# 8 Long Waves of Political Contestation

Jonas Van Vossole

## **Abstract**

This paper develops a wave theory of political contestation, and places the current economic and political turmoil in a historical perspective. Based on legitimacy, it serves as an alternative to the waves of democratization of Samuel Huntington (1991). The theoretical framework is based on two main theories: the theory of long waves in political economics and the theory about state-legitimacy and fiscal crisis. In the first section, this paper gives a short overview of the different economic dynamics which over time have been incorporated in long wave theories, predominantly based on the works of Kondratieff (1979) and Schumpeter (1939), and puts the current economic situation in this perspective. The second part analyzes the general interdependency between long waves and politics, and the original criticisms of the endogenous model by Trotsky (1923). The third section considers long waves theories in politics, in particular Samuel Huntington's theory, and discusses the main criticisms of his theory. The fourth section analyzes the influence of the long wave upswing and downturn on state-legitimacy, and is based on the work of O'Connor (2001) and Habermas (1975). The fifth section combines the long wave's concept with legitimacy and protest against a long wave theory of political contestation and gives the first elements of some empirical evidence, comparing the political contestation in the thirties and today. The sixth section draws conclusions and takes a look on the need for further research.

**Keywords**: crisis, long-wave theory, waves of contestation, Kondratieff, Habermas, Huntington.

# Introduction

The combination between democracy and capitalism is by definition an inherently unstable form of organization of a society (Marx 1852; Przeworski and Limongi 1993). The recent economic crisis and the recent political upheaval in

Kondratieff Waves: Juglar - Kuznets - Kondratieff 2014 276-296 276 both the Arab world and the core of the capitalist world system have resurrected that idea. The systemic character of the Great Recession also brought back some attention to the concept of long waves in economics. This paper is an attempt to bring these elements together and build a theoretical framework around the unstable combination of capitalist economy and its political superstructure.

The theoretical framework is based on two main theories: the theory of long waves in the evolution of capitalist development and the theory of the crisis of legitimacy linked to the economic crisis, which was originally conceived for understanding the interplay with normal business cycles. The long waves serve as a framework to explain long-term instability of the capitalist economy, the legitimacy-theory as a framework to understand the transfer mechanism between that instability and the political contestation movements.

The mainstream theory that comes closest to the approach of this kind is the theory of waves of democratization by Samuel Huntington (1991). However, there are conceptual and methodological problems with this approach. The theoretical framework developed in this paper also tries to answer these shortcomings basing this alternative theory on legitimation and contestation.

The first section of this paper gives a general overview of the different economic dynamics which over time have been incorporated in long wave theory in an attempt to explain the instability of the historical development of capitalism, and puts the current economic situation in this perspective. The second section starts from the criticism on the endogenous character of many long cycle theories and opens its interactive relation with politics. The third section takes a look into long cycle's theories, in particular the 'third wave' of Huntington and addresses its shortcomings. The fourth section brings in the interplay of upswing and downturn of the long wave with the theory of legitimation crisis by Habermas and the fiscal crisis by O'Connor. The fifth section draws a long wave theory of political contestation and tries to find first empirical evidence. The sixth section draws conclusions and takes a look on the need for further research.

# **Introduction to Long Waves in World Economics**

This article is written from the perspective that a long wave approach is crucial to understand current political developments, not in a deterministic sense, but as a perspective of society which allows to interconnect different long-term developments within the capitalist system with other dimensions of society. This paper does not attempt to give a full overview of all theories treating K-waves, but merely draws some examples, in order to show the relevancy

these long waves can have for the creation and reproduction of institutions in a capitalist society, in particular democracy.

Historically, before the development of the capitalist world system, periods of economic crisis and scarcity were primarily linked with temporal scarcities of vital elements for the reproduction of those socioeconomic systems. In classic economic terms, we could call them scarcities of production factors others than capital. Shortages of labor, human beings, following human disasters such as wars and diseases, and of raw materials/land, natural resources, following natural disasters such as draughts, earthquakes and floods were the basis of economic crisis situations. Shortages of capital usually did not cause crisis situations, because it played no vital role in the reproduction of societies.

This only changes slowly with the ascendance of capitalism, as the capital becomes a vital element in the organization of society, and the capital accumulation process becomes central to the reproduction of the existing society. The idea of K-waves already has existed since early patterns of different paces of capitalist development came to appear. The price level, on which Kondratieff based his waves, in the earliest stages of capitalism, however, was determined much more by agricultural and raw material prices than by industrial prices, thus having a determinant effect on long wave patterns. Only after 1940 did the increasing weight of industry in total world production in the primary and secondary sectors put an end to the downward trend in the price level during periods of basic sector surplus (Van Duijn 1982, cited by Vayrynen 1983).

