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**Economic Inequality and
Democratic Political Engagement**

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Abstract

Since Aristotle, who observed that great economic inequality leads the wealthy to seek a share of power matching their share of resources and so to subvert democratic government, scholars of politics have theorized that the proper functioning of a democracy depends on a relatively equal distribution of economic resources. Inequality, though, has been rising in the nearly all of the world's rich and upper-middle-income democracies since the at least the mid-1980s, and in many countries this trend began in the early 1970s. Examining individual behavior in twenty-four countries at multiple points in time, this paper investigates whether increases in economic inequality have had a negative effect on the functioning of democracy, focusing specifically on citizens' political engagement. It finds that contexts of greater income inequality reduce interest in politics, views of government responsiveness, and participation in elections.

Since Aristotle, who observed that great economic inequality leads the wealthy to seek a share of power matching their share of resources and so to subvert democratic government, scholars of politics have theorized that the proper functioning of a democracy depends on a relatively equal distribution of economic resources. Inequality, though, has been rising in the nearly all of the world's rich and upper-middle-income democracies since the at least the mid-1980s, and in many countries this trend began in the early 1970s (Smeeding 2002). This paper investigates whether these increases in economic inequality have had a negative effect on the functioning of democracy, focusing specifically on citizens' political engagement.

The argument linking greater economic inequality with lower levels of political engagement is straightforward. Its starting point is the recognition that economic resources can be used to influence others or to resist others' influence; that is, they can be readily converted into political resources. Those with higher incomes and more wealth, therefore, enjoy more potential political influence than those of fewer means, and elected representatives are, as a result, more responsive to their preferences. The effect of the greater political influence of the wealthy is not uniform across all contexts, however. The extent to which it distorts the political equality promised by democratic government depends on the entire distribution of economic resources across society. Where deviations from economic equality across a polity's citizens are greater, the accumulation of the individual advantages in political influence of the more affluent generates a larger bias in the political system toward the concerns of the rich. Poorer citizens, in such circumstances, are less likely to engage in democratic politics. They perceive that the world of politics is not responsive to their preferences, that it in fact fails even to raise the

issues of interest to them, and therefore that it provides no inducement to bear the minimal inconveniences involved in voting, let alone more demanding forms of political participation.

This theoretical account of the negative effect of economic inequality on political engagement is found in the works of several of the most trenchant observers of democratic politics. Even before the dramatic increase in income inequality in the United States that has occurred over the last thirty years, E.E. Schattschneider (1975 [1960]) identified economic stratification as the cause of the massive levels of abstention that characterize U.S. elections. The better-off use their greater economic resources to ensure that politics are organized along cleavages that are unimportant to those in the bottom two-fifths of society. Thereby denied a meaningful way to express their preferences, he concluded, lower-income citizens simply withdraw from politics.

In his seminal work, *Polyarchy*, Robert Dahl (1971) considered how competitive and inclusive politics can coexist with the persistence of great inequalities of economic resources. Although higher levels of inequality necessarily result in politics skewed more toward those with the most wealth and income, Dahl theorized that the frustration and resentment of poorer citizens “may not stimulate demands for greater equality but instead may turn into resignation, apathy, despair, [and] hopelessness” (Dahl 1971, 102).

Carole Pateman reached the same conclusion. Because greater economic inequality concentrates more political power in the hands of the affluent, “there is a simple and straightforward explanation for the low rates of political participation of ordinary citizens,” she observed: “Given their experiences of, and perception of the political structure, apathy is a realistic response, it does not seem worthwhile to

participate” (Pateman 1971, 298). Those with fewer economic resources conclude, correctly, that the political system is not responsive to them, and they consequently find politics uninteresting and see little reason to participate in elections.

