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# POLITICAL INEQUALITY

JULIA CAGÉ

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# Political Inequality\*

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August 5, 2023

## Abstract

Inequality in political participation and influence has strongly increased in recent decades. In this paper, we focus on three aspects of political inequality: the increasing concentration of both political and charitable donations, the growing gap in descriptive representation, and the persistent lack of substantive representation. Based on the existing literature as well as on novel evidence, we relate these aspects to the recent widening of turnout inequality. We then examine novel forms of participation – e.g. the rise of small donors in the US – and the efficiency of policies aimed at improving representation. Finally, we discuss new avenues for research.

**Keywords:** political inequality, charitable giving, political donations, descriptive representation, substantive representation, representative democracies, campaign finance, turnout.

**JEL No:** D72, L38, N3, J15

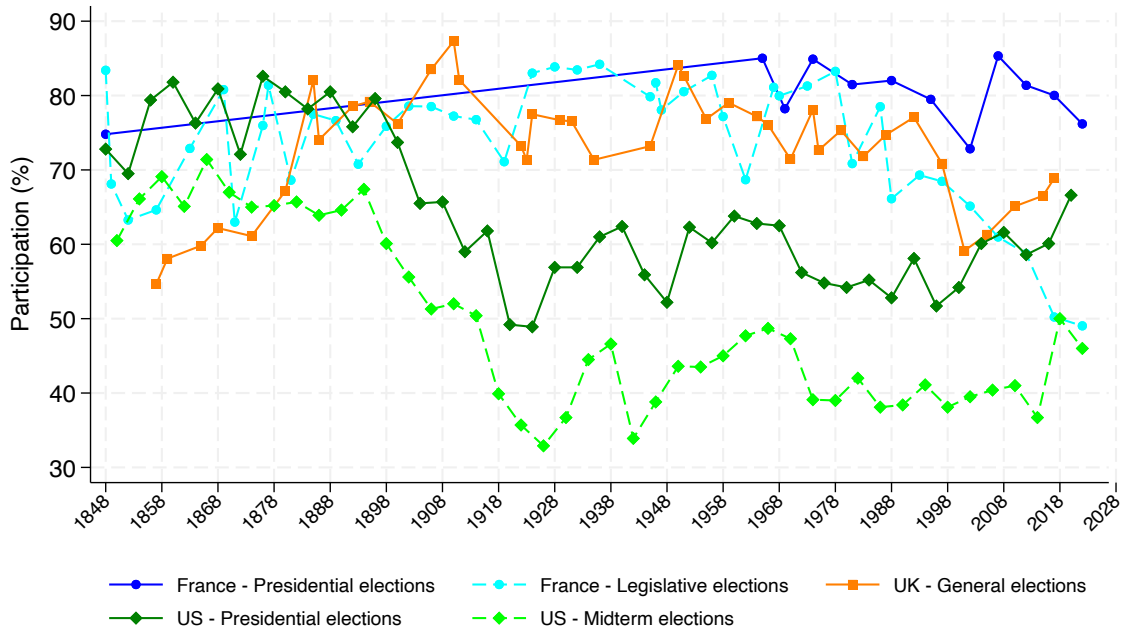
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\*When citing this paper, please use the following: Cagé, Julia. 2024. *Political Inequality*. *Annu. Rev. Econ.* 3: Submitted. DOI: 10.1146/annurev-economics-080223-040921. I thank Nicholas Carnes for providing me with the data on the share of working-class MPs in the US; Adam Bonica for the data on the concentration of campaign contributions in the US; and Sehyun Hong for his precious help with the data for South Korea. I am grateful for the valuable comments from Malka Guillot, Elisa Mougin, Caroline Le Pennec, Thomas Piketty, Alessandro Riboni, Clémence Tricaud, Olivia Tsoutsoplidi and Camille Urvoy. I also thank conference participants at the Paris School of Economics. The research leading to this project has received funding from the European Research Council under the European Union’s Horizon 2020 research and innovation programme (Grant Agreement no. 948516). All errors remain my own.

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# 1 Introduction

Abstention is on the rise in many Western democracies. In a country like France, in 2022, it was at its highest level in over 150 years (see Figure 1): since 1848, participation in legislative elections has generally hovered around 70-80%, but it has fallen below 50% since 2017 (Cagé and Piketty, 2023). In the UK, despite a small reversal since 2001, participation is still below 70%, while it was consistently above that figure from 1885 to 1997. In the US, despite a recent rise, presidential election turnout is lower today than in the 19th century, and participation in midterm elections remains far below presidential elections.



**Notes:** The figure plots the evolution of political participation (measured as the number of voters over the number of registered voters) in France and in the UK, and the evolution of political participation (measured as the number of voters over the voting age population) in the US. The dark blue line with dots represents participation in the first round of the French presidential elections and the dashed light-blue line with dots shows participation in the first round of the French legislative elections; data for France come from Cagé and Piketty (2023). The orange line with squares reports participation in the UK general elections; the data are from Cagé and Dewitte (2021). The green line with diamonds reports participation in the US presidential elections, and the dashed light-green line with diamonds shows participation in the US midterm elections; the data are from the electproject.org.

Figure 1: A long-run decline in political participation: Evidence from France, the UK and the US, 1848-2022

This drop in participation is often associated to the crisis of democracy. In this review, relying on the growing literature on the topic as well as on a number of new facts, we investigate the extent to which it may be due to increasing political inequalities, i.e. to the fact that, from a number of points of view, democracies seem to be increasingly characterized by “one euro, one vote” rather than by “one person, one vote.” The existing literature provides several

definitions of political (in)equality. [Verba \(2001\)](#) defines political equality as the extent to which citizens have an equal voice over governmental decisions; similarly, [Ansell and Gingrich \(2021\)](#) focus on citizens' ability to influence the political process "whether that means through choosing to vote at all, how they vote, whether politicians reflect the population they serve, and whether the policies that they produce favour one group over another." According to [Beramendi et al. \(2022\)](#), members of a political community are deemed politically equal if the rules, norms and procedures that govern the community afford equal consideration to all members.

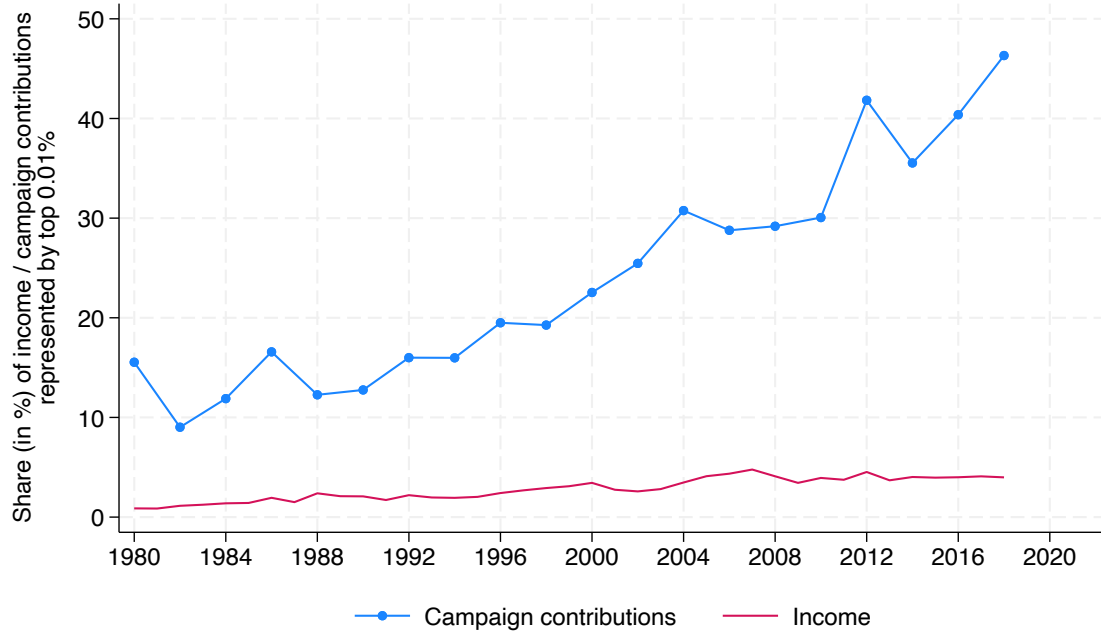
In this article, we focus on three different aspects of political inequality. First, we document the fact that affluent citizens contribute disproportionately more than the poor to the funding of politics, to an unprecedented extent in a country like the US. We then show that this is not specific to politics, and that the charitable sector is also becoming unprecedentedly concentrated. Second, we argue that this may lead to a lack of substantive representation (the extent to which the preferences of different groups are taken into account) and fuel the vicious circle between political inequalities – with a growing influence of the rich on the political debate – and economic inequalities (that enable the rich to contribute disproportionately more than the rest of the population to both charities and parties). Third, we focus on the growing gap in descriptive representation (the mapping between the characteristics of the population and those of the elected representatives) and question the trade-off between the "quality" and the representativity of politicians.

We next turn to the consequences of increasing political inequality and relate it in particular to the recent rise in turnout inequality – the fact that the poor are less likely to vote than the rich. We show that this has not always been the case and thus question the existing literature that mainly connects it to the cost of voting. On the contrary, we suggest that the growing turnout gap is driven by the fact that the returns to voting as perceived by the poor are declining. Finally, we discuss the relationship between increasing political inequality and the changing structure of the political conflict.

Is political inequality a fatality? In the last part of the article, we review a number of novel political behaviors – including the most recent rise in small donations in the US, which we associate to the recent increase in turnout – as well as the efficiency of policies that have been recently implemented to improve representation. We conclude by discussing perspectives for future research.

## 2 Increasing political inequality

Political inequality can take various forms. In this section, we first consider the differential abilities to finance campaigns and political parties as well as charities and think tanks, and



**Notes:** The figure plots the evolution of the share of income (red line) and of the share of campaign contributions (blue line with dots) represented by the top 0.01% of the households and the voting age population in the US from 1980 to 2018. The data come from [Bonica et al. \(2013\)](#) and from the “Database on Ideology, Money in Politics and Elections (DIM).” 2016-2018 data on the top 0.01% income share come from the World Inequality Database.

Figure 2: An increasing concentration of campaign contributions in the US, 1980-2018

then discuss the extent to which this can lead to unequal representation, both substantively – by amplifying the voices of the rich – and descriptively.

## 2.1 Political donations

### 2.1.1 An increasing concentration of political donations: Empirical evidence

Political donations have been characterized in recent years by an increasing concentration, with the largest donors representing a growing share of the total amount given. This was first documented in the case of the US by [Bonica et al. \(2013\)](#) and [Bonica and Rosenthal \(2015\)](#). Following [Bonica et al. \(2013\)](#), Figure 2 plots the evolution of the share of total campaign contributions represented by the top 0.01% of the voting age population in the US from 1980 to 2018. This share tripled during this time period, from 15.5% in 1980 to 46.3% in 2018. Strikingly, the concentration of campaign contributions is much higher than income concentration.

