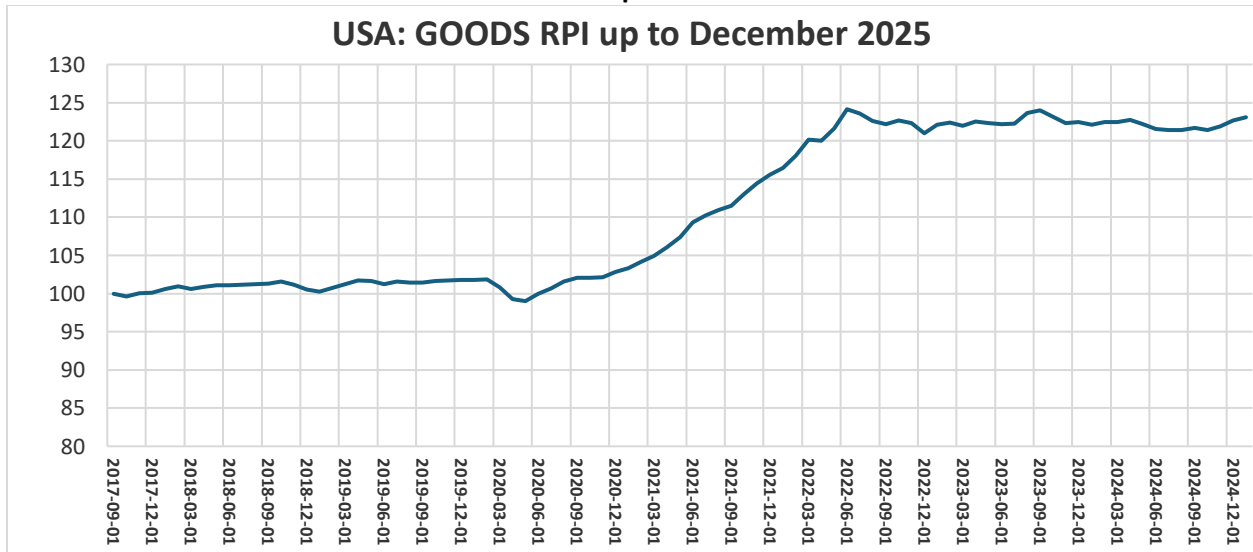


## NAPOLEAN HAS BEEN IN POWER ONE MONTH AND EVERYTHING IS REBOUNDING

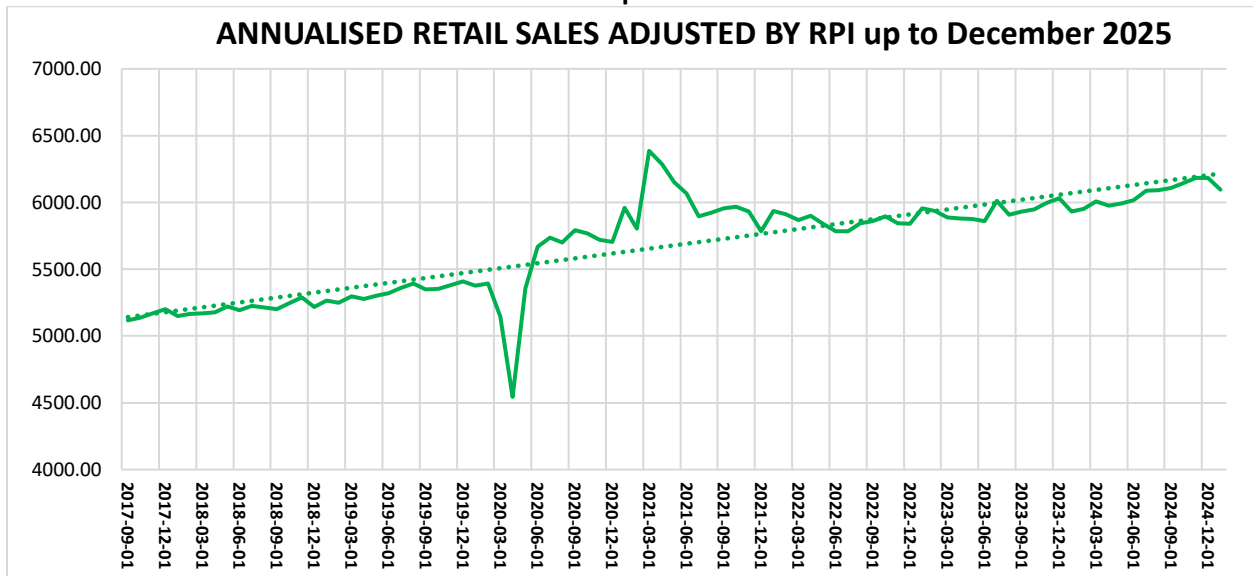
*Trump has been in power for one month. Enough time to glimpse the future trajectory of his administration. Wasn't he cute by comparing himself to Napoleon just as he began negotiating with Russia over Ukraine. Yet another case of Trump being blindsided by his own stupefying arrogance.*

