

THE RISE OF POLITICAL POPULISM Global Risk Background Paper

“There is a form of revolt on the part of the people against a system that is no longer serving them.”
– Marine Le Pen, Front National Candidate, 2017 French Presidential Election

Introduction

In many Western democracies, 2016 can be seen as a tumultuous period for traditionally mainstream political parties. Many established parties struggled to respond to rapid changes in the political landscape as voters’ dissatisfaction was expressed through lower turnouts or rising support for previously smaller movements.¹ The unexpected, by many, triumphs for the **Brexit campaign** in the United Kingdom and President Donald Trump’s campaign in the United States are perhaps the most high profile indicators of a shifting political environment.² But, these two recent examples are far from unique.



French National Front (FN) political party leader Marine Le Pen delivers a speech during a FN political rally in Frejus, France. Source: Business Insider

During the last two decades, the rising popularity of **populist** leaders and political parties has altered the established pattern of party competition and political discourse in many nations. Notably, consequential gains have been seen by the Austrian Freedom Party, the Sweden Democrats, Greece’s Golden Dawn and *Syriza* parties, *Jobbik* party in Hungary, the Danish People’s Party, and *Alternative für Deutschland* (AfD) in Germany. Moreover, populist leaders like Marine Le Pen in France, and Geert Wilders in the Netherlands have seen increased support for their populist, often controversial campaigns for upcoming national elections in both countries. Latin America also long experienced populist leaders on the **economic left** of the political spectrum, exemplified by Hugo Chavez and Nicolás Maduro in Venezuela, and Evo Morales in Bolivia.³ And, in Southeast Asia, President Rodrigo Duterte – a tough-talking populist politician – has offered support to the economically disadvantaged in the Philippines, while threatening to shake up the country’s longtime alliances in the region.⁴

While some argue that voters having the ability to punish politicians who they believe have failed to represent them adequately is one of the essential virtues of the democratic process, others are concerned that the recent rise of populism, including sometimes aggressive nationalism, in mainstream politics could have profound consequences on global trade flows and international cooperation.

¹ See the [International IDEA Voter Turnout Database](#).

² The rise and better-than-expected showing of Bernie Sanders in the Democratic primary is an example from the left of this changing environment in the U.S.

³ [“Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash.” Harvard Kennedy School of Government. August 2016.](#)

⁴ Internationally, President Rodrigo Duterte is a controversial figure, especially in regards to human rights. Following criticism from United Nations human rights experts that extrajudicial killings had increased since the election, he threatened to withdraw the Philippines from the UN and form a new organization with China and African nations. He has vowed to pursue an “independent foreign policy.”

What is Political Populism?

While populism can mean different things to different political groups, all versions champion the ordinary person (often the “forgotten” common citizen), usually by favorable contrast with an elite.⁵ Populism often reflects deep distrust and resentment of existing authorities and established institutions, whether big banks, multinational corporations, media outlets and **pundits**, elected politicians and government officials, intellectual elites and scientific experts, and members of society who are wealthy and privileged.⁶

Populism will express itself differently in different countries: there are **left-wing** and **right-wing** strands, and domestic factors are significant. While in Western democracies populism has often been associated with right-wing politics, it has often favored left-wing parties in other parts of the world, such as in the Americas, Asia, and Eastern Europe. Depending on one’s view of populism, a populist economic program can therefore signify either a platform that promotes the interest of common citizens and the country as a whole or a platform that seeks to redistribute wealth to gain popularity.⁷

The term can also designate either democratic or **authoritarian** movements. Populism is typically critical of political representation and anything that stands between the people and their leader or government. In its most democratic form, populism seeks to defend the interest and maximize the power of ordinary citizens, through political reform rather than revolution.

