SOCIAL EUROPE EBOOKS

The State Debate

Government, Trust and Democracy Across the World

Social Europe & Friedrich-Ebert-Stiftung

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Social Europe & Friedrich-Ebert-Stiftung
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Contents

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This book collects an article series on global discussions about the state and government, produced in partnership with the Friedrich-Ebert-Stiftung.

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Introduction

Eleven countries, one question: not how big the state should be, but whether it can still do what it promises.

For most of the past forty years the argument about government was an argument about size. Roll it back or build it up, privatise or nationalise, cut the deficit or spend through it. The eleven contributions collected here, written between October 2025 and January 2026, suggest the argument has moved on. The question they keep returning to is not how large the state should be but whether it can still do what it says it will, and whether anyone believes it.

That question travels. In Portugal, fifty years after the dictatorship, the institutions are secure and the trust is not. In Botswana the diamond revenues that paid for a paternalistic state are running out, and a new government is trying to become something else. In Albania a virtual minister makes global headlines while a third of the population leaves. In Estonia the most digitised administration in Europe finds that efficiency and trust are not the same thing: as Iivi Riivits-Arkonsuo puts it, trust cannot be coded.

It is not a uniform story of decline. Enma Lopez argues from Madrid that the best defence of democracy is to advance the welfare state rather than merely defend it. Aníbal Peluffo describes a Uruguayan social contract a century old, tested but not broken. Eduardo Engel writes from Chile at the moment its democratic record faces its gravest test since Pinochet, and Marlies Murray from Washington, where a country is dismantling the institutions built to solve its problems. Francisco Gaetani sees in Brazil's uncertainty not only a threat but an opening. Grant Duncan watches a state erode like a sandcastle at the other end of the world.

Geoff Mulgan's essay opens the book rather than closing it. He asks what kind of state we want in the years ahead and answers with a repertoire of twelve themes, among them intelligence, strategy, trust, coordination, public finance, experiment and simplicity, held together by an ethos he calls strength without weight. It is the frame the country studies fill in, and reading it first makes the ten that follow easier to hold together.

The series was produced in partnership with the Friedrich-Ebert-Stiftung. The chapters appear as they were published, in the order they appeared, with only the repeated series footer removed.

Strength Without Weight: Ideas For A Post-Bureaucratic State

By Geoff Mulgan

Geoff Mulgan reimagines the state as a lean, agile force that delivers power without the drag of bureaucracy.

What kind of state do we want in the years ahead? In this piece I describe how governments can navigate fiscal pressures, fraught geopolitics and complex challenges. Governments remain relatively resistant to change and innovation, particularly in Europe. This is one crucial reason why they are often mistrusted, seen as incompetent and too slow to respond to new technologies and new tasks. In what follows I suggest some of the elements of a roadmap to reform and the case for an ethos of 'strength without weight', using lessons from the most innovative and competent governments around the world.

It's become a cliché that the world is suffering a "polycrisis" (a series of overlapping crises, from finance to ecology and politics to health) that places huge pressure on governments. The pressures may be nothing like as bad as those of world war or depression. But there's no doubt that governments feel more stressed and that as technologies change at breakneck speed they are constantly being left behind, not least because business drives innovation far more than in the past (as one example, in 1960 a single government agency, the US Department of Defense, was responsible for a third of all global R&D: now the figure is around 3 per cent). In an era of social media they can easily lose touch with their own citizens, and many recognise that they are stuck with institutional models that are no longer fit for purpose.

Yet the need for government has not diminished: to protect people from risks they cannot handle alone; to provide order; to fix collective problems; and to support their citizens to survive and thrive. Here I suggest a repertoire of methods that governments need in the late 2020s, which I summarise in twelve main themes.

1. First, **intelligence and its orchestration** is now central to the design and workings of governments. Governments have always depended on intelligence. But in the past this was primarily thought about in relation to security: intelligence about external and internal threats. Now governments need to orchestrate intelligence for all their activities, from education and welfare to the environment, and they need to define intelligence broadly to include data, evidence, models, tacit knowledge, foresight, and creativity and innovation – all the means that can help them make better decisions,

particularly under conditions of stress and uncertainty. Most of the world's valuable firms are now based around intelligence. Yet in most governments, intelligence is still relatively marginal, divided by functional departments (health, economy, education and others) and with an overlaying division between specialisms (data, evidence, foresight, statistics and science advice). Instead, intelligence should be a core function, orchestrated both at the centres of government and in a distributed way in departments and agencies: sharing data, evidence and more; tapping into the collective intelligence of the public; and mobilising AI that now makes it far easier to scan, synthesise and design.

2. Intelligence then helps to shape and use **clear and comprehensive strategic frameworks** that describe what government is trying to achieve, wherever possible with explicit goals and milestones. This provides a shape for performance management, budget allocation and for accountability to the public. It may include some very focused priority tasks and some which are broader. Without a clear strategic framework governments risk being driven solely by events. With it they can make the most of data about exactly what's happening in schools, hospitals and the economy providing constant feedback about how well government is working and where change is needed.
3. **Rebuilding trust.** Trust roughly correlates with peoples' feeling that they influence decisions. There are now many tools which simultaneously strengthen democracy and the public's feelings of agency. A critical issue is using the right methods for the right tasks – knowing when and how to consult; when variants of citizens assemblies are most useful (and how best to connect into representative politics and bureaucracy); when formal decision-making power can be devolved (as with participatory budgeting); and when shared diagnosis of a problem, and national conversations, are needed well before attending to possible solutions. Giving citizens choice; visibility on where their money goes; and a repertoire of methods for engagement, from neighbourhood decisions on public spaces to big national issues: all are vital to the workings of a modern state.
4. **New structures for coordination and action**. The structures of government are still too often stuck in vertical silos that were essential in the 19th century but much less useful today when so many critical tasks such as net zero, pandemics or prosperity cut across the silos. Governments need to be able to organise horizontally with 'whole of government' methods that include cross-cutting budgets, roles, teams, strategic clusters and partnerships, platforms and digital infrastructures. These need to be fitted to different tasks (what works for economic prosperity will be very different from what works for health, for example). The traditional model of relying on committees is no longer an adequate response. In the future, governments will look more like matrices, with a mix of vertical and horizontal roles, structures and processes.

5. **Reforming public finance.** Money drives much of the behaviour of governments. But the methods of public finance are now often misaligned with governments' objectives: ill-suited to spending on people, even though most public spending goes to people, not things; too short-termist, in an era of 100 year lives; and lacking data and intelligence to understand impacts. The next generation methods require much more systematic links between money and impact, using investment models and data to track impacts and enable learning.
6. **Experiment and innovation**. In uncertain times governments need to be willing to experiment. Many leaders in the past made this central to their governing philosophy, like Roosevelt in 1930s USA. That means use of experiments wherever possible to test policies before they go to scale; supporting service and social innovations in fields like welfare and care to discover what works and then share the results in easily accessible formats. We need more trial and error, not error and trial (ie unnecessary mistakes followed by inquiries and blame). Much has been learned about how to do this well: how to organise innovation teams, budgets, procurement and commissioning, but this knowledge is repeatedly forgotten.
7. **Simplicity and efficiency**: A key challenge for any bureaucracy is how to reduce complexity, regularly and ruthlessly. Taxes, processes, protocols, contracts, burdens on citizens and businesses all tend to become more complex over time. Each addition of complexity has good arguments in its favour. But their net effect can be disastrous. One of the lessons of the Internet, which is based on quite simple and highly standardized protocols, is that radical simplicity can make it possible for more complexity to be organized a layer higher. Complexity reduction programmes are usually more effective than cost reduction programmes, though these are needed too. The political right has largely captured the case for efficiency. But every progressive should care about making public services and governments as efficient as possible, rooting out duplication, waste and unnecessary bureaucracy. DOGE in the US was a disaster. But no country can afford not to have some process for constantly cutting waste.
8. **Relational states:** Much of what government does is done for the people. But much has to be done *with* citizens, particularly in education, health and social policy, with shared responsibility for actions and outcomes. That requires a 'relational state' approach, with intelligence shared between state and citizen, drawing on lived experience and citizen experience, which implies changes to roles, metrics and accountabilities, and often bigger roles for personal coaches, mentors and guides. This relational stance also needs to guide new combinations of entitlements and responsibilities, contributions and rights, since this balance is vital to ensuring that welfare states are legitimate.
9. **A new breed of public institutions and mesh thinking**: Today's public institutions look very similar to their equivalents 50 or 100 years ago. To reimagine their forms they need to learn both from history and from the

best available methods of the present. The lack of organisational design creativity in the public sector compared to the private sector (which has seen radical innovation in the last two decades, with leading companies based on algorithms, search engines and platforms) has become a major impediment to action in fields ranging from energy transitions to mental health and AI. New institutions will increasingly put intelligence at their core, as well as much more direct engagement with the public. They will learn from businesses that have moved to much flatter structures; to layers of automated decision-making; and using AI to allow parallel processes in place of the slow, serial ones of traditional government. A key design principle will be to use 'mesh' approaches that connect many tiers of government, business and civil society into formal partnerships, often with compacts setting out the contributions and responsibilities of each player, shared data and knowledge, and mutual accountability.

