

Which future? Democratic dysfunctions in a changing world

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EXECUTIVE SUMMARY:

“How can there be order?” With this question, Professor Claus Offe paraphrased the key question of the symposium held in honour of himself by the Hertie School of Governance. Titled “Liberal Democracy in Hard Times: Transitions, Dilemmas, and Innovations”, the Symposium covered a wide research spectrum ranging from democratic theory all the way to the recent financial and Eurozone crisis. In three panel discussions, academic scholars from various fields offered trenchant observations regarding the challenges liberal democracy is facing. Among the distinguished participants: Jürgen Habermas, Professor Emeritus at Goethe-Universität, Frankfurt, Wolfgang Streeck, Max Planck Institute for the Study of Societies, Cologne, and Jon Elster, Columbia University, New York. In the end, it was Claus Offe himself painting a sceptical picture about its major field of research: “Democracy is no longer functioning in the sense of building a future”. While the new order is dependent on (democratically elected) domestic protagonists, international alliances and hegemonic powers are crucial to solve international problems. The crucial dilemma: Such alliances are not democratic in themselves and tend to value stability higher than democracy.

“There is never a bad time to talk about democracy”, Professor Anheier marks the starting point to a symposium, whose central problem statement has been “liberal democracy in hard times”. “Many effects of order have become obsolete”, Offe diagnoses thereby referring to the “dictate of flexibility, the widening of fiscal and budgetary crises, the unchangeable democratic crisis and a shift of decision-making to supranational arenas.” The aggregate of these symptoms, Offe says, currently amount to a paradox of efficiency against equality, i.e. output legitimacy against democratic legitimation.

I.

The first panel of the symposium addressed democratic transitions, its conditions, modes and outcomes and thus focuses more on the preconditions for democracy and how it came about. Here, Micheline Ishay points to the academic discussion of the necessary ingredients for democratic change. While many see the rise of

a middle class in Europe and the French revolution as the classical example of how democracy should be and come about, this is highly contested. New recipes seem to emerge and the discourse on democratization needs to change. Currently, a paradox arises to democratization in Europe: While many countries are turning to democracy – often incorporating some form of Islam – some European countries such as Italy and Greece have unelected technocrats ruling their country. These governments are seen as the solution and last hope to the problems that have arisen in democratically elected governments. This raises the question: How can democracy still give the impression of ensuring the best quality of outcomes?

“Democracy is as much a concept as it is an ideology”, Steven Holmes, lawyer at New York University, remarks with a hint to the U.S., who often refused to negotiate to non-elected authoritarian countries throughout its history. Holmes’ key argument, however, focuses on the

disappointments of democracy. These may result from specific disappointments such as Schumpeter's notion that "elections are only a snapshot", but are not effectively controlling elected officials. All the more, though, it is the ruling themselves who produce disappointments and hence fail to create "a sense of future". In other words: Democracy should not only be about creating order but giving its citizens hope and the idea of a good future.

Ivan Krastev, Professor at the Centre for Liberal Strategies, Sofia, even observes complementary dysfunctions between democratic and authoritarian regimes. "In Europe, people in power change but not policies. In Russia and China, policies change constantly but not the rulers." Many European governments are currently facing the challenge that they can change their government as much as they want, however it is only about changing personnel in many cases and not about changing policies. Many European politicians do not see an alternative to current policies: Oftentimes, economic policy-making is taken out of the democratic decision-making process. Hence, austerity has become the unchanging constraint in many countries.

To conclude: The first panel considered the transition of democracies over time. While democracy faces many challenges and was described by the panellists as a leaking ship or a stagnating polity without policy, the idea of democracies to build and project a future to people is still in demand. As can be observed in the MENA region, societies still long for democracy and are willing to pay a price. However, the current revolutions seem very different from 1989. Societies back then had the idea of returning to Europe and were able to imitate the accomplishments. The overarching idea of democracy and prosperity was prevailing, although rather short-lived. It still needs to be seen what the vision for the MENA region is that will be developed and what exactly the role of the 'old' democracies is. It is clear, however, that the recipes of former revolutions for democratic developments no longer hold.

II.

This sceptical outlook regarding the functioning of democracy leads over to the symposium's second

panel named Crises and dilemmas of democracy. In his speech, Professor Streeck applies political crisis theories to the current financial and Eurozone crisis. "Capitalist democracies", he says, "require confidence from two poles: citizens and markets". In times of crisis, though, this paradox becomes acute and more difficult to manage due to the erosion of market confidence. In order to make this loss of market confidence less painful for democracy, Streeck suggests "taxing growth and thus internalize economic costs". Unless financial sector regulation takes place, the replacement of public services by debt services will continue, he predicts.

