

Trump, Sanders, and the Crisis of Neoliberalism (Part Two)

Part One of this article is here.



Trump

Trump not only invokes the past, he makes his reactionary nature explicit. His most memorable slogan, Make America Great Again (MAGA), recalls a distant, but unspecified and therefore mythic past—a past when white Christian families might prosper, pray, and act as they wished, an America whose military ruled over a free world, slaying the Communist dragon and its socialist spawn. Not simply the America of the neoliberal Reagan years, it is also the America of the 1924 immigration law. It is the America of the 1930s, identified not with the New Deal, but rather with America First and tariff-based isolationism. It is the America of 1950s anticommunism, an America where blacks, women, and immigrants knew their place in a time before political correctness.

The politics of Trumpism is both a continuation and a negation of neoliberalism, personified in the authoritarian father figure of Trump himself. If neoliberalism equals markets + globalization + austerity, Trumpian post-neoliberalism equals markets + ethno-nationalism + qualified austerity, with a generous portion of religious fundamentalism thrown into the mix.

Trump's neoliberal continuity may be seen most clearly in his disruption of the regulatory state, eviscerating environmental protections (including withdrawal from the Paris climate accords), furthering the privatization of public education, attempting (so far unsuccessfully) to reverse Obamacare, attacking support for public housing and food security, just to cite a few of the most prominent examples. His judicial appointments at all levels have been carried out with clear ideological intent both to defend traditional (i.e., market-based, Christian fundamentalist) morality, especially with respect to abortion, and to provide a judicial backstop in support of deregulation and against state intervention in the economy. Anyone reading this surely will be able to provide their own favorite examples.

Perhaps the most interesting thing about Trump, however, is not so much his continuity with neoliberalism, but rather his break with the neoliberal tradition, a break that reflects the neoliberal crisis of legitimacy.

Trump's ideological break with neoliberalism has been expressed in what might be called the politics of displacement. By his understanding of the ways in which neoliberalism has been experienced and perceived as failing his core constituencies, Trump has displaced class-based opposition into his reactionary program. Most importantly, this displacement takes the form of white American ethno-nationalism, expressed both through his consistent attacks on immigrants, Muslims and those who cross the southern border seeking work and safety. It is also represented by his abandonment of neoliberal globalization, in favor of trade wars (tariffs) and bilateral (as opposed to multilateral) trade deals.

He displaces working-class consciousness away from confronting the capitalist class to the privileged coastal liberal elites, seen to be out of touch with the lives of real Americans in the heartland. The capitalist ruling class disappears into a

geographic and cultural phenomenon, rather than an organic part of the economic system itself.

Clearly, the politics of right-wing displacement have worked for Trump. His erstwhile advisor and chief strategist, Steve Bannon, has recently bragged that “[w]e’ve turned the Republican party into a working-class party,” implicitly identifying the US working class with the white, male, Christian and older members of both the working and middle classes. As Kim Moody points out, the relatively small working-class shift to Trump in 2016, although apparently real, is also more complicated. It continues a longstanding shift away from the Democratic Party going back at least to 1980, more than a shift specifically to Trump or the Republican Party.

To phrase it differently, the failure of third-way centrism, especially on the part of Democrats like the Clintons, Obama, and (presumptively) Biden, has, in significant part, contributed to the electoral rise of the right. In 1984, for example, only 48 percent of union households voted for Mondale against Reagan. This was actually less than the 51 percent of a smaller, weakened union movement who voted for Hillary Clinton in 2016. Lest we forget, in a notorious lack of foresight in 1980, the air traffic controllers’ union, PATCO, endorsed Reagan, only to be unceremoniously destroyed by the very candidate that they had supported only weeks earlier.

It would be overly generous to describe Trump’s eclectic economic policies as a plan. He is a neoliberal on deregulation, supply-side tax cuts, and privatization, On Federal budget deficits and interest rates, he governs like a neo-Keynesian. A wannabe isolationist on military strategy and foreign trade, he is a cynic when it comes to individual rights and family values. This eclecticism derives from Trump’s ignorance and arrogance in roughly equal measure, filtered through his experience as a real estate speculator.

His economic policies, in other words, are a patchwork with three principal competing aspects. First, in the classic neoliberal tradition, there is deregulation, tax cuts for the rich, and cutbacks for the poor and working class. The effect of the tax cuts has been to further redistribute wealth upwards, fueling what appears to be an expanding speculative bubble in both securities (the stock market in particular, as became apparent in March 2020, and also corporate bonds) and in residential housing.

