

The US presidential election consolidates the global tendency towards reactionary social blocs.

Trump's victory favours the protectionist fraction of capital, capitals which have suffered the most from the problems of valorisation in the present period. One more step in the escalation of global trade war.

Beyond the outlines of the composition of the Trump vote in the American presidential election and the expected and unpleasant consequences of his victory for a divided working class, this short text attempts to clarify how the political victory of the demagogic and reactionary candidate, who was not the first choice of the most advanced capitalists, corresponds to a victory for those sectors of capital worst at valorising themselves.

Behind Trump and his reactionary acolytes there is also the nationalist and protectionist fraction of capitalists who will take the head of the federal state. This fraction is responding to its growing difficulties of capital valorisation by consolidating, by electoral means, a social reactionary interclassist bloc composed of all the capitalist, rentier and proletarian "victims" of the financial crisis, which was followed by the fiscal crisis of various states. As for the most internationalist individual American capitals, they are already trying to adapt to the change of course.

Defeat for Clinton, victory for nationalism and protectionism

While Hillary Clinton (232 electors) got 2.5 million more votes than her rival, Donald Trump won the election with 306 electors. The turnout was lower than expected; she could even have had a slight fall in support relative to 2012. The election of Trump is not the landslide fantasised by some who, up until the day before, believed in a definite victory for Clinton. As expected, urban areas voted mostly Democrat, including in Republican states, while exurban and rural areas most often voted Republican. More generally, the two candidates mobilised the classic electorates of their respective parties.

However, Clinton and her strategy of "*identity politics*", has not been such a big success with the courted sectors. While women as a whole

preferred Clinton to Trump (by a 12 point margin), "white non-Hispanic" women voted 53% for Trump. The "blacks", who voted 80% Democrat, abstained more than in 2012. The Democrat vote remains a majority amongst Latinos but with a slight decline (66%). It is no longer rising amongst East Asians, where it has been over 50% since 2008.

On the contrary, when it came to demands based on identity, the reactionary nationalists won once again. After the primaries, where he mobilised the electoral base of the Republicans against most of the party apparatus, Trump united a large majority of votes of "white non-Hispanics" against Clinton (58% against 37%). The specificity of the "white" Republican vote of 2016 is however more linked to its social recomposition than to its size, stable on a national level since the last elections. The more educated "whites" voted for Trump (49%) less than they voted for Romney, the Republican candidate in 2012. On the other hand, the Republican vote of the "whites" without a degree was strengthened, reaching 67%. Joining in an interclassist vote with the majority of voters with the highest incomes, large sectors of the "white" working class voted for Trump.

The ideological theme of the decline of the "middle class", in fact mostly meaning workers used to relatively stable full-time jobs, has benefited Trump. While the Democratic candidate, with an equally protectionist discourse, was perceived as the candidate of the rich and the crisis profiteers, the strategy of Trump was to concentrate on the states where industries were in difficulty and to promise to protect jobs - it proved successful. The Northern industrial states, which had voted Obama in 2008 and 2012, fell to the Republican side on the basis of pauperisation, real or dreaded.

Growing competition between workers in the weak productive territories

The electoral shift of several key states is the result of a tendency more visible on the *county* level: those which massively rallied to the nationalist protectionist cause are those which correspond to territories which have lost the battle for the modernisation of capital. *“If the USA lost its Red states [Republican], it would suddenly become richer and more inventive; if it lost the Blue states [Democrat], it would disappear purely and simply”*¹.

The lack of stable jobs with decent wages and the degradation of working conditions have intensified competition between workers, between the local wage earners under pressure and the immigrants who are trying to improve their lot. In car manufacturing, it's the reduction of the average age of the workforce to increase productivity which threatens the workers already there. In the absence of strong workers' combativity in the sectors of activity less equipped to resist global competition, protectionism, national preference for government contracts and the repatriation of production called for by Trump, have been able to seduce the workers as well as their bosses. This simple phenomenon is the material base of the crystallisation of a reactionary social bloc which searches for its political formalisation. Donald Trump has simply provided the initial framework for this formalisation.

