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## KEEP OUR DEMOCRACIES: DELIVER FOR WEST’S INDUSTRIAL HEARTLANDS

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Our colleague Jeffrey Anderson of Georgetown University begins his background primer on the roots of populism prepared for our *Revitalizing Industrial Regions* symposium by asserting:

*Around the world, rust belt regions —locked in a difficult and prolonged phase of economic restructuring— are crucibles of discontent. Former economic powerhouses have become fertile ground for a populism driven by anti-immigrant sentiment and ethnonationalism, nostalgia for an economy and society of yesteryear, and a retreat from the international order. Rust belt regions are not the sum total of the geography of populism—rural areas are equally significant—but they represent a uniquely concentrated and intense manifestation of the populist moment, especially in the United States and Europe, which undermines from within support for democracy and, by extension, support for the international political order that has delivered decades of political stability, global security, and economic opportunity.*

Anderson goes on to demonstrate that the ongoing debate over whether economic condition or cultural and social factors are the main drivers of responsiveness to populist messages misses the larger truth: these factors come together and work together in particular places and communities where residents have experienced or are experiencing real or perceived decline in their economic condition. Anderson demonstrates convincingly that in the US, and among a number of America’s European allies, long-term

economic and industrial decline is driving feelings of discontent and disconnection. People feel ignored, or where not, looked down upon and disrespected. Angry at elites, with their votes they are getting their “revenge”, while also wittingly, or unwittingly, undermining from within the very democratic processes and institutions that have been the source of such political strength and even envy among many other countries. Lifting the economic prospects and opportunities for those in still-struggling communities becomes the key to treating the root causes of the most damaging forms of right-wing populism.

Put more succinctly, in the US, ‘Trumpism’ won’t have a stake through its heart until the underlying economic and community conditions are treated. And the real threat of additional right-wing populist victories in Western democracies won’t abate without similarly effective interventions.

So strictly from a political standpoint, to preserve our democracies, as well as the virtues and health of our international alliances, and our open, rules-based economic and political order, leaders in all of our countries have a shared and urgent stake in accelerating economic transition and opportunity-building in still struggling, older industrial communities.

It is true that the “Rust Belts” of our Western democracies are today no monolith of hollowed out communities and abandoned towns. Many older industrial regions and communities have made a successful transition —shedding their old industrial skins, and are today thriving anew in a tech-driven globalized economy. But many others have not.

Given the spotty transition in these geographies from old economy to new, they are today’s political and policy battlegrounds and will likely remain so. As early as 1992, Francis Fukuyama described industrial decline turning thriving manufacturing communities into ‘rust belts’ as a part of a bigger transitional trend that he called ‘the Great Disruption’. In recent years, political events in Europe and America show this was no overstatement.

### ***Promises, Promises, Promises***

Political promises (from left and right) to bring back good jobs, high wages, and restore standards of living are common. So are the populist protests against those deemed responsible for taking them away in the first place. Leaders make big pledges to bring back jobs, regenerate local economies, and in some cases to build entirely new ones. “We’re going to put people back to work,” said Donald Trump in Erie, Pennsylvania in 2016 (a longstanding Democrat bastion that, flipping to Trump that year, clinched Pennsylvania, and perhaps his Presidency). In 2019 in England, John McDonnell, the then Labour Shadow Chancellor, pledged a return to ‘municipal socialism’, creating new jobs through an inclusive “bottom-up” approach as a way of renewing ‘left behind’ places. Hailing the experience of Preston in the North West of England as a model for promoting the social economy and local public procurement, also citing Cleveland, Ohio as one of its inspirations.

But too often policy has not matched lofty rhetoric, leaving it ringing as hollow as the communities it speaks to.

There is then a political and policy imperative to think about how we halt the decline and turn around such places. There is widespread agreement that we need to do *something* dramatic and, as Gavyn Davies and Paul Krugman say, find ways to ‘compensate the losers from globalisation.’ And even if plans for infrastructure, R&D, skills, and creating new good jobs in emerging sectors are the right kind of policies — when politically they can be adopted— these take time to implement and to see any real impact.

