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Democracy in uncertain times: Inequality and democratic development in the global North and global South

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Abstract

Liberal democracy is under challenge on a global scale. The global financial crisis has accelerated and aggravated the crisis of liberal democracy in the global North. The paper examines the prospects for liberal democracy in the global South and argues that the prospects are mixed. The rise of China and the durability of its highly successful model of authoritarian capitalism, in spite of a certain loss of momentum in the current era, poses a central challenge in a rapidly shifting global order where democratic capitalism in the North no longer generates the same level of enthusiasm as in the past. The paper examines alternative and competing models of capitalism and democracy in the global South and evaluates the credentials of democratic BRICS and near-BRICS as serious pro-democracy actors. Whilst the trend is towards less social inclusion in the North and greater social inclusion in the South, persistently high rates of inequality pose severe problems for the future of liberal and social democracy both in the global North and the global South.

Key words: Globalization, democracy, inequality, BRICS, emerging powers, middle powers.

JEL codes: F55, F63, D63, P16.

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1. Introduction

What are the implications of the post-crisis global economy for the future of democracy? It is possible to approach this question from two very different angles: (a) democratization of globalization and the institutions of global governance and (b) globalization of democracy, meaning the consolidation of liberal democracy in previously authoritarian or semi-authoritarian settings. In terms of democratization of globalization, the global financial crisis of 2007-2008 has clearly helped to accelerate a trend, which had started earlier with the rise of BRICS and other emerging powers. The global shift of powers that accompanied the rise of emerging powers in the "global South" at a time of economic dislocation and stagnation in the "global North" (USA, EU and Japan) has paved the way for a broadening of global decision-making structures. A good example of this is the rise of G-20 as a key mechanism for global governance in the post-crisis era (Öniş and Güven, 2011). Key international institutions such as the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) also reflect the shift of power in the global political economy, although arguably the northern powers continue to maintain their dominance especially in the context of the multilateral financial institutions. Hence, in a nutshell, the post-American, post-Western, the post-hegemonic or the multi-polar world on the rise in recent years creates a sense of optimism about the possibilities of power sharing at the global level, although significant challenges remain in terms of tackling key problems of global governance (Kupchan, 2012; Lebow and Reich, 2014). The presence of a larger number of actors and clash of norms are likely to generate significant conflicts and, hence, constraints on effective global governance in key areas such as environmental co-operation, financial regulation and the resolution of key geo-political crises.

The focus of the present paper, however, is on the second dimension, the future of liberal democracy itself at the level of the individual nation states. Here, the outlook seems to be far less bright. Indeed, a number of influential analysts have drawn attention to the stagnation of liberal democracy on a global scale (Diamond, 2015; Plattner, 2015). Ironically, liberal democracy seems to be experiencing deep-seated challenges both in the global North and the global South. The paper presents three interrelated arguments to support the "democratic stagnation" thesis. First, the continuing stagnation in the heartland of liberal democracy in the North has not only raised fundamental questions concerning the quality of democratic participation and decision-making in these societies, but has also reduced the attractiveness of Northern/Western models for countries of the emerging South. Second, the rise of China and the coalition of the authoritarian BRICS, with the new Russia-China axis as a key element of geo-political competition, suggests that capitalism and liberal democracy and are not necessarily synonymous. Indeed,

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successful forms of capitalism can emerge and flourish in highly authoritarian settings. This, in turn, has an obvious implication in terms of influencing the leadership in many authoritarian or hybrid regimes, which look increasingly to the Russia-China axis, at a time when the global North appears to be stuck in a structural crisis of liberal democracy. Third, and given the two previous elements, the democratic BRICS (i.e. India, Brazil and South Africa) and other democratic emerging powers are likely to have an important positive bearing on the future of democracy globally. Yet, even the best examples of southern democracies are open to serious criticisms on the basis of their democratic credentials. Indeed, persistent disparities in income and wealth emerge as a central challenge to both northern and southern democracies. The difference is that the northern democracies experience a deterioration of income distribution, but starting from a much better base. In contrast, the southern counterparts have been quite successful in terms of advancing social inclusion in recent years, but starting from initially very high levels of income and wealth inequality (Lustig *et al*., 2013). Positive trends in such societies, however, do not alter the fundamental point that these countries have a long way to go before they reach the levels of development and equality observed in the global North. The final part of the paper tries to outline some possible scenarios, which may raise optimism concerning the future trajectories of liberal democracy on a global scale.

