



Trump to Le Pen: The Fate of Populism!

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What happens if the Trump Recovery loses steam or fails? Many Americans believe the economy is unfair and the game is rigged against them. The people blaming large corporations, greed and the top 1% of the wealthy for the current low economic growth would seem at first to contradict the thesis that conservative economic policies have won and are the prevailing economic agreement. A review of PEW's 'Trends in American Values 1987-2012' poll finds that 88% of Americans "admire people who get rich by working hard" and 63% say that hard work is the way to be successful. Americans admire entrepreneurs, small business owners, family owned businesses, inventors, creators—but have little respect for the corporate/government professional class. It is not the inequality in wealth and income people object to, but the source. The creator, who puts everything on the line to start a business, is admired. The manager of a large publicly traded corporation who rises through the ranks without ever having to put any skin in the game is not admired.

The US is still a country where wealth and income earned through hard work and personal risk taking is respected. Our national survey in 2014 found interesting dynamics. 71% of blacks, 79% of whites and 66% of Hispanics believe that hard work is still rewarded but when asked is the economic system rigged against the middle class, we see the results reverse. 71% of blacks, 65% of whites and 61% of Hispanics believe the economic system is rigged. In a survey among Michigan voters in August of 2016, two of every three voters viewed the system as rigged against the middle class with two-thirds of white and black voters along with 55% of Hispanic voters viewing the system as being rigged against middle class. Even with that cynicism, four out of five Michigan voters believe that to increase economic opportunity and a fair opportunity to succeed, you must grow the private sector, which is the position taken by Republican candidate Donald Trump, the first Republican who won Michigan since 1988.

So there is still belief in the power of the free market economy even if that power is dormant and many Americans are seeing that over the past forty years the economy has shifted. As Michael Barone noted in a review of economist Tyler Cowen's new book *Average is Over: Powering America Beyond the Age of The Great Stagnation* "wages rose in postwar America because labor was scarce (the 1930s birth dearth) and foreign competition imperceptible. Those conditions ended around 1970. Inequality rose. Perhaps that's the default mode." Barone, summarizing Cowen, articulates what the public has been experiencing for forty years: The big winners in the economy he foresees will be those who can work with and harness machine intelligence and those who can manage and market such people. Such "hyperproductive" people, about 15 percent of the population, will be wealthier than ever before. Also doing well will be those providing

them personal services. For jobs lower down on the ladder, there will be a premium on conscientiousness. That's good for women and bad for men, who are more likely to do things their own way.

Middle-level jobs, Cowen says, are on the way out. He argues that many of those laid off after the financial crisis were "zero marginal product" workers. They weren't producing anything of value and employers won't replace them. Middle class and family income has declined or not kept pace with inflation and they haven't even reached the pre-recession numbers of 2007. Median incomes are lower now than the median income when the recession supposedly ended in 2009 and are lower than in 2007, during the Bush's years. Incomes still lagged far behind where they should be seven years into a recovery.

In past recoveries including at the bursting of the tech bubble in 2000, family income rose. In today's economy, more people live on welfare and are below the poverty along with increase need for food stamps. Obama has now reverse the success margin where income goes down and food stamps recipients go up. Members of the investor class declined since 2007 when 62% owned stocks in America companies but now that number is 54% with every group and Demographics showing decline except for those earning \$100,000.

The question is what happens if the Trump agenda fails. Where do those Trump supporters go?

The present debate among Democrats is whether they will push into a more progressive identity politics or at least try to attract working class whites seems to be over, as the hard left has won and the white working class have been abandoned. Presently the Democrats have rejected any compromise with the more traditionalist working class and many of those voters left the Democratic Party from Trump as any belief in traditional values on family or nationalism has been rejected. The resistance movement among Democrats has led to a Party moving ever more leftward toward identity politics based on gender and race and are united in vehement, occasionally militant, opposition to Trump and the GOP.

