

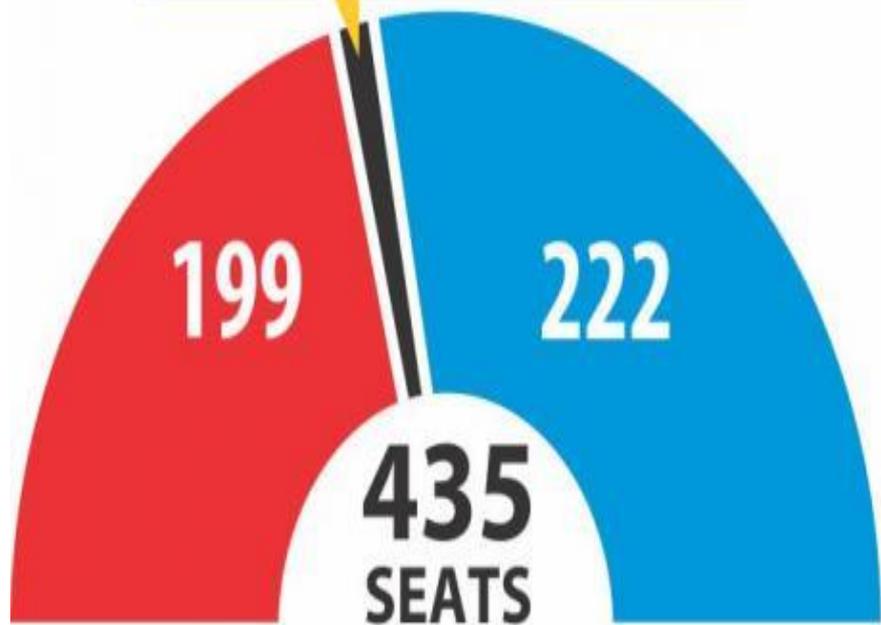
# Updates - The mid terms in the US

- “There are a lot of people, a lot of people, in my opinion and based on proof, that try and get in illegally and actually vote illegally,” says Mr Trump. Just like 2016? Recount in Florida.
- All 435 seats in the House of Representatives were up for election.
- A large number of Republicans left the House this year, so a lot is up in the air.
- The battle for the Senate, was controlled by the Republicans 51-49,. There, 35 out of the 100 seats were being contested. 24 Democrats and 9 republicans up for re-election.
- In a word: gridlock.
- The Lower House can launch investigations into Trump – e.g. his tax affairs. The Senate now can more easily validate any Trump appointments.
- Current figures – 23 to 193 in the House of Reps and the Senate the GOP has anywhere between 52 and 54 seats.

# How it turned out 8/11

## HOUSE OF REPRESENTATIVES

14 WAITING FOR RESULT

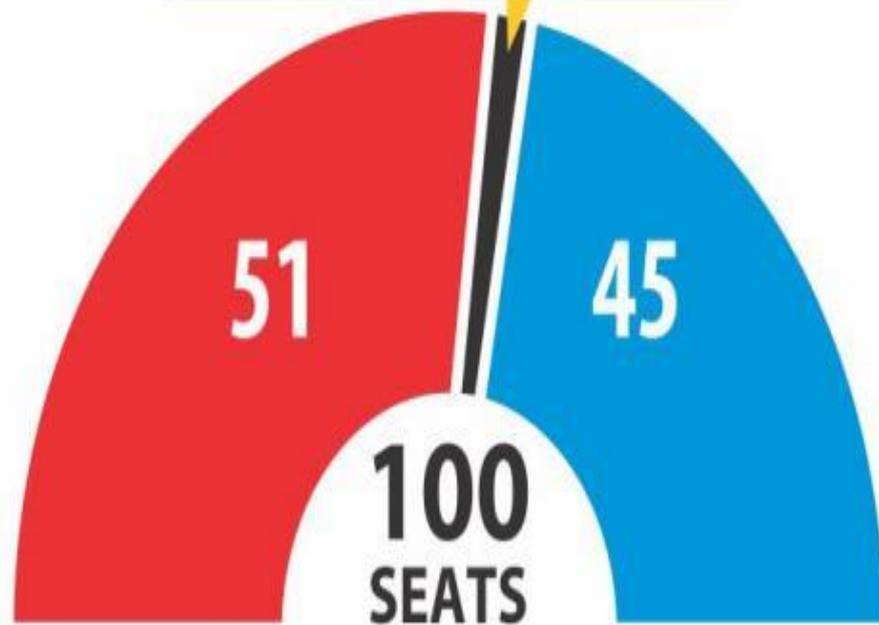


**435**  
SEATS

■ DEMOCRATS ■ REPUBLICANS

## SENATE

4 WAITING FOR RESULT



**100**  
SEATS

\* ALL 435 SEATS ARE UP FOR THE ELECTION

\* 35 SEATS ARE FOR THE ELECTION

## And the Acosta business



# Updates

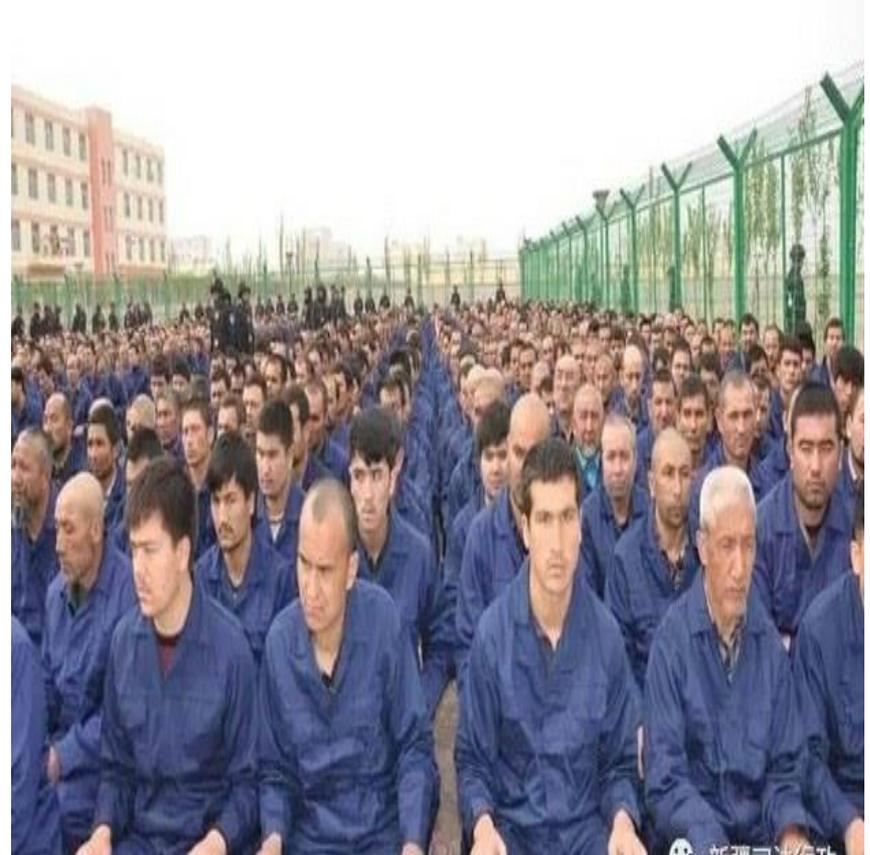
- The Mid terms and Jeff Sessions. Rep majority in the Senate makes appointments easier but will Dems call up the new Attorney general to make sure he does not interfere with Mueller inquiry?
- Florida vote up for a recount. Trump accuses Dems of “finding” votes.
- Macron speech about the dangers of me first nationalism – Putin and Trump in attendance. Macron also calls on Europe to create its own armed forces.

## The South Pacific becomes important again for Australia. News

- A joint naval base on Manus.
- Annual leaders meetings between Australia and PNG.
- diplomatic posts in Palau, the Marshall Islands, French Polynesia, Niue and the Cook Islands.
- a new ADF Pacific Mobile Training Team.
- new \$2 billion infrastructure fund will enable direct competition with Chinese infrastructure projects.
- But no soft power – broadcast TV and radio from Australia?
- Climate change still a sticking point.

