

POLITICAL REALIGNMENT: THREATS AND OPPORTUNITIES FOR EUROPEAN LIBERALS

The rise of authoritarian populism has become the dominant narrative across Europe, as all political sides are talking about the radicalization of our public discourse. The rapid rise of authoritarians —both left and right— is an existing phenomenon, but it cannot be regarded in isolation from the overarching structural changes of politics. The theory of political realignment provides a framework for a better analysis for the current waves on political waters which necessitate the rethinking of liberal strategies for the future. These changes offer a unique opportunity for liberals to foster new alliances and become a dominating force in the new landscape of politics.

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TURKISH POLICY
QUARTERLY

Fall 2019

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In the last few years, the rise of populism has been the dominant narrative across the political spectrum. As the Timbro Authoritarian Populism Index shows, this narrative is not without justification. More than one in four European citizens cast their vote for an authoritarian populist party the last time they voted in a national election. Voter support for authoritarian populists increased in all six national elections in Europe during 2018. The combined support for left and right-wing populist parties now equals the support for social democratic parties and is twice the size of the support for liberal parties.¹ These facts alone would justifiably warrant worry among liberal, pro-market individuals.

However, this phenomenon cannot be regarded in isolation from other structural changes in the political landscape. It is worth considering the rise of authoritarians in conjunction with the political realignment that Europe—and much of the world—is currently experiencing. The theory of political realignment, first described by Dr. Stephen Davies from the Institute of Economic Affairs, is a conceptual framework that helps to analyze the tidal rise and surprise fall of some political parties and enables to understand the waves on the political waters better.² By applying this framework, events that might seem shocking if analyzed in isolation—such as Brexit, the surprise presidency of Donald Trump, or the enduring popularity of Viktor Orbán—can be understood better.

What Is the Political Realignment and Why Does It Matter?

Classical liberals, fighting for more individual liberty both in the economic and social sense, have never constituted the political majority in any major country—neither in terms of vote share nor in terms of parliamentary majority. Nevertheless, their impact on the political developments across the globe should not be underestimated. Often, liberal political forces have been the deciding factor in tipping the balance of the political scale towards more individual liberty. In political systems with semi, or full proportional representation, this has been literally the case, as small or medium-sized liberal political parties often had to decide whether they were willing to enter coalition governments either with social democratic or conservative parties.

Coalition governments have been the norm in Scandinavian and the Benelux countries, not the exception. In countries with first-past-the-post systems, such as the United Kingdom or the United States, pro-market liberals were often forced to align themselves with larger political parties if they wished to have immediate

¹ Andreas Johansson Heinö, *Authoritarian Populism Index* (Stockholm: Timbro, 2019) p. 4.

² Stephen Davies, “The Great Realignment: Understanding Politics Better,” *The Cato Institute*, 10 December 2018, <https://www.cato-unbound.org/2018/12/10/stephen-davies/great-realignment-understanding-politics-today>

impact within their respective political system. Thus, libertarians and classical liberals in the US ended up mostly within the Republican Party, whilst the Conservative Party in the UK managed to attract a fair number of classical liberals as well.

However, these alliances are currently breaking up, as political parties —not just conservative leaning ones — are currently undergoing massive changes. These changes are infused with societal shifts in what the electorate considers as the main divisive factor when choosing their political affiliation. In other words, much of the developed world is currently undergoing a political realignment.

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According to this conception, individuals have multiple political identities, some of them more important than others. The primary political identity will eventually determine the voting behavior of citizens. In this sense, political identities are similar to cultural identities, as you can have multiple of both kinds. You can identify as a Swiss national primarily based on the location you were born in — say Zurich. But you can also feel part of the German speaking community of Switzerland secondarily — instead of the French or Italian part.

It is the same with political identities. Since the Second World War in Europe, one’s primary political identity has been determined by their attitude towards the redistribution of wealth through government means. You were more left-wing if you supported more government redistribution and more right-wing if you wanted to limit the role of the state in wealth redistribution. Essentially, your primary political identity was all about economics.

But people also had a secondary political identity, which was defined by one’s stance towards the state’s role in enforcing morality. Here, the tables suddenly turned. Now, it was the right-wing political parties that supported an increased role for the state to assert their perception of morality, which meant enforcing traditional social norms such as limiting access to marriage for same-sex couples or abortion. At the same time, it was left-wing parties that were more open to embrace social freedoms and argue for limited state intervention on that front. Where did classical liberals fit

in the picture, who have consistently argued for a limited role of the state both on economic and social matters? Despite what Hayek's famous essay "Why I Am Not a Conservative"³ may suggest, since the primary identifying factor in politics was economics, realpolitik had dictated that classical liberals align with the right more than with the left over time.

