



**TRANSATLANTIC
DIALOGUE ON THE
INDUSTRIAL
HEARTLANDS**

NEW OPPORTUNITIES

**Public opinion on the politics of the industrial heartlands
in the US and Germany**

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INTRODUCTION

The industrial heartlands have become central to the political and policy future of advanced economies. There is a political battle over who can speak for the communities of the industrial heartlands; and who can offer a new prosperity for areas that have been marked by the social, economic and cultural effects of deindustrialisation. Russia's war of aggression in Ukraine, rising prices for energy and housing and general inflation have triggered material uncertainties, alongside challenges over immigration, integration and trade with China, and the need for action on climate change.

Many centre-left parties have seen their historic link with the communities of the industrial heartlands weaken, particularly in the aftermath of the global financial crisis, which deepened longer-term political and economic trends. This was also demonstrated by the last European parliamentary elections, which showed a rise in support for the populist right in Germany. Also, in the three upcoming regional elections in East German states this September, the right-wing populist Alternative for Germany (AfD) is projected to win one third of the votes. Meanwhile, in the United States, it is not yet certain that the Democrats will be able to retain the presidency in November from challenger Donald Trump.

In recent years, one political response in both the US and Germany has been to support industrial heartland regions with targeted government measures intended to strengthen economic development; to promote clean energy sources and manufacturing jobs; and to strengthen democracy by making sure that people do not feel disregarded and disconnected from the national capitals. The Biden administration has undertaken a paradigm shift in economic

policy-making, also known as "Bidenomics". At its core are three pieces of legislation, the Inflation Reduction Act (IRA), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act and the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), which stand for readjustment of the role of the state in driving economic change in the US, including a much bolder geoeconomic, worker-centric and climate-protectionist approach to industrial policy.¹ In Europe, the German Joint Federal/Länder Task for the Improvement of Regional Economic Structures and the EU's Green Industrial Plan follow a similar approach. However, while the Biden administration's programme has proven successful in the headline performance of the US economy, it is not yet translating into support for the incumbent government.

Das Progressive Zentrum (DPZ) and the Progressive Policy Institute (PPI), in cooperation with the Center for German and European Studies at Georgetown University and the Chicago Council on Global Affairs, are working together to forge a transatlantic dialogue on improving people's living situation, boosting the economy and strengthening democracy in the industrial heartlands.²

Our new survey in the US and Germany provides insights into how people in both countries feel in this age of insecurity and how they view their government's responses, with a focus on industrial policy. Do these measures have support in the wider population? Is the economic outlook changing for the better? And what is the potential for stronger democratic participation and for countering right-wing populism?

¹ Jung, Carsten, The New Industrial Policy: Shifting the Prism of Economic Policy Making? Lessons from a Transatlantic Exchange of the Progressive Economics Network, Das Progressive Zentrum, May 2023. <https://www.progressives-zentrum.org/wp-content/uploads/2023/06/PEN-DC-Discussion-Paper-vers-4.pdf>

² This project consortium is supported by the German Federal Ministry for Economic Affairs and Climate Action based on a decision by the German Bundestag.

Our representative national survey was conducted by Ipsos in February and March 2024, surveying 1,500 residents in the US and Germany each. The online interviews covered ten questions and the sample included respondents from both the industrial heartlands and other regions in the US and Germany.³ Left-behind regions, better called industrial heartlands, are regions within Europe and North America that were once powerhouses for Western economic development as a result of prospering industries, such as coal mining, oil extraction, refineries and natural gas use, or energy-intensive industries such as steel and cement production, and have experienced a relative decline in economic status and loss of employment in manufacturing industries in recent decades.⁴ The results of this survey were first presented and discussed at the Progressive Governance Summit in June 2024 and reveal a clear message for policymakers in both countries. Respondents in both countries support government action in the face of the multidimensional challenges of our societies, but they consider their material economic concerns to be paramount.



This survey is part of the “Transatlantic Dialogue on the Industrial Heartlands: Shaping the Future”, a project by Das Progressive Zentrum in cooperation with the Progressive Policy Institute (Washington, D. C.), The Chicago Council on Global Affairs and the BMW Center for Contemporary German and European Studies at Georgetown University. Our project’s goal is to shape the transition to a cleaner, greener, modern global economy in the industrial heartlands in Germany and the United States through transatlantic dialogue and exchange of best practices between experienced actors across politics, the private sector, and civil society on both sides of the Atlantic.

³ 338 of the respondents in Germany and 557 in the US are from industrial heartland regions.

⁴ Opitz, Friedrich, et al., Industrial Heartlands in the Green Transformation, Das Progressive Zentrum, November 2023.

https://www.industrial-heartlands.com/wp-content/uploads/2023/11/231116_Impuls_Paper_Industrial_Heartlands_in_the_Green_Transformation_WEB-1.pdf



**SEVEN
KEY FINDINGS OF THE
OPINION SURVEY**



01.

ECONOMIC CONCERNS MUST BE ADDRESSED WHILE TACKLING CLIMATE CHANGE

The economy and cost of living are by far the most important issues to voters in both the US and Germany, followed (by some distance) by migration (GER: 27%, US: 19%) and climate change (GER: 26%, US: 24%). While inflation rates have been decreasing in both countries, prices for everyday necessities, most notably for groceries, fuel and housing, remain too high for far too many.⁵ The situation is even more severe in the US than in Germany, offering an explanation of why more US respondents are concerned about the economy (GER: 33%, US: 44%) and the cost of living (GER: 46%, US: 53%) than German respondents. Holger Mann, Member of the German Parliament for the Social Democratic Party for Leipzig in East Germany, reported the following at the Progressive Governance Summit in June 2024:



Also in cities like mine, my hometown Leipzig, which is swirling and growing and an example of success in the transition [over] the last ten years, [...] the [main] topic [is] that of higher rent, housing.

