

## Economic Inequality and Political Polarization

Krige Siebrits

### Abstract

This essay reviews and interprets research into the relationship between economic inequality and political polarization in high-income democracies. It shows that several empirical studies have linked polarization in these countries to large or growing inequalities, but also points to others that have questioned the existence of such a relationship. In addition, the essay presents an overview of trends in the distributions of income and wealth. While confirming that inequality has been increasing in most high-income democracies, this overview shows that it is difficult to ascertain whether the levels of and increases in inequality in these countries indubitably have caused political polarization. Against this background, it argues that understanding of the polarization effects of economic inequalities would be advanced by assimilation of research findings about the accuracy of inequality perceptions and the political implications of growing actual or perceived economic insecurity.

**Keywords:** Economic insecurity, income inequality, perceived inequality, political polarization, wealth inequality.

---

Nolan McCarty defined political polarization as “the increasing support for extreme political views relative to the support for centrist or moderate views.”<sup>1</sup> Such polarization has become a much-discussed topic in high-income democracies and elsewhere. While the term sometimes has been given more positive connotations,<sup>2</sup> discussions of polarization have been dominated by concern about pernicious political and social effects. These effects have been summarized as follows:

---

**Krige Siebrits** is a Senior Lecturer in the Department of Economics at Stellenbosch University, Stellenbosch, South Africa. <krigesiebrits@sun.ac.za>

<sup>1</sup> Nolan M. McCarty, *Polarization: What Everyone Needs to Know* (New York: Oxford University Press, 2019), 2.

<sup>2</sup> It has been said, for example, that polarization can energize political debate and spur desirable political reforms in democracies. See Laurence Whitehead, “Political Polarization: A Conceptual Survey,” in this issue of the *Taiwan Journal of Democracy*.

It [polarization] routinely weakens respect for democratic norms, corrodes basic legislative processes, undermines the nonpartisan stature of the judiciary, and fuels public disaffection with political parties. It exacerbates intolerance and discrimination, diminishes societal trust, and increases violence throughout the society. Moreover, it reinforces and entrenches itself, dragging countries into a downward spiral of anger and division for which there are no easy remedies.<sup>3</sup>

Economists have linked extreme political polarization to adverse economic outcomes such as lower rates of investment, inefficiently large government sectors, and distortion of public policies and business cycles caused by the abuse of policymaking powers to win votes.<sup>4</sup> Academic interest in political polarization has expanded beyond its effects to also encompass its causes. This essay focuses on one of the factors that is believed to have contributed to pernicious political polarization in high-income democracies, namely inequalities in the distributions of income and wealth.<sup>5</sup> Apart from presenting evidence of political polarization in high-income democracies, it reviews empirical studies of the relationship between such polarization and economic inequalities as well as two other bodies of writing with important implications for correct interpretation of those findings. These focus on the accuracy of inequality perceptions and political implications of growing actual or perceived economic insecurity.

## **The Spread and Intensity of Political Polarization**

Various indicators of political polarization exist.<sup>6</sup> This section uses two indicators from the V-Dem database to illustrate the extent of and changes in such polarization in thirty-eight high-income countries.<sup>7</sup> The first indicator (“Political Polarization”) is the mean of responses to the question,

---

<sup>3</sup> Thomas Carothers and Andrew O’Donohue, *Democracies Divided: The Global Challenge of Political Polarization* (Washington, DC: Brookings Institution Press, 2019), 1-2.

<sup>4</sup> Daryna Grechyna, “On the Determinants of Political Polarization,” *Economics Letters* 144 (2016): 10.

<sup>5</sup> This essay sometimes refers to disparities in these aggregates as “economic inequalities.” This is done purely for brevity; strictly speaking, that term should be used in a broader sense that includes access to jobs and other economic opportunities. For a discussion of this issue, see Ingrid Robeyns, “Assessing Global Poverty and Inequality: Income, Resources, and Capabilities,” *Metaphilosophy* 36, nos. 1-2 (2005): 30-49.

<sup>6</sup> Some of these are rooted in Joan-Maria Esteban and Debraj Ray, “On the Measurement of Polarization,” *Econometrica* 62, no. 4 (1994): 819-851.

<sup>7</sup> The most recent version of the V-Dem dataset is available at <https://www.v-dem.net/vdemds.html>.

“Is society polarized into antagonistic, political camps?”<sup>8</sup> Higher values imply higher levels of political polarization. For each of the countries for which data are available, table 1 shows average values for this indicator for the periods 1979–1981, 2000–2002, and 2017–2019. The second indicator (“Polarization of Society”) is the mean of responses to the question, “How would you characterize the differences of opinions on major political issues in this society?”<sup>9</sup> The coding of the responses to this V-Dem question means that lower values imply higher degrees of societal polarization. Table 1 contains average values for the first three years for which data are available (the period 2000–2002) and for the period 2017–2019.

The indicators presented in table 1 suggest considerable and, in a significant number of cases, intensifying polarization. The political polarization indicators for the period 2017–2019, for example, assumed values of two or more in fifteen of the thirty-eight countries. This implied that hostile interaction between supporters of opposing political camps was as likely or more likely than friendly interaction. And the corresponding indicators of societal polarization provided even stronger evidence: twenty-nine of the countries had values below two, which implied that differences in opinion on key political issues resulted in moderate or major clashes of views. Turning to the changes, the reality that the political polarization indicators of fifteen of the thirty-two countries for which data are available had lower values for the period 2017–2019 than for the period 1979–1981 suggests that intensification of hostility-inducing cleavages were common but by no means ubiquitous. It is also notable that intensification of political polarization seemingly was more common during the 1980s and the 1990s than during the first two decades of the twenty-first century: the values of the indicators dropped in twenty-two of thirty-two countries in the former years but in only seven of thirty-eight in the latter ones. This does not imply that the tendency toward greater polarization

---

<sup>8</sup> The five possible responses to this question are: (1) “Not at all. Supporters of opposing political camps generally interact in a friendly manner” (scored zero); (2) “Mainly not. Supporters of opposing political camps are more likely to interact in a friendly than a hostile manner” (scored one); (3) “Somewhat. Supporters of opposing political camps are equally likely to interact in a friendly or hostile manner” (scored two); (4) “Yes, to noticeable extent. Supporters of opposing political camps are more likely to interact in a hostile than friendly manner” (scored three); and (5) “Yes, to a large extent. Supporters of opposing political camps generally interact in a hostile manner” (scored 4).