Recent empirical research on the United States, the advanced industrial democracy with the highest levels of economic inequality, has buttressed support for the first steps of the theory outlined above. That differences in individuals’ access to economic resources yields differences in political resources is now well understood, especially in light of the professionalization of political parties and the emergence of mass-media campaigning that together have made campaign contributions more important than ever. To give money, one must first have money to give: household income is a powerful predictor of both the number and size of political donations among people in the United States (Verba, Schlozman, and Brady 1995). More affluent U.S. citizens are also much more likely to work for campaigns and to contact government officials, in part because they are much more likely to be recruited to do so (Brady, Schlozman, and Verba 1999). Larry Bartels (2002) has demonstrated that, for these reasons and others, elected officials in the United States are far more responsive to the policy preferences of the affluent than to those of lower-income citizens.

Although these studies demonstrate how differences in individuals’ incomes affect their political influence, as cross-sectional single-country studies they necessarily stop short of considering the final step of the argument, that differences in the distribution of economic resources across society affect perceptions of government responsiveness, interest in politics, and participation in elections. A few studies of electoral participation have provided preliminary support for at least the last of these propositions. Robert

Goodin and John Dryzek (1980) found that income inequality had a strong negative effect on turnout in elections held in the late 1950s across thirty-eight democracies. Carles Boix (2003, 118-129) and Frederick Solt (2004) found that differing levels of economic inequality was an important explanation of the subnational variation in electoral participation found in the United States early in the twentieth century and in Italy during the 1970s and 1980s, respectively.

As tests of the proposed theory, though, these works have methodological shortcomings that go beyond their somewhat limited scope. Goodin and Dryzek included no controls for the differences in national institutional arrangements that are by now well known to influence rates of participation in elections. The subnational research designs employed by both Boix and Solt, like all single-country studies, pose potential problems of generalizability to other contexts. All three studies depend on aggregate data that prevents the inclusion of individual characteristics that also affect the decision to cast a vote, and the cross-sectional nature of their analyses counsel against drawing firm conclusions on the effect of changes in economic inequality over time. This paper seeks to provide a more comprehensive test of the theory linking higher levels of economic inequality with lower rates of political engagement that avoids these methodological pitfalls.

Research Design, Data, and Method

Economic inequality is necessarily a characteristic of a societal context; it is the accumulation of individual differences in economic resources across an entire country. Drawing accurate cross-level inferences about the effects of economic inequality—and,

indeed, any national characteristic—on the likelihood of individual citizens to be engaged in politics requires data on both the national and the individual level (Huckfeldt and Sprague 1993; Achen and Shively 1995). Incorporating a temporal dimension to determine the effects of change over time demands another, intermediate level of data: individual attitudes and behavior are observed at a particular time in a particular country, and these country-year contexts are nested in the histories of countries.

Therefore, to test the cross-level hypotheses about the context of economic inequality on individual political attitudes and behavior, I assembled a multilevel dataset. The individual-level data is drawn from seven cross-national surveys conducted between 1986 and 2000: the three International Social Survey Program surveys on “The Role of Government,” three EuroBarometer surveys, the Comparative Study of Electoral Systems survey, and the 1999 European Election Survey. These surveys were selected to maximize the number of country-years and countries, and so variation in economic inequality, while minimizing variation in survey instruments that could introduce bias into the individual responses. When more than one survey covered a country in a given electoral cycle, the survey that included the most information on political engagement was used. The combined survey dataset encompasses over fifty-seven thousand individuals, grouped into fifty-seven country-years, in twenty-four different democratic countries. The modal number of years in which the dataset measures the political engagement of a country’s citizenship is three, but respondents in two countries, the United States and Germany, were surveyed in four different years, and four countries—the Czech Republic, Israel, Switzerland, and Taiwan—were surveyed only once. The

individual-level data was then supplemented with characteristics about the higher levels of analysis that are discussed later in the paper.

