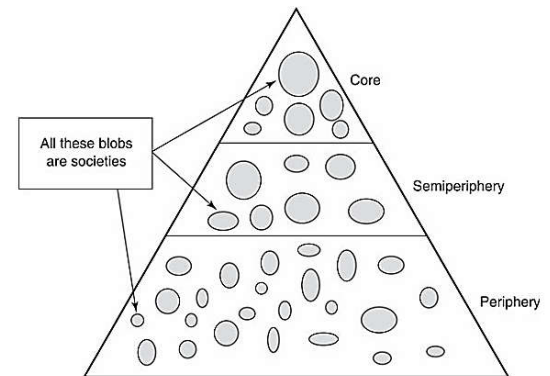


## 2. Geopolitics and geoeconomics

**“The wolves rule. Not the sheep.” Wanted (2008)**

### 1. The modern world-system: core, periphery and semiperiphery

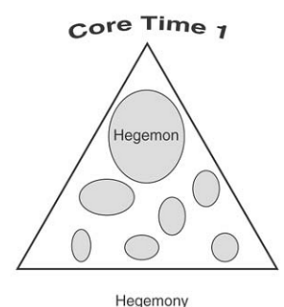
“The comparative world-systems perspective is a strategy for explaining social change that focuses on whole intersocietal systems rather than single societies. The main insight is that important interaction networks (trade, information flows, alliances, and fighting) have woven polities and cultures together since the beginning of human social evolution. Explanations of social change need to take intersocietal systems (world-systems) as the units that evolve. But intersocietal interaction networks were rather small when transportation was mainly a matter of hiking with a pack. Globalization, in the sense of the expansion and intensification of larger interaction networks, has been increasing for millennia, albeit unevenly and in waves. World-systems are systems of societies. Systemness means that these societies are interacting with one another in important ways.”



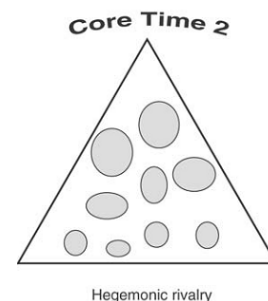
“The modern world-system is structured politically as an interstate system—a system of competing and allying states (...) The modern world-system is also importantly structured as a core-periphery hierarchy in which some regions contain economically and militarily powerful states while other regions contain polities that are much less powerful and less developed (...) The modern core includes the United States, the European countries, Japan, Australia, and Canada. In the contemporary periphery we have relatively weak states that are not strongly supported by the populations within them and have little power relative to other states in the system.”

“The core-periphery hierarchy in the modern world-system is a system of stratification in which socially structured inequalities are reproduced by the institutional features of the system (...). The periphery is not ‘catching up’ with the core. Rather, both core and peripheral regions are developing, but most core states are staying well ahead of most peripheral states. There is also a stratum of countries that we call the semiperiphery: countries that are in between the core and the periphery.”

“So the modern world-system is now a global economy with a global political system (the interstate system) (...) Culturally the modern system is composed of several civilizational traditions (e.g., Islam, Christendom, Hinduism), nationally defined cultural entities—nations (...), and the cultures of indigenous and minority ethnic groups within states. The modern system is multicultural in the sense that important political and economic interaction networks connect people who have rather different languages, religions, and other cultural aspects. Most earlier world-systems have also been multicultural.”



“One of the important systemic features of the modern system is the rise and fall of hegemonic core powers—the so-called hegemonic sequence. A hegemon is a core state that has a significantly greater amount of economic power than any other state and that takes on the political role of system leader. In the seventeenth century the Dutch Republic performed the role of hegemon in the Europe-centered system, while Great Britain was the hegemon of the nineteenth century, and the United States has been the hegemon in the twentieth century. Hegemons provide leadership and order for the interstate system and the world economy. But the normal operating processes of the modern system—uneven economic development and competition among states—make it difficult for hegemons to sustain their dominant positions, and so they tend to decline. Thus the structure of the core oscillates back and forth between hegemony and a situation in which several competing core states have a roughly similar amount of power and are contending for hegemony.”



**Hall, Thomas D.; Christopher Chase-Dunn (2006), chapter 3 in Chase-Dunn, Christopher; Salvatore J. Babones; eds. (2006): *Global social change. Historical and comparative perspectives*, The Johns Hopkins University Press.**

“World Systems Theory is a macro-sociological framework that analyzes the global economy through a historical lens, emphasizing the interconnectedness of various actors, including countries, regions, and economic institutions. It posits that the world economy is structured hierarchically into three main categories: core, periphery, and semiperiphery. Core nations are wealthy and industrialized, dominating global trade and economic activity, while peripheral nations are poorer and reliant on exporting raw materials. Semiperipheral nations occupy a middle ground, benefiting from both core and peripheral relationships.”

“World Systems Theory also critiques traditional developmentalism, arguing that the inequality inherent in the global division of labor perpetuates poverty in peripheral regions. The framework addresses issues of global stratification and seeks to understand long-term social change, making it relevant for examining contemporary challenges, including economic crises and environmental degradation.”

“The world capitalist economy is characterized by waves of economic expansion and decline. Each cycle of expansion gives rise to a leading state from the core of the world-system, a hegemon, which is able to control the world's most powerful financial and economic institutions. The historical perspective afforded by the world-systems analysis reveals a hegemonic sequence, or a succession of the powerful leading states, presiding over large-scale social change.”

“The concept of world-system implies that various actors — traditionally examined as separate units of social analysis — such as individuals, communities, cities and nations, international and transnational actors, geographic regions, and geopolitical alliances are connected in a systematic way. The world-systems approach examines historical development over long periods of time and draws on several social science disciplines.”

“... the world-systems analysts suggest that the single, global world economy is characterized by waves of economic expansion and decline. Each new wave of economic growth brings to the fore one nation-state as a leader of the global economy who is in control of the powerful international institutions. Moreover, the world organization is hierarchical —or unequal— and national economies are relegated to either the core, the periphery, or the semi-periphery of the world-system (...) The world-systems theoretical approach holds great potential for understanding long-term and large-scale social change.”

“Capitalism is considered to be the central mechanism regulating the global network of economic relationships in the modern world-system. Driven by its internal logic to maximize profit and minimize production costs, capitalism as a mode of economic production first spun the globe in the 16th century (...) In the centuries that followed, capitalism solidified a global hierarchical organization of national economies. What determined the nation-states’ positions within the global hierarchy as well as relationships between them, was the international division of labor.”

The world-systems analysis divides national economies into three broad groups: the core, the periphery, the semiperiphery.

The core of the modern world-system is comprised of the wealthy industrialized economies which collectively absorb the lion's share of the world's exports and raw materials. The core economies also benefit the most from the international division of labor. The G-7 countries (Canada, the United States, the United Kingdom, Japan, Germany, France, and Italy) belong to the core of the modern world-system and are the more technologically advanced economies, also dominating the world's banking and financial sector.

In contrast, the periphery consists of poor economies that are dependent on exporting a few commodities, such as coffee or rice, or mineral resources such as zinc or copper, to the core countries. The historic origins of the peripheral economies' dependence on the core can be traced to colonialism. Most African and Latin American countries belong to the periphery of the modern world system.

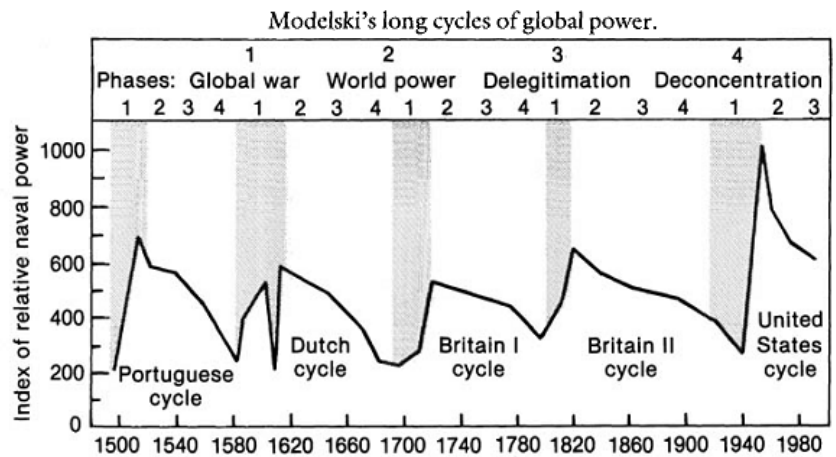
Finally, a number of countries are positioned in the semiperiphery and are dominated by the core, while themselves taking advantage of the periphery. India, Brazil, and China are examples of semiperipheral economies, with a moderately developed industrial and financial base. Semiperipheral economies are also somewhat diversified and are moderately wealthy.

One of the main economic mechanisms via which the core is able to dominate and exploit the periphery is through ‘price inequality.’ Through military and political suppression of wages in the periphery, the surplus (or additional value) of the global market is channeled to the core. To put it simply, peripheral labor is cheaper than that of the core.”

“Another aspect of the world-systems approach considers the cycles of expansion, maturation, and decline of the capitalist world-system and introduces the concept of the hegemon, or leading power, as national economies rise to power and are —in time— displaced. Wallerstein suggests that hegemony arises as a result of a great economic power harnessing new technologies and developing the most profitable and cutting edge industries, aided by considerable military power (...). The

hegemonic, or leading, core states are able — through militarily enforced rules of international trade — to protect their own privileged status.”

“... there are four most commonly recognized systemic cycles of accumulation, or periods of economic growth, which gave rise to four hegemonic powers: Genoese, Dutch, British, U.S. The first (Genoese) wave of economic growth was dominated by Italian merchant capitalism of the second half of the sixteenth century. The seventeenth century saw the rise of the Dutch, who dominated the inter-state economy with powerful joint-stock chartered companies and are the second hegemon. The British economy rose to power and British free trade imperialism reigned from the early nineteenth to the early twentieth century. And finally, in the post–World War II era, with the ascendance of big business and the large multinational corporation, the United States became the reigning hegemonic power.”



“Often, what propels a new hegemon to a dominant position in the world-system is its ability to harness a new technology and products based on it. Being able to enjoy higher returns ahead of other competitors allows rapid accumulation of capital and further economic growth. This, in turn, allows the hegemon to sustain further growth and to further invest in infrastructure and military build-up. Waves of expansion are followed by slowing down of the cycle of economic growth. This gradually leads to stagnation and recession, only to be followed by the next spiral of growth. Each new hegemon rides the waves of economic growth, and uses unique sets of strategies to control the major institutions and preserve its dominance.”

“Wallerstein (2005) [Wallerstein, I. (2005): “After developmentalism and globalization, what?”, Social Forces 83, 1263–1278] poses the following theoretical questions:

- Is it possible for all parts of the world to one day in the future reach the standard of living now enjoyed in the wealthy, industrialized countries?
- Will the present unequal world system survive?
- What alternatives to the current world order exist?

His answer to the first two questions is no. The world's resources are finite; the productivity of the world economy has limits; there is no magical source of inexhaustible profits needed to sustain growth and development. According to Wallerstein, it is impossible to preserve the present high standards of living and consumption in the core, while simultaneously increasing it in the periphery as well.”

“For over five centuries of the global capitalist economy’s existence, the hierarchical structure of the world-system has remained intact. Moreover, the gap between the core and the periphery — the very idea on which the world systems approach is based — has only grown larger (...) Wallerstein

argues that there is simply 'no way in which, within the framework of a capitalist economy, we can approach a general equalization of the distribution of wealth in the world'."

"The main consensus in the world-systems analysis of the twenty-first century, however, is that the United States is in economic downturn and political turmoil, and its hegemony is in decline. In fact, many scholars trace the beginning of the downturn to the 1970s."

**"Core:** Strong states with diversified economy, skilled and capital-intensive production, strong military. Depend on extracting surplus value from the periphery.

**Hegemon:** A leading core state dominating economic and political processes within the world-system through control of the leading financial institutions and military force.

**Hegemonic Sequence:** The succession of hegemonies within the world-system presiding over the cycles of economic expansion.

**Periphery:** Weak states with non-diversified economy dependant on raw materials export; low skilled and labor intensive production.

**Semiperiphery:** States with more diversified economy than the periphery; dependant on exports to the core and exploitation of the periphery."

**Da Silva, Anna (2021): "World Systems Theory"**

<https://www.ebsco.com/research-starters/social-sciences-and-humanities/world-systems-theory>

## 2. Geoeconomic domino theory

"Geoeconomic domino theory suggests that if one country falls into a rival power's economic orbit, surrounding countries will inevitably follow, resulting in a widespread shift in alignment. This modern adaptation of the Cold War domino theory argues that economic influence (such as investments, trade, and debt) can cause a chain reaction of shifting political allegiances.

### Key Concepts and Applications

- **The Chinese Context:** This framework is often applied to China's rising influence in developing nations, with concerns that if one nation adopts China's economic model and aligns with its interests, others in that region will fall into a 'Chinese economic orbit'.
- **'Strongpoint' Defense Strategy:** Critics and strategists suggest that to prevent this, the United States should prioritize securing key 'strongpoint' countries in developing regions to prevent the entire region from switching to a rival economic system.
- **'Weaponized' Interdependence:** Modern geoeconomic dominoes are seen as the result of 'weaponizing' oil, currency, and tech supply chains, where economic interdependence is used to coerce neighbors to align, according to research from the Geopolitical Monitor."

"Another interpretation includes the 'domino theory of regionalism,' where the expansion of one regional trade bloc (like the EU or US-Mexico FTA) forces other countries to join new ones to avoid trade disadvantages."

Google search "geoeconomic domino theory"

### 3. World-system analysis

“Part of the problem is that we have studied these phenomena in separate boxes to which we have given special names –politics, economics, the social structure, culture– without seeing that these boxes are constructs more of our imagination than of reality. The phenomena dealt with in these separate boxes are so closely intermeshed that each presumes the other, each affects the other, each is incomprehensible without taking into account the other boxes. And part of the problem is that we tend to leave out of our analyses of what is and is not ‘new’ the three important turning points of our modern world-system: (1) the long sixteenth century during which our modern world-system came into existence as a capitalist world-economy; (2) the French Revolution of 1789 as a world event which accounts for the subsequent dominance for two centuries of a geoculture for this world-system, one that was dominated by centrist liberalism; and (3) the world revolution of 1968, which presaged the long terminal phase of the modern world-system in which we find ourselves and which undermined the centrist liberal geoculture that was holding the world-system together (...) The proponents of world-systems analysis (...) have been arguing that the separate boxes of analysis –what in the universities are called the disciplines– are an obstacle, not an aid, to understanding the world. We have been arguing that the social reality within which we live and which determines what our options are has not been the multiple national states of which we are citizens but something larger, which we call a world-system.”

“The world in which we are now living, the modern world-system, had its origins in the sixteenth century. This world-system was then located in only a part of the globe, primarily in parts of Europe and the Americas. It expanded over time to cover the whole globe. It is and has always been a world-economy. It is and has always been a capitalist world-economy. What we mean by a world-economy (...) is a large geographic zone within which there is a division of labor and hence significant internal exchange of basic or essential goods as well as flows of capital and labor. A defining feature of a world-economy is that it is not bounded by a unitary political structure. Rather, there are many political units inside the world-economy, loosely tied together in our modern world-system in an interstate system. And a world-economy contains many cultures and groups-practicing many religions, speaking many languages, differing in their everyday patterns. This does not mean that they do not evolve some common cultural patterns, what we shall be calling a geoculture. It does mean that neither political nor cultural homogeneity is to be expected or found in a world-economy. What unifies the structure most is the division of labor which is constituted within it (...) We are in a capitalist system only when the system gives priority to the endless accumulation of capital. Using such a definition, only the modern world-system has been a capitalist system (...) A world-economy and a capitalist system go together. Since world-economies lack the unifying cement of an overall political structure or a homogeneous culture, what holds them together is the efficacy of the division of labor. And this efficacy is a function of the constantly expanding wealth that a capitalist system provides.”

“The axial division of labor of a capitalist world-economy divides production into core-like products and peripheral products (...) What we mean by core-periphery is the degree of profitability of the production processes. Since profitability is directly related to the degree of monopolization, what we essentially mean by core-like production processes is those that are

controlled by quasi-monopolies. Peripheral processes are then those that are truly competitive. When exchange occurs, competitive products are in a weak position and quasi-monopolized products are in a strong position. As a result, there is a constant flow of surplus-value from the producers of peripheral products to the producers of core-like products. This has been called unequal exchange."

"Since (...) quasi-monopolies exhaust themselves, what is a core-like process today will become a peripheral process tomorrow. The economic history of the modern world-system is replete with the shift, or downgrading, of products, first to semiperipheral countries, and then to peripheral ones (...) The strong states, which contain a disproportionate share of core-like processes, tend to emphasize their role of protecting the quasi-monopolies of the core-like processes. The very weak states, which contain a disproportionate share of peripheral production processes, are usually unable to do very much to affect the axial division of labor, and in effect are largely forced to accept the lot that has been given them."

"The normal evolution of the leading industries –the slow dissolution of the quasi-monopolies– is what accounts for the cyclical rhythms of the world-economy. A major leading industry will be a major stimulus to the expansion of the world-economy and will result in considerable accumulation of capital. But it also normally leads to more extensive employment in the world-economy, higher wage-levels, and a general sense of relative prosperity. As more and more firms enter the market of the erstwhile quasi-monopoly, there will be 'overproduction' (that is, too much production for the real effective demand at a given time) and consequently increased price competition (because of the demand squeeze), thus lowering the rates of profit. At some point, a buildup of unsold products results, and consequently a slowdown in further production. When this happens, we tend to see a reversal of the cyclical curve of the world-economy. We talk of stagnation or recession in the world-economy."

"The process (...) expansion of the world-economy when there are quasi-monopolistic leading industries and contraction in the world-economy when there is a lowering of the intensity of quasi-monopoly (...) can be drawn as an up-and-down curve of so-called A-(expansion) and B-(stagnation) phases. A cycle consisting of an A-phase followed by a B-phase is sometimes referred to as a Kondratieff cycle"

"Kondratieff cycles have up to now been more or less fifty to sixty years in length. Their exact length depends on the political measures taken by the states to avert a B-phase, and especially the measures to achieve recuperation from a B-phase on the basis of new leading industries that can stimulate a new A-phase. A Kondratieff cycle, when it ends, never returns the situation to where it was at the beginning of the cycle. That is because what is done in the B-phase in order to get out of it and return to an A-phase changes in some important way the parameters of the world-system. The changes that solve the immediate (or short-run) problem of inadequate expansion of the world-economy (an essential element in maintaining the possibility of the endless accumulation of capital) restore a middle-run equilibrium but begin to create problems for the structure in the long run. The result is what we may call a secular trend."

**Wallerstein, Immanuel (2004): *World-systems analysis. An introduction*, Duke University Press.**

#### 4. States in the world-system

“There are two questions to ask. The first is why transforming the world-economy into a world-empire was never possible, whereas achieving hegemony within it was. The second is why hegemony never lasted (...) A world-empire (...) would in fact stifle capitalism, because it would mean that there was a political structure with the ability to override a priority for the endless accumulation of capital. This is of course what had happened repeatedly in all the world-empires that had existed before the modern world-system. Thus, whenever some state seemed intent on transforming the system into a world-empire, it found that it faced eventually the hostility of most important capitalist firms of the world-economy.”

“How then could states even achieve hegemony? Hegemony, it turns out, can be very useful to capitalist firms, particularly if these firms are linked politically with the hegemonic power. Hegemony typically occurs in the wake of a long period of relative breakdown of world order in the form of ‘thirty years’ wars’ (...) Hegemony creates the kind of stability within which capitalist enterprises, especially monopolistic leading industries, thrive. Hegemony is popular with ordinary people in that it seems to guarantee not merely order but a more prosperous future for all. Why not then hegemony forever? As with quasi-monopolies in production, quasi-absolute power in hegemonies self-destructs. To become a hegemonic power, it is crucially important to concentrate on efficiencies of production which lay the base for the hegemonic role. To maintain hegemony, the hegemonic power must divert itself into a political and military role, which is both expensive and abrasive. Sooner or later, usually sooner, other states begin to improve their economic efficiencies to the point where the hegemonic power's superiority is considerably diminished, and eventually disappears. With that goes its political clout (...) The use of ‘imperial’ force undermines the hegemonic power economically and politically, and is widely perceived as a sign not of strength but of weakness, first externally then internally. Far from defining the world cultural language, a declining hegemonic power begins to find its preferred language out of date and no longer readily acceptable.”

“As a hegemonic power declines, there are always others who attempt to replace it. But such replacement takes a long time, and ultimately another ‘thirty years’ war.’ Hence hegemony is crucial, repeated, and always relatively brief. The capitalist world-economy needs the states, needs the inter-state system, and needs the periodic appearance of hegemonic powers. But the priority of capitalists is never the maintenance, much less the glorification, of any of these structures. The priority remains always the endless accumulation of capital.”

**Wallerstein, Immanuel (2004): *World-systems analysis. An introduction*, Duke University Press.**

#### 5. Structural crisis of the modern world-system (Wallerstein, 2015)

“Those who start with a premise of eternal linear progress must necessarily believe that any difficulties in which the world finds itself are essentially transitory and momentary. Sooner or later, the difficulties will be overcome by the logic and the pressures of the system. In our present situation, there are two major variants of this expression of certainty about the future. One group believes that as long as we maximize the priority of the so-called free market, the seeming

difficulties of the moment will be overcome and further economic growth will ensue, to everyone's mutual benefit. A second group believes that as long as we defend and expand a social-democratic 'welfare state,' the seeming difficulties of the moment will be overcome and further economic growth will ensue, to everyone's mutual benefit. However, if one believes that there has been increasing polarization and that systems have finite lives, and therefore that we may now be in our system's structural crisis, (...) no 'solution' to our current difficulties looms on the horizon. There exists neither a neoliberal nor a social-democratic way out of the structural crisis."

"What happens in a structural crisis is that the system bifurcates (...) The principal characteristic of a structural crisis is a series of chaotic and wild fluctuations of everything—the markets, the geopolitical alliances, the stability of state boundaries, employment, debts, taxes, and the groups we blame for the crisis. Uncertainty, even in the short run, becomes chronic. And uncertainty tends to freeze economic decision-making, which of course makes things worse, primarily by reducing levels of real income for the vast majority of the world's populations."

## 6. The world's future

"Here are some of the things we may expect in the middle run of the next decade or two. Most states are facing, and are going to continue to face, a squeeze between reduced income and increased expenditures (...) The juggling between the multiple loci of geopolitical power will also become ever more unstable in a situation in which none of these loci will be in a position to dictate the interstate rules. The United States is today no longer hegemonic. It has become an erstwhile hegemonic power with feet of clay. However, it still remains powerful enough to be able to wreak damage by missteps. China today seems to have the strongest emerging economic position, but it is probably less strong than both it and others think (...) Obviously, these wild oscillations and increased short-term uncertainties do not offer happy outcomes for most people. World unemployment can be expected to rise, not fall. And ordinary people will feel the pinch very severely. They have already shown that they are ready to fight back in multiple forms, and this popular resistance will grow. We shall find ourselves in the midst of a vast political battle to determine the world's future."

"Those who have wealth and privilege today will not sit idly by. However, it will become increasingly clear to them that they cannot secure their future through the existing capitalist system. They will seek to bring into existence some other system, one based not on a central role of the market but rather on a combination of brute force and deception. The primary objective would be to ensure that the new system guaranteed the continuation of three key features of the present system—hierarchy, exploitation, and polarization (...) On the other side will be popular forces across the world, which will also seek to create a new kind of historical system, one that is based on relative democracy and relative equality. Such a system has never yet existed. (...) Who will win out in this battle? No one can predict. It will be the result of an infinity of nano-actions by an infinity of nano-actors at an infinity of nano-moments."

**Wallerstein, Immanuel Maurice; coord. (2015): *The world is out of joint. World-historical interpretations of continuing polarizations*, Routledge**

## 7. How sovereign national governments can organize the world economy

“There are four possible bases for organizing the world economy among sovereign national governments: altruism, balance of power, rules, and leadership. Each one, taken alone, ultimately breaks down through some process of decay or entropy.”

**“Altruism.** When countries act in their own interest (...) the system breaks down quickly unless no one country has any power. With large countries, or countries lined up into powerful blocs, or even small countries moved by the same experience to act in the same way without consultation, short-run maximization of self-interest can lead through the fallacy of composition to loss for all. But what if each country seeks to maximize not its short-run, but its long-run, interest, doing unto others as it would be done by, obeying the Golden Rule, taking a step back the better to get forward? (...) But where the short-run interest does not converge with the long, or is not perceived to do so, the national-interest model relying on altruism breaks down fairly quickly.”

**“Balance of power** is a well-established system of security, although one that is stable only for a time before it, too, decays. In the economic field the nearest analogy (...) is to regional or political groupings.”

**“Rules** of economic behavior, internationally agreed upon, offer a third approach. As the foregoing pages have shown, they are difficult to formulate effectively. They are, moreover, difficult to carry out in the absence of an enforcer (...) The rules in the economic field are often so riddled with exceptions —escape clauses, peril points, waivers, exceptions for balance-of-payments deficits, for developing countries, for domestic unemployment and the like —that the rule fails to bite.”

**“Leadership** as a system is full of ambiguities. It is difficult to distinguish from dominance or hegemony. The leader that thinks it is being responsible often appears to others as exploitive. What country qualifies for leadership is usually self-evident in terms of its energy, innovative capacity and readiness to accept the role —but sometimes not (...) Like all other systems, leadership breaks down, and for two reasons: the unwillingness of followers to accept the leader, and the incapacity of the leader, after a time, to continue in the role. Leading countries, like individuals, lose their energy, innovative capacity, readiness to accept the sacrifices which responsibility calls for. Even when this does not happen, the leader is perceived as seeking benefits without costs, exploiting its position of decision-maker (...) So, for one reason or the other, a time comes when it is necessary in the interest of the system to change leaders. Changing leadership in the international system is difficult, time-consuming and dangerous insofar as it leaves a vacuum.”

**Kindleberger, Charles (1977): *America in the World Economy*, HEADLINE series 237, Foreign Policy Association.**

## 8. Global public goods

“Public goods are those that are available to all (‘nonexcludable’) and that can be enjoyed over and over again by anyone without diminishing the benefits they deliver to others (‘nonrival’). The scope of public goods can be local, national, or global. Public fireworks are a local public good, as anyone within eyeshot can enjoy the show. National defense is a national public good, as its benefits are enjoyed by citizens of the state. Global public goods are those whose benefits affect all citizens of

the world. They encompass many aspects of our lives: from our natural environment, our histories and cultures, and technological progress down to everyday devices such as the metric system.”

“Creating public goods is much more difficult than supplying private goods, and providing global public goods poses a unique challenge. Why are public goods undersupplied? Simply put, incentives are lacking. For a profit-seeking individual to supply a public good, the expected benefit to that individual must exceed the cost. For public goods, the opposite typically applies for several reasons:

- **Individuals cannot be charged for their use.** Because of the nature of public goods, the supplier cannot prevent individuals from using them. Once supplied, all people can use a public good whether or not they contributed to its provision. This is known as the ‘free rider problem.’
- **For most public goods, the benefit to each individual is small.”**
- **“For many public goods, the benefits are realized far in the future while the costs are realized today.”**

“To date, the solution to the problem of providing public goods has been coordination, which ensures that everyone contributes to the provision of a public good and that the costs and benefits are weighed without distortion. Formal institutions, notably governments, are the main coordinators in the provision of local and national public goods. Governments are most successful in providing public goods when they have strong institutions. By enforcing regulation and taxation, governments mobilize resources to provide public goods and eliminate the free rider problem.”

