



## Letter n°60

### **The two blocs from a political perspective: from ideological antagonism to political opposition.**

*" The world is a slough, let us try to live on the heights above it, "*  
recommends the Duchess of Langeais in Balzac's Father Goriot.

#### ***Where do we come from?***

- European culture has long been, or thought itself, the figurehead of the universal. For the writers of the Enlightenment, the main characteristic of Western culture is individualism.
- Peter the Great in Russia in the 18<sup>th</sup> century, Japan in the Meiji era in the 19<sup>th</sup> and Atatürk in Turkey in the 20<sup>th</sup> are some examples of leaders who wanted to westernise their countries.
- In 1989, Westerners believed in the generalisation of democracy. Convinced of the universalism of their principles, they wanted to see them applied to all societies. But freedom is not established by decree and societies cannot evolve overnight. How many decades did it take to abolish slavery in Europe and the United States and to accept that women are capable of education or voting? Every culture is on the train of progress towards the same liberation but the time factor is often underestimated.

#### ***Where are we now?***

- In the 19<sup>th</sup> and 20<sup>th</sup> centuries the West was conquering, in the 21<sup>st</sup> century it is confronted with a critique of its universal values and within democracies themselves, populist factions want to erect walls and demonstrate their hostility to globalisation as well as to elites.
- Authoritarian regimes deny the universality of the principles brought to the world by the West, denounce the decline of the West, emphasise a decadence of values, ironize the weakening of democracies and point to an economic weakening.
- The democratic bloc criticises corruption in authoritarian state-capitalist regimes, incriminates collusion between the public and private sectors, and stigmatises weaknesses in the rule of law in these countries, such as weaknesses in intellectual property protection.
- The non-aligned: between democracies and the Sino-Russian bloc, many countries are reluctant to take a stand. From the analysis of some 35 or so "neutral" votes during the passing of a resolution at the United Nations against the Russian invasion of Ukraine, we can discern not so much a sympathy for Russia as a desire to keep a distance between the two blocs. We are witnessing a sort of renaissance of the "non-aligned" movement which was born at the Bandung conference in 1955, at the initiative of Indonesia, Tito's Yugoslavia and India, and had been dormant for a long time.

This Letter will begin by asking whether we should be alarmed by a decline of the West and worried about a proliferation of authoritarian regimes. We will draw reasons for hope as the democracies are awakening and their secular arm, NATO, is strengthening. At the same time, authoritarian regimes often struggle to mask their internal weaknesses. We will conclude with the idea that the confrontation between blocs is less risky than the possible drift of American democracy.

## **The malaise in democracies and the potential for a renaissance:**

### **- *The malaise in democracies:***

Contestation within democracies: The Western model is based on debate, criticism and mistrust, and so within democracies, there have always been freely expressed oppositions, active workers' unions, alternative cultures such as May'68 or Woodstock in the past, and radical protests from the far left or far right.

Democracy is suffering from a collapse of the two ideas of progress and universalism. After the horrors of the 20<sup>th</sup> century, many no longer really believed in progress, but the malaise is now more diffused in the internal functioning and in the relationship with other regimes:

Internally, democracy is weakened by the absence of a common project and modernity generates societies with citizens with a high standard of living but lacking meaning. The development of networks facilitates an explosion of particularities and democracy is threatened both by the pre-eminence of private over public issues and by identity debates around "wokeism". Humanism was a culture that radiated, the humanitarianism that prevails in the West today is an ideology. The individualism of the Enlightenment is no longer able to overcome selfish interest. The West seems to have shaped humans reduced to the concern for their immediate well-being and the question of cultural identities is a source of weakening or even disintegration of the social fabric.

Democracies are weakened because they are confronted with the mistrust of citizens. The people, thinking they have not been heard, are angry and this results in the "Yellow Vests", "Occupy Wall Street", the "woke", and abstention during elections.

In the polls, nearly a third of young people argue for Plato, that is to say, for regimes of technocrats, more authoritarian, more efficiency because they see in counter-powers only brakes on action and judge that there is no alternative. And on this theme, we can only recommend Yascha Mounk's excellent book "*The People vs. Democracy*".

The drifts of illiberal democracies: In illiberal democracies, discourses on decadence are developing. Populist movements refuse to accept the imposition of economic liberalism and migration, consider emancipation to be excessive and freedom to be incompatible with democracy. Some Eastern European countries, and this is very well analysed by *Krastev* in a great book, "*After Europe*" and by *Jacques Rupnik*, do not want to see themselves as provinces in relation to Western Europe, refuse the emancipation of the individual, trample on individual freedom and do not want to be contaminated by materialistic ideas.