The profitability of capital undermined as productivity runs out of steam

The sequence of financial, banking and industrial crises (2007-2009) has led to a prolonged fiscal crisis of those states which were already strongly indebted. The backdrop to these episodes in the cycle of capital is the periodic crises of valorisation which, since the 2000s, have only been able to be overcome by the depreciation of the commodity labour power. To maintain their margins, their profits, companies have therefore contained or even lowered the market price of the agent of valorisation, social labour power. The stricter and stricter control of the costs of production, of which the mass of wages is in first place, is coupled in many cases with a substantial

¹ Jacques Lévy, professor of geography at Ecole polytechnique fédérale de Lausanne, *Le Monde*, 17 November 2016.

reduction in debt thanks to the cheap money injected abundantly into the system of credit by the central banks.

But companies have had to give up what is essential, that which guarantees over the long term the valorisation of capitals invested in the epoch of mature capitalism: the investment in new machines, in new productive systems capable of durably increasing the productivity of social labour. Thus the technical composition of capital has hardly changed from one crisis of valorisation to another since the exhaustion of the effects of the so-called “IT revolution” starting in 1995.

This lack of investment in means of production is illustrated by the depression which has hit the markets of the main countries producing machine tools – Japan, Germany, China, Italy, Korea, and United States. Without new technology capable of leading to a leap in productivity, American productivity stagnates, with an annual average rise of barely 1.4% over 13 years. By comparison, the generalisation of information technology in the years 1990-2000 translated into an annual rate of productivity increase of 3.2% between 1995 and 2003, the last significant rise in productivity.

Profits have been maintained thanks to lowering of wages. Trump takes this further and adds a nice tax bonus for companies

In this context of stagnant productivity, the attack on wages has allowed the margins of capital to be preserved since the last big cyclical crisis of valorisation (2007-2009 in the US). Unemployment figures in the US have fallen almost continuously since 2010, passing under the bar of 5% in 2016 (judged healthy for the reproduction of capital), while wages never returned to pre-crisis levels.

American households would have lost on average close to \$4,000 of their annual income between the presidencies of Clinton and Obama². The relative diminution of the number of home owners, in particular first-time buyers, is also an indicator testifying to this fall of incomes. Trump is fully in line with this. There's no more question of a Federal minimum wage evoked by the Democrats and the doubling of overtime pay from 1 December 2016 decided by the outgoing Department of Labor. Its implementation has already been suspended by a judge at the request of some states and employers' groups. The

² Median household income equals \$54,000 in 2015, while it equalized \$58,000 in 1999.

priority is to give jobs to less skilled workers, no matter what the price of their labour power is, and to open confrontation with the unions, even though they share his protectionist line.

To this, Trump adds the promise of a strong reduction in taxes for companies which will make the US as attractive as other countries known for their weak profit taxes, such as Ireland. Fiscal dumping for companies will thus become one of the main areas of global commercial conflict between developed states.

Finally, Trump is also reserving a nice fiscal gift for the wealthiest strata of American society. It's a gift just for them in the form of setting a ceiling on the rate of tax which is independent of the wealth possessed. It aims at strengthening links with the propertied classes and it will be paid for by the growth of the Federal budget deficit, exceeding 100% of GDP within ten years. The loss of tax revenues must be made up for by a more restrictive Federal Reserve monetary policy in order to reinforce the dollar as the reserve currency for investors throughout the world and to consolidate its domination as the principal (and by a long way) international currency.

This change of course of monetary policy recommended by Trump and fought by the present president of the Fed, Janet Yellen, is one of the rare real discontinuities Trump has introduced. It's a discontinuity which marks the return to traditional counter-cyclical policies, financed massively by public debt, which reduces the central banks to their classical role as guardians of the public debt and exchange rates. It's a role noticeably enlarged during the most difficult phase of the fiscal crisis by the ratcheting up of public and private debt coupled with real bank interest rates close to zero. Trump tolls the bell of "Keynesianism" for the central banks.