“Theoretically, global public goods are no different from local or national public goods. They are nonexcludable and nonrival. They are characterized by free rider problems, spillovers, and short time horizons. Why, then, are more local and national public goods provided than global public goods? Why is there more funding for national defense than for combating global climate change?

The failures of governments that underprovide public goods are amplified when it comes to global public goods. Global institutions—where they exist—often lack the legal authority to enforce regulation and taxation or the institutional capacity to coordinate the needs of all citizens in the world and across generations. The coordination challenge is also bigger. Global institutions deal with national governments, as opposed to individual citizens. National governments have very different incentives from individual citizens, both economic and political, and many struggle to provide public goods even within their own countries.

The ratification of the Paris Agreement was both a success and a testament to the limitations of international coordination. By making allowances for countries’ different needs and responsibilities, the agreement takes into account the welfare of each country. The commitment by developed economies to provide \$100 billion in climate financing each year mobilized resources for emerging market and developing economies. However, the withdrawal of the United States in 2020 and the chronic underprovision of climate financing highlight the agreement’s limited ability to enforce contributions and to eliminate the free rider problem.”

“There is reason to believe that the demand for global public goods is growing. Whether it is trade, capital flows, or migration, the world is far more interconnected now than it was in 1945, when

many global institutions such as the United Nations, IMF, World Bank, and World Health Organization were founded. The importance of global public goods in our everyday lives becomes more salient with each new crisis—COVID-19 has increased demand for global public health, refugee crises for global peace, climate change for sustaining the global environment. These crises require a global framework that recognizes a shared obligation, clearly delineates each country's responsibility, and enforces these commitments."

**Chin, Moya (2021): "What Are Global Public Goods?"**

<https://www.imf.org/en/publications/fandd/issues/2021/12/global-public-goods-chin-basics>

"The major barriers to solving global problems, then, do not lie with institutional strain—a symptom of a problem, not its cause. Instead, the major obstacles emerge from the fact that the international sphere is characterized principally by voluntary interaction between sovereign states—all with ideas and values and interests of their own. While social, political and economic interactions draw peoples together, as does an increasingly globalized private sector, separate national governments remain responsible for balancing and legitimizing the policies to structure their interactions. While organizations such as the European Union are altering our conceptions of sovereignty, democratically elected governments remain the most consistently legitimate form of authority yet devised, and electorates are often less keen than politicians to accept multilateral restrictions on domestic sovereignty. Sovereignty, often declared to be in rapid retreat, perseveres nonetheless. Thus voluntary cooperation between independent, sovereign states remains the hallmark of the international system and its essential requirement."

"Some global public goods can be supplied without widespread cooperation in their supply (...) Historically the easiest global public goods to produce are 'best-shot' public goods—goods that simply have to be supplied once for them to be available to all. The discovery of a vaccine is such a good; once discovered it potentially can be available to all in perpetuity. Similarly, it has been argued that the United States, acting in its own right and in its own interest, created important best-shot global public goods by securing international air and sea lanes, maintaining a strong currency used widely as a standard, acting as the basic financial regulator and serving as the lender of last resort. It is worth stressing, however, that the United States played this role in the context of a broad international consensus that it helped to forge, a consensus embedded in the United Nations, the International Monetary Fund (IMF) and the World Bank— institutions within which the United States also agreed to constrain its own power. Consensus and constraint were important conditions for leadership. In most cases action by a single government will not suffice for the provision of global public goods, and broad regional or international cooperation is the only recourse. In these cases overcoming political and value differences forms a second kind of obstacle."

<https://ycsg.yale.edu/sites/default/files/files/Global-Public-Goods-expl.pdf>

Issues associated with global public goods: climate change, global terrorism, military conflicts, world hunger, scientific and technological discoveries, geoengineering, technical standards, contagious diseases, global reserve currency, international market regulation...

## 9. The Kindleberger Trap (Charles P. Kindleberger)

“Kindleberger’s Trap is the danger that a fading hegemon lacks the ability but the ascendant one lacks the will to supply the world economy with vital public goods — such as a reserve currency. In the 1930s, the Bank of England lacked the ability to continue to serve as international lender of last resort, and the ascendant Federal Reserve lacked the will to do so. As a result, crisis spread from Austria to Germany and Britain and ultimately reached the US, turning the post-1929 slump into an era-defining economic collapse. The Kindleberger Trap led to ‘the world in depression’.”

“As Deutsche Bank’s chief FX strategist George Saravelos highlighted in a recent report on the topic, doubts over the Fed’s willingness or ability to step up when needed is a ‘nuclear button’ for the dollar’s future:

“Ultimately, a withdrawal of the Fed as the international lender of last resort is equivalent to a suspension of the dollar’s role as the safest of global currencies. Doubts about a commitment from the Fed to maintain dollar liquidity — especially against major allies — would accelerate efforts by other countries to reduce their dependence on the US financial system. It would ultimately lead to lower foreign ownership of US assets and a broad-based weakening of the dollar’s role in the global financial system.”

<https://www.ft.com/content/67616e19-9827-47d7-a4e0-ccaf344b7f57>

“... the Kindleberger Trap, the risk that a fading world power lacks the ability, but the ascendant power lacks the will, to provide the world with vital public goods — such as stable international money. In 1931, the Bank of England (BoE) was not able, but the Fed was not willing, to serve as lender of last resort to Austria. As a result, the crisis rolled on to Germany, Britain, and ultimately the US. The Kindleberger Trap caught the ‘world in depression’ (...) Nowadays, it is not (...) that the Fed is unable to play lender of last resort and the People’s Bank of China is unwilling.

Instead, the hazard to the world economy now is that:

1. The Fed is able to lead a dollar lender of last resort operation, but
2. A future Fed may not be willing to do so, and
3. No one else is able to do so.

This column proposes a work-around:

4. A coalition of central banks can pool dollars to lend as a last resort.”

**McCauley, Robert N. (2025): “Avoiding Kindleberger’s trap: A dollar coalition of the willing”**

<https://cepr.org/voxeu/columns/avoiding-kindlebergers-trap-dollar-coalition-willing>

## 10. The Thucydides trap

“Coined by political scientist Graham Allison (...) the phrase refers to a line from the ancient Greek historian Thucydides, who wrote in his *History of the Peloponnesian War*, ‘It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.’”

At first glance, this provides a compelling and conveniently packaged analogy: Rising powers provoke anxiety in established ones, leading to conflict. In today's context, the implication seems clear – China's rise is bound to provoke a collision with the United States, just as Athens once did with Sparta.

But this framing risks flattening the complexity of Thucydides' work and distorting its deeper philosophical message. Thucydides wasn't articulating a deterministic law of geopolitics. He was writing a tragedy (...) His history is filled with the corrosive effects of fear, the seductions of ambition, the failures of leadership and the tragic unraveling of judgment. This is a study in hubris and nemesis, not structural determinism."

"Much of this is lost when the phrase 'Thucydides Trap' is elevated into a kind of quasi-law of international politics. It becomes shorthand for inevitability: power rises, fear responds, war follows.

But Thucydides himself was more interested in why fear takes hold, how ambition twists judgment and how leaders — trapped in a narrowing corridor of bad options — convince themselves that war is the only viable path left. His narrative shows how conflict often arises not from necessity, but from misreading, miscalculation and passions unmoored from reason."

"... the real lesson of Thucydides is not that war is preordained, but that it becomes more likely when nations allow fear to cloud reason, when leaders mistake posturing for prudence and when strategic decisions are driven by insecurity rather than clarity.

Thucydides reminds us how easily perception curdles into misperception — and how dangerous it is when leaders, convinced of their own virtue or necessity, stop listening to anyone who disagrees."

**Latham, Andrew (2025): "The Thucydides Trap: Vital lessons from ancient Greece for China and the US ... or a load of old claptrap?"**

<https://theconversation.com/the-thucydides-trap-vital-lessons-from-ancient-greece-for-china-and-the-us-or-a-load-of-old-claptrap-252954>

## 11. The question of world order

"To the question of what in his presidency had made him most proud, Truman replied, 'That we totally defeated our enemies and then brought them back to the community of nations. I would like to think that only America would have done this.' (...) All of Truman's successors have followed some version of this narrative (...) And for most of this period, the community of nations that they aimed to uphold reflected an American consensus—an inexorably expanding cooperative order of states observing common rules and norms, embracing liberal economic systems, forswearing territorial conquest, respecting national sovereignty, and adopting participatory and democratic systems of governance."

"Yet today this 'rules-based' system faces challenges. The frequent exhortations for countries to 'do their fair share,' play by 'twenty-first-century rules,' or be 'responsible stakeholders' in a common



system reflect the fact that there is no shared definition of the system or understanding of what a 'fair' contribution would be. Outside the Western world, regions that have played a minimal role in these rules' original formulation question their validity in their present form and have made clear that they would work to modify them. Thus while 'the international community' is invoked perhaps more insistently now than in any other era, it presents no clear or agreed set of goals, methods, or limits."

"Chaos threatens side by side with unprecedented interdependence: in the spread of weapons of mass destruction, the disintegration of states, the impact of environmental depredations, the persistence of genocidal practices, and the spread of new technologies threatening to drive conflict beyond human control or comprehension. New methods of accessing and communicating information unite regions as never before and project events globally (...) Are we facing a period in which forces beyond the restraints of any order determine the future?"

"No truly global 'world order' has ever existed. What passes for order in our time was devised in Western Europe nearly four centuries ago, at a peace conference in the German region of Westphalia, conducted without the involvement or even the awareness of most other continents or civilizations (...) At the opposite end of the Eurasian landmass from Europe, China was the center of its own hierarchical and theoretically universal concept of order. This system had operated for millennia (...) basing itself not on the sovereign equality of states but on the presumed boundlessness of the Emperor's reach. In this concept, sovereignty in the European sense did not exist, because the Emperor held sway over 'All Under Heaven.' (...) In much of the region between Europe and China, Islam's different universal concept of world order held sway, with its own vision of a single divinely sanctioned governance uniting and pacifying the world."

"Meanwhile, across the Atlantic the foundations of a distinct vision of world order were being laid in the 'New World.' (...) In the American view of world order, peace and balance would occur naturally (...) The task of foreign policy was thus not so much the pursuit of a specifically American interest as the cultivation of shared principles. In time, the United States would become the indispensable defender of the order Europe designed. Yet even as the United States lent its weight to the effort, an ambivalence endured—for the American vision rested not on an embrace of the European balance-of-power system but on the achievement of peace through the spread of democratic principles. Of all these concepts of order, Westphalian principles are, at this writing, the sole generally recognized basis of what exists of a world order."

"The contemporary, now global Westphalian system—what colloquially is called the world community—has striven to curtail the anarchical nature of the world with an extensive network of international legal and organizational structures designed to foster open trade and a stable international financial system, establish accepted principles of resolving international disputes, and set limits on the conduct of wars when they do occur. This system of states now encompasses every culture and region. Its institutions have provided the neutral framework for the interactions of diverse societies—to a large extent independent of their respective values. Yet Westphalian principles are being challenged on all sides, sometimes in the name of world order itself."

"World order describes the concept held by a region or civilization about the nature of just arrangements and the distribution of power thought to be applicable to the entire world. An

international order is the practical application of these concepts to a substantial part of the globe—large enough to affect the global balance of power. Regional orders involve the same principles applied to a defined geographic area. Any one of these systems of order bases itself on two components: a set of commonly accepted rules that define the limits of permissible action and a balance of power that enforces restraint where rules break down, preventing one political unit from subjugating all others (...) In building a world order, a key question inevitably concerns the substance of its unifying principles—in which resides a cardinal distinction between Western and non-Western approaches to order.”

“Every international order must sooner or later face the impact of two tendencies challenging its cohesion: either a redefinition of legitimacy or a significant shift in the balance of power (...) To strike a balance between the two aspects of order—power and legitimacy—is the essence of statesmanship. Calculations of power without a moral dimension will turn every disagreement into a test of strength; ambition will know no resting place; countries will be propelled into unsustainable tours de force of elusive calculations regarding the shifting configuration of power. Moral proscriptions without concern for equilibrium (...) tend toward either crusades or an impotent policy tempting challenges; either extreme risks endangering the coherence of the international order itself.”

“... the structure of the twenty-first-century world order has been revealed as lacking in four important dimensions. First, the nature of the state itself—the basic formal unit of international life—has been subjected to a multitude of pressures: attacked and dismantled by design, in some regions corroded from neglect, often submerged by the sheer rush of events. Europe has set out to transcend the state and to craft a foreign policy based principally on soft power and humanitarian values. But it is doubtful that claims to legitimacy separated from any concept of strategy can sustain a world order (...) And in several parts of the world we have witnessed, since the end of the Cold War, the phenomenon of ‘failed states,’ of ‘ungoverned spaces,’ or of states that hardly merit the term.”

“Second, the political and the economic organizations of the world are at variance with each other. The international economic system has become global, while the political structure of the world has remained based on the nation-state (...) Economic globalization, in its essence, ignores national frontiers. International policy emphasizes the importance of frontiers even as it seeks to reconcile conflicting national aims.”

“Third is the absence of an effective mechanism for the great powers to consult and possibly cooperate on the most consequential issues. This may seem an odd criticism in light of the plethora of multilateral forums that exist (...) The United States is a key participant in all of these forums. Yet the nature and frequency of these meetings work against elaboration of long-range strategy.”

“Throughout, American leadership has been indispensable, even when it has been exercised ambivalently. It has sought a balance between stability and advocacy of universal principles not always reconcilable with principles of sovereign noninterference or other nations’ historical experience. The quest for that balance, between the uniqueness of the American experience and the idealistic confidence in its universality, between the poles of overconfidence and introspection, is inherently unending.”

“A reconstruction of the international system is the ultimate challenge to statesmanship in our time (...) A purposeful American role will be philosophically and geopolitically imperative for the challenges of our period. Yet world order cannot be achieved by any one country acting alone. To achieve a genuine world order, its components, while maintaining their own values, need to acquire a second culture that is global, structural, and juridical—a concept of order that transcends the perspective and ideals of any one region or nation. (...) Is it possible to translate divergent cultures into a common system?”

**Kissinger, Henry A. (2014): *World order. Reflections on the character of nations and the course of history*, Penguin.**

## 12. US rise to global dominance

“It would be simplistic to view the United States’ rise to world dominance as following the European model characterized by the drives of private finance capital (...) The United States has achieved its global position through novel policies that were not anticipated by economists writing prior to World War I, or indeed prior to the 1970s. One lesson of U.S. experience is that the national diplomacy, embodied in what now is called the Washington Consensus, is not simply an extension of business drives. It has been shaped by overriding concerns for world power (euphemized as national security) and economic advantage as perceived by American strategists quite apart from the profit motives of private investors. Although the roots of imperialism and its diplomatic rivalries always have been economic in character, these roots – and especially their tactics – are not the same for all nations in all periods (...) The United States’ ascent to world creditor status after World War I resulted from the unprecedented terms on which its government extended armaments and reconstruction loans to its wartime allies.”

**Hudson, Michael (2003): *Super imperialism. Origin and fundamentals of US world dominance*, 2nd edition, Pluto.**

## 13. The doctrine of liberal internationalism and the support of dictatorships

“At the heart of postwar US policy-making is the doctrine of liberal internationalism. Pioneered by Woodrow Wilson, and embellished by Franklin D. Roosevelt and Harry Truman, this doctrine is generally understood as the justification of military and other interventions by the US if they help produce a liberal world order: a global system consisting of liberal-democratic nation-states, connected by more or less free markets and ruled by international law. In this world-view, the goal of achieving a liberal world system trumps the commitment to state sovereignty. The US sees itself as the natural vanguard of such a global order, as well as the chief bearer of any right to suppress state sovereignty in the pursuit of liberal goals.”

“In a global market dominated by the US, supporting national governments in place that were open to US investment was more important than becoming a colonial overlord. Profits could flow back to Wall Street without the debilitating costs of occupation. To achieve this world order, however, the US would need to prize open the colonial empires. One manifestation of this new strategic

perspective was the Wilson administration's discovery of the language of 'national self-determination.' This has assumed a central place in the mythology of liberal internationalism."

"As a leading American expert on African politics, William J. Foltz, wrote in 1966, it would take more than a few generations to teach the majority of black Africans 'the skills necessary to participate meaningfully and effectively in politics.' Therefore, if a further period of tutelage at the hands of white colonial masters was not possible, the 'modernization theory' of US state mandarins held that these people would require a period of authoritarian rule under enlightened military regimes. The US thus responded to independence in the Congo by engineering the imposition of the kleptocratic Mobutu regime to prevent radicalism. The same policy supported a succession of dictators in South Vietnam to avert Viet Minh rule, and drove an extraordinarily bloody war to defend an allied dictatorship in South Korea."

"Among the mass of material released by WikiLeaks since 2010 is a series of documents that provide jarring insights into US foreign policy in Latin America. From Honduras to Venezuela, Haiti to Ecuador, the United States appears to have an inbuilt predilection for dictators—and a distaste for democratic government—in its own 'backyard.'"

**Assange, Julian et al. (2015): *The WikiLeaks files. The world according to US empire, Verso.***

#### 14. Old and new empires

"Pre-modern empires tended to be about the acquisition of fertile or resource-rich territory for landed oligarchies, the enslavement of populations for exploitation, and the conquest of trade routes. The Roman Empire annexed land for its rich landowners. The Dutch Empire used piracy to take control of trade routes. And the Spanish Empire's colonization of Southern America, put crudely, turned the continent into vast gold- and silver-mining enterprise, and its population into slave labor.

The modern American empire is a different beast. Its network of military bases from Greenland to Australia is not part of a system of territorial occupation or annexation, but rather serves to localize American military power in convenient ways, so that it can maintain a system of states whose features suit its interests. In general, the United States wants access to trade routes, and can back up its claims with impressive naval power, but does not need to control them directly (...) What the United States wants is to expand the domain of markets. In any national state, business classes derive an overwhelming advantage from their strategic control of markets. This is also true on a global level, so that US corporations stand to benefit most from the progressive opening of markets and trade."

**Assange, Julian et al. (2015): *The WikiLeaks files. The world according to US empire, Verso.***

#### 15. There is no market without government support

"We have learned from the bank bailouts that, when business cries out for help, it is the state that answers. The United States, in particular, had to take over the central global role in shoring up the private banking industry, saving capitalism from itself in 2008. This seems contrary to the 'free

market' doctrine according to which individuals and enterprises must bear the consequences of their bad investment decisions, or else those bad decisions will be repeated. This is a 'thin Darwinism' that does not necessarily describe how markets really work, but the belief that 'free market' orthodoxy had been undermined so scandalized American politicians that it produced a congressional revolt that almost prevented the bailouts from taking place. But what we discover from the WikiLeaks documents is that there is no such thing as 'free markets' without strong states—that nowhere does the 'invisible hand' work without the mailed fist of government."

"... research after the boom years of the 1990s showed that, of the Fortune 100 best companies, at least twenty would not exist at all were it not for state intervention. Corporations are notoriously bad at managing their international operations, and rely on government agents to open doors for them. An example would be Apple, whose immensely profitable iPhones and iPads rely on technology developed in the public sector and passed on to private capital. The company's access to East Asian labor markets, which keep the costs of production low, depends crucially on the role of the US government in negotiating the opening of those markets to American investors."

**Assange, Julian et al. (2015): *The WikiLeaks files. The world according to US empire, Verso.***

## 16. "The dirty secrets of 'free trade' imperialism"

"To understand the WikiLeaks revelations, and all that lies behind the violence and brutality outlined in previous chapters, it is necessary to understand the political-economic basis of this 'free trade' empire. The American empire is of a new type, in that its mission (...) is the global spread and institutionalization of capitalism."

"The process that we now call 'globalization' is often spoken of as if it were a natural, almost climactic process: a flourishing of 'the market' that moves ahead in leaps and bounds as long as it is not impeded by state-imposed rigidities or artificial monopolies (...) It requires political leadership and initiative to bring markets into existence, make them socially and economically sustainable, and develop rules and institutions that maintain them. It requires time and planning to incorporate populations into markets. The United States has been able to use its political dominance since World War II to develop, in an often haphazard or self-defeating way, a globally integrated economy in which its businesses are dominant and have privileged access to key markets and resources."

"Schematically, in the postwar era we can see that the American empire has ruled through two international regimes: the Bretton Woods system, and what Peter Gowan calls the 'Dollar–Wall Street regime.' Bretton Woods fixed international currencies to the gold standard in order to prevent destabilizing price fluctuations and enable an international economy to develop. The International Monetary Fund was the key institution set up to manage this global system and adjust currency prices based on a cooperative arrangement. Of course, the United States dominated, but it ruled in what might be called a collegiate fashion, taking the bulk of responsibility for the world system while expecting allied states also to participate in the global administration of markets, currencies, contracts, and property (...) It gave national states a degree of freedom in broadly planning the pattern of economic development.

This was not yet an era of global ‘free trade,’ but that—as the editors of *Fortune*, *Time*, and *Life* magazines pointed out in 1942—was ruled out by the ‘uprising’ of the ‘international proletariat.’ In order to satisfy this political ‘uprising,’ it would be necessary to have some controls on capital for a while. ‘Third World’ countries were encouraged to develop their national economies using import-substitution strategies, so that stable business classes could take root. Meanwhile, trade with Britain and Europe would be the ‘strategic pivot’ on which ‘the area of freedom would spread,’ eventually creating the opportunity for ‘universal free trade.’

In fact, there was no guarantee that ‘free trade’ would ever be universalized. Certainly, the postwar system boomed. Between 1945 and 1970, world GDP grew by an average of 4.8 percent a year—although this figure concealed the enormous ‘catching up’ of defeated World War II powers. And with growth came an expansion of global trade, the total volume of exports rising 290 percent between 1948 and 1968. And yet, by the late 1960s, the US economy was weakening, and in relative decline compared to Japan and West Germany.”

“Under the Nixon administration (...) US dominance entered a new phase. What Nixon did first was to abandon the gold standard, ending fixed exchange rates. The dollar was still the major international currency, the one in which most trade was conducted, but now its value could swing wildly, depending on what the US Treasury decided. The next move compounded the impact of the first. The Nixon administration downgraded the role of central banks in the organization of international finance, empowered private banks to lend, and sought a new regulatory structure that would liberate financial investors. The ‘cold’ flows of money investment in production were quickly overtaken by ‘hot’ flows of cash moving across borders, reacting sharply to the slightest international stimulus. None of this amounted to a master plan for world domination, and indeed the changes were effected initially against considerable resistance within the state, and even from the banks.

But the effect was to empower finance, which also helped to solve growing domestic problems. American businesses, by the late 1970s, were convinced that wage-driven inflation and union militancy were the major problems holding back a revival of profitability (...) Whereas the ‘gold standard’ and fixed exchange rates had created some stability in the postwar system, the new criterion of stability was counter-inflation. This was to take precedence over traditional postwar objectives such as full employment or managing consumer demand through incomes policies.”

“With the freeing and expansion of international financial markets, the importance of the dollar was magnified, and with it the impact of any changes in the dollar’s value. This was a tremendous source of political strength, enhancing the global role of the US Treasury. And it landed other countries with a restriction that the United States did not face: they had to worry about their balance of payments and ensure they had enough international currency to cover the goods purchased from overseas, while the United States could always just print more of its own currency. Wall Street and its less regulated sidekick, the City of London, dominated the new international financial system, and a series of international agreements—most notably the financial services agreement arising from the Uruguay Round of the GATT negotiations, lasting from 1986 to 1994—consolidated a new global regulatory structure that favored financial ‘innovation’ (the freedom of financiers to develop ever more intricate instruments for maximizing royalties, however risky). The IMF, meanwhile,

came to play a key role in using debt to open the markets of the global South and force the 'structural adjustment' of their economies so that they would become more tightly integrated into the Dollar–Wall Street regime. Finally, a flurry of new international treaties, regional trading blocs, and multilateral organizations developed: the euro was born, the North American Free Trade Agreement (NAFTA) was signed, and the World Trade Organization (WTO) was launched."

"This sequence of outstanding successes was linked to another change in the mode of American domination. In the postwar period, US attempts to manage the world system had necessitated reliance on a string of right-wing dictatorships that were relied on to modernize their national economies, creating an indigenous business class while averting the influence of communism (...) In the post–Cold War world, the reigning world-view was that liberal capitalist democracy was the ultimate terminus of history, the endgame to which all states tended. And the more America's 'backyard' was integrated into the world system, the more it opened its markets, allowed public goods to be privatized and run by US firms, and the more it signed up to global and regional trade treaties, the less need there was for direct violent interventions (...) But this was only a tendency. As we have seen, the United States cannot entirely dispense with the old, crude techniques of coups, puppet regimes, and wars. The world system, even were it not structured by inequities that propel conflict, can never attain perfect and perpetual coherence and thus ascend to the Kantian paradise of eternal peace."

"One of the long-term benefits of achieving the subsumption of ever larger areas of the world under the law of the market is that, once institutionalized, it does its work almost automatically. In fact, the market can often succeed where military efforts might fail. Take Vietnam (...) The more Vietnam borrowed from the IMF, the more it needed to borrow, and its rate of indebtedness soared. The more it adopted 'free market' policies, the more dependent it was on markets and the less able it was to apply controls. The United States had visited an apocalypse on Vietnam to avert the danger of 'communism,' and failed. But where it failed, debt, finance, and the institutions of global capitalism succeeded."

**Assange, Julian et al. (2015): *The WikiLeaks files. The world according to US empire*, Verso.**

## 17. Big historic events in the modern world order

"The most consequential events affecting the problem of modern world order have been the rise of Islam, global exploration, and Europe's state system."

"First came the rise of Islam with its great Arab conquests, which were not only battle victories but also revolutionary repudiations of the Roman and Persian world orders. These were followed by the establishment of an 'international' caliphate rule and eventually by a steep decline in Arab-Islamic power.

Second came the reconnaissance and exploration of the globe. Between 1000 and 1500 an Islamic world system flourished across a vast portion of the southern hemisphere. The Indian Ocean and Arabian Sea between India and East Africa were a Muslim lake until the Portuguese expedition under Vasco de Gama rounded the Cape of Good Hope and reached Calicut, India, in 1498. The construction of a string of Portuguese forts along the Arabian-Persian littoral followed and broke

the Islamic world trading system (...) During the centuries of Ottoman-Christendom confrontation, European explorers visited most of the habitable regions of the globe, and nearly all those accessible by sea. They found vast territories formerly unknown to them and drew the rough outlines of the world we now know. Europeans thus came to think of all the seas as one and all the world as a whole.

Third was the development of an international state system in Europe in the seventeenth century and its spread and adoption by nations on every continent. This would become a 'procedural' system, designed to forestall religious confrontations."

"Today's problem of Islamism and world order is that Islam (...) has been a uniate and therefore an unsuccessful and, in part, adversarial participant in the pluralistic and procedural third phenomenon."

"Out of this age of reconaissance and renaissance came a great paradox: the recognition that mankind is unimaginably and often intractably diverse. From this reality would emerge an outline of the modern international state system designed to accommodate such diversity in a common understanding of world order."

