Our Age of Uncertainty

A Less Trusting, Reactionary, More Tribalized America
An **Our Age of Uncertainty** paper by Clifford Young

Ipsos Presents
Our Age of Uncertainty

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Ask yourself this: do you feel refreshed in the morning even after sleeping your requisite number of hours? The answer is probably no. Social media mentions of "angst" and related words is up four-fold since 2015. Americans are exhausted.

Why?

Many might point to the election of Trump and its aftermath as the root cause. Remember we now have a sitting president who has provocatively threatened military action against a nuclear North Korea and called its leader "Rocket Man." However, our exhaustion is something more psychologically fundamental than the overt acts of our president. At its core, it stems from the widespread spurning of convention and the undermining of long-held norms which are disruptive.

This disruption is **not** just localized to politics. The lines between our political and non-political worlds are fast blurring. Regardless of your stance on the issue, long-gone are the Sundays when we could watch our favorite NFL team without the specter of politics hanging over the game. Nothing today is sacrosanct.

Many believe that this disruption is only temporary. This perspective sees the present confusion as a momentary Trumpian hiccup. That America may have lost its way, but with a course correction or a few "good" elections, it will return to "regular order" and improved governance.[1]

This is wishful thinking. Why?

Because our world is being re-shaped by long-term cultural change driven by generational replacement, rather than the vagaries of the moment. Trump is a symptom of this long-term change, not a cause.

Social scientists see such change as sticky and long-lasting: where older generations (aka Baby Boomers) exiting the population are significantly different than the younger generations (Millennials and Xers) entering. This kind of change has created a "new normal" which all of us must now navigate.[2]

So, what are these changes? In our opinion, they include three separate but interrelated trends: (1) the erosion of interpersonal and institutional trust; (2) increased tribalization; and (3) the end of the white majority.

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[1] John McCain, "It's Time Congress Returns to Regular Order," *The Washington Post,* Aug. 31, 2017, https://www.washingtonpost.com/opinions/john-mccain-its-time-congress-returns-to-regular-order/2017/08/31/f62a3e0c-8cfb-11e7-8df5-c2e5cf46c1e2_story.html?utm_term=.55ae81f89259.

[2] James A. Davis, "A Generation of Attitude Trends Among US Householders as Measured in the NORC General Social Survey 1972-2010," *Social Science Research* 42, no. 3 (May 2013): 571-583.

Trend 1: Erosion of Trust

Americans have become less trustful of each other as well as of their institutions (see below). This long-term trend is being driven primarily by generational replacement which, as mentioned earlier, is a much stickier and durable type of change. In this case, younger generations entering the population are much less trusting than older generations leaving it.

The reasons for this decline in trust are potentially many—societal shifts and generational replacement, among others—, but the effects are all nefarious. As I see it, there are three key outcomes of low-trust environments.

First, economists have long-argued that transactional costs are elevated in low-trust environments.[3] Here, think about more onerous contractual relationships between parties; more lawyers; more legal fees; more contingency funds in case of fraud or other malfeasance, and, hence, more costly outcomes. Jamie Dimon, the CEO of JP Morgan Chase, sounded this clarion call in a recent letter to shareholders,[4] citing that confidence and trust in institutions are America's "secret sauce."

Elevated transactional costs, however, are not all economic in nature. Social scientists have also pointed out that social mobilization and social organization is more difficult in low-trust environments.[5] Here, 'social capital'—the grist of well-functioning social groups and societies—is lacking. Recently, a cottage industry of popular sociology—both on the Right and the Left—has shown that America is increasingly bifurcating between virtuous and dysfunctional communities—social capital or the lack thereof being the key driver of this community polarization.[6]

Second, low-trust environments also lower the barrier to entry for anti-system, populist interlopers. Specifically, we find that trust is strongly associated with the belief that the "system is broken." I call this the *Caudillo Syndrome* (or strong man syndrome): a belief system that lends itself to the production of populist, anti-institutional figures like Chávez, Morales, Le Pen, and Trump.[7]

The logic of this system goes something like "the system is broken; it is broken because the system is rigged to favor the rich and powerful; we can no longer trust traditional parties and politicians to fix it; hence, we need a strong leader to take the country back, even if he or she needs to break the rules."