10. **Digital infrastructures**: Digital technologies underpin much of what governments now do. The key lesson of recent years is that some standardisation allows for much more flexibility and efficiency, with models like Estonia's X-road and India's Digital Public Infrastructures providing common approaches to authentication, data sharing and service design, not just within government but also serving the private sector. These often require central teams to develop and improve underlying modular elements that can be used across the public sector. Platforms can then be used to organise provision of public services as well as cheaper access to commercial goods and services for citizens. One example of what's needed is personal accounts for citizens that make it possible to lend money for skills or mortgages, secured against future tax commitments.
11. **Strategy and synthesis**: The most vital capability of government is the ability to synthesise – to draw on many forms of intelligence to guide action. That will include both risks (scanning for potential timebombs and crises) and potential opportunities. The inputs will range from science and statistics to public opinion and implementation insights. The key is to have strong capabilities – particularly at the centre – to understand these inputs and synthesise to guide action. But many European governments have lost their strategic capability, as has the European Commission. This means that their time horizons have shrunk and that they struggle to think ahead.
12. **Skills and capability:** Finally, governments, like all organisations, need to pay sustained attention to skills and capacity for decision-makers at every level, including both officials and politicians. There are many gaps in skill, knowledge and mindset that seriously impede governments' ability to act. Many governments remain dominated by law and economics, deficient in terms of the skills in science, data and technology needed for many of their key tasks, from pandemics and climate change to growth.

Governing well requires aligning the poetry (the big messages and stories), the prose (policies, programmes and laws) and the plumbing (the practical tools that make states work). All need to be rethought in the difficult climate of the

2020s. Europe is a victim of past success – an extraordinary period of stability and growth has entrenched not just institutions but also mindsets, one symptom of which is far less institutional innovation than in other parts of the world. The greatest risk now is that change will come too little and too late.

To guide reform, we need not just plans, roadmaps and pathways, but also an ethos. The ethos for public reform should be ‘strength without weight’: how to create systems and processes that are powerful and effective but light, without the burdensome bureaucracy, law and process that characterized 20th century government but over time has increasingly become a brake.

Paradise Lost: New Zealand's Crisis Of State And Identity

By Grant Duncan

As economic stagnation meets constitutional discord, the remote archipelago faces fundamental questions about its future as a unified nation.

For Europeans, New Zealand appears as a beautiful and remote archipelago—a destination for bucket lists and retirement dreams. Yet for those who call it home, paradise has given way to profound uncertainty. The country's economic progress, social cohesion and very identity as a state are under immense pressure. What kind of state should New Zealand be? What can it do for the people it ostensibly protects?

A colonial government was established in 1841 and the country's borders have not been challenged since. In 1900, New Zealand chose independence over joining the Australian Commonwealth, largely due to geographic distance. While the country made its own decision to enter the Second World War, it only acquired full sovereign independence in international relations in 1947.

New Zealand operates as a unitary state with a Westminster-style parliament that first assembled in 1854. The upper house was abolished in 1950 and since 1996 the country has used a mixed-member proportional electoral system similar to Germany's.

Progressive beginnings

In social policy, New Zealand once led the world. The 1890s brought industrial conciliation and arbitration systems, alongside provisions for workplace accidents and old-age support. Women won the vote in 1893—a global first. Some contemporary observers saw New Zealand as an experiment in state socialism. Following the Great Depression, the first Labour government (1935–49) expanded social security, public healthcare and education, steering the country in a social democratic direction. Even the conservative National Party subsequently preserved progressive policies such as constructing state houses for low-income families.

During the post-war era, New Zealand remained an isolated country roughly the size of Italy but with a tiny population that reached only three million in 1974. Its prosperity depended heavily on agricultural exports, benefiting from favourable trade arrangements with the United Kingdom (before Britain joined the European Economic Community) and from import-substitution policies.

Yet questions about the state's constitutional legitimacy have haunted New Zealand from the beginning. The foundational national document is Te Tiriti o Waitangi (the Treaty of Waitangi), signed in 1840 between more than 500 indigenous leaders and representatives of the British Crown. This treaty permitted the establishment of a government (*kawanatanga*), guaranteed the customary authority and properties of the native inhabitants, and extended British law to all residents. Settler governments severely breached these promises in countless ways, however, and the indigenous Māori became a disadvantaged minority in their own land.

From the 1970s, a movement to restore indigenous rights gained momentum. A restitution process, including land transfers, has been underway since the early 1990s. While these settlements face no serious political controversy, a divisive debate rages about the treaty's expanding constitutional significance. One interpretation holds that Te Tiriti represents an enduring partnership between Māori and the Crown—effectively the state—requiring all public institutions to adopt co-governance structures and honour indigenous self-determination. The opposing view maintains that the treaty (in its English version) established Crown sovereignty, under which all New Zealanders would enjoy equal rights and responsibilities.

These competing visions erupted into open conflict in early 2024 when parliament considered a bill interpreting "the principles of the Treaty" along the latter lines. Though defeated, the bill exposed fundamental disagreements that will not disappear.

The neoliberal experiment

These arguments reveal how many New Zealanders prioritise individual rights and private enterprise. Such ideas triumphed after Labour's critical 1984 election victory, when New Zealand became neoliberalism's poster child. "The New Zealand model" of public policy became a talking point for international agencies advancing globalisation. The radical reforms produced mixed results for ordinary New Zealanders, however. Income inequality and unemployment soared in the late 1980s and early 1990s.

Today, the streets bear witness to social and institutional collapse: homelessness, substance abuse, poor health and immiseration afflict many, especially indigenous Māori. At the opposite extreme, a wealthy elite—closely networked and self-perpetuating in such a small population—has consolidated its advantages.

The neoliberal push for a minimal state reached its limits, however; the New Zealand model was never fully implemented. Today, New Zealanders across the political spectrum look to government for improvements in public services and economic performance, though they disagree sharply on methods. The centre-right National Party claims it can "grow the economy" as if it were a garden plant, abandoning any pretence of Hayekian laissez-faire principles.

Economic restructuring has delivered disappointing results regardless. GDP per capita declined by 2.8 per cent in the two years to June 2025. The economy is reeling from strict Covid-19 lockdowns while suffering from a productivity lag that has persisted since the global recession of the early 1970s. With a currency holding minimal relevance in global markets, New Zealand has fallen behind the OECD pack and may be sliding into a long-term debt spiral.

Although most New Zealanders still enjoy relatively high levels of wellbeing in what remains a high-trust society, the official statistician reported declining trust in key public services and parliament in its 2023 social survey. As elsewhere, unfettered social media has exacerbated divisions while rising living costs contributed to Jacinda Ardern's resignation and Labour's electoral defeat in 2023.

An uncertain future

Political polarisation, economic inequality, climate change and the Artificial Intelligence (AI) revolution have rendered New Zealand an isolated and fragile state. A divided country facing an uncertain future. No matter how the government attempts to boost productivity and opportunity—through investments in education and research, or smarter or fewer regulations—New Zealand lacks the scale to compete with the digital platforms increasingly driving global growth, especially with AI.

New Zealanders will pay fees and subscriptions to mega-platforms while losing advertising revenues, with little to trade in return beyond traditional land-based products. These exports risk displacement by new agricultural and protein-manufacturing technologies that will produce food closer to the world's most affluent consumers.

The Tiriti-based politics of grievance make the country both inward-looking and backward-looking. Public discourse about economy and society inevitably centres on the state, yet no consensus exists about its foundations. Political parties lack compelling visions for future prosperity, and trust in them continues declining. Election debates revolve around taxation, transfers and public services —undoubtedly important issues—but New Zealand's long-term productivity gap will probably widen regardless of who governs.

