

TRANSCRIPT

00:00:00 Intro

Welcome to the People Power Politics podcast brought to you by CEDAR, the Centre for Elections, Democracy, Accountability and Representation at the University of Birmingham.

00:00:10 Licia Cianetti

Hi everyone and thanks for joining us. I am Licia Cianetti, Deputy Director at CEDAR and I am your host today. I am delighted to welcome to the podcast, Rachel Beatty Riedl, professor of public policy and government at Cornell University and the Peggy J. Koenig '78 Director of the Brooks Center on Global Democracy. Welcome to the podcast Rachel.

00:00:32 Rachel Reidl

Thanks for having me. I'm so glad to be here with you.

00:00:36 Licia Cianetti

So Rachel's latest book, which at the time of recording in early May 2025, is about to come out with Cambridge University Press. It is a volume co-edited with Valerie Bunce, Thomas Pepinsky, and Kenneth Roberts, entitled *Global Challenges to Democracy: Comparative Perspectives on Backsliding, Autocracy and Resilience*. And Rachel has worked on all of these themes in many ways, particularly in Africa, and has written extensively about these. But today's episode is part of our podcast's ongoing collaboration with the *Journal of Democracy*, where, in April, Rachel published an essay entitled "neo-liberalism and the Third Wave". So today's conversation will be about this essay and more generally about the topic of the relationship between democracy and neoliberal capitalism. For the listeners, the links to the forthcoming book and to the essay are in the show notes, so I will urge you to go and check them out. So now, in the essay, Rachel you argued that the crisis of democracy that we are experiencing globally is not simply a crisis of democratic institutions, although it also is a crisis of democratic institutions, but it has been brought about by what you called late-stage neoliberalism. So, to get a started, what is neoliberalism and what is this late-stage version of it that we are living through at the moment?

00:01:51 Rachel

Great, well thank you so much for having me and allowing me to talk about this new article in the *Journal of Democracy*. So, I was really motivated to make this distinction between neoliberalism and its late-stage version because, as we know, neoliberalism is characterised by this kind of symbiotic relationship between economic competition, market capitalism, and political competition. And we think of this liberal democracy and the ways in which traditionally our theories and in practice have seen these two as intertwining and mutually beneficial so that politically inclusive institutions as the Nobel Prize winners Acemoglu and Robinson have shown us undergird the foundations for economic contracts and economic development in a way that then

creates a further distribution of wealth and resources that is productive for political competition. And so in that way we have seen it as a very vicious cycle and you know that underscores the kind of relationship between in our kind of modernization theories that as countries get wealthier and the middle class grows and resources are distributed, it allows for a healthy political competition that creates accountability and governance that then transfers those resources across the population. So that is the kind of post-World War II neo-liberal order that undergirded many different types of policies, both domestic and international. And these kinds of policies have accumulated over time into what we might think of now as being a late-stage neoliberalism. A late-stage neoliberalism that has dramatically altered the relationship between economic free markets and political free markets. So, I would argue that there are these kinds of four defining features of late-stage neoliberalism: which is first and foremost the extreme concentration of capital in the economic elite. And in this late-stage neo-liberal world, this extreme concentration of capital transcends national borders and domestic politics. So that neoliberal modernization theory that you know kind of laid out as being our golden rule, so to speak, was based on a domestic equation of being able to tax capital and using that capital to democratic public service ends. With this economic concentration of capital in late-stage neoliberals and that transcends national borders and domestic politics in a way this concentration escapes that ability to really use wealth accumulation for redistributive purposes. So that's one key feature. The second is really that late-stage neo-liberalism has weakened the state's ability to regulate economic free market competition and organised domestic taxation. We might see that as redistribution, we might see it as the contribution to infrastructure or public services. But the way in which the state has been hollowed out through this extreme concentration of capital is a really significant feature that again minimises both accountability and the role of domestic governance in that political and economic competition equation. The third feature is really about a policy focus on individual behaviour, right, so neoliberalism is about individuals investing in the market and individuals kind of being able to get what they want out of the political competition market. Whereas an alternative view is really about structural interventions, the ability for states and for policy to guide collective action to shape welfare policies to shape policies that are good for the welfare of the society as a whole. So this focus on individualism shapes policy preferences; it shapes the ways in which investments are made, and it shapes our kind of collective understanding of what democratic governance is for and how that economic market works. And then the fourth is really the undermining of legitimacy and responsiveness of domestic governance mechanisms. So we think back to Thandika Mkandawire a famous political economist who coined the term choiceless democracy right the ways in which domestic choices about how resources will be used and how governance demands will be articulated are not really meaningful when political institutions and choices are made at transnational level and don't trickle down back into domestic opportunities for that governance cycle to be realised. And so that happens differently across what we might think of as emerging democracy or lower levels associate economic development democracies where the choice was democracy feature is happening because of World Bank conditionalities or those kinds of restraints on domestic budgets, structural adjustment policies and the like. But it's also happening in advance

industrial democracies where citizens and voters don't feel that their voices are heard because of the control of capital and the way in which that concentration of capital then controls political decisions.

