

THE POPULISM SURGE IN THE WEST: THE GROWING SUPPORT FOR LEFT-WING POPULISM AMONG YOUNG PEOPLE AND ITS IMPLICATIONS FOR ENVIRONMENTAL POLICIES

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SUMMARY

- The populism surge in the West has been fueled primarily by economic stagnation, though to whom people direct their dissatisfaction differs by generation reflecting cultural value differences. Among the older generation, support has grown for right-wing populism that advocates nativist policies such as the exclusion of immigrants and a return to a traditional society dominated by white people.
- In contrast, left-wing populism characterized by the active redistribution of wealth, through raising taxes on corporations and the wealthy, has attracted growing support among young people. In the future, their views may be more strongly reflected in politics as a result of demographic changes.
- The younger generation, whose ideological position has become increasingly more liberal, also have a keen sense of crisis for climate change agendas. If environmental regulations are strengthened following a future political shift to the left, businesses with fossil fuel-related assets are likely to face increased transition risk.

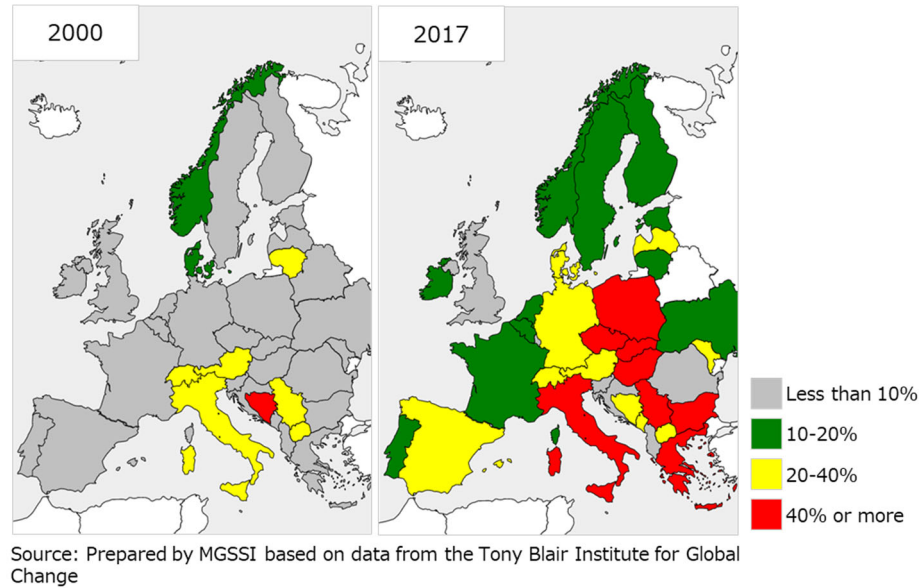
WHAT IS POPULISM?

The wave of populism in the West, as exemplified by the UK's withdrawal from the EU (Brexit) and the Trumpian whirlwind, has heightened the uncertainty surrounding the political situation and the business environment. While some observers view populism as "a temporary deviation from the normal political situation," others argue that the phenomenon will continue as long as the structural problems that gave rise to populism remain unresolved. This article analyzes the dynamics behind the surge of populism in the West, particularly in the US, and assesses its future trajectory.

Populism is an ideology that (1) separate society into two groups at odds with one another, "the pure people" and "the corrupt elite", and (2) considers that politics should be an expression of the general will of the former.¹ Unlike liberalism or socialism, populism has no intrinsic world view or policy implications, and instead tends to advocate policies that are likely to be well received by the electorate whose preferences may vary depending on the context. Populism is thus flexible enough to accommodate changes in public opinion, allowing both "right-wing populism" and "left-wing populism" to exist. Since the 2010s, populism has been gaining ground in the West (Fig. 1).

