



Global Findings
**Trend toward authoritarian
governance continues**

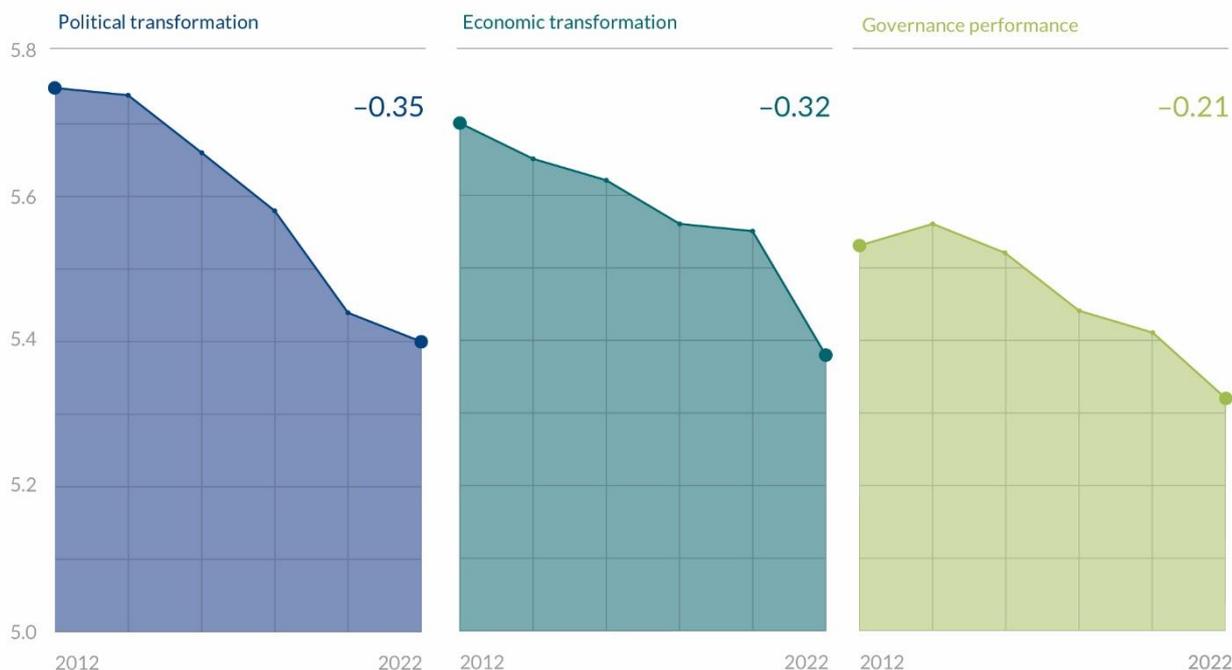
Executive Summary

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The BTI 2022 finds evidence of a new low in terms of political and economic transformation. Poor governance has exacerbated this development. Most countries do not guarantee political participation rights and the rule of law to the extent needed to provide the population with a free and self-determined voice in the political decision-making process. Moreover, the regulatory framework governing the market and competition is neither free nor fair in most countries. Corruption, clientelism and mismanagement by the established elites stand in the way of economic development and social participation. The COVID-19 pandemic has represented an additional stress test for all governments that only few passed.

