

RETHINKING DEMOCRACY

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“Responsible Leadership in Democracy: Values and Accountability”

Position Paper

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Introduction

The democratic world is in crisis. While each country faces its own unique combination of challenges, the most common problems are: fraying trust in institutions, democratic backsliding, increasing inequality, persistent patterns of social exclusion, self-serving elites, lower social mobility, political polarization and rising authoritarian tendencies. While many of these predated the COVID-19 pandemic, some have gained added momentum in the last year. Experts fear that current developments could permanently endanger democratic norms, tearing the social fabric of societies apart, and threaten the liberal order around the world.

Indeed, due to the severity of the global crisis of democracy, with democratic backsliding an alarming issue in nearly every region, the next several years represent a crucial turning point in the struggle to build and maintain open societies. While the problems are staggering, crisis can also breed opportunity. Recent polling indicates that large percentages of populations around the world are open to profound political change (Pew, 2021), suggesting that there is a window for innovations and reforms to craft newly invigorated democratic systems. Therefore, understanding the underlying problems, and determining bold and forward-looking solutions to address them, is the crucial task ahead for democratic societies.

Four Issues

Four issues form the core of the current crisis of democracy: a lack of trust, a rise in polarization, missing accountability, and failing leadership. A lack of trust inhibits institutions to operate effectively. Polarization—both social and political—limits cooperation and erodes common ground. A lack of accountability fosters discontent and enables corruption. Finally, inadequate leadership can result in poor crisis management and can compound the impact of other factors. The four main components are interrelated, yet also distinct. Specifically, they include:

Trust

Institutional and interpersonal trust is the bedrock of modern democratic societies. A lack of trust can impede individuals' ability to organize and cooperate outside of family or government, limiting the effectiveness of large organizations and hindering economic growth (Fukuyama, 1995). Some countries have experienced declines in interpersonal trust (Keeter et al. 2019) but falling trust in government and institutions like political parties or the media are part of a longstanding trend in many democracies (Dalton 2005; OECD 2013; Pew 2021). In addition to the documented negative effects on social cohesion and political participation (Grimalda and Tänzler 2018; Cuellar 2018), low institutional trust presents important challenges for any democratic government in power.

As the OECD (2013) points out, “without trust in governments, markets and institutions, support for necessary reforms are difficult to mobilise.” Low trust can decrease compliance with rules and regulations and make it more difficult to invest in the future. Perhaps most importantly, it makes it difficult to deal with a crisis, as the U.S. response to the COVID-19 pandemic in 2020 made abundantly clear. Repairing trust is critical for the functioning of both democracies and economies, but trust is a two-way street: governments must earn the trust of their citizens, not just expect it. “Virtuous” and “vicious” cycles are evident here, as trust helps governance, but good governance also breeds trust in a self-reinforcing pattern.

Still, these cycles can be broken, as the management of the COVID-19 pandemic revealed in some countries. For example, relatively low-trust South Korea (OECD 2019) managed COVID-19 well

due to an exceptionally quick and competent response. The result was growing trust and approval of the government. This shows that while high trust levels are optimal, it is within the power of governments to increase trust if they govern effectively and fairly.

Polarization

While the liberal order thrives on political differences and the contestation of policy issues, excessive polarization can ultimately cripple democracy. Countries may be excessively polarized along wealth, racial, gender, or religious lines, inhibiting their ability to operate effectively once political polarization sets in.

Income and wealth inequality are on the rise nearly everywhere (UN 2020; OECD 2014), especially in OECD countries and emerging economies. This creates a sense of unfairness, allows economic deprivation to persist, and erodes faith in government and public institutions as well as social cohesion. Racial (Otieno 2008) and gender discrimination (UN 2019) are also major concerns. Such social divisions can be exploited rather than addressed by opportunistic political actors who will search for scapegoats rather than solutions. The ensuing rise of identity politics (Gardels 2018; Sen 2007)—facilitated by social problems long left unattended—threatens political stability and creates openings for demagogic leadership. In turn, identity politics and polarization can foster increased distrust, worsening the situation further (American Academy of Arts and Science 2020).

