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Trump's Trade Tantrum: On Tipping Points and Authoritarian Peril



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The Tangerine Tossers' triple trade tiff – with China, the European Union, and the United States' NAFTA partners (Canada and Mexico) – has the potential to spark an American and global economic meltdown. Classic signs of a coming collapse have been evident for some time: wage stagnation for the many alongside skyrocketing wealth for the ever more absurdly opulent few ([three of whom now possess](#) between them the same net worth as the poorest half of the U.S. populace); colossal accumulated corporate, government, student loan, and credit card debt; rampant surplus and “fictitious” capital devoted to speculative rather than productive investment; capitalist profits far beyond real economic growth;

wildly unsustainable stock market values (artificially buoyed by debt and corporate buybacks); the deregulation of financial markets and institutions.

As the astute Goldman Sachs veteran and financial commentator [Nomi Prins noted last January](#), “There will be a tipping point – when money coming in to furnish that debt, or available to borrow, simply won’t cover the interest payments. Then debt bubbles will pop, beginning with higher yielding bonds. Leverage is a patient enemy.”

The next financial “correction” could cut deeper than the last one, “the Great Recession.” That’s because, [as Prins argues in her latest book *Collusion: How Central Bankers Rigged the World*](#), “there is no Plan B” this time. Interest rates can’t fall any further.

Collusion was written before Trump started making good on his protectionist promises, which could tighten the noose. The more immediate economic blowbacks are clear: the withering of foreign markets for U.S. agricultural exports (thanks to retaliatory foreign tariffs); rising prices (thanks to U.S. tariffs) for capital goods and intermediate inputs that U.S. producers purchase from foreign countries (China especially); the loss of U.S. jobs as corporations that make goods in the U.S. seek to circumvent retaliatory tariffs abroad by shifting production to foreign countries (Harley Davidson recently announced that it has decided to do precisely that).

Beyond and related to all that, there’s the risk of moving the “tipping point” up in time and deepening the crisis. A financial commentator with historical knowledge and sensibilities that are frighteningly rare in the U.S., [Prins suggests](#) that the Tweeter-in-chief’s tariff tantrums could put us on the road to a major economic collapse and escalated political authoritarianism:

The fallout domestically from the coming trade wars could be horrific ... if global tariffs were to rise just 10%, the gross national product (GDP) of most countries would fall by between 1% and 4.5% — the U.S. GDP by 1.3%, China’s by 4.3%. A 40% rise in tariffs would ensure a deep global recession or depression. In the 1930s, it was the punitive U.S. Smoot-Hawley tariff that helped spark the devastating cocktail of nationalism and economic collapse that culminated in World War II... Our allies will undoubtedly try to trade more with each other to close gaps that [Trump’s] trade wars open. Ultimately, that will hurt the U.S. and its workers, especially Trump’s base. For instance, German carmaker BMW, Japanese carmaker Toyota, and other foreign car companies employ 130,000 people in the United States. If, in response to new tariffs on their products, they were to begin moving their operations to France or Mexico in retaliation, it’s American workers who would lose out... American allies, who rely on the staggeringly

powerful U.S. market, will lose out, too. Weighed down by tariffs, their products will become less competitive here, which is what Trump wants. However, that won't necessarily mean the end of trade deficits; it could just mean less trade everywhere, a situation that should bring to mind the global depression of the 1930s. And if you think Donald Trump is already a threat to world stability, imagine what might happen after years of economic duress. As was the case in the 1930s, when volatile conditions made it easier for dictators like Adolf Hitler to convince people that their economic woes stemmed from others, the path to a fire-and-fury world remains grimly open....Once it becomes too expensive for certain companies to continue operating as their profits go to tariffs or tariffs deflect their customers elsewhere (or nowhere), one thing is certain: it will get worse.

“Trade wars,” the [orange monstrosity says](#), “are good.”

Will a full-blown trade war happen? Probably not. Over many decades, U.S. corporate managers have set up what [Noam Chomsky calls](#) “complex global supply chains to maximize profit at the expense of [U.S.] working people...The corporate sector,” Chomsky adds, “relies so extensively on the global economy it has designed that it is sure to use its enormous power to try to head off a major trade war. The Trump tariffs and the retaliation might escalate, but it's likely that the threat will be contained.”

Likely, but not certain. Trump's election was unlikely. And, as his former right-wing “economic-[and white-]nationalist political adviser [Steve Bannon liked to say](#), “Trump is Trump.”

Why would the Trump administration want to play with such fire? Part of it might be that it's just too stupid and ignorant to know that it is doing any such thing. The protectionist clowns currently in power in the White House – the doltish Commerce Secretary Wilbur Ross, the bizarro trade czar Peter Navarro, and the comically unqualified chief economic advisor Larry Kudlow – are bobble-headed numbskulls. They have as much business shaping the U.S. political economy as I do of chairing the Stanford physics department.

