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Spirits Past and Present

As I write this issue of Offshore Pilot Quarterly I think that it is important to acknowledge the new age in which we live. This year the definition of “millennials”, first used in the last century, will, after all, embrace every child born this century, given that today those who reach 18 years of age are considered either adults or tacitly so. They certainly have entered a new age. The spirit of the age, as a term, has been described as a set of ideas, beliefs, and aims that is typical of people in a particular period of history; in other words – in Twitter-style text – the new normal.

There may be a new spirit for our times, but some things do not change. George Santayana, an influential 20th-century American thinker, is commonly believed to have said that those who cannot remember the past are condemned to repeat it. Whether or not one is of that view, it is nonetheless important to learn from the past and understand why significant events happened. Winston Churchill, rightly so, said that a good knowledge of history “is a quiver full of arrows in debate”. This entails reading before you draw back your bow.

In today’s world we are, once again, subject to hypnotic persuasion where facts are tossed up in the air like confetti at a wedding, only to eventually float down to become, in many cases, half-truths, or worse, outright

lies. Scientists at the Massachusetts Institute of Technology researched the speed of fake news and found that (what a surprise) it spreads wider and faster on Twitter. One could learn from Virgil’s “The Aeneid”, written over 2,000 years ago, when the Roman said that, “no other evil travels more quickly” than rumour; Twitter just gives a boost. Umberto Eco, the late Italian philosopher and novelist, said more than 20 years ago, and with remarkable foresight, that “the genuine problem... does not consist of providing something false but in proving that the authentic object is authentic”. Clearly, every element of our lives, more so today, is affected by this phenomenon, as it seeps into economics, politics and business. There are now even articles written about “deep fake”.

Doubtless, this accumulating distrust and scepticism has contributed to the return of strongman leaders who were prevalent in the past. The wheel has turned full circle. Today’s title holders include Vladimir Putin in Russia, Xi Jinping in China, Narendra Modi in India, Recep Tayyip Erdoğan in Turkey, Rodrigo Duterte in the Philippines, Viktor Orban in Hungary and Donald Trump in the US. Soon they will be joined by the newly elected president of Mexico, Andrés Manuel López Obrador. Further south, in the subcontinent’s largest country, Brazil, the right-wing candidate, Jair Bolsonaro, is the people’s choice for

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president. He has been called a tropical Trump. Panama, by contrast, (certainly with no human caravan heading for the American border) presents a tranquil scene; but not so for America where concerns have been raised over China's activities in this outpost of American influence. One can only imagine the discomfort felt in Washington when the Chinese president made his first state visit to Panama in early December; future trade was high on the agenda. In fairness, the Chinese presence in Central and South America is nothing new.

Meanwhile, President Trump appears to be rewriting the rules of how the US should handle its relationships with the rest of the world, so it will be interesting to watch how all this squares with his retreat from global, to national, interests. China most certainly is not beating a retreat and since the early 1980s the number of extremely poor people in China has fallen by more than three-quarters of a billion people (representing over half the population of the country). It consumed more cement in a recent three-year period than America used in the entire 20th century. Much to America's consternation, it has also, figuratively speaking, cemented relationships in America's "backyard", as countries south of its border have been described. China has become the driver of global change and has accounted for 45 per cent of the gain in world GDP, according to several sources, including the World Bank.

Every new age has had an individual who personified its spirit, what the German philosopher, Georg Hegel, called a "world-historical figure". Hegel, in fact, considered such individuals as instruments of something far greater. During the philosopher's era he described Napoleon as "the world spirit on horseback". History suggests to me that over the centuries we have experienced some world-historical figures too, some of whom were neither a force for good nor intelligent. That, however, is another subject.

