



Declining government influence

24 – number of full democracies today according to EIU

52 – number of flawed democracies today according to EIU

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National governments' ability to lead change comes under greater pressure from both above and below - multinational organisations increasingly set the rules while citizens trust and support local and network based actions.

Government and governance itself is in a state of flux. The 20th century move towards greater democracy seems to have halted at the same time as multinational global and regional bodies are setting, or seeking to set, more of the rules of significance. The majority of governments are feeling less influential on the global scale and so are seeking to collaborate more - whether as part of trade alliances, military pacts or multipolar groups.

After the global financial crisis, the power and influence of the IMF, G20, the World Bank and the AIB has come to the fore. Multinational trade agreements such as TPP and TTIP are now seeking to control pivotal standards and protocols that will influence future economic growth. Other intergovernmental organisations such as the WHO, FAO, IPCC, OECD and IEA are all variously seeking to influence future global directions. Within regions, the EU, ASEAN, GCC, African Union and OAS are, to different levels, also aiming to set the future agenda.

For some, sovereignty itself is being given away, and many national governments find that global, non-elected bodies that increasingly sit above sovereign states are deciding regional imperatives. Within many countries trust in national politicians and the political process is in decline. At the same time, preference for both local actors and global networks is on the rise. From mayors and the C40 to Greenpeace, Facebook and Twitter, alternative views are being shared and supported.

The shift to democracy seems to have halted.

At the same time the shift to democracy seems to have halted. From having only 11 democracies in the middle of WW2, by 2000, US think-tank Freedom House classified 120 countries, 63% of the world's total, as being democracies. Yet today the EIU sees that we only have 24 full democracies - the US, Canada, Australia, New Zealand, Japan, over half of Europe plus Uruguay and Costa Rica. These are followed by 52 flawed democracies including in their number the likes of Taiwan, Indonesia, Greece, Israel and Mexico. Underneath them in the democracy index are 39 hybrid and 52 authoritarian regimes.

Challenges for many who think democracy is the best option for government are threefold. Firstly, some of the countries that either jumped ahead as part of decolonisation or had democracy forced upon them are evidently struggling: South Africa, Pakistan and Ukraine just as much as Iraq and Libya. Secondly, some of the long-term shining lights for democracy seem to be in paralysis; Washington and Brussels are both viewed as perpetually struggling with consensus and gridlock. Lastly, other non-democratic countries, many benevolent dictatorships such as the UAE or the Chinese Communist Party, are doing quite well. Public support for many governments is clearly shifting - twice as many Chinese as Americans are very satisfied with their country's direction, and voter turnout has fallen by a third across the EU in the past thirty years with participation in parliamentary elections in France, Britain and Germany now nearly as low as Russia and the US.

Power and influence



Meanwhile trust and confidence for state or city level types of governance is on the increase. Citizens are gaining more confidence in people like them to do something significant about the issues that are most present. With the C40 helping mayors around the world share best practice, the power and influence of mayoral offices has increased – almost universally with public support. Whether in New York, London, Paris, Quito or Istanbul, support for greater city level powers is growing. Similar support can also be found for state level governors. At an even more local level, the rise of the real sharing economy and more community level collaborations is helping to cement responsibility and leadership closer to home.

Citizens are gaining more confidence in people like them to do something significant.

One of the consequences of governments, and particularly cities, making more of their data open has been great empowerment of communities and networks. London leads the world in making public data, so seeding multiple platforms for new innovations and efficiency improvements. At a country level an interesting combination of Taiwan, the UK, Denmark, Colombia and Finland are the top 5 nations in the global open data index. As we move forward, open public and private data will together drive transparency from the bottom up. It is envisaged by many that citizens will be able to access and use their public data and share what they wish of their private data to collectively co-create better ways of using social resources.

At the same time as engagement increases, so crowdsourcing of policies and decision-making may well reduce further the need for politicians but increase the roles of platform designers and choreographers of discussion. If this direction is followed, the more connected citizen will arguably become more empowered. Less influence of national government is probably certain along with greater decentralisation. Singapore for one sees that decentralised service provision at the hyper-local level can help to reduce inequality.

Lastly, in this world of more top-down and bottom-up strain on national level influence, some also see governments facing greater challenges from NGOs and religious groups. As the third sector has grown, a host of NGOs have gained in reach and influence. Oxfam, Amnesty, World Vision and Greenpeace have now been joined by the likes of MSF, Save the Children, Ashoka, Grameen Bank and The Gates Foundation. These have seats at the table not only for national issues but often at an international level, and are just as much of the Davos entourage as many governments.

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Influence and trust has shifted significantly over the centuries. We first moved from respecting and following tribal leaders and kings to being led more by religions. In the last millennium as states emerged, national allegiance and identity came to the fore; in the last century, we added brands, multinational organisations and now social networks into the influence mix. As we move forward the question will be whether there are a new cross-society bodies that take the next step, or whether we take advantage of our increasing connectivity to follow and give more influence to groups from the past and today that resonate most – be that local communities, regional leaders, religious, NGOs or networks. Whichever direction we take, it looks that in many countries a steady decline in national government influence is on the table.

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Related insights

Capitalism challenged



Unable to shake key issues like inequality, capitalist societies face cries for change, structural challenges and technology enabled freedoms. Together these re-write the rules and propose a more participative, collaborative landscape of all working together.

Rising youth unemployment



With unemployment rates already over 50% in some nations, access to work is a rising barrier. Especially across North Africa, the Middle East and southern Europe, a lost generation of 100m young people fails to connect with or gain from global growth.

Shifting power and influence



The centre of gravity of economic power continues shifting eastwards, back to where it was 200 years ago. Recent superpowers seek to moderate the pace of change but the realities of population and resource locations are immovable.

Sometimes nomads



Elective migration, cheap travel, international knowledge sharing, and increasingly transient working models create connected nomads who mix the traditions of home with the values and customs of their host location.