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Steve Bannon on How 2008 Planted the Seed for the Trump Presidency

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A decade now after the 2008 financial crisis, the cultural and psychological imprint that it left looks almost as deep as the one that followed the Great Depression. Its legacy includes a new radical politics on both the left and the right; epidemics of opioid abuse, suicides, and low birthrates; and widespread resentment, racial and gendered and otherwise, by those who felt especially left behind. This week, New York continues our retrospective on the crash and its aftermath by publishing interviews with some of those who were closest to the events. Here, Steve Bannon, a former Goldman Sachs investment banker turned face of Trump-era populism, on how the bailouts led directly to the 2016 election, why we need to break up the banks, and his goal to turn the GOP into a worker-based party.

I was hoping we could talk about the legacy of the financial crisis. How would you characterize it?

The legacy of the financial crisis: Donald Trump. The legacy of the financial crisis is Donald J. Trump. And I can give you the specific moment: When they put Lehman in bankruptcy, and the geniuses didn't understand that it was inextricably linked to the commercial paper market. Hank Paulson, Treasury secretary, and Ben Bernanke, the head of the Federal Reserve, they went to see Bush three days later. They told him, 'We need a trillion dollars in cash, and we need it by five o'clock.'

And in a profile of courage, President Bush says, 'Not my problem. You gotta go to Capitol Hill.' They go up to Capitol Hill, they put everybody in a room. They make them all put their BlackBerrys outside, and they walk in, and Bernanke, who's not an alarmist, says, 'If we don't have a trillion dollars by today, the American financial system will melt down in 72 hours. The world financial system will melt down in two weeks, and there will be global anarchy.'

And by the way, this was completely brought on by the elites of the country and Wall Street. When I got to Harvard Business School in 1983, a bunch of professors were coming up with a radical idea that's had a horrible negative consequence on this country and to the fabric of our society: the maximization of shareholder value; this was preached as High Church theology. The

whole thing of the financialization of Wall Street, of looking at people as pure commodities and of outsourcing and globalization, came from the business schools and the financial community that had these radical ideas, and nobody kept them in check.

Go back and look at the postwar period. These companies had profit margins, and they traded on Wall Street, but there wasn't this maniacal focus on the financialization. Companies forgot about the social fabric, forgot about your workers. Everything became commoditized. That led to the financial crisis of 2008. It all came home to roost.

From the long-term credit crisis in the late '90s, to the implosion of the stock market in 2000 on the internet, to then the financial crisis — every couple years we're having another financial crisis. And they're building in intensity. The one in 2008 was three orders of magnitude worse than the crash of 1929.

So write down, the match got lit that led to November 9th at 2:30 in the morning when Donald Trump was named president of the United States.

What does the impact of the financial crisis look like for the American people?

I think you're starting to see it. I think you're starting to see the deindustrialization of the country. We stopped investing in the country. Domestic investment's all going over to China. We deindustrialized Western Europe. Brexit and 2016 are inextricably linked, okay?

Workers know this. It's the labor vote in the midland counties that drove Brexit. This is what's so obvious the Democratic Party misses. Donald Trump's president because of working-class Democrats. The Trump movement is made up of people like my father, the Marty Bannons. My whole household was working-class Democrats. These are adamant Trump supporters because they understand Trump supports working-class people.

Here's the outrage about it: The balance sheet of the Federal Reserve in September 2008 is about \$1 trillion. The balance sheet the day Donald Trump raises his hand, after eight years of the most progressive Democrat in recorded history, is \$4.5 trillion. The elites save themselves. They just created money. They flooded the zone with liquidity. If you're an asset holder, if you owned real estate, stocks, or intellectual property, if you're an owner, you had the best run in human history, okay?

If you're a deplorable, you got fucked. You know why the deplorables are angry? They're rational human beings. We took away the risk for the wealthy. Look, you have socialism in this country for the very wealthy and for the very poor. And you have a brutal form of Darwinian capitalism for everybody else. You're one paycheck away from oblivion. Do you think the founders of this country, you think that's what they wanted to have in the 21st century? Dude, this is fucked up.

Here's what it should have been. We go into Goldman Sachs, everybody, every partner, every guy — zero. You're wiped out. Just like we'd do any deal at Goldman Sachs. I wipe out all the equity. I'm getting rid of Lloyd Blankfein and Gary Cohn. But the guys that follow them, they can make beaucoup dollar after my money's paid back and the company's successful, just like every transaction we do. You should have done that across corporate America and every bank.

