

The Origins of Trumpism: Stephen Bannon Taps History

Asan Institute for Policy Studies

Ben Forney

2017.02.28

In 1851, Henry Charles Carey, who would go on to serve as President Abraham Lincoln's chief economic advisor, published *The Harmony of Interests*, a scathing critique of the free market system. Today, his argument for the need to keep jobs in America sounds strikingly familiar.

The object of the now dominant class in England is that of bringing about free trade with the world. Such a measure adopted by this country would close every furnace and rolling-mill, and every cotton and woollen factory in the country, and would diminish the value of both labour and land, by compelling the producer of food to seek a market in England.¹

Fast forward to 2016. Stephen “Steve” Bannon, chief strategist for President Donald Trump, has promoted a similar vision for our times. Born into an Irish-Catholic, working class family in Virginia, Bannon was raised with a reverence for John F. Kennedy and respect for the values of the working man. Rising through the worlds of investment banking and media, his eclectic experiences have formed a worldview that is both conservative yet fiercely anti-establishment. Understanding this worldview is crucial to glean some insight into the ideological underpinnings and potential direction of a Trump administration.

Bannon has referred to the “dominant class” as “globalists,” “the donor class,” “the elite of the elite,” and “corporatists”. His complaints against the elite and experts are nearly identical to Carey’s. By promoting their brand of “free trade

¹ Carey, Henry. *The Harmony of Interests*.

https://books.google.co.kr/books/about/The_Harmony_of_Interests.html?id=UukpAAAAYAAJ&redir_esc=y p. 132.

with the world” (i.e. globalism), the elites have “gutted the American working class and created a middle class in Asia.”² The 19th century “cotton and woollen” factories that were forced to close were the equivalent of the 21st century’s steel mills and automotive plants. “The black working and middle class and the Hispanic working and middle class, just like whites, have been severely hurt by the policies of globalism,” Bannon said. “I’m an economic nationalist. I am an America first guy.”³

Traditionally, economic nationalism has involved government manipulation of the free market in order to shield domestic businesses from foreign competition, usually through tariffs or currency devaluation. Trump has already signaled that he is willing to experiment with some of these measures. However, after analyzing the totality of his statements, it appears that Bannon is not a traditional economic nationalist per se, but is in fact a successor to the long defunct American System of Economics. Largely forgotten today, it formed the basis of America’s economy for the bulk of the republic’s history.

The American System of Economics was based on three principles: “a tariff to protect and promote American industry; a national bank to foster commerce; and federal subsidies for roads, canals, and other ‘internal improvements’ to develop profitable markets for agriculture.”⁴

Originating in the late 18th century, Alexander Hamilton was one of the first proponents of the American System, proposing high tariffs to protect fledging American industries. The legendary Kentucky senator, Henry Clay, coined the label “American System” and remained the most influential in its propagation and advancement. The American System became the bedrock of Whig policy in the mid-19th century. It was largely opposed by Southern Democrats hoping to abolish tariffs in order to sell more cotton in the lucrative European market. For Clay and like-minded Whigs, however, protectionism was seen as an important

² http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747?utm_source=twitter

³ Ibid.

⁴ https://www.senate.gov/artandhistory/history/common/generic/Speeches_ClayAmericanSystem.htm

tool to nurture America's industrial base. Emerging as one of the most contentious points between the South and the North before the Civil War, debate over the American System continued into the tumultuous years of Reconstruction.

Free trade as practiced by the British through their global network of colonies was especially derided by proponents of the American System. In a fiery speech to the Senate in 1832, Henry Clay declared:

Free trade! Free trade! [...] It never has existed; it never will exist. Trade implies at least two parties. To be free, it should be fair, equal, and reciprocal. But if we throw our ports wide open to the admission of foreign productions, free of all duty, what ports, of any other foreign nation, shall we find open to the free admission of our surplus produce? We may break down all barriers to free trade on our part, but the work will not be complete until foreign powers shall have removed theirs. There would be freedom on one side, and restrictions, prohibitions, and exclusions, on the other.⁵

Clay's sentiments were echoed by Trump in June 2016:

We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements and cheat in every way imaginable, and our politicians did nothing about it. Trillions of our dollars and millions of our jobs flowed overseas as a result.⁶

But skepticism of and hostility towards free trade is not the only issue Bannon and Trump have in common with the old American System proponents. Infrastructure investment was crucial for America in the 19th century, as settlers continued to migrate into the nation's vast heartland. In 1851, Carey wrote in *Harmony of Interests*:

⁵ <https://www.senate.gov/artandhistory/history/resources/pdf/AmericanSystem.pdf>

