

Letters to the Editor

Bannon has his finger on the populist pulse

From Daniel Aronoff, Cambridge, MA, US



© Bloomberg

8 HOURS AGO

Sir, Martin Sandbu equates “liberalism” with the rules-based order that underpins free trade (“[The battles of ideology that will define our age](#)”, December 27). Implicitly, he assumes the economic benefits of liberalism are beyond dispute; that the root cause of populist discontent are structural changes that have skewed income towards the rich and that the order can be preserved by implementing progressive policies to distribute the wealth generated by liberalism more equitably. This argument ignores three key concerns articulated by populist leaders.

First, a country that runs a chronic trade deficit suffers a drain on demand, which can cause wage stagnation and underemployment. This danger was recognised by the pre-eminent 20th century liberal, JM Keynes, who proposed a mechanism to eliminate large trade imbalances. Alas, the “Keynes Plan” was not incorporated into the post-world war two trade system. Therefore, President Donald Trump’s claim that the US economy is harmed by its trade deficit is coherent and correct.

Second, a country that loses its capability to produce vital military equipment onshore is made vulnerable to foreign threats to cut off supplies.

Third, many people who support populist candidates look with indignation on the idea that a redistributive handout can moderate their grievances. They want the opportunity to earn a decent wage by contributing to their society and they are upset that their tax dollars are being spent in ways they do not condone. Steve Bannon, the former White House chief strategist and current Breitbart editor, upends the neoliberal watchword “It’s the economy, stupid” when he states that it’s not the economy and that we’re a civic society with borders and values. Mr Bannon has his finger on the pulse of populism and his perception should be given serious consideration, whether or not one agrees with his aims.

Those who wish to preserve the rules-based order — and I count myself among them — need to climb out of their echo chamber, open their minds and *listen*.

**Daniel Aronoff**

*PhD Candidate, MIT,  
Cambridge, MA, US*

[Copyright](#) The Financial Times Limited 2017. All rights reserved.

