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Commentary

Wealth/Income Gaps Fueling Fascist, Radical-Right Politics

By David Demers*

When the *Washington Post* examined the backgrounds of people arrested for storming the Capitol on January 6, 2021, they found 6 of 10 had financial problems, including bad debts, bankruptcies, evictions, foreclosures, or unpaid taxes.¹

“I think what you’re finding is more than just economic insecurity but a deep-seated feeling of precarity about their personal situation,” political science professor Cynthia Miller-Idriss told the *Post*. “And that precarity — combined with a sense of betrayal or anger that someone is taking something away — mobilized a lot of people that day.”

Political science professor Tess Wise also found a lot of anger when she interviewed 48 people who had gone through Chapter 13 bankruptcies. Most did not blame the government, the tax system, or America’s lack of social safety net.

“Instead, they blamed the ‘entitlement’ of others for ruining things for ‘hardworking Americans,’” Wise wrote. “More often than not, I found the ‘entitled’ Americans they had in mind were members of minority groups.”²

These findings are troubling, because more than six of ten Americans currently struggle to pay their bills³ and, thus, are vulnerable to radical right-wing or fascist political parties or movements.⁴ To attract followers, these parties often create scapegoats out of undocumented immigrants and welfare recipients.⁵

But would these movements lose support if fewer Americans were struggling financially?

¹Todd C. Frankel, “A Majority of the People Arrested for Capitol Riot Had a History of Financial Trouble,” *The Washington Post* (February 10, 2021), retrieved July 19, 2024, from <<https://www.washingtonpost.com/business/2021/02/10/capitol-insurrectionists-jenna-ryan-financial-problems/>>.

²Tess Wise, “I Interviewed 48 Bankrupt Americans – Here’s Who They Blame for Their Financial Troubles,” *The Conversation* (February 18, 2021), retrieved 7/19/24 from <<https://theconversation.com/i-interviewed-48-bankrupt-americans-heres-who-they-blame-for-their-financial-troubles-154633>>.

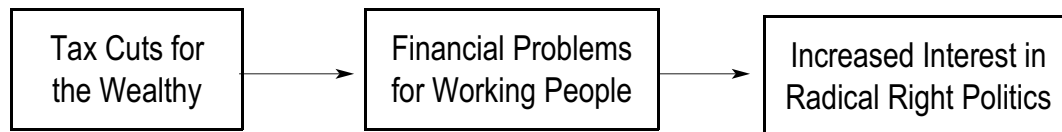
³News Release, “New National Poll: Economic Hardships of Millions of Middle-Class Americans Go Unseen, Most Believe They Will Continue to Struggle Throughout Their Lives,” True Cost of Living Coalition (June 4, 2024), retrieved 6/5/24 from <<https://www.nationaltruecostofliving.org/research/pressrelease/>>.

⁴Adolfo Muñoz, “Fascism Is also Promising Security,” *Euskal Sindikatua* (October 23, 2018), retrieved 7/21/24 from <<https://www.ela.eus/en/news/fascism-is-also-promising-security/>>.

⁵Aleš Kudrnáč, Maureen A. Eger, and Mikael Hjerm, Scapegoating Immigrants in Times of Personal and Collective Crises: Results from a Czech Panel Study, *International Migration Review*, 58(2): 573-592 (June 2023), retrieved 7/21/24 from <<https://doi.org/10.1177/01979183231177971>>.

The scientific research suggests they would.

I also argue that many Americans are falling behind financially not because of their mistakes, but because of massive tax cuts for the wealthy over the last four decades. My theory is simple: *Interest in radical right politics grows when people struggle financially, and people are struggling in large part because of massive tax cuts for the wealthy over the last four decades.*



Let me start with the link between financial problems on politics.

At least four economic studies have shown that financial problems as well as economic crises or slow growth fuel support for radical right-wing political parties.⁶ A fifth study was even able to estimate the effect: Support for extreme right-wing groups increases 1 percent for every 1 percent decrease in economic growth rates.⁷

This part of the theory also applies to radical left-wing politics. Sociologist George A. Donohue argued in the 1980s that the rise of the middle class during the early and middle part of the 20th century effectively pushed socialist and communist movements out of American politics.⁸ In other words, people reject radical political movements when they are reasonably content with their standard of living and quality of life.

But things began to change in the 1960s.

