

**The Royal Society of Edinburgh  
Joint Lecture with the Royal Institute of Philosophy**

***Liberal Democracy and the Challenge of Authoritarian Capitalism***

**Professor Michael Ignatieff  
Edward R. Murrow Professor of Politics, the Press and Public Policy at the  
Kennedy School of Government, Harvard University, Massachusetts;  
former Leader of the Liberal Party of Canada**

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Report by Matthew Shelley

*A new form of authoritarian rule has emerged in China and Russia, according to Professor Michael Ignatieff, combining single party oligarchy with State capitalism, and public tyranny with private market freedom. Professor Ignatieff discussed the nature of these systems and how liberal democracies should respond.*

The evening was the first joint event between the RSE and the Royal Institute of Philosophy (RIP). It was introduced by RSE General Secretary, Professor Alan Alexander OBE and the speaker was welcomed by the RIP Chairman, Professor John Haldane FRSE. Professor Haldane outlined Professor Ignatieff's career, which has spanned academia, political leadership, television and the authorship of a Booker Prize-nominated novel.

Liberal democracies regard economic and political freedom as indivisible but, according to Professor Ignatieff, both Russia and China are experimenting with ways of providing the former whilst restraining the latter. The history of the 21<sup>st</sup> Century may turn on whether they can succeed in dividing private and public freedoms.

In 1989, the collapse of the Berlin Wall tempted many in the West to believe that history was on an inevitable march towards greater democratic freedom. "That was an illusion," said the Professor. Democratization did take hold in many places, from South America to Ghana, but a new competitor arose elsewhere which was "authoritarian in politics, capitalist in economics and nationalist in ideology". Whilst this kind of model has existed before, in countries such as Chile under Pinochet, it has never been a global challenger.

In the early 1990s, the Communist elites proved adept at surviving by shifting from totalitarian methods of political control to authoritarian ones. The crucial move was to replace autarky with the embrace of globalisation. Socialist Central Planning was displaced by kleptocratic and crony capitalism bolstered by nationalism. However, integration into world markets creates extreme pressure, as they are now subject to many external forces – as the recent collapse in oil prices and the value of the rouble have underlined.

The current crisis in Russia is a test case on the stability of authoritarian capitalism. The regime capitalism practised under Putin, which saw State assets handed to political

supporters, has resulted in a country where “there is capitalism, there is competition, but the regime is constantly putting its thumb on the scales to determine who wins ...”. It generates internal instability by confiscating assets and criminalising competitors and maintains control by rewarding loyalists.

Authoritarian capitalist regimes are distinctive because they use “rule *by* law” rather than “rule *of* law”. The latter has an independent judiciary, constitutionalised rights, public trials and the same law for all. Rule of law is not acceptable in authoritarian capitalism because it demands an independent challenger to the authority of the regime. However, both Russia and China have regulation and administrative procedures which offer some of the security of property, which is essential to any form of capitalism. “You can make transactions and you can make them stick, that’s what rule by law means,” said Professor Ignatieff.

All systems are threatened by corruption. Liberal democracy has cleansing mechanisms through free media, fair elections and an independent judiciary. There are no such regularised mechanisms for authoritarian capitalism. Yet the recent change of leadership in China saw an attack on corruption, showing a recognition that regimes will come under threat if there is growing anger amongst the middle classes that property is not secure, or that regime loyalists will always have unfair advantages. Putin, by contrast, has institutionalised corruption with a “staggering” appropriation of State resources for himself and his supporters.

In terms of political legitimisation, China offers the idea of meritocracy, where even the poorest of peasants can attend a Party school and advance to the highest ranks. Putin uses a mock pluralism, allowing a variety of parties to exist but never to win, said Professor Ignatieff.

Ultimately, according to the Professor, authoritarian capitalism depends on economic growth for survival and stability. Like being on a bicycle, you cannot slow down too much or the machine begins to wobble.

The promise of stability is vital to the support of the regimes in Russia and China – both emerged after prolonged periods of strife and dislocation. Whilst this has been a positive, they both generate nationalist resentment, marginalise civil society and stifle free expression. And although they are “extremely nasty” regimes, they are not totalitarian, he said. Repression and violence (such as the occasional shooting of independent journalists in Russia) are used to maintain control, but there are not the vast numbers of political prisoners there were in previous eras. The result is that many people feel they live in a society of far greater freedom than the one they grew up in.

The regimes are taking the philosophical gamble that private freedoms such as travel and wealth accumulation are enough and that people will not demand the accountability of their rulers, rights of association and participation or other public freedoms. They rely on a fear that the other freedoms would bring catastrophic instability.

Turning to what liberal democracies should make of these regimes, the Professor said we should shed some of our illusions, such as the myth that globalisation would produce a worldwide middle class with converging, democratic values. To many people’s surprise, globalisation has helped some authoritarian regimes hold power precisely because they do offer certain freedoms; it has given people a stake in the regime.

Likewise, the idea that the internet would allow the free flow of information to all people and undermine authoritarianism has proved flawed. Regimes have proved adept at the control and manipulation of information and have been able to promote their own versions of reality.

Russia and China have myths that other forces are trying to encircle them. These are dangerous because they can be used to generate a sense of victimisation, which can in turn be used to justify aggression. The rise of nationalism has been marked in China by a return to Confucianism, whilst Russia has refurbished the Russian Orthodox tradition. In Russia, there has also been a refusal to accept the collapse of the old Soviet empire and the recognition of new boundaries. At the same time, China and Russia seek spheres of influence which would sap the sovereignty of surrounding nations.

Professor Ignatieff went on to say that there are huge differences between Russia and China. China is a rising power and, whilst they can be mutually supportive, there is great potential for territorial conflict between them. There is no great long-term alliance, but they have common interests. He added that there is unlikely to be a new Cold War because the importance of being part of international economies is too great. They are also active participants in international political and diplomatic structures.

In conclusion, the Professor said that the authoritarian capitalist regimes do have strengths – they can get things done very fast compared to liberal democracies. Yet they are brittle, lack innovation and are exposed to corruption. Perhaps the biggest threat to the West is if their economies collapse. In terms of how we should respond, he said that the best course of action is not a new Cold War, but to spend more time focusing on the weaknesses and failings of our own societies and fixing those.

### **Questions:**

During a lengthy question and answer session Professor Ignatieff responded to a series of issues.

**Q:** How is it that Chinese politicians, raised within the system, show a desire to change them and challenge corruption when leadership changes take place?

**A:** Authoritarian leaderships are sophisticated and can find it convenient at certain times to flirt with anti-corruption campaigns. Also, the arrival of new teams with seemingly fresh ideas and approaches is part of the legitimisation process.

**Q:** To what extent is the Western media free – or is it a case of “you pretend to tell the truth and we pretend to believe you”?

**A:** Journalists are generally not murdered in the West. Having been in the media, the Professor knows its flaws and also has deep concerns about aspects of control and ownership – but there is no comparison with the political media management of China and Russia.

**Q:** What is the importance of freedom of the mind?

**A:** One of the reasons authoritarian capitalist states may be poor at innovation is precisely because they cannot tolerate freedom of the mind.

**Q:** What is the future for authoritarian capitalist states?

**A:** The question is whether they can make the transition to the rule of law, or whether the regimes will get more harsh in the face of their inherent contradictions. If people begin to feel they can get justice from a Communist Party judge, there is a chance of long-term stability. Whatever the future, there is no reason to assume that there will be a convergence with liberal democracy.

The evening concluded with a Vote of Thanks from Professor Alexander.

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