The GOP and movement conservatives are still defining themselves as what kind of Party they will be and what conservatism means. Throughout the 2016 primary, the majority of Republicans supported the two anti-establishment candidates Ted Cruz and Donald Trump. Cruz campaigned on a more libertarian plank opposed to Trump's more populist nature but both men understand the problem of stagnant income and understood the unease of illegal immigration. Their solutions are different since Cruz concentrated on conservative voters and mobilizing that base, which showed in his vote distribution. Cruz's vote totals was concentrated among the very conservative whereas Trump had very even distribution across Republicans from the very conservatives to moderates, building upon a broader base. Part of the reason is that Trump did not always campaign on traditional Republic issues of tax cuts and budget restraint and supported more moderate positions when it suited him.

As for Marco Rubio, he was part of the gang of eight efforts for immigration reform but eventually abandoned the effort. Throughout the 2016 primaries, Rubio was persecuted for being part of the gang of eight and he did a rather poor job of separating himself from the Gang of eight. Trump was to the left of the gang of eight before he ran for the President. Rubio has made

it clear just as Trump and Cruz, no reforms before borders are secured. The biggest difference between Cruz and Rubio is that Cruz will not support any path to citizenship for those who are here illegally whereas Rubio appears ready to accept a path to citizenship if certain conditions are met after a period of years. (The reality under Trump, the number of illegals staying in the United States *after his reforms will be similar to what are living here now*. His proposal is similar to Texas Senator Kay Baily Hutchison, who proposed a similar idea in which the illegal goes back to Mexico and comes back to stay.) American Enterprise Institute's Mark Thiessen explained this:

"This is a policy called 'touchback' and it was first proposed in 2007 by moderate Republican Sen. Kay Bailey Hutchison (TX). She offered a "touchback" amendment on the Senate floor that would have required illegal immigrants to return to their home countries to apply for a special "Z visa" that would allow them to reenter the United States in an expedited fashion and work here indefinitely....Her amendment lost by a relatively close margin, 53-45. It was supported by most Republicans and even got five Democratic votes — Sens. Claire McCaskill, Max Baucus, Jon Tester, Byron Dorgan and John Rockefeller all voted for it."

*The idea was considered so reasonable that in an April 22, 2007, New York Times noted, "It's not ideal, but if a touch back provision is manageable and reassures people that illegal immigrants are indeed going to the back of the line, then it will be defensible." So Donald Trump is supporting an idea supported by the leftist New York Times. And as Mark Thiessen added, "In 2007, the Los Angeles Times did the first [telephone poll of illegal immigrants](#) and asked whether they would go home under a "touchback" law that allowed them to return with legal status. Sixty-three percent said yes, 27% said no and 10% were undecided. If they were promised a path to citizenship when they returned, the number who said they would leave and return legally grew to 85%." Trump's son, Eric, who told Megyn Kelly, *The point isn't just deporting them, it's deporting them and letting them back in legally. He's been so clear about that and I know the liberal media wants to misconstrue it, but its deporting them and letting them back legally.*"*

Donald Trump added to this when he told CNN, *"I would get people out and then have an expedited way of getting them back into the country so they can be legal.... A lot of these people are helping us ... and sometimes it's jobs a citizen of the United States doesn't want to do. I want to move 'em out, and we're going to move 'em back in and let them be legal."* Trump's own position as articulated during the election may prove the beginning of a Republican compromise beginning with border security and both Rubio and Cruz would agree with that plan.

National Review's Fred Bauer noted about the immigration debate, *"Plenty of people who are much more serious about enforcing immigration law than Chuck Schumer also support legalization — but only after enforcement has been put in place. I don't know anyone who would call Mark Krikorian an open-borders fanatic, but he has supported legalization (and even a path to citizenship) for illegal immigrants. However, he has argued that enforcement should precede legalization. It would be bizarre in the extreme to say that Krikorian and Schumer basically have the same position on immigration because they both are open to a path to citizenship. When and under what conditions legalization happens is perhaps as important as whether it should happen at all."*

Cato Institute Alex Nowrasteh noted about Cruz, “*Senator Cruz’s amendments support increasing skilled immigration, restricting welfare access to legalized immigrants who used to be unlawful, allowing for the legalization of unlawful immigrants but blocking their path to citizenship, guaranteeing that states can still check for proof of citizenship before allowing people to vote, and creating border security benchmarks that trigger the legalization program once they are met. His record on immigration is mixed, but he is far from a restrictionist.*” (In fairness, Cruz voted against the final bill.)

