**Headline:** Trump is Trying to Reverse the New Deal

By Richard D. Wolff

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**[Article Body:]**

After the end of World War II, the U.S. employer class—the capitalists—faced overlapping threats, both domestic and foreign. On the domestic side, a coalition of the Congress of Industrial Organizations (CIO), two socialist parties, and a communist party had grown large and powerful during the 1930s Great Depression. Together, they pushed hard and successfully for domestic policies collectively known as the New Deal.

These policies included the establishment of the Social Security system, the unemployment compensation system, the nation’s first minimum wage, and a federal jobs program that employed millions. Along with several other programs, the New Deal represented a leftward shift of state priorities. For the employer class, worse than those spending shifts were the corresponding changes in federal revenue sources.

Sharply raised taxes on (and borrowing from) corporations and the rich funded the New Deal’s massive program for the employees. This reallocated the nation’s income and wealth from the top to the middle and bottom. As against the dominant trickle-down economic policies that were in place before and soon after it, the New Deal represented an experiment in trickle-up economic policies. Once World War II was over, the employer class wanted nothing more than to undo the New Deal, and to bring back trickle-down polices.

A second domestic problem threatened the U.S. economy after 1945: the risk of backsliding into depression. Five years of huge wartime deficit finance finally lifted the U.S. economy out of the 1930s depression. When 1945 put demobilization of troops and redeployment of resources to peacetime production on the agenda, it also provoked fears of a reversion to depression. Leading U.S. politicians and academics, more or less influenced by Keynes’s work, looked urgently to government interventions to prevent that.

The U.S. employer class also perceived foreign threats. Chief among these was the USSR, the wartime ally of the United States. In service to the U.S. employer class, President Harry S. Truman (1945-1953) transformed perceptions about the USSR from a close wartime ally into a fearsome enemy bent on “overthrowing the U.S. by force and violence.” Despite having suffered enormous wartime destruction, the USSR was quickly rebranded by U.S. mainstream politicians, media, business, and academic leaders as an extreme danger. Communists and their “fellow travelers” were notoriously purged by what has ever since been called McCarthyism.

Western European leaders also feared and turned against the USSR as Europe’s eastern countries became the USSR’s postwar socialist allies. These countries also became closer to the USSR as it supported and assisted successful revolutions against an already weakened European colonialism. At the same time, Europe’s employer classes acutely feared their domestic communist parties that were by then strongly entrenched in their anti-Nazi resistance movements and organized labor movements. The 1930s depression strengthened them all (as it had in the United States).

In Europe, labor movements, communist and socialist parties, and many of their supporters mobilized, trained, equipped, funded, and coordinated several anti-fascist resistances. By 1945, that resistance work led to the immense popularity of these parties and movements. Western European employers in each country feared the economic demands their domestic socialists, communists, and labor unions would make. Those demands would be backed by their workers’ domestic political power and gain more support due to the USSR’s geopolitical proximity.

These conditions in the United States and Western Europe resulted in a shared commitment by their capitalist classes, leading to an alliance, which would embrace U.S. dominance—defined as “free-world leadership”—in military matters and in mobilizing resources internationally against the USSR (NATO, IMF, and World Bank). The employer class in each of these countries focused their resources, along with those of their governments, to purge communists, socialists, labor militants, and their supporters as thoroughly as conditions allowed. The actions ranged from imprisonment and deportation to loss of jobs, income, and social influence.

The alliance’s central theme was to declare and wage a Cold War against both the USSR and its “agents” inside the United States and European countries. The purges inside the United States included the executions of Ethel and Julius Rosenberg as Soviet spies. Those actions also entailed loudly favoring (and secret CIA funding) many of Europe’s “pro-Western” politicians and parties, media outlets, and student groups. The U.S.-European alliance added Canada and Japan to their bloc. The U.S. dollar and its global position lubricated everything this alliance was and did.

The central ideological and political problem for the U.S. employer class after 1945 was how to accomplish the undoing of the New Deal and the United States’ wartime alliance with the USSR. The solution it found was a well-coordinated, well-funded campaign featuring cohesive arguments articulated by institutions that could saturate global public opinion. Nothing less than a total turnaround in public opinion and policy would rescue U.S. capitalism from what its employer class saw as an existential crisis.

There lie certain similarities with what Trump faced when he took office in 2025. In both cases, the employer class felt deeply threatened, especially due to the escalation of the political and economic dangers. Today, that class worries about crippling social divisions and tensions. The deepening inequalities of the distributions of income, wealth, and political influence have caused the promised American dream to be out of reach for the majority, which has angered them.

The employer class also fears the deepening indebtedness of its government, its corporate sector, and the majority of households amid the worrisome decline of the nation’s geopolitical position. China’s growth over recent decades positions it as the first serious global *economic* competitor of the United States in a century (the USSR was too small an economy to ever achieve this status). Among the many consequences of China’s growth, the fading global position of the U.S. dollar ranks high. As in the case of Truman taking power in 1945, Trump’s second term is also defined by heavy cumulated pressures prioritizing breaking from dangerous and declining situations.