Caudillo Syndrome: System is Broken?
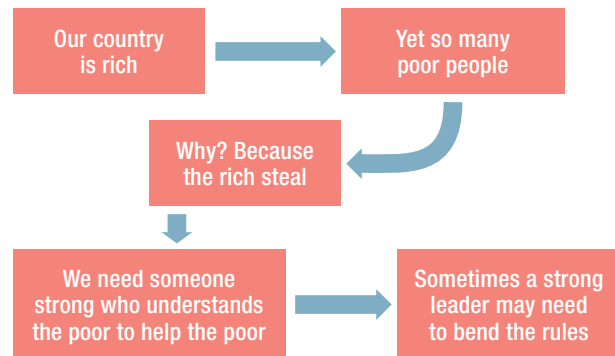
The latest flavor of anti-system populist actors, including Trump, has come from the Right—many with strong nativist, country-first messages. Such populist figures, however, are the offspring of low-trust environments. In this sense, Donald Trump and Bernie Sanders were in effect "two sides of the same coin"—each representing different flavors of America's disenchantment with the system. Looking forward, given our low-trust environment, what precludes a "Trump of the left" arising in the next few electoral cycles as a reaction to Trump himself? In my opinion, not much.

Third, low-trust environments are fertile ground for the rise of "alternative facts," as those centralizing or organizing institutions—like the Press, Government, Corporate America, and Universities, among others—are no longer the guarantors of public trust or credibility. Think of Walter Cronkite during the Vietnam war—no figure or institution like him exists today.

3 Zaheer, B. McEvily, & V. Perrone, "Does Trust Matter? Exploring the Effects of Interorganizational and Interpersonal Trust on Performance," *Organization Science* 9, no. 2 (1998): 141-159.

4 Jamie Dimon, CEO JPMorgan Chase, Letter to Shareholders, April 4, 2017, https://www.jpmorganchase.com/corporate/investor-relations/document/ar2016-ceolettershareholders.pdf?jp_cmp=en/letter/soc/dimon/tw_JPM.

5 Robert Putnam, *Bowling Alone* (New York: Simon and Schuster, 2000).

6 Robert Putnam, *Our Kids: The American Dream in Crisis* (New York: Simon and Schuster, 2015).

7 Francisco E. González and Clifford Young, "The Resurgence and Spread of Populism?" *SAIS Review of International Affairs* 37, No.1 (2017): 3-18, Project MUSE.

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In place of trust, we see the rise of what I call *differential credibility.* Here we define it as credibility or legitimacy derived from association with one's tribal colors or "cues."

The logic goes something like this: I believe a given bit of information because it has my team's colors on it; I disregard that same bit of information if it doesn't. In most cases, the person won't be able to identify the original messenger, but there are typically clues, or rather cues, that can guide them. For example, big government, white working class, chain migration, dog whistle, illegal versus legal immigration, criminal immigrants, Hollywood, etc., serve to inform the public of the messenger's tribal affiliation.

Recently, we ran an experiment at Ipsos which reinforces this point. In it, we asked respondents if they supported or opposed the 1975 Public Affairs Act. This bill is fictitious. The findings are striking and illustrate the impact of trust on communications.

Differential Credibility and Rise of Alternate Facts

% who support the repeal of the
"1975 Public Affairs Act"
when repeal is endorsed by
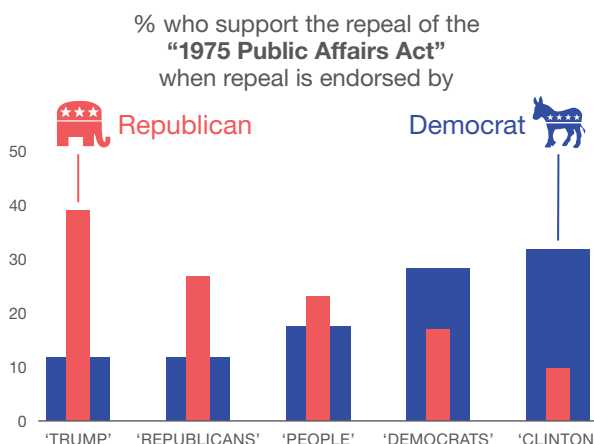
Q. [SPONSOR] has stated that the 1975 Public Affairs Act should be repealed.
To what extent do you agree or disagree? Source: June 2017 Reuters/Ipsos Survey.

Independent of the merits, Republicans are much more likely to support the bill if it is linked to Trump, and Democrats the same if associated with Clinton. Such cues of source credibility are key, and they litter our political landscape. Merit or fact is less important than packaging.

Trend 2:
End of the White Majority

Our present state is also a result of profound socio-demographic change—the end of the white majority. For most of American history, we have been a predominantly white nation—this is changing. Indeed, over the last 13 years from 2003 to 2016, America has gone from a super-majority white nation to an increasingly non-white one. In 2016, only 50% of the youngest birth cohort (0–5 years of age) was white compared to 2003 when 58% of the youngest birth cohort was white.

White Demographics Shift 2003 to 2016

	2003	2016
Under 5 Years	58%	50%
6 to 17	61%	52%
18 to 24	62%	54%
25 to 44	65%	57%
45 to 64	76%	68%
Over 65 Years	82%	77%

Current Population Survey   © 2017 Ipsos

Again, generational replacement is driving this change, and the trigger is truly demographic in nature: the declining birth rate. This demographic fact, in turn, serves as a catalyst for the end of the white majority in America.