Other studies show that optimism about the future is linked to income: below a certain income threshold, people's optimism about the future decreases noticeably.⁶ Rising economic concerns in society may therefore also result in less optimism about the future. And while policymakers are working to decrease inflation, they do not seem able to create a momentum of optimism and take the credit. At the Progressive Governance Summit 2024, Franziska Brantner, Parliamentary State Secretary at the German Federal Ministry for Economic Affairs and Climate Action, commented on this contradiction:



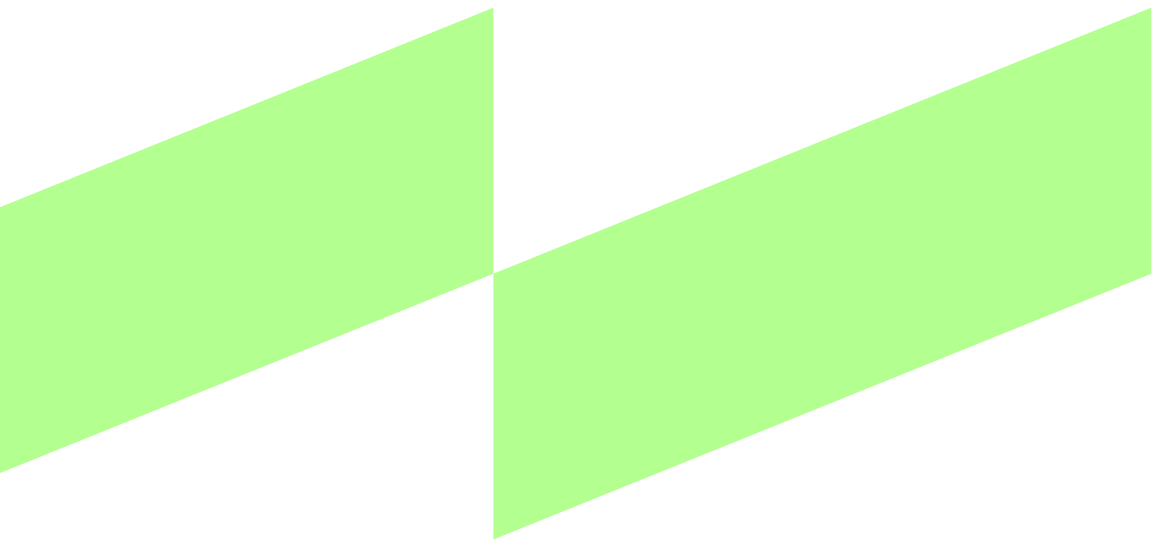
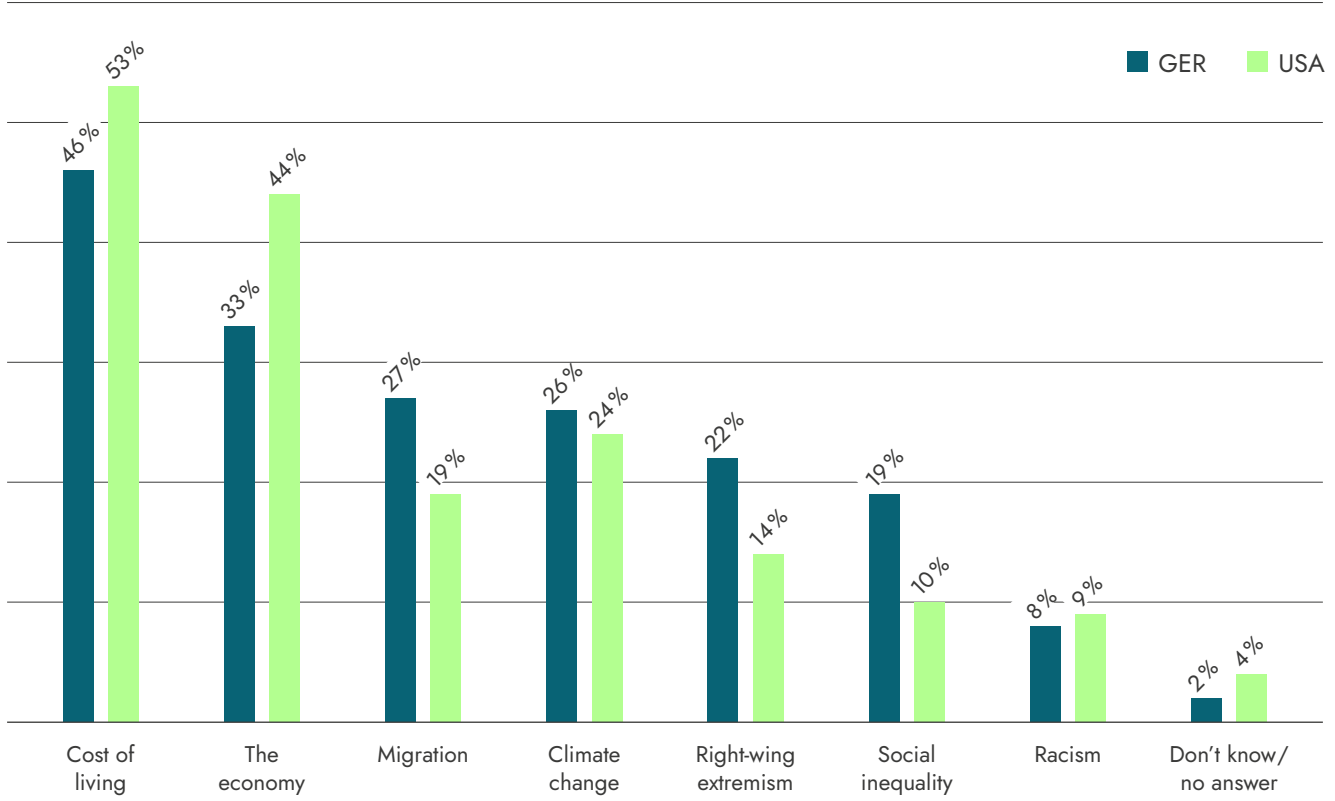
This is so interesting, [Trump] is running on inflation while all his measures will be inflationary – and why do we not get this message across when it comes to policy?

