

# **What's the Matter with Trump?**

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### Abstract

Donald Trump, a real estate mogul and reality TV show host, has captured the Republican nomination for the 2016 U.S. presidential election, despite controversies over his temperament and his heretical positions against the orthodoxies of American democracy and global leadership. This paper tries to make sense of the political rise of Trump through a historical and political economy perspective. It first identifies and puts forth the three pillars of Trump's campaign- the racism/nativism of White America, the economic nationalism/isolationism of America First, and the megalomaniac personality that puts Trump First- placing these pillars into a historical cycle of American expansion from the mid-19th century to the founding of American hegemony in the mid-20th century. This period institutionalized White America's economic prosperity and political power through the embedded liberalism of New Deal policies. This paper then traces the pathologies of neoliberal globalization, or American hegemony 2.0, against the historical backdrop of the civil rights acts of the 1960s to explore how they have decimated the American middle class since the 1970s, thereby nurturing the nationalism of America First and the resentment of White America. This paper also examines the role of the financial crisis of 2008 in the creation of this political meltdown, all of which have allowed for Trump's successful individual onslaught against the establishment.

Key words: 2016 U.S. Presidential Election, Embedded Liberalism, Neoliberalism, Globalization, American Hegemony



## Introduction

An unprecedented, unconventional, and even bizarre U.S. presidential campaign is underway. During the July 2016 national conventions, the Democratic and Republican parties nominated their respective presidential candidates– Hillary Clinton and Donald Trump. The contest between them provides only a choice of a lesser evil, a pundit deplures: “Any reasonable Democratic contender other than Clinton probably would be beating Trump handily. Any reasonable Republican contender other than Trump probably would be beating Clinton handily. The parties, in their wisdom, have chosen the untrusted against the unstable, the uninspiring against the unfit” (Gerson 2016).

At the Democratic National Convention, it seemed as though the sky was the limit: Hillary Clinton became the first female presidential candidate nominated by any the major American political party. As a former senator, Secretary of State, and first lady of President Bill Clinton, she is the “ultimate Democratic insider.” She carries the heavy baggage of the Democratic establishment, Bill Clinton’s scandals, and her own. Her political baggage includes, among others, the feminism and social activism of her youth, engagement or collusion with Wall Street, support for the Iraq War, responsibility for the fiasco at the American Embassy in Benghazi, the use of a personal email server while acting as Secretary of State, and questionable ties through the Clinton Foundation. During the Democratic primary campaign, she was faced with unexpected opposition from ‘democratic socialist’ Bernie Sanders. Sanders, a 74-year-old Senator from Vermont, inspired and mobilized Millennials by flatly denouncing the Iraq war, Wall Street, and free trade agreements – in general, neoliberal globalization – and calling for a political revolution against the American establishment of extreme economic and political inequality. Pushed by the strong and enthusiastic Sanders supporters, the Democratic National Convention in Philadelphia adopted the most progressive political platform in its history. It is ironic if not far-fetched that Clinton, the ultimate insider, was billed as the “change maker” at the convention.

On the Republican side, the much more ironic and unexpected- even unthinkable- has happened. The Grand Old Party has been hijacked by a complete outsider. Donald Trump is a larger than life real-estate mogul and reality TV show host, whose (in)famous line is “you are fired!” This phrase alone, as Vice President Biden quipped at the Democratic National Convention, makes him the most unlikely tribune of the working class. Trump is a unique populist. He does not belong to any faction of the Republican establishment. He is neither a free market faithful nor a social conservative, nor is he a defense hawk. He began his political career by riding on the Birther movement, which challenged President Obama’s eligibility for the presidency by calling into question whether or not he was a legal citizen. Uninhibited by political correctness, he beat out 16 other candidates in the Republican primaries by standing against almost all of the Republican orthodoxies including immigration, NATO, and free trade, and by defying democratic or civil decorum toward immigrants, women, minorities, the handicapped, and even war heroes. None of the former Republican presidents or presidential candidates, such as Bush, McCain, and Romney, attended the Republican National Convention in Cleveland. The primary runner-up, Senator Ted



Cruz, refused to endorse Trump in his convention speech. The convention was organized as a ‘family’ event and mostly run by Trump’s children by three different wives; his faithful and angry white supporters filled the convention with chants of “Lock her (Clinton) up”; Trump himself defined his policy principle as “Americanism, not globalism” and claimed that he alone could fix the rigged American system.

What’s the matter with Trump? To begin with, Trump’s presidential candidacy is the result of the Republican establishment’s failure to control the Republican base during the primary campaign. And there is no question that Trump is a divisive candidate, to say the least. In a larger context, Trump, along with Sanders and (to a certain extent) Cruz, embodies the disconnect between the elites and the masses, between the supposedly rigged American establishment and evidently disenchanted voter base. The elites are mostly taken aback by the rise of Trump and Trumpism. A journalist who bet against Trump in the Republican primaries had to eat his own words- literally. Milbank ate a nine-course meal of his own columns (Milbank 2016).

Nonetheless, Trump himself has not destroyed the Republican Party or the American establishment. The Tea Party preceded him, shutting down the government in 2013. Nor has Trump designed the constitutional framework of ‘vetocracy’ to which Fukuyama attributes America’s ongoing institutional decay (Fukuyama 2014; Aldrich 2015). Trump is “a chaos candidate,” but “did not cause the chaos. The chaos caused Trump” (Rauch 2016). Trumpism is against the American orthodoxies of democracy, capitalism and global leadership, but at the same time is very American. His racist, nativist bigotry is rooted in the very founding of the United States, and its recent mobilization has been mainly caused by and justified through the racialization of issues, or ‘racecraft,’ in the era of the first African American President, Barack Obama (Beydoun 2016; Tesler 216).

