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Globalization and Support for Democracy in Post-Communist Europe*

Pavol Babos

INTRODUCTION

Several popular votes in 2016 showed that there is growing support for political forces and ideas that conflict with liberal democracy. Candidates and political movements with clear anti-minority attitudes scored victories and gained momentum in the Western world. The presidential elections in the USA or Austria and the referendum in the United Kingdom are just a few examples. In Central Europe the same political attitudes find representation in politicians like Viktor Orban in Hungary or Jaroslaw Kaczynski in Poland, to name the two best known examples. However, all post-communist countries have at least one political party exhibiting anti-democratic attitudes and with varying levels of appeal.

The support for Brexit and Trump has drawn wide attention to the phenomenon. The immediate explanations and survey-based data covered in the media put it down to the relationship between social status and a feeling of economic threat on the one hand, and support for extreme political ideas on the other hand. These two sets of explanations dominated the public debate. The first is based on psychological research and highlights irrational voter behavior and the role of emotions in politics. The main argument here is that the growing frustration and anger at the established political system is driving voting behaviors that favor extremist parties and punish the establishment. The second set of explanations relates to the political economy and focuses on structural economic factors. It assumes that the processes of globalization and trade liberalization—a dominant feature of neoliberal policies—produce changes in national economic governance which in turn cause many people to lose their jobs, or at least feel at risk. In short, neoliberal policies produce a new class of voter that shares a common feature: they consider themselves to be globalization losers.

In this paper, we try to combine the two theoretical perspectives. We argue that the neoliberal era and globalization, mostly associated with trade liberalization and workforce migration, put enormous pressure on workers and jobs. By increasing economic competition, and shifting the paradigm of personal responsibility into ever wider spheres of life, the consequence of neoliberal governance is that many people have come to feel under constant threat

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and fear economic stagnation. Subjective perceptions of the economic situation following the global financial crisis are more negative because they clash with expectations of everlasting growth and rapid prosperity, especially in Eastern Europe, which experienced a sharp rise in growth before the crisis. As many consider the political and economic establishment to be interconnected and even inseparable from neoliberalism, they naturally turn against the establishment when given a chance.

We used the European Social Survey to test this globalization loser hypothesis, which posits that low-skilled workers who are exposed to globalization and dissatisfied with the current economic development are less supportive of democratic principles such as minority rights, but also of democracy as a regime. Consequently, the survey answers may, and probably do, reflect a more subjective perception of the respondents' economic positions than the objective reality. However, this issue is common and almost unavoidable in survey research. We employed statistical modeling techniques to control for several confounding factors and the national context.

The rest of the paper is structured as follows. The next section presents the theoretical aspects of the effects of neoliberalism on various political attitudes, including support for democracy. We then formulate our hypotheses and present the data and methods applied in this article. The methodological section is followed by a presentation of the findings. While in the last section we discuss the findings, how they fit in with the previous research and their relevance to the practical world, and then give our conclusions.

GLOBALIZATION AND NEOLIBERALISM: MACRO POLICIES AND INDIVIDUAL CONSEQUENCES

Empirical studies into the effects of globalization have focused on the economic consequences. Dreher investigated 123 countries between 1970 and 2000 and found that that more intense globalization is clearly contributing to economic growth.¹ Brady et al. conducted a thorough review of the literature on the effect of globalization on welfare states and civil societies.² They conclude that there are good arguments for both the retrenchment and growth of the welfare state, but that it is difficult to come to a final conclusion. They point out that globalization processes can have a strong indirect effect if political elites simply use the globalization arguments in order to foster support for more effective public policies, which means public spending cuts. Many scholars argue that globalization processes and neoliberal processes are basically one and the same, at least where the consequences for national labor markets are concerned.

1 A. Dreher, "Does Globalization Affect Growth? Evidence from a New Index of Globalization," *Applied Economics* 38:10 (2006), pp. 1091–1110.

2 D. Brady, J. Beckfield and W. Zhao, "The Consequences of Economic Globalization for Affluent Democracies," *Annual Review of Sociology* 33 (2007), pp. 313–334.

Research on the effects of neoliberalism and globalization has been growing recently, and with it the various meanings ascribed to them. Therefore despite this having been addressed in the academic literature for some time (or precisely for this reason) it is important to start with a definition of what we understand by neoliberalism.

There are numerous definitions of neoliberalism ranging from ideas to specific public policies on national or even global agreements and contracts. The textbook characteristics of neoliberalism would include a minimalist welfare state, low taxation, free international trade, flexible labor markets, weak trade unions and collective bargaining. According to Campbell and Pedersen neoliberalism is a “heterogeneous set of institutions consisting of various ideas, social and economic policies, and ways of organizing political and economic activity...”³

Several scholars agree with this to some extent, but highlight other important features. Mudge adds that it is necessary to understand that the thinking behind neoliberalism includes a belief that the free market and market principles are sacred.⁴ Harvey explains that human dignity and individual freedom are integral to the neoliberal concept, and this has contributed to its early success.⁵

Although many agree that the neoliberal hegemony started in the 1970s, it is difficult to pin down the exact starting point. The fall of the Bretton-Woods financial system together with the 1973 oil crises are two symbols of a period of high inflation and simultaneous high unemployment, known as stagflation. As Centeno and Cohen put it, “policy makers increasingly adopted the view that government interference was the main culprit.”⁶ Putting the economy back on the right track involved reforms that favored market forces over state intervention.

Barnes and Hall emphasize that the most important indicators of neoliberal ideas and policies show that neoliberal thinking has increasingly dominated the Western world.⁷ Since the 1980s capital market and trade openness have been increasing, while employment protection, market regulation and unionization have decreased. Using World Value Survey data, Barnes and Hall show that on several key ideas public opinion also shifted towards greater acceptance of the neoliberal approach, especially in the 1980s and early 1990s.⁸

3 J. L. Campbell and O. K. Pedersen, eds., *The Rise of Neoliberalism and Institutional Analysis* (Princeton NJ: Princeton University Press, 2001), p. 5.

4 S. L. Mudge, “What Is Neoliberalism?” *Socio-Economic Review* 6:4 (2008), pp. 703–731.

5 D. Harvey, *Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).

6 M. A. Centeno and J. N. Cohen, “The Arc of Neoliberalism,” *Annual Review of Sociology* 38 (2012), p. 319.

7 L. Barnes and P. A. Hall, “Neoliberalism and Social Resilience in the Developed Democracies,” in P. A. Hall and M. Lamont, eds., *Social Resilience in the Neoliberal Era* (Cambridge: Cambridge University Press, 2013), pp. 209–238.

