

TROUBLED TIMES: POLYCRISIS MEETS GLOBAL UNCERTAINTY

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March 2025¹

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ABSTRACT

This paper explores the evolving socio-economic and political landscape in the wake of Donald Trump's second presidency, which has disrupted the long-standing post-war international order. It examines the historical foundations of economic and political stability, from the Bretton Woods system to the rise of neoliberalism, and how these structures are now under threat. The resurgence of protectionism, the erosion of multilateral agreements, and the rise of tech oligopolies are contributing to a broader crisis of governance, inequality, and social trust.

The paper highlights how rapid technological transformation and the concentration of power in a few corporate entities are reshaping global capitalism, moving away from traditional free-market principles toward a new form of digital oligarchy. The implications of these shifts, particularly in relation to democracy, public policy, and economic resilience, are analysed within the context of increasing social and economic polarization. The paper argues that understanding these transformations is critical for maintaining social balance and addressing the systemic vulnerabilities that threaten global stability.

The Build Up to a Crisis - A post-WW2 settlement being dismantled

These are troubled and uncertain times, so much so that a paper in our series due to go out in the week of Donald Trump's inauguration had to be pulled and completely re-written. That paper made the naive assumption that, although we were at a point of crisis, the essential rulebook for national and international economic affairs would remain broadly the same. Not so. The events of the first months (January and February 2025) of the second Trump presidency turned the world we had written about upside down², and the uncertainty was amplified in March 2025 with the 'battle of the tariffs'³ leading to impacts in the 'market'⁴.

¹ Please cite as: Peter Lloyd and Michael Blakemore (2025) *Troubled Times: Polycrisis Meets Global Uncertainty*, <https://www.peter-lloyd.co.uk/papers-and-blogs/>

² Such as the markets reacting negatively to the see-saw tariff policy decisions and their retractions <https://www.ft.com/content/fbc5c28b-e5a2-41c1-9c3e-84f0104ace32>

³ <https://www.bbc.co.uk/news/articles/c99n7ex4vnko> <https://www.ft.com/content/69f582a6-3cec-4858-b115-3a24329102b4>

⁴ <https://edition.cnn.com/2025/03/12/politics/trump-musk-tesla-white-house-stock-market/index.html> although for 'balance' as to whose 'fake news' you believe in here is one other view from Fox <https://www.foxnews.com/media/white-house-advisor-loses-patience-reporter-over-questions-about-trumps-tariff-strategy>

That earlier paper had a short historical preamble, but events now mean it is important to go back further in political history and to have wider scope beyond the UK - our dominant focus in previous papers. Trump's executive actions seem designed to dismantle the key elements of a system that has been in place for 80 years, and which was designed to secure peace and economic stability. A clear sense is needed of what we might be in danger of losing. We have to do this with, admittedly, a rather simplified historical perspective.

At the end of World War II the Bretton Woods agreement⁵ was finalised under circumstances where the demand in the international sphere was for a *system of financial order* to be created to stabilize the global economy. Bretton Woods was an agreement between the United States, Canada, Western European countries, Australia and 44 other nations about the rules for commercial relations. It was created in 1944 and ensured that financial markets operated in a regulated way to cope with the perennial pre-war problem of fluctuating exchange rates and trade wars.

Out of it came the International Monetary Fund⁶ (IMF) and the World Bank⁷, both of which remain in operation today. The original Bretton Woods system collapsed in 1971 when President Nixon de-linked the essential fixed rate dollar backing for it, but the ethos of the system carried on – a rules based system of trusted relations among the participating nation states.

In 1947 came another part of the 'rules based' order - GATT (The General Agreement on Tariffs and Trade⁸). This was an agreement signed by 23 countries to promote international trade by reducing tariffs and other trade barriers among member countries. It was later superseded by the World Trade Organization⁹ (WTO) in 1995 that continues today to oversee global trade agreements and negotiations in the search for fairness, order and stability.

There also is the G7¹⁰ - Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, along with the European Union as a non-enumerated member. This group focuses on political and economic issues among the world's advanced economies. These systems have very much depended on the US playing its role as 'leader of the free world'.

The essence of all this at international level was to introduce a degree of regulated order (the 'rules based' international order¹¹) in the capitalist world – underpinning a marketplace that operates on liberal free market lines. The purpose was to lay the ground for stable development that could be widely shared across the 'free' nations and to avoid the fluctuations that had happened in the decades before the Second World War. In a move to make sure that the experience of the thirties and forties should not be repeated, there was a determined effort at nation state level generally to create a better balance between the demands of the capitalist free marketplace and the needs of society at large.

These post-war developments were shaped by a concern for economy versus society and capital versus labour relationships at a time when the spread of communism was regarded as a threatening alternative proposition. On the capitalist side of the counter-communist argument was the attraction of liberal economic theory¹² in that it offered a system where the economy could be kept out of the hands of autocrats and demagogues. The people could be left just freely to pursue their individual

⁵ <https://economicinsider.com/the-bretton-woods-system-creation-stabilization-and-collapse/>

⁶ <https://www.imf.org/en/About>

⁷ <https://www.worldbank.org/en/archive/history>

⁸ https://www.wto.org/english/docs_e/legal_e/gatt47_e.htm

⁹ https://www.wto.org/english/thewto_e/history_e/history_e.htm

¹⁰ <https://www.cfr.org/backgrounder/what-does-g7-do>

¹¹ <https://lordslibrary.parliament.uk/challenges-to-a-rules-based-international-order/>

¹² <https://bbs.binus.ac.id/ibm/2018/03/the-economic-liberal-perspective/>

desires and 'animal spirits' while the market would largely run itself with little need for more than broad regulatory steering under democratic principles¹³.

Seen from a post war perspective, the proposition was that capitalism – through its free market logics - could provide the sort of shared economic growth that alternative grand theories, whether fascist or communist, could not. A notable contributor here was Friedrich Hayek (1945) with his book *The Road to Serfdom*¹⁴. His attack on the communist alternative was firmly based on the merits of the free market order of things.

Under liberal theory the *market*¹⁵ would use price information to decide where scarce resources should be put, what should be produced and who should be rewarded in the process. Specific data and economic modelling against defined assumptions would be the primary device – applying a century of knowledge about efficient market functioning. The economy could, then, be largely abstracted from the 'messy' social and political context in which it is embedded.

In an important contribution to that debate Karl Polanyi (1944) – in his book *The Great Transformation*¹⁶ - recognised that periodic long-cycle crises in capitalism were normal and might well benefit from a revival based on market logics. However, looking back across the 19th Century *laissez faire* period, he saw that the dangers of what he called the "disembedding" the economy (removing it from its social and political context) might lead to a different kind of crisis.

His concern was that rising social inequalities might lead to serious crises around wealth and income distribution and open the door once again to potentially dangerous populist movements and 'great simplifiers'¹⁷. At national level a *welfare dimension* to support the worst off was seen as vital for a healthy and stable society. A 'disembedded' marketplace was not going to do this and there was wide support for the Keynesian approach set in a social democratic context in the post war settlement¹⁸.

In the UK context it was with the Thatcher government in the 1980s that market forces logic once again came to the fore as the chosen ideology. This followed on from the stagflation and trades union 'strife' of the 1970s and a perceived need *drastically to cut the cost of public services*¹⁹. This dovetailed with things on the international front, where the financial markets had continued to run on strictly liberal logics.

