Politics, Public Opinion, and Inequality

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unequal democracy

The Political Economy of the New Gilded Age
In the past three decades America has experienced a “New Gilded Age,” with the income shares of the top 1% of income earners reaching levels unseen since the Roaring ’20s.
Meanwhile, the real incomes of middle-class and working poor families have grown much more slowly, and much more unequally, than they did in the decades following World War II.
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One bit of evidence: other wealthy democracies have experienced similar economic trends, but much more modest increases in inequality due to more aggressive redistribution.
Another: simply tabulating patterns of income growth in the U.S. over the past half-century reveals striking differences in how middle-class and working poor families have fared under Democratic and Republican presidents.

Figure 2.1
Income Growth by Income Level under Democratic and Republican Presidents, 1948-2005
If the Democratic pattern of income growth had somehow been maintained consistently through this period, inequality would now be lower than it was in the 1940s, despite unfavorable technological and demographic trends.
If voters are so much better off under Democrats, why do Republicans win so many elections?
1. Social issues outweigh economic issues. According to Thomas Frank in *What’s the Matter with Kansas?*, Republicans have captured working-class whites through the “hallucinatory appeal” of “cultural wedge issues like guns and abortion.”
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Not really. In fact, low-income white voters are more reliably Democratic than they used to be; and they attach *less* weight to social issues than more affluent white voters (who tend to be socially liberal) do.
2. Partisan bias in economic accountability due to “myopia”: voters reward or punish incumbents for income growth, but only income growth in the year of the election.
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This turns out to account for much of the Republicans’ electoral success over the past half-century. Middle-class and working-poor incomes have generally grown much faster under Democratic presidents than under Republicans; but everyone does better under Republicans in presidential election years.
Figure 2.1
Income Growth by Income Level under Democratic and Republican Presidents, 1948-2005

Figure 4.4
Income Growth in Presidential Election Years, by Party, 1948-2004
“Of all the races in an advanced stage of civilization, the American is the least accessible to long views. ... Always and everywhere in a hurry to get rich, he does not give a thought to remote consequences; he sees only present advantages. ... He does not remember, he does not feel, he lives in a materialist dream.”

– Moiseide Ostrogorski (1902)
Do Americans care about inequality?
Yes.

85% say that “Our society should do whatever is necessary to make sure that everyone has an equal opportunity to succeed.”
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Most prefer “working class people” to “middle class people,” “poor people” to “rich people,” and “labor unions” to “big business.”
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And most say that rich people pay “less than they should” in taxes.
Then why do egalitarian attitudes not lead to egalitarian policies?
1. People often fail to connect general values and specific policy preferences – especially if they are not well-informed about politics and public affairs.
Table 7.1
Obtuse Support for Repealing the Estate Tax

<table>
<thead>
<tr>
<th></th>
<th>Favor repeal</th>
<th>Oppose repeal</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sample</strong></td>
<td>67.6%</td>
<td>27.2%</td>
<td>1,346</td>
</tr>
<tr>
<td><strong>Among those who . . .</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>have family incomes of less than $50,000</td>
<td>62.9%</td>
<td>29.9%</td>
<td>620  (46%)</td>
</tr>
<tr>
<td>want more spending on most government programs</td>
<td>66.3%</td>
<td>28.3%</td>
<td>1,232 (92%)</td>
</tr>
<tr>
<td>say income gap has increased <em>and</em> that is a bad thing</td>
<td>64.9%</td>
<td>31.9%</td>
<td>596  (40%)</td>
</tr>
<tr>
<td>say government policy contributes to differences in income</td>
<td>64.6%</td>
<td>30.1%</td>
<td>813  (63%)</td>
</tr>
<tr>
<td>say rich people pay less than they should in federal income taxes</td>
<td>65.2%</td>
<td>31.4%</td>
<td>674  (50%)</td>
</tr>
<tr>
<td><em>All of the above</em></td>
<td>63.4%</td>
<td>32.8%</td>
<td>134  (10%)</td>
</tr>
</tbody>
</table>
Policy preferences are also strongly shaped by “unenlightened self-interest.”

For example, people’s attitudes about their own tax burdens were a primary determinant of support for the Bush tax cuts (which went mostly to taxpayers in the top 5% of the income distribution), and even for estate tax repeal (which only affected multi-millionaires).

In neither case did attitudes about the tax burden of the rich have any discernible effect on people’s policy views.
TAX CUTS....

WOO HOO
HIGH FIVE

MIDDLE CLASS

SUCKER...
2. People who are sufficiently attentive to construct reliable links between values and policy preferences are also likely to perceive the world in ways that bolster their ideological preconceptions.
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For example, political information produces ideological polarization in views about whether poor people can get a fair trial, about the importance of hard work in explaining income differences, and even about whether economic inequality has, in fact, increased.
The “best-informed” conservatives are twice as likely as the “least-informed” conservatives to deny that income inequality has increased over the past twenty years.
3. When the public *does* have clear preferences regarding relatively straightforward policy issues, those preferences are often ignored by policy-makers catering to special interests or pursuing their own ideological convictions.
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For example, the estate tax survived for most of the 20th century, despite strong and consistent public antipathy, because Democratic majorities in Congress supported it. (And with the Democrats back in power, it will soon be revived.)
Conversely, the real value of the minimum wage has fallen by more than 40% over the past forty years (while average hourly pay has increased significantly) . . .
... despite strong and consistent public support for minimum wage increases.

Figure 8.2
Public Support for Minimum Wage Increases, 1945-2006

Support (%)
Much of the decline in the real value of the minimum wage is attributable to the declining membership and political clout of labor unions.
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However, policy-making in this domain, too, has a significant partisan dimension: since 1949, the real value of the minimum wage has increased by a total of $4 under Democratic presidents, but declined by a total of $2 while Republicans controlled the White House.
4. When policy-makers *do* respond to public opinion, they respond mostly to the opinions of affluent people. The poor seem to receive little or no representation.
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For example, Gilens’s (2005) study relating policy preferences in hundreds of national opinion surveys to subsequent policy shifts found that “influence over actual policy outcomes appears to be reserved almost exclusively for those at the top of the income distribution.”
Another example, with very similar implications:

Individual U.S. senators seem to be much more responsive to the views of affluent constituents than to the views of middle-class constituents, while the opinions of people in the bottom third of the income distribution have no apparent impact on their senators’ votes.
Senators' Responsiveness to Income Groups (W-NOMINATE Scores)

Responsiveness (regression estimate)

- Low income
- Middle income
- High income

101st Congress
102nd Congress
103rd Congress
Republican senators are especially sensitive to the views of affluent constituents – but even Democrats are unresponsive to people in the bottom third of the income distribution.
Democratic and Republican Senators' Responsiveness to Income Groups

Responsiveness (regression estimate)

- **Low income**
- **Middle income**
- **High income**

- **Democrats**
- **Republicans**
Under what circumstances (if any) will the interests of the poor be served by our Unequal Democracy?
While Senators’ roll call votes are related to their constituents’ views, they are much more strongly related to the senators’ own partisanship.
This brings us back to partisan politics. People of modest means are likely to fare (relatively) well under Democrats, but much less well under Republicans, regardless of their own specific policy views or specific patterns of responsiveness on the part of elected officials.
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Thus, insofar as poor people’s votes are decisive in the electoral arena, they will be politically influential. More often, however, their political fate will depend on the ideological sympathy of the non-poor.
Unfortunately, the increasing social isolation of rich and poor people in contemporary America – and the extent to which economic inequality is exacerbated by racial and ethnic divisions – makes ideological sympathy for the poor less powerful than it might otherwise be.
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