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How to make the democratic system resilient in the new global environment of the 21st century?

Democracy, at least its key building process can be dated back to several centuries, even before the emergence of nation-states after the Westphalian peace treaty. Over a long time, a number of democratic institutions, even with some different features due to national historical heritage or geopolitical situation, were created and the legal framework of democracy continuously strengthened. Not ignoring substantial and many times painful backslides with catastrophic consequences, the democratic process made substantial progress and became the dominant form of government and the management of society after World War Two. It started to attract a number of less developed countries through the last decades. Even some well-known Far Eastern countries that started their export-oriented economic catch-up in the 60s and 70s of the last century and became important partners of the international economic (and partly also political) scene, turned to democratic institutions both by successfully meeting the growing political and social pressure of rapid economic modernization on their non-democratic political structure and in order to keep or further strengthen their economic (and political) weight in global or regional networks. However, the biggest and unprecedented historical victory of democracy can be attributed to the fall of the Berlin Wall and the abolition of the Iron Curtain between Western and Eastern Europe in 1989. As a result, a dozen of Central, Northeastern and Southeastern European countries established the democratic system and quickly became members of international institutions embracing democratic countries, for most of them including membership in the NATO and the European Union.

Still it is too early to celebrate the final and irrevocable victory of democracy as the best (or only) form of preserving peace, stability and enhancing economic and social welfare. In the last years we have been witnessing several attempts at questioning basic factors of the „institutionalized democracy” even in countries with strong and unquestionable democratic architecture rooted in and nourished by at least 70 years of democratic traditions and everyday life. Partly threatening current anti-democratic trend as well as new global and regional challenges call attention to the necessity of permanently defending and continuously strengthening demo-

cratic achievements in order to successfully withstand destructive forces and processes.

This paper focuses on the changing global environment of democracy, highlighting challenges, contradictions, potential or real conflicts and recommending policy instruments how to face them efficiently. The approach is fundamentally economic, but at least tries not to neglect political, institutional, legal and social considerations either.

1. New developments challenging democracy

Over centuries, democracy was inherently linked to the nation-state. Its success was measured in national terms: how much did the system contribute to economic growth, structural modernization, higher economic and social welfare, stable and predictable legal environment both for capital and labour. However, mainly the last two decades have started to limit the competences of „sovereign” nation-states and placed both economic development and its non-economic conditions on a qualitatively higher and international level.

The new environment presents new challenges to the democratic system.

First, it is increasingly difficult to understand, let alone to analyse global processes and find the adequate answers. Global developments are characterized by deepening complexity, multi-level interdependence and interdisciplinarity. Not even highly qualified politicians and experts are able to manage this „triade” and find solutions how to integrate this „package” into the democratic system.

Second, more and more countries belong to the interdependent global network, with different quality and implementation of democracy. Although all of them share the basic values of democracy but both the sustainability and the adjustment capacity of the given structure reveals substantial differences in cross-country comparisons.

Third, globalization is not only an all-embracing reality of our time but also a continuously accelerating process with stops-and-goes in different areas and in different timeframes. In consequence, different democratic systems participating in the global

framework have to adjust themselves constantly to new challenges without questioning the basic values of „sustainable democracy“. This adjustment requirement includes not only policy areas, decision-makers, experts and institutions but also citizens. The situation becomes even more complex if we take into account the cross-country or cross-regional implications of the uneven speed of globalization both due to the very nature of globalization and the different adjustment capacity of the participants.

Last, but not least, the universal impact of modern communication technologies has to be addressed. On the one hand, humanity has never before in its history disposed of such a direct and immediate communication with possibilities beyond any imagination. On the other hand, as numerous examples verify, modern communication can easily be used or misused for the spread of lies, half-truths, fake news. It is easier to influence the behaviour of a person or even of a larger social or ethnic group by 20-second-messages far from reality but with sizeable impact on the emotions, short-term thinking and acting of the people than to argue a bit longer but based on facts and figures. In the last years, populism, starting from individual messages to cyberattacks on the highest political level became one of the biggest enemies of democracy.

2. Two key challenges

The very nature but even more the accelerated process of globalisation places the traditionally developed democratic architecture into a new context.

