Inequality and political cleavages in Portugal vs. other Western countries

Exception, latecomer, or revealer of realignment complexity?

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This paper studies the Portuguese exception to the transformation of political conflict in Western countries. Portugal presents a unique case where traditional left-right divides have remained stable relative to other Western democracies. Exploring new local-level data, I find a remarkable persistence of income, ownership, education, and professional political cleavages, even after the recent emergence of the nationalist right. Contrary to other countries, the traditional left-wing parties continue to find strong support from the least educated and lower income working class communities, while the traditional right attracts more educated and higher income voters. It is argued that the Portuguese left's success in demonstrating effective *pre-distributive* education and labor policies has preserved its historic working class voter base, while the traditional right has retained the support from upper middle class voters with 'meritocratic' preferences. The nationalist right, on the other hand, was exceptionally successful in the very richest but not so educated communities. Its rise could be seen as a backlash from historically more privileged groups who have since seen the catching-up of an increasingly educated upper middle class, and an increasingly well-off working class, erode their previously unchallenged social status. The paper also presents preliminary results on other Western countries that, while still limited, broadly confirm the general narrative. Overall, these findings indicate that political parties' ability to carry out policies and reforms that effectively address long-term inequality can be a key factor in maintaining resilient voter bases.
JEL codes: D30, D72, N34, N44, P10, P50.

1. Introduction

Most Western countries in the post-war period have had a clear left-right political divide, with opposing coalitions often alternating in power. Left-wing parties were traditionally supported by the less educated, lower income working class, while right-wing parties garnered support from the more educated, higher income middle and upper class voters.

Over time, however, there has been a notable decline in support for traditional center-left social democrats and center-right conservatives across nearly all Western countries. This decline has coincided with the rise of nationalist right and green left parties, which have brought issues like immigration and climate change to the forefront of their political agendas. Contrary to the traditional left-right divide, the nationalist right tends to attract less educated voters, while the green left tends to appeal to more educated individuals. The primary shift has been a disconnection between income and education cleavages, where a more educated Brahmin left values globalism and environmentalism, and a less educated Merchant right values national identity and protectionism (Gethin, Martínez-Toledano, and Piketty 2022).

Against this backdrop of transformation in Western political conflict, Portugal remains as the exception. In Portugal, the two traditional center-left and center-right parties have maintained dominant voting shares and alternated in power from the Carnation Revolution in 1974 until today (Jalali 2007; Freire and Belchior 2011). The center-right was particularly dominant between the 1980s and the mid-1990s, while the center-left has been in power most of the time since then (Pratas and Bizzarro 2022). There was also no representative nationalist right party until 2019, and only in 2024 did the radical-right *Chega* truly surge. Green parties are also very recent and have remained of little consequence in vote shares and political influence. Overall, post-materialist issues have been of little importance in Portuguese politics (Dalton 2002; Freire et al. 2022). Finally, Portugal is the only Western democracy where the education cleavage still shows no sign of reversal: in Portugal, lower education is still strongly associated with left-wing vote (Bauluz et al. 2021; Lonsdale 2024).

In this paper, I investigate the exceptional persistence of political cleavages in Portugal. I gather community-level data on a wide range of socioeconomic and political variables from the Electoral Commission, Censuses, administrative records, and other official sources, and construct a novel panel dataset of all 3,092 Portuguese communities, *freguesias,* for the period 1991-2024.[1] With these data, and largely following the methodology introduced by Cagé and Piketty (2023), I show evidence on

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[1]Communities, *freguesias*, are the smallest territorial division in Portugal, with an average population of 3,300 inhabitants each, allowing for a level of detail that would not be possible with the more commonly used municipality level data, for instance.

how the Portuguese electorate has split over several issues and how these cleavages have evolved over time.[2]

The results uncover a remarkable persistence of income, ownership, education, and professional class political cleavages in Portugal, even after the emergence of the nationalist right in 2024. Left-wing parties continue to find support from the least educated and lower income working-class voters, while the right attracts more educated and higher income voters. Remarkably, the main feature of the Portuguese nationalist right is its support from the wealthiest communities (although relatively less educated). Contrary to other countries, cultural and territorial divisions along the Portuguese electorate appear to be less important.

Since the 1980s, there was an initial period where the center-right was dominant in government, followed by a three-decade hegemony of left-wing governments. I argue that the success of the Portuguese left, in maintaining its voter base can be attributed to its effective demonstration of *predistributive* labor and education reforms.

During the initial right-wing-dominance period, there was a very sharp increase in income and wage inequality: when less than 5% of the population had higher education, skill-biased technical change and globalization sharply increased top incomes in one of the most unequal countries in Europe (Cardoso 1998; Martins and Pereira 2004). Since the mid-1990s, however, inequality began to moderate, and then rapidly decline. This decline was driven by growing wages at the bottom of the wage and education distributions, while the top wages of higher-educated individuals actually declined in real terms (Oliveira et al. 2023). The reversal of income growth inequality coincided precisely with the period of left-wing dominance, and is largely associated to reforms that democratized access to education (Oliveira 2024), to the rising minimum wage (Oliveira 2023), and to prevalent collective bargaining coverage (Card and Cardoso 2022; de Almeida Vilares and Reis 2022).[3]

The traditional left's perceived track record of successful *predistributive* policies allowed it to maintain a solid working-class voter base, even as education cleavages reversed in other Western countries. The traditional right's record of increasing the incomes of the most educated, on the other hand, explains their appeal among the higher income, more educated upper middle class voters. Finally, the nationalist

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[2]This database will eventually be made publicly available, along with other online resources to analyze it. A working example of such online resources can be found at https://www.carlosoliveira.info/political-cleavages/, where the reader can experiment with political gradients in Portugal, Spain, France, Germany, and Denmark. I must stress that this is a work in progress and that the data and results presented there are preliminary and subject to change.

[3]This narrative aligns closely with the one by Kuziemko, Marx, and Naidu (2023), who argue that the US Democratic Party's decreasing supply of *predistributive* policies (job guarantee, minimum wage, protectionism, unions) can explain their declining support among less educated voters.

right's recent surge can be seen as a reaction from historically more privileged groups who have experienced a relative decline in their socioeconomic status since the mid-1990s. These groups, once insulated by the exclusivity of education and professional prestige, are now seeing the catching-up of an increasingly educated upper middle class, and an increasingly well-off working class, erode their previously unchallenged social status.

At the end of the paper, I present preliminary results on the evolution of political cleavages in other Western countries, exploiting the 2019 European Parliament elections. Given the still limited coverage of the data, it is hard to draw definitive conclusions. Still, the results mostly confirm the differentiated evolution of political cleavages in Portugal relative to other Western countries, especially regarding the education profile of traditional parties' voters and the remarkably sharp income gradient of the Portuguese nationalist right.

The remainder of the paper is organized as follows. Section 2 provides an overview of the transformation of political conflict in Western countries and describes the Portuguese exception. Section 3 presents evidence on political cleavages in Portugal drawing from community-level data. Namely, it analyses economic and social cleavages, as well as cultural, territorial, and generational divisions. Section 4 explores the evolution of inequality in Portugal, making the argument that the persistence of political cleavages can be tied to the success of *predistributive* reforms and inequality dynamics. Section 5 presents preliminary income and education for other European countries, exploiting the 2019 European Parliament elections. Section 6 concludes.

2. The transformation of political conflict in the West and the Portuguese exception

Western countries are experiencing a deep political realignment. This transformation is characterized by countries' party systems moving away from the traditional left-right divide, towards a new political landscape where nationalist right and green left parties are gaining traction. This shift is accompanied by a change in political cleavages, where the association between education and vote has gradually reversed, while income has not. Portugal, however, remains as the exception to these trends. The country has maintained a stable party system and political cleavages. This section provides an overview of the transformation of political conflict in Western countries and the Portuguese exception.

2.1. Transformations in Western democracies

Changing party systems. In the post-war period, most countries had a clear left-right political divide, with opposing coalitions often alternating in power. The left-wing – composed of social democratic, socialist, and communist parties – was traditionally supported by less educated, lower income working class voters, while the right-wing – composed of conservative, christian democratic, and liberal parties – was traditionally supported by more educated, higher income middle and upper class voters (Evans 1999, 2000).
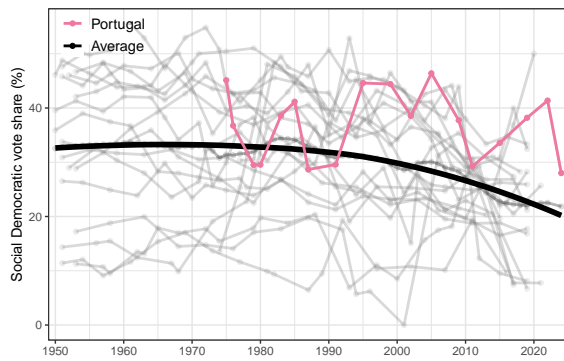
Over time, however, there has been a decline in support for traditional center-left social democrats and center-right conservatives and christian democrats in nearly all Western countries (Przeworski 2024). Figure 1 illustrates the evolution of the vote share for different party families in Western democracies since 1950. Panels A and B show the declining vote share of traditional center-left and center-right parties, respectively, which has been especially pronounced since the 1980s. The historically smaller radical left and liberal right party families, on the other hand, have remained fairly stable since the 1950s (panels C and D).[4]

This decline of traditional center parties has been met with a rise of nationalist right and green left parties. Previously marginalized in Western countries, nationalist and radical right parties are, nowadays, among the top three represented parties in most Western countries, attaining up to a total 30% of the vote in European countries (Rooduijn et al. 2023). In the upcoming 2024 European elections, the nationalist right ECR and ID party groups, together, are projected to win close to a quarter of seats (POLITICO 2024), potentially leading to the first ever tripartite European Parliament.

These parties' influence extends beyond parliamentary representation to governmental roles: right-wing 'populists' led 20% of large countries' governments in 2020 (Funke, Schularick, and Trebesch 2023), and have significantly influenced a range of policies from immigration to social welfare (Akkerman, De Lange, and Rooduijn 2016).[5] Scholars – economists, in particular – have proposed numerous causes for

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[4]In this paper, I will mostly draw on the classification of parties by the Manifesto Project (Lehmann et al. 2023), an international academic initiative that systematically collects, analyzes, and compares political party manifestos across various countries. This well-established group of political scientists classify parties into broader political families based on their electoral manifestos. The center-left social democratic party family includes parties such as the the the French PS, the Italian PD, the Spanish PSOE, or the Portuguese PS (which often named themselves 'socialist parties'). The center-right conservative and christian democratic party families include parties such as the British Conservatives, the German CDU, the Spanish PP, or the Portuguese PSD.

[5]The meaning of populism, radicalism, or extremism can vary widely and is questionable in this context, as these words are often used by mainstream parties to discredit their opponents (Worsley 1969). What is harder to contest is that a different brand of far right-wing politics is on the rise. In this paper, I will draw on the classification of 'nationalist and radical right' parties by the Manifesto Project. Examples of these parties include France's *Rassemblement National*, Germany's *Alternative für Deutschland*, Hungary's *Fidesz*, or Portugal's *Chega*.
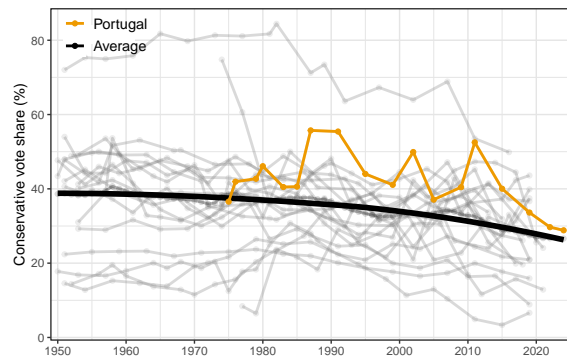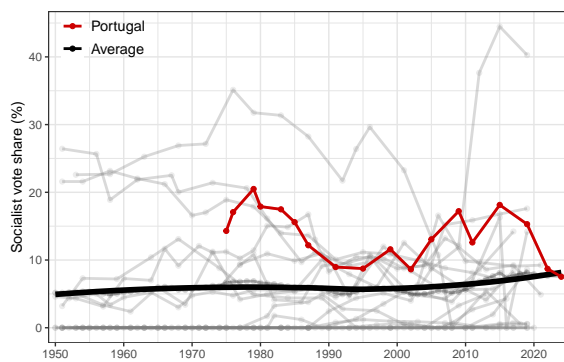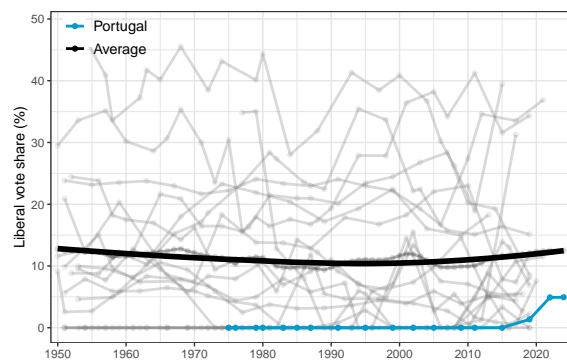
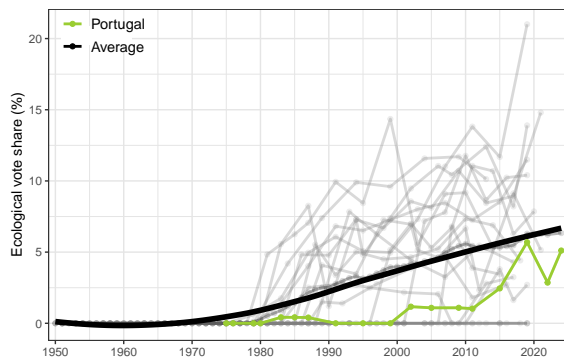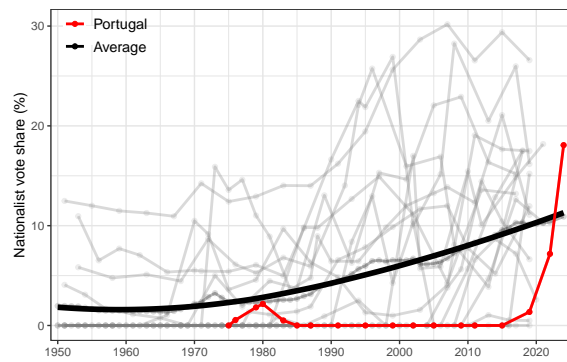FIGURE 1. Evolution of the vote for different party families in Western democracies

This figure portrays the evolution of vote shares of each party family across Western democracies since 1950. In each panel, the grey lines represent individual countries, the solid black line represents lowess smoothed average of all countries, and the colored line represents Portugal. Over time, there has been a decline in support for traditional center-left social democrats and center-right conservatives and christian democrats in nearly all Western countries. The historically smaller radical left and liberal party families have remained fairly stable, while the nationalist right and green left have been gaining traction. The countries included are Sweden, Norway, Denmark, Finland, Belgium, Netherlands, Luxembourg, France, Italy, Spain, Greece, Portugal, Germany, Austria, Switzerland, United Kingdom, Ireland, Canada, Australia, New Zealand. Data from the Manifesto Project (Lehmann et al. 2023).

the rise of 'populist', radical right parties, but the explanations looking at this phenomenon as an isolated event often fail to account for the broader transformations in Western political systems.[6]

Another sign of the Western political realignment was the rise of green, environmentalist political parties. Green politics were for long restricted to a small fraction of almost any country's electorate but, over the last few decades, have steadily gained importance in Western political systems (Muller-Rommel 2019). Today, green parties represent an important share of European parliaments. More, even in countries where that is not the case, environmental concerns often dominate the agendas of other (mostly left-leaning) political forces.

Changing political cleavages.   The rise of nationalist right parties, who center their platforms around immigration and national identity, and green left parties, who sometimes compromise on economic redistribution in favor of environmental protection and social justice, signals a shift towards post-materialist political cleavages and away from the traditional economic conflict. That is the interpretation of influential academics, such as Inglehart (1977, 1984), Clark and Lipset (1991), or Dalton (1996), who have portrayed these transformations as *the end of class politics*.

This perspective, however, has been contested by Evans (1999), Piketty (2018, 2020), and others, who argue that social classes continue to polarize on their economic circumstances. In fact, Gethin, Martínez-Toledano, and Piketty (2021, 2022) document a long-term phenomenon whereby economic cleavages remain sharp across the West: higher income is still strongly associated with right-wing vote.

What happened was a disconnection between income and education cleavages: educated people used to vote relatively more for the right, and now they tend to vote more for the left, conditional on income. A new sociocultural axis of political conflict emerged, where an educated Brahmin left values globalism and environmentalism, while a less educated Merchant right values national identity and protectionism – but they still clearly diverge along traditional economic lines.

Furthermore, Cagé and Piketty (2023) argue that, in France, *geosocial* class has never been as important in understanding voting behavior as it is today. The left-wing vote has not ceased to be strongly decreasing with income or wealth, but it is now mostly composed of services workers from the suburban working-class. The nationalist right, on the other hand, has emerged by attracting industrial workers from

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[6]Scholars have highlighted factors such as immigration, trade exposure, the Great Recession, social media, or identity politics (Algan et al. 2017; Dustmann et al. 2017; Autor et al. 2020; Rodrik 2021; Besley and Persson 2021; Guiso et al. 2023). Yet, there remains a lack of consensus on the key drivers of these parties' widespread popularity, and which elements are merely incidental (Guriev and Papaioannou 2022).

abandoned rural areas, subject to international competition and declining public services, while the traditional right has become increasingly bourgeois, capturing the vote of rich city centers. This new political landscape is not a sign of the end of class politics, they argue, but rather a new manifestation of the same old democratic class conflict.

2.2. The Portuguese exception

Against this backdrop of transformation in Western political conflict, Portugal remains as the exception. The country went through the longest dictatorship in Europe, which lasted for four decades, until it was overthrown by the Carnation Revolution, in 1974. The first free elections were held in 1975 and, after a transitory period, the Portuguese party system has remained remarkably stable until today. Even more exceptional is the enduring nature of political cleavages in the country, when all other Western democracies have seen important transformations.