00:07:29 Licia Cianetti

Great! Then we'll go back to some of the similarities and differences between different countries that are experiencing similar pressures later on. But before that, I was thinking I want one thing that's been striking for me is this context of declining democracy and decline in faith in democracy, some of the most impassioned arguments in support of liberal democracy that I've had around the lines of democracy must be defended because it delivers better outcomes for its citizens. Now of course I don't want to dismiss this argument completely, but I think that your essay makes it clear that the conditions under which capitalist democracies have historically delivered better - more equitable outcomes, more rights, more public goods for the citizens - were very specific and I would add also far from universal. Those conditions have eroded significantly with the transformation of capitalism and the key aspect of this transformation while the key aspects of the transformation that your essay highlights is this extreme wealth cumulation and the data on this is staggering you present some of it a lot of it is also in for listeners in the world inequality database has been tracking wealth accumulation for some years. At this point, in fact the country where you are sitting now the United States is where we are seeing one of the most potentially naked version of oligarchization of democracy at least in so called advanced democracies. And so the questions for me is why did this happen? Why were democratic governments unable or perhaps unwilling to stop extreme accumulation?

00:09:05 Rachel

I think that is a really key question and there are several drivers. But I think the underlying driver is that the basic equation that you just laid out that democracy should be able to deliver for their publics is based on the idea that you know a kind of Robert Dahl notion of democracy that each citizens preferences are weighted equally in the conduct of government and that equalness allows us to shape outcomes that will protect all of us and work well for all citizens. But of course, we know that this is not happening. Democracy is co-existing with extreme domestic and transnational inequality as you mentioned as tracked by these kinds of databases. Tom's Piketty and others have demonstrated this historically the cycles and in our contemporary period. So why is that the case why is inequality just continuing to increase despite preferences that would serve everyone well just to provide for that kind of basic level of collective well-being. And in large part I think its tracking with a kind of privatization of democratic political competition itself. So as you mentioned I'm here in the United States as we know campaign finance is an extreme problem that is at the root of this privatisation and it has only exacerbated with legal rulings since citizens united the Supreme Court case that allowed no limits on corporate donations to political campaigns. So the influence that we see of lobby groups transnationally domestically of private capital the ability to fund campaigns makes politicians once elected not necessarily elected for the good of the whole

of the representatives of the whole but rather you know very captured by private interest by lobby groups and we see that in the most extractive industries that have the most to gain for their the costs that they reek upon the public in terms of the fossil fuel industry and military defense complex the ways in which budgets and subsidies continue to accrue to these transnational industries and then are diverted from the real demands of the general public.

00:11:27 Licia Cianetti

I think this connects with the way in your essay you show how the state seems to have lost capacity over time and this kind of loss of state capacity is a key element that states are less able to regulate markets, to regulate this very powerful often enough more rich than states actors transnational actors and interests like the fossil fuel industries, like the tech industries, like the agrobusiness like and all corporations that have specific interest in maintaining their profits and also at the same time this is reduced the state capacitive provide public goods for their citizens. So I'll like to know what has happened to reduce this state capacity, have states given it away, have there been forces that have eroded it, and why do you think it's so important to look at state capacity and what's happened to it in order to understand what's happening to democracies today?

00:12:27 Rachel

Yes that's a great question and here I want to differentiate between a couple of different pathways and different ways in which this hollowing out of state capacity has coincided with late stage neo-liberalism. So on one hand it's a kind of legacy and accumulating legacy of the structural adjustment policies a particularly again in the kind of new emerging democracies that were part of the Third Wave that were often less economically advanced and so were more dependent on conditionalities by the IMF and the World Bank and kind of neoliberal Washington consensus that required real state disinvestment from public infrastructure, from education, from health then oriented budgets state budgets and state policies to be pro kind of capital markets. And there were there have been a lot of really important studies about the ways in which getting prices right and you know taking the state out of setting certain types of economic policies have been helpful under certain conditions. But at the same time this disinvestment of in the state and its ability to create and foster human capital and social well-being has accumulated over decades now and so the disinvestment in prior generations' well-being, education, training, healthcare continues to cost and continues to hollow out a capacious state that could lead different types of development policies or different types of collective well-being strategies particularly in the face of transnational challenges like a pandemic or against transnational capital that might be very extractive for a domestic economy. So that's one of the lanes in which neo-liberalism has affected state capacity. There's a second that's also global in nature but has been particularly acute in advanced industrial economies and advanced industrial democracies and that is the kind of anti-regulation mindset principle that you refer to. And so this is part and parcel of the way in which capital has captured