2. Inequality and democratic stagnation in the global North

The crisis of liberal democracy in the global North was already in the making for some time (Streeck, 2014a; Mair, 2013). The global financial crisis – a crisis of the global center as opposed to the crises of the global periphery of the 1990s – certainly accelerated and aggravated this trend. Arguably, the biggest loser of the crisis so far has been Europe and possibly the European social model, which may well be classified as the most advanced form of democratic governance currently available (Streeck, 2014a). Clearly, such a bold statement requires serious qualifications. The European Union (the EU) is not homogenous and the impact of the crisis has not been uniform. It is possible to identify sub-models within the EU, notably Germany, Sweden and a number of other Nordic countries, which have managed to combine high growth with their strong and established welfare states (Pontusson, 2005).[1] Such states have managed to ride out of the global financial and the regional euro crises quite successfully. Other cases could also be identified in the Europe's eastern periphery such as Poland where again a sufficiently strong

[1] The critiques would suggest, however, that the nature of the social market economy and the welfare regimes in both Germany and Sweden have undergone profound transformations over time. Both regimes experienced a significant neo-liberalization of their highly successful social market economies.

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and productive economy had been built over the course of the previous two decades to successfully counteract the impact of the crisis. The impact of the crisis has been much more severe in the context of Southern Europe, with Greece and to a lesser extent Italy and Spain, dramatically experiencing the impact of the crisis. Compared to Europe, the United States (the US) has been able to deal with the global crisis more effectively and the recovery process in the US appears to have started earlier and stronger than the recovery process in the EU. Nonetheless, the impact of the crisis has also been striking in the US, where the crisis has clearly aggravated existing inequalities and amplified the polarized nature of American society (Stiglitz, 2013).[2]

In retrospect, both the post-crisis Europe and the United States have experienced a hollowing out, erosion and weakening of liberal democracy. Democracy in the global North has been increasingly characterized by the absence of social cohesion. Austerity policies and fiscal and monetary retrenchment in Europe have also undermined the foundations of the welfare state. The crisis and post-crisis adjustment politics have exposed Europe's democratic deficits both at supra-national and national levels (Champeau *et al*, 2015). Serious question marks were raised concerning the quality of northern democracies to deal adequately with the crisis, in terms of their ability to institute an effective recovery process as well as dealing with the negative social effects of the crisis in terms of unemployment and cuts in social spending (Wade, 2013). One of the key democratic deficits of northern democracies appeared to be their inherent inability to deal with powerful special interests. In the present context, powerful financial interests, which were responsible for the crisis in the first place, were able to resist regulation in the post-crisis phase. In the midst of intense neo-liberal globalization, of which financialization is perhaps the key component, established democracies lacked the capacity to undertake powerful regulatory action to discipline investment banks and other key financial actors (Baker, 2010). Admittedly, In the United States, under the Obama administration, attempts were made to move in a more social democratic direction by the implementation of a far-reaching reform of the health system. Even this experiment with social neo-liberalism in the United States encountered fierce resistance from conservative circles representing powerful corporate interests.

From the perspective of the global North the overall trend has been an aggravation of social inequality and exclusion, with very few concessions from neo-liberal orthodoxy in policy-making (Wade, 2013; Piketty, 2014). It is also quite striking that the far right has been able, especially in Northern and Central-Eastern European contexts, to articulate the frustrations of ordinary people far better than

[2] Indeed Stiglitz has noted that most of the benefits from the recent recovery of the US economy has been reaped by groups at the very top end of the income and wealth spectrum.

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the organized social democratic parties of the left.[3] By their ability to highlight issues like anti-immigration or anti-Islam sentiments, parties or movements of the far right have been able to capitalize on the fears of ordinary citizens in an environment of rising unemployment and weakening of social welfare practices (Von Mering and McCarthy, 2013). The rise of the radical right points to a progressive weakening of liberal values and sentiments in many of the established democracies. In spite of these growing challenges, however, political rights and liberties continue to be firmly entrenched in the consolidated democracies of the North. The central problem is whether continued protection of political rights and civil liberties is sufficient, if they fail also to be translated into social rights, especially in an environment of relative economic stagnation.

One of the most disturbing consequences of the relative stagnation of democracy in the global North and in Europe in particular, has been the loss of Europe's soft or "transformative" power over its broader periphery. The spirit of the "color revolutions" in the wider post-communist Eastern Europe, of which the "Orange Revolution" in Ukraine in 2004 constituted perhaps the most vivid example, has to a large extent disappeared. What is even more disturbing is the rise of populist-nationalist leaders in the European periphery such as Victor Orban in Hungary and Recep Tayyip Erdoğan in Turkey who are increasingly looking to Vladimir Putin as their central reference point, in a new era of intense geo-political competition with the Russia-China axis emerging as a serious force in the emerging global (dis)order. The rise of illiberal democracy in a EU member state like Hungary is particularly striking and is quite illustrative of the EU's declining soft power based on its democratic ethos even in its inner periphery (Agh, 2013; Innes, 2015)