<sup>9</sup> The five possible responses to this question are: (1) “Serious polarization. There are serious differences in opinions in society on almost all key political issues, which result in major clashes of views” (scored zero); (2) “Moderate polarization. There are differences in opinions in society on many key political issues, which result in moderate clashes of views” (scored one); (3) “Medium polarization. Differences in opinions are noticeable on about half of the key political issues, resulting in some clashes of views” (scored two); (4) “Limited polarization. There are differences in opinions on only a few key political issues, resulting in few clashes of views” (scored three); and (5) “No polarization. There are differences in opinions but there is a general agreement on the direction for key political issues” (scored 4).

Table 1. Measures of Political Polarization for  
Thirty-Eight High-Income Countries  
(Averages for the Periods 1979–1981, 2000–2002, and 2017–2019)

Country	Political Polarization			Polarization of Society	
	1979–81	2000–02	2017–19	2000–02	2017–19
Australia	1.80	2.00	2.00	2.33	2.05
Austria	1.33	1.78	2.00	1.89	1.71
Belgium	1.67	1.25	1.63	2.44	1.33
Canada	1.38	1.57	1.86	2.20	2.27
Chile	3.67	0.86	2.33	1.63	0.63
Croatia	----	2.54	2.42	1.19	1.12
Czechia	3.29	1.00	1.71	1.75	1.25
Denmark	0.50	0.43	0.43	2.71	2.66
Estonia	----	1.81	2.05	2.80	1.67
Finland	0.87	0.80	1.06	3.17	2.94
France	2.47	2.47	2.39	1.29	0.92
Germany	1.80	0.80	1.83	3.14	1.67
Greece	2.37	1.71	1.91	1.33	0.33
Hungary	3.00	1.86	3.29	0.88	0.00
Ireland	0.50	0.00	0.00	2.00	1.64
Israel	2.38	2.52	2.52	0.80	0.90
Italy	2.00	2.33	2.17	1.54	1.00
Japan	1.25	1.00	1.50	2.50	2.48
Korea	2.63	2.00	2.50	1.22	0.38
Latvia	----	0.94	0.56	2.00	1.91
Lithuania	----	0.86	0.86	2.57	2.62
Luxembourg	0.75	0.71	0.71	3.25	3.25
Netherlands	1.33	1.22	1.81	2.61	1.37
New Zealand	1.08	0.60	0.78	2.00	2.00
Norway	1.20	0.80	1.40	2.43	1.87
Poland	3.29	2.71	3.72	1.29	0.29
Portugal	1.40	0.67	0.83	2.00	1.93
Romania	2.71	1.96	1.96	2.29	1.01
Singapore	1.61	1.50	1.14	2.80	2.43
Slovakia	----	1.43	1.72	1.90	1.26
Slovenia	----	2.29	2.58	0.83	0.54
Spain	1.29	1.25	2.00	2.33	0.59
Sweden	0.88	0.88	1.25	2.22	1.96
Switzerland	0.83	1.25	1.00	1.40	1.20
Taiwan	2.63	1.48	1.63	1.50	1.38
United Kingdom	1.25	1.25	2.17	1.50	0.67
United States	1.69	2.23	3.43	1.55	0.61
Uruguay	3.67	0.60	0.27	2.00	1.50

Source: Compiled from data in the V-Dem Database, March 2022 version.

in high-income democracies peaked before the turn of the century, though. For one thing, the average values of the societal polarization indicators were higher in the period 2017–2019 than in the period 2000–2002 in thirty-three of the thirty-eight countries. Moreover, this section reports only on the directions of change in the indicators but abstracts from the degrees to which they changed and the numbers of people in countries exhibiting each type of change. Be that as it may, study of possible causes of political polarization in high-income countries seems warranted in view of its scope and proliferation.

### **Economic Inequality and Political Polarization: Mechanisms and Empirical Evidence**

Many discussions of contemporary political developments in high-income democracies have posited a connection between economic inequality and polarization.<sup>10</sup> Credible theoretical arguments exist for doing so. Yanfeng Gu and Zhongyuan Wang listed four mechanisms that may explain how large or growing inequalities in the distributions of income and wealth could contribute to political polarization:

- Inequalities can contribute to more extreme political attitudes and ideologies by fostering frustration and anxiety fueled by a sense of relative deprivation derived from interpersonal comparisons.
- Actual or perceived distinctions in societies can be reinforced when growing inequality (accompanied by increased poverty) moves sub-groups to adopt risk-averse strategies that include favoring of fellow group members and eschewal of interaction with members of other groups.
- Amplification of class awareness and identity can occur when economic inequalities strongly influence individuals' decisions and become the basis of mobilization by radical parties or populist politicians.
- The economic developments causing growing inequalities often relegate portions of the middle class to lower-income status, thus fueling discontent that subverts social harmony and political stability.<sup>11</sup>

---

<sup>10</sup> For an influential example, see Ronald F. Inglehart, *Cultural Evolution: People's Motivations Are Changing and Reshaping the World* (Cambridge, UK: Cambridge University Press, 2018).

<sup>11</sup> Yanfeng Gu and Zhongyuan Wang, "Economic Inequality and Global Political Polarization: The Economic Origin of Political Polarization in the World," Online First article, *Journal of Chinese Political Science* (2021): 5, <https://link.springer.com/article/10.1007/s11366-021-09772-1> (accessed December 13, 2021).

Empirical studies have used various measures of economic inequality and political polarization to establish the extent to which the attitudes and behavior of voters and politicians differ and whether corresponding changes, especially in income inequalities, have accompanied changes in the scale of such differences. While some writings have focused specifically on high-income democracies, others have studied larger samples of countries. This section reviews both groups of studies. It also refers to studies that have identified complementary or alternative causes of political polarization.

