

The Politics of Inequality

Fall 2022

Instructor: Mads Andreas Elkjær (mael@ifs.ku.dk)

Class time and location: Friday: 13-15 @ CSS 2-1-24.

Office hours: After appointment.

Course Description

Since the 1980s economic inequality has risen dramatically in most advanced democracies. In Denmark, for example, the richest 1% of adults received almost twice as much of total national income in 2020 compared to 1980 (12.9% vs. 6.8%). In the United States, the pattern is even more pronounced: here the top 1% today receives more of total income than the bottom 50%. What is driving these dramatic changes in economic inequality? And how does rising economic inequality affect democracy, politics, and political preferences?

In this course, we will investigate the economic and political causes and consequences of rising economic inequality. In doing so, we will read and discuss both classic and recent work that seeks to provide answers to the questions raised above. Specifically, we will discuss i) how the post-1980 era is different from the one that came before, ii) how economic inequality affects the redistribution of income from the rich to the poor, iii) how it transforms preferences for redistribution and taxation, iv) whether rising inequality is a democratic problem, iv) and whether it increases political inequality and the distribution of political power.

Course Format

The course will be taught seminar style, meaning that it presupposes active participation of all students. Each class will start with a student presentation (max 10 min) covering what we discussed in the previous week and how it connects to the current week's readings. For the presentations, the presenting student(s) must upload a one-page summary on Absalon ahead of class; after the class the student(s) will upload a new, revised version of the summary reflecting the comments received during the initial class discussion. At the end of the semester, we will thus collectively have produced a set of notes covering all sessions. The students who are not presenting in a given week should upload between one to three comments/questions/reactions to the week's reading on Absalon the day before class (no later than 10 pm). These comments/questions/reactions will be incorporated into the class discussion.

Exam

The exam consists of a term paper submitted towards the end of the semester (the exact deadline will be announced by the exam office). In the paper, you must formulate an independent research question, develop a research design that allows you to answer the question, and present an empirical analysis. The paper can make use of qualitative or quantitative data. It is also possible to submit a discussion paper of a specific topic/question important to the politics of inequality. Such papers must be motivated by and engage heavily with the existing literature, and seek to contribute to some central debate related to inequality.

No later than November 18, you must submit an extended abstract (max 500 words) motivating your research question and describing a plan for how you can feasibly answer it. In the penultimate session, you will have a chance to present your research design and preliminary analysis and receive feedback from your peers. Students will be assigned other students' papers and provide comments following the presentation.

If written alone, the term paper can be up to 15 standard pages (36,000 key strokes); if written together with one colleague, it can be up to 25 standard pages (60,000 key strokes); if written together with two colleagues, it can be up to 35 standard pages (84,000 key strokes).

Helpful references for how to structure and write academic papers include:

- Weingast, Barry. 2010 [1995]. "Caltech Rules for Writing Papers: How To Structure Your Paper And Write An Introduction" [Link]
- Stimson, James. N.d. "Professional Writing in Political Science: A Highly opinionated Essay" [Link]

Useful Online Resources

Statistics on inequality and redistribution

- <https://stats.oecd.org>
- <https://www.lisdatacenter.org>
- <https://ec.europa.eu/eurostat>
- <https://fsolt.org/swiid>
- <https://wid.world>

Survey data

- <https://issp.org>
- <https://www.europeansocialsurvey.org>
- <https://cses.org>
- <https://www.worldvaluessurvey.org>

Class Schedule and Readings

The readings provide the basis for the discussion in class, and **it is therefore important to read the assigned readings ahead of class**. You are expected to arrive thoroughly prepared to class and to contribute actively to all discussions.

Some of the papers include formal theoretical models, please don't spend too much time trying to understand the technical aspects of the models. Instead, focus on the logic of the theoretical argument, the key intuitions, and the empirical evidence in the papers. After reading the papers, you should be able to answer the following questions:

- What is motivating the paper and what is the research question?
- What is the argument and how does it differ from previous accounts?
- What is the research design and what evidence is provided?
- What conclusions are reached?
- Do you find the argument and/or the empirical analysis convincing? why or why not?
- How might the research be improved?
- How does the article contribute to our understanding of the politics of inequality?
- Which new questions does the article raise?

