

# Pathways to Authoritarian Capitalism

*Ling S. Chen, Xiuyu Li, and Kellee S. Tsai*

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## **Abstract**

The global emergence of authoritarian capitalism warrants analysis of its features, economic pathways, and class basis. We argue that the timing of capitalism's establishment relative to authoritarianism affects the extent of state capture by business and the regime's stance towards labor. When capitalism preceded authoritarianism, autocracy arose from a “crisis of capitalism” in flawed democracies, driven by fear of communist redistribution or backlash against neoliberalism in post-communist countries. These governments appealed to business and labor interests for electoral survival. Conversely, when authoritarianism preceded capitalism, late industrializing states with weak business and working classes pursued developmental agendas by exercising autonomy over capital and repressing labor. Understanding these historical pathways to authoritarian capitalism provides insight on contemporary democratic backsliding and right-wing populism in the U.S. and Europe.

**Keywords:** authoritarianism, capitalism, state-business relations, democratic backsliding, populism, economic crisis.

Since the early 2010s, populist backlash against neoliberalism has facilitated electoral victory of right-wing politicians in democracies ranging from the U.S. to Italy and Hungary. The largest autocracies, China and Russia, have also experienced intensified state control. It is in this context that the phenomenon of “authoritarian capitalism” has gained attention in both scholarly and popular discourse. Whether applied to democracies gripped by exclusionary politics or autocracies with emerging markets, the term denotes an increasingly salient mode of political economy. What accounts for the emergence of authoritarian capitalism in contexts as diverse as industrialized democracies, post-communist countries, and emerging market economies?

A vast literature has analyzed the relationship between capitalism and democracy,<sup>1</sup> the role of the bourgeoisie,<sup>2</sup> and structural changes in society brought about by capitalist development, leading to authoritarian breakdown and democratization.<sup>3</sup> By contrast, this research note highlights the less explored affinity between capitalism and authoritarianism. While some capitalist economies have indeed developed democratic systems, authoritarian capitalism can be observed in both historical and contemporary periods.

We identify three pathways to authoritarian capitalism, thereby advancing an interest-based explanation for why history has not “ended” in the victory of democracy and capitalism.<sup>4</sup> We argue that pathways to authoritarian capitalism reflect the social foundations underpinning the regimes. Specifically, the timing of capitalism's establishment in relation to authoritarianism helps to explain the degree of state capture by businesses and the motivations to exclude or engage with labor.<sup>5</sup>

When capitalism was already in place, authoritarianism resulted from class conflict that destabilized democratic institutions. Authoritarian capitalism first manifested in fragile democracies where redistributive left-wing policies generated anxiety among capitalists, giving

rise to fascism in inter-war Europe and post-war military dictatorships in Latin America. Among post-communist societies, authoritarian rule revived among younger democracies such as Russia and Hungary in the wake of economic hardship attributed to marketization and globalization. Political backlash against the neoliberal agenda fueled the electoral success of right-wing leaders who strategically harnessed rising nationalist and populist sentiments.

By contrast, when autocratic governance preceded capitalist development, strong states preoccupied with creating markets *de novo* had limited business and labor classes at the outset of modernization. To promote industrial growth, such states exerted more autonomy vis-à-vis private capital. Due to developmental imperatives requiring disciplined workforces, the state repressed labor, preventing it from becoming an independent political force. This pathway to authoritarian capitalism includes the post-war East Asian developmental states and reform-era China. These earlier pathways to authoritarian capitalism provide insight into contemporary cases of democratic backsliding in the U.S. and Europe where right-wing populism and anti-globalization sentiment have surged.

### **The Concept of Authoritarian Capitalism**

Cold War references to “authoritarian capitalism” encompassed bureaucratic-authoritarian regimes in Latin America<sup>6</sup> and developmental states in East Asia.<sup>7</sup> It represented a residual category to describe late-industrializing countries that were neither Western-style liberal democracies nor Soviet-bloc communist regimes.