Nolan McCarty, Keith Poole, and Howard Rosenthal's seminal book<sup>12</sup> presented evidence of a positive relationship between income inequality and political polarization in the United States. But the authors showed that the relationship seemingly has been bidirectional: while spells of increased income inequality have coincided with growing polarization from the middle of the twentieth century onward, policies adopted during periods marked by increased polarization sometimes have exacerbated inequality.<sup>13</sup> Other studies of the United States have also connected political polarization to inequality. John Duca and Jason Saving studied a longer period (1913–2012) than McCarty et al. and used other measures of income inequality but obtained similar results.<sup>14</sup> Likewise, James Garand found that senators' voting behavior and the attitudes of the public had been more polarized in states with higher levels of income inequality since the early 1960s.<sup>15</sup> Studies of other high-income democracies also have yielded evidence consistent with the claim that economic inequalities contribute to political polarization. Apart from confirming the existence of a relationship, Jonas Pontusson and David Rueda linked different types of inequalities to distinct forms of political polarization in twelve OECD countries: left-skewed polarization was related to wage inequality and right-skewed polarization to inequality in household incomes.<sup>16</sup> Similarly, an analysis of individual-level data from twenty-five European countries by Hernan Winkler showed that growing income disparities at the regional level coincided with growing support for extreme left-wing and right-wing parties in the years from 2002 to 2014. The study drew on data from

---

<sup>12</sup> Nolan M. McCarty, Keith T. Poole, and Howard L. Rosenthal, *Polarized America: The Dance of Political Ideology and Unequal Riches* (Cambridge, MA: MIT Press, 2006).

<sup>13</sup> *Ibid.*, 2-3.

<sup>14</sup> John V. Duca and Jason L. Saving, "Income Inequality and Political Polarization: Time Series Evidence over Nine Decades," *Review of Income and Wealth* 62, no. 3 (2016): 445-466.

<sup>15</sup> James C. Garand, "Income Inequality, Party Polarization, and Roll-Call Voting in the U.S. Senate," *Journal of Politics* 72, no. 4 (2010): 1109-1128.

<sup>16</sup> H. Jonas Pontusson and David Rueda, "Inequality as a Source of Political Polarization: A Comparative Analysis of Twelve OECD Countries," in *Democracy, Inequality, and Representation in Comparative Perspective*, ed. Pablo Beramendi and Christopher J. Anderson (New York: Russell Sage Foundation, 2008), 312-353. The study included the following countries: Australia, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

household surveys and the European Social Survey and used instrumental variable techniques to bolster the causal power of the findings.<sup>17</sup>

Although strong direct inferences would be risky, the findings of studies of larger groups of countries are also relevant for identifying causes of polarization in high-income democracies. Daryna Grechyna derived measures of political polarization for the period 1990 to 2013 from the self-reported political preferences of World Value Survey (WVS) participants from sixty-six countries. Next, she used Bayesian Model Averaging to establish the explanatory power of various economic, geographic, and socio-historical variables. Income inequality and levels of trust were the strongest predictors of political polarization at the country level.<sup>18</sup> Similarly, Gu and Wang used data from the six WVS waves from 1990 to 2020.<sup>19</sup> This implied coverage of about one hundred countries with widely varying political systems and levels of economic development. Focusing on polarization of the mass public, the study drew on WVS questions to construct measures of attitudes toward democracy, social justice, and four economic issues (equality of incomes, governments' responsibility for material provision to persons, societal effects of competition, and public or private ownership of businesses). The analysis failed to establish causality but revealed statistically significant positive relationships between trends in three income distribution measures and polarization in attitudes on the six sets of issues. These relationships were not affected when the authors added various control variables or split the respondents by income levels, social classes, or employment status.

Reference was made earlier to studies that either qualified the notion of a consistent link between economic inequality and political polarization, by emphasizing the polarizing influence of other factors, or rejected it altogether. Jacob Gunderson's analysis of national elections in Europe from 1996 to 2016 exemplified the former body of writings. He found that polarization was positively related to income inequality only when incomes were major determinants of political parties' support bases and when economic issues featured strongly in elections.<sup>20</sup> A book edited by Amory Gethin, Clara Martínez-Toledano, and Thomas Piketty that explored links between

---

<sup>17</sup> Hernan Winkler, "The Effect of Income Inequality on Political Polarization: Evidence from European Regions, 2002–2014," *Economics and Politics* 31, no. 2 (2019): 137–162. The study included the following countries: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, the Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

<sup>18</sup> Grechyna, "On the Determinants of Political Polarization," 10–14.

<sup>19</sup> Gu and Wang, "Economic Inequality and Global Political Polarization."

<sup>20</sup> Jacob R. Gunderson, "When Does Income Inequality Cause Polarization?" First View article in the *British Journal of Political Science* (2021): 1–18, <https://www.cambridge.org/core/journals/british-journal-of-political-science/article/abs/when-does-income-inequality-cause-polarization/24A84E6926F510570886A824A596D824> (accessed December 6, 2021).

electoral choices and social attributes in fifty democracies from 1948 to 2020 also emphasized the complexity of the relationship between economic inequalities and political cleavages. It showed that the frequently interrelated effects of other social attributes (such as age, gender, occupation, education, ethnoreligious identity, and national origin) often influence the nature and strength of the polarization effects of income and wealth disparities.<sup>21</sup> A separate paper on twenty-one Western democracies provided a striking example.<sup>22</sup> Its starting-points were the well-established cleavages that existed in these countries in the 1950s and 1960s: on balance, social democratic and associated parties represented lower-income and less well-educated voters, while conservative and associated ones represented higher-income and better-educated voters. The paper showed that this income-based cleavage remained present in data from 2016 to 2020. By contrast, the education-based cleavage had changed markedly: by the second decade of the twenty-first century, better-educated voters were inclined to support left-leaning parties, while less well-educated ones tended to vote for right-leaning parties. These shifts predated but received further impetus from the rise of green and anti-immigrant parties. According to Gethin, Martínez-Toledano, and Piketty, one of the outcomes of this decoupling of the income and education cleavages was a marked drop in the strength of the connection between income levels and voting behavior.

