

# The Rodrik Trilemma and the Dahrendorf Quandary: An Empirical Assessment

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# The Rodrik Trilemma and the Dahrendorf Quandary: An Empirical Assessment

## Abstract

Rodrik's Trilemma rests on the incompatibility of democracy, national sovereignty and global economic integration: any two can be combined, but never all three simultaneously and in full. Addressing the same problématique, Dahrendorf's Quandary posits that, over time, maintaining global economic competitiveness requires countries either to adopt measures detrimental to the cohesion of civil society, or to restrict civil liberties and political participation. The purpose of this paper is to examine the empirical foundations of Rodrik's and Dahrendorf's propositions.

Assessing developed market economies from 1991 to 2014, evidence suggests that in only rare cases the Trilemma can be overcome, and the tensions the Quandary hypothesises build up to a significant extent. In most cases examined, however, the performance of the countries is too varied to support the broad claims Rodrik and Dahrendorf put forth in their respective writings. Specifically, next to the small group of five cases where either the Trilemma or the Quandary apply, there are twice as many countries that generally managed to grow moderately in terms of economic globalisation, liberal democracy, and social cohesion, while avoiding some of the tensions implied in the Quandary or reaching Trilemma conditions. For an even larger group of countries the evidence suggests that growing economic globalisation can co-exist with lower societal stressor levels.

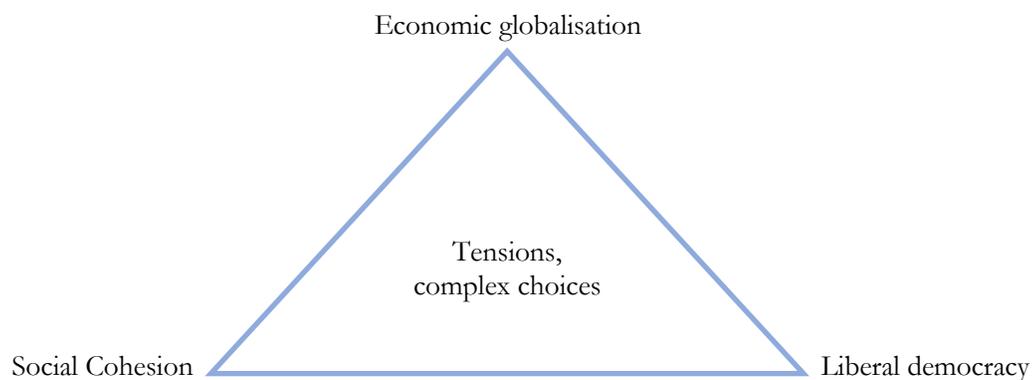
## Keywords

Globalisation, Democracy, Sovereignty, Economic Integration, Social Cohesion

## 1. Introduction

During the height of the 1990s globalisation spurt, Dahrendorf (1995) argued that a growing and globalising world economy would create ‘perverse choices’ for liberal democracies: over time, staying competitive required either adopting measures detrimental to the cohesion of civil society or restricting civil liberties and political participation. For OECD countries, the task ahead for the early 21st century, “is to square the circle between growth, social cohesion and political freedom” (Dahrendorf 1995:4). This challenge became known as the Dahrendorf Quandary (Figure 1).

Figure 1: Dahrendorf’s Quandary

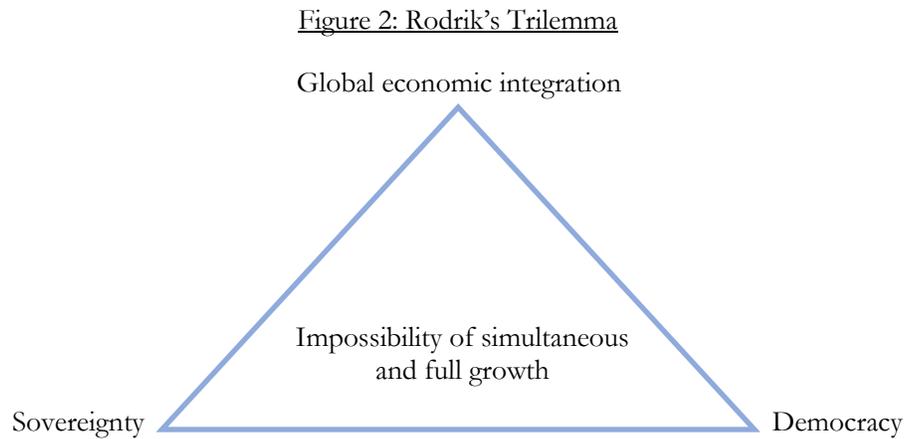


Writing at the time of the global financial crisis, which proved the greatest stress test for the global economy since the second world war, and continues to strain the social fabric and political systems of many developed market countries, Rodrik (2011) suggested a version of the Quandary, the Rodrik Trilemma (Figure 2).

Phrased as an impossibility theorem, it posits that “democracy, national sovereignty and global economic integration are mutually incompatible: we can combine any two of the three, but never have all three simultaneously and in full” (Rodrik, 2007).<sup>1</sup>

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<sup>1</sup> The idea of a three-way impossibility theorem recalls the ‘impossible trinity’ (Fleming, 1962; Mundell, 1963) of independent monetary policy, fixed exchange rates, and free capital flows in political economy. Accordingly, countries must opt for two out of three sets of circumstances: a fixed exchange rate and free capital flows, while opting out of an independent monetary policy, as altering domestic interest rates relative to other countries would put pressures on the exchange rate of the national currency; an independent monetary policy and free capital flows, while opting out of fixed exchange rates, thereby inviting exchange rate volatility; or a fixed exchange rate and an independent monetary policy, while maintaining controls over capital flows, since capital controls can limit speculation against countries’ exchange rates. Certainly, the Trilemma is a much broader and complex statement than the impossible trinity, even though the concept of free capital flows is related to economic globalisation.



It seems that Dahrendorf and Rodrik have pointed to a fundamental challenge of liberal market economies: the incompatibility of the underlying ‘drivers’ involved, the asynchrony of the ensuing processes, and their impacts on different population groups in terms of economic inequalities and opportunities for social advancement: the economic drivers of globalisation, increasingly decoupled from national processes, and operating in transnational space, undermine the nation state, hence national sovereignty, and in turn, democracy through loss of legitimacy and the rise of disloyal and semi-loyal political opposition groups. Nativist economic strategies may strengthen the nation state, even democracy, but could ultimately lessen economic growth and weaken the economy. Open economic borders may benefit some parts of the population but undercut the prosperity of entire communities and regions, and weaken social cohesion and commitment to liberal democracy, even as the gross domestic product increases. Inherent in these tensions are grave dangers, be they left or right populism mixed with identity politics, as Rodrik suggests, or, as Dahrendorf put it, the growing authoritarian temptations of divided societies.<sup>2</sup>

Not surprisingly, the Quandary and the Trilemma have received considerable academic and policy attention that can be grouped into three main categories: the conceptual overlap among the two and between them, and similar formulations by other scholars; the manifestations they can take in different contexts; and the policy approaches countries have taken, either explicitly or implicitly. Surprisingly, however, despite the attention both received, there has been no systematic empirical assessment of the validity of either the Quandary or the Trilemma over time and cross-nationally. Neither have the important extension of Rodrik’s phrase above, i.e., “simultaneously and in full,” and Dahrendorf’s puzzlement over “how to square the circle” been addressed empirically.

<sup>2</sup> See Dahrendorf’s comments on populism: <https://www.eurozine.com/acht-anmerkungen-zum-populismus/>

## 2. The Quandary and the Trilemma

Dahrendorf and Rodrik proposed their analysis of the trajectory of liberal market economies independently of each other. Both the Quandary and the Trilemma are statements about sovereign nation states that are to varying degrees integrated in the global economy and have some kind of liberal democracy in place. They address a very similar *problématique*. Specific to the Quandary is an emphasis on social cohesion and civil society in the context of economic globalisation and liberal democracy. Specific to the Trilemma is an emphasis on sovereignty and self-determination in the context of economic globalisation and democracy.