Finally, by “ordinary people”, populist discourse can often emphasize **nativism** or **xenophobic** nationalism, which assumes that the “people” are a uniform whole, and that states should exclude people from other countries and cultures. In this regard, populism often favors **mono-culturalism** over **multiculturalism**, national self-interest over international cooperation and development aid, closed borders over the free flow of peoples, ideas, labor and capital, and traditionalism over **progressive** and **liberal social values**.⁸

Examining the Recent Rise in Populist Parties⁹

The recent increase in support and influence enjoyed by **anti-establishment**, populist political parties and movements around the globe is the continuation of a trend with long roots.¹⁰ While populism expresses itself differently in each country, there are also common themes: appeals to **national sovereignty** and criticism that elites have failed to protect voters from the negative impacts of **globalization** are common threads that run through both left- and right-wing strands. In many cases, there are also appeals to the rights of native citizens, as opposed to immigrants, and the importance of restoring “traditional” values and once-predominate social orders.

⁵ [Encyclopedia Britannica](#). 2017.

⁶ [“Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash.” Harvard Kennedy School of Government](#). August 2016.

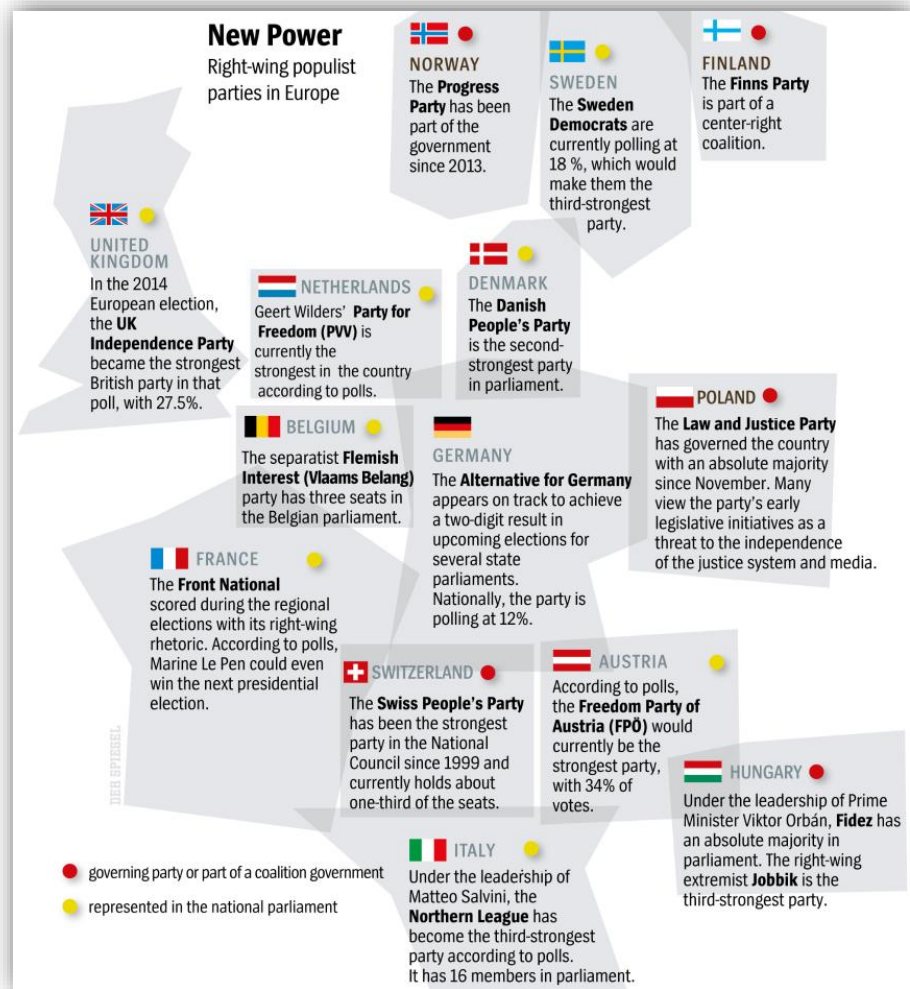
⁷ [Encyclopedia Britannica](#). 2017.

⁸ This section was excerpted and adapted from [“Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash.” Harvard Kennedy School of Government](#). August 2016. (Page 7).