Caught between high expectations for public service delivery and widespread resistance to central planning, the state lacks the means, legitimacy and foresight to propose and execute politically durable infrastructure and economic development strategies. The state is eroding like a sandcastle, as public confidence and political consensus crumble beneath the waves of global change.

Portugal's Democratic Paradox: How A Democracy Confronts The Crisis Of Trust

By Fatima Fonseca

Fifty years after dictatorship, Portugal faces the challenge of rebuilding faith in democratic institutions while delivering on citizens' rising expectations.

Portugal occupies a unique position in Europe's democratic landscape. As a late democracy established just fifty years ago after more than four decades of dictatorship, it finally consolidated its democratic institutions and welfare state precisely as the age of misinformation and populism began to dawn. This historical conjunction has created a distinctive paradox: Portuguese citizens simultaneously rely on and question their state institutions, producing what studies by independent and academic institutions reveal as a society caught between dependence and doubt.

The Portuguese recognise their state's role in providing universal services, yet frequently question its capacity to deliver effective solutions. Many citizens perceive government institutions as inefficient, excessively bureaucratic, and disconnected from their daily needs. Yet this criticism coexists with genuine appreciation and even praise for the state's achievements. Citizens particularly value essential public services such as healthcare and education. According to the Special Eurobarometer on the Digital Decade 2025, 71 per cent of Portuguese citizens believe digitalisation of public and private services has improved their lives—a testament to successful modernisation efforts.

Like many European nations, Portugal has witnessed mounting challenges to the citizen-state relationship in recent years. Political instability and the rise of populist parties have shaken traditional political foundations. Electoral abstention has increased across most elections, while narratives about policy discontinuity have gained traction. Many citizens feel that economic growth and job creation have failed to translate into tangible improvements in their quality of life. The housing emergency represents perhaps the most visible failure of market mechanisms to serve social needs, while corruption perceptions continue to fuel institutional mistrust.

This erosion of trust, however, must be understood within a broader European context. The decline reflects a pattern affecting socialist and social democratic parties across Western democracies, where moderate forces struggle against the triple threat of disinformation, fragmented media landscapes, and rising populism. Portugal's experience offers crucial lessons for how young democracies can navigate these turbulent waters.

The State as Guardian of Progress and Prosperity

The Portuguese state embodies multiple, interconnected roles that reflect the country's social democratic tradition since democratisation. The debate about the state's proper role remains cyclical in Portugal, driven by successive waves of public administration reform. Rather than embracing a single vision, Portugal has developed a hybrid model that combines several state functions: provider of universal services, economic regulator, social safety net, and collaborative partner in policy networks.

This layered construction became particularly evident during the Covid-19 pandemic and subsequent economic crisis. These crises reinforced expectations that the state should guarantee health, education, and social protection—viewed as pillars of social stability and fairness—while simultaneously exposing institutional limitations. The relationship between state and citizens remains marked by ambivalence: a mixture of reliance, frustration, and cautious optimism.

This duality—deep reliance coupled with frustration—defines contemporary Portuguese attitudes toward government. Citizens demand a state that improves efficiency without abandoning universality, that decentralises while maintaining national cohesion. The state serves as guardian of progress and prosperity, fostering a dynamic and innovative economy alongside a fair and inclusive society, employing flexible tools and partnerships to adapt to contemporary needs.

The Socialist Party has responded by reaffirming fundamental commitments to six key areas. First, maintaining a robust and modern National Health Service. Second, preserving a public pension system that guarantees intergenerational equity. Third, ensuring quality public education that promotes qualifications and equal opportunities. Fourth, implementing fair and equitable wage policies to reduce inequality and promote social mobility. Fifth, developing a comprehensive National Pact to address the housing crisis. Finally, simplifying citizens' and businesses' relationships with the state through real-time service tracking, open government data, and seamless digital interactions. Additionally, it has identified five areas of sovereignty as natural for establishing consensus with other parties within the democratic arc: foreign and European policy; defense; security; justice and organization of the State.

The Path Forward Through Democratic Renewal

State reform and administrative modernisation have dominated political and public debate in Portugal for decades. The pandemic crisis revealed that Portugal was better prepared than anticipated, thanks to transformations driven by the modernisation flagship programme Simplex, launched in 2006. Pre-filled tax declarations, the Digital Mobile Key (an authentication and digital signature solution used by over 2.5 million people), the Gov.pt app (which allows sharing certified versions of identification documents), and SNS24 (an omnichannel service ensuring simple and effective access to the National Health Service) exemplify successful initiatives that have transformed citizen-state interactions.

Multiple strategies and action plans have promoted improved interoperability, cybersecurity, data reuse, and cross-border services. Yet inclusion remains a critical challenge, requiring Portugal to address persistent digital divides through literacy programmes that improve citizens' digital skills and territorial support in remote locations, preventing the exclusion of elderly or low-income populations. Over the past twenty years, Citizen Shops—one-stop shops offering public and private services—and Citizen Spots—counters combining digital services with human support—have proliferated locally and in diplomatic missions, bridging the digital divide.

The adoption of Artificial Intelligence (AI) brings fresh challenges to public services, demanding not only new skills for workers but also frameworks ensuring ethical use of these powerful technologies.

Beyond digitalisation, three aspects prove fundamental for modernisation. First, since local governments enjoy higher trust levels, continuing decentralisation of responsibilities to local authorities, with clear objectives to reinforce territorial cohesion, offers a promising path forward. Second, defining a transformation strategy for the entire public sector requires rethinking both organisation and management models, focusing on attractive people management systems, enhanced training, flexible career paths, and leaders capable of mobilising their teams. Third, enhancing participatory democracy emerges as one of the best antidotes to the mistrust undermining democratic institutions. Increasing citizen involvement in decision-making through instruments that give voice to the people will help meet the challenges ahead.

These challenges loom large in times of uncertainty and rapid change, marked by multiple shocks including pandemics, extreme climate events, increasingly hybrid wars across the globe, and the rise of democratically elected populist governments. Success requires anticipation, readiness, and resilience. Most importantly, it demands genuine inclusion, because human qualities and shared values must remind us what kind of world we want to inhabit. This moment offers an opportunity to reinvigorate citizenship and strengthen civic spirit and belonging to the human community.

Modernising while maintaining universal provision, improving efficiency without abandoning equity—these goals require long-term vision and commitment between parties to make reforms both possible and sustainable. Only through such comprehensive reforms, built with the people for the people on genuine common ground, can the state rebuild the trust necessary for democratic vitality and social progress. Portugal's experience demonstrates that young democracies can navigate the crisis of trust, but only through patient work that combines institutional innovation with deep commitment to democratic values.

Botswana's Critical Transition: From Parental Provider to Democratic Enabler

By Galaletsang Dintsi

As diamond revenues collapse and public trust erodes, Botswana's new government attempts a fundamental reimagining of the state-citizen relationship.

While Botswana has enjoyed an unprecedented run as Africa's "beacon" and "oasis" of stability, recent years have witnessed a marked decline in state performance indicators. The 2024 Afrobarometer study paints a stark picture of public sentiment: citizens decry economic mismanagement and soaring unemployment, with 60.3 per cent of respondents expressing dissatisfaction with the country's overall direction. This data reveals how profoundly public trust in state institutions has eroded.

Since independence, Botswana's officials demonstrated remarkable prudence in managing diamond revenues, channelling them into education, health, infrastructure, and social welfare programmes. These investments yielded impressive results: absolute poverty declined significantly, literacy rates soared, and living standards improved markedly across the nation. This success story explains why Batswana traditionally refer to the state as their "parent"—an entity expected to provide for citizens' basic needs and wants. The state earned this trust through consistent delivery, functioning as a reliable provider in the manner of a caring parent.

Yet recently, this "parent" has failed to meet her "children's" expectations, leaving citizens increasingly disillusioned—a sentiment reflected in Botswana's low ranking on the World Happiness Index. This palpable displeasure with a state that can no longer create jobs, reduce inequalities, or account transparently for public expenditure culminated in the Botswana Democratic Party (BDP) losing power after 58 years of uninterrupted rule.

The Diamond Crisis

Perhaps most devastating for Botswana's economy—which depends heavily on diamond exports for government revenue—is the collapse in diamond sales. Multiple factors converge to create this crisis: weakening global demand, the rise of laboratory-grown diamonds, and shifting attitudes among younger generations who increasingly view natural diamonds negatively. When the United Democratic for Change (UDC)—a coalition comprising the Botswana National Front (BNF), Botswana People's Party (BPP), and Alliance for Progressives (AP)—assumed power in November 2024, it inherited a state on its knees.