For the elites, Trump’s opposition to free trade and NATO under the banner of America First is the antithesis of global capitalism and America’s global leadership, which are the very basis of American life (Cohen 2016). But, for the non-college educated white working class whose incomes, jobs, loves, and lives have been lost or torn apart by global competition, automation, and most acutely by the recent Great Recession, the orthodoxies of globalization and American global leadership ring hollow, rather standing as living proof that the whole system is rigged in favor of the elites and against everyone else (Cherlin 2014; Hacker, Rehm and Schlesinger 2013; Murray 2012; Putnam 2013). It is not Trump, but the combination of neoliberal globalization and ‘winner-takes-all politics’ that has alienated and built the Republican base and the followers of Sanders (Hacker and Pierson 2010; Hacker and Pierson 2016). Neoliberal globalization, or the Washington consensus (in line with Reagan and Thatcher’s market fundamentalism) on deregulation, trade and financial liberalization, and privatization has been the hallmark of American hegemony since the 1970s (Stein 2010; Zeiler 2013; Harvey 2005; Babb 2013). Trumpism represents the belated death of neoliberalism: America is enduring the political meltdown of American hegemony 2.0 (Deudney and Ikenberry 2016; Crouch 2011; Jacques 2016).



## **American Hegemony 1.0 as Embedded Liberalism: Trump, de Tocqueville, and Luce**

“Sadly, the American dream is dead,” declared Donald Trump on July 16, 2015 when he announced his run for president at Trump Tower in New York. One of the main themes of his announcement speech was economic nationalism heavily tinged with nativism. America “had become a dumping ground for everybody else’s problems” of drugs and crime. Foreign competitors such as Japan, China and Mexico “have all our jobs” thanks to free trade and cheating. He spoke against free trade deals and strongly criticized American military intervention in Iraq. Turning to the domestic front, his economic nationalism meshed with ‘racecraft.’ He spoke for infrastructure investment and preserving the social safety net: “Save Medicare, Medicaid, and Social Security without cuts.” But he was against Obamacare and for the Second Amendment, which combined add up to not so coded ‘racecraft.’ Another big theme was a sweeping attack against politicians along with a long, narcissistic rant about his business success and negotiation skills. Under the reign of the lobbyists, donors and special interests politicians, he argued, politicians “will never make America great again”; America “needs a leader who wrote ‘The Art of the Deal’” – in other words, Trump himself (Time Staff 2015).

These themes developed along the campaign trail, acquiring a darker and more sinister spin and culminating in Trump’s acceptance speech at the Republican National Convention in July 2016. His acceptance speech began with his main theme of the need for ‘law and order’ – traditional code for Republican ‘racecraft.’ Trump’s law and order campaign is more comprehensive, attuned to globalization, and tailored to attack his rival, Hillary Clinton. By discussing law and order, he lumps together nativist and racist attacks against crime, terrorism, and illegal immigrants: “The first task for our new administration will be to liberate our citizens from the crime and terrorism and lawlessness that threatens their communities.” Clinton is responsible, he charges, for the “failed policy of nation building and regime change” in the Middle East and resultant chaos, American decline and terrorism: her legacy is “death, destruction, terrorism, and weakness” and she “is proposing mass amnesty, mass immigration, and mass lawlessness.” In short, Clinton stands for every American failure of globalism and the rigged system: “Big business, elite media and major donors are lining up behind the campaign of my opponent because they know she will keep our rigged system in place” (Bump and Blake 2016).

In contrast, Trump stands for America First, or “Americanism, not globalism.” His Americanism is, with its nativism and racialism-tinged law and order campaign, basically for whites, for economic nationalism, and for himself. With America First, he “pledges to never sign any trade agreement that hurts our workers, or that diminishes our freedom and independence” while promising tax relief for the middle class and job creation for steelworkers and miners. However, his economic nationalism is eclipsed by his megalomaniac, savior-like, ‘dark knight’ message: “Nobody knows the system better than me, which is why I alone can fix it” (Brooks 2016).

These three aspects of Trump’s Americanism – his nativism and racialism or White America, economic nationalism/isolationism or America First, and personality defects or Trump First–



have roiled U.S. electoral politics this year. What is the import of these three elements? Where do they come from and how serious and/or new are they? How does Trump feature or stand in American history? The next section examines these questions in from both a historical and a comparative perspective.

White America is the original sin of American democracy (Wallis 2016). The constitution institutionalized slavery after the passage of the Three Fifths Clause, and the 1790 Naturalization Act allowed only whites to immigrate. The political tumult and degeneration driven by White America have remained embedded in the American political landscape since the inception of the nativist American Party, or Know Nothing Party as it was called, and throughout the Civil War, the New Deal's white welfare system, Nixon's southern strategy, all the way to the modern Birther movement and the fight over Obamacare (Wilenze 2016; Katznelson 2010; Schickler 2016; Tesler 2016). These political upheavals were to be played out between 'Crooked Hillary' and 'Unqualified Loose Cannon, Pathetic Liar Trump.'

As America headed toward civil war in 1857, Alexis de Tocqueville observed that "[T]he great scourge of America after slavery is...the government of the country by the least honest, if not the least capable, part of the nation." In 1858, he was troubled by the European opinion that "in America the majority of public officials lack moderation, sometimes probity, above all education" and concluded that in America "the movement of an unlimited democracy often elevates to the government of society men who are more aptly made for obedience than leadership, and that, in general, those who govern are inferior to the governed" (Craiutu and Jennings 2009, 224, 286).

Still, Trump's White America is a unique problem. Though America has been predominantly white throughout its history, the dominance of whites has recently declined in terms of demographic composition, political, and ideological power (Jones 2016). Furthermore, the America of 2016 is not expanding as America of the 1850s was. De Tocqueville was mostly concerned that American imperialism, led by "a race of political adventures, an energetic race, intelligent but violent, vulgar and without principles," would destabilize American democracy (Craiutu and Jennings 2009, 286).