⁹ This section has been excerpted and adapted from the World Economic Forum’s [The Global Risks Report 2017](#). (Page 23).

¹⁰ [“Trump, Brexit, and the Rise of Populism: Economic Have-nots and Cultural Backlash.” Harvard Kennedy School of Government](#). August 2016.

The political impact of anti-establishment sentiment has already been dramatic. Most notably, the cluster of anti-elitism, nativism and **economic nationalism** formed important parts of the winning 2016 campaigns in the United Kingdom (UK) referendum on **European Union (EU)** membership (commonly known as the Brexit campaign), and both the United States' Republican primary and the subsequent presidential election. This cluster has resonated particularly strongly in Europe, where **Eurozone** and EU problems provide fertile ground for populists calling for a return to national sovereignty. Moreover, support for **far-right parties** has increased in Europe's four largest countries – Germany, the United Kingdom, France and Italy – as well as others, including Austria, Belgium, Denmark, Greece, Hungary, the Netherlands, Poland, Sweden, and Switzerland.¹¹



Source: Der Spiegel

While the fact remains that anti-establishment politicians have not, to date, won many elections outright in Europe, these movements have succeeded in shifting the political center of gravity, forcing mainstream parties to adopt elements of their policy platforms in many countries. In some – such as Spain and Ireland – they have contributed to a fragmentation of parliamentary forces that has complicated the process of forming stable governments and implementing effective policies. There is even some contested evidence that young people, in particular, are becoming willing to entertain the idea that democracy itself is failing to deliver and that non-democratic alternatives should be considered.¹²

¹¹ "How Far is Europe Swinging to the Right?." *The New York Times*. December 2016

¹² See Foa and Mounk 2016 in their article "The Danger of Deconsolidation: The Democratic Disconnect" in *Journal of Democracy*.

Key Trends Contributing to the Recent Rise¹³

Numerous factors have been suggested as playing a role in the recent rise of political populism. While all related, they can be grouped under three main headings: (1) rapid economic and technological change; (2) deepening social and cultural polarization; and (3) post-truth political debate.

Rapid Economic and Technological Change

Statistics show clearly that globalization and trade have created growth, promoted competitiveness and efficiency,¹⁴ cut poverty and global inequality, and narrowed the gap between **developing economies** and the **developed world**. Overall, global prosperity is at its highest point in a decade.¹⁵ However, globalization and trade feature prominently in anti-establishment sentiment in many democracies because the benefits of growth have been unequally experienced.

Evidence compiled by economists show that those people between the 75th and 90th percentiles of the global income distribution have been the non-winners from globalization.¹⁶ Meanwhile, the wealthiest have made the biggest gains, especially since the **global financial crisis**: in the United States, between 2009 and 2012, the incomes of the top 1% grew by more than 31%, compared with less than 0.5% for the remaining 99% of the population.¹⁷ Middle-class **income stagnation** is particularly affecting youth: recent research shows that 540 million young people across 25 advanced economies face the prospect of growing up to be poorer than their parents.¹⁸

Alongside globalization, **technological change** has dramatically affected many people's sense of economic security. Traditional manufacturing hubs, or centers, in advanced economies have been shut down due to a combination of labor-saving technology and **outsourcing**.¹⁹ Technology has historically been a net creator of jobs, but new jobs do not necessarily materialize quickly or in the same locations as jobs that have been displaced. Some economists have even argued that one of the drivers of current political dissatisfaction in **postindustrial regions** is that job losses have eroded whole communities.²⁰

Deepening Social and Cultural Polarization

Issues related to national identity, cultural values, and ethnic origins have also been prominent in the rise of anti-establishment populism. Even in the Nordic countries²¹ – affluent, post-industrial knowledge societies, with comparatively **homogenous** populations and generous **welfare models** – there is evidence of a backlash against progressive changes in social values such as acceptance of same-sex marriage, gender identity, and **secularism**.²² With the rapid spread of more multicultural and open attitudes, especially among young people and the educated middle class, those who are older and less educated or otherwise adhering to more traditional social values may feel left behind.²³

¹³ This section has been excerpted and adapted from the World Economic Forum's [The Global Risks Report 2017](#). (Pages 23-24).