The pressing question becomes: how will the new government address these interconnected crises of unemployment, economic decline, inequality, institutional distrust, and accountability failures?

The UDC manifesto promised transformative change, and since taking office, the coalition has unveiled an ambitious reform agenda. The vision centres on creating a more participatory, human-rights-based state focused on delivering results rather than perpetuating bureaucratic processes. Through enhanced inclusion, accountability, and participatory governance, the government aims to strengthen—and fundamentally alter—the social contract between state and citizens, shifting from paternalistic provider to democratic enabler.

Four Pillars of Transformation

This envisaged transformation of the state apparatus rests on four foundational pillars. First, creating an enabling environment for employment generation. Second, establishing inclusive and needs-tested social protection systems. Third, restoring public trust through transparent and participatory governance. Fourth, decentralising decision-making by strengthening public participation and transferring meaningful power to local authorities. The Botswana Economic Transformation Plan (BETP) promises to diversify the economy through job-creating projects in catalytic sectors, moving beyond diamond dependency.

The state prioritises rebuilding public trust through transparency, ethical leadership, merit-based public service appointments, and robust accountability mechanisms. Traditional consultative platforms like the *kgotla* are being revitalised to foster open dialogue and restore confidence in public institutions. Meanwhile, new consultation mechanisms specifically designed to engage youth remain under development, acknowledging the need to connect with younger generations who feel particularly alienated from traditional governance structures.

Addressing economic inequalities requires fundamental reform of the social protection system, transforming it from a fragmented, welfare-oriented approach to a comprehensive, needs-based, and empowerment-driven model. The state seeks to construct an integrated social protection framework that links assistance with skills development, local economic participation, and community support networks. This approach aims not merely to protect vulnerable groups but to enable their active contribution to national development—a shift from dependency to empowerment.

Finally, Botswana emphasises meaningful public participation and genuine decentralisation. Unlike previous exercises in symbolic consultation, new participation frameworks ensure communities influence policy from inception through implementation. Decentralisation is being reconceptualised not simply as bringing services closer to citizens, but as transferring real decision-making authority and fiscal power to local governments and community structures. This shift aims to enhance responsiveness, equity, and local ownership of development initiatives. The government has completed a decentralisation policy scheduled for parliamentary debate in November 2025, while a public participation bill currently under development will mandate citizen engagement at every stage of law and policy development.

Whether these ambitious state reforms will successfully create employment, reduce inequalities, and rebuild public trust and accountability remains uncertain at this early stage. However, the die has been cast: Botswana's state apparatus is attempting a fundamental transformation from paternalistic parent to democratic enabler, recognising that the old model of governance has exhausted its potential in an era of depleted diamond revenues and heightened citizen expectations.

When Democracy and Liberalism Collide: America's Governance Crisis

By Marlies Murray

The United States is dismantling the very institutions designed to solve its problems—a paradox that reveals a deeper conflict between democratic will and liberal principles.

The United States famously began as a nation skeptical of governance. Its earliest iterations of government were marked by the colonial fight for independence over taxes ("no taxation without representation") which gave birth to the Second Amendment, the right to bear arms, so citizens might defend themselves against government tyranny in the future.

Today, the United States showcases a wide spectrum of governance approaches thanks to its federalist structure, with each of the fifty states governing rather independently. Many of these states remain wary of taxes and government interference. Crossing state lines can determine whether one has access to reproductive rights, encounters stricter or looser zoning laws, or faces the presence or absence of book bans. As the country has struggled over time to balance the individual's much-cherished freedom and liberty with collective action dilemmas, the tides of liberalism have pushed for "social democratic" governance approaches, with a more prominent role for the state vis-à-vis its citizens in addressing concerns such as healthcare and housing.

Now, with a sharp, revolutionary wind sweeping through the United States under Donald Trump, his administration is attempting to transform the frustrated voter's perception of state inertia by creating the appearance of making "progress". His administration pursues this goal by, paradoxically, abolishing the very policies and agencies that were originally established to make progress possible. While these efforts may not actually address underlying issues—and might even aggravate them—in the eye of the beholder, Donald Trump is undeniably making "progress" in the liberal sense of "change".

The conservative blueprint for transformation

The Heritage Foundation's Project 2025 represents a comprehensive blueprint that envisions concrete, conservative ideals for nearly every aspect of American life and a heavily restricted role for government. It advocates for centralizing power in the executive branch, with the federal government focusing on issues such as defense, law enforcement, and national sovereignty, while withdrawing from welfare programs and limiting the regulatory power of government agencies—or simply dismantling them entirely. Overall, the plan intends to shift more power to states, localities, and private actors.

Many of these changes are already being advanced through arguably unconstitutional means, with the Supreme Court and federal courts doing little to halt this agenda's implementation. This monumental shift in the role of government comes as the concept of the state has increasingly morphed into a synonym for "the ruling elite" for many citizens—an elite perceived as out of touch with the average person's quotidian concerns. The state and its bureaucracy have seemingly solidified into a rigid structure viewed as incapable of addressing twenty-first-century concerns at a practical level and unresponsive to the majority's needs.

The idea that the state must become a problem solver again forms the premise of Ezra Klein and Derek Thompson's book _Abundanc_e. In a time when progressive voices on governance have been scarce, *Abundance* made a temporary splash. The short book outlines ideas for a prosperous American society driven by renewable energy and flush with housing and building opportunities. It was the first liberal blueprint for state modernization to emerge since Democrats began grappling with their devastating loss on the 2024 election battlefield.

The book asserts that government has become overly rigid due to red tape and bureaucratic inertia, and must work to augment the supply of critical services while making them more accessible and affordable. Untangling regulations from permitting and zoning laws, and reforming bureaucracy to fuel innovation, lie at the heart of the conversation. *Abundance* initiated a serious debate about how liberals have lost adaptability to everyday concerns through overregulation, yet it also sparked backlash. The ideas did not go far enough for many on the progressive fringes of the Democratic Party. One could argue that *Abundance* was, at best, a surface-level outline of the issues the United States faces. It offers very few tangible solutions and, most importantly, no quick, efficient, or short-term remedies to address the status quo before irrevocable damage is inflicted by the Trump administration and other conservative forces.

The paralysis of progressive perfectionism

Democracy cares about its people, which is why we consult all stakeholders before taking any step forward. But what happens when everyone's input on every step of a plan interferes in ways that prevent change from progressing —even if that change isn't strictly progressive? Is liberalism today no longer capable of moving forward because it insists on progressive change at all costs?

In the vacuum that classical liberalism is creating by defaulting on its original promise of achieving change, populism is prospering, sacrificing long-term, sustainable structural solutions for short-term, symbolic measures. A new strain of thought about the role of the state must emerge: one that can address structural issues while also navigating conflicting opinions, concerns, and interests more efficiently. To prevent its own demise, it might need to make decisions not necessarily by taking everyone's stakes into equal account, but by focusing more squarely on the needs of the majority.

Democracy and liberalism have grown up hand in hand. Now, however, liberalism seems to threaten democracy's very existence. In the United States, we are watching them fight it out, with the rule of the majority—democracy—leaving liberalism weakened and at risk. This conflict poses a fundamental question for progressive governance worldwide: can liberal principles survive when democratic majorities demand their abandonment? The answer may determine not just America's future, but the trajectory of democratic societies everywhere.

Albania's AI Minister Cannot Fix What Citizens No Longer Trust

By Erjon Tase

Bold reforms and EU progress ring hollow when inequality deepens and Albanians choose to leave the country.

Albania made global headlines in September 2025 when it became the first country to formally appoint a virtual AI minister. Prime Minister Edi Rama presented this digital innovation as part of his fourth cabinet, positioning it as a technological solution to endemic corruption in public procurement. Yet for many Albanians, the appointment feels like another empty gesture from a government they increasingly distrust.

High-level corruption continues to plague the country, despite unprecedented prosecutorial action. For the first time in Albania's democratic transition, a Special Prosecutor's Office (SPAK), backed by strong EU and US support, has successfully brought corruption charges against senior officials from the ruling majority. The deputy prime minister, two cabinet members, and most recently Erion Veliaj – the mayor of Tirana and Rama's presumed successor – have all faced charges of corruption and money laundering. These investigations in the socialist camp followed similar charges and arrests of two opposition leaders, former presidents Sali Berisha and Ilir Meta.