Second, there has been a substantial rise in the federal deficit, since increased military expenditures have been far larger than cuts in the social wage. This is reminiscent of the Reagan economy of the early 1980s. Domestically, Trump's economic policies appear to be an eclectic mixture of neoliberalism and neo-Keynesianism. Until the COVID-19 pandemic caused the global economy to crash, deficit spending, coupled with historically low interest rates, prevented the economy from falling into a new recession. However, this was insufficient to restore growth rates to earlier levels. The historic weakness of the labor movement (low union density and, at least until recently, relatively few strikes) has allowed this approach to proceed without the threat of potentially destabilizing inflation, even when confronted with apparently low unemployment rates.

The third leg of Trump's economic policies consists in international trade and investment, and, in particular, the tariff war with China. More broadly, this embodies a rejection of multilateral globalization. Based on his ethnonationalism, this is a rejection of trade policies at the heart of the neoliberal agenda going back to the end of World War II. Consequently, Trump's isolationist trade policies may be the single largest cause of policy concern among the more farsighted members of the capitalist class, especially those in the financial sector.



Figure 1: A. Profit share (net operating surplus as percent of gross domestic income), 1947-2019.

In spite of all this, there has been a tendency since 2015 for profit share to fall while wages rise, as shown in Fig 1A. So far, this has not led to an increase in prices, probably due in large measure to international competition, the organizational and political weakness of the working class, and an exodus of workers from the labor market since 2000. However, this is an unstable situation. There will be significant pressure in the near term to reverse this trend in favor of increasing profits at the expense of wages, raising the likelihood both of inflation and of intensified class conflict.

As the world faces the climate crisis, Trump's policies, including his dilatory and dismissive response to the COVID-19 pandemic, his penchant for deregulation, and his withdrawal from the Paris accords (weak and inadequate as they might be), have been nothing short of a disaster. Trump, like a 21st-century Nero, tweets while the planet burns. In the absence of a devastating war (in the Middle East or East Asia, perhaps), his rejection of the reality of the climate crisis may be seen as his most important, and most damning, legacy.

Sanders

If Trump is inspired by a return to the halcyon days before Roosevelt's 1932 election, Sanders sees his task as completing the Rooseveltian New Deal for the 21st century. Anyone wishing to gain an understanding of Sanders' world view, would do well to pay careful attention to his speech on the 21st Century Bill of Rights. Although presented early in the 2020 campaign, it laid out a coherent perspective from which Sanders hardly deviated in the following months.

Sanders identified his goal as taking "up the unfinished business of the new deal and carry it to completion." As he put it last December, "It is about transforming this country, it is about creating a government and an economy that works for all people and not just the 1%" by confronting "unfettered capitalism" and "oligarchy."

The polarization in US politics in response to neoliberal attacks on living standards, especially the capture of the Republican Party by Trump and the ideologues of Christian ethno-nationalism, combined with the historically quiescent class struggle, has opened up the possibility for a social democratic left to emerge within the Democratic Party. It has also exposed deep ideological division within the party between the neoliberal centrist wing and the progressive wing, itself divided between the Sanders/Ocasio-Cortez social democrats and the Warren progressives.

This ideological division is a reflection of the class divisions among supporters of these wings. The centrists (for lack of a better term) represent the vast body of party functionaries and office holders, whose material existence depends on the continued electoral success of the party. They depend on continued financial and organizational support from those more farsighted sections of the capitalist class (especially Wall Street), along with the bulk of the labor

bureaucracy. The social democratic wing, on the other hand, depends for its support on a largely atomized working-class base. The centrists and social democrats also split along race, age, and gender lines. Older voters, both black and white, tend to support the centrists, while younger voters are inclined to support the Sanders/Ocasio-Cortez wing.

As is well-known, Sanders self-identifies as a democratic socialist, effectively equivalent to a European social democrat. In brief, he stands for reforming the capitalist system in the interests of working people. Its systemic replacement, if such a thing is even considered, remains for the indefinite, but distant, future. The reforms that Sanders advocates have broad popular support, especially after decades of attack from the neoliberals. They represent both a defense of reforms won previously, now lost or diminished under neoliberalism (free public higher education, for example), or reforms once promised but not yet won, like universal health care. The realization of these reforms would represent important gains for working people. The Green New Deal, in particular, is an elementary necessity for the preservation of human civilization.

These reforms, including his intention to strengthen organized labor, are widely supported, especially among the young, working-class and middle-class (e.g., teachers, nurses, engineers) voters, who provide the mass base, as well as the financial support, for the Sanders campaign. Among the Democratic candidates, Sanders gets the most support (measured by number of contributors) from working class donors, including some support from within the trade union leadership. Yet, by and large, the union bureaucracy has remained loyal to the Democratic establishment.

