

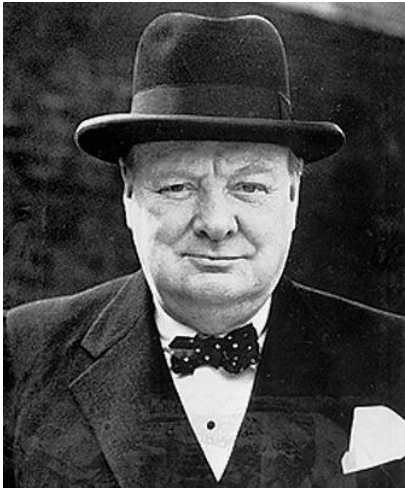
Are Democratic Governments Up to Meeting 21st-Century Challenges?

Speakers: Evan Bayh
 Gary Becker
 William Bennett
 Ronnie C. Chan
Moderator: Michael Klowden

Monday, May 2, 2011
5:15 PM - 6:15 PM



Democracy: The worst except...



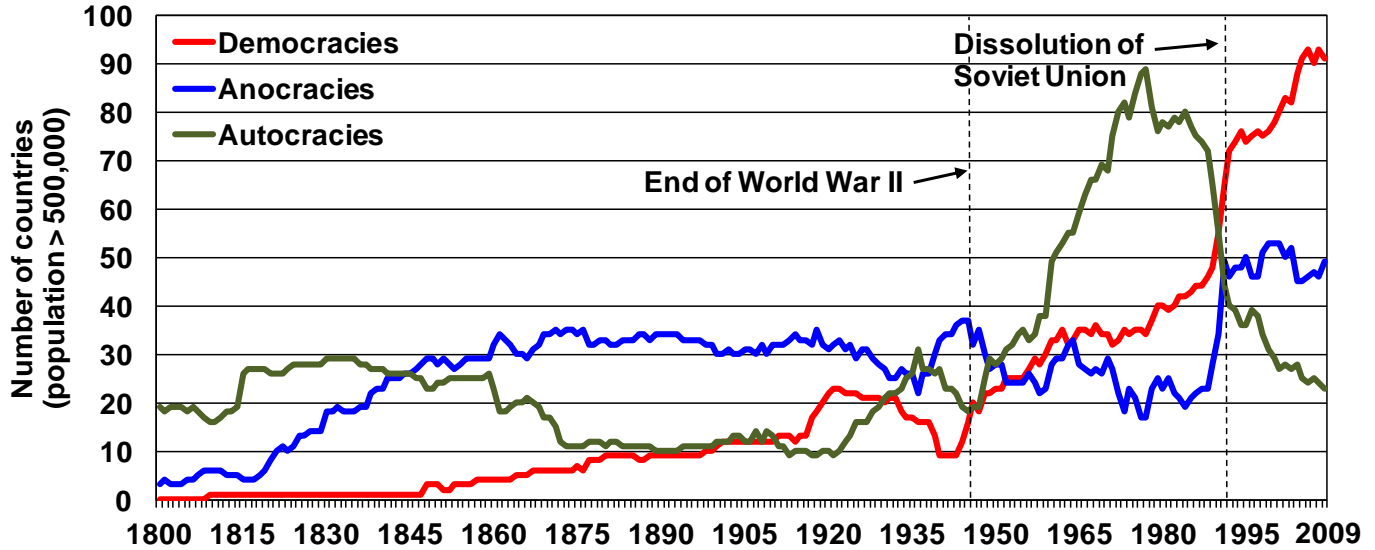
“Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed it has been said that democracy is the worst form of government except for all those other forms that have been tried from time to time.”

Source: Churchill Centre and Museum at the Churchill War Rooms, London.

- Winston Churchill

Rise of democracies

Global trends in governance, 1800-2009

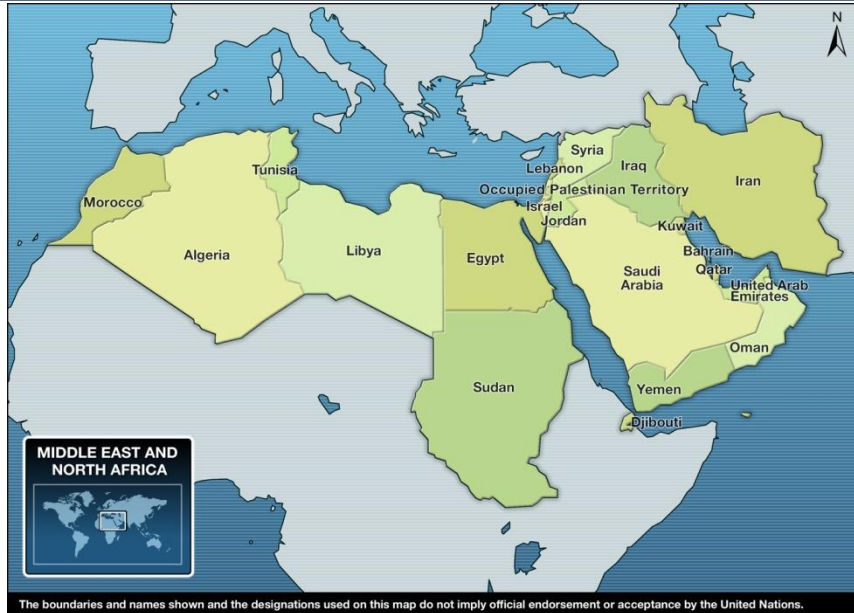


More democracies on the way?

Political unrest in the MENA region, 2011



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Source: United Nations.

Democracy: Good for doing business?



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Ease of doing business ranking, 2011*	Average score of democracy
1 to 36	8
37 to 72	4
73 to 108	5
109 to 144	1
145 to 183	1

* Countries without Polity2 scores in 2009 are excluded.

Sources: Polity IV Project, World Bank Doing Business 2011, Milken Institute.

Democracy: Luxury for poor countries?



Type*	GDP per capita, PPP (current international \$) Year 2009
Democracies	16,189.5
Anocracies	5,450.0
Autocracies	15,988.6

* Countries without Polity2 scores in 2009 are excluded.

Democracy = good governance?