Their different emphases notwithstanding, there is much overlap between the Quandary and the Trilemma, as Buti (2017) and Buti and Pichelmann (2017) have pointed out.<sup>3</sup> We agree with this assessment and for purposes of operationalisation, we will merge both into one, with three main conceptual components:

economic globalisation; the nation state as a liberal democracy; and social cohesion and civil society.

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Irrespective of their overlap, and the possibility to merge them, they differ in one important aspect. The Quandary implies a process whereby globalising, open economies encounter growing domestic difficulties over time that demand corrective action governments would increasingly find difficult to deliver. The ultimate outcome is a situation where policymakers have to “square the circle”. The Trilemma, however, points to the impossibility of achieving some hypothetical optimum whereby all three ‘drivers’ (i.e., democracy, national sovereignty and global economic integration) advance simultaneously and in full. In other words, while the Quandary and the Trilemma suggest a common operationalisation, their analysis and interpretations are somewhat different.

Of course, Dahrendorf and Rodrik are not alone in addressing the social and political implications of economic globalisation. Prominent in the European context is the distinction between negative and positive integration of national economies and polities, as proposed by Scharpf (1999). For the EU, he warns of the dangers of negative integration, whereby economic globalisation and economic liberalisation are facilitated not

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<sup>3</sup> Dahrendorf’s Quandary replaces sovereignty with social cohesion. While social cohesion is not exactly the same as nation state sovereignty, both point to similar issues. Social cohesion depends on some underlying belief in a shared community of fate, and a sovereign nation state can to some extent represent it. Could a nation state and its institutions function without social cohesion? Certainly not as a liberal democratic order, and only as a highly controlled, authoritarian society. Likewise, can social cohesion at the national level retain its fibre if the institutions of the national state are functionally overtaken by supranational ones? A purpose of democratic politics is to guide and channel decisions over distributive questions. How public resources are used, how markets work and what rules govern and regulate them, and the design and workings of redistributive policy are all phenomena which – ideally – are subject to democratic oversight and decisions at the level corresponding to the operational level of the economy. In a globalised economy with corresponding supranational common rules and forms of redistribution, these would be subject to democratic oversight as well.

though the policies of democratically legitimated institutions but through administrative-judicial measures, for example, by the European Court of Justice or the European Commission (see also Grimm 2018). By contrast, positive integration would involve democratically legitimated transfers of sovereignty to a super-national body to compensate for the national state's lost capacity to enact policy. Positive integration is a version of dual sovereignty.

Streeck (2018), too, is aware of the imbalances introduced by further European economic integration. Addressing the problems caused by the increasing liberalisation of international trade system and a globalising economy, he posits more socio-economic tensions and ever less social cohesion. He anticipates stronger centrifugal forces within countries similar to regional tensions between Spain and Catalonia, Wallonia and Flanders, or Scotland and England. Weakened social cohesion and regional tensions facilitate and intensify identity politics and populist tendencies.

Like Streeck, O'Rourke (2014) sees the Trilemma inherently at work in the tensions created by the European Monetary Union. Schrank (2018) sees Trilemma conditions manifest themselves in the way different EU member states and leaders struggle to find solutions acceptable to their electorate, the interests of national and international business, and the need for further integration.<sup>4</sup> Similarly, Merler (2018) concludes that European integration has failed to solve the Quandary as member states become increasingly unable to shield their citizens from the social and economic harms caused by economic globalisation. Featherstone (2017) discusses the relationship Norway and Switzerland have with the EU, as well as the Brexit negotiations, and points out the tensions and difficulties in designing institutions that satisfy the diverging concerns inherent in the Trilemma.

Beyond the European context, Aram (1997) concludes that current policy frameworks seem unable to resolve the challenges posed by economic globalisation, especially its impact on social cohesion. By contrast, Drache (1999) and Hirst and Thompson (2002) suggest that economic globalisation would at some stage reach its limits due to national reactions and come to a halt. Held (1997) proposes cosmopolitan democracy as the way to address the Quandary, as globalisation in its various forms reduces the autonomous governance capacity of nation states.

Stein (2016) at first questions some of the underlying assumptions of the Trilemma, and explores what each of the three combinations entails. Eventually, he arrives at the same conclusion as Rodrik: the three components become incompatible at some point. One 'corner' always remains likely to fall victim to the other two, and

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<sup>4</sup> Writing in *The Economist* (2018), Schrank notes that while some countries, such as France under Emmanuel Macron may want more integration and more international democracy (implicitly at the expense of the nation state), Italy's Matteo Salvini in effect promotes democracy and the nation state above economic integration.

possible reconciliations of the three for overcoming the Trilemma would only come about in conditions that seem either implausible or impractical.

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Throughout, however, authors seem to take the Quandary and the Trilemma as well as the conditions leading to them more or less at face value, focus on some part or another, without examining a systematic evidence base to test the

extent to which the relationships posited do in fact exist and lead to incompatibility and perverse choices. As a result, we have incomplete evidence, partial analysis at best, and a patchwork of policy proposals. Given these shortfalls, the purpose of this paper to examine the empirical foundations of Dahrendorf's and Rodrik's propositions. Is it indeed the case that countries face the Quandary equally, and are trapped in the Trilemma? Or do we find distinct patterns, and such that some countries are more exposed, and in different ways?

### 3. Approach

We will first look at measures for the three components or drivers, with the country as the unit of analysis throughout: the degree of economic globalisation, the extent to which the nation state is a liberal democracy, and the extent of social cohesion and civil society development. We do so across countries and over time, employing data from a wide range of sources.

We use separate approaches to account for the differences in the Rodrik Trilemma and Dahrendorf Quandary. In the case of Rodrik, we ask if all three drivers (economic globalisation, liberal democracy, social cohesion/sovereign state or institutions) can reach and maintain high levels over longer periods of time. If a country starts off with one of the drivers at a lower level which then climbs higher, how do the other two drivers behave? Rodrik's prediction would be that if the economic driver reaches a high level, then any one of the other two must stay relatively stable or even retract. In the case of Dahrendorf, we put the analytical focus on the stresses that can manifest themselves for liberal democracy and social cohesion as a result of increasing economic globalisation.

**Operationalisation.** The operationalisation of the Quandary involves measuring the 'drivers,' i.e., both the absolute values of, and the overtime changes in, the measures of economic globalisation, democracy and the nation state, and degree of social cohesion and the status of civil society; and measuring 'stressors', i.e., the tensions are associated or accompanied with changes in each of the three drivers. All indicators are normalised and projected on a scale ranging from 0 to 100. Appendix A offers more detailed information on indicators and data sources.

