Two voices of concern over Trump's "New World Order"

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Two leading writers for the *Financial Times* have pointed to the far-reaching and, for them, worrying implications for the global political and economic order of the Trump administration's "America First" agenda.

Gideon Rachman, the newspaper's chief foreign affairs commentator, has written a piece on Trump's "New World Order" that examines the geopolitical content of Washington's unilateral withdrawal from the Iran nuclear deal, which was drawn up in collaboration with the major European powers.

Economics commentator Martin Wolf took up the question of the US ultimatum to China on trade presented by a high-level economic delegation at talks held in Beijing earlier this month.

One gets a sense from both articles of the growing fears in ruling circles of the consequences of the US economic and foreign policy agenda for the stability of the world capitalist system.

Rachman begins his article by drawing attention to a remark by newly appointed National Security Adviser John Bolton during a speech he delivered back in 2000 when he was one of the most strident neoconservative advocates of a US-led attack on both Iraq and Iran.

"If I were redoing the [UN] Security Council today," Bolton said, "I'd have one permanent member because that's the real reflection of the distribution of power in the world."

Rachman also cites an article by Bolton on Iran, written in 2015, as indicating that the national security chief is pushing for war. Bolton argued that "only military action … can accomplish what is required."

The *Financial Times* commentator writes that Trump's decision to pull out of the Iran agreement, rejecting "personal entreaties from the leaders of France, Germany and the UK," is the latest and most serious example of the administration's "aggressive unilateralism." It followed the US withdrawal from the Paris climate change accord and the "assault on the global trading system" through "swingeing tariffs" imposed not only against China, but "also on key allies such as Japan, Canada and the EU."

Pointing to what he calls "quiet fury in Europe," Rachman writes that the Europeans have discussed whether they can continue with the Iran deal by simply refusing to be bound by US sanctions. However, that may prove to be "very difficult for reasons that go to the heart of America's unilateral power." These reasons centre not only on access to the US market, but also on the role of the dollar as the world's reserve currency.

Citing Twitter remarks by the newly appointed US ambassador to Germany, Richard Grenell, that "German companies doing business in Iran should wind down operations immediately," Rachman notes that "in extremis," European executives who continue to do business in Iran could be arrested if they travel to the US, and European banks operating in Iran could find themselves shut out of the American financial system or subject to massive fines in the US.

"All of this reflects the role of the US dollar as the world's reserve currency," he writes. "It is the dollar, as much as American military might, that allows the US to coerce its allies—as well as its adversaries."

This observation underscores the analysis made by the Marxist movement. In his writings on imperialism during World War I, Lenin defined the essence of imperialism as domination by finance capital, which dictates policies to capitalist governments around the world whatever their political stripe—a tendency that has developed to an enormous degree since he wrote.

This domination of finance, to which Rachman points, exposes the economic nonsense advanced by the various pseudo-left groups which, in their support for US imperialism, seek to label China as an imperialist power. There is no possibility of the renminbi functioning as a replacement for the dollar as a world currency, and China's financial system is completely dependent on US finance capital.

Rachman's comments also direct attention to the highly perceptive observation made by Trotsky back in 1928 that the full force of US hegemony would be felt most acutely not in the period of America's rise, at the time of his writing, but in its period of economic decline, that is, in the period it has now entered.

Both Russia and China have discussed alternative international payments that bypass the US, he writes, and the Europeans may be tempted to join this effort, "particularly if it provides an opportunity to boost the international role of the euro."

But any conclusion that such a tectonic shift in the global financial system could be achieved by a purely economic adjustment would completely misread the lessons of history for present-day reality, because, as Lenin observed, there is no way that relations between the major capitalist powers can be fundamentally changed without a test of strength, and that takes place through war.

Rachman notes that the US often resorts to appeals to international law as it seeks to rally support for its actions against China and Russia over the South China Sea and Crimea.

"But for a rules-based order to work, the US has to be able to demonstrate that it is willing on occasion to be constrained by the rules—by accepting unwelcome judgments at the World Trade Organization, for example, or provisions in the Iran nuclear agreement that are not ideal."

