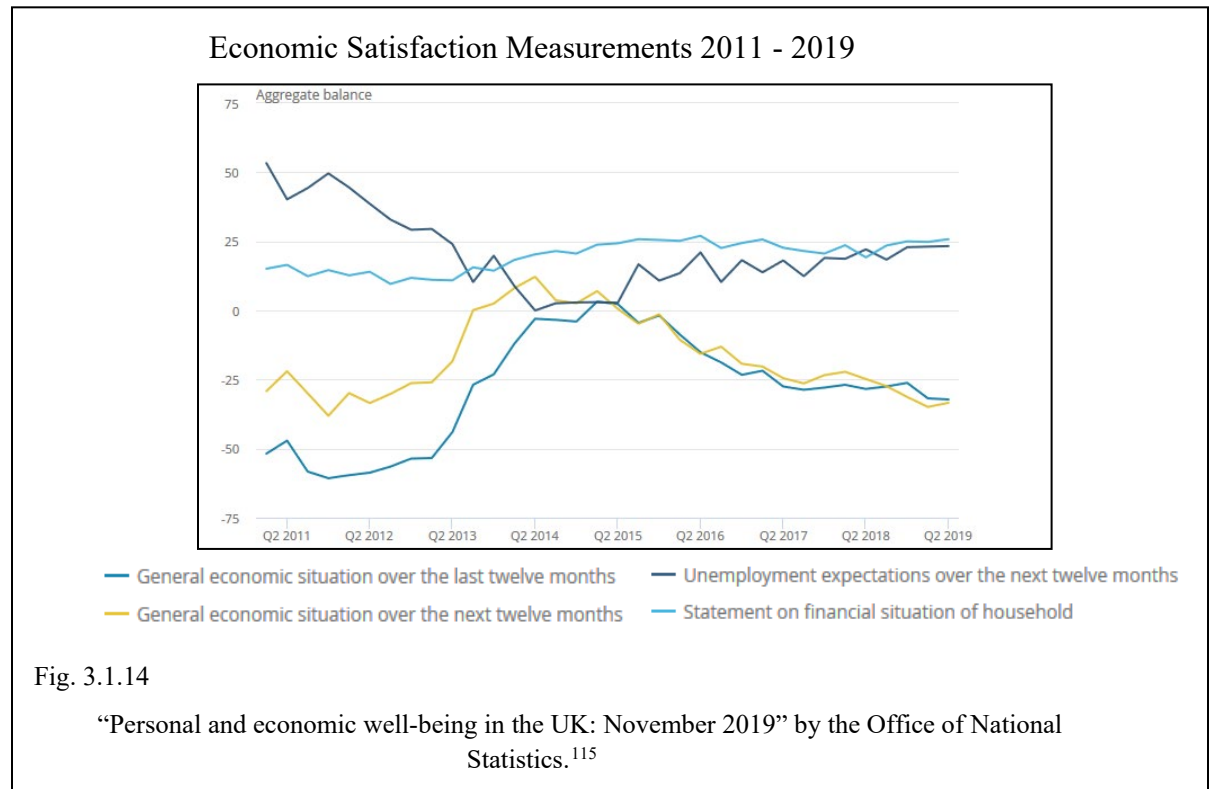
3.3.4 Satisfaction, Key Issue, and Government Confidence Analysis

The increased dissatisfaction of party leaders and government coincided with shifts in what issues were focused on, general well being, and economic outlook after the recession. These shifts are illustrated in Figures 3.1, 3.2, and 3.3. Figures 3.4, 3.5, and 3.6 reveal decreases in the confidence citizens have in government management and

¹¹⁴ “Political Monitor: Satisfaction Ratings 1997-Present”, *Ipsos MORI*, last updated January 20 2020. <https://www.ipsos.com/ipsos-mori/en-uk/political-monitor-satisfaction-ratings-1997-present>.

general support for the dominant political parties which can continue the analysis of case study two.

Figure 3.1.



The UK Office of National Statistics data provided in Figure 3.1 measures economic expectations of citizens. What citizens expected appears to echo the trends presented by their reported personal well being. Unemployment expectations decreased after the recession as one would expect as the economy was improving. However, these expectations began to increase after 2015 which indicates citizens were losing employment confidence. Views of the general economic situation also increased until

¹¹⁵ “Personal and economic well-being in the UK: November 2019”, *Office of National Statistics*, last modified November 14, 2019.

2014 and then began to decline. Projected expectations of the future economic situation similarly increased after the recession and then decreased in 2014.¹¹⁶

Figure 3.2.

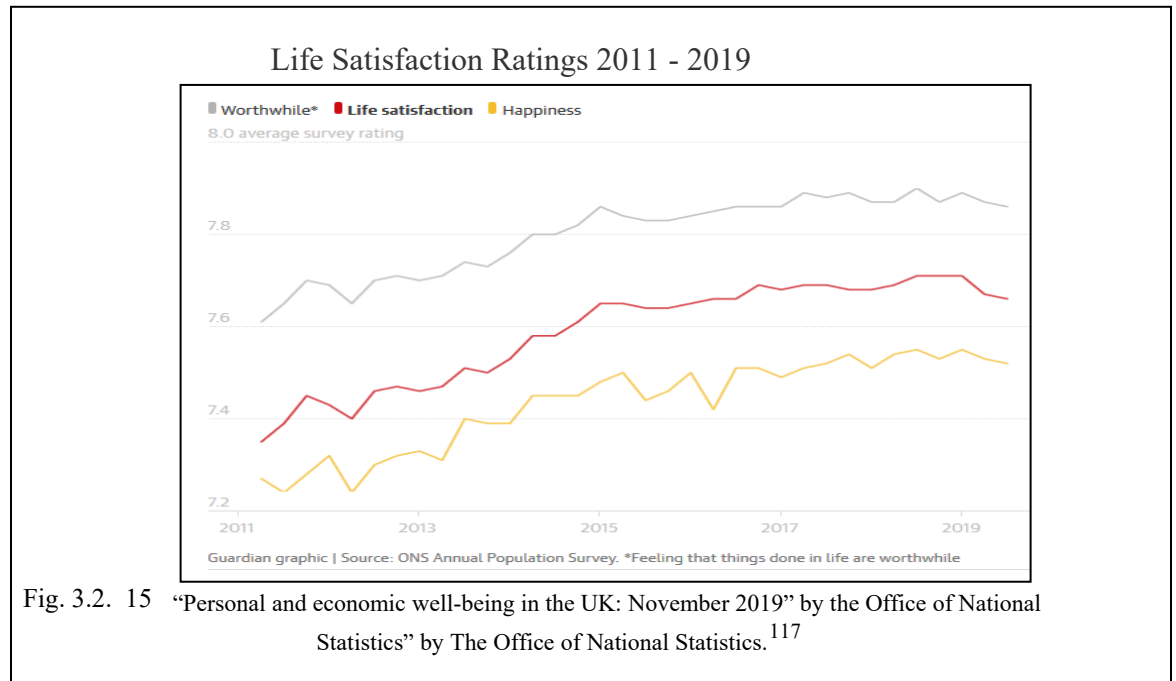


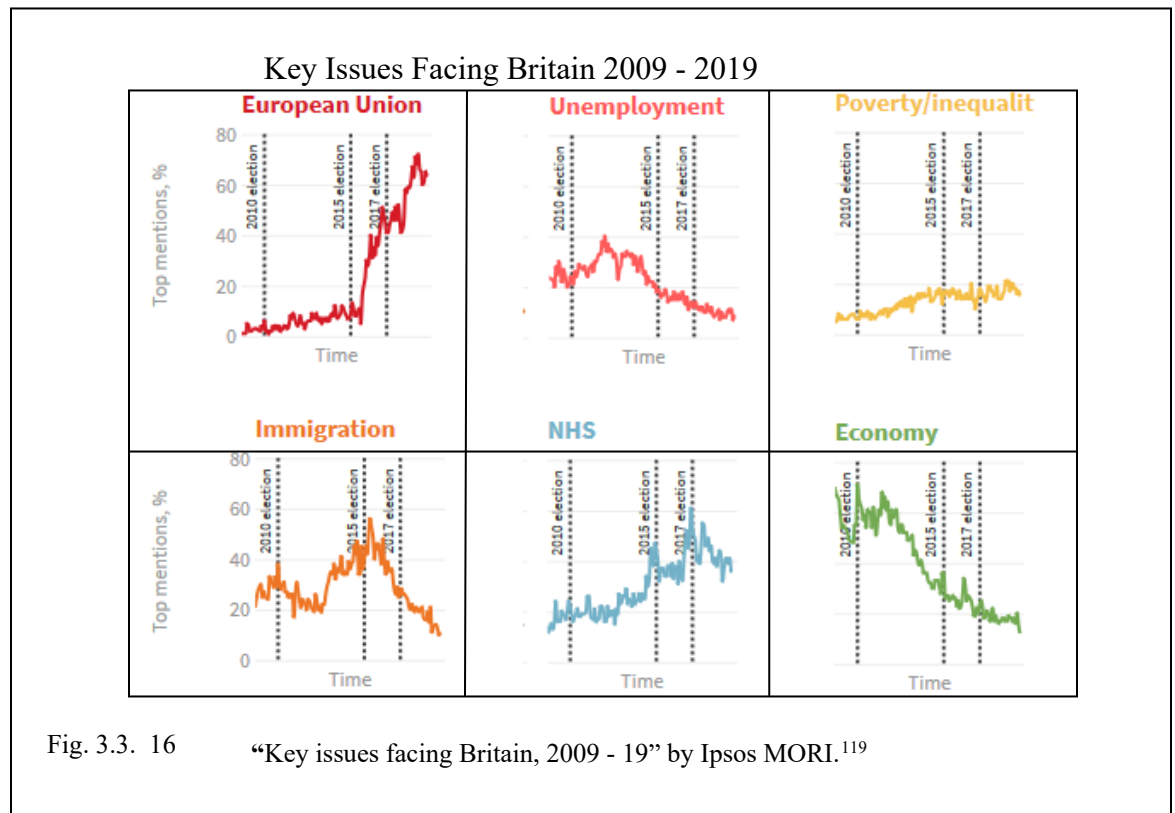
Figure 3.2 provides public opinion data of personal well being of respondents measured by *The Guardian*. The graph covers feelings of life satisfaction, happiness, and that decisions in life are worthwhile. Measurements in these areas improved since the Great Recession and reveal a general upward trend. Increases in satisfaction each year after the financial crisis indicate a connection of economic hardship to lower reports of

¹¹⁶Personal and economic well-being in the UK: November 2019”, *Office of National Statistics*, last modified November 14, 2019.

¹¹⁷ Robert Booth., “Britons feeling far less satisfied with life, official data shows” *The Guardian*, last modified February 6, 2020, <https://www.theguardian.com/world/2020/feb/06/britons-feeling-far-less-satisfied-life-official-data-shows>.

well being by citizens. However, these increases appear to plateau around 2015 and then begin to decline in 2019.¹¹⁸

Figure 3.3.



The charts provided by Figure 3.3 cover public opinion data by Ipsos MORI regarding the question of: What is the most important issue in Britain today? The survey was taken from 2009 to 2019 and provided statistics on immigration, the National Health Service, the economy, the European Union, unemployment, inequality and poverty. Each graphic illustrates the number of respondents who reported the indicated issue as the most

¹¹⁸ Booth, “Britons Feeling Far Less Satisfied with Life, Official Data Shows.”

¹¹⁹ “Key issues facing Britain, 2009-19,” *Long term trend shows decreasing concern over economy, unemployment, rise of Brexit*, Ipsos MORI. Last Modified November 1, 2019, <https://www.ipsos.com/ipsos-mori/en-uk/long-term-issues-index-brex-it-nhs-economy>.

important. The economy was the key issue for the majority of respondents at the start of the timeframe. Its importance declined as the economic hardship after the Great Recession improved. This coincided with a decline in reports of unemployment being the most important issue. As the economy improved, the importance of the European Union and NHS substantially increased. Immigration did appear to have a large spike but then declined as the focus remained on the European Union.

Figure 3.4.

