

Trump is Obama's legacy. Will this break up the Democratic Party?

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Nobody yet can tell whether Donald Trump is an agent of change with a specific policy in mind, or merely a catalyst heralding an as yet undetermined turning point. His first month in the White House saw him melting into the Republican mélange of corporate lobbyists. Having promised to create jobs, his “America First” policy looks more like “Wall Street First”. His cabinet of billionaires promoting trickle-down corporate tax cuts, deregulation and dismantling Dodd-Frank bank reform repeats the Junk Economics promise that giving more tax breaks to the richest One Percent may lead them to use their windfall to invest in creating more jobs. What they usually do, of course, is simply buy more property and assets already in place.

One of the first reactions to Trump's election victory was for stocks of the most crooked financial institutions to soar, hoping for a deregulatory scythe taken to the public sector. Navient, the Department of Education's knee-breaker on student loan collections, accused by the Consumer Financial Protection Bureau (CFPB) of massive fraud and overcharging, rose from \$13 to \$18 now that it seemed likely that the incoming Republicans would disable the CFPB and shine a green light for financial fraud.

Foreclosure king Stephen Mnuchin of IndyMac/OneWest (and formerly of Goldman Sachs for 17 years; later a George Soros partner) is now Treasury Secretary – and Trump has pledged to abolish the CFPB, on the specious logic that letting fraudsters manage pension savings and other investments will give consumers and savers “broader choice”, e.g., for the financial equivalent of junk food. Secretary of Education Betsy DeVos hopes to privatize public education into for-profit (and de-unionized) charter schools, breaking the teachers' unions. This may position Trump to become the transformational president that neoliberals have been waiting for.

But not the neocons. His election rhetoric promised to reverse traditional U.S. interventionist policy abroad. Making an anti-war left run around the Democrats, he promised to stop backing ISIS/AI Nusra (President Obama's “moderate” terrorists supplied with the arms and money that Hillary looted from Libya), and to reverse the Obama-Clinton administration's New Cold War with Russia. But the neocon coterie at the CIA and State Department are undercutting his proposed rapprochement with Russia by forcing out General Flynn for starters. It seems doubtful that Trump will clean them out.

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Trump has called NATO obsolete, but insists that its members up their spending to the stipulated 2% of GDP – producing a windfall worth tens of billions of dollars for U.S. arms exporters. That is to be the price Europe must pay if it wants to endorse Germany’s and the Baltics’ confrontation with Russia.

Trump is sufficiently intuitive to proclaim the euro a disaster, and he recommends that Greece leave it. He supports the rising nationalist parties in Britain, France, Italy, Greece and the Netherlands, all of which urge withdrawal from the eurozone – and reconciliation with Russia instead of sanctions. In place of the ill-fated TPP and TTIP, Trump advocates country-by-country trade deals favoring the United States. Toward this end, his designated ambassador to the European Union, Ted Malloch, urges the EU’s breakup. The EU is refusing to accept him as ambassador.

Will Trump’s victory break up the Democratic Party?

At the time this volume is going to press, there is no way of knowing how successful these international reversals will be. What is more clear is what Trump’s political impact will have at home. His victory – or more accurately, Hillary’s resounding loss and the way she lost – has encouraged enormous pressure for a realignment of both parties. Regardless of what President Trump may achieve *vis-à-vis* Europe, his actions as celebrity chaos agent may break up U.S. politics across the political spectrum.

The Democratic Party has lost its ability to pose as the party of labor and the middle class. Firmly controlled by Wall Street and California billionaires, the Democratic National Committee (DNC) strategy of identity politics encourages any identity *except* that of wage earners. The candidates backed by the Donor Class have been Blue Dogs pledged to promote Wall Street and neocons urging a New Cold War with Russia.

They preferred to lose with Hillary than to win behind Bernie Sanders. So Trump’s electoral victory is their legacy as well as Obama’s. Instead of Trump’s victory dispelling that strategy, the Democrats are doubling down. It is as if identity politics is all they have.