Brexit and the Trump phenomenon were manifestations of right-wing populism which emphasizes traditional values and social order; it positions white people (predominantly the working class), who previously constituted

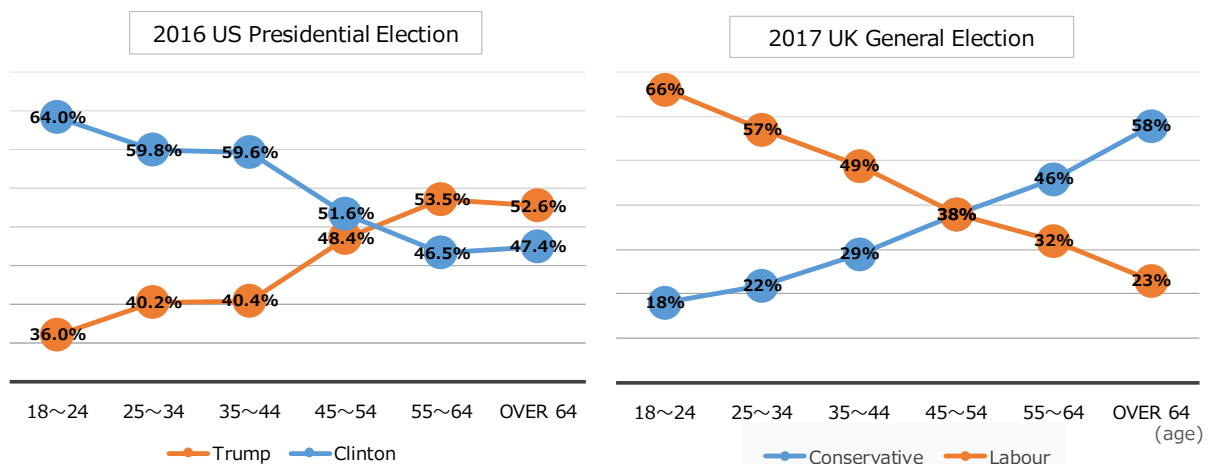
¹ Mudde, C. (2017) *Populism: A Very Short Introduction* (Oxford: Oxford University Press).

Fig.1 Trend in support for populist parties (right and left) in Europe

the majority of the population, as “the pure people”, while at the same time rejecting the pluralistic notion that society is made up of a variety of social groups with various ideas and interests. This camp tends to see society’s minorities such as immigrants as a threat to traditional values and rejects “the elite”, who have protected minority rights. In contrast, left-wing populism sees the so-called “99%” as “the pure people,” on the basis of economic antagonism and views negatively the “free market” that enriches “the wealthy few,” advocating the active redistribution of wealth.

BACKGROUND OF THE SURGE OF POPULISM

The driving force of right-wing populism has been older, less educated, white working class citizens. In contrast, young people, typically millennials (born between 1981 and 1996) and Generation Z (born from 1997 onward), have liberal values, and tend to support leftist parties (such as the Democratic Party in the US and the Labour Party in the UK). This reflects the differences in values between the generations, i.e., between the conservative elders and the liberal young (Fig. 2).²

Fig. 2 Voter support by age group

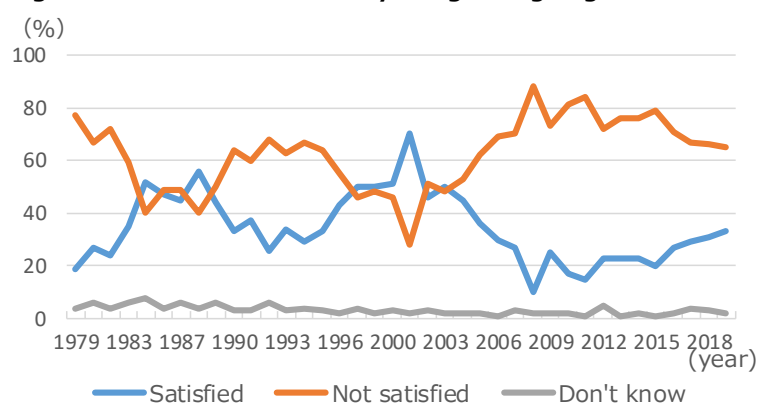
Source: Norris, P. (2017) Why The Younger Generation of Corbysandistas?, Electoral Integrity Project

² See for example Norris, P. and Inglehart, R. (2018) *Cultural Backlash: Trump, Brexit and Authoritarian Populism* (New York: Cambridge University Press), and Gest, J., Reny, T. and Mayer, J. (2018) “Roots of the Radical Right: Nostalgic Deprivation in the United States and Britain”, *Comparative Political Studies*, vol. 51, no. 13, pp. 1694-1719.