All BTI dimensions at a low point

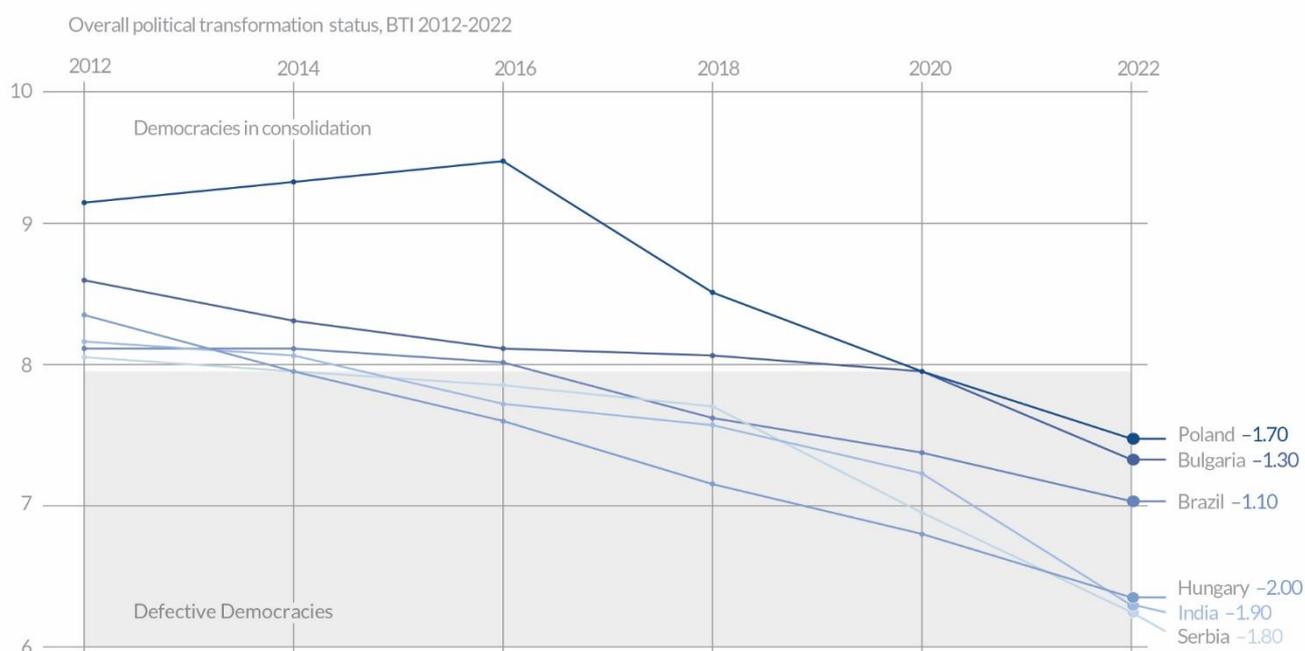


While this new low results in part from the coronavirus crisis affecting the entire world, it also represents a continuation of long-standing global trends. The pandemic and its effects intensified already existing problems and undesirable developments. With few exceptions, the most resilient and successful countries in dealing with the health crisis were stable democracies based on the rule of law, advanced socially inclusive market economies, and countries with good to very good governance performance.

Erosion of democracy continues, autocratization on the rise

In response to the pandemic, nearly all countries restricted fundamental democratic rights. Although to a much lesser extent than initially feared, measures intended to limit the spread of the virus – such as bans on public assemblies, controls on information, or the assumption of emergency powers – have in some cases provided autocracies, in particular, with a welcome pretext for curtailing civil liberties further and concentrating power in the executive. Here, too, a trend that has already been going on for more than a decade is intensifying.

Over the past ten years, nearly one in five democracies has experienced a steady decline in its quality of democracy. This group even encompasses countries that were still classified as stable democracies in consolidation in the BTI 2012, including Brazil, Bulgaria, Hungary, India and Serbia. Since the middle of the last decade, Poland has been in this group, as well. These six countries have all lost more than a full point on the overall 10-point BTI political transformation scale and are now classified as defective democracies.



Political backsliding among formerly stable democracies in the last 10 years

The scale of this continuing deterioration can be seen in the progressive erosion of the quality of democracy in many countries. The ongoing curtailment of political freedoms and the undermining of rule-of-law standards represent genuine societal setbacks, but they also make it more difficult for positive corrections to be made. By deliberately weakening the separation of powers and reducing the scope for political activity, democratically elected heads of government with authoritarian tendencies are better able to hold on to power. Conversely, opposition parties, minorities and civil society groups critical of the regime in power have less breathing room and fewer institutional safeguards available for redemocratization efforts.