First, it is a pull factor for immigration—a centripetal force attracting needed labor and talent. At 12.9%, America currently has the highest rate of foreign-born since the turn of the last century,[8] according to the U.S. Census (see Appendix). Moreover, most of the immigration over the last thirty years has been non-white in nature.

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[8] "The Foreign-Born Population in the United States," U.S. Census Bureau, December 2, 2011 C-SPAN Presentation. https://www.census.gov/newsroom/pdf/cspan_fb_slides.pdf.
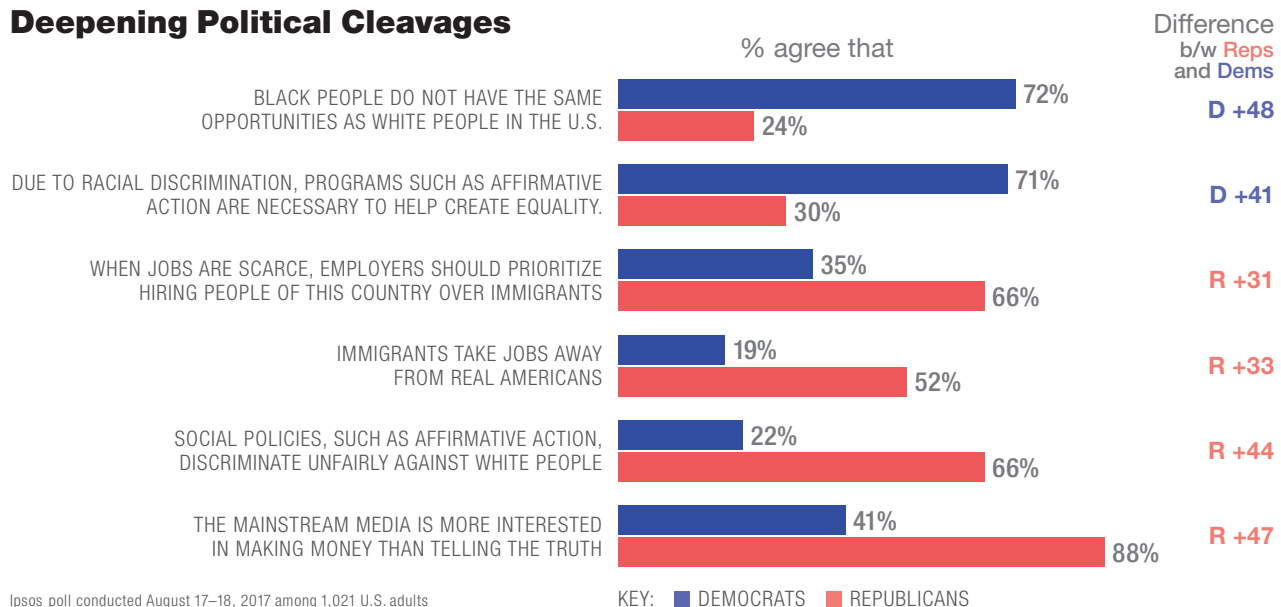
America is Becoming Less White
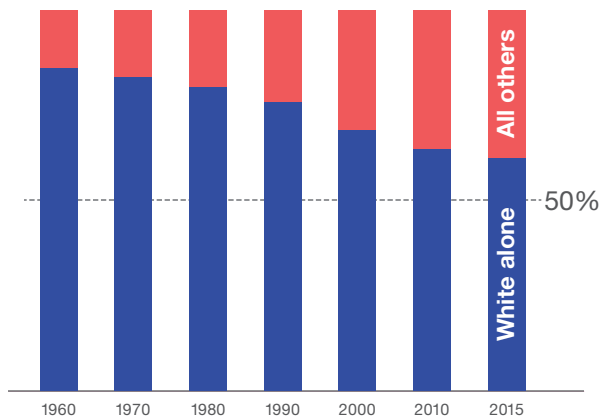
Source: For 1960 and 1970, see Passel and Cohn's 2008 population projections.
For 1980–2000, Pew Research Center analysis of U.S. decennial census data (5% IPUMS).
For 2006–2014, Pew Research Center analysis of American Community Survey (1% IPUMS).

Additionally, demographic decline is *not* uniform in its effect. Indeed, fertility rates vary by ethnic and racial group. Non-whites, for instance, have higher fertility rates than whites. This further drives the 'browning of America" which we are witnessing.

At the epicenter of this change is an emergent belief system which is reshaping our political world: nativism and, its close cousin, white grievance. At Ipsos, we have identified and tracked this emergent belief system in more than twenty polls over the last few years.

The results are quite striking—a thirty to forty percent difference between Republicans and Democrats and between whites and non-whites. Any social scientist worth his or her salt would attest that these differences are huge.

