

Igor Pereira Faria de Abreu

**Ultra-imperialism revisited: a preliminary framework
for interpreting the international order**

Master's Dissertation

Dissertation presented to the Programa de Pós-Graduação em Relações Internacionais of PUC-Rio in partial fulfillment of the requirements for the degree of Mestre em Relações Internacionais.

Professor James Matthew Davies
Supervisor

Professor Isabel Rocha de Siqueira
Co-Supervisor

Rio de Janeiro
August 2021



Igor Pereira Faria de Abreu

**Ultra-imperialism revisited: a preliminary framework
for interpreting the international order**

Dissertation presented to the Programa de Pós-Graduação em Relações Internacionais of PUC-Rio in partial fulfillment of the requirements for the degree of Mestre em Relações Internacionais. Approved by the Examination Committee:

Professor James Matthew Davies

Supervisor

Instituto de Relações Internacionais – PUC-Rio
Newcastle University

Professor Isabel Rocha de Siqueira

Co-supervisor

Instituto de Relações Internacionais – PUC-Rio

Professor João Franklin Abelardo Pontes Nogueira

Instituto de Relações Internacionais – PUC-Rio

Professor Leonardo César Souza Ramos

Departamento de Relações Internacionais - PUC-Minas

All rights reserved. No part of this publication may be reproduced without prior written permission from the author, the supervisor, and the university

Igor Pereira Faria de Abreu

Bachelor of Science in Economics from the Federal University of Rio de Janeiro – UFRJ, currently researches in the area of International Political Economy with an emphasis on neo-Gramscian IPE, neoliberalism, and Right-Wing Politics. Prior research experience in the fields of Institutional Economics and Economic History

Ficha Catalográfica

Abreu, Igor Pereira Faria de

Ultra-imperialism revisited : a preliminary framework for interpreting the international order / Igor Pereira Faria de Abreu ; advisor: James Matthew Davies ; co-advisor: Isabel Rocha de Siqueira. – 2021.

126 f. : il. ; 30 cm

Dissertação (mestrado)—Pontifícia Universidade Católica do Rio de Janeiro, Instituto de Relações Internacionais, 2021.

Inclui bibliografia

1. Relações Internacionais – Teses. 2. Imperialismo. 3. Ultraimperialismo. 4. Conservadorismo. 5. Neoliberalismo. 6. Populismo. I. Davies, James Matthew. II. Siqueira, Isabel Rocha de. III. Pontifícia Universidade Católica do Rio de Janeiro. Instituto de Relações Internacionais. IV. Título.

CDD: 327

For my grandfather, Miro, whose life was taken by the Covid-19 when this work was just an idea. As a true Christian, he taught me the principles of social justice, of caring, and of sharing. To give and to forgive. More than a victim of a virus, he was a victim of a political project that has murdered hundreds of thousands of Brazilian lives. May them never be forgotten.

ACKNOWLEDGEMENTS

All the people who tried to climb the Mount Everest were pretty brave and confident, that's for sure. I can imagine the situation – they standing still at the feet of the giant, staring it for a while, taking a good breath and thinking: “I can do it”. Then, they start walking and the mountain gives them 17,697.72 steps – supposing an average step measures half a meter – to think twice. And I bet they think. They think again and again a thousand times. But they keep going. It is getting colder, but they keep going. The air is getting thinner, but they just keep going. Is this what people call persistence? Well, not a fun fact: most mountain climbers die when they are close to the top. In fact, there is even a name for this region: “the death zone”. It is when they say “I haven't got this far to quit” that they begin to walk in the fine line between courage and stupidity. It is when persistence, without a fair purpose, becomes stubbornness.

I am not here to suggest that writing this work was like climbing the Everest. That would be ridiculous. But I won't fool anyone: it is impossible to tell you how many times, while I was writing this piece, I felt stupid and stubborn. I don't know how many times I wanted to quit. How many times I woke up, said “I can do it” and barely wrote a phrase in the whole day. Many times, I felt myself lonely, worn-out. Sometimes, I hated this work. Sometimes, I hated myself. I don't know how many times I thought my research was useless and pretentious – maybe it is, I am too close to the top to properly judge it. But I just kept going. In a context in which your very existence – and the existence of those you love – is threatened, this sounds like madness. Still, I kept going.

I only did it because I wasn't walking alone. I am very fortunate. Fortunate to have my parents, Cláudia and Celso, supporting me in every new endeavor. Thank you. I owe you everything. Fortunate to have my brother, Matheus, at my side, giving me those glimpses of relief, without which I would have given up long ago. Thank you. Fortunate to have dear friends helping me through these last hard years. Especially – among those friends I made at PUC-Rio – Gabi, Gustavo, Leo, Rafael, Rafaela, Karla, Ju, Lu, and Mateus. This has been an intense journey, an

impossible one without you helping me cope with my anxieties and listening to my (endless) complaints. Thank you very much.

I want to thank the Institute of International Relations and PUC-Rio for the amazing opportunity. CAPES, for my scholarship. I am grateful to all Professors and the non-academic professionals that make it possible for the University and IRI to work. If I can thank one of you on behalf of all others, it has to be Lia, the very heart of the Institute. Thank you, Lia, for all the support.

Finally, this work is only possible because my supervisor is a rare person. He gave me all the space I could ask to find my academic voice and develop my own ideas, yet he put me back on track when I was lost. Thank you, Matt. Isabel, my co-supervisor, is another rare person. I met her first at my M.A. interview. I never had the courage to ask her, but I think she saw there something in me that I myself have not. I would not be here if not for her. Thank you for everything, Isabel.

There are many, many other names and faces that should be here. Forgive me for my omission. You are behind every line of this work.

We'll meet again as I walk down this mountain.

This study was financed in part by the Coordenação de Aperfeiçoamento de Pessoal de Nível Superior - Brasil (CAPES) - Finance Code 001

ABSTRACT

ABREU, Igor de; Davies, Matt (supervisor). **Ultra-imperialism revisited: a preliminary framework for interpreting the international order**. Rio de Janeiro, 2021. 216p. Dissertação de Mestrado – Instituto de Relações Internacionais, Pontifícia Universidade Católica do Rio de Janeiro.

This work proposes an alternative interpretation of Donald Trump's election to the presidency of the United States, through a rereading of Karl Kautsky's concept of ultra-imperialism. For this, the work is supported by the Marxist literature on imperialism, on Antonio Gramsci's and Robert Cox's theoretical contributions, and on the concept of Transnational Capitalist Class. It undertakes a historical analysis of the development of the US empire in its domestic dimension – the emergence of a hegemonic bloc around the New Deal – and external, the expansion of the hegemonic model to the world order. It is observed, through a historical and ideational analysis, the role of conservatism and neoliberalism, inside the US, in the formation of the new bloc that achieves world supremacy from the 1980s onwards. This bloc has a globalist orientation, that is, its objective is to integrate all national economies to global capitalism. It is argued that the bloc is led by transnational capitalist classes that employ state power to advance this integration, while the articulation between conservatism and neoliberalism legitimates the process. In this context, the US empire assumes the role of leading state in a cartel of advanced capitalist countries – the ultra-empire – promoting uneven integration and the persistence of relations of dependency. The contradictions of this arrangement, added to the contradictions of the globalist bloc, contributed to the rise of Donald Trump, who was able to articulate, in the elections, a challenge to the globalist agenda. In the conclusion, it is argued that the permanence of these contradictions will result in new phenomena like Trump, in the future.

Keywords

Imperialism; ultra-imperialism; conservatism; neoliberalism; populism; globalism; transnational capitalist class, history of the United States, Trump

RESUMO

ABREU, Igor de; Davies, Matt (orientador). **Ultraimperialismo revisitado: uma estrutura preliminar para interpretar a ordem internacional**. Rio de Janeiro, 2021. 216p. Dissertação de Mestrado – Instituto de Relações Internacionais, Pontifícia Universidade Católica do Rio de Janeiro.

Este trabalho propõe uma interpretação alternativa da eleição de Donald Trump à presidência dos Estados Unidos, a partir de uma releitura do conceito de ultraimperialismo, de Karl Kautsky. Para esta releitura, o trabalho se apoia na literatura marxista sobre o imperialismo, nas contribuições teóricas de Antonio Gramsci e Robert Cox, e no conceito de Classe Capitalista Transnacional. É empreendida uma análise histórica do desenvolvimento do império estadunidense em sua dimensão doméstica – a emergência do bloco hegemônico em torno do New Deal – e externa, a expansão do modelo hegemônico à ordem mundial. A partir de uma análise histórica e ideacional, é observado o papel do conservadorismo e do neoliberalismo, dentro dos EUA, na formação do novo bloco que alcança supremacia mundial a partir dos anos 1980. Este bloco tem orientação globalista, ou seja, tem por objetivo a integração de todas as economias nacionais ao capitalismo global. Argumenta-se que o bloco é liderado por classes capitalistas transnacionais que empregam o poder estatal para avançar essa integração, enquanto a articulação entre conservadorismo e neoliberalismo legitima o processo. Neste contexto, o império estadunidense assume o papel de Estado líder em um cartel de países capitalistas avançados – o ultraimpério – promovendo integração desigual e mantendo relações de dependência. As contradições deste arranjo, somadas às contradições do bloco globalista, contribuíram para a ascensão de Donald Trump, que foi capaz de articular, eleitoralmente, um desafio à agenda globalista. Conclui-se argumentando que a permanência dessas contradições resultará em novos fenômenos como Trump, no futuro.

Palavras-chave

Imperialismo; ultraimperialismo; conservadorismo; neoliberalismo; populismo; globalismo; classe capitalista transnacional; história do Estados Unidos; Trump

CONTENTS

INTRODUCTION	11
CHAPTER I – CLASSIC IMPERIALISM.....	15
I.1 – Introducing Marx	15
I.2 – Monopoly capital and imperialism	22
I.3 – The debate on ultra-imperialism	29
I.4 – Introducing Gramsci	32
I.5 – Robert Cox: hegemony in a world order	38
PROPOSITION I	45
CHAPTER II – THE US EMPIRE.....	48
II.1 – Building capacities, building internal hegemony	49
II.2 – A new imperial order	56
III.3 – Bretton Woods falls	71
PROPOSITION II	83
CHAPTER III – NEW DEAL NO MORE.....	87
III.1 – A conservative turn.....	88
III.2 – Then came the neoliberals.....	101
PROPOSITION III.....	115
CHAPTER IV - THE GLOBALIST BLOC	120
IV.1 – Formative years (1981-2007)	121
IV.2 – Terminal years (2008 – ?).....	138
PROPOSITION IV	147
V – TRUMP AND THE ULTRA-EMPIRE	149
V.1 – The Ultra-Empire	149
V.2 – Donald Trump and the American betrayal.....	166

V.3 – Trump and paleoconservatism: the intellectual roots of a revolt	180
FINAL PROPOSITION	191
CONCLUSION.....	195
REFERENCES	201

“There must be, not a balance of power, but a community
of power”

Woodrow Wilson

“From this day forward, it’s going to be only America first,
America first! Every decision on trade, on taxes, on
immigration, on foreign affairs, will be made to benefit
American workers and American families. We must protect
our borders from the ravages of other countries making our
products, stealing our companies, and destroying our jobs”

Donald Trump

INTRODUCTION

Donald J. Trump announced he would run for President of the United States on June 15th, 2015, in one of his lavish Trump Towers, in New York. The real estate mogul and reality-show celebrity had been flirting with the presidential race for a long time, at least since 1987, and shifted partisan loyalties several times, as an independent in 1999, a Democrat in 2004, a Republican in 2009, independent again in 2011, and Republican for the last time in 2012. Beyond the mythical figure of successful businessman – about which he bragged in every single opportunity –, it was hard to track Trump's political views, which were quite unstable and ill-finished. Political analysts strived to find in Trump a cohesive world-view, but the man who was best known for his narcissistic character, histrionic performance, low imprecations, and mundane catch-phrases like “you're fired!” or “build the wall!”, challenged easy definitions. When his candidacy became official, mainstream media and the political establishment reacted with scorn. Months later, when he won the Republican primaries, they reacted with panic. Finally, when he won the presidency, they reacted with a dreadful shock: how could it be that such a vulgar figure, playing outside the rites of America's politics, beat high-profile politicians like Jeb Bush and Hillary Clinton, two representatives of America's most powerful political dynasties? How could it be that someone with such narrow views on trade, immigration, crime, security, foreign policy, etc., won, despite all the desperate warnings of 9 in 10 experts?

There is one easy answer: Trump was just an aberration in the history of democracy in the United States, an angry cry from the racist, sexist, xenophobic, and authoritarian America. Perhaps this answer is true, but by how much remains an important question. Can we argue that there was not a racist, sexist, xenophobic, and authoritarian America before Trump? Can we argue that racism, sexism, xenophobia, and authoritarianism were new to US politics? If the answer is negative, then we must ask ourselves what Trump offered beyond a voice for the bigot and reactionary share of the American electorate. Or, at least, how his reactionary rhetoric was packaged in a wider platform that seemed appealing both

to a share of the electorate that did not feel represented by the political establishment, and also to a large share who voted Democratic or Republican in previous elections.

This work departed from the assumption that what really distinguished Trump's campaign from the mainstream of American politics was his rearticulation of the role of the United States in the world. Seen by many as a heresy, the foreign policy he proposed represented a break with the post-World War II international order, yet he justified it through a narrative in which the United States was a decadent nation whose path to be "great again" demanded closed borders, in the widest sense: if the US wanted to stop criminals and terrorists, it had to stop immigration, if it wanted to create jobs and spur growth, it had to protect the economy from foreign competition, if it wanted to satisfy the needs of the American people, it had to stop spending money with foreign commitments, including those with its closest allies. Isolationism, it seemed, was Trump's solution to all American problems.

This work, thus, had three questions: first, what was the role of the United States in the international order, for Trump? Second, was the way he articulated this role related to his political appeal? Third, why? In other words, the greatest objective of this work was to understand why Trump's narrative about the place of the United States in the international order helped him to be elected – supposing it did. Even if this objective allowed us to avoid any considerations about anything Trump did from Inauguration Day onwards, it left us with other Herculean tasks: we had to explain what roles the US played before Trump, if we wanted to assess the power of his narrative and, therefore, his political appeal; we also had to show that our basic assumption, about what distinguished him from the mainstream of American politics, was correct. As we dove into Trump's opinions and propositions, it became clear for us that there was more there than just scattered noise. Behind the narrative he was offering, there was a cohesive critique to the international order, the role of United States in it, and how Americans were affected by it. The power of this critique resided exactly in the fact that the international order has contradictions that are reflected inside the United States, just as the United States has internal contradictions that are reflected outside, in the international

order. At this point, we had two possible paths to take: either we could simply reproduce Trump's narrative, taking it as truth, or we could propose our own narrative, engaging with Trump's critically. We chose this second path. Conscious of the risks this implied, in this work we proposed our own account of the international order and the roles the United States plays in it. We know this is a very bold endeavor, so it is necessary to make clear that we are not trying to offer, here, a new theory of the international order. Evidently, we lack the capacity to undertake such task. Our humble intention was to build a theoretical framework with which we could analyze the contradictions of this order. Then, contradictions identified, we hoped to show how they invigorated Trump's campaign and eventually led to his victory. Therefore, first, the reach of this framework is limited strictly to the purposes of this dissertation; second, this dissertation is, before anything else, an exercise of academic self-development. Hopefully, it will lay the ground for future work.

Our core theoretical assumptions about the international order are developed in the first chapter. There, we depart from an introduction to Marx's concepts in order to recover the classic debates on imperialism. We present the ideas from Hilferding, Bukharin, Lenin, and Kautsky's theory of ultra-imperialism. Despite Bukharin's and Lenin's harsh rejection of the ultra-imperialism hypothesis, we argue that it is, indeed, a possible outcome of capitalism. Then, we build on Antonio Gramsci's and Robert Cox's intellectual contributions to show in what terms this outcome is possible. We finish the chapter with a first proposition – our preliminary conception of ultra-imperialism. As we will argue throughout our work, the current international order is better characterized by an ultra-empire. Thus, the objectives of chapter I are three: first, to show what imperialism is; second, to propose our conception of ultra-imperialism; third, to present the concepts necessary for us to analyze, in subsequent chapters, how this ultra-empire emerged.

In the second chapter, we begin to give some flesh to our theoretical assumptions. There, we hope to show how the United States became a global empire and how, doing so, it laid the seeds for the emergence of an ultra-empire. Our argument is that the immediate postwar international order expressed the rationality of the social bloc that ruled in the United States from the early 1930s to the late

1970s. As the world's capitalist superpower, some of the internal contradictions of the United States and its ruling bloc would inevitably resonate in the international order. When the ruling bloc faced a decisive crisis, it also resonated there. The chapter is devoted to a historical analysis of this period, from zenith to decline.

In the third chapter, we continue with our historical analysis to tell the story of the counter-hegemonic march of a new bloc to Washington. We draw on events, ideas, and discourses to present, first, the rise of the conservative movement in the US; second, the rise of neoliberalism. We review seminal neoliberal literature in order to assess how neoliberal ideas helped this new bloc to become hegemonic in the US and, later, in the world. Once again, the contradictions of this bloc would resonate in the international order.

Our ideational approach to conservatism and neoliberalism also allows us to grasp the policies of this new bloc, which is what we do in the fourth chapter. This chapter is entirely devoted to the analysis of the new ruling bloc. We discuss the configuration of the bloc and how it reshaped US' domestic and foreign policies, entailing new roles for the US empire. These policies produced worse or new fractures in the American society, resulting in a growing sense, among Americans, of decay.

Finally, in the fifth chapter, we develop our argument that the current international order is best understood as an ultra-empire. This order impacts various fractions of the American population in different ways. Through a critical discourse analysis of selected speeches from Trump's campaign, we argue that the source of Trump's political appeal came from the powerful narrative he presented, associating this order with the sense of American decay. Our discourse analysis also shows that this narrative is what really distinguished Trump from mainstream political discourse in the United States at least since WWII. Then, we retrace the origins of this narrative through an ideational analysis of paleoconservatism, a marginal wing of the American conservative movement. Our intention is to demonstrate that Trump's discourses, despite appearances, were the expression of a cohesive and sophisticated political theory. Through Trump, this theory became a viable political platform and a powerful critique to the state of America's affairs. This critique was the source of Trump's political appeal.

CHAPTER I – CLASSIC IMPERIALISM

What is imperialism? In this chapter we retrace perspectives on imperialism from the Marxist debates of the first decades of the 20th century. To support our exposition, we offer an introductory reading of Marx himself, what we expect to clarify further developments of his theory carried out by his intellectual heirs. Then, we present the debate on imperialism in the works of Rudolf Hilferding, Nikolai Bukharin, and Vladimir Lenin, followed by the debate on ultra-imperialism between the last two and Karl Kautsky. We assess, after these three first sections, the reasonableness of Kautsky's concept of ultra-imperialism. After we present core ideas of Antonio Gramsci and Robert Cox in the last two sections, we propose our basic conception of ultra-imperialism, which will serve us as a framework of analysis for the subsequent chapters.

1.1 – Introducing Marx¹

In the capitalist system of production, both the means of production and labor power are commodities, which means both have an exchange value. While capitalists own the means of production, laborers own their labor power, which they sell for a living. What makes capitalism a distinctive system of production is the transformation of labor power in a commodity, allowing the laborer to sell his/her labor power to the capitalist, the owner of the means of production. Then, in this system, the capitalist uses his/her money (M) to buy commodities (C) – means of production and labor power –, and uses these means of production and labor power to produce a new commodity which s/he will sell again in the market for money. The end of production, in a capitalist system, is money, but this only makes sense if the amount of money in the end is bigger than it was in the beginning (M'). Marx defined this circuit as M-C-M', while the difference between M' and M is the income of the capitalist, the surplus value (Marx, 1996, I)

We said that the labor power is a commodity, and this means it has an ex-

¹ This section is highly indebted to Paul Sweezy's Theory of Development.

change value. In Marx's scheme, this value is determined by the labor time necessary for its production/reproduction, the labor time necessary for the production of the means of subsistence of the laborer. This is important because, as we have shown, the capitalist uses his/her money to buy means of production and labor power to produce new commodities that s/he will sell in the market. In this process, s/he gets more money than s/he had when it began. Something in this process creates more value – surplus value –, and for Marx, the source of this surplus is exactly labor power: when the capitalist buys labor power, s/he pays the laborer the value of his/her means of subsistence in labor time. If this labor time is, say, T , and the laborer works for the capitalist only T , no additional value is created for the capitalist, because s/he is getting back exactly what s/he paid. The point is that the laborer sold his labor power for T , but nothing dictates that his/her working time will be T . If s/he works for the capitalist T' ($T' > T$), the difference between T and T' is the difference between necessary labor (T) and surplus labor ($T' - T$), and the surplus labor is exactly the source of the surplus value that the capitalist reimburses (Marx, 1996, I)

Then, in a capitalist system, the value of a commodity is the sum of the value of the material and machinery used in the production process that does not add surplus value, for which Marx calls constant capital (c); the value of labor power, which adds surplus value and therefore is variable, for which Marx calls variable capital (v); and the surplus value (s). Then, the value of a commodity is $c + v + s$. From this formula it is possible to derive three very important identities in Marx's theory: first, the rate of surplus value (s'), which is the ratio of surplus value (s) to variable capital (v), $s' = \frac{s}{v}$. Second, the organic composition of capital (q), which is the relation between the constant capital (c) and the variable capital (v) expressed in the formula $q = \frac{c}{v}$. Third, the rate of profit (p), which is the relation between surplus value (s) and total capital ($c + v$), expressed in the formula $p = \frac{s}{c+v}$. By manipulating these three formulas, we have that: $p = \frac{s'}{1+q}$. This means that the profit rate, which is of utmost importance to the capitalist, is dependent on the rate of surplus value and the organic composition of capital. Soon it will become clear the relevance of this last formula (Marx, 1996, I).

If, in a certain period of time, capitalists replaced all exhausted capital and spent all their surplus value on consumption, while laborers also spent their wages on consumption, the economy would be forever of the same size, in a scheme of simple reproduction. But this is not the case. As we have pointed out through the circuit M-C-M', the aim of the capitalist is to make more money, not to consume. S/he has a perpetual drive to expand value, to accumulate capital, and therefore s/he does not spend all surplus value in consumption. Instead, s/he converts most of the surplus value into more capital, allowing him/her to appropriate ever more surplus. It is this accumulation of capital that confers the capitalist his/her social position, and his/her standing among other capitalists. It is noteworthy that not only the capitalist saves a portion of his/her surplus value to convert it into more capital because it allows more surplus value in the future, but also because the employment of the most efficient technical methods of production promote higher incomes and, hence, capitalists have an incentive to adopt them. But when some capitalist adopts them, the former technical methods may even become obsolete, which means that ultimately every capitalist must adopt the new methods or perish. In the end, accumulation is not only a desire, but also a necessity (Marx, I, 1996, I).

This process of accumulation of capital has some important effects, and one of them is an increase in the demand for labor power. If supply is the same and demand increases, the price of labor power also increases. Were we analyzing any other commodity, the process would follow this way: since the price of the commodity is now above its value, the producers of this commodity will have extraordinary profits, which will eventually attract new producers who will expand production, increasing the supply and finally bringing the price of the commodity back to its value. But this cannot happen in the case of labor power: capitalists cannot satisfy a higher demand for labor power by producing more laborers, and if that is true, then accumulation promotes a tendency to a permanent rise in the price of labor power (wages) that ultimately erases the surplus value – putting in danger Marx's edifice. If capitalists keep extracting surplus value and accumulating capital, there must be something that keeps wages around the value of labor power. According to Marx, this "something" is the industrial reserve army or relative surplus population – roughly speaking –, the mass of unemployed workers who compete in the labor market and pressure wages down. There is a cyclic character

of this relative surplus population, as the mass of unemployed people increases or decreases according to the movements of the accumulation process, when capitalists have to hire or fire workers. But a very relevant force acting on this surplus population is technology, with its labor-saving character: in order to reduce the spending on labor power, capitalists substitute machines for workers, and this, in turn, increases the ranks of the industrial reserve army. In some cases, unemployment caused by mechanization is permanent, but what matters is that as long as there is a reserve of potential laborers, it works as a counter force to the raise of wages. Sometimes it may happen that the accumulation of capital is so fast that it consumes the surplus population, promoting a surge in wages that seriously reduces the surplus value capitalists appropriate. Nevertheless, this cannot last for long, and soon capitalists reduce the amount of money they reinvest in the production. The problem of the exhaustion of the industrial reserve army, in the short-term, is usually resolved by a crisis; in the long-term, by technical progress (the substitution of machines for workers). Thus, in Marx's theory, crisis is not a disease of capitalism, but an inherent part of its processes, while, on the other hand, technical progress is not exogenous (and fortuitus) to the system, but endogenous and a permanent objective of the capitalist class. That is why he wrote, in the Communist Manifesto, that: "the bourgeoisie cannot exist without constantly revolutionizing the instruments of production" (Marx and Engels, 1848, p. 16).

This pursue of technical progress has other important consequences. As we have seen, the rate of profit (p) can be expressed through the identity $p = \frac{s'}{1+q}$, which means that, by simple mathematics, if the surplus value rate were constant, the profit rate would decrease when the organic composition of capital (q) increases. But the organic composition of capital, the ratio between constant capital (c) and variable capital (v), in Marx's theory, has a tendency to increase, because (c) continually grows above (v), as a consequence of the progressive mechanization of production. Then, unless the surplus value rate (s') increases enough to compensate the increase in (q), there is also a tendency for the profit rate (p) to fall. This is in fact what Marx assumed to be the case: for him, s' tends to be constant² and q'

² The appropriateness of this assumption – that s' is constant – is a matter of huge dispute in the Marxist literature.

tended to increase. Then, p' has a tendency to fall, and this, for Marx, was one of the possible causes of a capitalist demise. Marx however, pointed out many counterbalancing forces that could prevent the profit rate from falling. They are: (i) cheapening of the elements of constant capital, when the rise in the productivity of labor, as a consequence of the use of machinery, decreases the value per unit of constant capital; (ii) raising the intensity of exploitation, which will raise the surplus value rate (s'); (iii) depression of wages below their value; (iv) relative overpopulation, which downward wages; and (v) foreign trade, cheapening raw materials and the commodities that compose the laborer's means of subsistence. There can also be added more two forces that work in favor of the profit rate: (vi) the export of capital; and (vii) monopolies, through which capitalists mean to raise the profit rate³ (Marx, 1981, III; Sweezy, 1962, chapter 9).

We have shown before the circuit $M-C-M'$, which means that capitalists aim production for the sake of money, not production. The capitalist class, then, is interested in the amount of $M' - M$, its profit. Not only that, it is interested in the ratio between the profit $M' - M$ and its original capital, M . The identity $\frac{M'-M}{M}$ is the profit rate, which means that, in other words, the capitalist wants the profit rate to be as high as it can be. However, because there is a temporal divide between moment I, when the circuit $M-C-M'$ happens, and moment II, when it restarts and M' becomes M'' ($M'-C-M''$), any disturbance in this circuit may produce a crisis, and the problem resides in the fact that if something happens to $M' - M$, the capitalist may not restart the process (at least for some time) to transform, now, M' in M'' . If, for instance, the profit rate decreases until a certain point that the capitalist does not tolerate, s/he will simply stop reinvesting money until the profit rate reaches its desired level again. When many capitalists do the same, the consequence is an interruption of the circulation process that leads to a crisis (Marx, 1981, III; Sweezy, 1962, chapter 10).

We are saying that a decline in the profit rate may lead to a crisis, nevertheless, the source of this decline may vary. We have the case in which the

³ This list is certainly not exhaustive, and one could easily add other counterbalancing forces.

industrial reserve army is almost exhausted and cannot prevent wages from raising, which in turn reduces the surplus value and then the profit rate. We have the inherent tendency of the profit rate to fall, which is caused by the increase in the organic composition of capital (crisis, in this case, can be postponed by the counterbalancing forces we mentioned earlier). And we have a fall in the profit rate that is caused by a disturb in supply and demand that will lead to a realization crisis. It may happen because: (a) capitalists do not know, a priori, how much to produce, then, the amount of his/her production will be based on an expectation of the demand. The effective demand, however, may be higher or lower than what s/he expected, and this will be reflected in the price of the commodities, which will be adjusted. The problem is that we cannot suppose this adjustment to be automatic, and sometimes a miscalculation in one industry may cause a disturb in the circuit M-C-M' that spreads throughout the whole economy; (b) as we know, the surplus value is the income of the capitalist. From the surplus value, the capitalist will take a share to meet his/her on consumption needs and another share to buy more variable and constant capital (otherwise, there would be no accumulation). As capitalists accumulate, they may increase their consumption, but this increase will always be slower than the increase in the means of production (once again, this a demand of the accumulation process). At the same time, if we assume that the increase in the means of production will be followed by an increase in production of the same rate, what will happen is a situation in which production increases at a faster pace than consumption, and this will eventually lead to a crisis, in this case, a crisis of realization caused by underconsumption (Sweezy, 1962, chapter 10).

Again, this tendency to underconsumption may be counterbalanced by other forces, and it will become clear latter in this work why we must investigate them. Here, we are interested in three: (i) growth of the labor force. The labor force can grow either because population grew or simply because new people were brought to the sphere of capitalism. This increase in the labor force affects variable capital positively, while, at the same time, there is no pressure on wages. Consequentially, the profit rate is not negatively affected, while consumption goes up. This case is important for two reasons: first, because a tendency to underconsumption can be counterbalanced by bringing new populations (or, perhaps, countries) into the sphere of capitalism; second, because when there is a tendency in the rate of growth

of the labor force to fall, this will negatively impact the variable capital and pressure wages up, which will in turn be an incentive for capitalists to expand constant capital. But the substitution of machines for workers will ultimately deepen the underconsumption problem (what each capitalist does individually to solve his/her problem, paradoxically, aggravates the problem of the whole system); (ii) industrialization. When new industries are being settled, a huge amount of money is invested, consuming a large share of the existing accumulated capital. This investment, however, is not followed by the production of commodities (at least not in the same pace). In other words, new industries absorb the accumulated surplus value without expanding production. This is very important, because it means that advanced capitalist economies may try to counterbalance a tendency of the profit rate to fall by exporting capital to less developed (or non-capitalist) economies; (iii) government expenditure. Government expenditure will be a counterbalancing force when it comes out of that share of the surplus value that would be used to accumulate, and is used in consumption – for example, when it is used to pay the wages of state workers. If, otherwise, the state takes the money out of consumption and transfers it to capitalists, the underconsumption problems aggravates – this would be the case, for example, when the government reduces its payroll in order to pay interests on the public debt. This is an important unfolding of the discussion, because it highlights the fact that the state may assume a key role in the capitalist economy, actively managing consumption and accumulation – ultimately, managing crises⁴ (Sweezy, 1962, chapter 10).

Now that we introduced the sources of crises in the Marxist tradition, a question remains: how can crises restore the profit rate? For the purposes of this work, this discussion has to be overly simplified. We have seen that one of the contradictions of the capitalist system is that the seeds of crisis are in the very process of accumulation. Once the crisis begins, some capitalists bankrupt, others stop investing their surpluses. Then, part of the capital becomes unproductive or is destroyed. *Pari passu*, part of the production crumbles. The value of many assets is

⁴ As we are all aware, the decisive contribution in this direction came from John Maynard Keynes in his fundamental *The General Theory of Employment, Interest, and Money* (1936).

reduced, for they are a claim on future earnings that will no more happen. Shortly, the value of capital is depreciated. In the other side of the phenomenon, as production crumbles, workers are fired, supplying the relative surplus population and pressuring wages downward. But because we know $p = \frac{s}{c+v}$, lower wages and depreciated capital increases the profit rate. Once the profit rate is restored to an acceptable level, conditions are set for the process of accumulation to restart. Thus, paradoxically, crisis comes to a capitalist economy as remedy.

1.2 – Monopoly capital and imperialism

Our discussion, so far, highlights three points: first, that the capitalist class produces to accumulate; second, that accumulation depends on the profit rate; and third, that the movements of the profit rate affect the whole system. What should be emphasized, by now, is that, in part, the movements of the profit rate are a consequence of the basis upon which the system rests: competition. If the anarchic character of the system could be in some level suppressed, it would bring a stabilizing effect on the profit rate. This means that, if competition were suppressed, capitalists would benefit from it. Marx did not live enough time to properly develop this idea, but he left us with two important concepts that point to this direction: concentration of capital and centralization of capital.

Concentration of capital happens when the amount of capital under the control of an individual capitalist increases. It is obviously a consequence of the process of accumulation. Centralization of capital happens when capitals that exist are combined, thus, it does not presuppose accumulation (it can happen regardless of the accumulation process). While concentration may help limit competition, centralization is far more important in this matter, because of the many forces that bring it. One is the economy of scale: capitalists compete to sell commodities at the lowest price, and this price depends on the costs of production. According to Marx, lower costs depend on the productivity of labor, which in turn depends on the scale of production. Then, in this regard, larger companies have an edge over smaller ones, who will eventually leave the market. Another source of centralization is what Marx calls the credit system – what we know today as financial markets. Through primitive instruments, it works by channeling sparse resources into few enterprises. Through a more sophisticated instrument, the joint-stock company, it works by

merging several capitals into one company, allowing a larger scale of production than a single capitalist, alone, could ever reach. As a larger share of social capital is in the hands of few people, or, under the control of few companies, two obvious consequences follow: first, some rationalization of production; second, a limited – or even monopolistic – competition (Marx, 1981, III; Sweezy, 1962, chapter 15).

When Marx wrote *Capital*, these processes were still incipient, and their consequences would only become clear some decades later. Although stock companies were a reality for a very long time⁵, their development in the form of the modern corporation was not yet finished. Marx, however, made some important comments about them. As we already noted, he pointed out that the stock company allows capitalists to expand the scale of production to a level that no individual capitalist alone could. He also pointed out that the form of the stock company turns private capital into social capital (should we say: the enterprise is now property of a society, not of a specific capitalist). Finally, he noted that there is a separation between property and administration: the manager of the company is just an employee that exercises the functions of a capitalist, while the owners of capital are absent. Marx gently calls them ‘money capitalists’ and ‘parasites’ (Marx, 1981, III, p. 512, 678).

After Marx passed away, the thorough theorization of this very important development of the capitalist economy was carried out by Rudolf Hilferding in his *Finance Capital* (1910). For Hilferding, the last characteristic of the corporation cited above is exactly its single most important feature: through the corporation, the industrial capitalist is not an industrial entrepreneur anymore. How his/her money, used by the corporation in production, is indeed used, is not of his/her concern. The relationship established with the corporation resembles that of a money lender: his/her money is used to finance production, production yields profit, and then profit is used to pay back the lender with interest. The lender in this case, the shareholder, is only distinct in the fact that s/he does not know in advance what the interest will be (because his/her share is a claim on a future expected earning, the profit), and also in the fact that return is not guaranteed. Exactly because s/he is

⁵ The first joint-stock company in history was the Dutch East India Company, established in 1602 (Gelderblom, Jong, and Jonker, 2013).

taking some risk, the return must be an interest plus a risk premium (Hilferding, 1981, p. 107-108). This relationship between the money capitalist and the corporation is only possible due to the existence of a stock market. If it were not for the stock market, this transformation of the industrial capitalist in money capitalist would be impossible: note that it is not the fact that the owner of the capital is not ahead of the enterprise that makes him/her to resemble a mere lender. Any individual capitalist could assign a manager to run his/her enterprise. What makes him/her a money capitalist is the possibility to sell stocks at any time in the market. The money capitalist, as an individual, is highly independent from the corporation and vice-versa.

It is clear that, in a joint-stock company, the capitalist does not exercise the function of the entrepreneur and become a money capitalist. However, as consequence of the way the stock-company is organized, any capitalist who owns more than fifty percent of the capital of a company X, controls a hundred. In practice, Hilferding points out, whoever owns around a third of the company's capital, controls the company. But if X sets another company Y (a subsidiary), X can also hold control over Y by owning a third of its capital. Consequentially, the capitalist who controls X, will need only a third of X to also control Y. In other words, extending the reasoning, some few capitalists may control a huge share of capitals of the economy by owning just a small portion of them. Moreover, as it is just necessary some large enough share of a company to get a say in its management, there is an incentive for big capitalists to distribute their capitals among many corporations, giving them a privileged position in the management of relevant portions of the economy (Hilferding, 1981, p. 118-119). Hilferding's remarks about this small group of individuals deserve a direct quotation:

A circle of people emerges who, thanks to their own capital resources or to the concentrated power of outside capital which they represent (in the case of bank directors), become members of the boards of directors of numerous corporations. There develops in this way a kind of **personal union**, on one side among the various corporations themselves, and on the other, between the corporations and the bank; and the **common ownership interest** which is thus formed among the various companies must necessarily exert a powerful influence upon their policies (Hilferding, 1981, p. 119-120, our highlights).

We can see, thus, that the modern corporation (a form of organization of production in the history of capitalism that only develops fully after Marx's death) becomes an extraordinary instrument of market power in the hands of few people (and few enterprises), while the major part of capitalists is, in fact, powerless. What we must say is that this personal union of which Hilferding speaks is the drive behind monopolistic impulses in the form of mergers, cartels and trusts, which were so common by the end of the 19th century. Anyhow, cartels and trusts are not necessary for a few corporations (or few capitalists) to limit competition, as we all know, and to limit competition is certainly one of the common ownership interests, since free and untamed competition, as we have seen, is destructive.

We must let the above discussion aside for a while. Before we go any further into it, another discussion must be explored. We have shown that there is a tendency of the profit rate to fall and that, paradoxically, the higher the stage of capitalist development in a society (remember that capitalist development means accumulation), *ceteris paribus*, the lower will be the average rate of profit. The most important reasons for this are twofold: a tendency in the organic composition of capital to raise, and a tendency to underconsumption. Now it is time to briefly resume the discussion about the counterbalancing forces.

First of all, we have the counterbalancing force of foreign trade, which affects the amount of use values available. If, for instance, through foreign trade, the price of raw materials is decreased, so will be constant capital, consequentially raising the profit rate. Moreover, if wage goods become cheaper, this will reflect in the variable capital, raising the rate of surplus value and, then, the profit rate. Thus, foreign trade, *per se*, may help accumulation. However, the international economy is not only composed of foreign trade, but also of foreign capital, and this is particularly important. An advanced capitalist economy, one in which accumulation has gone furthest, is characterized by low profit rates. On the contrary, in a country in which capitalism is in an earlier stage, where accumulation is incipient, profit rates are high. Consequentially, capitalists of advanced economies have an incentive to export capital⁶ to less developed ones, so they can win in two fronts:

⁶ Hilferding (1981, p. 314) defines export of capital as: "the export of value which is intended to breed surplus value abroad".

abroad, because of the surpluses they make in other countries; and domestically, because the competition among capitals inside the country is reduced, reducing, thus, pressures on domestic costs of production. In other words, the export of capital hastens accumulation in the less advanced economies and slows down the consequences of accumulation in the most advanced ones. Hence, national capitalists have a thrust to go international.

But the bases upon which this internalization happens matters, and they are highly related, first, to the stage of capitalist development and, second, to the role the state plays. By the end of the 19th century, major national contenders in the international trade arena emerged, when late industrialized countries – like the United States, Germany, and France – became able to compete with (or even outcompete) England, the sole industrialized country of a few decades before. And this was not all. The big corporation was a reality in advanced capitalisms, and together with it monopoly capital⁷, the amalgamation of industrial companies and banks in structures with huge market power. The patterns of international trade were changed. First, as Hilferding points out, the combination of the joint-stock company with a highly developed credit system encourages the export of capital, because the transformation of the industrial capitalist in money capitalist enables capital to flow abroad with ease (Hilferding, 1981, p. 315). Second, the surpluses that monopoly capital accumulates through monopoly profits must not be reinvested in the domestic production – for obvious reasons –, so there is an impulse to invest them abroad. But once there are monopoly capitals of other countries in the same situation, competition that had been tamed in the domestic level reemerges in the international arena with the same destructive character which was meant to be avoided in the first place. Monopoly capitalists, then, seek to hold privileged positions in foreign markets, and the state will have a prime role in the promotion of these economic interests. As a consequence of the emergence of monopoly

⁷ Hilferding and Lenin have slightly different definitions of finance capital. Instead of using the expression of finance capital, which both do, we follow Sweezy (1962) and change it to the expression “monopoly capital”, since what matters most in the discussion is the presence of market power as a result of the combination of finance capital proper (Banks and money capital) and industrial capitals. Hilferding overstates the importance of banks and, while Lenin does not, he maintains Hilferding’s expression “finance capital”, which becomes a source of confusion.

capital, the structure of the state changed. Writing from this context, Bukharin noted that, notwithstanding the fact that the state has always served the interests of the ruling class, now the ruling classes were not anymore represented in the atomized interests of their individuals, but in the collective will of their organizations, which in turn made the state to resemble their executive committee (Bukharin, 1972, p. 127-128).

It is on the backdrop that we exposed in the last paragraph that imperialism is built. Lenin defines it in five points: (i) the concentration of production and capital in such a high level that it developed monopolies; (ii) the emergence of a financial oligarchy through the merge of bank capital and industrial capital; (iii) the export of capital assuming a great importance; (iv) international monopoly combines of capitalists partitioning the world; and (v) the territorial division of the world among the greatest capitalist powers (Lenin, 2010, p. 87). Between (iv) and (v) is implicit the power of the state as a tool in the hands of capital to actually divide the world. In the imperialist phase of capitalism, the power of the capitalist class – specifically, the most powerful fraction of it – is expressed in the colonial policy of the state. It is clear that capitalists have many incentives to go international, but this outward movement to undeveloped economies (many of them, in that context, pre-capitalist) does not happen effortlessly: in some societies, capitalist social relations develop very slowly; in other societies, they are rejected; and still in others, national bourgeoisies – as weak as they may be – may resist the domination of foreign capital. Processes that, under free market competition, could take a long time to develop, can only be rushed by force. As Hilferding writes:

This explains why all capitalists with interests in foreign countries call for a strong state whose authority will protect their interests even in the most remote corners of the globe, and for showing the national flag everywhere so that the flag of trade can also be planted everywhere (Hilferding, 1981, p. 322).

Nevertheless, as we have seen, the challenge monopoly capital faces is not just the reality of the society in which it wants to set operations, but also the competition from other monopoly capitals of other advanced economies. This is why Hilferding complements:

Export capital feels most comfortable, however, when its own state is in complete control of the new territory, for capital exports from other countries are then excluded, it enjoys a privileged position, and its profits are more or less guaranteed by the state. Thus, the export of capital also encourages an imperialist policy (Hilferding, 1981, p. 322)

In sum, monopoly capital is highly interested in undertaking a colonial policy, but as resistance is likely, the power of the state must grow strong enough to break it. Moreover, the colonial policy is a source of major disputes among the great powers in their struggle to divide up the world, so the state must be powerful enough to also challenge other national contenders. Bukharin, speaking from this context, writes: “[a] strong power has become the ideal of the modern bourgeoisie” (Bukharin, 1972, p. 128). This new ideal of the bourgeoisie, completely different from the *laissez faire, laissez passer* of other times, despite its obvious economic interests, will be ideologically justified by what Hilferding calls “a perversion of the national idea” in which, instead of a defense of the independence and self-determination of all peoples, there will emerge the defense of a racial superiority that allows certain peoples to rule others. Through this ruse, monopoly capital is able to unite the people around the common goal of national greatness, while class antagonisms are forgotten – but not for long (Hilferding, 1981, p. 335-336).

What is noteworthy is that by the beginning of the 20th century, every bit of land in the world was already possessed by some state – so the age of conquest was over. The world had been divided by the great powers according to their respective powers and to the moment they arrived in this clash for new possessions. Lenin noted that it was exactly in the same period in which monopoly capital fully developed that a huge expansion of colonial possessions happened – the last quarter of the 19th century (Lenin, 2010, p. 76). In this context, to the great powers, the world could – at best – be divided again and again, with colonial possessions shifting from hand to hand. Thus, war, which had already been a reality in the struggle to “conquer” new colonies, became almost inevitable. The specter of war, the colonial policy, and the ideal of national greatness, all together, became a powerful drive to military expenditure. States ran to strengthen their navies and armies, but, as Bukharin wrote, advancing what we know today as the security dilemma, “every innovation, every expansion of the military power of one

stimulates all the others” (Bukharin, 1972, p. 126). The First World War (1914-1918) was the immediate consequence of the imperialist run.

1.3 – The debate on ultra-imperialism

A major topic of dispute in the imperialism debate was around the ultra-imperialism hypothesis stated by Karl Kautsky. In a short article published in 1914, Kautsky presented his understanding of imperialism and the possibility of a later phase in the development of capitalism, to which he gave the name “ultra-imperialism”. Kautsky theory was actually very simple. He argued that for over a century after the industrial revolution, England was the only industrialized country in the world. In this context, no country could be more supportive of free trade than England, because, through free trade, it would be possible for England to have access to all supplies of raw material produced by other countries – which are necessary to industrial production –, while England itself could be the supplier of industrial commodities to the rest of the world. Then, the argument follows, free trade would be better to everyone: to England, the world’s factory, and to the rest, the world’s farm (or should we say: England’s farm?). In fact, this was the understanding of David Ricardo’s theory of international trade (Ricardo, 1996[1817]), which was a later development of his strong case against the corn laws – laws that restricted the imports of wheat by England, raising, thus, the costs of industrial production. In the real world, this defense of free trade could go on as long as there was no international contender to England’s industrial supremacy. Once this changed, by the end of the 19th century, it became important for England and the contenders (Germany, France, USA, etc.) to secure access to the agrarian regions of the world, and they made it by force, through colonial policies and, eventually, war. Kautsky argued, however, that the costs of a colonial policy and of militarism (expanding military budgets) were becoming unbearable up to the point of harming the process of accumulation itself, which is the base of imperialism. Therefore, he noted, “[i]mperialism is thus digging its own grave” and “cannot be continued much longer” (Kautsky, 1914). Then, he extended to imperialism the reasoning behind the idea of a tendency to centralization and concentration of capital as a way to limit competition: just as capitalist competition eliminates small firms and create big ones, and the competition among the big ones creates

combinations among them – like cartels –, the same may happen among the great capitalist states: a federation of the strongest, a cartel of great powers that would begin a new – and superior – phase of capitalism, the ultra-imperialism, where national competition would be limited, and war, avoided.

Compared to other theories of imperialism, Kautsky's was a very simple one, devoid of thorough analyses of finance capital, the role of capitalist classes, the nature of the state, etc. Simple as it is, nevertheless, it brought harsh responses from Bukharin and Lenin. Bukharin called it “another opportunist deviation” (Bukharin, 1972, p. 133). He first conceded that, in theory, a cartel of states could be possible, because there is no economic limit to the process of cartelization. In practice, however, a cartel of states would mean that national capitalist groups would become a single world organization, a compact, opposed by the world proletariat, and this would be inadmissible if taken into account social-political causes. First of all, Bukharin argued, for a compact to be formed, it is necessary equality of positions, otherwise the competitor who is in a better position will prefer to continue the struggle until the other is defeated. But equality of positions depends on (i) economic equality, which means an equal level of development of productive forces, otherwise the competitor who holds a higher level of development will find it unattractive to form an agreement; and (ii) equality of economic policies, which means that states will not secure advantages to their own capital, or disadvantages to external ones. In practice, Bukharin affirms, nations have different economic structures, and even if these structures are similar, when their military power is considerably different, there will have no agreement and the stronger will have an incentive to try to defeat the weaker. Further, because competition is dynamic, competitors decide to join or not in an agreement based on what they think their position will be in the future, making agreements even more difficult in an international level (Bukharin, 1972, p. 136-138). He recognizes an impulse towards the formation of a cartel of capitalist states in the internationalization of capitalist interests, which is a consequence of the participation of different national capitals in international cartels, enterprises, etc., nevertheless, for him there is a stronger tendency towards nationalization, to “remain secluded within state boundaries” (Bukharin, 1972, p. 138). Finally, Bukharin discarded the idea that the centralization process could make capitalist trusts devour each other until there was

only a huge one left: the increasing scale of wars would strengthen antagonistic social forces and, instead of centralization, bring a new non-capitalist form – socialism. Hence, “Kautsky’s theory is by no means realizable” (Bukharin, 1972, p. 142).

Lenin’s critique to Kautsky is even more virulent than Bukharin’s. First, he criticizes Kautsky’s idea that imperialism is a product of advanced industrialized capitalism. As we have seen, for Lenin what matters is finance capital, not industrial, which, for him, was facing a decline in importance. Second, he is against Kautsky’s understanding that the objective of imperialism is to seize control of agrarian regions. For Lenin, any territory could be seized, because the imperialist dispute consists not only of securing access to resources, but also denying access to other powers, weakening them. As a consequence of these two conceptual choices, for Lenin, Kautsky’s conception of imperialism is useless, because it hides the most important contradictions of this stage of capitalism (Lenin, 2010, p. 90-91). At the same time, because Kautsky does not see imperialism exactly as a stage of capitalism, but as a phase – which means that, for him, there are alternatives within capitalism –, Lenin accuses him of bourgeois reformism (Lenin, 2010, p. 91). Finally, discussing the ultra-imperialism hypothesis, Lenin says it is empty, a fable made-up to divert attention from the existing contradictions (Lenin, 2010, p. 93). He stresses that the correlation of forces, which were changed by the workings of finance capital and trusts, led to contradictions that could only be resolved by force (Lenin, 2010, p. 95). Actually, for Lenin, the domination of finance capital could only deepen the contradictions of the world capitalist economy, never the other way around – as Kautsky would have suggested –, and a simple look at the current experiences (by that time, WWI) proved the inevitability of resolving contradictions by force. Lenin, then, concluded that imperialism was “moribund capitalism” (Lenin, 2010, p. 126), and thus, the idea of an ultra-imperialist capitalist phase was absurd.

[...] real, social significance of Kautsky’s “theory” is this: it is a most reactionary method of consoling the masses with the hopes of permanent peace being possible under capitalism, by distracting their attention from the sharp antagonisms and acute problems of the present times, and directing it towards illusory prospects of an imaginary “ultra-imperialism” of the future.

Deception of the masses – that is all there is in Kautsky’s “Marxist” theory (Lenin, 2010, p.117-118).

It is interesting to note that Lenin’s response, although virulent, is not very systematic. Unlike Bukharin, who tries to discuss the impossibility of Kautsky’s hypothesis looking carefully to its presuppositions and internal conditions, Lenin stays locked in his own idea of what imperialism is, and therefore cannot answer why there cannot be an ultra-imperialism at any conditions. As we are going to argue, despite some possible mistakes, later developments in the capitalist system proved Kautsky was more right than wrong. This later development was the emergence of the US global empire. It is not time, yet, to begin this debate.

1.4 – Introducing Gramsci

In this section we introduce core concepts of the Italian thinker Antonio Gramsci, both because they will be of much use along this work and because Gramsci’s ideas help us understand why ultra-imperialism is indeed a possible outcome of capitalist relations. The structure of this section will be different from that of the last ones. Gramsci’s concepts will be succinctly exposed in short entries, each entry leading directly to the next⁸.

