

Is democracy in crisis?

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Many observers claim that democracy is in crisis in the world. They see many signs that this is the case. This note discusses whether there has been a major downturn in the path of democracy in the world. The evidence is conflicting: There is a fall, but it is borderline significant and mainly generated by a handful of countries. Thus, the term crisis is a strong word to use.

1. What is big and small changes in the polyarchy index?

The discussion uses the polyarchy dataset from the V-dem project. The index is defined on the open interval $]0,1[$. Figure 1 gives the development over time of the number of countries covered. Figure 1 and Table 1 give some statistics for the size of the dataset.

Figure1. The number N_c of countries covered by the polyarchy index

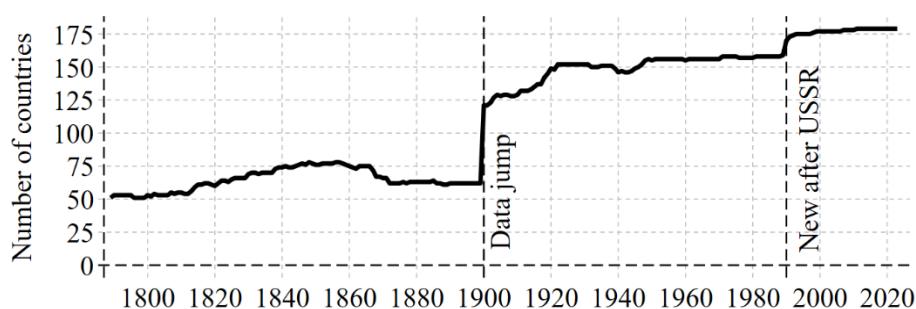


Table 1. The dimensions of the polyarchy data in November 2025

N , observations	N_c , countries	Long series	N_c
26,595 total	203 covered	All 235 years	29
6,917 for dependencies	176 existing	225-234 years	9
colonies, protectorates, etc.	3 debated	150-224 years	27

The debated countries are two Palestine states and Kosovo (recognized by 109 countries only). The 24 countries abolished are the states of Germany, Italy, Vietnam, and Yemen before the unification, and Korea and Palestine before the division. The number of first differences is $Nd = 26,309 = N - 286$, which is the 203 countries, and the effect of 83 gaps.

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The dataset covers many countries that are under some kind of foreign control. This is often indicated in column C of the dataset giving the historical name with a few remarks. If the country is a regular colony this is easy, but often the story is more complex – as many types of indirect rule are possible.²

Democracy indices have no natural scale. The indices are compiled from many indicators, and the different indices use somewhat different indicators. They have nonlinear relations. Thus, the measurement error is large for democracy indices. When discussing patterns in any index it is necessary to know the measurement error. The V-Dem project tries to define the indicators in the same way across countries and over time. It is surely much easier over time for the same country than across countries. Thus, two measures of uncertainty are needed for country A: (i) Over time, where country A_t is compared with A_{t-1} . (ii) Between countries, where country A is compared with country B. It is clear that (i) is smaller than (ii).

(i) I assess that a change is significant if it exceeds 0.05. This rule applies to Figure 4.

(ii) Based on a comparison with other democracy indices I assess that the measurement error is ± 0.15 between two countries. At the 95% level of significance, we can only trust that country A is more democratic than country B if polyarchy differs by 0.15.³

For 2023 we cannot be confident that Kenya 0.564 is more democratic than Tanzania 0.435. It is often claimed that Israel is the only democracy in the MENA region. This is confirmed by the data. However, Israel is less democratic than all countries of the West, but only significantly so for about half the countries.

This assessment yields the 95% confidence interval as $2se$. For the 36 countries in Figure 2, it is $2\frac{0.15}{\sqrt{36}} = 0.05$. For the average of 148 countries in Figure 3, it is $2\frac{0.15}{\sqrt{148}} = 0.025$.