Local, state and federal taxes on the working and middle classes began increasing, from about 17 percent to 27 percent by the 1970s — a 59 percent increase that still exists today.⁹

In contrast, taxes on the wealthiest 10 percent have declined 17 percent, and taxes on the

⁶Markus Brückner & Hans Peter Grüner, “Economic Growth and Political Extremism,” *Public Choice*, 185: 131-159 (October 2019), retrieved 7/19/24 from <<https://link.springer.com/article/10.1007/s11127-019-00745-w>>; Kyung Joon, “Income Inequality and Voting for Radical Right-wing Parties,” *Electoral Studies*, 42: 54-64 (June 2016), retrieved 7/19/24 from <<https://www.sciencedirect.com/science/article/abs/pii/S0261379416000135>>; Dimitri Zabelin, “Will a Global Recession Accelerate Geopolitical Fragmentation?” World Economic Forum (March 30, 2023), retrieved 7/19/24 from <<https://www.weforum.org/agenda/2023/03/geopolitical-fragmentation-extremism>>; and Sebastian Doerr, Stefan Gissler, José-Luis Peydró and Hans-Joachim Voth, “Financial Crises and Political Radicalization: How Failing Banks Paved Hitler’s Path to Power,” *Journal of Finance*, 77(6): 2993-3425 (December, 2022).

⁷Hans Peter Grüner and Markus Brückner (2010), “DP7723 Economic Growth and the Rise of Political Extremism: Theory and Evidence,” CEPR Discussion Paper No. 7723 (Paris & London: CEPR Press, 2010), retrieved 7/19/24 from <<https://cepr.org/publications/dp7723>>.

⁸Personal conversation in 1988 with University of Minnesota sociologist George A. Donohue.

⁹Emmanuel Saez and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (New York: W. W. Norton & Company, 2019; Kindle Edition), p. 14.

400 richest Americans (all billionaires) have dropped a phenomenal 67 percent. The super rich now pay 23 percent of their income in taxes, which is a lower percentage rate than the bottom 50 percent (27%).¹⁰

Canadian political scientist Jacqueline Best argues that the 2008 financial crisis also contributed to a rise in right-wing populism as well as a decreased commitment to democratic principles. Prior to the 1980s, she says, democracies focused on increasing employment and economic stability. But during the 1980s (when Ronald Reagan was president), governments focused more on reducing inflation and deregulating markets to “produce a more dynamic economy.” (In the USA, it was called “supply-side economics.”)

But cutting taxes on the wealth did not trickle down to the masses. “[I]nequality grew and middle-class incomes stagnated,” she writes. “Many middle-class families adapted by dipping into their home equity with lines of credit or simply loading up on credit-card debt . . . the economy wasn’t working for everyone.”

More than 400,000 Americans lost their jobs from October 2008 to April 2009.¹¹ The unemployment rate doubled, going from less than 5 percent to 10 percent.¹² More than 3.8 million Americans lost their homes to foreclosure.¹³ The average home lost one-fifth of its value from 2007 to 2011. GDP declined 4.3 percent.

The bottom line is that inflation-controlled wages for the working and middle classes have stagnated for the past 53 years, increasing only 19 percent from 1976 to 2023, a measly 0.4 percent average annual increase (see Figure 1.5).¹⁴ The middle class hasn’t fared much better, either, with only 1.1 percent increase per year.

But the wealthy (top 10%) have done very well.

¹⁰Emmanuel Saez and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (New York: W. W. Norton & Company, 2019; Kindle Edition), p. 14. Also see Aimee Picchi, “America’s Richest 400 Families Now Pay a Lower Tax Rate than the Middle Class,” CBS News (October 17, 2019), retrieved 6/4/24 from <https://www.cbsnews.com/news/americas-richest-400-families-pay-a-lower-tax-rate-than-the-middle-class>.

