abandoned. But I do believe that in the years to come these older institutions will need to be enhanced by new means for civic education, political participation, information, and deliberation that draw creatively on the array of techniques and technologies available in the twenty-first century. We have barely begun to think seriously about these possibilities, much less to test them out in small-scale experiments.

Will democratic countries, whether old, new, or in transition, rise to these challenges and to others they will surely confront? If they fail to do so, the gap between democratic ideals and democratic realities, already large, will grow even greater and an era of democratic triumph will be followed by an era of democratic deterioration and decline.

Throughout the twentieth century, democratic countries never lacked for critics who confidently announced that democracy was in crisis, in grave peril, even doomed. Well, probably it was, at times, in grave peril. But it was not, after all, doomed. Pessimists, it turned out, were all too ready to give up on democracy. Confounding their dire predictions, experience revealed that once democratic institutions were firmly established in a country, they would prove to be remarkably sturdy and resilient. Democracies revealed an unexpected capacity for coping with the problems they confronted—inelegantly and imperfectly, true, but satisfactorily.

If the older democracies confront and overcome their challenges in the twenty-first century, they just might transform themselves, at long last, into truly advanced democracies. The success of the advanced democracies would then provide a beacon for all, throughout the world, who believe in democracy.
The Arab spring that erupted in 2010 forced dictators from power in Tunisia, Egypt, Libya, and Yemen in quick succession. Waves of protest spread across the Middle East, prompting widespread comparisons to the collapse of communism that had snowballed through Eastern Europe and dismembered the Soviet Union two decades earlier. It was the biggest burst of democratic enthusiasm since the historic transition that had replaced South Africa's Apartheid regime with a democratically elected government in 1994. Democracy seemed once again to be on the march.

By 2014, the picture was more sobering, underscoring Dahl's caution that democratic progress is seldom linear. The prospects still looked good in Tunisia and somewhat more shakily in Yemen. But Libya was a failed state, Iraq seemed to be becoming one, and Syria's protests had evolved into a civil war and then a humanitarian catastrophe. Egypt's military had ousted its elected government and anointed a general as president in dubiously democratic elections. No other authoritarian regime in the region showed signs of democratizing any time soon. Rather than the Europe of 1830, commentators were reaching instead for comparisons with 1830 and 1848, when democratic revolutions across the European continent had also been stillborn.

Dahl also reminded us that, for all democracy's setbacks, the longer-term picture has been one of democratic advance. In 1998
Moreover, the South African transition would likely have collapsed midstream had either Mandela or De Klerk been assassinated during the transition negotiations, as Yitzhak Rabin was by a disgruntled right-wing extremist when he came close to concluding a promising settlement between Israelis and Palestinians in November 1995. If King Juan Carlos of Spain, who succeeded Francisco Franco as head of state in 1975, had not turned out to be a closet reformer, it seems unlikely that Spanish democracy would so easily have been restored. Juan Carlos’s actions would surely have surprised Franco, who had named him as the future head of state six years earlier. Other examples could be given. The general point is that it seems implausible that we will ever be able to predict democratic transitions, given their vital dependence on contingencies of this sort.