Dependent Variables: Political Engagement

The dataset includes individual responses on three aspects of democratic political engagement upon which, in light of the theory offered above, economic inequality is expected to have a negative effect: political efficacy, interest in politics, and participation in national elections. Political efficacy was measured on a five-point agree-disagree scale of responses to the statement, “People like me don’t have any say in what the government does.” The availability of cross-national data on political efficacy is limited—this survey item was asked in just fifteen countries in 1996 as well as in Australia in 1986—but the theoretical importance of citizen perceptions of government responsiveness merits their inclusion in this study. The second aspect of political engagement studied here, interest in politics, was tapped by two different survey questions. Respondents in thirteen European Union member countries, a total of twenty-five country-years, were asked, “To what extent would you say you are interested in politics?” Answers were on a four-point scale, from “not at all” to “a great deal.” In a second sample, spatially broader but temporally shallower (fifteen countries and just eighteen country-years), interviewed citizens were asked to respond on a five-point scale, from “not at all interested” to “very interested,” to the question “How interested would you say you personally are in politics?” Finally, the third measure of political engagement is whether respondents reported having voted in their country’s last national election. The dataset includes information on electoral participation in all twenty-four countries and fifty-seven

country-years, providing the maximum available variation in contexts of economic inequality.

Economic Inequality

Trustworthy and comparable data on economic inequality is notoriously difficult to come by. The compilers of the best-known collection of figures on income inequality, Deininger and Squire (1996) readily acknowledge the calculations used in each country vary considerably, rendering the observations only roughly comparable at best. Fortunately, the Luxembourg Income Study (LIS) is beginning to remedy this problem by collecting the national income surveys of many countries and using a consistent methodology to arrive at comparable statistics. For this study, I used the Gini index of household income inequality as calculated by LIS as the measure of economic inequality. The Gini index indicates the deviation from a perfectly egalitarian distribution of income across households. A score of zero represents perfect equality; a Gini index of one means that a single household receives all of the national income, leaving all others with none. Because LIS has not compiled a complete yearly time series of inequality data in any country, when no data was available in a country for the year of a survey, I used the country's most recent earlier figure, or, more rarely, the figure for the following year. The lowest Gini index in the countries and years included in the dataset is that of Finland in 1995, 0.217, while the highest, 0.372, was in the United States in 1997. The median Gini index was that of Austria in 1995, .277.

Control Variables

To arrive at reliable estimates of the effect of economic inequality, it is necessary to control for other characteristics, both of individuals and of their contexts, that affect political engagement. Because engagement in politics can be expected to vary with age, I include each respondent's age in years, *Age*, and to allow a curvilinear relationship, the square of age, *Age*². The more educated are more likely to feel efficacious, to be interested in politics, and to vote, so a standardized eight-point scale, *Education*, is included. The effect of differences in income is captured by the income quintile of the respondent's household, *Income*. Dummy variables are also included to isolate the effects of gender (*Female*), marital status (*Married*), location of the residence (*Rural*), and union membership (*Union*).

That differences in national institutions affect the likelihood of participating in elections has been well established in cross-national research (examples of this voluminous literature include Jackman 1987; Norris 2004). Although other aspects of political engagement have typically been neglected in comparative studies, it is reasonable to hypothesize that citizens' views of the responsiveness of their governments and interest in politics are similarly affected by institutional arrangements. I have therefore included variables to capture differences between presidential and parliamentary systems (*Presidential*), federal and centralized governments (*Federal*), unicameral and bicameral legislatures (*Unicameral*), and countries with enforced compulsory voting laws and those without (*Compulsory Voting*). All of these institutional variables vary only between countries in this dataset.

A fifth institutional variable, *Effective Magnitude*, takes into account differences in electoral systems. It represents the average number of legislative seats elected per district, adjusted for the effects of compensatory seats and legal thresholds, and so the proportionality with which parties' electoral support is translated into legislative representation (see Taagepera and Shugart 1989). In this dataset, effective magnitude varies from 1, in six countries that use plurality or majority elections, to 74.6, in the Netherlands. Due to electoral-system reforms in several countries during the time period under study, it varies with country-year.