In the UK case the market was placed at the centre of economic policy not just in the private sphere but also *across the public realm*. That involved the privatisation of public services and utilities²⁰, the abandonment of public housing programmes (with those renting public housing having the 'right to buy'²¹ it), the insertion of private contractors in governance and the adoption of an internal market

¹³ <https://www.liberties.eu/en/stories/principles-of-democracy/44151>

¹⁴ Hayek, Friedrich A. (1945) *The Road to Serfdom : Condensed Version of The Road to Serfdom as It Appeared in the April 1945 Edition of Reader's Digest*. London :Institute of Economic Affairs, 2001

¹⁵ <https://lpeproject.org/blog/liberalism-property-and-the-means-of-production/>

¹⁶ Polanyi K, (1944), *The Great Transformation*

¹⁷ Colin Powell noted "Great leaders are almost always great simplifiers who can cut through the argument debate and doubt to offer a solution everybody can understand." <https://www.goodreads.com/quotes/405717-great-leaders-are-almost-always-great-simplifiers-who-can-cut>

¹⁸ John Maynard Keynes with his book *The General Theory of Employment, Interest and Money (1936)* had a strong mistrust for the rationality of free-market decision-making. The solution he promoted was for the state increasingly to take up a role as domestic scrutineer, regulator and

investment.bank.<https://www.marxists.org/reference/subject/economics/keynes/general-theory/>

¹⁹<https://www.instituteforgovernment.org.uk/sites/default/files/publications/Efficiency%20Unit%20and%20Next%20Steps.pdf>

²⁰ <https://centreforpublicimpact.org/public-impact-fundamentals/privatising-the-uks-nationalised-industries-in-the1980s/>

²¹ <https://www.theguardian.com/society/2015/aug/26/right-to-buy-margaret-thatcher-david-cameron-housing-crisis>

for the NHS²². A continuous drive to cut the cost of the public purse that began here has continued since that time. There was little regard for Polanyi's concerns about rising popular discontent and its impact on trust in government.

Why is this short historical overview important now? First, it shows that so much of what is happening today has echoes of what has gone before. Second, it can highlight how current developments can be regressive and disruptive for an ordered system. While the 80 years after the Second World War had their economic and political ups and downs, the sense generally was that the western capitalist economies were able to operate *in concert together* against a known system of rules and standards of behaviour. The United States as the 'defender of freedom' was unchallenged as the guarantor for peace and economic stability - underpinned by liberal democratic values for the 'west' and its allies.

More than just a grand aspiration, this system was realised in practice in a broad climate of trust and maintained by the principle of carefully negotiated bi-lateral and multi-lateral collective agreements. It operated in opposition to the communist and autocratic systems in Russia and increasingly in China. Western nations knew where they stood and ordered their internal economic affairs with a knowledge of the rules of the game. Despite external wars and internal struggles, there was a stable backdrop sitting behind international relations. No longer, it appears, is that the case.

A new 'inflection point' and the (second) arrival of Trump

Following decades of relative international economic stability we have entered a phase of *global disorder* as the US has elected a President with seemingly little respect for the established order of things. Overnight unilateral announcements of 25 percent tariff increases for Canada and Mexico and 20 percent for China were just the first steps²³ (with rapid partial retractions or temporary suspensions) in a new trade war²⁴ between the US and those nations that had depended on trust, fair negotiation and stability over time. The hard learned lessons from the past about the need to maintain economic and social balance and rule based international policy have been mostly discarded. Perhaps, some sort of an adjustment to the system was coming but the Trump mayhem is a particularly bizarre and potentially damaging manifestation.

There is an argument that neoliberalism, the capitalist regime in the ascendant since the 1980s, has been failing²⁵. It has been unable to produce enough overall value to meet the expectations for economic growth and derived social benefit its promoters had been promising. For decades, and particularly since the crash of 2008, economic growth has been limited, workers' wages largely flat and public funds under extreme pressure. Austerity of one kind or another has been the norm for fiscal management under the rules, with cutbacks applied to the public realm almost everywhere across the European space.

The neoliberal dream of greater economic growth and its dispersion to the people through 'trickle down'²⁶ effects, has been hard to realise in practice. Inequality has been increasing²⁷ alongside the challenges of the climate emergency. In response to this the level of dissatisfaction of electorates across western democracies has been rising²⁸.

²² The NHS Internal Market Witness Seminar, held on 5 December 2017 at the University of Liverpool in London, published by the Department of Public Health and Policy, University of Liverpool, 2018.

²³ <https://www.nytimes.com/2025/03/04/us/politics/transcript-trump-speech-congress.html>

²⁴ <https://edition.cnn.com/2025/03/13/business/alcohol-tariffs-eu-trump-trade-war/index.html>

²⁵ <https://rooseveltinstitute.org/publications/how-neoliberalism-failed/>

²⁶ <https://www.investopedia.com/terms/t/trickledowntheory.asp>

²⁷ Thomas Piketty, (2022), *A Brief History of Inequality*, Belknap Press

²⁸ <https://www.cam.ac.uk/stories/dissatisfactiondemocracy>

More broadly there has been a general trend for the post-war dominance of social democratic centre parties to give way to a rightwards and populist²⁹ movement in electoral politics. Election after election across the European Union (EU) (and the European Parliament³⁰) has seen the rise of nationalist, ethnocentric and individualist parties (with AfD in Germany³¹ a recent example) increasing their vote share³² and even taking control. The post-war acceptance of multinational free trade and the movement of people and goods has come under pressure where it has been seen as damaging the interests of people and places at home.

It may be that the election of Donald Trump marks a dramatic example of these already emerging trends. No wonder Karl Polanyi is being so widely re-read and pre-war European history is beginning to have a media presence³³. But the point about the Trump reversal is that it was *under US leadership and backing* that post-war evolution we described earlier took place. The ‘west’ led by the US had an identity as a liberal democratic bastion in a tripartite struggle with Russia and newly emergent China. With respect to Russia the sudden change of direction under the Trump administration is particularly hard to rationalise. This may classify simply as a personal Presidential preference or another ‘end of history³⁴’ moment.

Trump’s arrival as President of the United States has profoundly shocked the established system. Through a series of quickly promulgated Executive Orders³⁵ direct from the White House, the message has been that decades of carefully negotiated trade and tariff rules are set aside and previously trusted bilateral trade arrangements scrapped. Without prior discussion at home or abroad, bold announcements have signalled the tearing up of tariff agreements with neighbours and, in prospect, other nations within the former western capitalist ‘club’.

Diplomatically handled trade negotiations have been converted into a transactional model where trade partners present themselves individually to Washington for discussions with President Trump. The old established ruled-based order is being discarded and, far from being the guarantor of the trusted ‘western’ system in operation, the US has set itself up as the dominating player exercising its economic and political power in its own national interest – ‘America First’³⁶.

In February and March 2025 the events surrounding Ukraine were particularly disturbing – both in the behavioural style adopted for discussion and in the willingness to disrupt basic political alliances and apportion the blame to the victim. The simplistic model of ‘transactional power play’ triggered a highly significant rift between the US and its long standing European partners and allies. A potential realignment of the entire concept of the ‘western alliance’ appears to have been set in train primarily through the medium of social media³⁷.

This could be nothing short of a revolution in progress. International institutions have been undermined, international law has been violated and international aid eviscerated³⁸. Under the meme

²⁹ <https://www.bbc.co.uk/news/world-43301423>

³⁰ <https://commonslibrary.parliament.uk/research-briefings/cbp-10068/>

³¹ <https://www.bbc.co.uk/news/articles/cx29wlje6dno>

³² <https://www.theguardian.com/world/2025/feb/01/vicious-cycle-far-right-parties-across-europe-are-inspiring-imitators>

³³ <https://www.sky.com/watch/mussolini-son-of-the-century>

³⁴ <https://theconversation.com/the-end-of-history-francis-fukuyamas-controversial-idea-explained-193225>

³⁵ <https://www.whitehouse.gov/presidential-actions/>

³⁶ The doctrine according to the White House <https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy/> and some reflection <https://www.economist.com/international/2025/03/06/america-first-is-a-contagious-condition>

³⁷ <https://foreignpolicy.com/2025/03/13/trump-impact-global-order-norms-us-west-europe/>

³⁸ <https://www.theguardian.com/commentisfree/2025/feb/18/trump-vance-smashed-old-order-realignment-europe-response>

of “move fast and break things” (attributed to Mark Zuckerberg³⁹) the established international order, over days and weeks, moved from stability to daily uncertainty. The foreign affairs arena was subjected to massive turbulence with Trump’s declarations of his own solutions for both Gaza and Ukraine.