All readings will be available online either through the library (kb.dk) or the links in the syllabus.

1. Introduction (September 9)

- Chancel, Lucas. “Ten Facts About Inequality in Advanced Economies” WID Working Paper No. 2019/15 [Link]
- Atkinson, Anthony. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press. Chapter 1 “Setting the Scene”, pp. 9-45. Available online via det Kgl. Bibliotek [link to book here].

2. Drivers of Inequality I: Economic Factors (September 16)

- Nolan, Brian, Matteo G. Richiardi, and Luis Valenzuela. 2019. “The Drivers of Income Inequality in Rich Countries.” *Journal of Economic Surveys* 33: 1285-1324.
- Atkinson, Anthony. 2015. *Inequality: What Can Be Done?* Cambridge, MA: Harvard University Press. Chapter 3 “The Economics of Inequality”, pp. 82-109. Available online via det Kgl. Bibliotek [link to book here].
- Hope, David, and Martelli, Angelo. 2019. “The Transition to the Knowledge Economy, Labor Market Institutions, and Income Inequality in Advanced Democracies” *World Politics* 71 (2): 236-288.

3. Drivers of Inequality II: Political Factors (September 23)

- Hope, David, and Julian Limberg. 2022 “The economic consequences of major tax cuts for the rich.” *Socio-Economic Review* 20(2): 539-559.
- Hacker, Jacob S., and Paul Pierson. 2010. “Winner-Take-All Politics: Public Policy, Political Organization, and the Precipitous Rise of Top Incomes in the United States.” *Politics & Society* 38 (2): 152-204
- Huber, Evelyne, Jingjing Huo, and John D. Stephens. 2019. “Power, policy, and top income shares” *Socio-Economic Review* 17 (2): 231-253.

4. Redistribution I (September 30)

- Meltzer, Allan H., and Scott F. Richard. 1981. “A Rational Theory of the Size of Government” *Journal of Political Economy* 89 (5): 914-927.
- Korpi, Walter, and Joakim Palme. 1998. “The Paradox of Redistribution and Strategies of Equality: Welfare State Institutions, Inequality, and Poverty in the Western Countries” *American Sociological Review* 63(5): 661-687.
- Iversen, Torben, and David Soskice. 2006. “Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others” *American Political Science Review* 100 (2): 165-181.

5. Redistribution II (October 7)

- Barth, Erling, Henning Finseraas, and Karl O. Moene. 2015. “Political Reinforcement: How Rising Inequality Curbs Manifested Welfare Generosity” *American Journal of Political Science* 59(3): 565-577.
- Pontusson, Jonas, and David Weisstanner. 2018. “Macroeconomic conditions, inequality shocks and the politics of redistribution, 1990–2013” *Journal of European Public Policy* 25(1): 31-58.

- Elkjær, Mads A., and Torben Iversen. Forthcoming. “The Democratic State And Redistribution: Whose Interests Are Served?” *American Political Science Review*

6. New Cleavages and Electoral Coalitions (October 14)

- Rueda, David. 2005. “Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties”. *American Political Science Review* 99(1): 61-74.
- Gethin, A., Martínez-Toledano, C., and Piketty, T. 2022. “Brahmin Left Versus Merchant Right: Changing Political Cleavages in 21 Western Democracies, 1948–2020”. *Quarterly Journal of Economics* 137: 1–48.
- Häusermann, Silja, Michael Pinggera, Macarena Ares, and Matthias Enggist. 2022 “Class and social policy in the knowledge economy” *European Journal of Political Research* 61(2): 462-484.