3. Capitalism and democracy in the global South: Three stylized models

The future of liberal democracy in the global South is also characterized by significant uncertainty. The prospects for democracy display considerable variation among different southern cases, although the overall trend seems less promising than a decade ago. A general feature of the global South in recent years concerns the tendency to emphasize social inclusion, a characteristic that differentiates the South sharply from its counterparts in the North (Table 1). In a broad and stylized

[3] One of the most striking developments of the recent era in Europe concerns the rise of the left in Southern Europe. Whether political parties such as SYRIZA in Greece or a movement like PODEMOS in Spain emerging from grass-roots politics will fundamentally challenge the boundaries of established politics and power structures is a major question for the future. The evidence so far in the case of SYRIZA has been quite negative in terms of counteracting the impact of powerful states such as Germany and perhaps more significantly powerful transnational financial interests.

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fashion, it is possible to identify three broad models of capitalism in the global South, reminiscent of the famous typology introduced by Gosta Esping-Andersen to characterize three forms of welfare capitalism in the North (Esping-Andersen, 1990).

The most attractive among the models of capitalist democracy in the South appears to be the Latin American style social democracies. Countries like Brazil, Chile, and Uruguay fall into this category. Indeed, some analysts have pointed towards Latin America as the new home of social democracy, at a time when Europe, the original home of social democracy, is experiencing severe setbacks (Sandbrook, 2014).[4] The attractive feature of Latin American social democracies is closely associated with the fact that the emphasis on political and social rights has gone hand in hand, all in an environment of rapid economic development. Countries like Brazil and Chile, in spite of their long heritage of military interludes and democratic breakdowns, have managed to break away from their authoritarian pasts and have managed to consolidate liberal democracy in a highly successful manner over the past two or three decades. Moreover, these countries have taken important steps in expanding social rights, by introducing a variety of programs targeting the poorer segments of society (Ban, 2012; Çelik-Wiltse, 2013). Clearly, the degree of success achieved by Latin American social democracies requires careful analysis. Achieving sustainable growth appears to be a serious problem as the recent Brazilian downturn clearly testifies. Indeed, combining high growth with significant redistribution appears to be a universal problem for social democracy and not something specific to the new social democracies of the Southern Cone.

At the opposite end of the spectrum and least attractive are the authoritarian cases. The authoritarian BRICS like China and Russia clearly fall into this category. China is perhaps the classic case involving a sharp separation of democratic and capitalist development. A striking feature of these authoritarian models is that they have used the proceeds of growth to expand socio-economic rights. The sharing of the benefits of growth not only with the rising middle classes, but also with the poorer segments of society has clearly enabled the existing regimes to legitimize and consolidate authoritarian rule. The combination of political exclusion and socio-economic inclusion renders this variant especially contradictory.

[4] It is important to make a distinction between different forms of the left turn in Latin America in the past decade. The category referred in the present version is the "soft" or market-friendly types of the left turn. There also exists a radical version of the left turn of which Venezuela under Chavez is a striking example (Weyland, 2009). Although most commentators would situate Argentina in the former category, there are elements of the Argentine model in recent years such as re-nationalization of privatized enterprises, which suggests that this is a hybrid case and is somewhat closer to "hard left" or "radical populist" cases.

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Third, we have a large number of cases which lie between these two extremes. There are many examples of such "hybrid regimes". Turkey during the AKP rule is a good example of a country which has been quite successful in generating growth and distributing the benefits of growth to large segments of society through a combination of measures, which could be classified as "social neo-liberalism" (Öniş, 2012; Dorlach, 2015). At the same time, Turkey during the later years of the AKP is a good example of a country where significant authoritarian tendencies exist and major problems are encountered in consolidating liberal democracy (Öniş, 2015). Mexico, Malaysia and Indonesia are other cases that come to mind in this context. A fascinating question to pose in this context is whether these hybrid regimes will progress in the more benign direction of the Latin American-style social democracies or in the direction of the more coercive-authoritarian regimes of China and Russia.

Table 1
Four Worlds of Capitalist Democracy

Categories	Descriptions	Examples
Industrialized Capitalist Democracies of the Global North	Continuation of extensive political rights with a tendency for the erosion of economic and social rights over time	USA, Europe
Social Democracies in the Global South	The co-existence of extensive protection of political rights and positive developments in the sphere of social and economic rights (a predominantly Latin American phenomenon)	Brazil, Chile, Uruguay
Authoritarian Models of the Global South	Inclusionary social and economic developments co-existing with exclusionary and authoritarian tendencies	China, Russia
Hybrid Regimes with Liberal Tendencies in the Global South	The focus is on both economic development and democratization, but they face serious challenges in the institutionalization of liberal democracy and have authoritarian tendencies in their systems	Turkey, Malaysia, Mexico, Indonesia