Method

The dataset employed in this study—with many variables that change across individuals, others that are characteristics of a particular country in a particular year, and still others vary only between countries and remain constant over time—requires the use of statistical techniques that recognize the multilevel nature of the data. Treating the dataset as “flat,” that is, as if all of the variables varied across individuals, generates biased coefficient estimates and also underestimates the standard errors associated with higher-level variables (Steenbergen and Jones 2002). Therefore, three-level models were estimated using the GLLAMM package for Stata 8. Political efficacy and political interest, with just four to five ordered categories, were modeled using ordered logistic regression; effects on electoral participation, a dichotomous variable, were estimated using logistic regression. Because the coefficient estimates are measured in logits, their magnitude is difficult to interpret directly. For convenience in interpretation, I have used the maximum odds ratio, the multiplicative factor by which a change in the independent

variable from its minimum to its maximum value increases the odds of the dependent variable taking on the next higher value, net of the effects of all other variables. Unlike the other popular means of interpreting logistic coefficients, predicted probabilities and marginal effects, the odds ratio has the benefit of not requiring any assumptions to be made about the values taken on by the other independent variables. The effects of age and the square of age were calculated jointly. To further assist comparisons of magnitude, for negative coefficient estimates I also report the odds ratio for the dependent variable as the independent variable moves from its maximum to its minimum value.

Income Inequality and Political Efficacy

The results of the analysis of political efficacy, citizens' views of the responsiveness of their governments, are shown in Table 1. They demonstrate that the context of income inequality has a powerful negative effect on individuals' feelings of political efficacy. Controlling for the effects of the other included variables, respondents in the context of the least observed income inequality were more than three times as likely as otherwise similar individuals in the context of the most observed inequality to feel that their government is more responsive to people like them. This effect is one of the strongest in the model.

Age, education, and income were all found to have important effects on political efficacy, but none of these effects approached the magnitude of income inequality. According to this analysis, efficacy declines as people get older, but at a slightly diminishing rate. Eighteen-year-olds are estimated to be 35% more likely to have

answered that their government is more responsive than similar seventy-eight-year olds. College graduates were 55% more likely than the least educated to feel that their government was more responsive, and the answers of those in the highest income quintile were 88% more likely to be in a higher category of efficacy than those in the bottom fifth.

Several features of the institutional context are also important to political efficacy. Citizens of presidential democracies were approximately three times more likely to answer that their government was more responsive than those in parliamentary democracies, and people living in countries with compulsory voting laws were roughly twice as likely. The largest calculated maximum effect, however, was that of effective magnitude. As effective magnitude increases, so does the number of parties represented, increasing the chances of coalition government, decreasing citizens' ability to predict the ruling coalition, and diminishing their ability to affect government policy.

Correspondingly, effective magnitude is estimated to have a negative effect on individuals' sense of political efficacy. Compared to those living in the Netherlands, with an effective district magnitude of 74.6, those living in countries with first-past-the-post electoral rules were estimated to be over *thirty-seven* times as likely to feel more efficacious. The Netherlands, however, is an extreme outlier in this regard; its effective magnitude is more than twice that of Israel, which has the second highest score on this variable. Those in countries with single-member districts were estimated to be only five times as likely to answer that their government was more responsive than the citizens of Israel and just twice as likely as respondents in Luxembourg, which, with an effective magnitude of 15, was at the 80th percentile of all country-years in the dataset.

These results demonstrate that the context of income inequality shapes individuals' views of the responsiveness of their governments quite strongly. The effect of inequality on efficacy is stronger than those of any of the individual characteristics and more than those of most institutional features as well.