Both Cruz and Rubio are social conservatives and supporters of gun rights but that is the norm for Republicans. Cruz actually argued gun rights cases in front of Supreme Court and Cruz has made it clear he opposes crony capitalism including ethanol and Sugar cartel, the latter supported by Rubio. As the Carrier case in Indiana demonstrated, Trump is not above supporting his own version of crony capitalism if it benefit his voters. (Sugar is one of those things that Florida politicians support just as Iowan politicians support ethanol.) Cruz proved to be more puritan when it comes to supporting free market ideas whereas both Rubio and Trump were more willing to forsake purity to ensure policies that enhance their base.

There are differences between Cruz, Rubio and Trump that reflect the differences within the Republican Party. Rubio’s tax plan depends on tax credits for the middle class and promotes family values through the tax system. He left the top rate at 35%, which is only a slight drop from the present system. Ted Cruz proposed a flat 10 percent tax plus a 16 percent rate on business that similar to a value added tax. In foreign affairs, Rubio campaigned more of an interventionist whereas Cruz foreign policy view is a return to the pre-9/11 more modest foreign affair. In the Trump era modesty in foreign policy is the new norm for Republicans and will follow through on Cruz’s vision. Cruz talked of a Gold Standard for monetary policy; adopting aspects of the Rand Paul agenda and even Trump may even lean toward a dollar based on weight of Gold. This debate reflects a divide among Republicans between those who view tax reform as the Holy Grail and those who viewed that increasing middle class income as the primary objective. Trump’s individual tax plans are similar to Rubio and his business plan is similar to rate to what Cruz proposed.

The appeal of National Populism and Democrat Socialism is they acknowledge the fears and anxieties of large swaths of the electorate and provide *fresh sounding* solutions to the problems voters are facing. The key words being *fresh sounding*, because the solutions are actually old, have been tried and found wanting. But compared to the stale 40-year-old rhetoric of main-line Republican and Democrat politicians, National Populism and Democrat Socialism seem like new solutions to the voter’s problems.

Democratic Socialism and National Populism grow from the same tree roots—a low growth economy in the US, stagnant wages, flat productivity growth brought about the Industrial Revolutions having matured, and having to compete against every other country in the world.

The main difference between Democrat Socialism and National Populism is narrative and brand positioning, how they reflect the anxieties and aspirations of their supporters and who they blame for life’s challenges and disappointments. Humans need a narrative to understand the world,

which means there must be a victim, a villain and a hero. National Populism and Democratic Socialism have almost the same story plotlines, but different characters to fill the roles.

National Populism appeals to people who hold traditional values--Patriotism, the dignity of hard work, respect of Christian faith and the value of traditional family roles. The values University of Illinois Professor Andrew Hartman described as, "values that middle-class whites recognized as their own." In the National Populist narrative, the victims are people who work hard and follow the traditional values of the middle class. The villains are a vague Establishment and various "losers" who have rigged or screwed up the system so much, following the rules no longer works. The heroes are Trump and his supporters who are standing up to the establishment to Make America Great Again.

Trump voters come from every corner of the Big Republican Party Tent, from the very conservative to the more moderate and liberal Republicans. They were ready for a message that took their concerns seriously and did not mock their values. If translated into policy, National Populism benefits workers in industries the government favors for protected status, businesses who cannot sustain foreign competition, companies holding government backed debt, and companies willing to collude with the government for business advantages.

Democratic Socialism appeals to people who hold Progressive values—Multi-Culturalism, Social Justice, equality of outcomes, a belief that smarter technocrats can create a more just world and spiritualism in place of religion. In their narrative, the victims are nearly everyone but white men and the villains are white men, especially those who work at investment banks or are leaders of large, un-sexy Old Economy companies who have rigged the system so that only they benefit. The heroes are campus protestors, activists, technocrats and anyone who is "woke" to the negative effects of white privilege.

In practice Democrat Socialism benefits government employees and their pension plans, Green Tech companies, people receiving direct government benefits, individuals with government guaranteed mortgages or student loans, workers in competitive global industries and companies whose businesses models can succeed through near monopoly status by making the concessions needed to come under the government umbrella.