Hegemony

One can say that the core of Gramsci’s intellectual endeavor was to offer strategies for the transition from a capitalist society to communism. In doing so, the Italian thinker developed a set of concepts that greatly expanded – and sometimes challenged – the Marxist theories of his days. Among his contributions, one of the most important was his concept of *hegemony*. The working class, in its struggle to become the ruling class, must seek hegemony, which is a relation of domination by consent. Hegemony supposes the political and ideological leadership of one class over others, who acquiesce to this leadership. It does not mean that the ruling class only exercise power by consent, for it can also rely on force to promote its authority, but subjugation through force is a limited way to rule, and a very unstable one. Hence, the supremacy of a ruling class will depend on a mix of both coercion and

⁸ We are indebted to Coutinho (2012) and Simon (1999) for their work on Gramsci. This section borrows much from them.

consent, yet hegemony must be sought (Simon, 1999, p. 25; Coutinho, 2012, p. 95). It clearly follows, then, that hegemony is also an ideal that demands certain strategies for the working class and, in fact, for any other class who wants to seize power and rule:

A social group can, and indeed must, already exercise ‘leadership’ before winning governmental power (this indeed is one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercises power, but even if it holds it firmly in its grasp, it must continue to ‘lead’ as well (Gramsci, 2000, p. 249).

The question, then, is how to become hegemonic.

Civil Society, Political Society, and the Extended State

The development of capitalist countries in the late 19th century and the 20th century brought with it an expansion of unions, political parties, newspapers, universities, etc. These organizations did not belong to the state apparatus, or they were at least relatively autonomous from it, and performed functions that were not directed to the exercise of state coercion. At the same time, these social forces were also autonomous from the intrinsic process and logic of capitalist production. As it turns out, their development, once it achieved a large scale, meant that society, although still divided by the two fundamental classes of labor and capital, was also permeated by a myriad of other groups and interests, greatly expanding political participation beyond the state. This third “sphere” of society, between the coercive state and the sphere of production, composed of organizations who elaborate and spread ideologies, who organize culture, is what Gramsci called *civil society*. On the other hand, the coercive state, the state in its utmost function, Gramsci called *political society*. When we said that a ruling class must seek not only to dominate, but also to be hegemonic, it meant that its objective must be to control the political and the civil society, to dictate and to lead, to coerce and to get consent. Hegemony is exercised over and manifested in civil society. When a class controls both the political and civil societies, the coercive state becomes what Gramsci calls the *extended state*, the state in its integral extension (Coutinho, 2012, p. 80-82).

War of movement and War of position

The social and economic structures of a country affect the strategies the working (or any other) class can employ to win state power. However obvious this phrase may seem, here lies one of Gramsci's fundamental insights: why the socialist revolution happened in Russia and not in western European countries? Gramsci's answer was that Russia, unlike them, had never developed a strong civil society as its western counterparts: the economic and social structures in Russia were those of the Tsarist monarchy, where there was practically no balance between political and civil societies and, therefore, not an extended state properly. In that context, socialist revolutionaries could seize power by taking the coercive state before anything else⁹. This strategy was what the Italian thinker named *war of movement*. In western societies, however, where civil society is well developed, the coercive state is a deceitful image of power: it conceals the various relations of power that civil society holds and which cannot be controlled only by force: "[in the west, the] state was only an outer ditch, behind which there stood a powerful system of fortress and earthworks" (Gramsci, 2000, p.229). Consequentially, the revolutionary strategy has to be different: intellectual and moral leadership must be sought before controlling the political society, and once supremacy – the control of the extended state – is achieved, hegemony must be constantly preserved. So, in the case of countries where political and civil society are balanced, the revolutionary strategy is positional, inside the trenches of civil society. Hence, a *war of position* (Coutinho, 2012, p. 93). It is necessary to say that these strategies are both universal and contingent: they are not limited by space and time, but by the specific structures of each society, which will determine the best strategy in each case.

As a counter-hegemonic strategy, the war of position supposes that a defiant class challenges the leadership of the ruling one in the civil society. The objective is to shift the balance of forces, gathering support of different groups to a common

⁹ Gramsci calls *statolatry* a situation in which civil society is poorly developed and power is exercised mostly – or only – by coercion. This authoritarian situation may arise when a class has just become ruler, so for hegemony to be built, civil society must be built first. In this case, statolatry is actually welcome in order to foster civil society. It must not, however, be a permanent condition – it must always be criticized (Gramsci, 2000, p. 238; Coutinho, 2012, p. 89-91).

cause (that of displacing the ruling class). In other words, the war of position is a struggle to build alliances and achieve a majority, yet it is a complex issue: if the defiant class wants to build alliances, it must take into account the interests of other social groups and be able to assume them as its own, which is only possible by overcoming corporate interests and making compromises. Although class is a fundamental division in society, there are demands that arise from other social relations (even if all of them can intersect). Then, for instance, the working class, in its search for leadership, must embrace the demands of groups like black people (racial equality) and women (gender equality), among others. The social bloc¹⁰ that emerges from these alliances has a national-popular aspiration, and the leading class of this bloc, then, becomes its universal representative, a *national class* (Simon, 1999, p. 48).

Organic crisis

Hegemony and counter-hegemony is, then, a complex struggle: capitalists and laborers are not only opposing one another, they are constantly trying to keep and expand alliances and support. The complexification of social relations, of civil society, makes politics more autonomous from economic processes, and there is not a straightforward and obvious connection between economic crisis and the ruling bloc's fall – this simple reasoning was what Gramsci criticized as *economism*. On the contrary, social crisis in a complex society is just as complex, develops in several fronts and stretches in time. When the ruling bloc's leadership is significantly affected, there is a *crisis of hegemony*, which is manifested in civil society: consent fades and the ruling bloc resorts only on coercion to keep state power. Economic crisis, on the one hand, and crisis of hegemony, on the other, make up the two dimensions of an *organic crisis* (Coutinho, 2012, p. 97-98).

Passive revolution

In an organic crisis, leadership is under dispute and the balance of social forces is open to change. This is the moment when a war of position is most capable

¹⁰ When a social bloc is dominant and hegemonic – that is, it controls the political society and leads civil society –, and it also leads the sphere of production, it becomes a *historical bloc* (Simon, 1991, p. 96; Coutinho, 2012, p. 97).

of gathering alliances and, eventually, lead a defiant bloc to domination (and supremacy). Nevertheless, the opposite may also happen: the current dominant class may strengthen its alliances in the midst of a crisis, both because its coercive capacities allow it to borrow time and because it may rearrange the social and economic structures, promoting new compromises and acceding to some demands of other groups¹¹. Hegemony, thus, can be rebuilt. In fact, two moments compose the strategy of dominant class to rebuild hegemony – *restoration* and *renewal*. The first moment corresponds to a conservative reaction to the possibilities of change; the second, to the embracement of some popular demands by the ruling class. These two moments represent Gramsci's concept of *passive revolution*: a process of reformation from above whose ultimate objective is to preserve the fundamental structures of a society. Coercion may increase, but some level of consent must be recovered, for instance, by co-opting leading members of other classes¹² and/or promoting social reforms (Coutinho, 2012, p. 101-104; also, Gramsci, 2000, p. 249-259).

Counter-reformation

Passive revolution, as we saw, is composed of restoration and renewal, and renewal – by making compromises – becomes the decisive moment in the rebuilding of hegemony. There can be, however, a response to organic crisis which comes from above and in which renewal is very limited and restoration predominates. In fact, in this response renewal hardly comprehends compromises with popular demands. Instead, it is innovative in the sense that it recovers the state of affairs which characterized a period before compromises were made – before reforms. This response is a *counter-reformation* (Coutinho, 2012, p. 157-158).

Caesarism

Sometimes, the battle between social blocs in an organic crisis may lead to a long period of confrontations that develop in a destructive way for both. In the face of an incapacity to build a new hegemony, a third social force may rise to

¹¹ Not to mention that economic crisis can unleash processes of concentration and centralization through the destruction of capitals.

¹² To this process of co-optation Gramsci gives the name *transformism* (see Fresu, 2016).

intervene in the conflict and prevent mutual destruction (Gramsci, 2000, p. 269). This intervention is in the interest of one of the contending blocs, or even of fractions of both, to rearrange alliances and restore some level of social cohesion. However, the consequence is the subjugation of all groups to the new ruler, who, like a Caesar, is entrusted with the responsibility of leading the society out of chaos. Thereby, Gramsci defined this particular solution to an organic crisis as *Caesarism* (Simon, 1999, p. 45-47).

Paradigmatically, the Caesar is the embodiment of the charismatic leader who can mobilize the support of a great majority. It does not follow, however, that s/he is a progressive figure: s/he can either bring reactionary interventions to conserve – with some innovations – the current order, or help the defiant forces to achieve supremacy. Besides, the Caesar is not even necessarily a person: it can be a party, or the parliament, etc. Caesarism also entails further exercise of coercive force by the state to reorganize the balance of social forces, but the true Caesar is also and above all a leader, *i.e.*, s/he is capable of rebuilding hegemony (Fontana, 2004).

Ideology and the Intellectuals

In any case, hegemony is probably the key element of Gramsci's framework: it must always be sought, and even when the coercive state is abolished and society is self-regulated – in the case of communism –, hegemony (consent) is what remains. Now, one of the fundamental elements of hegemony, of leadership in the civil society, is ideology. Ideology is a knowledge that moves subjects in interaction, that persuades and makes them to act. It is composed of norms and values, but also of common sense. Ideology, more importantly, is not an abstraction, for it is materialized in social practices. Finally, ideology serves as a glue that binds subjects and groups, promotes unity – especially unity of action. As it is necessary to achieve and keep hegemony, counter-hegemony also demands an ideological critique as a way to supplant the ideology of the ruling bloc. Gramsci calls *organic ideologies* those which carry the potential for hegemony (Simon, 1999, p. 67-69; Coutinho, 2012, p. 71-74). There is a social group who plays an essential role in the elaboration and promotion of ideology: the intellectuals. Gramsci understood the intellectuals as those who organize production, politics, and culture, so they can be

philosophers, poets, journalists, engineers, politicians, etc. Intellectuals serve and are part of a class. It is their work what gives their class cohesion, it is what promotes class-consciousness, so they are important both to ruling classes and defiant classes¹³ (Simon, 1999, p. 104-113; Coutinho, 2012, p. 115-116).

These are the core concepts of Gramsci's intellectual edifice. One of them is of particular importance to IR – the concept of hegemony. The dyad coercion/consent, necessary for the supremacy of a social bloc inside national boundaries, can also be extended to the international, but not without a significative effort and ulterior development of their original content. This effort was carried out by Robert Cox.

1.5 – Robert Cox: hegemony in a world order

The Canadian political scientist Robert Cox offered us a path-breaking development of Gramsci's ideas to the international – or, should we say, global – level. In his seminal article *Social Forces, States and World Orders* (1981), he proposed a framework for a critical theory of international relations that could challenge the then dominant realist approaches. In doing so, he also advanced the core elements of such a theory from a historic-materialist perspective. Our objective in this section is to present Cox's central contributions – his intellectual production is very extensive and it would be a vain effort to try to summarize it here. Furthermore, we want to present concepts on which we can build our own argument.

Cox first theoretical move is methodological: he draws a line between two kinds of theories. The first are problem-solving theories, which take the world as it is (or is supposed to be) and propose, from within this given reality, solutions to specific problems. By taking social and economic structures as given, problem-solving theories allow the analyst to control variables and limit the range of his/her investigation, what results in higher precision. This precision, however, hides the limitations of the theory in its most basic feature – its assumptions about reality.

¹³ There are two kinds intellectuals: *organic intellectuals* and *traditional intellectuals*. The first kind belongs to hegemonic classes, or classes aspiring hegemony; the second is composed of former organic intellectuals (Coutinho, 2012, p. 116).

Since social and economic structures are not static, one cannot help but ironically suggest that problem-solving theories can precisely answer the wrong questions. Once the analyst assumes the world to be in perpetual change – change even produced by theories, which are not sterile –, the alternative is to engage with the structures of the world and its social and power relations in a critical way, questioning them. This is the ultimate objective of the second kind of theory, *critical theories*: not simply to solve problems, but to offer alternatives to the current order of things¹⁴. In this sense, they denounce the ideological character of all theories – critical theories included – for they serve specific interests and therefore are not value-free¹⁵ (Cox, 1981, p. 128-130). Cox lists some necessary elements of a critical theory: first, it has to be aware of the fact that human action is constrained and shaped by a certain reality which is a problem in itself – in other words –, it is a point of departure for the theory, demanding the analyst to enquire history in order to understand the framework with which s/he is working; second, it has to recognize that, since this framework changes, theory does too; third, these changes are to be understood, interpreted by the theory; fourth, the framework is a historical structure, *i.e.*, it is composed of thoughts, institutions, and material conditions; fifth, its inquiry is made bottom-up or, either, from the outside of the framework, which means that it may point the possibilities for change (Cox, 1981, p. 135).

Cox, on the one hand, antagonized with the realist tradition, especially with Waltzian neorealism, which, for him, perfectly fits in the problem-solving kind of theory. On the other, he saw in the Marxist historical materialism the proper intellectual tradition on which to build his theory. Among the advantages of historical-materialism, he pointed out that (i) it is dialectic, so conflict is seen as productive, that is, ideas and concepts, in conflict, produce truths, social forces in conflict produce new realities; (ii) it verticalizes power, it takes power as manifested both in the struggles between the great powers and in the relation of dominance

¹⁴ Cox points, however, that critical theory – especially as they grow in sophistication – contain problem-solve theories within them (Cox, 1981, p. 130)

¹⁵ Advancing the discussion a bit, we can note that, in the Coxian framework, problem-solving theories, which offer solutions to certain problems while preserving the current order, and critical theory, whose objective is to propose alternative orders, can serve, respectively, as an instrument of hegemony and as a strategy to counter-hegemony.

between them and subordinate countries; (iii) it complexifies the relationship between state and civil society, so that the state cannot be seen as the sole unity of analysis in IR, instead, state/society complexes are what constitute world orders, and what must be explored; and, finally, (iv) it assumes that production is not only a capacity that the state mobilizes, as a dimension of its power, but it also – and perhaps more importantly – creates and shapes social and political relations. Hence, changes in the sphere of production have the potential to affect and change civil society, the state, and the international (Cox, 1981, p. 133-135).

The framework that constrains and shapes human action shows a specific configuration of forces, and it is what Cox calls *historical structures*. The three categories of forces that interact in these structures are (a) material capabilities; (b) ideas, and (c) institutions. They all affect one another. Institutions, specifically, by carrying ideas and material powers, can perpetuate and stabilize an order, so they can be instruments of supremacy – especially of its hegemonic dimension. However, the three categories of forces can be present in particular historical structures – orders – in varying configurations, that is, an order resorts necessarily on a mix of them, yet material capabilities, institutions, or ideas may have, each, more or less preponderance (Cox, 1981, p. 135-137). Historical structures have three spheres of activity (i) the organization of production; (ii) forms of state; and (iii) world orders. These spheres are interrelated and, just like the three categories of forces, they affect one another in all directions: from production to states to world orders and the other way around (Cox, 1981, p. 138).

When trying to explain world order (or international relations), realist theories emphasize a fixed notion of men's nature, and the assumption of the state-form as the only unit of analysis in the international arena¹⁶. It takes – as a problem-solving theory of IR *par excellence* – world order as an ahistorical monolith whose key element is a permanent struggle for power among states in a condition of anarchy. Prescriptions are derived from these assumptions, but its explanatory

¹⁶ It is no mistake to use the words *arena* and *men* when talking about realist theories. Realism sees the international as a site of perpetual conflict for power, only limited by the notion of a *balance of power*, while power is reduced only to measure of material capabilities. Besides, Realism – and IR in general – is undoubtably (and shamefully) masculine (see Runyan and Peterson, 2014).

capacity of social phenomena is only as wide as these assumptions are – sometimes, not much. For instance, by equating power and material capabilities, realists assume that the stability of a world order depends on the existence of one (or more) hegemonic power who bears the cost of sustaining it¹⁷. Hence, it struggles to explain historical moments in which outstanding material capabilities cannot prevent long-term instability, as we will see in the next chapter. This points to the fact that hegemony cannot be properly understood as material capabilities. In fact, it is more productive to resort on Gramsci and not confuse hegemony with dominance. As Cox suggests, hegemony in a world order depends on the interaction of the three forces: material capabilities, ideas, and institutions, what explains that moments of long-term instability may be moments of dominance, but not of hegemony¹⁸.

Given that hegemony, for Cox, results from the interaction between material capabilities, ideas, and institutions, the question is how it is built or dissolved, that is, how the three forces interact to create, undermine, or destroy hegemony. Cox finds his explanation in *social forces*. Social forces are shaped by relations of production and are not necessarily limited by state boundaries, so “the world can be represented as a pattern of interacting social forces in which states play an intermediate though autonomous role between the global structure of social forces and local configurations of social forces within particular countries” (Cox, 1981, p. 141). Social processes – the movements of social forces – shape world structures,

¹⁷ From a Realist perspective, Gilpin (1981, p. 50) makes two assumptions on stability and change: (1) “[a]n international system is stable (*i.e.*, in a state of equilibrium) if no state believes it profitable to attempt to change the system” and (2) “[a] state will attempt to change the international system if the expected benefits exceed the expected costs (*i.e.*, if there is an expected net gain)”. Therefore, stability is the result of an equilibrium in the balance of power – the existence of one or more hegemonic powers accommodated (hegemonic not in the Gramscian sense, evidently).

¹⁸ We saw earlier that Gramsci conceptualized dominance and hegemony in a dyadic way: they are not the same, yet they are two dimensions of power that together, form supremacy. Cox does not use the word supremacy, but hegemony instead, so that either there is domination without hegemony or, hegemony *contains* domination. What is worse, he writes: “[t]he notion of hegemony as a fit between power, ideas and institutions makes it possible to deal with some of the problems in the theory of state dominance as the necessary condition for a stable international order” (Cox, 1981, p. 140), a passage in which not only hegemony and domination seem to be misplaced, but also power. Hence, his use of the Gramscian concepts is, sometimes, anything but clear. In this section, we will try as much as we can to respect Cox’s taxonomy. Anywhere else in this work, domination, hegemony, and supremacy will be used in the same way Gramsci did.

forms of states, patterns of production, etc. Power, then, emerges from these processes as a relation, not simply as the expression of material capabilities, and this is true both in the national and international spaces. Nevertheless, if one really wants to see hegemony in the international from a Gramscian perspective, some core concepts of the Italian thinker have to be reinterpreted. In the case of hegemony, since the international is not composed of one state, but of several states in varying forms, hegemony in a world order demands consent from other states, so that the hegemonic one establishes, protects, and sustains a world order which is *universal, i.e.*, which is (or is perceived to be) in the best interest of the other states. Yet, this does not mean that world hegemony depends solely on the acquiescence of other states as if all of them were independent from the social relations that pervade them – this would be profoundly un-Gramscian. Instead, the acquiescence of other states is to be found in their civil societies, and since we are supposing a world phenomenon – shared interests in a world order –, national civil societies become global or, more precisely, social groups that compose national civil societies share interests with other social groups from other nations so as to form a *global civil society*. Cox writes of a necessary global mode of production that bonds these groups (Cox, 1983, p. 171). Then:

Hegemony at the international level is thus not merely an order among states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and links into other subordinate modes of production. It is also a complex of international social relationships which connect the social classes of different countries (Cox, 1983, p. 171)

From a historical perspective, Cox argues that this kind of hegemony emerges from social and economic revolutions that develop in the national space, significantly changing its structures, and whose energy is so expansive that it overflows national boundaries, spreading national hegemony outward, spilling over national institutions, culture, technologies, etc., abroad¹⁹ (Cox, 1983, p. 171). The

¹⁹ According to Cox (1983, p. 171), peripheral countries absorb this expansive energy in a more passive way, that is, they incorporate aspects of the hegemonic model in expansion without revolutionizing their own social, political, and economic structures. Cox, then, argues that it happens as a passive revolution (extending Gramsci's concept to the international). This is clever yet confusing, so we think a clarification is opportune. If we think of this process as a passive revolution among states, we would have to suppose that a certain state (or a bloc of them), as a revolutionary class, defies the dominant state, and

development of a world hegemony leads to the development of its own economic, social and political structures, and it is necessarily expressed in the three. It produces “universal norms, institutions, and mechanisms” for the other states and forces of civil society to follow, supporting the dominant mode of production (Cox, 1983, p. 172). Cox nominally cites international organizations as a mechanism of hegemony, for they produce, organize, and spread ideology – to build on Gramsci, they play the role of the intellectual. Two hegemonic functions of the international organization – among those which Cox lists - deserve to be highlighted, for they are usually overlooked: (i) they co-opt the elites from peripheral countries, and (ii) they absorb counter-hegemonic ideas (Cox, 1983, p. 172), in other words, they serve as instruments of *transformism*. Because of this and the very characteristics of international organizations, Cox observes that it is completely unlikely to see world dominance to be seized in a war of movement by which revolutionary forces would take control of these organizations. Although they (the organizations) are connected with the national hegemonic classes, they are secluded from national populations through the state, which means that counter-hegemony at the international level, for Cox, begins at the national level, by changing national structures, achieving national hegemony, and then expanding it abroad. It demands the formation of new national *historic blocs* (Cox, 1983, p. 173-174).

Most of Cox’s contributions to the understanding of the formation of historic blocs and world hegemony are developments of Gramsci’s ideas applied to specific historical contexts, what makes him, not un-purposefully, loyal to the historical-materialist tradition. He made some propositions, however, that we think are

the dominant state, to restore hegemony (note that Gramsci also calls passive revolution a revolution-restoration), then, adopts some of the constitutive elements of the counter-hegemonic defying state to preserve its supremacy. This is exactly the opposite of the process Cox is describing, where the peripheral countries are coping with a new hegemonic model by adapting it to preserve its national model. Another possibility to approach Cox is to see a process of passive revolution emerging from inside: there is a new hegemonic model outside of the country, and social groups who are neither hegemonic nor dominant inside it, and who support the new hegemonic model. This leads them to a revolutionary impulse. Then, the ruling bloc, in order to prevent a decisive challenge to its rule, adopts some of the elements of the new hegemonic model but preserve the core internal structures of their country. We think this is closer to what Cox meant, and possibly clearer. Further, it preserves his assertion that “[i]n the world-hegemonic model, hegemony is more intense and consistent at the core and more laden with contradictions at the periphery” (Cox, 1983, p. 171).

important to list here. First, he proposed that the form of state depends on the configuration of social classes in a historic bloc and the permissiveness of the world order; second, that world hegemony can only be founded by a country where there is internal hegemony (or hegemony is close to be achieved); third, that a hegemonic order separate the political sphere from the economic, that is, they are not seen anymore as intertwined, and the dominant mode of production is taken as given; fourth, that world order structures are transformed by the changes in the relative power of core states, by the changes in the relative power of social groups inside social blocs, by the uneven development of productive forces, by the emergence of new relations of production, and the emergence of new mechanisms of accumulation (Cox, 1987, p. 147-150, 210).

We want to introduce one last aspect of Cox's contributions. It is a well-known fact that hegemony, dominance, and imperialism are usually mobilized as three interchangeable concepts. Gramsci left us with a valuable distinction between the first two; Cox thought it was also important to differ hegemony and empire. He distanced himself from the concepts of imperialism derived from the Marxist debate of the first two decades of 20th century. Instead, he adopted a more fluid idea of it, arguing that:

There is little point in looking for any "essence" of imperialism beyond the forms which dominance and subordination take in different successive world order structures. The actual form, whether activated by states, by social forces (*e.g.* the managements of multinational corporations, or some combination of both, and whether domination is primarily political or economic, is to be determined by historical analysis, and not deductive reasoning (Cox, 1981, p. 142).

Hence, we can note that imperialism, in the sense that Lenin, Bukharin, Kautsky and others conceptualized, inevitably falls in the category of particular cases of the one above. Commenting on James Petra's concept of imperial system, Cox suggested that it is a specific world order structure supported by national and transnational social forces, from core and peripheral states. These structures constrain and shape actions in the international sphere either directly – by enforcing certain behaviors –, or indirectly – when actors behave willingly in accordance with their determinations. But Cox argues that it is not possible to identify "imperialism with actors, be they states or multinationals; they are both elements in the system,

but the system as a structure is more than their sum” (Cox, 1981, p. 144). Thus, he prefers the idea of hegemonic and non-hegemonic world orders over imperialism, because the concept of imperialism may obscure the content of world domination, and the forms it takes.

It is certainly true that imperialism, broadly understood, does take different forms in different historical contexts – so it has no specific essence. Notwithstanding, if the concept of imperialism as debated in Lenin, Bukharin, Kautsky has anything to offer, is an interpretation of a phenomenon intimately connected to the capitalist mode of production. It has nothing to say, for instance, about the Roman Empire. In this sense, their search for an “essence” of imperialism represented a search for fundamental features of a structure of domination in a mode of production which has its own “essence”, by supposing that they were linked – and, in fact, that one gave birth to the other. This is not an empty effort, especially because the capitalist mode of production may change, but it may not change up to the point of losing its essential features, otherwise it is not capitalism anymore. In this context, interpreting imperialism is to interpret the capitalist system itself.

PROPOSITION I

Imperialism is a structure of supremacy²⁰ and subjugation supported by one or more countries where capitalism is most advanced. It supposes either (a) competition among rival empires, who struggle to expand their own spheres of supremacy, or (b) a single empire, whose sphere of supremacy is virtually the whole world. This struggle to expand the sphere of supremacy is intimately connected with the capitalist mode of production, which is, in itself, ever-expansive. When the ruling class of a country is capitalist, the state will serve this class as a vehicle for inward and outward accumulation. Accumulation abroad, however, will depend on the capacity of the national capitalist class to compete in or secure foreign markets.

²⁰ Actually, it can be either supremacy, domination, or hegemony. We are not using the three concepts interchangeably. Imperialism may be expressed in pure domination (coercion), which is unstable and highly conflictual; hegemony, which is very difficult because it supposes conformity from subjugated countries without any level of coercion; or supremacy, a combination of both, in which hegemony (consent) will be stronger in the countries that closely orbit the empire, and domination (coercion) will be stronger in the periphery. Whenever possible, we stick with the concept of supremacy, for the sake of clarity.

This outward movement of accumulation is a possible source of imperial rivalries which may, or may not, take the form of war.

Capitalist competition has an anarchic character both in domestic and foreign markets. Untamed competition is self-destructive, yet capital has a tendency to centralization and concentration, what eventually put some limits on competition. These tendencies are not constrained to national borders by any natural law, so monopoly capital can be transnational. This demands the emergence of transnational capitalist classes – of capitalist classes from different countries who share *common ownership interests*. What stands in the way of transnational monopoly capital is the resistance of national classes, who oppose transnationalization²¹. Therefore, the process of transnationalization depends on internal hegemony, comprehended in two possible contexts:

- (1) In a country where the ruling class **supports** transnationalization, the absence of hegemony may lead to: (a) the formation of a new ruling bloc with a **national** class ahead²²; or (b) passive revolution, whereby some restriction to transnationalization remains;
- (2) In a country where the ruling class is **against** transnationalization, the absence of hegemony may lead to: (c) the formation of a new ruling bloc with a **transnational** class ahead; or (d) passive revolution, whereby some level of openness to transnationalization is accommodated.

When capitalist classes from different countries become transnational, together they represent a transnational social bloc. Nevertheless, this bloc cannot seek world supremacy bypassing the state. World supremacy will emerge from two possible processes: (i) the transnationalization of the ruling class of a global empire, which will lead the process of transnationalization of other national ruling classes from above; or (ii) transnationalization of the ruling classes of different countries autonomously²³. Both processes suppose an advanced stage of capitalism. When it takes place in societies where capitalism is less advanced, it will be led by fractions

²¹ Transnationalization is a process we will discuss more deeply in the last chapter of this work.

²² In this context, national means against transnationalization.

²³ Autonomous in the sense that it does not result from the impositions of another country.

of the capitalist class whose activities are deeply connected to the core of the system.

The structure of supremacy and subjugation which is supported by different advanced capitalist countries ruled by a transnational historic bloc is what we call **ultra-imperialism**.

CHAPTER II – THE US EMPIRE

Classic Marxist debates stressed the argument that imperialism is intimate to the capitalist mode of production. We finished the last chapter by proposing a preliminary framework for the analysis of imperial structures in which we depart from the same position: empire is, indeed, a product of capitalism. However, imperialism does not entail, necessarily, rivalry. An imperial order can be stable if one nation is the sole empire. Another possibility, raised by Kautsky, was that in which many rival empires would form a cartel for peace. He named it ultra-imperialism. Diverging from the old Marxists – including Kautsky, from whom we borrow (and build on) the concept of ultra-imperialism –, we argued that, behind a cartel of empires, ultra-imperialism is composed of transnational capitalist classes. In other words, ultra-imperialism is not exactly the result of a pact among states, but a probable outcome of capitalist relations, which is the decoupling of a capitalist class from a national identity. It still operates inside national territories, but not exactly from them. Capitalist classes, leading the ruling blocs of different countries, become a transnational historic bloc who seeks accumulation globally and, therefore, global stability. The cartelized behavior of empires follows the lead of this bloc. Thus, ultra-imperialism is about classes before states.

In this chapter, we try to bridge two moments: the first, of rival empires engulfed in war; the second, of an ultra-empire. In the middle of them, we have the formation of a single global empire. How does ultra-imperialism emerge from a global empire? Instead of describing a strict model, which is impossible (and useless), we trace from the development of the US empire the seeds of ultra-imperialism. Here, through a short introduction to the US world order, we hope to be able to interpret the fundamental features of today's ultra-empire. Besides, the chapter deals with some of the most important facts about the US and world history, in order to comprehend how they are connected to some of the most pressing issues of current global politics. Hopefully, it will also make easier for us to understand Trump's presidency.

The chapter is divided in three sections and a final proposition. The three sections cover the basics of three different moments in the history of the United States and how they are connected each to the other, and to the world. An observation is necessary: in the chapter, our analysis is limited to US-Europe relations, with (few) eventual comments about other nations. We recognize that this limitation on the scope of the chapter brings the sin of casting the rest of the world as mere spectators of world history. It is not our intention. Nevertheless, for conciseness and objectivity, we decided to draw this limit. As we understand, the fundamental aspects of the formation of the ultra-empire are related to the developments of the relationship between the US and other advanced capitalist states – Europe, mostly. There has always been resistance in the rest of the world, yet this is a discussion for another opportunity.

II.1 – Building capacities, building internal hegemony

The end of World War Two (1939-1945) marks a new moment in the history of capitalism. The conflict was the last military war among advanced capitalist nations and also the last one to have been marked by geopolitical disputes among imperialist powers. One of its consequences – at least for some decades – was the consolidation of the United States as the sole superpower in the capitalist world. The so-called *Pax Americana*, the new world order led by the US, was able to promote the economic recovery of western Europe and some US strategic allies (like Japan and South Korea), while spreading its influence and power through a new set of international organizations and institutions. Finally, it managed to achieve – although not in a few times by force – a significative degree of compliance from peripheral countries with the new order. The origins of this American order, nevertheless, are to be traced back from the very years of WWI (1914-1918) through the whole inter-war period, when changes in the American ruling social bloc led to the formation of a new internal hegemony based on compromises between industrial capitalists and laborers – heavily mediated by the state, which achieved a key role in the process of accumulation. It would only be after WWII that this hegemony would be expanded abroad – based in the same kind of class-consensus.

From WWI onwards, trends on the internationalization of US capital – which were significantly developing at least since the final quarter of the 19th century – deepened, and the US government assumed an open political commitment to defend these capitals beyond its traditional sphere influence, Latin America. During the war, the US economy played an important role in the provision to European allies of ammunition, food, loans, etc. When the war came to an end, US exports had doubled (Panitch and Gindin, 2012, p. 45). Furthermore, the US government in the figure of president Woodrow Wilson represented a huge supporter of a new postwar liberal order. Despite the US senate's refusal to allow the country to get into the new founded League of Nations, Wilson's administration cooperated with the League as if the US were a member country (see Ambrosious, 2006). Concurringly, US capitals were encouraged to flow abroad in order to provide dollars so that other countries could pay their debts and fund US exports (to them). In Latin America, differently from traditional European export of capital, the US export of capital was not only in the form of loans to national enterprises, but by owning industries. In the 1920s, the acquisition of foreign assets by American capital around the world reached a historical spike, and the dollar became the most important currency in the world financial system (Chitu, Eichengreen, and Mehl, 2012; also, Panitch and Gindin, 2012, p. 48-49).

Managerial and organizational innovations by American companies also had their role in the internationalization of American capital. Estimations point that, in 1914, Foreign Direct Investment (FDI) around the world was divided in the following way: 55% in material production (primary sectors), 20% in railroads, 15% in manufacturing, and 10% in service sectors. US multinationals were already dominant in manufacturing, owning many plants abroad (Chesnais, 2016, p. 138). The managerial experience that American corporations drew from their expansion inside the US, beginning in the 1890s, gave them a fundamental edge in their subsequent internationalization: US corporations' pattern of expansion was by the addition and multiplication of similar production units, offices, facilities, transportation units, etc. As a result, they became large multi-unit enterprises, each unit resembling a copy of the others and with a reasonable degree of managerial autonomy in relation to the company's headquarters. This pattern, which allowed them to spread, first, over a continental country, was later replicated internationally

(Chesnais, 2016, p. 138). Due to these organizational innovations, American corporations soon achieved yet unseen dimensions in a yet unseen fast pace.

Many efforts were made through the 1920s to coordinate national responses to the problems that arose after the war, and the US was already aware of its central role. Beyond the export of capital and goods to the rest of the world, especially to Europe and Latin America, the US government tried to support different initiatives by the European countries in reconstruction. The Federal Reserve, in the United States, along with the Bank of England, sought to guarantee monetary stability and a return to the gold standard. Together they intervened in foreign exchange markets to buy and sell currencies and coordinated loans to foreign governments so that they could sustain their currencies²⁴. Foreign governments were also demanded to lower their deficits and debts. The international commitment with the gold standard (and with currency convertibility), however, was never an easy task and, by the end of the decade, its credibility was low. For the countries in reconstruction, trade deficits were to be reduced through the outflow of capital and a consequential devaluation of the currency – in other words –, by deflation. Deflation became a serious problem, especially for democratic societies who faced increasing social turmoil. The commitment of most countries to the gold standard was becoming everyday less credible (see Eichengreen, 2008, p. 45-48). Given its position in the world economy, it would be necessary for the United States to support European exports (to the US) in a large enough scale to prevent European countries from dealing with their balance of payments deficits by sparking deflation. Further, the US would have to guarantee that the flow of loans would result in productive investments.

Yet, in both directions, the US' support was quite shy. The apparent unsustainability of the position that many European countries held led to movements of capitals against their currencies, and speculation grew, destabilizing their economies. The Federal Reserve's monetary policy between 1926 and 1927 – keeping low interest rates to help England return to the gold standard – resulted in more speculation, with capitals moving to stock and real-estate markets, and also

²⁴ Now a classical text, Wicker (1965) offers a review of the Federal Reserve's policies between 1922-1933. Also on this matter, see Wheelock (1991).

to bonds of dubious quality²⁵. All of this worsened market bubbles. Against these bubbles, a minor increase in the interest rate happened in 1928, appreciating the dollar and attracting capitals abroad to the US (Bernanke, 2000, p. 10). The effects on the balances of payments of other countries were deficits and further deflation (Eichengreen, 2008, p. 66). Finally, once market bubbles burst, private loans from the US ran dry altogether, with huge consequences everywhere. When the crisis became a Great Depression, it turned clear that the US, despite its leading position in the world economy, lacked the necessary capacities to sustain the new liberal order that it had been trying to foster.

The Crash of 1929 and the subsequent Great Depression of the 1930s certainly represented an important peek of what a global economic crisis would be. The advanced level of interdependence among national economies, especially in financial markets, in great part explains the depth of the event and its consequences for the economies around the world. But, as we said above, despite all this interdependence in the world economy, the available instruments to overcome the depression were neither sufficient nor coordinated among the advanced capitalist nations. In this aspect, the world economy was far from a truly global capitalist system. A common example of this is the uncoordinated – and mutually harming – decision, from several countries, to face the crisis by devaluating their currencies, what resulted in a profound decline in world trade (Kindleberger, 1973, p. 171; Eichengreen and Sachs, 1986). Furthermore, it was no relief the United States' reluctance to leave the gold standard even in the face of financial speculation against the dollar. The decision to leave the gold was postponed as far as until 1933. As evidence shows, it may have delayed economic recovery (Eichengreen and Sachs, 1985). Given the incapacity to coordinate economic policies, many national economies adopted protectionist and import-substitution policies. Fascist economies (mixing capitalism and national control of the economy) emerged in

²⁵ Eichengreen (2011, p. 31), for instance: “[i]nexperienced U.S banks enthusiastically underwrote, and their clients enthusiastically subscribed, bonds issued on behalf of German cities for the construction of municipal swimming pools, a form of liquidity that did not directly enhance the capacity to repay”.

Italy and Germany²⁶. The inter-war period of “deglobalization” (Milanovic, 2010) exposed the limits, at that moment, of the US leadership.

If, on the one hand, the US lacked the necessary instruments – as a leader in the world order – to rescue itself and the rest of the capitalist countries, on the other hand the efforts to overcome the Great Depression were fundamental for it to build the kinds of capacities that would lay the ground to later assert its global hegemony after WWII. Roosevelt’s administration thinking was underscored by the understanding that there could be no way out of the crisis and into a sane capitalist system without an active role of the government in regulating markets and advancing social reforms that could stall social unrest. This way, it was understood, the American state could help capitalist accumulation while preventing anti-capitalist agendas like communism. One of Roosevelt’s main objectives, in this sense, was to fight unemployment, which he saw as the major cause of internal instability (Panitch and Gidin, 2012, p. 56). This was the heart of his New Deal.

The many social and regulatory reforms and policies advanced by Roosevelt’s administration demanded major concessions from the Congress and American capitalists. They included leaving the gold standard; allowing the Treasury to buy all private gold and provide liquidity to the banks; expanding the powers of the Federal Reserve, so that it could deploy the monetary policy as a tool to improve economic performance; separating commercial and investment banks – forbidding one to carry the functions of the other (the Glass-Steagall Act); imposing interest-rate ceilings on deposits (Regulation Q); etc. In order to oversee and regulate security markets, the Security Exchanges Act of 1934 established the Security Exchange Commission (SEC). The National Industry Recovery Act (NIRA), in 1933, which was later declared unconstitutional by the Supreme Court, set the lines for future regulations on the labor market (which favored the bargain power of laborers and unions). The Social Security Act of 1935 finally created an American welfare state, granting benefits and insurances for workers, aid for persons with disabilities, etc.

²⁶ Although Japan organized its economy in the same way, we leave aside the debate of whether Japan was a fascist state or not.

Despite (and perhaps because of) all the major contends these reforms brought, putting Roosevelt's administration at times with, at times against, justices, the Congress, fractions of the capitalist class, and laborers, the American government came out of the 1930s with new capacities. The administration had more power than ever before, several agencies were established, bureaucracies were strengthened, and coordination between the state and capitalists – for the sake of accumulation and stability – was improved. The government was now able to use a new and powerful arsenal of economic policies to intervene in the economy – yet, always to meet capitalist ends. An important effect of the crisis and the depression was the development of a new consensus in the American society, and the hegemony of a social bloc that lasted for almost forty long years²⁷. Capitalists on the one side, and laborers, on the other, fought for their own views about what the “American way” was – their views about what made the US distinctive, and in what aspects the US should distinct itself from other nations. In the intersection between “free-enterprise” and “economic democracy”, the American way became a political project based on the idea of some harmony of interest among classes for the sake of national cohesion, whereby Americans were called upon to celebrate their common values, like the freedom of the individual and the openness to plurality. It propelled the belief that there was space for all Americans to work and strive regardless of their race, national origin, or religion, and that they were free to seek their own destiny, as long as they all united²⁸. This, it was believed, distinguished the US from the authoritarian regimes of Europe, like Fascism, Nazism, and

²⁷ One of the most important aspects about the composition of this social bloc is that the capitalist class was led by the industrial fraction, while laborers (represented mostly by unions) had a high degree of bargain power (compared to any moment before the 1930s or after the 1960s). The financial fraction of the capitalist class – in a first moment severely struck by the Crash of 1929 and the subsequent banking crises – remained as a secondary force inside the capitalist class until the early 1960s, when it began the reacquire preponderance (about this, read Russel, 2007).

²⁸ The “American way”, as a political project, is, before anything else, discursive. In the end, this “American identity” was (and is) fraught with contradictions, and paradigmatically white, male, Christian, and capitalist. One of the paradoxes of this discourse is that, while the unity of the American people was celebrated, dissention was marginalized or, worse, persecuted. On this last aspect, Wall (2008, p. 281-282).

Socialism²⁹ and showed that the US, despite its uniqueness, had a message for the rest of the world (Wall, 2008).

Once the new set of state capacities was built and internal hegemony achieved, conditions were established for the US to become the capitalist hegemon, what happened after WWII, when it finally developed what it lacked in the 1920s: means to manage the world economy and the expansive energy of its hegemonic model. Although the relationship between the American government and American capital during the New Deal was never exactly harmonious, there was a shared interest – accumulation – and the social and regulatory reforms advanced by the government could be advertised as reforms that would make everyone better off in the long run, especially capitalists (and, after all, the stability they – the reforms – were supposed to bring were seen as mandatory for a functional capitalist system). The postwar world order – the American world order – would be justified in the same terms for capitalists in other countries. The mentality of the US hegemonic model – the New Deal – could and would be expanded abroad, grounded in the same spirit: building capacities and regulatory apparatuses, setting agencies, coordinating policies and interests. US elites already began to plan the post-World War II order in the middle of this conflict.

For the new order to work, before anything else, it would be necessary to recover from WWII. Although the American economy, during the war, grew by astonishing 80% (Milanovic, 2011, p. 144), when the event came to an end, the US was mainly a warfare economy, wherein 45% of its GDP was in military production and 20% of the work force was composed of veterans of the war (Panitch and Gindin, 2012, p. 81). First, this warfare economy would have to be demobilized;

²⁹ Wall's book on the construction of this national identity is a delightful reading, which we do not mean to summarize in the following quotation, but give it a taste: "Americans of diverse backgrounds and divergent agendas were alarmed by the chaos of the Depression years, as well as by the rise of fascism and communism abroad. (...) To counter such threats – to shore up their vision of American democracy or the nation's economic system – diverse groups articulated their version of a unifying national ideology and sought to convince their fellow citizens of its merits. The resulting 'cultural conversation' lasted nearly three decades and spawned Broadway plays, films, shorts, comic strips, movies, radio shows, advertising blitzes, and cold war letter-writing campaigns' (Wall, 2008, p. 6). At few points, however, her narrative conceals the many social struggles that underscore the construction of this "American way"

second, this huge number of veterans would have to be absorbed in the economy. Inside the US, growth was necessary; outside, it was even more, as the consequences of the war were in some cases devastating. There was an understanding inside the American government – against that of the 1920s – that the main drive of this growth inside and abroad would be domestic accumulation, not foreign trade (Panitch and Gidyn, 2012, p. 72). The plans to promote this domestic accumulation involved addressing the problems that haunted the world economy in the 1920s: it was necessary an international monetary commitment that could guarantee currency convertibility and exchange rate stability while helping countries to deal with deficits in their balances of payments. Furthermore, because the efforts of reconstruction after the war would demand a great deal of money, capitals had to be funneled to productive investments. Part of the responses to these problems came from the Bretton Woods agreements, in 1944, which established, for the first time ever, an international monetary system.

II.2 – A new imperial order

The history of Bretton Woods perfectly captures the moment of transition in world hegemony: the conference, held in the US during the war, was marked by the conflicting interests of the US, the emerging hegemon, and UK, the former one. In one of the corners of the debates there was also the USSR – the socialist hegemon of a soon to be bipolar world, who, in the end, refused to sign the agreements on the basis that they were set to privilege the United States in the postwar world order³⁰ (James and James, 1994). And in fact, looking back, it is undeniable that to an important extent, they were. American priority was a stable monetary system; British priority was a flexible monetary policy. The resulting agreement was one in which gold reserves anchored the system and the United States committed to converting dollars into gold – but only to public buyers. At the same time, other countries could fix their exchange rates in dollars instead of gold. Consequentially,

³⁰ Henry Dexter White - United States' representative in Bretton Woods – wanted the USSR to join the agreements. He came as far as to propose a large American loan to the USSR in turn for its cooperation. This proposal was later held against him, in the US, as a sign that he was a traitor working for the USSR. Although this claim could not be proved, there is substantial evidence that White was sympathetic to the Soviets and may have provided them underground information (see James and James, 1994; Steil, 2013)

there was some degree of flexibility of currencies in relation to the dollar, but not of the dollar in relation to the gold. The central role the dollar played and the relative inelasticity of gold supplies meant that the dollar became the *de facto* international reserve currency and that the only way to acquire reserves – except for the US – was to make balance of payments surpluses while the US ran deficits. It also meant that the US had an extraordinary (and wholly new) privilege in the world economy: it could issue the international reserve currency (Eichengreen, 2007, p. 11).

Bretton Woods established two organizations to promote its objectives: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) – which soon became part of the World Bank. The IMF's purpose was to help countries deal with deficits in the balances of payments by lending them dollars. Balances of payments, as we have seen, were a major problem in the failed efforts of reconstruction in the 1920s. For another problem, that of channeling capitals to productive investments in the countries in reconstruction, there was the IBRD. However, if the original plans for this organization were to make it a direct lender of large, cheap and long-term loans to reconstruction projects, soon they were changed, and the Bank's objective became "development" by encouraging private capitals to make productive investments abroad (Panitch and Gindin, 2012, p. 75). The two organizations – despite their multilateral character – have been since their establishment two of the most important instruments of American hegemony, as voting power inside them privileges the US position, and they have often been used to advance the US agenda and influence worldwide.

The establishment of the Bretton Woods system and its operational arms, the IMF and the World Bank, was a fundamental part of the plans to settle an American-led new world order, one that would lay the seeds of a global economy with the US at its very core. But all these agreements and agencies would be vain without capitalist accumulation in the US and abroad. As we said earlier, the American government now understood that the drive of accumulation would come from inside, the domestic economy. Foreign trade would have its importance, especially for foreign countries to acquire reserves, but, as their capacity to import was obviously highly debilitated, the US could not expect them to recover by simply

offering them free access to American markets and providing American loans to fund imports from the US. This was the flawed strategy of the 1920s. Instead, the US focused in three dimensions to hasten growth domestically and in the countries in reconstruction: mass employment, mass consumption, and high productivity. This recipe would compose the strategy of the Marshall Plan.

By the end of WWII, Europe was devastated, social unrest was raising, and labor movements were growing stronger. In that context, European reconstruction meant, for the United States, not only preventing future wars – what the post-WWI period could not do –, but also fighting the emergence of socialist tendencies. The way the US supported European reconstruction showed how distinctive American imperialism was from classic imperialism. Instead of taking advantage of its dominant position to submit European countries – as in the old fashion –, American imperialism accommodated European countries into the new imperial order by providing them space and means to develop their own specific institutions and class alliances, which in turn allowed them to cope with their own internal pressures while recovering from the war. The only non-negotiable demand from the US to Europe was a commitment with capitalism and the free enterprise – in other words, that European societies had to be organized in ways that privileged private capital (American capital included).

In the first postwar years, however, the allocation of private capital in Europe was still a problem, as American private capital did not flow abroad to Europe in a large enough measure and, worst, European capitals were crossing the ocean headed to the US. Moreover, European exports to the US were severely limited by European companies' lack of competitiveness in relation to the American ones. Given the strength of labor movements and unions, and also the dearth situation of the poor masses (*e.g.*, it is estimated that, in 1946, 100 million Europeans lived on less than 1500 calories per day (Dedman, 1996, p. 34)), European governments were in a position in which any measures taken to spur the formation of capital that implied further compression of wages and consumption would spark serious social unrest (and strengthen socialist movements). Thus, by any perspective, reconstruction would be impossible had the US not employed its new imperial capacities to support European governments. For instance, the US

strategically opened American markets to European exports, but tolerated European countries imposing barriers to American exports; the US accepted European countries to keep devalued currencies *vis-à-vis* the dollar; the Marshall Plan provided funds that were fundamental to offset the movement of capitals out of Europe and into the US, and helped productive investments in Europe.

It is also worthy of mention that it would be impossible for the European countries to raise productivity without capital goods and the adoption of new technologies. While Germany traditionally played the essential role of exporter of capital goods to the rest of Europe, the severe harm caused by the war in Germany's industry made it to be replaced by the United States in this role. The import of American capital goods, however, demanded dollars, which were scarce. In the immediate postwar years, the Marshall Plan was also essential in easing this restriction on the import of capital goods. No less important to raise productivity is the adoption of new technologies and managerial techniques, and the United States promoted a significative transfer of both to European countries. Through the Technical Assistance Program (TAP), established in 1948, and later the European Productivity Agency³¹ (EPA), established in 1953, US-Europe cooperation involved training European management teams either by sending them to the US, where they would learn the management and production processes of American corporations or, in the other direction, by sending American experts to Europe where they would lecture methods in European companies; it involved the National Productivity Centers, whereby projects for improving productivity were discussed, financed and implemented; it also involved consultancy programs, plant projects, etc. (Boel, 2003).

Behind the United States' obsession with productivity was the comprehension that, on the one hand, American aid would be necessary forever, unless European economies were able to engage in trade with the US in a healthy condition, *i.e.*, importing and exporting without major restrictions. Europe's

³¹ The EPA was shut down in 1961. Boel (2003) points out the importance it had in fostering economic cooperation inside Europe and between Europe and the USA. Although it was shut down, it was part of the Organization for European Economic Cooperation (OEEC), established in 1948 to manage aid from the Marshall Plan, and which became, in 1961, the Organization for Economic Cooperation and Development (OECD).

backwardness harmed its competitive position. On the other hand, productivity was necessary to promote in Europe the same kind of labor-capital relationship that the US had domestically: an agreement in which capital could realize profits and laborers could enjoy wage raises proportional to productivity raises. This win-win relationship could promote the “peace among classes” demanded to keep away socialist inclinations, strong unionism, etc. In the US, unionism and labor unrest had become a major source of problems to corporations and the government in the first postwar years. Despite the introduction of the Taft-Hartley Act, in 1947, to restrict the activities of labor unions, hundreds of strikes were organized by them in the following years. The attempt of murder of Walter Reuther, president of the United Auto Workers (UAW), is a sign of how poisonous the scenario of labor-capital relations was in those days. No one was ever found guilty, but suspects ranged from big industrialists to communist wings inside the union (Lichtenstein, 1995). A way out of the impasse was found in 1948, when the General Motors and the UAW met an agreement whereby wages, in the next two years, would be quarterly adjusted by the consumer price index and, annually, by the increase in the company’s productivity. The success of the agreement made both sides to renew it in 1950 for a five-year compromise, which included improvements in the formula of adjustments and a new health insurance plan (Lichtenstein, 1995, p. 279-280). This new agreement came to be known as the “Treaty of Detroit” and became a paradigmatic example of labor-capital compromise in the American economy, quickly spreading to other industries. What the Treaty of Detroit also managed to achieve was to bring laborers into the logic of the “politics of productivity” which, according to Maier (1977, p. 629), consisted of the American postwar (but which, as we saw, developed in the 1930s) idea of “superseding class conflict with economic growth”. Within this logic, it is supposed that there is a virtuous circle in which raising productivity allows higher wages, higher wages allow greater consumption, greater consumption allows bigger profits and so on. This American ideal would be exported to Europe in the full package.

