

The Old Deal and the New Deal

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## Abstract

The United States is dominated by a system of economics and politics characterized by capitalism and democracy. Capitalism, which descended from feudalism, and democracy, which descended from classical Greece, have grown to control American politics. The winner of the 2016 election will not be able to change the Status Quo, as both contenders, Hilary Clinton and Donald Trump, support capitalism immensely. Third party Candidates, such as Jill Stein and Gary Johnson, would be more willing to change the Status Quo, but would most likely be unable to. Despite this, the social and foreign policies of Trump and Clinton could lead the country down a more fascist path. However, the rise of third party candidates and the success of Bernie Sanders hints that the American people could be ready for the Status Quo to evolve into something more beneficial to the average citizen.

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### **Introduction**

The Status Quo of the United States is one based on the twin systems of capitalism and democracy. This is odd, seeing that in many ways two systems do not combine well. In the 2016 election both major party candidates, Hilary Clinton and Donald Trump, are running to make America better. That's what every politician promises. But can they? Can either Clinton or Trump seriously change the way the country operates? No. It is in neither candidate's advantage to change the economic system; though other policies, combined with world events, could send the United States in a more fascist direction.

Different systems and ideologies have shaped the actions and ideas of human beings from before recorded history. Prior to the agricultural revolution, humanity functioned in various tribes as hunters and gatherers. However, with the advent of farming came cities, empires, societies, and as a result politics. (Perry, 2015). Power in early empires and civilization was often both hierarchical and religious; with power invested in rulers claiming descent from the gods. These practices would eventually grow and transform into the economic system of feudalism; which used poor workers, serfs, as cheap, expendable labor. Serfs would give the majority of the harvest to whichever noble or bishop owned the field in which they toiled (Cantor, 1963). Alexander of Russia; upon liberating Russian serfs, compared the practices of feudalism to American Slavery stating "I did more for the Russian Serf ... than America did for the negro slave." (Parissien, 2008). However, feudalism could not dominate society forever. Beginning with the advent of banking in Italy and evolving into the growth of tradespeople and the creation of joint stock companies in England and the Netherlands; as well as a weakening of autocratic governments; feudalism declined. A new economic system, shaped in part by Adam Smith, came

into being. This system, capitalism, placed value on market forces, self-interest, and independent initiative in the name of securing profit (Perry, 2015).

The political system the United States operates under is a republican democracy. Originated by the Athenians as a form of civic duty and refined by the Romans into a representational republic; democracy was short lived in the classical era. The Roman Republic, after assassination and civil war was replaced with an autocratic and theological empire. This level of autocracy was eventually challenged with the signing of the Magna Carta and the creation of the English Parliament in 1215 and 1259. The Magna Carta established many rights under English common law and bound the king to answer for his worldly crimes. The parliament would wax and wane in power until the English Civil War and the short lived proto-totalitarian English Republic headed by Oliver Cromwell. Eventually the monarchy would return and both it and the Parliament would be governed by a constitution; from which the United States draws much inspiration (Cannon and Griffiths, 1988). Events and ideas such as these would also lead to the European Enlightenment in the 1700's with the emergence of liberalism. Political thinkers such as John Locke argued against the monarchy and government oppression, believing one could only govern with the consent of the governed. Baron Le Montesquieu refined Locke's ideas, advocating for a legislature to balance out the executive. However, this legislature would be almost entirely composed of elite aristocrats and clergy. Jean Jacques Rousseau would fully endorse democracy based on the ideals of Greek city states. Along with British common law the ideas of these men and others like them would influence the founders of the United States into creating a republic valuing both political and economic liberty (Perry, 2015).

