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Reflections on Nationalism: Part I

Over the last decade, the West has seen a series of tumultuous events. Of course, ten years ago the world was trying to cope with the Great Financial Crisis which raised fears of a repeat of the Great Depression. Although that outcome was avoided, deep underlying problems remain. Southern Europe faced a series of debt crises, which were followed by a refugee crisis. Global economic growth has stagnated. A steady drumbeat of civil unrest continues in the U.S. Terrorist acts have been occurring in Europe.

As these problems festered, unrest has been expressed through a series of electoral surprises, including Donald Trump in the U.S., Brexit in Europe, Macron in France and nationalist parties in Hungary and Poland. Meanwhile, Russia has become more aggressive, using hybrid tactics to expand its influence.

In the face of widespread turmoil, it appears appropriate to offer some reflections on one of the key elements of the modern era—the rise of the nation state and how it has evolved to the present day. This evolution is part of how humans organize themselves. Human beings are both social creatures and individuals, and how we manage both sides of our nature is a constant tension expressed throughout history.

In Part I of this report, we will begin with a discussion of social contract theory prior to the Enlightenment period, focusing on Thomas Hobbes. From there, we will

examine the two key thinkers of social contract theory during the Enlightenment, John Locke and Jean-Jacques Rousseau. Part II will recount Western history from the American and French Revolutions into WWII. We will analyze America's exercise of hegemony and the key lessons learned from the interwar period. Part III will begin with a historical analysis of the end of the Cold War and the difficulties that have developed in terms of the post-WWII consensus and current problems. We will discuss the tensions between the U.S. superpower role and the domestic problems we face, followed by an analysis of populism, including its rise and the dangers inherent in it. As always, we will conclude with market ramifications.

Before Nationalism

The first key social contract theorist was Thomas Hobbes. Hobbes considered men in the state of nature at war with all other men. Left to their own devices, they will be constantly fighting each other. Hobbes suggested that men in the state of nature faced a terrible state.

*In such condition, there is no place for industry; because the fruit thereof is uncertain: and consequently no culture of the earth; no navigation, nor use of the commodities that may be imported by sea; no commodious building; no instruments of moving, and removing, such things as require much force; no knowledge of the face of the earth; no account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; **and the life***

*of man, solitary, poor, nasty, brutish, and short.*¹

To avoid this awful fate, mankind engages in a trade; it gives up some of its freedom to the state and the state protects men from each other. This allows for peace and industry. The state becomes all-powerful (explaining the title of his book on the topic, *Leviathan*) because opposing the state means one is prepared to return to the state of nature. The ruler depicted by Hobbes didn't necessarily need a divine right to claim legitimacy. On the other hand, in a Hobbesian world, the ruler did have to keep the peace. If he did not, men were not freed from the state of nature and his rule would be illegitimate. It's rather obvious that Hobbes would generally not support democracy. Kings and emperors could argue that if the "people" are left to rule themselves, chaos and war would be the result. Authoritarian regimes today tend to use this argument; removing the ruler opens up the potential for anarchy.

The Headwaters of Nationalism

Prior to the Enlightenment, the concept of nation didn't really exist. Instead, there were countries and empires where the heads of state usually claimed legitimacy through divine right or, as discussed above, by providing security. The lands they ruled, usually through conquest and marriage, were essentially holdings of the ruling family. Human activity was focused mostly on tribe or family. Dynastic activity meant that groups could be separated or pushed together without much input from the affected persons.² They were, to use the term of the day, "subjects."

The Enlightenment and the notions of liberal democracy began to challenge the concept of monarchy and Hobbes's dark view of human nature. Instead of a person having his rights granted to him by the sovereign, there was the idea that simply being human gave a person "inalienable rights."³ The American and French Revolutions adopted these Enlightenment principles, which included the right of self-determination and representation by peers. Multinational empires and kingdoms were opposed to the development of representative democracy. The Enlightenment figures opposed kingdoms and the tyranny they represented. Nationalism became the rallying cry for the rise of representative democracy.

