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How Inequality and Polarization Interact: America's Challenges Through a South African Lens

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Summary

Over the past decade, toxic interactions between persistent inequality, racial tensions, and political polarization have undercut the promise of South Africa's so-called rainbow miracle transition from apartheid to democracy. South Africa's recent history sheds light on the United States' recent political travails. It illustrates how interactions between inclusion and inequality on the one hand and political ideas and entrepreneurship on the other can fuel positive spirals of hope, economic dynamism, and political legitimacy—but can also trigger vicious, downward spirals of disillusion, anger, and political polarization.

South Africa was able to transition from a society structured around racial oppression into a nonracial democracy whose new government promised “a better life for all.” Especially remarkable was the speed with which one set of national ideas appeared to give way to its polar opposite. From a society marked by racial dominance and oppression, there emerged the aspiration to build an inclusive, cooperative social order, underpinned by the principles of equal dignity and shared citizenship.

In the initial glow of transition, South Africa's citizens could hope for a better life for themselves and their children. In time, though, the promise wore thin. It became increasingly evident that the economic deck would continue to be stacked, and that the possibility of upward mobility would remain quite limited. Fueled by massive continuing inequities in wealth, income, and opportunity, South Africans increasingly turned from hope to anger.

In the United States, a steady and equitably growing economy and a vibrant civil rights movement had fostered the hope of social and economic inclusion. But that hope turned to anger as the benefits of growth became increasingly skewed from the 1980s onward. In 2019, the U.S. economy was more unequal than it had been since the 1920s. Younger generations could no longer expect that their lives would be better than those of their parents. Such economic adversity and associated status anxiety can trigger a heightened propensity for us-versus-them ways of engaging the world.

In both South Africa and the United States, polarization was fueled by divisive political entrepreneurs, and in both countries, these entrepreneurs leveraged inequality in ways that added fuel to the fire. In the 2010s, South Africa went through a new ideational reckoning, in part to correct the view that the transition to democracy had washed the country's apartheid history clean. But opportunistic political entrepreneurs also pushed an increasingly polarized and re-racialized political discourse and pressure on public institutions, with predictable economic consequences. South Africa's economy slid into sustained stagnation.

Paralleling South Africa, America's divisive political entrepreneurs also cultivated an us-versus-them divisiveness. However, unlike in South Africa, political entrepreneurs and economic elites in the United States also used divisive rhetoric as a way to persuade voters to embrace inequality-increasing policies that might otherwise not have won support. By the late 2010s, the risks were palpable in both South Africa and the United States of an accelerating breakdown of the norms and institutions that sustain inclusive political settlements.

For South Africa, the reversals were not wholly unexpected, given the country's difficult inheritance—though a recent turn away from angry populism suggests that, paradoxically, the rawness and recency of the anti-apartheid struggle and triumph might perhaps offer some immunization against a further-accelerating downward spiral. But for the United States, the converse may be true. Increases in inequality since the 1980s, and their attendant social and political consequences, have been largely self-inflicted wounds. Complacency bred of long stability may, for decades, have been lulling the country into political recklessness at the inequality-ethnicity intersection, a recklessness that risks plunging the country into disaster.

But this paper's analysis is not all gloom and doom. South Africa's escape from the shackles of apartheid teaches that, even in the most unlikely settings, downward spirals of despair and anger can transmute into virtuous spirals of hope. The country's first fifteen years of democracy also show that, once a commitment to change has taken hold, making the shift to an inclusion-supporting economy is less daunting than it might seem. Reforms that foster "good enough inclusion" can be enough to provide initial momentum, with the changes themselves unfolding over time—and an initial round of change can bring in its wake a variety of positive knock-on effects.

But lessons can be overlearned. Mass political mobilization was pivotal to South Africa's shaking loose the shackles of apartheid—and new calls to the barricades might seem to be the obvious response to current political and governmental dysfunction. However, different times and different challenges call for different responses. In both contemporary South Africa and contemporary America, the frontier challenge is not to overthrow an unjust political order but to renew preexisting formal commitments to the idea that citizenship implies some shared purpose. Renewal of this kind might best be realized not by confrontation but rather by a social movement centered around a vision of shared citizenship, a movement that views cooperation in pursuit of win-win possibilities not as weakness but as the key to the sustainability of thriving, open, and inclusive societies.

Introduction

Over the past decade, the promise of South Africa’s so-called rainbow miracle transition from apartheid to democracy has been undercut by toxic interactions between persistent inequality, racial privilege, and political polarization. South Africa, however, is hardly alone in its turn away from political hope to disillusionment, anger, and despair. Indeed, many democracies worldwide—including long-standing, high-income ones—have decayed in the past fifteen years, struggling to deal with issues such as inclusion, exclusion, rising political anger, and polarization. The United States is one such country.

This paper explores the United States’ political travails in light of South Africa’s recent political history. It applies an analytic framework recently laid out in a Carnegie Endowment for International Peace paper, “South Africa: When Strong Institutions and Massive Inequalities Collide.”¹ The framework outlines how interactions between economic conditions relating to inclusion or inequality on the one hand and political ideas and entrepreneurship on the other can sometimes fuel positive spirals of hope, economic dynamism, and political legitimacy—but sometimes trigger vicious, downward spirals of disillusionment, anger, and political polarization.

At first sight, some stark differences between the United States and South Africa might make the comparison seem like a stretch. The United States is the world’s oldest continuing democracy; South Africa, part of the world’s third wave of democratization, is among the newest. The United States is among the world’s richest and most innovative economies; South Africa, a middle-income country, has been struggling for decades to set its economy on a trajectory of rapid growth. Notwithstanding these divergences, some distinctive

features of South Africa's trajectory—both strengths and challenges—make it an intriguing point of reference for a look at the United States' current travails.

At its dawn in 1994, South Africa's constitutional democracy enjoyed unusually strong institutional and political underpinnings:

- Formal, checks-and-balances institutions were strong. Paradoxically, these were inherited from the apartheid era, when they provided a robust economic, social, and political governance framework for the country's White minority.² The transition to democracy extended their umbrella of protections to the population as a whole.³
- The two political parties that were principally responsible for negotiating a democratic constitution—the African National Congress (ANC) and the National Party—both had deep roots in society and enjoyed strong support.
- The transition to constitutional democracy was painstakingly negotiated among a wide variety of stakeholders (including the two political parties, which played lead roles). The new constitutional order enjoyed near unanimous support from across society.⁴

In these strengths, South Africa resembled mature democracies that are well-anchored politically and institutionally, far more than it did most other countries that were part of the third wave of democratization in the 1980s and 1990s.

Prominent among South Africa's challenges is the country's massive economic inequality. By almost any measure the country is, and has long been, among the most (if not the most) unequal in the world.⁵ Compounding this challenge are the ways in which inequality interacts with the country's history of racist minority rule. Both inequality and racial division are, of course, features of the United States' history and contemporary reality—though the ways in which they interact with one another are very different than in South Africa. Even so, South Africa provides a useful lens for better understanding the role that these aspects play in fueling U.S. polarization.

The comparison also serves as a cautionary tale for the United States. South Africa's recent experience illustrates vividly how unresolved challenges at the intersection of inequality and ethnicity can threaten the stability of constitutional democracy. The rawness and recency of South Africa's anti-apartheid struggle and triumph might perhaps offer some immunization against further acceleration of a downward spiral. But for the United States, the converse may be true: complacency bred of long stability may, for decades, have been lulling the country into recklessly hurtling toward disaster.

This paper first outlines the origins of each country's putatively inclusive political settlement. It then examines some specific demand-side channels through which inequality has contributed to rising anger and division in both South Africa and the United States. Next,

it focuses on the supply-side role of divisive ideational politics in accelerating polarization and its links to inequality in both countries.⁶ Finally, it takes inspiration from South Africa's 1990s escape from the shackles of apartheid to explore what it might take to set in motion a virtuous spiral that has sufficient momentum to propel each country beyond the mire of today's political distemper.

Two Political Settlements

In the first decade of the twenty-first century, both the United States and South Africa were beacons of possibility for people around the world who valued democratic governance and inclusive societies. South Africa shone internationally for its 1990s “rainbow miracle,” which transformed a society structured around racial oppression into a nonracial democracy whose new government promised “a better life for all.”⁷ The United States was an exemplar, not only as the world's longest continuing democracy but also as a country that, with the election of Barack Obama as president, seemingly demonstrated democracy's capacity for continuing renewal.

Yet by the late 2010s, these seemingly strong commitments to inclusion had gone into reverse. How this happened in both countries is a complex story. A useful starting point can be found by analyzing their so-called political settlements, which helps illuminate both countries' bases for inclusion—as well as their vulnerabilities.

Political Settlements

Containing violence and providing a platform of stability comprise “the most fundamental problem societies face.”⁸ The concept of a political settlement offers a useful way to analyze how countries address this “fundamental problem.” Crystallizing a decade's worth of contributions, Tim Kelsall and colleagues define a political settlement as:

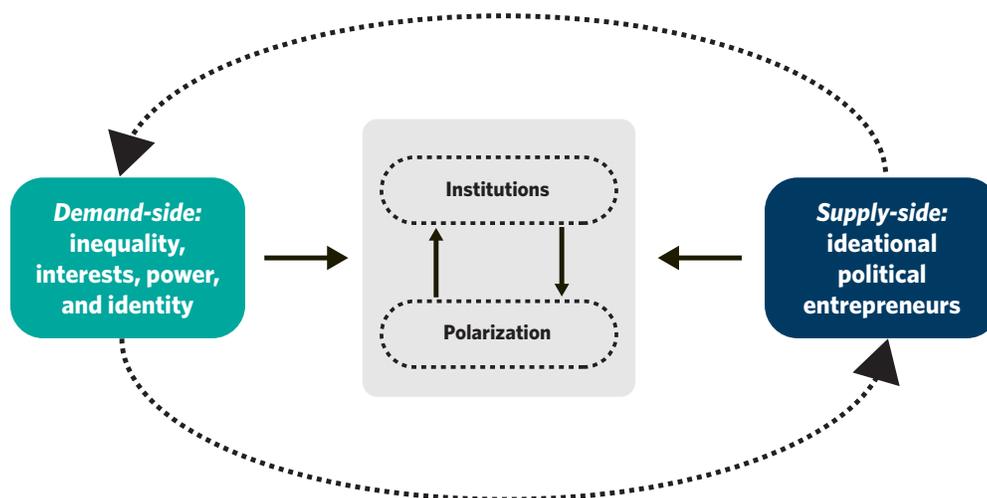
an ongoing agreement (or acquiescence) among a society's most powerful groups over a set of political and economic institutions accepted to generate for them a minimally acceptable level of benefits, and which thereby ends or prevents generalized civil war and/or political and economic disorder.⁹

Figure 1 highlights three interrelated aspects of political settlements. The first focuses on the stability of a settlement, specifically the influence of political polarization and institutional quality on that stability. Per economist Douglass North's classic definition, institutions provide the *de jure* or *de facto* “rules of the game” that govern interactions among the powerful groups that are party to the settlement, including the arrangements for monitoring

and enforcement.¹⁰ Strong formal institutions, as containers of politics, have provided a strong underpinning for both the U.S. and South African political settlements. However, the converse also is true; as is evident in both South Africa and the United States, accelerating polarization can lead to the weakening of seemingly robust institutions.

The second aspect highlights the so-called demand-side influences of inequality, interests, and power (plus identity, which will be discussed further) on how citizens engage politically. Power is central to the definition of a political settlement. In some contexts, the range of groups with political influence may be broad; in others, it may be narrow. At the limit, power may be concentrated in the hands of a single dominant group with sufficient ability to secure the acquiescence of other groups. Stability can thus be achieved via either repression or inclusion.

Figure 1. Underpinnings and Vulnerabilities of Political Settlements



Source: Author's elaboration.

A combination of concentrated power, repression, and inequality can be stable (as it was at the peak of apartheid in South Africa). Political and economic inclusion can be too. Emerging misalignments between the distribution of power and economic benefits (including expectations as to future flows of both power and benefits) can destabilize a political settlement. Such misalignments have turned out to be important drivers of change in the evolution of both the U.S. and South African political settlements.

