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# Which Political Regime Is Good For Economic Stability?



Liberalism and democracy have been moving away from each other since the 1990s, when capitalism and liberalism came to a crossroads. Recent research shows us that the number of countries of the world ruled by liberal democracy and full autocracy is gradually decreasing. On the other hand, the number of people governed by "electoral democracy" and "electoral autocracy" is increasing.

Since democracy means the rule of the people and liberalism means the rule of law, in electoral democracies, the government comes to power by majority vote and implements popular policies to ensure the majority vote again in the next election. And those who remain in minority, but have demands and needs which are granted, although not by the government, but by the majority, with the following message: "comply with the majority". In most cases, an electoral democracy may quickly turn into an electoral autocracy.

This transition occurs at the hands of legislators who start making laws to please the majority or elected government officials who believe that they know what is best for the people. Electoral autocracy is a regime that is implemented through a transition from a totalitarian regime to a democracy, and it is characterised by partial control of civil rights and liberties, where, in the event of an election, the leader, in a sense, urges the voters to re-elect them. In electoral autocracies, methods for creating growth and prosperity may vary from leader to leader.

**An electoral autocracy ensures more stability in spheres such as inflation, economic growth, exchange rate trends, interest rates, and stock markets compared to an electoral democracy**

It has also been observed that an electoral autocracy ensures more stability in spheres such as inflation, economic growth, exchange rate trends, interest rates, and stock markets compared to an electoral democracy. The

economic spheres in countries governed by a dynasty, where the leader comes to power with or without an election, such as many of the Middle East countries, Singapore, and some Turkic Republics in Central Asia, are much better than those measured in Turkey, Hungary, Argentina, Venezuela, Russia, and Africa.

However, interestingly, these countries tend to have more "rational" approaches to the market economy, social life, science, arts, sports, and trade compared to many electoral democratic governments. But this doesn't mean that we should make a transition to an electoral autocracy. In electoral democracies, leaders elected by the majority tend to use populism as they start fearing losing power after a while, whereas such concerns are not observed in electoral autocracies. Perhaps the warnings by John Stuart Mill in his book "On Liberty" are noteworthy in this respect.

History is full of examples where those who came to power by a people's vote have become increasingly autocratic or arbitrary over time, when the rule of law is absent. However, even in liberal democracies, there were leaders who thought they were above the law. For example, "In Sickness and in Power" by former British foreign minister David Owen examines the events of the last two centuries in various regimes from this perspective. In his book, Owen thoroughly discusses world leaders, from the US to China, who did not tell anyone about their serious illnesses, but made critical decisions as they were disabled by illness, whose consequences have led to major impacts on millions. There are hundreds of examples of deliberate breaches of the law in this book.

"Liberal Democracy is the only option..."

In light of all these facts, we could say that a free market can work in illiberal democracies, does not fully work in democracies that move away from liberalism, and therefore the best solution would be to establish the rule of law. In a democracy, gradually abandoning liberalism on the pretext of ensuring the survival of the country often results in the

deterioration of the market mechanism. On the other hand, countries that transition from a totalitarian rule to democracy often tend to experience major challenges, but they also enjoy a pleasant journey towards a most desired destination. As every new right granted to citizens in an autocracy is seen as a great accomplishment, in democratic regimes, deformation begins when people lose even a single one of their civil rights and liberties.

### Regimes of both liberal and democratic nature are experiencing a slow death

In conclusion, we could argue that countries facing various economic and welfare problems today are generally those that have evolved from a liberal democracy to an electoral one, while those governed by electoral autocracy have fewer problems. Influenced by these facts and statistics, the leaders of electoral autocracies may say, or are most probably saying, "Electoral democracies do not work. We shall keep things as they are", considering the expected pains of transition to a liberal democracy. But, ultimately, the truth is that regimes of both liberal and democratic nature are experiencing a slow death

Dr Emre Alkin is one of the most influential economists in the world. He is the President of Topkapi University in Istanbul, and well known author of the 4 best selling novels and 14 in total about socio-economics in Turkish and English. He held various positions in GSM and Telecommunication, International Financial Institutions, Payment Systems, Energy, Iron-Steel Industry and Insurance. Prof. Alkin participates in international projects about payment systems and financial management.