As the most renown pioneer of long wave patterns in the capitalist world system, Kondratieff was hardly the first observing these long wave patterns (Van Duijn 1982). Inspired by the work of Jacob van Gelderen (1913), he based his 1926 work *The Long Waves in Economic Life* (Kondratieff 1979) on empirical observations of long waves in world economics, based on price fluctuations (Delbeke 1981). Since Kondratieff, other authors have found similar wave patterns in growth and investments and different theories have emerged to explain them and to analyze their interaction with different elements of human behavior and evolutions of society.

Generally, long-wave theories can be divided into exogenous and endogenous models. Exogenous models explain the economic waves on the basis of causal factors that are essentially exogenous to the economic cycle, in particular phenomena such as major wars, discoveries of new markets and new sources of raw materials.

Endogenous models explain them through the factors that are totally endogenous to the capital accumulation process itself; that is to say their availability of capital, and the manner, the technology how it is applied. These perspectives imply that an economic upswing contains seeds of its own destruc-

tion, while every downturn gives rise, automatically, to remedial action that leads to a new upswing (Vayrynen 1983).

Kondratieff himself emphasized the discontinuity in the production and duration of long-term fixed capital as the most powerful driving force of the long wave (Delbeke 1981). Three elements would produce those wave-like patterns: short term supply and demand, the expansion and contraction of volumes of production on the base of existing capital equipment, and changes in capital stock (Day 1976). Kondratieff's starting point originated probably in Karl Marx's conjuncture theory (Delbeke 1981), applying them on a longer timeframe. Marx's theory, explained in Capital (Volume 3), observed business cycles, repeating themselves each decade, based on the material wearing out, replacement and expansion of the mass of means of production in the form of machines lasting an average of ten years (Day 1976). As the waves Kondratieff observed in price statistics were much longer than that of Marx's decade-long business cycles based on the wearing out of machinery, Kondratieff related them in a very comparable mechanism to the reproduction of the most durable and costly forms of fixed capital, such as canals, railways, buildings and the periodical technological renovations of industry which attend the rising wave of a long cycle, which would have a wearing-out time of around fifty years (Day 1976).

The implication is that the long cycle is, as much as the normal business cycle, a consequence of the internal dynamics of capitalism itself. Within these cycles Kondratieff distinguished four phases: prosperity, recession, depression, recovery<sup>1</sup> (Kondratieff cited by Delbeke 1981), linked to four phases of capital accumulation: accelerated capital accumulation, overaccumulation, decelerated accumulation, underinvestment (Mandel 1976; Delbeke 1981), which have a profound impact on the organization of society. A rising wave presupposes a lengthy period of savings concentrated in the hands of investors and profit opportunities sufficiently attractive to start a new wave of durable investment. This fact thus also implies reduced consumption and lower growth in the period before the upswing and requires institutions able to reproduce social inequalities and to legitimize them. Over time, the rising wave will cause the interest rate to rise, as available capital becomes scarce, and investment and consumption would then be curtailed, causing the upswing motor of investment and consumption to sputter and transforming into a declining wave (Day 1976). In the depression phase, the capital is unable to find enough productive opportunities for investment, causing a devaluation of capital (Mandel 1976; cited by Delbeke 1981: 251). This is followed again by higher rates of savings and the

<sup>&</sup>lt;sup>1</sup> Interestingly, Kondratieff linked the long wave with gold production.

discovery of cost-cutting innovations (Day 1976), which enables the process to restart.

Others, such as Schumpeter (1939), emphasized the importance of clusters of innovation and technological changes as the base for the long waves. The disappearance of profit and together with the change from monopolistic to competitive markets would be the turning point of long waves, which would lead to the periods of creative destruction (Schumpeter 1976: 81–86), eliminating the inefficient sectors of the economy during the depression phase. At this stage, the economy will be dominated by cost-cutting rationalizing management. This contrasts with the start of a new wave which is characterized by entrepreneurship, instead of management, and stimulates innovative action and technological renewal (Delbeke 1981). Organizational, managerial and social changes play a major role as preconditions for the emergence and spread of technological innovations (Schumpeter 1939; Vayrynen 1983). Mensch (1979) gave Schumpeter's technology-driven theory an empirical base. Incorporation of new industrial sectors and new markets in the capitalist system were crucial during the upswings of 1825, 1886, 1935. The effect on longtime growth of the economy as a consequence of these technological revolutions would however be limited in time. Growing saturation of the new markets, leads to the need of export of surpluses and provokes competition between countries, which eventually leads to the complete saturation of demand of the world economy's leading sectors. The only fundamental solution would be a renewal of the economy, through a new aggressive innovation policy (Delbeke 1981). This means that within the endogenous model 'innovations do not happen, they are made to happen' (*Ibid.*), but also that radically different innovative ideas generally must wait for next upswing (Forrester in Delbeke 1981). On the basis of the observations, it may be concluded that innovation life cycles, infrastructural investments, the dynamics of new industrial branches and the long waves of economic development are associated with one another (Van Duijn 1982: 129-144 in Vayrynen 1983). Each Kondratieff upturn can be linked to a set of technological innovations such as railroads or the automobile suburban complex [Block 1981; Harvey 2010]).