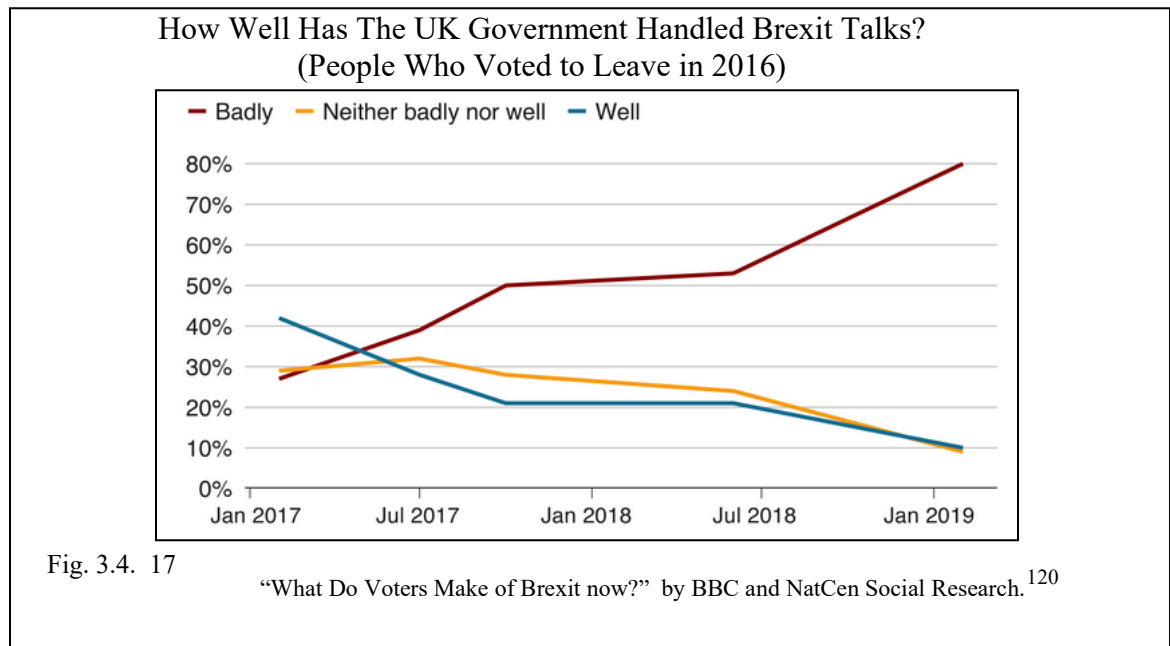
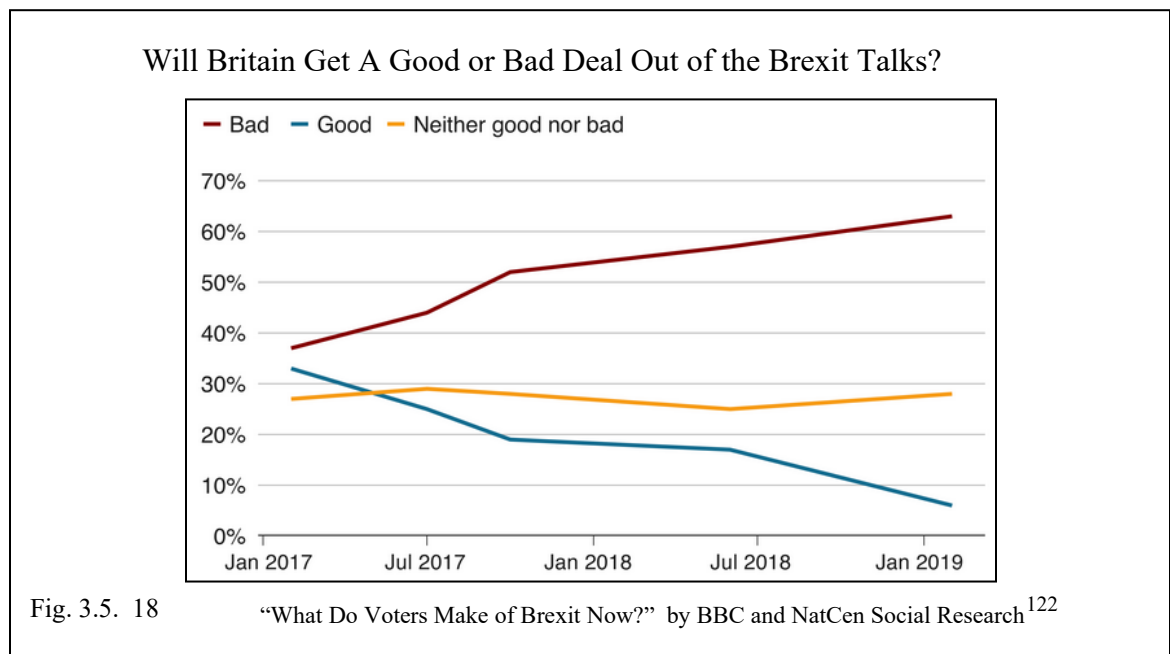


Figure 2.4 conveys public views of how the British government performed in the Brexit negotiations. The data is from the perspective of those who supported the position of leaving the European Union in 2016. The chart is enlightening because one would speculate that support from the perspective of the side which triumphed in the referendum outcome would associate with high views of government performance.

¹²⁰ John Curtice, “What do voters make of Brexit now?” Last modified March 26, 2019. <https://www.bbc.com/news/uk-politics-47693645>.

Interestingly, this is not the case. A jarring 79% of respondents claimed the British Government did a poor job of handling the negotiations. This surveyed group was victorious in the results of the referendum, yet they still reported dissatisfaction with government management. Those who voted to remain and were defeated reported 85% poor performance of government. There was a mere 6% difference of how the winning and losing sides viewed the government's handling of Brexit. These views were unanimously and substantially poor.¹²¹

Figure 3.5.



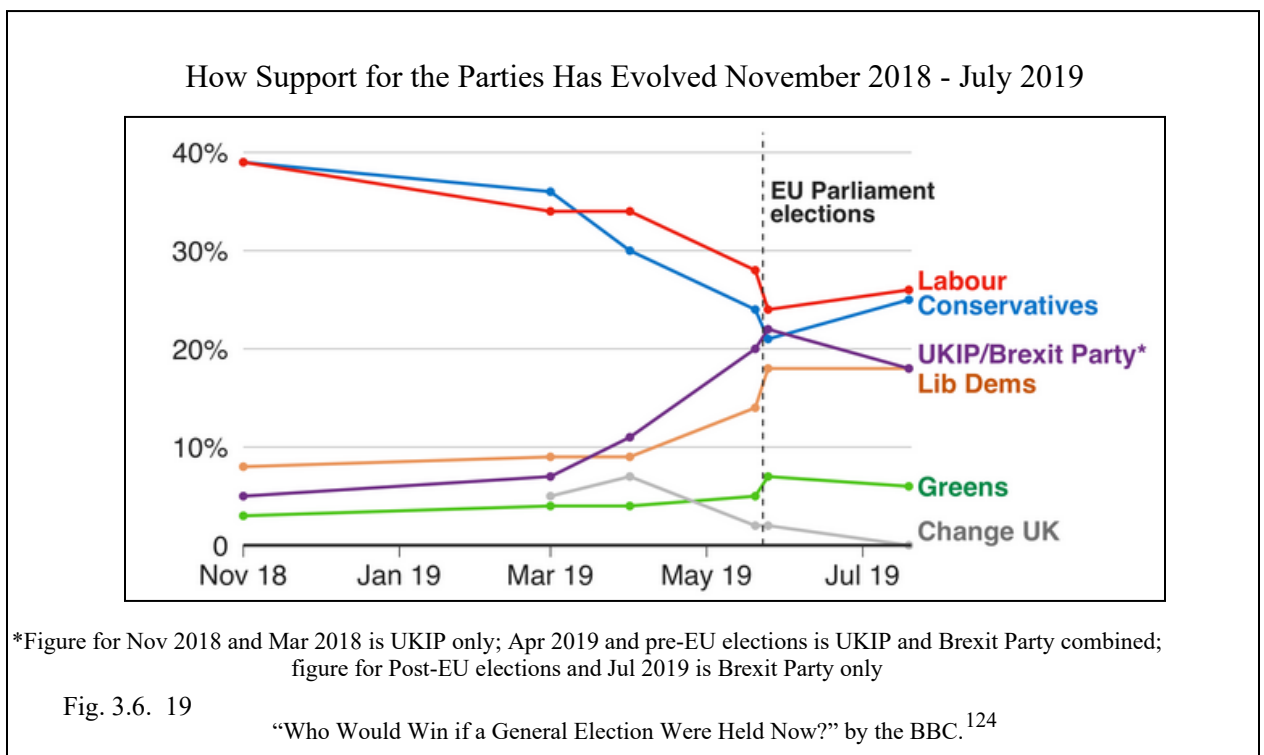
The graph included in Figure 3.5 examines the confidence British citizens have associated to the terms of the referendum results. Over 60% believe they will not receive a positive deal from the outcome of Brexit. These numbers serve as evidence of the general disagreement within the United Kingdom in many ways. Brexit is a dominating

¹²¹ Curtice, “What do voters make of Brexit now?”

¹²² John Curtice, “What do voters make of Brexit now?”

modern political issue in the country and there is clear division on the topic if most people believe the outcome will not be positive for them. Lacking approval and confidence in the British government is also apparent if the outcome of the referendum is predicted to be poor by most citizens. A significant social split within the nation can also be interpreted from these data measurements. Brexit touches on many topics including employment, migration, international trade, and regional political relations. These issues all intertwine with one another and are reflected through the negotiations. Citizens anticipating unfavorable outcomes reveal underlying disagreement in many different contexts.¹²³

Figure 3.6.



¹²³ Ibid.

¹²⁴ John Curtice “Who would win if a general election were held now?” Last modified July, 29, 2019. <https://www.bbc.com/news/uk-politics-49043552>.

Figure 3.6 highlights how party support has changed from the range spanning November 2018 to July 2019. Public opinion measurements starting in 2018 reveal low support for both the Conservative and Labour Parties which are both shown to be on the lower end of under 40%. What the graphic illustrates is how public support for both major parties in Britain rapidly decreased in a matter of months as the European Union Parliament Elections approached. The final reported measurement shows data points which slightly increased after the decline near the elections but remained low of well under 30%. The data shows how quickly and considerably public opinion has decreased in just the last two years. Polarization associated with these dominant British parties is also exposed by the images. The final measurement of support for the parties has an extremely low difference of about 1%.¹²⁵

When the data is combined it appears that public opinion regarding economic outlook, employment expectations, and general well being have a connection to the political and economic climate. This was indicated by low measures during the Great Recession. Positive opinions began to recover but then appeared to plateau and then ultimately decrease again. The focus shifted from the economy to the European Union. The more this importance shifted, the more public opinion began to plateau and then decline. It can make one question if the economic hardship resulting from the Great Recession was masking other growing issues. Satisfaction data on government performance, party leaders, and the parties more generally can serve as evidence. This

¹²⁵John Curtice “Who would win if a general election were held now?” *BBC*, Last modified July, 29, 2019. <https://www.bbc.com/news/uk-politics-49043552>.

satisfaction continuously began to decline after 2003 and the worse measurements appeared after the great recession and then again in 2019. Thus, the most important issue to citizens in the United Kingdom shifted but the measured trend of political dissatisfaction remained.

Dissatisfaction can be traced back through the past decade with the origin starting before the economic crisis. This opinion is supported by the data which was presented by case study one. Public opinion before the Great Recession was more positive but indicated a pattern of emerging decline. Public opinion after the Great recession continued this pattern as measured political satisfaction decayed. Economic outlook and well being improved as one would expect as the economy recovered. However, this appeared to plateau and then more recently decline even as the focal point shifted away from the economy. Dissatisfaction generally remained and increased even as the economy was revived. Dissatisfaction, therefore, was likely an underlying issue which was worsened by the recession.

3.4 Conclusion

Clarity on the answer to the research question of, “how has realignment of the Labour Party influenced public opinion in the United Kingdom after the Great Recession?” can now be provided after combining what was learned from the literature review and the case study data analysis. This act by the Labour Party influenced public opinion by increasing dissatisfaction of government and party leaders, decreasing reported economic confidence and well being, and increased the importance of international union membership issues to citizens after the recession. These increases and

decreases served to fuel political polarization, aggravate class issues, and trigger populism and nationalism. It appears that the Labour party realigned due to the political climate in 1997 and strengthened neoliberalism in Britain. This may have proven to be counterproductive in the end. The current political climate, years after the recession, is now very different. The Labour Party has now reversed itself and polarized under Keir Starmer in order to reach back to its core values.