1. Changing electorates

It has been noted that one of the factors behind the rise of populism is the growing sense of economic despair resulting from stagnated income growth and widening inequality, among other things. For example, in the US in the 2000s, dissatisfaction with “the way things are going in the United States,” grew across the generations, which intensified particularly after the global financial crisis. (Fig. 3). Of particular importance here is where this dissatisfaction has been aimed. Among the older population, the xenophobic rhetoric, which directs their hostility towards “ethnic others” such as immigrants, has gained support, while support has grown for a left-wing rhetoric that is hostile towards “vested interests,” particularly the wealthy, among the younger. Since young people have a tendency to view immigration and social diversity in positive light,³ their dissatisfaction, stemming from economic stagnation, seems to be directed at economic others (the wealthy) rather than ethnic others (immigrants).

Fig. 3 Satisfaction with the way things are going in the US



Source: Prepared by MGSSI based on data from Gallup

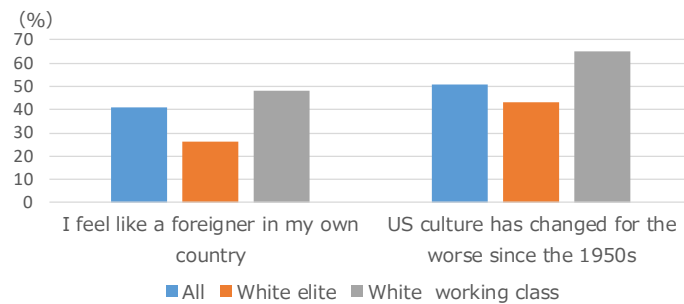
A cultural backlash can also be seen among the elderly. Traditionally, the white, male, working class had been at the center of society in the West. However, as the expansion of higher education has increased the percentage of workers with university degrees, and with the emergency of liberal political agendas, such as the women's social advancement, the minority rights protection, and environmental conservation since the 1970s, there has been a growing sense among white working class that the traditional social order and values are under threat.⁴ Some opinion polls show that among the white working class in the US, a large percentage of respondents said they “feel like a foreigner in my own country,” and believe that “US culture has changed for the worse since the 1950s.”⁵ (Fig. 4) A strong sense of nostalgia for the “good old days” can be seen among voters supporting right-wing populist parties in European countries, too.⁶ Such sentiments have created a fertile political ground for attracting support for nostalgic rhetoric such as “Make America Great Again” (Donald Trump) and “Take back control” (Brexit).

³ In a survey conducted by the Pew Research Center (2019), 75% of US millennials responded that “Immigrants strengthen the country because of their hard work and talents”, whereas 52% of respondents aged between 55 and 73, and only 44% of respondents over 74 felt the same. See Jones, B. (2019) “Majority of Americans continue to say immigrants strengthen the US”, Pew Research Center.

⁴ Such for example Watanabe, M. (2016) *Amerika seiji no kabe: rieki to rinen no hazama de* (Iwanami Shinsho) and Jones, R.P. (2017) *The End of White Christian America* (New York: Simon & Schuster).

⁵ Gendron, C and Cox, D. (2016) “Two-thirds of Republicans say American Culture has Worsened since 1950s”, Public Religion Research Institute Spot Analysis.

⁶ Stokes, B. (2018) “Populist views in Europe: It's not just the economy”, Pew Research Center.

