

Governance

The deepening divide between rulers and the ruled

Increasing societal polarization and extremist radicalization, economic crises, growing social inequality and ever-more-complex global developments pose wholly new challenges for policymakers' transformation management. Many citizens are losing trust in their governments and, at the same time, expressing growing discontent that political and economic elites seem more likely to cause rather than work to resolve problems. Policymakers have all too often responded by isolating themselves internally and externally, seeking to safeguard their own power. More so than ever, we face an urgent need to recalibrate governance and to conduct an inclusive discussion on the future of prosperity, social progress, and political and economic participation.

At first glance, global efforts to manage change as reflected in the BTI 2018's data appear to have yielded sobering results: Around half of the 129 transformation and developing countries surveyed were governed more poorly between February 2015 and January 2017 than was the case two years before. Considering only changes of at least 0.25 points, the quality of governance in about a quarter of all countries lies below the level attained in the BTI 2016 survey, while only one-eighth of the country sample was able to improve over the same period. At 4.83

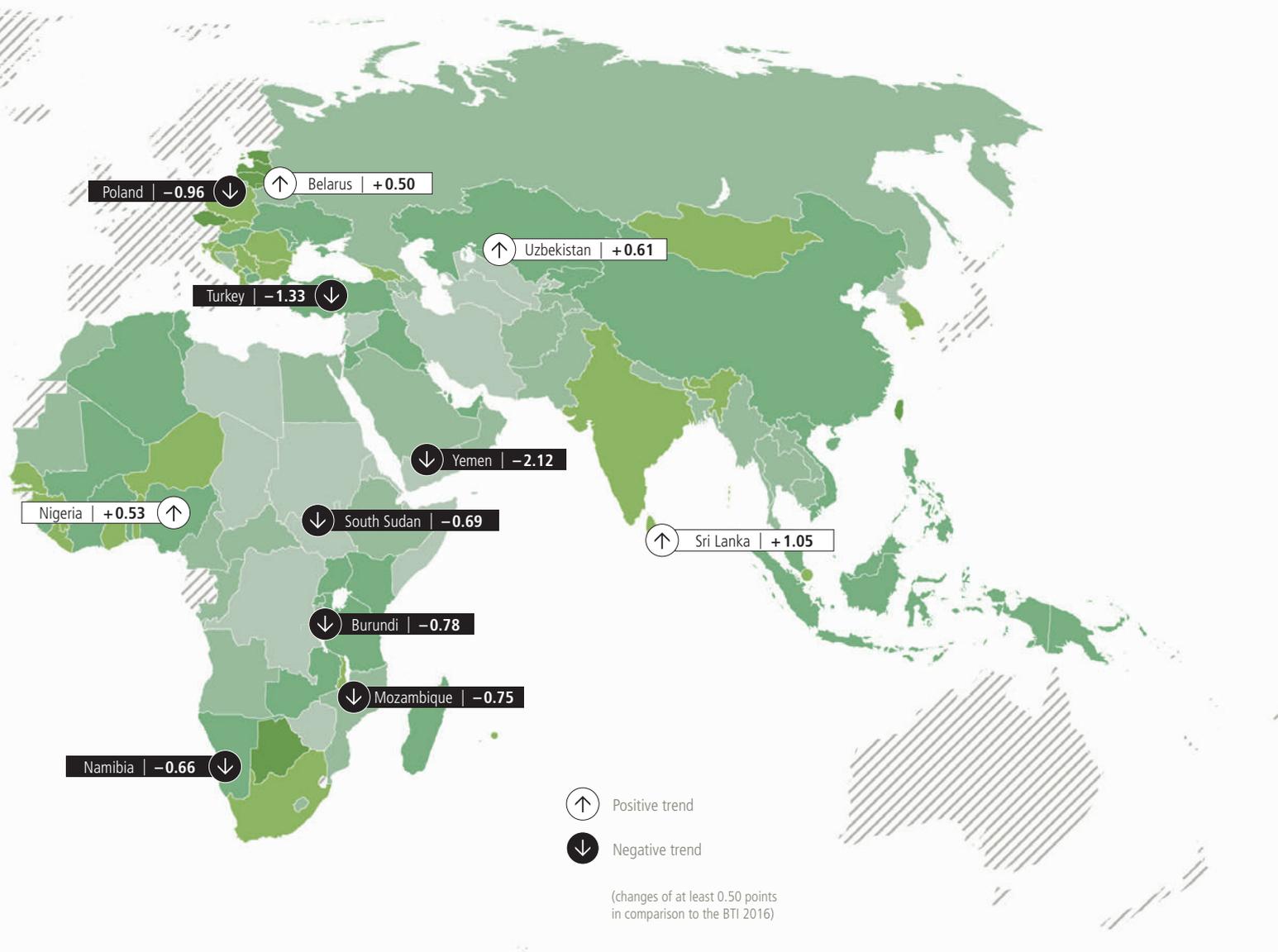
points, the global Governance Index average for the 118 countries that have been continually assessed since the BTI 2006 has fallen to its lowest level in the past 12 years.

At the same time, the last ten years have been defined by efforts to cope with one of the largest global financial and economic crises in recent history, declining commodities prices, increasing instability and mounting societal fragmentation. Against this background, the results may indicate more resilience than might have been expected. Of the 39 countries the BTI acknowledged as already show-

ing good or very good governance in 2006, 30 – thus, three-fourths of the total – also fall into one of these two categories in the BTI 2018. The quality of governance has declined by two categories in only one country (Mozambique). Nine governments, including five in Latin America (Argentina, Bolivia, Colombia, Paraguay and Peru), two in Southeast Europe (Albania and Serbia), and one in South Asia (Sri Lanka), have been able to improve their moderate governance scores since the BTI 2006.