8 Ibid.

More people began to consider competition to be a good thing, and support for individualized, performance-based wages and salaries increased among all income groups. However, feelings of social solidarity remained at the same level (measured as attitude towards government's responsibility to provide jobs, care for the elderly and unemployment benefits).

This is important because many scholars agree that neoliberal macroeconomic policies have consequences for people's daily lives in the form of increased job competition, which in turn brings more uncertainty, insecurity, and shifts the burden of many of life's risks (e.g. unemployment, sickness) onto the individual.

Barnes and Hall studied social resilience in developed democracies during the neoliberal era, focusing on human well-being.⁹ They pointed out that it is important to study the subjective measures of well-being, and not purely income, as well-being is by nature subjective, and the effects of neoliberalism "extend beyond income."¹⁰ They measure well-being in broad terms including health, material circumstances and security. Following the traditional approach adopted in the literature, they use satisfaction with life as their indicator. They argue that this it is stable across cultures and contexts and correlates with the most important indicators of life quality, such as financial situation and health.¹¹ Their findings are that the distribution of well-being in developed democracies became significantly more unequal over the course of the neoliberal era. While in the 1980s the well-being of all three income groups improved, in the 1990s this was true of only the upper-middle class, and it fell in the middle and lower-middle classes during the 1990s and 2000s. In short, this was an era of winners and losers.

The change in economic regime in Eastern Europe and the accompanying transition to a market economy had distributional consequences since the way resources were redistributed also changed. As in the Barnes and Hall description of the West, there were categories of people who benefited from the changes in post-communist Europe and of those who were harmed by them. The terms economic winners and losers have become established in relation to the political economy.¹²

⁹ Ibid.

¹⁰ Ibid., p. 211.

¹¹ See further J. F. Helliwell and C. P. Barrington-Leigh, *Measuring and Understanding the Subjective Well-Being* (Cambridge MA: National Bureau of Economic Research, Working Paper s 15887, 2010); or J. F. Helliwell, H. Huang and A. Harris, "International Differences in the Determinants of Life Satisfaction" (2008) [<http://faculty.arts.ubc.ca/jhelliwell/papers/Helliwell-Huang-Harris-DELHI2008.pdf>], accessed February 15, 2018.

¹² See for example P. Mateju, "Winners and Losers in the Post-Communist Transformation: The Czech Republic in Comparative Perspective," *Innovation: The European Journal of Social Science Research* 9:3 (1996), pp. 371–390; or J. J. Parysek and M. Wdowicka, "Polish Socio-Economic Transformation: Winners and Losers at the Local Level," *European Urban and Regional Studies* 9:1 (2002), pp. 73–80; or H. Kitschelt, "Formation of Party Cleavages in Post-Communist Democracies Theoretical Propositions," *Party politics* 1:4 (1995), pp. 447–472.

Since the global financial crisis a consensus has emerged that globalization has distributional consequences that may be of an even larger scale than the economic transformation of the 1990s. Scholars have highlighted several overlapping and concurrent processes, such as European integration and financial liberalization (in addition to globalization in general). Together these are creating winners and losers not only in economic terms, but also from the integration and social perspective, with potentially enormous consequences for the political regimes of Europe.

Kriesi et al. provide a brief yet very comprehensible overview of how globalization creates new categories of winners and losers that do not overlap, but cut across the old social cleavages.¹³ They argue that there are three mechanisms whereby people either benefit or feel threatened by globalization. The first is economic competition. Trade liberalization has brought stiffer competition between firms both nationally and internationally, which leads to tougher competition on the labor market. The second is cultural competition, characterized by increased immigration and subsequent competition between the original population and migrants over resources such as jobs and social benefits. The third is political competition which has two dimensions. National states compete among themselves to attract investment, while national and supranational (or international) actors compete over power and decision-making competences. All these conflicts lead to changes in public policy that expand opportunities for some (winners) and narrow the life chances of others (losers). In this paper we focus on the first mechanism, economic competition.

The economic literature has long relied on trade models to distinguish distributive conflicts. Some researchers, such as Rogowski,¹⁴ have concentrated on the distinction between factor specificities, that is, between the owners of scarce factors and owners of labor. Gourevitch, on the other hand, distinguished between sectors with strong and weak comparative advantage.¹⁵ Frieden and Rogowski investigated the difference between tradable and non-tradable industries.¹⁶ While Scheve and Slaughter¹⁷ focused on the distinction between country and industry exposure to foreign direct investments, and Hiscox stressed the mobility factor.¹⁸

13 H. Kriesi, E. Grande, R. Lachat, M. Dolezal, S. Bornschieer and T. Frey, *West European Politics in the Age of Globalization* (Cambridge: Cambridge University Press, 2008).

14 R. Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments* (Princeton NJ, 1989), pp. 1965–1985.

15 P. Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca NY: Cornell University Press, 1986).

16 J. Frieden and R. Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview," in R. Keohane and H. Milner, eds., *Internationalization and Domestic Politics* (Cambridge: Cambridge University Press, 1996), pp. 25–47.

17 K. Scheve and M. Slaughter, "Economic Insecurity and the Globalization of Production," *American Journal of Political Science* 48:4 (2004), pp. 662–674.

18 M. Hiscox, *International Trade and Political Conflict: Commerce, Coalitions, and Mobility* (Princeton NJ: Princeton University Press, 2002).

Melitz's review of Modern Trade Theory puts productivity in the spotlight.¹⁹ He argues that in a globalized world productivity is best seen as the common denominator of a successful firm, rather than the sector it operates in or the type of initial investment. More productive firms are better equipped to compete both nationally and internationally and thus push unproductive ones out. Productive firms then grow and increase their market share and profits. However, this does not apply to products or services that can only be supplied domestically or even locally (and this distinction could be linked to Frieden and Rogowski's categories of tradable and non-tradable industries).²⁰

The impact of the increasingly globalized competition on individuals is crucial for understanding the effects on support for democracy. Therefore it is necessary to understand how a firm's success translates onto the individual level. Helpman, Itskhoki and Redding extended the Melitz model to explore such issues.²¹ With particular regard to wages and unemployment, Helpman et al. argue that highly skilled workers in highly productive firms profit the most and thus are globalization winners. The reason is that they not only increase the competitiveness of the firm, but are also difficult to replace and thus have a good negotiating position. Therefore, firms pay this category of workers higher salaries. At the other end of the scale there are low-skilled workers in low-productivity firms. By the same logic, these people's jobs are most at risk and wage growth is stagnating at best.