Figure 3: Operationalising the Quandary and the Trilemma

Figure 3a: The drivers

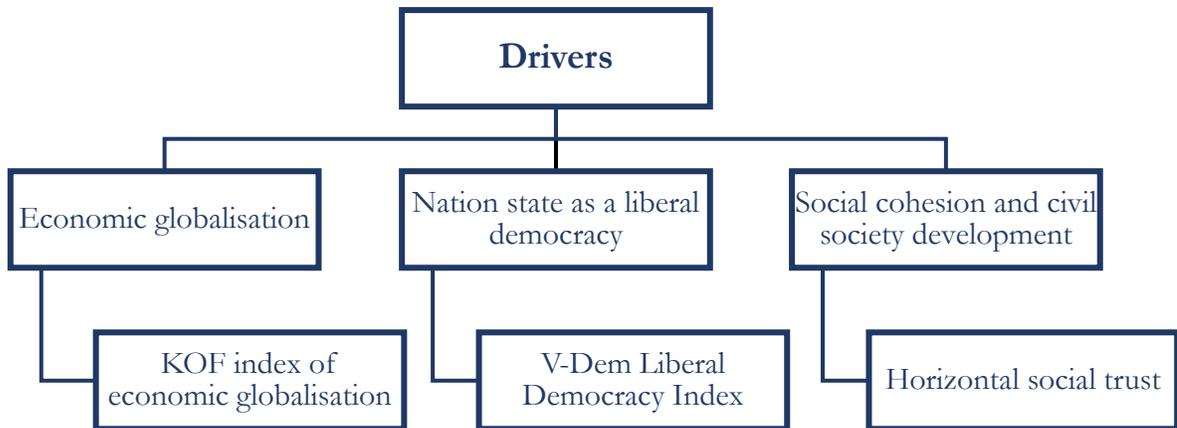
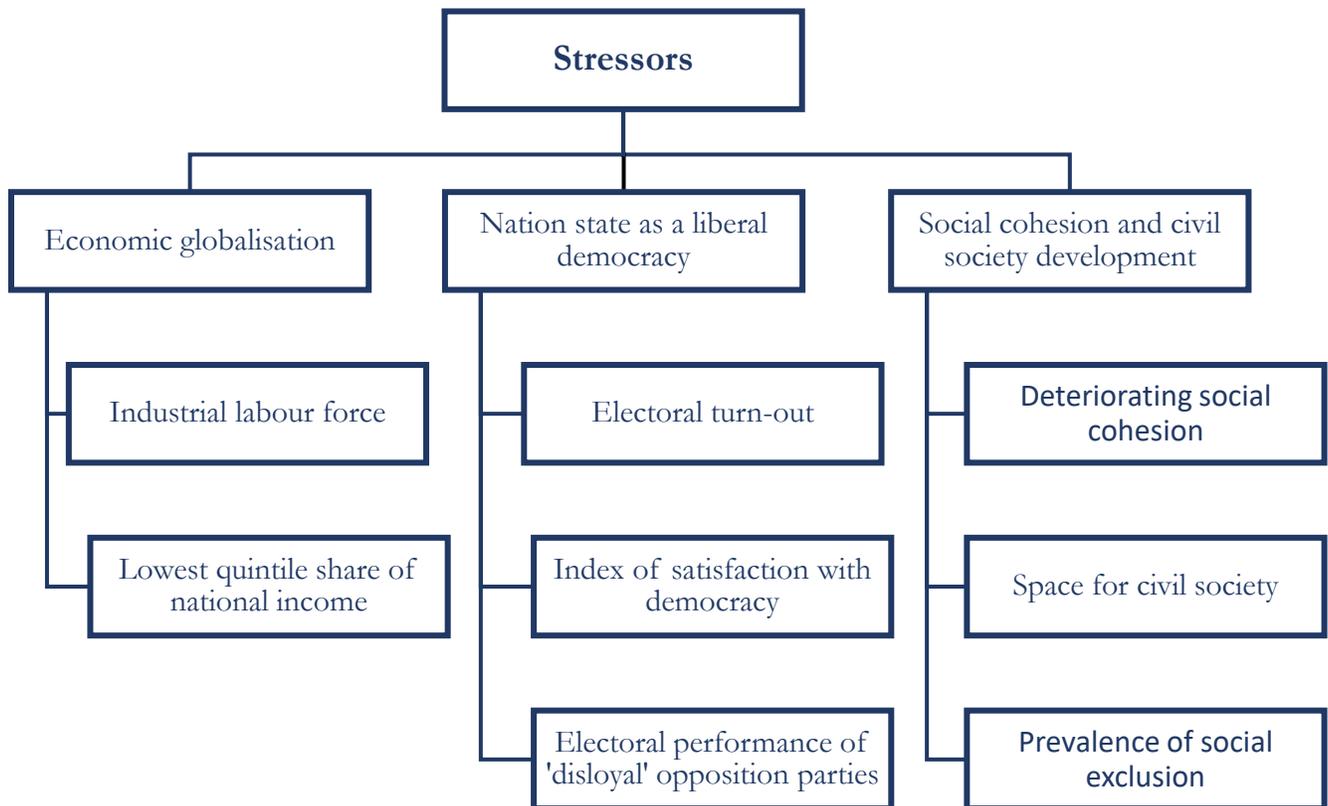


Figure 3b: The stressors



**Economic globalisation** is measured as the economic integration of a country in the global economy based on the KOF Globalisation Index (Gygli *et al.* 2019). It covers trade in goods, trade in services, trade partner diversification, foreign direct investment, portfolio investment, international debt, international reserves, and international income payments, based largely on World Bank World Development Indicators (<https://data.worldbank.org>), and IMF data on balance of payment and international investment position statistics (<https://data.imf.org>) for investment restrictions, trade regulations and tariffs as well as capital account openness.

The associated stressor is an aggregation of two indicators, one measuring the extent of industrial deskilling of the national labour force, using data from the Quality of Government Database (Teorell 2019), showing the percentage of active labour force employed in industry), the other measuring the share of national income of the population in the lowest quintile (<https://data.worldbank.org>).

**The democracy and the nation state** indicator measures the ‘health’ of democracy at the national level, using the Varieties of Democracy (Coppedge *et al.* 2019) or V-dem Liberal Democracy Index.

The associated stress measure is an aggregation of three indicators: legislative electoral turnout (at the most recent national elections) with data from V-dem (Coppedge 2019); the electoral performance of anti-system or disloyal opposition parties from the far right and far left (Armingeon 2019); and dissatisfaction with democracy using data from the Quality of Government Project (Teorell 2019). The variable averages the results of various surveys taken each year that probe for that country’s satisfaction with democracy, offering a yearly value for the proportion of surveyed people satisfied with national democracy each year.

**Social cohesion and civil society** is measured using the variable *hum\_trust* from the Quality of Government dataset (Teorell 2019) based on a question of the type ‘do you believe that most people can be trusted’. The variable is an average of the values of various surveys taken in any one year that probe for horizontal social trust among members of society.

The stressor associated with social cohesion is constructed from three indicators: one is a reversal of the social trust variable from the Quality of Government dataset (Teorell 2019) as a measure of deteriorating social cohesion; social exclusion is measured as a percentage of individuals in a country at a given time who are unemployed, have not completed secondary education, and who are not members of voluntary organisations (European Value Study 2015, 2019; NORC General Social Survey for the US); and the V-dem Core Civil Society Index, which measures the degree of autonomy of civil society from the state and the extent to which citizens can freely and actively pursue their political and civic goals, however conceived (Coppedge *et al.* 2019).

**Country coverage, time periods.** For the Trilemma and the analysis of the drivers, the data assembled for the various indicators cover 34 countries over a period stretching from 1991 to 2014. Given the focus of the

Trilemma, all included countries are members of the OECD and upper-middle to high income market economies. Within that focus, the inclusion of any country is based on data availability across the various data sources and over time. Israel and New Zealand are excluded on that basis, leaving nonetheless considerable geo-political range: next to the United States and Canada, two high-income developed Asian countries (Japan and South Korea), two Latin American countries (Chile and Mexico), and 28 European countries, mostly EU member states with the exception of Iceland, Norway, Switzerland, and Turkey. For the Quandary, as a function of data availability, we have a smaller group of countries. With the exception of the United States, the sample consists of 20 European countries, of which 17 are EU member states.

In terms of the time frame, we assume that a longer-term perspective is needed as both the drivers and the tensions involved are not short-term developments; rather, they build up over time, and are at least medium-term phenomena unfolding over several years, and perhaps even longer, and may well show delayed effects over time. Therefore, we examine the data in two ways: for the Trilemma analysis, we look at longer term changes, and examine the entire period from the early 1990s to 2014; for analysing the Quandary we examine the period after the global financial crisis from 2009 to 2014 against the background of increases in economic globalisation since 1991.