"Islamic civilization entered the international system under duress. In its politico-economic form as a collection of sovereign states, Islam has been uneasy and far less successful than its pre-modern history would have indicated. To compensate, many Muslims have defined their differences and difficulties with the modern system in a rigidified, often radicalized, way, which only worsens their discomfort and performance in the contemporary world order."

"As a grand strategy, the international system is grounded in a single concept: it is procedural. It simplifies international relations to a near minimum of non-substantive requirements—an Occam's Razor for the world's nations. In this way the system proved flexible enough to accommodate the immense variety of doctrines, beliefs, and practices of its globe-spanning members. But a line must be drawn at some point. If political positions become ideologies or religions become dogmas unable to accommodate others, then they inevitably will be unable to tolerate the system's procedural requirements; conflict, even war, may be the consequence. This describes Islamism's threat to world order today and its fundamental challenge to Westphalia's objective of avoiding wars of religions."

**Hill, Charles (2011): *Trial of a thousand years. World order and Islamism, Hoover Institution Press.***

## 18. Systemic disorders of contemporary capitalism

"Capitalism without opposition is left to its own devices, which do not include self-restraint. The capitalist pursuit of profit is open-ended, and cannot be otherwise."

- **Disorder 1: Stagnation.** "As Keynes would have known, concentration of income at the top must detract from effective demand and make capital owners look for speculative profit opportunities outside the 'real economy'. This may in fact have been one of the causes of the 'financialization' of capitalism that began in the 1980s. The power elites of global capitalism would seem to be resigning themselves to low or no growth on aggregate for the foreseeable

future (...) The scenario of 'stagnation with a chance of bubbles' may most plausibly be imagined as a battle of all against all, punctured by occasional panics and with the playing of endgames becoming a popular pastime."

- **Disorder 2: Oligarchic redistribution.** "There is no indication that the long-term trend towards greater economic inequality will be broken any time soon, or indeed ever. Inequality depresses growth (...) But the easy money currently provided by central banks to restore growth – easy for capital but not, of course, for labour – further adds to inequality, by blowing up the financial sector and inviting speculative rather than productive investment. Redistribution to the top thus becomes oligarchic: rather than serving a collective interest in economic progress, as promised by neoclassical economics, it turns into extraction of resources from increasingly impoverished, declining societies (...) Under oligarchic redistribution, the Keynesian bond which tied the profits of the rich to the wages of the poor is severed, cutting the fate of economic elites loose from that of the masses."
- **Disorder 3: "Plundering of the public domain through underfunding and privatization."** "Foremost among the causes of this shift were the new opportunities offered by global capital markets since the 1980s for tax flight, tax evasion, tax-regime shopping and the extortion of tax cuts from governments by corporations and earners of high incomes. Attempts to close public deficits relied almost exclusively on cuts in government spending – both to social security and to investment in physical infrastructures and human capital. As income gains accrued increasingly to the top 1 per cent, the public domain of capitalist economies shrank, often dramatically, starved in favour of internationally mobile oligarchic wealth. Part of the process was privatization, carried out regardless of the contribution public investment in productivity and social cohesion might have made to economic growth and social equity."

"What may be surfacing here is the fundamental tension described by Marx between, on the one hand, the increasingly social nature of production in an advanced economy and society, and private ownership of the means of production on the other. As productivity growth requires more public provision, it tends to become incompatible with private accumulation of profits, forcing capitalist elites to choose between the two. The result is what we are seeing already today: economic stagnation combined with oligarchic redistribution."

- **Disorder 4: Corruption.** "Fraud and corruption have forever been companions of capitalism. But there are good reasons to believe that with the rise of the financial sector to economic dominance, they have become (...) pervasive (...) Finance is an 'industry' where innovation is hard to distinguish from rule-bending or rule-breaking; where the pay-offs from semi-legal and illegal activities are particularly high; where the gradient in expertise and pay between firms and regulatory authorities is extreme; where revolving doors between the two offer unending possibilities for subtle and not-so-subtle corruption; where the largest firms are not just too big to fail, but also too big to jail, given their importance for national economic policy and tax revenue; and where the borderline between private companies and the state is more blurred than anywhere else."
- **Disorder 5: Global anarchy.** "Global capitalism needs a centre to secure its periphery and provide it with a credible monetary regime. Until the 1920s, this role was performed by Britain,

and from 1945 until the 1970s by the United States (...) Stable relations between the currencies of the countries participating in the capitalist world economy are essential for trade and capital flows across national borders, which are in turn essential for capital accumulation; they need to be underwritten by a global banker of last resort. An effective centre is also required to support regimes on the periphery willing to condone the low-price extraction of raw materials. Moreover, local collaboration is needed to hold down traditionalist opposition to capitalist *Landnahme* outside the developed world. Contemporary capitalism increasingly suffers from global anarchy, as the United States is no longer able to serve in its post-war role, and a multipolar world order is nowhere on the horizon.”

“Capitalism, as a social order held together by a promise of boundless collective progress, is in critical condition. Growth is giving way to secular stagnation; what economic progress remains is less and less shared; and confidence in the capitalist money economy is leveraged on a rising mountain of promises that are ever less likely to be kept. Since the 1970s, the capitalist centre has undergone three successive crises, of inflation, public finances and private debt (...) What is to be expected (...) is a long and painful period of cumulative decay: of intensifying frictions, of fragility and uncertainty, and of a steady succession of ‘normal accidents’ – not necessarily but quite possibly on the scale of the global breakdown of the 1930s.”

**Streeck, Wolfgang (2016): *How will capitalism end? Essays on a failing system*, Verso.**

## 19. A paradox of global leadership?

“The emergency state that Franklin Roosevelt created to fight and win that war lived on past the defeat of Germany and Japan and became a defining feature of the postwar peace. America entered the era of the permanent emergency state, an era that has outlasted the cold war by a generation and that distorts American political and economic life to this day.”

“Since the 1940s the traditional tenets of American democracy—limited military intervention abroad, checks and balances at home, executive accountability to Congress and the electorate—have ceded place to (...) the steady expansion of an unaccountable, presidentially directed national security establishment (...) This self-perpetuating security establishment, created in the name of protecting American liberties from Fascist and Communist threats, has cultivated its own ideology of official secrecy to shroud its actions from appropriate scrutiny and democratic debate. It has won public acceptance of its expanding powers through selective intelligence disclosures calculated to manipulate our consent by stoking our fears.”

“The emergency state as we know it today—with its presidential encroachments on congressional and judicial powers, its institutionalization of government secrecy, and its politically lubricated links between military spending, export balances, and domestic employment—got its real start around 1940 (...) Roosevelt’s emergency state wasn’t dismantled in 1945, after Japan’s surrender ended World War II. It wasn’t dismantled in 1953, when the big-government Democrats lost the White House to the (traditionally) small-government Republicans. It wasn’t dismantled in the 1970s after Vietnam, Watergate, and a weakening dollar should have warned us that the postwar security state model was unsustainable. It wasn’t dismantled in 1991 when the cold war ended.”

“Americans, having lived through the successive crises of the Great Depression, World War II, and the cold war, have become so used to living in a permanent state of emergency that the normal workings of American democracy have faded to a distant memory.”

“... for seven decades we have been yielding our most basic liberties to a secretive, unaccountable emergency state—a vast but increasingly misdirected complex of national security institutions, reflexes, and beliefs that so define our present world that we forget that there was ever a different America.”

“In pursuit of a guaranteed security that not even the richest and most militarily powerful country in human history can realistically hope to attain, we have been allowing our national institutions to be transformed for the purposes of endless war and empire, gravely endangering the future of our democracy.”

“Many of the most serious problems facing America’s economy today result from a series of choices postwar administrations have made about international economic policy based primarily on America’s foreign policy goals and ambitions and not necessarily on the domestic prosperity and needs of America’s people (...) America has been borrowing to consume in increasing doses for four decades. Were it not for the deference our creditors long paid to America’s geopolitical power, the size of our consumer market, and the dollar’s role as an international reserve currency, we would have been forced to adjust to changing international economic realities long ago.”

**Unger, David (2012): *The emergency state. America’s pursuit of absolute security at all costs, Penguin.***

## **20. “The decline of the West is the inevitable outcome of the law of diminishing returns”**

“I believe that the supporters of open borders have turned the West, its territories and its nations, into a Ponzi scheme. The scheme requires a continuous flow of goods and people from elsewhere in the world, the sources, to Western nations, the sinks. In so doing, the West has absorbed the brightest minds it could not produce itself. It has employed a foreign-born labor force to fuel its low-cost industries because white women, keen on luxury lifestyles, have failed to produce the babies needed to populate the underclasses. And let’s not ignore the vast resources procured through a colonial legacy of theft and oppression, both in the past and in the present. In short, immigration to the West is a scam. With the use of mass media and its 24-hour cycles of deception, Western civilization has convinced the whole world that ‘life is better’ there.”

“The truth is that black immigration has more to do with robbing Africa of its potent labor force than with building open societies. Black blood is the new oil. By robbing Africa of its economically viable men and by putting their labor to work, Europe’s elites hope to stay wealthy, while simultaneously assuring Africa will stay poor.”

“Western demand for consumer products employs hundreds of millions if not billions of people worldwide. The point is that human population growth -mothers deciding to have children- is based on exaggerated estimates. In reality, a stagnating or even dropping demand for consumer products in the western world will have a ripple effect across the global economic supply chain. Ultimately the least productive people, manual laborers in Third World countries, will be hit with

hunger and extreme poverty. It requires dedicated global leadership to slow down economic growth and prepare for a world without growth for growth's sake, towards a world of quality over quantity, and happiness over money."

"For decades, even the best government forecasters have repeatedly overestimated our chances of economic recovery. This naive optimism has fooled the world into adopting a wait-and-see attitude, forestalling the psychological preparation to combat a recession spiraling out of control. As one German historian put it, 'Optimism is cowardice.' (...) Is the threat of a human population collapse real? (...) I argue that our expanding population, like Ponzi schemes and stock market bubbles, has formed a human bubble ready to burst."

"You can't fight the enemy who has you by the balls. Saudi Arabia controls so much of the oil that fuels both the US economy and the US military that post-9/11. Washington had no choice but to slip into vassalage to the House of Saud. Since 2001, the US army has effectively been fighting Saudi Arabia's regional wars. All the Saudis need to do is provide the fuel for US weapons and troops, while conveniently hiding behind 'American imperialism' and blaming any social unrest on Western actions.

Nonetheless, it is undeniable that the United States has actively supported Saudi Arabia in exporting its fascist, Wahabbist brand of Islam throughout the Muslim world. In doing so, US leadership supported 'regime change' that replaced secular, democratic or otherwise pro-Western leaders with Islamist puppets. Indeed, seen in this light, George W. Bush, Barack H. Obama, and Hillary R. Clinton have together created ISIS—because ISIS is Saudi Arabia. As with every civilizational fault line, in this case between Europe and the Arab world, there is a grey zone where both civilizations meet, trade and live relatively peacefully. Specifically, this grey zone once consisted of Turkey, Syria, Egypt, and Libya. But not anymore.

First, coming out of the war in Afghanistan, the US military began targeting Iraq (...) Hussein, however, no matter how evil a man he was, was also a Ba'athist and the leader of a secular movement that strove for an Arab enlightenment. As a result of the US-led regime change that disrupted Iraq's social order, various warring Muslim factions today control the region. Above all, these factions are Islamist, anti-enlightenment and tied to Saudi Arabia's fascist brand of Islam.

Next, the so-called Arab Spring which led to major unrest in the entire Arab world culminated in the toppling of democratically elected, secular Egyptian President Hosni Mubarak. He was a vassal of the West and a dictator to his people, but his reign defended Egypt against the fascist, Saudi-backed Muslim Brotherhood. After Mubarak's fall, that's exactly who took over when the Muslim Brotherhood's own Mohamed Morsi briefly seized power.

The same thing again happened in 2011 when the United States violently ended Muammar Gaddafi's regime. Like Hussein and Mubarak, Gaddafi was a vassal and a delusional despot, but he also defended his people's Northern-African Shi'ite roots, a Persian brand of Islam, against that of fascist Saudis. In doing so, Libya too acted as a sort of buffer zone, the grey zone between liberal Europe and a more fundamentalist Islam (...) Around the same time, Syria imploded. Once again a secular, democratic, pro-Western leader Bashar al-Assad was dumped in favor of a Saudi-backed ISIS and the Muslim Brotherhood. Today, Syria is a source of refugees pouring into Europe."

“Finally, Turkey. The United States’ support of Turkey’s Islamist President Erdoğan tops it off by letting him erode the Turkish secular democracy once founded by Kemal Atatürk—the last and only democracy in a majority Muslim nation. While Erdoğan blames the Gülenist movement for staging the recent coup, it is much more likely Erdoğan staged it himself in order to cleanse Turkey of its remaining secular, democratic elements.”

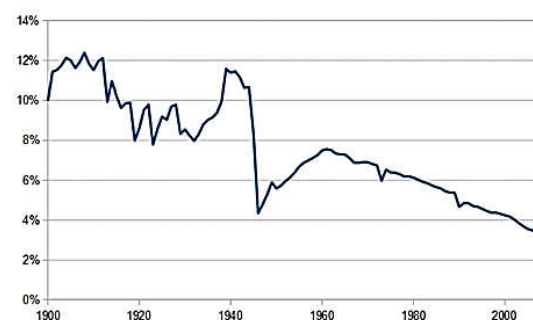
“In short, all US-led efforts in the Middle East have ultimately surrendered Europe’s regional security, leaving it highly vulnerable to a Turkish-led, Saudi-backed Islamic invasion. Europe either prepares to go to war or prepares to submit to ‘regime change’.”

“Indeed, the European Union was never founded to serve and protect Europeans. Similar to the United Nations, the European Union functions as yet another vehicle to attempt to put a small clique of superrich in charge of the whole world.”

“Globalism is just the modern equivalent of an ancient crime, namely to submit a people to collectivist rule under a despotic ruler. Early examples include Gilgamesh of Uruk and King Hammurabi of Babylon. Today’s despots have invented a new vocabulary to fool the people into submission. They call it a ‘global open society’, a society no one can escape from short of flying to the moon. ‘Equality’ denies your freedom to be unequal. ‘Progress’ means your progressive slavery. When globalists speak of ‘diversity’, they mean the complete homogenization of mankind (...) In a pluralist world, man can cooperate with all others against nature, but at the same time, man does not have to be like all others. True diversity trumps universalism. By contrast, in a universalist world, bureaucrats rule all and will send those who defy the Truth to the Gulag (...) Globalists want to efface, not preserve, all differences between people. In their line of thinking, they follow the principle of ‘from many to one’ or *E Pluribus Unum*, the slogan so beloved by Americans. It is a globalist’s creed, anti-diversity and anti-human.”

German Share of World GDP (1900-2008)

Data Source: University of Groningen



French Share of World GDP (1900-2008)

Data Source: University of Groningen



“Thieving kleptocrats backing globalist and nationalist regimes both aim to exploit the common people. Globalists are just better at it.”

“The Netherlands (...) has long fallen to globalist kleptocrats who rob the people blind. Backed by EU bureaucrats, the owners of The Netherlands Inc. have reduced the Dutch people to ‘cash cows’ in the parlance of a product lifecycle. Multinational corporations such as Unilever, Shell, and Philips are effectively running The Netherlands, having planted one of their own—Mark Rutte, a brainless, soulless former Unilever bureaucrat—as the nation’s Prime Minister. At best, Rutte is a serf of international capital. This man has a greater concern for Coca Cola’s stock price than for the survival of the Dutch people. Nations and their peoples, apparently, have become expendable assets. Even the socialist leaders of The Netherlands play foul.”

“The Netherlands is not and never has been a true democracy. Modern democracy, the kind exported to Europe and the rest of the world by the United States of America, appears to have been the greatest scam in the history of humankind. This brand of democracy served U.S. kleptocrats well (...) Western peoples exist to be milked and taxed until a new, more profitable people comes along to replace them.”

“More recently, though, the tide has started to turn. China’s Xi Jinping declared himself ‘president for life’ (...) Xi’s move proves the world has had enough of American dictates. The prestige that U.S. democracy once exerted, the kind U.S. kleptocrats used to hide behind, has worn off. Increasingly, the ugly faces pulling the strings have emerged from behind the smoke screens. That’s Donald Trump’s legacy. A media showman, he gamed the system and checkmated the cabal. Swiss research group proved much of Western media is controlled by a very small group of hardly 5,000 members, namely the Council on Foreign Relations (CFR), who make up a large share of the owners and directors of the U.S. media empire.”

“All nationalist regimes are kleptocratic, but all globalist regimes are kleptocratic, too. Progressive liberalism is not the answer, it is part of the problem. To truly free ourselves from the thieves that govern us, we must return to the traditional values of a personal God (not the Church), a self-sustaining, autonomous family and the love for our kin. Only autarkic, autonomous societies can provide an answer to the evils of global capitalism disguised as ‘progress’.”

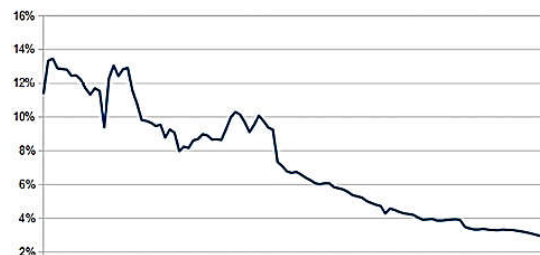
“For centuries, national governments, or nation-states, have pursued a business model of taxing their citizens’ productivity in exchange for the oft false promise of old age and security. Traditionally, such rent-seeking schemes benefit an inner circle of ruling families and their wealthy lifestyles, the nobility, and royalty. But today, nation-states and their ruling elites find themselves in direct competition with multinational (and transnational) corporations. In order to increase profits, powerful multinationals not only seek to evade taxation from national governments but also aim to expand their ‘market share’ by taxing and governing citizens themselves.

Multinationals want to govern their own affairs. With over-reaching transnational ‘partnerships’ such as TPP and TTIP in place, we are witnessing the advent of a global neo-feudalism that will trap the lives of the 99%.

Some multinationals already wield the necessary financial power to compete with smaller nations. For example, Samsung Electronics spent about \$14 billion on advertising and marketing in 2013 — more than Iceland’s gross domestic product (GDP). Yet to their frustration, national and international laws still bind global firms to local taxation. Thus, if a collective of powerful

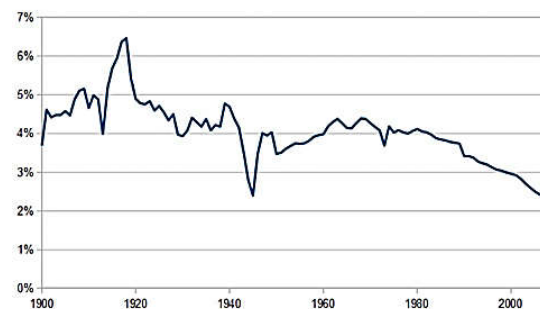
British Share of World GDP (1900-2008)

Data Source: University of Groningen



Italian Share of World GDP (1900-2008)

Data Source: University of Groningen



U.S. Share of World GDP (1900-2008)

Data Source: University of Groningen



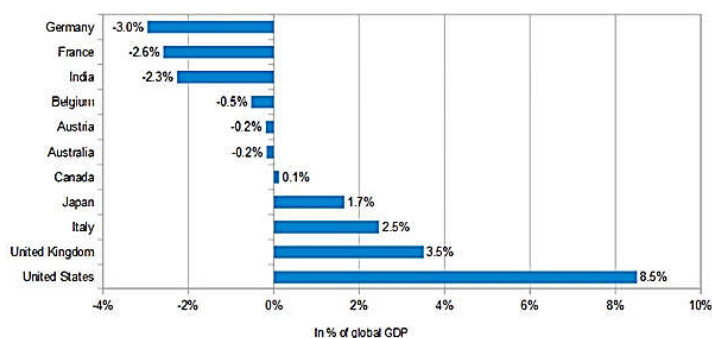
multinationals acted together in a successful push to deconstruct national government, and in the process create a so-called borderless world, such corporations could effectively replace the nation-state with a privately-owned corporate-state."

"The East India Company was its own economy, while its private shareholders crowned themselves king. Today, we can observe a similar tug of war between ambitious multinationals and their traditional home-states. For example, in 2014, ING Bank co-authored a piece of Dutch legislation that awarded banks a fiscal benefit when issuing risky bonds."

"A key development driving the transition from public states to privately-owned corporate-states has been the historically recent rise of mega-cities. With over half of the world's populations living in cities —in Europe nearly three-quarters— national governments have largely driven their political responsibilities in the hands of commercial enterprise. The privatization of housing, sanitation, transportation and even prisons and pensions has shifted the center of political gravity away from political representation to multinational bureaucracy."

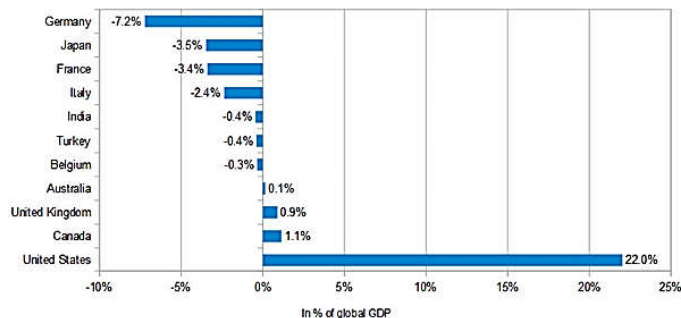
Gains and Losses in Global GDP Share - WWI (1914-1918)

Data Source: University of Groningen, Angus Maddison



Gains and Losses in Global GDP Share - WWII (1939-1945)

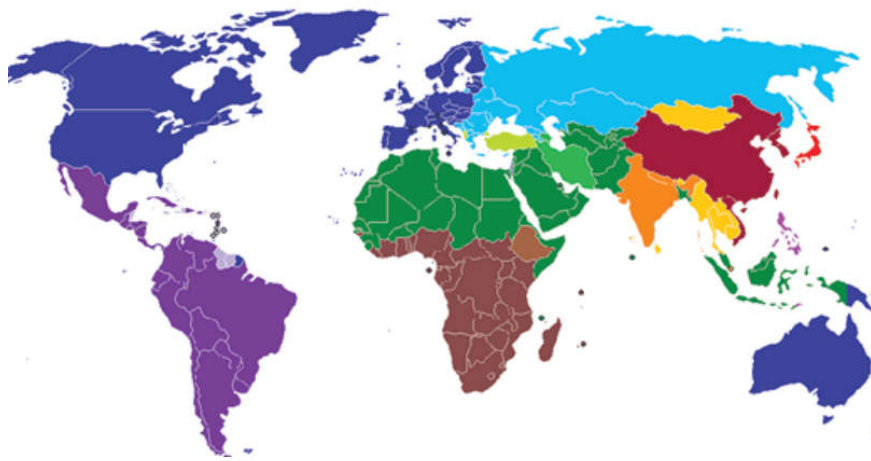
Data Source: University of Groningen, Angus Maddison



"Since 1900, Germany has lost around two-thirds of its share of the global economy, down from nearly 12% at its peak to below 4% today (...) German economic influence in the world isn't just waning, it's dying. One doesn't need to wonder why Germany decided to open its borders to millions of cheap labor immigrants (...) Like Germany, France has also lost over half of its global economic influence since 1900 (...) In 1900, the British economy was as powerful as that of Germany (12% of the global economy), despite having had a smaller population (...) Why are European G7-economies failing to maintain their global relevance?"

"According to ecologist Paul Colinvaux, author of *The Fates of Nations*, richer nations always resort to war against poorer nations whose continuously rising populations pose an economic threat. He writes, 'Aggressive war is caused by the continued growth of population in a relatively rich society.' In our time, that rich society is the globalized world, and the growing Third World populations certainly threaten to crush the richer West."

"War can be profitable, but only if you win by remaining relatively unharmed (...) Both world wars funded the rise of the U.S. Military-Industrial-Complex that would police the world for decades to come. The incredible economic benefits to be gained from winning world wars make it a very attractive proposition to try and challenge world order. On a disturbing note, I don't think the potential of nuclear war will deter challengers."



Samuel Huntington's civilizations:  
 Western (blue), Latin American (purple), Orthodox (cyan), Islamic (green), African (brown), Hindu (orange), Buddhist (yellow), Sinic (red-brown), Japanese (red)

**Mathijs Koenraadt (2018): *If not now, when? Writings in defense of Europe, Morningtime.***

## 21. The misleading view of globalization: a new age of global instability (Harman, 2010)

- “This whole process was baptised ‘globalisation’ by the 1990s. It was bracketed together with neoliberalism as representing a whole new phase of capitalism –for enthusiasts a phase very different to any previously. They held not only that the world should be organised according to the free flows of capital, without any intervention by governments (...) We lived, it was said, in the age of multinational (or sometimes transnational) capital, of firms moving production at will to wherever it could be done most cheaply. It was (...) a world of ‘weightless’ production, where computer software and the internet were much more important than ‘old fashioned metal-bashing’ industries, and where the absolute mobility of capital had completely detached it from any dependence on states.”
- “As Suzanne de Brunhoff noted: ‘Even though huge financial flows of mobile capital are daily circulating round the globe, a global single market of capital does not exist. There is no single world rate of interest and there are no single world prices for produced goods... Financial assets are denominated in different currencies which are not ‘perfect substitutes’ (...) Not only did the popular globalisation accounts overstate the degree of mobility of capital, they also provided a much distorted view of what that mobility involves. Alan M Rugman pointed out that of the big multinationals ‘Very few are ‘global’ firms, with a ‘global’ strategy, defined as the ability to sell the same products and/or services around the world’ (...) The pattern was not one of capital flowing effortlessly over a homogenous worldwide landscape. It was ‘lumpy,’ concentrated in some countries and regions (...) ‘All that is solid’ did ‘melt into air’ as Marx had put it –but not in the way the crude globalisation theory held. For capital's old companion, the state, entered into the process at every point.”
- “The internationalisation of firms' operations, far from leading to less dependence on state support, increases it in one very important respect. They need protection for their global interests. A whole range of things become more important to them than in the early post-war decades: trade negotiations for access to new markets; exchange rates between currencies; the allocation of contracts by foreign governments; protection against expropriation of foreign assets; the defence of intellectual property rights; enforcement of foreign debt repayments. There is no world state to undertake such tasks. And so the power of any national state to force

others to respect the interests of capitals based within it has become more important, not less (...) The successor to the state capitalism of the mid-20th century has not been some non-state capitalism but rather a system in which capitals rely on "their" state as much as ever, but try to spread out beyond it to form links with capitals tied to other states. In the process, the system as a whole has become more chaotic."

