
A Pessimistic Economist Laments The End Of Order

Description

via [Moon of Alabama](#)

The magazine for and by multi-millionaires and billionaires, *The Economist*, warns that the end is imminent:

[The liberal international order is slowly coming apart – \(archived\)](#)
Its collapse could be sudden and irreversible

For years the order that has governed the global economy since the second world war has been eroded. Today it is close to collapse. A worrying number of triggers could set off a descent into anarchy, where might is right and war is once again the resort of great powers. Even if it never comes to conflict, the effect on the economy of a breakdown in norms could be fast and brutal.

It is, in my view, true that the 'liberal international order', which after World War II largely regulated world trade and politics is in demise.

But who's fault is that?

The examples *The Economist* gives to support its central claim point to one culpable nation:

As we report, the disintegration of the old order is visible everywhere. Sanctions are used four times as much as they were during the 1990s; America has recently imposed "secondary" penalties on entities that support Russia's armies. A subsidy war is under way, as countries seek to copy China's and America's vast state backing for green manufacturing. Although the dollar remains dominant and emerging economies are more resilient, global capital flows are starting to fragment, as our special report explains. The institutions that safeguarded the old system are either already defunct or fast losing credibility. The World Trade Organisation turns 30 next year, but will have spent more than five years in stasis, owing to American neglect. The IMF is gripped by an identity crisis, caught between a green agenda and ensuring financial stability. The UN security council is paralysed. And, as we report, supranational courts like the International Court of Justice are increasingly weaponised by warring parties. Last month American politicians including Mitch McConnell, the leader of Republicans in the Senate, threatened the International Criminal Court with sanctions if it issues arrest warrants for the leaders of Israel, which also stands accused of genocide by South Africa at the International Court of Justice.

It is the U.S., the country which arguably benefited the most from the liberal international order, which is actively destroying it.

Others, if they did not attract random U.S. rage and war against them, also saw some benefits from it. Those small to medium countries will most likely lose out should the current regime collapse.

That would not be unprecedented:

Unfortunately, history shows that deeper, more chaotic collapses are possible—and can strike suddenly once the decline sets in. The first world war killed off a golden age of globalisation that many at the time assumed would last for ever. In the early 1930s, following the onset of the Depression and the Smoot-Hawley tariffs, America's imports collapsed by 40% in just two years. In August 1971 Richard Nixon unexpectedly suspended the convertibility of dollars into gold; only 19 months later, the Bretton Woods system of fixed-exchange rates fell apart.

Similar ruptures, like the examples above again caused by the U.S., may happen soon.

Interestingly the *Economist* does not name a solution or way to avoid it. It sees a collapse coming, blames -more or less- the U.S. for causing it, but does not point to way out of it.

That is an uncharacteristically pessimistic view for writers who otherwise like to paint a positive picture for those with big money.