

MODERNIZATION AND AUTHORITARIANISM

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Abstract: Why have moves toward democratic governance petered out over the last decade, while authoritarian regimes have remained resilient? A distinction must be made between political liberalism's "intrinsic" appeal and its "instrumental" appeal. In recent years, the latter has been eroded by the faltering economic performance of democracies and the comparative resurgence of authoritarian regimes. Such an "authoritarian resurgence" can be seen not only across macroeconomic indicators such as shares of global income or investment, but also by composite governance measures. A new model of capitalist authoritarianism is on the rise, with significant consequences for the global prospects of democracy in the twenty-first century.

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In his 1992 book *The End of History and the Last Man*, Francis Fukuyama proposed two reasons why liberal democracy would emerge as the final form of human government.¹ The first was that only liberal democracy could satisfy an intrinsic human desire for dignity and recognition. As a result, beyond a certain level of development, democratic governments would eventually predominate. This could come about either because nondemocracies would be increasingly likely to experience mass civic protest, as had occurred in country after country during the “third wave” of democratization—or, as Adam Przeworski and Fernando Limongi argued, because existing democracies would be less likely to experience breakdowns.² In the decade that followed, works such as Amartya Sen’s *Development as Freedom* emphasized the intrinsic appeal of civil rights and political freedoms, while modernization theories, such as Ronald Inglehart and Christian Welzel’s *Modernization, Cultural Change and Democracy*, emphasized the role that this appeal played as a driver of regime change.³

Yet a second argument for the spread of democracy focused less upon the intrinsic appeal of liberal values and institutions, and more upon their instrumental value. Even if elites in authoritarian regimes might have personally disdained Western models of governance, the Cold War’s outcome had proven the absence of viable alternatives to liberal-democratic capitalism as a means of attaining such goals such as economic development, national prestige, and high standards of living. With the alternative economic, political, and social pathways to modernity seemingly exhausted, reformists in authoritarian governments pushed for political and economic convergence with the West not out of an inherent desire to promote individual liberty or human rights, but for more strategic reasons. In parts of Central and Eastern Europe, and in Turkey up until the last decade, governing elites accepted a wholesale package of political, economic, and social reforms not out of a commitment to political liberalism, but as the price of EU accession. In Asia and Latin America, authoritarian

successor parties adopted the entire set of policies and institutional changes that constituted the “Washington Consensus” not because they had any heartfelt dedication to Western values, but rather due to a pervasive sense that there were no other viable options. Perhaps the figure who best embodies this tension is Hungarian Prime Minister Viktor Orbán, who began his career in 1989 calling for democratic transition and joining the Liberal International - yet in 2014 declared a desire to build an “illiberal state,” inspired by the examples of Russia and Turkey.⁴

This distinction between liberal reform’s “intrinsic” attractiveness and its “instrumental” appeal can help us to understand why moves toward democratic governance have petered out over the last decade, and why authoritarian regimes have proven resilient in the face of civic opposition. Protestors and civil society movements today in Hong Kong, Moscow, and Tehran may be motivated by an intrinsic desire for liberty and political rights. Yet their ability to win over either the broader middle classes of their societies or reformists in their governments largely depends on their success in making the case for political liberalism’s “extrinsic” benefits. Such arguments were easy to muster so long as liberal democracy was widely seen as the only viable pathway to a high level of economic growth, reduced corruption, or national prestige. Yet proving liberalism’s instrumental advantages, and thus securing a broad coalition for democratic reform, has grown more difficult with the faltering economic performance of mature and transitional democracies, and the comparative resurgence of authoritarian regimes.