As highlighted by [Bonica and Rosenthal \(2015\)](#), this increase in campaign contributions inequality is largely driven by the increase in economic inequality ([Piketty, 2014](#)) – and in

particular by the political expenditures of US billionaires<sup>1</sup> – even more than by changes in the legal framework. This is an important point because very often the US plutocracy is viewed as an exception, as if such a level of political inequality could not exist in other Western democracies, in particular in countries where donations to campaigns and political parties are more tightly controlled and capped. Yet, using a comparative approach, in Cagé (2018) I have documented a high level of contribution concentration both in countries where donations and campaign expenditures are not limited (such as Germany), in places where donations are not capped but expenditures are (the UK), and in countries where citizens (and firms) cannot contribute more than a certain amount (such as Italy).

The case of France is of particular interest because donations are capped to a relatively low level in international comparisons – €7,500 per individual and year for donations to political parties and €4,600 for donations to campaigns<sup>2</sup> – and the use of the administrative tax data allows us to investigate the amount given depending on the revenues of the donors. Figure 3 plots the average annual amount given to parties by each household depending on their income, including all the households. We report this amount as a ratio of the average donation made. The time period is 2013-2021.

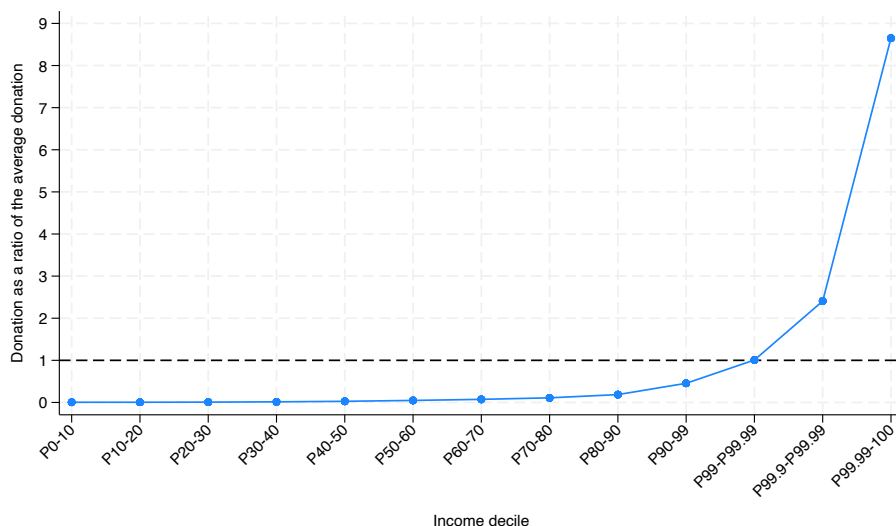
While the overall average amounts given might seem small (between €10 and €50, depending on the years, including the households who do not make a donation – see online Appendix Figure A.1), it is important to highlight the magnitude of the difference between the bottom and the top of the distribution. Only the households in the top 0.1% of the income distribution give an amount equal to or greater than the average amount contributed, and the top 0.01% contributes nearly 9 times more than the average. In euro terms, the average amount given is below €0.2 in the first to the third deciles, below €1 in the fourth and fifth deciles, and only equal to €4 in the ninth decile, i.e. 59 times less than what we observe for the households in the top 0.01% of the income distribution (compared to the first decile, those households contribute on average 2,200 times more). Interestingly, the unequal distribution of the donations really happens at the very top of the income distribution, among the top 0.1% and above all the top 0.01%.

This concentration of donations comes from the combination of two phenomena that we disentangle in Figure 4: on the one hand, the fact that households at the top of the income distribution have a higher probability of making a donation (sub-Figure 4a), and on the other hand, the fact that when they do so, the amount given tends to be higher (sub-Figure 4b). In Figure 4, we plot the distribution of the donations for each of the years considered separately. The last two presidential elections took place in France in 2017 and 2022, with election campaigns beginning the year before (2016 and 2021, respectively). Interestingly,

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<sup>1</sup>Bonica and Rosenthal (2015) study the evolution of the contributions of the *Forbes* 400 wealthiest individuals.

<sup>2</sup>See Bekkouche et al. (2022) and Cagé (2018) for details on the French legislation.



**Notes:** The figure plots the average value of the annual donations and subscriptions to political parties made by fiscal households in France depending on their income level. The average is computed over the 2013-2021 time period and is reported as a ratio of the average donation made (see online Appendix Figure A.1 for a similar figure in euro terms). All the households are included (i.e. even those who do not make a donation). Considering all fiscal households, while taxpayers in the first decile of the income distribution contribute on average 0.005 times the average donation, taxpayers in the top 0.01% of the income distribution contribute on average 8.7 times the average donation. The data come Cagé (2018) for 2013-2016 and from Cagé and Guillot (2021) for 2017-2021.

Figure 3: Donations and subscriptions to political parties by income level, France, 2013-2021

when we focus on the average amount given, it appears clearly that the gap between rich donors and the rest of the households widens strongly during these electoral years.<sup>3</sup> In 2016, for example, the average amount donated by donors varied between €132 and €229 in the bottom five deciles, compared to €5,225 among the top 0.01% of the income distribution, i.e. between 23 and 39 times more, while this ratio was “only” equal to 14 to 18 in 2020. Further it should be noted that, contrarily to rich donors, donors at the bottom of the income distribution do not give less outside of electoral years. If anything, they tend to give more (€177 to €219 for the donors in the bottom five deciles in 2020).

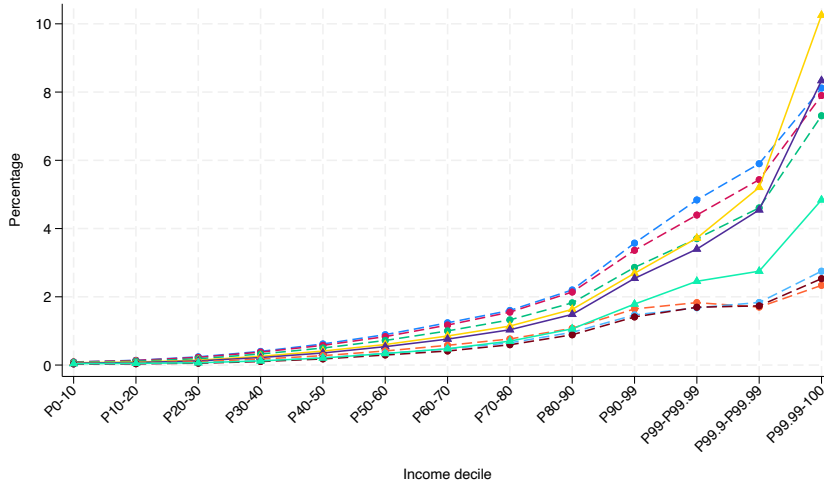
France is just one example of a country where donations are capped. In South Korea for example, annual donations to politicians are also capped to 20 million South Korean won a year (around €14,100), donations to presidential election candidates (respectively general and municipal election candidates) are limited to 10 million won (respectively 5 million), and donations to political parties are limited by the minimum amount between 10 million won and 5% of the fiscal year income of the donor.<sup>4</sup> Overall, compared to France – which is

<sup>3</sup>Of course, political donations overall also tend to be higher in electoral years. Hence, while they reach respectively €84.4 and €82.2 million in 2016 and 2017, and were back to €65 million in 2021, they only reach 56 to 59 million in 2018-2020.

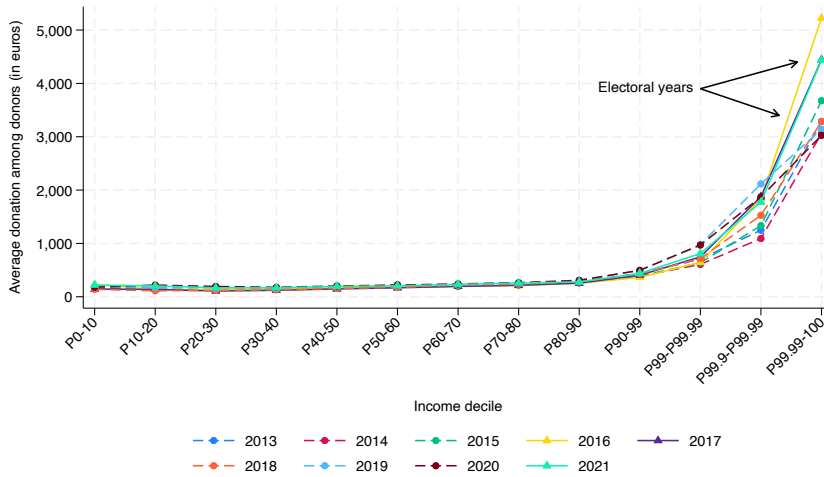
<sup>4</sup>For a study of electoral campaign regulation in South Korea, see You and Lin (2020). While it might sound strange to vary the donation cap depending on the income of the donors – a policy which might favor donations by high-income donors – this is not specific to South Korea. Similar rules are, for example, in place



(a) Percentage of fiscal households making a donation



(b) Average donation among donors



**Notes:** The Figure plots, for each year between 2013 and 2021 and depending on the income level, the percentage of fiscal households declaring a donation or a subscription to political parties (sub-Figure 4a), and the average size of the donations and subscriptions to political parties per donor (sub-Figure 4b). Presidential elections took place in France in 2017 and 2022; 2016, 2017 and 2021 are years characterized by the fact that parties were raising money in preparation for these elections (unfortunately, data for 2022 is not yet available). The data come from [Cagé \(2018\)](#) for 2013-2016 and from [Cagé and Guillot \(2021\)](#) for 2017-2021.

Figure 4: Political donations: share of donors and average amount given depending on income level, France, 2013–2021

characterized, as we just saw, by somewhat lower caps – political donations are slightly more concentrated in South Korea. In Figure 5, we plot the share of the total political donations in France and South Korea represented by the households in each income decile (as reported in the administrative income tax data).<sup>5</sup>

In both countries, donors in the top 10 income decile account for the larger share of political donations, a tendency that is slightly higher in South Korea: while in France, donors in the top 10 percent of the income distribution represent 51.5% of the total amount donated (compared to 31.2% of the total income share), this share reaches 57.7% in South Korea (but their share of the total income is also slightly higher there: 43.3%<sup>6</sup>). In future research, it would be of interest to investigate the extent to which this higher concentration of political donations comes from the higher extent of income inequality and/or from the fact that the donation caps are slightly higher in South Korea than in France.

### 2.1.2 Why do wealthy households donate to politics?

Why do high-income households contribute much more to parties and campaigns than the rest of the population – and in particular more than the total income share they represent?<sup>7</sup> Further, why do they do so particularly in electoral years? The literature identifies two broad classes of motives underpinning political donations (see [Gordon et al., 2007](#), for a review).<sup>8</sup> On the one hand, some scholars view contributions mainly as consumption goods (e.g. [Ansolabehere et al., 2003](#); [Gimpel et al., 2008](#)). According to this approach, donors make contributions for no other reason than to enjoy that form of participation in the political process. Hence, one may argue that rich people give more than poor people for the same reason they vote more: because they are more interested in politics.