#### 4. Exploring the Trilemma

Looking at economic globalisation first, Table 1 shows the economic globalisation scores of the 34 countries included on a scale from 0 to 100. Some countries are already fairly globalised by 1991, while other countries begin from a lower level of integration of national economies. The top five countries are Luxemburg (84), Belgium (81), Ireland and the Netherlands at 79, and Denmark at 75 – all highly developed yet smaller economies with a limited domestic market. Among the largest economies, the UK (71), Germany (66), and France (66) rank higher than the US (55) and Japan (43). Among the least globalised economies are South Korea (34), Poland (35), and Mexico (37).

By 2014, there is both change and continuity in the country ranking. The top five countries are Ireland (90) Luxemburg, Belgium and the Netherlands at 89, and Estonia at 86 – again highly developed yet smaller economies. The larger economies of the UK (80), Germany (79), and France (77) continue to rank higher than the US (67) and Japan (61). Among the least globalised economies are Mexico (60) and Turkey (54).

But overall, as Figure 4 displays, there is a pronounced trend towards more economic globalisation indicated by higher scores, all countries show higher economic globalisation score by 2014 than they did some 25 years earlier. The average economic globalisation score was 58 in 1991 and increased to 77 by 2014. On average, countries added 19 points, with only six less than 10 (mostly economies that were already highly globalised in 1991), and 15 with more than 20. Among the latter group are five Central and Eastern European countries

(Hungary, Latvia, Poland, Slovakia, and Slovenia), next to Chile, Iceland, Mexico, Portugal, Spain, and South Korea – all countries that followed open market policies throughout that period.

Figure 4: Economic globalisation (1991–2015) by country

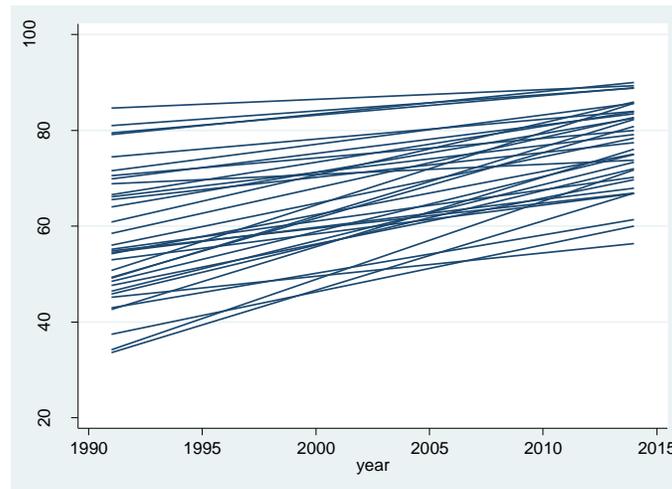


Figure 4 also shows a convergence in the degree of economic globalisation. Whereas in 1991, the standard deviation in the economic globalisation scores for the 34 countries was 14, it shrinks to 9 by 2014. In sum, not only are countries generally more globalised economically by 2014 than they were a quarter century ago, they show greater convergence.

How does this pattern of increase and convergence compare to the other drivers, i.e., democracy and the nation state? The highest-ranking countries in 1991 are Denmark (88), Sweden and Norway (both 87), Germany (86), and Australia and Switzerland (both 85). The lowest ranking countries are Mexico (21), Turkey (38), and South Korea. As Table 1 shows, the average score is 75, and with a standard deviation of 13.9, most countries with fall within the 70s and 80s range. If we take the three outliers (Mexico, Turkey, and South Korea) out, the standard deviation falls to 6, indicating an overall narrow range.

How does this pattern change by 2014? The average score for democracy and the nation state increases only slightly to 77 and the standard deviation falls to 10.6. Nearly two-thirds (21) show 2014 scores that are 3 or less points higher or lower than they were in 1991. Ten countries made gains greater than 3 points, with Chile, Mexico, Slovakia, and Slovenia standing out. By contrast, three countries show pronounced declines: Hungary, Greece, and the Czech Republic.

Table 1: Economic globalisation, democracy and the nation state, and social cohesion<sup>5</sup> and civil society indicators (1991 and 2014) by country

Globalisation	Economic globalisation		Democracy and the nation state		Social cohesion and civil society	
	1991	2014	1991	2014	1991	2014
Australia	52	67	85	84	40	52
Austria	70	83	77	79	32	49
Belgium	81	89	81	82	34	50
Canada	55	70	81	79	53	67
Chile	46	72	75	84	23	49
Denmark	74	84	88	90	58	68
Estonia	61	86	83	85	22	54
Finland	64	82	83	85	63	62
France	66	77	82	82	23	45
Germany	66	79	86	83	33	51
Greece	46	73	81	75	24	37
Hungary	51	86	72	59	25	42
Iceland	48	70	79	77	44	57
Ireland	79	90	79	79	47	54
Italy	54	68	75	79	35	39
Japan	43	61	76	77	42	39
Latvia	49	81	72	77	25	43
Lithuania	48	75	78	77	22	44
Luxembourg	85	89	77	76	25	50
Mexico	37	60	21	48	33	59
Netherlands	79	89	83	82	53	59
Norway	69	74	87	87	65	62
Poland	34	72	77	80	29	47
Portugal	56	78	80	83	22	44
Slovakia	49	82	57	73	36	39
Slovenia	42	76	73	80	17	42
Spain	54	75	78	75	34	46
Sweden	67	84	87	88	66	63
Switzerland	72	86	85	87	37	57
Turkey	45	56	38	42	10	12
Czechia	58	83	83	78	62	45
South Korea	34	67	55	61	34	49
UK	71	80	77	83	44	52
USA	55	67	81	87	51	53

<sup>5</sup> For a few countries, the *bum trust* variable was unavailable for 1991; the earliest available time point is used instead: 1995 in Australia, Latvia; 1996 in Estonia, Lithuania, Switzerland, 1997 for Czechia, Germany; 1998 for Slovakia; 1999 for Luxembourg and Greece-

<sup>6</sup> For Czechia and Slovakia, the earliest available KOF globalisation data are for 1993, and those values are used here instead of 1991.

As Figure 5 shows, in contrast to economic globalisation, there is no general tendency towards higher scores for the nation state as a liberal democracy, although a narrowing of the range of country scores can be observed as some countries show pronounced increases.

Figure 5: The nation state as a liberal democracy indicator (1991–2020) by country

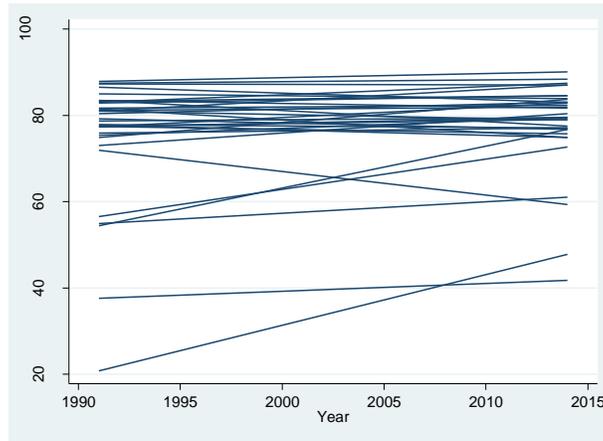
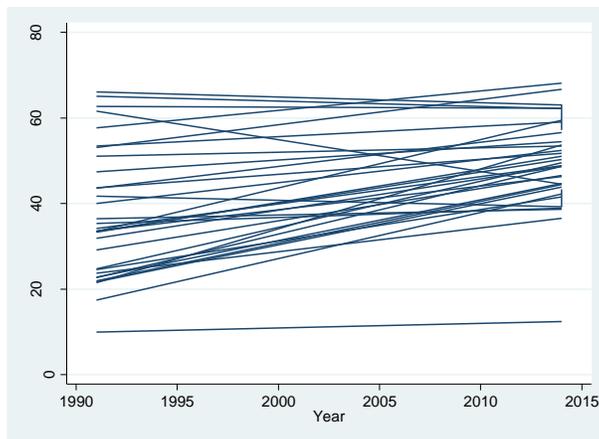


Figure 6: Social cohesion and civil society indicator (1991–2020) by country



Finally, looking at the social cohesion and civil society driver in Table 1 and Figure 5, we see a different pattern yet. The average score for the indicator increased from 37.1 in 1991 to 49.4 in 2014, with standard deviation dropping from 14.8 to 10.5 during the same period. The four Scandinavian countries rank highest with a score of over 60, as does the Czech Republic. By 2015 the Scandinavian countries are still on top, and Canada (67) takes the place of the Czech Republic, whose score drops substantially to 45. Turkey (10) and Slovenia (17) are the only clear outliers in the ranking, and by 2014 only Turkey (12) remains in that group.