Despite these high-profile cases, scepticism runs deep about whether Artificial Intelligence (AI) can meaningfully address corruption during Rama's fourth term. Although the Socialist Party secured another landslide victory in May 2025-capitalising on consolidated executive power and a weakened opposition while pledging to achieve European Union membership within four years-public trust has moved in the opposite direction.

The numbers tell a stark story. According to the Balkan Barometer 2024, only 11.6 per cent of Albanians express trust in public institutions, compared to the Western Balkans average of 24.6 per cent. This figure has declined by 5 per cent since the previous assessment, driven largely by perceptions of corruption, particularly in the justice and health sectors.

Rapid reforms, limited benefits

The European Union has praised Albania as a "model student" in accession negotiations, citing the completion of first-instance vetting for judges and prosecutors and the swift opening of negotiation chapters. In 2016, Albania launched a comprehensive reform of its justice system, a critical precondition for opening accession negotiations following its designation as a candidate country. This reform became the cornerstone of Albania's anti-corruption efforts over the past decade, with rigorous vetting of judges and prosecutors at its heart.

The vetting process has produced dramatic results: approximately 47 per cent of magistrates have exited the system through dismissal, resignation, or failure to meet the vetting criteria. While this outcome underscored the depth of corruption within the judiciary, it created a devastating imbalance. More professionals left the system than entered it, leading to acute staff shortages and a mounting backlog of cases that frustrates citizens seeking justice.

This dysfunction has profound consequences for public expectations, with trust in the judiciary remaining critically low. A tragic incident in early October laid bare the depth of public frustration: a judge at the Court of Appeal in Tirana was fatally shot during a hearing on a long-standing property dispute by one of the parties involved in the case. Disturbingly, many social media users expressed support for the act, viewing it as justified retaliation-a chilling indicator of how deeply the justice system's inefficiency has eroded public faith in legal remedies.

This crisis of confidence in the justice system mirrors broader perceptions of governance in Albania, revealing a troubling paradox. While reforms advance and EU integration efforts progress, institutional trust continues to erode due to persistent corruption, political polarisation, and glaring gaps in service delivery. This contradiction may stem from a post-communist culture of scepticism, shaped by decades of governance failures. Yet it should serve as an urgent warning: bold, technically driven reforms must translate into tangible benefits for citizens if they are to have any meaningful impact.

Growing economic inequalities

International reports confirm steady economic growth in Albania over the past decade. Between 2013 and 2024, GDP grew at an average annual rate of 3.1 per cent, while unemployment fell to 9.4 per cent in 2024. The construction sector and tourism, which surged following the lifting of global COVID-19 restrictions, have driven much of this growth.

Yet these gains have failed to stem the tide of emigration. Albania continues to haemorrhage its young people, with nearly one-third of its population choosing to emigrate, primarily to European Union countries. The root cause of this exodus lies in policies that have failed to ensure fair income distribution and genuine economic competition.

Economic inequality remains stubbornly high, with the Gini coefficient fluctuating between 34 and 36-though public perception suggests the real figure may be even higher. The gap between rich and poor has widened markedly since the 2010s, creating a society where prosperity remains concentrated in the hands of a few.

Period	Gini Coefficient*	Main Characteristics
1995–2000	~40–42 (unofficial)	Wild transition, polarisation post-privatisation
2000–2010	~35.5–36.0	Economic growth with uneven distribution
2010–2020	~34.5–36.0	Urbanisation, informality, social exclusion
2020–2024	~36.0	Uneven recovery post-pandemic

*The Gini coefficient measures inequality in income distribution (0 = total equality, 100 = extreme inequality). *Source: Altax.al*

These data from Albania echo the latest evaluations from other European economies, reinforcing the argument that economic growth alone cannot serve as a universal remedy. Rising GDP has not led to meaningful improvements in quality of life for most Albanians. While economic growth correlates with high social progress, growth alone proves insufficient-GDP cannot fully explain or deliver social progress outcomes that matter to citizens.

Rebuilding trust through social cohesion

While no single answer exists to the challenges of our time, Albania needs an innovative approach to social care, education, and environmental policy if it hopes to restore trust and improve perceptions of governance. By focusing narrowly on meeting EU legislative deadlines, the Albanian government has overlooked social cohesion – the ability of a society to manage differences and promote welfare for all. This oversight stands in stark contrast to the EU's own priorities, where cohesion policy has served as its main investment strategy since the Lisbon Treaty in 2009.

Government strategy documents acknowledge the impact of economic and territorial disparities, particularly between urban and rural areas on social cohesion and inclusion. Limited access to local social services continues to constrain opportunities for vulnerable groups, perpetuating cycles of exclusion and poverty.

While racing to meet European Commission deadlines for completing negotiation chapters, Albanian authorities must ensure that this reform process guarantees tangible and equal improvements in public services, not merely legislative compliance. Citizens need to see real changes in their daily lives: functioning courts, accessible healthcare, quality education, and economic opportunities that extend beyond the capital.

Innovative solutions such as AI may indeed enhance procurement oversight and improve service delivery for marginalised communities. However, without a clear vision and decisive leadership committed to addressing inequality, such initiatives cannot bridge growing divides or guarantee welfare for all citizens. A virtual minister, no matter how sophisticated, cannot substitute for genuine political will to tackle corruption and build inclusive institutions.

The European Commission also bears responsibility here. It should use the negotiation monitoring period not just to tick boxes on legislative alignment, but to actively promote social cohesion policies that yield tangible benefits for Albanian citizens. Only by reinforcing the core values of the European Union—solidarity, equality, and social justice—can the accession process become meaningful for ordinary Albanians who have waited decades for change that never seems to arrive.

Estonia's Digital Frontier: When Perfect E-Government Meets the Paradox of Trust

By Iivi Riivits-Arkonsuo

Efficiency without empathy risks turning citizens into data points—Estonia's digital frontier reveals the human limits of technological perfection.

Across Europe, governments are embracing digital transformation to make public services faster, smarter, and more efficient. Estonia stands as the benchmark—a small Baltic country that has, over the past two decades, vaulted into global prominence as a digital pioneer.

According to the Estonian government, by December 2024 every state service had become digital, completing the circle of a decades-long transformation toward what officials proudly call a "100 per cent e-state". Every public service, from voting to filing taxes to getting a divorce, can be completed online. Secure data exchanges, digital identity, and the once-only data principle have made bureaucracy nearly invisible. At first glance, Estonia appears to glide effortlessly through the digital age, with its model frequently showcased as a blueprint for others. But speed and technical sophistication alone are proving insufficient.

Estonia's digital systems currently enjoy widespread public support. However, high levels of trust in e-services do not automatically translate into confidence in state governance. As digitalisation accelerates, new challenges emerge: an emotional distance between the state and citizens, feelings of exclusion, and concerns that parts of society are being left behind. The e-state is no longer just a technological project; it has become increasingly a political and social one.

According to a 2024 survey by the OECD, 82 per cent of Estonians expressed satisfaction with public services—especially with digital solutions during life events. Additionally, 72 per cent of respondents preferred accessing government services via digital channels. Satisfaction and trust were particularly high among younger and more educated citizens.

Despite this, trust in political institutions has declined significantly. Surveys from autumn 2024 showed noticeable erosion of trust in parliament and government. In June, 36 per cent of respondents trusted the parliament; by September, this had dropped to 29 per cent. Trust in the government declined from 37 per cent to 30 per cent over the same period. The fall in trust stems from various factors, including economic insecurity, tax reforms, and inflation.

Historian David Vseviov has pointed to the growing emotional distance between citizens and politicians and declining public interest in politics. Ethnic divides are also evident. Russian-speaking minorities, who make up about a quarter of the population, consistently report lower trust in government. The 2023 Estonian Human Development Report noted that linguistic barriers and cultural identity gaps persist, even within fully digital systems.

Digital access versus digital belonging

Digital access doesn't guarantee digital belonging. Access alone does not ensure a genuine sense of inclusion. When interactions become overly automated, citizens may feel that vital human qualities—dialogue, empathy, recognition—are being replaced by speed. This reveals a crucial paradox: the factors that make Estonia's e-state efficient can also generate distance. While the system is technically accessible to everyone, it does not automatically foster a sense of belonging or inclusion.

