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Pledging Fealty to Trump: Europe Pays the Price for Increasing Inequality



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At the NATO summit earlier this month, Jens Stoltenberg, the secretary general of NATO, was forced to publicly praise Donald Trump's leadership. Mr. Stoltenberg is almost certainly a very intelligent hardworking man. That is virtually a prerequisite for a person in his position. By contrast, Donald Trump is the most ignorant ill-prepared person ever to sit in the White House.

Nonetheless, when Stoltenberg noted the increases in military spending by NATO members, Trump asked him why the increases were happening. Stoltenberg meekly

responded, “because of your leadership.” (Actually, the increases were part of a deal negotiated with President Obama in 2014.)

Trump obviously loves this game of forcing powerful people to sing his praises. Like Stoltenberg, most don’t seem to feel they have any choice.

But, there is an issue here that goes far beyond Donald Trump’s unpleasant personality. Tens of millions of people cast their votes for Trump in 2016 (although less than a majority and in fact fewer than his main opponent, Hillary Clinton).

This was in large part because they wanted someone in the White House who would insult people like Stoltenberg. They wanted someone who would be a thumb in the eye of the people they viewed as the elite, and Donald Trump certainly fits the bill.

The United States did not always have so many people who saw trashing the established authorities as an end in itself. The same applies to Europe, where people in the United Kingdom voted to leave the European Union and countries across Central and Eastern Europe elected right-wing populist governments.

Racism and xenophobia are important factors in these movements, but the question is why are these forces so important in national politics today? After all, racism and xenophobia are hardly new to either the United States or Europe.

Part of the story is that our elites have been consciously pursuing policies that redistribute income upward. This is more the case in the United States, but it is pretty much true everywhere.

These policies of upward redistribution cover almost all areas of economic activity. Starting with the most important, maintaining a near zero rate of inflation has become an obsession of central banks , even at the cost of slower economic growth and higher unemployment.

When the unemployment rate rises, it disproportionately strikes those at the middle and bottom of the income distribution who lose their jobs. Furthermore, higher levels of unemployment reduce the bargaining power of those who still have jobs.

This pattern is very clear in data from the United States. The only times in the last four decades when most workers sustained real wage growth was the period of low unemployment in the late 1990s and again in the last four years as the unemployment rate slipped below 5.0 percent, and eventually to 4.0 percent.

These redistributive policies are found in other areas as well. The United States has been making patent and copyright monopolies stronger and longer for the last four decades with the rationale that they are needed to give incentives for innovation and creative work.

Incredibly, many economists then turn around and blame “technology” for inequality. It should be fairly obvious to anyone with clear eyes that it is not technology that creates the inequality, it is the laws created to govern technology.

We have also regulated finance in a way that ensures large paychecks for the big players at the expense of everyone else. While the pattern of regulation that allows a small number to get incredibly wealthy is often referred to as “deregulation,” no one actually wants to end government guarantees for bank deposits or a government backstop in a financial crisis, like the events in 2008. The big players just want free rein to run the financial sector for their advantage.

Lastly, just about everywhere governments have consciously tried to weaken the power of unions. The steps have taken a variety of forms, including restrictions on strikes and rules making it harder for workers to organize unions. When unions are less powerful, workers at the middle and bottom get a smaller piece of the pie.

The result of these policies has been to redistribute the bulk of the gains from growth over the last four decades to a tiny share of the population. This is especially true in the United States, where the wage of a typical worker has barely risen when adjusted for inflation, but it is a story that describes most of the wealthy countries.

While the angry voters who cast their ballots for Donald Trump, or Brexit, or one of the right-wing populists in Central or Eastern Europe may have little understanding of the specific policies that have led to the upward redistribution, they do know that they have not been seeing big improvements in their living standards. But, they undoubtedly see a substantial class of people at the top who are doing quite well.

If Mr. Stoltenberg and his colleagues don’t want to be in the business of kowtowing to Trumpian buffoons, they should start thinking about policies that ensure the benefits of growth are broadly shared. It’s not hard to develop such policies, although the beneficiaries of upward redistribution will be reluctant to give up their gains.

Of course, there is no guarantee that working-class voters may not still vote for racist and xenophobic politicians. But, having economic policies that benefit everyone, and not just a small elite, is the right thing to do in any case.

And, at the most basic level, policies that offer more opportunities for advancement mean fewer working-class voters. If the United States had continued to increase college enrollment at the same rate as it did from 1959 to 1979, there would have been another 10 million college-educated voters in 2016. Given the difference in the Clinton-Trump

margins for college-educated and non-college-educated voters, this would have added more than 1.8 million votes to Clinton's margin, virtually guaranteeing her the presidency. In short, the future is a choice between policies designed to benefit the bulk of the population and policies that continue upward redistribution. If we continue the latter, we better get used to praising Donald Trump.

This column originally appeared on [The Hankyoreh](#) (S. Korea).