Hayek himself became an inspiration for the historic premiership of the first female prime minister of the UK, conservative Margaret Thatcher. Most libertarian leaning American senators and members of congress were sitting in the Republican party; from Ron Paul to Rand Paul, or until recently Justin Amash.

However, as it has become visible in recent years, many of these traditional alliances are falling apart and new political parties are emerging to take their place. The British Conservative Party is splitting day-by-day and the Republican Party stands for different policies now than it did before the Trump presidency — especially notable on trade and foreign policy. In Europe, new political parties on the left, right, and center have risen to power in Italy, Poland, and France. So how can these sudden, but almost simultaneous, changes be explained?

The main reason for these changes is the shift in public perception about the importance of various topics when it comes to political disagreements. In an ever-increasing number of countries, the primary political identifying factor ceased to be the question of economic redistribution. Instead it was replaced by the question of societal openness. Societal openness can be explained as a mixture of factors towards globalization, international institutions, and diverse societies in general.

At one end of the spectrum are individuals who would be keen to reverse many aspects of globalization. They are strongly against multiculturalism and committed to maintaining the traditional role of nation states. They can be from the right or left-wing, which indicates that the economic perspective and the question of economic redistribution are not the primary political identifying factors anymore. Donald Trump and Bernie Sanders are two such figureheads of this anti-globalist sentiment, yet they sit in different political parties and disagree on many economic issues.

On the other end of the spectrum are political actors that are happy to embrace globalism, relatively open borders for people and goods, and supranational institutional structures, such as the European Union or the United Nations. However, globalists do not necessarily endorse free-market, liberal policies. French President Emanuel Macron is an excellent example of a statesman searching for global

³ F.A Hayek, "Why I Am Not a Conservative," *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960).

solutions that are often against free markets. His insistence on harmonizing tax rates and reducing tax competition across the EU, introducing digital turnover taxes OECD-wide, or strengthening employment regulation across Europe cannot be described as pro-market. Yet, they all rely on international cooperation and ultimately weaken national sovereignty, which is in polar opposition to the aims of his political opponents.

Nevertheless, the question of economic redistributions through government means has not disappeared but merely slipped to position number two. It is still important for the electorate — and thus for politicians — how you think about the role of the state in redistributing wealth, so it will not disappear from public discourse any time soon.

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The Impact of Political Realignment

The process of political realignment will have a significant effect on all political actors. The biggest losers are likely to be centrist social democrats, and Christian democrats that are unable to tailor their messages based on the new political identifying factors. Social democrats traditionally united two sets of different voters: working class citizens on the lower end of the income spectrum, with more nationalist leaning tendencies on one hand, and urban, young, and socially conscious global citizens on the other. As the primary political identifying factor historically used to be one's attitude towards economic redistribution, these two camps could still vote for the same political party or candidate. As political identities are gradually shifting from this perception towards a clash between globalist and localist identities, unifying these camps will become nearly impossible. This tendency can already be observed in Germany, the UK, or Austria where socialists are losing their globalist supporters to Green parties and the more traditionalist supporters to authoritarian populists.

Christian democrats and traditional conservatives find themselves in a similar situation; they are losing their more globalist, free-market liberal supporters to smaller liberal parties, and their more national sovereigntist supporters to

authoritarian populists. Some of the formerly liberal-conservative parties, like the Hungarian Fidesz, turned into nationalist authoritarians themselves, as they realized the political vacuum and potential opportunities early on. Others, like the Austrian People's Party, made significant gestures towards their more nationalist supporters in order to combat the rising threat of more extreme parties.

On first sight, the obvious winners are the authoritarian populist parties. Their rising voter support — more than one in four European voters cast their vote for an authoritarian populist party the last time they voted — turned into increased political power. Almost every other government includes or relies on populists: authoritarian populists are part of 11 out of 33 governments, and offer parliamentary support in an additional four countries.⁴

The Opportunities for Classical Liberals

However, there are possible opportunities here for liberals as well. The voter support for liberal parties remained surprisingly consistent throughout the last few decades — the average voter share of liberals was 10 percent in 1998 and 11 percent in 2018.⁵ Nevertheless, as the political discourse is becoming more centered around the globalist vs localist discourse, classical liberals have a good opportunity to present one end of the spectrum in stark contrast to the other end that is occupied by authoritarian populists.

