



## SESSION SKETCHES

Asan Plenum 2013: "New World Disorder"  
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### Democracy and Economic Crises

**Panel:** Plenary Session IV (Regency Room)

**Date/Time:** Wednesday, May 1, 2013 / 17:00-18:15

**Speakers:** Simon Long, The Economist  
Morris Fiorina, Stanford University  
Carl Gershman, National Endowment for Democracy  
Yukon Huang, Carnegie Endowment for International Peace  
Charles Kupchan, Georgetown University  
Lee Keun, Seoul National University

**Rapporteur:** Seukhoon Paul Choi, Council on Foreign Relations

Simon Long began the session quoting Luxembourg Prime Minister Jean-Claude Juncker who stated "we all know what to do, we just don't know how to get re-elected after we've done it." He then challenged the panel to discuss the connection between democracy and economic crises.

Carl Gershman expressed several concerns in regard to democracy. He noted that Freedom House reports that a greater number of countries experienced a decline versus an advancement in freedom in 2013. Gershman explained however that democracy has not suffered because of the economic crisis, but rather because of poor governance that led to a decline of trust in political institutions. However explaining that democracy provides resilient stability, Gershman argued that democracy can correct its problems whereas other authoritarian systems that are more rigid cannot.

Charles Kupchan explained that the crises which have beset the democratic west in the last few years mark an inflection point that is the end of a two hundred year period in which western democracy has anchored and shaped the global system. He argued that globalization has shifted productivity and wealth to other areas of the world. In the United States, wages are stagnant and economic inequality is rising. Although Kupchan expressed his confidence that the United States, with its democratic system that is self-correcting, would overcome these challenges, he explained that a major obstacle to its recovery would be the current political polarization that is paralyzing government.

Lee Keun explained that democracy can lead to economic chaos. Furthermore, although liberalization was thought to lead to greater economic growth, it could instead lead to financial crisis, as was the case in 1997 South Korea and 2008 United States. Lee then argued that it is strong economic performance that enables a country to avoid crises. He stated also that there are different types and paths to political democracy.

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Morris Fiorina of Stanford University explained that in the US although there has only been marginal change in voter partisanship and the issues they support, the system has become polarized and is focusing on issues of lesser priority for the general public because other political groups--including lobbies and civic organizations--have taken over the political agenda and system. He explained that there is a mismatch between the priorities of the political class and the electorate.

The Carnegie Endowment for International Peace’s Yukon Huang argued that regardless of whether a country has a democratic or authoritarian system, leadership matters. He then explained that although China’s decentralized system created a dynamic in which local social protest strengthened the central government’s power, that this was unsustainable. He noted that as the number of mass protests rises, and China’s budget for internal security is already greater than that for its military, the country would not be able to finance its current system. Finally, Yukon argued that inequality of opportunity that leads to a sense of injustice was the greatest challenge for China.

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