Table 1. Income Inequality and Political Efficacy

	Political Efficacy	Odds Ratio Min → Max
<i>Individual Characteristics</i>		
Age	-.013** (.005)	.741 (1.349)
Age ²	8.35 x 10 ⁻⁵ (5.28 x 10 ⁻⁵)	—
Education	.063*** (.004)	1.554
Income	.158*** (.011)	1.881
Female	-.021 (.027)	.979 (1.021)
Married	-.088** (.032)	.916 (1.092)
Rural	-.029 (0.032)	.971 (1.029)
Union Member	.050 (.034)	1.051
<i>National Institutions</i>		
Presidential	1.102*** (.047)	3.010
Federal	.161*** (.040)	1.174
Unicameral	.004 (.040)	1.004
Compulsory Voting	.662*** (.055)	1.938
Effective Magnitude	-.049*** (.003)	0.027 (37.037)
<i>Income Inequality</i>		
Gini	-7.202*** (.521)	0.327 (3.058)
log-likelihood	-25875.297	
Individuals	18,864	
Country-Years	16	
Countries	15	

Constants at individual, country-year, and country levels were calculated but are not shown.

Income Inequality and Interest in Politics

According to the proposed theory, greater concentrations of economic resources lead to more unequal political influence in favor of the rich. As governments grow more responsive to those with higher incomes at the expense of the concerns of the broader public, interest in politics declines. Table 2 presents the results of the test of the hypothesized negative effect of inequality on political interest. In both samples, income inequality is estimated to strongly depress interest in politics. The estimate from the sample with the four-point scale of political interest indicates that people living in the context of the lowest observed level of inequality are nearly four times as likely as those living in the context of the most observed inequality to express a greater interest in politics. The sample with a five-point scale of political interest generates results indicating that, compared to the most unequal context, people in the most egalitarian context are 2.6 times as likely to be more interested in politics.

The context of income inequality is more important to individuals' interest in politics than any of the individual characteristics included in the model. Interest in politics, according to the analyses of both samples, is highest for those who are seventy-eight years old, who are slightly more than twice as likely to be more interested in politics than similar eighteen-year-olds. Education and income are both estimated to affect political interest slightly less than age over their full ranges. Women, on average, are only about 55% as likely as similar men to express more political interest. Marital status, location of residence, and union membership have smaller effects.

In contrast to the consistent estimates across samples for income inequality and individual characteristics, the findings regarding the effect of national institutions are

somewhat mixed. Federal systems and unicameral legislatures increase the likelihood of greater political interest by 15 to 54% in both samples. The effects of presidential systems, compulsory voting, and effective magnitude on political interest, however, are inconsistent across the two analyses. Income inequality has a stronger effect on individual political interest than any of the national institutional arrangements.

Table 2. Income Inequality and Political Interest

	Political Interest, 4-Point Scale	Odds Ratio Min → Max	Political Interest, 5-Point Scale	Odds Ratio Min → Max
<i>Individual</i>				
Age	.035*** (.005)	2.247	.037*** (.004)	2.364
Age ²	-2.24 x 10 ⁻⁴ *** (5.25 x 10 ⁻⁵)	—	-2.36 x 10 ⁻⁴ *** (4.47 x 10 ⁻⁵)	—
Education	.107*** (.004)	2.115	.076*** (.004)	1.702
Income	.159*** (.011)	1.889	.141*** (.010)	1.758
Female	-.615*** (.028)	.541 (1.848)	-.575*** (.024)	.563 (1.777)
Married	-.086* (.033)	.918 (1.090)	-.071* (.029)	.931 (1.074)
Rural	-.111*** (.030)	.895 (1.117)	-.197*** (.028)	.821 (1.218)
Union Member	.271*** (.033)	1.311	.128*** (.032)	1.137
<i>National Institutions</i>				
Presidential	-.420*** (.093)	.657 (1.522)	.704*** (.039)	2.202
Federal	.285*** (.058)	1.330	.430*** (.033)	1.537
Unicameral	.133* (.052)	1.142	.402*** (.036)	1.495
Compulsory Voting	-.894*** (.080)	0.409 (1.505)	.936*** (.043)	2.550
Effective Magnitude	-.005*** (.001)	.693 (1.443)	-.002 (.003)	.863 (1.158)
<i>Income Inequality</i>				
Gini	-8.616*** (.725)	.263 (3.802)	-6.188*** (.465)	.383 (2.609)
log-likelihood	-21526.310		-31282.302	
Individuals	18,042		21,892	
Country-Years	25		18	
Countries	13		15	

Constants at individual, country-year, and country levels were calculated but are not shown.

