INEQUALITY AND POPULISM

PROSPECTS FOR NEW SOCIALIST POLITICAL PARTICIPATION

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1. INTRODUCTION

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In recent years, European citizens have witnessed how inequality, particularly socio-economic inequality, together with the vote share that radical right populist parties have secured in elections, has increased. These parties now govern some countries, such as Italy and Hungary, and have gained a significant number of seats in others, such as Spain. That is why the present policy brief aims to examine the nexus between inequality and populism, with a particular focus on the dialectics between social-democratic and radical right populist parties, as well as the territorial differences of inequality (Rodriguez-Pose et al. 2023; Han 2016).

In fact, with respect to our research question, "how does inequality affect political participation?", we argue that the rise of populism is not only linked to economic trends but also to other constitutional changes and institutional settings characterising European countries. We understand the current disenchantment upon which populist parties have achieved their result, as a consequence not only of the democratic dynamics but also of economic inequalities (Crouch 2004). Similarly, we acknowledge that the rise of populism also responds to the party fragmentation that has recently taken place in many European states (Norris and Inglehart 2019; Hooghe and Marks 2018). However, this lies beyond the scope of our research. Hence, our main focus is on economic inequality as the explanatory variable for political participation. This way, analysis of the economic realm to generate policy recommendations is justified. The research fills the gap in the literature by combining a sound theoretical foundation, a clear applied analysis and articulated policy recommendations deriving from these. The main goal is, thus, applied.

To support the argument of the policy brief, our work is split into the following sections. The first deals with the methodology that is used in the writing. Combining a qualitative analysis of the case studies and a quantitative analysis of the data that concerns them, the study sheds light on the research question. Then three countries are presented as case studies. The quantitative analysis of the data is put forward, and finally, a set of policy recommendations, together with an open call for further research on the link between rising inequalities and populist parties' political consensus and participation, are proposed.

2. METHODOLOGY

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We approach the research question from a case study perspective (Yin 1994). For that, we select three case studies to conduct an analysis of the political system, territorial distribution of power, and the power distribution of social-democratic parties and radical right populist parties, with a special mention of the European elections for each of those cases. The selected countries are Italy, Hungary and Spain; Germany is included as a comparative example. This selection is based on two key criteria. Firstly, the cases are chosen based on the presence or absence of a transition from a social-democratic party to a populist radical right party in government. Positive cases include Hungary and Italy, with Spain and Germany being the negative cases. Secondly, the chosen cases require regional or local elections corresponding to the NUTS 2 level. The selection of cases is also justified by including the East-West divide. Similarly, the research team's composition and political and linguistic knowledge have also informed this decision. The operationalisation of political participation is understood as the votes a party receives and inequality as a series of the different indicators explained below.

The quantitative analysis relies mainly on the European NUTS-level election dataset (Schraff et al. 2022). This panel dataset provides NUTS2-level voting outcomes for the European Parliament and national elections. We complement our data with regional inequality indicators, which we obtain directly from EUROSTAT (i.e., *gender employment gap, income quintile ratio (S80/S20) and poverty/ exclusion rate)* or construct based on variables from EUROSTAT (i.e., *education high per low*). Finally, we add control variables, such as regional GDP per capita, disposable household income, population density, median age and gender share. We also obtain these control variables from EUROSTAT.

On top of that, our research builds on a solid base of literature related to the linkages between inequalities and the rise of populist movements (Rodriguez-Pose et al. 2023; Stoetzer et al. 2023; Engler et al. 2020). Even though such a nexus is complex and difficult to frame (Stoetzer et al. 2023), we add a new contribution to this field of analysis by introducing the widespread reconstruction of political systems and trends, thus reporting quantitative and qualitative data from a perspective that is normally not considered.

3. ITALY – POLITICAL PARTY POLARISATION AND STRUCTURAL CHALLENGES LINKED TO THE DREAM OF CONSTITUTIONAL REFORMS

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3.1 The Italian political system

More than other European countries, Italy has tendencies toward polarisation among specific large political parties within a context of high volatility, which has not enabled the establishment of a bilateral system. In this sense, such a scenario affects the capacity of central governments to address constitutional reforms for modernising the country and reshaping the bundle of bills arrangements to tackle structural challenges intertwined with geopolitical frameworks and global crises.

Since the early 1990s, after the end of the so-called "First Republic" and the corruption investigation *"Mani Pulite"*, there have been almost three decades of large party coalitions to form central governments in a context of high instability. Such governmental volatility is due to the Italian constitutional framework, which is composed of two chambers (Senate and House of Representatives) with similar functions and the lack of any electoral law able to assign clear majorities underpinning leading coalitions (Massetti and Farinelli 2019). Thus, after the XIII and XIV Legislatures held, respectively, by centre-left (Prodi, D'Alema, Amato) and centre-right (Berlusconi II-III) governments, subsequent political prime ministers (i.e., some exemptions concerning "technical governments" chaired by Mario Monti and Mario Draghi) attempted to establish their governments by arranging large left-right coalitions, as in the cases of the XVII-XVII Legislatures run by *Partito Democratico* (PD) and *Movimento 5 Stelle* (M5S).

