

Trump, the Epstein files and the putrefaction of the American oligarchy

David North
10 February 2026

[This is the foreword of a new book, *Where is America Going? (Wohin Geht Amerika?)*, which will soon be published in English and German editions by Mehring Books (Mehring Verlag) and presented at the Leipzig Book Fair next month.]

One year into the second Trump administration, the debates over whether the United States is moving toward a fascistic dictatorship have been settled by the actions of the state itself. The events of January 2026 in Minneapolis have shocked the entire world and made clear that the transformation of American democracy into a military-police state is no longer a theoretical possibility. It is an unfolding reality.

On January 6, 2026, the Department of Homeland Security deployed 2,000 federal agents to the Minneapolis-Saint Paul metropolitan area in what it called the largest immigration enforcement operation in American history. What followed was the military occupation of an American city. Masked agents in tactical gear swept through neighborhoods, transit hubs, malls and parking lots, staging near churches, mosques and schools. On January 7, ICE agent Jonathan Ross shot and killed Renée Nicole Good, a 37-year-old American mother of three, as she sat in her car. Video footage, reviewed by multiple news organizations, directly contradicted the administration's claim that she had attacked the agent. On January 24, Border Patrol agents shot and killed Alex Pretti, a 37-year-old intensive care nurse and federal employee, as he attempted to shield a woman whom agents had shoved to the ground. Bystander video verified by Reuters, the BBC, the *Wall Street Journal* and the Associated Press showed Pretti being wrestled to the ground by several agents and shot at least 10 times in five seconds.

Countless millions of people around the world witnessed not only these killings but the president's defense of them. Trump slandered Good as a "domestic terrorist." He accused local officials of "inciting insurrection" for criticizing the operation. He threatened to invoke the Insurrection Act. Vice President Vance declared that Good's death was "a tragedy of her own making." The federal government refused to allow state law enforcement to participate in the investigation. A federal judge found that ICE had violated at least 96 court orders in Minnesota in January alone. Schools closed or moved to remote learning. Businesses shut down. Children were hospitalized after being tear-gassed by federal agents.

But Minneapolis is only the most visible expression of a far broader campaign of state terror directed against immigrant communities throughout the United States. Since Trump's return to office, federal agents have conducted pre-dawn raids on homes, arrested people at schools and workplaces, seized children from their parents and carried out what can only be described as a systematic kidnapping operation against immigrant families. At least 31 people died in ICE custody during 2025—the highest annual toll in two decades—with additional deaths in the first weeks of 2026. In Minneapolis, five-year-old Liam Ramos was seized by federal agents as he returned home from pre-school, still wearing his Spider-Man backpack and a blue hat with bunny ears, and

transported with his father—a legal asylum seeker with no criminal record—to a detention facility in Dilley, Texas, more than a thousand miles from his home.

It is at Dilley that one encounters a scene that belongs in the annals of totalitarianism. At the South Texas Family Residential Center—a facility holding 1,200 detainees, one-third of them children, operated by a private prison corporation under federal contract—scores of imprisoned children poured into the open areas of the compound and began calling for freedom in their high-pitched voices echoing across the razor-wire perimeter. Eighty percent of the facility's detainees joined the protest. Mothers and fathers held hand-lettered signs reading "Libertad para los niños." Immigration attorney Eric Lee, who was on the scene as the protest began, reported that the drinking water was putrid, that meals contained insects and debris, that guards treated families with the same brutality applied in adult prisons. A 13-year-old girl said, "There shouldn't be cages for children." This is the reality in the center of the "free world"—children imprisoned behind razor wire, crying out for their freedom in a language their jailers do not speak and would not heed if they did.

The international press has been compelled to report the breakdown of democracy in the United States. The lead editorial in the January 31–February 6, 2026 issue of *The Economist* stated that federal action in the streets of Minneapolis "goes well beyond immigration" and constitutes "a test of the government's power to use violence against its own citizens—a dividing line between liberty and tyranny." The editorial warned: "And it will not be the last." During the same week, the German television network ARD broadcast a detailed report that drew explicit comparisons between the methods of the Trump administration and those of the Nazi regime in the 1930s—an invocation of *Gleichschaltung*, the forced alignment of institutions with the Führer's will, that would have been unthinkable from a major European broadcaster even a year ago.

But even as the fascistic character of the administration is increasingly acknowledged, most analysis remains centered on the person of Trump—his psychology, his temperament, his supposed uniqueness. The deeper causes of the breakdown of American democracy are evaded. But the "bad Trump" theory of history explains very little. It begs the question that must be answered: What accounts for the elevation of this sociopathic individual to the most powerful political office on earth? What are the social, economic, and political processes that have produced this outcome? And what class forces are at work?

Trotsky, in his writings on the rise of German fascism, made the penetrating observation: "Not every exasperated petty bourgeois could become Hitler. But a particle of Hitler is lodged in every exasperated petty bourgeois." One might adapt this insight to contemporary American conditions: Not every businessman is a Trump. But there is more than a particle of Trump in a substantial subset of the American business class.

This is not primarily a psychological observation; it identifies a social type. Among the executives of countless commercial real estate operations, private equity firms, cryptocurrency ventures, there are

innumerable individuals whose personality, mannerisms, objectives and methods replicate, to a lesser or greater extent, those of the American president. Trump did not create this culture. He is both the personification of the ruling corporate-financial oligarchy and its criminal endpoint. In his persona and modus operandi, the distinction between a CEO and mob boss is obliterated.

In a career spanning half a century in the cesspools of the New York real estate industry, the Atlantic City casino world and reality television, Trump's career has consisted of financial swindles, stiffed contractors, serial bankruptcies, innumerable lawsuits, and fraudulent universities. In his universe, negotiation and extortion are first cousins. He recently declared, without a trace of irony, that the only restraint on his exercise of presidential power is his own morality. Indeed. But it is the "morality" of the oligarchy, which accepts no restraints whatever on its pursuit of wealth and personal power.

