

Class, Race and Corporate Power

Volume 4 | Issue 2

Article 5

2016

Trump's Ponzi Scheme Victory

Ronald W. Cox

Florida International University, coxr@fiu.edu

Follow this and additional works at: <http://digitalcommons.fiu.edu/classracecorporatepower>

 Part of the [Political Science Commons](#)

Recommended Citation

Cox, Ronald W. (2016) "Trump's Ponzi Scheme Victory," *Class, Race and Corporate Power*: Vol. 4: Iss. 2, Article 5.

Available at: <http://digitalcommons.fiu.edu/classracecorporatepower/vol4/iss2/5>

This work is brought to you for free and open access by the College of Arts, Sciences & Education at FIU Digital Commons. It has been accepted for inclusion in *Class, Race and Corporate Power* by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.

Trump's Ponzi Scheme Victory

Abstract

Donald Trump campaigned as an economic nationalist but has surrounded himself with a transnational corporate transition team that supports policies of neoliberal capitalism. These include tax breaks for the rich and for corporations, further privatization of public services, deregulation and the reduction of the social safety net. Trump used the rhetoric of an "anti-politician" to conceal his real policy agenda, and appealed directly to sections of the white working class that rejected Hillary Clinton's corporate centrism.

Keywords

2016 Election, Realignment, Trump

Donald J. Trump became President on November 8, 2016 with a narrow victory that relied on a mostly traditional Republican base, led by rich and upper-middle class white voters in traditional Republican territory, combined with a shift of some white working class voters from Obama to Trump in the crucial upper-Midwestern swing states. The overall demographics of this vote do not provide evidence of a party “realignment,” meaning a shift in the voting bloc coalitions associated with each party. Eighty-nine percent of self-identified Democrats stayed with the Democratic Party and 90 percent of self-identified Republicans stayed with the Republican Party.¹ At the margins is where the election was decided. Mostly that had to do with significantly lower voter turnout for Hillary Clinton than was the case for Barack Obama. Trump captured between 62 and 63 million votes, only slightly ahead of the vote totals of Republican nominees John McCain and Mitt Romney. However, Hillary Clinton fared worse than Obama, drawing between 64 and 65 million votes (as of this writing) as opposed to 69 million (2008) and 66 million (2012) for Obama. In the end, Trump won by capturing the votes of just 27 percent of eligible voters, and just 22 percent of the voting age population. Meanwhile, 43 percent of eligible voters chose not to participate.² While it appears that Clinton won a narrow majority of overall working class voters who participated in the election, those non-voters represented a sizable working class constituency that decided to stay home.

To consolidate his narrow victory margin, the Trump campaign relied on a steady drumbeat of propaganda against “the political establishment,” which had been prefigured by decades of Republican rhetoric designed to appeal to a very narrow white upper-class and upper-middle class base in carefully gerrymandered districts which provided cover for the most extreme Republican congressional incumbents. The use of this base by corporate donors has a lengthy history, including the role of corporate foundations in bankrolling and funding the largest and most organizationally effective wing of the Tea Party, an early incarnation of “anti-establishment” rhetoric financed by sectors of the corporate establishment, complete with racist and sexist caricatures of members of the “political class,” always carefully distinguished from the corporate or capitalist class.³ Groups such as Americans for Prosperity and FreedomWorks, both financed by the billionaire Koch brothers and other transnational corporate supporters, mobilized the Tea Party as part of their corporate-backed insurgency campaign to lower taxation, reduce business regulation and eviscerate the welfare state by discrediting government bureaucracies as embedded with the self-interest of a narrow “political class.” Indeed, many of the Tea Party-backed policies were consistent with the efforts of corporate lobbies such as the American Legislative Exchange Council, which worked to decrease taxes and regulations on corporations at the state level.

As campaign strategist Lee Atwater once observed while working as campaign manager for George H.W. Bush: the more we can get working people to place blame on government, instead of big business, the more success we will have.⁴ Trump grabbed hold of this narrative with a vengeance, employing it aggressively against members of the Republican establishment that had questioned or opposed his candidacy, and effectively capturing the hearts and minds of what was left of the Tea Party movement while rolling it into the mainstream of the Republican Party. Essentially, Republican economic and ideological McCarthyism had come home to roost, with decades of anti-establishment fervor rebounding to the benefit of Trump as the ultimate outsider. To make his appeals effective with a white working class electorate in the upper Midwest that had seen its standard of living decline significantly, Trump used populist rhetoric

and racist, misogynistic appeals as a strategy to distinguish himself from the Democratic nominee Hillary Clinton, whose ties to the corporate centrist wing of the Democratic Party were also the subject of much critique by Bernie Sanders, the left-wing populist who ran against Clinton in the Democratic primary.

