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Dissecting the Roots of 21st Century Western Tribalism

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Abstract

The United States—and to a lesser extent the United Kingdom and Europe—stands at a critical juncture. Two waves of Washington Consensus–era liberalism since the early 1980s hollowed out Western middle classes, as standard economic theory would predict. The 2008 global financial crisis and the bipartisan policy responses that followed further exposed the prevailing economic order as one that disproportionately benefits multinational corporations, the ultra-wealthy, and highly educated liberal elites. It is, indeed, undeniable that this order succeeded in dramatically reducing global poverty and improving living standards across much of the developing world. Yet its domestic political and social costs have proven severe in The West. In the United States, in particular, these effects have intensified sociopolitical tensions to alarming levels. The central divide is not simply between left and right, but between continued commitment to Enlightenment values and the growing pull of tribalism. In this brief note, I draw parallels between U.S. developments since 2008 and Turkey’s socioeconomic and political trajectory from the 1980s through the 2020s, and conclude by outlining three potential remedies.

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I. Brief History

Macroeconomic theoreticians love to talk about and identify *time zero*. Just like in physics, when time zero denotes the start of our universe and *The Big Bang*, economists like to establish time zero to understand the onset of certain social and economic dynamics which led to significant economic, sociopolitical and cultural changes that transformed a country's established economic equilibrium and political order. In that spirit, if you'd like to understand what's happening to American politics in the 21st century and the year 2026, time zero is October 1973.

That, of course, dates the first oil crisis in the West which was followed by the second one in 1979. When the OPEC oil cartel decided to cut its global oil supply to deliberately challenge the West, the impact on the middle classes in the Western world was swift and severe. The healthy and steady growth in the standards of living in America and the West especially for their middle classes had continued unabated since the end of the Second World War. The OPEC oil embargo and the two shocking spikes in the price of oil, if not ended, certainly dented this healthy streak. In constitutional democracies, economic shocks are almost a sure invitation to drastic political change. One must view and interpret the elections, rise and political influence of Ronald Reagan and Margaret Thatcher in this light.

The 1980s in the West were a decade of drastic, deep and swift political reforms which were all aimed at financially liberalizing the economies, empowering corporate multinational corporations, deregulating industries, demolishing labor unions, dismantling social safety nets, reducing the tax burden on the wealthy as much as the Overton window would allow, and unshackling an unfettered version of global capitalism built without social safety nets.²

If the OPEC oil embargo shook the confidence of Western middle classes in their political and economic systems, it completely ravaged and destroyed developing countries in Latin America, the Middle East, Africa and elsewhere. With their economies nearly completely collapsed and their societies in political turmoil, many countries in these regions turned to Western financial institutions for help. The rising influence of the International Monetary Fund and the World Bank in dictating the terms of reform in all these countries are now described by the *Washington Consensus*. The Washington Consensus was a recipe of reforms aimed at expanding the Reagan and Thatcherite revolutions in developing countries around the world. Most notable adherents of the Washington Consensus were

¹ Prepared for the public lecture at Highland Institute on January 15, 2026.

² The Overton window is the range of subjects and arguments politically acceptable to the mainstream population at a given time and as formulated by the political analyst, Joseph Overton, in the mid-1990s.

many countries in Latin America, such as Argentina and Chile, and some in the Middle East, such as Turkey.

Such a hospitable new environment for capital and wealth accumulation, did indeed spur an era of economic growth, investment and development. And it would be absurd denialism to refuse that such capitalistic reforms did reduce rampant poverty and improve the standards of living in many underdeveloped countries around the world. The rise of China and India especially since the turn of the 21st century needs to be interpreted in this light even though the versions of capitalism both these countries practice are meaningfully different than the dictates of the Washington Consensus.

However, it would also be absurd and ignorant of basic trade theory and principles of economics to ignore and diminish the prediction that such economic reforms and global integration would introduce a severe economic strain on middle classes in advanced economies in the West. Consequently, the last couple of decades of the 20th century witnessed the wholesale demise and destruction of some of the manufacturing industries of Western economies that served as the bedrock of their healthy and stable middle classes in the aftermath of WWII.

Economists trained in the Western neoclassical tradition primarily diminish the potential detrimental effects of such industrial churning as creative destruction and focus heavily on the benefits of global economic and trade integration along with financial and economic liberalization.³ Their operating premise is that strong political and economic institutions would suffice to aid the economic transitions from such large industrial transformations. If workers and families who sustained their livelihood for generations in the Detroit and Pittsburgh auto and steel industries are displaced because of global competition, they would eventually be retooled and reskilled to pick up better- and high-quality jobs in industries that are America's global strength such as its tech and health sectors. With the hindsight of more than four decades, I think most reasonable economists now acknowledge that this was a naive and optimistic interpretation of how economic theories pan out in the real world and in practice.

