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# Transformation Index BTI 2016

Political Management in International Comparison

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**Responsible:**

Robert Schwarz, Sabine Donner, Hauke Hartmann

**Translation:**

Barbara Serfozo, Berlin

**Production editor:**

Christiane Raffel

**Cover illustration:**

Getty Images; kopfstand, Bielefeld

**Photos:**

Arne Weyhardt, Hamburg (p. 5; Aart De Geus)

Thomas Kunsch, Neubrandenburg (p. 5; Stefan Empter)

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Jacana Media, Johannesburg (p. 93)

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Veronika Düpjohann, kopfstand, Bielefeld

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# Foreword

The impact of failing transformation is today becoming clear with unprecedented urgency and immediacy – in Europe, too. Hundreds of thousands of people who have fled from war, despotism, hunger and poverty are gathering in emergency shelters, refugee camps and gymnasiums across Europe. Some are refugees from Afghanistan, Eritrea, Iraq or Syria who have escaped civil war or dictatorship, and have sought to save their lives through flight into the safety of Europe; some are migrants from the western Balkans seeking better livelihoods, less discrimination and greater economic opportunity in the richer countries of the European Union. All have ventured upon often-hazardous and dangerous routes in order to escape from adverse or even life-threatening circumstances.

For years, the Bertelsmann Stiftung's Transformation Index (BTI) has warned against closing our eyes to development difficulties, democratic deficits and poor governance. Those of us in the Western world who've questioned the relevance of transformation processes in far-away countries for Europe are now faced with the reality and impact of human hardship, suffering and despair. The increasing flow of refugees and migrants who have reached Europe in recent months means new challenges for both governments and citizens. It puts to severe test the much-vaunted European consensus around values based on solidarity and respect for the dignity of the individual, and renders essential a swift,

Europe-wide agreement on the issues of migration and integration. Nor should the global perspective be lost, despite the necessity of managing the acute crisis within Europe. According to the U.N. Refugee Agency, around 60 million people have currently been displaced from their homes, more than at any time since the end of World War II. The overwhelming majority live in regions close to their homes or in countries outside the European Union.

If we are to take the limits of resilience and absorption capacity in destination countries seriously, we are called upon to consider conditions in the countries of origin and contribute to the fight against the root causes of flight, expulsion and desperation. The BTI, with its comprehensive analysis of political systems, economic development and governance quality in 129 developing and transformation countries, offers a contribution in this regard. It identifies strengths and weaknesses in transformation processes, and clarifies the key factors that stand in the way of successful societal change and determine people's future prospects and possibilities.

The results of the BTI 2016 point to three trends currently inducing greater numbers of people to leave their home countries:

●— Repression is on the rise in many authoritarian states. This is in large part a reaction to the Arab revolutions, which demonstrated to those in power how fragile the

legitimacy of their rule is when challenged by citizens demanding bread, freedom and dignity. Many regimes have placed further restrictions on opportunities for political participation, such as the freedoms of assembly and association, civil liberties and press freedom, and have engaged in the targeted persecution of opposition forces and regime critics. In the Horn of Africa alone, we see an increasingly repressive Ethiopia, a totalitarian Eritrea, a disintegrating Somalia and a South Sudan mired in civil war. Here, it is primarily despotism and repression that are driving people into flight.

●— In many countries, polarization and conflict intensity have either been sustained or on the rise for years. Particularly worrisome is the fact that a number of governments, such as those in Afghanistan, Bangladesh and Iraq, have not acted to de-escalate conflicts, or else, as in Bahrain, Libya, Pakistan and Syria, have even aggravated conflicts for reasons of power politics. No BTI governance indicator has shown such clear negative development over the last 10 years as cleavage and conflict management. This has involved entire population groups facing massive discrimination or a state of complete defenselessness that then flee conditions of collapsing statehood or targeted persecution.

●— The trajectories of economic and social development continue to diverge. Inequality, a lack of investment in education and health, and the absence of viable welfare-

state protections hinder the attainment of equal opportunity and social inclusion. Particularly in sub-Saharan Africa, this in most cases means mass poverty, exclusion and structural discrimination. In other regions, a lack of economic prospects drives people into flight. Nowhere is this currently more obvious than in the western Balkans, where a lack of educational opportunities, high rates of unemployment and discrimination against minorities, particularly the Roma, are combined with a palpable distrust in the political elite's problem-solving capacities. The lack of any real prospect for the medium-term integration of the western Balkans into the European Union has induced further desperation among a large portion of the population.

Repression, persecution and a lack of economic prospects: The BTI 2016 analyzes these three primary drivers of today's migration and refugee flows at a detailed level in its country and regional studies, and also as global trends. As both an analytical tool and a guide to conditions in countries of origin, the BTI thus fits in well with other Bertelsmann Stiftung contributions to the debates on managing this major sociopolitical challenge.

As a think tank, the Bertelsmann Stiftung is placing particular conceptual focus on the issue of refugees' labor-market integration, which represents an essential step toward establishing secure livelihoods, winning acceptance and settling in to their

new societies. As an operating foundation, it will work strongly to facilitate the improved integration of migrants at the local level, whether this is through a refugee fund for the support of volunteer refugee-assistance teams or by serving as an advisor to municipal partners. In addition, it is a part of a European consortium of foundations seeking to provide care for and support the integration of underage refugees traveling without adult accompaniment. This combination of conceptual, operational and humanitarian activities uses the resources of our institution in a diverse manner for the solution of one of the most urgent problems of our time.

Migration and refugee flows are key symptoms of underdevelopment and poor governance. The adoption of the Agenda 2030 for sustainable development at the September 2015 U.N. summit in New York was aimed at overcoming these challenges. The 17 goals to which the international community has agreed are intended to enable all people to live with dignity in their home countries. By examining political, economic and social developments, the Bertelsmann Stiftung's leading international indices, such as the BTI and the Sustainable Governance Indicators (SGI), make a crucial contribution to tracking these goals' realization in a holistic manner.



Aart De Geus  
*Chairman of the Board,  
Bertelsmann Stiftung*



Stefan Empter  
*Senior Director,  
Bertelsmann Stiftung*



# Executive Summary

The political management of democratic transformation, economic development and social inclusion, as well as the social dialogue around these topics, has become more difficult. The collapse of states such as Libya, Syria and Yemen has left behind a vacuum that terrorist organizations, such as the Islamic State, have filled with destructive power. The ordeal in Ukraine, where separatist and hegemonic aspirations challenge a fragile country in transition, calls to mind the unresolved geopolitical conflicts in the post-Soviet region. In most Arab countries, a short-lived democratic awakening has long since been suffocated by a harsh authoritarian rollback, as seen in Egypt. Even in some long-established democracies, such as Hungary, political opposition and civil society forces critical of the government are being systematically marginalized. Protests against inequality, economic hardship, corruption and insufficient social-welfare protections have introduced new divisions between elites and dissatisfied citizens even in such a relatively advanced country as Brazil.

These developments are not isolated cases. The BTI 2016's data demonstrate a new degree of repression in many autocracies, a strengthening of existing defects in democratic societies, a higher intensity of political and social tensions, and a waning capacity for dialogue and conflict resolution among leading political actors in the 129 developing and transformation countries surveyed.

On the BTI's ten-point scale, the intensity of social, ethnic and religious conflicts has increased in the past 10 years by more than half a point on a global-average basis.

The influence of religious dogmas on political institutions and legal systems has also risen to a similar degree over the last decade. Social conflicts increasingly play out along religious cleavages. These conflicts are exacerbated by militant and extremist organizations – from Boko Haram and al-Qaeda to the Islamic State and the Taliban – that primarily follow an Islamic jihadist ideology.

Remaining moderate Islamist forces, such as the Tunisian Ennahda Party, find it very difficult in these circumstances to present themselves credibly as democratic partners, particularly as numerous authoritarian regimes use instability and terrorist threats as a justification to increase repression and curtail political participation rights. It is significant that nearly half of all surveyed governments today manage conflicts more poorly than was the case a decade ago.