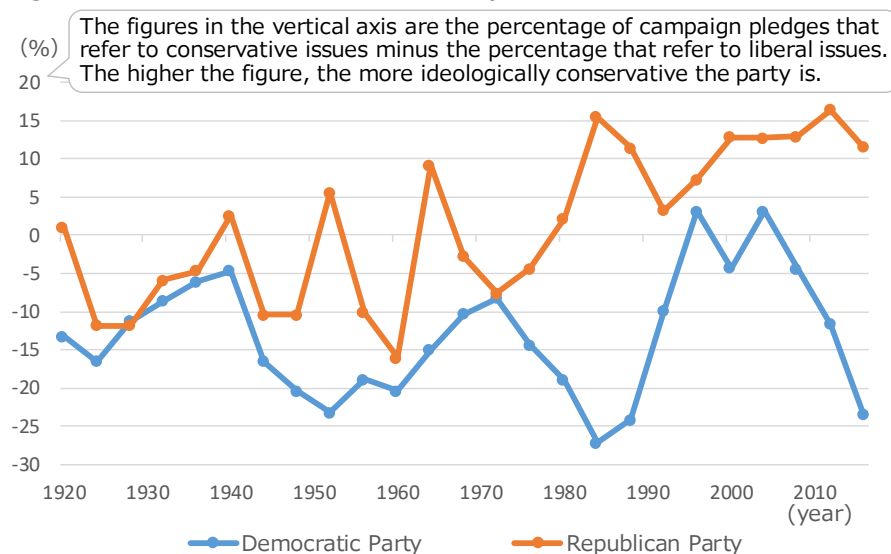
Fig. 4 Feeling of marginalization and nostalgia for the past among the white working class (US)

Source: Jones, P. R. et al. (2016) *The Divide Over America's Future: 1950 or 2050?*, Public Religion Research Institute

2. Changing positions of center-left political parties

In addition to changes in the electorate, the changing positions of the political parties that represent their interests have also facilitated the populism surge. Since the 1970s, with the emergence of new social agendas, such as the women rights and immigrants and environmental problems, many center-left political parties, who had previously represented working class interests with policies for the wealth redistribution, have shifted to a more liberal path. While this strategy has helped gain the progressive voters' support, many of the white working class voters who value the traditional social order have been left behind. As a result, deep value differences between them and the center-left parties had emerged.⁷

This tendency can be observed clearly in the US Democratic Party (Fig. 5). While the Democratic Party has boosted its support from the highly educated elite by taking a culturally liberal path, the gap with the conservative white working class has widened. One member of a leading labor union said that while from the 1930s through the 1970s, the Democratic Party (outside the South) was centered on the labor movement, "the center gravity of the funding base of the Party moved subsequently from the labour movement to elements of the business community, and after 1992, particularly to finance and tech". This funding base is "at odds with the economic interests of Democratic voters and has pushed the Party away from robust advocacy of economic issues", he said.⁸ In the UK, too, the shift of the Labour Party towards progressive liberalism under the Blair administration

Fig. 5 Trends in social values of the US Republican and Democratic Parties

Source: Prepared by MGSSI based on data from the The Manifesto Project

⁷ See for example Williams, J. C. (2017) *White Working Class: Overcoming Class Cluelessness in America* (Boston, Massachusetts: Harvard Business Review Press).

⁸ Interview with Damon Silvers (AFL-CIO), November 5, 2019 (Washington DC).

resulted in the working class, the party's traditional support base, switching allegiance to the Conservative Party, leading to the decline of class-based voting.⁹ Center-left parties in other European countries have been on the decline as well.¹⁰

It was against the backdrop of the dissatisfaction of the working class having been left largely neglected by the politicians that the global financial crisis and the European immigration crisis of 2015 occurred. Amid the turmoil, the working class with limited political outlet for their dissatisfaction, grew further frustrated with the “elite”, who appeared to be insensitive to the workers' predicament. According to one survey, the percentage of US voters who value “a strong leader who is willing to break the rules” increased from 23.7% in 1995 to 34.1% in 2011.¹¹ It is the right-wing populists who have filled the political needs of voters who have grown increasingly dissatisfied with the existing political system and the elite. According to one expert, “many white workers who feel alienated by the changes in US society over the past few decades believe that ‘only President Trump understands them.’”¹²

WHAT HAS POPULISM BROUGHT?

