

When Worlds Divide

bergsicht



CHAPTER 1

Do appearances also matter?

Facts are being subjectified at an alarming rate (viz. “truthiness”) – a process that is becoming increasingly problematic, not to say dangerous. Anyone wishing to find out how hot or cold it is would once have simply consulted a thermometer, but in the post-truth age, we are confronted with woolly concepts such as “apparent temperature”. If, as some claim, we shiver more when the wind blows and the cold penetrates deeper into our bones when it’s damp, surely a new indicator which rolls temperature, wind speed and atmospheric humidity into one will get us closest to the truth? The exact opposite is the case – it is notoriously hard to identify the contributions made by the constituent elements (thermometer temperature, wind speed, airborne water content) in these kinds of combined metrics, as well as to gauge how they might change were one of the factors to vary or drop out of the equation altogether. A truly comprehensive understanding of “apparent temperature” would require knowledge not only of partial derivatives but also of the impact on the aforementioned variables of an individual’s clothing – a completely subjective ingredient – and, potentially, of his or her hormonal balance.

We recently chanced upon a chart in a bank publication highlighting the discrepancy between “perceived political uncertainty” and current, strikingly low, volatility on the equity markets. The bank stated that “politically driven markets quickly run out of steam,” and suggested that investors should therefore not be overly concerned by the fact that the Global Economic Policy Uncertainty Index has reached unprecedented heights. We are in no way pooh-pooing such a recommendation to keep calm and carry on, but the Uncertainty Index definitely got us thinking. Can you really put a number on political uncertainty? The index may have been calculated by American researchers for twenty years and thus have some academic underpinning, but when all’s said and done, what weight can be ascribed to such a composite statistic? Little enough; without precise knowledge of the contributory factors – i.e. of the variables generating more or less certainty and/or uncertainty – such a measure conveys at best the illusion of objective analysis.

According to the index, uncertainty tends to increase in lockstep with, *inter alia*, the number of articles about economic policy uncertainty published in particular newspapers. There is no question that Trump, for example, has caused the Uncertainty Index to head north – he is a famously brash, larger-than-life personality and, in the eyes of academically trained political scientists at least, a square peg in a round hole. This would be a “glass half empty” take on the situation. A “glass half full” approach might conclude that, if a state’s institutions can remain stable even with a character as extreme as Donald Trump at the helm, they must be exceptionally resilient. Imagine *Trump* as a successful stress test for a largely balanced system of distributed power. Shouldn’t such a robust system be reassuring to market agents and cause un-

certainty to fall? While we know the factors underlying the index, we don't know exactly how the needle might flicker in response to certain changes in those factors; here too, calculus would be required to understand the true utility of the metric.

Perceived uncertainty is the outcome of a succession of subjective judgments about what generates more or less certainty. The complexity of this process is compounded by the fact that additional variables may enter – and radically alter – the mix, in the same way that the temperature may feel more or less pleasant if the sun is shining despite the biting cold or if you are wearing the right clothes. Is a supposedly unpredictable US president really so out of place when an aspiring new superpower (China) is flexing its muscles and testing its boundaries on the world stage? It may at first seem paradoxical, but mightn't precisely this unpredictability engender more certainty in this specific constellation than the purportedly consensus-seeking stance of a figure like Barack Obama? We don't know, and we shall refrain from passing comment. We simply wish to put the consternation we are witnessing in the face of notionally rampant uncertainty into some kind of context. We feel more at home with degrees centigrade and simple variables like wind or humidity, whose implications we are able to assess according to our own judgment and perceptions. Similarly, when dealing with global affairs – especially in the era of fake news – we prefer to stick to proven facts rather than opinions or feelings (and especially any attempts at quantifying the latter).