# And in China

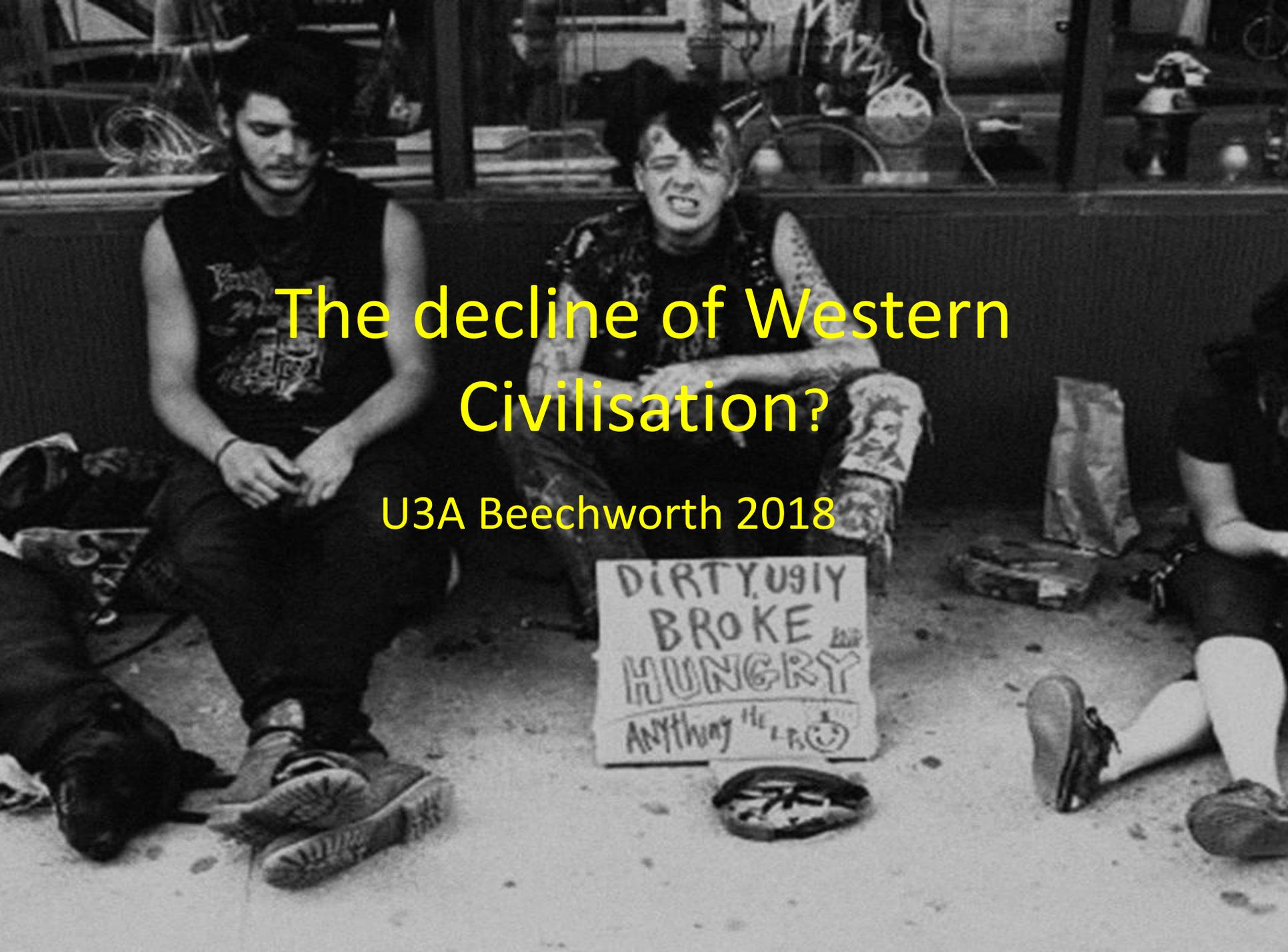
- In China moves underway to crack down on labour activists. Many have disappeared. The activists are ardent left wing communists who have been protesting about the treatment of workers.
- China also in the process of establishing vast “re-education” camps in Uighur territory in Xinjiang.
- The Chinese government claims that the camps are merely vocational and training centres intended to combat extremism, and that they’re teaching detainees useful and valuable skills.
- Andrews government and MOU over BRI and Victoria in the news.



## Other news

- The US reimposes sanctions on Iran but allows oil to be sold to China, South Korea, Taiwan, Turkey for the immediate future to prevent oil shocks.
- Iran – currency collapses. Regime change?
- Macron calls for a real “European Army” to defend itself from Russia, China and the US.





# The decline of Western Civilisation?

U3A Beechworth 2018

DIRTY, UGLY  
BROKE  
HUNGRY  
ANYTHING HE L.B. 😊

# Empires in decline – common factors

- Most often they collapse from within.
- 250 years or 10 generations is the average life span of each empire.
- 6 Ages in that life span:
- Pioneers – conquest – commerce – affluence – intellect – decadence.
- Decadence also has common features – an over extended military, conspicuous displays of wealth – a massive disparity between rich and poor – a desire to live off the state and an obsession with sex.
- Most obvious of all is the debasement of the currency – The Roman denarius eventually only washed in silver.
- Duty and Public service give way to a scramble for the spoils.
- Bread and circuses – sports become gladiatorial. Reality TV? Sports stars earn large sums – Roman Charioteers/ gladiators/ soccer stars.
- Vast numbers of people do not give a damn. Boomers with their unfettered consumerism live for now and not for future generations. The sustainability movement an exception?
- Romans, Ottomans, Spanish all made celebrities of their chefs.

Ahem !!



# How population biologists see it.

- Originated in predator/ prey relationship studies and then applied to civilisations.
- Two recurring cycles – one a secular phase of two or three centuries.
- Start off with everyone relatively equal but then labour outstrips demand. Wealthy elites as gap grows and then enters destructive phase.
- Second cycle of 50 years involving two generations with a peaceful phase and then a turbulent phase.
- In the US there was unrest in 1870, 1920 and 1970 so turbulent phase will begin around 2020. The US in a downward cycle thanks to Trump and growing inequality esp after 2008. Not just the US – Brexit/Catalan shows strains elsewhere as well.
- Collapse becomes irreversible when inequality coincides with resource depletion. However does the boom bust cycle only apply to smaller, more isolated societies?
- Not collapse but a loss of complexity? Less sophistication post Romans.
- The people who can effect change have the least incentive to change direction.

# Why the west dominated the world

- 100 years ago the population of the west equalled 20% of the world total. They generated over 50% of the world's income at that time.
- Niall Ferguson's 6 killer apps.
- Competition – both political and economic . Autonomous cities.
- The Scientific revolution – it passed the East by
- Political representation and property led to democracy.
- Medicine – life expectancy increased in the West. A belief that white races were superior grew out of this.
- Consumerism – you can never have enough clothes. The growth of factories and markets to be satisfied – economic competition – capitalism.
- The work ethic.
- Once exclusive to the West the apps have now been downloaded by others, nb – China and East Asia. Eastern attitudes to Education and work. It is no longer a Western monopoly.

# The rise of the American Empire

- In the beginning – separate from Europe and happy about it.
- Few military adventures except for 1846 – 1848 Mexican War which gained California and much of the West.
- In 1854, the United States deployed U.S. Marines to China and Japan, where they imposed the first treaty ports
- Turning point – Spanish American War of 1898. McKinley sends SS Maine to Cuba. Ship blows up in Havana harbour. 250 dead – blames Spain.
- War lasts 4 months. Spain surrenders-cedes Guam, Puerto Rico
- 1898 – Annexes Hawaii.
- Teddy Roosevelt follows assassinated McKinley – builds the Panama Canal and ends Russo-Japanese War. Use their power “for good”.
- World War 1 – horrified by casualties it withdrew into money making and fun in the 1920s.
- 1930s – preoccupied with the Great depression rather than Japan or Germany.
- Reluctant to enter WW2 – America First movement. Pearl harbour changed all that. America as the secure arsenal \_ GDP up 13 x during WW2.

# The America first movement



# How America became a world power

- FDR vs. Lindbergh. Lindbergh insisted that the two vast oceans guaranteed the nation's safety.
- Lindbergh said he believed it would make no difference to the United States if Germany won the war and came to dominate all of Europe.
- Britain's only hope, as he once mentioned to his wife, was to learn from the Germans and to adopt their methods in order to survive. Nor did he have confidence or respect for democracy in the United States.
- Roosevelt send “surplus” military equipment to Britain but not the requested destroyers.
- After the fall of France in the spring of June 1940, he pushed for a major military build up and began providing aid in the form of Lend-Lease to Britain, which now stood alone against the Axis powers. America, he declared, must become "the great arsenal of democracy." Russia also gained from the agreement but main beneficiary was the UK.
- Lend Lease removed any notion of neutrality in the conflict.

# The legacy of lend lease

- Repayment of lend lease could be “in kind or property”. Britain was not in a position to pay and did not want a repeat of WW1 payments problem.
- Lend lease meant the US could support the war without sending troops.
- repayment of Lend-Lease by the British was made in the form of several valuable technologies, including those related to radar, sonar, jet engines, antitank weaponry, rockets, superchargers, gyroscopic gunsights, submarine detection, self sealing fuel tanks, and plastic explosives as well as the British contribution to the Manhattan project.
- Destroyers for bases agreement. US gets bases in the Caribbean and Newfoundland from the UK in exchange for 50 light destroyers.
- Now it has 800 bases at an upkeep cost of \$156 billion in 2015. 170 golf courses. An “empire of bases”.
- Seventy years after World War II and 62 years after the Korean War, there are still 174 US “base sites” in Germany, 113 in Japan, and 83 in South Korea

# Lend lease – where it went



# US bases overseas



# The US becomes a world power as Britain fades

- Post war the US felt it was propping up the British Empire – still it was cheaper than putting in their own troops. France in Vietnam and later Algeria.
- Britain can no longer support Greece in 1947. The Truman Doctrine.
- The disaster of partition in the sub continent. The reality of the Suez Crisis.(1956)
- East of Suez. In 1964, Britain's defence presence in Malaysia and Singapore was the largest and most expensive component of the country's world-wide role. within three years, the Wilson Government announced that Britain would be withdrawing from its major Southeast Asian colonies.
- Britain relinquishes its colonies – India, Malaysia, Ghana, Sri Lanka etc
- The problem - the US economy had been completely galvanized by the war and now it had enormous capacity... but since the war was over, there was nowhere for the goods to go. Conveniently, the British Empire owned 25% of the world. Inconveniently, there were tariffs preventing free trade.
- Long story short, in return for a loan to help rebuild Britain, the British gave up the empire.