7. Preferences for Redistribution I: Self-Interest and Insurance (October 28)

- Iversen, Torben, and David Soskice. 2001. “An Asset Theory of Social Policy Preferences” *American Political Science Review* 95 (4): 875-893.
- Rehm, Philipp. 2011. “Social Policy by Popular Demand” *World Politics* 63 (2):271-299.
- Margalit, Yotam. 2013. “Explaining social policy preferences: Evidence from the great recession” *American Political Science Review* 107 (1): 80-103.

8. Preferences for Redistribution II: Non-Material Concerns (November 4)

- Cavallé, Charlotte, and Kris-Stella Trump. 2015. “The Two Facets of Social Policy Preferences” *Journal of Politics* 77 (1): 146-160.
- Rueda, David, and Daniel Stegmueller. 2016. “The Externalities of Inequality: Fear of Crime and Preferences for Redistribution in Western Europe” *American Journal of Political Science* 60 (2): 472-489.
- Jessen Hansen, Kristina. Forthcoming “Greed, Envy, and Admiration: The Distinct Nature of Public Opinion about Redistribution from the Rich” *American Political Science Review* 1-18.

9. Taxing the Rich (November 11)

- Scheve, Kenneth, and David Stasavage. 2012. “Democracy, war, and wealth: Lessons from two centuries of inheritance taxation” *American Political Science Review* 106 (1): 81-102.
- Scheve, Kenneth, and David Stasavage. Forthcoming. “Equal Treatment and the Inelasticity of Tax Policy to Rising Inequality” *Comparative Political Studies* 1-30.
- Fastenrath, Florian, Paul Marx, Achim Truger, and Helena Vitt. 2022. “Why is it so difficult to tax the rich? Evidence from German policy-makers” *Journal of European Public Policy* 29 (5): 767-786.

10. Affluence and Influence (November 18)

- Gilens, Martin, and Benjamin I. Page. 2014. “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens.” *Perspectives on Politics* 12 (3): 564–81.
- Elkjær, Mads A., and Michael Baggesen Klitgaard. Forthcoming. “Economic Inequality and Political Responsiveness: A Systematic Review.” *Perspectives on Politics* 1-20.

- Lupu, Noam, and Zach Warner. 2022. “Affluence and Congruence: Unequal Representation around the World.” *The Journal of Politics* 84 (1): 276-290.

11. Gender Inequality in Politics (November 25)

- Teele, Dawn Langan, Joshua Kalla, and Frances Rosenbluth. 2018. “The ties that double bind: Social roles and women’s underrepresentation in politics” *American Political Science Review* 112(3): 525-541.
- Fox, Richard L., and Jennifer L. Lawless. 2011. “Gendered Perceptions and Political Candidacies: A Central Barrier to Women’s Equality in Electoral Politics” *American Journal of Political Science* 55(1): 59-73.
- O’Brien, Diana Z., and Johanna Rickne. 2016. “Gender quotas and women’s political leadership” *American Political Science Review* 110(1): 112-126.

12. Populism (December 2)

- Kurer, Thomas and Briitta Van Staaldunin. Forthcoming. “Disappointed Expectations: Downward Mobility and Electoral Change” *American Political Science Review* 1-17.
- Cavaille, Charlotte, and Jeremy Ferwerda. Forthcoming. “How Distributional Conflict over In-Kind Benefits Generates Support for Far-Right Parties” *Journal of Politics* 1-35.
- Ansell, Ben, Frederik Hjorth, Jacob Nyrup, and Martin Vinæs Larsen. 2022. “Sheltering Populists? House Prices and the Support for Populist Parties” *Journal of Politics* 84(3): 1420-1436.

13. Presentation and Discussion of Research Papers (December 9)

14. Housing, Wealth, and Democracy (December 16)

- Ansell, Ben W. “The Politics of Housing” *Annual Review of Political Science* 22 (1): 165-185.
- Scheve, Kenneth, and David Stasavage. 2017. “Wealth Inequality and Democracy” *Annual Review of Political Science* 20 (1): 451-468.