However, Helpman et al. make no explicit distinction between whether firms and workers are engaged in cross-border trade or purely domestic trade.²² Walter has explored this.²³ She argues that even in countries relatively open to international trade there are firms orientated only on domestic markets, non-tradable sectors. As these are sheltered from globalization, the assumption is that workers in such firms are better protected from the risk of unemployment, but at the same time face slower wage growth.

Stephanie Walter has also studied the impact of globalization on policy preferences.²⁴ Walters acknowledges previous research showing globalization has a tendency to produce winners, losers, and a middle category that is "sheltered" from it.²⁵ But goes on to argue that the losers form a more heterogeneous category than previously acknowledged. She contests the old approaches based

19 M. Melitz, "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica* 71:6 (2003), pp. 1695–1725.

20 Frieden and Rogowski, "The Impact of the International Economy."

21 E. Helpman, O. Itskhoki and S. Redding, "Inequality and Unemployment in a Global Economy," *Econometrica* 78:4 (2010), pp. 1239–1283.

22 Ibid.

23 S. Walter, "Globalization and the Demand-Side of Politics: How Globalization Shapes Labor Market Risk Perceptions and Policy Preferences," *Political Science Research and Methods* (October 2015), pp. 1–26.

24 Ibid.

25 Ibid., p. 2.

on either a factoral model or a sectoral trade model. Walter's main argument is that the most important factor is exposure to globalization that influences the distribution of globalization surplus, which in turn makes mapping the winners and losers more difficult.

Walter's core argument is that a worker's skill level and occupational position are important factors that influence the effects of globalization. People with high skills and high exposure to global competition will most likely benefit from globalization and thus perceive the threat to their income and social status to be low. On the other hand, low-skilled people exposed to globalized competition will feel the most threatened as their jobs are easily replaceable, which puts them under constant pressure and fear for their position.

Walter uses the *offshorability index* as a proxy for how easy it is to move a job abroad—a threat clearly intensified by globalization.²⁶ The offshorability index was developed by Blinder.²⁷ He stresses that his index tells us nothing about the skills needed to perform the job, or the education level associated with the average salary for that job. As he points out, there might be both low-end and high-end jobs that are either easily offshorable (e.g. line assembly and computer programming), as well as ones that are not so easily offshorable (hair cutting vs. emergency surgery). Offshorability is therefore simply about the potential to deliver the service, or manufacture a product, in an impersonal way from abroad. This, we argue, is integral to the subjectively perceived globalization threat. Many fear that their jobs, regardless of education required or salary earned, will be moved to a foreign country.

The literature reviewed above explains which sectors of the economy and which jobs are most threatened by the globalization processes. When the fear of losing one's job is felt over a longer period of time, feelings of insecurity and uncertainty could strengthen negative attitudes towards the perceived culprits—the political establishment representing the elites behind the implementation and continuation of the neoliberal policies currently in place.

GLOBALIZATION, POLITICAL ATTITUDES AND DEMOCRACY SUPPORT

As neoliberalism and globalization are macro-structural phenomena, the empirical research linking globalization to political attitudes has usually been performed indirectly, treating the individual consequences of globalization as mediating factors. In survey-based research this means accounting for globalization and neoliberalism in two ways. First, the various individual factors that are argued to be the consequences of neoliberalism are then used to explain po-

26 Ibid.

27 See Alan Blinder, *How Many U. S. Jobs Might Be Offshorable?* (Princeton University, Department of Economics, Center for Economic Policy Studies, Working Papers 60, 2007); and also Alan Blinder, "How Many US Jobs Might Be Offshorable?" *Review of World Economics* 10: 2 (2009), pp. 41-78.

litical attitudes. Job offshorability is an example of this.²⁸ Second, national-level characteristics are used in multi-level models, such as inequality measures²⁹ or social protection regime.³⁰

Gilley showed that the performance of the social protection system is a key source of legitimacy.³¹ Luhiste studied the link between social protection performance and satisfaction with democracy and found that the link is positive at both the individual and country level.³² However, this effect is conditioned by social status and is stronger among people on lower incomes. This means that social protection can be associated with greater support for democracy among those more in need of protection than among well-off citizens. Schäfer showed that inequality perceived at the individual level leads to lower trust in politicians, political parties and also to lower support for democracy.³³ This is in line with Solt, who showed that longitudinally inequality reduces conventional political participation, which could indicate decreasing interest and trust in democracy as the best form of governance.³⁴

In post-communist Europe the first research on support for democracy dates back to the 1990s. Rose and Mishler used the New Democracies Barometer data to map support for democracy as a regime in post-communist Europe, compared to other alternatives.³⁵ They found that in the early 1990s most post-communist societies supported democracy and rejected autocratic regimes or rule by economic experts and technocrats (with the exception of Belarus and Ukraine). They explained that the historical legacies were considerably more conducive to support for democracy than the government's economic performance. Dowley and Silver studied support for democracy in relation to ethnic diversity and social capital.³⁶ Making use of the 1995–1998 World Values Survey, they found that social capital (measured as trust) promoted pro-democratic attitudes. However, some of the attitudes tested were just other measures of trust—in political institutions. Klingemann, Fuchs and Zielonka³⁷ restricted their focus to Central

28 Walter, "Globalization and the Demand-Side of Politics."

29 A. Schäfer, "Consequences of Social Inequality for Democracy in Western Europe," *Zeitschrift für vergleichende Politikwissenschaft* 6:2 (2012), pp. 23–45.

30 See B. Gilley, *The Right to Rule: How States Win and Lose Legitimacy* (Columbia University Press, 2009); or K. Lühiste, "Social Protection and Satisfaction with Democracy: A Multi-Level Analysis," *Political Studies* 62:4 (2014), pp. 784–803.

31 Gilley, *The Right to Rule*.

32 Lühiste, "Social Protection and Satisfaction."

33 Schäfer, "Consequences of Social Inequality."

34 F. Solt, "Economic Inequality and Democratic Political Engagement," *American Journal of Political Science* 52:1 (2008), pp. 48–60.

35 R. Rose and W. Mishler, "Testing the Churchill Hypothesis: Popular Support for Democracy and Its Alternatives," *Journal of Public Policy* 16:1 (1996), pp. 29–58.