# The US confronts International Communism

- 1945 – Korea divided at the 38<sup>th</sup> parallel
- 1946 – The Kennan Telegram, Churchill Iron Curtain speech, German zones merge.
- 1947 – Truman Doctrine and the Marshal Plan.
- 1947 - HUAC assumed new heights of prominence and notoriety, and the committee conducted a series of high-profile hearings alleging that Communists disloyal to the U.S. had infiltrated government, schools, the entertainment industry.
- 1948 – Czechoslovakia turns Communist. Italy under threat of same – write a letter campaign.
- 1948 - Berlin Blockade and airlift.
- 1949 – NATO formed. USSR explodes first atomic bomb
- 1950 – Korean War and the signing of the Sino-Soviet friendship Treaty.

# The Marshal Plan



# The US/European divide

- Old world vs. the New world divide always there. Greeks vs. The Romans!
- Post 45 accord with the EU unravels as the Trump administration abandons the Paris Accords
- Trump will no longer guarantee support for NATO
- Ongoing animosity over cost sharing/burden
- Merkel – we can no longer rely on US leadership in Europe.
- Disagreements over the Iran nuclear deal.
- EU revitalised by Macron/Merkel? Germany to lead the free world?
- UK casts off from the EU – end of the English speakers?
- The US in chaos while the UK is becoming ungovernable?
- Trump visit to the UK abandoned.
- Can the EU/US relationship survive after Trump? Or will the world have moved on?
- Will the rest of the world blame the US for voting in Trump? A loss of confidence in the US?

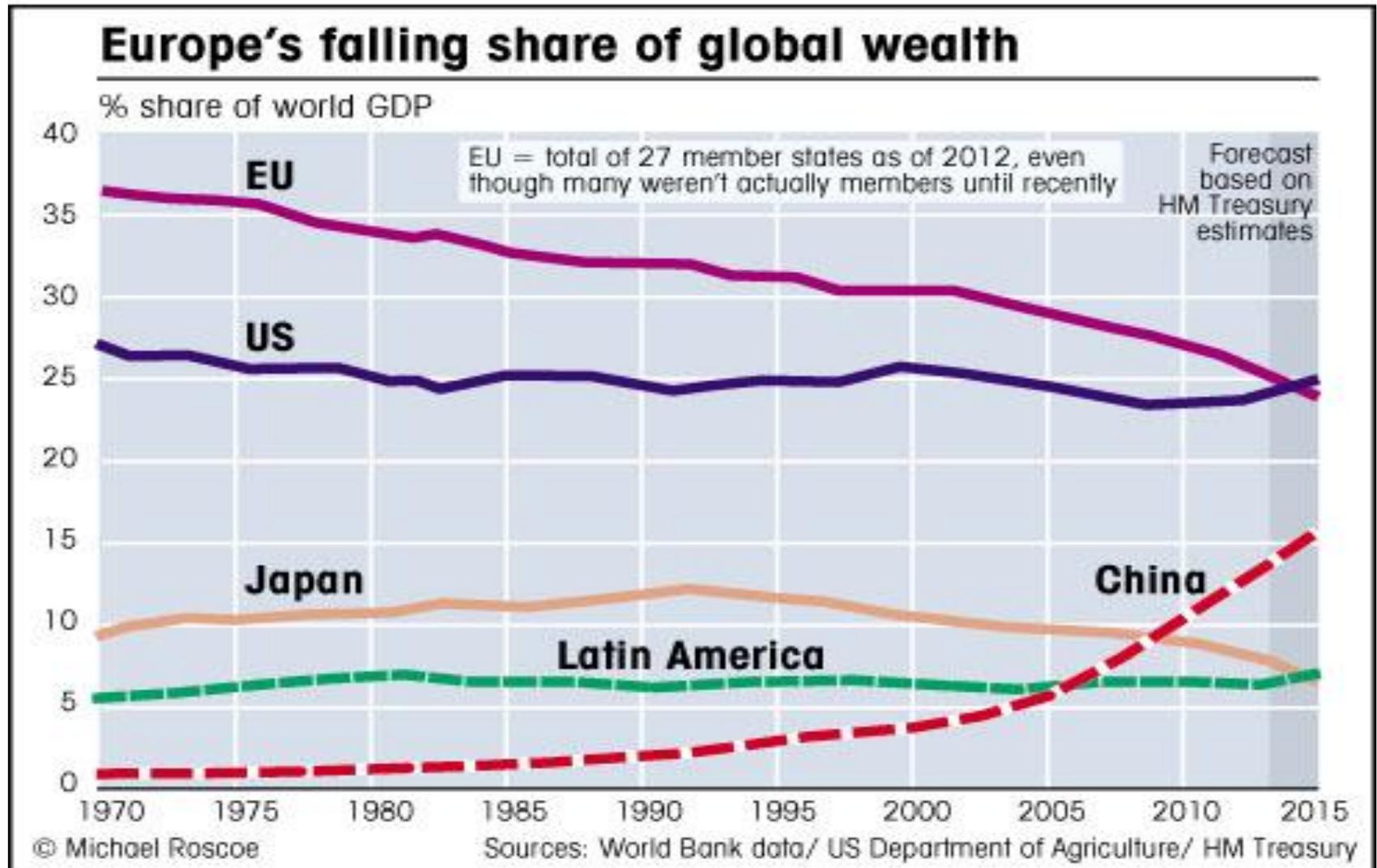
# Obama, Trump and Merkel



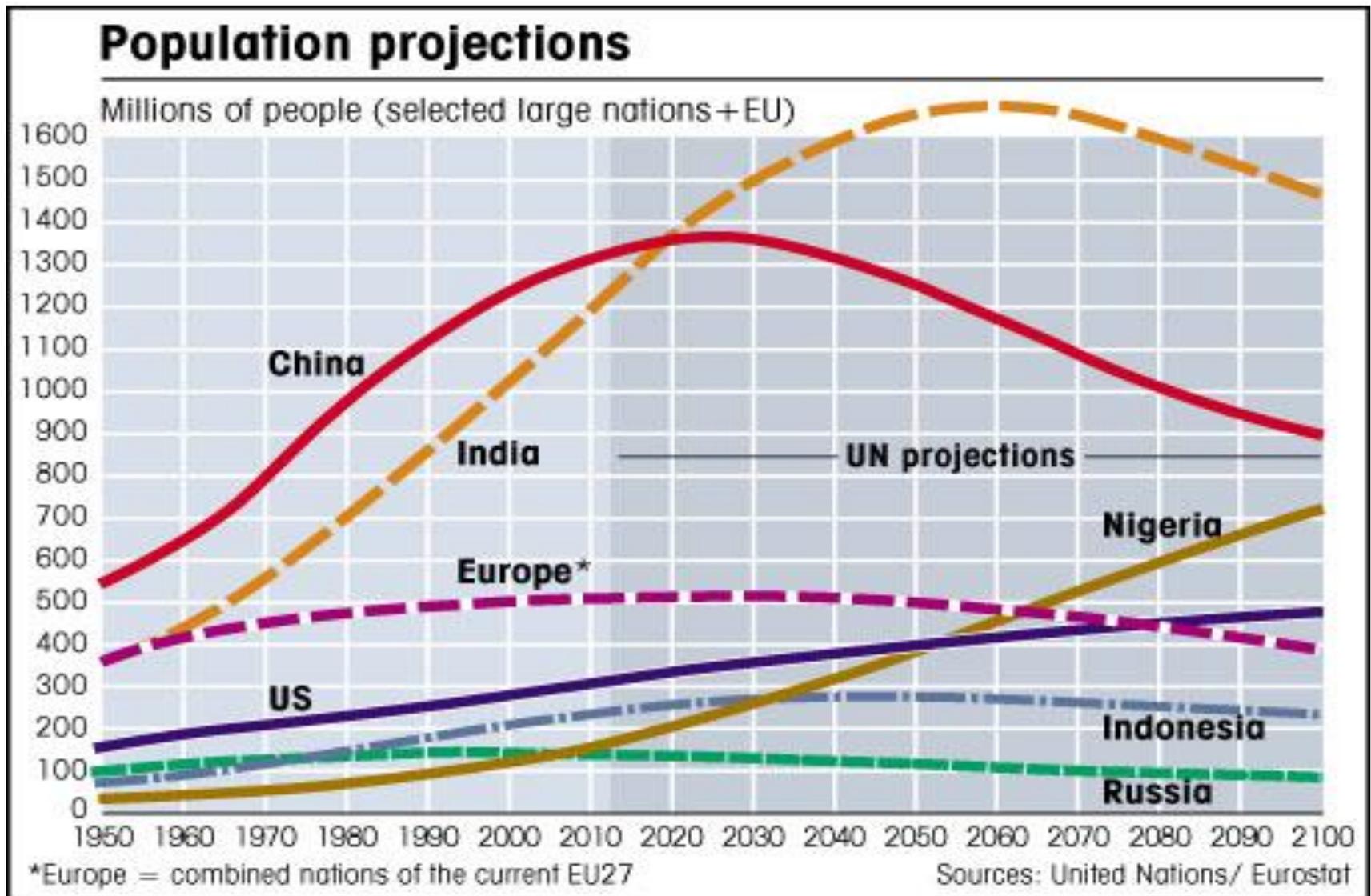
# Is Europe going the same way?