The Enlightenment philosophers' ideas predated the American and French Revolutions and heavily influenced both. John Locke was a key influence on the American Revolution. His position was that government rests on a social contract between persons. Locke postulated that development of property is the key to prosperity. Thus, one of the government's primary functions is to protect liberty and property (which would include contract law). The Founding Fathers of America based the new country's rules on some key concepts. These included *liberalism*, which is the idea that humans have natural rights and government authority isn't absolute but given by citizens. *Republicanism*, which meant the government would be ruled by elected officials and not by a hereditary claim. *Conservatism*, which essentially placed restrictions on democracy not only to protect minorities but also to avoid the potential for mob rule. Finally, *toleration* is a general disposition of equality where differences coming from race, religion and

¹ Hobbes, Thomas. *Leviathan*. Chapter XIII.

<http://www.bartleby.com/34/5/13.html>

² <https://www.youtube.com/watch?v=JvKIWjnEPNY>

³ Declaration of Independence, paragraph 2.

<http://www.ushistory.org/declaration/document/>

creed would not lead to conflict or impede economic development.

The founding document, the U.S. Constitution, is a set of compromises. It set up three distinct branches of government that would act as a check on the others and a bicameral legislature that would slow the process of making new laws. The American Revolution created a conservative government with a federal structure that was built for political compromise.

The French Revolution borrowed heavily from Jean-Jacques Rousseau, whose social contract theory suggested that men in the state of nature were pure and essentially were corrupted by civilization. Rousseau was worried that the powerful, through their ownership of property, constrained the masses to poverty and that the role of government is to create conditions of security and equality.

The Rousseau version of the social contract and democracy is more populist in nature. Although populism is somewhat difficult to define, one factor that is consistent in both left- and right-wing variants is to support the goals of lower income groups. Whereas Locke's version of democracy is less inclusive and more focused on economic development and protection of property and trade, Rousseau was more interested in improving the lot of the lower classes. He argued that the best state of mankind was at the level we would now describe as "hunters and gatherers," and that further development has led to divisions where the powerful use the "social contract" to protect their property and position at the expense of the masses. To correct this problem, Rousseau argued that society should be organized around the concept of the "general will." This concept is arguably amorphous. It really doesn't mean the sum of individual goals and

aspirations. In fact, Rousseau says that there can be a divergence between the sum of individual wills and the general will.

There is often a great deal of difference between the will of all and the general will. The latter looks only to the common interest; the former considers private interest and is only a sum of private wills. But take away from these same wills the pluses and minuses that cancel each other out, and the remaining sum of the differences is the general will.⁴

Individuals may oppose the general will, although this could border on behavior that is criminal or treasonous. The general will is what is best for all and following it makes a ruler legitimate. Therefore, following that line of thinking, if a ruler is accused of not following the general will, he becomes illegitimate and should resign or be removed from office.

These two themes tend to run throughout the evolution of democracy. The U.S. version, dependent on John Locke, creates a republic that tends to restrict the franchise. These governments rely heavily on representative rather than direct democracy. The U.S. Electoral College is a good example of this principle. In Europe, proportional representation and hurdles restricting small parties from winning legislative seats tend to keep established parties in power. Although no Western nation has adopted the Rousseau version of governance, elements do exist; California's easy use of referendum and Brexit are examples of more direct democracy. *Another way of framing the division between Locke and Rousseau is that the former mostly represented middle class*

⁴ Rousseau, J. (1997). *The Social Contract*. Cambridge, U.K.: Cambridge University Press. Page 147, edited/translated by Gourevitch, Victor.

values of freedom and property rights, while the latter was more concerned about inequality and security.

From the American Revolution into WWI, these three versions of the social contract dominated Western political thought. Enemies of the Enlightenment tended to support emperors or monarchs either for religious reasons (divine right) or because democracy would lead to mob rule and chaos (Hobbes's position). And, within democracies, the debate usually centered on

Locke's limited and restrained voting model or Rousseau's broader and more inclusive vision.

Part II

Next week, we will recount Western history from the American and French Revolutions into WWII and discuss America's exercise of hegemony and the key lessons learned from the interwar period.

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