

Master, Wardens, My Lady, Sheriff, Liverymen, Ladies and Gentlemen.

Good evening and thank you Richard for those generous words.

My brief is to talk to you about something relevant, important and uplifting. So I want to talk to you about the End of Civilisation as we know it.

I am one of the people who is very concerned for our liberal market democracies, for our values, and for the continuation of the amazing progress humanity has made over the last number of decades. And it is amazing. Just one example. Every three years, average world life expectancy goes up one year. Put it another way. If this was a typical evening any night in the past 40 years, while we are here, the average life expectancy of all seven billion of us on this planet would go up an hour during our evening together.

And the reason it is true is the progress in housing, healthcare, education, sanitation, medicine and as we know in this room that only happens because of trade and because of commerce.

My worry is this progress is under threat because the underpinnings are under threat. The things that allow us to go about our trade freely and easily. To be safe as we do fun things on a Thursday night. To presume that what should be, will be.

Because we do presume the values and norms and rules from which we have all benefited will last.

My first worry is that we are complacent. My second worry is that we don't know how to reverse the trend.

So if I may suggest, the challenge for us in this room is not the analysis. It is to make sure we don't ignore the risk, and equally don't stop at recognition or at hand-wringing or pessimism, but rather ask ourselves what can we do to shift the odds in favour of continued growth, prosperity, peace.

I was discussing this with Jeremy Greenstock, our well known Ambassador to the UN for a long time. I said I was probably being pessimistic but what we at the British Council were seeing in countries across Europe, in countries to our east and to our west was rising intolerance, challenges to what we might call fairness or perhaps equality, and an erosion of standards of probity.

Jeremy rather theatrically looked out of the window of what was my nice office over looking Whitehall and said. Well of course it has happened before. When it did the

Romans left, London collapsed and it took 500 years to get back to where it was. His advice? Fight this now.

So what are we seeing.

We see what you see in the US. A surprising proportion of the population believing what we would imagine some straightforward critical thinking would cause them to dismiss. We see a disappointing proportion of the population having seen no improvement in their standard of living over many years. We see a concentration of the advantages of education and globalisation in cities. We see how easy it appears to, almost, bring down a democracy in what really was an attempted insurrection.

In Poland: Rural depopulation and urban growth. In Lithuania a real danger of a prosperous diaspora matched by a left behind proportion of the home population. I could go on.

The core issue is cohesion. We saw it with Brexit. Cities and villages voting different ways. Young and old by and large going different ways. Degree holders going one way and so on.

If Brexit was our consequence, Germany has the AfD, Hungary Orban and the riots were the France version. It is pure political economy. Who is gaining and who is not. who is confident and who is not. And who exploits that.

In the short term we have other things to worry about of course. Covid has caught our societies off guard and exposed a lack of planning and insufficient strategic resilience. But some of those faults are systemic and are all part of the same story.

It is not urbanisation, or globalisation or liberalisation which makes us fragile. It is how we react the consequences of them. One example. I was talking to the leader of a local authority with a thriving economy who was bemoaning the impact of inward EU migration on the local schools which were seeing increased class sizes and a consequent rise in anti-immigrant sentiment. What this council leader could not see was the connection. Industry was doing well, creating jobs and paying taxes. The children of the imported skilled workforce needed schooling. Not building extra classrooms was a political decision to favour a short term low council tax over long term educational capacity and ultimately economic strength. The anti-immigrant sentiment was a consequence not a cause.

If erosion of cohesion is the first issue, shrinking participation is another. I was at a conference in Edinburgh of University staff from across the UK and the moderator asked me 'do you feel let down by our politicians'. Now the chief executive of the British Council is not going to say yes to that question. But what was interesting was what I found myself saying. Which was that I admire the politicians I work with, mostly. They work hard, they go out on a wet Thursday canvassing and worry about the potholes on the roads in the estate I never visit.