However, we understand more about what makes democracies survive. For a long time political scientists, following Alexis de Tocqueville, maintained that political culture was an important factor in democracy’s viability. This is difficult to establish empirically, however. Dahl’s view was not that culture per se is important but rather that a pluralist culture depends on crosscutting cleavages of interest within the population. On this, he agreed with James Madison’s argument in Federalist Number 10 that a single “majority faction” is bad for democracy because it means that the minority has no reason to accept the result. But if there are many intersecting cleavages, then those who lose in one election have reason to think they might prevail later—perhaps as part of a different coalition. Unlike the economist Kenneth Arrow, for whom the instability of majority rule was a problem in pluralist societies, Dahl’s Madisonian insight was that it is actually an advantage. It keeps majorities fluid in ways that stop politics from becoming winner-take-all contests in which losers might as well reach for their guns.
Madison was right that enduring factions would not emerge within a perfectly homogenous population whose members had the same interests, beliefs, and values, but it is worth pausing to note that, even in that limiting case, majority rule would render prevailing arrangements potentially unstable. Game theorists have long been aware that any allocation of a divisible good—say a dollar—can be upset by majority rule so long as there is open-ended iteration. If Anna and Beth agree to split the dollar equally, giving Cleo nothing, she can respond in a future round by proposing a different split—perhaps sixty/fourty—to Anna or Beth, either one of whom can then find a majority partner to upset the new status quo. And so on, ad infinitum. Even if all three agreed on an equal division, any two might form a majority coalition to change this—dividing the dollar among themselves at the expense of the third. Notice that this logic assumes nothing about motivation. People might upset the status quo to get more for themselves, but they could also do it to advance a particular conception of justice or fairness.

The divide-a-dollar result is general and carries the implication that any possible distribution of a divisible good is potentially unstable under majority rule. But it is a desirable kind of instability in that it gives everyone a reason to remain in the system, create coalitions in support of the outcomes they favor, and try to stop others from pulling their coalitions apart. In this sense, the perpetual instability of majority rule actually reinforces democracy in pluralist societies.

The danger derives from the presence of indivisible goods, like ethnicity, race, or religion, in the politicized mix. If they become dominant sources of political mobilization, overwhelming the divisible goods, then politics is more likely to be experienced as—and to become—winner-take-all. In the former: Yugoslavia, for instance, relatively high levels of ethnic intermarriage and concomitant social integration did not prevent destructive ethnic conflict from erupting once the country was split into states in which citizenship was defined by reference to the majority national group in each former republic. Indeed, the highest levels of violence occurred in what had previously been the most integrated areas, as people found that they were either noncitizens or second-class citizens in lands they had inhabited all their lives.

Israel’s Jewish public identity has had comparable consequences for Palestinians and Israeli Arabs, who are for all practical purposes second-class citizens. Their low rates of political participation reflect alienation from what, for them, must be the oxymoronic identity of a “Jewish democracy.” The lesson of the seventeenth-century wars of religion is that it is best to take indivisible goods off the political table. If the church is disestablished, there are less likely to be religious battles over the commanding heights of the state.

A good deal of attention has also been paid to the role played by institutions in maintaining democracy. It is often assumed, for example, that constitutional arrangements and, especially, independent courts are important. Dahl was always skeptical of these claims, and his skepticism has turned out to be well founded. It is difficult to show that constitutional arrangements, including the existence of independent judiciaries, have much—if anything—to do with democracy’s viability. This is not to say that institutions are irrelevant. It seems, for instance, that all else equal presidential systems of the sort that are common in Latin America are somewhat less stable than the parliamentary systems that prevail in Western Europe. But the differences are not great, and can be mitigated by such factors as a strong presence of the president’s party in the legislature.* Many presidential systems—including the American one—have been stable for long periods of time.
The bulk of the story for democratic survival seems to be economic. Specifically, if per capita income (PCI) reaches and remains above about $13,000 (measured in 2014 dollars), an existing democracy will likely survive indefinitely. But as PCI falls below that threshold, democracy becomes vulnerable, and the further it falls, the more vulnerable democracy becomes. PCI seems to matter much more than inequality. Democracy survives in some of the most unequal countries in the world as measured by the Gini coefficient, a standard measure of inequality. These include much-celebrated new democracies such as Brazil and South Africa. It is unclear whether democracy could endure in less socially and economically diversified unequal countries like Saudi Arabia, for reasons I take up below. But the general finding seems to be robust: PCI matters more for democratic consolidation than do inequality, institutions, culture, or other variables that have been studied.