The stability of the party system. As illustrated in figure 2, the traditional center-left, social democratic 'Socialist Party' (*Partido Socialista*, PS) and center-right, conservative 'Social Democratic Party' (*Partido Social Democrata*, PSD) parties have maintained dominant voting shares throughout the period, regularly alternating in power (Pratas and Bizzarro 2022).

The Portuguese center-right was especially strong during the 1980s and 1990s (Marchi and Alves 2022).[7] They governed almost continuously between 1980 and 1995 with a single two-year interruption and, as shown in figure 1, panel B, also held the largest vote shares among Western conservative and christian democratic parties during this period, only surpassed by Ireland.[8] Only in the 2010s did the Portuguese center-right get closer to its Western peers' trend, with the rise of the nationalist right, although it remains dominant at the right and still above the Western average.

The Portuguese center-left, on the other hand, has been particularly prominent since the mid-1990s. The *Partido Socialista* governed all but 6 of the last 30 years, since 1995, and has remained as one of the last Western social democratic parties that has not lost its dominant position at the left (see figure 1, panel A). The Portuguese center-left has outperformed most of its Western counterparts, even with consecutive high-level corruption investigations involving senior politicians and public officials

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[7]I will refer to the center-right or traditional right as the sum of the conservative PSD and the christian democratic CDS-PP (People's Party). PSD has always been the dominant party of the Portuguese right, but they often ran in coalition with CDS-PP.

[8]Ireland has a very particular party system, with the civil war representing its "foundational political cleavage" over the 20th century. For more on Irish political history, see Bauluz et al. (2021).
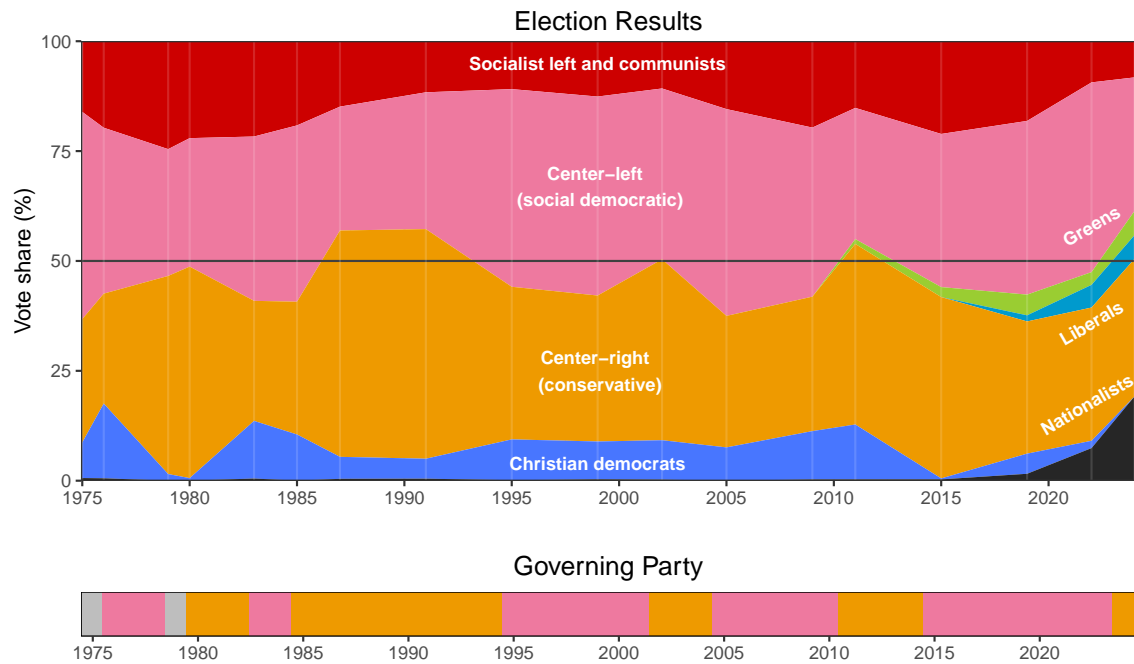
FIGURE 2. Portuguese party system and governing party over time, 1975-2024

This figure portrays the vote share for each party family in all legislative elections in Portugal, and the governing party, since 1975. The Portuguese party system remained remarkably stable since 1975, with four main party families. Since the 2010s, three new party families emerged, although they remain relatively small. Regarding government, the center-right and center-left have alternated in power since 1980: the center-right was dominant between 1980 and 1995, while the center-left has been in power most of the time since then. *Note:* Nearly all parties that ever obtained at least 1% in one election are included in a party family. Most importantly: Socialist left and communists include PCP and BE; Center-left (social democratic) include PS and PRD; Greens include PAN and LIVRE; Liberals include IL; Center-right (conservative) include PSD; Christian democrats include CDS; Nationalists include Chega. Coalitions are grouped together with the largest party (e.g. PSD+CDS coalitions in 1980, 2015 and 2024 are grouped as center-right).

connected to the party (de Sousa and Coroado 2022).[9]

Besides the center-left and center-right, the radical left party family has also been stable over time. After an initial period where the 'Communist Party' (*Partido Comunista Português*, PCP) could be seen as a third major political force, the radical left has floated around 10-15% of the vote. The 'Left Bloc' (*Bloco de Esquerda*, BE) showed especially strong in the 2009-2019 elections, but has lost support ever since.

Outside of these three traditional party families, the Portuguese party system has

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[9]Corruption has been a central issue in most of the last elections, with the center-left PS often being the most targeted party (de Sousa and Coroado 2022). The nationalist right *Chega*, for instance, has made anti-corruption one of its main issues. The center-right PSD has also often been involved in corruption scandals, bit PS has had the greatest impact corruption scandals. Most prominently, the former Prime Minister José Sócrates was arrested in 2014, and the former Minister of Economy Manuel Pinho was arrested in 2018, and the last government Prime Minister, António Costa, after being named in a widespread corruption probe.

not seen much change since its consolidated. Only very recently have novel party families emerged. Green parties were the first ones to appear, with the animal rights party PAN electing its first MP in 2015. While PAN had consistently refused left- or right-wing labels, it was gradually supplanted by the admittedly green left LIVRE. Either way, Portuguese green parties continue to underperform compared to their Western counterparts, with a combined vote share of just 5% in the 2024 elections (see figure 1, panel E). Environmental concerns, in general, have also remained of little consequence in Portuguese politics relative to most other Western countries (Pratas and Bizzarro 2022).

On the right side of the political spectrum, there was the emergence of the liberal/libertarian right 'Liberal Initiative' (*Iniciativa Liberal*, IL) and the nationalist/radical right *Chega* ('Enough') in 2019. While the liberals fit well within the Portuguese traditional right, the nationalist right *Chega* is novelty in Portuguese politics. The Portuguese exception in Western party politics was perhaps most significant in the absence of any (representative) far-right political party until very recently, 2019, when all other countries had seen the rise of such parties (see figure 1, panel F). Since 2019, however, *Chega* has had an unprecedented surge, reaching 18% of the vote in the 2024 election.

The very recent surge of the nationalist right *Chega* in 2024 has been the most significant change in the Portuguese party system since 1974. Still, even after the 2024 election, the traditional right remained the clearly dominant force at the right, unlike in countries like France, Italy, the Netherlands, or Sweden. While many European countries now have tripartite parliaments, with the nationalist right as the second or third largest group, it would be a stretch to say that the Portuguese party system has transformed into a tripartite system, as the most clear division of the electorate continues to be between left and right.

The stability of political cleavages.   As discussed before, the rise of nationalist right and green left parties in Western countries has been accompanied by a change in political cleavages. The association between education and vote has gradually reversed: left-wing vote used to be associated with lower education and lower income, but now it is now more associated with higher education. This reversal has been observed in all but one Western democracy: Portugal (Bauluz et al. 2021; Lonsdale 2024).

Figure 3 shows the difference between the left-wing vote share of the top 10%, most educated voters and the bottom 90%, less educated voters (from the World Political Cleavages and Inequality Database (Gethin, Martínez-Toledano, and Piketty 2021)). The figure displays, in grey, the evolution of this 'education cleavage' in 21

Western democracies since the 1950s, after accounting for the effect of income and other characteristics. The education cleavage has either reversed or is on a reversal trend in all countries except for Portugal, where more educated individuals still tend to vote considerably more for right-wing parties.[10]
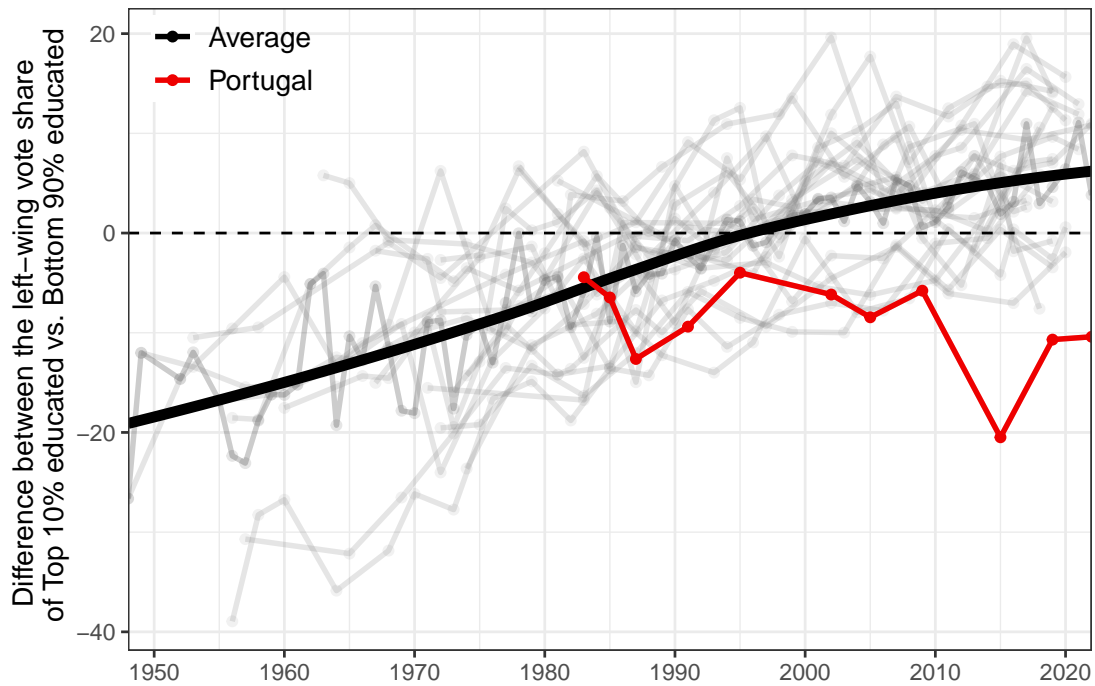

FIGURE 3. The reversal of education cleavages in Western democracies

This figure portrays the evolution of education cleavages in Western democracies since the 1950s. Education cleavage is the difference between the left-wing vote share of voters at the top 10% vs. the bottom 90% of the education distribution, after controlling for income and other characteristics. *Note:* The countries included are the 21 Western democracies analyzed by Gethin, Martínez-Toledano, and Piketty (2022). Data from the World Political Cleavages and Inequality Database (Gethin, Martínez-Toledano, and Piketty 2021; Lonsdale 2024).

Overall, post-materialist issues have been of relatively little importance in Portuguese politics (Dalton 2002; Freire 2003; Jalali 2007; Freire and Belchior 2011). Since 1974, the Portuguese electorate has always split, primarily, along socioeconomic lines. Freire et al. (2022) analyze the salience of different dimensions of partisan conflict over time: religious and foreign policy issues have had moderate importance, while cultural-ethnic and urban-rural issues have remained irrelevant. Post-materialist concerns gained moderate relevance since the mid-1990s, but it is the socioeconomic dimension that has always been the most important in Portuguese partisan competition.

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[10]Analyzing post-electoral surveys, Bauluz et al. (2021) show that self-identified working-class voters in Portugal were clearly more likely to vote for left-wing parties over time. This association has declined in most other Western countries. (Lonsdale 2024)

3.   Political cleavages in Portugal: evidence from local level data

To understand the persistence of political cleavages in Portugal, I will perform an analysis voting patters at the local level that largely follows the methodology introduced by Cagé and Piketty (2023).

The project initiated by Gethin, Martínez-Toledano, and Piketty (2021), relying on post-electoral survey data, has been crucial in documenting the relationship between political cleavages and social inequalities in electoral democracies globally. Case in point, Bauluz et al. (2021) provide a thoughtful analysis of the evolution of political cleavages in Italy, Spain, Portugal and Ireland, showing how "Portuguese 'exceptionalism' has been mainly driven by the absence of strong political conflicts over value-based issues". However, there are inevitable limitations that derive from the use of surveys, including small sample sizes, restricted historical coverage, limitations of survey questions, and an individualistic nature that may overlook the importance social context on political behavior.

To address these limitations, Cagé and Piketty (2023) adopted a different approach by digitizing electoral and socioeconomic data at a highly granular geographic level to study electoral behavior and social inequalities in France since the French Revolution. This methodology allowed for a deeper analysis of the evolving class structure and voting behavior in France, revealing novel insights about the rise of territorial inequalities, the urban-rural divide, or about the historical precedents of the political tripartition, that would not have been possible without this new approach. This paper will follow a similar approach to analyze political cleavages in Portugal.[11]

Data.   Here, I construct a novel panel dataset of all 3,092 Portuguese communities for the period 1991-2024. The community, *freguesia*, is the smallest territorial division in Portugal, with an average population of 3,300 inhabitants each. Such a granular degree of aggregation allows for a detailed examination of the evolution of voting patterns that would not be possible with the commonly used municipality-level data, for instance. Communities were often reorganized since the 1970s, so I matched them to the most recent boundaries.

The first ingredient of the dataset are the election results data of all democratic elections in Portugal since the 1975 constituent assembly election. The data were collected from the Electoral Commission and include the vote totals of all parties by community. Parties are grouped into one of seven party families, following to the Manifesto Project classification (see the seven party families in figure 2). They are

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[11]In the conclusion section I further discuss the survey and local level approaches to study political cleavages, pointing out perspectives for future research that combine both resources.

considered left-wing if they belong to the 'socialist and radical left', 'social democratic', or 'ecological' families, and right-wing if they belong to the 'liberal', 'conservative', 'christian democratic', or 'nationalist and radical right' families. Since the Manifesto Project classification does not include smaller parties that never elected, an effort is made to assign all parties that ever obtained at least 1% in a legislative election to a party family. Most often, the variable of interest will be a party group's community-level vote share as a ratio of the national share, in order to allow for comparability across elections.

The second element of the dataset are socioeconomic data from the 1991, 2001, 2011, and 2021 censuses, and income data from the Personal Income Tax administrative records. Table A1 provides an overview of the available variables and sources. Data for missing years are linearly interpolated and projected backward and forward in time, in order to allow for a balanced panel between 1991-2024. In most cases, this means going backward no more than ten years, as most variables are available at least every ten years since 2001. The important exception is income, which was only available for the 2016-2022 period. Income is also allowed to go back to 1991, as it is a crucial variable to understand the evolution of political cleavages in Portugal, but results pertaining to earlier years should be interpreted with strong caution, since the actual income distribution across communities in the 1990s might have been quite different from what is the one in 2016. After this, the few remaining missing values are imputed using k-nearest neighbors imputation.

For the analysis of political cleavages, I will be most interested in the vote along the distribution of a given characteristic. As such, I generate a set of categorical variables that signal each community's position along the deciles, top 5%, and top 1% of the distribution of the characteristic (a total of 12 categories). The deciles are calculated for each year and are weighted by communities' population.

Methodology.   The baseline method that will be used to analyze political cleavages in Portugal follows the methodology of Cagé and Piketty (2023), estimating the vote share for a given political family as a ratio of the national average at different points of the distribution of a given characteristic:

$$(1) \qquad \mathcal{V}_{it} = \alpha_t + \sum_{k=1}^{12} \beta_{kt} \mathcal{D}_{kit} + \gamma X_{it} + \epsilon_{it}$$

In this model, $\mathcal{V}_{it}$ is the vote share for a given party family in community i and election t as a ratio of the national average; $\mathcal{D}_{kit}$ are 12 dummy variables indicating the community's position in the characteristic of interest distribution; β_{kt} are the

parameters to be estimated, which are recentered so that $\overline{\beta}_t = 100$; X_i is a vector of control variables, which will depend on the characteristic being analyzed. All the characteristics are grouped into one of five categories: demographic, cultural, urbanization, social, and economic, as presented in table A1. As such, given the characteristic of interest, the control vector X_i will include the variables that are not part of the characteristic's category, in order to avoid confounding effects.

In further analyses, I also estimate (1) the vote share of the top 10% in the characteristic of interest's distribution relative to the bottom 90%, analogous to what is done with survey data by Gethin, Martínez-Toledano, and Piketty (2021), or (2) the direct association between the vote ratio and the characteristic:

$$(2) \qquad \qquad \mathcal{V}_{it} = \alpha_t + \beta_t \mathcal{C}_{it} + \gamma X_{it} + \epsilon_{it}$$

In this case, $\mathcal{C}_{it}$ is either (1) a dummy, equal to one if the community is in the top 10% of the characteristic's distribution, or (2) the actual value of the characteristic.

3.1. Income and ownership cleavages

In this section, I will present the first results on the evolution of income and ownership cleavages in Portugal since the 1990s. Figure 4 displays the vote for left-wing parties along the distribution of communities' income relative to the national average, the income gradients, after controlling for urbanization, social, cultural, and demographic factors. Each line in the plot corresponds to a specific election and is the result of the estimation of equation 1 for each year, allowing us to observe trends and shifts over time. Each dot is the estimated and recentered β_{kt} parameter, representing the relative vote share for left-wing parties at each point of communities' income distribution.

Unsurprisingly, income cleavages in Portugal have remained strong since the 1990s. Lower income communities tend to vote more for the left, while high income ones vote overwhelmingly for the right. This pattern is clear across time and, if anything, has become even more pronounced. The association between top incomes and right-wing vote appears less significant in the 1990s, but this is likely because income data was imputed and the estimates are less precise in earlier years.