They engage. I don't. So I cannot complain a particular party is not like me because I am not in it. And by and large we, who benefited from the success of our liberal market democracy over the last few decades are not paying our dues. I at least have outsourced the politics to others while I have had a good career in industry and then in the public service. So why am I surprised when a party is a distilled version of itself. If we, the lucky and the educated and the talented are not in there

can we really complain? Because we no longer join or participate. One example, Conservative party membership was 2.8 million in the fifties, today it is around 160,000. Other examples are available!

How we contribute to society has changed. If we don't join things, we do support. Football clubs, charities, campaigns. It is not that we don't care - it is that we chose to contribute in ways which are not aligned with the system we are in. Micheál Martin, the Irish premier, the Taoiseach, has been thinking for his party that rather than have only a local party they have branches for causes. So you could join the climate branch, or the or the criminal justice branch. All to get participation up, widen the talent pool and better reflect society.

The third thing we see is that norms and values are being ignored. As Levitsky and Ziplatt put it democracies die when the guard rails are removed. The first is forbearance. Norms can be broken but there is a price. Trump could legally refuse to appoint the Supreme Court Justice Obama had selected. But by not doing so he broke a norm which will remain broken. Here the government can say the price of supporting a well know British Institution through the financial impact of Covid is the right to appoint the ceo and half the trustees but should it? I could give other examples. Jobs should not go to cousins, contracts to friends, patronage to members of the tribe.

The other guard rail Levitsky talks about is acceptance of legitimacy. The opposition is Her Majesty's Loyal Opposition not the enemy. Republicans and Democrats are not Capulets and Montegues. Private and public are not uniformly good or bad.

The fourth thing we see is an imbalance in governance. An over powerful central state, or a weak state with weak institutions. An unclear vision of how local and central operate, and inter operate. Courts which are being weakened by attacking their autonomy deliberately or by starving them of resources neglectfully. Media which is critical or questioning being seen as working against the state rather than being an essential if annoying aid to transparency and accountability. Universities being seen as nests of liberalism or orthodoxy as the mood strikes.

What we have seen in many places behind all of these is the erosion of trust, or perhaps better put, the failure to enhance trust. I do not build trust with my opponents. I don't trust politicians or the system in general. I don't trust young urban liberals or older rural villagers. I don't trust the main stream media, the education system, science, the church, the council, the courts, the neighbours.

So one ends up in a gated community in a car with privacy glass, not walking home at night and not trusting the bank with my cash because I also don't trust government who might raid it or my savings. And I definitely don't trust the 'other' who I have not met and don't know.

Which brings us back to the job I do and the one I used to do.

In this room we like world trade because our collective and individual welfare is improved by it. To have world trade we need a trustful system. Partners we have relationships with, markets which we can rely on, standards we uphold, specs we adhere to, rules which we follow and know will be followed. Some of the trust we can build ourselves, some relies on the state. How the state goes about that is an interesting question.

If you sit in class learning theory of international relation you learn that there are essentially three world views.

The first is so-called realism. It is anarchy out there, the world is a dangerous place, you cannot trust the neighbours so you need a big military backed by a big economy. Think Trump!

The second is Institutionalism. We are more secure if we pool sovereignty and tackle issues of mutual interest, set up a rules based international system, and have institutions to back that up. You should join every good club there is. NATO, the UN, Asia Infrastructure Investment Bank, the Commonwealth, the EU. And get on the committees. The rules based system needs trust to function.

And the third is constructivism. We are products of our experiences. If you want to move on from the past to change the future, change the experience in the present. It pays to make friends, build relationships, engender trust. Invest in trust building.

All three theories are of course true in part and at times, and are best seen as lenses to look through. This is what we research in my research centre. How to engender trust and build the inter and intra society conditions for prosperity and for peace.

The UK traditionally has been astute at realising this and talks of the Fusion Doctrine by which we take all three approaches to promote our security, prosperity and influence. Our armed forces and intelligences are the realists, our diplomats the institutionalists. And the British Council and BBC World Service are constructivists, dealing with peoples, organisations and relationships, not just states and state institutions.