domestic political competition in some in many cases. Its also a mindset that aligns with kind of neoliberal economic capitalism so in some ways it's an ideological thrust in other ways it's a material interest maximiser. And so those have combined in really significant ways to shape domestic economic policy and to shape the inability of the state to resist cuts that hollow it out to regulate even things like water pollution that regulate things like carbon emissions that leave vulnerable populations within each state even more marginalised and potentially harmed by this economic concentration.

00:15:38 Licia Cianetti

Yeah and I guess it's striking how the dismantlement of the state and dismantlement of the agencies that regulate pollution, water safety, and so on is being central to the first hundred days of the second Trump administration.

00:16:01 Rachel

Yes and so that we see the way in which attacking the states' capacity then has these long-term immediate kind of short-term consequences for the ability to set regulations or to set priorities but then also has very long-term consequences for balance of power and the role of the state in providing protections.

00:16:25 Licia Cianetti

Yeah and as you mentioned many of the neo-liberal reforms that shrank the state, privatized state functions, opened door to deregulated financial markets end up weakening state capacity were pushed for as part of the third wave democratization package right also like they were of course domestic actors participating in that but also by international democracy promotion institutions as well. This was definitely the case in post-communist Central and Eastern Europe region more about neoliberal reforms were promoted across the board. So that makes me wonder whether and you already hint into their little bit the experience of this things you know Third Wave regions where you have newer democracies that underwent these potentially flawed processes of democratic institution building but also more hybrid regimes what this processes kind of broke down at certain point whether those are significantly different between themselves but also from the advanced democracies where the regulation took a different route and they arguably have been where the promotion of the neoliberalism and neo-liberal reforms came from. And looking at from far away they should have benefited from it right the West imposes some reforms to the global South, the West should come out as the winner.

00:17:51 Rachel

Yes, exactly. It is very striking as you note here the way in which I would argue kind of unintended consequences of this late stage accumulation of neoliberal policies and economic capital concentration have these unintended consequences even by those who initiated the policies intended for some you know in terms of benefiting the economic interests that pushed for

deregulation or access to certain markets who benefited. But in terms of neoliberal political competition like pro-democracy supporters of the early Third Wave strategy, I think this has developed to a place where they may not recognize the kinds of pressures that are now occurring. So I do think that the experience of Third Wave regions where newer democracies were established are quite different in terms of how these pathways are unruly from the advanced industrial democracy where this same pressures are also degrading democratic competition and public support for democratic institutionalism democratic process and democratic candidates. So in some ways the pressures are experienced differently because of the way in which the kind of choiceless democracy model created different constraints on domestic polities. So for those newer democracies that had a lot of economic conditionalities, we see the ways in which they have voting publics may voted party A and leader A to say the current economic policies are not working for us we want something different. And then party A may do the exact same thing that party B had been doing because of the conditionalities are because of this like mindset that the neoliberal realm was the only realm. And so they initiated the same kinds of structural adjustment policies the same kind of cuts to public services and the same types of kind of neo-liberal capitalist development prioritisation. And so what we see now is that general public start to vote against that they start to say well if this system as it stands all of the party A and party B offer the same thing that's not working maybe we want an anti-system candidate maybe we want to burn it all down maybe we want to get rid of the bureaucracies that don't seem to be working anyway so they may support a kind of further hallowing out of the state or an anti-institutionalist kind of approach a populist candidate and anti-establishment candidate and so that can, over time create democratic pressures or support on what might be anti-democratic means and candidates from below. And so that is not to suggest that voting publics are only driven by where they experience economic downturn, but I think more that frustration with long-term inability of the state and political competition to really deliver the kinds of benefits that we started out the conversation by listing. And in the advanced industrial democracies some of that same logic is in place as well, around a feeling that the establishment politicians all represent the same elite interests and wanting change to happen as well.