Two elections stand out with the most pronounced income and ownership cleavages: 2011 and 2024. The 2011 election was right in the midst of the Great Recession, when the country was undergoing one of the most severe economic crises in its history, had just signed a bailout agreement with the *Troika,* and unemployment was hitting record levels – the campaign was dominated by economic austerity and
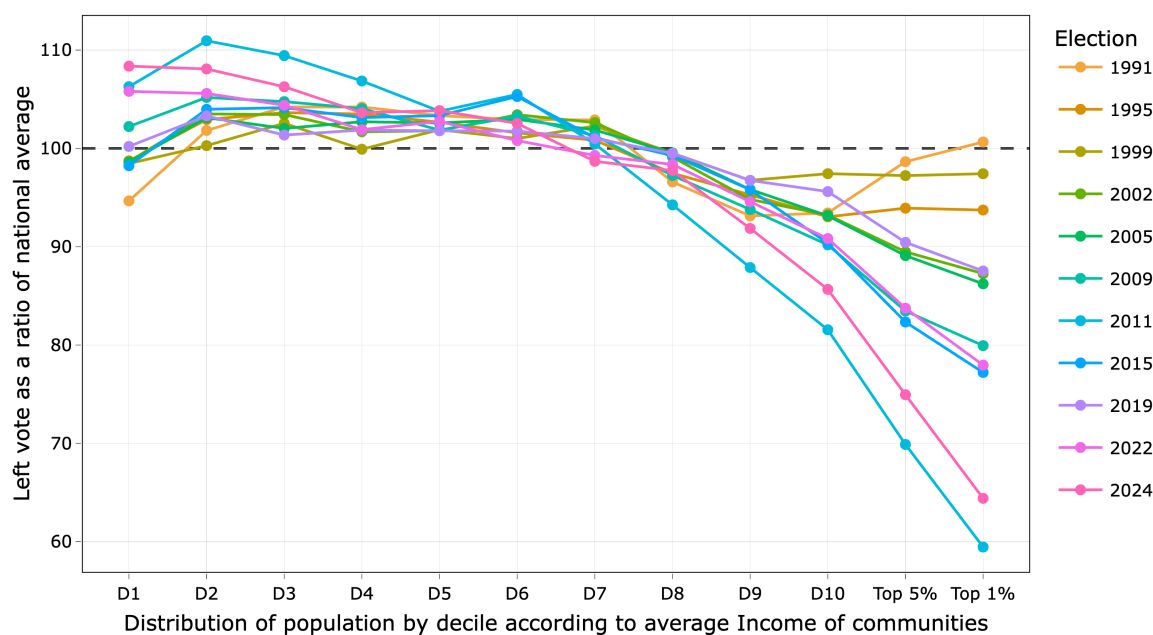
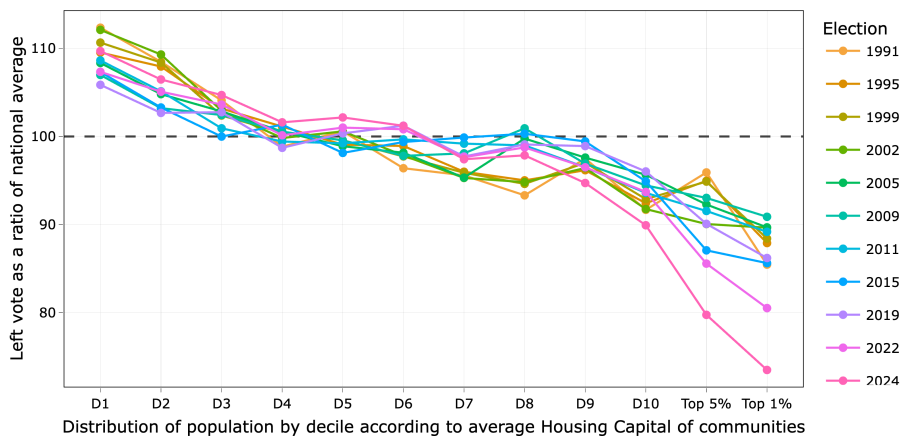FIGURE 4. Income cleavages in Portugal, 1991-2024

This figure portrays the left-right income gradients of each legislative election in Portugal between 1991 and 2024. Each line represents the vote for the left-wing vote along the distribution of communities' income relative to the national average. Income cleavages have remained strong since the 1990s, with lower income communities voting more for the left and higher income communities voting more for the right. *Note:* Gradients appear less steep in the 1990s, but this is likely because income data was imputed and the estimates are less precise in earlier years. Results after controlling for urbanization, social, cultural and demographic factors.

market liberalization (Magalhães 2017). The outcome was the most polarized election along income lines since the 1990s, with the right-wing attaining exceptional support from the highest-income communities.

The 2024 election, on the other hand, happened under relatively stable economic conditions, but was triggered by a corruption investigation that led to the fall of the center-left government. The nationalist right *Chega* surged to 18% of the vote in that election, its best result ever. Contrary to what could have been expected, however, *Chega*'s surge led to an even more pronounced left-right divide along the income distribution.

Figure 5 presents evidence on ownership cleavages in Portugal. In the absence of wealth data, it exploits three different manifestations of ownership: housing capital, home ownership, and business ownership. In all three cases, the association between ownership and left-wing vote is very clearly negative, and has remained negative for the whole period. Just like with income, communities with higher housing capital and higher rates of home ownership and business ownership tend to vote overwhelmingly for the right.
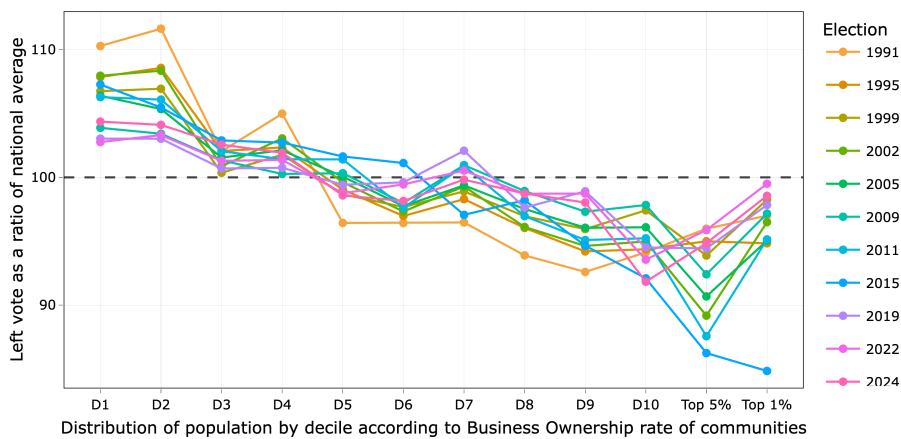
The persistence of economic cleavages becomes even more explicit in panel A

A. Housing capital
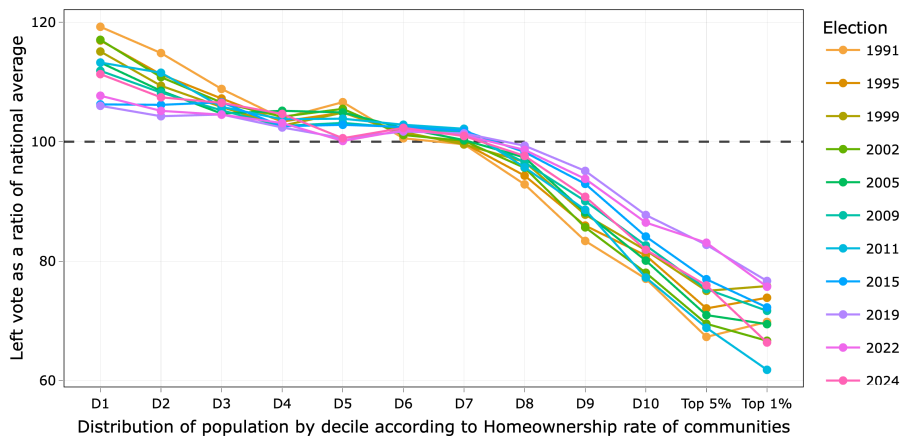
B. Home ownership

C. Business ownership

FIGURE 5. Ownership cleavages in Portugal, 1991-2024

This figure portrays the left-right ownership gradients between 1991 and 2024. Each line represents the vote for the left-wing vote along the distribution of communities' housing capital/home ownership/business ownership relative to the national average. All three ownership cleavages have remained consistently negativ over time: wealthier communities tend to vote more for the right. *Note:* Business ownership data are less precise in earlier years. Results after controlling for urbanization, social, cultural and demographic factors.

of figure A1, which shows the evolution of the left vote difference between the top 10% and the bottom 90% of income and ownership distributions in Portugal. The left-right divide along income and ownership lines has been stable since the 1990s, with the left capturing the economically disadvantaged vote and the right capturing the economically privileged vote, regardless of the measure of economic status. At best, economic cleavages have become even more pronounced over time.

Economic gradients of different party families. In figure 6, it is possible to see the vote for different party families along communities' income distribution. In this case, each line represents a party group's income gradient, not an election's. Panel A shows the average voting patterns of all elections between 1991 and 2011, when the party system was composed of four main party families, while panel B shows the voting patterns in the 2024 election, after three new party families had emerged and established themselves (the turnout pattern is also displayed, in grey).

Between the 1990s and the 2010s, there was a clear left-right cleavage along income lines, where the left and center-left captured the lower income vote and the right and center-right captured the higher income vote. Within each side of the political spectrum, it is clear that the two larger, centrist parties – social democrats and conservatives – have acted as catch-all parties, with relatively flatter income gradients. The radical left and the christian democrats, on the other hand, were able to appeal to the lowest and highest income voters, respectively, attaining much more pronounced income gradients. Turnout, perhaps surprisingly, was relatively higher in lower income communities, although the difference was minor.[12]

Since 2015, new parties have emerged in the Portuguese party system. First, it was the greens, followed by the liberals and nationalists. The elections of 2015, 2019, and 2022 could be seen as a transition period, where the new parties were still establishing themselves. Panel B of figure 6 shows the voting patterns in the 2024 election, when these new parties were already established in the Portuguese political space.

Contrary to what could be expected, the new parties did not change the overall pattern of income cleavages in Portugal. In fact, the 2024 election was nearly the most polarized election along income lines since the 1990s. Compared to the 1991-2011 average, the radical left and center-left attained much more relative support from communities in the bottom half of the income distribution, and much less from the top communities. The center-right, on the other hand, became more represented

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[12]For a comprehensive account of what we know and do not know about turnout in Portugal, see Cancela (2022). Overall, "Portugal is considered to show moderate levels of turnout inequality depending on education and economic status", although the evidence is mixed.
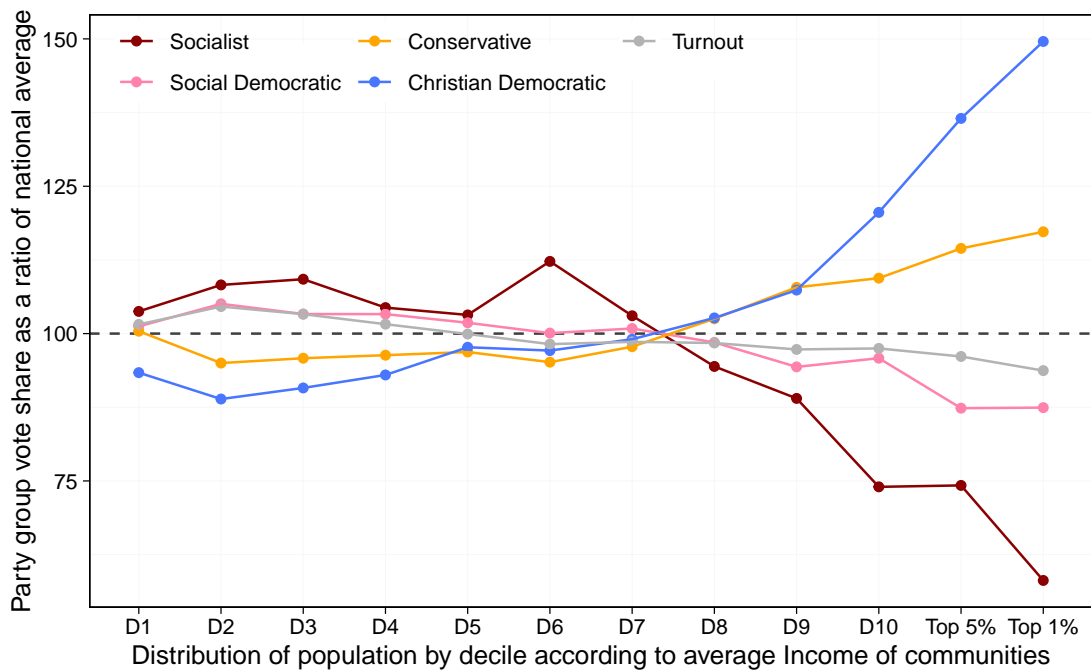
A. 1991-2011 average: before the emergence of the new parties
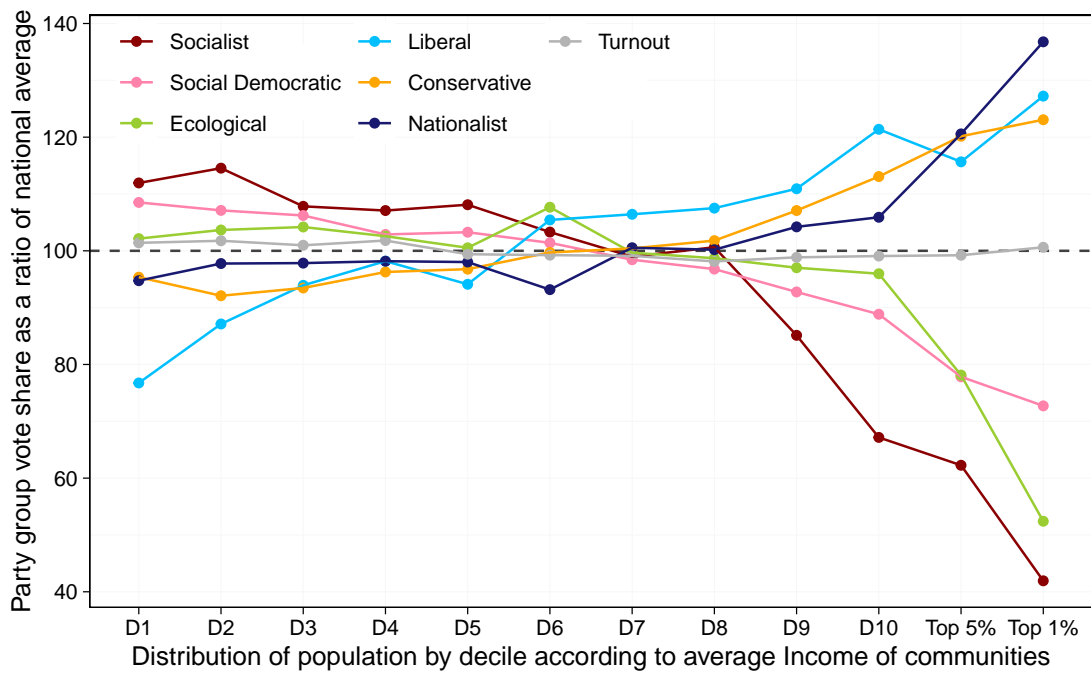
B. The 2024 election: after the emergence of the new parties

FIGURE 6. Income gradient of each party group, before and after the new parties

This figure portrays the income gradient of each party group. Panel A shows the average of voting patterns in all elections between 1991 and 2011, when the party system was composed of four main party families. Panel B shows the voting patterns in the 2024 election, after three new party families had emerged and established themselves. Additionally, both panels show the the turnout pattern in grey. *Note:* Results after controlling for urbanization, social, cultural and demographic factors.

in the top end of the distribution over time. The novel green and liberal parties did not counter this trend, fitting well within their respective sides of the political spectrum. The liberals were the group with the least relative support from lower income communities, while the greens had one of the lowest relative supports from higher income ones.[13]

Perhaps more surprising, is the income gradient of the nationalist right *Chega*. For other Western countries, Gethin, Martínez-Toledano, and Piketty (2022) have shown how income was virtually unrelated to the vote for the nationalist right. In France, according to Cagé and Piketty (2023), the *Rassemblement National* of Marine Le Pen has had a negative income gradient, being more successful in lower income communities. In Portugal, however, *Chega* has a sharply positive income gradient: it was the most successful party of all in the top income communities, once other characteristics are taken into account. This is a clear sign of the uniqueness of the Portuguese political system, where the nationalist right appears to have surged with the support of a very different electorate than in other Western countries.

While nationalist right parties across the West have been generally portrayed as parties of the working-class, this is not always fair characterization. In the French case, for instance, the *Rassemblement National* may be described as a party of the 'abandoned' working-class, only because another far-right party, Éric Zemmour's *Reconquête*, was able to capture the far-right vote at the high end of the income distribution. The nationalist right as a whole has been able to attract voters from a wide range of socioeconomic backgrounds in most Western countries (Abou-Chadi and Hix 2021; Abou-Chadi, Mitteregger, and Mudde 2021). In Portugal, however, this does not seem to be the case. *Chega*, the only representative nationalist right party, has a remarkably strong appeal to the top income communities, and its lowest relative support from the bottom ones.[14]

3.2.   Social cleavages

After analyzing economic cleavages, I will now turn to social cleavages in Portugal. I will abuse the expression 'social cleavages' to refer to other crucial dimensions

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[13]Figure A1, panel B, shows each party' voting share difference between the top 10% and the bottom 90% communities of the housing capital distribution, over time. It is noticeable that the all three new parties entered the political scene with greater support from richer communities, moderating over time. Housing capital is a lower quality proxy for wealth than income, but it was used because it is a more stable variable over time.

[14]It is also worth noting that *Chega* has been, from the very beginning, supported by some of the wealthiest families in Portugal. While it is far from being the only far-right party to be financed by the wealthy – far-right parties in several countries have spent inexplicable amounts of money in campaigning, given their voting shares (Cagé 2020) – the continuous journalistic investigations and reports tying *Chega*'s financing to the wealthiest families in Portugal are a clear sign of the party's appeal to the richest (Coelho et al. 2021; Carvalho and Pinto 2024; Guedes 2024).

of social class that go beyond the economic ones, and have more to do with social status and cultural capital (Bourdieu 1987). Namely, these will be education and professional class.