Although the role of capital has gained predominance for explaining wavepatterns, I want to emphasize that, in my opinion, this can never be seen apart from the rest of the organization of society, which explains why long waves in economics can never be interpreted in a deterministic sense. Other production factors, for example, have a dialectical relation with the capital accumulation process; and thus with K-waves. Labor and land, for example, stay heavily attached to the patterns of development within the capitalist world economy. According to Rostow (1978 in Delbeke 1981), for example, long waves provoke changes in the profitability of producing food and raw materials; growing population and rising real income during the upswing create an increasing pressure on the supply of food. In the same way, developing industrialization creates a pressure on the available supply of raw materials (Delbeke 1981: 9–10). (Further reading Jason Moore.)

Within the labor market, competitive pressures within industry become stronger during the downturn. Labour-saving and material-saving technical changes become increasingly important for competitiveness of production. This leads to the growth of capital intensity of production (Freeman 1979; cited by Delbeke 1981). The interdependence between labor market, technology and capital intensity make it very difficult to distinguish unemployment as a result of production innovation from unemployment because of saturation of demand (Delbeke 1981), but from a non-deterministic perspective on long waves in capitalism, they can be both part of the same mechanism.

The same is true for the superstructure of capitalist society and its institutions. Long term developments of capitalism have formed, reformed and deformed the institutions of reproduction of the capitalist society. This is also the case for democracy, as an institution for governing political relations between citizens and the capitalist state. Today's political turmoil and the declining legitimacy of existing democratic institutions as a consequence of the economic depression and its interaction with long waves is the object of study of this paper.

### **RELATIONS WITH POLITICS**

Kondratieff's initial endogenous theory has been criticized by Trotsky (1923) from the beginning, using a dialectic materialist perspective on the relation between economics and society in contrast to Kondratieff. His main critique was that Kondratieff's model was too schematic and deterministic. He emphasized the importance of the dialectical relationship between economics and politics. Although he recognized the existence of patterns of long periods of capitalist development, he emphasized the influence of elements which were the part of the political superstructure of the capitalist society. These made the turning points of Kondratieff's wave rather unpredictable, which made Trotsky conclude that their periodicity had never been fixed (Trotsky 1923). 'Significant external factors of this superstructural order or external conditions, are wars and revolutions, which determine the character and alteration of expansive, stagnating or declining epochs of capitalist development' (*Ibid.:* 9; also cited by Day 1976; Vayrynen 1983).

Polemicizing with Kondratieff, Trotsky stated that long cycles did not 'grow out of the internal dynamics of the capitalist process as such, but out of

the conditions in which [the accumulation process] finds itself ... out of the opening up of new continents, colonies and markets for capitalist activity, or out of the military and revolutionary shocks which cross its path' (Trotsky 1923; Day 1976: 78). Superstructural events hinder the free or semi-free interplay of economic forces. Trotsky sought to demonstrate that 'external conditions' and the relative autonomy of 'superstructural' phenomena precluded any automatic periodicity of long cycles (Day 1976). Moreover, he saw the economic process as such too complex and statistics too limited to have a deterministic positivist economic model (Trotsky 1923). The logical consequence was that Trotsky denied the existence of long cycles and referred instead to distinct 'epochs', or historical 'periods', (Day 1976) which also showed patterns of economic growth and decline, for which the economy in the last analysis nevertheless stayed crucial, but were less deterministic and more open to influence from the superstructure. Governments are thus not totally at the mercy of the long-term developments of K-wave (Vayrynen 1983).

In his original critique, Trotsky (1923) identifies two political events that would have influence on long waves and their turning points: wars and revolutions. Basically these are two systems interrupting events on two apparently different domains: national politics and international politics. These are also the two different arenas where contradictions of the system of production express themselves in the form of a legitimation crisis, as Habermas (1975) analyzed, on the national level and will be developed further on in this paper. As is the case with the legitimation crisis of the system on the national level, imperialism and (neo)colonialism are a transfer mechanism for externalizing the internal contradictions between Labor and Capital, resulting in a social redistribution of power and wealth and a reconfiguration of power relations. What is expressed on the national level as a fiscal crisis or a crisis of overproduction, can culminate in major wars between major countries (Van Duijn 1982). These crises themselves can have a major effect on capital accumulation processes, by removing or erecting barriers to the accumulation process, and thus have effects on the long term development of capitalism and its long waves. Wars and revolutions often condition industrial change, but they are not its prime movers (Schumpeter 1976: 82). Both are determined, but only in last instance, by economic conditions, as they both are the consequence of changing power relations and changes in legitimacy of those relations.