Here again, real historical experiences and their relevance for the present situation are simply passed over. US imperialism has never accepted that it should be subject to the demands of a multilateral system of regulation.

Dollar supremacy, the economic foundation of its hegemony, was established under the Bretton Woods Agreement of 1944 after the US had explicitly rejected a proposal devised by the British representative John Maynard Keynes. Fighting for the interests of declining British imperialism, he sought the establishment of an international currency, bancor, so that the US, along with the other powers, would be subject to international financial discipline. The US would have none of it.

In the period of the post-war capitalist boom, while it maintained its economic dominance, the US did make certain concessions to the other major capitalist powers. Indeed, the stability of American capitalism itself depended on their growth and the consequent expansion of the world market.

But those concessions were always limited, and the US asserted its preeminence at times of crisis. One only need recall the remarks of US Treasury Secretary John Connally in 1971 to the Europeans when President Nixon withdrew the gold backing from the US dollar—a major indication that US economic power was on the wane. The dollar, he said, was "our currency," but it is "your problem."

In the period since then, the economic decline of the US has continued, rendering the injunction that it observe the rules-based order nothing more than a pious hope. In regard to the World Trade Organization (WTO), which the US played a key role in establishing, the view of the Trump administration and powerful sections of the American ruling class is that its trade rules are responsible for the economic weakening of the US and have enabled China's rise.

Rachman concludes that while US unilateralism may work for a while, it may also be "an invitation to rivals to test America's will through unilateral actions in Europe, Asia and the Middle East. And that this is a recipe for a much more dangerous world."

Rachman does not care to draw out the implications of his remarks, but they point to the growing danger of third world war, driven by the same economic and geo-political rivalries that produced the two world wars of the 20th century.

In his column, Martin Wolf takes aim at the ultimatum delivered to China in Beijing earlier this month, noting that China cannot accede to such demands. The demand that China reduce its trade deficit with the US by $200 billion within two years is "ridiculous," he writes.

He cites the sections of the US "draft framework" that demand that China cease targeting US technology, agree to abide by US export control laws and cease all "market-distorting subsidies." He notes that China "could never accept the idea that the US may prevent it from upgrading its technology."

"Finally," he writes, "the idea that the US will be judge, jury and executioner, while China will be deprived of rights to retaliate or seek recourse through the WTO, is crazy. No great sovereign power could accept such humiliation. For China, it would be a modern version of the 'unequal treaties' of the 19th century."

But that is precisely the US aim—to reduce China once again to a semi-colonial status.

Wolf issues denunciations of US actions, saying Washington should be "ashamed," that its demands are "crazy," and that it is "wrong," not only because it is seeking to humiliate China, but also because it is "simultaneously waging war on its potential allies."

But, as always, Wolf never probes the underlying driving forces of what he denounces as craziness—that is, the underlying contradictions of the capitalist mode of production. Instead, he issues injunctions that the capitalist powers should act like good English public schoolboys of some bygone era and play by the rules.

"The right path for everybody," he writes, "would be to make the discussion multilateral, not narrowly bilateral."

China should embrace principles of rules-governed openness and liberal trade, and "Americans who are better aware of the national interest than the present administration should understand that the US will find itself on its own if it seeks conflict."

This is based on a fundamentally flawed premise—that the bellicosity of the US, above all on trade, is simply a product of the Trump administration. In fact, Trump's policies are a continuation and deepening of measures initiated under Obama. These sought to establish new trade arrangements, covering the Asia-Pacific, excluding China, as well as Europe, that were designed to place the US at the centre of a network of global economic relations that would counter its long-term decline.

The craziness to which Wolf points does not originate in the mindset of the present occupant of the White House, but derives from the irrationality of the capitalist mode of production itself and leads inevitably in the direction of the ultimate insanity, the outbreak of another world war.

Economic rationality is not possible within the framework of the capitalist profit system because of the inherent contradiction that lies at its very centre: that between private ownership and appropriation and socialised production, a contradiction that assumes its most acute expression in the struggle of the capitalist powers for domination of the world market. The rational organisation of the world's resources, above all, the wealth created by the labour of billions of workers, requires the development of a higher economic order, that is, international socialism.