By the same token, we certainly do not wish to imply that current developments are insignificant; some of them may be transformational. However, systematically searching for intellectual scaffolding or a theory within which to classify these changes is quite different from simplistically identifying an uncertainty before which we stand paralysed like a deer in the headlights. The oncoming juggernaut currently goes by the name of “populism”, and to date most discussions of its causes and consequences have been unproductive. In this edition of *bergsicht*, we explore a shift away from the fiction of a higher collective interest towards a more brazen – perhaps even brutally direct, but also more honest – pursuit of individual/national interests. We have dubbed this development “de-collectivisation”. We shall attempt to categorise various phenomena according to this scheme before drawing some conclusions.

CHAPTER 2

The end of a fiction and the birth of a new doctrine

Many continue to find it shocking that a candidate for the US presidency could hit upon a campaign slogan like “America first!”. Behind this abhorrence

lurks the belief that, for a start, there is something other, higher, than one's own self-interest, and secondly, that it is the moral duty of the largest nation in the enlightened West to temper its own immediate priorities in pursuing precisely this other interest – to gear its policies to the putative benefit of an amorphous collective. This mindset has been like a Holy Grail for generations of politicians and the opinion-shaping apparatus that supports them. Indeed, this orientation towards a higher collective has been the legitimising inspiration behind many of their policy positions; even unto declarations of war – such as in Iraq, for example.

This attitude reached its apotheosis with the premature bestowal of the Nobel Peace Prize upon Barack Obama in 2009. The ill-timed quasi-canonisation may have accelerated and reinforced the American public's desire to turn its back on a morality-driven approach to politics and prompted its cosy up to a person who clearly suffers from no such scruples; behind the moralising there was ever the problem of double standards, and what could just about be swallowed in the case of Barack Obama was definitely no longer acceptable from Hillary Clinton, particularly within the circles she professed to represent. Donald Trump, the candidate bereft of any moral compass, took over pole position – a character *untroubled by moral standards* is equally at ease with *double standards*.

By its very nature, self-interest seeks to ally itself with the self-interest of others, ultimately giving rise to national interest or even the fiction of a higher global interest. Self-interest and the accommodation of the interests of others are self-evident in the real world. Indeed, if war and destruction are to be avoided, the pursuit of one's own self-interest must, by definition, involve showing an interest in the interests of others. However, self-interest is not synonymous with the protectionist demands of people like Donald Trump – notably, to seal off markets, build walls and repatriate corporate profits using policies akin to capital controls. The well-known and undisputed fact that the free exchange of goods, services and capital generates prosperity makes Donald Trump's *particular approach* to pursuing American self-interest problematic in a number of respects, in a way that the pursuit of self-interest *per se* is not.

This “de-moralisation”, and hence de-collectivisation – a shift away from a notional higher “global community” towards a more explicit pursuit of self-interest – is a process in which the new president is playing a role, yet it would have gained traction without him and will, in all likelihood, conclude without him. With the rise of China, the curtain is after all coming down on the USA's reign as the sole global superpower and the world will have to get used to the idea that its future will be shaped by two or more sometimes opposing forces – that, in their own self-interest, will have to devise ways of accommodating one another. In a sense, the tussle to establish this balance of interests is just the next phase of globalisation. In terms of the Global Economic Policy Uncertainty Index, would such a new equilibrium be any more “uncertain” than the old

arrangement? We seriously doubt it. The higher collective of a global community has only ever been a fiction, and the averred pursuit of its interests a propaganda tool. While such an approach cannot be sustainable, an equilibrium that is arrived at contingently through rolling efforts to achieve a balance of interests certainly can be.

Interestingly, during this process the power of the UN Security Council has waned considerably – a fact that has gone largely unnoticed by the public. Security interests are now handled unilaterally, with no recourse to this (notoriously hard-to-unite) committee. Not long ago, this would have been unthinkable! These days, the Security Council at best acknowledges certain developments, more or less grudgingly, after the event. The era in which it was the undisputed guiding force in balancing national interests is over; de-collectivisation is in full swing. Alternative institutional arrangements, adapted to these new conditions and intended to arbitrate this balance at an international level, have yet to emerge, let alone take root. Bilateral presidential consultations – Trump puts in a call to Xi Jinping, Putin to Erdoğan, Merkel to Putin – are unlikely to fit the bill over the long term and are prone to mishap. A bi- or multi-polar world will require a modified security architecture that has yet to be designed and built.