- The EU has not been a success. Very little has been achieved to establish a common ground on defence, banking and immigration. Brexit will leave both the EU and Britain poorer. Unable to effect change in Syria, Ukraine etc.
- Has Europe reached the limits of growth? natural resources close to depletion, falling industrial output, rising unemployment, declining populations in many nations, and the huge build-up of debt.
- How will a smaller workforce provide for an ageing population? Will there be enough workers and enough real wealth production to fund pensions, healthcare and other future government obligations?
- Eurostat estimates that only the populations of Ireland, France, Norway and Britain would rise without migration. Already, in 13 of its 28 member countries, more people died than were born last year.
- the rise of immigrant-resistant nationalist parties across Western and Central Europe. Yet these factions, rife as many are with hostility to traditional Western liberal values like free trade, individual liberties, and human rights. A loss of identity and common purpose?

# Europe and global wealth



# The Demographic future



# Is nationalism taking its place?

- Increasing number of independence movements – Catalonia, Kurdistan, Scotland, Biafra.
- A lurch to the populist right – Alternative for Germany wins 94 seats, Marine Le Pen (NF) one third of the vote.
- Nationalist have taken power in Hungary, Austria, Czech republic and Poland.
- Britain – taking back control
- Japan – abandoning pacifism
- China – dreams of glory
- Russia warlike
- Turkey – memories of the Ottomans
- US – Make America great again.
- Eurovision song contest voting.
- For better or for worse it is here to stay.

# The new nationalism

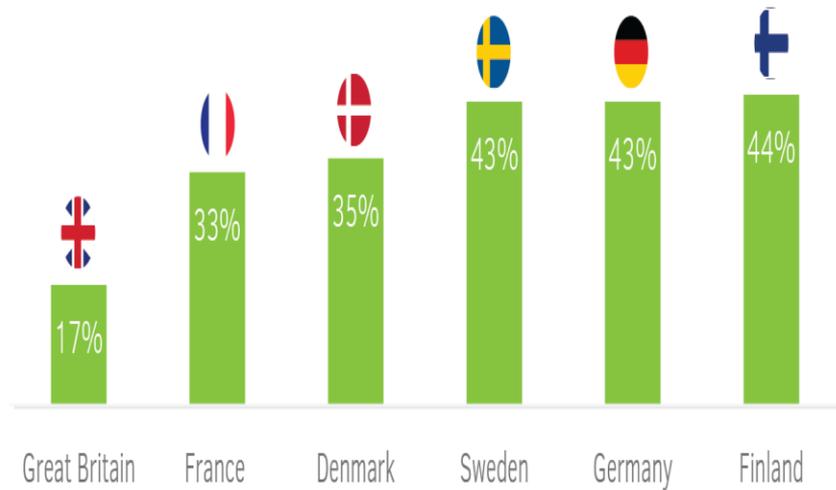
- Each nation is shaped by its unique past. Its essence comes from history, culture and race.
- The exception Italy. When unified in 1861 only 2.5% were Italians. “We have made Italy , now we have to make Italians”.
- It can be harnessed for violence – folk dancing to barbed wire.
- But can also be used for good as a force for liberation.
- But nationalism overcomes everything else. Pan Slavic movements had to speak German. China more Chinese than communist and Russia is the same.
- EU is a counterforce but not an effective one. Most members reject Western Universalism.
- The new nationalism does not simply insist on differences but thrives on them.
- Many look to a glorious past ( not often there in the case of the UK), a miserable present and a glorious future. The miserable present caused by crooked immigrants, corrupt élites, misleading media.

# How European are you?



## How *European* do you feel?

% rating themselves 8-10 on a scale from "Not at all European" (0) to "Very strongly European" (10)



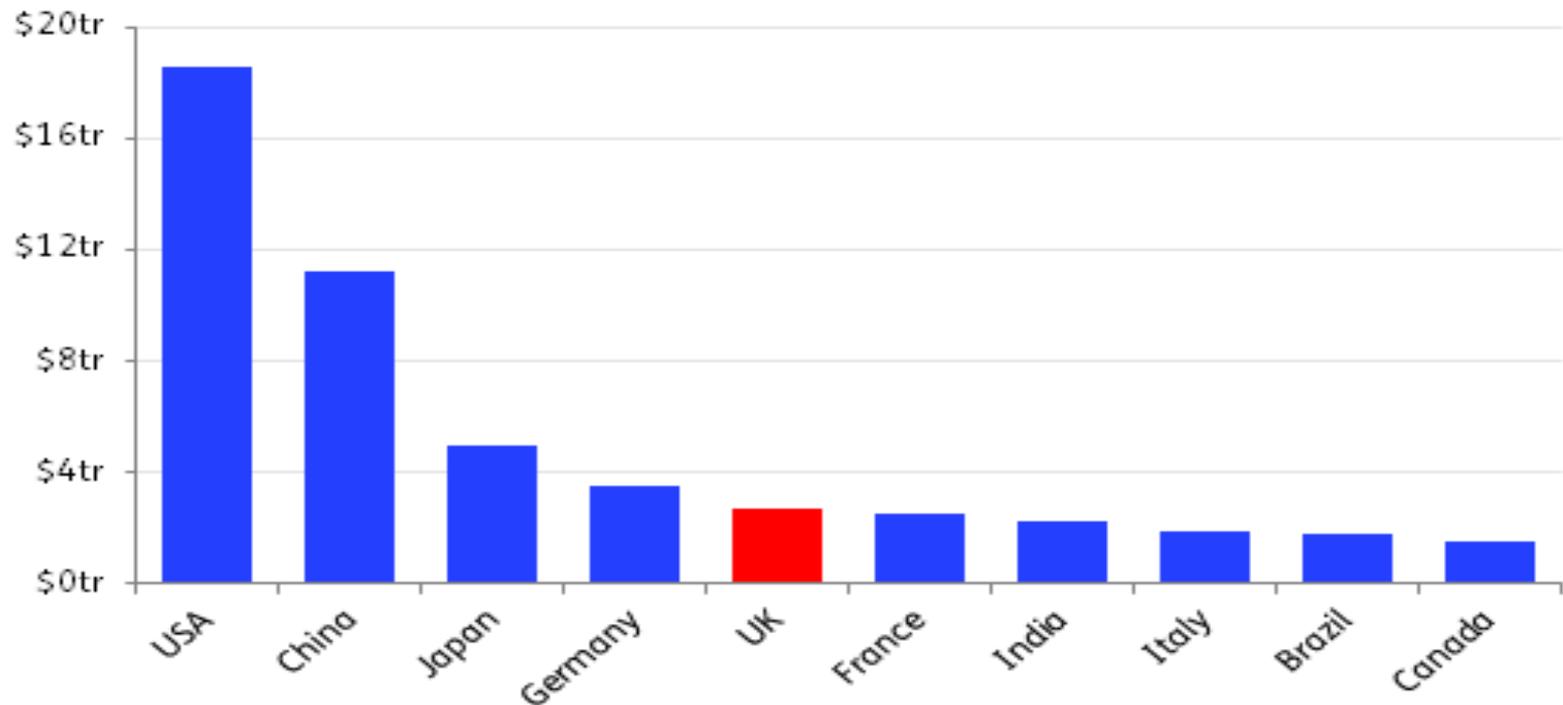
# How might it happen?

- The US is becoming increasingly marginalised. In Syria and North Korea as it cosies up to the South.
- Domestic factors – the growing gap between rich and poor in the US. The lack of a social safety net etc. The rich 1%.
- A gradual decline – such as Britain after 1918. Better than a sudden one.
- An unwillingness to look at solutions other than military ones as more “Arab spring” type upheavals occur.
- A need to engage the Islamic world with something other than intervention and drones. Did not learn that what starts in the Middle East does not stay in the Middle East.
- Imperial over stretch by a hyper power that is increasingly beset with spot fires. e.g. in Yemen, Syria, Iraq, the Ukraine, The South China Sea etc.
- It is still trying to prevent super powers challenging it but that world has changed. It is no longer the Cold War.

# The US economy

## The world's 10 biggest economies (1)

Gross Domestic Product 2016, in trillions of US dollars, current prices at market exchange rates