The United States throughout its history has always advocated and represented both democracy and capitalism despite never fully practicing either philosophy. The country was

founded with the phrase “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness (Heinemann, 1998). Yet this paraphrasing of John Locke rang hollow for millions of people throughout the 18<sup>th</sup>, 19<sup>th</sup>, and 20<sup>th</sup> centuries, as women, non-white men, and the poor were systematically repressed and kept from voting. Both civil and political rights were eventually given to minority groups, yet still, even today, voting and many other areas of citizen participation remain both undemocratic, anti-republican, and in some cases unconstitutional. The electoral college was established as a means to ensure the presidential election could be monitored, controlled, and not left entirely to the common people; whom the founding fathers did not regard with the highest esteem. Because of this, the popular vote and the electoral vote have been at odds four times in the nation’s history: 1824, 1876, 1888, and 2000 leading to the election John Quincy Adams, Rutherford B. Hayes, Benjamin Harrison, and George W. Bush. The electoral college also diminishes the value of votes from certain states as well as preventing American citizens living in American Territories from voting (fairvote.org). Additionally, the Citizens United Supreme Court case, which equated money with free speech, diminishes the influence of anyone who cannot spend massive sums of money to lobby and influence legislation (Ennis, 2014).

The United States has more steadfastly adhered to Capitalism, albeit not in its pure free market form. The era of the robber barons such as Carnegie, Morgan, and Rockefeller, led to anti-trust, anti-monopoly, and pro-Union laws under Gilded Age Republicans like Theodore Roosevelt and William Taft. However, after the First World War corporations became more powerful as loans and credit increased the purchasing power of many Americans. The stock market crash and the ensuing Great Depression ushered in a new area of American capitalism as

Franklin Roosevelt and his New Deal reforms, inspired by Keynesian economics used, social and government programs to provide for citizens and stimulate the fragmented economy. Roosevelt never completely abandoned the free market, though his reforms and innovations took the country far more left of center than nearly any other president at the time. Since the 1940's corporations have retaken much of the power Roosevelt reserved for government; repealing many anti-corporate and banking laws, such as Glass-Steagall. (Brands, 2008). While some programs such as social security remain, many government programs have become less socialist in wake of the Cold War, Stagflation, and the economic downturn of the late 1970's with Regan, Bush, and Clinton all promoting business, foreign trade, and deregulation of industry. The Internet Bubble Bust and the 2008 Housing Crisis and Recession are perhaps of result of this; as is the Bank Collapse of the same year. The Bush administration authorized a trillion-dollar bailout to make the banks finically solvent again. "I have abandoned the free market system to save the free market system." A similar mentality has been maintained under the Obama administration with the bailout of General Motors, using public money to subsidize corporations. The link between business and politics has continued to intensify (thinkprocess.org, 2008).

That is the state of America in 2016: a democracy with an asterisk under a capitalist system with an exclamation mark. And while the election of 2016 may be vastly important as an example, the winner will likely be both unable and unwilling to change the Status Quo. Hillary Rodham Clinton, the former first lady and New York senator is running as a Democrat against Republican real-estate mogul and reality TV star Donald Jonathan Trump. However, despite their different parties, the two candidates are both inherently invested in the current political system, as it has provided them both wealth and power. Donald Trump has frequently used his massive funds to contribute to political campaigns on both sides of the spectrum in return for

favors and special incentives. When asked about the issues Trump responded with an answer that sums up the entire system. "I support politicians. In 2008, I supported Hillary Clinton, I supported many other people, by the way, and that was because of the fact that I'm in business." (Gehrke, 2016). It seems logical that if Trump is willing to support Clinton a mere eight years ago, they must both hold pro-capitalist views. Trump, as a businessman, played the system to his favor and now as a politician he reverses the argument. A frequent criticism of the Trump campaign against Clinton is the fact that she is beholden to special interest groups and campaign donors. Yet Trump himself is no longer personally funding his campaign but rather taking donations both at a large and small scale (Schlifer, 2016). Defenders of either candidate may simply say-that's how elections work. There is no way either could run a campaign any other way. And they may be right; in order to run for president or any national office, a huge amount of money is needed to pay for promotion, advertisements, and staff. And without either super PACS or a huge amount of individual donations, running for office is next to impossible (Neustadt & Weller, 2003).

