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NONFICTION

Dambisa Moyo's Proposals for Saving Democracy

By Steven Rattner

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EDGE OF CHAOS

Why Democracy Is Failing to Deliver Economic Growth — and How to Fix It

By Dambisa Moyo

296 pp. Basic Books. \$30.

Bemoaning the worrisome state of liberal democracy has become a cottage industry. With each erosion of individual liberties, with every election gone awry, the commentariat disgorges a fresh flotilla of analyses of the world's ailments and favored prescriptions for fixing them.

Some fret about the slide toward absolutism in central European countries ranging from Poland to Turkey. Others cast a wary eye on the wave of populist tremors that fringe parties in mature nations like France and Germany have tried to ride. Brexit was a Code Red alert.

And of course, the most energetic hand-wringing is reserved for what has befallen the United States — not just the election of a president with little visible respect for democratic norms but the seeming ease with which Russia cyberburrowed into email systems and social media networks. Such is the state of fear — Freedom House declares democracy to be facing “its most serious crisis in decades” — that even economists are leaping across customary academic boundaries into political science in order to opine.

To this discussion, Dambisa Moyo brings strong economic credentials. She is a regular contributor to The Wall Street Journal and The Financial Times. In 2009 she was named one of the “100 most influential people in the world” by Time magazine. Her familiarity with the dismal science radiates through her provocative new work, “Edge of Chaos,” as she argues compellingly that the global failure to achieve sustained, inclusive growth underpins the rampant political turmoil. Liberal democracies could probably endure either slow growth or rising inequality, she says. But when the two collide, as they have in many mature economies, the chemical reaction can be fierce.

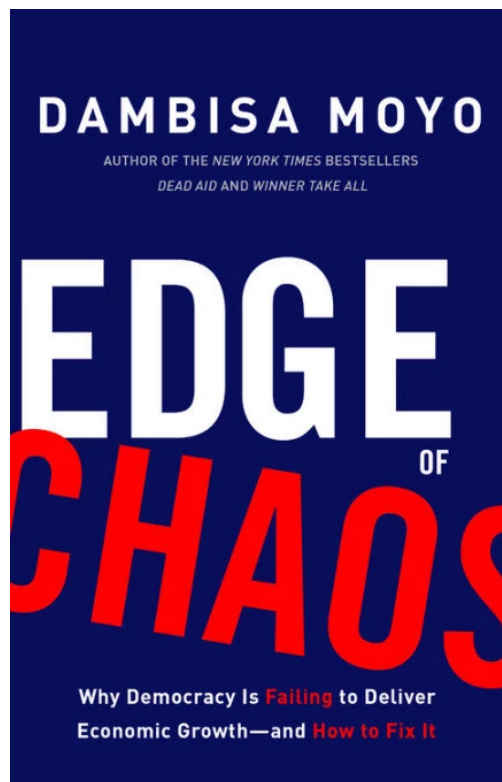
To take a vivid example, the United States has seen its rate of expansion slide from 4 percent in the late 1990s to a bit more than 2 percent at present. At the same time, the gap between rich and poor has exploded, leaving many of those near the bottom enduring lower standards of living than they faced decades ago.

As Moyo notes, left to its own devices, capitalism produces income inequality. This, however, is within the power of governments to redress. While inequality has risen in Europe as well, progressive taxation and robust social safety nets have kept the gap there manageable.

Moyo ticks off seven headwinds — from aging societies to limited natural resources — as impediments to growth. In the United States, for example, educational attainment is a major cause for concern; on a 2015 math test administered globally to 15-year-olds, the United States came in 30th out of 35 major countries.

While many of these are, indeed, scary prospects, her most vexing fear — with much justification — is the rising tide of protectionism. Partial blame goes to the financial crisis and ensuing recession, but globalization advocates must also be held responsible for the drift (perhaps now, a scramble) toward more protectionist policies. They failed to recognize that for all the winners (think of how many products we buy that are better and cheaper because they are made elsewhere), there are also losers (think of the shuttered factories throughout the industrial heartland).

However, rather than question capitalism and globalization, Moyo mounts a vigorous and welcome defense of both. She argues that they are the most likely avenues to high economic growth, which she pronounces to be the holy grail.



She is surely correct that capitalism and globalization have done more to improve living standards than any other economic arrangement. But is democracy a necessary ingredient? China's mixed system of state-directed capitalism has produced stunning results: In just one generation, China has moved 300 million people out of poverty.

Moyo is appropriately respectful of China's accomplishments and appropriately concerned that if proponents of liberal democracy don't figure out how to fix what's broken, systems like China's could become more prevalent, with severe implications for individual liberties.

Moyo is not all darkness. She recognizes the vast improvements that have been made around the globe in public health and even in economic well-being, particularly in emerging nations. Indeed, she doesn't always seem sure whether the glass is half empty or half full. At one point, she mourns incomes that have remained flat in the United States since 1970, after adjusting for inflation. At another, she extols the success of democratic capitalism in generating a 30-fold rise in earnings throughout the 20th century.

And then there's the matter of productivity. Amid the near hysteria over the future of work, even thoughtful commentators often get twisted up in its complications. Uncharacteristically for an economist, Moyo is among them.

She rightly pronounces improved worker efficiency to be the key to economic growth and laments its current sluggish rate of improvement across the developed world. But then she goes on to climb a familiar wall by expressing worry about robots and automation when, in fact, significantly

greater productivity can occur only by supplementing workers with machines — yes, with robots and automation.

There are other problems as well. She muddles the concept of change versus rate of change, declaring global productivity to be on the decline, though what she means is that the rate of growth of global productivity has been waning.

In any book so crammed with facts and figures, small errors are bound to creep in. The United States and Europe together have many more than 10 cities with populations above one million. India, with its sparkling 7 percent growth rate, can hardly be considered a laggard nation (as Moyo declares three times). Lastly, there's the occasional infelicitous phrase, like “the leaders of leading nations.”

Turning to politics, Moyo documents how trust in government has fallen as polarization and gridlock have risen. For this, she blames “short-termism.” Eager to win elections, politicians make decisions to maximize voter support rather than those that would do the most for long-term growth. Meanwhile, in Washington, gridlock has slowed action to a crawl.

It was not always thus and Moyo takes a valiant stab at explaining why. She cites the move in recent years toward more laissez-faire capitalism, the rise of the 24-hour news cycle, the emergence of social media and a shift in power toward corporations and wealthy philanthropists. Gerrymandering and an avalanche of political money, for both electoral campaigns and lobbying, are additional (and related) flaws.

These and other villains dance across her stage before Moyo unveils her proposed fixes, all designed to reform the American political system so that capitalism can flourish. They number 10, from the incontrovertible (getting money out of politics) to the incredible (imposing what amounts to literacy tests on would-be voters and weighting voting toward “the best-informed segment of the electorate”). Her other ideas include longer terms for elected officials coupled with term limits, less gerrymandering and mandatory voting. There are oddities as well, like restricting the ability of successor governments to modify long-term agreements entered into by their predecessors and setting minimum qualifications for officeholders.

Helpfully, Moyo includes as an appendix a chart showing how 14 leading countries rank in terms of her goals for reforming democracy. By her tally, unsteady Mexico ranks at the top (having achieved five of Moyo's milestones) while Europe's economic engine, Germany, ranks at the bottom, with a goose egg.

That may leave readers scratching their heads.

Steven Rattner was counselor to the secretary of the Treasury in the Obama administration. He is the author of “Overhaul: An Insider's Account of the Obama Administration's Emergency Rescue of the Auto Industry.”

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