There is significant overlap between Sanders' Democrat Socialism and Trump's National Populism. As Charles Murray opined in the Wall Street Journal, "*If Bernie Sanders were passionate about immigration, the rest of his ideology would have a lot more in common with Trumpism than conservatism does.*"

The risks and dangers of National Populism and Democrat Socialism are not what Trump or even a Sanders-like progressive would do if elected—for the next few election cycles the Conservative Republican House and Democrats in the Senate will ensure there is gridlock when it comes to statutes and appropriations. The threat is how Trump and Sanders supporters will react over several more years of their complaints not being acted upon.

For Conservatives, the fear should be the loss of 35% of engaged Republicans. The Trump takeover of the Republican Party should be a dream for Liberals creating a political landscape in

which the conservatives and libertarians are moved to sideline as two Populist Parties fight it out, but the resistance movement within the Democratic Party is designed to remove Trump from office and overturn the 2016 election.

France is where the future of the populist movement may lie if Trump fails to move his agenda and improve the lot of American workers. Marine Le Pen is not a traditional American conservative or even a believer in free market. Many of Le Pen's views mirror the hard core left, embodied by Jean-Luc Melenchon, including her promise to maintain the 35 hour work week and lowering the retirement age to 60. (The two combined actually collected 42% of the vote in first round voting showing political strength.)

Marco Respin noted, "The phenomenon of allegedly "far-Right" organizations trying to is [not unknown](#) in the United States. Conversely Lyndon LaRouche, a onetime Marxist (of French heritage, no less), "breached into the Right" by aligning his movement with Liberty Lobby and anti-Semitic organizations in the 1970s and '80s. *Plus ça change, plus c'est la même chose*...Perhaps the undertaking is less an example of political opportunism than a recognition of ideological kinship."

Le Pen's Nationalists economic plan begins with a 35% tax for any French companies that produce their goods elsewhere and Ms. Le Pen's goal is "reconquest" of French markets with policies moving toward autarky--French goods produce by French worker. Marine Le Pen will would add a tax of 10% to a foreign worker's salary, which includes citizens of European Union countries. The goal is to encourage hiring of French workers and, as Forbes writer Tim Worstall said, "That's slightly less absurd. It's still not something that aids the economy but it just introduces a mild price difference between hiring a foreigner or an [indigene](#)".

(5) Le Pen's complaints about the EU and the Euro does have merit since the EU has become a bureaucratic nightmare, attempting to run the economy of European nations including, recently, immigration policy by forcing nations to accept refugees from the Middle East. EU has shown that if individual nations chose to oppose EU agenda, the EU is perfectly willing to dispense with Democratic nicety if it interferes with the EU agenda. In June of 2017, the EU threatened to take action against the Czech Republic, Poland and Hungary for refusing to take their share of refugees from the Middle East. The ability of a country to determine what its immigration policy is prohibited if it interferes with the EU own vision. Tim Worstall noted, "Those two ideas obviously I agree with. But for me the idea of being out of the European Union, as with Brexit, is so as to be able to declare unilateral free trade. For that's what makes us richer. We produce what we can and then we've the pick of the best of the world that we can have as imports. And why would we want to tax ourselves on the very purchases we want to make?"

Le Pen is not Trump and while both are protectionists, there are differences beginning with the crucial fact that Trump actually likes capitalism whereas Le Pen is suspicious of capitalism. Trump is fighting the administrative state and looking to reduce taxes on both individual and businesses, Le Pen seeks to increase taxes on individual and businesses as part of her economic nationalism. Trump for all his bravado is not a racist and, as mentioned before, the number of illegals allowed to stay after his reforms are passed will be similar to what we presently see. Le Pen is anti-immigration, anti-capitalist and anti-free trade, the trifecta of bad

economic policies. What Le Pen is a big government nationalist who will use government largess to benefit her supporters.

Le Pen is the warning of what could happen in the United States if Trump policies are strangled in the womb by Democratic resistance: A developed populist movement that could drag 35% of Republicans and high percentage of Sanders' supporter into a national populist big government policy in which Liberty dies a slow death.