The first and most visible manifestation of authoritarian resurgence is that living standards in many autocratic regimes have risen well beyond the level that was once associated with regime transition. In 1995, there were 866 million people in the world living in countries with per capita income above US\$20,000 in today’s terms. Of these people, 96 percent lived in liberal democracies; only 4 percent, or about 34 million people, did not.⁵ A

hardfirm income threshold appeared to exist beyond which authoritarian regimes either would cease to experience economic growth or would face insurmountable pressures to transition to electoral democracy. Yet today, we can count 315 million people who live in countries—including Russia, Kazakhstan, and the Arab Gulf States—that have per capita incomes above this threshold, but are governed by authoritarian institutions.⁶ If we include the coastal provinces of China, such a total rises to over 800 million. Middle-class citizens of China, Oman, or Singapore are similar to their counterparts in Western Europe or Latin America when it comes to the latitude they enjoy to choose their professions, access most information, and study, invest, or travel abroad. Yet these citizens also dwell in societies where elections are neither free nor fair, independent civic association is actively discouraged or repressed, and political power cannot be freely contested. Whereas the end of the Cold War represented the victory of “Western modernity” over its communist rivals, today a new form of modernity has emerged that is neither fully Western nor fully democratic.

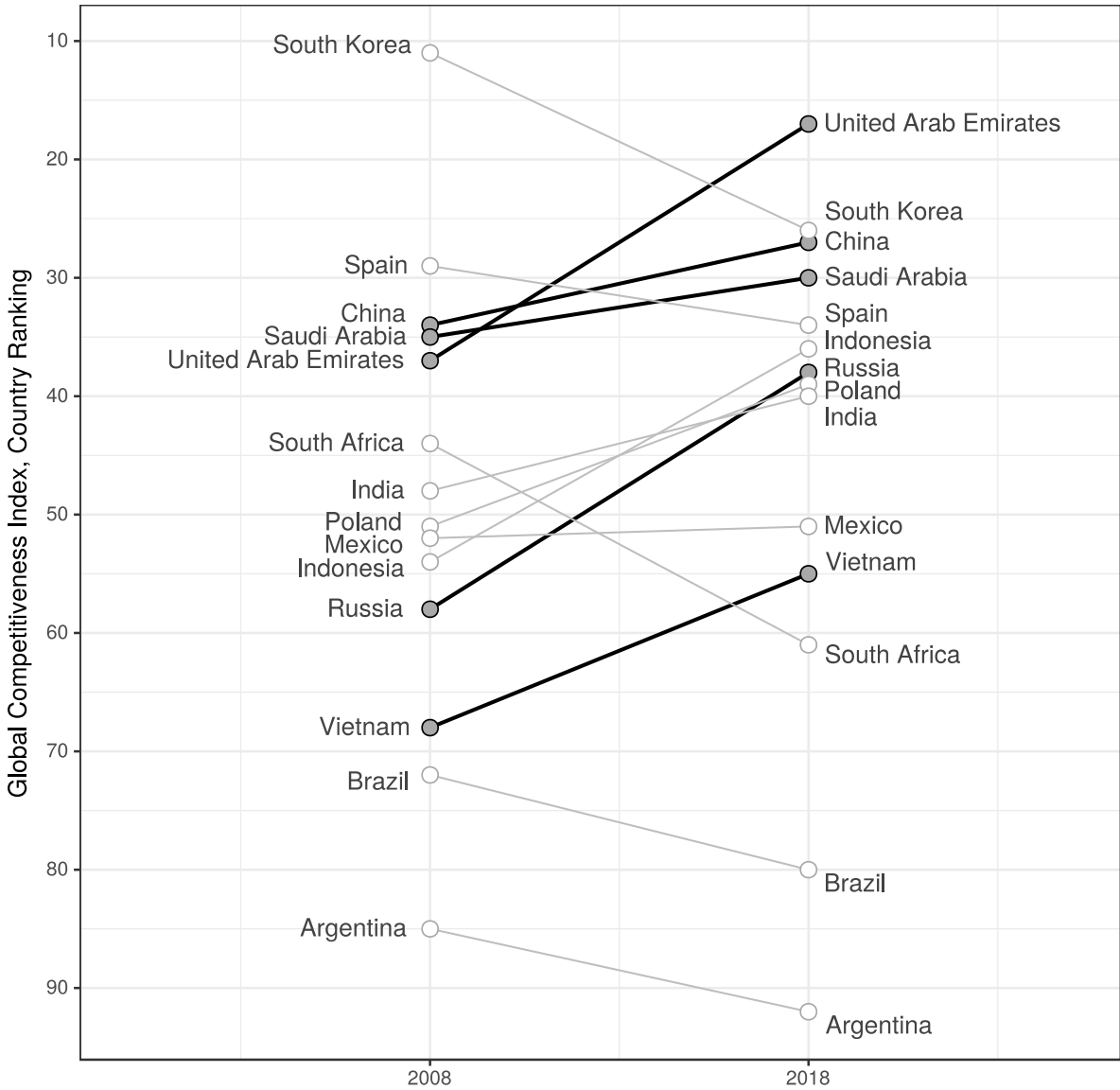
The Rise of Authoritarian Capitalism

It is worth asking whether the rise of this twenty-first-century “authoritarian modernity” is simply a chance occurrence or is instead part of a fundamental shift in the nature of democratic and authoritarian legitimacy in the post-Cold War era. While the victory of the West following the collapse of the Soviet Union was viewed at the time as an unmitigated triumph of Western liberal values, during the Cold War the West stood for the conjunction of two distinct categories of liberalism: its political component, liberal democracy, and its economic system, capitalism. Since the Soviet Union represented the opposite of both of these, liberal political and economic institutions could be set against their illiberal counterparts in a clear dichotomy, and the distinction between economic and political liberties ignored or glossed over.