On the other hand, contributions may be viewed as a strategic investment. They may in-

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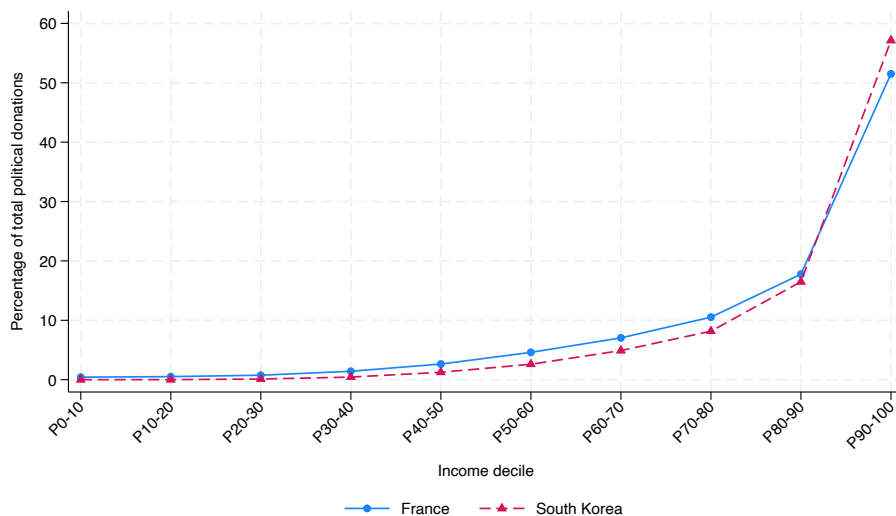
in Brazil and India. However, in Brazil and India, the rule is such that rich donors can contribute much more than modest ones – given that the cap is just a share of the previous year’s income – while in South Korea, even very high-income donors cannot contribute more than 10 million won.

<sup>5</sup>Note that in South Korea, there are two types of income tax: on the one hand, the withhold income tax that mostly rests on wage income and on which Figure 5 is based; and on the other hand, the global income tax that applies to real-estate rental income, business income, earned income, and miscellaneous income other than non-wage income (a combined income of dividend and interest exceeding 20 million won is subject to global taxation). Online Appendix Figure A.2 plots the average size of the political donations declared on the withhold income tax form and on the gross income tax form. Unfortunately, with the data at our disposal, we cannot investigate the structure of the political donations considered overall, inasmuch as a given individual may appear – and declare her donations – in both the global income and the withhold income tax data.

<sup>6</sup>Data on income shares come from the World Inequality Database.

<sup>7</sup>See Figure 9 below for additional evidence.

<sup>8</sup>As highlighted by [Bouton et al. \(2022\)](#), there are various typologies of motives underpinning political donations in the literature. For instance, [Wilson \(1995\)](#) and [Gimpel et al. \(2006\)](#) distinguish the material motive, the purposive motive and the solidary motive. [Francia et al. \(2003\)](#) considers four categories of donors: (i) investors who contribute to obtain personal gains or access, (ii) ideologues who contribute to promote particular issue agendas, (iii) intimates who are driven by the social aspects of giving, and (iv) incidentals whose patterns of contributions are inconsistent. For a literature review on both the determinants and the consequences of campaign donations, see also [Dawood \(2015\)](#).



**Notes:** The figure plots the share of the total political donations in France (blue line with dots) and South Korea (red dashed line with triangles) represented by the households in each income decile (as reported in the administrative income tax data). Time period is 2013-2021 for France and 2015-2021 for South Korea and we use the average. The data for France come from [Cagé \(2018\)](#) for 2013-2016 and from [Cagé and Guillot \(2021\)](#) for 2017-2021. The data for South Korea comes from the Korean tax authority (NTS) and was produced for Yong Hye-In, Member of the Korean National Assembly. We use the political donations as reported in the withhold income tax returns (see the text for details).

Figure 5: Percentage of total political donations represented by each income bracket, France and South Korea, 2013-2021 (average)

deed aim at increasing the chances to win for candidates with desirable characteristics such as ideology and competence ([Poole and Romer, 1985](#); [Wand, 2007](#)), buying policy favors such as (future) legislative votes or pressure on regulatory agencies ([Aranson and Hinich, 1979](#); [Baron, 1989](#); [Snyder, 1990](#); [Grossman and Helpman, 1994, 2001](#)), or buying access to politicians once in office in order to shape legislation in the making ([Langbein, 1986](#); [Hall and Wayman, 1990](#)). In other words, contributions can be either electorally-motivated – to promote a candidate’s electoral success – or favor-motivated – to obtain a political favor, through access or legislative votes. Or put another way, political donations may be seen as a means of acquiring influence – we come back to this point in Section 2.3.2 when discussing the extent of the lack of substantive representation. From this point of view, the tendency of rich people to donate much more – even relative to their income – than poor people – makes sense: indeed, given they have the resources to contribute larger amounts, the former may expect their investment to be profitable; on the contrary, small donations may not buy policies, especially due to a coordination problem.

However, some may argue that in countries like France and South Korea, even donations by large donors are limited. Can political influence be acquired with donations “only” amounting to a few thousand euros? Given that the campaign finance literature has mostly focused on the case of the US, it is customary to think of political donations in terms of millions

or even billions of dollars. However, just because in countries such as France donations are capped by law to amounts not exceeding a few thousand or tens of thousands of euros, it does not mean that the political contributions made by individuals in these countries do not matter. They should indeed be considered in combination with the existing limitations on political expenditures.<sup>9</sup> In a nutshell, and just to take one example, if we consider the last presidential elections in France, the spending limit for the first-round candidates was equal to €16,851,000.<sup>10</sup> The candidates who obtained more than 5% of the votes were reimbursed up to €8,004,225 by the State (public funding). Hence, the difference in the private funding of the campaign between two candidates could only reach €8,846,775. An individual donor supporting candidate  $c$  from party  $p$  was allowed to contribute €7,500 in 2021 and €7,500 in 2022 to the party, as well as €4,600 to the candidate’s campaign – which, at the household level if both members donate in the same way, amounts to €39,200. Hence, fewer than 266 households contributing to the caps are enough to make a difference between two candidates.<sup>11</sup>

## 2.2 Charitable donations

Until now, we have focused on strictly defined political donations, i.e. on donations to either political parties or campaigns. But an alternative tool to acquire political influence is through charitable giving. Charitable donations can be made either by corporations and/or by individuals.

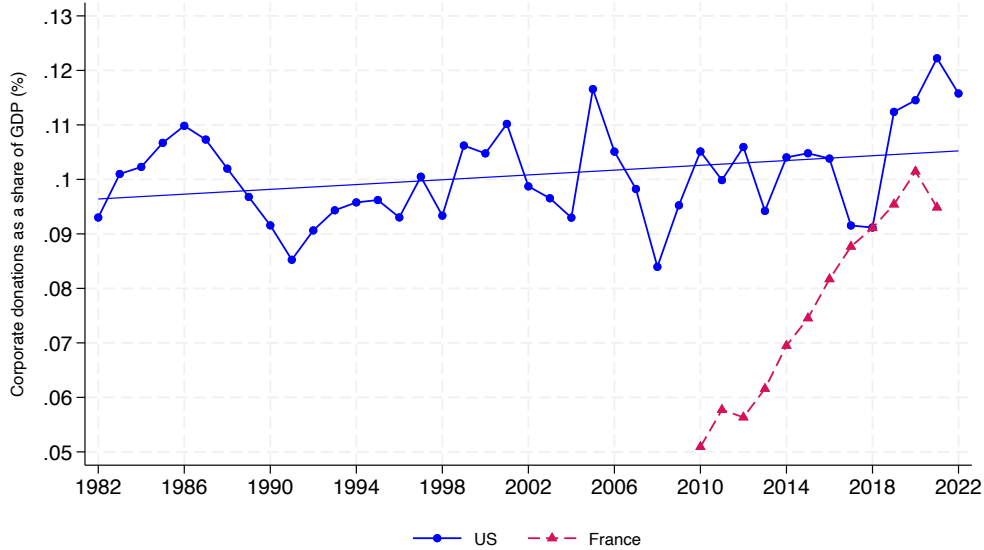
**Corporate charitable giving** Just like political donations, corporate philanthropy has increased in recent years (see e.g. [Cha and Rajadhyaksha, 2021](#)), with heterogeneity depending on the countries. Figure 6 reports the evolution of corporate donations as a share of GDP in France and the US. We observe a long-run increase in this share in the US, from 0.093% of GDP in 1982 to 0.12% today; this increase is not linear however, with strong variations that we can partly relate to changes in the macroeconomic situation, but the overall trend is growing. Corporate philanthropy has grown at a much faster pace in France since 2010 (unfortunately, no data is available before that time), but from a much lower level: corporate donations jumped from 0.05% of GDP in 2010 to nearly 0.1% today. This enormous rise in corporate donations in France has been little studied, but it can be linked to the rise in tax

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<sup>9</sup>Furthermore, in South Korea, not only are donations made by individuals capped – see above – but there is also a price cap that limits the amount each politician can receive in donations. Note also that monetary donations are just one tool to acquire political influence. Rich donors may also do so for example by providing politicians access to their network. Hence, monetary donations here can be interpreted as a proxy for the increasing influence of the wealthy that goes beyond these measurable contributions.

<sup>10</sup>Candidates who qualified for the second round could spend a total of €22,509,000.

<sup>11</sup>There is a very large literature on the impact of campaign expenditures on votes, which we are not reviewing here.



**Notes:** The figure plots corporate donations as a share of GDP in the US (blue line with dots) and in France (red dashed line with triangles). Time period is 1982-2022 for the US and 2010-2021 for France. The data for the US come from Giving USA and the data for France come from the DGFIP. We use GDP data from the World Inequality Database for the normalization.

Figure 6: Corporate philanthropy as a share of GDP, France and the US, 1982-2022 (average)

incentives for donations in recent decades.<sup>12</sup>

This growing importance of corporate contributions is a significant dimension of political inequality, given the use of corporate philanthropy as a tool for political influence (unfortunately, with the data at our disposal, we cannot investigate whether corporate philanthropy is also becoming increasingly concentrated). This use has been well documented in the case of the US in recent years, in particular by [Bertrand et al. \(2021, 2020a\)](#).<sup>13</sup>

[Bertrand et al. \(2021\)](#) investigate the extent to which firms use charitable contributions to co-opt non-profits across a range of issues and regulatory agencies. They show that non-profits are more likely to comment on the same regulation as their donors, and that this “co-commentary” is most strongly associated with donations in the year immediately preceding the comments; it is also more similar. Importantly, these co-commenting relationships matter for the rules eventually finalized in the US Code of Federal Regulations. In other words,

<sup>12</sup>A very generous tax incentive scheme for both corporate and individual donations has been put in place in France since the late 1990s and early 2000s, with tax credits up to two thirds of the donations and a very high ceiling (see [Fack and Landais, 2010](#); [Cagé and Guillot, 2021](#), for details).

<sup>13</sup>Note furthermore that in the US, corporations also make political donations, in particular through their political action committees (PACs). [Bertrand et al. \(2020b\)](#) study the effects of the rise in institutional ownership in the US on the concentration of political influence. Exploiting ownership changes, they show that the likelihood that an investor and a firm both give to a specific politician is substantially higher after the investor first acquires a large stake in that firm. In other words, the political preferences of a limited number of asset management companies are amplified as they gain control in US corporations on behalf of their dispersed clients.

corporations use charitable donations to influence government policy.