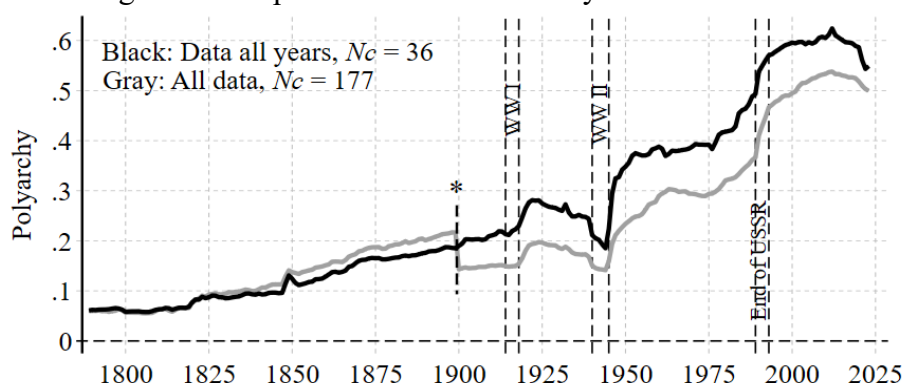
2. The path of the polyarchy index: Two perspectives

Figure 2 shows the average polyarchy data for all years covered. It shows a fall of 0.05 at the end that is at the 95% limit. Still, Figure 2 gives some support to the crisis view.

² The Soviet empire in Eastern Europe 1945-90 is treated as independent countries The British empire in the MENA area 1918-50 (or later) is similar, but the notes to the index and probably also the coding treats the two cases differently.

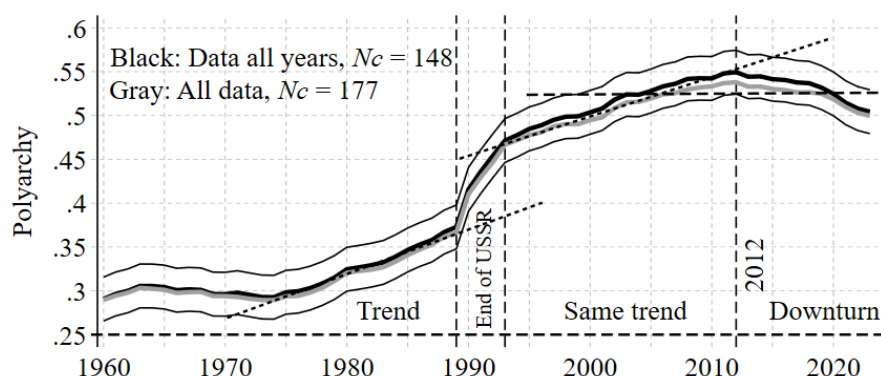
³ The uncertainty has a spatial component, which it is larger the further apart the two countries are. At present the spatial effect is disregarded.

Figure 2. The path of the index for all years covered



Since 1960 most countries have data. Thus, Figure 3 has a smaller difference between the two average curves than Figure 2. One interpretation of Figure 3 notes the horizontal dashed line within the confidence intervals on Figure 3. It goes all the way from 2000 to 2023. It says that the decrease is insignificant.

Figure 3. The path of the index since 1960, with ± 0.03 confidence intervals



The black curve is for 148 countries with data all years, while the gray curve is for all 178 Countries. The 95% confidence interval is ± 0.02 as explained in text.

However, Figure 3 may also be interpreted using the two short-dashed lines giving the trend from 1974 to 1990. The end of USSR caused an upward jump, and the short-dashed line continues the trend from 1993 to 2012. The trend may be explained by the steady growth of incomes in these years, see section 4. The trend line should have continued, but the polyarchy path diverge from 2012, and the divergence becomes significant in 2015. By this interpretation the fall is significant. Thus, the evidence is mixed.

3. The change in the individual countries from 2011 to 2023

Figure 4 shows the distribution of the fall 2011/23 across countries. Significant falls occur in 63 countries. 89 countries are in the insignificant interval, while 25 have increasing democracy.