3.4.1 Discussion

In conclusion, this research provides strong insight on the complications in which neoliberal policies of labor market deregulation, privatizing state owned-enterprises, product market deregulation, financial market liberalization, and free trade can produce. It also demonstrates the impact political parties can have as well as the power they wield even if they are incapable of altering pre-existing perceptions. The extensive economic and political damage that recessions can cause is illuminated. The considerable consequences that policy shifts and changes can ignite are also shown. A display of how continued dissatisfaction of certain groups can cause internal political splintering is also given. However, the notion explaining that pre-existing perceptions are not changed due to political parties may leave room for counter arguments.

3.4.2 Pre-existing Social Conditions Counter Argument

Authors John Springford and Simon Tilford claim that economics and declines in public opinion do not explain rises in populism in the United Kingdom. These researchers suggest that income is not a strong indicator of support for radical parties and that

economic hardship simply inflames pre-existing tendencies. Economic grievances would then have roots in cultural backlash against liberalism and immigration.¹²⁶

Support for right wing populist parties is most prevalent among citizens who are older, less educated, and more socially conservative.¹²⁷ However, these rich, elderly, less educated, and socially conservative people are almost as likely to support the radical right as poor ones. Left wing voters would instead be more likely to trust democratic institutions regardless of economic conditions and incomes. Ultimately, these scholars suggest that pre-existing social conditions are of importance because “the economy has blown wind into the sails of pre-existing nationalist and anti-immigrant political movements.”¹²⁸

Usage of the sail illustration by John Springford and Simon Tilford can instead be claimed to be counterproductive. Declines in public opinion and pre-existing nationalist movements would need this economic “wind” to make meaningful and measureable movement. The public opinion data assessed in this paper, therefore, proves how neoliberal economic policies have provided this critical wind.

Study of declining public opinion of government, economic confidence, and well being in the United Kingdom is significant because it can be applied in a broader sense. Political scientists are claiming that a current crisis is occurring in capitalistic economies

¹²⁶ John Springford and Simon Tilford. “Populism – Culture or Economics?” *Centre for European Reform*(2017) 1.

¹²⁷ John Springford and Simon Tilford. “Populism – Culture or Economics?” 2.

¹²⁸ Ibid, 3.

which has emerged from rising discontent with liberal democracy.¹²⁹ This collection of research offers a Britain centered example of the connection these global problems have to the Great Recession and to the resulting economic policies which were activated through an alteration of a political party. The fundamental values associated to these policies ultimately acted to drain positive public attitudes so significantly that immense social, economic, and political reform is likely needed to replenish them. Therefore, neoliberalism may very well be incompatible with modern democracy if it serves to act as such a profound anchor on public opinion.

The influence manufacturing as an industry has on politics was illustrated by this study of party realignment in Britain. Neoliberalism began a trend of dissatisfaction of those within this sector of the economy which ties to the current backlash against European Union membership. Therefore, examining how international integrative policies relate to manufacturing may provide additional evidence to support the claim that neoliberalism increases populism. The international integrative policies represented in the European Union partnership are an example of globalization. One can then research the political consequences that manufacturing shifts to other countries have in association to the globalization effort.

¹²⁹Pritam Singh and Lok Nath Bhusal. "Austerity, Welfare State and Eco-Socialism: With Special Reference to the United Kingdom." *Economic and Political Weekly* 49, no. 39 (2014): 117.

4. Chapter 3: Manufacturing Production Shifts and the Rise of Populism in the United States and the United Kingdom

4.1 Introduction

Populism has no single definition but is explained by its claim to represent the will of the people versus some “other” commonly viewed as corrupt and self serving elites. Many of the accounts put forward to explain the rise of populism have centered on economic factors. Certain developments such as globalization, technological progress, and financial crisis are argued to have transformed labor markets and generated widespread dislocation and economic insecurity. These changes(perceived or real) served to erode voters trust in the political system and led the “losers” to look to populist parties which claim to represent a break from the status quo and offer appealing solutions to voters economic troubles.¹³⁰

4.1.1 Background

The rise of populism in many established democracies is one of the most notable political developments in recent years. Donald Trump’s victory in the US election of November 2016 and the Brexit vote in June 2016 have been the center of attention. However, the populist issue reaches across a wide range of countries and contexts.

¹³⁰ Yotam Margalit. 2019. “Economic Insecurity and the Causes of Populism, Reconsidered,” *Journal of Economic Perspectives* 33 (4): 152.

Examples include political advances by far right parties in France and Sweden, ethno nationalist parties in Poland and Hungary and far left movements in Greece and Spain.¹³¹

In the United Kingdom, efforts to leave the European Union were driven by the demands for economic independence. Manufacturing regions have lost prosperity due to free trade in the nation. These communities have experienced high costs of job displacement and reduced earnings.¹³² Similarly, The Trump Administration in the United States has emphasized an “America first” along with a “buy American and hire American” narrative. The rhetoric suggests that foreign elements have stolen the wealth of the United States.¹³³ Economic protectionist policies are proposed as the way to ensure the revival of the economy. This kind of initiative will involve creating trade deals that are economically beneficial to the American worker and favor American made goods over foreign goods.¹³⁴ These versions of current populism represented by the marked political occurrences of Brexit and the Election of Donald Trump have clear connections to manufacturing production shifts and trade.

To join the scholarly conversation on the modern increases in populism, the research question can be asked: how have production shifts influenced populism in the last decade? The roadmap to reaching the conclusion to this question will include examining the policies which started the shifts, the financial impact of these shifts, the

¹³¹ Yotam Margalit. 2019. “Economic Insecurity and the Causes of Populism, Reconsidered,” 153.

¹³² Italo Colantone, and Piero Stanig. "The Surge of Economic Nationalism in Western Europe," *The Journal of Economic Perspectives* 33, no. 4 (2019): 136.

¹³³ Thomas W. Zieler, "This is What Nationalism Looks Like." In *Chaos in the Liberal Order: The Trump Presidency and International Politics in the Twenty-First Century*, ed. by Robert Jervis (New York: Columbia University Press, 2008) 136 - 139.

¹³⁴ Zieler, "This is What Nationalism Looks Like." 136 – 139.

voting behavior and views of government that were produced, the criticism of immigration and globalization that coincided, and the announcement of who is to blame. Assessing these topics in existing literature may prove the validity of the statement that production shifts increase populism.

4.2 Literature Review

The existing literature emphasizes several structural factors when explaining the populist increases across the world in regards to production shifts. The increases are attributed to job losses due to technological advancement and the expansion of neoliberalism, criticizing government responses to financial crisis, consequences of economic insecurity, backlash to immigration, increased nationalism, altered voting behavior, the evolution of globalization skepticism, and highlight of the importance of China in this context. Review of the existing research can begin with neoliberalism where the origin of manufacturing and production shifts is discussed.

Authors Tejaswini Ganti and Jinhua Li examine the impact Neoliberalism has had on production shifts. Neoliberalism is defined as economic policies which emphasize deregulation of the economy, the liberalization of trade and industry, and the privatization of state-owned enterprises.¹³⁵ The market liberalization and global economic integration associated with neoliberalism resulted in structural unemployment and the transfer of labor to sectors of the global economy.¹³⁶ Neoliberalism, therefore, has had a diminishing effect on the manufacturing of democratic capitalist economies which produced social,

¹³⁵ Tejaswini Ganti. "Neoliberalism." *Annual Review of Anthropology*, 4 (2014): 91.

¹³⁶ Li Jinhua "Analysis of the High Unemployment Rate in the USA." *World Review of Political Economy* 4, 2 (2013): 218.

political, and economic consequences.¹³⁷ These consequences combined with future technological advancement are fertile ground for the rise of populism.

4.2.1 Technological Advancement and Industrialization

Author Yotam Margalit expresses the opinion that a populist vote is a response to a combination of technological advances and deindustrialization. Technology has contributed to a shift from manufacturing to service sector jobs, and has deepened the gaps between low and high skilled occupations.¹³⁸ Automation has contributed to a decline in demand for specific occupations. Companies changed through advancement in information and communication technology. The end result of such a combination allowed for some jobs to be dissolved completely.¹³⁹ These changes were followed by growing geographic disparities in economic activity of certain communities and a depopulation of rural areas. Therefore, production shifts have produced a vulnerability of this US sector which is worsened by technological advancement. Yotam Margalit believes these technological changes further planted the seeds for populist forces.¹⁴⁰

Another claim is that financial crises and how governments respond to them can foster populism through their impact on citizens who have been bruised by production shifts. The Great Recession led to widespread disappointment with mainstream parties who became seen as responsible for the crisis and its aftermath. This gave rise to a popular sentiment that the “little man” was made to pay for the mistakes and corruption

¹³⁷ Tejaswini Ganti. "Neoliberalism." 91.

¹³⁸ Yotam Margalit "Economic Insecurity and the Causes of Populism, Reconsidered," 154.

¹³⁹ Brian Nolan, "Globalisation, Inequality and Populism," *Journal of the Statistical & Social Inquiry Society of Ireland*, 46 (2016): 116.

¹⁴⁰ Yotam Margalit, "Economic Insecurity and the Causes of Populism, Reconsidered," 154.

of the nation's economic and political leadership.¹⁴¹ Stanford researcher, Melissa de Witte, concludes that the Great Recession resulted in a wave of anti-establishment messages which fueled populist politics.¹⁴² The aftermath of the recession made the public question how in tune elected officials are with the concerns of average citizens. Financial crises would further cripple the people who were already receiving the negative impacts of neoliberalism and technological innovation. The extensive economic hardship experiences drove these citizens to other political alternatives.

4.2.2 Government Responses to Crisis

Populism began growing momentum as it appeared to provide the solution to the economic shortcomings of officials. Populism would provide the answer as its prominent figures claim to have a genuine connection to the people. This link provides legitimacy in pursuing the people's interest which can be served by a populist party or movement.¹⁴³ The 2008 economic crisis, therefore, ignited frustration with government and mainstream parties which allowed populism to crystallize. How people view institutions was altered and the loss of faith coincided with recession induced economic insecurity.

4.2.3 Economic Insecurity

¹⁴¹ Ibid., 155.

¹⁴² Melissa de Witte, "How the Great Recession Influenced Today's Populist Movements" *Stanford University Graduate School*. Last modified January 11, 2019. <https://www.gsb.stanford.edu/insights/how-great-recession-influenced-todays-populist-movements>.

¹⁴³ Melissa de Witte, "How the Great Recession Influenced Today's Populist Movements." 1.

Economic insecurity developed during the Great Recession because of unemployment and underemployment.¹⁴⁴ Howard Greenwald claims that this economic stress produced a politicization of citizens in both the left and the right.¹⁴⁵ There was a backlash of specific groups that were experiencing associated economic uncertainty and they were looking for whom to blame for their suffering. These manufacturing communities then directed their anger toward globalization policies. Citizens were driven to develop policy attitudes and voting behavior against this form of economic integration and to the political parties which advocated for it. The political attitudes associated to economic stress specifically impacted views regarding immigration.¹⁴⁶

4.2.4 Immigration

Immigration is often cited as offering an explanation of rising populism. Criticism of immigration has a direct connection to production shifts and globalization. The claim is these shifts have fueled competition with foreign workers in certain sectors and labor market segments. Workers negatively impacted by the shifts have encountered economic insecurity and began to view these foreign workers as a threat to the jobs and wages of native workers.¹⁴⁷ These concepts coupled with perceptions of fiscal costs associated to immigration as contributing additional economic strain to already limited public

¹⁴⁴ Yunsoo Lee. "The Great Recession, Government Performance, and Citizen Trust", 57.

¹⁴⁵ Greenwald, Howard P. Greenwald "Politics and the New Insecurity: Ideological Changes of Professionals in a Recession." *Social Forces*. 57(1)(1978): 103.

¹⁴⁶ Kenneth Scheve, and Matthew J. Slaughter. "Economic Insecurity and the Globalization of Production." *American Journal of Political Science* 48(4)(2004): 664.

¹⁴⁷ Yotam Margalit, "Economic Insecurity and the Causes of Populism, Reconsidered," 155.

services.¹⁴⁸ Concerns regarding the welfare state produced xenophobia as a consequence and have increased the appeal of right-wing populist parties, particularly in areas with high settlement rates of immigration.¹⁴⁹

Issues involving immigration are unique in this context of their perceived costs. Author George J. Borjas suggests lacking evidence for concrete support regarding welfare effects and also claims that immigrants essentially will take unskilled jobs that natives often do not.¹⁵⁰ However, it appears the perception of fiscal costs associated immigration does exist and fuels political arguments regardless of their legitimacy.¹⁵¹ Criticism of immigration contributed to ideas of nationalism and nativism in the United States. Nationalism based on the perception of job competition and fiscal costs are often highly observed in production centered communities.¹⁵²

4.2.5 Nationalism

The negative consequences of production shifts associated to the globalization effort were specifically visible in localities of production sites. These sites were important to the local community identities and they began closing down. Local labor markets with a high share of trade-exposed industries suffered from high rates of job loss, decreases in labor market participation, and an enduring rise in unemployment.¹⁵³ The

¹⁴⁸ Margalit, "Economic Insecurity and the Causes of Populism, Reconsidered," 155.