When we think about the left-right division of the electorate, in broad terms, economic cleavages in Portugal are not so different from the rest of the West. The richest communities vote for the right, the poorest vote for the left, and that has not changed over time. The same cannot be said about education cleavages. As discussed in section 2, education cleavages have reversed in all Western democracies except for Portugal. Here, I will exploit community-level data to understand the evolution of education and professional class cleavages in Portugal, especially after the emergence of new parties.

Figure 7, panel A, shows the vote for left-wing parties along the distribution of communities' tertiary education attainment relative to the national average, after controlling for urbanization, economic, cultural, and demographic factors. The education cleavage in Portugal is remarkably stable over time, with the most educated communities voting overwhelmingly for the right. This is in stark contrast to the rest of the West, where the most educated communities have gradually shifted towards the left.

The pending question was whether the emergence of new parties, who highlight post-materialist concerns in their political discourse, would have an impact on the education cleavage. However, figure 7 is very clear: the education cleavage in Portugal has not changed over time and shows no sign of reversal. In fact, education cleavages have become even more pronounced over time, with the most recent elections being among the most polarized along education lines since the 1990s.

The four elections between 2015 and 2024 were the ones where the communities with greatest levels of tertiary education attainment voted most overwhelmingly for the right. On the contrary, the earlier elections in the 1990s and early-2000s did not even display a straightly decreasing education gradient, with more of a reverse-U-shaped pattern: the least educated and the most educated communities voted more for the right, while the left was strongest between the 3rd and 8th deciles of communities' education distribution.

If we look at voting patterns by professional class, the results are very similar. Panel B of figure 7 shows the vote for left-wing parties along the distribution of communities' share of high status occupations relative to the national average. A greater share of the working population in high status occupations (executives, directors, intellectual and scientific activities) in a community is also strongly associated with right-wing vote. That was true in 1991, and it is still true in 2024. Figure A2, panel A, further confirms the persistence of education and professional class cleavages in
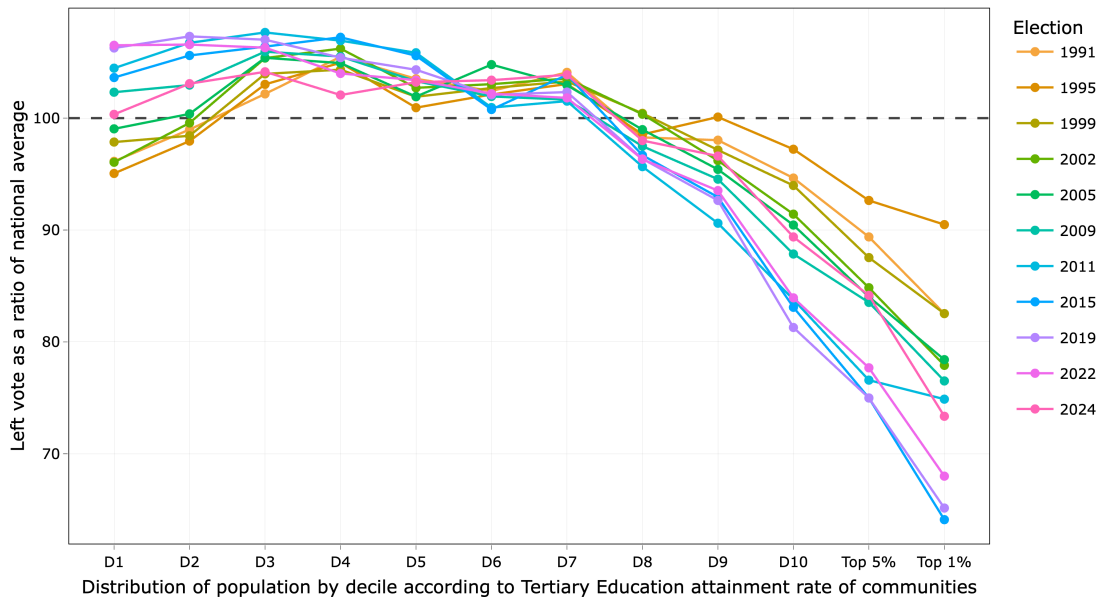
A. Education
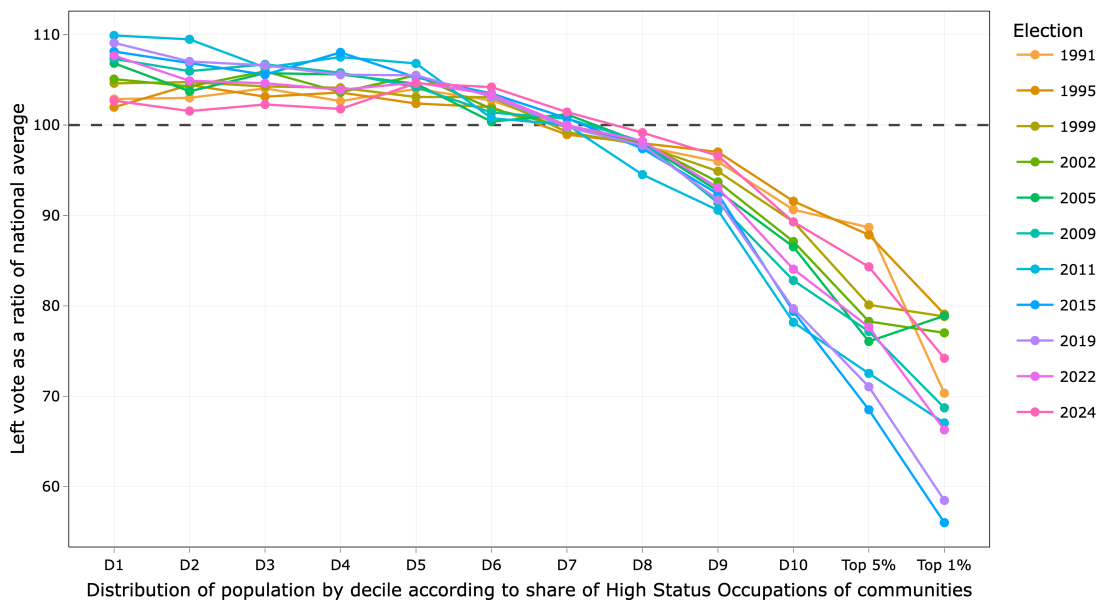
B. Professional class

FIGURE 7. Social cleavages in Portugal, 1991-2024

This figure portrays the left-right education and professional class gradients of each legislative election in Portugal between 1991 and 2024. Panels A and B show the vote along the distribution of communities' tertiary education rate/share of high status occupations, respectively, relative to the national average. Results after controlling for urbanization, economic, cultural and demographic factors. Social cleavages have remained strong and stable since the 1990s, with the most educated and high status occupation communities voting more for the right. If anything, social cleavages have deepened over time. *Note:* Results after controlling for urbanization, economic, cultural and demographic factors.

Portugal: if anything, they have deepened over time.

Social gradients of different party families.   Figure 8 shows the education gradient of each party group, before and after the emergence of new parties. The 1991-2011 average, in panel A, shows a traditional left-right divide along education: right-wing parties are stronger in higher educated communities, while left-wing parties are stronger in lower educated ones. The center parties, however, show a slightly more complex pattern, with the center-right being stronger also in the very least educated communities, while the center-left has its strongest support in the middle of the education distribution, between the 3rd and 8th deciles. It is worth noting the remarkably steep education gradient of the radical left, with sharply declining support from the 7th decile onwards.

In 2024, after the establishment of the new parties, the education cleavage did not reverse. That did not mean, however, that the green and nationalist parties had different education gradients than their Western counterparts. Like in most other countries, the green party group captured the support of lower income but more educated communities, while the nationalist right captured the support of the richest but not so educated ones.

The gradients of these two party groups are highly consistent with the patterns found by Gethin, Martínez-Toledano, and Piketty (2022) in other Western countries. What is unique about Portugal is that the traditional left and right parties became even more entrenched in their education factions: the center-left became even more associated with lower education, while the center-right parties became more associated with greater education.

It appears that, in Portugal, there was a relatively limited share of the population that was ready to turn towards post-materialism-oriented parties, on the left and on the right. However, that was not the case for the large majority of the Portuguese electorate. As such, when those voters abandoned their traditional party families for the new ones, the center-left and center-right parties split even further apart in the educational composition of their voters. The education cleavage did not reverse because the underlying dynamics that have led less educated, traditionally left-wing voters towards the right (and vice-versa) in other Western countries, did not materialize in the Portuguese political space. Figure A2, panel B, makes this stability of traditional parties' education gradients very clear.

3.3.   Cultural, generational and territorial cleavages

In this section, I will briefly present results on the evolution of some cultural, generational, and territorial cleavages in Portugal. Figure 9 shows the association between
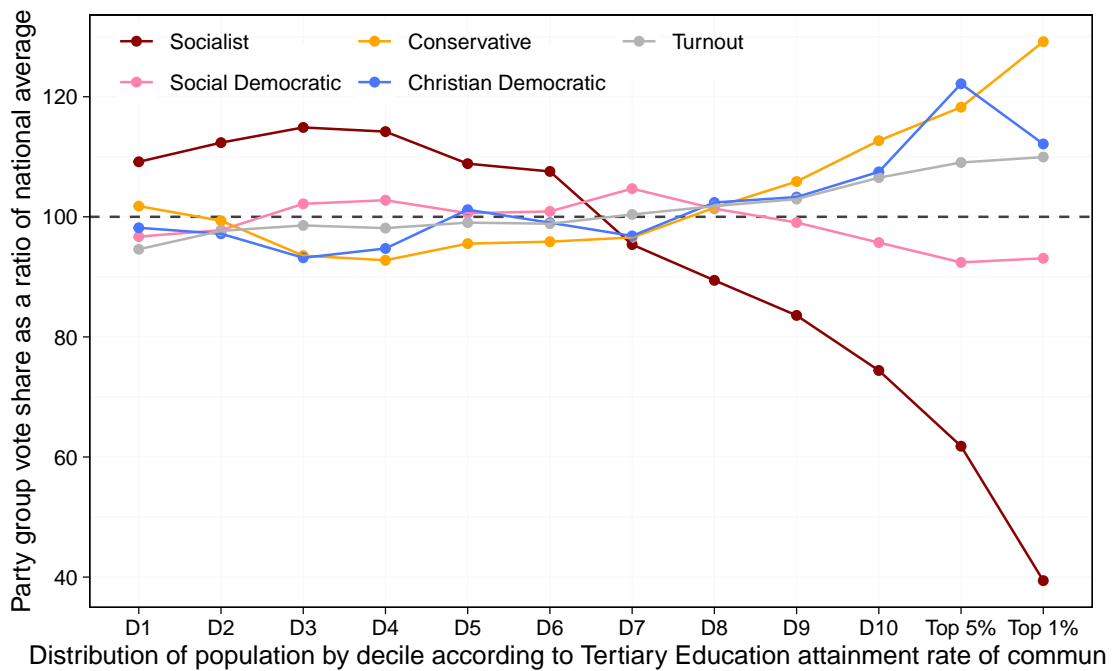
A. 1991-2011 average: before the emergence of the new parties
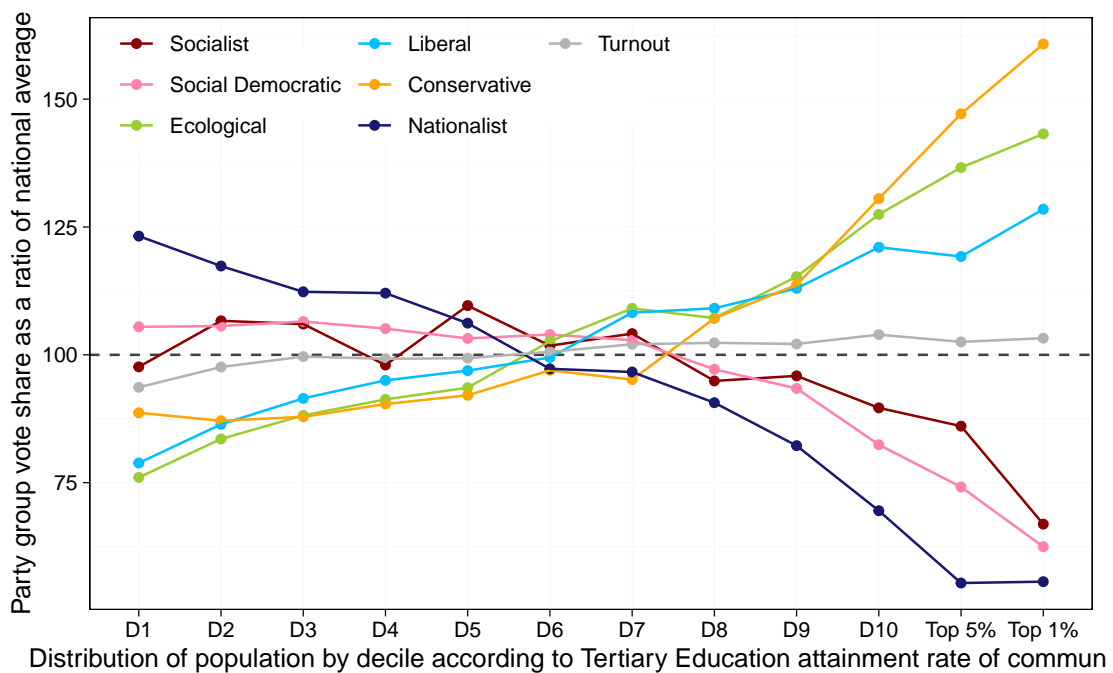
B. The 2024 election: after the emergence of the new parties

FIGURE 8. Education gradient of each party group, before and after the new parties

This figure portrays the vote for each party group along communities' tertiary education attainment distribution, relative to the national average. Panel A shows the average of voting patterns in all elections between 1991 and 2011, when the party system was composed of four main party families. Panel B shows the voting patterns in the 2024 election, after three new party families had emerged and established themselves. Additionally, both panels show the the turnout pattern in grey. Results after controlling for urbanization, economic, cultural and demographic factors.

communities' left-wing vote as a ratio of the national average and the share of religious people (panel A), the share of immigrants (B), the average age (C), and the level of urbanization (D). The estimates account for other characteristics, such as urbanization, economic, social, cultural and demographic factors – except for the variable being analyzed.
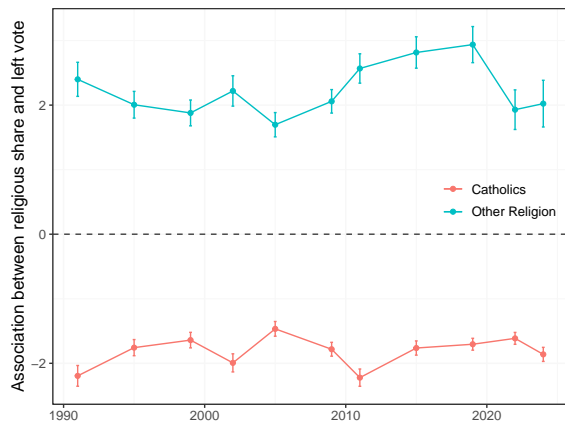
Religious cleavages.　In Portugal, a country where 80% of the population still identifies as catholic, religiosity has always had moderate importance in partisan competition (Freire et al. 2022). In panel A of figure 9, it is possible to see that a 1pp increase in the share of catholics in a community is associated with a 2% decrease in left-wing vote. On the other hand, a greater share of people identifying with another religion is associated with a mirror increase in left-wing vote. These associations are clear, but are unlikely to be playing a major role in the overall left-right divide in Portugal, as they have remained stable since the 1990s or, if anything, have weakened slightly.

Immigration cleavages.　While many Western countries have experienced an increase in immigration rates over time, which has often been linked to the rise of the nationalist right, Portugal has mostly not followed this trend. The immigration rate to the country has been one of the lowest in Europe (if not the lowest), and migrants mostly originate from richer European countries or former colonies. On average, migrants in Portugal have done just as well as the native population in education and labor market outcomes (Oliveira et al. 2023).[15]

Panel B of figure 9 shows that there is a negative association between the share of immigrants in a community and left-wing vote, which is weaker if we focus on immigrants from 'poorer' countries. Given the low numbers of immigrants in Portugal, it is not clear if this association is driven by the migrants of the community, or by the natives who live in communities with more migrants. Either way, the association has been weakening, standing now at one third of what it used to be in the 1990s (and close to zero for immigrants from 'poorer' countries). Overall, it seems hard to argue that immigration has been a significant driver of the voting patterns in Portugal.