This is consistent with the evidence provided in [Bertrand et al. \(2020a\)](#) that show that corporations allocate more of their charitable giving to congressional districts that are more relevant to the corporations as a result of the committee assignments of their elected representatives.<sup>14</sup>

**Individual charitable giving** Furthermore, not only corporations but also individuals may use charitable donations as a means of acquiring influence. It is important here to distinguish between small and large donors. While small donations may be entirely driven by altruism, pro-social behavior ([Tirole and Bénabou, 2006](#); [DellaVigna et al., 2012](#)) and/or warm-glow ([Andreoni, 1989](#)) (see [Andreoni, 2006](#), for a review), there is indeed a growing literature that documents the political motives behind individual charitable giving. Focusing on wealth-tax payers and exploiting a reform of the wealth-tax in France (which affected the price of charitable donations but did not impact the price of political giving), [Cagé and Guillot \(2021\)](#) document that political and charitable donations are substitute. This is consistent with the evidence provided by [Yildirim et al. \(2021\)](#) in the US context.

Importantly, just as we saw for political donations, charitable donations tend to be highly concentrated at the top of the income distribution. This has been documented in the case of the US by [Duquette \(2021\)](#), who computed the share of household giving accounted for by the tax units donating the largest amounts. Using his data, [Figure 7](#) plots the evolution of the share of charitable contributions represented by the top 0.01% of tax units with the largest itemized charitable contributions in the US from 1960 to 2012. During that time period, the donations of the top 0.01% of tax units see their share of giving multiplied by four, from 4.6% in 1960 to 20.6% in 2012. In other words, just as for political donations in the US, the share of donations accounted for by a minority of top donors rose sharply in recent years (note however that, in the US, this concentration is lower for charitable than for political donations – see [Figure 2](#)).

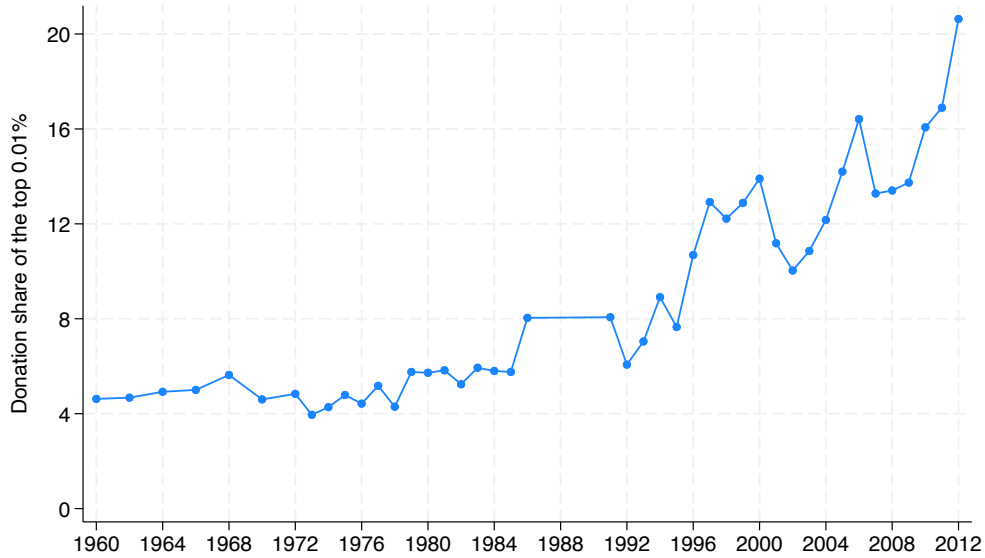
In France – where political donations are capped – concentration is stronger for charitable donations at the top of the income distribution. [Figure 8](#) plots the average amount given by donors depending on their income, as a ratio of the average donation made (for a similar figure in euros, see online Appendix [Figure A.3<sup>15</sup>](#)). The average charitable donation made by donors in the top 0.001% of the income distribution is nearly equal to 9 times the average donation observed among all the donors; this ratio is equal to 6 for political donations.<sup>16</sup>

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<sup>14</sup>There is also a very large literature on lobbying, which we will not review here. See [Bombardini and Trebbi \(2020\)](#) for a recent review.

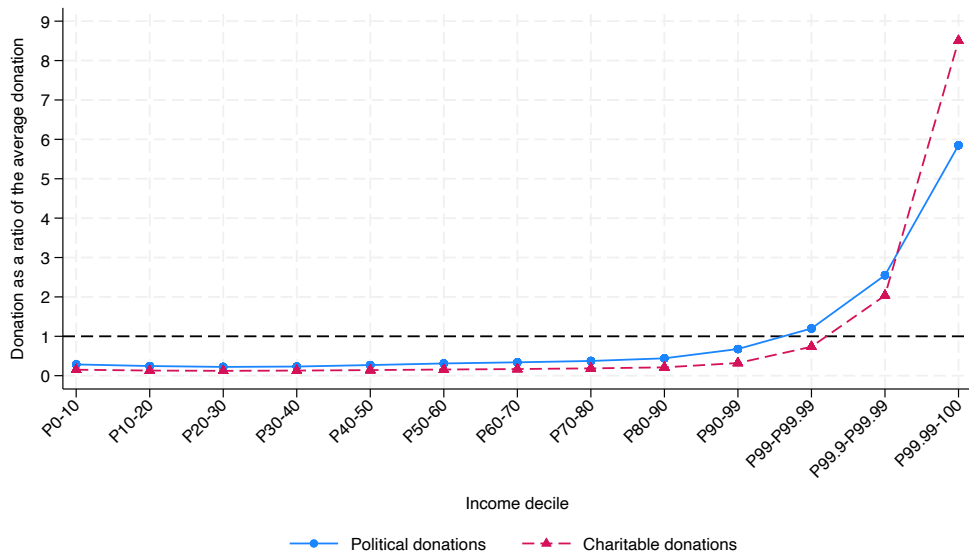
<sup>15</sup>Between 2013 and 2021, while the average amount given is equal to below €4,000 for political donations by donors in the top 0.001% of the income distribution, it reaches nearly €15,000 for charitable donations.

<sup>16</sup>Note furthermore that we only consider here charitable donations declared on the income tax form. However, a significant number of households at the top of the income distribution are also liable to the wealth tax.



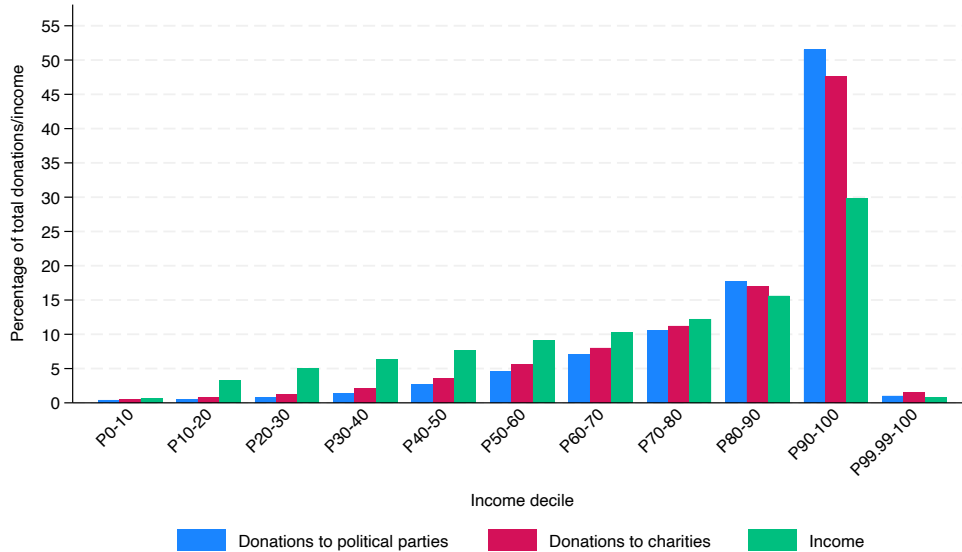
**Notes:** The figure plots the evolution of the share of charitable contributions represented by the top 0.01 percent of tax units with the largest itemized charitable contributions in the US from 1960 to 2012 (about 16,000 tax returns in 2012). This share reaches 20.6% in 2012. The data come from [Duquette \(2021\)](#).

Figure 7: An increasing concentration of charitable donations in the US, 1960-2012



**Notes:** The figure plots the average amount given to political parties (blue line with dots) and to charities (dashed red line with triangles) by donors in France, depending on their income (as reported in the administrative income tax data). Donations are reported as a ratio of the average donation made. Time period is 2013-2021 and we use the average. The data come [Cagé \(2018\)](#) for 2013-2016 and from [Cagé and Guillot \(2021\)](#) for 2017-2021.

Figure 8: Average amount donated by donors to political parties and charities by income level, France, 2013-2021



**Notes:** The figure plots the share of the total donations to political parties (blue bars), the total donations to charities (red bars), and the income share (green bars), represented by the households in each income decile (as reported in the administrative income tax data). Time period is 2013-2021 and we use the average. The donation data come Cagé (2018) for 2013-2016 and from Cagé and Guillot (2021) for 2017-2021. The income data come from the World Inequality Database.

Figure 9: Percentage of total donations / income share represented by each income bracket, France, 2013-2021 (average)

Figure 9 relates the concentration of giving to the income share represented by the households in each of the income deciles. Interestingly, only for households in the top two deciles of the income distribution is the donation share (both for charitable and for political donations) higher than the total income share. We observe an even stronger concentration of charitable giving in South Korea: using the donations declared on the global tax form<sup>17</sup>, we show that donors in the top 10% of the income distribution account for more than 71% of the total charitable donations, a share much higher than their income share (43%) (Figure 10).

**Why is charitable giving becoming increasingly concentrated?** Duquette (2021) provides some food for thought. First, increasing political inequality – measured here by the growing concentration of charitable donations – may be driven by the increase in economic inequality. He also discusses a number of societal shifts in gender, employment, and marriage that may affect giving behavior.

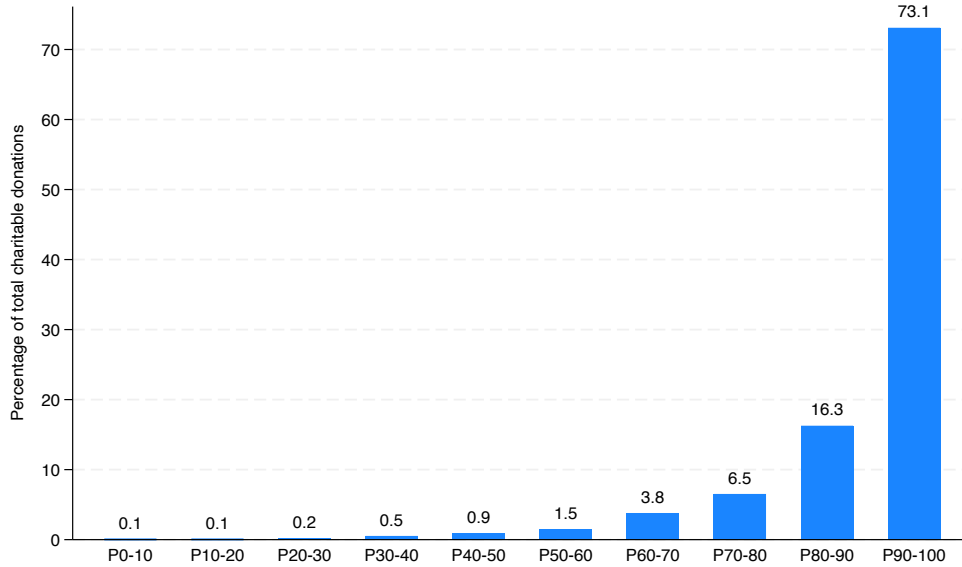
In Cagé et al. (2023), we highlight the role played by the growing electoral importance

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If so, they tend to declare their donations on their wealth-tax form – given that the associated tax incentive is higher (Cagé and Guillot, 2021); hence, we are underestimating here the actual amounts contributed to charities at the top of the income distribution.