Importantly, no country ranks below 25 by 2014, which suggests a general increase in social cohesion and civil society over the 25-year period, with an average increase of 12.3 points per country. Indeed, only one country, the Czech Republic, experienced a major drop of 17 points. What is more, only four other countries show slightly declining scores of three points or less.

If we summarise the changes of the three drivers over the period in question, we observe a significant increase in economic globalisation across the all countries as well as a general conversion at a relative high level. For liberal democracy as a nation state, stability is the dominant pattern; and for social cohesion and civil society, data reveal a general increase over time. On average, countries show a higher degree of social cohesion and a more vibrant civil society in 2014 than they did in 1991.

What do these results imply for the Trilemma? The aggregate pattern for OECD countries suggests pronounced growth in globalisation, moderate growth in social cohesion, and stability of democracy over a 25-year period. This would validate the Trilemma as only two of the drivers increase, and the third does not. However, recall that the impossibility theorem states the countries cannot sustain growth in all drivers simultaneously and in full over periods of time, in this case the 25 years from 1991 to 2014. The changes for each driver are shown in Table 2. Of interest are two questions: do we, in fact, find that all three drivers did grow to at least some extent during that time period? If we do not, then the Trilemma is confirmed. If we do, then the impossibility theorem can at least be questioned in its generality.

*...we observe a significant increase in economic globalisation across the all countries as well as a general conversion at a relative high level.*

As Table 2 reveals, in 32 of the 34 cases the Trilemma holds in a strict sense. The combination of increases in both economic globalisation, social cohesion and civil societies with a stagnant or decreasing score in liberal democracy as a nation state applies in 22 of the 32

cases. In two other cases, it is the combination of hikes in economic globalisation, and social cohesion and civil society, while the driver liberal democracy as nation state either remains stable or drops. In six cases, only economic globalisation advances while the other two drivers remain stable or decline; in one further case (Norway) all drivers are more or less stable.

This leaves Chile and Mexico, the only Latin American members of the OECD, as the two clear cases where, over a prolonged period of time, all drivers could advance simultaneously and in full, and contrary to Rodrik's Trilemma. Both countries, however, present unusual cases. Chile emerged from years of dictatorship with an open market policy and a nascent civil society, while Mexico benefited on both the economic and political front. NAFTA provided an instrument for economic growth while the gradual opening up of the political system invited political engagement. What both countries have in common is that high potential for economic growth opened up and coincided with changes in the political status-quo

Table 2: Changes in driver scores (1991–2014) by country

Country	Change in economic globalisation indicator	Change liberal democracy as nation state indicator	Change in social cohesion and civil society indicator	Number of drivers with pronounced increase	Number of drivers decreasing or stable	Tri-lemma confirmed in narrow sense	Tri-lemma confirmed in broader sense	Tri-lemma rejected
Australia	14	-1	12	2	1	Y		
Austria	13	2	17	2	1		Y	
Belgium	8	1	16	2	1		Y	
Canada	15	-2	14	2	1	Y		
Chile	26	9	26	3	0			Y
Denmark	9	2	10	2	1		Y	
Estonia	25	2	32	2	1		Y	
Finland	18	2	-1	1	2	Y		
France	11	0	22	2	1	Y		
Germany	13	-3	18	2	1	Y		
Greece	27	-6	13	2	1	Y		
Hungary	35	-13	17	2	1	Y		
Iceland	22	-2	13	2	1	Y		
Ireland	11	0	7	2	1	Y		
Italy	14	4	4	1	2		Y	
Japan	18	1	-3	1	2	Y		
Latvia	32	5	18	2	1		y	
Lithuania	27	-1	22	2	1	Y		
Luxembourg	4	-1	25	2	2	Y		
Mexico	23	27	26	3	0			Y
Netherlands	10	-1	6	1	2	Y		
Norway	5	0	-3	0	3	Y		
Poland	38	3	18	2	1		Y	
Portugal	22	3	22	2	1		Y	
Slovakia	33	16	3	2	1		Y	
Slovenia	34	7	25	2	1		Y	
Spain	21	-3	12	2	1	Y		
Sweden	17	1	-3	1	2	Y		
Switzerland	14	2	20	2	1		y	
Turkey	11	4	2	1	2		y	
Czechia	24	-5	-17	1	2	Y		
South Korea	33	6	15	2	1		Y	
UK	9	6	8	2	1		Y	
USA	12	6	2	1	2		Y	

However, if we loosen the conditions from “simultaneous and in full” to “over a longer period of time and to a measurable, meaningful extent”, several more countries seem to escape the Trilemma (Table 2, column ‘Trilemma rejected in broader sense’). The clearest cases are Slovenia and the United Kingdom. In the former, economic globalisation expanded 34 points, social cohesion and civil society 25 points, and liberal democracy considerably less, but it still has a 2014 score 7 points higher than 1991. The United Kingdom reveals advances across the board at moderate levels. If we loosen the conditions even more and only require that all three drivers show positive growth rates over time, more countries qualify. Table 2 shows three outcomes for the Trilemma test: 17 cases for which the Trilemma is confirmed to exist in the narrow sense only; 15 cases for which it is confirmed in the broader sense, and, finally, two countries where the Trilemma does not hold.

In sum, in its strict formulation, the Trilemma applies to all but two countries, which, in turn, means that it is not a universal statement but an empirical generalisation that allows for exceptions. In a looser formulation, the Trilemma still holds for about half of the countries included, but shows significantly different patterns: in several cases, two of the drivers expand much, while a third, usually liberal democracy as a nation state, advances somewhat but mostly ‘does not give’, as Rodrik suggests. For another half, all three drivers grow moderately over time, and in a few cases remain constant or even decline. In particular, the finding that drivers can expand at lower to moderate degrees over longer periods of time suggests that the strict Trilemma can be avoided: economic globalisation, social cohesion and civil society, and democracy and the nation state can all grow simultaneously – but not in full.

## 5. Exploring the Quandary

Table 3 presents changes in the stressors over the period 2009 to 2014, and relative to the 1991 value of the economic globalisation, revealing essentially four groups of countries:

- First, Spain, Italy and, marginally, also France, where all three stressors increase. Their average economic globalisation indicator in 1991 is 58, the average increase over the period amounts 23 per cent, with a combined average stressor increase of 25 per cent. These are the Quandary conditions Dahrendorf hypothesised, and in which countries face the difficult choice of how to “square the circle”, as he put it.
- There is a second group of countries, where two stressors gain substantially and a third drops or remains stable. This is the case for Slovenia, Slovakia, Hungary, the United States, Finland, Norway, and the Netherlands. Their average 1991 economic globalisation indicator is also 60, yet with a higher globalisation growth of 38 per cent, and a lower combined average stressor level of 8. These are countries that generally managed to grow in terms of economic globalisation over the period while avoiding some of the tensions implied in the Quandary.
- Then there is a larger group of countries (Poland, Lithuania, Estonia, Germany, Sweden, Austria, the UK, Switzerland, and Denmark), where two stressors decline (and in the case of Czech Republic remain stable), and one stressor increases. For these countries, the 1991 average economic globalisation indicator was 61 and the growth 36 per cent. The group, however, includes countries with very high growth rates, such as Poland (98 per cent), and Denmark or the UK with substantially lower ones of 13 per cent and 11 per cent respectively. Overall, however, the pattern for this group of countries suggests that a growing globalisation of the economy can lead to lower stress levels, and in most cases both for democracy and social cohesion.
- Finally, Iceland is the only country in the sample that shows a decline in all three stressors over the period, while the indicator for economic globalisation increased by 56 per cent. In other words, Iceland is a clear case refuting the Quandary.