Who profits from Trump's programme?

In every field, the fantastic and contradictory declarations of candidate Trump don't help to clarify the orientation of the government of President Trump. However, if we put to one side the crazier pronouncements, a general economic line emerges, around which the future government will manoeuvre: protectionism on the world market, deregulation and big public works on the national level. The global objective is to loosen the grip of competition for American companies which are in difficulty or faced with unfavourable duels on the world market.

Trump's vision for American capitalist development is opposed to that which has brought success for big capital over the last thirty years, whether it's Apple or Walmart, Google, Boeing or Amazon: growing internationalisation of production and supply chains. Some of these big companies could well suffer from the taxation of Chinese and Mexican imports. But individual capitals adapt quickly. In this regard, Tim Cook, the boss of Apple, has already asked Foxconn, its Taiwanese subcontractor, to study the possibility of constructing a new factory in the US.

Protectionism and trade war on the menu

While the figures thrown about during the campaign seem ludicrous, a tax on imports from China and Mexico still seems possible. This would imply the unleashing of a severe trade war with China and the calling into question of the North American Free Trade Agreement (NAFTA), which concerns Mexico and Canada. Together, Mexico, Canada and China represent 39.2% of US imports and 48% of exports³.

Trump also wants to disengage from the Trans-Pacific Partnership (TPP) which notably includes Japan, Australia, Mexico and Canada. These multilateral accords, which cover very varied areas and categories of commodities, will be replaced, according to Trump doctrine, by a multitude of bilateral agreements made more advantageous because of the dominant position of the US.

The way of bilateral economic and trade diplomacy is already followed by China, and now by the UK as it separates from the EU. It's a way which, far from marking the end of so-called globalisation, makes world trade war more acute. Trump's diplomacy is completely based on protectionism and trade war. Not a single extra dollar will be spent on the geopolitical domination of the United States if it is not rapidly translated into earnings.

Recognition of a multi-polar world, the return to "cold peace" and the status quo

Neither Trump nor Putin have made any mystery of their intentions during the campaign. For Trump, it's a matter of disengaging American military forces and so leaving Russia to reinforce its influence in Eastern Europe and the Middle East. For Putin, the accent is on non-interference

³ Source: <http://atlas.media.mit.edu/en/profile/country/usa/>

in the internal affairs of other countries. Trump is the partisan of an agreement with Assad to end the war in Syria and of reconciliation with Erdoğan's Turkey. The days of an alliance with Kurdish militias in Syria are over. The only priority for Trump in the region is Islamic State, which is closer to defeat every day.

Elsewhere, tensions in the South China Sea are going to increase. If the anti-Chinese rhetoric is an indicator, the risks of trade war are strong and those of a real war are growing.

Trump wants the historic allies of the US to pay more for their protection. He proposes to make the protection mechanisms of NATO conditional on an increased contribution to military expenses by some of its members, and the same goes for Saudi Arabia. On the other hand there have been numerous signals to reassure the Israeli state in the last few weeks with the promise of moving the US embassy from Tel-Aviv to Jerusalem.

More generally, the foreign policy of Trump aims at the status quo and the balance of power on a world scale. It's a modern and multi-polar reissue of the good old days of "cold peace" punctuated by wars of localised influence which followed the Second World Butchery.

Internal deregulation and public works

In agreement with most Republicans, Trump wants to reduce the importance of the Federal State and give more power to the states which are federated (of which the most advanced, from the point of view of capital, are run by the Democrats). In this way Trump intends to squeeze the federal budgets for education, health, defence and regulatory agencies (financial, environmental, etc.).

If for now he denies wanting to simply abolish the reforms to the system of social protection put in place by Obama, all the same the President Elect wants to modify the mode of financing and to make the beneficiaries of "universal" social protection instituted by the outgoing President pay more.

Trump also promises to repeal the Dodd-Frank Act of 2010, which regulates some financial activities. The Trump camp holds it responsible for the weakness of the economic recovery: it held back lending. The big banks complain reasonably about the lack of quality (i.e. solvent) borrowers. On the other side, the small local banks could profit greatly from the significant reduction in their reserve fund requirements and from the possibility of making

use of their deposits for riskier, but potentially more lucrative, financial products, as promised by Trump.