Sure, American imperialism has led to many wars and political destabilization, most of all during the Civil War. But, America's almost relentless expansion from the Civil War to the 1970s (except for the Great Depression) in terms of territory, population, wealth, and global influence calmed White America's resentment and made America great (Gordon 2016). During the period from the 1910s to the 1970s, American inequality was greatly reduced under restrictive immigration laws (Linbert and Williamson 2016). There is no room for such phenomenal growth today; economic and political inequality is acute; and open racism/nativism runs counter to the (hitherto, to say the least) American orthodoxy or propaganda.

It was both belief in and the real expansion of American capitalism that overcame and dissolved the original forces of the America First movement of the 1930s, which opposed American intervention in World War II and American global hegemony. The Lend-Lease Act of March 1941 was a historical watershed for America's de facto intervention in the war. In February 1941, when the last ditch fights between the interventionist-internationalists and the anti-



interventionist-isolationists over the Lend-Lease Act were underway, Henry Luce published what was probably the best propaganda for “the American century.”

Luce began with the observation that “we Americans are unhappy,” and went on to chide Americans for not recognizing that, as the most powerful nation in the world, they had no one but themselves to blame for their unhappy situation. He then exhorted Americans to reckon with the reality that “a complete opportunity for world leadership is ours” and to serve as the world center of capitalism, technological innovation, humanitarian aid, and democracy: “America as the dynamic center of ever-widening spheres of enterprise, America as the training center of the skillful servants of mankind, America as the Good Samaritan, really believing again that it is more blessed to give than to receive, and America as the powerhouse of the ideals of Freedom and Justice – out of these elements surely can be fashioned a vision of the 20th Century to which we can and will devote ourselves in joy and gladness and vigor and enthusiasm” (Luce 1941, 65).

Luce’s capitalist vision was surely an integral base for the American century, or American hegemony 1.0, that would last until the early 1970s. American hegemony 1.0 was also premised upon the national security state and embedded liberalism. The national security state protected both America and America’s free world, and, in the name of national security and with the organizational network of the military-industrial-(academic) complex, procured technological innovations and invested in infrastructure. On the other hand, it was not the capitalism of an unfettered free market, but rather of embedded liberalism - a mixed economy premised upon the New Deal welfare programs and Keynesianism - that nurtured and protected the American middle class, albeit with gender and color lines (Ruggie 1982; Lee 2000; Ikenberry 2011; Hogan 1998; Katznelson 2013; Schickler 2016).

As such, the capitalist prosperity of the American century dissolved the isolationism of America First. White America was protected by restrictive immigration policy, the national security state, and White embedded liberalism. The New Deal Party System, premised upon the institutionalized power of Southern (White, racist) Democrats, would not have had room for Trump First- type politics - a quixotic or heroic outsider’s individual onslaught against the establishment.

## **American Hegemony 2.0 as Neo (Disembedded) Liberalism**

### **The Pathologies of Neoliberalism**

Since the 1970s, embedded liberalism has become disembedded; neoliberal globalization’s destruction of the third world during the 1980s, together with newly industrializing economies and post-communist societies in the 1990s created the perfect storm that led to the 2008 financial crisis at the center of the global capitalist system. Neoliberalism, entrenched in the political and economic establishment and justified by the intellectual poverty- the sanctified ideology- of market



fundamentalism, has died hard; Trumpism, along with Brexit, is finally carrying out the people's long overdue death sentence on neoliberalism (Jacques 2016).

Diverse, secular and structural changes have driven the rise and (recent, eventual) fall of neoliberalism and the rise of Trumpism. After 'the special century (1870-1970),' the pace of American technological innovation (i.e. economic growth potential itself) has been slowing down. The Bretton Woods system broke down with Nixon's decision to untether the value of the dollar from the value of gold in 1971. What ensued was a flexible exchange system, or Bretton Woods 2.0, and financial liberalization on a global scale (Dooley and Folkerts-Landau 2009): America became the world's financial entrepot and safe haven for investment, rather than the lender of last resort that it had been under Bretton Woods 1.0. With the manufacturing industry on the decline, American financiers were the architects and managers of Bretton Woods 2.0 (Stein 2010). Together with their intellectual companions- business lobbyists and political allies in Washington- they spear-headed concerted attacks on Keynesianism, labor unions, the welfare state, and the government in general. A casualty of the rise of financiers was the "fracturing of the American corporate elite" that had underpinned the post-New Deal, World War II-embedded liberalism (Mizruchi 2013). With Reagan in the White House and even Democratic President Clinton echoing the refrain that the government was the problem, Washington had fallen into the fold of neoliberalism. Indeed, during the roaring 1990s of the Clinton administration, deregulation ran amok in Washington. The Glass-Steagall act dividing commercial and investment banking was repealed, and attempts to pass regulations on derivatives were blocked (Stiglitz 2003). The 2008 financial meltdown was of neoliberalism's own making: the Financial Crisis Inquiry Commission of U.S. Congress concluded in 2011 that "this financial crisis was avoidable" (The Financial Crisis Inquiry Commission 2011, xvii).

The globalization of people (influxes of immigrant workers), goods (cheap imports through free trade), production (global outsourcing and offshore production), and capital (financial liberalization and the exorbitant profits of financiers), combined with (job-killing) technology and increasing costs and diminishing returns of education, have all contributed to the rise of economic inequality in America. The American economy has devolved into a dual economy of upper and under classes of globalization – the former are college educated workers mainly in finance, technology and electronics (the top 30% of the American population), and the latter are "low-skilled workers who are suffering the ills of globalization in its various aspects" (Temin 2016, 89). Furthermore, the American economy has been divided into a superrich top 1% and the remaining 99%. Since the 1980s, the income of the bottom 90% has stagnated; since the 1970s the median income of male workers has decreased, while the share held by the top 1% has more than doubled from around 8% to 18% (Stiglitz 2016). Even after the Great Recession, the trend is intact: "The income of the richest 1 percent grew 27 percent from 2009 to 2014. The average gain for everybody else barely exceeded 4 percent" (Porter 2016).