¹⁴⁹ Ibid.

¹⁵⁰ George J. Borjas "Lessons from Immigration Economics." *The Independent Review* 22, no. 3 (2018): 332

¹⁵¹ Gabriel J. Felbermayr, and Wilhelm Kohler. "Immigration and Native Welfare." *International Economic Review* 48, no. 3 (2007): 732.

¹⁵² Brian Nolan, "Globalisation, Inequality and Populism", *Journal of the Statistical & Social Inquiry Society of Ireland*, 46 (2016): 114.

¹⁵³ Brian Nolan, "Globalisation, Inequality and Populism," 114.

losses of these manufacturing communities began fostering populist concepts of American nationalism.

Authors Joseph Gerteis and Alyssa Goolsby emphasize that people were feeling that the markers of the American national identity was being attacked by a hostile alien threat. Traditional American ways of life and their livelihoods appeared to be at risk to these citizens.¹⁵⁴ The diminished manufacturing sector had historically been centric to the white working class population in the US.¹⁵⁵ The consequence was a mobilization of the “American” identity which influenced support for local political officials.¹⁵⁶

4.2.6 Voting Behavior

The negative effects on these localities produced a political response by increasing support for populist candidates, parties, and causes. Congressional districts exposed to these manufacturing complications disproportionately removed moderate representatives and replaced them with more extreme candidates.¹⁵⁷ A sense of economic unfairness and lacking upward mobility was being sensed by the citizens who voted for these candidates. Populists prey on these voters by attributing inequity to elites or foreigners.¹⁵⁸ Attitudes of production shifts were then applied to globalization generally in

¹⁵⁴ Joseph Gerteis, and Alyssa Goolsby. "Nationalism in America: The Case of the Populist Movement." *Theory and Society* 34, no. 2 (2005): 198.

¹⁵⁵ Brian Nolan, "Globalisation, Inequality and Populism" 114.

¹⁵⁶ Joseph Gerteis, and Alyssa Goolsby. "Nationalism in America: The Case of the Populist Movement." 206.

¹⁵⁷ Brian Nolan, "Globalisation, Inequality and Populism" 114.

¹⁵⁸ Ember Smith and Richard V. Reeves, "Class Notes: Explaining the rise of populism, generosity in policymaking, and more." *The Brookings Institution*. Last Modified August, 26, 2020. <https://www.brookings.edu/blog/up-front/2020/08/27/class-notes-explaining-the-rise-of-populism-generosity-in-policymaking-and-more/>.

a negative manner by these groups.¹⁵⁹ The grievances created what is known as globalization skepticism.

4.2.7 Globalization Skepticism

Globalization skepticism centers on the apparent win-lose scenario which global integration policies are argued to present. Roy C. Smith claims that production shifts have produced erosion of the well-being of the working and middle classes in the United States and Europe, where the conflict is being fueled by both the Left and Right. The globalized economic system may appear to have produced positive results for many but not for a significant number of American and European workers. These workers are claimed to be losing due to trade imbalances, inefficiencies, and corruption in the process.¹⁶⁰ Who wins and who loses can be determined by where the industrialization and deindustrialization is occurring.

Industrialized countries experience a deindustrialization through global integration. The manufacturing sector in developed countries is the most vulnerable to negative effects of globalization through production shifts.¹⁶¹ Deindustrialization weakens the bargaining position of labor. There is a transfer from higher wages in the industrial sector to lower wages in the service sector. There is also a rise in higher skilled workers income. What this process highlights is that some middle and lower class

¹⁵⁹ Erik Lundsgaarde, "Explaining Globalization Scepticism." *Danish Institute for International Studies* (2018): 37.

¹⁶⁰ Smith, Roy C. "Will Populism Kill Globalization?" *Independent Review* 24(3) (2019): 434.

¹⁶¹ Erik Lundsgaarde, "Explaining Globalization Scepticism."40.

workers experience losses in job availability and wages.¹⁶² Roy C. Smith advocates that production shifts, consequently, deteriorated the well being of the working and middle classes in both the United States and United Kingdom.

Developing countries on the other side have observed industrialization through global integration. With this industrialization is a capital arrival and new jobs. There is an increase in wages for lower skilled worker's incomes and coincides with a decrease in higher skilled workers incomes.¹⁶³ The industrialized countries see an increase in inequality, while the developing country witnesses a decrease.¹⁶⁴ This analysis of winners and losers allows one to bring China into the conversation. Many political scientists claim this nation as greatest winner in globalization terms.

4.2.8 China's Role

Scholar Brian Nolan emphasized the importance of China and the outsourcing of production in his research. China's entrance into the global trading system has opened up rich country manufacturing to intense competition from emerging economies with lower labor costs. Capital became more flexible across borders and companies became more willing in their capacity to outsource and shift production to where costs are lower. Global supply chains could now be organized in such a manner that other jobs formerly embedded in the rich countries could be outsourced much more easily. Adverse effects on

¹⁶² Melinda Mills. "Globalization and Inequality." *European Sociological Review* 25(1)(2009): 4.

¹⁶³ Melinda Mills. "Globalization and Inequality." 5.

¹⁶⁴ Smith, Roy C. "Will Populism Kill Globalization?" 434.

both American and British industries which experienced higher exposure to Chinese competition were the results.¹⁶⁵

Review of the existing literature highlights the importance neoliberalism, technological advancement, financial crisis, economic insecurity, altered voting behavior, nationalism, immigration, globalization skepticism, and China have regarding production shifts. There is a clear connection of these topics and how they correlate to increased populism. However, many of the authors focus on just one aspect or two topics when answering the research question.

A synthesis of the all information in the literature illuminates a chain reaction that produced the likelihood that support for populism would rise. Neoliberal and globalization policies weakened manufacturing of the United States and Britain through job loss. The communities in these nations were specifically vulnerable due to technological advancement and were comprised mainly of the lower and middle class who had previously dominated the manufacturing sector. Economic insecurity emerged which steered the voting behavior of these citizens. Recession exacerbated all of these problems and weakened the support of mainstream politicians.

The decreased support of mainstream politicians created increased support in populists. Populism evolved the notion that immigrants, globalization, and China were to blame for the economic hardship associated to production shifts. American and British nationalism then flourished. Constructing this chain of occurrence on how manufacturing production shifts produce populism allows readers to view the research from a more broad perspective.

¹⁶⁵ Brian Nolan, "Globalisation, Inequality and Populism" 114.

The existing literature is also missing more specifically how the past decade differs from the ones before. The authors on this topic recognize the importance of financial crises and the Great Recession does serve as a trigger. However, it is not fully clear why there is still increasing populism even after the economy recovered. The United States and the United Kingdom are both experiencing populism. How can this be measured and compared to convey a more direct conclusion of the influence production shifts had? If neoliberal policies have weakened manufacturing, what are the actual numbers? How can the decaying trust of government be measured? Applying the knowledge from the existing literature to a data analysis of public opinion may provide more specific insight. Assessments of statistics and polling related to these topics may provide enlightening patterns, trends, and variables to provide answers to these questions.

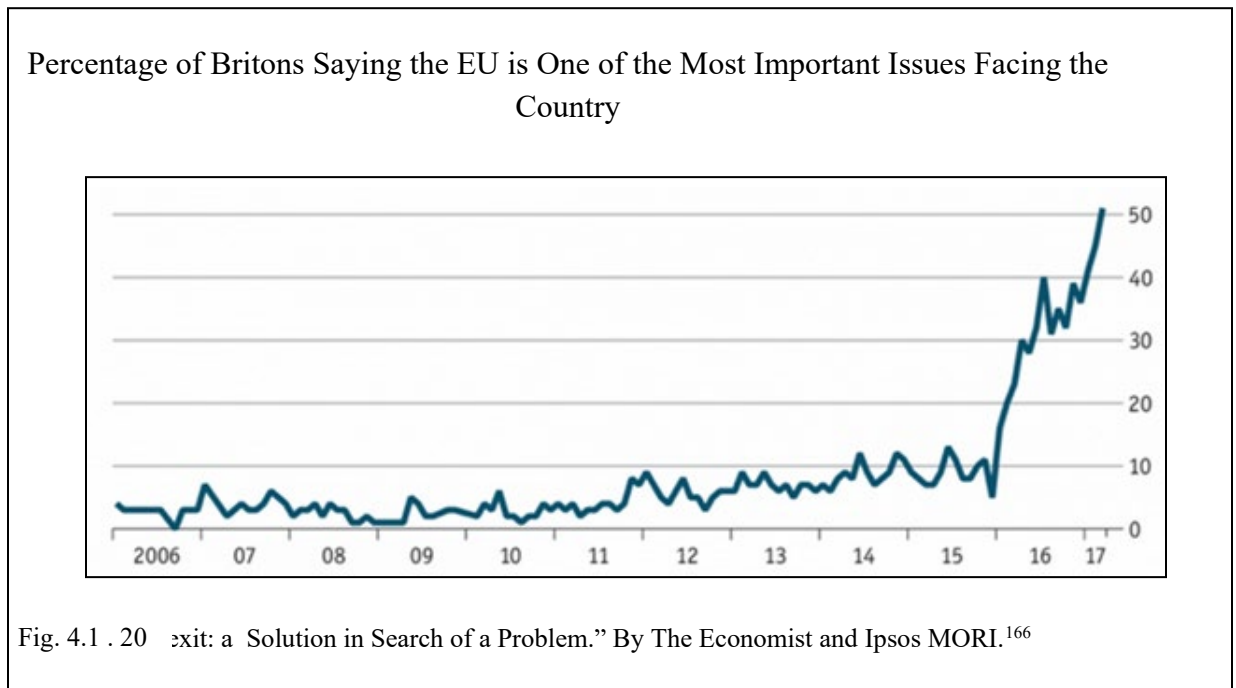
4.3 Data Analysis

Financial crisis, economic insecurity, immigration, nationalism, altered voting behavior, and globalization skepticism discussed in the literature have provided wisdom on the study of production shifts and populism. This knowledge can be expanded upon by using a case study data analysis methodology using public opinion and statistics. Polling data of what citizens express as the most important issue facing the country, government approval measurements, and in changes in the number of manufacturing jobs can be used for analysis. Measurements of these areas will capture much of the ideas previously discussed and allow for further dissection. More clarity on how the last decade specifically influenced these topics may also be gathered.

4.3.1 Methodology

Applying this research to the United Kingdom in addition to the United States may also reveal consistency among nations showing increases in populism. Figures 4.1, 4.2, and 4.3 provide polling data for the United Kingdom for case study one. Case study two is represented by Figures 4.4, 4.5, and 4.6 and concentrates on the United States.

Figure 4.1.