Why democracy survives in comparatively rich countries is an interesting question, to which answers are mainly speculative. Some suggest that in wealthy countries, both the rich and the poor have reasons to maintain democracy—if it exists—over support for a coup. Seymour Martin Lipset said more than half a century ago, "If there is enough wealth in the country so that it does not make too much difference whether redistribution takes place, it is easier to accept the idea that it does not matter too much which side is in power. But if loss of office means serious losses for major groups, they will seek to retain office by any means available." And if there is wealth to redistribute, the poor are less likely to reach the point at which Karl Marx and Friedrich Engels predicted that they would become revolutionary—when they have "nothing to lose but their chains."

There might be something to arguments of this sort, but they rest on large assumptions about just how "the rich" and "the poor" translate their economic preferences into effective political action.

As the divide-a-dollar story reminds us, majoritarian electoral politics creates the possibility of cross-class coalitions. These can occur in poor countries as well as rich ones. This means that, if we are to understand the links between the economy and democratic consolidation, more must be said about the incentives facing those who are in a position to destroy the democratic order should they choose to do so.

Democracy depends minimally, but vitally, on the willingness of office-holders to give up power when they lose an election. This, in turn, means that there must be reasonably appealing alternatives to holding political office. Poor countries tend to be marked by winner-take-all (and, hence, loser-lose-all) politics, whereas richer democracies offer other opportunities to formerly employed political elites. When George Herbert Walker Bush lost the presidency in 1992, he could go onto corporate boards, create foundations, and get wealthier than he could ever have done had he remained in office. Sending the tanks down Pennsylvania Avenue is scarcely worth contemplating in such circumstances. The practice of giving up power—known among political scientists as alternation—was by then so deeply entrenched in American politics that it would have been hard to imagine a losing candidate even considering a coup—even when, as with Al Gore and the Democrats in 2000, the losers believed that the election had been stolen.

The best predictor of alternation is alternation. Adam Przeworski has pointed out that it is hard for alternation to get going, but once it starts it becomes established fairly quickly. This raises the question: How did alternation become established in the United States in the first place? It is difficult to read the historical literature on the early American republic without concluding that the prospects for alternation in America's critical first few elections depended substantially on the low appeal that politics held for George Washington, John Adams, Thomas Jefferson, Aaron Burr,
and James Madison, especially in light of the more lucrative and appealing ways in which they could spend their time. Even at that early stage, the American polity and economy offered elites opportunities that dampened the costs of losing office. It probably did not hurt that Washington, D.C., remained a dismal city surrounded by malaria-infested swamps for many decades after the government moved there from Philadelphia in 1800.

This reasoning suggests a mechanism for why democracy often struggles to survive in single-commodity export economies (the "oil curse"), where access to the levers of political power is often vital to the continuing well-being of elites. In such settings, even if PCI reaches levels that are expected to make democracy sustainable, it might nonetheless be vulnerable to a coup by those who fear losing power or who find themselves in a position to grab it. In this line of thinking, the diversification of the economy matters more than inequality, and perhaps even as much as PCI. What counts is the extent to which everyone's eggs are in the same basket. If they are, then the incentive to fight over access to the basket is high. Politics all too easily becomes a zero-sum battle for monopoly control of the commanding heights of the economy.

Like Madison before him, Dahl was right that diversification of factional interests serves democracy best when interests multiply and intersect with one another. As with the disappointed competitors whose team has just lost the World Series, losers in democratic competition need to be able to tell themselves—and believe—that there's always next year. This requires that most people believe there is going to be another season. If the economy is in shambles or in the corrupt control of a few, then it seems unlikely that people will give up political power when they hold it or resist the temptation to grab it when they can.