We define authoritarianism as a form of governance lacking full and fair elections, such that political power is monopolized by the military, a single party, or a small group of individuals. These institutional features can be found in dictatorships with varying levels of

institutionalization,<sup>8</sup> competitive authoritarian regimes,<sup>9</sup> illiberal democracies,<sup>10</sup> and authoritarian periods in democracies.<sup>11</sup> We define capitalism as a market-oriented or marketized economy with space for private ownership of assets and means of production.<sup>12</sup> Authoritarian capitalism thus refers to a system lacking liberal democratic institutions, norms, and practices, while maintaining a market economy with scope for private firms.<sup>13</sup>

Authoritarian capitalism differs from state capitalism. The latter refers to state-market relations irrespective of regime type. State capitalism exists in both autocracies and democracies, ranging from China and Russia, to India, Brazil, Indonesia, and Norway. State capitalism entails state ownership and management of strategic sectors, often with use of industrial policy to promote economic priorities. State capitalism and authoritarian capitalism may co-exist, such that an authoritarian regime deploys state-owned enterprises and industrial policies to advance national economic interests (e.g., China and Brazil). But in other cases, autocracies collude with large private firms to pursue neoliberal policies (e.g., Chile and Argentina).<sup>14</sup>

The concept of authoritarian capitalism is somewhat paradoxical. Earlier scholarship associated capitalist markets with political freedom<sup>15</sup> and depicted capitalism as contributing to democracy due to the role of the bourgeoisie and associated changes in social structure.<sup>16</sup> Later works qualified this relationship, identifying the conditions under which capitalist and economic development can facilitate democracy.<sup>17</sup> Streeck further noted the major conflicting principles between free capitalist markets and the social need for democracy.<sup>18</sup> These long-standing debates call for a research agenda that transcends the conventional capitalism-democracy thesis by systematically exploring the relationship between capitalism and authoritarianism. Specifically, what gives rise to the combination of authoritarian governance and a capitalist system?

We observe that since the early twentieth century, authoritarian capitalism has emerged in both weak and mature democracies, and among late industrializers. The ruling government colludes with businesses by entering an exchange relationship. It seeks support from businesses to maintain economic legitimacy and authoritarian rule, while capital depends on the state for protection or resources. The state may be captured by capital to advance neoliberal agendas, but it can also attain relative autonomy from businesses. We define state autonomy as the state's ability to pursue goals relatively independently from parochial societal interests.<sup>19</sup> The opposite of state autonomy is state capture, whereby large corporations compromise state autonomy by compelling the state to promote their commercial interests.

The status of state-labor relations varies in authoritarian capitalism. In many cases, the state adopts the strategy of labor repression, as evidenced by suppression of independent labor unions, movements, legal rights, and/or wages. Cooptation is an alternative strategy whereby the state includes labor in governance through corporatist structures to control labor activism. Finally, in electoral democracies, some parties appeal to working-class voters for political support. These strategies are not mutually exclusive and can occur simultaneously. They may combine, allowing for different levels of labor participation. In some cases, labor participates substantively in electoral politics and collective bargaining through political parties, unions, and/or workers councils, providing bottom-up representation. In other cases, meaningful labor participation is limited.

### **Economic Pathways and the Class Basis of Authoritarian Capitalism**

Multiple paths have led to authoritarian capitalism. It has arisen in democracies due to fear of leftist, socialist redistribution agendas as well as contexts where neoliberalism and globalization

intensified grievances from those “left-behind,” fueling support for right-wing populism.<sup>20</sup> Elsewhere, authoritarian capitalism followed post-communist economic reforms or was embraced by development-driven governments pursuing late industrialization. We explore three pathways to authoritarian capitalism, which exhibit different configurations of state, business, and labor relations (Table 1).

