

Trumponomics and the “post-hegemonic” world

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“Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned;
The best lack all convictions, while the worst
Are full of passionate intensity.
Surely some revelation is at hand.”
(William Butler Yeats, “The Second Coming”, 1919)

(Note: a Factiva analysis has shown that the “The Second Coming” has been quoted more in the first seven months of 2016 than in any of the preceding 30 years.)

Introduction: taking the “long view”: alarm or *déjà vu*?

All models for a world order are contested and historically temporary. They have an origin, a development and apogee. They may become real for a while under particular changing world-historical circumstances, but they have an (inevitable) historical demise or decomposition, giving rise to new configurations in new eras of history. The present international political and economic conjuncture is no exception. The illusion of global systemic stability has once again been shattered. The fragility and vulnerability of the present US-led market-globalist *status quo* is now exposed, naked for all to see. Although the present malaise and growing anticipation of impending global systemic disorder may seem to have arisen suddenly, precipitated by recent developments (e.g. post-Arab spring chaos, the endless euro crisis, conflict in Ukraine, the Brexit vote and especially Donald Trump’s election as US president), in reality its root causes are long term and much deeper than surface appearances may reveal. We will argue that the design of the post-WWII “world order” already carried the seeds of the present state of disarray.

The present situation is one of great uncertainty, touching upon the formal institutional arrangements of the post-WWII international system and its rules, norms and principles. It is the acute manifestation of cumulative historical currents of transformation already long at work. So great is the intensity of feelings in the present moment, full of provocation to the

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established order, that in recent months a new chorus of voices has arisen to defend the still prevailing “order”. This is in response to what many now perceive to be a genuine existential threat to the (neo) liberal system of values and practices.¹ These vocal commentators tend to share a sense of urgency, even alarm, and a common fear of impending global disorder. The atmosphere is replete with dire predictions, e.g. of the end of the West itself or at least of its dominance in global political economy. These new systemic defenders typically lament the demise of what they tend to represent as a universally benign, beneficent, and prosperous form of hegemonic order, one designed, lead, and maintained by the power of “The West” and depending pivotally on the role of the United States of America as its leading power.

The provocations to the status quo are perceived to be so great, and the existential threat so imminent, that the self-appointed defenders of the established order react with a tendency to idealize the existing international political and economic relationships, and in Panglossian tones elevate its presumed virtues for humanity onto a higher moral plane. This reaction accords with the basic ideas of hegemonic stability theory (HST), positing that a single hegemonic state is both a necessary and a sufficient condition for an open, liberal world economy. A similar response was evident in the “declinist” literature of the 1970s and 1980s regarding the debate at the time concerning the perceived decline of US global hegemonic power (as so acutely analysed by Strange, 1987; and Grunberg, 1990). However, this was partly, and temporarily, set aside by the end of the Cold War and during the “roaring nineties” (Stiglitz, 2003) and its aftermath. This aftermath finally ended in the global financial crisis of 2008-9. Since then some pundits have started to argue “this time it’s real” (e.g. Layne, 2012; for discussion see Wohlforth, 2012). While we concur with HST-theorists that current developments can have tangible negative consequences through the mechanisms and processes of the world economy, we fundamentally disagree about both the causes and nature of this disarray and alternatives to it.

The late Susan Strange (1987, p. 552), a British professor of International Political Economy and self-proclaimed loyal opposition to the US in its role as global hegemon, compared the myth of lost hegemony to the once widely believed idea that German-speaking people came from a distinct Aryan race and to the persistent myth that rhinoceros horn is an aphrodisiac. Strange warned that the persistent myth of lost hegemony can be every bit as dangerous by inducing unashamed self-regarding behaviour. Following Strange, we may argue that as the “hegemon” abandons the hegemonic role defined in terms of common good and asserts its own narrow self-interests, which often involves reliance on double standards, then there are (unintended) consequences for itself and for the world economy as a whole. Double standards can be seen as an act of increasingly narrow power: those who possess the greatest power are able, for a while, to make the rules that others must follow, while the most powerful do not always necessarily follow these rules themselves. Over time, however, double standards erode the legitimacy of those very standards.

In this paper, first we will outline the logic of hegemonic stability theory and expose its vagueness and ambiguities. Second, we will discuss the issue of whether global cooperation is possible “after hegemony”, as argued by Robert Keohane in 1984 (Keohane, 2005), one of the original authors of hegemonic stability theory. According to Keohane, while a hegemonic state may facilitate the emergence and development of common institutions, they may well continue to exist and function after hegemony, in a decentralized way through extended,

¹ See e.g. the numerous commentaries by intellectual and political elites, distributed by Project Syndicate, such as Fischer, 2017 and Leonard, 2017.

bendable and institutionally ensured tit-for-tat strategies. The obvious problem from this point of view is that if the former hegemon refuses to cooperate, it can lead to a spiral of tit-for-tat retaliations. Third, we will show the limitations of this economic literature and discuss alternative conceptualizations of hegemony and the politics of global cooperation. Global common good is profoundly contested, in both theory and practice. How it should be seen depends on our factual and normative theories of political economy and peace and security.