The moral of the story is that the prospects for democratic consolidation will grow for any country if it builds and sustains a diversified economy that disperses opportunities among different sectors of the population and renders people less dependent on access to political power for their survival and success. The recent calls, at the UN Conference on Sustainable Development held in Rio de Janeiro in 2012 and elsewhere, for broad-based inclusive economic growth that ranges over multiple economic sectors are therefore on the right track. Apart from the considerable economic benefits that they promise, inclusive growth strategies increase the odds that when democracy gets a foothold, it will survive.
I noted in the last chapter that highly unequal countries can survive as democracies. They can hold elections that are widely seen as free and fair. These elections might offer genuine possibilities for alternation. The media might be free enough of censorship and other forms of government interference for people to have genuinely independent sources of information. Robust civic and political freedoms might ensure meaningful liberty to criticize government policies and try to get them changed. These are all important features of democracy, as anyone who has lived in a country where they are missing, or seriously threatened, will attest.

Dahl agreed, but he also argued that beyond a certain point, inequality undermines the quality of democracy. If small minorities get disproportionate control over the political process as a result of their wealth, then his requirement that everyone should have an equal ability to influence the political agenda becomes compromised. Dahl’s worries about the political effects of inequality grew in the years after he published On Democracy, when his main concern about the older democracies had been whether they would “perfect and deepen” their democracy. Deepening, for Dahl, had meant extending democratic governance to other spheres of collective life, notably the economy.

But in the early part of the new century Dahl began to worry that inequality might compromise basic democratic institutions.
trend of growing inequality resumed. In January 2014, Oxfam reported that the wealthiest 1 percent of Americans had captured 95 percent of the postfinancial crisis growth while the bottom 90 percent had become poorer since 2009. Study after study reveals that inequality now exceeds the levels of the Gilded Age in the late nineteenth century. Dahl's concern has not been rendered moot by events.

One way in which economic inequality undermines democracy is when money is used to influence electoral politics. In its 1976 decision in *Buckley v. Valeo*, the Supreme Court ruled that Congress could regulate contributions to political campaigns. But the justices also equated money with speech protected by the First Amendment, a fateful decision that they deployed to justify prohibiting the regulation of political "expenditures." Dismissing concerns that expenditures promote corruption (on the grounds that there is no quid-pro-quo relationship if the funds are not given to a campaign), the justices held that any restraints on expenditures unacceptably limit free expression. They insisted that protecting that freedom is more important than "equalizing the relative ability of individuals and groups to influence the outcome of elections." Even when wealthy individuals finance their own campaigns, the First Amendment "simply cannot tolerate" any restriction on a candidate's freedom "to speak without legislative limit on behalf of his own candidacy." *Buckley* opened the floodgates to unlimited spending in electoral politics, sanctified by the fig leaf that allows campaign commercials to be copied verbatim by groups and individuals engaged in "expenditures."

In 2010, the Court extended *Buckley* to corporations in *Citizens United v. Federal Election Commission*. Shortly thereafter, the D.C. Court of Appeals extended the proscription to cover contributions to advocacy groups in *SpeechNow.org v. Federal Election Commis-

sion*. This led to the birth and rapid growth of a new creature, the "independent expenditure only" political action committee, or Super PAC. One of the few remaining limits to contributions fell four years later, when the Court struck down limits on aggregate contributions, which had stood at $117,200 per election cycle, with the implication that a single donor can now give some $3.5 million per election cycle divided among candidates, PACs, and parties. Moreover, although *Citizens United* allows Congress to require the disclosure of corporate political expenditures, prior Court decisions and rulings by the Federal Election Commission have made this all but unenforceable. The net effect, first seen in the 2012 elections, is that unlimited amounts can be spent, much of it anonymously, by corporations as well as individuals to shape election results.

*Citizens United* is a troubling threat to democracy, but the underlying problem is *Buckley*'s insistence that money is speech. The answer to this, as Justice Byron White said in his dissent at the time, is that money is not speech. Money is money. And it is a vital resource for competing in elections. The decision to regulate expenditures reflected "a considered judgment of Congress that elections are to be decided among candidates none of whom has overpowering advantage by reason of a huge campaign war chest."