More democracies,  
more democratic shortcomings

The harsh authoritarian repression in Arab countries is partially responsible for the fact that the state of political transformation has once again fallen slightly on a global basis. Worldwide, the number of hard-line autocracies has risen from 33 to 40 countries; in turn, the group of moderate autocracies with certain basic constitutional and participatory standards has shrunk from 24 to 15 countries.

By contrast, the last two years have seen a slight positive shift with regard to the ratio of democracies to autocracies. While the

BTI today again classifies Iraq and Thailand as autocracies, Guinea, Madagascar, Mali and Nepal once again meet minimum democratic standards; as a consequence, there are 74 democratic countries compared to 55 authoritarian states (BTI 2014: 72 versus 57). This underscores the fact that democracy as a system of government is not currently on the retreat, but that government critics have been subject to more persecution and repression, particularly in authoritarian regimes.

However, this cannot be viewed as an all-clear signal for democratically governed countries. Free and fair elections, the freedoms of association, assembly and expression, the separation of powers, and civil rights have been further restricted in many of these states too. Infringements of association and assembly rights, in particular, became more pronounced in a total of 19 countries, or a quarter of all democracies. Press freedom and the freedom of expression, showing a continuing negative trend, are now more significantly impaired in nearly all East-Central and Southeast European countries than was the case 10 years ago, particularly in Macedonia and Hungary.

Citizens doubt democratic institutions' ability to perform

In many countries, the restriction of political and civil rights can be seen as directly related to the rise of majoritarianism. Numerous democratic governments with strong majorities have conceived their elec-

toral victories as an absolute mandate to pursue political goals uncompromisingly, without consulting with the opposition or civil society, and with a disregard for minority rights. Hungary remains the most prominent negative example of a government running roughshod over the separation of powers through the targeted curtailment of oversight mechanisms and the freedom of expression. Other defective democracies, such as Argentina, Ecuador, Macedonia and Turkey, have undergone a similarly strong polarization, engaging in an exclusionary and paternalistic form of rule that contains essential features of the authoritarian governance practiced in Russia and Venezuela.

Populist, polarizing or illiberal movements often benefit from widespread citizen dissatisfaction with mismanagement and economic injustice. Support for democracy remains high in most countries with reliable survey data, but in nearly half of all democracies, skepticism has significantly increased regarding the performance of democratic institutions, the willingness of political elites to engage in reform, and the capacity of governments to ensure economic opportunity and social inclusion. This disillusionment has been fueled by the persistent inability of governments to bring office abuse and corruption under control. Despite some notable progress, for example, in East-Central and South-east Europe, anti-corruption policy remains the worst-rated aspect of government performance worldwide. Indeed, the BTI 2016 rates this as insufficient or altogether lacking in 108 countries – in 54 democracies and 54 autocracies. Singapore is the only autocracy with functioning integrity mechanisms.

Conflicts and transformation crises are also inseparably associated with social ills. Poverty, inequality and a lack of economic opportunity, in particular, represent a kind of social dynamite apt to explode into protests against poor governance. The socioeconomic development level has for years been stuck at an extremely low global average, currently at 4.34 points. No indicator in the BTI 2016 is rated lower.

Given this urgency to act, it is all the more evident that the favorable economic and budgetary conditions in the years before the economic and financial crisis were not consistently used for sustainable social policies. In recent years, the scope of governments' available options has shrunk. Performance declines, particularly in such significant economies and potential engines of growth as Argentina, Brazil, India, Mexico, Russia and South Africa, have been as continuous as they have been significant. The worldwide average with regard to economic performance has now declined for the fourth edition of the BTI in a row, from 6.82 in the BTI 2008 to just 6.03 today. In the same time period, macroeconomic stability also fell in many countries, often triggered or accompanied by a decline in fiscal discipline, falling commodity-export incomes and at times high bank-bail-out expenditures, particularly in Eastern Europe. Under these circumstances, it will be difficult for many governments to carry out much-needed sociopolitical reforms.

Governments not yet equipped for upcoming tasks

Currently, most governments are not sufficiently prepared for all these challenges. The group of states today rated by the BTI as showing a very good quality of government includes just six countries – Uruguay, Chile, Taiwan, Estonia, Poland and Lithuania. This is fewer than ever before. The record low with regard to very good governance corresponds to a record high for poor governance: The number of governments that the BTI categorizes as having weak or failed transformation management has risen steadily in recent years to its present level of 46, over a third of the survey sample.

In order to mitigate the intensifying social conflicts and increasing polarization and to restore citizens' confidence in political elites, there is an urgent need for more dialogue, a resolute implementation of reforms, a determined fight against corruption at all levels, and a new consensus between governments and the governed with regard to

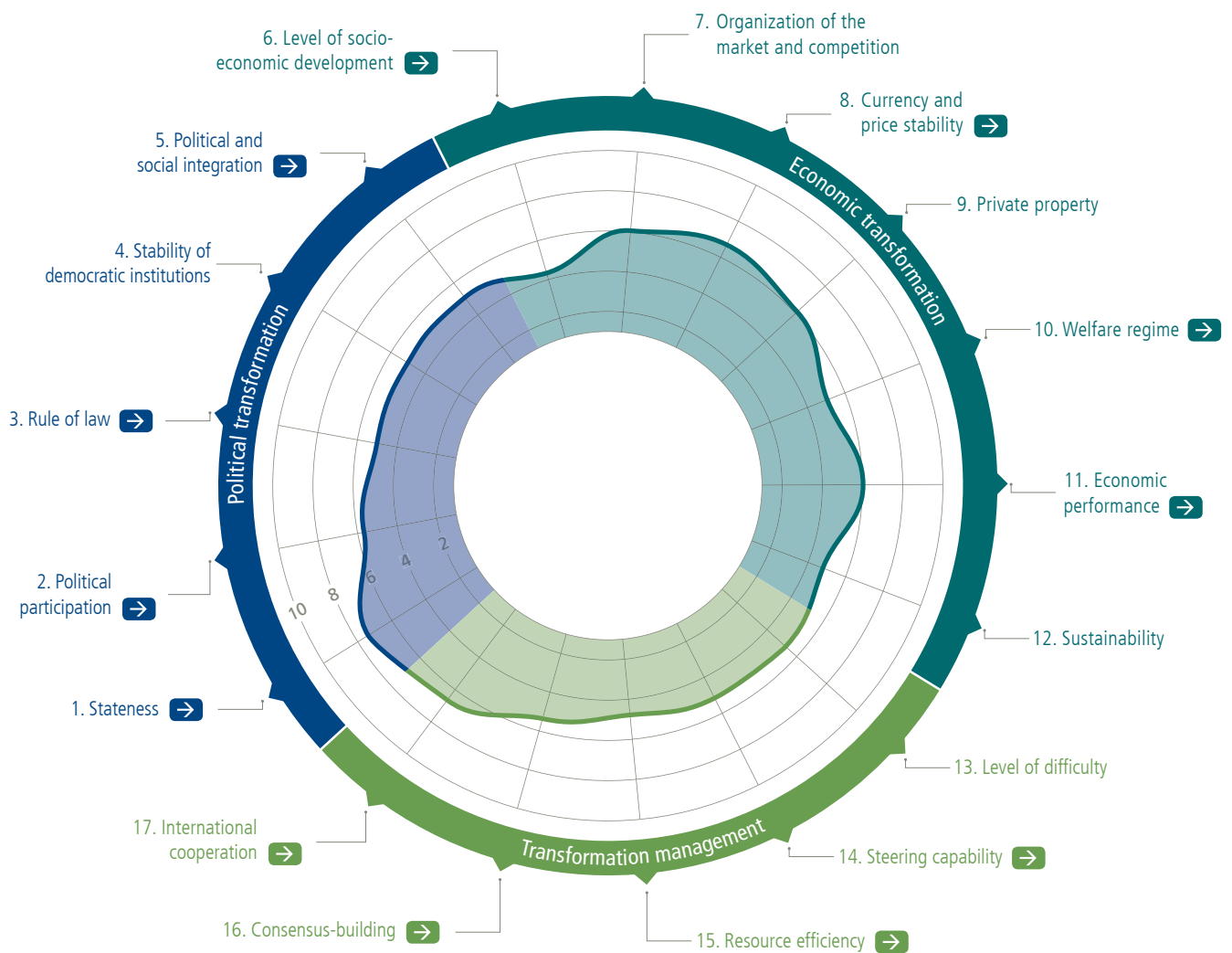
the appropriate path forward. Yet all of these are governance qualities rated as weak in many countries by the BTI. Even with regard to international cooperation, the course of democratic and market-economic transformation pursued by around half of all governments is classified as less credible than was the case a decade ago. If disillusionment and lack of opportunity are not to transform still more strongly into populist protest or militant radicalization, governments must take their citizens' demands for more political, social and economic participation more seriously and search for new paths of dialogue.

