

A British overspill from America's result. Why the debate on the right over economics will now intensify.

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Donald Trump loyalists might not yet admit it, but their man was defeated handily in the U.S. Presidential election. A post-mortem will soon be undertaken within the Republican party, and with it a debate that has been bubbling since his primary victory in 2016 on both sides of the Atlantic: what economics should conservatives champion?

Ideally, that debate would be about what policies actually work to improve our lives or liberties. But winning elections is politicians' *raison d'être*. So it's little surprise that those representing major strands of Republican economic thought have conflicting economic narratives of the results already as to what is electorally desirable, a division made somewhat easier by the fact that "Trumpism" blended free-market policies with protectionism and interventionism, in turn offering something for everyone.

Free-market Republicans' story goes like this: tax cuts and deregulation delivered by a Republican Senate and Presidency delivered robust pre-pandemic economic growth, low unemployment, and rising household incomes. So strong was that economy before Covid-19, that even after a deep pandemic-induced recession, 56 percent of surveyed voters nationwide said their family was still better off financially after four years of The Donald in the White House. Tellingly, Trump led Joe Biden in every battleground state on who voters trusted most to "manage" the economy.

Combine that evidence with the party's unexpected electoral resilience in the Senate, and huge pick up of Cuban-American and Mexican-American votes in Florida and Texas, and it's easy to conclude, as former Presidential candidate Mitt Romney has, that more free-market Republican economic policies are not unpopular.

In fact, polls suggest voters balked at the socialist ideas aired in the Democratic primary, and were wary of even Joe Biden's quite ambitious progressive agenda, particularly on decarbonisation. What lost Trump the election was, in this view, not his domestic economic policies then, but his personal conduct, handling of Covid-19, and, possibly, even downsides of his trade wars, the most obvious consequences of which were government welfare for Americans farmers and manufacturers struggling with inflated input costs.

The "national conservative" counter-blast provided by, for example, Samuel Hammond in the Guardian, says the exact opposite. The last two elections supposedly show the party's future is to reach into working-class communities of all ethnicities. This opportunity, in part, came

about from Trump's willingness to challenge traditional Republican views on free trade and industrial policy, giving him a hearing with voters suffering the effects of market-led deindustrialisation. The party should build on that to become a true "workers' party" by embracing a more interventionist about market and manufacturing agenda, according to the Missouri and Florida senators, Josh Hawley and Marco Rubio.

This interpretation even posits that Republicans may have failed to win the Presidency because they did not sufficiently embrace the "good government can do" (to use a Theresa May phrase.) Hammond postulates, for example, that Biden was able to pick up white working-class votes in the Rust Belt by going further on nationalistic "Buy American" agendas and tax incentives for re-shoring manufacturing jobs than Republicans would ever opt for. A more serious policy agenda and a compassionate Republican frontman could therefore build a whole new electoral coalition on this type of platform that Trump opened the door to, if only the Republicans could move on from Reaganism and their commitment to free market ideas.

Now, on the facts, I (perhaps unsurprisingly) find the first narrative more compelling. Exit polling shows that, contra the national conservative view, Republican support still skewed towards those on higher incomes, not lower. If preferences for a more interventionist agenda, as opposed to, say, the culture war or Donald Trump's personality, are the dominant explanation of vote patterns, it's difficult to square that with Republican Senate candidates, most of whom are more free market on economics than Trump, outperforming the current President. Of course, in reality voters don't vote according to policy preferences, so a monocausal link between economics and electoral outcomes is dodgy ground on both sides.

But at heart here is a debate that we've heard plenty of in the UK: how far does the political realignment we are seeing necessitate a change in conservatives' economic ideas? The new "national conservatives" in the U.S. and modern "One Nation" Tories in the UK, such as Nick Timothy, want to throw-off any libertarian influence with the latter even thinking the 2017 Tory manifesto an appropriate place to caricature the "libertarian right," as if voters would read that document and take that signal as a cue to shift their vote.

Two things have frustrated me about these intra-conservative debates to date. The first is that the anti-market conservatives appear to just assume that the left is correct and that economic policy is class-based: that policies that are pro-the interests of the working class must necessarily be more interventionist than conservatives have previously considered acceptable.

I've written before about why that is not true and how market-led policies could deliver pro-poor outcomes. The U.S. results also show that the assumption is a sham in electoral terms: working class minorities in the south were frightened of Democratic industrial strategies when it meant cheap energy was set to be sacrificed and vast new regulation of a structurally sound labour market were proposed.

But my second frustration is deeper. Thus far thinkers such as Timothy and others in the U.S. have written extensively on why conservatives should move on from free market ideas in the abstract. They document social and economic phenomena that have moved in the wrong

direction in the past three to four decades, and then link these to the Thatcher-Reagan revolutions and supposed commitments to “market fundamentalism”.

Yet anyone who has followed conservative policy closely since the 1990s would find it laughable to frame recent offerings as being influenced by an unabashed commitment to libertarian ideas. So this narrative is best understood as rolling the pitch for an even more interventionist conservative economics.

What we have had far less off yet is the specifics: what, exactly, do those such as Timothy want from policy instead of what we see today? National conservative thinkers have hid behind the shield of big picture views of what is electorally desirable to win in the Rust Belt or the Red Wall as a substitute for outlining what actually should be done, and providing evidence for why those proposals would in fact work where previous dalliances with industrial planning have failed.

One consequence of this messy Presidential election outcome and its failure to clearly repudiate Trumpism is that those debates will now be crucial in determining the future direction of the Republican party. And stateside narratives have a tendency to be imported into UK politics too.

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