



Trump, Sanders embrace competing versions of economic populism

Calder McHugh

June 17, 2019

The 2020 race is shaping up to be competing visions of economic populism between Senator Bernie Sanders and President Donald Trump.

In a development that experts say is a reflection of the public's increasingly fraught relationship with unfettered free markets, virtually all major Democratic contenders have pushed populist platforms.

Those proposals contrast with — and sometimes emulate — Trump's scattershot form of nationalism. The president's ostensibly business-friendly agenda frequently involves using the levers of government to try and tip the scales in one direction or another.

In embracing a philosophy of "democratic socialism" at George Washington University on June 12, Sanders went after a host of actors, including President Donald Trump, Wall Street, fossil fuels and Amazon (AMZN) — one of the president's favorite corporate punching bags (albeit for different reasons).

Sanders said, "while President Trump and his fellow oligarchs attack us for our support of democratic socialism, they don't really oppose all forms of socialism." He quoted Martin Luther King Jr. by charging the U.S. "has socialism for the rich, rugged individualism for the poor."

A growing body of evidence suggests he might be on to something, especially as segments of the voting public appear more skeptical of capitalism.

Trump's largest political victory in office was likely the massive tax reform, which greased the wheels of a stock market rally. In recent days, though, investors have become exasperated with the effects of Trump's erratic economic policies, which at their core involve an activist federal government.

At various times, Trump has attempted to solve economic insecurity created by his trade wars by doling out billions to farmers affected; has attacked Amazon and car companies that cut jobs or shift production abroad; and has launched a failed attempt to block the AT&T-Time Warner (T) merger.

In some ways, Trump and the Democrats vying to unseat him have captured the post-2008 economic mood, economists say.

“In the immediate wake of the financial crisis a decade ago, the government came to the aid of the big banks, but not to many of the individual homeowners who borrowed from the big banks,” said William Galston, a senior fellow at the Brookings Institution.

Galston sees Sanders’ brand of populism as resonating in the context of the 2008 financial meltdown that triggered the Great Recession.

And according to some observers, there are at least a few notable similarities between Trump and Sanders.

Both are often eager to leverage the government to intervene in sectors of the economy to engineer desired results, though Trump’s economic populism has been largely built around his disdain for trade agreements and taking aim at private companies that undercut his interests.

America’s populist moment?

Trump’s economic activism, and Sanders’ democratic socialism, reflects what a growing chorus of political scientists and historians believe is an American public that’s grappling with exactly how free they want markets to be.

Since the 2008 financial crisis, income inequality—and soaring student debt — have become increasingly hot topics. That has made Americans more attracted to politicians outside the mainstream that they think can solve the underlying problems ailing the world’s largest economy.

Sanders’ approach — which takes aim at billionaires and corporations — is being coopted by other leading Democrats.

Senator Elizabeth Warren (D-MA) has floated slapping significant taxes on companies worth over \$100 million, and is now rising in the polls with a populist agenda of her own.

Meanwhile, Senator Kamala Harris (D-CA) said in January that she wants to eliminate private insurance companies, although she has since walked that promise back somewhat.

While Trump’s policies should contrast sharply with Democrats, the president has been called out by Wall Street analysts for promoting tariffs and restrictive trade policies — actions that are far from typical for a Republican.

Recently, MUFG Union Bank Chief Financial Economist Bank Chris Rupkey lambasted the president’s policies as “looking more like a planned socialist state where governments tell corporations what they can and cannot do. Doesn’t sound like capitalism.”

‘There are overlaps’

It all makes people like Ryan Bourne, a scholar at the libertarian Cato Institute, see parallels between the economic philosophies of Sanders and Trump.

“I do think that there are overlaps between nationalist economics and socialist economics—one is predicated on protecting certain classes and one is predicated on protecting the whole class that is the nation,” Bourne said.

“In certain regards, Trump clearly is an economic populist. I think that manifests itself in the trade war, it manifests itself in his understanding of immigration.” In the run-up to the 2018 midterms, the president referred to himself as a nationalist multiple times.

Sanders’ and Trump’s distinct brands of economic populism speak to their attempts to tap into distinct sides of the American electorate.

Sanders is most popular amongst young, educated Americans, while Trump’s base skews older and working class.

Yet recent movement in the Democratic primary suggests that dueling forms of populism will be put to the test soon, especially as other Democrats move to emulate Sanders.

“I think the sheer scale of the combination of his different proposals may be too much for a general electorate to stomach,” Bourne said.

However, Sanders “certainly [is] tapping into a shift left that’s occurring in the Democratic party, and I think that could be very powerful in the primary campaign.”