The task also requires restoring social infrastructure, civic pride, and local identity, attributes that were all built when these local economies were strong. These are issues of identity, and the loss of institutions that build and reinforce it. In ‘Bowling Alone’, Robert Putnam famously mourned the loss of local sports leagues —but the loss extends to Main St (or to high streets in the UK) and to local sports clubs, cultural facilities, pubs and bars, union halls, local papers, family-owned shops and restaurants too. Andy Haldane, Deputy Governor of the Bank of England has recognised the importance of ‘reweaving the social fabric’ of places after the crisis and the need to think of social capital as an important by-product of community economic health and personal economic security. And unlike long-term, expensive plans for economic transformation, restitching a bit of the social fabric in communities means relatively smaller-scale, cheaper, and quicker issues to attend to.

We might begin by accepting that in too many places we’ve stood back and allowed the running down and loss of both businesses and civic/social institutions. That long-term neglect combined with the sudden shock of Covid-19 may finish many off for good. But in the short term, governments could get started by supporting and rebuilding local businesses and institutions on the terms set by residents themselves —and get some credit in the process for doing something that residents of struggling communities’ value. It would also be a symbol and first step towards wider and longer-term commitments to economy-building blocks, like education and infrastructure, that are so important but unlikely to deliver early returns. Propping up small businesses and civic institutions, like colleges, libraries, arts and cultural centers, would be a signal that governments better understand these important local institutions as places where civic pride and identity exists, where people meet, and where the ‘common good’ is made and nurtured. Perhaps most crucial of all, it is where common ground can also be found and preserved —and there’s been far too little attention to that either.

Continuing disaffection among residents in struggling communities provides fertile ground for populist politicians wishing to trade (and get elected) on the back of anger and resentment. Misplaced nativism or anti-immigrant sentiment is not a problem to them – rather something to be cultivated and expanded. So too is distrust in politicians, local officials, government agencies, and the institutions that build knowledge and truth. As Joseph Stiglitz describes, there has been ‘an attack against our system of governance and our knowledge institutions’. This is a political conundrum because it is these institutions that are key to rebuilding innovation and trust. He notes that in the US case:

*‘America also has a richer set of institutions than market fundamentalists are willing to admit. Not only do we have multiple effective and efficient government institutions, but we also have a strong and*

*vibrant set of nongovernmental institutions and foundations. At the center of much of our progress has been our universities.*’ People, Power, and Profits – Progressive Capitalism for an Age of Discontent

Stiglitz adds that anchor institutions like universities have been in the firing line from the populist right in part because as ‘truth-telling, truth-discovering, and truth-verification institutions’ they stand not just as crucial drivers of innovation and jobs but also in the way of those that seek to trade on resentment and blame. This deliberate dismantling of vital institutions and investment in public goods like education and the social safety net are likely to make economic conditions worse not better, destroying the assets and fertile ground on which recovery must take place while fanning the flames of frustration.

### ***The Places That Don’t Matter?***

Populist political parties have always found an eager audience among citizens struggling to adapt to economic and social change and feeling ignored or scorned by elites. But it was long assumed that a strong nationalist and xenophobic political movement would not capture the halls of power in a mature Western democracy. All that changed with the success of the 2016 British “Leave” campaign, which led the country out of the European Union. Brexit’s success in a public referendum proved that politicians who whipped up nationalist sentiments and tapped voters’ unease about economic and social change, particularly in the United Kingdom’s struggling industrial heartlands, could win against all apparent odds. The 2016 U.S. presidential election delivered an even bigger shock, as voters in and around the once mighty, now hollowed-out manufacturing communities of Michigan, Pennsylvania, Wisconsin, and the Upper Midwest joined conservative voters in the rural regions to install Trump in the White House, turning the country upside down.

We see similar dynamics at work in Western Europe. In Germany, like the US, rural left behind areas and former industrial powerhouse communities in relative economic decline were more likely to support the Alternative for Germany (AfD), the extreme right. In the 2017 German federal elections, the AfD received significant support from still-struggling communities in the Ruhr Valley, the formerly left-leaning industrial coal and steel region, as well as from deindustrialized and rural regions in the former East Germany. As in the United States, the backlash against immigrants, aggressively fanned by nationalist leaders, was the central issue.

In France, meanwhile, the far-right National Rally (formerly the National Front) has established itself in the old steel and coal country in the north of the country. This is also where National Front leader Marine Le Pen found majorities in her 2017 presidential election loss to Emmanuel Macron—but remains strong looking ahead to elections this year. The country’s ‘yellow vest’ protests that began in late 2018 likewise originated in France’s post-industrial zones, where many citizens believed that a proposed fuel tax hike was an unacceptable economic hardship. Much like the United States’ Tea Party movement, these colourful French protests quickly morphed into a clash between out-country working-class residents under economic stress and more prosperous urban elites.

