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Trump talks about wrapping up the imperial program

David Graeber

2020

– A question many keep asking themselves, – how did it happen that Americans elected Donald Trump after all?

– As you know, most Americans are suspicious of their elites and believe elites to be corrupt, not representative of people's interests and indifferent to them. Perhaps, Hillary Clinton – is the only candidate in the history of US elections who positioned herself as a consolidated elites representative.

Clinton actively insisted on maintaining the status-quo and presented herself as a conservative candidate, while Trump positioned himself as a radical one. No wonder, she wasn't elected. It seems as all the way Trump could have equally well convinced citizens to vote against him. He insulted all the possible social groups he could discover. But even this did not help. It is clear why American working class votes for Republicans. The working class is trying to get rid of neoliberalism. While the Democrats actually do believe in liberalism. It is their ideology. Republicans for their part believe in nothing.

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– **Would that mean that Trump’s victory poses a threat to the American global empire, to the debt empire? In your book *Debt: The First 5000 Years* you describe how it’s been built. You specifically speculate on the example of how, in fact, the form, in which money exists, is tied to the war.**

– If we look at the history of Eurasia, what we see is the interchanging periods, where credit funds dominate at first, but then it’s cash that comes in to replaces them. At the times, when cash dominates, we often witness the spread of violence and expansion of empires that use coins to pay to their soldiers. The gold and silver were better fitted to support military operations rather than trade transactions.

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– **We now live at the time of credits. In the US the gold standard reference was abandoned in the 1970s.**

– In his book Michael Hudson notes that the American empire exists by way of rent that involves the use of financial instruments, which look more like regular economic contracts, rather than like collection of the quitrent per se. For example, in the Cold War period the largest holders of the U.S. Treasury securities were the countries under the American military protectorate: West Germany, Japan and others in a similar dependency position. The U.S. Treasury securities had, in fact, become similar to the gold and reserve funds for the banking system as a whole: for the central banks and most important financial institutions. At some point West Germany decided to diversify the financial portfolio and get rid of some of the U.S. Treasury bonds. But the American government was quick to respond with a threat to withdraw its troops from the German territory. So the Germans came to their senses.

The treasury bonds themselves were set up in a way that their holders would lose money instead of making it. They enabled redistribution of wealth from the country that had bought them to

– **Many of my friends and acquaintances are quite disturbed and even give in to panic because Trump has been elected. Some see the outcomes of this election as almost a revolution or at least as a radical shift of power towards the extreme right. Some are scared of war.**

– A classic definition of revolution is a violent coup, which results in radical changes. However, quite often radical changes happen without any violence. It is now difficult to say whether Trump's presidency would lead to something exclusively new.

the country that had sold them. In 1930s-1970s the American debt was being purchased by other countries, but its holders received interest that appeared to be lower than the inflation rate. 1980s-1990s gave birth to another way of withdrawing resources, which involved using another type of debt: this time it was the third world countries that became the debtors. This was referred to as the Baker Plan. The poor and dependent countries now owed to the countries that were richer and more prosperous. In essence this was just a way to replace the unpleasant military operation on privatizing natural resources and transferring them for control by international corporations with a much more graceful financial transaction.

– **So instead of sending an army, taking possession of factories, tank farms or mines, one can simply use bonds for people to start sending in money and officially still remain the owners of their resources and territories.**

– This is not done directly, but it has the same effect. Besides, this gives the whole thing an important ethical advantage: most people would not agree to support occupation and robbery of another state. But there exists one very convenient trick that the winners have used for ages with respect to those who've lost: they let them keep their lives in exchange for a dependent form of relationship, in which the victor can collect. I should also add that it is generally the matter of honor for people to pay their debts, while not paying is treated as something deeply immoral.

“In the past it was impossible for the first world countries to pursue the same reforms as were put in place in the third world countries. But now the empire has started to self-destruct.”

– **It looks like the debt is, in a way, a replacement of the longstanding tradition of seizure by the victor from those who lost. To the onlookers it appears that the US not only provide free defense to other countries, but also lend them money.**

– (*Laughing.*) Exactly! This makes it even more fun to listen to Trump’s plans to stop defending Saudi Arabia, Japan and Germany free of charge...

– **And yet, let’s get back to Trump. His victory – what does it mean, really? Is it the fall of the American empire? Or should we expect continuation, be it with Trump or without him?**

– I personally believe that the United States have started their decline in the early 2000s. This was caused in particular by the active worldwide movements for justice. These were the mass protests that were able to expose the internal mechanisms of the American “debt” imperialism. As a result, the global financial institutes had lost their support. Within the brief period of time the debts to the World Bank had dropped by 97%. They basically became non-existent. The International Monetary Fund got thrown out of East Asia, Latin America and most African countries. September 11 had cost the US its prestige, while the war on terrorism undermined the ethical authority of the United States in the entire world. So now the empire itself has started to restructure its own social mechanisms. In the past it was impossible for the first world countries to pursue the same reforms as were put in place in the third world countries. But now the empire has started to self-destruct. I do not think that Trump or anyone else for that matter would be able to restore the American empire. Because what Trump is saying makes quite a logical narrative. In essence, we are talking about wrapping up the imperial program.

– **It appears strange that the far-right candidate would even potentially start implementing the anti-imperial policy.**

– Well, in reality it takes the right to bust up the empire, not the left. We would need a democrat like Clinton for America to scale down the welfare state programs. So who else, if not the conservatives, could actually abandon the imperial agenda? Who else, if not Trump, could wind up the network of military bases

throughout the world and drop the military conventions? At the very least, this is what Trump himself is talking about. We do not know for a fact that he will be allowed to implement what he is planning. But even if it does happen, a character like Trump is better fitted for this mission.

“Thiel, who is one of the founders of PayPal, supports Trump and advocates against the free market. A movement opposing itself to the global financial elite is evolving from inside of capitalism.”

– **The example of Peter Thiel, a billionaire and innovator, who has become a part of Trump’s transition administration, is very interesting with this regard. Why do people like Thiel support Trump?**

– Yes, Thiel is one of the founders of *PayPal* and investor in *Tesla*. He refers to himself as a libertarian, although this is a bit strange, because he advocates against the free market at the same time. Thiel’s arguments look as follows: it is impossible to operate within the structure of the free market during the period of innovations. The competition brings the profits to the level, where not a single mistake can be made.

But innovation is a complicated business. It needs room for maneuver, and this is exactly what the free market is taking away. I believe that a new movement opposing itself to the global financial elite is evolving from inside of capitalism. These people treat production in a way that’s different from the way the financiers see it.

By the way, it is interesting that Trump himself is a developer and deals primarily in real estate. Real estate dealers work with quite a peculiar product that is difficult to export. So they are interested in the local, rather than global agenda (which is why they have historically often supported the left candidates). It is for that reason that they are also partially interested in some sort of general welfare. Even though all of that does not really mean that they want *Wall Street* to crash.