Along with such instability, political parties tried to establish electoral reform to be able to assign a proper majority of parliamentary seats, while keeping a balance of the variegated political scenario and following a "collegial" decision-making sensibility. However, all attempts to find a comprise between the parties diverged, and one electoral law named "Porcellum" was even classified as "unconstitutional" by the Supreme Court.[1]

To some extent, it could be argued that the "governability" issue is a "wicked" problem. The common ground of political instability, reflected by the parliamentary fragmentation, is simply not capable of establishing a dialectic left-right, although Romano Prodi and Silvio Berlusconi's governments in the early 2000s established *Partito Democratico and Popolo delle Libertà* (PdL) as major parties and following an "American dualistic model" of government. Thus, it could be argued that the unsuccessful resetting of bilateral party configurations was affected by the financial instability caused by the 2007 subprime mortgage crisis and its consequences in terms of Italy-Germany spread and national austerity, which guided the collapse of the Berlusconi IV government.

Given this scenario, the primary parties that attempted to modify the Italian electoral and constitutional system, with massive governance implications, were represented by *Forza Italia* (FI); PD and, partially, *Lega*. Eventually, *Fratelli d'Italia* (FDI), which is currently leading the Italian government through Prime Minister Giorgia Meloni, proposed some shifts towards a presidential system.[2] Previously, both the Berlusconi IV government,

underpinned by Lega and PdL, and Renzi's government, supported by PD and centre-right forces, split from PdL, unsuccessfully tried to drive constitutional reforms towards semi-presidential frames led by elite interactions (Massetti and Farinelli 2019). Particularly Renzi's government addressed a constitutional referendum in 2018 to shift the organisation of the two chambers, transforming the Senate into a House of City/Regional Representatives with mainly proposal and control powers, and assigning most of the legislative power to the House of Representatives (Capano and Pritoni 2016).

Overall, the "devolution reform" named "Bassanini's Law" (2003) represents, to date, one of the most relevant successful shifts in the constitutional innovation scenario, since it restructured the legislative and administrative competencies of local, regional and central governments into "exclusive", "residual" and "competitive" powers through "decentralising measures". Such a reform framed the "trading zone" among administrative levels to rearrange powers and effectiveness, assigning more "governability" to local governments in big municipalities (Bassanini 2009; Gilbert 1998).

Looking at each legislature, XVII is the one that has been characterised by a massive attempt to reshape the constitutional framework, underpinned, as pointed out above, by a "Third Way" political prospect in the frameworks of the 2016 Renzi referendum (Capano and Pritoni 2016). Beyond such a referendum, the Letta, Renzi and Gentiloni governments introduced several important shifts in the Italian representative scenario in the same legislature. First of all, Enrico Letta's government annihilated, in 2015, public funding for all parliamentary parties, except the part targeted by citizens through tax deductions, named "2×1000". Secondly, Matteo Renzi's government dismantled, in 2016, the provinces (a middle administrative level between municipalities and regions) for their transformation into light coordination and bureaucratic entities underpinned by municipality representatives (e.g., mayors and aldermen). Thirdly, Paolo Gentiloni's government pursued the electoral reform called "Rosatellum", which reintroduced a "half" majoritarian system based on constituencies per city or district. Such an electoral law took its name from Ettore Rosato, the PD whip in the Senate and expressed a political will addressed by Matteo Renzi, who held the political leadership of PD after the loss of the referendum.

Finally, one last relevant representative reform was introduced in 2020 during the Conte II government and following a proposal of M5S, which addressed the "cut of representatives", from 600 to 400 members in the House, and from 300 to 200 in the Senate (Specchia 2021). Such a reform, passed through a referendum, was supported by the majority of all parliamentary parties, excluding FI and other small political forces, although there were some remarkable exemptions from the PD.[3]

It is remarkable that all the reforms, constitutional, electoral and organisational, attempted to transform the national political system towards a "light democracy", which intertwines the concepts of bureaucratic simplification and populism in a nexus that is still very difficult to interpret. Nonetheless, such reforms, which were promoted following a debate on the divergence between urban and rural votes and looking at the need to integrate large-little municipality socio-economic schemes, were useless for this purpose, since such fracturing has become even more radical in the last few decades, thus determining a political party polarisation consensus in different types of urban agglomerations in the 2020 referendum (Armillei and Cavallotti 2021).