*The Quandary seems to apply in three cases in a narrow sense, in a broader sense in seven out of 21 countries... While tensions inherent in the Quandary seem to be present in all except Iceland, countries vary in terms of acuteness or severity.*

Based on the results in Table 3, we can conclude that for the 2009 to 2014 period, the Quandary seems to apply in three cases in a narrow sense, in a broader sense in seven out of 21 countries, and in 11 further countries to a much lesser extent, if at all. While tensions inherent in the Quandary seem to be present in all except Iceland, countries vary in terms of acuteness or severity.

Table 3: Changes in Stressors 2009-2014, by Country, sorted by 1991 Economic Globalization Indicator

Country	Economic Globalization Indicator 1991	Per cent change in Globalization Indicator (1991-2007)	Percent change in Globalization Stressor	Percent change in Democracy Stressor	Per cent change in Cohesion Stressor	Number of Stressor Increases	Narrow Confirmation of Quandary	Broader confirmation of Quandary	Quandary rejected
Poland	34	98%	-1%	-1%	14%	1			Y
Slovenia	42	78%	27%	17%	-18%	2		Y	
Lithuania	48	57%	1%	-13%	-6%	1			Y
Iceland	48	57%	-1%	-9%	-14%	0			Y
Slovakia	49	63%	18%	-16	16%	2		Y	
Hungary	51	67%	29%	12%	-7%	2		Y	
Spain	54	35%	19%	35%	34%	3	Y		
Italy	54	24%	13%	42%	17%	3	Y		
United States	55	23%	0%	36%	13%	2		Y	
Czech Republic	58	36%	0%	20%	-14%	1			Y
Estonia	61	41%	16%	-7%	-25%	1			Y
Finland	64	28%	5%	3%	-9%	2		Y	
France	66	16%	2%	21%	34%	3	Y		
Germany	66	21%	8%	-12%	-37%	1			Y
Sweden	67	26%	7%	-4%	-3%	1			Y
Norway	69	11%	4%	-22%	16%	2		Y	
Austria	70	21%	-6%	5%	-2%	1			Y
United Kingdom	71	11%	0%	-7%	-35%	0			Y
Switzerland	72	15%	2%	-8%	-7%	1			Y
Denmark	74	13%	5%	-2%	-13%	1			Y
Netherlands	79	11%	8%	11%	-3%	2		Y	

**The Trilemma and the Quandary combined.** When examining the Trilemma and the Quandary we came up with three groups of countries in either case. Knowing that we have a smaller set for the latter, the question still arises how the country groupings relate. The answer is presented in Table 5.

Table 4: Trilemma and Quandary by country

Quandary Tensions →	Strong	Moderate	Weak
Trilemma Conditions ↓			
Strong	France, Spain	Hungary, Finland, Norway, Netherlands	Lithuania, Czech Republic, Germany, Sweden (Iceland)
Moderate	Italy	Slovenia, Slovakia, USA	Poland, Estonia, Austria, UK, Switzerland, Denmark
Weak	(Mexico, Chile)		

The combination of the ‘Trilemma overcome’ and ‘Quandary tensions avoided’ does not apply to any of the countries included, although, due to data limitations, we do not know how Mexico and Chile would have fared when it comes to the Quandary for the period in question. However, we find that two countries, Spain and France, are strongly exposed to Trilemma and Quandary forces, in contrast to Poland, Estonia, Austria, the UK, Switzerland, and Denmark, with other countries located in between.

## 6. Conclusion

The purpose of this paper is to examine the empirical foundations of Rodrik’s and Dahrendorf’s propositions. The Quandary implies a process whereby globalising economies with open markets encounter growing domestic difficulties over time. Increasingly, governments have difficulties responding with, and delivering, remedial measures. The Trilemma is the impossibility of achieving some hypothetical optimum whereby all three ‘drivers’, i.e., democracy, national sovereignty and global economic integration, advance simultaneously and in full.

Assessing developed market economies from 1991 to 2014, evidence suggests that in rare cases, the Trilemma can be overcome, and that the tensions the Quandary implies can build up to a significant extent. In most cases, however, the performance of the countries examined here is too varied to support the broad claims Rodrik and Dahrendorf put forth in their respective writings. Specifically, next to the small group of five cases where either the Trilemma or the Quandary apply (Chile, Mexico, France, Italy, and Spain), there are twice as many countries that generally managed to grow moderately in terms of economic globalisation, liberal democracy and social cohesion, while avoiding some of the tensions implied in the Quandary or reaching Trilemma conditions. What is more, for an even larger group of countries the evidence suggests that growing economic globalisation can co-exist with lower stress levels, and even enhance democracy and social cohesion.

That countries do not fully face up to the Trilemma and the tensions of the Quandary as such, does not mean that they are immune to the inherent trade-offs and tensions Rodrik and Dahrendorf described. There are some instances where globalisation increased significantly, others with such increases for the nation state as a liberal democracy, and yet others for social cohesion and civil society. By contrast, economic globalisation tends to decrease less, but the nation state as a liberal democracy and social cohesion more often. Clearly, results suggest that countries seem to face challenges to their internal governance, but not always in the same manner.

One interpretation of the finding suggests that countries generally manage to avoid the Quandary, suggesting a pattern of push-and-pull among drivers and stressors. In this interpretation, the drivers of economic globalisation find at least some correction in policy action dealing with stressors. These policy responses address stressors and rein in drivers that seem to transgress and thereby cause governance problems. Could it be that different policy approaches and responses are behind the patterns observed, and in the sense that either prevent a fuller manifestation of the Quandary, and perhaps to so unevenly by privileging one driver or another, and hence creating different stressors with varying strengths?

Finally, one may wonder why Dahrendorf's Quandary and Rodrik's Trilemma managed to gain such salience? One reason may well be their crisp, intuitive flavour, and their quality to capture the zeitgeist of the current era. We are reminded of the historian Huizinga who wrote in his seminal *The Waning of the Middle Ages* (1999) that complex concepts have first to take visual shape to impress people's mind – and what could give a more useful impression than a trilemma?

Yet we should also consider the possibility that a weakening of both liberal democracy and social cohesion may take longer to materialise and show effects more delayed in time than we have been able to examine here. For example, it could be argued that for much of the 1990s, Central and East European countries were in a profound transition phase that had more to do with changes stemming from some four decades of communism than with globalisation and its related stressors. By the late 2010s, the impact of economic globalisation would presumably be felt more directly. What is more, for the other countries included, one could suggest that the Quandary's notion of tensions building up during initial globalisation spurt of the 1990s could amplify during the period following the global financial crisis of 2008–9, and only begin to reveal their effects a decade later.

Indeed, for Dahrendorf, the global financial crisis of 2008–9 and its aftermath proved that many countries failed to find solutions to the Quandary, and the vexing tensions and choices contained. As the crisis unfolded, and shortly before his death, he argued in 2009 that the response by most countries (a policy stance he labelled *Pump-Kapitalismus*, i.e., piling up public debt to bail out large business corporations while

implementing austerity measures for the population at large) would create many medium to long-term problems, i.e., reaching into the late 2010s and even the 2020s. In his view, populist and illiberal tendencies were likely to rise, and civil society jeopardised, while economic globalisation continues pushing social inequality higher, social mobility lower, ultimately eroding trust in key national institutions (Dahrendorf 2009).

