The Political Puzzle of Rising Inequality

Lupu, Noam; Pontusson, Harry Jonas

UNEQUAL DEMOCRACIES

Working paper n°43

March, 2023

The Political Puzzle of Rising Inequality

Noam Lupu (Vanderbilt University)
noam.lupu@vanderbilt.edu

Jonas Pontusson (Université de Genève)
Jonas.Pontusson@unige.ch

FACULTÉ DES SCIENCES DE LA SOCIÉTÉ
DEPARTMENT OF POLITICAL SCIENCE AND INTERNATIONAL RELATIONS

European Research Council
Established by the European Commission

UNIVERSITÉ DE GENÈVE

ABSTRACT:

This working paper is an advanced (not yet final) draft of the introductory chapter for *Unequal Democracies: Public Opinion, Responsiveness, and Redistribution in An Era of Rising Economic Inequality*, to be published by Cambridge University, with Lupu and Pontusson as editors. The appendix lists the chapters that will be part of the volume (and their authors). The introductory chapter provides an overview of trends in inequality and redistribution over the last three decades and summarizes the main themes developed in the rest of the volume.

ACKNOWLEDGEMENTS:

Our work as volume editors and as authors of this working paper was funded by the European Research Council under the European Union's Horizon 2020 research and innovation programme (Advanced Grant no. 741538, with Jonas Pontusson as PI). For comments and advice, we are grateful to the contributors to the volume and the anonymous reviewers. In particular, we are grateful to Mads Elkjaer and Torben Iversen for comments on the empirical section. We are also indebted to Jérémie Poltier and Jan Rosset for their assistance with the data that we present and to Marc Morgan for his comments.

Many theories in political economy posit that government redistribution ought to be a function of the income distribution. The number of citizens who stand to gain from redistribution increases with inequality, so it seems intuitive to suppose that electoral competition would translate this into more redistributive policy. When the market earnings of the affluent increase relative to the market earnings of the less-affluent, democratically-elected governments ought to compensate low- and middle-income citizens by increasing redistribution. Put formally, the pivotal median income-earner will prefer more redistribution as the upper half of the income distribution becomes dispersed and her distance from the mean increases (Meltzer and Richard 1981).

And yet, cross-national comparisons do not seem consistent with this basic intuition. Instead, government policy actually tends to be less redistributive in more unequal countries (see, e.g., Iversen and Soskice 2009), in what Lindert (2004) famously calls the "Robin Hood paradox."[1] Defenders of the theory retort that broad inequality measures, such as the Gini coefficient, do not necessarily capture variation in the median-mean distance at the heart of the model, or that its implications should really be tested by looking at over-time changes within countries rather the cross-national variation.[2]

In response, scholars studying how inequality affects citizens' preferences for redistribution and how governments respond to those preferences (including several contributions

[1] In Lindert's (2004) felicitous formulation, Robin Hood only comes out of the woods to steal from the rich and give to the poor when he is least needed.

[2] For the 1979-2000 period, Kenworthy and Pontusson (2005) find a positive correlation between market inequality and redistribution among working-age households in 9 out of 10 OECD countries, with the US as the outstanding exception.

to this volume) frame their work in terms of change over time. Income inequality, they argue, especially at the top of the income distribution (Piketty 2014), has risen sharply in advanced capitalist societies in recent decades, and elected governments have failed to compensate low- and middle-income earners for this development. The puzzle, then, is why rising income inequality has failed to translate into either increased demand for redistribution among the public or greater supply of redistributive policies from elected governments.

This chapter begins by taking a closer look at this conventional framing and arguing that it needs to be qualified in two important ways. The first concerns temporality. Income inequality rose sharply in the 15 years before the financial crisis of 2007-2008 in advanced democracies. But there is no uniform trend of rising inequality in the period since the crisis. The conventional claim that inequality has risen consistently in these countries for the last three decades is somewhat misleading.

The second qualification concerns the effects of government policy on inequality. Although the puzzle of rising inequality is typically framed in terms of governments failing to compensate citizens for a market-driven phenomenon, the data suggest that this trend is partly also a function of policy decisions. Governments across the ideological spectrum reduced the generosity of welfare states during the pre-crisis period. Tax and transfer systems not only failed to respond to the exogenous forces expanding market inequality, they themselves became less redistributive and drove inequality higher. In addition, changes to the social structure and labor market meant that existing welfare-state benefits, like unemployment insurance, also became less redistributive. In other words, the puzzle of rising inequality lies not only in the failures of democratically elected governments to respond to market forces but also in the political choices of those governments to abandon redistributive policies or to ignore societal changes that were

rendering welfare states less redistributive.

The conventional story of a steady rise in income inequality generated by market forces and a political failure to offset these forces must be qualified, but it remains the case that advanced capitalist societies are, with few exceptions, more unequal today and their tax and transfer systems are less redistributive than they were in the early 1990s.

Two streams of recent research, developed along separate tracks, shed some light on the political puzzle of rising inequality. The first focuses on elites and the policymaking process yielding unequal representation of voter preferences. Voters may demand redistribution, but it could be that policymakers do not listen. They may fail to perceive the changing winds of public opinion. Or they may just not be all that responsive to the preferences of most voters, acting only upon the priorities and preferences of the very wealthy, especially when it comes to economic issues. This could be because the affluent fund political campaigns and lobbying, because less-affluent citizens are less likely to vote, or because elected representatives are typically themselves affluent, among other possibilities.

A second approach to explaining the political puzzle posed by the trend of rising inequality focuses instead on voters' preferences for redistribution. If canonical theories are wrong about the effects of rising inequality on redistribution, then one explanation could be that they wrongly assume that rising inequality will make voters demand more redistribution. This could be because voters lack information about or misperceive rising inequality, because media offer biased assessments of such economic conditions, or because they prioritize other policy dimensions (such as immigration) or other political considerations (such as partisanship). Alternatively, it could be that voters do respond to rising inequality with stronger preferences for redistribution, but they fail to translate those preferences into votes or mobilize around the issue in ways that might influence

policymaking.

This volume seeks to bring these two research agendas into conversation in an effort to better understand what it is about the political process that has led to rising inequality. Doing so allows us to address some of the shortcomings of prior work, but also to highlight the unresolved tensions between different arguments as well as their persistent limitations.

One shortcoming of prior research in this field is the isolated way in which research about the US is typically conducted. Studies of preferences for redistribution have become commonplace among scholars of comparative political economy, and many of these studies use cross-national datasets that are strictly European. At the same time, studies of unequal representation were pioneered by students of the US, and comparative scholars have only very recently begun to catch up. And yet the puzzle of rising inequality applies as much in Europe as it does in the US, as we show in this chapter.

If we are going to make strides in resolving this puzzle, it seems fruitful to bring the US into comparative perspective. Do the explanations for this puzzle offered by scholars of US politics generalize to other contexts as well? If they do not, this may suggest that other factors are actually more important. Conversely, comparative explanations could benefit from paying more attention to the factors emphasized in American politics. While the US is certainly different from other affluent democracies in a variety of ways, we do not think it is so unique that it cannot be fruitfully compared. Or, if it is unique, we think social scientists should seek to theorize what about the US makes it exceptional. Both endeavors require bringing scholars of American politics into direct dialogue with scholars of comparative politics.