Finally, we argue that a dialectical perspective on change and continuity in world history can be a powerful analytical tool for understanding the causes and consequences of the present global conjuncture and potential crises.² The appearance of stability and of fixedness in the international “order” is more of an illusion than a reality. From a dialectical point of view, events are understood as multiple layers of the contradictory and complementary, and often inner determination “to which they owe their hidden unities, divergent meanings, and possible futures” (Alker, 1996, p. 351). Thus HST, under current historical circumstances, may function to justify, and thus co-generate, President Donald Trump’s approach to US trade and security policies. When weaker states are perceived to free ride on the US, in the new US administration’s view it is apparently only fair that the US should apply countervailing measures, either to balance its current account or to compel others to pay the costs for the military burden of defending them.

“Hegemonic stability” of the liberal-capitalist world economy is a particular model for a world order, but it is certainly not the only one.³ World order models in this broad sense constitute those doctrines of practical action and institutional design that exist, reign, cooperate, compete and at times clash in any given geo-historical era. Doctrines codify the lessons learned from previous practices; and doctrinal debates define the geo-historical eras and their characteristic practical and institutional arrangements. Collective learning and the exercise of power (understood as transformative capacity), not least by social movements, determine which doctrines prevail.

Hegemonic stability theory

HST emerged at a time when the partial collapse of the Bretton Woods system was widely conceived as a sign of crisis in US global leadership. This perception was further reinforced by the catastrophe of the Vietnam War and the rise of the New Left movement. Basically, HST claims that the stability of the world economy is dependent on the benevolent leadership of the hegemonic state. HST was first proposed by economic historian Charles P. Kindleberger (1973) in *The World in Depression 1929-1939*. In the concluding chapter of that work, “An Explanation of the 1929 Depression”, Kindleberger suggested a chain of partly contrastive historical analogies between three eras. The first was the era of free trade under British leadership from 1846 (abolition of the Corn Laws) or 1860 (further elimination of tariffs)

² See the special issue of *Globalizations* on “Dialectics and World Politics”, Vol. 11 Number 5, October 2014, edited by Shannon Brincat.

³ “World order can be conceptualized as a cohesive system of ideas (or world view) mutually or intersubjectively shared by [actors], including those located in different communities across territorial boundaries. This cohesive system of ideas and normative values encompass ideas about political and economic systems, conceptions of religion (and its role in society), ontological and epistemological assumptions, a sense of mission in the world, a conception of the scope of that world, practices of legitimation, and ways of ordering, creating and forgetting history.” Alker, Amin, Biersteker and Inoguchi (1996: 9).

until 1913.⁴ The second was the interwar era of 1919-39, when the US first refused to accept the role of hegemonic leadership and then resorted to the protectionist Smoot-Hawley Tariff Act of 1930 in response to the financial crisis and its consequences. The third was the era of the US (hegemonic) leadership in 1945-71. In addition, the fourth era was beginning in the 1970s, when the US was arguably “beginning to slip” (ibid., p. 307), but which we retrospectively know as the era of neoliberalism or market-globalism (see Harvey, 2005; Steger, 2009; Springer, Birch and MacLeavy 2016). Kindleberger anticipated future tendencies towards protectionism and a diplomatic stalemate between the US and EEC. The next forty years turned out different, but in Kindleberger’s historical reading, a stalemate and repression would mean a heightened danger of regressive spiral into war.

These historical analogies were subsequently formulated into a general theory by Stephen D. Krasner (1976), Robert Keohane (1980), Robert Gilpin (1981), and Kindleberger (1981) himself. In Krasner’s (1976, p. 318) formulation, the main hypothesis of the theory is that “a hegemonic distribution of potential economic power is likely to result in an open trading structure” and, more generally, in an open world economy. Krasner qualified his state-power argument by talking about delayed political reactions to changes in patterns of trade and finance and structures of production; the actual effects of gradual economic changes may in some cases become visible only after decades. Moreover, “some catalytic external event seems necessary to move states to dramatic policy initiatives in line with state interests” (1976, p. 341). Policy-choices are thus path-dependent, and states become rather easily locked into the pattern set by their previous choices.

The key assumption underlying the theory of hegemonic stability, however, is that free trade and maximal (global) openness in investments and finance are beneficial to everyone, albeit not equally so, in sharp contrast to many alternative perspectives (such as Rodrik 2001; Unger 2008):

“Neoclassical trade theory is based upon the assumption that states act to maximize their aggregate economic utility. This leads to the conclusion that maximum global welfare and Pareto optimality are achieved under free trade. While particular countries may better their situations through protectionism, economic theory has generally looked askance at such policies. [...] Neoclassical theory recognizes that trade regulations can also be used to correct domestic distortions and to promote infant industries, but these are exceptions or temporary departures from policy conclusions that lead logically to the support of free trade” (Krasner, 1976, p. 318).