⁵ Egan, Matt, "Americans' cost of living remains a massive headache, even as recession fears fade", CNN, 2 March 2024. <https://edition.cnn.com/2024/03/02/economy/american-dream-cost-of-living-housing-childcare/index.html>; Heißler, Julian, "Wenn die US-Wahl an der Tanke entschieden wird", ZEIT ONLINE, 3 March 2024. <https://www.zeit.de/wirtschaft/2024-05/klimapolitik-usa-joe-biden-oel-industrie-klimawandel>

⁶ Gothaer, Gothaer Studie: Deutsche Mehrheit Der Deutschen Blickt Optimistisch in Die Zukunft, 25 January 2023. <https://presse.gothaer.de/pressreleases/gothaer-studie-deutsche-mehrheit-der-deutschen-blickt-optimistisch-in-die-zukunft-3229234>

Graph 01 – What issues are you currently most concerned about?
(Selection of up to two answers)

All values rounded



Beyond the national economy, respondents are even more worried about local economic prospects: the great majority of respondents feel somewhat or very concerned about the economic prospects of their local areas. At the county/district level, German respondents are even more pessimistic than their US counterparts (GER: 66%, US: 56%), especially centre-right voters and non-voters. When asked how they feel about the economic development of their own counties/districts in the next five years, the great majority responded with “somewhat/very worried”. AfD voters lead this group with 89%. Non-voters and potential voters for Bündnis Sahra Wagenknecht (BSW; a new economically left, socially conservative populist party) follow, with 71% each. Voters for the traffic light coalition are more optimistic: their confidence ranks between 39% of Free Democratic Party (FDP) voters and 50% of Social Democratic Parties (SPD) voters. This indicates that short-term relief of economic concerns on the ground remains crucial. Otherwise, pessimism will become pervasive, and even those who voted for the parties in government will be unconvinced of the chance of a prosperous future.

The promotion of clean energy, commonly referred to in the German debate as the green transition, is seen as an opportunity: Given the overall picture of economic security in both countries, one might conclude that measures promising wealth creation similar to that of the past would be demanded, yet the data paint a different picture. Despite notable feelings of uncertainty, **a majority believe that the green transition harbours more opportunities than risks for the country’s economy** (GER: 52%, US: 55%). Paired with the finding that **44% in Germany and 47% in the US say their governments are not doing enough to tackle climate change**, there is a window of opportunity for the incumbent governments. Even 23% of AfD voters, 25% of Trump voters and a large share of non-voters (GER: 47%, US: 52%) feel that their governments are not doing enough to tackle climate change.

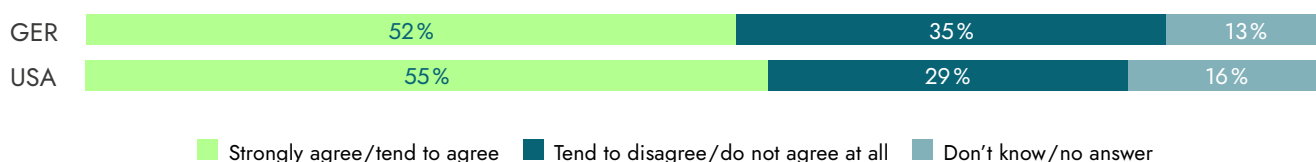
Graph 02 – How do you feel about the economic prospects for your county/district over the next five years?