Each chapter in this volume grapples with finding answers to the political puzzle of rising inequality. They do so by focusing either on the voter side of demand for redistribution or on the

elite side of representation and the policymaking process. Many either focus on the US case or on some comparison across European cases. But they do so by clearly engaging with theories from across these arbitrary divides, offering a more nuanced and more generalizable set of findings to push forward this important research agenda. Together, they suggest important directions for future research and raise new questions and disagreements about everything from methodological choices to broader interpretations of the implications of their findings.

Changes in Income Inequality and Redistribution

Research on unequal representation and the politics of redistribution often begins by noting that income inequality has risen sharply across advanced democracies and proceeds to ask why governments have done so little to offset that trend. This conventional framing serves useful heuristics purposes but also misses important nuances.

The Luxembourg Income Study (LIS), the European Union Statistics on Income and Living Conditions (EU-SILC), and the World Inequality Database (WID) allow us to track the evolution income inequality and redistribution over time. For reasons of data availability and simplicity, our descriptive analysis covers the period from 1995 to 2019 and is restricted to twelve countries: the US, Australia, and the UK (commonly characterized as liberal market economies or liberal welfare states), the four Nordic countries (Denmark, Finland, Norway, and Sweden) and five continental European countries (Belgium, France, Germany, the Netherlands, and Switzerland). The European countries in this sample commonly serve as explicit or implicit comparative reference points in the literature that explores the politics of inequality in the US. These countries are more egalitarian

than the US and they are often assumed to have done more than the US to counteract rising inequality.

LIS and EU-SILC provide survey-based measures of household income that allow us to compute various measures of the distribution of household income before and after taxes and transfers as well as the redistributive effects of taxes and transfers. Combining information from labor-force surveys with administrative tax data, the WID adjusts for the fact that people at the very top of the income distribution are underrepresented in surveys. WID data represent an advance on LIS/EU-SILC data in that they provide a more accurate picture of top-end inequality. At the same time, the WID only provides measures of pre-tax income and disposable personal income, with public pensions and unemployment benefits included in pre-tax income, and it does not readily enable us to distinguish between active and retired individuals.[3] As a result, measures of redistribution based on WID data are effectively restricted to redistribution through taxes and cash transfers other than public pensions and unemployment benefits.[4]

Rather than choosing one or the other data source, we take advantage of the strengths of each by looking at top-10% income shares for the population as a whole based on WID data alongside Gini coefficients for the working-age population based on LIS/EU-SILC data.[5]

[3] The most obvious reason for focusing on the working-age population is to make cross-national comparison more straightforward. In countries that provide generous public pensions, people have limited incentive to save for their retirement and elderly households typically earn very little market income. Including retirees in our measures in these countries would make redistribution appear to be very high relative to countries with less generous pension systems. From a dynamic perspective, changes in the market income of elderly households also reflect changes in public pension provisions as much as (or more than) market dynamics, rendering the question of how tax-transfer systems respond to market income inequality much less tractable.

[4] WID data pertain to the income of individuals, with survey-based household income split equally among adults in the household. Note that the WID also includes measures of the national income distribution consistent with national accounts, distributing government spending on health as a lump sum to all individuals and spending on education proportional to income. The national income data series also attributes undistributed corporate profits to individuals. See Caranza, Morgan, and Nolan (2022) for further discussion of the differences between LIS/EU-SILC and WID data.

[5] Working-age households are defined as those headed by someone under 65 years old. The estimates of Gini coefficients for the working-age population are based on LIS or EU-SILC data for years when one or the other are

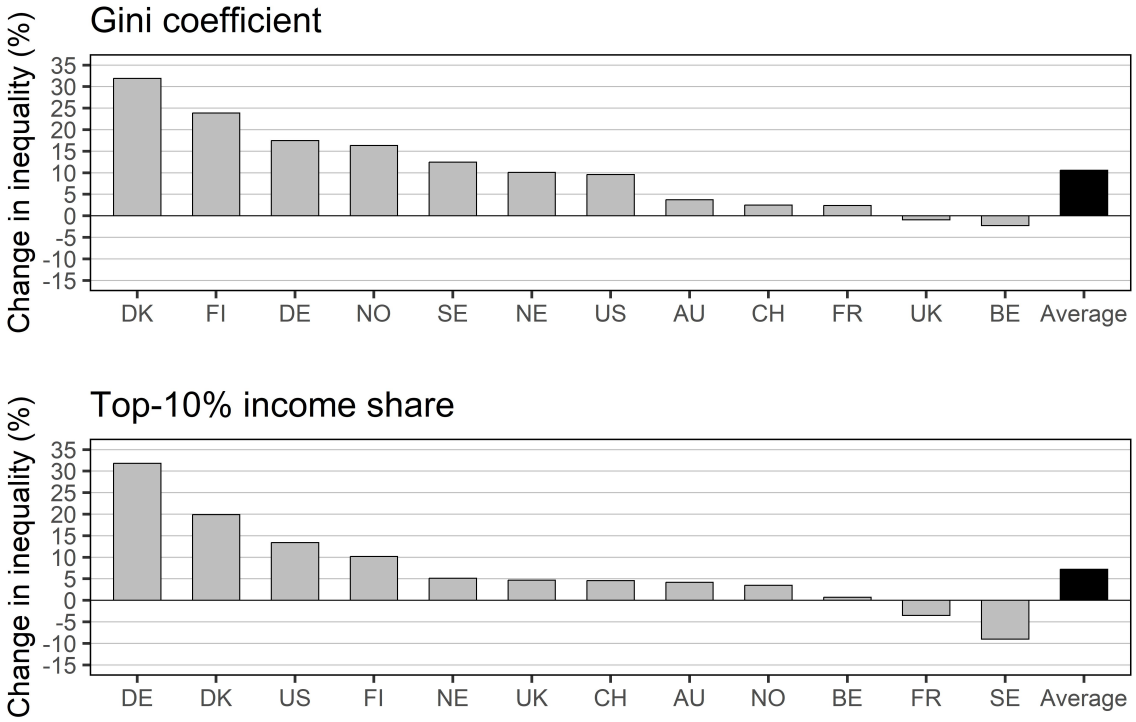
Following conventional practice, we measure redistribution among working-age households as the percentage change between the Gini coefficient for market income and the Gini coefficient for disposable income, or, in other words, the percentage reduction of Gini coefficient brought about by taxes and government transfers. Based on WID data, we also report on redistribution as the percentage reduction in the top-10% income share of total (personal) income brought about by taxes and targeted social assistance.

Figure 1.1 provides an overview of what happened to overall inequality of disposable income, measured by the Gini coefficient, and top-end inequality of disposable income, measured by the share of the richest 10%, between 1995 and the late 2010s. Both panels show that disposable income inequality has risen in recent decades and, taken together, they indicate that rising income inequality cannot be attributed to rising top-income shares alone. Averaging across countries, the Gini coefficient for working-age disposable income increased by 10.6% while the top-10% share increased by 7.2%. It is also interesting to note that Gini coefficients rose sharply in all the Nordic countries and that the US does not stand out as having a particularly inegalitarian trajectory. Disposable income inequality among working-age households increased more in Germany and the Nordic countries than it did in the US over this period. Of course, we are measuring changes in inequality relative to their starting levels, and inequality was much higher in the US than in the Nordic countries in the mid-1990s. The Nordic countries remain less unequal than the US, but they have to some extent converged on the US in this respect.

