



Chris Andrew
and Mustafa Zaidi
ca@clarmond.co.uk
+44 20 7060 1400

Aug 2020
Market Comment

CLARMOND

Awaiting a Traitor

The 2020 election has an interesting ‘twin’ in the second election victory of Franklin D. Roosevelt in 1936. Both the incumbents then and now suffered establishment vilification and constant media barrage. FDR won with a landslide, what will November bring for Donald J. Trump?

“A DANGEROUS DEPARTURE FROM bipartisan politics’, ‘a demagogue’, ‘a product of one man’s mental illness’ and ‘a Dictator covered in the “Red Jam” of Moscow’. Which US President has had these choice epithets hurled at them? I imagine most would answer Donald J Trump, but actually these were first used against Franklin D. Roosevelt some eight decades ago.

FDR, in his first term in office, had made some powerful enemies, and none greater than the Electric Power companies, the group he called ‘The Power Gang’. He viewed electric power as a democratic not economic issue and in 1935 he passed the Public Utility Holding Company Act that effectively broke up the private utility structures and put them all into public control. In the 1932 election campaign he pledged “I promise you this: Never shall the Federal Government part with its sovereignty or control of its power resources.” He had kept his promise.

So for the 1936 election the campaign lines were clearly drawn. On one side was Wall Street, Big Business, and the Press Barons, whose interests were promoted by their political arm - the Liberty League. It was this group that came up with the choicest epithets to smear FDR with. The Democratic former governor of New York, Al Smith presented League ideas as the “voice of the ordinary people - that great middle class, the backbone of the rank and file, where FDR represented mob rule which flouted accepted norms of society and politics;”. America, in their view needed to return common sense.

I welcome their hatred

The leading poll of the day was in the Literary Digest and this had FDR’s opponent, Alf Landon winning by a ‘Landon Slide’, a 60% to 40% result was expected. FDR answered with scathing speeches: “these people steal the livery of constitutional ideals to serve discredited special interests. Government organised by money is just as dangerous as Government organised by the mob.” FDR ended the 1936 campaign by proclaiming “never before have forces been so united against one candidate, they are unanimous in their hate for me - and I welcome their hatred.” A young pollster, George Gallup, predicted a different result to The Literary Digest - 60:40 in FDR’s favour. This is the result that happened, an historic landslide victory, the ‘Russian demagogue’ had won.

Data not Electricity

Nearly eighty years later the echoes of that election campaign resonate loudly. Ironically, all the labels pelted at FDR are now pelted at DJT - dangerous demagogue, mentally ill, authoritarian, a Moscow stooge...a dictator. And ironically the forces arrayed against him are once again the Press Barons and today’s Big Business, the tech companies. These are our modern day utilities that sell data not electricity. The role of the Liberty League is currently spearheaded by the Lincoln Project. These are Republicans that consider DJT a menace to bipartisanship and consensus.

Eight-four years later and everyone seems to have swapped

political clothing. The glittering elites of the 1930s who used the language of egalitarianism to attack FDR are now, in the 2020s, shiny new Democrats, who use the language of social justice to attack DJT.

Candidate Biden, in a Landonesque manner, offers a return to ‘civil, normal times’, with the three word slogan “Build, Back, Better”. And the current polls have Candidate Biden winning with a thumping 60%-40% margin.

(Don)ning the Role

This leaves DJT the chance to play the FDR role, actions for which FDR was labelled a ‘traitor to his class’. Following this route would imply an upcoming regulation of tech companies ‘a la’ 1930s utilities, where like electricity, data becomes an issue of freedom, a public and essential good, and not an economic one. This idea currently remains on the periphery and has not yet made its entrance onto stage. There are no current catch phrases like ‘Tech Tycoons’ to match FDR’s ‘Power Gang’. For DJT to play an FDR like role (which in itself beggars belief) will require DJT to develop FDR-like singled-mindedness. If DJT takes no action against those arrayed opposite him then, in 2021 we will clearly be welcoming President ‘Build-Back-Better’. To win DJT, like FDR before him, will have to abandon his class, donning the role of a traitor and accepting the market and political consequences it delivers. ■