Today, the situation has changed. While the West still stands for political liberalism, the world's major authoritarian powers—Russia, China, and the Gulf States—now embrace capitalism, and they are growing increasingly successful at adopting market-friendly institutions. This can be illustrated not only through macroeconomic indicators such as shares of global GDP, exchange reserves, or foreign direct investment, but also by composite indices of market governance such as the annual *Global Competitiveness Report* of the World Economic Forum, which systematically grades countries on factors such as the security of property rights or labor-market flexibility. As Figure 1 shows, major autocratic regimes such as China, Russia, and Saudi Arabia have risen on the index since 2008, and now rank among the top third of countries worldwide. Despite increases in some cases, such as India and Indonesia, by and large emerging democracies have not seen similar improvement in their scores. Authoritarian capitalist regimes have adopted the West's economic institutions, while rejecting its system of political and social freedoms.

Nor is it the case that authoritarian regimes only perform well only on the “easy” aspects of market governance—such as reduced rates of taxation or weak regulation of labor and products—as opposed to “harder” aspects such as public order and contract enforcement. A similar picture emerges, for instance, from the World Bank's annual *Ease of Doing Business* index, which assesses countries purely based on institutional measures of economic regulation such as the cost of contract enforcement, the time and cost required in order to register a company, and access to private credit. The latest *Doing Business* report gives high marks not only to longstanding leaders such as Singapore (in second place), but also to the United Arab Emirates, which now ranks ahead of Switzerland and Iceland, and even to post-Soviet autocracies such as Russia and Kazakhstan, each ranked higher than Italy, Belgium, Israel, or Chile.⁷

FIGURE 1 - GLOBAL COMPETITIVENESS INDEX RANKINGS , 2008–18: MAJOR EMERGING DEMOCRACIES VS . AUTOCRATIC STATES



Source: The World Economic Forum, The Global Competitiveness Report 2008–2009, 10 (see “GCI 2007–2008 rank” column); The Global Competitiveness Report 2017–2018, 326–27.
 Note: The figure presents all emerging democracies (shown in white) and authoritarian regimes (shown in dark gray) with GDPs greater than a half-billion purchasing-power-parity (PPP) dollars. (Data for Iran are not available, as the country was not included in 2008 report.)
 Democracies are countries rated as Free by Freedom House at the start of the period. Authoritarian regimes are countries rated as Not Free by Freedom House.