Most observers suppose that the trends displayed in Figure 1.1 result entirely from rising market inequality and then ask why governments have not responded. But as Tables 1.1 to 1.4

available and the average of the two when both are available (the two data series are closely correlated). Due to lack of data on personal income, our estimates of top-10% income shares for the US are based on national income (see footnote 4).

Figure 1.1: Income Inequality Growth, 1995 to 2018/19



Notes: Bars plot the percentage change in disposable income Gini coefficients and top-10% income shares between 1995 and 2018 (Gini coefficients) or 2019 (top-10% shares).
Sources: EU-SILC, LIS, and WID.

show, this misses two important elements of the story: the role of policy changes to tax and transfer systems in reducing redistribution and the differences in these trends before and after the financial crisis.

Table 1.1 shows how inequality and redistribution among working-age households changed from 1995 and to 2007.[6] For each country, the columns show initial levels of inequality (measured by the Gini coefficient), percentage changes in inequality, and absolute changes in the redistributive effect of taxes and transfers over this pre-crisis period. The key observation that emerges from this table is that disposable income inequality increased more than market income

[6] We use 2007 as a cutoff because this was the peak year for top-10% income shares in the majority of the countries included in our analysis.

Table 1.1: Inequality and Redistribution Among Working-Age Households, 1995-2007

	Starting levels		Change (%)		Change in redistributive effect
Country	Market income	Disposable income	Market income	Disposable income	
Finland	0.434	0.222	-5.5	+19.4	**-13.5**
Germany	0.391	0.252	+10.7	+17.5	**-3.9**
Denmark	0.378	0.210	+0.3	+13.3	**-7.2**
Netherlands	0.402	0.248	+3.0	+9.3	**-3.8**
Norway	0.351	0.233	+7.7	+7.3	+0.2
Australia	0.417	0.294	+1.9	+7.1	**-3.6**
Switzerland	0.336	0.278	+1.5	+4.0	**-2.0**
US	0.437	0.345	+1.4	+3.8	**-1.9**
Sweden	0.428	0.241	-14.3	+3.7	**-11.8**
France	0.424	0.290	+0.2	+2.1	**-1.3**
Belgium	0.401	0.262	+3.2	-0.4	+2.3
UK	0.467	0.324	-5.6	-1.9	**-2.7**
Average	0.406	0.267	+0.1	+7.1	**-4.1**

Notes: Values indicate the starting levels and changes in market and disposable income inequality measured as the Gini coefficients for working-age households. Bolded values represent regressive changes to redistributive policy.
Sources: EU-SILC and LIS.

inequality in 10 out of 12 countries. This pattern represents a regressive turn in redistributive policy. Market income inequality actually fell in three countries over this period. In two of these (Sweden and Finland), disposable income inequality nonetheless increased significantly and in a third (the UK), disposable income inequality declined by only 1.9% while market income inequality declined by 5.6%. Belgium stands out as the only country in which the tax-transfer system clearly became more redistributive between 1995 and 2007.

Table 1.2 repeats the exercise for top-10% income shares. Here we observe a universal trend of increasing market income inequality, albeit with a very wide range of cross-national variation (from Belgium at 2.5% to Germany at a whopping 31.8%). In France and Sweden, increases in tax progressivity and targeted social assistance effectively cancelled out the impact of rising market income inequality on disposable income inequality measured this way. In five other countries (Australia, Denmark, Germany, Norway, and the US), redistribution also increased, but

Table 1.2: Top 10% Income Shares and Redistribution, 1995-2007

	Starting levels		Change		Change in
Country	Market income	Disposable income	Market income	Disposable income	redistributive effect
Germany	28.0	24.4	+31.8	+23.4	+5.6
Norway	27.5	22.6	+22.9	+15.9	+4.7
UK	34.5	27.7	+12.5	+14.8	**-1.7**
Switzerland	29.8	28.1	+12.8	+13.9	**-0.9**
Netherlands	27.6	23.4	+12.3	+13.3	**-0.7**
Finland	29.9	24.6	+10.7	+12.1	**-1.1**
Belgium	32.5	23.9	+2.5	+10.4	**-6.4**
US	39.9	34.4	+10.3	+7.9	+1.9
Denmark	28.5	25.1	+7.7	+4.4	+2.3
Australia	28.2	23.9	+11.7	+1.3	+7.9
Sweden	31.5	27.8	+4.8	+0.4	+3.7
France	32.0	28.6	+4.8	0.0	+3.0
Average	30.8	26.5	+12.2	+9.8	+1.8

Notes: Values indicate the starting levels and changes in market and disposable income inequality measured as the top-10% income share. Bolded values represent regressive changes to redistributive policy.
Source: WID.

not enough to offset the effects of rising market inequality. In the remaining five countries (Belgium, Finland, the Netherlands, Switzerland, and the UK), changes in redistribution reinforced the rise of top-10% income shares. Regardless of whether we look at Gini coefficients or top-income shares, governments across these countries either failed to respond to market inequality or adopted policies that reduced redistribution.

Tables 1.3 and 1.4 show that these trends changed markedly in the wake of the financial crisis. Averaging across countries, market income inequality among working-age households increased more from 2007 to 2018 than it had from 1995 to 2007. But disposable income inequality among working-age households increased much less in this post-crisis period. Confronted with rising market income inequality, measured by the Gini coefficient, tax-transfer systems in this period became less redistributive in Denmark, Finland, Norway, Sweden, and the US. In other

Table 1.3: Inequality and Redistribution Among Working-Age Households, 2007-2018

	Starting levels		Change (%)		Change in redistributive effect
Country	Market income	Disposable income	Market income	Disposable income	
Denmark	0.433	0.296	+7.1	+16.4	**-5.4**
Norway	0.378	0.250	+3.2	+8.4	**-3.2**
Sweden	0.367	0.250	+2.7	+8.4	**-3.8**
US	0.443	0.358	+5.0	+5.6	**-0.5**
Finland	0.410	0.265	+2.4	+3.8	**-0.8**
UK	0.441	0.318	-0.7	+0.9	**-1.2**
Netherlands	0.414	0.271	-4.1	+0.7	**-3.3**
France	0.425	0.296	+2.1	+0.3	+1.2
Germany	0.433	0.296	-5.3	0.0	**-3.8**
Switzerland	0.341	0.289	+3.5	-1.4	+4.0
Belgium	0.414	0.261	+0.5	-1.9	+1.5
Australia	0.425	0.315	-1.7	-3.2	+1.2
Average	0.410	0.292	+1.3	+3.2	**-1.2**

Notes: Values indicate the starting levels and changes in market and disposable income inequality measured as the Gini coefficients for working-age households. Bolded values represent regressive changes to redistributive policy.
Source: EU-SILC and LIS.

countries (Germany, the Netherlands, and the UK), market inequality declined but tax-transfer systems also became less redistributive. Finally, progressive turns of redistributive policy offset rising market income inequality in France, Switzerland, and Belgium, and reinforced declining market inequality in Australia. In the post-crisis period, inequality measured by Gini coefficients has been rising less sharply, and some governments do seem to have compensated for market forces.