Table 1 lists the countries with a democracy crisis by two criteria. Criteria 1 is the strong crisis case where the fall is larger than 0.25, it is 9 countries. Criteria 2 is the weak crisis case where the fall is between 0.15 and 0.25. It adds a further 14 countries.

Of the 9 strong crisis cases Poland and Mauritius have had recent elections where an advocate of democracy has won, so perhaps they will soon leave the crisis category. However, Turkey and Venezuela seem to have continued the path toward authoritarianism and may have joined the strong crisis group.

Figure 4. A histogram of the distribution of the fall from 2011 to 2023.

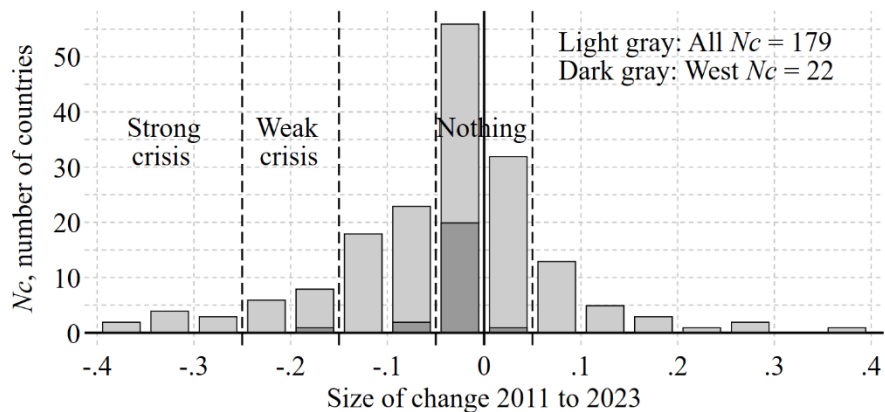


Table 2. The crisis countries according to Figure 4

Strong crisis		Weak crisis	
$dV < -0.25$	Size of fall	$-0.25 > dV > -0.15$	Size of fall
1 Mali	0.378	10 Turkey	-0.234
2 Burkina Faso	0.365	11 El Salvador	-0.230
3 Hungary	0.343	12 Hong Kong	-0.217
4 Afghanistan	0.308	13 Haiti	-0.205
5 Poland	0.303	14 Comoros	-0.205
6 India	0.302	15 Venezuela	-0.203
7 Mauritius	0.272	16 Yemen N	-0.186
8 Nicaragua	0.256	17 Thailand	-0.173
9 Serbia	0.251	18 Bangladesh	-0.167
		19 Niger	-0.164
		20 Mongolia	-0.157
		21 Greece	-0.157
		22 Botswana	-0.155
		23 Indonesia	-0.155

Mali, Burkina Faso, Nicaragua, Turkey, El Salvador, Comoros, Thailand, Bangladesh, and Niger, have a long history of zigzag movements between democracy and dictatorship. So, the worrying cases are *Hungary, India, Serbia, Venezuela, Mongolia, and Greece*. Countries that at some stages were promising democracies, with India and Mongolia that used to be the showcases for democracy in the LDC world.

Figure 4 also shows how the 24 Western countries fit into the picture. Only Greece is in Table 1, and the USA (with -0.053) just becomes significant. Canada is insignificantly positive but the remaining 22 countries are all insignificantly negative. The 5 Nordic countries have typical changes: Denmark -0.004, Finland -0.025, Iceland -0.049, Norway -0.025, and Sweden -0.033. All the 24 West have an average change of -0.029 (with a std 0.342), so 2se is 0.0025, and thus the fall in the average country is significant, but only borderline so. My assessment is that this fall is an artefact. I know of no reduction in the democracy of the Nordic countries, and the other old western democracies.