Trump is given to boasting about his superior intellect. But the most notable feature of his habitual logorrhea is the complete absence of anything resembling systematic thought. Trump's frequent reply to questions about his policies and intentions is the revealing phrase: "Let's see what happens," indicating that the man has little comprehension of the consequences of his own actions, which are guided by a sort of improvised and impulsive viciousness. His public utterances consist of an endless repetition of self-congratulating superlatives—"tremendous," "incredible," "the likes of which nobody has ever seen"—strung together without logical connection, without factual content, and without any evidence that the speaker has ever read a book, other than Hitler's *Mein Kampf*.

And then there is the cast of misfits and miscreants with which he has surrounded himself. Caligula joked of appointing his horse as consul. Trump, without the mad Roman emperor's sense of humor, has been even more shameless in the selection of his administration's leading personnel.

Stephen Miller, the Goebbels impersonator; Pete Hegseth, the former Fox News weekend anchor who is strangely obsessed with the waist measurements of his generals and colonels; Kristi Noem, the Homeland Security Secretary, who once boasted of shooting her own dog; Robert F. Kennedy Jr., the anti-vaccine conspiracy theorist placed in charge of the nation's health; Tulsi Gabbard, the Director of National Intelligence, whose qualifications for overseeing 17 intelligence agencies remain a mystery to the CIA itself. Kash Patel at the FBI, a Trump loyalist whose primary credential is obsequious devotion to his Fuehrer.

It is precisely because the "bad Trump" theory of history is so inadequate that a deeper analysis is required. And it is in this context that the revelations of the intersection of the life of Jeffrey Epstein, the sex trafficking mega-millionaire, with that of Trump and countless other powerful and celebrated individuals acquires its full significance.

The release by the United States Department of Justice of more than 3 million pages of documents, thousands of videos, and hundreds of thousands of images relating to the crimes of Jeffrey Epstein is a major political event. But its significance extends far beyond the sordid details of one man's sexual predation, however monstrous those crimes were. The Epstein files reveal the social physiognomy of a degenerate ruling class and oligarchical society in an advanced state of decomposition. *Their offenses are rank; they smell to heaven.*

The documents confirm what has long been suspected and what millions of working people have instinctively grasped: that the most powerful individuals in American society—the presidents and former presidents, the billionaire financiers, the titans of Silicon Valley, the celebrated intellectuals, the princes and diplomats—moved freely and knowingly in the orbit of a convicted child sex offender. They did so not in ignorance of his crimes, but in indifference to them, and, in many cases, participation in them. The social world they inhabit operates according to rules entirely different from those that govern the lives of ordinary people.

Jeffrey Epstein cultivated relationships across every sector of the American and international elite. Trump, his close friend for nearly two decades, described Epstein as a "terrific guy." Epstein's circle included former presidents Bill Clinton; Prince Andrew of the British royal family, who has since been stripped of his titles; Bill Gates, Elon Musk, Jeff Bezos, Mark Zuckerberg, Sergey Brin, Larry Page and Reid Hoffman—that is to say, the men who control the digital infrastructure of modern life; Larry Summers, the former Treasury Secretary and president of Harvard University, who has now been compelled to take a leave from teaching; Steve Bannon, the leading ideologist of American fascism and Trump's behind-the-scene éminence grise; Noam Chomsky, widely celebrated as the most prominent liberal intellectual in the United States, who described Epstein in a letter as his "best friend"; Leon Botstein, the president of Bard College; Richard Branson, Peter Thiel, Alan Dershowitz and Leon Black. Epstein's phone books contained more than 1,700 names, encompassing media executives, politicians, entrepreneurs, actors and academics.

The network extended beyond the United States: to the Norwegian Crown Princess, to Israeli political figures like Ehud Barak, to Emirati businessmen, to British politicians and aristocrats. It was, in the fullest sense, a seedy international network of the capitalist elite.

The conventional treatment of the Epstein scandal in the bourgeois media focuses on the question of individual guilt. Which specific individuals committed crimes? Can prosecutions be brought? Is there a "client list"? These questions are important. But they are, in a fundamental sense, secondary. They should not obscure the more significant political question: What does the Epstein network reveal about the nature of the society that produced it?

It is not, after all, as though Epstein concealed his activities with great skill. He was convicted of sex crimes in 2008. He was a registered sex offender. And yet—and this is the essential point—the doors of elite society remained open to him. Universities continued to accept his money. Academics continued to attend his salons. Literary agent John Brockman continued to organize intellectual gatherings at which Epstein could mingle with scientists and technology executives. The entertainment publicist Peggy Siegal continued to invite him to private events. Harvard professors met with him in their offices. He was offered the use of apartments, invited to private islands, consulted on matters ranging from oil prices to dating.

In the world these people inhabit, wealth overrides all other considerations—including the sexual abuse of children. The moral universe of the American and international ruling class has been so thoroughly corroded by the worship of money that a convicted sex offender, provided he remained sufficiently rich and sufficiently well-connected, could continue to function as a respected member of elite society. The Epstein case is not an aberration within this social milieu. It is its most concentrated and sordid expression.

One of the most politically significant features of the Epstein network is its bipartisan character. It included Democrats and Republicans alike. Clinton and Trump. Summers and Bannon. Reid Hoffman and Peter Thiel. Liberal academics and right-wing operatives. The same people who face each other across the paper-thin "partisan divide" in the theater of official politics dined with Epstein and, in an as yet unknown number of cases, took part in the abuse of children that he orchestrated.