The third aspect highlights both the so-called supply-side influence of political entrepreneurs on the stability of a settlement and the role that ideas play.¹¹ Ideas find their way into political discourse via both the demand- and supply-driven sides. On the demand side, they

enter via the ideas that citizens have about how the world works and their place in it. On the supply side, they enter via the efforts of political entrepreneurs to shape and reshape those ideas. As shall be evident, ideational politics has played a central role in underpinning (and sometimes undermining) both the U.S. and South African political settlements. Further, in both countries, interactions between inequality and ideational politics are a key aspect of the unfolding dramas.

South Africa's 1990s Political Settlement

South Africa's twentieth century history illustrates how power, institutions, ideas, and inequality interact to support (or undermine) the stability of political settlements.

For much of that century, the country was an extreme example of one particular configuration of power: stability via exclusion and repression. The country's political settlement was organized around rule by a White minority that, even at its twentieth-century peak, never accounted for more than 20 percent of the population, as well as the denial of both political rights and economic opportunity to Black South Africans and the enforcement of such denials via a combination of draconian law and military/policing power. From the mid-1930s until the early 1970s, repression provided a sufficient platform of stability to enable the economy to grow rapidly (albeit with massively unequal distribution of benefits).

From the mid-1970s onward, deepening resistance undermined stability. A series of strikes by Black workers in 1973, followed by the 1976 Soweto uprising, sparked the emergence of a broad-based opposition movement mobilized within the country under the umbrella of the United Democratic Front and internationally by the exiled wing of the ANC, the global End Apartheid and Free Nelson Mandela movements, and the weight of economic sanctions. The economy stagnated and the political crisis intensified.

In 1989, following a change in political leadership within the ruling National Party, South African president F.W. de Klerk lifted the ban on the ANC and other opposition parties. The following year, Nelson Mandela was released after twenty-seven years in prison. A three-year process of negotiation (along with continuing spasms of political violence) culminated in an agreement based on a new political settlement. The carefully orchestrated transition began with the promulgation of a new, democratic interim constitution, followed by the country's first nonracial democratic election and Mandela's accession to the presidency in 1994. In 1996, parliament approved a constitution that provided the legal foundation for democracy, anchored in the rule of law and protection of rights.

Table 1. The Deals That Underpinned South Africa’s Democratic Political Settlement

Interelite deals	Incorporation of nonelites
<p><i>Between White elites and new political leadership</i></p> <ul style="list-style-type: none"> - Rebalance political power - Cooperate for win-win - Sustain constitution and rule of law (including property rights) - Fiscal restructuring - Elite Black economic empowerment 	<p><i>Equal formal rights</i></p> <ul style="list-style-type: none"> - Political rights - Equal rights before the law
<p><i>Intra-ANC resolution to the challenges of securing cooperation among old and new elites</i></p>	<p><i>A promise to reduce extreme poverty</i></p>
<p><i>Intra-ANC commitment to protect the interests of new middle-class insiders</i></p>	<p><i>A promise of upward mobility</i></p>

The new political settlement was built around a very different configuration of power than what had prevailed during the apartheid era, new bargains among a broader set of elites, and the introduction of ways of to incorporate nonelites. The new interelite deals are summarized in the left-hand column of table 1. The settlement established new platforms for cooperation between old and new political elites, as well as between the established (and overwhelmingly White) economic elite and the country’s new political leadership. It also implicitly promised that the ANC’s political structures would align these diverse stakeholders under its umbrella toward a shared national purpose.¹²

To incorporate nonelites, the settlement seemingly committed to a massive expansion of inclusion, involving: a commitment to equal formal political and legal rights; a promise to reduce extreme poverty; and a promise of upward mobility, thereby enhancing nonelites’ access to resources and opportunities. Indeed, one of the attractions of the new settlement for apartheid-era elites was that the ANC’s certain accession to power via a democratic election would confer legitimacy across society for the negotiated constitutional order.

South Africa’s transition to democracy offers a compelling example of the central role that ideas can play in underpinning a political settlement—specifically the idea that a thriving future could be built around cooperation and thus create the possibility of win-win outcomes with shared benefits.¹³ What made South Africa’s rainbow miracle so remarkable was the speed with which one set of national ideas appeared to give way to its polar opposite. From an essentialist, race-based society marked by internalized patterns of dominance and oppression—which framed its central conflict in terms of a struggle between competing nationalities—there emerged the aspiration to build an inclusive, cooperative social order, underpinned by the principles of equal dignity and shared citizenship.

The challenge of matching aspirations with action was significant. As detailed further below, many of the deals identified in table 1 turned out to be less than realistic.¹⁴ The ANC's implicit commitment to align its contending interests around a shared national purpose came more from faith than from experience governing a country. The promise of upward mobility and the commitment to protect the interests of existing middle-class insiders were in direct conflict with one another. The initiatives did not address in any systematic ways the country's extreme concentration of wealth and income.

Notwithstanding these ambiguities, the deals seemed solid enough to move the country forward for the first fifteen years or so of its democracy. South Africa's democratic political settlement was hailed globally as a landmark—a rainbow miracle that suggested that even centuries-old racial enmity could be overcome. However, the promises turned out to be only the start of what has become an increasingly difficult journey.

The United States' Mid-Twentieth-Century Political Settlement

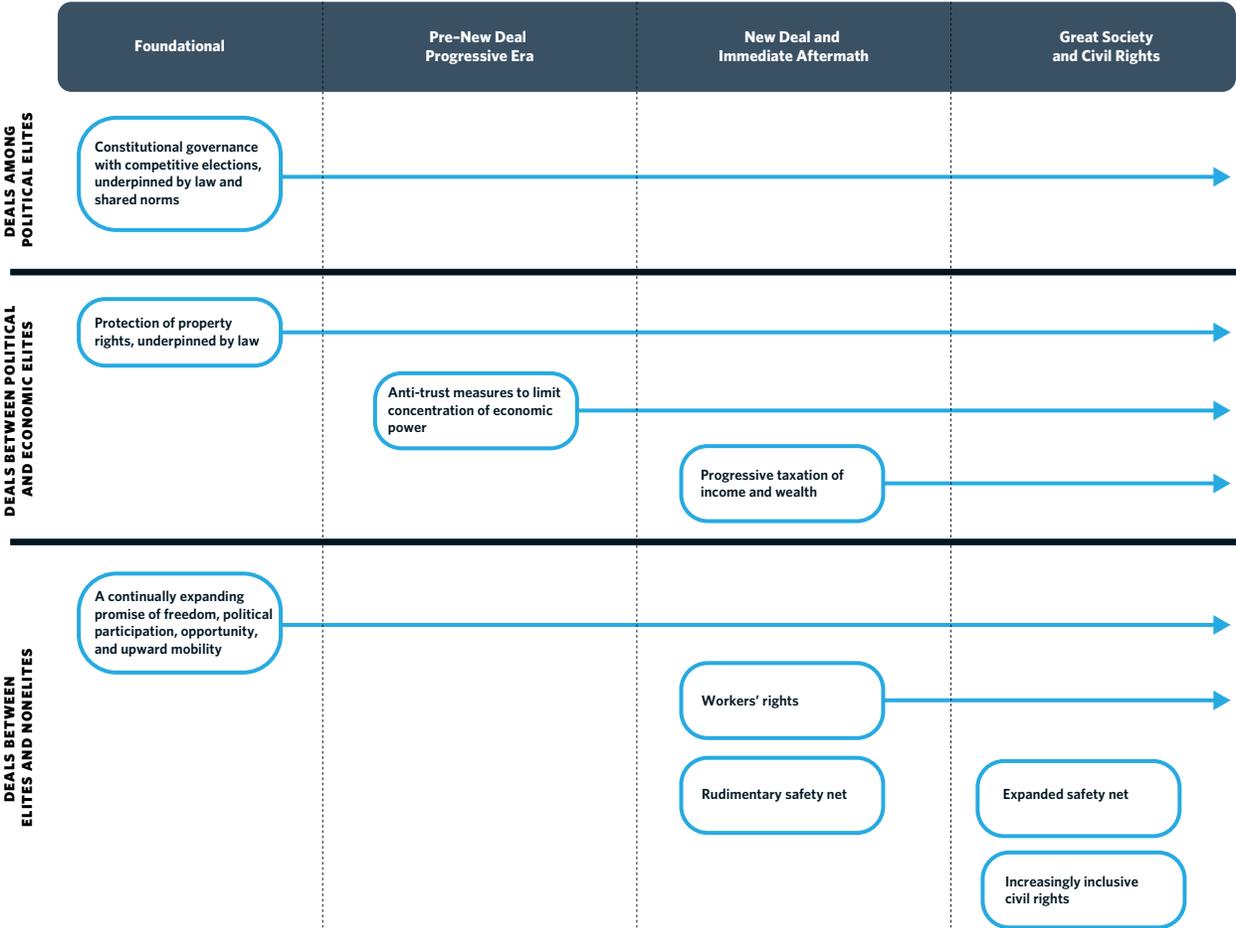
By comparison with South Africa (and, indeed, with the vast majority of countries the world over), the United States' political settlement has until the last decade or so seemed enviable in its durability, robustness, and capacity to adapt. The foundations of the settlement were set by the 1776 U.S. Revolutionary War and the 1787 constitutional convention. In parallel with South Africa's settlement, the U.S. political settlement can also be perceived as being built around three sets of deals that, taken together, encapsulate the idea of an "American Creed":

1. a deal among political elites that established constitutional governance, with electoral alternation of political power, underpinned by law and shared norms;¹⁵
2. a deal between political and economic elites that protected the property rights of economic elites, subject to an expanding set of constraints; and
3. a deal between elites and nonelites that promised freedom, political participation, opportunity, and upward mobility—with continuing expansion over time in the scope of application of these rights and the government's role in underpinning the opportunity to realize these promises.¹⁶

These deals reflected a set of shared ideas about what constituted a so-called good society among the elites and nonelites who enjoyed political influence. Strong formal institutions underpinned them by providing assurance that commitments to these ideas would be honored.

Initially centered around property-owning White men, ongoing struggles resulted in a gradual, cumulative broadening of America’s settlement. The nineteenth century saw a sustained struggle to end slavery, the turbulent decades leading to the 1861–1865 Civil War, the devastating war itself, and its contested aftermath from Reconstruction to the beginning of the Jim Crow era.¹⁷ During the Progressive Era, from the 1890s to the 1920s, broad swathes of society were mobilized around a wide variety of both economic and social reform initiatives—including multiple, often violent, conflicts between business and the nascent labor movement. In 1920, seventy-two years after the Seneca Falls Convention, women won the right to vote. Figure 2 provides an overview of the United States’ political settlement and its building blocks, viewed from the perspective of the mid-1960s.

Figure 2. Building Blocks of the United States Mid-twentieth-century Political Settlement



Source: Author’s elaboration.

The role of inequality in fueling polarization has shifted repeatedly over the course of the past century. While inequality rose into the 1920s, the Great Depression, the New Deal, and World War II transformed America's distributional landscape. The United States became a relatively equitable society in aggregate (though certainly not for Black Americans and some other minority groups) and remained so until the 1980s. In 1950, the American Political Science Association's Committee on Political Parties recommended "establishing a starker difference between party platforms."¹⁸

Even as distributional issues receded from America's political debates, a new cycle of polarization began in the late 1980s.¹⁹ For the first few decades, the cycle was fueled not by new increases in inequality but by ideas—both the struggle for civil rights for Black Americans and opposition to U.S. escalation in Vietnam. These, combined with an increasingly anti-establishment, countercultural ethos, provoked an increasingly angry backlash.