Political transformation		
1	Uruguay	9.95
2	Estonia	9.70
3	Taiwan	9.55
4	Poland	9.50
5	Czech Republic	9.45
6	Lithuania	9.30
7	Costa Rica	9.20
7	Slovenia	9.20
9	Chile	9.15
10	Slovakia	8.85

Economic transformation		
1	Taiwan	9.50
2	Czech Republic	9.36
3	Estonia	9.29
4	Lithuania	9.00
5	Poland	8.96
5	Singapore	8.96
7	Slovenia	8.82
8	Slovakia	8.64
8	South Korea	8.64
10	Uruguay	8.57

Transformation management		
1	Uruguay	7.56
2	Chile	7.51
3	Taiwan	7.48
4	Estonia	7.40
5	Poland	7.22
6	Lithuania	7.19
7	Latvia	6.97
8	Slovakia	6.96
9	Botswana	6.95
10	South Korea	6.89

# The BTI 2016 at a Glance





**1. Stateness:** Monopoly on the use of force; State identity; No interference of religious dogmas; Basic administration

**Interference of religious dogmas** → has increased in the political institutions and legal systems of 21 states. Predominantly Arab and African states comprise the group of 42 countries where religious interference is most pronounced.

**3. Rule of law:** Separation of powers; Independent judiciary; Prosecution of office abuse; Civil rights

**Separation of powers** → functions without exception in only nine states – found exclusively in Latin America and Eastern Europe (excepting Taiwan). Nonetheless, the average scores for this indicator have fallen most dramatically in these two regions since the BTI 2006.

**6. Level of socioeconomic development:** Socioeconomic barriers

**Socioeconomic barriers** → are substantial enough to account for the lowest average score among all BTI indicators (4.34). No African country except Mauritius achieved more than 5 points on this indicator. Countries in the Middle East, North Africa, Asia and Oceania have lost the most ground in battling poverty and inequality.

**10. Welfare regime:** Social safety nets; Equal opportunity

**Social safety nets** → have improved in South Asia, whereas support for people in need throughout the crisis-ridden Middle East and North Africa is fading. Libya's civil war has utterly destroyed the country's social welfare regime (-6).

**14. Steering capability:** Prioritization; Implementation; Policy learning

**Prioritization** → has in the last 10 years suffered losses only in Asia and Europe. In sub-Saharan Africa, by contrast, three-fourths of all the region's governments have done a better job of setting and maintaining strategic priorities. This is true in particular of Côte d'Ivoire, Guinea, Kenya and Liberia (+5 for each).

**16. Consensus-building:** Consensus on goals; Anti-democratic actors; Cleavage / conflict management; Civil society participation; Reconciliation

**Conflict management** → has suffered considerably in the last 10 years among Arab countries (-2.67 on average), in particular, Bahrain, Libya and Syria. In 57 countries worldwide, either the capacity or will to de-escalate conflicts has diminished.

**2. Political participation:** Free and fair elections; Effective power to govern; Association / assembly rights; Freedom of expression

**Freedom of expression** → has eroded in 15 of 17 East-Central and Southeast European countries to levels lower than they were 10 years ago. Declines in Hungary (-4 points) and Macedonia (-5) are the most severe.

**5. Political and social integration:** Party system; Interest groups; Approval of democracy; Social capital

**Approval of democracy** → remains one of the most highly scored indicators of political transformation, even though dissatisfaction with democracy has increased in nearly half of the 62 democracies with reliable survey data since 2006.

**8. Currency and price stability:** Anti-inflation / forex policy; Macrostability

**Macrostability** → is losing traction. The insistence on budgetary discipline has eased up in the years since the global financial crisis. Key factors in this regard include falling commodity revenues in the Middle East and post-Soviet Eurasian states as well as the high costs incurred by bank bailouts in Eastern Europe.

**11. Economic performance:** Output strength

**Output strength** → has been on the decline for years. Countries with large populations, such as Argentina, Russia (-4 for each), Brazil (-3), India, Mexico and South Africa (-2 for each), have registered losses relative to the BTI 2008 in this regard.

**15. Resource efficiency:** Efficient use of assets; Policy coordination; Anti-corruption policy

**Anti-corruption policy** → once again receives the worst global average score among all governance indicators. Apart from Botswana, there are no African or Arab countries among the small group of 21 countries featuring relatively sound integrity mechanisms (7 points or higher).

**17. International cooperation:** Effective use of support; Credibility; Regional cooperation

**Credibility** → regarding the capacity to implement democratic and market economic reforms has softened in nearly half of all BTI countries since 2006. This includes key anchor countries, such as Mexico, Nigeria and Russia.

Political transformation	
Global Ø	5.64 (e.g., Lesotho)
Top-ranking country	Uruguay
Positive trend	Mali, Madagascar, Guinea
Negative trend	Libya, Thailand, Egypt
Regime distribution	→ 74 Democracies → 55 Autocracies

Economic transformation	
Global Ø	5.59 (e.g., Ecuador)
Top-ranking country	Taiwan
Positive trend	Myanmar, Mali, Bhutan
Negative trend	Libya, Central African Republic, Brazil, Venezuela, Bahrain
State of development	→ 30 Developed/functioning market economies → 52 Market economies with functional flaws → 47 Poorly functioning/rudimentary market economies

Transformation management	
Global Ø	4.86 (e.g., Madagascar)
Top-ranking country	Uruguay
Positive trend	Madagascar, Mali, Iran, Tunisia
Negative trend	Libya, Lesotho, Nigeria
Management quality	→ 44 Countries with very good/good management → 39 Countries with moderate management → 46 Countries with weak/failed management

*Placing current trends in context.*

Policy  
Economics  
Governance

Democracies in consolidation



Defective democracies



Highly defective democracies



Moderate autocracies



Hard-line autocracies



failing states

## Political transformation

# More democracies, but also more repression

The global turbulence of recent years has been reflected in the overall record of political transformation. The influence of religious dogmas has continued to grow, while participation rights have been subject to increasing restrictions. Especially in the established democracies of Eastern Europe and Latin America, many governments have taken electoral successes and comfortable majorities as license to govern with decreasing consideration for opposing views. However, democracy itself is not in decline. Instead, political regression was most pronounced in autocracies.