Worldwide Governance Indicators 2009, percentile rank (0-100)



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Country	Voice and accountability	Political stability	Government effectiveness	Regulatory quality	Rule of law	Control of corruption
Brazil	62.1	54.2	57.6	55.2	49.5	56.2
Russia	22.3	21.7	44.8	35.2	23.6	11.4
India	60.2	13.2	54.3	44.3	55.7	46.7
China	5.2	29.7	58.1	46.2	45.3	36.2

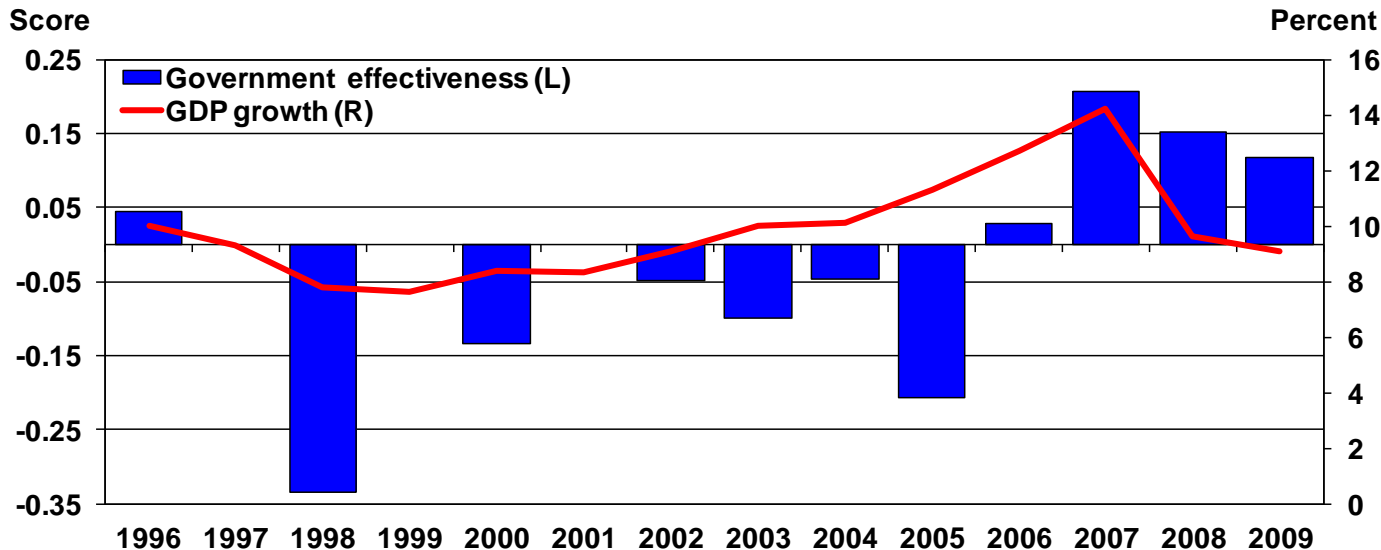
**The only distinction
between democracies
and non-democracies?**

Government effectiveness and GDP growth

China, 1996-2009



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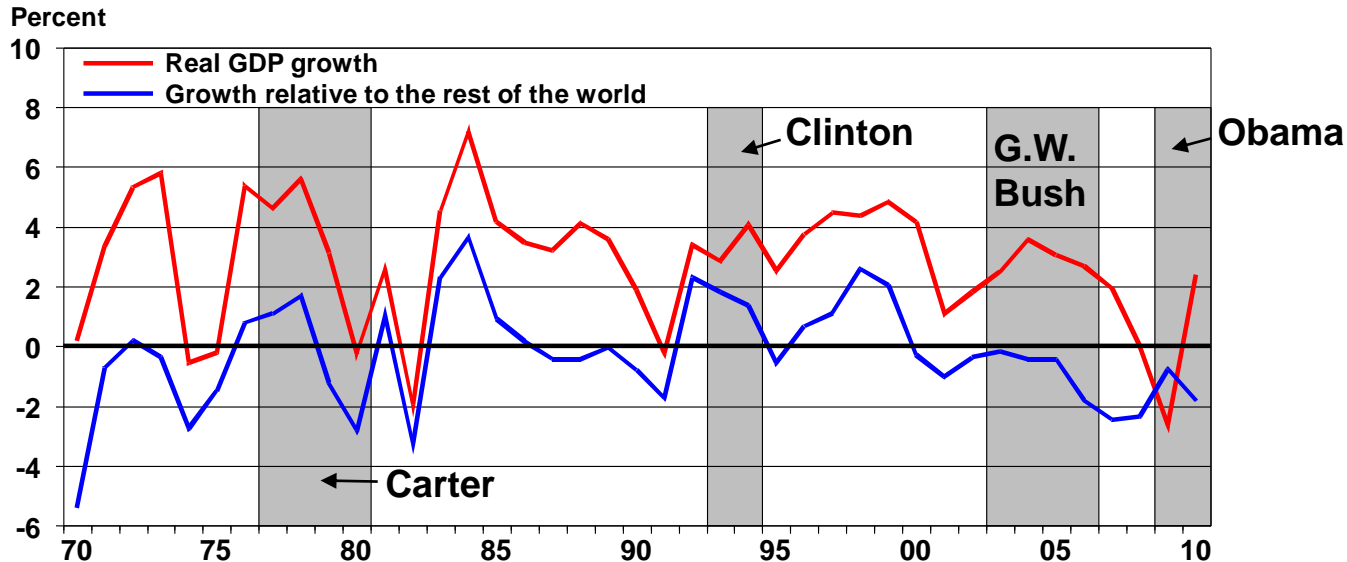
Source: World Bank Group.

Did the U.S. economy perform better under same-party control?



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U.S. real GDP growth, 1970-2010



Sources: USDA, Milken Institute.