3.2 Territorial distribution of power

The Italian political system is a mix of federalism and centralism. In this sense, the 2001 "devolution process" described above reorganised the State governance following two types of competencies: "exclusive matters" and "concurrent matters" between regional and central governments. Local governments do not hold any legislative power, even though they practically rule every matter that is technically demanded of them by the regions. According to this distribution of powers, the central government retains exclusive competencies for the following:

a) foreign policy and international relations of the State; relations of the State with the EU; the right to asylum and legal status of citizens of states not belonging to the EU;

b) immigration;

c) relations between the republic and faith groups;

d) defence and armed forces; state security; weapons, ammunition and explosives;

e) money, protection of savings and financial markets; protection of competition; currency system; state tax and accounting system; harmonisation of public budgets; equalisation of financial resources;

f) state bodies and related electoral laws; state referendums; European Parliament elections;

g) administrative order and organisation of the State and national public bodies;

h) public order and security, excluding the local administrative police;

i) citizenship, marital status and registry office;

l) jurisdiction and procedural rules; civil and criminal law; administrative justice;

m) determination of the essential levels of services concerning civil and social rights that must be guaranteed throughout the national territory;

n) general rules on education;

o) social security;

p) electoral legislation, government bodies and fundamental functions of municipalities, provinces and metropolitan cities;

q) customs, protection of national borders and international prophylaxis;

r) weights, measures and determination of time; statistical and IT information coordination of state, regional and local administration data; intellectual works; and

s) protection of the environment, ecosystem and cultural heritage.

All other domains are concurrent with the regional governments, and thus, shared with them and the geographical configurations.

Specifically regarding the geographical distribution of powers, several observers remarked an evident dualism between Milan and Rome as the two major centres, respectively, embodying economic and political power.

3.3 Social democrats and the radical right in Italy

The major Italian social-democratic party, PD, has faced several difficult moments over the last two decades. Nonetheless, the rise of populist and radical right movements did not defeat its resilient role. Although PD lost many votes in the so-called "left-behind places" (Rodriguez-Pose et al. 2023), which shifted their support towards the radical right parties, including Lega and FDI, the social democrats increased their consensus in urban areas, leading the polls in the major Italian cities (Rome, Milan, Turin, Naples, Bari, Florence etc.).

3.4 Upcoming elections and European elections 2024

Polls concerning the upcoming 2024 EU elections see a leading role for Meloni's party, currently in government, with about 28-30% of consensus. The second-most-relevant party is still PD, with around 20% of votes and a slow increase of supporters little by little to the electoral date in June 2024. Other parties on both the majority and minority sides of the parliament have not made relevant changes and the conflict between Premier Giorgia Meloni and the opposition leader, Elly Schlein, will probably polarise FDI and PD consensus against the other political forces. Moreover, the threshold for EU elections is fixed at 4%, and thus, difficult to reach for many parties, also among those represented in the parliament.

4. HUNGARY – THE TRANSFORMATIONS OF HUNGARY'S PARTY SYSTEM AND CENTRALISATION OF POWER

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4.1 The Hungarian political system

The party system in Hungary has experienced significant transformations since the country's transition to democracy in 1989. This section includes an analysis of party dynamics during two distinct phases: the transition years from 1989 to 2010; and the subsequent transformation since 2010. By examining the party landscape, power distribution, governments, electoral systems and territorial distribution of power, we can gain insights into the evolution of Hungary's political landscape.

The transition to democracy in Hungary in 1989-1990 marked a significant shift in the country's political landscape. During this period, a new party system emerged, characterised by the presence of three major political poles: liberalism; conservatism; and social democracy. The initial years of the transition were marked by political stability and a balanced political system.

However, the party system underwent a transformative phase after the Fidesz-KDNP coalition, led by Viktor Orbán, gained considerable electoral support and came to power. This marked a turning point, as the government implemented a series of reforms that reshaped the political system, resulting in a more rigid and polarised party competition. These changes also had significant implications for Hungary's local government system, leading to increased centralisation and a reduction in the autonomy and powers of municipalities.

The transition period marked by the three main poles (liberalism, conservatism and social democracy) was distinguished by political stability and a well-balanced political system, which was further fortified by the formation of coalition governments (Fazekas and Fekete 2018). The political landscape of Hungary exhibited the presence of three influential poles, each with approximately equal significance. The right-wing conservative pole encompassed the Hungarian Democratic Forum (MDF), the Independent Smallholders Party (FKGP) and the Christian Democratic People's Party (KDNP). The left-wing social-democratic pole was represented by the Hungarian Socialist Party (MSZP), while the liberal pole consisted of the Alliance of Free Democrats (SZDSZ) and the Alliance of Young Democrats (Fidesz), which underwent an ideological shift from liberalism to conservatism over time (Fazekas and Fekete 2018).

