

## **Does an Empty Wallet Drive You to the Streets? The Impact of Economic Factors on Protests**

### **Part 1: The Theory**

An analysis of the effect of micro and macro level economic factors on protest movements.

#### **Introduction**

Participating in protests is an important aspect of the political process that allows citizens to voice their opinions: both of support and dissatisfaction. It also enables the public to effectively engage in democracy by making themselves heard if they are otherwise underrepresented, kicking off debates, and setting the agenda. A manifold of factors can determine why certain individuals are likely to engage in protest, how protest movements form, and how they can be successful.

In our chapter's upcoming submission for the Review of European & Transatlantic Affairs, also focussed on protests, we discuss in detail a broad range of other factors that affect protests, such as social media and overall media coverage. However, in this paper, I will focus on specifically the economic domain and how it broadly impacts protest movements. The economic domain is expansive: on the one hand, it applies to the individual level through certain socioeconomic traits, such as unemployment, which may impact one's likelihood of engaging in protest. It also applies on the macro level (i.e. the economic situation of a country at large), and in more structural ways — such as resource allocation or government spending.

To clarify some terms, protest potential is measured by using data from the 1990 World Values Survey<sup>1</sup> through assessing whether respondents would engage in certain forms of protest on a scale of "would never do", "might do", and "have done". Protest activity is measured in a slightly different way, but ultimately comes down to whether the interviewed individual engaged in some form of protest (e.g. going to an actual protest, signing a petition, boycotting a good/service, etc.) in more recent times — usually a period of 12 months.<sup>2</sup>

Studies seeking to address the impact of economic factors on protest potential and activity emerge in two major contending theories: Grievance Theory and Resource Mobilisation Theory. The former claims that economic grievances will incentivize economically disadvantaged citizens to voice their dissatisfaction by participating in protests.<sup>3</sup> Conversely, supporters of the latter argue that economic circumstances demobilize

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<sup>1</sup> It should be noted that this data is slightly outdated and the social landscape might have changed since it was recorded

<sup>2</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 667.; Kurer et al., "Economic grievances and political protest", pp. 873-874.

<sup>3</sup> Kurer et al., "Economic grievances and political protest", p. 869.

disadvantaged citizens.<sup>4</sup> In this view, the capacity of an individual to participate in political activities such as protests are closely related to their access to resources like money, education, and time. Economically disadvantaged individuals lack those resources, for the three are inextricably linked. Evidence supports both theories well, so findings as they are presented and as we will report them are conflicting.<sup>5</sup>

In addition to the different findings and theories on this matter, the method by which the effect of economic factors on protest is analysed varies between studies. Some examine the factors on a macro-level, while others analyze the micro-level and socioeconomic characteristics of individuals. To fill the gap between findings on a macro- and micro-level, Giuni & Grasso (2016) studied the interplay between these two dimensions. Additionally, in an attempt to make sense of the diverging results of theories and studies, Kurer et al. (2019) aimed at a more nuanced approach of analyzing Grievance Theory and Resource Mobilization Theory. To assess these theories, I will provide a more detailed outline of the two, before proceeding to display the core findings of various studies and explore how these might apply to protest formation in the digital age.

## **Grievance Theory & Resource Mobilisation Theory**

The underlying logic of Grievance Theory (GT) views financial deprivation as a driving factor for protest mobilization.<sup>6</sup> Citizens experiencing economic hardship voice their dissatisfaction both through conventional forms of democratic participation like voting, or through more so-called unconventional forms such as protesting.<sup>7</sup> The increased number of protests that followed the 2008 Global Recession seem to support this.<sup>8</sup> A subcategory of GT focuses on the relative economic deprivation that individual citizens experience, which occurs because the individual compares one's economic situation to either how they stood in the past or future, or yet another distinct reference group.<sup>9</sup> These subjective feelings of relative deprivation have been shown to drive mobilization.<sup>10</sup>

Resource Mobilization Theory (RMT) on the other hand, also referred to as the 'withdrawal hypothesis', argues that economic hardship and deprivation suppress political participation and protest activity.<sup>11</sup> RMT stipulates that economically disadvantaged citizens lack the

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<sup>4</sup> Bergstrand, "The Mobilizing Power of Grievances: Applying Loss Aversion and Omission Bias to Social Movements"; Brady et al., "Beyond Ses: A Resource Model of Political Participation"; Kurer et al., "Economic grievances and political protest", p. 866.

