

How Trump is drowning out political debate

Ryan Bourne

December 21, 2017

I've been living in Washington now for nearly 12 months and there are still things I just can't get used to. Like using words such as "eggplant," "sneakers" and "soccer". This festive period I've also bemoaned the absence of mince pies and proper Christmas music. I crave a good curry. My unpopular opinion here is that craft beer is mainly awful, and the safe bet is always continental lagers.

On the upside, the accent makes you popular. Steak is cooked how you actually want it, rather than variations of well-done. The restaurant scene is booming. The summers are long and hot. As a classical liberal on media, you need not be apologetic and defensive. And then there's the attitude: Americans are a can-do and social people. For all the recent concerns, America still feels a much more optimistic and entrepreneurial environment.

But what I wasn't prepared for when I arrived was the extent to which Donald Trump's election victory had completely transcended normal politics. Two weeks' after moving here the streets of DC on inauguration day saw smashed-up shop windows and violent protest. While tempers have cooled somewhat since, the sense of bemusement about "What Happened?" as Hillary Clinton might say, is particularly acute in the District, where just 4.1 per cent of registered voters cast their ballot for Trump last year.

Who knows how much more strongly I'd feel if Trump was "my" President and representing my country on the global stage, especially after his ugly inaugural speech? But what is striking, is how for the vast majority writing, involved or just interested in politics since, outlooks appear defined by Trump (even more so than how Brexit dominates in the UK). It feels for many people as if whether you are pro or anti Trump *is* now your politics. Everything he does or says has to be opposed or supported, often in the most hyperbolic way.

This includes legislation he has championed. Take the Republican tax bill, which passed Congress this week. Nancy Pelosi, the House minority Democrat leader actually said of it, "It is the end of the world... The debate on health care is life/death. This is Armageddon." Really? The bill lowers US corporate tax rates to around the OECD average and moves to the international norm of a territorial system, marginally lowers income tax rates, trims some deductions that overwhelmingly benefit the wealthy, and adds somewhat to the national debt (something which the progressives most vociferously opposed to the plan were totally relaxed about until recently). Is this really "Armageddon"?

Yet article after article is written as if this really is the end of the world. Analyses are published in "mainstream" news outlets detailing how the tax plan is an overwhelming sop to the rich or a

“looting” of America. On Monday even Associated Press tweeted: “BREAKING: House passes first rewrite of nation’s tax laws in three decades, providing steep tax cuts for businesses, the wealthy.”

An average worker would suspect from this they would see a tax increase. But in the years where all tax changes are in operation, the biggest proportionate fall in the combined federal income and corporate tax burden (the two taxes being cut) occurs for those on average incomes. The “tax cuts for the rich” claim comes about because many changes are scheduled to expire in order to hit arbitrary deficit targets in 10 years’ time, and analysis chalks up the fall in healthcare subsidies from removing the individual mandate from Obamacare as a tax rise.

Given it is very unlikely that Congress will allow the income tax changes to expire, and it’s unclear why people voluntarily choosing not to enroll in Obamacare should be considered akin to a tax rise, this is highly misleading. But who cares for these truths? Walk around DC and you’ll overhear young people declaring confidently how the tax bill is terrible for them financially. That it is championed by Trump is seemingly good enough reason that it must necessarily be bad for liberals.

The problem is not so much fake news then, as “cherry-picked” motivated reasoning. What comes first is political allegiance. And this is not a one way thing – just see how Republican voters have seemingly turned off free trade over the past two years, or now have more sympathetic dispositions toward Vladimir Putin. This happens in the UK too of course (see how Conservatives are trying to transform themselves right now into uber-environmentalists), but it really does feel as if the election of Trump himself has polarised debate in almost every area, with his views shaping where others will stand.

I might be biased, but this Trump effect on politics makes the role of independent think-tanks such as the Cato Institute all the more important. Since Cato examines issues through a particular philosophical framework, that of classical liberalism, it sets itself an objective lens through which to analyse Trump’s legacy.

Our immigration team has been highly critical of the President’s travel bans and immigration policies and pronouncements, for example. Our trade team has torn to pieces economically-illiterate claims about the impacts of trade deficits. Our foreign policy team has commended Trump when he’s rhetorically opposed nation-building, but been sceptical (to say the least) of his escalation of tensions with North Korea. Our judicial team has praised his Supreme Court pick of Neil Gorsuch.

And we, in the economics department, have analysed the good and bad in the whole tax bill from the perspective of sound economic principles.

Sadly this nuance is missing though from much everyday media debate. Expressing an opinion where you lament Trump’s politicisation of business on the one hand but welcome the administration’s work on restraining the growth of regulation on the other gets lost in the tide of full-blown supporters and full-blown opponents. Trump is the battleground in a culture war.

Politics is tough to predict right now. But it’s difficult to not suspect that the hysterical reaction to everything Trump and the Republicans do – “Armageddon”, “the death of the internet” etc – may well come back to bite their opponents. If the economy keeps ticking along, if tax cuts filter through into people’s pay packets, if the corporate income tax cuts bring in new capital and spurs

investment, and nothing comes of this Russia investigation, how easy will it be to continuously claim that all things Trump will have catastrophic consequences? A credible critique is not built around crying wolf.

And even when Trump does go too far, do not underestimate the clear distinction between the executive and the legislature. It takes some getting used to as a Brit accustomed to an elective dictatorship at home that Congress is packed with professional legislators with real power (for better or worse), and often with a desire to really change things. This has also been in evidence in recent weeks, as individual Senators have had the power to water down or introduce new provisions into the tax bill based on their own interests.

For all Trump's flaws and faults, it is easy to forget that if he strays too far, then Congress need not sign on to his agenda in areas where he cannot take unilateral executive action.

It truly is a fascinating time to be in Washington. You get to see the differences and strengths and weaknesses of different political systems. But for those wrapped up in reporting day-to-day political combat, it's easy to forget that political figures can have a mix of positive and negative legacies too. Trump is such a polarising figure that sometimes this gets lost in debate about policy issues.

Ryan Bourne occupies the R. Evan Scharf Chair for the Public Understanding of Economics at the Cato Institute