Unfortunately, the group of states whose governance is categorized as weak or even





failed is similarly stable. Three-quarters of these countries – 31 of 42 – are governed at the same (poor) level as was the case 12 years ago. However, 11 countries have shown significantly better governance performance in the BTI 2018, including two (Guinea and Liberia) that have been able to close ranks with the leading group.

This small leading group of eight countries has exhibited strikingly consistent governance quality, with each falling into the category of very good transformation management. Botswana, Chile, Estonia (leading the Govern-

ance Index in first place for the first time) and Taiwan have numbered continuously among this category in each of the eight BTI editions. The governments in Lithuania and Uruguay, too, have repeatedly been able to reaffirm their high performance level for many years, while the Czech Republic and Latvia have reached this level for the first time. As previously, it is primarily smaller countries that are demonstrating outstanding performance in governance. Among the 20 best-governed countries in the BTI, only one country – South Korea – has more than 50 million residents.

However, the group of seven states showing significant governance progress of at least half a point since the BTI 2016 includes Argentina, one of the sample's largest countries, and Nigeria, one of the sample's most populous countries. Argentina even leads this group with a gain of a full 1.22 points. Breaking with Cristina Kirchner's confrontational style of politics following his 2015 election, President Mauricio Macri proved successful primarily thanks to improvements on his predecessor's steering capability and a higher degree of resource efficiency. These factors,

along with the government's more pragmatic, solution-oriented approach to economic development, also contributed to Argentina's improved international credibility.

Ecuador's progress (+0.53 points), too, is largely based on a turnaround in the area of international cooperation. The country's deep economic crisis and the loss of strategic partners, such as Argentina, Brazil and Venezuela, prompted President Rafael Correa to strike a more moderate tone and exercise greater pragmatism. The conclusion of a free-trade agreement with the European Union proved an important milestone. Although starting from a more modest level, Belarus' governance-performance improvements (+0.50) are also attributed to international factors. In the course of his deft maneuvering between the European Union and Russia, Belarusian President Alexander Lukashenko again drew somewhat closer to the West, a move driven in large part by economic concerns. A partial easing of repressive measures against civil society and the release of all political prisoners in the fall of 2015 led the EU to lift previously imposed sanctions.

Change of government lies behind the progress made in Nigeria (+0.51), Sri Lanka (+1.05) and Uzbekistan (+0.61). For the first time in Nigeria's history, a peaceful transfer of power took place through the ballot box. Particularly during his first year in office, new President Muhammadu Buhari demonstrated notable success in combating the Boko Haram Islamist terrorist militia while

strengthening regional cooperation with neighboring states in the fight against terrorism. The smooth transfer of power also yielded positive effects on the country's credibility within the international community. However, Nigeria continues to grapple with wide-reaching problems. The country remains mired in its largest economic crisis in 30 years, and the campaign promise to fight the country's endemic corruption more determinedly continues to be unfulfilled.

In Sri Lanka, President Mahinda Rajapaksa suffered an unexpected electoral defeat. His successor, Maithripala Sirisena, has taken some steps to reverse the erosion of democratic institutions and announced during the election campaign that he would push more strongly for reconciliation with the Tamil population. However, many of his promises are still not fulfilled. In Uzbekistan, the death of President Islam Karimov, who had held office since the country's 1991 independence, led to a remarkably peaceful transfer of power. Given this state's autocratic nature, new President Shavkat Mirziyoyev's introduction of cautious administrative reforms and a tentative economic liberalization proved surprising.

In all 10 countries in which governance has significantly deteriorated since the BTI 2016, there was also a considerable decline in the quality of democracy. From a comparative perspective, the smallest such political setback occurred in Brazil, where the weakening of democratic institutions was linked

to a near-complete paralysis of the government, and in Namibia, where deteriorations in the rule of law were associated with incoherent governance and rising administrative inefficiency. In all other countries within this group, the governments' primary focus on the consolidation or retention of power led in differing degrees to the further erosion of democratic processes and institutions – up to the point of autocratic regime change in Mozambique and Nicaragua, and a massive regression in democratic achievements in Poland and Turkey.

High conflict intensity and increasing societal polarization

In Burundi (–0.78 points), South Sudan (–0.69) and Yemen (–2.12), declines in governance performance have appeared in combination with political violence, civil war or civil war-like conditions, thus further complicating future governance. These three countries exemplify a trend also documented by the BTI 2018 as a whole: The intensity of social, political, ethnic and religious conflicts is increasing. As a global average across all countries continuously surveyed since the BTI 2006, conflict intensity has gone up by 0.50 points – a marked jump on the 10-point scale, and one of the strongest shifts in the assessment of any single BTI indicator as a global average.

The perception, particularly strong in Europe, that internal societal conflicts are

Demands on governance increase due to increasing polarization within societies



- Very low conflict intensity: relatively low societal polarization
- Medium intensity of conflict: social divisions are clearly noticeable
- Very high intensity of conflict: war, civil war or widespread violence

playing out with increasing violence is also tied to the fact that troubled hotspots have drawn significantly nearer to the Continent. For example, in comparison to 2006, the Middle East and North Africa has seen by far the greatest increase in armed conflicts. Violence has escalated in Libya, Syria and Yemen, reaching the steadily high level of Iraq and Sudan. In addition, from the European point of view, the ongoing territorial conflict between Russia and Ukraine confirms the feeling of increasing instability. By contrast, the countries in which conflicts have been successfully resolved or where violence levels have at least been significantly contained lie farther outside the European periphery. This latter group includes Côte d'Ivoire, Liberia and Rwanda on the African continent, as well as Colombia, Nepal and Tajikistan.