⁶ <http://new.time.com/4386335/donald-trump-trade-speech-transcript/>

The demand for roads, and mills, and furnaces, and steam-engines of every description would have created a vast demand for labour[...] enabling both farmer and planter to improve the machinery of production and transportation, growing rich instead of remaining poor as they have done.⁷

Bannon offers a 21st century take on the same idea:

It's everything related to jobs. The conservatives are going to go crazy. I'm the guy pushing a trillion-dollar infrastructure plan. With negative interest rates throughout the world, it's the greatest opportunity to rebuild everything. Shipyards, ironworks, get them all jacked up.⁸

Wariness of free trade. Massive infrastructure spending. Clearly Bannon is at odds with the fiscal conservatives of the Republican Party. What, then, makes Steve Bannon tick? His address to a conference held at the Vatican in 2014 shines light on a philosophy that is both traditional yet radical in our time.

Bannon believes there are two strands of capitalism that are “very disturbing” in the world today. The first is state-sponsored capitalism, a “brutal form of capitalism that is really about creating wealth and creating value for a very small subset of people.” This type of crony capitalism is what he rages against when taking on corrupt corporate CEOs and Wall Street bankers that collaborate with the “permanent political class.” The second type of capitalism he finds “almost as disturbing” is “the Ayn Rand or the Objectivist School of libertarian capitalism...that really looks to make people commodities, and to objectify people.”⁹

⁷ *The Harmony of Interests*. p. 115.

⁸ http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747?utm_source=twitter

⁹ https://www.buzzfeed.com/lesterfeder/this-is-how-steve-bannon-sees-the-entire-world?utm_term=.ghWJ3xOnD#.xi7ayP5NW

Bannon rejects these two systems because they fail to support the working class. Instead, he proposes a form of capitalism that melds aspects of Catholic humanism and American nationalism. Inspired by his Catholicism, Bannon argues that wealth creation should be for the benefit of *all* workers. He sees a direct link between traditional Judeo-Christian religious values and the “enlightened” capitalism that fostered healthy societies in the past. Those who practiced enlightened capitalism, such as America’s founding fathers, “were strong believers in the Judeo-Christian West.” According to Bannon, “They were either active participants in the Jewish faith, they were active participants in the Christians’ faith, and they took their beliefs, and the underpinnings of their beliefs was manifested in the work they did.”¹⁰

The corporate elites of today have become secularized and have hijacked the global free trade system for their own benefits. According to Bannon, the elites claim to have the people’s interests at heart, but they are merely “cronies” working at the behest of governments and big corporations. Bannon seeks to replace this crony capitalism with his own “enlightened” variation “so that the benefits become more of this entrepreneurial spirit and that can flow back to working-class and middle-class people.”¹¹

This notion of enlightened or humanistic capitalism is where Bannon has most in common with proponents of the American System. The title of Carey’s book, *Harmony of Interests*, suggests the mutual benefits shared by all members of an “enlightened” capitalist society:

Between the honest and intelligent man who desires to see the establishment of real free-trade, the Christian who desires to see an improvement in the standard of morality, the planter who desires an increased market for his cotton, the farmer who desires larger returns to his labour, the landowner who desires to see an increase in the value of

¹⁰ Ibid.

¹¹ Ibid.

his land, and the labourer who desires to sell his labour at the highest price, there is perfect harmony of interest.¹²

This appeal to the masses is one reason why Bannon has identified with the first populist President, Andrew Jackson. While Jackson opposed the American System and was highly critical of Senator Henry Clay, Bannon appropriates the idea that the people can overturn a corrupt political system that doesn't represent their interests. On November 18, 2016, Bannon drew an explicit comparison, "Like [Andrew] Jackson's populism, we're going to build an entirely new political movement."¹³

In the 2014 Vatican address, Bannon also laid out his views on foreign policy. Like his vision for the economy, his outlook on world affairs is infused with his religious beliefs. His analysis of the international order is bleak, and he blames the world's precarious position on "jihadist Islamic fascism." He claims that "we're at the very beginning stages of a very brutal and bloody conflict," and if the members of the Judeo-Christian West are not prepared to fight, radical Islam "will completely eradicate everything that we've been bequeathed over the last 2,000, 2,500 years." He goes on to say that "there is a major war brewing, a war that's already global" and that the West should take "a very, very, very aggressive stance against radical Islam."¹⁴

He supports the rise of nationalist regimes around the world in order to counter this Islamist threat. "I think strong countries and strong nationalist movements in countries make strong neighbors," he said in 2014. He has praised nationalist movements in England and France and believes in a global revival of nationalism if the world is going to be capable of winning the war against radical Islam.

¹² *The Harmony of Interests*. p. 208-209.

