Funding the Future

Beyond the euphoria, the USA still needs a real alterna...

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I know one or two of the references in this morning's video may already look a little dated. I recorded it yesterday morning, before I set off for my interview with Aaron Bastani yesterday afternoon. Inevitably, things changed after the recording. In particular, financial markets caught the wave of euphoria sweeping America and, as a result, stock market prices rose slightly by the end of the day, while oil prices on international markets fell massively, and inexplicably, to $95 a barrel.

This makes the inevitable problem of having to make videos in advance of publication apparent, particularly when other commitments prevent them from being recorded later in the day. I do not, however, think the video's core message is wrong as a result. In fact, I now feel even more strongly that while the wave of excitement at having told Trump where he can get off was entirely justified, the problems I see in US politics and its economy are just as real as they were on Tuesday.

For now, the problem is that for the next two years there will, in fact, be a stalemate in US politics: whatever the Democrats in the House want to do will be vetoed by Trump, and whatever he wants to do will be vetoed by the Democrats' control of the budget.

This is not to say that the Democrats have no power in this relationship. It is very clear that the Vietnam War did, for example, come to an end because Republican presidents were denied the funding they needed to continue pursuing it in the 1970s by a Democrat-controlled House. The possibility of this being repeated with regard to the war against Iran must exist.

However, if anything like this is to happen, the Democrats have to get their act together, or they will find, just as Labour in the UK has, that being opposed to the rule of a toxic right-wing government is not enough to sustain them.

Starmer swept to power here in 2024 simply because he was not a Tory. That is why so many Democrats have been elected in the USA at this moment. They are simply not Republicans. Getting elected is, however, only part of the story in politics. The much bigger part is knowing what to do once you are in office.

As we know, Labour had not a clue about that in 2024, and in 2026 I am not convinced that, despite a change of leader, it has very much more idea about why it is in government.

The problem is at least as acute with the Democrats. They, like Labour, have massive ideological splits within their party on what might be called a left/right axis but which might more appropriately be considered a corporate/socially orientated split, with another fault line being built around Israel.

It could be argued that the Democrats have a policy of a lower cost of living for US citizens, the provision of stronger public services and restraints on Trump's power. Those were sufficient to provide a united front for the purposes of these midterm elections.

That was assisted by many of these policies representing the maintenance of previous Democrat promises, such as Obamacare and associated support for Medicaid and Medicare, as well as support for affordable childcare, paid family leave and housing construction.

There is also obvious support for rolling back Trump's tariffs, although this is not straightforward, investigating corruption and limiting military intervention outside the USA.

These, however, are not a platform for change. They are about supporting baseline denominators of acceptability. Change requires agreement on much bigger issues.

For example, economic policy is always key to any political party's programme. Here corporate Democrats maintain pure neoliberal policies, including an emphasis on competition, private investment and fewer regulatory barriers, whilst the increasingly important left-wing elements within the party favour greater public investment, stronger corporate regulation, expanded workers' rights, significantly increased progressivity within US taxation, including support for wealth taxes, and measures to tackle profit gouging. The scope for the Democrats to fall out with themselves over these issues is enormous.

They might do the same on healthcare, which is so important to Americans. Corporate Democrats will support existing insurance arrangements. Progressive Democrats are demanding Medicare for All, which would provide universal coverage, and corporate interests will oppose this.

Issues around energy and climate are also a fault line, and this touches on much of the concern within the party around AI. Corporate Democrats do not want regulation and believe in market solutions. The left of the party places a much greater emphasis upon a Green New Deal, where much of their thinking is still based upon ideas that I helped create more than 15 years ago here in the UK.

To put it plainly, it is clear that the Democrats have no more sense of narrative to underpin a common message as to their purpose than Labour does here.

This is the real issue of the moment. Everywhere, people know they have had enough of politics as it is. That feeling is most prevalent amongst young people. That is unsurprising. They can see the legacy that right-wing parties want to leave to them and are rightly frightened (I use the word advisedly) of the prospect that represents. However, in two-party-dominated politics, which remains the only real option in the USA, even if things might be changing in the UK, corporate power ensures that the choices people want are denied to them at the ballot box and in the corridors of power.

Europe has seen this and is, quite literally, revolting. Surprisingly, that has not yet been replicated in the UK and USA, where the problems might be even more extreme because our democracies are, in some ways, completely unreasonable, being based on first-past-the-post. That, however, is a situation that cannot last.

The maintenance of a status quo that is deeply corrosive to the interests of most people, and which leaves them on or below the boundaries of poverty, is not sustainable. The centre cannot hold in this situation. Something will have to change.

And that is precisely my point about these midterms. They have created short-term euphoria, but the Democrats are not yet presenting any long-term solutions for the USA, just as Labour has none to offer the UK.

It still remains the case that we need a better song to sing. We are lacking a narrative for change. We also need politicians who understand the power that they have within the economy, which MMT explains, and who have the courage to govern, which, if only they were freed from the toxic yoke of neoliberalism, they might regain.

Trump might have been rebuffed, but the problems for the USA are not over yet.

Nor are they for the UK.

Until we have governments made up of people who understand they have been put in power to exercise it on behalf of the majority of the people they represent, those problems will not go away. That is the goal that we have to achieve.