4. The long-term perspective

Another perspective is that the political regime of countries has a very significant transition, so that it increases systematically with income. It is flat and low in traditional society, and flat and high in modern society. In the 1-2 hundred years when a country changes from traditional to modern society its political system changes from an authoritarian (kingdom) to democracy. The increase is slow and surrounded by a great deal of seemingly random fluctuations. The underlying transition curve is best estimated by kernel regression on the unified data for many countries. 13,391 polyarchy data can be joined up with an income observation. Figures 5 show the transition for all observations, while Figure 6 starts in 1960. The graphs on both Figures 5 and 6 look like the same perfect transition curve. The relation is very robust, as is also documented elsewhere, *ibid*.

The transition pattern is explained by the theory of economic growth. The economy – and hence all socio-economic relations are in a *steady state equilibrium* in the traditional and the modern state. That explains the flat part of the curves at low and high incomes. In between is a transition, where the system has no steady state. However, all political systems try to consolidate, so they will often manage to have a *status quo equilibrium*. The difference between the two types of equilibria occurs when they are disturbed. A steady state returns to the same equilibrium. A status quo equilibrium ceases to exist, and the system must find a new.

Figure 5. The democratic transition in polyarchy on all available non-OPEC data since 1800

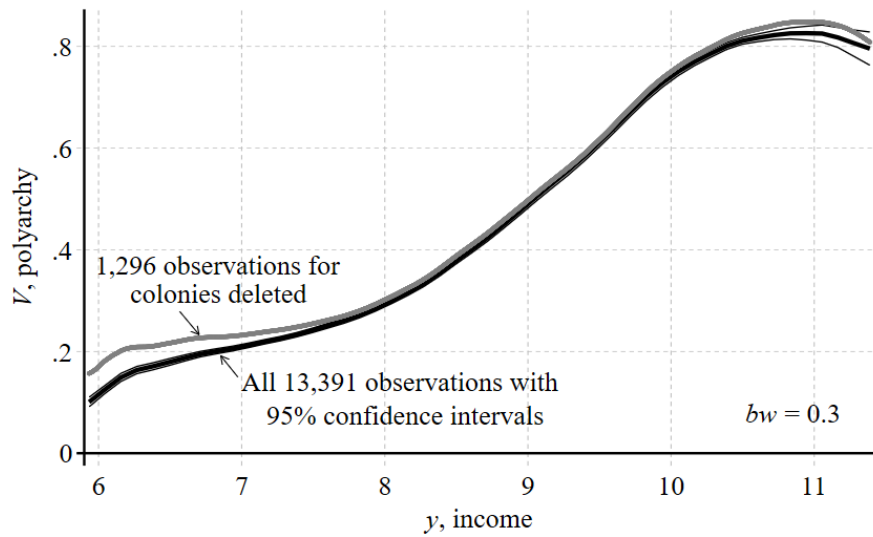
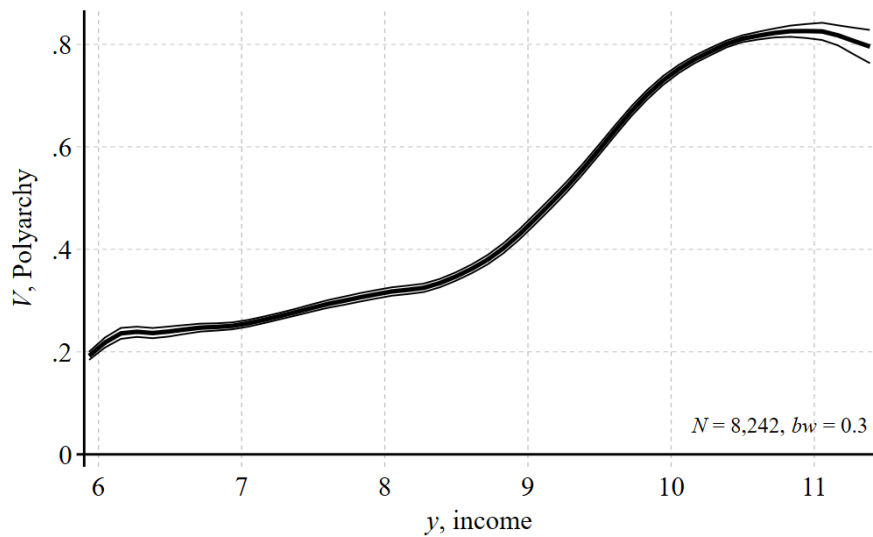