Indeed, Estonia is not just digitalising services—it is automating them. Virtual agents like *Bürokratt*, biometric border AI, and algorithm-assisted decision-making in employment or tax cases are becoming standard. These "event-based services" increase speed, but not without risk. The e-Governance Academy's 2023/2024 Yearbook report warned that AI-based governance may lead to opaque decisions, algorithmic bias, and a lack of clear appeal mechanisms, particularly affecting marginalised communities.

Automation is transforming not only services but also the roles of the people who provide them. Civil servants are shifting from paper-handling to managing digital platforms. Their new role involves fostering trust and clarity with "invisible clients" behind streams of data. This creates new accountability and ethical challenges. As digital capacity expands, public sector resilience must evolve—not only technologically, but also institutionally and culturally. State legitimacy depends not merely on efficiency but also on the cohesion and ethical integrity of the institutions sustaining the system.

The government recognises these tensions. Estonia's 2024–2027 coalition agreement highlights data-driven governance and smart administration, but also explicitly commits to inclusion and local empowerment. Regional smart specialisation programmes aim to ensure innovation builds on community strengths instead of enforcing a one-size-fits-all model. Public participation projects, digital literacy efforts, and transparent algorithmic governance are intended to broaden the digital "dance floor"—inviting citizens to shape the rhythm of digital life.

Estonia's digital journey is often presented as a universal model, but replication is not simple. Its small population (1.3 million), centralised governance, and early investment in digital infrastructure are unique strengths. Its historical context and post-Soviet reform path are also aspects that are not replicable elsewhere. Still, Estonia's experience offers a crucial lesson: the success of digital governance depends less on technology than on trust. It is not enough to digitise and automate services efficiently—citizens must feel ownership and see themselves reflected in the system.

Estonia's e-state story is not just a technical narrative; it is a social performance. The metaphor of dance is fitting: the state may lead gracefully, but the choreography only works if every citizen feels invited to the floor. Efficiency can set the tempo, but inclusion gives the dance its meaning and legitimacy.

As Europe continues its quest for digital government, Estonia offers not just inspiration but also a reminder. Like technological innovation, democratic innovation must be continuous, reflexive, and centred around people. Because trust cannot be coded—it must be cultivated.

Time to Move Forward So We Don't Go Back

By Enma Lopez

In a world gripped by far-right populism, Spain's progressive government proves that advancing the welfare state—not merely defending it—is the best vaccine against reactionary politics.

The world finds itself immersed in a wave of far-right populism. Technological disruption—artificial intelligence, algorithms, social media, fake news, and deepfakes—creates the perfect breeding ground for these organisations. They deploy emotional rhetoric offering quick, simple answers to complex problems and challenges; rhetoric that seeks scapegoats, usually vulnerable groups, on whom to channel all fears, frustrations, and insecurities. These may be migrants, women, or LGBTI people—we have witnessed countless examples across the global political scene in recent years.

Progressivism must respond with greater firmness and force than ever before. The answer to this reactionary wave involves not only protecting what we have achieved but also advancing the welfare state, improving the material conditions citizens enjoy so that progress itself serves as a vaccine against the dangerous rhetoric of the far right.

Pedro Sánchez's progressive government has immersed itself in this task, serving as a beacon for other social democratic countries on the international stage. International media increasingly applaud the extraordinary performance of the Spanish economy: record growth figures, recognition of Spain as the driving force behind the European economy, and The Economist's ranking of Spain as the world's best-performing economy. All these articles highlight the keys to Spain's success—keys that contrast sharply with far-right discourse.

The Pillars of Spain's Success

First, the dual green and digital transition stands out. The commitment to European funds, negotiated by Pedro Sánchez, has allowed Spain to take a fundamentally different approach from the 2011 financial crisis, when cuts were the only response. One in every three euros now goes to digitalisation, with the objective of leading this transformation as a genuine national commitment that generates added value. Regarding the green transition, the increased percentage of renewable energies in the energy mix, falling electricity prices, and high investment levels place Spain in a leadership position—attracting twice as much investment as Germany, Italy, and France combined.

Second, labour market reform has brought structural change. Previously, one in ten contracts was permanent; now it is one in two. Social Security enrolment figures and unemployment levels have reached their best marks since the 2008 crisis. Added to this are the minimum wage increase and the protection of pensions linked to the cost of living.

Third, migration management has demonstrated, contrary to populist rhetoric, that Spain today has more jobs than ever before, the lowest crime rates in decades, and around 95 per cent of its immigrant population in regular employment. Against climate denialism and "every man for himself" liberalism, reality offers empirical proof that these policies are not only fairer but also economically profitable.

Having developed this entire agenda in a context marked by crises makes these achievements even more commendable. Over the past seven years, we have tackled the COVID-19 crisis that paralysed our economy and tested the resilience of our model—the deployment of a social shield proved key to our country's rapid recovery. The same approach succeeded during the inflationary and energy crisis resulting from the invasion of Ukraine. Once again, a social shield and negotiations in Brussels led to the Iberian solution, which lowered energy costs and controlled inflation. We have also confronted internal crises such as the La Palma volcanic eruption and the terrible DANA storms in Valencia.

In line with this social commitment, €500 million was recently approved to strengthen the dependency system and respond to the ALS Act, creating the new Grade III+ programme, which improves care for people with ALS and other complex diseases. In short, the Spanish government has risen to the challenge, acting with force and speed.

The Imperative to Advance

As stated at the beginning of this article, if we want to preserve our democracies and the welfare state, conserving what exists is not enough—advancing becomes more necessary than ever.

Advancing the right to housing—the main problem facing Spaniards—represents the great challenge we face as a country. Prime Minister Pedro Sánchez has committed to making housing the fifth pillar of the welfare state, which requires a tremendous effort from all administrations: the state, the autonomous communities, and local authorities. The approval of the first state housing law marked a major step in this direction. Cities applying it, such as Barcelona, have demonstrated that we are on the right track, but we must be more ambitious and commit to constructing social housing, guaranteeing that it never loses its protected status.

Another key debate concerns reducing working hours and transforming a model where citizens work to live, not live to work. The implementation of technologies such as Artificial Intelligence (AI), which can increase our productivity, provides an opportunity we must seize as a country. Spain must continue advancing its decentralised and entrepreneurial model, its proximity to citizens, the improvement of public services, the fight against climate change, progress in sustainable mobility, and the adoption of technology with a humanistic perspective.

This is the path of progress that Spain follows today, guided by a socialist government determined not to leave anyone behind. In a world where reactionary forces promise to turn back the clock, Spain's experience proves that the best defence of democracy lies not in standing still but in moving boldly forward.

Brazil in the Labyrinth: State, Democracy and Inequality

By Francisco Gaetani

As Brazil approaches crucial elections, the country must confront deep structural challenges that have undermined democratic progress for decades.

Uncertainty need not be a curse. It can also encompass possibilities and unseen futures that bring positive transformation to any given status quo. The current state of the world cannot become an alibi for paralysis, defensive behaviour or lack of vision. Daily headlines suggest we face a volatile context after a cumulative sequence of shocks over the past decade. Brazil's situation forms part of this broader environment, yet it also results from a decade of profound political instability that has tested the resilience of Latin America's largest democracy.

Several decisive events have shaped Brazil's reality in 2025. The mass protests of June 2013, the commodities crisis of 2013-2014, the severe economic recession of 2015-2016, President Dilma Rousseff's impeachment in May 2016, Jair Bolsonaro's election in 2018, the COVID-19 pandemic, and the attempted coup against Luiz Inácio Lula da Silva on 8 January 2023 — each of these moments has left indelible marks on the nation's political landscape.

Brazil has long been characterised by low trust in government and low interpersonal trust — classic indicators of democratic fragility. The erosion of governmental trust began during Dilma Rousseff's first mandate (2011-2014), which succeeded Lula's earlier presidency. A sense of institutional malaise erupted in June 2013, when hundreds of thousands of Brazilians took to the streets to protest against failures in education, health, security and public transport. This social dissatisfaction was aggravated by the economic crisis that followed. During this period, the executive branch lost ground to the legislature, which imposed what became known as "compulsory budgeting", reserving substantial resources for allocation by individual members of Congress.

Rousseff won re-election just as the massive "Lava Jato" (Car Wash) corruption scandal became public. Fifteen months later, she fell victim to what many observers characterised as a parliamentary coup. The anti-corruption narrative swept the country, with the problem perceived as systemic and the federal executive branded as the primary culprit. The 2015-2018 legislature proved more hostile to the government than most that had come before. Public prosecutors, the judiciary and the Court of Accounts gained support from national media outlets to create a sense of urgency about the state of governance, which was portrayed as both corrupt and incompetent. After two years of severe recession, Rousseff was removed from office through parliamentary manoeuvres, despite the weakness of the formal accusation — budget irregularities — used to justify her ouster.