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4. The rise of China and the countervailing Authoritarian bias in the new global (dis-) order

The extraordinary rise of China in recent decades with its size and phenomenal growth rates, which none of the other BRICS or emerging powers have been able to match, suggests that the future trajectory of the Chinese political system will have a crucial bearing on the future of liberal democracy on a global scale, in an era of intense geo-political competition. The Chinese case is significant from a broader comparative perspective for the following reasons. A variety of concepts have been used to characterize "Sino-capitalism", "State Capitalism", "strategic capitalism", "organized capitalism", "network capitalism" are some of the terms that have been frequently used (McNally, 2012). What is important for our purposes is that China represents a successful case of capitalism under a communist party rule, a model of capitalism, which, at the same time, is radically different from its Anglo-Saxon liberal and the European social market counterparts. Another crucial element of the Chinese experience is that significant capitalist-industrial transformation can be accomplished over time in an authoritarian setting. The disturbing possibility here is that it challenges one of the central theses of the modernization school namely that in the long-run capitalism and democracy go together. Hence, the experience of China constitutes a major challenge to the popular Acemoglu-Robinson thesis that countries with "inclusive" political institutions will tend to achieve superior economic performance (Acemoglu and Robinson, 2013). The interesting feature of the Chinese case is the presence of a highly institutionalized and rule-based authoritarian system, which embodies features of inclusive institutions, whilst displaying the characteristic of a highly exclusionary political system at the same time.

It is not surprising, therefore, that the impact of China on the future of authoritarianism and democracy on a global scale has started to attract significant scholarly attention in recent years (Chen and Kinzelbach, 2015; Nathan, 2015). The fact that China has been growing rapidly and creating huge trade and investment opportunities as a result means that it is able to exercise a significant leverage over other economies in the emerging world from Latin America to Africa and Central Asia. A large number of authoritarian regimes, notably Central Asia, Africa and the Middle East are favorably disposed to develop their economic relations with China not only because of the obvious economic benefits and developmental opportunities this relationship entails, but also because of the security it provides for the existing regimes. Although Northern-dominated institutions like the IMF and the World Bank do not openly promote democracy through their conditionality package, emphasis on issues such as "governance", "institutional reform" and "the rule of law" has the potential to undermine the institutional foundations of authoritarian regimes and, hence, to create risks for the durability of such regimes over time. It

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is not only the existing authoritarian, but also the "hybrid regimes", which are affected by the attractiveness of the Chinese model and the coalition of the authoritarian BRICS. Indeed, China and Russia have been actively cooperating in recent years, for instance, in the strategic expansion of the Shanghai Cooperation Organization. It is in the European periphery that we observe the powerful impact of the new China-Russia axis in direct competition with Northern powers, in an environment where the United States is less willing to engage in regional conflict and Europe has increasingly turned inwards to concentrate on its internal economic, political and identity challenges (Risse and Babayan, 2015). The recent experiences of democratic backsliding and authoritarian turns in Turkey and Hungary are, in part, a reflection of this changing geo-political context where the China-Russia axis provides a powerful magnet for the nationalist-populist elites in hybrid regimes where liberal democratic norms are not firmly rooted.

From a longer-term perspective, the impact of China on the future of liberal democracy will depend crucially on domestic political developments in China itself. Two possible scenarios may be identified in this context. The first scenario, the benign one, is in line with the expectations of the modernization school and the perspective of scholars such as Acemoglu and Robinson, is that the authoritarian Chinese regime is a transitional phenomenon that ultimately renders it unsustainable. With the rise of the middle classes, demanding greater political power in line with their already significant economic power, the Chinese regime is likely to make concessions resulting in significant political liberalization and ultimately democratization over time. Such analysts point towards the tensions that the regime has been experiencing in recent years as economic growth rates start to fall and there exist pressures from grass-roots social movements. Indeed, these pressures are not confined to the rising middle classes. There are also ongoing large-scale protests among the rural and urban working classes in China. This pressure from various social movements is likely to open up more political space, processes that may progressively undermine the hegemony of the existing regime (Chen and Kinzelbach, 2015).

The alternative scenario, however, points towards the durability of the existing regime at least for a considerable period. As long as high growth continues to be accomplished and large segments of society benefit from this process, the regime will continue to maintain its legitimacy, which can be strengthened further through selective opening and partial reforms at the micro level, without fundamentally altering the parameters of the system at the macro level. In short, if the combination of successful capitalism and effective authoritarian rule is a long-term tendency rather than a temporary interlude, its impact on the future of liberal democracy is likely to be negative. It will clearly create a bias towards an illiberal direction. Perhaps the common denominator in both scenarios is that even if change

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were to occur it will be over a significant period of time (the next fifteen to twenty years) with the implication that the rise of China, and its close association with Russia, will inject a countervailing authoritarian bias raising considerable uncertainty about the future of liberal democracy on a global scale, at least for the foreseeable future.