All values rounded

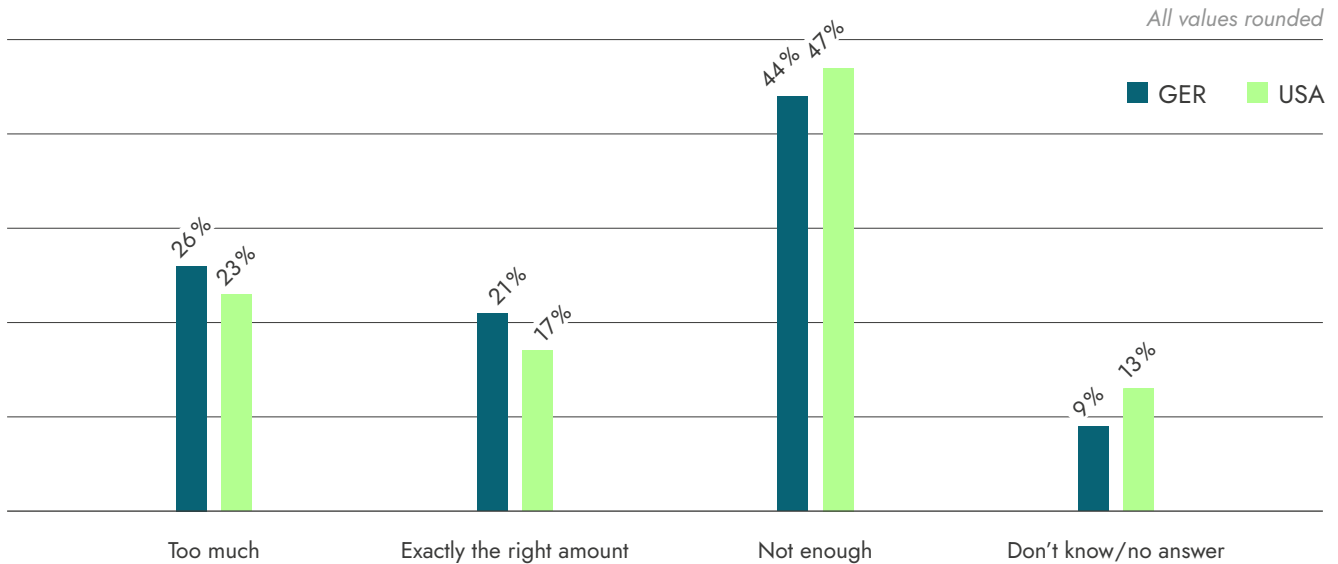


Graph 03 – To what extent do you agree with the following statement: An ambitious climate protection policy presents more economic prospects, e.g. new jobs or export opportunities, than risks.


All values rounded



Graph 04 – To tackle climate change, do you believe the federal government is doing ...



Our data show that, instead of scaling back on climate policy in the hopes of boosting current models of industrial production and value creation, **economic policy that simultaneously pushes the country closer to climate neutrality is seen as favourable by residents in both countries – as long as they feel the economic benefit in their daily lives.** Holger Mann, an MP of the governing German SPD in the Bundestag, concluded the following in his statement at the Progressive Governance Summit 2024:



We have to take [the people's] concerns seriously and give them hope that the transition, and especially the transition in the energy market, will benefit them.

02.

THE TIME FOR LARGE-SCALE INVESTMENTS IS NOW – AND THEY SHOULD FOCUS ON THE INDUSTRIAL HEARTLANDS

More than 70% of respondents in Germany and 50% of those in the US agree with the statement that “[t]here should be a substantial increase in federal government funding aimed at strengthening left-behind regions”.

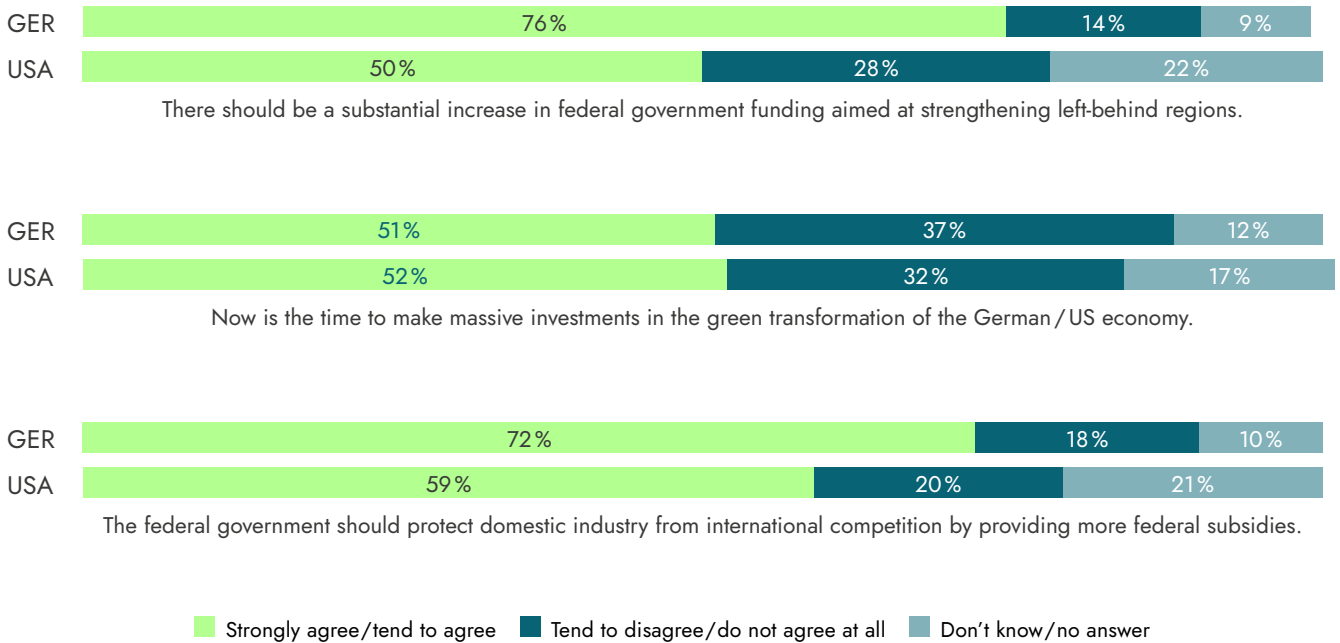
At the Progressive Governance Summit 2024, Tim Ryan, former US Congressman from Ohio and Senior Advisor at the PPI, gives context for the situation in the Midwestern state:



[...] American workers [...] have been traumatised for 40 years. [Their insecurity] is not a snapshot in time [...] It's because, even if you have a good job now, in places like Ohio that I used to represent, in the industrial belt, [in] Youngstown, between Cleveland and Pittsburgh, [...] you're looking over your shoulder. Because your dad lost his job, and it was so traumatic, and you've lost a few jobs and maybe now you have latched on to a battery plant, [have] good wages, [a] new contract. Even with all that you're still looking over your shoulder. So I think, as we have these conversations we can't just say, “Hey we did this or we did that or this is our policy.” You have to see [the insecurity] in the context of what people have gone through in the last 40 or 50 years.

