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## THE 2016 US PRESIDENTIAL ELECTION - ONE YEAR ON

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Ladies and gentlemen, just one year ago, Donald Trump won the American election, winning 304 Electoral College votes and 30 states, against Hillary Clinton, who won 20 states and the District of Columbia. Donald Trump secured 62 million votes, the highest ever cast for a Republican candidate in a presidential election. Turnout was around 55%, slightly higher than in 2012, but not as high as 2008. Around 136 million Americans voted, the largest number ever to vote in a presidential election. Before winning the Republican nomination, Trump had defeated no fewer than 16 other Republicans in the Republican Primaries, so there can be little doubt about his popularity with the voters. But although he won the Election, he did not win the popular vote – he won three million fewer votes than his opponent, and this was the fifth occasion in American history that the winner of the election had not won the popular vote. The last occasion, of course, was in 2000 when George W. Bush defeated Al Gore, despite being behind in the popular vote. The Electoral College gives disproportionate weight to less populated states and that was why there was such a discrepancy between the popular vote and the Electoral College vote.

Trump's victory was in fact narrower than it appeared at first sight. A switch of just 40,000 voters out of 136 million in three counties in Michigan, Pennsylvania and Wisconsin would have put Hillary Clinton into the White House. In Wisconsin, Trump received hardly any more votes than Mitt Romney had won in his losing campaign in 2012. There was certainly no surge of votes to him in that state. But in Wisconsin, the third-party candidate, Jill Stein, the Green candidate, who had said that Hillary Clinton's policies were much scarier than Donald Trump, won 31,000 votes and Trump won the state by 23,000. In Michigan, Jill Stein won 51,000 votes and Trump's margin of victory was just over 10,000. So, in all these states, the intervention of a third-party candidate from the left damaged Hillary Clinton. The same, of course, had happened in the year 2000, when the intervention of Ralph Nader, a left-wing candidate, cost Al Gore the state of Florida, which was narrowly won by George W. Bush and gave him the presidency.

In addition, there has been, ever since 1952, after a two-term presidency, there has been a swing away from the President's party, and that swing has averaged around 5%, but the swing to Trump was just 2%. There was, in many states, a swing to Trump, but not everywhere. 39 states swung to the Republicans from 2012, but 11 states and the District of Columbia swung to the Democrats, showing that America was deeply divided, and the division runs strongly, and perhaps fairly crudely, between the states on the North-East Coast and the West Coast, which tend to be strongly Democrat, and the states in Middle America and the South, which tend to be strongly Republican. There is now a new sectionalism in American politics. Often, where you live has become where you vote and different regions are increasingly at odds with each other. The South and the Mid-West are almost always conservative; California and New York almost always liberal. There is a sense of two very different constituencies which communicate very little with each other. In New York, people say, "I cannot understand how Donald Trump won - I have never met anyone who voted for him", just as, in London, some people say, "I cannot understand how Brexit won – I have never met anyone who voted for it". This lack of communication between the two different groups, liberals and conservatives, accentuated as it is by geography, has become a fundamental problem in American life. America is badly in need, in my view, of a candidate who can bind up the wounds and bring the country together.



There was also a radical difference in the issues which voters in the two camps thought important. Supporters of Hillary Clinton believed the most important issues were the traditional Democrat ones of economics and foreign policy. Trump supporters, by contrast, thought that immigration and terrorism were the key issues. 64% of those who swung from Obama to Trump wanted to make it harder to immigrate into America, as compared with 25% of those who stayed with the Democrats. Indeed, the immigration issue was the best single predictor for Obama voters who were switching to Trump.

I said earlier that Trump's victory was a narrow one, but even if the 78,000 voters in those three states had in fact voted Democrat rather than Republican, so that Hillary Clinton had won the Election, there would still be a great deal to explain. How did Trump, a complete outsider, manage to do so well? He had, after all, never stood for elected office before. He had never held any executive position in government. A candidate of this sort had not won a presidential election in living memory. Almost all successful presidential candidates have been either governors or senators before being elected to the White House. Moreover, Trump was campaigning against one of the most experienced politicians in the country, a former Senator from New York and Secretary of State, as well of course as the wife of a previous Democratic President, Bill Clinton, but perhaps that was part of the problem, that Hillary Clinton was far too closely associated with the American Establishment, an Establishment that, by 2016, had become discredited. Nevertheless, when Trump first decided to stand for election, few commentators gave him much of a chance against seasoned Republican campaigners such as Jeb Bush, a former Governor of Florida and a son and a brother of two former Presidents, and Marco Rubio, the young Senator from Florida. Mitt Romney, the Republican candidate in 2012, declared that the contest was between Trumpism and Republicanism, because Trump was very different from traditional Republican candidates.