5. The importance of democratic BRICS and near BRICS for the future of the liberal democracy

At a time when the established democracies of the North are experiencing setbacks and China presents an alternative vision of successful capitalism with an authoritarian face, the role of democratic emerging powers will be increasingly important not only for the future of democracy in the context of the global South itself but also for the future of the liberal order on a global scale. There are a number of elements here that raise considerable optimism concerning the future of democracy. Among the first generation BRICS, India, Brazil and South Africa are established democracies. India, in particular, constitutes a unique case of democracy, which has been stable over time. India is also important in the sense that it is both large and one of the fastest growing economies in the world whose growth performance is only surpassed by China's. Brazil, another BRICS country with a significant regional and global leverage, has been presenting its social democratic alternative as an attractive model for the rest of the emerging world (Pereira, 2015). Brazil has also been playing an important role as in terms of emphasizing the role of diplomacy and soft power in international affairs, a kind of benign regional and global role in contrast to the more coercive face of the authoritarian BRICS such as China and Russia (Burges, 2013). India, Brazil and South Africa are co-operating and taking common stands as democratic BRICS, at the same time when the two authoritarian BRICS, Russia and China, constitute a powerful new geo-political axis. The growing rift within the BRICS is quite striking and may have serious ramifications for the unity of the BRICS group in the future.

Turning to the second generation or the near-BRICS groups, the interesting pattern is that the countries located in this group are more homogenous and overall more democratic compared to the first-generation BRICS (especially referring to the second sub-category in Table 2, which makes up 80% of the MIKTA middle powers). The group also includes countries, which have successfully transitioned from established authoritarian regimes to more open to democratic political systems in recent decades. Mexico and Indonesia constitute two striking cases of such democratic transition. Although their democracy indicators continue to display certain democratic deficits, which means that they are still in the hybrid regime category, nevertheless the extent of the transformation that they have experienced is quite dramatic. Countries in the near-BRICS category may not be as large and

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influential as the four major BRICS---indeed in terms of size it may be more appropriate to classify South Africa among the second-tier emerging powers---they may still play an important role as middle powers serving as role models both globally and in their respective regions. Furthermore, such countries can increase their leverage by forming effective coalitions with like-minded states, which may include the democratic BRICS countries as well as the established liberal democracies of the global North.

An interesting recent configuration in this context, which is a very new development, involves the formation of a grouping of G-20 members, namely MIKTA powers, composed of both established (South Korea and Australia) as well as emerging (Indonesia, Mexico and Turkey) middle powers (Jongryn, 2015). The fact that South Korea is playing a leadership role in MIKTA is quite important in the sense that South Korea, as a major success story of development of recent decades and with an established democratic regime, is well-positioned to serve as a role model on a broader scale. Emerging middle powers like Indonesia, Mexico and Turkey can also play an important role and serve as role models, provided that they can reform their domestic systems and manage to accomplish the transition from hybrid regimes to consolidated liberal democracies. Turkey, in particular, is important in this context given its location in a region where authoritarian regimes are dominant and serious problems exist perhaps more than any other region of the world as the current humanitarian crisis in Syria clearly testifies.

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Table 2
Brics and Near-Brics: Key Performance Indicators

	GDP Growth (2012-2014 annual average)	Gini Index (2011 or closest) [a]	UN Human Development Index (2013 rank; 2008-2013 rank change) [b]	Freedom House: Political Rights / Civil Liberties (2014) [c]
Russia	1.8	35.9	57 (0)	6 / 6
Brazil	1.5	52.7	79 (-4)	2 / 2
China	7.6	47.4	91 (10)	7 / 6
South Africa	2.0	63.1	118 (2)	2 / 2
India	6.5	35.5	135 (1)	2 / 3
South Korea [d]	2.8	34.7	15 (5)	2 / 2
Mexico	2.5	46.6	71 (2)	3 / 3
Turkey	3.1	41.2	69 (16)	3 / 4
Indonesia	5.5	37.3	108 (4)	2 / 4
Chile	3.9	50.8	41 (3)	1 / 1
Argentina	1.4	43.1	49 (4)	2 / 2
Malaysia	5.5	46.8	62 (1)	4 / 4
Iran	-2.3	36.8	75 (10)	6 / 6
Thailand	3.4	39.3	89 (3)	6 / 5
Colombia	4.5	53.5	98 (-2)	3 / 4
Egypt	2.2	29.9	110 (-4)	6 / 5
Philippines	6.7	39.2	117 (-1)	3 / 3
Vietnam	5.6	35.6	121 (2)	7 / 5
Pakistan	4.4	30.0	146 (-1)	4 / 5
Nigeria	5.3	46.8	152 (1)	4 / 5

Notes: (a) The Gini Index measures income inequality on a scale from 0 (least unequal) to 100 (most unequal). (b) Positive values in HDI rank change indicate an improvement in rank. (c) Freedom House measures democracy as Political Rights and Civil Liberties on a scale from 1 (most free) to 7 (least free). (d) While South Korea is already an advanced economy in terms of key indicators, it plays an important role in the coalition of political middle powers.

