

Trump through a Polanyi lens: considering community well-being

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Introduction

At least in outline, the economic policies that new presidents of the U.S. will attempt to put in place are generally known when they take office. Economic advisors who have given speeches, written papers, testified before Congress are usually known. However, we know little about what Trump actually intends or what he can accomplish. Rather than trying to write about what I have absolutely no confidence in predicting, I am, in this paper, going to suggest some parallels between Trumps' incoherent, and yet apparently popular campaign proposals, and some themes from an earlier period of populist anger in the U.S., the period that began in roughly 1870 and culminated in the presidential election of 1896. In drawing these parallels I will accept that in calling the Tea Partiers and Trump voters populists, observers are correct in thinking that there is an anger abroad in the U.S. that bears resemblance to the anger of that earlier period.

My conclusions will be three: In both periods of populist anger the causes of that anger are hard to explain using standard measures of economic well-being. People had many reasons for voting for Trump, but even given that, it is hard to make sense of the economic causes of his victory, just as it was hard to account for the electoral success of the earlier populists. Secondly, even though Trump and his administrative colleagues may not truly care about that anger now that they are in office, it is important that those in opposition understand what people want and why they are angry. It is not sufficient to write Trump off as a cowbird, a bird whose characteristics I will explain shortly. And, finally, there is a growing literature that suggests that we need to devise not only new policies but quite possibly a new way for economists to think about national economic policy.

Two populisms

In the last three decades of the 19th century American farmers joined the Grange, Farmers' Alliances, and in the 1890s in the Peoples (or Populist) Party. They enjoyed considerable success in electing third party candidates at the state level.¹ In recent work such as John Judis' *The Populist Explosion*, as well as older standard works such as John D. Hicks' *The Populist Revolt*, and Norman Pollack's *The Populist Mind*, the discontent that led to what we might today describe as an effective Tea Party uprising, is said to have been falling

¹ This section is based on Mayhew, 1972 and the sources cited there. See also Turner (1980).

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agricultural prices and the economic power of the newly important railroads and their attendant political power. This is not surprising for that is pretty much what the farmers themselves said.

The story is, however, more complicated. Statistics compiled by Douglass North in 1966 reveal that the last three decades of the 19th century was a period when agricultural terms of trade improved and when railroad rates were falling. Markets for Midwestern crops were expanding rapidly. Further and more recent support for the proposition that life on American farms, at least in the Midwest where the protest was strongest, was improving comes from Robert J. Gordon's very recent book, *The Rise and Fall of American Growth: The U.S. Standard of Living since the Civil War*. In short, statistical evidence does not really support the complaints of the farmers but we do know that they were very clearly unhappy.

There has also been an easy explanation for the recent anger of Tea Partiers and Trump supporters that does not quite stand up to closer examination. It was easy during the long primary season and even in the first days after his November victory to believe that Trump's successes were coming from the votes of those who had not enjoyed the benefits of the post-2009 economic recovery. Much of the rhetoric of Trump's campaign and much of the early coverage suggested that his unexpected support in areas that had previously been safely Democratic resulted from a continued loss of jobs, whether because of globalization or automation or both.

A corollary of this analysis of Trump's win was the conclusion that many of those who voted for Trump voted against their own economic interests. It has all along been difficult to believe that Trump could or would extend and strengthen a government-provided safety net would seem crucial to protect those caught in the undoubtedly real structural change that has produced the depopulating towns and empty and crumbling factories that served as backdrops for the election. Analysts have puzzled over why voters assumed to be concerned about a loss of jobs were willing to accept the vague and sometimes contradictory prescription that Trump offered as a remedy and why they voted for a man and a party that promise to take apart the existing safety net.

There was a parallel in the late 19th century. After the Populists allied with the Democratic Party in 1896, there were also suggestions that the farmers had been "duped" into an alliance that even though it did ultimately lead to Democratic progressivism removed the farmers and their concerns from center stage. William Jennings Bryan, with his oratorical skills and a popular call for "free silver" was, according to the muckraker Henry Demarest Lloyd, a cowbird. For those readers not up on their ornithology, I should explain that cowbirds lay their eggs in the nests built by other species of bird and leave the parenting duty to the builder of the nest. At least some of the eggs do not hatch and cowbirds are often described as crowding out those with more legitimate rights to the nest and the parenting that goes with being there. For the Tea Partiers and other angry voters of 2016, we could say that Donald Trump is the cowbird with the mélange of interests that he now represents is in the process of shoving the hopes and plans of "the people" out of the nest.