Generational cleavages.　Younger age is generally thought to be linked with left-wing voting – this is what Gethin, Martínez-Toledano, and Piketty (2022) have observed in most Western countries. In Portugal, it used to be the case that communities with
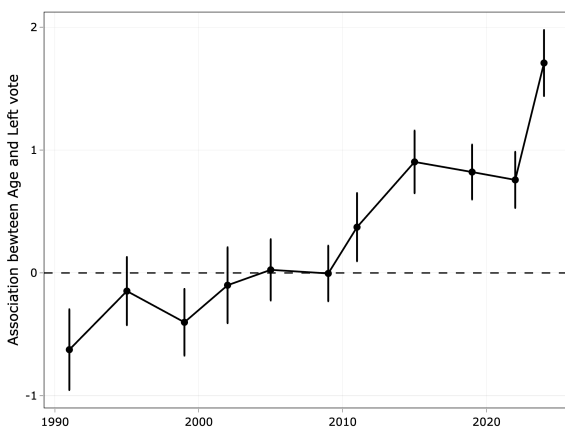
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[15]Since 2017, when a legislative change facilitated the entry of migrants without a formal job offer, the share of foreign residents has doubled, mostly coming from poorer and culturally more distant countries. Still, the share of foreign residents in Portugal remains one of the lowest in Europe.
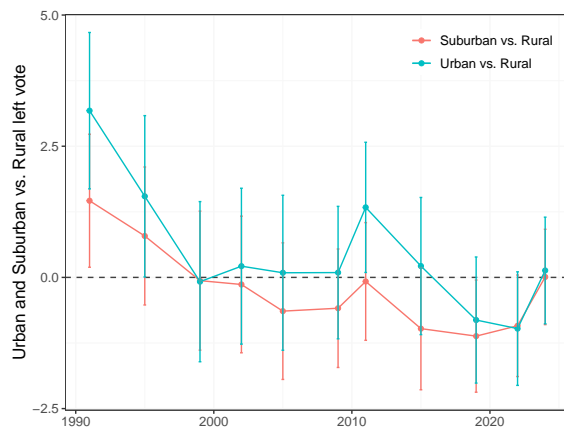
A. Religeous cleavages
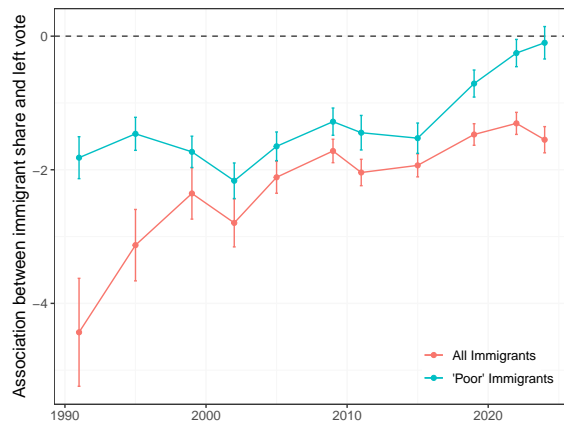
B. Immigration cleavages

C. Generational cleavages

D. Urban and Suburban vs. Rural cleavages

FIGURE 9. Cultural, generational, and territorial cleavages in Portugal, 1991-2024

This figure portrays the association between communities' left-wing vote as a ratio of the national average and the share of religious people (panel A), the share of immigrants (panel B), the average age (panel C), and the level of urbanization (panel D). Cultual and territorial cleavages have remained stable or weakened over time, while generational cleavages have gradually reversed. *Note:* The estimates of panels A, B, and C relate to the direct association between a continuous variable and the vote ratio, while panel D shows the coefficients associated with two dummy variables indicating whether the community is urban or suburban, relative to the benchmark rural. 'Poor' immigrants are those native from countries outside of Europe, North America, and Oceania. Results after controlling for urbanization, economic, social, cultural and demographic factors, except for the variable being analyzed.

greater average age voted more for the right in the 1990s but, as shown in panel C of figure 9, there was a gradual reversal of generational cleavages. Especially since the 2010s, the older communities have been voting more and more for the left (the center-left, in particular): in 2024, one additional year of average age was associated with a 1.7% increase in left-wing vote. The reasons for the reversal are not clear, and the existing literature does not provide a clear explanation for it. It is possible that the austerity-period pension cuts during the 2011-2015 right-wing government have played a role in this reversal, as the major shift happened around that time, but the question remains open.

Urban-rural cleavages.   Finally, we may look at territorial cleavages in Portugal. Panel D of figure 9 shows the increase/decrease in left-wing vote associated with being in an urban or suburban community, relative to a rural community. The results are clear: the degree of urbanization is not a relevant factor in Portuguese voting behavior, as the associations have been very weak and statistically insignificant since the 1990s. This is a striking difference with the French case, where the territorial dimension has played a major role in voting behavior and in the transformation of political conflict (Cagé and Piketty 2023). However, it is consistent with what had already been described by Freire et al. (2022).

Figure A3 maps the territorial distribution of left-wing vote in Portugal, in 1991 and in 2024. The maps show that there is, indeed, some spatial segregation in the country's voting patterns, although it has clearly weakened over time. The rural, lower income, lower education interior of the country is split between the right-leaning north and the left-leaning south, while the richer and more educated metropolitan areas of Lisbon and Porto display a more blurred pattern. Even so, these territorial differences are likely to be driven by other factors: as urbanization cleavages are statistically insignificant once other characteristics are taken into account.

4.   Inequality, *predistribution*, and the Portuguese exception

As of today, Portugal remains as the exception to the transformation of political conflict in Western countries, maintaining a stable party system and political cleavages.

Several explanations have been proposed for this exception and the most convincing ones, related to the absence/lag of a nationalist right, can be broadly characterized as stories of 'entry barriers' to these new political cleavages. They mostly argue that the demand for cultural and identity politics in Portugal has always been there, just like in any other Western country, but that this demand remains dormant because of some 'entry barriers' (social stigma, the lack of a salient sociocultural

issue, or a competent far-right candidate) that prevent it from being met by the political supply (Mendes and Dennison 2021; Carvalho 2023; Valentim 2024). They essentially imply that the fundamental factors behind the transformation of political conflict in the West are present in Portugal too and that, once these entry barriers are removed, the same transformation will happen in the country.

These theories are adequate to explain the trajectory of *Chega* in the Portuguese political space, but they do not explain why the demand for post-materialist politics has not been met by the traditional parties, as it has been in other Western countries. If this latent demand for sociocultural cleavages is, in fact, the underlying factor behind the transformation of political conflict in the West, then we should expect that the voting patterns for traditional parties in Portugal would have responded to the same underlying dynamics. As we have seen, the opposite is true – the traditional parties have become even more entrenched in their traditional economic and social cleavages – suggesting that there is something else at play in the Portuguese context.

In this section, I will present a different, more comprehensive narrative to explain the Portuguese exception. I will describe the evolution of inequality in Portugal since the 1980s, how it can be tied to a succession of *predistributive* policies and reforms, and how this can be related to the Portuguese exception in political cleavages in the West. Figure 10 very candidly represents the historical trends behind my main argument.

4.1. The rise and fall of inequality in Portugal

Portugal has experienced sharp fluctuations in income and wage inequality over the last four decades. It was extremely unequal during the dictatorship, experienced significant redistribution in the wake of the 1974 democratic revolution, a sharp rise in inequality in the mid-1980s to mid-1990s, stability at high levels until the mid-2000s, and a subsequent sharp decline until today (see figure 10). It was also the most unequal country in Western Europe and one of the most unequal in the developed world for most of this period, both in income and wages. The evolution of inequality in Portugal is described in detail in Oliveira (2024).

Starting in the early 1980s, income inequality in Portugal saw a sharp rise, mainly driven by top labour incomes. This increase in inequality has been attributed to technical changes that favoured high-skilled workers over unskilled ones, coupled with a decades-long lag in the education levels of the Portuguese workforce (Cardoso 1998; Centeno and Novo 2014). By the 1980s and 1990s, Portugal had the least educated working population among advanced economies so, when the demand for skilled workers increased, top wages and the education wage premium soared to unprece- dented levels (Martins and Pereira 2004; Machado and Mata 2005). As a result, wage
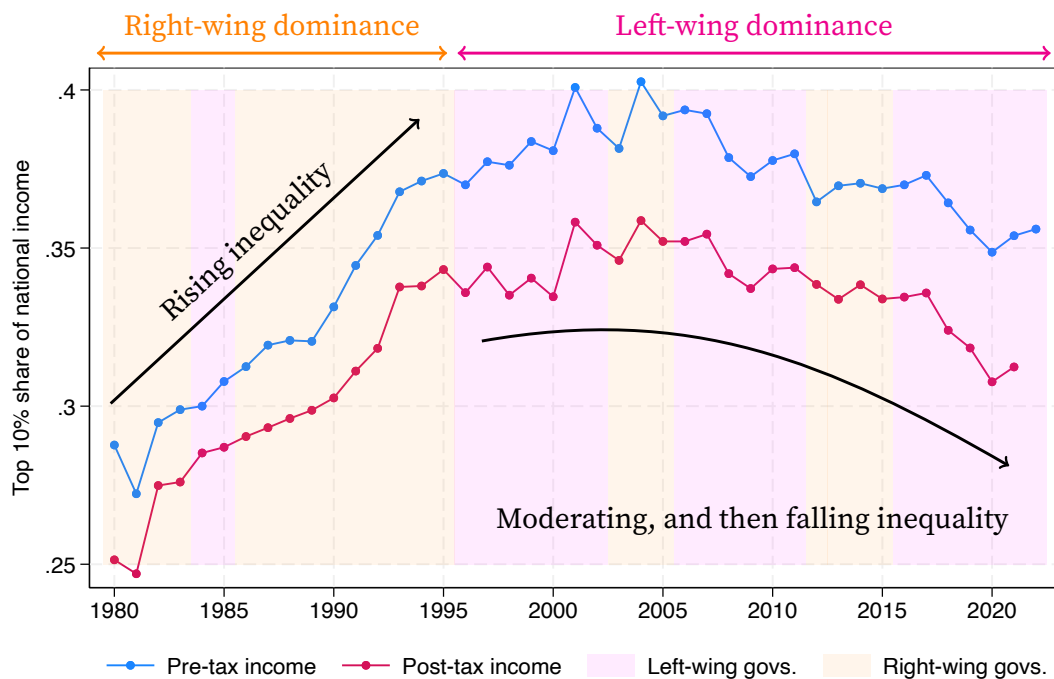
A. The rise and fall of income inequality: top 10% income share
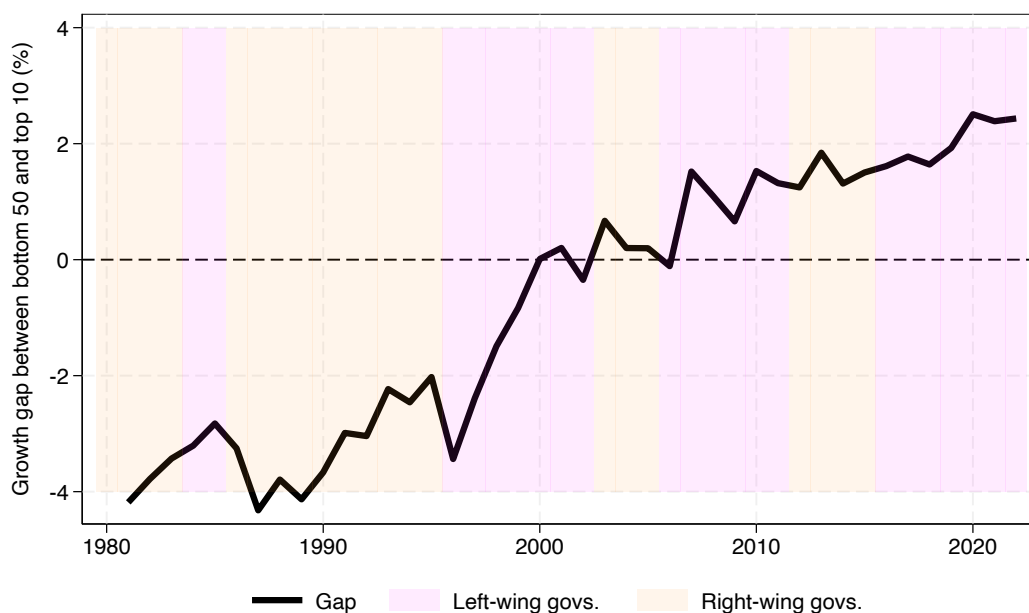
B. The reversal of the income growth gap between the top 10% and the bottom 50%

FIGURE 10. Income inequality and the income growth gap in Portugal, 1980-2022

This figure shows the evolution of income inequality in Portugal. Panel A shows the evolution of the top 10% income share, pre-tax and post-tax. Panel B shows the anual real income growth gap between the top 10% and the bottom 50%, post-tax. Income inequality increased sharply between the 1980s and the mid-1990s, moderated until the mid-2000s, and declined substantially since then. In the 1980s, top incomes grew 4pp faster each year than bottom ones, but by the 2010s, the bottom 50% was growing 2pp faster than the top 10%, through to a sharp reversal of the income growth gap. The inequality increase largely coincided with center-right dominance period, while the decline coincided with center-left dominance. *Note:* Pink and orange areas signal left- and right-wing governments. Income growth gap is a 5y moving average of post-tax income growth. Data from the World Inequality Database (Blanchet, Chancel, and Gethin 2022).

inequality in Portugal increased more in just eight years (1986-1994) than the entire US increase of 1975-2022 (see figure 11, panel A).[16] By the mid-1990s, Portugal had become the most unequal country in Western Europe in terms of income (Blanchet, Chancel, and Gethin 2022) and wages (Martins and Pereira 2004).[17]

In the late 1990s and early 2000s, Portugal entered a period of moderation in income and wage dispersion, with the expansion and democratization of education likely to have been the main driver behind the reversal of inequality trends. A series of important reforms implemented over time, such as the basic law of the education system (1986), the expansion of the pre-school system (1997), the integration of vocational education into the public system (2005), the Bologna process (2006), the increase in the compulsory schooling age (2009, 2012), or the continuous enlargement of the public school network, have contributed to a remarkable massification of educational access at all levels (Cardoso et al. 2008; de Lurdes Rodrigues 2015; Freitas 2023; Justino 2024).[18]

While education used to be a luxury reserved to the elite (only 7% of adults had higher education in 1992), secondary and tertiary education attainment rates increased threefold and fourfold, respectively, since then (see figure A4, panel A). The likely result was a sharp decline in the education wage premium and wage inequality as a whole. As seen in figure 11, panel B, the real median wage of a higher educated worker has fallen by a third since the 1990s, while the raw wage premium for higher education has halved. These changes have been unique to Portugal, as the education wage premium and wage inequality have increased in most Western countries over the same period (Blundell, Cribb, and Ziliak 2023).[19]

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[16]Oliveira (2024): "In the US, the 90:10 ratio of hourly wages went from around 4.3 to 5.2 (20% growth) in the 47 years between 1975 and 2022, as per Hardy et al. (2023). In Portugal the 90:10 ratio grew relatively more, from 3.6 to 4.6 (28% growth), and that happened in just those 8 years (1986-1994). In both cases the Gini index went from 0.29 to 0.35, but that took 47 years in the US and only 8 years in Portugal. Autor, Katz, and Kearney (2008)' estimates confirm this phenomenon."

[17]Figure 10, panel A, shows how the surge in share of national income going to the top 10% earners between 1980 and 1995 – the top 10% share of both pre-tax and post-tax income increased by almost 10pp over this period. Additionally, in panel B, it is possible to see how the income growth gap between the top 10% and the bottom 50% of the population was -4pp, meaning that the average income of the top 10% was growing 4pp faster every year than the bottom 50%.

[18]Figure A4 illustrates this unprecedented expansion of education in Portugal. Since the early 2000s, the secondary and tertiary education attainment rates have increased around threefold (from 19% to 56%) and fourfold (7% to 26%), respectively. Panel B of the figure shows how Portugal was the least educated country in the West by 2000, but had nearly caught up with countries like Austria, Germany, or Greece, and surpassed Italy, by 2022.

[19]Another factor that plausibly contributed to the moderation of wage inequality was the 1996 workweek reform, that reduced maximum working hours from 44h to 40h a week. The reform led to a significant drop in working hours, without a reduction in monthly wages, resulting in higher wages per hour (Raposo and van Ours 2010; Asai, Lopes, and Tondini 2024). However, this was concentrated in lower wage, less educated workers (who were working longer hours before, on average), likely explaining the sudden contraction at the bottom of the wage distribution around 1996/97 seen in figure 11, panel A (Oliveira 2024).
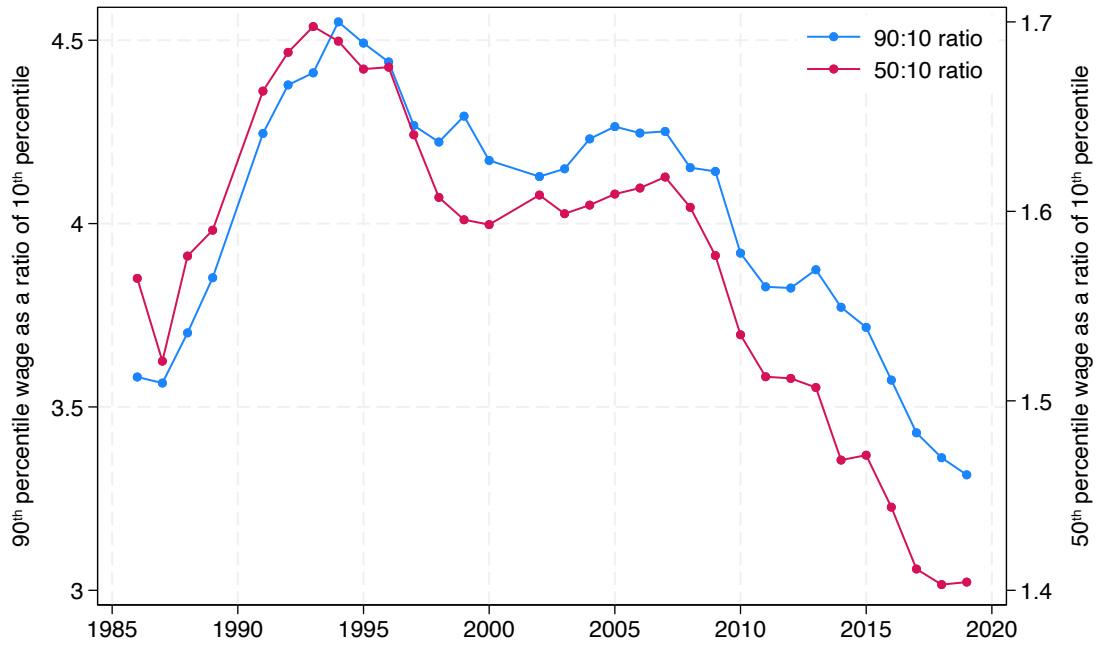
A. Wage inequality: 90:10 and 50:10 ratios
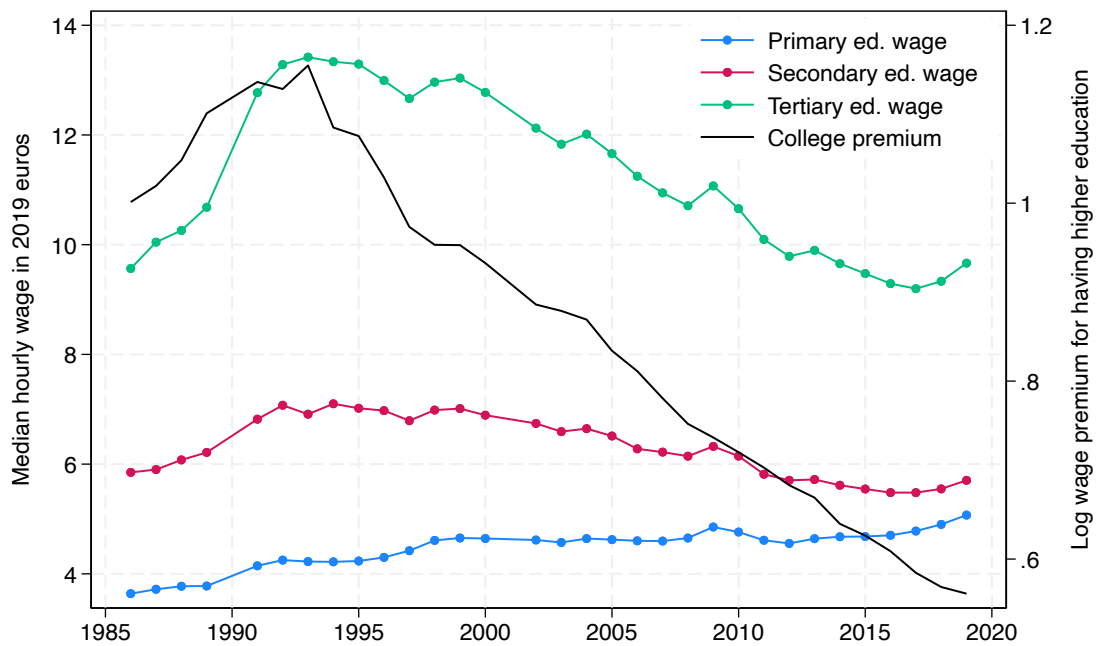
B. Median wage by education level and education premium

FIGURE 11. Wage inequality and the role of education

This figure shows the evolution of wage inequality in Portugal, as well as the importance of education in wage dynamics. Panel A shows the 90:10 and 50:10 hourly wage ratios between 1986 and 2019. Panel B shows median hourly wages for workers with primary, secondary, and tertiary education, as well as the raw log wage differential for attaining higher education. Wage inequality rose sharply between the 1980s and the mid-1990s, moderated until the mid-2000s, and declined substantially since then. The real median wage of higher educated workers has fallen by a third since the 1990s, while primary educated workers have seen their wages continuously grow. This led to a long-term decline of the raw education wage premium, which has halved since the mid-1990s. *Note:* Data from the administrative records of the Portuguese Ministry of Labor, *Quadros de Pessoal* – see Oliveira et al. (2023).