Deepening Political Cleavages

% agree that

Difference b/w Reps and Dems

BLACK PEOPLE DO NOT HAVE THE SAME OPPORTUNITIES AS WHITE PEOPLE IN THE U.S.
72%
24%
D +48

DUE TO RACIAL DISCRIMINATION, PROGRAMS SUCH AS AFFIRMATIVE ACTION ARE NECESSARY TO HELP CREATE EQUALITY.
71%
30%
D +41

WHEN JOBS ARE SCARCE, EMPLOYERS SHOULD PRIORITIZE HIRING PEOPLE OF THIS COUNTRY OVER IMMIGRANTS
35%
66%
R +31

IMMIGRANTS TAKE JOBS AWAY FROM REAL AMERICANS
19%
52%
R +33

SOCIAL POLICIES, SUCH AS AFFIRMATIVE ACTION, DISCRIMINATE UNFAIRLY AGAINST WHITE PEOPLE
22%
66%
R +44

THE MAINSTREAM MEDIA IS MORE INTERESTED IN MAKING MONEY THAN TELLING THE TRUTH
41%
88%
R +47

Ipsos poll conducted August 17–18, 2017 among 1,021 U.S. adults

KEY: ■ DEMOCRATS ■ REPUBLICANS

This duality of nativism and white grievance, in turn, was absolutely critical in Trump's 2016 victory and is the suture that hold his base together today. More importantly, these factors have given rise to a new identity politics where the historic "in-group" is becoming the "out-group" and vice-versa. This is profound.
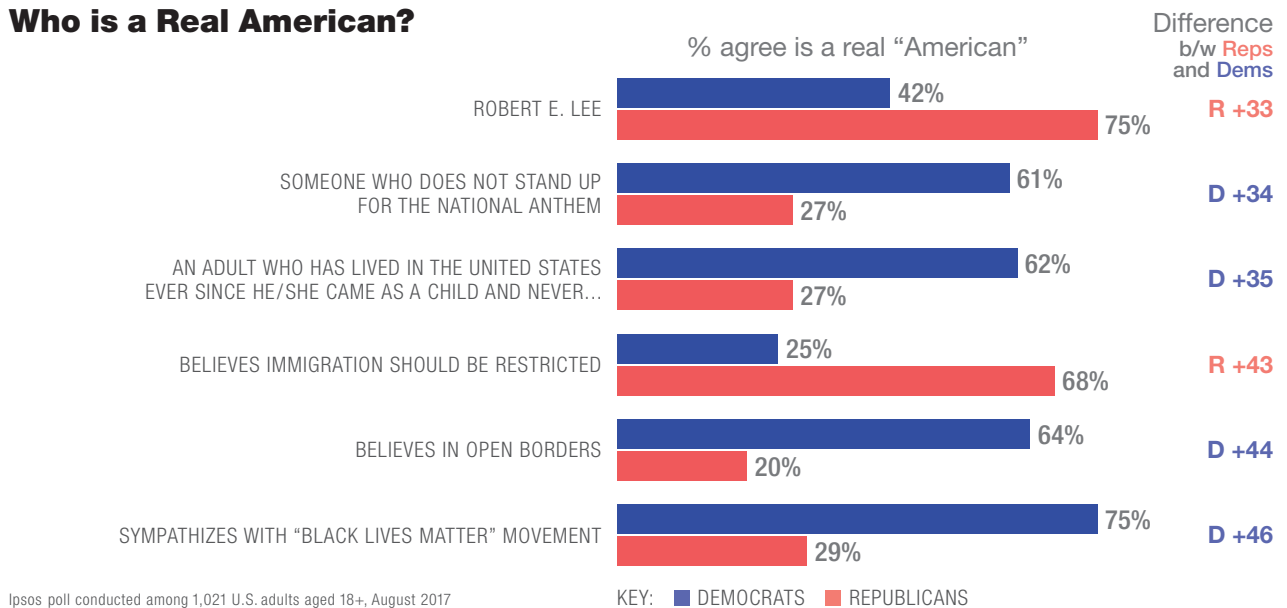
At the political level, the Republican party is being swept up by this transformation. Indeed, historically, Americans have defined themselves as Republican or Democrat based on two ideological criteria: (1) big versus small government, and (2) traditional versus progressive social values. However, today, where you fall on immigration policy is key for determining if you identify more with Democrats or Republicans.

The Deferred Action for Childhood Arrivals (DACA) is a clear example of this.[9] Democrats believe that DACA participants are American in all but name—they speak English fluently; they love 'mom, baseball, and apple pie'; and most of them only know this country as their home. However, for many white Republicans, their birthplace makes them foreigners. The nativist-white grievance divide is, at its essence, about how we define ourselves as Americans.

Is being an American an idea or something intrinsically associated with our ethnicity or place of birth? Who is a real America? The soon-to-be 'out-group' thinks one way, while the soon-to-be 'in group' has quite another take. Ipsos data clearly shows that our definition of who is a real American is highly variable and defines our relative political position.