Nevertheless, the booming 1980s made way to the 1990s when the Russian empire collapsed and marked the end of the Cold War. The demise of the Russian communist empire marked the beginning of a new era when even the elites of social democratic and labor movements in the West bought into the narrative of *The End of History*—to borrow from the title of the impactful book by the influential social scientist Francis Fukuyama. In his book, Fukuyama advanced the idea that Western capitalism and constitutional democracies had ended the centuries long ideological competition between capitalism and socialism once and for all.

In Britain, the United States, and—to a slightly lesser extent—the European Union, the fifteen years between 1993 and 2008 could well be described as a period of striking wealth accumulation, permanent industrial transformation, increasing monopoly power across multiple industries, and the rise of a white-collar, globally educated elite. This group developed acute social sensibilities while fully embracing and reaping the rewards of this new capitalist world order.

The collapse of the American middle class and almost everywhere else in the world with equal fervor and swiftness is often discussed in hushed tones of "inequality," but we must look at the hard numbers. For decades, the "Great Compression" ensured that productivity and wages moved in tandem. But since the late 1970s, we have seen a radical divergence. While the top 1% have seen their wealth grow

³ Creative destruction, a term coined by economist Joseph Schumpeter, describes the industrial mutation process in capitalism where new innovations and technologies continually replace outdated ones, destroying old industries and creating new ones, leading to long-term economic growth but also short-term disruption.

exponentially, the median household income has struggled to keep pace with the costs of housing, education, and healthcare and the real wages in the West stagnating or even regressing since the 1980s.

The second phase of the Washington Consensus—defined by liberalization and globalism—didn't just fade away; it ended with the spectacular meltdown of the 2008 financial crisis. While the regression of the Western middle class and rising inequality had been visible since the 1990s, the 2008 response changed everything. When political establishments on both sides of the aisle mobilized trillions in public funds to rescue multinational corporations and the 'uber-wealthy,' they didn't just save the banks—they ushered in a new, more cynical social and political era.

This was the mother of all **cultural breaches**! When the majority of citizens believe the game is rigged by entrenched interests, they stop looking for a reformer and start looking for a wrecking ball.

And such massive and relentless economic despair is the greatest asset of strong men with a political outsider's untarnished credibility.

II. Let's Talk Turkey!

To understand the stakes of our current moment, we must look at the history of Turkey—a secular Republic built on the principles of Western Enlightenment and the values of constitutional democracy. Founded on the ruins of the six-century long Ottoman Empire, which ruled vast portions of the Middle East, North Africa, and Eastern Europe for three centuries, the modern Turkish state was established on foundational pillars of strict secular norms and a clear separation of church and state.

This foundational yet top-down structure created an uneasy socio-political equilibrium. The Turkish population is more than 99% Muslim. But its secular leadership aspired to Western ideals, protected by unique and unconventional institutional features: the Turkish military was tasked by the country's founder, Mustafa Kemal Atatürk, with not only guarding the country against external and internal threats, including radical Islam, but also securing the principles of Western constitutional democracy.

However, the oil shocks of the 1970s and the pressures of the Cold War wreaked havoc on Turkey's lower and middle classes. By the 1990s, a series of economic shocks destabilized this fragile balance, setting the perfect stage for a political leader with "outsider" credentials. This leader played up identity politics, advocating for the Turkish pious in both the cultural and economic realms.

The resulting depletion and destruction of the Turkish middle class fueled a rise in the Islamist movement, making even many secular Turks deeply skeptical of the new capitalist and globalist economic order sympathize with the Islamist movement. The end result was the rise of the AKP party and its leader, Recep Tayyip Erdogan, who came to power in the 2002 general elections. Since then, the transformation of the Turkish sociopolitical order has been relentless and nothing short of revolutionary; the judiciary, government administration, and legislative bodies have been brought under centralized control, effectively demolishing the checks and balances of the Turkish political system and ushering in a ruthless one-man rule.

In Turkey, absolute authoritarianism didn't arrive via a sudden military takeover; it was invited in through the front door of the ballot box. When institutions fail to deliver fairness, people trade their democratic norms for the promise of protection. They trade the complexity of a republic for the simplicity of a tribe. Once a political system is captured by elite interests, the public becomes

vulnerable to those who promise to "fight for them"—even if that fight requires dismantling the very checks and balances that protect us all.

For the astute observers of Turkish modern secular history, then, there wasn't anything shocking in observing the political developments in Britain and the United States since the 2008 financial meltdown. However, the swiftness with which many on both sides of the political aisle in Europe and the United States were quick to abandon and betray the principles of Western Enlightenment and constitutional democracy probably shook many. They were also keenly aware that such polarization and isolation—on both sides of the political divide, reinforced by self-contained ecosystems of beliefs, facts, and interpretations—created fertile ground for potentially ugly and prolonged civil strife. Such conflict would, without doubt, ultimately entrench the existing political and economic order, further decimating the middle and lower classes. Ironically, these groups share more in common economically with their counterparts across the political aisle than with the elites leading their own political movements—elites who will continue to reap the financial and political rewards of an economic order that is by now largely discredited.