Indeed, had he lived to witness the Brexit referendum and its arduous aftermath, the illiberalism of Victor Orban's Hungary, Donald Trump's repeated challenges to US institutions and political norms, the rise of controlled and well-managed societies like Singapore, the autocratic developments in China, Russia or Turkey, populism in Brazil, Argentina or Italy, uprisings in Chile and Hong Kong, and the growing public indebtedness of many OECD economies, especially the United States, Dahrendorf would most likely have uttered despairingly: "Have I not told you so?"

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## APPENDIX

### Operationalisation and data sources

For the three main drivers, the following data are used:

- Economic globalisation  
KOF Globalisation Index of the ETH Zurich (the general index of economic globalisation)
- National democracy  
V-dem Liberal Democracy Index: variable *v2x\_libdem*
- Social cohesion

QoG variable *hum\_trust*, which averages the values of national social trust numbers from all surveys taken in a year in a country that contained a question of the type ‘do you believe that most people can be trusted’.

For the stressors, we use the following data:

#### Globalisation stressor:

- Share of income of the bottom 20 per cent of earners (World Bank). The scale reversed so that higher values represent a falling share of income for the bottom 20 per cent.
- Level of industrial employment:  $100 - \text{QoG variable } wdi\_empind$  (employment in industry (percentage of total employment)). The scale is reversed so that falling levels of industrial employment (as a proxy for industrial deskilling) have higher values.

#### Social cohesion stressor:

- The inverse of the value of QoG variable *hum\_trust*, which averages the values of national social trust numbers from all surveys taken in a year in a country that contained a question of the type ‘do you believe that most people can be trusted’.
- The inverse of the V-dem Core Civil Society Index
- Social exclusion – used by calculating the percentage of individuals who are ‘unemployed’, ‘have not completed secondary education’ and who are not members of voluntary civil society organisations (‘cultural’, ‘religious’, ‘sports and recreational’, ‘environmental’, ‘trade/labour unions’, ‘professional’, ‘political’) – data used from the World Values Survey.

#### Democracy stressor:

- The (inverse) turnout from the most recent legislative election at each time point, as recorded by V-dem (*v2eltrnout\_leg*)

- The (inverse) of the value of a QoG variable (*bum\_satdem*) which averages the values of national satisfaction with democracy from all surveys taken in a year in a country probed for satisfaction with democracy
- The percentage of votes obtained by anti-systemic parties in the latest national legislative (lower house) elections. The indicator comes from the CPDS database, and is constructed by adding together the vote % of parties that the CPDS designates as communist or far right ('COMM1 + COMM2 + COMM3...' and 'RIGHT1', 'RIGHT2' ...). For the USA the percentage is given by the proportion of representatives that have caucused with the Tea Party (calculation based on data from Wikipedia).

## Variables and labels

### The Trilemma

- Economic Globalisation – KOF Index of General Economic Globalisation

Economic Globalisation (KOFecGI) – Aggregate of Economic Globalisation, De Facto and De Jure (Trade Globalisation De facto and De jure, Financial Globalisation De facto and De Jure). The scale runs from 0–100.

Economic globalisation (KOFecGI)

- 1) *Economic Globalisation, de facto (KOFecGI<sub>df</sub>)*
  - a) *Trade Globalisation, de facto (KOFTrGI<sub>df</sub>)*
    - i) Trade in goods World Bank WDI (2017) – sum of exports and imports in goods as share of GDP.
    - ii) Trade in services World Bank WDI (2017) – sum of exports and imports in services as share of GDP.
    - iii) Trade partner diversification – own calculations based on IMF DOTS (2017) Herfindahl-Hirschman concentration index for trade in goods. Constructed as the average of the sum of squares of trade partner shares in total exports and imports (inverted).
  - b) *Financial Globalisation, de facto (KOFFiGI<sub>df</sub>)*
    - i) Foreign direct investment IMF IIP (2017) / historical data from EWN – sum of stocks of assets and liabilities of foreign direct investments (% of GDP).
    - ii) Portfolio investment IMF IIP (2017) / historical data from EWN – sum of stocks of assets and liabilities of international equity portfolio investments (% of GDP).
    - iii) International debt IMF IIP (2017) / historical data from EWN – sum of inward and outward stocks of international portfolio debt securities and international bank loans and deposits (% of GDP).
    - iv) International reserves IMF IIP (2017) / historical data from EWN – includes foreign exchange, SDR holdings and reserve position in the IMF (% of GDP).
    - v) International income payments IMF IIP (2017) / historical data from EWN – sum of capital and labour income to foreign nationals and from abroad (% of GDP).
- 2) *Economic Globalisation, de jure (KOFecGI<sub>dj</sub>)*
  - a) *Trade Globalisation, de jure (KOFTrGI<sub>dj</sub>)*

- i) Trade regulations Gwartney *et al.* (2017) – average of two subcomponents: prevalence of non-tariff trade barriers and compliance costs of importing and exporting.
- ii) Trade taxes World Bank WDI (2017) – income from taxes on international trade as percentage of revenue (inverted).
- iii) Tariffs Gwartney *et al.* (2017) – unweighted mean of tariff rates.
- b) *Financial Globalisation, de jure (KOFFIGIdj)*
  - i) Investment restrictions Gwartney *et al.* (2017) – prevalence of foreign ownership and regulations to international capital flows.
  - ii) Capital account openness 1 Chinn, Ito (2017) – Chinn-Ito index of financial openness.
  - iii) Capital account openness 2 Jahan, Wang (2016) – Jahan-Wang index of openness of the capital account.
- Democracy – Liberal Democracy Index from V-dem  
Liberal democracy index (D) (*v2x\_libdem*) Question: To what extent is the ideal of liberal democracy achieved? Clarification: The liberal principle of democracy emphasises the importance of protecting individual and minority rights against the tyranny of the state and the tyranny of the majority. The liberal model takes a ‘negative’ view of political power insofar as it judges the quality of democracy by strong rule of law, an independent judiciary, and effective checks and balances that, together, limit the exercise of executive power. To make this a measure of liberal democracy, the index also takes the level of electoral democracy into account. Scale: Interval, from low to high (0–1)  
\*Variable rescaled 0–100 for the present paper.
- Social cohesion – *hum-trust* variable from the QoG.  
Horizontal Social trust – (*hum\_trust*). These index scores represent an average of all country-survey scores available within each country-year observation. Overlapping country-surveys are averaged to create unique country-year observations. Scores range from 0 representing the lowest possible level of trust to 100 representing the highest possible level.

## The Quandary

The stressors for economic globalisation:

### 1) Industrial deskilling:

QoG variable *wdi\_empind* – employment in industry (% of total employment) (modeled ILO estimate) – employment in industry as a percentage of all employment. Employment is defined as persons of working age who were engaged in any activity to produce goods or provide services for pay or profit, whether at work during the reference period or not at work due to temporary absence from a job, or to working-time arrangement. The industry sector consists of mining and quarrying, manufacturing, construction, and public utilities (electricity, gas, and water), in accordance with divisions 2–5 (ISIC 2) or categories C–F (ISIC 3) or categories B–F (ISIC 4).

### 2) Income share of bottom quintile – World Bank Data ‘Income share held by lowest 20%’ ([databank.worldbank.org/data/reports.aspx?source=2&series=SI.DST.FRST.20&country=#](http://databank.worldbank.org/data/reports.aspx?source=2&series=SI.DST.FRST.20&country=#))

The stressors for democracy:

### 1) Electoral turnout

V-Dem variable *v2eltrnout\_leg*. Question: In this national election, what percentage (%) of all registered voters cast a vote according to official results? Clarification: Subset of ‘Election turnout (A)’ for legislative elections only.

