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# Are the Authoritarians Winning?

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***Foreign Policy Begins at Home: The Case for Putting America's House in Order***

by Richard N. Haass  
Basic Books, 195 pp., \$15.99 (paper)

***Restraint: A New Foundation for US Grand Strategy***

by Barry R. Posen  
Cornell University Press, 234 pp., \$29.95

***The Fourth Revolution: The Global Race to Reinvent the State***

by John Micklethwait and Adrian Wooldridge  
Penguin, 305 pp., \$27.95

***Reforming Taxation to Promote Growth and Equity***

a white paper by Joseph Stiglitz  
Roosevelt Institute, 28 pp., May 28, 2014; available at [rooseveltinstitute.org](http://rooseveltinstitute.org)



*Pablo Martinez Monsivais/AP Images*

*President Obama and Chinese President Xi Jinping at a bilateral meeting in Amsterdam, March 2014*

In the 1930s travelers returned from Mussolini's Italy, Stalin's Russia, and Hitler's Germany praising the hearty sense of common purpose they saw there, compared to which their own democracies seemed weak, inefficient, and pusillanimous.

Democracies today are in the middle of a similar period of envy and despondency. Authoritarian competitors are aglow with arrogant confidence. In the 1930s, Westerners went to Russia to admire Stalin's Moscow subway stations; today they go to China to take the bullet train from Beijing to Shanghai, and just as in the 1930s, they return wondering why autocracies can build high-speed railroad lines seemingly overnight, while democracies can take forty years to decide they cannot even begin. The Francis Fukuyama moment—when in 1989 Westerners were told that liberal democracy was the final form toward which all political striving was directed—now looks like a quaint artifact of a vanished unipolar moment.

For the first time since the end of the cold war, the advance of democratic constitutionalism has stopped. The army has staged a coup in Thailand and it's unclear whether the generals will allow democracy to take root in Burma. For every African state, like Ghana, where democratic institutions seem secure, there is a Mali, a Côte d'Ivoire, and a Zimbabwe, where democracy is in trouble.

In Latin America, democracy has sunk solid roots in Chile, but in Mexico and Colombia it is threatened by violence, while in Argentina it struggles to shake off the dead weight of Peronism. In Brazil, the millions who took to the streets last June to protest corruption seem to have had no impact on the cronyism in Brasília. In the Middle East, democracy has a foothold in Tunisia, but in Syria there is chaos; in Egypt, plebiscitary authoritarianism rules; and in the monarchies, absolutism is ascendant.

In Europe, the policy elites keep insisting that the remedy for their continent's woes is "more Europe" while a third of their electorate is saying they want less of it. From Hungary to Holland, including in France and the UK, the anti-European right gains ground by opposing the European Union generally and immigration in particular. In Russia the democratic moment of the 1990s now seems as distant as the brief constitutional interlude between 1905 and 1914 under the tsar.

The recent handshake between Vladimir Putin and Xi Jinping celebrated something more than a big gas deal. It heralded the emergence of an alliance of authoritarian states with a combined population of 1.6 billion in the vast Eurasian space that stretches from the Polish border to the Pacific, from the Arctic Circle to the Afghan frontier.

This zone includes recalcitrant client states like North Korea and patriarchal despotisms like the Muslim republics of the former Soviet Union. It also includes less willing subjects, states like Georgia, Armenia, and Moldova, whose publics aspire to democratic independence but are being told by their authoritarian leaders—partly through the lesson being inflicted on Ukraine—to put their dreams aside.

Ukraine is where the battle for influence has been joined between the demoralized democracies of the West and the rising authoritarian archipelago of the East. If Ukraine is not allowed to choose its own democratic path, some of the states that border Russia, and especially those with Russian-speaking minorities, will also be prevented from doing so.

The conflict between authoritarianism and democracy is not a new cold war, we are told, because the new authoritarians lack an expansionary ideology like communism. This is not true. Communism may be over as an economic system, but as a model of state domination it is very much alive in the People's Republic of China and in Putin's police state.