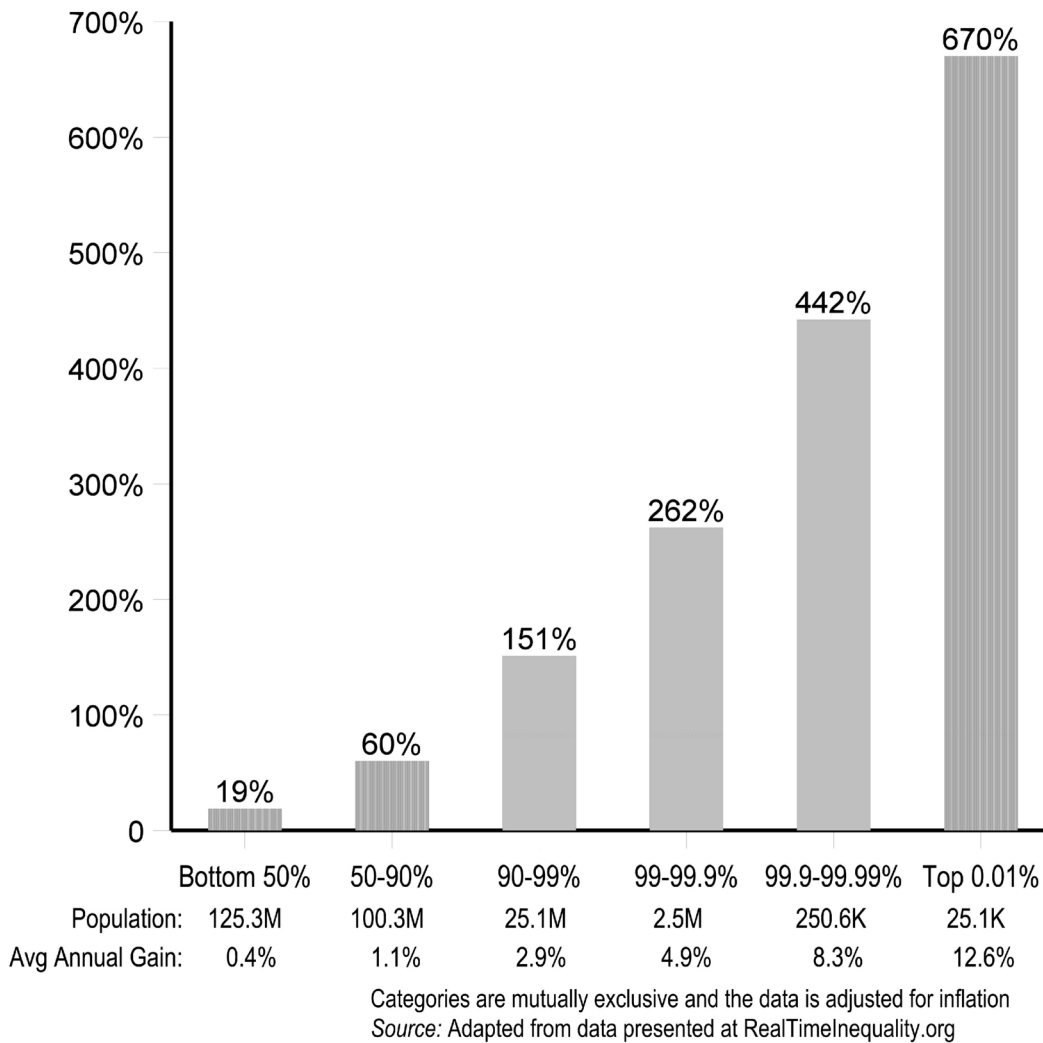
¹¹Michael Greenstone and Adam Looney, “Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers,” Brookings Institution (November 4, 2011), retrieved 4/22/24 from <https://www.brookings.edu/articles/unemployment-and-earnings-losses-a-look-at-long-term-impacts-of-the-great-recession-on-american-workers>.

¹²John Weinberg, “The Great Recession and Its Aftermath 2007–,” Federal Reserve History (November 22, 2013), retrieved April 22, 2024 from <https://www.federalreservehistory.org/essays/great-recession-and-its-aftermath>.

¹³Sharada Dharmasankar and Bhash Mazumder, “Have Borrowers Recovered from Foreclosures during the Great Recession?” Federal Reserve Bank of Chicago (No. 370, 2016), retrieved 4/22/24 from <https://www.chicagofed.org/publications/chicago-fed-letter/2016/370>.

¹⁴See Chapters 1-5 in my book, *Falling Behind: Why Wealth Gaps Are Preventing You and Half of America from Getting Ahead* (work in progress, 2025 publication date). Portions of the book including those five chapters are available online at <https://DrDavidDemers.com>.

Figure 1.5 - Income Growth Gaps from 1976 to 2023



Their yearly inflation-controlled gain begins at 2.9 percent (top 9 percent) and grows with each wage group (top 0.9%, top 0.09 % and top 0.01%) to an astounding 12.6 percent (the 25,100 American who earn \$40 million or more per year).

In short, 90 percent of the population has seen very little gain in wages over time and are losing ground to the wealthiest 10 percent. The bottom 90 percent of Americans have an average of \$67,000 in assets (the bottom 50 percent have only \$14,000), compared with \$3.5 million for the top 10 percent.

The main cause of these wealth gaps isn't a mystery.

The working- and middle-classes are being taxed more and the wealthy are being taxed less.

And this, in turn, is fueling radical right-wing and fascist movements in America.