The Trump campaign revolved around the authoritarian personality of Trump himself more than a consistent ideology. At the same time, Trump's rhetoric was a deliberately constructed Ponzi scheme designed to get voters to separate the corruption of the amorphous "political class" from the "corporate class" that Donald J. Trump had long been a part of. In many ways, it failed to resonate with voters and non-voters alike. Trump, after all, is still not trusted by the majority of U.S. citizens even after being elected President, and is disliked by a majority. However, the ability to separate the "political class" from the "corporate class" has long been a key to success for Republicans who have raked in donations from the corporate sector and who have privileged the corporate sector in their economic policies and legislation. White working class voters in the upper Midwest clearly perceived Hillary Clinton as part of the "political establishment" and likely voted for Trump simply to send a nihilistic statement to Washington insiders that the system has long ceased to work for them. The Democratic Party and the Democratic National Convention helped make that strategy a success by nominating Hillary Clinton in a year when working people continued to suffer from a rigged economic system that perpetuated increased inequality, further reduction of wages, and record corporate profits.

The Ponzi scheme analogy can only be completely grasped by noting the contradictions between Trump's populist appeals to the white working class and the corporate friendly economic policies that his leading advisors were helping to craft. Trump, like Sanders, campaigned successfully in Michigan and the upper-Midwest with constant appeals to the working class voters who have been ignored by the political establishment. While Clinton remained uncomfortable with the term "working class", and stayed wedded to an identity politics narrative that focused aggressively on Trump's blatant racism and misogyny, Trump critiqued the trade deals that Clinton had backed, most prominently NAFTA, which remained a symbol of working class decline among the very working class demographics that shifted to Trump in the election. The strongman language employed by Trump, with consistent echoes of the 14 points of fascism⁵ in both campaign style and substance, was especially appealing to those looking for a quick fix to the long-term and entrenched policies of a corporate oligarchic establishment that had long dominated both U.S. political parties. In a recent study of economic legislation passed by Congress within the past 25 years, Martin Gilens and Benjamin Page concluded that most legislation reflected the preferences of the upper 10 percent income bracket of the U.S.⁶ In fact, the biggest predictor of both the content and success of economic legislation was the support of the upper income bracket, indicating the extent to which the system has been "rigged" for some time, but not in the way that Trump suggested. Trump's rhetoric was focused on a political class that he portrayed as incompetent, dysfunctional and arrogant in its dealing with the citizenry. The focus on the political class was a Ponzi scheme cover for delivering campaign contributions and voter support to a Trump political machine that is thoroughly tied to the most powerful sections of the corporate establishment. In other words, the money and votes that citizens provided to the Trump campaign are being directed to protect, nurture and further the interests of crony capitalists that have long been the main beneficiaries of neoliberalism.

With this in mind, Trump represents not economic nationalism rearing its head, which has been one label used to describe Trump's policies, but instead an aggressive continuation of

the policies of corporate neoliberalism. This can be seen quite clearly in the content of Trump's policy proposals, which consist of further tax cuts for the rich, aggressive deregulation of business, further privatization of public services, and an all-out assault on the very legitimacy of government functions, including social entitlements such as Medicare, which the Republican establishment hopes can be effectively killed and privatized with the assistance of a Trump Presidency. The stocks of private prison corporations soared after Trump won the election, and now energy stocks and military and security stocks are doing quite well in anticipation of Trump's privatization and deregulation policies.⁷ The expansion of an internal police and surveillance state seem to be likely extensions of a Trump presidency, which promises to benefit the prison-industrial complex through an expansive privatization of federal prisons. This emphasis on privatization is apparent in Trump's infrastructure program, a \$1 trillion dollar program that is being falsely labeled a "public works" program, but is instead a cash cow to the private construction sector, who will be offered, as of this writing, \$167 billion of federal tax credits to private investors interested in funding a \$1 trillion infrastructure program to rebuild roads, bridges and highways.⁸ This plan effectively privatizes public infrastructure and socializes some of the costs on the backs of taxpayers. So much for a modern "New Deal", instead what we get is further privatization of public services that fits well as a continuation of corporate neoliberal capitalism.

