

Noam Chomsky: Trump's "Economic Boom" Is A Sham



Donald Trump ran a campaign — and won the 2016 presidential election — based on unorthodox tactics, whereby he used irrational provocation to defy traditional political norms and make a mockery of established beliefs on both domestic and international issues confronting the United

States. Amazingly enough, Trump has continued his instinctual political posturing even as president, dividing the nation and causing severe friction with the traditional allies of the U.S. Yet, his unorthodox tactics and irrational leadership style appear to remain a winning formula as [current polls indicate](#) that, unless something dramatic happens, Trump may very well be re-elected in 2020 by an even bigger margin.

How do we make sense of Trump's continuing popularity? Noam Chomsky, one of the most respected public intellectuals alive, shares his insights on Trump's actions in the exclusive *Truthout* interview that follows.

C.J. Polychroniou: Noam, I want to start by asking you to reflect on Trump's political posturing and leadership style and explain to us how this apparently "irrational" president continues to enjoy unquestionable support among nearly half of all voters and has managed to turn the GOP into his own fiefdom.

Noam Chomsky: Whatever one thinks of Trump, he is a highly skilled politician, with a good sense of how to gain popular approval, even virtual worship in some circles. His job approval just passed 50 percent for the first time, according to the [latest Zogby poll](#).

He certainly has taken control of the GOP, to quite a remarkable extent. He's been very successful with his two constituencies: the primary one, wealth and corporate power; and the voting base, relatively affluent fairly generally, including a large bloc of Christian evangelicals, rural whites, farmers, workers who have faith in his promises to bring back jobs, and a collection of others, some not too admirable.

It's clear why the primary constituency is mostly delighted. Corporate profits are booming. Wealth continues to be concentrated in very few hands. Trump's administration is lavishing them with gifts, including the tax bill, the main legislative achievement, across-the-board deregulation, and rapidly increasing fossil fuel production. He and McConnell — in many ways the evil genius of the administration — are packing the judiciary with reactionaries, guaranteeing the interests of the corporate sector and private wealth even after these “glory days” are past. They don't like his trade wars, which are causing disruption of global supply chains, but so far at least that's outweighed by his dedicated service to their welfare.

To keep the rest in line is sometimes easy, among them the Christian right, white supremacists, ultranationalists and xenophobes, and those in terror of “hordes” of immigrants. It is easy to throw them occasional chunks of red meat. But sometimes maintaining their allegiance takes the kind of demagoguery at which he is expert. Thus many who are understandably aggrieved by the economic policies of the neoliberal years still seem to feel that he's the one person standing up for them by shaking his fist at those they blame for taking away their jobs: immigrants and “the scheming Chinese,” primarily.

Numerous press reports reveal how the scam works. Thus, in *The New York Times*, Patricia Cohen investigates the attitude of owners of large farms to Trump's trade wars, which sharply cut their exports to China and cause severe financial hardships. In general, she finds, they continue to support the president. “I get why he's doing it,” [her major informant says](#): “America has been bullied” by China. And if the trade war persists through the 2020 election, “I would be OK with that.” He's sure that Trump will do everything possible to help. Furthermore, “It makes me feel really good to hear Trump say farmers are important to this country. That's what makes me want to stick with the president.”

Shaking a fist at the “Yellow Peril” and a little sweet talk carry the day, helped by \$16 billion to compensate for export losses.

The gift is largely paid by a new hidden tax on the general public. Tariffs are in effect a tax on consumers (contrary to Trump's pretenses about China paying for them). The New York Fed estimates the cost to consumers at \$1.6 billion annually, [a tax of \\$831](#) for the average American household. Hence Trump's tariffs tax the general public to maintain the loyalty of a prime constituency.

With regard to immigrants, while there may be some cases where they take jobs from U.S. citizens, in general that is not the case (and decent wages for all wouldn't exactly hurt). On the contrary, many studies indicate that immigrants improve the economy, and they commonly take jobs that U.S. citizens don't want.

The case of China is more interesting. It's quite true that huge numbers of jobs have fled to China, but who is responsible for that? China? Is China holding a gun to the heads of Apple, GM, IBM, GE ... and forcing them to ship jobs to China? One can't even say that it's the fault of the managers of the corporations. Their responsibility, in fact legal obligation, is to make profits for shareholders, and that purpose is served by shifting jobs to China, Mexico, Vietnam, Bangladesh....

Those who object to these practices should be demanding that such decisions should not be in the hands of management and the board of directors, but rather in the hands of those who actually do the work of the enterprise, as democratic principle might suggest. Perhaps along the lines of a 19th century writer whose initials are K.M. But somehow one doesn't see this interesting idea explored in mainstream commentary. Passing strange.

Trump is taking all credit for the current state of the economy, which includes a historically low rate of unemployment. First, exactly what sort of economic policies has Trump implemented since coming to office that can explain the present economic boom, and, second, how really sound is the current state of the economy?

To begin with, there is reason for caution about the low rate of unemployment. In the (very good) economics journal *Challenge*, relying on Bureau of Labor Statistics figures, economist John Komlos estimates that "the real unemployment rate in the fall of 2018 was closer to 7.4 percent of the labor force. Among those without a high school diploma, it was twice as high," reaching 28 percent unemployed among African Americans. The prime reason for the discrepancy in figures — all from the same government sources — is the significant decline in labor force participation. Many have dropped out of the labor force in their prime years. The high actual unemployment rate, Komlos plausibly suggests, is part of the reason why "there is so much despair in the society."

Gallup polls regularly measure stress, worry and anger. The U.S. ranks high by these measures, reaching new highs in 2018, by now even higher than during the great recession. In reported stress levels, the U.S. has "one of the highest rates

out of the 143 countries studied and it beat the global average (35 percent) by a full 20 percentage points.” The U.S. is [even above Venezuela](#) in its current distress.

The dire emotional state of Americans is illustrated dramatically by the “[deaths of despair](#)” (death by suicide, drugs and alcohol) documented by Anne Case and Angus Deaton among working-class whites; tellingly, those “who would have entered the market starting in the early 1980s,” when the neoliberal assault took off. The deaths of despair are estimated at 150,000 a year, contributing to the decline in life expectancy in the U.S. for the past two years, the first time since World War I and the 1918 flu pandemic — a phenomenon unprecedented in developed societies.

All of this is happening in the most powerful state in world history, with extraordinary advantages not approached anywhere. Worth contemplating.

“The alleged full employment,” Komlos writes, “is a statistical mirage designed to hide the real pain in the labor market,” exacerbated by wage stagnation for 40 years and actual decline: “Real median household incomes have been declining for every educational group since the turn of the twenty-first century,” for those without a college degree by 17 percent, continuing the stagnation or decline in real hourly wages since the ‘80s. Add to this Alan Greenspan’s “greater worker insecurity,” the foundation of his success in economic management as he boasted to Congress, and we get a more realistic picture than what is in the headlines, and an explanation for the general despair. Much the same is true throughout the regions afflicted by the neoliberal/austerity plague, though deaths of despair seem to be an American phenomenon.

The “economic boom” is a continuation of the slow recovery that began under Obama. The McConnell-Ryan Congress restricted a needed government stimulus during the Obama years, wailing about deficits, but as usual, when they took office it turned out that “Reagan taught us that deficits don’t matter” (Dick Cheney), when Republicans create them. Trump’s one legislative achievement, the tax giveaway to the rich and corporate sector, provided a stimulus to the economy (without the promised investment). A Brookings Institution study by Robert Barro and Jason Furman (conservative, liberal) [estimated](#) that the boost of Trump’s tax cut law to short-term GDP growth was 1.1 percent for the first quarter of 2019, accounting for the increase from the consensus expectation of 2

percent. The tax cut, of course, exploded the deficit, which can now provide a pretext for cutting social spending.

The continuing increase in employment has led to a slight increase in wages, with opportunities for those at the lower end of the income scale, but it doesn't come close to making up what has been lost during the period of stagnation from the early '80s.

Recent data indicates that the counties that voted for Donald Trump have experienced more job growth than the counties that voted for Hillary Clinton. What can explain this discrepancy?

There's a [good analysis in Bloomberg news](#). Jobs are growing slightly faster in Trump-supporting rural and exurban counties than in the urban mostly Clinton counties. At the same time, real wages declined slightly in Trump counties and increased slightly in Clinton counties, in both cases a decline from the Obama years. Their analysis, which doesn't include the effect of his recent trade wars, attributes the growth mainly to expansion of energy production, manufacturing (in part energy-related), and truck driving.

Trump's tariff wars against China are escalating, even though U.S. economic interests may suffer more than those of China. What is really behind Trump's trade wars with China and even with the EU, which the "tariff man" has called "a brutal trading partner"? Is it the vision of MAGA, or pure politics?

Both national economies will suffer, very likely the weaker party (China) more so. But as always, the framework of national conflict obscures a good deal. The estimated \$6 trillion cost of the "war on terror" re-declared by President Bush in 2001 (renewing Reagan's war on terror of 20 years earlier) is borne in varying ways among the population, and the same is true of the trade wars. One illustration has already been mentioned: higher taxes to keep Trump's constituency in line.

It's of considerable interest to explore the justification for the trade war, to inquire into just how "naïve America has been bullied by China." I've already discussed China's responsibility for job loss. Other complaints have to do with their unfair economic practices, such as targeting funds to specific industries — something we'd never dream of doing, and would not have stooped to in earlier years. That aside, why is this a complaint, rather than a cry of joy? Ultranationalist True Believers should be celebrating China's stupidity, which,

according to received free market doctrine should be harming their economy, hence contributing to U.S. economic power.

As an aside, it should be noted that U.S. economic power is in fact astonishing. In recent articles and an important forthcoming book titled *American Power Globalized: Rethinking National Power in the Age of Globalization*, international economist Sean Kenji Starrs argues persuasively that in the recent years of globalization, national accounts mean much less than they used to. A more realistic estimate of economic power is the share of global wealth owned by nationally based multinational corporations. For the U.S., that comes to the staggering figure of about half of world wealth, more than U.S. national economic power at its height after World War II. How this will be affected by Trump's wrecking ball, with its possibly complex effects on global supply chains, remains to be seen. Again, this colossal wealth, of course, does not devolve to the population.

Another charge is that China steals U.S. technology by forcing firms to hand over secrets as a condition on investment (already dealt with) and by violating World Trade Organization rules on intellectual property (TRIPS). Again, other questions arise, discussed particularly by [economist Dean Baker](#) for many years. Putting aside the legitimacy of these highly protectionist devices, which raise patent protection far beyond the historical norm, we can ask who gains and who loses if, say, China uses discoveries in U.S. research labs to produce cheaper drugs than the corporations that have gained the patents, or to develop a better alternative to the Windows operating system? American consumers gain, while Big Pharma's huge profits are somewhat reduced and Bill Gates might decline slightly in the ranks of richest men in the world.

More generally, one might ask, what right does the U.S. have to try to impede Chinese development, as generally assumed without argument? Or even to impose sanctions? That the Chinese state is harsh, brutal and oppressive is not in doubt. China's "re-education camps" for perhaps a million Uyghurs, which may well be the [largest mass incarceration of a racial or religious group since the Holocaust](#), is surely a major crime, meriting harsh condemnation. Is it a worse crime than the imprisonment of 2 million Palestinians in "the world's largest open-air prison" in Gaza, Israel's favorite punching bag, which is soon to become unlivable, international monitors estimate? Why then does the former merit U.S. sanctions, while the latter is lavishly funded by Washington?

A rhetorical question of course, but one worth raising nevertheless.

It seems that more and more Democrats may be warming up to the idea of an impeachment. Is this a good idea? My personal view is that such a course of action will only serve to increase Trump's popularity among his base, and maybe even beyond.

I agree. Charges of impeachment go to the Senate for trial. Trump's lock on the Republican majority should be enough to clear him of any charges. The effect will then be much like that of the Mueller investigation. He will claim to have been proven innocent of the charges, which he will depict as a malicious and underhanded effort by the Democrats and the Deep State to silence the Tribune of the People, behavior that may even be treasonous, as he is now intimating with regard to the Mueller investigation. His base will be energized, if not infuriated, by what these "traitors" are trying to do to their defender. It's a losing effort for the Democrats, I think, just as their laser-like focus on Mueller and "Russiagate" has proven to be — not a great surprise.

About the author

C.J. Polychroniou is a political economist/political scientist who has taught and worked in universities and research centers in Europe and the United States. His main research interests are in European economic integration, globalization, the political economy of the United States and the deconstruction of neoliberalism's politico-economic project. He is a regular contributor to *Truthout* as well as a member of *Truthout's* Public Intellectual Project. He has published several books and his articles have appeared in a variety of journals, magazines, newspapers and popular news websites. Many of his publications have been translated into several foreign languages, including Croatian, French, Greek, Italian, Portuguese, Spanish and Turkish. He is the author of [*Optimism Over Despair: Noam Chomsky On Capitalism, Empire, and Social Change*](#), an anthology of interviews with Chomsky originally published at *Truthout* and collected by Haymarket Books.