The Director's Annual Lecture 2023

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What democracies need to get right this year

I've taken as the title for my first annual lecture "What democracies need to get right this year". Chatham House takes the merits of democracy as one of its core values. It is a way of organising relations between people that we actively set out to promote. In one sense that might seem obvious. But the argument I am making this evening is that the case needs actively to be made. Even in the excessively interesting times in which we live, this is a crucial year.

For a start, there are many important elections this year in countries which are democracies but not always liberal ones: in Nigeria, in Pakistan, in Turkey – and those Turkish polls will determine whether that country tilts further towards authoritarianism or leans the other way. There is turmoil elsewhere in pursuit of fundamental rights and freedoms; in Iran, we are seeing an uprising by people, mainly women, of astonishing courage. And the US, which has defined itself by its democratic principles and so stands as a symbol of their success or failure, is still grappling with divisions between its parties that threaten the workability of the political system.

Meanwhile Britain has grabbed world headlines more than I expected when joining Chatham House. I started this job a few days before Liz Truss became prime minister, and the "lasted longer than the lettuce" joke has been inescapable. I've been here about three and a half lettuces so far.

This year matters beyond those polls and headlines, though. The pandemic was an assault on the free movement of people and trade. Russia's invasion of Ukraine then marked an abrupt end to 30 years of globalisation and the international cooperation that made it possible. China has ambitions of unknowable implication but they are potentially hostile to democratic interests including, obviously, those of Taiwan. Meanwhile, the climate crisis is more evident and ways to address it slipping through our grasp. And many countries are grappling with slow growth, high inflation and debt. The era of cheap money has gone, and economic constraints will shape politics even more.

Much of what we have come to take for granted since the second world war is at stake. That war, at horrendous cost in lives, in the use of terrible weapons and in money, established the claims of democracy over fascism. Governments then worked together to set up institutions which would underpin peace and prosperity; after the collapse of the Soviet Union, those institutions came explicitly to support democratic aims too. The responses that countries now make to the new threats to them will determine not only peace and prosperity in the coming years but whether democracy survives as an attractive system of government.

What do democracies have to get right this year? A lot is the obvious answer. I'm going to make three main points. The first is the need to do everything possible to secure a Ukrainian victory over Russia. The second is for liberal democracies to take a more self-protective stance towards China but not to exaggerate that, and to keep talking to its leaders. The third is for older democracies to change their approach to multilateral cooperation, offering extensive help in the economic and environmental crises that are looming, and not high-handedly taking partnerships for granted.

I will make a final point about the need for democracies to solve their own problems at home, particularly the US, and I will say something about how the UK should position itself. I will end with some optimism, because for all the gloom, there is reason for that too.

How to respond to Russia's invasion of Ukraine

Let's start with Ukraine. We're just six weeks away from that dark anniversary. President Putin's decision to invade was a global shock, at least to the 141 countries who voted in the United Nations General Assembly to condemn it. It overturned decades of cooperation on respect for sovereignty. It has threatened the stability of Europe – not least the Western Balkans, a neglected concern, which comes up often in Chatham House discussions. It has threatened the stability of European governments battling higher food and energy prices. The effects are seen throughout the Middle East and Africa too. Alex Vines, head of our Africa programme, has written that 2023 brings "the increasing likelihood of civil strife [on that continent] because of food and energy-fuelled inflation".

The US and Europe are still grappling with the diplomatic ramifications. The extra jolt to them was that 35 countries abstained from the first UN General Assembly vote including India, Pakistan and South Africa. A senior Indian businessman told me the other week, echoing the stance of the government of Narendra Modi, that Ukraine was simply a squabble between European countries with no implications at all for Indian democracy. The world is watching to see whether Russia's seizure of territory will be tolerated or punished further beyond the sanctions already imposed on it. China is watching most of all, perhaps, given its declarations about retaking Taiwan.

We have argued at Chatham House that it is essential that Russia lose. As William Hague, former foreign secretary, put it recently, it is not just the "moral case to assist a free people defending themselves against an evil aggressor committing crimes against humanity". The "simple truth", he added, "is that the cost of deterring a victorious or emboldened Putin indefinitely will be vastly greater than the cost of delivering greater help to Ukrainians now."