Different interpretations

There is some justification for calling Bryan a cowbird and even more for calling Trump out on this score. If, however, the important thing is to understand the anger of voters, that is not

sufficient. It is important to look behind the slogans of “free silver” and “bring jobs back” and explore more fully why voters and protestors were angry and why they allowed the cowbirds entry into their political nests at all. I begin this process by noting that as part of the political process, vote seekers must articulate the concerns of the people in a way that resonates with the voters and, at the same time, state those concerns in a ways that are addressable by the policy makers on whom they will rely. In the case of Donald Trump, the policy maker may be Trump rather than independent experts but the generalization still holds. Concerns must be articulated in a way that both yields policy and at the same time appear to the electorate to address their problems.

My conclusion (see Mayhew 1972) about the 19th-century populists was that the farmers were actually angry about their sudden immersion in a thoroughly commercial and nation-wide market for agricultural crops that resulted from the new rail network and the availability of ocean-going steam ships. They were angry because prices that emerged from processes that played out in Chicago and New York and London determined their success. To oversimplify just a bit, most U.S. farmers, and particularly those who were populating the Midwest were successful if they grew enough to feed and clothe their families. By the 1870s this was no longer a measure of success. New goods, mail order catalogs, and a rising standard of living, required more and that more depended upon prices over which the farmer had no direct control. In the political language available to these farmers they blamed the railroads and the “trusts” and “monopolists”.²

When these complaints were heard by politicians, policy makers, and academics, the message was transformed into anger about prices and about “monopolies”. This was confusing for economists. The railroads, even as they merged into networks did not conform to the models of monopolies that economists and other academics had to hand. Nor did the “trusts” conform to such models. In fact, most economists at the beginning of the 20th century argued that there was too much competition in the American economy. Combinations were needed to avoid what they labelled “ruinous competition”. The near-unanimous congressional support for the Sherman Antitrust Act in 1890 did not jibe with expert opinion and clear-cut policies to deal with farm anger were not easy to formulate. Following creation of state regulatory bodies and then in 1887, the creation of the Interstate Commerce Act, railroads were regulated in ways that sometimes did and sometimes did not please protesting farmers, but answers for other industries remained elusive and the issue of what to do about “monopoly” remained a major issue in elections up until WWI changed the national conversation.³ It also made sense to the experts and the politicians to place an emphasis on money and hence on the gold versus silver issue that had long dogged American political discourse. This was especially so as there were no measures available to deal with “power” as power was being wielded by Rockefeller and his colleagues who ran the railroads.

Since the 2016 election there has been a growing body of evidence that this most recent “populist” revolt has also been muddled in the translation among voters, candidates, and economists and for a similar reason: the measures of economic well-being thought by experts to be at issue may simply not be adequate to address concerns of unhappy voters. Perhaps

² A word about terms. Because of the way in which laws of incorporation then existed in the U.S. setting up a “trust” was the way used by John D. Rockefeller and others to concentrate control over multi-product and geographically dispersed firms such as Standard Oil. Even as laws of incorporation and combination changed, the word “trust” continued in American discourse as a name for a firm deemed to have too much power. In popular language, a “trust” was the same thing as a “monopoly”.

³ I have written about this in Mayhew (1998) and Mayhew (2008).

today we also lack a good measure of what is wrong in those counties that swung hard from traditional Democratic support to vote for Trump. Evidence that these are not counties of high unemployment cast doubt upon the easy conclusion that this was an election about jobs even before the votes were finally counted. That is confusing.

What were voters angry about in 2016?

To try to understand this apparent paradox there has been a rush by journalists and scholars to look more closely at those places that, often to the surprise of political observers, voted for Trump. One such effort that illustrates the paradox well is that which appeared in an article in *MINNPOST*, a regional Minnesota news source, where reporter Jeff Ernst describes how for the first time since 1924, Morrison County, a county located northwest of Minneapolis in central Minnesota, voted for someone other than the Democratic nominee for President.⁴ This was particularly striking because the candidate for whom the majority of Morrison County residents voted in 1924 was Robert M. La Follette, Sr. who was running as the nominee of the Progressive Party, a third party created by liberal Democrats and Republicans. It is also striking because Trump's margin of victory over Clinton was 53 points. Morrison County has long been a liberal bastion but went strongly for Trump. What happened?