III. The Warning Signs

We often speak of democracy as a set of laws supported by formal political institutions, but as an heterodox economist, I see it as a social contract rooted in culture and backed by trust. Today, that contract has long since frayed. We see it in our **polarized media**, the **vanishing of the moderate**, and the surge of **tribalism**.

These are not just "political disagreements." They are symptoms of a system losing its equilibrium. I have watched this trajectory before—not in textbooks, but in the lived experience of Turkey's slide into authoritarianism.

When the cultural floor drops out, the institutional ceiling soon follows. As political systems become captured by vested interests, multinational corporations, and educated, wealthy elites who benefit from global capitalism, political debate and struggle increasingly shift toward cultural identity politics. These cultural battles exploit flashpoints that clash with—and often offend—the deeply held beliefs and traditions of ordinary citizens across the political spectrum. In turn, both mainstream media and newer online and social media platforms largely function as perpetuators and defenders of a political and economic order that has lost credibility with vast segments of the public.

IV. The Path Forward: Reclaiming the Center

Recognizing the warning signs is only the first step. The harder task is to respond without succumbing to either despair or denial. History does not move mechanically; it offers patterns, not inevitabilities. If democratic erosion is socially produced, then democratic renewal must be as well.

At the core of the current crisis lies a dual failure: an economic system that no longer delivers broad-based security and a civic culture that has lost its capacity for restraint, compromise, and mutual recognition. Any serious path forward must address both simultaneously. Treating one without the other merely accelerates the cycle of polarization.

First, the highly corrosive and cancerous influence of corporate and multinational holdings' funding in American politics needs to be completely restrained, if not eradicated. The Supreme Court's 2010 *Citizens United* ruling—which removed all previous constraints on corporate funding of politicians

and political parties—put the erosion of American social and political institutions on turbocharge. What is worse, and a manifestation of how deeply American institutions have been captured by vested interests of a plutocracy, is the extent to which not only Republicans but now increasingly—and, by some metrics, more so—Democrats are funded by billionaires and multinational holding companies.

Second, economic restoration must be placed back at the center of democratic legitimacy. This does not mean nostalgia for a vanished industrial past, nor a rejection of markets or globalization. It means accepting a simple but politically explosive truth: a democracy cannot remain stable when a large share of its citizens experience economic life as a zero-sum game rigged against them. Growth that disproportionately accrues to asset holders and credentialed elites corrodes trust, no matter how impressive the aggregate statistics may look. Rebuilding a durable middle class requires policies that anchor wages to productivity, restrain excessive monopoly power, reinvest in labor and vocational mobility, and restore the idea that economic participation is a right of citizenship—not a privilege of proximity to capital.

Third, civic de-escalation is not a call for passivity or moral relativism; it is a call for democratic maturity. The center is not defined by ideological blandness, but by an insistence that political opponents are adversaries rather than enemies. A functioning republic depends on shared rules, shared facts, and a shared belief that losing an election is not an existential threat. When politics becomes a permanent cultural war, every election feels like a final battle—and strongmen thrive precisely in such conditions. Reclaiming the center means rejecting identity politics in all its variants, restoring norms of institutional respect, resisting performative outrage, and rejecting the seductive simplicity of tribal loyalty over constitutional order.

These tasks are mutually reinforcing. Economic security lowers the emotional temperature of politics, while civic trust makes redistributive and reformist policies politically possible. Without this feedback loop, democracies oscillate between technocratic paralysis and populist rupture. This is not a recipe for socialism and western wealth accumulation can well afford such redistribution and the reestablishment and replenishment of the social safety nets that make the benefits of globalization and economic integration around the world pronounced and its politically corrosive course subdued. Furthermore, at this critical juncture in Western history, such redistribution and wealth transfers do not require benevolence from the wealthy. Instead, they require the wealthy to recognize the perilous state of Western constitutional democracies and the potential damage that a worsening sociopolitical climate could have on *their* economic well-being, prompting them to adopt a longer-term horizon.

V. Conclusion

The defining question of the coming decade is not whether Western democracies will face pressure—they already are under it—but whether they will respond with renewal or retreat. The data tell us where the fault lines lie. History tells us what happens when they are ignored.

We have seen this movie before, not only in distant places, but within systems that once believed themselves immune. Democracies rarely collapse from a single blow; they erode through accumulated breaches of trust, widening inequality, and the normalization of cynicism. By the time institutions fail, the cultural groundwork has already been laid.

Yet decline is not destiny. The same societies that engineered unprecedented prosperity and freedom in the twentieth century retain the capacity to correct course. Doing so requires rebuilding the middle—not only in income distribution, but in civic life itself. It requires citizens who are willing to

trade outrage for responsibility, leaders who prioritize legitimacy over domination, and institutions that once again serve the many rather than the few.

The house is indeed shaking. But this is precisely the moment when foundations can be reinforced rather than abandoned. The choice before us is not between left and right, but between republic and tribe. History will record whether we recognized the difference in time.

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