When confronted by reporters over the rise in inflation, Trump replied that this was not his fault but due to the Biden Effect as he had only been in office for three weeks. Was he justified in saying this? The answer is yes and no. In reality the Trump Effect had kicked in before he assumed office as consumers fearful of price rises due to expected tariffs brought forward their purchases. This effect can be seen in Graph 2 where sales rose from November only to fall in January by 0.9% or by 1.4% adjusted for goods inflation, (which rose in January by 0.5%). Thus the rise in retail sales in anticipation of the tariffs was short-lived.

Graph 1.



Graph 2.



[Walmart](#), shocked the markets by providing a subdued forecast for future sales of between 3-4% growth despite attracting wealthier consumers. It is worth mentioning that [new car sales](#) fell by 3.0% representing increased discounting as dealers sought to shift growing inventories on their lots. This was reflected by a fall in manufacturing output: *"[manufacturing](#) was down 0.1 percent on the month, depressed by a 5.2 percent decrease in motor vehicles and parts".* And interestingly, for the first time in a while, [internet sales](#) fell behind brick and mortar sales, substantiating Amazon's warning of a sharp slowdown in its future sales.

In the US [small businesses](#) became much more uncertain about their future prospects. *"The [NFIB Small Business Optimism Index](#) fell by 2.3 points in January to 102.8. This is the third consecutive month above the 51-year average of 98. The Uncertainty Index rose 14 points to 100 – the third highest recorded reading – after two months of decline."* Despite most smaller firms saying it was not difficult to obtain a business loan, only 20% said they were going to invest in the future.

Backing this up, [Commercial & Industrial Loans](#) rose by only 1.2% yoy in January and they have been flat since November 2024. On the other hand over the last month the amount of [Commercial Paper](#) outstanding (non-financial corporations) rose by 14%. If these opposing trends continue, this adds up to financial distress in the corporate sector as turnover slows necessitating more working capital. Total credit creation continues to fall in real terms and problems are beginning to appear in the financial plumbing as happened in 2019.

The subdued official payroll data for January does not square up to the [scale of layoffs](#) announced by the larger US corporations. Here are the results of [Adecco Group](#) the world's largest employee placement firm. *By GBU, Adecco -5%1, with good results across Asia, Iberia, EEMENA, LatAm outweighed by challenging markets, particularly in France, US; Akkodis -5%1, with Consulting +2%; LHH -7%1, (my emphasis) [Manpower's](#) US segment daily revenue was down 1% in Q4. [Kelly Services](#) did better with a 0.5% organic revenue growth which they claimed bucked the market: "organic growth initiatives drove market share gains despite broader industry declines".* And so on and so forth which has led many independent analysts to talk about a hiring freeze which is reflected in these revenue declines.

Then there is the housing market going from bad to worse with the banks trying to control the floodgates by dribbling delinquent mortgages onto the housing market to support house prices. The House Builder's index dropped sharply in February. *"[HMI Key Findings: February 2025](#) Builder confidence in the market for newly built single-family homes was 42 in February, down five points from January. Current sales conditions fell four points to 46. Sales expectations in the next six months plunged 13 points to 46. Traffic of prospective buyers posted a three-point decline to 29."* This followed dreary reports from the US's largest home builders. [Toll Brothers](#) had to discount their house prices by 8% in Q4 to move them though you won't see this in the official figures on prices. *"Home sales revenues were \$1.84 billion, down 5% compared to FY 2024's first quarter; delivered homes were 1,991, up 3%."* [D.R. Horton](#) the nation's biggest homebuilder saw its revenues fall 1.5% and its income by 10% primarily due to a fall in the average selling price of 1%, and looking into the future, its order backlog shrank significantly.