In all these countries, top-10% shares of market income fell sharply during the financial crisis. As shown in Table 1.4, they were still lower at the end of the 2010s than they had been in 2007 in most countries. Measured by their impact on top-10% shares, taxes and targeted social assistance have become more redistributive in Belgium, Sweden, Finland, the Netherlands, and the UK, while they have become less redistributive in Denmark, France, Germany, and the US,

Table 1.4: Top 10% Income Shares and Redistribution, 2007-2019

	Starting levels		Change		Change in redistributive effect
Country	Market income	Disposable income	Market income	Disposable income	
Denmark	30.7	26.2	+8.1	+14.9	**-5.3**
Germany	36.9	30.1	+1.6	+8.3	**-5.4**
US	44.0	37.1	+3.9	+5.1	**-1.0**
Australia	29.9	24.6	+3.5	+2.9	+0.5
Finland	33.1	28.7	0.0	-1.7	+1.5
France	34.1	28.6	-5.0	-3.5	**-1.3**
Netherlands	31.0	26.5	-5.2	-7.2	+1.8
Switzerland	33.6	32.0	-8.3	-8.1	**-0.2**
Belgium	33.3	29.7	-0.9	-8.8	+7.1
UK	38.8	31.8	-7.7	-8.8	+0.9
Sweden	33.0	27.9	-7.6	-10.0	+2.3
Norway	33.8	26.2	-10.6	-10.7	0.0
Average	34.5	29.1	-2.4	-2.3	+0.1

Notes: Values indicate the starting levels and changes in market and disposable income inequality measured as the top-10% income share. Bolded values represent regressive changes to redistributive policy.
Source: WID.

and have remained essentially unchanged in Australia, Norway, and Switzerland since 2007. Measured in this way, it becomes less clear that we can characterize the post-crisis era as a period of rising inequality, although some governments have continued to reduce the redistributive effects of taxes and targeted social assistance.

Tables 1.1-1.4 display a lot of cross-national variation as well as differences between the pre-crisis period and the post-crisis period. As such, they call into question the conventional notion that market forces favor the rich while democratic politics favor low- and middle-income citizens (an idea encapsulated by the title of Esping-Andersen's 1985 book, *Politics Against Markets*). Measured before taxes and income transfers, top-income shares indeed rose sharply in most countries in the pre-crisis period, but the same is not true for overall income inequality among

working-age households. In the years since the financial crisis, even these market top-income shares have not risen consistently.[7]

We can get a sense of political dynamics by treating each row in Tables 1.1-1.4 as a separate observation and looking at the redistributive effects of government policy. This yields 21 cases – a majority – in which changes to the distributive effects of taxes and transfers contributed to rising disposable income inequality and another 6 cases in which reductions in market income inequality did not fully pass through as reductions in disposable income inequality.[8] By contrast, we only observe 13 cases in which increases in market income inequality were fully offset by taxes and transfers or declines in market inequality did fully pass through. The remaining 10 cases are cases of partial offsets or very little change in disposable as well as market income inequality. In most countries across both the pre- and post-crisis eras, governments appear to be allowing income inequality to rise.

The inequality and redistribution estimates presented in Tables 1.1-1.4 convey an overall picture partly at odds with the findings presented by Elkjær and Iversen in their contribution to this volume. According to their analyses, taxes and transfers have compensated low- and middle-income citizens for rising market income inequality more than our estimates suggest. There are several differences between their measures and ours. Most obviously, their analysis includes more

[7] Market forces are of course also embedded in politically created institutions, including collective-bargaining systems, employment regulation, and minimum wage legislation, and they respond to public policies. Piketty and Saez (2014) argue persuasively that reductions in top marginal tax rates in the 1990s boosted top-income shares by stimulating demand for corporate compensation.

[8] It is important to keep in mind that changes in the redistributive effects of tax and transfers are not necessarily the results of policy changes pertaining to the progressivity of taxes or the generosity of welfare benefits. For instance, many studies show that unemployment insurance has a strong redistributive effect for the simple reason that low-income households are more exposed to unemployment than high-income households (e.g., Pontusson and Weisstanner 2017). In all countries, people in fixed-term and part-time employment have more limited access to unemployment benefits than permanent full-time employees. Under these conditions, expanding part-time and fixed-term employment and/or concentrating unemployment among part-time and fixed-term employees reduces the redistributive effects of unemployment insurance at constant benefit generosity.

countries over a longer period of time than our analysis here. A second difference has to do with the way we deal with retirees. While our inequality estimates are based on excluding households headed by people above the age of 64, Elkjær and Iversen deal with this issue by excluding households without any labor income. Lastly, Elkjær and Iversen's estimates of income transfers take in-kind benefits into account. While this seems valuable, how we attribute government spending on education, health, childcare, and elderly care to income deciles involves making many assumptions about who consumes these services.[9] Our (more conventional) estimates remain, we think, informative about trends in inequality and redistribution since the early 1990s.

There is also a noteworthy conceptual difference between our approaches. While our analysis focuses on the impact of taxes and transfers on the distribution of income, Elkjær and Iversen focus on transfer rates, measured as (a) the percentage of market income of the upper income group that is transferred to low- and middle-income groups through the tax-transfer system, and (b) transferred income as a percentage of the disposable income of low- and middle-income groups. Transfer rates are useful metrics for some applications, but as measures of redistributive effects they also leave something to be desired.

Consider two societies, each consisting of a low-income household and a high-income household that jointly earn the same total income. In one society, a more egalitarian one, the low-income household earns 150 and the high-income household earns 250 before taxes and transfers; in the other, less egalitarian society, the low-income household earns 100 and the high-income household earns 300 before taxes and transfers. Now suppose that the government transfers 10% of the high-income household's income to the low-income household in both cases. Measured as

[9] See Verbist, Förster, and Vaalavuo (2012) for a detailed discussion of the assumptions and empirical estimates behind this approach to allocating spending on services to income deciles.

a proportion of the high-income household's pre-transfer income, the transfer rate is the same in the two cases (10%). Measured as a proportion of the low-income household's post-transfer income, the transfer rate is higher in the society with a more unequal distribution of pre-transfer income (23% compared to 14%). Yet the low-income household's post-transfer share of total income is lower in the more inegalitarian case (33% compared to 44%), and the low-income household is worse off in absolute terms as well (with a post-transfer income of 130 instead of 175). The transfer from rich to poor would have to be increased for the inegalitarian society to achieve the same distribution of disposable income as the egalitarian one. Put differently, an increase in the high-income household's share of pre-transfer income without an increase in the transfer rate should be considered a political victory for the rich.

The question of whether income transfers from the rich have increased enough to offset rising top-end inequality of market income is an empirical one. While Elkjær and Iversen unambiguously answer this question in the affirmative, our analysis yields a more nuanced answer. In the pre-crisis period, top-10% market income shares increased across all twelve countries included our analysis, and top-10% disposable income shares increased significantly in ten countries. In several countries, the transfer rate from the rich increased, but not enough to offset rising top-end inequality. It should also be noted that 7 of the 13 country-period cases in which increases in market income inequality were fully offset by taxes and transfers or declines in market inequality fully passed through pertain to top-10% income shares in the 2010s. Still, the estimates in Tables 1.1-1.4 suggest that market and/or political dynamics have, in general, become more favorable to the rich over time.

Political Inequality and Representation

If overall policy outputs have become less redistributive in recent decades, they have also become more closely aligned with the preferences of affluent citizens. In just about every democracy, surveys show that more affluent respondents are less likely to support government redistribution than less-affluent respondents. Affluent citizens have not necessarily become more politically influential, but they appear to have gotten their way in the domain of redistributive policy.