A new model of capitalist authoritarianism is on the rise, and its champions include powers that were once archetypical command economies. This arguably has two negative

consequences for the global prospects of democracy. First, authoritarian ascendancy has undermined an important pillar of liberalism's global appeal: While Western democracies can still claim to offer the political system that best guarantees a voice for citizens in public affairs, as well as recognition and respect for individual dignity, authoritarian capitalist regimes can claim to offer an alternative pathway to economic modernity and national prestige. Of the twenty fastest-growing countries of the past two decades, fifteen have been autocratic regimes, including eight whose growth was not based upon petroleum exports.⁸ Meanwhile of the fifteen wealthiest economies in the world today by per capita income, almost two-thirds are nondemocracies; or half, if we exclude the non-sovereign city-states of Hong Kong and Macau.⁹ To the extent that citizens value the pursuit of national glory or the national interest over personal liberties, these successes offer a basis on which authoritarian appeals are likely to find support among at least a section of the public, in particular in developing countries struggling to attain prosperity.

Second, as authoritarian capitalist regimes have grown stronger in economic terms, their leverage in international affairs has consequently increased. From 1990 to the present the share of global GDP accounted for by autocratic states has risen from 12 to 33 percent, while according to projections by the International Monetary Fund, they will surpass the share held by Western liberal democracies within the next five years.¹⁰ This has weakened the hard-power advantage of Western democracies, undermining their ability to promote democracy effectively through sanctions, to utilize conditionality in aid and development loans, or to play a dominant role in international organizations. It has also shaken the dominance of Western soft power. Non-Western media organizations such as RT (formerly Russia Today), CCTV, and Al Jazeera are surpassing Western media in their home regions, and these outlets increasingly compete for viewership even in Western countries. Moreover, nondemocratic states now host sixteen universities ranked among the top 250 in

the world by *Times Higher Education*—meaning that authoritarian countries can train new generations of elites without sending students to Western universities.¹¹ Even if the West remains the dominant cultural and ideological influence in today’s world, its hegemony is no longer as secure as it once was.

Authoritarian State-Building

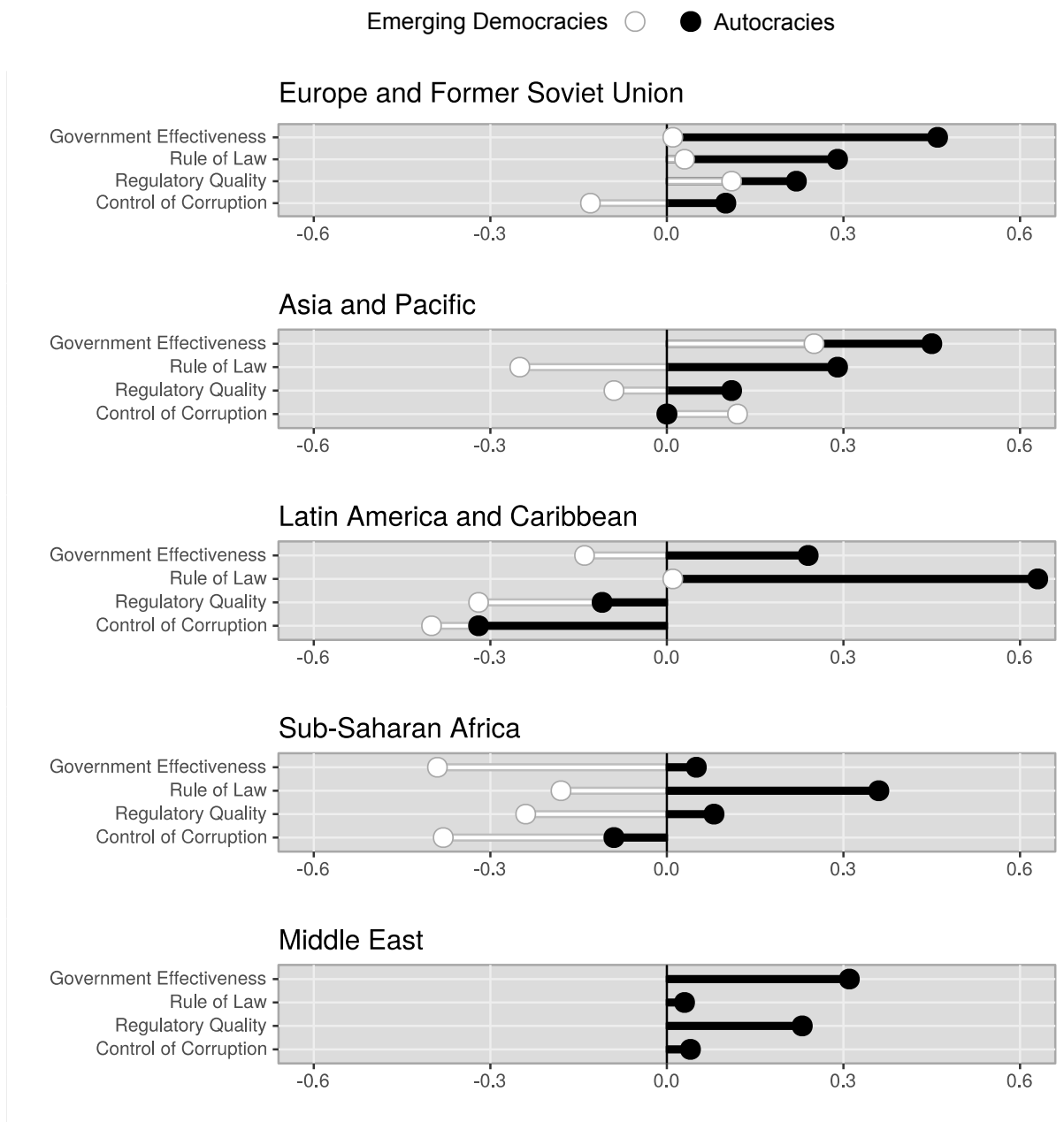
Just as democracy’s appeal as a pathway to economic development has waned in recent years, so too has its attractiveness as a means of attaining human security. This erosion of democracy’s allure has stemmed most obviously from the experiences of Afghanistan and Iraq, where the introduction of competitive multiparty elections has left unresolved endemic problems of corruption, state fragility, and deep-rooted ethnic and sectarian tensions. Yet not only postconflict societies, but also many transitional democracies—such as Indonesia, Mexico, and South Africa—have in their own, smaller ways struggled with state weakness over the course of their democratization.