36 K. M. Dowley and B. D. Silver, "Social Capital, Ethnicity and Support for Democracy in the Post-Communist States," *Europe-Asia Studies* 54:4 (2002), pp. 505–527.

37 H.-D. Klingemann, D. Fuchs and J. Zielonka, *Democracy and Political Culture in Eastern Europe* (London: Routledge, 2006).

Eastern Europe and, like Inglehart³⁸ and Dowley and Silver,³⁹ used the World Value Survey to map support for democracy as the ideal regime. They also discovered that overall support for democracy in Eastern Europe was substantially lower than in the West. They identified education, rejection of violence, political motivation and a tendency for protest behavior as all correlating with support for democracy; however, not all these factors are equally influential in all of the countries. As the Eastern European countries had been democratic for only a short period of time, and the time-series data were not available for a large span of time, it was difficult to assess democracy support over time.

Based on the available evidence we can assume that support for democracy as a way of governance has been stable and is not in decline. However, the outcome of recent popular votes worldwide indicate that something is changing. How can we explain this? Dalton and Shin provide some answers.⁴⁰ They argue that although support for democracy as a regime is stable, trust in parliaments and other political actors is in decline. In their opinion what we are seeing is a considerable shift in political culture. "Contemporary democracies are increasingly characterized by a public that is critical of politicians and political institutions—while embracing democratic norms and holding higher expectations for government."⁴¹ They adopt the term "dissatisfied democrats" as coined by Klingemann.⁴² Klingemann compared differences in support for democracy and dissatisfaction with democracy in Western and Eastern Europe.⁴³ He found that the proportion of dissatisfied democrats was very similar in both parts of Europe in 2008 (32% in Western Europe and 35% in Eastern Europe). He found that the main driver of satisfaction/dissatisfaction was performance evaluation. He concluded that support for democracy was "an expression of civic mindedness and part of a more comprehensive democratic belief system, and (2) this pattern is more characteristic of Western than Eastern Europe; (3) however, over time, the East-West gap is closing."⁴⁴

The distinction between democracy as a regime, democratic institutions as parliament or government, and incumbent politicians is not new. Easton

38 R. Inglehart, "How Solid Is Mass Support for Democracy—And How Do We Measure It?" *PS: Political Science & Politics* 36:1 (2003), pp. 51–57.

39 Dowley and Silver, "Social Capital, Ethnicity."

40 R. J. Dalton and D. Ch. Shin, "Reassessing the Civic Culture Model," in R. J. Dalton and Ch. Welzel, eds., *The Civic Culture Transformed: From Allegiant to Assertive Citizenship* (New York: Cambridge University Press, 2014), pp. 91–115.

41 *Ibid.*, pp. 108–109.

42 H. D. Klingemann, "Mapping Political Support in the 1990s: A Global Analysis," in Pippa Norris, ed., *Critical Citizens: Global Support for Democratic Governance* (New York: Oxford University Press, 1999), pp. 31–56.

43 Hans-Dieter Klingemann, "Dissatisfied Democrats: Democratic Maturation in Old and New Democracies," in R. J. Dalton and Ch. Welzel, eds., *The Civic Culture Transformed: From Allegiant to Assertive Citizenship* (New York: Cambridge University Press, 2014), pp. 116–157.

44 *Ibid.*, p. 133.

distinguished distinct types of support, whether for authorities, regime, or political community.⁴⁵ In this paper we accept the importance of distinguishing between democracy as a regime, democratic institutions, rules, norms and actors. We will apply Robert Dahl's principles of polyarchy⁴⁶ and distinguish between support for democracy as a regime, and support for the basic principles of liberal democracy, mainly media freedom, the opposition's right to criticize the government and minority rights protection.

While it was previously thought that social modernization is required to create a new type of democratic citizen,⁴⁷ Dalton and Shin⁴⁸ argue that globalization can play this role in economically less developed nations. The consequence is that citizens adopt the global view that democracy is superior to other regimes in terms of economic performance and ensuring high living standards, but they are critical of the political institutions and elites.

The question therefore remains if—and how—we can link macro-level neoliberal policies, and the globalization inherent to this, with individual attitudes towards democracy and its norms and principles.

HYPOTHESES

Our core assumption is that the perceived importance of democracy, as well as support for liberal democracy, is lower among people who feel threatened by globalization. However, this is very difficult to measure directly. Moreover, the feeling of being threatened could be expressed variously, ranging from in terms of economic spheres to culture or identity. Therefore, based on the previous research we reviewed above we formulate the following hypotheses regarding the various faces of globalization. While hypotheses 1, 2, and 3 concern whole population expectations, the fourth hypothesis is restricted to the working population only.

H1a: People who report feelings of lower general well-being will perceive democracy to be less important.

H1b: People who report feelings of lower general well-being will be less supportive of liberal democracy.

H2a: People who report being less optimistic about future development will perceive democracy to be less important.

H2b: People who report being less optimistic about future development will be less supportive of liberal democracy.

H3a: People who experience subjective financial difficulties will perceive democracy to be less important.

45 D. Easton, *A Systems Analysis of Political Life* (New York: John Wiley, 1965).

46 R. Dahl, *Polyarchy* (New Haven: Yale University Press, 1971).

47 R. Inglehart, *The Silent Revolution: Changing Values and Political Styles among Western Publics* (Princeton NJ: Princeton University Press, 1977).

48 Dalton and Shin, "Reassessing the Civic Culture Model."

H3b: People who experience subjective financial difficulties will be less supportive of liberal democracy.

H4a: Workers whose jobs have high offshorability potential will perceive democracy to be less important.

H4b: Workers whose jobs have high offshorability potential will be less supportive of democracy than workers in positions with low offshorability potential.

DATA AND METHODS⁴⁹

We used the European Social Survey 2012 to test our hypotheses. The ESS 2012 has a special module on understanding democracy which makes it possible to explore deeper than just satisfaction with democracy or trust in government. Several items ask about how important respondents consider democracy, and explore views of particular attributes of democratic governance. The dataset also includes many work- and economy-related items which is important when controlling for employment situation and any financial difficulties a household might be undergoing. Subjective well-being and basic immigration attitudes are other important factors in the study of globalization effects, and these are included in the 2012 ESS. The last reason for using the 2012 ESS is that, unlike many international comparative surveys, the samples contain various post-communist countries including Russia, Ukraine and the Western Balkan countries. The individual data in this study are nested within the country context and thus present an ideal case for multilevel regression model.⁵⁰ The intraclass correlation coefficients were around 0.06 which means that about 6% of the variation occurs at the higher level.