Nor does this new authoritarianism lack an economic strategy. Its goal is a familiar form of modernization that secures

the benefits of global integration without sacrificing political and ideological control over its populations. Its economic model is price-fixing state capitalism and its legal system is rule by (often corrupt) fiat in place of the rule of law. Its ethics rejects moral universalism in favor of a claim that the Chinese and Russian civilizations are self-contained moral worlds. Persecution of gays, therefore, is not some passing excess, but is intrinsic to their vision of themselves as bulwarks against Western individualism.

Russia's and China's strategic visions may draw on different historical experiences, but the messages they take from their histories are similar. Both dwell on the humiliations they have received at the hands of the West. Both explicitly refuse to accept liberal democracy as a model. Both insist that their twentieth-century experience of revolution and civil war necessitates centralized rule with an iron fist.

The Chinese and Russian variants of authoritarian modernization draw upon different resources, and they remain geostrategic competitors, one rising, the other trying to halt its decline, but both see good reasons to align their interests for the medium term. This commonality of interest is striking—they vote together on the Security Council, persecute their own dissidents, and jointly stick up for exterminatory dictatorship in Syria. In their shared resentment toward the American world order, they have spoken as one since the day the Americans bombed the Chinese embassy in Belgrade in 1999.

The new authoritarians offer the elites of Africa and Eurasia an alternate route to modern development: growth without democracy and progress without freedom. This is the siren song some African, Latin American, and Asian political elites, especially the kleptocrats, want to hear.

Faced with these resurgent authoritarians, America sets a dismaying example to its allies and friends. For two centuries, its constitutional machinery was widely admired. Now, in the hands of polarizing politicians in Washington and in the two parties, it generates paralysis. America's admirers overseas accept that money talks in Washington politics, since money talks in everybody's politics. It is the energetic ideological justification of the dollar's power in Washington that seems perverse. To citizens of other liberal democracies, the Supreme Court doctrine that money in politics deserves the protections accorded speech seems like doctrinal insanity. For other Western democrats money is plainly power, not speech, and needs to be regulated if citizens are to stay free.

It's difficult to defend liberal democracy with much enthusiasm abroad if it works so poorly at home. This thought leads Richard Haass, president of the Council on Foreign Relations, to argue in *Foreign Policy Begins at Home* that the US needs to put its own house in order before it promotes its values and institutions abroad. His commonsense agenda at home—getting public finances under control, reforming campaign and electoral laws, investing in education—is meant to be a call to action, but getting these basics done seems a remote possibility in the current climate of party enmity. Democracy can only work if politics is conducted between adversaries. Right now, America's constitution is stymied by a politics of enemies.

For Barry Posen, a distinguished political scientist at MIT, the American problem is not democratic dysfunction at home, but overreach overseas. In pursuit of the chimera of "Liberal Hegemony," he argues in his new book, *Restraint*, America has recklessly plunged into wars it should not have waged and promoted goals like human rights, democracy, and nation-building that it could not achieve. In outspending friends and rivals alike on defense, it has allowed free riding by European allies and "reckless driving" (mostly settlement-building) by Israel.

Were the US to cut its defense spending back from 4.5 to 2.5 percent of GDP, he argues, America could force its allies to defend themselves and set free \$75 billion a year to spend on rebuilding America at home. This is a surprising recommendation coming from a conservative realist, but it indicates just how much the critique of bloated military spending and hubris overseas now unites conservatives and progressives alike. Both ends of the political spectrum, it seems, are converging on "restraint" as the right organizing principle for American strategy.

Restraint means triage. It means rationing the use of American military force to protect vital national interests; staying out of other people's civil wars or humanitarian disasters, no matter how strongly these may stir the conscience; refusing to promote democracy or human rights in places where they are unlikely to take root anyway; forcing allies like Japan, Israel, and the Europeans to shoulder more of the burden of their own defense; and giving up grand hopes of shaping global public goods and global public order.