In both economic and social policy, U.S. president Richard Nixon (in office from 1969 until his resignation in 1973) governed from the center. However, his strategy for clawing votes away from Democrats increasingly focused on the so-called culture wars. He aimed both to win the votes of White Southerners, who were increasingly disaffected by the Democratic Party's support for civil rights, and, more broadly, to win support from a so-called silent majority alienated by anti-Vietnam demonstrators and the wider countercultural movement. In a late 1969 speech, Nixon's vice president Spiro Agnew gave a flavor of the times:

The young . . . overwhelm themselves with drugs and artificial stimulants. . . . The student now goes to college to proclaim rather than to learn. The lessons of the past are ignored and obliterated in a contemporary antagonism known as the generation gap, encouraged by an effete corps of impudent snobs. . . . For too long, the South has been the punching bag for those who characterize themselves as intellectuals. . . . these arrogant ones and their admirers in the Congress, are asking us to repudiate principles that have made this country great.²⁰

In their 2019 book *Cultural Backlash*, Pippa Norris and Ronald Inglehart lay out an ambitious framework for exploring how and why shifts in ideas (especially those that shape identity and give meaning) can drive political polarization. They distinguish between two radically different constellations of values:

- Materialist values, in which people "give top priority to economic and physical safety and conformity to group norms." Materialist values are measured with a battery of questions that assess "the core concepts of conformity (the importance of behaving properly and following traditions), security (the importance of living in secure surrounding and of a strong government to protect against threats), and deference (the importance of following rules and doing what one's told)."

- Post-materialist values, with “increasing emphasis on individual freedom, and more tolerant social norms.” They measure these “personal libertarian values” using a battery of questions that assess “the values of non-conformity, independence and personal autonomy (the importance of being free and not dependent on others).”²¹

As Norris and Inglehart detail, since the end of World War II, the relative weight of these two sets of values has shifted increasingly from materialist to post-materialist in both Europe and the United States. Each successive generational cohort has increasingly embraced post-material values. The researchers employ careful statistical analysis to show that four variables—generational cohort, family income, level of education, and location (urban versus rural)—each exert a significant influence on which values a given individual is likely to hold.

This shift in values is not seamless. As societies become more affluent and their populations more educated and urban, values change. Some values-driven conflict is inevitable. Always and everywhere, tensions between materialist and post-materialist values intertwine inextricably with ongoing conflicts rooted in a country’s distinctive history.

The United States illustrates just how fraught these shifts in values can be. A post-materialist vision for the country is inclusive and respectful of equal rights and opportunities for Black Americans, women, and LGBTQ individuals. It values empathy and protection of the environment. A materialist vision is patriarchal, oriented toward respect for authority, and socially conservative (including, for some, a continuing embrace of racial and ethnic stereotypes).

A central goal of this paper is to understand how the form and intensity of conflicts between traditional and progressive values evolve, distinguishing between the supply-side and demand-side drivers of polarization and exploring how each interacts with inequality. First, however, the role of racial politics requires closer examination.

A Paradox of Racial Politics

In both South Africa and the United States, the 2010s witnessed accelerating polarization. Given both countries’ long and fraught racial histories, it is natural to expect that a paper comparing their recent turns from hope to anger will offer insight into the role of racial politics. Hopefully, this analysis will provide some clarity—but, perhaps, in a surprising way. The comparison points toward an instrumentalist rather than essentialist interpretation.

From an essentialist perspective, racism and entitled white privilege inevitably short-circuit efforts to build inclusive polities, economies, and societies. By contrast, this paper argues that in both South Africa and the United States, economic adversity has been a central driver of contemporary polarization. In both countries, polarization has been accompanied by racial tropes, but these tropes have, in important part, been fueled by opportunistic political entrepreneurs.

In the mid-1980s, a catastrophic race war seemed all but inevitable in South Africa. Yet a decade later, Mandela had become president and a nonracial constitutional order had been put in place. Racist mindsets, entitlements, and resentments did not disappear when apartheid ended. But remarkably, given its deep historical roots, racism did not block far-reaching political and social transformation. Indeed, social norms shifted almost overnight—from racist presumptions being broadly acceptable among the White minority to a delegitimization (including among White people) of engaging with the world in overtly racist ways.

As this paper will explore in later sections, South Africa's recent polarization has been fueled not only by residual racism but by failures to deliver on some of the key economic deals that underpinned the country's political settlement in the 1990s (outlined earlier in table 1). The failures lay less in realizing the promise of reducing extreme poverty (where there were actually quite substantial gains) and more in delivering on promises of upward mobility and of racial transformation within the elite echelons of society. In this, South Africa's recent experience parallels directly Albert Hirschman's classic analysis of interactions between inequality and polarization in Latin America. Tolerance for inequality, Hirschman suggested:

is like a credit that falls due at a certain date. It is extended in the expectation that eventually the disparities will narrow again. But if the expectation . . . does not occur, there is bound to be trouble and, perhaps, disaster. . . . Nonrealization of the expectation that my turn will soon come will at some point result in my "becoming furious"; that is, in my turning into an enemy of the established order. . . . No particular outward event sets off this dramatic turnaround.²²

Given South Africa's fraught history, it hardly is surprising that this shift from hope to disillusionment and anger found expression in a new round of racist tropes championed by opportunistic political entrepreneurs.

Europeans first brought Africans to America's shores as slaves in 1619. Since then, Black Americans have confronted a seemingly endless struggle to shake loose the shackles of political and economic discrimination. America's mid-twentieth-century civil rights struggle inspired people the world over, including in South Africa. One seemingly obvious interpretation of current American polarization is that it is a backlash to that struggle (including, especially, the 2008 election of Barack Obama as the country's first Black president). Yet South Africa's recent experience with polarization, Hirschman's insights from Latin America, and recent trends in U.S. inequality (which will be discussed in detail later) all point in a different direction. They suggest that rather than focusing narrowly on the interplay between Black citizens' aspirations and white supremacy or perceived entitlement, it is useful to explore more broadly how dashed expectations and racial tropes interact with one another.

The dashed economic aspirations of recent decades were felt broadly across America's racial divides—not only among Black Americans, who (in contrast to South Africa, where Black citizens make up the large majority) comprise about 13 percent of the total population.²³

Indeed, in relative terms and by comparison with historical trends, the shock of economic disappointment was especially severe among nonelite White Americans. Opportunistic political entrepreneurs, together with their backers among the economic elite, played a pivotal role in championing policies that fueled rather than mitigated economic adversity. Subsequently—and in parallel with South Africa—once economic adversity took its toll, these entrepreneurs used a variety of us-versus-them tropes to strengthen their political position and leveraged the country’s deeply rooted conflicts (including, but by no means limited to, fraught racial politics) as fuel for polarization.

Inequality and the Demand Side of Polarization

In order to thrive, inclusive political settlements need to rest on a foundation of legitimacy, an acceptance among a broad swathe of the populace of the rules of the game (including the distribution of economic outcomes). While some conflict is integral to an inclusive, democratic settlement, beyond a certain point polarization can undermine a settlement’s foundation. How people understand their identity is key: Does a sense of citizenship help to contain conflict? Or are perceptions of shared citizenship trumped by us-versus-them divisions? This section will explore the demand side of polarization, focusing especially on the extent to which dissatisfaction with the political settlement is fueled by unequal economic opportunity and outcomes.

South Africa’s Enduring Extreme Inequality

For a while, it seemed as if the ANC might realize the promise of its popular slogan “a better life for all.” Access to services expanded rapidly. Economic growth accelerated. The proportion of the population trapped in extreme poverty with daily hunger fell from 28 percent in 1996 to 11 percent in 2011.²⁴ However, South Africa’s gains came from an extraordinarily low base.

Between 2000 and 2010, South Africa increased the share of expenditure by the poorest 40 percent of the population from 5.5 percent to 6.9 percent of gross domestic product (GDP). By contrast, in the early 2000s, spending by the bottom 40 percent of Brazilians (perceived then to be the exemplar of inequality among middle-income countries) accounted for 8.1 percent of the country’s GDP.²⁵ Meanwhile, at the other end of the distributional spectrum, the most affluent 5 percent of South Africa’s population continued to account for

a far higher share of spending than in other middle-income countries. Two aspects of these continuing inequalities were especially threatening to the legitimacy, and thus stability, of South Africa’s political settlement.

The first aspect was the difficulty of incorporating nonelites into the economic mainstream. South Africans confront a stark distributional cliff: earnings are concentrated within the top quarter or so of the population; beneath that there is a missing ladder of opportunity. As table 2 shows, as of 2014, half the population was still mired in chronic poverty and an additional quarter remained vulnerable to losing whatever tenuous gains they had achieved. More so than in other middle-income countries, South Africans were (and continue to be) either affluent or poor—few are in between.

Table 2. South Africa’s 2014 Population Distribution, by Ethnicity and Class

	Total (%)	Black South African (%)	Other Black (%)	White South African (%)
Chronic poor	49.5	46.9	2.5	0
Transient poor	12	10	2	0.1
Vulnerable	15	13	2	0
Middle class	20	9.5	4	6.5
Elite	3.5	0.6	0.5	2.4
% of total population	100	80	11	9

Source: Simone Schotte, Rocco Zizzamia, and Murray Leibbrandt, “Social Stratification, Life Chances and Vulnerability to Poverty in South Africa,” *SALDRU* no. 208 (2017): <http://opensaldru.uct.ac.za/handle/11090/883?show=full>.

Note: Simone Schotte and colleagues detail the conceptual basis for the subcategories and generate the estimates on the basis of careful empirical modeling of panel data from the South African National Income Dynamics Study.

In the initial glow of the country’s democratic miracle, its citizens could believe in the possibility of a better life for themselves and their children. In time, though, the promise wore thin. It became increasingly evident that the economic deck would continue to be stacked (though no longer on a racial basis) and that the possibility of upward mobility would remain quite limited. Even prior to the coronavirus pandemic, the unemployment rate was above 30 percent—among the world’s highest. By 2021, for job seekers between the ages of 15 and 24, it exceeded 60 percent, and one in three South Africans between the ages of 15 and 24 were entirely disengaged from the labor market, neither employed nor engaged in education or training.²⁶ Hirschman’s insights into how disappointed expectations can turn hope into anger apply directly.

Continuing inequality also challenged the stability of South Africa’s political settlement at the elite level. To be sure, equal formal political rights had been granted to all, and political power had shifted to the Black majority. Additionally, Black economic empowerment (BEE)

initiatives were put in place, with the aim of transforming the ethnic complexion of both ownership and management in the White-dominated economy. However, their high profile notwithstanding, the BEE initiatives achieved less than it seemed on the surface. As table 2 illustrates, as of 2014, White South Africans accounted for over two-thirds of the most affluent population, making up two-thirds of the country's richest 3.5 percent. Indeed, almost all White South Africans (who comprise only 9 percent of population) were in the top quarter of earners.

Fueled by continuing inequities in wealth, income, and opportunity, South Africans increasingly turned from hope to anger in the 2010s. As this paper will explore in more detail, a new ethnopopulist political party emerged, political discourse within the ruling ANC became increasingly rancid, and state institutions were repurposed for predatory purposes.

Inequality and Discontent in the United States

Inequality and polarization have interacted in different ways in the United States than in South Africa. While the United States was highly polarized during the 1960s—and the civil rights movement highlighted the enduring legacy of economic and social discrimination against Black Americans—in aggregate the United States was a mostly equitable society. However, in recent decades, the U.S. economy has become increasingly unequal. This section will explore whether and how increases in inequality have fueled political polarization in the United States.

Trends in U.S. inequality. Between 1946 and 1980, the U.S. economy grew steadily and equitably; pretax real income rose at an annual average of about 2 percent across all segments of the distribution, other than the very top, where income growth was slower. However, subsequent to 1980, the benefits of growth became increasingly concentrated; over half of the total increment in real income went to the most affluent 10 percent, with disproportionate gains at the very upper end of the distribution.²⁷ In 2019, the U.S. economy was more unequal than it had been since the 1920s.²⁸

Beneath the aggregates, the economic fortunes of different subgroups have diverged radically. As table 3 shows, between 1979 and 2019, workers with an advanced degree have done relatively well, as have women. But, with less than 10 percent of the gains over the four-decade period accruing to the bottom half of the population, many have experienced worse economic circumstances.²⁹ To take one politically salient example, the real earnings of the median White male employee between twenty-five and fifty-four years old with less than a college degree fell by 23.4 percent.