Fourteen of the countries surveyed by the BTI are marked by conditions of war or civil war. This number has barely budged in the last decade. The increase in conflict intensity measured by the BTI has been driven to a much greater degree by an increased polarization that falls below this threshold, but is observable in nearly all regions of the world. In the BTI 2006, social, ethnic and religious tensions were assessed as being at a very low level in around 40% of the sample's countries. This figure has fallen to 26% in the BTI 2018. In between the groups of countries with the highest and lowest conflict intensity are the 72 countries where domestic social cleavages have become significantly more salient, even if violence has overall broken out only sporadically, and radical political actors have met with only limited success in mobilizing large shares of the population along these lines of conflict. Rather than coming in a sudden leap, increases in conflict intensity have often taken place gradually, starting from a relatively low level. Yet today, such conflict is simmering more strongly than was the case 12 years ago, with social, ethnic and religious divisions more visible. This is particularly true for South and East Africa, even beyond the countries currently mired in civil war. The greatest increase in conflict intensity has taken place in countries such as Burundi, Mozambique, Tanzania and Zimbabwe. Yet even the two regions with the lowest levels

of conflict intensity worldwide have been caught up in this trend, if still with significantly less visible effects. In nearly half of the countries of East-Central and Southeast Europe, societal conflict lines are more evident today than they were a decade ago. In Latin America, too, at least nine of the 21 countries surveyed have shown an increase in this area, most markedly in Mexico and Venezuela, and less strikingly in Brazil and Honduras.

Without a doubt, the pressure on governments and power elites has increased in many places. The reasons for this rising intensity of conflict within societies differ in their magnitude and characteristics, at times significantly; nevertheless, there are resemblances between individual aspects and combinations of the deepening social divisions. The conflicts most strongly marked by violence (such as those within the Horn of Africa and the Arab world) often take on a pronounced ethnic, social or religious character against the background of fundamentalist terrorism and struggles over resources, generally in combination with weak statehood and often with a long history of violent clashes. In states in which the violence has not yet escalated to the point of civil war, internal power struggles between the political elites in conjunction with economic crises and diminishing resources often exacerbate pre-existing lines of conflict. In recent years, the long persistence of difficult economic conditions, which in many states has led to severe cuts, has also deepened socioeconomic cleavages between individual population groups. Governments' lack of responsiveness to their citizens' expectations, as well as ongoing mismanagement, rampant corruption and clientelism, have in many countries led to deep frustration with the established political leadership and even a crisis of trust, with the mounting polarization manifesting along new or old lines of conflict.

Power elites often exacerbating conflicts

Policymakers' responses to the challenges posed by an increased propensity for violence and aggravated conflicts within society have to date been wholly inadequate.

Achieving efficient and long-term-oriented governance would urgently require greater inclusivity, an accommodation-focused consensus-building process, and increased responsiveness by political elites. However, the BTI 2018's findings indicate that a majority of governments have not sufficiently intensified their efforts in these areas. Indeed, the opposite is often the case. Scores for consensus-building and international cooperation, the two BTI criteria assessing governments' willingness and ability to expand inclusion and dialogue, have declined as a worldwide average since the BTI 2006. Rather than increasing dialogue in order to moderate antagonistic viewpoints, many governments facing mounting conflict appear instead to be choosing an approach of internal and external isolation.

This is most evident in the assessment of political actors' capability to engage in effective conflict management. No other aspect of governance has seen such significant declines in quality over the past 12 years (-0.61 points). In 57 of the countries surveyed continuously since the BTI 2006 – thus, nearly half the entire country sample – governments are today less able or less willing to moderate societal conflicts. In no region is this negative trend so pronounced as in the Middle East and North Africa, where the average level of conflict intensity is already the world's highest, and a spiral of violence is thus being perpetuated. Governments' average capacity or willingness to moderate conflicts in the region has declined by 2.63 points since the middle of the 2000s. Moreover, no other region has proportionately as many governments that not only make no contribution to resolving societal conflicts, but even deliberately drive their escalation. In nine of the 16 countries, power elites apparently have an interest in deepening social cleavages or keeping the existing trenches open. This is certainly true not only of Bahrain, whose loss of six points represents the greatest decline worldwide since the BTI 2006, and where the brutal attacks on the Shi'ite majority population continued unabated during the current review period. Indeed, regimes in Libya and Syria have also pursued a further escalation of violence. In countries such as Egypt and Sau-

di Arabia, where domestic societal conflicts have also intensified significantly, governments have also shown no interest in accommodating opposing forces, instead renewing their focus on polarization as a strategy for retaining power.

During the current BTI survey period, Turkey's government pursued this strategy in particularly obvious ways. President Recep Tayyip Erdoğan has engaged in a polarizing and confrontational governing style toward activists and supposed sympathizers of the Gülen movement, which, following the coup attempt, was newly declared to be a state enemy of regime-defined "national interests" (along with the PKK, which is also deemed a terrorist organization). This has served to mobilize and indoctrinate the government party's own supporters while excluding all political rivals. In Burundi, which in comparison to the BTI 2016 has also lost three points in the area of conflict management, President Pierre Nkurunziza's controversial candidacy for an extraconstitutional third term in office sparked fierce protests. In the ensuing confrontation, the president deliberately focused on the conflict's ethnically charged dimension, and maintained this course even following his electoral victory. As the country report notes, this is all the more tragic given that, in recent years, the issue of ethnic differences had played an increasingly less dominant role in the political discourse. This had been deemed a success for a political system deliberately structured to accommodate ethnic differences following the end of the civil war in 2005. However, the BTI report also noted critically that socioeconomic and political conflicts underlying the ethnic dimension (including huge contrasts between an urban and relatively well-off stratum and an impoverished rural population, and the concentration of power in the hands of a small elite that fosters clientelism and corruption) have never been seriously addressed.