Streeck thus offers a solution to some of the problems mentioned in the first panel: the austerity state, where the type of government does not matter and the policies remain the same should not be the state we have. The recent austerity measures have posed a problem for democratic theory. How can we create a legitimate social order in the face of free markets and unequal resource endowments?

The symposium's next speaker was Jürgen Habermas. In his speech, Habermas defines the current "political fragmentation among nation states" as the major obstacle to democratization on the European level. With policymakers "paying lip service to more Europe" whereby deciding on policies "behind closed doors", technocracy and populism turn into a self-destructive combination. Furthermore, Habermas voices that a one-size fits-all approach in the European Union is not appropriate.

Instead, Habermas draws the attention to another possible path for Europe: In fact, the idea of transnational democracy in the EU with a two-speed Europe remaining open to accessions from other member states could be a valid option of progress in the EU. While it would be very difficult to bring the different nation states into a single entity, the examples of Italy and Germany can constitute an example of the possibilities available. While our current understanding of democracy does not include such large-scale enterprises, the possibility should not be excluded from the start.

An interesting challenge for democracy is also raised by Phillip Schmitter: While democracy had claimed to be better than socialism during history

and while other system alternatives were still alive, it now has to prove it is better. Relating back to the 'disappointments by democracy' brought up by Stephen Holmes, the critique by Schmitter also alluded to the problem of disenchantment with democracy.

III.

In view of rather pessimistic diagnoses concerning liberal democracy in the first two panels, the third panel was looking for solutions to democracy's current crisis. In this respect, panel three Innovations of democracy – new modes of forming collective decisions was well placed. Shaping democratic decisions, though, is easier said than done. In his introduction, Offe distinguishes between decision modes of "doing the wrong thing" and those of "failing to do the right thing", with the latter, for obvious reasons, being more difficult to determine.

Given this problem, what constitutes good decisions? Jon Elster, Professor at Columbia University proposes a normative theory from Bentham as a framework for democratic decision-making. His key argument goes as follows: Given that correct results and methods do not exist on an absolute scale, institutions should promote the intellectual, moral and active aptitude of decision makers, e.g. by publishing the names of abstainers in national elections, to give a radical example. In this way, decision makers are prevented from distorting factors such as self-interest, passion, prejudice or cognitive biases. By systematically removing those obstacles, which prevent desirable policy outcomes, decision-making is being constantly improved.

Another interesting line of thought was added by Lea Ypi. She was making the case for partisanship in liberal democracies and pointed to the importance of parties for our liberal democracies. She names three conditions that need to be fulfilled for citizens to become convinced. Firstly, they need to have a normative source to the conditions, so ideas are of key importance. Secondly, a motivational source is necessary. They are not only

dependent on a good idea but also need the will to invest in it. Finally, an executive source is necessary meaning that through some way these ideas can translate into action. According to Lea Ypi, the importance of partisanship and parties for liberal democracy cannot be overestimated and should be seen as a source of hope for liberal democracy.

IV.

As a matter of fact, summarizing a symposium that benefited from the intellectual contributions and observations of so many well-known academics is virtually impossible. In view of the contemporary sovereign debt crisis in the Eurozone, however, it is precisely Claus Offe's introductory statement that both provides a conclusion and gives an outlook to the symposium held in honour of his academic career. Today, Offe's observation that democracy is endangered by the "shift of decision-making power to supranational arenas" is being constantly confirmed by the Eurozone's crisis management: After banks lost access to capital markets, states replaced them. This, in part, occurred at the price of their own creditworthiness, whereon other institutions (EFSM, EFSF) stepped in. As the latest step, investors put in question these firewalls on their part so that they have to be backed up with even more risk collectivization (ESM, ECB, perhaps Eurobonds).

What does this development mean for democracy? In fact, it could result in a twofold crisis of confidence, resulting, first, from the citizens' loss of confidence in the political system to solve economic crises, and second, from the loss of confidence in those institutions to which decision-making power has been transferred. Put another way: As long as the transfer of decision-making power to higher institutional levels is not supplemented with a transfer of democratically organized fiscal sovereignty to, for example, regulate financial markets, the crisis of confidence will get worse. Overcoming this democratic deficit could thus help rebuilding European citizen's trust in the functioning of liberal democracy. In this case, future would come in sight again.