Table 3. Real Median Hourly Earnings for U.S. Employees, 1979–2019

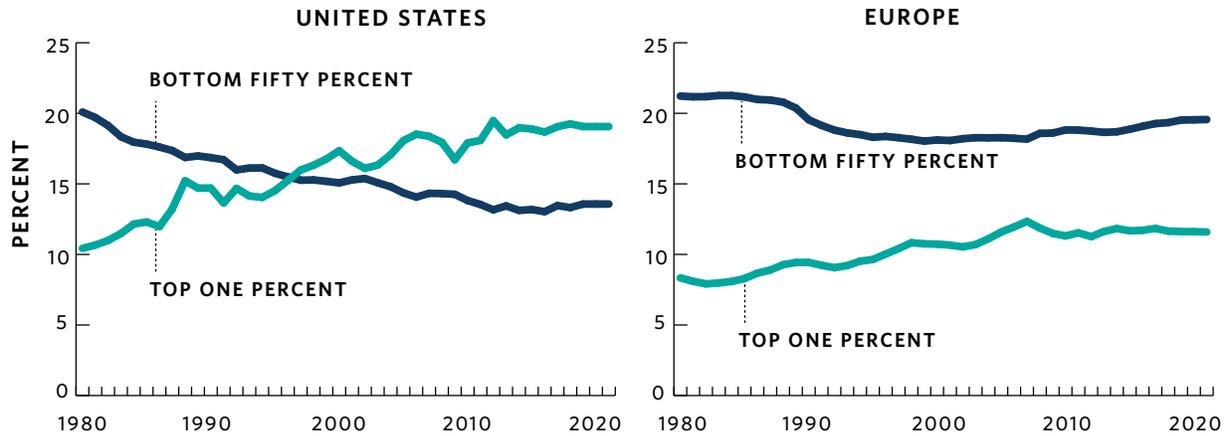
	1979	2019	% change
Advanced degree	30.19	38.46	+27.4%
Bachelor's degree	26.42	28.85	+9.2%
Some college	22.86	20.00	-12.5%
High school diploma	19.87	17.14	-13.7%
No high school diploma	17.19	14.75	-14.2%
All women	16.20	20.88	+28.9%
All men	25.79	25.00	-3.1%
White men	26.42	27.78	+5.1%
Black men	20.82	19.23	-5.0%
Hispanic men	19.73	18.00	-8.8%
White men, age 25-54 with less than bachelor's degree (annual, 2014 U.S. Dollar rate)	\$47,000	\$36,000	-23.4%

Source: Sarah A. Donovan and David H. Bradley, "Real Wage Trends, 1979 to 2019," Congressional Research Service report number R45090, December 28, 2020, <https://crsreports.congress.gov/product/details?prodcode=R45090>; and Jared Bernstein, "Real Earnings, Real Anger," *Washington Post*, March 9, 2016, <https://www.washingtonpost.com/posteverything/wp/2016/03/09/real-earnings-real-anger>.

Note: The data show median hourly earnings of the median U.S. employee for each category in 2019 dollars.

What accounts for the contrasting economic fortunes of different parts of the American workforce? The economic divergence coincided with accelerating globalization, far-reaching technological change, and an overall shift from being a manufacturing-based economy to a knowledge-intensive one. However, as figure 3 signals, a narrow focus on structural economic change does not adequately explain the United States' distributional shifts.³⁰ Europe also was affected by changes in technology and trade, but, as figure 3 also shows, its distributional changes were far more modest. The rise in American disparities was fueled by the dismantling of the policies, institutions, and norms that had provided the basis for shared prosperity in the quarter-century after World War II.

Figure 3. Differences in Pretax Income Shares Between the United States and Europe



Source: World Inequality Database, accessed March 2022, <https://wid.world>.

There have been substantial changes in fiscal policy, including continuing declines in the tax burden of the most affluent. As economists Emmanuel Saez and Gabriel Zucman detail, the U.S. tax system in 1950 was somewhat progressive, taxing the rich at higher rates than the poorer; subsequently, though, the effective tax rate declined, especially at the very top. The changes evolved in a back-and-forth way: Republican presidents (Ronald Reagan, George W. Bush, and Donald Trump) cut rates, especially at the top; these cuts were partially reversed by their Democratic successors (Bill Clinton and Barack Obama). The corporate tax rate declined from 45 percent in the late 1970s to 35 percent from the late 1980s until 2017, then all the way down to 21 percent in the Trump years.

Regressive fiscal policy cannot, however, account for the disparate trends evident in figure 3; the shares shown there are pretax. Rather, an emerging consensus emphasizes the role of predistributional policies in shaping the extent to which a country’s economy is inclusive (which accounts for the U.S.–European Union variations). These policies include:

- differences in access to higher education and training,
- differences in the organization of health systems,
- differences in minimum wage rules,

- differences in the roles and power of trade unions (including sectoral bargaining), and
- differences in corporate governance practices.³¹

Back in 2007, economist Paul Krugman highlighted the impact on U.S. inequality of the last two of these:

CEOs have seen their income rise from about thirty times that of the average worker in 1970 to more than three hundred times as much [in 2005] . . . [This change] is largely due to changes in institutions, and in norms such as the once powerful but now weak belief that having the boss make vastly more than the workers is bad for morale.³²

Krugman identified the decline in union membership as a key reason why managers and shareholders became increasingly unconstrained in their decisions on levels of executive pay. Structural change in the economy also played a role: top earners increasingly were in financial and information technology sectors, rather than place-based (and community-anchored) manufacturing.

Economic adversity and the demand for polarization. Anger within a political system can be provoked in a variety of ways. Some may be wholly cultural (for example, backlash by social conservatives), while others might be directly economic (for example, rage evoked by newly straitened economic circumstances). In yet others, the causal chain from adversity to anger and polarization may be more circuitous.³³ This subsection explores the role of economic drivers in fueling a shift away from an inclusionary sense of citizenship toward more exclusionary, us-versus-them identities. As with the South African analysis, the first step is to unbundle the umbrella concept of inequality into component parts.

One possible channel through which inequality potentially can fuel the demand side of polarization comprises anger at the disproportionate gains accruing to the topmost tiers of the income distribution. But while anti-elitism has a long history in American society, that anger has not been targeted at wealth per se (except from a minority on the left).

A second possible channel comprises anger on the part of those stuck at the very bottom of the distribution. Trump’s voters, however, were disproportionately White; as discussed earlier, those at the bottom of the United States’ economic ladder disproportionately are not White.

A third channel through which inequality fuels polarization is the one most relevant to the present analysis: anger at the loss of social and economic standing on the part of those who, though not at the bottom of the distribution, find themselves on the wrong side of uneven economic changes. In parallel with South Africa, this is an instance of Hirschman’s “tunnel

effect”—with dashed expectations (rather than absolute destitution) fueling increased polarization. Key in the U.S. context are White voters who are not part of the country’s economic and cultural elites—the approximately half of White voters (who comprise about one-third of the total electorate) with incomes below the top third of income earners and with less than a four-year college education.³⁴

In 2008, contrary to some familiar stereotypes, the nonelite half of the United States’ White electorate voted strongly for Obama. However, the same group swung eighteen points toward Trump in the 2016 presidential election.³⁵ Mutually reinforcing interactions between economic and ideational drivers explain why nonelite White voters increasingly have gravitated toward polarized politics.

As table 3 showed, lower-income and less educated White voters have been especially adversely affected by the United States’ transformation from manufacturing to a knowledge-oriented economy. The knowledge economy is concentrated in the metropolitan centers that line America’s West and East Coasts.³⁶ Nonelite White voters, however, largely live outside of these major voting centers. As of 2016, White people comprised about two-thirds of the U.S. voting population and 79 percent of the population in rural areas—but only 44 percent of the population in cities with more than one million residents.³⁷ The nonmetropolitan population is skewed toward those with lower levels of education. To a large extent, the political and economic trajectories of nonelite White voters and of nonmetropolitan America have thus become increasingly intertwined.

White Americans left behind by economic change have been vulnerable to an epidemic of so-called deaths of despair. The death rate from suicide, alcohol, or drug abuse among White American men aged forty-five to fifty-five with less than a bachelor’s degree rose from fifty-five per 100,000 people in 1990 to 165 per 100,000 in 2017.³⁸ These deaths of despair are concentrated geographically in the industrial Midwest and in smaller metro or nonurban areas.³⁹ As Princeton’s Anne Case and Angus Deaton, who documented the pattern, argue,

deaths of despair and income inequality are indeed closely linked, but not with a simple causal arrow running from inequality to death. . . . Deaths of despair reflect a long-term and slowly unfolding loss of a way of life for the white, less educated working class. . . . [Economic] changes, prolonged for long enough, undermine social life and the structure of society. . . . Wages work through these factors, not directly.⁴⁰

Research across multiple disciplines offers potent, unsettling insights into how economic adversity and associated status anxiety can trigger a heightened propensity for us-versus-them ways of engaging the world. Stanford Professor of Neurology and Neurosurgery Robert Sapolsky summarizes the causal mechanisms:

Our brains form us/them distinctions with stunning speed. . . . The core of us/them-ing is emotional and automatic. . . . Feelings about “us” center on shared obligations, on willingness and expectation of mutuality . . . inflating the merits of “us” concerning core values. . . . A consistent pattern is to view “them” as threatening, angry and untrustworthy.

We are our most pro-social concerning out-group morality when cognition holds sway, but are our most pro-social concerning in-group morality when our rapid, implicit emotions and intuitions dominate. . . . With sustained stress, we process emotionally salient information more rapidly and automatically, but with less accuracy. Working memory, impulse control, executive decision-making, [and] risk assessment [are] impaired. . . . We become less empathic and pro-social.⁴¹

Recent research has explored systematically some causal linkages between economic pressure (especially when emanating from more or newer markets that aren't part of the Organization for Economic Cooperation and Development), social anxiety, and a heightened propensity for us-versus-them thinking. One study finds a statistically significant relationship at the county level between the extent of competition on the local industrial base from Chinese imports and a propensity to enforce social norm conformity and adopt authoritarian values.⁴² A second uses a combination of statistical and experimental techniques to demonstrate both how an increase in economic adversity can trigger anger and how increased anger leads to greater affinity for populist politics.⁴³ A third study shows how, independent of their specific impact on economic adversity, us-versus-them responses are especially likely to be evoked when job-threatening imports (and immigrants) come from a more foreign-seeming source (like Cambodia, as opposed to France, for example) and when communities find themselves subject to recent increases in diversity.⁴⁴

The propensity for adversity to fuel an embrace of polarizing, us-versus-them identities has been compounded by spatial sorting. As those with a college education continue to leave nonmetropolitan, predominantly White communities, it not only makes economic adjustment more difficult, it also sorts culturally: the people with the least inclination to migrate generally are those with more socially conservative attitudes.⁴⁵ The result is an increasing, mutually reinforcing propensity for us-versus-them thinking among those who remain. As Will Wilkinson puts it in a Niskanen Center research paper,

Racial [status] anxiety and economic anxiety aren't really rival hypotheses about the appeal of Trump's ethno-nationalist populism. They're deeply intertwined aspects of the same story. . . . The descent of most of the country's non-urban territory into the economic doldrums dried the ethnocentric kindling of its overwhelmingly white, less-educated, temperamentally conservative exurban and rural population . . . supplying the perfect conditions for a race-baiting demagogue to fan the flame into a populist inferno.⁴⁶

Historical Legacies and Self-Inflicted Wounds

In both South Africa and the United States, dashed economic expectations have fueled the demand side of polarization and undercut what had seemed like hopeful steps toward increasingly inclusive societies. Yet their pathways to this unhappy moment were very different from one another.

South Africa embraced constitutional democracy in 1994, finally leaving behind a long history of legally sanctioned racial privilege and oppression. But massive economic and social challenges were lurking beneath the glow of the rainbow miracle. For centuries, economic disparities and racial privilege had been inextricably intertwined: the predominantly White top 20 percent of the distribution corralled for themselves a higher proportion of national income than their counterparts almost anywhere on earth. The hope was that, with the coming of democracy, there would be new momentum for shifting the distribution of economic benefits and building a vibrant middle class. Doing so, however, proved to be enormously difficult. By the 2010s, hope had curdled into disillusion.

The United States also has a long history of racial division and oppression. As of the mid-1970s, though, there was every reason to hope that the arc of the moral universe was bending toward justice—that American history might, not unreasonably, be interpreted as a long, circuitous, but largely successful journey toward realizing the promise of social and economic inclusion.⁴⁷ America's middle classes had become accustomed to rising affluence and opportunity; Black Americans (who made up less than 12 percent of the population) could reasonably expect the civil rights movement to bring better economic prospects in its wake. Notwithstanding continuing economic disappointment, the election in 2008 of Obama as the country's first Black president seemed to be a potent sign that the country had made great strides.