- "The interaction between the great powers is not the peaceful concert of nations dreamt of by certain apostles of neoliberalism and free trade. There are contradictory interests, with military force a weapon of last resort for dealing with them. The greatest source of instability has come from the attempts of the US to permanently cement its position at the front of the global pecking order."
- "The growing role of finance had its impact throughout the global economy. Every upturn in the recession-boom cycle after the early 1980s was accompanied by financial speculation, causing massive rises in the US and British stock markets in the mid-1980s and mid-1990s, the huge upsurge of Japanese share and real estate prices in the late 1980s, the dotcom boom of the late 1990s, and the housing booms in the US and much of Europe in the early and mid-2000s. Along with these went successive waves of takeovers and mergers of giant companies."
- "The first big growth of international finance in the 1960s was a result of the way the growth of international trade and investment and US overseas military expenditure associated with the Vietnam War –led to pools of finance ( 'Euromoney') which had escaped the control of national governments. The next big growth came with the recycling of massively expanded Middle East oil revenues through the US banking system –revenues that were a product of the increased dependence of productive capital on Middle East oil. The restructuring of productive capital took place increasingly (...) across national borders, even if mostly it was regional, not global, in scope (...) But industry could not restructure in this way without having financial connections across borders. It required international financial networks if it was to repatriate profits or establish subsidiaries elsewhere in the world (...) Capitalism internationally went through nearly four decades in which profitability was substantially lower."
- "Globally this meant there was a growing pool of growth of money capital-money in the hands of productive as well as non-productive capitals-searching for outlets that seemed to promise higher levels of profitability. Hence the pressure on firms to deliver short-term rather than long-term profits. So too the succession of speculative bubbles and the repeated 'Minsky' shifts from speculation to Ponzi schemes in which financiers used the money entrusted to them by some investors to pay off other investors and line their own pockets (...) The financial system expanded as a consequence, since it played a key part in collecting together the funds for speculation, and could then use the assets whose value had increased because of speculation as collateral for borrowing more funds. There developed a mass of capital wandering round the world looking for any opportunity where it seemed there might be profits to be made."
- "Capitalism became a global system in the 20th century in a way it had not been before. Not only were there global markets and global finance but capitalist industry and capitalist structures of consumption arose in every region of the globe, although unevenly. As that

happened a tendency noted in its embryonic form by only the most far sighted thinkers of the 19th century, including Marx and Engels, developed until by the end of the century it was visible to everyone who cared to look. This was the tendency for the system to undermine the very process of interaction with nature (...) The most dramatic expression of this has been the way the accumulation of certain gases in the atmosphere are raising the global temperature and producing climate change. Capitalist industry and its products always had devastating environmental effects."

- "It is the sort of interaction of the economic, the environmental and the political we should expect to see repeated again and again in the 21st century, producing recurrent, very deep social and political crises that frame the choice between global catastrophe and revolutionary change."

**Harman, Chris (2010): *Zombie capitalism. Global crisis and the relevance of Marx, Haymarket.***

## **22. Us vs them: The failure of globalism (Bremmer, 2018)**

"Many people believe that 'globalism' and 'globalization' have failed them. These would-be leaders have a talent for drawing boundaries between people. They offer a compelling vision of division, of 'us vs. them,' of the worthy citizen fighting for his rights against the entitled or grasping thief. Depending on the country and the moment, 'them' may mean rich people or poor people, foreigners or religious, racial, and ethnic minorities."

"Today, the watchword is inequality. We have always known the world remained an unfair place, but most of the world's elites believed, with plenty of evidence, that globalism was the solution, not the problem. But while the elites convene for debate, more people are getting frustrated (...) People are angry. They no longer believe that hard work and education are enough. They don't see a path, and they feel they've been lied to. For decades (...) Are the globalists scared? Absolutely not. The United States and global economies surged in 2017 and 2018, and there is no looming global revolution, no World War III that will force change on us all. Public anger is a chronic condition we've learned to live with."

"This book is about ongoing political, economic, and technological changes around the world and the widening divisions they will create between the next waves of winners and losers. It's about the ways in which people will define these threats as fights for survival that pit various versions of 'us' against various forms of 'them.' It's about the walls governments will build to protect insiders from outsiders and the state from its people."

"'Countries are no longer nations but markets. Borders are erased... Everyone can come to our country, and this has cut our salaries and our social protections. This dilutes our cultural identity.'

Marine Le Pen's four sentences capture every important element of the anxiety rising across the Western world. The borders are open, and the foreigners are coming. They will steal your job. They will cost you your pension and your health care by bankrupting your system. They will pollute your culture. Some of them are killers."

“Globalization—the cross-border flow of ideas, information, people, money, goods, and services—has resulted in an interconnected world where national leaders have increasingly limited ability to protect the lives and livelihoods of citizens. In the digital age, borders no longer mean what citizens think they mean. In some ways, they barely exist.”

“Globalism—the belief that the interdependence that created globalization is a good thing—is indeed the ideology of the elite. Political leaders of the wealthy West have been globalism’s biggest advocates, building a system that has propelled ideas, information, people, money, goods, and services across borders at a speed and on a scale without precedent in human history (...) Sure, more than a billion people have risen from poverty in recent decades, and economies and markets have come a long way from the financial crisis. But along with new opportunities come serious vulnerabilities, and the refusal of the global elite to acknowledge the downsides of the new interdependence confirms the suspicions of those losing their sense of security and standard of living (...) In the United States, the jobs that once lifted generations of Americans into the middle class—and kept them there for life—are vanishing. Crime and drug addiction are rising. While 87 percent of Chinese and 74 percent of Indians told pollsters in 2017 that they believe their country is moving “in the right direction,” just 43 percent of Americans said the same.”

“Many of the storms creating turmoil in the U.S. and Europe—particularly technological change in the workplace and broader awareness of income inequality—are now headed across borders and into the developing world, where governments and institutions aren’t ready.”

“It is not rising China, a new Cold War, the future of Europe, or the risk of a global cyberconflict that will define our societies. It’s the efforts of the losers not to get ‘fucked over,’ and the efforts of the winners to keep from losing power. Not just in the United States and Europe, but in the developing world too, there will be a confrontation within each society between winners and losers.”

“‘Us vs. them’ is a message that will be adopted by both the left and the right. Antiglobalists on the left use ‘them’ to refer to the governing elite, ‘big corporations,’ and bankers who enable financial elites to exploit the individual worker or investor (...) Antiglobalists on the right use “them” to describe governments that cheat citizens by offering preferential treatment to minorities, immigrants, or any other group that receives explicit protection under the law.”

“Human beings want security, opportunity, and prosperity, and governments want to claim credit for providing these things. Both the government and the governed want to believe they have the means to retake control of their circumstances when they believe these things are threatened. This is the battle line between us and them.”

**Bremmer, Ian (2018): *Us vs them. The failure of globalism*, Portfolio/Penguin.**

## 23. Basic issues in the current global order

- Use of force. The UN Charter provides norms to constrain the use of force. Article 2(4) makes an appeal to UN members to ‘refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state,’ though Article 51

acknowledges a state's 'inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations.' The Charter also attributes the Security Council the function of maintaining international peace and security.

"While there have been many instances, especially during the Cold War, when US military actions gained the support of its major allies, America has been less successful in generating support in the post-Cold War era for its arguments in favour of a role for the preventive use of force."

- Macroeconomic policy surveillance. The International Monetary Fund has assumed the general surveillance function of the global economy, to in particular promote the stability of the international monetary system.

"Neither China nor the United States has been unambiguously committed to the international surveillance framework, but paradoxically it has become increasingly central to their bilateral relationship over the past decade. In marked contrast to China, the United States has been by some distance the most important norm and rule maker in this area of global ordering. But its position towards the surveillance framework has always been ambivalent, seeing its norms and rules as constraining the macroeconomic policies of other countries rather than itself."

- Non-proliferation of nuclear weapons. "The NNPN [Nuclear Non-Proliferation Norm] framework has been an emblematic part of global order in the period since 1945, and the challenge to its current status raises the spectre that we are on the verge of an era where several new states, and possibly non-state groupings, acquire such weaponry (...) The non-proliferation norm is under challenge, but for the time being it appears to have sufficient legitimacy and to be sufficiently embedded to retain some level of constraint over these two states and many other members of global society."
- Climate change (global norm of climate protection). "...the course of this global norm and its movement from creation to elaboration has been fraught with difficulty. While it is the case that we have a global norm on climate protection, it is far too optimistic to claim that it has been consolidated or has enough stability and legitimacy to ensure eventual success."
- Financial regulation. "The dilemmas posed by the emergence of cross-border capital flows and global financial firms since the 1960s are emblematic of the difficulties posed in a hybrid global order that had been predicated on national financial regulation and supervision. Financial globalization has been associated with periodic crises of growing frequency and with important cross-border dimensions, prompting efforts to coordinate regulatory approaches. The major developed countries dominated these efforts (...) By some measures, China's attitudes towards the core norms and associated rules and principles of the Basel framework have been remarkably convergent, whereas the United States has sometimes found it difficult to achieve full behavioural consistency even in areas where its influence on the global framework has been close to decisive (...) The 2008-09 crisis was a major blow to the credibility and legitimacy of the Basel framework and to the US approach to financial regulation (...) Paradoxically, China emerged as a defender of the Basel framework and insisted that it is on track for implementation in spite of its own desperate efforts to maintain growth through an unprecedented expansion of bank lending."

Foot, Rosemary; Andrew Walter (2011): *China, the United States, and global order*, Cambridge University Press.

## 24. Transition from British to American hegemony

“Hegemony is the ability to set the rules of international involvement, and to create order among states by enforcing those rules. Most replacements of hegemonic powers in the international order occur by violence— nearly all, in fact. Dominant states hold their position by force for as long as possible, and are eventually defeated by challengers in the form of a fresh rising power or a collection of lesser powers working together. The exception to that pattern— and there is only one— is the transition that occurred from the midnineteenth century to the early twentieth as dominance in the international order shifted from Great Britain to the United States (...) The transition from Britain to America was peaceful because at that crucial time, America became an empire and Britain became a democracy. As a result, both states came to view themselves as akin to each other and different from others.”

“Britain made a fundamental choice that its interests were so closely aligned with America’s that it could encourage an activist American foreign policy— that, in effect, American power could be harnessed to British interests. Their power relative to each other became less important than their cumulative power relative to other states (...) A more democratic Britain and a more internationally engaged America felt similar to each other and different from other states (...) Yet once America became the hegemon, it was no longer willing to accept the rules of order that Great Britain had established (...) Once in power, America changed the rules, and should expect that other rising powers will do the same in the time of their hegemony (...) The cooperation between Britain and the United States taught America how to be a hegemon (...) For future hegemonic transitions to be peaceful, the hegemon being displaced would need to have a strong belief that the rising power shared both its interests and its values. Such similarity might allow the rising power’s effort to be considered additive to the hegemon’s rather than a challenge.”

Schake, Kori (2017): *Safe passage: The transition from British to American hegemony*, Harvard University Press.

## 25. G-Zero

“G-Zero— \JEE-ZEER-oh\— n *A world order in which no single country or durable alliance of countries can meet the challenges of global leadership.*”

“For the first time in seven decades, we live in a world without global leadership (...) In a world where so many challenges transcend borders— from the stability of the global economy and climate change to cyberattacks, terrorism, and the security of food and water— the need for international cooperation has never been greater. Cooperation demands leadership. Leaders have the leverage to coordinate multinational responses to transnational problems. They have the wealth and power to persuade governments to take actions they wouldn’t otherwise pursue. They pick up the checks that others can’t afford and provide services no one else will pay for. On issue after issue, they set the international agenda. These are responsibilities that America is increasingly unwilling, and

incapable, of assuming. At the same time, the rising powers aren't yet ready to take up the slack (...) Nor are we likely to see leadership from global institutions (...) If not the West, the rest, or the institutions where they come together, who will lead? The answer is no one—neither the once-dominant G7 nor the unworkable G20. We have entered the G-Zero.”

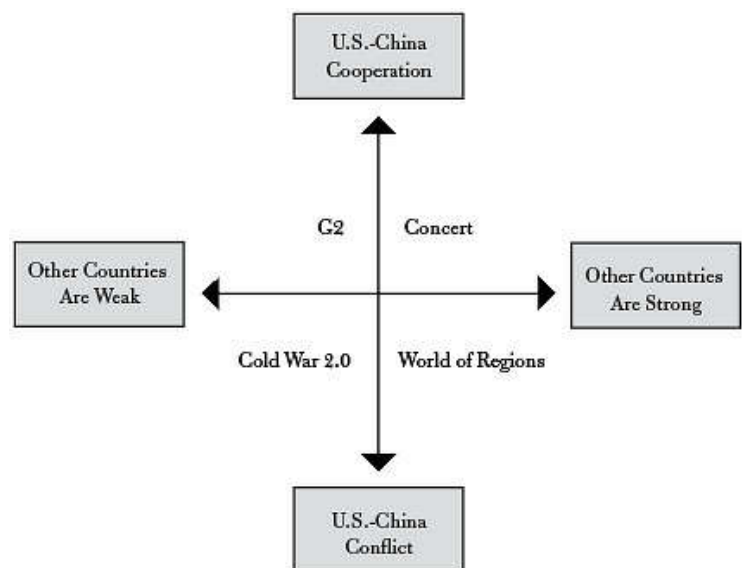
“This book details a world in tumultuous transition, one that is especially vulnerable to crises that appear suddenly and from unexpected directions. Nature still hates a vacuum, and the G-Zero won't last forever. But over the next decade and perhaps longer, a world without leaders will undermine our ability to keep the peace, to expand opportunity, to reverse the impact of climate change, and to feed growing populations. The effects will be felt in every region of the world—and even in cyberspace.”

**Bremmer, Ian (2012): *Every nation for itself. Winners and losers in a G-zero world*, Portfolio/Penguin.**

## 26. Winners and losers in Bremmer's (2012) G-Zero

“Who wins and who loses in this exceptionally fluid international environment? A winner is made more prosperous and secure by a world without leadership, and has more options and greater influence than it had before. Winners have choices. A loser is one made less prosperous, secure, and influential because it has fewer political and commercial avenues to explore.”

- **Winners.** ‘Pivot states’ (Brazil, Turkey, Africa a pivot continent, Indonesia, Vietnam, Singapore, Mongolia, Canada); ‘rogues with powerful friends’ (North Korea, Iran, Myanmar); some companies and multinationals (adapters, protectors and cheaters); and investors picking the winners.
- **Losers.** ‘Referees’ (“the institutions built to serve those who once dominated the international system but that can't be reformed quickly enough to remain effective”, like NATO and “NGOs that monitor emerging states’ compliance with Western standards”); ‘exposed states’ (“those most deeply dependent on U.S. strength and Washington’s willingness to use it to protect its allies”: Japan, Taiwan, Israel); ‘shadow states’ (“those that would love to have the freedom of pivot states but remain frozen in the shadow of a single power”: Mexico, Ukraine); ‘rogues without friends’ (Cuba, Lybia); and ‘dinosaurs’ (companies “that cannot or will not adapt to a new environment”).



## 27. Bremmer's (2012) four geopolitical scenarios

- **Concert.** “Imagine a world in which Washington and Beijing alone cannot dominate, where it's unavoidably obvious that international problems can be solved only with the engagement

of other powerful countries. This is a world like the one we already live in—with one crucial difference. In this scenario, a sense of emergency ensures that established and emerging powers work together, compromise, and share the risks and burdens of leadership. It's a G20 that *actually works*. This scenario implies a kind of 'concert of nations,' an international structure similar to the so-called Concert of Europe (...) designed to restore order and keep the peace in Europe following the upheaval of the French Revolution and the carnage of the Napoleonic Wars."

- **Cold War 2.0.** "If China and the United States are headed for more direct forms of conflict, and if they have far more economic, political, and military power than any other country or bloc of countries in the post-G-Zero order, then we are more likely to see a scenario we might call Cold War 2.0. This is not a war likely to be waged with fighter jets launched from aircraft carriers. The new weapons of war will probably be economic: market access, investment rules, and currency values. We could also see a series of cyberattacks and counterstrikes."

## 28. Global power elites and the transnational capitalist class

"[In 1956, C. Wright] Mills described the power elite as those 'who decide whatever is decided' of major consequence. Sixty-two years later, power elites have globalized and built institutions that facilitate the preservation and protection of capital investments everywhere in the world."

"The Global Power Elite function as a nongovernmental network of similarly educated wealthy people with common interests of managing, facilitating, and protecting concentrated global wealth and insuring the continued growth of capital. Global Power Elites influence and use international institutions controlled by governmental authorities—namely, the World Bank, International Monetary Fund (IMF), NATO, World Trade Organization (WTO), G7, G20, and many others. These world governmental institutions receive instructions and recommendations for policy determinations from networks of nongovernmental Global Power Elite organizations and associations."

"We name some 389 individuals in this book as the core of the policy planning nongovernmental networks that manage, facilitate, and protect the continued concentration of global capital. The Global Power Elites are the activist core of the Transnational Capitalist Class—1 percent of the world's wealthy people—who serve the uniting function of providing ideological justifications for their shared interests and establishing the parameters of needed actions for implementation by transnational governmental organizations."

"This concentration of protected wealth leads to a crisis of humanity, whereby poverty, war, starvation, mass alienation, media propaganda, and environmental devastation are reaching a species-level threat. We realize that humankind is in danger of possible extinction and recognize that the Global Power Elites are probably the only ones capable of correcting this condition without major civil unrest, war, and chaos. This book is an effort to bring awareness of the importance of systemic change and redistribution of wealth, to readers as well as to the Global Power Elites themselves, in the hope that they can begin the process of saving humanity."

**Phillips, Peter (2018): *Giants. The global power elite*, Seven Stories Press.**

## 29. Lebow's (2010, pp. 92-96) six propositions on the causes of warfare

- 'The most aggressive states are rising powers seeking recognition as great powers and dominant great powers seeking hegemony.' 'This pattern reflects the importance of victory in war as the principal means historically of gaining international standing.'
- 'Rising powers and dominant powers rarely make war against each other. When they do, rising powers are allied with at least one great power.' 'Rising powers are most likely to make war against a great power when that power is temporarily vulnerable and preferably as part of a larger coalition.'
- 'The preferred targets of dominant and rising powers are declining great powers and weaker third parties. They also prey on great powers who are perceived as temporarily weak, preferably in alliance with other great powers.' 'If great and rising powers do not generally attack one another, their obvious targets are weaker third parties. Wars against them represent a cheap and seemingly low-risk means of demonstrating military prowess and of gaining additional territory and their resources. Once great but now seriously declining powers are also attractive targets for rising powers as defeating them has been considered more honorable and impressive than victories over much weaker third parties.'
- 'So-called hegemonic wars (i.e. those involving most, if not all, of the great powers) are almost all accidental and the result of unintended escalation.' Hegemonic wars is not the means by which dominant powers or challengers to dominant powers try to attain hegemony. They instead attack weaker states and declining great powers expecting the conflict to remain localized and limited. It is when other states come to the aid of the attacked parties that the conflict could escalate into a hegemonic war.
- 'Unintended escalation and miscalculation of the balance of power have deeper causes than incomplete information.' War is not the consequence of lack of information. Even in the presence of full information, there are strong motives to go to war, like standing, anger and honour. Honour seeking leaders, or leaders lacking standing, are less sensitive to risks (and to warnings of risks): their evaluation of a situation is not limited by rational (non-emotional) considerations.
- 'Weak and declining powers not infrequently initiate wars against great powers.' 'They act primarily for reasons of revenge. They are particularly sensitive to their honor and standing as they have once been great powers. They are readily angered by predatory attacks on them, especially those that result in loss of territory and standing, and seek revenge. They almost inevitably lose these wars.'

**Lebow, Richard Ned (2010): *Why nations fight. Past and future motives for war*, Cambridge University Press.**

## 30. A paradox of dominance?

If the global contest for dominance is a zero-sum game, then the resources used by the rising powers are no longer available to the lead states to maintain or expand their dominance. In fact, the

economic system created by the dominant powers is used by the challengers to rise: when the profit opportunities become scarce in the lead economies, it becomes an attractive option to invest abroad and that helps less developed economies to develop and close the gap with the richer economies. As it is cheaper to produce in poorer economies, these economies could develop easier and faster by selling their production in the leading economies. Hence, the initial leadership of some economies is accompanied by convergence of the rest of economies.

“The paradox of power for the USA is therefore that the very economic system that has propelled it on to the world stage also contains within it the potential seeds of its own destruction.” Glenn (2016, p. 2)

**Glenn, John G. (2016): *China's challenge to US supremacy. Economic superpower versus rising star*, Palgrave Macmillan.**

### **31. Decline of the US vs rise of the rest**

“There have been three tectonic power shifts over the last five hundred years, fundamental changes in the distribution of power that have reshaped international life—its politics, economics, and culture. The first was the rise of the Western world, a process that began in the fifteenth century and accelerated dramatically in the late eighteenth century. It produced modernity as we know it: science and technology, commerce and capitalism, the agricultural and industrial revolutions. It also produced the prolonged political dominance of the nations of the West. The second shift, which took place in the closing years of the nineteenth century, was the rise of the United States. Soon after it industrialized, the United States became the most powerful nation since imperial Rome, and the only one that was stronger than any likely combination of other nations. For most of the last century, the United States has dominated global economics, politics, science, and culture. For the last twenty years, that dominance has been unrivaled, a phenomenon unprecedented in modern history. We are now living through the third great power shift of the modern era. It could be called ‘the rise of the rest’.”

**Zakaria, Fareed (2011): *The post-American world. Release 2.0*, W. W. Norton.**

### **32. Power transition theory (A.F.K. Organski)**

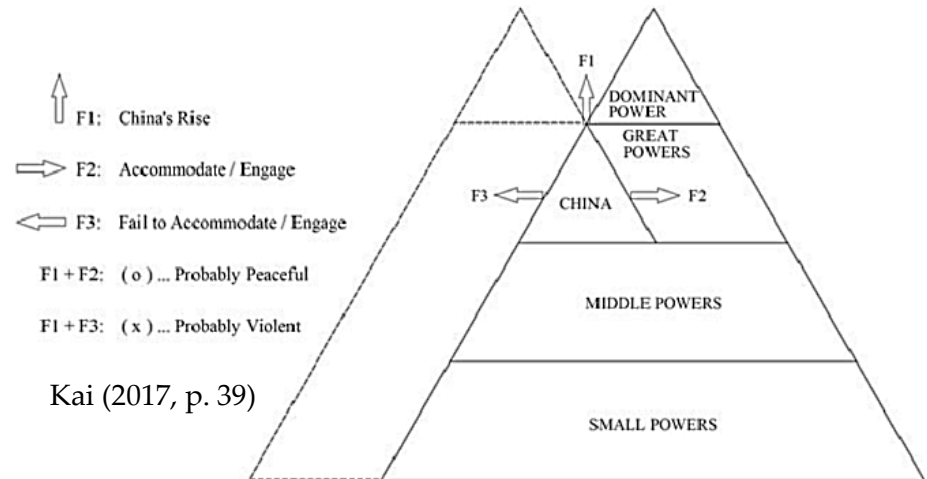
The rise and fall of great powers appears to be a stylized fact of international relations. It is a process in which the status quo represented by the dominance of some power is challenged by the emergence of a new power. Basic explanations for the fall are: (i) internal instability; (ii) external over-extension. The basic explanation for the rise is emulation: the states lagging behind the leading powers learn from them how to catch up. In the process of developing and accumulating power, the lead states that first go through this process may attempt several strategies of which some may prove unsuccessful. The less developed or weaker states do not have to replicate failures, since they may just adopt the successful strategies. The laggards do not need to go through all the stages that the leaders initially followed and that allows the laggards to catch up faster and at smaller cost than the vanguard states.

There are three basic global power structures. Unipolarity (William Wohlforth) is a structure in which one state's capabilities are too great to be counterbalanced. Bipolarity: two states are substantially more powerful than all others, with capabilities not so concentrated to create a global empire. Multipolarity is a structure comprising three or more significantly powerful states. E. H. Carr identified the 'problem of peaceful change' as the central dilemma of international relations.

"The coming world will be both multipolar and politically diverse; it will consist of major powers that embrace distinct conceptions of what constitutes a legitimate and just order."

**Kupchan, Charles A. (2012): *No one's world. The West, the Rising Rest, and the coming global turn*, Oxford University Press.**

Power transition theory (a theory alternative to the balance of power and collective security theories) has been used to describe, analyze and predict the power interactions between a dominant but relatively declining power (the US) and a rising challenger (China). The theory represents the international system as a power hierarchy with



- a dominant state at the top of the hierarchical structure controlling most of the power resources;
- the other great powers below the dominant power: states with the potential to become rivals to the dominant power;
- the middle powers, states that are relatively powerful at a regional level; and
- small powers and 'colonies' at the bottom of the hierarchy.

Violent conflict, or even war, is most likely to arise when some great power becomes increasingly powerful and dissatisfied with the existing hierarchy or the alliance with the dominant power and challenges the status quo to change the rules or the hierarchy to the challenger's advantage. The chances of a power transition war increase with three factors: (i) the power potential of the emerging power; (ii) the speed with which the emerging power rises; and (iii) the flexibility with which the dominant power can meet the challenge of the rising power.

**Kai, Jin (2017): *Rising China in a changing world. Power transitions and global leadership*, Palgrave Macmillan.**

### 33. Is China ready to become a global hegemon?

"The preceding chapters have also substantiated the proposition that the leaders of the People's Republic, just like their imperial predecessors, were highly preoccupied, if not obsessed, with centrifugal forces against central control (...) One most notable anomaly in China today is that

regions and local units with greater responsibilities and needs tend to have weaker financial and material power. On average, poor, western, and inland regions had much smaller budgetary bases and received far fewer foreign direct investment projects.”

“The queer paradox here is that the swift success of Beijing’s tax-sharing reforms led to the provinces’ excessive milking of subprovincial governments, which in turn resulted in heavy arbitrary levies on the peasants and the misappropriation of farmland without proper compensation. Subsequently, peasant outbursts were translated into an increased frequency of collective protests all over the country, highlighting a growing interconnectedness between central-local dynamics and state-society relations.”

“The growing difficulties with local governance, the rise of subnational actors in many key domains, and the subsequent manifestation of centrifugal tendencies push us back to the (...) question (...): Despite its continental size and multiple ethnicities, why has China consistently held on to the unitary system? (...) Irrespective of so many theories on ‘bubble/crash/disintegration/collapse,’ China is likely to become stronger than before, both economically and militarily. The fact of the matter is that many of the problems that China now faces were also found in the United States and many other countries during their ascent toward the status of great powers.”

“The People’s Republic today is no longer a totalitarian system in the sense that it stopped indoctrinating the people’s thinking. Yet, China still is an authoritarian regime in the sense that it seeks to monitor, police, and regulate the populace’s behavior. In the mid to long run, however, Communist or socialist ingredients that remain today will become increasingly diluted, gradually giving way to a neo-traditional return of many familiar problems of local governance.”

“It is this author’s assessment that, down the road, the People’s Republic’s future challenge of local governance will not be so different in nature from the difficulties that traditional China repeatedly faced for so long. In the longer run, therefore, the emerging Chinese empire is likely to have centrifugal forces that are strong enough to stand up against the center, which will in turn resort to many of the traditional means of local control in addition to modern, innovative ones.”

**Chōng, Chae-ho (2016): *Centrifugal empire. Central-local relations in China*, Columbia University Press.**

### 34. Who rules the world?

“Support for democracy is the province of ideologists and propagandists. In the real world, elite dislike of democracy is the norm. The evidence is overwhelming that democracy is supported only insofar as it contributes to social and economic objectives, a conclusion reluctantly conceded by the more serious scholarship.”