The US supply of arms, escalating in force, is giving Ukraine some battlefield success but not yet enough to win. For all the flaws of the Russian army, this has the makings of a stalemate, one that jeopardises the coalition of support despite President Zelenskyy's gifted advocacy. European leaders are openly concerned about protecting energy supplies in the next winter - a year from now. The US and others now need to supply more powerful weapons.

We have argued at Chatham House that this would be justified. For all the risk of escalation, stalemate carries too great a risk of the coalition failing and Russia digging in to regroup and strike back. The conflict may eventually end in a settlement; most do. There is some value in beginning quietly to discuss options among Western powers, such as what happens to Crimea, and what reparations and prosecution for war crimes and other offences might be.

But while there is a value to keeping open basic channels to the Russian leadership, it is too early to explore such possibilities with Putin when that could leave Russia in an ambiguous and still dangerous position. At Chatham House, we are working with governments and private partners on these scenarios. We'll keep you in touch.

Defend against China, but don't provoke

My second point is about how democratic governments should treat China: they should defend themselves against it but not provoke it. It is a less obviously urgent problem but a more significant one. Putin represents one kind of threat – a unpredictable, malign force on the flank of Europe. But his Russia hardly presents itself as a rival model, a desirable way of organising relations between people. China does, in arguing that its authoritarianism can deliver prosperity and stability where the west cannot. That model might look less appealing now after months of lockdowns, protests, a U-turn and rising deaths. But its challenge is still there.

The tone in which President Xi Jinping has chosen to assert China's global influence has changed the view of Western democracies who had hoped that it would grow more liberal as it grew richer. Xi has explicitly threatened the independence of Taiwan and the freedoms of the South China Sea, while talking of more economic self-sufficiency. It is a long time since George Osborne as the UK's chancellor called for a "golden decade" of relations with Beijing.

The UK has now pronounced China a "systemic challenge" and this will shape the revised Integrated Review to be published in March although prime minister Rishi Sunak pulled back from earlier plans to call it formally a "threat". Germany, where companies have been investing in China since the mid 1980s, will publish its own revised strategy in March, intending to shift its trade more towards democracies with shared values. In the US, the tone is markedly more confrontational. Fear of the rise of China often seems the only point of agreement between Democrats and Republicans, along with the determination to contain it. One US company told me today that simply doing business in China could be seen as unpatriotic by some in the House of Representatives, leading to summonses before congressional committees.

The first step is to get the calibration of the threat right. To exaggerate it is to risk provoking a reaction that might not come otherwise. But to underestimate it, out of naivety or wishful thinking, is to risk theft of technology or subversion of IT and military systems.
Many analysts – including the Chatham House team - doubt that President Xi would choose actually to invade Taiwan anytime soon, given the risks of heavy losses – as Ukraine is showing. But it is impossible to be sure. And he can find ways to step up pressure including in the seas around it; the Taiwan Semiconductor Manufacturing Company has been called

“the world’s most important company” – and its customers across the world now realise with shock they cannot count on access to its products.

So what should be done? On Taiwan, the burden again falls mainly on the US. If the US chooses to be explicit about its willingness to defend Taiwan – as President Joe Biden has now done - that is the best possible deterrent to Beijing. But that is worse than useless unless it will make good on that pledge. It is not so long since the Obama administration allowed Syria’s Bashar al-Assad to break its “red lines” with impunity. Russia and others drew lessons from that – although for Russia, that has now proved a costly mistake.

On the threat to military and infrastructure, the task is how to excise China’s influence from the most sensitive parts. That is hard, as the UK’s only partial expulsion of Huawei – at US urging - showed. Countries are investing more in chip-making although Taiwan’s unique technology engineering culture has proved famously hard to replicate and many tens of billions of dollars will be needed. Consumer goods? Look around your house, and there’s little from Russia there but oil and gas. But from China, everything from your iPhone to children’s toys have Chinese components or assembly. There is little point in trying to cut out those goods – although other countries would move in to make them if China didn’t, as Vietnam shows.