In the past, the Republican Party stood for a smaller state, limited government, free trade with other countries, and strong American leadership of the democratic world. Older Republicans tended to believe more in tradition and more in continuity than in radical change, but in the recent past, the Party had become more narrowly based and increasingly dependent on a white evangelist and libertarian core, and this made it more vulnerable to an insurgent coup of the type mounted by Trump.

On foreign policy, since the time of Eisenhower, who was President in the 1950s, Republicans had been firm in their support for foreign aid, NATO and for a rules-based international order in which the European democracies had been partners. These notions, Trump repudiates. His victory constituted a hostile takeover of the Republican Party by voters angry that they had been ignored in favour of the elite, which they held responsible for the 2008 financial crash. The Republicans, traditionally seen as a conservative party, have been taken over by Trump and his supporters who are anything but conservative. They are angry and seek change.

When Trump won the Republican nomination against the wishes of the whole Republican Establishment, few gave him much chance of beating Hillary Clinton, who declares in her memoirs that: "When he had announced his candidacy, I thought it was another joke, like a lot of people did. By then, he had re-made himself from tabloid scoundrel into right-wing crank, with his long, offensive, quixotic obsession with President Obama's birth certification. He reminded me of one of those old men ranting on about how the country was going to hell in a hand-basket unless people started listening to him." Trump was universally ridiculed, yet he defeated them all. The joke, as Hillary Clinton admits, was on us. How are we to explain this?

In her memoirs, Hillary Clinton mentions such matters as the Russians, who hacked the Democrats computers, FBI Director, who, just a few days before the Election, said that she remained under investigation because of her email practices, even though, after the Election, it was clear that she had done nothing illegal. Of course, in a close election, any of a number of factors can be held responsible for the outcome.

But these explanations miss the point. The general assumption had been that Hillary Clinton would defeat Trump easily, that she would win a landslide. Why did that not happen? That is what needs to be explained. The remarkable Election of 2016 was of significance, I believe, not only for America but also for many other democracies, and a number of the trends seen in that Election are present also on the Continent and perhaps even in Britain.



The main feature of the Election, many have said, was the rise of populism, a term often used extremely loosely. Some may say that a populist is simply someone who is popular, but I think we can try a more precise definition. A populist can be defined as someone who believes that the traditional governing parties of moderate left and moderate right, which seem to oppose each other, in reality form a consensus – they agree on the basics. The real debate therefore is not between left and right but between the people and the political class, or, if you like, the people and the elite, which has its own interests in common, interests which are not those of the people. A populist, therefore, can be on the right or on the left, Donald Trump or Bernie Sanders, or, in France, Marine Le Pen or Jean-Luc Mélenchon. A populist can be a socialist, a nationalist, a racist or a fascist, but its defining feature is distrust of elites and a promise to purge the country of them. Trump famously promised to “drain the swamp in Washington”. From the left, Bernie Sanders railed against the elite of Wall Street, who had, in his view, caused the financial crash. Populism, then, is a straightforward emotion. It is easy to understand and engenders a mood which seeks to explain away the difficulties of government. The problems involved in balancing different claims, in balancing spending and taxation, in balancing strength and conciliation, are conjured away. They are seen as difficulties deliberately erected by the elite in order to prevent the people from exercising power. The mood engendered by populism has a particular appeal to those who feel ignored, looked down upon, threatened or humiliated, and it appeals also to those who feel unsettled by modern cultural developments, in particular perhaps by mass immigration and multiculturalism. It appeals to those who feel that governments are not doing enough to combat the evil of terrorism. It appeals most fundamentally to those who see themselves as the victims of globalisation.

The key division in the modern world between the elite and the people has become education, and that was the key indicator of the Trump vote. I suspect the same is true of the vote for UKIP in Britain and for Marine Le Pen in France. The division is between what we might call the exam-passing classes, to which I suspect that everyone in this audience belongs, and the rest. Now, the exam-passing classes have certain characteristics in common: they are internationalist and they generally welcome multiculturalism and immigration, which, in America, secures for them hard-working Filipino cleaners and Mexican handymen. The exam-passing classes appreciate the value of globalisation, which, so it believes, has raised the standard of living for all. In Europe, of course, that means support for the European Union. In America, it means support for free-trade and for international trade agreements. The exam-passing classes are broadly sympathetic to the economic consensus - market economics, with some degree of regulation, welfare and redistribution of income to mitigate its harshness. The exam-passing classes are also sensitive to the identity and the rights of minorities, religious and racial minorities and also sexual minorities. But there is something of a tendency to take less account of, or even to denigrate, ethnic majority identity. The identity of the white working-class in America is given less priority than the identity of minorities. In Britain, the identity of white English people is given less emphasis than the identity of national minorities. This leads those who are not part of the elite to emphasise the rights of the majority. They seek to preserve the identity of the majority, which they feel is being undermined by the clamour of minorities, whom they believe should assimilate and accommodate to the norms of the majority. The division between these two kinds of people has been well summed-up by the British writer David Goodhart as one between “anywheres”, the elite, and “somewheres”, the rest. The “anywheres” are educated and have successful careers. They are therefore mobile and favour an open society. They are sympathetic to immigration. They are comfortable with change. The “somewheres” are less educated, more in danger of unemployment, less mobile, and fearful that immigrants will threaten their jobs. This fundamental cultural division has altered voting behaviour in the United States, as in many other democracies.

