

Trump, Macron and the poverty of liberalism

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DAVOS • No Western liberal would disagree that Mr Donald Trump's election was a disaster for American society, while that of Mr Emmanuel Macron was a triumph for French society. In fact, the opposite may well be true, as heretical as that sounds.

The first question to ask is why people are engaged in violent street protests in Paris, but not in Washington, DC.

I have personally experienced these Paris protests, and the smell of tear gas on the Champs-Elysees reminded me of the ethnic riots I experienced in Singapore in 1964.

And why are the yellow vests protesting? For many, at least initially, it was because they did not believe that Mr Macron cared for or understood their plight.

The French President is trying to implement sensible macroeconomic reform. The proposed increases in taxes on diesel fuel would have reduced France's budget deficits and helped lower its carbon dioxide emissions. His hope was that a stronger fiscal position would increase confidence and investment in the French economy so that the bottom 50 per cent of society would eventually benefit.

But for people to endure short-term pain for long-term gain, they must trust their leader. And Mr Macron, it appears, has lost the trust of much of that bottom 50 per cent.

By contrast, Mr Trump retains the trust and confidence of the bottom half of American society, or at least the white portion of it.

At first sight, this seems strange and paradoxical: Billionaire Trump is socially much further from the bottom 50 per cent than the middle-class Mr Macron is.

But when the American President attacks the liberal and conservative US establishments, he is seen as venting the anger of the less well-off towards an elite that has ignored their plight. His election may, therefore, have had a cathartic effect on the bottom 50 per cent, which may explain the lack of street protests in Washington or other major US cities.

And these Americans have much

to be angry about. Most tellingly, the US is the only major developed society where the average income of the bottom half has not just stagnated, but also declined markedly, as Professor Danny Quah of the National University of Singapore has documented. Even more shockingly, the average income of the top 1 per cent was 138 times that of the bottom 50 per cent in 2010, up from 41 times higher in 1980.

There is no single explanation for why inequality in the US has rocketed, while the economic interests of the bottom 50 per cent have been ignored.

But we can obtain at least a partial answer by looking at the two principles of justice that Harvard philosopher John Rawls articulated in his 1971 book, *A Theory of Justice*. The first principle emphasises that each person should have "an equal right to the most extensive liberty", while the second says that social and economic inequalities are to be arranged so that they are to "everyone's advantage".

The undeniable fact is that Western liberals have emphasised the first principle over the second in both theory and practice, prioritising individual liberty and worrying far less about inequality.

They believe that as long as elections take place and people can vote freely and equally, this is a sufficient condition for social stability. It follows, therefore, that those who fail economically do so because of personal incompetence, not social conditions.

Yet there was no doubt when China joined the World Trade Organisation in 2001 that "creative destruction" in developed economies would follow, entailing millions of job losses. These economies' elites – whether in the US, France or elsewhere – had a responsibility to help those who were losing their jobs. But no such help was forthcoming.

Conventional macroeconomic theory remains sound. Mr Trump's policy of running larger budget deficits in good times will bring pain later, while Mr Macron's economic policies will eventually pay off if the French remain patient.

And Mr Macron may yet back reforms that address inequality.



Yellow vest protesters on the streets of Paris last Saturday. The protests against French President Emmanuel Macron's proposed increases in diesel fuel taxes are a sign that the bottom 50 per cent of French society has lost trust in him, says the writer. PHOTO: AGENCE FRANCE-PRESSE

But he is clearly not trusted by the bottom 50 per cent, while Mr Trump is.

For this reason, liberals may have made a strategic mistake by focusing their anger on Mr Trump himself. Instead, they should ask themselves why much of the bottom 50 per cent trust him (and may yet re-elect him). And if they were honest, liberals would admit that they have effectively let the bottom half of society down.

If liberals want to defeat Mr Trump, there is only one route:

Regain the trust of the voters that form much of his base. This will require them to restructure their societies so that economic growth benefits the bottom half more than the top 1 per cent.

In theory, this can be done easily. In practice, however, major vested interests will invariably seek to block reform. The choice for liberals is clear: They can feel good by condemning Mr Trump, or they can do good by attacking the elite interests that contributed to his election. If liberals can do the latter,

Mr Trump's election would be seen by future historians as a necessary wake-up call, while Mr Macron's merely created the illusion that all was well.

These historians might then conclude that Mr Trump's election was ultimately better for American society than Mr Macron's was for France. PROJECT SYNDICATE

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