<sup>17</sup>Unfortunately, contrarily to political donations, for charitable donations, we do not have information on withhold income tax, nor a more detailed distribution of the donations depending on income.





**Notes:** The figure plots the share of the total charitable donations represented by the households in each income decile (as reported in the administrative income tax data). Time period is 2015-2021 and we use the average. The data come from the National Tax Service (*National Tax Statistical Yearbook, 2022*).

Figure 10: Percentage of total donations represented by each income bracket, South Korea, 2015-2021 (average)

of the far right. First, we emphasize that, while the literature has mostly focused on the growing importance of the philanthropic sector, this hides a decrease in the share of donors, in countries such as France, Germany, the Netherlands, Sweden, the UK and the US (see Figure 1 in [Cagé et al., 2023](#)). Second, we document the fact that far-right supporters have a lower probability of donating than others – including than citizens who abstain during elections – and that the continued rise of the far right in many Western democracies may amplify this drop. Given that far-right voters tend to have a relatively low income, this accentuates the fact that people at the bottom of the income distribution give increasingly less – both in terms of the propensity to give and when we consider the amount they give conditional on giving – than people at the top. We come back to this point below when we discuss the relationship between increasing political inequalities and the rise of far-right movements.<sup>18</sup>

**Are charities a means of reducing economic inequality?** Contrarily to political donations, it can be argued that charitable giving may lead to decreasing economic inequality, and so over the long-run to decreasing political inequality. The stated aim of many charities is indeed to reduce income inequalities, to promote inclusion, or else to fight against poverty.

<sup>18</sup>Although far-right voters have on average lower income than center-right voters and make smaller donations (conditional on income), there are sometimes very wealthy pressure groups favoring the far-right agenda; e.g. hedge funds and private equity firms during the Brexit campaign ([Benquet and Bourgeron, 2022](#)).

In other words, charitable giving may be seen as a way for rich people (who give) to distribute part of their revenue or wealth to the poor (who benefit from it). This is what justifies the existence of generous tax exemptions for philanthropic giving in many places.

However, this does not seem to be the case, for at least two reasons. First, in many countries, charitable donations give rise to tax subsidies that are regressive, i.e. that benefit the rich more than the poor. In France, for example, the income tax credit for charitable – as well as for political – donations is equal to 66% of the gift but is nonrefundable; in other words, only the households that are liable to the income tax – less than half of the households as of today – can benefit from it. In the US, donations to 501(c)(3) nonprofit organizations benefit from tax subsidies that vary with the rate at which donors are taxed; in other words, the price of a donation is higher for donors in the bottom tax brackets than for donors in the top ones. Furthermore, the charitable contributions deduction is only available to the donors who itemize their deductions, but roughly 70 percent of all taxpayers – and in particular the low-income ones – do not do so.

Second, many charitable donations do not have a redistributive dimension. This has been very well documented in the case of the US by [Reich \(2018\)](#) who provides estimates of the share of charitable giving that is focused on the needs of the poor. According to his computations, this is the case for less than a third of overall giving to charities in the US.<sup>19</sup> Furthermore, as highlighted by [Reich \(2018\)](#), large donors frequently use their contributions to purchase rival and excludable material or intangible goods for which they are among the primary consumers (e.g. they benefit from premium seats in return for their contributions to arts organizations).

Next, rich donors do not contribute to the same charities as low-income donors do. [Reich \(2018\)](#) also provides an estimated allocation of the charitable dollars depending on the income groups. While poor and middle-income donors mostly contribute to religion, donors at the top of the distribution tend to devote the majority of their donations to health (25.3%), education (25.2%) and arts (15.4%).

Hence, in other words, there could be a risk that the increasing concentration of charitable donations – just like that of political contributions – will reinforce economic inequality in the future, given the lack of redistribution implied by charitable behaviors combined with regressive tax incentives. Furthermore, this increasing concentration might also lead to an increasing lack of substantive representation.

### 2.3 Unequal representation

As highlighted by [Pitkin \(1967\)](#), the question of representation can be understood in two different senses: on the one hand, “descriptive representation,” which questions the identity of

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<sup>19</sup>On the fact that philanthropy does not mitigate income inequality, see also [Duquette \(2018\)](#).

politicians and their observable characteristics, and on the other hand, “substantive representation,” i.e. the extent to which the preferences of different groups are taken into account. In this section, we consider these two dimensions in turn, and then relate them to each other as well as to the growing concentration of the donations documented above.

### 2.3.1 A growing lack of descriptive representation

Descriptive representation can be approached by the mapping between certain measurable demographic characteristics of the voting age population and the characteristics of their elected representatives (see e.g. Pitkin, 1967).<sup>20</sup> This has given rise to a large literature, with a particular focus on the under-representation of women (among others Chattopadhyay and Duflo, 2004) and of ethnic or racial minorities (see e.g. Ricca and Trebbi, 2022, on the under-representation of African American, Asian, and Latino voters in US local politics).

In this review, I would like to insist on the under-representation of poor people / blue-collar workers.<sup>21</sup> This under-representation has been mostly overlooked in the existing literature, with the important exception of Carnes (2012, 2013).<sup>22</sup> Figure 11 plots the evolution of the share of working-class MPs in France, the UK and the US over the last decades. While this share has always been low (below 4% at all times in the US, below 10% in France), what is striking is that it has been collapsing in recent years – and at a much faster pace than the decrease in blue-collar workers in the overall active population. This is particularly noticeable in the case of the UK, where the relatively high share of working-class MPs from the 1950s to the 1990s was entirely driven by representatives from the Labour party, and where this share is nowadays approaching zero.

Why is this so? Some argue that it may be due to the fact that people do not like working-class MPs, e.g. if they consider that there is a trade-off between the “quality” of politicians and their representativity. During the 20th century, many social scientists used to suggest a taste for “elite” politicians – in particular more educated ones (Jacobson, 1997).<sup>23</sup> However, as documented by Dal Bó et al. (2017), at least in the Swedish context, there is at best a weak trade-off in political selection between competence – the quality of politicians – and descriptive representation. This is due to the fact that there is a strong positive selection of politicians of low socioeconomic status. According to their estimates, politicians from lower social backgrounds are even more strongly selected than politicians from higher social backgrounds. Yet Dal Bó et al. (2017) measure social origin based on the social class of

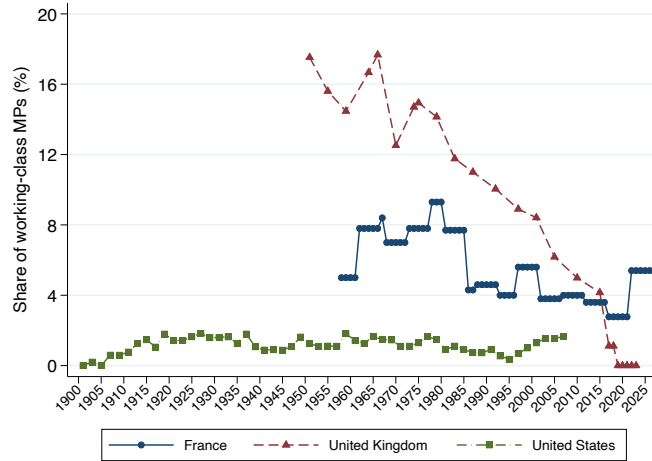
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<sup>20</sup>The literature on descriptive representation has mostly focused on politicians’ personal traits. Folke et al. (2021) rather consider politicians’ neighborhoods.

<sup>21</sup>There is also a very large literature on political selection (see in particular Dal Bó and Finan, 2018; Gulzar, 2021, for recent reviews) that is not the topic of this article.

<sup>22</sup>See also Barnes et al. (2021) who focus on working-class women holding “pink-collar jobs.”

<sup>23</sup>Another theoretical argument that may explain this elite taste of the poor is strategic delegation: poor may decide to elect a richer representative to solve commitment problems (Persson and Tabellini, 1994).



**Notes:** The figure plots the evolution of the share of working-class MPs – measured as the number of MPs whose former occupation just before the elections was a “manual” (UK) or a “blue-collar” (US) occupation (*“employés et ouvriers”* in the French context) over the total number of MPs in France, the UK, and the US. The blue line with dots represents this share for France; the data come from [Cagé \(2018\)](#) for 1958-2016 and from the website of the French National Assembly for 2017-2026. The dashed red line with triangles represents this share for the UK; the data come from [Cagé \(2018\)](#) and from the “House of Commons Library” for recent years. The dash-dotted green line with squares reports this share for the US; the data are from [Carnes \(2013, 2018\)](#). The share of working-class occupations in the total labor force is usually around 50-60% or more.

Figure 11: A long-run decline in the share of working-class MPs: Evidence from France, the UK, and the US

the politicians’ parents – not on their own occupation or earnings before entering politics. While their findings point toward the fact that politicians seem to be selected depending on their ability and not on their social origin, they leave open the question of the cost of having politicians who, when they take office, do not look like the rest of the active population.

On the one hand, recent evidence seems to indicate that citizens do not have a taste for elite politicians – quite the contrary. Survey experiments show that voters are just as willing to support workers as white-collar candidates at the ballot box ([Carnes and Lupu, 2016](#); [Carnes and Sadin, 2015](#));<sup>24</sup> they indeed view them as equally qualified and more relatable. On the other hand, using a novel dataset on the profiles of all the candidates at the UK general elections since 1918 and of the constituencies in which they run, [Cagé and Dewitte \(2020\)](#) show that, since the early 2000s, turnout is lower when candidates differ more from their electorate in terms of education and occupation status, while the opposite was true over the 20th century. Besides, they also find that representativeness brings an electoral advantage at the candidate level. In other words, there seems to be an increasing demand for more descriptive, “grassroots,” representation.

This is consistent with the evidence provided by [Dal Bó et al. \(2022\)](#) on the Sweden

<sup>24</sup>See also [Pedersen et al. \(2019\)](#) who show that voter reactions to candidate background characteristics disappear once voters are informed about candidate policy positions.