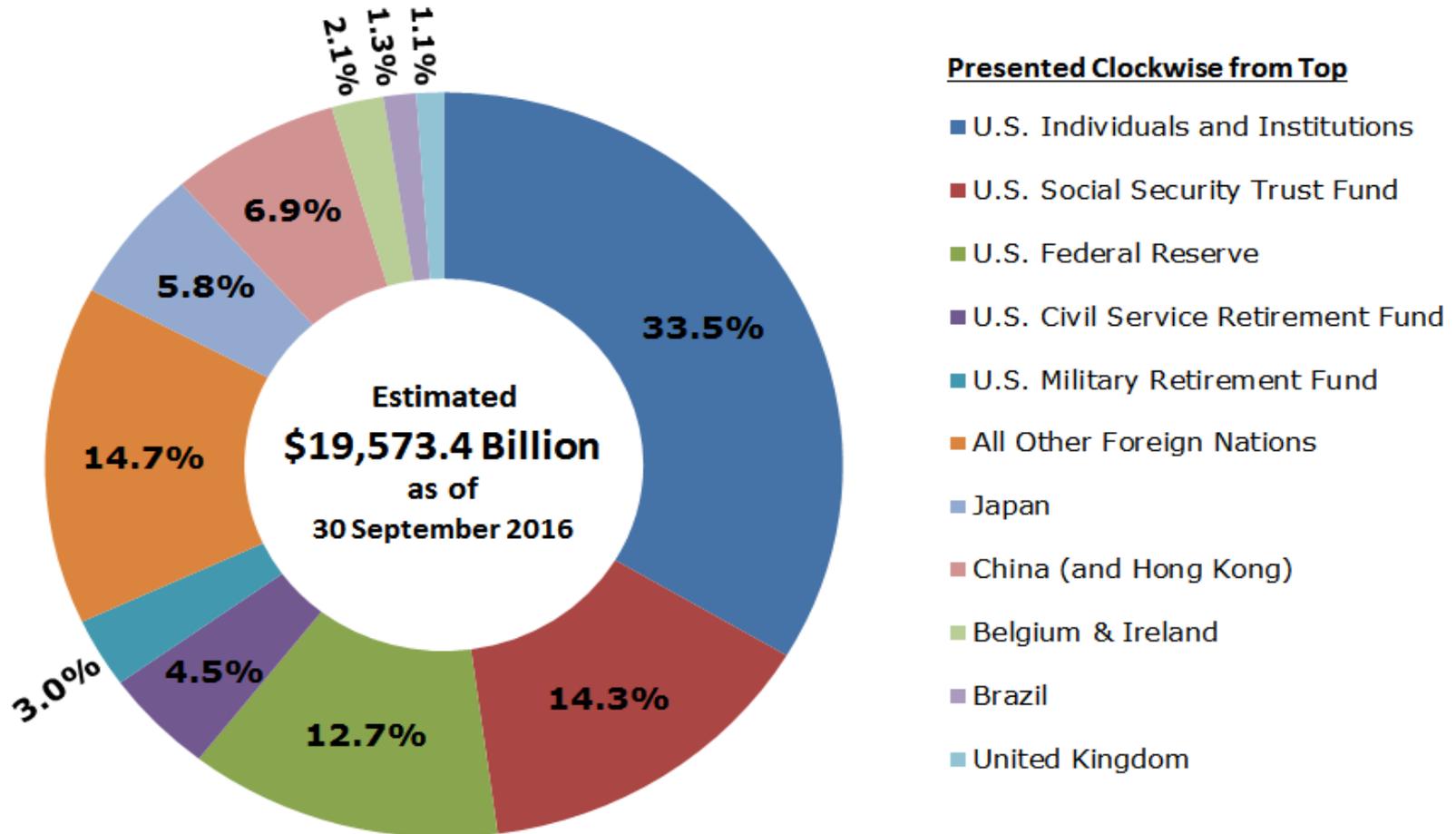
Source: International Monetary Fund, World Economic Outlook, April 2017

# Is the US going broke? – the US deficit.

- Stands at \$20 trillion dollars. That is 106% of US GDP.
- China a major creditor holding 7% of US debt. Effectively it is lending the US money so it will buy Chinese goods. But if China dumps US bonds as in 2015 (\$180bn) others will buy it. Were China to suddenly unload its reserve holdings, its currency's exchange rate would rise, making Chinese exports more expensive in foreign markets
- The US is a debtor nation unlike the UK in 1918 which was a creditor to its colonies - 9%. The US borrows by issuing bonds which it will then repay with interest.
- the country's total debt, which has nearly doubled following the financial crisis, matters less than how much it costs to finance that debt. The most important number is the minimum payment on the credit card bill, rather than the total amount owed.
- American bonds are in high demand because they're seen as a relatively safe investment in a troubled economic climate.
- The US can keep debt-to-GDP levels where they are now by either cutting spending or raising taxes by 1.1% of GDP if they start now.

# To whom is the money owed

## FY 2016: To Whom Does the U.S. Government Owe Money?



# US national debt and GDP

US GROSS FEDERAL DEBT TO GDP

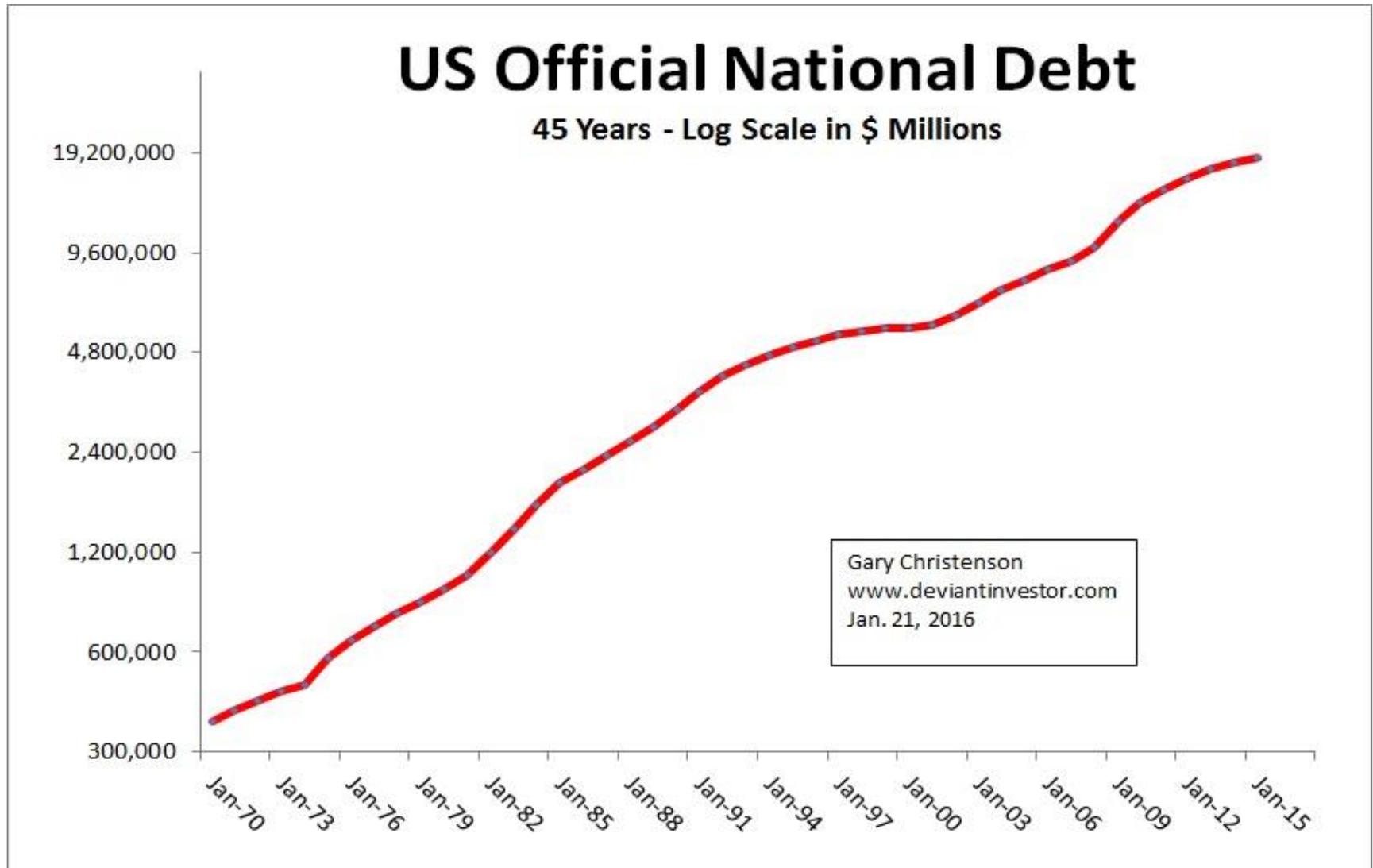


SOURCE: [TRADINGECONOMICS.COM](http://tradingeconomics.com) | U.S. BUREAU OF PUBLIC DEBT

# The US national debt

- Trump suggested during his campaign that he might renegotiate payments. The US has never defaulted on payments before.
- The US needs to cut spending and raise taxes so that a growing economy can finance the debt repayments. Trump wants to cut taxes in the short term and massively reduce business tax from 35% to 20% or lower.
- Not a problem for this generation but certainly for those under 30 who will have to deal with something they had little to do with and saw little benefit from.
- The debt can be managed if the economy keeps growing and therefore government revenue increases.
- What will happen if investors who are currently buying bonds decided that the pickings are better elsewhere? Would investors pull out because they worry about the debt? As what happened in Greece? What if the US credit rating is downgraded?
- the Congressional Budget Office (CBO) expects the national debt to surpass \$30 trillion by 2028, as Medicare and Social Security costs soar to cover aging baby boomers.

# US national debt over time



# How did the debt get to be so big?

- The debt peaked after World War II, ballooning to 119 percent the size of the GDP in 1946, but it swiftly shrank during the post war economic boom.
- The debt load bottomed out at about 24 percent of GDP in 1974, and has been rising ever since. But it was after the Great Recession in 2007 that the debt really began to explode. It is now at 106% of GDP. Japan's is 240% and Greece – 180%. Servicing that debt takes 7% of the budget.
- Tax revenues plummeted while the government spent heavily trying to stave off economic collapse, including George W. Bush's \$700 billion bank bailout and Barack Obama's \$787 billion economic stimulus package.
- Bush spent the money on tax cuts and the Iraq War while Obama spent his trying to revive the US economy with a stimulus package after the downturn in 2008.
- It isn't total debt that matters; it's the government's ability to service those obligations.

# Summary

- In the 19<sup>th</sup> Century – the guardian of the new world against the old world of the monarchies
- In the 20<sup>th</sup> century – the champion of the free world against totalitarianism.
- In the 21<sup>st</sup> Century – leading the fight against terrorism? A withdrawal from the rest of the world.

## Future portents (if the US withdraws too quickly)

- The end of Empires often leads to violence
- e.g. – The end of the Ottomans and the Armenian genocide
- Yugoslavia and the chaos of the Balkan wars
- India and the massacres of partition.
- Population decline in Western Europe after the Romans leave.

