



What's 'Economic Nationalism'? That's Up To Donald Trump—And Stephen Bannon

Jane Coaston

March 8, 2017

The Conservative Political Action Conference (CPAC) — an annual gathering of conservative Republicans and the people who love them — was held near Washington, D.C., in late February. This year's event was the site of some celebrations of Trumpian victory, some drahmaaaaa, and, most noticeably, the re-emergence of a very old economic philosophy. Stephen Bannon, one of Donald Trump's most trusted advisers, told White House Chief of Staff Reince Priebus in an onstage conversation that President Trump would be pursuing “an economic nationalist agenda.” But what exactly was Bannon promising?

“I would be hesitant to even define [economic nationalism], because I don't think anyone knows what it means,” Jack Spencer, vice-president for the Institute for Economic Freedom and Opportunity at the Heritage Foundation, told MTV News. But Bannon and Donald Trump don't share Spencer's reticence. To them, economic nationalism is a rejection of “globalist” priorities — the forces that put an elusive class of rich elites ahead of the people Bannon and Trump purport are “real Americans.” Through economic nationalism, specifically through policies aimed squarely at both undocumented and legal immigrants, Bannon and Trump believe they can “make America great again” by turning back the clock.

From roughly the War of 1812 to the late 1960s, the American government limited international trade to empower American businesses and industries. Immigration was also heavily curtailed (and, for some countries, prohibited altogether). But in the 1970s and 1980s, that changed, as globalization — the transport of goods, services, ideas, and cultures across international borders — made it easier than ever to get products and services, from avocados to iPhones, to consumers around the world. America's immigration policies changed, too, refocusing from strict quotas to reuniting immigrant families and attracting skilled labor to work for U.S. companies.

But from an economic nationalist perspective — one that pits foreign countries against American companies and industries — global free trade has hurt American businesses and American workers, particularly in the Midwest. It's cheaper for companies to purchase goods overseas, hire workers overseas, and sometimes, to move operations overseas altogether. The answer, economic nationalists propose, is to make it more expensive to purchase goods made overseas, and make it easier for American companies to produce goods or perform services here,

particularly in states most in need of an economic boost. “It's the use of carrots, or sticks, to push for American-made production of goods or services,” Scott Lincicome, adjunct scholar with the Cato Institute, told MTV News.

The “carrot” part of this approach isn't new, or even all that controversial. The U.S. government has long offered subsidies to American companies to encourage them to stay in the country and hire more people (hence the term “corporate welfare”). Many government contractors have to abide by “domestic procurement” rules that require them to use U.S.-made products or services. Donald Trump's much-heralded deal with Carrier last December involved the company being offered \$7 million in tax breaks in order to keep jobs in the state of Indiana. In addition, cutting the number of rules businesses have to obey to operate serves as an important incentive. Spencer told MTV News that Trump's efforts to encourage mass deregulation of everything from cell phone companies to gun sales could also be viewed as a means of encouraging American businesses to build and grow in the United States.

All of that sounds, at best, very well-intentioned. It's the “stick” part that gets complicated: How do you force a company to do something that will cost it more money in the long run? The answer: tariffs, taxes, and mandates. Tariffs are taxes on goods leaving or entering the country, and in the United States, high tariffs on products and services have historically been viewed as an effective way to protect American businesses and American workers from foreign competition. In 1930, for example, the Smoot-Hawley Act raised tariffs on more than 900 goods to try to save jobs. Donald Trump still sees tariffs as an effective way to force businesses to buy, sell, and hire within the United States. His administration issued a memo earlier this year requiring makers of oil pipelines — like the controversial Dakota Access pipeline — to use U.S.-made steel or risk retribution from the government (a policy the administration backed off of last week).

Trump campaigned in 2016 on economic nationalism, but he wasn't the only one. Democratic candidate Bernie Sanders argued that goods made in China and elsewhere were putting working-class Americans out of business and advocated for economic protectionism — that American workers and jobs should be guarded from foreign competitors — from the left. Sanders, Trump, and Hillary Clinton all argued that the North American Free Trade Agreement (NAFTA), which was signed by Bill Clinton and removed virtually all trade barriers and tariffs between the U.S., Mexico, and Canada, has been devastating for American workers. Overall, it became clear that millions of voters who had experienced job losses or seen their town's major industry leave for greener foreign pastures viewed free trade — the idea that imports and exports shouldn't be limited by borders — negatively.

Clearly, economic nationalism isn't a binary issue. The problem is that for Bannon, and for Republican supporters of the policy, it's not just about taxes and tariffs. It's about who belongs in the United States, who deserves to have jobs, and who gets to profit from America itself. Trump isn't just promising to bring back American manufacturing, but also to crack down on immigration of all kinds. Senators like Tom Cotton want to curtail legal immigration, too, believing that native-born Americans should be getting the jobs and wages that are now going to immigrants — even if those people are also Americans. Immigrants have long been the target of anxieties caused by new technologies and rapidly changing economic priorities, and it's a slippery slope from economic nationalism to rank racism. Why else would Bannon complain to

Breitbart that too many Silicon Valley CEOs are of Asian descent, or take much of his policy inspiration from a French novel featuring feces-eating immigrants?

The precepts of economic nationalism as described by Bannon and Trump are sketchy, but its promises aren't. Bringing back jobs that went to foreign countries, returning American industries to prominence, making it easier to start and grow a business — these sound like ideas that could have been heard at either the Democratic or Republican national conventions. But economic nationalism, as practiced by today's GOP, blames immigration for the problems caused by automation, and puts businesses and consumers that need foreign products and materials in near-impossible situations. That's not an economic strategy. That's just bad policy.