With daily declarations from the White House (via the President’s own monopoly social platform ‘Truth Social⁴⁰’) *uncertainty* has been the prevailing sentiment everywhere – for business and investment, for stock markets, for trade and commerce, for international relations, and for national governments trying to see their way forward. Recession is now widely anticipated as an outcome for those countries singled out for punitive measures⁴¹ and for the US itself. The sheer carelessness of the exercise has been breathtaking.

Inside the US another form of prior stability has been swiftly set aside. A ‘left field’ approach for dealing with the decades old problem of public expenditure rising faster than economic revenue has brought the unelected tech billionaire Elon Musk into the heart of government. Through his own Department of State (DOGE⁴²) he has been given free rein by the President to remove entire segments of the public service, execute deep cuts and fire public employees virtually at will.

DOGE plans to cut \$2 trillion from the \$6.1 trillion federal budget⁴³ and *reduce the federal workforce by 75 percent*⁴⁴. Musk’s team have taken over or sent DOGE workers into the National Oceanic and Atmospheric Administration (NOAA), charged with providing weather forecasting and climate data; the Department of Education, whose mandate includes prohibiting discrimination in schools and colleges; the Consumer Financial Protection Bureau, which protects consumers from exploitative lenders; the U.S. Agency for International Development (USAID), the government’s main foreign aid organization; and the Federal Emergency Management Agency (FEMA), which responds to natural disasters⁴⁵.

The idea that state financed public services might have a positive effect in mediating between economy and society to maintain public trust was discarded with little concern for the consequences. History clearly has no meaning when there is a business person (whose businesses benefit from government spending and subsidies) charged with stripping out services in health, welfare, environmental protection, education and social equality.

In the face of the deluge of radical and uncertain change there is an inevitable daily scramble to keep up with events. This applies both inside the US but also in the nations seeing the discarding of the rules based economic order and the ‘western alliance’. Decades of delicately negotiated agreement have been replaced by a Trump package that is deeply regressive - though claiming the opposite. Interestingly, it features policy propositions redolent of *earlier imperialist times*, as the US seeks to use its power to capture territory in other states and create its own sphere of influence. Indeed, the clock may have been set back to reintroduce regimes from the economic history textbooks.

³⁹ <https://quotes.guide/mark-zuckerberg/move-fast-and-break-things-unless-you-are-breaking-stuff-you-are-not-moving-fast-enough/>

⁴⁰ <https://truthsocial.com/@realDonaldTrump>

⁴¹ <https://www.bbc.co.uk/news/articles/cgr21jjwg4wo>

⁴² <https://departmentofgovernmentefficiency.wiki/>

⁴³ <https://www.investopedia.com/trump-advisor-musk-wants-to-trim-government-by-usd2-trillion-here-s-what-that-looks-like-8744628>

⁴⁴ <https://www.urban.org/urban-wire/implications-shrinking-federal-workforce-doges-recommended-75-percent>

⁴⁵ <https://www.reuters.com/world/us/musk-cuts-based-more-political-ideology-than-real-cost-savings-so-far-2025-02-12/>

Regimes Revisited

*Mercantilism*⁴⁶- Augmenting state's power at the expense of other rival national powers - the term has reappeared with Trump's tariffs agenda. There is also a new phase of *Colonialism*⁴⁷ (a wealthy or powerful nation seeking to maintain or extend its control over other countries - establishing settlements or exploiting resources). A new version of the colonial *Neo-Imperialist*⁴⁸ order can be identified in the drive to capture territory, rare earths and minerals alongside Trump's ambitions in Canada, Greenland and Panama. In a new manifestation of the famous Fukuyama story about the 'end of history' (the Cold War, Communism and the Soviet Union in that case), we are witnessing the '*restoration of past history*' - as long discarded regimes from the past have been thrust into active play in a matter of weeks.

All of this is taking its place against a *backdrop provided by fast moving technological change under a digital revolution*. Tech-facilitated opportunities for the global economy and for control by its dominant players have been and are currently changing the entire landscape⁴⁹. No area of economy and society is immune. In concert with the Trump agenda for politics, power and the economy, a small number of phenomenally powerful US tech oligopolies (Alphabet, Microsoft, Apple, Meta, X, Amazon, Nvidia and so on) and their owners⁵⁰ have moved to the centre of the geopolitical arena.

New power positions have emerged with roots in the unprecedented ability of the tech platforms to influence how society is encouraged to understand and react to the world. Of particular concern is the fact that considerable political power and influence is available to those who own and run the *digital media platforms* across which information and communication flow.

Having already 'colonised' the daily online actions and discourses of people across the globe, the tech billionaires and their giant corporations have a capability to organise the future not just for the US but its long-standing western partners - while simultaneously *extracting personal data from all in the process*⁵¹. De facto, the neoliberal past seems to be giving way (or morphing into) to a new regime dominated by platforms, predominantly in the hands of US tech oligopolies with the power to control the public discourse. (In parallel, the White House bans the Associated Press from briefings because it will not accept the arbitrary renaming of the Gulf of Mexico⁵²).

As Orwell stated. "those who control the present, control the past and those who control the past control the future", The wholesale sanitising of US Federal Websites seems to follow that process, with frantic attempts to archive their pre-Trump versions before they disappear down George Orwell's 'memory hole'⁵³.

⁴⁶ <https://www.investopedia.com/terms/m/mercantilism.asp>

⁴⁷ <https://plato.stanford.edu/archives/spr2010/entries/colonialism/>

⁴⁸ <https://monthlyreview.org/2021/05/01/five-characteristics-of-neoimperialism/>

⁴⁹ Julianne Schultz, (2024), <https://www.theguardian.com/commentisfree/article/2024/may/11/none-of-us-saw-digital-colonialism-coming-now-we-must-live-with-its-consequences/>

⁵⁰ Who have mainly knelt meekly in front of Trump. <https://www.nytimes.com/2024/12/14/technology/trump-tech-amazon-meta-openai.html> <https://finance.yahoo.com/news/how-big-tech-is-trying-to-win-over-trump-200058642.html>

⁵¹ <https://www.ft.com/content/0cca6054-6fc9-4a94-b2e2-890c50d956d5/>

⁵² <https://www.theguardian.com/us-news/2025/feb/24/trump-associated-press-gulf-of-mexico-ban>

⁵³ <https://www.npr.org/sections/shots-health-news/2025/01/31/nx-s1-5282274/trump-administration-purges-health-websites> <https://www.technologyreview.com/2025/02/07/1111328/inside-the-race-to-archive-the-us-governments-websites/>

A deeper seated shift in neoliberalism

We have already observed that behind the daily turbulence of the incoming Trump regime there may be a deeper seated issue to consider. It may well be that neoliberalism, a long-standing hegemonic philosophy, is itself in a 'doom loop'⁵⁴. This is taking place when there is still a delayed recovery from the 2008 crash, a polycrisis, the pandemic and with the immanent challenges of global warming. This is part of the anxiety inducing backdrop for that more febrile political, social, and economic environment producing changes in electoral choices.

Key pillars of the neoliberal order seem all to be shifting at the same time⁵⁵. While governments, not least that in the US, are still fervently promoting versions of free market policies at home, for some time they have been re-examining the costs, benefits and risks of the free international movement of goods and labour. The *discontents of globalisation*⁵⁶ and uncontrolled migration have for some time been providing good copy for right wing party manifestos that whip up nationalist sentiments. A significant part of the launch pad for the election of Donald Trump, *protectionism* is a vote winner in those states and regions still suffering from the sectoral shift that came with the decades of globalisation.

Meanwhile, however, the established economic playbook remains stubbornly in place. While until only recently concern for the climate crisis was far from adequate, the US is now actively leading a climate change denial policy with businesses in the oil and gas sector sensing an opportunity to discard their own concerns⁵⁷. As inequality remains stubbornly high, popular satisfaction for the competency of social democratic governments in handling it is beginning to wear thin with the standard script of blaming migration as a key cause. Right wing populism, then, is finding a voice once again and the election of Trump is a significant game changer.