Democrats, the radical-right Swedish party. [Dal Bó et al. \(2022\)](#) indeed show that the politicians from the Sweden Democrats over-represent marginalized groups without strong attachments to the labor market or to traditional nuclear families (in contrast, these groups are under-represented among politicians in all other parties). They then relate these characteristics to those of the Sweden Democrats' electorate and show that, on average, the Sweden Democrats receive distinctively higher vote shares in precincts where a higher share of voters belongs to these marginalized groups.

If the lack of descriptive representation does not come from voters' preferences, how can it be explained? This might be due to the existence of barriers to entry, in particular related to the cost of campaigning. [Carnes \(2018\)](#) shows for example that if workers run for office in low numbers, it is in part because they lack the time and money to campaign. The increasing under-representation of poor people may thus be linked, in a number of countries, to the increasing cost of campaigning, with elections becoming more and more expensive. In the UK, the decrease documented in [Figure 11](#) may be related to the fact that, in 1984, Margaret Thatcher made it more difficult for the unions to fund the Labour movement (see e.g. [Cagé, 2018](#)). Hence, the weakened links between unions and the party resulted in a lower presence of workers on parliamentary benches. With the increasing reliance of the Labour party on private donations, workers – who, on the contrary, were less present financially – have been gradually shown out of the door of the political process by the party.

More broadly, the descriptive representation gap is also due to parties' strategy: local political leaders indeed rarely recruit blue-collar candidates.<sup>25</sup> Furthermore, also in the US context, [Treul and Hansen \(2023\)](#) show that working-class candidates tend to underperform during the primary elections compared to white-collar candidates. In future research, it will be of interest to investigate whether this is linked to the fact that they are less efficient at raising money to fund their campaigns (and also lack their own resources to do so).

### 2.3.2 A lack of substantive representation

Further, while a premise of representative democracy is that the policies enacted by public officials reflect the public will ([Lim and Snyder, 2021](#)), there is growing evidence that politicians do not take into account the preferences of the poor. This might first be related to the lack of descriptive representation. Relying on historical data, [Carnes \(2013\)](#) has documented in the case of the US that on a number of issues – and in particular on economic issues – blue-collar MPs do not vote like white-collar MPs.<sup>26</sup> More generally, rich people do not have the same preferences as poor people – see e.g. [Page et al. \(2013\)](#) for evidence on the political preferences

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<sup>25</sup>For evidence of the role played by parties to select voters' more preferred candidates, see [Besley et al. \(2017\)](#) and [Casey et al. \(2021\)](#).

<sup>26</sup>For evidence on the consequences of the under-representation of minorities, see e.g. [Beach et al. \(2018\)](#) who show that increased representation can reduce racial disparities.

of the top 1 percent of US wealth-holders<sup>27</sup> – and given that MPs tend to be disproportionately rich (e.g. in the US but not only), they might over-represent the preferences of the rich only by taking into account their own preferences.

Regardless of this question of the identity of politicians, there is significant evidence that the wealthy exert more political influence than the less affluent. In his seminal work, [Gilens \(2012\)](#) shows, on the basis of survey results over several decades, that when the (economic, political, or social) preferences of the rich and the poor diverge, there is no longer any connection between government decisions and whether or not the poorest sections of society oppose them (see also [Page and Gilens, 2017](#)).<sup>28</sup> He provides suggestive evidence that this is not due to the fact that rich people vote more than the poor, but to the fact that they contribute much more money to campaigns. Among other things, this gives them better access to politicians ([Kalla and Broockman, 2016](#)).<sup>29</sup>

The existing literature on the overwhelming influence of the wealthy has mostly focused on the US. However, there is growing evidence from other countries that allows us to better understand the mechanisms at play. Using data from Norway – one of the countries that have gone furthest in reducing economic inequality and restricting money in politics – [Mathisen \(2023\)](#) shows that in this country too, affluent citizens enjoy more policy influence than average citizens and the poor, but that, even so, the preferences of the poor do seem to have some sway on economic issues. In other words, political influence in Norway does not seem to be as dependent upon affluence as in the United States. This is consistent with the comparative evidence provided by [Lupu and Warner \(2022a\)](#). Why is the better representation of more affluent citizens more important in some countries rather than in others? [Lupu and Warner \(2022b\)](#) provide five sets of possible explanations: economic conditions, political institutions, governance, interest groups and political behavior, and show that variables relating to economic conditions and governance are the most important for predicting affluence bias in representation. Studying their causal impact will be the focus of future studies.

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<sup>27</sup>They show in particular that these affluent Americans are much more conservative than the American public as a whole with respect to taxation, economic regulation, and social welfare programs. For additional evidence on what the affluent want, see [Page et al. \(2018\)](#) who document the views of the 100 wealthiest billionaires in the US.

<sup>28</sup>For more recent work, see [Witko et al. \(2021\)](#) who analyze congressional speech and document that the US Congress tends to prioritize the interests of business and the wealthy over the concerns of average Americans.

<sup>29</sup>There is also a theoretical literature that could explain why the preferences of the rich are better represented than those of the poor. For example, in a probabilistic voting model with office-motivated politicians, politicians may give more weight to the preferences of the group that has the least spread-out policy preferences (see e.g. [Bouton et al., 2014, 2021](#), on the reluctance among members of the US Congress to support gun control despite the fact that most US citizens are in favor of regulating them). Hence, politicians may favor the rich over the poor if the former agree more with each other on what they want (or if their preferences are more “intense”), which makes the whole group more responsive to policy changes. However, the focus of this review is primarily on the empirical literature and we will not enter into the details of these models. Similarly, for the sake of space, we do not review the large theoretical literature on electoral competition, and in particular the debate between the Downsian model of electoral competition (in the spirit of [Downs, 1957](#)) and citizen-candidate models (e.g. [Besley and Coate, 1997](#)).

## 3 The consequences of political inequality

### 3.1 The increase in turnout inequality

In this article, we make the following assumption: the collapse of political participation in many Western democracies that we highlighted in the introduction may be due to the increasing trends in political inequality we just documented.<sup>30</sup> First, note that this collapse is a relatively recent phenomena, which has been overlooked by the existing literature that tends to focus on post-WW2 elections.<sup>31</sup> On the contrary, the long-run approach chosen here – with electoral data going back to the first half of the 19th century – allows us to highlight the fact that participation today is below what it was at the end of the 19th century, at a time when communication devices were sparse (see Figure 1).<sup>32</sup>

Second, it is important to highlight that this decline in turnout is very unevenly distributed, in particular depending on income – here again to an unprecedented historical extent. Combining city-level electoral results with the socio-demographic characteristics of the cities, [Cagé and Piketty \(2023\)](#) have computed political participation depending on income. Figure 12 reports the results for the first round of the legislative and presidential elections in France.<sup>33</sup> Cities are ranked depending on their average income; concretely, the top 10 communes in terms of revenues include the top 10% of the population living in the cities with the highest average income. It can clearly be seen that poor people – defined by the population living in the poorest communes – turn out to vote much less than the rest of the population; what is even more striking is that the gap in the participation rate between poor and rich communes has strongly increased in recent years. For example, while from the 1968 to the 1997 legislative elections, the participation rate ratio between rich and poor communes was below one – i.e. poor communes actually voted more than rich ones – in the 2022 legislative elections, participation was 1.15 times higher in the communes in the top 20 percent of the income distribution than in communes in the bottom 20 percent.

While the existing literature presents the fact that the poor are less likely to vote than the rich as a no-brainer (see e.g. [Brady et al., 1995](#); [Lijphart, 1997](#))<sup>34</sup>, [Cagé and Piketty \(2023\)](#)

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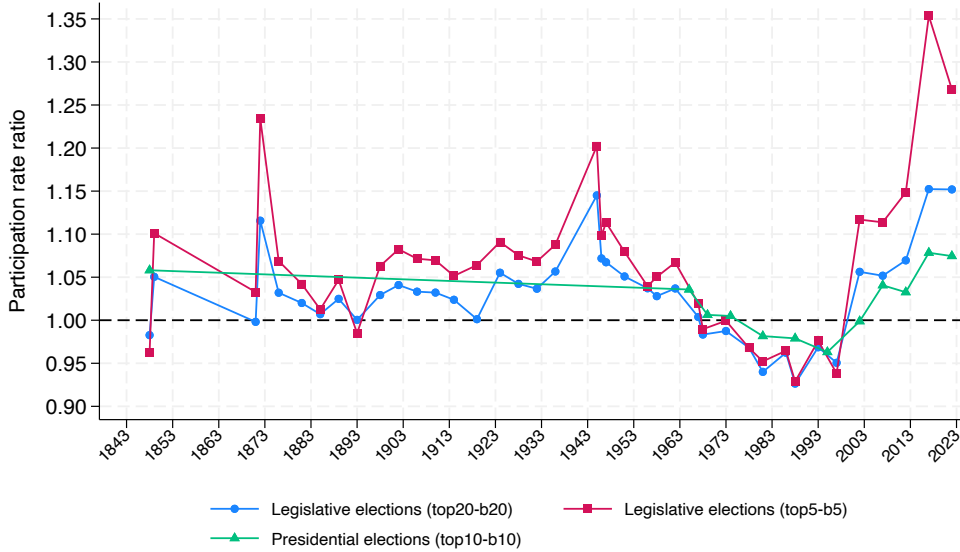
<sup>30</sup>There is a very large literature on the determinants of turnout (see e.g. [Herrera et al., 2016](#), among many others), which is not the focus of this review. What we document here is the link between declining participation and the rise of political inequality.

<sup>31</sup>See e.g. the elections dataset of the “Institute for Democracy and Electoral Assistance” for an overview of voter turnout data in democracies since 1945.

<sup>32</sup>An exception to the decreasing trends documented in Figure 1 is the recent rise in turnout observed since 2001 in the UK – albeit still at a very low level in historical terms – and since 2016 in the US. In the US, turnout reached nearly 70% in 2020, its highest level since 1992. We come back to this point in Section 4.1 below and relate it to the recent rise in small donations.

<sup>33</sup>The figure only reports the raw relationship between income and turnout. In [Cagé and Piketty \(2023\)](#), the authors show that the income gradient is robust to controlling for all the other socio-demographic characteristics of the cities. They also extensively discuss the potential issues linked to the ecological bias (see e.g. [King, 1997](#)).

<sup>34</sup>This comes from the fact that the existing literature mostly relies on relatively recent surveys. For a recent paper investigating the impact of *change* in income on turnout, see [Schafer et al. \(2022\)](#).



**Notes:** The figure is reproduced from [Cagé and Piketty \(2023\)](#). It plots the evolution of the ratio between the political participation of the top 20 and the bottom 20 communes in terms of revenues during legislative elections (blue line with dots), of the top 5 and the bottom 5 communes in terms of revenues during legislative elections (red line with squares), and of the top 10 and the bottom 10 communes in terms of revenues during presidential elections (green line with triangles) in France. Participation is measured as the number of voters over the number of registered voters in the first round of the elections.

Figure 12: Income and participation, France, Legislative and presidential elections, 1848-2022

thus highlight that this has not always been the case. At least in France, poor communes voted more than rich ones in the 1960s, 70s, 80s and 90s. This is of importance because it questions the existing literature that associates the low turnout of poor people to the cost of voting; this cost (either from a practical point of view or in terms of the acquisition of information – cognitive and material cost of voting) is indeed lower today than it was in the 1960s or 70s<sup>35</sup>, a time when the poor were nonetheless voting relatively more than the rich.