In some countries, COVID-19 revealed the deadly consequences of polarized politics. In addition to hindering governmental responses, some leaders sought political advantage by politicizing safety measures. Individual safety measures became partisan weapons, and compliance with simple measures like face masks and vaccine acceptance turned into political battles. By making collective action more difficult, polarization may have indirectly cost thousands of lives during the pandemic, making its resolution all the more critical.

Accountability

Lacking feedback loops between political and economic elites on the one hand and the population at large on the other can foster discontent, ultimately undermining democracy. Yet, accountability is inherently difficult in modern, diverse societies. Koppell (2005) identified a “multiple accountabilities disorder” of overlapping responsibilities in terms of horizontal (institutional, peer-level), vertical (electoral), diagonal (social, media) accountability requirements (Ocampo and Arteaga 2014). They operate in different ways at different times, making the most effective accountability form in any specific situation a source of important debate. Perfect accountability is impossible to achieve in complex societies, as economic, social and political changes always seem ahead of ways and means to enforce accountability measures.

Corruption is a major accountability problem in this regard, and affects democracies throughout the world, diverting public resources, undermining confidence in government and suppressing economic development (Mungiu-Pippidi 2006; ERCAS 2021). In many countries, corruption creates non-transparent institutions, inviting rent-seeking by elites and lowering social mobility. In others, a lack of accountability means that specific population groups have insufficient mechanisms to voice grievances. In others yet, constitutional and procedural rules in the political system reduce “voice” (Hirschman 1970) opportunities such as the U.S. filibuster in the Senate and gerrymandering of electoral districts, the German 5% threshold, or the UK first-past-the-post system. While there are some valid arguments for their adoption and persistence, they can also create inertia, stymie innovation, and even lead to further polarization. Therefore, understanding

the potential tradeoffs between political polarization, social inclusion and accountability is an urgent task in democratic societies.

Most pressingly, however, is the rise of private actors that transcend traditional governance schemes, which raises serious accountability issues. The privatization of public tasks, public-private partnerships of many kinds, and digitalization create serious accountability issues. In addition, the massive influence of multinational technology firms (i.e., the so-called FAANGs) operating beyond the reach of nation-states and fiscal jurisdictions, make clear that new forms of accountability are needed. Left unattended, these problems can further erode trust, risking a “vicious cycle.”

Leadership

More than any other event since the global financial crisis 2008-9, the COVID-19 pandemic has revealed the importance of leadership. At the same time, leadership in many countries has been poor, with even longstanding democracies displaying autocratic temptations toward a “strongman” leader (Walker 2018). Max Weber famously argued that quality leadership requires a balance of “an ethics of personal conviction” and “an ethics of responsibility” (Robin 2020). During the pandemic, failure to achieve such a balance was clearly visible, and detached, self-serving leadership styles all too common.

In the context of lower trust and increased polarization, leadership can become a brutal power play, leaving little room for balancing personal conviction with a responsibility for citizens and society as a whole. The impetus to win too often overshadows ethical and moral convictions as well as concerns for the common good. Additionally, a “strongman” tendency is all too common. While presidential systems may be particularly conducive to this problem, it is clear that failing leadership and democratic backsliding is a problem across regime types.

There is a clear dual causality in leadership: leadership emerges from strong, open institutions – and good leaders foster an effective democratic system. Indeed, leadership recruitment and formation need open systems – too much inequality of opportunity is detrimental to having leadership competitions that reward talent rather than connections, with elite closure posing a serious problem. At the same time, leadership can act as a “stopgap” measure to improve the other three categories: building trust, healing polarization, and being accountable to the public. Therefore, leadership is the most “active ingredient,” as it can be readily changed and dynamically shapes all other aspects of governance.

Conversely, the four components not only pose serious challenges in their own right, they also can contribute to a “vicious cycle” in which the deterioration of one risks the worsening of the others. As we saw during the COVID-19 pandemic, even countries with strong institutions and pandemic preparedness (WEF 2019) fared poorly if they suffered from poor leadership (Godlee 2021). On the other hand, some countries which were not predicted to be well-prepared for the pandemic were able to handle it more effectively if leadership was good (Giarratano 2020).