As we said, the Marshall Plan and subsequent policies promoted by the US in Europe had two eyes on the matters of productivity and of class conflict. Thus, for the virtuous circle to be complete, another necessary dimension was mass consumption, and the US saw European integration as fundamental to achieve it.

The seeds of today's European Union (EU), planted through the 1940s and 1950s, received American support and enthusiasm. In fact, the United States vision for Europe was one of 16 free-trade unified countries (members of the OEEC) evolving, eventually, to a common political area, a "United States of Europe" (Dedman, 1996, p. 48). This bold vision, however, could hardly become real, and humbler plans were embraced. Steps toward integration were taken in a slower – but solid – pace. Established in 1950, the European Payments Union (EPU) is a most important one. One of the challenges to integration was that, despite the shortage of dollars in Europe, most trade among European countries was carried out in the American currency. The expansion of trade inside the continent would demand the countries to carry out their transactions in each other's currencies, and this was the main objective of the EPU: to promote the free convertibility of currencies among western European countries. The EPU settled a unit of account, based on gold and credits supplied by the United States, to be used as a reference in deals among member countries, overcoming the need to balance transactions bilaterally (Ellwood, 2013, p. 160). The consequence of its success was the rapid growth of trade among its states. A year later, in 1951, the European Coal and Steel Community (ECSC) was established to create a common market for coal, steel, coke, iron ore and scrap among Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. At the same time, the agreement set a supranational authority with executive powers over the common market to regulate and govern production. The results and the experience drawn from the establishment of the EPU and the ECSC led to the Treaty of Rome, in 1957, expanding the common market set by the ECSC to manufactured goods, providing common access to uranium stocks, establishing a common agricultural policy, creating a European parliament and a court of justice, etc. The path to the European Union was settled, but it should be highlighted the support, backup, and incentive from the United States to all these European initiatives (Dedman, 1996, p. 57, 67, 93-94).

Once the bases upon which Europe would recover from the war were settled, the fruits could be harvested. Both the US and Europe enjoyed greater economic performance in the following decades. For instance, in the period of 1961-1970 (the

1960s), OECD³² countries' GDP grew by 68%, an annual average of 5.3%. The US alone, in the same period, grew by 50.4%, an average of 4.1% per year, while unemployment reached a historical low of 3.5% in 1969³³. This shows the success of European integration and productivity reforms. It also shows that the recovery of Europe was good for the US economy. The emergence of a large common market made Europe an attractive space for American capitals, and US FDI greatly increased in the 1960s. In the other direction, European companies expanded their activities in the US. This is deeply related to the consolidation of the Multinational Corporation (MNC) as the leading form in the organization of production both in the US and in Europe.

Earlier in this chapter, we pointed out the fact that the development of the US corporation within a continental country gave it an important edge over competitors from other nations when internationalizing operations. The original pattern of expansion of US corporations domestically – horizontal integration – had been deployed elsewhere with a great level of success before WWII. The invasion of Europe by US MNCs was, however, yet to come. Before 1945, the pattern of competition in Europe – monopoly capital –, limited the access of American MNCs to European economies. After 1945, it took more than a decade to integrate Europe in a large enough market in which American MNCs could explore its economy of scale advantages. Besides, free convertibility between the dollar and European currencies had been a problem for most of the 1950s. When those two problems were solved, invasion began. It seems useful to quote Jones (2005) in order to picture the scenario of FDI in that moment:

By 1960 the world stock of FDI had reached \$60 billion. By 1980 it was over \$500 billion. These were the decades when the term 'multinational' was invented, and when economic theorists turned their attention to explaining their existence.

Between 1945 and the mid-1960s the United States may have accounted for 85 percent of all new FDI flows. By 1980 it held 40 percent of total stock. In the twenty years after the end of World War II both German and Japanese FDI remained low, but

³² In 1964 Japan joined the OECD. Since Japan's GDP growth was very high in the 1960s – reaching almost 13% in 1968 –, it raises OECD's average.

³³ Estimations calculated by the author using the data available in the World Bank Data: <https://data.worldbank.org/>.

growth during the 1970s gave the two countries an overall share of world FDI of 8 percent and 7 percent respectively. The German share finally surpassed that of the Netherlands by that date. By 1980 almost two thirds of world FDI was located in Western Europe and North America (Jones, 2005, p. 33).

Chesnais (2016) highlights that the first generation of postwar MNCs were still mainly horizontally integrated, and the scale of their operations corresponded to the size of the domestic market in which they were settled – they were termed “miniature replicas” (Chesnais, 2016, p. 139). As the European common market developed, the pattern of integration started to change:

By the late 1960s, US MNEs^[34] in Europe were starting to reap economies of scale more easily by concentrating production for specific product lines in small numbers and often only in one EU country. As trade liberalisation in the Common Market and in the European Free Trade Agreement (EFTA) gathered steam, plant could service several domestic markets’ countries, allowing US parent companies to start an initial division of work among their affiliates with single product specialisation for the whole regional-continental market (multi-product horizontal integration) (Chesnais, 2016, p. 139).

If American MNCs’ expertise gave them an edge to expand to Europe, it is no less true that Europe started to develop its own American-style MNCs, both as a consequence of the diffusion of US technology and management techniques to Europe, and of competition with US MNCs operating in Europe. Ultimately, these European MNCs would grow strong enough to compete with US companies not only in Europe, but even in the United States. In other words, by rescuing Europe, the United States revived its competitors. One interpretation of this phenomenon could be that the US promoted a decline in its own relative power. The problem with it is that it is based on a classic conception of imperialist competition. On the contrary, first, the generalization of the “American way” in the organization of European corporations represented American power in an ideological dimension; second, as Panitch and Gindin (2012) point out, competition, in this case, led European capitalists to forge ties with American capitalists in Europe and in the US. As a result, “European capitalists no longer constituted ‘national bourgeoisies’ inclined towards anti-American sentiments, let alone towards reviving inter-

³⁴ Where we use the term Multinational Corporations (MNCs), Chesnais uses the term Multinational Enterprises (MNEs)

imperial rivalries” (Panitch and Gindin, 2012, p. 115). As we will see in the final chapter, these networks of capitalists were the seminal form a transnational capitalist class.

It should be noticed that the evolution of MNCs in the US and Europe is related to the development of institutions on trade. The single most important of them is the General Agreement on Tariffs and Tax (GATT), which was established in 1947. The agreement’s objective was to promote international trade by reducing international tariffs and quotas. Originally, the GATT was part of the charter of the International Trade Organization (ITO), which the US idealized as a complement to the IMF and the World Bank forming the architecture of the postwar world economic order. As negotiations around the ITO failed – the US itself abandoned them³⁵ – the GATT came out of them as the most important multilateral agreement on international trade until the foundation of the World Trade Organization (WTO), in 1995. Along several rounds of negotiation over the years, the GATT was successful at reducing many barriers to trade. During the 1960s, Jones (2005) affirms, tariff and barrier reductions reached a peak as a consequence of the efforts of Kennedy’s administration to liberalize trade (Jones, 2005, p. 32). MNCs were benefited by trade liberalization, since trade barriers demanded foreign companies to set miniature affiliates in other countries as a way to avoid the protectionist measures that national companies enjoyed. Liberalization, step by step, allowed MNCs to increasingly integrate operations in a vertical way – the epitome of globalization. However, this process would only happen in a large scale from the 1980s onwards (Chesnais, 2016, p. 139).

No less important than the liberalization of trade to the making of global capitalism was the liberalization of financial flows or, more precisely, financialization. Although both phenomena are usually related to the neoliberal era of the 1980s, they were already strongly developing in the 1960s. We pointed out

³⁵ In fact, in 1950, the US government withdraw the negotiated charter of the organization from the US Congress when it realized the Congress would not approve it. The charter drew significative opposition from both free trade supporters, because it was not “free enough” and gave space for too much government intervention, and from supporters of protectionism, because it made “too many concessions”. As the government focus at the time was mainly on the Cold War, it decided not to push for it (see Toye, 2003).

before, in this work, how the Bretton Woods agreements and the immediate postwar economic order were tolerant with and, as a matter of a fact, supportive of capital controls. Helleiner (1994) offers us four main explanations for this³⁶: first, postwar underlying liberal thought understood that free and untamed capital movements could undermine the autonomy of government policies in a welfare state; second, there was a widespread belief that the liberalization of capital movements was incompatible, at least in the short run, with a stable system of exchange rates and international trade; third, capital controls were compatible with the United States strategic interests to promote growth abroad and help the political stabilization of its allies; and fourth, capital controls became mandatory after New York bankers' refused to cooperate with European governments to limit the huge flow of capitals from Europe to the US in the period between 1945-1947 (Helleiner, 1994, p. 5-6). As we said in the previous section, finance had a secondary role in the hegemonic model since the 1930s. Money capital, however, would meet its comeback in the 1950s and 1960s – with the support of the United States and the United Kingdom.

Despite the rise of the United States, the strategic and privileged role of the City of London as an international financial center had been partially preserved throughout the Great Depression and even throughout WWII, as a consequence of its centennial expertise (and networks) and of its position at the core of the sterling area. In the beginning of the 1950s, the UK was the main supporter of currency convertibility in Europe, based on the understanding that full convertibility would lead to the free movement of capitals and the flourishing of the City. In 1951, London's foreign exchange markets were reopened. In 1953, EPU members – convinced by the Bank of England – let their authorized private banks deal in other countries' currencies. In 1954, London commodity markets were reopened and sterling area transactions liberalized. Western Europe was progressively moving to dollar convertibility in the middle of the 1950s, but this process suddenly came to a halt. As external deficits with the United States were worsening, Britain decided to postpone its move to dollar convertibility (Helleiner, 1994, p. 70). The Suez Crisis in 1956 only reinforced this decision (see Klug and Smith, 1999). When

³⁶ It should be noted that the post-WWI experience is intimately related with this spread uneasiness towards free capital movements in the post-WWII

restrictions on the use of the sterling to finance trade outside the sterling bloc were imposed by the government on UK's banks, they found in the dollar the solution to their problems: instead of sterling loans, they began to offer their customers dollar loans. The Eurodollar market was emerging: an international financial market, in London, for offshore transactions in dollars, virtually free from any state control or regulation (Helleiner, 1994, p. 82-84).

Both the US and UK had an important role in the emergence of the Eurodollar market. The location of the market and the virtual lack of any regulations or restrictions on its operations are UK's responsibility. On the part of the US, there was an encouragement for US banks and other companies to participate in it – and so they did. Especially because of regulations in the United States that limited their domestic activities, US banks became relevant players in the Eurodollar market. The two most important regulations were reminiscent of the New Deal era – the Glass-Steagall Act and the Regulation Q. As a result of the first, American commercial and investment banks could not pursue the activities of one another in the United States. This was not the case in Europe, however, and their European branches could profit from both activities freely. Regulation Q, we know, limited the interest they could pay on deposits in the US. Operating abroad, however, they could offer market-rate interests on deposits. In other words, foreign deposits in American banks were less attractive in the United States than in Europe and, as a result, US MNCs and European governments had an incentive to keep their dollar reserves in London. In fact, at a first moment, dollars deposited in London were mostly from US MNCs' foreign corporate reserves – profits they made from their operations in Europe (Chesnais, 2016, p. 45). The reason is twofold: on the one hand, these profits would face regulations if repatriated to the United States; on the other, capital gains could be made if these profits were deposited in the Eurodollar market. After Europe moved to currency convertibility, in 1959, however, most dollar reserves in London would come from western European governments, which had to hold dollar reserves in order to maintain the value of their currencies (Panitch and Gindin, 2012, p. 118). Corporate and government dollar deposits would be the origin of the market for dollar loans provided by banks operating in London.

For the United States, an offshore market for the dollar became increasingly desirable from the end of the 1950s throughout the 1960s. We briefly said before that one of the results of the Bretton Woods agreements was that the US came to enjoy an extraordinary privilege in the world economy – that of issuing the international reserve currency. As Eichengreen (2007) lectures, by issuing the international reserve currency, the US was able to fund the import of foreign merchandise, the acquisition of foreign assets, and huge military spending abroad all at the same time. Further, it could sell low-yielding debt securities and accumulate high-yielding foreign direct investments abroad. This privilege, however, was not unlimited. Formally, the dollar was still pegged to the gold and the US Treasury had to assure its convertibility at a fixed rate. On the other side of the coin, in a scenario of current account convertibility in Europe, we noted before, European governments had to hold dollar reserves to maintain the exchange rate of their own currencies. From this resulted a trilemma: if the dollar was devalued against the gold, European central banks would suffer a capital loss; if they exchanged their dollars for gold and the US Treasury did not have enough gold to guarantee convertibility, it would have to devalue the dollar, triggering exactly what Europeans were afraid of in the first place; if, however, the US government decided to protect the dollar by cutting spending, raising interest rates, or limiting imports, it would throw Europe in an economic crisis. Thus, western European governments were in an uncomfortable position by holding dollar reserves (Eichengreen, 2007, p. 10-11).

According to Meltzer (1991), the United States held, by the end of WWII, 75% of the world's monetary gold stock. At that moment, US officials saw balance of payments deficits, foreign accumulation of dollars, and redistribution of the gold stock as desirable, both as a way to help reconstruction and future convertibility. By 1960, the US held 50% of the gold stock, and deficits were becoming a concern: usually, the US had current account surpluses, but they were not large enough to offset the flow of private investment and military, travel, and foreign aid spending abroad (Meltzer, 1991, p. 56). Lower current account surpluses undermined the confidence in the dollar's convertibility into gold and a paradigmatic example of this happened in 1960, before the US presidential election. In the previous year, the US had registered a deficit in the current account, raising fears that more were to

come. In the election, there was mistrust on candidate John Kennedy's commitment to maintain the dollar/gold value. As a result, the price of the gold raised in London's gold market, creating an incentive for a carry trade: central banks could buy gold at a lower price in the US, sell it at higher price in the UK, and then repeat this movement until American gold reserves were drained – or the US devalued its currency. In this specific case, a run against the dollar was avoided by the collective intervention of European central banks to sell gold in London. Then, in 1961, eight central banks (the US Federal Reserve and other 7 European central banks) established the Gold Pool to operate in London's gold market and defend the value of the dollar as it was fixed in the US (Eichengreen, 2007, p. 17-18). Virtually, Europe was bearing some of the costs of US' deficits, some of the costs of US' privilege.

Although it could not solve all American problems, the Eurodollar market provided the Europeans (public and private agents) dollars in a moment in which it was not desirable for the US to see more dollars outflowing from its borders through private loans. Besides, it also helped the US to meet the foreign demand for dollars in a decade in which it was raising capital controls to tackle deficits in the balance of payments. Last – and perhaps more importantly –, through the Eurodollar market, the United States found a way to make foreigners to keep dollar holdings. One of the challenges the US faced in preserving its gold reserves was how to prevent foreigners from exchanging dollars for gold. In London, given the lack of restrictions and regulations in the Eurodollar market, assets nominated in dollars were more attractive than in the US. Consequentially, economic agents holding assets there were less eager to exchange them for gold, lowering the pressure on US reserves (Helleiner, 1994, p. 90-91).

By the end of the 1960s, the confidence on the capacity of the US government to maintain the dollar-gold rate fixed had been severely undermined. Eventually, in 1971, the United States decided to suspend the dollar convertibility. Conversely and ironically, the position of the dollar in the world economy only strengthened throughout the decade, as there was a tremendous free, unrestricted, and unregulated international market for it. The opening of the Eurobond market in 1963, for instance, made foreign bonds nominated in dollars to multiply rapidly:

from \$148 million in 1963 to \$2.7 billion in 1970 (Panitch and Gindin, 2012, p. 118). Foreign governments and companies were issuing bonds in dollars, in London, through US banks – among others. In a context in which capital controls were still the norm, the Eurodollar market showed what financial markets would soon become, while, at the same time, it was actually taking the lead in the globalization of finance for its lack of state controls, the diversity of financial instruments, and the power of money capital. As financialization grew, the rules of the Bretton Woods system became increasingly fragile – up to the point where they could no longer stand. The same is true for New Deal regulations in the United States: as US banks, corporations and society were becoming increasingly enmeshed in financial markets, the pressure to end New Deal regulations – which were evaded in the Eurodollar market – became unbearable. Most of them wound up in the following decades. US' hegemony would not be the same – for better or worse.

Clear as it is that the United States helped Europe to recover from WWII and, at the same time, shape the European economy, it is not wrong to affirm that, in some measure, Europe was Americanized through technology, methods of production, patterns of consumption, labor-capital relations, political and economic organization, etc. Even the Eurodollar market that emerged had its American face, as US banks and MNCs had a preponderant role in it. In some aspects, the development of Europe is related to the work of American capital. Yet, American capital followed the avenues opened by the American state, and the role of the American state in Europe comprise a military dimension that is no less important than the economic. This last dimension will be discussed very briefly now.

It would be misleading to look at the United States policies towards Europe just as a call for the new hegemon to support postwar European recovery, as part of its new imperial mandate. In fact, one can expect the future of Europe to have been significantly different had the Cold War never happened. The rivalry between the United States, the capitalist hegemon, and the Soviet Union, the socialist hegemon, shaped postwar western Europe. The Marshall Plan, for instance, must be seen as part of the US strategy to contain the soviet influence on western European countries and, perhaps more importantly, the influence of domestic western

European socialist movements. The same is true for the military presence of the US in Europe and around the world. Dedman (1996) claims that the end of WWII also meant the end of any permanent American military commitment to Europe until 1947. As an example of this, he points out that between June 1945 and June 1947 the US reduced its military contingent in western Europe from 3.5 million troops to 200,000, whereas Britain alone had 488,000 troops just in Germany (Dedman, 1996, p. 35). While the US was promoting a quick withdrawal of forces from Europe, the USSR was consolidating its position as Europe's most powerful military. Sayle (2019) argues that much more than the fear of a soviet invasion, western European countries feared, first, the spread of soviet influence inside their societies and, second – given the imbalance of power in Europe –, that the people of western European nations would pressure their governments to accede to possible demands from the USSR for fear of its might. In this context, a joint agreement among western European countries and the United States to defend one another, regardless of their real capacity to fight the soviets in a war, played a more important role of creating a sense of confidence among western European peoples to resist pressures from the USSR (Sayle, 2019, p. 11-12). Aware of the relative military isolationism of the US in 1945-1947, western European nations could only expect the United States to assume a responsibility for Europe's defense eventually. They were the ones who took the lead in the efforts to build a bloc for mutual defense when the Treaty of Dunkirk was signed between France and Britain, in 1947, and later expanded to Belgium, Luxemburg, and the Netherlands, in 1948. It was just with the Truman Doctrine, in March 1947, that the US began to recognize its imperial responsibilities in Europe, launching a "strategy of containment" against the USSR that not only gave birth to the Marshall Plan, but renewed the American commitment to defend its western European allies.

The establishment of the North Atlantic Treaty Organization (NATO), in 1949, represented the full extent of this commitment. With its famous article 5, "[t]he Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all" (NATO, 1949), the treaty in fact made formal the responsibility of the United States to defend western Europe. At the same time, it bound western Europeans to the new American empire. This imperial responsibility would soon develop to a further reach, making the

United States the “police” of the capitalist world – and, with the demise of the USSR, in 1991, the police of the entire world, as we will discuss later in this work. What must be noted is that this role led the US to develop an unprecedented, extraordinary and singular military capacity, while extravagant military expenses became an inherent component of the American economy. During the 1950s and 1960s – the ‘golden age’ of American capitalism –, when GDP and military spending almost continuously grew while unemployment remained low, the link between military spending and economic growth came to be defined as “military Keynesianism”. Roughly, the military Keynesianism thesis argues that the US had been able to keep high growth and full employment – improving people’s lives – for a long time due to the multiplier effects of its expansionist fiscal policies in military spending. Thus, the American government could “have its cake and eat it too”. Keynesian literature argues that, from the 1970s onwards, as class alliances in the US changed, military Keynesianism lost its support. Although military expenses have remained high ever since, there was (and there is) no long a commitment to make them a channel for full employment, wage raises, etc. (Cypher, 2015). This is explained by the growing contradictions of US’ imperial responsibilities as they developed. Anyway, two aspects about the US military might deserve to be highlighted: first, that it contributed to the hegemonic (consensual) dimension of the US supremacy in the capitalist world, because Europe saw it as an ally and protector against the USSR; second – and obviously –, it deepened the dimension of domination in supremacy, because the American overwhelming military capacity was (and still is) employed as an instrument of dissuasion and, whenever the US understood necessary, of coercion in the periphery of the world.

III.3 – Bretton Woods falls

We saw that when the Bretton Woods agreements were signed, the US was by far the largest economy in the world, while Europe was devastated and the rest of the world, in pure economic terms, was in earlier stages of development. We also saw that US industries and companies were more competitive and productive than non-US ones, and 75% of the world’s gold reserves were in the United States. Thus, not only American power was unquestionable, but also its leading role in fostering the new order. Yet, behind the Bretton Woods system there was a fundamental

contradiction, what came to be known as the Triffin Dilemma, named after Belgium-American economist Robert Triffin: the demand for elastic dollar reserves by the growing economies abroad could only be met by US external deficits. Since the dollar's value was fixed against the inelastic gold, the growth of dollar reserves abroad would press US gold reserves, jeopardizing the system. Over the long term, either international growth or the dollar-gold fixed rate had to be chosen³⁷. In 1944, this was not a problem. No one would contest, by then, US' capacity to sustain the dollar-gold standard and its fixed exchange rate of US\$35 per ounce of gold. The challenge outside the US, in fact, was how to acquire dollars in a context in which foreign capitals were flowing into the US, US FDI was scarce, and foreign companies had an insufficient access to the US domestic market (as a consequence of their own lack of competitiveness *vis-à-vis* the American ones). Finally, in the previous section, we saw that in order to face this challenge, the US chose to support international growth and supply the world with dollars (especially in western Europe and Japan). It might not have been clear back then, but, under the Triffin Dilemma, this meant to let the dollar-gold standard go.

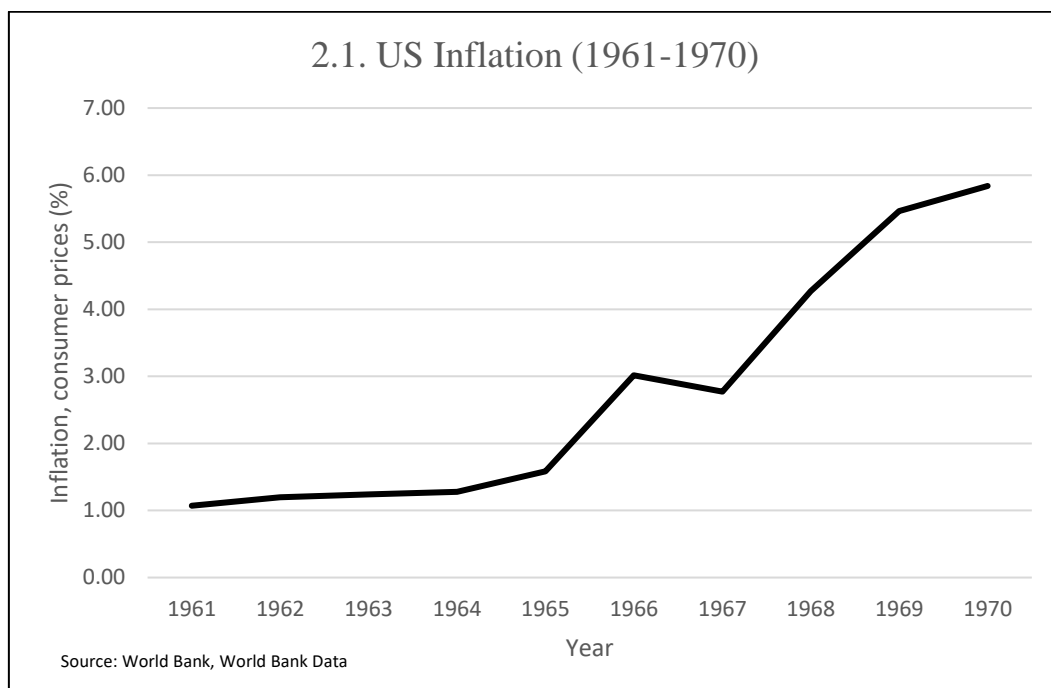
The success of the US objectives would inevitably result in the rise of new relevant players in the international economic arena. In the immediate postwar, the US would see it as desirable and far. Two decades later, it was reality – however not costless. As western Europe (especially Germany) and Japan rose, so did their share in the world economy: their exports and productivity grew, foreign dollar reserves too. Many western European and Japanese companies could compete with the American ones in their own domestic markets and also in the US, making the situation of the US' trade balance much less comfortable. With the reemergence of international financial markets, national capital controls became increasingly less effective. As speculators could move their money easier from country to country, pressures on domestic economic policies grew, limiting the autonomy of national governments. This was especially problematic for the United States, where the

³⁷ An alternative was to replace the dollar-gold standard by something along the lines of Keynes' Bancor, wherein, instead of a national currency serving as an international reserve, it would be replaced by international, gold-convertible, deposits at the IMF, each country holding deposits in a uniform proportion of their gross monetary reserves (see Triffin, 1947; 1960)

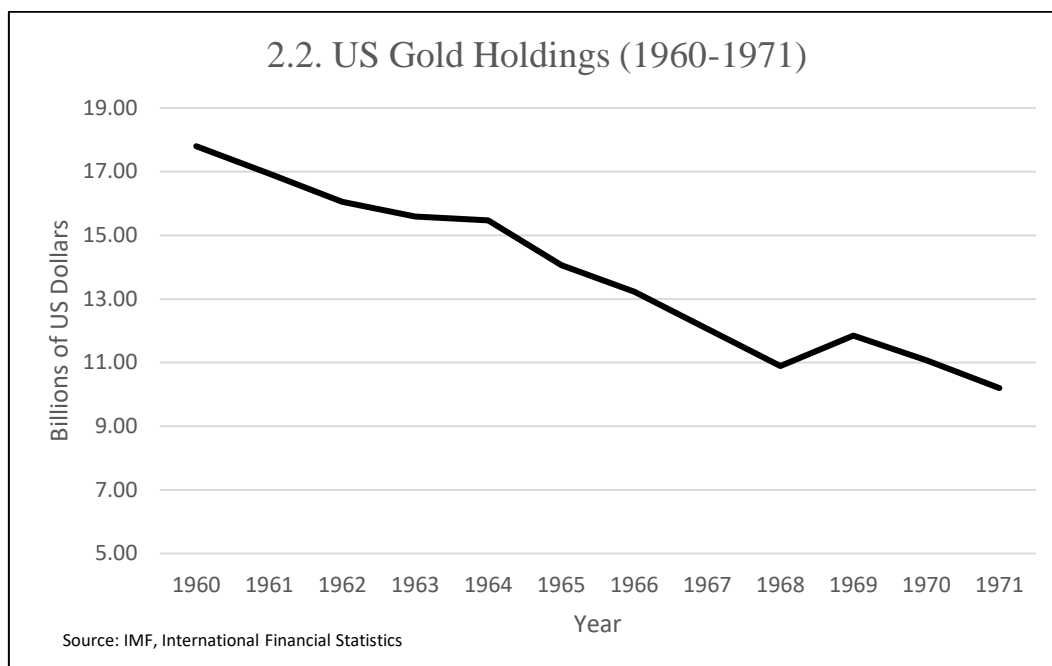
policy space was, at least in one aspect, reduced – it was the only country where the value of its currency was “etched in stone”. Less confidence in the dollar abroad could spark a run against it, which would force the US government to devalue the currency – and once a first devaluation comes, there is not anymore confidence that others will not follow. Another possibility would be to throw the US into recession, but it would demand the American government to subsume its domestic policy to international commitments, sacrificing Americans to save the dollar. In the 1960s, this was still a remote possibility. One must simply remember US presidential candidate John Kennedy’s commitment to expanding growth and reducing unemployment³⁸, if elected. When in office, one of his most important policies was a massive tax cut – in disregard of budget deficits. Public spending was furthered still by Lyndon Johnson’s Great Society programs (and the Vietnam War).

With recession and devaluation off the table, there were only palliative solutions to the dollar problem, and all of them demanded cooperation among the advanced capitalist states. The Gold Pool, we already mentioned, was one of them. Yet, throughout the 1960s, not only confidence in the dollar was undermined, but also foreign governments’ willingness to cooperate. On the one hand, there were the relevant US budget deficits in an economy virtually in full employment, which was driving inflation up – not as high inflation as it would be in the 1970s, but high enough to affect US competitiveness. Inflation artificially appreciated the dollar, making US imports cheaper and US exports more expensive – therefore, it further pressed the trade balance. Although the artificial revaluation of the dollar benefited other countries’ exports, it also allowed Americans to buy foreign assets on the cheap. Besides, inflation made the value of other countries’ reserves to be lower, and no one wants to hold an asset the keeps losing value. On the other hand, there was the US privilege of issuing the international reserve currency, which was seen by other nations – especially France – as “exorbitant”, something that allowed the US to live beyond its means, after all, the only thing the US had to do to buy other countries’ assets and goods was to issue a dollar bill, while they, conversely, to get the same dollar bill, had to produce assets and goods (see Chivvs, 2006).

³⁸<https://www.presidency.ucsb.edu/documents/speech-senator-john-f-kennedy-the-associated-business-publications-conference-biltmore>.



Hence, for the rest of the world to support the dollar, they had few (and not pleasant) options, like selling gold and buying dollars – therefore, increasing their vulnerable position –, sparking domestic inflation, or importing more from and exporting less to the United States – something which, simply by force, is very hard to maintain in the long term. More than unpleasant, these options meant that the rest of the world had to carry the cost of the US' privilege, and the situation was becoming unbearable. Elected in 1968, US President Richard Nixon adopted more inflationary policies and, instead of cooperation with foreign governments, he bet on intimidation, demanding them to carry the burden (Eichengreen, 2011, p. 59). Presumably, threats did not work. In the two years 1970-71, US' deficit in the capital account reached a historical spike of US\$42 billion, US\$40 billion of which flowed to other countries' reserves (Meltzer, 1991, p. 75). The flight from the dollar began: from 1960 to 1968, US gold holdings were drained in US\$7 billion. Between 1968-1971, more US\$700 million were gone.



In August 1971, it was reported that France and the UK intended to convert dollars into gold, which could incentive other countries to follow. In August 15th, before the bleeding started, Nixon suspended the dollar convertibility into gold. For the first time in the Bretton Woods system, the gold window was now shut. Nixon's decision was followed by a 10% surcharge on imports that was supposedly intended to balance the US foreign trade, but in fact it served to pressure other countries to revalue their currencies – instead of the US devaluing the dollar. The following months were marked by negotiations to reform the international monetary system. The Smithsonian Agreement, among the advanced capitalist countries, was announced in December with a devaluation of the dollar and the revaluation of the Japanese yen, the Swiss franc, and the Deutsche mark, among other currencies. Moreover, the import surcharge was lifted (Irwin, 2013).

In spite of the agreements, the gold window remained shut. The fundamental contradictions of the Bretton Woods system were still there, and the new arrangements could, at best, buy some time – if the US adopted the restrictive policies it was avoiding to adopt in the first place when it suspended convertibility. As this was not the case, new runs on the dollar were a matter of time: in the beginning of 1973 a flight from the dollar led to a new devaluation, but it was not enough. In March 1973, in the midst of a new speculative wave against the dollar,

Germany officially abandoned the system of fixed rates and let the mark float; other western European countries followed. The Bretton Woods system was over.

Nevertheless, the Bretton Woods era was not dead yet. As a piece in three acts, after the first – Nixon taking the dollar off the gold standard, and the second – the adoption of floating exchange rates as the new standard, the third and dying breath would only come as far as 1979, when the US Federal Reserve put an end to domestic inflation by aggressively raising US interest rates. Our argument so far has been that the Bretton Woods agreements were the international expression of the New Deal mentality. This mentality was not over with the end of the dollar-gold standard. In fact, the Bretton Woods international monetary system could not survive any longer exactly because the United States was not ready and willing to forgo the Keynesian commitment with growth and employment – even when growth and employment were already gone. It should be noted, however, that the environment was changing, and it was changing even faster in US foreign economic affairs than in domestic ones. There was a clear difference between the position of the United States and the position of the Europeans and Japanese about the reform of the international monetary system since the gold window had been shut, in 1971. While Europe and Japan supported extensive capital controls to help stabilize the system (and also stabilize exchange rates), the United States supported free movements of capital. While the first were negotiating cooperative controls to prevent destabilizing flows of capital, the second was questioning the idea that disequilibrating capital movements were always negative, since they could encourage “necessary adjustments in domestic economic policies” (Helleiner, 1994, p. 108). It is clear, then, the US turn to a Monetarist thinking on this matter, while Europe and Japan remained Keynesian³⁹. Given the prominence of the American economy in the international markets, the US position emptied any possible adoption of effective capital controls.

³⁹ Keynesian in the sense that Europe and Japan were trying to deploy the tools drawn by Keynes and White in Bretton Woods – cooperative capital controls –, and in the sense that they showed the same reservations towards free movements of capital that Keynes and White once did.

This difference in position reveals much more than simply the change in US economic thinking. It reveals a new imperial strategy. Robinson (1973) was nothing but precise when he pointed out that much of the debate about the downfall of the dollar in that moment misunderstood what US' external deficits meant. For most of the 1960s, US trade balance registered surpluses, and net income from investments were positive. The external deficit resulted from military expenditure abroad, non-military aid, government investment (for defense and economic expansion), and private capital investment abroad. In other words: the outflow of dollars was to maintain and expand empire. What Robinson cleverly noted is that this, let us call, "imperial deficit", was not exactly a burden since the surpluses in trade and investment income were intimately related to imperial power. If there had been no imperial deficit, trade and investment incomes would have been much lower. For instance:

[A]lmost all aid is "tied": it has to be spent in the US and it thus finances US exports of both goods and services. The goods also have to be carried in US ships. This aid tying has a double advantage, it not only pays for exports which would otherwise not occur, it also makes it possible to charge non-competitive prices. And it adds to employment and profits in the US (Robinson, 1973, p. 402).

Empire, in a classic fashion, was also responsible for guaranteeing the supply of materials from the "undeveloped" world to the advanced capitalist economies:

US investment opens up new sources of supply and ensures that it has first claim on the output which results; government loans and aid pay for new ports and railways – the "infrastructure" which is so much a part of "development" economics – to ensure cheap and effective transport, and, backing up the private ownership and control of the resources themselves, US policy and military power ensure that the colonial and dependent countries adopt an appropriately cooperative attitude in matters of labour supply, wages, working conditions and the sacrifice of their own economic development to the interest of the imperialist master (Robinson, 1973, p. 403)

This is perfectly exemplified by the key role the US plays in policing the supply of oil produced by Middle East countries until nowadays, and the privileged access American oil companies dispose in these countries. A reliable supply of oil at an acceptable cost is in the best interests of not only the United States, but also

Europe and the rest of the world, and US imperial power is deployed to guarantee that.

Thus, there was some level of irony when Europe and Japan complained about having to bear the costs of US deficits. And less irony than it is usually recognized when John Connally, US Secretary of the Treasury (1971-1972), told the Europeans that the dollar “is our currency, but it’s your problem” (Eichengreen, 2008, p. 134). Yet, by that point, Bretton Woods had brought some challenges for the United States to exert its imperial power: the rules of the system gave too much space for multilateral deliberation among the advanced capitalist nations, because it was a publicly managed regime. As a consequence, after Nixon shut the gold window, the kind of reform that the Europeans and the Japanese were wishing to promote in the international monetary system was one of more symmetrical relations, one in which the dollar did not have such preponderance. The Americans, on the other hand, wanted nothing of this sort. Instead, their objective was to free the United States from the constraints of Bretton Woods, keep the preponderance of the dollar, and expand US power. Helleiner (1994) shows that, for this, American authorities’ strategy was spot-on. Given the size of US financial markets, the dominance experienced by US banks and financial firms in international financial markets – like the Eurodollar market –, and the incomparable level of development of US finance, an open international financial system would benefit mostly the United States, making what once had been the dollar-gold standard a dollar-only standard⁴⁰. Investors, public and private, would keep on underwriting US deficits by buying and holding US assets (and US Treasury bonds), and the United States would be able to exert imperial power through an informal structure, the market,

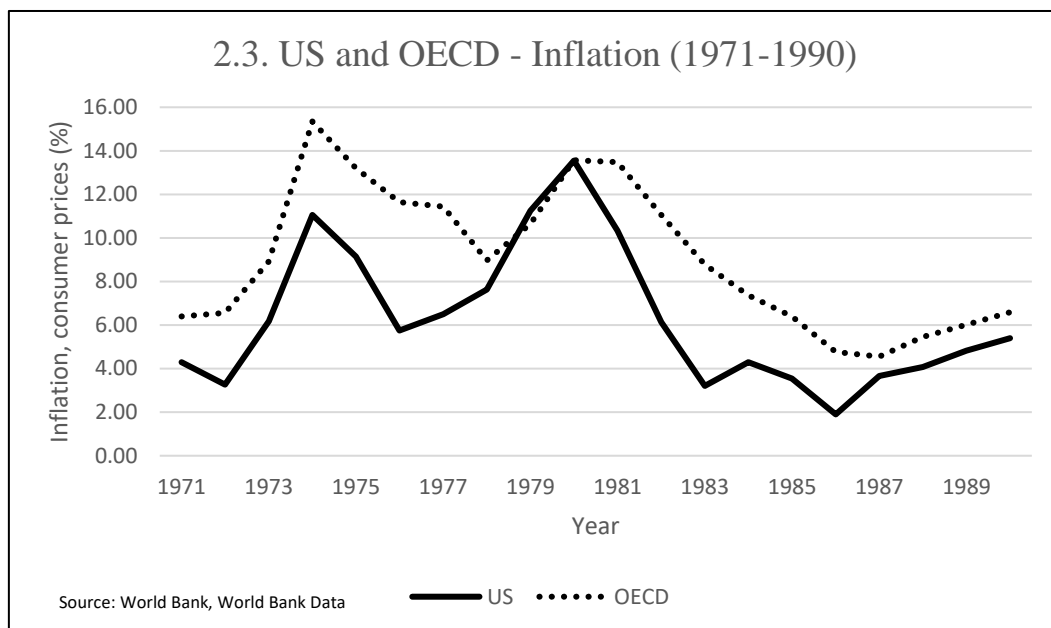
⁴⁰ This argument seems to be well exemplified by the consequences of the first oil crisis, in 1973: oil prices quadrupled, and member states of the OPEC collected huge revenues from their oil exports. On the one hand, this massive inflow of dollars – known as “petrodollars” – could not be fully absorbed by OPEC countries and reinvested in their domestic economies. On the other hand, non-oil-producing countries had to finance their imports of oil at higher prices. What better way to solve this equation than channeling those petrodollars to non-oil-producing countries? Gowan (1999) arguments that US authorities planned this outcome and US banks carried it out – exactly because of the reach and dominance of US finance. While oil prices made non-producers more vulnerable to oil producers, petrodollar loans made them more vulnerable to the United States.

whose demands, it would soon be noticed, were less invasive, but much more pervasive.

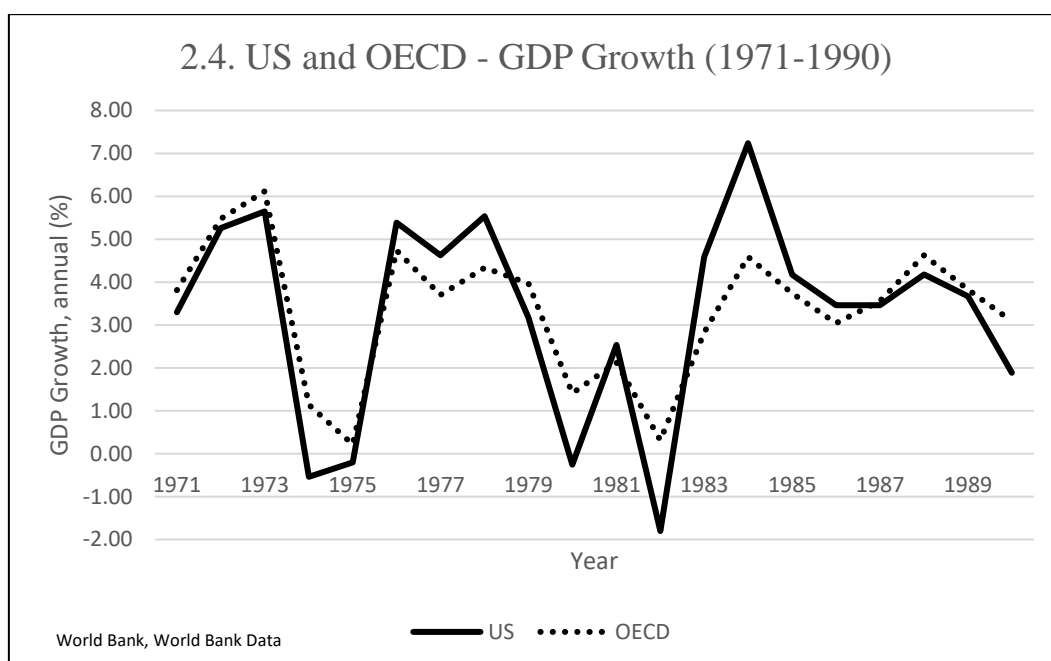
The United States won the case against extensive capital controls and in favor of an open international financial system. International finance, revived in the 1960s, was now back at the center stage of the world economy, and the United States had its dollar standard. There are at least two important consequences from this: first, the US “exorbitant privilege” – that of issuing the international reserve currency – was now unrestrained. The dollar’s value was not anymore tied to any asset and, as long as it remained the dominant currency in international transactions, the United States was able to pay not only its internal debts but, more importantly, its external debts by simply printing money. Second, US economic policies (especially monetary and fiscal) were catapulted to a global level. Now, decisions taken by the US Treasury or the Federal Reserve had an almost immediate effect over other countries, what partly tied their policies to those of the United States. Free international markets played a role in both cases: in the first, by promoting the international dominant position of the dollar; in the second, by communicating US policies to other countries. In this sense, the American power had been furthered.

The end of the Bretton Woods system may have, as it turned out, strengthened the US empire. Nevertheless, inside the United States, the New Deal/Keynesian era was beginning to crack. One problem was inflation, which, after 1973’s oil shock, reached a spike of 11% in 1974. The average rate of inflation for the decade (1971-1980) was 7.8%, a historical high. This tendency was followed

by the other advanced economies, which were further affected by the oil crisis:



Inflation would only have a steady decline from 1981 onwards, after the US Federal Reserve raised interest rates and threw the US economy – and, by extension, the rest of the world – into recession. Along with inflation, the 1970s brought an economic slowdown in the United States, western Europe, and Japan:



Unemployment was also increasing, especially in the United States. The awkward superposition of high inflation, high unemployment, and slower growth – which came to be known as stagflation – represented a decisive challenge to

Keynesian economics, promoting the downfall of Keynesian economists' influence over economic policies in the United States and western Europe. This downfall is in no small part explained by the dynamics of class struggle inside these societies. For two long decades (1950-1970), American and western European bourgeoisies enjoyed an unprecedented era of capitalist accumulation⁴¹. Yet, as one could expect, accumulation was followed by lower profit rates: they fell throughout the two decades before 1973, and fell particularly fast in the period 1973-1975. This long-term “profit squeeze” was intimately related to the growth of real wages, which grew faster than real incomes. Hence, the wage share grew fast before 1973 and kept growing between 1973-1975. Given the context of high inflation and considering that productivity was not rising as fast as wages, profit rates fell severely. Armstrong, Glyn, and Harrison (1991) present the data for the advanced capitalist countries (ACC) in Table 2.5 below. It is noteworthy that profit rates and profit shares recovered slightly between 1975-1979, after unemployment rates reached a high in 1975⁴².

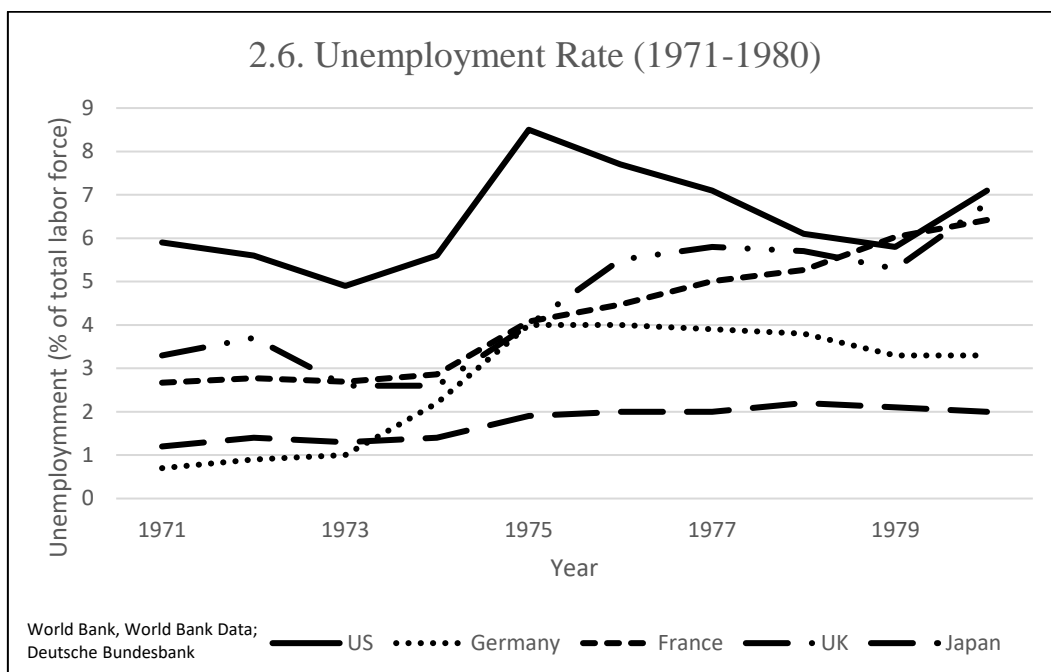
2.5. Factors behind ACC business profitability 1965-87 (average annual percentage growth rates)

	1965-73	1973-87	1973-75	1975-79	1979-82	1982-87
(1) Labor productivity	3.20	1.50	-0.70	2.50	0.40	2.30
(2) Relative consumer prices	0.30	0.50	0.20	0.20	1.10	0.60
(3) Real incomes (1)-(2)	3.00	1.00	-0.90	2.30	-0.70	1.60
(4) Real wages	3.50	0.90	1.00	2.00	-0.20	0.80
(5) Wage share (4)-(3)	0.50	-0.10	1.80	-0.40	0.50	-0.90
(6) Profit Share	-1.70	0.20	-6.80	1.50	-1.80	3.40
(change in percentage points p.a)	-0.41	0.05	-1.50	0.30	-0.40	0.70
(7) Real output-capital ratio	-0.60	-1.30	-6.00	0.80	-3.70	0.50
(8) Relative capital costs	0.50	-0.20	0.50	0.40	0.20	-1.20
(9) Output-capital, current prices (7)-(8)	-1.10	-1.10	-6.50	0.30	-3.80	1.70
(10) Profit rate (6)+(9)	-2.80	-0.90	-12.80	1.90	-5.60	5.10
(change in percentage points p.a)	-0.50	-0.13	-1.90	0.20	-0.70	0.60

From: Armstrong, Glyn, and Harrison (1991)

⁴¹ For instance, from 1950 to 1970, US GDP growth was only negative in two years: 1954 and 1958. The US economy more than doubled in size, with an average GDP growth of 4.24% per year in the period.

⁴² In other words, as the Marxist theory would suggest, an increase in the relative surplus population helped profit rates to recover.



The virtuous circle of the politics of productivity was broken and labor-capital relations began to deteriorate. Labor militancy grew significantly from the late 1960s to the early 1970s, preventing real wages to fall and obstructing the adoption of technologies and managerial techniques that could raise productivity – therefore, squeezing profits (Panitch and Gindin, 2012, p. 135). The result was the increasing aversion of capitalists to organized labor, labor militancy, unions and, along the same track, Keynesianism and its supposed commitment to employment over price stability. Furthermore, the social tensions that were – at some level – hidden by the politics of consensus of the “American way” began to reach the surface. The most obvious example was the struggle for the civil rights of black people and the end of racial segregation. Another point of tension was the increasing popular opposition to the Vietnam War. Gay and women’s rights were also in the agenda. Therefore, major social struggle was reborn in the dimension of class – as a consequence of economic turbulence –, and in other dimensions like race and gender, to cite a few. The “New Deal social bloc”, which rose to power in the 1930s, had now lost most of its support from the capitalist class and, inside this class, more specifically, from its industrial fraction, who had been the leading fraction of the

bloc for a long time⁴³. The consent of civil society was also fading. As one can see, the United States entered the 1970s engulfed in an organic crisis, in the most precise sense of the concept, for hegemony of the ruling bloc was in shatters. The window was open for new ideas to get in – and they were not even that new.

PROPOSITION II

We finished the previous chapter presenting our preliminary conception of imperialism, which we defined as “a structure of supremacy and subjugation supported by one or more countries where capitalism is most advanced” (this volume, p. 45). We also argued that it was characterized by competition among rival empires or a single empire whose supremacy is stretched over, virtually, the whole world. The reason why we use the word “virtually” is because there can be parts of the world which are not capitalist and do not interact with capitalist countries in a direct relation of subjugation. Does this mean that we are casting aside other modes of production when we conceptualize imperialism? In this work, yes. We do so because we understand imperialism as a structure whose ultimate end is the accumulation of a ruling bloc led by a capitalist class. The impulse to build an empire comes from the expansive energy of the process of capitalist accumulation, which is not constrained by national borders.

We have also seen that world supremacy demands a combination of domination and hegemony in the international level, yet, both cannot be achieved if a social bloc has not achieved, first, domestic supremacy. In the 1920s, the United States was the most powerful country in the dimensions of military capacity and wealth. Notwithstanding, both capacities proved useless to stabilize the interwar world order. The US could not convince other nations to follow its vision for the world, it could not convince them to accept its leadership, and despite its military might, its coercive capacities were limited – and even the use of coercive force usually demands some level of legitimation, especially in the international level. The Crash of 1929 and the Great Depression only made matters worse, since it exposed the limits of the American model, and showed that a nation that was

⁴³ And, in fact, the division between finance and industry had already been blurred, since big non-financial corporations and MNCs were operating in global financial markets as if they were, indeed, financial corporations.

uncapable of managing its own national affairs, certainly could not manage the international ones. Deep as the economic crisis became, it rapidly evolved to an organic crisis, with the American capitalist class on the ropes. Roosevelt's election in 1932 represented the formation of a new ruling bloc led by industrial capitalists and managers, state officials, industrial workers and unions. It is a fact that this new bloc did not represent a fundamental change in social structures: the ruling class had not changed, the social bloc was still led by capitalists, but now laborers had more voice, and their demands were, in many aspects, accepted. Thus, it is proper to see this moment as one of passive revolution. The bloc achieved the consent of civil society by developing a new vision for the US, the "American way", which highlighted the uniqueness of the United States in its openness to difference, its individual liberties, and the opportunities to prosper as long as Americans stood united. This new vision proposed the harmony of class interests – which, in practice, were heavily mediated by the state – that could be achieved by a mix of economic growth, employment, wage raises and social welfare. Hence, to carry its functions properly, the state had to develop capacities, what the US did. The full extent of this economic doctrine was the "politics of prosperity" of post-WWII.