Trying to ride on Barack Obama’s coattails didn’t work. Promising “hope and change”, he won by posing as a transformational president, leading the Democrats to control of the White House, Senate and Congress in 2008. Swept into office by a national reaction against George Bush’s Oil War in Iraq and the junk-mortgage crisis that left the economy debt-ridden, they had free rein to pass whatever new laws they chose – even a Public Option in health care if they had wanted, or make Wall Street banks absorb the losses from their bad and often fraudulent loans.

But it turned out that Obama’s role was to *prevent* the changes that voters hoped to see, and indeed that the economy needed to recover: financial reform, debt writedowns to bring junk mortgages in line with fair market prices, and throwing crooked bankers in jail. Obama rescued the banks, not the economy, and turned over the Justice Department and regulatory agencies to his Wall Street campaign contributors. He did not even pull back from war in the Near East, but extended it to Libya and Syria, blundering into the Ukrainian coup as well.

Having dashed the hopes of his followers, Obama then praised his chosen successor Hillary Clinton as his “Third Term”. Enjoying this kiss of death, Hillary promised to keep up Obama’s policies.

The straw that pushed voters over the edge was when she asked voters, “Aren’t you better off today than you were eight years ago?” Who were they going to believe: their eyes, or Hillary? National income statistics showed that only the top 5 percent of the population were better off. All the growth in Gross Domestic Product (GDP) during Obama’s tenure went to them – the Donor Class that had gained control of the Democratic Party leadership. Real incomes have fallen for the remaining 95 percent, whose household budgets have been further eroded by soaring charges for health insurance. (The Democratic leadership in Congress fought tooth and nail to block Dennis Kucinich from introducing his Single Payer proposal.)

No wonder most of the geographic United States voted for change – except for where the top 5 percent is concentrated: in New York (Wall Street) and California (Silicon Valley and the military-industrial complex). Making fun of the Obama Administration’s slogan of “hope and change”, Trump characterized Hillary’s policy of continuing the economy’s shrinkage for the 95% as “no hope and no change”.

Identity politics as anti-labor politics

A new term was introduced to the English language: Identity Politics. Its aim is for voters to think of themselves as separatist minorities – women, LGBTQ, Blacks and Hispanics. The Democrats thought they could beat Trump by organizing Women for Wall Street (and a New Cold War), LGBTQ for Wall Street (and a New Cold War), and Blacks and Hispanics for Wall Street (and a New Cold War). Each identity cohort was headed by a billionaire or hedge fund donor.

The identity that is conspicuously excluded is the working class. Identity politics strips away thinking of one’s interest in terms of having to work for a living. It excludes voter protests against having their monthly paycheck stripped to pay more for health insurance, housing and mortgage charges or education, or better working conditions or consumer protection – not to speak of protecting debtors.

Progressive politics used to be about three major categories: workers and unionization, anti-war protests and civil rights marches against racist Jim Crow laws. These were the three objectives of the many nationwide demonstrations. That ended when these movements got co-opted into the Democratic Party. Their reappearance in Bernie Sanders’ campaign in fact threatens to tear the Democratic coalition apart. As soon as the primaries were over (duly stacked against Sanders), his followers were made to feel unwelcome. Hillary sought Republican support by denouncing Sanders as being radical and utopian in advocating a public option for health care and in seeking to rein in Wall Street – the Democratic Donor Class. Her aim was to counter Sanders’ attempt to convince diverse groups that they had a common denominator in needing jobs with decent pay – and, to achieve that, in opposing Wall Street’s replacing the government as central planner – the Democrats depict every identity constituency as being victimized by every other, setting themselves at each other’s heels. Clinton strategist John Podesta, for instance, encouraged Blacks to accuse Sanders supporters of distracting attention from racism. Pushing a common economic interest between whites, Blacks, Hispanics and LGBTQ always has been the neoliberals’ nightmare.

No wonder they tried so hard to stop Bernie Sanders, and are maneuvering to keep his supporters from gaining influence in their party.