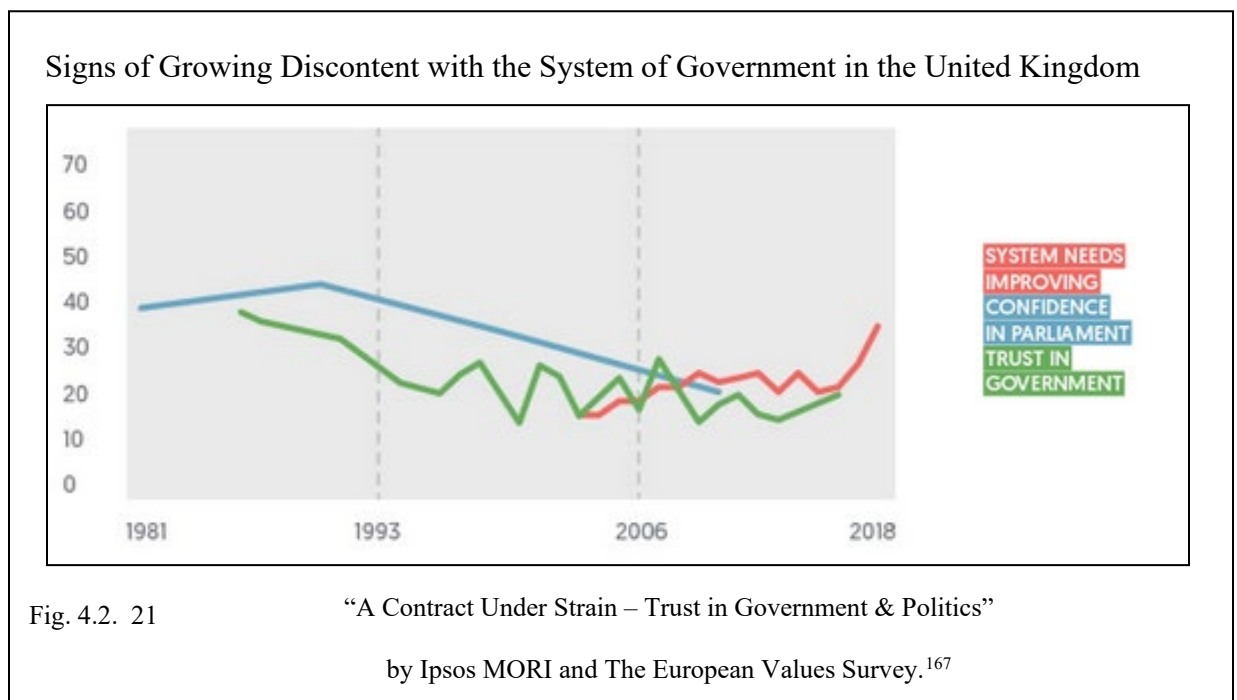
4.3.2 Case Study One: The United States

Figure 4.1 can begin case study one of the United Kingdom. The chart illuminates Ipsos MORI data of what citizens in Britain report as the most important issue facing the country today and ranges from 2006 to 2017. The graphic conveys that roughly 10% of respondents claimed European Union relations was most important prior to 2016. What

¹⁶⁶ "Brexit: a solution in Search of a Problem." *The Economist*. Last Modified April 23, 2017. <https://www.economist.com/britain/2017/04/03/brexit-a-solution-in-search-of-a-problem>.

occurred later in 2016 was a substantial jump in importance to 40%. The number then jumped again 10 more points in 2017. Reviewing data in this manner will lead one to the significant year of 2016 and ask what changed? 2016 became a catalyst because it was the year of the United Kingdom European Union Membership Referendum. However, the polls do appear to begin slightly increasing in importance when compared from before to after the Great Recession.

Figure 4.2.



The graphic represented by Figure 4.2 can continue case study one by covering polling data of British citizens regarding their confidence in government and ranges from 1981 to 2018. The illustration reveals the numbers of people who trust the government dropped from 40% in 1986 to 22% in 2016. Confidence in the British Parliament also

¹⁶⁷ Gideon Skinner, “A contract under Strain – Trust in Government & Politics” *Ipsos MORI*. Last modified 2020. <https://thinks.ipsos-mori.com/a-contract-under-strain-trust-in-government-and-politics/>.

declined from 41% in 1981 to 23% in 2010. These declines coincided with the number of reports insisting the government needed improvement increased from 18% in 2003 to 37% in 2018. A small increase of confidence in Parliament during the 1980s is important to note. However, these polls do establish a general and significant pattern of declining support of government in Britain over decades. If decline is also especially clear if one compares the decade before the Great Recession to after.

Figure 4.3.

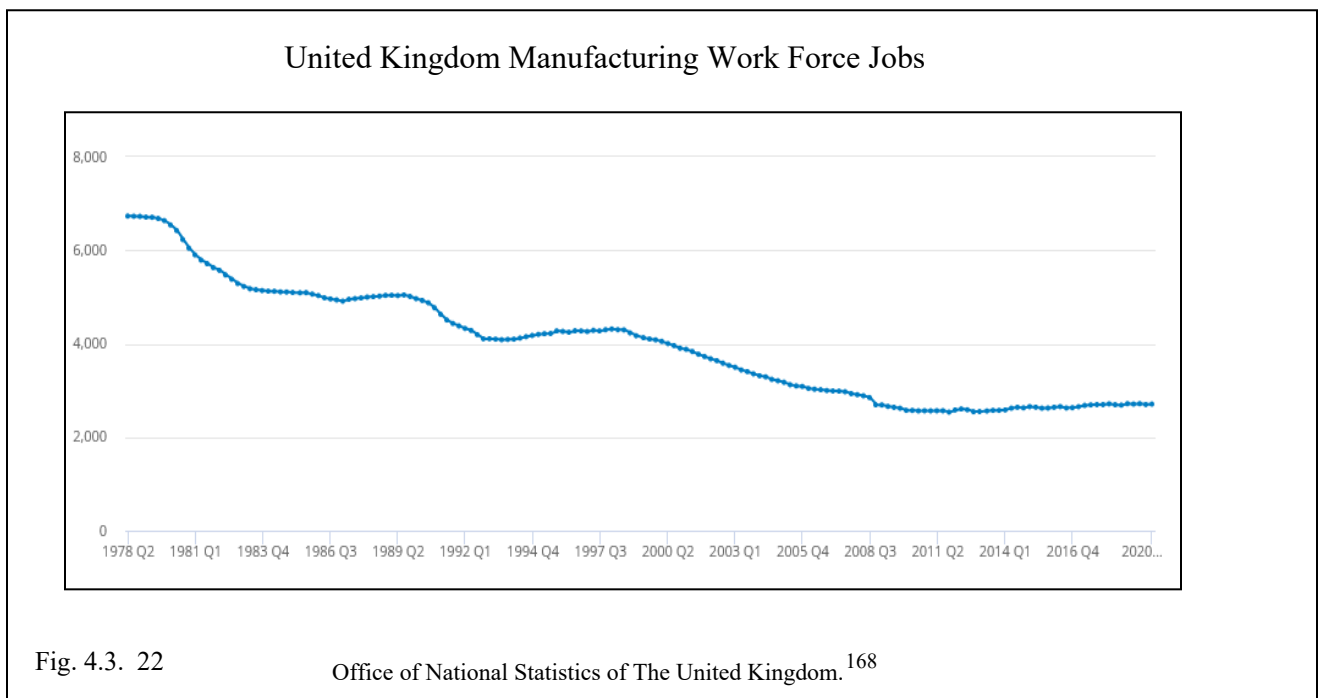
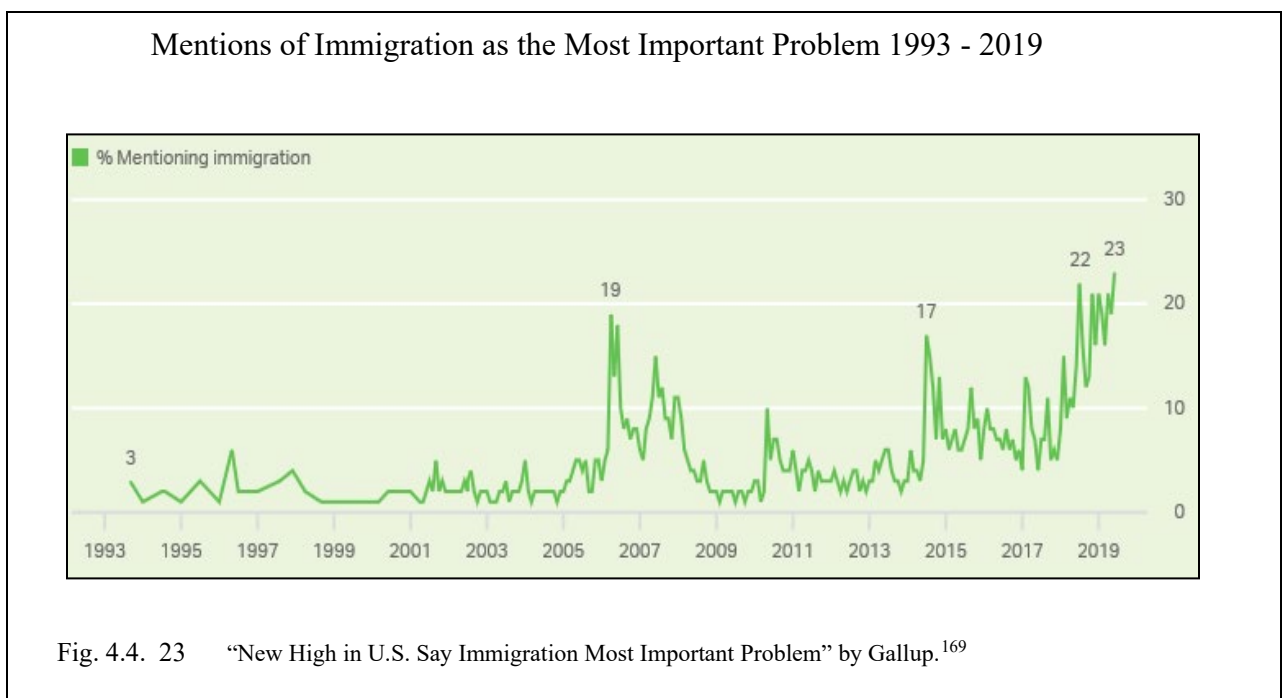


Figure 4.3 can complete case study one by measuring The United Kingdom's Office of National Statistics data of the number of manufacturing jobs in thousands

¹⁶⁸“UK Workforce Jobs : C manufacturing (thousands)” *Office of National Statistics UK*. Last Modified August 11 2020.<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/jwr7/lms>

ranging from 1978 to 2020. The chart confirms a continued trend of decline of these jobs in the United Kingdom. After the Great Recession in 2008 the numbers appear to be relatively consistent. However, there is a substantial difference when 1978 and 2020 are compared. There is a similar situation if the decade before the Great Recession is compared to after.

Figure 4.4.



4.3.3 Case Study Two: The United Kingdom

Figure 4.4 on immigration can begin case study two with a focus on the United States. The chart reveals a Gallup poll ranging from 1993 to 2019 of the percentage of people who mention immigration as the most important problem occurring in the US. The

¹⁶⁹ Jeffrey M. Jones, “New High in U.S. Say Immigration Most Important Problem” *Gallup*. Last Modified June 21 2019. <https://news.gallup.com/poll/259103/new-high-say-immigration-important-problem.aspx>.

graphic illustrates how the question on immigration has increased from 3% in 1993 to 23% in 2019. The mentions of immigration were at the highest it has ever been in 2019. There was the largest trend of increases after 2010. However, there was a substantial spike in these numbers around the years of the Great Recession.¹⁷⁰

Figure 4.5.