However, in order to succeed in significantly increasing the voter support for liberal parties, they need to be able to attract globalists both from the conservative and left-leaning economic camps — all this whilst maintaining their core ideological belief of individual liberty both in the economic and social sense. Reaching out to new political allies is not only crucial because of political calculations. The political realignment means that many of the old allies of liberals will either become less significant than they used to be or that they will turn to ideas in stark contrast to the open, globalist, liberal world view. Thus, reaching out to new political movements and their voters is not only advantageous political calculation, but a necessity for the survival of liberal ideas. But what are the policy ideas and potential new allies that liberals should strive toward?

Open Markets in a Global World

The arrival of President Trump to the White House was the cherry on top of the increasing trade tensions across the globe. Despite the EU's reasonably open trade

⁴ Heinö (2019), p. 15.

⁵ Heinö (2019), p. 30.

policy, most Europeans are skeptical about the benefits of free trade. Liberals need to repeatedly make the case for free trade: increased prosperity and opportunities combined with decreased likelihood of military and political confrontation. Robust international institutions, such as the WTO, and regional cooperation, such as the EU or Mercosur, are crucial in this endeavor, so supporting liberalizing reforms within these organizations should be a policy priority for liberals across the board.

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Open Societies

Linked to open markets are open societies that facilitate the easy movement and integration of individuals from across the globe. Relying on the additional contributions that non-natives bring to various societies is important for the economic development of liberal democracies; therefore, making the case for welcoming nations should be a key priority for liberals. By emphasizing the humanitarian aspects of relatively open borders for left-leaning globalists, and the potential of economic growth for right-leaning globalists, liberals should attract supporters both from Green/social democratic and Christian conservative parties at the same time.

New Environmentalism

The problem of climate change is unlikely to disappear any time soon; the issue has awakened many radical voices across the board. One extreme—denying that climate change exists—was responded to by another extreme: the fear of immediate extinction, and plans to counter that with authoritarian, centrally-planned economies. Liberals have the ability to reach out to the middle ground and provide market-based solutions to respond to the challenges caused by the climate change whilst respecting the foundations of a free society. As Green parties radicalize, and conservatives and authoritarians often ignore the question altogether, the vacuum of reasonableness should be filled by liberals who should take the lead on this policy area.

Open to the Future: Digital Policies

There is a lot of talk about becoming digital natives, yet many public policy proposals are simplified luddite ideas that would hinder the digitization of our societies

and slow down the increase of prosperity and opportunities of growth that it offers. Propping up European start-ups and talking about “European champions” stuffed with taxpayers’ money whilst introducing sector-specific taxes on their foreign competitors is everything but liberal or future-oriented. Liberals should continuously emphasize the factors that lead to technological development: a competitive and educated labor force with incentives to improve their output. Practically this means decentralized educational and vocational opportunities, competitive tax rates, and limited employment regulations across the board. Globally competitive digital companies are a result of good local economic policies. The lack of the former shows the lack of the latter as well.

Concluding Remarks

Finding a consensus on these crucial, but controversial, issues will not be easy. The political realignment process will force parties and political movements to abandon some of their old alliances and search for new ones. The aforementioned policy areas — environmentalism, open societies, and foreign policy — provide a good breeding ground for liberals to reach out to new audiences and reform their image to be in line with the political priorities of the electorate. This certainly should not mean the abandonment of key liberal commitments to a free society — but it should rearrange the policy priorities and the kind allies that contribute to achieving these goals. The ongoing political realignment process provides a golden opportunity for liberals to further expand the influence of their ideas, but it requires an early adaptation to the new realities.

On the other hand, the rise of authoritarian populists is likely to continue as the political realignment proceeds. As these two polar opposites are bound to grow, political marketing and the ability to attract new allies will become the determining factors of long-term success. If authoritarian populists can reach out to conservatives and social democrats better than liberals, then they will end up in the driving seat, as they already have in Poland or Hungary. However, if liberals are able to attract the voters or agree on coalitions with other political parties, they also stand a good chance to realize their ideas.

The outcome of the political realignment process is far from certain. But if liberals are fast and foxy to readjust to the new realities, they can place themselves on the winning side of these changes.