With WTI oil hovering around \$70 a barrel it is more like *fire baby fire* rather than *'drill baby drill'* as Chevron fires twenty percent of its workforce. Over the course of 2024 [shale oil production](#) fell by around 650,000 barrels a day. Seems everything Trump touches turns brown (yes oil like shit can be brown).

Finally, the federal deficit continued to increase in the first four months of this fiscal year beginning in October 2024. This is the background to the struggles Congress is having formulating a new budget as the debt ceiling approaches, while Musk's crusade wrecks the government causing [nuclear warheads](#) to roll around unattended because the burk thought all nuclear workers are green workers.

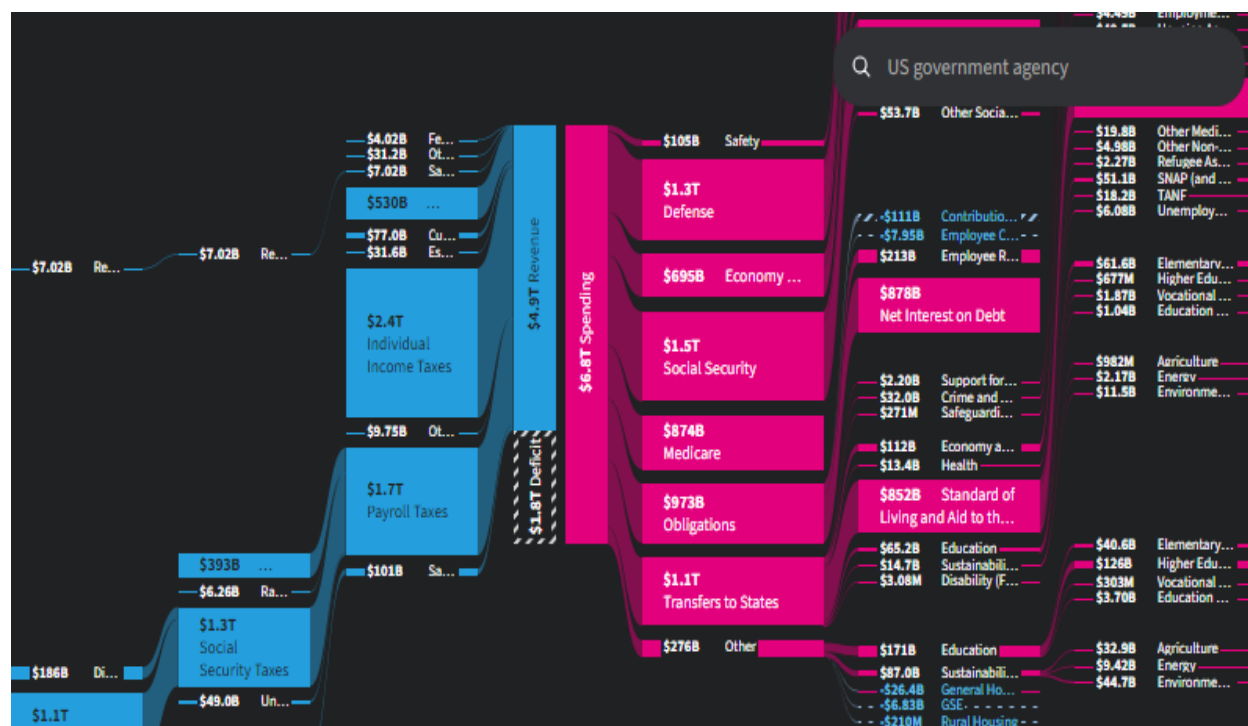
This synopsis conveys the deepening gloom surrounding the economy as Trump and Musk's floundering and flailing crusades further disrupts and disturbs an economy which was fragile to begin with.

### Trump takes over the state.

To begin with it is important to understand the structure of taxation and spending in the USA which embraces Federal, state and local governments. "In 2022 (latest figures) [Federal revenues](#) accounted for 57% of the total taxes raised. Of the \$4.92 trillion raised in 2024 (provisional data) [18% or \\$1.1 trillion](#) was transferred to individual states making up 30% of their budgets." What Musk is targeting is the \$4.92 trillion or more precisely the \$1.1 trillion transferred to the states as that generally represents the progressive and supportive element in government spending. Federal taxes have always been seen as levelling the discrepancies in income between the states. And as Trump and Musk embark on their 'small state' odyssey they are primarily seeking to transfer activity from the Federal level to the State level, hacking at the glue holding the USA together. But then these two oafs are not the world's brightest.

