



OPINION

Why the survival of democracy depends on a strong middle-class

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Across the world, democracy is under siege.

While discourse has, for the most part, focused on the shortcomings and flaws of countries that are blatantly non-democratic – witness the recent “election” of Russian President Vladimir Putin and last month’s decision to allow Xi Jinping to, in essence, become China’s President for life – critiques of liberal democracy are becoming increasingly commonplace, as leading democratic countries become sources of unprecedented political volatility.

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A broad sense of skepticism – embodied in the election of Donald Trump and the Brexit vote – is mounting at precisely the same time as certain regimes – China and Russia, as mentioned, but also Turkey, Egypt and Saudi Arabia, among others – are pivoting toward less, not more, open elections, and away from truly democratic systems of governance.

There are many reasons why liberal democracy appears to be in decay. It should be stated that while 70 per cent of the world is deemed democratic, many of these democracies are illiberal (such as Russia) and indistinguishable from authoritarian states. There is also a growing shift toward less democratic states; a global survey by the World Economic Forum in 2016 found that citizens in the developing world trust authoritarian leaders more than their democratic

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Even among those living in true liberal democracies, trust in the political structures supporting the entire system is weakening. For instance, a 2015 Pew survey concluded that only 19 per cent of Americans trust their federal government to do what is right “just about always” (3 per cent) or “most of the time” (16 per cent). Throughout the 1960s, this level of trust was more than 60 per cent.

Trends show younger people are turning their backs on democracy. In his important new book *The People vs. Democracy*, Harvard lecturer Yascha Mounk reveals that 71 per cent of Europeans and North Americans born in the 1930s think it is essential to live in a democracy, but only 29 per cent of people born in the 1980s believe the same thing. Furthermore, nearly a quarter of American millennials think democracy is a bad way to run a country, and nearly half admit they would like a strongman leader. A large-scale survey of political attitudes conducted by the Lowy Institute in Sydney found that just 42 per cent of Australians between the ages of 18 and 29 thought democracy was “the most preferable form of government,” compared with 65 per cent of those over the age of 30.

At the same time, trust in the fourth estate – the media – has eroded. There is a sense that the news media is no longer the font of objective fact required for a flourishing democracy. Media consumption patterns have changed markedly due to the rise of social media, audiences have fragmented and the proliferation of “fake news” has poisoned the democratic well, rendering voters less able to make quality decisions based on objective information.

The veracity and very survival of democracy depends on a strong, prosperous middle-class – one that is able to hold government accountable. According to research by Adam Przeworski, a professor of politics at New York University, in countries with a per-capita income below US\$1,000, the life expectancy for a democracy is only around 12 years. In addition, Prof. Przeworski has shown that a democracy can survive “come hell or high water” when a country’s average per-capita income is above US\$6,000, although this number is not adjusted for inflation.

The link between income and stable democracies is, at a certain level, intuitive. After all, at the heart of democracy is an economic contract between citizens who consent to pay taxes and a government that, in exchange, safeguards the security and welfare of the nation by providing public goods such as education, health care, infrastructure and nation

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Presently, a confluence of long-term factors threaten to upend the global economy and endanger the middle-class, from technology and the rise of a jobless underclass, to mounting and unsustainable debt, worsening income inequality and a rapid shift in demographics. For instance, rising public debts and widening fiscal deficits place governments in a financially precarious position, thus making them less able and willing to invest in education, infrastructure and other areas that will benefit future generations.

The world's leading liberal democracies are ill-equipped to address these economic headwinds. According to the global consulting firm McKinsey & Co., the average tenure of a Group of 20 political leader is at a record low – declining from six years in 1946 to around 3.7 years in the present day. By design, democratically elected politicians are typically in office for terms shorter than a normal economic cycle of five to seven years. This is a problem because virtually every threat to economic growth is long-term in nature, thereby creating a mismatch between the short-term horizons of politicians (in a system that rewards myopia) and the long-term nature of economic challenges that forms the biggest obstacle for global growth.

Ultimately, because politicians are themselves prisoner to a system, the global economy is exposed to poor policy decisions. The President of the European Commission, Jean-Claude Juncker, noted while describing politicians that, “We all know what to do; we just don't know how to get re-elected after we've done it.”

There's little doubt that a radical overhaul of the liberal democratic system is urgently needed. Reforms could include extending the terms of office for political leaders to better match the economic cycle, and linking politicians' pay to long-term economic performance. With the IMF warning this week that global growth is set to slow by 2020, the need for strong economic leadership is urgent. Only far-reaching reform can shift the focus of political leaders from short-term electioneering to restoring growth.

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