

The New Year Past and Future

James Petras

Introduction

They year 2018 ended with bitter partisan conflicts over narrow issues. Over seventy percent of the federal budget was approved by both parties and another twenty-nine percent was delayed because of a conflict over ‘border security’ involving expenditures of less than one hundredth of one percent.

Multiple wars, coups, sanctions and trade disputes dominated the US political agenda. War budgets grew, military sales increased and frictions between the US and Saudi Arabia bubbled to the surface . . . and dissipated.

We will proceed to provide a realistic assessment of the US in world politics during the past year, as a prelude to what we can expect in the coming year – 2019.

US policy followed along the lines of previous presidents and military advisers: pursuing wars in Syria, Afghanistan, Iraq, Yemen and Somalia; adding military bases in Eastern Europe and the Baltics; promoting economic sanction against Iran, Russia, China and North Korea and adding minor ones against traditional allies in Europe and East Asia.

These measures did not radically alter trade relations even as divergences emerged between the President and his senior cabinet Generals, several of whom resigned.

Resignations and dismissals in the executive branch reflected the division over President Trump's military withdrawals from Syria and Afghanistan, his efforts to lower military costs and losses in regions of no profit or progress. Trump's opponents objected to his long-term commitments and efforts to finance economic spending and growth at home and abroad.

The Democratic Party pushed hard to increase or at least maintain a military presence and commitments and to engage in symbolic hostile gesture against Russia (Russophobia) and North Korea.

Shadow boxing highlighted internal partisan disagreements over immigration. Trump promised a border wall, the Democrats a fence. Both followed the same restrictive immigration policies and expelled millions of Central Americans and Mexicans, as did their predecessors.

Domestic policy, especially the major reduction of taxes for the very rich, was wholeheartedly backed by both parties .Despite their political propaganda divergences the Democrats voted for the rich and denounced the Republicans. The Republicans took credit for the tax 'reform' and credited it for 'economic growth'.

Both parties and branches of government called for billion-dollar infrastructures funding and nothing was done. Both engaged in partisan 'conflicts' over healthcare and educational reforms but nothing was done.

The respectable press blamed President Trump for avoiding wars, colluding with Russia and threatening the global free-market economy, without recognizing the collaboration of the Democrats who engaged in their own version of global warfare.

In real terms, the two parties followed parallel policies at home and abroad, while engaging in harsh rhetorical combat.

The key issue was the intense partisan warfare over which party could gain control of the seats of power, patronage and ‘rents’ from financial and real estate transactions.

Stock markets rose and fell but inequalities deepened, and debt multiplied, and the markets increasingly depended on state billion-dollar subsidies from national, regional and local governments.

The Year 2019: Continuities and Ruptures

Economic strategies and policies will be at the forefront throughout 2019. For the business elite the central issue in dispute will be the so-called ‘trade war’, which President Trump and his economic advisers are pursuing against China.

If the Trump administration secures concessions from President Xi Jinping, it will be confined to financial openings for US investors and a greater role for US exports. The US will push a greater role for the Chinese private sector willing to share markets rather than State sector growth.

If the US demands wholesale dismantling of China's state direction and regulation of the economy then a trade war is inevitable. The results will disconnect the entire global economy and disrupt US business linkages.

The stock market will plunge, markets will become more volatile and the top 500 multi-nationals will disinvest and suffer deep losses which will ripple throughout the business sector.

The US is counting on several allies of dubious reliability. A sector of the Chinese neo-liberal academic elite is leading the charge to marginalize the role of the state, reduce regulations and limit China's large scale overseas projects.

While influential in some policy sectors, the pro-US academics have yet to dictate policy to the Chinese Communist Party leaders.

The US has attempted to create an anti-China alliance, with Asian and EU countries. The problem is that the US protectionist trade policy is equally prejudicial to these would-be trade allies.

Without influential allies in and out of China, the US may attempt to deepen its domestic market and/or turn to increasing its military presence encircling China. The problem, however, is that Washington under Trump is turning away from military intervention in the Middle East and South Asia and has turned toward a 'business first' agenda.

In any case the key to the advance or decline of the US economy in 2019 depends on the outcome of the trade war with China.

The second problematical area in 2019 is the political war between and within the Pentagon and President Trump's security operatives.

Trump's business priorities and rapid-fire ousting of Generals promoting losing and costly wars – in Afghanistan, Syria and elsewhere – has provoked a formidable hostile coalition of Democrats controlling Congress, the majority of the Pentagon and their military allies in the mass media.

If Trump is able to shift from 'military' to 'economic' imperialism he will be able to rebuild his domestic support and to finance popular multi-billion-dollar infrastructure projects.

If Trump succumbs to the military metaphysics which is promoted by the liberal-neo-conservative-Zionist coalition and falls prey to Middle East wars, Russophobia and China/North Korea war-baiting, the Trump business first coalition will divide and collapse.

The domestic economy is likely to end its growth and stagnate unless Trump can convince the business elite to invest in the domestic economy, including higher wages and social spending. A dubious proposition!

If Trump relies on the ‘invisible hand’ of the market his domestic protectionist market strategy will fail to sustain growth, regardless of the Federal Reserves monetary policy.

Conclusion

The Year 2019 will experience greater domestic conflicts over issues that intersect between trade and military wars. The Party disputes will deepen and paralyze policy making .The inability to fashion bi-partisan economic alliances will continue, but party warfare will not prevent any changes in military and social budgets. If the Democrats sieze the initiative and impose their military agenda, we will witness the prolongation of regional wars and economic stagnation.

If Trump triumphs in imposing his economic agenda and reaches a strategic trade agreement with China, the economy will continue to grow but at a snail’s pace as the tax-handout stimulus will not raise investments as profits are pocketed.

In sum, 2019 will be a year of great uncertainties in which the divisions between parties,over markets and militarism will deepen,and prevent any decisive shift in strategic policies. Only a dramatic removal from power of the key political actors in both parties will shift the balance of power between the protagonists of multiple wars and their opposition in popular movements.