**Table 1** Economic Pathways to Authoritarian Capitalism

|                                 | <b>Anti-redistribution</b>                                                                                                               | <b>Post-communist<br/>backlash to<br/>neoliberalism</b>                                                         | <b>Late industrialization</b>                                       |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Timing</b>                   | Capitalism established before authoritarian period                                                                                       | Capitalist market reforms started before authoritarian period                                                   | Authoritarian government established before developing capitalism   |
| <b>Economic context</b>         | Economic crisis (Great Depression)                                                                                                       | Breakdown of communist economy with market reforms                                                              | Urgent need for post-war recovery                                   |
| <b>Domestic politics</b>        | Anti-communist; left-right tensions                                                                                                      | Establishment of new and fragile democracy; re-emergence of strongman rule*                                     | Strongman rule; post-socialist                                      |
| <b>Cases</b>                    | Fascist Germany (1933–45), Italy (1922–43) and Spain (1939–75); Chile (1973–90) and Argentina (1976–83)                                  | Russia (2000–); Hungary (2010–)                                                                                 | South Korea (pre-1987); Taiwan (pre-1996); Singapore; China (1978–) |
| <b>State-business relations</b> | State partially captured by business in fascist regimes; state captured by business in Chile and Argentina                               | State partially captured by business                                                                            | Strong state autonomy over businesses                               |
| <b>State-labor relations</b>    | Appeal to working-class voters, corporatist cooptation, and labor repression in fascist regimes; labor repression in Chile and Argentina | Labor repression in Russia; appeal to working-class voters; weakened unions amidst populist rhetoric in Hungary | Labor repression and cooptation                                     |

\*Strongman rule refers to a situation where a political leader has a significant concentration of power and plays a dominant, personalistic role in authoritarian governance.

This analysis yields striking patterns. In countries with established capitalist systems and market economies, authoritarianism often resulted from a “crisis of capitalism.” Within this group, the earlier presentation of authoritarian capitalism originated in immature democracies where the leftist redistribution agenda aroused fear among business elites, leading to fascism in interwar Europe and military rule in Latin America. The twenty-first century expression of this dynamic is embodied by the electoral victories of populist right-wing parties in post-communist regimes, such as Russia and Hungary. In these contemporary cases, the backlash is attributed to neoliberal policies that prioritized globalization and led to deterioration in working-class conditions.

In all these cases, vigorous political competition between left- and right-wing parties during economic crises was pivotal. By establishing a collusive relationship with capital, the state was to varying degrees captured by business interests, as seen in the military dictatorships of Chile and Argentina.<sup>21</sup> The decision of whether to repress labor has diverged, as their choices were motivated by winning elections. In Latin America, where labor movements were incorporated earlier into the state or party, military regimes explicitly excluded workers, suspecting they harbored far-left, communist intentions. By contrast, fascist Germany and Italy selectively co-opted labor into the right-wing party. The Orbán governments in Hungary appealed to labor electorally by harnessing working-class grievances and stoking xenophobia. Amplifying strong nationalist credentials, such right-wing parties succeeded at the polls.

In late industrializers that lacked capitalist economies prior to modernization, authoritarianism preceded market development. They prioritized creation of functional markets and industrialization through state intervention. In East Asia, post-war developmental states pursued growth out of an urgent need for post-war recovery and industrialization, while facing external threats. With a similar growth imperative, China launched market-oriented reforms and

pursued state-led development using industrial policy to allocate resources. Overall, these East Asian states exerted relative autonomy instead of being captured by large businesses, as occurred under Latin American military leaders.<sup>22</sup> Meanwhile, prioritization of industrialization and export-led growth necessitated a relatively disciplined workforce. Unlike their Western counterparts, party leaders did not face mobilized labor or a labor party at the outset, as their economies were largely pre-modern. But in some cases, labor repression sowed the seeds for unrest later on.<sup>23</sup>