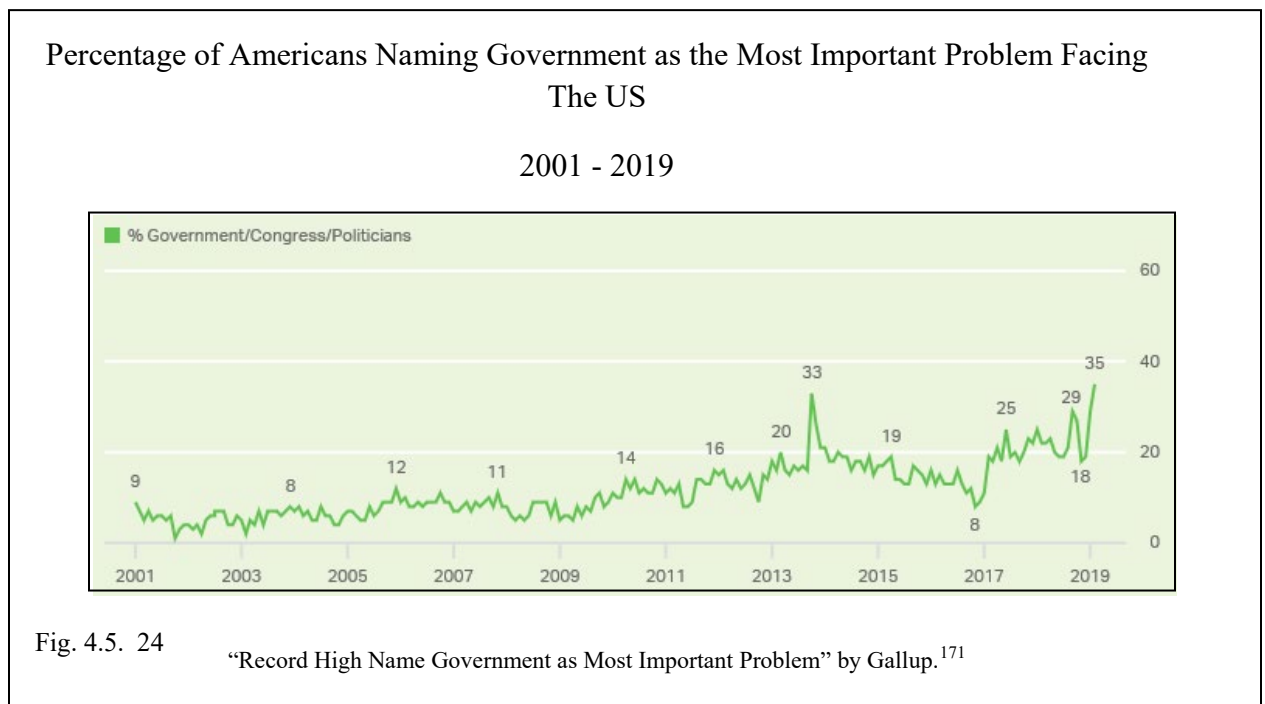


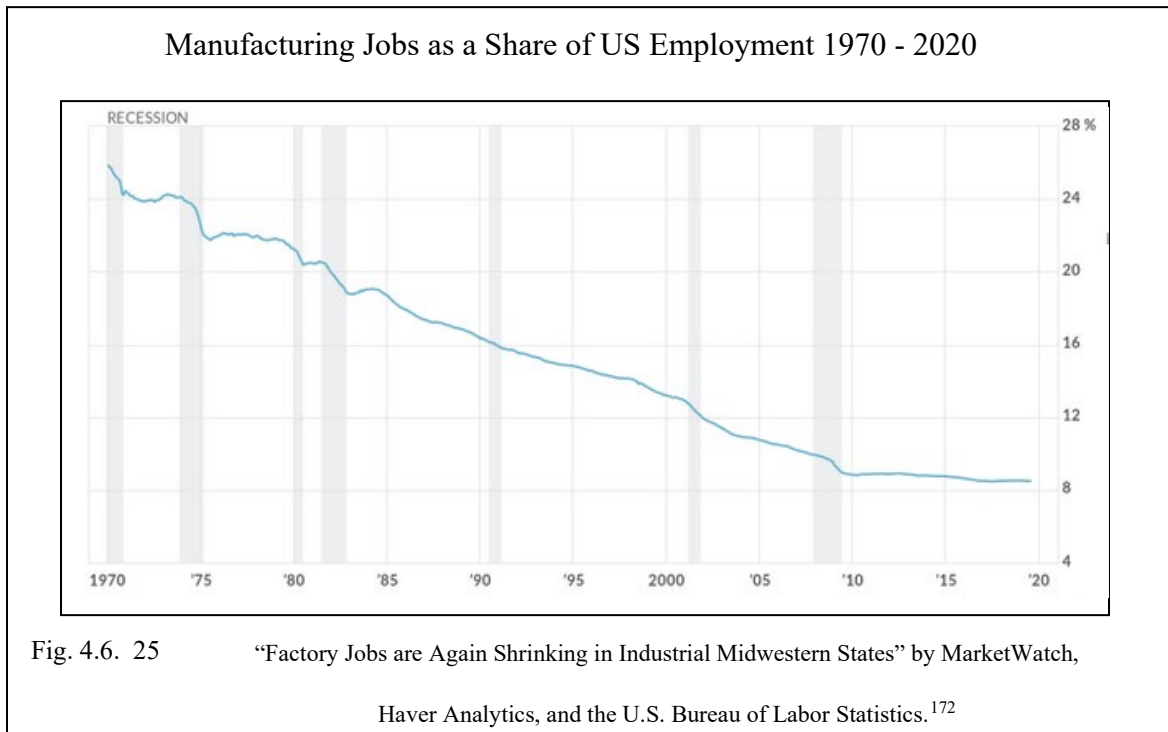
Figure 4.5 continues case study two. The graphic provides Gallup compiled polling of US citizens regarding the question: what is the most important problem facing America? The chart shows data ranging from 2001 to 2019. The current percentage of Americans naming government as the most important problem in December 2019 is

¹⁷⁰ Jeffrey M. Jones, “New High in U.S. Say Immigration Most Important Problem.”

¹⁷¹ Justin McCarthy and Jeffrey M. Jones, “Record High Name Government as Most Important Problem.” *Gallup*. Last Modified February 18, 2019. “<https://news.gallup.com/poll/246800/record-high-name-government-important-problem.aspx>

nearly twice as high as the 18% recorded in November. After remaining relatively constant from 2001, the Great Recession illustrates the event of where the trend of continued increases began to occur.

Figure 4.6.



Case study two can be completed by the final graph. Manufacturing jobs as a share of US employment are displayed by Figure 4.6. The shaded sections of the chart indicate a time period of economic recession. The figure reveals a significant drop in the number of manufacturing sector jobs since 1970. In nearly each time of recession there is a sharp decrease in these numbers. After the Great Recession these manufacturing jobs in

¹⁷² Michael J. Hicks, “Factory Jobs are Again Shrinking in Industrial Midwestern States” *MarkWatch*. Last Modified October 21, 2019. <https://www.marketwatch.com/story/factory-jobs-are-again-shrinking-in-industrial-midwestern-states-2019-09-25>

the US were at their lowest and remained consistently low. However, it is important to remember that technological advancement would play a role in these reports.

Manufacturing job levels and government trust in the United Kingdom and the United States are at their lowest reported points in decades after analyzing the case studies. Issues of immigration and international partnerships are also at their highest levels of importance. The past decade is where the major shifts in the polling data and statistics began. Therefore, the importance of the Great Recession in accordance to these measurements is highlighted. Visibility to a pattern of decline in manufacturing since the 1970s is gained through the case studies. The decline in manufacturing has a correlation to the decline in government approval and to the rise of the importance of immigration and international union membership issues. More specific conclusions on manufacturing and populism can now be reached by applying these case study revelations to the information gained from the literature review.

4.4 Conclusion

Review of the existing literature and combining it with a case study data analysis reveal the answer to the research question of: how have manufacturing production shifts influenced populism in the last decade? The information and data suggest the answer is production shifts increase populism through their role in increasing economic insecurity, altering voting behavior, decreasing trust in government, increasing the importance of immigration policy, and increasing criticism of globalization. The further contribution of the research conducted to reach this conclusion is how they are connected and how they can be applied in a broader context.

4.4.1 Discussion

The case studies reveal a decline in manufacturing since the 1970s. This decline coincided with decreased faith in government and rises of importance in immigration and international partnerships after the Great Recession. This polling suggests a connection of current populism to decades old policies that began this trend.¹⁷³ Review of the existing literature indicated that the 1970s sparked the spread of neoliberalism and free trade. Therefore, there is a connection of current populism to historic neoliberalism policies which appeared to have been exacerbated by the Great Recession and globalization. New and old components are revealed to comprise the rise in current populism. However, many do suggest there are additional non-economic factors associated to this increase.

4.4.2 Racial Inequality Counter Argument

One factor that many argue is a driving force in modern populism is the social complications of racial inequality. The problems regarding equality from before and after the 2016 Referendum in which Britain voted to leave The European union raised political concerns around race and immigration.¹⁷⁴ These concerns remain as dominant features of the current political environment in Britain through a suggested increase associated to the acceptability of racial and ethnic intolerance.¹⁷⁵ These issues are claimed to have a role in

¹⁷³ Bruno, Tinel. "The Crisis of Neoliberalism" *World Review of Political Economy* 2(1)(2011): 118.

¹⁷⁴ William Shankley, and James Rhodes. "Racisms in Contemporary Britain." In *Ethnicity and Race in the UK: State of the Nation*, ed by Shankley William, Byrne Bridget, Alexander Claire, Khan Omar, and Nazro James. (Bristol, UK; Chicago, IL, USA: Bristol University Press) 223.

¹⁷⁵ William Shankley, and James Rhodes. "Racisms in Contemporary Britain." 226.

racism shaping dynamics of populism through the structural migration system and border policies in Europe.¹⁷⁶

Racism in Europe can also be interpreted in a different manner as a counter reaction to a series of political defeats. Author Georgi Fabian claims that racist ideologies can emerge to justify practices of oppression which have a social or economic benefit for privileged groups.¹⁷⁷ From a historical perspective, Fabian argues that migration can be understood as a political project where neoliberal actors attempted to push migration and refugee policy under the imperatives of competitiveness and economic growth.¹⁷⁸ Migration would be positive in this interpretation and serve as economically beneficial to the dominant forces of the immigration countries.

What occurred as a response to these practices was instead the growth of resistance against neoliberal strategies by large segments of the European population. Resistance was motivated by a mix of nationalism, welfare patriotism, and racism.¹⁷⁹ Ultimately, social issues involving race and inequality clearly do appear to influence populism. However, it is important to note that neoliberal and globalization initiatives from an economic perspective were also among the important components in the evolution of this racism.

The components which formulated modern populism had influential political consequences. Clarity on who are the winners and who are the losers emerged along with

¹⁷⁶ Ibid.

¹⁷⁷ Georgi Fabian. "The Role of Racism in the European 'Migration Crisis': A historical Materialist Perspective." In *Racism After Apartheid: Challenges for Marxism and Anti-Racism* ed by Satgar Vishwas, Johannesburg: Wits University Press, 2019) 103.

¹⁷⁸ Georgi Fabian. "The Role of Racism in the European 'Migration Crisis': A historical Materialist Perspective." 105.

¹⁷⁹ Ibid, 103.

inflammatory narratives. In the US context, China can be seen as having the upper hand. In the United Kingdom, it is the other countries of the European Union in addition to China.¹⁸⁰ This concept is represented through Britain's referendum vote to leave the European Union and the election of Donald Trump with his "America first" approach to foreign policy. The public opinion data and statistics, therefore, present a pattern and chain reaction which is not easily visible through sole review of the literature. This chain is what caused increases or decreases in the polling topics that represent growing populism.

The increases and decreases associated to the answer of this research question are significant to the conversation of populism by the connections of what they illustrate in a larger context. The importance of manufacturing and the associated vulnerability of this sector are revealed. The longstanding influence associated to the policies of previous decades is explained. The enduring impact of the Great Recession is exemplified. How regional and local community shifts can have international and global consequences is shown. The winners and losers of globalization are highlighted. An illustration of the patterns of which can be gathered by public opinion measurements and statistics is provided. Finally, a trend of similar modern political challenges among democratic capitalistic nations is illuminated through this discussion of populism. These conclusions provide support for the statement that manufacturing production shifts increase populism. Shifts in these critical sectors of the United States and the United Kingdom produce populism through globalization.

¹⁸⁰ Italo Colantone, and Piero Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." *American Journal of Political Science* 62(4)(2018): 934.

5. Conclusion

5.1 Introduction

This thesis has highlighted the importance of the relationship economies have to democracy. Recession, neoliberalism, and globalization have undermined satisfaction of democratic governing systems around the globe. These crises, economic policies, and international market integration efforts have acted in concert to produce domestically destabilizing consequences for the economies of developed nations. Destabilizing these economies served to spark the increases of modern political polarization and populism.

The data which was presented in these three chapters provided evidence supporting claims suggesting that economic instability coincides with political instability. Political instability was illustrated by increases in partisan division, increases in support for anti establishment movements, decreases in public opinion of government, and decreases in the effectiveness of democratic institutions. Final closure to this study can now be achieved by further summarizing the findings of each chapter, explaining one last concept regarding the importance of the middle class, addressing limitations, indicating additional areas of research, and suggesting policy solutions.

5.2 Summaries

5.2.1 Chapter One

Chapter one examined the influence economic recession has on political polarization. The chapter provided evidence to support the statement that recession increases political polarization and serves to decrease trust in government, produce policy

gridlock in Congress, and weaken democracy. Literature on this topic indicated that polarization was increased because recession increases partisan identification, increases unemployment and income inequality, produces an economic fragmentation of citizens based on impact, increases hostility through blame, drives the political parties to radicalize, and decreases moderate voters.

Chapter one further confirmed recession increased political polarization by providing a data analysis case study comparison of partisanship during the recessions of 1973, 1980, and 2008. These studies revealed short term spikes in public opinion polls of strong partisanship during the previous recessions. The case of the Great Recession in 2008 differed because it indicated that a trend was forming in its aftermath instead of a short lived increase. Evaluation of this poll information confirmed that extreme partisan identification will increase during times of recession. This analysis was then connected to an assessment of income and unemployment which the literature review identified as important variables for producing extreme partisan identifications.

Charts illustrating statistical measurements of income and unemployment based on race during the timeframe of each case study were presented in this chapter. The graphics indicated increases in unemployment and decreases in income for all races during times of economic crisis. However, these images also highlighted the existing inequality associated to income for minorities. This inequality present in the charts was also illuminated to have continually increased over a long period of time.

