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Win or lose, economic Trumpism looks here to stay on Capitol Hill

Ryan Bourne

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Three weeks ago, the likely new president Joe Biden was confronted with an uncomfortable fact while campaigning. As many as 56pc of US voters told a Gallup survey they were financially better off since Donald Trump was elected in 2016.

Asked by a Cincinnati, Ohio, radio station why these people should vote for Biden rather than Trump, Biden, surprised at the statistic, said, “Well, if they think that, they probably shouldn’t.”

In Ohio, they didn’t. And though the presidential race now seems likely to result in Biden winning, exit polls showing “the economy” as the most commonly cited “most important issue” for voters (Covid-19 was third) made clear that the predicted Democratic landslide wasn’t on the cards.

Despite the pandemic hitting the US economy hard, surveys of voters in all key battleground states suggested they preferred Trump to Biden on “management of the economy”.

Commentators and voters overplay how much presidents determine economic outcomes. But, whatever degree of causality you presume, Trump’s unique mix of domestic economic liberalisation (tax cuts and targeted deregulation), coupled with external protectionism (on both trade and immigration), had coincided with a strong US economy before Covid-19 hit.

Unemployment had fallen to just 3.5pc. Household incomes were surging in 2019. It seems Trump’s personal conduct and poor handling of coronavirus ultimately condemned his presidency. American voters held a collectively nuanced view on how much blame could be ascribed to the president on the pandemic, which is unsurprising in a country where so much public health power lies with states.

But on the margin it seems clear that, absent the virus, the president would have had a far stronger chance of victory. Even with it, more voters plumped for Trump than expected.

This poll-defying performance, coupled with a strong likelihood that Republicans will still, ultimately, hold the Senate, has important political and economic policy implications.

First, Joe Biden has no clear electoral mandate for his very ambitious economic programme. Barack Obama’s former vice president proposed reversing most of Trump’s tax-cutting agenda.

Biden wanted to shift US energy policy towards quite aggressive decarbonisation; and sought vast new regulation of the US labour market too – including a \$15 (£11.50) minimum wage, extensive empowerment of trade unions for pay bargaining, and stringent regulations that would have strangled the gig economy. Most of this now looks dead in the water.

Yes, Biden can use his executive power to reverse the sharpest edges of president Trump's inhumane immigration policy and destructive tariff war with China. Biden's executive can affect regulations and will pursue antitrust actions against Big Tech. But getting anything significant done on the main Democratic domestic priorities will be tough, given the likely constraints from Congress.

The last time a Democratic president was elected for a first term without control of both houses of Congress was 1884. Yet that is a strong possibility for Biden. With Republicans gaining seats in the House of Representatives and likely retaining control of the Senate, he can forget his own Green New Deal.

What he will likely face instead is a great deal of gridlock. This will insulate Trump's more traditionally conservative achievements, probably preventing Biden's ambitions for a significant hike in the corporate tax rate and extensive green industrial policy.

That check on a Democratic president will affect Covid-19 policymaking too. Biden will have to broker deals with Republicans to complete rounds of pandemic spending.

The GOP (correctly) insists that future spending packages provide targeted funds for medical innovation and support for businesses shuttered or adapting to the virus, rather than showering relief everywhere, as Democrats have proposed.

Biden will have to row back on his ambitions. But if the likely electoral outcome helps protect conservative victories on domestic economics, the absence of a blowout Democratic victory means the populist elements of Trump's economic platform have not been completely repudiated either.

Already, major Republican politicians are engaged in a snap psephology that holds that their surprising strength in this election, despite the pandemic, proves the virtues of Trump's more nationalistic tendencies and appeal as defender of the "working man".

That as yet unevidenced analysis is convenient for politicians who want this change in direction for the party.

In Florida, remember, Republican strength suggests that Democrats' dalliance with socialists such as Bernie Sanders turned off Cuban American voters averse to that ideology, rather than indicating support for Trump's anti-globalism.

But certainly, the idea that economic populism had widespread appeal is the script that one wing of the GOP, including Missouri senator Josh Hawley, is already writing.

The narrative these "national conservatives" have been crafting for months is that the Republicans have for too long been too much in thrall to free market libertarians on global trade and the movement of people. They see the party's future as building further on Trump's protectionism with new industrial strategies, buying American provisions, and the reshoring of American jobs.

Trump's success relative to the arbitrary standard of pre-election polling then is likely to embolden a vocal caucus of GOP legislators at ease with budget deficits, controls on trade and investment, and wanting to slash rates of immigration (even, bafflingly, for high-skilled workers).

As after any electoral defeat, there will be an ideological power struggle among Republicans over this, with resistance among party officials, rival politicians, and supporters, to becoming a nationalist working class party.

Yet it's difficult not to conclude that, even with Trump seemingly defeated, economic Trumpism will continue to permeate much of the new US Right.

The populist, in other words, looks to have proven not popular enough to win. But there are plenty of torchbearers who think similar ideas, packaged with a more human face, are the way forward for America.

Ryan Bourne holds the R Evan Scharf chair for the public understanding of economics at the Cato Institute