As for big public works, Trump is only pursuing the counter-cyclical policy of his predecessors Obama and Bush junior. His plan for a trillion dollars of expenditure to modernise, in particular, transport infrastructure is not much more generous than that announced and carried out during the first term of the outgoing President and markedly less ambitious than that of Bush junior, which involved mostly military and security expenditure after the attacks on the Twin Towers. The only real difference lies in his willingness to make the private sector finance big works by means of fiscal gifts for companies joining the plan.

The pragmatism of US capitalism. Internationalised capital hunkers down and waits for the winner

"As a fiduciary to our clients, it is our job to maintain strong, deep, relationships with governments around the world irrespective of party affiliations."

The pragmatism of US capitalists is summed up in this statement by the boss of BlackRock, the most important fund management company in the world (5,000 billion dollars in assets), Laurence D. Fink, close to Hillary Clinton. Yet Fink did not hesitate to join the management of JP Morgan Chase, General Motors, Walmart and Disney, in the "*President's Strategic and Policy Forum*", which exists to guide Trump in his plans. What's more, the financial markets reacted well to Trump's election surprise. At the end of 2016, the Dow Jones reached a previously unattained high, pushing 20,000 points. The energy and pharmaceutical sectors will be able to directly benefit from deregulation linked to environmental risks and the price of medicines.

Protectionism or free trade? Neither. Class struggle!

We wrote on the occasion of Brexit⁴: *“Anti-globalisation is the modern “fool’s socialism” [...] It’s an ideology which really grew to prominence amongst the liberal left in the 1990s, but now it’s increasingly the right – Trump, Putin, UKIP, FN... – who are its standard-bearers”.*

If we take a look at the American elections and the UK referendum, we can see that the common point between Sanders, Corbyn, Farage and Trump, along with Clinton and May, is the defence of “national sovereignty” towards and against other capitalist states. It’s a scenario we’re often going to see in the years to come with Grillo, Salvini and Meloni in Italy, Valls, Mélenchon and Fillon in France and in plenty of other places.

In 1848, in the opposite situation, when free trade was gaining ground in Europe, Marx wrote⁵: *“To sum up, what is free trade, what is free trade under the present condition of society? It is freedom of capital. When you have overthrown the few national barriers which still restrict the progress of capital, you will merely have given it complete freedom of action. So long as you let the relation of wage labour to capital exist, it does not matter how favourable the conditions under which the exchange of commodities takes place, there will always be a class which will exploit and a class which will be exploited. It is really difficult to understand the claim of the free-traders who imagine that the more advantageous application of capital will abolish the antagonism between industrial capitalists and wage workers. On the contrary, the only result will be that the antagonism of these two classes will stand out still more clearly.”*

And in conclusion:

“Moreover, the protectionist system is nothing but a means of establishing large-scale industry in any given country, that is to say, of making it dependent upon the world market, and from the moment that dependence upon the world market is established, there is already more or less dependence upon free trade. Besides this, the

⁴ In *“Taking Leave of their senses – What does the Brexit vote mean?”*, Bulletin 12, 15/10/2016:

<http://mouvement-communiste.com/documents/MC/Leaflets/BLT1610E%20vF.pdf>

⁵ In *“On the Question of Free Trade”*, 9 January 1848, <http://marx.eserver.org/1848-free.trade/fttrade.speech.txt>

protective system helps to develop free trade competition within a country.[...] But, in general, the protective system of our day is conservative, while the free trade system is destructive. It breaks up old nationalities and pushes the antagonism of the proletariat and the bourgeoisie to the extreme point. In a word, the free trade system hastens the social revolution. It is in this revolutionary sense alone, Gentlemen, that I vote in favour of free trade.”