A new regime emerging?

Varoufakis (2024) in his book, *Technofeudalism: What Killed Capitalism?*⁵⁸ takes this debate on the current transformation of neoliberalism to another level. His suggestion is that the very essence of neoliberal capitalism is giving way to another kind of regime -*Neo-Feudalism* and to the arrival of what he calls 'cloud capital'. Too much for us to take on in full detail here, his argument is that the very foundation of capitalism is giving way to another form based on oligopolistic ownership of cloud platforms and the accumulation of assets⁵⁹.

Empirically we can clearly see the rise of the Big Five global tech companies (Meta, Amazon, Apple, Netflix, Alphabet-Google) along with the 'tech bro' cluster of billionaires whose collective wealth is larger than most nation states⁶⁰. They play a key role with others like Nvidia and Tesla to make up the

⁵⁴ https://en.wikipedia.org/wiki/Doom_loop

⁵⁵ Stiglitz J.E (2003), *Globalisation and its Discontents*, Norton <https://wnorton.com/books/globalization-and-its-discontents/>

⁵⁶ Joseph E Stiglitz (2017), *Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump*, W. W. Norton <https://wnorton.com/books/97803933355161>

⁵⁷ <https://www.ft.com/content/8bcf131f-c820-493f-8ea6-6a35440facd3>

⁵⁸ Varoufakis, Yanis (2024), *Technofeudalism: What Killed Capitalism*, Heruitgave,

<https://www.penguin.co.uk/books/451795/technofeudalism-by-varoufakis-yanis/9781529926095>

⁵⁹ <https://www.theguardian.com/commentisfree/2025/jan/19/donald-trump-elon-musk-class-war-uk-us-oligarchies-democracy>

⁶⁰ <https://www.oxfam.org.uk/media/press-releases/billionaire-wealth-surges-three-times-faster-in-2024-world-now-on-track-for-at-least-five-trillionaires-within-a-decade/>

‘Magnificent Seven’ group of dominant stock companies in the US stock exchange whose tentacles spread across the globe with footprints across the key sectors of industry and commerce – collectively constituting a ‘technocracy’⁶¹. Sitting behind both clusters are the ‘super wealthy’ - *the oligarchs*⁶² - who not only dominate the economy but who, as massive political party donors, have their hands on the levers of political power.

Oligarchs

An oligarchy is a system in which the government is controlled by a small group of people, or *oligarchs*. The term "oligarch" comes from an ancient Greek word, "oligarkhia", which means "the rule of the few." Oligarchs typically gain control through financial means, such as donating heavily to politicians who, in turn, rule in ways dictated by the oligarchs. However, oligarchs may also gain influence through their social status/nobility; fame; education; or political, religious, or military connections. Oligarchies in which a family rules often result in power being passed down from generation to generation⁶³.

The Elon Musk story is one that is particularly revealing for the Trump administration⁶⁴. All this is, of course, at a far remove from the *free and open marketplace of liberal capitalist ideology* still being deployed. It is worthy of note that in his final address to the nation Joe Biden warned his country of the “tech-industrial complex” and its potential threat to democracy⁶⁵.

The global economy is, then, dominated economically by giant tech oligopolies and super wealthy elites in the hedge and venture capital funds⁶⁶. Under these conditions market principles operate on very different lines. Much of the current hyper-concentration of wealth⁶⁷ is, for example, rooted in asset ownership and less so the means of production – investments in productive tools that create jobs and local opportunities.

This concentration is a powerful force behind today’s extreme levels of inequality.⁶⁸ The dominant players in the system are described as being ‘takers not makers’⁶⁹. Acting in combination, this rebalances the traditional ‘investment – jobs – wages’ cycle of traditional capitalism whereby workers had something to gain from the wealth seekers actions and economic growth was shared (if on unequal class terms).

In the global marketplace Trump has been reintroducing mercantilist ideas with his ‘America First’ project⁷⁰. In its day Mercantilism was a system designed to augment state power at the expense of rival national powers. Disturbingly it was framed as “*the economic counterpart of political absolutism*”⁷¹. The emerging US regime with oligarchy at its core is, as Varoufakis suggests, more like

⁶¹ <https://www.theatlantic.com/ideas/archive/2025/02/trump-musk-doge-engineers/681580/>

⁶² <https://www.commondreams.org/news/global-oligarchy>

⁶³ <https://worldpopulationreview.com/country-rankings/oligarchy-countries>

⁶⁴ <https://www.bbc.co.uk/sounds/brand/p0d7q0h8>

⁶⁵ <https://www.nytimes.com/2025/01/15/us/politics/full-transcript-of-president-bidens-farewell-address.html>

⁶⁶ <https://www.theatlantic.com/magazine/archive/2011/01/the-rise-of-the-new-global-elite/308343/>

⁶⁷ <https://www.oxfam.org/en/press-releases/billionaire-wealth-surges-2-trillion-2024-three-times-faster-year-while-number>

⁶⁸ The top 1% of households in the UK have 230 times more wealth than those in the bottom 10% - <https://www.ft.com/content/d52743ca-c669-4c71-941f-8281230a21b5>

⁶⁹ <https://www.weforum.org/stories/2025/01/oxfam-new-report-inequality-colonialism/>

⁷⁰ <https://carnegieendowment.org/research/2017/08/trumps-national-security-strategy-a-new-brand-of-mercantilism?lang=en>

⁷¹ <https://www.britannica.com/money/mercantilism>

a feudal system where the owners of assets are not just physical ones. They come in the form of cloud based internet platforms and their willing individual ‘subscribers’.

The tech oligarchs constitute a *different controlling* entity from past owners of physical capital in the form of the means of production (tools, factories etc). They control a system where, in old fashioned terms, extracting labour surplus in pursuit of profit is no longer the primary modus operandi. It is also one where the widely accepted Fordist equation of capital investment creating jobs for people who will subsequently become consumers for the products is no longer easy to recognise.

Buy the full Varoufakis story or not⁷², in the contemporary economy it is clear that well before Trump, dividends, share buybacks and asset acquisition had already risen in prominence at the expense of direct investment and job creation. There has been a shift of emphasis away from the traditional investment-production-return model with its associated job creation and income growth benefits that governments need as the engine for growth⁷³.

The conditions for labour have changed, class differentials have widened and inequality has run to extremes. Neoliberal capitalism is, at the very least, undergoing one of its periodic transformations⁷⁴. Facing all this, hanging on to older orthodox ideas about the economy can lead governments toward a false sense of the order of things and to choices with implications for the social balance of society that can invite further disruption.

If as Varoufakis suggests, the capital-labour relationship has been fundamentally transformed into a new form of ‘serfdom’, the prospects for the type of economic growth that offers more jobs and better wages that the UK Chancellor has obsessed about may prove illusory. Where then will the social surplus come from to fix a crumbling public realm and face up to the global climate crisis? (and now of course a significantly increased defence budget⁷⁵). Further cuts to welfare benefits are, it seems, still to be the chosen means to remain within the fiscal rules⁷⁶.

The platform enabled ability of the new feudal class to use their prime cloud assets and enormous personal wealth to manipulate the public conversation and influence governments can offer a *serious challenge to democracy* for the future. One way or another we stand at the *inflection point for a major transformation* where the struggle to maintain a reasonable balance between the economic and the social is being lost and where democracy is under threat⁷⁷.