00:21:20 [Licia Cianetti](#)

Yes and the way I read your essay and this is like potential demos negative outlook is that the more wealth and economic power is concentrated, the more it is translating into political power the more the space for change or for different policies is constrained, the more difficult it is to imagine political solutions that break up this cycles of extreme wealth accumulation and no choice democracies as you highlight. And that this relationship between degenerations of neoliberal capitalism and degenerational democracy to be self self-reinforcing loop. So, I must admit I'm not finding many reasons for optimism or for hope. But is there a more positive outlook or at least something that can be done? Is there a possibility of transforming capitalism into something that can sustain rather than harm democracy and the planet or to transform democracy now we can constrain capitalism?

00:22:20 Rachel

I think that is really the question of our time. I think it is the question our generation is grappling with, by force by necessity and that we will continue to have to confront because historically there have been waves of democracy. This article is about the third wave of democracy and there were waves that have been before and often the deepening the strengthening of democracy happens through struggle, through moments of transition and uncertainty. And so I think that the Third Wave of democracy is at that point it's clear that the post-World War Two liberal order is being questioned, is being undone, is being re-made, and so that process in order to both strengthen democracy and to make democracy work as its intended to as a productive force both for economic human development that is serving the needs of humanity of citizens and in a way that is sustainable for kind of intergenerational justice for the Next Generation, I think that there are opportunities in this moment of huge uncertainty and struggle to redefine both democratic practice and what it means for a grounded productive economic competition right to remake economic competition to really allow economic competition rather than monopolies and concentration of wealth that **siamese** competition actually in economics sphere and as well as in the political sphere. So I think that there is an opportunity now for democratic defenders of all kinds to make much broader coalitions than previously existed, to make coalitions among those nascent capitalists who feel they are blocked out because of the extreme concentration of wealth amongst dissatisfied and you know kind of anti-system citizens who are looking for something different. There's an opportunity for a very heterogeneous coalition to create a cohesive movement to push beyond kind of status quo political party and demand a more positive vision for making democracy work for economic, security, and well-being. And so I think that organisation or movement will come from below and it will also just in the way that the challenges to democracy are transnational this movement will also be transnational. It will have very domestic roots and domestic contexts, but the forces that it is up against require some kind of transnational coordination.

00:25:25 Licia Cianetti

Do you see the beginnings of something like that or its more in the real mobile hope?

00:25:20 Rachel

I do see the beginnings of it. I do see the demand. I see the real public demand across the world for democracy that works better. People are questioning how to make democracy work better what the models can be and an economy that works better that allows for people to live in environments that are nourishing rather than polluting to them and their children. So I think there is a real demand for politics that can that can meet the moment, and I see some politicians responding to it but I think politicians will be the second actor. Its really a matter that has to be articulated by citizens and that is democratic practice.

00:26:02 Licia Cianetti

This is a very nice note, but before we close, we are coming up to time but I would like to know what you're working on now whether you're pursuing this further or you're working on something new?

00:26:16

Rachel

Great. Thank you so much for the opportunity I am working on the a new project that I'm extremely excited about it's tied into this but it's really connecting the ways in which democracy is backsliding so the particular ways in which democracy is attacked from within who's doing the attacking how is it happening whether it's through the courts by the executives through the legislature by the bureaucracy etc. I'm tying that to a new global database that looks at how particular instances of resistance react to these attacks so that we can have a mapping of how resistance occurs through what societal mechanisms through what institutional protections and how they interact societal and institutional protections for democracy to be successful. So in this way we have so much to learn from really important cases around the world from Senegal from Malawi from Poland from Ecuador from South Korea as they continue to demand democratic representation and push back against attacks on democracy. So this is a new line of research I'm looking forward to sharing with our audiences very soon.

00:27:38

Licia

Cianetti

That's great and so we will have you back on the podcast once you've done some of this research will be very interesting to know where you find. So it comes to the end of the podcast. I want to thank you again Rachel for joining us and thanks also to our listeners. I am Licia Cianetti, Deputy Director at CEDAR and the host of this People Power Politics podcast episode. I have been talking to Rachel Beatty Reidl, professor of public policy and government at Cornell University. Thank you very much Rachel.

00:28:06 Rachel

Thank you for having me.

00:28:10

Outro

Thank you for listening to the people power politics brought to you by CEDAR, the Centre for Elections, Democracy, Accountability and Representation at the University of Birmingham. To learn more about our centre and the exciting work we do around these issues around the world, please follow us on Twitter at cedar_bham and visit the website using the link in the podcast.