The burden of cognitive dissonance

Brazil ranks near the top among countries suffering from cognitive dissonance, according to research by Buffy. Society's perception of the country fails to match Brazilian realities. The causes are manifold: low educational attainment, media controlled by oligarchical families, a judicial establishment deeply entrenched in protecting its privileges, profound inequalities built over centuries, and weak democratic institutions. The state functions as an instrument of the country's elite rather than as a representative of society at large. National governance remains fragmented across multiple power centres, few of which demonstrate genuine concern for inclusive and sustainable development.

Since re-democratisation in the mid-1980s, the state has served as the primary arena through which politics is processed. Four decades after the re-establishment of the rule of law, however, the state has proven unable to simultaneously tackle inequality and protect democracy, as documented by the United Nations Development Programme and the Latin American Centre for Development Administration. The events of 2015-2022 revealed the profound fragilities of Brazilian national institutions. The combination of economic, political and social crises produced a severe backlash against the progress achieved in the previous decade.

The Brazilian state has historically been controlled by interest groups connected to the country's elites. During the centre-left presidencies of 2003-2016 and 2023-2025, social progress was achieved on multiple fronts: poverty elimination, education expansion, environmental protection, healthcare improvements and more. Social participation formed part of these processes through local and national councils that brought ordinary citizens and their representatives into governmental decision-making. Yet these changes proved unsustainable because no structural transformations took place at the fundamental level of power distribution.

Misconceptions about the nature of the Brazilian state — with its three branches of power and three levels of government — have complicated matters further. Brazilian society simply does not understand its own state apparatus. Citizens fail to connect electoral processes with the mandates of political authorities. Not surprisingly, anti-politics sentiment has fuelled authoritarian political forces. Brazil was governed by the extreme right during 2019-2022, and democracy barely survived coup attempts designed to keep Bolsonaro in power and to block Lula's return to the presidency after his election victory.

Rebuilding from the ruins

Lula created the Ministry of Management and Innovation for Public Services at the beginning of his current mandate. The challenges were formidable: rebuilding governmental structures dismantled by his predecessor, constructing better institutions, and creating new public organisations required to face the country's contemporary challenges. The government resumed public service recruitment — practically abandoned in previous years — renegotiated public sector salaries to compensate for years of losses, and invested heavily in digital governmental transformation.

The impressive reduction in deforestation rates, the achievement of near-full employment, sustained growth rates of three per cent over three years, and the introduction of progressive tax measures have put the country back on track in a relatively short period. A new generation of social policies has emerged: "More Specialists" in healthcare, "*Pé-de-Meia*" in education, "Payment for Environmental Services" in environmental protection, and "Ecological Transition" in finance, among others. These initiatives have gained public recognition and support. Social inclusion has remained a permanent concern of the president in his efforts to overcome polarisation and unite the country.

Brazil's successful presidencies of the G20 and BRICS, combined with achievements in preparing for COP30, have projected Lula as a respected international leader, capable of dealing with challenges including Donald Trump's tariffs and confusing attitudes towards Latin America and other historical partners.

Brazil faces multiple paradoxes as the country heads towards its next presidential elections. Lula's potential fourth mandate appears plausible, thanks especially to the resumption of economic growth, poverty reduction, and innovative foreign policy gains. While this has not been sufficient to overcome deep polarisation, it has restored hope and reason to Brazilian politics. The question remains whether these achievements can translate into the structural transformations necessary to break the historical patterns of state capture and inequality that continue to undermine Latin America's largest democracy.

Uruguay’s Enduring State: From Century-Old Consensus to Twenty-First Century Trials

By Aníbal Peluffo

A nation built on public provision faces new tests as crime, inequality and demographic shifts challenge its foundational social contract.

Uruguay has sustained a robust statist profile since the early twentieth century. The government led by José Batlle y Ordóñez, which initiated the era known as *Batllismo*, was characterised by the strengthening of state institutions and, between 1904 and 1916, the consolidation of a process that reinforced the national state whilst creating several public authorities. This state-building process was closely linked to the separation of church and state and the establishment of a secular order—a phenomenon unique in the region at that time.

During that same period, the first foundations of the welfare state were established, which brought crucial labour reforms such as the Eight Hours Act (1915) and the Weekly Rest Act (1920). This legislation was complemented by social rights including those granted by the Divorce Act (1907), the mandatory character of primary education, and access to social security, marking the course of *Batllist* reformism with its profoundly egalitarian vocation.

Data from the 2024 Latinobarómetro study demonstrate that Uruguay maintains high levels of trust in the government, the state, political parties and parliament, whilst showing low levels of trust in the church—reaffirming the secular identity and institutional tradition of the country.

The Uruguayan Constitution institutes a democratic, republican, presidential, bicameral and unitary system. It also establishes a social state governed by the rule of law, widely recognising and guaranteeing civil and political rights alongside a comprehensive set of economic, social and cultural rights that manifest the country’s egalitarian vocation. Among these are the rights to work, education, health, social security and housing, thus configuring a constitutional framework that positions the state as guarantor of the well-being and social protection of its population.

The consensus on public provision

Regarding the role of the state, there exists a certain consensus about the need for it not only to perform a regulatory function but also to serve as the provider of basic and essential services. This agreement is maintained not only by the progressive end of the political spectrum but is also embraced by right-wing actors. Even former president Luis Lacalle Pou, torchbearer of the centre-right political forces, has publicly declared his acknowledgement of the state as guarantor and regulator.

Uruguayan public companies address the population's fundamental rights whilst serving as important national revenue collection entities. Three enterprises in particular hold state monopolies in the administration of basic services: OSE (drinking water and sanitation), UTE (electricity) and ANCAP (fuels). Despite attempts to privatise public companies, which were widely common across the region during the 1990s, Uruguay held a referendum on public enterprises in 1992, through which citizens decided to prohibit the privatisation of these services, thus consolidating the role of the state as guarantor of public goods.

With regard to telecommunications, Uruguay owns a national company, ANTEL, which operates in a competitive market but maintains the monopoly of telecommunications infrastructure, especially in optical fibre coverage. Thanks to considerable public investment in this area, Uruguay stands out, ranking first in Latin America and the Caribbean—and highly at a global level—for the widespread access of homes to internet connectivity. This achievement became an important pillar for *Plan Ceibal*, the digital literacy programme in primary education.

The public banking institutions—such as the Banco de la República Oriental del Uruguay (BROU), the Banco Hipotecario del Uruguay (BHU) and the Banco de Seguros del Estado (BSE)—compete with the private finance system but maintain wide-ranging influence within the national market, reaffirming the weight of the public sector in the Uruguayan economy.

Public education represents another distinctive feature of the country. Uruguay has been offering free, secular and mandatory education since the end of the nineteenth century, a foundational milestone in building the modern state. Throughout the twentieth century, mandatory education was gradually institutionalised and nowadays encompasses primary and basic secondary education, guaranteeing approximately ten years of effective access to classrooms. Along those lines, the Universidad de la República (Udelar) hosts the largest number of enrolled students compared to private universities in the country, reflecting the policy of providing broad access to higher education implemented in recent decades.

Emerging fractures in the social contract

As far as national problems linked to the state are concerned, at least two open public debates have become evident. On the one hand, as the study "*El país de los consensos*" (The Land of Consensus) points out, all sectors of the political system agree that drug trafficking and organised crime represent one of the main challenges facing the country. The soaring level of violence in some suburbs of the capital and in other parts of the country, represented by an increasing number of homicides linked to gang disputes, alongside high incarceration rates—among the highest in the region—reflect the extent of the problem. Similarly, the increase in the number of homeless people has turned into a central social concern, especially for progressive sectors of society.

Uruguay also faces alarming levels of poverty among children and youth. This reveals a deep social divide which, combined with the steady decline in birth rates across the entire population, triggers several alerts regarding the demographic and social future of the country. Although the need to tackle this issue represents another political consensus, no effective approaches have been implemented so far.

Gender-based violence, too, is one of the problems that have challenged the idea that Uruguayan democracy is a shining example for everyone to follow. The rates of violence against women, youth and children, which have been increasing lately, expose the weakness of the justice and protection system. Yet the prominent position this issue occupies on the public agenda has not translated into an adequate response either.