Turning to the second group of studies, writings such as those by Bryan Dettrey and James Campbell<sup>23</sup> and Alan Abramowitz<sup>24</sup> argued that party (as opposed to class) cleavages have been the driving forces of polarization in the United States. And in a paper that anticipated a salient theme in the work of Gethin, Martínez-Toledano, and Piketty, Constantin Bosancianu linked a measure of mass-level polarization based on information from the cumulative

---

<sup>21</sup> Amory Gethin, Clara Martínez-Toledano, and Thomas Piketty, *Political Cleavages and Social Inequalities* (Cambridge, MA: Harvard University Press, 2021). Apart from countries also covered in earlier studies (Australia, Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States), the book spanned other high-income countries and regions (Canada, Chile, Hong Kong, Iceland, Israel, Japan, Luxembourg, New Zealand, South Korea, and Taiwan) as well as emerging markets and other developing countries in the Americas (Argentina, Brazil, Colombia, Costa Rica, Mexico, and Peru), Asia (India, Indonesia, Malaysia, Pakistan, the Philippines, and Thailand), the Middle East and North Africa (Algeria, Iraq, and Turkey), and sub-Saharan Africa (Botswana, Ghana, Nigeria, Senegal, and South Africa).

<sup>22</sup> Amory Gethin, Clara Martínez-Toledano, and Thomas Piketty, "Brahmin Left versus Merchant Right: Changing Political Cleavages in 21 Western Democracies," *Quarterly Journal of Economics* 137, no. 1 (2021): 1-48.

<sup>23</sup> Bryan J. Dettrey and James E. Campbell, "Has Growing Income Inequality Polarized the American Electorate? Class, Party, and Ideological Polarization," *Social Science Quarterly* 94, no. 4 (2013): 1062-1083.

<sup>24</sup> Alan I. Abramowitz, *The Great Alignment: Race, Party Transformation, and the Rise of Donald Trump* (New Haven, CT: Yale University Press, 2018).



WVS and European Value Survey database for the years 1981–2008 to levels of educational inequality. He found no evidence of a significant relationship between income inequality and political polarization once he controlled for educational inequality. Bosancianu posited that educational inequality possibly shapes policy orientations and values that are at the center of political allegiances by affecting persons’ socioeconomic circumstances.<sup>25</sup> Apart from presenting these results, Bosancianu argued that the income distributions of consolidated democracies had not worsened to a degree sufficient to have caused extensive polarization, and that voters’ poor grasp of trends in distributions of income probably also precluded strong reinforcement of political cleavages.<sup>26</sup> Other sections of this essay return to these claims. Yet another factor came to the fore in a second study of the determinants of political polarization in the United States by John Duca and Jason Saving.<sup>27</sup> This paper found a highly significant relationship between the degree of media fragmentation and the extent of political polarization that was even stronger than that between income inequality and political polarization. It offered two possible explanations for this result: U.S. voters increasingly may be avoiding exposure to contrary points of view or migrating from news-related content to entertainment. This direct comparison of the polarizing effects of media fragmentation and income inequality represented a contribution to a much larger body of writings linking polarization to the influence of news and social media.<sup>28</sup>

The notion of a strong link between economic inequality and political polarization clearly rests on a growing body of empirical evidence. However, it also remains controversial. The remainder of this essay comments on selected aspects of this relationship.

## Trends in Key Dimensions of Economic Inequality

There has been a surge in interest in the causes, dimensions, and implications of economic inequality in recent decades. It has been the subject of several influential books,<sup>29</sup> and claims such as former U.S. President Barack Obama’s

---

<sup>25</sup> Constantin M. Bosancianu, “A Growing Rift in Values? Income and Educational Inequality and Their Impact on Mass Attitude Polarization,” *Social Science Quarterly* 98, no. 5 (2017): 1587-1602.

<sup>26</sup> *Ibid.*, 1589-1590.

<sup>27</sup> John V. Duca and Jason L. Saving, “Income Inequality, Media Fragmentation, and Increased Political Polarization,” *Contemporary Economic Policy* 35, no. 2 (2017): 392-413.

<sup>28</sup> See Emily Kubin and Christian von Sikorski, “The Role of (Social) Media in Political Polarization: A Systematic Review,” *Annals of the International Communication Association* 45, no. 3 (2021): 188-206.

<sup>29</sup> Two prominent examples are Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, MA: Harvard University Press, 2013), and Joseph E. Stiglitz, *The Price of Inequality: How Today’s Divided Society Endangers Our Future* (New York: W.W. Norton, 2012).

statement that widening income inequality is the “defining challenge of our time”<sup>30</sup> have become commonplace. Inequality also has become a matter of concern to ordinary people: more than 60 percent of the respondents in a global Pew Research Center survey in 2014 indicated that they regarded the income gap between the rich and a poor as a “major challenge.”<sup>31</sup>

There are at least two reasons why trends in the distributions of income and wealth matter to discussions of the topic of this essay. First, knowledge of such trends is vital for gauging the validity of the argument that polarization in high-income democracies has been propelled by growing economic inequality. Second, if one accepts the validity of this argument, the scope and direction of changes in economic inequality become elements of explanations of past as well as predictors of future political polarization. The purpose of this section is to provide some perspective on these matters by briefly outlining and commenting on inequality trends.

### ***Income Inequality***

The main source of the data discussed in this subsection is the World Income Inequality Database (WIID). At the time of writing, this widely used database contained information for two hundred countries from 1950 to 2019. It is collated by the World Institute for Development Economics Research of the United Nations University (UNU-WIDER) from country sources and other databases such as the World Development Indicators Database of the World Bank and the Luxembourg Income Study.<sup>32</sup>

Table 2 summarizes changes in the income distributions of thirty-eight high-income countries between 1979 and 2019. The figure shows trends in four well-known measures of inequality: the Gini index (a summary statistic that takes the value of zero when income is distributed perfectly equally, and one hundred when it is distributed perfectly unequally); the Palma ratio (the quotient of the income shares of the richest 10 percent and the poorest 40 percent of the population); and the total income shares of the poorest 20 percent and the richest 10 percent of countries’ populations. To reduce the risk that outlier values may distort the observed trends, the two numbers shown for each measure are averages for the periods 1979–1981 and 2017–2019. Two conclusions follow from the figures in the table. First, although there is no objective basis for assessing levels of or increases in income inequality, it is conceivable that some voters and politicians would regard the degrees

---

<sup>30</sup> Quoted in Era Dabla-Norris, Kalpana Kochhar, Nujin Suphaphiphat, Frantisek Ricka, and Evridiki Tsounta, “Causes and Consequences of Income Inequality: A Global Perspective,” *IMF Staff Discussion Note SDN/15/13* (Washington, DC: The International Monetary Fund, 2015), 5.

<sup>31</sup> Quoted in *ibid.*, 5.