It is not difficult to understand why Sanders, who started his political career independent of the two corporate parties, has nevertheless chosen to align himself in practice with the Democrats while still remaining nominally independent. By

running in the Democratic primaries, he sought to overcome many of the limitations that make the US electoral system so profoundly undemocratic. These include winner-take-all elections[14], the electoral college, and the (informal yet real) media blackout of third-party candidates (a legacy, in part, of Reagan's neoliberal repeal of the fairness doctrine, along with the exemption of independently hosted political debates from the equal time rule). These benefits, however, come at a price for the development of an independent working-class movement.

What I and some others who identify with the tradition of socialism from below find most problematic in Sanders' social democracy, is his choice to work within the Democratic Party, even to the point of endorsing Hillary Clinton in 2016 after Sanders lost the nomination at the Philadelphia convention, and now his endorsement of Biden in 2020.

Sanders personifies an alternative politics of displacement, but in a radically different manner than does Trump. For Sanders, the left-wing displacement takes form by identifying the problems of capitalism as ones that can be addressed through policy changes within the existing system. They appear to be amenable to symptomatic relief, rather than as systemic, constitutive elements of capitalism itself. The problem that social democracy has faced historically with this approach is one that is faced by Sanders and his successors: the fight over the class division of the productive surplus (profit). Will the capitalist class meekly agree to relinquish its profits in the service of the people as a whole? This is exceedingly unlikely, at best.

This results in the fundamental contradiction of social democratic reformism. In order to obtain the reforms that their program promises, they must rely on the continued profitability of the capitalist system to fund these programs. In periods of profitability crisis (which occur sooner or later, but whose onset is difficult to predict), social

democrats are forced to choose between a rejection of capitalism or an abandonment of the reform program.

The inequality that results from neoliberal profitability restoration at the expense of working-class wages justifies Sanders' claims on the billionaire class. However, this redistribution is not politically and economically feasible without a strong, independent working-class movement. In such confrontations between labor and capital, it has been social democracy that has capitulated to the needs of capitalist profitability, choosing the side of renewed profitability through austerity. Hollande in France and Syriza in Greece may be the most notable post-2008 examples, but far from the only ones. This pressure is likely to grow as the COVID-19 depression lingers.

It may be worth recalling in this context that although Sanders cites Eugene V. Debs as a role model, not only did Debs run on the Socialist Party ticket, he also ran on a revolutionary, rather than a social democratic, program. As Michael Zweig points out, "[e]conomic problems arise not because some people are rich but because private profit and the power of capital are the highest priorities in the economic system." [15]

The two major periods during which reforms were won in the United States during the twentieth century, the 1930s and the 1960s, were periods of immense social struggle and class conflict. Roosevelt, the former governor of New York, was elected as a moderate in 1932, following the failure of Republican Herbert Hoover to overcome the worst aspects of the Great Depression (using pro-market austerity methods similar to those that would later be identified with neoliberalism). The working-class upsurge of the 1930s, especially the 1934 general strikes in Minneapolis, Toledo, and San Francisco, and the 1937 autoworkers' factory takeovers that led to the creation of the CIO, were the foundation that made important reforms like Social Security and the Wagner Act possible.

Similarly, the Black freedom struggle of the 1950s and 1960s made possible not only important civil rights legislation, but also the creation of Medicare and Medicaid in 1965. It is not an accident that the growing strength of the antiwar movement, the Black freedom struggle, the second wave feminist movement, along with a series of militant strikes, coincided with Nixon's establishment of the Environmental Protection Agency (EPA) in 1970 and the Occupational Health and Safety Administration (OSHA) in 1971. In Howard Zinn's memorable phrase, "What matters most is not who is sitting in the White House, but 'who is sitting in' and who is marching outside the White House, pushing for change."

Although there seem to be some recent signs of growing working-class militancy, the relatively low level of organized class struggle on the job, in the streets, and in the communities has displaced political resistance to neoliberalism into electoral reformism within a capitalist party. Can the Berniecrats both be the catalyst for a new wave of mass movements and also the standard bearer of the Democratic Party? If so, to what extent will it channel this potential into Democratic Party electoralism?

To carry out this program, Sanders has famously called for a political revolution: "And let me also be clear, the only way we achieve these goals is through a political revolution where millions of people get involved in the political process and reclaim our democracy by having the courage to take on the powerful corporate interests whose greed is destroying the social and economic fabric of our country."