*Buckley* alleged that limiting how much money people can spend on political communication during a campaign "necessarily" restricts "the number of issues discussed" or "the depth of their exploration." Far from being a necessary truth, this dubious claim ignores what happens when many millions of dollars are spent to support (or attack) a candidate or policy, saturating the relevant media markets and drowning out competing views. Saturation spending might actually reduce the number of issues discussed or the depth of their exploration. People have finite capacities.
to listen. Those with massive war chests can decide unilaterally whether they will be deployed to add issues to the agenda and promote in-depth discussion or, conversely, to drown out opposing views and engage in attack-ad character assassination.

The spillover effects of opening these floodgates in the United States should stand as a warning to others. Public financing of campaigns has fallen by the wayside as candidates, trapped in the arms-race logic of fundraising, find that they cannot bind themselves to the voluntary limits that come with accepting public funds. The billion-dollar threshold crossed by Barack Obama and Mitt Romney in the 2012 presidential election is a likely harbinger of the future, as are Senate campaigns in the tens of millions and the need for House members, facing reelection every two years, to run permanent fundraising machines. Even if some version of compulsory public funding could pass constitutional muster in the post-Buckley era (surely a nonstarter), this would not address the limitless expenditures that Buckley authorizes and the more recent decisions amplify.

The reality is that it would require a constitutional amendment to undo the damage to American democracy wrought by the Supreme Court in this area over the past four decades. Though many politicians would benefit from such a change, there are huge collective action obstacles to their getting behind it. This is to say nothing of the monied interests that would throw their weight behind maintaining a new status quo that so substantially increases their political clout.

Second, inequality also affects who participates in politics. Nolan McCarty, Keith Poole, and Howard Rosenthal have shown, for the United States, that the concentration of income and wealth at the top and the growth of a low-paid class at the bottom skews the incentives for politicians in both parties away from the interests of the poor. The reason is that poor people vote in comparatively low numbers, whereas the rich participate both directly by voting and indirectly by giving money to campaigns and political causes. The net effect is that as inequality increases, the policies of both parties shift to the right. This happened during the Gilded Age; it declined steadily as inequality fell in the middle part of the twentieth century; and it has returned with the resurgence of inequality driven by increased immigration and lopsided income growth at the top since the 1960s.

This problem could perhaps be mitigated to a degree by compulsory voting. Turnout is somewhat higher in countries like Australia that mandate voting, and it seems reasonable to think that this supplies political parties with incentives to attend to broader swaths of the electorate. Whether a systematic study of the ten or so countries that enforce compulsory voting would confirm this conjecture is an open question. In any case it would not deal with the failures to regulate the role of private money in electoral politics, which, perhaps surprisingly, is extensive and lightly regulated in Australia. So long as politicians need money, those who are in a position to give or withhold it will be able to get, and keep, their attention.

A third major way in which money matters in democratic politics has to do with the complexity of the political system. This problem, too, is particularly acute in the United States. I noted in my preface that Dahl was skeptical that the separation of powers system designed by the American founders would do the work that they hoped it would. The system of multiple vetoes they created was intended to make change difficult, as it did. Making change difficult is one way to protect important constitutional guarantees that might otherwise fall victim to the whims of tyrannous majorities—though as I noted, Dahl was right that there is scant evidence
of this being a significant problem in democracies. Making change
difficult does not make it impossible, however. And in a world in
which political action requires resources, those who have them are
more likely to be able to achieve change—or shape its direction—
than those who lack resources.

Consider a contrast between the minimum wage and legislation
that affects the well-to-do. The minimum wage has steadily been
eroded by inflation in recent decades, yet Democrats have found it
difficult to enact minimum wage increases. They have never man-
gaged to override the blocking power of their Republican adversar-
ies to get it indexed for inflation, which would solve the problem.14
By contrast, the alternative minimum tax, which limits the deduc-
tions available to higher-income taxpayers, has been amended
eleven times since 1986 to avoid bracket creep, and in 2013 it was
indexed for inflation.15 The threshold for paying estate taxes has
also seen significant increases in recent years. It, too, was indexed
for inflation in 2013.16 In short, status quo bias is not neutral; it
works to the systematic advantage of those with the resources to
keep the pressure up on politicians and pay the rents that they are
in a position to extract for doing the benefactors’ bidding.