The most recent national election in the trans-Atlantic space provides little cause for optimism, despite the outcome. The 2020 U.S. vote reflects an even more polarized electorate than in 2016, underlining sharp asymmetries in economic opportunities and optimism about the future among Trump and Biden voters. Biden owes his narrow win to a coalition of women, young people, and, above all, the Black community. [In the heartland, Biden’s support among white voters was centered in those communities](#)

[where residents are better educated, better off, and benefiting from revitalized regional economies.](#) Trump, on the other hand, received overwhelming support from the rural heartland, as well as from [residents of struggling industrial communities](#) in the Midwest that are still experiencing long-term population loss and economic decline.

“Populism in place,” in short, is still here.

As Anderson’s paper notes, British scholar Rodríguez-Pose (2018) calls this the [‘revenge of the places that don’t matter’](#). The anti-system vote is a response to long-term economic and industrial decline – starting well before the outbreak of the current pandemic crisis – which have fueled discontent among the inhabitants of traditional industrial hubs and formerly prosperous places experiencing economic decay and a lack of opportunities, in some cases for decades.

In response to this reality, the European Union is investing time and resources into regions experiencing ‘industrial transition’ – places on the receiving end of structural and technological change – and helping them to build capacity and to [plan new economic and innovation strategies](#): It comes on top of their long established [focus on assisting and investing in poorer regions and](#) places through their structural funds – building infrastructure, supporting training, and funding research and job creation. This is their vaccine against populism – their plan to head off more of the popular discontent that in the UK helped lead to Brexit.

### ***Does anyone have any answers?***

So, what to do? Evidence does suggest that where struggling rust belt communities successfully secure new economic footing, the lure of populism wanes. We see many similarly situated “old economy” communities that have managed to stave off decline, and others that have organized, created, and followed paths to an economic rebound, strategically leveraging what economic assets they have, and focusing on policies and strategies that drive economic success in today’s knowledge-driven economies. As they do so and succeed in helping residents realize either continued or renewed economic opportunity and purchase, the attitudes of residents are different — more optimistic and forward looking — as are outcomes at the ballot box.

We have seen this clearly in the [American Midwest swing states](#), where following the 2016 election residents of former rust belt regions that have made the transition to a new economy exhibit different attitudes and voting patterns than residents of communities that are still struggling economically.

As one of us [wrote for Brookings Institution](#) at the time: “In so many once-thriving communities, young people have fled, and the residents who do remain have grown frustrated over diminished job prospects, and are anxious about the future. The very same anger and anxiety that found an outlet at the ballot box in 2016.”

As seen in Table 1, twelve counties in what was a reliably “blue” Michigan in recent elections turned red for Trump in 2016. Among these flipped counties includes historic Democratic strongholds like Bay and Saginaw counties on the I-75 auto plant corridor; Monroe county in the heavily industrialized (and unionized) “Downriver” area south of Detroit; and Calhoun county, home of “Cereal Town” Battle Creek. All of these counties and others flipped to Trump in 2016. And for that matter, Trump almost carried several other blue-collar Democratic strongholds. Democrats squeaked out very narrow margins in Genesee County (home of Flint), Muskegon and Marquette counties. A common denominator in all

these communities are trends of population, income loss, and lower education levels —adding up to residents feeling more at sea in today’s economy.

**Table 1: County Indicators Data**

<u>County</u>	<u>Population Growth</u> (2010 – 2016)	<u>Median Income Growth</u> (2010 – 2016)	<u>Educational Attainment</u> (Bachelor’s degrees + higher; percentage of workforce)
<b>Historically Democratic Counties that Voted for Trump</b>			
Bay	0%	0%	18.3%
Calhoun	0%	0%	20.1%
Eaton	0%	0%	24.7%
Gogebic	-1%	1%	19.3%
Isabella	0%	1%	27.3%
Lake	0%	0%	9.4%
Macomb	1%	0%	23.3%
Manistee	0%	0%	19.7%
Monroe	0%	0%	18.6%
Saginaw	-1%	0%	20.2%
Shiawassee	0%	1%	15.7%
St. Clair	0%	0%	19.4%
Van Buren	0%	1%	19.5%
<b>Historically Democratic Counties That Almost Voted for Trump</b>			
Genesee	-1%	-1%	19.3%
Marquette	0%	0%	28.8%
Muskegon	0%	1%	18.2%
<b>Solidly Democratic Counties</b>			
Wayne	-1%	0%	22%
Ingham	0%	0%	37.2%
Kalamazoo	1%	1%	35.1%
Oakland	1%	0%	44.4%
Washtenaw	1%	1%	52.6%