Even if either candidate could change the system, it is highly doubtful that they would, after all it is a system that has made them both rich and powerful. The election bolsters the Elite Class Theory of American politics, seeing as a member of one prominent aristocratic family goes against a member of another. At its most cynical, Elite Class Theory states all decisions and motives are decided by the wealthy in an effort to gain more wealth-with the good of the people being more of an afterthought (Heinaman, 1998). As with most elites, it is in neither candidate's best interest to change the game when both are scoring so well. Clinton, while firmly denying she supports Wall Street interests, has many times supported legislation allowing for free trade and deregulation, including the repeal of Roosevelt's Glass-Steagal act, which many believe

helped lead to the 2008 crash (Eichengree, 2015). Trump, by his own logic, will be as beholden to special interest as Clinton. Furthermore, as a billionaire and business man, capitalism and a free market is within his best interest. As for Clinton, when asked about bailouts and Wall Street she praised capitalism, adding a populist spin while also paraphrasing the sentiments of George W. Bush “When I think about capitalism, I think about the small businesses that were started because we have the opportunity and the freedom in our country to do that. I don't think we should confuse what we have to do every so often in America, which is save capitalism from itself (ontheissues.org, 2015).

Of course while much of the media presents the 2016 election as a staunch battle between liberals and conservatives, there are other options and other candidates besides Clinton and Trump: the two most prominent being Gary Johnson and Dr. Jill Stein. Johnson, a Libertarian, is extremely pro both free market and personal freedoms while Stein, from the Green party, supports a trend towards socialism and government intervention on economic issues. On personal issues of liberty, she falls close to Johnson (politicalcompass.org, 2016). Economically, Johnson, like many Libertarians believes in a market nearly free from government interference, wishing to cut spending by 43 percent in order to shrink the trillion-dollar national debt. Johnson also wants to end the Federal Reserve, stop bankrolling foreign aid, and cut most government subsidies. In order to promote jobs, he would cut corporate taxes. While the government would oversee business in certain issues, the economy would mostly be left to market forces (ontheissues.org, 2016).

Jill Stein is the only candidate who is not inherently pro-capitalism. While she is by no means a complete socialist, Stein's platform and views are modeled both on the success of various left-leaning European countries and New Deal reforms. Stein firmly believes that the



structure of American capitalism is to blame, with the majority of all wealth being owned by the one percent. She wishes to heavily tax that segment of the population in order to fund a much larger stimulus and create jobs for all Americans who need them. While expanding various social programs she wishes to cut military spending heavily and tax both corporations and stock exchanges much higher (ontheissues.org, 2016).

It is unlikely either Stein or Johnson will be elected, seeing that even well-known third party candidates like Ross Perot and Teddy Roosevelt failed to gain traction in their respective elections (Kapur, 2016). However, even if they are elected, it is unlikely either would be able to significantly change anything. The executive branch is balanced by the Legislature and Judiciary, who, as beneficiaries of the Status Quo, would be unlikely to support alternations of the capitalist system. The Supreme Court is pro-corporation, as demonstrated by Citizens United, and many prominent congressmen, on both sides of the isle, are sponsored by lobbyists and corporations. Furthermore, even while the executive branch may change, the bulk of government business runs the same, as day to day bureaucrats keep the system running (Heineman, 1998). Finally, neither candidate want to completely change capitalism, merely modify it to their vision of society. At the end of the day, the United States would still operate under a system of democratic capitalism albeit with a different asterisk.