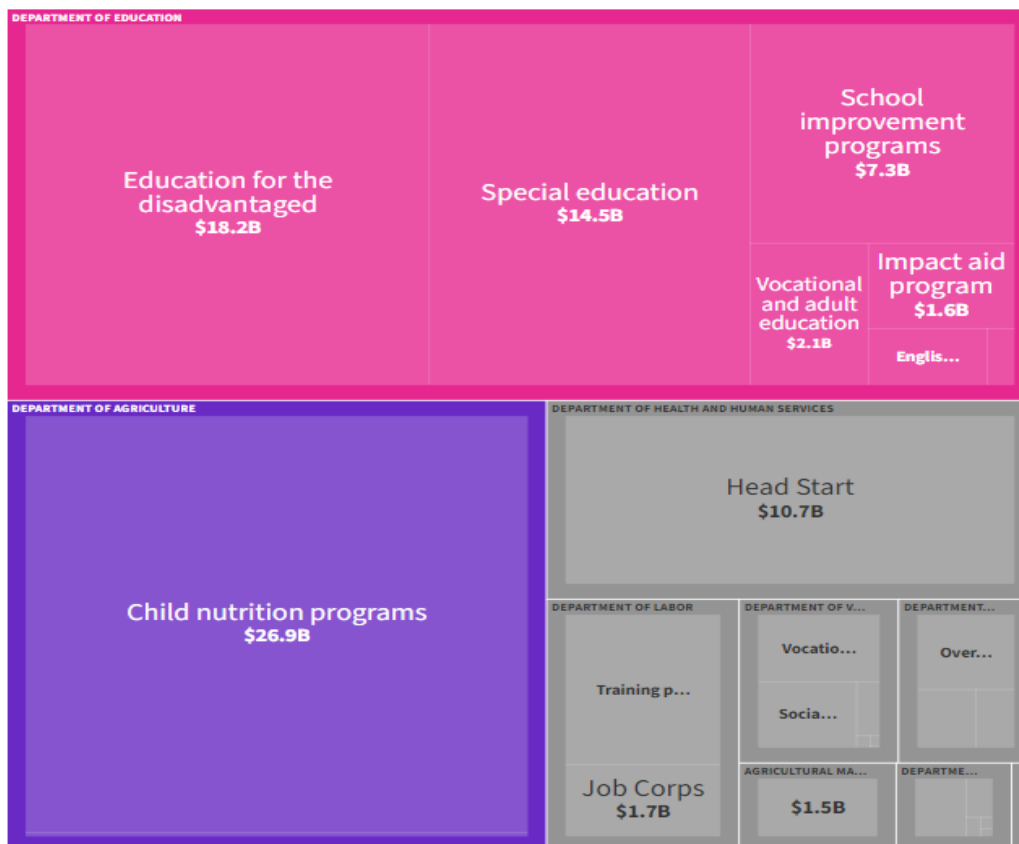
The nature of Federal disbursements can be seen in the table below taken from [USAfacts](#). Pay particular attention to the \$1.1 trillion at the bottom and its destination funding found on the right of the graphic, where over three quarters is aimed at supporting standards of living. If the reader goes onto the website linked above they can interrogate the graphic to follow all forms of Federal expenditures.

Table 1.



The progressive element in these transfers can be seen more clearly with the Federal support for education. In his attack on the Education Department, this is what Musk is seeking to cull. He wants to excise all that is progressive, anything which reduces inequality, which opens up new opportunities, that reduces the hell of life. Its all in the [Project 2025 Playbook](#).

**Table 2.**



Some call Musk a new phenomenon, a Silicon Valley prodigy. Actually he is as old as the capitalist hills. Since the dawn of capitalism, critics have noted the way in which the capitalist views society; not with compassion but with cold calculation, not viewing humans as sensuous beings but as sources of cash, how driven by greedy acquisition they have estranged themselves from society in order to lord it over society. Or in the incomparable words of Marx.