The American way was seen as message for the world, yet only after another world-scale crisis, WWII, the United States could finally advance it abroad, as an imperial project. Coming out of the war as the world's greatest military power, the US was the most obvious candidate for world domination, domination which was already exercised, more clearly, in the occupied Germany and Japan. Soon, however, the deployment of military power became an integral part of the US empire, especially in peripheral countries. World supremacy, however, was not achieved through military power solely, but also – and above all – through the extension of the American hegemonic model to western Europe, a key part of the plans of postwar reconstruction. It built, in the core of the capitalist world, consensus on the leadership of the United States. As a last ingredient of US' world supremacy, there was also the institutionalization of the new order: the establishment of a set of new international norms and organizations which, as we have seen, expressed the heart of the New Deal mentality, now experienced in a world level. These institutions provided certain degrees of conformity and stability

to the new order, and frequently advanced American interests in a more subtle manner.

The United States, from the early post-WWII years to the early 1970s, represented the case of imperialism exercised by a single country over the whole capitalist world. Its supremacy was clear and unquestionable – nonetheless the fact that there was plenty of resistance. Such was its expansive energy that it led to an unprecedented period of fast capitalist accumulation in the whole capitalist core and also in many countries of the periphery, even if not in the same pace in both. The result was that, by the end of the 1960s and early 1970s, the US had strong economic competitors, like Japan, what was interpreted by many analysts back then as a proof that the US empire was in decline (for instance, Lundestad, 1986; Keohane, 1991). They were wrong and right. Wrong, first, because the imperial project of the United States had always been predicated on the reconstruction of core capitalist countries, by assuming that this would be beneficial for everyone, including the US, and not a zero-sum game. Besides, these analyses misjudged the content of the decline in the “relative power” of the United States: American companies were still everywhere, the dollar was by far the most important currency in international markets, the US owned assets in the whole world, American culture was reproduced in the farthest corners of the globe. If, at that moment, the American supremacy could be in any danger, it was certainly not because of international issues, but domestic ones. Whoever wanted to see a crisis in the US empire, should not look, for instance, at the end of Bretton Woods. The dollar was not in danger – in fact, it became even more important. Imperial crisis, if it were to be found anywhere, was in the interstices of class relations inside the United States, where the “New Deal ruling bloc” was collapsing.

The 1970s were a period of intense rearrangement of social forces in the core capitalist societies. The rumors about the US empire’s death, as it turned out, were greatly exaggerated, since the US came out of the decade even stronger. Under US supremacy, capitalism received the fundamental impulse to become global, but the United States remained as the heart and brain of the global system of production. How, then, could be right those who interpreted the rise of strong competitors, like Germany, as a sign of decline in the US empire, as we argued above? They were

right because – and they may not have seen it – the content of the US empire was fundamentally changing. Empire, although it is embodied in the power of the state, is not the supremacy of a state, but the **supremacy of a capitalist class**. In the process of building an empire, the US laid the seeds for the transnationalization of its capitalist class – and, along the path, of the capitalist classes from the other core capitalist countries too. In the new form of empire that emerged in the 1970s and 1980s, it does not matter how wealthy the western European countries, or Japan, or South Korea, or any other advanced capitalist country is, it does not matter whether they are strong competitors. As long as they remain global, *i.e.*, open to global chains of money, wealth, and production, peace among them is almost certain. Obviously, war could break if, in one of these countries, the ruling bloc became averse to global capitalism. If, indeed, war will break, is not for us to answer: there are too many variables to account. But we can affirm that war will not happen while transnational social blocs remain in power⁴⁴.

What we will see, in the final chapter, is that this imperial structure that emerged in the last three decades of the 20th century, which we call **ultra-empire**, is full of contradictions, many of them resulting from the very fact that it inherits many features of the former imperial structure, the US empire, and from the way this empire was built. Furthermore, contradictions are also a consequence of the way the organic crisis of the 1970s was resolved, by setting a new rationale for domestic and international affairs that is full of tensions. All of these contradictions led to Trump, and they remain after him.

⁴⁴Evidently, we are supposing that each national social bloc is part of a major – and single – transnational social bloc. A different outcome can result from a situation in which there are competing transnational social blocs. However, this seems unlikely: the same processes that form a transnational social bloc works for all of them, limiting competition.

CHAPTER III – NEW DEAL NO MORE

The previous chapter told the story – however briefly – of how the United States reached world supremacy and became a global empire. We began our exposition explaining the emergence of a new ruling bloc in the US, the New Deal social bloc, which achieved and held domestic supremacy – domination and hegemony – for almost 40 years. All things considered, nevertheless, one cannot be cautious enough when speaking about the hegemony of a New Deal bloc. The idea that the capitalist class, especially its industrial fraction, and the working class, due to the politics of consensus, were together in a stable coalition that ruled in the United States for such a long time could only be read as a fantasy. As we saw, during those 40 years, capital and labor were always in a tense relationship, and if the significative social advances that the American working class achieved from the 1930s to the 1960s show anything, is that such was (i) the productivity of the US economy – something which was deeply connected to technological advances –, (ii) the competitive position of US companies, and (iii) the reach of the American empire, that it was just easier for US capitalists to accommodate worker's demands than fight. This does not mean, however, that American capital was truly fond of the class compromises of the New Deal, what became clear as accumulation slowed down in the 1970s.

More than economic slowdown, there was an organic crisis which the capitalist class could only overcome by substituting the ruling bloc altogether or rearranging it, and these are not straightforward tasks. The rightward move of American politics that resulted in Ronald Reagan's landslide victory in the 1980 presidential election certainly raises the question of how the American Right⁴⁵ recomposed the hegemony of the capitalist class in such a short time. Evidently, it did not. The Right's walk to Washington began much earlier, and when the New Deal coalition began to collapse, it was ready to host US capitalists. This chapter, thus, is about counter-hegemony: first, in section III.1, we tell the story of how con-

⁴⁵ For the sake of clarity, whenever we write the word *Right* with a capital *R*, we writing about the political wing.

servative opposition to the New Deal bloc grew in the US. We hope to show that economic crisis was only a final ingredient in a long chain of elements that allowed the Right to successfully build a new hegemonic bloc; second, in section III.2, mostly through an ideational analysis, we tell the story of how neoliberalism came out of the margins of politics to the center stage.

The objective of this chapter is to show that, to successfully challenge the New Deal bloc, conservatives depended on neoliberals to provide them a new rationality to govern and a critique to the New Deal with scientific appeal. On the other hand, neoliberals would not have got any far without the conservatives' capacity to politically mobilize people's sentiments. As a result of many differences among these two, however, the new hegemonic bloc they formed lacks sufficient cohesion and, every now and then, contradictions, like Trump, reach the surface.

III.1 – A conservative turn

While the New Deal mentality, by the end of WWII, was being exported from the US to the rest of the world, political opposition to Roosevelt's greatest legacy was growing inside the country. It was still marginal, but growing. From day 1 the New Deal had found opposition from certain groups because of its extension of federal power and its increased economic planning, which were both seen by these groups as a threat to their liberties. Deep right-wing opposition to the New Deal, however, truly developed south of the United States, where liberties – paradoxically – came to be equated to the right of segregating black people. As the New Deal indeed furthered the power of the federal executive – what eventually led to federal acts, enacted from above, against segregation –, and also promoted some improvements in black people's lives, it became, for southern elites, a symbol of progressive (and hideous) policies against “American values” and against the independence of American states from Washington. This quarrel reshaped US politics completely: up to Roosevelt's election, Lowndes (2008) shows, southern Democrats were the major wing of the Democratic Party. As black voters – positively affected by the New Deal – turned Democrat, southerners began to lose relative space in the party, which could now resort on the votes of urban workers and black Americans to win majority. This process marked the long march of the southern Democrats into the Republican Party, which, in turn, became increasingly

pro-white. This devil's bargain, nevertheless, allowed the Republicans to achieve a political predominance in the south that they had never had before.

At first, southern Democrats and Republicans had in common a refractory position on (federal) governmental power, even though for different reasons. They walked hand in hand, for instance, to oppose the Federal Employment Practices Commission (FEPC), in 1944, which banned racial discrimination in the defense industry. While the racist southerners opposed it because it advanced black people's rights, Republicans were against the control it yielded to the state over business (Lowndes, 2008, p. 23-24). In the long run these two positions were progressively merged, the former hidden in the latter, allowing racist attitudes to be promoted without a clear statement of purpose. On the contrary, they would be presented as a struggle for the freedom of the people against the state. A fine example of this was the so-called States' Right Revolt, in 1948, when the southern Democrats rebelled against US President Harry Truman and organized a new party inside the Democratic Party. The Birmingham Declaration – the founding document of the movement, in order to defend traditions and ideals of the south, states that:

The Constitution is the greatest charter ever written by men [...] Congress has no power under the Constitution to interfere with or control the domestic institutions of the several states, and that states are the sole proper judges of everything appertaining to their own affairs not prohibited by the Constitution. [...] We demand a revival of the spirit of local self-government, without which free institutions cannot be preserved (cited in Lemmon, 1951, p. 162-163).

On the surface, this was a movement established to oppose federal interference in regional affairs. Yet, when one looks closer, racism is all around the place: the revolt began when Truman endorsed a set of policies on desegregation proposed by his biracial Committee on Civil Rights. Fearing, among other things, that Truman's policies would further enfranchise black people, leading rebels, like former Alabama governor Frank Dixon, claimed their colleagues to fight for democracy. The "Dixiecrats", the southern white supremacist section of the Democratic Party merchandised its struggle as one for state sovereignty and the free-enterprise, gathering the support from business associations like the Associated Industries of Florida and the Southern States Industrial Council (Lowndes, 2008, p. 30). The rebels announced they would oppose any pro-civil rights candidate in the

presidential election; later, when Truman got the nomination for the Democratic presidential bid, they nominated their own candidate, Strom Thurmond, to run for president. In a certain sign of strength, the Dixiecrats won the presidential election in four southern states, and even though the movement was dissolved before subsequent elections, their spirit remained, echoing in the American Right ever since.

As Lemmon (1951) showed in her path-breaking work on the Dixiecrats, their racism was sold to the broader audience by recourse to a mythical ideal. She argues: “the myth is less rational and more emotional, less precise and more exaggerated, than the aims and objectives, and is employed deliberately to win converts” (Lemmon, 1951, p. 164). In the Dixiecrat myth, she goes on, two major topics predominated. First, that by defending states’ rights, they were defending the people against Washington’s totalitarianism, an argument that Dixiecrats articulated by comparing Washington’s policies to those of the USSR and even the Nazi Germany. Second, the myth encompassed the idea that there was a conspiracy to destroy the south. Civil rights, for instance, were meant to throw southern society into chaos, violence, lawlessness, etc. (Lemmon, 1951, p. 164)⁴⁶. Despite the power of the myth, the Dixiecrat platform had some limitations and, as Frederickson (2001) remarks, one was the incapacity to articulate their struggle in a complex conservative agenda that could go beyond race. Furthermore, although white southerners could be seduced by the supremacist agenda of the movement, the economic agenda – which was basically the defense of the rural elite – was not as much alluring in a context of significative economic advances promoted by the New Deal (Frederickson, 2009, p 8). In other words, the hegemony of the New Deal social bloc was yet unchallengeable. Notwithstanding, the States’ Right Revolt offered a precedent and example for future right-wing coalitions. In the subsequent years, the romance between Dixiecrats and Republicans advanced, with the latter courting the former. Republicans stressed that, just like the southern Democrats,

⁴⁶ The recourse to myth and dystopic futures was not in any degree new in politics, yet it is very interesting to note the form and content employed by the Dixiecrats, which is very close to today’s American Right both in its anti-communist rhetoric and in the framing of minority groups’ struggles as a threat to social peace and order, be it when Black Lives Matter or Antifas are designated as dangerous – even as terrorists, or when Mexicans are compared to rapists.

they supported small government and the right of states to carry their own affairs without federal interference – so the southern Democrats should vote in the Republican candidate, Dwight Eisenhower. Indeed, many Dixiecrat leaders worked for Eisenhower's election, even though they still voted Democratic in regional disputes. The Texas Democratic Party convention went as far as to openly state that every Democrat should vote in Eisenhower (Lowndes, 2008, p. 38). As a result, the Republican Party won five southern states in the presidential election, and Eisenhower became president.

While Eisenhower's government was not exactly marked by a strong record either pro or against civil rights, southern white supremacy kept growing during his turn, along with new right-wing groups. One event that reinvigorated the State's Right movement was the Supreme Court's *Brown v. Board of Education* decision (1954), which resolved that segregation in schools was unconstitutional: several southern states simply refused to accept it, arguing that it was an abuse of federal power. This argument would resonate in the north. The most important conservative magazine in the US, the *National Review*, founded in 1955, began to bridge the ideological gaps between southern democrats and conservative Republicans through the juridical debate on segregation. Employing a strategy that we discussed above, it defended the "true spirit of the Constitution" and occluded the race issue as much as possible, yet staying on the side of the southern supremacists. This was part of a long-term objective of the magazine: to build a new American Right centered on tradition and free-markets, what came to be known as *fusionism*. This fusionism, then, provided a receptive framework to segregation, which could be seen simply as a southern tradition, not to be questioned by true conservatives. At the same time, the opposition to federal interference in local affairs could be seen as one dimension of a greater struggle against governmental interference in people's affairs – and businesses, above all. Thus:

[National Review's] editors thought that the issue of states' rights, animated by desegregation, could exceed the boundaries of race and come to shape other political issues of the day that were important to northern conservatives, such as the right of states to enact antisubversive legislation, and confront issues of price regulation, farm subsidies, and "federal aid to – and jurisdiction over – education, housing and road-building". These conservatives were willing to embrace the cause of massive

resistance and make it part of the conservative agenda, but segregationist southerners had to likewise extend their racial states' rights stand to all conservative ideas and abandon populist New Deal commitments (Lowndes, 2008, p. 51-52)

While the fusionism articulated by the National Review proved fertile, offering an ideological glue to the new conservative movement that was emerging, there was, on the far-right, the John Birch Society, whose ultraconservative message may seem pretty mainstream nowadays. The organization, founded in 1958, was known for its ferocious anticommunism, although they were also against desegregation, gay rights, gun control, abortion, drugs, big government – especially big government –, and much more. All these issues, however, were somehow, for them, related to communism. The Society also pioneered the large-scale use of conspiracy theories in the political arena. For instance, by arguing that it was a communist plot to destroy the children, it was successful at preventing a program for fluoridation of water. It also defended that secret societies, like the Illuminati, were behind events like WWII and organizations like the United Nations, whose supposed objective was to bring a New World Order with a single global government controlling all humans. It should be noted that, in the mid-1960s, the John Birch Society had around 100.000 members (Stewart, 2002, p. 425, 427, 437).

In the late 1950s, the national Republican Party was still split between northeast moderates and western conservatives – both, at best, alien to the debate on race. In the south, however, the party began to close ties with the supremacist elite. Speaking in a Republican convention in South Carolina, 1959, Arizona Senator Barry Goldwater told the audience he was against the “enforcement by arms” of the *Brown v. Board of Education* decision. Despite the fact that Goldwater had a reasonable track of votes pro-civil rights, those were exactly the kind of words that southern supremacists wanted to hear. He began to gather sympathies in the south. At the same time, Goldwater had the perfect profile of a National Review's modern conservative: in his best-selling book *Conscience of a Conservative* (1961)⁴⁷, he opposed labor regulations, farming controls, big public budgets, heavy

⁴⁷ The book left a strong influence on many future generations of conservatives, like Ronald Reagan and George H.W Bush (Breit, 2012, p. 815). It was also an influence to young Hillary Clinton, who was, in 1964, a “Goldwater Girl” (Moghare, 2019).

taxation, welfare-spending, and, of course, communism and collectivism, among other things. He stood up for free markets, economic freedom, and... states' rights. Commenting, for instance, about *Brown v. Board of Education*, he tried to please both supremacists and decent people, in a Pontius Pilate way:

I believe that it is both wise and just for Negro children to attend the same schools as whites, and that to deny them this opportunity carries with it strong implications of inferiority. I am not prepared, however, to impose that judgement of mine on the people of Mississippi or South Carolina, or to tell them what methods should be adopted and what pace should be kept in striving toward that goal. That is their business, not mine. I believe that the problem of race relations, like all social and cultural problems, is best handled by the people directly concerned (Goldwater, 2010, p. 27).

The fruits of this strategy were harvested in 1964, in the conservative takeover of the Republican Party, in which Goldwater was nominated the GOP's presidential candidate. The conventions were marked by tension, with southern and western Republicans against the "eastern elites" – represented, for instance, by Nelson Rockefeller, from the liberal wing of the party. Yet Rockefeller was no contender. In the most famous chapter of this takeover, in the San Francisco convention, Rockefeller stood on the stage to warn the crowd about the risks of extremism (for him, represented by Goldwater) and to praise the party's history of advancing civil rights. The audience answered by "laughs and boos" (Perlstein, 2001, p. 18). Two days later, on the same stage, Goldwater proclaimed: "extremism in the cause of liberty is no vice!", before a wild applause by the crowd (Dickerson, 2016). In this moment, there was no doubt, the GOP was a conservative party, and Goldwater's candidacy united from the former Dixiecrats to libertarians. By the way, one of Goldwater's chief economic advisors was Milton Friedman (Breit, 2012, p. 814). Goldwater's conservative platform was enough to win the nomination, but not the nation. As he campaigned through the country in the following months, the media pictured him as an extremist. Besides, the majority of the population still cherished New Deal-welfare programs, seeing Goldwater as a threat to these. It was not enough for him to double the bet on the racial agenda, which was only truly appealing in the south – and not even to all southerners. In the end, he suffered a vexatious defeat to Democratic Lyndon B. Johnson, who ran a campaign openly pro-civil rights, and whose most important program was the Great

Society, which proposed an array of policies to combat poverty and racial injustice, and huge welfare spending. Johnson won in every state except Arizona – Goldwater’s home – and the “Deep South” (South Carolina, Georgia, Alabama, Mississippi, and Louisiana). Yet, the Republicans’ overwhelming defeat did not change the course of things. Instead, now it was clear for Republicans the ideological path to take. There was no way back.

The American Right, in the mid-1960s, had two venues open: the modern conservative movement and the far-right, of which we selected, as examples of the former and latter, the National Review (and Goldwater) and the John Birch Society. The missing strain between the two was right-wing populism, with which Americans began to flirt in the 1968 presidential election. Mudde (2018) defines populism as an ideology that sees society separated by two opposite groups, the pure people and the corrupt elite. Politics should, for populists, express the will of the people, so populist right-wing politicians claim to be the ones who represent this will – they are the voice of the “people”, who are fighting an establishment in which all parties – except theirs, evidently – are the same (Mudde, 2018, p. 2). In the 20th century, no one represented this populism, in the United States, better than Alabama Democratic governor George Wallace.

George Wallace was elected governor of Alabama, in 1962, adopting an openly segregationist platform. In fact, one of his most (in)famous quotes came from his inauguration speech, in 1963, when he stated “segregation now, segregation tomorrow, segregation forever!” (Carter, 2000, p. 109). In 1964, he ran – unsuccessfully – for the Democratic ticket in the presidential election. As we all know, the Democratic nominee that year was incumbent President Lyndon B. Johnson, who ran on pro-civil rights platform. His landslide victory in the general election that year could trick us into thinking that American voters gave a definitive no to racism. It was not the case. Johnson’s government was marked by two fundamental issues: domestically, the Great Society program; abroad, the Vietnam War. As we saw earlier in this work, to sustain both demanded an extraordinary fiscal effort by the American government, what undermined the international confidence in the dollar. Inside the US, however, the problem was another: popular unrest. First, the civil rights movement was reaching a peak, with a new level of

tension in northern states, where urban ghettos became a scenario of racial conflicts. This upset many white northerners. Meanwhile, the Great Society indeed advanced racial integration, what upset white southerners. The Great Society also interfered in private business, upsetting conservatives and libertarians. Finally, antiwar militants, new agers, hippies, and the New Left, among other left-wing and liberal movements, proliferated. This turbulent context offered a unique opportunity for a populist discourse to manipulate people's anxieties, exactly the ability in which Wallace excelled. Protests, demonstrations, urban riots, etc., all events that led to social disorder were explored by Wallace in his campaign as a sign of US' decay. In his speeches, he claimed to be the candidate who would bring "law and order" back to America. In order to do so, he stressed, it was necessary, first, to kick out the Washington bureaucrats; second, to jail the "activists, anarchists, revolutionaries and Communists" (Witcover, 1997, p. 63).

Wallace's populist strategy was to win the hearts of the "middle men", a category that only exists discursively, it is true, yet one with a strong emotional appeal. This middle man is, indeed, a man, and also a white hard worker. He is in between the liberal elites – intellectuals, bureaucrats, and the spoiled wealthy –, and the "undeserving poor" – people who live off governmental transfers and social security programs. Life, as this middle man knows, is under a constant threat by these two latter groups, who want to destroy local culture, tradition, and morality, but possibly life itself, through violence. Unnecessary to say, the undeserving poor is almost always black (today, s/he would be also Latin or Arab). The antagonism evoked by this imagery, not paradoxically, promotes more violence, feeding back the populist movement. Symptomatic of this, therefore, was the fact that Wallace's campaign was surrounded by violent spectacles between his supporters and the opposition, spectacles which he mobilized in his favor, at the same time trying to distance himself from these incidents and arguing that they proved his point on law and order⁴⁸.

⁴⁸ In one of those ironies of fate, when Wallace ran in the Democratic primaries, in 1972, he was shot five times when campaigning in Maryland. By the time he was a favorite to win the party's nomination, leading in many opinion polls. The attempt of murder left him paralyzed from the waist down, making it impossible for him to continue in the race (Dent, 2000, p. 435).

His candidacy was about race, no doubt, but Wallace, by picturing his platform as one for order, could attract both the white southerners, who knew he still was the old Alabama's segregationist, and whites from other regions, who were increasingly anxious about a scenario of social turmoil. He could, thus, advance in regions where Barry Goldwater failed. Besides, by playing from outside of the usually accepted political terrain, he could make bold moves that traditional candidates could not. This all helped Wallace to be seen as "one of us", as another middle man, a tribune of the plebs, the one who could say and do what others had no guts to – he was the people. He easily drew support from the far-right – from the Klu Klux Klan to the John Birch Society –, but also from conservatives, poor and middle-class whites, libertarians, anticommunists, etc. More importantly, he captured votes from both Democrats and Republicans. To complete his antiestablishment glaze, he founded his own party, the American Party, to run for president – he knew he was not mainstream enough to be nominated by the Democratic Party, notwithstanding the fact that, in the popular vote, he won in many state conventions. It is not necessary to remember that he was not elected president. Nevertheless, he received some 10 million votes (almost 14% of all votes in the presidential election), which came from many regions – especially the south, as expected, where he, running from a non-traditional party (we must repeat it), with a precarious structure, won in five states: Alabama, Arkansas, Georgia, Louisiana, and Mississippi, something never repeated by any independent candidate ever since. As a result of Wallace's phenomenon, US politics went further right. Marginal debates, some of them even considered unacceptable a decade earlier, became part of mainstream discourse. Furthermore, Wallace left a trail for others to follow, and the first mainstream candidate who followed it was Richard Nixon, in the same 1968 presidential election.

Both Barry Goldwater and George Wallace failed in their presidential campaigns because they were seen by a relevant share of the electorate as extremists. There were important differences in the content of this seemingly extremism, though. Goldwater had been relatively successful in the south, just like Wallace, because both embraced an ultraconservative view on race – even if not always openly. In Goldwater's case, this was enough to win some southern states, but not enough to capture northern white Americans who, in 1964, were still

relatively receptive to civil rights. Besides, his conservatism⁴⁹ in economic issues also made him to be seen as an elitist, since the vast majority of Americans cherished the New Deal welfare apparatus. Much changed in four years. In 1968, when white Americans were facing the consequences of a little more civil rights – the inclusion of black people in their neighborhoods, schools, jobs, etc. –, they became much less receptive. This allowed Wallace to play the race card in a way that Goldwater could not. While Goldwater, in order to be seen as moderate, had to make of race a juridical contention in the form of state's rights, Wallace coded race in the form of law and order. State's rights – so important in the Deep South – were still part of his platform, but through law and order he could have a national appeal. At the same time, despite his anti-statist rhetoric, Wallace's populism allowed him to be seen not outrightly against the New Deal, but against Democratic policies that (supposedly) favored the rich and the undeserving poor at the expenses of the middle American, the hard worker. Therefore, unlike Goldwater, Wallace was not seen as an elitist. Nevertheless, his violent rhetoric, his authoritarianism, his casual spread of conspiracy theories – all things that were so appealing to the far-right –, distanced him from the moderate electorate. For many, he could be the tribune of the plebs, but not someone to command the nation.

Nixon took advantage of all these lessons. One of the important aspects of 1968's presidential campaign was that Wallace's presence pushed the political compass further to the right, so the political center moved rightward too. As a consequence, Nixon could still be considered a moderate *vis-à-vis* his adversaries while running on a more conservative platform. This was reflected in his adoption of Wallace's discourse on law and order and against the establishment, although, in both aspects, not as much virulently. Nixon understood the appeal of both themes to white northerners. He also understood – as all Republicans did – that it was necessary to win some southern states if he wanted to be elected president. Yet, he was careful to choose which ones. Nixon knew he could and, in fact, had to play the race card in order to attract southern votes. But he could not go too far,

⁴⁹ We should instead say liberalism, but, as usual as it is when one tries to define political ideologies in the United States, certain words cause confusion, for they represent, there, something different from what they do in the rest of the world.

otherwise, moderate voters would be driven away. Key, therefore, was to win in the southern states where a “soft” conservative stance on race was competitive: there was no intent to win the Deep South, what would require from him a hard position. Instead, he left it to Wallace. What was the content of this “soft” stance on race? For instance, Nixon did not mean to stop desegregation. Nevertheless, he promised – to southern audiences – to do no more than the minimum required by the courts to advance the subject, *i.e.*, he would slow desegregation down as much as possible (Carter, 2000, p. 329). This was not the solution southern supremacists dreamed of, but it was, at least, a feasible one. After Goldwater’s overwhelming defeat in 1964, southern elites had learned that it was better a half win than a full loss, so they were willing to make compromises. For them, it was better a Nixon in the office than a Democrat. This explains why the majority of them committed to Nixon in the primaries of the Republican Party, when they could have chosen California governor Ronald Reagan instead: Reagan was not a safe bet. Although he would fit their expectations better, most Americans were not ready to elect someone like him for president.

In fact, the differences between Nixon and Reagan also show that, in the average, Americans were not willing to forgo the New Deal arrangements in 1968, just as they were not in 1964, with Goldwater. Nixon, unlike Goldwater and Reagan – who both ran on neoliberal platforms –, was more careful⁵⁰. His administration kept and deepened New Deal-style policies, even though, in many other aspects, it also anticipated the neoliberal era. For example, as we saw in chapter II, Nixon’s administration did all it could to end capital controls in the international monetary system, and justified it on a neoliberal reasoning. At the same time, many of Nixon’s domestic policies seemed quite progressive: he signed the Social Security Amendments of 1972, extending the Medicare; he signed the Supplemental Security Income program, federalizing income support for the elderly and disabled; he increased Medicaid spending; he created the Office of Minority Business Enterprise to help minority individuals’ businesses; etc. We do not mean to deny the possibility that Nixon could indeed be a progressive in certain aspects. But what

⁵⁰ One can remind Nixon’s statement, in 1971, that he was “now a Keynesian in economics” (The New York Times, January 7, 1971, p. 19).

these seemingly contradictory policies show, beyond the political appeal of the New Deal, was that there could be no transition from the hegemony of the New Deal social bloc to a new bloc led by, among others, neoliberals, without a half-way coalition – in this case, Nixon’s right-wing populism. Moreover – we hope it is becoming clear – the hegemonic transition depended on the consent of major fractions of the working class, and their consent began to shift, before anything else, not for economic reasons, but for cultural ones. First, the majority of the American population turned conservative. Much later, neoliberalism came.

Finally, note that this “half-way coalition”, represented by Nixon’s right-wing populism, built consent by – like George Wallace – discursively constructing its own “middle men”. For Nixon, this was the *forgotten American*. In order to comprehend this construction, it is worth recalling two fragments of his acceptance speech (1968) at the Republican National Convention:

As we look at America, we see cities enveloped in smoke and flame. We hear sirens in the night. We see Americans dying on distant battlefields abroad. We see Americans hating each other; fighting each other; killing each other at home. As we see and hear these things, millions of Americans cry out in anguish. Did we come all this way for this? Did American boys die in Normandy, and Korea, and in Valley Forge for this? (Nixon, 1968)

In this first fragment, Nixon mobilizes the anxiety of the audience by picturing the United States as a country engulfed in social crisis. The most pressing issues of the that last half of the decade are here: mounting criminality, social unrest, and the Vietnam War. This US is also deeply divided. Then, Nixon offers his way out of the crisis:

Listen to the answer to those questions. It is another voice. It is the quiet voice in the tumult and the shouting. It is the voice of the great majority of Americans, the forgotten Americans – the non-shouters; the non-demonstrators. They are not racists or sick; they are not guilty of the crime that plagues the land. They are black and they are white – they’re native born and foreign born – they’re young and they’re old. They work in America’s factories. They run America’s business. They serve the government. They provide most of the soldiers who died to keep us free. They give lift to the American Dream. They give steel to the backbone of America. They are good people, they are decent people: they work, they save, they pay their taxes, and they care (Nixon, 1968).

Hence, Nixon's alternative recovers the spirit of the "American Way": Americans must stay united and, as long as they do, the United States will prosper again. What is quite interesting, however, is that this unity requires passivity. Nixon's model of citizen, the forgotten American, is someone who does not shout or protest, but simply works hard, saves, and pays taxes: this person only wants some peace and quiet to keep on going. It follows, then, that passivity becomes the highest quality and, in order to reach unity, it is necessary to cast aside those who are not passive – the shouters, the demonstrators, etc. This is not only paradoxical, but also hypocritical, since these shouters were shouting precisely because they were black, or gay, or women, while the forgotten American that Nixon is evoking (supposedly) does not have specific color, origin, age, etc. Let us be clear: actually, *he* does.

With a complex – and, in many senses, contradictory – mix of conservatism, populism, neoliberalism, Keynesianism, etc. Nixon repositioned the political center in the United States and laid the groundwork for a new hegemonic bloc. However, this new bloc could only emerge when US' social turmoil in the late 1960s became an organic crisis – when economic problems amounted to the cultural shifts that were happening. These economic problems – as we saw in the second chapter – began to reach the surface in the 1970s, with slower growth, high unemployment and inflation, and lower accumulation. Nixon's administration faced all these problems. The New Deal and Keynesian crisis came at a moment in which anti-government and antiestablishment discourse had already turned mainstream in US politics: Nixon himself had been elected, in 1968, adopting this discourse. Despite his exceptional victory, in 1972, on a populist platform that unquestionably distanced him from the ideal of small government, this platform was also marked by an even more incisive antiestablishment position. His adversary, Democrat George McGovern, ran on an openly liberal (in the American sense of the word) campaign and lost in 49 out of 50 states. He was a progressive in a more conservative US. He was a Ph.D. in History when aversion to "cultural elites" was raising. Ironically, the Watergate scandal, which led to Nixon's resignation, only increased the sense of US' moral decay and the disillusionment with the government. By the time the Democratic Party returned to the office, in 1977, it had changed too, responding to this new political center. President Jimmy Carter was

from the rural south, born-again Christian, a conservative in many issues. He presented himself as an outsider, anti-Washington, anti-elites, anti-establishment. His appeal came, among other things, from the fact that he was seen as a moralist (Pinheiro, 2013, p. 119). In fact, Carter eventually explored his faith politically, adopting a conservative religiosity with a strong right-wing appeal. Notably, his election was intimately related to the rise of evangelicalism⁵¹. Last, his political views on economic issues distanced him from the old-New Deal tradition. As his acceptance speech warned:

As an engineer, a planner, a businessman, I see clearly the value to our nation of a strong system of free enterprise based on increase productivity and adequate wages. We Democrats believe that competition is better than regulation, and we intend to combine strong safeguards to consumers with minimal intrusion of government in our free economic system (Carter, 1976)

And indeed, the economic principles that underscored Carter's administration were already neoliberal, with an emphasis on the market over the state, on inflation over unemployment, on monetary policy over fiscal policy, on supply-side over demand-side economics, and on balanced budgets (Morgan, 2004, p. 1016). In 1979, Jimmy Carter appointed Paul Volcker – a faithful advocate of central bank independence and tight money – to command the Federal Reserve. Volker raised the FED's interest rates to a historical high, throwing the US economy into recession, spiking unemployment and, as a backfire, making it almost impossible for Carter to be reelected⁵². The New Deal era was finally over.

III.2 – Then came the neoliberals

Neoliberalism, as a term, is thought to have appeared first in 1925 in Han Honegger's book *Trends of Economic Ideas*, as a theory identified with the work Alfred Marshall, Eugen von Böhm-Bawerk, Friedrich von Wieser, and Karl Gustav Cassel, among others (Plehwe, 2009, p. 11). It is noteworthy the presence, here, of important exponents of the marginalist revolution in the field of economics, some of them Austrian intellectuals. This is no coincidence since, before WWII, the

⁵¹ About Jimmy Carter and the rise of the “religious right”, see Flippen, 2011.

⁵² For a comprehensive review of Carter's economic policies, see Biven, 2002.

emergent neoliberal scene was most effervescent in Vienna, where Ludwig von Mises, Friedrich Hayek, Fritz Machlup and others developed a network of intellectuals devoted to critique socialist economics. This network would only gain more traction in the 1930s, after the Crisis of 1929 and the Great Depression. Walter Lippmann's publishing of his *The Good Society* (1937) - an enthusiastic defense of markets against state intervention - represented an important incentive to liberal circles in Europe. Louis Rougier, the philosopher, impressed by Lippmann's book, organized a French conference named after him, the Colloque Walter Lippmann, in 1938, gathering liberal intellectuals to debate the dangers of collectivist tendencies. Some of them were Raymond Aron, Louis Baudin, Wilhelm Röpke, Alexander Rüstow, Hayek, and Mises (Plehwe, 2009, p. 13). While Mises and Hayek represented the Austrian wing of neoliberalism, Rüstow and Röpke represented the German side. This division gave birth to two neoliberal strands: the Austrian School, and the German Ordoliberals. The Colloque served as an impulse to the spreading of the neoliberal gospel (which included a think tank and a journal), but was partially halted by the break of the Second World War.

Once the war was over, Hayek began to play an ascendant role in the neoliberal scene. The success of his book *The Road to Serfdom* (1944) made him a popular figure, so much so that Winston Churchill was accused of borrowing from Hayek's ideas in his first election broadcast, in 1945 (Shearmur, 2006, p. 309). Together with Albert Hunold, Hayek organized a new conference in 1947, this time in Mont Pèlerin, Swiss, to establish a closed society of intellectuals whereas a neoliberal agenda would be established and advanced. The then founded Mont Pèlerin Society (MPS), first presided by Hayek (1948-1960), became the single most important international network of neoliberals. Unlike the Colloque Walter Lippmann, where US members were few (3 out of 84), in this first meeting of the MPS they were almost half (17 out of 39), and numbers only grew with time (Plehwe, 2009, p. 16-17). Among American MPS members present in this first moment there were Aaron Director, Milton Friedmann, and Allen Wallis, representing a third strand of neoliberal thought, the Chicago School.

The German Ordoliberals, the Austrian School, and the Chicago School were by far the most important strands of neoliberalism, despite the significative

differences among them. Whereas the political influence of the ordoliberals remained confined mostly to Germany, the Austrian and Chicago Schools became very politically influent in the Anglo-Saxon world, shaping what is commonly seen as the neoliberal era (late 1970s onwards). For this reason, in the following pages we want to briefly present the general assumptions and differences among these last two branches, Austrian and Chicago^{53, 54, 55}.

The Austrians

Let us begin with Ludwig von Mises, the father of the Austrian School, whose major contribution to neoliberal theory was his critique of socialist economics in the article *Economic Calculation in the Socialist Commonwealth* (1920). Mises's core argument was that it is not possible to efficiently allocate resources in a socialist economy because, in the absence of private property, there is not rational economic calculation. Since production goods are not exchanged, there are no prices, and whoever decides how to combine factors of production cannot find a proper method to make it efficiently. Building on the subjective value theory, Mises argued that individual subjective values are transmitted into prices. Prices, thus, carry information, and in the absence of them, central planners cannot access these subjective values, making rational decisions impossible⁵⁶ (Mises,

⁵³ In what may seem as a paradox, neoliberalism is criticized as concept which, when mobilized, often lacks precise definition, ultimately becoming an umbrella to critique a wide scope of features and policies of the period that begins in the late 1970s. Yet, it is not uncommon to see approaches to neoliberalism where it is regarded as a monolith (about this, see Boas and Gans-Morse, 2009; Phelan, 2007; Mudge, 2008). This contradiction is what we want to avoid by concisely presenting these two different strands of neoliberal thought.

⁵⁴ Note, also, that it is not our intention, here – insofar as this work is concerned with imperialism –, to make a comprehensive analysis of neoliberal theory and practice (for this we recommend Kiely (2018)). Here, we want to understand the role of neoliberal ideas in the building of the new hegemonic social bloc.

⁵⁵ We do not think presenting German Ordoliberals' ideas will be relevant for our discussion of US politics. Anyhow, if one commentary must be made about them is that unlike the Austrian and the Chicago School, Ordoliberals put much emphasis on the role of the state in supporting and actively promoting a competitive economic order. Hence, for them the state must be strong enough to prevent the concentration of economic power, for economic power can actually capture the state and subvert the political system (see Kiely, 2018, p. 43-46)

⁵⁶ Mises' argument was at the core of the "socialist calculation debate". A relevant response he received from socialists came from Oskar Lange (1936). O'Neill (1996) offers an interesting assessment of the debate.

1990). In his later book, *Socialism* (1922), Mises provided a thorough analysis of socialism, where he concluded for its unfeasibility. Both central planning and interventionist policies were pointed out as detrimental to the efficient operation of markets (Mises, 1951).

Mises' work left a significative influence in his most famous disciple, Hayek – the shining star of neoliberalism and of the Austrian School –, who reworked and expanded some of his mentor's ideas. In his essay *The Principles of a Liberal Social Order* (1966), Hayek argues that the liberal order is distinctive for its spontaneity: it is based on reciprocity, the reconciliation of different individual purposes, for all individuals are allowed to freely pursue their own personal objectives (Hayek, 1966, p. 604). Then, by pursuing their individual objectives, people's knowledge and skills are released, and human activities grow in complexity. Conversely, he goes on, in an order that is based on central organization, where there are general purposes, there can be no such complexity as there is in a liberal social order: knowledge and skills are limited by the lack spontaneity (Hayek, 1966, p. 602).

Yet, Hayek's argument is not exactly new, for it recovers – in varying degrees of sophistication – a long tradition of liberal thought. Comparingly, Adam Smith, in his Magnum Opus *An Inquiry into the Wealth of Nations* (1776), argued that no one knows better how to employ one's own capital than the individual him/herself. Instead, if the statesman⁵⁷ decides how to employ each individual's capital, this will not only be useless, but dangerous. In fact, when an individual seeks his/her personal interest – disregarding any considerations about the public interest –, s/he often promotes the good of the society (Smith, 1996, p. 438). It stands out both in Smith's and in Hayek's argument: (i) the primacy of the individual; (ii) the social benefits of a self-interested behavior; and (iii) the state's inefficiency to allocate resources. In some sense, thus, Hayek's and Smith's ideas are the same – these are the old liberal ideas of freedom, the individual, and the limits to state action⁵⁸. However, Hayek took them to another level. For instance,

⁵⁷ Smith's original word.

⁵⁸ However, Smith's intellectual edifice cannot be reduced to this, as both *The Wealth of Nations* and *The Theory of Moral Sentiments* (1759) show it is anything but trivial. Notwithstanding, it is quite fair to say that Smith has been reduced to it very often, especially by his intellectual heirs.

his central argument in his *The Road to Serfdom* (1944) was that any form of central planning and collectivism by governments leads inevitably to totalitarian states as the Nazi Germany or the USSR. This position led him to advocate that the state should limit its activities to no much more than the enforcement of rules to protect the private domain of individuals – what he called “universal rules of just conduct” (Hayek, 1966, p. 603). There is an almost pathological mistrust of the state. At the same time, markets are highly treasured – not without a significative level of faith: in a liberal social order, Hayek argues, markets create more wealth and people have the highest incomes (when compared to other forms of economic organization), production is maximized, and production and selling prices are the cheapest possible. All of this happens because the market mechanism allocates all dispersed knowledge properly – people’s personal interests are transmitted into prices, and prices coordinate production and consumption better than any central planner. Instead of planning, what is really necessary is free market entry, and that information is spread properly by the market (so that everyone knows where opportunities are). These two conditions guarantee that the market mechanism works correctly (Hayek, 1966, p. 613-614).

Thus, in its mistrust of the state and faith in the market, Hayekian neoliberalism proposes that freedom is the best way for humans to improve their well-being. But, as Kiely (2018) notes, in this framework, freedom must be understood in its negative dimension – it is the absence of coercion, which means that people are free to act as they will. To be more precise, there is coercion, but it only goes as far as the necessary to prevent people from invading each other’s private domain. As the individual knows what is best for him/herself, the state should not pursue anything more than this negative freedom, otherwise it will be invading the private domain of some to promote the interests of others. Likewise, any attempt to promote positive freedoms – *means* for people to act as they will – undermines the negative ones, so it is not welcome. In short, the state is necessary to defend the private domain of individuals, but not to promote social equality, social justice, etc. In fact, for Hayek (1966, p. 611-612), the concept of social justice is devoid of meaning: it supposes that market injustices must be corrected, but the way the market allocates wealth and income is impersonal, so it cannot be unjust. Therefore, if there is poverty, it is unfortunate, but not unfair. This does not mean,

nevertheless – and curiously –, that Hayek did not support any kind of social security. On the contrary, he supported, among other things, the provision of minimum food, shelter, and clothing, the assistance of those suffering from sickness and accidents, and even a minimum income (Hayek, 2006, p. 124-125, 127). To reconcile two seemingly contradictory positions – the support to social security and the opposition to social justice –, Hayek drew a distinction between the security that can be provided outside and supplementary to markets, and the security that “can be provided only for some and only by controlling or abolishing the market” (Hayek, 2006, p. 124).

In other words, Hayek argued that the provision of social security is acceptable as long as it does not endanger general freedom. Yet, the contradiction is hardly resolved, since this security cannot be provided without taking something from some to give (distribute) to others – *i.e.*, without coercion. This is a source of great criticism to Hayek by another Austrian School intellectual, Murray Rothbard. In a review letter of Hayek’s *The Constitution of Liberty* (1960), directed to the Volker Fund, Rothbard (2009 [1960]) comments that Hayek’s concept of coercion – understood as arbitrary harmful acts – left a vast area of State activity to be deemed as noncoercive and, therefore, legitimate. Rothbard writes⁵⁹:

Coercive activities are thus confined to such direct acts of tyranny as price controls, fixing of production, socialist planning, etc. But a government supply of a service – such as public housing, etc. – is not considered coercive, and therefore cannot be opposed on principle according to Hayek. For such “noncoercive” activities, says Hayek, the proposed activity must be considered case by case, *ad hoc*, in a pragmatic utilitarian manner (Rothbard, 2009, p. 72-3)

Hayek’s support to minimum social security – like a minimum income, for instance – is no less contradictory because it demands the government to meet people’s basic needs, yet how to define those needs departing from a liberal perspective? What legitimacy does the government have to define them? And where

⁵⁹ In a prior review letter of Hayek’s book manuscript, Rothbard goes as far as to say that “F.A. Hayek’s *Constitution of Liberty* is, surprisingly and distressingly, an extremely bad, and, I would even say, evil book” (Rothbard, 2009 [1958], p. 61). It is important to say, however, that Rothbard, although a disciple of Mises and identified with the Austrian School, was a radical libertarian, an advocate of anarcho-capitalism (see Gordon, 2007; Doherty, 2008).

to stop? The risk, here, if one follows Hayek's own framework, is to take the road to serfdom. Contradictions notwithstanding, Hayek's type of reasoning bear important consequences for neoliberal policies, what we shall explore further later: a focus on policies which are not only preferably supplemental to markets, but also market-oriented and designed to – whenever possible – be provided by markets. Based on this type of reasoning, welfare policies, like those of the New Deal, would eventually be dismantled. But not solely based on them.

Chicago

The Austrian School had an important role in reinvigorating liberal debates and offering it fresh theoretical substance. Without the Chicago School, nevertheless, neoliberalism would not have the political ascendancy it has today. Chicago intellectuals were decisive in translating neoliberal principles into a systematic language – the language of economics. Built on the supposed objectivity of economics, neoliberalism became almost a hard science, “free” from the subjectivities of politics. Unsurprisingly, neoliberal policies – deeply influenced by Chicago's theories – also became unquestionable in the sense that, politics, understood as the field of public deliberation, also became the field of the irrational, since there is nothing to deliberate in the face of science. The result is a permanent tension between neoliberalism and democracy, often expressed by neoliberals themselves. This tension is present, for instance, in the most famous face of Chicago, Nobel Prize winner Milton Friedman. The title of Friedman's most famous book directed to the broad audience, *Capitalism and Freedom* (1962), is an indicative of this tension. Democracy is a word hardly ever used – in the edition we possess, it is used only 5 times – and, whenever possible, Friedman favors the word Freedom. This happens because neoliberals commonly equate democracy to majority rule. As a result, democracy itself can be seen as a threat to freedom. More specifically, neoliberals are always threatened by the possibility that the majority may question economic freedom – *i.e.*, free markets, private property, etc. This is why Friedman establishes an indivisible link between economic freedom and political freedom in which the latter cannot survive without the former (see Merquior, 2014, p. 229).

Friedman's argument in many ways is more of the same: he departs from the understanding that "[t]he basic problem of social organization is how to coordinate the economic activities of large numbers of people" (Friedman, 2002, p. 12), and then concludes that there are only two ways to solve this problem: coercive central direction or voluntary cooperation. To the state, competes the former; to the market, the latter. What supposedly happens in the market – voluntary cooperation – is almost touching:

The consumer is protected from coercion by the seller because of the presence of other sellers with whom he can deal. The seller is protected from coercion by the consumer because of other consumers to whom he can sell. The employee is protected from coercion by the employer because of other employers for whom he can work, and so on. And the market does this impersonally and without centralized authority" (Friedman, 2002, p. 14-15).

Since Friedman assumes that: (i) exchange through the market is superior because it is voluntary (and in fact to be voluntary is an end in itself); and (ii) it benefits all parties involved in it; then, the government should limit its functions to establishing rules, interpreting them, and solving conflicts (Friedman, 2002, p. 13, 15). Once state functions are limited, political power is also limited. If, on the other hand, the government exercised extended control over economic issues, it would concentrate both political and economic power – both unchecked –, and individuals would not even have ways to defy the government, because their subsistence would depend on the government. Even if individuals gave up their well-being and chose to oppose the government, they would not find ways to finance their cause, so Friedman writes that "[t]his is a role of inequality of wealth in preserving political freedom that is seldom noted – the role of the patron" (Friedman, 2002, p. 17). One might ask, then, whether this inequality of wealth could be a risk to freedom (and democracy), but the answer, in his framework, would have to be no. As long as the market is free and state functions are limited, wealth has no power to exercise. This happens because power is understood, here, strictly as the capacity to coerce, and since economic power is separated from political power and the market disperses economic power, wealth cannot be used to coerce. The only exception is in the case of monopolies, in which individuals cannot exchange freely. When there are monopolies, the government may be called upon to support market competition. Yet, according to Friedman, monopoly arises in three situations: (i) from

government support; (ii) from collusive agreements among individuals; and (iii) from technical efficiency. The two first are more frequent and can be solved by enforcing anti-trust laws and preventing the government from fostering it (Friedman, 2002, p. 28). The last one, which he calls “technical monopoly”, is trickier, for there are only three possible solutions: private monopoly, public monopoly, or public regulation, and Friedman argues that, among them, private monopoly is “the least of the evils”, because market conditions are always changing, and so does technical conditions that allow a monopoly to exist. Private monopolies are more responsive to these changes and have a shorter life span than their alternatives (Friedman, 2002, p. 28).

It becomes clear, then, that even when the market does not work as it should, it is preferred over the state, suggesting that Friedman follows the “presumption-of-error doctrine”, according to which any extension of state activity should only be accepted if the market clearly cannot do the same activity at least as well – in other words, if one can show that the market is deficient *vis-à-vis* the state. This doctrine was presented first by Aaron Director, another leading intellectual of the Chicago School, whose stated intention was to subvert the idea that when there are political decisions to make over the use of resources, the organization of these resources must be assigned to the state, when they could instead be organized through and by markets (Director, 1964 [1953], p. 2-3). When it comes to providing welfare, Friedman follows this rule of thumb, what explains – in part – his preference for monetary transfers over other policies. First, he argues that except for the “madmen or children”, for whom he does not believe in freedom (Friedman, 2002, p. 33), the state should not be paternalistic, *i.e.*, it should avoid policies that make people dependent on it. But when this is unavoidable, the state should privilege transitory policies. Monetary transfers fit in perfectly in this case, because they limit the capacity of governments to deciding individual needs, they reduce bureaucratic apparatuses, and they do not undermine markets – as long as they are not so large that distort economic incentives. This last aspect is particularly relevant, because these transfers are intended to alleviate poverty, not to promote any sense of social justice, and therefore they must not incentive individuals to live off the government transfers – in other words, must not incentive them not to work.

For the same reason, they are intended to be transient (see Friedman, 2002, chapter 12).