The USA appears to be redefining its *security doctrine* in an effort to move towards global, but highly targeted, military interventions. In other words, it wants to pivot away from massive deployments involving countless boots on the ground (e.g. Afghanistan and Iraq) and towards a doctrine of *surprise* and *potential ubiquity*. The “where” and “when” are immaterial, but we can expect any action to be effectively targeted because those in power will be acting on precise information. Operations will also be orchestrated for maximum media impact. This will be shocking and daunting for some, invigorating and reassuringly distant from their own back yard for others – one might even say *asymmetrical*. Learning from the enemy has long been part of the art of war. That the *modus operandi* of terrorism and modern weapons technology in the form of satellites, cyberweapons, drones and missiles might one day make common cause was hard to foresee, but it fits the logic of the consolidation process in which the USA – as the only genuine superpower, hitherto – is engaged.

As a new doctrine for a world power, surprise and potential ubiquity depend on unilateral pursuit of self-interest. A model for how such a strategy might be executed in future can be found in the destruction of the Syrian airbase on 7 March of this year and the dropping of the Mother of all Bombs on a Taliban strong-point in Afghanistan the following week. One might be tempted to put these actions down to the unpredictability of the new president, but we see them as *test runs for the new doctrine*. Furthermore, the strategic shift towards unannounced and ubiquitous pursuit of self-interest is not a function of the new president but has been applied in other contexts for a good while now. As Swiss bankers and German car manufacturers are

painfully aware, the long arm of American justice can make itself felt any time, any place, anywhere, and to considerable effect. It is strongly suspected and generally accepted that one or another of America’s 16 secret services will be rummaging around in our computers and cloud services at any given time – in this sense, ubiquity is to be understood literally.

CHAPTER 3

One hundred days of unilateralism

Trump is a symptom of a new era, an embodiment of a process that would have happened anyway, with or without him, in some shape or form. But his predilection for eccentric exploits and decisions and his purported resistance to taking advice naturally add momentum to the wider shift in the *zeitgeist* towards a more conspicuous pursuit of individual/national interests. The president’s use of Twitter, a communications channel that is fairly new in the political arena, is emblematic of this development. The media (quite literally the *intermediates* between the powers that be and the electorate, and thus social forces that draw on the collective consciousness) are being systematically side-stepped by Trump. He prefers unilateral, direct, “populist” contact with the masses, and modern technology makes this possible. Newspapers and television are no longer required to transmit the president’s words to the public. The media are therefore deprived of any opportunity to interpret or shape messages (supposedly for the good of the collective). The forces affiliated with the media – political scientists, commentators, analysts – are being stymied or shunted downstream as well; all they can do is react *post hoc*, by which time the next volley of presidential tweets has already been fired off.

In this respect, President Trump will go down in history as a kind of throat-clearing; he seems unlikely to finish whatever it is that has started with him. In these first hundred days, Trump has made very little headway wherever *predetermined breaking points* and *safety locks* have been built into the system to provide checks and balances for power, either to safeguard justice or for the benefit of Congress; the Senate’s appointment of the new Supreme Court Justice, Neil Gorsuch, is his only major negotiating success so far. Then again, an awful lot was riding on the decision for the Republicans, not least their own credibility.

So what can we conclude after a hundred days of a populist, tweet-driven presidency? It is no surprise in a democratic nation under the rule of law that unilateral communications (tweets and executive orders) from a commander-in-chief fail to turn around the ship of state; checks and balances are institutionalised and delicately weighted in such regimes. In general, it is fascinating to observe how *resistant* an established system is proving to an eccentric, lone personality.