¹⁴ ["Causes and Consequences of Income Inequality: A Global Perspective."](#) IMF Staff Discussion Notes. 2015.

¹⁵ ["The Legatum Prosperity Index."](#) Legatum Institute. 2016.

¹⁶ ["Global Income Inequality by the Numbers: In History and Now."](#) World Bank. 2012.

¹⁷ ["Striking it Richer: The Evolution of Top Incomes in the United States."](#) University of California at Berkeley, Department of Economics 2013.

¹⁸ ["Poorer than their Parents? A New Perspective on Income Inequality."](#) McKinsey Global Institute. 2016.

¹⁹ ["Causes and Consequences of Income Inequality: A Global Perspective."](#) IMF Staff Discussion Notes. 2015

²⁰ ["The Anger of Deindustrialized Brexit Towns Goes Far Beyond Immigration."](#) Financial Times. November 2016.

²¹ The Nordic countries are Denmark, Finland, Iceland, Norway, and Sweden.

²² See the [World Values Survey website](#).

²³ ["It's Not Just Trump. Authoritarian Populism is Rising across the West. Here's Why."](#) The Washington Post. March 2016.

Immigration has proven to be an extremely successful policy issue for anti-establishment populists, providing a common thread for their electoral advances across different countries.²⁴ However, the links between immigration and populist voting are not straightforward: in the United Kingdom's vote on EU membership, for instance, areas with more immigrants were more likely to support remaining in the European Union.²⁵ One possible explanation is that what matters to the voters is not so much absolute levels of immigration but rates of change.²⁶



Supporters of Bolivian President Morales gather for an election campaign meeting in La Paz. Source: BBC News.

Another is that voters are focusing on immigration policy for a complex range of reasons: to bolster national sovereignty in a globalized world;²⁷ to reject the deep cultural changes of recent decades; or to express anger at mainstream politicians for breaking clear promises.²⁸

“Post-Truth” Political Debate

It is also agreed by some that the rise of political populism has been intensified by profound changes in the way news and information is produced, distributed and shared. The aftermath of the U.S. presidential election featured a prominent debate about “fake news.”²⁹ In 2016, *The Oxford English Dictionary* chose as its word of the year “post-truth”, defined as “denoting circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief.”³⁰ Free speech and the lively contest of ideas are a fundamental part of the democratic process, but they depend on all participants accepting each other’s good faith and a shared set of underlying facts. Historically, relatively small numbers of media outlets provided a widely trusted common foundation for national debates. Increasingly, however, the media landscape is characterized by fragmentation, rivalry, and mistrust, with individuals tending to segregate themselves according to their values and beliefs. Moreover, social media and **online “echo chambers”** reinforce rather than challenge people’s existing biases, making it easier for misinformation to spread.³¹

Economic Risks

The disruption and pressure that populist politics place on mainstream parties, public discourse, and the policy agenda can have complex effects on the economic risk landscape. Given that each national situation is unique, they can trigger new risks or intensify existing ones, but they can also open the way to responses that lessen risks.

²⁴ [“Immigration and Far-right Voting: New Evidence.”](#) Vox. November 2015.

²⁵ [“Fear of Immigration Drove the Leave Victory – Not Immigration Itself.”](#) *The Guardian*. June 2016.

²⁶ [“Britain’s Immigration Paradox: Areas with Lots of Immigrants Voted to Remain. Or Did They?”](#) *The Economist*. 2016.

²⁷ The pro-Brexit campaign was built around the hugely successful slogan “Take Back Control.”

²⁸ [“Brexit: British Identity Politics, Immigration and David Cameron’s Undoing.”](#) *Brookings Institute*. June 2016.

²⁹ [“The Forces that Drove this Election’s Media Failure are Likely to Get Worse.”](#) *NiemanLab*. November 2016

²⁸ [“Harsh Truths about Fake News for Facebook, Google and Twitter.”](#) *Financial Times*. November 2016.