Krasner stressed that the benefits are clearest in the case of large and technologically advanced states and for some small states, but large backward states may in some cases experience excessive costs from trade openness. Krasner’s qualifications notwithstanding, in the next step of the development of the theory, liberal international order was bluntly defined as a (global) public good. The global public good was supposed to include the definition and enforcement of property rights, resolution of disputes, stability and security (Gilpin, 1981,

⁴ Note that Kindleberger fails to account for the turn to neo-imperialism in 1874-1914. Patomäki (2008) presents a different – also more protectionist – picture of the developments in the late 19th and early 20th century. See also Andre Gunder Frank’s final posthumously published work, *Reorienting the Nineteenth Century: Global Economy in the Continuing Asian Age*, (Frank 2014) in which the global pattern of capital flows orchestrated under British imperialism plays a central role.

p. 16, 30, 34; Gilpin, 1987, pp. 86-7; Kindleberger, 1981, p. 247).⁵ Yet these HST theorists were not united about the nature of what constituted that 'good'. Whereas Kindleberger emphasised moral responsibilities and the need to overcome temporary asymmetries and counter business cycles, Gilpin, by contrast, put forward a more neo-imperialist interpretation:

“As was the case with premodern empires, the hegemonic powers may be said to supply public goods (security and protection of property rights) in exchange for revenue. The Pax Britannica and Pax Americana, like the Pax Romana, ensured an international system of relative peace and security” (Gilpin, 1981, p. 145).

The theory of hegemonic stability thus depicted 19th century Britain as a model for the late 20th and early 21st century US. The precise ethical and political implications of the theory were somewhat unclear, however. Gilpin presented a gloomy picture of future options. Despite the Cold War bipolar structure being a major stabilising factor, threatened only by the continuous rise of the Soviet Union, Gilpin argued that “the danger of a hegemonic war is very real” (ibid., p. 234). His prescription: a hegemonic or imperial enforcement – i.e. that powerful states should control the “lesser states” – for global security and protection of property rights, has been taken seriously by many US-based scholars, politicians and journalists. Coupled with the assumption of the benevolence of the hegemon and related apologetic narratives, this line of thinking readily lends itself to the conclusion that the US has been assuming an unfair share of sustaining the global public good.⁶ Strange (1987, p. 552) expressed the main practical implication of the theory:

“[T]he myth of lost hegemony is apt to induce in everybody only pessimism, despair, and the conviction that, in these inauspicious circumstances, the only thing to do is to ignore everyone else and look after your own individual or national interests. Thus, some of the same American contributors to *International Organization* who are personally persuaded of the benefits of more international cooperation and conflict resolution, may paradoxically be contributing to a less cooperative environment by subscribing to and perpetuating the myth of lost American power.”

Trump's project to “Make America great again” has deep historical roots. The erosion of the Bretton Woods system triggered the emergence of the US-American myth about lost hegemony and its global consequences. The Bretton Woods system itself was inherently dilemmatic and presupposed a largely disintegrated world economy of the 1940s and its continuous economic domination by the US. The Triffin Dilemma⁷ was a direct consequence

⁵ Note that all these are aspects identified by Hedley Bull (1977) as constitutive of his definition of “order” *per se*, which in turn are exactly the same as David Hume's principles of justice in capitalist market society. The three fundamental rules of Humean justice, namely, stability of possession, transfer by consent, and keeping of promises, are argued to be laws of nature, i.e. universally applicable.

⁶ Isabelle Grunberg (1990) argues that the appeal of the theory stems from its mythic structure. The day-to-day dilemmas of the US foreign policy-makers are mixed with American ethnocentrism, assumptions about the benevolence of the US and claims that the “small exploit the rich”. Further, the theory accepts uncritically the idea that free trade and security of property rights are public goods.

⁷ According to Robert Triffin (1961; see also 1968), if the United States stopped running the balance of payments deficits, the world economy would lose its largest source of additions to reserves. The resulting shortage of liquidity could pull the world economy into a contractionary spiral, leading to instability. If US deficits continued, a steady stream of dollars would continue to stimulate world economic growth. However, excessive US deficits (dollar glut) would erode confidence in the value of the US dollar. Without confidence in the dollar, it would no longer be accepted as the world's reserve

of the decision reached in Bretton Woods – on the insistence of the US – to make the dollar the currency of world trade, and let creditors retain their surplus and remain passive. The turning point of the early 1970s would not have occurred until much later had Keynes' proposal been implemented in full, and it could have occurred in a very different way (Patomäki, 2008: 185-90). The implication of the HST – that others should be made to pay for the maintenance of the existing “order” and indirectly thereby subsidise the costs on US terms – has paved the way towards the US inclination to become, over time, ever more self-regarding.

