



5 Minutes for Business

Rise of the Trumps - Why Populism Is All the Rage

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Donald J. Trump is still leading all the polls nationwide in the Republican primaries even though Ted Cruz eked out a tiny lead in Iowa. What is the Trump appeal? Surely it can't be the casual racism, the absurd hair or the semi-literate non-answers to basic questions ("You know what I'm good at? The military.").

Actually, it's the complete, utter rejection of the establishment and the status quo. And it's not just an American phenomenon. The parties that are leading the polls in gentle [Sweden](#), [France](#), and [the Netherlands](#) are the anti-immigrant, ultra-right. Extreme right is gaining ground right across Europe, including Denmark, Italy, Austria and the [U.K.](#) (where the U.K. Independence Party is now in second place).

The migrant crisis has been a massive challenge for Europe but that can't be the whole story, because leftist parties are also turning to extremes. The British Labour Party has nominated Jeremy Corbyn, who wants to [nationalize energy companies and the banks](#) while [introducing a maximum wage](#) for CEOs. In the U.S., support is surging for a 74-year-old self-avowed socialist, Bernie Sanders, who wants a "[political revolution](#)."

Canada is no exception even though its parties, thankfully, are more sensible and centrist. Last May, Alberta elected the furthest alternative to its conservative dynasty by offering a landslide to the NDP. Canada was prepared to do the same (for months, the federal NDP led with 40% support) until Mr. Mulcair rushed to straddle the middle by promising to balance the budget. That left Mr. Trudeau and his deficits as the most radical alternative.

Rich country electorates seem to be opting for the extreme alternatives to whatever the status quo is. Why are we all rejecting the establishment?

Since the great recession of 2008, our economies are in much better shape, but many people aren't feeling it. In the U.S., unemployment has fallen from 10% in 2009 to 5% in 2015. But household incomes have, generally speaking, been stagnant for 15 years. In 2014, the median household income was \$53,657, compared with \$57,843 in 1999. In [Canada](#) and throughout [Europe](#), household incomes have similarly stagnated.

Certain sectors have been hard-hit, particularly in manufacturing where shrinking employment has been a common trend in almost all OECD countries. From 1998 to 2008, the United States lost close to [one-quarter \(4.1 million\) of its manufacturing jobs](#). Similar losses were felt in the [United Kingdom \(29%\)](#), [Japan \(24%\)](#) and [Canada \(26%\)](#).

Of course many more amazing jobs have been created in the service sector, but [evidence is now showing that the transition has been harder than we realized](#). The OECD worries that more workers are in "precarious employment" – jobs that are temporary or of lower quality. TD Economics [reports](#) that this is a big problem for Canada as well. And people are upset. A recent CNN/ORC poll suggests 69% of Americans are either "very angry" or "somewhat angry" about "the way things are going" in the U.S.

The lesson is that improving business competitiveness must be a national priority in order to create more high-paying, highly-skilled jobs. We also need the best training and skills in the world to pull more Canadians into the middle and upper classes. Otherwise, governments will face the wrath of the electorate and the rise of Trumps and Corbys.

For more information, please contact:

Hendrik Brakel
Senior Director, Economic, Financial & Tax Policy
613.238.4000 (284) | hbrakel@chamber.ca