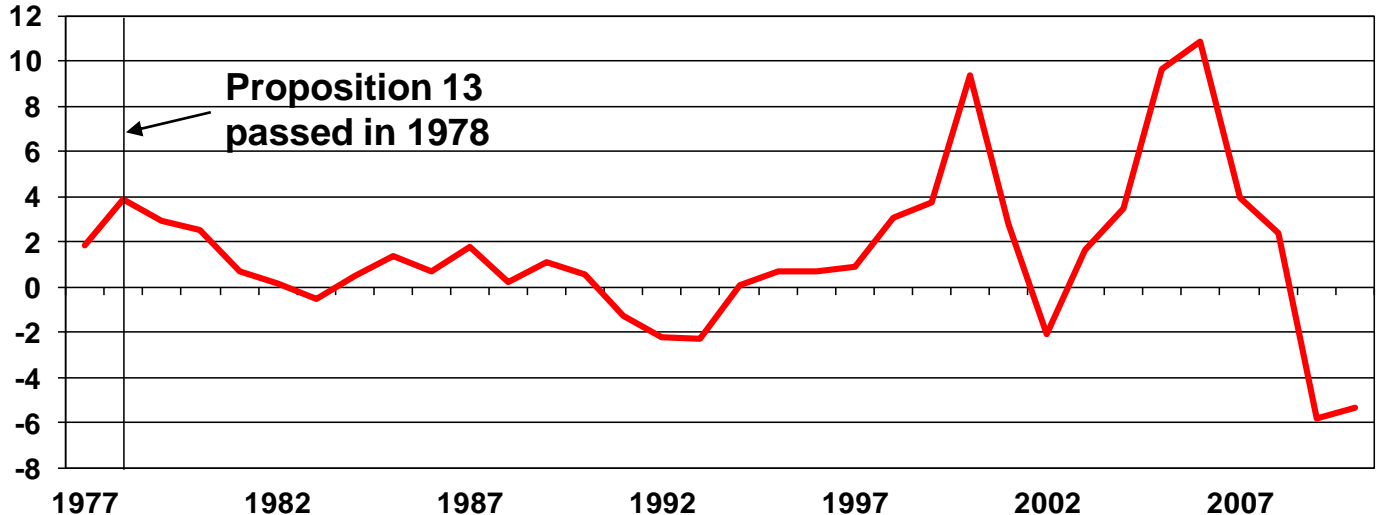
Is direct democracy the culprit behind California's staggering deficit?

General fund ending balance, California



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US\$ billions



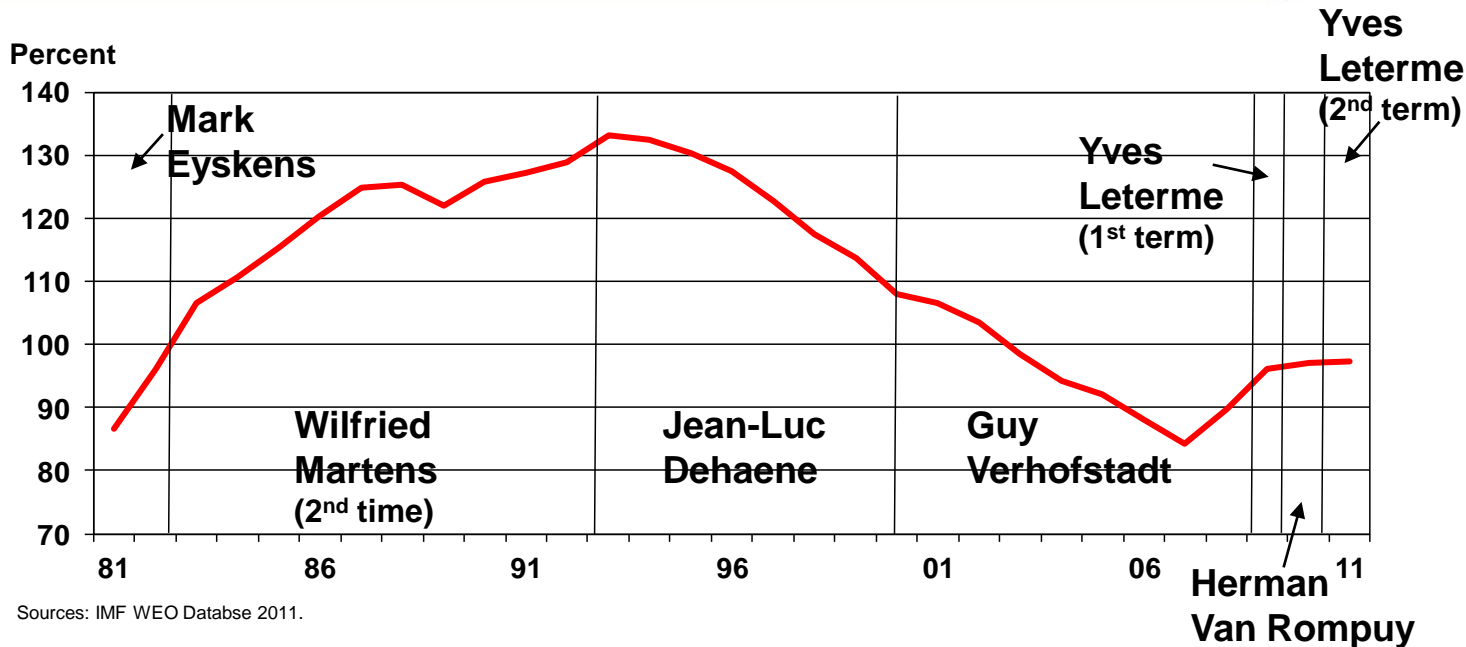
Source: California Department of Finance.

Belgium: Functioning with a dysfunctional federal government?



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General government gross debt (percent of GDP)