Income Inequality and Electoral Participation

The final aspect of political engagement considered here is electoral participation. Do higher levels of income inequality reduce the likelihood that an individual will go to the polls? The analysis reported in Table 3 supports this hypothesis. Controlling for the effects of individual characteristics and national institutions, those living in the context of the least observed income inequality are about 2.7 times as likely to vote as people living with the highest observed level of income inequality. Again, this effect is one of the strongest in the model.

Individuals' characteristics also have an important impact on whether they cast a vote. Age has the largest effect in the model: at age sixty-eight, individuals are 5.5 times more likely to vote than at age eighteen. The most educated are 60% more likely to vote than those with the least education, and those in the top income quintile are 68% more likely to participate than the lowest-income individuals, according to this analysis. Married people and those living as married are 18% more likely to go to the polls than singles, and union members are 26% more likely to vote than non-union members.

National institutions, as is well known, also influence whether people participate in elections. The relative decisiveness of elections in parliamentary systems and in countries with unicameral legislatures makes individuals more likely to be drawn to the polls. Strictly enforced national laws requiring electoral participation succeed in their purpose; voting is 2.8 times as likely in their presence. The greater number of party options and the diminishing probability of wasted votes associated with electoral systems with larger effective magnitudes also encourages participation in the electoral process. The extremely high effective magnitude of the Netherlands was estimated to make Dutch

citizens 2.8 times as likely to vote as those living under first-past-the-post or majority electoral rules.

Table 3. Income Inequality and Electoral Participation

	Electoral Participation	Odds Ratio Min → Max
<i>Individual Characteristics</i>		
Age	.092*** (.004)	5.460
Age ²	-6.75 x 10 ⁻⁴ *** (3.86 x 10 ⁻⁵)	—
Education	.067*** (.003)	1.600
Income	.130*** (.008)	1.682
Female	-0.025 (.021)	.975 (1.026)
Married	.172*** (.025)	1.188
Rural	-.015 (.024)	.985 (1.015)
Union Member	.231*** (.029)	1.260
<i>National Institutions</i>		
Presidential	-.370*** (.040)	.691 (1.448)
Federal	.075 (.042)	1.078
Unicameral	.186*** (.043)	1.204
Compulsory Voting	1.043*** (.059)	2.837
Effective Magnitude	.014*** (.001)	2.802
<i>Income Inequality</i>		
Gini	-6.355*** (.497)	.373 (2.678)
log-likelihood	-27104.866	
Individuals	57,231	
Country-Years	57	
Countries	24	

Constants at individual, country-year, and country levels were calculated but are not shown.

Conclusion

The surge in economic inequality in many countries around the world in the last few decades should be expected to have negative implications for the political engagement of their citizens. Theory suggests that, because economic resources are convertible into political resources, where income and wealth are more concentrated, the relative political influence of the most affluent increases. In such circumstances, citizens should be more likely to perceive that their government is not responsive to their preferences, to find that the issues debated are not those that interest them, and to conclude that participating in elections is just not worth the effort.

The evidence presented in this paper supports this theory. Using a multilevel dataset that combines individual survey data from twenty-four democratic countries and a total of fifty-seven country-years with contextual data on income inequality and national institutions, my analyses demonstrate that increasing income inequality strongly depresses political engagement. In contexts of higher inequality, people are less likely to feel that their government is responsive, to express interest in politics, or to vote. These effects are often stronger than the well-known influences of individual characteristics and institutional differences. Greater economic inequality stacks the deck of democracy in favor of the richest citizens, and as a result, everyone else is more likely to conclude that politics is simply not a game worth playing.

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