Between 1990 and 2010, Hungary was governed by two distinct types of party coalitions. The first type comprised conservative right-wing parties, initially led by MDF and later succeeded by Fidesz. The second type of coalition consisted of socialist and liberal parties, composed of MSZP and SZDSZ. However, a significant transformation in Hungary's party system occurred when Fidesz-KDNP, under the leadership of Viktor Orbán, garnered extraordinary support and attained electoral victory. This second transformation brought about a complete change in the political system through the adoption of a new constitution, culminating in a more rigid and polarised landscape of party competition. Consequently, the reconfigured party system displayed low fragmentation, heightened emotional

and ideological polarisation, and a secondary emphasis on economic issues. As a result, party competition assumed a more confrontational and polarised nature (Enyedi 2006).

In 2012, Hungary witnessed notable changes to its electoral system through the implementation of significant electoral reforms. General elections transitioned to a one-round, two-ballot system that incorporated a combination of parallel and proportional voting mechanisms. Furthermore, the reform abolished turnout requirements and reduced the number of seats in the National Assembly to 199 (Fazekas and Fekete 2018).

4.2 Territorial distribution of power

The consolidation of power within the local government system has emerged as a significant trend in Hungary since 2010. Following the 2010 election, the Fidesz-KDNP government embarked on a series of legislative and political reforms aimed at fundamentally reshaping the local government system. These reforms were designed to establish a highly centralised system, thereby limiting the autonomy and authority of municipalities.

Under the new system, municipalities experienced a notable erosion of their core responsibilities in crucial areas, such as public education, healthcare, social services, culture and public utility services. Furthermore, their property rights over essential infrastructure were curtailed, further exacerbating the centralisation trend. The financial dependency of local governments on the central government reinforced this pattern, as the effective functioning of municipalities became contingent upon their alignment with the governing parties (Kovarek and Littvay 2022).

This centralisation process yielded two discernible trends. Firstly, a reduction in the number of seats in local assemblies restricted the scope of interaction between voters and their elected representatives, curtailing opportunities for direct engagement and participation in local decision-making processes. Secondly, changes to the rules governing candidacy and the weakening of proportional elements in the

electoral system disadvantaged smaller opposition parties and civil organisations. Moreover, party affiliation gained heightened importance, even in electoral units traditionally led by politically independent officeholders (Kazai and Mécs 2019).

In contrast to other local political actors, mayors have experienced an increase in their powers, in relation to councils and other local stakeholders, since 2010. This power shift has solidified mayors' positions as influential figures within the local governance structure. Hungary operates a two-tier local government system, comprising municipal and county self-governments, each with directly elected representative bodies. Notably, the 19 counties function as intermediate-level self-governments with limited rights, moderate competences and no taxation powers, resulting in their relatively diminished political significance, particularly in relation to municipalities. Conversely, municipalities enjoy a broader range of powers, with Budapest and its 23 districts being granted special autonomy.

Since 2010, Hungary has implemented reforms to decrease the number of seats in local assemblies, weaken proportional representation, introduce changes in the rules governing the election of local assemblies in Budapest before the 2014 municipal elections, and extend the term for local governments and councils from four to five years, potentially impacting the dynamics of local governance (Collini 2021).

An analysis of the longitudinal trends in the local autonomy index (LAI) reveals that Hungary initially exhibited relatively high levels of local autonomy in the immediate aftermath of its transition to democracy in 1989-1990. However, since the implementation of reforms by the Orbán government, the country has experienced a significant decline in local autonomy. In fact, Hungary has recorded the largest decline among the 39 countries included in the LAI dataset, highlighting the transformative impact of the centralisation processes undertaken within its local government system (Kovarek and Littvay 2022).

4.3 Social democrats and the radical right in Hungary

Social democrats in Hungary are gathered in three main parties. The first, Democratic Coalition (DK), has 15 seats in the Hungarian parliament (7.2%) and represents the majority of social-democratic voters. Despite these representing a modest number of Hungarians, the DK has steadily gained representatives since its foundation in 2011 (four in the 2014 election, nine in the 2018 election and 15 in the latest 2022 election). In the last elections, they ran together with an opposition coalition named "United for Hungary". The second party, the MSZP, was created in 1989 in the context of a transition away from Soviet rule and for two decades was one of the two ruling parties together with Fidesz. Nowadays, its results in the national parliament are also modest (9.5% of the seats) and have been in decline since it was ousted from government back in 2010. The third party, the Social Democratic Party of Hungary (MSZDP), is the historic social-democratic party that has existed since the beginning of the 20th century. Currently, it has no representation, and it was excluded from the Party of European Socialists (PES) in 2020 due to inactivity.

The radical right is represented by Fidesz, Jobbik and the Our Homeland Movement (MHM) in Hungary. The last of these represents a split from Jobbik and it achieved third place in the last national election in 2022. Fidesz has governed comfortably since 2010. Nowadays, it holds 133 seats in parliament (66%).

