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2016 AND BEYOND

## **Trump's America**

DAVID BLANKENHORN

*What's most significant about Trump isn't his success, but our collective failure.*

God help us, there's some of Donald Trump in us all. He's an American type, reflecting abiding strains in our national character. His emergence as a serious candidate for the presidency has alarmed many Americans, as well it should. But it should not have surprised us as much as it did, and it should not prevent us now from understanding, with as much empathy as judgment, the winsomeness of his appeal to a disaffected group of our fellow citizens.

The first ideal American—the first to reach mythic stature—was the woodsman. Our most famous woodsman was Daniel Boone, who had countless imitators and heirs, including the “Sons of Daniel Boone,” which later became the Boy Scouts of America. The woodsman hunted, trapped, and sometimes surveyed. We revered him for his ability to thrive in the woods, his apartness from civilization, his bravery and endurance, his similarity to and conflict with Native Americans, his eagerness to head toward what for him and his fellow whites was new country, and his earnest and seemingly uncomplicated character.

The second American type is the builder. Our most famous builder was Benjamin Franklin, who in some ways invented the type. We revere builders because they work hard and honestly, accumulating wealth over time. (Franklin's most famous writing is “The Way to Wealth.”) They are frugal. They dislike waste, even in small amounts, and avoid ostentation and self-display. They defer gratification, mistrust debt, and spend less than they earn. They prize their good reputations. Because they view themselves as stewards rather than owners of wealth, they embrace the moral imperative of conserving and giving back. Their ethic was perfectly captured by John Wesley, the founder of Methodism (what a great word, *methodism*, to describe this way of life!) when he urged his followers to “Gain all you can, save all you can, then give all you can.”

Because this way of living hinges on thrift and hard work, it often produces wealth, and sometimes considerable wealth, for those who practice it. It has probably produced the majority of U.S. business titans, from Andrew Carnegie (who wrote “The Gospel of Wealth”) to Warren Buffett (whose license plate, before he sold it to benefit a charity,

read “THRIFTY”). And, more than any other way of thinking and living, it has produced the great American middle class, which currently seems to be shrinking.

Which brings us to the third American type: the magnifico.<sup>1</sup> Our most famous magnifico today is Donald Trump. We revere magnificoes because they entertain us with their grand pretensions and larger-than-life ways. They make big deals. They gamble daringly. They are permissive. They spend freely and consume lavishly. Viewing the builder’s code of self-restraint as dour and boring, magnificoes prefer to strut and swagger, brag and charm, display and self-promote. Often enough they are criminals or at least friendly with criminals—the mobsters who invented Las Vegas in the 1930s and 1940s and extended the concept to Havana in the 1950s and Atlantic City in the 1980s are possibly the most influential magnificoes in U.S. history.

The magnificoes’ most visible periods in our history are the late 19<sup>th</sup> century, the 1920s, and today. In finance, think J. P. Morgan. In publishing, think William Randolph Hearst. In crime, think Richard Canfield, the casino pioneer. Not all magnificoes are rich and not all are nationally famous. I remember my uncle from Alabama telling me stories when I was a child about “Big Jim” Folsom, the populist Alabama governor from the 1940s and 1950s, who called himself “the little man’s big friend.” He delighted in showing off his clothes to the crowds of farmers and working people who came to hear him, bragging about how much he paid for his suits, which were more expensive than any his audience would ever own or see. My uncle, who admired Folsom, said that most of his listeners appreciated the bravado and enjoyed the performance.

From Franklin on, builders have looked down on the magnificoes, primarily because magnificoes violate the norms of thrift. Here is Warren Buffett speaking about Donald Trump in 1991, when Trump’s casino business was filing for Chapter 11 bankruptcy for the first of what would come to be four times:

Where did Donald Trump go wrong? The big problem with Donald Trump was he never went right. He basically overpaid for properties, but he got people to lend him the money. He was terrific at borrowing money. If you look at his assets, and what he paid for them, and what he borrowed to get them, there was never any real equity there. He owes, perhaps, \$3.5 billion now, and, if you had to pick a figure as to the value of the assets, it might be more like \$2.5 billion. He’s a billion in the hole, which is a lot better than being \$100 in the hole because if you’re \$100 in the hole, they come and take the TV set. If you’re a billion in the hole, they say “hang in there, Donald.”... I would suggest that the big successes I’ve met had a fair amount of Ben Franklin in them. And Donald Trump did not.<sup>2</sup>

It’s certainly true that Donald Trump doesn’t have much Ben Franklin in him. But then again, neither does a growing segment of the U.S. population. Today the builder’s credo embodied by Buffett, and so long a part of our cultural DNA, is conspicuously absent from some of our fastest-growing social institutions. Warren Buffett’s America is clearly shrinking, and what’s taking its place, especially in blue-collar and lower-

income communities, is what we might call Trump's America.