The most recent period, since the mid-2000s, saw a significant decline in income and wage inequality in Portugal. Figure 11, panel A, for instance, shows an unprecedented decline in wage inequality that was strongest at the bottom of the distribution. Together with the expansion of education, labor market institutions have been a key factor behind this decline in inequality.

Since 2006, the minimum wage and its salience on the Portuguese labor market increased almost continuously (with the exception of the 2011-2015 austerity period). Oliveira (2023) shows how the sustained rise of the minimum wage produced changes in the wage structure that generated gains along the entire bottom half of the distribution, can account for the full decline in wage inequality, and explained 38% of the (limited) total wage growth between 2006 adn 2019.

On top of the minimum wage, the influence of extensive collective bargaining coverage was also important in reducing wage inequality, by supporting the wages of low-skilled workers during the Great Recession (Card and Cardoso 2022; Barrela, Costa, and Portugal 2024) and contributing to an important increase in their labor market power (de Almeida Vilares and Reis 2022). The most profound financial crisis in the country's history had a destructive effect on incomes. Lower skilled workers, however, were the one group that managed to preserve their real wage level throughout the recession (and with the strongest recovery afterwards), likely due to the influence of these labor policies and institutions (Oliveira 2024).

Overall, as shown in panel B of figure 10, there was a remarkable long-term reversal of income growth gap between the top 10% and the bottom 50% in Portugal. After a period where top incomes were growing much faster every year than bottom ones (+4pp a year), the growth gap reversed, around the turn of the century, initiating a period where the bottom 50% incomes would grow considerably more than the top 10% (+2pp a year). This reversal of the income growth gap is unique among Western countries: figure A5 shows that there is no other country where the growth gap has reversed so sharply and so consistently over time.[20]

4.2. The politics of inequality and *predistribution*

The evolution of income inequality in Portugal has been closely tied to the political dynamics of the country. Figures 10 and 11 show a sharp rise in inequality between the 1980s and the mid-1990s, which coincides precisely with the period when the center-right dominated Portuguese politics, followed by a long-term decline in inequality since the mid-2000s, which coincides with the center-left dominance.

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[20]It is worth noting that this reversal of the income growth gap was mostly driven by the decline in the growth rate of top incomes, rather than by a great increase in the growth rate of bottom incomes. Figure A6 shows the evolution of growth rates of the different income groups since 1980.

During the 1980s and early 1990s, 'right-wing' and 'conservative' were still some-what toxic labels in Portuguese politics (the dictatorship had only ended in 1974), so the center-right positioned itself as liberal, pragmatic, and reformist, pushing back against the 'statization' of the economy that the left-wing had ensued after the 1974 revolution (Marchi and Alves 2022). In fact, the PSD first aligned with the European Liberals group, and only in 1996 did it move to the conservative European People's Party group. The center-right governments implemented a series of eco-nomic liberalization and privatization reforms so the country could eventually be seen a conventional market economy in the eyes of the Europe (it joined the EU in 1986).

From a 'meritocratic-right' perspective, the right-wing governments of the 1980s and 1990s could be seen as quite successful. They were able to reverse the country's trend towards a more socialist economic model, while attaining some of the greatest GDP growth of the last five decades. However, economic growth was not inclusive, with the returns being concentrated at the top end of the income and education distri-butions. Still, from a 'meritocratic' point of view, this is not necessarily problematic, as the economy rewarded those who were more skilled and more educated.

Starting in 1995, there has been a three-decade hegemony of center-left govern-ments in Portugal. The center-left PS has only been outside of government for 6 years since 1995, governing alone most of the time, and with support form the radical left parties between 2015 and 2019. The mid-1990s were also the beginning of the reversal of inequality dynamics in Portugal.

The fundamental shift in the Portuguese economy was the very strong expansion and democratization of education, a result of successive reforms that made educa-tion more accessible, especially in 1986 and between the late 1990s and the 2000s. Over this period, education ceased to be an elite mechanism of social reproduction and became a mass phenomenon. As a result of this compositional change in the workforce, top wages and the education wage premium have declined in real terms since the 1990s, while the wages of the bottom half of the distribution have grown steadily.

Another major factor behind the decline in inequality was the role of labor market institutions and policies. A 1996 working hours reform that raised wages at the bottom of the distribution is a textbook example of how labor reforms can have an immediate impact on the earnings structure. Collectively negotiated wage floors – and their extensions by the government – have been one of the hallmarks of the Portuguese system of industrial relations, playing an instrumental role in supporting low skilled, low wage workers' earnings over time, showing remarkable resilience during the Great Recession. Crucially, a policy shift in 2006, aimed at increasing the

growth rate of the minimum wage, has been key to the sustained growth of wages at the bottom half of the distribution since the mid-2000s, and the subsequent decline in inequality.

The success of education and labor policies has not come out of nowhere. Today, most political parties in Portugal would not argue against the merits of the cumulative education and labor reforms that have been implemented over the last three decades. However, they have been the outcome continuous political conflict: the expansion of public school system, the extension of collective bargaining agreements, or the importance of a salient minimum wage have always been championed by the left-wing parties, mostly implemented by center-left governments, and met with resistance from the right-wing parties. While the center-left was certainly not the sole responsible for the reversal of inequality dynamics, it is plausible that voters associate the decline in inequality with the center-left's *predistributive* policy agenda.[21]

Connecting this account with the persistence of political cleavages described in section 3, it is possible to argue that the Portuguese social democratic left was able to maintain a large and stable support base of low income, less educated working class voters because of the supply of *predistributive* policies that were implemented over the last three decades. The working class electorate has been the main beneficiary of increasing education levels and declining income and wage inequality that raised their socioeconomic position relative to the upper classes. As a plausible consequence, voters have rewarded the parties that they perceive as responsible for this progress.

This narrative aligns closely with the one of Kuziemko, Marx, and Naidu (2023) for the US case. The authors argue that the Democratic Party's declining supply of *predistributive* policies can explain the US partisan realignment by education. They show that less educated Americans have always favored *predistribution* (job guarantee, minimum wage, protectionism, unions), while more-educated Americans prefer to 'let the market work' and then 'compensate the losers' through *predistribution* (taxes and transfers). The rise of the New Democrats in the 1970s is associated with a decline in Democrats' supply of *predistribution* policies which, in turn, explains why less educated Americans began to abandon the party. In Portugal, the traditional left was better able to demonstrate its *predistributive* stance than the left in other countries, preserving the working class vote.

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[21]The crucial role of *predistribution* in inequality dynamics has been highlighted in studies like Blanchet, Chancel, and Gethin (2022) or Bozio et al. (2024). In Portugal, where the labor share of of national income has always been one of the highest among advanced economies since the 1990s (according to World Inequality Database data), *predistributive* policies that structurally affect labor market inequality are likely to be especially salient to voters.

On the other side of the political spectrum, the traditional center-right has been persisting with the support of high income, high educated upper middle class voters. The last three decades have seen the emergence of a new class of more educated, higher income voters, many of which who have come from humbler backgrounds and have moved upwards in the socioeconomic ladder through the expansion of education. Consistent with the conceptual framework of Piketty (1995), these upwardly mobile individuals are likely to have meritocratic and economically liberal beliefs, favoring economic growth without much concern for the distribution of the gains.

Through that reasoning, it is reasonable to argue that these voters have found a natural home in the center-right parties, which have been in power for the period when there was greater income disparity across education levels, and 'merit' was most rewarded by the economy. The fact that the center-right was not only a market liberalizing force in the 1980s and 1990s, but has continued to push for economic liberalization, labor market deregulation, and austerity during the financial crisis, is likely to have reinforced the support of these voters. The finding that the 2011 'austerity election' was the most polarized along income and education lines since the 1990s emphasizes this idea.

Finally, the nationalist right has recently emerged as a political force in Portugal, capturing the support of the wealthiest but relatively less educated communities in the country. The rise of the nationalist right could be seen as a reaction from historically more privileged groups who have experienced a stagnation in their socioeconomic situation since the mid-1990s. These groups, once insulated by the exclusivity of education and professional prestige, are now seeing the catching-up of an increasingly educated upper middle class, and an increasingly well-off working class, erode their previously unchallenged social status.

This backlash is reminiscent of cases like Éric Zemmour's *Reconquête*, in France, where far-right nationalist parties have grown by catering to the 'aristocratic' economic upper class with a radical neoliberal and anti-state agenda (Ivaldi 2023; Cagé and Piketty 2023). This brand of far-right party has found it hard to break into the mainstream and has been mostly confined to the wealthiest: for instance, *Reconquête* represents a much smaller and more affluent electorate, while the *Rassemblement National* has garnered a much larger working class electorate.

In Portugal, the nationalist right managed to breakthrough by securing the support of the wealthiest but less educated, also with a strongly neoliberal discourse (Mendes 2021; Marchi and Alves 2022), but has not managed to expand its support base to relatively lower income communities. The difference to France is that, in this case, there is no all-encompassing nationalist right party that has managed to capture the support of the working class. That may be the greatest testament to the

long-term political success of *predistributive* policies.

5. Cleavages in Portugal vs. other Western countries: preliminary evidence from the 2019 European Parliament election

In this final section, I will make a first attempt to compare the evolution of political cleavages in Western countries using community-level data from the 2019 European Parliament (EP) election. I will present preliminary results on the evolution of the income and education gradients of three main party groups – the traditional left, the traditional right, and the nationalist right – in Portugal, Spain, France, Germany, and Denmark.

These preliminary results are based on a work in progress, where community-level data for European countries is being collected and harmonized in order to study the comparative evolution of political cleavages in the West. I will take advantage of these data to put Portugal in a comparative perspective. However, the results presented here are preliminary and should be taken with caution.

Data collection and manipulation for other countries follows the principles described in section 3, for Portugal. Here is a brief description of the available data:

- *Portugal* has 3,092 *freguesias*, averaging around 1,000 residents each. The variables and sources included are the ones previously described (table A1).
- *Spain* has 35,000 census sections, averaging around 1,300 residents each. The variables included are: population, average age, share of adults, women, married, divorced, immigrants, literacy, secondary and tertiary education attainment rates, average income and housing capital; data originate from the Electoral Commission, Statistics Spain, and the Spanish Housing Ministry.
- *France* has 35,000 *communes*, averaging around 2,500 residents each. The variables included are: population, average age, share of women, immigrants, secondary and tertiary education attainment rates, high status occupations, average income, housing capital, home ownership; data originate from Cagé and Piketty (2023) and the French Interior Ministry.
- *Germany* has 11,500 *gemeinden*, averaging around 7,000 residents each. The variables included are: population, population density, average age, share of women, immigrants, religious, christian, protestant, married, divorced, secondary and tertiary education attainment rates, average income; data originate from the Electoral Commission and Statistics Germany. Importantly, education data is only available at the regional level, which will create some drawbacks in the analysis.
- *Denmark* has 1,182 polling stations, averaging around 5,000 residents each. The variables included are: population, share of adults, women, immigrants, followers

of the Church of Denmark, secondary and tertiary education attainment rates, average income, wealth, and home ownership rate; the data originate from Statistics Denmark.

The data coverage is still severely different across countries: while Portugal has a 'complete' set of variables, the other four countries all have important variables that have not been collected yet. In the following analysis, I decided to include as controls all the available characteristics for each country, in order to have the most complete picture possible of the political cleavages in each country. However, this will evidently create some bias in the results, such that the their comparison should be done with this in mind. Most importantly, the education variable for Germany is only available at the regional level, so it is not possible to estimate a reliable education gradient, and even the income gradient might be biased by the lower quality of education controls.

Parties are grouped into three main party families: the traditional left, the traditional right, and the nationalist right. National parties were assigned to these groups based on their Manifesto Project classification: the traditional left comprises social democrats and socialists/radical left, traditional right comprises conservatives, christian democrats, and liberals, and nationalist right comprises nationalists and far-right. These three families broadly align with the European Parliament groups S&D + The Left, EPP + Renew, and ECR + ID, respectively.[22] The greens are purposefully not included in the left-wing in order to be able to look specifically at the traditional left-right divide. Since they only had a significant vote share in Germany and France, they were not included in the analysis.

Income cleavages across countries. Figure 12 shows the average vote for the three party groups along the income distribution of each country in the 2019 European Parliament election. Very clearly, the traditional left obtained support from lower income communities, while the highest income communities voted overwhelmingly for the right. This pattern was clear across all countries, although much stronger in France and Denmark. This is consistent with the literature on political cleavages in Western countries (Gethin, Martínez-Toledano, and Piketty 2021), and further puts into question the idea that class politics has disappeared in the West.

The voting pattern for the nationalist right along communities' income distribution is less clear across countries. In France and Denmark, their vote increases slightly along the distribution, while in Germany and Spain it is the opposite. In