Sources: UN, Human Development Index, 2014; World Bank, World Development Indicators, 2015; Freedom House, Freedom in the World 2015.

Clearly, the ability of the democratic emerging powers to present themselves, both individually and collectively, as pro-democracy actors will have a crucial bearing on the future course of liberal democracy. Whilst we can be broadly optimistic about the role that such countries are likely to play in the coming years, it is also important to emphasize two important structural constraints, which may place a limitation on the extent of their influence.

The first structural constraint refers to the problems experienced by democratic BRICS in achieving growth. Brazil is a striking example of a country where significant progress has been accomplished in terms of social and political

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inclusion in recent years. However, serious problems are currently encountered in terms of revitalizing growth. Arguably, a decline of growth in recent years is a general problem of emerging powers in recent years. However, democratic emerging powers especially seems to have experiencing problems of fragile growth and appear to be confronted with the risk of a new wave of financial crises. Indeed, the "fragile five" countries considered to be in the risky category by financial investors include India, Indonesia, Turkey, Brazil and South Africa, countries which are all relatively democratic.

In this context, it may be possible to talk of a kind of "trilemma", rather reminiscent of Rodrik's thesis (Rodrik, 2011).[5] For emerging economies, it may not be possible to achieve all three aims of "growth", "social inclusion", and "political inclusion" simultaneously on a sustained basis. A combination of two may be achievable, but not of three. We may consider the cases of China and Brazil, in support of this argument. China has been highly successful in achieving growth, which has also been accompanied by social inclusion, with the benefits of sustained growth sustained by large segments of society. Yet, China has not been able to accomplish political inclusion. In the Brazilian case, significant success has been achieved in terms of social and political inclusion; but major problems are encountered in terms of revitalizing growth. One should also note the possibility of backsliding on all three dimensions. The recent case of Turkey during the final, post-2011 era, suggests that Turkey has experienced a reversal in all three dimensions – growth, social inclusion and political inclusion – compared to the golden age phase of the early AKP era in the previous decade, when all three objectives were accomplished simultaneously (Öniş, 2015).

The second structural difficulty that may limit the impact of the more democratic BRICS or emerging powers is "the asymmetric interdependence problem". In a world where China is growing much more rapidly than the others and has disproportionate weight and influence as a result, the economic benefits of interdependence with China may lead the more democratic BRICS to downplay explicitly political issues relating to political rights and freedoms. Already in the context of BRICS summits or G-20 meetings, the focus tends to be explicitly on economic issues, with political concerns being marginalized in the process. In this context, it is fair to say that the powerful Russia-China axis, as a key geo-political force of the new era, has been far more visible in key international conflicts such as the crises in Syria, Ukraine and Crimea, whereas the more democratic BRICS such as India and Brazil have been far less vocal. The extent to which the recent attempts by the democratic trio of India, Brazil and South Africa to act collectively and voice

[5] According to Rodrik, there is an "impossibility theorem" for the global economy. It says that democracy, national sovereignty and global economic integration are mutually incompatible: we can combine any two of the three, but never have all three simultaneously and in full.

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the concerns of democratic BRICS will present a powerful challenge to the powerful partnership of the two authoritarian BRICS, with a powerful institutional expression such as the Shanghai Corporation Organization, remains to be seen. So far, the process seems to have been quite unbalanced with the partnership of the authoritarian BRICS proving to be far more institutionalized and vocal than their democratic counterparts.

6. The democratic emerging powers and the problem of democratic quality: The limits of democratic development in the global South in the face of persistent inequalities