Overall, the situation in sub-Saharan Africa is only slightly better than that in the Middle East and North Africa. Governments' willingness and capability to moderate societal conflicts has declined in 21 of the 38 countries surveyed there since the middle of the 2000s, with the most significant losses com-

ing in Eritrea and Mali. However, the extent of the deterioration varies considerably between the African subregions. In the West African countries, the ability to relieve societal tensions has fallen less than in many South and East African countries despite a high level of conflict intensity and significantly intensified challenges due in part to increasingly aggressive religious extremism. While numerous governments in South and East Africa were still pursuing a proactive policy of de-escalation and seeking consensus between various groups in 2006, conflict management in countries such as Kenya, Madagascar, Namibia, Tanzania and even South Africa is today significantly less successful.

The diminishing efforts or capabilities among governments to engage in effective conflict management are even more evident in the two regions that continue to exhibit the best average governance performances. In Latin America and East-Central and Southeast Europe, most political actors are not regarded as systematically and actively contributing to the escalation of existing societal conflicts, except in Bosnia-Herzegovina and – to a greater degree – Venezuela. However, the climate has become considerably harsher in the last several years, with political styles in many countries becoming more confrontational. In both regions, the governments face the challenge of cushioning the increasing social segmentation that has been triggered in large part by the transformations of the past decades. This is in turn taking place against the background of economic problems that have persisted since the global financial and economic crisis, increasing frustration within every stratum of the population that sees itself as having fallen behind in the changes since the beginning of the transformation processes in the 1990s, and rising demands for more investment in areas such as education, health care, internal security and social justice. Citizens' desire to hold their governments more accountable and to end the tolerance for continued corruption and clientelism has been expressed in protests against the political establishment.

Currently, the BTI attests to the fact that Latin American governments are more successful in dealing with these conflicts. At 6.19

points, the average score for this indicator remains at exactly the same level as in the BTI 2006. Declines have been strongest in Brazil and Mexico (each registering losses of two points). In Brazil, persistent political infighting has exacerbated polarization, and the now strongly politicized fight against the systematic corruption has swept up broad swathes of the political elite. At the same time, strict austerity measures are threatening to roll back the past decade's social achievements. Due to the economic crisis and the precarious state of internal security, Mexico's President Enrique Peña Nieto has been increasingly less successful in moderating neglected societal groups' discontent with the political system and prevailing economic model. However, while five countries show a lesser capability and willingness to engage in conflict management than in 2006, improvements are evident in eight countries. This latter group includes Cuba, where Raúl Castro has proved more successful than his brother in building bridges to communities of faith, such as the Catholic Church, and, more recently, Argentina, where Mauricio Macri has sought to replace his predecessor's confrontational leadership style with more dialogue and the formation of new issue-driven coalitions.

In East-Central and Southeast Europe, the average regional score for conflict management is even somewhat higher, at 6.87 points. However, given a deterioration of 0.60 points since the BTI 2006, the gap between the two regions has narrowed significantly. Numerous governments are acting in a distinctly more confrontational manner and are less inclusive than in the middle of the 2000s. This is in large part because the European crises and domestic processes of societal stratification have offered mobilization opportunities to numerous new parties and movements that present themselves as alternatives to established political elites discredited by abundant cases of corruption. Populist and right-wing nationalist parties have made themselves into advocates for groups in society that have been decoupled from Europeanization, and have used this as a platform to enter parliaments. In contests with the established parties that have adopted their populist-patterned arguments and mobilization

strategies, they have contributed to a harsher tone in the political discourse and the polarization of political competition in a number of the region's countries.

However, it is the Hungarian government that has most clearly retreated from efforts to engage in moderation and de-escalation (-3 points). The Fidesz government has succeeded in reinterpreting interest-based conflicts in identity-based terms and, in doing so, has mobilized support for its own course and excluded political opponents. In this regard, the government has made use of a nationalistic and euroskeptical narrative, thereby exploiting widespread anxieties regarding Muslim migrants that have grown in particular since

the EU refugee crisis. Poland's nationalist-conservative PiS party has pursued a similar strategy since its electoral victory in the fall of 2015, as has the Slovakian government. In Macedonia, the polarization of the political contest between government and opposition has been additionally accentuated by an ethnopolitical dimension.

