

The New Left and New Right Aren't So Different on Economics

Ryan Bourne

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American bipartisanship is dead, and the two main US political parties hold views that are completely irreconcilable. So goes the conventional wisdom. However, on economic policy at least, this narrative has an unfortunate characteristic. It's wrong.

Strip out his folksy colloquialisms and read President Biden's state of the union address last week. The economic sections could have been delivered by Trump: yet more evidence of a progressive-national conservative consensus in America that favours a protectionist, manufacturing-centric, interventionist industrial policy.

Both sides articulate the same diagnosis — and the same treatment. “Hollowed out” US cities, Biden said, have become “shadows of what they used to be”. Forty years of globalisation have stripped jobs from “places and people that have been forgotten”. As commentator Peggy Noonan notes, all this echoes Trump's “American carnage” story.

Biden likewise promises a “blue-collar blueprint for America” to bring back lost manufacturing jobs for left-behind areas. Sound familiar? Achieving this supposedly requires protectionism and heaps of government transport infrastructure spending — all Trump priorities on which Biden is now doubling down.

Despite rebuking them during his election campaign, in office Biden has preserved most of Trump's trade doctrines. His team has kept the steel and aluminium tariffs on many friendly nations and now threaten the World Trade Organisation's implosion by championing Trump's "national security" defence of them. Biden's trade representative also shares his predecessor's belief that free trade deals should prioritise workers over consumers, which perhaps explains the lack of progress with new agreements.

On industrial policy, Biden's gone beyond Trump already. The "made in America" test for federal government procurement under Trump was that 55 per cent of the value of components in goods purchased had to be made domestically. Biden is upping this to 75 per cent. Last week, he declared that all construction materials in government infrastructure projects must now be "made in America" too, sacrificing efficiency to force the "reshoring" of supply chains.

Unfortunately, the economic consensus does not end there. Both Trump-supporters and Biden's progressive allies oppose reform of old-age entitlement programmes, despite projections that show they will blow up the budget in the coming decades if unaltered. And both favour bringing Big Tech to heel with crude regulations that would sacrifice consumer interests just to show Meta, Apple, Amazon and Google who is boss.

Naturally, national conservatives and progressives have different rationales for these similar policies. The "nat cons" want to appeal electorally to white, male, rural voters, compete with China in manufacturing and use state power to deter corporate "wokeism".

Progressives want to flood poorer regions with new investments, bully companies into complying with their cultural preferences and encourage decarbonisation. Biden's misnamed Inflation Reduction Act contained tax credits for clean manufacturing and electric cars, for

example. A cynic might say that he knows his climate agenda is appealing only if wrapped in nationalist packaging.

And yes, these different goals and disagreements on other important issues mean America is still deeply divided. Any polity where 34 per cent of voters believe violence against the government is justified is not healthy. Political polarisation is everywhere, from boorish behaviour in Congress to bitter fights over every “cultural” issue.

Yet as rancorous as all that is, big segments of both parties propagate similar economic agendas. In choosing a 2024 presidential candidate, Republicans must decide whether to match Biden’s agenda by reheating Trumpism, or call time on this interventionist arms race and return to free-market principles.

Ryan Bourne occupies the R. Evan Scharf Chair for the Public Understanding of Economics at Cato and is the author of the recent book Economics In One Virus. He has written on numerous economic issues, including fiscal policy, inequality, minimum wages, infrastructure spending, the cost of living and rent control.

Before joining Cato, Bourne was head of public policy at the Institute of Economic Affairs in the United Kingdom. Bourne has extensive broadcast and print media experience and has appeared on BBC News, CNN, Sky News, CNBC, and Fox Business Network. He writes weekly columns for the The Times. Bourne holds a BA and an MPhil in economics from the University of Cambridge, United Kingdom.