Nonetheless, it is also worth noting that 14 democracies have been consistently classified as consolidating and stable over the past 20 year in addition to being able to maintain their high level of democracy despite myriad transformation challenges. This group includes: Botswana and Mauritius in Africa; South Korea and Taiwan in Asia; Chile, Costa Rica and Uruguay in Latin America; Jamaica in the Caribbean; and, finally, the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Slovenia in Europe.

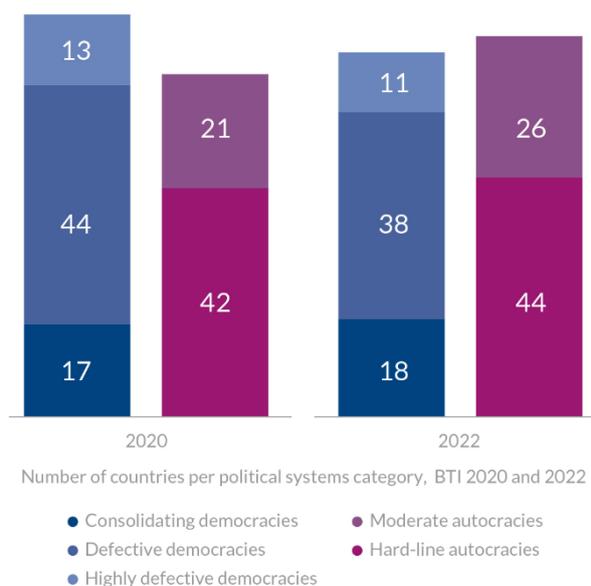
Nevertheless, both the short- and long-term trends are negative even when looking solely at the more advanced democracies, and both become even more pronounced when the defective democracies are also factored in, many of which have ended up under authoritarian rule after a long downward trend. Of the 39 defective democracies listed by the BTI a decade ago, more than a third are classified in the BTI 2022 as highly defective democracies or moderate autocracies.

Political regression in democratic core institutions



Seven countries, all in sub-Saharan Africa, are newly classified as autocracies in the BTI 2022. This group is made up of Côte d'Ivoire, Guinea, Madagascar, Mali, Nigeria, Tanzania and Zambia. For the first time, the BTI now identifies more autocracies than democracies. The index lists 67 democratic governments and 70 autocratic regimes, a clear reversal of the ratio seen in the BTI 2020 (74-to-63).

Autocratic majority



Given these circumstances, the fact that interest groups' organizational capacities, representativeness and willingness to cooperate have bucked the generally negative political trend of recent years is a welcome finding. The same holds true regarding the extent of trust and self-organizational capacity that contribute to a society's social capital. These gains have been evident within democracies and autocracies alike. Civil societies often represent the last and most tenacious bastion of resistance against autocratization, sometimes at the cost of great sacrifice, as was seen in Belarus, Myanmar and Sudan. Citizens have vehemently called for overdue societal reforms, whether this be for greater social inclusion and representativeness in Chile or consistent adherence to the peace agreement in Colombia. They have successfully denounced corruption and office abuse and been able to herald political change in Bulgaria, the Czech Republic, Romania and Slovakia, among other countries. During the pandemic era, they have often filled gaps left by a lack of state services in the health sector or in the care of socially disadvantaged groups.