A crucial assumption in theories of political economy is that democratic governments respond to the preferences of the majority. Because politicians and political parties want to be reelected, governments are expected to respond to citizen demands for redistribution by delivering more redistribution. Why, then, are affluent citizens in advanced democracies getting their way when it comes to redistribution?

A growing body of research shows that at least part of the story may lie with political inequalities in the process of representation itself (see Burgoon et al. 2022).[10] Scholars of representation typically distinguish between two aspects of the representative process (see Achen 1978; Miller and Stokes 1963): whether elections produce representative bodies that reflect the preferences of citizens (through descriptive representation or opinion congruence) and whether those bodies produce legislation that responds to the wishes of citizens. Recent studies have documented income- or class-based inequalities on both scores. Across many electoral

[10] The policymaking process itself is another possible structural or elite-level explanation, and might include the institutional rules that shape policymaking, the role of interest groups, or a general status-quo bias in policymaking. External constraints like globalization or European integration might also help to explain why government underprovide redistribution in some contexts. Given the wide variation on these dimensions across advanced democracies, it seems to us that these are less likely explanations for the generalized pattern of declining redistribution.

democracies, elected representatives' own political preferences and positions seem to reflect more closely the preferences of more-affluent citizens than they do the preferences of less-affluent citizens (e.g., Bernauer et al. 2015; Giger et al. 2012; Lupu and Warner 2017; 2022a; Schakel and Hakhverdian 2018). Of course, even if legislator themselves largely agree with more-affluent citizens, we might expect electoral incentives to induce them to still respond to the demands of a majority of citizens—assuming they have some information about citizens' preferences (see Butler 2014).

And yet, a number of studies, inspired by pioneering work on the US by Gilens (2012), have found that policy outcomes in a number of affluent democracies appear to respond unequally to different income or class groups (Bartels 2017; Donnelly and Lefkofridi 2014; Elkjær 2020; Elsässer, Hense, and Schäfer 2020; Lesschaeve 2017; Lupu and Tirado Castro Forthcoming; Mathisen 2023; Persson 2020; Rosset et al. 2013; Rosset and Stecker 2019; Schakel 2021; Wagner 2021). The chapter in this volume by Mathisen, Schakel, Hense, Elsässer, Persson, and Pontusson uses survey data from four Northern European countries—Germany, the Netherlands, Norway, and Sweden—to compare mass preferences to actual policy outcomes following the Gilens (2012) research design. Having confirmed that governments in all four countries are on average more responsive to the preferences of high-income citizens than to those of middle- and low-income citizens, they proceed to test whether government partisanship affects the degree of unequal representation.

Parties appear to cater to the preferences of their core constituencies such that Left and Right parties in advanced democracies end up pursuing very different levels of social spending and redistribution. To the extent that Left parties cater to less-affluent core constituencies and Right parties to more-affluent ones, we might expect unequal responsiveness to depend in part on

the partisanship of the national government—particularly in Northern European parliamentary systems. Moreover, this might be especially true prior to the moderation of many Social Democratic parties in the 1990s.

What Mathisen and coauthors find is that unequal responsiveness does appear to be less pronounced when Left-leaning governments are in power in Germany, the Netherlands, and Sweden. Norway seems to be a puzzling case, although that may have to do with differences in responsiveness across types of policies. At the same time, Left-leaning governments in all four countries are still much more responsive to the affluent than they are to the poor. Moreover, Mathisen and coauthors go on to offer tentative evidence that the partisan filter has shifted over time. Whereas Left-leaning governments had been more equally responsive on economic and welfare issues prior to 1998, since then they and Right-leaning governments have converged in their pro-affluent bias. On other policy domains, Left- and Right-leaning governments have been equally biased before 1998, but Left-leaning governments have become more equally responsive since then. Mathisen and coauthors speculate that this suggests Left-leaning governments may be trying to use non-economic policy responsiveness to compensate their core constituencies for their lack of responsiveness on economic issues.

Studies showing unequal responsiveness to voter preferences have their share of skeptics, notably Elkjær and Iversen (2020, 2023). As discussed above, Elkjær and Iversen's contribution to this volume presents data and analysis suggesting that governments have actually done much to compensate low- and especially middle-income citizens for rising inequality in market earnings, just as canonical theories of redistribution would expect. They argue that we should focus on the (objective) *interests* of citizens rather than their stated (subjective) *preferences*, a conceptual question also taken up by Bartels in his chapter and Hacker, Pierson, and Zacher in theirs.

According to Elkjær and Iversen, then, if we look at certain distributional outcomes rather than stated preferences, there is no general puzzle to be explained.

In his chapter, Bartels reviews the body of work on unequal representation from both a conceptual and a methodological perspective. Bartels notes a host of complications involved both in how empirical scholars define representation and in how they measure unequal representation. Drawing on Dahl (2006), he argues that there are good normative reasons to care about the relative political influence of different groups, although he highlights the numerous inferential difficulties in attributing influence. Despite these challenges, he argues convincingly that we should do the best we can with the available data and suggests in particular that analyses should account for the indirect influence citizens can have on policymaking via political parties and interest groups.

Political parties become a centerpiece of the analysis by Hacker, Pierson, and Zacher in their chapter on the US. Like Elkjær and Iversen, they focus on interests rather than preferences, in particular on what they call the place-based economic interests of the knowledge economy: the interests of American residents of metro areas thriving in the new economic model and those of residents of the non-metro areas largely being left behind. They identify a puzzling feature of contemporary American politics, one that contrasts the arguments made in comparative political economy about how the knowledge economy is reshaping political competition (see Ansell and Gingrich 2022; Iversen and Soskice 2019). Republicans increasingly represent non-metro residents but continue to pursue policies that benefit the urban affluent and large corporations based in metro areas. Democrats, meanwhile, increasingly represent city dwellers, but continue pursue policies that disproportionately benefit the rural residents who are more and more reliably Republican. Why are both parties failing to represent the interests of their electoral bases?

Hacker, Pierson, and Zacher argue that the answer has to do with features of the American

political system that they refer to as filters, features that determine whether interests become reflected in national political competition. The particular filters they focus on include the non-metro skew of American political institutions like the Electoral College and the Senate, the polarized and nationalized character of party coalitions that creates incentives to cater policy toward interest groups rather than voters, and the local character of many important policy areas that inhibits national interventions. Unequal representation in the US is a product of the territorial distribution of inequality and the ways territorial interests get filtered out of getting represented in national politics by features of the American political system. Not all policies and not all policy areas get reflected in national political, either because they are not all equally important to voters or because the political context filters them out. These features make the US unique in some respects, but Hacker, Pierson, and Zacher's chapter highlights the filtered nature of representation and invites us, like Bartels, to consider what those institutional filters might be in other contexts as well.

The role of interest groups is the focus of Becher and Stegmueller's contribution, largely concerned with the money interest groups pour into American politics. If these groups influence policymaking and disproportionately reflect the preferences of the affluent, then they may sway government policies away from the less-affluent's demands for redistribution. In previous work, Becher and Stegmueller (2021) showed that the presence of labor unions can enhance political equality. Here, they consider whether the reverse might also obtain: namely, that the activities of monied interests increase political inequality.