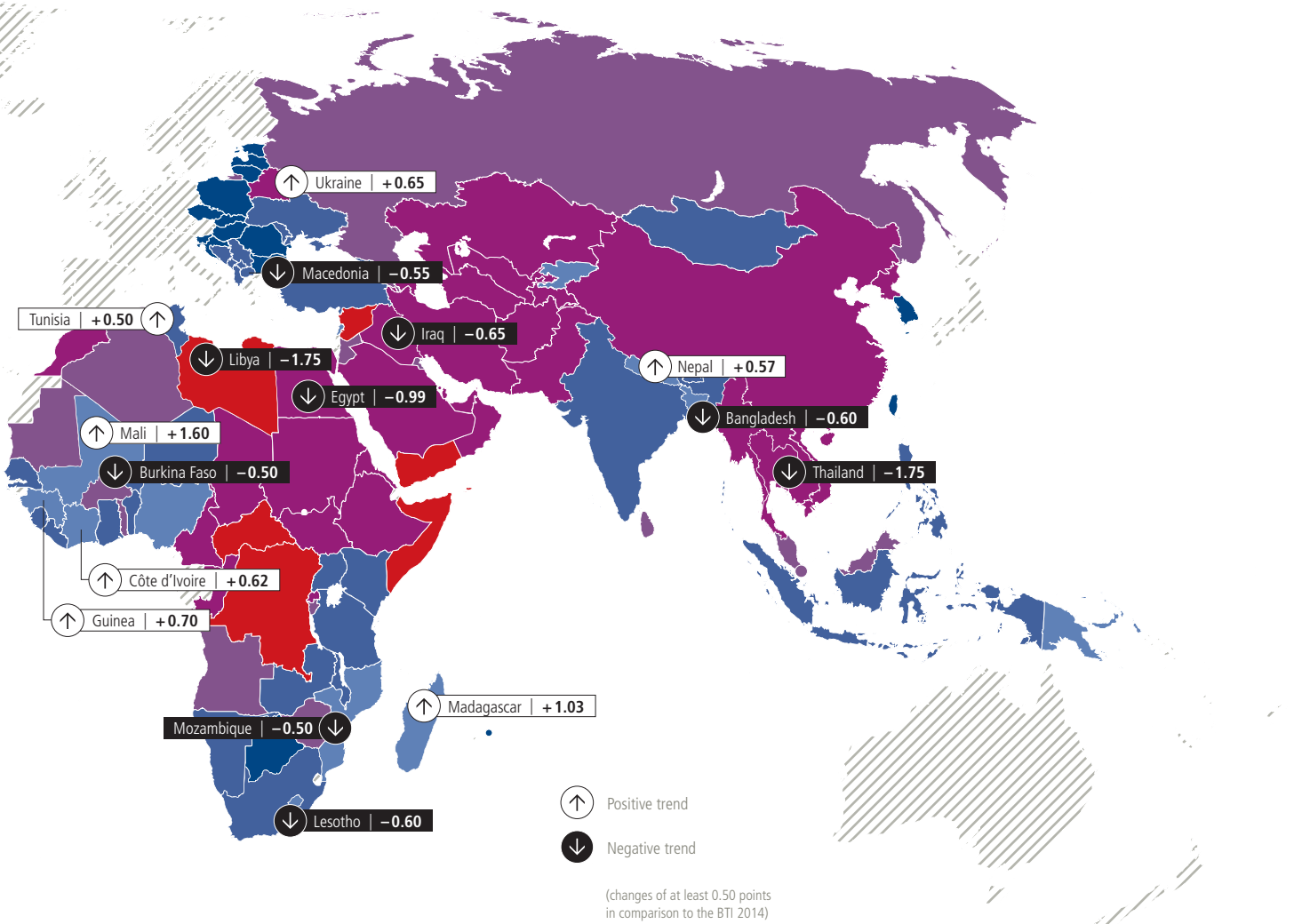
The current BTI's review period certainly lacked nothing in the way of global political turbulence. A trip back in time from February 2013 to January 2015 offers a look at a number of startling events. In the Arab world and North Africa, the break with old regimes was followed by disillusionment. Except in Tunisia, the fall of dictators was followed not by democratic transition, but rather by violent crackdowns on protests and the restoration of the status quo ante, civil war and state failure, and the rise and territorial gains of terrorist militias, such as the Islamic State (IS). Religious extremism also entangled West African countries, such as Nigeria, while other states in the region sought to bring the Ebola epidemic under control. Images of citizens protesting against their government came from around the world in countries as diverse as Brazil, Chile, Hong Kong, Turkey and Ukraine. While observers

held their breath at the events surrounding the Euromaidan protests, the violent crackdown against the Kiev demonstrators and the overthrow of Prime Minister Yanukovich, geopolitics returned unmistakably to the world stage: Russia summarily annexed Crimea, and a violent conflict blazed up in eastern Ukraine. Meanwhile, EU countries have faced the deep challenges of the debt crisis and euro bailout, and dissatisfaction with their governments has also driven citizens into the street to protest here, as well. The fact that not just Russia, but also other heavyweights, such as China and Brazil, have evinced economic weaknesses adds to a state of affairs giving rise to concern.

Public perception is that the world has once again become more violent and less manageable. Ever more observers regard politics itself as being mired in permanent crisis. The question of whether political sys-

tems have the capacity to manage crises is thus asked today with increasing urgency. What form of governance is sufficiently equipped to master the coming challenges? How serious is the threat to democracies, whether from outside or inside? And are democratic systems able to create stability in unstable times and fulfill their populations' hopes for a better future under conditions of peace and prosperity? These of a crisis of democracy, or even of its retreat, are becoming more common. What do BTI findings say about this?





As in so many cases, the answer is that it depends on the point of view. In looking at the ratio of democracies to autocracies, the thesis of a “decline of democracies” cannot be substantiated by BTI data. The share of countries categorized as democracies has remained relatively stable since the beginning of the survey, and is higher than that of autocracies. In the BTI 2016, 57% of all states, or 74 countries, were democratically governed, as compared to 55% a decade ago. Since the BTI 2006, there has been regime change in both di-

rections: 39 in total, 22 of which have been from autocracy to democracy.

To be sure, 10 years is a comparatively brief time period over which to consider such profound social changes. However, it is notable that the 39 regime changes in this span have taken place in just 20 countries overall; thus, four-fifths of all countries have not been affected by regime change at all, while the majority of “regime changers” have shifted between categories several times. The transition has (thus far) gone in only one direction in just seven

countries: toward democracy in Liberia, Uganda (since the BTI 2008), Bhutan, Côte d’Ivoire and Tunisia (since the BTI 2014), and toward autocracy in Sri Lanka (since the BTI 2012) and Russia (since the BTI 2014).

The six countries that the BTI 2016 records as having undergone a regime change have all previously switched between democracy and autocracy at least once. Here, too, the balance currently falls out in favor of democracies. Four states now fulfill minimum standards with regard to free and

fair elections, the separation of powers, political participation and civil rights. Guinea's, Mali's and Nepal's switch back into the democratic camp comes after being newly classified as autocracies only in the BTI 2014. Madagascar had been an autocracy since the BTI 2012, but has now also returned to democracy.

In Mali, presidential and parliamentary elections took place after the Islamist rebel uprising in the country's north had been put down and following the conclusion of a peace agreement with the Tuareg. Under newly elected President Ibrahim Boubacar Keïta, something like political normality has been restored; it is thus hoped that Mali can return to the 20-year democratic tradition that prevailed before the unrest and continue to move forward in reconstructing the country.

Following the end of its military dictatorship in 2010, Guinea had the chance to determine its first democratically elected president in September 2013. The democratic future of the country, which is home to the world's largest bauxite deposits, remains uncertain. The political climate in the runup to the October 2015 presidential elections was extremely tense.

Madagascar, another country that has moved back into the democratic camp, was once celebrated by donor countries as a model of efficient economic reforms. Five years after Andry Rajoelina's coup-enabled assumption of power, free and fair elections again took place in 2013. Thus far, however, the new president, Hery Rajaonarimampianina, has failed to introduce any significant reforms. Intra-party conflicts and old cliques appear to be standing in the way of a genuinely new beginning.

Five years after the end of the civil war and the dissolution of the Constituent Assembly in Nepal, elections to the second Constituent Assembly finally took place in 2013. For years, the government and Maoist opposition had been unable to agree on key points of the constitution. Only the devastating earthquake, with its almost 8,900 dead, served to end the standstill, and the controversial constitution has now been in force since September 2015.

"Regime changers" are volatile – but the majority are democratic

In all four countries newly classified as democracies, the situation thus remains extremely volatile. This applies in equal measure to the two countries in the BTI 2016 that are once again governed as autocracies. Since the military coup in 2006, Thailand has oscillated between democracy and autocracy in every edition of the BTI. The army's renewed coup in May 2014 once again smashed hopes of a rapprochement between the antagonistic forces in Thailand's society. In the meantime, a draft of a new constitution has been rejected and, as a result, the next regular elections will take place in 2017 at the earliest.