“Today is not the first occasion when Egypt and the United States are facing similar problems and moving in opposite directions. That was also true in the early nineteenth century. Economic historians have argued that Egypt was well placed to undertake rapid economic development at the same time that the United States was in this period (...) One fundamental difference between the two nations was that the United States had gained independence and was therefore free to ignore

the prescriptions of economic theory, delivered at the time by Adam Smith in terms rather like those preached to developing societies today. Smith urged the liberated colonies to produce primary products for export and to import superior British manufactured goods, and certainly not to attempt to monopolize crucial goods, particularly cotton. Any other path, Smith warned, ‘would retard instead of accelerating the further increase in the value of their annual produce, and would obstruct instead of promoting the progress of their country towards real wealth and greatness.’

Having gained their independence, the colonies simply dismissed his advice and followed England’s own course of independent state-guided development, with high tariffs to protect industry from British exports (first textiles, later steel and others), and adopted numerous other devices to accelerate industrial development (...) For Egypt, a comparable course was barred by British power. Lord Palmerston declared that “no ideas of fairness [toward Egypt] ought to stand in the way of such great and paramount interests” of Britain as preserving its economic and political hegemony (...) After World War II, when the United States displaced Britain as global hegemon, Washington adopted the same stand, making it clear that the United States would provide no aid to Egypt unless it adhered to the standard rules for the weak—which the United States continued to violate, imposing high tariffs to bar Egyptian cotton and causing a debilitating dollar shortage, as per the usual interpretation of market principles (...) In Adam Smith’s defense, it should be added that he recognized what would happen if Britain followed the rules of sound economics, now called ‘neoliberalism.’ He warned that if British manufacturers, merchants, and investors turned abroad, they might profit but England would suffer. But he felt that they would be guided by a home bias, so that as if by an ‘invisible hand’ England would be spared the ravages of economic rationality. The passage is hard to miss. It is the one occurrence of the famous phrase ‘invisible hand’ in *The Wealth of Nations*.”

“[American] decline has in fact been underway since the high point of U.S. power shortly after World War II, and the remarkable rhetoric of the decade of triumphalism after the Soviet Union imploded was mostly self-delusion. Furthermore, the commonly drawn corollary—that power will shift to China and India—is highly dubious. They are poor countries with severe internal problems. The world is surely becoming more diverse, but despite America’s decline, in the foreseeable future there is no competitor for global hegemonic power.”

“While the United States remains the most powerful state in the world, nevertheless, global power is continuing to diversify, and the United States is increasingly unable to impose its will. But decline has many dimensions and complexities. The domestic society is also in decline in significant ways, and what is decline for some may be unimaginable wealth and privilege for others. For the plutonomy—more narrowly, a tiny fraction of it at the upper extreme—privilege and wealth abound, while for the great majority prospects are often gloomy, and many even face problems of survival in a country with unparalleled advantages.”

“When we ask ‘Who rules the world?’ we commonly adopt the standard convention that the actors in world affairs are states, primarily the great powers, and we consider their decisions and the relations among them. That is not wrong. But we would do well to keep in mind that this level of abstraction can also be highly misleading.

States of course have complex internal structures, and the choices and decisions of the political leadership are heavily influenced by internal concentrations of power, while the general population is often marginalized. That is true even for the more democratic societies, and obviously for others. We cannot gain a realistic understanding of who rules the world while ignoring the ‘masters of mankind,’ as Adam Smith called them: in his day, the merchants and manufacturers of England; in ours, multinational conglomerates, huge financial institutions, retail empires, and the like. Still following Smith, it is also wise to attend to the ‘vile maxim’ to which the ‘masters of mankind’ are dedicated: ‘All for ourselves and nothing for other people’ (...) In the contemporary global order, the institutions of the masters hold enormous power, not only in the international arena but also within their home states, on which they rely to protect their power and to provide economic support by a wide variety of means.”

“A common feature of successful insurgencies (...) is that once popular support dissolves after victory, the leadership suppresses the ‘dirty and nasty people’ who actually won the war with guerrilla tactics and terror, for fear that they might challenge class privilege. The elites’ contempt for ‘the lower class of these people’ has taken various forms throughout the years. In recent times one expression of this contempt is the call for passivity and obedience (“moderation in democracy”) by liberal internationalists reacting to the dangerous democratizing effects of the popular movements of the 1960s. Sometimes states do choose to follow public opinion, eliciting much fury in centers of power. One dramatic case was in 2003, when the Bush administration called on Turkey to join its invasion of Iraq. Ninety-five percent of Turks opposed that course of action and, to the amazement and horror of Washington, the Turkish government adhered to their views. Turkey was bitterly condemned for this departure from responsible behavior.”

“The challenges faced by Western power at the outset of 2016 are usefully summarized within the conventional framework by Gideon Rachman, chief foreign-affairs columnist for the London Financial Times. He begins by reviewing the Western picture of world order: ‘Ever since the end of the Cold War, the overwhelming power of the U.S. military has been the central fact of international politics.’ This is particularly crucial in three regions: East Asia, where ‘the U.S. Navy has become used to treating the Pacific as an ‘American lake’; Europe, where NATO—meaning the United States (...)—‘guarantees the territorial integrity of its member states’; and the Middle East, where giant U.S. naval and air bases ‘exist to reassure friends and to intimidate rivals.’

The problem of world order today, Rachman continues, is that ‘these security orders are now under challenge in all three regions’ because of Russian intervention in Ukraine and Syria, and because of China turning its nearby seas from an American lake to ‘clearly contested water.’ The fundamental question of international relations, then, is whether the United States should ‘accept that other major powers should have some kind of zone of influence in their neighborhoods.’”

“Returning to the opening question, ‘Who rules the world?’ we might also want to pose another question: ‘What principles and values rule the world?’ That question should be foremost in the minds of the citizens of the rich and powerful states, who enjoy an unusual legacy of freedom, privilege, and opportunity thanks to the struggles of those who came before them, and who now face fateful choices as to how to respond to challenges of great human import.”

**Chomsky, Noam (2016): *Who rules the world?*, Metropolitan Books.**

## 35. The insecurity dilemma

“Forty years ago, John Herz (1959) formulated the idea of the ‘security dilemma,’ a concept later picked up and further developed by Robert Jervis (1978). Both argued that many of the ostensibly defensive actions taken by states to make themselves more secure—development of new military technologies, accumulation of weapons, mobilization of troops—had the effect of making neighboring states less secure. There was no way of knowing whether the intentions behind military deployments were defensive or offensive; hence, it was better to be safe and assume the worst. The result was, in many instances, an arms spiral, as each side tried to match the acquisitions of its neighbor.”

**Lipschutz, Ronnie D. (2000): *After authority. War, peace, and global politics in the 21st century*, SUNY Press.**

## 36. The Olson hypothesis (Olson, 1982)

The Olson hypothesis holds that political stability, in the long run, is likely to be economically dysfunctional, as it prone to hamper or retard economic performance through the rent-seeking activities of consolidated interest groups. The argument is as follows: (i) in stable societies, the number of collusions and organizations for collective action tend to grow and accumulate; (ii) most of these organizations are distributional coalitions: rent- and self-seeking interest groups; (iii) the activity of these distributional coalitions cause a decline in economic growth by slowing down change and innovation, since these coalitions do not in general welcome the adoption of new technologies nor significant reallocations of resources that may be needed to address economic changes and shocks. Conversely, faster growth could be promoted through shocks to the socio-political order that dismantle powerful interest groups

**Olson, Mancur (1982): *The rise and decline of nations. Economic growth, stagflation, and social rigidities*, Yale University Press.**

**Goldsmith, Arthur A. (1987): “Does political stability hinder economic development? Mancur Olson’s theory and the Third World”, *Comparative Politics* 19(4), 471-480.**

As of April 2026, the five largest companies by market capitalization are dominated by US tech giants, with NVIDIA leading followed by Apple, Alphabet (Google), Microsoft, and Amazon. These companies have valuations often exceeding \$2 trillion to over \$4 trillion, driven largely by AI advancements and demand. [The Motley Fool +3](#)

### Top 5 Companies by Market Capitalization (April 2026):

1. **NVIDIA (NVDA):** ~\$4.97 trillion
2. **Alphabet Inc. (GOOGL):** ~\$4.0 trillion
3. **Apple Inc. (AAPL):** ~\$3.97 trillion
4. **Microsoft Corp. (MSFT):** ~\$3.14 trillion
5. **Amazon.com Inc. (AMZN):** ~\$2.69 trillion [Companies Market Cap +2](#)

### Key Trends:

- **AI Dominance:** NVIDIA has taken the top spot, driven by its dominance in AI chips and data center demand.
- **Tech Concentration:** The top ranks are primarily composed of information technology and communication services firms.

In 2006, the world's largest companies by market capitalization were dominated by energy and industrial giants, with Exxon Mobil leading the list. The top five, based on market value, generally included Exxon Mobil, General Electric, Total S.A., Microsoft, and Citigroup. [The World Economic Forum +4](#)

### Top 5 Largest Companies by Market Cap (Approx. Oct 2006): [📄](#)

1. **Exxon Mobil Corp:** ~\$412 Billion (Oil & Gas)
2. **General Electric (GE):** ~\$367 Billion (Conglomerate)
3. **Total S.A.:** ~\$323 Billion (Oil & Gas)
4. **Microsoft Corp:** ~\$283 Billion (Technology)
5. **Citigroup Inc:** ~\$252 Billion (Banking) [📄](#)

### Key 2006 Market Highlights:

- **Exxon Mobil** was the undisputed leader, frequently valued well over \$350 billion throughout the year.
- The top five represented a significant contrast to later years, with only one tech company (Microsoft) in the top tier, unlike the tech-dominated top lists of the 2020s.

## 37. Global forces

There are at least four forces/events that, in the last decades, have been shaping the future. They are listed next in terms of the time involved in their development.

- **The fall of the Soviet Union.** This left the US without a global challenger to its hegemony.
- **Globalization.** In part facilitated by (1), global networks of almost everything have been created or expanded: goods, money, people, information, communication.
- **The rise of China.** China's rise shows that development is a coevolutionary process between state and markets in which each interacts and adapts to the other. Neither growth nor good governance comes first. Markets may/should start operating with weak institutions but, in exchange, adaptability, flexibility, improvisation and experimentation have to be accepted, promoted and rewarded.
- **A global demographic shift.** Over the last five decades most countries have experienced a baby boom followed by a baby bust. The result is that, for the first time, the average age of population has been rising. There is no past experience of a society consisting of an aging population.

**Yotopoulos, Pan A.; Donato Romano; eds. (2007): *The asymmetries of globalization*, Routledge (ch. 10: "What have we learned about globalization?").**

## 38. Why China failed before and succeeds now

"... for a long time China was constrained because the Communist Party of China (CPC) was captive to the two great socialist fallacies that undid socialist modernisation programmes in other communist states. The first of these was that agriculture could only be efficient at scale, leading to the collectivisation of farming in the mid 1950s (...) However, agriculture is not like manufacturing, where scale is essential to low unit costs and to the technological learning process that enables firms to produce more sophisticated products. In agriculture, the product never changes – rice is rice and corn is corn."

"The second great communist fallacy (...) was that manufacturing could be developed without trade –through a policy of self-sufficiency, or autarky. In essence, this boils down to a country's people staying home and trying to figure out technological problems on their own (...) The legacy of autarky in China was, by the 1980s, all kinds of passable but hopelessly inefficient industrial processes (...). Through autarky, China failed to develop a single industrial product with which it could compete internationally."

"In the era of Deng Xiaoping, China broke out from the two great socialist fallacies. First, household farming was restored. Then (...) China opened up to trade and, gradually, to foreign investment, allowing it both to absorb international technology and to begin to benchmark its own products in world markets (...) China – unlike south-east Asian states– has been paranoid about the advice it has been offered, and has prospered by virtue of its paranoia. Since 1978, China has posted an impressive developmental record, and has become the second east Asian state after Japan both to

fascinate and unnerve western Europe and north America. The country has delivered a near 10 per cent average growth rate for three decades.”

“In qualitative terms, China has not matched Taiwan in agricultural performance. It has not matched Korea for the speed and depth of its industrial upgrading. And it has not matched Japan in reinventing the nature of many industrial processes. But because China is so big and so populous – and, more darkly, because it is not an ally of the West – since 1978 it has managed to shake the world (...) Thus far, China’s financial system management has worked well in giving government the discretion to run effective developmental policy. However, as north-east Asia’s experience has shown, manipulation and repression of a financial system to developmental ends offers only a limited window of opportunity before financial and corporate entrepreneurs, and ordinary citizens, find ways to evade the controls.”

“Overall, China’s government has lined up most of the ducks necessary to enable rapid economic development. However, there is little to suggest that China offers qualitative improvements to policies which have been used before (...) Contemporary chatter about the rise of a ‘Beijing consensus’ on development policy is a perversion of historical facts. The true break-out example in successful Asian development was Meiji Japan, and China is simply a follower in that tradition. China’s development is exceptional not because of the tried and tested land reform, infant industry and financial repression policies that made it possible, but because of its scale.”

“Is China’s continued rise inevitable and without limits? Not at all. Many people believe that the scale of the country and its domestic market guarantee success. But the size of China also makes it a difficult place for central government to run effective industrial policy and to curtail waste. China has yet to create truly world-beating firms, and history suggests that a state’s size is no great advantage in this respect. Many of the world’s most successful firms were created in rather small countries in Europe. Most big states –Brazil, India, Indonesia, Russia– are relative economic failures (even if the United States is not). This is because it is the quality of governance and policy-making that determine a country’s prospects. China will be no exception.”

“China is already exiting the most favourable demographic period for economic development, when workers are abundant and retirees few (...) Apart from the demographic shift, the other easy prediction to make about China is that its very slow pace of institutional development will create ever more friction in society and, eventually, produce a significant economic cost (...) As well as a country of technological capacity, China needs to become a country of institutional systems. It is only a combination of the two that can take the country to the front rank of nations (...) Thus far, institutional deficiency has not been a significant drag on China’s economic growth. But it will catch up with it eventually (...) On its present trajectory, China is set to be a middle-income per capita, but profoundly institutionally retarded state.”

**Studwell, Joe (2013): *How Asia works. Success and failure in the world’s most dynamic region*, Grove Press.**

“... the Chinese leadership is thinking beyond the current world system to craft a post-Western world order in an incremental manner. With regard to the three competing hypotheses—the convergence hypothesis, the status quo hypothesis, and the challenge hypothesis—this paper lends no direct support to any of them (...) It is not in China’s interest to take extreme measures to

destabilize or overthrow the existing world order; thus the radical challenge hypothesis is rejected. Moreover, the US-China economic relationship is asymmetric, which underlies the structural crisis of the world economy. It is argued that BW2 [the revived Bretton Woods system] is not sustainable in the long term; thus, the status quo hypothesis is also rejected. After the global economic crisis, the China leadership demonstrated its concerns with the existing international order, particularly the obvious flaw of a unipolar dollar-based monetary system. In this sense, the convergence hypothesis seems implausible. By anticipating the scenario that China could eventually shift to a more sustainable development model and push the internationalization of the RMB to reform the current international monetary system, one might conclude that China's policy response is more inclined to the challenge hypothesis. Even so, it is still more proper to describe China as a 'dissatisfied responsible great power.' China's incremental reforms in both domestic and international domains after the global crisis reveal that China as a rising power is no longer a rule-taker, accepting the status quo with regard to the current arrangement of international monetary order. Rather, China is better viewed as some combination of a rule-maker (promoting global reforms of existing arrangements) and a rule-breaker (in that it is creating its own arrangements)."

**Wang, Zhaohui (2017): "The economic rise of China: Rule-taker, rule-maker, or rule-breaker?", Asian Survey 57(4), 595-617.**

### 39. The shifting baseline syndrome

"That's what scientists call 'Shifting Baseline Syndrome.' Each generation accepts their version of nature, plunders it, then leaves the next generation to accept the depleted version and so on.'

Madam President (2017) 3×16



### 40. World economy and Earth system science

"Earth system science arose in the 1990s and early 2000s as the planet began to be understood as a complex, evolving, unified system that was more than the sum of its parts. Crucial to the emergence of this new way of thinking was a dawning awareness about two fundamental elements of the way integrated Earth system functions support life. The first was that the Earth itself is a single system, within which the biosphere is an active and critical component. In other words, the presence of life itself on Earth is critical to the creation of the conditions that make this life possible. More than that, the system itself is created and sustained by biodiversity: the sum total of all the immensely variegated life on the planet. The second key realization was that human activities are now so pervasive and profound in their consequences that they affect Earth system function at a global scale 'in complex, interactive and accelerating ways'."

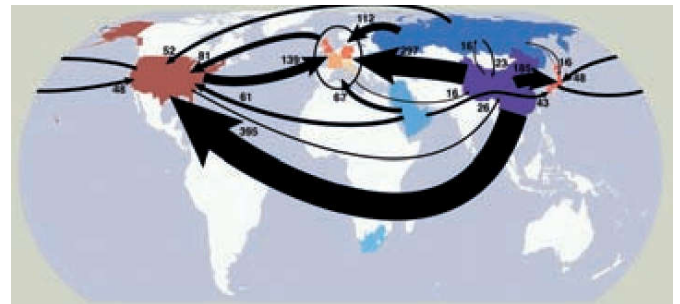
- Anthropocene: humanity has become a geological force that influences how the Earth system functions.
- Great acceleration: the massive impact of human activity on the Earth system after World War II.

- Planetary boundaries: limits within which planetary conditions remain sufficiently stable for humanity to live and operate safely, in the present and the foreseeable future.

“Changes in the composition of the Earth’s atmosphere are causing water to move more energetically through the global hydrological cycle, making the world’s water crises even more urgent to address. Until we lost the relative stability of the planetary water cycle, we had no idea how much we relied on that stability. Water is at the very centre of human existence (...) What we are discovering is the extent to which the fundamental function of our political structures and global economy are predicated on relative hydrologic predictability, especially as it relates to precipitation patterns that define water security. As a result of the loss of relative hydrologic stability, it is not just food production, energy use and biodiversity-based Earth system function that are disrupted. Political and economic stability is also at risk in a number of regions in the world (...) Hydro-climatic change has the potential to literally and fundamentally redraw the map of the world (...) The concern among climate scientists is that in the absence of Arctic sea ice, and with oceans warming, we appear to be approaching the point where we have warmed the planet enough that the Earth itself and its cold oceans have begun to literally sweat out greenhouse gases (...) The problem is that there are a lot of hydrocarbons in the ground in the Arctic, and most are kept trapped there by an imperfect cap of frozen ground and permafrost (...) What we appear to be facing in the Arctic is a carbon-release time bomb.”

**Sandford, Robert William; Jon O’Riordan (2017): *The hard work of hope. Climate change in the age of Trump*, RMB.**

“... there’s an important side effect of globalization to be considered: the shift it produces in the balance of greenhouse emissions. When a country imports consumer goods, should the emissions produced by the manufacture of those goods be assigned to the destination country rather than the supplier? If they were, the United States would leap back into its longtime role as the world’s leading greenhouse emitter, because so many of its household products are made in other countries, particularly China. In recent years, as much as half of the increase in China’s greenhouse emissions has arisen from the manufacture of exports.”



**Henson, Robert (2011): *The rough guide to climate change. The symptoms, the science, the solutions*, Rough Guides.**

#### 41. Western civilization = cancer for the Earth y

“Our civilization thus operates in the same way as a cancerous cell that goes on destroying the organism off which it lives.” (p. 3)

**de Rivero, Oswaldo (2010): *The myth of development. Non-viable economies and the crisis of civilization*, Zed Books.**

## 42. Big threats to 21st century world economy

Threat of scarcity and threat of abundance: ecological catastrophe (how it affects the future of life on Earth) and automation (how it affects the future of work in economies).

## 43. Limits to growth (Meadows et al., 2005)

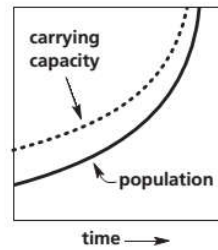
- **Increasing cost of sustaining growth.** An expanding population combined with an increasing accumulation of physical capital requires more resources to be diverted to cope with global ecological constraints (depletable natural resources and limited absorption capacity of emissions). This will eventually restrain the capacity of expanding production and the sustainability of economic growth.
- **Scenarios.** The inability to continuously sustain an expansion of production will cause a population contraction. (1) The end of growth take the form of a collapse (rapid decline in output, population, health and an increase in conflict, inequality, ecological devastation following a growth overshoot). (2) It may take the form of a smooth adaptation to the Earth's support capacity (through some corrective action).
- **The big question.** Has humanity already overshoot the Earth's carrying capacity (surpassed the global ecological constraints?).
- **Evidence of soft landing or apparent success in attaining sustainable growth?** During the last decades: new technologies to lower pollution have been developed, consumers have adapted habits, international agreements have been signed, new institutions have emerged, higher income levels have reduced population growth, more widespread awareness of environmental problems... humanity already overshoot the Earth's carrying capacity.
- **The global challenge.** A sustainable world economy demands that the poorer countries reach higher consumption levels. This transition will have to be accompanied with technological, social and political changes consistent with long run goals. Those changes will need decades, but meanwhile the ecological footprints of humanity becomes bigger.
- **Three outlooks.** (1) Optimism: with adequate information, people will choose the right solution (global solutions to avert overshoot or, at least, collapse). (2) Cynicism: people will not stop responding to just short term goals and will not sacrifice current welfare levels to benefit future generations (reality will be ignored). (3) Middle road: lessons will be learned the hard way (a sustainable path will be reached, and collapse averted, only after having suffered global crises resulting from inaction or insufficient responses, but at the price of exhausting resources, losing attractive options, suffering more inequality and tolerating more conflict).

## Dynamics of World3 (Meadows et al., 2005, ch. 4)

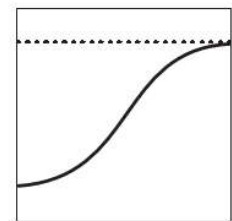
- **World3.** World3 is a model of the world economy by Meadows et al. (2005) "to understand the broad sweep of the future": the ways in which the world economy will interact with the Earth's carrying capacity over many decades.

- **Ways to approach the carrying capacity.**

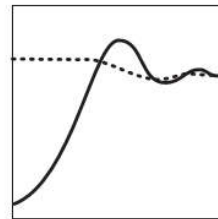
Continuous growth, convergence to the carrying capacity from below, overshoot with cyclical convergence and overshoot followed with collapse (see the chart on the right). The authors believe that the world economy is already above the Earth's carrying capacity (overshoot).



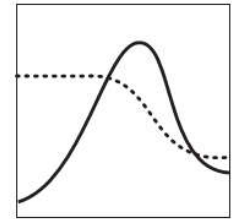
a) Continuous Growth



b) Sigmoid Approach to Equilibrium



c) Overshoot and Oscillation



d) Overshoot and Collapse

- **Feedback loops.** Figs. 1 and 2 below show the feedback relationships regulation population growth and capital accumulation. Fig. 1 displays the connection between population and capital that goes through agriculture; Fig. 2, the one that goes through resources and services.

- **Scenario 1.** In Scenario 1 (see Fig. 3) the computer model World3 is run with parameter values that represent the continuation of the path the world economy followed during the 20th century. Population and production increase until the resource limit is reached. The impossibility of maintaining resource flows lead to a fall in output and life expectancy and a rise in death rates.

- **Scenario 6.** In Scenario 2 (see Fig. 4) the economy develops simultaneously (costly) technologies for pollution abatement, land yield enhancement, land protection, and conservation of nonrenewable resources. Full implementation of these technologies takes two decades but in the end the economy is relatively large and prosperous (though below the top level ever reached).