However, that optimistic interpretation failed to reckon with resentments that festered beneath the surface. It especially overlooked the ways in which these resentments interacted with the large number of White Americans outside the elite classes and coastal cities who increasingly found themselves in straitened economic circumstances. In 2016, resentment transformed America's political landscape.

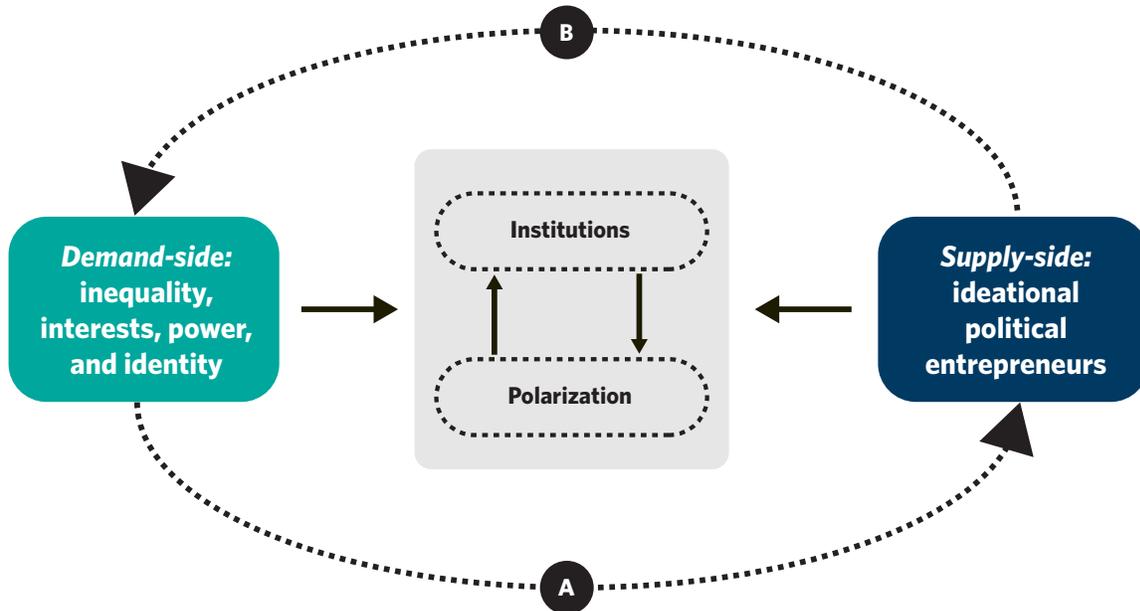
It is impossible to know whether, even without worsening economic adversity, resentment at an increasingly globalized world and multicultural society might nonetheless have brought long-standing racial animosities and assertions of white privilege back to the forefront of American politics. Indeed, signaling that status anxiety can also be driven by factors other than recent economic experience, many high-income but less educated White voters (though long Republican voters anyway, and thus not part of the 2016 vote swing) have been especially vociferous Trump supporters.⁴⁸ But what can be said—and what emerges with particular vividness from the contrast with South Africa—is that the economic disillusion felt by the neglected middle of America's economy largely was avoidable.

With different policies, America's transformation into a twenty-first-century knowledge economy could have been achieved with less increase in economic disparities, less hardship, and more seamless adjustment. Instead, the country took the opposite path. As the next section details, both rising inequality and the resentments and polarization that followed were fueled by political entrepreneurs working from the supply side.

Inequality and the Supply Side of Polarization

Polarization has both a demand side and a supply side. Anger provides the demand side; divisive ideas, championed by political entrepreneurs, provide the supply side. As figure 4 depicts, when anger, inequality, and divisive ideas are mutually reinforcing, the risks of a downward spiral loom large.

Figure 4. Interactions Between Inequality, Ideas, and Polarization



Source: Author's elaboration.

A useful point of departure for exploring these interactions is Sharun Mukand and Dani Rodrik’s distinction between the identity and worldview dimensions of ideational politics. In the identity dimension, advocates focus on “shaping or priming voters’ self-identity. . . . [because] individuals have a multiplicity of identities—revolving around ethnicity, race, religion or nationality.”⁴⁹ As discussed earlier, identity can be framed in an inclusive way—as, for example, in the United States’ “We, the people” mindset or South Africa’s Mandela-inspired embrace of equal citizenship in a nonracial democracy. It can also be framed in a way that fosters division and polarization—as in the definition of populism as “the people in a moral struggle against elites,” which all too readily turns political discourse into a fight to the finish between an us and a them.⁵⁰

In the worldview dimension, political entrepreneurs work to “shape the electorate’s understanding of how the world works, which in turn alters its perceptions of the proposed policies and their outcomes.”⁵¹ Figure 4 highlights two distinct ways in which inequality and the worldview-shaping efforts of political entrepreneurs can interact:

- Channel A: High inequality provides an opportunity for populist political entrepreneurs to interpret voters’ difficult economic circumstances in ways that ascribe blame to some purported other.
- Channel B: Political entrepreneurs might also try to persuade voters to embrace inequality-increasing policies that they might otherwise not have supported.

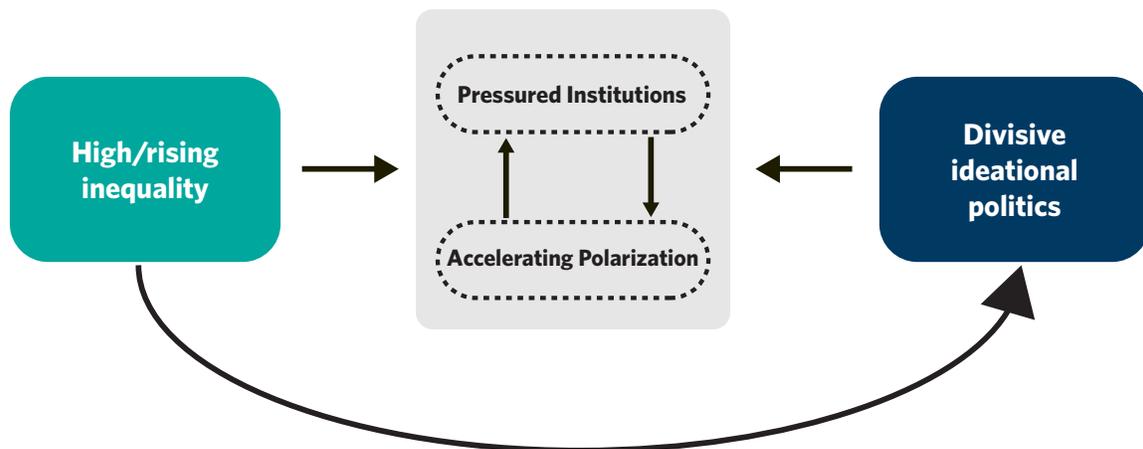
Regardless of the specific channel, the cumulative consequences of interactions between inequality and ideational politics can (as illustrated by the box in the middle of figure 4) be an ongoing breakdown of the norms and institutions that sustain inclusive political settlements.

South Africa: The End of a Season of Hope

For the first fifteen years of South Africa’s democracy, the prospect of a better life for all trumped the country’s deeply rooted and still-unresolved inequities. However, over the course of the 2010s, hope gave way to anger and despair. South Africa’s shift from hope to anger was fueled not only by demand-side dissatisfaction along lines posited by Hirschman but also by divisive political entrepreneurs.

As discussed earlier—and as figure 5 signals—inequality provided more than ample tinder for the flames. The task at hand for opportunistic political entrepreneurs was to explain the reasons why the coming of a nonracial democracy had failed to transform the lives of the majority of the country’s citizenry. They sought to do so in ways that reopened divisions along racial lines. Given South Africa’s history, this was not difficult. Indeed, the surprise perhaps is that efforts to politically exploit the country’s fraught racial fault lines took as long as they did—and that having taken root, they are, at least for now, stalled.

Figure 5. Interactions Between Inequality, Ideas, and Polarization in South Africa



Source: Author's elaboration.

The ANC's December 2007 electoral conference, held at the height of South Africa's growth boom, marked the defeat of the governing establishment and guiding vision that had prevailed within the party since 1994. As the party of liberation, the ANC had been electorally dominant, with sustained, loyal support from the Black majority of the electorate. The ANC selected its leaders every five years; whoever led the ANC shaped the policy direction of the country.

Prior to the conference, South Africa's post-1994 center had largely held, albeit messily. A vision of mutual gains through cooperation had shaped the way Mandela and his successor, Thabo Mbeki, governed. The expectation had been that this vision would be sustained and that programmatic, developmental purpose generally would inform government decision-making. Instead, former deputy president Jacob Zuma successfully put together a broad-based, anti-Mbeki coalition of the disaffected. It included those on the political left who were marginalized by Mbeki's embrace of some market-friendly economic policies, those who felt excluded from Mbeki's inner circle and shut out from prestigious positions and other forms of favor, and those who felt slighted by Mbeki's aloof and technocratic style of leadership.⁵²

When Zuma became South Africa's president in May 2009, many who backed him hoped that he would bring an inclusive, coalition-building, popular touch to leadership—a contrast to Mbeki's remote, technocratic, and somewhat imperious style.⁵³ Zuma proved to be a cunning, ruthless, and charismatic tactician. Here is how the authors of an influential 2016 report, "Betrayal of the Promise," summarized what followed:

Jacob Zuma's presidency has been aimed at repurposing state institutions to consolidate a Zuma-centered power elite. . . . These [Zuma-centered] networks are pursuing two aims. The first is to drive a transition from

traditional black economic empowerment, which was premised on the possibility of reforming the white-dominated economy, to “radical economic transformation” driven by groups disguised as a black capitalist class independent of white monopoly capital. The second is to drive a transition from acceptance of the constitutional settlement and the “rules of the game” to a re-purposing of state institutions that is achieved, in part, by breaking those rules.⁵⁴

Over the course of Zuma’s time as president, South Africa’s relatively strong state institutions came under increasing pressure. After 2009, state-owned enterprises emerged as an especially lucrative area for powerful and well-connected individuals and factions to engage in systematic looting. But at all levels of government, subgroups within the upper echelons of the ANC engaged in increasingly relentless, uncompromising conflicts for control over resources and positions of influence. The result was slow, cumulative decay in performance across a wide swathe of the public sector.

Alongside the decay in public institutions, there also was a far-reaching shift in the ideas fueling political debate. Racial tropes have long been central to South Africa’s political discourse. The promise (or perhaps illusion) of the rainbow miracle was that, aided by the catharsis of a Truth and Reconciliation Commission, racist tropes had been left behind. But how?

A challenging but ultimately hopeful approach to resolving the seeming contradiction between a racist past and an inclusive new beginning was captured in anti-apartheid activist Stephen Biko’s classic dictum from the 1970s: “Whites must be made to realize that they are only human, not superior. Same with blacks. They must be made to realize that they are also human, not inferior.”⁵⁵ But the commission also opened the door to an all-too-easy way out. Many White South Africans embraced a form of amnesia—the view that South Africa’s transition to democracy had washed the country’s history clean.

For the first two decades of democracy, the amnesia approach seemed largely to have won out, especially among elites. But in 2015, after two decades of quietism, South Africa’s university campuses erupted with the emergence of a so-called Fallist (as in “Rhodes Must Fall” or “Fees Must Fall”) student movement. The Fallist movement combined an assault on continuing inequities (at least within those strata of young people who aspired to post-high school education) with an assault on the ideational structures associated with these inequities. It was a valuable corrective to denialism.

Opportunistic political entrepreneurs embraced and fueled the newly racialized discourse. The way they did so—by reshaping ideas vis-à-vis both identity and worldview—is a textbook example of ethnopolitist ideational politics in action.