Taking a Closer Look

The democratic crisis is widespread and not limited to newer democracies, as the arduous aftermath of Brexit or the 2020 U.S. elections made clear. Long-standing trends such as the numerous attempts at biased redistricting (i.e., gerrymandering) and populist leadership around the world suggest a global democratic recession. In countries like the U.S., Hungary, Poland, Nigeria, Brazil, and many others, the combined effect of low institutional trust, lacking public accountability, growing social polarization, and weak political leadership can produce vicious

cycles. As institutions and norms are weakened, democracy can spiral further and further down in a vicious cycle.

In addition, to the domestic challenges, a rise in the number and power of authoritarian states poses an external threat. A resurgent belligerent Russia and a rising and increasingly assertive China, as well as medium-sized powers like Turkey, now pose an ideological challenge to the liberal order in a way not seen since the end of the Cold War. Their rise risks “spillover effects” in which authoritarian tendencies creep into established democracies. Especially when authoritarian models of capitalism outperform the liberal market economies in terms of economic growth, they offer developing countries a distinctly different path, endangering open societies worldwide. As a result, good leadership in the 21st century means not just providing for the citizens of your own country but helping to craft a fair and inclusive global order on the international stage. Therefore, stressing the importance of this new and essential form of multilateralism in a globalized world (Kaul 2020) is a prerequisite for quality leadership aware of the need of smart sovereignty aimed at positive-sum outcomes in international relations.

Exploring the crisis of trust

Declining trust is largely a combination of failed policies and policy neglect on the one hand and opportunistic elite on the other. Globalization is a particularly relevant factor in these regards, as it produces many opportunities and uncertainties that affect populations very unequally (both within and between countries). While democracy occurs at the national level, more and more of the policies and realities that affect populations transcend that level and the elected leaders are only partly able to impact these policies and realities. In this dynamic and uncertain developments, leadership and accountability failures become particularly acute.

The capacity of civil society as a trust-generator has been neglected by many governments as has the importance of civic education and civic literacy. Over time, this neglect reduces citizen engagement and corrodes interpersonal and institutional trust. In some countries with illiberal or authoritarian governments, this trend is reinforced by shrinking civic spaces as well as the rule of law and the independency of the judiciary being compromised.

Importantly, declining trust is both a leading and lagging indicator (i.e., a sign of trouble ahead but also a reflection of previous problems). When people do not feel represented, they become less trusting of those in power. Furthermore, many trust-related problems are home-grown and further exploited by opportunistic politicians. Indeed, populism does particularly well during uncertain times. This makes it particularly important to remedy the trust crisis, lest it spiral out of control.

The Leadership Void

Good leadership is essential for combating democratic backsliding. While many other factors are long-term and structural, measures for good leadership can be developed and implemented relatively quickly. However, in many cases, current ways and means to recruit and attract the right leadership have not suited the present moment. Why has that been the case?

There are three distinct contests of leadership in the world today. First is a contest between authoritarian and the democratic systems. There is also a tension between national and international leadership. The question is: how can this tension be resolved, perhaps through a new multilateralism? Finally, leaders can choose between unity or polarization to win votes and lead.

In many countries, there is a strong public sentiment that too many people have difficulty being and feeling heard. This is a crisis that has affected not only the governmental or political level, but the representative and intermediary bodies in general. This means that leaders (in the broadest sense of the term) need the capacity to listen, to reach out and to understand. Too often, leaders seem to be less concerned with the public good and more interested in supporting their own goals and client constituencies. Rather than this flawed approach, leaders need conviction, a passion for the public good, the humility to listen, and the ability to think critically (particularly by applying science and expertise to judgements). Perhaps most importantly, good leaders are *aware* of their capacity to influence the common good and act accordingly.

Related to the subject of polarization, the very nature of modern political parties can challenge meritocracy. The problem stems from the fact that parties often want electable politicians, not necessarily good leaders. The incentives of national well-being and personal political advancement are therefore often at odds. It is also notable that candidates that “come from within the system” are held to higher standards than those who present themselves as “outsiders,” whereby the latter can be rewarded for actions that would have been disqualifying for the former. This raises several important questions: Should leaders come from inside or outside of the system? Is there a way to reform party structures to reward more altruistic leadership? How can collegial leadership be promoted? And, what aspects of leadership should be rewarded?