As Francis Fukuyama has argued repeatedly in these pages, persistent state weakness presents a problem for democratic legitimacy across much of the developing world.¹² For if the first pillar of authoritarian capitalism is respect for free markets, then the second pillar is a strong state, capable of providing political stability, human security, and investment in public goods and infrastructure. In reality, of course, authoritarian regimes vary greatly in terms of the degree to which state capacity *in fact* exists—and deficiencies in the rule of law, such as Russia’s pervasive corruption, persist in many of these countries. Yet whether in ethnically divided societies, such as Rwanda or Ethiopia, or in states with aspirations to regional hegemony, such as Iran, Russia, or Saudi Arabia, the ideal of building and maintaining political order remains central to authoritarian legitimation. Authoritarian governments regularly tout their real or purported success at keeping order at home, mobilizing resources

for infrastructure and growth, and projecting power in the international arena. In so doing, these regimes effectively make two underlying appeals to their publics: one on the basis of human security, and the other in the name of national pride and collective glory.

Because the legitimacy of authoritarian regimes rests disproportionately on claims to be safeguarding political order, it is important not to accept the “image” of order projected by such regimes at face value. Nonetheless, objective indicators do suggest that over the past two decades authoritarian regimes, both individually and as a group, have engaged in a limited form of state-building. For example, if we take the four components of the Worldwide Governance Indicators dealing with state capacity—government effectiveness, rule of law, regulatory quality, and control of corruption—we can see improvements since the year 2000 on the part of authoritarian regimes across all major world regions.¹³ Major autocratic regimes such as China, Russia, and Saudi Arabia have bolstered their state capacity over this period, while new democracies have a mixed record, and in two regions, Latin America and Sub-Saharan Africa, an unambiguously negative one (see Figure 2).

FIGURE 2 – CHANGES IN GOVERNANCE INDICATORS, BY REGION AND REGIME CATEGORY, 2000-16



Note: Figures present data from the Worldwide Governance Indicators (www.govindicators.org) for countries with populations of two million or greater.

