

# Assessing Threats to Liberty

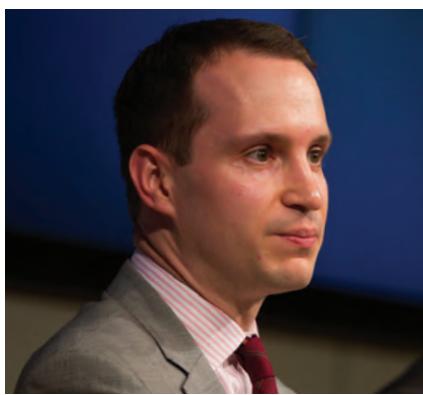
Although the world has become more free in many ways, the last 40 years have also seen the dawning of new threats to liberty. What is causing the rise of authoritarian populism? Can the market adapt to our shifting technological landscape, as the labor force participation rate drops for some groups and the robot revolution approaches? Are young people embracing ideas we thought were vanquished, such as socialism? In the following excerpts from various events throughout the Cato40 weekend, DALIBOR ROHAC of the American Enterprise Institute, Cato's TOM G. PALMER, DAVID R. HENDERSON of the Hoover Institution, JACOB T. LEVY of McGill University, Cato's EMILY EKINS, and CHARLES MURRAY and NICHOLAS EBERSTADT of the American Enterprise Institute discuss these questions.

## What is causing the rise of populism?

**DALIBOR ROHAC:** If you look at the vote share going to parties in Europe that can be broadly classified as right-wing populist and authoritarian, you see a trend that has been steadily increasing since the early 1980s. Those parties have been around, in some cases, since the 1950s or 1970s. They have gradually become better at doing pol-

populist votes: Why do people as individuals cast votes for these parties? There isn't a simple sociological characteristic of voters who vote for these parties. It's not necessarily a question of income or poverty or education—it's more a matter of perceptions, identities, culture, a sense of grievance that might not be based in reality. Income, for example, is not a strong predictor of voting for populists, but *perception* of economic deprivation is.

First, a study by Broomhead et al. (2012) looked at the experience of the Great Depression. In countries that experienced the most severe economic downturn in the early 1930s, those countries also then experienced the largest rise in populist votes. That effect was particularly strong if those countries were on the losing side of the First World War, or had very little experience of liberal democracy beforehand. So when you had fertile



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—*Dalibor Rohac*

itics, and what we are seeing today is a simple continuation of that trend. Now, the question of why people vote for these parties is a subject of a really interesting academic debate. You have two big streams of literature that try to uncover that. The first looks at individual-level drivers of

So you have a large and conflicting literature that looks at individual-level drivers of support for populism. On the other side you have literature that deals with country-level characteristics that are associated with the success of populists. And there, you can find some compelling results.

ground for these kinds of movements, together with an economic shock, then you had a big effect. And then there is Funke et al. (2015) who look at all the financial crises from 1870 to 2014. They found that, whenever you have not just an economic downturn but a financial crisis,

the vote share going to far-right populists goes up by up to 30 percent within five years of that initial economic shock, and then it gradually goes back to normal—if there is another election, that is.

**TOM PALMER:** It's a difficult question to know what's causing it when you have so many countries with so many different experiences. One thing that's remarkable

the perception of an external threat. In today's case we have Islamism. Even if there's statistically a tiny chance of any one of us being harmed by it, we have a 24-hour news cycle, with constant pictures of terrorist attacks, and that generates a feeling of being under siege. And those two features in combination seem to trigger very strong authoritarian responses—we need a leader, a strong hand who will pro-

the correlates of a large share of votes going to right-wing populist parties, and what we find out is that economic factors as such at country-level don't seem to matter that much. Inequality doesn't seem to matter that much. Immigration doesn't seem to matter that much—all the things that you would expect to matter are only very weakly related to the vote share of far-right populists.