<sup>32</sup> The most recent version of the WIID database is available at <https://www.wider.unu.edu/project/wiid-%E2%80%93-world-income-inequality-database>.

of inequality in several of the countries as large or even as excessive.<sup>33</sup> For example, comparisons of the average 2017–2019 income shares of the poorest 20 percent and the richest 20 percent of their populations may well suggest that some countries have unacceptable levels of income inequality. The Palma ratios, which summarize the results of comparisons of the income shares of other income groups, may give rise to the same conclusion: in the same period, the poorest 40 percent of the populations of only seven of the thirty-eight countries earned larger portions of total incomes than the richest 10 percent of their populations. The second point is that the income distributions of the bulk of these countries were more unequal at the end of the 1979–2019 period than at the beginning.<sup>34</sup> The Gini index and the Palma ratio increased in twenty-eight of the thirty-eight countries, while the income shares of the poorest 20 percent decreased in twenty-seven countries and the income shares of the richest 20 percent increased in twenty-five.

The realities that most high-income countries still exhibit significant income inequality and have experienced increases in such disparities since the early 1980s lend credence to the results of empirical studies suggesting that economic inequality has been a cause of political polarization. But it is also clear from table 2 that levels of as well as the direction and extent of changes in income inequality have varied markedly across countries. Moreover, it remains unclear when levels of or increases in income inequality have become large enough to make political polarization inevitable. Hence, it is not easy to refute Bosancianu’s claim that “it seems implausible that a growth in the level of income inequality of the magnitude usually observed in consolidated democracies would trigger noticeable attitude polarization.”<sup>35</sup> The route suggested by Gethin, Martínez-Toledano, and Piketty<sup>36</sup>—that of detailed country-level analysis—probably would be essential for revealing the many factors that determine political cleavages in high-income democracies and elsewhere.

### ***Wealth Inequality***

In principle, the distribution of wealth should include data about the full spectrum of asset classes, including financial assets, housing equity, and other real assets. But it is difficult to obtain reliable information about such assets, which is one of the reasons why income taxes are far more common and more extensive than wealth taxes. Nonetheless, the available analyses of wealth

---

<sup>33</sup> An analysis of income distribution trends since 1820 also concluded that the levels of inequality in most high-income countries are now relatively high. See Chancel and Piketty, “Global Income Inequality, 1820–2020.”

<sup>34</sup> For a discussion of the causes of such increases, see Florian Hoffmann, David S. Lee, and Thomas Lemieux, “Growing Income Inequality in the United States and Other Advanced Economies,” *Journal of Economic Perspectives* 34, no. 4 (2020): 52–78.

<sup>35</sup> Bosancianu, “A Growing Rift in Values,” 1590.

<sup>36</sup> Gethin, Martínez-Toledano, and Piketty, *Political Cleavages and Social Inequalities*.

Table 2. Measures of Income Inequality for  
 Thirty-Eight High-Income Countries  
 (Averages for the Periods 1979–1981 and 2017–2019)

Country	Gini Index		Palma Ratio		Income Share (Poorest 20%)		Income Share (Richest 10%)	
	1979-81	2017-19	1979-81	2017-19	1979-81	2017-19	1979-81	2017-19
Australia	31.82	34.55	1.18	1.39	7.52	7.29	23.83	27.10
Austria	23.04	30.66	0.77	1.13	10.37	7.85	19.32	23.80
Belgium	24.05	27.43	0.82	0.96	9.44	8.61	20.18	21.95
Canada	32.89	33.34	1.25	1.30	7.00	7.10	24.47	25.37
Chile	47.91	48.26	2.79	2.88	4.40	4.87	36.85	39.28
Croatia	31.09	30.35	1.13	1.10	7.00	7.49	22.81	22.97
Czechia	20.33	25.30	0.67	0.88	11.55	10.01	18.21	21.72
Denmark	27.37	26.93	0.96	0.94	9.37	9.06	22.34	22.03
Estonia	32.08	30.32	1.22	1.08	7.65	8.16	25.72	22.60
Finland	23.26	27.31	0.77	0.97	10.03	9.37	19.33	22.63
France	35.78	30.82	1.48	1.15	6.64	7.57	27.58	24.25
Germany	28.28	32.45	1.01	1.24	9.24	7.24	22.90	24.98
Greece	30.67	33.40	1.08	1.31	7.34	6.89	21.79	25.21
Hungary	17.93	27.59	0.59	0.98	12.01	9.08	16.69	22.45
Ireland	37.08	31.58	1.60	1.21	5.63	8.29	28.23	25.51
Israel	36.36	38.59	1.52	1.72	6.66	5.09	26.98	27.48
Italy	34.37	36.27	1.41	1.50	7.08	5.51	26.88	25.85
Japan	26.39	32.89	0.93	1.29	9.59	7.70	22.11	26.49
Korea	35.04	31.74	4.42	1.19	6.24	7.31	26.71	24.14
Latvia	24.89	35.28	0.84	1.43	9.89	6.69	20.65	26.62
Lithuania	34.31	36.67	1.44	1.56	7.84	6.45	28.59	28.22
Luxembourg	26.69	34.54	0.93	1.38	9.51	6.77	21.59	25.74
Netherlands	28.17	28.78	1.00	1.04	9.06	8.62	23.17	23.40
New Zealand	33.04	34.85	1.31	1.43	8.28	7.37	27.06	27.55
Norway	27.02	28.14	0.93	1.00	9.24	8.31	21.79	22.52
Poland	27.97	30.84	0.98	1.15	8.49	7.84	21.86	24.42
Portugal	33.86	34.14	1.36	1.37	7.51	7.21	26.61	26.95
Romania	23.57	35.63	0.78	1.44	9.85	5.28	19.30	24.57
Singapore	43.49	40.23	2.26	1.91	3.99	4.78	31.25	29.36
Slovakia	20.33	24.26	0.67	0.79	11.55	9.09	28.21	19.27
Slovenia	31.09	25.33	1.13	0.87	7.00	9.52	22.81	20.91
Spain	34.51	35.26	1.39	1.43	6.93	5.95	26.40	25.72
Sweden	23.47	29.30	0.75	1.05	9.71	8.22	18.55	23.13
Switzerland	36.49	33.34	1.55	1.32	6.99	7.50	28.73	26.14
Taiwan	30.05	31.49	1.12	1.20	8.78	8.27	24.39	25.17
United Kingdom	29.26	33.18	1.04	1.30	8.51	7.33	22.78	25.45
United States	34.89	41.24	1.39	1.98	6.30	5.15	25.47	30.53
Uruguay	43.89	39.54	2.32	1.81	5.34	6.07	33.73	30.00