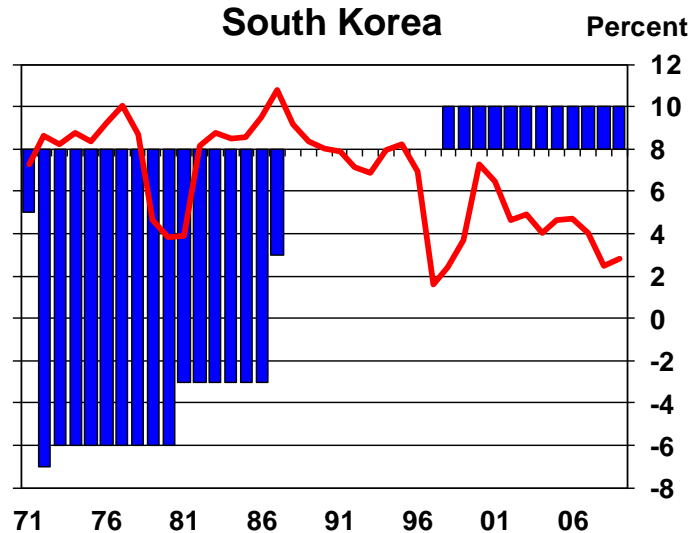
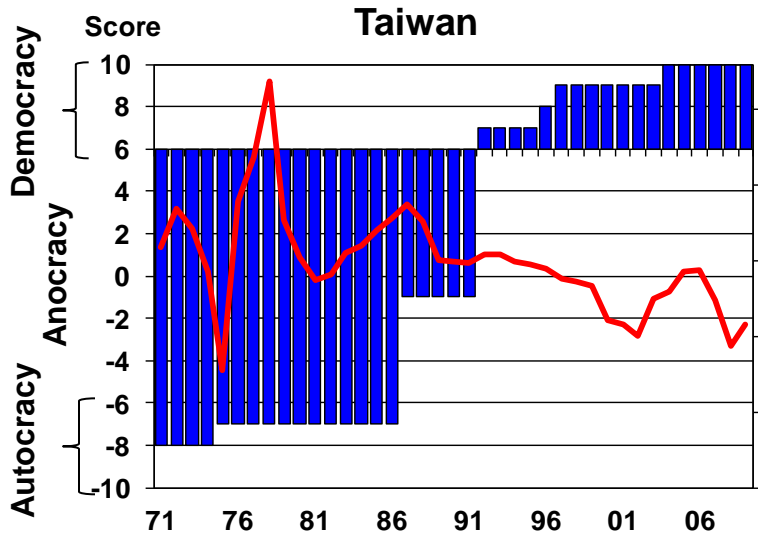


Sources: IMF WEO Database 2011.

Chicken and egg: Political reform and economic takeoff

Cases of Taiwan and South Korea

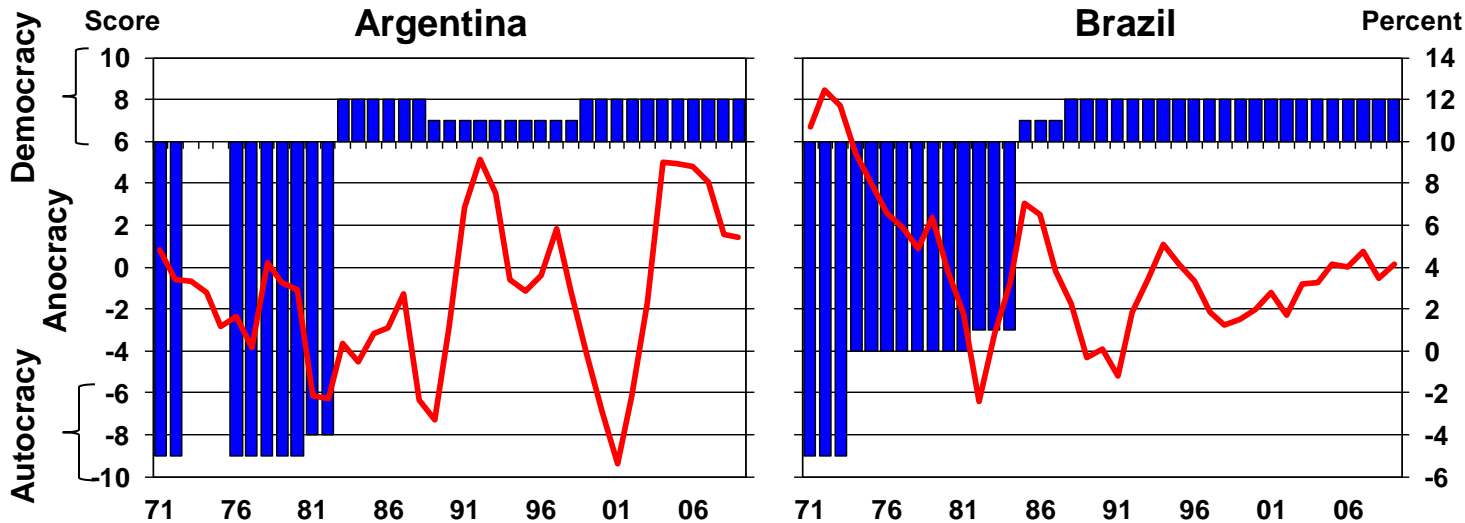
■ Polity2 (L) — Real GDP growth rate, 3-year moving average (R)



Chicken and egg: Political reform and economic takeoff

Cases of Argentina and Brazil

■ Polity2 (L) — Real GDP growth rate, 3-year moving average (R)



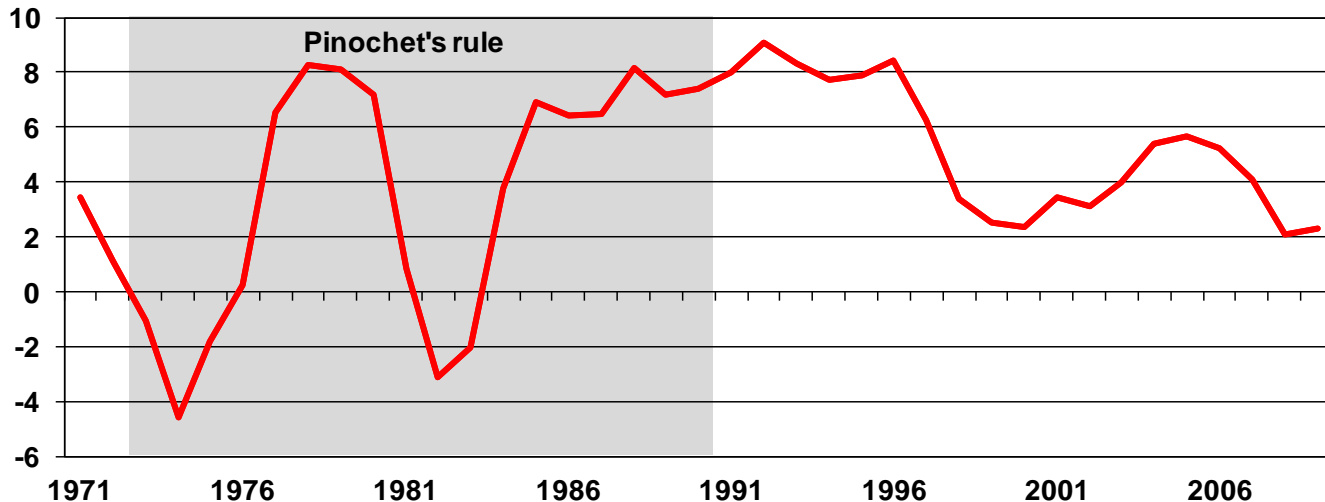
Did dictatorship facilitate Chile's economic takeoff?

