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Economic Populism on the Left and Right is poisoning US political discourse

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In a 1964 US Supreme Court case, Justice Potter Stewart famously realised the difficulty of defining hard-core pornography. Conscious of setting an arbitrary threshold for “obscenity”, he admitted defeat, concluding: “Perhaps I could never succeed in intelligibly doing so. But I know it when I see it ...”

Economic populism is similarly hard to define. Yet there is plenty of it around in the US and, whether it be Democrat presidential candidates Elizabeth Warren and Bernie Sanders on the Left or President Donald Trump and Fox News host Tucker Carlson on the Right, we should know it when we see or hear it. The stakes mean it’s too important not to.

Plenty of conventional descriptions of economic populism are inadequate. Often the term is used to signal disapproval of a policy idea – a sort of “neoliberalism” moniker for the age of Trump and Brexit. Left-wing chattering classes believe that both are “populist” movements, and thus anything they do must, by definition, be “populist” too. For these commentators, populism is just another term for demagoguery.

Others wrongly see populism as synonymous with widely popular, but misguided, “common sense” economic ideas, such as “cutting immigration to raise wages”. Its defining feature is supposedly how it ignores or dismisses the knowledge of professional economists, exemplified by Michael Gove’s declaration that “we’ve had enough of experts”. Populism’s opposite, in this view, is technocracy or “expert rule.”

But neither of these definitions get to the heart of trends dominating American politics. Listen to Trump or Warren long enough and clear patterns emerge that trigger your inner economic populism alarm.

Most obvious is the way issues are framed. Populists pitch themselves as true representatives of “the people”, struggling to overcome some “elite” who undermine “the people’s” interest. Populism’s first characteristic is to divide society between a supposed broad interest and an establishment elite quelling it.

Villains and their supposed crimes can differ. For Elizabeth Warren and Bernie Sanders, those rigging the system to our detriment are the rich; mega-corporations; fossil fuel companies; big tech; and pharmaceutical firms. They supposedly buy elections, resist needed welfare programs, rewrite regulations in their interests, stitch up trade deals that undermine workers, rip off consumers and profiteer off our health.

For Trump and Carlson, the nefarious elites instead are the Chinese, the cultural America-loathing Left, useless past negotiators and presidents, international institutions and, again, big tech companies. Their misdeeds? Selling out or ripping off American workers on trade; wanting to flood the country with migrants who hate it; and stamping out conservative voices on social media.

A key feature of populism as a “thin ideology” then is the idea of an elite working against broad majoritarian interests. Populists can disagree on who the “elites” and “the people” they represent are, although it’s remarkable how often they agree that corporate America is an enemy. The opposite of this populism then isn’t elitism, but pluralism – the idea that multiple identities and interests can compete and coexist within a free society.

Economic populism, almost by definition, is therefore anti-market. A healthy market economy is characterised by individual choices, voluntary trades and individuals pursuing their own self-interests. Our wealth comes from bottom-up activity, not top-down decisions. Claiming that a political representative of “the people” knows better how to achieve aggregate goals than a free people erodes any sort of limiting principle on government action. Paradoxically, populism produces demands for new restrictions on transient business “elites” in favour of emboldening another elite, government officials, working in the politician’s name.

But what makes populism doubly dangerous is the way its practitioners imply there are big wins out there for “the people” available at no cost. Populists’ policy programmes claim the elites are denying us something that the self-styled people’s representative can deliver to us. Crucially, and distinctly, they claim they can do so without trade-offs, lost opportunities and unintended consequences.

President Trump didn’t make the case that building a border wall to reduce illegal immigration would just be net beneficial for US taxpayers. He claimed that Mexico would pay for it entirely. Putting tariffs on China wasn’t justified as a necessary evil to bring the Chinese into negotiations. Trump claimed Chinese companies would pay them, with no effect on American consumers.

Bernie Sanders and Elizabeth Warren promise major expansions of the US welfare state in a European direction – “wins” for ordinary people that wealthy interests supposedly deny Americans through their political lobbying. Again though, both wave away claims this will require European levels of indirect taxation or that anyone would suffer worse healthcare under a socialised system. It is “the rich” elites, of course, who will pay.

Occasionally, reality intervenes. President Trump this week delayed additional tariffs on a host of imported Chinese goods, saying he didn’t want to hurt American shoppers before Christmas. In one swoop, he blew his “China pays” rhetoric out of the water.

Similarly, you could see Bernie Sanders’ facial panic in a recent debate when it was pointed out that paying US government rates for all treatments would lead to widespread hospital bankruptcies.

But populist stances, once adopted, are difficult to shake off. Once “elites” have been identified as enemies, it’s difficult to rehabilitate them and argue their success strengthens society. Once trade-offs have been dismissed, it’s difficult to warn people that something might prove costly to them.

Populism is poisoning the US economic discourse. The very idea of a majoritarian interest rides roughshod on its liberal and limited government inheritance. Its dismissal of trade-offs ensures an arms race of “wins”, which somebody else will pay for.

Let us hope that Americans, like Justice Stewart, recognise “populism” for what it is, and check its growth before it’s too late.

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