Illiberal democracies lose their democratic character because they suppress checks and balances.

The drifts of American democracy: The United States advocates for the union of democracies but does not always offer a model image. Struggling with a worsening of inequalities that are hardly compatible with democracy, an increase in deaths caused by the misuse of certain drugs (see the very good book by Nobel Prize-winning economist *Angus Deaton*), and a deterioration of its image under the Trump presidency, particularly during the assault on the Capitol, it does not present the face of a harmonious democracy and we have every reason to fear the next election.

On the international scene, the "containment" of the Russian invasion of Ukraine and Chinese desire for Taiwan are the main American concerns. In 1914, as *Clemenceau*, quoted by Araud, said, "It was not Belgium that invaded Germany". In 2022, Russian talk of NATO's offensive intent threatening Russia was unfounded and Russia's responsibility for the conflict is unilateral. But if the war in Ukraine arouses collective emotion, little by little the support of the populations is threatened by individual selfishness and the fear of suffering losses in purchasing power.

Against Russia and China, the United States would like to restore the theme of the union of democracies but opportunistic rapprochements, with Saudi Arabia, Venezuela and Iran or denials dictated by necessity when it turns a blind eye to the resumption of Erdogan's actions against the Kurds in Syria, blur their message.

Similarly, the United States can hardly overcome the "neutrality" of emerging countries towards it when it has allowed the Chinese to advance their pawns in the deployment of the Silk Road.

Also, on the international stage, Americans have difficulty advocating for the energy transition when they are the second largest polluter on the planet after China.

Finally, the fact that China can modernise in the absence of a policy of freedom makes universalist certainties waver. *Max Weber's* theory that the spirit of freedom produces capitalism has proved insufficient, and China's take-off without the advent of democracy contradicts initial expectations.

- *The potential of democracies:*

From the point of view of values, democracies originally sought to emancipate themselves from religious despotism and the reign of arbitrariness and, over the centuries in Europe, the individual has prevailed. But, if Western morality is rid of sacralised transcendence, it has itself become religion. In the past, the strongest was honoured, today the most virtuous is celebrated.

Today, democracies must overcome multiple competing demands for emancipation, often based on identity. The essence of politics is plurality, debate and confrontation and politics cannot be reduced to management and to rationality.

Nevertheless, if democracy is a horizon of emancipation, how far can we emancipate ourselves? Democracy withers away if special interests prevail, if the explosion of a certain number of demands signals a collapse of the common. What are the limits of freedom? As citizens become more and more self-centred, they move away from common goals.

Democracy presupposes trust, tolerance and a balance of power, and it is vibrant if it allows people to deploy their collective power. Let us hope that in the demands for participation at the local level, at the level of associations, we will find the seeds of a new relationship with politics, a means of revitalising democracy.

As long as there were intermediary bodies in Europe, the Church, the parties, the trade unions... paedophilia in the Catholic Church would not have been denounced and individuals were sacrificed to the institution. Today, individualism consists of defending the weakest against institutions. The battered woman and the raped child are defended. It is a new expression of the morality of the Gospel. Recalling *Raymond Aron* at the beginning of his book "*In Defense of Decadent Europe*", Europe may be decadent but if that means that it embodies freedom, then decadence is a blessing. In a democracy, mistakes can be corrected. This is not the case in totalitarian regimes because they have no checks and balances.

As *Bergson* wrote in *The Creative Mind*, the strength of democracy lies in its ability to embrace "*ever-recurring novelty, the moving originality of things*".

From an international perspective, the West has been a missionary for centuries, but the wars waged by the West are now wars of virtue. *Bertrand Badie* has shown how Western countries have become censors of the morality of nations, employing a "*diplomacy of punishment*" by applying morality internationally, imposing sanctions and posting blacklists.

From a political point of view, ideological rivalries between Russia and the United States, and even more so between China and the United States, are growing. The West is rediscovering its values and many democracies are ceasing to dream of the Putin mirage of the strongman.

From a financial point of view, many Western companies are withdrawing from Russia, questioning the relevance of new investments in China, and worrying about the risk if China invades Taiwan tomorrow. This last question is the most fundamental but let us bet that China will hold back its arm because it would cause the most horrible global, Chinese and Western, crisis of the last hundred years.