Graph 05 – To what extent do you agree with the following statements?

All values rounded



The survey indicates support for substantial investment in the green economy in the German and US economies, with more than 50% of respondents in each country in favour (GER: 51%, US: 52%). This indicates that investments are favoured not only for industrial heartland regions in particular, and they should focus on strengthening a green economy at the same time.

With support in both countries for strengthening industrial heartland regions, policymakers should double down on their new industrial policy efforts by investing in the green transition in the industrial heartlands but make sure that benefits to people’s household costs and finances are central, and that the resulting opportunities flow to local people and communities. Reindustrialising the industrial heartlands has the potential to re-establish a sense of pride and identity in those regions, as part of a modern economy where communities can prosper again and feel secure in their livelihoods.

03.

DEMOCRATIC REPRESENTATION IS A KEY FACTOR IN FOSTERING TRUST AND ACCOUNTABILITY

In both countries, close to 70% of respondents think that politicians do not care about issues that are important to them (GER: 68%, US: 69%). This reveals a frightening image of democratic dissatisfaction, not only in industrial heartland regions. And it supports the thesis of German political scientist Philip Manow, who has responded to the cries that democracy is in crisis by saying that there is first and foremost a crisis of representation.⁷ And it seems that the feeling of not being important to politicians or not having a say can be found not only at the wider national level but also at the local level: **63% of German respondents tend to disagree or strongly disagree that they have a say in shaping their local community/city; in the US, 46% of people disagree.** Additionally, the majority of German respondents say they do not see their opinion about climate matters represented in the public debate. Yet a 2023 poll in Germany shows that, compared to people's trust in their federal and state-level governments, trust in their mayors and local representatives is higher.⁸ It is vital that climate matters are presented in ways that chime with voters in the industrial heartlands and speak to their priorities and interests.

Against this background, direct participation processes at the local level are a possible pathway counter the feeling of being disregarded, if the concerns and interests of local communities are listened to and acted upon. In their analysis of local participation in the energy transition in Germany, Victoria Luh and Johanna Siebert identify both challenges and facilitating factors for municipal implementation of participation policies.⁹ To foster such processes, they recommend implementing models that are stewarded by permanently funded democratic facilitators, and establishing green transition participation funds to support localities.⁹ If local communities are not engaged in decisions about their futures, the risk is that the green transition becomes another process that is experienced negatively and reinforces the sense of democratic disengagement.

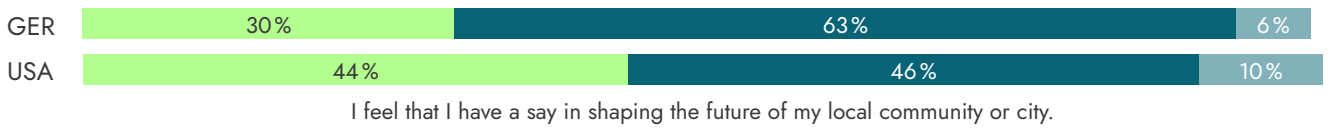
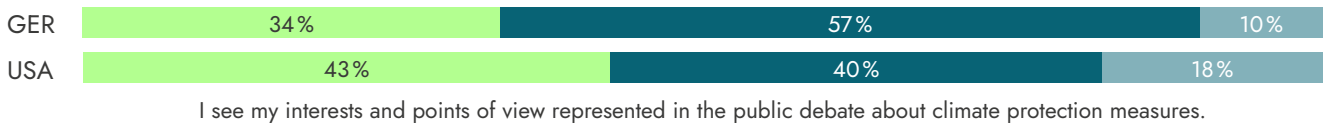
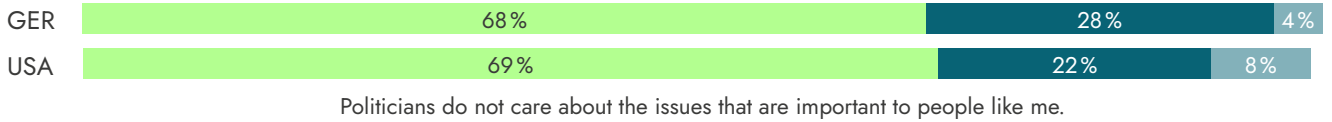
⁷ Manow, Philipp, (Ent-)Demokratisierung der Demokratie, Suhrkamp Verlag, May 2020.




⁸ Hebenstreit, Jörg, et al., Deutschland-Monitor '23. Gesellschaftliche und politische Einstellungen. Themenschwerpunkt: Stadt und Land, Zentrum für Sozialforschung Halle e. V. (ZSH) der Martin-Luther-Universität Halle-Wittenberg, Institut für Politikwissenschaft Friedrich-Schiller-Universität Jena, GESIS – Leibniz-Institut für Sozialwissenschaften, 2024, pp. 130–131. <https://deutschland-monitor.info/fileadmin/Reports/Deutschland-Monitor23.pdf>

⁹ Luh, Victoria, and Siebert, Johanna, Unsere Energiewende? Wie Beteiligung Vor Ort Die Transformation Gestaltbar Macht, Das Progressive Zentrum, April 2024. <https://www.progressives-zentrum.org/publication/unsere-energiewende-wie-beteiligung-vor-ort-die-transformation-gestaltbar-macht/>

Graph 06 – To what extent do you agree with the following statements?