# Do empires come back?

- Most don't. The Maya, Minoans and Hittites never recovered.
- The Chinese do: between 1500 and 1820 they held 20 – 30% of the World's GDP. From 1820 to 1950 they held 5% with a per capita income below that of most African countries. From 1970 onward it has expanded now accounting for 15% of the world's GDP.
- Despite a certain fondness for what the Romans achieved it was never able to make a comeback despite Justinian's best efforts.
- The same applies to the British Empire? After WW2 the US was intact – Britain was not. The Empire maintenance bill was just extraordinary. Will Brexit recreate an association of former colonies?
- Can the US do the same?

# The west (or the US) is not on the way out

- The US has consistently accounted for 24% of the world's GDP
- It's population is still growing in size.
- It is the world's largest investor and the number one place for investment.
- America's military spends more than the next 10 major military powers combined. It is also a very mobile military.
- The American economy (as of the 4<sup>th</sup> quarter 2014) tops as the world's largest at 17.5 trillion dollars.
- Only 1/3 of America's economy relies on trade (imports + exports), while China, Japan, Canada, Germany, South Korea, all rely heavily, up to 50%, on exporting their goods.
- America remains a liberal democracy.
- Soft Power - the lines around the American Embassy for visas are always, by far, the longest, seconded by countries like the UK, Canada and Australia.
- Popular culture around the world is dominated by America. The dollar is still the world's reserve currency. America dominates global brands.

# The seductive power of the West

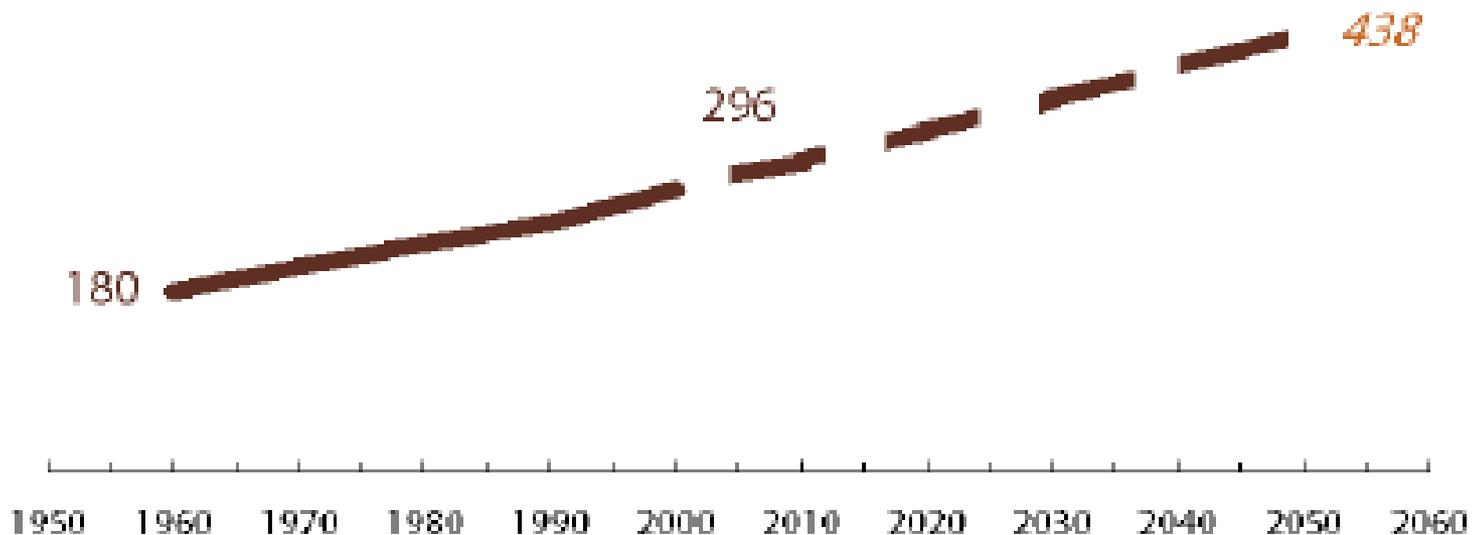
- There is little sign of the fall of Western Civilization; indeed what is occurring is its spread to new peoples. English speaking, American film and song, capitalism, free speech, democracy etc. have spread in my lifetime. Almost the entire communist world has been a convert; I suspect China will finish its transition, too. Capitalism has lifted more people from poverty than in all recorded history with more on the way.
- Many countries outside of the western world have a western inspired form of government, a western inspired law code - The leaders most likely speak at least one European language and on official meetings are likely to wear western business suits. Most major political ideologies of the past two hundred years i.e. liberalism, fascism, communism and anarchism were European export too.

# In the US American population will still grow

**Figure 1**

U.S. Population, Actual and Projected: 1960-2050

*(in millions)*



Note: Projections for 2005-2050 indicated by broken line.

Source: Pew Research Center, 2008

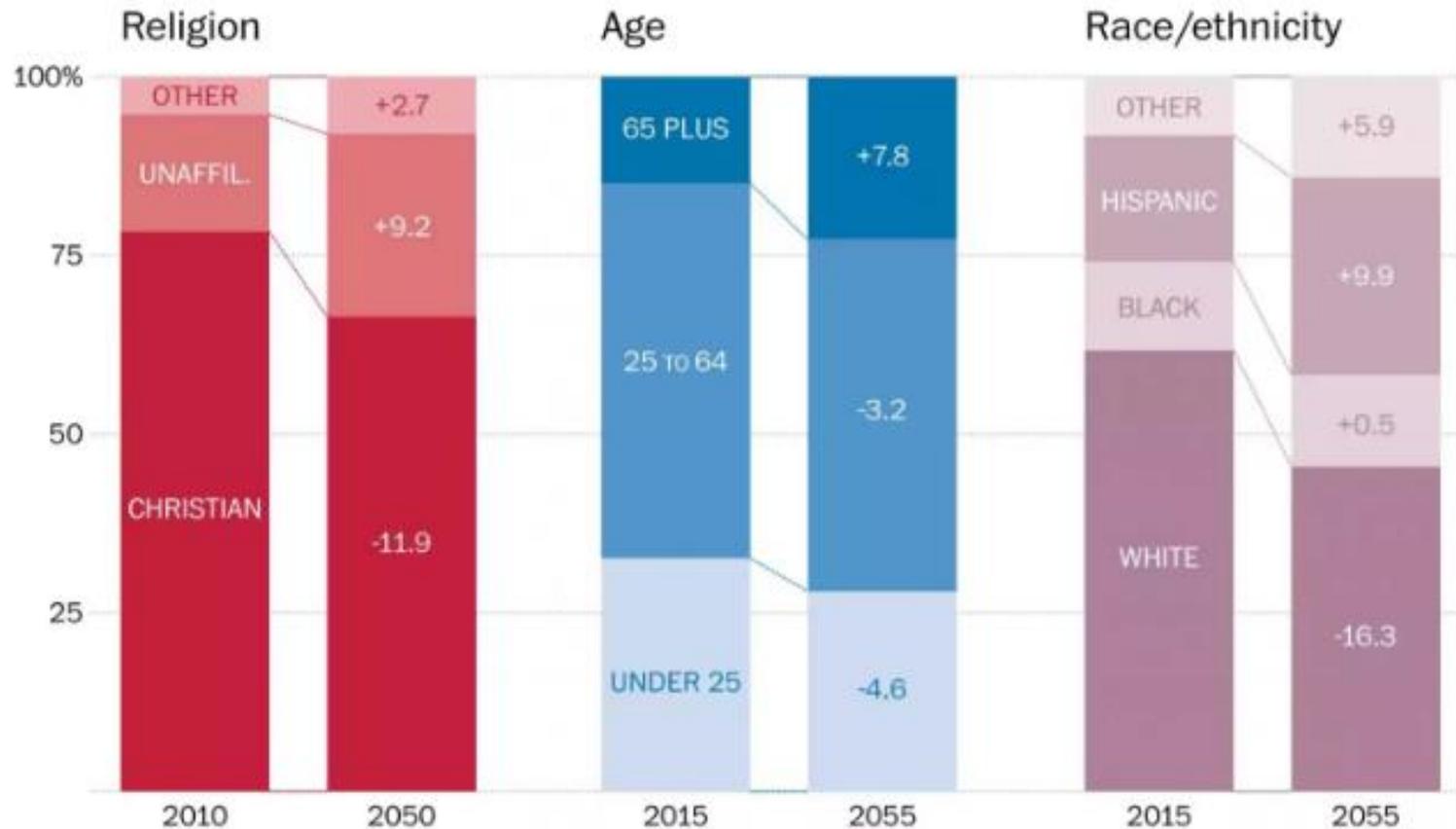
# But...

- For the foreseeable future, the U.S. will grow older, more Hispanic and more Asian
- In 2016, America grew yet more diverse. Just 61 percent of U.S. residents were non-Hispanic white, down from 64 percent in 2010 and 76 percent in 1990.
- Two forces boost racial and ethnic diversity in the U.S. First, immigration adds to diversity because most immigrants are Hispanic or Asian.
- But second, even if immigration stopped, diversity would still increase as more diverse younger generations replace older, whiter generations.
- As of June 2017, the median age for whites in the U.S. was 43, compared with 36 for Asians, 34 for blacks and 29 for Hispanics.
- The white share of the population is expected to fall from 61.3 percent in 2016 to 43.6 percent in 2060.
- Trump and the GOP backing a shrinking demographic? But they are not turning out to vote for the Democrats either – low voter turn out.