Ultimately, the nativism-white grievance chasm will define our politics and our wider world. And, at its core, the battle will be around the definition of who is and is not an American.

Who is a Real American?

% agree is a real "American"

Difference
b/w Reps
and Dems

	DEMOCRATS	REPUBLICANS	Difference
ROBERT E. LEE	42%	75%	R +33
SOMEONE WHO DOES NOT STAND UP FOR THE NATIONAL ANTHEM	61%	27%	D +34
AN ADULT WHO HAS LIVED IN THE UNITED STATES EVER SINCE HE/SHE CAME AS A CHILD AND NEVER…	62%	27%	D +35
BELIEVES IMMIGRATION SHOULD BE RESTRICTED	25%	68%	R +43
BELIEVES IN OPEN BORDERS	64%	20%	D +44
SYMPATHIZES WITH "BLACK LIVES MATTER" MOVEMENT	75%	29%	D +46

Ipsos poll conducted among 1,021 U.S. adults aged 18+, August 2017

KEY: ■ DEMOCRATS ■ REPUBLICANS

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9   Clifford Young, "The Debate Over DACA is About What Makes a 'Real American,'" *The Hill,* September 11, 2017, http://thehill.com/blogs/pundits-blog/immigration/350082-the-debate-over-daca-is-about-what-makes-a-real-american.

Trend 3: Increased Tribalism

Our politics has become more polarized. We see this all around us: in the disappearance of purple swing districts, in an increasingly polarized Congress unable to enact policy, and in the large and growing belief gap between Democrats and Republicans.

Most striking is the stark change in this political divide in a relatively short amount of time. Indeed, in the early 1970's, independent of their partisan stripes, people for the most part held similar views on issues which are now political hot buttons such as immigration, gun control, crime, abortion, civil rights, and gender roles, among other policy areas.

Increased Ideological Tribalism: Abortion as an Example

% who favor allowing abortion
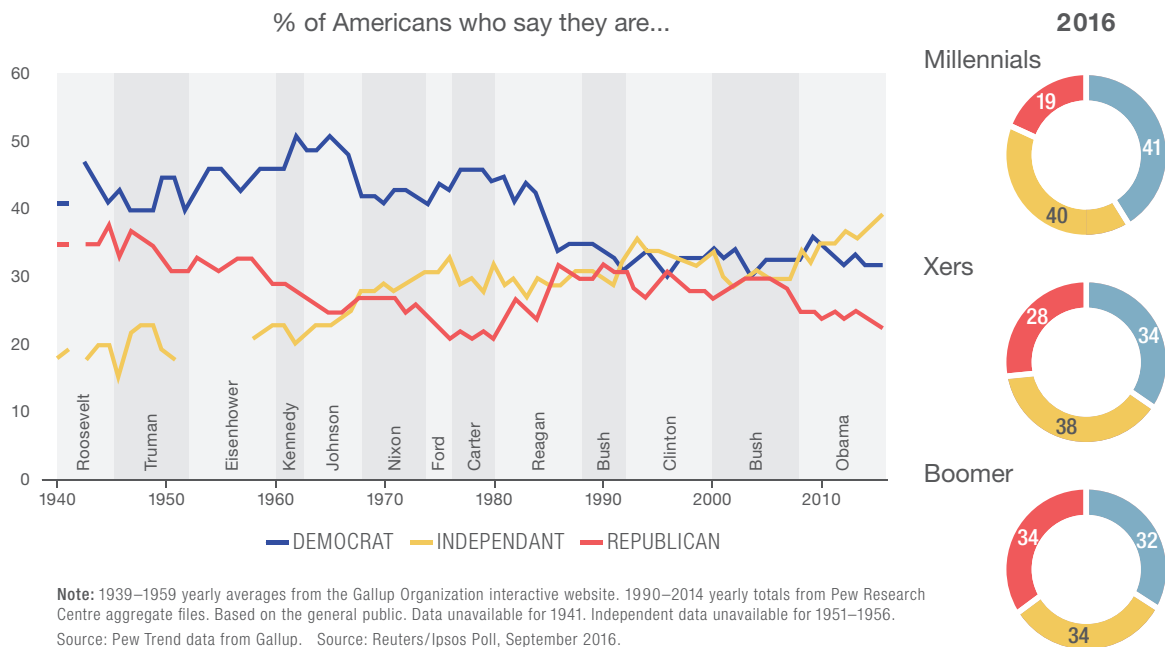
Source: General Social Survey, n=34,696
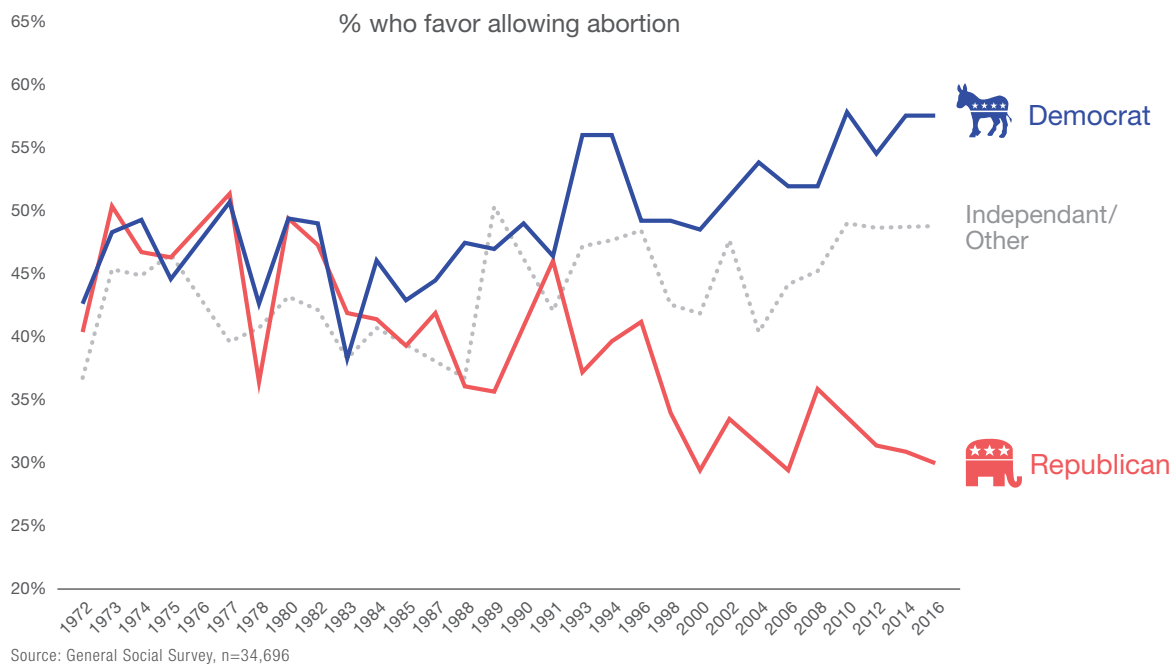
This trend can be explained partly as a function of more people *not* identifying with a party. Indeed, since January 2008, the percent of Americans who declare themselves as independent has increased 26%—from 35% to 44%.[10] For those interested in centrist reforms, there still is a reasonable middle in America—thankfully only the partisans are increasingly extreme![11]