As one can see, Friedman goes farther than Hayek in his positions regarding welfare and social security, what, along with Director's doctrine, underscores the general climate of the Chicago School. There is a perpetual drive to depoliticize policies, to seclude them from public debate and deliberation, what obviously seems paradoxical, even more so because books like *Capitalism and Freedom* were directed to the wide audience as a way to influence the public opinion. George Stigler, also from Chicago (and also Nobel Prize winner), took a different direction from Friedman's: rather than trying to gather public support to his ideas, Stigler wanted the public out of the debate. For him, "[a]ffairs of science, and intellectual life generally, are not to be conducted on democratic procedures" (Stigler apud Nik-Khah and Van Horn, 2016, p. 34). He extended this principle to an area in which he was highly influential – market regulation, where he wanted to purge regulators' decisions from the public debate. However, he showed no confidence in state officials either, adopting a very hostile tone toward government bodies:

Regulation and competition are rhetorical friends and deadly enemies: over the doorway of every regulatory agency save two should be carved: "Competition Not Admitted". The Federal Trade Commission's doorway should announce, "Competition Admitted in Rear", and that of the Antitrust Division, "Monopoly Only by Appointment" (Stigler, 1975, p. 183)

As one can see, Stigler's point is that regulators usually serve the interests of the industries they are meant to regulate. In his famous article *The Theory of Economic Regulation* (1971), he explicitly argues that regulation is "acquired, designed and operated" by the industry for its own benefit, either to gather subsidies or, preferentially – if the industry has enough political power –, to limit market competition by controlling entry (Stigler, 1971, p. 3-5). What really stands out in his argument is that he explains this capacity industries have to "capture" the state to their benefit by the malfunction of democracy *vis-à-vis* markets: democratic process has a universal character in the sense that it calls on everyone to choose at once, *e.g.*, if the state wants to forbid people to buy guns, both people who buy guns and those who do not, have a vote, and if you do not think about buying a gun today, but perhaps tomorrow, your decision has to be made today regardless. In other

words, democratic process demands individuals to express their preferences simultaneously. The market, on the contrary, is not universal in the same sense, *i.e.*, only interested individuals “vote”, and their preferences are expressed at any time (whenever you decide to buy or not to buy a gun) – yet not simultaneously. Because of these differences, Stigler argues that the political system does not offer good incentives for people to acquire knowledge, what the market does. Since people who are underinvested in knowledge are affecting decisions, the expression of preferences will be less precise in the political system (Stigler, 1971, p. 10-12). Furthermore, the cost of political decisions is so high that representatives are established to make them on a day-to-day basis. This invites industries to seize representatives and political parties in pursuit of regulation, offering them resources to campaign and to keep their parties running. When one mixes industries interested in regulation, politicians interested in political positions, and uninterested voters, the result is a capture of regulatory apparatuses by industries. Since you cannot make voters to invest in knowledge about the decisions they have to make that do not concern them, it follows that it would be better to leave the markets to self-regulate. Nevertheless, there are (few) times in which public regulation is needed. In these cases, it is not only necessary to seclude government officials from democratic process, but also to subject them to (neoliberal) science. Stigler proposes that regulator’s decisions are to be audited and reviewed by committees appointed by scientific bodies, not by public ones (Stigler, 1975, p. 173-174).

Stigler’s analysis extensively uses tools of economics to interpret political processes. Words like cost, return, investment, preferences, etc., abound. This highlights one of the most enduring contributions of Chicago’s intellectuals: the extension of economics to other fields of inquiry, a movement Lazear (2000) called “Economic Imperialism”. According to him, economics is distinctive from other social sciences for its methodology, whose models assume (a) rational individuals who maximize utility; (b) equilibrium; (c) efficiency. Due to these three assumptions, economists dispose of a “rigorous language that allows complicated concepts to be written in relatively simple, abstract terms [...] strip[ing] away complexity” (Lazear, 2000, p. 99), so that economists can address a wide range of problems and topics, providing predictions to different situations. Comparatively, other social sciences, because they lack such a rigorous language, cannot predict

anything (Lazear, 200, p. 100). As a consequence, either economists invade other fields, or other social scientists adopt the language of economics to keep their reputation of scientists. If there is anyone who can be blamed for this “imperialism”, there is no better candidate than Gary Becker, another Nobel Prize winner from Chicago.

Becker is famous for his path-breaking use of the rational actor model – usually applied by economists to analyze markets – in topics like crime, family, discrimination, etc. His reasoning is simple yet revolutionary: if you assume that individuals are always maximizing utility (and behaving accordingly) not only in the market, but in any other sphere of life, you can generate hypotheses falsifiable by empirical tests, and theorems about all human interaction. If individuals are always maximizing utility, any interaction can be seen under the lens of cost, capital, return, investment, risk, etc. – that is, it can be seen as a market. On the one hand, because Becker’s approach fits in the Popperian method, this sounds like a more scientific way to investigate social issues. On the other hand, since it produces theorems and predictions, it can generate policies with the charm and appeal of unmistakable science – a “rational” response to social problems⁶⁰. See, for instance, Becker’s (1968) analysis of crime: his model proposes mathematical equations to decide the optimal policy to combat illegal behavior. This optimal depends on (i) the probability that an illegal act is discovered and the author caught; and (ii) the size of the punishment s/he will suffer. Besides, (i) depends on the cost of repressive policies, and (ii) on the damage (another cost) of the illegal act. The optimal policy will express the minimum social loss in income from offenses, which means that there is a tolerable level of crime in which the cost of repression is not so high that society loses more income than it would by allowing a little more crime. Becker’s model is general enough to be applied to any kind of crime, which means, in the

⁶⁰ It is important to note that while Chicago economists resorted on the assumption of rational individuals, Austrians like Mises and Hayek denied this rationality. Mises also criticized the mathematization of economics and proposed his praxeology as the correct method, while Hayek argued that it was exactly because individual’s capacity to process information is limited that a spontaneous order was superior. Chicago’s methods prevailed not because of their superiority, but because, as we said, they bear the charm of science, generating predictions and, more importantly, prescriptions. The contradiction, then, is that neoliberal’s anti-interventionist ideology becomes, in the hands of Chicago economists, a source of constant intervention in people’s lives.

limit, that anyone can murder, if the costs of murder are low enough. Conversely, it means that no one would murder if the costs were high enough (but perhaps not optimal).

Regardless of Becker's original intention, the consequence of such reasoning was to "scientifically" validate policies that reduce crime to a matter of punishment. It is no wonder why the influence of his approach and imprisonment in the United States grew in tandem. Yet, not paradoxically, crime levels did not move as predicted. Wrong predictions can also be found in his analyses of family and discrimination (see Carbone, 2018). In the end, if we are to concede that Lazear (2000) is right about anything, it is in the fact that economists are the only social scientists who can make predictions, although wrong. What is relevant, after all, is that this imperial impulse led by Chicago economists resulted in theories and policies that extend the market logic to all areas, even the household. If there is anything that is *neo* about neoliberalism, this is it.

Becker and Stigler took the economics' toolbox to other areas, but this movement was not only led by Chicago economists. Stigler's theory of regulation, for example, is part of the so-called public choice theory, which was developed mostly at the University of Virginia under the auspices of Gordon Tullock and James Buchanan^{61,62}. Public choice theory is the decisive neoliberal stance against government intervention. Its basic assumption is that the political system is similar to a market, where individuals exchange goods and maximize utility, which is the rational behavior. If this is true, everyone in the political system (voters, interest groups, politicians, and bureaucrats) acts out of self-interest, not good-will. It follows, thus, that politicians will be always after votes and resources to campaign, voters and interest groups will be after goods and services, and bureaucrats will be after larger budgets. By subverting the idea that state officials (politicians and bureaucrats) work for the public interest, for the social good, public choice theorists challenged the notion that the government can address market failures: first, the

⁶¹ Note that James Buchanan earned his Ph.D. from the University of Chicago, in 1948. In 1986, he won the Nobel Prize in Economics. Tullock earned a Juris Doctor from the University of Chicago in 1947.

⁶² Mitchell (1988) retraces the origins of public choice theory.

state is composed of individuals, and they lack incentives to address these failures; second, even if they did want to address them, they could not, because they do not possess perfect information; third, there is not an objective welfare function that can be maximized by the government (Candela, 2019, p. 1716). What is worse, the political system lacks proper competition, so a self-interested behavior does not produce the good of a society, because it is untamed – unlike what happens in markets (Kiely, 2018, p. 69). Hence, market failures, like monopolies, externalities, asymmetric information, etc., hardly can be corrected by government intervention. Instead of market failure, we have government failure.

The final fundamental act of the neoliberal uprising came with Milton Friedman's critique of Keynesian-style macroeconomic policies. A concise form of this critique can be found in his influential article *The Role of Monetary Policy* (1968). It presents the standard Monetarist explanation for the supposed uselessness – and even danger – of expansionary economic policies to promoting growth and employment. He departs from a condition of equilibrium in the economy, where the level of unemployment corresponds to the structure of real wage rates, which can only rise according to long-term capital formation, technological advancements, etc. This level is the “natural rate of unemployment”, so when the level of unemployment is below this natural rate, real wage rates go upward, because there is an excess demand for labor. Otherwise, when the level of unemployment is above the natural rate, real wage rates fall, because there is an excess supply of labor. If a monetary authority decides to set a target for the rate of unemployment that is below the natural rate, it will have to increase the supply of money. As a consequence, economic agents will spend more and, given the higher aggregate demand, producers will increase output, employees will work for longer, and the unemployed will take new jobs. Now the problem is, according to Friedman, that economic agents formed their expectations before demand increased, then prices and wages were set according to their initial expectations. Since the selling prices of products rise faster than the prices of factors of production when there is an unexpected rise in demand, when employees are finally paid, their real wages are lower. Then, they will demand higher nominal wages to cope with higher prices, and given that the unemployment level is below the natural level, nominal wages will rise, but once again selling prices will follow suit. Through this process,

economic agents will adapt their expectations of inflation to a new permanent higher level, but since real wages have not changed, originally unemployed people, who accepted new jobs because of expected higher real wages, will quit. Then, the first boost in employment will fade, and the unemployment rate will converge back to its natural (Friedman, 1968, p. 7-11).

Hence, for Friedman, in the short-run, while more inflation will lead to more employment, in the long-run inflation will be accommodated at a higher level, while employment will be falling. The relevance of Friedman's analysis resides in the fact that not only he argues that monetary policy is useless to promote employment and growth in the long-run, but he also suggests a situation in which inflation and unemployment grow in tandem after an easy-money policy, subverting the economic orthodoxy of his time. Half a decade later, Friedman's argument would strongly echo in the face of stagflation in the advanced capitalist economies. Even though Friedman's hypothesis of adaptative expectations would eventually be sidelined by the mainstream of economics, which would eventually adopt the hypothesis of rational expectations, Friedman led the way to changing the US political environment from easy money to sound money, making it once again orthodoxy. The emphasis on sound money would soon be at the heart of adjustment packages promoted by the IMF around the world, not to mention Volcker's interest rates shock, the dying breath of the New Deal era.

PROPOSITION III

For a new coalition to challenge the New Deal social bloc and build a new consent, it would have to provide a powerful critique and an appealing alternative to the New Deal. In this sense, it follows, organic crisis can be the outcome of a counter-hegemonic struggle and, indeed, can be the objective of the counter-hegemonic struggle. What this chapter shows is that when economic crisis broke, many of the foundations of the New Deal had already been eroded from within: for at least two decades, the American Right had been building new narratives, establishing new alliances, and gathering new supports. At this point, it should be clear that the Right's successful counter-hegemony is, before anything else, the story of a cultural challenge. It is the story of how conservatives mobilized three of the most enduring sentiments in the foundations of the American society – aversion

to cultural elites, aversion to the federal government, and racism – in way that the New Deal social bloc could not fight back. People's anxieties were played by populist discourses portraying the United States as a decadent society parting ways from its glorious past – a white, male, Christian, familial, bucolic, hard-working, and idealized past. The middle men emerged from this narrative as the bearer of the American virtues, as someone who is resisting the interference from the government, the political unrest of minoritarian groups, the parasitism of poor people who want to live off the government, the bad examples from the liberal media, the bad ideas from liberal intellectuals, communist influences and, ultimately, even ungodly behaviors. The New Deal era, on the contrary, either on purpose or as side effect, expanded the power and the reach of the federal government, improved black people's lives, advanced civil-rights, enriched a liberal elite, and offered a fertile environment for a progressive intellectuality.

Looking back, it seems that the conflict between the New Deal mentality and the middle men was inevitable. At first, in a moment of profound organic crisis and of few alternatives – especially considering that some of them were fascism, Nazism, or socialism –, the New Deal emerged as a bold response, as a positive agenda which offered new horizons to the United States. The imagery of the American Way became, to recall Gramsci, common sense. There was not much space to oppose it. In a second moment, however, the very advances promoted by the New Deal revived old fractures of the American society. Conservatives were successful at exploring them, finally producing a critique to the New Deal whose imagery was just as powerful as the American Way: *American Decay*. Yet, this critique had important limitations which were not overcome by the conservatives, but by the neoliberals. These were two:

First, the conservative critique to the New Deal was not systematic, objective, or rigorous. It was confined to the bounds of the emotional realm – it was “unscientific”. We already discussed how scientific theories can work to depoliticize policies. The language of science – especially of positivist science – can be used to present theories as truth. Then, political opposition to these theories becomes irrationality. This works in favor of a hegemonic bloc, for the theories espoused by its organic intellectuals become truth to the whole society, when they

are actually ideology⁶³ – they serve as a social glue. The truth of the New Deal policies, for instance, resorted on the authority of the Keynesian revolution in economics. Thus, in order to challenge the New Deal, a counter-hegemonic bloc would have to successfully denounce the ideological character of Keynesianism⁶⁴ and offer its own science. This is exactly what neoliberalism did: at the very least, it suggested that Keynesian economics served the interests of bureaucrats, government officials, and lobbying industries, in a form of crony capitalism; alternatively, it linked Keynesianism to totalitarianism through the road to serfdom. Yet, it did so by developing a new analytical apparatus (almost a hermetic language) to replace Keynesianism: neoclassical economics. This was something that conservatives could not provide.

Second, the conservative critique did not offer an alternative and a new agenda. Unlike the New Deal, it was not a positive proposition, but mainly a reactive one. The problem was that conservatives could not simply propose a return to the past (regardless of how much they recur to images of it). A post-New Deal agenda was necessary, and it would demand a new a rationality to govern. This was another gap that neoliberals filled. On this aspect, Foucault's lectures at the *Collège de France*, by the end of the 1970s, remain a useful perspective. For Foucault, neoliberalism wants to project *formal* market principles in the art of government. It is about finding ways to regulate the exercise of political power through *formal* market principles. The reason why we highlight the word *formal* is because neoliberalism is also normative: neoliberals depart from an ideal and hypothetical model of competitive market, a formal structure that does not exist in reality and does not emerge spontaneously – it has to be actively promoted. Thus, neoliberalism is a positive project that demands permanent intervention from the government wherever and whenever the neoliberal ideal needs to be supported. The neoliberal reason of government, its rationality, is more than what to do and how much to do, but also *how* to do (Foucault, 2008, p. 181-184). Then, the content of governmental intervention is very important: interventions must be scant in

⁶³ This is not to suggest that they cannot be true, but that they serve class interests.

⁶⁴ We are using the word Keynesianism, in this case, to represent a broader array of policies than those professed by Keynes and his heirs, but the revolution that Keynesianism unleashed: the scientific validation of state-oriented policies.

economic processes *stricto sensu*, but virtually unlimited in everything that orbits (and affects) these processes, like science, law, demography, education, culture, etc. (Foucault, 2008, p. 194). Neoliberal governmentality offered an alternative program to the New Deal on which conservatives could build.

Thanks to neoliberal theory, conservatives had a critique with scientific appeal and a positive alternative. On the other hand, neoliberals would not have got much far without conservatives' cultural critique and their successful manipulation of people's anxieties in a moment of deep social turmoil in the United States. It was the conservative turn that laid the ground for neoliberal ideas, not the other way around. The right-wing coalition these two groups formed led to a new hegemonic social bloc. But not one without significative contradictions. The conservative revival was based on populist, anti-intellectual, anti-elite, anti-establishment, and anti-scientific sentiments. Neoliberalism, on the contrary, is scientificist and anti-populist: it wants to seclude policy decisions from public deliberation, showing true horror to majoritarian opinion. Instead, neoliberals stress the importance of following the prescriptions of their analytical tools⁶⁵. Exactly for this reason, neoliberalism is also profoundly elitist: only those who dominate the hermetic language of neoliberal science are allowed to question these prescriptions, what results in a closed circle of intellectuals with the same college education, who come from a restrict group of universities, and who are appointed to work and head institutions – like international organizations and think-tanks – whose task is to “emanate” truth from above to the ignorant, non-enlightened majority. Hence, it is pro-establishment *par excellence*. Besides, conflicts between conservatives and neoliberals also come from the complexities of neoliberal governmentality. Neoliberalism can be – nothing dictates it will be – relatively progressive on moral

⁶⁵ We should concede that arguments like Hayek's – that a liberal social order is superior because no one or no central planer possess all knowledge, that is, no one knows what is better for each individual than the individual him/herself – point to the other direction: we do not need technocratic solutions, but instead rely on the behavior of free individuals in the free market. The problem here is that in practice – an often in theory – neoliberalism works the opposite way: when individuals do not freely behave as neoliberals expect, the room is open to authoritarian interventions whose objective is to produce neoliberal subjectivity.

issues, worsening the conservative perception of moral decay⁶⁶. Finally, while conservatives may emphasize the local, neoliberals can be cosmopolitan, while conservatives emphasize the “motherland”, neoliberals may see it as a backward concept.

This all points to the fact that, once together in the ruling bloc – from the 1980s onwards – conservatism and neoliberalism rested on an unstable alliance. Actually, it is possible to say that some cornerstones of neoliberalism became common sense, while, on the margins, neoliberals seemed to be split in two fractions alternating in power: one more conservative, the other more progressive. The only thing that remained untouched, almost sacred, was capitalist accumulation – global capitalist accumulation. When these internal contradictions of the hegemonic bloc amounted to the contradictions of the imperial role of the US in the world, both led to Trump.

⁶⁶ Obvious examples of this would be gay marriage and abortion, two of the most condemned practices by conservatives, but easily justifiable from a (neo)liberal perspective of individual choice: people are free to do whatever they want as long as they do not invade other people’s individual space.

CHAPTER IV - THE GLOBALIST BLOC

In the second chapter, we retraced the emergence and supremacy of the New Deal ruling bloc to discuss the development of the US empire – throughout the 1950s and 1960s, the United States projected its hegemonic model around the capitalist world, especially in western Europe, shaping the international order and shaping the international economy. In the 1970s, the world supremacy of this bloc began to crumble as capitalist accumulation faced a crisis. The New Deal era had become a problem: it curtailed domestic accumulation through class compromises to limit the extraction of surplus value, and it curtailed accumulation abroad through national compromises to limit the expansion of capital. Social and economic structures, then, had to be rearranged in order to restore accumulation: it was necessary a new bloc. In the United States, as the previous chapter discussed, this new bloc emerged in the 1960s, articulating social conservatism and neoliberal economics, proposing to restore accumulation through the free market. It is exactly because the New Deal bloc made the United States the global empire that a shift in the US' ruling bloc would have consequences for the world order⁶⁷. Now, the role of the US empire was to promote free markets everywhere and to integrate them to a global economy. The new bloc was still led by the capitalist class, but the way accumulation was organized changed. World consent around this new form of organization was provided by neoliberalism, either in the form of neoliberal economics or a certain conception of liberal internationalism. When consent was not enough, the neoliberal agenda and the capitalist interests were advanced through coercion, whose justification came mostly from (neo)conservatism – but not solely. In the first section of this chapter, we introduce the new ruling bloc, discuss its rationale, how it affected the US empire and the American society. In the second section, we discuss how its hegemony began shrivel.

⁶⁷ This is not to say, evidently, that all world changes resulted from American domestic politics. Neoliberalism, for instance, achieved important strongholds before it was mainstream in the United States, like in Chile. It rose in many different places, in different moments yet with remarkable synchronicity, but not necessarily in connection. See Harvey (2005).

IV.1 – Formative years (1981-2007)

The third chapter of this work discussed how a new bloc emerged inside the United States to challenge the old New Deal bloc. In the counter-hegemonic coalition, conservatives and neoliberals stood side by side in the defense of a new agenda for the country, one in which, at least discursively, there was a return to a glorious past when the middle man was not overwhelmed by cultural elites and a crooked establishment, by the undeserving poor and political agitators. There was a call for law and order and, perhaps not paradoxically, for small government. The free-market and the free-enterprise were praised as the only true sources of prosperity. This fusion of conservatism and neoliberalism, as originally proposed by the National Review magazine, finally became a competitive political platform in 1980, when Ronald Reagan was elected US President. It is not our intention, here, to unfold the intricacies of US politics from Reagan's election to nowadays. Nevertheless, Reagan was, for the new ruling bloc, what Roosevelt had been for the former: a paradigm shift that defined an era beyond his own time. Reagan's legacy stretched over the following 40 years – notably, almost the same time span of the New Deal era –, so we must understand Reagan in order to understand the post-New Deal bloc and how it affected the US empire.

As the first and most important representative of the fusionism – contradictions included –, Reagan's presidency espoused the most important tenets of this doctrine. In the economic agenda, there were four goals: (i) lower inflation; (ii) lower tax rates; (iii) reduced government spending; and (iv) deregulation (Meltzer, 1988, p. 528). All goals represented, directly or not, a commitment to rolling back the government and the welfare state. Concerning (i), Milton Friedman taught us in the last chapter that inflation is fought by breaking inflationary expectations. In the neoliberal prescription, this demanded a firm grip on the supply of money (high interest rates) and an open war against labor unions (against labor militancy in general), because, according to this reasoning, unions pressed wages upward, above the natural rate, thereby raising prices. As we saw previously, the Volcker shock had severely spiked FED's interest rates in Carter's years. The tight monetary policy continued throughout the first two years of Reagan's presidency. This satisfied the first prescription. At the same time, the government was

determined to shift the balance of forces between capital and labor, now openly favoring capital. Two facts mark this shift: first, the air-traffic controllers strike, in 1981, when Reagan dismissed them and hired non-unionized workers in their place. From then on, employers were legitimated to adopt similar measures against labor militancy. Second, Reagan promoted a new solid pro-capital composition of the old-New Deal National Labor Relations Board. As a consequence, employer's right to oppose union organizing was furthered (Farber and Western, 2002, p. 385) and labor regulations also began to be undermined. These initiatives satisfied the second prescription. The war on inflation and labor resulted in recession and high unemployment, but inflation, indeed, receded (Brownlee, 2015, p. 136).

Then, in order to recover the economy, Reagan promoted a massive tax cut through the Economic Recovery Tax Act of 1981: top individual income tax rate fell from 70% to 50%; the income tax rate of the rest of the population fell, on aggregate, 23% (Morgan, 2008, p. 106). If, on the one hand, people in general and the wealthy, in particular, were now paying less taxes, there was a greater risk of budget deficits. To rebalance the budget, government expenditures would have to be reduced. Where? In welfare expenditures. Reagan's administration cut public assistance to families with dependent children, to disabled people, and to postsecondary students; it also cut Medicaid coverage and social services grants, among other policies. Payroll taxes for federal employees were increased, their benefits decreased, and the retirement age delayed. Thus, in fact, the poor people and part of the middle class were paying for the tax cuts. Not surprisingly, inequality within the United States reached a historical spike (Stoesz and Karger, 1993, p. 621). Yet, budget deficits remained: while government spending for poor people was cut, there was no roll back of the government in defense expenditures and R&D (see Tassinari, 2019), both of which remained large, both of which benefited private companies. Huge budget deficits meant that the US would have to resort on debt to meet its funding necessities. Thus, to finance debts, interest rates remained relatively high (*vis-à-vis* other countries) for most of Reagan's presidency. The dollar revalued. An overvalued dollar affected the competitiveness of US companies, so trade deficits amounted to budget deficits (Morgan, 2008, p. 105).

In finance, New Deal regulations were withered away, although Carter had taken the lead on this aspect. Several restrictions on finance were loosened, lifted or repealed: the Glass-Steagall Act was reinterpreted, eroding the separation between commercial and investment banks; banks were allowed to underwrite corporate securities and insurance, allowed to enter into real estate development and lending, allowed to gradually operate in different states; Regulation Q was abolished, restrictions to exotic mortgages too; derivatives, then an almost new class of assets, were left to develop unregulated (Sherman, 2009). Deregulation significantly increased competition in the financial system. Yet, a known trade-off in the financial system is that as competition increases, financial instability increases too (Allen and Gale, 2004). From 1940 to 1979, during the New Deal era, there were 246 bank failures in the US. From 1980 to 1989, in only ten years of the post-New Deal era, there were 1086 (White, 2002, p. 149), almost 18 times the average for the earlier period. Since banking antitrust policies had also been liberalized (Berger et al, 1995, p. 61), the result was an extraordinary increase in mergers and acquisitions of banks. Market concentration may have provided a little more stability, but it had a serious cost: banks were now too big to fail and the state had to bail them out (Cunha, 2003, p. 22). Besides, as an obvious consequence of their size, banks became even more powerful organizations.

Hence, following the above exposition, a question that could be posed is: was Reagan's administration really neoliberal? That depends. Judged strictly by the prescriptions of neoliberal theory, it was not: his fiscal policy was closer to a crooked version of Keynesianism, his trade policy sometimes resorted on unilateral protectionism, and his (de)regulatory policies promoted market concentration. Nevertheless, beyond the easy explanation that Reagan had to be pragmatic, Reaganomics reveals the passage from neoliberal theory to neoliberal practice, in which theory, serving the purposes of the ruling bloc, becomes something else, in this case, a pro-capital agenda where theoretical coherence gives way to class interest (as has always been the case with neoliberalism). Furthermore, in these first years of the post-New Deal bloc, the US had old and new imperial duties that were impossible to carry if neoliberal theory were adopted *in toto*: one was to defeat the USSR for once, another was to spread free markets everywhere. This last one

revolved around what came to be known as the “Washington Consensus” and it is of special interest for us.

Among the effects of the Volker shock, one reverberated with particular severity in the developing world (or Global South). During the New Deal era, the US had been for a long time the world’s banker, the world’s provider of liquidity, with dollars flowing outward. Besides, as the Eurodollar market and international finance revived in the 1960s and 1970s, dollar-based credit markets greatly expanded, boosted even more by the petrodollars collected in the oil crisis. The moment of low interest rates in the US made credit for developing countries cheap, and they took advantage of it. Everything changed with the Volcker shock: a revalued dollar aggressively raised their external debts, in some cases resulting even in insolvency. Worse, developing countries had to compete for funds with the US, which, as we saw above, was running twin deficits and therefore had to keep high interest rates. Thus, in the Global South (especially in Latin America), recession, high debt, and high unemployment amounted to long-time high inflation, reproducing there a more violent version of the global recession. Indebtedness served as a justification to blame development policies and, along with them, the state, for the crisis in developing countries. Neoliberalism was ready to be exported to the South. The *Washington Consensus* was the name economist John Williamson coined to define the new approach to development – it was neither new, nor consensual, and it hardly resulted in any development, but anyway it was the doctrine espoused by the US government, the IMF, the World Bank, and the OECD. Its principles were fiscal discipline, tax reform, welfare-spending cuts, financial and trade liberalization, open doors to foreign domestic investment, deregulation, privatization, competitive exchange rates (thus export-led growth), and strong property-rights (Williams, 2009, p. 9-10). As one can see, it was a reworked version of US’ domestic neoliberal agenda.

In the Global South, the Washington Consensus was advanced by the IMF and the World Bank through “structural adjustment packages”: in order to receive technical assistance and loans, indebted countries would have to promote neoliberal reforms, which many, in varying degrees, did. One of the key promises of these reforms was economic growth. In this aspect, the results were disappointing

(Easterly, 2005). Poverty, which, for some time, simply escaped the agenda (Best, 2013), in general, increased – and inequality too (Oberdabernig, 2010). Once again, was neoliberalism successful at its objectives? Yes, if the objective was to favor capital. Financial and trade liberalization further integrated the Global South to the emerging global market, and made it a heaven for asset-seeking foreign investment. Privatization, moreover, eventually served to transfer profitable public assets to rent-seeking private hands (Spindler, 1990). Hence, actually existing neoliberalism (neoliberal practice) was successful: it made the South more vulnerable to the humors of global finance, it advanced the power of multinational corporations there, it bonded the South to the discipline of global markets. Capital had its way.

We do not mean to suggest, however, that neoliberalism lacked any level of support in the South. On the contrary, many neoliberal governments were elected in the following years, like Collor in Brazil and Menem in Argentina, both in 1989. What is clear is that, given the centrality of the United States in the world economy, neoliberalism, first a supposed solution to crisis in the US, was later advanced as a global agenda to solve crisis – in many aspects a US-made crisis – everywhere. In the US, neoliberalism became official doctrine thanks to an alliance with conservatives wherein deep fractures of the American society were manipulated. It was impossible to repeat such strategy in the rest of the world, yet, as we have seen, the expansive energy of a hegemonic model can spill over and, in this aspect, while American conservatives had little to offer, neoliberalism could lead the way. We wrote earlier, in the previous chapter, that organic intellectuals, through the language of science, can depict theories as truth, when they are actually just ideology. What should also be stressed now is that when a theory becomes truth, it also becomes universal. Neoliberalism gave the post-New Deal bloc a universal message, the message of prosperity through free markets. A message for all countries to open their doors to the forces of the market, and to fully integrate to a global economy that would bring affluence for everyone. Actually existing neoliberalism, nevertheless, as an instrument of class interests inside a ruling bloc,

meant affluence for some⁶⁸. It meant global market integration for the sake of global capitalist accumulation. The post-New Deal ruling bloc is a *globalist bloc*.

Yet, the US empire remains central to this globalist bloc and, in fact, to the new global capitalism. For instance, while the overvalued dollar severely affected the Global South, it helped the North. In the Bretton Woods agreements, the US was, in practice, the lender of last resort to the world. Now, with higher interest rates, it was a borrower with an overvalued currency, what stimulated imports: the US became the *market* of last resort, at least for those countries not affected by the debt crisis – the Global North, mainly. As we can see, the US itself followed neoliberal prescriptions selectively, while it demanded discipline in the South. Selectivity helped the Global North to recover, while discipline helped the South to integrate. Washington was, and is, key to capitalist classes from around the world, not only from the United States. Besides, just as the state is fundamental to neoliberalism – as we saw in the previous chapter –, it is fundamental to global capitalism, either by advancing markets or mediating narrow corporate interests. One example of this was the massive devaluation of the dollar, in 1985, in a response to the demands of capitalist fractions within the US, which were struggling to compete with foreign companies. Devaluation was carried out by powerful states in coordination, through the Plaza Accord, whereby the United States, France, Japan, Germany, and the UK agreed to intervene in currency markets to devalue the American currency. Two years later, in the Louvre Accord, these same countries plus Canada agreed to intervene again, now to stop the devaluation. Coordination among powerful countries to intervene in currency markets could also be read, in neoliberal theory, as a cartel established to manipulate markets. And, indeed, it was. The free global markets of global capitalism increasingly needed a cartelized behavior of powerful countries to stabilize the world economy.

The globalist bloc also needs the state to coerce. When free will is not enough for the neoliberal gospel to win converts, it may rely on more authoritarian solutions. There is, evidently, the structural power of the market, which is already violent in its own terms. But the globalist bloc also relies on pure force to promote

⁶⁸ Yet we are certainly not suggesting that neoliberal theory, if fully applied, would fulfill its promise.

accumulation and break resistance. Within the confines of the national state, force is employed against the mass of losers of the system. New technologies, new labor regulations, weaker social safety nets, and a higher frequency of economic crises – that is, global capitalism – fill the ranks of the relative surplus population. In fact, in an incomparable scale, global capitalism produces permanent surplus populations – those who are of no use to capital anymore. Hence the state is fundamental to manage this army of waste-humans (Yates, 2011; Neilson and Stubbs, 2011), who are exiled and warehoused in ghettos and slums (Davies, 2006) where vigilance is permanent; who are removed from social life through mass-incarceration, in a passage from the social state to the penal state (Wacquant, 2009); and – since they are surplus life (Li, 2009) – who become objects of necropower (Mbembe, 2003). Outside the confines of the national state, force is employed through new and old forms of imperialism and colonialism, and the Global South, victim of the very processes unleashed by global capitalism, becomes a space for imperial intervention. Regarding this aspect, both (neo)conservatism and neoliberalism play an important part.

In the previous chapter, our introduction to the conservatives was guided by the sentiments they manipulated to win the hearts of the American population. Yet, behind the rhetorical efforts to link a growing sense of American Decay with the loss of traditional ways of living – represented by the middle man –, conservatives in fact had articulated a deeper critique and an agenda to amend the American society, even if it was not clearly mobilized and could not have much appeal beyond the United States. Anyway, it had important consequences for the US foreign policy and empire. As a renewal of conservative thought, it was a neoconservatism. Neoconservatives understood that all modern societies are driven by the ideology of progress, which is the belief that humanity is moving towards a better future. For them, this ideology was a fact of modernity that could not be counterposed, but one on which they could and should built, in other words, neoconservatives had to articulate their own view of progress. This view implied opposing one of the key elements of modernity: liberalism, which was the cause, for them, of social diseases like hedonism and alienation. Liberalism, neoconservatives argued, reduced human action to self-interest. Then, moved by self-interest, individuals lost the sense of purpose, society lost the sense of community, politics lost the sense of public

interest. Liberalism led to decay, neoconservatism had to save society by offering it a new purpose (Williams, 2007, p. 218-220). But what is the role of the United States in this? Neoconservatives saw the US as an exceptional nation, the only in history born with a sense of nationality that is founded in universal principles, those of the Declaration of Independence. Thus, unlike any other nation, nationalism, in the US, becomes the defense of universal values. It is not an inward, but an outward-oriented nationalism: the purpose of the American society is to spread the American principles – which are universal – to the rest of the world. It follows then, that neoconservative foreign policy is heroic and messianic: it wants to save America by saving the world (Williams, 2007, p. 223-224; Xenos, 2007, p. 227).

During Reagan's administration, neoconservatism was the most powerful drive behind a reinvigorated anti-USSR agenda. For neoconservatives, the American-universal principles comprise freedom, democracy, the free-enterprise, the market, and capitalism, among others. These principles are undisputable, *i.e.*, their meaning is taken as static, they are the same anywhere and anytime: a reproduction of idealized US institutions. Hence, these principles justify opposition to communism in the USSR, as well as they justify an American-like democracy in Iraq. The crusader spirit of neoconservatism revives imperialism in an almost classic form, that is, military intervention and occupation of foreign territories. Yet, it is important to remember, imperialism, old and new, serves capitalist accumulation and, in the case of neoconservatism, it serves a globalist bloc. In the case of Iraq's invasion, in 2003, for instance, we agree with Bieler and Morton (2015), according to whom the war had been justified by neoconservative ideas, but in fact favored nationalist fractions of US' capitalist class – those from the military-industrial complex and oil. However, Bieler and Morton argue that the invasion, thus, was not an articulation of a globalist bloc. In fact, they go on, the globalist agenda favors multilateralism (Bieler and Morton, 2015, p. 117). Indeed, nationalist capitalist fractions were the main beneficiaries of the war, but does this mean rupture with the globalist bloc? We do not think so. When nationalist fractions lead the way in certain processes that unravel under the rule of the globalist bloc, they do not promote de-integration from global capitalism (or deglobalization). They do not oppose global production, global markets, or global capitalist accumulation. Therefore, we are talking about the same globalist bloc, but certain processes that

are led by narrow corporate interests of a fraction inside the bloc. And, in fact, although led by narrow interests, the war also benefited a globalist agenda, after all, it promoted Iraq's further integration to global capitalism.

Neoconservatism, of course, is connected with Republican administrations, like Reagan's and Bush's (father and son). Given its assumptions of American exceptionalism, neoconservatism indeed tends to be unilateral, yet this does not mean that unilateralism is opposed to the globalist agenda. Actually, it evidences the centrality of the United States for the globalist bloc. The idea that the globalist agenda favors multilateralism, as Bieler and Morton argue, results from the association of globalism with the form of imperialism supported by Democratic administrations, like Clinton's and Obama's. In this case, neoconservatism is replaced by (neo)liberal internationalism. US liberal internationalism stretches back to Woodrow Wilson, his Fourteen Points Declaration (1918), and his efforts to build the League of Nations. A failed agenda in the interwar period, it became a constitutive feature of the post-WWII international order. It expresses the efforts to build international cooperation and promote values like individual rights, freedom, economic openness, peace, etc., which are translated in the spirit of the Charter of the United Nations and of the Universal Declaration of Human Rights, for instance. One fundamental aspect of this liberal internationalism is that it was – for all we saw in chapter II – predicated on a large degree of accommodation of institutional differences among countries: respected some basic principles, each nation had a significative space to organize society in its own terms, for instance, developing its own understandings of democracy or the market⁶⁹. In the neoliberal internationalism, however, countries are expected to emulate the institutions of the Global North (preferably those of the United States) because these are the *correct* way to organize society. It is a *neoliberal* form of internationalism not only because it is new, but because its rationale comes from neoliberal theory – or an approach to neoliberal theory.

⁶⁹ Yet we should not idealize this order, not only because the closer a country got to questioning certain sacred values, like capitalism, the likelier it was for it to face direct or indirect intervention from the US, as in Vietnam (war) or South America (military coups).

As we argued previously, the experience of developing countries with neoliberalism, in the 1980s, was a major failure. The Washington Consensus brought no relevant results in terms of growth, poverty reduction, social equality, technological catch-up, or any other measure of development (not to suggest that it aimed any of these. In fact, the Consensus revolved around no more than stabilization and economic growth). Thereby, it became clear that the simple adoption of neoliberal policies was not *enough*, that is, these policies were right, but not sufficient. Neoliberals began to reason that not all countries could enjoy the full (good) consequences of neoliberal policies because not all of them had the appropriate institutions for the free market to make its magic: those institutions of the Global North. This was the argument of the New Institutional Economics (NIE), pioneered by Douglass North (no pun intended) for more than a decade, which became theory in his seminal book *Institutions, Institutional Change and Economic Performance*, in 1990⁷⁰. Evidence of this turn in economic theory was that North won the Nobel Prize in economics in 1993, a year after Gary Becker, the hardcore neoliberal. The focus of development policy, then, shifted from adjustment to institutions or, better said, to adjustment *with* institutions. International organizations began to reflect this new approach, in a true post-Washington Consensus. The World Bank, for instance, began to emphasize that, instead of debating whether development should be state-led or market-led, attention should be on how to improve state effectiveness. Note, however, that what the Bank understood as state effectiveness was the capacity to develop rules and institutions to help the market flourish (Kiely, 2005a, p. 99).

Neoliberal internationalism and the post-Washington Consensus are connected to the politics of the *Third Way* advocated by Clinton in the US and Blair in the UK. The Third Way proposed a rearticulation of right and left-wing politics, denying the market fundamentalism of the 1980s, but also the state fundamentalism of socialism. Notwithstanding, the Third Way is mostly a capitulation to global

⁷⁰ Note that the institutions that promote development, for North, are those of *Open Access Orders*, comprised of: political and economic freedom, property rights, the rule of law, democracy, competitive markets, public goods and services that are complementary to the market (North, Wallis, and Wiengast, 2009). It is neoliberalism plus Anglo-American institutions, mostly.

capitalism: it assumes that the process of globalization is unchallengeable, because it is above politics, like a natural process (Kiely, 2005b, p. 82). Thus, opposition to globalization is silliness. As Tony Blair argued: “any government that thinks it can go it alone is wrong. If the markets don’t like your policies they will punish you” (Blair, 1999). But if it is true that you cannot fight this entity, “the market”, then even the worst processes of global capitalism must be accepted passively, because there is no alternative. Yet, for the Third Way, globalization is full of opportunities, so what can be done is to take advantage of them. The government must adapt to explore these opportunities: developed countries must invest in skills and education to take advantage of the sophisticated new global economy; developing countries must open their economies to investment and trade, because their low labor costs will attract capitals, and cheap production will promote exports, moving them gradually to development (Kiely, 2005b, p. 83-84). As we can see, for the Third Way, the role of the government is actually to accelerate global capitalism. It is undeniably neoliberal, even in the sense that it promotes the depoliticization of policies: since globalization is a “natural phenomenon”, the government can only cope with it through technical responses. Then, for instance, a reform of labor regulations is not a political process anymore, but a technical one in which experts decide how to better conform to the demands of global markets.

This depoliticization of policies promoted by the Third Way is the underlying rationale of the post-Washington Consensus, because although it takes into consideration the role of politics for development, politics here is seen less as solution than as a problem: if countries could adopt the correct institutions, development would come, because the market would work as the neoliberal theory predicts. However, politics not only produced different institutional paths in each country – hence a divergence from the correct institutional framework –, it also stands in the way of institutional change, because it prevents the adoption of the correct institutions (see Abreu, 2017). Then, neoliberal internationalism plays a part here: it can push countries into the right direction. This paves the way for imperial intervention in an even more opaque way than in the case of neoconservatism, because it becomes the work of experts in “neutral” bodies and committees, working-groups, think-tanks, and international NGOs, not to mention imperial states themselves, usually in multilateral efforts. Here, the reproduction of

imperial/colonial relations happens through an articulation of a nexus between development and security that follows the trail left by the NIE: the Global North has democracy, development, and peace, while the Global South has corrupt or failed states, misery, and violence, so there must be a connection between democracy, development, and peace (Uvin, 2008, p. 153). As the Human Development Report of 1994 states:

There is, of course, a link between human security and human development: progress in one area enhances the chances of progress in the other. But failure in one area also heightens the risk of failure in the other, and history is replete with examples. Failed or limited human development leads to a backlog of human deprivation – poverty, hunger, disease or persisting disparities between ethnic communities or between regions. This backlog in access to power and economic opportunities can lead to violence (UNDP, 1994, p. 23).

As a result, intervention is justified to bring democracy, development, and peace to the South. Such is the power of this argument that it invigorates even neoconservatism. For instance, the US National Security Strategy of 2002 openly makes the case for intervention (and neoliberalism) by appealing to the nexus:

Poverty does not make poor people into terrorists and murderers. Yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders. [... the US will] actively work to bring hope of democracy, development, free markets, and free trade to every corner of the world (US National Security Strategy, 2002, p. II).

We, particularly, do not disagree that social deprivation can lead to violence. The problem is that this nexus blames on the poor and violent countries for their poverty and violence, as if they were responsible for their own problems. In these terms, intervention is meant to save the South from itself. On the contrary, however, these problems are deeply connected to global processes, many of which led by the Global North. In this case, intervention seems, at best, misplaced, because it is addressing symptoms and not causes. At worst, it is not misplaced, but instead very well placed: it is employed to contain surplus populations in the South, an intervention to save the *Global North* from the South. Development and security, then, may be techniques of government applied to manage populations and contain

the effects of underdevelopment (Duffield, 2007, p. 5, 11, 24). A counterinsurgency strategy (Jensen, 2010, p. 94).

Despite all the differences, from all we have seen, neoconservatism and neoliberal internationalism are the same in the one fundamental aspect: they are both instruments of imperialism that legitimize, support, and advance global capitalism, *i.e.*, global capitalist accumulation. In the end, they are different approaches to promote the agenda of a globalist bloc – all the internal conflicts and corporate interests inside it considered –, and to build consent or coercion. The distinction between neoconservatism and neoliberal internationalism, therefore, is less related to the ultimate objective of the globalist bloc than to the means that imperial power is employed in order to achieve it. Notably, these two different imperial strategies reflect a divide in the bloc that can be best captured in the internal dynamics of politics in the United States, the leading empire. At a first moment, as we saw, the US' ruling bloc was constituted by an alliance between conservatives and neoliberals, of which the first representative was Ronald Reagan, elected president in 1980 and then reelected in 1984. Such was Reagan's legacy that his vice-president, George H. W. Bush, won a third term for the Republican Party in 1988. At this point, the Democratic Party had understood the message and began to search for a new space on the political board by embracing globalization and neoliberalism. New Deal Democrats were marginalized throughout the 1980s and the party's leaders began to court business and finance for campaign donations. In the presidential campaign of 1984, for instance, writes Jeff Faux (2012, p. 90):

Former vice-president Walter Mondale, the Democratic nominee, originally wanted to run on a plan to save American manufacturing jobs. But after a few dinners with Wall Street contributors (organized by Robert Rubin of Goldman Sachs, later Bill Clinton's Treasury secretary), who were more worried about keeping bond prices up than the unemployment rate down, he switched to a pledge to reduce the federal deficit, even if it meant raising taxes.

In 1985, the party formed an openly neoliberal wing, the Democratic Leadership Council (DLC). The council advocated free trade, free markets, and fiscal discipline. Unsurprisingly, it enjoyed generous corporate funding (Grover and Peschek, 2014, p. 36). During 1990-1991, the DLC's chair was Bill Clinton, who won the presidential election a year later. Clinton was a neoliberal, for sure, despite

all the rhetoric about a Third Way: like Reagan, his appointments to some of the highest positions in the administration came from corporations; like Reagan, he significantly advanced financial deregulation through the Financial Services Modernization Act of 1999 and the Commodity Futures Modernization Act of 2000; like Reagan, he signed a tax reform that privileged the wealthy – the Taxpayer Relief Act of 1997; like Reagan, his approach to welfare was market-based and emphasized individual responsibility and self-sufficiency (with conditional clauses that stigmatized welfare recipients)⁷¹. The exception was that, unlike Reagan – and perhaps more tellingly –, Clinton was a deep supporter of free trade agreements, like NAFTA and ALCA. Thus, if the Democratic Party embraced (although with slight differences) the Republican's neoliberal platform in order to find a way back into the Oval Office, what did distinguish the two parties?

We argued previously that there are many possible points of conflict between neoliberalism and conservatism (chapter III). One is on moral issues. Drawing on Foucault, we argued that neoliberal governmentality is a reason of government in which society is subordinate to markets, that is, society is governed so that market processes work as idealized. It is biopolitics *par excellence* in the way it governs populations. Yet, it carries the potential for a new kind of regulation of people's lives, suggesting new opportunities. As Dean (2018, p.46) notes:

Regulation no longer entails the internal 'subjectification' (*assujettissement*) of the individual [...], the internal forms of subjugations as 'subjectification', as the fabrication of subjectivity through relations of power and knowledge. Thus, Foucault here distinguishes the neoliberal programme from those forms of regulation and power, such as discipline, that subjugate individuals through the production of subjectivity, that is, through tying individuals to the truth of their identities, for example, 'the occasional criminal' [...]. For Foucault, in this passage neoliberalism does not subjectify in this sense. In doing so, it opens up the space for tolerating minority individuals and practices and optimizing systems of differences

⁷¹ One of Clinton's most important assaults on the welfare system was the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which put an end to the 62 years old New Deal program Aid to Families with Dependent Children (AFDC). The new legislation set new requirements on welfare recipients that severely cut recipients. It helped to stigmatize poverty and, by extension, black people.

It follows that neoliberalism can be – not necessarily will be –, progressive on moral issues. The very principle and rhetoric of “individual freedom” leaves space for the reassertion of diversity, for example, when neoliberals argue that gay marriage is a matter of individual choice. Hence, there is space for the reappropriation of the neoliberal discourse by morally progressive forces. In a moment in which neoliberalism had become “universal” truth, this was exactly the move that Democrats did to distinguish themselves from the Republicans. They embraced *progressive neoliberalism*. Nancy Fraser defined progressive neoliberalism as:

[A]n alliance of mainstream currents of new social movements (feminism, anti-racism, multiculturalism, and LGBTQ right), on the one side, and high-end “symbolic” and service-based business sectors (Wall Street, Silicon Valley, and Hollywood), on the other. In this alliance, progressive forces are effectively joined with the forces of cognitive capitalism, especially financialization (Brenner and Fraser, 2017, p. 131).

Fraser argues that this alliance – which Clinton’s presidency was the first to represent – combines a plutocratic and expropriative form of distribution with a liberal-meritocratic politics of distribution. Then, ideas like “empowerment” and “diversity” are reinterpreted to become friendly to capital: women or black people, among other minorities, can be absorbed by the current order, can be absorbed by capitalism, they can thrive and achieve prestigious positions in society, but this recognition is based on the neoliberal notion of *merit*. In other words, this order is *apparently* open to difference and diversity, and this appearance is enough to bring some people from these minorities to the neoliberal cause, giving it a certain level of legitimation. Actually, however, it is a highly selective order, because few people from minoritarian groups possess the means, in terms of social, cultural or economic capital, to breakthrough. They cannot breakthrough exactly because a true politics of (re)distribution is absent, and those members of minoritarian groups who oppose this order become marginalized voices (Fraser, 2017). Thus – building on Fraser –, we can see a kind of lock-in in which neoliberalism, through *transformism*, legitimate its form of distribution and prevents true recognition, which would only be possible through alternative forms of distribution. This progressive neoliberalism, as we argued, allowed the Democratic Party to distinguish itself from the Republicans, a party where the politics of distribution

was the same – neoliberalism –, but the politics of recognition was different: it drew support from religious fundamentalists, white southerners, urban ethnics and other conservative groups around a morally exclusionary agenda. It was a *reactionary neoliberalism* (Fraser, 2017).

In our understanding, Fraser's taxonomy is appropriate and manages to capture with much appreciated parsimony the fundamental difference between the two US parties from the mid-1980s onwards. Yet contra Fraser, for whom progressive and reactionary neoliberalism represented two different social blocs in dispute, we argue that they are actually two constituents of the same hegemonic bloc, the globalist bloc. Everything we have seen so far points to the fact that all the differences between the two parties – certainly since the 1990s – never meant any rupture with the dominant form of organization of capitalist accumulation, global capitalism. Capitalist fractions could represent different corporate interests (like oil-companies or alternative-energy companies), could favor one or another politics of recognition, could favor one or another foreign policy, but at least in one fundamental sense this is all irrelevant: although different capitalist fractions could support different parties, in what matters for them as a class – if we are to follow Fraser's words, in the politics of distribution –, they were together and well represented by the two. Thus, reactionary and progressive neoliberalism are two sides of the same coin, two parts of a single totality. It is this dichotomy between reactionary and progressive that allowed the globalist bloc, in the United States, to trick people into thinking they were choosing between two different agendas in the presidential elections, when these are actually the same: reactionary neoliberalism does not affect distribution and preserves iniquitous forms of recognition; progressive neoliberalism does not affect distribution and, because it does not affect distribution, it preserves iniquitous forms of recognition too. Neoliberalism, left untouched, provided the basis for capitalist accumulation, while moral issues drew the line between the two parties, providing support for two different political coalitions serving a globalist capitalist class⁷². This division between reactionary

⁷² We have been trying to show that both parties were pro-global capital. Beyond this, things are certainly much less straightforward. Our assertions are abstract and general, so we are cautious to affirm that the two parties served the capitalist class, because it is necessary to avoid functionalist readings of the bloc. Our assertions are also better

and progressive neoliberalism in US' domestic politics was also mirrored abroad in the distinction between neoconservatism and neoliberal internationalism⁷³ – again, both serving the globalist agenda, not in substantive opposition. These internal divides in the globalist bloc helped it to build consensus around the idea that there was no alternative.

This section devoted particular attention to Reagan's presidency because it was a defining moment in the transition from the New Deal bloc to the globalist bloc (in the United States). Therefore, we took Reagan, first, as rupture; second, as paradigm. In the many years after his administration, there were moments in which the globalist agenda favored a more unilateral, bellicose, and messianic approach. In others, it was more multilateral, cooperative, and technicist. Neither the first moments, nor the second ones, opposed the essential aspects of the era that Reagan inaugurated. Integration under global capitalism continued to further through active intervention of states – the US especially – and not simply through natural processes, as the Third Way supposed. And the fundamental features of this global capitalism are basically those that Reagan pioneered: (uneven) free trade and free capital flows, regressive taxation and regressive fiscal policies, weak labor regulations, highly deregulated financial markets, atrophied social security nets, and the primacy of markets. There were moments of advance or retreat in the globalist agenda, yet they were a response to specific historical social dynamics, never representing any rupture and, more importantly, never proposing any rupture. This is clearly shown by the sterile environment that US politics had become, in which the debate was mostly limited to the dichotomy reactionary/progressive, while the dominant mode of production was unquestioned. As Cox suggested (chapter I), in a hegemonic order the mode of production is taken as given because the political sphere is separated from the economic. In the current order, it was only

understood from a long-term perspective. Finally, we are not suggesting that there was not resistance. Not only there was resistance in the rest of civil society, outside the two parties, but inside the two parties themselves. Thus, when we say that neoliberalism is left untouched, it cannot be read as “neoliberalism enjoys absolute consent”, because neoliberalism and coercion always walk hand in hand.