Most studies about the interaction between long waves and politics have been conducted on the level of international relations. States are, for example, within certain limits, 'able to steer and restructure the reality, including engaging in military confrontations among themselves' (Vayrynen 1983: 402). The U.S. case, for example, shows the possibility that 'participation in a major

war outside one's territory may prolong the upswing preceding war by stimulating the economy' (Van Duijn 1982: 6; Vayrynen 1983: 408). But an economic crisis also does always lead to political and military confrontations. If the crisis is deep enough, however, as it was between the two world wars, such confrontations cannot be avoided. The best way to analyze the effect of long wave is thus to start from 'a mutually inter-dependent historical process' (Vayrynen 1983: 407) as major wars bring about economic consequences that alter the course of the economic cycle from what it would otherwise have been (*Ibid.*).

A similar point of view should be taken into account for the national social and economic policy, with the existence of a margin for governments to temporarily escape the effects of economic crisis through policy-measures, and by this temporarily overcome the contradictions of the capitalist system that provoked the downturn. This could explain how the crisis of the nineteen seventies could have been postponed by neoliberal reforms, the liberalization of financial markets and the reincorporation of the markets of Eastern Europe into the world market.

The above discussion illustrates why this paper does not speak out on the endogenous or exogenous character of long wave patterns. For the same reason, this paper uses the term 'long wave', as does Van Duijn (1982: 1), and not a 'long cycle'. 'The distinction between "wave" and "cycle" is important, as the term "cycle" suggests a model, in which fluctuations are generated as an endogenous process; with fixed periodicity and amplitude' (*Ibid.*).

# LONG POLITICAL CYCLES THEORIES

Most of the research done on the mutual influence of economic cycle patterns and politics are focused on the influence of elections on macro-economic policy, concentrating on the macro-economic effects of electoral cycles, the so-called political business cycles (Tufte 1980; Willett 1988; Nordhaus 1975). The rest of this paper, however, will discuss theories that focus on the reverse relation: the influence of economic wave-patters, in particular long waves, on the political sphere.

While Vayrynen (1983) and others also have studied the influence of long waves on international relations, this article concentrates on the political legitimacy of national institutions, assuming that political decision-making is affected by the economic evolution. The margins of decision-making are smaller during the periods of stagnation and negative growth. Hence constraints on government action are greater during long economic downturns. Those periods are usually associated with nationalism and conservatism while the upswing phase gives rise to liberalism and reformism (*Ibid.*). Wave-like patterns of political developments, based on economic cycles can be found in the work of

Eric Hobsbawm (1994). The most influential general theory, however, is that of Huntington (1991) (see Green 1999; Doorenspleet 2000; Fraser 2001).

In *The Third Wave: Democratization in the Late Twentieth Century*, Samuel Huntington (1991) elaborated a theory of 'waves of democracy' – believing that democratic institutions 'emerged in waves of democratization', observing three of those waves: the first one of 1828–1926 with the democratization of Europe, the second one between 1943 and 1962 in the period of the defeat of Nazi-Germany and the decolonization, and the third one, the democratization in Southern Europe, Latin America and Eastern Europe of 1974–1990. Between the three waves were reverse waves, these periods being 1922–1942 and 1958–1975 (Fraser 2001; Doorenspleet 2000).

Huntington (1991) defines waves of democratization as 'groups of transitions from nondemocratic to democratic regimes that occur within a specified period of time and that significantly outnumber transitions in the opposite direction during that period of time' (Huntington 1991: 15; cited by Fraser 2001: 53), also involving liberalization or partial democratization in political systems that do not become fully democratic. Reverse waves are periods in which 'some but not all of the countries that had previously made the transition to democracy, reverted to nondemocratic rule' (Huntington 1991: 13–16; cited by Fraser 2001: 41).

According to Huntington (1991) two factors might cause prolonged economic growth to give rise to a wave of democratization. The first one would raise the growth of Gross Domestic Product (GDP) per capita and create the economic possibility to 'afford' democratic governance. The second one, rapid economic growth, would give rise to political tensions and movements that disrupt and challenge the prevailing political order from which democratic governance may emerge (Fraser 2001).

Huntington's approach is an exogenous approach to democratization, as it assumes that 'democracies are equally likely to emerge at any level, that is, even if development under authoritarianism does not increase the probability that a country will become democratic' (Przeworski and Limongi 1997: 181), and the reason why more developed countries have a higher chance to be democratic is because once they are democratic they are more likely to stay democratic. The exogenous approach concentrates on external influences, such as wars, leading to exogenous transitions (Fraser 2001; Green 1999). World War I and the Russian Revolution, for example, played an important role in the establishment of universal suffrage in Europe (Fraser 2001; Green 1999). World War II and the destruction of Nazi-Germany played an important role in the second wave of democratization and the collapse of the Soviet Union could be seen as an external factor in Huntington's Third Wave of democratization

(1991). Nonetheless, the important role of external pressures for democratization does not contradict with the existence of wave-like developments, as we have seen that events as wars and revolutions are closely linked with them.