The middle class is the bulwark of democracy everywhere. In America, the middle class was the main benefactor and anchor of the post-New Deal embedded liberalism, and, at the same time, a major domestic base of or contractor to American hegemony – the linchpin holding democracy,



global capitalism and global leadership together. The hallmark of neoliberalism is inequality; the ever-rising economic and political inequality since the 1970s has decimated the American middle class and frayed the American hegemonic contract.

The declining American middle class has suffered a great number and variety of ills – not only related to jobs and income but also in terms of education, marriage, healthcare, drug use and suicide, even military tours in Iraq and Afghanistan (Case and Deaton 2015; Murray 2012; Putnam 2013; Cherlin 2014). Most of all, they have suffered in terms of political representation and governmental protection. The group that has been most marginalized and angered has been the white, non-college educated underclass of globalization – the core of Trump’s White America. Against the historical backdrop of the civil rights acts of the 1960s, immigration reform, and Nixon’s southern strategy, some angry white workers were, at least partly, embraced by the Republican Party. However, the suffering of workers has not been a major dividing line in party politics since the 1970s. Political reform after the Watergate scandal “disintermediated” the arcane and hierarchical congressional committee systems and campaign finance controls, thrusting both parties into the arms of lobbyists, neoliberal activists and interest groups, and superrich individuals (Rauch 2016; Cook, Page and Moskowitz 2014; Gilens 2012; Bartel 2008). Under the ideological sway of limited government, the government’s essential functions have been reduced, ‘hidden’ and forgotten so that even the very beneficiaries of government programs are not able to appreciate that the role of government and the mixed economy – America’s very success formula – is constantly under political attack (Block 2008; Mettler 2011; Hacker and Pierson 2016).

In short, the supporters of the economic nationalism of Trump and Sanders have been long in the making; so have the supporters of Trump’s White America, or white nationalists (Thompson 2016; Haidt 2016). The end of the Cold War has globalized neoliberalism, made it into an article of faith, and aggravated economic inequality: the American lower middle class has been the biggest loser, while the Chinese middle class has been the biggest winner of globalization (Weissman 2015, 60; Milanovic 2016).

The end of the Cold War was not the unequivocal blessing that it appeared to be, either economically or strategically, a fact which was to be painfully testified to by the Great Recession and the Iraq War. Both represented an ultimate failure to secure America from any economic risk and potential security threats: the former had to do with the securitization of derivatives of mortgages, debt, defaults, and etc.–and the latter had to do with the securitization of non-traditional threats such as terrorism, civil war, Islamic extremism and dangerous technology in the wake of 9/11. Both securitizations have been legitimized by freedom: the free market economy’s self-regulation and marvelous capacity to create unlimited, risk-free synthetic wealth, and America’s unrivaled military power and ideological sway to prevent and ultimately eliminate any possible threats to freedom by spreading freedom and democracy all over the world. The supporters of Trump and Sanders have suffered from both securitizations and have revolted against the Great Recession and the Iraq War. Consumed by the American victory of the Cold War, the American establishment has been pathetically slow in reckoning with the pathologies of neoliberalism and the ‘mission failure’ of nation-building in the Middle East (Mandelbaum 2016).



## The Writing on the Wall

Fukuyama's (1989) theory of the end of history was best embodied by the Post-Cold War American triumphalism, which made inroads into the Bush administration's national security strategy of 2002: "The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom – and a single sustainable model for national success: freedom, democracy, and free enterprise" (The White House 2002, iii). Though taken aback by the 9/11 terror attacks, the Bush administration was more than confident in its capacity to push ahead with the freedom agendas of neoliberal globalization, the war on terror, and democracy building.

In the late 1990s leading up to this point, however, the freedom agendas were not going at all well: financial liberalization had buffeted Asia and democratic transition was plaguing post-communist societies with their own set of difficulties. Some critical and prescient minds saw the writing on the wall. On the right end of the ideological spectrum, some conservative American nationalists had been keen on and concerned with the declining or dissolving whiteness of America against the currents of globalization. Huntington's warning against clashes of civilizations on global terrain was directed against both domestic multiculturalism and liberal foreign policies of 'commercial' globalism undermining America's 'ethnic' identity – in short, what he called the "dead souls of America" (Huntington 1997 and 2004). In a similar and more organic, not just ethnic but also political economic fashion, Kurth also issued a warning against the hollowing out of the American white, industrial, middle class in 1996: "Economically, national consolidation is being undermined by an unbalanced pursuit of the global economy, putting at risk 'the promise of American life' for a majority of Americans. Culturally, it is being undermined by uncontrolled immigration (especially from neighbors in the original regional sphere) and by the ideology of multiculturalism" (Kurth 1996, 19).

Susan Strange stands on the opposite side of the spectrum, and in 1999 provided arguably the most pessimistic, nearly apocalyptic, interpretation of the state of the world. Strange asserted that the modern state system had completely failed to deal with the challenges of financial globalization, environmental problems, and political and economic inequality: "From a globalist, humanitarian and true political economy perspective, the system known as Westphalian has been an abject failure" (Strange 1999, 345). She also refuted the conventional and comforting view that existing national and international institutions are able to monitor and regulate financial transactions "from government bonds to securitized corporate paper to derivatives" (Strange 1999, 348). She was particularly suspicious of derivatives: "even in the most prudent of banks these days, the complexities of derivative trading are often beyond the comprehension of elderly managers" (Strange 1999, 349).