When Trump was inaugurated on Friday, January 20, there was no pro-jobs or anti-war demonstration. That presumably would have attracted pro-Trump supporters in an ecumenical show of force. Instead, the Women's March on Saturday led even the pro-Democrat *New York Times* to write a front-page article reporting that white women were complaining that they did not feel welcome in the demonstration. The message to anti-war advocates, students and Bernie supporters was that their economic and anti-war cause was a distraction.

The march was typically Democratic in that its ideology did not threaten the Donor Class. As Yves Smith wrote on *Naked Capitalism*: "the track record of non-issue-oriented marches, no matter how large scale, is poor, and the status of this march as officially sanctioned (blanket media coverage when other marches of hundreds of thousands of people have been minimized, police not tricked out in their usual riot gear) also indicates that the officialdom does not see it as a threat to the *status quo*."¹

Hillary's loss was not blamed on her neoliberal support for the TPP or her pro-war neocon stance, but on the revelations of the e-mails by her operative Podesta discussing his dirty tricks against Bernie Sanders (claimed to be given to Wikileaks by Russian hackers, not a domestic DNC leaker as Wikileaks claimed) and the FBI investigation of her e-mail abuses at the State Department. Backing her supporters' attempt to brazen it out, the Democratic Party has doubled down on its identity politics, despite the fact that an estimated 52 percent of white women voted for Trump. After all, women do work for wages. And that also is what Blacks and Hispanics want – in addition to banking that serves *their* needs, not those of Wall Street, and health care that serves *their* needs, not those of the health-insurance and pharmaceuticals monopolies.

Bernie did not choose to run on a third-party ticket. Evidently he feared being accused of throwing the election to Trump. The question is now whether he can remake the Democratic Party as a democratic socialist party, or create a new party if the Donor Class retains its neoliberal control. It seems that he will not make a break until he concludes that a Socialist Party can leave the Democrats as far back in the dust as the Republicans left the Whigs after 1854. He may have underestimated his chance in 2016.

Trump's effect on U.S. political party realignment

During Trump's rise to the 2016 Republican nomination it seemed that he was more likely to break up the Republican Party. Its leading candidates and gurus warned that his populist victory in the primaries would tear the party apart. The polls in May and June showed him defeating Hillary Clinton easily (but losing to Bernie Sanders). But Republican leaders worried that he would not support what they believed in: namely, whatever corporate lobbyists put in their hands to enact and privatize.

The May/June polls showed Trump and Clinton were the country's two most unpopular presidential candidates. But whereas the Democrats maneuvered Bernie out of the way, the

¹ Yves Smith, "Women Skeptical of the Women's March," *Naked Capitalism*, February 10, 2017.

Republican Clown Car was unable to do the same to Trump. In the end they chose to win behind him, expecting to control him. As for the Democratic National Committee, its Wall Street donors preferred to lose with Hillary than to win with Bernie. They wanted to keep control of their party and continue the bargain they had made with the Republicans: The latter would move further and further to the right, leaving room for Democratic neoliberals and neocons to follow them closely, yet still pose as the “lesser evil”. That “centrism” is the essence of the Clintons’ “triangulation” strategy. It actually has been going on for a half-century. “As Tanzanian President Julius Nyerere quipped in the 1960s, when he was accused by the US of running a one-party state, ‘The United States is also a one-party state but, with typical American extravagance, they have two of them’.”²

By late 2016, voters had caught on to this two-step game. But Hillary’s team paid pollsters over \$1 billion to tell her (“Mirror, mirror on the wall ...”) that she was the most popular of all. It was hubris to imagine that she could convince the 95 Percent of the people who were worse off under Obama to love her as much as her East-West Coast donors did. It was politically unrealistic – and a reflection of her cynicism – to imagine that raising enough money to buy television ads would convince working-class Republicans to vote for her, succumbing to a Stockholm Syndrome by thinking of themselves as part of the 5 Percent who had benefited from Obama’s pro-Wall Street policies.