The findings of chapter one concluded that inequality has continued to worsen over several decades. Each recession served to aggravate a higher instance of inequality

than the last. Impact disparities based on occupation, class, age, race, and gender would also be more influential in each sequential recession. The 2008 financial crisis exacerbated these long-standing patterns and served as the catalyst in producing the level of political polarization observed in America today. Chapter one confirmed how recession influenced this modern polarization by increasing previous inequality.

The discussion of recession and polarization in this section can then lead one's attention to investigate the specific economic policies which may have formulated these patterns of continued inequality. Neoliberalism can be identified as it has comprised the American capitalistic market consensus historically.¹⁸¹ An investigation of neoliberalism in a nation other than United States can uncover information which will apply in a broader scope to the conversation of why satisfaction of democracy has declined globally.

5.2.2 Chapter Two

Chapter two illuminated the consequences of neoliberal economic policies through its examination of how realignment of the Labour Party influenced public opinion in the United Kingdom after the Great Recession. Realignment of the Labor Party in 1997 served as a significant political point in time for Britain. The party's shift toward neoliberalism solidified the prominence of these economic policies in its society. Labor market deregulation, privatizing state owned-enterprises, product market deregulation, financial market liberalization, and free trade were furthered. Public opinion polling data revealed decreases in satisfaction of government, decreases in

¹⁸¹ Philip G. Cerny. "In the Shadow of Ordoliberalism: The Paradox of Neoliberalism in the 21st Century" *European Review of International Studies* 3, no. 1 (2016): 79.

economic satisfaction, and increasing support in the concepts of “Euroskepticism” after the recession in 2008. This decline of public opinion coincided with decreases in traditional party support and increases in support of populist movements.

Chapter two’s study of declines in public opinion and the rise of populism in Britain is significant in what it uncovers. The influence political party alterations can have was revealed. The power of market pressures to steer policy was displayed. The consequences of diminishing the community which is represented by labor were also presented. The connection these topics have explain how populism and nationalism have increased. Populism and nationalism are reflected through The United Kingdom’s Referendum to leave the European Union. Therefore, neoliberalism has an association to globalization through this monetary partnership. A component of neoliberalism and globalization involves free trade and an outsourcing of manufacturing. One can then study the correlation that these production shifts have to populism.

5.2.3 Chapter Three

Chapter three in this thesis discussed how globalization meshed with neoliberal policies in the United States and Britain which shifted manufacturing externally to other countries. Domestic manufacturing as a sector of the economy in these nations has been declining over the past 30 years as a consequence. Losses in manufacturing caused public opinion of government to decrease and the importance of immigration and remaining in regional economic union memberships to increase.

Chapter three emphasizes the vulnerability and importance of local manufacturing in a broader global context. Examples of how policies reaching back decades evolved this

vulnerability were provided. Clarity on a competitive and inflammatory aspect of globalization was shown through identification of who benefits and who does not. Similar to chapter one and two, what can be acquired through public opinion measurements in a quantitative manner is shown. These public opinion measurements ultimately led to evidence which supports the statement that production shifts increase populism. The discussion of populism in this chapter further indicated a commonality of challenges present in democratic capitalistic nations around the globe.

5.3 The Middle Class

One final addition chapter three provided was a visible similarity it had with chapters one and two. All chapters include a discussion of class and more specifically the middle class in some capacity. Thusly, when compiling the information from these chapters it is meaningful to emphasize again the importance of the middle class. Chapter three suggested manufacturing was dominated by the middle class in the United States and the fall of this economic sector was influential in populism. This same increase in populism was discussed in chapter two with the concept of a population represented by labor being neglected through party realignment. Chapter one also revealed a specific vulnerability of the middle class to the economic insecurity caused by recession. It would then be appropriate to further explain the significance of these events have by explaining why the middle class is important to democracy.

Middle classes are more likely to demand democracy and redistribution when they become insecure about keeping their socio-economic status under autocracy. In contrast, they are more likely to support an authoritarian alternative when they feel

vulnerable under democracy.¹⁸² The size and relative income of the middle class also matters for democratic transition and consolidation. If the middle class is prosperous and large enough to prove influential under democracy, redistributive costs of democracy decrease for the elite and democratization is more likely. Therefore, the likelihood of successful democratization efforts or the maintaining of existing democracy for the middle class is connected to the level of inequality in the society it operates within.¹⁸³

The middle class lacks the political power to protect its interests in the same manner of the higher class. It is vulnerable to politics through its reliance on democratic institutions by popular election of a leader, the limitation of state power, and the constitutional protection of individual rights. Without a large middle class, society becomes unequal in the distribution of socio-economic resources.¹⁸⁴ Extreme inequalities will generate resentment and frustrations among the disadvantaged group. Resentments and frustrations will weaken allegiance to the regime. Consequently, socio-economic inequality has a negative effect on democracy. It reduces the likelihood that democracy will be installed in countries under authoritarian regime or it reduces the existing democracy in ones which comprise it.¹⁸⁵

Author Chun Long Lu expresses the opinion that societies which have a dominating middle class are suggested to have lower inequality. The most important socio-economic inequalities present will be based on education, occupation, and

¹⁸² Bahar Leventoglu. "Social Mobility, Middle Class, and Political Transitions." *The Journal of Conflict Resolution* 58, no. 5 (2014): 827.

¹⁸³ Leventoglu. "Social Mobility, Middle Class, and Political Transitions." 828.

¹⁸⁴ Chunlong Lu. "Middle Class and Democracy: Structural Linkage." *International Review of Modern Sociology* 31, no. 2 (2005): 162.

¹⁸⁵ Lu. "Middle Class and Democracy: Structural Linkage." 163.

individual achievement and not on inherited social position. A middle dominant society would then coincide with higher social mobility. Middle class societies which emphasize social mobility will create stronger environments for liberal democracy to flourish than those guided by class barriers.¹⁸⁶ Therefore, available literature does suggest that stifling the middle class would stifle democracy. This concept can be further illustrated by explaining the connection international trade, manufacturing workers, and the middle class have.

Workers at plants and companies which were shut down due to import expansion and regions which have a related sector specialization faced particularly strong adjustment costs, job displacement, and reduced earnings due to globalization.¹⁸⁷ The groups who were defeated by globalization were mainly comprised of citizens within the middle class. The interests of these sectors of industry which were negatively affected by trade evolved policy demands.¹⁸⁸ These demands called for compensation and protectionism. What these petitions indicate is a connection of international trade, nationalism, manufacturing, policy, and economics.¹⁸⁹ Democracy would then be affected in the context of this research.

The importance of the experience these middle class localities have in regards to globalization and democracy is clear. Though, one may question if a discussion of specific manufacturing communities within this class in the United States or Britain are

¹⁸⁶ Ibid. 163.

¹⁸⁷ Italo Colantone, and Piero Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." *American Journal of Political Science* 62, no. 4 (2018): 936.

¹⁸⁸ Colantone, and Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe 937.

¹⁸⁹ Ibid.

limited in scope to the larger context of globalization and populism. Addressing this narrowness may resolve related questions regarding possible limitations to this thesis.

5.4 Limitations

Critics may suggest one limitation of this research is its dominant focus on the United States and Britain. These critics could suggest there is something specific to these two powerful capitalistic nations regarding populism and political polarization which may restrict the applicability of the research. However, examples were provided of numerous other nations experiencing these problems. Examining one of these instances outside of America and the United Kingdom can address these claims and prove the further applicability of this research. The welfare state in the Nordic countries which comprises “Nordic Exceptionalism” can serve as an example of the broader scope this thesis has.

5.4.1 Nordic Exceptionalism

The economies of Denmark, Finland, Norway, and Sweden have high per capita incomes, are highly rated in international competitiveness, and have strong health and education standards.¹⁹⁰ However, these four Nordic nations also share an economic vulnerability in their manufacturing sectors.¹⁹¹ Manufacturing is in a decline for these economies which has historically been a critical driver of economic growth, employment, and strong trade balances for the region. There is expected to be economic and social

¹⁹⁰ Andreas Alsen, Ian Colotla, Martin Daniels, Borge Kristoffersen, and Pekka Vanne. “Revitalizing Nordic Manufacturing, Why Decisive Action is Needed Now.” *The Boston Consulting Group* (2013) 3.

¹⁹¹ Alsen, Colotla, Daniels, Kristoffersen, and Vanne. “Revitalizing Nordic Manufacturing, Why Decisive Action is Needed Now.” 3.

impacts in the region if the decline continues.¹⁹² The concern over manufacturing will likely increase because citizens in the Nordic nations have begun to perceive their prized welfare state at risk through international integration with Europe.

Welfare is part of social citizenship rights in the Nordic countries. The role of the state in providing basic coverage and entitlement programs is central to these rights. This system is characterized by comprehensive social principles which served to generate a sense of pride and national identity for the Nordics known as “Nordic Exceptionalism.”¹⁹³ This exquisitely viewed welfare state was disturbed by external ideological and economic policies through internationalization with Europe.¹⁹⁴

Integrative policies with Europe conflicted with the Nordic emphasis on and internal control of redistributive policies. The consequence was a rise in support for the Progress Party in Norway and the Danish People’s Party in Denmark with their openly anti-immigration attitudes.¹⁹⁵ These populist parties are, indeed, advocates of their welfare states due to rises in immigration and the opening of borders.¹⁹⁶

The Swedish welfare state may be adapting to new challenges presented by globalization but it is unlikely to be destroyed. As discussed in chapter three, the threats to the welfare system may not be fully legitimate. However, regardless of the reality and magnitude of these threats in the Nordic countries, there is a political populist response represented by welfare state nationalism. It appears there are similarities of this perceived

¹⁹² Ibid, 4.

¹⁹³ Mikko Kuisma. "Social Democratic Internationalism and the Welfare State After the 'Golden Age'." *Cooperation and Conflict* 42, no. 1 (2007): 20.

¹⁹⁴ Mikko Kuisma. "Social Democratic Internationalism and the Welfare State After the 'Golden Age'." 11

¹⁹⁵ Ibid. 22.

¹⁹⁶ Ibid 24.

threat associated to European integration to those in the United Kingdom. The existence of these similarities can lead one to then examine possible instances where this threat is not associated to union membership. Ireland, Portugal, and Malta can serve as examples of positive views connected to European integration.

5.4.2 Ireland, Portugal, and Malta

Ireland, Portugal, and Malta are important to note in this research as they have benefited from globalization. These countries have favorable views of the European Union and do not have strong measured support for populist parties.¹⁹⁷ Over 90% of polling respondents have favorable views of union membership. It is also noted that these countries have high ratings of general happiness and well being. However, Author Paul Hockenos suggests understanding the political stability and national politics of these countries requires examining each one individually.¹⁹⁸ There may be specific conditions and historical circumstances that have allowed them to succeed and will be difficult to replicate elsewhere.¹⁹⁹ These challenges would also represent a possible limitation to this thesis from the perspective of lacking non-economic factors.

5.4.2 Non-Economic Factors

One could claim that a thesis which emphasized the importance the economy has to democracy could be limited by lacking the inclusion of non-economic factors.

However, chapter one acknowledged the importance of ideology involving how the

¹⁹⁷ Paul Hockenos, "Is There a Secret Recipe for Preventing Far-Right Populism?" *Foreign Policy*, last Modified May 9, 2019. <https://foreignpolicy.com/2019/05/09/is-there-a-secret-recipe-for-preventing-far-right-populism/>

¹⁹⁸ Hockenos, "Is There a Secret Recipe for Preventing Far-Right Populism?"

¹⁹⁹ Ibid.

legitimacy of opponents is interpreted in regards to political polarization. The chapter also explained that ideological voters would not likely change their partisan identification during a recession. Political parties have an inability to fully shape or change citizen's perceptions according to authors James Adams, Lawrence Ezrow, and Zeynep Somer-Topcu.²⁰⁰ It can, consequently, be suggested that ideology is a pre-existing condition which is aggravated by recession. Radicalization of the parties in an adversarial manner during crisis can lead citizens to feel as though they are not properly represented which increases distrust in government.

Chapter two further explained that issues relating to pre-existing conditions in connection with populists only gained momentum and support mainly because of current economic hardship. Chapter three acknowledged that social issues such as racism were an important component to these populist moments. The economic component, though, was explained to have also heavily contributed in the formation of this racism. In a final attempt to address another non-economic factor in this context, this conclusion can discuss the impact culture has to populism.

5.4.4 Culture

The scope of this research in relation to democracy and the economy would suggest economic origins sparked controversy regarding immigration. The examined public opinion evidence in this thesis does support the concept that immigration issues tie to economic insecurity.²⁰¹ However, it is important to note that other political scientists suggest that a sense of cultural threat is at the core of opposition to immigration instead.

