

Operation ‘Save Capitalism’ in America

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If the first month of Donald Trump’s second term as US President is any indication, global capitalism under US hegemony appears to be undergoing an internally driven restructuring. It must be noted that this process, as other restructuring episodes in the past the New Deal following the Great Depression and the embrace of neoliberalism following the inflationary crisis of the 1970s is driven by policy. But the policy shifts in each case were spurred and necessitated by real-world crises and had implications for the regime of accumulation that followed.

Among the many early signals from the Trump administration indicating a reset of US policy at home and abroad, five initiatives stand out in the economic sphere.

Trump’s economic initiatives

The first is the turn to higher import tariffs, on grounds varying from bringing back American production and accelerating the growth of output and employment to weaponising tariffs to achieve national security goals. While policy announcements and implementation in this area are not all well thought out and there has been some backtracking, it is clear that the effort to force American manufacturing to return home using tariffs is not all posturing.

Although there were signs of a rethink on the 25 per cent tariffs imposed on Canada and Mexico, they have been implemented after some delay. And the additional 10 per cent tariffs imposed on imports from China have been increased. The world awaits a final decision on tariffs on automobiles, steel, aluminium, and much else, along with “reciprocal”, tit-for-tat tariffs on imports from all trading partners.

The second is the brazen facilitation of the capture of the state by big business. An executive order has sought to subordinate previously independent government enforcement agencies, including the Securities and Exchange Commission (SEC) and the Federal Trade Commission (FTC), to the White House. Their functioning will be monitored and their decisions vetted. The immediate impact would be the dismantling of SEC efforts to rein in cryptocurrency trading and the FTC’s efforts under former Commissioner Lina Khan to curb monopoly and the power of platform companies such as Amazon and Meta.

The emerging nexus between the Trump state and US big capital is on display. Not only have leading business figures lined up behind Trump from the very day he was sworn in, some of them have even been inducted into Trump’s policy establishment. Prominent among these is, of course, Elon Musk, of X and Tesla fame, who has been tasked with wielding a wrecking ball against all of the elements of the US government that big capital hates and releasing resources by enhancing “government efficiency”, which will be used to pay for tax cuts and other forms of support for big business.

In fact, Trump has publicly declared that of the \$50 billion plus the Musk-headed Department of Government Efficiency (DOGE) claims it will save, 20 per cent would be returned to the US public, and another 20 per cent used to reduce government debt. That still leaves 60 per cent to play with.

Demands on trading partners

The third initiative is aggressive demands on foreign partners on trade and investment and for access to and even ownership of strategic territory and facilities underpinning global commerce such as the territory of Greenland, the Panama Canal, or the Gaza Strip cleared of its Palestinian population. All this, while withdrawing US spending that protects US allies and strengthens US soft power.

Fourth, quite explicit in Trump's international manoeuvres is an effort to seize, by threat today and perhaps some force tomorrow, reserves and supplies of critical minerals, whether they be in Ukraine, Greenland, or elsewhere.

Finally, Trump's approach to the rest of the world, epitomised by the pivot under him of the relationship between the US and Russia on the one hand and Europe on the other, seems purely transactional: settle with Russia to get access to markets and materials; dump Europe that benefits from US markets but does not pay for its own defence.

Purpose of moves

These moves serve both symbolic and real purposes. Symbolically, the claim that Trump intends to bring US manufacturing back home by imposing tariffs may be aimed at rewarding white, working-class voters who facilitated his return to power from what seemed to be criminal wilderness. These are the voters who were left behind by the globalisation that US capital, especially finance capital, has led.

Angered by the huge gains that the richest "1 per cent" has made from that process, they have turned into unquestioning loyalists of a maverick. Since they blame the elite and the state for their marginalisation and the triumph of the super-rich, Trump's anti-statism that DOGE epitomises only strengthens that loyalty.

History since the beginning of the 20th century suggests that this dramatic turn in policy under Trump 2.0 can only be understood as an effort to privilege US capital as part of the restructuring of a 21st century capitalism that has lost legitimacy and cannot continue to function as it has.

But this turn follows the structural shift in capitalism that occurred following the inflationary crisis of the 1970s in the US and elsewhere in the Western world. Central to that shift was the jettisoning of Keynesian-style New Deal policies relying on proactive fiscal policy and the strong regulation of finance capital, and the embrace of financial deregulation, fiscal constraints, and monetary policy measures to drive growth fuelled by credit.

That implied the use of the state to engineer a redistribution of income and wealth from low- and middle-income earners to the rich and the super-rich—which defines the class project that neoliberalism is. What began in the US will soon spread to many of the North Atlantic states.

Capitalism's crisis

Following that turn, the next structural crisis that capitalism has been facing in recent years is twofold.

The regime of accumulation that rides on financial bubbles to bolster the wealth of a few across the globe is proving difficult to sustain. It emerged out of the 2008 financial crisis, with the hegemon and its allies adopting a bizarre set of policies—an open declaration that the rules they enforce on the rest of the world do not apply to them. But even that is proving to be inadequate to save capitalism from itself, to use a phrase from one observer.

Moreover, the legitimacy that capitalism had obtained during the two-decade-long Golden Age that ended in the late 1960s, with robust growth, low inflation, near full employment, and a welfare state (of sorts), has been completely eroded. So, politically too, it is proving difficult “for the ruling classes to maintain their rule without any change”, which was part of Lenin’s definition of a revolutionary situation.

The response of US capital fronted by Trump and his “Make America Great Again” agenda seems to be to try and save US capitalism at the expense of all others, including its long-term global allies and partners in crime.

Trump and his acolytes are not here to destroy the US state. Rather, their aim is to capture that state and make it even more an instrument to serve the super-rich and skew income distribution in their favour, even while releasing some money to pay off unthinking and irrational loyalist supporters.

Privileging US capital

Possibly, in their perception, grabbing resources from the rest of the world and pulling money out of the empire-building exercise can help finance huge payouts to US big capital, while throwing a few crumbs to a disgruntled white working class.

This is a new form that inter-imperialist relations have taken. It is not the old form of inter-imperialist rivalry that precipitated world wars. Nor is it an era of the absence of such rivalry. Rather, it is an effort by one hegemonic power to selfishly subordinate all its former imperialist allies for the benefit of its own capitalist class, even if that implies sleeping with former enemies.

The logic seems to be that you can prolong an unsustainable regime of accumulation within the jurisdiction of the US state by colonising the rest of the world in some form. Theory and history tell us that this is a bizarre and futile exercise that will end badly for capitalism. But just as US billionaires are privately investing huge amounts to promote means to ensure their own human immortality, they are placing bets on a maverick to think up unimaginable ways of perpetuating their (ultimately doomed) profit-seeking and bloodthirsty agenda.

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