*"It has drowned the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of Philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of numberless indefeasible chartered freedoms, it has set up that single, unconscionable freedom -- free trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation." ~ Karl Marx*

*"The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley of ties that bound man to his "natural superiors," and*

*left remaining no other nexus between man and man than naked self-interest, than callous "cash payment." ~ Karl Marx*

So all Musk is doing is completing the mission of neo-liberalism, taking it to its final conclusion, where any deductions from immediate profit is purged regardless of the carnage to society. And all this is done under the guise of removing waste, fraud and abuse. In the case of the capitalist, lying clearly has no scarcity value. Musk personifies the naked capitalist and their myopic ambitions. In fact all he is doing is shitting in the nest where the capitalists collect their golden eggs because he is ruining the working class and only storing up more problems for the future.

And once he has purged the Federal Education Department he will turn to the curriculum, though he has not authority to tamper with it. "[Sen. Patty Murray](#) (D-Wash.), a senior member of the Senate Education Committee, [said](#) Saturday that "this threat to rip away the federal funding our public K-12 schools and colleges receive flies in the face of the law." "there is simply no authority or basis for Trump to impose such a mandate. In fact, federal laws prohibit ANY president from telling schools and colleges what to teach, including the Every Student Succeeds Act, that I negotiated with Republicans."

And in order to consolidate this corrupt rape of the state, Trump and Musk must insert like minded cronies.

### **The fight back begins.**

Trump and Musk are not having it all their own way. Trump has had to protect Musk by now claiming he does not run DOGE but is simply a [Special Adviser to the Whitehouse](#). He has had to do that because a storm of injunctions are flying around to prevent Musk's abuse of due process. Attorney Generals are resigning by the dozen refusing to obey the orders of their newly promoted masters, and many of these attorneys are long standing members of the Republican Party, some on the right wing.

Congress has been strangely quite even though their role has been unconstitutionally usurped by Trump and Musk, and this at a time when the US Constitution is being shredded. This includes the Democratic Party as well. But the political dyke is beginning to break. Concerned constituents in both Republican and Democratic districts are avalanching their representatives with their concerns. "[Congress Dems](#) are still dragging their feet. According to a CBS News/YouGov [survey](#) released earlier this week, 65% of Democratic voters want the party to "oppose Trump as much as possible," up from 46% in January." And on the Republican side there have been up to 20,000 remote attendees of town hall meetings all united by their concerns over the cuts to jobs and services in their districts, particularly in the South.

The inflection point will come when disapproval of the President becomes overwhelming ruining his claim that he is the most popular President Ever. And this disapproval is gathering ground. Just one month into his presidency a [recent Reuters/IPSOS poll](#) has found his approval rating has slipped to -7% with his boast about making the economy great also being dismissed because the majority of those polled now disapprove of his handling of the economy. (A second poll conducted at the same time has confirmed these results.) Trump's approval will fall further as his defence, blame it all on Biden, wears thin. This lack of a Presidential honeymoon is unusual as Trump and Musk push ahead with their shock and awe attack on institutions aimed at outrunning the legal attempts at stopping them.

But it is really in the streets where the tempo is gathering pace as demonstrations break out in cities and towns across the land. Many of these are instigated by the left. But here is the thing, the longer they protest and the bigger these protests get, the more they are going to start drawing in hoards of abandoned MAGA supporters. The reason, more of these MAGA victims are now realising they were duped and played by Trump and his billionaire cronies. What they formerly attacked as being left, now turns out to be the very things these MAGA supporters depend on.

This means these protests need to be organised on a united front basis agreeing common goals such as defending services including food stamps as well as the institutions which nominally defend working class families such as the Labour Bureau, the Environmental Protection Agency, the Education Department, Medicaid, and the Bureau of Consumer Protection. Yes, the issue of migrants is divisive but building bridges to the right by agreeing to defend what is important to them economically creates the space to address the divisions in the working class. And of course they must not let the sclerotic and incestuous Democratic Party paralyze the movement by co-opting it.

The backlash is gaining momentum. The US is not yet a failed state where Trump and Musk can run riot. And this backlash will intensify as the economy enters recession as it surely will. This is made quite clear in my analysis above. Once it is realised that Trump and Musk are politically isolated and discredited, that even the oligarchs now consider them a political embarrassment, then all I can say is Donald Duck.