²⁹ [“Word of the Year 2016 is...”](#) *Oxford Living Dictionaries*. 2016.

³⁰ [“The Spreading of Misinformation Online”](#). Del Vicario, M., A.Bessi, F. Zollo, F. Petroni, A. Scala, G. Caldrelli, H. E. Stanley, and W. Quattrociocchi. *Proceedings of the National Academy of Sciences*. 2016.

Perhaps one of the most consequential economic impacts, the Brexit campaign was a major blow to European integration – and by extension global economic integration. Other regions including the Association of Southeast Asian Nations have been re-thinking further economic integration.³² Brexit represented an economic turning point for the United Kingdom, while a political one for Europe. On one hand, Brexit signified a triumph for democracy, liberty, and free markets. On the other, it represented a direct challenge to globalization.

If voters continue to feel excluded and social, cultural, and economic fault-lines persist, the populist policies could pose real risks to the global economy and **trade flows** as countries choose to turn inward and reject global economic integration. The resulting political paralysis and fragmentation could undermine not just the global economic system but the institutions and norms on which it is founded.

Solutions³³

While there is no agreement on what needs to be done to strengthen democratic processes, there are three dilemmas that can be identified as particularly significant.

Generating More Inclusive Growth

The availability of good, well-paying jobs is critical to persuading people that the economic system works for them. Evidence shows that there is no trade-off in principle between promoting **social inclusion** and competitiveness: growth and equity can go together.³⁴ Governments can, in theory, deploy various tools, policies and institutions to make growth more inclusive. However, in practice, the current environment presents some serious challenges.

Technological change is diminishing the contribution of labor to **GDP** growth, as machines become more able to do a wider range of work. One study predicts that 47% of U.S. jobs are at risk of automation,³⁵ affecting over 80% of low-income workers.³⁶ New technology has also historically increased labor productivity and created new and better jobs – but as machines become better at intellectual as well as physical tasks, there is significant uncertainty about the future of job creation.

Technology is also contributing to the changing nature of work, with secure and predictable jobs giving way to more sporadic, short-term self-employment.³⁷ Research suggests that the number of people in “alternative work arrangements” increased faster than overall employment between 2005 and 2015.³⁸ The rise of the “**gig economy**” threatens the stability of income people need to plan long-term investments such as home ownership and savings for old age.

³¹ “[The Rising Tide of Populism.](#)” *PNC Capital Investors*. August 2016.

³² This section has been excerpted and adapted from the World Economic Forum’s [The Global Risks Report 2017](#). (Pages 24-25).

³³ “[The Inclusive Growth and Development Report 2017](#).” Samans, R., J. Blanke, G. Corrigan, M. Drzeniek. 2015., Geneva: World Economic Forum.

³⁵ “[The future of employment: How susceptible are jobs to computerisation?](#)” Frey, C.B., M.A. Osborne. 7 September, 2013.

³⁶ “[Economic Report of the President Together with the Annual Report of the Council of Economic Advisers](#).” President Obama and Council of Economic Advisers. February 2016.

³⁷ “Raw Deal: How the “Uber Economy” and Naked Capitalism Are Screwing American Workers”. Hill, S. 2015. For Purchase on [Amazon.com](#)

³⁸ “[The rise and nature of alternative work arrangements in the United States, 1995–2015](#)” Kratz, L.F. and A.B. Krueger. 2016.

Maintaining Continuity in Government while Accelerating Change

The economic policies of historically mainstream political parties, from the left and the right, have become more connected in recent decades.³⁹ As solutions to many of the problems of advanced economies have become a more similar series of targeted efforts (such as more investments, reforms of health care), this incremental process has produced a sense of frustration among many voters who want more dramatic solutions.⁴⁰ This has enabled once-fringe movements to rise by portraying the established parties as part of the same **technocratic** political class, focused on self-enrichment while the institutions of government are allowed to fail.