The traditional party battle since the time of the New Deal in the 1930s was based on economics. The parties were divided on the role of the state: the Democrats favouring a greater role of the state; the Republicans a lesser role. On the distribution of income and wealth, the Democrats favoured a greater degree of equality, and the Republicans a lesser. The conflict has been between a party of the moderate left favouring somewhat greater state intervention and welfare and a moderate amount of redistribution of income, and a party of the moderate right favouring a lesser role for the state and less interference with the market. The left-leaning party, the Democrats, has many similarities with the moderate parties of the European left, the Social Democrats and Labour Party in Britain, in the past anyway. The Republicans, in the past, had many similarities with the moderate parties of the European right, the Conservatives and the Christian Democrats.



Populists, whilst not ignoring economics, concentrate on something which they regard as much more fundamental, the politics of identity, the identity not of minorities but of the great majority which, so they say, has been ignored by the moderate parties of both left and right. So it is that Trump's main criticism of Hillary Clinton and Obama was not that they are too left-wing, the traditional Republican attack, that they were not sufficiently American, and Trump even, rather absurdly, attacked Obama for being deceitful about his birth certificate and claimed that Obama was not really an American at all. Similarly, in Britain, UKIP argued not that David Cameron was too left-wing or right-wing but that because he was pro the European Union, he was not British enough. The Scottish Nationalists attacked Labour not for being too right-wing or too left-wing but for not being Scottish enough. Marine Le Pen attacked her opponents not for being too left-wing or too right-wing but for not being French enough.

This movement from the politics of economics and ideology to the politics of identity means that minorities are often denigrated. The former Republican Speaker of the House of Representatives Newt Gingrich, declared that Obama was "the first anti-American President", and resentment against minorities, and particularly against African-Americans, was a fundamental feature of the 2016 Election, sometimes underplayed by commentators.

The question was asked "Do you believe that discrimination against whites has become as big a problem as discrimination against blacks and other minorities?" and 75% believed that, and 69% took the view that immigration was a crucial issue for themselves personally. Now, many who responded in this way had not been personally affected by immigration and some lived in states where there had in fact been very little immigration. Nevertheless, those who support Trump tend to believe that minorities are not quite as American as the indigenous population, and for those who take this view, measures to help minorities have gone too far. In consequence, the indigenous white working-class have become strangers in their own land – and that is the title of a recent book on the white American working-class, "Strangers in Their Own Land". Now, whereas those on the left say that members of ethnic minorities are alienated and discriminated against, the populist says it is the white working-class who are in that position – it is they whose status has declined in an era of globalisation, meritocracy and minority rights. This, they say, is particularly unfair since the majority are the people who built up the country and played by the rules. The wealthy bankers did not play by the rules. Welfare beneficiaries have not played by the rules. Minorities who have benefited from affirmative action have not played by the rules. Women benefiting from another form of affirmative action, tokenism in the populist view, do not play by the rules. Indeed, by competing unfairly in the marketplace and competing with their menfolk, they have unsettled cultural norms and upset traditional gender roles. The welfare state, so populists argue, rests on national solidarity and cohesion. Those who belong to the community should be given priority for health and welfare over recent immigrants, and even perhaps over minorities, who do not, in the full sense, belong at all. But above all, mass immigration is undermining the communal values on which the welfare state rests. There is therefore, amongst those who supported Trump, a deep sense of fairness directed against the elites: both the richest, they say, are not paying their fair share of taxation; the elites are not contributing to the benefit of everyone else; they are taking more out of society than they are putting in; they are concerned more for their own interests than those of the country; and minorities too are taking more out of the country than they are putting in. I suspect this same feeling is strong amongst those who voted for Brexit.