Internal and external isolation

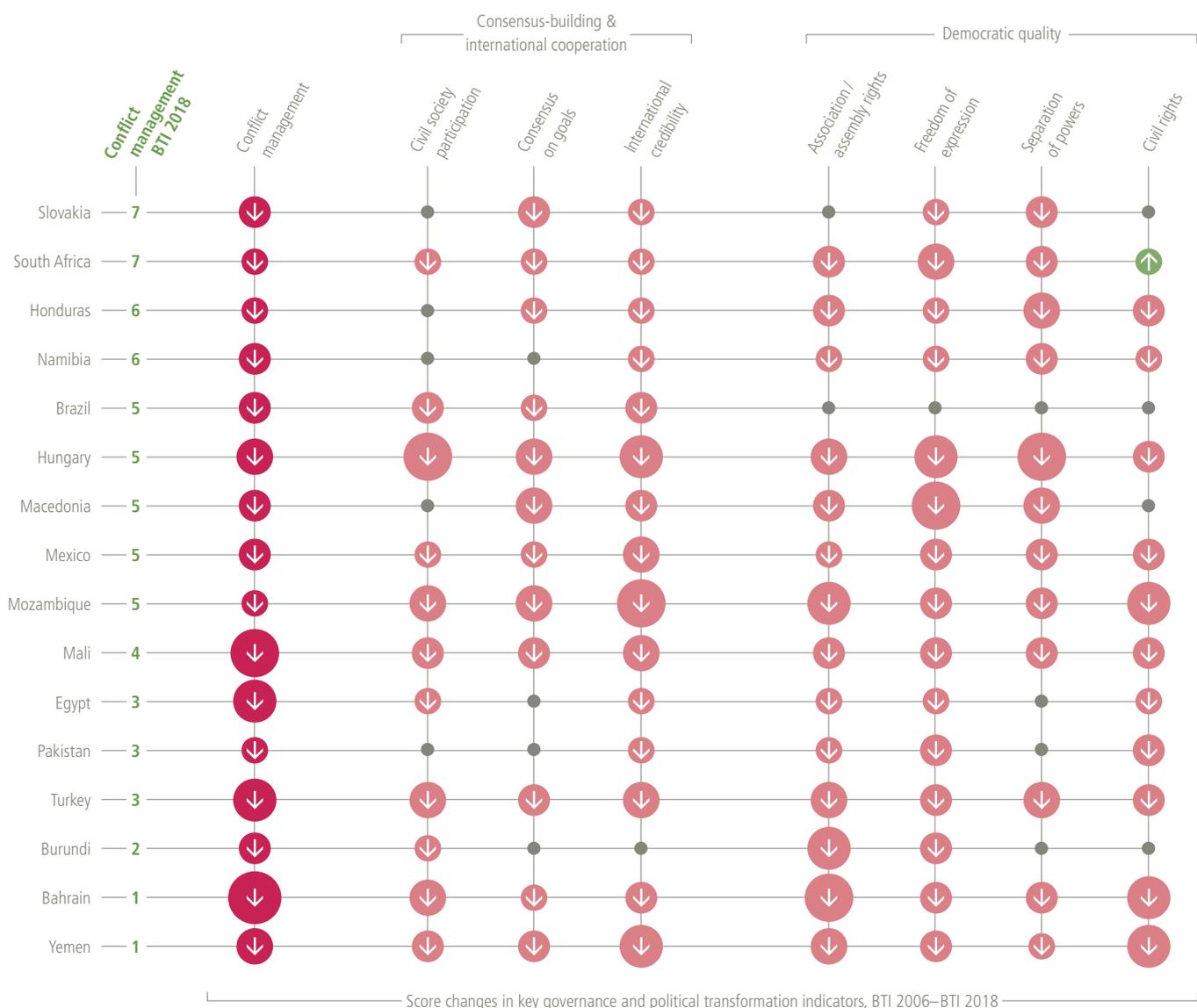
The governments' declining capability and willingness to engage in moderation and dialogue in Hungary, Macedonia and Poland vividly illustrate three corresponding

downward trends in other aspects of transformation that are evident in virtually all states where conflict-management efforts have waned over the last 12 years.

First, as a general rule, all of the consensus-building indicators tend to be incorporated in the negative conflict-management trend. Where the inability or disinclination to moderate conflicts rises, political actors' consensus on transformation goals also erodes, civil society is less often included in political decision-making processes, and the influence of anti-democratic actors increases.

For example, the ambiguity regarding the goals and priorities of transformation processes has increased nowhere as strongly as

Failures to effectively manage societal conflicts often go hand in hand with declines in consensus-building, international credibility and quality of democracy



in East-Central and Southeast Europe. The average regional score for consensus-building among actors has declined by 0.35 points since the BTI 2016, while the score for leaders' ability or willingness to curtail anti-democratic influence has fallen by a full 0.41 points. To be sure, this does not mean that the two guiding concepts of democracy and a market economy are questioned in a fundamental sense. Despite the regressive trends, only Macedonia has to date fallen under a score of seven points, a level that presupposes a general agreement regarding transformation goals. However, disagreement regarding the strategies for pursuing these goals is growing, especially in Hungary, Macedonia and Slovakia, but recently also among leaders in Poland. These countries' governments are pursuing policies focused on consolidating their power and tend to regard any opposition as inimical to their aims. This trend is increasingly compromising the foundations of the democratic institutions created after 1989.

Second, dwindling conflict-management capabilities are often accompanied by constraints placed on political participation and the rule of law. Governments that curtail the freedoms of speech, assembly and the press as well as undermine the separation of powers – particularly through attacks on the independence of the judicial system – shield themselves from undesired opposition criticism. Moreover, as the space accorded to civil society engagement narrows, its participation in the political process declines in consequence. This observation also applies in the reverse case: An improvement in conflict-management capabilities nearly always goes along with greater political participation and the strengthening of rule-of-law based principles and institutions, as is evident in the examples of Colombia, Liberia and Tunisia.

Third, the governments increasingly isolate themselves not only internally, but also externally. As a global average, the criteria of international cooperation remains the highest-rated aspect of governance by some distance, with a score of 6.60 points. Nevertheless, with a loss of 0.22 points over the past 12 years, it has shown the strongest declines of all four Governance Index criteria. West and Central Africa represents a positive

regional exception. Countries here have used international support relatively effectively for their own development agendas and the fight against militant Islamism, and have additionally benefited from stronger regional cooperation. However, the indicator of credibility bears primary responsibility for the global declines; indeed, nearly one-half of all countries surveyed by the BTI have lost ground here in the past 12 years. A total of 59 countries are today regarded as less reliable partners than previously and are less actively engaged in multilateral and international initiatives, while only 30 governments have been able to improve their international standing.