All values rounded



 Strongly agree/tend to agree  Tend to disagree/do not agree at all  Don't know/no answer



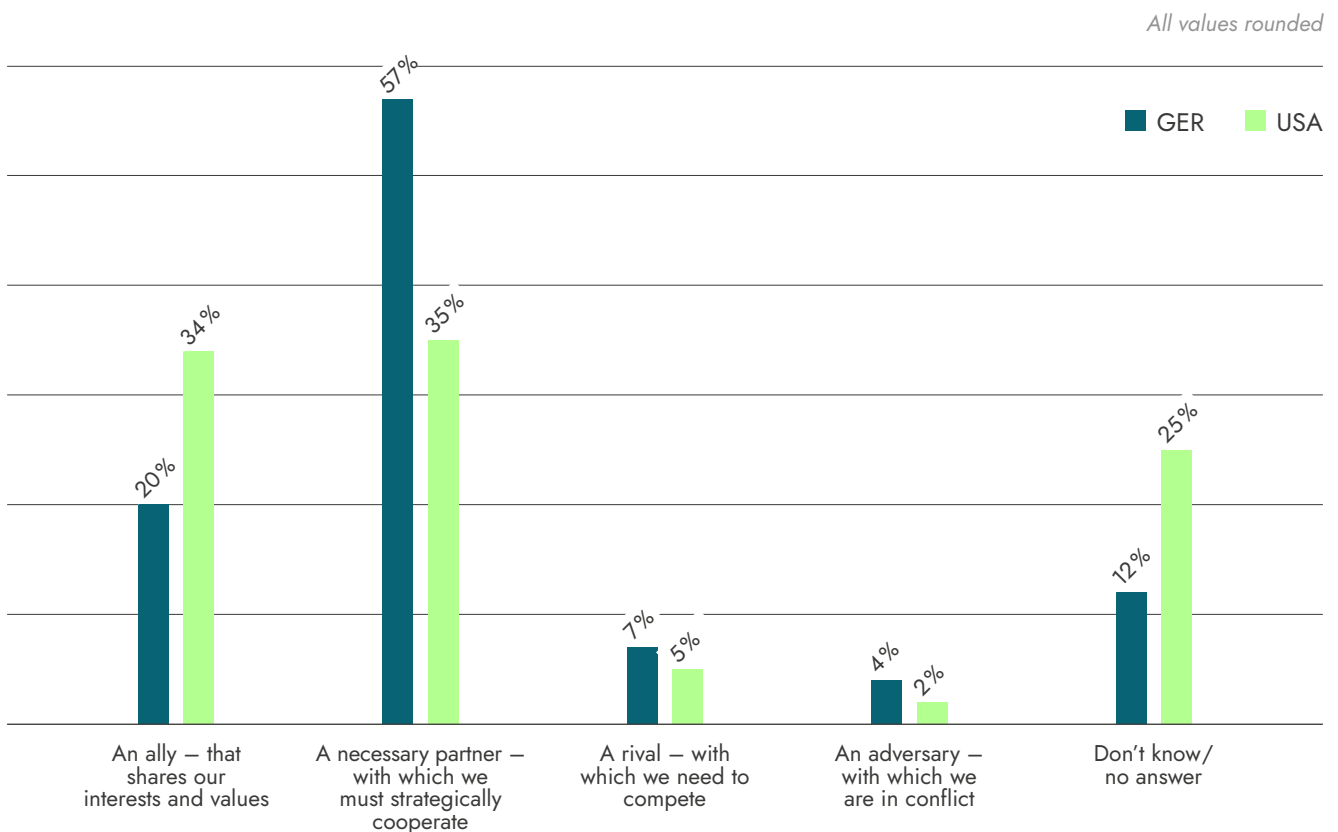
04.

POLICYMAKERS CAN BUILD ON STRONG SUPPORT FOR CLOSE TRANS-ATLANTIC TIES TO STRENGTHEN OUR COUNTRIES' FUTURES

In supporting the industrial heartlands while fighting for greater democratic engagement, policymakers can build on the wide public support for a strong transatlantic partnership that the survey found in both nations. **In Germany and the US, the vast majority see the other country as an ally or partner**, refuting the view that populations have turned inward in the face of geopolitical challenges. However, in Germany, respondents are more likely to believe that the US is a necessary partner with whom Germany and the EU must cooperate strategically, while views in the US are more evenly spread

between seeing Germany and the EU as allies or partners. It is worth noting that a quarter of US respondents said they do not know, suggesting that there is still work to do to make the case for international cooperation. This generally positive outlook offers a unique opportunity for policymakers to promote common democratic values and strengthen economic and political relations, especially given the current geopolitical environment and the challenges presented by strong authoritarian leaders, nationalism and protectionism.

Graph 07 – The US is/Germany and the EU are ...



05.