Of the early developers of HST, Kindleberger (1973, p. 308) was open to the alternative of new “international institutions with real authority and sovereignty” to govern the world economy (i.e. an evolutionary path towards a “post-hegemonic” situation, with increased trans-nationalisation of state authority, governing a highly trans-nationalised global economic system). However, he too seems to have ultimately assumed that agenda setting and decision-making must always be hierarchical at least to a degree; i.e. one state must always lead and others must follow.

International cooperation “after hegemony”: a reconstructive critique

The assumption underlying HST that a single hegemonic leader is necessary for effective international cooperation (to uphold the existing international institutions of “order” and ensure the stability of the global capitalist economic system) was questioned by Keohane in his 1984 book *After Hegemony: Cooperation and Discord in the World Political Economy*. In this book, Keohane (2005) argues, “it might be possible, after the decline of hegemonic regimes, for most symmetrical patterns of cooperation to evolve after a transitional period of discord”.

Keohane uses game theory to show that spontaneous cooperation can emerge even among egoists and in the absence of common government, but “the extent of such cooperation will depend on the existence of international institutions, or international regimes, with particular characteristics” (2005, p. 13). The possibility of effective international cooperation continuing or even blossoming “after hegemony” is reinforced by the complementary nature of hegemony and international regimes. These can both make agreements possible, and facilitate continuing compliance with the rules established in this system of world order. Keohane thus made it clear that in his analysis there is no need to expect a serious historical decline in international cooperation in the 1980s, 1990s or beyond, even as the dominance of the US within the system undergoes gradual decline. The ‘system’ itself will not collapse into a state of chaos or disorder. On the contrary, there is a real prospect that vital post-war international norms, institutions, and practices will not only continue, but will even be strengthened. This is a condition he refers to as “non-hegemonic cooperation” (Keohane, 2005, p. 79).

Keohane's optimistic account of the development and maintenance of co-operation after hegemony rests, however, on a view of states-as-rational-egoists. He concretely considers instances of international cooperation in fields such as monetary policy and the oil sector, as an iterated prisoner's dilemma (PD) game (following Axelrod, 1984). He extends his analysis

currency. The fixed exchange rate system could break down, leading to instability. Triffin's idea was to create new reserve units. These units would not depend on gold or currencies, but would add to the world's total liquidity. Creating such a new reserve would allow the United States to reduce its balance of payments deficits, while still allowing for global economic expansion.

to cover the impact of ethics, power, and institutions on international co-operation. According to Keohane, tit-for-tat is the best strategy in an iterated PD-game. However, a large number of players, asymmetric information, moral hazard and irresponsibility often complicates the situation. On the other hand, multiple parallel games in many issue areas, the unequal nature of inter-state relations (in terms of power: only some states really count), and the existence of established international organizations can alleviate these problems.

“Thus intensive interaction among a few players helps to substitute for, or to supplement, the actions of a hegemon. As a hegemon’s power erodes, a gradual shift may take place from hegemonic to non-hegemonic cooperation. Increasingly, incentives to cooperate will depend not only on the hegemon’s responses but also on those of other sizeable states. Such a transition may be difficult in practice, since expectations may lag behind reality; but nothing in rational choice analysis renders it impossible” (Keohane, 2005, p. 79).

Keohane has not been alone in envisaging the possibility of future international cooperation without a single hegemon. For instance Oran Young (1989; 1991), although he retains the view of states-as-rational-egoists, has considered various forms of initiative and leadership also in creating new regimes of cooperation, including intellectual leadership. Peter Haas (1989; 1992) goes beyond the state-economism of Keohane and many others⁸ and argues that there are transnational communities of experts, who share epistemic standpoints, and who are able to take part in the process of interest and identity formation both within states as well as within the regional or global level, often facilitating cooperation. Moreover, rules and institutional arrangements are important, because they enable and facilitate learning that can, and often does, lead to the convergence of the policies of states. For instance, along the lines of this perspective, John Ikenberry suggests that the origin of the Bretton Woods system should not be seen merely in terms of the “structural” power of the US but also in terms of an epistemic community of British and US economists and policy specialists, which fostered the Anglo-American agreement (Ikenberry, 1992).

The concept of epistemic community is in some ways similar to that of world order (or “world order model”; see footnote 3), but more limited. For Braithwaite and Drahos (2000), the world is already “post-hegemonic” in the sense that while it has been frequently the case that if the US and the EU agree on a particular form of global cooperation and regulatory change, this change gets fostered. However, under certain circumstances the will and initiatives of many other states and NGOs and key individuals have made a difference; and the role of transnational networks and epistemic communities is often decisive. Since Braithwaite and Drahos wrote their book, the role of the BRICS countries has grown, as is evident from the stalemate of the WTO Doha round.