The endogenous approach, on the other hand, assumes democracy as the result of development itself, implying that 'if other countries become as rich as the economically advanced nations, it is highly probable that they will become political democracies' (Lipset 1959; cited by Przeworski and Limongi 1997: 175). This is essentially a modernization theory of democratization, assumes that some level of economic development is a prerequisite for democracy (Przeworski and Limongi 1993) and originated in the comparative study of Seymour Lipset (1959). It supposes that 'modernization consists of a gradual differentiation and specialization of social structures that... consist of sequences of industrialization, urbanization, education, communication, mobilization, and political incorporation, among innumerable others: a progressive accumulation of social changes that prepare a society to proceed its culmination, democratization' (Przeworski and Limongi 1997). Habermas (1975) adopts it in the next section 'Legitimation crisis' when he states that the increasing complexity of the economy and organization of society destroys barriers of participation and contradicts the top-down structure of authoritarian decision-making.

Although the debate between endogenous and exogenous models of democratization has been fierce, the holistic approach which this paper adopts, making no distinction between endogenous and exogenous models for long waves makes the difference between both models of democratization – or better periods of political contestation, as we will address further in this paper – pointless, as exogenous factors such as wars and revolutions can be brought into the model through the effect of long waves. In this sense, the only thing that matters is that a correlation between long waves and the democratization processes, be it endogenous or exogenous, appears to be proven in empirical studies (Fraser 2001).

Other criticisms on Huntington's theory (1991) are more relevant for this paper. The first is the problem that democratization and reversal, revolutions and counterrevolution, usually occur at the same moment. The Russian Revolution provoked on the wave of democratizations in Western Europe after WWI, but at the same time harsh counteractions happened (Green 1999). Although Huntington (1991) saw capitalist growth as a democratizing factor, Polanyi (1944) defends that popular democracy and social protectionism also were seen as threads to free markets and entrepreneurship by the economic elite, whose governments during the 1918 wave sought fascist help to restore law and order.

The second criticism is conceptual. Huntington's definition (1991) of democracy is based on Dahl (1971 cited by Doorenspleet 2000: 385) and incorporates three requirements: competition, inclusiveness and civil liberties. In practice he focuses only on competition, ignoring even the requirement of universal suffrage: voting rights for women, for example, do not play a role in Huntington's analysis (Doorenspleet 2000). Doorenspleet (2000) tries to answer these problems with a more inclusive definition and an adaptation of Huntington's countries-model. However, even this formal definition of Democracy remains very fragile. Although during the 1990s the number of democratic countries, according to her definition, would have been known as a peak, for example, the success of neoliberalism and the consequent reduction of the public sphere reduced the competences of voters. Or as Graeber (2011: 383) states that since Thatcher and Reagan, 'everyone could now have political rights, but political rights were to become economically meaningless'. The number of democracies in the procedural definition may thus have been augmented, the number of democracies in the substantive definition<sup>2</sup> probably not; decreasing partymemberships, decreasing participation in elections and the rise of antidemocratic parties in Europe since the beginning of the nineties reflect this trend.

### LONG CYCLES AND LEGITIMACY

Keeping the previous criticisms on Huntington (1991) in mind, this paper concentrates on the relationship between long waves and legitimacy / political contestation of existing institutions instead of their immediate relation with democracy. The concept of legitimacy, and particularly the sociological approach to legitimacy, enables us to avoid arbitrary definitions of democracy; which are themselves a product of dominating norms and ideology. Moreover, a stronger relationship between long waves and political contestation should be expected, as political (output-) legitimacy<sup>3</sup> of relationship forms the logical link between economics and the political superstructure.

Economic growth can provoke democratization, as Huntington (1991) and Doorenspleet (2000) propose, and recession could provoke a reverse cycle, but this is not necessary the case, it can even have the adverse effect. Growth can serve, and has historically served, as Przeworski (2000) showed, for providing

<sup>&</sup>lt;sup>2</sup> Measuring them as regimes viewed by them as being a representative of the general will or common good, although the measurement is problematic (Schumpeter 1976).