Character may be the most important criteria yet is often overlooked in recruitment channels: common person foibles can endanger leadership, even if individuals are highly competent. Societies must investigate why politics is seemingly attracting persons with low moral fiber and little empathy. Selflessness and deferred gratification are key because we need intergenerational transmission of values and success. Finally, leaders must be predictable and communicate clearly because a lack of regularized behavior and clarity can breed distrust.

Furthermore, we cannot just base success on certain leadership qualities *ex ante*, outcomes are the most important measure of success. Delivering for the people also can reinforce faith in leaders, creating positive feedback cycles. This can enable leaders to hear the voice of ordinary people. To contribute to this, the citizenry should be empowered and informed. Without this, vicious cycles may occur.

Pointing out the rare bright spots of leadership is at least as important as dwelling on the myriad failures. Angela Merkel was often cited as an exemplary leader. Although some can dispute her policy positions, her character and competence are beyond questioning. Franklin D. Roosevelt, Mahatma Gandhi, Vaclav Havel and Nelson Mandela are also mentioned, as they combined vision with competence. They exemplify the right balance between the ethics of conviction and responsibility. Therefore, it is vital that countries seek past and current examples of quality leadership in order to showcase best practices and qualities for inspiring potential leaders, especially in the younger generation. As we suggest below, such examples should include joint as well as collegiate forms of leadership and be inclusive of different population groups.

Even though it is hard to measure, there seems to be a prevailing sense that such leadership is in shorter supply today than in the past. There are many reasons for this. For example, new forms of communication and leadership have challenged traditional dynamics. Indeed, the same skills do not apply as they did a half-century ago, so leaders may be struggling to adapt. Communication styles have changed, and social media can destroy the careers of promising leaders in days. Many leaders lack the digital communication skills and street-smart literacy to succeed in today’s political environment, using 20th century strategies to compete in a 21st century media environment.

Political cultures also vary between countries and can favour different leadership styles. German political culture, for example, is different from the US: Germans prefer cautious leadership styles and shun away for charisma, whereas Americans prefer a “can-do” and “I’ll fix it” style. Moreover, in Africa, Central Asia and the Middle East, the Chinese and Russian leadership model of the autocratic seemingly omnipotent leader is increasingly appealing. By contrast, countries with divided publics have recently preferred more technocratic leadership styles based on the notion that effective leaders seemingly stand above politics. While this may solve some problems in the short run, the depoliticization of inherently political questions can have a corrosive effect on democracy in the long run.

The Quest for Quality Leadership

Given the interdependence among the issues considered here, the most important question is simply: where to start? Building trust with better accountability and developing leadership appear as the most critical steps, whereas decreased polarization seems more a consequence of the others.

In this context, the United Nations Sustainable Development Goal 16 offers an excellent starting point. SDG 16 seeks to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” (UN 2021a). Importantly, the UN (2021b) offers guidance on how to approach institutional and leadership development using strategic planning and foresight models as well as suggesting ways and means of capacity building. In other words, for building trust and leadership, effective and fair institutions are paramount, and many of the UN’s proposals exist precisely to develop and maintain such structures.

Building trust

A return to some status quo ante simply is not sufficient. This is especially true given the profound demographic and geopolitical challenges. For example, some autocratic countries may soon have a higher GDP than leading democracies, better infrastructures, more social cohesion, and lower levels of inequality. This represents a profound challenge to liberal democracy.

Next, it is important to separate short-term challenges from long-term trends. Are the problems facing U.S. or Hungarian democracy short-term that can be fixed through targeted measures within one election cycle or a change in leadership, or are they longer-term that require systemic reforms?

Policy approaches include: First, building interpersonal connections and strengthening education are crucial going forward. Strategies to target youth are particularly important in this regard. Better technological regulation is also critical. This includes both data protection and combatting hate speech online. Artificial intelligence in public governance has the potential for even greater disruption, as people may soon not know where decisions come from.

The private sector’s involvement is generally crucial. Democracies need a code for businesses to operate in a democratically sustainable way, or backlash risks endangering social cohesion. We saw this clearly in the last decade, as deregulated finance, big tech or the gig economy (producing unequally shared gains and financial instability) posed a big threat to trust and democracy. Media regulation is also vital, as even traditional media have been shown to have a corrosive effect on public discourse and civic education. This relates to the challenge of internet disinformation yet requires distinct approaches due to the institutionalized nature of many problematic print and television sources.