“ Two of the drivers that trigger authoritarianism are a perception of **fallen social status** combined with the perception of an **external threat**. ”

—*Tom Palmer*



is the fact that the populist leaders do see themselves as in a common cause—Marine Le Pen in France, Frauke Petry in Germany, and so on, they do see themselves as a sort of Anti-Liberal International. And of course they all are now claiming that Trump is supporting them, saying that constitutional republics have failed, America has rejected them—they're really pumping that up excessively and claiming that they have this global mandate. But it's not clear that there *are* common economic causes. I'm very skeptical of that. There was a crisis, and afterwards there was some populism in some countries and not others—why some, why not others? It's not really clear. I think we need to look at psychological foundations. Jonathan Haidt has been addressing this. He directed me to Karen Stenner's studies of authoritarianism, and two of the drivers that trigger authoritarianism are a perception of fallen social status—the Germans certainly experienced that after the First World War, for example—combined with

tect us from these changes.

One other thing that I think has not gotten enough attention, but is very important, is the fragmentation of media. We've lost trust in the media, sometimes for good reasons—there is such a thing as media bias—but at the same time, the fragmentation makes it difficult to see what the brand name is. If something is in the *Wall Street Journal*, I'm much more likely to quote it than if it's in the *Denver Guardian*—which is a fake news site that looks like a real news site. And there are now thousands of those. I've even been fooled by them. This has led to a general lack of confidence in stories about our societies, about what's really true in the world, and that fragmentation is a serious problem. We need to help reestablish the idea of credibility in media.

**ROHAC:** I have a paper in the working paper stage with two coauthors where we look at data from European elections between 1980 and 2016 and try to identify

The one thing that really matters is corruption. That is very strongly correlated with the vote share going to authoritarian populists on the right-wing side. And I think that goes back to this question of trust—the moment when people become nihilistic and totally disenchanted with the political establishment, they stop seeing a difference between, let's say, mainstream center-right and center-left candidates and someone like Le Pen.

## Are ideas we thought were dead, like socialism, now coming back?

**JACOB LEVY:** People crave the ability in politics to feel that decisions are being made, and that things are being brought under deliberate control. This is one of the great intellectual barriers to liberalism, always. Liberalism demands that we have people who hold office who acknowledge that they don't control the world. There's a very deep appetite for

control that I think is just hard for us to overcome. Hayek in *The Fatal Conceit* talked about how psychologically difficult it is for us to rewire our brains in the face of what we need for the “great society,” extended order, impersonal rules—for all of that apparatus that our modern liberal order demands. Our brains remain what they were. I think we have to treat those sentiments as part of the raw material of politics. We have to understand that it’s always going to be with us, even when for a decade, one of the traditional words, like “socialism,” goes out of fashion.

nomic growth was slowing in the ’90s, and they realized that they had to liberalize *something*. They couldn’t take away the social welfare state, so they liberalized in other areas, they privatized. So one could argue very compellingly that Sweden is wealthy not because of its welfare state but in spite of it.

**CHARLES MURRAY:** People don’t know what socialism is, or what free speech is. The degree of ignorance, just plain ignorance about American institutions, and the Constitution, and our histo-

“People crave the **ability in politics** to feel that decisions are being made.”

—*Jacob Levy*

**EMILY EKINS:** Can I push back a little bit? I think we might be misunderstanding what people mean by “socialism.” It’s very concerning when Bernie Sanders holds up Venezuela as a model, but most of his supporters, if you polled them, they would not say “We should be more like Venezuela.” They would say, “We should be more like Sweden.” They don’t know what socialism means—because Sweden is not socialist. Sweden does have large social welfare states, and that brings with it a common set of problems that any centralized system always brings with it—rationing, long lines, lower-quality care—and that’s exactly what they have in their health care system. But in other areas, when it comes to regulation and trade, they actually have freer economies than the United States. And that’s a recent development. Their eco-

ry, in today’s college students, is phenomenal. And part of the reason is, a great many of the stereotypes about crazy left professors teaching really silly courses are correct. College graduates are very unlikely to have ever had a rigorous course, either in high school or in college, on American history. And especially American constitutional history. So when we talk about free speech, they have no sense whatsoever of what “free speech” means, in the same way there’s no sense what “socialism” means. Here’s my main takeaway from all of this: I think the Founders were deeply right about the fragility of democracy. Deeply, deeply right. Democracy commits suicide, given the slightest opportunity. And I think the failure to teach Western civilization is undermining the props that keep advanced democracies going.