The neo-Gramscians have gone further toward developing a dialectical account of the development of global institutions of cooperation. Robert Cox (1987; 1996), in particular has emphasised that there are always different kinds of social forces involving capabilities for

⁸ Sonja Amadae (2015) traces the causes of the decline of virtues and common good in the American political system in the rise of rational choice theory and especially game theory as exemplified by the Prisoner’s Dilemma model. Game theory was used, among other things, for developing nuclear strategies for the US state during the Cold War. Thus it is best seen as *constitutive* of some key state practices rather than as an external explanation of them.

production or destruction; institutional arrangements; and collective understandings.⁹ Once created, institutional arrangements “take on their own life” and can “become a battleground for opposing tendencies, or rival institutions may reflect different tendencies”. New forms of social existence can emerge, made possible by (new) forms of production but also as a response to the consequences of certain modes and relations of production. Novel forms of social existence necessarily imply new collective understandings and systems of knowledge that are constitutive of their existence and often articulated by “organic intellectuals”. Consequently, these emergent new actors, groups and collectives can then take part in the struggles within and about certain institutional arrangements, and also within and about those that have to do with the governance of global political economy. Systems are open, change is ubiquitous and everything is historical, although there are patterned processes that enable us to anticipate aspects of the future.¹⁰ The “dialectics of world orders” occurs within existing practical and institutional settings, but they may also contribute to the transformation of these arrangements and settings.

Trumponomics: its possible and likely global consequences

The demise of the Bretton Woods international monetary system in the early 1970s was a consequence of the US unilateral abandonment of US dollar-gold convertibility. The so-called “Nixon shocks” rocketed throughout the world economy, producing profound monetary and economic instability, which arguably persists to the present. Contrary to mythologised accounts of “benevolent” US “hegemony”, the actual historical record reveals contradictory policies by the dominant power throughout the post-Bretton Woods era. The present Trump administration’s economic and strategic policies represent important continuities and indeed intensification of past US non-cooperation internationally, rather than an abrupt about-face.

Trump’s economic and security policies mostly just radicalise existing US foreign policy practices, although this radicalisation may also involve qualitative changes, for example in US trade policy, where self-regard is now assuming also protectionist forms. Chief White House strategist Steve Bannon, in a 2014 speech, invoked the Italian fascist thinker Julius Evola, saying that “changing the system is not a question of questioning and polemicizing, but of blowing everything up” (Navidi, 2017). This point of view also reflects a new attitude of greater US assertiveness in foreign and security policy. According to former US Secretary of State Madeleine Albright, attending the recent Munich security conference in mid-February 2017, representatives from several countries, including Turkey, Iran, China, and Russia made speeches invoking the theme of a “Post-Western World” (Glasser, 2017). Albright’s impression of reactions from other states to the new US foreign policy stance reveals a change of mood, “there was a sense that the bullying approach of the Trump administration was alienating people rather than giving them solace in terms of the fact that we still were a

⁹ See also the recent special issue of *Globalizations*: “From International Relations to World Civilizations: The Contributions of Robert W Cox”, edited by Shannon Brincat, Vol. 13:5, October 2016.

¹⁰ In his writings from the early 1990s, Cox (1996, pp. 231-2, 311) foresaw remarkably well the possible and likely developments of the next 25 years. He analyzed the neoliberal era in terms of a global Polanyian double movement and contestations among different social forces and world order models. The decline of hegemony in the system “undermines conviction in the legitimacy of the principles upon which the globalization thrust is grounded”. Segmented polarization leads to identity politics, where nationalism rises and “Islam, for instance can become a metaphor for Third World revolt against Western capitalist domination”. “The other tendency is toward a world of economic blocs”, competing for shares in world markets and raw materials. And “a financial crisis is the most likely way in which the existing world order could begin to collapse”.

united world.” She lamented that at Munich, the US had moved from being the “centre of attention” to becoming “the centre of doubt” (ibid.).

Alongside his intentions to conduct a very large infrastructural investment plan, the US president, in a speech on 24 February 2017 to the Conservative Action Conference, pledged to execute “one of the greatest military build-ups in American history”, upgrading all aspects of the US military, both offensive and defensive. First indications of the 2018 federal budget outline by the White House also includes core emphasis on strengthening the US intelligence and national security apparatus, including homeland security and the law enforcement agencies. The commitment by the new administration to a balanced budget approach, however, despite the anticipated large increase in military and security expenditures, means that many other areas of federal spending would undergo very deep cuts, for instance funding for the Environmental Protection Agency, or even the State Department, along with many other federal department budgets and programmes. The Heritage Foundation has apparently initiated discussion circulating on Capitol Hill aiming at cumulative reduction of federal spending of 10.2 trillion US dollars over a ten-year period. However, congressional approval and formal appropriation legislation is necessary for these policy ideas to be translated into reality, and this, given the recent history of deep divisions on fiscal policy issues across the political spectrum in Congress, seems doubtful. If these policies are ever executed in full, this represents nothing less than a radical transformation of the state itself, and a reorientation of its primary roles in both domestic and global contexts.

