

# The Snap IPO: Trump agenda fuels an orgy of speculation

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Shares of Snap Inc., the maker of the Snapchat messaging app, surged 44 percent Thursday after its initial public offering (IPO). The firm, which has a miniscule number of employees, has never turned a profit and lost \$514.6 million last year, is now valued higher than the retailing giant Target, which employs over 300,000 people.

Within seconds of trading in the stock getting underway, an hour and a half or so after they had rung the opening bell, the wealth of each of the company's two co-founders, Evan Spiegel and Bobby Murphy, was boosted to \$5.3 billion as the shares jumped from an initial price of \$17 to more than \$24—a leap of 44 percent. They rose even further during the course of the day before falling back slightly at close of trading. Others also benefited, including the venture capital firms Benchmark Capital and Lightspeed Venture Partners which made \$903 million and \$613 million respectively.

The explosion in the value of Snap shares is illustrative of two interconnected processes. It is a further demonstration of the rise of parasitism at the heart of the US economy and financial system. At the same time, it is another graphic endorsement by Wall Street and US financial elites of the policies of the Trump administration aimed at setting loose the “animal spirits” of capitalist money-making, free from any government control or regulations.

The fact that Snap Inc. has warned that it may never turn a profit did not prevent a rush for the stock. Speculators salivated not so much on the prospect that Snapchat's 158 million users, sending more than 2.5 billion images and messages every day and concentrated in the 18- to 34-year-old demographic, could be a lucrative source of revenue. Rather, the stampede was motivated by the very short-term

prospect, measured in minutes or even seconds, that there were huge immediate gains to be made on a rise in its share value.

The response to the Snap launch was hailed on Wall Street as a sign that the downturn in IPOs in the past two years was coming to an end and that further massive fortunes could be made if other firms such as ride-hailing service Uber and rental service Airbnb decide to list publicly.

The Snap IPO took place in the midst of a market surge that began with the election of Donald Trump four months ago. Since Election Day, the market has risen by 15 percent and on Wednesday the Dow Jones index hit a new record high of 21,000 after passing the 20,000 mark on January 25.

The IPO took place the same week as Trump announced plans to increase US military spending by a massive \$53 billion, offset with cuts to social spending and foreign aid, and as his administration presided over a massive round-up of undocumented workers.

As Trump noted in his address to Congress this week, since his election victory, more than \$3 trillion has been added to share values. The driving force of this process is not the prospect of a genuine revival of the US economy—growth continues to trend below 2 percent—but rests on the belief that the administration is going to scrap legal and administrative constraints on profit-making.

In short, the type of economic and financial arrangements that have characterised Trump's business career, based on speculation, swindling, low wages, and business malfeasance, are now going to hold even greater sway in the American economy as a whole.

This perspective has been articulated by Trump's chief strategist, the fascistic ideologue and economic nationalist Stephen Bannon, who has insisted on the

scrapping of what he calls the “administrative state.”

The Snap IPO is an expression of this general process. This is a company which makes nothing, which has very few employees and whose valuation is based on the belief that it is a vehicle through which money will simply be able to beget more money via financial operations.

That such speculation now increasingly assumes the first place in wealth accumulation is expressive of the rot at the very heart of American capitalism. It results from the fact that trillions of dollars are unable to find a productive outlet in the real economy and investors increasingly seek returns through financial manipulations.

The same phenomenon is visible elsewhere. One of the chief drivers of the share market rise has been the escalation in the value of bank shares, particularly of Goldman Sachs, former executives and employees of which have assumed prominent positions in the Trump administration.

The rise in bank share values is not the result of expectations of a surge of lending for productive activities, but flows from the belief that the Trump Administration intends to dismantle financial regulations, including the extremely limited measures introduced under the Dodd-Frank Act in response to the financial crisis of 2008.

Likewise, the surge in the shares of companies, such as Caterpillar, involved in infrastructure projects is not based on any genuine public initiatives—notwithstanding Trump’s declaration in his address to Congress that crumbling infrastructure will be replaced by new roads, bridges, tunnels, airports and railways, “gleaming” across the land. Rather, it is grounded on the understanding that at the centre of the \$1 trillion so-called infrastructure program will be tax concessions and write-offs for major firms.

Armaments firms and defence contractors are also enjoying a surge because of Trump’s commitment to increase military spending at the cost of vital social services. And adding fuel to the fire is the promise of major tax cuts, both at the personal and corporate level.

The prospect that the very heights of American society, already wallowing in obscene levels of wealth, are going to be further richly rewarded under the Trump administration is the essential content of the Snap IPO frenzy.

The election of Trump marks a new stage in the social counter-revolution initiated under Obama, the aim of which has been to massively enrich the financial oligarchy through the impoverishment of workers, the dismantling of social services, and the elimination or non-enforcement of financial, environmental, occupational health, and other business regulations.

This is the outcome of the capitalist system, which, beset by economic, geopolitical, and social crisis, sees no solution to its internal maladies outside of dragging society back over a hundred years to the age of the robber barons.

Trump’s reactionary social and economic agenda, which has already given rise to the largest mass protests in US history, will set the administration on a collision course with the working class. If workers are to fight back, they must understand that Trump does not act as an individual—a blot on the otherwise healthy capitalist system—but rather expresses its innermost essence: parasitism, dictatorship, and militarism.

The struggle against the Trump administration is the fight against the social class he represents—the American financial oligarchy—and the capitalist system. It requires the working class to adopt a socialist strategy, aiming to overturn capitalism and replace it with public ownership and control of the means of production.



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