Bipartisan perversion mirrors bipartisan politics. The ease with which these figures moved across partisan lines in their private lives reflects a deeper political reality: that the division between the two major parties, Democrats and Republicans, which absorbs the overwhelming majority of political energy in the United States, is in decisive respects superficial. It is a division within a single ruling class over questions of style, emphasis and the management of public opinion—not a fundamental disagreement over the economic organization of society.

For all their mutual mudslinging, the extent of the differences between the Democrats and Republicans is remarkably small. It is, for the most part, “full of sound and fury, signifying nothing.” Obama, with unusual candor, declared within hours of Trump’s first election victory that there was no cause for alarm and described the jostling between the two parties as nothing more than an “intramural” conflict. In the final analysis, everyone is on the same side. Just three days after Trump’s attempted coup d’état of January 6, 2021, President-elect Joe Biden declared in a press conference: “We need a Republican Party. We need an opposition that is principled and strong.”

To the extent that there are serious differences, they are for the most part over aspects of foreign policy and imperialist tactics. The conflict over Trump’s insufficient zeal for the imperialist proxy war in Ukraine has been exceptionally intense. But the Democrats’ denunciations of Trump’s reactionary domestic policies amount to little more than play acting. Democrats and Republicans do not differ seriously over the distribution of wealth, the power of finance capital, and the perpetuation of militarism.

Financial deregulation was advanced by Reagan and completed by Clinton. The wars in the Middle East were initiated by Bush and expanded by Obama. The bank bailout of 2008–2009 was a bipartisan operation from start to finish—Wall Street was rescued while millions of working people lost their homes. The surveillance state constructed after September 11, 2001 was built by both parties. They have collaborated in the smashing of strikes and the effective illegalization of the working class’s right to defend itself against the corporate assault on its living standards.

It has been generally forgotten that Reagan’s firing of PATCO air traffic controllers implemented a plan drawn up by the Democratic Party administration of President Jimmy Carter. It was the Democratic governor of Arizona, Bruce Babbitt, who deployed the state police in 1983 against the copper miners who struck the Phelps Dodge copper conglomerate. Countless other examples of bipartisan strikebreaking, right up to the present day, could be given.

Thus, from the vantage point of Epstein’s dining room, bedroom and massage table, the partisan warfare that is presented to the American public as “politics” was a sideshow. The people with whom he networked understood this, even if the public did not. They shared a class position, a set of material interests, and—as the documents now make clear—a set of moral standards, or rather the complete absence of them.

The intense cultural and identity-based conflicts that distinguish the two parties serve an objective function: they conceal the essential divisions of social class and absorb political energy that might otherwise be directed at the capitalist system itself. As long as the working class is divided between Democrats and Republicans, arguing about culture war provocations, it is not united against the class that both parties serve. It is a structural feature of a political system in which both parties are funded by and dependent upon the same class of wealthy donors—the very class that circulated through Epstein’s world.

The Epstein scandal provides an essential context for understanding the political significance of the Trump presidency. He is the quintessential political expression, at the very summit of power, of the putrefaction of American “free enterprise.”

Trump’s well-documented characteristics—the pathological dishonesty, the open sexual predation, the contempt for legal norms, the vindictive deployment of state power against political opponents, the narcissism that subordinates all questions of policy to personal loyalty—are not concealed. But this is the man who has dominated American political life for more than a decade. He has been nominated as the presidential candidate of the Republican Party three times, and elected to the presidency twice. Two impeachment trials and a felony conviction failed to bring his political career to an end, let alone keep him out of the White House.

Trump’s own entanglement with Epstein is itself instructive. He

maintained a long social relationship with this criminal. His administration’s handling of the Epstein files has been transparently selective—weaponizing them against political opponents while seeking to minimize his own exposure. The fact that none of this is politically disqualifying lays bare the squalid state of the American political system and the ruling class whose interests it serves.

The relationship between Trump and the process of American decline is encapsulated, with unintended precision, in the MAGA slogan itself. “Make America Great Again” evokes a sort of reactionary nostalgia—a yearning for a lost and largely imagined golden age that can never be restored.

There is a biographical dimension to this that is worth noting, for Trump’s own lifespan encompasses the entire trajectory of postwar American capitalism, from its zenith to its present state of unacknowledged but very real bankruptcy. Donald Trump was born on June 14, 1946—just two years after the Bretton Woods conference of July 1944 established a new international monetary system based on the convertibility of the United States dollar into gold at the fixed rate of \$35 per ounce. That arrangement was not an abstraction. It was grounded in the overwhelming industrial dominance of the United States, which emerged from the war commanding approximately half of global manufacturing output, holding the vast preponderance of the world’s gold reserves, and possessing a military and economic apparatus without historical parallel.

But the steady erosion of that industrial dominance in the course of the 1950s and 1960s compelled the Nixon administration to repudiate the Bretton Woods system. On August 15, 1971—only two months after Trump celebrated his 25th birthday—Nixon suspended the convertibility of the dollar into gold, an action that marked the effective end of the postwar economic order and an acknowledgment that American capitalism could no longer sustain the global arrangements it had created.

The measure of what has happened since is captured in a single figure. In 1971, gold was valued at \$35 per ounce. Today it trades at approximately \$5,000 per ounce—a more than 140-fold depreciation of the dollar against the historically established measure of value. This is the monetary expression of the protracted decline of American economic power, a decline that no amount of military spending, financial engineering or nationalist rhetoric can reverse.

MAGA promises restoration through sheer assertion of national will—through tariffs, immigration restrictions and the intimidation of allies and adversaries alike—while the underlying economic processes that produced the decline continue to operate with inexorable force. Trump himself is the embodiment of this contradiction: a man born into the apex of American power who has spent his entire adult life in a society whose economic foundations have been progressively hollowed out, and who now proposes to reverse this historical process through raw violence.