This “decoupling” marks a brutal – and costly - reversal of three decades of globalisation. Although this is the new trend, it is important too to keep talking to Chinese leaders. The recent conversation between President Biden and President Xi and the slight cooling of heated language over Taiwan that followed showed the benefit of that contact – and incidentally, one of the hidden costs of coronavirus. The pandemic prevented leaders meeting for a crucial three years, with a real though unquantifiable loss of direct communication.

How to approach multilateral institutions

The third pressing decision for this year is how to approach the search for cooperation. It is something the old liberal democracies risk getting wrong. For a start, they need to make the case for cooperation actively. In recent years we have seen trade, for three decades an engine of common benefit, used as a weapon by both Russia and China. The UK, in leaving the EU, seemed indifferent to trade’s benefits although the country is now palpably poorer as a result. As the World Economic Forum in Davos this year puts it, climate change is becoming a focus of competition as much as cooperation.

David Miliband, president of the International Rescue Committee and a former UK foreign secretary, stood on this platform a couple of months ago and made a plea for the protection of the institutions of the post second world war period. They do still have a value and Chatham House writers have argued steadily for the importance of the rule of law in preserving global order.

But nearly 80 years is a long time. The older, liberal democracies need to be realistic about the waning power of these institutions. The United Nations Security Council couldn’t be invented now and its uses are severely limited by the likelihood of veto, although it is

striking how in the bitter debates over Ukraine, the General Assembly has picked up some of the weight of condemnation.

So there is a need to take a fresh look at the institutions of cooperation and at new possibilities. All five permanent members of the UN Security Council have backed adding the African Union to the G20, making it the G21. That is a recognition of African states' increased diplomatic presence and demands for inclusion. It is something I and my colleagues at Chatham House would support. India's presidency of the G20, just beginning, is a chance to explore that proposition and new uses of this body.

So is Japan's presidency of the G7, also just beginning, which may be one of the most important for some time. The G7's role has greatly increased in the past two years since Trump and given the conflicting interests within the G20; it is also the obvious place to work out major internal differences between richer countries including on climate and trade. This year is a good chance to look at what the G7 countries can do more widely to help combat the threats of high inflation, low growth and debt, as well as climate change and biodiversity loss, recognising how much the disruption they bring threatens a peaceful, cooperative, democratic world.

Given Japan's long history of development aid, it is also a chance to look afresh at the purpose of aid, when it works best and how to use it to build alliances. Japan's pledge of $30 billion in aid for Africa at the eighth Tokyo International Conference on African Development in August last year was clearly made with an eye on the $40 billion pledged at the China-Africa summit in November 2021. We have argued for the urgency of tackling debt distress in Africa in our recent excellent report. Instead of just maligning China's growing influence at the United Nations and in the Global South, the G7 countries could respond to it better by actively making themselves better partners for poorer ones.

Consistency should be one principle. The UK, in swinging its aid spending from the pursuit of poverty reduction towards national security, while cutting the total budget, has left some excellent NGOs stranded and recipients uncertain what to expect. Far more damaging, the US's abrupt exit from Afghanistan has left Afghans – particularly women – accusing it of raising their dreams for 20 years only to dash them. I have come to the view that the US's many, confused goals in Afghanistan were probably unattainable after just the first 18 months of mistakes. But its inconsistency over those two decades has undermined its ability to stand up for its professed principles.

It is important to recognise that many countries want choice in their partnerships and want their support not to be taken for granted. The decision by Gabon and Togo last year to join the Commonwealth showed their desire for an alternative to the Francophone bloc. The international financial institutions are right to focus on good governance but the tone in which they do often jars with countries' sense of sovereignty and the right to set their priorities.

The liberal panic about the countries who abstained from condemning Russia's invasion of Ukraine is overblown, I think. The old term "non aligned" used to carry the connotations of an anti-Western stance but that is not necessarily true now. These countries want to retain

options for their own partnerships, but that should not be confused with hostility. It does mean, though, that liberal democracies need to argue more actively for the attractions of the principles they represent. We have seen recently how effective that can be in UN negotiations on IT, the internet and space security.