Trump's immigration ban on several Muslim states has thus so far fallen at the hurdle of opposition from individual *judges*. Can you picture a parallel situation in Russia or China? And Congress, too, has reined him in – having half-baked presidential bills summarily shot down right across party lines bespeaks a *healthy parliamentary spirit*. The first attempt at repealing “Obamacare” was certainly scrappily drafted and went off half-cocked – but that the same assembly can, provisionally at least, green-light very deep tax reforms likewise suggests that the relevant institutions are functioning as they should. It remains unclear whether the dispatching of an aircraft carrier in the direction of North Korea came to naught due to *resistance from the armed forces* or from the Secretary of Defense, but there is famously little latitude for “misunderstandings” in such matters...

One hundred days of unilateralism: it hasn't happened. For all his Twitter tirades, even a person as seemingly autonomous as the new US president will eventually run up against the institutional guard rails of a constitution set down by Founding Fathers intimately acquainted with Montesquieu's *De l'esprit des lois*. Powers must be separated and their application may not be swayed by the mood of the moment; if “community” is to be anything more than a fiction, political authority and interests must be subordinate to enforceable rules. Only thus can power be restrained and wielded in a more or less predictable manner. Whatever love one may or may not have for the USA (for good reason or for none), Trump's first hundred days have by this definition *demonstrated the system's stability*. Or to put it another way: yes, the *zeitgeist* is shifting towards greater and more explicit – indeed, *in extremis*, unilateral – pursuit of individual/national interests. But fortunately, and precisely in those places where power might become a threat to the private citizen, vestiges of the Enlightenment are still to be found, as valid as they ever were and clearly still working as intended. Montesquieu saw no need to call on a “higher interest” to justify the circumscription of power; the precepts he formulated anticipated self-interest and possible malfeasance.

Trump will pass. He is no more than a bump in the road. The Constitution of the United States, on the other hand, was created with conflicting self-interests in mind and is for the ages. But how do things stand in other parts of the world of relevance to us?

CHAPTER 4

May and Macron – Nelson and Napoleon?

The real-world political laboratory of European referendums and elections over recent months has focused attention on precisely this question of

system stability in the face of potential power-grabs by forces seeking to assert their interests and views in an unexpectedly overt fashion. The British were the first to administer a shock of this kind with their Brexit vote. Whatever one's views on the result, ensuing developments have made one thing abundantly clear: the UK may be a polity without a written constitution, but it is a *mature nation* with a highly sophisticated political culture. The way order was established in Downing Street within a week of the Brexit vote and the resignation of David Cameron, the hapless prime minister – with hard-right Tories banished to the back benches or moved sideways into innocuous positions, and a leader with a steady (iron?) hand installed in power – was a veritable master class.

The UK has since *not put a foot wrong* in the pursuit of its national interests. The assertion that the country would fall back on minimum World Trade Organisation rules if it could not strike a deal with the EU, the Parliament's handing of an explicit mandate to the government (even cohorts of the opposition voted in favour), the outright rejection of financial preconditions from Brussels, and the elections called from a position of strength for 8 June 2017 – all of these decisions point to a very clear strategy. The UK sees itself doing business with the entire world, not simply with Europe, which it considers to be on the wane; it sees access to the single European market as desirable, but not at any price; and it takes the line that external services (security) that benefit Europe must be part of the negotiation. Contrary to all gloomy predictions from the Cassandras and (generally closet) Brexit opponents, the economy is running rather better than expected, putting more wind in the sails of the prime minister.

In other words, the destabilisation once threatened has completely failed to materialise. On the contrary, pursuit of the national interest against Europe has helped to clarify the situation in the UK. Increased political uncertainty? It may feel that way, for this is how things are being portrayed in the media – the Brits, after all, are questioning the “higher interest” of European cohesion (which, if we're honest, never existed between the Continent and the British Isles in any case). In actual fact, however, this very pursuit of self-interest has cleared the air and barely damaged security or stability. The EU must now decide with which “sacrosanct” political principles it wishes to freight access to its single market. It is high time this too was cleared up, both internally and externally. Why? The UK has managed to evade the trap of populism by internalising associated sentiments and currents and recasting them as a civilised national policy. Other European countries have yet to embark upon this process.