**Meadows, Donella; Jorgen Randers; Dennis Meadows (2005): *Limits to growth. The 30-year update, Earthscan.***

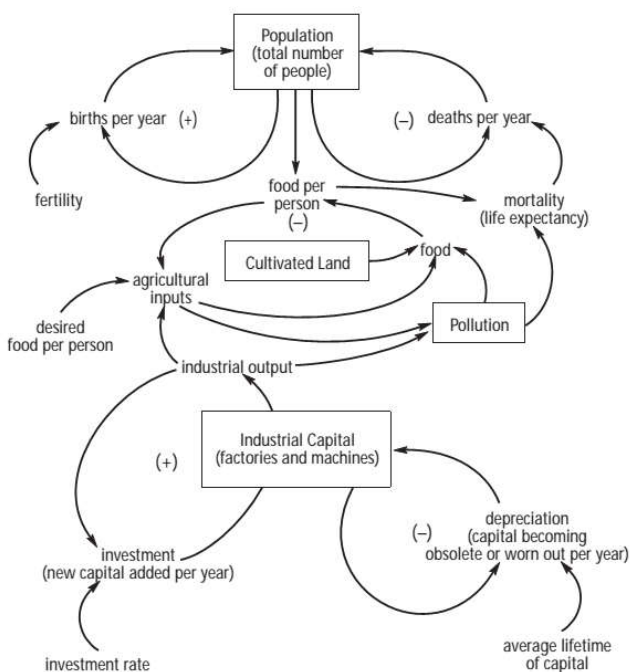


Fig. 1. Feedback Loops of Population, Capital, Agriculture, and Pollution (Meadows et al., 2005, p.144)

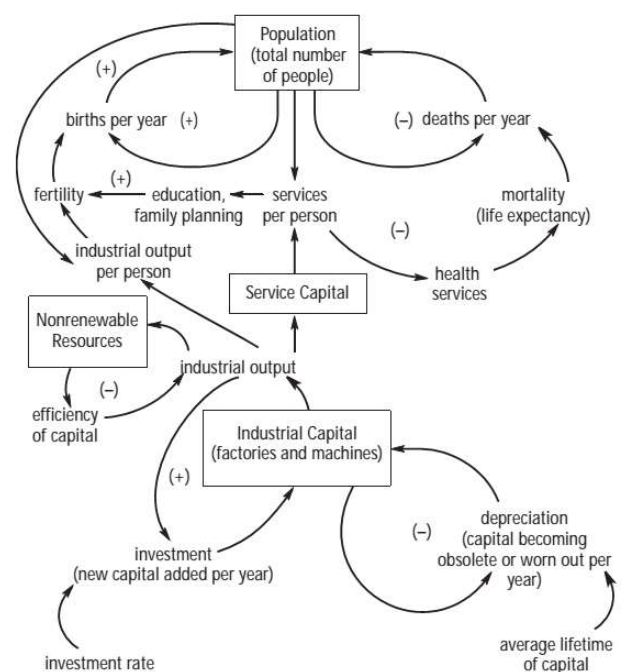


Fig. 2. Feedback Loops of Population, Capital, Services, and Resources (Meadows et al., 2005, p.145)

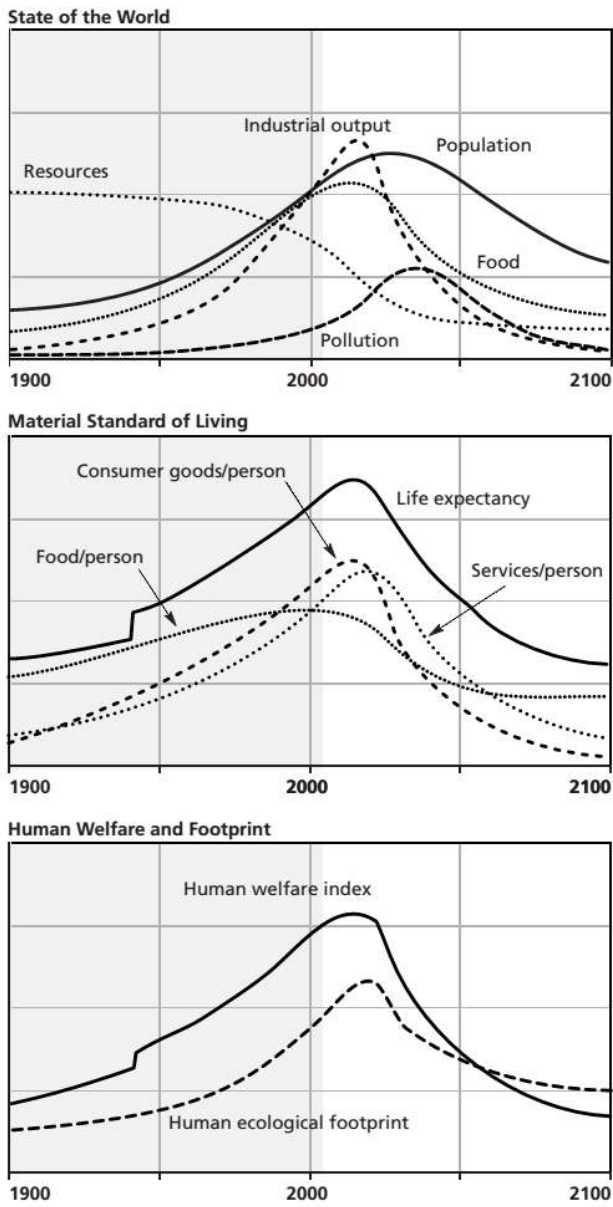


Fig. 3. Scenario 1 of World3 (Meadows et al., 2005, p.169)

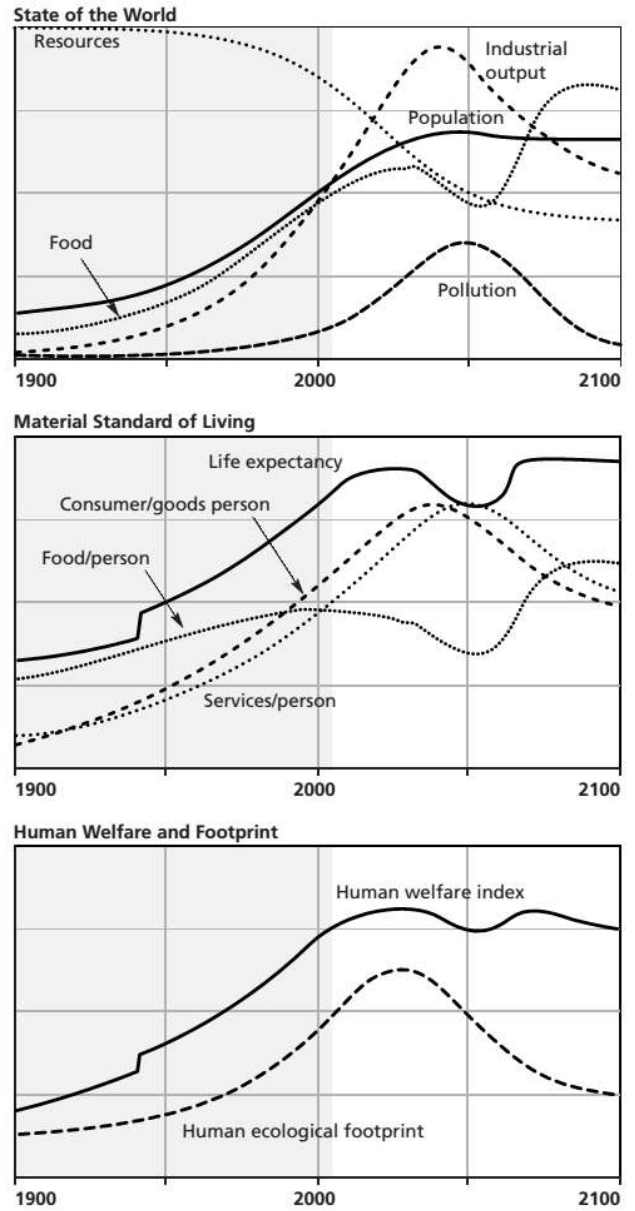
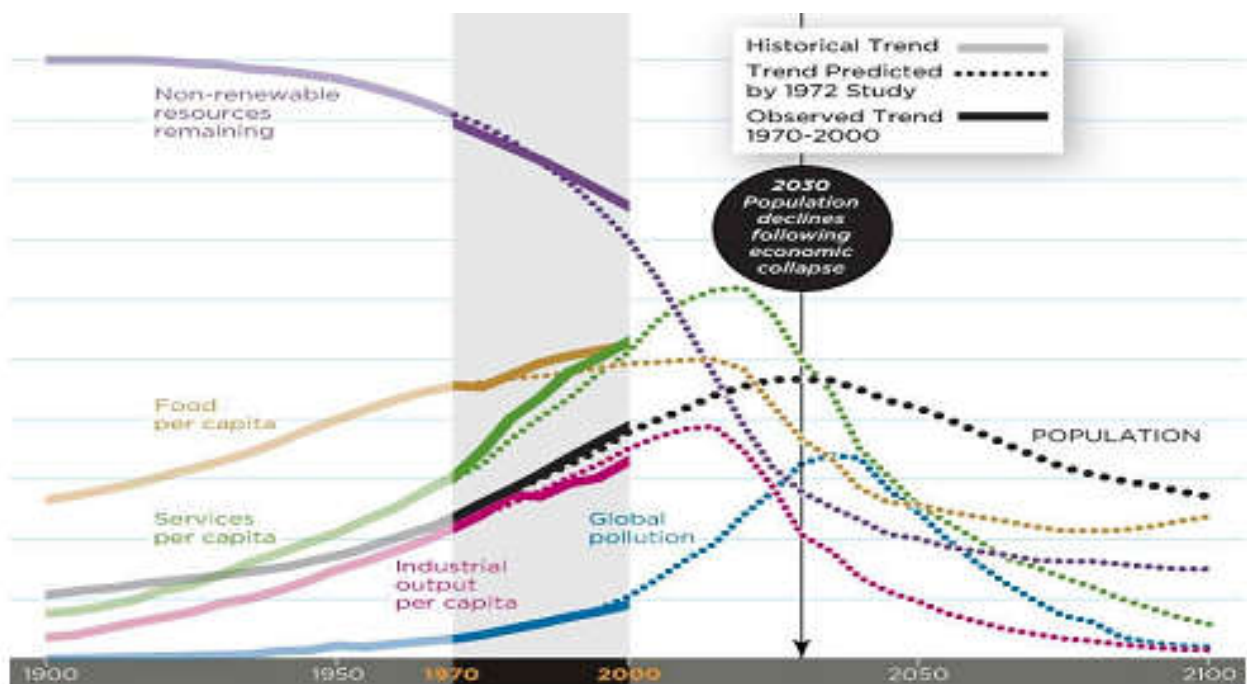


Fig. 4. Scenario 6 of World3 (Meadows et al., 2005, p.219)



The Limits to Growth Standard Run, from World 3 model, with update to 2000

“A comparison of The Limits to Growth with 30 years of reality”, Journal of Global Environmental Change, 2008, 387-411, <http://www.smithsonianmag.com/science-nature/Looking-Back-on-the-Limitsof-Growth.html>

**Maxton, Graeme (2019): *Change! Why we need a radical turnaround*, 2nd ed., Komplet-Media.**

#### 44. Ecological collapse

“The greatest risk to humanity in coming decades is the risk that we may continue to damage our environment to a degree incompatible with our current standard of living, or even incompatible with our existence.” All pre-industrial societies were vulnerable to collapse: a local intense decrease in human population and/or in political, economic, or social complexity.

- Easter Island is a spectacular historical example of collapse. When humans settled, the environment was rich; eventually, forest were completely cleared and most bird species become extinct. Other examples: Mangaia, Mangareva, Rapa, low Marquesan islands, parts of New Caledonia, parts of Fiji. In some islands in the Pacific the result was complete abandonment. Some Native American societies (like the Anasazi) in the U.S. Southwest before 1492 constitute another example of collapse.
- Despite the fact that societies apparently tend to approach the margin of what the environment can support, in the past collapse was not the necessary outcome: many societies have existed continuously for thousands of years without any signs of collapse (Japan, Java, Tonga, Tikopia, Tahiti, Rarotonga). Are modern (technological advanced societies) immune to collapse?
- Why, when environmental disaster seems apparent, measures are not always taken to avert disaster? How to differentiate environmental factors (deforestation, salinization, soil nutrient exhaustion, drop of water tables, drought) behind collapse from cultural/social factors?

**Diamond’s (2000) explanation of collapse:** “... people living in fragile environments, adopting solutions that were brilliantly successful and understandable in the short run, but that failed or else created fatal problems in the long run when confronted with external environmental changes or human-caused environmental changes that people without written histories or archaeologists could not have anticipated.” “Past societies faced frequent ecological crises of small amplitude over small areas. Modern global society faces less frequent but bigger crises over larger areas.”

**Diamond, Jared (2000): *Ecological collapses of pre-industrial societies*, Tanner Lectures on Human Values.**

#### 45. Kenneth Boulding’s theorems on population

- **The Dismal Theorem.** If the only ultimate check on the growth of population is misery, then the population will grow until it is miserable enough to stop its growth.
- **The Utterly Dismal Theorem.** Technical improvements can only relieve misery temporarily: since, by The Dismal Theorem, misery will ultimately check population, the final result of any

technical improvement is increase the amount of people that will live in misery and, accordingly, the total amount of human misery.

- **The Moderately Cheerful Form Dismal Theorem.** If misery and starvation is not the only way to keep a prosperous population in check, population does not have to grow until it is miserable and starves, so it can be stably prosperous.

#### 46. Bartlett's Laws of Sustainability

- "Population growth and/or growth in the rates of consumption of resources cannot be sustained".
- "The larger the population of a society and/or the larger its rates of consumption of resources, the more difficult it will be to transform the society to a condition of sustainability". These two laws imply that the concept of sustainable growth is an oxymoron.

**Bartlett, Albert A. (1998): "Malthus marginalized: The massive movement to marginalize the man's message", *The Social Contract*, 239-252**

**Boulding, Kenneth (1971): "Foreword to T. R. Malthus, *Population, The First Essay*", in *Collected Papers, Vol. II, Colorado Associated University Press, Boulder*, pp. 137-142.**

**Bartlett, A.A., (1994), "Reflections on sustainability, population growth, and the Environment", *Population & Environment* 16(1), pp. 5-35.**

#### 47. Herman Daly's Impossibility Theorem

"It is impossible for the world economy to grow its way out of poverty and environmental degradation. In other words, sustainable growth is impossible."

#### Magdoff and Foster's corollary to Herman Daly's Impossibility Theorem

Magdoff and Foster (2011, p. 7) corollary to Herman Daly's Impossibility Theorem of unlimited economic growth in a limited environment: "The continuation for any length of time of capitalism, as a grow-or-die system dedicated to unlimited capital accumulation, is itself a flat impossibility". "We are constantly being told by the vested interests (...) that capitalism offers the solution to the environmental problem: as if the further growth of capital markets, green consumption, and new technology provide us with miraculous ways out of our global ecological dilemma. Such views are rooted in an absolute denial of reality."

**Magdoff, Fred; John Bellamy Foster (2011): *What every environmentalist needs to know about capitalism. A citizen's guide to capitalism and the environment*, Monthly Review Press.**

#### 48. The catastrophic convergence

"Climate change arrives in a world primed for crisis. And the political responses to climate change increasingly take the form of ethnic, religious, or class violence in the form of banditry, rebellion, warfare, state repression and general militarisation. This is because the current and impending

dislocations of climate change intersect with the already existing crises of poverty and inequality left by thirty years of neoliberalism, and the violence and tattered social fabric left by Cold War-era military conflicts. I call this collision of political, economic and environmental disasters the ‘catastrophic convergence.’”

“Societies, like people, deal with new challenges in ways that are conditioned by the traumas of their past. Thus damaged societies, like damaged people, often respond to new crises in ways that are irrational, short-sighted and self-destructive. In the case of climate change, the past traumas that set the stage for bad adaptation – a destructive social response– are Cold War-era militarism and the economic pathologies of neoliberal capitalism. Over the last forty years, both these forces have distorted the state’s relationship to society –removing and undermining the state’s collectivist, regulatory and redistributive functions– while overdeveloping its repressive and military capacities. And this, I contend, seriously challenges society’s ability to avoid violent dislocations as climate change kicks in.”

“Societies suffering from continued neoliberal austerity measures, and a new round of counter-insurgency now delivered under the framework of the war on terror, cannot be expected to address the implications of climate change. Real mitigation likewise requires moving away from an unbridled free market economic orthodoxy that is only hindering our attempts to cope with climate change.”

**Parenti, Christian (2015): “The catastrophic convergence: Militarism, neoliberalism and climate change,” ch. 1 in Buxton, Nick; Ben Hayes; eds. (2016): *The secure and the the dispossessed. How the military and corporations are shaping a climate-changed world, Pluto.***

## 49. The imperial mode of living

“By [imperial mode of living] we aim to understand both the persistence and, at the same time, crisis-deepening patterns of production and consumption that are based on an– in principle– unlimited appropriation of the resources and labour capacity of both the global North and the global South and of a disproportionate claim to global sinks (like forests and oceans in the case of CO<sub>2</sub>).”

“We argue that the increase of productivity and material prosperity in the capitalist centres depends on a world resource system and international division of labour that favours the global North and is rendered invisible through the imperial mode of living, so that the domination and power relations it implies are normalized. Since the beginning of industrial capitalism, the imperial mode of living gained certain stability and hegemony at the cost of environmental destruction and the exploitation of labour. Societal relations as well as societal nature relations were stabilized (...) due to its environmentally and socially unsustainable character.

(...) Due to the imperial mode of living and its global spread, societies seem to be approaching the limits to capitalist nature. This does not necessarily mean that the imperial mode of living is leading into a great crash. The limits are not absolute (...) The authoritarian stabilization of the imperial mode of living is not the only strategy to cope with the multiple crises and to shift the limits to capitalist nature in an exclusive manner. Another one (...) is the selective ecological modernization of the imperial mode of living which may result in what can be called a *green capitalism.*”

**Brand, Ulrich; Markus Wissen (2018): *The limits to capitalist nature. Theorizing and overcoming the imperial mode of living*, Rowman & Littlefield.**

## 50. Total extractivism: 'techno-capitalist transformation engulfing the planet'

"The earth and its inhabitants are on a trajectory of cascading socio-ecological crisis driven by techno-capitalist development (...) Total extractivism denotes how the techno-capitalist world system harbors a rapacious appetite for all life—total consumption of human and non-human resources—that destructively reconfigures the earth."

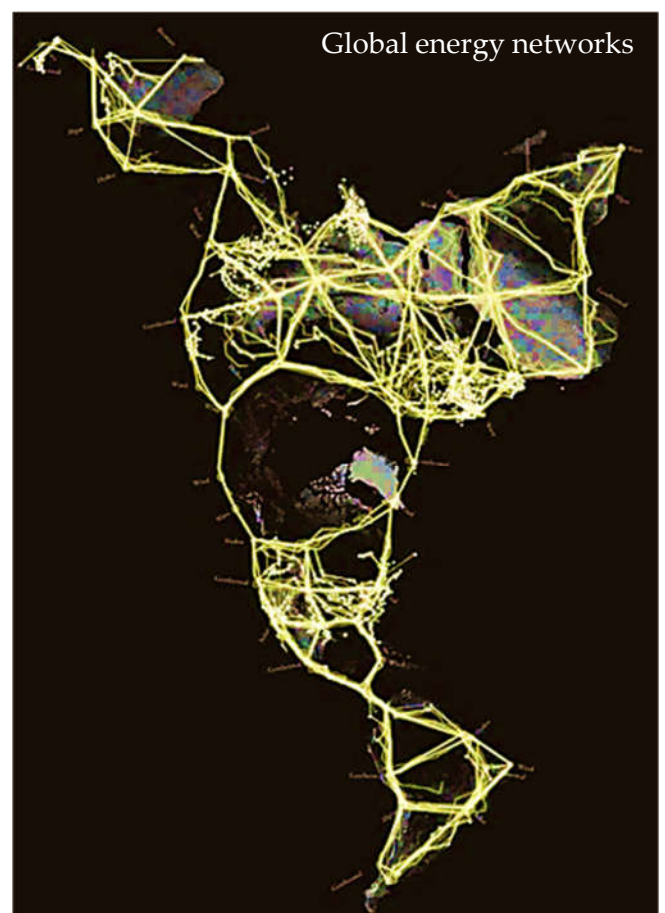
"*Total extractivism* (...) is the imperative driving the global capitalist economy, centered on the deployment of violent technologies aiming at integrating and reconfiguring the earth and absorbing its inhabitants, meanwhile normalizing its logics, apparatuses and subjectivities, as it violently colonizes and pacifies various natures (...) The technocapitalist system indeed has the tension of *totalizing*. It harbors a rapacious appetite for all life, desiring the total consumption and reconfiguring of the earth centered on bureaucracy, industrial/cybernetic production and market relations that maintains a hyper-destructive growth imperative that produces a grotesque earthly product. Capitalism—past, present and future—attempts to devour all vitality: plants, animals, humans, hydrocarbons, minerals and just about anything 'seen', valued or revalued by the state and its appendages. Capitalism, in other words, colonizes the earth as it appropriates, expropriates and extinguishes the entirety of the earth's resources."

"This World System—this techno-capitalist industrial system—is in fact a monster."

"The highest priority of the Worldeater, or the imperative of technocapitalist industrial progress, is thus acquiring, transforming and controlling natural resources, frequently deemed a 'strategic', 'critical' or a 'national security' interest."

"The Worldeater—techno-capitalist progress—exists and subsists on war, violence and trauma (...) If there is one thing the long techno-capitalist trajectory (...) teaches us, it is that we should not underestimate the cunning, shapeshifting and ever-evolving ability to devise new violent technologies that not only repress human agency, but also possess it. Social engineering is a technical term for possessing human agency. The Worldeater is a conversation of possession, addiction, dependency and blindness that are accomplished through civil-military interventions (...) and solidified by politics."

"The imperative of total extractivism, moreover, reveals the false claims of 'greening' as the renewable energy-extraction nexus suggests. The green economy emerges as a worldeating device

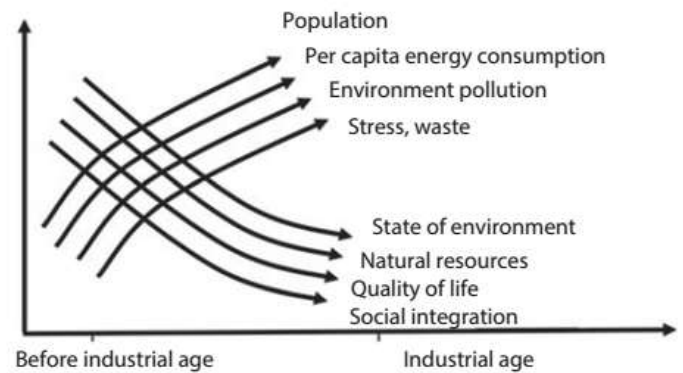


and a violent technology of extraction. Few fabrications are more successful at present than the pretensions of this green economy.”

**Dunlap, Alexander; Jostein Jakobsen (2020): *The violent technologies of extraction. Political ecology, critical agrarian studies and the capitalist worldeater*, Palgrave Macmillan.**

## 51. Responses by the world’s political leaders to global warming political dilemma

- **Plan A:** business as usual indefinitely, until the Earth becomes hell and civilization extinguishes (the plan currently followed).
- **Plan B:** the equivalent to a wartime mobilization to cut carbon emissions rapidly and restructure the world energy economy: “if Plan B is carried out, living in our world will be, while unpleasant, not hell – physicist Joe Romm has called it ‘Planetary Purgatory.’”
- **Plan C:** “the present political leaders of the United States – along with those of China, the other chief emitter of CO<sub>2</sub>– will delay. Thinking that the scientists’ predictions might be wrong, they take a wait-and-see approach.”



**Figure 3.8** Our current epoch is an epic failure of intangible values.

“It is possible that, although Plan C would result in a hellish existence, it might allow us, if we are lucky, to avoid extinction. More likely, however, the results would ultimately be no different from those of Plan A. The only rational option, therefore, is Plan B.”

**Griffin, David Ray (2015): *Unprecedented: Can civilization survive the CO<sub>2</sub> crisis?*, Clarity Press.**

“In my view, macroeconomics as currently practised has only served to fictionalise the world and encourage policy interventions (or lack of them) that have served the elites – widened inequality, impoverished communities, hastened the damaging impacts of climate change, hastened the emergence of the labour market precariat and more.”

<https://billmitchell.org/blog/?p=61636>

## 52. North-South gap

The North-South gap (or North-South divide) refers to the fact that most rich and developed countries lie above the equator and most of the least developed and poor countries lie below; see Figs. 4 and 5.

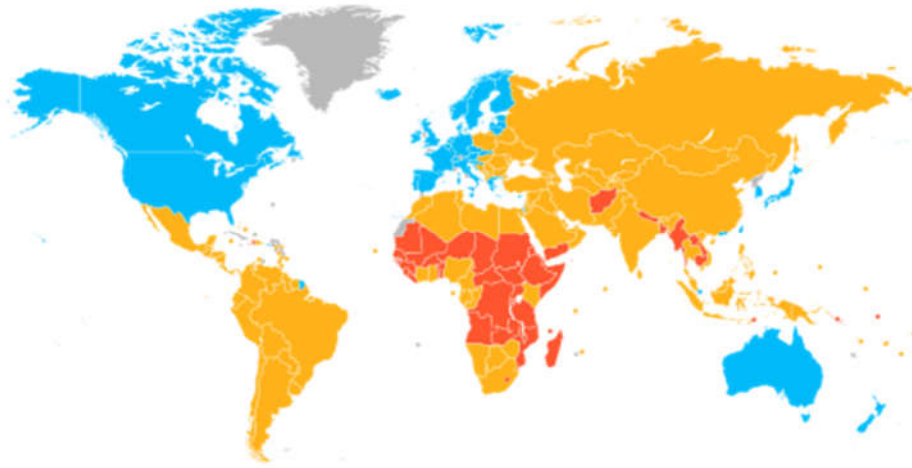


Fig. 4. Global North and Global South  
[https://en.wikipedia.org/wiki/Global\\_North\\_and\\_Global\\_South](https://en.wikipedia.org/wiki/Global_North_and_Global_South)

[44 countries]  
 Africa 32, Asia 8, Caribbean 1 and Pacific 3

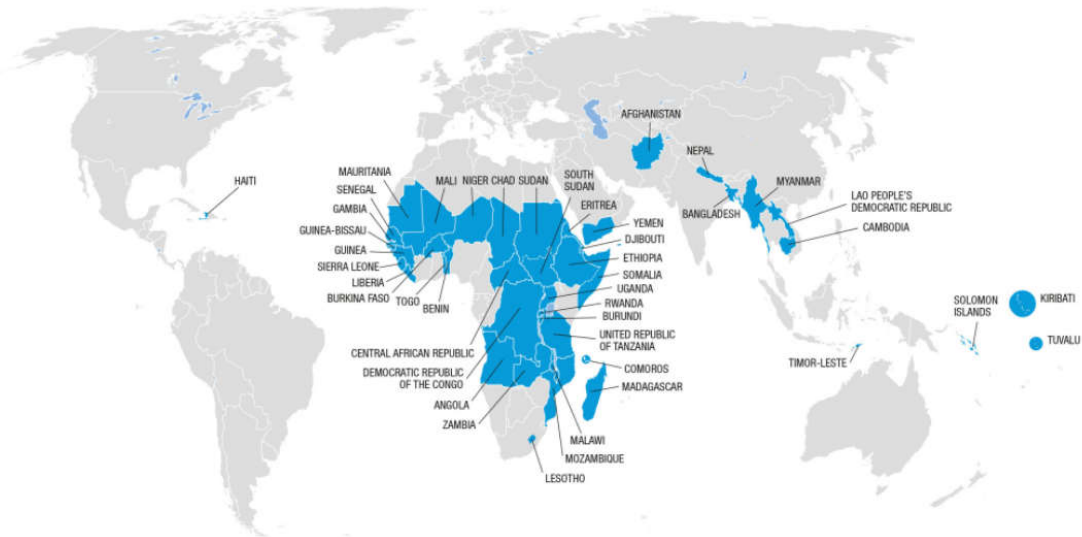


Fig. 5. Map of the least developed countries  
<https://unctad.org/topic/least-developed-countries/map>

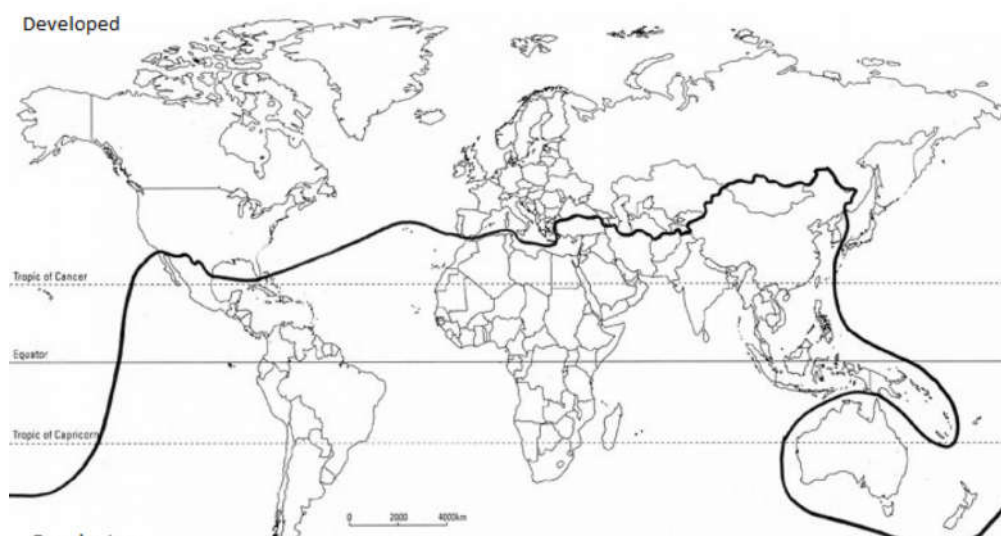


Fig. 6. The original Brandt line  
<https://www.bisa.ac.uk/articles/brandt-line-after-forty-years-more-north-south-relations-change-more-they-stay-same>

The Brandt line (from a 1980 report by Willy Brandt, [https://en.wikipedia.org/wiki/Brandt\\_Report](https://en.wikipedia.org/wiki/Brandt_Report)) separated the developed North from the less developed or developing South; see Figs. 6 and 7.