The greatest fall in scores have been experienced by erstwhile model country Mozambique and the Central Asian Tajikistan, each showing a decline of five points. Both countries have fallen out of favor with the international community due to corruption associated with opaque credit dealings. In Tajikistan, the regime has also repressed political opponents, and has been accused of serious human rights violations. Other states with plummeting scores include Hungary (–4), Mexico, Russia, Turkey (all –3), Brazil, Kenya (–2), the Philippines and South Africa (–1). Within this group, a dwindling engagement in international relations has been accompanied by increasing reluctance to accommodate domestic societal interests, along with backward steps with regard to political participation and the rule of law. Of particular consequence is the fact that, precisely at a time when increasing interconnectedness and the deepening complexity of global problems is rendering intensified international cooperation urgently necessary, the capability of influential state governments to take on a peaceable and reliable role in this process is weakening.

The attraction of populist-authoritarian leadership: Do “strong men” govern better?

From Erdoğan and Duterte to Orbán and Kaczyński – it is above all the so-called strong men who are currently making headlines with their populist-authoritarian leadership styles, hard-line domestic policies and ener-

getic appearances abroad. These figures do little to accommodate interests or develop consensus among a broad base of stakeholders. Rather, they systematically drain the resources of a critical public sphere and discredit democratic processes and institutions, insofar as they still exist. They claim to be able to define and implement the popular will, and declare political opponents to be enemies of the state. Given the turbulent world conditions, the control over their countries' fates seemingly exercised by established autocratic rulers, such as Vladimir Putin or Xi Jinping, unimpeded by complex domestic social conflicts that might interfere with a strong governing hand or the retention of power, appears to exercise a certain attraction – for politicians as well as voters. In many countries, mismanagement, clientelism, insufficient responsiveness and a lack of services have comprehensively discredited the political and economic establishment in the eyes of the population while amplifying doubts as to the functioning of politics. Many political parties and movements have exploited this crisis of trust, settling firmly on an anti-establishment rhetoric that promises to drive corrupt, solely self-enriching elites from office and better fulfill citizens' wishes and needs.

But do “strong men” in fact succeed in achieving their most grandiose claims and governing better in the interests of the citizens? With its steering capability and resource efficiency criteria, the BTI analyzes precisely those qualities of governance associated with implementing reforms effectively and using existing resources for the greatest impact. Thus, these criteria examine the internal processes involved with setting long-term priorities in targeting democracy and inclusive economic development. In addition, they assess the coherency of policy implementation, the efficiency with which budgetary resources and administrative capacities are utilized, the quality of efforts to combat corruption at all levels, and policymakers' flexibility and adaptability in the face of changing conditions or when reforms fail.

To date, BTI findings in this area do not point clearly in favor of the “strong men”; indeed, the results are sometimes even devastating in this regard. For example, despite

having a solid majority in parliament and enjoying broad support within at least a portion of the population, the Hungarian government has shown greater steering-capability and resource-efficiency declines than that of any other country surveyed by the BTI as compared with 12 years ago. To be sure, the country report attests to the great political skill in consolidating power of Fidesz, the governing party. Yet this has come at the cost of conceptual clarity and the quality of planning and implementation. Long-term goals and strategic planning beyond the goal of power retention have been broadly neglected. Moreover, the centralization of decision-making processes within narrow government circles and the increasing lack of governance transparency, particularly with regard to the allocation of public funds, have led to serious increases in corruption and clientelism.

While Hungary's greatest score declines took place predominantly in the BTI 2012, it is the Turkish government that shows the greatest setbacks in the areas of steering capability (–1.3 points) and resource efficiency (–1.7 points) in the current BTI. The methods here resemble those used in Hungary. At least since the 2015 parliamentary election, and even more strongly after the 2016 coup attempt, the AKP government under Erdoğan has subordinated all other objectives to the strategic goal of power consolidation and the successful passage of the referendum. The implementation of important reforms has been delayed, and the further prosecution of AKP members suspected of corruption was abandoned with the suggestion that the allegations were in any case part of a conspiracy by the Gülen movement.

In Poland (which was still among the top five countries in the BTI 2016's Governance Index) and in the Philippines, consensus-building and international cooperation have declined more significantly than have steering capability or resource efficiency since the government changeovers. In the first few months after taking office, both the PiS government in Poland and President Rodrigo Duterte in the Philippines took broad steps to implement their electoral promises. In Poland, this meant the abandonment of strict austerity policies in favor of social

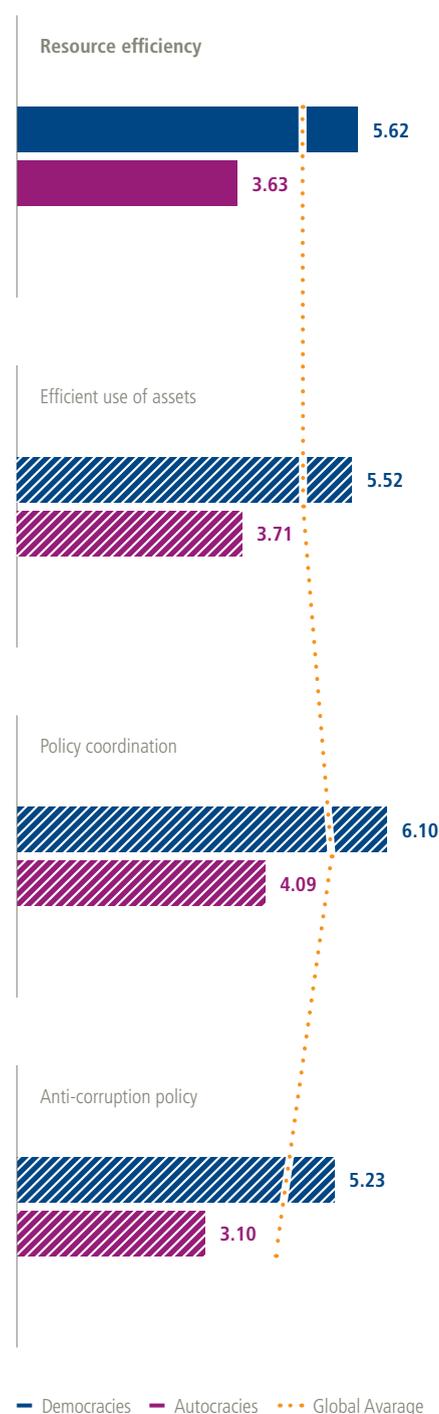
transfers, especially for pensioners and families, and in the Philippines, greater efforts to combat corruption. However, the fact that the Polish reforms were relatively haphazard and were carried out without genuine parliamentary debate indicates that the increasing concentration of power in the government and the implementation outside established democratic institutions could erode steering-capability quality in the medium term. In the Philippines, the first months of Duterte's erratic governing style – as assessed in the BTI country report – have already had a particularly negative impact on consensus-building and regional cooperation. Moreover, the war on drugs, with its numerous extrajudicial executions and virtually uncontrollable increase in the number of actors, threatens to further undermine an already weak state monopoly on the use of force.