Framing is significant: a dichotomy of “citizens versus politicians”—rather than including the populace in decisions—is problematic. People should be on each other’s sides and working together toward shared goals. Societies need a “problem solving” approach to develop collective ownership of political decisions. For this, every nation needs to push to expand voter registration and turnout, as well as identify additional ways for grievances to be heard and for proposals coming from civil society and movements to be seriously considered and adopted.

To successfully achieve this, civic education is vital. While this is part of many primary and secondary curricula, it both needs to be strengthened at those levels and also constantly reinforced throughout life. Citizens must stay connected with the functioning of their government and be engaged voters, with renewed and expanded decision making power a useful tool to incentivize engagement. There are many methods to build this later in life, including online education, free course auditing at local universities, and local community meetings to discuss and debate important issues.

Finally, we need to understand “what works” and why some countries are doing better in terms of trust, social cohesion and accountability and democracies. While a “doom and gloom” approach is tempting, there are positive lessons to be learned as well. We must constantly be on the lookout for *positive* policy developments and good leadership examples. For example, the OECD (2021) finds that in Finland 64% of the population trusts the government, compared to only 45% in the OECD. Discerning the causes of this and using the lessons to make policy changes in other countries, is a task for the future.

What seems clear is that success breeds success. For example, South Korea, a country with relatively low levels of trust (OECD 2018), was able to gain greater trust from its population during the COVID-19 crisis (Dyer 2021). This offers a template for other countries: succeeding in addressing some problems will increase trust, enabling them to address other challenges.

Concrete policy recommendations, which also address accountability, include:

- More stringent laws against hate speech generally and abuses of free speech in social media in particular.
- Campaign finance reform to reduce the dominance of monied interests in elections.
- Clear accountability and transparency requirements for lobbying.
- A civic infrastructure trust fund and adequate civil society regulations to protect the space for self-organization for increasing the problem-solving capacity of societies.
- Civic education in early childhood, primary, and secondary education to achieve greater civic literacy. Furthermore, education can serve not only to better understand the existing system, but also to better enable youth to take ownership, to innovate and to push for reforms.
- Publicly funded or supported high-quality journalism, perhaps through a tax on digital advertising, a levy on social media and philanthropy.
- Clear and transparent communication from governmental institutions (including executive, legislative, judicial, and administrative) about their actions, particularly when they directly impact citizen’s lives. This includes balanced responsibility between different branches, rather than an over-powerful executive.
- Stringent accountability and performance mechanisms for government, including public communications when government fails to live up to democratically determined standards.
- Periodic commissions, with public input, to review the functioning and performance of non-democratically elected institutions (courts, central banks, etc.).

Fostering Leadership

To build better leaders, we first need to consider what backgrounds successful leaders come from. Do the skills we need now for modern policy problems require other professions (like engineering, business, medicine, etc.)? Societies must think about competencies and characters. For example, the US has lots of lawyers in the ranks of government. Germany has many public servants in parliament. Such professional capture might not be the best overall situation, given the need for diverse expertise in positions of leadership. In this spirit, relevant monitoring of leadership backgrounds, along with international comparisons, is important. We must also expand our vision of who a leader is, and acknowledge community leaders and organizers, and collegial forms of leadership, as well as leadership in specialized fields or specific topics.

Different forms of citizen participation and consultation can enrich the pool of potential leaders. Deliberative mechanism such as assemblies and forums can offer additional opportunities for people to engage and leaders to emerge. The challenge will be to find bridges between these structures and the political system of elections and representative decision-making bodies.

Leadership must also be a priority in educational settings from an early age. All schools and universities should have dedicated courses on leadership embedded in curricula throughout the educational process. Outside of traditional educational tracks, leadership academies and schools (either government or foundation-funded) can select and develop the most promising leaders.

Additionally, incentives matter. The way that elections work can reinforce certain leadership qualities. Leaders used to have to appeal to the middle of society. In the present atmosphere, politicians focus primarily on activating their particular base, neglecting wide swathes of society. Additionally, societies must ask if the individual incentives for choosing a political career (versus technology, academia or finance, etc.) do draw in the best talent?