Real GDP growth rate, 3-year moving average



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Percent



Source: USDA.

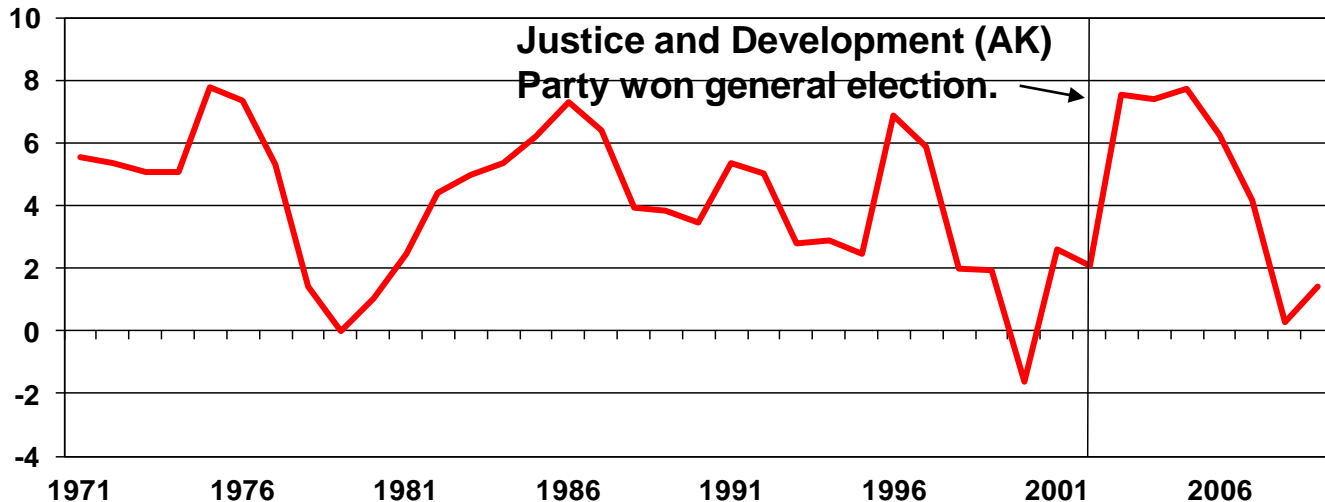
Turkish economic expansion under AK

Real GDP growth rate, 3-year moving average



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Percent



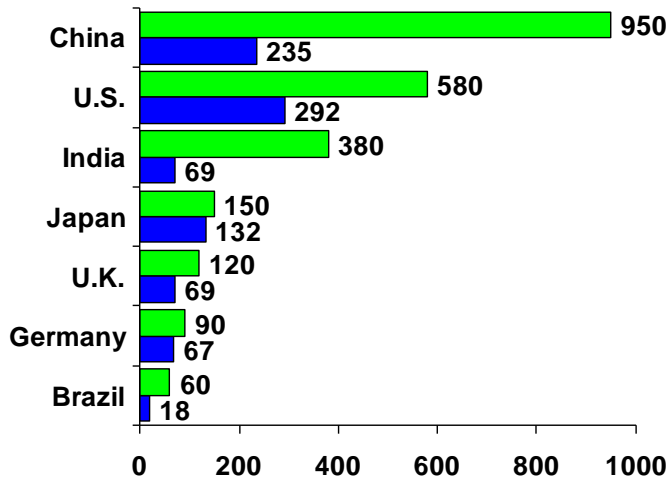
Global investment in infrastructure 2008 vs. 2030



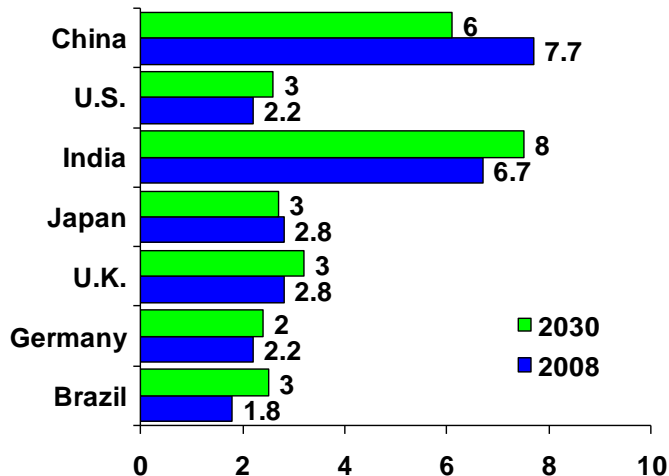
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Selected countries, 2005 constant prices