It appears from this that Sanders' understanding of political revolution entails the reform of capitalism through the electoral (i.e., political) process. This understanding gains credibility by looking at Our Revolution, the organization created by Sanders supporters in the wake of his 2016 presidential campaign. The work of Our Revolution has been limited essentially to support for the Sanders campaign, along

with endorsement of several progressive Democratic Party candidates. Over time, Our Revolution seems to have withered, as energy and funds have gone directly to the Sanders 2020 campaign itself.

Bernie's organizing approach is largely top-down, as was Jesse Jackson's in 1984. This is not surprising, since he is organizing an electoral campaign, not a social movement. The energies of thousands of self-identified socialists were channeled into door-knocking for Sanders' nomination by the Democratic Party.

Looking forward

With Trump's unhinged and erratic behavior, with his obsessive lying and self-aggrandizement, with his failure to adequately address the COVID-19 pandemic, and with the Republican Party no longer representing the interests of the ruling class as a whole, control of the Democratic Party takes on greater significance than at any time in the last several decades.

Fearful of the growth of social democracy within the Democratic Party, there has been an influx of billionaire support for centrist Democratic candidates, including, for example, Michael Bloomberg and Tom Steyer. The party establishment has united in support of the hopelessly inept and underpowered Biden, rather than risk the possibility of an arguably more popular Sanders nomination.

Those of us who identify with the tradition of socialism from below have been divided over whether to support the Sanders campaign within the Democratic Party. The fundamental contradiction for many socialists when considering Bernie's candidacy is simple. He ran as a socialist (or at least a social democrat) within a capitalist party. Furthermore, winning the nomination was a long shot at best, and he had pledged to support the Democratic nominee, whomever that may be, as he did in 2016, a promise that he has now fulfilled. As

Chris Morrill writes, "intentionally or not, progressives are coaxing us back into a corporate party."

This is not the first time that an arguably social-democratic tendency has emerged within the Democratic Party. Jesse Jackson's 1984 campaign was social democratic in all but name and was arguably stronger on race and support for third world liberation movements than is the Sanders campaign. Yet it died a bureaucratic death within the party.

If we recognize that organization is a necessary mediating factor between theory and practice, what does this entail for work by socialists within the Democratic Party? Socialists have advanced several justifications for working on the Sanders campaign within the Democratic Party, including both the inside-outside and the dirty break strategies. Their ultimate success, however, depends on the emergence of a working-class alternative developing outside the Democratic Party. I would argue that on the electoral plane and at the present time, the Green Party is the best, actually existing, hope for nucleating an electoral alternative that can facilitate independent organizing in the workplaces and the communities.

There are three principal reasons in support of this claim. First, the Green Party is not only independent of capital and its parties, it will be running ecosocialist candidates (presumptively Howie Hawkins and Angela Walker) on an ecosocialist platform in 2020. Second, it will be on the ballot in a majority of states in the 2020 election. Third, as Linda Thompson and Steve Bloom argue, the Green Party doesn't have to win to have a significant effect on US politics. By supporting a credible candidate running an anti-capitalist, ecosocialist campaign, Greens can advance a real Green New Deal. At the same time, a Green campaign can effectively challenge the reactionary policies shared by both the Democratic and the Republican parties on war, racism, and their defense of a fundamentally undemocratic system.

The Green Party's advocacy of the Green New Deal for over a decade before its assimilation, dilution, and popularization by the Democratic left, is strong evidence of the success the party has had in influencing political perceptions. This has occurred despite its relatively low poll numbers, and the media blackout on its campaigns, relieved only occasionally by attacks on Greens as spoilers.

Polling shows majority support in the US for a third party, albeit for a variety of reasons. As Thompson and Bloom argue, "[t]he stronger an alternative like the Green Party becomes, the more votes it has the potential to win, the greater the possibility that the U.S. ruling class will at some point be faced with a truly mass political force to the left of the Democrats which it cannot control." Supporting a Democratic Party candidate, on the other hand, strengthens ruling-class ideological hegemony channeled through its captive organization, the Democratic Party.

We need to work to build an independent alternative, while always remaining open to making the necessary strategic and tactical adjustments as circumstances change. As Bernie Sanders wrote in 1985, "What would be a tragedy, however, is for people with a radical vision to fall into the pathetic camp of the intellectually bankrupt Democratic Party."

[14] To his credit, Sanders has endorsed ranked choice voting, although one must search his website carefully in order to find it.

[15] *The Working Class Majority* (Ithaca, NY: Cornell University Press, 2000) p.77.