<sup>&</sup>lt;sup>3</sup> As I am primarily interested in the relation between the economic developments and political legitimacy, this paper will primarily focus on output-legitimacy. For a further discussion about input and output legitimacy relating to financial crisis situations, see my paper 'A Sequential Theory of Legitimacy Loss', written for the seminar of Democratic Theory, PhD Course Democracy for the XXI century (Van Vossole 2012).

authoritarian regimes with the means to legitimize themselves, with contemporary China as an excellent example. Recession, on the other hand, can lead to claims for more equal redistribution of wealth and power, and thus for a more democratic society, as shown in the Arab Spring and the occupy movement in the recent period. Both up- and downturns of the long wave entail periods of withdrawal of legitimacy of the political system, and will provoke political contestation.

# The upswing and legitimacy

The theory of the relation between strong economic growth and the evolution of political legitimacy, this paper uses, can be brought back to the factors influencing democratization Huntington (1991) addressed. Rapid and differential growth, as a consequence of the development of new sectors and technologies, would give rise to political tensions and movements that disrupt the prevailing political order. Growth would generate the political forces that could challenge the prevailing order and refuse to accept the legitimacy of existing power structures, when they are not adapted to new power relations (Fraser 2001). This is what Ronaldo Munck calls 'Marx-type of unrest'. It is based on Marx' historical materialist idea that economic development leads to new (class) forces with new interests and the creation of a new power struggle. The development of merchant capitalism, for example, created the first bourgeois classes, which contested the feudal institutions, and the process of early industrialization created a rising working class which contested the minimal democracy and the existing inequalities. These conflicts, and thus the contestation of the existing institutional order, originate in the basic contradictions between productive forces and social and political forms.

This explains why a new investment wave ultimately contributes to political and social instability (Day 1976). Examples of this kind of contestation are the feminist movement, consequence of the incorporation of women in the labor-market, which nearly doubled the labor supply needed for the reconstruction and boom of capitalism during and after the Second World War. The same holds for the American civil rights movement and decolonialization movements.

This destabilization through growth, with its higher probability of delegitimation of public policies, however, does not mean that democratic institutions are endangered themselves. Empirical data show that faster growing democracies survive longer than others (Przeworski and Limongi 1997: 167). As growth means there is a 'bigger pie' to be divided, wealth during the upswing creates a broader margin for policy-making and engages in compromises, making systems be able to afford democracy (Huntington 1991).

Rising political contestation during periods of upturn can thus be expected, but they are more likely to lead to reform of the existing policy structures than their overthrow. It should be noted, that according to Huntington, possible democratization during the upturn would threaten further growth. In his view 'democracy generates an explosion of demands for current consumption. These demands, in turn, threaten profits; hence they reduce investment and retard growth' (Huntington 2006; Przeworski and Limongi 1993), and thus lay the seeds for a new downturn.

# The downturn and legitimacy

Despite the near trivial relation between legitimacy and economic crisis, only relatively few social scientists have analyzed the subject (Block 1981). Instead, most of the literature is based on the relation between democratic legitimacy and the degree of economic development, going back to the study of Lipset (1959) on the social requisites of democracy (Przeworski and Limongi 1997). Block attributes this to two factors: an excessive belief in economic growth, which was only strengthened in the last decades of neoliberalism, and the academic division of labor which separated economics and the other social sciences.

Economic crisis nevertheless represents one of the most common threats to stability (Diamond and Linz 1989; Przeworski and Limongi 1997: 169). Political systems have a high probability of transition and institutional change, when confronted with negative growth. This is the case for democracies as well as for autocracies. Empirical research by Przeworski shows that when democracies face a decline in incomes, they die at the rate of 0.0523 and can be expected to last for nineteen years. Authoritarian regimes die at a rate of 0.0261 and are expected to last for thirty-eight years. They are thus much less stable than in years of growth, with two rates of 0.0160 and 62 years in democracies, and 0.017 and 58 years in autocracies (Przeworski and Limongi 1997: 168). These effects of a crisis manifest themselves immediately. One year of an economic crisis is enough to produce political effects; growth in the recent past does not make any difference (Przeworski and Limongi 1997).

The theoretical relation between the downturn of economic cycles and political legitimacy in this paper is inspired by the transfer mechanisms theorized by Habermas (1975). Although Habermas bases his theory of legitimation crisis on the mechanism of short, decade-long (Juglar) business cycles, his observations are worth considering for long cycles. According to Habermas (1975), crisis tendencies shift from the economic into the administrative system through the transfer mechanism of government intervention. Government inter-

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<sup>&</sup>lt;sup>4</sup> Habermas based his theory on the same cycle that served as inspiration for Kondratieff.

vention is required to protect<sup>5</sup> citizens from an immediate transformation of the contradictions within the capitalist economy into a social crisis, causing mass unemployment, poverty, hunger and violence (Block 1981).