Trump is a manifestation of the deterioration of the global position of American capitalism. The crisis is not primarily cultural or psychological. It is rooted in the material foundations of the society.

The economic data tells the story with brutal clarity. In the 1950s, real GDP grew at an average annual rate of 4.2 percent. In the 1960s, it was 4.5 percent. Manufacturing comprised between 21 and 25 percent of GDP. Bureau of Labor Statistics payroll data show that at the postwar peak in September 1953, manufacturing employed 16.4 million workers, which amounted to one-third of all jobs.

Bureau of Economic Analysis data from the corporate profits tables show that in 1962, manufacturing generated 46.1 percent of all corporate profits, while the financial sector accounted for just 15.1 percent.

The deceleration of economic growth has been continuous and relentless. Average annual GDP growth fell from above 4 percent in the 1950s and 1960s to approximately 3 percent in the 1970s and 1980s, and to below 2.5 percent in the decades since. The 2000s were particularly

devastating, averaging barely 1.9 percent, dragged down by the collapse of the dot-com bubble and the catastrophic financial crisis of 2008. Meanwhile, the share of manufacturing in GDP has plummeted from 25 percent to approximately 10 percent.

The trajectory of manufacturing employment is equally devastating. BLS payroll data trace the decline with pitiless precision: from 32.5 percent of nonfarm employment in 1953, manufacturing fell to 25.7 percent by 1970, to 16.2 percent by 1990, to 8.7 percent by 2010, and to just 8.0 percent as of January 2025—roughly one-twelfth of the workforce.

The share of corporate profits tells the same story from the other side: in 1962, manufacturing generated 46.1 percent of all corporate profits and finance 15.1 percent. By 1990, the lines had nearly converged—manufacturing at 27.8 percent, finance at 29.7 percent. By 2010, finance stood at 23.9 percent and manufacturing had fallen to 15.4 percent. Manufacturing has fallen from nearly half of all profits at mid-century to a fraction, while the financial sector's share roughly doubled. The deindustrialization of America is not a natural process. It is the result of deliberate policy decisions by the ruling class, pursued by both parties, in the interest of short-term financial returns at the expense of the productive capacity of the nation.

The ruling class response to this crisis was not irrational from the standpoint of capital. If the economic surplus was no longer growing fast enough to sustain both corporate profits and social concessions, then concessions had to be withdrawn. The assault on the trade unions, the deregulation of finance, the slashing of taxes on the wealthy, the gutting of social programs, the offshoring of manufacturing—all of this, pursued with increasing intensity from Reagan onward by both parties, represented a coherent class strategy for restoring the rate of profit at the direct expense of the working class.

The results of this class strategy are written in the statistics of wealth concentration and social inequality—figures so extreme that they would be dismissed as the inventions of socialist propagandists, were they not drawn from the databases of the Federal Reserve itself.

Federal Reserve data for the third quarter of 2025 show that the top 1 percent of American households controlled 31.7 percent of the nation's total wealth—the highest share on record since the Federal Reserve began tracking household wealth in 1989. That 1 percent held approximately \$55 trillion in assets—a sum roughly equal to the wealth held by the entire bottom 90 percent of the American population combined. The top 10 percent controlled more than two-thirds of all household wealth. At the other end of the spectrum, the bottom 50 percent of American households—some 66 million families—held just 2.5 percent of total wealth. The richest 1 percent of the population owns more than the bottom 90 percent. Let that figure be absorbed.

The trajectory of this concentration over time is equally damning. In 1989, the bottom 50 percent held 3.4 percent of total wealth—already a paltry share. By 2025, even that meager portion had been further eroded. Meanwhile, the share held by the top 0.1 percent grew by nearly 60 percent over the same period. The 905 billionaires in the United States now hold a combined \$7.8 trillion—nearly double the total wealth of the bottom half of the entire population. Three individuals possess more wealth than the bottom 160 million Americans combined.

The chasm between those who own and those who labor is captured with particular vividness in the ratio of CEO compensation to the pay of ordinary workers. According to the Economic Policy Institute, CEOs of the 350 largest publicly traded American firms received, on average, \$23 million in total compensation in 2024—281 times the pay of a typical worker. In 1965, this ratio was 21 to 1. In 1978, it was 31 to 1. It has since grown nearly tenfold. At the most egregious companies, the ratio defies comprehension: the CEO of Starbucks received \$97.8 million in 2024—6,666 times the median pay of the company's workers.

Since 1978, realized CEO compensation has increased by 1,094 percent.

Over the same period, the compensation of a typical worker has risen by just 26 percent—while net productivity grew by more than 80 percent. The difference between what workers produce and what they are paid has been expropriated almost entirely by the capitalist class.

The consequences of this inequality pervade every dimension of American life. The top 10 percent of income earners now account for nearly half of all consumer spending in the United States—a proportion that has grown from 43 percent in 2020 to 49 percent in 2025. The American economy is increasingly dependent on the consumption patterns of the wealthy, while the majority of the population struggles with stagnant wages, mounting debt and the rising cost of housing, healthcare and education.

Life expectancy among working-class Americans has actually declined—a phenomenon virtually without precedent in an advanced industrial nation. The opioid epidemic and the accompanying “deaths of despair” from suicide, alcoholism and drug overdose are the physiological consequences of a social order that has consigned tens of millions of people to lives of economic insecurity, social degradation, and hopelessness.

The bipartisan response to the outbreak of the COVID-19 pandemic in January 2020 exposed the prioritization of profits over life. Under the direct pressure of the working class, the ruling class acceded for a very short time to demands for factory shutdowns to stop the spread of the SARS-CoV-2 virus. But as soon as the Congress had voted for a massive bailout of Wall Street, attention was shifted to forcing a return to work regardless of the cost in lives.