**Anti-Redistribution** Contention over distributive politics can test the limits of democratic resilience. Democracy is both desirable and costly for the rich. On the one hand, economic elites need democratic institutions to protect their assets from state expropriation.<sup>24</sup> On the other hand, democracy may lead to enfranchisement of the poor and increase demands for redistribution of wealth,<sup>25</sup> unless economic elites possess political influence to deter wealth-equalizing policies.<sup>26</sup> When class conflict escalates to the point that both the left and right are radicalized, capitalists face an existential dilemma. Supporting leftist democracy could protect them from state expropriation, but such a government could lead to highly redistributive policies and even foment a communist revolution that destroys capitalism.<sup>27</sup> Repression of societal mobilization would likely forestall such a revolution, but at the cost of violation of civil liberties and strongman rule. Such radicalization of the left and the right occurred in interwar Europe and Cold War Latin America, where industrialists, landowners, and business elites largely opted to allow authoritarian leaders to defend capitalism at the expense of democracy.

During the early to mid-twentieth century, anti-communism was a common cause, albeit not the sole factor, for shifts from weak democracy to authoritarian capitalism. The interwar decades witnessed a profound deterioration in immature democracies in Europe. Amidst economic

crisis, intensified political struggle between the pro-redistribution left and anti-redistribution right contributed to the rise of fascism.<sup>28</sup> During the Great Depression, the fragile and fragmented Weimar Republic faced mounting pressure from both left-wing social democrats and communists and the far-right National Socialist German Worker's Party (Nazis). For business and landed elites, the Nazis were the only right-wing party capable of attracting economically disadvantaged voters,<sup>29</sup> rendering them the sole viable alternative to socialists and communists. Hence, despite initial disdain for its radicalism, a significant faction within the conservative establishment welcomed a new government led by Hitler.<sup>30</sup>

In Italy, fear of the radicalized Socialist Party, which became the largest party in parliament, prompted ruling conservatives and industrialists to embrace the fascists and Benito Mussolini's leadership.<sup>31</sup> Fascist support among Italy's propertied elites and large business owners correlated with the socialists' electoral advances.<sup>32</sup> In Spain, the short-lived Second Republic was wracked by violence between conservatives and radical leftists. When the revolutionary left-wing coalition won the 1936 general election, the right-wing coalition that included large businesses and bankers countered by supporting Franco's reactionary rebels. Following a bloody civil war, Spain was ruled under dictatorship until Franco's death in 1975.

Unlike liberal capitalism and communism, fascism had ambiguous and incoherent economic ideologies. Their leaders criticized capitalism's "irresponsible individualism" to justify extensive economic interventions to advance national security priorities. Yet fascists also viewed communism as their political rival and denounced the notion of class struggle. Redistribution and nationalization of wealth were never included in their agenda. Instead, they aimed to establish strong corporatist states through centralized planning.

In Italy and Germany, the respective fascist parties initially supported business interests, partly as a strategy to strengthen their political coalition. Mussolini adopted laissez-faire policies during his first three years.<sup>33</sup> Hitler purged the left wing of the Nazi Party and privatized much of the public sector.<sup>34</sup> Both aimed to win favor from businesses. Once they consolidated power, fascist governments intervened more assertively by imposing wage-setting, price controls, protectionism, and militarization of the economy. In Germany, private industrialists benefited from these measures, including cartelization and government subsidies. Franco's Spain similarly established an interventionist economy that supported large banks and businesses. Meanwhile, European fascist regimes delivered benefits to the working class, such as expanded social welfare and full employment, while harshly suppressing labor movements and independent trade unions.

During the Cold War, opposition to redistributive agendas similarly led to military dictatorships in Latin America. Like interwar Europe, democracies in post-war Latin America suffered from economic instability, inequality, and ensuing struggles between unionized labor and the conservative coalition of economic and military elites.<sup>35</sup> Prior to military takeovers in Chile (1973) and Argentina (1955 and 1976), they were either ruled by leftist leaders or paralyzed by conflicts between left and right-wing militias. In Chile, a military junta supported by private industrialists and transnational capital seized power amidst a constitutional crisis between the Marxist President Salvador Allende and the Christian Democratic-Nationalist coalition. The coup ended Allende's civilian rule, followed by Pinochet's seventeen-year dictatorship.<sup>36</sup> In Argentina, Juan Perón, a left-leaning (albeit anti-communist) populist was overthrown by military leaders during economic chaos in 1955, and violence persisted even after his return. Coups against leftist or populist governments in Argentina and Chile created authoritarian capitalist regimes characterized by collusion between ruling military and business elites in repressing workers.