Do we therefore have to take the side of the free traders against the protectionists? That would be to misunderstand the masterly lesson of Karl Marx. It’s a lesson which simply says that everything which accelerates the destruction of the system founded on exploitation is good and that the proletariat has everything to gain from an antagonism with capital which is the most obvious and least disguised. The proletariat is a global class, as is its field of battle

The working class, the state, the reactionary social bloc and the “national sovereignty” movements

It’s clear that right now the working class is not present for itself in the US or in the other developed countries. The only notable exception is China where economic struggles for wages, which often win, and struggles against industrial pollution, have been going on for a long time yet without creating any visible embryos of independent organisation of the exploited class.

With Brexit and the election of Trump, the reactionary and protectionist tendencies of capital launch their offensive against free trade and globalisation. Today, the protectionist line of capital feeds the identity-based and national response, the fear of the foreigner, and encourages internal and external scapegoating. Whether they put up with or whether they identify with the ranting, the electors of Trump have also voted for the incarceration and massive expulsion of foreigners with an illegal status, for “law and order”, in the context of police violence against “African American” proletarians, and against the right to abortion. The traditional racist extreme right supported Trump from start to finish, and its various groups were energised by the victory of “their” candidate

The political coagulation of this social reactionary bloc around charismatic authoritarian figure, well inserted into the framework of bourgeois democracies, is a global phenomenon. We can see striking similarities between Trump (US), Erdoğan (Turkey), Orbán (Hungary), Kaczynski (Poland), Abe (Japan), Xi (China),

Putin (Russia), Modi (India) and Duterte (Philippines) to mention only the best known. And others of the same stripe are already crawling out of the woodwork in Italy, France and various Latin American countries.

The basis of this reactionary social bloc lies in the modifications of the social structure brought about by the financial and fiscal crises of states. The democracies have lost their sparkle, and with it some of their intermediate bodies (parties, unions, professional associations etc.). The principal sociological components of this reactionary bloc are well known: the small shopkeepers, small bosses, small farmers and the employees of the public sector and the private sector in productive territories most affected by the crises. On the other hand the owners of this social bloc are the sectors of capital which have suffered the most from the loss of competitiveness on the internal and world markets.

This reactionary social bloc for the moment only exists politically through elections. It inserts itself perfectly into the democratic game and reinforces it with insistent demands for a state of order and defence against “aggressors”, presumed to be both external and internal. These sovereigntist movements have variable ideologies, going from a certain extreme left of capital, anti-imperialist and third-worldist, right up to the nationalist and fascist extreme right. The difference between the national left and the national right is blurred, as both are convinced defenders of the nation state, an aspect of reality which is weakened more and more in the era of mature capitalism and the fully developed world market.

For the time being these movements don't have anything subversive about them. Therefore they don't appear to be movements which will engender fascism and Nazism. They put themselves forward as active factors of democratic order, reviewing and correcting in a reactionary sauce. Yes, the most internationalised fraction of capital in the US has suffered a defeat with the election of Trump but bourgeois democracy has still chalked up a win.

The so-called protest vote is still a vote, an instrument for the conflictual integration of sectors of the population who are not convinced by the construction of a consensus around the state and capital in a period of great fragility of the society of capital and a crisis of its traditional intermediaries. Here, as elsewhere, democracy has won against the most advanced capital but the state ends up stronger, reinforced by the conflictual attachment to the democratic game of

those sectors of the population that the crises have weakened the most.

Only an independent political opposition of broad sectors of the proletariat who are capable of attacking the state which promotes and feeds the new sovereigntist movements can really beat them back. Restricting itself to fighting them without understanding that they function as a means to reinforce the state and the democracies which give rise to them would be a fatal error.

This fight must be carried in the first place within the exploited class itself where sovereigntist movements are rooted. And it has to begin by explaining that the reactionary fantasies dwelling in proletarians who adopt this vision of the world can only make conditions worse for the whole of their class. In this context, the “growing union of proletarians” seems a long way off. As the only viable policy for the working class, it must come about through autonomous struggle, toe to toe for wages, the improvement of conditions of work and life in general, without taking account of the needs of capital.