It's an America in which borrowing is more normative than saving, the "deal" seems more exciting than steady application, bravura overshadows modesty, belief in celebrities trumps confidence in institutions, and reliance on hope (the essentially religious belief that the good is within our reach) is replaced by hoping for luck.

Economically, Trump's America is based largely on debt. Walk down a Main Street in this America, and you'll see lots of signs like "Payday Loans," "Mike's Rent to Own," and "Check 'n Go." Most gas stations, bars, and convenience stores will try to sell you state-sponsored lottery tickets. You won't see a savings bank and probably won't see a credit union.

The purest expression of Trump's America is the casino—the very institution on which Trump's own fortune was largely built. Until the 1990s, U.S. casinos were largely confined to Nevada and Atlantic City. Today they're popping up across the country, sponsored by the very state governments that only yesterday had outlawed them.

The casino ethic and the magnifico ethic go together like bacon and eggs. Casinos are glittery and excessive. Millions of Americans flock to them. They promise excitement, escapism, and the chance to win mega-millions!

Yet the fact about casinos is they don't produce anything. Car companies make cars. Doughnut shops make doughnuts. The only thing that happens in casinos is that people lose their money. The economic impact is similar to throwing your money on the street so that someone else can pick it up—it's moving wealth around without creating any.

And forget the images you may recall from James Bond movies of high-rollers in tuxedos and formal dresses playing glamorous table games. Today's casinos cater mainly to low-rollers putting money into slot machines. Most of the "players" live within a short driving distance of the casino. They are disproportionately retirees, minorities, people without four-year college degrees, and lower-wage workers.

In short, Americans who regularly patronize casinos today are the same Americans who, according to pollsters, are most likely to report that they feel left behind economically and disrespected culturally, that the dreams they once had for themselves and their children are no longer within reach, and that most institutions no longer deserve their trust. Welcome to the expanding precincts of Trump's America, where many people believe, and seem to have solid reason for believing, that the old establishment virtues of thrift, hard work, and deferred gratification are no longer working for them.

Are they wrong? About Trump, yes. The chances of making America great again by voting for Donald Trump are about the same as the chances of getting rich by putting money into his slot machines. But Trump's appeal is also diagnostic, and the bothersome thing about it is not him, but us. What's most impressive about Trump's

America is not his success, but our collective failure.

This failure is largely the result of powerful financial and political interests undermining the institutions of thrift and mutual aid that help to sustain communities and build wealth over time. The so-called “little people,” in Leona Helmsley’s famous words, had little to do with this transformation. Trump, on the other hand, epitomizes it.

Trump is part of a corrupt anti-thrift system. He was able to “build” a casino empire—what a funny word, *build*, for an activity that consists almost entirely of extracting money from the pockets of middle and lower-income Americans—because state governments and banks opened the door and put out a welcome mat for him. (No wonder New Jersey Governor Chris Christie, currently running for President, chooses “friend” for his one-word description of Trump.) Trump regularly brags that he gives money to influential people from both political parties because that’s how things work. And that is how things work! Which means that Trump can shamelessly game our political and financial systems for his gain and to our detriment, and then portray himself as the person best qualified to make America great again.

He isn’t. But he understands the world he helped to make. He knows his customers. He’s authentic and comfortable in his own skin—his only rival in that department is Bernie Sanders, the Democrats’ New Hampshire primary winner—and he’s a genuinely gifted impresario. More than most of his political rivals, he seems able to intuit some of the deepest desires, fears, and disappointments of white, left-behind Americans. And when a rich self-promoter tells millions of high-school educated, blue-collar Americans that the system isn’t working for them like it used to, or like it should, the fact that he’s a rich self-promoter doesn’t make him wrong.

There have always been magnificoes among us—they’re as American as hot dogs. We’ve enjoyed and admired them and typically seen at least some of their over-the-top traits reflected in us as a people. But we’ve never really trusted them with important matters. We’ve certainly never considered letting them define who we are, or what America is, mainly because there’s never been a good reason to consider it. Now, for some of us, maybe there is.

<sup>1</sup>I’m indebted to Max Lerner, who uses the term “magnifico” to describe an American type in *America as a Civilization* (Simon and Shuster, 1957), 278-279.

<sup>2</sup>*Three Lectures by Warren Buffett to Notre Dame Faculty, MBA Students and Undergraduate Students* (Spring 1991).