[10] "Party Affiliation," News, Gallup, accessed February 23, 2018, http://news.gallup.com/poll/15370/party-affiliation.aspx.
[11] Donald R. Kinder and Nathan P. Kalmore. *Neither Liberal Nor Conservative: Ideological Innocence in the American Public* (Chicago: The University of Chicago Press, 2017).

Declining Party Fealty and Millennials more likely to identify as Democrat

% of Americans who say they are...

2016

Note: 1939–1959 yearly averages from the Gallup Organization interactive website. 1990–2014 yearly totals from Pew Research Centre aggregate files. Based on the general public. Data unavailable for 1941. Independent data unavailable for 1951–1956.
Source: Pew Trend data from Gallup.   Source: Reuters/Ipsos Poll, September 2016.

That said, this reasonable middle, or Independents, don't vote *en masse* in primaries, and, as such, are politically ineffectual. Structural reforms here, of course, would help minimize such polarization. Getting this reasonable middle to the polls has been an objective of reformers for decades. Structural reforms in the primary system would help.

A fractured information landscape has also exacerbated this polarization. Americans today no longer need to rely on their local newspaper or one of three national TV stations for their information. Instead, with the internet, their media consumption can exclusively represent and reinforce their existing beliefs—for instance, FOX for conservatives; MSNBC for liberals. Americans are not forced to step outside their comfort zones and take in the views of the "other."

Such information consumption patterns reinforce what cognitive psychologists and behavioral economists call "hot cognition," defined here as a person coming to a summary judgement without considering alternative

bits of information. Hot cognition occurs when strong emotive responses to stimuli short-circuit reasoned decision-making.[12]

Let us explain. Take, for instance, the word 'big government.' Such a word automatically elicits an immediate and negative reaction from conservatives. Truly ironic is that these same conservatives are in favor of Medicare, Social Security, and most of the specific items of Obamacare—BUT NOT 'big government' programs!

Support is all in the linguistic packaging of the item—and the packaging can frequently be stronger than the content itself. For policymakers and reformers, how do you peel away this outer layer so that people will more fully and deeply consider alternative views and bits of information?