All this is an example of a process that has become self-reinforcing. Over time, this process has led to pathological learning by reducing collective learning capacity and by hardening, on the whole and over time, the will of the changing US foreign policy makers. Trump’s election is a further step in this process. Already in the 1990s and early 2000s there were a large number of US international non-cooperations, including its posture towards ILO conventions, the Law of the Sea Convention, the Convention on Biological Diversity, the Kyoto protocol, the International Criminal Court and the Landmines treaty. At present, there are concerns that the new US administration intends to withdraw or not cooperate with the Paris Agreement on climate change, arguably the single most important global issue for effective international cooperation to address a severe threat to human security. There are rumours circulating in Washington that the US administration is considering withdrawing from the UN Human Rights Council, in part due to alleged “bias against Israel” in that organisation. George Soros, the well-known global financier and promoter of a global open society named the US as “the major obstacle to international cooperation today” already 15 years ago (Soros, 2002, p. 166). Moreover, Soros shared the observation of many that despite the US holding “special responsibility” due to its globally dominant position, the US has “not always sought to abide by the same rules that apply to others” (ibid., p. 167).

The exercise of double standards by the US, and the dogged pursuit of its own national sovereignty and narrow “national interests”, contradicts and tends to undermine the course of international cooperation and thus destabilise the world economy (when one is actually applying double standards is of course open to conflicting interpretations). The irony in this historical situation is that the US appears, both past and present, to assume that the “others” will nevertheless continue to abide by the agreed rules, norms and principles, though often it does not do so itself. Future scenarios of global change will now largely pivot upon how all these “others” will respond to changes in US attitudes and actions. Will the US continue to act uncooperatively internationally, and single-mindedly pursue its vision of strengthened “national sovereignty” (at home and abroad)? The consequences of such a course are likely

to be highly disruptive, not only for the formal sphere of international cooperation and prospects for future global governance, but for the global economic system as well. A spiral of aggressive actions and retaliatory reactions could be set in motion. The probable long-term consequences of such a pattern are quite well known, as any reading of the first half of the 20th century will reveal (see e.g. Moser, 2016).

There are 2 x 3 different possibilities, some of them more likely than others, as depicted in Table 1. First, there are two possibilities regarding how radical Trump’s foreign economic and security policies will turn out to be. It is possible, in principle, that through being forced to make compromises because of checks and balances and multiple interests within the US, and by learning from experiences about the effects of decentralised tit-for-tat sanctions brought about by the international systems of cooperation, Trump will eventually moderate his stance on a number of issues. The full realisation of the stated aims of the Trump administration may require increasingly overt authoritarianism, which in turn is likely to lead to widespread resistance within the US, including in terms of possible efforts to remove President Trump from office. This scenario entails intensifying domestic conflict and ideological polarisation, already arguably rather severe. Such conflict, including in potentially violent forms, could precipitate calls to “restore order”, thus reinforcing the trend towards erosion of checks and balances and greater domestic repression of the opposition. However unlikely it may still be, a “civil war” in the US is not anymore an excluded possibility.

Table 1 Six scenarios about the effects of Trumponomics, especially in trade

| | Double standards (no retaliation by others) | Limited retaliation targeted to the US | Generalised “beggar-thy-neighbour” policies |
|----------------|---|--|---|
| Moderate Trump | A | B | |
| Radical Trump | | C | D |

Out of the six theoretical possibilities, four seem relevant in practice. Moderate Trump is compatible with (A) double standards or (B) limited retaliation. Radical Trump will either (C) trigger limited and targeted retaliation against the US (the rest of the world will continue to abide by the rules of the WTO and bilateral and regional free trade arrangements amongst themselves) or (D) create a generalizable example to be followed, leading to widespread “beggar-thy-neighbour” policies. B and C mean that the US share of world imports (already down from 17 percent in 2000 to just 12 percent in 2013) and US share of world exports will likely fall further (already down from 12 percent in 2000 to just above 8 percent in 2013).¹¹ D would provoke, at a minimum, a global recession and, at the maximum, a severe global depression.

The Trump administration has already announced a new foreign trade doctrine, known officially as the “America First Trade Policy” (see the website of the United States Trade Representative for details at: <https://ustr.gov/>). The United States Trade Representative website describes the aims of this policy as “ensuring that American workers are given a fair shot at competing across the globe... On a level playing field, Americans can compete fairly

¹¹ A mere look at the export and import figures would suggest a rapid decline in US competitiveness, but reality is more complicated. For example, Mandel (2012) argues that the decline is mostly due to the changing composition of the products traded internationally (the rest of the world is increasingly trading goods that the US does not produce) and the diminished share of U.S. GDP in global output, i.e. not due to the relative competitiveness of US firms.

and win.” It is a central policy goal to keep existing companies located within the US and that overall “companies compete to set up manufacturing in the U.S.” thus generating new jobs, tax revenues, and prosperity. However, the majority of jobs that have recently been lost within the US economy are arguably as much or possibly more due to automation than to the effects of foreign trade or out-sourcing abroad. The degree to which this new US trade doctrine of “America First” will be neo-protectionist in orientation remains to be seen, but the president has previously indicated that the US could potentially impose unilateral trade tariffs on partners that in its view are not playing fair with the US. This includes signatories to past and future trade agreements with the US who subsequently, in US perception, do not correctly fulfil their obligations under the agreement. According to the president, the US could cancel any trade agreement after a 30-day grace period during which the US would seek compliance by their trade partner. During his first few days in office, president Trump used executive powers to order US withdrawal from the Transpacific Trade Partnership agreement (TTP), to the consternation of several key trade partners, including Japan and Australia, who have been supporting the multilateral agreement.