Empirical researchers studying US policymaking have largely concluded that lobbying and financial contributions to political candidates appear not to influence legislative outcomes, suggesting that we should not look to interest groups to explain political inequality. But Becher

and Stegmueller note that interest groups can influence different political processes: they can influence who gets elected through their role in supporting campaigns, and they can influence policy outcomes through lobbying. Moreover, they demonstrate formally that these roles are in fact complements, and that interest groups can make strategic decisions about where to invest their resources. The upshot of this theoretical framework is that it highlights that even studies that can identify the causal effect of an interest group on legislative behavior may underestimate it—something Becher and Stegmueller also demonstrate with simulations. As a result, they argue, we should not rule out the possibility that the role of monied interests in both the selection of candidates and the legislative process may be partly responsible for unequal policy responsiveness.

Two contributions to this volume, one by Curto-Grau and Gallego and the other by Carnes and Lupu, take up the issue of candidate selection. Political scientists have become increasingly interested in the personal characteristics of politicians in recent years (Carnes and Lupu Forthcoming). On the one hand, descriptive representation by politicians who share voters' ascriptive characteristics may itself be normatively important (Mansbridge 1999). On the other hand, there is growing evidence that those characteristics inform what those legislators do once they take office, with consequences for the kinds of policies that make it through the legislative process (e.g., Carnes 2013; Carnes and Lupu 2015). In their chapter, Curto-Grau and Gallego convincingly show that Spanish mayors with university degrees pursue more fiscally conservative policies than those with lower levels of educational attainment. At the same time, they find no differences between these mayors in terms of their performance. The implication for understanding unequal representation is that if politicians are themselves more affluent than the people they represent—a pattern Carnes and Lupu demonstrate in their chapter—then policy outcomes may skew in favor of their personal preferences, which are more closely aligned to the preferences of

the affluent. The fact that less-affluent citizens are descriptively under-represented in politics may help to explain why governments have failed to address rising inequality.

Why, then, are less-affluent citizens descriptively under-represented? This is the question Carnes and Lupu set out to consider in their contribution to this volume, focusing specifically on politicians with working-class backgrounds. Using data on the personal characteristics of national legislators across the OECD, they consider whether country-level factors might help to explain why working-class people do not run for public office. They find that economic factors—wealth, inequality, and unionization—do matter, but they only go so far in explaining variation. One reason for this is that all countries wildly under-represent working-class people, so it may make more sense to look for factors that are common to all advanced democracies than to try to explain variation at the margin. At the same time, Carnes and Lupu show considerable variation within countries across parties—and they suggest that examining this variation, the differing roles party gatekeepers play, may be a more fruitful way forward.

One important issue this final analysis raises is whether elite-centered explanations about unequal representation can account for the temporal changes in governments' attention to economic inequality. As we showed at the outset, inequality has risen in nearly every advanced democracy during the last three decades, although that growth is not uniform or unidirectional. If governments are about as unresponsive to the preferences of less-affluent citizens today as they were three or four decades ago, if interest groups are about as influential now as then, and if less-affluent people were just as descriptively under-represented then as they are today, then can these explanations help us understand why elites took more measures to address inequality in the past than they have in recent decades? There may be reasons to think so, but it will be important for future elite-centered research on representation to address these temporal changes directly, as

Mathisen and his coauthors begin to do in this volume.

A final explanation for the representation gap is that it reflects disproportionalities in political participation. Analyzing survey data from 29 European democracies, Mathisen and Peters show that less-affluent citizens are not only less likely to vote in elections, but they are also substantially less likely to engage in other political activities, including signing petitions, contacting politicians, and working in civic organizations. All of these forms of participation serve to communicate public preferences to elected representatives, and if less-affluent citizens are doing less communicating, then a potential explanation for government inaction in the face of rising inequality is that representatives are simply more likely to hear from more affluent citizens. Even if less-affluent citizens would prefer more redistribution, those preferences are not getting communicated to governments effectively or consistently.

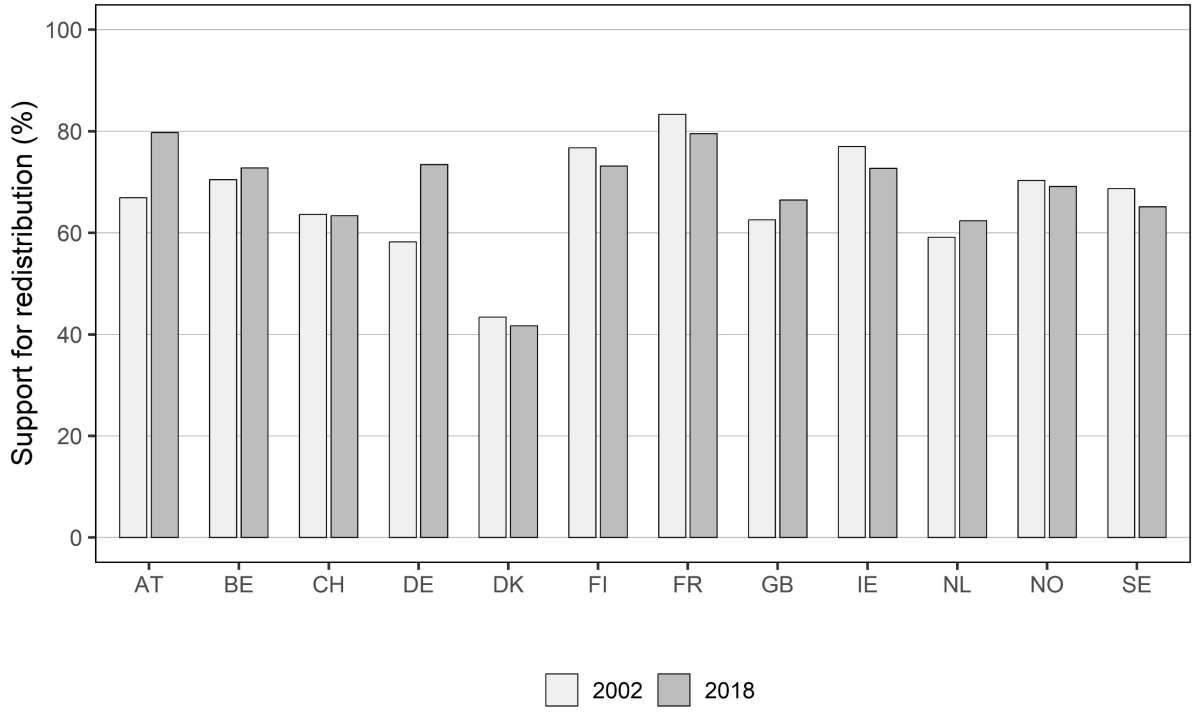
The fact that less-affluent citizens participate less in politics is well known (Gallego 2010; 2015; Schlozman et al. 2012), but it is typically associated with the fact that less-affluent citizens have fewer of the resources—time, money, and skills—needed to participate. What Mathisen and Peters show in their chapter is that while these resources certainly matter, part of the participation gap—at least with regard to voting and a couple of other activities—can also be explained by the fact that less-affluent citizens are also less likely to trust their political system. If less-affluent citizens were as satisfied with their governments as are more-affluent citizens, these participation gaps would decline significantly. This suggests, as in Cramer's chapter, that trust in government is a crucial moderator of mass demand for redistribution, but also that there may be a counterintuitive vicious cycle in which the less governments respond to rising inequality, the less citizens either demand redistribution or communicate those preferences to elected officials.