On the other hand, in his essay *Second Thoughts: The End of History Ten Years Later*, Fukuyama conceded the possibility that the development of natural science and biotechnology might engender a new human being and therefore un-end and create new history. Though acknowledging some faults at the level of policy, he found no "systemic challenges to the prevailing liberal



order.” The Washington Consensus itself was “unobjectionable,” but should be put into a specific political, cultural, and historical context with “the priority of politics, governance and the institutions.” He reaffirmed his original, best paean to American hegemony by elaborating the three-part syllogism of democracy: peace is based in democracy, which is in turn premised on economic development, which is driven by globalization. He recognized the devastating potential of derivatives to disrupt and put the global market into a depression. But he viewed this possibility as unlikely and predicted that: “barring such a disaster, it seems much more likely that the events of 1997-98 will represent the bottom of an economic cycle for the developing world, and that the end of history hypothesis will emerge at the other end not only unscathed, but stronger in many ways” (Fukuyama 1999, 21).

Bruce Cumings agreed in 2000, though only partly. He observed that the global crises would “prove to be just another rondo in Fukuyama’s movement, toward the universality of liberal modernist norms and practices.” While Fukuyama was convinced of the market mechanism and concerned with preconditions for the Washington Consensus, Cumings was suspicious of the market mechanism itself, in line with Palanyi’s (1957) belief in the defects inherent in the market economy. For Fukuyama, globalization was inevitable, but for Cumings the dual movement, (i.e. the protection of society against the market – the original idea of embedded liberalism) was inevitable. Thus Cumings put forward his own ominous reading of “a new chapter in world history, as the market approaches its full global reach, unfolding a vacuum of alternatives and therefore testing, perhaps really for the first time, whether the self-regulating market can be the basis for the global order – the recipe for a truly long peace or for a truly unprecedented disaster” (Cumings 2000, 100).

In contrast, Thomas Friedman embraced and extolled neoliberal globalization without any caution or doubts about its practicalities and inherent dangers in his bestseller, *The Lexus and the Olive Tree*. He defined globalization as an extension of the free market in the fashion of Thatcher and Reagan, and declared it to be the international order that would replace the Cold War system. “Unfortunately,” he bluntly stated, “this Golden Straitjacket is pretty much ‘one size fits all’” (Friedman 2000, 105). In his view, derivatives such as the securitization of debt and junk bonds are the most modern invention of globalization; “the electric herd” of hedge funds and rating agencies, born of what he called the democratization of technology, finance, and communication, are the model and main driving forces of globalization. He expressed a “rational exuberance” regarding the prospect of America’s role in globalization: “In a winner-takes-all world, America, for the moment at least, certainly has the winner-take-all-a-lot system” (Friedman 2000, 376).

Indeed, America’s ‘moment’ was not to last long. The Bush administration faithfully, if foolhardily, pursued its freedom agenda to the point of the complete disintegration of Iraq and the triggering of the Great Recession. Disenchanted first with the nation-building project in Iraq and later at home, Fukuyama parted ways with neoconservatives and liberal interventionists, chastising economists for failing to predict the crisis, to chart the post-Washington consensus, and to probe the ancient secrets of the political order (Fukuyama 2004; Fukuyama and Colby 2009; Birdsall and Fukuyama 2011; Fukuyama 2011).



Friedman is, if not a naïve techno optimist and American apologist, a faithful disciple of Henry Luce, who envisioned America as the center of free enterprise, technological innovation, Good Samaritanism, and freedom. Friedman has continued to faithfully, if foolhardily, advocate, cheerlead, and defend the Bush administration's efforts and the freedom agenda itself. Convinced of the imperative of nation-building in the Middle East, he supported Bush's invasion of Iraq, and repeatedly predicted (or hoped) that the Iraq situation would turn a corner in the next six months (Friedman 2003 and 2004).

Just before the Great Recession began (in December 2007), Friedman argued in his April 2007 introduction to *The World Is Flat* that globalization had evolved into a "flattening of the playing field" and, in conclusion, advised against "an excess of protectionism" to prevent another 9/11 and ensure economic security. Beginning with the end of the Cold War, the development of the Internet supposedly created a wonderful new world of globalization 3.0 as his 'flatteners' empowered not just states (1.0) and companies (2.0), but also individuals (3.0) through uploading, outsourcing, off-shoring, etc. and enabled "the steroids" of digital, mobile, personal and virtual connection. In this new world, he explained, America is doing well because 80 percent of Americans are well-educated knowledge workers and the global economy is producing a bigger and complex pie with many idea and knowledge-related jobs (Friedman 2007).

## A Political Meltdown after a Financial Meltdown

"We don't just need more civility; we need more reality," Friedman and Mandelbaum (2012, xv) lamented during the 2012 presidential campaign, in their April 2012 introduction to *That Used to Be US: How America Fell Behind in the World It Invented and How We Can Come Back*. Friedman and Mandelbaum were "frustrated optimists" chastened by the Great Recession, the financial meltdown and resultant political meltdown of the Tea Party victory in the 2010 mid-term elections. The following were belatedly recognized. The end of the Cold War, once exalted as the first major 'flattener', was now blamed for having un-disciplined America: "America lost the rival that had kept us sharp, outwardly focused, and serious about nation-building at home" (Friedman and Mandelbaum 2012, 17). The challenges of globalization and China were like "a category-5 hurricane that will never move out to sea in the post-Cold War world"; the "steroid" of the cheap "credit-injected bubble years of the early 2000s" produced few "value-creating industries"; there was "zero net job creation since December 1999" mainly due to the meltdown which, in turn, resulted from "financial shenanigans", the most lethal of which had once been considered a financial wizard of globalization - "a derivative known as the credit-default swap" whose "implosion helped to create the worst financial crash since 1929" (Friedman and Mandelbaum 2011, 19, 231, 233, 249). In Iraq, America's "reach exceeded our grasp and ability to execute. We simply, casually, and wrongly assumed that things would work out"; economic inequality begot greater political inequality, which, in turn, led to more economic inequality; and the American political system was simply "paralyzed" (Friedman and Mandelbaum 2012, 255, 258).