²⁰⁰ Adams, Ezrow, and Somer-Topcu, *American Journal of Political Science*, 223

²⁰¹ Margalit Yotam. "Economic Insecurity and the Causes of Populism, Reconsidered." *Journal of Economic Perspectives* 33 (4)(2019) 159.

From this perspective, opposition to immigration represents a broader concern many natives have about declining cultural homogeneity.²⁰² Therefore, further research focusing on how cultural homogeneity influences democracy may provide arguments against the importance of the economy.

To address these possible claims it is essential to again emphasize that the democratic decline is occurring globally in capitalistic nations. Combining research in a comparative manner would be needed for broad conclusions to be made. This thesis incorporates case studies in multiple nations and timeframes while acknowledging the importance of ideology, pre-existing conditions, race, and culture have. Research focusing on the role culture has in the formation of current populism and polarization instead would need to conversely acknowledge the economic component as well to prevent the research from being contextual. In addition, specific conditions and historical circumstances would have to be incorporated and replicated in an individual basis as scholar Paul Hockenos suggested using Ireland, Portugal, and Malta as examples. It would, therefore, be difficult to disprove the important role economies have in the modern decline of democracy. Indeed, public opinion regarding importance of immigration jumped catastrophically after the Great Recession as indicated by chapter three. The question could then be raised if the importance of immigration would have remained the same if economic crisis did not occur? Therefore, culture may have had an important impact but it would also have a correlation to the economic aspect through recession.

²⁰² Yotam. "Economic Insecurity and the Causes of Populism, Reconsidered." 160.

There are no doubt other social and non-economic factors contributing to the decline of democracy and the rise of political polarization and populism. However, there are critics of contributions regarding economic literature which attribute the economy to a secondary role of “contextual factors.”²⁰³ Scholars Italo Colantone and Piero Stanig suggest there is evidence of radical voting through economic conditions which stem from job insecurity. They also suggest that economic distress can lead to authoritarianism, ethnocentrism, and anti-minority sentiments.²⁰⁴ Thusly, the presented data, the patterns, the trends, and the literature pointing to economics are valid. Further defense against non-economic factors in regards to the decline of democracy can be presented by a Congressional Research Service report on the textile industry in 1991.

5.4.5 The Textile Industry

Political leaders understood that opening borders to foreign competition would lead to job displacement under the assumption that these workers would be re-absorbed into employment in more competitive sectors.²⁰⁵ The Congressional Research Service provided a study of the textile sector and confirmed that hundreds of thousands of jobs were lost due to Chinese imports. From 1979 to 1989, employment in apparel manufacturing went down 16% and employment in textile manufacturing went down 18%. Additionally, The Committee on Finance estimated that in a three year period

²⁰³ Italo Colantone, and Piero Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." *American Journal of Political Science* 62, no. 4 (2018): 936.

²⁰⁴ Italo, and Stanig. "The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe." 939.

²⁰⁵ Goldstein, Judith, and Robert Gulotty. "The Globalisation Crisis: Populism and the Rise of an Anti-Trade Coalition." *European Review of International Studies* 6, no. 3 (2019): 60.

lasting from 1980 to 1983, the dramatic increase in imports of textiles resulted in a loss of an estimated 180,000 American job opportunities.²⁰⁶

Critics of viewing these numbers on face value only argue that job loss could be explained through productivity innovation instead of solely Chinese imports. Additionally, many critics explain further that many of the lost jobs were concentrated within North Carolina, South Carolina, and Georgia. These states which had unemployment rates due to the loss in the apparel industry invested in other industries to compensate. The argument is that there was a visible loss but the loss did not foster as large of an economic impact when studied more closely.²⁰⁷

The Congressional Research Service report was written in 1991 and appears to have been unable to withstand the test of time. The decline in manufacturing and the job loss did continue and proved to connect to future economic and political consequences. The adaptability of the three indicated states to transfer workers to other industries may have been a situational outlier at that time.

It can also be claimed that the report illustrates how concepts of nationalism instead of culture do have a strong economic component. Nationalism may not have risen if the decline in manufacturing was not so extensive and the capability of industry and sector transfer was still widespread. When there were no opportunities of transfer available was when economic and employment insecurity emerged. Thusly, it can be claimed from this perspective that the economic component may have been more critical than the cultural one. The report offered by the Congressional Research service expressed

²⁰⁶ Robert J. Dole, "State of the U.S. Textile Industry", *Committee on Finance Hearing* (Washington D.C., 1984): 4.

²⁰⁷ Edward B. Rappaport, "Textile Industry in the U.S. Conflicting Factual Claims" *Congressional Research Service*(1991):5.

the opinion that people would simply get different jobs. One could argue this suggestion would indicate that citizen's employment with textiles or manufacturing was not tethered to their identity. It was when broader unemployment came into the picture is when the problems appeared. Nationalism likely was ignited in this manner through the resulting blame of China for the employment losses.

5.5 Additional Areas of Research

5.5.1 Technology

However, it ultimately it should be acknowledged that, social, cultural, and other non-economic factors are contributing heavily to the dissatisfaction of democracy in some manner. As discussed in chapter three, there are arguments that technology further exacerbated the employment losses associated to globalization. Examining the influence technology has on democracy in another thesis may provide further evidence to support why economic stability is critical to democracy or allow further counter arguments to emerge.

The existence of possible additional factors and counter arguments do not disprove the validity of this thesis. The information, literature, and data gathered in this study are not country specific which provides evidence that economic stability is connected to political stability. The chapters in this research illustrate how unemployment, income inequality, production shifts, and internationalization served to be economically destabilizing in at least some capacity. Populism and political polarization are the results and act as articulations of political instability. Democracy is then

influenced by this political instability which exemplifies the relationship the economy has to democracy.

The existing literature combined with data analysis of public opinion illustrate the connection that views of well being have to employment availability, income, and upward mobility. These components mesh the stability of well being to economic stability. When these components are threatened through neoliberal policies, globalization initiatives, and financial crisis is when the problems begin to arise and global political complications are produced. These global complications reach downward and back to a citizen's employment availability and wages which establishes how the economy is related to democracy.

Research on the relationship the economy has to democracy and its important role in sustaining democracy has allowed for many conclusions to be reached. The value of domestic industry is illuminated. The necessity of the middle class is highlighted. Clarity on the dangers associated to inequality based on gender, race, and age is provided. The consequences of declined public opinion of government are uncovered. The problems associated to a nation's loss of economic sovereignty are revealed. The extensive capabilities that political parties have are affirmed. Why wages and jobs matter is confirmed. The importance of manufacturing is exemplified. Clarity on the true influence political parties have is given. The force market pressures can exude is demonstrated. Lastly, the dangers associated to a destabilized economy are illustrated. These revelations can lead to suggestions to be made to remedy some of challenges which globalization, recession, and neoliberalism have presented to democracy. Solutions may be found in assistance programs.

5.6 Policy Solutions

The research conducted in this thesis has displayed how certain groups and industries were distressed more significantly than others by market oriented policies, internationalization, and financial crisis. Ramifications were produced due to this unequal impact. Displacing workers of a demographic or community at a local level can have consequences which reach the national and international level. Therefore, assistance efforts to curb the displacement may prove to be stabilizing. Stabilizing suggestions can include: indicating possible benefits of investigating or investing in policies which produce economic autonomy, improved trade agreements to curb the costs of production shifts, and compensation programs for workers or industries decimated by trade shocks.

5.6.1 Economic Autonomy

There may be benefits attached to policies which promote economic autonomy for democratic nations. Such efforts may increase the economic recovery time associated to future recessions. For example, the recovery in the aftermath Great Recession was acknowledged to be and forecasted as slow.²⁰⁸ Authors Kathryn Dominguez and Matthew Shapiro claim the slow recovery had a connection to financial discord in Europe in 2010. They suggest that unresolved external financial issues acted to stunt the United States recovery over a period of several years. These scholars express the opinion that the pace of economic growth after the financial crisis did have a distinct association to

²⁰⁸Kathryn M. E. Dominguez, and Matthew D. Shapiro. "Forecasting the Recovery from the Great Recession: Is This Time Different?" *The American Economic Review* 103, no. 3 (2013): 151.

international partnerships. The recovery for the United States was strangled due to continued joint financial and fiscal crises in Europe.²⁰⁹

The length of time for recovery is important in a political sense. The problems in Europe seem to have expanded domestic concerns about the ability of American policy makers to resolve financial problems.²¹⁰ Questioning the abilities of policy makers would have clear consequences regarding trust and support of government. As previously discussed, these views cause concerns for the favorability of democracy. There then may be merit to investigating policies which instill more economic autonomy in these nations. One way to initiate this endeavor is to re-evaluate international trade agreements. Autonomy in this sense can be geared toward improved and stabilizing policies as opposed to a jarring international decoupling. One recent example of this type of initiative is argued to be pronounced in the United States Mexico Canada Agreement.

5.6.2 USMCA Agreement

The United States Mexico Canada Agreement includes exceptions for the auto industry and requires 75% of an automobiles content to be from member nations of the partnership to avoid tariffs.²¹¹ Additionally, a requirement of 40% to 50% of the regional content to be produced by workers earning a minimum of 16 dollars per hour is to be introduced. These numbers would be an increase from North American Free Trade

²⁰⁹ Dominguez, and Shapiro. "Forecasting the Recovery from the Great Recession: Is This Time Different?" 152.

²¹⁰ Ibid, 153.

²¹¹ Robert D. Blackwill. *Trump's Foreign Policies Are Better Than They Seem*. Report. Council on Foreign Relations, 2019. 61.

Agreement with a goal of boosting manufacturing and creating jobs over time.²¹² The concept centers on the idea of stabilizing the manufacturing sector. Critics of the new agreement question the ability of it to fully produce more jobs. While the recent agreement solidifies to assess if it was successful or unsuccessful, another way to curb the costs attributed to losses in the manufacturing sector is expanding compensational programs.

5.6.3 Compensation Programs

Expanding and improving compensation programs for displaced workers may help remedy the effects of a declined industry. There were efforts made for this goal by establishing trade adjustment assistance through The Worker Adjustment and Retraining Notification Act. Unfortunately, these programs have their critics as they appear to not have been able to make a substantial positive impact.²¹³ Scholar Lori G. Kletzer claimed these programs were ineffective in providing adequate assistance to workers. The monetary compensation was low, the duration the benefits lasted was short, and the scope of the program's applicability was limited to a regional and state basis.²¹⁴

If the cost to the manufacturing sector was so severe as discussed in chapter three, there would be a valid argument in favor of allocating additional government resources to these initiatives. Expanding the scope, raising the compensation, and extended how long

²¹² Blackwill. *Trump's Foreign Policies Are Better Than They Seem*. 61.

²¹³Lori G. Kletzer "Trade and Labor Market Adjustment: The Costs of Trade-Related Job Loss in the United States and Policy Responses." In *Meeting Globalization's Challenges: Policies to Make Trade Work for All*, ed by Luis Catao and Maurice Obstfeld by Christine Lagarde(Princeton Oxford: Princeton University Press, 2019) 170.

²¹⁴Lori G. Kletzer "Trade and Labor Market Adjustment: The Costs of Trade-Related Job Loss in the United States and Policy Responses." 171.

these programs last may serve to reinvigorate these assistance programs. Additional resources may make the programs transform from a passive role to a more active one to improve their effectiveness and success.²¹⁵

5.7. Final Discussion

The use of assistance programs may prove to provide stabilization for some important aspects of the economy which have been weakened by recession, neoliberalism, and globalization. The evidence compiled in this research suggests that initiatives such as these may assist in the recovery of democracy. Income and employment fragmentation can be weakened, economic satisfaction can improve, the political parties can de-radicalize, nationalism can soften, and populism can decay. Democratic institutions can then regain their efficiency and effectiveness. Trust in government can then be restored to revive faith in democracy.

There is likely a long road ahead and assistance programs may be substantially small steps. If these were combined with improved trade agreements and initiatives which comprise additional autonomy for democratic nations, a more influential path may be set. If so, these policy suggestions would serve as further evidence examined in this thesis and provide support for the statement that economic stability is critical to democracy. Without it, democratic satisfaction may continue to decline, autocracy could extend its reach on a global scale, and nations may further ripen for tyranny.²¹⁶

²¹⁵ Ibid, 172.

²¹⁶ David Black. “Revitalizing Democracy Assistance to Counter Threats to Democratization.” *The German Marshall Fund of the United States* no. 26 (2019): 6.

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Audit Policy & Quality Assurance Trainee, Washington, DC

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