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The Return of Authoritarian Great Powers

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Summary: Liberal democracy, led by the United States, may have emerged triumphant from the great struggles of the twentieth century. But the post-Cold War rise of economically successful -- and nondemocratic -- China and Russia may represent a viable alternative path to modernity that leaves liberal democracy's ultimate victory and future dominance in doubt.

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THE END OF THE END OF HISTORY

Today's global liberal democratic order faces two challenges. The first is radical Islam -- and it is the lesser of the two challenges. Although the proponents of radical Islam find liberal democracy repugnant, and the movement is often described as the new fascist threat, the societies from which it arises are generally poor and stagnant. They represent no viable alternative to modernity and pose no significant military threat to the developed world. It is mainly the potential use of weapons of mass destruction -- particularly by nonstate actors -- that makes militant Islam a menace.

The second, and more significant, challenge emanates from the rise of nondemocratic great powers: the West's old Cold War rivals China and Russia, now operating under authoritarian capitalist, rather than communist, regimes. Authoritarian capitalist great powers played a leading role in the international system up until 1945. They have been absent since then. But today, they seem poised for a comeback.

Capitalism's ascendancy appears to be deeply entrenched, but the current predominance of democracy could be far less secure. Capitalism has expanded relentlessly since early modernity, its lower-priced goods and superior economic power eroding and transforming all other socioeconomic regimes, a process most memorably described by Karl Marx in *The Communist Manifesto*. Contrary to Marx's expectations, capitalism had the same effect on communism, eventually "burying" it without the proverbial shot being fired. The triumph of the market, precipitating and reinforced by the industrial-technological revolution, led to the rise of the middle class, intensive urbanization, the spread of education, the emergence of mass society, and ever greater affluence. In the post-Cold War era (just as in the nineteenth century and the 1950s and 1960s), it is widely believed that liberal democracy naturally emerged from these developments, a view famously espoused by Francis Fukuyama. Today, more than half of the world's states have elected governments, and close to half have sufficiently entrenched liberal rights to be considered fully free.

But the reasons for the triumph of democracy, especially over its nondemocratic capitalist rivals of the two world wars, Germany and Japan, were more contingent than is usually assumed. Authoritarian capitalist states, today exemplified by China and Russia, may represent a viable alternative path to modernity, which in turn suggests that there is nothing inevitable about liberal democracy's ultimate victory -- or future dominance.

CHRONICLE OF A DEFEAT NOT FORETOLD

The liberal democratic camp defeated its authoritarian, fascist, and communist rivals alike in all of the three major great-power struggles of the twentieth century -- the two world wars and the Cold War. In trying to determine exactly what accounted for this decisive outcome, it is tempting to trace it to the special traits and intrinsic advantages of liberal democracy.

One possible advantage is democracies' international conduct. Perhaps they more than compensate for carrying a lighter stick abroad with a greater ability to elicit international cooperation through the bonds and discipline of the global market system. This explanation is probably correct for the Cold War, when a greatly expanded global economy was dominated by the democratic powers, but it does not apply to the two world wars. Nor is it true that liberal democracies succeed because they always cling together. Again, this was true, at least as a contributing factor, during the Cold War, when the democratic

capitalist camp kept its unity, whereas growing antagonism between the Soviet Union and China pulled the communist bloc apart. During World War I, however, the ideological divide between the two sides was much less clear. The Anglo-French alliance was far from preordained; it was above all a function of balance-of-power calculations rather than liberal cooperation. At the close of the nineteenth century, power politics had brought the United Kingdom and France, bitterly antagonistic countries, to the brink of war and prompted the United Kingdom to actively seek an alliance with Germany. Liberal Italy's break from the Triple Alliance and joining of the Entente, despite its rivalry with France, was a function of the Anglo-French alliance, as Italy's peninsular location made it hazardous for the country to be on a side opposed to the leading maritime power of the time, the United Kingdom. Similarly, during World War II, France was quickly defeated and taken out of the Allies' side (which was to include nondemocratic Soviet Russia), whereas the right-wing totalitarian powers fought on the same side. Studies of democracies' alliance behavior suggest that democratic regimes show no greater tendency to stick together than other types of regimes.

Nor did the totalitarian capitalist regimes lose World War II because their democratic opponents held a moral high ground that inspired greater exertion from their people, as the historian Richard Overly and others have claimed. During the 1930s and early 1940s, fascism and Nazism were exciting new ideologies that generated massive popular enthusiasm, whereas democracy stood on the ideological defensive, appearing old and dispirited. If anything, the fascist regimes proved more inspiring in wartime than their democratic adversaries, and the battlefield performance of their militaries is widely judged to have been superior.

