

ORWELL, TRUMP, MUSK AND 'THE NEW WORLD'

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Kenneth Fisher, a famous investor and author of finance books, was among the first to tackle the concept of 'market narratives' in depth, albeit with a practical approach. In his book *Market Never Forget (But People Do)*¹, the American billionaire financier emphasises the importance of the perceptions and stories that investors tell themselves to justify their decisions. However, it was Robert Shiller, Nobel laureate in economics, who formalised the topic, clearing it through the university classroom, with his work *How Stories Go Viral and Drive Major Economic Events*², in which he explores how narratives influence economic events and why financial crises can spread like viral epidemics. Shiller argues that studying popular stories that influence individual and collective economic behaviour,

"narrative economics", can significantly improve our ability to predict and anticipate. More difficult, and certainly less scientific, is to find and interpret the link between great literature, which uses narrative to penetrate changes in the human soul and society, and structural transformations in politics and economics. But it is an effort that can help to mark out some reference points to orient us in today's rapidly changing reality.

The 1980s were powerfully influenced by US President Ronald Reagan (elected in 1980 and then in 1984) and British Prime Minister Margaret Thatcher (1979 to 1990). Both helped to break the exasperation of a Keynesian economy blocked by the strings of the state (strong because it was still heir to the centralisation of the wartime economy)

¹ Ken Fisher e Lara Hoffmans, *Market Never Forget, But People Do: How Your Memory Is Costing You Money – and Why This Time Isn't Different*, John Wiley & Sons, Inc., November 2011, 240 p.

² Robert J. Shiller, *Narrative Economics: How Stories Go Viral and Drive Major Economic Events*, Princeton University Press, October 2019. 378 p.

and the trade unions which, with an eye on the Soviet model, aimed at a redistribution of wealth in favour of the workers, the working class. The two conservative politicians, on both sides of the Atlantic, were promoting a liberal, not to say “liberalist”, economy. It was a matter of breaking with one paradigm to embrace another capable of putting the freedoms of the individual back at the centre of the debate and, with this model, challenging the Soviet Union economically, but also culturally and politically.

George Orwell's dystopian book, *1984*³, by a coincidence of content and dates (the text is from 1948; the title, 1984, is perhaps the inversion of the last two figures), contributed to the establishment of a new narrative with its re-edition in 1984. It is one of the most influential novels of the 20th century, considered to be a sharp critique against totalitarian dictatorships and the suppression of freedoms. The book describes a world dominated by an authoritarian regime, the Party, which controls every aspect of citizens' lives through propaganda, surveillance and repression (Big Brother). Although Orwell,

a democratic socialist, did not explicitly refer to the Soviet Union, many features of the novel were clearly inspired by Stalin's totalitarianism, as well as fascism and other forms of authoritarianism. It did, however, become a staple of Ronald Reagan's and Margaret Thatcher's Western fiction to highlight the dangers of communism and centralisation, although its message goes further: it is a universal warning against all forms of authoritarian power. Orwell's *1984* played a central role in reinforcing the narrative of freedom in the last century, helping to discredit the Soviet Union until its capitulation in 1991. The power of the free market and the United States, which promoted it, found powerful ideological support in the narrative of the powerful novel in parallel with the establishment of the liberalist approach in economics.

But over time, the world of the Cold War victors, the United States, by deregulating financial flows, gave China the opportunity to become a great planetary power and Germany the opportunity to exasperate an economy based on exports and offshoring. The imbalances of this new world,

³ George Orwell, *1984*, Arnoldo Mondadori, Verona-Milano, 1950, 328 p.

supported by American consumers, have impoverished a significant portion of Western workers, as well as manufacturing capacity that has shifted to China and countries with lower production costs. Meanwhile, Putin's Russia managed to divert some of the financial flows from the gas, oil and raw materials trade to its state and military apparatus, even as some of this wealth flowed back to the West thanks to its wealthy oligarchs. The narrative of happy globalisation was powerful precisely because of the long gestation and cultural contamination that nurtured it. Low and even negative rates created the illusion that the transition to a new green, decarbonised economy could in fact be financed for free (debt did not cost money). The complaints of an increasingly significant section of the public were snubbed by the political and economic elites on both sides of the Atlantic. Convinced they were in the right, they did not care about the rising malaise and did not understand the desire for change.

But on 8 November 2016, an unexpected candidate from outside the Washington power system, Donald Trump, became the 45. President of the United States. This

was a real surprise that caught the world unprepared. Even the new occupant of the White House was unprepared for the great responsibility that a large segment of the American people had assigned him. Boycotted by the establishment, and by his character, Trump often had to make do with unlikely ministers and advisers. But Wall Street had greeted him with some favour because his promise to cut taxes boosted corporate profits. Then, however, the constant changes in his government, with the risk of instability, and the exasperated trade challenge to China, had repeatedly worried the mood of American big finance. The egocentric and centralising character of the president, disrespectful of the rules of the democratic balances of the US system, prompted voters, at the end of the first term, to prefer what could then be considered as the safe second-hand, Democrat Joe Biden.