LONG-TERM INVESTMENTS IN EDUCATION, SCIENCE AND INNOVATION ARE SEEN AS PRIORITIES BY RESPONDENTS

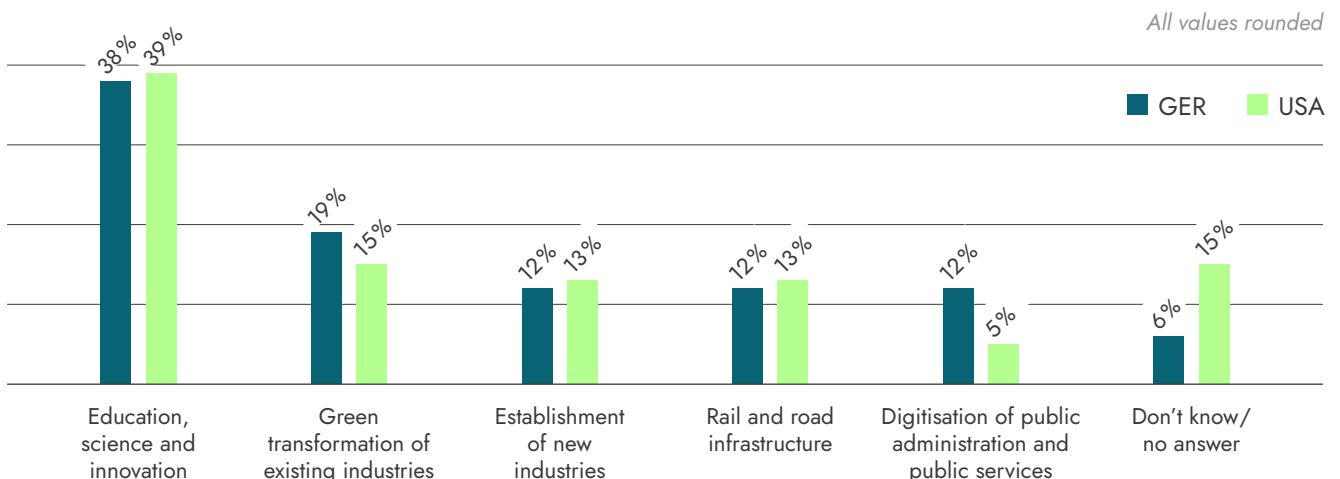


While the results show a clear call for short-term economic relief, they also lend support to a long-term planning and investment strategy. In both Germany and the US, most of the respondents would prioritise **investments in education, science and innovation, followed by investments in climate-friendly restructuring of existing industries and others**. These first two investment priorities shown in our data tackle the root cause of problems, instead of offering short-term solutions that only combat the symptoms of deindustrialisation and economic anxiety. These results reiterate clear approval for a long-term approach to investing in the future of the countries concerned and the younger generation.

Thus, policymakers need to find the right balance between short-term economic investment to address the cost of living and a long-term investment plan that tackles the root causes of societal inequality. At the Progressive Governance Summit 2024, Brenca Berry, Political Director of the US Democratic National Committee, commented on how the Democrats in the US are grappling with this balance:

[There have been] significant, significant investments that this administration and the Democrats have made – but a lot of those projects’ shovels won’t be in the ground until the next four years, so it’s our job to continue telling that story about the investments and the real-life impact that voters have seen and will continue to see under [the] Democrats.

Graph 08 – Which areas of investment should the federal government prioritise to best equip the country for the future?



06.

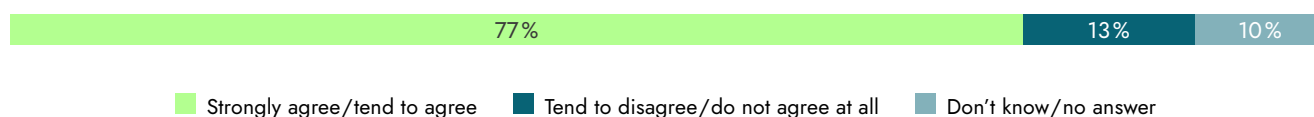
THERE IS STRONG SUPPORT FOR A REFORM OF THE DEBT BRAKE IN GERMANY

In early July 2024, the parties of the German traffic light coalition government reached a last-minute consensus on the 2025 federal budget. These negotiations, which brought the coalition to the brink of collapse, testify to the increasing difficulties in preparing the federal budget for the coming years and ensuring necessary investments in the green transition. This is due to a provision in the constitution that stipulates that the budget must be balanced without borrowing – the so-called debt brake. In November 2023, the German constitutional court declared it unconstitutional for the government to split leftover pandemic funds across multiple years to finance green transition measures, as it circumvented the debt brake.¹⁰ This prompted a nationwide discussion on whether the current debt brake rules should be reformed to tackle the necessary investments in the green transition of the economy. According to the survey results,

a vast majority of German respondents want reform of the debt brake to allow increased investment in public infrastructure, healthcare and education – independent of their voting intentions. This public consensus, in addition to the results discussed above, serves as a clear mandate to policymakers to further campaign for a reform of the debt brake to allow funding for climate change adaptation and mitigation measures, as well as investments in green industries, without endangering the economic security of low-income households.

Graph 09 – To what extent do you agree with the following statement: The government should reform the debt brake and significantly increase investment in public infrastructure, education and healthcare.

All values rounded



¹⁰ Bundesministerium der Finanzen, "Bundesverfassungsgerichtsurteil: Bundesregierung zieht Konsequenzen und beschließt Nachtragshaushalt 2023," 27 November 2023. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/11/2023-11-27-entwurf-nachtragshaushalt-2023-beschlossen.html>

07.