“Emerging Democracies” are coded as countries that were rated as Free by Freedom House for a majority of years under consideration and did not experience regime transition during that time. “Authoritarian Regimes” are coded as all countries that were rated as Not Free by Freedom House for a majority of years under consideration and did not experience a regime transition during that time. Groups comprise unweighted averages; for details and alternative aggregation results, please see www.journalofdemocracy.org/supplemental-material.

The enhancement of capacity in authoritarian states undercuts the prospects for democratic transition in a number of ways. First, rising capacity allows authoritarian regimes

to achieve greater performance legitimacy by successfully delivering public goods, not only in the form of “prestige projects” designed to showcase national glory and prowess, but also in more “bread and butter” outcomes such as health services, sanitation, and public housing. But just as important, it also boosts these regimes’ repressive capabilities, by enabling increased investment in surveillance, monitoring, and the security apparatus, which, due to advances in technology, consist of an increasingly wide range of tools for monitoring dissent and responding to social unrest. This may help to explain the surprising resilience of authoritarian states even as they reach higher levels of economic development. A crucial question for scholars of democracy today is whether these changes have merely elevated the income threshold at which democratic transitions become likely, or have instead fundamentally transformed the relationship between socioeconomic modernization and the spread of democratic institutions. If the latter, this will have profound implications for the global reach of democracy in the years to come.

Authoritarian Resurgence or Modernization Trap?

Since the early years of the twenty-first century, authoritarian regimes have registered improvements on a range of measures of public administration and economic governance. Such indicators may not appear surprising in view of recent debates around the return of authoritarian great powers and “authoritarian resurgence.” Yet to scholars who have studied authoritarian regimes over a longer period, this trend calls for an explanation. After all, there is no inherent tendency for autocratic regimes to improve state capacity or develop effective economic institutions; indeed, autocratic institutions can lead to or accelerate processes of political decay. This can be seen from the experience of the Soviet Union in its later years, or of Cuba or North Korea during the 1990s; as well as individual cases of authoritarian state failure today, such as collapse of Venezuela under the increasingly autocratic rule of Hugo

Chávez and Nicolás Maduro. Similarly, many postcolonial autocratic states experienced a steady process of political decay in which officials increasingly demanded bribes in exchange for access to public goods; personal ties became a basis for political recruitment; and the rule of law deteriorated as police and courts ceased enforcing order. So what has changed in the post–Cold War context to incentivize authoritarian regimes to engage in state-building?

Perhaps the most convincing explanation can be framed in terms of what Jack Snyder, in a recent contribution to the *Journal of Democracy*, has termed the “modernization trap.”¹⁴ Under democratic institutions, governments acquire their legitimacy from a democratic electoral mandate, which provides a “right to rule” that is independent, in the short term, of performance-based criteria. Authoritarian governments, by contrast, lack democratic legitimation and must prove their right to govern through outcomes that demonstrate competence, such as economic growth, national accomplishments in science and technology, military achievements, or successful public-infrastructure projects. To the extent that the regime is successful in delivering these outcomes, however, it risks being caught in a “trap”: Economic development, growing literacy, and widespread media access lead to rising expectations and demands for political inclusion. This raises the bar for the regime, which must produce ever more impressive outcomes if it is to maintain its performance legitimacy into the future. There is strong evidence that today’s developing authoritarian regimes have reached such a point, as citizens in established authoritarian states have become steadily more willing to engage in antiregime protests. Such demonstrations have occurred in Iran in 2009 and 2017, in Russia in 2011–12, in Hong Kong since 2014, and across the Arab world during the Arab Spring of 2011. Thus far, however, authoritarian regimes have managed to survive civic pressures for inclusion, and not only by applying increasing levels of repression. These regimes have also adopted reform measures in response to opposition demands, and this may

be one of the key mechanisms explaining the pattern of governance reforms over the past decade.