From a military point of view, let us look at the relationship with China and Russia.

Military budgets around the world are increasing. The United States has hundreds of military bases around the world while China has only one abroad, in Djibouti. But in Asia, the United States has failed to dissuade China from strengthening its positions in the South China Sea, in defiance of the rights of Vietnam, the Philippines and Malaysia in their territorial waters. The Solomon Islands is a topical example in this respect of China's desire to extend its influence. But the defence of Taiwan and its democracy is the primary goal of the two

major American parties and, since the Taiwan Relations Act passed by the US Congress in 1979 which does not guarantee US intervention in the event of aggression, they have never been more explicit in their support than under President Biden and have increased arms deliveries since 2017.

Relations with Russia are complicated. Russia does not accept the idea that NATO is only a defensive organisation because of the precedence set by the intervention in Libya and Serbia. According to the Russians, Ukraine was preparing for membership and Russia would have had NATO's guns pointed at Moscow along the 1,200 km border between the two countries. This view is erroneous because, since 2008, Germany and France have vetoed Ukraine's entry into NATO.

This misunderstanding of Vladimir Putin has 4 unfavourable consequences for him:

On the one hand, an enlargement of NATO, which has long been "brain dead". NATO was 12 countries at birth, 30 today, 32 tomorrow with Sweden and Finland. Two neutral countries, Sweden since 1814 and Finland since 1945, that will strengthen the Western alliance and bring 1,300 km of borders with Russia.

Secondly, a strengthening of ties in the Western camp. For the first time, South Korea, Australia, New Zealand and Japan participated in the NATO summit this summer. South Korea has decided to establish a permanent mission to NATO to facilitate the exchange of information and NATO's rapid reaction force will grow from 40,000 troops to 300,000.

Also, the beginning of rearmament in Japan and Germany, the two great pacifist powers since the Second World War. The two countries will increase their military budget to 2% of GDP, i.e. \$100 billion in investments for the former and \$80 billion for the latter, compared with \$50 billion for Russia.

Finally, the United States wants to force Russia to withdraw from a number of international arenas by depriving them of components necessary for its arms industry and indispensable for the replenishment of its arms stocks.

### **The ideology of authoritarian regimes:**

The Chinese and Russians intend to modernise without becoming westernised. They want technical and medical progress from the West but want to avoid or at least curb what they consider to be in contradiction with their culture, that is to say the liberalism of opinions and morals, the rule of law. In the eyes of authoritarian regimes, democratic universalism is a particularism.

In many non-Western societies, intermediary bodies such as the family, corporation or church hold authority and power over individuals and the individual can only express himself within these groups.

To better perceive the differences with the West, we can successively analyse the Chinese vision and the Russian vision.

#### **- *The Chinese vision:***

From the perspective of values, let's start with a reminder of Confucian culture as it still permeates China. It implies the sacrifice of the individual to the common good. Authority puts social order before the desires of the individual. The capacity lent to the individual in the West is considered mythical. Asian thought sacralises social organisations more than the individual, reduces the autonomy granted to individuals and subordinates politics to national prosperity and the individual to the group. The welfare state is rejected because it encourages laziness and complacency among individuals and discourages them from working.

Holistically, China places the individual below society. Individualism is perceived as a perpetrator of disorder and misfortune. Giving the individual the ease of living as he pleases weakens the state and causes decadence. The essential value is the greatness of the nation and not the freedom of the individual. Economic freedom is not excluded, but political authoritarianism is assumed. The citizen needs order and prosperity and has no need for freedom of thought. Political power is not exercised by the people but for the people. Autocratic power must be maintained. China rejects personal freedom, free speech and protest, which is an open door to disorder that is unsuitable for harmonious development.

In Hong Kong, China denies the existence of a British colony before 1997. Britain's annexation was said to have been the result of gunboat diplomacy and unequal treaties, and China does not talk about regaining sovereignty but about exercising it.

In the West, the Chinese reproach its materialism and democracy for often resembling demagoguery, for giving the floor to incompetent people left to their own interests. The Chinese celebrate mandarinism, a regime based on competence and efficiency. According to Xi Jinping, thanks to a consultative system at the village level, democracy is more alive in China than in the West.

China, like Russia, sees Western postmodernity as a false and unliveable world in which individuals are deprived of their roots. On the international stage, the so-called universal Western principles would only be a subterfuge for hegemony, a pretext to justify imperialist wars in Iraq or Libya, with disastrous consequences.