Liberal *New York Times* columnist and “imperial messenger” Thomas Friedman provided the slogan for the repudiation of effective and well-established public health measures: “Don’t let the cure [i.e., stopping viral transmission at the expense of profits] be worse than the disease.” The results have been devastating: more than 1.5 million preventable deaths in the United States and at least 30 million preventable deaths internationally. Six years have passed and the pandemic continues to gravely undermine public health. But the S&P 500 and the Dow Jones Industrial Average have more than doubled their 2020 level.

This is the social reality that lies behind the soaring stock market indices. The ruling class vomited up both Trump and Epstein and elevated them to positions of immense power and influence. The accumulation of obscene wealth at the top is inseparable from the exploitation and immiseration of the broad mass of the population. The connection between the two is structural. The same processes that have enriched the capitalist class—the destruction of the trade unions, the deregulation of finance, the gutting of social programs, the offshoring of production—have simultaneously impoverished the working class and created the conditions of social despair upon which authoritarian demagogues like Trump feed.

As returns on productive investment declined, capital increasingly migrated into financial speculation—derivatives, leveraged buyouts, asset bubbles, and the entire apparatus of Wall Street speculation that extracts wealth without producing anything. Trump's personal venality exemplifies this world.

But for all his bluster, there is no sign whatsoever of the economic miracle promised by Trump. Instead, the process of decay proceeds as relentlessly and visibly as Trump's own physical and mental deterioration. The *Wall Street Journal* reported on February 2, 2026:

The manufacturing boom President Trump promised would usher in a golden age for America is going in reverse. After years of economic interventions by the Trump and Biden administrations, fewer Americans work in manufacturing than any point since the pandemic ended.

Manufacturers shed workers in each of the eight months after

Trump unveiled “Liberation Day” tariffs, according to federal figures, extending a contraction that has seen more than 200,000 roles [jobs] disappear since 2023.

It is not only in the sphere of industrial production that the bankruptcy of Trumpism is exposed. The delusional character of the MAGA slogan is revealed even more precisely in the state of the greenback, the measurement in hard currency of US decline. Far from making the dollar great again, it continues to lose value. In the lead article titled “The dangerous dollar,” posted in its February 6–13 edition, *The Economist* reports:

Since a peak in January 2025 [when Trump returned to office], the dollar has lost a tenth of its value against a basket of currencies. As a result, in foreign-currency terms, the performance of American assets has been poor. When denominated in euros, for example, American stocks have barely risen over the past year.

Trump believed that he could escape the consequence of the decline of the dollar—and enrich himself and his family—by promoting bitcoin as an alternative and even superior store of value. His marketing of this elixir was initially successful. The price of bitcoin zoomed to over \$120,000. But reality has taken its toll. The crypto mania is receding and bitcoin has crashed back to \$65,000–\$70,000 range, where it was prior to Trump’s reelection in November 2024. And the suspicion is growing that it is nowhere near its potential bottom. Holders of bitcoin may be compelled in the future to measure their value in the number of tulips they can be exchanged for.

The connection between economic decline, parasitism and the increasingly unrestrained reliance on military violence is undeniable. The resort to violence and the growing repudiation of legality by the US state is rooted in acute economic and financial fragility. A towering public-debt burden and structurally persistent deficits narrow policy options and make the system increasingly dependent on continuous refinancing, low real borrowing costs and uninterrupted global demand for dollar assets. At the same time, equity markets—above all the major technology companies—rest on valuations that assume indefinite earnings growth and permanently favorable liquidity conditions; any sustained repricing threatens a negative wealth effect, corporate retrenchment and banking- and credit-market stress.

The federal state is operating under a debt-and-interest load that sharply narrows room for maneuver: total US public debt stood at \$38.43 trillion on January 7, 2026 (including \$30.81 trillion held by the public), while net interest costs were about \$970 billion in fiscal year 2025—roughly 3.2 percent of GDP and 13.8 percent of federal spending.

Under these conditions, coercion and extra-legal methods become instruments for defending asset inflation, enforcing external financing channels, and suppressing domestic opposition to austerity and war.

The situation confronting the Trump administration—a massive national debt, deteriorating currency, declining industrial production, loss of global markets, etc.—bears resemblance to the conditions that confronted the Nazi regime in 1937–38. As the brilliant historian of the Third Reich, Tim Mason, wrote:

The only “solution” open to this regime of the structural tensions and crises produced by dictatorship and rearmament was more dictatorship and more rearmament, then expansion, then war and terror, then plunder and enslavement. The stark, ever-present

alternative was collapse and chaos, and so all solutions were temporary, hectic, hand-to-mouth affairs, increasingly barbaric improvisations around a brutal theme. ... A war for the plunder of manpower and materials lay square in the dreadful logic of German economic development under National Socialist rule. [*Nazism, Fascism, and the Working Class* (Cambridge, 1995), p.51]

As American capitalism has become less competitive in productive terms, it has relied increasingly on military force and coercion to maintain its global position. The wars in Iraq, Afghanistan, Libya and Syria were not aberrations but expressions of a system that can no longer secure its interests through economic dynamism alone. The normalization of permanent war, drone assassination, torture and extrajudicial detention represents a coarsening of political life that inevitably flows back into domestic politics.

Trump is applying to foreign policy the methods of the Mafia in the days of Prohibition. Having been placed in power by the American ruling class, he has at his disposal not merely the Thompson submachine guns used by Al Capone, but the entire arsenal of American imperialism—the most destructive military force in human history, including thousands of nuclear warheads capable of ending civilization. This is the essential danger of the present situation: the methods of a gangster, backed by the weaponry of a superpower, deployed in the service of a ruling class that has lost the capacity for rational decision making.

The eruption of American imperialist aggression under Trump—the invasion of Venezuela, the open threats to annex Canada and Greenland, the preparations for a military onslaught against Iran—represents a qualitative escalation that has stunned the European allies of NATO, who did not foresee the abruptness of the shift in American policy. They were caught off guard.