Of all the criminal referrals that came out of the thing, where are the fucking guilty? Where's the accountability of the 200 criminal referrals made by Eric Holder's Justice Department? Now

Holder works for Covington & Burling. The biggest white-collar criminals, they're all Burling clients. It's a scam. It's a total scam.

You know why the deplorables are pissed off? Because they understand it's a scam. The burden is on their shoulders. We're deplorables, the Bannons. There ain't nothing special about the Bannons. We're just a bunch of fucking hardheaded Micks. All blue-collar company guys, firemen, shit like that. We're just average people and they love Donald Trump. You know why? He's the first guy to tell the Establishment to go fuck themselves. And we're just in the beginning stages, and that's why right-wing populism's gonna win, because the left wing, you're a bunch of pussies.

The Democratic Party is owned and paid for by Wall Street. And here's a great thing. You would think that after being 16 points down with 88 days to go, and having billions of dollars in cash, and Trump having nothing that to lose — you'd think there'd finally be some accountability. But no, no. It had to be Russia. *Had* to be Russia.

Going back before the crisis, given that you had worked at Goldman Sachs —

Goldman Sachs changed. When I worked there, it was a private partnership. You had partners who understood that they had joint and several liability when they did the underwriting. And it was a place of tremendous middle-class values and tremendous work ethic. The partnership was predominantly Jewish, and these are the best guys in the world. They were absolutely about the client and about the people that bought the security. The term was “long-term greedy.” It's not any one deal that makes things; it's the reputation of the firm. After the Blankfeins and the Cohns and those guys came and started to run it, it became a totally different firm.

The dynamic that you're describing more broadly sort of happened to all of Wall Street.

Yes. I think it started in the '90s, and a lot of it came out of the business schools. It became a set of numbers and mathematics. It led to the financialization and the securitization of everything. All value had to go back to the equity-holders. The employees didn't matter; the communities didn't matter. Nothing mattered. That's not the capitalism this country is based upon.

The financial collapse talked about the rot at the heart of the system. And they all made it Bernie Madoff. Fuck Bernie Madoff, Bernie Madoff's irrelevant. You have bad guys that scam people all the time in history. It's always gonna happen. Bernie Madoff's a little nothingburger.

I'm talking about systemic rot. I'm talking about the people that during that financial crisis, the banks that looked the other way, the law firms that looked the other way, the accounting firms that looked the other way. The elite that looked the other way. The business media that looked the other way. They, everybody looked the other way. They're still kind of looking the other way today. They're living in the Hamptons and they don't want to rock the boat on the system. The system's too big, too complicated, so they just go along.

What was the moment when it sunk in for you that the crisis had hit?

My dad worked at AT&T, the phone company, for 50 years. AT&T is like the Catholic church, okay? It is a permanent part of your life. My dad would tell stories about his father owning one share of stock, and that's the thing that they would borrow against to get Christmas gifts with that. The concept of selling stock is not in his vernacular. He's still living — he's 96 today — and the crisis was, what, ten years ago? So he was 86 years old.

Jim Cramer went on national TV and had a meltdown. He says, “If you need any cash to pay for anything in your life, sell everything you have. Sell everything you have.” I mean, they had to throw a net over him. My dad is sitting there, and he blows. He sold his stock. That was when it hit me personally.

By the way, I would have told him not to sell it.

Would you say the financial crisis and the recession had a greater impact on the country than 9/11?

Yes, absolutely. I don’t think there’s any comparison. And by the way, you don’t know that from reading the press, because the opposition-party media is bought and paid for by the advertisers and all the stuff in the financial community. People don’t know today there’s no criminal referrals, that nobody went to jail about that. Nobody’s been held accountable for that.

Obama came in and had the stimulus, almost a trillion dollars, and nobody knows where the money went. Where’s all the value-added jobs? Where are my hospitals? You know, Robert Moses built shit. We spent a trillion dollars — did we just repave everything? I mean, seriously, it’s a trillion dollars. Where’s all our great shit? It looks like the same place it was ten years ago. It’s worse than Afghanistan as far as the use of proceeds.

Where do you say it went?

I think it went to bail out the wealthy. I think it went into this stock-repurchasing thing, I think it went into supporting real estate and things like that.

There’s a direct correlation between the factories that left, the billets and jobs that left with them, and the opioid crisis. This is what the Democrats miss: Tariffs are more than economics, it’s about dignity and self-worth. You’ve got to get those jobs back. These guys said they’re not coming back. I go, “Is that a law of physics?” You treat this like the second fucking law of thermodynamics. The jobs get shipped over there for financial reasons, we can bring them back. Those jobs can come back, and they’re *going* to come back. You’re seeing them already coming back today. Now we’re telling guys, “You can build your factory here, or we’re going to throw big tariffs on you.”