¹³ http://www.hollywoodreporter.com/news/steve-bannon-trump-tower-interview-trumps-strategist-plots-new-political-movement-948747?utm_source=twitter

¹⁴ https://www.buzzfeed.com/lesterfeder/this-is-how-steve-bannon-sees-the-entire-world?utm_term=.ghWJ3xOnD#.xi7ayP5NW

Another clue to understand Steve Bannon's philosophy is Breitbart News, the controversial, anti-establishment website where Bannon served as executive chairman from 2012 until 2016. Looking through Breitbart's website, one can gain insight into his world view by the stories and issues that were promoted. Bannon himself has labeled the site as "the platform for the alt-right," the far right fringe of contemporary American conservatism. Although Bannon has distanced himself from some of the alt-right's more extreme ethnic nationalism and racist undertones, the site became a haven for overtly racist groups to gain greater exposure. Bannon's *economic* nationalism may merely be difficult to implement in today's globalized world, but *ethnic* nationalism is a far more dangerous and corrupting influence, responsible for some of mankind's greatest atrocities. Breitbart's attempts to legitimize white nationalists like Richard Spencer are thus all the more disturbing.¹⁵

Breitbart also opposes nearly everything that the US political and economic system represents. "We think of ourselves as virulently anti-establishment, particularly 'anti-' the permanent political class," Bannon said of the site. Breitbart touts sensationalist coverage, advances conspiracy theories about mainstream left and right politics, and panders to its target audience of right wing populists.¹⁶ Through its selective coverage, Breitbart reinforces its readers' belief that the white working class of America is under siege from both foreigners and Washington elites.

Steve Bannon's vision for America today is a silhouette of mid-19th century America—a nation of Judeo-Christian values, saddled with a mercantilist economy, and engaging in large scale infrastructure projects to put people to work. For Bannon, American capitalism should be for the benefit of the working class, not for corrupt corporate and government "cronies." American workers should be employed on farms and in factories, doing the jobs that millions of Chinese and Mexican workers are doing today. Internationally,

¹⁵ <http://www.breitbart.com/tech/2016/03/29/an-establishment-conservatives-guide-to-the-alt-right/>

¹⁶ <http://www.breitbart.com/2016-presidential-race/2016/06/15/roger-stone-huma-abedin-most-likely-saudi-spy/>

Bannon dreams of the rise of other nationalist parties who will protect their own borders and promote the Judeo-Christian values that will be critical in destroying radical Islam in the approaching long and bloody war.

The allure of his vision for America fails to account for one important detail: We are living in 2017, not 1817. The American System was abandoned after the Second World War because globalization offered overwhelming benefits for mankind. Inefficient mercantilism was largely abandoned, as its protectionist trade policies created unnecessary conflicts between states. Today, many of the jobs that Bannon wants to bring back to America are disappearing through automation or irrelevance. In the future, American workers will not be making cheap consumer products but will compete in high tech industries that require highly skilled workers. Lastly, after the horrors of National Socialism, the hope emerged that all mutations of nativistic nationalism (including economic nationalism) would be in retreat.

But it is evident that Bannon's efforts to resuscitate such movements are gaining momentum. Trump's victory has emboldened all kinds of nationalists, the "alt-right," and anti-globalists around the world, including those who openly espouse racist views. Is Bannon himself a white nationalist demagogue, as he is portrayed in the media? Perhaps not. But from his powerful position in the White House, Bannon's support for nationalist movements will empower extremists to spread far more destructive ideologies.

As chief strategist to the president, Stephen Bannon assumes the heavy responsibility of giving the Trump administration its ideological imperative and direction. Yet while his worldview is consistent, his actions often appear contradictory. He ran a news site that pandered to "America first," nationalistic views, while being "the most pro-Israel site in the United States of America."¹⁷ He decries the collusion of corporate elites and government while advising a billionaire president whose own corporate empire presents unprecedented conflicts of interest. He wants to roll back globalization while simultaneously

¹⁷ <https://www.wsj.com/articles/steve-bannon-on-politics-as-war-1479513161>

boosting US exports. He wants to reduce America's spending overseas while building up the military and winning the war against radical Islam.

For Bannon, there is no such contradiction, for he seeks to destroy the very system on which he and the world have thrived. By “draining the swamp” of DC politicians and powerful interest groups, Bannon seeks to upend the establishment and marginalize those with vested interests in the old international order. He rightfully challenges the flaws of crony capitalism and points out that the current system fails much of America's working class. He was one of the few people who heard the voice of “the Other America” and laid the path for Trump's victory. But rather than repair this imperfect system, Bannon aspires to tear it down. He calls himself a “very anti-establishment leader of a very anti-establishment movement.”¹⁸ If he carries through with his beliefs, both America and the international system as we know it will be reshaped in the image of Bannon's new world order.

¹⁸ Ibid.