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[22]Each country's main parties in the traditional left are: PS, CDU, BE (Portugal), PSOE, Podemos (Spain), LFI, PS (France), SPD, Die Linke (Germany), and S, SF (Denmark); in the traditional right: PSD, CDS (Portugal), PP, Cs (Spain), RE, LR (France), CDU, FDP (Germany), and V (Denmark); and in the nationalist right: Chega (Portugal), Vox (Spain), RN (France), AfD (Germany), and DF (Denmark).
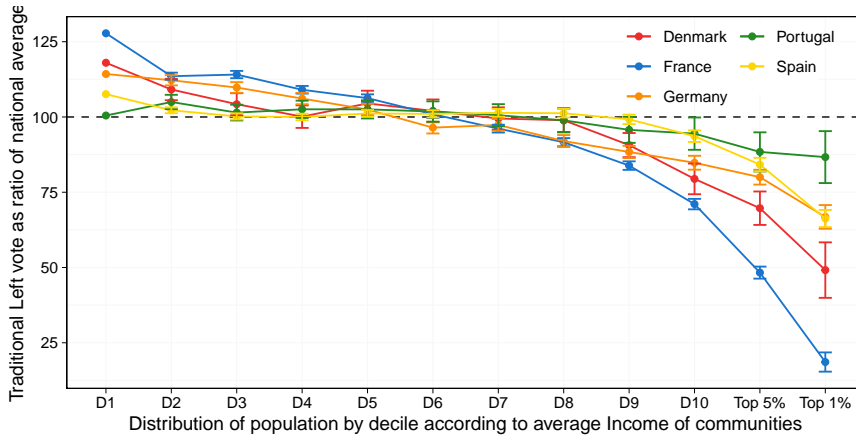
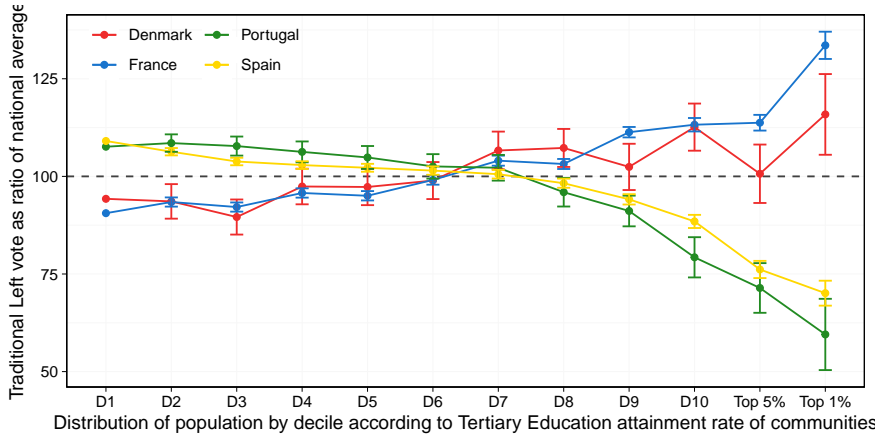A. Traditional Left vote along the income distribution
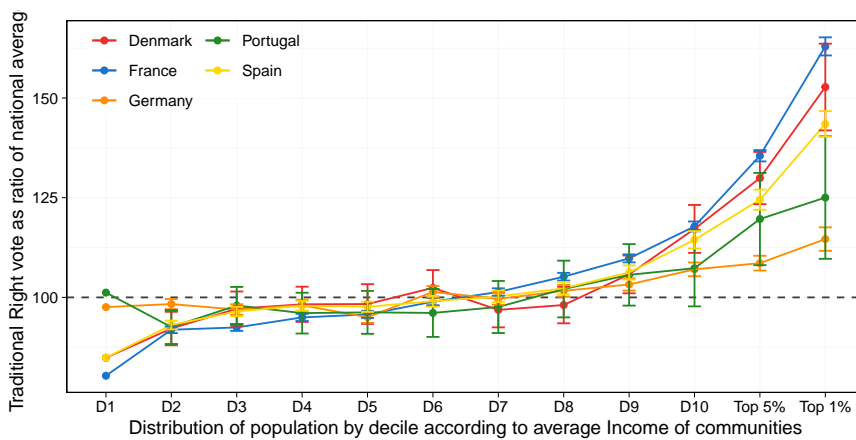
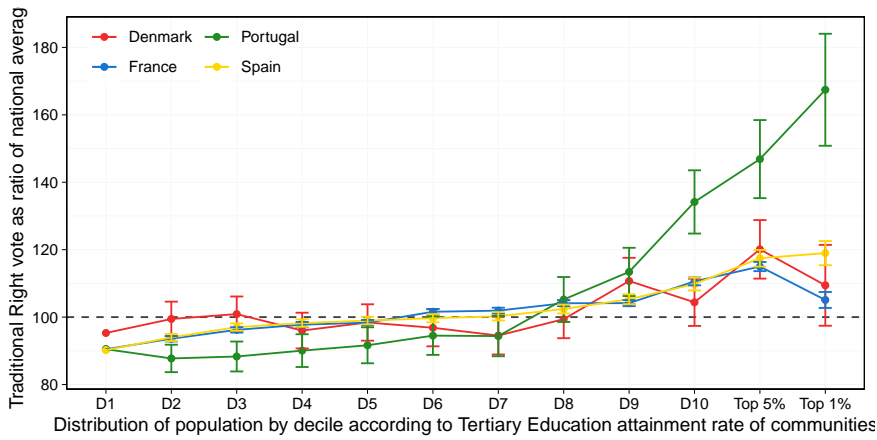B. Traditional Right vote along the income distribution
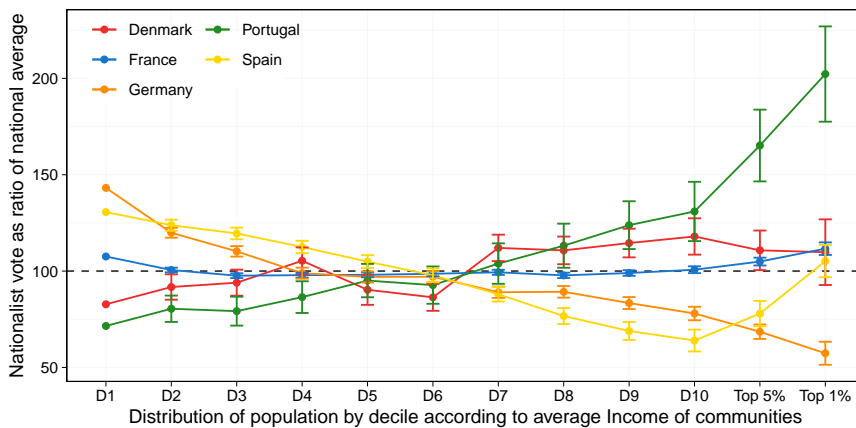
C. Nationalist Right vote along the income distribution

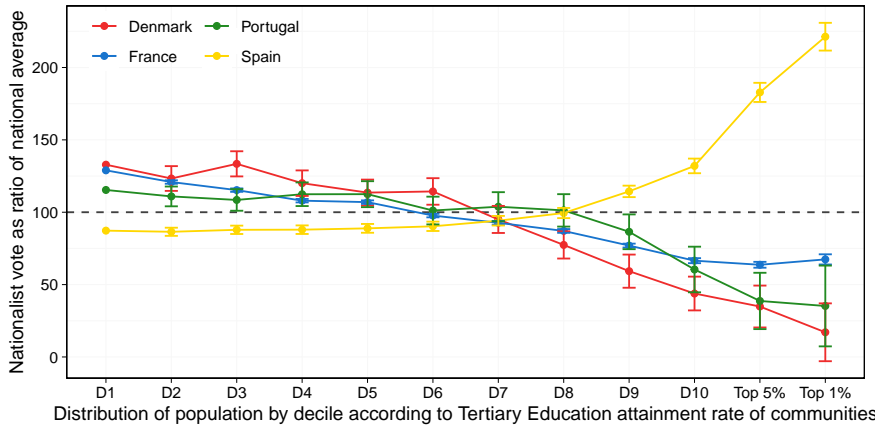FIGURE 12. Income cleavages in the 2019 European Parliament election

This figure portrays income gradients for traditional left, traditional right, and nationalist right parties in the five countries. In all countries, the traditional left obtained support from lower income communities, while the highest income communities voted overwhelmingly for the right. The nationalist right finds staggering support from the richest communities in Portugal, and more mixed results in the other countries. *Note:* Parties are grouped according to the Manifesto Project classification – see the text for more details. Results after controlling for the available characteristics for each country.

A. Traditional Left vote along the education distribution

B. Traditional Right vote along the education distribution

C. Nationalist Right vote along the education distribution

FIGURE 13. Education cleavages in the 2019 European Parliament election

This figure portrays the education gradients for traditional left, traditional right, and nationalist right parties in four countries. There is a split in support for the traditional left between the Iberian countries and France and Denmark. The traditional right's education gradient is relatively flat, but positive in all countries, except for Portugal where is strongly positive. The nationalist right shows a strong tendency to be more successful in the least educated communities in all countries, except for Spain. *Note:* Parties are grouped according to the Manifesto Project classification – see the text for more details. Results after controlling for the available characteristics for each country. Germany is not included due to the lack of education data at the community level.

Portugal, however, the nationalist right finds staggering support from the richest communities: the nationalist vote share of the top 1% income communities is twice as high as the national average, even after controlling for several other characteristics.

The Portuguese nationalist right in 2019 presents the steepest income gradient observed in any election in Portugal since the 1990s, in any of the other four countries, or even in any election analyzed by Cagé and Piketty (2023) throughout French history. While this was *Chega*'s first ever election, obtaining just 1.5% of the vote, this result adds to the evidence on the elite support that characterizes the party's origins.

Education cleavages across countries. In figure 13, it is possible to see the respective education gradients of the three party groups in the 2019 EP election. Unlike with income, the traditional left's education gradient shows a clear division between the two Iberian countries relative to France and Denmark: the left obtained support from the least educated communities in Portugal and Spain, while the opposite was true in France and Denmark. The Portuguese exception was expected but the Spanish one might come as a surprise, since the Spanish education cleavage has come close to zero in recent elections according to Bauluz et al. (2021). The reason for this is not clear, but may have to do with the still limited data availability.

The traditional right displays relatively flat, but positive income gradients in all countries. The exception is Portugal, where the traditional right was significantly more successful in the most educated communities. The nationalist right shows a strong tendency to be more successful in the least educated communities in all countries, as anticipated, except for Spain, where the nationalist vote increased with education. We would expect the traditional right's income gradients to have reversed in the other countries, and a negative education gradient for the nationalist right in Spain, but the lack of appropriate controls might be biasing the results here too.

Overall, these preliminary results leave many questions to answered, since they are not fully comparable across countries. Still, the possible takeaways on the exceptionally steep income gradient of the Portuguese nationalist right, or the notably persistent education divide between the traditional left and right in Portugal largely align with the findings of the previous sections.

6. Conclusion and perspectives

This paper studied political conflict in Portugal comparatively to other Western countries. The findings reveal that Portugal's political cleavages have remained remarkably stable over the last three decades. The traditional left-wing parties continue to find strong support from lower income, less educated working-class voters, while

the traditional right attracts higher income, more educated upper middle-class voters. Even with the emergence of new parties, such as the nationalist right *Chega*, the fundamental socioeconomic left-right cleavages have not transformed. If anything, class cleavages have become more pronounced.

The persistence of these political cleavages can be tied to the evolution of inequality in Portugal and the success of *predistributive* policies implemented over the last three decades. Since the mid-1990s, Portugal has experienced a remarkable reversal of income inequality trends, driven by the expansion and democratization of education, as well as labor market institutions such as the minimum wage and collective bargaining. These *predistributive* policies have contributed to raise wages and improve the socioeconomic status of the working class which, in turn, has reinforced their support for traditional left-wing parties.

On the other hand, the traditional right has maintained its support base among higher income, more educated voters with favorable views of economic liberalism and the 'meritocratic' reward system of the 1980s and 1990s. The recent rise of the nationalist right *Chega*, on the back of the wealthiest but less educated communities, can be seen as a backlash from historically more privileged groups who have experienced a relative decline in their socioeconomic status.

These findings underscore the importance of inequality and *predistribution* in shaping political behavior and maintaining stable voter bases. They suggest that the ability of political parties to implement effective policies addressing long-term inequality is crucial for understanding the dynamics of political cleavages. Party strategies appear to have mattered in Portugal, suggesting that they matter elsewhere.

Future research.   Looking ahead, future research can build on the foundations established by the pioneering work of Gethin, Martínez-Toledano, and Piketty (2021) and Cagé and Piketty (2023), by incorporating granular electoral data and survey data. Combining these data sources will enable a deeper analysis of individual-level voting behavior and its relationship with socioeconomic context. By integrating local electoral outcomes with detailed survey data, researchers can test new hypotheses about the determinants of political behavior and the evolution of political cleavages.

For instance, future studies could employ statistical methods like those developed by King (1997) and the subsequent literature (King, Tanner, and Rosen 2004; Wakefield 2004; Jackson, Best, and Richardson 2006) to explore how changes in income distribution within specific communities correlate with shifts in voting patterns over time. An approach closer to the one of Klima et al. (2019), who combine local data and electoral surveys to estimate voter transitions, could help identify causal links between economic policies and political outcomes, providing more robust evidence on the impact of *predistributive* measures.

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Appendix A. Data sources

This appendix describes the data sources used in the analysis. Table A1 presents the community-level variables collected for Portugal, along with their original time coverage and source.

TABLE A1. Variables and sources

| Variable and definition	Period	Source
Election Results: vote share of each party group as a ratio of national average	1975-2024	CNE
Demographic		
Age: average age	1991-2021	Census
Women: share of women in the population	1991-2021	Census
Married: share of married in the population	2001-2021	Census
Divorced: share of divorced in the population	2001-2021	Census
Cultural		
Catholic: share of catholics in the population	2001-2021	Census
Other Religion: share identifying with another religion	2001-2021	Census
Migrants: share of non-native residents	1991-2021	Census
'Poor' Migrants: share of residents with origin outside Europe, North America, or Oceania	2011-2021	Census
Urbanization		
Urban-Suburban-Rural classification	2024	INE
Population: total population	1991-2021	Census
Population Density: total population per km^2 of community	1991-2021	Census
Social		
Secondary Education: share of population with at least secondary education (ISCED 3)	1991-2021	Census
Tertiary Education: share of population with at least tertiary education (ISCED 5)	1991-2021	Census
High Status Occupations: share of working population in high status occupations (executives, directors, intellectual and scientific activities)	1991-2021	Census
Economic		
Income: average fiscal income per taxpayer (does not include some forms of capital income)	2016-2022	AT
Housing Capital: average monthly cost of owning or renting a dwelling per household	2001-2021	Census
Home Ownership: share of households who own their own residence	2001-2021	Census
Business Ownership: share of working population who own a business with at least 10 employees	2011-2021	Census

This table describes the community-level variables collected for Portugal. The period relates to the original data availability. Variables are the imputed to allow for a 1991-2024 balanced panel. CNE is the Electoral Commission, INE is the National Institute of Statistics, and AT is the Tax Authority.

Appendix B. Complementary figures

This appendix presents additional figures that complement the analysis in the main text. Figures A1 and A2 show the evolution of economic and social cleavages in Portugal since the 1990s, using different measures. Figure A3 shows the spatial distribution of left-wing vote in Portugal. Figure A4 shows the expansion of education in Portugal, comparing to other Western countries. Figure A5 shows the evolution of the income growth gap across Western countries. Finally, figure A6 shows the evolution of annual income growth rates of different income groups in Portugal.
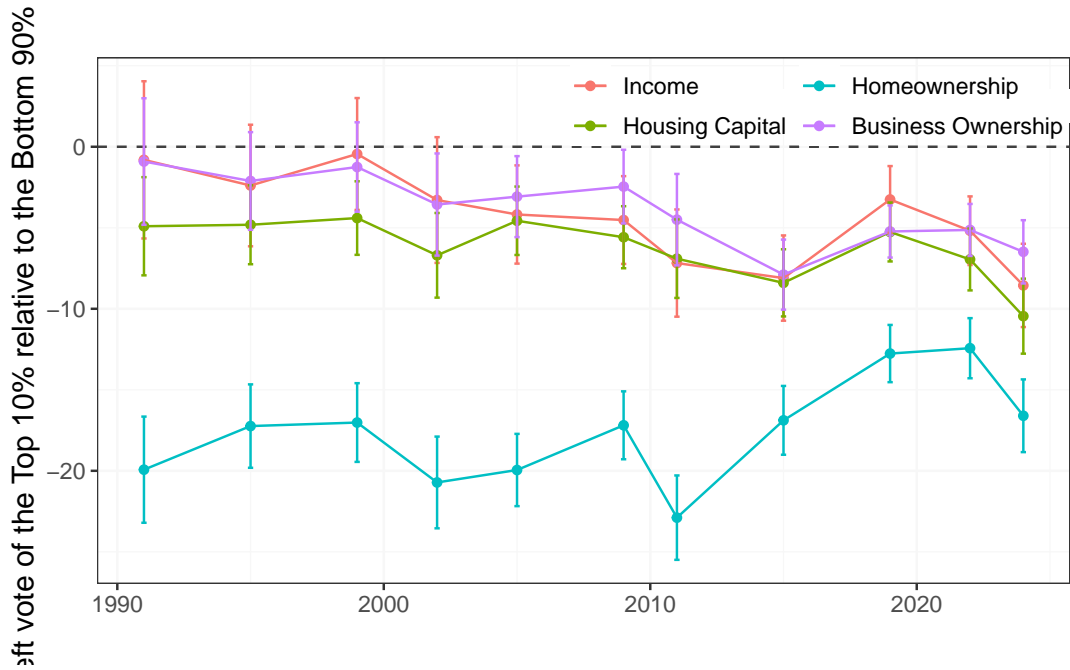
A. Left-right economic cleavages, using different measures
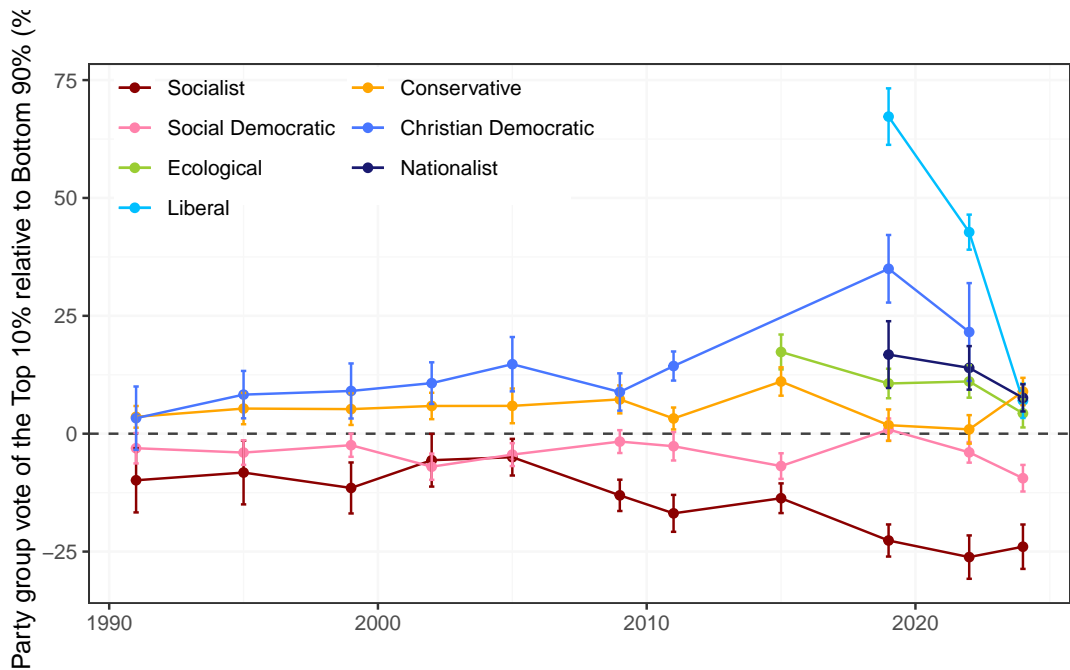
B. Economic cleavages by party group, using housing capital

FIGURE A1. Economic cleavages over time: Top 10% vs. Bottom 90%

This figure shows the evolution of economic cleavages in Portugal since the 1990s. Panel A shows the vote share for left-wing parties in the Top 10% relative to the Bottom 90% of income, housing capital, home ownership, and business ownership distributions, over time. Earlier estimates for income and business ownership are less precise. Panel B shows each party group's voting share difference between the top 10% and the bottom 90% communities of the housing capital distribution, over time. Housing capital chosen instead of income because it is a more stable variable over time, even if it is a lower quality proxy for wealth. Results after controlling for urbanization, social, cultural and demographic factors.