An Empire of Dreams

Unlike the French general, President Trump does not have aspirations of empire; quite the opposite. If anything, he is pursuing an insular war labelled nationalism – unlike the European goal (internationalism). It can be argued that the US is already an empire. Churchill predicted that any empires of the future would be empires of the mind, so ably illustrated (until now), by the dominance of US thinking across the globe, built upon its economic muscle and following the last century's two world wars which reduced much of Europe to an economic wasteland. Actually, the US had been propelled to the fore at the turn

of the last century, when China was still reclusive and, indeed, very insular; today, ironically, the roles appear to be reversed. It is China's rise that has sounded alarm bells in Washington, just as they did for the British empire in the early 1900s when it had its work already cut out for it as Europe's Great Powers wrestled with one another.

Joseph Conrad, the Polish writer, had written about global issues in the early 1900s, pointing out the risks which we were likely to confront; we are doing so again. In his novel of 1904, "Nostromo", Conrad wrote about the fictional South American country of Costaguana. The story reflected his political cynicism and his future fears that material interests would tip the scales; it was ever so. F. Scott Fitzgerald said that "I'd rather have written Conrad's Nostromo than any other novel". Coincidentally, the American wrote "The Great Gatsby" which gave a similar foreboding sense of what was to come: perhaps it is not generally appreciated that he was not celebrating the American Dream, but rather its demise. The book was written 4 years before the Great Depression. America could once claim exclusive rights to such a dream, but as with so many things in life we often find that what was yesterday's reality becomes today's falsehood.

Like Leo Tolstoy, the Polish writer exposed the strengths and weaknesses of the human condition, just like history does (whether it guides, rhymes or repeats itself). Unlike what we once called the New World, the Old World has libraries dating back for far more centuries, even before Christendom, to which we can turn, and with common sense and concentration alone, ponder the path which we are taking. To quote General Stanley McChrystal, the commander of coalition forces in Afghanistan in 2009-10, "We didn't know enough and we still don't know enough. Most of us – me included – had a very superficial understanding of the situation and history, and we had a frighteningly simplistic view of recent history, the last 50 years".

Alexis de Tocqueville wrote in the nineteenth century that Americans were always changing course "for fear of missing the shortest cut to happiness". One of the shortest cuts to military happiness in the last century was the Panama canal which gave the US navy a strategic advantage in times of war, providing the vital link between two great oceans; it has been said that Conrad, in fact, used Panama as his inspiration for Costaguana; if he didn't, he could have, because at its core is the relationship between moral idealism and material interests.

The U.S. Southern Command sponsors an annual multinational exercise which concentrates on maintaining



the stability of the Panama canal region and has over 20 regional countries participating. The exercise takes place in another imaginary country, this time in Central America, which is called New Centralia. Although European countries have been included (the United Kingdom, Netherlands), as well as Canada, the second largest user of the canal, China, has not. Its shadow, however, continues to spread, as President Xi's December visit to Panama illustrates.

Conrad had also predicted the Russian revolution yet to come, believing it would probably end the same way as other regimes have, with real power only at its pinnacle. What has changed? Karl Marx believed in the class struggle (populism today has been driven by it) contending that capitalists, owners of factories and machinery, perceive workers as commodities on a perpetual treadmill. Friedrich Nietzsche, a nineteenth-century dissident philosopher, saw society standing on the brink of moral collapse (as some do today) and famously said that "God is dead!... And we have killed him" before he went insane and died a bitter, lonely man, but not before declaring that "the old truth is coming to an end". It always does. I wonder what he would make of "fake news"? Shallow, deep or otherwise.

The Whitehouse Butterfly

The current president of the US is unconstrained by political prowess or politeness and became the first president to so forcefully attempt to block China's rise. Along with this, he has replicated the butterfly effect of the chaos theory, heralding, or reinforcing, the political pandemonium that has spread across much of the West and brought back the era of strongman leaders which Latin Americans have already experienced. It is, however, President Trump's unpredictability that makes the West nervous. To quote Mark Twain: "The best swordsman in the world doesn't need to fear the second best swordsman in the world; no, the person for him to be afraid of is some ignorant antagonist who has never had a sword in his hand before; he doesn't do the thing he ought to do, and so the expert isn't prepared for him; he does the thing he ought not to do; and often it catches the expert out and ends him in the spot". Detractors of President Trump, however, need to understand, and appreciate, that even a stopped clock is right twice a day. Thomas Carlyle in the 19th century also believed in "The Great Man" theory, that individuals make history happen. Theodore Roosevelt and Abraham Lincoln certainly come to mind, but importantly, both men were voracious readers and, as Doris Kearns Goodwin, author of

"Leadership in Turbulent Times", put it, books for them were "the greatest of companions". It would seem that reference to them would have helped General McChrystal, as his words have woefully reflected.