However, if one broadens the scope from purely economic to other issues that indirectly effect the Status Quo, the ramifications of the eventual candidate could be far more drastic, leading not away from capitalism but rather away from democracy. Stein and Johnson feel very similarly on many issues, simply choosing different paths to achieve them. Both want to withdraw from Middle Eastern conflict and promote individual liberties. Stein places more emphasizes on building and fostering relationships and not acting solely for American self-

interest. Johnson disagrees, believing acting in self-interest is fine as long as you avoid unintended consequences that are ultimately harmful to the United States. On a domestic front Stein is more in favor of government spending allowing one to exercise liberty. Johnson doesn't believe that the government should interfere with private matters, but that doesn't mean they have the right to support them either. Environmentally Stein supports more regulation, while Johnson thinks it should be kept at a more local level. Both candidates are pro-immigration, Johnson disagreeing with Trump, stating that an open border will create a better economy. Unlike either mainstream candidates, both alternative candidates are pro-whistleblower and against the United States spying on its own citizens (ontheissues.org, 2015-2016).

While Clinton and Trump are both pro-business they have different policies and views regarding foreign policy and social issues. Clinton is far more liberal on social issues, embracing equal pay for equal work and gay rights. Trump meanwhile is far less conservative than many in his party on gay issues. He admits that gay marriage is legal and must now be accepted while also stating he is against discrimination. Trump however takes a different approach on race; fear-mongering against Americans of Hispanic and Islamic Origin; blaming them for America's "lack of greatness." Clinton's proposals seem to keep with the slowly moving forward trend of social progress, endorsed by neo liberals under Obama. In 2008, Clinton ran believing in traditional marriage and has since changed her mind (ontheissues.org, 2015). However, this is hardly surprising, as Obama did the same thing, only coming out as pro-gay marriage after Joe Biden let the cat out of the bag (Epstein and Thrush, 2012).

Trump also has changed his mind many times, not only on which party to be part of, but also on various social issues including abortion. While originally pro-choice Trump's opinion has "much like Reagan", evolved. "One of the primary reasons I changed [was] a friend of

mine's wife was pregnant, and he didn't really want the baby...He ends up having the baby...It's the greatest thing that's ever happened to him...I heard this...and I am pro-life" (ontheissue.org, 2015). Without a sob story of his own, Trump had to borrow someone else's. His stance on abortion, as well as his pick of Governor Mike Pence as running mate, is an endeavor to sway over evangelical Christians who were Cruz supporters during the primary. While Trump may need to win over evangelical Christians, he already has a large percentage of support from working class Americans who seek a solution to the poor economy and their place in it. Trump's main argument is that immigrants from Mexico are taking American jobs and that their removal and a subsequent wall will improve the economy and bring Americans back to work (ontheissues.org, 2015-2016).

On issues of foreign policy Clinton has far more experience, serving as secretary of state under the first term of the Obama administration, however her four-year tenure hints at a possibly bellicose nature. Clinton's State Department was weary of ending relations with Egyptian dictator Hosni Mubarak and pushed for an American intervention in the Syrian Civil War. Her handling of the Benghazi situation and email scandal have led to many to call her careless. Others view her sanctioning of Obama's actions and use of drones in Iraq, Afghanistan, and Libya as complicity in Obama's acts of war. Steve Sestanovich, professor at Columbia and former State Department employee summed up Clinton's tenure, "It's true that her record as secretary included few accomplishments if you mean by that peace agreements solving some big problem. If you measure her tenure by success in rebuilding America's power position, it looks a lot better" (Glasser, 2013).

Ironically Trump's position may be more neutral as he focuses on "Making America Great" instead, which could lead to a more isolationist streak. Trump, the author of *Art of the*