For the first time since the BTI 2010, Iraq, too, is again governed as an autocracy. Until his unwilling resignation in August 2014, Shi'ite Prime Minister Nouri al-Maliki had reacted to the advances of the IS and the disintegration of the country with an authoritarian and repressive policy that – in combination with the Syrian war – served to widen the country's sectarian gaps further. It remains unclear whether his successor, Haider al-Abadi, is serious in his commitment to more transparency and greater efficiency. As yet, little with regard to the country's precarious position has changed: In the fall of 2015, a third of the country was under IS control, and the population's discontent over the lack of reforms is growing.

The BTI reveals little evidence of either a wave of authoritarian regime change or a dramatic surge in democratic transitions. Moreover, the countries that have experienced regime changes make it clear that the border between the two types of systems is permeable and anything but stable. Both new authoritarian states were categorized in the last BTI survey as highly defective democracies – the same category that now holds all four new democracies. These highly defective democracies remain far from a state of consolidated democracy with comprehensive protection for human rights and civil liberties, a solid constitutional foundation and functioning institutions.

The political systems of a total of 55 of the 74 democracies in the BTI are characterized by this type of defect to varying degrees. This share has remained relatively stable since the BTI 2006 and includes countries with relatively mild democracy defects, such as India, Panama and South Africa, as well as democracies with significant defects, such as Guatemala, Kyrgyzstan and Niger. Some 20% of the democracies surveyed by the BTI are classified as highly defective.

There is a slightly negative trend at the upper end of the scale, among the democracies in consolidation. Though also relatively stable since the first BTI in 2006, this group has shrunk from 20 to 19 countries. Ghana and India have shown weaknesses particularly in the area of political participation rights, such as the freedom of expression and the protection of civil rights, as well as in the prosecution of office abuse, and have thus slipped into the category of defective democracies. Conversely, following the political turbulence of recent years and new President Klaus Johannis' resolute struggle against office abuse and government corruption, Romania is back again on the path of consolidation.

Many autocracies are becoming more repressive

A worrisome trend is emerging in the autocratic camp. The group of hard-line autocracies, where transformation strategies are absent or have failed, has grown to 40 countries, more than in any other BTI. This is all the more notable given that, in the years previous, this group had shown a moderating tendency that had consistently expanded the share of moderate autocracies. This has now ended. Only 15 autocracies now protect civil rights even to a rudimentary degree, grant a modest degree of political rights, such as the freedoms of assembly and expression, or allow parties and interest groups some room for independent action. Nearly three-quarters of all autocratic regimes quash political opposition as soon as it appears and limit civil liberties to such an extent that their political systems can only be described as

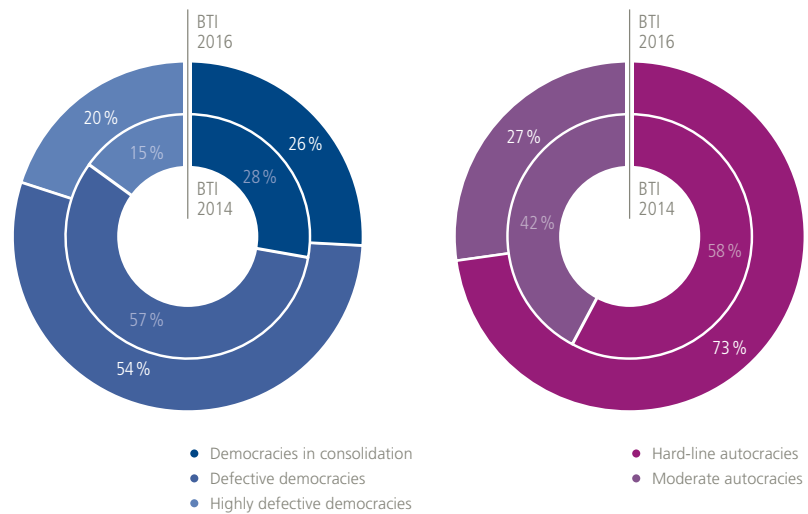
hard-line autocracies. Thus, the gravest setbacks in political participation and the rule of law can currently be observed not in democracies, but in autocracies, and particularly within the hard-line autocracies. The supposed decline of democracy is thus in truth a decline of moderate autocracy.

Trends in democratic quality seem to stand in stark contrast to the dynamics of global political events as seen in the past two years. The BTI shows only a marginal decline of 0.09 points in the global average for the 129 countries surveyed. However, this moderate figure masks what have occasionally been dramatic contrary movements: The biggest setbacks, experienced by Libya (-1.75 points), Thailand (-1.75), Egypt (-0.98) and Iraq (-0.65), counterbalance the progress made by the biggest gainers, including Mali (+1.60), Madagascar (+1.03), Guinea (+0.70) and Ukraine (+0.65). Increases of 0.50 points or more were otherwise seen only in Côte d'Ivoire, where conditions have normalized after a brief but intense civil war, and where stateness and political participation in particular have improved; in Ukraine, where the increasingly authoritarian trend has reversed since the Maidan protests; and in Tunisia. Macedonia and Mexico, two relatively well-advanced defective democracies, are also among the countries showing the largest declines.

Regional trends offset each other to a considerable degree, too. For example, the slight deterioration in Latin America (-0.07 points) is matched by improvement in West and Central Africa (+0.08). Although five of the seven BTI regions show a slight decline, the negative trend is more pronounced only in the Middle East and North Africa (-0.29). This is due to what were in some cases serious setbacks in 15 of the region's 19 countries. Tunisia's remarkable development remains the exception in this regard; thanks to the country's successful adoption of a constitution and its mostly free and fair parliamentary and presidential elections, its quality of democracy again improved by 0.50 points. Thus, Tunisia is now classified as a defective democracy, with a level of democracy corresponding to that of Mexico or Bosnia and Herzegovina. However, this

### Persistent flaws in democracies, more repression in autocracies

74 democracies : 55 autocracies in BTI 2016  
72 democracies : 57 autocracies in BTI 2014



success story cannot hide the fact that the other countries in the region have fallen at times far behind the state of political transformation recorded by the BTI 2006. This negative trend is most pronounced in Egypt and Libya, whose scores have fallen below those of the Mubarak and Qadhafi regimes, as well as in Yemen and Syria, countries torn by civil war and extremist terror.

In the other regions, negative and positive developments counter one another almost exactly in terms of BTI scores. In post-Soviet Eurasia, for example, the progress made by Ukraine and Georgia has been offset by the negative trends in Moldova and Azerbaijan. In Asia and Oceania, democracy quality in Nepal improved to roughly the same degree that Bangladesh's deteriorated. The average global score of all 118 countries that have been surveyed since the BTI 2006 has remained similarly stable even over the decade-long comparison (-0.07 points).

Is there thus no reason for worry regarding the quality of democracy? A look at the country-level trends paints a different picture: In nearly 60% of the 129 states, democracy quality declined between 2013 and 2015. Although this regression has been less than 0.25 points in 49 of these 77 countries, the balance of political transformation is nonetheless negative as a consequence. This con-

clusion changes only slightly when considering shifts over the entire BTI-survey time series; since 2006, there has been more deterioration than progress in 72 of the 129 states. Moreover, the extent of the deterioration in comparison with the BTI 2014 is greater than that of the improvements. In a fifth of all countries, the quality of democracy has declined significantly, while it has significantly improved in less than one-tenth. It is notable that this erosion of democracy quality has manifested to a greater extent in autocracies than in democracies. While approximately half of the democratically governed countries show setbacks since the BTI 2014 with regard to democratically oriented political transformation, the same is true of 71% of the autocracies. This suggests that the much-touted crisis of democracy is to a large extent also a repression of the democratic elements within autocracies.