As mentioned above, while populism itself has no clear policy implications, it seeks to expand its power by advocating policies that have a high affinity with the people's dissatisfaction. Since the rise of right-wing populism in the West has been driven by a backlash against the elite who promoted cultural pluralism and economic liberalism, the policies introduced by right-wing populists share the common attribute of rejecting the policies promoted by the elite. While a great deal of attention has been paid to some of the Trump administration's policies that go against social diversity, most notably building a border “wall” and excluding immigration from Muslim countries, policy shifts reflecting this “rejection of the elite” logic can be seen in other areas as well.

One example is changes in the policy towards environmental issues. Right-wing populists tend to give less recognition to environmental issues than other political groups. Rather, they tend to take the politicians who have promoted environmental policies and the scientists who provide them with the theoretical backing as the “corrupt elite”, and criticize their policies for increasing the burden on the people.¹³ For example, while parties like the UK Independence Party (UKIP) and the Alternative for Germany (AFD) do acknowledge that climate change is occurring, they are less convinced that it is caused by human activity, remaining skeptical towards progressive environmental policies. For example, according to the German research agency Adelphi, 14 out of the 17 right-wing populist parties in Europe adopt a negative or passive attitude towards measures for climate change.¹⁴ These parties tend to be highly tolerant towards projects that are questionable from the viewpoint of environmental protection, emphasizing instead practical benefits such as job creation.¹⁵

It is in the US that these changes have appeared most conspicuously. Although young people in the US have a high level of environmental awareness, sensitivity towards this issue is low among the elders (Fig. 6). President Trump, who enjoys the support of elders dismissed a government report urging measures to tackle

⁹ In the 1997 UK general election, 50% of skilled workers and 59% of unskilled workers backed the Labour Party, while only 27% of skilled workers and 21% of unskilled workers voted for the Conservative Party. In contrast, in the 2017 general election, 47% of skilled workers and 41% of unskilled workers backed the Conservative Party, almost on a par with support for the Labour Party (40% of skilled workers and 44% of unskilled workers) “In 20 years, British Politics went from being about class to being about age”, The Washington Post, 14 June, 2017.

¹⁰ Taylor, K. (2018) “Swedish election highlights decline of center-left parties across Western Europe”, Pew Research Center.

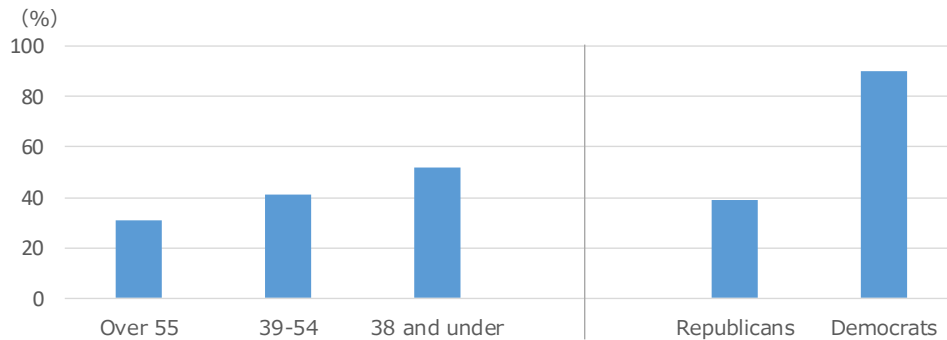
¹¹ World Value Survey (Wave 3 and Wave 6).

¹² Interview with Robert Jones (Public Religion Research Institute), November 7, 2019 (Washington DC).

¹³ Lockwood, M. (2018) “Right-wing populism and the climate change agenda: exploring the linkages”, *Environmental Politics*, vol. 27, no. 4, pp. 712-732.

¹⁴ Schaller, S. and Carius, A. (2019) *Convenient Truths: Mapping climate change agendas of right-wing populist parties in Europe* (adelphi consult GmbH, Berlin).

¹⁵ Anderson, M. (2017) “For Earth Day, here's how Americans view environmental issues”, Pew Research Center.