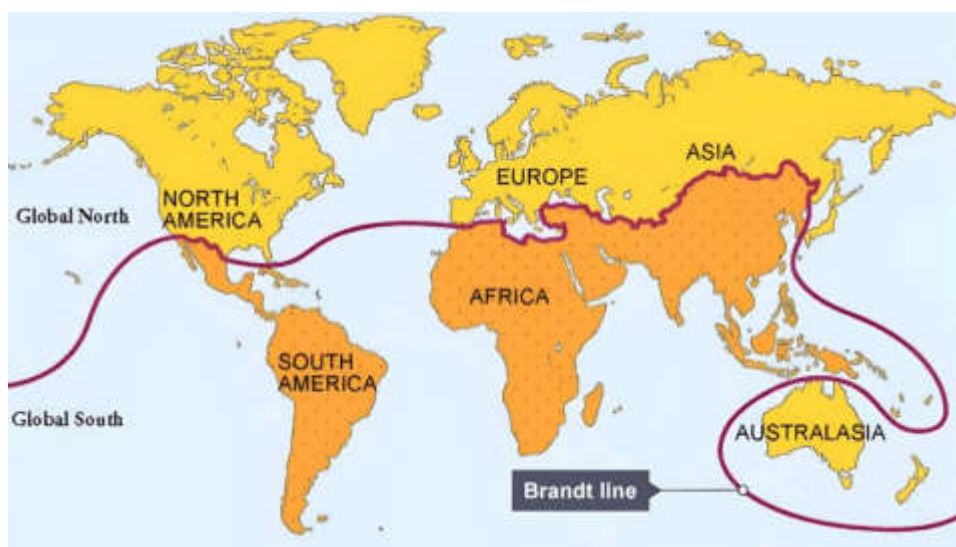


Fig. 7. The original Brandt line

<https://bigthink.com/strange-maps/brandt-line-update/>

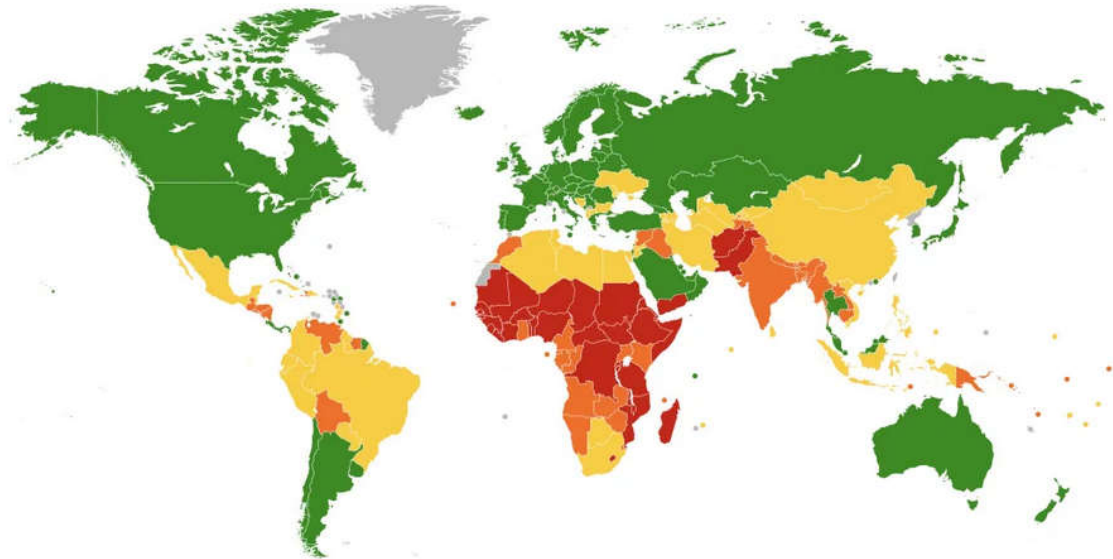
Using the Human Development Index (Fig. 8), an updated Brandt line has been suggested (Fig. 9).

“Every decade seems to bring with it a new set of arguments that the North-South divide is no longer relevant, or that its irrelevance is imminent. A perennial claim is that the global South is a transitory category because less economically developed societies should experience ‘catch-up growth’ and move towards the income levels of earlier waves of industrialisers.

Some have claimed that catch-up growth is conditional on adopting the right policies, implying that the South will separate into different strata based on policy choices. But evidence for catch-up growth as a general pattern has been elusive and the debate among economists continues. Another wave of research in political economy and sociology investigated whether globalisation was decreasing or increasing inequality worldwide.

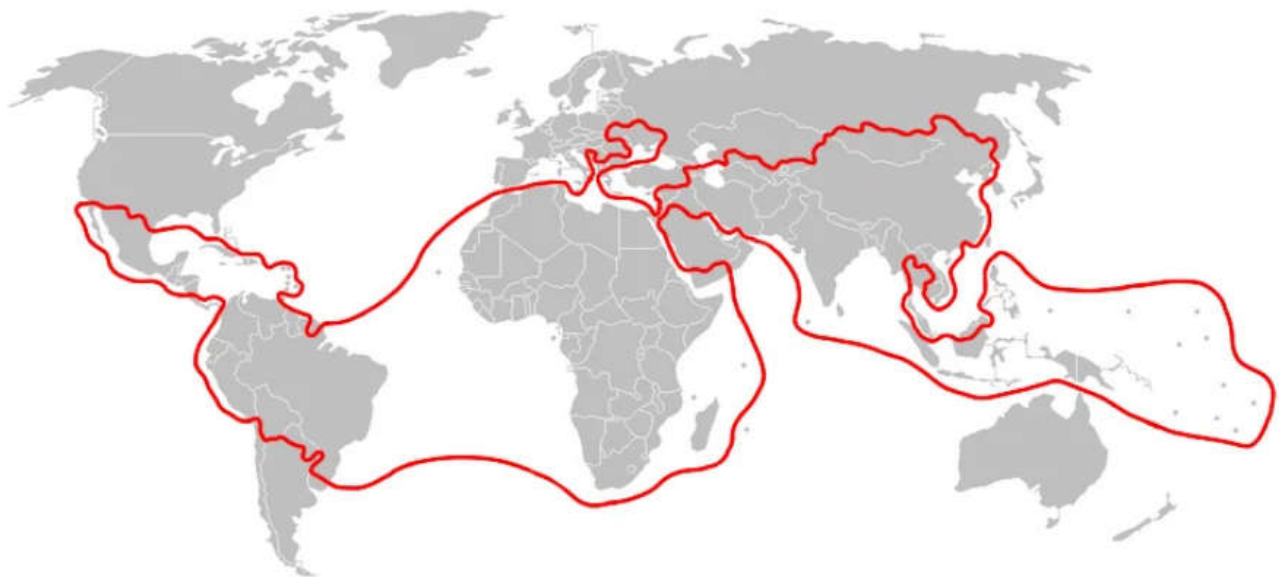
The findings of this research tended to be quite nuanced: rising within-nation inequality might have offset falling international inequality, with the ‘lower South’ catching up with the middle income ‘upper South’ rather than the South catching up with the North as a whole.”

<https://www.bisa.ac.uk/articles/brandt-line-after-forty-years-more-north-south-relations-change-more-they-stay-same>



The UN's 2022 Human Development Index: green is "very high" (>0.8), yellow is "high" (0.7-0.799), orange is "medium" (0.55-0.699), and red is "low" (<0.549). (Credit: AttendoYT, CC BY-SA 4.0)

Fig. 8. The United Nations Human Development Index  
<https://bigthink.com/strange-maps/brandt-line-update/>



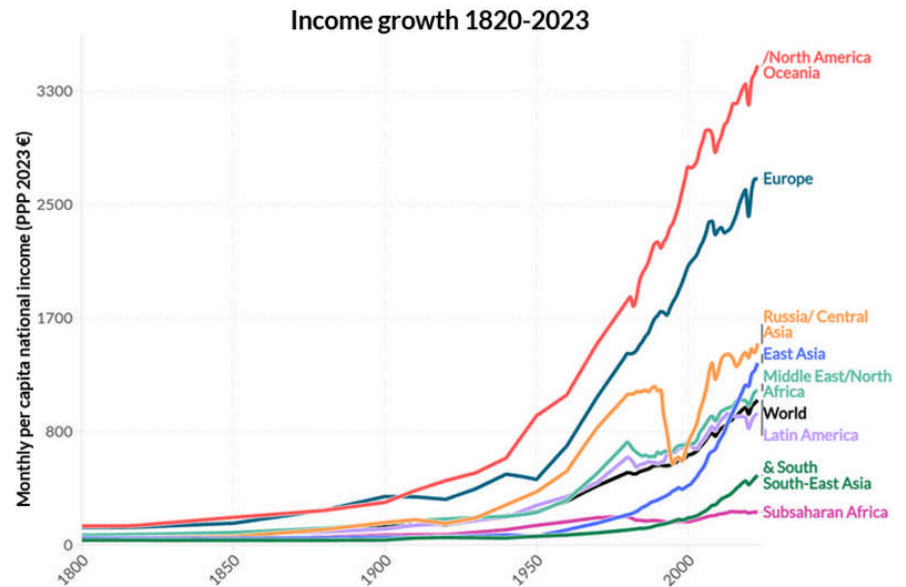
The New Brandt Line, based on the HDI data – not sure whether it will catch on. (Credit: zzz\_ch/Reddit)

Fig. 9. A new Brandt line  
<https://bigthink.com/strange-maps/brandt-line-update/>

“In the Americas, Chile and Argentina have joined the Global North. In Europe, Turkey is in, but large parts of the Balkans (Bosnia, Albania, North Macedonia, Bulgaria), Moldova, and Ukraine, as well as the Southern Caucasus (Armenia and Azerbaijan), have gone ‘South.’ With the exception of war-torn Yemen, the entire Arabian Peninsula has gone in the opposite direction. In East Asia, Thailand, Malaysia, Singapore, Hong Kong, Brunei, and South Korea have joined the North. Africa is the only continent that remains entirely stuck in one camp — unfortunately, the one below HDI 0.8.”

The North-South divide testifies to the fact that the global economy is not symmetric, just like national economies. Most of them suffer from territorial inequalities. From instance, in Spain, France, Italy... there is a richer geographical north and a relatively poorer geographical south; in the UK, the regions seems inverted (the souther regions are wealthier); in China, the distinction is between a richer east (the coastal regions) and a poorer west (the inner territories).

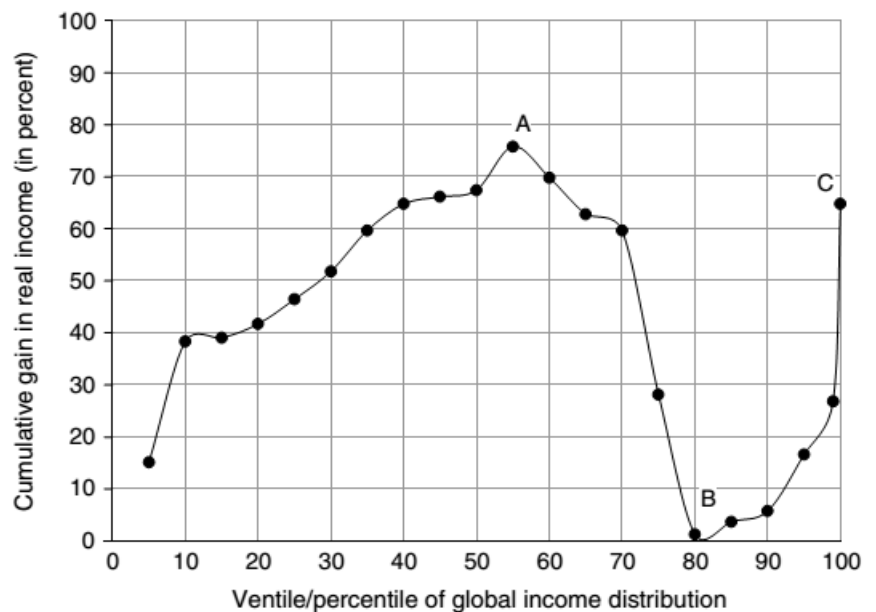
The graph on the right displays the historical dynamics of income (GDP) growth by regions. The North-South gap is the result of this dynamics of growth: the North started to grow before and the South has globally failed to converge.



<https://wid.world/news-article/10-facts-on-global-inequality-in-2024/>

### 53. The elephant curve

As with most economic events, globalization has not distributed its gains evenly. The 'elephant curve' (also known as the Lakner-Milanovic graph or the global growth incidence curve,) is a graph showing who has benefited more from globalization: the curve illustrates the unequal distribution of income growth for different income groups.



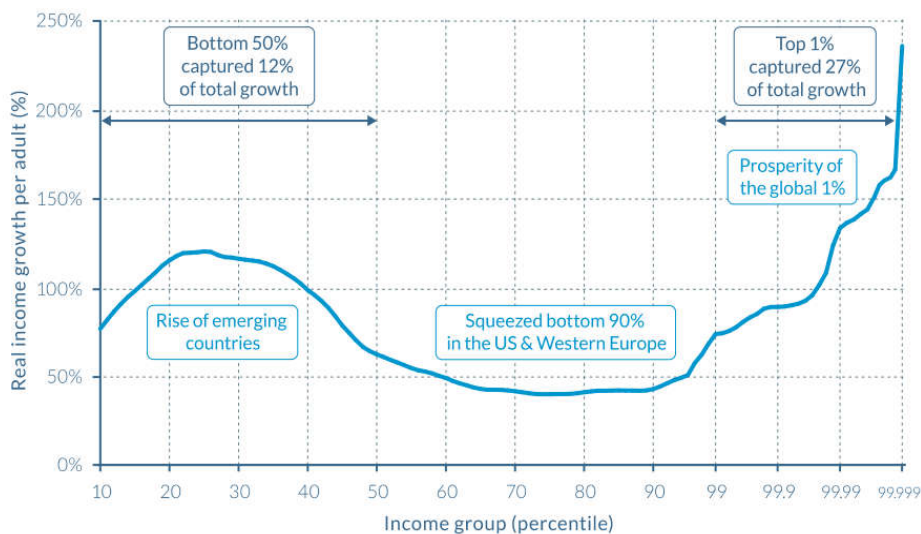
The *elephant curve* on the right shows the percentual gain in real per capita income between 1988 and 2008 (the high globalization period). The horizontal axis ranks people in the world from the poorest (extreme left) to the richest (extreme right). The maximum gain (point A) is near the median (people slightly above the 50th percentile of the global income distribution) and for the richest (the top 1%, point C). The minimum gain (point B) corresponds to the global 80th percentile (most of it in the lower middle class of the rich countries) this asymmetry.

- **Beneficiaries of globalization (1988-2008).** (1) People between the 40th and the 60th percentile (1/5 of the world population). Most members in this group belong to Asian economies (China, India, Thailand, Vietnam, and Indonesia): the emerging global middle class. Hence, the Asian

poor and middle classes define the great winners of globalization. (2) The global very rich (the global plutocrats).

- **The least benefited from globalization (1988-2008).** (1) The global poor (located in the countries that are not rich). (2) The global lower middle classes (most of whom live in the rich countries). Thus, the great losers of globalization are the lower middle classes and the poorer segments of the rich world.

Figs. 10-11 next update/extend the previous one, confirming the unequal distribution of gains. Hence, they provide some evidence for the claim that capitalist economic growth is not consistent with the fair, symmetric distribution of what growth generates.



“The vertical axis shows the total real income growth between 1980 and 2016 for each percentile of the global distribution of income per adult. The bottom 10 percentiles are excluded as their income levels are close to zero. The top 1% is divided into smaller groups (up to the top .001%) so as to better account for its share in total global growth captured”.

Fig. 10. The elephant curve of global inequality and growth, 1980-2016 (WID.world) World inequality report, <https://wir2018.wid.world/>

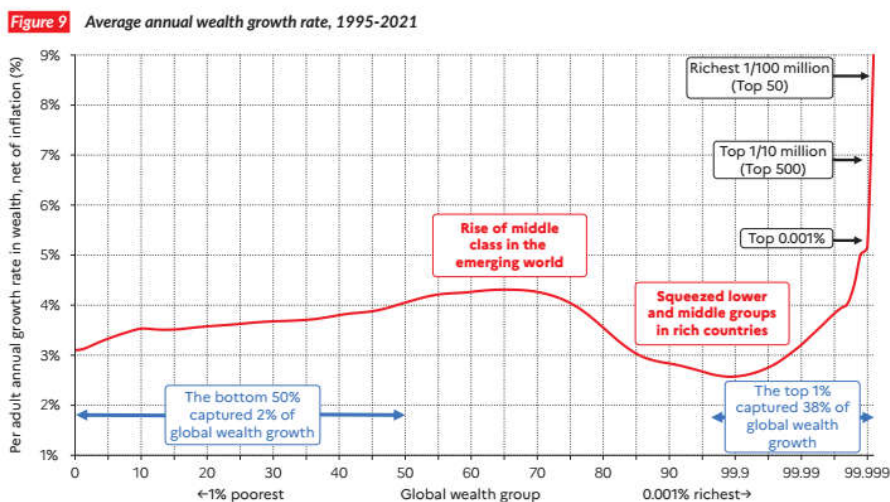


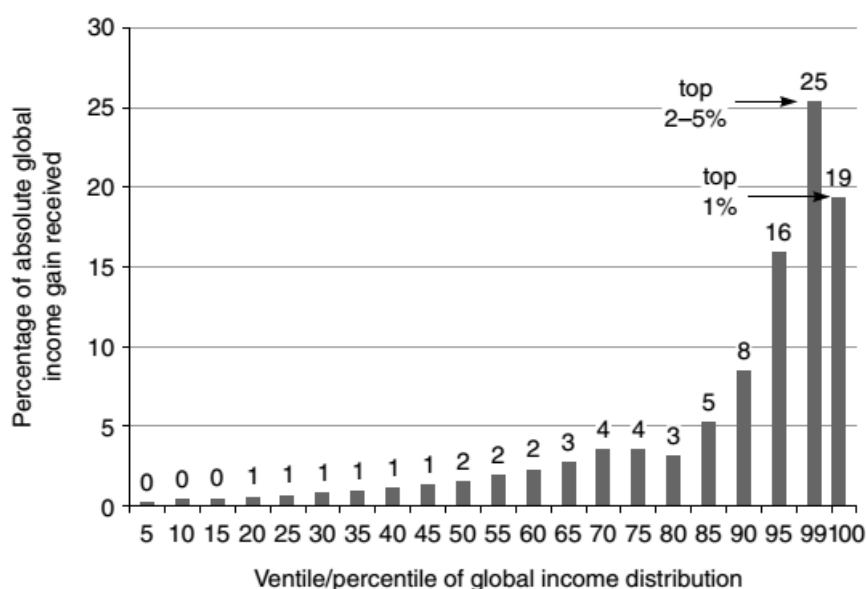
Fig. 11. The elephant curve of global inequality and growth, 1995-2021

“Interpretation: Growth rates among the poorest half of the population were between 3% and 4% per year, between 1995 and 2021. Since this group started from very low wealth levels, its absolute

levels of growth remained very low. The poorest half of the world population only captured 2.3% of overall wealth growth since 1995. The top 1% benefited from high growth rates (3% to 9% per year). This group captured 38% of total wealth growth between 1995 and 2021. Net household wealth is equal to the sum of financial assets (e.g. equity or bonds) and non-financial assets (e.g. housing or land) owned by individuals, net of their debts.” World inequality report 2022

**Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, Gabriel Zucman(2017): “The elephant curve of global inequality and growth”, WID.world Working Paper N° 2017/20.**

The elephant curve pays attention to relative gains: income growth. But absolute gains also matter. In passing from 1000 to 1100, the relative gain is 10%, whereas in passing from 10 to 50 the relative gain is 400%. Yet, in the first case, the absolute gain (100) more than doubles the absolute gain in the second case (40). The chart on the right shows how the total increment in income between 1988 and 2008 has been distributed by global income level. It indicates that around the 44% of all the gains have been received by the richest 5% of the world population (the top 1% receiving 19% of the income rise). The other beneficiaries of globalization (the emerging global middle class) pocketed only between 2 and 4%.



## 54. Piketty’s theory of inequality

Thomas Piketty (2014) has suggested a simple theory of inequality in connection with GDP and financial growth: the fundamental inequality of capitalism. In Piketty’s  $r > g$  theory of inequality,

- the symbol  $r$  stands for an average rate of return on holdings of wealth over long periods (average return of stocks, corporate bonds, savings accounts, government bonds, real estate, other financial assets...); and
- the symbol  $g$  is the GDP growth rate and can be interpreted as the average speed at which incomes in an economy grow.

Piketty’s theory is that inequality increases when  $r$  grows faster than  $g$ . With  $r > g$ , wealth grows more than income; and as wealth is distributed more unequally than income, a wealth growth faster than income growth contributes to an increase in inequality: the rewards to the owners of wealth are larger than the income that, on average, generates the economy.

A simple, formal version of Piketty’s theory is based on the following definitions.

aggregate income = salaries + profits

$$Y = W + P$$

rate of return = profits / capital

$$r = \frac{P}{K}$$

capital tomorrow = capital today + investment

$$K' = K + I$$

investment = savings rate · income

$$I = sY$$

income tomorrow = income today · (1 + income growth rate)  $Y' = Y(1 + g)$

Let  $\alpha = \frac{P}{Y}$ ,  $\beta = \frac{K}{Y}$  and  $Y = \frac{Y}{L}L$ , where  $L$  is population and  $\frac{Y}{L}$  is average (labour) productivity. Given that  $Y = W + P$  presumes that GDP (aggregate income) is distributed between workers (as salaries) and businessmen (as profits), the ratio  $\alpha$  is the business share in GDP: the fraction of aggregate value that accrues to businesses. Ratio  $\beta$  represents the fraction of GDP that is accumulated (as investment goods).

Therefore,  $g \approx \lambda + n$ : income growth  $g$  is approximately equal to productivity growth  $\lambda$  plus population growth  $n$ . As  $r = \frac{P}{Y} \frac{Y}{K}$ , it follows that  $r = \alpha/\beta$  or, equivalently,

$$\alpha = r\beta$$

which Piketty calls 'the first fundamental law of capitalism': the larger the rate of return  $r$  or the fraction of GDP accumulated as capital, the larger share in the aggregate income pie that businesses get. Moreover,

$$\frac{K'}{Y'} = \frac{K + I}{Y'} = \frac{K}{Y'} + \frac{I}{Y'} = \frac{K}{(1 + g)Y} + \frac{sY}{(1 + g)Y} = \frac{1}{1 + g} \frac{K}{Y} + \frac{s}{1 + g}.$$

At a stationary state,  $\frac{K'}{Y'} = \frac{K}{Y} = \beta$ . Hence, solving for  $\beta$ , it is obtained Piketty's 'second fundamental law of capitalism' or dynamic law of accumulation:

$$\beta = \frac{s}{g} \approx \frac{s}{\lambda + n}$$

A falling share  $\frac{W}{Y}$  of wages in income can be interpreted as a rise in inequality: capital (the business sector) gets an increasing larger portion of income. From  $Y = W + P$ ,  $1 = \frac{W}{Y} + \frac{P}{Y} = \frac{W}{Y} + \alpha$ . As a result,

$$\frac{W}{Y} = 1 - \alpha = 1 - r\beta = 1 - \frac{sr}{g} \approx 1 - \frac{sr}{\lambda + n}.$$

The above equation indicates that the wage share  $\frac{W}{Y}$  decreases (inequality goes up) when:

- (i) the savings rate  $s$  rises;
- (ii) the rate of return  $r$  rises;
- (iii) the rate of growth  $\lambda$  of labour productivity falls;
- (iv) the rate of growth  $n$  of population falls; or

(v) the rate of growth  $g$  of the economy declines (this is a combination of (iii) and (iv)).

• **Forces of convergence and divergence in market economies.** With a constant  $s$ , the dynamics of inequality is explained by the evolution of the private rate of return  $r$  on capital and the rate of growth  $g$  of income. Having  $r > g$  implies that wealth accumulated in the past grows faster than income (and wages). That capital tends to expand itself more rapidly than the economy is the principal force of divergence (and inequality). The diffusion of knowledge and skills is a powerful force of convergence (and social stability).

• **Piketty's claims**

- (1) The growth (or contraction) of an economy's wealth-to-annual-income ratio ( $\beta = K/Y$ ) is the quotient  $s/g$  between the net savings (the accumulation rate) and the economy's growth rate.
- (2) Wealth is eventually concentrated in the hands of a small group: the larger  $\beta$ , the more unequal the distribution of wealth.
- (3) An unequal distribution of income is the consequence of an unequal distribution of wealth: the privileged small group will steer political decisions on their behalf, to prevent the rate of profit from falling.
- (4) The privileges of the small group will be preserved through inheritance.
- (5) When wealth is inherited, the small privileged group will possess great influence (politically, economically, socioculturally) that will most likely be exercised to the detriment of the majority. "The process by which wealth is accumulated and distributed contains powerful forces pushing toward divergence, or at any rate toward an extremely high level of inequality (...). It is possible to imagine public institutions and policies that would counter the effects of this implacable logic: for instance, a progressive global tax on capital. But establishing such institutions and policies would require a considerable degree of international coordination." (Piketty, 2014, p. 27)

• **The three recent epochs of capitalism.** (1) The Belle Epoch (1880–1914): the first era of global financial capitalism; (2) the Golden Age (1945–1975) of capitalism; (3) the Neoliberal Era (1980–2020): the second era of global financial capitalism. The Belle Epoch, the product of the cumulative development of capitalism, collapsed: two world wars with a Great Depression in between. By comparing the Belle Epoch with the Neoliberal Era, Piketty anticipates the persistence of a low-growth regime and a traumatic end to the Neoliberal Era (global wars and economic crises), unless there is a global political peaceful reorganization that stops the forces that, through the progressive accumulation of capital in fewer hands, is exacerbating class conflict. As in the Golden Age, an interventionist welfare state (at a global scale) is the needed counterbalancing force, to temper the forces of global financialization, even at the price of sacrificing economic growth.

**Dickens, Edwin (2015): "Piketty's Capital in the Twenty-First Century: A review essay", *Review of Political Economy* 27(2), 230–239.**

López-Bernardo, Javier; Félix López-Martínez; Engelbert Stockhammer (2016): "A Post-Keynesian Response to Piketty's 'Fundamental Contradiction of Capitalism'", *Review of Political Economy* 28(2), 190–204.

Piketty, Thomas (2014): *Capital in the twenty-first century*, Belknap Press.

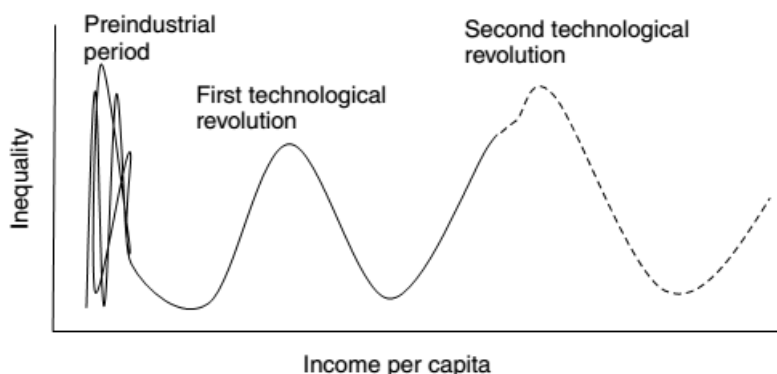
Thompson, William R.; Rafael Reuveny (2010): *Limits to globalization: North-South divergence*, Routledge.