Note: Blue shadings reflect degree of positive change; red reflect negative trends  
Source: Michigan Economic Center analysis of data from U.S. Census Bureau

**B** Metropolitan Policy Program  
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But apart from Wayne county, home of Detroit’s Democratic base and its African American population stronghold—the big blue votes came from the places that are growing and arguably are succeeding in a changed economy—with more optimistic residents.

In other regions anchored by economically resurgent industrial communities like Pittsburgh, Pennsylvania and Grand Rapids, Michigan, [as well a set of smaller Midwest former industrial communities that have turned an economic corner](#), we observe powerful attitudinal and voting trends away from nationalism and nostalgia and towards moderate centrism.

But come 2020, in the still struggling, formerly industrial communities in the Midwest, long union and Democratic strongholds, President Trump not only made huge gains in 2016, [but then outperformed his 2016 showing in 2020](#) despite slightly larger turnout for President-elect Biden than was seen for Hillary Clinton.

However, in the small and medium-sized revitalized older industrial cities, communities that *had* recently turned the economic corner and reversed their decline, there is a different story. Figure 2 shows small and midsized Midwest communities that were moving up, with unemployment rates and incomes on balance, better than those of their peers in the region.

**Figure 2. Revitalized Midwestern Communities**

Major City	State	Percent Difference from State Median HH Income	County Unemployment Rate % (2019)	Percent Difference From State Unemployment rate
Bloomington	IL	0.0%	3.8%	-5.0%
Fort Wayne	IN	-1.4%	3.1%	-6.1%
Des Moines	IA	8.9%	2.8%	3.7%
Cedar Rapids	IA	4.8%	2.9%	7.4%
Kalamazoo	MI	-4.7%	3.3%	-19.5%
Grand Rapids	MI	11.8%	2.9%	-29.3%
Rochester	MN	8.2%	2.6%	-18.8%
Eau Claire	WI	1.2%	3.1%	-6.1%
Appleton	WI	4.4%	3.0%	-9.1%
Green Bay	WI	2.1%	3.1%	-6.1%
		<b>3.5%</b>		<b>-8.9%</b>

In these communities in the most recent years, Democrats made back significant electoral gains. There, Democrats outperformed their 2016 margins by nearly 11% overall, while President Trump, having still won several of these counties, gained less than a percent. (See Figure 3).

**Figure 3. Revitalized Midwest Industrial Communities**

County	Major City	State	% GOP Gain (2012-2016)	% Dem Gain (2012-2016)	% GOP Gain (2016-2020)	% Dem Gain (2016-2020)
McLean	Bloomington	IL	-14.3%	4.3%	-0.1%	11.4%
Allen	Fort Wayne	IN	-0.9%	-7.9%	-4.5%	15.0%
Polk	Des Moines	IA	-3.8%	-7.8%	2.3%	9.2%
Linn	Cedar Rapids	IA	2.8%	-13.1%	1.4%	10.5%
Kalamazoo	Kalamazoo	MI	-5.5%	-5.2%	-2.0%	9.8%
Kent	Grand Rapids	MI	-9.7%	-1.2%	-4.5%	15.6%
Olmsted	Rochester	MN	-5.4%	-9.9%	-2.5%	19.8%
Eau Claire	Eau Claire	WI	0.1%	-11.1%	2.4%	9.2%
Outagamie	Appleton	WI	6.1%	-15.9%	1.6%	8.7%
Brown	Green Bay	WI	3.6%	-14.7%	1.2%	10.0%
<b>Average</b>			<b>-2.7%</b>	<b>-8.2%</b>	<b>-0.5%</b>	<b>11.9%</b>

We observe this phenomenon in Europe too. For example, in Germany’s North Rhineland Westphalia, a very populous and historic highly-industrialized region centered around the Ruhr Valley and the coal and steel region known as the Ruhrgebiet. While the phase-out of hard coal mining and related heavy industry in the area is considered a generally successful example of a low-carbon transition, we see very different voting patterns and responsiveness to the recently radicalized right-wing Alternative for Germany (AfD) party—depending on the degree of impact felt in different communities from the economic restructuring.