President Obama's recent address at West Point suggests that he is listening to a new doctrine of restraint. He still gives notional credence to the promotion of human rights and democracy abroad, but the real focus of his foreign policy is to get the troops home, reduce foreign entanglements, and concentrate on nation-building at home. Whether this emerging consensus around restraint is sober realism or just isolationism that dares not speak its name, as a mood it captures a sense, among conservatives and progressives alike, that America no longer has the power to shape the international order as it once did. In particular, it no longer can imagine itself as the vanguard democracy of an advancing global order of democracies.

This is the gloomy setting in which the editor in chief of *The Economist*, John Micklethwait, and its managing editor, Adrian Wooldridge, have brought out *The Fourth Revolution*, an account of the rise of the state over five centuries and the current struggle of democracy with its authoritarian competitors. They take aim, primarily, at the sheer incompetence of the modern state:

The modern overloaded state is a threat to democracy: the more responsibilities Leviathan assumes, the worse it performs them and the angrier people get—which only makes them demand still more help.

The only way for liberal democracy to respond to the authoritarian challenge from without and rising discontent from within, they argue, is for the state to slim down, to do less but do it better.

As one might expect, *The Fourth Revolution* has all the virtues—and some of the vices—of *The Economist* itself. Its virtues are an insatiable curiosity and an enthusiasm for reform. Its vice is breathless haste. In barely fifty pages, the authors rush the reader through three revolutions in the history of the modern state: the absolutist one, created in 1650 with Thomas Hobbes as its chief ideologue; the liberal constitutional version with John Stuart Mill as its characteristic spokesman; and the modern welfare state, created, so they argue, by Beatrice and Sydney Webb, the British Fabian socialists.

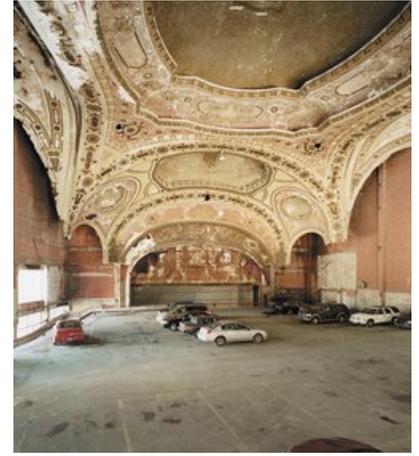
Ronald Reagan and Margaret Thatcher came to power promising a fourth revolution to tame Leviathan, but they failed to dismantle the welfare state. The state's size, whether measured by the number of bureaucrats or by the percentage of national income it absorbs, continued to rise throughout their period in power. The conservative counterrevolutionaries discovered that the expectations and entitlements modern states serve are incorrigibly resistant to change. Many Tea Party Republicans would abandon their libertarian nostrums in a second if these led to cuts in their own Medicare or Social Security.

Are contemporary politicians, on either side of the aisle, actually taking action to make the state more just and more efficient? The editors of *The Economist* do find some democratic heroes, here and there, mostly big-city mayors trying to make government more effective, but by and large they paint a scathing picture of democratic dysfunction at the national level. When conservatives win elections, corporate interests often take control. When progressives win back power, they only succeed in making the state more domineering. When conservatives are restored to office, they cut back. And so it goes, a continuing dynamic of political alternation that leaves the state unreformed and, worst of all, ever more intrusive. Both sides of modern democratic politics say they want to protect the freedom of citizens, and both end up increasing the state's powers of surveillance.

Battered by this ever more futile political alternation, the liberal state is ever less liberal and ever less capable of

controlling the interests it is supposed to regulate. Its tax and benefit systems are so distorted by special interests that it has lost the capacity to redistribute. Far from reducing inequality, the modern state is making the problem worse. As Micklethwait and Wooldridge observe, “If you put spending and taxes together, including all the deductions, the government lavishes more dollars overall on the top fifth of the income distribution than the bottom fifth.”

