

GENERAL ESSAY 2020

Is democracy losing ground?

Even as there are powerful pro-democracy movements in Hong Kong and Venezuela, there has been a trend in recent years that democracy is in retreat. Many surveys concur. The latest survey by Freedom House, an American think-tank, is called “Democracy in Crisis”. In 2017, for the 12th consecutive year, countries that suffered democratic setbacks outnumbered those that registered gains, it says. According to the Democracy Index from The Economist, 89 countries regressed in 2017; only 27 improved. The latest “Transformation Index” from another think-tank, which looks at emerging economies, finds that the “quality of democracy...has fallen to its lowest level in 12 years.”

As liberal democracies have become ineffective at improving their citizens’ living standards, populist movements that reject liberalism are emerging from Brussels to Brasília and from Warsaw to Washington. A striking number of citizens have started to ascribe less importance to living in a democracy: whereas two-thirds of Americans above the age of 65 say it is absolutely important to them to live in a democracy, for example, less than one-third of those below the age of 35 say the same thing. A growing minority is even open to authoritarian alternatives: from 1995 to 2017, the share of French, Germans, and Italians who favored military rule more than tripled.

As recent elections around the world indicate, these opinions aren’t just abstract preferences; they reflect a deep groundswell of anti-establishment sentiment that can be easily mobilized by extremist political parties and candidates. As a result, authoritarian populists who disrespect some of the most basic rules and norms of the democratic system have made rapid advances across continents, particularly, western Europe and North America over the past two decades.

Authoritarian strongmen are rolling back democratic advances across much of Asia and eastern Europe. There are many reasons for it.

Long-standing dominance of a set of democracies with vibrant economies is becoming shaky. Ever since the last decade of the nineteenth century, the democracies in North America, western Europe, Australasia, and postwar Japan—have commanded a majority of the world’s income. In the late nineteenth century, established democracies such as the United Kingdom and the United States made up the bulk of global GDP. In the second half of the twentieth century, as the geographic span of both democratic rule expanded to include Japan and Germany, the power of the liberal democratic alliance became even more crushing. But now, for the first time in over a hundred years, its share of global GDP has fallen below half.

At the same time that the dominance of democracies has faded, the share of economic output coming from authoritarian states has grown rapidly. Within the next five years, the share of global income held by countries considered “not free”—such as China, Russia, and Saudi Arabia—will surpass the share held by

Western liberal democracies. In the span of a quarter century, liberal democracies have gone from a position of unprecedented economic strength to a position of unprecedented economic weakness.

Of all the ways in which economic prosperity fetches a country power and influence, perhaps the most important is that it creates stability at home.

Beyond keeping democracies stable, economic might also endows them with a number of tools to influence the development of other countries. Chief among these is cultural clout.

During the apogee of Western liberal democracy, the United States—and, to a lesser extent, western Europe—was home to the most famous writers and musicians, the most watched television shows and movies, the most advanced industries, and the most prestigious universities.

In the minds of many young people coming of age in Africa or Asia in the 1990s, all these things created the desire to share in the wealth of the West was also a desire to adopt its lifestyle, and the desire to adopt its lifestyle seemed to require emulating its political system.

This combination of economic power and cultural prestige facilitated a great degree of political influence.

The economic prowess of Western democracies influence political events in other countries by promising to include them in the global economic system or threatening to exclude them from it. In the 1990s and the first decade of this century, the prospect of membership in organizations from the European Union to the World Trade Organization provided powerful incentives for democratic reforms in eastern Europe, Turkey, and parts of Asia, including Thailand and South Korea.

Finally, economic power could easily be converted into military might. This, too, did much to enhance the global standing of liberal democracies. It ensured that other countries could not topple democratic regimes by force and raised the domestic legitimacy of such regimes by making military humiliation a rarity.

Indeed, the stable democracies of that period also shared three other economic attributes that can plausibly help explain their past success: relative equality, rapidly growing incomes for most citizens, and the fact that authoritarian rivals to democracy were much less wealthy.

All these factors have begun to erode in recent years. Consider what has happened in the United States. In the 1970s, the top one percent of income earners commanded eight percent of pretax income; now, they command over 20 percent. For much of the twentieth century, inflation-adjusted wages roughly doubled from generation to generation; for the past 30 years, they have essentially remained flat.

The ability of autocratic regimes to compete with the economic performance of liberal democracies is a particularly important and novel development. At the

height of its influence, communism managed to rival the ideological appeal of liberal democracy across large parts of the developing world. But even then, it offered a weak economic alternative to capitalism.

Indeed, the share of global income produced by the Soviet Union and its satellite states peaked at 13 percent in the mid-1950s. Over the following decades, it declined steadily, falling to ten percent by 1989.

Communist countries also could not provide their citizens with a lifestyle that would rival the comfort of the capitalist West.

But it is changing. Of the 15 countries in the world with the highest per capita incomes, almost two-thirds are non-democracies. China, whose per capita income was vastly lower as recently as two decades ago, is rapidly starting to catch up. Hundreds of millions of people can now be said to live under conditions of “authoritarian modernity.” In the eyes of their less affluent imitators around the world, their remarkable prosperity serves as a testament to the fact that the road to prosperity no longer needs to run through liberal democracy.

One of the results of this transformation has been a much greater degree of ideological self-confidence among autocratic regimes—and, along with it, a willingness to meddle in Western democracies. Russia’s attempts to influence the 2016 U.S. presidential election have understandably drawn the most attention over the past two years.

China is stepping up ideological pressure on its overseas residents and establishing influential Confucius Institutes in major centers of learning.

If the changing balance of economic and technological power between Western democracies and authoritarian countries makes the former more susceptible to outside interference, it also makes it easier for the latter to spread their values. Indeed, the rise of authoritarian soft power is already apparent across a variety of domains, including academia, popular culture, foreign investment, and development aid. According to the latest Times Higher Education survey, 16 of the world’s top 250 institutions can be found in non-democracies, including China and Russia.

Perhaps the most important form of authoritarian soft power, however, may be the growing ability of dictatorial regimes to soften the hold that democracies once enjoyed over the reporting and dissemination of news.

During the long period of democratic stability, the United States was the dominant superpower, both culturally and economically. Authoritarian competitors such as the Soviet Union quickly stagnated economically and became discredited ideologically. As a result, democracy seemed to promise not only a greater degree of individual freedom and vastly wealthier life. As long as these background conditions held, there seemed to be good reason to assume that democracy would continue to be safe in its traditional strongholds. There were even plausible grounds to hope that an ever-growing number of autocratic countries would join the democratic column.

But the era in which Western liberal democracies were the world's top cultural and economic powers may now be drawing to a close. At the same time that liberal democracies are showing strong signs of institutional decay, authoritarian populists are starting to develop an ideological alternative in the form of illiberal democracy, and outright autocrats are offering their citizens a standard of living that increasingly rivals that of the richest countries in the West.

There is hope. Western democracies can regain their economic growth and attraction. Populists can be defeated in elections. Democracy is deep seated. Rivals may not have viable and durable economic power: Russia and Saudi Arabia remain overly reliant on income from fossil fuels. China's recent growth has been fueled by a soaring debt bubble and favourable demographics, and it may end up being difficult to sustain.

As the residual effects of the Great Recession wear off and European and North American economies normalise, these bastions of liberal democracy could once again outpace the modernized autocracies.

**The crux of the essay is that the economic decline of the west is eroding the base for democracy. The chronic inequality too. Rivals who are authoritarian are able to attract global attention to them as offering a viable alternative. But the future is bleak for the authoritarians.

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