A closer look at the patterns within this finding reveals that the trends of the BTI 2014 have continued. Given the wave of violence, the civil wars, the strengthening of the Islamic State in Syria and Iraq and of other extremist groups elsewhere, and all of the resulting humanitarian catastrophes, a sharp decline or at least a serious deterioration in the BTI's stateness scores might be expected. However, the problem of fragile statehood remains relatively limited in terms

of both geographic extent and actual degree. On a global-average basis, there were only slight losses in all related areas (monopoly on the use of force, state identity, interference of religions dogmas, and basic administration). As in the BTI 2014, the most significant declines were registered in the states of the Middle East and North Africa, which produced four of the seven biggest declines worldwide, including Libya (-2.8 points), Syria (-2.0), Iraq (-1.0) and Yemen (-0.8). In South Sudan, a political power struggle between the president and the former vice-president led to conflict within the army and spread into civil war. The violent clashes in eastern Ukraine (-1.5 points in stateness) have not risen quite to this scale; but, along with the annexation of Crimea by Russia and the loss of control in some parts of eastern Ukraine, they led to the largest decline of any country with regard to the monopoly on the use of force (-4 points).

Ukraine thus remains just above the threshold of the countries the BTI regards as fragile in the area of core stateness (meaning a weak monopoly on the use of force and weak basic administration.) Overall, this group includes 29 countries, five more than in the BTI 2014. The fact that no sharp decline in the global average of stateness was recorded suggests a gradual evolution of instability: Violent conflicts during the current review period were preceded by state-ness problems already accounted for in previous BTIs. The phenomenon also has clear regional contours; 13 of the 29 fragile countries are in sub-Saharan Africa, six in the Middle East and North Africa, and six in Asia and Oceania. In addition, the BTI lists seven countries that are regarded as failing states due to an insufficient monopoly on the use of force and underdeveloped administrative structures. In this edition of the BTI, the civil-war-torn nations of Libya and Yemen join those already listed as failing in the BTI 2014, which included the Central African Republic, the Democratic Republic of Congo, Haiti, Somalia and Syria. Because Afghanistan has marginally improved in the area of basic administrative structures and the government is making efforts to provide the population with at least basic

health and education structures, the country has risen out of the group with the most strongly pronounced stateness problems for the first time since the BTI 2006.

Religion's influence on politics continues to grow

After the clear negative trends highlighted in the BTI 2014 with regard to the rise of militant extremist violence, the influence of religious dogmas on the internal functioning of political systems has once again increased. In 21 states, legal systems and political institutions were more strongly subject to this influence than was the case two years ago, with reductions evident in only five countries. The influence of Islamism has again increased in the Arab states of Iraq, Libya and Syria; but in Turkey, too, the government is pursuing a more strongly Islamist agenda than in the past. This stronger religious charge within the political sphere is solely limited neither to the Arab world, nor to majority-Muslim societies. However, there are clear regional focal points. The 42 countries in which religion currently has at least a perceptible influence on politics are either Arab, African or Asian. The East African region includes countries, such as Ethiopia, Eritrea and Uganda, whose states are broadly secular, but where mostly Christian churches are gaining a stronger influence on politics; while in West Africa, in countries such as Senegal, Mali and Nigeria, the conflict between religious and secular forces over the general orientation of the legal system and institutional structure is intensifying, and Islamist groups are becoming increasingly militant. Finally, in Asia, this group includes those countries with a Muslim majority, such as Afghanistan, Indonesia and Pakistan, as well as states in which the majority religion is Buddhism (Bhutan), Hinduism (Nepal) or Christianity (Philippines). Considering the longer time period since the BTI 2006, the interference of religious dogmas on legal order and political institutions has shown the largest increase over the last decade; indeed, this is the most strongly pronounced

negative trend within all 18 indicators in the dimension of political transformation.

In the area of stateness, too, fragility has increased more strongly in autocracies than in democracies. This is particularly due to the destabilization of some Arab and North African countries, as well as the fact that some defective democracies, such as Mali, were able to regain stability during the same time period. However, autocracies are also more fragile overall than are democracies. Thirty-four percent of autocracies, but only 14% of democracies number among the countries that the BTI regards as having fragile stateness. This can be explained by the fact that popular protests become threats to the regime more swiftly in autocracies and are thus more broadly destabilizing. In addition, the fact that elites challenged in this way generally fail to respond with strategies of de-escalation plays a significant role.

The trigger for civil war in Libya and Syria was not some nascent democratization, but rather the brutal repression of civil protests against secular dictatorships whose legitimacy and performance had been increasingly questioned by the population. In Iraq, too, the violent crackdown on peaceful demonstrations by the Sunni population in the north was exploited by militant Islamist groups for their own purposes. In Egypt, the Sisi government has acted with unrelenting severity against the Muslim Brotherhood, now again banned as a terrorist organization, and has thus potentially laid the groundwork for future fundamentalism and violence.

Less and less room for dissent

However, it is not only in Egypt that the need to avert terrorist threats and secure the integrity of the state is being used to justify massive restrictions on political participation rights and violations of fundamental civil rights. Overall, a worrisome trend observed since the BTI 2006 is continuing: The greatest declines in quality take place precisely in those areas that belong to the most fundamental pillars of functioning de-

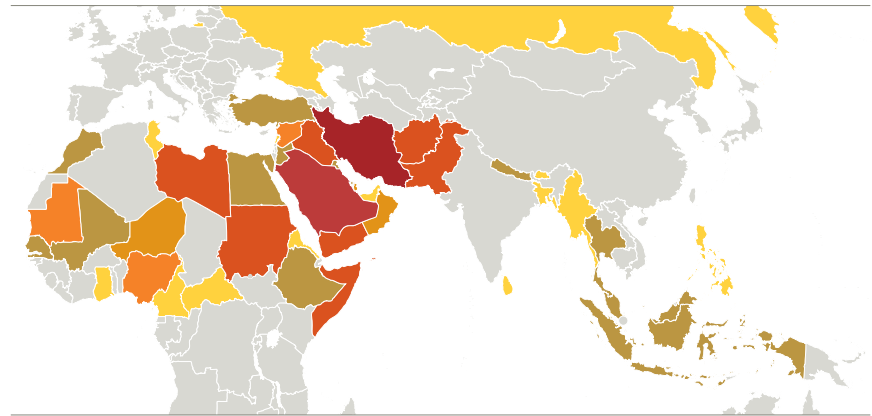


mocracies. On a global-average basis, the most serious setbacks were again in the areas of political participation rights, such as media and press freedom and the freedom of assembly, while the quality of elections also deteriorated further. This has been accompanied by setbacks nearly as significant in the area of the rule of law, particularly with regard to the separation of powers and civil rights. In 75 countries, scores in at least one of the two criteria (political participation/rule of law) declined; while, in 28 countries, significant declines of 0.5 points or more were seen in both criteria. This contrasts with just 42 countries that showed improvement in one of the two criteria, and just eight countries with significant improvements in both.

Positive trends are rare in the autocratically governed countries. In recent years, while there seemed to be a tendency to grant a certain degree of dissent and pluralism – from the approval of opposition parties’ participation in elections to tolerance for a moderate amount of opposition media and non-governmental organizations – numerous autocratic regimes are now resorting again to cruder methods to inhibit open societal discourse. Arbitrary detentions of human-rights activists and journalists have become more frequent, as have bans on demonstrations and repressive laws against civil society organizations. This often happens under the guise of fighting terrorism or preventing foreign interference in domestic affairs. The regional focus here lies primarily in the Middle East and North Africa and in post-Soviet Eurasia. Autocratic regimes reacted severely to the events of the Arab Spring and Euromaidan, with the aim of suppressing any protest that could endanger the stability of their own rule. This trend was exacerbated by the significant upsurge in many autocracies of protests against social injustice, rigged elections, arbitrary actions by the ruling elite and rampant corruption.