Trump is by no means the first populist in American history. Indeed, America has a long history of populism. But no populist before Trump had won the nomination of a major party since 1896, when William Jennings Bryan, an outsider, won the Democratic nomination, though he did not win the presidency. But since then, there have been other populist revolts, some seeming to come from the left and others from the right. In the 1920s, there was a revolt of progressives from the left against the party system. Then, in the early 1950s, there was Senator Joseph McCarthy, who declared that communists had infiltrated the highest levels of government, including the State Department. His activities of course gave rise to the term McCarthyism and he emphasised a theme that had become popular with populists of all kinds, including Trump. That theme is an insistence that foreign enemies have allies at home. With McCarthy, it was the left liberal elite which had been too tolerant of communists; with Trump, it is Muslims in America, who are alleged to sympathise with terrorists. Then, in the 1960s, there was a new wave of populism, beginning with the Republican candidacy of Barry Goldwater in 1964 and continuing with Governor George Wallace and Southern Segregationists who were resisting measures to



enforce school integration and to secure voting and other civil rights for African-Americans and measures to enhance racial integration. So, populism has been an important theme in American politics since at least the time of the Civil War in the 19<sup>th</sup> Century.

We sometimes think of the history of American politics in terms of a succession of liberal Presidents, from Lincoln, through to Theodore Roosevelt, Woodrow Wilson, Franklin Roosevelt, and Harry Truman, continuing with Kennedy and Johnson, and then, in our own times, Bill Clinton and Barack Obama, but there is also a quite different tradition of populism, and one might characterise 20<sup>th</sup> and 21<sup>st</sup> Century American politics as a rather unruly and chaotic dialogue between liberals and populists, between the search for rational improvement and the stirring up and exploitation of fears and hatreds. Liberals have always faced the problem that their plans for the future can never be fully realised. They are perhaps always doomed to raise hopes which will in part be disappointed. They make promises but can achieve only part of what they promise. That perhaps is in the nature of democratic politics and can be explained, no doubt, in terms of human fallibility. But the populist has an alternative explanation: the reason why hopes have not been realised lies in a conspiracy of the elite concerned to deny to the people their just reward.

American liberalism, whether the left or the right, whether it is Clinton and Obama, or Reagan and Bush, is a set of ideas or doctrines, an ideology, if you like, with its texts and pamphlets. It can be read about, discussed and debated, and it is of course debated regularly in universities and in the media. It has its textbooks and its exponents and its critics. But populism is quite different: it is not a doctrine at all and there are no textbooks to which you can look for guidance. An extreme form of populism, after all, is fascism, but there is no textbook of fascism, as Karl Marx's Communist Manifesto or Das Kapital are textbooks of communism. Nor is there a textbook in which one can discover what Donald Trump believes. Indeed, he has been inconsistent on major issues. He has been pro-choice and anti-abortion. He has been for universal healthcare and opposed to Obamacare. Populism is less a doctrine than a mood, a tone of voice, an emotional stance, indeed a rather harsh and raucous one. It relies, as I have said, on the notion of a conspiracy by those in power, the elite, who deceive the honest and decent American people.

In the past, populist movements seemed to herald something wrong with the American political and social system. They heralded a party realignment. William Jennings Bryan, in 1896, was reacting against government by the rich and the market-led consensus of the time. His insurgency was a prelude to the progressive presidencies of Theodore Roosevelt and Woodrow Wilson at the beginning of the 20<sup>th</sup> Century. The progressive revolt of the 1920s heralded the New Deal of Franklin Roosevelt in the 1930s. McCarthyism heralded the ending of a long period of Democratic rule and the election of the first Republican President for 20 years, Dwight Eisenhower, a President who was expected to take a firmer line against communism. In the 1960s, the insurgency of Goldwater and the revolt of George Wallace heralded the end of the New Deal coalition which had sustained Democratic Presidents and it led to the growth of the conservative movement, led first by Richard Nixon and then by Ronald Reagan. It was a first sign that many of the white working-class supporters who had sustained the New Deal were now swinging to the right. Significantly, Trump has said: "I think what Nixon understood is that when the world is falling apart, people want a strong leader whose highest priority is protecting America first". In a similar way, in Britain, in the late 1960s, the speeches on immigration and Europe by Enoch Powell heralded a swing of the working-class to the right and prefigured the hegemony of Margaret Thatcher.

In America, realignment was assisted by the end of the one-party South, which, since the Civil War, had always voted Democrat, since the Republicans were the party of Abraham Lincoln, the enemy of the South, but all this changed as a result of the reforms of the Democrat President Lyndon Johnson in the 1960s, providing for voting rights and civil rights for African-Americans. At the time, the segregationist Senator for Georgia, Senator Richard Russell, told Johnson: "It is going to cost you the South." "So be it", Johnson responded, and he later admitted, "I've lost the South." The South would no longer be reliably single-party Democrat. The South became part of the American two-party system, and because the South was fundamentally conservative, it tended to be more often Republican than Democrat, and this fundamentally transformed American politics.