Hillary’s election strategy was to make a right-wing run around Trump. While characterizing the working class as white racist “deplorables”, allegedly intolerant of LGBTQ or assertive women, she resurrected the ghost of Joe McCarthy and accused Trump of being “Putin’s poodle” for proposing peace with Russia. Among the most liberal Democrats, Paul Krugman still leads a biweekly charge at *The New York Times* that President Trump is following Moscow’s orders. Saturday Night Live, Bill Maher and MSNBC produce weekly skits that Trump and General Flynn are Russian puppets. A large proportion of Democrats have bought into the fairy tale that Trump didn’t really win the election, but that Russian hackers manipulated the voting machines. No wonder George Orwell’s *1984* soared to the top of America’s best-seller lists in February 2017 as Donald Trump was taking his oath of office.

This propaganda paid off on February 13, when neocon public relations succeeded in forcing the resignation of General Flynn, whom Trump had appointed to clean out the neocons at the NSA and CIA. His foreign policy initiative based on rapprochement with Russia and hopes to create a common front against ISIS/Al Nusra seemed to be collapsing.

***Tabula rasa* celebrity politics**

U.S. presidential elections no longer are much about policy. Like Obama before him, Trump campaigned as a *rasa tabula*, a vehicle for everyone to project their hopes and fancies. What has all but disappeared is the past century’s idea of politics as a struggle between labor and capital, democracy vs. oligarchy.

Who would have expected even half a century ago that American politics would become so post-modern that the idea of class conflict has all but disappeared. Classical economic discourse has been drowned out by modern economist’s neoliberal junk economics.

² Radhika Desai, “Decoding Trump,” *Counterpunch*, February 10, 2017.

There is a covert economic program, to be sure, and it is bipartisan. It is to make elections about just which celebrities will introduce neoliberal economic policies with the most convincing patter talk. That is the essence of *rasa tabla* politics.

Can the Democrats lose again in 2020?

Trump's November victory showed that voters found *him* to be the Lesser Evil, but all that this meant was that all voters really could express was "throw out the bums" and get a new set of lobbyists for the FIRE sector and corporate monopolists. Both candidates represented Goldman Sachs and Wall Street. No wonder voter turnout has continued to plunge.

Although the Democrats' Lesser Evil argument lost to the Republicans in 2016, the neoliberals in control of the DNC found the absence of a progressive economic program less threatening to their interests than the critique of Wall Street and neocon interventionism coming from the Sanders camp. So the Democrats will continue to pose as the Lesser Evil party not really in terms of policy, but simply *ad hominum*. They will merely repeat Hillary's campaign stance: They are *not* Trump. Their parades and street demonstrations since his inauguration have not come out for any economic policy.

On Friday, February 10, the party's Democratic Policy group held a retreat for its members in Baltimore. Third Way "centrists" (Republicans running as Democrats) dominated, with Hillary operatives in charge. The conclusion was that no party policy was needed at all. "President Trump is a better recruitment tool for us than a central campaign issue," said Washington Rep. Denny Heck, who is leading recruitment for the Democratic Congressional Campaign Committee (DCCC).³

But what does their party leadership have to offer women, Blacks and Hispanics in the way of employment, more affordable health care, housing or education and better pay? Where are the New Deal pro-labor, pro-regulatory roots of bygone days? The party leadership is unwilling to admit that Trump's message about protecting jobs and opposing the TPP played a role in his election. Hillary was suspected of supporting it as "the gold standard" of trade deals, and Obama had made the Trans-Pacific Partnership the centerpiece of his presidency – the free-trade TPP and TTIP that would have taken economic regulatory policy out of the hands of government and given it to corporations.

Instead of accepting even Sanders' centrist-left stance, the Democrats' strategy was to tar Trump as pro-Russian, insist that his aides had committed impeachable offenses, and mount one parade after another. Rep. Marcia Fudge of Ohio told reporters she was wary of focusing solely on an "economic message" aimed at voters whom Trump won over in 2016, because, in her view, Trump did not win on an economic message. "What Donald Trump did was address them at a very different level – an emotional level, a racial level, a fear level," she said. "If all we talk about is the economic message, we're not going to win."⁴ This stance led Sanders supporters to walk out of a meeting organized by the "centrist" Third Way think tank on Wednesday, February 8.