It appears that rhetoric, and not reading, is the US president's forte. Nor can it be said that his rhetoric follows Aristotle's fundamental norms, being an admixture of appeal to ethics (Ethos), and emotion (Pathos), and application of logic (Logos). Skilfully combined, they became powerful tools in the art of persuasion. To quote Mark Twain again: "There is nothing in the world like a persuasive speech to fuddle the mental apparatus and upset the convictions and debauch the emotions of an audience not practiced in the tricks and delusions of oratory".

Great men can sometimes be hollow men and win their worldly acclaim by delusion and political amateurism, concentrating on Pathos in their speeches. History abounds with examples and it is a dangerous trend which we are seeing all around us; worryingly, it would appear that the popularity of democracy has slipped into neutral gear in Latin America, after its encouraging ascent in previous years. One of the very recent symptoms of this is the human caravan (mostly Hondurans) which has attempted to seek a new home in the US in order to better their lot in life.

It comes as no surprise to me that Panama has not witnessed a similar exodus; quite the contrary, there has been an influx of Colombians, Venezuelans and Central Americans eagerly entering the country, seeking security and prosperity. According to the World Bank, Panama, for the first time ever, has been classified as a high-income nation (a country with a gross national income per capita of US\$12,055 or more). Panama still struggles with inequalities, but the same can be said of numerous other countries. The classification, however, signals real progress unlike black spots in the Middle East and Africa, for example. Undoubtedly, the Panama Canal and banking-related activities are the platform upon which the economy over the years has been built. Banking and complimentary financial services will see growth as well as diversification in the next decade as a new regulatory and supervisory system falls into place which will have the effect (already seen) of weeding out the marginal players in the industry, as compliance costs and muscular controls start to bite.

Poppies in Panama

Probably few people wear a paper version of the poppy flower on Remembrance Day in Panama. Perhaps the one



which I wear every year is confused with part of the country's independence celebrations, both of which occur in November. The poppy is worn to remember, most of all, the sacrifices made by the soldiers who fought in the First World War and the Second World War. This year marks the 100th anniversary of the end of the First World War and it is a good moment to reflect upon where we were then and where we are now – especially as extreme nationalism is once again raising its ugly head.

Both China and Russia pose a problem to the maintenance of the international order, one which we have become familiar with and which has relied more on the hard power of the US for stability and less on the United Nations, successor to the failed League of Nations. Britain's 19th-century imperial gunboat diplomacy, when she ruled the waves and waved the rules, eventually gave way to the US. But with the US president and his "America First" mantra, it seems that the shepherd is abandoning his flock.

The two world wars taught us that there was a need for political skills and knowledge of important past events; reading aids both objectives. We must understand that today's adversaries might still be important allies in the future against common threats; that it is very easy to

excite nationalist passions but very often, once roused, they can become hard to control; that humiliated countries will look for scapegoats, inciting anger with words and perhaps leading to violence.

The world has so far avoided a return to a global war, enjoying 73 years of peace since the last one. But we have not just the Spirit of the Age to deal with, we also live in an age of rage which is spreading quickly, especially among the dispossessed, disadvantaged and disillusioned. Not surprisingly, perceived as the rich man's repository of wealth, offshore financial centres, therefore, have become a natural target, ready to be exploited politically and condemned by enraged citizens. Offshore financial centres are easy scapegoats for fanning the flames of a fury felt by so many against the wealthy. As for sources of fake news, they are grist for the mill.

In these tremulous times a good service provider will not only be able to provide management of your international estate, he will be able to serve as a sounding board for your future plans. As 2019 dawns it has never been a more important factor in your international financial affairs. 1919, after all, began after, supposedly, the "war to end all wars".



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