Until 1968, the Democrats had seemed the natural governing party. They had won six of the last eight previous presidential elections, losing just once since the New Deal, and that was to the war hero, General Eisenhower.



But from 1968, the Democrats won just one out of the next six presidential elections, and that was in 1976 after the Watergate Scandal. Significantly, Obama has been the only Democratic President since Kennedy who has not come from the South. The other three Democratic Presidents, Lyndon Johnson, Carter and Clinton, were all from the South.

The conservative hegemony under Richard Nixon and Ronald Reagan occurred at a time of widespread student rioting and seeming alienation over the Vietnam War, but Nixon had spoken of the “silent majority” who were shocked by the student riots and supported the Vietnam War. They were the people whom one commentator called “the unpoor, the unblack, and the unyoung”. They were the people who supported Nixon and then Reagan. They were fearful and angry. Now, they are once again fearful and angry. In March 2015, a survey showed that 50% of Trump supporters were angry with government.

But there is one major difference between the Trump presidency and those of his Republican predecessors such as Nixon and Reagan. For all of the various presidencies which followed on from populism, those of Theodore Roosevelt, Wilson, Franklin Roosevelt, Eisenhower, as well as Nixon and Reagan, they were not themselves populist presidencies in the way that the Trump presidency is populist. Instead, they sought to contain populism within the traditional framework of American politics. They used insurgencies in the interests of the traditional system. Trump does not seek to do so. He is the first insurgent to have taken over the White House.

In the 21<sup>st</sup> Century, populism in America has been strengthened by two factors of fundamental importance. The first is the terrorist attack of 9<sup>th</sup> September 2001, which showed that, contrary to what many believed, the United States was not invulnerable. Since then, America has been involved in seemingly unwinnable wars overseas, in Afghanistan, Iraq and Syria. President George W. Bush had hoped that he could pursue Woodrow Wilson’s ideal of making the world safe for democracy. He hoped he could make Iraq a functioning democracy on the American model. Instead, America seemed bogged down in sectarian conflict and renewed terrorism in foreign countries.

Before the 21<sup>st</sup> Century, there was an illusion of American omnipotence, that America could do whatever it wanted. That illusion has now been shattered. America seemed neither invulnerable nor omnipotent. “We are,” Trump has said, “a country that doesn’t win anymore”, and the reason was simple: it was that the American elite had betrayed the American people, and the reason that America no longer won was it had become too internationalist. It was not doing enough to control immigration, which Trump linked with crime and terrorism. America had lost control of its borders and was not doing enough to keep terrorists out of America. Trump said that a wall should be built along the Mexican border to keep out criminals, a class to which he implied all Mexicans belonged, and that Mexico should pay for it. In addition, American governments had promoted trade deals which had failed to protect American workers. Trump’s campaign slogan was: “Make America Great Again”, and significantly, 83% of Democrats and those who leant towards the Democrats saw good diplomacy as the way to ensure peace, but of Republicans and those who leant towards the Republicans, only 33% thought that good diplomacy was the way to promote peace.

The traditional politicians, the moderates, both on the right and the left, they seemed not to have noticed what is happening. They appeared disconnected from the people. Before 2001, Bill Clinton had sought to modernise the Democrats so that they appealed not only to the traditional working-class and to minorities but also to those with educational qualifications, middle-class professionals and graduates. He sought to win over aspirational, those ambitious to get on in life, and that was a response to the massive expansion of higher education and the phenomenon which sociologists call by the ugly name “assortative mating”, by which is meant that those with higher educational qualifications tend to marry those with similar qualifications, thereby further isolating themselves from those who are without qualifications. This, as I have said, established a new cleavage in American society between the exam-passing classes and the rest. Very significantly, Obama, despite winning two presidential elections, in 2008 and 2012, had double-digit deficits among whites without university degrees in both elections – in other words, he was more than 10% behind the Republicans in both elections amongst whites without university degrees. The modernised Democrats had a tendency to forget about those left behind by the expansion of higher education. Indeed, they sometimes seemed to look down on them. Hillary Clinton said: “You could put half of Trump’s supporters into what I call the basket of deplorables”, and perhaps it is



always unwise to pour scorn on people whose votes you need. But liberalism had become the philosophy of the meritocratic elite. Trump, by contrast, acknowledging that most of his supporters lacked educational qualifications, declared: “I love the poorly-educated! I am your voice!” In his victory speech on 9<sup>th</sup> November, he said: “The forgotten men and women of our country will soon be forgotten no longer.”