The 2012 expulsion from the ANC of Julius Malema, the firebrand head of its Youth League, and Malema’s creation the following year of a new political party, the Economic Freedom Fighters (EFF), was a turning point in the emergence of South Africa’s

contemporary ethnopolitics. Angry rhetoric, which per Mukand and Rodrik brought together a worldview and an identity dimension, was central to the EFF's strategy for mobilizing political support. It explained inequalities by zeroing in on the country's racial fissures and simultaneously using "Blackness" as the basis for building alliances between the poor Black majority of the population and the emerging, but nonetheless disaffected, elites. Here is an example from the EFF's founding manifesto:

Soldiers and the police are not our enemy; our enemy is white monopoly capital and their political co-optees. . . . [The party's] plan includes the non-negotiable principles of land expropriation and nationalization of mines, both without compensation. The EFF seeks to move away from a discourse of reconciliation to one of justice.⁵⁶

The EFF has become the third-largest political party in South African politics. In 2014 in national elections, it won 6.4 percent of all votes cast; in 2016 in municipal elections held nationally, it won 8.2 percent; in 2019 in national elections, it won 10.8 percent; and in 2021, again in municipal elections, it won 10.3 percent.⁵⁷

Though the EFF was the political entrepreneur, it was not the exclusive source of the acceleration of ethnopolitics. Zuma's ANC—with the British public relations company Bell Pottinger as an unlikely bedfellow—also played a key role.⁵⁸ In November 2017, in the run-up to the ANC's elective conference, Zuma said:

Take the mines. You will find the same companies in charge [as during apartheid]. They are monopolising, they are not black. . . . You have companies that are white . . . they are monopolies, they should be called by what they practice. There is monopoly capital and in South Africa it is white.⁵⁹

An increasingly polarized political discourse and increasing pressure on institutions had predictable economic consequences. Unlike many other middle-income countries that subsequently recovered from the 2008 global economic crisis, South Africa slid into sustained stagnation; real per capita GDP was no higher in 2019 than it had been in 2010.⁶⁰ As Zimbabwe's experience since the early 2000s has demonstrated, the distributional consequences of a populism-fueled economic crash can be very uneven. While preexisting elites lose and the possibility of broad-based inclusive growth is foregone, new insiders can reap very large gains.

Thus far, South Africa largely has avoided a dire, ethnopolitist-fueled economic crash—with intra-ANC electoral politics again proving pivotal. In December 2017, Zuma's preferred successor lost by a hair's breadth to Cyril Ramaphosa, one of the architects of the country's constitution (and subsequently, his early credentials as a union leader notwithstanding, a successful businessman). Ramaphosa has tried to restore the Mandela- and Mbeki-era commitments to the rule of law and a cooperative, win-win approach to governance. He seems to have stopped the rot, including by replacing some of the most egregiously corrupt and/or incompetent senior appointees from the Zuma era with more merit-based appointments. But

he has proceeded cautiously, prioritizing unity within the ANC over bold actions to reverse toxic decisions by his predecessor. As a result, progress has been slow and difficult.

There have also been both economic and political setbacks. The coronavirus pandemic has been an economic body blow. The economy declined by 8.2 percent in 2020. Capital outflows grew rapidly, and government debt rose from 50 percent to 70 percent of GDP.⁶¹ Political headwinds have continued at near-hurricane strength. Civic unrest broke out in July 2021 in KwaZulu-Natal (Zuma's home province) when Zuma lost an appeal to be spared prison time for contempt of court; over 300 people died, and property damage exceeded \$3 billion.⁶² There were ample signs that the unrest was organized and that it targeted key economic choke points. On January 2, 2022, a major fire gutted South Africa's iconic parliament building; there is widespread skepticism that the only person arrested so far, a homeless man, was solely responsible.⁶³ A few days later, bullets were fired at the building that houses the country's Constitutional Court. A few days after that, there was another unexplained fire at South Africa's busiest air force base. None of this inspires confidence that South Africa is on the path of renewal.

United States: Small-Government Romanticism and Its Consequences

In June 1981, Reagan said: "What I'd really like to do is to go down in history as the president who made Americans believe in themselves again."⁶⁴

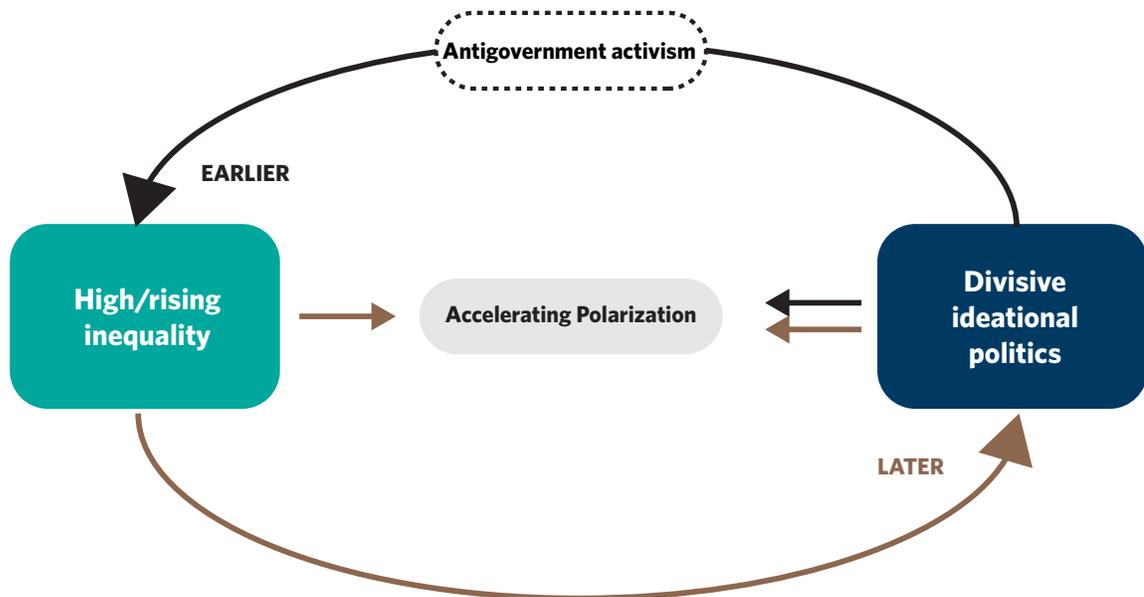
As in South Africa, economic imbalances have become an important source of disaffection for U.S. voters. However, unlike South Africa, where inequality was deeply rooted in the country's fraught history, intense American inequality is a more recent phenomenon. As figure 6 signals, it was fueled in large part by political entrepreneurs, aided and abetted by a segment of the country's economic elite.

Small government romanticism. For much of the twentieth century, America's political settlement adapted to new pressures by becoming increasingly inclusive. Reagan's 1981–1988 tenure as president marked a turning point. On the surface, his political persona was sunny and optimistic—the mirror image of his elected Republican predecessor, Nixon. But Nixon complemented his focus on the culture wars with a continuing embrace of centrist economic policies. Reagan, by contrast, ushered in a far-reaching policy reversal.

Reagan revived an antigovernment discourse that seemingly had been relegated to the margins of American politics. Here is how Barry Goldwater (whose failed but prophetic 1964 presidential campaign was supported by Reagan) described it in his book, *The Conscience of a Conservative*:

I have little interest in streamlining government or making it more efficient for I mean to reduce its size. I do not undertake to promote welfare for I propose to extend freedom. My aim is not to pass laws, but to repeal them.

Figure 6. Interactions Between Inequality, Ideas, and Polarization in the United States



Source: Author's elaboration.

It is not to inaugurate new programs but to cancel old ones that do violence to the Constitution, or that have failed in their purpose, or that impose on the people an unwarranted financial burden.⁶⁵

While Reagan's approach to governance was characterized by two-steps-forward, one-step-back pragmatism, his animating vision is captured well by Goldwater's philosophy.

Both Goldwater and Reagan framed their small-government philosophy in terms of high-minded ideals. Yet their small-government ideas also resonated well with White Southern voters, who (with Jim Crow segregation having come to an end in the South) increasingly were migrating from the Democratic to Republican Party.⁶⁶ There is no evidence that either Reagan or Goldwater were personally racist. Even so, it is perhaps not entirely coincidental that Reagan's so-called dog whistles—his oft-repeated anecdotes about parasitic “welfare queens” and his decision to give a high-profile campaign speech in support of states' rights in Mississippi a few miles from where three civil rights activists were murdered in 1964—played especially well with these new Republican voters.

As described earlier, U.S. elites enjoyed far-reaching economic gains from the new policies. Average effective tax rates for the most affluent 1 percent fell from 35 percent in 1979 to 25 percent by 1986. Reagan's confrontational approach to a 1981 strike by air traffic controllers signaled a broader decline in the (predistributional) influence of organized labor.⁶⁷ His

deregulation of financial markets (a trend that continued into the Clinton and George W. Bush administrations) transformed the business sector, accelerating a shift of wealth and corporate influence away from manufacturing and toward the titans of finance and the new information economy.

Economic elites and culture wars. Government is the indispensable instrument for any society seeking to contain accelerating inequality. In a democracy, the natural expectation is that politics and policies, responding to the concerns of the median voter, would have moved systematically to address the drivers of inequality that have emerged since the 1980s. Yet this did not happen. Instead, politics became increasingly polarized. The political positions adopted by both Republicans and Democrats in the U.S. Congress increasingly have moved away from the center; political competition increasingly has focused as much—if not more—on waging culture wars as on differences in economic policy.⁶⁸ Why did accelerating polarization trump efforts to address rising economic disparities?

Both of the main political parties in the United States had compelling (though very different) reasons for shifting their emphasis from economics to culture. For the Democratic Party, the shift was driven in large part by the changing place of organized labor in its coalition. Since the 1960s, the base of the Democratic Party increasingly has incorporated both minority groups and urban, relatively highly educated voters. The post-materialist values of tolerance and equal rights have appealed strongly to the party's new voters; they've been a less comfortable fit for the party's traditional working-class base. Economic inclusion and the championing of workers' rights has remained part of the party's economic platform, but it is no longer as central as it was in the past. Indeed, the party has embraced a variety of neoliberal reforms that both accelerated the shift from a manufacturing to a knowledge economy and weakened the economic safety net.

The Republican Party had long been oriented toward economic elites. From the 1980s onward, though, the incentives and policy preferences of some among these elites changed. For one thing, they were showered with hitherto unimagined wealth. For another, the basis of this wealth shifted from manufacturing to finance and other knowledge-intensive segments of the economy. In a manufacturing-based economy, social partnerships with workers and communities were integral to success; in a finance and knowledge-intensive economy, this was no longer the case.

In two recent books, Yale political scientist Jacob Hacker and his University of California coauthor Paul Pierson explore the consequences of these shifts for the way in which a “segment” of America's economic elites engages in politics.⁶⁹ They argue that:

America's corporate and financial elites have always defended their priorities and privileges. And a segment of these elites has always invested heavily in politics to do so. What has changed is that this segment has become

much bigger, much richer, much better organized—and hence much more powerful. . . . As those at the top gain economic and political power, they become more extreme and less interested in the give-and-take of democratic politics. As they do so, they also become more able and willing to exercise their power to further shift political and economic resources in their favor.⁷⁰

As scholars of comparative politics will recognize, what Hacker and Pierson are describing is a variant of a classic problem: elite capture.⁷¹

Political entrepreneurs on the right needed to find a way to build broad-based support, notwithstanding distributionally regressive economic policies. Their response, suggest Hacker, Pierson, and numerous other scholars, was to embrace culture wars:

After 1980, the Republican Party struggled to manage the tensions between its governing priorities and its electoral strategies, between its defense of plutocracy in the face of rising inequality and its reliance on less affluent white voters in the face of growing diversity. To deliver for the plutocrats yet still win elections, Republicans reached ever deeper into parts of the nation and segments of the electorate where conservative economic policies failed to stir voters' passions, but divisive appeals to identity did.⁷²

America's fraught racial history lends itself to divisive appeals to identity. But there also are many other ways in which the chasm described earlier between materialist and post-materialist visions of the United States can be leveraged to redirect attention toward cultural issues rather than economic concerns. To illustrate, Hacker and Pierson describe in dispiriting detail how political entrepreneurs transformed moderate, near-consensuses over gun rights and abortion into polarized (and, in the latter case, religiously infused) wedge issues.⁷³ (It must be noted that this process has been aided and abetted by the increasingly uncompromising embrace of a post-material values agenda on the part of many within the Democratic Party.)