It was my purpose at the time Trump was elected to raise the slogan, *Don't Despair, Prepare*. I predicted that Trump's honeymoon would be brief due to his shotgun marriage with the truth. With each day this is becoming clearer. History is moving too fast to tolerate fools like Musk and Trump.

### **The geopolitical situation.**

Trump may lay claim to the title: *Best Negotiator in the World*, but honestly foreign policy under Trump gives even amateurs a bad name. Its like the dude pissing off his wife, his children, his extended family and his in-laws all at the same time while trying to take sole possession of his house in order to redecorate it. Surely the first thing they teach you in Diplomatic School is to consult with your allies before you engage with your enemy. The US, Europe and Ukraine have been locked in a war with Russia backstopped by China. Now, when you want to negotiate an end to the war you do not estrange Europe nor insult Zelensky beforehand.

To do so is not only incompetent but its actually bizarre. However, this is what Trump has done, and he has been forced to do so, because in the run up to winning the election he promised to make peace in Ukraine within twenty four hours of assuming office. And the one thing Trump does not like doing is to disappoint until he cant help but disappoint. At the time he said he would get Zelensky in a room with Putin, instead Zelensky was not only excluded from the negotiations in Riyadh, not only indirectly blamed for the war and continuing it, but ordered to hand over Ukraine's riches to reimburse the US for its support. Trump gives new meaning to the immortal words of [Kissinger](#): *"It may be dangerous to be America's enemy, but to be America's friend is fatal."*

Zelensky must be a bitter man, but he deserves this and more. Trump may blame Biden for the price of eggs, but he does not have the eggs to admit that the US was to blame for the war under Biden. We

remember the then British [Prime Minister Johnson](#) being sent by the US, UK and the EU to Kyiv to scupper the *Istanbul Accords* in 2022 after the Ukraine and Russia had agreed 90% of the *Accords*. Truly, Johnson, that jovial buffoon, has the blood of over one million lives on his hands. The US has bled Ukraine white, then abandoned it, not because Trump is pally with Putin, but because the war is lost and unsalvageable and therefore that Zelensky has lost his purpose.

Yes, the US who itself has been bled and humbled by this defeat would like to do revert back to form which is to cut and run. Especially now that Trump wants to focus on China. But the Ukraine is not Afghanistan and Putin is not the Taliban.

The Saudi talks were initiated by the US. The EU with its intransigent position on the war, would not have been welcomed by the Russians to these negotiations. But this is not the point. Trump should have sat down with his European allies to convince them that negotiating a peace settlement was the way forward, and the fact that he has not done so speaks volumes about his sincerity to end the war. After all, the combined weight of the US and EU would have been more persuasive than the US on its own. By not doing so Trump provided the EU with the political space to pursue the war.

Nothing was decided in Saudi Arabia except to have further talks and to set up the diplomatic mechanism for such talks. The best analysis I have come across is by the Journalist John Elmer enriched by the wealth of experience he has gained working in both Washington and Moscow. The interview can be found [here](#). As he said the Russians view the negotiations as Kasha which is the Russian word not for clownish but porridge, a mess which I would like to add is best eaten with chopsticks. However it is in Moscow's interest to keep the talks goings and to play for time as they advance across the battlefield which they continue to do, helped by Trump demoralising the Ukrainian army with his egotistic grandstanding. It is no accident that the Russian army has just invaded the Sumy region of Ukraine to trap thousands of Ukrainian troops who invaded Russia itself.

The key question is, assuming the Yanks withdraw from the war, are the Europeans and the EU up to continuing the war without the US backstopping them. On the face this appears to be so given the chest thumping by Macron, Scholtz and Starmer - the Brothers Grim or Three Piggy's - take your pick. However in the world of realpolitik there are three good reasons why this is unlikely to happen. Firstly, they are all unpopular and politically vulnerable. Secondly, during a period of want, support for an expensive war is fading fast amongst the population. Finally, there has been a shift in the purpose of the war.

The final point needs elaborating. The EU were willing to ally themselves with the US over Ukraine knowing it would involve short term pain in pursuit of a longer term gain, deflecting the forthcoming crescendo of Chinese competition. If Russia fell and China was surrounded, the US and the EU could dictate terms to China such as taking stakes in or merging with leading Chinese manufacturers. The Europeans knew they could manage US economic competition, they knew Chinese competition would be unmanageable. Under Biden their alliance with the US, despite the energy travails, was tolerable as the Biden Administration showed a modicum of respect towards Brussels. This all has ended with Trump who by seeking to make America Great is quite willing to make Europe Break.