Obama and Hillary Clinton, like David Cameron in Britain and Francois Hollande in France, belong to the exam-passing classes. Hillary Clinton had indeed acknowledged this in a book she wrote in 1999 called “Hard Choices”. She said: “I know I am like the projection for many of those wounded men. I am the boss they never wanted to have. I am the wife who went back to school and got an extra degree and a job as good as theirs. It is not me personally they hate, it is the changes I represent.” She half-admitted that she was ill-positioned to understand the deplorables, who had become politically, as well as socially and economically, marginalised, and it is those deplorables who form the bedrock of Trump’s support, while the compromises of the newly-modernised social democratic parties is opening the way to a new populism of the left - Bernie Sanders in America and Jeremy Corbyn in Britain and Jean-Luc Mélenchon in France. Above all, many liberals seem to have forgotten the language of patriotism, particularly important after 2001. The Trump revolution, like Brexit in Britain, is, at bottom, an attempt to restore the authority of the nation and of those who love it. A large part of Trump’s appeal is to national pride and he has said that his supporters are people who “love our nation, obey our laws, and care for our people”. So, the first factor which has strengthened populism results from the ramifications of a terrorist attack of 2001 and the differing reactions to it on the part of different sections of American society.

A second factor which has strengthened populism is of course the 2008 credit crunch. As a result of this, real incomes in America have been stagnant, or even falling for many, but the bankers and financiers seem to have emerged completely unscathed. The credit crunch had political consequences which were not predicted by most centrist political leaders. Leaders of the moderate left hoped that it would lead to a fundamental change in attitudes to the free market and to deregulation. They hoped there would now be a stronger electoral constituency for greater regulation in markets and the banks and for redistributive taxation. They hoped that 2008 would be a social democratic moment. That was the hope of Hillary Clinton, just as it had been the hope of Ed Miliband in Britain, but it turned out not to be the case. Instead, the populists would benefit.

The same had happened, in much more extreme form, after the great Wall Street slump in 1929. At that time, many on the left in Europe predicted it would herald the demise of capitalism, and that communism or socialism would benefit, but that too did not turn out to be the case. On the Continent, the beneficiaries were not part of the left but fascist and Nazi parties, extreme nationalist parties. In Britain and America, the reaction was more moderate. In Britain, there was a coalition government, a national government, which put forward policies of tariff protection and economic reconstruction. In the United States, there was the New Deal Administration of Franklin Roosevelt, whose first steps were very much in accordance with economic nationalism, withdrawing America from the Gold Standard and concentrating on policies of domestic recovery, including the establishment of a welfare state based on social security. That was a great creative response to the Depression, and without it, America might well have succumbed to one of the many demagogues who were then stalking the land, but America, at that time, was an exception to trends in most other countries. In those countries, internationalist ideologies and ideologies of the moderate left, social democracy and liberalism found themselves on the defensive. In America, this was not so, perhaps because the slump had occurred under a conservative administration, that of Herbert Hoover, the Republican President who had preceded Roosevelt. So, in America, it was the political right and not the moderate left that was associated in the public mind with the Depression.

But in the 21<sup>st</sup> Century, by contrast, America is no longer an exception. It has become part of a trend occurring in most advanced democracies, where parties representing internationalist ideologies, social democracy and liberalism are in decline, and the parties and political leaders that are proving successful have been those representing the forces of economic nationalism and protectionism. Almost everywhere, the moderate left and the moderate right finds itself under threat. The beneficiaries have been populists, mainly on the right but also on the left. Trump is, I think, the American analogue to UKIP and to some very nasty parties on the Continent - on the right, in particular the Front National in France, in Sweden, the Sweden Democrats, in Hungary, Jobbik,



and in Germany, the Alternative für Deutschland. In the United States, Bernie Sanders has been the American analogue to parties of the radical left, particularly in the Mediterranean countries suffering from the Euro. In those countries, it is primarily the parties of the radical left that have benefited. But, in Europe, there is one constraint against the populism of the right, and it is, paradoxically, the election of Donald Trump, because one of the cries which defeated the Front National in France during the recent presidential election was “We don’t want Trump here!” So, one way to defeat populism is to keep talking about Donald Trump, and perhaps this lecture will be a contribution.