Source: Compiled from data in the UNU-WIDER World Income Inequality Database, May 2020 version.

distributions in high-income countries have consistently shown high levels of concentration.<sup>37</sup> In recent years, the World Inequality Lab (an international network of researchers co-directed by Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman) has markedly expanded the availability of data on distributions by wealth by combining information from surveys, national accounts, fiscal data, and wealth rankings. The data in one of the key outputs of this effort, the World Inequality Database (WID), are more plentiful and more reliable than the household survey-based information that underpinned earlier analyses of wealth inequality. The remainder of this subsection presents and briefly discusses wealth inequality measures for high-income countries extracted from the WID.<sup>38</sup>

Table 3 contains three such measures for the same countries included in tables 1 and 2. These are the shares of total wealth for the richest one percent, the richest 10 percent, and the poorest 50 percent of each country's population. The two values for each measure are the averages for the first three years (1995–1997) and the last three years (2019–2021) for which the WID has data. As is the case with income inequality, generally accepted definitions of “large” and “excessive” wealth inequality do not exist. It is clear, however, that wealth is heavily concentrated in the hands of the richest strata of the populations of these countries. The figures for 2019 to 2021 indicate that the wealth shares of the richest 10 percent of each country's population ranged from 47.67 percent (Italy) to 80.21 percent (Chile). In that period, the wealth shares of the richest one percent of thirty-three of the thirty-eight countries exceeded 20 percent. By contrast, in none of the countries did the poorest 50 percent of the population hold more than 10 percent of the total wealth. Moreover, increases in wealth inequality have been common since 1995.<sup>39</sup> The wealth shares of the richest one percent of the populations grew in thirty-three countries, and that of the richest 10 percent of populations in twenty-eight. Only in ten countries did the wealth shares of the poorest 50 percent of populations increase.

The Gini index for the distribution of wealth in high-income economies is markedly higher than the Gini index for the distribution of income, and the capital-to-wealth ratio increased in several of these economies from 1970 to 2010.<sup>40</sup> On balance, therefore, the data presented in this essay suggest that

---

<sup>37</sup> See, for example, Edward N. Wolff, “International Comparisons of Wealth Inequality,” *Review of Income and Wealth* 42, no. 4 (1996): 433-451, and James B. Davies, Rodrigo Lluberás, and Anthony F. Shorrocks, “Estimating the Level and Distribution of Global Wealth, 2000–2014,” *Review of Income and Wealth* 63, no. 4 (2017): 731-759.

<sup>38</sup> The latest version of the WID is available at <https://wid.world/data/>.

<sup>39</sup> For a detailed analysis of these trends, see Gabriel Zucman, “Global Wealth Inequality,” *Annual Review of Economics* 11 (August 2019): 109-138.

<sup>40</sup> See Dabla-Norris, Kochhar, Suphaphiphat, Ricka, and Tsounta, “Causes and Consequences of Income Inequality,” 16, and Thomas Piketty and Gabriel Zucman, “Capital Is Back: Wealth-Income Ratios in Rich Countries 1700–2010,” *Quarterly Journal of Economics* 129, no. 3 (2014): 1255-1310.

Table 3. Measures of Wealth Inequality for  
Thirty-Eight High-Income Countries  
(Averages for the Periods 1995–1997 and 2019–2021)

Country	Wealth Share (Richest 1%)		Wealth Share (Richest 10%)		Wealth Share (Poorest 50%)	
	1995-97	2019-21	1995-97	2019-21	1995-97	2019-21
Australia	21.54	23.11	54.59	55.87	6.30	6.13
Austria	22.24	30.13	60.52	61.58	1.19	3.14
Belgium	17.84	14.90	52.68	52.15	8.02	7.46
Canada	23.02	24.45	56.23	57.36	6.05	5.86
Chile	45.72	48.99	77.51	80.21	0.22	-0.58
Croatia	22.63	21.93	55.54	55.04	6.17	6.24
Czechia	21.51	26.17	54.55	57.28	6.31	5.93
Denmark	19.94	21.70	52.85	50.78	2.40	4.01
Estonia	31.55	32.70	66.96	66.44	0.47	1.26
Finland	15.01	18.18	53.61	55.86	3.38	2.05
France	23.67	26.37	56.09	59.11	6.37	4.94
Germany	26.20	29.14	57.24	59.24	4.37	3.37
Greece	15.72	23.31	50.02	60.43	5.44	-1.86
Hungary	24.08	33.47	59.00	67.26	4.79	3.90
Ireland	23.80	23.52	68.80	66.23	-2.50	-3.36
Israel	28.03	30.54	61.02	62.01	5.03	5.00
Italy	13.36	18.03	37.90	47.67	17.25	9.96
Japan	23.08	24.46	56.32	57.75	6.03	5.75
Korea	23.27	25.24	56.24	58.40	6.06	5.63
Latvia	25.64	28.52	64.76	60.54	2.92	5.96
Lithuania	22.06	23.25	55.20	56.50	6.22	6.00
Luxembourg	25.30	28.78	61.42	59.34	4.21	4.34
Netherlands	15.24	16.29	49.93	47.79	6.64	8.97
New Zealand	22.14	22.52	55.29	55.67	6.20	6.15
Norway	23.73	22.88	50.71	52.32	2.37	3.61
Poland	23.64	29.98	59.72	61.64	-0.96	-0.73
Portugal	23.94	25.61	58.80	60.62	4.53	3.53
Romania	21.96	23.44	55.08	56.62	6.23	5.98
Singapore	24.66	30.44	56.86	61.64	5.98	5.12
Slovakia	12.73	17.48	42.01	49.67	13.33	7.40
Slovenia	12.08	23.21	47.94	57.23	7.76	5.79
Spain	22.18	24.07	57.90	57.47	7.69	6.69
Sweden	23.86	26.44	56.08	57.45	6.10	5.90
Switzerland	26.20	30.90	57.79	62.52	4.88	3.74
Taiwan	23.09	23.89	55.54	56.70	6.17	5.98
United Kingdom	19.36	21.16	54.33	57.06	5.20	4.65
United States	29.29	34.87	66.60	70.67	1.87	1.51
Uruguay	26.37	23.98	59.63	57.27	5.34	5.85

Source: Compiled from data in the World Inequality Lab World Inequality Database, December 2021 version.