Trade protectionism via tariffs or complicated arrangements of taxation are not the only forms of potential beggar-thy-neighbour policies, of course. Attempts to enhance external competitiveness by means of internal devaluation or tax competition can be equally harmful, albeit in a different way. A number of countries, and the EU as a whole, are keen to increase their competitiveness. The idea is to increase demand for national goods and services in the world markets – at the expense of other countries. World imports and exports cancel out. Although it is not impossible for all countries to simultaneously increase the value of their exports and imports, their overall sum is always zero. The same holds true for investments. There is no aggregate level historical evidence that corporate tax cuts would have increased the overall pool of investments. Rather the opposite seems to be true: investment rates have been declining, at least in the OECD world (if not in expanding economies such as China and India). If corporate tax cuts have a positive effect on the level of real investments in one given country, it will likely do so at the expense of other countries. Combined with measures of austerity (that may appear desirable to budget-balancers in part because of budgetary effects of the tax cuts), these kinds of downward spirals tend to reduce total effective demand regionally and, to a degree, globally. Overt protectionism would come on top of these other measures and strengthen their already significant effects.

In his first presidential address to the joint session of the US Congress, on 28 February, 2017, president Trump outlined the main elements of his administration’s new economic policy goals, revealing aspects of his budget proposals for Congressional debate and approval. The main elements of the new economic policy include: a one trillion dollar infrastructural programme (including a 25 billion dollar project to construct the Wall on the border with Mexico); tax reductions for the middle classes (but also for US corporations, and the very wealthy); a big increase in military spending (estimated at 54 billion dollars in the first year; to “rebuild” the US military, and purchase advanced weapons systems); the repeal of Obamacare (with the stated aim of reducing the costs of health insurance); and some general aims to improve childcare provision, women’s health, and promote clean air and water. (Politico Magazine 01-03-2017) Whether and to what extent any of the very ambitious spending proposals entailed in this programme will eventually attain full Congressional approval and legislative authorisation remains doubtful, given the fiscal conservatism amongst many Republicans, and scepticism and resistance amongst many Democrats in both houses of Congress.

The Trump administration is also proposing potentially far-reaching financial deregulation, accompanied by major tax cuts for corporations and the richest 1 percent of income earners (one estimate predicts that under Trump's probable tax reform measures, the income of the top 1% of income earners would see their annual income increase by 13.5%, while average earners income would increase by only 1.8% (Navidi, 2017) Financial deregulation would annul the corrective measures and learning concerning reregulation of the financial sector (Mackintosh, 2016) that took place in the wake of the global financial crisis of 2008-9. US financial deregulation enacted now may have the further effect of impeding future global cooperation in this area.¹² On 2 February 2017, president Trump, by executive order, instructed a review of the Dodd-Frank Act, which was enacted during the Obama era to ensure that there would never be another 2008-style financial sector meltdown.

The stated aim is to make US financial companies more competitive – but in all likelihood at the expense of global financial stability. The periodic crises since the late 1970s have been part of a larger boom-bust process. The underlying super-bubble based on credit expansion and financial multiplication has grown in potential for three decades. It has continued to grow after the weak recovery from the global crisis of 2008-9; and it has been gradually assembling conditions for an even bigger crash probably in the late 2010s, at the latest in the early 2020s (an expectation outlined in Patomäki, 2010, pp. 79-80). The Trump administration's financial deregulation policy seems determined to speed up this process, making an early large-scale financial bust more likely. The effects of financial deregulation, combined with other aspects affecting the future stability of respect for the rule of law within the US, may also have the unintended consequence of decreasing the attractiveness of the US economy as an economic "safe haven" globally.

Tax cuts for the rich may also be accompanied by a lax policy toward global tax havens that help firms and companies to avoid taxation, although the economic nationalist side of the Trump administration would also at the same time logically have an interest that companies really do pay tax in the US on their worldwide profits. Be that as it may, financialization and the growing financial super-bubble have contributed to growing inequalities across the world (by increasing r and decreasing g in Piketty's $r > g$), while the growing inequalities have added to the volume of speculation (because the rich tend to consume only a small part of their extra income). For the same reason, tax cuts to the rich have also the lowest fiscal multiplier and weakest stimulating effect on the economy, thus probably aggravating the deficit of the US federal budget. The Fed can of course print more money, but not endlessly without spelling trouble.