Liberal democracy's supposedly inherent economic advantage is also far less clear than is often assumed. All of the belligerents in the twentieth century's great struggles proved highly effective in producing for war. During World War I, semiautocratic Germany committed its resources as effectively as its democratic rivals did. After early victories in World War II, Nazi Germany's economic mobilization and military production proved lax during the critical years 1940-42. Well positioned at the time to fundamentally alter the global balance of power by destroying the Soviet Union and straddling all of continental Europe, Germany failed because its armed forces were meagerly supplied for the task. The reasons for this deficiency remain a matter of historical debate, but one of the problems was the existence of competing centers of authority in the Nazi system, in which Hitler's "divide and rule" tactics and party functionaries' jealous guarding of their assigned domains had a chaotic effect. Furthermore, from the fall of France in June 1940 to the German setback before Moscow in December 1941, there was a widespread feeling in Germany that the war had practically been won. All the same, from 1942 onward (by which time it was too late), Germany greatly intensified its economic mobilization and caught up with and even surpassed the liberal democracies in terms of the share of GDP devoted to the war (although its production volume remained much lower than that of the massive U.S. economy). Likewise, levels of economic mobilization in imperial Japan and the Soviet Union exceeded those of the United States and the United Kingdom thanks to ruthless efforts.

Only during the Cold War did the Soviet command economy exhibit deepening structural weaknesses -- weaknesses that were directly responsible for the Soviet Union's downfall. The Soviet system had successfully generated the early and intermediate stages of industrialization (albeit at a frightful human cost) and excelled at the regimentalized techniques of mass production during World War II. It also kept abreast militarily during the Cold War. But because of the system's rigidity and lack of incentives, it proved ill equipped to cope with the advanced stages of development and the demands of the information age and globalization.

There is no reason, however, to suppose that the totalitarian capitalist regimes of Nazi Germany and imperial Japan would have proved inferior economically to the democracies had they survived. The inefficiencies that favoritism and unaccountability typically create in such regimes might have been offset by higher levels of social discipline. Because of their more efficient capitalist economies, the right-wing totalitarian powers could have constituted a more viable challenge to the liberal democracies than the Soviet Union did; Nazi Germany was judged to be such a challenge by the Allied powers before and during World War II. The liberal democracies did not possess an inherent advantage over Germany in terms of economic and technological development, as they did in relation to their other great-power rivals.

So why did the democracies win the great struggles of the twentieth century? The reasons are different for each type of adversary. They defeated their nondemocratic capitalist adversaries, Germany and Japan, in war because Germany and Japan were medium-sized countries with limited resource bases and they came up against the far superior -- but hardly preordained -- economic and military coalition of the democratic powers and Russia or the Soviet Union. The defeat of communism, however, had much more to do with structural factors. The capitalist camp -- which after 1945 expanded to include most of the developed world -- possessed much greater economic power than the communist bloc, and the inherent inefficiency of the communist economies prevented them from fully exploiting their vast resources and catching up to the West. Together, the Soviet Union and China were larger and thus had the potential to be more powerful than the democratic capitalist camp. Ultimately, they failed because their economic systems limited them, whereas the nondemocratic capitalist powers, Germany and Japan, were defeated because they were too small. Contingency played a decisive role in tipping the balance against the nondemocratic capitalist powers and in favor of the democracies.

AMERICAN EXCEPTION

The most decisive element of contingency was the United States. After all, it was little more than a chance of history that the

scion of Anglo-Saxon liberalism would sprout on the other side of the Atlantic, institutionalize its heritage with independence, expand across one of the most habitable and thinly populated territories in the world, feed off of massive immigration from Europe, and so create on a continental scale what was -- and still is -- by far the world's largest concentration of economic and military might. A liberal regime and other structural traits had a lot to do with the United States' economic success, and even with its size, because of its attractiveness to immigrants. But the United States would scarcely have achieved such greatness had it not been located in a particularly advantageous and vast ecological-geographic niche, as the counterexamples of Canada, Australia, and New Zealand demonstrate. And location, of course, although crucial, was but one necessary condition among many for bringing about the giant and, indeed, "United" States as the paramount political fact of the twentieth century. Contingency was at least as responsible as liberalism for the United States' emergence in the New World and, hence, for its later ability to rescue the Old World.