Note: Negative values occur when the debts of income groups exceed the market value of their assets. Such values therefore indicate that the net worth of the group in question was negative.

wealth inequality may be as salient a cause of political polarization in high-income democracies as income inequality (if not more so). This relationship has not been studied empirically, though.

## The Role of Perceived Inequality

A growing body of empirical evidence suggests that perceived economic inequality affects preferences for redistribution<sup>41</sup> as well as opinions about the acceptability of pay differentials and income disparities.<sup>42</sup> Such views are likely to be reflected in political attitudes and, by implication, may influence degrees of political polarization. Hence, it is important to consider the accuracy and sources of such perceptions.

Misperception of the extent and direction of changes in income inequality seems to be common in high-income countries. Vladimir Gimpelson and Daniel Treisman, for example, used the results of various cross-national surveys to ascertain the accuracy of respondents' inequality perceptions.<sup>43</sup> Their conclusion was telling:

A vast literature suggests that economic inequality has important consequences for politics and public policy... . Most such arguments crucially assume that ordinary people know how high inequality is, how it has been changing, and where they fit in the income distribution... . [W]e show that, in recent years, ordinary people have had little idea about such things. What they think they know is often wrong. Widespread ignorance and misperceptions emerge robustly, regardless of data source, operationalization, and measurement method... .<sup>44</sup>

Table 4 presents some of the results from the paper. The sample was limited to countries that were also included in tables 2 and 3. The first two data columns show the percentages of respondents in each country who could identify which of five visual representations best depicted the country's income

---

<sup>41</sup> Gwangeun Choi, "Revisiting the Redistribution Hypothesis with Perceived Inequality and Redistributive Preferences," *European Journal of Political Economy* 58 (June 2019): 220-244, and Lionel Page and Daniel G. Goldstein, "Subjective Beliefs about the Income Distribution and Preferences for Redistribution," *Social Choice and Welfare* 47, no. 1 (2016): 25-61.

<sup>42</sup> See, for example, Andreas Kuhn, "The Individual (Mis-)perception of Wage Inequality: Measurement, Correlates and Implications," *Empirical Economics* 59 (2020): 2039-2069, and Kris-Stella Trump, "Income Inequality Influences Perceptions of Legitimate Income Differences," *British Journal of Political Science* 48, no. 4 (2017): 929-952.

<sup>43</sup> Vladimir Gimpelson and Daniel Treisman, "Misperceiving Inequality," *Economics and Politics* 30, no. 1 (2018): 27-54.

<sup>44</sup> *Ibid.*, 27.

distribution before as well as after the effects of taxes and transfer payments, were considered.<sup>45</sup> The two data columns on the right contain the actual average wage in each country in 2014 and the average of the respondents' guesses of the same variable early in 2015. Both values are expressed in local currency units.

It should not come as a surprise that large numbers of citizens in high-income countries are poorly informed about economic inequalities: income and wealth inequality have become highly technical fields of study, marked by much controversy about data sources, measures, and interpretation of trends.<sup>46</sup> Nonetheless, the scale and scope of the ignorance depicted in table 4 remain striking. It was rarely the case that more than 50 percent of the respondents in a country could identify the most appropriate representation and description of its distribution of income from five options, and the averages of respondents' guesses of average wages in their countries tended to be way off the mark.

In another multi-country study, Gwangeun Choi used data from the International Social Survey Programme for the years 1987 to 2014 to construct measures of perceived inequality for thirty-four (OECD) countries.<sup>47</sup> On balance, the correlation between the actual Gini indices for market incomes and the constructed perceived Gini indices was weak; in fact, it was statistically insignificant at the one percent level.<sup>48</sup> A brief survey of empirical studies of the topic also reported widespread misperception of income inequality.<sup>49</sup>

It could be argued that detailed knowledge of relevant statistics is not essential for deriving broadly correct beliefs about levels of or the extent of changes in economic inequality that shape political attitudes. And Gimpelson and Treisman possibly went too far when they suggested that “most theories about political effects of inequality need to be reframed as theories about effects of perceived inequality.”<sup>50</sup> Still, a case could be made for incorporating research findings about inequality perceptions in studies of connections between economic inequality and political polarization. In addition, it seems important to continue to study the determinants of equality perceptions. Thus far, empirical studies have identified the following determinants, *inter alia*:

---

<sup>45</sup> These representations were accompanied by the following brief descriptions: Type A—“A small elite at the top, very few people in the middle and the great mass of people at the bottom”; Type B—“A society like a pyramid with a small elite at the top, more people in the middle, and most at the bottom”; Type C—“A pyramid except that just a few people are at the bottom”; Type D—“A society with most people in the middle”; and Type E—“Many people near the top, and only a few near the bottom.”

<sup>46</sup> For an illuminating discussion of the major causes of such controversy, see Martin Ravallion, “What Might Explain Today’s Conflicting Narratives on Global Inequality?” *WIDER Working Paper 2018/141* (Helsinki: UNU-WIDER, 2018).

<sup>47</sup> Choi, “Revisiting the Redistribution Hypothesis,” 220-244.

<sup>48</sup> *Ibid.*, 230.

<sup>49</sup> Oliver P. Hauser and Michael I. Norton, “(Mis)perceptions of Inequality,” *Current Opinion in Psychology* 18 (December 2017): 21-25.

<sup>50</sup> Gimpelson and Treisman, “Misperceiving Inequality,” 27.