Figure 6. The democratic transition in polyarchy on all non-OPEC data since 1960

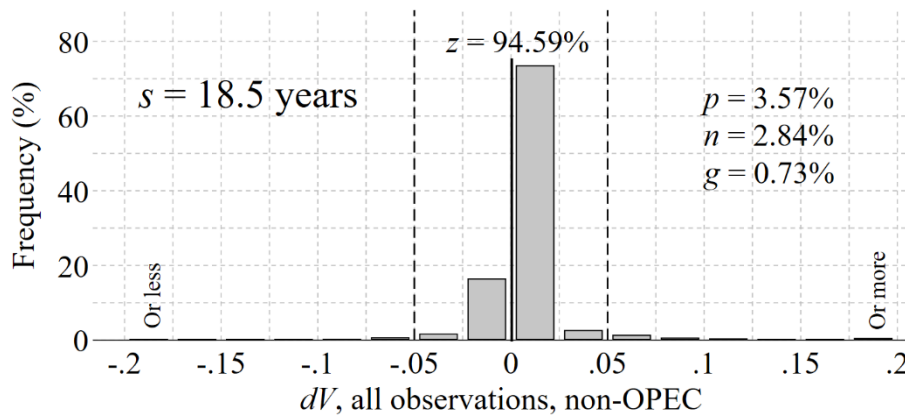


The full transition goes from 0.2 to 0.8 which is 0.6 polyarchy points. It takes place over about 4 income points. It is 0.15 polyarchy points per income point, that represents a *gdp* increase of 2.7 times. The average growth rate is 2 to 2½, so the world grows 2.7 times in per capita real *gdp* per capita in about 50 years.

In the 50 years from 1970 to 2020 the world *gdp* increased about 3 times which is a bit more than 1 income point, while the polyarchy index has increased 0.25 polyarchy points. The increase in democracy has been relatively large. Much of the excess increase can be explained by the jump at the end of the USSR as shown in Figure 3. In the period from 2011 to 2023 incomes have grown by about 25% so democracy should have increased by 0.05, thus, the fall in the average democracy index is probably significant.

The data for V has 23,741 dV s, first differences. As shown in Figure 7 no less than $z = 94.59\%$ of the dV s are practically constant (i.e. within ± 0.05 of zero, which gives an average constancy spell $s = 1/(1 - z/100) = 18.5$ years. The same figure is replicated for different income intervals in Paldam (2026). In the period of the transition from $y = 7$ to 10.5 the average constancy spell is just about 11 years, but in the two steady states it substantially longer, and here system returns to the same equilibrium. The frequency of positive dV s (>0.05) is $p = 3.57\%$, while the negative dV s (>-0.05) is $n = 2.84\%$, so the net ‘growth’ is $g = 0.73\%$.

Figure 7. The frequency distribution of all 23,741 annual changes in the polyarchy index



Most jumps are in the positive direction generating the transition curve. This is formalized in *the jump model of the democratic transition, ibid.* This model claims that the transition path works as an attractor for the occasional jumps that are set into motion by random triggering events. The jumps tend to overshoot the transition path, which gives a cyclical path of adjustment. This explains the zigzag movements of democracy in countries in transition as mentioned.

5. Conclusion

The above analysis shows that there is a small fall in democracy in the world after 2011. It is serious in a handful of countries, but the great majority of countries are not affected. Thus, the term crisis appears exaggerated.

References:

The argument – especially in section 3 – is based on the following papers referred to as *ibid*:

- MP, 2021. The Grand Pattern of Development and the Transition of Institutions. Cambridge UP, New York.
The democratic transition is analyzed in part II of the book.
- MP, 2024. Income, Growth, and Democracy. Looking for the main causal directions in the nexus. *European Journal of Political Economy* 83, 10253
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