US\$ billions



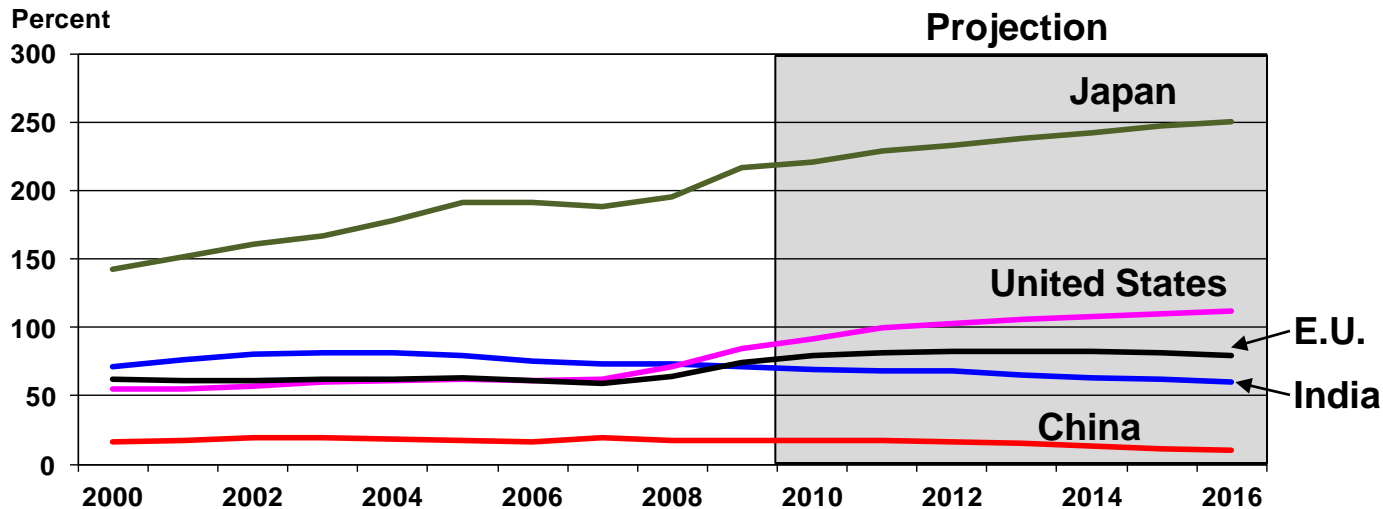
Percent of GDP



Source: McKinsey Global Institute; McKinsey Global Economic Growth Database.

General government gross debt

Percent of GDP



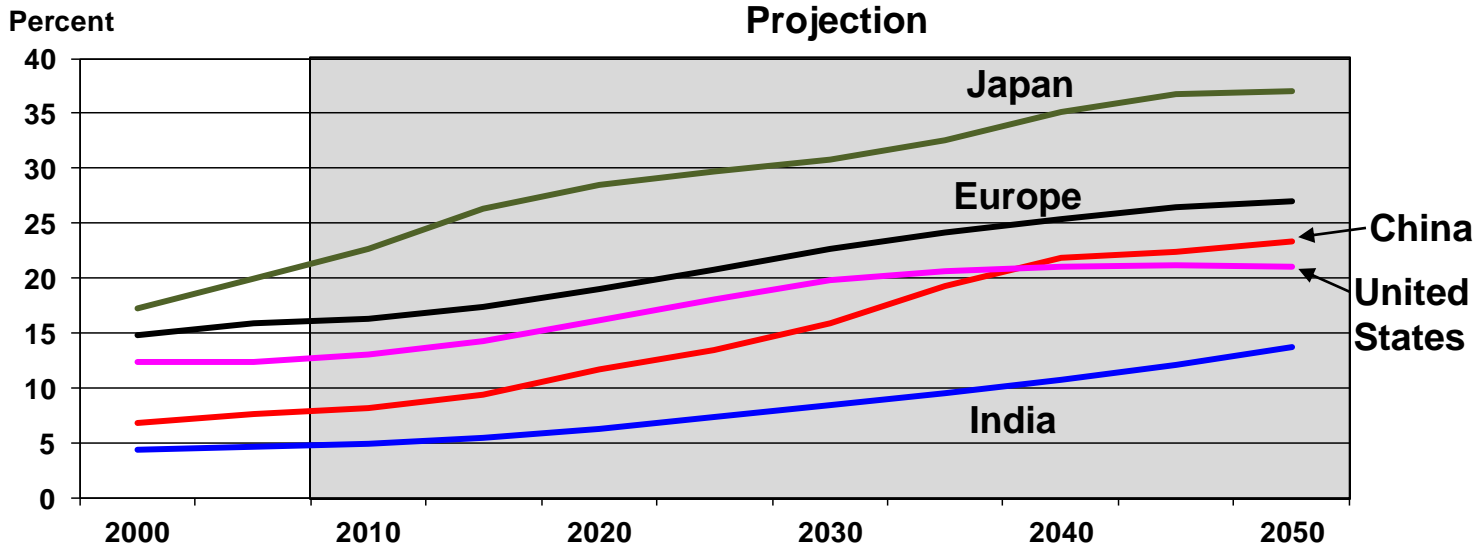
Source: IMF WEO Database 2011.

Population aged 65 or over

Percent of total population



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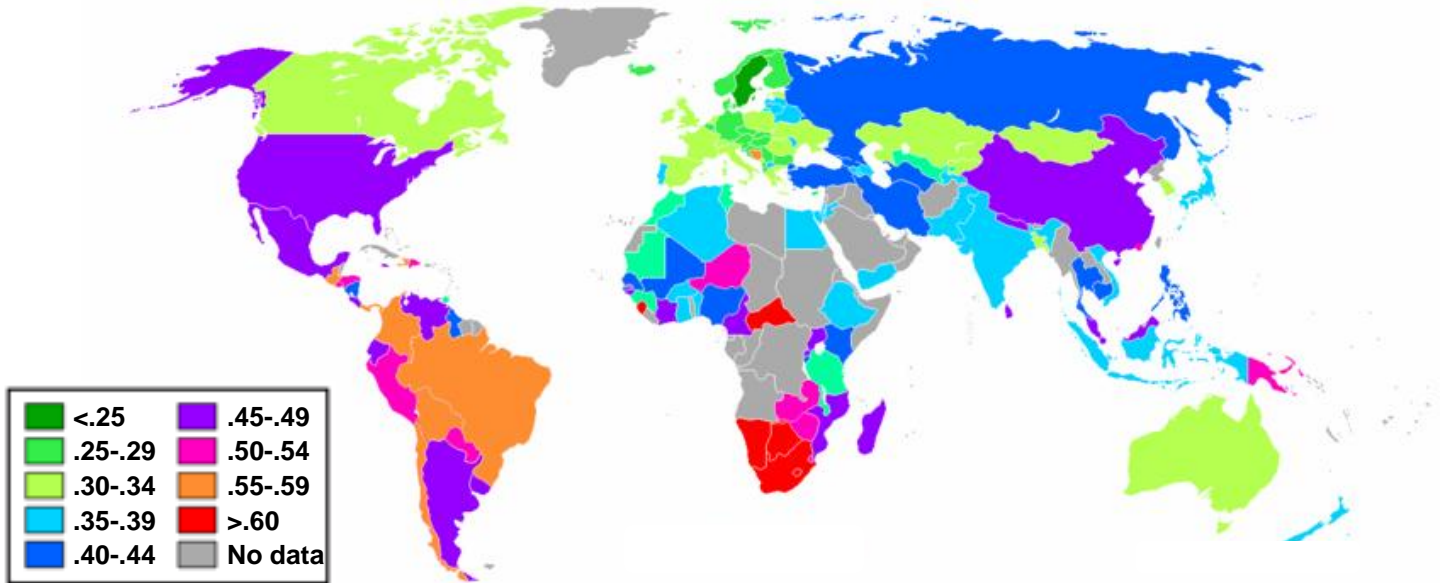
Source: U.N. World Population Prospects: The 2008 Revision.