While the Afd garnered 9.4% of the vote in the most recent 2017 federal election across the entire North-Rhineland Westphalia region, AfD’s share of votes was quite low in more economically diverse and vibrant communities like Koln (4.6%) and Dusseldorf (6.4%). But at the heart of the Ruhrgebiet, where the painful economic transition away from coal, steel, and heavy industry has been more sharply felt, support for the AfD was much higher. As high as (16.9%) in the community hardest hit by economic change—Gelsenkirchen, [whose coal-based economy is now completely gone and which now sports the highest unemployment rate and lowest average income in all of Germany](#). Duisburg (16.6%) and Essen (15.8%) are also communities still recovering from phaseout of coal and steel. Meanwhile Dortmund at the heart of the region, which has reportedly been more successful than most communities at navigating the Ruhrgebiet’s economic restructuring, saw AfD votes at 9.5% —about the same level as North-Rhineland Westphalia as a whole.

**Alternative for Germany (AfD) 2017 Vote Share: Selected North-Rhineland Westphalia Districts**

Community	Vote Share
Munster	4.5%
Koln II	4.6%
Aachen I	5.6%
Steinfurt I - Borken I	6.0%
Bonn	6.1%
Dusseldorf I	6.4%
NRW Regional Average	9.4%
Bottrop-Recklinghausen III	11.8%
Oberhausen - Wesel III	12.3%
Herne - Bochum II	13.4%
Essen II	15.8%
Duisburg II	16.6%
Gelsenkirchen	16.9%

A better gauge of whether successful economic transition results in diminished support for right wing populism in Germany will come with the next federal election in 2021. It will be instructive to see if communities being seen to be turning the economic corner like [Duisburg](#), credited with rebuilding its

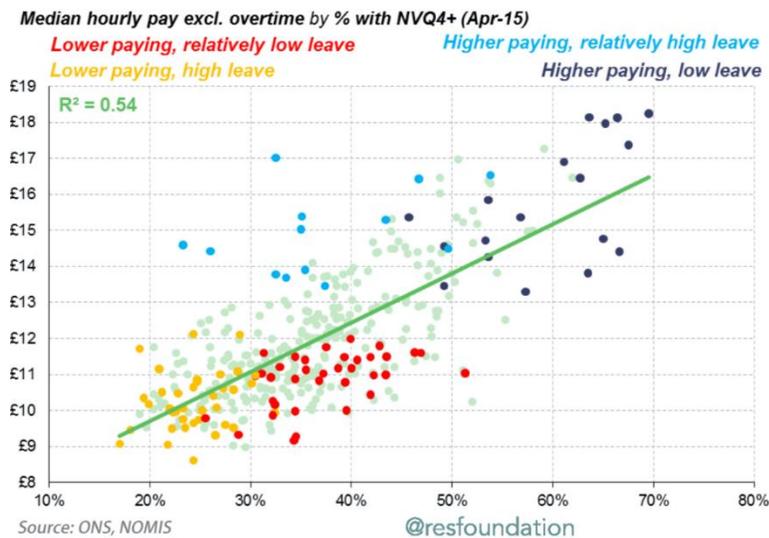
local economy around microelectronics, and those vying to be “green” model-cities like [Essen](#), Bottrop and Bochum see the far-right AfD underperform relative to other still-struggling German communities.

In France, although Marine Le Pen carried nine of the 10 French departments with the highest unemployment rates in the 2017 elections, former industrial cities like [Lyon and Strasbourg](#) that have navigated economic change supported the more moderate and ultimately successful party led by Emmanuel Macron.

In the UK’s Brexit referendum, recovering regional cities such as Leeds, Manchester, and Newcastle-upon-Tyne voted to remain in Europe, while still struggling communities like Dudley, Middlesbrough, Barnsley, and Hastings overwhelmingly chose to [leave](#). In subsequent general elections, support for the two main political parties has solidified – in the ‘left behind’ former manufacturing heartlands many seats have changed from Labour to Conservative, whilst the Labour has consolidated its support in larger, more diverse, younger, and better off cities. The UK’s ‘Leave’ vote could be seen as a vote against globalization and its uneven impact on different parts of the country, what the Phil McCann of Sheffield University calls a ‘[geography of discontent](#)’. Overall, the proportions voting ‘leave’ were highest in the Midlands and the North of England, where deindustrialization has struck hardest and where average incomes have declined or stagnated and where workforce education is at its lowest levels.