Table 4. Measures of Inequality Perceptions for  
Thirty High-Income Countries

Country	Percentages of Respondents Who Chose the Correct Representation of the Income Distribution		Average Wage (Local Currency Units)	
	After taxes and transfers	Before taxes and transfers	Actual (2014)	Average Guess (2015)
Australia	28	6	78,715	48,845
Austria	28	15	—	—
Belgium	33	7	21,965	42,687
Canada	—	—	62,551	33,320
Chile	23	23	9,610,671	316,782
Croatia	6	51	—	—
Czechia	16	28	—	—
Denmark	59	2	—	—
Estonia	10	30	—	—
Finland	32	6	—	—
France	17	17	36,018	6,260
Germany	21	17	36,556	16,680
Hungary	6	52	2,889,151	1,213,809
Israel	51	17	128,400	53,243
Italy	39	32	28,647	6,050
Japan	24	10	4,033,913	2,045,037
Korea	26	35	33,224,208	2,092,564
Latvia	20	68	—	—
New Zealand	30	6	48,737	50,210
Norway	61	2	—	—
Poland	13	34	45,139	13,350
Portugal	30	34	—	—
Slovakia	8	39	—	—
Slovenia	13	23	—	—
Spain	37	15	27,408	6,799
Sweden	38	7	378,907	232,380
Switzerland	24	6	—	—
Taiwan	25	36	—	—
United Kingdom	40	13	32,453	20,802
United States	29	12	57,417	26,092

Source: Vladimir Gimpelson and Daniel Treisman, “Misperceiving Inequality,” *Economics and Politics* 30, no. 1 (2018): 34-35, 39.

actual inequality at the national level,<sup>51</sup> actual inequality at the local and regional levels,<sup>52</sup> reference groups (social groups with whom respondents have regular interaction),<sup>53</sup> the respondent's own subjective well-being,<sup>54</sup> the relationship between the local context and the respondent's own income,<sup>55</sup> media coverage of inequality-related issues,<sup>56</sup> and the respondent's political views.<sup>57</sup> While analyses of some of these determinants have yielded consistent results (political liberals tend to perceive more inequality than political conservatives, for example), the findings among studies of other factors—including regional-level inequality—have been incongruous. Other potential determinants of inequality perceptions, such as media coverage of inequality-related issues, are widely seen as important but difficult to identify statistically.

### **Economic Insecurity and Political Polarization**

Another possibility that should be considered is that growing income and wealth inequality may be elements of a broader array of economic changes fueling political polarization in high-income democracies. The gamut of developments associated with a heightened sense of economic insecurity in these countries may be prime candidates. Walter Bossert and Conchita D'Ambrosio described economic insecurity as “the anxiety produced by the possible exposure to adverse economic events and by the anticipation of the difficulty of recovering from them.”<sup>58</sup> Four developments feature strongly in writings on economic insecurity:

- Import growth from as well as outsourcing and offshoring of activities to China and other developing countries have caused job-shedding in various sectors of high-income economies.

---

<sup>51</sup> Kuhn, “The Individual (Mis-)perception of Wage Inequality.”

<sup>52</sup> Page and Goldstein, “Subjective Beliefs about the Income Distribution and Preferences for Redistribution.”

<sup>53</sup> Juan D. García-Castro, Guillermo B. Willis, and Rosa Rodríguez-Bailón, “I Know People Who Can and Who Cannot: A Measure of the Perception of Economic Inequality in Everyday Life,” *Social Science Journal* 56, no. 4 (2019): 599-608.

<sup>54</sup> Takashi Oshio and Kunio Urakawa, “The Association between Perceived Income Inequality and Subjective Well-being: Evidence from a Social Survey in Japan,” *Social Indicators Research* 116, no. 3 (2014): 755-770.

<sup>55</sup> Benjamin J. Newman, Sono Shah, and Erinn Lauterbach, “Who Sees an Hourglass? Assessing Citizen's Perceptions of Local Economic Inequality,” *Research and Politics* 5, no. 3 (2018): 1-7.

<sup>56</sup> Andreas Kuhn, “The Subversive Nature of Inequality: Subjective Inequality Perceptions and Attitudes to Social Inequality,” *European Journal of Political Economy* 59 (September 2019): 331-344.

<sup>57</sup> Sebastiano Bavetta, Paolo Li Donni, and Maria Marino, “An Empirical Analysis of the Determinants of Perceived Inequality,” *Review of Income and Wealth* 65, no. 2 (2019): 264-292.

<sup>58</sup> Walter Bossert and Conchita D'Ambrosio, “Measuring Economic Insecurity,” *International Economic Review* 54, no. 3 (2013): 1017-1030.

- Automation of production processes and other technological advances have been making a growing number of routine-based occupations redundant and have raised the demand for and remuneration of high-skilled workers vis-à-vis that of low-skilled workers.
- The perception that mainstream political parties have been undermining the economic security of members of working- and middle-class families by pandering to the interests of large corporations and the so-called “super-rich” was reinforced by the international financial crisis in 2007 and 2008 and most governments’ policy responses to that calamitous event.
- In some high-income countries, immigration has been intensifying labor market competition to the detriment of certain workers as well as the pressure on the scope and generosity of social security programs.<sup>59</sup>

There is every reason to believe that these developments are also having polarizing effects in high-income democracies.<sup>60</sup> Some of these effects probably have been exacerbated by their amplifying impacts on income and wealth inequalities. But it is not inconceivable that the issue of inequality has become a convenient focal point for mobilization against the joint deleterious effect of these sets of forces on actual and perceived economic insecurity. This possibility should not be ignored when the causes of political polarization in high-income democracies are studied.

## Concluding Comments

This essay provides a summary of and comments on research that links political polarization in high-income democracies to large or growing economic inequalities. It shows that an impressive body of empirical evidence of such a link now exists, but also points to research that has questioned the existence of such a relationship. In addition, the essay presents an overview of trends in the distributions of income and wealth that confirms the high incidence of increases in inequality among high-income democracies. Nonetheless, it argues that it is difficult to establish whether the levels of and increases in inequality in these countries have been large enough to indubitably have caused political polarization. In view of this uncertainty, the essay argues that two steps would

---

<sup>59</sup> See, for example, Yotam Margalit, “Economic Insecurity and the Causes of Populism, Reconsidered,” *Journal of Economic Perspectives* 33, no. 4 (2019): 154-155.

<sup>60</sup> The evidence is discussed in Margalit, “Economic Insecurity and the Causes of Populism.”

advance understanding of the polarization effects of economic inequalities. The first would be recognition that inequality perceptions, which tend to be inaccurate, are the mechanisms by means of which income and wealth disparities influence political attitudes and polarization. The second would be to give serious consideration to the possibility that inequality has become a focal point for political mobilization against the full gamut of factors that have been undermining the actual and perceived economic security of many members of the working and middle classes. Globalization and technological change loom large among such factors.