But the volcanic eruption of American imperialism was foreseen long ago—with remarkable precision—by Trotsky and by the movement he founded. As far back as 1928, writing in the aftermath of the postwar boom and on the eve of the Great Depression, Trotsky warned:

In the period of crisis the hegemony of the United States will operate more completely, more openly, and more ruthlessly than in the period of boom. The United States will seek to overcome and extricate herself from her difficulties and maladies primarily at the expense of Europe, regardless of whether this occurs in Asia, Canada, South America, Australia, or Europe itself, or whether this takes place peacefully or through war.

Trotsky did not only predict a general tendency toward imperialist conflict. He identified, with extraordinary specificity, the geographic scope of American imperialism’s predatory ambitions and the ruthlessness with which they would be pursued. Nearly a century later, Trump threatens the sovereignty of Canada, seizes control of the Panama Canal, invades Venezuela, demands the cession of Greenland from Denmark and menaces Iran with military destruction.

In 1934, with the rise of German fascism and the approach of a second world war, Trotsky sharpened this analysis further: “The world is divided? It must be redivided. For Germany it was a question of ‘organizing Europe.’ The United States must ‘organize’ the world. History is bringing humanity face to face with the volcanic eruption of American imperialism.” That phrase—the volcanic eruption of American imperialism—is not a metaphor that has aged. It is a scientific prognosis that is being fulfilled.

The analysis we have presented thus far has documented, in considerable detail, the decay and putrefaction of the capitalist system and its ruling class. But it would be a profound political error—a capitulation to demoralization and pessimism—to see only the threat in the present situation. The crisis brings with it not only the danger of fascism and war, but also the objective possibility of social revolution. Indeed, the same contradictions that are driving the ruling class toward authoritarianism and militarism are simultaneously creating the conditions for a revolutionary movement of the working class on an international scale.

What is the fundamental cause of the crisis? It is not, as bourgeois commentators endlessly suggest, a failure of leadership, a deficit of civility, or a breakdown of democratic norms. These are symptoms. The cause is structural and systemic: the irreconcilable contradiction between the private ownership of the means of production and the increasingly social character of the process of production itself. This is the central contradiction identified by Marx, and its operation in the present epoch has reached an intensity without historical precedent.

To this must be added a second, closely related contradiction: between the growth of the world economy—the development of a genuinely global system of production, exchange and communication—and the obsolete nation-state system within which political power remains organized. The emergence of transnational production networks, global supply chains spanning dozens of countries, and instantaneous worldwide communication has rendered the nation-state a fetter on the rational development of the productive forces. Capital flows freely across borders; labor is organized transnationally; a disruption in a semiconductor factory in Taiwan reverberates through automobile plants in Michigan, electronics assembly lines in Guangdong and server farms in Virginia. And yet political power remains imprisoned within national boundaries, wielded by ruling classes whose strategic calculations are dictated by the competitive interests of rival national capitalisms.

The American imperialist bourgeoisie seeks to resolve this contradiction through the assertion of military power—through the violent reorganization of global economic relations in its favor. This is the essential content of Trump’s foreign policy, stripped of its usual “defense of the free world” packaging.

There is, however, another force that this same process of globalization has created—a force that the bourgeoisie did not intend to bring into existence and whose revolutionary implications it does not yet fully comprehend. The global integration of production has created a massive global working class of a size, concentration and objective interconnection without precedent in human history.

During the past half century, the urbanization and proletarianization of the world’s population has undergone a transformation of staggering dimensions. In Latin America, the urban population has risen from 57 percent in 1970 to over 80 percent today, creating enormous concentrations of working-class population in cities like São Paulo, Mexico City, Buenos Aires, Bogotá and Lima. In Africa, urban population has grown from approximately 80 million in 1970 to more than 700 million, a nearly ninefold increase. Across Asia—in China, India, Indonesia, Vietnam, Bangladesh, the Philippines—hundreds of millions of peasants have been drawn into industrial production within a single generation. China alone has witnessed the largest migration in human history, with some 300 million people moving from rural areas to industrial cities since the 1980s. The global working class today numbers in the billions.

The transnational character of modern production and global supply chain objectively unifies this working class in ways that have no historical parallel. A strike at a port in Los Angeles affects assembly plants in Wuhan. A walkout by miners in South Africa disrupts manufacturing in Germany. The workers who produce a single smartphone—from the mining of rare earth minerals in the Congo, to the refining of lithium in

Chile, to the fabrication of chips in South Korea, to the assembly in Shenzhen, to the software development in Bangalore and Cupertino—are bound together by a chain of production that spans continents and renders national boundaries technically obsolete. This objective integration of the global working class creates historically unprecedented revolutionary possibilities. What is required is the conscious political expression of this objective unity—an international socialist program and an international revolutionary party.

Moreover, despite the political dominance of reaction, the past half century has witnessed what can justly be described as the greatest scientific and technological revolution in human history. Every sphere of science has undergone an extraordinary transformation.

In biology, the sequencing of the human genome, the development of CRISPR gene-editing technology and the revolution in mRNA therapeutics—demonstrated with world-historical speed during the COVID-19 pandemic—have opened possibilities for the conquest of disease that would have seemed fantastical a generation ago.

In astronomy and physics, the detection of gravitational waves, the imaging of black holes, the discovery of thousands of exoplanets and the extraordinary precision of the James Webb Space Telescope have transformed our understanding of the universe.

In chemistry and materials science, the development of new catalysts, nanomaterials and sustainable energy technologies—including dramatic advances in solar cell efficiency and battery storage—have demonstrated that the technical basis exists for a transition away from fossil fuels.