Voters and Demand for Redistribution

Focusing on representation alone may not provide us with a full understanding of why governments in advanced democracies have allowed inequality to rise in recent decades. Another straightforward possibility, anticipated by Mathisen and Peters' chapter, is that voters have not responded to rising inequality by demanding more redistribution, as canonical theories might have expected. According to Kenworthy and McCall (2008), inequality of individual earnings and household income increased across a number of advanced democracies from 1980 to 2000, yet the percentage of survey respondents who agreed with proposition that, "it is the responsibility of the government to reduce the differences in income between people high incomes and people with low incomes," hardly changed at all in any of these countries.

Figure 1.2 shows the proportion of respondents to the European Social Survey (ESS) who agreed or strongly agreed with a similar statement in the countries we examined above in 2002 and 2018. Although a couple of cases exhibit more substantial increases in support for redistribution over this period, the overall message from these data is that support for redistribution hardly changed at all over the first two decades of the 21st century. Equally noteworthy, survey data does not seem to lend much, if any, support for the intuitive idea that rising inequality has rendered low- and middle-income citizens more supportive of redistribution while it has reduced support for redistribution among affluent citizens. Analyzing ESS data for

Figure 1.2: Support for Redistribution, by Country



Notes: Bars plot the proportion of respondents who say they agree or strongly agree with the statement, "the government should take measures to reduce income differences."
Source: ESS.

the period 2006-12, Gonthier (2017) finds that the redistribution preferences of different income groups have moved in tandem, to the extent they have moved at all.

The apparent stability of demand for redistribution in the face of rising inequality has motivated many scholars to explore subjective perceptions of inequality (e.g., Gimpelson and Treisman 2018; Osberg and Smeeding 2006; Page and Goldstein 2016). The common expectation that democratically elected governments should respond to rising inequality by undertaking redistributive measures rests on two propositions: (1) that government policy responds to the preferences of the majority of voters; and (2) that low- and middle-income voters recognize that they stand to gain more from redistribution as inequality rises. The latter proposition in turn assumes that voters know where they are in the income distribution, that they understand what the

income distribution looks like, and that they perceive changes in the income distribution. Research on perceptions of inequality teaches us that these assumptions do not necessarily hold. Specifically, two persistent biases might explain the stability of demand for redistribution in the face of rising inequality: people tend to underestimate the extent of inequality in their country (Trump and White 2018), and people tend to think they are closer to the median than they actually are.

Still, while studies of perceptions of inequality offer important insights, research also consistently finds that support for redistribution falls with relative income. It is difficult to see how this persistent finding would come about if people were completely confused about their place in the income distribution. And research on perceptions has yet to address the fact that redistribution has declined over time. Did citizens use to perceive inequality and their own positions more accurately than they do today? And, if so, what would explain these changes? Finally, rising inequality should be relevant to individuals even if they do not perceive it. Most obviously, rising inequality translates into slower income growth for low-income households and more rapid income growth for high-income households. As long as individuals perceive and care about changes in their own income, they ought to be responsive to changes in inequality.

Another strand of work tackles the puzzle of stable redistribution with methodological critiques of our measures of public opinion (see the review by Dallinger 2022). The standard survey item is broad and vague, arguably capturing normative dispositions rather than support for any specific redistributive policies. Some respondents are bound to interpret the statement with reference to the status quo, i.e., to register their agreement with the statement that "government should do *more* to reduce income differences" as compared to what it is currently doing. Also, as illustrated by Figure 1.4, the question elicits very high levels of support for redistribution in most advanced democracies, creating an obvious concern about ceiling effects. With 60-70% of survey

respondents supporting redistribution already in the early 2000s, it is perhaps not so surprising that it does not increase much further in the subsequent two decades.

Cavaillé's contribution to this volume makes a related critique building on her prior work (Cavaillé and Trump 2015): namely, that the standard measure fails to distinguish between support for redistribution from the rich ("redistribution from") and support for redistribution to the poor ("redistribution to"). Analyzing 2008 ESS data, Cavaillé and Trump (2015) demonstrate that the individual-level determinants of attitudes on the two dimensions of support for redistribution are strikingly different. In marked contrast to the stability of overall support for redistribution shown in Figure 1.4, Pontusson et al. (2020) document a broad-based public opinion shift in favor of flat-rate or low-income-targeted pension and unemployment benefits (away from earnings-differentiated benefits) across eleven West-European countries from 2008 to 2019. Also noteworthy, Rosset and Pontusson (2021) as well as Limberg (2020) present evidence suggesting that the financial crisis of 2007-08 and the ensuing recession boosted public support for progressive income taxation in many countries.[11]

Though it does not feature prominently in this volume, the question of how changes in inequality affect specific policy preferences among different income groups represents an important research agenda for scholars interested in the comparative politics of inequality and redistribution. But pursuing this question requires recognizing, as we have already seen, that changes in inequality are not simply a story of ever-rising inequality. It also means that we may need to pay more attention to the structure of inequality than to levels of inequality. Following the

[11] While Limberg (2020) analyzes ISSP data for 1999 and 2009, Rosset, Pontusson and Poltier (2023) as well as Pontusson et al. (2020) rely on a 2019 survey that replicated policy-specific questions asked in ESS 2008. The fact that policy-specific measures are more prone to change than the overall support for redistribution dovetails with experimental results reported by Condon and Wichowsky (2020): priming subjects to compare themselves to the rich, these authors do not find any significant treatment effects on overall support for redistribution, but they do find significant effects on support for specific social spending programs, most notably unemployment compensation.

logic set out in Lupu and Pontusson (2011) as well as Meltzer and Richard (1981), we might expect pivotal middle-income voters to respond to rising top-end inequality (measured by top income shares or the 90-50 ratio) by demanding more compensatory redistribution, but it is less obvious that they would respond to rising bottom-end inequality (the 50-10 ratio) in this manner.

Still, voters seem to contradict these kinds of theoretical expectations. As Matthews, Hicks, and Jacobs show in their chapter, low- and middle-income voters are more likely to vote for incumbent parties when the incomes of the rich grow fast while their propensity to vote for incumbents does not respond to average income growth in Western Europe (Hicks, Jacobs, and Matthews 2016) as well as the US (Bartels 2016). Not only do low- and middle-income voters fail to punish incumbents who preside over unfavorable shifts in the distribution of income, they actually seem to reward these incumbents.

Matthews, Hicks, and Jacobs argue convincingly that the tone of economic news provides a key mechanism linking rising top-income shares to the electoral behavior of low- and middle-income citizens. According to their analysis, the tone of economic news is more positive when incomes at the top of the income distribution grow more rapidly, and that positive tone prompts average voters to support incumbents. An extensive literature attributes the pro-rich bias of news coverage to the interests and ideological dispositions of news media owners and executives, but Matthews, Hicks, and Jacobs instead argue that journalists of all stripes are preoccupied with economic aggregates—unemployment and GDP growth as well as stock prices—that are correlated with income growth at the top.