Seeking to secure their regimes’ stability, governments have turned to a set of similar instruments, ranging from bans on demonstrations to legal measures creating paternalistic oversight of civil society or-

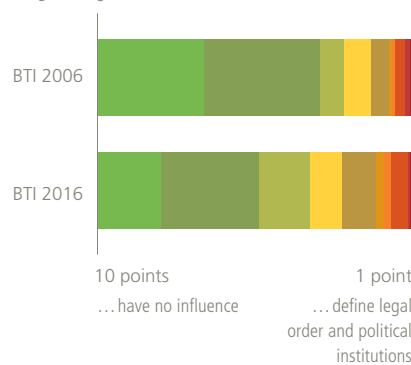
### Influence of religious dogmas on the rise



● 1 point ● 2 points ● 3 points ● 4 points ● 5 points ● 6 points ● 7 points

Countries in which religious dogmas have at least considerable influence on legal order and political institutions (7 points or less)

Religious dogmas...



Declines since BTI 2006

- 4 Ethiopia, Libya
- 3 Eritrea, Qatar, Senegal, Syria, Yemen
- 2 Cameroon, Central Afr. Rep., Ghana, Mali, Niger, Nigeria, Russia, Turkey
- 1 Algeria, Bangladesh, Indonesia, Malaysia, Philippines, Thailand, Tunisia

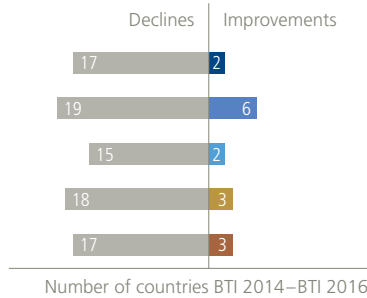
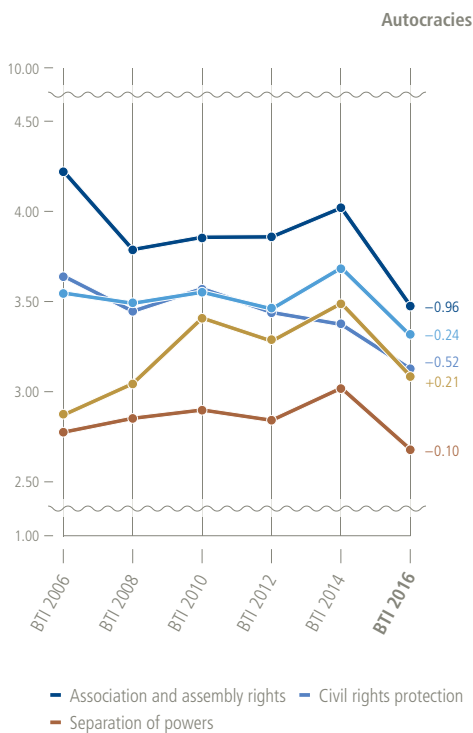
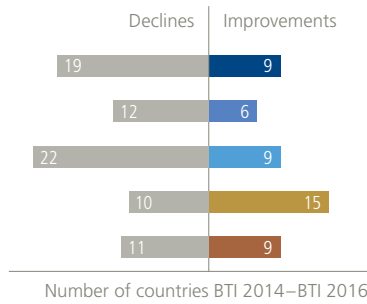
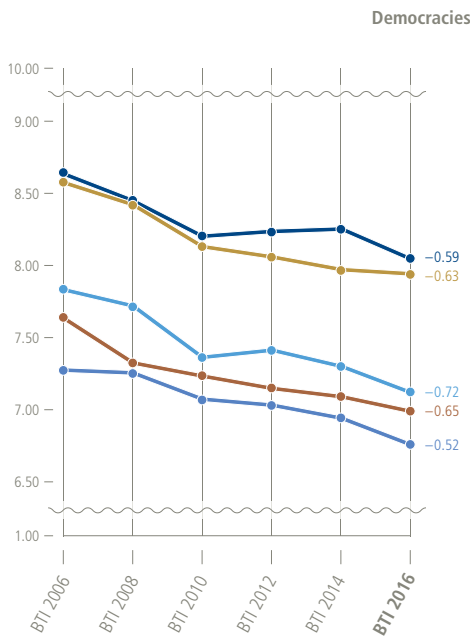
organizations, media and opposition parties. Three variants of these “traditional” tools have recently been employed in an increasing number of states: the control of overseas funding flows to local civil society organizations, as well as the registration of these NGOs as “foreign agents”; the co-optation of civil society organizations by state foundations (Morocco) or the construction of state-directed umbrella organizations (Russia); and, in the area of media freedom, legally sanctioned regulation of Internet access.

In Russia, while the firm crackdown against civil society and independent media organizations had already strongly increased following the protests against the manipulated parliamentary and presidential elections of 2012, this intensified further after the fall of Ukrainian President Yanukovich. Placing non-governmental organizations

under bureaucratic tutelage had long been on the government’s agenda. A newly adopted law, under which organizations receiving funds from overseas were required to register as “foreign agents,” made the situation considerably more difficult for many NGOs. Moreover, the measure was also taken as a model; many countries, including defective democracies such as Kyrgyzstan and India, subsequently passed similar measures.

In the shadow of the Ukraine crisis, and initially attracting little attention internationally, the Azerbaijani government began a large-scale, crudely severe offensive against the political opposition, imprisoning numerous activists and increasing the pressure on independent media organizations. President Aliyev had just been elected to a third successive term in

Political and civil rights increasingly restricted



office but, at the same time, anti-government protests by young people in particular had increased in Baku. Here, too, the regime's hostility was also directed against foreign organizations. Controls over funding flows to independent organizations from abroad were tightened. Moreover, Azerbaijan can be deemed a model for the

erection of quasi-governmental civil society organizations.

Controversial elections with lower returns than expected for the incumbents triggered an intensified crackdown on opposition forces in Cambodia and Malaysia, and the BTI reflected this response in the form of the strongest score declines among Asia's

autocracies. Only in Thailand, where the freedom of assembly was restricted following the military coup, were the setbacks even greater. In sub-Saharan Africa, the autocratic regimes in Burkina Faso and South Sudan saw declines of at least one point in nearly all political-participation indicators, as did the Venezuelan government in Latin America.

Participation rights subject to restrictions in democracies, too

Autocracies, which have further curtailed rights of participation in their already rudimentary democratic institutions, account in large part for the overall decline in BTI political-transformation scores. But democratically governed countries, too, give little cause for optimism in this regard, as civil rights and opportunities of political participation in many of these countries are increasingly subject to greater restrictions. To be sure, the erosion of electoral integrity among the most advanced democratic regions observed in the BTI 2014 has not continued unabated. In Latin America, for example, and with the exception of Peru, no further erosion of electoral integrity was registered. By contrast, governing parties in the East-Central and Southeast European democracies of Bosnia and Herzegovina, Hungary, Macedonia and Montenegro used unfair methods in order to influence electoral results in their favor. Most brazenly, the Orbán government, after having modified the country's electoral laws, once again achieved a two-thirds parliamentary majority despite a popular vote support of only 44.9%. Macedonia suffered a serious political crisis when the leading opposition party disputed its electoral loss by boycotting parliamentary sessions. It was not until the summer of 2015, when the EU stepped in as a mediator, that the crisis could be resolved. Since then, both the government and opposition have agreed to hold early parliamentary elections in April 2016. It remains unclear, however, whether this fragile compromise will hold. Even if the downward trend appears to have weakened most re-

cently, elections in 19 of both regions' 35 democracies were less free and fair than they were in the BTI 2006. Among all the democracies surveyed by the BTI since 2006, electoral integrity has eroded in 36 states across Latin America, East-Central and Southeast Europe, and South and East Africa. In the latter, this applied to half of the region's democracies.

In the last two years, numerous democratically elected governments have again significantly restricted association and assembly freedoms (–0.20 points on a global-average basis), curtailed the freedoms of expression and the press (–0.15), and infringed on personal liberties to a greater degree (–0.16). From a regional perspective, the restrictions placed on media freedoms and the freedom of assembly were most significant in sub-Saharan Africa. In countries such as Kenya, Nigeria and Senegal, demonstration and assembly rights were curtailed with reference to possible violent escalations or terrorist threats. In Mozambique and Zambia, the government restricted the opposition's ability to hold meetings in advance of elections. Conditions for civil society engagement were restricted even in rela-

tively advanced democracies, such as Botswana, Ghana and South Africa, where traditions of such engagement are established. Much the same was also true of India and South Korea in Asia.

