

The Trump Way

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In the runup to November's presidential election, commentators from across the political spectrum predicted a round defeat for Donald Trump, not least because of the palpable disgust he elicited from elites. Hillary Clinton, on the other hand, was the recipient of a number of [moneyed defections](#) from the Republican Party and soaring capitalist confidence.

Trump's hostility to free-trade; the threat his xenophobia posed to the maintenance of a cheap and precarious labour force for capital; and his general instability all seemed inimical to the interests of today's globalized ruling class. Yet since the election, he's seamlessly assembled a coterie of corporate bosses into his transition team, and markets, after wobbling initially, have stabilized and [even risen](#). Meanwhile, the Left is trying to make sense of his [infrastructure proposals](#) and [promises to workers](#).

Arun Gupta spoke to Leo Panitch about Trump's economic agenda, his relationship to transnational elites, and how neoliberalism's crisis could mean revitalization for the Left.

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This interview was first published by [Jacobin](#).

Arun Gupta (AG): Are there positive outcomes from this election? Can we say corporate free-trade deals are no longer a sure thing?

Leo Panitch (LP): Certainly the Trans-Pacific Partnership (TPP) is over, and the Transatlantic Trade and Investment Partnership (TTIP) is too, I would imagine. That said, I don't think this spells the end of [neoliberal international trade arrangements](#) that allow for the free flow of capital and the protection of that capital when it lands in another state, which is the main point of the free-trade and investment treaties now. And I don't think we are going to see the introduction of massive import controls that would interrupt the integrated global production network we have.

The Trump administration has an enormous interest in keeping the flow of capital and trade going. I expect we will see a diminution of the labour and environmental side agreements that go with these international arrangements, not that they were worth very much, including those that are a part of NAFTA.

As for any positive dimension to the outcome of the election I am thanking goodness it wasn't Bernie. Suppose Sanders won the nomination and then was defeated by Trump. I am agnostic on whether Sanders would have won or not. But had he lost after Trump's campaign was structured not in terms of "Crooked Hillary" but in terms of "Socialist Sanders," it would have set the Left back a generation at least.

The Clintonites and the whole left-liberal establishment would have piled on, like they did [against Jeremy Corbyn](#) after the referendum on Brexit, and would have blamed the Sanders left, and socialists in much more general terms, for opening the way to Trump. It would have been absolutely disastrous for building a genuine alternative.

AG: One of the few positive outcomes seems to be the end of Clintonism, of which Obama was the last gasp.

LP: Yes. I do think this is the nail in the coffin of the [Third Way](#), that is, the social-democratic line of progressive competitiveness, globalization, and the free movement of capital inaugurated by the Clinton administration in the 1990s and followed by the Blairites in the United Kingdom and Europe in general. The Third Way is attached to the promise that through retraining, workers in the United States could compete with Vietnamese women workers earning a dollar a day. I think that's over. We see the utter hollowing out of the Third Way project. It's a negative positive, but it's a positive.

AG: So far Trump's economic agenda appears to be warmed-over supply-side economics, such as massive tax cuts. But it appears to be neoliberalism with a white nationalist face.

LP: I think that's right, and it's not a small thing. Perry Anderson said in 2000 that neoliberalism was the most successful ideology in world history. Even then that needed to be taken with a grain of salt because NAFTA was not all that popular in the United States. In fact, the United States was the most difficult country to get it passed in. It was easier in Canada, after the very close defeat of the opposition to its predecessor bilateral agreement between the United States and Canada that took effect in 1989, but still not easy. NAFTA was the first multilateral free-trade agreement, the model one. One needs to remember it wasn't brought in on a wave of popularity, especially from the quote-unquote "white working class."

After NAFTA became law, you had the [Zapatista uprising in Mexico](#) in 1994, the revolt of peasants in India against free-trade in 1995, and the [Seattle protests](#) in 1999 against the World Trade Organization followed by the wave of anti-globalization protests around the world. In practice, of course, so long as there was no other option inside the state, neoliberalism swept everything before it.

But it was [never as popular](#) ideologically among the masses as it was among policy makers, economists, and social-democratic leaders looking for a way out of their dilemma of not being able to reconcile a capitulation to free-market orthodoxy with historical commitments to social welfare and protecting the Western working class from the worst effects of capitalism.