Anticorruption policies arguably offer the clearest example of this dynamic. Just months after Arab Spring protests occurred in Samtah and Jeddah in January 2011, for example, Saudi Arabia established a National Anticorruption Commission, and in 2013 it ratified the 2003 United Nations Convention against Corruption (UNCAC).¹⁵ In November 2017, the Saudi government initiated a more comprehensive crackdown that targeted some of the most powerful figures in the country. In March 2011, Sultan Qaboos of Oman granted the state prosecutor financial and operational independence from the police, and more than two-dozen government officials have been brought to trial, as well as prominent businessmen.¹⁶ In the former USSR, where corruption has been endemic since the collapse of communism, anticorruption campaigns have increased in intensity following protests in 2011 and 2012. In Kazakhstan, President Nursultan Nazarbayev followed through on a pledge to target “high-ranking officials in spite of their posts,” and even in Russia a half-hearted anticorruption “purge” has led to the fall of several regime insiders.¹⁷

The political dimensions of these campaigns notwithstanding, efforts by authoritarian regimes to rein in corruption have yielded notable gains on comparative measures such as the Worldwide Governance Indicator for control of corruption. After deteriorating in the early 2000s, for example, China's scores improved enough to raise its global rank from 132nd in 2011 to 107th in the most recent report, while Saudi Arabia moved from 109th to 78th place and Vietnam from 143rd to 122nd (see Table 1). Faced with the prospect of regime decay and collapse, authoritarian states have responded by limiting the worst forms of venality, largely due to an awareness that political survival itself is at stake.

TABLE—CHANGES IN CONTROL OF CORRUPTION RANKINGS, 2011–16

Country	2011 Rank	2016 Rank	Shift
<i>Authoritarian Regimes</i>			
United Arab Emirates	39	25	+14
Saudi Arabia	109	78	+31
China	132	107	+25
Vietnam	143	122	+21
Iran	169	155	+14
Russia	180	170	+10
<i>Emerging Democracies</i>			
Poland	60	50	+10
Spain	38	66	-28
South Korea	62	70	-8
South Africa	88	84	+4
Argentina	119	113	+6
Brazil	79	129	-50
Philippines	153	138	+15
Mexico	124	161	-37
Nigeria	189	181	+8

Source: Worldwide Governance Indicators (www.govindicators.org); absolute rankings.

Note: Sample includes emerging democracies and authoritarian regimes with a total GDP (at PPP) above \$0.5 billion.

Conclusion

The administrative reforms undertaken by autocratic regimes over the past decade, and the past five years in particular, may represent more than just a temporary response to political insecurity: We could instead be witnessing a cycle of authoritarian consolidation that is characteristic of modernizing middle-income autocratic states. If so, investments in state capacity in such countries can be seen as a feature of the “modernization trap,” which prompts late-stage authoritarian states, faced with slowing growth and bureaucratic inertia, to engage in public-sector reform and anticorruption efforts in order to maintain their performance legitimacy. This dynamic may help to explain the behavior not only of regimes in the Arab Gulf, Asia, and the former Soviet Union today, but perhaps also of late-twentieth-century bureaucratic-authoritarian regimes in countries such as Brazil, Chile, Spain, and

Taiwan—regimes that eventually gave way to competitive multiparty politics after exhausting their opportunities for reform.

If today's authoritarian states were to follow a similar path towards eventual political liberalization, their rising state capacity over recent decades might inform discussions about the appropriate "sequencing" of state-building and democratization - but not challenge the status of liberal democracy as the "final" stage of countries' political development. Hence the more fundamental question regards the ultimate outcome of this process: Will the cycle of authoritarian modernization once again eventually lead to democratic transition, or instead to a form of "authoritarian consolidation" whereby regime legitimacy is steadily enhanced and governance outcomes improved to a point where anti-system pressures eventually dissipate? The advent of authoritarian modernity has already defied predictions regarding the threshold at which economic development leads to regime transition. Much of what we think we know about the relationship between prosperity and political regimes is based on the world of the late twentieth century - a time when the West remained dominant in international relations, accounted for the largest share of global economy, and exercised unparalleled dominance in technological, intellectual, and cultural affairs. We cannot know how this relationship will evolve in a world in which the ideological hegemony of the West has weakened, while its main adversaries have adopted the market institutions that once secured the West's geopolitical dominance: Only that in time, we will eventually find out.