⁷³ Evidently, the suggestion that the outward expressions of reactionary neoliberalism and progressive neoliberalism were, respectively, neoconservatism and neoliberal internationalism, is just to help our exposition. Neoconservatism, for instance, is a whole, domestically and abroad.

when the mode of production, through crisis, began to be re-politicized, that hegemony began to shrivel.

IV.2 – Terminal years (2008 – ?)

We have discussed, throughout this work, the reemergence of international finance, in the 1960s and 1970s, its globalization, in the 1980s, and the role of the US empire in both processes, actively supporting the growth and integration of international financial markets. Given the fact that, for most of the New Deal era, finance had been tamed in order to avoid disruptive capital flows, why did the United States begin to support its expansion? Neoliberalism is one answer, the other is empire. In the 1960s, the US saw in dollar-based international markets a way to reduce the pressure on US' gold reserves, as shown in the second chapter. But from the late 1970s and, especially, from the 1980s onwards, highly integrated financial markets guaranteed that everyone is, directly or not, exposed to the dollar. For empire, this means that the FED and the US Treasury are actually two nervous centers of the global economy. But it also means that crisis in the US means crisis everywhere in a matter of days – or actually minutes. This level of integration is sufficiently frightening, but, in the 1980s and 1990s, the US massively deregulated financial markets to promote competition. Competition in finance leads to instability, so integration and instability, together, make up the perfect recipe for a huge global financial crisis. This crisis came in 2007, as we all know, and it hit global capitalism as an earthquake: it tore down what was above the ground and, more importantly, it exposed what was underneath: almost three decades of globalist rule. This was an opportunity for a counter-hegemonic bloc to decisively challenge the globalist bloc. Given that, in 2016, Donald Trump won the presidency, we draw two working hypotheses for this section: (a) Barack Obama's presidency represented a rupture with the globalist bloc; or (b) it represented a continuity. Either (a) or (b) allow us to assess a common supposition about Trump: that his election was a backlash against the advances of the Obama era (we will discuss Trump in the next chapter).

A reasonable way to assess our hypotheses is to ask how much Obama's policies diverged from those that we outlined in the previous section, like Reagan's and Clinton's. A first obvious area where this divergence should be expected was

in financial regulation, since there was little doubt that the financial crisis was a direct consequence of deregulatory policies promoted years earlier. Indeed, Obama advanced a re-regulatory agenda through the Dodd-Frank Wall Street Reform and Protection Act of 2009. The bill, which is extraordinarily long (only the main piece has 849 pages⁷⁴), brings thousands of provisions. Among the most important ones, it created new regulatory agencies, like the Consumer Financial Protection Bureau and the Financial Stability Oversight Council; it assigned new responsibilities and extended the power of existing institutions, like the Federal Deposit Insurance Corporation and the Federal Reserve; it restricted banks from participating in proprietary trading⁷⁵; and it limited the share of bank capital that can be invested in private equity and hedge funds. However, such is the length of the act and the number of its provisions that the magazine *The Economist* (2012) acidly commented it is “too big not to fail”. The bill approaches regulation with more emphasis on transparency than on policing, so banks have more bureaucratic costs to show what they are doing, but whatever they are doing is hardly affected. Another problem is that, as Elhefnawy (2019) pointed out, it failed to address some of the main causes of the financial crisis:

[It] did not restore the separation between commercial and investment banking [...]; it did not eliminate trading in derivatives; it did not delink executive pay from short term company performance; it did not break up the largest banks, or even subject their further consolidation to restrictions (Elhefnawy, 2019, p. 15).

Thus, Obama’s main re-regulatory policy has important flaws and accomplish little in terms of challenging – or least hampering – financialization. What is worse, through the Jumpstart Our Business Startup Act of 2012, Obama promoted another wave of deregulatory policies to facilitate funding and investment in small business: for instance, companies with less than US\$1 billion in revenues and under 1000 investors were relieved from reporting requirements to the Securities Exchange Commission (Elhefnawy, 2019, p. 17).

⁷⁴ Available in: <https://www.govinfo.gov/content/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf>

⁷⁵ Basically, when banks trade financial assets with its own money.

If the causes of the crisis were not sufficiently addressed, it was necessary to address the consequences. When Obama took office, the economy was slowing down into recession and unemployment was on the rise. Obama's main proposal to boost the economy was the American Recovery and Reinvestment Act of 2009. The stimulus package brought some important advances in social security expenditures (food stamps, unemployment insurance), health, education, infrastructure (housing, communication, transportation, etc.), and R&D (notably clean energy), among others. This demand-side stimulus, nevertheless, was complemented by relevant fiscal incentives and tax cuts, in a reliance on the old neoliberal prescription, limiting the actual amount of money spent in the economy. Hence, Krugman (2011) argued, the package was insufficient. Indeed, unemployment only began to decrease in 2010-2011, and only reached the pre-crisis level in 2016, the last year of Obama's second term, while the GDP recovered by 2011, but overall economic recovery was very slow compared to other recessive periods (Weller and Odum, 2014). Between 2009-2010, unemployment actually rose, reinforcing the Republican discourse that stimulus policies were bad for the economy. In the midst of Obama's dubiousness on whether to propose a new package or not, the Republican Party took control of the House of Representatives in 2010, narrowing the space for future progressive policies.

The problem is that the extent to which Obama himself could be seen as a progressive, at least on economic affairs, is questionable. Even in a context of a debilitated economy, Obama signed the Pay-As-You-Go Act of 2010, whose objective was to guarantee that new spending was offset by spending cuts or new revenues – therefore, fiscal “responsibility”, and the Budget Control Act of 2011, intended to promote deficit reduction and fiscal austerity. Paradoxically, he also signed the Tax Relief Act of 2010⁷⁶, extending Bush's tax cuts of 2001 and 2003, both of which were highly regressive and benefited mostly the wealthy (Gale and Orszag, 2004). While fiscal policies were, at best, insufficient and, at worst, regressive, the monetary policy undertaken by the FED was dovish, keeping interest rates low for a long period and injecting a vast amount of money in the economy

⁷⁶ Actually, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

through Quantitative Easing⁷⁷. Unlike fiscal policies, monetary policy does not target spending, so private agents are free to use the money they borrow (or receive) the way they want. It is a market-friendly approach to economic stimulus, but it has three problematic consequences: first, there is no way to guarantee that the money will be used; second, if used, there is no way to guarantee that it will be used in the best alternative (in terms of multiplier effects); and third, there is a significant chance that this money will be channeled to financial markets, feeding all kinds of bubbles and preparing the next crisis. This last consequence also boosts inequality of wealth, because the over-appreciation of financial assets benefits asset-owners.

Therefore, Obama's fiscal and monetary policies were never much different from those of previous governments of the globalist bloc – except for the fact that he, unlike them, faced a crisis that demanded large counter-cyclical measures. We move our investigation, then, to his welfare policies.

With the enactment of the Affordable Care Act of 2010 (a.k.a Obamacare) and the Health Care and Education Reconciliation Act of 2010, Obama's government advanced the most significant welfare reform in the US at least since Lyndon Johnson's government, when the Medicare and the Medicaid were signed. The Obamacare is the closest Americans ever got to a national health service and yet it is still very far from one. The main original objectives of the act were to greatly extend health coverage, possibly to all Americans, and to reduce the cost of health care. The signed bill introduced public subsidies for low-income people to subscribe private health insurance, and penalties for those who do not subscribe to any. Private companies had to concede insurance to people with major and costly diseases; firms with over 50 employees had to contribute to the costs of health insurances. Medicaid coverage was also extended (Valli, 2018, p. 158). Despite these important advances, it is necessary to stress that the new legislation did not make universal coverage a right and did not offer public health as an alternative to private insurance. Thus, its effect on competition in the health industry was limited.

⁷⁷ Through Quantitative Easing, Central Banks buy public and private bonds in the possession of financial institutions to give them money. This lowers interest rates and increase the money these institutions hold. The problem is if they just hold it or, worse, use it to speculate.

Besides, the Obamacare is market-oriented: individuals are encouraged to buy private insurances sold by private companies competing in the market – in fact, they are punished if they do not. The greatest beneficiaries of such arrangement are certainly private companies, with an appreciated demand-boost for their services. And since the government subsidize individuals who cannot afford the insurance, in the ultimate instance, it subsidizes private companies. This market-orientation of Obama's welfare policies can also be observed in education. For instance, through the Race to the Top grant, his government encouraged US states to open chartered schools. Chartered schools are in a grey zone between public and private: they are privately managed, but the government pays for their student's education. While it is questionable whether the students benefit from them, there is little doubt corporations do (Mora and Christianakis, 2011).

It follows that Obama's track on welfare is modest and pro-capital. It promoted marketization or privatization, two cornerstones of neoliberal policy. With some retreats, it is a continuation of the globalist bloc in domestic affairs. The last question, then, is whether there was any rupture in foreign affairs. The promotion of a globalist agenda, we saw previously, relies heavily on the power of the US empire, and there are two areas in which the role of empire is most pronounced: trade and defense.

The trade policy of the Obama administration aimed to open markets to US exports and, according to Ambassador Michael Froman (2017), to promote "American values". In the pursuit of these objectives, the administration concluded the Trans-Pacific Partnership, to liberalize trade among twelve signatories; concluded the Trade Facilitation Agreement, to facilitate cross-border trade; and signed free-trade agreements with Korea, Panama, and Colombia. The Obama government also worked to expand the Information Technology Agreement, to eliminate tariffs on IT products. The general justification for these agreements is that they favor the creation of high-paying jobs in the US. This is more than likely, since the US and other advanced capitalist countries have undeniable comparative advantages in high-complexity industries. The backfire is that these agreements negatively affect US' low and middle-paying jobs, which tend to move to countries with lower labor costs. This does not suggest, evidently, that trade agreements are

bad, but begs the question of who is benefiting from them. Obama's trade agreements and trade policies, in general, carried on with the project of uneven integration to global capitalism. Notably, his government filed diverse enforcement actions against developing countries in the WTO, for instance, against India's local content requirements⁷⁸ and China's export restrictions on rare materials (in this case with the support of the EU and Japan)⁷⁹. Thus, it is hard to see much difference between Obama and Clinton in this area.

The last key dimension of Obama's presidency is defense (or national security) policies. First, it is necessary to remember that the two most important legacies of Bush's government for Obama were the financial crisis and the Iraq War (not to mention Afghanistan). Unsurprisingly, the 2008 presidential run was marked by these two themes, and Obama had on his favor the fact that he opposed the Iraq invasion from the start. One of his key campaign promises was to pull American troops out of Iraq in 16 months⁸⁰, but the troops were withdrawn only in the end of 2011 – and returned in 2014. While it may be argued that Obama had no option but to deal with the consequences of Bush's disastrous war, in fact there is at least one continuity between the two: a huge reliance on military power to police the rest of the world. For instance, Obama supported “humanitarian” intervention in Libya to protect civilians against the authoritarian regime of Muammar Gaddafi, while the US government continued to support authoritarian allies like Yemen and Saudi Arabia. Moreover, despite the multilateral approach to intervention in Libya, Obama also unilaterally decided to bomb Pakistan, while drone strikes in Afghanistan, Yemen, Somalia, etc., became an integral part of his national security strategy⁸¹. Furthermore, the advanced capitalist countries, in economic crisis, saw the important consolidation (nowadays demise) of the BRICS, which – although consorts in the project of global economic integration – engaged in this project, at

⁷⁸ Available in: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2016/september/united-states-wins-decisive>

⁷⁹ Available in: <https://www.reuters.com/article/us-china-trade-eu-idUSBRE82C0JU20120313>

⁸⁰ Available in: <https://www.reuters.com/article/us-iraq/obama-says-committed-to-iraq-withdrawal-timetable-idUSL0236543520080722>

⁸¹ According to Searle (2014), more than 390 drone strikes in Pakistan, Yemen, and Somalia killed more than 2400 human beings (at least 273 reportedly civilians) in the first five years of Obama's presidency. Comparatively, Bush ordered 51 drone strikes in 4 years.

some level, critically, that is, seeking to overcome a North/South divide. Thus, the eight years of Obama's presidency were marked by increased rivalries between the US and core capitalist countries, on the one side, and the BRICS – particularly China and Russia – on the other. The imperial strategy, in this case, was to undermine the influence of the former over other Asian countries (this was one of the objectives of the Trans-Pacific Partnership), and the influence of the latter over the Middle East (Syria, Iran, and Turkey) and eastern Europe (Ukraine). Core capitalist countries also increased the role of concerted military action through the NATO, with the US as the main sponsor. Beyond the values of neoliberal internationalism, what underscored this rebirth of geopolitics was the struggle for access to natural resources (especially oil and gas) and emergent markets in a context of slow economic recovery that harmed capitalist accumulation and the distribution of resources among nations.

Hence, following our summarized exposition of Obama's policies, we think it is fair to define Obama's presidency with two words: continuity and correction. One cannot deny that his government followed the trail left by his predecessors, either by acceding to neoliberal prescriptions or favoring capital, promoting marketization and privatization, spurring uneven integration to global capitalism, and relying on imperial power to advance the interest of the US and other core capitalist countries. In this sense, Obama is a continuation of the globalist bloc. For some this should not be a surprise, since:

An analysis of [Obama's] campaign finance records shows that about two-thirds of his bundlers are concentrated in four major industries: law, securities and investments, real estate and entertainment. Lawyers make up the largest group, numbering roughly 130, with many of them working for firms that also have lobbying arms. At least 100 Obama bundlers are top executives or brokers from investment businesses: nearly two dozen work for financial titans like Lehman Brothers, Goldman Sachs or Citigroup. About 40 others come from the real estate industry (Luo and Drew, 2008)

Obama, like his Republican adversaries John McCain in the 2008 presidential election, and Mitt Romney (himself a multimillionaire) in 2012, and virtually all presidential candidates from the two big parties in decades, have relied heavily on corporate money to feed their campaigns. This stresses the power of the

corporate community over American politics. Inside this community, social networks produce an elite that Domhoff (2014), in his magisterial work, call the corporate rich, who:

[E]nter into the electoral arena, first and foremost through their large campaign contributions to candidates in both political parties [...]. They also have an indirect involvement through providing politicians with lucrative speaking opportunities, lobbying jobs, and well-paid positions on corporate boards before and after their time in government service (Domhoff, 2013, p. xii)

As a consequence, the corporate elite has a leverage on all viable candidates to the presidency. And later they take advantage of it:

The ability of the corporate rich to transform their economic power into policy expertise and political access makes them the most important influence on the federal government. Leaders from the corporate community and the policy-planning network have been appointed to top positions in the executive branch in both Republican and Democratic administrations since the last quarter of the nineteenth century, and their allies in Congress listen carefully to the policy recommendations proposed by the experts they employ at foundations, think tanks, and policy decision groups. This combination of economic power, policy expertise, and continuing political access makes the corporate rich a *dominant class* (Domhoff, 2013, p. xiii, original emphasis).

Our addition to Domhoff's argument is that this dominant class, from the 1980s onwards, is globalist, and this section points to the fact that Obama represented, for this class, a continuity. Yet Obama, as we wrote above, also represented correction. By correction we mean that his government tried to promote some minor retreats in the globalist agenda, at least in welfare (Obamacare) and regulation (Dodd-Frank). These minor retreats responded to the necessities of the moment: first, there was much more economic instability than the capitalist class could support, and when the anarchy of markets achieves a self-destructive scale, the state is usually called upon to provide order, so that accumulation can resume; second, the political coalition that elected Obama included poor workers, Hispanics, black-Americans, and the left-wing vote in general, thus he also had to accede to the demands of these groups, who favor redistributive policies and (correctly) blamed the corporate rich for their bad fate; third, and connected with the last sentence, the capitalist class may accept some strategic retreats in order to keep

power. In other words, the hegemony of the ruling bloc was hurt, and reformation was a possibility to (try to) restore it.

The problem is that although the capitalist class may act in a cohesive way to promote its common ownership interests, it is also stricken by an inherent short-termism that affect its capacity to compromise with reform, especially in the age of global capitalism, in which competitive pressure is higher. Then, shortly after the US government had injected hundreds of billions of dollars to bail out failed companies and stimulate the economy, mainstream media and corporate elites had already begun to claim for fiscal responsibility, for less government, and for Obama to move back from the left to the center (*e.g.*, Bai, 2010). The Republican Party's overwhelming victory in the 2010 midterm election was a result of a successful conservative offensive to portray Obama as a socialist and a tyrant, and even to suggest that he was a Muslim not American-born, therefore, not a legitimate president (Jacobson, 2011). Nevertheless, these claims were more prone to have an effect on conservative voters, invigorating them, than on progressive voters. In many senses, the Republicans did not win as much as the Democrats lost: the shyness of Obama's policies were incapable of producing results large enough to translate in progressive votes. As Grover and Peschek (2014, p. 123) argue, it is exactly because he pursued centrist and market-friendly policies that he alienated many supporters, leaving space for the right-wing to grow. Once the Republican Party took the two houses, we wrote before, the path for more progressive policies became much more difficult, and this also explains why many of Obama's economic policies after 2010 resembled those of Bush.

Locked in a neoliberal distributive policy that could not handle the economic problems the majority of Americans faced, the only space left for Obama to advance was in recognition, but we saw that recognition without redistribution is mostly sterile. In an economy that never truly recovered from the crisis, the progressive neoliberalism of the Democratic Party began to crack. On the Left, anti-system movements like the Occupy Wall Street and the Black Lives Matter emerged, leading protests and demonstrations with an open call for redistribution. But if the Left mobilized more, so did the Right. The popular interpretation that the US' problems were a result of progressivism, not neoliberalism, led to the Tea Party and

a myriad of far-right groups, and together with them the exacerbation of the political debate on race, gender, sex, abortion, drugs, weapons, etc. Unable to break with the globalist agenda – because he never wanted to – Obama could not please those who elected him, he was hated by those who voted against him, and he alienated an important share of the working-class (or what once had been the working-class), who saw their standard of living, at best, stall. Yet there was also a growing sense, in the Left and the Right, that both parties were insulated from the people, sequestered by the elite. The divergence was on who this elite was. The Obama era began in economic crisis and ended in political crisis. It was unable to suture the wounds caused by the globalist agenda, so the hegemony of the globalist bloc was severely harmed. It was an era of organic crisis.

PROPOSITION IV

In the organic crisis of the 1930s, unleashed by the Great Depression, the capitalist class made several compromises to restore hegemony. In a moment in which socialism and fascism were alternatives, the ruling class could only keep liberal democracy and state power by acceding to popular demands, in an effort of reformation. The ultimate expression of these reforms were the New Deal, in the United States, and the welfare state, in western Europe, which rearranged social and economic structures and promoted significant advances for the working class. Thus, the consent of civil society was rebuilt through passive revolution. This arrangement worked for as long as capitalist accumulation and relative social stability endured. When both began to falter, in the 1970s, another organic crisis was resolved by taking the opposite path of the former: the new ruling bloc – the globalist bloc – withdrawn as many compromises made by the former bloc as possible, trying to restore accumulation through a direct assault on the subordinate classes. In this case, therefore, organic crisis was resolved through counter-reformation⁸².

The globalist bloc also tried to restore accumulation by spurring neoliberalism throughout the world and integrating all national economies to a global capitalism. Counter-reformation, neoliberalism, and global integration had

⁸² As in Countinho (2012)

its consequences. First of all, the assault on the working class to favor capital meant that the supremacy of the bloc would have to increasingly depend on coercion, which, as we know, is an unstable form of rule; second, the depoliticization of policies promoted by neoliberalism secluded the government from the people, instigating anti-establishment discourses; third, for a significative share of the population, the depoliticization of the economy aggravated social conflicts over race, gender, sex, etc.; fourth, neoliberal policies made markets more unstable and crises more frequent, demanding concerted action of national states to save the economy more often, but privileging mostly the capitalist class, thus, worsening class conflicts; fifth, global integration produced a mass of losers inside the advanced capitalist countries, amounting to the first problem; sixth, global integration demanded the power of empire both to advance integration and to control the disorders that it produces, so the cost of empire grew, yet the disorders kept growing too (what we will discuss in the final chapter). All these contradictions reached the surface in the presidency of Barack Obama, who was unable to address them.

In many senses, the last decade resembles a mirrored and condensed version of the second half of the 1960s: great social unrest and political agitation, a politically weak Democratic president, a never-ending war that Americans began to see as meaningless, a growing sense around the world that the US empire is in decline and cannot lead anymore. More importantly, like the 1960s, it saw the rise of a militant Right that successfully linked the struggle for the rights of minorities, especially of black people, with the image of American decay. Once again, they said, American society was in decay, once again the middle men, the silent majority, were squeezed between the undeserving poor, the political agitators, and the crooked elite. Once again, the flank was open for authoritarian populism, for a new George Wallace to defy the political establishment. Now, however, there was no neoliberal critique to articulate against the establishment: the establishment, of both parties, was neoliberal. Thus, the critique would have to be either against neoliberalism, or some aspect of neoliberalism. The populist revolt that Trump led was against neoliberalism in its outward dimension: globalism. And in this critique, the role of the US empire would have to be questioned and reshaped.

V – TRUMP AND THE ULTRA-EMPIRE

In the second chapter, we saw how the development of the US empire led to the expansion of its hegemonic model to other countries – in that case, to western Europe. One of the key aspects of that “Americanization” was: (i) the invasion of US MNCs in Europe; (ii) the development of European MNCs adopting the American model; and (iii) the invasion of European MNCs in the United States. We also saw that the Eurodollar market led to the revival of international finance, notwithstanding the fact that this internationalization also had an American face, since the US government heavily supported it and US banks were among its major agents. Hence, we argued, the US empire set the stage for global capitalist accumulation. The driving force of this, at a first moment, outward, but then global process of capitalist accumulation was – as we argued in chapter I – the nature of capitalist accumulation itself, which is ever-expansive and self-unconstrained by national borders.

In the first section of this chapter, we argue that, as global accumulation developed, it developed with it transnational capitalist classes. These classes lead the globalist bloc that we presented in the previous chapter. The bloc’s agenda is global capitalist integration and it demands the state to advance it. More importantly, it needs the power of empire. In this era of transnational ruling classes, we also argue, the world order is better characterized as an ultra-empire. Finally, we show that global integration and ultra-imperialism bring contradictions. In the second chapter, through discourse analysis, we show how Trump mobilized these contradictions in his presidential campaign, in 2016, to win the hearts of important fractions of the America electorate. In the third section, we argue that Trumpism, far from representing simply a vulgar reaction, was rooted in a more sophisticated political theory, paleoconservatism. Then, we finish the chapter with a proposition.

V.1 – The Ultra-Empire

Our discussion in the second chapter highlighted some of the outcomes of the emergence of the US empire, among which the revival of international finance,

the proliferation of multinational companies, and the end of imperial rivalries. In the 1970s, the adoption of floating exchange rates resulted in an almost forced harmonization of macroeconomic policies among different countries, which was advanced by market forces through financial flows. Successive rounds of trade liberalization and the lifting of capital controls paved the way for a greater integration of international markets. The new ruling bloc that emerged in the 1980s, we saw in the previous chapter, was committed to furthering all the above processes, either by consent or coercion. The policies it promoted in a moment of significant technological advances, like in transport and communication, closed distances among countries and expanded trade, capital, and migration flows. Local phenomena began to increasingly affect the international, while international phenomena began to affect the local in a fast speed. This era of exceptional economic interdependence inaugurates *global capitalism*^{83, 84}.

We began to discuss global capitalism in the previous chapter, but now we must define it. In a tentative approach, we conceptualize global capitalism as an era in which transnational chains of surplus value extraction are the ultimate source of capitalist accumulation. In the first chapter we were introduced to Marx's M-C-M' circuit, whereby capitalist accumulation happens. This circuit can be expanded to make clear the role of production in the process. Then, we have: M-C-P-C'-M', where the commodity (C), through production (P), becomes a new commodity (C') to be sold in the market for a higher exchange value. In a closed economy, this process is held domestically. If international trade is possible, the production (P) of the commodity (C') is held domestically, but the commodity (C) may have been imported and (C') can be exported, a case in which the circuit will be completed abroad (D'), profits will be internalized and the accumulation process will be ready to start over. This describes the dominant circuit in an international economy of national capitalisms. The fundamental aspect of a global economy is that (P) –

⁸³ Also of *globalization*, yet we know the concept of globalization is highly debated and disputed (for instance, Gordon, 1994; Burbach and Robinson; 1999, Waters, 2001; Held, 2004, Kiely, 2005b; Sassen, 2007; among many others). When we use the word globalization, in this work, we mean *neoliberal globalization*, that is, integration to global capitalism, as we define it, under the dictates of neoliberalism.

⁸⁴ This section, in its approach to Global Capitalism and Transnational Corporations, Classes, and production, is heavily influenced by William I. Robinson's work.

where surplus value is generated (but not necessarily realized) – is undertaken across multiple countries (see Robinson and Harris, 2000, p. 19-21). In other words, in global capitalism we have *transnational production*, whose major vehicle is the *transnational corporation* (TNC).

Why does a company decide to engage in production abroad? A first obvious answer is that it helps accumulation somehow. Traditionally, one evident motive was to hold a supply of raw-materials from other countries, but there are other reasons. First, there is the very fact that national borders still exist and access to foreign markets is usually affected by national regulation. Some countries may limit the access to their domestic markets for companies without local plants, or may impose them heavy-taxation. On the contrary, other countries may have weak regulations and tax-schemes, making it advantageous (from the firm's perspective) to operate there: they may offer, in order to attract foreign companies, tax exemptions, fiscal incentives, easy credit, R&D funding, etc. Besides, weak environmental, labor, and antitrust regulations are also very attractive. Beyond the limits imposed by states, there are limits (or advantages) that result from the different social and economic structures of countries: some countries have a large number of consumers while, in others, consumers have a high level of income; some countries offer huge financial and credit markets, others offer high-quality infrastructure, like telecommunications, transportation, etc. Finally, the supply of materials and labor has different costs in different countries, and it cannot be easily relocated. For instance, firms with energy-intensive plants will have an incentive to move them to countries where energy is cheap. All these differences among countries affect profits and, therefore, accumulation, which can be maximized both in relative terms (profit rates) and absolute terms (total profits) by producing in different countries. This explains why a company decides to produce abroad⁸⁵, yet

⁸⁵ The classic mainstream explanation is Dunning's ownership-location-internalization (OLI) paradigm. Here, firms decide to engage in foreign production when they perceive that it will be beneficial, in terms of costs and return, to undertake intermediate production internally, inside the firm, in a relation of internal trade, than it would be in a relation of external trade. The Ownership (O) of assets – any resource or capability that can produce future income – sometimes has Location-specific (L) advantages. In order to reap these advantages, it is better to Internalize (I) production, integrating it across countries. A modern version of the paradigm also incorporates the role of institutions (see Dunning and Lundan, 2008).

production abroad is nothing recent and is hardly a distinctive characteristic of global capitalism – multinational companies had undertaken it in a significative scale since the 1950s, at least. What we see as distinctive in the current era is that production is not exactly abroad – it is transnational. This is what differentiates the MNC from the TNC: there is no abroad for a TNC, because there is no domestic. The TNC is a company without national identity⁸⁶. It operates in diverse national territories through an intra-corporate division of labor, taking advantage of specific local conditions, but in a precarious relationship with the national.

The analysis of the circuit M-C-P-C'-M' shows more than the centrality of production to accumulation. It also reveals the centrality of production to class formation. It is not enough to say that the capitalist class is the one who owns the means of production, while the working class owns labor power: classes are forged through production, where surplus labor generates surplus value. This raises the question of how the emergence of transnational production affects class. Stated differently: does transnational production generate transnational classes? The answer is not straightforward. Transnational production certainly carries the potential for the transnationalization of the two fundamental classes, capitalists and laborers, but it is much easier to expect the emergence of a transnational capitalist class (TCC) than that of a transnational working class (TWC). The reasons for this will become clear as we conceptualize the TCC.

Extending the inquiry that has been driving us so far, what is distinctive about the TCC? Like the TNC, the TCC is characterized by (i) an objective of global accumulation delinked from any sense of national identity; and (ii) the control of transnational chains of surplus value extraction. Unlike the TNC – exactly because

⁸⁶ Actually, the terms multinational and transnational are usually employed interchangeably (Ietto-Gillies, 2019, p. 13). Here, however, we differentiate them for two reasons: first, because the term transnational stresses the fact that the corporation is operating across countries, not simply owning independent enterprises in different countries. Second, because despite the fact that the transnational corporation has – and must have – one or more home countries (where the “parent” enterprise is settled), this parenthood is merely a juridical formality. In its objectives of accumulation, the TNC is not bound to a national identity. Nevertheless, we will argue later, this does not mean the TNC will cut ties with the nation outrightly.

it is a class – it is also necessary (iii) class consciousness⁸⁷. The very fact that we have the TNC guarantees conditions (i) and (ii). Condition (iii), however, is harder to assess. Two possible indicatives of this consciousness are shared forms of socialization and shared practices. We do not have the space, here, to make such an investigation. Leslie Sklair's work on the TCC was foundational in identifying the development of a sense of belonging among its members through common education, lifestyles, leisure, neighborhoods, consumption patterns, etc. (Sklair, 2000, p. 20-21). More important, he has pointed out the emergence of transnational practices (TNPs) to advance their class interests⁸⁸ (Sklair 1995, p. 7). Carroll (2010) is a much-recommended work on transnational corporate networks.

For us, it is enough to recognize the persistence of a political agenda, since the mid-1970s and especially from the 1980s onwards, that has been fostering global capitalism, as we saw in previous chapter. Is the fact that this agenda overlaps with the interests of TNC CEOs and money capitalists just a helpful coincidence? Hardly. Indeed, the interests of transnational capitalists are similar to those of national capitalists. They are against labor militancy and unionism. Against labor rights and regulation. They favor lower wages. They support weak competition and weak antitrust laws, but strong property rights. They demand low taxes, macroeconomic stability, fiscal austerity, and privatization (for asset-seeking)⁸⁹. Besides, for them the state remains fundamental to sustain and advance the market order⁹⁰. Differently from the national capitalist, though, they catapult all these interests to the global level. One thing is national capitalist classes advance these interests in the national space. Another is a TCC actively working to harmonize

⁸⁷ In Marx, the passage from a class in itself to a class for itself (see Robinson and Harris, (2000, p. 21)).

⁸⁸ For Sklair, the TCC comprises TNC's executives, globalizing bureaucrats and politicians, globalizing professionals, merchants and the media (Sklair, 2000, p. 17). We think all these may have a transnational character, but we rather follow Robinson (2004), for whom the TCC comprises only the owners of transnational capital. This distinction allows us to better grasp corporate interests among the fractions of a social bloc.

⁸⁹ Remember that, if this means small government, it is not for everyone: as we saw in the previous chapter, fiscal austerity is supposed to be achieved at the expenses of the middle and poor classes, through privatization of public services and strangulation of social security programs, while subsidies, state spending on private R&D, and governmental purchases are not rolled back – in fact, they are expanded.

⁹⁰ This explains why Transnational capitalists are not so passionate in the defense of property rights when these are valuable private assets in “failed” states.

pro-capital policies among all countries, integrating them to a global economy. It is because they operate globally that not only they can strategically set their operations in different countries in order to take advantage of specific favorable conditions in each of them, they can also blackmail countries to change their institutions and policies, so that these host countries conform to international “best practices”, what means, actually, that either they adopt pro-capital policies and institutions favorable to a global capitalism, or capital and production will be moved elsewhere. If the advance of all these interests describes the last 40 years of capitalism, we will assume the existence of some class consciousness among transnational capitalists and, therefore, the emergence of the TCC⁹¹.

The collective power of the TCC is not surprising: global finance is highly disruptive in a world of free financial flows, while the world market is characterized by market concentration and oligopolistic competition⁹². UNCTAD (2020, p. 129) estimates that the value added generated by TNCs amounts to 25% of global GDP and a third of private sector output. They account for a third of total world exports – 15% of which from the major 100 TNCs (Chesnais, 2016, p. 144). The consequence of high market concentration is economic, political, social, and cultural power. Major TNCs – and, by extension, the TCC – have the capacity to shape social life around the world, affecting from government policies to consumption patterns, from the pace of technological advancement to environmental degradation. Their decisions have political implications for the countries in which they operate, sometimes to the point of reaching the public debate. Yet we should not overstate this collective power, because the TCC faces

⁹¹ Unlike the transnational working class. The structural economic conditions for its emergence exist, since it is the other side of the coin of transnational production, but we are far from anything close to a transnational class consciousness among laborers. The absolute majority of laborers lack the means to develop any sense of belonging to a transnational class, any space for transnational socialization, any form of transnational solidarity. In fact, the working class under global capitalism has been developing more nationalistic sentiments than the contrary.

⁹² Commenting about global oligopolistic competition, Chesnais (2016, p. 147-148): “firms only resort to price competition in the last instance. They seek to outpace and outdo their rivals through the new products they launch, the scale and pace of their investments in R&D and production facilities, and their strategic choices with respect in particular to the servicing of given markets, by exports from given production platforms (now never that of the sole firm’s home country) or by production for the host country domestic market”.

some relevant obstacles to exercise it. Capitalist accumulation always generates resistance. Then, for instance, laborers may resist the shift of a local plant to another location, like another country, or they may resist the introduction of a new company in their domestic market, what could jeopardize their jobs. Environmental activists may resist the settlement of polluting firms in a location, while a traditional community may see the activities of a corporation as a cultural threat. Notably, national bourgeoisies may resist the establishment of a competing TNC in their territory. The question, thus, is how to break resistance.

In the national territory, the state has been the most important vehicle for the capitalist class to exercise power. The full reach of this power, however, demands the control of the extended state – the apparatuses of the coercive state and civil society. This is achieved, as we saw in the first chapter, through social blocs, whereby social groups in alliance, led by a class, build domination and hegemony. Thus, resistance to the interests of a class can be overcome through coercion and consent. How can this be done in the global level? In Robert Cox's theory, historic blocs can build supremacy in a world order through the interaction of material capabilities, ideas, and institutions. In his framework, however, there may be a global civil society, but not a global coercive state, so the historic bloc supposes the leadership of classes *within* states. This leadership will be expressed in world hegemony through consent among states. Is it possible that the emergence of transnational classes leads to a transnational historic bloc that bypasses the state? This is the direction William Robinson's work takes. In Robinson's argument, a transnational historic bloc led by the TCC – as the global ruling class – emerged from the process of globalization and its power is embodied in an incipient Transnational State (TNS). This TNS is a “network that comprises transformed and externally integrated national states, *together with* the supranational economic and political forums” (Robinson and Harris, 2000, p. 27; emphasis in the original). These supranational forums are organizations such as the IMF, World Bank, WTO, UN, OECD, EU, and meetings like the G7 and the World Economic Forum⁹³, where

⁹³ The World Economic Forum, for Robinson and Harris (2000, p. 28), is “the most comprehensive transnational planning body of the TCC and the quintessential example of a truly global network binding together the TCC in a transnational civil society”.

an agenda for global integration under capitalism is developed and spurred. The TNS has no central organization or formal authority over national territories, so resistance in the national space may have to be broken through the national state, whose role is to translate this agenda into national policies, which will be advanced against national classes, be they laborers or capitalists (Robinson, 2005, p. 10).

The problem with Robinson's approach is that it assumes the national state as a subordinate entity, in the TNS, to the will of the TCC⁹⁴. If this is true, first, we should expect a long-term tendency to a harmonization of interests among national states. If the national state simply serves transnational interests, global politics would not be characterized by power disputes among national states, at least among those where the ruling class is part of the TCC. We could have a political core/periphery divide in which countries are fully integrated to the TNS or not, but there would be no hierarchies inside the core. This divide would persist only while the power of the core is employed to advance global integration. If this integration is successful, *i.e.*, if the periphery is fully integrated, the divide would be erased. A second contention to Robison is that we should expect that full integration would eventually erase relations of economic domination/subordination among countries, understood as North/South or, again, core/periphery divides. On the contrary, however, we have been seeing the persistence of rigid hierarchies in international politics and in the international economy. Although many studies identify TCC formation in the so-called Global South (*e.g.*, Sprague, 2017, 2016, 2015; Watson, 2015; Hanieh, 2011; Madrid, 2009; Zhao, 2008), this has not been followed by a redistribution of power inside the organizations of global governance. In world forums, the protagonists are usually the most advanced capitalist states, the United States above all else. There is also no indication that the North/South divide has been bridged in the international economy – certainly not through the workings of a TNS. High-complexity industry and sophisticated services remain mostly in the North, while technology diffusion is extraordinarily slow. Despite the

⁹⁴ In very bold words: "Nation-states will continue to exist and many will be powerful entities, but instead of serving the 'nation' they now increasingly respond to transnational economic interests (...). There will be no single hegemonic power, or even a regional bloc of nations, to replace the United States as that country's relative importance in the global economy declines" (Burbach and Robinson, 1999, p. 36)

transnationalization of production, most catch-up efforts in the South are led by national states, through national systems of innovation and neo-mercantilist policies.

The reason why we cannot talk of a Transnational State, as in Robison, resides in the dynamics of the transnational social bloc. Robinson is nothing but right when he identifies the members of this bloc with: the TCC, “cadre, bureaucratic managers and technicians” of global organizations and forums, states, “an array of politicians and charismatic figures, along with select organic intellectual, who provide ideological legitimacy and technical solutions”, highly paid workers, and cosmopolitan professionals (Robinson, 2005, p. 7). Also, he appropriately calls it the “globalist bloc”, as we do, because it is committed to fostering a global structure of accumulation (Robinson and Harris, 2000, p. 40). Nevertheless, we cannot suppose that all fractions of this bloc work in a cohesive way towards the objective of global accumulation, as a functionalist structure. There is collusion between specific interests of each fraction. For instance, while the fundamental objective of the capitalist class is accumulation, for bureaucrats and politicians (henceforth state officials), accumulation is one among other interests. Thus, they may be interested in promoting capitalist accumulation because it positively affects state revenues (and possibly their income), but their position in the state also depends – and will always depend – on the support (or acquiescence, or approval, or votes) of national groups and classes, like laborers and national bourgeoisies. This means that state policies will eventually be nationally oriented, even if the TCC (and state officials, in their hearts) wants it otherwise. Besides, and more importantly, what gives state officials substance as a stratum is the nation, so their *animus* will be mostly national: working for and representing the state, the measure of their success is the success of their nation in absolute and relative terms (*i.e.*, *vis-à-vis* other nations). State officials can never decouple from national identity as much as the TCC can, no matter how cosmopolitans they are, unless the state itself decouples from national identity, what seems implausible.

The specific interests of state officials are probably the most important reason for the existence of national competition in an era of transnational capitalist

classes. But notably, when the policies these state officials promote favor the national economy, there is an incentive for transnational capitalists to adopt a nationalistic behavior that represents, as in Gramsci, narrow corporate interests inside the bloc. This points to us the fact that the global identity of the TCC is still fractured and, consequentially, there are hierarchies inside the class. For instance, since integration between transnational capitalists from the US and from Canada is different from that between these two and those from Mexico, their standing in the class is not the same. This is also true between transnational capitalists from the US and Europe and those from the Middle East or Africa. In other words, there is a North/South divide even inside the TCC, with transnational capitalists often resorting on the national state to improve their position inside the class⁹⁵. Finally, since the current global order was built by the US empire (chapter II), it inherited the structures of the US-led previous order. This is clearly expressed in international hierarchies that were built in the former order and persist in the current one: the ascendance of the United States and western Europe, followed by Japan and other advanced capitalist countries, and then the rest, like the BRICS (or what is left of them), trying to break through these ranks.

It follows from our analysis that the current order is not one of a Transnational State (incipient or not). Indeed, there are apparatuses of transnational governance, but they are hierarchized by national states. The globalist bloc is led by the TCC, but the TCC is hierarchized by national origin. Inside the globalist bloc, common ownership interests guarantee that competition is limited (or tamed), but, anyway, corporate interests guarantee the persistence of national competition. There is uneven integration to global capitalism, a remaining North/South divide, a core of advanced capitalist countries who subjugate a periphery. There is uneven integration of transnational capitalists from the periphery in the globalist bloc. Then, instead of a Transnational State, our current order is better characterized by a “structure of supremacy and subjugation which is supported by different advanced capitalist countries ruled by a transnational historic bloc” (this volume, p. 47): an ultra-empire.

⁹⁵ As in the seemingly (but not really) paradoxical “national champions” strategy to build TNCs in the Global South (for instance, Goldstein, 2013).

In this cartel of empires, the United States is the “core of the core”: its material capabilities and ascendance over global ideas and global institutions make it the central empire. Washington is the most important stronghold of the globalist bloc, the loci of many globalist initiatives, which are supported and promoted there long before they become part of the agenda of transnational organizations. Moreover, Washington is the home of the dollar, the global reserve currency. As we have seen throughout this work, this gives global power to the US Treasury and the Federal Reserve, so the globalist bloc needs to control them both in order to manage the global economy – the monetary policy of the US resonates everywhere. But it is exactly because there is great interdependence that there is a great need for coordination. If, in the immediate postwar years, the supremacy of the United States was such that it could manage the world order and the world economy almost alone (coordination with other states expressed mostly the demands of the US), in the current order, the level of capitalist integration gives other key advanced capitalist countries a significant leverage on policy decisions. These countries are basically the rest of the G7, in particular Germany, Japan, France, and the UK, all led by transnational classes – in varying degrees, it is true – that guarantee sufficient cohesion, in the imperial system, to promote the globalist agenda. For instance, Germany has been one of the most fervent promoters of fiscal austerity and forced adjustment in the European Union (as the recent Greek debt crisis evidenced). The rest of the advanced capitalist countries orbits this nucleus of the ultra-empire with far less bargain and decision power, but also supporting globalists policies.

Almost all countries in the periphery of this order are significantly integrated to global capitalism, however unevenly. There are less TNCs from the periphery operating in the core than the contrary, because transnational production of TNCs from the periphery is undertaken mostly in the periphery. There is a relevant trade flow from the periphery to the core, but when TNCs from the periphery are responsible for this flow, it is mostly composed of commodities and low-complexity industrial goods. Thus, when the ruling classes of peripheral countries are part of the TCC – therefore part of the globalist bloc –, they often help the reproduction of dependency. They are beneficiaries of global accumulation, but this is not translated in a rupture with their countries’ backward structures. Dependency might only be broken if other fractions of the domestic ruling bloc

could overcome the narrow corporate interests of transnational capitalists, but, even then, ultra-empire could stand in the way.

As our framework suggests, ultra-empire, the cartel of empires ruled by the globalist bloc, has been developing since the 1980s. At a first look, if we pose the question of who benefits from it, the answer is straightforward: the imperial countries. Yet, looking closer, contradictions become visible. Despite the hierarchies inside the cartel, the benefits that each empire reaps does not necessarily follow these hierarchies. Actually, one of the two core arguments for this work is that there is a growing sense, in the United States, that the current world order – which we are defining as an ultra-empire –, is one in which the US, as the leading empire, bears the costs of maintenance, yet the bulk of the benefits are reaped elsewhere. This is not the same thing as to argue that the US is a declining hegemon – even if there is indeed this perception. It is to argue about a sense of **unfairness**: many Americans feel that the costs of the current order, for the United States, outdo the returns, that it does not payoff. How is this different from the 1970s, when many saw the rise of Japan and Germany as a proof of a US decline, decline promoted by the US itself, who predicated the *Pax Americana* on the very reconstruction of its allies? One cannot deny that the current situation is similar in many aspects, but there are fundamental differences: first, in the 1970s, there was the USSR, so the costs of empire could be justified more easily, because there was a clear enemy against which the United States had to stand up – for itself and for the allied countries. Now, however, there is no obvious enemy. Even considering the rise of China, rivalry, here, has a different character: at the very least, China is geographically closer to the United States than to Europe (so it is not an obvious military threat to Europe), besides, it is not articulating a universal message as the USSR did, and, more importantly, it seeks integration – in its own terms, let us concede – to global capitalism. Thus, it is easier for Americans to see US' current imperial responsibilities more as burden than as an advantage to compete with China. The second difference in relation to the 1970s has in fact consequences even for China: the supremacy of the globalist bloc (or transnational historic bloc). Unlike the 1970s, Americans did not simply see the emergence of new national competitors in the last 40 years. They saw US companies move key parts of their

operations to other countries – to China, for instance⁹⁶. Put in these terms, the apparent decline of the United States is more than just national competition, but an apparent conscious *transfer* of wealth from the US to the rest of the world. How much is this only appearance?

Appearances can be misleading, for this redistribution of wealth needs to be seen less as national than as class phenomenon: it is a redistribution from the subordinate classes around the world to the global ruling classes. The logic of this process – global capitalist integration – benefits mostly the TCC and the other social groups of the globalist bloc. Nonetheless, since it restructures the space of accumulation from the international to the global, it also promotes minor redistributive effects among national subordinate classes and social groups. As a result, the same logic that gradually delinks the ruling classes from their national identities, also promotes a nationalistic behavior (and rivalries) among the subordinate classes. As we will argue soon, the Trumpian revolt consisted in the successful articulation of a populist right-wing critique to this logic. It took what was a sense of American decay and reformulated it as a narrative of American *betrayal*. But betrayal of what?

As we pointed out in the previous chapter, the universal message of the globalist bloc – which is also a promise – was that of the neoliberal theory: prosperity for everyone through free globally integrated markets. Underscoring the promise is the questionable idea that the efficiency gains of integrated markets rise all boats. Does the experience confirm this hypothesis? It is hard to say it does. On the contrary, as we argued in the last paragraph – and it is supported by evidence – , global capitalist integration had significant redistributive effects, so some boats were lifted, yet some did not, and some actually sunk. In order to understand how the promise became betrayal, we need to ask (a) what integration means, so we can understand how redistribution happened. Let us recall our tentative definition of global capitalism, from the beginning of this section, where we identified it as an era in which transnational chains of surplus value extraction are the ultimate source

⁹⁶ Making it even harder to pose China as an enemy like the USSR, since US and Chinese markets, production and capitals are entangled in an incomparable level to that between the US and the USSR, even in the final years of the latter.

of capitalist accumulation. From this definition, in the circuit M-C-P-C'-M', decisively, (P) is transnational. Yet, as we know, production only makes sense if the capitalist can sell the commodity (C') for a higher price (M'). And production would not be possible if s/he also could not buy the commodity (C), labor power and the means of production necessary to make (C) become (C'). Thus, markets are necessary for the circuit to develop. Integration, then, means (i) global markets for labor power and for goods (broadly understood as raw materials, means of production, intermediary and finished goods, services, etc.); and, as a corollary of the last sentence, (ii) global flows of capital and money. Hence, the process of integration is one of liberalization of international markets. Full integration, one should expect, would demand free movements of capital (global financial liberalization), free movements of goods (global trade liberalization), and free movements of laborers (globally open borders). However, while the last 40 years saw the deep development of the first two, there was no more than a shy advance in the third, not only because laborers are not as mobile as capitals and goods, but, more importantly, because immigration is limited by national states⁹⁷. Then, the question is how do financial and trade liberalization affect distribution? More specifically, given the scope of this work, how did it affect the United States?

There is a long-time call for all countries to open borders to foreign capitals, first, because global financial integration supposedly allows capitals to be better allocated around the world, flowing to locations where returns are higher; and, second, because it allows intertemporal consumption among countries, *i.e.*, countries can lend or borrow national savings through a global credit market⁹⁸.

⁹⁷ Which is another difference between neoliberal theory, which supposes flexible labor markets, and neoliberal practice.

⁹⁸ Note a standard (neoliberal) defense of global financial integration: “[e]conomic theory leaves no doubt about the potential advantages of global financial trading. [...] International financial markets allow residents of different countries to pool various risks, achieving more effective insurance than purely domestic arrangements would allow. Furthermore, a country suffering a temporary recession or natural disaster can borrow abroad. Developing countries with little capital can borrow to finance investment, thereby promoting economic growth without sharp increases in saving rates. At the global level, the international capital market channels world savings to its most productive uses, irrespective of location. [...] The other main potential positive role of international capital markets is to discipline policymakers [...] Unsound policies – for example, excessive government borrowing or inadequate bank regulation – would spark speculative capital outflows and higher domestic interest rates” (Obstfeld, 1998, p. 10)

Thus, global financial integration would be especially important for developing countries (as in OECD, 2002). Yet, as chapter II showed from the experience of the interwar and the early 1970s period, capital flows can also be highly disruptive. This has not changed at all with the adoption of floating exchange rates, in 1973, and financial deregulation, in the 1980s and 1990s, only made problems worse, as we saw in chapter IV. There is a remarkable association between higher capital mobility and higher banking/financial crisis (see Reinhart and Rogoff, 2009, p. 156). In distributive terms, paradoxically, this widens the gap between the globalist bloc and the subordinate classes, first, because we know crisis promotes concentration and centralization of capitals, and second, because in the eventuality of a crisis, the counter-cyclical policies that national governments deploy – in the globalist era – seek to prevent asset-destruction, so the wealth of asset-owners is better preserved than that of the non-asset-owners (the majority of the subordinate classes). By the way, financial crisis is a particularly serious problem for developing countries, where financial markets are not so robust and macroeconomic management is less effective: when crisis break, capitals flow in huge amounts from the developing to the developed world – above all else, to the US. Debt and balance of payment crisis, then, is more prone to occur in developing countries, who are more exposed to global finance. Note, however, that capital mobility allows the dominant classes of developing countries to ship their money to the Global North (what emphasizes the fact that these classes are transnational). Thus, their wealth is better protected too. In any case, financial liberalization, through crisis, raises inequality within countries. This is supported by statistical evidence in Furceri and Loungani (2015) – notably, in an IMF paper⁹⁹.

Also in an IMF paper, Furceri, Loungani, and Ostry (2018) identify that inequality driven by financial liberalization results from the reduction of the share of labor income in the income distribution. Not surprisingly, this happens because liberalization reduces the bargain power of workers: they accept lower wages because there is a permanent threat that capital will move (and produce) elsewhere.

⁹⁹ Although certain studies suggest the opposite, like the meta-analysis undertaken by Ni and Liu (2019), these studies usually do not address the financial-crisis channel, thus limiting their capacity to capture the effect of financial liberalization on inequality.

While this effect on income distribution is significative and long-lasting, they also find out that financial liberalization promotes “small and short-lived” gains in industrial output (Furceri, Loungani, and Ostry, 2018, p. 7). If these problems were not enough, labor is penalized again by paying higher taxes: financial liberalization also reduces the bargain power of governments *vis-à-vis* capital, who can threat national governments in a similar way: either you reduce our taxes or we move elsewhere. Governments, then, reduce corporate taxes, but to offset this reduction they increase labor taxes. This is the evidence Onaran and Boesch (2014) find for several European countries. Hence, it follows, the winners of global financial integration are capitalists and corporations, while laborers, especially low-skilled laborers, are clearly the losers, an effect that is felt inside both rich and poor countries.

