



The Great Divide

Is Ukraine driving a wedge between democrats and dictators?

AUTHOR:

Michael Hessel

+44(0) 7073 0754

Michael.hessel@absolute-strategy.com

The world is becoming more divided by democratic values, some argue

Some analysts argue the Ukraine invasion has exposed an accelerated the division between democracies and autocracies. They highlight the close cooperation between the US and Europe, and the ambivalent role of China.

Realpolitik is driving relations - for now - but there are risks

China may not want to risk pushing the EU and US closer together. And the US seems happy to overlook democratic backsliding in return for strategic support on Ukraine. But there are risks that both sets of actors miscalculate.

If these risks materialise, the risk to equities could be great

If the crisis politicises reserve management, it could alter strategic currency status. At the same time, top-down social and governance factors could see the corporate sector face a much greater dilemma.

RELATED RESEARCH:

[‘Do sanctions work?’](#)

Thematics Fortnightly 25th
Feb 2022

[‘Experience effects’](#)

Thematics Fortnightly 11th
Feb 2022

[‘What’s happening in Ukraine?’](#)

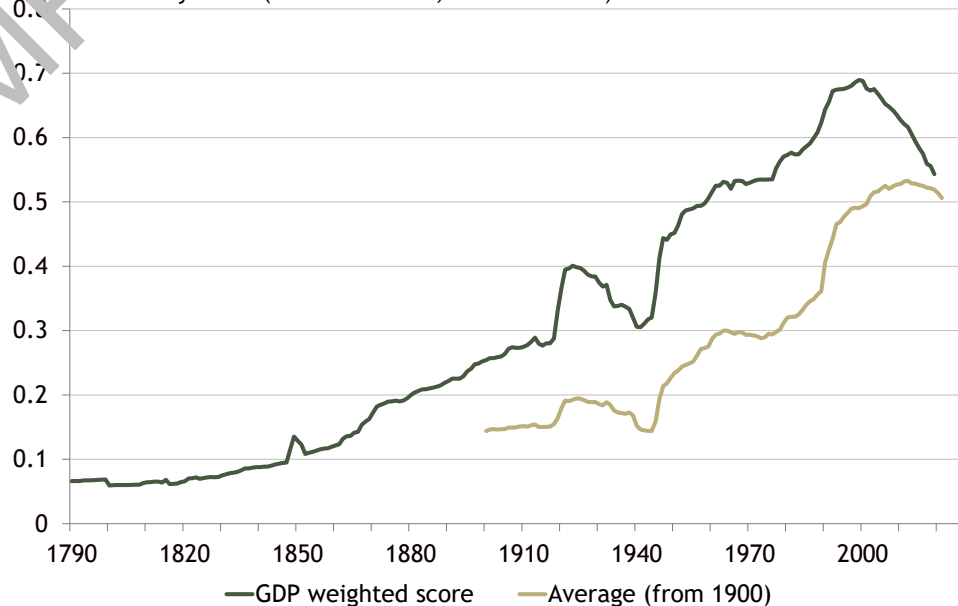
Thematics Fortnightly 28th Jan 2022

[‘A reading list to start 2022’](#)

Thematics Fortnightly 7th Jan 2022

Key Chart: The world has become less democratic in recent years

Democracy score (1 = democratic, 0 = autocratic)



Source: ASR Ltd / Varieties of Democracy dataset