However, there are only twelve post-communist countries in the study, which is a relatively small number for conducting multilevel analysis. According to various simulations the minimum recommended sample size at the higher level (in our case the number of countries) is 24 to 30.⁵¹ Therefore we performed a regression analysis with country dummies and clustered the standard errors at country level. The results, the regression coefficients, are robust and comparable with the individual level coefficients based on the multilevel techniques.⁵²

49 Intraclass correlation coefficients were 6.37% and 5.99%.

50 T. A. B. Snijders and R. J. Bosker, *Multilevel Analysis: An Introduction to Basic and Advanced Multilevel Modeling* (Thousand Oaks CA: Sage, 1999).

51 W. J. Browne and D. Draper, "Implementation and Performance Issues in the Bayesian and Likelihood Fitting of Multilevel Models," *Computational Statistics* 15:3 (2000), pp. 391–420; or I. G. G. Kreft and J. De Leeuw, *Introducing Multilevel Modeling* (Newbury Park CA: Sage, 1998).

52 See for example Walter, "Globalization and the Demand-Side of Politics"; or C. J. M. Maas and J. J. Hox, "Sufficient Sample Sizes for Multilevel Modeling," *Methodology* 1:3 (2005), pp. 86–92.

DEPENDENT VARIABLE

Our dependent variable was support for democracy. However, there are several dimensions of democracy support. In this paper, we test our hypotheses using two forms of support for democracy. The first is measured as the subjective importance of living in a democratic country. This question asks "How important is it for you to live in a democratic country?" and the answers range from 0 (not important at all) to 10 (extremely important).

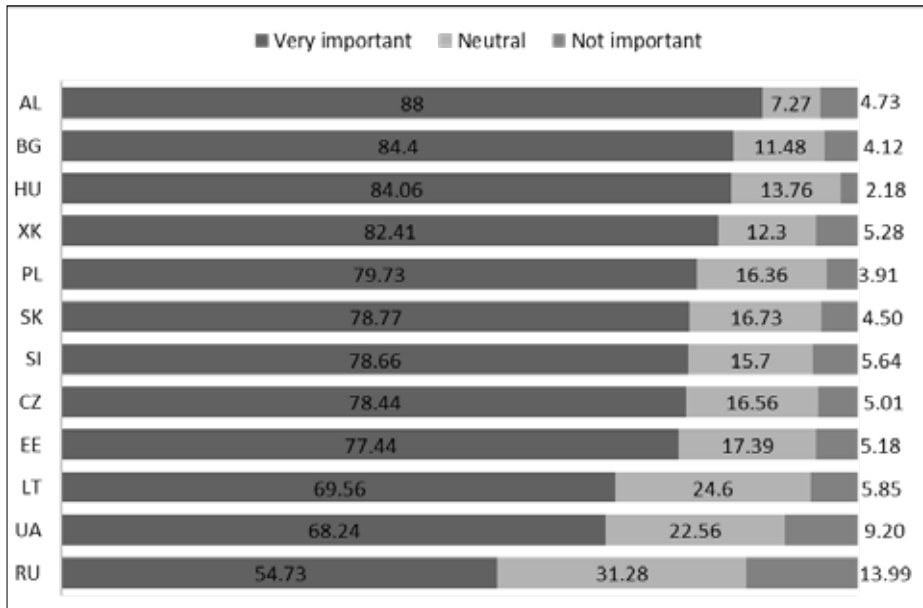
The second dimension of democratic support we use is a composite indicator. We constructed the indicator based upon three questionnaire items asking about the importance of three key aspects of democratic government. The precise wording of the questions is: Please tell me how important you think it is for democracy in general (i) that the media are free to criticize the government; (ii) that opposition parties are free to criticize the government; and (iii) that the rights of minority groups are protected? Since these freedoms are among the most problematic and contested issues in post-communist countries, we decided to include all three. The factor analysis confirmed that there is one underlying latent factor in the answers to these questions. The reliability test also confirmed high scale reliability (Cronbach's $\alpha = 0.77$).

INDEPENDENT VARIABLES

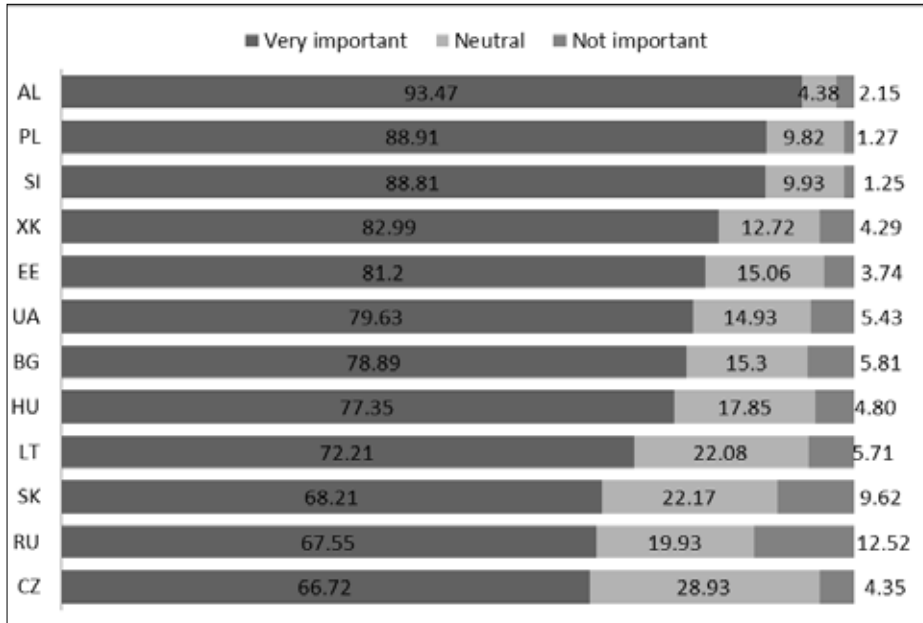
Several independent variables were crucial to testing our hypothesis. One is general well-being, theorized to reflect the impact of neoliberal policies including globalization. In order to maintain comparability, we operationalize well-being as the answer to the question "how satisfied are you with your life as a whole nowadays?" The range of potential answers is from 0 (extremely dissatisfied) to 10 (extremely satisfied). This item has been shown to reflect various aspects of general well-being such as health, material circumstances or security.⁵³

The other two proxy measures of the impact of neoliberal policies on personal life are pessimism and financial difficulties. We measure pessimism using two separate items. Both are expressed as degree of agreement with the following statements "For most people in the country life is getting worse rather than better" and "The way things are now, I find it hard to be hopeful about the future of the world." In addition to pessimism, which is a more psychological factor, we included subjective perception of financial hardship in the household. The question asked: "Which of the descriptions on this card comes closest to how you feel about your household's income nowadays?," and respondents were offered four options, ranging from 1 (Living comfortably on present income) to 4 (Finding it very difficult on present income). For the off-

53 Barnes and Hall, "Neoliberalism and Social Resilience"; Helliwell and Barrington-Leigh, *Measuring and Understanding*; Helliwell, Huang and Harris, "International Differences."