In medicine, advances in immunotherapy, organ transplantation, diagnostic imaging and the understanding of the microbiome have fundamentally expanded the horizons of human health.

And now there is artificial (or, as it should be known, augmented) intelligence. The development of large language models, machine learning systems capable of protein structure prediction, AI-assisted drug discovery, and autonomous systems represents a technological revolution whose implications are only beginning to be understood. Under capitalism, AI is being developed primarily as an instrument of profit extraction—for the intensification of labor exploitation, the expansion of surveillance, the manipulation of consumer behavior and the replacement of workers without any provision for their livelihoods.

But consider for a moment what augmented intelligence could accomplish if it were severed from the imperatives of capitalist profit and placed under the democratic control of the working class. The possibilities for social planning—for the rational allocation of resources, the optimization of production to meet human needs rather than maximize private wealth, the reduction of waste and environmental destruction, the liberation of human beings from repetitive and degrading labor—are extraordinary. AI under workers’ control could serve as an instrument not of exploitation but of emancipation—making possible a level of economic planning and coordination that the socialist movement has long envisioned but never before had the technical means to realize.

The contradiction is glaring. Humanity possesses, for the first time in its history, the scientific knowledge and technological capacity to solve the most fundamental problems of material existence—hunger, disease, environmental degradation, the drudgery of exploitative labor. And yet these capabilities are imprisoned within a social system that subordinates them to the accumulation of private profit, that channels scientific genius into financial engineering and weapons development, that allows children to starve while algorithms optimize advertising revenue. This is the indictment not of technology but of the social system within which technology is deployed. The liberation of science and technology from the stranglehold of private capitalist ownership is a critical task of the socialist revolution.

AI technology controlled by the ruling oligarchy poses immense dangers. But its utilization by the Marxist and socialist movement also

opens up unprecedented possibility for the political enlightenment of the working class. As the *World Socialist Web Site* explained when it launched Socialism AI in December 2025:

The decisive significance of Socialism AI lies in its ability to bridge the gap between the objective movement of the working class and the subjective level of socialist consciousness. Marxism has always insisted that the spontaneous struggles of workers, however powerful, do not by themselves produce a coherent revolutionary perspective. Consciousness must be developed; historical experience must be assimilated; theoretical insight must be achieved. The technological developments of the present era now permit the rapid transmission of ideas on a global scale, enabling the working class to develop its political understanding at a pace suited to the objective crisis.

The global crisis of the present day *ancien régime*—the decay of the ruling class, economic breakdown, the eruption of American imperialism, the rise of fascistic politics, the destruction of democratic forms—has not only been analyzed by the International Committee of the Fourth International and the *World Socialist Web Site*. It was predicted, with remarkable precision, years before the events now unfolding.

In March 2016, in the immediate aftermath of Trump's sweep of the Super Tuesday primaries, the *World Socialist Web Site* published a perspective article that stated:

The candidacy of Donald Trump can no longer be dismissed—as it has been until very recently by so many pundits—as merely a bizarre and even somewhat entertaining sideshow. While the outcome remains uncertain, the front-runner for the Republican Party's presidential nomination is a candidate whose persona and appeal are of a distinctly fascistic character.

The article identified the material roots of Trump's appeal in the economic devastation of the working class and warned that the failure of the pseudo-left and the Democratic Party to address the social crisis was creating the conditions for right-wing demagoguery.

Two months later, in May 2016, the WSWS published a further analysis warning that Trump's emergence as the presumptive Republican nominee marked “a dangerous watershed for US and world politics,” and that “the selection of a fascistic demagogue as the candidate of one of the two major capitalist parties is indisputable proof of the advanced stage of the putrefaction of American democracy.” The article drew a broader historical conclusion: “The Trump nomination is not an episodic or accidental event. It is rooted in the protracted crisis of American capitalism and the related breakdown of its historic bourgeois-democratic framework.”

The WSWS warned—in May of 2016, six months before the election—that even if Trump did not win, “the stage will be set for an even more threatening figure. And whether Trump is at its head or not, the government that assumes power in January will be the most reactionary, violent and authoritarian in American history.” These words, written nearly a decade ago, read today not as predictions but as descriptions of established fact. The ICFI did not stumble upon these insights by accident or arrive at them through inspired guesswork. They flowed from the application of the Marxist method—from an analysis grounded in the objective contradictions of the capitalist system, the historical experience of the international working class, and the theoretical heritage of the

Trotskyist movement.

It is through the building of a Marxist-Trotskyist party that the working class to develop a conscious understanding of the historical situation and carry out the socialist transformation of society. The fact that the ICFI, the Socialist Equality Party and the WSWS anticipated the present crisis, identified its class character, and formulated a program for the independent political mobilization of the working class demonstrates that the theoretical and political instruments for this task exist. They do not need to be invented from scratch. They need to be taken up, studied and applied.

What conclusions, then, must be drawn?

Trump is not the disease. He is the most advanced symptom. And it would be the most dangerous of illusions to believe that the crisis can be resolved by removing him from office through elections. It is hardly likely that the 2026 midterm elections—let alone any future presidential election—will be conducted under conditions resembling democratic norms. Trump is already laying the groundwork for the suppression or manipulation of elections. It is evident that he will deploy state forces—the same ICE agents and federal officers who occupied Minneapolis—to intimidate voters and keep them from the polls. Having had sufficient time to prepare, he has learned a great deal from the failure of his January 6, 2021, coup. The next attempt will not be an improvised riot by a mob of disorganized zealots. It will be executed with the full apparatus of the federal government at his disposal.

And even if biology intervenes and Trump is removed from the scene, the descent into dictatorship will not be halted. A new “Trump”, perhaps one more polished but no less sinister, will be found. The objective forces that created Trump—the crisis of American capitalism, the decay of its productive base, the domination of financial parasitism, the disintegration of democratic institutions under the weight of social inequality—will shape the policies of his successor.