With this immunization, economic crisis, however, has been transferred to another level, meaning that crisis can be reflected in disparate wage developments, permanent inflation and corresponding uneven redistribution of income, disproportional sectorial and geographical developments, and a permanent fiscal crisis as 'the economic crisis is intercepted and transformed into a systematic overloading of the public budget' (Habermas 1975: 69). Ultimately crisis management is the re-coupling of the economic system to the political system. Economic processes, power-relations, class-relations and social distributions of wealth, which had been de-politicized and obscured by the market mechanism, by Habermas (1975: 36) designated as an 'ideology of fair exchange', are repoliticized and visualized suddenly. They are not anymore divine 'natural laws', but the part of a political choice (*Ibid.*).

Due to the re-politicization of the allocation of wealth, policy-makers are confronted with a dilemma. Policy-makers have the political choice between passing the social cost of the downturn to the majority of the population, by cutting back on public goods and services, and raising taxes beyond the levels that are seen to be fair, and thus risk to reduce its output-legitimacy, or they can undermine the accumulation process of the economic elite by reducing services needed to capital for its reproduction or 'by raising additional revenues in an inflationary manner' (O'Connor 2001 cited by Block 1981).

The consequence of the first option is public poverty, impoverishment of public transportation, education, housing and health care (Habermas 1975). The concern with personal happiness that characterizes the consumer society, which has come 'increasingly to rest its claim for legitimacy on its capacity to assure continuous economic growth to provide a range of services to the population without raising taxation to a level perceived as oppressive', comes into conflict with the need for discipline in a period of slow growth (Block 1981: 2). The end of continually rising living in developed capitalist societies, dramatically undermines the legitimacy of modern states in capitalist societies, (Habermas 1975; O'Connor 2001 cited by Block 1981) and as governments lag behind what people expect from them, the 'penalty for this failure is withdrawal

<sup>&</sup>lt;sup>5</sup> According to Polanyi, this ability for protection against the 'self-regulating market' is the legitimation of the state.

<sup>&</sup>lt;sup>6</sup> The recent austerity measures can be put in the first category, QE2 can be put in the second. It should be noted, however, that QE and monetary expansion of the ECB primarily affect financial capital, and much less industrial capital. This financial capital, particularly in the USA, is in the hands of foreign investors.

of legitimation' (Habermas 1975: 46) meaning that 'the system does not succeed in maintaining the requisite level of mass loyalty' (*Ibid.*: 69).

Political legitimation should compensate for the loss of economic (output) legitimacy of the market, as it cannot rely on its legitimizing claims of rationality during a crisis. However, while crisis management creates an increased need for legitimation by the political system, as a consequence of the crisis, the scope for action contracts precisely at those moments in which it needs to be drastically expanded to be successful (*Ibid.*), leading to a legitimation crisis of the political system. As the margins of decision-making are smaller during the periods of stagnation, political legitimacy is affected by a long economic downturn (Vayrynen 1983), and a higher level contestation of the political establishment can be expected.

### **WAVES OF POLITICAL CONTESTATION**

The loss of legitimation is expressed, and can thus be empirically measured, in the political behavior of the subjects of the state. During a legitimation crisis subjects become both more critical and/or apathetic, while the state has the tendency to change its degree of repression (Habermas 1975). Keniston (1968 cited by Habermas 1975) observed the critical, activist side in student movements, revolts by school children, pacifists and women's emancipation. The retreatist, apathetic side would be represented by hippies, 'Jesus-people', drug subculture, phenomena of undermotivation in school, *etc.* Furthermore, Habermas (1975) believed that the legitimation crisis would re-visualize class contradictions, which had been concealed by the apolitical market-mechanism.

Data on the normal (Juglar) business-cycle time intervals show this relationship between conjuncture and political contestation. For example, a relation can be observed between rising unemployment and recession and the occurrence of general strikes (Kelly and Hamann 2009; see also Table 5 in the Appendix). A similar relation can be found between economic downturn and the electoral success of right wing extremist formations (De Bromhead *et al.* 2012). Within our theoretical framework of long waves, we could expect the same patterns: a downturn of the long wave could appear as a wave of political contestation and class struggle.

From this discussion, this paper assumes the existence of waves in political contestation, recurring waves of political action and higher degrees of politicized participation or politicized nonparticipation (retreatism) during the periods of highest growth in the course of the upswing of a long wave and during

<sup>&</sup>lt;sup>7</sup> For a further discussion see my paper 'A Sequential Theory of Legitimacy Loss', written for the seminar of Democratic Theory, PhD Course Democracy for the XXI<sup>st</sup> century (Van Vossole 2012).

the years of negative growth in the course of the downturn. A look at first glance on history in Europe confirms their existence. The great depression coincided with a general legitimacy loss of establishment parties, the success of political movements of the radical left and radical right and a wave of popular mobilization. A similar wave of contestation happened at the end of the sixties and the nineteen seventies, with a wave of protests, feminist mobilization, civil rights movements, terrorist actions of left and rightwing movements.