What this moment represents - and it's been coming for some time since the 2008 global financial crisis - is a delegitimization of the practice of neoliberalism as to whether it can actually deliver the economic goods, rather than its ideological popularity, which aren't quite the same thing. We're specifically seeing the delegitimization of the institutions - from

mainstream parties to the bodies of the European Union – that attached themselves to neoliberalism. The claim from these institutions that “the nation” can benefit from neoliberal globalization is now all but dead, even as they continue to impose neoliberal austerity measures to keep the old arrangements going.

In this context, there has been a notable shift from protest to politics on the Left in recent years. The [focus of protest](#) itself visibly shifted to emphasizing class inequality in the wake of the financial crisis, from Occupy Wall Street to the *indignados* in Spain. But since then it’s taken a turn, to recognizing that you can’t change the world without taking power and the reentry of the radical left into electoral politics. This could be through new parties, as in Greece and Spain, or through old parties, as in the United Kingdom and the United States, where this shift surprised and roiled the old discredited political establishment of those parties.

But the delegitimization of mainstream institutions also involved a much more powerful rise of the xenophobic right, which claims to represent the national interest in cultural and ethnic terms.

The big question is whether this nationalist political right represents a turn away from transnational capital accumulation. These forces sometimes express themselves as a protector of domestic manufacturing jobs. But I don’t think that’s their main thrust. Their main thrust is to define the nation again in xenophobic terms, which also combines with protection of old cultural values that would restore hierarchies of race, gender, and sexual orientation.

Peter Gowan used to say of Sam Gindin’s and my analysis of the American state’s leading role in facilitating and coordinating global capitalism that this might come undone by a nationalist right taking power in Germany. Astonishingly, this happened first in the United States. We need to see if this xenophobic right, which is coming to prominence not only in the Western capitalist world – look at India, Turkey, and the Philippines – will oppose being open to and involved in capital accumulation on a global scale. Or we could see it start constructing a continuation of global capital accumulation that is deliberately asymmetric in terms of closing the mobility of labour.

That’s another important question: Is closing off international labour mobility feasible amid economic globalization and capital mobility? I think that it could be feasible, tragically. It won’t just be trickle-down economics, though that will be a large part of it. It may entail “brown” infrastructure capitalism, meaning [brownshirts](#).

AG: Trump is talking about a Keynesian-style proposal, a trillion-dollar infrastructure program. But it’s not a traditional program in which the government funds it directly. He is talking about tax breaks to incentivize the building.

LP: I think it could be a really big infrastructure program. Yes, it will probably involve public-private partnerships (PPPs), and massive taxes, subsidies, and pork-barrel spending for the construction companies involved. After all Trump is a developer, and that industry often forms the main base of the Republican Party across the country. Their modus operandi is to [accumulate at public expense](#) while ideologically biting the hand that feeds them. The state currently funds infrastructure through private construction companies rather than direct public employment.

PPPs will likely entail the floating of corporate debt on an even more massive scale than we are already seeing, on the premise that the state will underwrite it. It will cost more money by virtue of being at higher rate of interest than what Treasury bills can be floated at to cover a federal budget deficit.

That's also part of the inegalitarian nature of this. Insofar as it's underwritten by a right-wing government, and as long as interest rates don't shoot through the roof, the U.S. Treasury can borrow at close to zero per cent, and these corporations can borrow at 3 per cent or more. And the government will subsidize that in various ways, such as tax forgiveness and even covering private interest payments.

But it could involve mass employment on a big scale. We need to remember Trump is a construction capitalist, a developer. He hires construction companies, and I think we are going to see that applied in a significant way.

AG: Trump's infrastructure ideas essentially involve the material moving economy, building roads, ports, rails, bridges, airports, so it does integrate with transnational capital and goods. So do you think it could actually work?

LP: Well, what does that mean, work? It could involve putting workers dispossessed of their old jobs in manufacturing, or those who used to be employed by the state itself, to work building bridges and paving highways. And that involves a hell of a lot of movement of people around and disruption of communities. If Trump expels three million more Mexican immigrants, lots of whom work in construction, will his white working-class supporters take these jobs? Heck, they may be needed to work on golf courses, mowing the grass in Palm Beach or Palm Springs.

The logic in this infrastructure promise combined with a xenophobic threat to foreign labour is this: where the only option before for laid-off workers in Ohio was McDonald's or Walmart, maybe now they'll take a job doing construction, as labourers, and that would involve a lot more internal labour mobility within the United States for these workers.

This may end up involving more than old trickle-down economics, where the state offers the wealthy tax breaks in the hope they will invest without any state guidance to what they invest in, or whether to invest at all. It's so rational to have massive state-led investment. Without our side coming to power, it will never be anything other than a means of facilitating capital accumulation, of course. Can this type of investment be done without direct state employment and the direct state movement of labour? I don't know.