Challenges for an accepted information landscape

One of the features rarely spoken of that had – before these unprecedented times – underpinned the opportunity for nation states to align themselves to the post-war international financial system was a *common information platform of standard economic data*⁷⁸. Neoclassical economics gave it a structure and language with clear internal consistency with a long history and a global reach. De facto, this knowledge platform, representing an *essentially economic* knowledge base and an *economistic view of the world*, gave the West and its international partners a way to act together on a common basis

⁷² Morozov E (2022), Critique of Neo-Feudal Reason, New Left Review, 133-134, Jan/Apr

⁷³ <https://www.ucl.ac.uk/bartlett/public-purpose/publications/2018/jul/mission-oriented-innovation-policy-and-dynamic-capabilities-public-sector>

⁷⁴ Jamie Peck (2010), *Constructions of Neoliberal Reason*, Oxford University Press, Oxford, ISBN 9780199580576

⁷⁵ <https://www.gov.uk/government/news/prime-minister-sets-out-biggest-sustained-increase-in-defence-spending-since-the-cold-war-protecting-british-people-in-new-era-for-national-security>

⁷⁶ <https://www.bbc.co.uk/news/articles/c1lpjgg2mp5o>

⁷⁷ <https://www.brookings.edu/articles/dangerous-cracks-in-us-democracy-pillars/>

⁷⁸ <https://www.imf.org/en/Data> <https://data.worldbank.org/>

with a common technical language. (We now hear that Trump/Musk plan to redefine GDP without including government expenditure⁷⁹).

Post-war, it also gave the US an opportunity, alongside the role of the dollar as the dominant global reserve currency, to set the parameters for the system of rules. In those more constructive times, the hope was for a set of common metrics to create a peaceful rule-based world order and generalised economic growth. The basis lay in the accumulation of capital, open international trade, a necessity for growth and the creation of a surplus, the normative proposition for liberal capitalism. This mapped the world we lived under. It depended, of course, upon the view of that America had of itself as leader of the free world.

In the UK case it was the Treasury and the Bank of England, the Office for National Statistics that provided the fulcrum for this with a later role for the OBR (Office of Budget Responsibility). Under the system Chancellors of the Exchequer were briefed on how things were going along with forecasts of anticipated trends. The economy and the data and models that mapped it were the focus of government policy and the people generally trusted this order of things insofar as they thought about it.

Now, there are other things to worry about on the data and analysis front, led by the rapid spread of Artificial Intelligence (AI). The possibilities of this are emerging rapidly with a potential for far reaching change. Big data and AGI ((artificial general intelligence⁸⁰) are destined to transform the entire data landscape from the standards of the past.

Already rapidly surging through the private sector, the *public sector opportunities*⁸¹ arising from AI are still being developed. For national statistics agencies there is now the available technology to harness vast amounts of textual data and metadata to supplement existing resources⁸². This can bring about a wholly different approach to data-driven research and decision making⁸³. Methods of analysis can also become more open and creative. Since errors in the established system are now being increasingly documented⁸⁴ ⁸⁵ and it is perhaps fortunate that a new wave of data handling possibilities is overtaking the old methodologies.

In the wider public context the potential to apply digital techniques of data-mining and algorithmic analysis to big data through large language models⁸⁶ (LLMs) makes it much more than just another tool to understand the world better. By making use of big data⁸⁷ and the expanding range of new AI tools, policymakers could become better able to engage with today's complex, dynamic world. This could open the door to a *complex systems view* - incorporating the nature of the feedback loops that

⁷⁹ <https://www.washingtonpost.com/business/2025/03/04/gdp-government-spending-musk-lutnick-trump/>

⁸⁰ <https://cloud.google.com/discover/what-is-artificial-general-intelligence> "the hypothetical intelligence of a machine that possesses the ability to understand or learn any intellectual task that a human being can. It is a type of artificial intelligence (AI) that aims to mimic the cognitive abilities of the human brain." See also <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-artificial-general-intelligence-agi>

⁸¹ <https://www.turing.ac.uk/research/research-programmes/public-policy/public-policy-themes/ai-public-services>

⁸² Metadata is commonly described as "data about data". Too vague a definition to be useful. It is structured information that describes, explains, locates, or otherwise makes it easier to retrieve, use, or manage an information resource. It is data constructed to help data to be more useful and retrievable, to do more things with it, and give it greater utility.

⁸³ <https://op.europa.eu/en/publication-detail/-/publication/f4a703b3-6a60-11ee-bf53-01aa75ed71a1/language-en>

⁸⁴ <https://www.ft.com/content/bb0c37ea-c506-11e9-a8e9-296ca66511c9>

⁸⁵ [UK statistics agency delays release of trade data after finding error](https://www.bbc.com/news/technology-51888888) standards

⁸⁶ <https://www.ibm.com/think/topics/large-language-models>

⁸⁷ https://www.sas.com/en_gb/insights/big-data/what-is-big-data.html

standard policy approaches have had largely to abstract from. With the advent of AI and in particular AGI the possibilities for society in general are only just emerging but will be potentially enormous⁸⁸.

On the downside, however, present trends indicate that AI/AGI could also provide a means further to develop and sustain forms of oligopolistic power and control by the tech billionaires if unregulated, something already discernible in the Trump/Musk manifesto⁸⁹. The very future of democracy⁹⁰, for good or ill may even hang on *how and in whose interests* the fast moving digital transformation provides us with the information needed to ‘read’ the world.

Pursuing fixed economic visions in complex times

Complexity of view: simplicity of purpose

Over the last two decades the cloud, social media platforms and so on, have brought radical change, now elaborated by AI and its derivatives. The communications revolution has drastically altered the meaning of time and space. In processes of production and distribution new possibilities have been opened up and some older ways of doing things have fallen by the wayside. In the local urban context workplaces, ways of working, shopping and leisure pursuits have transformed the form and function of towns and cities.

There is far too much going on to adequately explore here but the essence is a canvas of fast changing complexity. An ever more interconnected and fast changing system has been spreading its tentacles globally, nationally and locally under conditions where information has never been more easily available. One thing that has not changed so rapidly, however, is the *approach governments use to determine how economies work* (the market), what growth consists of (GDP) and how performance is measured over time and place (standard economic data). ‘New times’, however, have arrived and the ‘theory-reality gap’ is an emerging problem.

Despite this, there have been only limited critiques of the way the Chancellor and the Treasury do things with reference to accepted models going back more than half a century. The priorities of the national popular conversation have shifted to include inequality and climate change but the policy story continues to be that fiscal good housekeeping based around traditional indicators and economic growth as paramount. In the background international financial market movements have a strong impact on what can and cannot be done at the national level. Currently the world is watching closely to see if the actions of Trump provoke a significant bond and stock market response – with early indications distinctly negative⁹¹.

Codified frameworks for fiscal management

It is through the global financial system that national governments like the UK accept being bound firmly into a highly codified framework for collecting and reporting data for judging their economic performance. Of course the nation has to pay its way and it is a question of how much debt the markets will allow and at what price – hence the focus on the PSBR. We looked at this in some detail in our earlier paper *Coping in Times of Polycrisis: The Truss Debacle in the Wider Context, 2023*⁹². The

⁸⁸ <https://engelsbergideas.com/essays/the-fragile-equilibrium-of-technology-liberty-and-power/>

⁸⁹ <https://committees.parliament.uk/committee/111/national-security-strategy-joint-committee/news/201621/big-tech-and-social-media-companies-falling-short-ahead-of-uk-general-election/>

⁹⁰ <https://www.ft.com/content/077e28d8-3e3b-4aa7-a155-2205c11e826f>

⁹¹ <https://www.ft.com/content/64937cfe-bb62-4a0a-990f-503344e9c58a>

⁹² <https://www.peter->

[lloyd.co.uk/app/download/5814299888/Polycrisis+and+Simple+Economic+Models+The+Truss+Debacle+in+the+Wider+Context+%286.1%29+2.pdf](https://www.peter-lloyd.co.uk/app/download/5814299888/Polycrisis+and+Simple+Economic+Models+The+Truss+Debacle+in+the+Wider+Context+%286.1%29+2.pdf)

message from these political events as they unfolded was that deviation from the accepted market norm was not acceptable⁹³. In early March 2025 the Chancellor was reported as daily to be watching the international bond markets⁹⁴. Threats of further tax rises and public expenditure cuts are assumed to be in prospect if they are not quickly “placated”⁹⁵.