Governance in the pandemic era

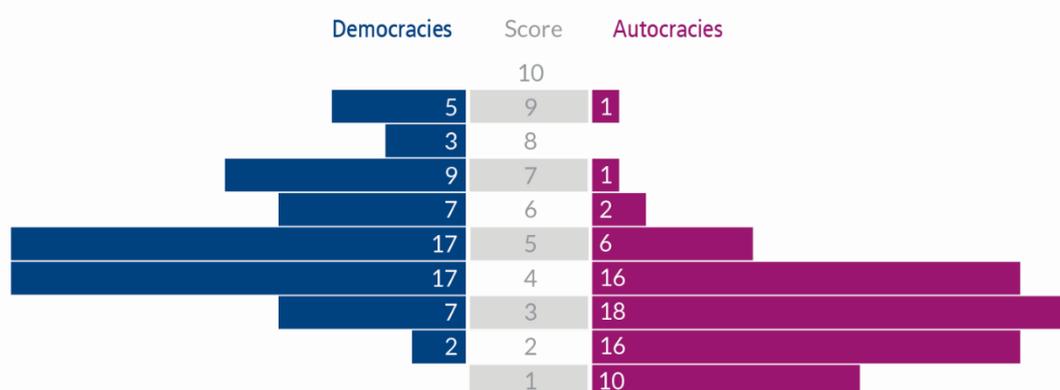
Always a central focus of the BTI, the outbreak of the COVID-19 pandemic brought the quality of governance even more to the forefront. The crisis has demanded that governments respond with flexible, evidence-based policies. It has required a capacity to act with moderation and foresight, while demonstrating credibility and the ability to adapt quickly to new realities. Yet only a handful of governments have passed this stress test convincingly. The individual BTI 2022 country reports analyze how well governments in 137 developing and transformation countries have navigated the crisis during the first year of the pandemic. In many cases, they identify a lack of governmental capacity or political will to respond effectively to the pandemic and its political, economic and social consequences.

Yet some governments have managed the crisis capably, demonstrating high-quality governance in doing so. Singapore, Taiwan and the United Arab Emirates stand out for having clearly prioritized measures designed to contain the spread of the virus, and for implementing these measures consistently. The Baltic states as well as Botswana and South Korea offer compelling examples of successful policy coordination. The Latin American democracies of Costa Rica, the Dominican Republic and Uruguay successfully leveraged their consensus-building strengths to ensure societal cooperation and constructive efforts between governing and opposition parties in policymaking. Several Asian and West African governments demonstrated their pliant capacity to learn from the past by leveraging their prior experience with the avian flu and the Ebola virus to combat COVID-19. States such as Ghana and Senegal also proved eager to engage in regional cooperation, coordinating their responses at an early stage of the pandemic.

By regional or global standards, these governments have demonstrated a strong capacity to steer their societies in the right direction while maintaining popular trust in their institutions. But it is precisely public confidence in government's ability to act with determination that has proved to be a rare commodity in recent years. In democratically governed countries, for example, public trust in political institutions and decision-making processes has declined significantly over the last 10 years. The level of commitment to democratic institutions demonstrated by political decision-makers has diminished over the same period. In several countries such as Benin, El Salvador, the Philippines and Tunisia, public frustration with poor governance has led to attempts to overcome institutional deadlock through undemocratic means, ultimately undermining the separation of powers.

However, the fact that authoritarian responses to such problems rarely deliver improved efficiency is often overlooked. Overall, there is an immense performance gap between democracies and autocracies, which the BTI has evidenced time and again over the years. For every well-governed autocracy, there are 10 other authoritarian governments that have proved strikingly inept. This is particularly evident in the area of anti-corruption policy, where autocracies score a significant 2.14 points lower than democracies on the BTI's 10-point scale, thus trailing substantially. Similarly marked differences between the two systems of government are found in the areas of policy coordination, resource efficiency, economic performance and social inclusion.