## Are innovation and trade to blame for low work-force participation rates?

**NICHOLAS EBERSTADT:** There is a widely accepted storyline out there in policy-land which suggests that the relentless decline in work for prime-age (25–54) men from the 1960s to the present is basically a matter of structural economic change—globalization, trade, outsourcing, decline of manufacturing, technological innovation and the rest. It is certainly true those factors have played



a role, but I don’t think that’s the whole story, and it may not even be the most important part of the story. I’ll give you a couple of reasons.

Number one: over the past 50 years our U.S. workforce participation for prime-age men has gone down farther and faster than any other rich society, including sclerotic France, or “lost generation of growth” Japan, or (for God’s sake) Greece—need I say more? I don’t think our comparatively poor performance can be explained by the hypothesis that the United States is more globalized than, say, Switzerland, or Sweden, or the Netherlands.

Second, the decline in workforce participation for prime-age men in America proceeds along almost a straight line from 1965 to the present. Take a look at

that trend line and you won't be able to spot the Great Recession—or the other six recessions since 1965; you can't see when China entered the World Trade Organization or when NAFTA went into effect; you can't point to any of the disruptive waves of technological innovation that have transformed our economy. If "demand shocks" really were the main reason for the decline of male work, this nearly straight line down would be kind of curious, right?

There are two big unobserved variables in this sad saga that deserve much more attention than they have to date received. The first is the role of our disability insurance programs. I wouldn't suggest for a second that disability insurance *creates* the flight from work, but it incontestably helps finance and sustain a no-work lifestyle for a growing share of our population. At this point America has an idle army of seven million prime-

not collect data on this so we don't know how many there are, but the nearest round figure today might be 20 million men and women—overwhelmingly men. Back-of-the-envelope arithmetic indicates this would include one in eight adult men in our civilian population.

Until we get a more accurate picture of the dynamics of disability dependence, and of the employment profile for our invisible 20 million ex-felons, we won't be anywhere near as informed about what technological change will mean for our workforce as we should be—or could be.

### **Will robots be the end of work?**

**DAVID HENDERSON:** Will robots destroy jobs? That old answer that economists like: it depends. Arkwright's cotton-spinning machinery was introduced in

instead of having *one* pair of pants, sometimes they now had *two*—amazing. So it's not a sure thing that technology will destroy jobs. But now let me now give you an industry where it *did* destroy jobs—and that is U.S. agriculture. In 1900, 41 percent of the U.S. labor force was in agriculture—it was down to 2 percent in 2000.

People worry that robots are human-like. Well, I've got another example of a big change in the labor force—let's look at what happened when women entered the labor force after World War II. In 1950, there were 43.8 million men in the labor force and 18.4 million women. In 2015, there were almost double the number of men in the labor force, and four times the number of women. Maybe on some margins men lost jobs, but not many.

I think there are two reasons the pessimistic predictions are too dim. One is what my coblogger at EconLog, Bryan Caplan, calls the pessimism bias. People



age men neither working nor looking for work, and something like three-fifths of them are obtaining benefits from at least one of our government's many disability programs.

The other largely overlooked matter—scandalously overlooked—is the absolutely extraordinary number of people in our country who have felonies in their background, but are not behind bars. Government in its wisdom does

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—Charles Murray

1760, when England had 7,900 spinners and weavers. In 1796, long after that innovation had dramatically changed the industry, they had 320,000 spinners and weavers. That's almost a 4,000 percent increase. Why the huge increase? Economists call it elasticity of demand. That technology crushed the cost of producing clothing—and before this, people didn't have much clothing. So a whole bunch of people were priced into the market, and

are just pessimistic. It seems easier for people to be pessimistic than optimistic. And he regularly wins bets when he bets people against their pessimism. And second, the seen and the unseen, as the famous French economist Frédéric Bastiat talked about—it's much easier to point out jobs that have been destroyed by robots than the ones that have been or will be created. We don't know what those are. ■