Solving the problems of democracy at home

That brings me to my final point, about the need for the older democracies to change at home if they are to continue to offer an attractive model. It applies to the US above all. These three goals I have discussed – on Ukraine, China and a new approach to cooperation – are much easier to pursue if the US takes a leading role. It is the country above all others that defines itself by freedom and democracy, it has purported to act in their name in foreign interventions and since the second world war it has generally supported the institutions that underpin those principles.

There is a long history, much analysed, of the ebbing and flowing of the US's appetite for taking a leading role in the world's order. But its internal politics make the US now so unpredictable that its stance cannot be presumed, by its allies or those who depend on it. The US elected a president in Donald Trump who welcomed the invasion of Ukraine as a clever move and who still commands popular support, even if that is fading. Many of its own people believe without evidence that the last presidential election was stolen. It is not clear that its elected representatives still agree to work under the same constitutional rules. In the aftermath of the overturning of Roe v Wade, states are arguing over whether they have the right to override each others' laws, for example in imposing travel bans on state residents for getting an abortion or suing abortion providers in other states. At some point down that road, you no longer have a country.

Many of the US's problems are its own, springing from its elemental project of knitting its people together under one common purpose, and then from its role as the world's superpower. But many of the world's older democracies are in trouble too, struggling to show that their political system can solve their problems. Without that, the model has no appeal. Philip Hammond, former UK chancellor and foreign secretary, said at a recent dinner of ours that a senior Chinese official had challenged him: "if your political system cannot deliver short term sacrifices for the long term good, how can you expect it to deliver sufficient economic growth for its own survival?"

The UK has that political problem in spades. This year's drama of three prime ministers is just a symptom. The problems – shared by many mature democracies - include ageing populations and their demand for health and pensions which crowds out the ability to invest in education and innovation. The contract that voters thought they had with their governments — for healthcare, education, pensions — is being rewritten, and not in their favour. Then politicians have to say: now vote for me again. It's a hard sell. Many governments now facing re-election will lose.

Those sceptical of democracy have prophesied that this is how it consumes itself. It is easier to make promises than to keep them, so the temptation is for politicians to make extravagant commitments to get into office, and then try by bending the rules to stay there.

Boris Johnson and the unfulfillable Brexit promises were a symptom of this. The end of the era of cheap money has made the choices even more constrained – one of the key points Liz Truss failed to recognise.

There are answers – or could be. Leaders need to make the case for growth knowing that the steps to bring it about – including legal immigration - may be controversial. In the UK, Rishi Sunak has made a case based on innovation and education, and that must be right but as we all know, it takes time. He – and Labour leader Keir Starmer – do not want to make the obvious point that the UK needs closer relations with Europe; a trade deal with the US is not coming any time soon and they have set aside China, the only alternative. The signs of a deal with the EU over the Northern Ireland Protocol show an instinct for political survival and a sense of where the country's best interests lie that has been missing for some years. The other crucial point is to improve voting systems and legislatures. In the UK, the House of Lords is indefensible; the electoral system of first past the post, barely so. The US needs to fix its gerrymandered constituencies which make a mockery of its elections. For all those countries which are democracies but not particularly liberal ones, the illustration of how the older ones manage their affairs matters.

Conclusion

I said I would end with some optimism. Recent years have seen many more people brought out of poverty through economic growth and trade. The pandemic brought a wave of creativity in science, medicine and culture, and we barely have a glimpse yet of the scope of the digital, artificial intelligence and quantum revolution. There is more seriousness about looming environmental catastrophe and even a bit more action. We may look back on these years as ones not just of turmoil but of a creative revolution.

And democracy – and the liberal version of it - can make a case for itself: above all, that so many people want it. British ministers are too fond of saying that the flood of immigrants in small boats proves the appeal of the country – but they do have a basic point about the attractions.

But to salvage that hope does require clearer decisions and a less patronising notion of international cooperation by democratic governments if they are to show that their model can weather the storm. These are the decisions I have argued they should make this year. Thank you.