4.4 Upcoming elections and European elections 2024

In the last election, the five social-democratic MEPs were gathered around DK (4) and MSZDP (1), representing a total of 23% of the seats. Conversely, the radical right of Fidesz enjoyed 61% of the MEPs allocated to the country. MHM did not obtain any MEPs. In upcoming elections, it seems that polls suggest that the tendency will be maintained: Fidesz will come first; DK second; and MSZDP will hold a later position.

4.5 Conclusion

Hungary's political system has undergone significant changes since the country's transition to democracy in 1989. The balanced character of the political system in the initial phase gave way to a rigid and polarised system dominated by a populist radical right party since 2010. The centralisation of power in Hungary's local government system since 2010 has also had a profound impact on the distribution of power, the functioning of municipalities and the ability of citizens to actively participate in local decision-making processes. These changes have reshaped the dynamics of Hungary's political landscape and have significant implications for the future trajectory of local governance in the country. Despite the stability of the new political system, enormous concerns have been raised over Fidesz's approach to democracy and the rule of law. The impact of this in electoral issues is linked to the predominance of Fidesz.

5. SPAIN – A QUASI-FEDERAL POLITY UNDER SIEGE FROM RADICAL RIGHT IDEAS

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5.1 The Spanish political system

The Spanish political party system is composed of a multiparty system, a minority electoral system with majority distortions and a quasi-federal territorial distribution of power. The system has been greatly impacted by the 2007-2008 global financial crisis and the 2011 eurocrisis, which reduced the growth of the Spanish economy and created political disenchantment that still exists today. Due to these structural changes, the traditional Spanish bipartisan system mutated into a multiparty one, where traditional parties, PSOE (S&D) and PP (EPP), have to coexist with the newcomers, *Unidas Podemos* (GUE/NGL) and VOX (ECR).

5.2 Territorial distribution of power

The territorial distribution of power has been a traditional issue in the Spanish political debate, which has polarised social opinion and different political parties. In this sense, the centre-periphery cleavage must be considered when accounting for Spanish politics. This has also been combined with the recent but strong emergence of the radical right party VOX. This party, which supposes a challenge to the traditional PP, incorporates openly anti-liberal, anti-globalist and anti-integrationist ideas in its discourse. The rise of the party took place in the wake of the Catalan political crisis of 2017. Due the rise of these actors, current Spanish politics is considered to be divided into two main blocs: PP+VOX and the rest of parties (including PSOE and UP). This fact is negative for the health of Spanish political institutions.

5.3 Social democrats and the radical right in Spain

The two main parties of this study, S&D and the radical right, are well represented in Spain. As mentioned before, VOX has steadily been winning seats in multiple elections. PSOE is currently governing in coalition with Unidas Podemos. Their rivalry has repeatedly been seen in recent electoral campaigns and the territorial models they propose for Spain are opposites. These differences can also be seen at the European Parliament. In line with the globalist-anti-globalist cleavage mentioned before, Pedro Sánchez's PSOE represents the embodiment of global institutions supporting liberal democracy for VOX. Their presence in the European and global arena, together with their support of the United Nations' sustainable development goals, as the paradigm of globalism, have led to many VOX politicians presenting Mr Sánchez as the very best example of the globalist movement.

5.4 Last elections and 2024 EU elections

In 2023, two elections took place in Spain that have continued to shape its political system. In late May, local and regional elections provided victory for the PP and VOX. Their alliance assured the governments of many local municipalities and regional governments. It is generally believed that Prime Minister Sánchez called for early general elections in late July as a consequence of the poor electoral results. The result, which again put the PP in first position, improved the chances of PSOE continuing to hold the presidency of the country, potentially thanks to an alliance with Basque and Catalan nationalist parties, apart from left-wing Sumar. That was the case and on 16 November

Pedro Sánchez was re-elected president of Spain. Looking ahead, the European elections of May 2024 will be a test of the currently governing coalition in the country. It is likely that most of the debates will be nationally oriented, although with a growing European dimension. This tendency has become popular recently due to the "Europeanisation" of the Catalan conflict in Brussels.