The point for the World Traders is that sustaining our position in the competitive world means yes having a strong UK, yes having the right membership of the right multilateral clubs, but the UK being out there, connected, understood, liked, experienced is down to people. Our artists, our professors, our young people, our traders should travel. We know trust in the UK goes up by half and propensity to trade with the UK similarly goes up when people experience the UK, educationally, culturally, scientifically.

So what do I think we should all do to make sure civilisation as we know it does not end so that we can enjoy the rest of our meal cheerfully ?

My first proposal is that we encourage political participation by our friends, our colleagues, our staff. People, including me, should join a party, a sensible party, and make at least the community we live in better.

The second is that Business collectively does need to champion cohesion and inclusion, standards and ethics, in the communities we work in, home and abroad. We should do that mostly by expecting it of ourselves of our partners and of government.

Because the cost of not doing so, just like the cost of not being ready for a pandemic is a lot more than the cost of the insurance policy.

If you will forgive an engineering metaphor. There is a thing called a Kano diagram. It is a graph of how good you are doing something against the kudos you get for that. Think about a car. The more miles you get per gallon the happier you are. It is linear. Think about your first CD player in your car with the CD rack in the boot. Not great but the fact you had one at all was a source of joy - it is an excitement feature, not great but high kudos. But then there is the other type. You can be brilliant at it but kudos is limited. But if you fail at it you are out of the game. The wheel of our new cars never fall off when you are driving. Not a compelling argument for a sale. But if the wheel does fall off sales will fall off a cliff.

And that is the problem with our market democracies. We have forgotten what those things are which set the conditions for success. They are not the exciting new feature. They are not the standard performance issues. They are the underlying conditions for success. The deep capabilities of our societies. We are not managing them, investing in them and building up our Social Capital.

This is not directly the role of individual businesses. But business needs it. And if we lose it business is in deep mire. We might like to think it is not our job but it is collectively - because we benefit.

Above board procurement, effective enforcement of contracts, a welcome for our passport at arrivals, calling out misinformation, effective local government. These actions create livable cities, education routes for its current and future workforce, safer streets, adaptive, resilient businesses.

The late Martin Roth and I were talking about this when he was still Director of the V&A. As with Jeremy Greenstock we were wondering if we were over pessimistic. And then the Enemies of the People headline came when High Court Judges in the Gina Millar case were attacked for upholding the law and the constitution. Whatever one thinks of the judges decision, that headline is unacceptable. It was a shock to many of us. That is the path to the violent assault on the US Capitol in Washington. It is the path to autocracy and worse.

How would we as normal people fare in an autocratic, kleptocracy with a powerful military, and a 21st century surveillance state using artificial intelligence. Martin

went back to Germany to take this issue on but sadly died before he could have the impact he wanted. But his example is a worthy one.

This is not the future I expect. I believe our democracies will prevail. We will adapt, learn and recommit. But it is the future we need to guard against.

That means participation, in means calling out the transgressions, it means working to strengthen the guard rails of forbearance and legitimacy. It means partnering to make our communities thrive. It means not leaving it to others. All it needs for evil to triumph if for good people to do nothing.

But it is not all gloom. So three reasons to be cheerful:

Our human capital is extraordinary. Look at the science which allowed the development of multiple vaccines for COVID, the social solidarity shown by our communities, volunteering to support others through the pandemic, the flexibility of business in moving online and fighting hard to protect supply chains and stay afloat. And some good decision in government, the furlough scheme being one.

Our institutions are strong. It would take a lot to corrupt our courts, our universities, our civil service. It would take a lot to tame our media or the news rooms of the BBC, Sky, Channel 4.

And our next generation is fantastic. Better educated than ever, more diverse than ever, more international than ever. Deeply committed, active, and with a terrible taste in music.

So actually we will I suspect be fine.

Civilisation or at least progress might end shortly. But if we as individuals and as business and as the network we are here tonight engage - It won't.

“So with that, thank you and if I may ask you all to unmute and drink the toast to the Worshipful Company of World Traders, coupled with the name of the Master, Sue Algeo”