This is not just a feature of the present time. Different government and Chancellors have for decades had to navigate within the fiscal rulebook. Responses to the need to control public expenditure have ranged through Thatcher’s adoption of the *New Right* ideas of Friedman and Hayek⁹⁶; Blair-Brown’s *New Public Management*⁹⁷ and Osborne’s *austerity*⁹⁸. The constant requirement was to suppress public spending and control the PSBR - with a ‘Treasury View’⁹⁹, constantly in place to emphasise that strong fiscal discipline is the essence of good governance and economic growth the only remedy¹⁰⁰.

The post-war belief that, following Keynes, the state could use its weight and spending power to balance out recessions and use public spending (and judicious borrowing) in the downturns to counter deflationary pressures was downgraded over half a century ago. The only sure way forward for the nation became generally accepted as *economic growth* or at least the prospect of it. Improvement in social justice insofar as it had a place at all was to be a product of trickle down once the growth objective had been achieved.

Later, however, even in better economic times, as public expenditure continued inexorably to grow (a growing complex system effect perhaps as well as a market one) doubt emerged as whether public funds *could ever be enough* to meet the demands being created without damaging the economy as a whole¹⁰¹. Restraining public expenditure became the story that dominated national economic management. There is an argument that individual nation states have been struggling to solve by fiscal means a structural problem rooted in the state of late neoliberalism. Facing this, the latent sense that something was going to have to change radically may have prepared the ground for the emergence of a ‘great simplifier’ ready to make drastic change.

To be fair, then, UK governments (of different political shades) under the standard playbook have had limited choice but consistently to apply an essentially *economistic and macroeconomic* gaze on how well or badly we are doing while bearing down on public debt. This seems to be the case for most countries in the liberal capitalist world since the financial crash. This is where the current UK Chancellor’s obsession with her fiscal rules comes into play¹⁰². Increasingly agile financial players

⁹³ See also the case of Greece in 2010 - <https://www.bbc.com/news/world-europe-45245969>

⁹⁴ <https://www.theguardian.com/commentisfree/2025/jan/16/labour-liz-truss-zombie-economics-britain-cuts>

⁹⁵ <https://www.ft.com/content/ca4cab92-2596-49a4-9f73-f1f6d10a041e>

⁹⁶ Williams, B. (2024). The ‘New Right’ and its legacy for British conservatism. *Journal of Political Ideologies*, 29(1), 121–144. <https://doi.org/10.1080/13569317.2021.1979139>

⁹⁷ *New Public Management* added a focus on evaluation and cost control metrics to this in a drive to achieve greater efficiency. https://www.ucl.ac.uk/bartlett/public-purpose/sites/bartlett_public_purpose/files/new_public_management_and_innovation_policy_a_systematic_literature_review.pdf

⁹⁸ <https://www.ft.com/content/3c4c9caa-8a14-11e5-9f8c-a8d619fa707c>

⁹⁹ https://www.mmu.ac.uk/sites/default/files/2021-11/Understanding_the_Treasury.pdf

¹⁰⁰ Five decades after Thatcher saw UK governments of varying shades all accept the need to push back against public expenditure but, despite a sharp fall to 34-35 percent in the later Thatcher years, the long run trend has been upwards. Recession, the financial crash and Covid saw spikes above 40 percent and now despite a decade and a half of austerity, it stands at around 45 percent.

¹⁰¹ King, A. (1975). Overload: problems of governing in the 1970s. *Political Studies*, 23(2–3), pg 166

<https://doi.org/10.1111/j.1467-9248.1975.tb00068.x>

¹⁰² <https://www.instituteforgovernment.org.uk/explainer/current-fiscal-rules>

(‘bond vigilantes’) in the international bond markets can spot and react to negative indications very quickly and the penalties for a national government delivering the wrong messages in its data can quickly be serious¹⁰³. We await their reaction to the Trump era as it unfolds.

But at least under the established system *every player knew where they stood*. There was a logical order to economic affairs and a commonly agreed international basis on which decisions could be taken and evaluated. Nation States needed to play by the rules to try to keep the ‘right’ numbers in their data against the accepted set of agreed market and performance parameters. Get this wrong and reactions could arrive very quickly in the global digital marketplace as we saw in the Truss episode¹⁰⁴.

Targeted cuts with political purpose

In February 2025 the break to this established system came as the door opened to Trump in the US. Those long standing accepted behaviours are in danger of being ignored by the world’s largest economy and what is to follow is far from clear. A headlong dash to ‘move fast and break things’ is at the very least a risky prospect for the social order in nations most of which have suffered a decade and a half of stagnation alongside rising inequality, collapsing public services and stubborn inflation.

The Trump approach goes further, however. The administration now demands that, ‘non-productive’ expenditures on social equity, diversity, ‘wokeness’, international aid, climate change measures etc. be dramatically cut back for the ‘dynamism and good health of society’ On top of this, doubling down on the need to cut state expenditures to, ‘reduce the bureaucracy’ is promoted once again as the solution to economic under-performance and entrepreneurial lag. There may be some sense to parts of this proposition - but it has wider *social as well as economic* risks that a tech entrepreneur and property developer may just fail to take into account.

Insofar as it can be clear at this point, the ideology appearing at the outset of Trump 2.0, as discussed earlier, is not just about individual freedom in a market society (taken for granted) but is caught up with much older political ideas about strong nations versus weak ones with colonial, even neo-imperialist ambitions, all dedicated to promote exclusively US national interests. As part of the ideological mix there are also *deeply disturbing scripts about race and ethnicity* – protectionism morphing into fears about migration and repatriation.

A new regime is in place with a ‘great simplifier’ at its head exhibiting strong autocratic ambitions. A re-reading of history involving regimes with this combination of properties does not augur well for the prospects of peace and social stability. We seem to have moved at warp speed from a comforting, if sometimes limiting, stability to an evolving combination of anarchy and autocracy.

UK policy: ‘One club golfing’ on a course undergoing fast re-design

A background of cuts and austerity

Following WWII and under the accepted economic model of the time, the UK accepted a duty to support those who were deprived and unable to support their families. However, this was always in practice a *conditional commitment*. Should the costs associated with poverty and deprivation become so large as to challenge the national finances through a recourse to public borrowing, expenditure on

¹⁰³ <https://www.investopedia.com/bond-vigilante-6386194>

¹⁰⁴ <https://theconversation.com/liz-truss-an-economist-explains-what-she-got-wrong-and-what-shes-actually-right-about-228065>

welfare was regarded as being a problem for investment, economic growth, and sound money. It has been normal UK practice for the welfare budget to be subject to tight controls.

Since the financial crash of 2008 it has, however, not just been welfare benefits to be suppressed, however, but also public service pay, public infrastructure investment and maintenance and public service running costs, all of which have been reflected in the cost of living¹⁰⁵. Where the nation is financially over-subscribed and borrows to service the shortfall, the bond markets can become a major problem. Cuts and austerity have had to be promised to restore confidence or borrowing costs would rise still further. Unless the Chancellor makes robust statements about being willing to take remedial action on spending, investors can become wary and hold back. This is one component of the 'doom loop' concept in action¹⁰⁶.

To break out, as the government misses no opportunity to tell us, the only hope on offer is to be *economic growth* (the one-club golfing metaphor) a relatively vague proposition in reality, growth has become proxy measured as a 'rise in GDP'. As Daniel Suskind puts it, however, "... the true causes of growth are one of the great mysteries of economic thought" - "It is a hotly contested idea... divided along deeply political lines"¹⁰⁷.

Although not mentioned directly, *trickle down* is implied as a key part of the package (see our recent paper¹⁰⁸). This is to be how poverty, deprivation and community blight will eventually be addressed. It is a theory with a less than glorious history¹⁰⁹. The nation currently finds itself 'dashing' for economic growth to solve its problems while at the same time looking for ways to cut the welfare bill and issuing orders to restrain departmental expenditures still further¹¹⁰.