Hot cognition, in turn, is the bedrock of tribalism. Different or contrary views are discarded, while cues are used to infer tribal colors, as discussed earlier. And ultimately, people are less influenced by the strength of arguments than the tribal shirt of the messenger. Hot cognition is

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[12] Milton Lodge and Charles S. Taber. *The Rationalizing Voter: Unconscious Thought in Political Information Processing* (New York: Cambridge University Press, 2013).

why Trump and Republicans attack the "mainstream media"—this triggers an immediate negative reaction within their base. Conversely, when Democrats use terms like "working class whites," the same happens and reasonable reflection is circuit broken.

Perhaps most worrisome is that this tribalism is bleeding over to realms other than politics. Indeed, the empirical data show that companies, products, and services are increasingly seen as red, blue, or purple. If you take a wrong step, you are in trouble. The examples are rift with this potential hazard: Uber vs. Nordstrom. Of course, the key question for decision makers is: how to navigate this milieu?

Summary

So, what does this all mean?

First, these three long-term trends, driven by generational replacement, have created a 'new normal.' And this normal is one of heightened uncertainty resulting from the breakdown of consensus and the inability to build consensus. These trends play off each other and exacerbate an already difficult environment; though they don't necessarily have the same proximate causes which makes singular policy fixes difficult.

Here, decision makers should be not fooled by false positives in the near-term. Our unstable world is here to stay. Case in point is the upcoming mid-term elections. Democrats have a very good chance of taking the House, and a reasonable one of taking the Senate this November. Many will interpret such a result as a return to normalcy; it isn't.

The underlying trends outlined here remain the same. Instead, the probable electoral outcome is merely a natural ebb and flow of politics—the party-out-of-power typically does well in off-year elections.[13]

Second, the problem outlined here is much more intractable than it appears. Indeed, for many, the rise of the present form of populist-nativist politics here in America is understood to be a function of economics. That globalization and automation has dislocated a significant portion of the population and produced figures like Trump, Le Pen, and Brexit system.[14]

This understanding lends itself to economic policy solutions. They can be varied. Take your flavor: Keynesian, Free Market, Socialist, State Capitalism, among the many possibilities. The specifics are less important. The central point here is that this is a comfortable place for elites—economic policy is well-known and has some historical record.

The empirical evidence, however, does not support this understanding. Rather, it shows that the rise of our uncertain world is cultural *and not* economic in nature.[15] The best example is Trump and why people voted for him. Economics played a role (income, income inequality, relative deprivation), *but only* a minor one when compared to cultural factors (race, ethnicity, nativism, and white grievance beliefs). Indeed, Trump voters feared becoming the 'out-group' with the emergence of a non-white nation and needed a champion.[16]

What are policy prescriptions for these cultural rifts? How do we create empathy and understanding of 'the other'? Such solutions are much harder to identify and implement. Ultimately, I believe that only generational replacement will solve this problem. As older whites die off and are replaced by younger non-whites, the cultural rift will play an increasingly reduced role in our politics.

Unfortunately, this will take time—at least the rest of our adult working lives. In the interim, we all should be prepared for a rocky ride.

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[13] Clifford Young and Julia Clark, "Misreading the Midterm Tea Leaves," *Reuters*, November 8, 2017, http://blogs.reuters.com/great-debate/2010/11/08/misreading-the-midterm-tea-leaves/.

[14] Edward Luce. *The Retreat of Western Liberalism* (New York: Atlantic Monthly Press, 2017).

[15] Ipsos Public Affairs, "*Ipsos – Beyond Populism – Q and A.*" February 9, 2017, in London, YouTube Video, 5:22-5:36. https://www.youtube.com/watch?v=HTv6BCQre34.

[16] Clifford Young, "It's Nativism: Explaining the Drivers of Trump's Popular Support," Ipsos News & Polls, June 1, 2016, https://www.ipsos.com/en/its-nativism-explaining-drivers-trumps-popular-support.

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Implications

So, what can decision makers do?

First, as mentioned, all decision makers should expect increased uncertainty of outcomes—whether that be in business, policy, or politics. At this time in 2016, the models were all over the place: some suggesting an 85% chance for Hillary and others only a 25% chance.[17] Uncertainty indeed! Ultimately, the past is a weaker predictor of the future, given the forces creating this new normal. Decision-making should reflect this by considering multiple scenarios with varying assumptions. This goes for professional forecasters as well as non-technical decision makers.

Second, tactically, decision makers, especially in business, must understand that the hyper-tribalism discussed above has bled over into the non-political realm. CEOs and other business leaders must be careful about what they say and what they do, because these actions can have unintended consequences.

Do you know if your customers, clients, employees, and other stakeholders are Red, Blue, or Purple? You should. Missteps and unintended cuing may trigger negative reactions with these key constituencies.

Third, the cultural change at hand is much more intractable and will most probably take time to work itself out. In the medium term though, reformers can and should focus on how to get the "reasonable middle" out to vote. They exist, but are politically ineffectual because they don't vote in primaries and, at lower rates, in general elections.