From an economic outlook point of view, many factors contribute to China's distance from the rest of the world. Because of the lockdown, the port of Shanghai, the world's largest, has been paralysed for several weeks, obtaining visas is more difficult, and expatriate departures are more frequent. Only 1/10th of Chinese have a passport and renewing it is difficult.

From a political point of view, the lasting consequences on China's development seem to be the stiffening of power against tech companies and private companies, the ideological shift and Xi's quest for a lifetime mandate. These are all decisions that hinder initiatives and slow down economic growth.

From a military point of view, China is increasing its budget and has just launched a 3<sup>rd</sup> aircraft carrier, the "Fujian", the name of the province opposite Taiwan. Quite a symbol! And, to better compete with the Americans, China is preparing a nuclear-powered aircraft carrier. However, far from being a "Chinese province", Taiwan was only in the Chinese sphere between the 17<sup>th</sup> century and 1895.

In Africa, after Djibouti, China aims to have a second military base in Equatorial Guinea to benefit from an exposure in the Atlantic.

- ***The Russian approach:***

In Russia, the description of decadent Europe has been a constant since the mid-19<sup>th</sup> century. The Russians see themselves as a providential people and claim to save the West spoiled by materialism. If Alyosha in ***The Brothers Karamazov***, in chapter 3 of book 5, says she is attracted to Europe, ***Dostoyevsky*** has Ivan Karamazov say "***it has all long been a graveyard and nothing more***". More recently, ***Solzhenitsyn***, in his ***Harvard speech***, denounced European decadence.

Between individuals, the pre-eminence of the "superior" over the "inferior" is compensated by benevolence. A notion rejected by Westerners who do not want an individual to be dependent on the arbitrariness of the powerful.

Perestroika appeared to some Russians as a plot by the West, a Westernisation that they wanted to impose on Russia.

Russia wants to return to the forefront but it does not have the means to do so and the invasion of Ukraine is an illustration of this. The collapse of the USSR was the result of an implosion of the system and not of a Western conspiracy. The invasion of Ukraine is nothing more than the desire to crush democracy in a nearby country to avoid contagion to Russia and the geographer ***Foucher*** has demonstrated this in a short but remarkable book "***Ukraine-Russia***".

The war reveals Russia's weakness rather than illustrates its strength. It is no longer 1956 or 1968.

The war marks the shift from contempt to misunderstanding. Contempt for the West, misunderstanding of its ability to react. The way out of the crisis is difficult to envisage. "Not humiliating Putin" is the wrong target because it is necessary to prevent crime from paying off, the adversary from being rewarded and the attacked from being defeated. Nevertheless, Europe's interests are not those of Washington. To prevent a defeat of Ukraine does not necessarily mean aiming at the fall of the Russian regime.

At a time of apparently closer relations between China and Russia, we must highlight the ambivalence and asymmetry of Russian relations with China: China has a population 10 times larger than that of Russia, a GDP also 10 times greater. We can assess the inequality of the relationship: Russia, rich in raw materials, has become, with significant discounts, China's leading supplier of oil with nearly 2 million barrels per day and China provides it with industrial goods without, for the time being, delivering heavy weapons. In addition, China is positioning itself to buy assets in Russia in the energy sector, a possible example being Shell's assets in the Sakhalin field.

### **Towards a renaissance of non-alignment?**

Non-alignment is on the rise, the logic of blocs is no longer relevant. We are now faced with distinct cultures that are proud of their differences. They reject individualism but do not, however, adhere to the Chinese line.

Pragmatically, the "non-aligned" countries intend to take advantage of the rivalries between the two blocs, attract capital from one or the other, to rally one or the other of the major countries to defend a regional cause.

There are rather occasional connivances, such as between Turkey and Russia (a nuclear power plant, a pipeline, anti-missile systems) which do not exclude differences in Libya, Syria, Armenia and the Black Sea.

At the UN, while the resolution condemning Russia was passed by only 141 of the 194 member states, this does not mean support for Russia from the 35 neutral countries. Half of the countries that did not vote for the resolution are African. Many of these countries are dependent on Russian grain and do not want to risk being deprived of it and causing a politically destabilising food crisis.

The neutrality displayed, by some African countries for example, is also an extension of the trade and military relations developed with Russia in recent years. According to *SIPRI*, half of the 54 African states have signed a military cooperation agreement with Russia, but the scope is sometimes small and the number of mercenaries made available by Wagner is too small to defeat jihadist movements.