As the [Resolution Foundation have demonstrated](#), the referendum vote can be closely correlated to these places with low wage and qualification levels.

With [education](#) showing correlation with culture, demographics and [economics](#) – *pay levels*



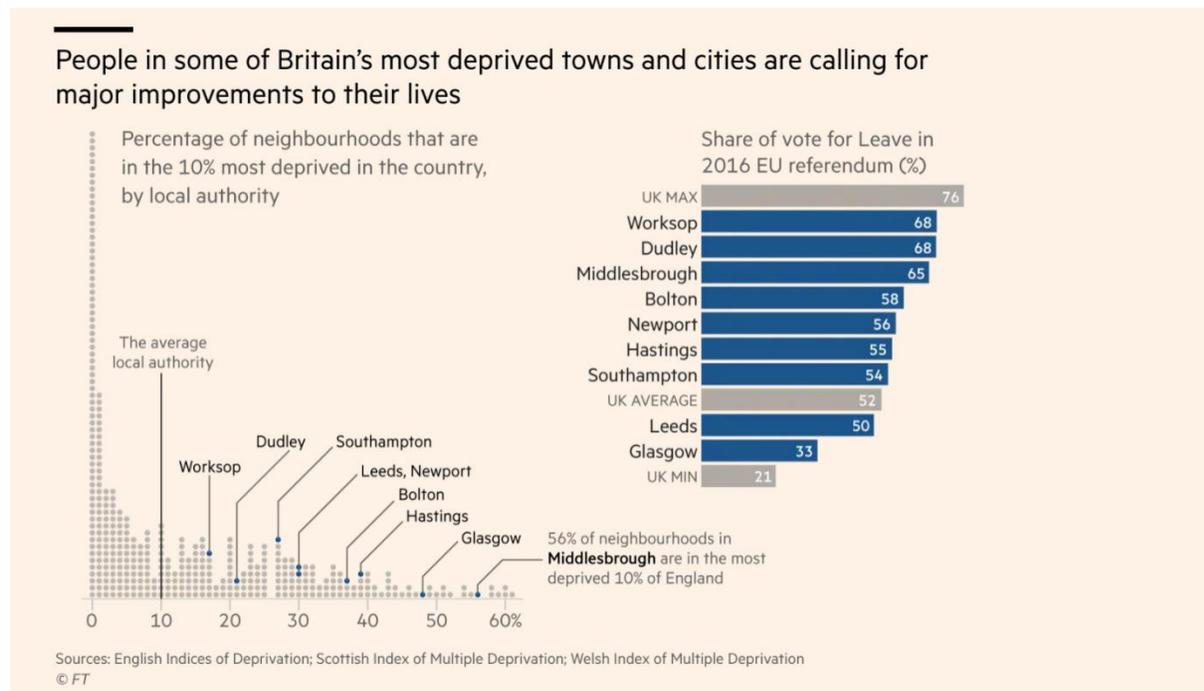
*Especially strong relationship between education and pay*

*Lower-skilled, high-pay, higher-leave areas include Havering, Brentwood and Bromley*

While seemingly coming as a surprise with the vote to “leave” in 2017, the underlying conditions behind this vote had been building for some time. [As Cambridge Professor Diane Coyle noted shortly after the 2016 EU Referendum:](#)

*'The present populist revolt around the OECD has long roots. The UK has been deindustrializing since around 1970, a phenomenon accelerated by the recessions of the early 1980s and 1990s. Many millions of manufacturing workers lost well paid and secure jobs and never regained similar job market status. As many of the affected industries were geographically concentrated in the Midlands and the North of England, the impact was both concentrated in space and sustained through the next generation, and the next, as those communities went into a downward spiral.'*

The UK's levels of regional and intra-regional inequality continue to be amongst the highest in Europe and the OECD. Addressing the long-term community decline is getting harder as populations in 'left behind' places are already less skilled and ageing more rapidly than better performing places.



Even in Canada's industrial heartland of Ontario, premier Doug Ford surprised everyone in winning his own election and a Conservative majority in 2017 running on populist themes. And while by Trumpian or Boris Johnson standards, Ford's populism is a "populism-lite", his victory hinged on targeting and turning out voters in the most left-behind rural areas, and by winning a number of smaller and medium sized older-industrial communities that were still in decline.