Another part of the explanation is that Trump and his team believe that there is no blunder they can commit whose consequences they can't blame on something or someone else. The ridiculous Ross has already put on his tin-foil hat to attribute the steel price increases and the soybean price drops that have predictably resulted from Trump's tariff actions as the consequence of “anti-social” speculators and “profiteers.” If trade wars escalate and help push global capitalism – itself already ripe for a collapse – into the ditch, throwing tens of million people out of work, Trump and his authoritarian white-nationalist fans and FOX News flaks will blame it on the “unfair” Chinese and/or the Europeans and/or the

Canadians and Mexicans. It will seek out and attack homeland traitors under every bed. “The politics of trade war,” [Paul Krugman notes](#), “will probably end up looking like Trump politics in general: a search for innocent people to demonize.” (The list of potential targets and scapegoats is long and well-known.)

That was Hitler’s trick during the 1930s. As the lords of capital crashed the system, Hitler blamed Germany’s Jewish population and its socialists for what ailed a nation brought to its knees by the untouchable bourgeoisie. We know how that worked out.

It’s working on a smaller scale for Trump. Despite his transparent and vicious nativism, sexism, racism, and xenophobia, combined with open gifts – e.g. the giant personal and corporate tax cuts Trump and the Republicans gave the already obscenely rich last Christmas – he enjoys the support of [90 percent of Republicans](#). Republican politicians who dare cross him publicly become electoral toast. His overall support, mainly in the low 40s (he recently [peaked at 45%](#) and thankfully [fell back to 41%](#) after his border-kidnapping fiasco) is historically tepid but not too far from previous presidents heading into their first mid-term elections. “Targeting both China and allies with abuse and tariffs,” [Chomsky notes](#):

“has a certain logic: It may play well in the rust belt, contributing to the illusion that our hero is fighting to ensure jobs for working people... He has thrown enough crumbs to keep the Evangelicals happy, and has struck the right chords for racist/white supremacy elements. And he has, so far, managed to convince coal miners and steel workers that he is one of them... his support among union members has increased to 51 percent.”

What’s Trump’s end game? Who knows? I’m not sure the president and his top agents and allies have one. Trump, Steve Bannon, Steve Miller, FOX News, the rest of the hard-right wing infrastructure might welcome an economic collapse that could generate more outrage for them to blame on various nefarious bad guys and evil others at home and abroad. Combined with a real or contrived terror attack on U.S. soil, perhaps, the resulting chaos could provide a pretext for Trump to declare martial law and suspend the next presidential election. Trump says he admires how China’s leader Xi Jinping got named [president for life](#) and how the people of North Korea [“sit up and pay attention” when Kim Jong-un speaks](#). Think that’s all just a joke? Let’s hope so: many millions of right-wing white Americans, including no small number of cops, militia members, and rank and file military wouldn’t mind helping that happen.

Keep telling yourself [“it can’t happen here.”](#)

Trump's [first wife reported](#), and I don't doubt it, that the racist real estate magnate kept a collection of Hitler's speeches on his bedside table during the 1980s. Melania Trump recently baffled talking heads and pundits by wearing a stylish Zara jacket emblazoned with the following statement: "I DON'T CARE, DO U?" The Slovenian-American First Lady sported the jacket after visiting migrant children who had been traumatically separated from their parents – a global scandal – by her husband's quasi-fascist border authorities. When I enquired online about the meaning of the words Melania wore, a correspondent wrote me as follows: "Do you know Italian? She does. 'Me ne frego' (I don't care) is an old Italian fascist slogan. The same company [Zara] has come under fire for a series of [neo-fascist] dog whistles. Too much coincidence?" See [this](#) on Zara's recent proto-fascistic marketing scandals.

Recall Trump's [dog-whistle defense](#) of the neo-Nazis and other white supremacist mutants who marched, mauled, and murdered (chanting things like "Jews will not replace us") in Charlottesville, Virginia last summer? [Remember that alt-right freak-show?](#) Trump's National Park Service has recently approved an application by the same vicious white nationalists who sparked that mayhem to hold a "[white civil rights](#)" rally across from the White House to mark the one-year anniversary of their revolting display.

Is it too much to consider Donald or Melania Trump as "fascists?" Yes, [classically speaking](#), it is. Trump is too venal and purely selfish to adopt any kind of deeply committed ideological and transformative (darkly or otherwise) political faith. But the signs of an ascendant hard and far right (including an arguably [Christian Fascist](#) right on the evangelical side) in the U.S. and even more so in Europe (where real fascist movements are on the rise) are ominous indeed. And the in-power white-nationalist right wing has reasons to relish as well to fear an economic collapse, which seems to be coming around the corner with or without a full-on trade war.

I wish the U.S. economic and political situation (not to mention the U.S. and global environmental condition, the biggest issue of all, amazingly absent from the news) wasn't so incredibly dire. Sorry. It is. This, as I argued at the 2018 Left Forum, is what happens when there's no real Left around worthy of the name. Resentment abhors a portside vacuum.

On the positive side, the "coming collapse" (Chris Hedges) will slow the pace of capitalogenic carbon emissions that are destroying livable ecology before our very eyes. U.S.-Americans will have more time on their hands – time to organize from the actually populist Left and not the supposedly populist right for the nationalization of the reckless

and parasitic big banks, which are widely and justly hated across the land (see Glen Ford's recent Left Forum talk on this topic [here](#)). This was the demand that Occupy Wall Street almost made but didn't. With the banks stripped of their parasitic lords and function and brought under popular control, we can use the worker-generated economic surplus to move the nation off profit, war, empire, inequality, and ecocide and on to the paths of democracy, social justice, peace, and environmental sustainability.