The effects of financial liberalization seen to be pervasive across the subordinate classes of all countries, including the American working class. Trade liberalization, the other dimension of global capitalist integration, also has its costs. First, we must remember, it is a necessary step towards the transnationalization of production, because it allows intra-corporate trade across borders and the outsourcing of production – the emergence of Global Value Chains (GVC). And once again, evidence challenges the promise of all boats lifted – in this case, the Ricardian promise of win-win trade. It shows, at least, that even when the overall results from trade liberalization are positive, they are certainly not evenly distributed, and result in losers too. Here we can be more country-specific: see, for instance, the case of NAFTA, the free trade agreement between Canada, Mexico, and the United States, idealized by Ronald Reagan and signed by Bill Clinton: a study by Hakobyan and McLaren (2016) found out a “dramatically lowering wage growth for blue-collar workers” in US locations where tariff reductions *vis-à-vis* Mexico were larger. This effect was not only negative for those workers employed in industries competing with Mexican imports: as they lost their jobs, these workers began to search for new jobs in other non-competing industries, so wages in non-competing industries were negatively affected too (Hakobyan and McLaren, 2016, p. 728 and 729). Is it possible to argue that this is a minor problem, since positive effects significantly outweigh the negatives ones? No. Romalis (2007) estimated that NAFTA’s net aggregate welfare benefit for the US was near 0 (zero). This

happened because trade creation resulting from the agreement was almost completely offset by trade diversion (diversion of trade from a more to a less efficient producer). Caliendo and Barro (2015) corroborate these results and estimate a benefit for the US of only 0.08%, while that for Mexico, although also small, was a little higher, of 1.31%. Another “trade shock”, China’s entry in the WTO, in 2001, point to similar redistributive (and disruptive) consequences. Autor, Dorn, and Hanson (2016) show that the consequences of trade with China on US’ labor markets were very significant: wages and labor-force participation rates depressed and elevated unemployment rates for a long time, especially in local markets where industries were more exposed to Chinese competition; and greater job churning and reduced lifetime income. Offsetting gains in other industries were irrelevant (Autor, Dorn, and Hanson, 2016, p. 205).

NAFTA and the “Chinese-shock”, are two examples that highlight the fact that trade liberalization, just like financial liberalization, produced significant adverse effects on large social groups within countries. As Rodrik (2018) argues, this was a problem that could have been partially dodged with the adoption of robust compensating policies, but this has not happened because regulations and trade agreements are designed to favor a business-led agenda. In his words, “[t]he implicit economic model is one of trickle-down: make investors happy and the benefits will eventually flow down to the rest of society. The interests of labor [...] get little lip service” (Rodrik, 2018, p. 16). Yet, is this not the whole point of the post-New Deal (globalist) counter-reformation? It sought to restore accumulation through integration (expansion of the spatial frontiers of capitalism), and an assault on labor (eventually, the expansion of the biological frontiers of capitalism). In the United States, particularly, big business and highly paid workers – transnational groups – were benefited, while small business and low and middle paying jobs suffered.

Within national states, the agenda of the globalist bloc followed the basic prescriptions of neoliberal theory, which we pointed out in the previous chapter: regressive taxation and regressive fiscal policies, weak labor regulations, highly deregulated financial markets, atrophied social security nets, and the primacy of markets. Outside national states, the agenda was (uneven) free trade and free capital

flows – global capitalist integration – which allowed the transnational organization of accumulation. Evidently, the first was necessary for the second, thus, the distinction between inside and outside is for the sake of clarity of exposition, because it allows us to see the two dimensions in which the capitalist class aimed to restore accumulation, and the consequent reproduction of the key contradiction of globalism: for the objective of accumulation, the national must be overcome; yet, to advance this objective, national states not only remain necessary, but fundamental. Hence, imperialism is required to promote a globalist agenda that benefits transnational classes at the expenses of national classes, a contradiction that offers a unique opportunity for a populist front to mobilize the sentiments of the majority against the globalist bloc. This was the essence of the Trumpian revolt.

V.2 – Donald Trump and the American betrayal

Nowhere could the globalist contradiction be more pronounced than in the United States, the core country in the ultra-empire and the powerhouse of the globalist bloc. When the United States was the sole global power, in the immediate postwar years, it had enormous imperial responsibilities, significant imperial costs, but also high imperial returns. In the second chapter, we noted that the discussion about the US' external deficits, in the late 1960s, misunderstood that empire, seen there as burden, was what allowed the US to reap large trade and investment incomes abroad. This remains true today, but while imperial responsibilities remain, its significant costs are everyday harder to justify in a context in which imperial authority is more evenly shared and returns are withering or, more properly said, they are harder to apprehend, since their distribution to the American society is extraordinarily uneven – much more than it was in the postwar years, in the “golden era of capitalism”, when both capital and labor prospered. We know the New Deal era came to an end in crisis, but the promise that replaced it, globalism, failed all but a tiny portion of Americans. This failed promise became a powerful political narrative in Donald Trump's campaign¹⁰⁰. We begin this section

¹⁰⁰ Also by Bernie Sanders, the left-wing populist contender in the Democratic primaries. Unfortunately, we cannot dedicate time to discuss Sander's campaign in this work. It is very significant, nevertheless, that in many opportunities Trump recalled Sanders, who lost the Democratic nomination to Hillary Clinton, when mobilizing an anti-establishment discourse, as we will see.

by retracing this narrative through a discourse analysis of excerpts from four of his key speeches¹⁰¹. Our intention is to give some nuance to his critique of the globalist bloc, showing how he articulated it with some immediate issues of the American society, in opposition to Obama, the incumbent President, and Hillary Clinton, the Democratic adversary.

On his acceptance speech, at the Republican National Convention, Trump begins by outlining that:

Together, we will lead our party back to the White House, and we will lead our country back to safety, prosperity, and peace. We will be a country of generosity and warmth. But we will also be a country of law and order. Our convention occurs at a moment of crisis for our nation. The attacks on our police, and the terrorism in our cities, threaten our very way of life. Any politician who does not grasp this danger is not fit to lead our country. Americans watching this address tonight have seen the recent images of violence in our streets and the chaos in our communities. Many have witnessed this violence personally, some have even been its victims. I have a message for all of you: the crime and violence that today afflicts our nation will soon come to an end. Beginning on January 20th 2017, safety will be restored. [...] Decades of progress made in bringing down crime are now being reversed by this Administration's rollback of criminal enforcement (Trump, 2016a).

Here, Trump portrays the situation in the United States as one of social crisis, social unrest, violence, criminality. He mobilizes the anxiety of the audience the same way Nixon and Wallace did some 50 years earlier, assuming the position of the law-and-order candidate. Obama, in this case, is a new Lyndon Johnson who cannot – and in fact sponsors – unrest. However, while Nixon and Wallace identified unrest and criminality with black people and protestors, Trump had a third culprit: immigrants. Then, he follows:

The number of police officers killed in the line of duty has risen by almost 50% compared to this point last year. Nearly 180,000 illegal immigrants with criminal records, ordered deported from our country, are tonight roaming free to threaten peaceful citizens. [...] They are being released by the tens of thousands into our communities with no regard for the impact on public safety or resources. One such border-crosser was released and

¹⁰¹ It is true that it is easier (and perhaps fairer) to judge politicians by their policies than by what they say. However, Trump's policies are an *ex-post facto* of his election victory, and helps little to explain why he was elected, which is the objective of this work.

made his way to Nebraska. There, he ended the life of an innocent young girl named Sarah Root. [...] One more child to sacrifice on the altar of open borders (Trump, 2016a)

Recurring to the same violent imagery that George Wallace used to recur, Trump directly links immigration with crime. There is the same tone, here, that prevailed in the late 1960s: communities are at risk because our white neighborhoods are suffering an invasion from dangerous non-white people. He reinforces this message mobilizing the fear of terrorism – interestingly, using it to ask marginalized groups to join his coalition:

Only weeks ago, in Orlando, Florida, 49 wonderful Americans were savagely murdered by an Islamic terrorist. This time, the terrorist targeted our LGBT community. As your President, I will do everything in my power to protect our LGBT citizens from the violence and oppression of a hateful foreign ideology (Trump, 2016a)

Thus, Trump tries to overcome the debate on recognition and gather support from the LGBT community by arguing that the risk they face comes from abroad, from a “hateful foreign ideology”, while later, in the same speech, he claims the support of evangelical groups, who represent the most important domestic opposition to the recognition of LGBT people:

I would like to thank the evangelical community who have been so good to me and so supportive. You have so much to contribute to our politics, yet our laws prevent you from speaking your minds from your pulpits. [...] I am going to work very hard to repeal that language and protect free speech for all Americans (Trump, 2016a)

Through the discourse on law and order, Trump hoped to unite people behind him against the danger that comes from outside – immigrants and terrorists. Yet, this does not mean there were no domestic enemies, which, in fact, were not different from those pointed by Nixon and Wallace. Using the same strategy of coding race into law and order, Trump identified protestors and rioters as enemies who stood in the way of a silent majority of hard-workers and, by doing so, he even called on black people to support him. In his campaign speech in Milwaukee (08/17/2016), he observed:

The violence, riots and destruction that have taken place in Milwaukee is an assault on the right of all citizens to live in

security and peace. Law and order must be restored. It must be restored for the sake of all, but most especially the sake of those living in the affected communities. The main victims of these riots are law-abiding African-American citizens living in these neighborhoods (Trump, 2016b)

What is not clear in the above passage is the nature of the Milwaukee riots: on August 13th, 2016, the 23-year-old black-American Sylville Smith was shot dead by the police. Hours later, around 100 black-Americans gathered in the shooting scene to protest Sylville's murder. The following hours were of major conflicts with the police and, as violence escalated, riots continued for more two days. Therefore, these protestors of which Trump was talking against had a specific color and were fighting racial violence. Trump's discourse is a hypocritical coded racism, especially when he claims that the main victims of the protests are black-people themselves. The continuation of his racial discourse is nothing new in the Republican tradition:

Those peddling the narrative of cops as a racist force in our society – a narrative supported with a nod by my opponent – share directly in the responsibility for the unrest in Milwaukee, and many other places within our country. They have fostered the dangerous anti-police atmosphere in America. [...] The war on our police is a war on all peaceful citizens who want to be able to work and live and send their kids to school in safety. [...] For every protestor, there are a hundred moms and dads and kids on that same city block who just want to be able to sleep safely at night (Trump, 2016b)

Like Nixon, Trump praises the silent majority, the non-protestors, the non-shouters, the passive-Americans, the middle-men who just want to work and prosper. Yet he hopes to make black-Americans to believe they are part of these middle-men. This right-wing populist discourse demands, as we know, to portray the majority as squeezed between the bottom and the top. While the bottom varies depending on which social group is targeted by the discourse, the top is always the same: the establishment. As a Republican candidate, Trump avoids identifying this establishment directly with the Republican Party, but there can be no doubt he speaks of both parties. Hence, as a statement of purpose, he says:

I have joined the political arena so that the powerful can no longer beat up on people that cannot defend themselves. Nobody knows the system better than me, which is why I alone can fix it.
I have seen firsthand how the system is rigged against our

citizens, just like it was rigged against Bernie Sanders – he never had a chance (Trump, 2016a, our highlights).

In such statement, Trump clearly places himself as the voice of the people, the tribune of the plebs. If he had to join the political arena to fight the powerful, then no one was defending the people before him: the rigged system was rigged in both parties. In the Democratic party, more specifically, Bernie Sanders, whom Trump recognizes as someone fighting against the establishment too, never had a chance because, for Trump, Hillary Clinton was the ultimate representative of the establishment:

Big business, elite media and major donors are lining up behind the campaign of my opponent because they know she will keep our rigged system in place. They are throwing money at her because they have total control over everything she does. She is their puppet, and they pull the strings. That is why Hillary Clinton's message is that things will never change (Trump, 2016a).

And once again claiming to be the voice of the people, he follows:

My message is that things have to change – and they have to change right now. Every day I wake up determined to deliver for the people I have met all across this nation that have been neglected, ignored, and abandoned. I have visited the laid-off factory workers, and the communities crushed by our horrible and unfair trade deals. These are the forgotten men and women of our country. People who work hard but no longer have a voice. I am your voice (Trump, 2016a)

Note that he speaks of the forgotten men (and women), just like Nixon. In a very powerful anti-establishment piece, in his Milwaukee speech he says:

It is time for rule by the people, not rule by special interests. Every insider, getting rich off of our broken system, is throwing money at Hillary Clinton. The hedge fund managers, the Wall Street investors, the professional political class. It's the powerful protecting the powerful. Insiders fighting for insiders. I am fighting for you. When we talk about the insiders, who are we talking about? It's the comfortable politicians looking out for their own interests. It's the lobbyists who know how to insert that perfect loophole into every bill. It's the financial industry that knows how to regulate their competition out of existence. The insiders also include the media executives, anchors and journalists in Washington, Los Angeles, and New York City, who are part of the same failed status quo and want nothing to change. Every day you pick up a newspaper, or turn on the nightly news, and you hear about some self-interest banker or

some discredited Washington insider says they oppose our campaign (Trump, 2016b)

Despite a certain conspiratorial tone when he speaks of the “insiders”, something which would please the likes of a John Bircher, one cannot deny that he begins, here, to capture the constituent of the globalist bloc. As a sign that Trump is not speaking of the Democratic Party only, he adds:

I wear their opposition as a badge of honor. Because it means I am fighting for real change, not just partisan change. I am fighting – all of us across the country are fighting – for peaceful regime change in our country. The media-donor-political complex that’s bled this country dry has to be replaced with a new government of, by and for the people. The leadership class in Washington D.C., of which Hillary has been a member for thirty years, has abandoned the people of this country. I am going to give the people their voice back (Trump, 2016b).

Finally, there can be no doubt that Trump identifies the establishment with both parties when he says:

Think about it. The people opposing our campaign are the same people who have left our border open and let innocent people suffer as a result. **The people opposing our campaign are the same people who have led us into one disastrous foreign war after another. The people opposing our campaign are the same people who lied to us about one trade deal after another.** Aren’t you tired of a system that gets rich at your expense? Aren’t you tired of big media, big business, and big donors rigging the system to keep your voice from being heard? (Trump, 2016b, our highlights)

At this point, we begin to see Trump articulating a critique to an agenda, which is the agenda of the globalist bloc. He speaks of an elite, of a political and corporate establishment that is devoted to control the system and advance policies that benefit them at the expense of the middle-men. Yet this is not a standard anti-elite discourse, but an opposition to a very specific set of policies promoted by an American elite who, according to Trump, favors other countries over the United States and over the American people. This narrative is fully articulated in Trump’s speech in Pennsylvania (06/28/2016), in which he says:

America became the world’s dominant economy by becoming the world’s dominant producer. The wealth this created was shared broadly, creating the biggest middle class the world had ever known. But then America changed its policy from

promoting development in America, to promoting development in other nations. We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements, and cheat in every way imaginable. Trillions of our dollars and millions of our jobs flowed overseas as a result (Trump, 2016c)

Thus, Trump's argument is that the policies of this elite promote a transfer of wealth from the American population to the rest of the world. How? For Trump, the problem of these policies is that they open the US to the rest of the world. They are policies of global integration that hurt Americans. Hence, he goes on:

The legacy of Pennsylvania steelworkers lives in the bridges, railways and skyscrapers that make up our great American landscape. But **our workers' loyalty was repaid with betrayal**. Our politicians aggressively pursued a policy of globalization – moving our jobs, our wealth and our factories to Mexico and overseas. [...] This wave of globalization has wiped out our middle class (Trump, 2016c, our highlights)

Then, globalization – or global integration – make Americans worse and it redistributes their wealth to the elite and to other nations. We know, for all we discussed in previous sections, that in fact Trump has a point: global capitalist integration indeed raised inequality within the US and took many American jobs elsewhere. As we pointed out earlier, it benefited transnational social groups, some of which Trump identifies with precision – although, for strategic electoral purposes (since he is running as a Republican candidate), he tries to tie them to Hillary Clinton and the Democratic Party:

But if we're going to deliver real change, we're going to have to reject the campaign of fear and intimidation being pushed by **powerful corporation, media elite, and political dynasties**. The people who rigged the system for their benefit will do anything – and say anything – to keep things exactly as they are. [...] Hillary Clinton and her friends in **global finance** want to scare America into thinking small – and they want to scare the American people out of voting for a better future. [...] I want you to imagine how much better our future can be if we declare independence from the elites who've led us to one **financial and foreign policy disaster** after another (Trump, 2016c, our highlights).

In the above passage, as we highlight, Trump also relates financial crisis to global finance. The legacy of financialization, we must remember, although pushed forth by both parties, is more Republican than Democratic. Anyway, the critique of corporations and finance is present here, and it is significative that it comes from

the mouth of a Republican presidential candidate. Yet this populism is not articulated in terms of class warfare, as a left-wing populism would. Instead, it appeals to nationalism and tradition: “[i]t is politicians-made disaster. It is the consequence of the leadership class that worships **globalism over Americanism**. This is a direct affront to our Founding Fathers, who wanted America to be strong, independent and free” (Trump, 2016c, our highlights). Trump is denouncing the globalist elite. Notably, he literally uses the word *globalism* instead of globalization. Thus, he is denouncing more than a process, but what he sees as an ideology, the ideology of globalization. This ideology aims to push the US into global integration with no regard for the interests of the American people. Therefore, its opposite, “Americanism”, consists exactly in putting “America First” and “Americans First”:

The most important difference between our plan and that of our opponents, is that our plan will put America First. Americanism, not globalism, will be our credo. As long as we are led by politicians who will not put America First, then we can be assured that other nations will not treat America with respect. [...] The American people will come first once again (Trump, 2016a).

Earlier in this work, we identified this “ideology of globalization” – globalism – with neoliberalism. Neoliberalism is the fundamental intellectual impulse behind a politics of global capitalist integration, not only by providing it the promise of prosperity through free global markets, but also serving as the rationale for national states to push capitalist integration forward around the world. Neoliberalism is the intellectual drive behind trade deals and is connected to imperial interventions. Thus, one could expect opposition to globalism to be articulated as an opposition to neoliberalism. This is where the analysis of Trump’s propositions must be cautious. We argued, in the last chapter, that the organic crisis of the globalist bloc was an opportunity to articulate a critique to the bloc that, unlike the organic crisis of the 1970s, could not be rooted in neoliberalism, since both parties were now neoliberal. Hence, the critique would have to be either against neoliberalism or some aspect of it. Never using the word neoliberalism, Trump represented the second type of critique: he opposed globalism, the

dimension of neoliberalism abroad¹⁰². This implies a condemnation of neoliberal policies that promote global integration. America First, in this case, becomes a project for de-integration. Trump made clear the terms of this de-integration in two specific themes, trade and defense. In trade, he argues, once again trying to link globalism directly with the Democratic party, that:

America has lost nearly one-third of its manufacturing jobs since 1997 – even as the country has increased its population by 50 million people. At the center of this catastrophe are two trade deals pushed by Bill and Hillary Clinton. First, the North American Free Trade Agreement, or NAFTA. Second, China's entry into the World Trade Organization. NAFTA was the worst trade deal in history, and China's entrance into the World Trade Organization has enabled the greatest jobs theft in history. It was also Hillary Clinton, as Secretary of State, who shoved us into a job-killing deal with South Korea in 2012 (Trump, 2016c).

Then he goes on to condemn Obama's legacy on trade:

The Transpacific-Partnership is the greatest danger yet. The TPP would be the death blow for American manufacturing. It would give up all our economic leverage to an international commission that would put the interests of foreign countries above our own. It would further open our markets to aggressive currency cheaters. It would make it easier for our trading competitors to ship cheap subsidized goods into US markets – while allowing foreign countries to continue putting barriers in front of our exports (Trump, 2016c)

It is very significant that he opposes the trade agreement, among other things, because it will (supposedly) subordinate the United States to an international commission. He thus relates multilateral trade agreements to a loss of sovereignty:

Not only will the TPP undermine our economy, but it will undermine our independence. The TPP creates a new international commission that makes decisions the American people can't veto. These commissions are Hillary Clinton's Wall Street funders who can spend vast amounts of money to influence

¹⁰² It is important to highlight that we are not suggesting that Trump was a critic of neoliberalism. This was not even in debate, at least for his part (unlike for Bernie Sanders). We are making an inference here: considering our whole work, we argued that globalism is an agenda for global capitalist integration that follows a neoliberal reasoning. When Trump critiques globalism, if his understanding of globalism features fundamentals similar to ours, then this implies a critique to certain neoliberal policies that are integral to it, even if neoliberalism is a category that completely escapes his argument.

the outcomes. [...] She will do just as she has betrayed American workers for Wall Street throughout her career (Trump, 2016c).

This excerpt signals, therefore, that the opposition to the globalist elite is not only because this elite advances globalization at the expense of the American worker, but also because it wants to undermine the US' sovereignty, to subject the United States to an international commission or, in the language of our work, to transnational apparatuses of governance. Hence, Trump begins to associate globalism with a certain idea of a transnational state, in which big money has an ascendancy. This loss of sovereignty results in the incapacity of the national state to address the problems that Americans face, focusing instead, on a globalist policy that do not place Americans First. Yet, in another passage, indicating an opposition to the European Union, he suggests that the globalist agenda of integration undermines the power of other national states too: "our friends in Britain recently voted to take back control of their economy, politics and borders" (Trump, 2016c). Take back control – this is the key message of the Trumpian revolt. Take back control from the hands of the globalist elite, give it to the people:

We will no longer surrender this country or its people to the false song of globalism. The nation-state remains the true foundation for happiness and harmony. I am skeptical of international unions that tie us up and bring America down [...]. And under my administration, we will never enter America into any agreement that reduces our ability to control our own affairs (Trump, 2016d).

It is important to note, nevertheless, that this rhetoric of "take back control" does not mean that national states, for Trump, suffer the risk of getting useless, superseded by supranational authorities (at least for now). Instead, it means that state power serves alien purposes, the interests of elites who betrayed their nation. This becomes clear as he delineates his defense policy in opposition to the policy of the globalist bloc. He evidently does not relate the role of the US empire with the promotion of the interests of the capitalist class (neither he speaks of a US empire). But we can interpret his discourse as a critique to the two imperial strategies that we presented in the previous chapter – neoconservatism and neoliberal internationalism.

It all began with a dangerous idea that we could make western democracies out of countries that had no experience or interests

in becoming a western democracy. We tore up what institutions they had and then were surprised at what we unleashed. Civil war, religious fanaticism, thousands of Americans and just killed lives, lives, lives wasted, horribly wasted. Many trillions of dollars were lost as a result (Trump, 2016d)

Behind this critique is the idea that globalism makes the deployment of US power an ideological quest unrooted in tradition. He then praises the old days of the great American empire:

I'd like to talk today about how to develop a new foreign policy direction for our country, one that replaces **randomness with purpose, ideology with strategy, and chaos with peace**. [...] In the 1940s we saved the world. The greatest generation beat back the Nazis and Japanese imperialist. Then we saved the world again. This time, from totalitarianism and communism. The Cold War lasted for decades but, guess what, we won, and we won big. **Democrats and Republicans working together** got Mr. Gorbachev to heed the words of President Reagan, our great president, when he said, tear down this wall. [...] America no longer has a clear understanding of our foreign policy goals. **Since the end of the Cold War and the breakup of the Soviet Union, we've lacked a coherent foreign policy**. One day, we are bombing Libya and getting rid of a dictator to foster democracy for civilians. The next day, we're watching the same civilians suffer while that country falls and absolutely falls apart. **Lives lost, massive moneys lost**. [...] Our foreign policy is a complete and total disaster. No vision. No purpose. No direction. No strategy. (Trump, 2016d, our highlights).

In other words, Trump here explores an argument close to the one we did before in this work: with the end of the Cold War, the US lost a clear enemy with which it could antagonize and, thereby, use as a justification for the costs of empire. Besides, it also lost a key source of cohesion in the dispute between two universals, capitalism and socialism. Without this narrative, imperialism is naked, it is purely a project of capitalist accumulation lacking any higher purpose around which to build consent. It becomes a burdensome effort:

We failed to develop a new vision for a new time. In fact, as time went on, our foreign policy began to make less and less sense. Logic was replaced with foolishness and arrogance, which led to one foreign policy disaster after another. They just kept coming and coming. We went from mistakes in Iraq to Egypt to Libya, to President Obama's line in the sand in Syria. [...] We're getting out of the nation-building business and instead focusing on creating stability in the world. Our moments of greatest strength came when politics ended at the water's edge. [...] In the Middle

East our goals must be, and I mean must be, to defeat terrorists and promote stability, not radical change (Trump, 2016d)

This seems to be, at a first look, a call for a return to the approach of the days of the US global empire – the international liberal order –, when the US accommodated significative institutional differences among countries as a way to guarantee stability in the capitalist world. There is a call to rebuild hegemony, that is, to focus on leadership, not on coercion. Some level of messianism remains, but not a crusader spirit:

I will work with our allies to reinvigorate Western values and institutions. Instead of trying to spread universal values that not everybody shares or wants, we should understand that strengthening and promoting Western civilization and its accomplishments will do more to inspire positive reforms around the world than military interventions (Trump, 2016d)

By condemning globalism, Trump questions the role of the US empire, but he needs to give it a new shape. Apparently, as we wrote above, the world order of the New Deal era, led by the US global empire, seems to be a source of inspiration. A careless reading would trick us into interpreting Trump's foreign policy as a proposal to rebuild the global empire, because his narrative clearly portrays the US as a declining power when compared to the previous world order, and he never renounces the empire – on the contrary, power must be restored:

The world is most peaceful and most prosperous when America is strongest. **America will continue and continue forever to play the role of the peacemaker. We will always help save lives and indeed humanity itself**, but to play the role, we must make America strong again. And always – always, always, we must make, and we have to look at it from every angle, and we have no choice, we must make America respected again. We must make America truly wealthy again. And we must – we have to and we will make America great again (Trump, 2016d, our highlights).

And there is no proposal to break with the extravagant military expenditures that have been an inherent feature of the US empire, regardless of which is the ruling bloc, or the party in the Oval Office:

We will spend what we need to rebuild our military. It is the cheapest, single investment we can make. We will develop, build and purchase the best equipment known to mankind. Our military

dominance must be unquestioned, and I mean unquestioned, by anybody and everybody (Trump, 2016d)

Therefore, there is no doubt that Trump wants to strengthen empire. There is a critical stance on the role it took in the globalist era, but not a call to roll it back. In other words, empire only needs to be redirected to other purposes – again, America First. This cannot be a return to the world order of the New Deal era. The US global empire, from all we learned, was a system of accommodation. Not only it comprised a non-negligible level of institutional accommodation, as we pointed out above, but also of economic and military accommodation: it was the US who paid, mostly, for the defense (and policing) of the capitalist world, it was the US who helped its allies to thrive by allowing all sorts of discriminatory policies against the US itself, the kind of policies that Trump calls cheating. The postwar world order was one of benevolent international integration; the globalist world order, of forced global integration; the post-globalist order proposed by Trump is one of de-integration. Trump is not proposing an isolationism, but a decoupling, that is, he hopes to break interdependence (which is, evidently a fantasy). He sees the current order as one in which the US empire does not have autonomy of action and yet, it has to pay the bills of other countries. As a result, it cannot promote policies that would benefit Americans, and it subsidizes the wealth of other nations. This narrative, although wrong in many senses, is only possible because, as we have been arguing throughout this work, the current order is an ultra-empire, with all the contradictions that we pointed out previously. And Trump's America is not willing to carry the burden:

[O]ur allies are not paying their fair share, and I've been talking about this recently a lot. Our allies must contribute toward their financial, political, and human costs, have to do it, of our tremendous security burden. But many of them are simply not doing so. They look at the United States as weak and forgiving and feel no obligation to honor their agreements with us. In NATO, for instance, only 4 of 28 other member countries besides America, are spending the minimum required 2 percent of GDP on defense. We have spent trillions of dollars over time on planes, missiles, ships, equipment, building up our military to provide a strong defense for Europe and Asia. **The countries we are defending must pay for the cost of this defense, and if not, the US must be prepared to let these countries defend themselves.** We have no choice (Trump, 2016d, our highlights).

The objective is to reform the imperial system, which costs so much for the US and, in this reading, brings very little in return. We argued before that this is a half-truth. Given the central position of the United States in the ultra-empire, it has enormous responsibilities and disproportionate costs that should be more evenly shared among the other imperial countries, since they all benefit from it. Nevertheless, as we know, the problem is not so much that imperialism does not payoff, but that the payments are unevenly distributed within countries, especially in the United States. Imperialism, in our argument, has served to advance the interests of global accumulation, promoting global integration at the expense of subordinate classes. In other words, the problem is not global integration per se, but its rationale, neoliberalism. There could be a global integration designed to favor the working classes and the poor, but it would suppose, at the very least, a complete break with neoliberalism. Trump does not even come close to suggesting that. He hopes to use imperial power to negotiate agreements that are favorable to the US, much like Nixon tried to reform Bretton Woods in the 1970s: “our power will be used if others do not play by the rules. In other words, if they do not treat us fairly” (Trump, 2016d). Trump represents a break with the logic of neoliberal globalization, yet neoliberalism remains untouched in the domestic space. Thus, while he is openly protectionist on trade, his plans to rebuild the US economy aimed to withdraw even the very few reforms that Obama promoted. On taxes, regulations, education, or welfare, he sounds like a standard neoliberal Republican candidate:

America is one of the highest-taxed nations in the world. Reducing taxes will cause new companies and new jobs to come roaring back into our country. Then we are going to deal with the issue of regulation, one of the greatest job-killers of them all. Excessive regulation is costing our country as much as \$2 trillion a year, and we will end it. [...] We will rescue kids from failing schools by helping their parents send them to a safe school of their choice. My opponent would rather protect education bureaucrats than serve American children. We will repeal and replace disastrous Obamacare. You will be able to choose your doctor again (Trump, 2016a).

But how can Trump walk in this fine line between neoliberalism in the domestic space and protectionism abroad? What kind of rationale is behind it? As we wrote earlier, his right-wing populism appeals to nationalism and tradition, and when he states that globalism is an affront to the US’ Founding Fathers, he is in fact

rooting his neoliberalism in the American tradition, which has been, according to his reading, betrayed. Seen this way, he is not only a representative of an “Alternative Right”, he is the representative of the true American Right, the one that preserved tradition. He is the true conservative. Then, recurring on this tradition to justify his policies, he says:

George Washington said that “the promotion of manufacturing will be among the first consequences to flow from an energetic government”. Alexander Hamilton spoke frequently of the “expediency of encouraging manufacturing in the United States”. The first Republican President, Abraham Lincoln, warned that: “the abandonment of the protective policy by the American government... must produce want and ruin among our people”. Our original Constitution did not even have an income tax. Instead, it had tariffs – emphasizing taxation of foreign, not domestic, production. Yet today, 240 years after the Revolution, we have turned things completely upside-down. We tax and regulate and restrict our companies to death, then we allow foreign countries that cheat to export their goods to us tax-free (Trump, 2016c).

Let us not discuss whether his interpretations about the economic history of the United States are correct (they are not). The fact is: Trump wants to protect the American economy from the outer world in order to keep neoliberalism inside the US. This is a new reasoning: you cannot have a national economy which is neoliberal and open at the same time – you have to pick one. Otherwise, it will lead the country to ruin. Therefore, for the globalist bloc, while Obama represented continuation and correction, Trump represents, as paradoxical as it may sound, continuation and rupture. Or rather, continuation through rupture. In Trump, we have a *neoliberal nationalism*¹⁰³.

V.3 – Trump and paleoconservatism: the intellectual roots of a revolt

In our brief analysis of Trump’s discourses, we hoped to recover his narrative of the current state of the American society – and empire – and what he proposed to amend the problems this narrative identified. It is clear, there is no

¹⁰³ Evidently, Trump did not represent (in the elections) the continuation of the globalist bloc. The rupture with globalism results in a rupture with the defining feature of the bloc. Continuation, here, is with part of the agenda of the bloc, domestic neoliberalism. But the bloc, in the promises of Trump’s campaign, necessarily becomes something else, a post-globalist bloc.

doubt, that Trump articulated a successful right-wing populist critique to the globalist bloc. In this critique, there was both a reactionary appeal that challenged the Left and an anti-establishment rhetoric that challenged the elites. Trump won the hearts of the middle men by playing their anxieties. For him, the rigged system, the insiders, the rioters, the progressives and the American intellectuality were domestic threats to the peace and prosperity of the silent majority. Coming from abroad, there were the immigrants, terrorists, foreign companies, international organizations, etc. Linking them all, there was the elite, who betrayed America to promote a globalist agenda at the expense of the American people. Put this way, there is the risk that we see Trump's populist revolt simply as a gut response. Perhaps it was, but there is more about it.

In the 1960s and 1970s, when the conservative movement (re)emerged, it was easy to see it as a monolith: conservatives were united behind a common purpose, which was to challenge the New Deal bloc. When they were finally successful, with Ronald Reagan's victory in 1980, the common purpose was lost and fractures were exposed. Following the election, the movement broke in an internal battle around the appointment of Mel Bradford, a professor of literature at the University of Dallas, to head the National Endowment for the Humanities (NEH). His name was strongly opposed by neoconservative figures like Norman Podhoretz and Irving Kristol, but supported, for instance, by Strom Thurmond. The polemic was around the fact that Bradford was a former elector of George Wallace and, certainly more seriously, very critical of Abraham Lincoln. For Bradford, Lincoln was the first American despot, who used the Civil War as an excuse to expand the power of the federal government and to encroach the states of the federation. With Lincoln, the first Republican President, Bradford argued, the United States moved away – ironically – from the republican tradition that prevailed in the country since the Founding. His legacy was a national state that, claiming to carry the interest of the people, is always growing in scope and feels free to do, in the name of the nation, anything (Bradford, 2016). Bradford's argument was not much of a heresy, since it was voiced by a significative fraction of the conservative of movement, the traditionalists. These traditionalists saw the experience of the Founding as an exceptional moment – just like neoconservatives did – but their understanding of this exceptionalism was fundamentally different. While, for the

neoconservatives, it represented the expression of universal values, for the traditionalists there was nothing universal about it, and it was actually very particular: the American experience was unique and unrepeatable. Lincoln, therefore, in his crusade to end slavery, was the decisive moment of universalization of the American experience, for he saw, in the equality clause written in the Declaration of Independence, the implicit right to extend freedom to black-Americans and to make use of state power in order to achieve this end. Besides, Lincoln's religious rhetoric made his objectives a quest of moral superiority (Trigueiro, 2017, p. 147). The result was that:

[E]very "good cause" is a reason for increasing the scope of government. All that counts is the *telos*, the general objective, and bullying is not merely allowed, but required. It would be simple enough to be ruled directly by messages from God. But an imitation of that arrangement most properly leaves us uneasy (Bradford, 2016)

There are at least two unsettling conclusions that can be derived from these traditionalist arguments: first, the seeds of Roosevelt's New Deal had been laid half a century earlier, by the hands of Abraham Lincoln, and if one really wanted to oppose the New Deal, s/he would have to oppose all of Lincoln's legacy; second, neoconservatism is one of the heirs of Lincoln's universalism, so there is, in fact, a line of continuity that goes from Lincoln to Roosevelt to neoconservatism, all of them promoting the unlimited expansion of the power of the federal government and justifying it with a notion of national interest. For the traditionalists, it was necessary to break with everything that Lincoln represented. It was necessary to restore the republican virtues, lost after the Civil War. The NEH, although a relatively small agency, was in charge of the distribution of funds to cultural institutions and projects in the humanities. Therefore, it was seen by traditionalists as an important space where, under the command of Bradford, those republican virtues could be spread. Neoconservatives, nevertheless, in a powerful campaign against Bradford's, name, convinced Reagan to withdraw his appointment. This was more than enough to split the conservative movement. While neoconservatives became highly influent in US politics, traditionalists were ostracized and became marginal. It was in this context of exile that traditionalists developed their critique

of neoconservatism and a new political agenda. This new traditionalism came to be known as *paleoconservatism*.

One of the key aspects of paleoconservatism is that, unlike the “Old-Right”, the traditionalists, paleoconservatives recognize that there is no coming back to the republican days. As Francis¹⁰⁴ (1992) lectures, republicanism was the old enemy of the American nationalism represented by Lincoln and, long before him, Alexander Hamilton. Nationalists sought to unify states under a powerful centralized federal government, intervene in the economy to make it thrive, undertake an expansionist foreign policy, erase parochial customs, and engineer social institutions. Against them there were the republicans, born in the Antifederalist movement, who were deeply suspicious of central power, demanded a strict reading of the Constitution, defended states’ rights, and favored an isolationist foreign policy. Their idealized world was a small republic of self-reliant citizens who refuse the temptations of power, which unavoidably leads to tyranny. This idealized world, for Francis, is a thing of the past. Nationalists won the battle against the republicans, the national state became an immense structure, and the American society came to be dominated by huge corporations, labor unions, universities, and other mass organizations. To transform the United States in a classic republic would require a rejection of all the structures and possibilities of mass society, which is impossible, among other things, because virtually no one is able to reject them. The fundament of the republican ideal was the notion of republican virtue, understood as personal and social independence: the republican citizen lives by his means, produces what *he* consumes, run his small business or farm, provide for his household, defend his family, etc. Thus, he can dispense with the state and corporations, because he does not need them. Citizens of a mass society, on the contrary, depend on mass organizations for almost everything and are happy with it. Thus, they lack the republican virtues: they cannot live and do not want to live in a classic republic. Nevertheless, Francis goes on, there is probably a majority of Americans who,

¹⁰⁴ Francis is one of the fathers of the paleoconservative movement. He held a Ph.D. in Modern History and was a polemist in right-wing vehicles. We hope to succinctly present the key paleoconservative ideas by drawing on some of his writings.

although dependent on mass organizations, feel left behind by them. These are the “Middle Americans”:

They find that their jobs are insecure, their savings stripped of value, their neighborhoods and schools and homes unsafe, their elected leaders indifferent and often crooked, their moral beliefs and religious professions and social codes under perpetual attack even from their own government, their children taught to despise what they believe, their very identity and heritage as people threatened, and their future political, economic, cultural, racial, national, and personal uncertain. They find that no matter which party or candidate they support, no matter what the candidates and parties promise, nothing substantially changes, except for the worse. [...] They are at once the real victims of the regime and the core or nucleus of American civilization, the Real America, the American Nation (Francis, 1992).

These Middle Americans constitute, in Francis’ argument, the best hope for a true conservatism, and the best hope against the elites. Yet, their hearts need to be conquered. For him, the Left will not do it because it cannot defend the cultural norms of these Middle Americans or offer an economic redistribution that is not based on an egalitarianism and universalism that these Americans simply refuse; mainstream conservatism, on the other hand, cannot satisfy their material demands, and offers nothing but an economic individualism and minimum state that does not solve their problems. The political formula that can win their hearts must satisfy their material needs and defend their cultural and national identity. Francis argues that only nationalism can meet this formula. Now that the republican virtues are a thing of the past, nationalism, with its capacity to mobilize passions and solidarities, is the only force that can organize an offensive against the elites to take back the state. But it has to be a new nationalism. The nationalism of Hamilton wanted to overcome the provincialism of the American society and, in order to do so, made the pursuit of money the universal value. Yet money, as a value, was only appealing to ambitious Americans and alienated a majority that could not relate to it. It only created a social bond and solidarity among the elites. Hamilton's was a flawed nationalism. The nationalism of Lincoln, trying to amend Hamilton's, replaced money by a great moral issue:

Manifest Destiny was one such issue, and it quickly became a mask for territorial expansion, surviving in Wilsonian internationalism, the messianic anticommunism of Cold War liberalism, and the global democratism and “New World Order”

of the post-Cold War neoconservatives. Equality was another such issue, and it too served as a mask for acquisitive individualism (Francis, 1992)

And it also failed, because these great moral issues substituted an incontrollable ambition for money with an incontrollable lust for power. These nationalisms, lacking true bonding values with which the majority of Americans could connect, had to resort only on the centralized state to instrumentalize a national agenda. The new nationalism, for Francis, has to be rooted in the concrete interests and experiences of a real America, it has to be a Middle-American nationalism. It will seek to overthrow the current elite and substitute it with a Middle-American elite that not only will win an election, that is, win formal political power, but will also acquire substantive power, using the instruments of force of the state to reward its base and exclude its rivals; using the distributional instruments of the state to satisfy the material needs of Middle-Americans; and extinguishing all arms of the state that are designed to serve the interest of the current elite, like the Departments of Education, Labor, Commerce, Health and Human Services, etc. At the same time, Francis recognizes that state power is a weak support for the new elite, and it must also seek cultural dominance. Sounding like an exemplary Gramscian¹⁰⁵, he argues:

By far the most strategically important effort of an emerging Middle-America counter-elite would be a long counter-march through the institutions of the dominant elite universities, think-tanks and foundations, schools, the arts, journalism, organized religion, the professions, labor organizations, and corporations not only to assert the legitimacy of Middle-American cultural and ethnic identity, norms, and institutions, but also to define American society in terms of them (Francis, 1992).

Through this paleoconservative war of position, Middle Americans will assert a new national ethic based on the myth of a nation that is unique, whose experience cannot be universalized, and that demands from its nationals solidarity, sacrifice, loyalty, and discipline. However – and key –, those who cannot assimilate

¹⁰⁵ It is noteworthy that Francis openly argued that the Right should learn from Gramsci. For him, the Right know a lot about the importance of tradition and orderly change, but, exactly because it wanted to conserve things, it had, unlike the Left, no theory about how to revolutionize things, and therefore it had no strategy to challenge the current state of affairs. It had to learn how to fight the “culture wars” by following the lessons of Gramsci, as the current elites did (Francis, 1993).

this ethic will be excluded. Thus, he argues: “this is the real meaning of ‘America First’: **America must be first not only among other nations, but first also among the other (individuals or class or sectional) interest of its people**” (Francis, 1992, our highlights). This “America First” doctrine, like the old nationalism, is concerned with a pragmatic national interest in foreign affairs, national security, etc. But this pragmatism is subordinate to the foundations of America, so its higher purpose must be the preservation of culture and ethnicity. Hence,

The affirmation of national and cultural identity as the core of the new nationalist ethic acquires special importance at a time when massive immigration, a totalitarian and antiwhite multiculturalist fanaticism, concerted economic warfare by foreign competitors, and the forces of antinational political globalism continue to jeopardize the cultural identity, demographic existence, economic autonomy, and national independence and sovereignty of the American nation (Francis, 1992).

It is easy to see the echoes of Francis’ conception of America First in Trump’s. It is a populist war against everything that (supposedly) threatens what distinguishes the United States from the rest, even if this narrative reduces the US to a very specific social group (thus the rest is both inside and outside the country). What is important to note is that this group indeed exists. It resembles the middle men or the silent majority, but it is not an abstraction. The middle man represented an idealized return to the bucolic past; the Middle American is a fraction of the American population that *feels* attacked in multiple flanks – in their culture, customs, faith, ethnic cohesion and, perhaps more important for electoral purposes, economic security. But instead of a return to the past, they must tear down the current institutions and build something new in their place. It entails, paradoxically, a revolutionary conservatism. As Drolet and Williams (2020, p. 4) point out, paleoconservatives are part of a Right that treasures the authority, spirituality, and history embedded in the American communities, but understands that the current institutions have degenerated to a point of no return. It is a radical Right. This institutional degeneration is intimately related to the elites, which degenerated too.

Building on James Burnham’s *The Managerial Revolution* (1941), Francis developed a whole theory about these elites. The argument of Burnham’s book was that given the complexification of human activities, societies were on the verge of a transition in the mode of production, from capitalism to a managerial regime. The

required skills to undertake the activities of mass organizations, like corporations and the state, would result in the replacement of capitalists by managers as the ruling class. These managers would exercise control over the instruments of production and, thus, would privilege their own class in the distribution of resources. In Burnham's theory, these societies – which were neither capitalist nor socialist, and were led by a “new class” of technicians – had an authoritarian character. Thus, their best representations were the USSR, where the transition was complete, and the Nazi Germany, which was very close to it. Yet he also understood that the United States, through the technocratic model of the New Deal, was well in the way to becoming a managerial society. Francis, in his *Leviathan and its Enemies* (2016), took on Burnham's argument to offer his own theory of the managerial elite. Just like Burnham, Francis understood that the spread of mass organizations, beginning in the late 19th century, led to the emergence of a powerful class of managers controlling the means and the processes of production that once were led by a small bourgeoisie. In the United States, the beginning of this transition coincided with the victory of the (flawed) American nationalism over republicanism. With the emergence of this new class, the world views, and the political and social institutions of the old bourgeois elite were replaced by those of the managerial elite. This was, for Francis, a fundamental aspect of the managerial revolution in the United States. There, where civil society was well developed, the managerial revolution would hardly take an authoritarian form, like in the USSR, but it was a managerial regime nonetheless. In this case, for Francis, there was a “soft managerial regime”, contra the “hard” regime in the USSR. In the hard regimes, the new class had to rely only on coercion to rule. But to establish true dominance, it was necessary to control not only the economy and the state, but also culture – and the elites of the soft regimes did it. In the US, the managerial elite reached cultural dominance through the assertion of its own ideology, which is humanist and cosmopolitan, and is driven by the disruptive message of progress. Francis argues that this message of progress is a source of permanent intervention from the elite in the society to solve problems that the elite itself invented (invented, not created). By inventing problems to which only they have the skills to address, the managerial elite find new spaces to extend its power and reward its members (Francis, 2016).

The advent of (complex) mass organizations is, in Francis' as in Burnham's theories, the cause of the emergence of the new class. As these organizations began to operate in a global scale, Francis goes a step forward, it was expectable for the managerial elite to develop interests that transcend the national space. In the case of hard managerial regimes, he writes, these interests usually take the form of foreign occupation and military conquest. Soft regimes, however, more often resort on an organizational expansion – they manipulate economies, societies, cultures, and other governments to expand the regime. This is what Francis calls “managerial globalism”: the development of infra-structures of mass organizations in non-managerial societies in order to assimilate them. Through these infra-structures and the resulting mass organizations that operate in these societies, new managerial elites emerge, and they are integrated to a global managerial society characterized by “homogenized mass markets, mass audiences, and world citizens” (Francis, 2016, p. 272).

A necessary question, then, is what is the driving force behind managerial globalism. Unlike the theories of imperialism that we have presented in this work, in which empire is driven by the expansionary character of capitalist accumulation, managerial globalism is driven by the desire of managerial elites to expand mass organizations and managerial functions, increasing, thus, the dependence of populations on them and their power. If capitalist expansion, in our conceptions of imperialism, is not self-limited by national borders, the same is true for managerial expansion. Thus:

The expansionist force in managerial globalism is not the nation from which the managerial elite derives nor any political-cultural entity, as historic imperialism, but the elite itself, which increasingly becomes an autonomous global force, transnational and cosmopolitan in its ideology and interest and, even in developed managerial societies, increasingly alienated from the historic institutions and values of pre-managerial society. Indeed, so far from representing the imperialist expansion of the United States or other Western nations, managerial globalism promotes the erosion of national power and national identity in the face of the expansion of the power of the transnational managerial elite apparatus of mass organizations (Francis, 2016, p. 272).

In Francis's argument, then, the essential aspect in the transnationalization of the elite – or class – is a loss of national identity. This will be reflected in

transnational structures of governance, in which the dominance of the managerial elite expresses the interests of an identity that goes beyond the national, and will also be reflected in the managerial ideology, which is set to disrupt traditional institutions and suppress “national, social, class, tribal, racial, religious, and kinship identities”, replacing them by universalism and cosmopolitanism (Francis, 2016, p. 272, 275). But, very significantly, this has costs. In non-western societies, there will be clashes between this cosmopolitanism and the local customs, resulting in reactionary movements against Western managerialism. As a consequence, these societies will develop their own regimes, making use of managerial techniques learnt from the West, but instead of a humanist orientation, as in the West, these regimes will be religious, racist, authoritarian, etc. In other words, the effort of soft managerial regimes to integrate non-managerial societies – an effort to modernize them – generates hard managerial regimes hostile to the West (Francis, 2016, p. 273).

We can see, then, that managerial globalism backfires, because: (1) the elites, seeking to integrate other societies into the global managerial society, disregard the fact that there is a permanent conflict between the values they want to spread and the local values they want to suppress; and (2) in the opposite direction, integration to the global managerial society disrupts local values within the western managerial regimes. Case one (1) is what explains the strong paleoconservative opposition to the US empire, and (2) explains their opposition to globalization. By imperialism, they mean expansion of the control of a nation, or regime, over other countries (control is not necessarily territorial. In fact, it is rarely territorial in the managerial regime). There are many reasons for this opposition. First, Francis notes that while the West, territorially, means “western Europe and America”, what is currently invoked as the West has no connection with the original culture of these territories. Today, it means a set of ideas, skills, and techniques deemed universal, like democracy, science, capitalism, or human rights. The West, now, refers to the values of the elite. The “Western civilization”, thus, can be anywhere and go anywhere. In other words, the expansion of the regime over non-western societies represents the imperial power not of the nations or cultures of Europe and America, but of the elite, an elite that bears no national identity. As Francis writes:

Not just the corporate elite, of course, but also cultural and political elites are disengaging themselves from their host cultures, which they regard as impediments to their interests and universalist ideology. Such mundane concerns as the “national interest” and loyalties to specific cultural institutions and ways of living (especially if they’re “Eurocentric”) restrict what the elite can do and compete with the power of the bureaucratic conglomerates in which it is lodged. [...] The goal of the elite is the extirpation of the roots of cultural distinctiveness such as family, community, sexuality, ethnicity, and religious identity and their replacement by a cosmopolitan ethic of “humankind” administered by the elite’s own bureaucratic colossi (Francis, 1991)

This is a sufficient reason to oppose imperial adventures, since they are serving the interests of an elite that is not even truly national and is advancing values that are alien to those of the national population. Second, Francis argues, the rise of empire results in the decline of civic independence and civic activism, because there is no way the government can convince people that an imperial policy is necessary and they must accept it unless they are dependent and passive. Third, and probably the worst for Francis, the rise of empire leads to the extinction of the native population: by conquering other peoples, the empire inevitably allows the conquered to get in and, if their numbers are large enough, they replace the original population of the empire. Imperialism opens the doors of the empire to other peoples and other cultures, endangering its homogeneity. It is the death of the original civilization (Francis, 1997). These three problems are as true for the United States as for any empire. Hence, Americans must refuse imperial pretensions. On the other hand, globalization, moving in the opposite direction, makes the United States vulnerable to the dangers from the world abroad. These dangers comprise the disappearance of nationality, culture, and even national sovereignty. They also comprise economic insecurity. All things considered, opposition to globalization, respecting an America First doctrine, demands a curtailment of immigration and an economic nationalism that protects American producers and workers from the outer world, while reducing the burden of the state over them (Francis, 1996).

As we can see from Francis ideas, there is a significative overlap between paleoconservatism and “Trumpism”. Trump’s discourses displayed the same narrative of a Middle America threatened by internal and external enemies, and the enemies were basically the same. In Trump as in Francis, the elites and the political

establishment of both parties betrayed America to become part of a global nationless elite seeking to integrate the United States to a global society and global market that filled their pockets, sent the wealth of Americans elsewhere, and engulfed the US in social crisis. To save America from decay, in both narratives, it was necessary to put America First. It was necessary a new nationalism based on the interest of Americans, not any Americans, but the silent majority of Middle-Americans. America First demands the de-integration of the United States from the world order of the globalist elites. It demands the closing of US borders to immigrants and to foreign competition. The slight difference is regarding the empire. Both narratives ask for the United States to renounce empire and its costs, but, in Trump, it must be renounced only as it is now: the empire has to serve America First.