As Figure 5 illustrates, where older industrial communities that had turned an economic corner like St. Catherine's, London and Windsor (which only 10 years ago had Canada's highest unemployment rate) and were growing in population again (a good proxy for economic vitality), they resisted Ford's call.

**Figure 5. Revitalized Industrial Communities Resist Populism**

Community	2010 Population	2010-2015 Population Growth
Kitchener (CY)	223,411	5.3%
London (CY)	375,329	3.6%
Waterloo (CY)	102,283	3.6%
Hamilton (C)	532,232	2.8%
Windsor (CY)	217,358	2.2%
St. Catharines (CY)	135,043	0.6%
Sarnia (CY)	74,058	-1.3%
Strathroy-Caradoc (MU)	21,486	-1.5%
Sault Ste. Marie (CY)	77,214	-2.1%
Chatham-Kent (MU)	107,081	-2.8%
Leamington (MU)	29,587	-3.3%

\*Red communities were won by Doug Ford’s Progressive Conservatives Party in 2017 election

However, in still declining industrial communities like Sarnia and Sault Ste Marie, Ford’s populism found a ready audience.

***What are the key levers to pull?***

Can this politically palliative evolution be nudged forward through the strategic actions of public-private leaders at all levels? And if so, what are the key policies and processes?

As President Biden in the US begins his term and counterparts in Europe also focus on creating the conditions for economic success in still-transitioning rust belt regions: how? Jared Bernstein said during the 2016 election, after serving as an adviser to then Vice President Biden: ‘Yes, the Rust Belt demands an answer — but does anyone know what it is?’ Five years on and Bernstein is now advising President Biden and the same issues are still here.

At the macro-level, Rana Faroohar writing in the London’s Financial Times offered the Biden campaign some ideas in ‘A Blueprint for America’s Economic Recovery.’ In it she says that ‘the laissez-faire model of economic development, is dead,’ and that although manufacturing, goods, and capital have been mobile in the past few decades, ‘most people, and jobs, were not.’ Faroohar’s proposed solutions are by now familiar enough throughout Europe and North America—invest in education, build or rebuild infrastructure, increase R&D, provide better healthcare – and together this will improve local economies, boost productivity, and better share wealth.

Dani Rodrik – a Princetown economist who has written extensively on the ‘Globalisation Paradox’ – says this consensus remedy ‘misses one critical ingredient of the remedy: a supply of good, middle class jobs’. He worries that spending on education, infrastructure, and innovation will not on their own ‘fix the

labour market polarisation’ at the heart of places either in the American Midwest or in similar towns and cities elsewhere. Until this happens, the root causes of political disaffection won’t go away and neither will those politicians keen to trade on and exploit it.

There is also the idea of ‘ally-shoring’, to restructure and shore up supply chains in order to build domestic resilience after the COVID-19 pandemic. Austin and Dezenski [have written](#) that this is a more powerful way than “on-shoring” to rebuild our economies collectively, remake alliances, as well as enhance national security and check China’s bad behavior. President Biden has an opportunity to develop this idea, having recently announced ‘[100 day reviews](#)’ into critical supply chains for key sectors including healthcare, IT, defense, energy, and food. Similar developments are happening in the UK with its mass purchasing of vaccines and the reshoring of PPE during the pandemic. The proportions manufactured in the UK have, according to the *Financial Times*, risen from 1 per cent at the beginning of the pandemic to some 70 per cent today. These are extraordinary shifts from global to domestic manufacturing and represent an opportunity to [rebuild good jobs, businesses and supply chains in the sort of places that have lost out in the past](#).

Dani Rodrik in a recent interview with Martin Sandbu (author of ‘The Economics of Belonging’) in the *Financial Times*, set out a four-pronged plan for governments, especially centre-left ones, about where he thinks they should go from here: align labour market, industrial, and technology policy to the goal of supplying “good jobs” and subordinate international economic policy to that domestic priority. Rodrik also gives a stark warning to governments that fail to achieve this. The looming disruptions from technology, he says, will dwarf those from globalisation. With an inadequate policy response, the social and political fallout could be dire.

