

How does income inequality affect support for populist parties?

*Does rising income inequality encourage voters to shift their support to populist parties? Drawing on a new study, **Lukas F. Stoetzer** explains that while inequality does appear to have a link with support for populist parties, we are still some distance from fully understanding how this relationship works in practice.*

Most democratic societies have experienced a rapid increase in income inequality over recent decades. Across OECD countries, [the average share of disposable income](#) earned by the top 10% has increased and is about 9.3 times higher than the income of the bottom 10%. Income inequality has probably further [increased during the Covid-19 pandemic](#). What does this unequal allocation of economic resources imply for liberal democracies?

In the last couple of decades, liberal democracies have found themselves contested by populist parties. These parties separate society into two homogeneous groups – “the pure people” versus “the corrupt elite” – and aim to implement the general will of the people [irrespective of existing liberal democratic institutions](#). While mainstream parties have suffered dramatic electoral losses, right-wing and left-wing populist parties are on the rise all over Europe. More than one in four voters cast their vote for an authoritarian populist party [the last time they voted in a national election](#).

Is there a connection between rising levels of inequality and support for populist parties? Public discourse would certainly suggest that rising economic inequality is a likely root of populism. In a [recent interview](#), the political scientist Michael Zürn noted that “the cultural division of society and growing inequality form a background that serves the rise of these authoritarian populists”. [Scholarly articles](#) further reveal that rising inequality can go hand in hand with support for authoritarian populist parties.

But how does this chain of events work? Inequality can only be understood at the macro-level when comparing the distribution of income in the population. Yet support for populist parties is an individual decision. It is difficult to see why a voter should be more likely to support a populist party when the top 10% in society earn say, 30% of net income rather than 22%. Arguments that attempt to connect these two elements are obliged to outline how macroeconomic conditions influence voting decisions. For this reason, there have been several attempts in the academic literature to propose a set of channels to explain how increasing inequality might lead to support for populist parties.

The link between inequality and support for populists

One of the most prominent arguments is that income inequality leads to economic risks and insecurities. In one sense, this relationship is almost mechanical as an increase in inequality implies that the share of people who earn relatively little will also increase. However, the argument is that next to actual income, what especially matters is perceived economic insecurity. People who have fallen behind or that fear they may do so are more willing to turn their backs on mainstream politics and embrace populist parties’ offers to put their interests first. The relationship between economic insecurity and support for authoritarian populist parties is [well-established](#), but it can be just as important for [left-wing populist parties](#) that offer strong redistributive platforms.

Another related mechanism emphasises the importance of trust in political elites. Rising inequality levels can distort trust in representatives from mainstream parties – either because voters directly observe unequal outcomes and question the integrity of political elites, or because they experience increasing economic risks and hold mainstream parties responsible for it. Declining trust in political elites may therefore explain [the attraction of both left-leaning and right-wing populist parties](#).

The debate about the roots of populism sometimes distinguishes between cultural and economic explanations. Inequality is often described as a [pure economic cause](#). This is not necessarily true, as rising inequality can also have cultural consequences. According to another argument, rising income inequality leads to social stratification and social marginalisation. Voters that feel marginalised are receptive to populist rhetoric blaming elites for not representing the “true people”, making them more likely to [support populist parties](#). Similarly, rising inequality levels can also affect identities – another cornerstone for proponents of cultural explanations. [This argument](#) states that unequal incomes make it more attractive for low-income voters to identify with the nation-state, rather than the working class, and hence an increase in income inequality can draw people towards authoritarian right-wing populist parties.

Testing the mechanisms

Which of the mechanisms is empirically valid? This is tricky to evaluate given the vote shares for populist parties and levels of inequality are rising in different countries. In a [recent study](#), I (along with my co-authors) turn to individual data from the European Social Survey to present a first comprehensive test of the four mechanisms. Interestingly, we find no clear evidence that any of the four mechanisms sufficiently explains the relationship between higher levels of inequality and support for populist parties.

Trust in political elites and economic insecurities are both influenced by income inequalities, and they affect support for populist parties, resulting in a potential chain of events. However, for two voters with similar levels of trust in elites and who face similar economic insecurities, we still estimate that the voter that lives in a country with higher income inequality is more likely to support populist parties. Hence, the two consequences are insufficient to explain the effect of inequality on support for populism.

For us, this leaves a big question mark as to how exactly inequality leads to populism. Without a clear understanding of the sequences of causes, it is difficult to design effective interventions. It is therefore unclear how policies can balance the negative consequences for liberal democracies. Will voters refrain from turning to populist parties if they live in strong welfare states that secure against economic risks from rising inequality? Do transparency laws break the link between unequal economic outcomes and a reduction in trust in elites? Our findings call for further research to understand the relationship between the allocation of economic resources and the support for populist parties that challenge the principles of liberal democracy.

For more information, see the author’s accompanying paper (co-authored with Johannes Giesecke and Heike Klüver) at the [Journal of European Public Policy](#)

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