<sup>5</sup> Kurer et al., "Economic grievances and political protest", p. 870.

<sup>6</sup> Buechler, "The strange career of strain and breakdown theories of collective action"; Useem, "Breakdown Theories of Collective Action"; Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", pp. 664, 672, 676.

<sup>7</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential"

<sup>8</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 664.

<sup>9</sup> Buechler, "The strange career of strain and breakdown theories of collective action", 2004; Gurr, "Why men rebel".

<sup>10</sup> Klandermans et al., "Embeddedness and Identity: How Immigrants Turn Grievances into Action", p. 994, 996, 1007

<sup>11</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", pp. 18-20; Kurer et al., "Economic grievances and political protest", p. 868; Rosenstone, "Economic Adversity and Voter Turnout", p. 41-44

time to participate in protests, either because they are too preoccupied with making ends meet, or because they feel too alienated from their governments.<sup>12</sup>

### **Micro-Level Factors**

Specific socioeconomic characteristics of individuals on a micro-level can make them more or less prone to engage in protest activity. An interesting finding, which aligns itself with RMT, is that being unemployed has a significant negative effect on protest participation.<sup>13</sup> Giuni & Grasso (2016) analyzed the effect of unemployment on protest activity in various models in their study of protests related to the 2008 crisis; all of them highlighted the statistically significant negative effect of being unemployed. In their 2019 study, Kurer et al. also showed that occupational classes with a higher risk of unemployment were significantly less likely to engage in non-electoral modes of political participation, like protesting — all of which appears to provide strong support for RMT.

However, it is important to note that employment or lack thereof is a very objective measure of an individual's economic situation, not a measure of their subjective experience. Giuni & Grasso (2016) found that individuals who felt that their present economic situation was worse than it was five years ago were more likely to engage in protest activity, providing some evidence in support of the relative deprivation subcategory of GT.

### **Macro-Level Factors**

The more aggregate, macro-level factors that can explain protest potential and activity can broadly be classified into three subcategories: economic; political; and cultural. Although this paper focuses on the economic factors, I will include variables classified as "political" or "cultural", such as neo-corporatism or ethnic economic discrimination, as they are tightly linked to aspects of the economic domain. The primary "economic" variables are unemployment rate, GDP per capita, GDP growth, and percentage of women in the labor force. They measure affluence and post-industrialism, periodic downturns in the economic cycle, and sectoral shifts in the economy — all of which increase protest potential.<sup>14</sup> Jenkins et al. measured affluence as GDP per capita and found it to have a significant positive correlation with higher protest potential.<sup>15</sup> They argued that post-materialist<sup>16</sup> societies are more welcoming of individual expression and thus provide a better social context for protests — the idea that higher national affluence is linked with higher protest potential aligns itself well with RMT.

Women as a percentage of the labor force are positively and significantly correlated with protest potential; however, when added to the regression, it removes the significance of sectoral shifts (measured as a percentage of service sector employment) as the two are

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<sup>12</sup> Rosenstone, "Economic Adversity and Voter Turnout", p. 26; Streeck & Schäfer, "Politics in the Age of Austerity".

<sup>13</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 672.

<sup>14</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", p. 21.

<sup>15</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", p. 21.

<sup>16</sup> Phenomenon observed by Inglehart (1977) in post war generations. Describes the shift from consumerist, materialist values to values of self-expression, environmentalism, and gender equality.

tightly linked.<sup>17</sup> Although Jenkins et al. (2014) also found that unemployment and inflation were negatively correlated with protest potential, this was only when smaller subsets of variables were included in the model.<sup>18</sup> In part, it also contradicts the findings of Giuni & Grasso (2016), which ascertained that individuals who lived in a country with a higher unemployment rate were more likely to have engaged in a protest in the last year. The role unemployment plays thus seems ambiguous. Giuni & Grasso (2016) additionally examined that individuals living in countries with lower GDP growth were more likely to have engaged in a protest in the past 12 months. Therefore, their analysis provides evidence that economic downturns or hardship do increase protest activity.<sup>19</sup>