When we examine Trump's transition team, it's easy to see the direction of these types of privatization policies. Verizon consultant Jeffrey Eisenach is leading Trump's transition team in charge of developing policies for the Federal Communications Commission, which will likely include a frontal assault on "net neutrality", which so far has prevented internet service providers from privileging access to internet content through differential pricing to consumers, a policy the Obama Administration supported. The EPA transition team is led by Myron Ebell, who is the chair of the "Cooler Heads Coalition" dispelling the "myths of global warming," and has extensive ties to the corporate energy sector. Another transition leader is the CEO of Pfizer, who is undoubtedly happy that Trump's healthcare plan will likely encourage further corporate consolidation and help guarantee the perpetuation of quasi-monopoly profits. Steven Mnuchin, the former CEO of OneWestBank, is a leading candidate for Treasury Secretary and will likely be a strong voice on banking deregulation, including the plan to further weaken if not eliminate the already weak Dodd-Frank financial legislation. Corporate lobbyist Michael Korbey is leading the social security transition team and has devoted much of his lobbying career to fighting for social security cuts.⁹

While Donald Trump appears to be ready to shed any traces of economic nationalism for an aggressive embrace of further neoliberalism, would Clinton have been different? While Clinton has long been a part of the corporate oligarchy that has aggressively promoted neoliberal policies, starting with the endorsement of a U.S.-backed global financialization under the Administration of Bill Clinton, she has lately been part of an establishment re-think of the policies of neoliberalism. It's not unprecedented in capitalist history to have dominant political and corporate elites divided over which policies to pursue to save the capitalist system. Lately, two pillars of the global capitalist establishment, including the IMF and the OECD, have been writing position papers talking about the dangers that inequality pose to the maintenance of global capitalism.¹⁰ Clinton was willing, not to put the brakes on capitalist accumulation, but to modestly reorient the system around more progressive taxation and mild redistribution. Pressed by Sanders, the Democratic Convention passed the most left-leaning platform in party history. That Clinton would agree to this represents both campaign maneuvering and the move leftward

of the Democratic Party's rank and file base. Trump, on the other hand, is planning to go all-out to expand neoliberal corporate capitalism, which is likely to further fracture the system in ways that the corporate class cannot entirely predict. Nonetheless, the corporate class is all too happy to jump aboard now that Trump has made clear to some of their members that he has their best intentions at heart. He has felt the need to reassure corporations which bolted his campaign for Clinton's during the general election, uneasy over Trump's opposition to trade agreements and his critique of NATO.

Clinton's obsequious ties to Wall Street investment banks, to which she was offering private counsel and assurances in the wake of the financial crisis of 2008, made her an easy target for Donald Trump during the campaign. Clinton's ties to Wall Street were a significant impediment to building any kind of trust with working class voters, but it's also accurate to say that attacks on her candidacy reached a crescendo of unsubstantiated claims, rumor mongering and outright lies and caricatures that were perpetuated in the right-wing blogosphere, including claims that she successfully plotted assassinations. While she was (and remains) a corporate centrist in ideology and temperament, it's hard to argue that she's objectively worse than the other corporate centrists that the Party has historically nominated, except on foreign policy, where her support for an interventionist U.S. military doctrine has had terrible consequences in the former Yugoslavia, in voting for the Iraq War resolution and in championing military intervention in Libya and military escalation in Syria. Trump countered her interventionist inclinations by talking simultaneously about radically increasing the military budget but pulling back from U.S. military commitments, including NATO. Such critiques had earlier been made by a non-interventionist left (and a libertarian right) but were now being made in the context of a fascist/populist campaign. In other words, Trump was appealing not to redirect military spending to social needs, but to bolster military spending alongside a U.S.-first foreign policy that will practice unilateralism, including the use of torture (according to Trump) alongside selective disengagement designed to extract higher side payments from U.S. allies as the price of maintaining a U.S.-centered empire, although no side payments are expected from Israel. The Trump foreign policy has drawn support from a group of former U.S. military generals who have argued that U.S. civilians have too much power over the military, thereby endangering national security by emasculating the power of the armed forces, a post-Vietnam War critique of U.S. military "weakness" that has been adopted by advisors close to Trump.¹¹