In addition to a shared anti-distribution stance, the Chilean and Argentine military regimes embraced laissez-faire economics during the 1970s. Following the Chicago Boys' guidance, Pinochet privatized companies previously nationalized by the socialist government, as well as the pension system. Big business was the predominant beneficiary of these policies.<sup>37</sup> Argentina's military regime similarly adopted free-market principles by liberalizing its financial, labor, and trade sectors, which favored economic elites.<sup>38</sup>

**Post-Communist Backlash to Neoliberalism** Post-communist backlash to neoliberalism constitutes the second pathway to authoritarian capitalism. We define neoliberalism as an ideology that features pro-market reforms, free trade, globalization, open borders, and a limited form of government.<sup>39</sup> Following collapse of their communist governments, Russia and Hungary undertook dual political and economic transitions. Both established constitutional democracies and dismantled their planned socialist economies by introducing market forces and embracing foreign capital. Their newly formed capitalist systems based on privatization were relatively fragile given spikes in unemployment. Over time, both experienced domestic economic challenges, democratic backsliding amidst strongman rule, and intensification of state-sanctioned clientelism.

After the USSR's collapse in 1991, Yeltsin adopted radical marketization (“shock therapy”) by lifting price controls and privatizing state-owned enterprises *en masse*. Although Russia's 1993 constitution provides for democratic governance, it is authoritarian in practice, as evidenced by Putin's extended leadership and curtailment of civil and political liberties since the early 2000s.<sup>40</sup> In Hungary, the centrist Socialist government's neoliberal economic policies and austerity measures during the Great Recession, including exhaustion of the post-socialist welfare transfer system, drove working-class voters to the right.<sup>41</sup> In 2010, Orbán and his right-wing conservative

Fidesz-KDNP coalition achieved a landslide victory and have ruled in an increasingly illiberal and ethno-nationalist manner since then.

As Russia and Hungary became more autocratic, their economies became more state-directed and cronyistic. In Russia's "concentrated clientelism," insiders have leveraged ties to the Kremlin and Putin to amass personal wealth.<sup>42</sup> Meanwhile, the state created an "autocratic middle class" by controlling public sector employment.<sup>43</sup> Putin's Russia has been described as "patrimonialism,"<sup>44</sup> underscoring the politicization of business activities. Significant wealth is concentrated in oligarchs linked to political and military elites, including Putin, and state-business relations are unstable due to political uncertainty.<sup>45</sup> Under Orbán, Hungary's political economy has become similarly patrimonial, placing it "in the vanguard of the Putinisation' of post-communism."<sup>46</sup> Yet Orbán's economic policies have strategically blended left- and right-wing interests. While nationalizing a range of private assets—including pension funds, equity investments, and properties—Orbán also catered to the business interests of political supporters by adopting neoliberal policies such as tax cuts and deregulation.<sup>47</sup> This pro-business stance and economic performance helped consolidate a coalition with corporate allies.

Although communism in Russia and Hungary derived ideological legitimacy by championing working-class interests, labor became marginalized during their transitions from neoliberalism to state capitalism. No major labor parties are able to fight for redistribution. Unions largely serve to co-opt labor and prevent industrial action. As in East Asia and China, post-communist states sacrificed labor's interests during marketizing reforms.

**Late Industrialization** The East Asian developmental states of South Korea, Taiwan, and Singapore were among the earliest post-war authoritarian capitalist cases.<sup>48</sup> Unlike the preceding

categories with functional markets and democracy before succumbing to autocracy, these countries were late industrializers governed by authoritarian regimes committed to building market economies. Post-Mao China launched economic reforms in the 1980s, achieving remarkably rapid industrialization. In East Asia, post-war autocracies led by strong leaders mobilized the population around the national development agenda. Rather than arising out of polarized right-left political battles like their Western counterparts, these regimes prioritized and derived their legitimacy from economic growth.