³ "Pelosi denies Democrats are divided on strategy for 2018," Yahoo News, February 10, 2018. <https://www.yahoo.com/news/pelosi-denies-democrats-are-divided-on-strategy-for-2018-194337876.html>

⁴ *Ibid.*

By now this is an old story. Fifty years ago, socialists such as Michael Harrington asked why union members and progressives still imagined that they had to work through the Democratic Party. It has taken the rest of the country half a century to see that Democrats are not the party of the working class, unions, middle class, farmers or debtors. They are the party of Wall Street privatizers, bank deregulators, neocons and the military-industrial complex. Obama showed his hand – and that of his party – in his passionate attempt to ram through the corporatist TPP treaty that would have enabled corporations to sue governments for any costs imposed by public consumer protection, environmental protection or other protection of the population against financialized corporate monopolies.

Against this backdrop, Trump's promises and indeed his worldview seem quixotic. The picture of America's future he has painted seems unattainable within the foreseeable future. It is too late to bring manufacturing back to the United States, because corporations already have shifted their supply nodes abroad, and too much U.S. infrastructure has been dismantled.

There can't be a high-speed railroad, because it would take more than four years to get the right-of-way and create a route without crossing gates or sharp curves. In any case, the role of railroads and other transportation has been to increase real estate prices along the routes. But in this case, real estate would be torn down – and having a high-speed rail does not increase land values.

The stock market has soared to new heights, anticipating lower taxes on corporate profits and a deregulation of consumer, labor and environmental protection. Trump may end up as America's Boris Yeltsin, protecting U.S. oligarchs (not that Hillary would have been different, merely cloaked in a more colorful identity rainbow). The U.S. economy is in for Shock Therapy. Voters should look to Greece to get a taste of the future in this scenario.

Without a coherent response to neoliberalism, Trump's billionaire cabinet may do to the United States what neoliberals in the Clinton administration did to Russia after 1991: tear out all the checks and balances, and turn public wealth over to insiders and oligarchs. So Trump's best chance to be transformative is simply to be America's Yeltsin for his party's oligarchic backers, putting the class war back in business.

What a truly transformative president would do/would have done

No administration can create a sound U.S. recovery without dealing with the problem that caused the 2008 crisis in the first place: over-indebtedness. The only one way to restore growth, raise living standards and make the economy competitive again is a debt writedown. But that is not yet on the political horizon. Obama's doublecross of his voters in 2009 prevented the needed policy from occurring. Having missed this chance in the last financial crisis, a progressive policy must await yet another crisis. But so far, no political party is preparing a program to juxtapose Republican-Democratic austerity and scale-back of Social Security, Medicare and social spending programs in general.

Also no longer on the horizon is a more progressive income tax, or a public option for health care or for banking, or consumer protection against financial fraud, or for a \$15-an-hour minimum wage, or for a revived protection of labor's right to unionize, or environmental regulations.

It seems that only a new party can achieve these aims. At the time these essays are going to press, Sanders has committed himself to working within the Democratic Party. But that stance is based on his assumption that somehow he can recruit enough activists to take over the party from Its Donor Class.

I suspect he will fail. In any case, it is easier to begin afresh than to try to re-design a party (or any institution) dominated by resistance to change, and whose idea of economic growth is a trickle-down pastiche of tax cuts and deregulation. Both U.S. parties are committed to this neoliberal program – and seek to blame foreign enemies for the fact that its effect is to continue squeezing living standards and bloating the financial sector.

If this slow but inexorable crash does lead to a political crisis, it looks like the Republicans may succeed in convening a new Constitutional Convention (many states already have approved this) to lock the United States into a corporatist neoliberal world. Its slogan will be that of Margaret Thatcher: TINA – There Is No Alternative.

And who is to disagree? As Trotsky said, fascism is the result of the failure of the left to provide an alternative.

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