A landmark moment in the fusion by political entrepreneurs of divisive culture wars and small-government romanticism was the Newt Gingrich–inspired “Contract with America”—the de facto platform for Republican candidates in the 1994 midterm elections. (Gingrich became House speaker the following year.) The contract combined some classic small-government Republican economic policy priorities with a variety of culture war initiatives:

It listed ten specific bills that House Republicans promised to enact during their first hundred days in power. Five of them involved tax cuts or tax limitations of one sort or another. There was a tough-on-crime bill, another to cut welfare, and a potpourri of socially-conservative initiatives (“The

Family Reinforcement Act”) that included child support enforcement, anti-pornography measures, and more tax benefits to promote adoption and care for elderly parents. . . . Another promised bill, aimed at securing the votes of senior citizens, repealed tax increases on Social Security benefits. Two other bills, “The Job Creation and Wage Enhancement Act” and “The Commonsense Legal Reform Act,” were business wish lists. And for those who despised Congress as a general matter, there were term limits for House members.⁷⁴

Antigovernment populism. In the face of economic stagnation, declining real wages, and deaths of despair, a diet of libertarianism and single-issue culture wars has obvious limitations. As Hirschman signaled (and South Africa illustrates), at some likely unpredictable moment, tolerance for inequality is likely to run its course, hope will turn to anger, and the demand side of polarization will intensify. Where that anger is directed depends on polarization’s supply side—how political entrepreneurs try to shape the way voters understand the causes of their difficult circumstances (as per channel A in figure 4).

In South Africa, populist political entrepreneurs sought to appeal to voters’ identity of blackness and to frame their struggle as one against “white monopoly capital.” In the United States, too, economic elites have been targeted by populists on the left: the Occupy Wall Street movement and presidential campaigns of Senator Bernie Sanders are recent examples. Of course, targeting economic elites as the cause of economic and social pain is not the only explanation available to populist political entrepreneurs—and, indeed, it is hardly the preferred option of the economic elites themselves.

Toward what else might anger at economic hardship be directed to stoke an us-versus-them division? Some have targeted low-income ethnic minorities and immigrants, but this strategy is perhaps unpersuasive as a way of explaining rising adversity insofar as their share of the population is small and their economic and policy influence is limited. In his presidential campaign, Trump, himself a billionaire, reintroduced a different set of “thems” to American politics: intellectuals, public officials, the so-called deep state, and globalizers. And he did so in a way that engaged directly with the economic adversity experienced by his target constituency. As he put it in his inaugural address:

For too long, a small group in our nation’s capital has reaped the rewards of government, while the people have borne the cost. Washington flourished, but the people did not share in its wealth. Politicians prospered, but the jobs left and the factories closed. The establishment protected itself, but not the citizens of our country. . . . We’ve made other countries rich while the wealth, strength and confidence of our country has dissipated over the horizon. One by one, the factories shuddered and left our shores, with not even a thought about the millions and millions of American workers that were left behind. The wealth of our middle class has been ripped from their homes and then redistributed all across the world. This American carnage stops right here and stops right now.⁷⁵

In reality, blaming globalization and an alleged deep state offered little prospect that the carnage would stop. For one thing, there is abundant evidence—as discussed earlier—that changes in trade policies and practices account for at most a small portion of America’s rise in inequality. For another, targeting the deep state and further fueling antigovernment sentiment decreases the likelihood that inclusive economic policies will be adopted. Instead, the combination of a continuing failure to address inequality and the continuing fueling of anger adds to the likelihood of an especially worrisome outcome suggested by figures 4 and 6: a doom loop that includes, at the limit, the destruction of the institutions that underpin constitutional democracy.

Inclusion in Retreat

As of the time of writing this paper, the vision of an open, thriving, inclusive society remains under siege in both South Africa and the United States. In both countries, major swathes of the population have been left behind economically. Many citizens, unsurprisingly, are responding with disaffection and despair. Opportunistic political entrepreneurs are stirring the pot of angry us-versus-them divisions.

For South Africa, the current travails are painful—especially in the wake of the visionary leadership and high hopes of the country’s rainbow miracle. However, given the country’s difficult inheritance of massive inequality intertwined with its fraught racial history, such reversals are not wholly unexpected.

But given all of the United States’ advantages, it almost defies imagination that an American vision of a thriving, open, inclusive society confronts threats that have some striking parallels to those of South Africa. Unlike in South Africa, events playing out in the United States do not resemble anything near an unavoidable tragedy. Increases in inequality since the 1980s and their attendant social and political consequences have been self-inflicted wounds. A politically polarized United States continues to recklessly court disaster. Can it change course in time to avert catastrophe?

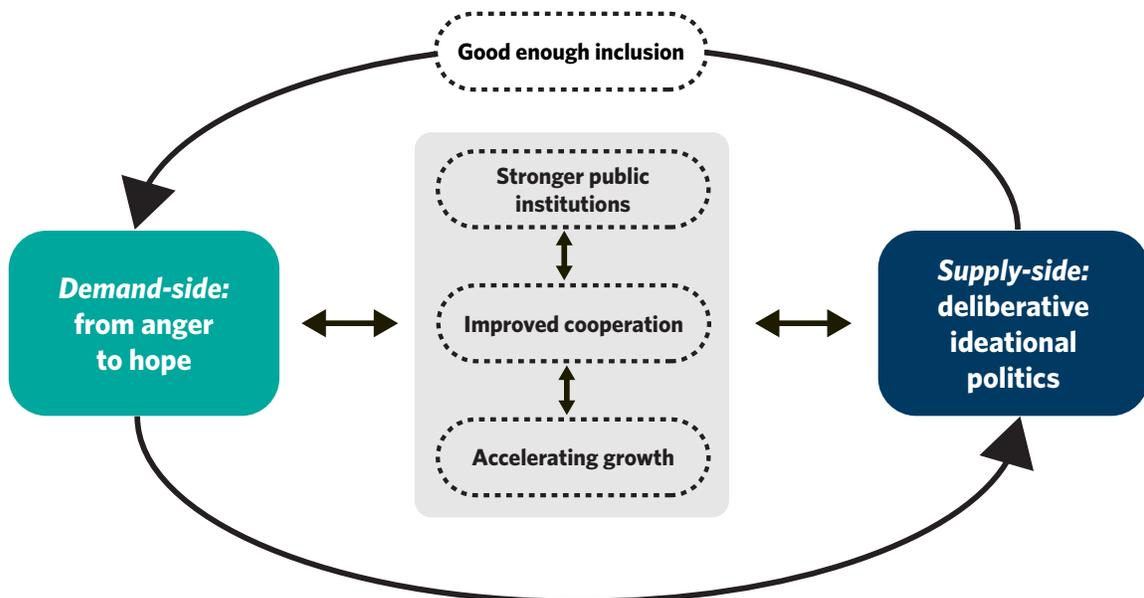
Paths to Renewal

This paper has used South Africa’s struggle to build an inclusive constitutional democracy as a lens to seek fresh insight into the United States’ recent polarization—distinguishing between demand-side and supply-side drivers and focusing especially on interactions between inequality, ideas, and the ways in which they have been shaped by centuries-long histories of racial discrimination. In both countries, inequality—which, in South Africa, has been high for a long time and remains unaddressed but, in the United States, has been rising since the 1980s—has fueled polarization through three ideational channels:

- Changing ideas among citizens (including, but not only, nonelites) as to how the world works and their place in it, with an increased sense of being beleaguered and a corresponding shift from inclusive to us-versus-them identities.
- Changing ideas among economic and political elites as to the appropriate balance between self-seeking and cooperation, with a retreat from rules and policies that foster inclusion.
- An increasing propensity among influence-seeking ideational political entrepreneurs to foster anger rather than hope and narrow rather than inclusive identities.

In both countries, the risk looms large that these destructive trajectories might accelerate. But a downward spiral is not the only possibility.

Figure 7. A Virtuous Spiral



Source: Author's elaboration.

Paralleling the ways in which they can fuel a downward spiral, interactions among ideas and inequality also can work in the opposite direction. As figure 7 illustrates, in a virtuous spiral, political divisiveness is replaced with deliberative discourse. Economic policies do not fuel inequality but instead foster “good enough inclusion.” Instead of engaging with

anger centered around narrowly exclusionary identities, citizens engage with hope in the possibility of a better life for all. When cooperation improves, growth accelerates and institutions strengthen.

There is, of course, a world of difference between imagining a virtuous spiral (or depicting it diagrammatically) and achieving the requisite turnaround. Yet, strikingly, South Africa's 1990s turnaround from White minority rule to constitutional democracy happened along the lines depicted in figure 7. That experience offers inspiration for both South Africa's and the United States' present-day challenges, as well as some intriguing broader pointers.

One encouraging lesson is that making the shift from an inequality-fueling to an inclusion-supporting economy is less daunting than it might seem. When considered through the lens of the interaction between inequality and ideas, equity as an end in itself is less important than the influence of policy on how citizens perceive their place in society—and, in turn, how this influences the balance between anger and hope. As South Africa's rainbow miracle turnaround in the 1990s and early 2000s shows, a turn from anger to hope does not need a comprehensive package of pro-equity reforms. Rather, reforms that foster “good enough inclusion”—some immediate gains that signal that things have changed, combined with credible signals that longer-term structural change is underway—can suffice, with the changes themselves unfolding over time.⁷⁶

A second encouraging lesson from South Africa's initial post-apartheid experience is that once the initial shift has been made, it can have a variety of positive, knock-on consequences, along lines highlighted in figure 7:

- A more hopeful outlook can shift expectations of what the future holds in ways that directly fuel private investment and economic growth; both, having long been stagnant, accelerated steadily in South Africa between 1994 and 2008.⁷⁷
- Hope and accelerated growth can support a greater willingness for broad swathes of society to take a longer time horizon in decisionmaking—fueling, as per a classic insight of game theory, a shift from divisiveness and opportunism toward an increasing embrace of cooperative, win-win approaches to addressing collective action challenges.⁷⁸ This spirit of cooperation was evident in the central role played by South Africa's multipartite National Economic Development and Labor Council in economic policymaking in the early years of democracy.⁷⁹
- Divisive political entrepreneurs can become increasingly marginalized, widening the scope for more inclusive, deliberative modes of political discourse. As discussed earlier in the paper, only in the 2010s did polarizing voices become prominent in South African political discourse.

Yet even as encouragement can be taken from delineating how “good enough inclusion” and its knock-on effects can build momentum for a virtuous spiral, a fundamental question remains: how does one reverse course and break the spell of divisive, us-versus-them political discourse and economic policymaking to kickstart the turnaround in the first place? Three drivers of change were pivotal to South Africa’s transition from apartheid to democracy: political leadership, proactive engagement by economic elites, and a broad-based, civil society–fueled social movement.

South Africa was almost uniquely fortunate in its political leaders Mandela and de Klerk. Both had the foresight to see the urgency of turning from conflict to cooperation. And both had strong authority within their political organizations: Mandela had extraordinary moral and political stature; de Klerk’s strategic skills underpinned his political ascent. Of perhaps broader relevance, though, is that Mandela and de Klerk each derived much of their authority from being the head of a robust, organized political party with a strong base of support. As of the time of writing, there is little sign in either South Africa or the United States that political party competition—the kind that can underpin a thriving society—is capable of capitalizing on the potential for gains from cooperation.

In the case of economic elites, the threat of a hanging can focus the mind. During the long years of apartheid, South Africa’s economic elites largely were content to remain silent and enjoy the fruits of rapid economic growth. However, in the wake of the 1976 Soweto uprising, growth slowed, economic sanctions accelerated, and domestic resistance grew. Political passivity no longer was good for business. Consequently, beginning in the mid-1980s and continuing into the first years of democracy, South Africa’s business establishment played a leading role in reaching out to the country’s banned, imprisoned, and exiled political leaders. The business sector helped midwife negotiations with the White minority government and keep a cooperative, win-win approach to economic policy reform on track.⁸⁰ Subsequently, though, South Africa’s business establishment has disengaged, offering little more than token support for greater inclusion.

