



R&R Weekly Column
By Brunello Rosa



Is A Trump Dictatorship Inevitable? A Discussion

A few days ago, Robert Kagan, editor at large at The Washington Post, [wrote an article](#) titled: “A Trump dictatorship is increasingly inevitable. We should stop pretending.” In this article, the main claims of which are discussed below, Kagan warns that the US is sleepwalking into a dictatorship, which would become effective once Trump is elected for the second time, in November 2024. To avoid this outcome, a number of decisive political actions should be taken now, by both the Democrats and the Republicans, who are currently pretending or hoping that this eventuality will not materialise.

Robert Kagan is not some neo-Bolshevik who despises Trump *a-priori* for ideological reasons. [Robert Kagan is a neo-conservative Republican](#), in favour of military interventionism and nation-building, and co-founder of the think tank “[Project for the New American Century](#).” He served in the George W. Bush administration, with foreign policy hawks such as Dick Cheney, Donald Rumsfeld, and Paul Wolfowitz. During the 2008 presidential campaign he served as foreign policy advisor to John McCain, the Republican Party's nominee. In the same year, Kagan wrote an article titled “[Neocon Nation: Neoconservatism, c. 1776](#)” for World Affairs Journal, describing the main components of American neoconservatism “as a belief in the rectitude of applying US moralism to the world stage.”

So, Kagan is a 24-carat conservative Republican, who in 2016 left the party due to its nomination of Donald Trump. He must have thought that populist Trump represented a deviation from the traditional mandate of the Republican party, that of defending US moralism and inspiring liberal democracies with a conservative tendency around the globe. Now that he sees Trump potentially winning again, he is warning that it could lead the US to become a dictatorship.

Kagan believes that Trump will use the trials against him to prove that he is superior to the judiciary, which has already been bent in his favour with his appointment of three of the nine Supreme Court judges. He will then use the power of the executive branch to organize an extensive spoils system and replace the top- and medium-level bureaucrats of the much-hated “deep state” with his own loyalists. His Republican party will likely control the two branches of Congress, and he will effectively keep them hostage, vetoing any law that he does not like. He may run again, for a third term, [ignoring the 22nd amendment of the US Constitution](#). If Trump loses, as in 2020, he will stage a coup, finishing the job left incomplete on January 6th, 2020, when Trump endorsed the sedition and the assault to Capitol Hill by his supporters, on the day Congress was meeting to ratify the election of Joe Biden as President of the US.

How likely is this to happen? Well, as we discussed in a previous column, Trump is now [by far the leading candidate to win the nomination for the Republican party](#) for the November 2024 presidential election. He has a 47-point lead versus the runner-up, Ron DeSantis, and a 27-point lead versus all the other candidates, *combined*. He is ahead of Biden [in almost all polls conducted at national level](#), and ahead in key swing states. So, Trump may well win in 2024, and the trials against him are unlikely to prevent that from happening. Actually, he will probably use them as a platform to run his technically revolutionary campaign, and to show that he is above the judiciary, which will not be able to contain him.

[We have repeatedly discussed](#) how the number of [liberal democracies is diminishing in favour of electoral democracies and authoritarian regimes](#). The US may be on the verge of embarking on such a journey.

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✿ [He Was The Future, Once: The Return of David Cameron to Frontline UK Politics](#), by London Politica, 28 November 2023

✿ [The Geopolitical Motivations Behind CBDCs](#), by Brunello Rosa and Alessandro Tentori, 23 November 2023



Looking Ahead

The Week Ahead: US Headline Inflation To Fall; UK Unemployment To Fall; Inflation To Edge Down In France And Italy

In the US, in November, headline inflation is likely to fall to 3.1% y-o-y (p: 3.2%), while core inflation is seen remaining steady at 4.0%.

In the EZ, in October, Industrial Production is seen contracting by -4.5% (p: -6.9%).

In the UK, in December, consumer confidence is seen rising to -23 (p: -24).

Among the largest EZ economies, in France and Italy, the harmonized inflation is expected to edge down to 3.8% y-o-y (p: 4.5%) and 0.7% y-o-y (p: 1.8%) respectively.

Major CBs are on hold. In the US, the EZ, and the UK, the Fed, the ECB and the BoE are expected to hold the rates in December.

