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Trump's Rollback of the Neoliberal Market State

What is Trump doing?

Trump is rolling back neoliberalism and everything connected to it. To understand what this means, here's a narrative of Trump's insurgency. It explains what he is doing and what he is likely to do. It starts with the rise of neoliberalism.

The rise of Neoliberalism

Neoliberalism is an ideology of extreme free market capitalism that was popularized by Thatcher, Reagan, and Pinochet. By the end of the cold war in the 90's, it became the default economic ideology of the United States when both the Republicans and the Democrats adopted it. Neoliberalism worked. Unfettered access to US markets (the most valuable in the world) led to twenty plus years of rapid economic globalization that lifted billions of people out of poverty and made many countries rich. However, neoliberalism came at a cost to the US. It destroyed the only engine of prosperity and political stability in the US, the US middle class. It did this through:

- Asymmetric competition. The US was the only major nation in the world to fully embrace neoliberalism. Every other country or economic bloc, from China to the EU, kept barriers in place to rig the market to create or protect good jobs at home (think: Germany, China, South Korea, Japan...). These barriers worked and incomes in these countries accelerated.
- The Neoliberal Trade (jobs out, wealth in). For decades, the US traded millions of good jobs in manufacturing and services for tens of thousands of amazing jobs on Wall Street (NY) and Silicon Valley (CA). This inflow of wealth at the topline created a sense of prosperity even though the median income and the

quality of life of the middle class collapsed.

- Non-cooperative elites. It didn't take long before the power and the wealth of the elites benefiting from globalization became immense. In fact, these neoliberal elites became so powerful, they were able to completely opt out of the US system of taxation. Simply, Apple to Google to Wall Street banks/funds to most of the wealthiest Americans don't pay taxes. With almost all US wealth immune from taxation, the US government quickly became a bankruptcy in progress (\$20 trillion in debt and growing fast), eliminating any chance that it would cushion the damage done by neoliberal economics through an increase in services (health care, retirement, etc.).

The Neoliberal Market State

The effects of neoliberalism put US political elites in a bind.

Neoliberalism made it impossible for the US, as it had for two centuries, grow the middle class economically anymore. It couldn't provide prosperity to the middle class due to the neoliberal trade and it didn't have the funds to cushion the loss of income with services due to the tax avoidance of non-cooperative elites.

So, it decided to double down on neoliberal ideology by applying it to US cultural identity to offer new political goods. It became what my correspondent Philip Bobbitt predicted in his epic 2002 book, *The Shield of Achilles*, a market state. A market state, in contrast to the nation-state's focus on broad economic prosperity and cultural integration, focuses on providing opportunity to the individual. Although Bobbitt couldn't articulate it fully at the time (none of us could), the US market state did this through:

- Open borders. Low barriers immigration. H-1B visas and green cards galore. Citizen of the world. Work and live anywhere. Borders controls should be lax. Extreme version: sanctuary cities, illegal immigrants become undocumented immigrants.
- Expanded identity. Become whoever you want to become.

- LGBTQIAPK... >> Intersectional feminism. Affirmative action and associated efforts at compensating past discrimination. Extreme version: patriarchy, cis gender, "old white men"
- Multiculturalism. Anti-assimilation. All cultures celebrated. Expanded cultural identity revered (hyphenated). Cultural resurrection and diversity. Extreme version: traditional US culture was/is inferior to all other global cultures, deprecation of tradition as biased/flawed.

The Crisis of the Neoliberal Market State

As we now know, the rise of the neoliberal market-state didn't actually solve the internal contradiction of the neoliberal economics -- that barrier free trade allows a few people to take everything at the expense of everyone else. Like its economic cousin, cultural neoliberalism only benefited a minority of Americans (particularly those already benefiting from economic neoliberalism in NY and CA) while offering nothing but increasingly acrimonious identity politics to the majority.

All of this might have continued indefinitely, but for the financial crisis of 2008. That crisis set in motion a deep unrest within the majority. An unrest that powers Trump's socially networked insurgency. An insurgency that is now actively dismantling the neoliberal market state through the following:

- Reversing economic neoliberalism by actively support job creation domestically like all other countries (from China to Germany). More mercantilist. Success measured in good jobs created instead of extreme wealth accrued. Trump to workers: "I'm fighting for you"
- Reversing cultural neoliberalism by building strong borders, controlling immigration, and demanding integration with traditional culture. Provoking identity politics to create confusion. Trump tells his insurgency: you are "the best"
- Finally, and most importantly to me, Trump isn't dismantling

neoliberalism to return to the old nation-state. He's building, with the help of social networking, a new model of governance for the US. One that operates more like Russia and China does (a reactive authoritarianism).

My Two Cents Worth

By endorsing "Us versus Them" Trump is relinquishing all claims for global hegemony. USA is no longer an example of leadership. He has downgraded the USA to become a mere nation among nations. He is ushering in an era of international protectionism, the like of which triggered WW2.

His economic policies may bring a short-term economic respite. But smart investor money isn't earmarked for job-intensive manufacturing. Smart money is going toward robotics. So in the longrun, Trump will create tons of ill-will, but it won't deliver the "promised" jobs per capita.

Trump will make America SMALL as it was in the 19th-century.