What we are left with then is a Trump presidency that seems determined to expand the contradictions of a neoliberal capitalist system that has already suffered the blows of the worst global crisis since the Great Depression of the 1930s. This presents opportunities for a re-energized left to mobilize at all levels of opposition to take on the corporate plutocracy by targeting each offensive set of policies that Trump endorses, including economic policies referenced above as well as threats to women's reproductive health and safety, and threats to immigrants that will intensify as Trump unleashes an expansion of the already ongoing deportation program. Kris Kobach, a leading advisor to Trump on immigration, is urging Trump to reintroduce a 2002-2011 immigration registration program that would require Muslim immigrants to register with the U.S. government as a condition of verifying their "eligibility" to remain in the country.¹² Also Kobach, along with other advisors, is urging Trump to follow through with a campaign pledge to build a wall at the Mexican border, which Trump himself has affirmed as a primary goal. Under Trump's watch, more immigrant communities will be targeted through policing, criminalization and deportation. That poses a direct threat to people of color, who are already experiencing a wave of attacks by an emboldened group of racists. The

fact that Trump's campaign worked with white supremacist groups through networks such as Breitbart News, and that he has retained those ties by naming Steve Bannon, a white nationalist, to the position of chief policy advisor, will only further embolden racists who feel that they can indiscriminately attack the most vulnerable members of our population.¹³

It's our political, economic and moral duty to fight back. At FIU and other universities, we need to continue ongoing efforts to make campuses a sanctuary for immigrants who will be targeted by the Trump Administration. And we need to build a serious political movement on the left to counter the Trump agenda as well as the Trump-backed agenda of the corporate oligarchy that has dominated the country for far too long. At the same time, efforts to expand protections of the most vulnerable sectors of the immigrant working class in the construction and service sectors have to be seen as priorities of the left. We also need to be ready to defend and to protect immigrants from the federal campaign to increase the pace and scope of detentions and deportations, and to side with Muslim immigrants who will be the targets of a registration process designed to intimidate, harass and to politicize the already precarious position of minority groups.

¹ Larry Bartels, "2016 Was An Ordinary Election, Not a Realignment," *The Monkey Cage*, Nov. 10, 2016.

² Nicholas J.S. Davies, "The Non-Existent Trump Mandate," *Consortiumnews.com*, Nov. 14, 2016.

³ Kate Aronoff, "The Tea Party Laid the Groundwork for Donald Trump's Rise," *Jacobin*, March 26, 2016.

⁴ Sidney Plotkin and William E. Scheuerman, *Private Interests, Public Spending: Balanced Budget Conservatism and the Fiscal Crisis*, South End Press, p. 32.

⁵ Lawrence Britt, "The 14 Points of Fascism," *Free Inquiry Magazine*, July 15, 2003, Vol. 22, No. 2.

⁶ Martin Gilens and Benjamin Page, "Testing Theories on American Politics: Elites, Interest Groups and Average Citizens," *Perspectives on Politics*, September 2014, Vol. 12, Issue 3, pp. 564-581.

⁷ Tracey Allaway and Lily Katz, "Private Prison Stocks Surging After Trump's Win," *Bloomberg*, Nov. 9, 2016, and Stephen Wilmot and Nathaniel Kaplan, "Trump Victory Gives Defense Stocks a Shot," *Wall Street Journal*, Nov. 9, 2016.

⁸ Jordan Weissman, "While You Weren't Looking, Donald Trump Releases a Plan to Privatize America's Roads and Bridges," *Slate*, Nov. 4, 2016.

⁹ Eric Pooley, "Trump's Transition Team is Straight From the Swamp," *Time*, Nov. 16, 2016.

¹⁰ Michael Hiltzik, "IMF Agrees: Decline of Union Power Has Increased Income Inequality," *LA Times*, March 25, 2015.

¹¹ Maggie Hagerman, "Donald Trump is Endorsed by Nearly 90 Military Figures," *New York Times*, Sep. 6, 2016.

¹² Amanda Sakuma, "Trump Immigration Advisor Kris Kobach Wrote the Book on Muslim Registry," Nov. 17, 2016.

¹³ Matthew Phelan, "Building the House of Breitbart," *Jacobin*, Nov. 5, 2016.