- 1 Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).
- 2 Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics* 49 (January 1997): 155–83.
- 3 Amartya Sen, *Development as Freedom* (New York: Oxford University Press, 1999); and Ronald Inglehart and Christian Welzel, *Modernization, Cultural Change and Democracy: The Human Development Sequence* (New York: Cambridge University Press, 2005).
- 4 A useful discussion of Orbán's evolution from liberal reformer to populist authoritarian can be found in James Traub, "The Regression of Viktor Orban," *Foreign Policy*, October 31 2015. The full text of Orbán's 2014 speech can be found at: <https://budapestbeacon.com/full-text-of-viktor-orbans-speech-at-baile-tusnad-tusnadfurdo-of-26-july-2014/>
- 5 These data are taken from the International Monetary Fund's World Economic Outlook Database (<https://www.imf.org/external/pubs/ft/weo/2017/02/weodata/index.aspx>). Liberal democracies are here defined as countries rated as Free by Freedom House.
- 6 Here defined as countries given the lowest rating (Not Free) by Freedom House.
- 7 World Bank Group, "Doing Business 2018 - Equal Opportunity for All." www.doingbusiness.org.
- 8 Authoritarian regimes here considered as those classified by the lowest category (Not Free) by Freedom House for a majority of years under consideration. These are, in order of the rate of growth: Equatorial Guinea, Turkmenistan, Qatar, Burma, China, Azerbaijan, Ethiopia, Cambodia, Rwanda, Angola, Bhutan, Tajikistan, Laos, Uzbekistan, and Vietnam.
- 9 These are, in order of per capita income: Qatar, Macau, Singapore, Brunei, Kuwait, the United Arab Emirates, Hong Kong, Saudi Arabia, and Bahrain.
- 10 Yascha Mounk and Roberto Stefan Foa, "The End of the Democratic Age," forthcoming in *Foreign Affairs* (May-June 2018).
- 11 See Times Higher Education, "World University Rankings 2018".
- 12 Francis Fukuyama, "Building Democracy After Conflict: 'Stateness' First," *Journal of Democracy* 16 (January 2005): 84–88.
- 13 Data are from www.govindicators.org.
- 14 Jack Snyder, "The Modernization Trap," *Journal of Democracy* 28 (April 2017): 77–91.
- 15 Transparency International Secretariat, "Transparency International Says Saudi Arabia's Steps Toward Anti-Corruption Treaty a Good First Move," 31 January 2013, www.transparency.org/news/pressrelease/transparency_international_says_saudi_arabias_steps_toward_anti_corruption.
- 16 These included the former Undersecretary at the Ministry of Housing and Head of Tenders at Petroleum Development Oman, the government's oil and gas exploration company. "Oman: Getting Rid of Graft," *Economist*, 20 February 2014.
- 17 On Kazakhstan, see Catherine Putz, "Massive Kazakh Corruption Case Targets 21 Former Officials," *The Diplomat*, 10 September 2015, <https://thediplomat.com/2015/09/massive-kazakh-corruption-case-targets-21-former-officials>. In Russia, the first scalp to fall was that of Vladimir Pekhtin, chair of the State Duma ethics committee and a Putin loyalist, and the list of regime figures fallen to corruption allegations now includes Defense Minister Anatoly Serdyukov, Rostelecom CEO Alexander Provotorov, Minister of Agriculture Elena Skrynnik, and deputy head of regional development Roman Panov. Both Provotorov and Pekhtin were considered Putin loyalists, which Ivan Krastev and Vladislav Inozemtsev, writing in *Foreign Affairs*, interpret as showing that "Putin cannot decide on the targets of the anti-corruption campaign unilaterally." See Krastev and Inozemtsev, "Putin's Self-Destruction," *Foreign Affairs*, 9 June 2013, www.foreignaffairs.com/articles/russian-federation/2013-06-09/putins-self-destruction.