What can be said on this score with respect to the outcome of the French presidential election? For starters, we should note that the French constitution has also shown itself to be extremely robust

– that an electoral system should permit an agreement to be forged and a generally accepted president to be installed despite the fact that all the traditional parties and powers failed to carry the day is far from a foregone conclusion. Yet France’s political system, just like America’s, anticipates scenarios in which a new president may simply have to grin and bear a parliament that is not universally well disposed towards him/her. In practice however, this situation, known as *cobabitation*, means that the business of government may turn out to be an uphill struggle. Moreover, in France there is another power in addition to the Senate and National Assembly: an extraordinarily potent, largely uncontrollable *extra-parliamentary opposition* – the street. Macron, the new president, is in danger of having both left and right against him – indeed perhaps even both in unison, as they are courting the same demographics. This uncivilised pursuit of partisan interests has always been France’s Achilles heel, and a compromise that might result in the required reforms being passed is thus scarcely on the cards.

Given his rootlessness within his country’s party landscape, the new French president resembles a lumbering electric bus in a power outage: it can just about move thanks to a screaming emergency generator, but it can never really gather any pace – except going downhill, perhaps. We would venture to predict that this lack of any real political pedigree in his own country will draw Macron onto the European stage. The door is wide open there, thanks to the obvious leadership vacuum, and he might be tempted to go as far as undertaking some European reforms, thereby indirectly gaining recognition back home. He may have a forerunner in Napoleon, who was also in want of roots in his own land. And Europe may just be ready for a latter-day Bonaparte...

A rather bold thought, we concede; gradual attenuations cannot be ruled out. If the stars align, however, the pursuit of self-interest can lead into deep water – and the need for reform in the EU may yet present just such a hazardous concatenation of circumstances. The structures of the EU offer Europe minimal checks and balances that might hamper attempts to concentrate power under the cloak of a reform programme. (The European Court of Justice, for instance, is seen by many as a biddable instrument for deepening and harmonising the Union.) Democratic control is also lacking. As far as its competences are concerned, the European Parliament looks more like a jumped-up youth assembly than an institution to be entrusted with sharing, and thus controlling, power. If, in tune with the *zeitgeist*, external powers pursue their self-interest ever more proactively, it is not beyond the bounds of possibility that the call for a young and dynamic “doer” will fall on fertile ground in Europe. The only thing standing in the way of such an impulse would be the federal self-interest of each of the member states. But would that be enough to resist the drive for greater cohesion?

Self-interest on the Bosphorus

Almost a year ago, we bemoaned the uncritical coverage in most media outlets of the attempted coup that allegedly took place in Turkey in the summer of 2016. At the time, barely a soul could force out the little word “allegedly”, and yet the very same media are now falling over themselves to heap opprobrium upon Erdoğan, the president of Turkey, on account of the questionable legitimacy of his change to the country’s constitution. It is a disturbing thought that such re-priming should come from Europe of all places – people who live in glass houses should not throw stones. What about the democratic legitimacy of key European treaties such as Maastricht or Lisbon, and their implementation in accordance with constitutional rules?!

We may as well accept that the rule of law and the notion of a democratic balance of powers won’t be materialising in Europe’s south-eastern neighbour for the foreseeable future either. But have these values ever really existed there anyway? Surely we are dealing with yet another fiction that has been carefully cultivated in the “higher interest” of furthering Turkey’s potential accession to the EU? Shades of Brussels turning a blind eye to the accuracy of Athens’ accounts before it joined the euro? For some considerable time, Turkey’s Supreme Military Council has kept an eye on things to ensure that centripetal forces could not gain the upper hand; in this sense, power has long been monolithic. Now, dressed up in Muslim robes, it has passed to a president-cum-sultan and his court.