6. QUANTITATIVE ANALYSIS

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6.1 Data

Our quantitative analysis relies mainly on the European NUTS-level election dataset (Schraff et al. 2022). This panel dataset provides NUTS2-level voting outcomes for the European Parliament and national elections. We complement our data with regional inequality indicators, which we obtain directly from EUROSTAT (i.e., *gender employment gap, income quintile ratio (S80/S20) and poverty/ exclusion rate)*, or construct based on variables from EUROSTAT (i.e., *education high per low*). Finally, we add control variables, such as regional GDP per capita, disposable household income, population density, median age and gender share. We also obtain these control variables from EUROSTAT.[4] Furthermore, we add the populism classification from *The PopuList* (Rooduijn et al. 2019) and manually classify social-democratic parties.[5]

6.2 Analysis

The quantitative part of our analysis relies on a regression analysis using the panel data described above.[6] In this analysis, we attempt to compare the evolution of outcomes in a specific election of similar NUTS-2 regions. We analyse our threefour case studies aggregated and individually. Our outcomes are turnout and voting shares for populist and social-democratic parties. We only compare regions within a country. Given that we could control for all differences between these regions, they would only differ in their changes in inequality, namely, the *gender employment gap, income quintile ratio (S80/ S20), education high per low and poverty/exclusion rate*.[7]

Since we relate *changes* in inequality to *changes* in outcomes of a region to the respective *change* in another region, we do not have to be concerned by aspects that do not change (much) over time in this region. Let's say the turnout in region A is always

lower, for example, because it lies in the middle of the mountains and it is more challenging to vote. This would not matter for our analysis because we only analyse how the outcomes *change over time*, ignoring the level determined by time-constant factors.

Since not all differences are due to time-constant factors, we also control for observable time-varying covariates in the NUTS-2 regions, such as disposable income. The disposable income of individuals is not constant over time and might influence our outcomes. By adding this as a control variable, we capture this effect, and it will make the regions more comparable. We also *subtract* trends in voting outcomes at the national level. Thus, we also only compare NUTS-2 regions within a country. In addition, we only compare the evolution of election outcomes of the same type of election.

6.3 Results

Our results indicate a positive association between the *gender employment gap* and turnout. A one percentage point (pp) larger gender gap is associated with 0.23 pp higher turnout. Germany mainly drives this result. In our pooled analysis, the *poverty/ exclusion rate* is not statistically significantly in relation to turnout. However, Spain shows a positive association (0.2 pp per 1 pp increase in the rate) and Italy a negative one (−0.24 pp per 1 pp increase in the rate). For *S80/S20*, we find a negative association with the turnout, which Italy mainly drives. However, Hungary shows a positive association, which is not statistically significant. *Education high per low* does not show an overall significant association, but it is positively associated with turnout in Hungary.

In a pooled analysis, the *gender employment gap* is not associated with the vote share for social-democratic parties, but Spain has a negative association and Italy has a positive one. The 1 pp larger gender gap in Spain is associated with a 0.27

pp lower share for social-democratic parties, while in Italy, it is associated with a 0.41 pp larger share. The *poverty/exclusion rate* is not associated with the vote share for social-democratic parties in our pooled or country-wise analysis. The same holds for the *S80/S20* indicator. For *education high per low*, we find an overall negative association driven by Germany and (primarily) Italy.

The *gender employment gap* is overall not associated with the vote share for populist parties, but we find a positive relationship in Germany (1 pp) and Spain (0.54 pp). The *poverty/exclusion rate* overall is not associated with the vote share for populist parties, but in Spain we find a negative association (0.37 pp) and a positive (0.29 pp) association in Italy. We find a positive relationship between *S80/S20* and the vote share for populist parties, which Italy mainly drives. We find a negative relationship with *education high per low*, which Germany primarily drives.[8]

7. POLICY PROPOSALS AND NEXT STEPS

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7.1 Policy proposals

Based on the qualitative and quantitative analysis presented above, our intention is to fill the gap expressed through the lack of political participation among EU countries, especially in the geographic areas in which the presence of far-right political forces is more radical.

- Stimulating funds established by the European Commission inside the European Regional Development Fund (ERDF) for fostering activism and civic participation of young citizens (under 35) in inner areas (both rural and mountain spaces), strengthening the organisation of events, festivals, artist and architecture residences, light urban regeneration interventions and landscape maintenance, and local tourist and economic innovation hubs and fairs.

- Improving connections between urban and rural areas through participatory projects funded by member states or regional governments, involving schools, universities, research centres and foundations, to enable know-how capacities of lower classes through soft-skills teaching, games, culture and sports activities. Improving the linkages between urban and rural addresses to rethink the relationship between the centre and periphery in cities.

- Enabling light consultation processes linked to the use of online platforms through which citizens can express their opinions on bills, regulations and actions pursued by their municipal governments and for suggesting ideas on service improvements and innovative governance arrangements.

- Capitalising on the momentum created by the Conference on the Future of Europe (COFOE) to create permanent citizen participation platforms. These would mimic the test citizen panels in place during the COFOE and, therefore, the mistakes made could be corrected. Establishing these panels at different territorial levels (member state, region and municipality) so that each of them deals with the competences of that specific territorial level.

- Promoting knowledge of the political reality in other member states so that cross-European trends in political participation can be identified.