Growth and trickle down will, we are told, deal with high levels of poverty, deprivation and public service breakdown¹¹¹. There is more than a touch of 'Pollyanna' about this¹¹². What kind of economic growth can be expected to put all this right on a meaningful timescale? UK plans to dash for quick fixes like becoming a global hub for AI, and promising hi-tech spatial clusters - though eye catching - are not going to be a timely solution¹¹³.

One way or another the UK has been thinking in these same terms for a decade and a half while the scale of poverty and deprivation has been rising, the public services have been failing and the physical infrastructure has been crumbling. Growth – the magic bullet - has shown a generally flat trajectory. The pandemic is used to offer a degree of mitigation and Brexit did make a significant contribution, but it may be that there are deeper forces at work in these revolutionary times.

There is an argument that the transformational shift in late neoliberal capitalism described earlier may have produced a structural shift in the overall balance between wealth accumulation and social distribution. Varoufakis' *Techno Feudalism* (or perhaps just the *oligopolistic tech-driven form of late neoliberalism*) - if that is where we are – can certainly be seen as breaching many of the core principles of the accepted liberal market model.

¹⁰⁵ <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁰⁶ <https://ifs.org.uk/articles/talk-doom-loop-public-finances-very-good-reasons>

¹⁰⁷ <https://www.ft.com/content/737a633f-7742-4e46-afae-6c45435d7048>

¹⁰⁸ Lloyd P.E. and M.J. Blakemore (2024), Poverty And Place Based Deprivation: Waiting For Economic Growth?, <https://peter-lloyd.co.uk/papers-and-blogs/>

¹⁰⁹ <https://www.lse.ac.uk/research/research-for-the-world/economics/tax-cuts-for-the-wealthy-only-benefit-the-rich-debunking-trickle-down-economics>

¹¹⁰ <https://www.independent.co.uk/news/uk/politics/dwp-disability-benefit-changes-wca-lords-starmer-b2682470.html>

¹¹¹ <https://www.theguardian.com/commentisfree/2025/jan/29/labour-rachel-reeves-growth-trickle-down-economics>

¹¹² <https://en.wikipedia.org/wiki/Pollyanna>

¹¹³ <https://www.theguardian.com/commentisfree/2025/jan/15/keir-starmer-uk-ai-prime-minister-budgets>

More prosaically, if any of what has just been set out is true then the present ‘hopeful’ UK policy of going single-mindedly for growth by ‘just doing better’ under the traditionally accepted liberal free market rulebook can verge on the naïve. In mitigation, things are moving so fast and with so much uncertainty that it is hard for any government to know what the future holds. Standing still is, however, not an option under the uncertainties we find ourselves now facing.

As pointed out in our earlier papers, there already is a *polycrisis* in people’s lived experience. Poverty is at an unacceptably high level, social inequality is at an extreme¹¹⁴, the public services (and especially the NHS) are broken, infrastructure generally is crumbling, levels of anxiety and mental health problems for the young are rising sharply, education is struggling to hold the line, local authorities are struggling against bankruptcy, social care is a failure (and its reform is repeatedly kicked down the road) - and so the list goes on. Add to that the impacts of global warming with effects already visible in extreme weather events.

Whole systems thinking

Running UK national policy as if it is all about the economy and fiscal good practice is obviously an important requirement, but it is far too narrow. Not least, there is still the false binary that it is possible to treat the economy as something separate and not embedded in society. This fails to grasp that both are elements of a *single integrated system with causally interconnected elements and feedback loops*¹¹⁵. The idea that there is the ‘economy’ and then the ‘social’ or ‘non-economic’, is an abstraction too far. Maybe it is easier to understand the idea as a valid heuristic device for a past world not as knowledgeable as our own, but we now have the vision and capability to see and deal with the *whole system* as it operates in the round.

Today the world of new technology facilitates the mapping and exploring of the labyrinthine network of connections that constitute the overall system¹¹⁶. AI and soft systems thinking provides the capability to handle the complexity with ‘rich pictures’¹¹⁷ and stories. This way positive and negative feedback loops can be interrogated to avoid a policy move in one element (a VAT increase perhaps) inducing job losses and business closures in another that serve to deflect the overall impact.

Driving for economic growth, as is currently the stated ambition, may be one part of the answer to the problem. But by seeing this in context and interrogating each element of the policy in terms of how it is embedded in the wider networks of the overall system (not just the economic one) can provide the complexity (requisite variety¹¹⁸) needed for the policy to be more effective. The means now exist to do this in the context of big data and the inductive exploration methods used in AI.

In the face of this, having Elon Musk and his cohorts in DOGE slash their way through the governmental and public services in the US to create ‘efficiency savings’ looks even more rash. Governance is about so much more than system efficiency as we have discovered in the UK. There is a need to understand that *complex systems* have elements within them that can render them either resilient or fragile¹¹⁹. Actively taking away features like diversity, redundancy, regulatory capacity and backup strength may cut costs but can also add to their vulnerability when it comes to external shocks. Localised crises can be cascaded quickly to other parts of the wider system.

¹¹⁴ <https://niesr.ac.uk/publications/uk-living-standards-review-2025?type=report>

¹¹⁵ <https://www.toolshero.com/problem-solving/soft-systems-methodology-ssm/>

¹¹⁶ <https://doi.org/10.1093/cje/bead002>

¹¹⁷ <https://www.open.edu/openlearn/science-maths-technology/engineering-technology/rich-pictures>

¹¹⁸ <https://www.sciencedirect.com/topics/computer-science/requisite-variety>

¹¹⁹ <https://www.monbiot.com/2023/03/09/the-hunger-gap/>

This is, of course, exactly what happened in 2008 as the US sub-prime mortgage crisis and the collapse of Lehman Brothers quickly infected the western financial system as a whole.¹²⁰ This was the event that triggered the cycle of austerity that continues *to this day*¹²¹. ‘Moving fast and breaking things’ may have unintended consequences that stretch far beyond the terrain on which it is initiated – something that is causing considerable contemporary anxiety and not just in the US.

The high profile attacks on USAID and FEMA have so far captured the headlines but the idea that by some means the federal workforce could be cut by 75 percent looks fanciful, not least since this would impact a massive swathe of local places far from the rhetorical centre of the Trump agenda¹²². Taken more widely, the cuts to USAID¹²³ and the Federal Emergency Management Agency¹²⁴ (FEMA) will have their effects on a global canvas.

A crisis of trust

A hegemonic theory of the liberal market economy is what we have depended on to get us to where we are today. With the digital and information revolution is it possible to see much more of the detail of what the connections and feedback loops of the system are. There is a rising sense that things are not working well and the paradoxes and contradictions are taking a greater prominence. Public acceptance is getting harder to achieve as things appear more complicated. People are losing their trust in the system.

But there is a paradox. At times like this when complexity and crisis are running to extremes, politically there is a risk of being overtaken by the nostrums of those ‘great simplifiers’ who mobilise discontents in the population and (without troubling themselves to address factual reality) provide beguiling answers. Trump 2.0 is a case in point but the rise of the populist right is currently widely in evidence in a global context. What is needed is to do better at adopting a mode of thinking that more rigorously privileges comparison between the world as it is actually lived through complex systems and to devise alternative models of the world as it might be and how it they can evolve more progressively in the future. For the last 40 years the balance has been progressively lost.

A Financial Times article by Andy Haldane, macroeconomist and former member of the Monetary Policy Committee, brought up the topic of a loss of social capital and a crisis of trust between individuals and with governments of all shades¹²⁵. Haldane as an economist sees this through the lens of the impact on economic growth after the 2008 banking crisis. There has been a tendency for the *absence of trust* to stifle creativity and clog up the economic system with more and more defensive regulation while we have lost sight of the importance of having nation work together as a coherent social system.