One of the most relevant debates on redistribution in Uruguay in recent years is called the "one per cent debate". This approach, originally brought forward by the trade union movement, pushed the need to establish a fairer tax policy onto the public agenda to ensure an increase in the tax contributions of the richest one per cent of the population, and proposed a redistribution strategy to reduce the income gap. Although part of the *Frente Amplio* (Broad Front, the left-wing political coalition the current president belongs to) included this approach in their programme, it has not been among the priorities of the current government.

Attempts made by different governments to push state reforms have been sporadic and focused more on strong discourse rather than on concrete measures. Indeed, the government agendas of the first decades of the twenty-first century included reforms aimed at making the state faster and more efficient, but changes in this context became visible only in specific areas of public administration, such as tax offices.

The current background of the debate on this topic is the perception that Uruguay is an "expensive country", where the cost of living is high, and this high cost is directly linked to the high tax burden and the relatively low level of informality in the economy. With that in mind, it is only natural that the discussion about the public provision of goods and services is based on criticism asserting that, considering the high cost of living in Uruguay, these services should be of higher quality.

For more than a century, the Uruguayan state has been a democratic reference in the region and a pillar of cohesion, equality and social trust. Nowadays, social tensions and new forms of exclusion require a new phase of reforms that combine the effectiveness of the state with its historical commitment to social justice. Renewing the state does not mean reducing it, but reimagining it in response to global and regional challenges: the need for new development models, for coordinated answers to drug trafficking and organised crime, and for public policies capable of overcoming territorial borders to strengthen democracy and social cohesion.

Chile's Democracy Faces Its Gravest Test Since Pinochet

By Eduardo Engel

A far-right candidate threatens to dismantle decades of democratic progress in Latin America's most celebrated success story.

Over the past three decades, Chile has stood out among Latin American countries for its solid record in economic development and state efficiency. Following the return to democracy in 1990 after the Pinochet dictatorship, Chile dramatically reduced income poverty—from 59 per cent of the population in 1990 to just 6 per cent in 2022—increased life expectancy to 81.5 years by 2025 (comparable to Germany and the United Kingdom), and achieved the region's highest Human Development Index. Inequality, while lower than before (the current Gini coefficient is 0.43), remains high compared to European standards.

Most notably, the country achieved this while maintaining a relatively low level of debt: 42.8 per cent of GDP versus 110.5 per cent on average in OECD economies. At the same time, Chile has consistently performed well on controlling corruption. International indices place it in a different league from most of Latin America—with the notable exception of Uruguay—and even ahead of some developed countries.

Despite these achievements, citizens' trust in the state has plummeted in recent years. Surveys show record-low confidence in political institutions and the justice system, while perception of corruption is rising. Worryingly, support for democracy itself has also declined. In this context, Chile will elect its next president in just a few days. Leading the polls is far-right Republican candidate José Antonio Kast, who has built his campaign around a narrative of state inefficiency and proposes sweeping austerity measures.

From ambitious reforms to political deadlock

Over the past three decades, Chile has made major advances in adapting its public institutions to contemporary challenges. These include a complete overhaul of the criminal justice system, replacing the outdated inquisitorial model with a modern oral process; the establishment of universal minimal health guarantees; the creation of new environmental institutions; a universal pension for the elderly; and the financing of free higher education for a large share of young people. The result has been a gradual transition toward a system with a more balanced role for the state. While many original features from reforms under the dictatorship remain—particularly in health and pensions—state-backed social protection mechanisms have grown significantly.

Significant progress has also been made in the digitalisation of public administration. Since the early 2000s, an increasing number of administrative procedures have shifted from paper-based processes to digital platforms, simplifying interactions between citizens and the state. Notable developments include "Chile Atiende," a portal that centralises access to a wide range of public services, and "Clave Única," a government-backed digital identity that enables secure access to online transactions. The expansion of these tools has been made possible by the country's high penetration of information technologies—93 per cent of households now have an internet connection.

Successive governments also enacted key anti-corruption reforms that reshaped the Chilean state. These included an ambitious Transparency Law granting citizens access to public information, a competitive public procurement system, a pioneering lobbying law, and a merit-based recruitment process for senior public managers.

Interestingly, reforms often followed major corruption scandals that opened brief windows of opportunity for change. One notable episode came after a series of illegal political financing and influence-peddling cases triggered a political crisis in 2014. President Michelle Bachelet responded by appointing an independent Presidential Anti-Corruption Commission comprising 16 experts and chaired by one of us. Its comprehensive report proposed an ambitious reform agenda. With the support of civil society—notably the Anticorruption Observatory project by Espacio Público and Ciudadanía Inteligente—the media, and some key political champions, significant legal reforms were passed. Important advances were made in party and campaign financing, conflict-of-interest prevention, and the empowerment of state regulators.

Paradoxically, some of the reforms—by exposing long-hidden irregularities—initially increased citizens' perception of corruption. The reform that imposed term limits on the re-election of mayors, for instance, led to a renewal of local leadership that revealed previously concealed misconduct in municipalities.

More recent corruption cases have further eroded trust. These include irregular transfers from national and regional governments to politically connected NGOs and influence-peddling scandals involving members of the Supreme Court. Yet, in contrast with past cases, the more recent ones have not sparked significant reform—at least so far. Amid growing political polarisation and a political system prone to deadlock, Congress has been unable to pass legislation to address long-standing institutional weaknesses. Integrity gaps remain at the level of local and regional governments, and critical reforms for tackling corruption amid the irruption of organised crime—such as establishing a beneficial ownership registry and improving transparency in judicial appointments—are still pending.

A country turning far right?

Chile has been no stranger to the global rise of populism. Far-right parties have gained ground, fuelled by political dissatisfaction after two failed constitutional processes and concerns over corruption. The country has also witnessed the emergence of new forms of violent and organised crime: homicides rose by nearly 50 per cent between 2016 and 2022. Although citizen security was absent from the current government's original agenda, it quickly became a priority—albeit not without internal resistance. While crime levels first stabilised and then decreased by 20 per cent in recent years, public perceptions of insecurity remain alarmingly high, partly amplified by media coverage.

Populist leaders have exploited this climate, advancing a "law-and-order" narrative that links crime to rising immigration and promotes simplistic measures that risk aggravating the problem by ignoring evidence-based policies. Meanwhile, progressive sectors struggle to articulate a credible alternative narrative and policy agenda to address citizen security concerns without jeopardising human rights.

The two candidates who will compete in the December presidential runoff are Jeannette Jara, a communist politician representing a broad coalition of left and centre-left parties, and José Antonio Kast, a conservative far-right figure who already reached the ballotage in 2021. Although Jara won more votes than Kast in the first round (26.8 per cent versus 23.9 per cent), he remains the favourite, as he is expected to consolidate the support of the two right-wing candidates who failed to advance.

Progressive actors have recently attempted to address pressing challenges in state modernisation. Amid economic stagnation, Chile's bureaucratic permit system has been identified as a bottleneck discouraging new investment projects. The current progressive government succeeded—though not without internal debate—in passing a major legal reform to streamline sectoral permitting without lowering regulatory standards (although a reform to the environmental protection system was not included in the bill). Its effectiveness, however, will depend heavily on the capacity of public servants to implement it.

This challenge is tied to one of the most long-overdue state reforms: a civil service modernisation, beyond high executives, that promotes merit-based careers and introduces effective performance-driven evaluations. While no administration has managed to advance this agenda, progressives might have a better chance, as public-sector unions—the main opponents of these reforms

—are traditionally closer to left-wing parties. Any initiative in this direction, however, will require a combination of political negotiation skills and a firm conviction that improving the public service is essential to the state's efficiency and legitimacy.

Kast, for his part, has launched a frontal attack on the state and its public servants—one of his closest advisers described them as "parasites" living off taxpayers' money. He promises drastic cuts in public spending and the dismissal of all "politically appointed" civil servants. While it is true that public debt shows an increasing trend over the last two decades that should be arrested, Kast's proposals raise serious concerns. They risk undermining essential social spending, threatening fiscal stability, and distracting from more effective reforms to curb corruption and improve state efficiency. Moreover, the aggressive tone of his campaign may further erode public trust in state institutions and democracy itself.

Ultimately, Chileans will have the final word, and no result is certain until all the votes are counted. A government led by Kast would likely challenge many of the achievements made in social protection while deepening political polarisation. We hope that the country's hard-earned democratic culture and robust institutions will once again prove resilient in the years ahead.

About the Authors

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