Throughout the twentieth century, the United States' power consistently surpassed that of the next two strongest states combined, and this decisively tilted the global balance of power in favor of whichever side Washington was on. If any factor gave the liberal democracies their edge, it was above all the existence of the United States rather than any inherent advantage. In fact, had it not been for the United States, liberal democracy may well have lost the great struggles of the twentieth century. This is a sobering thought that is often overlooked in studies of the spread of democracy in the twentieth century, and it makes the world today appear much more contingent and tenuous than linear theories of development suggest. If it were not for the U.S. factor, the judgment of later generations on liberal democracy would probably have echoed the negative verdict on democracy's performance, issued by the fourth-century-BC Greeks, in the wake of Athens' defeat in the Peloponnesian War.

THE NEW SECOND WORLD

But the audit of war is, of course, not the only one that societies -- democratic and nondemocratic -- undergo. One must ask how the totalitarian capitalist powers would have developed had they not been defeated by war. Would they, with time and further development, have shed their former identity and embraced liberal democracy, as the former communist regimes of eastern Europe eventually did? Was the capitalist industrial state of imperial Germany before World War I ultimately moving toward increasing parliamentary control and democratization? Or would it have developed into an authoritarian oligarchic regime, dominated by an alliance between the officialdom, the armed forces, and industry, as imperial Japan did (in spite of the latter's liberal interlude in the 1920s)? Liberalization seems even more doubtful in the case of Nazi Germany had it survived, let alone triumphed. Because all these major historical experiments were cut short by war, the answers to these questions remain a matter of speculation. But perhaps the peacetime record of other authoritarian capitalist regimes since 1945 can offer a clue.

Studies that cover this period show that democracies generally outdo other systems economically. Authoritarian capitalist regimes are at least as successful -- if not more so -- in the early stages of development, but they tend to democratize after crossing a certain threshold of economic and social development. This seems to have been a recurring pattern in East Asia, southern Europe, and Latin America. The attempt to draw conclusions about development patterns from these findings, however, may be misleading, because the sample set itself may be polluted. Since 1945, the enormous gravitational pull exerted by the United States and the liberal hegemony has bent patterns of development worldwide.

Because the totalitarian capitalist great powers, Germany and Japan, were crushed in war, and these countries were subsequently threatened by Soviet power, they lent themselves to a sweeping restructuring and democratization. Consequently, smaller countries that chose capitalism over communism had no rival political and economic model to emulate and no powerful international players to turn to other than the liberal democratic camp. These small and medium-sized countries' eventual democratization probably had as much to do with the overwhelming influence of the Western liberal hegemony as with internal processes. Presently, Singapore is the only example of a country with a truly developed economy that still maintains a semiauthoritarian regime, and even it is likely to change under the influence of the liberal order within which it operates. But are Singapore-like great powers that prove resistant to the influence of this order possible?

The question is made relevant by the recent emergence of nondemocratic giants, above all formerly communist and booming authoritarian capitalist China. Russia, too, is retreating from its postcommunist liberalism and assuming an increasingly authoritarian character as its economic clout grows. Some believe that these countries could ultimately become liberal democracies through a combination of internal development, increasing affluence, and outside influence. Alternatively, they may have enough weight to create a new nondemocratic but economically advanced Second World. They could establish a powerful authoritarian capitalist order that allies political elites, industrialists, and the military; that is nationalist in orientation; and that participates in the global economy on its own terms, as imperial Germany and imperial Japan did.

It is widely contended that economic and social development create pressures for democratization that an authoritarian state structure cannot contain. There is also the view that "closed societies" may be able to excel in mass manufacturing but not in the advanced stages of the information economy. The jury on these issues is still out, because the data set is incomplete. Imperial and Nazi Germany stood at the forefront of the advanced scientific and manufacturing economies of their times, but some would argue that their success no longer applies because the information economy is much more diversified. Nondemocratic Singapore has a highly successful information economy, but Singapore is a city-state, not a big country. It will

take a long time before China reaches the stage when the possibility of an authoritarian state with an advanced capitalist economy can be tested. All that can be said at the moment is that there is nothing in the historical record to suggest that a transition to democracy by today's authoritarian capitalist powers is inevitable, whereas there is a great deal to suggest that such powers have far greater economic and military potential than their communist predecessors did.