How to get out of this mess? Friedman and Mandelbaum guess that if de Tocqueville were here today, he would detect America's "traditional strengths" of "impressive local business, creative teachers, active civic organizations, and visionaries" under a surface of national paralysis, and recommend "political shock therapy" to revitalize America (Friedman and Mandelbaum 2012, 348-349). In truth, shock therapy would be an anathema to de Tocqueville, for moderation was the hallmark of de Tocqueville's philosophy. It is also questionable as to whether today's de Tocqueville would have praised contemporary American mores. They apparently did not know that de Tocqueville, after writing Volume Two of *Democracy in America* in 1840, had become so troubled by the expansion of slavery, the impulsive mores of the masses, and dishonest, uneducated leadership that his "Volume Three of *Democracy in America*, if it had ever been written, would have probably mirrored his disenchantment and skepticism and would have called into question some of the most significant ideas of his widely acclaimed book" (Craiutu and Jennings 2009, 36).

Notwithstanding Friedman and Mandelbaum's faulty ghostwriting, what they longed for was a 'Radical Center' - a restoration of the 'Vital Center' (Schlesinger 1949) that had established Cold War liberalism (democracy and a mixed economy as a bulwark against communism), and which had been epitomized by the founding of an anti-Soviet Americans for Democratic Action (ADA) in 1947, the Eisenhower administration's internationalist foreign policy, and the preservation of New Deal programs that provided extensive investment in infrastructure and education. The centrist and rational agenda, such as a combination of tax increases, welfare reforms, and the mixed economy in general, are 'radical' in the contemporary polarized American political landscape. Specifically, the authors saw America as faced with four challenges - globalization, the information revolution, a growing budget deficit, and climate change. A Radical Center would reestablish what they proposed as America's (traditional but now forgotten) success formula of infrastructure, education, R & D, immigration and regulation.

The shock therapy of a third party or independent presidential candidate would, they reasoned, mobilize a large number of independent and moderate Democratic and Republican voters, and even though such a candidate might not win the presidential election, would be able to drive both parties towards the Radical Center. Friedman and Mandelbaum liken a third party or independent candidate to a bee, finding historical precedents such as Theodore Roosevelt in 1912, George Wallace in 1968 and Ross Perot in 1992: "We would like to see the emergence of a very big bee that can sting both parties in a way they can neither ignore nor shrug off. When an independent presidential candidate makes a strong showing, the dynamics of the two-party system impel the major parties to capture his or her voters, if at all possible" (Friedman and Mandelbaum 2012, 357).

"The time is ripe for this," the authors argued. In their optimism, they pursued the following reasoning. Many Americans are dissatisfied with the status quo, and there is a huge bloc of independents who are willing to go beyond the traditional two parties. In addition, there is a crack in the Republican Party. The Tea Party is, in fact, the 'Tea Kettle Party,' of which "main effect has been to let off steam"; the Tea Party's supporters and sympathizers are dissatisfied Republicans,



many of whom have “confidence that the Republicans could or would fix the things they regard as broken.” Therefore, the rise of the Tea Party can be interpreted as “further evidence that the time is once again ripe for an independent candidacy that can administer a shock to the American political system and compel serious attention to the challenges the country confronts.” Moreover, there is a new instrument for the rise of an independent candidate: “modern information technology provides tools that were not available to Perot, let alone Wallace or Roosevelt, for overcoming some of the barriers to a successful independent presidential candidacy – specifically the raising of money and the dissemination of the candidates’ message” (Friedman and Mandelbaum 2012, 362-363).

It is almost embarrassing to discover that the frustrated optimism of Friedman and Mandelbaum has turned out to be far too sanguine. Technology proves to be, to say the least, politically, and ideologically neutral; the Tea Party has not cleared a path toward the center; rather, both parties, especially the Republican Party, have moved further away from the center; and, in the end, Trump has jolted and captured the Republican Party itself, rather than having died out as a ‘bee’ of an independent candidate.

It is true that information technology can act as a great equalizer: it was an indispensable weapon for Obama’s grassroots mobilization and journey to the White House. However, technology can also empower superrich outsiders, such as the Koch brothers. It has helped Sanders and Trump disseminate their ‘radical’ ideas, raise funds, and mobilize angry voters on both the right and left. Trump has been particularly active in his use of social media to mock political correctness and work outside the supposedly rigged American mainstream media. The Tea Party has proved to be much more than a Tea Kettle Party. The Tea Party activists did not believe in the Republican leadership’s capacity to absorb their grievances; rather than continue on with the status quo, they knocked the leadership down and driven the Party further to the right.

One example of this is the 2012 defeat of Indiana Senator Richard Lugar in the Republican primary through Tea Party activism. The senator had been a symbol of post-Cold War bipartisanship due to his work with Joe Biden in the Senate Foreign Relations Committee. The Tea Party helped to install Paul Ryan, who was far from a moderate. Termed “a Reaganite pro-life hawkish supply-sider”, he ended up on the Republican presidential ticket as Mitt Romney’s running mate owing to the strength of the Tea Party (Douthat 2012). In the wake of the financial crisis and Wall Street bailouts, Romney, who is the former CEO of a private equity firm and former Governor of Massachusetts, found himself on the defensive. He should have taken advantage of Main Street’s frustration and boiling anger against Wall Street. Instead, he nearly blew up his bid for the presidency due to a remark recorded during a private funding raiser where he insulted the 47 percent of Americans who did not pay income taxes: “Well, there are 47 percent of the people who will vote for the president no matter what. There are 47 percent who are with him, who are dependent upon government, who believe they are victims, who believe that government has a responsibility to care for them, who believe that they are entitled to health care, to food, to housing, to you-name-it.....and so my job is not to worry about those people. I’ll never convince them they should take personal responsibility and care for their lives” (The Mojo News Team 2012).