As for the international context for the rise of this new right, will we see states, led by the American state, reintroduce import controls, capital controls, and so on? I am not so sure. We don't see bourgeoisies who want to accumulate only within their own territory. Can you keep globalization going via the cooperation of right-wing governments that are anti-immigration?

Trump's chief strategist, [Stephen Bannon](#), articulates this as, "We are not against any culture, we just believe in cultural apartheid. They belong over there and we belong here." Can we have an asymmetric globalization that keeps capital accumulation going but which closes off labour mobility, certainly that closes off economic and political refugees, which a lot of Latinos in the United States are.

If you look at the integration of China into American-led global capitalism, it notably does not involve the international movement of labour. Although it has involved huge migration of labour inside China, there aren't the hordes of Chinese migrants that people were made so afraid of in the imperialist phase beginning in the late nineteenth century. So long as the Chinese capital flows can keep coming in, so long as Walmart can keep its production chains going, whether with China or other countries in East Asia, it won't mean the revival of the American-based manufacturing industry.

But it might mean the continuation of American-led global capitalism on xenophobic nationalist grounds. Remember capitalist globalization never bypassed the nation-state. The nation-state was always attached to the informal American empire and capitalist globalization. We are in a new conjuncture that will try to keep capitalist globalization going while denying international mobility for the reserve armies of the working classes even as mobility is preserved for the professional and business classes.

AG: Is it possible to move the Democratic Party more toward the Sanders and Warren wing, or democratic socialism to become the left wing of capitalist politics within the United States?

LP: Starting from the Labour Party in the United Kingdom, the [Corbyn example](#) is an extremely positive phenomenon that indicates possibilities for similar developments in the U.S. Democratic Party. That said, it's clear the insurgency behind Corbyn won't succeed without a recalibration of what the Labour Party is organizationally. That would involve a split from the party of those members of parliament whose first loyalty is to NATO, the monarchy, the current institutions of the British state, and the practice of class harmony with the financial capitalists in the City of London.

More fundamental, the insurgency has to remake Labour's apparatus outside parliament into a vehicle for transforming the party branches into centers of working-class life once again. They would need to engage in organization, education, and class formation on a scale not seen in a long time, indeed perhaps never seen in that party in much of the country.

In the case of the Democrats, the possibility of organizational and ideological recalibration runs up against the [loyalty](#) of party leaders to the existing state and their deep links to Wall Street, Silicon Valley, and the military-industrial complex. But there is an additional obstacle. The Democratic Party's organizational structure is so diffuse and its links to the working class, or at least the active elements of it, are much less organic than is the case with the Labour Party. For Labour, the connections to the working class has always gone beyond the links of the political leadership to the union bureaucracy.

It's a harder thing to change the Democratic Party from a donkey into a gazelle and it's bloody hard already in the Labour Party. In my view that could only occur with a split and a fundamental reorganization of what that party is. There will be an attempt to recalibrate the Democratic Party. There is no stopping this, so let's see what happens.

More than that, given the ecological crisis as well as the capitalist crisis, this recalibration needs to actively involve working-class people in imagining and developing capacities for alternative forms of production and consumption in their own communities as well as nationally and eventually internationally, and showing that this can be done only through democratic economic planning.

I really think this has to involve the construction of new socialist parties with this central to their agenda, but they won't come out of nowhere. They will come out of the reconstitution of forces inside and outside of old parties. The actual organizational form it will take right now is hard to predict, but I do think there is a real opening which we already are seeing with the shift from protest to politics.

AG: What about the role of organized labour and the timidity most labour leaders are showing thus far toward Trump?

LP: I think organized labour leaders will throw themselves heavily behind the Elizabeth Warren wing of the Democratic Party, the wing critical of Wall Street. Labour leaders may try to pull working people behind someone like Kamala Harris, the woman of color just elected U.S. senator from California, as the standard-bearer.

Perhaps such Democrats will not simply use unions in a purely instrumentalist way and will offer real labour protections and reforms. Plus, they will adopt the line of Democratic Party economic guru Larry Summers that we need fiscal deficits and direct public spending on massive infrastructure. To some extent Hillary Clinton adopted this in her campaign, but her ties to the rich and Wall Street made it much more difficult for her to be credible.

AG: The Democrats, because they're spineless, may back Trump's infrastructure jobs program. If it's really a trillion dollars, that could boost the economy and help Trump consolidate the control he needs to carry out his overt white nationalist agenda. It's not that the Democrats would support Trump's ethnic-cleansing policies, but by helping him create jobs, Trump gets all the credit and could use the political capital to implement mass deportations and even a Muslim registry.