# changes in the US

## How America is poised to change

Projected.



## Open, free western societies are better than authoritarian ones.

- Notions of a decline sparked by falling expectations. The next generation will not be as well off as the previous one for example. However it is not just about stagnant living standards.
- It is that post USSR the West has not created the environment that promotes its values.
- In the meantime the Islamic world of 1.6 billion people or 23% of the world's population has, in one hundred years, gone from the most peaceful religion to the most violent one.
- Because European colonisers left no stable successors and artificial states. Problems like refugees coming to Europe a legacy of that failure.
- Internationalism stabilised the world but nationalism causes only chaos in the long run. Nationalism will split and then kill of the EU.
- Positives – EU are globalist and it is has reduced the gap between rich and poor. – the young will take it up. In the US a new President that removes much of the gap between rich and poor will kill of dangerous economic nationalism.
- The West's biggest assets have been its friendships with others. That is lost to isolationism

# The demographic challenge for Europe

- Two demographic challenges are confronting Europe: population ageing and population decline. These challenges are two sides of the same demographic coin. While low fertility and increasing longevity cause populations to rapidly grow older, low fertility also leads to population decline.
- In a rapidly ageing world, who is left to do the work? Immigrants or refugees in most cases.
- Even if all migration into Europe were to immediately and permanently stop – a “zero migration” scenario – the Muslim population of Europe still would be expected to rise from the current level of 4.9% to 7.4% by the year 2050. This is because Muslims are younger (by 13 years, on average) and have higher fertility (one child more per woman, on average) than other Europeans.



# Islamic immigration scenarios in Europe

## Amount of growth in Europe's Muslim population depends on future migration

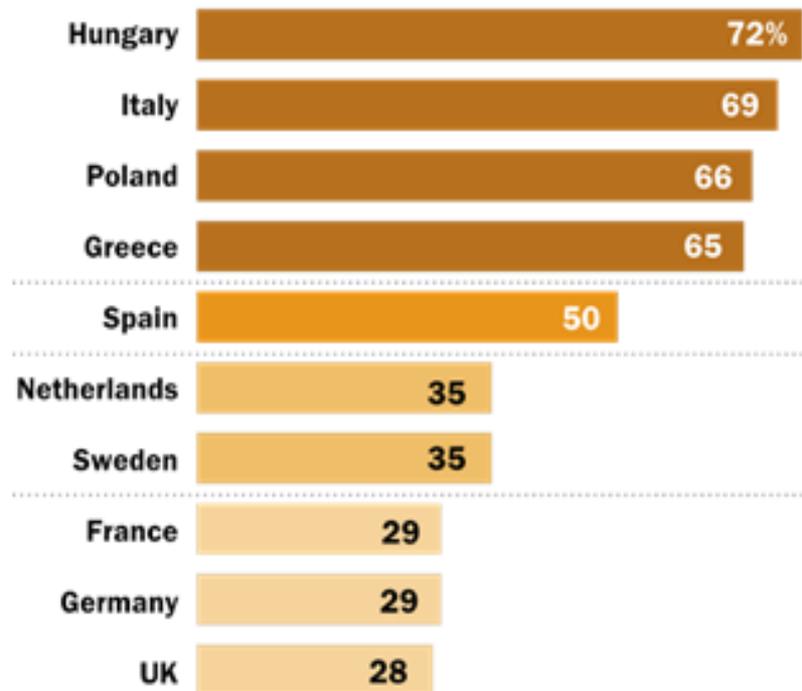
*Muslim share of Europe's population under different migration scenarios*



# The view from Europe

## Views of Muslims more negative in eastern and southern Europe

*Unfavorable view of Muslims in our country*



Note: In Poland, question was asked of a subsample of 686 respondents.

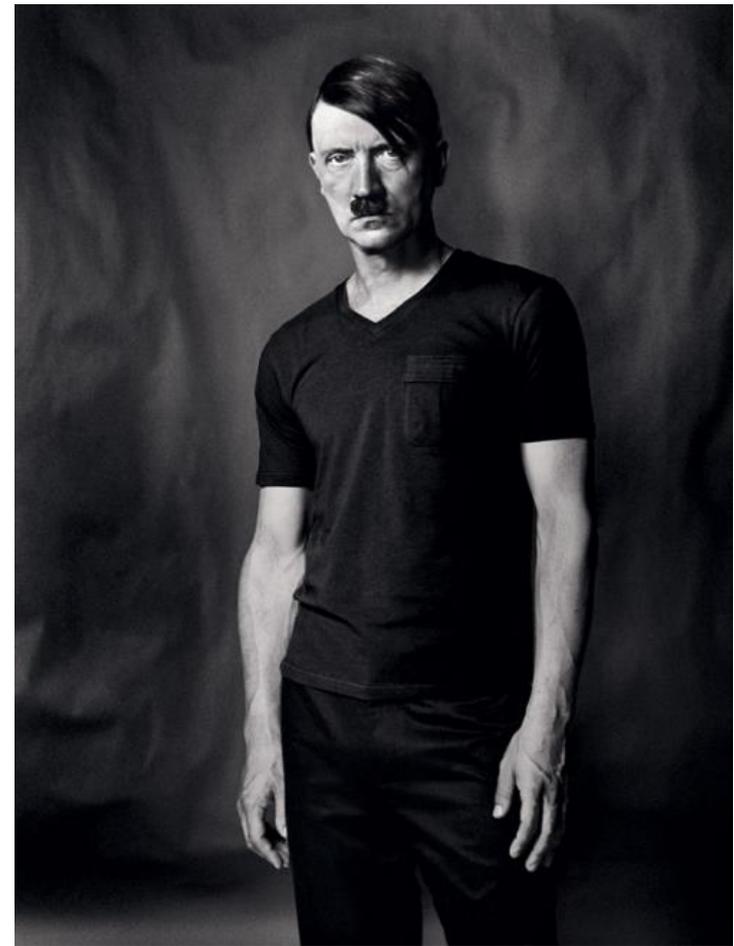
Source: Spring 2016 Global Attitudes Survey. Q36c.

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# Islam in the West

- By 2050 Muslims will make up 10% of Europe's population but it is very uneven and that might be much higher in Germany for example. They will make 2.1% of US population by the same date.
- Muslim women have 2.9 children against 2.2 world wide. The population is also a lot younger and still most are in their child bearing years.
- But opinions in Europe about Muslim immigration is hardening. A Pew poll found that a majority of people in Hungary, Italy, Poland, Greece and Spain harboured hostile attitudes to Islam while only a minority of north-western Europeans held similar views.
- England was gradually becoming more liberal and tolerant of diversity, but Islam and the reactions it inspired were a clear exception.
- How will this play out? The second generation problem. China and Europe as partners in trade. China can be very anti Islamic.

# The new acceptable face of anti Islamic movements



# In the East a contender is waiting impatiently?

- Sometimes great powers seize an opportunity.
- Xi Jing Ping at Davos. As Trump withdraws from the TPP, China moves in.
- E.g. Mt Pinatubo erupts in the Philippines in 1991.
- The US abandons Subic Bay and Clarke Field. 1992
- China moves in .
- The Kittyhawk incident – 2006
- China moves into the SCS 2011/12
- 2015 – Island building begins in earnest
- Broken car window experiment.
- Trump threatened to cut off aid to any country that supports a resolution condemning his decision to recognize Jerusalem as the capital of Israel. (The next day, in defiance of Trump's threat, the resolution passed overwhelmingly.)