In these cases, at least, the BTI thus gives no clear indication that a strongly polarizing populist-authoritarian governance style necessarily leads to more efficiency and greater steering capability. Moreover, the largest gains in these criteria are primarily to be found in countries that have focused on expanding inclusion and dialogue with the aim of moderating conflict. This is particularly true of the new governments in Argentina and Sri Lanka. It is also notable that the governments in Colombia and Guinea have held fast to the implementation of their long-term reform goals despite all difficulties.

In both the case of resource efficiency and steering capability, a trend already hinted at in the BTI 2016 has continued. To be sure, the two criteria continue to receive the lowest global average scores among all Governance Index criteria. However, in contrast to the criteria of consensus-building and international cooperation, a slightly positive medium- to long-term trend is evident here, with both scores now higher than those registered in the BTI 2006. Nevertheless, this trend has not continued in the short term; as in the previous edition of the BTI, these scores have fallen slightly back in the current survey. Particularly in South and East Africa, governments' long-term gains are melting away with a particularly drastic decline of –0.50 points in the area of prioritization capability.

Resource-efficiency trends can shed particular light on the widening gap between rulers and the ruled. Almost no aspect of governance is so unanimously demanded by populations worldwide as the fight against rampant corruption and the squandering of public funds for the benefit of ruling elites. And hardly any party or presidential candidate fails to make this a central point in their electoral campaigns or governing programs.

The efficiency gap between democracies and autocracies



Nevertheless, the BTI results underscore the continued urgency of this problem and the lack of response on the part of many governments. Indeed, the efficient use of assets and anti-corruption policy, with respective scores of 4.71 and 4.27 points, remain the aspects of governance receiving the worst evaluations. A total of 91 out of 129 governments fail to deploy public administrative and budgetary resources efficiently or do so to only a very limited degree (five points or fewer). And fully 103 states are able or willing to successfully combat corruption only to a very limited extent.

In both areas, democratically governed countries perform significantly better than autocracies, particularly with regard to the fight against corruption (with respective averages of 5.23 vs. 3.10 points). The improvement of 0.24 points in the indicator's global average as compared to the BTI 2006 is entirely due to the proportionately greater progress made by democracies. A total of 31 democratic states today fight corruption better than was the case 12 years ago. This includes countries such as Côte d'Ivoire, Liberia and Paraguay. Here, even if corruption remains widespread, government efforts have at least led to the creation of integrity mechanisms, such as anti-corruption agencies or public audit offices, as well as to the exposure and prosecution of corruption cases.

Popular demands for a stauncher fight against corruption have also been taken up in numerous East-Central and Southeast European countries, including the Czech Republic, Estonia, Lithuania and Romania. However, the Romanian example also shows the dilemma that can engulf governments and politicians when there is an independent and successful campaign against corruption. Here, after numerous high-level politicians had been convicted of office abuse and corruption, the government devised comprehensive measures aimed at curtailing the corruption-fighting competences of the public prosecutor and contemplated an amnesty for convicted offenders. Only after weeks of popular protests did the government withdraw a relaxation of anti-corruption laws that had already been passed by parliament. President Klaus Johannis furthermore refused to sign

the law. However, the conflict over the planned reform continues, with the new Romanian government holding on to the proposal. In late 2016 and early 2017, this led to the largest country-wide demonstrations in Romania since the beginning of the transformation process in 1989.

In other states too, consistent anti-corruption efforts have led to political crises and attempts to roll back successful anti-corruption policies because the countries' elites have themselves been enmeshed in ties of patronage, office abuse and corruption. In Brazil, President Michel Temer's government places a low priority on the anti-corruption fight so long as it involves allegations against those in the administration's own ranks, but instrumentalizes the issue against political opponents. In the Czech Republic, following the end of the BTI 2018 survey period, the parliament adopted a law targeting conflicts of interest among politicians that was aimed largely at billionaire former Finance Minister Andrej Babiš, who owned two of the largest Czech media companies while in office. Since that time, Babiš has become the country's prime minister, and has fought to suspend the independence of the public prosecutor and anti-corruption agency.