Fig. 6 Percentage of respondents who think the US federal government is doing "too little" to tackle climate change

Source: Funk, C. and Hefferon, M. (2019) U.S. Public Views on Climate and Energy, Pew Research Center

climate change, saying "I don't believe it",¹⁶ and scrapped a series of measures introduced under the Obama administration. In addition to withdrawing from the Paris Agreement, the Trump administration has vigorously promoted several domestic projects halted by the Obama administration, including the Dakota Access Pipeline (an oil pipeline linking North Dakota and Illinois states) and the Keystone XL Pipeline (an oil pipeline linking Alberta, Canada and the US state of Nebraska), inviting strong opposition from local communities, environmental groups, and the Democratic Party.

As long as right-wing populism remains popular, traditionally accepted policies hitherto considered as "orthodox" will likely continue to be challenged. However, we also need to be alert to the possibility that if the proportion of voters with liberal values increases in the future as a result of demographic changes, political change could prompt a shift in policies to the left.

The Pew Research Institute, for example, estimates that at the time of the US presidential election in 2020, millennials (born between 1981 and 1996) will make up 27% of the electorate, standing almost on par with the baby boomers (born between 1946 and 1964) who will account for 28%.¹⁷ Considering the uneven distribution of millennials, who are concentrated in urban areas, their relatively low turnout, and other constraints such as gerrymandering¹⁸ in Republican-dominated states, some observers argue that demographic changes will not immediately lead to a Democratic breakthrough. That said, the balance of power is still expected to change over time. One research that analyzed the impact of demographic changes, based on the voting behavior of key voter groups (categorized by education, ethnicity, and age) in the 2016 presidential election, have indicated that a political configuration beneficial to the Democratic Party could emerge as early as 2020, and have forecast that by 2036 the Democratic Party will likely secure approximately twice as many electors as the Republican Party.¹⁹

WHITHER THE POPULISM?

Unless the economic dissatisfaction that gave rise to populism is addressed, declining momentum in right-wing populism due to demographic changes may not simply result in a return to the middle ground but in prompting a shift towards left-wing populism. Democrats Bernie Sanders and Elizabeth Warren, who sought to run in the 2020 US presidential election, are good examples of left-wing populists. They proposed active redistribution policies, including raising the corporate tax rate and significantly increasing asset and income taxes on the rich,

¹⁶ "Trump Rejects his Government's Warning of Climate Change Costs" Bloomberg (November 26, 2018)

¹⁷ Cilluffo, A. and Fry, R. (2019) "An early look at the 2020 electorate", Pew Research Center.

¹⁸ The practice of drawing electoral district boundaries to deliberately favor one political party over others.

¹⁹ The study explored different scenarios, assuming that future voting patterns of the voter groups could differ markedly from what we observed in the past. For example, should white voters educated up to high school level swing significantly (10%) towards the Republican Party, the Republican Party is predicted to secure more electors, even in 2036. Griffin, R., Teixeira, R. and Frey, W. H. (2018) *America's Electoral Future: Demographic Shifts and the Future of the Trump Coalition*, Center for American Progress, Brookings, Bipartisan Policy Center and PRRI.

and garnered the support of young voters. These young people also place a great value on contributions to “the Greater Good” such as addressing global issues, and those voices were reflected in these candidates’ policy platforms

One of the issues young people are most interested in is climate change. According to a survey conducted by the World Economic Forum, approximately half of millennials regard climate change as the “most serious” global issue.²⁰ If these views become strongly reflected in politics, stricter environmental regulations will likely follow, increasing the transition risk for companies with a large amount of fossil fuel-related assets. A look at the fossil fuel-related financing rankings for 2016 to 2018 reveals that many financial institutions, including Japanese banks, increased their fossil fuel-related lending (Fig. 7). In particular, following the environmental regulations easing by the Trump administration, the total amount of loans provided to the sector by the top four US banks increased from USD28.6 billion in 2016 to USD33.9 billion in 2018. If a future Democratic administration returns to strengthen environmental regulations, there is a risk of these assets in the sector becoming stranded. Bernie Sanders suggested a complete halt on the fracking process of shale oil and gas production, while Elizabeth Warren proposed banning the process on public land.