Is this good or bad? Viewed from the perspective of the ideals of a democratic and constitutional state, it certainly cannot be construed as “good”. Bad? Without doubt for Erdoğan’s domestic opponents. And for Europe? Or more specifically: have these developments dealt a blow to the security of this part of the world in terms of the Economic Policy Uncertainty Index? At first glance, yes – if security and stability are considered coterminous with democracy and the rule of law. However, in unenlightened cultural circles this is anything but a trivial matter, as a religious and social understanding of rulership can traduce the concepts of democracy and the rule of law to the point of unrecognisability, equating them with social unrest and violence. As they would have it, the large number of dysfunctional, once halfway civilised countries within Islam’s cultural ambit contradicts the tenet – once considered gospel – that Western constitutional models offer a template for governments the world over.

At second glance, a *pseudo-monarchy* at the historical, geographical, cultural and religious pinch point between East and West may not be the worst outcome, provided the tensions inherent within it do not spin out into a civil war. Whether a sultanate that

pursues its own interests vis-à-vis its (not unproblematic) neighbours – notably Russia, Iran, Syria and Europe – and exploits its relative indispensability as a regional power can be reconciled with ongoing membership of NATO is another matter entirely. But said membership has in any case taken a hit in recent years due to the intractable situation in Syria.

For all the reservations one might harbour about the “new” ruler on the Bosphorus given his flagrant abuses of human rights, under Erdoğan, Turkey appears to have completed a process of alignment with its own *interests* (and/or the interests of those now running the show in the country) that fits the president’s clique like a glove. One might be tempted to call this “nationalism” and decry Erdoğan as a populist, but it would be more productive to devote one’s energy to staking out correct (that is, *justifiable*) *protocols for dealing with autocratic states*. To what extent can (should? must?) one cooperate with such people and systems? At what point does pragmatic partnership cross over into collaboration? This applies not only to dealings with Turkey, by the way, but also with Russia, Saudi Arabia, Singapore and China. *Realpolitik* suggests that, for the moment – and probably for some time to come – western-style democracy and rule of law stand absolutely no chance of gaining a foothold in many parts of the world. So we must factor this reality into our thinking without imperilling or betraying our own values – but equally, without succumbing to any “higher-order”, collectivist, neo-colonialist missionary zeal that might induce us to drag such countries kicking and screaming onto the path of righteousness. There is certainly plenty of scope for intellectual analysis!

CHAPTER 6

Globalisation: finished – or only just beginning?

This (admittedly extremely provisional and, necessarily, fragmented) *tour d’horizon* of the political landscape after a hundred days of Trump, a couple of European elections and major structural change in Turkey must now be placed within the context of the economic system – a matrix of relationships that obeys different rules to the extent that power does not constitute its essence; it is at most an accessory in the process of achieving economic objectives. Economies seek to multiply themselves as freely as possible; they define themselves through the pursuit of their own interests and are fundamentally pragmatic, as they can only evolve in free exchanges with others. However much individual companies may occasionally seek shelter from political systems in order to shield themselves against competition, at an aggregate level economies are fundamentally inclined towards openness.

We have come to know this transition towards ever greater openness, underway for some 30 years now, as *globalisation*.

Will globalisation be impeded by a more explicit pursuit of national interests? Is the wheel being turned back? Are there trade wars in the offing? As things stand, we see three scenarios: as ever, the least costly would involve a continuation of business as usual. Then there are the pessimists who anticipate a return to protectionist, cameralist practices. Optimists, on the other hand, assume that, despite all the rhetoric, the fundamental trajectory of globalisation will endure, albeit with the odd setback.

As indicated above, the pursuit of national interests in no way excludes accommodating the interests of others; on the contrary – striking a balance of interests is, at its core, all about give and take. The principle is the same in the economic sphere: accommodation invariably involves considering the comparative advantages of the competition, as only by doing so can prosperity rise across the board (win-win). Were rational courses of action always the order of the day, this notion, which draws on the insights of French-Swiss economist Vilfredo Pareto, would guide the pursuit of self-interest as well – perhaps more so than any international trade policy distorted by all manner of ideological convictions for the benefit of a fictitious higher-level collective ever did. In theory at least, a shift towards a more explicit pursuit of self-interest should not result in any kind of isolationism or protectionism, but in more and better free trade agreements and multilateral commercial treaties.