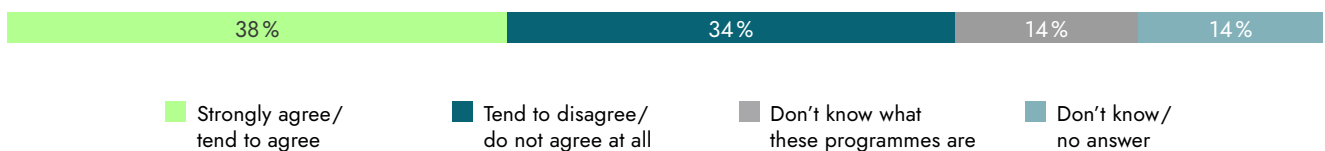
US VOTERS ARE DIVIDED ON THE MERITS OF BIDENOMICS ON PARTY LINES

Bidenomics has been called the most significant industrial policy since Franklin D. Roosevelt’s New Deal and Lyndon Johnson’s Great Society.¹¹ This is due to its capacity to transform the economy at scale. When we asked American respondents **whether Bidenomics provides the right incentives to boost the American economy and will benefit US citizens**, three things stood out. First, just over a third of respondents in the US believe that Bidenomics in fact provides the right incentives to boost the US economy and will benefit US citizens, while 28% of US respondents answered with “I do not know these programmes” or “Don’t know/no answer”.

Second, there is a dichotomy in levels of approval between those who voted for Trump and those who voted for Biden in the last election (Trump voters: 22%, Biden voters: 77%). Third, the high number of “I don’t know” answers indicates the need for improvement in communicating these measures and their benefits to voters, as Brenicia Berry stated above. Given the polarisation between Trump and Democrat voters, these results are not surprising. More so, they can serve as motivation for policymakers to win over undecided voters and demonstrate the benefits of the programme to individuals and communities.

Graph 10 – To what extent do you agree with the following statement: The so-called “Bidenomics” with its IRA, CHIPS and Science Act and IJA, also known as the Bipartisan Infrastructure Law (BIL), are the right incentives to boost the US economy and will benefit US citizens.

All values rounded



¹¹ Williams, Mike, On the Political Lessons of Bidenomics (and What Works with Voters and What Not), Das Progressive Zentrum, December 2023. <https://www.progressives-zentrum.org/on-the-political-lessons-of-bidenomics-and-what-works-with-voters-and-what-not/>



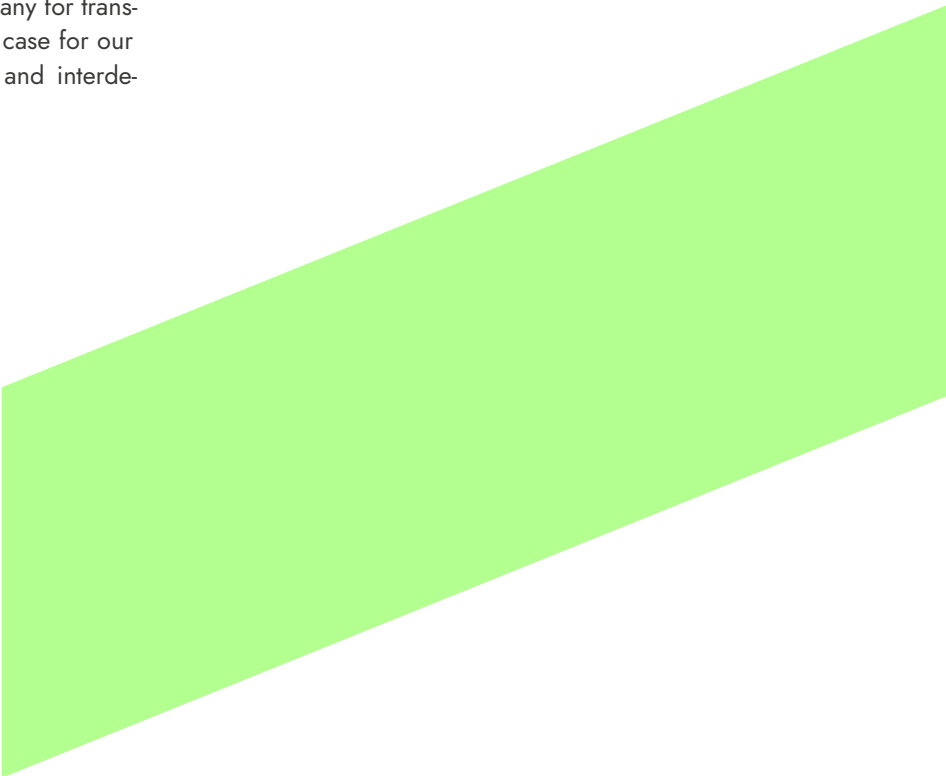
CONCLUSION

Our transatlantic survey reveals that in this age of multidimensional insecurity, **economic insecurity** seems to be the primary dimension. In combination with a lack of trust and representation in politics, and if left untreated, this sense of insecurity could continue to play into the hands of right-wing populists and extremists. In both the US presidential election and the state-level elections in East Germany this year, polling shows that right-wing parties and candidates have a real chance of gaining electoral ground as they feed into the insecurity of voters and present seemingly easy answers.

First, this answer should address cost-of-living concerns among voters when presenting climate policies, with practical solutions to the challenges they face. Second, policymakers can be confident in voters' support for investment in the green transition, particularly investment that boosts education, science and innovation, but they must show how this investment will benefit households and communities. Third, meaningful democratic participation must be prioritised in decisions that affect local people, otherwise the economic transition risks reinforcing feelings of disengagement. And fourth, in defending democratic values, policymakers can build on solid support across the US and Germany for transatlantic partnership, by continuing to make the case for our allyship and partnership to serve our mutual and interdependent interests.



There is a considerable window of opportunity for policymakers not only to address the serious concerns of voters, but also to build on existing measures and present a credible answer.





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