LP: Well, such an infrastructure program will be done with the type of labour rights, or rather lack thereof, that you describe so well in your great [research on Walmart](#). Insofar as an infrastructure program involves workers moving from Akron, Ohio to build a bridge in Minneapolis, Minnesota, or to Palm Springs, California, to water a golf course, this is not an attractive option for workers.

I fear the Democratic Party and unions will line up behind a soft-left globalization and more progressive domestic policy while leaving an organizational structure intact that continues to demobilize the working class rather than organize them as a class-conscious force.

I think this is what Sanders says needs to be changed. But what kind of contestation will it involve, and will it be possible within the frame of the Democratic Party to build people's capacities in the ways that are needed? Sooner or later there will have to be a break with Democrats. The break has to be not just from the party as a vehicle for the union alliance with the ruling classes and the policies of the old class alliance that incorporates large parts of Wall Street, but from the anti-socialist substance of it.

The Democratic Party of the Clintons and Obama redefined equality in aspirational identity politics terms that ostensibly promotes upward mobility for a relatively small number of women, blacks, Latinos, LGBTs. But inevitably even that is limited mobility.

AG: We have an organized labour that doesn't organize labour in that class society.

LP: Quite right, that's the main problem. But they haven't been helped much, you have to admit, by successive Democratic presidents. They did not push legislation to make

organizing any easier, even on the unions' limited terms. Labour leaders will now demand this in more vociferous terms than before, and will really expect they would get it from a future Democratic president and Congress. But in the meantime, things are [going to go very badly](#) for the unions once Trump fills the two open positions on the National Labor Relations Board and the Supreme Court seat.

AG: After Trump was elected, Doug Henwood joked that the bourgeoisie have lost control. It seems there are two ways of reading 2016. I've been saying this was America's most Marxist election ever. Pure ideology against pure material force.

LP: In a way that's very right. Nevertheless...

AG: I was surprised by how the markets went up after Trump's victory because speculators don't like uncertainty and instability, which are the hallmarks of Trumpism.

LP: Yeah, that's why I say "nevertheless." If he starts imposing import controls and capital controls, then the U.S. bourgeoisie as a leading global class force will have lost. I think that's extremely unlikely. There might be some marginal measures around imposing tariffs, but it would not amount to anything significant.

AG: How about labeling China a currency manipulator?

LP: Well that's his deal-making lingo. Big deal. We've heard that a million times. The more significant question is whether a Trump administration goes so far as to interrupt global value chains. The rhetoric itself may be a means of keeping them going. It would be a profound disruption, much, much greater than what happened in the interwar period, what the British Empire engaged in when it introduced import controls and broke with free-trade in 1931. It would be immensely more disruptive.

Capitalists, I think, will kiss the asses of an authoritarian, repressive Trump administration in order to keep that global capitalism going. That's the scary thing. They may abandon all their liberal principles in order to keep global accumulation going.

AG: If those liberal principles are bad for profits, then of course.

LP: Yes and no. Insofar as Trump's economic program involves mobilizing large parts of the university-technology apparatus behind infrastructure projects, explicit racism, antisemitism, and sexism will be a problem. Then the Right may close down dissent and organization, which is what we especially need to fear.

I have to admit I found myself surprised that I was increasingly anxious, in the last few weeks of the election, that Hillary Clinton might not be president. I was so anxious mainly because I feared there might be a closure of political space under Trump. In a context where a Trump administration underwrites with greater and more arbitrary coercive powers the Blue Lives Matter forces against the Black Lives Matter movement, this could spill over into a generalized repression of dissent, and repression of class-oriented mobilizations as well.

That said, freedom of assembly is not going to be easily foreclosed, of course. It's too deeply entrenched legally and culturally. Freedom of speech is even more difficult to foreclose because of the private media and communications corporations that accumulate capital through it. That's not to say the capitalists who own and control the media won't kowtow to Trump, but there is a limit as to how far the state can go in closing off dissent.

If political space stays open, then we may see a sudden upsurge of radical political activity. We may also see real progress toward the kind of long-term new [socialist organization-building](#) that is so necessary. There are manifold arenas for discussion, including amazing communications channels, and some new organizational ones – though they are less developed. If the political space remains open, will a more cohesive class-focused and class-rooted radical left in the United States be able to take advantage of this? Who knows? But there is certainly plenty of hunger and some real potential for this.

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