For all their critique of Leviathan, the authors have no patience with libertarian fantasies of dismantling it. The powerful state turned out to be the West’s critical invention. Imperial China had a Leviathan state too, but it created order while suffocating invention. The Western state was unique in that it provided coercive order without stifling individual creativity. The West’s signal achievement, the one that made every other success possible, was governance constrained by individuals’ rights, in which power was held in check by an independent judiciary, a free press, parliaments, and the rule of law.



Sean Hemmerle/Contact Press Images

Detroit’s once-grand Michigan Theatre, which opened in 1926 and is now a parking lot

In their search for ways to revive the liberal state, the editors of *The Economist* urge Western democrats to learn from their authoritarian competitors. So they dash to Singapore to learn how Lee Kuan Yew’s people have cut entitlements and lowered taxes, but managed to keep the poor from falling through the safety net. Instead of going to the Harvard Kennedy School or the École Nationale d’Administration, they fly out to the Chinese Executive Leadership Academy in Pudong to learn how the Communist Party has adapted the imperial mandarin tradition in order to create an efficient and meritocratic bureaucracy.

The fact that Singapore and Shanghai are better governed than Detroit or Los Angeles is hardly news. The issue is whether authoritarian governance is sustainable in the face of demands by the middle class to be treated like citizens, and whether such governance is capable of dealing with radical shocks like a long-term economic slowdown of the kind currently predicted for China.

The authoritarian archipelago is arrogant but it is brittle: it must control everything, or soon it controls nothing. The saving grace of democracy is its adaptability. It depends for its vitality on discontent. Discontent leads to peaceful regime change, and as regimes change, free societies can discard failed alternatives.

Democracy’s adaptability will be tested, especially in India, where Narendra Modi has just been given a huge popular mandate to reform the corrupted Gandhian state. At stake is the central question of whether democracy can compete with the authoritarian modernization of China. Xi Jinping has an anticorruption campaign underway in China, together with an attempt to reduce the weight of state control over the economy. Will he or Modi prove the more successful?

Micklethwait and Wooldridge resist the hard luster of authoritarian modernization, but like the free-market liberals who founded the original *Economist* in the 1840s, they call for a Fourth Revolution that returns to the limited government of the Victorian era. They want democracies everywhere to simplify their tax systems, eliminate loopholes, and reduce the burden of taxation; the same democracies should make families and charitable networks stronger so that there is less dependence on the welfare state. They want to liberate the market from vexatious and paternalistic regulation so that it can get on with its work of creative destruction. But they also want to regulate capitalism so that the power of money is kept in check. The details are vague but the direction is clear.

William Ewart Gladstone, four-time Liberal prime minister, is their hero: by “saving candle-ends and cheese-parings,” Gladstone was able to lower taxation and stimulate rapid growth. His “lean government liberalism” was a partnership, adversarial but productive, between private enterprise and a reforming state. Private enterprise built the great cathedrals of Victorian life—the railway stations—while the state provided the frugal public order—sanitary reform to raise up the

working class, franchise reform to include them in politics, and the bobby on the beat to keep them in line.

How can one resist Gladstone's frugality, his love of invention and reform, and his noble-hearted internationalism? It's not obvious, however, that Gladstone offers a relevant guide for modern states today. They are locked into demands for health care, employment insurance, and retirement pensions that Gladstone could not have imagined, still less endorsed; nor did he face such long-range problems as climate change.