An autopsy report by the Republican National Committee issued a stern warning to the Party in early 2013, stating that without vigorous outreach to the working class, minorities, youths, and women, it would be “increasingly difficult for Republicans to win a presidential election in the near future.” The report, titled the “Growth and Opportunity Project,” argued that “We should speak out when a company liquidates itself and its executives receive bonuses but rank and file workers are left unemployed. We should speak out when C.E.O.s receive tens of millions of dollars in retirement packages but middle class workers have not had a meaningful raise in years” (Edsall 2013). Neither Republican business elites nor conservative activists, especially Tea Party adherents, were persuaded by the argument that the government should protect the working class.

Instead, the Tea Party’s *bête noir* has been Obamacare. In 2013, in their drive to repeal Obamacare, the Tea Party adherents in the Congress shut down the entire government by refusing to endorse a budget deal negotiated between President Obama and the Republican House Speaker John Boehner. They buried Eric Cantor, the Republican House Majority Leader in the 2014 primary election and forced the Speaker Boehner himself to resign in 2015 amid another budget deal crisis. Paul Ryan, whose voting records were much more conservative than those of Boehner or Cantor, was given the House Speakership and managed to scuttle another government shutdown (Alman 2013; Costa, Vozella and Fahrenthold 2014; Steinhauer 2015; Hacker and Pierson 2016, 267-268).

Unlike Ross Perot, George Wallace, and Theodore Roosevelt, Trump successfully won the Republican primary race. Captured by neoliberal Corporate America and battered by the Tea Party, the Republican leadership has already shifted to the right and been hollowed out. Jeb Bush, who was the epitome of a Republican establishment candidate, was the first of the major contenders in the primary race to drop out. Florida Senator Mark Rubio, who was catapulted into Washington by the Tea Party in 2010, was chosen as the subsequent establishment candidate. However, in the end the runner-up Republican nominee was Texas Senator Ted Cruz, who was a flag bearer for the Tea Party in the Senate. Cruz’s limited, anti-government philosophy was no match for Trump’s ‘White America First.’ Trump unexpectedly, but not without good reason, captured the Republican Party (Giridharradas 2016).

Trumpism, or the rise of Trump, together with the popularity of Sanders, is the result of the unraveling of neoliberal American politics. The hidden or submerged American state managed to keep the issues of extreme economic and political inequality – ‘winner-takes-all inequality’ – off the public radar until the Great Recession. The Great Recession exacted an unbearable toll on the working class, revealing the limits of the hidden American state in protecting the 99 percent; the bailing out of Wall Street forced the hidden state to very publicly protect the financiers; the fight over Obamacare laid bare and aggravated ‘racialized’ American welfare policy. On the right, Trump has been riding on the economic pains of the white working class along with the racial backlash against Obamacare and undocumented immigrants (Frum 2016; Haidt 2016). Wall Street reform has been captured again by the bankers themselves; education, which had once been a vehicle for social mobility, has become a barrier that divides classes. On the left, by doggedly calling for breaking up of big banks along with minimum wage raise and free college education,



Sanders has mobilized the 99 percent's anger against Wall Street and the frustration of Millennials over their dim prospects for social mobility and economic stability, with regards to staggering student loan debt in particular (Beinart 2016).

Contrary to the frustrated optimism of Friedman and Mandelbaum that hoped to build the Radical Center, both parties have shifted away from the center because of Trump and Sanders, who have attacked American's economic inequality at home, and neoliberal globalization and global military intervention abroad. Free trade and Iraq, which were the hallmarks of American's post-Cold War hegemony, are their common targets. Trump's America First philosophy denounces globalism and opposes free trade agreements in general, and the Trans-Pacific Partnership (TPP) in particular. In the wake of the Brexit decision of June 2016, Sanders argued that:

“Despite major increases in productivity, the median male worker in America today is making \$726 dollars less than he did in 1973, while the median female worker is making \$1,154 less than she did in 2007, after adjusting for inflation. Nearly 47 million Americans live in poverty. An estimated 28 million have no health insurance, while many others are underinsured. Millions of people are struggling with outrageous levels of student debt. For perhaps the first time in modern history, our younger generation will probably have a lower standard of living than their parents. Frighteningly, millions of poorly educated Americans will have a shorter life span than the previous generation as they succumb to despair, drugs and alcohol. Meanwhile, in our country the top one-tenth of 1 percent now owns almost as much wealth as the bottom 90 percent. Fifty-eight percent of all new income is going to the top 1 percent. Wall Street and billionaires, through their “super PACs,” are able to buy elections..... Let's be clear. The global economy is not working for the majority of people in our country and the world. This is an economic model developed by the economic elite to benefit the economic elite. We need real change..... We need to fundamentally reject our “free trade” policies and move to fair trade. Americans should not have to compete against workers in low-wage countries who earn pennies an hour. We must defeat the Trans-Pacific Partnership” (Sanders 2016).

Sanders has endorsed and exacted concessions from Clinton on minimum wage increases, Wall Street reform, and the TPP. The Democratic Party Platform announced in July 2016 did not specify opposition to the TPP, but on August 11 Clinton pledged her opposition to the deal: “I oppose it now, I'll oppose it after the election, and I'll oppose it as president.” This marks a historical moment, a “potentially very dangerous inflection point” for American hegemony: “Never before have both main presidential candidates broken so completely with Washington orthodoxy on globalisation, even as the White House refuses to give up” (Roberts and Felton 2016).



## American Hegemony 3.0?

America is strong but Americans are unhappy. America as a nation is still number one, militarily unrivaled and economically robust, while China's hitherto phenomenal economic growth has slowed down, and Europe has been beset with numerous economic, political, social, cultural crises including the refugee problem, terrorism, and the recent Brexit decision. Nonetheless, most Americans feel that the country is on the wrong track; the declining middle class are suffering many ills from neoliberal globalization and revolting against it; meanwhile the elites are baffled by and aghast at Trumpism and the masses' rejection of neoliberalism, free trade, and military interventions like the Iraq War – in short, American hegemony 2.0.