Trump's ham-fisted policy of unintended consequences is forcing Europe to reconsider its role in the world, politically economically and militarily. It is something I predicted was inevitable. The EU has only one future, to carve a more neutral road between China and the US. This requires a more unified EU, involving more industrial and financial consolidation, stronger and more substantial EU institutions funded by more common taxation, and with EU goals supplanting national goals. Such a road necessitates a rapprochement with Russia, not in order to isolate China, but to economically rehabilitate Europe.

Such a road will not be easy. Europe with Britain in the lead were instrumental in isolating Russia. It was Britain with its alleged Russian assassinations in Britain, the Novichok farce, the *white hats* false flags in Syria and of course MI6's pivotal role in setting up *Russagate* with the purpose of derailing Trump's efforts to draw in Russia in order to isolate China. In many ways the success of *Russagate* will be seen as one of the major debacles in US military history which cemented Russo/Sino ties, which bought time for China, and which put the US on the back foot.

And of course there is the new European wide lie replacing the old lie, namely, that once Russia is finished with its 'unprovoked' war in the Ukraine it will be emboldened to invade Europe. The *Russians are Coming* has always been the bogey man, now on steroids. This said, it is more in the interest of Europe than the US to reach out to Russia. In the case of the US as has been said, it is tactical, but in the case of Europe it is economic. And this has many facets. In the first place it makes economic sense, energy being one of them, and in the second, Europe cannot afford a build up of arms against a spurious threat, despite Trump urging them to take up more of the military slack.

Should there be a rapprochement with Russia this will of course terminate NATO which will be replaced with a new regional military structure based on mutual respect for each other's respective security needs. So what began as an attempt to expand NATO into Ukraine, could very well end with NATO itself collapsing. The alternative is that behind the scenes, the US expects a division of labour with Europe focussing on Russia militarily while the US focuses militarily on China. Should the Europeans concede to this, NATO will remain, and military spending will increase.

However, should the EU continue to adopt the second alternative it means its neutrality will be blocked. It will be economically ruinous, and it will prevent the EU playing off China against the US. Two things suggest the EU will ultimately adopt the first alternative. Firstly, Trump's singular goal in sacrificing Zelensky and the Ukraine is to wean Russia from China. More a case of carrots rather than sticks. In Moscow there are undoubtedly willing ears to this overture some of them racist in outlook towards the Chinese. But whereas Trump may have been able to achieve this in his first term, that boat has now sailed. The economic attraction of China far outweighs that of the USA, the ties have been cemented, and Putin has been subjected to too many Western betrayals. Despite these setbacks, Trump's overtures to Russia will continue to undermine European Russophobia.

Secondly, the political terrain is shifting in Europe itself. In France and Germany the shift away from the neo-con dominated centre towards the right has been accompanied by a reconsideration of their attitude to Russia. This has been influenced by their aversion to all the money needed at home being spent on the Ukraine. It is one reason for their popularity. The exception being the Reform Party here in Britain with its



close ties to Trump's MAGA movement. Should the European ruling classes decide to shift their position on Russia, they could use these right wing parties as the cover needed to do so.

Trump will fail to wean Russia away from China, which will present Europe with a monumental decision; to choose between its future self-interest or the past structural and cultural ties which bind them to the USA. All of this is still in the balance, but by degrees economic self-interest is making itself felt especially as Europe descends into an economic slump.

In the Middle East, Trump's grand plans are not so much a promised Riviera, but ruined expectations. His plan to ethically cleanse Gaza to replace it with an expatriate golf course with plenty of bunkers, was a step too far. For the first time this callous and cruel proposal managed to unite the Muslim world in opposition to the USA. Add in an exhausted and demoralised Israeli Offence Force and the idea has not only been dropped but the 'ceasefire agreement' in Gaza stands. Let's elaborate on this. It is not only a question of keeping Netanyahu in office, but of preventing the Arab regimes from being toppled from power and replaced by more radical regimes. Many of these governments are hanging on by a thread in the face of vocal mass opposition by their populaces to both Israel and the USA. To salvage this crisis Egyptian and Jordanian Generals have even been making bellicose statements against Israel including threats to invade Tel Aviv. Zionism is on its knees and even Trump now recognises he is no longer the grandmaster in the region.