In terms of trade policy, only (D) in Table 1 would take the world directly to a situation reminiscent of the early 1930s, while also B and C are steps in the same direction. Moreover, there is another path that may lead to the same outcome as (D). A new major global financial crash during Trump's first term could easily trigger a further worldwide round of growing economic nationalism. It is worth stressing that "the relatively benign international political environment in 2007-2008 compared with the intense security dilemma of the inter-war years were also essential in not making a bad situation worse" (Kirshner, 2014, p. 47). Next time the international political environment will be less benign.

¹² This is however more complicated than it may first appear. The Trade in Services Agreement (TiSA) is more in line with the ideology of the Trump administration than the TTP or TTIP, and it seems that the US continues to participate in the TiSA negotiations. These negotiations are basically about de-regulation (often amounting to neoliberal re-regulation) and privatization. Trump's review of the Dodd-Frank Act is fully in line with the aims of TiSA.

Conclusions: disabling effects and the possibility of transformative praxes

The US now seems set on a course to contribute to creating the conditions for a new era of international discord, leading to the further destabilisation of the (neo)liberal “world order” that it had itself co-designed and upheld, though of course also to project and protect its own advantages, interests, and values on a world scale. The recently intensified historical tendencies of increased oligarchization of wealth and authoritarianization of power are being produced by the system itself, but threaten the stability of liberal democratic culture.¹³ Growing popular discontent with the status quo, and the rise of nationalist, populist, and authoritarian ideological and political currents, are symptomatic of rising frustration and popular anger with the established “order” (for a discussion of the two sides of Polanyian double movement, see Patomäki, 2014).

With the anticipated unintended effects of ongoing developments in the US and other parts of the world, historical preparations are now in motion that are likely to produce the next major systemic crisis, or even global catastrophe. These unintended consequences will be deeply disabling, calling into question the prevailing paradigm of (neo)liberal “world order”, including its characteristic modes of subjectivity, practices, and institutions. At present, as judged from the impressions of participants at the recent Munich security conference in mid-February 2017, there has emerged “a lack of consensus even on what a liberal order is” (Leonard, 2017). There is a growing perception, and increasing global comment, that the era of Western liberal dominance is now ending, and that a “post-Western” world order is dawning. Power and influence have diffused significantly, through processes of globalization, and economic expansion by “emerging powers”, including the BRICS nations and others, such as Turkey (Gray and Gills, 2016).

This is a time of high and increasing structural tension between the persistence of the territorially bounded and sovereign nation-state system, versus the realities of a highly transnationalized global economic system (Gills, 2000; Gills, 2011). Arguably, a Polanyian “double movement” is still in motion, but of its “left” and “right” ideological manifestations, the latter appears dominant, at least for the time being. The whole idea of a world order, however, is once again contested. The historical outcome of this global contestation, both ideologically and practically, will turn upon how states and social forces around the world will act and respond in the coming period of global history. This outcome is historically indeterminate, as reality involves complex multi-path developmental processes that can be interwoven, or contradictory in numerous ways.

Finally, in our view it is mistaken to prematurely conclude that because historical developments are not smooth and linear, and because many developments at present seem dangerously regressive or chaotic, that there is no rational (and progressive) tangential direction to world history. We claim, from a dialectical perspective, that the rational tendency is manifested in potential toward a system that is capable of increased reflexive self-regulation, in terms of wider wholes and (contested) common good, rather than limitation to actions and responses from particular (powerful) actors’ perspectives.

¹³ For discussions on how growing inequalities, associated with the post-Bretton Woods developments, corrode the rule of law and thereby the basis of democracy, see Sayer, 2016, pp. 267-84; Stiglitz, 2013, pp. 234-58. For a more general discussion on how the neoliberal world had, in effect, moved to a stage of “post-democracy” already by the early 2000s, thus paving the way for further authoritarianization of politics in the 2010s, see Crouch, 2004. For an early analysis of the relationship between globalization, hegemony, empire, and “neoliberal disorder” see Kiely, 2005.

This rational tendency may manifest itself, for example, as democratic global Keynesianism, enabling (even radical) processes of decommodification, and new syntheses in the market/social nexus. Such a historical tendency in response to the present “disorder” would constitute an emerging alternative “democratic world order”. Its emergence and consolidation are historically contingent upon new forms of cosmopolitan transformative praxis (Hosseini, Gills and Goodman, 2016). Such a process is also dependent upon the rationality of participating individual actors (cf. Bhaskar, 1993, p. 91). Thus we can anticipate the construction of new common institutions (of international cooperation and global governance) to evolve, in either evolutionary or dialectical fashion, replacing certain aspects of the authority of territorial sovereign states with more adequate (social, Keynesian, democratic) regional and global arrangements. They can be anticipated in terms of overcoming definite lacks, absences, problems, and contradictions of the world economy step-by-step – or more drastically, through many institutional transformations at once, perhaps following a future major global crisis or some form of catastrophe.

As Yeats evoked us to reflect, even as “things fall apart”, “surely some revelation is at hand”.

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