Fig. 7 Ranking of fossil fuel-related financing (unit: USD100 million)

	Bank	2016	2017	2018	16 – 18 total
1	JP Morgan Chase	627.1	690.5	639.0	1956.6
2	Wells Fargo	360.4	542.1	613.5	1516.0
3	Citi	415.6	446.7	432.6	1294.9
4	Bank of America	360.6	368.8	337.5	1066.9
5	Royal Bank of Canada	288.5	368.1	348.8	1005.4
6	Barclays	305.4	299.0	247.4	851.8
7	Mitsubishi UFJ Financial Group	237.2	261.0	302.1	800.4
8	Toronto Dominion Bank	205.2	292.3	244.1	741.5
9	Scotiabank	183.0	241.7	271.0	695.7
10	Mizuho Financial Group	215.2	185.6	276.3	677.1
11	Morgan Stanley	237.4	237.1	194.8	669.3
12	Goldman Sachs	225.1	194.1	173.4	592.6
13	HSBC	174.6	215.6	187.9	578.1
14	Credit Suisse	188.0	216.1	170.1	574.2
15	Bank of Montreal	166.0	203.1	196.7	565.8
16	Bank of China	192.5	142.1	220.4	555.0
17	Deutsche Bank	206.6	186.5	146.3	539.4
18	BNP Paribas	172.4	172.3	165.0	509.7
19	ICBC	194.9	140.2	145.0	480.1
20	China Construction Bank	171.1	117.2	107.0	395.3
21	SMBC Group	105.5	116.2	159.3	381.0
22	CIBC	119.3	131.4	123.0	373.7
23	Société Générale	123.4	107.1	134.2	364.7
24	Crédit Agricole	86.8	108.7	126.2	321.6
25	UBS	76.6	81.5	100.4	258.4
26	ING	92.7	74.4	88.5	255.6
27	Agricultural Bank of China	116.0	58.5	76.2	250.7
28	BPCE/Natixis	45.1	60.4	102.8	208.3
29	Unicredit	64.9	66.3	39.4	170.6
30	Standard Chartered	22.7	47.9	81.8	152.4

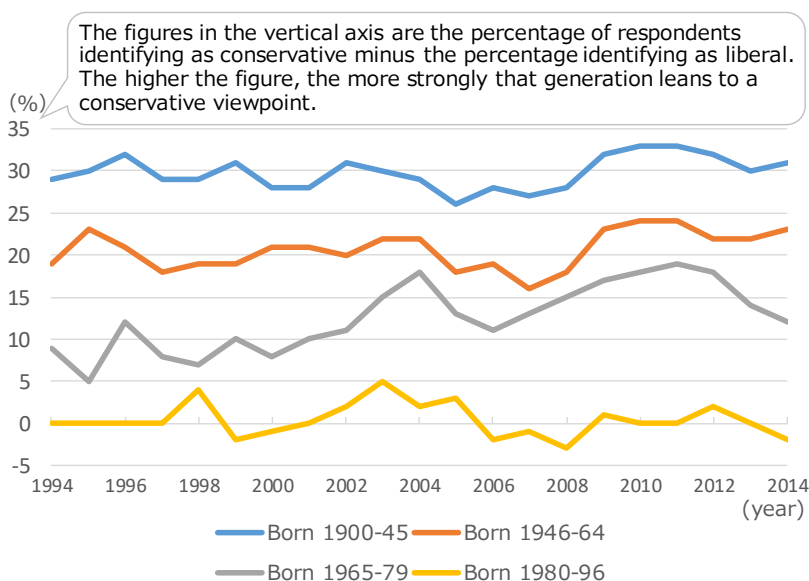
Source: BankTrack (2019) Banking on Climate Change: Fossil Fuel Finance Report Card 2019

²⁰ Approximately 30,000 people in 186 countries were surveyed. 48.8% responded that climate change is “the most serious issue.” This was followed by large-scale conflicts (38.9%) and inequality (30.8%). World Economic Forum (2017), *Global Shapers Annual Survey 2017*.