First, there is a rapidly growing gap between political and socio-economic rationality. Political rationality, at least in a democracy, is regularly limited to four years, since new elections used to take place in such intervals. Therefore, those who are in power want to stay in power, while those in opposition would like to come to power. In contrast, socio-economic rationality covers a much longer period, since successful management (not necessarily the solution!) of key challenges requires strategies covering 8 to 15 (or more) years. How can this „rationality gap“ be overcome by preserving the basic norms and values of democracy and democratic institutions?

Second, how can the legal and institutional system of a democracy adjust itself to the accelerated and rapidly changing global processes, without jeopard-

izing its stability, credibility and reliability? Where is the interface or connecting point between the critical mass of legal-institutional stability on the one hand, and the necessary adjustment capacity, on the other. Or, is there any efficient interface at all? And what happens if either stability or adjustment capacity (or both) are seriously questioned?

3. Selected policy areas requiring strategic thinking and programs

The obvious gap between a political democracy based on four-year election periods and the much longer term of socio-economic programs with evident political implications, can be illustrated in several policy areas. Some of the most important issues will be shortly addressed here.

First, strategic approach is required to be prepared for the ongoing demographic change. In contrast to the assessment of several other developments accompanied with uncertainties, various outcomes, risks and chances, this process is relatively easy to be projected into the next decades. Low birth rates unable to compensate the loss of population will result in decreasing population in many countries (excluding the potential impact of immigration). In addition, the demographic structure is essentially changing between younger and older part of the society. Thus, less people in working age will have to take care – both in financial and social terms – of the rapidly growing old population. Higher life expectancy is further aggravating this gap. In fact, all developed countries dispose of the necessary statistical figures and can prepare adequate strategies how to handle the demographic challenge. We have exact data about how many people will enter the labour market in 20 years (all of them were born), how many active people will be leaving the labour market and will become pensioners. Tentatively also the number of people can be calculated how many are likely to pass away in the same period. However, the challenge to the sustainability of the size and structure of the social contribution system and that of the current pension fund network is just one area directly affected by demographic consequences.

Second, and not less importantly, the healthcare system faces unique challenges. The rapidly growing share of elderly (retired) people presents a permanently growing burden on healthcare and social assistance. In case of a lucky life, excepting smaller injuries or operations, intensive demand for healthcare is concentrated on the very last period of human life. The current system is hardly prepared to

the situation where large part of the people over 80 or even 85 would need medical treatment or hospitalization. These costs may represent 80 or even 90 per cent of the average per capita lifelong healthcare costs. Neither the financial nor the social aspect of this issue has been seriously tackled in strategic papers on the future of the healthcare system, let alone the future structure of meeting the massive needs of elderly persons.

Third, the current educational system has to be adjusted to the expected future demand structure of the labour market. Most experts agree that the labour market will be fundamentally different in 15 years. It means that young people, practically from the very first class of the elementary school, should be educated for the future labour market, since they will enter the labour market just after 15 years. Although it is almost impossible to predict the future structure of labour demand, some basic characteristics can be identified. To be sure, foreign language(s) (mainly English in not native speaking countries), basic knowledge of (further developing) internet communication and, not less importantly, high level of flexibility and adjustment capacity will become basic preconditions of successfully entering the future labour market. At the moment, in most countries there is an obvious gap between the structure and contents of the „obligatory” learning material and the requirements of preparing young people for the future. The problem is aggravated by a similar gap in the teaching staff. Therefore, not only young pupils have to be prepared but also most current (and future) teachers as well.

Fourth, and partly connected with the previous point, digitalisation and the new industrial revolution (Industry 4.0) will be fundamentally restructuring future labour markets. It has to be stressed that not only developed/industrialized societies but the entire mankind will be facing a unique challenge. The fourth industrial revolution follows the previous ones (steam engine, electrification, computerisation) and will have substantial impact on the technological background of production of goods and services. Moreover, digitalisation is a new milestone in the communication history of the human race, following the development of a common language and the discovery of the alphabet. The consequences are well beyond the technological field and will affect the complex structure of human behaviour, interactive attitudes, reactions, priorities, concerns. The challenge is not constrained to the labour market but has unpredictable social consequences as well. According to some surveys, a full-fledged digitalisation could produce the current global value

(GDP) with 20 per cent of the currently employed labour. Even if this will hardly be the case, much less people are likely to be employed to satisfy the effective demand of a still growing population and, even more importantly, of the rapidly increasing purchasing power of people in some parts of the world (mainly Asia). As a result, many people will face the threat of marginalisation (which has already reached critical levels in several parts of the globe). Simultaneously, the time structure of life will be changed, since less working time will be connected with more time disposable for personal purposes. Part of the global value produced has to be used for mitigating the negative impact of marginalisation (the basic income pattern is just one possibility). Not less important is how large part of the global society will be able to make use of longer time available for private goals. Although at first glance this development opens bright perspectives for „personal fulfillment”. However, it is definitely not without serious dangers (available „free” time can easily be misused as well).