### **The fraught budget.**

We are back with the best show in town or is it a circus filled with contortionists bending themselves into impossible shapes to pass through smaller and smaller spending hoops. Congress trying to pass the 2025 spending bill in Washington D.C. Congress has set itself two guide rails - \$4.5 trillion in tax cuts and an absolute limit to the rise in the budget ceiling of \$4 trillion (equal to the nominal growth of the economy over 30 months). Without cutting services for tens of millions of North Americans to make space for these tax cuts, this is mission impossible. Trump has evidenced this. On Wednesday evening during his interview on Fox News he said he would protect Medicaid and Social Security. Having slept on this and realising his pledge was impossible he then tweeted that cuts could indeed be made to Medicaid and Social Security.

Politically this spending bill is the most important budget in recent history. It could make or break the presidency and with it the Republican Party. The discord in the Republican Party is between those Senators and Members of the House who understand they will be guillotined when their voters discover the impact of these cuts and the fiscal hawks or should we say dorks, who are ideologically driven ignoring the reality on the ground.

Tax cuts have ruined the country and set it on edge. The insatiable oligarchs have sucked the life out of society. And yet the Republican Party is intent on more of the same. They have misread the mood of the country. Congress and the President are stirring up a storm that could upend them. You can fool people into voting for you, but you can no longer fool them when they lose their benefits, their access to healthcare, to education and to jobs. Seeing is deceiving but experiencing is believing, that is the new motto for the smartphone social media age. The Capitalists may reject dialectics, but dialectics takes no prisoners. Things turn into their opposite, submission into rebellion, when catalysed by greed.

## Conclusion.

A failing empire is like a wounded beast, at its most dangerous. To apply a Donald Rumsfeld'ism to Donald Trump. Its *known* what Trump will do but what is *unknown* is what Trump will do when he *knows* can't do what he wants to do. Trump is unpredictable and mentally unstable. Meaning there will be two stages to his time in office, each of which will ratchet up his response and pose specific challenges to the US Imperial class as they tried to calm and hide his tantrums.

The first we are passing through, and that is the period of exposé where Trump's true intentions at home are being revealed. Not to make *America Greater* but to subject workers to the Budget *Grater* by shredding the jobs, services and protections they depend on. This represents the Faultline of the Populist, which is why I have always described them as sparklers who burn brightly, furiously only to go out as their deceptive plans are exposed and shown to be unworkable and menacing. As a result opposition is emerging in its different forms from the streets through court rooms to board rooms against the Trump rampage. It is blossoming and becoming more organised. The period of shock after the election is over and it will be interesting to see what force Trump musters to selectively quash protests. That will be the second stage, and it is too early to see whether Trump will prevail and if not how his behaviour will deteriorate. Much of this depends on the trajectory of the economy, every lurch down will undermine Trump weakening his presidency.

In terms of foreign affairs Trump has been knocked back in the Middle East (now Western Asia). In time he will be knocked back in the Ukraine where Russia holds all the cards. And he will meet his match with China which is no longer intimidated by the USA having prepared over the years economically and militarily for going nose to nose with the USA. In this regard [this interesting podcast](#) analyses the damage being done to US corporations as compared to Chinese corporations in a report issued by the FED. As time goes by the damage is likely to increase on the US side and decrease on the Chinese.

Trump is an empty barrel resonating with noise and fury but without substance. Will he simmer down or blow up? Time will tell, but because the movement is Trump, and because all the Republican bigwigs are hanging onto his coat tails, restraining him will be difficult. Trump is likely to be the most extraordinary US president in modern time eclipsing Nixon by a wide margin and his term will be the most tumultuous.

It is impossible as yet to convincingly say one way or the other whether Trump will be able to consolidate and enforce his rule by decree. What can be said with more certainty is that anyone who leads an imploding empire is bound to fall and fail. His very success, should he prevail, could end up being his downfall, as he makes the desperates who put him in office even more desperate, stoking the fires of revolution. The oligarchs should beware their arrogance, they will learn that to rule they must win all the time not some of the time, especially during the most difficult of times, and that time is now upon them.

Brian Green, 20<sup>th</sup> February 2025.