Institutional complexity also works to the disproportionate
benefit of the well resourced by fostering opacity. This allows those
who understand the system to exploit, and sometimes even create,
principal-agent problems in the bureaucracy and between bureau-
crats and politicians. This was well illustrated during the 2009–
2010 battle over the Dodd-Frank financial regulation bill passed
by Congress in response to the financial crisis. Intense financial
sector lobbying weakened the bill in various ways as it worked its
way through Congress, but there was one area in which public
sentiment was strong enough to force politicians to resist: the ban
on proprietary trading. Investment banks had been free to trade
on their own accounts since the 1999 repeal of the Glass-Steagall
Act (itself the achievement of an effective multiyear lobbying cam-
paign).17 This was widely seen as having worsened the crisis, con-
tributing to the perception that bankers had to be reined in.

Former Federal Reserve chairman Paul Volker championed a
reintroduction of the ban on proprietary trading, which eventually
prevailed despite stiff industry opposition. But once it became ob-
vious that some version of the Volker rule would survive in the fi-
nal bill, lobbyists pushed for strings of exceptions that would make
it all but unenforceable.18 They also lobbied for much of the detail
to be deferred to the implementation stage and then deluged the
rule writers with tens of thousands of comments and objections
that made meaningful rule-writing all but impossible.19 When the
867-page rule was finally adopted (more than two years late) in
December 2013, it was still beset by more than eighteen hundred
outstanding questions and what Forbes magazine described as
hundreds of pages “full of loopholes for the well-paid lawyers from
Sullivan & Cromwell, Cleary Gottlieb, Skadden Arps and the other
$1,400 an hour attorneys to interpret favorably for Goldman Sachs
and J.P. Morgan Chase.”20 Shortly after the bill passed, I asked a
partner at a major investment bank whether they were now out
of the proprietary trading business. His reply: “It will be at least
five years before we will know whether we have managed to kill
that part.”

That is a sobering note to end on. It underscores the prescience
of Dahl’s worry about the corrupting effects of inequality on dem-
cratic politics. It also suggests that Dahl perhaps understated things
when he said that judicial review provides no additional civic pro-
tections over and above those achieved by democracy. In this area
the Court’s decisions since Buckley have ushered in decades of
cumulative corrosion of democratic politics by money that shows

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no signs of abating. It is no small irony that it is the United States Supreme Court that has fostered this result by repeatedly striking down as unconstitutional laws passed by the people's elected representatives. In this area at least, judicial review subverts democracy, reinforcing the disproportionate political power of the monied few.

APPENDIX A

On Electoral Systems

If you would like to learn more about electoral systems, a good place to start is The International IDEA Handbook of Electoral System Design, edited by Andrew Reynolds and Ben Reilly (Stockholm: International Institute for Democracy and Electoral Assistance, 1997).

It divides "the world of electoral systems" into three main families: Plurality-Majority systems, Proportional Representation (PR) systems, and Semi-PR systems. First-Past-the-Post (FPTP, which I compared with PR in Chapter 11) is just one of four types of Plurality-Majority systems. Others include the Alternative Vote (AV) system (also known as Preferential Voting) and the Two Round system used in France.

Although the Alternative Vote system is used only in Australia (and in modified form in the Pacific island state of Nauru), some political scientists strongly support it. Under this system, candidates may be chosen from single-member districts as in FPTP. But unlike as in FPTP, voters rank the candidates—one for their first choice, two for second, three for third, and so on. If no candidate wins a majority of votes, the candidate with the lowest total is eliminated and the second preferences of the voters are then counted. This continues until a candidate wins 50 percent of the votes. The French Two Round system is intended to achieve a similar result. Both avoid the potential defect in FPTP: if more than