- **Specific proposals for Italy**

  a) Increase regional resources for supporting political participation of the youth citizens (under 35), including reimbursements of travel and accommodation expenses at festivals and events.

  b) Provide more resources for municipalities to strengthen local governance.

  c) Support political projects and bills to reform internal governance of parties and political associations towards a more democratic and competitive selection of leaders.

  d) Promote cultural academic projects for cross-border cooperation among regions and provinces in the following subjects: law; political sciences; international development studies; art; architecture; literature; sociology; anthropology; and history.

- **Specific proposals for Hungary**

  a) Increase social transfers, including family allowance, minimum old-age pension and the employment substitution benefit.

b) Provide more resources for municipalities to strengthen local governance.

c) The EU should decline to fund governments that are actively illiberal democracies to discourage policies that marginalise certain communities.

 1) The EU should keep putting pressure on the Hungarian government by withholding funds as a means of encouraging democratic reforms and adherence to EU values.

d) The EU should emphasise the need for domestic efforts and civic engagement to protect and strengthen democratic institutions.

- **Specific proposals for Spain**

a) Take advantage of the gender policies implemented in recent years from a comparative perspective. Our analysis showing a positive relation between the gender unemployment gap and the vote for populism might be due to the conceptual narrative established in the minds of Spaniards if women were not able to enter the job market. Similarly, a strong focus should be placed on younger generations.

b) Reduce inequalities between the upper and lower quartiles. As our *S80/S20* analysis has shown, the bigger this inequality is, the lower the political turnout in Spain will be. Spain has traditionally been a receiver of cohesion funds from the EU, which has changed since the 2004 grand enlargement. Alternative ways of continuing that cohesion funding both intra- and supra-state should be achieved.

c) Utilise the international momentum the current social-democratic government has achieved by leading international initiatives to reduce inequality. Inequality is still perceived as one of the main drivers of politics and, therefore, action in this realm could easily be capitalised on by a social-democratic government. Particular attention should be paid to programs in Latin America, which are closely linked to Spain's own migration policy.

ANNEX 1 – ELECTORAL DATA FROM CASE STUDIES

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Spain											
Name	Party family	Entered national politics	Current leader	Left-right manifesto project	% vote EU elections	% vote general elections	% vote regional elections	Seats at the EP	Seats at the UC	Seats at the LC	Seats at the RC
PSOE	S&D	1879	Pedro Sánchez Castejón	−29	32.86	28.25		21/705	93/265	120/350	
PP	EPP	1989	Alberto Núñez Feijóo	+6	20.15	20.99		13/705	83/265	89/350	
VOX	ECR	2013	Santiago Abascal Conde	+34	6.21	15.21		4/705	2/265	52/350	
Unidas Podemos	GUE/NGL	2016	Yolanda Díaz Pérez	−39	10.07	10.65		6/705	0/265	26/350	
Ciudadanos	RENEW	2006	Adrián Vázquez Lázara	−10	12.18	6.86		8/705	0/265	10/350	
ERC	GREENS/EFA	1931	Oriol Junqueras Vies	−30	5.58*	3.66		3/705*	11/265	13/350	
JxCAT	RENEW	2017	Laura Borràs Castanyer	−18	4.54	2.20		3/705	3/265	8/350	
PNV	RENEW	1895	Andoni Ortuzar Arruabarrena	−11	2.82	1.57		1/705	9/265	6/350	
EH BILDU	GUE/NGL	2012	Arnaldo Otegi Mondragón	−35	5.58*	1.15		3/705*	1/265	4/350	

Hungary											
Name	Party family	Entered national politics	Current leader	Left-right manifesto project	% vote EU elections	% vote general elections	% vote regional elections	Seats at the EP	Seats at the UC	Seats at the LC	Seats at the RC
MSZP	S&D	1989	Imre Komjáthi Ágnes Kunhalmi (co-presidents)	−19.821	6.61	36.90 (constituency) 34.44 (party list) – United for Hungary coalition		1/705			
Jobbik (Movement for a better Hungary)	Non-Inscrits	2003	Márton Gyöngyösi	−15.121	6.34	36.90 (constituency) 34.44 (party list) – United for Hungary coalition		1/705			
Fidesz and KDNP coalition	Non-Inscrits	1988	Viktor Orbán	48.655	52.56	52.52 (constituency) 54.13 (party list) – Fidesz−KDNP coalition		12/705			