Hitherto, in the decades since World War II the most advanced capitalist countries have succeeded (the May 1968 events in Paris notwithstanding) in keeping class conflict latent in its decisive areas; in extending the business cycle and transforming periodic phases of capital devaluation into a permanent inflationary crisis with milder business fluctuations (Habermas 1975) by budgetary and monetary expansion. Today, both stimuli and policies reach their limits, both at the monetary (the loose policy was at the origin of the financial crisis) and budgetary levels, as the high sovereign debts become unbearable, a fiscal crisis situation developing in almost every country and defaults are bringing the financial system in the danger zone. This is expressed in a deeper legitimation crisis.

Today's legitimation crisis could be observed on the activist side in the occupy-movement, the general strikes sweeping through Europe, the Arab Spring, the success of the populist right and populist left in elections and the instability of governments. The retreatism could be found in decaying party-membership, particularly in government parties, the lower electoral participation, experiments of 'non-capitalist economies', etc...

### Conclusion

This paper defends the case of the existence of long waves in politics. Existing main stream political wave theories, in particular that of Samuel Huntington (1991), show serious shortcomings. Huntington's observation, that rapid growth provokes possible legitimacy problems for regimes, could be retained in certain circumstances, but should be complemented with the fact that negative growth has even a bigger impact on legitimation and possible change of the political institutions (Przeworski and Limongi 1997).

As an alternative this paper proposed the existence of waves based on legitimation, which would be expressed as waves of political contestation. These waves find their driving force in the internal dynamics of the economical long wave theories.

Nevertheless, the long wave-approach should never be regarded in a deterministic sense, but as a framework which enables social scientists to engage with different dimensions of social sciences in interdisciplinary manner combining elements of history, economy, sociology and political science to understand and frame current events. It enables us to place the recent economic crisis and the political turmoil into a historic perspective. It also gives us a framework to look critically at the solutions proposed by policy makers to this reality.

This paper only established a theoretical hypothesis that should be empirically substantiated. This could be done by a comparative approach of election results over the time, a comparison between social movements, as well as by the occurrence of general strikes for example. Other parameters are the occurrence of terrorism and the behavior of political parties. This paper should thus be an invitation for further research and the deepening of the presented hypothesis.

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# **Appendix**

Table 1. Kondratieff wave chronology

Long wave number	Long wave phase	Lates of the beginning	Dates of the end	
One	A: upswing	'The end of the 1780s or beginning of the 1790s'	1810–1817	
	B: downswing	1810–1817	1844-1851	
Two	A: upswing	1844–1851	1870-1875	
	B: downswing	1870–1875	1890-1896	
Three	A: upswing	1890–1896	1914–1920	
	B: downswing	From 1914 to 1928/29	1939-1950	
Four	A: upswing	1939–1950	1968-1974	
	B: downswing	1968–1974	1984–1991	
Five	A: upswing	1984–1991	2008-2010?	
	B: downswing	2008–2010?	?	

Source: Korotayev and Tsirel 2010, Table 1 and 2.

Table 2. Democratization waves

Democratization Wave	Reverse Wave
1828–1926	1922–1942
1943–1962	1958–1975
1974–1990	

**Table 3.** Long waves in industrial production since 1782

	Prosperity	Recession	Depression	Recovery
The first wave	1782-1792	1815-1825	1825-1836	1836–1845
	1792-1802*			
The second wave	1845-1856	1866–1872	1872-1883	1883-1892
	1856–1866			
The third wave	1892-1903	1920-1929	1929–1937	1937-1948
	1903-1913**			
The fourth wave	1948–1957	1966–1973	1973-	
	1957-1966			

Note: \* War in 1802–1815; \*\* War in 1913–1920.

Source: Vayrynen (1983), based on Schumpeter (1939) and Huntington (1991).

Table 4. Hobsbawm's historical periods and long wave periodicities

	Upswing	Downswing
Long Nineteenth Century		
Age of Revolution 1789–1848	First 1793-1814/25	1814/25-48
Age of Capital 1848–75	Second 1848-73	
Age of Empire 1875–1914		1873–96
	Third 1896–1914/20	
Short Twentieth Century		
Age of Catastrophe 1914–45		1914/20-48
The Golden Age 1945–73	Fourth 1948-73	
The Landslide 1973–97/8		1973–98

Source: Hobsbawm 1994.

Table 5. Growth and strikes

		Greece	Italy	France	Spain	Belgium	Total
Unemployment	Falling	25	13	4	1	1	44
	Rising	13	3	6	6	6	34
Price inflation	Falling	18	7	5	5	1	36
	Rising	20	9	5	2	6	42
GDP growth rate	Falling	23	10	8	4	5	50
	Rising	15	6	2	3	2	28
Gross nominal	Falling	20	5	5	5	5	40
earnings							
	Rising	18	11	5	2	2	38

Source: Kelly and Hamann 2009.