*Deal*, promises to do just that, negotiate with many Middle Eastern countries for better deals on natural resources and the fight against terror. Trump has vowed not to unconditionally support Israel in order to use that as leverage. Trump also believes the previous administrations have made many grievous errors ensuring that their actions and removal of dictators have led to ISIS, chaos, and death. It is not America's place to deal with ISIS, he would rather see Russia focus on the Middle East while Germany and the EU reign in Russian territorial goals in the Ukraine. Trump has repeatedly promised to negotiate with America's tenuous allies, Russia and China, in order to regain American political and economic power. This does not mean that Trump is not tough on terror though; instead calling for registration of Muslim Americans to ensure they are not terrorists. He has also contemplated a ban on all Muslim immigration into the country (ontheissues.org, 2016). This combined with his stance on Mexican immigration has disenfranchised many minority voters while swaying over larger than expected swaths of white voters. However, these actions did not come without consequence, as Trump was endorsed by the Imperial Wizard of the Klu Klux Klan "I think Donald Trump would be best for the job. The reason a lot of Klan members like Donald Trump is because a lot of what he believes in, we believe in. We want our country to be safe" (Millhiser, 2016).

Recently safety has become a primary concern in both campaigns. With increased terror threats in the Middle East and Europe as well as a string of high profile shootings in the United States, levels of fear have risen greatly. This combined with a faltering economy creates conditions that, in the past, have led to fascist or proto-fascist regimes. L.W. Britt outlined the fourteen signs of approaching fascism, many of which either Clinton or Trump meet. Trump is most guilty of displaying strong expression of nationalism and using scapegoats to unify allies against enemies. His entire campaign has focused on "making America great again", while

blaming unemployment and terrorism on Mexico and Islam. Trump has also been accused of another citron, rampant sexism, especially by journalist Megan Kelly. His pick of conservative Christian, Mike Pence, as a running mate also leads credence to the idea of religion and ruling going hand in hand. Clinton meets other criteria, allowing a disdain for human rights to help guide her and Obama's policy in the Middle East. She has also been accused of corruption through the Travelgate and email scandals and of being part of a rigged electoral system that favored her against Bernie Sanders. Furthermore, both Clinton and Trump have favored the protection of corporations, benefited from a commercialized mass media, and used their wealth and power to exert control over other less affluent people; all signs of approaching fascism. Each has also used national security to their benefit. Trump tapping into people's fears and while Clinton has been pro-government surveillance, a stance neither alternative candidates share (ontheissues.org 2015-2016). Clinton and Trump meet many of the criteria for a proto-fascist regime and given the rise of ISIS and various terror attacks, many of these tendencies could easily strengthen. So while the capitalistic side of the system may wax, the democratic side could wane (Britt, 2004).

### **Conclusion**

It is unlikely that anyone who is elected can really change the status quo, expect perhaps to shift it in an even more authoritarian and capitalist direction. However perhaps the 2016 election itself is an example of a different way things could change. Systems and issues that have governed humanity don't change overnight. Democracy died after "the glory that was Greece and the grandeur that was Rome" only to be slowly revived by English legal documents and Enlightenment thinkers. Feudalism too was not replaced immediately, lingering in Japan and Eastern Europe far longer than the west (Perry, 2015). There is no way one person can change a

global system by themselves, however certain trends in the election suggest that things may be in the process of changing. Trump and Clinton have the highest unfavorability rating of any candidates entering a general election in recent history, perhaps signifying that the American people are getting tired of the Status Quo (Eten, 2016). The rise of support for alternative candidates, particularly Gary Johnson, may also predict this. However, the biggest indicator of a possible change is the popularity of Bernie Sanders. Sanders, though a self-described socialist was more likely a social democrat in the vein of Franklin Roosevelt. Many of his policies were reminiscent of the New Deal, not aimed at destroying capitalism, but rather modifying it so it could benefit the highest number of people (Purdy, 2015) His message was highly popular in many areas, with Sander's securing the majority of the youth vote. This too is indicative, as the youth vote matures and older groups fade way, perhaps Sanders' message will become more prominent as the current youth becomes more influential themselves. These are indicators though, they don't mean everything; yet perhaps slowly these factors combined with a reaction against the establishment could lead to the evolution of both capitalism and democracy into a different, more equitable form-into a New Deal for the American People.

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