Populism then takes its cue from the global financial crisis of 2008, which undermined the rationale for the privileges of the financial elite. Before it, considerable inequalities of income and wealth had been defended on the ground that they would benefit all, that there would be a trickle-down effect that would help those most in need. That rationale was exploded by the credit crunch. The financial elite had been acclaimed for its supposed skill at analysing risk. It now appeared that it was short-sighted, foolish, and frequently unethical, but the bankers, unlike their numerous victims, not only emerged unscathed but also sought and received massive state aid to bail them out, aid which seemed not to be available in such generous quantities for the less well-off. The credit crunch also discredited the ideas of free trade and deregulation. These also were held to be amongst the causes of the downturn. So, the political elite and the financial elite seemed to be subject to different rules from the populace at large.

In her memoirs, Hillary Clinton accepts it was a mistake to give speeches to financial institutions, such as Goldman Sachs, for fees of around \$300,000 – slightly more than I am getting for this lecture, let me say...! Perhaps I should put in a complaint. But, at the time, Hillary Clinton could not understand why so many people objected to this large fee, and links with Wall Street had become obviously particularly unpopular after the credit crunch, and they formed a major element in Trump’s attack on her. To be fair to Hillary Clinton, she had, as Senator for New York, warned of the dangers of the mortgage crisis, she had voted against the tax cuts of President George W. Bush, and had advocated closing a tax loophole for hedge fund managers, and, ironically, having attacked Hillary Clinton for being the tool of Wall Street, Trump as President appointed a banker from Goldman Sachs as his Treasury Secretary and also many other bankers to his Administration. There are apparently more billionaires in Trump’s Cabinet than in any previous American Administration. But these rational defences seem electorally completely irrelevant and they did nothing to stop people feeling that the system was rigged against ordinary people and that the Clintons were part of an arrogant plutocracy that had helped to rig the system and believed themselves entitled to rule. It is now reported that Barack Obama has been given an advance of \$60 million for his memoirs. So, the Democrats have been put on the defensive as apologists for the status quo against the forces of populism, whose cry, as I have said, the differences between left and right were unimportant since the real cleavage lay between the people and the political class who were rigging the system against them.

So, in America, as in Europe, the credit crunch led not to a social democratic moment, still less a liberal moment, but a nationalist moment, and almost everywhere, and particularly in America, the credit crunch has strengthened national feeling while weakening social solidarity. The alienation and sense of disfranchisement which has arisen as a result of the credit crunch has, on the whole, benefited the right, as it did in 1930s Europe. But although it has benefited the right, it has given rise to a mood which is radical and anything but conservative. It has tended to benefit not the traditional conservative right but a new radical right, the populist right, and the appeal of Trump, like that of UKIP and the Front National, is generally to those left behind by social and economic change, and in particular by the decline of heavy industry and manufacturing.

Sixty years ago in America, as in most industrial countries, it was not really necessary to have educational qualifications to obtain a good and secure job. One could leave high school, move straight into a job, and hope with some confidence that one would never be out of work. But with the decline of, for example, coal-mining and the steel industry, that is no longer the case. Developments in information technology and international competition have destroyed jobs and reduced the demand for unskilled labour. Wages for the less skilled have fallen, partly perhaps in consequence of immigration which has increased the supply of labour. In America, the share of the male population neither working nor looking for work nor in school or old enough to retire has more than doubled over the past 50 years, even though the population as a whole is healthier and better





educated. The Federal Reserve continues to insist that America is a full employment economy but millions seemed unable to find a decent job. Despite the low overall unemployment rate, one-sixth of men between the ages of 25 and 54 are out of work. This is a more serious issue for America than for much of the rest of the industrial world since America has a less generous welfare system. If current trends continue, one-quarter of those aged between 25 and 54 will be out of work by mid-century.

Of those who voted for Hillary Clinton, 72% believed their financial situation was better than it had been four years earlier. Of those who voted for Trump, 78% thought it was worse. The counties that voted most heavily for Hillary Clinton produce nearly two-thirds of American GDP – they are of course a minority of American counties. In short, the dynamic, prosperous and economically successful elements of the electorate supported Hillary Clinton; the less successful element supported Donald Trump.

In America, between 2011 and 2016, coal production fell by 27% and nearly 60,000 coalminers and contractors lost their jobs. 40% of those were in two states, Kentucky and West Virginia, and these two states I think are of particular significance for understanding American politics. These states were, in addition to the level of unemployment, they were first and third in the country for deaths by drug poisoning, while West Virginia had the highest proportion of adult population with a disability – 19% as compared with the national average of 13%. Both states voted by wide margins for Trump in 2016. Hillary Clinton says in her memoirs: “Since the Election, I’ve spent a lot of time thinking about why I failed to connect with more working-class whites.” But the failure of the Democrats with this group cannot be ascribed wholly to Hillary Clinton or to personal factors operating only in 2016. In West Virginia, for example, a largely white working-class state, the Democrats had won 14 out of 17 presidential elections between Roosevelt’s victory in 1932 and Clinton’s re-election in 1996, but since 2000, the Republicans have won every single presidential election in the state by progressively larger margins. In 2012, despite defeating Mitt Romney in the presidential election, Obama lost West Virginia by nearly two to one. So, these are people deeply anxious and angry about the decay of their communities and upset that they have personally lost their job, isolated people, in socially isolated or fragmented who are very vulnerable to the appeal of populism. Larry Summers, a former Treasury Secretary and now Professor of Government at Harvard, has said: “A weak economy makes for angry politics.”