Performance gap: anti-corruption policies in democracies and autocracies

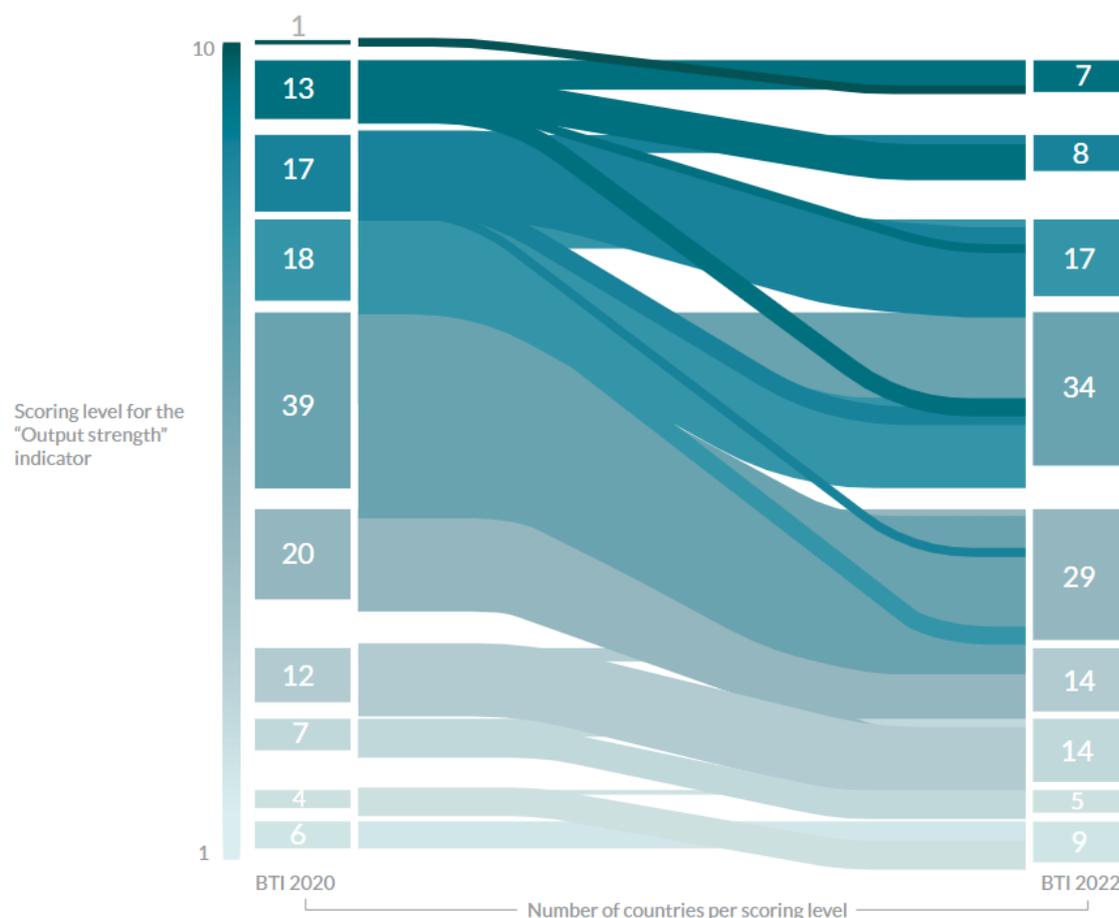


The pandemic’s economic and social consequences

The global economy, already marked by uncertainty and sluggish growth, has been severely damaged by the pandemic. Measures implemented in almost all countries, such as contact restrictions and lockdowns, significantly weakened global economic momentum and led to reduced demand for certain goods and raw materials. In many countries, this triggered significant declines in economic growth while also boosting unemployment and poverty rates. As significant spending increases were needed to bolster national health sectors, stimulate economies and cushion social hardships, there was also a rise in fiscal deficits and overall debt levels.

Well over half of all countries surveyed (78 out of 137) experienced such pronounced recessions that their overall economic performance scores in the BTI also declined. India, Panama and the Philippines (–3 points each) were hit particularly hard. Conversely, over the last two years, not a single country was able to improve its economic performance relative to the previous period. Ten years ago, the average economic performance score of all 128 countries surveyed in the BTI 2012 was 6.38 points. This average was only 5.98 points in the BTI 2020, and it has now plummeted to 5.28 points in the current edition.