The analysis of neo-corporatism<sup>20</sup> is also double-edged. On the one hand, neo-corporatist structures might provide a way to channel the citizens' demands and thus reduce the need for protest.<sup>21</sup> Conversely, these structures exclude certain citizens and might therefore actually increase the need for protest,<sup>22</sup> although interestingly, when left-wing or socialist elites were in charge of a neo-corporatist structure there was a positive impact shown on protest potential.<sup>23</sup>

The size of the state in terms of overall spending, and therefore social spending, also had a significant positive impact on protest potential and protest activity.<sup>24</sup> Jenkins et al. assume that citizens view governments with high levels of spending as suitable targets to which they can direct their demands, because these governments have the financial means to address the protestors' demands.<sup>25</sup> Giuni & Grasso also argue that societies with higher levels of social spending are culturally more inclined to view poverty and unemployment as societal problems that can and should be solved by the government, resulting in increased protest activity.<sup>26</sup> The statistical evidence supports this, as social spending was positively correlated with protest activity.<sup>27</sup>

Jenkins et al. found that economic discrimination, measured as the percentage of a country's minority population that was subject to exclusionary policies, was positively and significantly correlated to protest potential in their model. The theoretical argument supporting this is that ethnic discrimination in general spurs grievances against the either the dominant group or the incumbent societal structures, and thus sparks protests.<sup>28</sup> The evidence on macroeconomic factors is quite ambiguous and provides no clear indication in

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<sup>17</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", pp. 21, 27-28.

<sup>18</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", p. 21.

<sup>19</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities"

<sup>20</sup> A system of management of the national economy that typically involves cooperation and negotiation between labour unions, employer's associations and the government

<sup>21</sup> Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America".

<sup>22</sup> Nollert, "Neocorporatism and Political Protest in the Western Democracies".

<sup>23</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", pp. 21-25

<sup>24</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", p. 23; Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 672.

<sup>25</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential"

<sup>26</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 667.

<sup>27</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 672.

<sup>28</sup> Jenkins et al., "A Social Movement Society?: A Cross-National Analysis of Protest Potential", p. 15.

the direction of either GT or RMT. Social spending and post-materialism seem to create a protest friendly environment, economic downturns however do too and the role of unemployment is not clear.

### **Interplay Between Micro & Macro Factors**

Giuni & Grasso's 2016 paper argues that the difference between micro-level and macro-level factors might not be as clear-cut as other studies suggest and that there is some interplay between the two. While both an individual's economic situation and the economic status of a country, and the world overall, can have independent influences on protest activity, their research suggests that in many cases there is a relationship between the two, such that the latter shapes one's perception of the former; individuals "take cues from the general economic environment".<sup>29</sup> Their paper shows that a higher unemployment rate and lower GDP growth in a country greatly increase protest activity and do not remove the significant positive effect of individual grievances (measured by how individuals evaluated their household's economic situation relative to five years ago).<sup>30</sup> However, the effect of individual-level grievances is amplified in countries where the overall economic situation was worse (e.g. higher unemployment rate)<sup>31</sup> An unemployment rate of just 5% will make those who feel "relatively deprived" protest at higher levels than those that do not feel that way.<sup>32</sup> As mentioned above, they also examine the effect of government social spending on protest activity and find that the "relatively deprived" start protesting at higher rates than the non-relatively-deprived when government social spending reaches 21.33% of GDP, again indicating that individuals take cues from the macroeconomic situation and opportunity structure.<sup>33</sup> They interpret their findings in the sense that a higher unemployment rate makes individuals who are "relatively deprived" of viewing their situation in a more societal context that needs to be addressed politically, and are thus more likely to take to the streets.<sup>34</sup>

### **Relevance to Current Protest Movements**

In the case of the environmentalist Fridays for Future movement (FFF) which was started in 2018 by the sixteen year-old Greta Thunberg, we would expect more protests to occur in affluent countries where basic human needs are met and post-materialist values take more of the limelight. Protestors are very young, more likely to be highly educated, interested in politics, with a great majority being female.<sup>35</sup> Socioeconomic statistics about FFF

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<sup>29</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 664

<sup>30</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 672.

<sup>31</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 673.

<sup>32</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 673.

<sup>33</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 673.