This all said, we should have reasonable expectations for such institutional reforms. They probably will reduce the uncertainty *but* won't eliminate it. They are the lighthouse in a stormy sea, and it is cultural change which is powering the storm.

Fourth, strategically, decision makers and organizations must concentrate on how to weather this storm. In practical terms: how to build resiliency. Resiliency can be institutional, organizational, and reputational. It requires structure that is mentally adaptive and resistant to "shocks," and necessitates unity of policy and language with highly decentralized "on the spot" decision-making. Organizations must establish organic trust relationships and feedback loops among its employees, customers, and communities to allow crucial and immediate information to flow to the top of the organization. This will allow the organization to establish a direct messaging channel that is grounded in local context. Doing this in the climate of tribalization and erosion of trust is challenging, but can prove to be a source of major competitive advantage and longevity for those who do.

Given this new normal, are decision makers like you asking the key questions:

1. Do you have the reputational capital to ride out potential missteps or a political firestorm?

2. Do you have robust and timely enough information, or ground truth, so that you don't misstep?

3. Are you planning for contingencies? What are they?

4. Are your people aligned to confront this storm?

5. What are the systematic incentives for consensus building? How do we create them?

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[17] Clifford Young and Julia Clark, "Even Odds for Trump," *Real Clear Politics*, June 2, 2016, https://www.realclearpolitics.com/articles/2016/06/02/is_trump_a_spoiler_or_a_game-changer_130737.html.

Appendix:

Foreign-born Population and Percentage Total Population, for the United States: 1850 to 2010

United States™
Census
Bureau

■ Foreign-born population (millions)
◆ Percent of total population
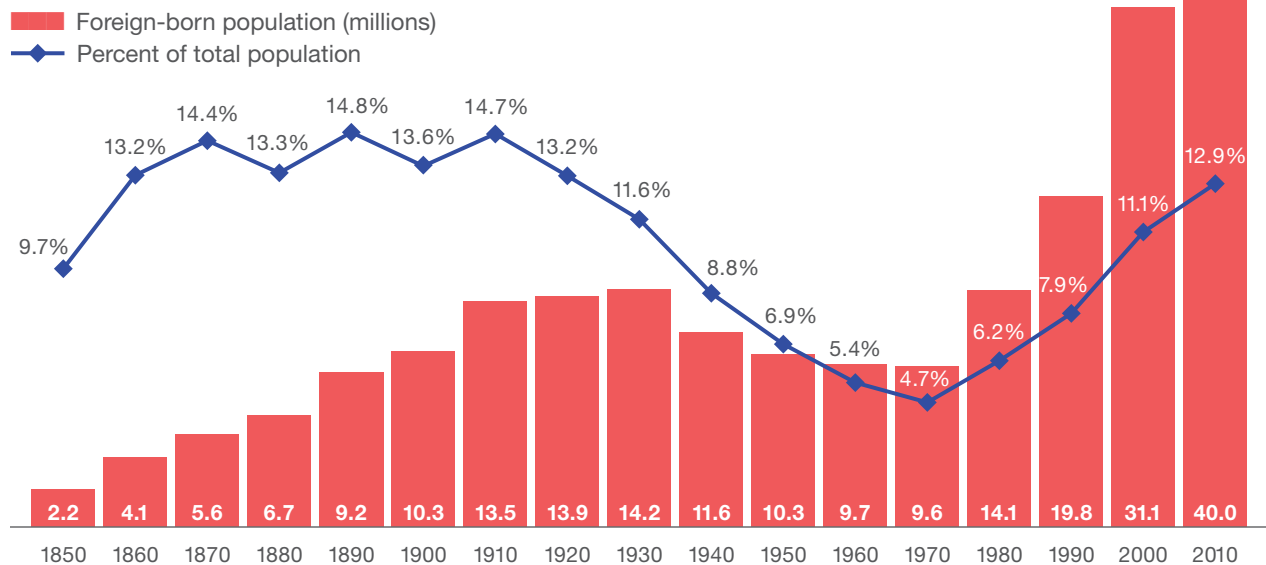
Source: U.S. Census Bureau, Census of Population, 1850 to 2000, and the American Community Survey, 2010

Year	Foreign-born (millions)	Percent
1850	2.2	9.7%
1860	4.1	13.2%
1870	5.6	14.4%
1880	6.7	13.3%
1890	9.2	14.8%
1900	10.3	13.6%
1910	13.5	14.7%
1920	13.9	13.2%
1930	14.2	11.6%
1940	11.6	8.8%
1950	10.3	6.9%
1960	9.7	5.4%
1970	9.6	4.7%
1980	14.1	6.2%
1990	19.8	7.9%
2000	31.1	11.1%
2010	40.0	12.9%

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