Rebuilding public trust in the political process and in leaders will be a difficult task. This work needs to start with the recognition that some valid concerns underlie the rise of anti-establishment sentiment. The challenge will be to deliver the short-term change voters demand, while also reforming institutions in a way that maintains the continuity of government and established checks and balances.

Reconciling Identity Nationalism and Multiculturalism

Ongoing humanitarian challenges will continue to create flows of people, and in countries where fertility rates are declining and numbers of pensioners are growing, immigration will be needed to bring in new workers. However, as with globalization, the overall economic benefits brought by immigration are not felt by all sections of society. Immigration creates cultural tensions: there is a need to allow space for religious tolerance without opening the door to extremism, and a need to encourage the diversity that brings innovation without fostering resentment.

Leaders will need to face up to a debate over how to allocate economic and residential entitlements to economic migrants and refugees. Some countries may want to link these entitlements to **cultural integration** or work, treating native populations and migrants unequally: the latter have to earn the rights that are fundamental to the native population's citizenship. Other countries – this was an important driver of the United Kingdom's Brexit vote – may choose to loosen their international economic ties in order to slow the pace of immigration.

To some extent, the cultural challenges associated with immigration could be tackled by getting better at communicating change:⁴¹ data show that voters will shift their views on cultural changes in society if politicians highlight the integration and assimilation already taking place.⁴²

³⁹ ["Populism on the march: Why the West is in trouble"](#). Zakaria, F. 2016.

⁴⁰ ["Populism on the march: Why the West is in trouble"](#). Zakaria, F. 2016.

⁴¹ "The Politics of Resentment: Rural Consciousness in Wisconsin and the Rise of Scott Walker". Cramer, K. J. 2016. (For Purchase at [Amazon.com](#))

⁴² ["Assimilation and the immigration debate"](#). Kaufmann, E. 26 September, 2016.

Questions to Consider

- 1) Is the rise of political populism a pressing global risk? What challenges and/or opportunities exist for your economic bloc in addressing such a risk?

- 2) Is the growth of political populism a high concern for your economic bloc? If so, what specific risks does populism pose? If not, how might your economic bloc be affected by the impact of populism in other blocs?

- 3) How would reducing the risks posed by political populism directly impact long-term economic stability and prosperity in your economic bloc?

- 4) What recent strategies or actions has your economic bloc taken to address the risks posed by political populism?

5) What type of action might be necessary to adapt to the results of political populism in your economic bloc?

6) Who should bear the primary responsibility for maintaining order and understanding after the rise of political populism in your economic bloc (governments, business and industry, individuals or private organizations)? How should roles and responsibilities be allocated among these groups?

7) What benefits might come from the rise of political populism in your economic bloc?

8) In what ways would addressing political populism reduce the impact and severity of the other global risks (nuclear proliferation, impacts of climate change, and unpredictability of oil prices)?

Further Resources

- “Coverage on Populism,” *Foreign Policy*. 2017.
<http://foreignpolicy.com/tag/populism/>
- “The Power of Populism,” *Foreign Affairs*. November/December 2016.
<https://www.foreignaffairs.com/articles/2016-10-17/power-populism>
- “A Brief History of Populism,” *The Week*. 2016.
<http://theweek.com/audio/662532/brief-history-populism>
- “Populism, a Field Guide,” *Political Studies Association*. 2016.
<https://www.psa.ac.uk/insight-plus/blog/populism-field-guide>
- “Populists May Seize Even More Power in 2017.” *Vice News*. 2016.
https://www.vice.com/en_us/article/populism-europe-2017-le-pen-wilders-afd
- “The Populists,” *The New Yorker*. 2015.
<http://www.newyorker.com/magazine/2015/09/07/the-populists>
- “Populist Leader Aims 'To Change Political Situation' In Germany — And Europe,” *NPR*. 2017.
<http://www.npr.org/sections/parallels/2017/01/27/511644280/far-right-leader-aims-to-change-political-situation-in-germany-and-europe>
- “The Return of Populism,” *The Economist*. 2006.
<http://www.economist.com/node/6802448>
- “Us v Them, the birth of populism,” *The Guardian*. 2016.
<https://www.theguardian.com/politics/2016/oct/13/birth-of-populism-donald-trump>