Name	Party family	Entered national politics	Current leader	Left-right manifesto project	% vote EU elections	% vote general elections	% vote regional elections	Seats at the EP	Seats at the UC	Seats at the LC	Seats at the RC
PD	S&D	2007	Elly Schlein		22.7	19		16/76	37/200	62/400	185/896
M5S	Non-Inscrits	2009	Giuseppe Conte		17	15.5		6/76	28/200	52/400	59/896
Europa Verde	Greens/EFA	2019	Angelo Bonelli		2.3	3.6		0/76	1/200	6/400	8/896
Sinistra Italiana	GUE/NGL	2015	Nicola Fratoianni		1.7	3.6		0/76	2/200	4/400	4/896
Italia Viva	RENEW	2019	Matteo Renzi			7.79		1/76	4/200	12/400	9/896
Azione	RENEW	2019	Carlo Calenda			7.79		1/76	6/200	9/400	15/896
FI	EPP	2013	Silvio Berlusconi		8.7	8.27		10/76	18/200	44/400	71/896
Lega	ID	2017	Matteo Salvini		34.2	8.85		25/76	29/200	66/400	186/896
FDI	ECR	2012	Giorgia Meloni		6.4	26		9/76	66/200	118/400	126/896

The table title "Italy" appears as a spanning header at the top of the table.

ANNEX 2 – TECHNICAL ANNEX

We regress our outcome variables, namely, voting turnout and voting shares for right-wing and social-democratic parties, on several inequality indicators (i.e., *gender employment gap*, *income quintile ratio (S80/S20)*, *education high per low and poverty/exclusion rate*). We control for time-constant differences between NUTS-2 regions using NUTS-2 fixed effects. In addition, we control for a set of time-varying controls by adding lagged control variables (GDP at current market prices in millions in Purchasing Power Standards (PPS), net disposable household income in millions in PPS, population density in persons per km2, median age and share of males).

We run the regressions jointly, adding control variables stepwise. In addition, we either run the regressions with year fixed effects, controlling for general time trends or with the year × country fixed effect. By adding the year × country fixed effect, we control for time trends within the country and compare only regions within the same country.

In addition, we run the regressions separately by country (if data is available), with and without controls. Note that here the year × country fixed effect boils down to a year fixed effect.

We always add election-type dummies to compare only within the same election type.

We cluster standard errors on the NUTS-2 level and use the electorate of the specific election as weights in the regression.

Regression

$y_{dte} = \beta_0 + \beta_1\ Ineq_{dt-1} * \beta_2\ X_{dt-1t} * \beta_3\ \tau_d * \beta_4\ \theta_{td} * \beta_5 \kappa_e * \varepsilon_{dte}$

d: NUTS-2 region

t: year of election, time period 2004-2019

y_{dte}: one of our outcome measures, specified below, in region *d*, in time *t*, in election type *e*

$Ineq_{dt-1}$: one of our inequality measures, specified below, in region *d*, in time *t*-1

X_{dt-1t}: vector of controls, specified above, in region *d*, in time *t*-1

τ_d: NUTS fixed effect

θ_{td}: year × country fixed effect or year fixed effect

κ_e: election type fixed effect

Note: *t*-1 is the year before the election, not the last election.

Definitions of treatment variables

Gender employment gap

The *gender employment gap* is defined as the difference between the employment rates of men and women aged 20-64 (EUROSTAT definition). We use it in percentage points.

Income quintile ratio (S80/S20)

The *income quintile ratio* (S80/S20) is calculated as the ratio of the total income received by 20% of the population with the highest income (= 1st or top quintile) to that income received by the 20% of the population with the lowest (= 5th or bottom quintile).

Education high per low

The ratio *education high per low* is based on ISCED 2011 levels. It is calculated by dividing the population with tertiary education (levels 5-8) by the population with lower secondary education or below (levels 0-2).

Poverty/exclusion rate

People at risk of poverty or social exclusion (*poverty/exclusion rate*) correspond to the sum of persons who are at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once, even

when they are present in more than one of the three sub-indicators. At risk of poverty is persons with an equalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equalised disposable income (after social transfers). Severely materially deprived are persons having living conditions severely constrained by a lack of resources; they experience at least seven out of 13 deprivation items. Persons living in households with very low work intensity are those aged 0-64 living in households where the adults (aged 18-64) worked a working time equal to or less than 20% of their total combined work-time potential during the past year. Students aged 18-24, people who are retired or who receive any pension (except survivor's pension), and people aged 60-64 who are inactive and living in a household where the main income is a pension are excluded (EUROSTAT definition). We use it in percentage points.

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ENDNOTES

1   See Pastorella, G. (2014) "Italy's new electoral law proposal is unlikely to make Italian governments more democratic or stable". LSE blog, 24 January.

2   See Giordano, E. (2023) "Italy's Meloni likes one French idea: Its presidency". Politico, 11 May.

3   See Leali, G. (2020) "Size matters as Italy votes on shrinking parliament". Politico, 18 September.

4   See Annex 2.

5   See Annex 1.

6   See Annex 2 for a more comprehensive technical description.

7   S80/S20 is only available for Hungary and Italy, poverty/exclusion rate for Germany is only available only since 2016.

8   See Annex 2 for detailed regression results and descriptive figures the relationship between outcomes and treatments.

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