Organized business was an important part of the elite consensus that fueled the United States’ three decades of inclusive economic growth subsequent to World War II. U.S. president Franklin Delano Roosevelt may have been despised by many in the business community for his far-reaching New Deal reforms, but he saw his role as saving capitalism from itself.⁸¹ Subsequent to World War II, big business and business associations, along with government and organized labor, played a central and direct role in sustaining the cooperative, corporatist economic policy regime that provided the platform for shared prosperity.⁸² Subsequently, this changed.

The American economic elites’ reversal of their commitment to inclusion has not only added to inequality, but it also threatens the institutional foundations of the system more broadly. Paralleling what happened in 1980s South Africa, might these elites wake up to these risks and become more open to inclusive renewal?

For civil society, the lessons from South Africa's successful struggle against apartheid are more ambiguous. South Africa's transition from apartheid affirms that, even in the seemingly most unpropitious of contexts, polarized, us-versus-them identity politics need not be destiny—a critical mass of society can effectively mobilize around a pro-social, inclusive vision.

Yet the path to that point was a confrontational one.

Mass popular mobilization was decisive in inducing South Africa's political leadership to abandon apartheid and embrace negotiated change. Indeed, more recently, a confrontational strategy by civil society helped blow the whistle on encroaching state capture during Zuma's presidency. This laid the groundwork for Ramaphosa's accession to the presidency and his continuing—albeit slow—efforts to renew state institutions.

But is a strategy of confrontation—and holding government to account—the right choice when a society's primary task is not to overthrow an unjust political order but to renew its commitment to the idea that citizenship implies some shared purpose? Currently, both the South African and U.S. governments are, at least aspirationally, committed not to accelerating polarization but to strengthening both inclusion and the institutional foundations of democracy. In such contexts, how might civil society most usefully engage?

Recent research is converging around a paradoxical conclusion for how to counter confrontational, disinformation-filled, and social media-amplified us-versus-them discourse.⁸³ In settings that are open politically, it can be especially helpful for civil society actors to not engage polarization's most toxic champions and ideas directly, but rather to work around them—to lower the temperature by fostering deliberative discourse focused on positive, hope-evoking options.

In their 2020 book *The Upswing*, Robert Putnam and Shaylyn Romney Garrett compellingly describe how, between the 1890s and the 1920s, the United States' seemingly disconnected, bottom-up initiatives coalesced into what has come to be known as the Progressive Era:

Within a few decades around the turn of the 20th century, a quickening crisis, coupled with inspired grassroots and national leadership, produced an extraordinary burst of social inventiveness and political reform . . . seeking to reclaim individuals' agency and reinvigorate democratic citizenship as the only reliable antidotes to overwhelming anxiety. . . . Progressivism didn't privilege one type of reform over another, but was instead a holistic reorganizing of society that began at the bottom and was based on a reinvigoration of shared values.⁸⁴

Recent studies have documented a variety of innovative, local-level practices across the United States—public agencies, civil society organizations, and private firms collaborating effectively to address concrete problems and build social trust.⁸⁵ Putnam and Garrett point to the broader potential of these kinds of initiatives:

Our current problems are mutually reinforcing. Rather than siloed reform efforts, an upswing will require immense collaboration . . . [to realize] . . . the latent power of collective action not just to protest, but to rebuild.⁸⁶

In sum, political parties, economic elites, and civil society actors each have key roles to play in reversing the downward spiral of polarization. Civil society is especially well positioned to work at the grassroots. Indeed, as Putnam and Garrett suggest, the whole of these grassroots initiatives potentially can add up to much more than the sum of their parts. Myriad concrete, collaborative, and problem-focused civil society initiatives can serve as potential building blocks for a twenty-first-century variant of the Progressive Era—a social movement centered around a vision of shared citizenship, a movement that views cooperation in pursuit of win-win possibilities not as weakness but as key to the sustainability of thriving, open, and inclusive societies.

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Notes

- 1 Brian Levy, Alan Hirsch, Vinothan Naidoo, and Musa Nxele, “South Africa: When Strong Institutions and Massive Inequalities Collide,” Carnegie Endowment for International Peace, March 18, 2021, <https://carnegieendowment.org/2021/03/18/south-africa-when-strong-institutions-and-massive-inequalities-collide-pub-84063>.
- 2 Throughout, Carnegie style has been applied for inclusive and accurate language, which is reflected in the decision to capitalize proper plural nouns and adjectives referring to shared racial and ethnic identities, including those for both Black and White people.
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- 9 Tim Kelsall, Nicolai Schulz, William Ferguson, Matthias vom Hau, Sam Hickey, and Brian Levy, *Political Settlements and Development: Theory, Evidence, Implications* (Oxford: Oxford University Press, forthcoming).

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- 12 Not only does the ANC explicitly describe itself as an alliance—including the Congress of South African Trade Unions and the South African Communist Party—the ANC itself is a broad tent encompassing many ideological proclivities; degrees of public spiritedness; and regional, ethnic, and economic interests. As per table 1, this includes middle-class insiders, defined broadly to encompass everyone from white-collar middle managers and skilled production workers within government to unionized blue-collar workers to formal sector employees earning somewhat above a formally mandated minimum wage.
- 13 The ANC’s 1994 electoral slogan, “A better life for all,” and its detailed economic electoral manifesto, the Reconstruction and Development Programme (RDP), were evidence of this thinking. The RDP took as its point of departure a vision that reconstruction and development would be achieved through “the leading and enabling role of the state, a thriving private sector, and active involvement by all sectors of civil society which in combination will lead to sustainable growth. See African National Congress, *The Reconstruction and Development Programme: A Policy Framework*.
- 14 An important exception was the commitment to reduce extreme poverty, where major gains were achieved in the first decade of democracy.
- 15 For two examples of a voluminous literature, see Gordon S. Wood, *The Idea of America: Reflections on the Birth of the United States* (New York: Penguin Books, 2011); and John Meacham, *The Soul of America: The Battle for Our Better Angels* (New York: Random House, 2018).
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- 18 Jill Lepore, *These Truths: A History of the United States* (New York: Norton, 2018), 546.
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- 25 For an in-depth look at South African inequality in comparative perspective, see Brian Levy, Alan Hirsch, and Ingrid Woolard, “Governance and Inequality: Benchmarking and Interpreting South Africa’s Evolving Political Settlement,” *Effective States and Inclusive Development* 51 (2015).

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- 27 Emmanuel Saez and Gabriel Zucman, “The Rise of Income and Wealth Inequality in America: Evidence From Distributional Macroeconomic Accounts,” *Journal of Economic Perspectives* 34, no. 4 (Fall 2020): 3–26.
- 28 The Gini coefficient for gross household income rose from 0.40 in the early 1970s to 0.48 in 2019. Branko Milanovic (@BrankoMilan), “75 years of US inequality,” Twitter, July 16, 2021, 12:26 p.m., <https://twitter.com/BrankoMilan/status/1416071774391971846>. In the latter 1920s, it exceeded 0.50. Oliver Berruyer, “Income Inequality in the US (1/3),” *The Crises* (blog), December 29, no year, <http://www.the-crises.com/income-inequality-in-the-us-1>. As of 2019, the U.S. Gini coefficient for disposable (after tax) household income was 0.40. By way of comparison, the equivalent measure for France and Germany was 0.29 and for South Africa, 0.62. “Income Inequality,” Organization for Economic Cooperation and Development, <https://data.oecd.org/inequality/income-inequality.htm>.
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- 33 A voluminous amount of literature has sought to pin down statistically whether cultural or economic factors better account for the shift to Trump. For example, see Diana Mutz, “Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote,” Proceedings of the National Academy of Sciences of the United States of America, May 2018; Lilliana Mason, Julie Wronski, and John Kane, “Activating Animus: The Uniquely Social Roots of Trump Support,” *American Political Science Review* 115, no. 4 (2021): 1–9. For an argument similar to the one made in this paper, see Dani Rodrik, “Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism.”
- 34 In “Secular Partisan Realignment in the United States: The Socioeconomic Reconfiguration of White Partisan Support Since the New Deal Era,” Kitschelt and Rehm use this categorization to analyze voting patterns in presidential elections from 1948–2016. In 2015, 52 percent of White voters were in the lower-income and lower education subgroup; 16 percent in the higher-income and lower-education subgroup; 16 percent in the lower-income and higher-education subgroup; and 17 percent in the higher-education and higher-income subgroup.
- 35 Herbert Kitschelt and Phillip Rehm, “Secular Partisan Realignment in the United States: The Socioeconomic Reconfiguration of White Partisan Support Since the New Deal Era.”
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- 45 Will Wilkinson, “The Density Divide: Urbanization, Polarization and Populist Backlash,” Niskanen Center, June 26, 2019, <https://www.niskanencenter.org/the-density-divide-urbanization-polarization-and-populist-backlash>, 42.
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- 47 This phrase was most recently popularized by Dr. Martin Luther King Jr., who often quoted a variation of the sentence “the arc of the moral universe is long, but it bends towards justice.” A fuller discussion is available at “Theodore Parker And The ‘Moral Universe,’” *All Things Considered*, NPR, transcript of radio broadcast, originally released at 3:00 p.m. on September 2, 2010, <https://www.npr.org/templates/story/story.php?storyId=129609461>.
- 48 Herbert Kitschelt and Phillipp Rehm, “Secular Partisan Realignment in the United States: The Socioeconomic Reconfiguration of White Partisan Support Since the New Deal Era,” 453. Strikingly, as Kitschelt and Rehm also show, high-income and highly educated White Americans generally vote Republican, but less so when (as with Trump) the Republican candidate is strongly polarizing culturally. Indeed, among this subgroup (17 percent of White voters in 2015), there was a seventeen-point swing from Republican to Democratic between 2008 and 2016.
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- 68 See Pippa Norris and Ronald Inglehart, *Cultural Backlash*, 334–336. They track the changing balance of cultural and economic issues in political party manifestoes since the 1920s. In the 1930s and 1940s, economic issues predominated. Subsequent to the mid-1950s, cultural issues have been at least as important as economic ones. Note that the more liberal orientation of the Democratic Party has a very specific cause. Beginning in the late 1960s, Southern, Jim Crow–supporting voters increasingly shifted their allegiance from Democratic to Republican; the trend within the Democratic Party is better characterized as a realignment toward the (ideologically largely unchanged) positions of northern Democrats. For this regional disaggregation, see “The Polarization of the Congressional Parties,” *Voteview.com* (legacy archive), updated January 30, 2016, accessed March 29, 2022, https://legacy.voteview.com/political_polarization_2015.htm.
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- 70 Jacob Hacker and Paul Pierson, *Let Them Eat Tweets*, 55. Note that they make their claim vis-à-vis only a “segment” of the elite, a subset of political entrepreneurs and their financial backers willing to take extreme positions in pursuit of their private interests. Many voters with both high incomes and high education recoiled from Trump’s election campaign; see Herbert Kitschelt and Phillipp Rehm, “Secular Partisan Realignment in the United States: The Socioeconomic Reconfiguration of White Partisan Support Since the New Deal Era.”
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- Not be Infringed” (91–92). And, “in the late 1970s, the two major parties on abortion were hardly distinct. . . . It was not until 1988 that Republican voters were, on average, more hostile to abortion rights than Democratic voters” (85).
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- 77 Analysis of the economic consequences of hope and fear was central to the contribution of the great twentieth-century economist John Maynard Keynes. As Keynes put it, “Given the psychology of the public, the level of output and employment as a whole depends on the amount of investment. I put it in this way, not because this is the only factor on which aggregate output depends, but because it is usual in a complex system to regard as the *causa causans* that factor which is most prone to sudden and wide fluctuation. . . . [Private] investment depends on judgments about the future which do not rest on an adequate or secure foundation. . . . New fears and hopes will, without warning, take charge of human conduct.” See John Maynard Keynes, “The General Theory of Employment,” *Quarterly Journal of Economics* 51, no. 2 (1937). See also Brian Levy, Alan Hirsch, Vinothan Naidoo, and Musa Nxele, “South Africa: When Strong Institutions and Massive Inequalities Collide.”
- 78 Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); William D. Ferguson, *Collective Action and Exchange: A Game-Theoretic Approach to Contemporary Political Economy* (Stanford: Stanford University Press, 2013).
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- 83 For a useful recent synthesis, see Peter T. Coleman, *The Way Out: How to Overcome Toxic Polarization* (New York: Columbia University Press, 2021).
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