# Subic bay 1991



# China and Trump

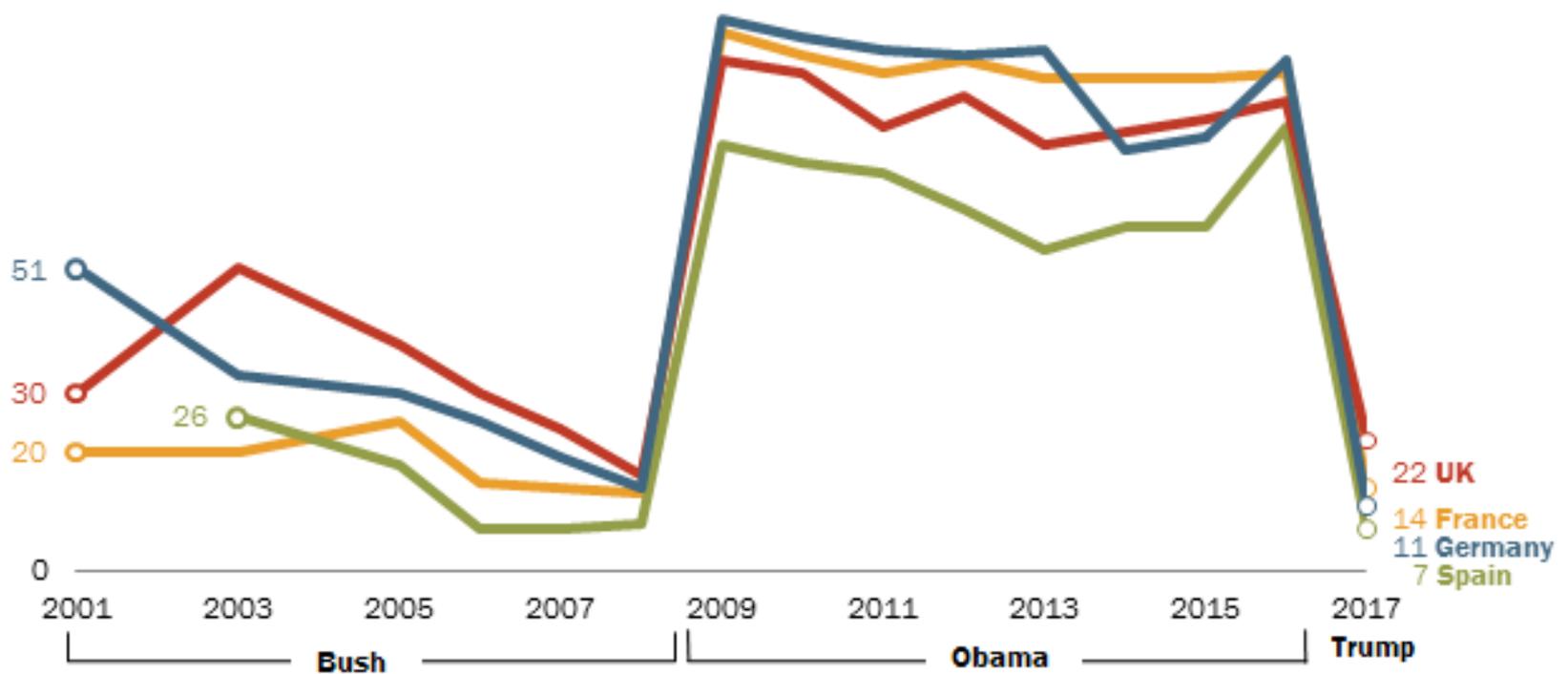
- America's strength must be measured partly by its ability to persuade:
- Trump – America's Gorbachev – leading the US to ruin?
- Trump takes the US “out of the game”? Like the inter war years giving room to someone like Putin to do real damage?
- Only in danger if Trump gets re-elected in 2020 and does further damage to democratic norms and institutions
- Joseph Nye – “American soft power comes heavily from our civil society, everything from Hollywood to Harvard and the Gates Foundation,” he said. “China still doesn't understand that. They still haven't opened that up. I think that is going to hurt them in the longer term”.
- Interestingly China wants Europe to remain strong as an economic partner and market for its goods.
- China does not back the populist movements in Europe – Putin does. China committed to global accords.

# A loss of confidence

## Trump's ratings in Western Europe similar to those for Bush in 2008

*Confidence in the U.S. president to do the right thing regarding world affairs*

100%



Source: Spring 2017 Global Attitudes Survey. Q30a.

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# The Break up of the West

- Challenges to the West come mainly from within
- Slow growth, rising inequality, division among the allies, distrust of elites.
- All giving way to an inwards looking nationalism where those left behind do not see the fairness in their society.
- Break up of the West evidenced by Brexit, Trump, Putin, The abandonment of the Iran Nuclear deal etc. However populism is mainly the province of “second tier” players not Germany and France.
- In appearances over the weekend, the French and German leaders — who are facing their own political struggles at home — appeared affectionate, and Mr. Macron on Saturday posted a picture of the two holding hands along with the single word “Unis,” or “United.”
- Note the Armistice commemorations this week in France – Trump did not travel to US grave site 50 kms north of Paris. Arrived like Putin at the Arc De Triomphe arrived everyone else had walked there in the rain.
- After the ceremony and subsequent lunch, Mr. Macron opened the Paris Peace Forum, a three day conference to discuss fostering multilateralism. Trump did not attend.
- Yes but by Trump’s successor or has the world moved on?

## A new Europe? Merkel and Macron at the Armistice commemoration



# Kennedy and De Gaulle in the rain 1961



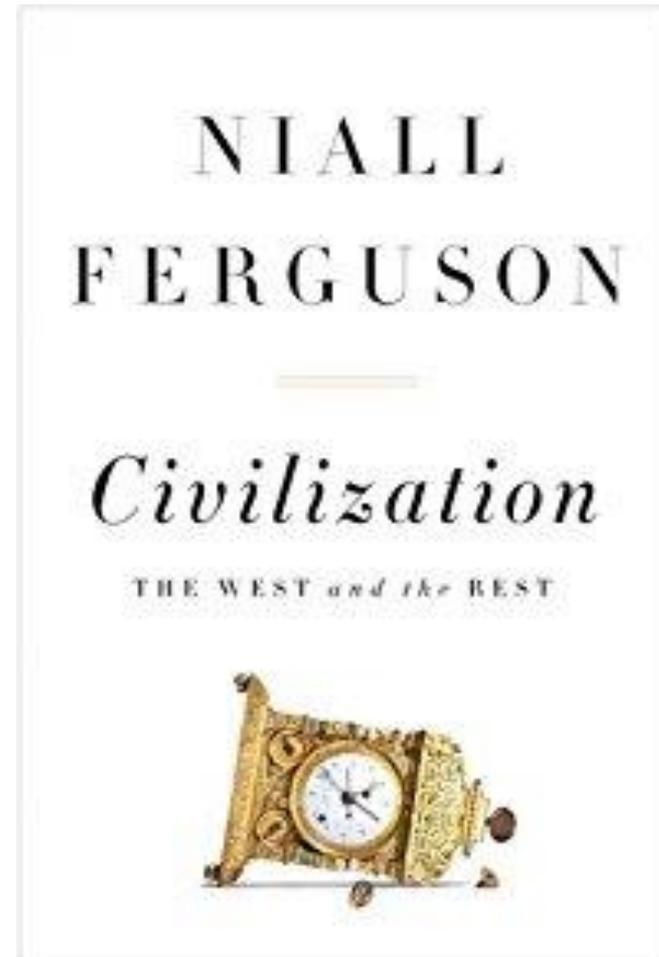
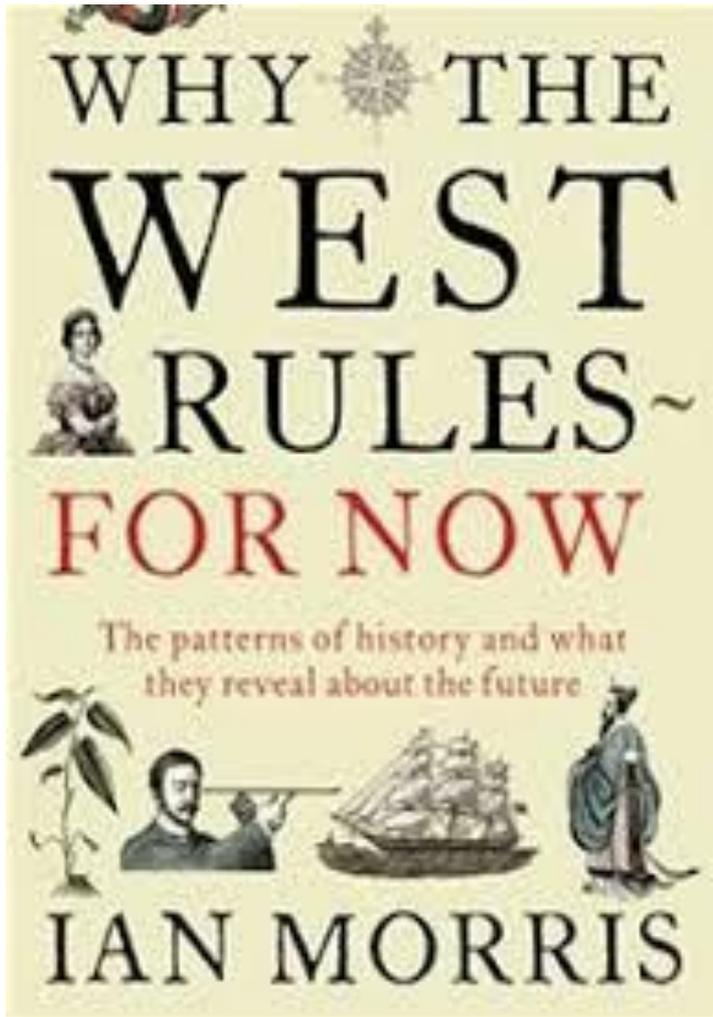
# What comes after the West?

- The US always destined to lead the world – Reagan’s “shining city on the hill”.
- US decline evident in Trump’s “Make America great again”. Both Trump and May unable to get things done. Trump detested in the West of Europe.
- Trump does not understand how to run the most powerful country in the world.
- Russia or China to take leadership? Unlikely to be Russia – they are in an even weaker position than the US.
- China has stepped in where the US withdrew – e.g. the TPP, the OBOR project and the leadership shown at Davos where Xi Jinping committed China to open markets.
- In 1964 – 75% of those surveyed trusted their government and that future generations would lead better lives. That is now reversed.
- A loss of confidence – “it is all too much” mentality. Just like the Romans?

# Other considerations

- The Problems facing the EU are not systemic. The problems facing Italy are still pretty Italian. Systemic bureaucratic corruption, a heavy North-South divide in terms of manufacturing and economic power, and going through 64 cabinets (!) since 1946 are not issues that plague Germany, Sweden, or the Czech Republic. The issues of Poland are again different - from the traumatic opening of its markets after communism, to the influence of Catholicism in its politics, to its close proximity to its historical foe (Russia).
- specific nations and institutions have their unique problems.
- the more advanced EU nations, Sweden, Denmark, Finland are positive role models for US.
- The ability of nations to reinvent themselves. The US and digital technologies.
- The US reinvented itself with electricity and mass production in the 1920s, with consumerism, petrochemicals and aviation in the 1950s and 1960s and with deregulation and the IT revolution in the 1980s and 1990s.
- Politically?

# Reading guide



## Reading guide - 2