A. Left-right social cleavages: education and professional class
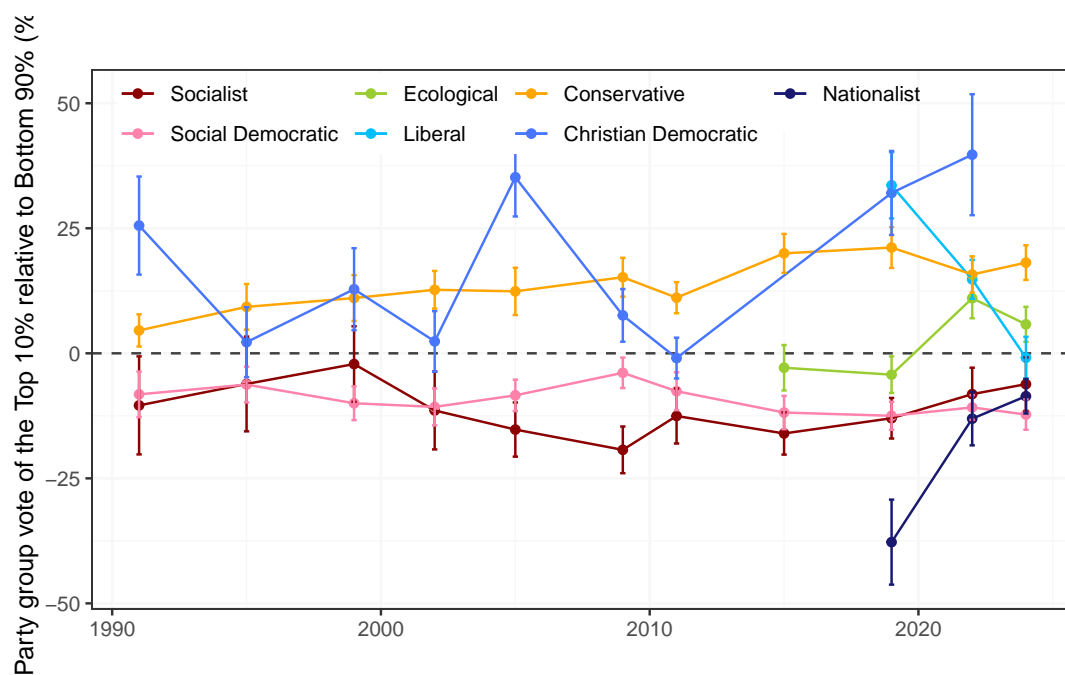
B. Education cleavages by party group

FIGURE A2. Social cleavages over time: Top 10% vs. Bottom 90%

This figure shows the evolution of social cleavages in Portugal since the 1990s. Panel A shows the vote share for left-wing parties in the Top 10% relative to the Bottom 90% of tertiary education attainment/share of high status occupations, over time. Panel B shows each party group's voting share difference between the top 10% and the bottom 90% communities of the education distribution, over time. Results after controlling for urbanization, economic, cultural and demographic factors.

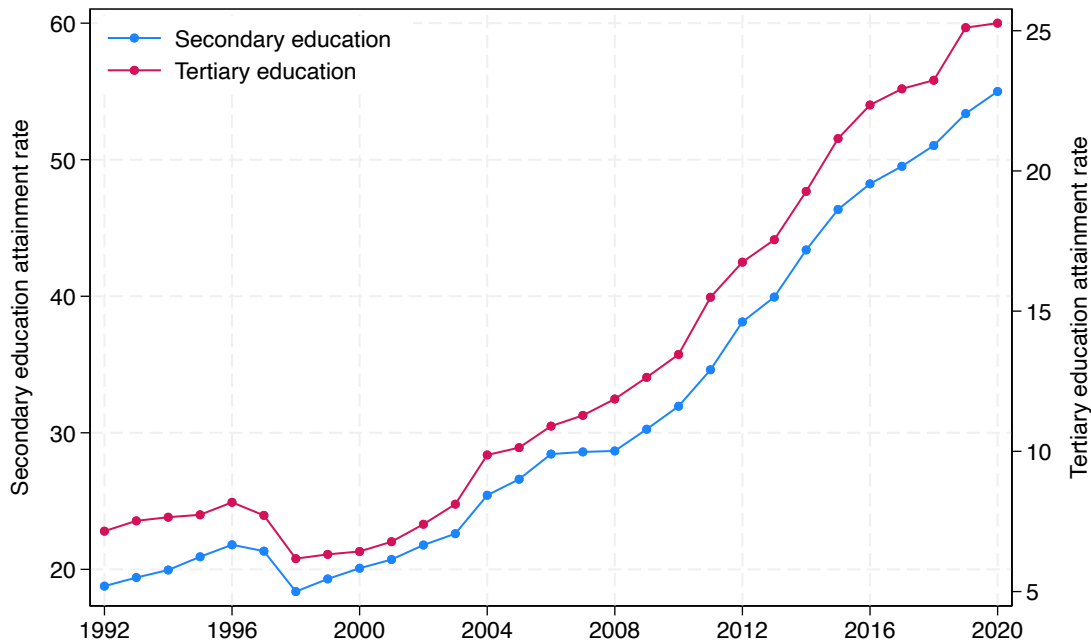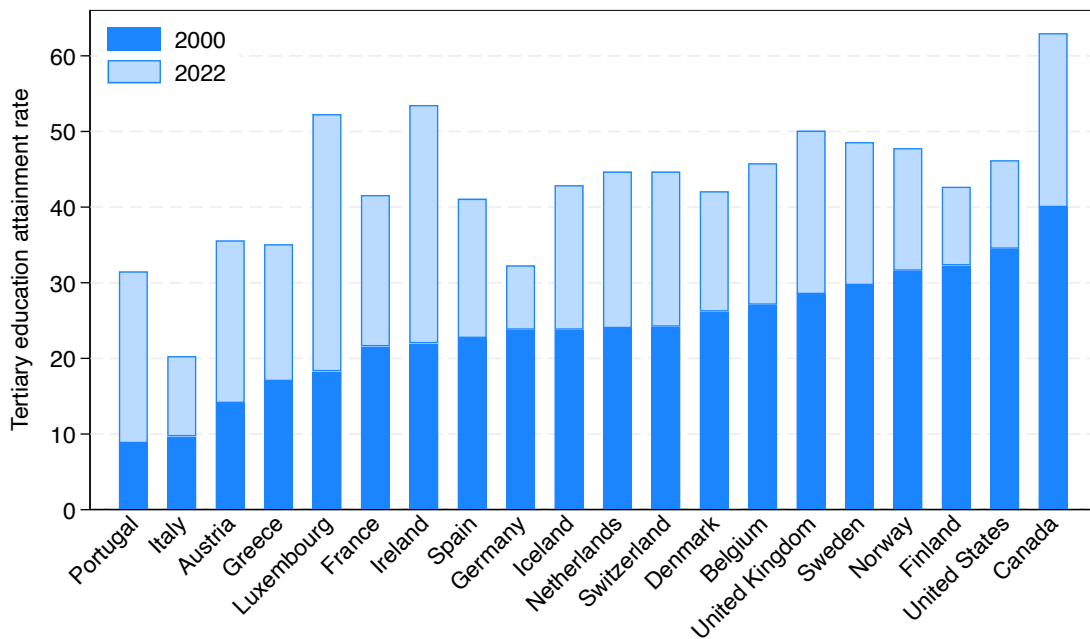A. 1991   B. 2024
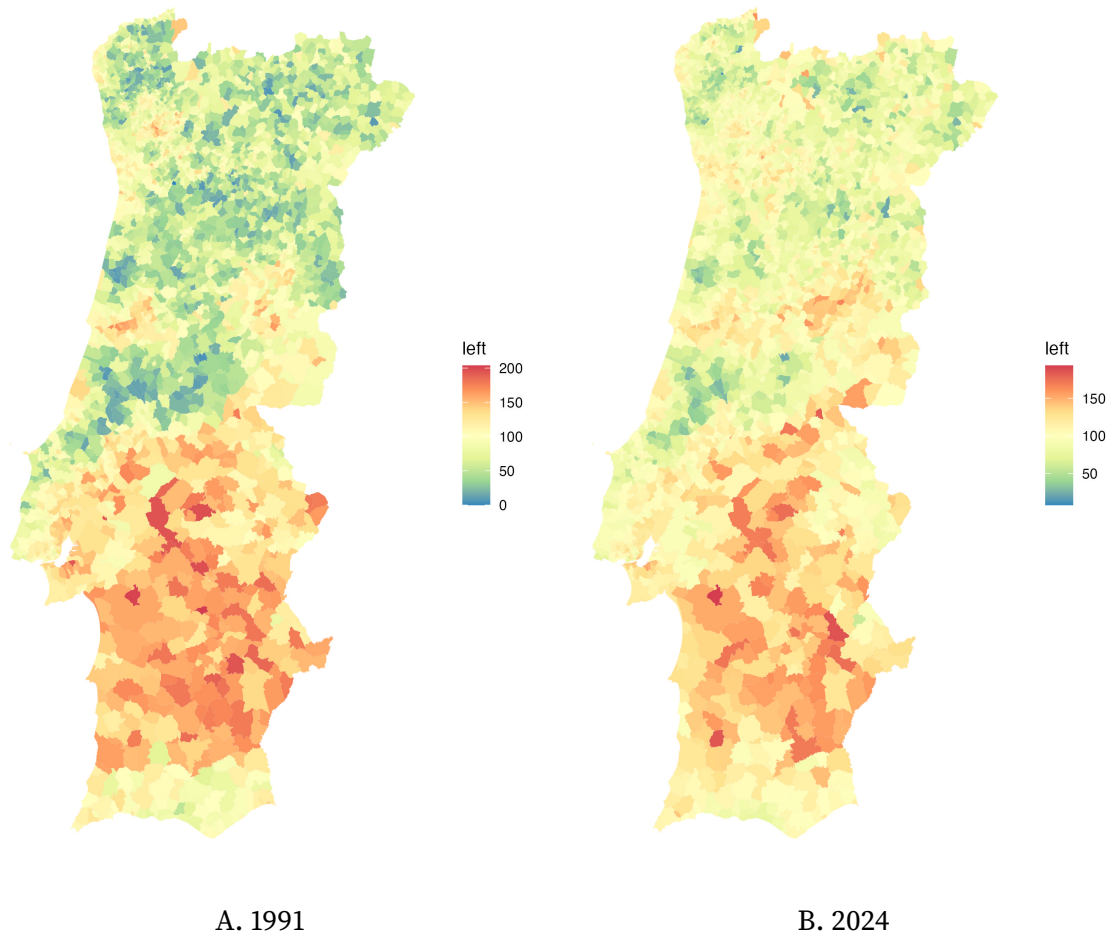
FIGURE A3. Spatial distribution of left-wing vote, 1991 vs. 2024

This figure maps the territorial distribution of left-wing vote in Portugal. The maps show the left-wing vote share of communities as a ratio of the national average across the Portuguese (continental) territory, in 1991 and in 2024.

A. The expansion of education in Portugal, 1992-2020

B. Educational attainment in Western countries, 2000 and 2022

FIGURE A4. The expansion of education in Portugal vs. other Western countries

This figure shows the evolution of educational attainment in Portugal compared to other Western countries. Panel A shows the the share of the working age population with secondary and tertiary education in Portugal between 1992 and 2020. Panel B shows the share of the adult population with tertiary education in Western countries in 2000 and 2022. Data for Portugal from the Labor Force Survey (Oliveira et al. 2023). Data for Western countries from the OECD.
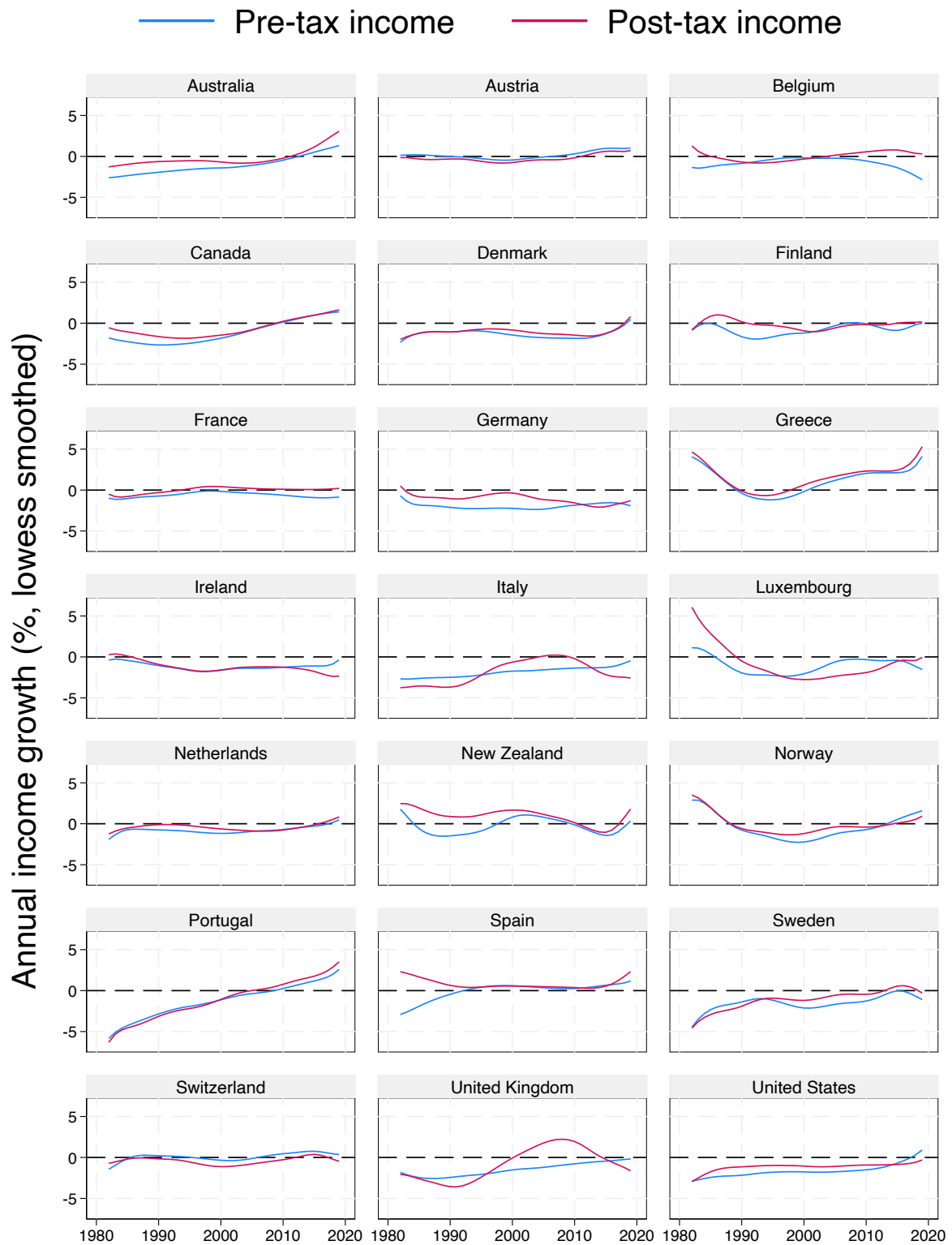
FIGURE A5. Evolution of the income growth gap in Western countries, 1980-2022

This figure shows the anual real income growth gap between the top 10% and the bottom 50% of the post-tax income distribution, across Western Countries. The gaps are analogous to the one in figure 10A, panel B, for Portugal, but with lowess smoothing applied, to reduce noise. In most countries the growth gap remained stable and below zero, meaning that inequality increased over time. *Note:* Data from the World Inequality Database.
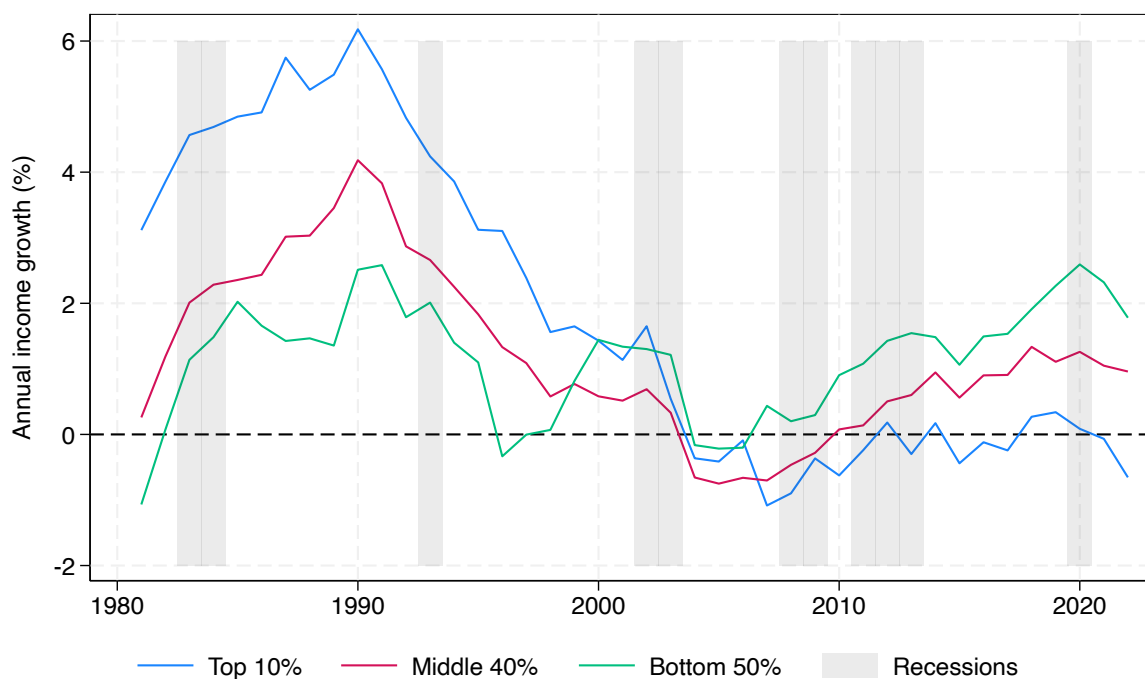
FIGURE A6. Annual income growth rates of the top 10%, middle 40%, and bottom 50% in Portugal, 1980-2022

This figure shows the evolution of annual income growth rates of the top 10%, middle 40%, and bottom 50% of the income distribution in Portugal. It displays the 5-year moving average of post-tax income growth of each group. Grey areas signal recessions, as per Reis et al. (2024). *Note:* Data from the World Inequality Database.