In the aftermath of colonialism and war, East Asian developmental states faced severe domestic governance issues and international security risks.<sup>49</sup> South Korea's Park Chung-Hee seized power through a military coup from Syngman Rhee's weak and corrupt democracy. After three years of civil war, South Korea's GDP was lower than that of the Philippines, and its pace of recovery lagged behind North Korea's. But Park Chung-Hee ultimately rescued South Korea's economy by promoting export-led growth. Park's one-party regime concentrated power with a small group of military elites, and rapid industrialization occurred in tandem with repression of labor rights and civil society.

In Taiwan, after the Kuomintang (KMT) Party fled mainland China, Chiang Kai-shek's strongman government needed to establish internal authority and promote growth. Unwilling to concede defeat in the Chinese civil war, the KMT was determined to “recover” the mainland and ruled the local population coercively. With access to U.S. aid and markets, Taiwan strategically shifted from import-substitution to export-promotion and industrial upgrading. Singapore thrived economically under Lee Kuan Yew and the People's Action Party, which rules to date. Although Singapore invited foreign capital more than the other developmental states, it similarly pursued growth by supporting business and repressing labor.<sup>50</sup>

Under continued Chinese Communist Party rule after Mao's death, China has been compared with East Asian developmental states due to its industrial policies and local state activism in steering economic development.<sup>51</sup> Fiscal decentralization and the cadre evaluation system incentivized local governments to promote growth and attract foreign investment, thereby creating new “winners” of reform, while the more politically challenging tasks, such as state sector restructuring and democratization, were deferred.<sup>52</sup> Meanwhile, its policy bias towards large state-owned enterprises has come at the expense of private capital.<sup>53</sup>

These states balanced relative autonomy with embeddedness in society to set long-term economic goals and implement industrial policies.<sup>54</sup> Unlike Latin American military dictatorships that were beholden to large businesses, East Asian states, including China, kept an upper hand vis-à-vis private capital. Despite widespread corruption and crony capitalism,<sup>55</sup> China has largely avoided growth-inhibiting state capture by economic elites<sup>56</sup> and demonstrated regime resilience.<sup>57</sup> Under Xi Jinping, the party-state has prioritized national security, and state-business relations have become more centralized.<sup>58</sup>

These late industrializers empowered technocrats in specialized bureaucracies to steer economic development strategically. In South Korea, the state directed financial resources and exercised discipline over businesses by selectively supporting winners with bank credit. In Taiwan, Singapore, and China, the ruling party appointed the heads of major economic agencies, but state guidance never succumbed to serving the authoritarian leader's personal or patrimonial interests to the detriment of national growth.

Meanwhile, unlike fascist and populist right-wing governments that mobilized working-class support, labor was repressed during East Asian industrialization. Prioritization of export-led growth created a relatively disciplined workforce.<sup>59</sup> The acute pressure of external threats and

resource constraints socialized labor to endure the hardships justified by developmental aspirations during the high-growth period.<sup>60</sup>

### **Emergent Indicators of Authoritarian Capitalism in Contemporary Democracies**

Historically, authoritarian capitalism has taken root in dictatorships and unstable or newly established flawed democracies. A notable development in the past decade is its emergent manifestation in mature Western democracies, including France, Germany, Italy, the UK, and the U.S. Starting in the 1980s, mainstream parties in Europe and North America adopted neoliberal reforms that downsized welfare states, cut corporate taxes, and increased transnational flows of labor and capital. Although these policies stimulated growth in the high-tech and service sectors, domestic working classes suffered from deindustrialization and economic uncertainty.<sup>61</sup>

Deteriorating conditions after the 2008 Great Recession deepened popular discontent, alienating the left-behinds from mainstream parties.