Figure 1: Importance of Living in a Democracy

Source: ESS 2012, author's calculations.

Figure 2: Importance of Protecting Minority Rights in a Democracy

Source: ESS 2012, author's calculations.

shorability index of the respondent's job we replicated Blinder's⁵⁴ classification, also used by Walter.⁵⁵ However, given the distribution of values and the fact that a significant portion of the jobs were non-offshorable, we dummified the offshorability index and just used the dichotomy—a highly offshorable versus low-and-non offshorable job. One of the explanatory variables used is attitudes to immigration, which is an index composed of three attitudinal items in the questionnaire asking about the acceptance of immigrants i) of the same race/ethnic group from Europe, ii) different race/ethnic group from Europe and iii) immigrants from poorer countries outside Europe.

As control variables we used standard socio-demographics such as age, education, gender, and employment status. Also important controls identified from previous research were used, such as political trust, self-placement in society, religiosity, and satisfaction with the economy.

At this point it is important to note that the immigration attitudes used as independent variables are treated as conceptually separate from minority rights protection, which is part of the dependent variable composition, and should be perceived this way.

FINDINGS

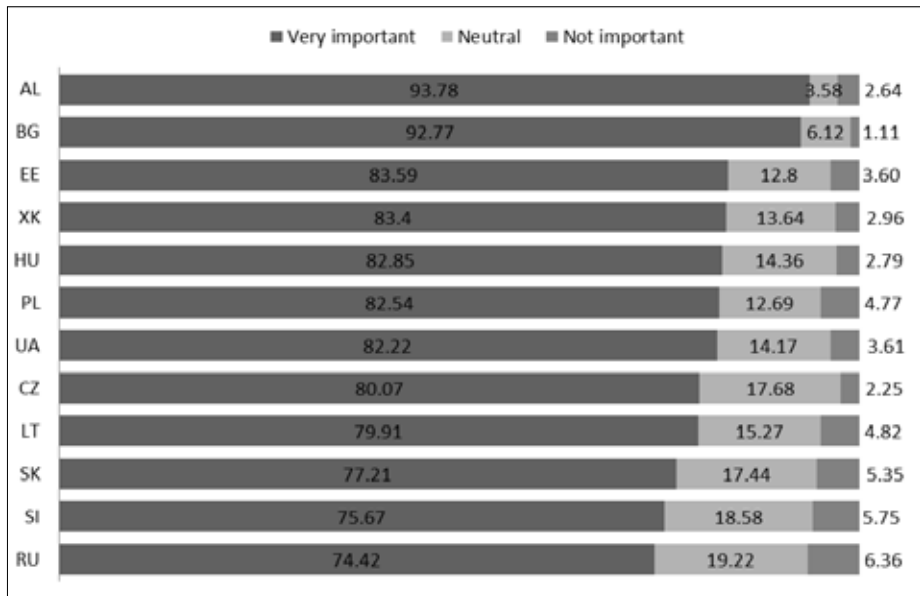
Before we proceed to the results of the hypothesis testing we briefly review the general importance of democracy and support for liberal democracy principles in post-communist Eastern Europe. While we used the full 11-point scale in the regression analysis, here we present a simplified 3-point scale for ease of understanding and presentation. The original answers ranging from 0 to 3 were labeled as "not very important," answers from 4 to 6 were categorized as "neutral," and answers 7 to 10 as "Very important."

According to the ESS 2012, the majority of Eastern Europeans consider living in a democratic regime to be important. On average, more than 77% of people in the dozen countries examined thought this, with more than 50% of the population in each country considering a democratic regime important. However, perceptions of how important democracy is vary across countries and are lowest in Russia, where only 55% of people thought it important to live in a democracy. The highest proportion of democracy supporters was found in Albania, at 88%.

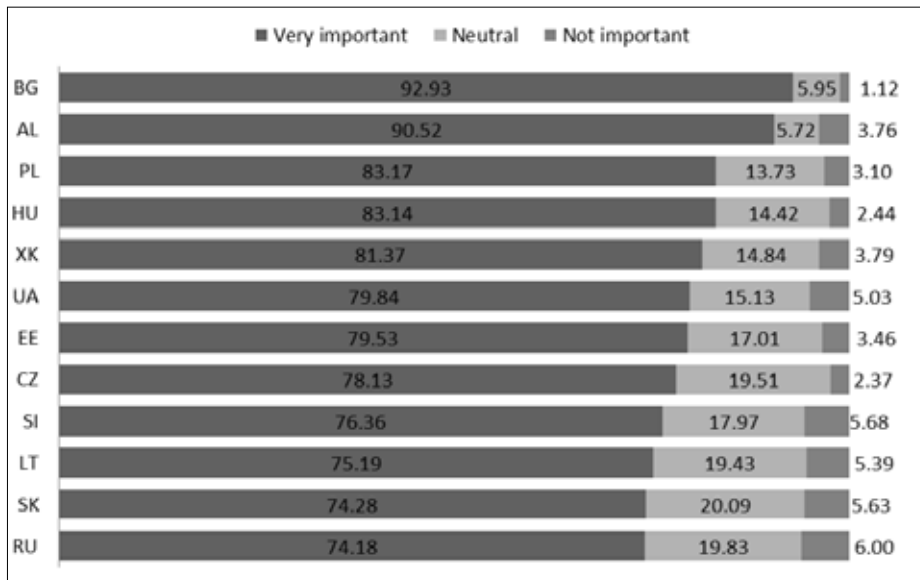
Apart from the importance of living in a democracy, we investigated the determinants of support for the principles of liberal democracy, mainly protection of minority rights, opposition's freedom to criticize the government and media freedom. Graphs 2, 3 and 4 show the proportion of citizens in each of the 12 countries who consider liberal democratic principles to be important.