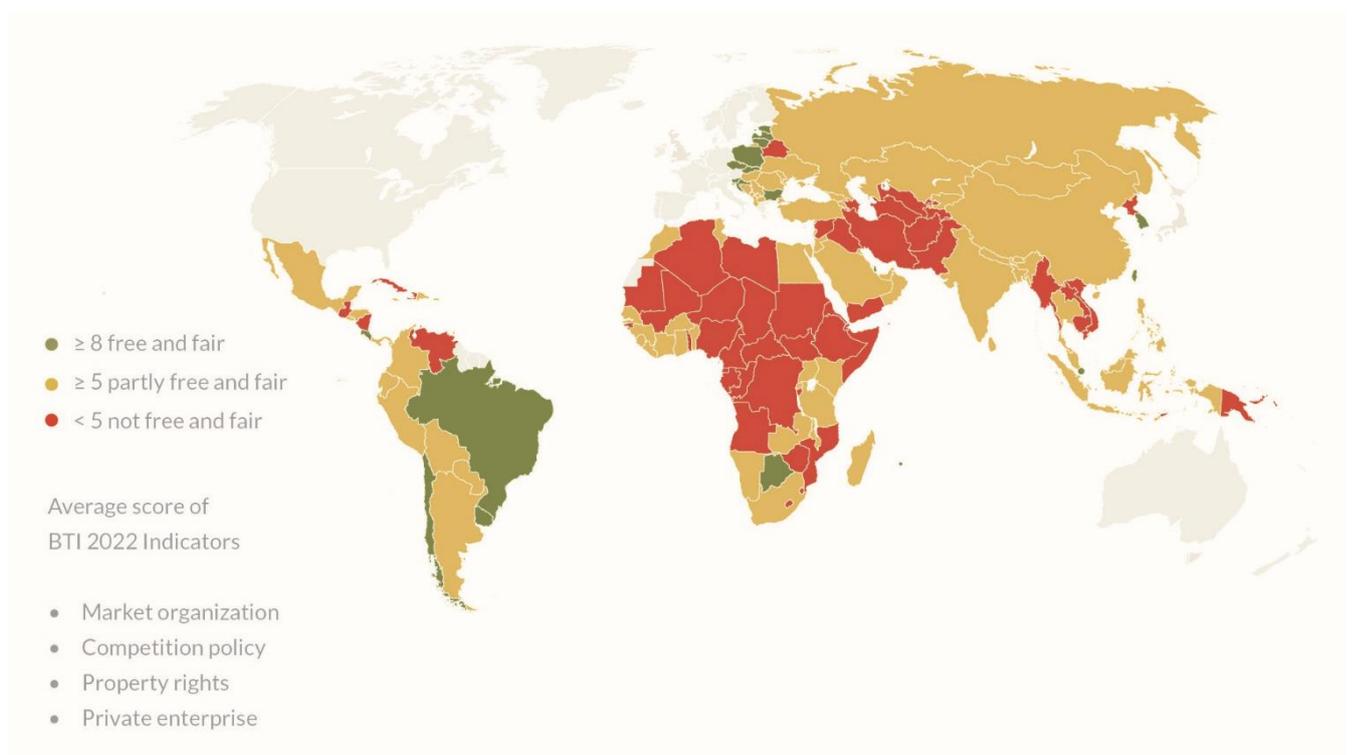
Economic performance crash



These slumps in growth led to declining revenues, which strained government budgets even as high levels of unplanned expenditures became necessary to support health care systems and cushion the pandemic's economic and social impacts. In many places, these additional burdens on fiscal stability fell upon countries that were already heavily indebted or over-indebted, which forced them to rely on the deferral, rescheduling or cancellation of debt by international creditors and financial institutions in order to avoid sovereign defaults.

The mostly negative changes in the overall state of economic transformation are mainly due to declines in growth and further reductions in fiscal stability. However, this also means that the pronounced structural deficits persist, which even before the pandemic limited the opportunities of broad sections of the population in many countries. This applies in particular to the regulatory economic framework. 50 countries (45 of which are autocratically ruled) have grossly competition-distorting economic regimes in which free and fair market access is not guaranteed. Moreover, these systems lack sufficient protection against price-fixing and the dominance of monopolies or cartels (mostly state-owned enterprises or enterprises linked to the political leadership), and there is not a reliable legal framework for the protection of private property. Market regimes are comparably weak and unfair in only five democracies – Guinea-Bissau, Lesotho, Niger, Papua New Guinea and Timor-Leste. Conversely, among the 20 countries that offer virtually unrestricted economic freedom and fairness, the only autocracies are Qatar and Singapore.

Freedom and fairness of markets



The corona-induced economic decline has had an impact on the levels of poverty and inequality in most developing and transition countries, although the BTI 2022 numerical assessments can only partially capture these socioeconomic consequences of COVID-19 to date.