It’s about using your leverage to browbeat people, and Donald Trump has got a big enough set of balls to do it. So I don’t want to hear all this yammering, particularly on the left, all these guys yammering about the tariffs. Fuck you. This time, we’ve got to bring things back.

Here’s the concept of right-wing populism. If the ’80s and the way we got in this debacle was this radical idea of maximization of shareholder value, here’s what right-wing populism stands for. It’s very simple concept. *We’re going to maximize the value of citizenship.* We’re going to maximize citizenship value. If you’re an American citizen, you get a special deal. I don’t care if you’re Jewish, Muslim, Hindu, black, white, red, pink, green. I do not care. If you’re an American citizen, you get a better deal.

Here’s how many H-1B visas I want: none. Until we get Baltimore, Detroit, and St. Louis with, you know, youth unemployment down to zero, and people making high value-added jobs, I don’t need any foreigners. And I’m not a racist. What I want is our citizens to get the jobs. Right now illegal immigration is used as nothing more than a scam to suppress workers’ wages.

All the economic textbooks you’ve got before 2008? Throw them out. They’re totally irrelevant.

Your generation, the readers of *New York Magazine*, you're nothing but 18th-century Russian serfs. You're better fed, and you're better dressed, and you're better educated. But you don't own anything. And you're not *going* to own anything.

The state capitalism of the big technology companies has taken away your digital, your data sovereignty. They've totally taken it away. You generate intellectual property all day long, and they don't pay you for it. They take it for free, they monetize at huge margins.

But what right-wing populism does is break that. You agree with that?

There are parts of it that are not exclusive to right-wing populism —

But on the left, your problem is that identity politics is stronger than your populism, and that's why you can't lift out of it. You can't be a populist and buy into the globalist system — and the globalist system is open borders. It's the Kochs. It's Wall Street. The Kochs are the biggest open-borders guys in the world. The libertarian Cato Institute, look how radical they are. Cato hates my guts much more than the left.

In 2013, I sit there with Jeff Sessions at the Breitbart Embassy, and we're looking at the 2012 election. A lawyer named Sean Trende did a three-part analysis of the working class on RealClearPolitics. About how the working class did not come out to vote for Romney. And I told Sessions, I said, "*That's* the path to victory right there." So I tried to talk Jeff Beauregard Sessions into running for president of the United States. I said, "The whole purpose of this campaign is, we're going to make immigration No. 1 and trade No. 2." I said, "Trade and immigration are just two sides of the same coin." And Sessions bought in. Sessions goes, "We're gonna do it, it's absolutely brilliant, and we can do it. But I'm not the guy. Our guy will come along."

I saw early on in 2013 that Dave Bossie started putting on these cattle calls. Little, mini cattle calls in New Hampshire and Iowa. And I noticed Donald J. Trump would get up there, and they had everybody. I'd sit in the back, and I looked at the audience. These are all activists at this time, but they're principally working class and lower-middle class.

And this is in New Hampshire?

All over. I went to New Hampshire, Iowa, South Carolina. And May of 2014 was when it hit me. I'm sitting in New Hampshire, I think it's Hanover, New Hampshire. And I notice that Trump gets an amazing response, and he's just laying bombs on trade, on China, stuff other guys aren't talking about. They're talking happy talk. But it's that political vernacular. But these guys are all loved, these guys are rock stars in the Republican Party.

Do you think that this was something that Trump believed, or just like a current that he picked up on and chose to run with it at that moment?

He was listening to Lou Dobbs. I tell people, "You wanna know what Trump's economic policy is? Just get a show of Lou Dobbs from 30 years ago."

He was talking about immigration ten years ago —

And China 30 years ago. And trade deals. Trump believes this to the marrow of his bones. So I had Trump come over and interviewed him at my little radio show with [Breitbart editor-in-chief] Alex Marlow. Donald Trump had one interview that day, on Sirius XM. Nobody else paid attention.

And then in 2015 he actually announces, and we have, as you described it, this Republican field that decades of donor cultivation has bought.

He goes through them like a scythe through grass.

He's talking trade deals — and nobody can respond to that. The seminal moment in that is, Ted Cruz goes to Wisconsin and he makes a 30-second spot on a state he's got to win. He says, "What we need is fair trade deals." That phrase comes across Ted Cruz's Heritage Foundation lips, right? "A fair trade deal." I tell the boys, I said, "We got him." Now we're talking fair trade from Ted Fucking Heritage Foundation Cruz. We're winning.