In the UK, too, the Labour Party, which has attracted the young people's support, has made addressing environmental issues a top priority. During the general election held in December 2019, environmental measures were listed at the top of the party's manifesto. The manifesto set the goal of net zero greenhouse gas emissions by 2030, and pledged to make a transition from fossil fuels to renewable energy and to introduce an immediate and permanent ban on fracking. Further, the Labour Party received high marks from environmental NGOs for indicating its intention to consider introducing a frequent-flyer levy on frequent airline passengers, despite opposition from aviation industry labor unions, which are a part of the party's support base.²¹ It is also worth noting that In the European Parliament elections held in May of the same year, Green parties made great strides, which has been attributed to strong concerns over environmental issues among young voters. In Germany, for example, 34% of voters under 25 voted for the Green Party, almost three times those who voted for the ruling Christian Democratic Union/Christian Social Union alliance (12%).²²

Some observers have argued that young people will also become conservative as they grow older. While that possibility cannot be ruled out, there are signs that suggest they will continue to have relatively liberal values. One of the characteristics of millennials and younger generations is that they are far less religious minded than older generations. According to a survey by the Pew Research Center, 40% of US millennials responded that they "have no religion", a higher percentage than older Americans.²³ Behind this trend lies a skepticism to the church's conservative stance on abortion and homosexuality, and some view that this religious unaffiliatedness by young people is helping shape their liberal world view.²⁴ Until now, no noticeable shift to conservatism has been identified among millennials, and they appear to continue to hold more liberal values than older generations (Fig 8).

Fig. 8 Trends in generational values in the US



Source: Prepared by MGSSI based on data from Gallup

Some surveys have shown that the less religious people are, the more active they are in protecting the environment. According to the Pew Research Center, the proportion of respondents who agreed that "earth is warming due to human activity" was highest among people with low religious affiliation, and a similar trend was seen in their attitude to offshore oil and gas drilling and fracking (Fig. 9).²⁵ While an analysis of the relationship between religious belief and environmental awareness is beyond the scope of this article, if the above findings are valid, the exodus of young people from traditional religious affiliation is likely to create a political climate

²¹ Friends of the Earth (2019) *General Election 2019: Party manifestos analysis*.

²² "Germany's youth wake up to their political power", *Deutsche Welle*, 8 June 2019.

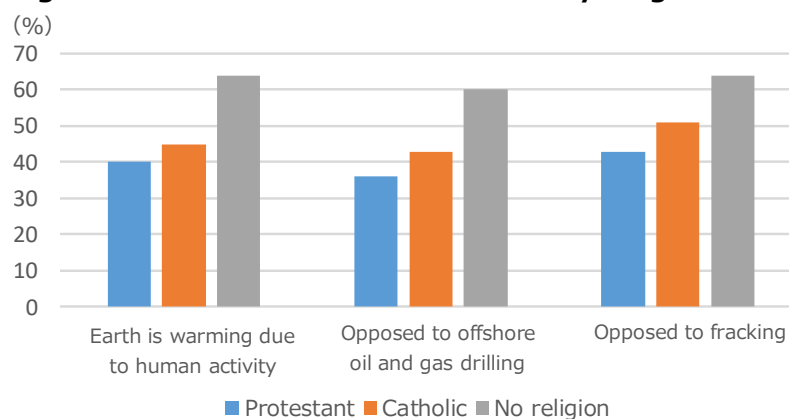
²³ 25% of people between 39 and 54, 17% between 55 and 73, and only 10% of over-74s. Pew Research Center (2019) *In US, Decline of Christianity Continues at Rapid Pace*.

²⁴ Interview with Robert Jones (Public Religion Research Institute), November 7, 2019 (Washington DC).

²⁵ Pew Research Center (2015) *Religion and Views on Climate and Energy Issues*.

conducive to stricter environmental regulations. Seen in this light, the momentum toward more stringent environmental regulations, as advocated by left-wing populists, could potentially form the medium to long-term trend.

Fig. 9 Views on environmental issues by religion



Source: Pew Research Center (2015) Religion and Views on Climate and Energy Issues