## 55. The Kuznets curve

The Kuznets curve (or hypothesis) is the conjecture (by Simon Kuznets) relating the level of economic inequality with the level of real income. Graphically, it takes the form an inverted U: for low income levels, inequality is low; as income grows, inequality increases; and, from some sufficiently high income level on, inequality decreases. However, the recent experience of the advanced economies shows that inequality need not decrease with development

## 56. The Kuznets wave

The Kuznets wave (or cycle) is the conjecture (by Branko Milanović) that there are waves of alternating increases and decreases in inequality in time (as income increases).



- Before the Industrial Revolution inequality undulated around a fixed average income level (in a Malthusian cycle the source of the fluctuation in inequality is demographic: an income rise lowers inequality and triggers a population increase among the poor; in the presence of a decreasing marginal productivity of labour, a larger population leads to a reduction in productivity and a fall in income, which increases inequality and moderates population growth).
- The Industrial Revolution made possible a sustained growth of income and also an increase in inequality. First, because higher incomes create the potential for more inequality. Second, because structural changes in the economy (urbanization, rising importance of the industrial sector) drove up inequality. Inequality eventually decreased when the supply of more educated workers increased and economic policies responded to pressures to correct the unevenness of the distribution of income (the welfare state). Military conflicts and political revolutions (themselves often consequences of excessive inequality) also contributed to the reduction in inequality. The 'Great Leveling' refers to the reduction in inequality in the richer countries between 1945 and 1980.
- A new technological revolution affected the rich countries in the 1980s (digital revolution) by widening income disparities. The new technologies rewarded the more skilled workers, pushed up the return to capital and made the less skilled worker suffer the strong competition from China and India. The service sector increased in importance, with many of the new jobs not

requiring much qualification and being badly paid. Moreover, pro-rich economic policies tended to be universally adopted.

Extreme inequality can be solved through the tax system. The mechanisms involved in the first reduction were increased taxation, social transfers, hyperinflation, nationalization of property and wars. Globalization makes more difficult to raise taxation on capital income: it is harder to tax a mobile capital. The rich are also resistant to the application of redistributive measures (neoliberalism and trickle-down economics). And one of the characteristics of globalization is that the winner takes all.

**Milanović, Branko (2016): *Global inequality: A new approach for the age of globalization*, Harvard University Press.**

## 57. Inequality myths

- **Myth 1:** Inequality is a necessary counterpart of economic dynamism and competitiveness. According to this myth, rising inequality is an inevitable consequence of rapid economic growth (or a necessary condition for competitiveness). Policies that lower inequality, it is claimed, reduce the incentives to work hard and innovate.
- **Myth 2:** The best way to help the poor is to help the rich ('Equity needs growth').
- **Myth 3:** Inequality is actually not a problem as long as extreme poverty is avoided and incomes are all rising ('the rising tide lifts all boats').
- **Myth 4:** As pay is related to ability, rising inequality is just the result of increasing differences in people's ability (I am paid more because I am worth it).

**Sudhir Thomas Vadaketh; Donald Low (2014): *Challenging the Singapore Consensus*, NUS Press.**

## 58. Globalization fallacies

Steingart (2008) identifies seven fallacies in the globalization debate.

- Fallacy 1: the natural progression for a developed economy is to move from an industry-based to a service-based economy. In fact, industrial work is merely shifting to Asia.
- Fallacy 1: economics and morals have nothing in common. The way commodities are produced and services provided is not a merely technical question, but is subject to moral judgment.
- Fallacy 3: the new world is flat. There is a dark side in free trade: when the West imports goods from Asian economies, their labour and environmental unfair practices are imported as well and this endangers jobs in the West. Trade is politics and the political world is not flat.
- Fallacy 4: globalization is a tide that lifts all boats. Even if this is the long run outcome, globalization is so far delivering asymmetric results: upper classes benefit comparatively more than the rest.
- Fallacy 5: globalization creates peace. Conflict persists but now the struggle is conducted on the economic field (it can be interpreted that the US won thus the Cold War). Increasing economic interdependence does not prevent military conflict (as the First World War illustrates).

- Fallacy 6: governments can no longer take care of their people. Politicians tell that globalization is omnipotent, a force of nature that has weakened the power of states, when it is them who have chosen to relinquish or not make use of that power (“Arguing against globalization is like arguing against the laws of gravity”, Kofi Annan, seventh secretary-general of the United Nations, 1997-2006). The rise of China was a political not a market project: it was the achievement of politicians, not market forces. It is not Big but Smart Government what is needed.
- Fallacy 7: globalization is a hot issue. Globalization should be subject to anyone’s scrutiny, not something outside our comprehension or control. Democracy means taking control of, or at least shaping, history. ‘The challenge is to figure out how to ensure that globalization serves the people,’ not the other way round.

In Steingart’s (2008) view, the world is broken. Globalization is not flattening the world, but mismanaging it (events after the 2020 pandemic seems to have validated that view).

- The world is for sure not flat for workers. Globalization has created a global labour market dominated by a race to the bottom in salaries and a loss of power of the workers’ associations. Jobs migrate to the lowest bidder. Current globalization has for the first globalized the markets for all the factors of production: capital, labour, energy and raw materials. Many of the unpleasant features of globalization stem from connecting economies which are significantly different (the West and the Rest). Globalization avoided those features when it involved more similar economies (Europe and North America during the Golden Age, 1945-1975).
- The national welfare state is in retreat, leaving people more vulnerable to the adverse effects of globalization and benefiting a few (or a larger part of the population but insufficiently).
- The great knowledge transfer. This transfer is allowing developing countries to move from agriculture to services without going through industry. That means that the rich countries cannot rely on the presumption that only low-paid, unskilled, routine (blue-collar) jobs could go abroad: white-collar workers will be the victims of the next great wave of offshoring.
- Capitalism is not just exploitative of labour, but also the natural resources. ‘China, the country with the most impressive growth rates in recent years, also tops the list of countries with little respect for their people and environment’.
- Benefits are asymmetrically distributed: “It’s like being in a crowded lifeboat. Only if one of the passengers jumps into the water can the other nine survive”, Jagdish Bhagwati.

**Steingart, Gabor (2008): *The war for wealth: The true story of globalization, or why the flat world is broken*, McGraw-Hill.**

## **59. Inequality and global crises (common features of global economic crises: 1870s, 1930s, 2000s)**

“First, all three happened during the periods (the 1870s, 1930s and 2000s) when the ‘free market’ model of capitalism was the dominant form of economic and social organization in many of the world’s leading economies and, as a result of their global influence, in the ascendancy internationally.

Second, thanks to its dominance in these countries, the same ideology also permeated international economic relations, determining the regimes for trade, payments and long-term capital flows. Independent states were under pressure from the most powerful countries to liberalize their trade and/or join international monetary unions irrespective of their levels of development and, therefore, their ability to compete with more advanced economies. The outcome was therefore the same in all three periods: large increases in inequalities of income and wealth, both nationally and globally, causing widespread breakdowns in social cohesion and political consensus.

Third, despite significant increases in international economic interdependence, no effort was made during the three periods to create a framework of global institutions that would help nation states solve through cooperation problems that were beyond the capacity of any one country to resolve in isolation (...). An important reason behind the drive by transnational corporations for the liberalization of trade and capital movements is that it enables them to avoid (...) effective regulation and supervision by national governments. Not surprisingly, there has been a significant increase in the frequency and scale of international financial crises since the early 1980s (...). The creation of a global market without a global political authority is, therefore, the nearest equivalent to a world of laissez-faire in which those who control giant transnational enterprises, rather than democratically elected governments, effectively set the rules that determine how and in whose interests the economic system operates."

"Fourth, the problem (...) is that this is a form of global economic interdependence and international relations that is unsustainable. Economic success at all levels of development requires (...) an ideology and institutions that promote a harmony of interests, consensus and cooperation. Globalization makes such a requirement even more imperative at the international level (...) The more cooperative form of capitalism (social democracy) demonstrated after the Second World War both nationally and internationally (...) the extent to which different outcomes are possible within a market-based economy (...) The post-war experience demonstrated an important fact: in its social democratic form, capitalism was able to achieve, in the small number of countries that adopted it, the highest levels of economic, social and political wellbeing that humanity has ever experienced."

**Panić, Milivoje (2011): *Globalization: A threat to international cooperation and peace?*, Palgrave Macmillan.**

## 60. Global asymmetries

"Two major dichotomies have made the international economy increasingly vulnerable to the kind of crisis that the world is currently experiencing. The first one is the contrast between, on the one hand, a 'rule-based' international trading system with a strong international organization at the center, and, on the other hand, a purely 'market-based' international financial system.

The second one is while finance has been fully globalized, monetary policy has remained firmly national (or regional in the case of the Euro-zone) without any set of common mechanisms or rules or objectives at the international level. The origins of today's economic and financial crisis are as much intellectual as they are political and institutional. The quality and the scope of the debate will determine the success or failure of innovation at institutional and policy levels."

**Hieronymi, Otto; ed. (2009): *Globalization and the reform of the International Banking and Monetary System*, Palgrave Macmillan.**

## 61. Yates' dilemma

"It is impossible to create a society that is both just and capitalist", Yates (2016, p. 47). According to Yates, in a capitalist economy, capital rules: the system works by creating a few winners and many losers, poles of wealth and poverty, periods of expansion and recession, overworked employees, alienating workplaces, exploitation by the powerful, despoiled environments... "Losses are always socialized, and gains are always privatized."

**Yates, Michael (2016): *The great inequality*, Taylor & Francis.**

## 62. Omnibus trilemma

This is a suggestion for a general growth-stability-distribution trilemma (of which many other trilemmas could be seen as particular cases): for a sufficiently complex system (social, biological, chemical, physical), there is a tension between

- growing (or, in general, becoming bigger or expand),
- remaining stable (at least in the sense that the system preserves essential traits), and
- keeping some form of symmetry (in a social system, this third requisite could be interpreted as respecting some non-discrimination or fairness property, enjoying some form of equality or expressing a distributive or welfare condition).

Rodrik's trilemma combines a growth condition (hyperglobalization means making markets bigger through integration), a stability requirement (the world is organized politically in terms of sovereign states created without an expiry date) and a symmetry property (in a democracy everybody's opinion regarding collective decisions formally counts the same: 'one man, one vote').

For most of the last decades the world economy has been characterized by growth. For most of this period, this growth appeared stable (this may be debatable if the state of the world ecosystem is taking into account). But there is mounting evidence that the growth of the world economy has not been symmetric (North-South divide, elephant curve). On the one hand, some countries (typically the richer ones) have benefited more from global growth (the gap between the richest countries and the poorest ones has widened); on the other, within countries, some groups or sectors of economic activity have benefited more than the rest.

**"Trade wars are good, and easy to win", Donald Trump, 2 March 2018**

## 63. Inequality as a world-historical phenomenon

(1) "Levels of inequality within countries over the last one hundred years show two clusters. Some nations have been characterized by relatively high inequality and others by relatively low inequality."

(2) “The origin of patterns of high and low inequality within the current geographical state boundaries can be traced back in time to at least before the eighteenth century.”

(3) “The persistence of such distinct patterns of within-country inequality for such a long period of time suggests situations of equilibria, in which opposing forces are balanced. We designate these as high-inequality equilibria (HIE) and low-inequality equilibria (LIE).”

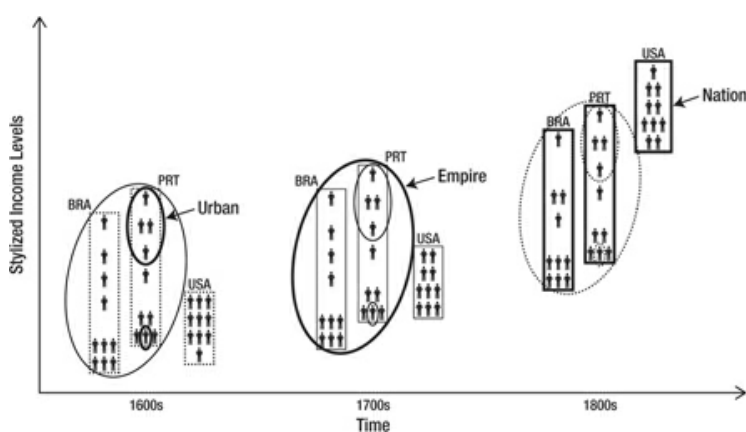
“In HIE, institutional arrangements enhance economic opportunities for elites while restricting the access of large sectors of the population to various forms of educational, political, or economic opportunity. Enhanced opportunities for elites and the restricted access of the majority are related. Selective exclusion serves to reduce competition among elites (...). In HIE, this selective exclusion operates fundamentally within national borders (...) Selective exclusion, in the case of LIE, operates fundamentally through the very existence of national borders, reducing competitive pressures within these borders while enhancing competitive pressures among the excluded population outside those very same borders in the arenas or markets to which these populations are restricted.”

(4) “Between-country inequality can be understood best as involving a HIE over at least the last two centuries.”

(5) “The HIE characterizing the current distribution of wealth between countries emerged only gradually before the nineteenth century.”

(6) “Over the last two centuries, the establishment of within-country LIE and the emergence of between-country HIE are not two separate processes. Rather, they are the outcome of the institutional arrangements undergirding world inequality.”

(7) “The single most immediate and effective means of global social mobility for populations in most countries of the world has been to migrate.”



Stylized historical trends of inequality, 1600s-1800s

🕯 “= Stylized country income deciles. The three income distributions within each ‘moment’ are stylized representations of what will eventually become Brazil, Portugal, and the United States.”

**Korzeniewicz, Roberto Patricio; Timothy Patrick Moran (2009): Unveiling Inequality. A World-Historical Perspective, Russell Sage Foundation.**

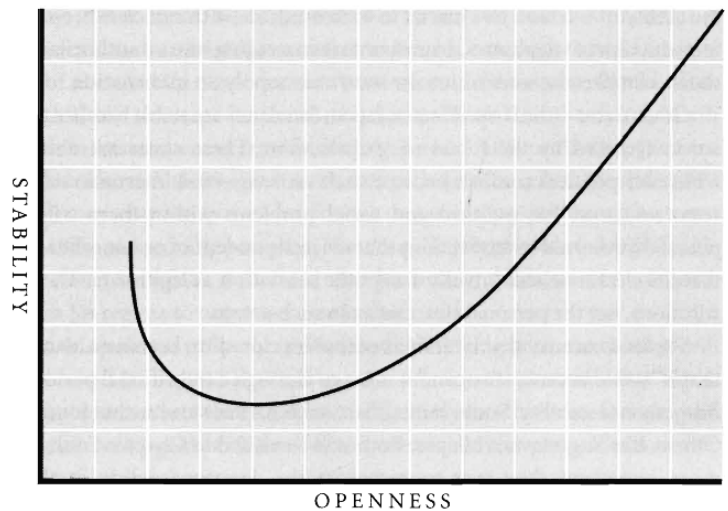
“The old world order is dead. The new one hasn’t been written yet. And the people currently in charge — on both sides of the Atlantic — are structurally incapable of writing it.”

<https://whowhatwhy.org/podcast/iran-hungary-ukraine-the-world-is-running-on-legacy-software/>

#### 64. Bremmer's (2006) J curve between stability and openness

"Each nation whose level of stability and openness we want to measure appears as a data point on the graph. These data points, taken together, produce a J shape. Nations to the left of the dip in the J are less open; nations to the right are more open. Nations higher on the graph are more stable; those that are lower are less stable." (Bremmer, 2006, p. 6)

**Bremmer, Ian (2006): *The J curve. A new way to understand why nations rise and fall*, Simon & Schuster.**

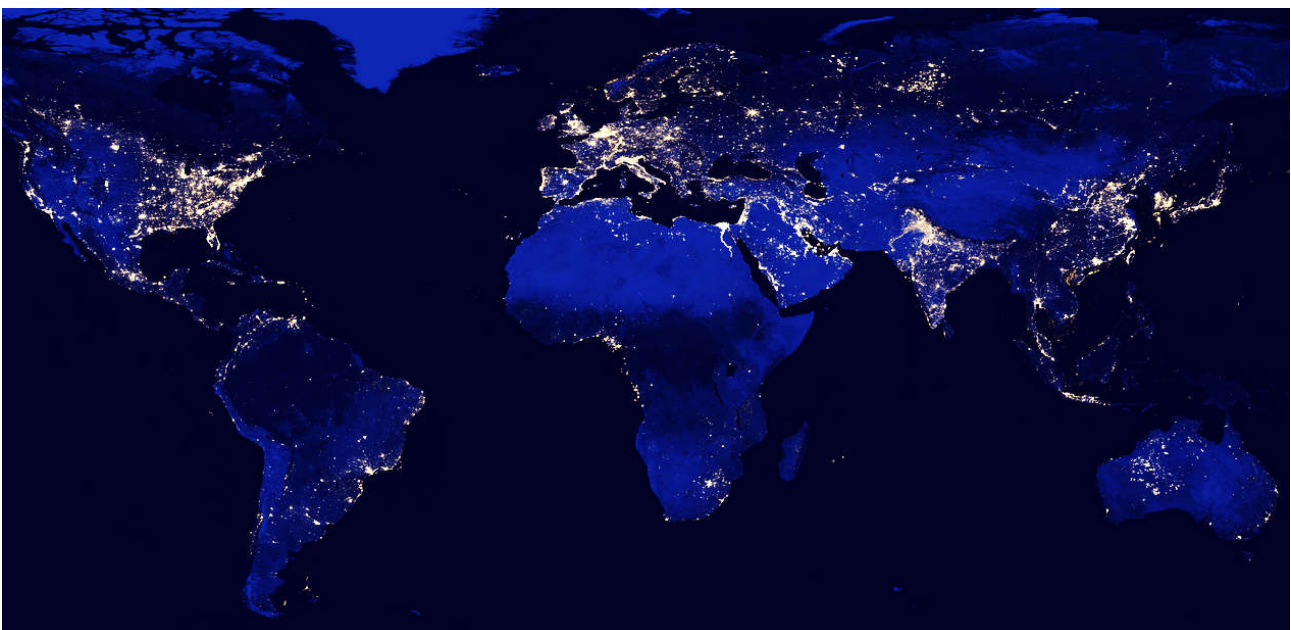


#### 65. The paradox of power (Jack Hirshleifer)

In power struggles, it is natural to expect that the strong will grow stronger (and the weak, weaker). The paradox of power is that poorer or smaller groups often end up improving their positions in relation to richer or larger ones. One explanation is that the group starting at a disadvantage has an incentive to make more effort (fight harder, invest more, take more risks, try new strategies) than the group enjoying an advantage. It is only when the conflict is sufficiently decisive that the richer or larger group gains relative to the poorer or smaller. The paradox explains the adoption of policies that redistribute income from the rich to the poor.

#### 66. The Earth at night: to get rich follow the light...

Take any composite image showing simultaneously all the continents at night. Light appears to be a good estimate of wealth and prosperity: the illuminated areas tend to be the richest areas. Illustration: just compare North and South Korea.



[https://upload.wikimedia.org/wikipedia/commons/b/ba/The\\_earth\\_at\\_night.jpg](https://upload.wikimedia.org/wikipedia/commons/b/ba/The_earth_at_night.jpg)

## 67. Fun for thought



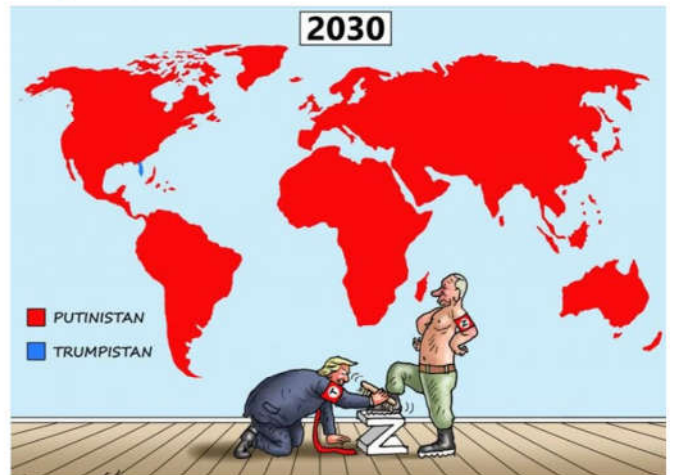
Brandon Weber  
January 13, 2025

Three authoritarian minds dreaming of conquest, division, and power. This cartoon exposes how Trump, Putin, and Xi share a common vision of domination that prioritizes control over democracy and freedom.



The Cartoon Movement  
March 27, 2024

2030. Cartoon by Marian Kamensky: <https://buff.ly/3TwJJDD>  
#Trump #Putin #USA #Russia



Dr Andreas Fulda  
2mo

Imperialist-in-chief #Trump: Bullying allies over Greenland while enabling Putin's war of aggression against Ukraine and ignoring Xi's war gaming around Taiwan.

This is the tragedy of our times. As we watch alliances fracture, it's a stark reminder of the need for solidarity with Ukraine and Taiwan. How can democracies respond to this fracturing?



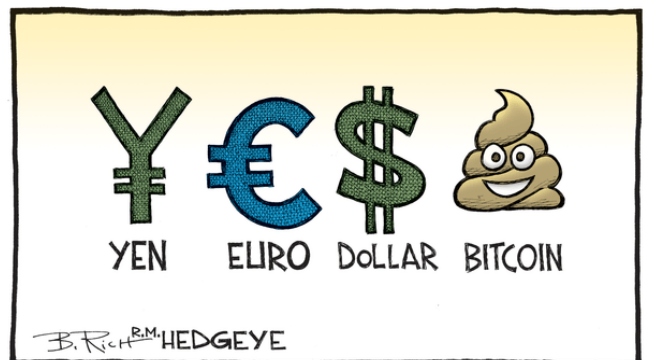


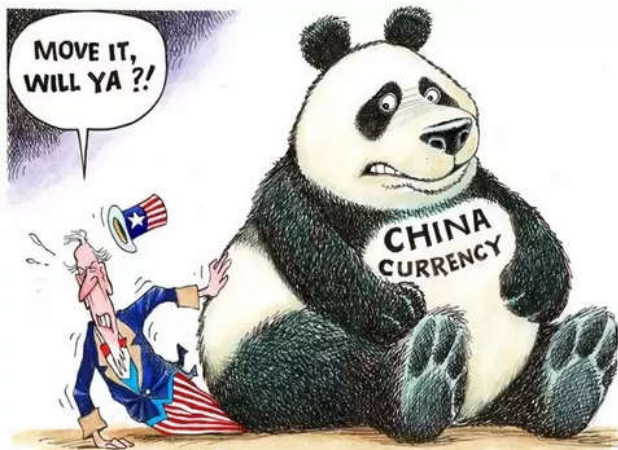
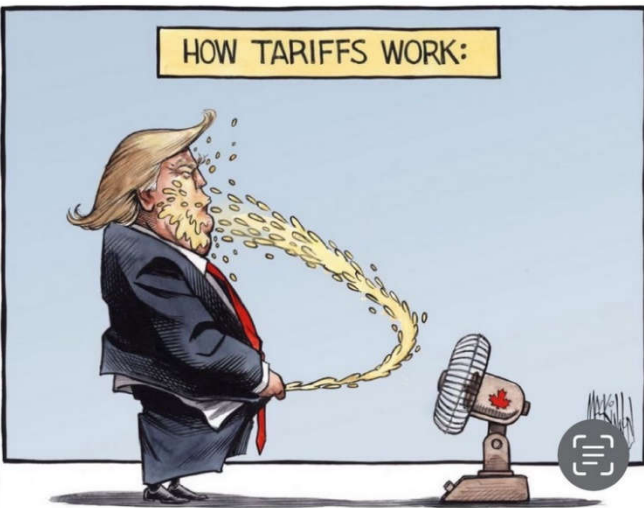
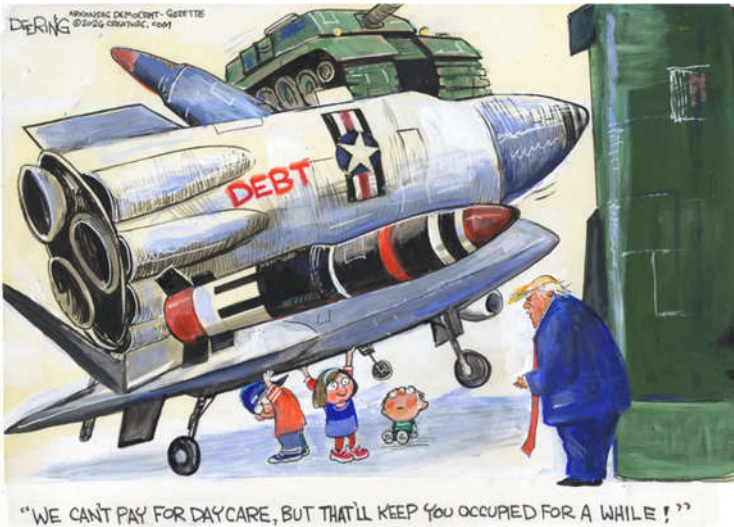
Robert Reich  
February 28 · 🌐  
"The Peace President." [Cartoon by Benjamin Slynghstad]

# No, More Wars!



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Donald J. Trump    
@realDonaldTrump

Has anybody looked at how badly the country of Spain is doing. Their financial numbers, despite contributing almost nothing to NATO and their military defense, are absolutely horrendous. Sad to watch!!!

8.65k ReTruths 41.9k Likes

Apr 18, 2026, 2:14 PM



Country	GDP	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Gov. Budget	Debt/GDP	Current Account	Population
United States	29185	0.50	3.75	3.30	4.30	-5.90	123.30	-3.60	342.28
Spain	1723	0.80	2.15	3.40	9.93	-2.50	100.80	2.90	49.57

<https://tradingeconomics.com>

United States 				Spain 			
Debt (%GDP) [+]	2024	122.27%		100.70%	2025	Debt (%GDP) [+]	
Debt Per Capita [+]	2024	\$105,364		\$38,712	2025	Debt Per Capita [+]	
Deficit (%GDP) [+]	2024	-7.86%		-2.39%	2025	Deficit (%GDP) [+]	
Expenditure (%GDP) [+]	2024	37.74%		45.50%	2024	Expenditure (%GDP) [+]	
Corruption Index [+]	2023	69		60	2023	Corruption Index [+]	
Fragile States Index [+]	2024	44.5		44.0	2024	Fragile States Index [+]	
10-Year Bond Yield [+]	04/20/2026	4.27%		3.43%	04/20/2026	10-Year Bond Yield [+]	
Risk Premium [+]	04/20/2026	128		44	04/20/2026	Risk Premium [+]	
CPI (overall index) [+]	March 2026	3.3%		3.4%	March 2026	CPI (overall index) [+]	
Tax Revenue (%GDP) [+]	2024	25.6%		37.1%	2024	Tax Revenue (%GDP) [+]	
Exports % GDP [+]	2023	7.27%		23.37%	2025	Exports % GDP [+]	
Trade balance % GDP [+]	2023	-4.14%		-3.58%	2025	Trade balance % GDP [+]	
Global Peace Ranking [+]	2024	132°		23°	2024	Global Peace Ranking [+]	
Crude death rate [+]	2023	9.20‰		8.87‰	2024	Crude death rate [+]	
Life expectancy [+]	2023	78.39		84.01	2024	Life expectancy [+]	
CO2 Tons per capita [+]	2023	13.83		4.68	2023	CO2 Tons per capita [+]	
COVID-19 - Deaths per million population [+]	02/22/2026	3,633.87		2,458.71	02/22/2026	COVID-19 - Deaths per million population [+]	

<https://countryeconomy.com/countries/compare/usa/spain>