Hence, to tackle unequal political participation, it might not be enough to change policies and institutions in order to ease participation – e.g. [Beramendi et al. \(2022\)](#) discuss age qualifications, access to relevant information and investment in education as a way to reduce turnout inequality. While these factors are of course important, as we have just shown, inequality in turnout has increased in recent years, while at the same time participation costs have fallen. Hence, it is unlikely that these costs explain the bulk of the rise in turnout in-

<sup>35</sup>One exception being the media. There is indeed a large literature that shows that, despite the fact that the supply of information has increased in recent years, in particular due to the Internet, the actual consumption of information might have decreased among the less educated and the lowest income segment of the population, due to competition stemming from entertainment (see e.g. [Prior, 2007](#); [Gavazza et al., 2019](#)). Furthermore, the quality of produced information might also have declined because of competition and of the fact that it is increasingly easy to steal content (see e.g. [Cagé et al., 2020](#)). Note also that investing in the media industry is another way that affluent people might use to influence the political debate (see e.g. [DellaVigna and Kaplan, 2007](#); [Martin and Yurukoglu, 2017](#); [Cagé et al., 2021](#)).



equality. On the contrary, the existing evidence seems to indicate that the returns to voting as perceived by poor people are declining, as they feel they are abandoned by the system and are well-aware of the increasing concentration of donations and its consequences regarding the policies implemented. Hence, (perceived) returns rather than cost of voting might explain the rise in turnout inequality. It therefore seems crucial to implement reforms aimed at reducing growing political inequalities.

Further, there is added urgency given that turnout inequality may shape the substance of economic policy and in particular distributional outcomes (see e.g. [Franko et al., 2016](#)), thus increasing economic inequality and feeding a vicious circle between political and economic inequality (on the impact of economic inequality on political inequality, see also [Houle, 2018](#)).

### 3.2 The changing structure of the political conflict

It should be noted that, as we highlighted above, there is one exception to the declining trends in descriptive representation: the far-right parties. For example, [Dal Bó et al. \(2022\)](#) have shown that politicians from the Sweden Democrats overrepresent marginalized groups that are underrepresented among politicians in all other parties. Hence, the changing structure of the political conflict (see e.g. [Piketty, 2018](#); [Gethin et al., 2022](#)) may impact descriptive representation in the future. However, this changing structure may also be partly driven by the recent increase in political inequality.

Understanding the causal impact of growing political inequalities on the rise of far-right movements should be a topic of future research. In particular, there is growing evidence about the relationship between the rise of the far-right movements and the fact that the traditional political parties – in particular on the left of the political spectrum – attach increasing importance to cultural issues relative to economic ones. In this review, we argue that left-wing parties may have withdrawn from the terrain of inequality and redistribution partly in order to net more campaign contributions from the rich (see e.g. [Cagé, 2018](#)).<sup>36</sup> Indeed, while rich Republican and rich Democrat donors differ with respect to some of their preferences, in particular on cultural issues, they tend to agree on economic matters, and in particular in their opposition to taxation and economic redistribution (see e.g. [Page et al., 2013](#)). This may have fueled the perception of a “moral crisis” (see in particular [Cramer, 2016](#); [Hochschild, 2016](#), for a discussion in the US context).

Importantly, the fact that the political supply side devotes increasing importance to cultural issues does not mean that voters also attach increasing importance to these issues. While there is survey evidence that an important share of citizens align along the cultural divide (see e.g. [Gennaioli and Tabellini, 2023](#)), evidence in [Cagé and Piketty \(2023\)](#) shows that, at least in

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<sup>36</sup>Of course, there are many other drivers of the far-right parties – or of “populism” as often mentioned in the literature; for a review, see [Guriev and Papaioannou \(2022\)](#). On recent work on the role played by economic inequality, see also [Rodríguez-Pose et al. \(2023\)](#).

the case of France, the socio-economic characteristics of the voters (and in particular income, wealth, home ownership rate, occupation, industry, city size) explain a much larger share of the voting patterns as of today than they did in the past. In other words, cultural factors such as foreign origins or the perception of immigration only play a minor role once socio-economic characteristics have been taken into account. The growing division between rural and urban low-income voters seems to be primarily due to the increase in new socioeconomic divides between rural and urban territories (e.g. unequal exposure to trade competition and unequal access to public services such as hospitals and universities), and the inability of traditional parties to develop adequate policy platforms to address these challenges.

## 4 How to reduce political inequality?

In the previous sections, we have documented the different dimensions of increasing political inequality. We have argued – even if formally demonstrating it empirically is beyond the scope of this article and will be the topic of future research – that the growing concentration in donations, the increasing gap in descriptive representation and the associated lack of substantive representation may at least partly explain the recent rise in turnout inequality.

In this section, we review recent changes and discuss policy that might be used as a tool to tackle political inequalities. We begin by providing evidence on the recent rise of small donors in the US and, consistently with our assumption, relate it to the recent increase in participation in that country.

### 4.1 The rise of small donors and the increase in participation

The existing literature on political donations – which I reviewed in Section 2.1 above – mostly focuses on the big players and large special interest groups alone. In the last elections in the US, however, small donors actually far outnumbered large donors, as documented by [Bouton et al. \(2022\)](#) who provide novel evidence based on two large conduits: (i) ActBlue, an online fundraising platform created in 2004 to help the Democrats raise money and which now dominates Democratic fundraising<sup>37</sup>, and (ii) WinRed, a similar platform launched in 2019 on the Republican side. The goal of these platforms is to favor small-dollar donors, by making political giving simple and nearly instantaneous.

**Act Blue and the rise in small donations in the US** Figure 13 plots the evolution of the number of donations made through ActBlue, through WinRed, and the number of other

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<sup>37</sup>Candidates which adopt ActBlue can receive online contributions without having to set up their own fundraising platform. They simply need to include a link on their website which redirects potential contributors to a page dedicated to them on ActBlue’s website. Donors can contribute to candidates seamlessly, from their computer or their smartphone. Once they have entered their information and card number, an additional contribution is just one click away. See [Bouton et al. \(2022\)](#) for details.

donations in the US between 2006 and 2020. Donations channeled by ActBlue and WinRed are mostly small donations, i.e. donations below \$200 according to the threshold chosen by [Bouton et al. \(2022\)](#). In the 2020 electoral cycle, these donations accounted for nearly 65% and 23% of all contributions, respectively. In total, more than 95% of all observable individual donations in the 2020 electoral cycle were made through ActBlue, WinRed, or another conduit (sub-Figure 13a); in other words, if we consider the number of donations, political donations are now primarily made up of small donations in the US. This is an important change in the funding of US politics, which it might be tempting to link to the recent increase in turnout (see below).

However, conduits still account for a relatively low share of contribution amounts, since many of the contributions they channel are small. Yet, this share has been rapidly increasing in recent years as well. Overall, ActBlue and WinRed accounted for 39.2% of the money contributed by individuals to committees in the 2020 cycle, up from 15.1% just two years before and only 2.9% in 2012 (sub-Figure 13b). If we extend the trend observed in recent years, we can expect this share to soon reach 50%.

**Can this explain the recent rise in turnout in the US?** While we have highlighted in the introduction a long-run decline in political participation in many Western democracies, one exception is the US where turnout has recently soared (see Figure 1). E.g. in the 2020 US presidential elections, participation reached levels not observed in decades, with 66.6% of eligible voters voting.

Many possible explanations for this increase have been discussed, including recent changes in electoral policies. But while the aim of some of these reforms – such as early voting and same day registration – was to ease turnout ([Grumbach and Hill, 2022](#)), other policies were implemented in a number of States so as to make voting more difficult, e.g. voter ID requirements and limits to mail-in voting (on the impact of photo ID laws, see e.g. [Esposito et al., 2019](#); [Hoekstra and Koppa, 2019](#)). Yet we observe an increase in participation in all States, including those where the voting process has not been made easier.

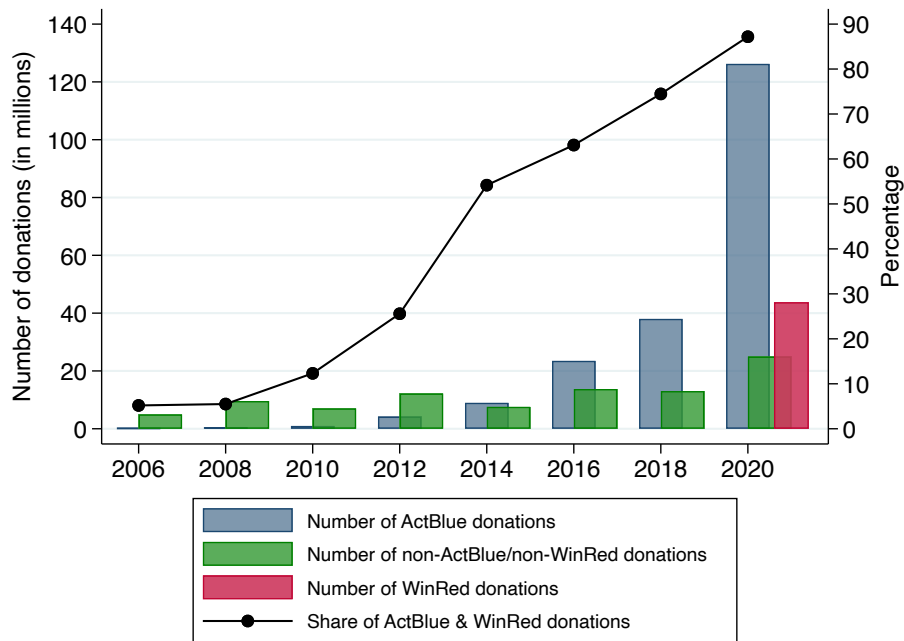
The increase in partisan polarization<sup>38</sup> may also be part of the explanation. However, the existing evidence on the impact of polarization on turnout is still inconclusive (see e.g. [Thurber and Yoshinaka, 2015](#); [Muñoz and Meguid, 2021](#)), and polarization has been rising over the last 40 years in the US, i.e. long before the recent surge in turnout. While the purpose of this article is not to settle this debate, nor to provide a definitive answer, I want to highlight the fact that this increase may also be partly driven by the recent rise in small donations. This rise can indeed be seen as a revolution for the funding of campaigns, and it has actually transformed US politics by giving more voice to less affluent donors, who might

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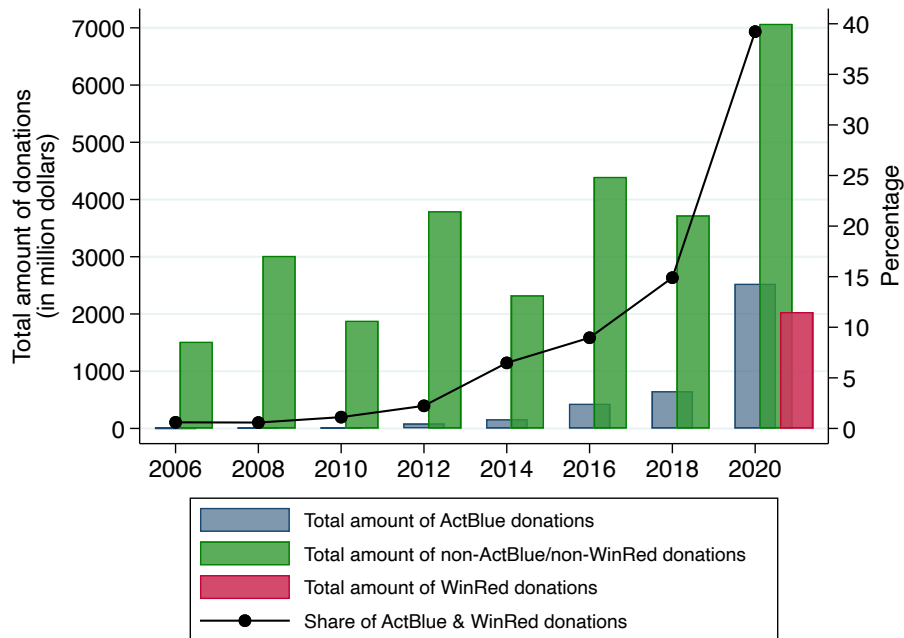
<sup>38</sup>There is a very large literature on the drivers of the increase in political polarization in the US; see e.g. [Boxell et al. \(2017\)](#); [Canen et al. \(2020\)](#) for recent work.

