

JOHN SAWERS

Former Head of the Secret Intelligence Service, United Kingdom

Richard BURT

Our last spokesman is somebody who knows the United States well and was the former Head of Britain's legendary intelligence service, MI6. Someone who also had a brilliant career in British diplomacy, and it is worth noting that if you want to understand the Trump phenomenon, you also need to understand the Brexit phenomenon, because they may in fact be one and the same thing. That leads me to ask John Sawers my question. How did it come to this? What is wrong with the Anglosphere? How did both the Americans and the British end up where we are today? I should add that he is Chairman now of Macro Advisory Partners, a consultancy in London.

John SAWERS

Thank you, very much. I think I can confidently say that at the end of my remarks, like Mr. Panov, I will not be a candidate to be a roving ambassador for President Trump. I think that President Trump has got off rather lightly in this panel. His deep unsuitability to be US President, his lack of the essential qualities of leadership, of being able to empathise with those who are suffering, like the victims of hurricanes and the Las Vegas shootings, and his complete lack of experience and decision-making capability on affairs of state, have all been badly exposed. I think we need to bear in mind that at this dangerous time, we have a President of the United States who is quixotic, unreliable, and fundamentally unsuited to the job of being President of the free world, and that is a danger.

You ask what is wrong with the Anglosphere. I think America and Britain were the two countries that most embraced globalisation and the added competition had a positive effect on our economies. However, we were slow to realise that the beneficiaries of that were relatively few, and those that did not benefit were more numerous, and that fed into our political systems. The second thing is that, I think, America and Britain have prided themselves on a two-party political system based on our first-past-the-post electoral systems. A first-past-the-post system leads to having two major parties. In the French system of a dual election; you end up with four basic parties. When you have a two party system, populist forces will emerge through those parties. Populists took over the US Republican Party and almost took over the Democratic Party. They have effectively taken over the British Labour Party and, David Cameron's Conservative Party adopted the populist policy of the hard right and granted the referendum on the European Union. That is why I think the Anglosphere has gone astray and the basic defensive mechanisms to keep the political centre in charge have not come into play.

In any case, we are where we are. Brexit is going to be a painful negotiation, which will probably end up with an agreement, but it will not be very satisfactory. Juan was talking about the EU-Canada agreement as being very advanced. It is not as advanced as membership of the single market because it does not cover trade in services. I think that the UK will end up with something rather similar to the Canada agreement with the European Union and there will be a period where our growth, instead of being greater than our G7 counterparts, will be lower. It is possible that Brexit might come to a grinding halt, but I think it will take a change of government to change the course of this tragedy.

Meanwhile, on the wider stage we have, as I said, an unreliable and quixotic American President, at a time when we have the strongest leader in China in modern history. I think that the Chinese see the Trump administration as a huge opportunity to accelerate the displacement of US power in the world. I think we will see the reaction of America's allies around the world, as Hubert has said, as being one of having to look more to our own resources and capacities to defend ourselves, because the American security blanket is now conditional. It used to be unconditional. America's willingness to engage and resolve problems in the world, as we heard from the Qatari foreign minister yesterday, has just gone away. Countries and regions are going to have to solve their own problems without America's help. China is now replacing America in many places as the supporter and upholder of public goods, like action against climate change and in support of global trade. The United States has become a bit of a liability on some of these issues, which

I feel bad about. I also feel bad that the United Kingdom, which would often step into America's place on these issues, is no longer able to do so because of our own political situation.

I am very glad that we have what we call grownups around Mr. Trump to contain the damage that the President might do in the world, but I am never very happy delegating diplomatic and political strategy to generals. I have great admiration for generals on the battlefield, but less respect for them in terms of developing a diplomatic and political strategy. I think what we will find, is that the generals around President Trump will see military solutions to problems, which might otherwise be dealt with through political and diplomatic means. I think that the chances of a conflict over North Korea are now considerably greater than before. I know, Mr. Roy, you are a great supporter of many aspects of the Trump administration, but I think the impact on South Korea could be quite devastating, if the generals around Mr. Trump end up going down the path of a military confrontation with North Korea. That is one thing that we have to beware of.

In the Middle East, the absence of American leadership is an encouragement to local leaders to act independently. Mohammad bin Salman in Saudi Arabia is a classic example, someone with a good vision for his country, but without any experience, or the checks and balances within his own system to take wise decisions about how to achieve that vision. We have seen in Yemen, in the conflict with Qatar, and over Lebanon, that the United States has lost the ability to shape and channel the actions of an important ally.

It is not just in the political and security fields either. I think we will see America being pushed back in the global economic system. The first thing that we are likely to see, are attempts by China, Russia, and other countries to be able to clear trade deals without going through the dollar system. I think we will see an alternative clearing system for international transactions which does not involve the United States, and that will depend upon the yuan as the driving currency. I think that will be a fundamental weakening of America's control and authority over the global economic system. As we are seeing in Saudi Arabia around discussion of the Aramco IPO, it is looking a bit difficult for the Saudis to float this in London or New York. We could well see this being replaced with a state sale to a Chinese entity, with, I believe, the Chinese looking for a stream of energy supply, oil supplies priced in yuan rather than US dollars in return, in order to create an alternative pricing mechanism for global commodities, starting with the most important of all, oil.

Therefore, we will see challenges, led by the Chinese, but supported by others in the global system, to push back America's dominance in the world and they are likely to be successful. We will also see action by America's allies to look to their own resources and capabilities, with some unwelcome and dangerous results, as America's leadership in the world is gradually replaced by a nationalist 'America first' agenda.

Richard BURT

Thank you for that. I would just observe that if we do see the increasing emergence of a non-dollarised international economy, that will also have the effect of undermining one of America's favourite foreign policy instruments, which is sanctions.