China and Russia represent a return of economically successful authoritarian capitalist powers, which have been absent since the defeat of Germany and Japan in 1945, but they are much larger than the latter two countries ever were. Although Germany was only a medium-sized country uncomfortably squeezed at the center of Europe, it twice nearly broke out of its confines to become a true world power on account of its economic and military might. In 1941, Japan was still behind the leading great powers in terms of economic development, but its growth rate since 1913 had been the highest in the world. Ultimately, however, both Germany and Japan were too small -- in terms of population, resources, and potential -- to take on the United States. Present-day China, on the other hand, is the largest player in the international system in terms of population and is experiencing spectacular economic growth. By shifting from communism to capitalism, China has switched to a far more efficient brand of authoritarianism. As China rapidly narrows the economic gap with the developed world, the possibility looms that it will become a true authoritarian superpower.

Even in its current bastions in the West, the liberal political and economic consensus is vulnerable to unforeseen developments, such as a crushing economic crisis that could disrupt the global trading system or a resurgence of ethnic strife in a Europe increasingly troubled by immigration and ethnic minorities. Were the West to be hit by such upheavals, support for liberal democracy in Asia, Latin America, and Africa -- where adherence to that model is more recent, incomplete, and insecure -- could be shaken. A successful nondemocratic Second World could then be regarded by many as an attractive alternative to liberal democracy.

MAKING THE WORLD SAFE FOR DEMOCRACY

Although the rise of authoritarian capitalist great powers would not necessarily lead to a nondemocratic hegemony or a war, it might imply that the near-total dominance of liberal democracy since the Soviet Union's collapse will be short-lived and that a universal "democratic peace" is still far off. The new authoritarian capitalist powers could become as deeply integrated into the world economy as imperial Germany and imperial Japan were and not choose to pursue autarky, as Nazi Germany and the communist bloc did. A great-power China may also be less revisionist than the territorially confined Germany and Japan were (although Russia, which is still reeling from having lost an empire, is more likely to tend toward revisionism). Still, Beijing, Moscow, and their future followers might well be on antagonistic terms with the democratic countries, with all the potential for suspicion, insecurity, and conflict that this entails -- while holding considerably more power than any of the democracies' past rivals ever did.

So does the greater power potential of authoritarian capitalism mean that the transformation of the former communist great powers may ultimately prove to have been a negative development for global democracy? It is too early to tell. Economically, the liberalization of the former communist countries has given the global economy a tremendous boost, and there may be more in store. But the possibility of a move toward protectionism by them in the future also needs to be taken into account -- and assiduously avoided. It was, after all, the prospect of growing protectionism in the world economy at the turn of the twentieth century and the protectionist bent of the 1930s that helped radicalize the nondemocratic capitalist powers of the time and precipitate both world wars.

On the positive side for the democracies, the collapse of the Soviet Union and its empire stripped Moscow of about half the resources it commanded during the Cold War, with eastern Europe absorbed by a greatly expanded democratic Europe. This is perhaps the most significant change in the global balance of power since the forced postwar democratic reorientation of Germany and Japan under U.S. tutelage. Moreover, China may still eventually democratize, and Russia could reverse its drift away from democracy. If China and Russia do not become democratic, it will be critical that India remain so, both because of its vital role in balancing China and because of the model that it represents for other developing countries.

But the most important factor remains the United States. For all the criticism leveled against it, the United States -- and its alliance with Europe -- stands as the single most important hope for the future of liberal democracy. Despite its problems and weaknesses, the United States still commands a global position of strength and is likely to retain it even as the authoritarian capitalist powers grow. Not only are its GDP and productivity growth rate the highest in the developed world, but as an immigrant country with about one-fourth the population density of both the European Union and China and one-tenth of that of Japan and India, the United States still has considerable potential to grow -- both economically and in terms of population -- whereas those others are all experiencing aging and, ultimately, shrinking populations. China's economic growth rate is among the highest in the world, and given the country's huge population and still low levels of development, such growth harbors the most radical potential for change in global power relations. But even if China's superior growth rate persists and its GDP surpasses that of the United States by the 2020s, as is often forecast, China will still have just over one-third of the United States' wealth per capita and, hence, considerably less economic and military power. Closing that far more challenging gap with the developed world would take several more decades. Furthermore, GDP alone is known to be a poor measure of a country's power, and evoking it to celebrate China's ascendancy is highly misleading. As it was during the twentieth century, the U.S. factor remains the greatest guarantee that liberal democracy will not be thrown on the defensive and relegated to a

vulnerable position on the periphery of the international system.

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