<sup>34</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities", p. 667.

<sup>35</sup> Wahlström et al., "Protest for a future: Composition, mobilization and motives of the participants in Fridays For Future climate protests on 15 March, 2019 in 13 European cities.", pp. 8-10.

participants are also in line with these expectations and previous research, meaning it broadly falls in line with RMT.

The Black Lives Matter movement (BLM) existed for quite some time but grew prominent in late May/ June of 2020. It focuses on police brutality against black Americans and initially does not seem related to economic grievances. However, protest potential among black Americans could arguably be explained by historic economic discrimination (e.g. redlining) and the overall disadvantageous position of black Americans in American society. In 2016, the median household wealth of a white family in America was \$149,703, while that of black families was merely \$13,024, a tenfold difference.<sup>36</sup> Compared to the year 2000, black Americans earn less today, while white Americans and Hispanics saw an increase in their incomes.<sup>37</sup> The current global economic crisis caused by Covid-19 also over-proportionally affected black Americans adversely, compared to white Americans. 73% of black Americans stated not to have sufficient funds to cover three months of expenses, compared to 47% of white Americans.<sup>38</sup> This would indicate that black Americans' economic disadvantage is what mobilised them to protest, supporting GT.

However, it is worth noting that BLM was able to gather this much local and global momentum only in the wake of a global pandemic that left many people unemployed or with a much more flexible working schedule. Black Americans are very often unjustly killed, but it was the murders around February and March 2020, as lockdowns across Europe and North America were imposed, which caused incredible BLM mobilisation, comparable in size and breadth to the Black Panthers Movement of the 70s. The idea brought about by RMT, of time and money as important resources leading to greater protest activity, seems to ring true: people from low-income groups, disproportionately Black Americans as shown by aforementioned statistics, spend much of their time trying to make as much money as possible. If those who earn less for the time that they work are less likely to sacrifice their time to think about political activism and engage in protest, it is possible national lockdowns gave those in lower-income jobs (e.g. hospitality or manual labour, which cannot be done from home) the opportunity to engage with BLM and dedicate time and effort to thinking about and acting on what most impacts them, socially, economically and politically.

## Conclusion

The opposite claims made by GT and RMT regarding how economic factors affect protest activity have both been well supported by various studies and evidence. The findings of Kurer et al. (2019) tried to make sense of the diverging theories; besides other factors like political interest, age, etc., the most interesting finding of the micro-level analysis is that individual unemployment reduces the likelihood to protest, thus, supporting RMT.<sup>39</sup> The effect of affluence and post-materialism reinforced this, whilst the analysis of unemployment on the macro-level was contradictory. However, lower GDP growth was

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<sup>36</sup> Long & Van Dam, "The black-white economic divide is as wide as it was in 1968".

<sup>37</sup> Long & Van Dam, "The black-white economic divide is as wide as it was in 1968".

<sup>38</sup> Lopez et al., "Financial and health impacts of COVID-19 vary widely by race and ethnicity".

<sup>39</sup> Kurer et al., "Economic grievances and political protest"

associated with higher protest activity — as was the case when leftist elites gained charge of neo-corporatist structures, higher government, and more specifically, higher social spending and economic ethnic discrimination, which were other macro-factors associated with higher protest potential.

Giuni & Grasso (2016) introduced the idea that there was an interplay between macro- and micro-factors and that the macroeconomic situation influenced the individual's perception of their own economic situation.<sup>40</sup> When unemployment was higher and economic growth lower, deprived individuals were more likely to understand their situation in a societal context and thus more likely to protest. However, most illuminating regarding the ambiguous evidence on the two theories was the analysis undertaken by Kurer et al.<sup>41</sup> While high levels of grievances due to economic deprivation compared to other members of society have a demobilizing effect, a deteriorating economic situation has a mobilizing effect (regardless of how deprived that individual actually is in a societal context). The above findings also allow us to partially interpret current protest movements such as Fridays for Future through an affluence/ post-materialism lens and BLM, partly in terms of economic grievances and ethnic economic discrimination.

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<sup>40</sup> Giuni and Grasso, "Protest participation and economic crisis: The conditioning role of political opportunities"

<sup>41</sup> Kurer et al., "Economic grievances and political protest"

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