Fair and free elections, the consolidation of political rights and civil liberties and the rule of law are central elements of a consolidated and well-functioning democracy. Whilst "political inclusion" is central to any understanding of a liberal democracy, we need to go beyond political rights and liberties and examine the broader issues of "social inclusion" to judge the quality of democratic performance in a given society. Limiting our discussion, to the three of the democratic BRICS, India is a unique case of a continuous democratic regime in the post-Second World War context, whereas Brazil and South Africa have been able emerge from their authoritarian pasts and establish themselves as consolidated liberal democracies much more recently. The ability of all three cases to present themselves as successful role models for the rest of the emerging world is fundamentally constrained, by the quality of democratic credentials judged on the basis of key social and human development indicators. The problem is particularly acute in the case of Brazil and South Africa, in the sense that these countries have been more vocal and forthcoming than India in presenting themselves as pro-democracy forces. Both Brazil and South Africa are on the top of the league in terms of relative income inequality. In fact of the irony of the Brazilian style social democratic model of development, which we have projected as the most attractive among the recent experiments in the global South, is that success has been achieved in reducing income inequality through a variety of social policy measures targeting the poor (Table 3). Yet, the initial level of inequality has been so high that the degree of inequality continues to be extremely high in comparative terms. The Brazilian protests in the summer of 2013 were in part a reflection of the widespread popular reaction to the inherently inegalitarian structure of Brazilian capitalism. The 2013 protests were led mostly by the middle classes in reaction to excessive government expenditure related to big sporting events, corruption and the increase in public transport cost, which are clearly related to the underlying pattern of persistently high inequality (Nölke, 2010; Saad-Filho, 2013).

A paradoxical mixture of inclusionary and exclusionary tendencies characterizes the political economy of democratic BRICS. In all three cases, it is

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possible to identify significant deficiencies in terms of the quality of their democratic performance, which, in turn, poses a fundamental challenge to their ability to present themselves as pro-democracy role models. Whilst a detailed analysis of the individual cases is beyond the scope of the present study, we may draw particular attention to the following weaknesses of democratic quality in the trio of the democratic BRICS. In India's case the principal weaknesses appear to stem from persistently high levels of poverty, social exclusion due to the persistent impact of the caste system and low levels of human development. Gender inequality, in particular, constitutes a key problem in the Indian context. On the Gender Inequality Index, the country ranked 135 out of 187 countries (UNDP, 2014). In the case of South Africa, in addition to inequality, racism (a legacy of the apartheid period), high crime rates and corruption appear to be endemic problems. In the Brazilian case, on top of high class and regional inequalities, high levels of crime and corruption appear to be serious limitations. Clearly these are interrelated phenomena, unusually high rates of crime and violence being directly related to exceptionally high rates of inequality. Brazil has been a country where there have been various corruption allegations against key political figures in recent years. This points towards a problem, which is present in all emerging political economies, whether democratic, or authoritarian, namely the importance of unequal political access to state favors and political clientelism as a key source of private wealth creation for powerful political and corporate actors. On the issue of gender inequality, Brazil was ranked 79 out of 187 countries on Gender Inequality Index. Admittedly, this points towards better performance than India and South Africa, but the country still lags far behind the established democracies of the Global North in terms of key inequality indicators (Table 3). Indeed, in terms of human development indicators, all three democratic BRICS lag significantly behind the established democracies of the North (Table 2).

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Table 3
Changing Patterns of Inequality in the Global North and the Global South

	Gini Index 2004 or closest	Gini Index 2011 or closest	Change 2004-2011
Sweden	23.4	27.3	+3.9
Germany	28.5	29.3	+0.8
United States	36.0	38.9	+2.9
Spain	33.2	34.1	+0.9
Brazil	56.6	52.7	-3.9
Russia	39.9	35.9	-4.0
India	32.4	35.5	+3.1
China	46.9	47.4	+0.5
South Africa	67.4	63.1	-4.3
South Korea	34.1	34.7	+0.6
Mexico	47.4	46.6	-0.8
Indonesia	39.0	37.3	-1.7
Turkey	43.0	41.2	-1.8

Note: The Gini Index measures income inequality from 0 (least unequal) to 100 (most unequal). A positive change in the Gini Index means an increase in inequality.

Sources: Milanovic, Branko, 2013, All the Ginis Dataset (Updated June 2013), http://go.worldbank.org/9VCQW66LA0; OECD Income Distribution Database, 2015, http://www.oecd.org/social/income-distribution-database.htm.

In short, the objective here is to introduce a sense of balance into our discussion. We should refrain from exaggerating the achievements of key democracies of the Global South. At the same time, we should not overemphasize the problems experienced by the established democracies of the North in the midst of a continued crisis. The trend is towards a decline in social inclusion in the North and its expansion in the South. Yet, there is a long way to convergence given the huge gap between their respective starting points. Another interesting comparison is between the two leading BRICS, the democratic India and the authoritarian China. In terms of the overall Human Development Index, China is ranked 91st, whilst India is ranked 135th, highlighting the important point that in spite of a highly exclusionary and repressive political regime, China has outperformed India, a country that has enjoyed a stable democracy over a long stretch of time, in terms of social and human development (UNDP, 2014).

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7. Concluding observations

The analysis presented in this paper highlighted some of the contradictory processes that render the future of liberal democracy rather uncertain in the coming years. Significant structural problems and deep-seated inequalities affect the future of democracy both in the global North and South. Based on these observations, it is possible to imagine two different scenarios for the future of liberal democracy.