Income inequality around the world

Gini coefficient: measure of income dispersion



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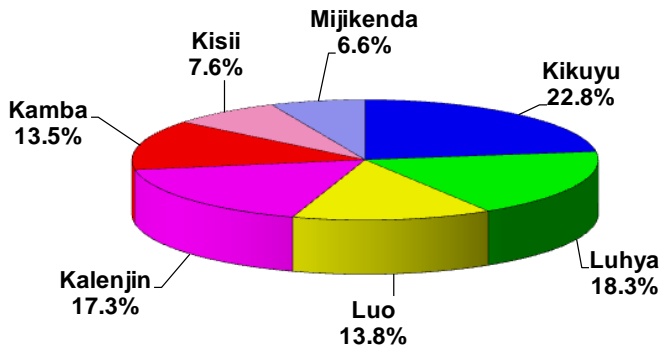


Source: CIA World Factbook 2009, Wikipedia.

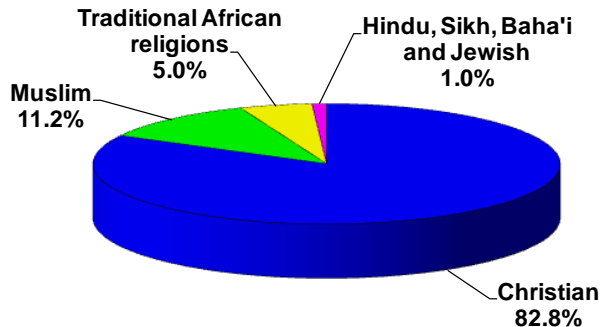
Ethnic and religious divides wreaked havoc in democratic Kenya



Ethnicity



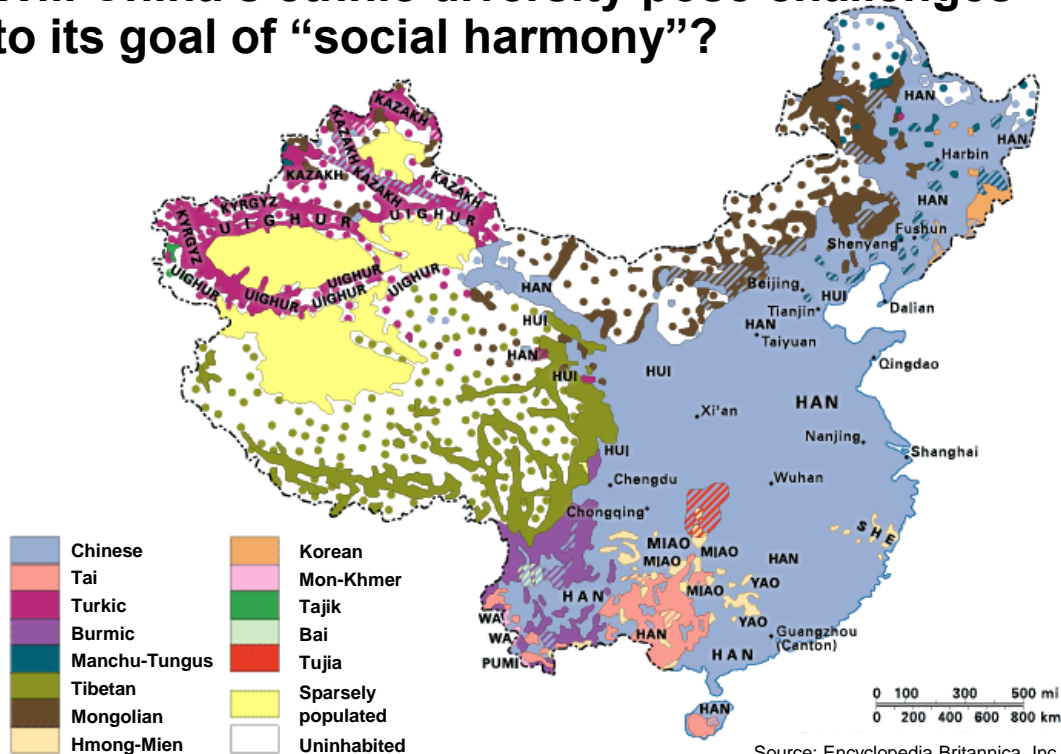
Religion



Will China's ethnic diversity pose challenges to its goal of "social harmony"?



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Source: Encyclopedia Britannica, Inc.