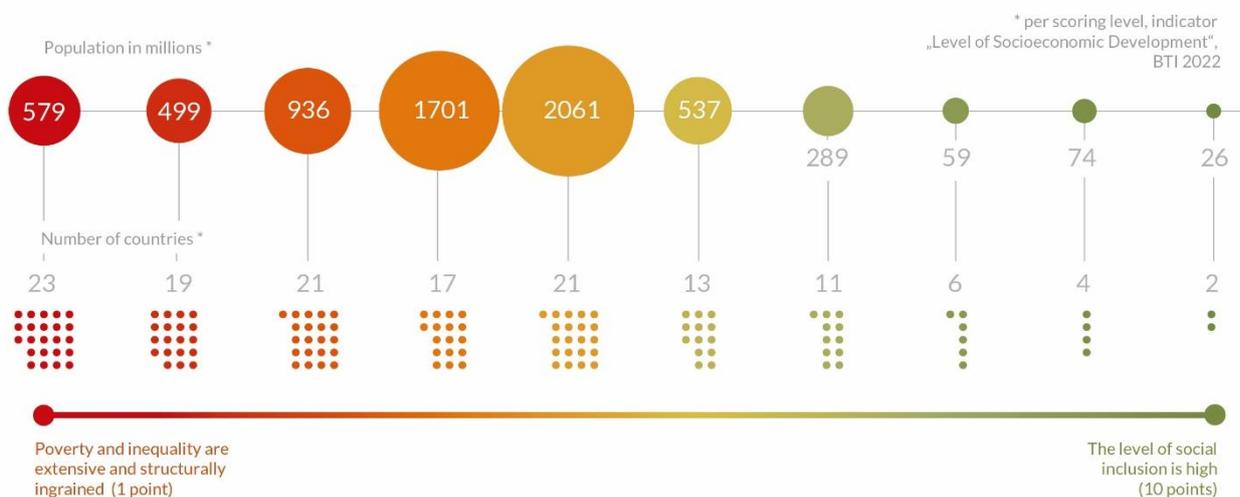
Most countries lack the financial means, and often the political will, to counteract impoverishment and social exclusion by expanding their often inadequate social security systems. As a consequence, they were only able to cushion the impact of the pandemic and its consequences to a rudimentary degree at best. While many emerging markets and developing countries used social transfers to mitigate the negative income effects of the pandemic, particularly as unemployment rates rose, these programs have been far too limited to fully offset the actual income losses. An aggravating factor, especially in countries with low or very low incomes, is that welfare-state systems generally cover only a minimal share of social risks and a small proportion of the population.

Much the same is true of the education systems, which have not been expanded quantitatively or improved qualitatively in years and, on average, remain at the same level they were at a decade ago. In this case, as well, the pandemic has threatened to exacerbate existing conditions. However, the full impact of this will only be felt in the medium to long term, when the effects of widespread and prolonged schooling disruptions start to be felt.

Fully 80 of the sample's 137 countries now display massive, structurally anchored social exclusion, with a level of socioeconomic development accordingly assessed at four points or less on the BTI's 10-point scale. Alongside this growing inequality within societies, inequality between countries is also rising again for the first time in a generation of intensified globalization. Moreover, overall poverty rates, which have declined in recent decades, are now showing a steep rise.

Poverty and inequality structurally ingrained

Level of socioeconomic development



Polarization and rising conflict intensity

In recent years, the socioeconomic disruptions described above have contributed in several ways to a weakening of social cohesion. Persistent social marginalization undermines people's faith in the prospects for overall societal development while diminishing their confidence in the government's competence and increasing their skepticism that those in positions of political responsibility intend to engage in reforms. This does not necessarily call into question the legitimacy of the state, but rather its capacity to engage in reform and provide its population with the services it needs. As a result, socioeconomic exclusion contributes to a greater turn toward particularistic, non-state forms of organization as well as toward ethnic, religious or clan-based identities.