Mentorships to foster intergenerational collaboration could also be an effective tool. We need to make sure the right values are transmitted; youth alone isn't enough to ensure a better future (there are also plenty of millennials who are poor and dangerous leaders). Intergenerational sharing is not the only way that skills and experience can be transmitted, they must also be transmitted within generations. It is also important to acknowledge and benefit from what young leaders can offer, including a new perspective on current challenges, high connectivity at the national and global levels, ability to interact with movements and citizens, and the possibility of offering creative solutions that can bring current systems of government into their next phase.

We also need cooperation between business leaders and political leaders as well as leaders of civil society organizations. Best practices can be shared, and societies can avoid a "blame game." Further institutionalized mechanisms to unite business, academic, and political leaders to discuss effective strategies and potential pitfalls could spread quality leadership practices more widely throughout society.

Concrete policy recommendations include:

- Focus on the close connection between strong institutions and leadership. Countries are encouraged to involve the The United Nations Committee of Experts on Public Administration (CEPA) (2021b) in planning efforts to strengthen institutional resilience and leadership capacity in the context of the SDG, especially SDG16.
- Change in the culture and practice of recruitment:
 - International and national recruitment agencies ("headhunters") should put more emphasis on ethical convictions, integrity, dedication to the common good

- and team building and spirit instead of an undue focus on economic or financial performance or individual careers and capacity alone.
- Public administration systems should adopt general guidelines in their recruitment and nurturing of leadership talent that give adequate weight and consideration to ethical and moral values.
 - Both public and private leadership recruitment agencies should separate careerists from those who seek to make a difference and have the right values and convictions.
 - Inclusivity is key. Leadership promotion must seek out minorities, women, and youths for key roles. Too many voices unrepresented can foster distrust, breed resentment, and contribute to lingering inequalities. Additionally, leadership in the countries in the Global South must be largely “home-grown,” lest it risk recreating colonial dynamics.
 - Soft law initiatives should encourage more inclusive and diverse for attracting a greater talent pool. This failing, regulation could set in and require some quota system for diverse leadership.
- A cross-sector mentorship system (administration, politics, business, and civil society) can encourage both a greater appreciation of each other as well as mobility from one sector to another.
 - We must not only focus on the traditional “pipelines” of leadership, we also must seek new avenues, such a local and community leadership, where the best talent might be.
 - Political parties must become aware of the different leadership styles needed in modern politics (technocratic, moral, change manager, mobilizer) and select as well as nurture talents accordingly and find ways to be more open to the society at large and more adapted to its needs, including by being more inclusive to leaders on specific topics or community organizers, movements and civil society leaders.
 - Leaders do not just take the initiative to provide answers, they also must post the right questions, enabling society to help guide itself to the future it wants. We must therefore encourage the leadership process as a two-way street between citizens and officials.
 - Boards in public agencies, the corporate world, and civil society should be encouraged to both “norm setting” to establish benchmarks of institutional resilience and “norm checking” the gauge their performance. One aspect is the development of soft law instruments, which could also extent to leadership codes of conduct, similar to the OECD Corporate Governance Code.
 - Strict accountability mechanisms and strong incentives to ensure the talent rises to the top and poor performers do not; end the widespread practice of “failing upwards.”
 - Mandatory periodic public meetings with government officials at all levels in order for leaders to remain grounded to the public’s wishes and to help ensure that only civic-minded leaders seek office in the first place.
 - Societies must also understand leadership in a broad sense, not just focusing on specific individuals. The notion of joint leadership and leadership collegiality should receive more attention and put less focus on the singular leader. The public, including social movements, are a vital tool for reimagining current systems and disrupting a stagnant status quo.

Conclusion

A main takeaway is the inter-connectedness of all the issues raised here, but so is the insight that institutional trust and leadership are key. One quote that stuck out was that “empowered and trusting citizens make for better leaders.” By contrast, polarization distorts leadership, further polarizing politics, weakening accountability and creating a vicious cycle. In particular, the leadership traits that we must encourage include: moral conviction and ethical foundation;

empathy and willingness to listen; willingness to unite and to collaborate; public welfare orientation; and foresight and future-orientation. While the way back from current democratic woes might be a long one, actively attempting to restore trust and fostering leadership characteristics will be important steps forward.

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