

Christmas on Wall Street: The Dow closes in on 20,000

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On Tuesday, the Wall Street surge that began the day after Donald Trump's November 8 election victory continued, with the Dow Jones Industrial Average and the Nasdaq Composite index hitting new record highs. The Dow, which gained 91 points and closed just 26 points below the 20,000 plateau, has added 1,641 points since Election Day, an increase of 8.95 percent over that period. On an annualized basis, this is a growth rate of 78 percent.

Last Friday, in his end-of-year press conference, Obama boasted, in support of his delusional picture of a booming US economy, that the US stock market had tripled during his presidency. But since Trump's election, the Dow has risen at nearly twice the pace of the bull market touted by Obama.

There is a certain objective basis in economic conditions and Trump's talk of fiscal stimulus for buoyancy in the US markets. It was generally recognized prior to his election that the policy pursued by the US Federal Reserve and other major central banks of pumping unlimited amounts of cheap credit into the financial markets had exhausted itself without succeeding in engineering a genuine recovery in the real economy. Instead, debt was exploding, capital goods investment and labor productivity declining, and the pace of world trade slowing.

However, nothing in the economic situation has changed so dramatically as to justify the type of explosive rise in the Dow that has occurred over the past six weeks. Indeed, the market euphoria has ignored or downplayed serious problems, such as the defeat of the Italian referendum, the resignation of Italy's prime minister and worsening of the country's banking crisis. Even signals from the Fed of faster-than-expected monetary tightening led to a mere one-day drop. On Tuesday, the Dow brushed aside the previous day's criminal conviction of IMF head Christine Lagarde, an assassination in Turkey and a terror attack in Berlin in its rush toward 20,000.

The main thing that has happened is the election of Trump. After an initial sell-off amidst shock over the unexpected outcome of the vote, the corporate elite quickly reached a consensus that it had an enormous amount to gain under a Trump administration. Share values shot up and the surge has, with few interruptions, continued ever since.

It is something of an understatement to say that the business climate has shifted. The American oligarchy is celebrating a dream-come-true Christmas. It anticipates, with good reason, that Trump's administration will be a government of, for and directly by the financial oligarchy. The collection of billionaires, bankers, CEOs, generals and social arch-reactionaries that will comprise his cabinet and White House inner circle is pledged to remove all constraints on the ability of the rich to plunder American society for their own personal gain and profit.

The bankers stand to get the removal of the minor limitations on quasi-legal speculative practices written into the 2010 Dodd-Frank bank regulation act, plus higher interest rates. This is guaranteed by the presence of three Goldman Sachs alumni in the Trump administration: the fascistic Stephen Bannon (chief White House strategist), Steven Mnuchin (Treasury Department chief) and Goldman Sachs President and Chief Operating Officer Gary Cohn (chairman of Trump's National Economic Council).

Little wonder that bank stocks have led the postelection surge, and Goldman shares have risen by more than 33 percent, accounting for a quarter of the rise in the Dow. JPMorgan Chase has not done badly either, gaining 22 percent.

The energy monopolies are getting the lifting of all restraints on mining, drilling and pollution, plus a foreign policy tailored to their quest for control of the world's energy resources. This is assured by the presence of Exxon Mobil CEO Rex Tillerson at the head of the State

Department, and corporate stooges opposed to environmental regulations sitting atop the Environmental Protection Agency (Oklahoma Attorney General Scott Pruitt), the Energy Department (former Texas Governor Rich Perry) and the Interior Department (Montana Republican Congressman Ryan Zinke).

Industrial company shares have been boosted by the prospect of government sanctioned wage cutting, speedup and downsizing, personified by the billionaire asset stripper Wilbur Ross at Commerce and the multimillionaire fast food mogul and critic of minimum wage laws Andrew Puzder at Labor.

The shares of transport and construction giants such as Caterpillar have gotten a particular boost from Trump's talk of a trillion-dollar infrastructure plan—in reality, a privatization scheme and corporate boondoggle, in which companies will be offered tax cuts of up to 80 percent to invest in projects that they will then own, providing them with a permanent revenue stream.

Defense contractors are looking forward to a profit bonanza as Trump oversees a massive increase in military spending.

Big business as a whole is rubbing its hands in anticipation of the profit surge it will enjoy from a proposed 20 percent cut in corporate taxes, the gutting of regulations on worker health and safety and pollution, and the destruction of Medicare, Medicaid, Social Security, housing assistance and public education at the hands of social reactionaries such as the billionaire head of the Education Department Betsy DeVos, Ben Carson at Housing and Urban Development, and Tom Price at the Department of Health and Human Services. What the oligarchs consider an intolerable diversion of a portion of the wealth sweated out of the working class from their private coffers to fund basic social services is to be sharply curtailed.

They are not blind to the enormity of the shock such policies will produce within the working class. The social anger accumulated over decades of attacks on living standards and the ever-widening chasm between the wealthy elite and the vast majority of the people will be compounded by the rapid realization that the 2016 elections were another con job headed up by two candidates of the same ruling elite.

Trump, who utilized widespread hatred for Obama and the right-wing, anti-working class character of the election campaign carried out by Hillary Clinton to demagogically appeal to antiestablishment sentiment, will become the focus of popular outrage. Workers are well

aware that the candidate Trump, who denounced Clinton for her ties to Wall Street in general and Goldman Sachs in particular, as president-elect has brought three Goldman Sachs bankers into a cabinet dominated by billionaires and multimillionaires like himself.

Fear of growing domestic opposition is a major factor behind Trump's decision to stack his administration with generals and place retired General John Kelly at the head of the Department of Homeland Security. He is putting in place an authoritarian government that will use state violence on an unprecedented scale against the working class.

In addition to naked greed, the run-up on the financial markets reflects the confidence within the financial elite that it will face no serious opposition from the Democratic Party or the trade unions. The oligarchs have been reassured by the groveling support for Trump from Obama and the Democratic Party leadership, as well as the unions, which have pledged their support for Trump's chauvinist agenda of trade war and economic nationalism.

That such a government has emerged from the 2016 elections underscores the impossibility of defending basic social and democratic rights within the framework of the existing political setup and the capitalist system it upholds. The election campaign was dominated by the growth of popular discontent and disgust with the entire political establishment. Some 13 million people, overwhelmingly young people and workers, voted for a candidate, Bernie Sanders, who presented himself, falsely, as a socialist and opponent of social inequality and the "billionaire class."

The economic and social crisis that underlies that mass anger will only deepen under Trump. The social opposition centered in the working class will seek new avenues outside of the debased and decrepit two-party system. The urgent task is the building of a new political leadership, the Socialist Equality Party, to provide the coming mass movement with an independent socialist and internationalist program.



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