On the other hand, the promotion of specific dominant identity-based interests has increasingly been used to legitimize rule, with religiously based patterns of polarization playing a particularly important role. The regimes in Hungary, India and Turkey, in particular, have instrumentalized identity politics in a polarizing way. The right-wing populist course taken by Hungarian Prime Minister Viktor Orbán explicitly derives its national-conservative, minority-excluding character from the country's Christian culture. In India, Prime Minister Narendra Modi's Hindu nationalism is undermining the pluralistic and secular foundation of the multiethnic state in addition to exacerbating conflicts with the Muslim minority using ethnocentric measures, such as the new citizenship and immigration law and the abolishment of Kashmir's autonomous status. And Turkish President Recep Tayyip Erdoğan's authoritarian Islamism is directed against the followers of the Gülen movement, who have been declared enemies of the state, as well as the Kurdish minority.

Given these increasingly identity-based, polarizing and exclusionary trends, the intensity of conflict has risen significantly in many countries. On the one hand, rifts between societal groups, drawn along ethnic, religious or other social dividing lines, have deepened. On the other, an increasing number of discredited dictators are using their state security apparatuses to engage in brutal repression and hold on to power at all costs even in the face of mass demonstrations. This was the case in Belarus, for example, both during and after the review period.

Dwindling consensus

This significant increase in conflict intensity is closely tied to the sharp declines in governance performance in the area of consensus-building, both in the last two years and over a longer period of time. The quality of conflict management, in particular, declined again over the last two years, as more and more governments have proved unable to prevent conflicts from escalating or have even deliberately fanned polarization and exacerbated conflicts for their own political advantage.

Sharp decline in the quality of conflict management, BTI 2006-2022



Number of countries per scoring range. Depicted are only those 118 countries continuously assessed since the BTI 2006

In 28 countries, governments decreased their conflict de-escalation efforts and showed a declining willingness to engage in mediation while also increasingly excluding civil society from political deliberation and decision-making processes. Over the last two years, this has been most evident in Poland, where the government has undermined coordination processes that involve social partners and subjected international support for civil society organizations to official scrutiny. However, opportunities for civil society participation also declined sharply during the review period in Brazil, El Salvador, India and Sri Lanka.

Viewed over the period since the beginning of the last decade, the most precipitous declines in consensus-building have come in the indicators measuring agreement on transformation goals and the exclusion of anti-democratic actors. Average global scores here have fallen strikingly, in each case by more than half a point on the 10-point scale. This has been echoed in similarly declining scores for the commitment to democratic institutions among the most important political actors. During the current review period, the average score on this indicator fell by 0.36 points among the sample’s 67 democracies. The strongest factor undermining democracy over the last two years has been the reduction in active efforts by significant parts of the political elite to stabilize and support the democratic order or even the outright refusal to engage in such activities.

Strong democratic institutions and consensus-based governance are closely intertwined. This is also true on the international level, where the BTI has been recording an erosion of regional cooperation, the effectiveness of international agreements, and the credibility of their signatories for years. What is particularly problematic about this retrograde trend is that regional powers, such as Turkey and Iran, and influential regimes, such as China and Russia – all of which have seen significant declines in the BTI over the past decade – are showing disregard for an international regime built on trust and cooperation, eschewing any attempt to engage in a consensus-based diplomatic approach. Given the multitude of regional and global challenges, this turn away from international cooperation and multilateralism promises to make it even more difficult to bring about a peaceful and cooperative transformation.

About the BTI

Since 2004, the Bertelsmann Stiftung's Transformation Index (BTI) has regularly analyzed and evaluated the quality of democracy, economic performance and governance worldwide. The current sample includes 137 developing and transformation countries. The assessment is based on detailed country reports that in sum exceed 5,000 pages in length, produced in cooperation with more than 280 experts from leading universities and think tanks in more than 120 countries. The review period for the current edition was from Feb. 1, 2019 through Jan. 31, 2021. The BTI is the only international comparative index that measures the quality of governance using self-collected data and offers a comprehensive analysis of political management in transformation processes.

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