But economics is not the sole factor, and two further reasons can be given for the shift to Trump. The first is the Republicans shifted the debate – and this was before Trump – from economics to culture, what some have called “gays, guns and God”. They have tried to rally the working-class against modern cultural trends, the trends of liberalism, which, so they argue, undermine traditional values and harm America. The second is race, and there was something of a backlash against Barack Obama, America’s first black President, and perhaps hostility to a female candidate for the presidency.

One study, carried out in June this year, concluded that what stands out most as factors in the Election were attitudes towards immigration, feelings towards black people, and feelings towards Muslims, and the American election studies show that resentment towards these groups was a better predictor of Trump’s support than anything in economics. A social survey conducted by the University of Chicago found that, in 2016, 55% of white Republicans believed that blacks were generally poorer than whites, quote, “because most just do not have the motivation or willpower to pull themselves up out of poverty”. 42% of white Republicans said that blacks were lazier than whites, and 26% said they were less intelligent. If only whites had voted, Trump would have won in the Electoral College by 389 votes to 81. The remaining 68 votes could have gone to either candidate. The gap today between Democrats and Republicans on issues of race is wider than it has ever been when asked whether racial discrimination is the main reason why many African-Americans cannot get ahead, as compared with a view that African-Americans who cannot get ahead are mostly responsible for their own condition, the gap is around 50%.

In 2016, remarkably, white working-class women voted for Trump by a wider margin than had voted for Ronald Reagan in the 1980s, remarkable in view of Trump’s disparaging remarks about women and his boasts about what amounted to sexual assault. But the main cleavages, as I have said, related to race and education, and black women voted 94% for Hillary Clinton, the highest figure for any demographic. Whites with no degree voted 67 to 28 for Trump. White college graduates voted 71 to 23 for Hillary Clinton.



So, it is clear there is a new political conflict in America, as well as in much of Europe, reflecting a new social cleavage between those who have benefited from globalisation and those who have not, a cleavage which very much coincides with the education cleavage and which is coming to overshadow the traditional left/right policy differences between mainstream parties, a cleavage between those who believe in an open society and those who do not. This cleavage revolves around policies on an internationalist/nationalist axis, and that division is perhaps the crucial one now in America, as it may also be becoming in Europe. Perhaps the best way of putting the point, as I say, is between those who believe in an open society, internationalist and liberal, and those who favour policies of nationalism and protection. That was a conflict that seemed to dominate European politics for most of the 20<sup>th</sup> Century because the early years of the 20<sup>th</sup> Century were also marked by that sort of conflict. In the early 20<sup>th</sup> Century, the great writer Franz Kafka was asked to explain how he reconciled the growth of nationalism with the economic facts of economic integration and globalisation. He replied: “That is precisely the proof of what I say – men always strive for what they do not have.” The technical advances which were common to all nations strip them more and more of their national characteristics, therefore they become nationalist. Modern nationalism is a defensive movement against the crude encroachments of civilisation.

Donald Trump, like the populist parties of Europe, emphasises such values as national identity, stability and community, values underplayed, if not ignored, by the liberal elite. Trump’s motto, like that of the Eurosceptic populist parties, could well be “Charity begins at home”.

There was a very interesting exchange in September 2014 in the Financial Times between the Managing Director of the IMF, Christine Lagarde, and her interlocutor, who was Gillian Tett. Christine Lagarde said she was particularly concerned about what she sees as a structural disconnect between economic and political structures. While the global economic system was becoming increasingly integrated, the global political system was fragmenting and becoming more so because of a backlash against globalisation. Gillian Tett, her interlocutor, said: “This makes for a dangerous cocktail since it creates a world that is interconnected in the sense that shocks can spread quickly but nobody is actually in charge.” At that, Christine Lagarde nodded and her playful manner disappeared. She said, “It is not clear which of these trends will win. I am worried, very worried. I do not want my children, my grandchildren, to grow up in a world which is disaggregated and fragmented.” Perhaps the task which Donald Trump has set the rest of us is to consider how we can prevent our world from becoming one which does become disaggregated and fragmented.

Thank you.