The benign or optimistic scenario for the future of liberal democracy would depend on a number of interrelated conditions. The first major condition is the recovery of economic growth in the global North. Without a strong resurgence of growth, it will be difficult for Northern democracies to deal with growing elements of inequality and social exclusion in their domestic political economies and to re-establish their appeal as successful role models for the rest of the world. The second condition is for the emerging democracies of the global South to significantly improve their domestic democratic credentials. The third condition is for the need for collective action among the democratic powers. Coalition-building in this context involves multiple dimensions involving a coalition of the trio of democratic BRICS, a broader coalition of democratic BRICS and other emerging powers of the Global South, and even a broader coalition of Northern and Southern democracies. The fourth condition is the possibility of significant political transformation of China and Russia, at least as a possibility in the medium term, in the face of impending economic and political crises at home. The combination of these four elements would create a favorable environment for the revitalization of liberal democracy.

Yet, the possibility of an alternative pessimistic scenario cannot be ruled out. The pessimistic scenario in turn would be predicated upon the following set of interrelated forces or processes. The first and serious possibility is that the Northern democracies and Europe, in particular, fail to get back onto a reasonably robust economic growth path, at least for a considerable period of time (Streeck, 2014b). This is coupled with the fact that restoring growth is faced with additional constraints such as the problems originating from climate change and the need for a kind of growth that is much more sensitive to environmental concerns. Continued economic stagnation and weakening of social cohesion in the face of growing inequalities may undermine the liberal ethos and can gradually weaken the very foundations of established democracies in the global North, which will also naturally undermine their ability to serve as reference points or role models for the rest of the world. The second possibility is the continued rise of China with its successful blending of authoritarianism and strategic capitalism serving as a magnet for existing authoritarian and hybrid regimes, tilting the balance away from liberal democracy to illiberal democracy or authoritarian forms of government in the process in an environment of intense geo-political competition. The stronger the

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China-Russia axis in its present form, the less favorable will be the prospects for liberal democracy. The third element concerns the performance of the democratic BRICS or other democratic emerging powers. If these countries individually or collectively fail to improve their democratic credentials in a broad sense of the term and fail to revitalize economic growth, their ability to serve as role models will be significantly curtailed. Finally, the forth element relates to the effectiveness of coalition building practices. If strong economic interdependence with authoritarian states reduces the incentives among democratic states, both in the North and the South, to cooperate and present a common front as pro-democracy actors, the resulting environment will be increasingly conducive to the stagnation and erosion of liberal democracy on a global scale.

A final point to emphasize is that the present paper has focused on macro-level influences, forces of globalization from above in influencing the future of liberal democracy on a global scale. A comprehensive analysis would need to introduce forces of globalization from below, highlighting the importance of social protests on the parts of resistance movement in different localities. The recent wave of social protests, from Occupy Wall Street to the Arab Spring, the Gezi protests in Turkey and the Brazilian protests, suggests that these protests have a strong local component, but at the same time are part of an interconnected, global phenomenon. Clearly, the presence of powerful social movements from below, counter-movements in a Polanyian sense of the term, add yet another dimension that complicates the future trajectory of democracy in the contemporary era.

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Özet

Belirsizlik çağında demokrasi: Küreselleşme, gelir adaletsizliği ve küresel güneyde demokrasinin geleceği

Liberal demokrasi küresel ölçekte bir meydan okumaya maruz kalmaktadır. Küresel finansal kriz küresel Kuzey'de liberal demokrasinin yaşadığı buhranı derinleştirdi ve hızlandırdı. Bu çalışma küresel Güney'deki liberal demokrasinin başarı şansını incelemektedir ve geleceğe dair farklı senaryoların gerçekleşebileceğini öne sürmektedir. Çin'in yükselişi ve otoriter kapitalizm modelinin başarılı bir şekilde sürdürülebilmesi eksen kayması yaşayan küresel düzene karşı esaslı bir meydan okuma olarak görülebilir. Bu küresel düzende Kuzey'in benimsediği demokratik kapitalizm eskisi gibi bir cazibe merkezi olamamaktadır. Çalışma kapitalizmin birbirinden farklı ve birbiriyle rekabet halinde olan modelleriyle Güney demokrasisini incelemekte olup demokratik BRICS ile yakın-BRICS ülkelerini demokrasi yakınlıkları açısından irdelemektedir. Toplumsal kapsayıcılık Kuzeyde önemini kaybederken ve aksine Güneyde önemini artırırken, yüksek eşitsizlik oranları hem küresel Güney hem de küresel Kuzeydeki liberal demokrasinin geleceği için önemli sorunlar teşkil etmektedir.

Anahtar kelimeler: Küreselleşme, demokrasi, BRICS, yükselen güçler, orta büyüklükteki güçler.

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