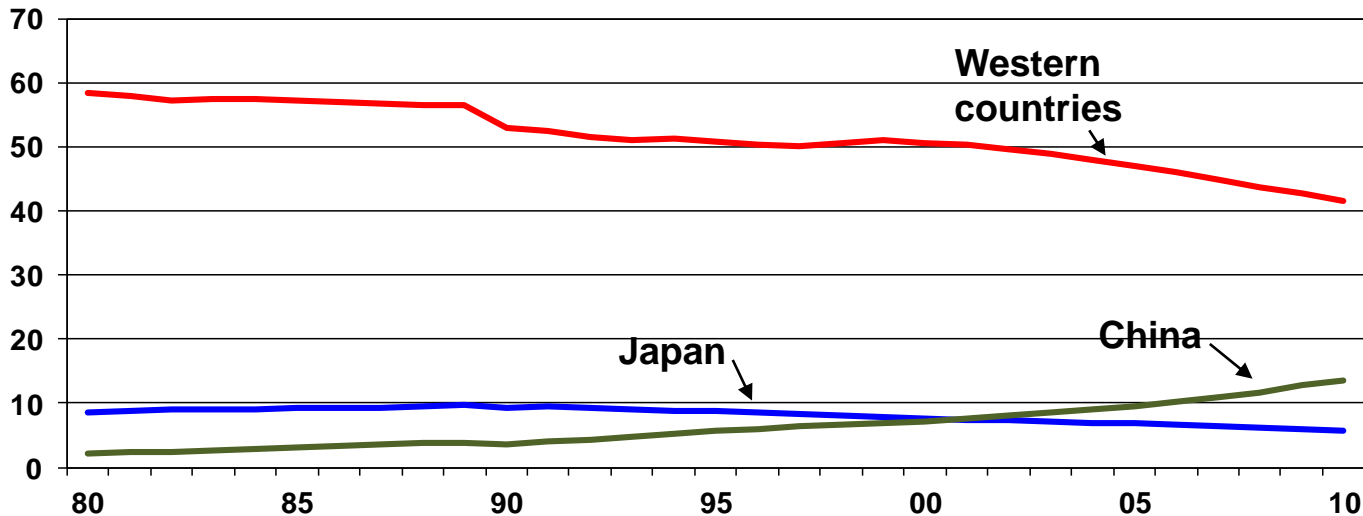
Shift from West to East



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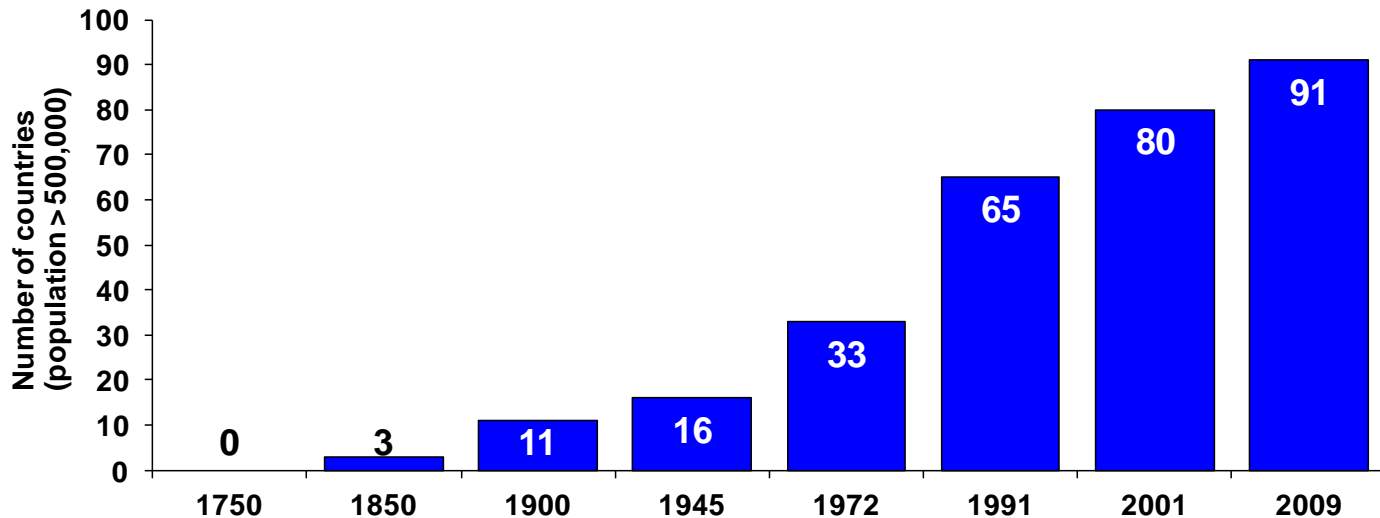
Gross domestic product, PPP, 1980-2010

Percent



Source: IMF WEO database 2011.

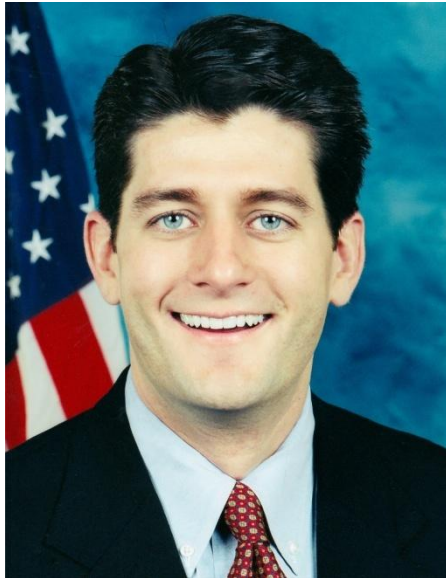
Rise of democracies



Source: Polity IV Project.



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Source: U.S. House of Representatives website.

International Benchmark of Educational Attainment

2009 OECD Scores of 15-year-olds

Top 5 Ranking Countries

Mathematics Literacy			Science Literacy	
Score	Rank		Score	Rank
600	1	Shanghai-China	575	1
562	2	Singapore	542	4
555	3	Hong Kong-China	549	3
546	4	Korea	538	6
543	5	Chinese Taipei	520	12

Mathematics Literacy

Science Literacy

Score	Rank		Score	Rank
495		OECD Average	500	
Top 5 Ranking Countries				
541	6	Finland	554	2
536	7	Liechtenstein	520	12
534	8	Switzerland	517	13
529	9	Japan	539	5
527	10	Canada	529	8
526	11	Netherlands	522	11
525	12	Macao-China	511	16
519	13	New Zealand	532	7
515	14	Belgium	507	18
514	15	Australia	527	10
513	16	Germany	520	12
512	17	Estonia	528	9
507	18	Iceland	496	24
503	19	Denmark	499	22
501	20	Slovenia	512	15
498	21	Norway	500	21
497	22	France	498	23
497	22	Slovak Republic	490	29
496	23	Austria	494	26
495	24	Poland	508	17
494	25	Sweden	495	25
493	26	Czech Republic	500	21
492	27	United Kingdom	514	14
490	28	Hungary	503	19
489	29	Luxembourg	484	33
487	30	UNITED STATES	502	20
487	30	Ireland	508	17
487	30	Portugal	493	17

Percent of Students Proficient in Math: PISA 2006