The U.S. employer class’s solution in 1945 was to destroy the domestic left and transform the USSR from ally to enemy. Trump’s solution for the employer class is similarly to try to destroy the left but to transform Russia from an enemy to an ally. Despite important differences in time and global conditions—the United States left in 1945 was far more radical than it became later and is now—the similarities here are suggestive. In 1945, employers commenced undoing the New Deal. They eventually succeeded, but only partly. They managed an upward redistributive state, but they had to accept the shift to a regulatory state. Today, Trump seeks to complete burying the New Deal legacy by going further and undoing the regulatory state.

The class politics of Trump carry forward the actions of his predecessors across the last century. The details, not the goals, vary with the circumstances. The transition from the USSR to Russia facilitated Trump’s changed policy stance toward the country. The decline of the United States’ organized labor movement over the last 70 years facilitated Trump’s electoral appeal to the employee class. On the other hand, China’s continuing rise as an economic competitor reinforces the employer class’s worries about its status and security. More deeply, what disturbs the U.S. employer class now is the intertwined decline of the U.S. empire and the U.S. capitalism’s global position.

After 1945, the employer class reasserted its social dominance. It refocused the federal government on the twin tasks of purging supporters of the New Deal from the government, unions, and other social institutions and demonizing and containing the USSR as the evil global enemy. Anti-communism became the main ideological weapon to achieve this. The purge demanded that all those who supported the deal not only denounce communism but also show sympathy to such dogmas as “state interference in the economy” is inefficient, wasteful, and inferior to what private “free” enterprises could and would achieve.

Communists, socialists, unionists, liberals, Democrats, and others associated with the New Deal got purged as believers in bureaucracy, authoritarianism, and totalitarianism. At best, they were seen as agents of Moscow’s crusades against democracy and individual liberty. Putting domestic communists first among its targets let the employer class link the domestic purge quickly and seamlessly with the Cold War struggles against the USSR. These actions against communists at home while waging the Cold War abroad aimed to defeat two evils at the same time.

Over the last 80 years, the employer class, directly and through its power over governments, undertook a massive program of ideological change. It made the struggle between more versus less government intervention in the “private enterprise economy” and “the free market” an important issue in economics and public policy. Professional economists debated between Keynesianism and neoclassicism. Moderate politicians rallied around slogans that defined the struggle as being between “meeting people’s needs” versus suffering a “authoritarian bureaucracy.” Extremist politicians called the state evil (often using communist, socialist, liberal, Democrat, and even terrorist as synonyms).

The global “free market” established after 1945 enabled the United States, which became dominant after the wartime destruction of all potential economic rivals (Japan, Germany, Britain, France, Russia, and Italy), to sustain that position through NATO on the one hand and demonizing the USSR on the other. Fighting communism abroad justified sustaining that dominance. Fighting communism at home justified destroying the New Deal coalition and thereby undoing the policy.

Cold War leaders in the United States, representing both major political parties, carried out these policies consistently. The Heritage Foundation’s 2025 report updates and expands them into a plan that Trump’s regime is largely following. That plan targets what little remains of the New Deal: removing “regulatory” state apparatuses. Trump’s regime also accepts implicitly what it denies explicitly: that the U.S. empire and U.S. capitalism are in decline.

Tariffs are the magic bullet to reverse all that and fast. Above all, they are implemented with the hope that they will return manufacturing to the United States. (This was promised by each of the presidents this century, but none of them delivered on it.) The tariffs might, at best, slow the decline, but their political, economic, and ideological costs and the retaliations by many nations will make the magic bullet fail. Much the same happened to many empires earlier that failed to stop their decline with their magic bullets. Tariffs will likely function much like the proposal of “taking back” the Panama Canal or Greenland and loudly squeezing symbolic gains from Canada and Mexico. These plans are aggressive disguises and over-advertised offsets for the painful reality of the declining empire and economy.

It is worth remembering that in all empires, when their rise inevitably turns into decline, those who accumulated the greatest wealth and power use these resources to retain their position. They thereby offload the costs of decline onto the middle and lower classes. The latter suffer more and face the consequences first. Trump’s first budget proposals starkly exhibit this offloading. For most empires, such offloading proves socially divisive and ends very badly.

Recent national election results in Canada and Australia suggest that those classes are beginning to grasp the Trump regime’s larger goals and have voted against politicians seen to be insufficiently opposed to them. Some [polls](https://www.newsweek.com/donald-trump-approval-rating-update-middle-class-2051480) in the United States point in similar directions. Europe’s leaders are worried too. Most of them have been long and deeply complicit with the United States’ goals and methods. Voters may punish them for failure to resist the repeated anti-European policies and attitudes flowing from the Trump regime. European leaders risk voters finding them guilty by association. So many break away from Trump by exaggerating support for Volodymyr Zelenskyy in Ukraine and demonizing Russia.

The roots of resistance expand and deepen.