The Republican state representative for Morrison County identified need for jobs as the reason for his own and Trump's win. But, as Ernst reports, the unemployment rate in Morrison County in 2008, when Obama took office, was nearly 14%, while in 2016 it was only 4 percent. After reading Ernst's article, I did a little further digging and while I cannot claim any in-depth knowledge of the area, there is little evidence that a lack of jobs was causing hardship in this one area that swung heavily from left to right in the 2016 election. The evidence is that Trump's emphasis on the need for jobs, "good jobs", resonated even in areas where unemployment had declined and where there are no signs of the poverty that plagues some regions of the U.S.

It would, of course, be easy to attribute unhappiness with economic conditions to underemployment, a concept that got considerable play from Trump. But that also does not appear to explain what happened in Morrison County, Minnesota. The median income is relatively close to the national median, the poverty level much lower, and the highest concentration of poverty is among women over the age of 75, hardly a group affected by currently low wages or shortage of jobs. I could find no evidence in the local newspaper of anxiety about loss of employment. In other words, all standard measures of economic well-being in 2016 indicate that Morrison County, Minnesota is and has been for some time a relatively prosperous county in a prosperous state.

So, what did persuade people in Morrison County, Minnesota to vote for Trump? Fortunately, over the months since the election there have been more and more reports on places like Morrison County, Minnesota. Those reports, in turn, serve as guides to a considerable body of work done before the 2016 election by sociologists, political scientists, journalists, and others on areas of the U.S. where Tea Party anger was strong but jobs not necessarily lacking. "Post-Election Disorientation: Bibliography" compiled by Siobahn McAndrew is a particularly useful guide to some of this literature. I, like many others, have also found the work of Katherine Cramer on rural residents of Wisconsin and that of Arlie Hochschild on

⁴ I thank Doug Veum who keeps up with his native Minnesota for calling this article to my attention.

southern Louisiana particularly interesting. There is a theme that runs through these studies that goes something like this: The supporters of the Tea Party and of Trump are no dummies and are not being irrational. Cowbirds are not going to fool them. These voters themselves may be comparatively well off, may not have been directly affected by loss of jobs overseas, and in general do not display the other characteristics that might have been expected from a simple story of voters reacting to unemployment or low wages. These people are, however, deeply angry about what they see as a system in which an urban elite governs with both intent and effect to deprive those who live in small towns and on farms of what should rightly be theirs.

But the story is also not simply about growing inequality of income. In southern Louisiana where Hochschild, a sociologist, interviewed people, there was great concern about environmental degradation. This surprised Hochschild for these same people were decidedly against regulation, particularly at the Federal level. What she discovered was that these people had reached a not unreasonable conclusion that regulation was applied to them but not to the big firms. They might be regulated as to fishing rights and use of “their Bayous” but the non-resident owners of big firms that caused heavy pollution were not punished in any ways obviously harmful to them. Hence they opposed regulation and had little faith in government programs that had failed them. They were also persuaded by the prevailing rhetoric that without the ineffectual regulation now in place even in polluted Louisiana there would be more jobs available so that their children would not have to leave a place that was dear to them. The tradeoff that they perceived was not so much environmental regulation versus jobs as it was biased-against-common people-regulation versus little or no regulation and more jobs in addition. In other words they were fully aware that executives of BP and other large and polluting firms were not made poor, but they saw themselves as regulated in petty ways and in an area of the country that could only grow if they accepted environmental degradation. They voted for Tea Party candidates and Trump because that offered the slightly better of two bad choices.

In Wisconsin, Cramer, a political scientist found what she calls a “rural consciousness” that fuels a similar resentment against the elite who live in places like Madison and Milwaukee and beyond. Much has now been written about the importance of the rural/urban divide that characterizes American politics but Cramer and Hochschild add depth to this understanding by emphasizing *place*. As Cramer puts it, “place matters more than just as a proxy... It is a part of at least some voters’ fundamental sense of self” (p. 217).

The conclusions of Hochschild and Cramer are borne out by Jonathan Rothwell’s analysis of 87,000 interviews with Trump supporters undertaken by Gallup. Rothwell used statistical analysis to reject both income and direct effects of foreign trade as plausible explanations of why Trump voters voted as they did in the primaries. He concluded that Trump supporters came from *places* (emphasis mine) where their neighbors endure or are at risk for other forms of hardship, including poor health and a lack of opportunity for upward mobility (Ehrenfreund and Guo). According to Rothwell, “Trump’s supporters are concerned less about themselves than about how the community’s children are faring.”