However, the assumption that rational courses of action will be chosen is a naive schoolboy error – behind the move towards a more pronounced pursuit of national interests, there are of course political forces in play that, one way or another, are deeply disillusioned with their experience of globalisation. Job losses, exceptionally high youth unemployment in many regions, local manufacturing struggling to compete with low-wage economies, running to stand still thanks to domestic overregulation: these are the kinds of challenges facing broad swathes of the population who are apt to become the object of seductive political stratagems. This is where the serpent in the grass of populism lies in wait, and failure to take the genuine grievances and justified fears of this portion of Western societies seriously has led to the unfortunate political situation facing most European countries today. Credible studies have also traced Donald Trump’s presidential rise to the mobilisation of the underprivileged – which is not without a certain irony, when one considers the gaping wealth gap between him and his voters.

This particular set of circumstances will demand political sacrifices and, given the way politics works, short-term results are in any case likely to take precedence over long-term calculations. Protectionist decrees may produce a few quick wins, but they will be disastrous in the long run – when the politicians responsible are long since out of office. It remains to

be seen how well Western institutions will stand up against such imprudent “shock and awe” measures. The fact that Donald Trump has so far *dragged his feet* in keeping his promises on trade gives us *some hope*. Resistance from Congress is guaranteed and can be expected to head off the worst at the pass. The USA is also not alone: China, a world power in the making, clearly signalled its own priorities with respect to free trade in Davos in January, and former businessman Trump has already begun to respond to this desire for a balancing of interests. Assuming the USA manages to avoid committing any major blunders, the rest of the world won't really be able to go down the road of protectionism, as any such steps would be tantamount to an (immediate) act of self-harm.

It is still too early to predict with certainty which of the opposing scenarios will come to pass, let alone make out the precise contours of our future operating environment; there's many a slip between cup and lip, even for *zeitgeist*-driven transformations. Nonetheless, while the *rhetoric* upon which political survival depends will doubtless be *ratcheted up* a notch everywhere, we think a truly negative outcome is unlikely. With all due respect to political undercurrents and to power and the exertion thereof, we feel that there are other, higher – and ultimately far more fundamental – developments at work. In previous editions of *bergsicht* we have repeatedly drawn our readers' attention to plummeting information and transaction costs that continue to be the mother of technological invention. This development – which is enabling individuals to pursue their self-interest untrammelled on, as it were, an infinitely large platform encompassing the entire world – will effect far more decisive change than anything cooked up in the White House or the purlieu of parliament; in many respects, institutions will become superfluous. This *de-collectivisation* of the pursuit of interests has *only just begun*, and it is here that the real megatrend is to be found.

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At the beginning of this edition of *bergsicht* we discussed whether political uncertainty had risen over the last few months, arriving at conclusions that were none too clear-cut. Those focusing on the *personalities* in power are likely to have nightmares about the future; those concerned with the ongoing existence of state *institutions*, on the other hand, will have gathered some very encouraging results from the stress tests of recent months. The fact that financial markets have largely shrugged off the hurly-burly of political events may of course be attributed to the ultra-loose monetary policies of central banks. But we think there is more to it than this. There is good reason to believe that the cautiously optimistic outlook on the markets is down to two other, compelling factors: first, the realisation that even a more explicit pursuit of (national) interests cannot ignore the advantages of

trade practices predicated on Pareto optimality; and second, that the winds of technological change are blowing relentlessly into every corner of the economy. These winds will reshape every – literally, every – structure, and many institutions will be razed to the ground. Against this backdrop, US presidents may tweet to their heart's content, but fewer and fewer people will care about their utterances – in a world that is flattening by the minute and will be haunted by ever fewer “higher interests”.

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