Of course, we are not suggesting that Trump was a paleoconservative. Not even suggesting he had ever heard a word about it. It is not always that theories become a political agenda espoused by a party or a candidate – certainly not in any straightforward way. But in the case of Trump's campaign, his discourses were not merely the angry shout of an ignorant man. Indeed it was an angry shout, indeed he is a profoundly ignorant man, but his ideas were grounded in a sophisticated political theory that he himself perhaps did not know. Paleoconservatism probably entered in Trump's campaign through his chief strategist, Steve Bannon, and his policy director Stephen Miller (Heer, 2017). Bannon was close to paleoconservatism and a long-time admirer of Pat Buchanan, former independent presidential candidate (1992 and 2000) and one of the most important representatives of paleoconservatism; Miller himself was paleoconservative and, note, Trump's speech writer. Whether Trump believed or not in the paleoconservative ideas coming from his mouth we do not know, but he said them nonetheless. We are not interested in Donald Trump the man, but in Donald Trump the myth. It was the myth who won the elections – the man came along.

FINAL PROPOSITION

The intellectual roots of the Trumpian revolt can be found in paleoconservatism, as we have seen. As a political theory, paleoconservatism offers a populist right-wing narrative that covers from the American way to the American

decay, from betrayal to restoration. We do not need to discuss why the premises of this perspective are wrong, since the arguments we have been developing throughout the present work are exactly devoted to offer a different account of the above phenomena. But even if the premises are wrong, this does not mean that the conclusions are wrong too. Many of the problems that paleoconservatives identify are, in fact, real, exactly because the current global order is full of contradictions, just as the United States itself is. Where paleoconservatives see a global managerial elite, we see a globalist bloc led by a transnational capitalist class. Where they see managerial globalism, we see neoliberal globalization. Where they see a managerial global society, we see a global capitalism. There are many differences between the content of each of these labels, but they bring similar consequences: an army of losers and, indeed, a sense of betrayal.

This work has shown that the significative advances the American working class experienced in the New Deal era resulted from the efforts of reformation led by the ruling (capitalist) class in order to rebuild hegemony and keep power after the Great Depression. The New Deal era, then, is the paradigmatic example of passive revolution. When it began to crack in the 1970s, as we argued before, the organic crisis was resolved through counter-reformation: the ruling class promoted an aggressive assault on the rights of the working class, withdrawing almost all reforms achieved in the previous era, changing the balance of forces completely to the side of capital. An argument we can make – however provocative it may sound – is that Trump represented, in the Presidential race of 2016, the promise of passive revolution. In the midst of the organic crisis that unfolded from the late 2000s through the 2010s, it was Trump who offered an alternative to the globalist bloc. His political appeal and electoral success came from a very well-articulated narrative that addressed the anxieties and insecurities of an important share of the American working-class, capturing their feeling of betrayal: he was right when he identified globalist policies with the misfortunes of the poor American worker, yet he never proposed a break with capitalist rule. He proposed reform. Very significantly, Trump re-politicized the economy, challenging the neoliberal idea that global integration is a natural, unavoidable process, that there is no alternative. Instead, he denounced it as a political process and an ideological project led by an elite. At the same time, however, there was no condemnation of a neoliberal

management of the domestic economy. Trump's proposed reforms sought to hold neoliberalism inside the United States, but let it go abroad. In other words, the counter-reformation promoted by the globalist bloc would be preserved in dimensions like tax, regulation, welfare, monetary and fiscal policy, and the supremacy of the market. But there would be a rupture with global integration, which was the reason why, for Trump, the promise of prosperity through free markets failed. In this perspective, neoliberalism can only work if, in foreign affairs, America comes first. Thus, the world economy is to be reformed – neoliberal globalization must give way to a neoliberal nationalism¹⁰⁶. This reform presupposes a new role for the US empire: while empire, in the globalist era, serves the purpose of global integration, in the post-globalist era, it must serve de-integration.

In the current era of (uneven) global integration, the world economy is marked by high interdependence, so the world order has to be managed by different powerful nations, in a cooperative way, as a cartel of empires – an ultra-empire. De-integration, for the sake of independence, seeks to take the US empire out of the ultra-empire. This does not mean, nevertheless, a return to the postwar order, to the New Deal era. As we said earlier, the postwar order was a system of benevolent international integration in which the US accommodated other capitalist countries into the global empire. For Trump, not only this was not an option, it was not desirable: first, the postwar order was a system of high imperial responsibilities and costs, in which the US was able to bear them (for some time), because it had, in the dispute between capitalism and socialism, a source of cohesion. With the end of the Cold War, cohesion was gone, and there is nothing in the horizon to replace it and justify global empire in those same terms; second, this system of benevolent international integration lasted only for as long as the New Deal model allowed the US economy to thrive and wealth to flow to the subordinate classes of the American society. In other words, since the costs of accommodation were more evenly shared between capital and labor, they were not clearly felt as a burden. However, for this

¹⁰⁶ This is not strictly what paleoconservatism predicates, but it was what Trump could offer, since, on the one hand, the scientific appeal of neoliberal theory is not dead (yet) and, on the other hand, as much anti-establishment as Trump's rhetoric could be, not only he was a member of the corporate rich, the corporate rich fed his campaign with money, which came from moguls like Robert Mercer and the Koch brothers, besides a powerful network of right-wing billionaires (see Henwood, 2019).

model to work, it was demanded a significative degree of governmental intervention (and management) in the domestic economy. With the counter-reformation, labor began to carry the burden of empire, capital reaped the benefits. Trump never proposed to make capital and labor pay a fair share again in order to accommodate allies in the empire. On the contrary: his neoliberal nationalism proposes to deploy imperial power as a way to make the best deals for the United States. There is no benevolence or accommodation. There is imperial competition.

Trump's campaign offered a fantasy. It proposed to restore the glory of America by restoring the glory of empire. This is the tale of a country who needs to take back control of its sovereignty, which was lost when its ruling class betrayed America to seek a globalist agenda. It is also the tale of a country whose power and wealth serves global interests, not the interests of its people. In Trump's empire, on the contrary, America will have a powerful military, the economy will thrive, factories will be full of workers, markets will be free, the government will not intervene in people's business, and there will be law and order, that is, black people, immigrants, and other minorities will not disturb the quiet of the middle-men. This is, in part, a return to the republican virtues, but it is also a return to the nationalism of the old US empire, to the days before the Great Wars, when the US was a relatively closed *laissez-faire* economy free from responsibilities with the international order. Here, like in the classic Marxist theories of imperialism, national capitals can flow abroad, but they remain national. Nonetheless, these were times in which the US imperial power, distinctively from its European counterparts, was employed less to control colonies or assimilate other peoples than to give the US a leverage over other countries in bilateral relations¹⁰⁷. What Trump offers by decoupling from the ultra-empire is an empire to advance only the (Middle) American interest, independent from the interest of other nations or "humankind". An America-First empire.

¹⁰⁷ Even in this case, it is necessary some level of idealization, since the old US empire also began to develop a European-style imperialism, although in a smaller scale. From McKinley to Taft (1897-1913), for instance, the United States annexed Hawaii, the Philippines, and Puerto Rico, intervened in and kept direct control over Cuba in several occasions, etc.

CONCLUSION

This work has been driven by three questions about the presidential elections of 2016, in the United States. The first question was about the role, for Trump, of the United States in the international order. As we understand, the comprehension of Trump's (re)articulation of this role could help us answer a second question: was this rearticulation related to Trump's political appeal? Third, if the answer to the previous question is positive, why is it related? In sum, we have been working with the hypothesis that Trump's critique to the international order was a source of electoral strength for his campaign and it positively influenced his victory. At a first sight, this hypothesis may seem foolish: common sense tells us – in fact, tells everyone – that Trump represented a populist backlash, a reactionary revolt against the status quo. Since, almost by definition, revolts are invigorated by discourses against constituted orders, Trump's critique to the international order is an inextricable feature of his political appeal. However, even if this is true, it does not explain much. It does not tell us the content of this revolt and why the international order, specifically, was a contentious issue in that presidential race. Why has a critique to the international order become such a source of electoral strength?

Our hope, in this work, has been to offer an interpretation of Trump's election that does not fall in the easy explanation that his victory was an aberration in US history, a deviation of path. This is all the more important now that Trump ran again for president and lost: is Trump now, just a taint in the past? For us, the answer is no. The contradictions that gave birth to the Trump phenomenon are still here, and there is quite a significative chance that new Trumps are on the way to Washington. A key contradiction we identified in this work is a project of global integration, supported and advanced by national states at the expenses of subordinate classes, that only benefits a small transnational fraction of both the capitalist and working classes. This project, in the case of the United States, means a country with enormous imperial responsibilities and costs, whose burden is poorly shared with other countries and poorly shared with the dominant classes. It opens space for a growing sense among Americans, particularly the middle classes (or

what once was the “American middle class”), that they were left behind. This sentiment is stronger among the middle classes because they, proportionately, pay more taxes and experience economic downfall more vividly (for those in the bottom, comparatively, there is no other bottom below). It is in these terms that the Trumpian revolt can be seen as a reactionary revolt, because it is also built on *ressentiment*. The anger of Middle Americans is both against the elites, who betrayed them, and against the lower strata of society, who (supposedly) live off the government and, thus, are another burden. From their resentment to vengeance is, indeed, just one step, and Trump’s populism helped them give this step. It is very significative the predominance, among his supporters (during the presidential race), of a negative view of the present and a pessimism about the future – although, note, this perception is predominant among American voters in general:

Compared with 50 years ago, life for people like you in America today is...

	Worse	Better	Same
All voters	47%	36%	13%
Clinton supporters	19%	59%	18%
Trump supporters	81%	11%	6%

The future of the next generation of Americans will be __ compared with life today:

	Worse	Better	Same
All voters	49%	24%	22%
Clinton supporters	30%	38%	28%
Trump supporters	68%	11%	15%

Source: Pew Research Center (2016)

But let us not be naïve. This revolt was not an exception in the history of American politics. One of our fundamental arguments was that what truly distinguished Trump from mainstream American politics was his critique and rearticulation of the role of the United States in the international order. In almost all other aspects, he was pretty mainstream. While his violent rhetoric, his racism, sexism, xenophobia, authoritarianism, etc., may have hurt soft spirits, it was nothing new. At least since WWII, it was entirely present in the Dixiecrats and George Wallace, while, perhaps in a more subtle way, it was also present in Goldwater,

Nixon, and Reagan. On issues such as regulation, welfare, tax reform, etc., his platform was no different from that of a standard Republican candidate. Finally, Trump's rhetoric of law and order was a boring repetition. Not surprisingly, his supporters shared the usual anxieties of the white middle class:

% of Trump/Clinton supporters saying each is a 'very big problem' in our country:

	Trump supporters (out of 100%)	Clinton supporters (out of 100%)
Immigration	66%	17%
Terrorism	65%	36%
Crime	52%	42%
Relations between racial and ethnic groups	48%	51%
Availability of good-paying jobs	48%	33%
Gap between rich and poor	31%	70%
Condition of environment	16%	43%

Source: Pew Research Center (2016)

But one issue stands out: economic insecurity. For Trump's supporters, the availability of good-paying jobs, for instance, had become a major problem. And they subscribed Trump's view about it. Thus, instead of arguing that the gap between poor and rich was a problem, they rather worried about the burden of the undeserving poor and trade agreements:

% of voters who say...

	Government can't afford to do more to help needy	Government should do more to help needy
All voters	48%	47%
Clinton supporters	25%	72%
Trump supporters	71%	21%

Source: Pew Research Center (2016)

% of registered voters who say free trade agreement have been ____ for the US...

	Bad thing	Good thing	Don't know
All voters	47%	45%	8%
Clinton supporters	32%	59%	9%
Trump supporters	68%	26%	6%

% of registered voters who say free trade agreements have ____ family's financial situation:

	Definitely/probably hurt	Definitely/probably helped
All voters	45%	40%
Clinton supporters	32%	51%
Trump supporters	68%	24%

Source: Pew Research Center (2016)

Again, there is nothing new in the conservative opposition to the undeserving poor. But such a strong opposition to trade agreements is wholly new. It shows the power of Trump's narrative. And this power results from *real* economic insecurities caused by globalist policies. The political challenge, thus, is how to make these insecurities to translate in votes. Or, at the very least, to translate in no votes for anyone. As we know, in the United States, where presidential races are decided in the electoral college, swing states become the key to victory, because small changes in voter preferences there have huge effects. In 2016, Trump flipped seven states who voted for Obama in 2012: Florida, Indiana, Iowa, Michigan, Ohio, Pennsylvania, and Wisconsin. Except for Florida, all of them are part of the so-called "Rust Belt", the region where the past – in the New Deal era – of puissant industrialization, gave way to a profound economic decline. Perhaps in no other region of the country has the globalist era been felt so negatively, nowhere has a sense of decay and betrayal been as strong. The working class of these states has been historically identified with the Democratic Party, as a heritage of the New Deal bloc. But this is now open to change: data from Iowa, Michigan, Ohio, Pennsylvania, and Wisconsin shows that, in 2016, Democrats lost 1.35 million voters *vis-à-vis* 2012. At the same time, Trump picked-up 590,000 (Kilibarda and

Roithmayr, 2016). In other words, these voters were either voting for Trump or preferring to simply stay home than vote for Hillary. Writing specifically about the Rust Belt, McQuarrie (2017, p. 121, 123-124) argues:

On one hand, they had the option of an avatar of the New Democratic Party which is increasingly unconcerned with the plight of the industrial Midwest. On the other, a Republican candidate who spoke of national crisis and who appeared to directly challenge the policy consensus that offered little hope for a region in decline. [...] For the first time in decades American voters were presented with a choice between a candidate who represented the bipartisan consensus on economic and foreign policy and a candidate that appeared to reject it wholesale. This choice provoked shifts in voter sentiments that have mostly continued trends that were already evident, though had not been decisive.

Partisan loyalties have been lost in the Rust Belt, but the Rust Belt may be just a proxy for a wider phenomenon felt by the same social groups across the country. The economic insecurities caused by globalist policies remain – and may get worse. The contradiction of an empire without a national purpose, whose costs cannot be justified, remain too. Trump's critique to the international order is a source of political appeal because, as simple as it is (not simple in paleoconservative theory, but in Trump's discourses), it gives a believable explanation for the insecurities and anxieties many Americans face. He identifies the problem, which is, in our terms, the ultra-empire and the globalist bloc. If these two remain, the contradiction cannot be overcome. Thereby, Trump goes further. He offers an alternative, a new agenda. This agenda did not propose to go much far, but even in its limited reach, it was enough to cause a frenzy: it proposed to redirect the power of the empire to de-integration. As in the counter-hegemonic experiment of the globalist bloc in the 1960s and 1970s, there was a critique and an alternative agenda to achieve a new hegemony. But in this case, the new hegemony was torn and frayed from inception: it was unable to completely reject neoliberalism. Therefore, it was still locked in the failed promise, a promise that simply cannot assent to class compromises.

In this sense, Trump may have, for some time, emerged as a Caesarist solution, as the charismatic figure called upon to lead society out of the chaos of an organic crisis with the potential to mutually destroy contending social forces. This

solution would be in the interest of Middle Americans and national fractions of the capitalist class. However, the only program with which these capitalist fractions can agree – neoliberal nationalism – does not break with the assault on the working class. And if neoliberalism has to stay, then, consensus will demand imperial expansion – in the terms of Trump’s agenda, it is true. This dilemma is at the heart of liberal thought, as Jahn (2018) shows us: liberalism is predicated on individual freedom, private property, and government by consent. A society based on these principles demands the expansion of private property, which is advanced, first, over common property, but there is a point in which it is not possible to keep expanding without advancing over private property (*i.e.*, through redistribution). Since the redistribution of private property risks individual freedom, appropriation has to continue abroad: “the constitution of domestic liberalism required a sharp distinction between two different political spheres: the domestic sphere, governed by the rule of law and liberal principles, and the international sphere, characterized by power politics” (Jahn, 2018, p. 51).

This is why we talk of a neoliberal nationalism, because in the dilemma between domestic/international, Trump understood neoliberalism can only possibly thrive by picking one. Either it thrives abroad and raises domestic contradictions, or it thrives in the domestic space by making the international a cushion for internal tensions. This demands an illiberal international order and a powerful national state to take advantage of it. As it seems, the basis for a new consensus is not that new. To make America great again, in the end, is to make the empire great again.

REFERENCES

ABREU, Igor de. **Instituições e desenvolvimento: uma comparação entre as contribuições de Douglass North e Daron Acemoglu para o debate**. Rio de Janeiro, 2017. Monografia – Instituto de Economia, Universidade Federal do Rio de Janeiro, 2017.

ALLEN, Franklin; GALE, Douglas. **Competition and financial stability**. Journal of money, credit and banking, v. 36, n. 3, June 2004, part 2, pp. 453-480.

AUTOR, David H; DORN, David; HANSON, Gordon H. **The China shock: learning from labor-market adjustment to large changes in trade**. Annual Review of Economics, v. 8, 2016, pp. 205-240

AMBROSIOUS, Lloyd E. **Woodrow Wilson, Alliances, and the League of Nations**. The Journal of the Gilded Age and Progressive Era, v. 5, n. 2, April 2006, pp. 139-165

ARMSTRONG, Philip; GLYN, Andrew; HARRISON, John. **Capitalism since 1945**. Oxford: Blackwell, 1991

BECKER, Gary S. **Crime and punishment: an economic approach**. Journal of Political Economy, v. 76, n. 2, March-April 1968, pp. 169-217

BAI, Matt. **Add government to the list of ‘fat cats’**. The New York Times, June 16, 2010. Available in:
<https://www.nytimes.com/2010/06/17/us/politics/17bai.html>

BEST, Jacqueline. **Redefining poverty as risk and vulnerability: shifting strategies of liberal economic governance**. Third World Quarterly, v. 34, n. 1, 2013, pp. 109-129

BERGER, Allen N.; KASHYAP, Anil K.; SCALISE, Joseph M. GERTLER, Mark. FRIEDMAN, Benjamin M. **The transformation of the U.S. banking industry: what a long strange trip it's been**. Brookings Papers on Economic Activity, v. 1995, n. 2, 1995, pp. 55-218)

BERNANKE, Ben. **Essays on the great depression**. Princeton: Princeton University Press, 2000

BIELER, Andreas; MORTON, Adam D. **Axis of evil or access to diesel? Spaces of new imperialism and the Iraq War**. Historical Materialism, v. 23, n. 2, 2015, pp. 94-130

BIVEN, W. Carl.; **Jimmy Carter's economy: policy in an age of limits**. Chapel Hill: The University of North Carolina Press, 2002

BLAIR, Tony. **Doctrine of the International Community**. Available in:
<http://www.britishpoliticalspeech.org/speech-archive.htm?speech=279>

BOEL, Bent. **The European productivity agency and transatlantic relations, 1953-1961**. Copenhagen: Museum Tusculanum Press, 2003

BOAS, Taylor C.; GANS-MORSE, Jordan. **Neoliberalism: from new liberal philosophy to anti-liberal slogan**. Studies in Comparative International Development, n. 44, February 2009, pp. 137-161

BRADFORD, Mel. **The Lincoln legacy: a long view**. Abbeville Institute Press, February 2016. Available in: <https://www.abbevilleinstitute.org/the-lincoln-legacy-a-long-view/>

BREIT, William. **Friedman in Louisiana**. Southern Economic Journal, v. 78, n. 3, 2012, pp. 814-818

BRENNER, Johanna; FRASER, Nancy. **What is progressive neoliberalism? A debate**. Dissent, v. 64, n. 2, Spring 2017, p. 130

BROWNLEE, W. Elliot. **"Reaganomics": the fiscal and monetary policies**. IN: JOHNS, Andrew L. (Ed). A companion to Ronald Reagan. Sussex: John Wiley & Sons, 2015

BUKHARIN, Nikolai. **Imperialism and world economy**. New York: Longwood Pr Ltd, 1972

BURBACH, Roger; ROBINSON, William I. **The fin de siecle debate: globalization as epochal shift**. Science & Society, v. 63, n. 1, Spring 1999, pp. 10-39

BURNHAM, James. **The managerial revolution: what is happening in the World**. New York: John Day Co, 1941

CALIENDO, Lorenzo; PARRO, Fernando. **Estimates of the trade and welfare effects of NAFTA**. Review of Economic Studies, v. 82, 2015, pp. 1-44.

CANDELA, Rosolino A. **Public choice: the Virginia School**. In: MARCIANO, Alain; RAMELLO, Giovanni B. (Eds.) Encyclopedia of Law and Economics, Online: Springer, 2019. Available in: https://link.springer.com/referenceworkentry/10.1007%2F978-1-4614-7753-2_390

CARBONE, June. **Gary Becker: neoliberalism's economic imperialist**. In: CAHILL, Damien; COOPER, Melinda; KONINGS, Martijn; PRIMROSE, David. The Sage handbook of neoliberalism. London: SAGE, 2018, pp. 154-166.

CARROL, William K. **The making of a transnational capitalist class: corporate power in the twenty-first century**. London: Zed Books, 2010

CARTER, Dan T. **The politics of rage: George Wallace, the origins of the new conservatism, and the transformation of American politics**. Baton Rouge: Louisiana State University Press, 2000

CARTER, Jimmy. **Our nation's past and future: address accepting the presidential nomination at the Democratic National Convention in New York**

City, 1976. Available in: <https://www.presidency.ucsb.edu/documents/our-nations-past-and-future-address-accepting-the-presidential-nomination-the-democratic>

CHITU, Livia; EICHENGREEN, Barry; MEHL, Arnaud. **When did the dollar overtake sterling as the leading international currency? Evidence from the bond markets**. European Central Bank. Working Paper Series, n. 1433, May 2012, pp. 1-43

CHESNAY, François. **Finance capital today: corporations and banks in the lasting global slump**. Boston: Brill, 2016

CHIVVIS, Christopher S. **Charles de Gaulle, Jaques Rueff and French international monetary policy under Bretton Woods**. Journal of Contemporary History, v. 4,1 n. 4, 2006, pp. 701-720

COUTINHO, Carlos Nelson. **Gramsci's political thought**. Leiden: Brill, 2012

COX, Robert W. **Production, power and world order – social forces in the making of history**. New York: Columbia University Press, 1987

COX, Robert W. **Gramsci, hegemony and International Relations: an essay in method**. Millenium: Journal of International Studies, v. 12, n. 2, 1983, pp. 162-175

COX, Robert W. **Social forces, states and world orders: beyond international relations theory**. Millenium: Journal of International Studies, v. 10, n. 2, 1981, pp. 126-155

CUNHA, João Rafael. **The Advent of a new banking system in the U.S. – financial deregulation in the 1980s**. School of Economics and Finance, Discussion Paper n. 2003, April 2020, pp. 1-42

CYPHER, James M. **The origins and evolution of military Keynesianism in the United States**. Journal of Post Keynesian Economics, v. 38, n. 3, 2015, pp. 449-476

DAVIES, Mike. **Planet of slums**. London: Verso, 2006

DEDMAN, Martin. **The origins and development of the European Union 1945-95 – a history of European integration**. London: Routledge, 1996

DEAN, Mitchell. **Foucault and the neoliberalism controversy**. In: CAHILL, Damien; COOPER, Melinda; KONINGS, Martijn; PRIMROSE, David. The Sage handbook of neoliberalism. London: SAGE, 2018, pp. 40-54

DICKERSON, John. **Never Goldwater: the attempt to wrest the 1964 GOP nomination from the Arizona senator and the birth of the modern GOP**. Slate, May 12, 2016. Available in: http://www.slate.com/articles/news_and_politics/politics/2016/05/never_goldwater_the_failed_attempt_to_wrest_the_1964_gop_nomination_from.html

DIRECTOR, Aaron. **The parity of the economic market place**. The Journal of Law & Economics, v. 7, October 1964, pp. 1-10

DOHERTY, Brian. **Rothbard, Murray**. In: HAMOWY, Ronald; KUZNICKI, Jason; STEELMAN, Aaron. (Eds). The Encyclopedia of Libertarianism, 2008, pp. 441-443

DOMHOFF, G. William. **Who rules America? The triumph of the corporate rich**. New York: McGraw Hill, 7th ed, 2014

DROLET, Jean-François; WILLIAMS, Michael C. **America first: paleoconservatism and the ideological struggle for the American right**. Journal of Political Ideologies, v. 25, n. 1, 2020

DUFFIELD, Mark. **Development, Security and Unending War: Governing the World of People**. Cambridge: Polity Press, 2007.

DUNNING, John H.; LUNDAN, Sarianna M. **Multinational enterprises and the global economy**, 2nd ed. Cheltenham: Edward Elgar, 2008.

EASTERLY, William. **What did structural adjustment adjust? The association of policies and growth with repeated IMF and World Bank adjustment loans**. Journal of Development Economics, v. 76, 2005, pp. 1-22

EICHENGREEN, Barry. **Exorbitant Privilege: the rise and fall of the dollar**. Oxford: Oxford University Press, 2011

EICHENGREEN, Barry. **Globalizing capital: a history of the international monetary system**; Princeton: Princeton University Press, 2008

EICHENGREEN, Barry. **Global imbalances and the lessons of Bretton Woods**. Cambridge: MIT Press, 2007

EICHENGREEN, Barry; SACHS, Jeffrey. **Competitive devaluation and the Great Depression – a theoretical reassessment**. Economics Letter, v. 22, n. 1, 1986, pp. 67-71

EICHENGREEN, Barry; SACHS, Jeffrey. **Exchange rates and economic recovery in the 1930s**. The Journal of Economic History, v. 45, n. 4, December 1985, pp. 925-946

ELHEFNAWY, Nader. **Neoliberalism in a time of crisis: a critical assessment of the defining policies of the Obama administration**. SSRN, January 2019, pp. 1-31. Available in: <http://dx.doi.org/10.2139/ssrn.3317549>

ELLWOOD, David W. **Rebuilding Europe – western Europe, America and postwar reconstruction**. New York: Routledge, 2013

FARBER, Henry S.; WESTERN, Bruce. **Ronald Reagan and the politics of declining union organization**. British Journal of Industrial Relations, v. 40, n. 3, September 2002, pp. 385-401

FAUX, Jeff. **Big dollar, little democracy**. Dissent, v. 59, n. 4, Fall 2012, pp. 89-95

FLIPPEN, Jimmy. **Jimmy Carter: the politics of family and the rise of the religious right**. London: The University of Georgia Press, 2011

FONTANA, Benedetto. **The concept of Caesarism in Gramsci**. IN: BAERH, Peter; RICHTER, Melvin (Eds.). Dictatorship in history and theory – Bonapartism, Caesarism and Totalitarianism. Cambridge: Cambridge University Press, 2004

FOUCAULT, Michel. **Nascimento da biopolítica**. São Paulo: Martins Fontes, 2008

FREDERICKSON, Kari. **The Dixiecrat revolt and the end of the solid south 1932-1968**. Chapel Hill: The University of North Carolina Press, 2001

FRANCIS, Samuel. **Leviathan and its enemies**. Washington: Washington Summit Publisher, 2016

FRANCIS, Samuel. **The price of empire globalism and its consequences**. Chronicles, June 1997. Available in: <https://www.chroniclesmagazine.org/the-price-of-empire-globalism-and-its-consequences/>

FRANCIS, Samuel. **From household to nation: the Middle-American populism of Pat Buchanan**. Chronicles, March 1996. Available in: <https://www.chroniclesmagazine.org/from-household-to-nation-5/>

FRANCIS, Samuel. **Winning the culture war**. Chronicles, December 1993. Available in: <https://www.chroniclesmagazine.org/winning-the-culture-war-4/>

FRANCIS, Samuel. **Nationalism, old and new**. Chronicles, June 1992. Available in: <https://www.chroniclesmagazine.org/nationalism-old-and-new-5/>

FRANCIS, Samuel. **Define “imperialism”**. Chronicles, June 1991. Available in: <https://www.chroniclesmagazine.org/article/define-imperialism/>

FRASER, Nancy. **From progressive neoliberalism to Trump – and beyond**. American Affairs, v. 1, n. 4, Winter 2017. Available in: <https://americanaffairsjournal.org/2017/11/progressive-neoliberalism-trump-beyond/>

FRESU, Gianni. **O transformismo permanente: Gramsci e a crítica do fetichismo histórico e da mitologia nacional**. Novos Rumos, v. 53, n. 2, July-December, 2016

FRIEDMAN, Milton. **Capitalism and freedom**. Chicago: The University of Chicago Press, 2002

FRIEDMAN, Milton. **The role of monetary policy**. The American Economic Review, v. 58, n. 1, March 1968, pp. 1-17

FROMAN, Michael. **Trade, growth, and jobs: U.S. trade policy in the Obama administration**. Cabinet Exit Memo, January 2017, pp. 1-9

FURCERI, Davide; LOUNGANI, Prakash; OSTRY, Jonathan D. **The aggregate and distributional effects of financial globalization: evidence from macro and sectoral data**. IMF working paper 18/83, April 2018, p. 1-61

FURCERI, Davide; LOUNGANI, Prakash. **Capital account liberalization and inequality**. IMF working paper 15/243, November 2015, pp. 1-26

GALE, William G.; ORSZAG, Peter R. **Bush administration tax policy: distributional effects**. Tax Notes, September 2004, pp. 1559-1566

GELDERBLOM, Oscar; JONG, Abe de; JONKER, Joost. **The formative years of the modern corporation: the Dutch East India Company VOC, 1602-1623**. The Journal of Economic History, v. 73, n. 4, December, 2013, pp. 1050-1076

GILPIN, Robert. **War and Change in World Politics**. Cambridge: Cambridge University Press, 1981

GOLDSTEIN, Andrea. **The political economy of global business: the case of the BRICs**. Global Policy, v. 4, n. 2, May 2013, pp. 162-172

GOLDWATER, Barry. **The conscience of a conservative**. Bottom of the Hill Publishing, 2010

GORDON, David. **The essential Rothbard**. Alabama: Ludwig von Mises Institute, 2007

GORDON, David M. **The global economy: new edifice or crumbling foundations?** Cambridge University Press, 1994 - Published Online in 2019. Available in: <https://doi.org/10.1017/CBO9780511559501.016>

GOWAN, Peter. **The global gamble: Washington's Faustian bid for world dominance**. London: Verso, 1999.

GRAMSCI, Antonio; FORGACS, David (Ed.). **The Gramsci reader – selected writings 1916-1935**. New York: New York University Press, 2000

GROVER, William F.; PESCHEK, Joseph G. **The unsustainable presidency: Clinton, Bush, Obama, & Beyond**. New York: Palgrave MacMillan, 2014

HAYEK, Friedrich von. **The road to serfdom**. London: Routledge, 2006

HAYEK, Friedrich von. **The principles of a liberal social order**. Il Politico, v. 31, n. 4, December 1966, pp. 601-618

HANIEH, Adam. **The internationalization of Gulf capital and Palestinian class formation**. Capital and Class, v. 35, n. 1, 2011, pp. 81-106

HARVEY, David. **A brief history of neoliberalism**. Oxford: Oxford University Press, 2005

HEER, Jett. **Trumpism was real – and its death deserves to be mourned**. The New Republic, April 2017. Available in: <https://newrepublic.com/article/142107/trumpism-realand-death-deserves-mourned>

HELD, David (Ed.). **a globalizing world? culture, economics, politics**. London: Routledge, 2004

HELLEINER, Eric. **States and the reemergence of global finance – from Bretton Woods to the 1990s**. London: Cornell University Press, 1994

HENWOOD, Doug. **Trump and the new billionaire class**. IN: PANITCH, Leo; ALBO, Greg (Eds). *Socialist Register* 2019. London: The Merlin Press, 2019.

HILFERDING, Rudolf. **Finance capital: a study of the latest phase of capitalist development**. London: Routledge and Kegan Paul, 1981

IETTO-GILLIES, Grazia. **Transnational corporations and international production: concepts, theories and effects**. Cheltenham: Edward Elgar, 3rd ed., 2019

IRVIN, **The Nixon shock after forty years: the import surcharge revisited**. *World Trade Review*, v. 12, n.1, January 2013, pp. 29-56

JACOBSON, Gary C. **The Republican resurgence in 2010**. *Political Science Quarterly*, v. 126, n. 1, 2011, pp. 27-52

JAHN, Beate. Liberal internationalism: historical trajectory and current prospects. *International Affairs*, v. 94, n. 1, 2018, pp. 43-61

JAMES, Harold; JAMES, Marzenna. **The origins of the Cold War: some new documents**. *The Historical Journal*, v. 37, n. 3, September 1994, pp. 615-622

JENSEN, Steffen. **The Security and Development Nexus in Cape Town: War on Gangs, Counterinsurgency and Citizenship**. *Security Dialogue*, v. 41, 2010, pp. 77–97

JONES, Geoffrey. **Multinationals and global capitalism – from the nineteenth to the twenty-first century**. New York: Oxford University Press, 2005

KAUTSKY, Karl. **Ultra-imperialism**, 1914.
Available in: <https://www.marxists.org/archive/kautsky/1914/09/ultra-imp.htm>

KEOHANE, Robert. **The United States and the postwar order: empire or hegemony?** *Journal of Peace Research*, v. 28, n. 4, 1991, pp. 435-439

KIELY, Ray. **The neoliberal paradox**. Massachusetts: Edward Elgar Publishing, 2018

KIELY, Ray. **Empire in the age of globalisation: US hegemony and neoliberal disorder**. London: Pluto Press, 2005

KIELY, Ray. **The clash of globalisations: neo-liberalism, the Third Way and anti-globalisation**. Boston: Brill, 2005

KINDLEBERGER, Charles P. **The world in depression 1929-1939**. Berkeley: University of California Press, 1973

KLUG, Adam; SMITH, Gregor W. **Suez and sterling, 1956**. Queen's Economic Department, Working Paper n. 1256, 2, 1999, pp. 1-30

KONSTANTIN, Kilibarda; ROITHMAYR, Daria. The myth of the Rust Belt revolt: Donald Trump didn't flip working-class white voter. Hillary Clinton lost them. Slate, December, 1st, 2016. Available in: <https://slate.com/news-and-politics/2016/12/the-myth-of-the-rust-belt-revolt.html>

KRUGMAN, Paul. **On the Inadequacy of the stimulus**. The New York Times, September 5th, 2011. Available in: <https://krugman.blogs.nytimes.com/2011/09/05/on-the-inadequacy-of-the-stimulus>

LANGE, Oskar. **On the economic theory of socialism: part one**. The Review of Economic Studies, v. 4, n. 1, October 1936, pp. 53-71

LAZEAR, Edward P. **Economic imperialism**. The Quarterly Journal of Economics, v. 115, n. 1, February 2000, pp. 99-146

LEMMON, Sarah McCulloh. **The ideology of the "Dixiecrat" movement**. Social Forces, v. 30, n. 2, December 1951, pp. 162-171

LENIN, Vladimir I. **O Imperialismo: fase superior do capitalismo**. São Paulo: Centauro Editora, 2010

LICHTENSTEIN, Nelson. **The most dangerous man in Detroit – Walter Reuther and the fate of American labor**. New York: Basic Books, 1995

LIPPMANN, Walter. **The Good Society**. London: Routledge, 2017 [1937]

LI, Tania M. **Dispossession and the protection of surplus populations**. Antipode, v. 41, n. 1, 2009, pp. 66-93

LOWNDES, Joseph E. **From the New Deal to the New Right: race and the southern origins of modern conservatism**. New Haven: Yale University Press, 2008

LUNDESTAD, Geir. **Empire by invitation? The United States and western Europe, 1945-1952**. Journal of Peace Research, v. 23, n. 3, 1986

LUO, Michael; DREW, Christopher. **Big donors, too, have seats at Obama fundraising table**. The New York Times, August 5th, 2008. Available: <https://www.nytimes.com/2008/08/06/us/politics/06bundlers.html>

MADRID, Cori. **El Salvador and the Central American Free Trade Agreement: consolidation of a Transnational Capitalist Class**. Perspectives on Global Development and Technology, v. 8, n. 2-3, 2009, pp. 189-210

MAIER, Charles. **The politics of productivity: foundations of American international economic policy after World War II**. International Organization, v. 31, n. 4. Autumn, 1977, pp. 607-633

MCQUARRIE, Michael. The revolt of the Rust Belt: place and politics in the age of anger. *The British Journal of Sociology*, v. 68, n. S1, 2017, pp. 120-152

MARX, Karl; ENGELS, Friedrich. **Manifesto of the Communist Party**, 1848. Available in: <https://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf>

MARX, Karl. **O Capital: crítica da Economia Política**, Volume I. São Paulo: Editora Nova Cultural, 1996

MARX, Karl. **O Capital: crítica da Economia Política**, Volume II. São Paulo: Editora Nova Cultural, 1996

MARX, Karl. **Capital: a critique of Political Economy**, Volume III. London: Penguin Books, 1981

MBEMBE, Achille. **Necropolitics**. *Public Culture*, v. 15, n. 1, 2003, pp. 11-40

MELTZER, Allan H. **U.S. policy in the Bretton Woods era**. Federal Reserve Bank of St. Louis. May-June 1991, pp. 54-83

MELTZER, Allan H. **Economic policies and actions in the Reagan administration**. *Journal of Post Keynesian Economics*, v. 10, n. 4, 1988, pp. 528-540

MERQUIOR, José Guilherme. **O liberalismo – antigo e moderno**. São Paulo: É Realizações, 2014

MILANOVIC, Branko. **The haves and the have-not – a brief and idiosyncratic history of global inequality**. New York: Basic Books, 2011

MISES, Ludwig von. **Economic calculation in the socialist commonwealth**. Alabama: Ludwig von Mises Institute, 1990

MISES, Ludwig von. **Socialism: an economic and sociological analysis**. New Haven: Yale University Press, 1951

MITCHELL, William C. **Virginia, Rochester, and Bloomington: twenty-five years of public choice and political science**. *Public Choice*, v. 56, n. 2, 1988, pp. 101-119

MOGHAREI, Phoebe. **From the vault: when Hillary Clinton was a teenage Republican**. *Chicago Magazine*, September 5th, 2019. Available in: <https://www.chicagomag.com/Chicago-Magazine/September-2019/When-Hillary-Clinton-Was-a-Teenage-Republican/>

MORA, Richard; CHRISTIANAKIS, Mary. **Charter schools, market capitalism, and Obama's neo-liberal agenda**. *Journal of Inquiry & Action in Education*, v. 4, n. 1, 2011, pp. 93-111

MORGAN, Iwan. **Reaganomics and its legacy**. IN: HUDSON, Cheryl; DAVIES, Gareth (Ed). Ronald Reagan and the 1980s: perceptions, policies, legacies. New York: Palgrave MacMillan, 2008

MORGAN, Iwan. **Jimmy Carter, Bill Clinton, and the new Democratic economics**. The Historical Journal, v. 47, n. 4, December 2004, pp. 1015-1039

MUDDE, Cas. **The Far-Right in America**. New York: Routledge, 2018

MUDGE, Stephanie Lee. **What is neoliberalism?** Socio-economic Review, v. 6, August 2008, pp. 703-731

NATO. **The North Atlantic Treaty**. Washington, 1949. Available in: https://www.nato.int/cps/en/natolive/official_texts_17120.htm

NEILSON, David; STUBS, Thomas. **Relative surplus population and uneven development in the neoliberal era: theory and empirical application**. Capital & Class, v. 35, n. 3, 2011, pp. 435-453

NI, Niannian; LIU, Yulin. **Financial liberalization and income inequality: a meta-analysis based on cross-country studies**. China Economic Review, v. 56, 2019, pp. 1-17

NIK-KHAH, Edward; VAN HORN, Robert. **The ascendancy of Chicago neoliberalism**. IN: SPRINGER, Simon; BIRCH, Kean; MACLEAVY, Julie (Eds). The Handbook of Neoliberalism. New York: Routledge, 2016, pp. 27-38.

NIXON, Richard. **Address accepting the presidential nomination at the Republican National Convention in Miami Beach, Florida**, 1968. Available in: <https://www.presidency.ucsb.edu/documents/address-accepting-the-presidential-nomination-the-republican-national-convention-miami>

NORTH, Douglass C.; WALLIS, John Joseph; WEINGAST, Barry R. **Violence and social orders: a conceptual framework for interpreting recorded human history**. Cambridge: Cambridge University Press, 2009

NORTH, Douglas C.; **Institutions, institutional change and economic performance**. New York: Cambridge University Press, 1990

OBERDABERNIG, Doris A. **The effects of structural adjustment programs on poverty and income distribution**. Paper presented at the Annual International Conference on Macroeconomic Analysis and International Finance, 2010, pp. 1- 19 Available in: https://icmaif.soc.uoc.gr/~icmaif/Year/2011/papers/paper_2_114.pdf

OBSTFELD, Maurice. **The global capital market: benefactor or menace?** Journal of Economic Perspectives, v. 12, n. 4, Fall 1998, pp. 9-30

OECD. **Foreign Direct Investment for development: maximising the benefits, minimising the costs**. OECD Report, 2002, pp. 1-32

ONARAN, Özlem; BOESCH, Valerie. **The effect of globalization on the distribution of taxes and social expenditures in Europe: do welfare regimes matter?** Environment and Planning A, v. 46, 2014, pp. 373-397

O'NEILL, John. **Who won the socialist debate?** History of Political Thought, v. 17, n. 3, Autumn 1996, pp. 431-442

PANITCH, Leo; GINDIN, Sam. **The making of global capitalism – the political economy of American empire.** London: Verso, 2012

PERLSTEIN, Rick. **Before the storm: Barry Goldwater and the unmaking of the American consensus.** New York: Nation Books, 2001

PEW RESEARCH CENTER, Clinton, **Trump supporters have starkly different views of a changing nation.** Pew Research Center, August, 2016. Available in: <https://www.pewresearch.org/politics/wp-content/uploads/sites/4/2016/08/08-18-2016-August-political-release.pdf>

PHELAN, Sean. **Messy grand narrative or analytical blind spot? When speaking of neoliberalism.** Comparative European Politics, v. 5, n. 3, 2007, pp. 328-338

PINHEIRO, Pedro P. **Para entender o fenômeno Carter: governo, partido e movimentos sociais num contexto de crise.** Niterói, 2013. Dissertação – Universidade Federal Fluminense, 2013

PLEHWE, Dieter. **Introduction.** In: MIROWSKI, Philip; PLEHWE, Dieter (eds.) The road from Mont Pèlerin: the making of the neoliberal thought collective. Cambridge: Harvard University Press, 2009

REINHART, Carmen; ROGOFF, Kenneth. **This time is different: eight centuries of financial folly.** Princeton: Princeton University Press, 2009

RICARDO, David. **Princípios de economia política e tributação.** São Paulo: Nova Cultural, 1996

ROBINSON, William I.; HARRIS, Jerry. **Towards a global ruling class? Globalization and the Transnational Capitalist Class.** Science & Society, v. 64, n. 1, Spring 2000, pp. 11-54

ROBINSON, William I; **Gramsci and globalisation: from national-state to transnational hegemony.** Critical Review of International Social and Political Philosophy, v. 8, n. 4, December 2005

ROBINSON, William I. **A theory of global capitalism: production, class, and state in a transnational world.** Baltimore: Johns Hopkins University Press, 2004

ROBINSON, H. L. **The downfall of the dollar.** The Socialist Register, v. 10, 1973, pp. 397-450

RODRIK, Dani. **Populism and the economics of globalization.** Journal of International Business Policy, v.1, February 2018, pp. 1-22.

ROMALIS, John. **NAFTA's and CUSFTA's impact on international trade.** The Review of Economics and Statistics, v. 89, n. 3, August 2007, pp. 416-435

ROTHBARD, Murray N. **Murray N. Rothbard vs. the philosophers: unpublished writings on Hayek, Mises, Strauss, and Polanyi**. MODUGNO, Roberta (ed.). Alabama: Ludwig von Mises Institute, 2009

RUNYAN, Anne S; PETERSON, V. Spike. **Global Gender Issues in the New Millenium**. Boulder: Westview Press, 2014

RUSSEL, Ellen D. **New Deal banking reforms and Keynesian welfare state capitalism**. New York: Routledge, 2007

SAYLE, Timothy A. **Enduring alliance – a history of NATO and the postwar global order**. London: Cornell University Press, 2019

SASSEN, Saskia. **A sociology of globalization**. New York: W.W. Norton & Company, 2007

SEARLE, Jack. **More than 2,400 dead as Obama's drone campaign marks five years**. The Bureau of Investigative Journalism. January 23rd, 2014. Available in: <https://www.thebureauinvestigates.com/stories/2014-01-23/more-than-2-400-dead-as-obamas-drone-campaign-marks-five-years>

SHEARMUR, Jeremy. **Hayek, The Road to Serfdom, and the British conservatives**. Journal of the History of Economic Thought, v. 28, n. 3, September 2006, pp. 309-314).

SHERMAN, Matthew. **A short history of financial deregulation in the United States**. Center for Economic and Policy Research, 2009

SIMON, Roger. **Gramsci's political thought – an introduction**. London: ElecBook, 1999.

SKLAIR, Leslie. **The Transnational Capitalist Class**. Oxford: Blackwell, 2000

SKLAIR, Leslie. **Sociology of the global system**. Baltimore: Johns Hopkins University Press, 1995

SMITH, Adam. **A riqueza das nações: investigação sobre sua natureza e suas causas**. São Paulo: Nova Cultural, v.1, 1996

SMITH, Adam. **The theory of moral sentiments**. Cambridge: Cambridge University Press, 2002

SPINDLER, Zane A. **A rent-seeking perspective on privatization**. North American Review of Economics & Finance, v. 1, n. 1, 1990, pp. 87-103

SPRAGUE, **The Caribbean cruise ship business and the emergence of a Transnational Capitalist Class**. Journal of World-Systems Research, v. 23, n. 1, 2017, pp. 93-125

STEWART, Charles J. **The master conspiracy of the John Birch Society: from communism to the new world order**. Western Journal of Communication, v. 66, n. 4, Fall 2002, pp. 423-447

STOESZ, David. KARGER, Howard J. **Deconstructing welfare: the Reagan legacy and the welfare state**. Social Work, v. 38, n. 5, September 1993, pp. 619-628.

STIGLER, George J. **The citizen and the state – essays on regulation**. Chicago: The University Press, 1975

STIGLER, George J. **The theory of economic regulation**. The Bell Journal of Economics and Management Science, v. 2, n. 1, Spring, 1971, pp. 3-21

STEIL, Benn. **The battle of Bretton Woods – John Maynard Keynes, Harry Dexter White, and the making of a new world order**. New Jersey: Princeton University Press, 2013

SWEETZ, Paul. **The theory of capitalist development: principles of Marxian political economy**. London: Dobson Books, 1962

TASSINARI, Mattia. **Capitalising Economic Power in the US: Industrial Strategy in the neoliberal era**. London: Palgrave MacMillan, 2019

THE ECONOMIST. **Too big not to fail**, 2012. Available in: <https://www.economist.com/briefing/2012/02/18/too-big-not-to-fail>

TOYE, Richard. **Developing multilateralism: the Havana Charter and the fight for the International Trade Organization, 1947-1948**. The International History Review, v. 25, n. 2, 2003, pp. 282-305

TRIFFIN, Robert. **Gold and the dollar crisis: the future of convertibility**. New Haven: Yale University Press, 1960

TRIFFIN, Robert. **Central banking and the international economy**. The Review of Economic Studies. V. 14, n. 2, 1946-1947, pp. 53-75

TRIGUEIRO, Gabriel R. L.; **Neoconservadorismo versus paleoconservadorismo: um estudo sobre a genealogia do movimento conservador norte-americano no pós-segunda guerra e suas principais disputas identitárias**. Rio de Janeiro, 2017. Tese – Instituto de História, Universidade Federal do Rio de Janeiro, 2017

TRUMP, Donald. **Full text: Donald Trump 2016 RNC draft speech transcript**. Politico, 07/21/2016. Available in: <https://www.politico.com/story/2016/07/full-transcript-donald-trump-nomination-acceptance-speech-at-rnc-225974>

TRUMP, Donald. **Full text: Donald Trump campaign speech in Wisconsin**. Politico, 08/17/2016. Available in: <https://www.politico.com/story/2016/08/full-text-donald-trumps-speech-on-227095>

TRUMP, Donald. **Full transcript: Donald Trump's job plan speech**. Politico, 06/28/2016. Available in: <https://www.politico.com/story/2016/06/full-transcript-trump-job-plan-speech-224891>

TRUMP, Donald. **Transcript: Donald Trump's foreign policy speech**. The New York Times, 04/27/2016. Available in: <https://www.nytimes.com/2016/04/28/us/politics/transcript-trump-foreign-policy.html>

UNCTAD. **World Investment Report: International production beyond the pandemic**. United Nations, 2020

UNDP. **Human Development Report 1994**. Available in: <http://www.hdr.undp.org/en/content/human-development-report-1994>

US. **The National Security Strategy of the United States of America**, 2002 Available in: <https://2009-2017.state.gov/documents/organization/63562.pdf>

UVIN, Peter. **Development and Security: Genealogy and Typology of an Evolving International Policy Area**. In: Brauch, Hans Günter, and Georg Zundel. Eds. *Globalization and Environmental Challenges: Reconceptualizing Security in the 21st Century*. Berlin: Springer, 2008

VALLI, Vittorio. **The American economy from Roosevelt to Trump**. London: Palgrave MacMillan, 2018

WACQUANT, Loïc. **Prisons of poverty**. Minneapolis: University of Minnesota Press, 2009

WALL, Wendy L. **Inventing the "American way": the politics of consensus from the New Deal to the civil rights movement**. Oxford: Oxford University Press, 2008

WATERS, Malcolm. **Globalization**. London: Routledge, 2nd, 2001

WATSON, Hilbourne. **Globalization, sovereignty and citizenship in the Caribbean**. Mona: University of the West Indies Press, 2015

WELLER, Christian E.; ODUM, Jackie. **On the state of the economy**. Center for American Progress, June 2014. Available in: <https://www.americanprogress.org/issues/economy/reports/2014/06/25/92720/june-2014/>

WHELOCK, David C. **The strategy and consistency of Federal Reserve monetary policy, 1924-1933**. Cambridge: Cambridge University Press, 1991

WHITE, Lawrence J. **Bank regulation in the United States: understanding the lessons of the 1980s and 1990s**. Japan and the World Economy, v. 14, 2002, pp. 137-154

WICKER, Elmus R. **Federal Reserve monetary policy, 1922-1933: a reinterpretation.** The Journal of Political Economy, v. 73, n. 4, August 1965, pp. 325-343

WILLIAMSON, John. **A short history of the Washington Consensus.** Law and Business Review of the Americas, v. 15, n. 1, 2009, pp. 7-23

WILLIAMS, Michael J. **Morgenthau now: neoconservatism, national greatness, and realism.** In: WILLIAMS, Michael C. (Ed). Realism reconsidered: the legacy of Hans Morgenthau in international relations. New York: Oxford University Press, 2007, pp. 216-240

WITCOVER, Jules. **The year the dream died: revisiting 1968 in America.** New York: Warner Books, 1997

XENOS, Nicholas. **The neocon con game: nihilism revisited.** In: THOMPSON, Michael J. (Ed). Confronting the new conservatism: the rise of the right in America. New York: New York University Press, 2007, pp. 225-246

ZHAO, Yuezhi. **Communication in China: political economy, power, and conflict.** Lanham: Rowman & Littlefield Publishers, 2008