54 Blinder, *How Many U. S. Jobs Might Be Offshorable?*; Blinder, "How Many US Jobs Might Be Offshorable?"

55 Walter, "Globalization and the Demand-Side of Politics."

Figure 3: Importance of Media Freedom

Source: ESS 2012, author's calculations.

Figure 4: Importance of Opposition Freedom to Criticize Government

Source: ESS 2012, author's calculations.

Albania has the highest share acknowledging the importance of all three liberal democratic principles, over 90% in all three categories. The importance of freedom of the opposition and media are also important for people in Bulgaria (93% for both freedoms), Kosovo (82% and 83%) and Estonia (80% and 84%). After Albania, minority rights protection is most important for the populations of Poland (89%), Slovenia (89%) and Kosovo (83%).

On the other hand, the least support for these three liberal democratic principles was recorded in the Russian Federation, Slovakia, Lithuania, Slovenia and the Czech Republic. Of these the Czech Republic comes lowest with only 67% of people considering minority rights to be an important part of democracy. While in Russia and Slovakia 68% consider it important. Lithuania is fourth Lowest with 72% of people there ascribing importance to minority rights. Freedom of the opposition to criticize the government in a democratic regime is important to only 74% of Russians, 74% of Slovaks and 75% of Lithuania's population. Media freedom is regarded as important by 74% of Russians, 76% of Slovenians and 77% of Slovak respondents.

The descriptive statistics of the variables used in the regression can be found in Appendix 1.

REGRESSION ANALYSIS

In order to test our hypotheses we built and ran four models, as there were two distinguishing lines to follow. Firstly, we hypothesized the effects of various factors on the general importance of living in a democracy and on perceptions of the importance of liberal democratic principles. Therefore, there were two dependent variables. Secondly, we tested our models separately for the whole population (excluding the offshorability index) and for the working population (which allowed us to include the offshorability index for that respondent's job). This produced four regression models. Table 1 shows the regression coefficients and significance for each model.

Overall well-being is related to both the importance of living in a democracy and support for liberal democracy. These results are true for both the general population and the working population. Therefore we can accept hypotheses 1a and 1b. The second pair of hypotheses posit that people with pessimistic attitudes will perceive democracy to be less important and will be less supportive of liberal democratic principles. We tested these hypotheses by including two uncorrelated variables: life is getting worse, and it is difficult to be hopeful about the future. Neither of these variables were significantly related to the importance of living in a democracy. In other words, a pessimistic attitude does not seem to influence how important a person thinks it is to live in a democracy. On the other hand, both at the pessimism indicators are related to support for liberal democratic principles, and this was stronger in the working population than in the general population. Therefore we reject hypothesis 2a and accept hypothesis 2b.

Table 1: Regression results

	M1: Support for democra- cy in general	M2: Support for democra- cy in general	M3: Support for liberal democratic principles	M4: Support for liberal democratic principles
Well-being	0.129***	0.128***	0.078**	0.096**
For most people in the coun- try life is getting worse	0.061	0.052	0.073*	0.084*
Hard to be hopeful about the future of the world	0.047	0.058	0.049 ^(a)	0.089*
Feeling about household in- come nowadays	0.022	0.06	0.054	0.036
Immigration attitudes	-0.149***	-0.141***	-0.191***	-0.224***
How satisfied with present state of economy in country	-0.035	-0.049	-0.080***	-0.087***
How religious are you	0.007	0.006	0.011	0.012
Your place in society	0.024	0.036	-0.001	-0.002
Political trust	0.087***	0.118***	-0.028**	-0.018
Age of respondent, calculated	0.008*	0.010**	0.007**	0.010***
Gender	0.006	0.024	0.095*	0.063
Highest level of education, ES - ISCED	0.181***	0.206***	0.087**	0.076*
Job Offshorability (Dummy)		-0.11		-0.125*
Paid work	0		0	
Retired	-0.179*		-0.066	
In education	0.102		-0.048	
Inactive	-0.082		0.013	
Albania	0	0	0	0
Bulgaria	-0.526***	-0.685***	-0.647***	-0.801***
Czech Republic	-1.309***	-1.370***	-1.446***	-1.523***
Estonia	-1.269***	-1.326***	-0.900***	-0.988***
Hungary	-0.538***	-0.648***	-0.812***	-0.790***
Lithuania	-1.682***	-1.806***	-1.312***	-1.322***
Poland	-1.047***	-1.021***	-0.819***	-0.878***
Russia	-2.552***	-2.594***	-1.486***	-1.513***
Slovenia	-1.102***	-1.097***	-1.260***	-1.400***
Slovakia	-1.196***	-1.290***	-1.576***	-1.804***
Ukraine	-1.714***	-1.708***	-1.140***	-1.271***
Kosovo	-0.213***	-0.458***	-0.644***	-0.733***
_cons	6.993***	6.694***	8.361***	8.234***
N	19047	9069	18388	8808

Note 1: (a) $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Note 2: The difference between models 1 and 2, and between models 3 and 4 is that the first in each pair includes everyone regardless of economic status (including students, pensioners, etc.), while the latter only consists of working respondents.

Thirdly, we hypothesized that people with subjectively perceived financial difficulties would consider living in a democracy to be less important and that they would be less supportive of liberal democratic principles. However, the regression coefficients in all the models were statistically insignificant, therefore we reject hypotheses 3a and 3b. The fourth pair of hypotheses linked job offshorability to the importance of democracy and support for liberal principles. This was tested in only two of the models, using the working population as job offshorability is less relevant to retired persons, students, or other inactive people. The results show that job offshorability has a strong impact on support for liberal democratic principles; however, it is not significant in relation to the perceived importance of living in a democracy. Hypothesis 4a must therefore be rejected, and hypothesis 4b accepted.

The consequences of these findings and how they relate to the literature are discussed in the next section.

DISCUSSION AND CONCLUSION

This paper is an attempt to shed more light on the recent rise in the popularity of anti-establishment politics by looking at the links between neoliberalism and support for democracy and the principles of a liberal democracy. The task is not straightforward as neoliberalism is typically defined as a set of public policies and economic governance, which makes it a macro-level factor. Meanwhile, support for democracy is measured at the individual level. Operationalizing neoliberalism is the main challenge.