Part of the issue of the loss of trust comes from what has been emphasised throughout the paper. For over 40 years governments in the UK have been content to manage the nation’s affairs exclusively

¹²⁰ <https://www.investopedia.com/articles/economics/09/lehman-brothers-collapse.asp>

¹²¹ <https://www.theguardian.com/commentisfree/2025/feb/18/donald-trump-global-collapse-wildfires-pandemic-financial-crisis>

¹²² <https://www.brookings.edu/articles/how-doge-cutbacks-could-create-a-major-backlash/>
<https://www.forbes.com/sites/dereksaul/2025/02/24/doge-layoffs-pose-growing-risk-to-us-economy-and-markets-says-apollo-economist/>

¹²³ For example <https://news.sky.com/story/reckless-trump-usaid-cuts-hurting-humanitarian-efforts-in-ukraine-13327175>
<https://www.bbc.co.uk/news/articles/cdx2401vn5ro> <https://www.nbcnews.com/news/world/us-aid-cuts-death-sentence-afghan-women-studying-abroad-rcna196167>

¹²⁴ For example <https://www.npr.org/2025/02/20/nx-s1-5303478/fema-trump-building-codes-floods-hurricane-disasters>
<https://www.washingtonpost.com/nation/2025/03/09/national-fire-academy-fema-cases-canceled-trump/>
<https://www.eenews.net/articles/fema-looks-to-strip-climate-phrases-from-official-documents/>

¹²⁵ <https://www.ft.com/content/97c1044d-141a-42fb-a47a-672ddb9512c4>

through an economic model created in the 1930s to deal with the aftermath of the Great Depression. While it looks to have worked for keeping recessions from getting out of hand, as a means to stimulate growth and innovation it has failed to push things forward sufficiently at a time of revolutionary developments in the digital transformation.

Conclusion

We are living in challenging times. It is hard to think of a time (outside wars) where so many of the things we take for granted have been upended before our eyes. For 80 years the west has had a rules-based order for how nations go about their international responsibilities to each other. Intricate structures have been in place to avoid sudden shocks to the world trading economy. Tariff wars have been largely set aside in favour of mediated negotiations between nations to achieve measured outcomes. Arrangements for collective security have been set in place to ensure that countries are not easily threatened by stronger more aggressive neighbours.

The overall economic system – variations on the central theme of liberal capitalism – has been protected and insured against sudden dramatic shocks from internal or external events that might repeat the conditions of the inter war years. Recessions have been buffered from turning into depressions. The lessons of the inter-war years have been learned and incorporated into standard international protocols and practices. Central to all this has been the willingly adopted role of the United States as the ‘leader of the free world’ and ‘defender of democracy’.

Now we have the second term of President Trump. Within hours of his inauguration it was clear that the carefully built structures the west has come to rely on had no meaning for the new incumbent of the White House. Edicts were immediately issued that destroyed the idea of a rule-based order, threatening friends and neighbours with punitive tariffs and even in some cases with direct incursions to capture territory and resources. This continues, with edicts rescinded and reimposed in an up and down game of media announcements. Multilateral negotiation has become bilateral with heads of state left queuing for an audience to put their case at the White House. Not just tariffs but the ongoing wars in Gaza and Ukraine have been pulled into the same framework of ‘transactional’ negotiating tactics.

Meanwhile in the US itself, the established order has also been attacked on the principle of ‘move fast and break things’. A new Department of State (DOGE) and its unelected tech billionaire leader has been given free rein to move quickly into the established institutions of government with a mandate to execute swingeing cuts against a brief to make huge savings - but also to pursue a political programme to act against activities to do with diversity, equity and inclusion. In the process, the administration is to be turned over to a new model based on IT system principles under the guidance of the billionaire director of the programme.

All this has been happening in the face of *wider forces for change in economy and society* - not just in the US but within the western democracies in general. The neoliberal regime has been struggling for almost two decades to generate sufficient economic and social surplus both to support its investors and their agents and at the same time to allow for workers and the public realm to take an acceptable share. Inequality has been a rising problem and the climate crisis has increasingly been making its presence felt.

The ‘top one percent’ in the global income table has been able massively to increase its gains while, at the other end of the global income scale, conditions have tended to improve. This has been not so much in the west but from a previously low base for the populations of the emerging nations of the developing world. In the west it has been the large middle cohort (“working people”) that have

suffered most¹²⁶ as they have experienced flat wages and an increase in flexible working, low wages and increasing life uncertainty.

Trust has fallen in governments and anxiety for the future has propelled nationalist and nativist movements forward. This chimes in with the MAGA movement in the US and with the election of Trump – *anti-global, anti-migrant, pro-national sentiments* - with an added sense that ‘working people’ are not being adequately served by their ‘soft on shirkers’ governments. (The constant references by Labour in the UK to the rights of ‘working people’ and the attack on welfare spending perhaps sees them defending an electoral position in the face of the same feelings in the electorate).

All of this is taking place against the backdrop of a *technological shift* of the order of the arrival of steam and the railways in the 19th Century. We have entered the age of AI/AGI (artificial intelligence). Things are happening very rapidly and the implications of what is certain to be far reaching change are only just beginning to be understood. Not the least of the problems is that this new wave of innovation is currently in the hands of a *very small number of oligopolistic players* – mostly US based - and with enormous power to influence politics and policy.

Impacts are already present in the world of work – destroying jobs in some sectors and areas while boosting them in others. More widely, there is the rise of a new regime in the form of the *Platform and Cloud Economy*. Life at every level is already subject to this – from social media communication through shopping and services acquisition to entertainment and so on. Not the least of the concerns about this is personal data security and the opportunities for surveillance that can arise if unregulated¹²⁷.

The world we currently inhabit is currently one of *extreme complexity*¹²⁸. Society has never been more extensively *interconnected, interdependent and subject to fast change*¹²⁹. Disruptions can be seen to cascade across the system in a wide variety of ways and we have seen this in recent weeks¹³⁰. A single failure (the ‘butterfly effect’) can have significant impact far from its point of origin. In a post-Covid world there is no need to be reminded of that. As President Trump is now finding, cascading collateral effects demand more than a ‘deal maker’ approach to policy making and the financial markets can react strongly to the threat of unforeseen events.

Complex systems like the present one, inevitably demand very considerable resources of all kinds for their maintenance and resilience in the face of external and internal threats. One of the most challenging problems in securing action to deal with the breadth of challenge – both social and environmental - is that while the complexity of the task environment has grown over time, so also have the *costs of managing it*. Key components of the progressive democratic state are framed as being ‘too costly’ with an invitation in the US for them to be cut down by a zealot in search of a fast solution.

There is a general failure to grasp how important *good governance is as a vital component of the human social system dedicated to the maintenance of order*. The threat comes from two main directions. One is the failure to see governance as more than an expensive bureaucratic machine. The other is for its critical ‘value setting and sustaining’ role to become suborned by the ability of modern

¹²⁶ The ‘elephant curve’ concept <https://www.aeaweb.org/research/charts/elephant-curve-world-inequality>

¹²⁷ Zuboff, S. (2019). *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power*. Public Affairs

¹²⁸ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/535511468766200820/why-do-complex-organizational-systems-fail>

¹²⁹ <https://theintellectualist.com/civilization-collapse-renewal-entropy-negentropy/>

¹³⁰ <https://edition.cnn.com/2025/02/03/business/tariffs-trump-imports-us/index.html>

communication technologies to influence the political process in the interests of their oligarch owners and the political causes they serve.

Not all the issues surrounding the struggles of late neoliberalism are or should be *confined to the narrowly economic sphere*. Complexity in governance and administration has its own costs and finding better ways of managing it must be part of any strategy. But somewhere along the line there has to be a better view of the *value of social capital*¹³¹. It is not just some burdensome disruption of the free market. It is the very platform on which lived experience and social order is founded. The election of Trump should serve as a warning for us all as, we go forward, to be clear where we stand on debates about the fundamental value of democracy and social justice.

¹³¹ Michael Piore and Charles Sabel (1984), *The Second Industrial Divide: Possibilities for Prosperity*. New York, NY: Basic Books.