Such a political meltdown has revealed itself through an abnormal, surreal, and unprecedentedly ugly presidential election. Character issues, or to be more exact, controversies over Trump's personal (psychiatric issues, megalomania, and pathetic bullying-lying-denying-flip flopping) defects, have dominated the majority of the ground battles of the 2016 U.S. presidential campaign. The Democratic National Convention was orchestrated to depict and criticize Trump as unfit for the presidency politically, ideologically and temperamentally. At the convention, Khizr Khan, father of a fallen US soldier who was Muslim, staged a sharp attack against Trump's anti-Muslim, anti-immigration rhetoric by asking Trump: "Have you even read the United States Constitution?" Trump responded with a personal attack against the Gold Star family, which opened the floodgates to criticism regarding Trump's personal defects and declining poll numbers. This incident resulted in numerous forecasts during the post-convention summer predicting Clinton's win (Karabell 2016; Balz 2016a). Since Labor Day, however, Clinton's lead in the polls has receded rapidly due to rumors around her 'stealth' health problem of pneumonia and her controversial remark that half of Trump supporters can be put into what she calls "a basket of deplorables... racist, sexist, homophobic, xenophobic, Islamophobic" (Balz 2016b).

It is uncertain whether Clinton's health problems (pitted against Trump's psychological problems) will be a serious game changer, and whether her 'deplorables' remark will become a critical liability like Romney's 47 percent remark. Nonetheless, it is quite certain that Trump is still a formidable adversary and there will be no easy victory for Clinton. Friedman deplores the fact that "people are so fed up with elites, so hate and mistrust Clinton and are so worried about the future — jobs, globalization and terrorism — that a bare majority could still fall for this self-infatuated carnival barker if he exhibited half a political brain." Friedman is also concerned about and counsels against Sanders' socialist sway over Clinton's campaign: "If there is one thing that is not going to revive growth right now, it is the anti-trade, regulatory heavy, socialism lite agenda the Democratic Party has drifted to under the sway of Bernie Sanders. Socialism is the greatest system ever invented for making people equally poor. Capitalism makes people unequally rich, but I would much rather grow our pie bigger and faster and better adjust the slices than re-divide a shrinking one" (Friedman 2016).

The contest between Trump and Clinton has been and is going to remain a tight race to the bottom, all the way to November 11th and possibly even thereafter, considering Trump's early



warnings that the election may be rigged. In the meantime, the anger, fear, pain, prejudice and pride of Americans will be further revealed and the image or pretension of America as a model for democracy will be further tarnished (Catanese 2016; Hunt 2016). It is also obvious that the stakes of this year's American presidential election have to do with the fate of the American middle class, the (rigged) political economic system, global trade, and American hegemony in general. In a nutshell, America is faced with the challenges of founding American hegemony 3.0 in post-middle class domestic politics and an anti-globalization world economy.

In the long run, no matter who wins this election, Trumpism and the pathologies of economic inequality and political polarization will not go away soon, and the limited and hidden American state or 'American Amnesia' will not be subject to any quick and easy fixes. In the short run, a unified government with a clear popular mandate is highly unlikely. Even if Clinton can mobilize Millennials and independents and thereby win by a large margin, a presidential campaign run on character issues and personal brawls does not give a mandate for political realignment or policy reform; it is highly unlikely that the Democrats will be able to retake both the House and the Senate from the Republicans.

It is also highly unlikely that Friedman's counsel against "an anti-trade, regulatory heavy, socialist-lite agenda" will be faithfully heeded, not only because many Americans have suffered the economic and political pains of neoliberalism, but also because his assumption of capitalism's "bigger and faster" growth no longer holds true. The Great Recession has painfully disproved the neoliberal orthodoxy of the 'trickle down economy' and the more traditional capitalist orthodoxy of economic growth that 'a rising tide lifts all boats.' Neoliberal globalization has only improved the status of the global superrich and the middle class in emerging powers such as China and India. The world economy has already slowed down. The specter of declining productivity and secular stagnation is widely shared by the very 'managers' of the world economy themselves (Summers 2016; McKinsey Global Institute. 2016). A 'lean and mean' time is coming; it would be quite a tall order to found American hegemony 3.0.

It is beyond the scope of this paper and, maybe, even beyond the most prescient minds of the world, to forecast how and when, or more importantly, whether American hegemony 3.0 will be established. Still, a very general observation or suggestion might be put forward: a triple challenge to American hegemony appears inevitable. First, American leadership in the realm of free trade and neoliberal globalization itself are being severely questioned, with the TPP and TTIP gasping for life. Second, America's global military leadership faces a challenge not only from ISIS and the return of Russian and Chinese geopolitics, but also from Trump's new securitization of lumping refugees, immigrants and terrorists together, which, on a broader level, brings into doubt the wisdom of the Iraq War and any other potential massive military intervention as well as existing alliances (in combating such an existential threat to the Americans). Third, this year's "deplorable" presidential election is not only tarnishing America's political and ideological leadership in the minds of the global public, but is also undermining the confidence or loyalty and political power of America's trans-national hegemonic elites (or, simply put, pro-American leaders and social



forces) in the world, who have been more shocked by Trumpism than their American counterparts in Washington and on K-street.

A difficult time is ahead for both America and the world. A gaping fissure between the elites and masses everywhere, and between Washington and the world, will persist. There is no going back to the time of Henry Luce or the ‘godsend’ of World War II that resulted in the founding of American hegemony 1.0. To tame or reign in the neoliberal globalization of American hegemony 2.0 and (re)found American hegemony 3.0 would require a long and painful transformation if it were possible at all; and along such an American journey into an uncharted territory, the world would also have to endure an equally painful political and economic transformation while engaging in some strategic soul-searching. ■



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