- 2) The performance of anti-systemic parties comes from the CPDS (see above).  
CPDS Source: *European Journal of Political Research (Political Data Yearbook*, various issues); Mackie & Rose (1991); Bugajski (2002); Keesing’s Archive; Parliaments and governments database (<http://www.parlgov.org/explore>); Parline database (<http://www.ipu.org/parline-e/parlinesearch.asp>).  
CPDS Codebook: *As a general rule, we include data on votes and seats for a party if it reached at least 2 per cent of the vote share in an election. If it did not reach that threshold, data for this party was not entered for this election (neither on votes nor on seats); rather it received a zero.*
- 3) Satisfaction with democracy  
QoG variable *hum\_satdem* – Satisfaction with democracy index. These index scores represent an average of all country-survey scores available within each country-year observation. Overlapping country-surveys are averaged to create unique country-year observations. Scores range from 0 representing the lowest possible level of satisfaction to 100 representing the highest possible level.

The stressors for social cohesion:

- 1) The reversed values of social cohesion/*hum\_trust* (\*see above)
- 2) Social exclusion  
Percentage of individuals coded as ‘unemployed, not members of voluntary organizations, and who have not completed secondary education’  
Data from the European Values Study (the latest two waves) was used for European Countries, and from the GSS for the USA. See below for more detailed description.\*
- 3) The V-dem Core Civil Society Index (D) (*v2xvs\_ccsi*)

Question: How robust is civil society? Clarification: The sphere of civil society lies in the public space between the private sphere and the state. Here, citizens organise in groups to pursue their collective interests and ideals. We call these groups civil society organisations (CSOs). CSOs include, but are by no means limited to, interest groups, labour unions, spiritual organisations if they are engaged in civic or political activities, social movements, professional associations, charities, and other non-governmental organisations. The core civil society index (CCSI) is designed to provide a measure of a robust civil society, understood as one that enjoys autonomy from the state and in which citizens freely and actively pursue their political and civic goals, however conceived. Scale: Interval, from low to high (0–1). (scaled to a 0–100 scale for the present paper)

\*Variables used in calculation of percentage of excluded individuals

GSS data variables in the calculation of the percentage of excluded individuals:

wrkstat – labour force status, coded as ‘unemployed’ if value is “unempl, laid off”

degree – r’s highest education degree, unskilled defined as those individuals coded “lt high school”. Higher values (high school, junior college, bachelor, graduate) are coded as ‘skilled’/‘educated’.

The following variables are used to determine the involvement of individuals with civil society organisations:

grpparty – r belongs to a political party

grpwork – r belongs to a trade union or professional association

grp relig – r belongs to a church or other religious organisation

grpsprts – r belongs to a sports, leisure, or cultural group

grpother – r belongs to another voluntary association

Coded as ‘socially involved’ if the response to either of those questions is “belong and actively participate” or “belong but don’t participate”. Answers “used to belong” and “never belonged”.

## **EVS data used in the calculation of the percentage of excluded individuals**

### **2008 wave:**

#### **Education**

v336\_4 educated highest educational level attained respondent (eight categories) (Q110) – coded as ‘uneducated/unskilled’ if respondent coded as “3 Incomplete Secondary School – technical/vocational type” or lower, coded as ‘educated/skilled’ if respondent coded as “4 Complete Secondary School – technical/vocational type” or higher.

#### **Employment status**

v337 paid employment/no paid employment (Q111) coded as ‘unemployed’ if response is “8 unemployed”

#### **Civil society involvement**

v10 do you belong to: welfare organisation (Q5aA)

v11 do you belong to: religious organisation(Q5aB)

v12 do you belong to: cultural activities (Q5aC)

v13 do you belong to: trade unions (Q5aD)

v14 do you belong to: political parties/groups(Q5aE)

v15 do you belong to: local community action (Q5aF)

v16 do you belong to: 3w-development/human rights(Q5aG)

v17 do you belong to: environment, ecology, animal rights(Q5aH)

v18 do you belong to: professional associations(Q5aI)

v19 do you belong to: youth work (Q5aJ)

v20 do you belong to: sports/recreation(Q5aK)

v21 do you belong to: women groups(Q5aL)

v22 do you belong to: peace movement(Q5aM)

v23 do you belong to: voluntary health organisations(Q5aN)

v24 do you belong to: other groups(Q5aO)

Individuals coded with the value “1 mentioned” for any of the above are coded as ‘socially involved’.

### **2017 wave:**

#### **Employment status:**

v244 – paid employment/no paid employment (Q82)

Individuals coded with the value “8 unemployed” are coded as unemployed

**Education:**

v243\_EISCED – educational level respondent: ES-ISCED coding

EDUCATIONAL LEVEL RESPONDENT: ES-ISCED code (HARMONIZED VARIABLE)

[Q81 What is the highest educational level that you have attained?]

**Individuals giving the following responses are coded as ‘uneducated’/’unskilled’:**

0 – no formal or less than primary education

1 I – primary education

2 II – lower secondary (including vocational training that is not considered as completion of upper secondary education)

**Individuals giving the following responses are coded as ‘educated/skilled’:**

3 IIIb – upper secondary without access to university

4 IIIa – upper secondary with access to university

5 IV – post-secondary/advanced vocational education below bachelor’s degree level

6 V1 – Bachelor's level

7 V2 – Master's and higher level

**Civil society involvement:**

V9 – do you belong to: religious organisation (Q4A)

V10 – do you belong to: cultural activities (Q4B)

V11 – do you belong to: trade unions (Q4C)

V12 – do you belong to: political parties/groups (Q4D)

V13 – do you belong to: environment, ecology, animal rights (Q4E)

V14 – do you belong to: professional associations (Q4F)

V15 – do you belong to: sports/recreation (Q4G)

V16 – do you belong to: charitable/humanitarian organisation (Q4H)

V17 – do you belong to: consumer organisation (Q4I)

V18 – do you belong to: self-help group, mutual aid group (Q4J)

V19 – do you belong to: other groups (Q4K)

**Individuals coded with the value “1 mentioned” for any of the above are coded as ‘socially involved’.**

Data measuring the income share of the bottom quintile of the population is sourced from the World Bank. The values for the present sample range from 5.1 to 10. In order to not skew or weight the variable relative to the other indicators, all values were multiplied by 10, which thus results in a distribution of values stopping at the 100 level. The value is reversed (100-x) prior to aggregation, higher values thus represent a lower level of income share for the bottom quintile.

The indicator for industrial deskilling/evolution of percentage of workforce active in the workforce is given by the variable *ndi\_empind* from the QoG database. In order to not skew or weight the variable relative to the other indicators, given its range of values, all values were multiplied by 2. The value is reversed (100-x) prior to aggregation, higher values thus represent a higher level of industrial deskilling.

The values of the variables measuring electoral turnout (reversed values of V-dem variable *v2eltrnout\_leg*), deteriorating social cohesion (reversed values of the QoG indicator *hum\_trust*) and declining satisfaction with democracy (reversed values QoG indicator *hum\_satdem*), and performance of disloyal opposition parties, were not recoded since their distributions on the 0-100 scale do not skew the aggregations.

The values of the indicator showing the percentage of the people who qualified as 'excluded' are normalised on a 1–100 scale.

The value of the V-dem Core Civil Society Index scores (used in the calculation of the social cohesion stressor) were normalised on a 1–100 scale within the sample of 34 countries used in the period 1991–2014 using the values after 1990. The normalised values for 2009 and 2014 (for the two time points used in our analysis) are then used in the aggregation of the stressor for social cohesion.

The aggregations were generated as an arithmetic mean with equal weighting.