Figure 13: Number and total dollar amounts of political donations, US, 2006-2020

(a) Number of donations



(b) Total dollar amount



**Notes:** The figure represents the number (sub-Figure 13a) and total amount (sub-Figure 13b) of donations made by individual donors between 2006 and 2020, by two-year electoral cycle and depending on whether these donations were made through ActBlue, WinRed or neither of the two. The data come from Bouton et al. (2022).

thus feel better represented – and hence consider that it is more worthwhile to turn out to vote. Estimating empirically whether this is the case will be the topic of future research.

## 4.2 Democracy vouchers

**The case of Seattle** The increasing importance of small donations is just one of the innovations that have characterized the funding of US politics in recent years. Another interesting – and related – change was the introduction of a system of “democracy vouchers” for local elections by the city of Seattle in 2017<sup>39</sup>, which permits citizens to finance the candidates of their choice with public money. Specifically, every registered voter in Seattle automatically receives through the mail four \$25 democracy vouchers (or a total of \$100), which she can give to her chosen candidates in local elections (for the posts of mayor, city counsellor, and attorney general). Candidates who wish to benefit from these democracy vouchers must agree to respect strict spending limits and to receive no contributions above \$250 (excluding the value of the vouchers).

Do these democracy vouchers work, and in particular are they efficient at reducing political inequality? The first evaluation of the program has been done by [Heerwig \(2016\)](#), who highlights that before it was launched, campaign donations for Seattle city elections were very concentrated: according to her computations, in 2013, a mere fifth of donors contributed more than \$500, but their donations represented more than 55 percent of the total funds raised for the election. The introduction of democracy vouchers made it possible to diversify the donor profile. In particular, as shown in a study by the Win/Win and Every Voice organizations that compared the structure of donations for candidates using the vouchers program in 2017 with that of donations for candidates in the mayoral election (when the program was not yet in place)<sup>40</sup>, there were more contributions from citizens with modest incomes (below \$50,000 a year) in the former than the latter case (14 percent against 9 percent of the total number), and symmetrically fewer contributions from very well-off citizens (earning more than \$150,000 a year) for candidates who opted for democratic vouchers than for those who did not use public funding (13 percent against 27 percent). Similarly, [Griffith and Noonan \(2022\)](#), who provide the first causal evaluation of the effect of the vouchers through a difference-in-differences research design<sup>41</sup>, find a 53% increase in total contributions and a 350% increase in number of unique donors; these effects are largely explained by large increases in small donations, defined as contributions less than \$200. Democracy vouchers thus seem like a promising solution.

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<sup>39</sup>The system was introduced under the “Honest Elections Seattle” law of November 2015, the result of a citizens’ initiative. See [Cagé \(2018\)](#) for details.

<sup>40</sup>The results of this study are summarized in Gene Balk (2017), “Do Seattle’s Democracy Vouchers Work? New Analysis Says Yes,” *Seattle Times*, October 13.

<sup>41</sup>They compare Seattle to cities drawn from large cities in Washington and California.

**Improving campaign finance regulation** More generally, an increasing number of scholars are arguing in favor of better regulation of campaign finance, in particular with an effective limitation of very large contributions in the US (see e.g. [Lessig, 2015](#); [Page and Gilens, 2017](#); [Bartels, 2008](#)) but also in a number of other Western democracies ([Cagé, 2018](#)).<sup>42</sup> Absent such a cap, new behaviors such as small donations might not be sufficient to reduce political inequality in the long run, in particular in a context of increasing economic inequalities.

Furthermore, some scholars also emphasize the need for public funding of elections, in order to break up the weight of private money (see e.g. [Page and Gilens, 2017](#)). Reforming the public funding of politics may also imply questioning – in countries where such incentives exist – the efficiency of tax deductions for political donations. As pointed out in [Section 2.2](#) and given the growing evidence on the use of philanthropy as a tool for political influence as well as the fact that charitable giving may actually increase inequality, it may also be of interest to question existing tax incentives for charitable donations – at least by rich donors.

### 4.3 Social parity

As we have shown in [Section 2](#), political inequality can take multiple forms, the concentration of (political and charitable) donations being just one. Another important dimension of political inequality is the lack of descriptive representation. Can we – and should we – aim at reducing the gap in the representation of working-class MPs?

As we have seen in [Section 2.3.1](#), there are at least two reasons why we may want to respond positively to this question. On the one hand, reducing descriptive inequality may enable turnout inequality to be reduced. There is indeed an increasing demand for more grassroots representation ([Cagé and Dewitte, 2020](#); [Dal Bó et al., 2022](#)). On the other hand, the lack of descriptive representation also impacts substantive representation (see in particular [Carnes, 2013](#)).

How to increase the representation of working-class workers? One possibility would be to follow the path opened by the reforms towards greater male–female parity in politics. In most countries, the increase in political gender equality can indeed be at least partly explained by the introduction of gender quotas. Since the 1995 Beijing Declaration – where most countries committed to increasing the representation of women in parliaments to 30% – gender quotas have been adopted in 132 countries. While opponents to quotas often emphasize the potential threat to meritocratic selection, [Besley et al. \(2017\)](#) have shown, using the adoption of a gender quota by Sweden’s Social Democratic Party in 1993, that competence actually increased following the introduction of the quota, and more so in municipalities where the quota led to the biggest increase in the proportion of elected women. In other words, contrary to the expectations of quota sceptics, women’s competence did not go down but stayed roughly

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<sup>42</sup>Better regulating election finances in the US also implies eliminating the super PACs.

constant, and the competence of the elected men also went up significantly.

Furthermore, not only does gender equality not come at a cost, but existing research has shown that male–female parity in politics has a positive impact on policymaking and the ways in which policy decisions are implemented. In the US Congress, for instance, draft legislation introduced by women gains, on average, more co-sponsors than legislation introduced by men, and Republican congresswomen also have a greater chance of obtaining bipartisan support for the legislation they advocate (Gagliarducci and Paserman, 2022). In the case of India, Chattopadhyay and Duflo (2004) have shown that when women – rather than men – headed municipal councils, there was more investment particularly in the provision of drinking water. Interestingly, their study is based on the existence of reserved seats for women in India since the mid-1990s; all citizens (men and women) vote to choose their representatives, but only women do so for these seats. An improvement in the representation of women in elected offices and the introduction of public campaign finance could even be two sides of the same coin. In Brazil, electoral law reforms were passed in 2020-21 that tie the allocation of the Electoral Fund (i.e. the public money funding the elections) across parties to the electoral performance of women or Black candidates to incentivize the parties.

India, the world’s largest democracy, has also gone the furthest in introducing genuine social parity in its legislative bodies. Since independence, it has established quotas for social groups that have historically suffered discrimination (the scheduled castes, also called untouchables or Dalits; see, e.g. Jensenius, 2017). This takes the form of constituencies (16% of the total) in which only candidates from those groups can run in legislative elections. As highlighted by Jensenius (2017), if the reserved constituencies did not exist, it is likely that no former untouchables would ever make it to the assembly. Hence, future research should provide additional comparative evidence on the efficiency of the different rules that have been used historically to improve descriptive representation, and investigate in particular how they may impact descriptive representation and political inequality more broadly.

## 5 Path for future research and conclusion

Political equality is a key democratic value. In this review, we have highlighted various dimensions of political inequality. First, we have provided novel evidence on turnout inequality, showing that only in recent decades poor people seem to vote more than rich citizens (Cagé and Piketty, 2023). This evidence is based on data for France, and it would be of interest to investigate whether we observe similar trends in other countries.

Second, we surmised that poor people may be increasingly discouraged from voting because they perceive that politicians do not take into account their preferences – or only to a low extent compared to the preferences of the rich. This may imply a vicious circle given that inequality

in political representation might also be driven by the fact that low-income citizens are less likely to vote than high-income ones (see e.g. [Erikson, 2015](#), for a review of the literature).

However, many research questions remain open. First, with respect to the concentration of charitable donations, it would be of interest to extend the estimates provided in [Reich \(2018\)](#) – on the share of charitable giving that is focused on the needs of the poor – to other countries than the US, as well as to different time periods, to see whether that share has actually decreased with the increasing concentration. Data in [Reich \(2018\)](#) is based on survey information and it should be combined with administrative tax data, with detailed information not only on the donors but also on the recipients. At the end of the day, there has not yet been any precise quantification of the redistributive or anti-redistributive effect of philanthropy – once both the impact of tax subsidies and the beneficiaries of the charities’ activities are taken into account. Furthermore, while corporate and individual charitable donations are often considered separately, it would be of use to analyze simultaneously the donations stemming from corporations and from individuals, using the ownership structure of the firms together with tax data.

Next, while there is growing evidence documenting the impact of money in politics, much less is known about the kind of reforms that could lead to an effective reduction of the scale of big money in politics. More evidence is needed – e.g. on the optimal form the public funding of democracy could take. In countries like France and South Korea, the State reimburses a substantial part of campaign expenses to those candidates who have obtained enough votes (five percents of the votes in the first round in France, and fifteen percents in South Korea). Does this imply lower barriers to entry compared to countries where such policies are not in place?

Finally, we have highlighted the fact that a significant part of large charitable donations by rich donors may be driven by political considerations (not to mention corporate giving). Hence, one may argue in favor of introducing caps on charitable donations similar to those that exist – at least in some countries – for political donations. Of course, the consequences of such reforms would need to be studied carefully, both *ex ante* and *ex post*. Further, beyond the few existing studies that do so ([Yörük, 2015](#); [Yildirim et al., 2021](#); [Cagé and Guillot, 2021](#)), it would be of interest to study more systematically charitable donations in conjunction with political giving. For example, do we observe a surge in corporate charitable giving when political donations by corporations are banned? Note also that electoral participation is only one form of participation; there are many other forms of political participation (see e.g. [Dalton, 2017](#)) that still need to be studied through the length of political inequality.



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