We approached this problem by viewing neoliberalism as a global, structural force that influences the behavior of companies and shapes public policies, and thus has re/distributional consequences. The re/distribution of resources under the neoliberal paradigm then presents a specific context and behavioral incentives for individuals. Relying on previous research that linked the neoliberal processes of globalization to well-being, job offshoring and feelings about income security and anxiety, we were able to operationalize neoliberal impacts on people's lives. Subsequently, we studied the relationship between the re/distributional consequences of neoliberalism and support for democracy and liberal democratic principles. The effects we found are largely indirect.

We failed to find empirical support for the hypotheses relating neoliberalism to support for democracy through economic factors (H3, H4, and H5). Only two of these, job offshorability and satisfaction with the economy, influenced support for liberal democratic principles. This is in line with some of the previous research. First, economic performance is mainly related to instant satisfaction with political institutions, but not so much the regime as whole (Cordero and Simon 2016). Secondly, the literature on "globalization losers"⁵⁶

56 Kriesi et al., *West European Politics*; Walter, "Globalization and the Demand-Side of Politics"; and others.

and “dissatisfied democrats”⁵⁷ indicates that people whose jobs are affected by the increased competition and globalization differ most in their views on which principles are important for democracy. Similarly, there is no difference in democratic support among people who are less satisfied with economic performance compared to those who are satisfied. However, they perceive liberal democratic principles to be less important. These research findings also support Eric Kauffman’s claim that the explanatory factors for the Brexit vote do not lie in the economy. Kauffman pointed out that psychological factors are more influential than socio-economic ones. Although it uses different socio-psychological indicators, this research supports that claim.⁵⁸

Our exploration of a potential link between attitudinal and emotional factors on the one hand and support for (liberal) democracy on the other confirmed hypotheses 1 and 2. If we accept the previous research showing that the increasing dominance of neoliberal policies is having a significant impact on the well-being and emotional state of citizens on the losing side, then we have to admit that there are potential negative consequences for support for democracy, and more strongly for support for liberal democratic principles—freedom of speech and minority rights protection.

At first sight, our finding appears to contradict that of Cordero and Simon, who found that people in countries that had received a financial bail-out maintained high levels of support for democracy despite the deterioration in economic performance.⁵⁹ They explain this in terms of people blaming external forces (the EU’s Troika) for their economic hardship. Their reaction then is based on a clear distinction being drawn between democracy as a system where decision-making lies with the national government (therefore voters) and the external creditors who made the decisions after the onset of the debt crisis. However, there are no clear external sources to blame for the impact of neoliberalism. Most of the time decisions are made within the national institutions, be they the president’s office, parliament or government. The blame lies with established political elites who are often perceived, at least by part of the population, to be closely related to economic elites and, in many countries, to the European Union. Therefore globalization’s losers may find it easier to blame established national political elites for economic underperformance.

There is another, more important, lesson here. This research reveals that the impact of neoliberalism on support for democracy is channeled not only through economic factors, but also through the psychological well-being of citizens. As the regression analysis has shown, this holds particularly true for

57 Klingemann, “Dissatisfied Democrats.”

58 E. Kaufmann, “It’s NOT the Economy, Stupid: Brexit as a Story of Personal Values,” *British Politics and Policy at LSE* (2016) [<http://blogs.lse.ac.uk/politicsandpolicy/personal-values-brexit-vote/>], accessed February 15, 2018.

59 G. Cordero and P. Simón, “Economic Crisis and Support for Democracy in Europe,” *West European Politics* 39:2 (2016), pp. 305–325.

support for democracy as a regime. While satisfaction with economic performance was not significantly related, life satisfaction and anxiety played a role. This could have great consequences in the real world. If the neoliberal re/distributional effects intensify the negative psychological consequences we may witness a drop in support for democracy in Europe.

In addition to the hypotheses drawn from the literature, one more finding is worth discussing. Employment status seems to be influential, especially the difference between retired and working persons. For pensioners, living in a democracy is substantially less important than for other groups (those in work, students, the unemployed and the inactive). However, when it comes to support for liberal democratic principles, there is not difference between these groups. The question is whether this effect is caused by work status, that is, a change in life situation and not being dependent on the labor market, or, whether it relates to dependence on the pension system. Alternatively, the explanation might lie in the fact that most people of retirement age were socialized and educated under the communist regime (as our sample is limited to post-communist countries). Therefore they do not consider living in a democracy to be important, compared to younger persons in work or education.

This research could be improved on in the future. Investigating a larger number of countries would make it possible to use multilevel modelling and various country-level specificities could then be included. Future research might also come up with a more precise conceptualization of neoliberalism's effects on individual's lives and therefore better indicators to test. Another limitation is that this paper uses data collected in 2012, and things have changed since then. We acknowledge that there could have been a change in the proportion of the population that has positive or negative attitudes towards democracy. However, there is no reason to think that the link between economic and psychological factors on the one hand, and democracy attitudes on the other will also change within the next few years.

The key finding of this paper is that after decades of neoliberal policy dominance, with trade liberalization and globalization being the most visible aspects, we are observing its consequences on support for democracy. The effects are channeled via the economic and emotional well-being of individuals and translate into changed electoral behavior. In 2016 we witnessed a few real world examples, the Brexit referendum being the most notable effort to reverse globalization. The challenge remains as to how we can include globalization's effects on individual lives, particularly the psychological factors, in studies of political attitudes and behavior.

Appendix 1: Descriptive Statistics

Variable	Observations	Mean	Std. Dev.	Min	Max
Important to live in democracy	22,079	7.912496	2.40744	0	10
Support for liberal democracy	20,993	8.251338	1.839616	0	10
Well-being	22,717	5.915746	2.550328	0	10
For most people in country life is getting worse	22,515	3.94648	.958092	1	5
Hard to be hopeful about the future of the world	22,241	2.53298	1.023687	1	5
Feeling about household's income nowadays	22,626	2.582427	.8892426	1	4
Immigration attitudes	21,829	2.483218	.8763155	1	4
How satisfied with present state of economy in country	22,291	3.363106	2.353991	0	10
How religious are you	22,530	4.898713	3.100953	0	10
Your place in society	22,430	4.950156	1.940144	0	10
Political trust	22,526	2.709528	2.223766	0	10
Highest level of education, ES - ISCED	22,835	4.050799	1.728749	1	7
Age	22,869	47.99401	18.3186	15	102

Source: ESS 2012, author's calculations.