The Quarter Ahead: Israel-Hamas War; Disrupted Global Supply Chains; Russian Presidential Elections 2024; Aid To Ukraine Blocked

Israel-Hamas War. The US vetoed an UN resolution calling for immediate ceasefire in Gaza. The vote, proposed by the United Arab Emirates, highlights increasing diplomatic isolation for the US and Israel. In the meantime, the Palestinian Authority and the US collaborate on Gaza's postwar strategy. The Palestinian PM Shtayyeh supports a limited role for Hamas in future state-building initiatives.

Global supply chains. Simultaneous disruptions in the crucial Panama and Suez canals are posing a threat to global supply chains ahead of the Christmas season. Shipowners and importers caution that a drought in the Panama Canal and a series of attacks on cargo vessels approximately 11,500km away near the Suez Canal could limit traffic before the festive season.

Russian presidential elections in 2024. The elections will be held on March 17. Putin affirms his intention to seek a fifth presidential term in the upcoming March election. Two candidates have announced their bids: Boris Nadezhdin and Yekaterina Duntsova.

US and EU struggle to agree on funding for Ukraine. In the US, Republicans are opposing a bill to increase aid for Ukraine, having been unsuccessful in obtaining the border compromises they were seeking in return. Orban threatens to block EUR 50 billion in budget support through 2027 for Ukraine approval for membership talks. However, the EU plans to support Ukraine despite Hungary's veto.

Last Week's Review

Real Economy: EZ QoQ GDP Shrank, EZ YoY GDP Stalled; German Inflation Edged Down; US Unemployment Fell; PMIs Rose In DMs

In the US, in November, the unemployment rate fell to 3.7% (c: 3.9%; p: 3.9%). NFPs increased by 199K (c: 180K; p: 150K). In November, S&P Global Services PMI rose to 50.8 (p: 50.6) as expected, while Composite PMI stood at 50.7. In December, Michigan Consumer sentiment increased to 69.4 (c: 62; p: 61.3).

In the EZ, in Q2, according to the 3rd estimate, GDP growth shrank by -0.1% q-o-q (c: -0.1%; p: 0.1%), while stalled y-o-y (c: 0.1%; p: 0.6%). In November, HCOB Services and Composite PMIs increased to 48.2 (c: 48.2; p: 47.8) and 47.6 (c: 47.1; p: 46.5). In October, retail sales rose to -1/2% y-o-y (c: 1.1%; p: -2.9%) and 0.1% m-o-m (c: 0.2%; p: -0.1%).

Among the largest EZ economies, in Germany, harmonized inflation fell to 2.3% y-o-y (p: 3.0%) as expected.

In the UK, in November, S&P Global/CIPS Services and Composite PMIs edged up to 50.9 (c: 50.5; p: 49.5) and 50.7 (c: 50.1; p: 48.7).

Financial Markets: Stock Prices Increased In US And EZ; US Bond Yields Rose; Dollar Index Is Up, While Gold And Oil Prices Fell

Market Drivers: In US, the S&P 500 and Nasdaq hit their highest levels since early 2022 after a strong U.S. jobs report. In Europe, stocks rose on expectations of central banks cutting interest rates next year amid slowing inflation and economic challenges.

Global Equities: decreased w-o-w (MSCI ACWI, -0.2%, to 695.95). The US S&P 500 index edged up (+0.2% w-o-w, to 4,604.37). In the EZ, share prices were up (Eurostoxx 50, +2.3% w-o-w, to 4,522.25). In EMs, equity prices increased (MSCI EMs, -1.2%, to 970.12). Volatility fell to 13.34 (VIX S&P 500, 52w avg.: 20.9; 10y avg.: 18.7).

Fixed Income: w-o-w, the 10-year US Treasury yields edged up (+2 bps to 4.23%). The 2-year US Treasury yields increased (+17 bps to 4.72%). The German 10-year bund yield edged down (-10 bps to 2.26%).

FX: w-o-w, the US Dollar Index edged up (DXY, +0.7%, to 103.98; EUR/USD -1.1%, to 1.08). In EMs, currencies edged down (MSCI EM Currency Index, -0.3% w-o-w, to 1,710.12).

Commodities: w-o-w, oil prices fell (Brent, -4.1% to 75.66 USD/b). Gold prices decreased w-o-w (-2.4% to 2,020.70 USD/Oz).



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Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	MSS	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DJEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year



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