Obama's former vice-president had managed to recover the Orwellian narrative that identified Trump as a dangerous despot who did not even accept the defeat decreed by the American people. On November 5th, Trump's re-election was only partly a new surprise. The contradictions of the Biden

administration emerged during his tenure, making the narrative that had brought him to the head of the world's first democracy less than fluid. To the idea of a liberal economy, Biden replaced that of centralised management in his administration by reverting to a form of war economy determined by the conflict in Ukraine, the challenge to Russia and, above all, to China. The tariffs that Trump had introduced for imports from Beijing remained. State indebtedness has exploded with budget deficits of around 7% in the last two years. While inflation has reached extreme peaks, taking purchasing power away from the less fortunate classes. It is true that this, thanks in part to Powell's Federal Reserve, has returned to lower levels. But previous increases have remained, and easier wage claims have only partially supported the spending power of the less affluent. Joe Biden's health should have prompted him to prepare his successor much earlier. Kamala Harris appeared a forced solution who was certainly not prepared for such a complex campaign.

This time Wall Street clearly chose Donald Trump. The US stock market even anticipated the election and then rewarded

it. The Trump trade, after the solid confirmation on November 5th, was overwhelming. The Dow Jones gained 3.57%, marking the best post-election performance in over a century, while the Nasdaq rose 2.95%. And this happened against the backdrop of a positive trend that has dragged on by 17% since the August lows. This was a great satisfaction for those who managed to seize the moment, sensing that the markets had already decided to abandon the complicated comfort of the familiar, tried-and-tested Democratic president and embrace a new narrative in the making.

Donald Trump has succeeded in repositioning the terms of the 1984 narrative. The idea of freedom has become libertarian. The danger of centralising strongmen has been replaced by a pacifying rhetoric in which power is the expression of economic and, above all, technological power. America First (Trump) is the motto of a country that is not afraid to declare openly that it intends to look after its own interests first and foremost. America is Back (Biden), on the other hand, was the expression of the will to impose a pax Americana centred on the idea of possessing the best political

system in the world to which everyone must conform. In the four years of his campaign preparation, Trump, a non-intellectual who favours instinct⁴, sensed the technological transformation taking place and how much the United States already has an unchallenged leading position in this field. It is no coincidence that the future occupant of the White House has added a new character to his narrative, Elon Musk, who, in addition to his egocentricity, in which he is reflected, represents the libertarian genius that has driven the technological revolution that in 2024 will be revealed in the affirmation of artificial intelligence.

This evolution of Trumpism has predisposed Wall Street and part of the establishment to give credence to the new presidential bet. Proof of this is the appreciation for the appointments of his government team, at least for the most decisive ones, such as that of Scott Bessent, candidate for Treasury Secretary, billionaire manager of a global macro fund and profound connoisseur of market mechanisms.

The new narrative tells of a president who will be able to rebalance international trade in the interests of the United States, using the sword of Damocles of tariffs, which both enemies and allies will have to pay. This may cause inflation. But the markets are convinced that the rationalisation of government spending, entrusted to Elon Musk, and the continued supply of US oil and gas (*drill baby, drill!*) will curb rising prices and increase growth, driven by the productivity of new technologies. It is no coincidence that gold, at least in the short term, has consolidated, supplanted by Bitcoin.

It is possible that this is a fairy tale that will soon show all its limits. But liquidity continues to flow towards Wall Street and the US dollar, while Europe flounders with the euro. Even the Indian miracle has to reckon with a new economic complexity that is already reaping its victims (Adani). China is only marginally trying to revive its economy by helping the most existential part of the property market. Trump, with the threat of duties, wants to revise the terms of relations between the two

⁴ Bob Woodward, *War, Al centro dei conflitti, al centro del potere*, Solferino, Trebaseleghe, Grafica Veneta, 2024, p. 17.

superpowers. The rebalancing would pass through the creation of a true Chinese internal market, which in order to exist needs a pension system that frees up savings. Europe, for its part, with the authoritative endorsement of the President of the European Central Bank, is condemned to buy American. It must overcome its internal divisions because there will be no support from Washington for its integration process. Wars are not in the commercial interest of Trumpism. The opening that may be created by a possible freeze on the war in Ukraine would help the Old Continent.

The global picture is complex. But there is a strong new narrative to support it that has yet to find its Orwell, but which is so reminiscent of The dystopian *Brave New World* described by Aldous Huxley⁵ in 1932, where technology frees the individual, even from himself. The world stock exchanges will carefully follow the coherence of the narrative. It will take time to grasp its contradictions. Financial assets, with Wall Street at the centre, will continue their climb buoyed by the general decline in interest rates. There will be no

shortage of correction phases driven by fears of inflation rearing its head. It will be the strength of the narrative embraced by Wall Street at the dawn of the new presidency that will sustain financial assets, in the US and in those countries that are best able to negotiate with Donald Trump, perhaps for a good part of next year.

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⁵ Aldous Huxley, *Il mondo nuovo*, Medusa, Arnoldo Mondadori, 1933, 284 p.