Echoing patterns observed in European autocracies following the Great Depression and in post-communist countries, the accumulation of economic grievances since the early 2010s, combined with the failure of centrist parties to provide effective responses, have eroded public support for liberal norms and institutions.<sup>62</sup> Rising extremism, political polarization, and creeping acceptance of authoritarian practices are acute risk indicators of democratic backsliding. Right-wing populists have capitalized on the disillusionment of working-class voters by attributing their hardship to globalization and immigration.<sup>63</sup> By spreading conspiracy theories, xenophobic sentiment, and ultra-nationalist rhetoric, right-wing populists have reshaped the political landscape in several Western democracies. In France, Germany, and Austria, they became either the largest

opposition party; in the Netherlands, they entered the coalition government; and in Italy and the U.S., they won general elections and led the government.

The most dramatic advance of right-wing populism occurred in the U.S. with Donald Trump's presidential victories in 2016 and 2024. His persistent denial of the 2020 election results and immediate second-term initiatives—politicization of federal agencies, purging of civil servants, and targeting of political opponents—have been widely criticized for breaching democratic norms. Concurrently, the Trump administration has shocked the liberal international order through anti-immigration policies, hasty imposition of tariffs, and bans on cross-border transactions in the name of national security.

Yet Trump's actual distance from free markets should not be exaggerated. While enacting protectionist policies in international trade, on domestic economic issues, he espouses lower taxes, deregulation, and welfare reductions. Despite market disruptions associated with heterodox economic policies, Trump thus retains support by key corporate elites who exert influence in his current administration. This selectivity in continuing neoliberalism reveals a paradox in Trump's political strategy. On the one hand, he caters to domestic capitalists through pro-corporate deregulation practices. On the other hand, he deploys anti-globalization and nationalist stances to appeal to workers and culturally conservative voters. Overall, Trump has garnered sufficient mass support to consolidate his power through illiberal means while strengthening business interests—steering the U.S. toward a more authoritarian form of capitalism.<sup>64</sup>

## **Conclusion**

While a vast literature has accumulated on the relationship between capitalism and democracy, we highlight the less explored relationship between capitalism and authoritarianism. Historically,

authoritarian capitalism has arisen out of capitalist crises, socialism, and civil war, precipitating reconfiguration of relations among the state, capital, and labor. Further research is warranted to examine the sustainability of exclusionary politics over time. In capitalist democracies, the grievances of those perceiving themselves to be left behind during economic hard times can contribute to democratic backsliding and a shift towards authoritarian capitalism. In autocracies, repression of labor and expansion of private capital amidst rapid industrialization may circumscribe the durability of authoritarian governance. Apparent equilibriums in political economy should be examined more critically.

Historically, most cases of authoritarian capitalism lasted only a couple of decades. Singapore and China are the longest enduring instances of authoritarian capitalism to date. Bellin noted that capital and labor have been “contingent democrats” in late-developing countries because their support for democracy is highly dependent on their material interests.<sup>65</sup> This raises complementary questions. Under what circumstances might “contingent autocrats” emerge among workers and capitalists that rally behind charismatic leaders who threaten democratic norms and institutions? How do the social foundations of authoritarian capitalism evolve over time? Coupled with material interests, how might shifts in cultural factors and identity politics mediate the perceived impact of market forces—and subsequent political backlash against globalization?<sup>66</sup> The increasing prominence of identity as the “second dimension” of politics complicates the dynamics of class politics.<sup>67</sup> The co-evolution of authoritarianism and capitalism warrants further study in world historical context.

## NOTES

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13. Our analysis focuses on countries that have demonstrated a trend or are in the process of moving towards (rather than away from) authoritarian capitalism.
14. In distinguishing between capitalist authoritarianism and state capitalism, Dorottya Sallai and Gerhard Schnyder note that both involve state intervention, but in the former, state intervention serves particularistic interests; hence, they do not regard East Asian countries as authoritarian capitalist. By contrast, we view both concepts as capturing fundamentally different aspects of political economy and not mutually exclusive, so they can co-exist in the same country. Dorottya Sallai and Gerhard Schnyder, “What Is 'Authoritarian' about

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