In terms of press freedom, 14 of the 25 democracies in Africa have deteriorated since the BTI 2014. In countries such as Ghana, Kenya and South Africa, this is due less to constraints on the free expression of opinion than to the increasing politicization of private media conglomerates and the loss of high-quality journalism for economic reasons. Over the last 10 years, however, positive developments predominate in Africa. In comparison with the BTI 2006, it is the decline in media and press freedom in East-Central and Southeast Europe that appears particularly alarming. Here, there have been regressions in all countries except Estonia and Poland, including at times dramatic deteriorations, as in the case of Hungary (–4 points) and Macedonia (–5). This has primarily been due to interference with the reporting process by governments or individual politicians, as well as the acquisition of leading media organizations by influential businesspeople,

thus intensifying competition and economic difficulties for smaller independent publications. The media, political and economic spheres are more strongly intertwined, which means the press has increasingly lost its capacity to function in terms of oversight and as a watchdog. For example, in the Czech Republic, the owner of the second-largest media company has been deputy prime minister since 2014, and in Bosnia and Herzegovina, the owner of the largest newspaper is minister in charge of security affairs. The fusion of the political and economic arenas also increases the pressure on critical journalists, with the threat of libel suits often leading to self-censorship.

#### Tendency toward a tyranny of the majority

Hungary's development exemplifies a trend that has also intensified in other countries in recent years: the rapid rise of what are often populist movements and parties that serve as the leading edge of expanding popular protests against corruption and mismanage-

### The rise of majoritarianism

An increasing number of democratically elected governments around the globe – from Argentina and Hungary to Bangladesh and Turkey – are taking a similar view to that of Slovakia's governing party (cited in Slovakia Country Report): "We won the election; therefore we do not need the opposition." Drawing on a clear electoral win, these governments interpret their large majority as a mandate to implement their agenda without compromise or the incorporation of civil society and, where possible, to ensure it lasts well into the future.

This heavy-handed governance style does indeed display a number of authoritarian features. First, the logic of an unchecked mandate requires a context of strong polarization characterized by a "those not with us are against us" mentality in-

volving contempt for the rights of minorities and political opposition. Second, these governments are dismantling the institutional oversight afforded to administrative and judicial bodies, in particular, thereby eroding the separation of powers. Third, they aim to silence independent voices and critics of government, whether this be the office of statistics in Argentina, YouTube in Turkey or, in the case of Hungary, the entire media landscape. Fourth and finally, heads of government in these countries attempt to extend their term of office beyond the legally defined limit or anchor their political goals in the constitution.

The BTI 2016 confirms a further erosion of democratic quality. This is partly caused by the fact that majoritarianism is on the rise. There is a growing number of what the "Economist" once called "zombie democracies" – that is, illiberal patterns of governance within formally democratic institu-

tions. Is this a trend or a random grab bag of parallel developments? Are there different types of majoritarianism? Are they all similarly susceptible to authoritarian mechanisms? How do we explain the return to a more inclusive style of governance in countries such as Bolivia and Ukraine? And what does a tyranny of the majority mean for democratic development worldwide?



These questions are addressed in the working paper "**The rise of majoritarianism**" by Peter Thiery (Heidelberg University), available at [www.bti-project.org/workingpapers](http://www.bti-project.org/workingpapers)

ment, and demands for greater responsiveness and accountability on the part of the old political elites. Distrust in democratic governments' abilities to handle current challenges has increased in all regions of the world, but particularly among the democracies in consolidation. After attaining large parliamentary majorities in elections, these new government parties cite the legitimizing power of popular will they step across constitutional boundaries occasionally and increasingly lift checks and balances.

In East-Central and Southeast Europe, this tendency toward a domineering governance style, paying little heed to minority or opposition rights, is intensifying particularly in Macedonia and – if to a significantly lesser degree – in Slovakia. This has had increasing impact on the judiciary, the media and other institutions. In Latin America, President Ortega in Nicaragua and President Correa in Ecuador have successfully monopolized political power and undermined democratic institutions over the course of years. The already weak opposition has been neutralized, and Correa in Ecuador, in particular, like Orbán in Hungary, has used new laws to significantly curtail the freedoms of expression and assembly. The “strategic toolbox” described above for this effective erosion of political participation rights has not been used exclusively by autocratic governments. Officeholders in illiberal democracies have shown themselves to be extremely capable at learning how to copy successful strategies for securing power.

Particularly in Hungary's case, the Orbán government seems to have sought increasingly to close ranks with autocratic governments – at least rhetorically – particularly through its public announcement of intentions to construct an “illiberal democracy” in Hungary. By stressing Hungary's own separate national path, the president arguably wanted to generate specific associations with Russia's “managed democracy” and the increasingly strident emphasis of traditional (non-Western) values aggressively proclaimed by China's president, along with Putin. The fact that Jarosław Kaczyński struck a similar note in Poland following the parliamentary elections prompted many

observers to fear that the PiS, now furnished with an absolute majority, would be unable to resist the temptation to use this mandate to undermine democratic achievements, although Poland has been able to further consolidate its democracy both since the last BTI and in a full-decade comparison.

In any case, paying lip service to democracy does not currently seem to be in vogue. Practices restricting rights are all too often met with irresolution even within democratic environments, while the “inferiority” of liberal democracy is trumpeted all too loudly. In this regard, the critics often fail to appreciate that the challenges faced by authoritarian regimes are no smaller than those of the democracies. Citizen protests against their political elites' problem-solving capacities have also increased in non-democratic regimes. The demands for greater social equality and better state performance in the areas of infrastructure, education and health, as well as citizens' rising expectations that governments should be accountable to their people, are increasing worldwide. It is quite possible that restrictions on participation rights in autocracies as well as in numerous democracies mark a helpless response to this rising discontent. However, at least within the democracies, civil society's burgeoning confidence could lead to more faith in these societies' own democratic values, both in confronting new challenges and in restoring potential for conflict resolution and inclusion in the political process.

#### Hopes pinned on civil societies

In this respect, too, the BTI provides some evidence. In the overwhelming number of democracies, scores in the criteria relating to social and political integration – areas such as a society's social capital and the extent to which interest groups serve as mediators between state and society – have remained stable or have even improved, as have ratings for the stability of democratic institutions, particularly in comparison to the BTI 2006. In Brazil and Chile, the reactions of governments to protests show efforts to be more responsive to their citizens. In Romania,

Serbia and Slovenia, governments have addressed the office abuse criticized so strongly by their populations with greater firmness. Bolivia's government under Evo Morales, also a so-called left populist, has shown a political style that has become significantly more inclusive in recent years, and the country is among the overall gainers both in the current BTI and in comparison with 2006. And, finally, though this must be said with all due caution, Tunisia and Ukraine are possible examples of successful political transformation in regions that are otherwise not very democratic.

The large, regionally significant democracies could, in theory, provide a stimulus in this regard, but their developments have also been rather disappointing. In the last two years, Brazil, India, Mexico, Nigeria, South Africa, South Korea and Turkey have offered few rays of hope with regard to democratization. At best, scores here signal stability, which is notable in itself given the massive challenges. In India (–0.35 points), Mexico (–0.50) and Turkey (–0.30), the evidence almost exclusively shows regression. In a longer-term comparison with the BTI 2006, the results are gloomier still; only Brazil and Turkey still have a slightly higher level of democracy today than was the case 10 years ago. The largest declines are shown in Mexico (–1.25) and South Africa (–1.10). This finding is also reflected in transformation-management-score declines of equal magnitude in these populous countries.

However, there is no overall decline of democracy itself taking place. To be sure, regressions – particularly in the more established democracies of Latin America and East-Central and Southeast Europe – are certainly quite worrisome and demand new responses. Yet citizens and civil society have become more confident and more sophisticated in their expectations. They are expressing their dissatisfaction with ossified structures and established elites more loudly and with increasing impatience. Finding strategies for a new dialogue between governments and the governed, and daring to deepen democracy instead of smothering dissent and polarizing social antagonisms, remains the challenge for the years to come.