The fight against corruption demanded by citizens often places corrupt officeholders in a dilemma: If the campaign is successful and truly independent from political interference, it might sweep into their own ranks as well. In this regard, autocratic governments act in a different environment because they know how to suppress the population's discontent through repressive measures and consequentially have little to fear from independent media or civil society watchdogs. Most autocrats do little to fight corruption and office abuse beyond paying lip service. Indeed, the allocation of offices and public contracts secures critical support for the retention of power. The BTI recognizes somewhat serious efforts in the area of anti-corruption policy – that is, with a score of more than five points – in only four out of 58 autocracies. While Qatar, Rwanda (both six points) and the United Arab Emirates (seven points) are in this group, Singapore stands out as the greatest exception, achieving a score of nine points

alongside Bhutan, Chile, Estonia, Taiwan and Uruguay. However, the vast majority of autocracies are not efficient and professional systems; as a rule, they are characterized by corruption, kleptocracy and arbitrary rule that offers no genuinely convincing alternative to a sustainable economic and social development that promises all citizens more participation. Throughout all the current discussions over the normative or empirical superiority of one or the other model, the desire to be fairly governed is universal.

Sustainable governance: the gap between ambition and reality

In the majority of countries, popular dissatisfaction with the status quo has clearly not yet led to more inclusive governance. Currently, many governments seem to be following a strategy based on consolidating domestic power and suppressing critical opposing voices, at times violently, even if this further intensifies conflicts and expands the gap between rulers and the ruled. At least in the short to medium term, this allows the governments to retain power and serve their clientele. Yet this policy also papers over economic and social grievances; if these are to be overcome in the long term, a more inclusive and responsive governance style will be indispensable. In many societies, this would also require the negotiation of a new social contract regarding long-term goals, along with a concomitant review of political and economic systems to determine whether they are still able to deliver on the promises of participation and provide an equitable distribution of resources.

With the adoption of the United Nation's Sustainable Development Goals, the global community has agreed on a set of guiding principles that aim for this standard. For the first time, this project contains not only outcomes, but also visions of how government leadership, and thus the processes for implementing the goals, should look like. The debate over how states can comply with the demand for peaceable, responsive, accountable and inclusive institutions is likely to shape the debate on sustainable governance in the coming decades.

Governance, BTI 2018

Very good

Score 10 to 7

8

Estonia	7.44
Uruguay	7.36
Chile	7.33
Taiwan	7.33
Lithuania	7.18
Botswana	7.09
Czech Republic ▲	7.03
Latvia ▲	7.00

Good

Score < 7 to 5.6

35

Costa Rica	6.85
Slovenia	6.78
Senegal	6.70
Slovakia	6.70
Mauritius	6.64
El Salvador	6.57
South Korea	6.51
Bhutan	6.50
Montenegro	6.49
Poland ▼	6.25
Ghana	6.18
Colombia	6.14
Croatia	6.07
Serbia	6.06
Paraguay	6.04
Albania	6.02
India	6.02
Argentina ▲	6.00
Bulgaria	5.98
Mongolia	5.96
South Africa	5.96
Brazil	5.95
Singapore	5.95
Romania	5.89
Georgia	5.87
Niger	5.87
Benin ▲	5.86
Jamaica	5.86
Liberia	5.84
Guinea	5.82
Peru ▲	5.81
Panama	5.72
Bolivia	5.66
Malawi	5.61
Sri Lanka ▲	5.60

Moderate

Score < 5.6 to 4.3

39

Dominican Republic ▼	5.57
UA Emirates	5.55
Côte d'Ivoire	5.54
Namibia ▼	5.49
Indonesia	5.45
Ukraine	5.41
Qatar	5.40
Tunisia	5.33
Uganda ▼	5.31
Macedonia ▼	5.24
Burkina Faso	5.20
Malaysia	5.20
Rwanda	5.20
Kosovo	5.17
Mali	5.17
Mexico	5.17
Moldova	5.15
Madagascar	5.12
Togo	5.10
Tanzania	5.07
Zambia	5.06
Ecuador	4.99
Honduras	4.98
Sierra Leone	4.93
Kenya	4.92
Philippines	4.90
Jordan	4.84
China	4.79
Papua New Guinea	4.78
Kyrgyzstan	4.73
Turkey ▼	4.72
Nigeria ▲	4.59
Algeria	4.55
Guatemala	4.52
Vietnam	4.51
Hungary	4.44
Iraq ▲	4.43
Kazakhstan ▲	4.41
Kuwait ▲	4.37

Weak

Score < 4.3 to 3

32

Morocco ▼	4.28
Bangladesh ▼	4.27
Armenia ▼	4.25
Mozambique ▼	4.25
Nicaragua ▼	4.22
Centr. African Rep.	4.10
Bosnia a. Herzegovina	4.09
Mauritania	4.06
Afghanistan	4.02
Myanmar	3.97
Egypt ▼	3.96
Cuba	3.93
Laos	3.89
Thailand	3.89
Azerbaijan	3.86
Saudi Arabia	3.80
Nepal	3.74
Ethiopia	3.65
Angola	3.60
Lebanon	3.60
Lesotho	3.59
Oman	3.54
Bahrain	3.52
Belarus	3.52
Russia	3.52
Pakistan	3.51
Cameroon	3.46
Haiti	3.39
Tajikistan	3.31
Burundi	3.29
Cambodia	3.23
Rep. Congo	3.00

Failed

Score < 3

15

Iran	2.85
Chad	2.84
Uzbekistan	2.55
Turkmenistan	2.51
DR Congo	2.47
Zimbabwe	2.37
South Sudan	2.30
Libya	2.29
Somalia	2.25
Sudan	1.97
Venezuela	1.86
Yemen ▼	1.70
North Korea	1.30
Eritrea	1.13
Syria	1.13

- ▲ Movement to a higher category
(each arrow denotes a single category)
- ▼ Movement to a lower category
(each arrow denotes a single category)