It is not at all apparent that "governance innovation," a bauble Micklethwait and Wooldridge chase across three continents, watching innovators at work making government more efficient in Chicago, Sacramento, Singapore, and Stockholm, will do the trick. The problem of the liberal state is not that it lacks modern management technique, good software, or different schemes to improve the "interface" between the bureaucrats and the public. By focusing on government innovation, Micklethwait and Wooldridge assume that the problem is improving the efficiency of government. But what is required is both more radical and more traditional: a return to constitutional democracy itself, to courts and regulatory bodies that are freed from the power of money and the influence of the powerful; to legislatures that cease to be circuses and return to holding the executive branch to public account while cooperating on measures for which there is a broad consensus; to elected chief executives who understand that they are not entertainers but leaders.

The *Economist* editors want to put the liberal state on a starvation diet. Theirs is a diagnosis that identifies symptoms, but if applied as policy medicine might just kill the patient. The problem needs to be understood differently. The modern state may be too large in some areas, like the US military, because legacy commitments have not been examined in the light of emerging strategic requirements; or because, in a few countries, still powerful public sector unions retain a hammerlock on human resource budgets; or in others because predatory elected elites are siphoning revenues into their own pockets. But in other liberal states, honest and well-administered governments are staggering along without the resources to provide citizens with valuable and needed services.

The *Economist* editors offer us no real analysis of the resource problems of the modern state—the fiscal crisis that results when states meet rising demand for services with declining or stagnant revenue. A polemical but persuasive analysis of this problem is to be found in the Nobel Prize-winning economist Joseph Stiglitz's new white paper for the Roosevelt Institute. Stiglitz argues that the fiscal crisis of the liberal state is to be attributed squarely to three interrelated phenomena: rising income inequality, money power in politics, and systemic tax avoidance by the superrich and globalized corporations.

As inequality rises, Stiglitz argues, it suppresses effective demand. Unequal societies hoard wealth at the upper end instead of spreading consumption and investment through a broad middle class. When inequality holds back demand, corporations sit on large cash hoards, unwilling to invest or consume. As the rich become ever more ingenious in avoiding taxes, the cost of carrying the liberal state falls on a middle class forced to shoulder the burden alone. It is hyperinequality that is choking off demand and starving the liberal state.

Stiglitz's solution is comprehensive. He proposes a 40 percent income tax rate for those who control the top 25 percent of national income; followed by a 20 percent rate on those who hold the next 25 percent, with tax reductions for everyone in the bottom 50 percent. That tax structure would take care of the national debt problem. He also proposes "a combination of tax rates and investment incentives" that would impose a tax of 15 percent on corporate incomes, and a value-added tax on consumption of 5 percent. Finally, an unspecified carbon tax would move American society toward clean energy innovation and lower-carbon lifestyles.

This new tax structure raises the state's take of the national income to 26 percent. These measures, he calculates, would solve the liberal state's fiscal crisis, moderate inequality, and stimulate growth, since the state would spend wealth now locked away in corporate cash accounts—some overseas—and private savings.

Stiglitz's remedy will strike some as confiscatory, while others may suspect he wants the tax system to accomplish more

than it ever can, but his analysis does identify the problem of the modern state more clearly than the editors of *The Economist*. The liberal state is in crisis, basically, because its regulatory, legal, and political institutions have either been captured, or have been laid siege to, by the economic interests they were created to control. While the liberal state was never intended to enforce distributive equality, it was always supposed to keep the power of big money from suffocating competition and corrupting the political system. This is the task it struggles to perform today and must recover fully if it is to regain the confidence and support of the broad mass of its citizens.

There is nothing new about this challenge. Inequalities of wealth have recurrently threatened to overwhelm the rough and ready political equality without which a liberal state cannot function fairly. Recurrently, defenders of the liberal state, in the Progressive era, the Roosevelt New Deal, and the dawn of the European welfare state responded to the challenge and restored the state as the guarantor of the order and freedom of market society. Where Micklethwait and Wooldridge are surely right is that the genius of the West lay in its invention of rights respecting limited government, grounded in the revocable trust of ordinary people. It was this set of robust and enduring institutions that made us what we once were and what, if we restore their constitutional vigor, we can be once again.

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