The Trump administration represents a decisive breakdown of bourgeois democratic traditions and an ever more overt transition to dictatorship. But this signifies a vast escalation of open class conflict and the transition to social revolution.

No solution to the crisis of American capitalism will emerge from the existing institutions and framework of bourgeois politics. It *can and will* develop only outside of and in uncompromising opposition to the existing political framework and the capitalist economic order it defends.

This is not a utopian perspective. The response of millions of people throughout the United States to the attack on democratic rights has revealed that a process of political radicalization is already underway.

The question posed in the title of this book, *Where is America Going?* will not be decided in academic debate but in class struggle. It is irresponsible to underestimate the scale of the counter-revolutionary ruthlessness of the American ruling class. But it is catastrophically short sighted, not to mention self-defeating, to discount the latent power and revolutionary potential of the working class. From the standpoint of objective conditions, the dominant tendency of development is undoubtedly toward socialism. But this objective potential must find expression in the subjective consciousness of the revolutionary class.

It is of immense political significance that the mass demonstrations against the Trump administration have adopted, almost spontaneously, the slogan “No Kings.” In June 2025, millions marched under this banner. In October, more than 7 million people joined over 2,700 protests in all 50 states. The January 23 demonstrations in Minneapolis, where over 100,000 people braved sub-zero temperatures to protest the federal occupation of their city, were among the most remarkable expressions of popular resistance in recent American history. A television editorial in Boston drew an explicit parallel between Minneapolis in 2026 and Boston in 1775—between the armed occupation of an American city by federal agents and the British military occupation that sparked the War of

Independence.

The American working class does not enter this struggle without a revolutionary tradition. On the contrary, the democratic and revolutionary heritage of the United States is among the deepest and most powerful in the world. The American Revolution of 1775–1783 and the Civil War of 1861–1865—two of the great revolutionary upheavals of modern history—still live in the consciousness of the American people. The Declaration of Independence, with its proclamation that all men are created equal and endowed with unalienable rights; the Constitution's Bill of Rights, with its guarantees of free speech, assembly and due process; the Emancipation Proclamation and the 13th, 14th, and 15th Amendments, which codified in law what had been achieved on the battlefield: the Second American Revolution's overthrow of slavery.

These historical documents are living traditions, deeply embedded in the popular consciousness, that provide a powerful foundation for the struggle against dictatorship.

The invocation of the revolutionary past in mass protest demonstrations is of the greatest importance. It demonstrates that the democratic traditions of the American Revolution and the Civil War have not been extinguished. They are being activated by millions of people who sense, correctly, that the principles for which their ancestors fought are under mortal threat.

But that democratic tradition is, by itself, insufficient. The age of national democratic revolutions belongs to the now distant past. The present historic epoch is that of world socialist revolution. The American working class must study and learn from the experience of the conquest of power by the Russian working class in the 1917 October Revolution and its aftermath. The barrier between the instinctive militancy of American workers and the immense theoretical and political heritage of Marxism must be overcome.

The first American Revolution overthrew colonial rule and established independence. The second American Revolution destroyed slavery. The task of the third American Revolution, as a decisive component of the international class struggle, is the overthrow of capitalism. What the working class needs is a program and party to connect its deeply-felt democratic aspirations with the struggle for socialism—to the understanding that genuine democracy is incompatible with the dictatorship of the financial oligarchy and can only be secured through the socialist transformation of society.

This struggle is international in character. The Epstein network was international. The fascistic politics of Trump are by no means unique to the United States. He is not without political impersonators throughout Europe: Meloni in Italy, Le Pen in France, Farage in Britain, the AfD leaders in Germany. Their undeclared slogan, 81 years after the fall of the Third Reich, is “Make Europe Fascist Again.”

The crisis of capitalism is international. The working class is an international class. No national solution exists or can exist. The fight against the oligarchic dictatorship that is consolidating itself in the United States—and in country after country around the world—requires the building of an international revolutionary movement, guided by the program and principles of Marxism, rooted in the working class, and dedicated to the overthrow of the capitalist system.

There exists at present a significant gap between the monumental scale of the present crisis and the prevailing level of consciousness. How could this not be the case in a country where the ruling class has virtually elevated anti-communism to the status of a state religion, and relentlessly promotes every form of political and social backwardness? Everything possible is done to deprive the public of any critical assessment of the real state of society. The media is controlled by the most powerful corporations and reactionary billionaires. Under their control and at their demand, the objective reporting of news has been almost entirely replaced by propaganda. The evening news programs are given over largely to

weather reports, human interest stories, sports and the marketing of pharmaceuticals.

The objective situation is, as Lincoln observed in another historical period of profound crisis, “piled high with difficulties.” But the objective conditions that gave rise to the problems also create the possibility for their solution. The great task posed by the present situation is to raise the consciousness of the working class to the level required by the objective crisis.

How is this to be done? Leon Trotsky answered this question in a discussion with his American supporters in 1938, in the midst of the Great Depression and on the eve of the outbreak of the world war: “In the first place,” he said, “give a clear, honest picture of the objective situation, of the historic tasks which flow from this situation, irrespective of whether or not the workers are today ripe for this. Our tasks don't depend on the mentality of the workers. The task is to develop the mentality of the workers.”

These words acquire today the most burning urgency. The challenge before us is the building of the Socialist Equality Party, in solidarity with its co-thinkers in the sections of the International Committee, as a new revolutionary leadership in the working class. This is not a distant or abstract goal. It is the most urgent practical necessity of our time.

The analysis of the Marxist-Trotskyist movement has been vindicated by events. Its program offers the only viable path forward. Build the International Committee of the Fourth International and its sections. Expand the work and influence of the *World Socialist Web Site*. The future of humanity depends upon it.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact