

Dow Hits Record High as Wall Street Celebrates Trump Victory

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In the two days following the election of Donald Trump as US president, Wall Street celebrated by driving the Dow Jones Industrial Average to a new record high. At the close of trading on Thursday, the Dow was up by an additional 218 points, or 1.2 percent. This brought it to 18,807, surpassing the previous high of 18,636 reached last August. The index has moved up by 5 percent this week.

The financial aristocracy is salivating over the prospect of major corporate and income tax cuts, increased military spending, and the scrapping of regulations, especially on banks and finance.

Trump has pledged to slash the corporate tax rate to 15 percent from 35 percent and cut income taxes for the ultra-wealthy to the tune of hundreds of thousands and, in some cases, millions of dollars.

The other major factor behind the stock market surge is the political support for President-Elect Trump from the Democratic Party.

Democrats, beginning with President Obama, who has promised a smooth transition to the new administration, through to Hillary Clinton, “left” liberal Senator Elizabeth Warren and the self-styled “socialist,” Senator Bernie Sanders, have all pledged to work with the incoming president.

The rise in the Dow is paralleled by an increase in the broader-based Standard & Poor’s 500 index, which has posted a weekly gain of 4 percent. Some of the biggest gains in this index were recorded by banks in anticipation of higher interest rates, which boost profits from loans, and the scrapping of regulations on finance.

Trump has pledged the repeal of the 2010 Dodd-Frank Act, which, while doing little to curb the predatory and outright criminal activities that led to the crisis of 2008, includes some regulations that finance regards as restricting its profit-making.

Financial shares in the S&P 500 rose 3.7 percent yesterday, taking their gains for the week to 11 percent. Shares of the New York finance houses Goldman Sachs and JPMorgan Chase saw some of the biggest increases.

Firms in the armaments industry are also licking their chops in view of Trump’s opposition to the automatic cuts in military spending enacted under budget sequestration legislation that was enacted in 2011. Trump has advocated increased military spending across the board.

Others anticipating profit windfalls are pharmaceutical and health care companies, which saw their stocks rise on the prospect of their pricing policies facing less regulation under a Trump administration.

The only area of the market to decline has been the hi-tech sector. This is based on fears that Trump's nationalist economic agenda, including his commitment to rewrite trade deals and enact measures against China, could impact their cost structure, because their bottom line depends so heavily on access to cheap labour through global supply chains. There are also concerns that immigration restrictions could affect their ability to bring in highly qualified staff.

The view in the markets that restrictions on the banks may be eased, if not entirely lifted, has been encouraged by reports that Trump's transition team, headed by Vice President-Elect Mike Pence, may be considering Texas House of Representatives member Jeb Hensarling for the post of treasury secretary. Hensarling is a major opponent of the Dodd-Frank legislation and a critic of Federal Reserve Board Chairwoman Janet Yellen. He chairs the House Financial Services Committee.

In brief note on its web site, the Trump transition team said it would be "working to dismantle the Dodd-Frank Act and replace it with new policies to encourage economic growth and job-creation." Hensarling described the statement as "music to my ears."

Another clear sign that financial moguls are going to play a major role in the new administration is a report from the business news channel CNBC that Jamie Dimon, the chief executive of JPMorgan, is also being considered for treasury secretary, along with the present front-runner for the position, the Trump team's campaign finance chief Steven Mnuchin.

Mnuchin started his career at Goldman Sachs, where he amassed a personal fortune of \$40 million before branching out on his own.

A key appointment will be Trump's chief of staff, where one of the leading contenders is Steve Bannon, who took over as Trump's campaign chairman in August. Another former Wall Street operative for Goldman Sachs, Bannon has been head of the ultra-right-wing Breitbart News since 2012, making it the vehicle for the promotion of "white nationalism" and fascistic opposition to immigrants and minorities. He has criticised the Republican congressional leadership for being too soft on immigration and foreign trade.

Within just two days of the election, the response on Wall Street and the nature of those being lined up to fill key positions point to the character of the new administration. Trump has said he will run his presidency like he ran his businesses—in other words, through a combination of speculation, confidence tricks and, above all, a ruthless drive for profit.

His entire campaign was in the long tradition of American tricksters, con artists and snake oil salesmen. Tapping into the legitimate grievances of millions of workers and their hostility to the banks and corporations, the Democratic Party and the trade union apparatuses, he is organising an administration based on those same banks and corporations.

There are also other, even more significant historical parallels. In the 1930s, the regime of Adolf Hitler provided an immediate boost to the German economy based on an economic nationalist agenda, combined with a hothouse program of infrastructure spending and

armaments. However, this economic agenda did not resolve the underlying contradictions that gripped German capitalism. Rather, it led to an economic crisis and ultimately to war.

The Trump administration is not a repeat of the Nazi regime, but there are both economic and political similarities. Apart from the promotion of a nationalist economic agenda, in this case “America First,” one of the most striking parallels is the way in which the US political establishment, like its German counterpart before it, has turned on a dime.

In both cases, after denouncing the contender as “unfit” to rule, it has immediately gathered around the new “leader” to pledge support, recognising that he defends the interests of the corporate elites on which they all rest.

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