He adds that the US and other countries will continue to experience the political challenges until the policy answers are in place: *‘I don’t think we’re necessarily done with the problems which Trump has leveraged politically. I see him very much as being the result of significant economic dislocations and economic polarization taking place, not just in the United States but among the advanced countries more generally, which the rightwing populists have used to catalyze and mobilize along nativist, ethno-nationalist lines. I think the left has been very much, until recently, missing in action.’*

More [academic research](#) found a clear link between the economic divergence between communities and support for the AfD in Germany, as well as Trump in the US (those living in communities being left further and further behind voted for populists). The same study by Michael Bayerlein also found that communities with higher levels of public good provision (e.g., education, training, health care) were less strongly supportive of populism – suggestive that healthy public good provision and investment in people and places can stave off some of the divergence and “inoculate” against the root causes of populism.

Less abstractly [we’ve written previously](#) about the specific ways the German federal government has purposefully sought to manage economic structural change and adjustment for its old industry regions over many decades: Easing the painful decline of once dominant sectors, building on historical and cultural legacies, leveraging research and learning institutions, leaning in to the “green” revolution, and connecting to the digital economy.

We also note [for Brookings the specific federal policy agendas that would help the US and UK](#) at this moment to drive new innovation and job creation: prepare workers with skills to succeed, focus on place-based economic development — all in order to better stitch left-behind US older industrial communities and their residents into today’s economy, and (in British parlance) “level-up” underperforming economic regions with their peers.

***Other answers may be right in front of us***

Perhaps the most important path to solutions to economic decline, and its populist offspring, are right in front of us. Lifting up and sharing the success paths that many formerly industrial communities *have taken* to find new economic success across the Atlantic can be done right now. There are many good ideas and answers emanating from communities throughout Europe and North America and a host of practical case studies to learn from where older industrial towns, cities, regions, and their public-private economic development partnerships are beginning to make a difference:

- In South Yorkshire and Sheffield — an [Advanced Manufacturing Research Centre](#) built as a partnership between the University of Sheffield and leading corporations is using the steel-making heritage of South Yorkshire to forge a new future in advanced manufacturing, including partnerships with Boeing, Rolls Royce, and McClaren. It also provides support for local supply chains into these firms and sectors via an extensive apprenticeship program and a wide range of demonstration facilities.
- In Ontario, Canada’s Waterloo-Kitchener and London regions — traditional manufacturing centers— being anchored by leading universities, are driving new innovations, business growth in emerging sectors, and are sporting more diverse and thriving economies. Across the river from resurgent Detroit, Michigan — manufacturing heavy Windsor, Ontario is animating a [new age economic development strategic plan with support from the UK](#).
- In Germany, long-standing federal and local attention to [planning and managing economic structural change in the industrial Ruhr Valley](#) is beginning to pay off. Some communities have begun a successful transition of enterprises, workers, and localities to a new economy. Cities like Essen and Dortmund have today migrated successfully from reliance on coal and steel.
- And across the US Midwest — as seen in the recent Chicago Council on Global Affairs [A Vital Midwest Report](#) — dozens of communities have shed their old industrial skins and are thriving anew in globalized economy. Some are like Columbus, Indiana; Midland, Michigan; and Rochester, Minnesota — cities that are thriving as anchor employers stay on the cutting edge of innovation in emerging sectors. Others—such as Rockford, Illinois, and Troy, Michigan—succeed by engaging economically and socially with the world, selling to global markets, welcoming immigrant talent and new populations. Still others like Grand Rapids, Michigan; Adair County, Iowa; and Milwaukee are growing their economies and reinvigorating their communities through leadership in the sustainable “green” and “blue” economies of tomorrow, creating new jobs in clean-energy and smart-water technologies. Kalamazoo, Michigan, and Georgetown, Kentucky, have found new success by marking themselves as committed to talent, skill-building and education.

As these examples from North America and Europe illustrate, the transition from “old” economy to thriving “new” can and is being made. In all these communities, residents are newly optimistic, forward-

looking, and less prone to embrace the siren song of nativism, nationalism, nostalgia, and retreat from the world.

***What we must do***

This reality underscores the urgency to attack root causes of right-wing populism. Unless local and federal leaders in the Western nations focus on, understand deeply, and accelerate economic success for people and places where residents are alienated, buffeted by social, demographic and economic changes beyond their control, these citizens will continue to drive a polarizing populist politics that is undermining our democracies and our transnational alliances.

Our very democracies are in peril if we don't act with urgency and meet with respect the denizens of economically struggling regions. Then work with them to identify and advance practical actions and policy blueprints for accelerating economic transition, spreading economic opportunity to all people and places.

***Jack Farrell, University of Michigan, contributed to this discussion paper.***

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