Senegal is an example of non-alignment as it shares the blame for the conflict between Russia and the West. Another example is Angola, which has taken back from the Chinese their 18% in the world's fourth largest diamond deposit.

Powers such as Indonesia and India are wary of China and want to be able to influence the great powers and play their cards.

Indonesia is clear: after 1955, here is a new episode of Bandung, a revival of the Non-Aligned Movement. Indonesia, as at the time, intends to play a role. The Indonesian president, Widodo, met with both Zelensky and Putin and called for a grain corridor to prevent a global food crisis.

India is ambiguous: on the one hand, it did not vote for the resolution condemning Russia and it has increased its purchases of Russian crude at a 40% discount. Since before the invasion, 1% of Russian oil exports went to India; today, nearly 20%. But India attended the G7 defending itself from allegiance to Russia, recalling that Russian crude imports represent little more than 1Mb/d, arguing that it had to think of its impoverished population, impoverished by the inflation of commodities prices, and, like South Africa, condemning Russia's "illegal war".

To attract non-aligned countries and counter the Chinese Silk Road initiative launched in 2013, the United States has just committed \$200 billion in public and private money for an infrastructure plan to help emerging countries, and Europe has a comparable plan of €300 billion by 2027. Overall, the G7 countries committed \$600 billion in early July.

At the same time, China is continuing to develop its ties with Africa, investing more than \$4 billion in 2020, developing ties with Egypt and Morocco and has many port projects in Mombasa in Kenya, Eritrea, Sudan, South Africa in Durban and Tanzania in Dar es Salaam.

**Conclusion:** 6 points.

- A fear expressed by *Nial Ferguson* when he analyses the war between Russia and Ukraine as the counterpart of China's involvement in the Korean War in 1950, 70 years on, and when he fears a possible Chinese aggression against Taiwan, a repetition of the Cuban crisis during the Cold War. This is a subject that increasingly worries companies or institutional investors for their investments in China.
- A creed described by *Bergson* in *Mélanges*: "*Freedom is creative and free nations are those which invent; a people who supports itself only by passive obedience owes the best of its strength to the inventions which come to them from free societies; on these civilizations it lives as a parasite.*"
- A hope for renewal, for a regeneration of democracy. Otherwise, the desire for servitude as *La Boétie* said, could prevail over the desire for freedom. Within democracies, the situation is not easy but demagoguery has its limits. Two populists have fallen, Trump and Johnson, and a third, Bolsonaro, is expected to suffer the same fate in the autumn presidential election. Erdogan will remain until the 2023 election, Victor Orban is increasingly isolated in Europe, Kaczynski is challenged in Poland and Modi in India with his nationalist policies that are very hostile to Muslims.
- An obstacle difficult to overcome is the famous *incompatibility triangle* described by *Dani Rodrik* between national sovereignty, living democracy and globalisation. Liberalism may tend to crowd out democracy in order to promote globalisation. Democracy is likely to require the national framework and weigh globalisation down.
- A double observation: on the one hand, Western culture has lost its pre-eminence, the United States no longer inspires people to dream, American soft power is declining but, on the other hand, China is frightening and neither it nor Russia is increasing their soft power. The crisis also exists in autocracies. Authoritarian regimes fear the reaction of their people and hide the information. The war in Ukraine, like the excessive lockdown in China, illustrate the evils of authoritarian regimes.

Biden is considered weak but Putin is weakened and Xi is struggling to convince people of the effectiveness of his zero Covid policy and his management of the real estate crisis in a context of structurally slowing potential growth and demographic decline.

- A lucid conclusion: between the West and the authoritarian bloc, the paradigms differ. Individualism on the one hand, traditional structures on the other. Neither is in a position to take the ascendancy quickly. To call, as *Habermas* did, for the end of nations and the universal state seems naïve today. Let us be content, in the interest of all, with a pursuit of coexistence. Let us follow *Descartes'* advice to "*change my desires rather than the order of the world* " and this would be beneficial to the financial markets. The invasion of Ukraine will cost the world a small recession. The invasion of Taiwan would cause the worst global recession since 1929 because Chinese exports, 30% of China's GDP and the main engine of growth in this country, would be hampered and because Western countries are linked to the Chinese market.

Geneva, 18<sup>th</sup> July 2022

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