So trade is picking up. And the Republicans go, "Hang on, that's High Church Orthodoxy. You can't."

And so when you start getting to the general election, where are you at?

It's very simple. I get announced [as the campaign's chief executive] in August, okay? He's down by 16 points, all this stuff. Hillary's on the beach, in the Hamptons. She was raising money. Because you guys are gonna win. Now you gotta win the House, the Senate, and the Supreme Court. It's all over. Conservatives are done. You guys basically run America for 100 years. Everybody says Trump's so far gone that he's running a mad bomber from Breitbart just to tear his enemies on the way down. They're not gonna win. Bannon's never been in a campaign in his life. This Bannon is a bigger attack dog than Trump. He's going to go out to destroy his enemies. Okay.

She comes off the beach the next week to Reno, for her first big speech. And her speech is *Steve Bannon, Breitbart, alt-right, white supremacy, misogynist*. I'm sitting there going, Good God, she's wanting to be the commander-in-chief, the most powerful job in the world, and she's talking about Breitbart? Are you fucking kidding me? I told the guys right there — I'd already told Trump "You're gonna win" — I told the whole rest of the staff, "It's over." I said, "If she's going to run this, we got them." For all their brilliance, they had no earthly idea what the campaign was about.

Then on September 9th, it's a Sunday this year, the high holy day for the deplorables, is when she gave that speech where she calls these people *deplorables*. The backbone of the country. Trump understood where the people were in the country. They're sitting there telling them, *Do you think anybody gives a fuck about Breitbart or Steve Bannon or the alt-right?*

So then you get to November, and these trends continue and continue, and then Trump narrowly wins.

But remember, part of our platform, one of the things I put in speeches all the time, was, we're going to break up the banks. We're going to break Citi up. We're gonna bifurcate commercial banks from investment banking.

That was your agenda on day one? Well, what happened?

Well, we picked Gary Cohn as the Treasury secretary. They picked Jared Kushner, right? Picked a bunch of progressive lefties who are all stupid. Steve Mnuchin, Gary Cohn, progressive Democrats. You have to understand something, shipmate: Progressive Democrats on Wall Street are not populists. They want to throw you a few bones on social issues, that I think are kind of marginal, to cover the economic issues. Just look at it.

But now McMaster is gone, Cohn is gone, Tillerson's gone. Look what Trump's done in six months. He's reorganized the world's commercial system. We're very close to having a massive reorganization in six months. The Wall Street stuff will all come. Trump wants to make sure first, get the economy revved back up again —

What if it doesn't?

Well, the economy is going to be at 4 percent growth. Wages are going to start to follow. We've got time. You can't do everything at one time. Let's change the world's commercial relationships and change the supply chain away from China, okay? First off, that would be Herculean, because for 30 years we looked the other way and exacerbated and we helped its growth.

Trump is a truly transformational president. And you're seeing it right now.

You've got to go for Wall Street hammer and tong. I'm a big believer in Glass-Steagall. I think you've gotta go up and break up these money-center banks. I'm a huge believer in the Volcker Rule, right? I think all that stuff can be put back in prop trading. We're all on the same page. You've got to look at the leveraging of things. All of the problems we had pre-2008, the casino mentality's starting over again. It's all gotta be stopped. I think right-wing populism's the only way to do it. The Democratic Party is much more bought and paid for by Wall Street than we are. It just is.

And what happens if the Democrats win the house?

The very first thing they'll do is impeach him. Yeah.

On the basis of what the Mueller investigation digs up?

Who knows? And who cares? They'll think of something. It doesn't matter. There's not a search for truth. They'll have the votes. You gotta remember, Nancy Pelosi and Joe Scarborough and Rahm Emanuel — all the smart guys are sitting there going, "It's not about impeachment. Don't say impeachment. It's about your local congressman and making your life better." Because they've seen the same data I've seen. The way to get the deplorables out is very simple: It's talking impeachment. They want to shut you up, and they want to impeach Trump. So if you like Trump, you gotta show up. It's very simple.

Look, my whole focus in life is very simple: I'm trying to turn the Republican Party into a worker-based party. Because in a worker-based party, you can control the United States of America.

It strikes me that the only reason it's even feasible to make the Republican Party something that stands for the working man is because ten years ago, a bunch of bankers got bailed out

...

Yes, exactly. You're 100 percent correct. At eleven in the morning on September 18th of 2008, in the Oval Office, when the secretary of Treasury and the chair of the Federal Reserve told the president of the United States, "We need a trillion dollars by 5 p.m." — boom. That lit a match, and the explosion was Trump.