Glossary of Terms

- **Anti-establishment:** the idea of standing in opposition to the conventional norms of a society or government.
- **Authoritarian:** favoring or enforcing strict obedience to authority, especially that of the government, at the expense of personal freedom.
- **Brexit Campaign:** an official movement in 2016 for Britain to revoke its membership of the European Union.
- **Cultural integration:** a form of cultural exchange in which one group assumes the beliefs, practices and rituals of another group without sacrificing the characteristics of its own culture.

- **Developed world:** a group of countries that have a lot of industrial activity and economic activity, and where people tend to have higher incomes.
- **Developing economies:** countries that have low levels of industrial and economic activity, and where people generally have low incomes.
- **Economic left:** economic systems that typically support social equality and egalitarianism, usually applied to a number of movements, especially socialism, communism, and social democracy in the 19th and 20th centuries.
- **Economic nationalism:** the ideology to support policies that protect and bolster the domestic economy.
- **European Union (EU):** a political and economic union of 28 European member states with an estimated population of over 510 million.
- **Eurozone:** collective term for European countries that utilize the euro as national currency.
- **Far-right parties:** political groups known for their support of extreme nationalistic practices, anti-immigration policy, and advocacy of neo-fascism and similar ideologies.
- **GDP (gross domestic product):** a monetary measure of the market value of all final goods and services produced in a period that is commonly used to determine the economic performance of a whole country or region.
- **Globalization:** the development of an increasingly integrated global economy marked especially by free trade, free flow of capital, and the tapping of cheaper foreign labor markets.
- **Global financial crisis:** considered the worst financial crisis since the Great Depression, it was the worldwide economic aftermath of the 2008 United States housing market crash and worldwide massive bailouts of financial institutions.
- **Gig economy:** a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs.
- **Homogenous:** the description often used to explain populations that are extremely alike with little to no diversity.
- **Income stagnation:** the recent economic trend that shows little growth in income levels.
- **Left-wing:** term used to describe the liberal ideologies often including social equality, available medical coverage and education, environmental protections, and business regulations.
- **Liberal social values:** social standards that stress the importance of equality.
- **Mono-culturalism:** the practice of actively preserving a national culture via the exclusion of external influences.
- **Multiculturalism:** the preservation of different cultures or cultural identities within a unified society, as a state or nation.
- **Nativism:** belief that residence in a country or region creates a claim to superiority in culture or society.
- **National sovereignty:** the authority of a government to care for, protect, and provide for its people without other countries or the UN interfering.
- **Online echo chambers:** metaphorical description of a situation in which information, ideas, or beliefs are reinforced through repetition and often go unquestioned by competing ideas.
- **Outsourcing:** to send away (some of a company's work) to be done by people outside of the company and/or country.

- **Populism**: a program or movement that champions the common person, usually by favorable contrast with an elite.
- **Postindustrial regions**: understood areas of the world that have already industrialized, so they now have developed the production of goods and services to support stronger economic activity and thus, have more economic growth.
- **Progressive**: term used to describe new, liberal ideas that usually advocate for social reform.
- **Pundit**: an expert in a particular subject or field who is frequently called on to give opinions about it to the public.
- **Right-wing**: term used to describe conservative ideologies often including free-market capitalism, low taxation and regulation of business, and border protection to minimize immigration impact on domestic economics.
- **Secularism**: principle understanding that government should be completely separated from any religious institution.
- **Technocratic**: relating to or characterized by the government or control of society or industry by an elite of technical experts
- **Technological change**: the overall process of invention, innovation, and diffusion of technology on processes used in all areas of society.
- **Welfare model**: system of social support to maintain a minimal level of well-being for the citizenry based on the concept of universalism (examples include universal healthcare and unemployment benefits).
- **Xenophobic**: having or showing a dislike of or prejudice against people from other countries.