Cramer’s words can be used to summarize what is probably the best understanding that we currently have of why so many were persuaded to vote for Trump in those counties that swung unexpectedly his way and in some that have long been bastions of Tea Party strength:

“When we start to ask why people vote against their interests, we need to acknowledge that interests are subjective. In a simplistic view, this means that interests are not necessarily what we as observers would predict based on objective facts, such as a person’s income. But in a more useful view, this means that interests are interpretations that people arrive at through thinking about the world as particular types of people—people with identities. The simplistic view paints voters as ignorant. The latter view acknowledges their humanity” (p. 209).

Hochschild, Cramer, Rothwell, and now many others are reaching the conclusion, which should not surprise us that voters vote not as economic rational individuals, but as members of society and of a particular community.

Let me be clear and emphasize that it is not simply the case that voters vote for a candidate without full knowledge of the policies that will be implemented and their effect. It is also the case that skilled specialists can manipulate fear, hope, disappointments and so on into passion for simply stated slogans and simplistic promises. But the point that Hochschild, Cramer, and Rothwell are making goes beyond these common observations. It is also the case, they tell us, that voters bring to the ballot box fear and hope for the communities with which they identify.

How to think about the future

What makes this conclusion important is that it is the context in which we need to think about policies that will allow a more robust alliance of urban and rural folk, both elite and not. Much is currently being made of the rural/urban divide that helps to account for Trump’s electoral victory, but there is a danger in that. My suspicion is that the emphasis on “place” in the work of both Hochschild and Cramer should not be understood simply as an emphasis on attachment to a geographic location but rather to a community with which one identifies. Communities may be either rural or urban, and both rural and urban communities may be seen as marginalized by their inhabitants. Saying this is not to say anything really new but it does suggest a change of focus for economic policy makers.

Most economic measures of well-being and most policy formulations focus on individuals or, at most, on individual families: the unemployed person versus the employed person, the person below the poverty line versus individuals in the top 1%, the highly educated versus the high-school dropout. These measures are important but community identification is also needed in order to understand both voter anger and the routes to greater well-being. For this purpose it is important to recognize that communities should not be thought of as collections of individuals with the same economic, social, demographic characteristics. There is much social science evidence that thriving communities are also diverse communities. What we need for better policy formulation and for better political campaigns are measures of community well-being. Some of these already make the news. Is water polluted in the community? What is the rate of opioid addiction? Is there a future for the town and its schools or will they too be boarded up in the near future?

Karl Polanyi laid blame for the turmoil and destruction of the 1930s and WWII on an “economic fallacy”, the notion that attitudes, affiliations, social status, friendships, and, yes, voting, are determined by narrowly conceived economic factors. The idea that a self-

regulating market of the sort still idealized in textbooks could yield a good human society was based on this fallacy. When protective measures were put in place to shield people and nature and nations from the workings of the self-regulating market the system collapsed. The rush to create working economies led to both the welfare state created in the U.S. of the 1930s and elsewhere in the West and to the fascism of Hitler's Germany. In the U.S. today the road ahead still has those forking paths.

As all readers of these essays almost certainly know, one reason for the welfare-state path taken in the U.S. and in much of Western Europe, was recognition that humans needed income and jobs. The importance of John Maynard Keynes was that he incorporated this understanding into a Marshallian view of the ideal liberal economy. This incorporation was both fed by and in turn fed the development of new and aggregated measures of economic well-being. These measures of labor participation, joblessness, and real wages all remain important, just as the measures of price and output that informed the reformers who responded to the 19th century populists remained and remain important. But seeing humans as members of communities whose place in a larger world has been fundamentally altered by globalization and the internet, makes these measures insufficient. Even if all are employed and with a living wage, there may be anger based on comparison of place. Humans want to live in and be part of thriving communities, whether those communities are geography bound or internet created. As against this view, the 19th-century liberal ideal was that of a world that served individuals whose primary needs and concerns were purely economic. What worries me is that even though an emphasis on jobs and a living wage is certainly an advance on the kind of 19th-century economics that understood full employment to be a naturally occurring condition and wages beyond the reach of policy, it may not be sufficient.

I am not confident in predicting the extent of damage that Trump, working with a Congress that seems wedded to the 19th-century economic ideal, may do. I have more confidence in saying that those of us who hope to minimize that damage need to develop and put to use better measures of economic and social well-being and to put them to use. In addition to measuring environmental degradation and declines in human health and longevity, we need to incorporate measures of community well-being into our policy formulations.

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