Fifth, massive and global migration requires global strategies, even if different parts of the world are differently exposed to the positive and negative impacts of migration. The issue is much more complex than addressed until now and limited to demographic and labour market (employment) considerations. Let alone the probable impact of digitalisation on the global labour market demand in general, and on that of the developed countries, the (desired) main geographic target of current and potential massive migration flows.

Finally, protecting the global physical-natural environment requires long-term strategies. Even if some damage already caused to the biological and physical conditions of human life cannot be repaired, further deterioration has to be stopped or its speed be reduced in order to keep the globe habitable for future generations. In this context, only the broadest universal cooperation, extended to the lifetime of all future generations can be effective.

4. Some policy recommendations

The obvious gap between the political and socio-economic rationality can only be successfully dealt with if governments elected for a determined (mainly four-year) term integrate into their programs the above mentioned longer-term strategies. All future governments, whatever party gains the next democratic elections and whatever government coalition will come to power, have to consider

and insist on the basic pillars of these strategies. Stopping or cancelling ongoing strategic processes for short-term political gains just because a new government happens to have completely new priorities would not only be a political suicide but the irresponsible undermining of the (still) functioning democratic system. The answer to longer term challenges is definitely not an illiberal or authoritarian system, let alone a dictatorship. History has more than sufficient examples, how and why such systems were constantly failing at dealing with longer (sometimes generational) challenges. Among others, just this incapacity led to their downfall, collapse or dramatic paralysis. The only viable alternative is a new quality of democracy which includes continuous dialogue with different parts of the society on each of the long-term strategies. In addition, a genuine (and later institutionalized) network for cross-country dialogue not only on the political but also on different social levels has to be implemented. A newly structured, open and honest dialogue needs both adequate politicians and experts on the one side, and an „innovative society”, on the other side. Therefore, investment into the innovative society (a Scandinavian initiative) is a precondition of the survival of democracy and the adjustment of inherited democratic structures to the new requirements of the 21st century.

The innovative society is:

- open and not closed,
- solidarian and not filled with (many times artificially generated) hatred and exclusion,
- cohesive and not polarizing or fragmenting,
- future-oriented and not fleeing back to the past,
- prepared for (inevitable) challenges and not filled with fear,
- focusing on chances and benefits of upcoming and repeated changes instead of paralysed by potential risks and costs.

In addition, the role of the State in the 21st century has to be reconsidered. No doubt that the nation-state, increasingly in cooperation with other state-level actors in the already existing international network could and should play an important role in contributing to the strengthening of the innovative society.

Furthermore, the role of international institutions is imperative, since most of the long-term strategies cannot be successfully implemented without a well-defined and well-functioning international system with clear regulatory and supervisory competences.

Also, the cooperation of dominant transnational companies is needed. Their already established „corporate social responsibility” programs may offer an adequate framework for investment into the innovative society, both in their direct sphere of influence and, indirectly, in a much wider area of their current and potential consumers/clients.

Substantial attention has to be devoted to fighting populism. Simple but obviously working/contaminating lies and half-true messages have to be immediately refuted. However, more has to be done. Refusal has to be accompanied by an overall understandable cost-analysis: what would be the costs of accepting and following the populist line. Not less important is the second set of arguments: what kind of economic, social, environmental costs would emerge if the necessary policies contained in various strategic plans were not implemented.

Last but not least, political discussions, parliamentary debates but particularly official fora of presidential candidates should not only deal with short-term (and many times short-sighted) issues. At least 30 per cent of the time available for the organized dispute between or among presidential candidates should be dedicated to get more information about the views and approaches of the respective candidates on strategic issues that should be started or followed during the next democratic presidential cycle but will not be finished within the cycle. Therefore, it has to be made clear for leading politicians that they are not only responsible for the next four years but their activities will influence the outcome (success, half-hearted and costly result or just failure) of several strategic plans formulated and implemented in order to face and successfully manage global and regional challenges.

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