One interpretation of Matthews, Hicks, and Jacobs' findings is that citizens might care about the distribution of income as well as economic performance, but the latter concern dominates the former, and news media reinforce this dominance. Or, alternatively, that economic

performance weighs particularly heavily in the voting decisions of critical swing voters (Kayser and Wlezien 2011). If news media paid more attention to distributive issues, politicians would have to pay more attention to the distributive preferences of low- and middle-income citizens. The question this raises is whether mainstream news coverage of the economy has changed in ways that might explain why voters no longer seem to punish incumbents that preside over disproportionate income growth at the top. Although Matthews, Hicks, and Jacobs' empirics indicate that the ideological orientation of media outlets does not condition the positive effect of top-income growth on the tone of their reporting, it may be that mainstream media of all stripes have become increasingly focused on those economic aggregates that are closely correlated with top-income growth—most obviously, stock prices—at the expense of other aggregates, such as the rate of unemployment. Alternatively, media outlets may give greater coverage to market-oriented or corporate policy views (Guardino 2019). It is noteworthy that support for redistribution tends to be lower in countries with more concentrated media ownership (Niemanns 2023).

While Matthews, Hicks, and Jacobs invoke economic news coverage to explain government neglect of distributive issues, Cavaillé's chapter engages with the extensive literature on how fairness considerations shape citizens' attitudes towards inequality and redistribution. The main strand of the fairness literature proceeds from the observation that people consider income differences to be fair to the extent that they reflect differences in individual effort while they consider income differences to be unfair to the extent that they derive from luck or privilege, let alone government favors (e.g., Alesina and Guiliano 2011; Bénabou and Tirole 2006; Scheve and Stasavage 2016). As Cavaillé points out, this fairness norm, which she refers to as the proportionality norm, is broadly shared across all advanced capitalist societies: people do not disagree about the norm itself, but they disagree about the extent the income differences that they

observe around them are proportional to effort. The balance between those who think that education systems and labor markets generate fair outcomes and those who do not think so in turn varies across countries.

Cavaillé's key contribution is to argue that support for redistribution also involves a second fairness norm, the reciprocity norm, which prescribes that all members of a group should contribute collective efforts and that freeriding should be punished. Again, the norm itself is broadly shared, but citizenries differ in their assessments of whether the primary beneficiaries of social insurance schemes and other redistributive policies—in the first instance, the poor—deserve to be supported. Documenting that fairness assessments according to the reciprocity norm are orthogonal to fairness assessments according to the proportionality norm, and that both kinds of assessments are stable over time, Cavaillé identifies three country types among liberal democracies: (1) income differences are considered fair and the poor are deemed to be undeserving in the UK and the US, (2) income differences are considered unfair but the poor underserving in Southern Europe, and (3) income differences are considered fair and the poor deemed to be deserving in the Nordic countries. (The fourth combination, unfair income differences and deserving poor, is represented in Cavaillé's analysis by some former communist countries.)

How does taking fairness considerations into account help us explain the apparent lack of government efforts to reverse rising inequality? It stands to reason that citizens who think income differences are proportional to effort are less likely to demand compensatory redistribution when inequality rises. To the extent that inequality has grown most rapidly in countries where many citizens believe that income differences are proportional to effort, this provides an obvious solution to the puzzle that motivates much of the literature on the politics of inequality and, in particular, the Nordic puzzle identified by our descriptive discussion. Fairness assessments pertaining to the

reciprocity norm might in turn be invoked to explain reforms that have reduced the redistributive effects of tax-transfer systems, but this line of reasoning would seem to suppose that fairness assessments, as distinct from fairness norms, are more malleable than Cavaillé's discussion suggests.[12] Most importantly, Cavaillé's contribution to this volume invites us to explore cross-national differences in how public opinion responds to changes in bottom- and top-end inequality.

The question of whether the poor are deserving of redistribution is also closely bound up with the extent to which poverty is concentrated among immigrants and racial/ethnic minorities (see Alesina and Glaeser 2004). Our volume does not engage with the extensive comparative literature on the effects of immigration on demand for redistribution in Europe (e.g., Burgoon 2014; Finseeras 2008), but it includes a chapter by Cramer on how race and economic concerns are intertwined in the thinking of white Americans living in rural areas. Cramer's distinctive research strategy involves listening to local talk radio shows addressing the murder of George Floyd on May 25, 2020 and the ensuing protests against racial injustice. Her careful reconstruction of these conversations uncovers an interactive process through which rightwing talk-show hosts and their listeners deflect from race relations to focus on the neglect of "hard-working Americans" by urban political elites identified with the Democratic Party. In rightwing talk-show discourse, racism is first and foremost a trope used by Democrats to advance their political goals. The hosts and callers deflect from racism by emphasizing law and order and free markets, expressing a kind of parochial patriotism and nostalgia that defines "real Americans" as white, rural, and Christian.

What these narratives reveal to Cramer is how aversion to redistribution becomes intertwined with racism. In rightwing talk-show discourse, Democrats are portrayed as using

[12] Changes in public beliefs about the sources of poverty (1976-2014) and assessments of the fairness of income differences (1987-2009) are documented and analyzed from a comparative perspective by Giger and Lascombes (2019) and Marquis and Rosset (2021). See also Limberg (2020).

accusations of racism to garner support for redistribution and expanding the federal government as part of a political project to undermine American capitalism. Rather than Republicans deflecting from uncomfortable conversations about systemic racism in the US, their portrayal equates accusations of racism and redistribution as profoundly un-American. Even in the leftwing talk shows that Cramer analyzes, rural whites clearly see themselves as the true victims of neglect by policymakers in Washington. For them, economic policies are a zero-sum game in which people of color seem to be benefiting and they seem to be losing out, undermining the kind of multiracial class-based coalition that might support redistribution in the US. There is a fundamental lack of trust in the government among rural whites that shapes how citizens' policy preferences respond to rising inequality (Cramer 2016; see also the chapter in this volume by Hacker, Pierson, and Zacher).

The chapter by Ares and Häusermann also relates to trust in government by exploring perceptions of political representation by social class. Focusing on perceptions of representation by political parties in the broad domain of welfare-state politics, Ares and Häusermann proceed from the observation that "social policy conflict today revolves as much around prioritizing particular social policy fields than around contesting levels of benefits, redistribution and taxation in general." Their empirical analysis is based on an original survey in eight West-European countries that asked respondents to prioritize among benefit improvement across different social programs and then asked them to assess the priorities of their preferred party and one other party in the same manner. They show that working-class respondents perceive themselves to be less well represented by political parties, including their preferred political party, than middle-class and especially upper-middle-class respondents (see also Rennwald and Pontusson 2022).

Ares and Häusermann's analysis focuses on perceptions of political inequality rather than economic inequality, but it highlights the relationship between the two. Citizens who perceive themselves as poorly represented by political parties are less likely to trust government. And if trust in government is an important determinant of support for government redistribution (see Goubin and Kumlin 2022; Macdonald 2020), then class gaps in perceptions of unequal representation might explain why low-income and working-class citizens have not responded to rising income inequality by demanding more redistribution. Whereas Mathisen and coauthors speculate that Left-leaning governments may be trying to use non-economic policy responsiveness to compensate their core constituencies for their lack of responsiveness on economic issues, Ares and Häusermann show that those core constituents may not be convinced.

Looking Ahead

The remainder of the volume proceeds in three parts. We begin with four chapters that debate how to think about representation and the degree to which the recent past in advanced democracies offer evidence of unequal representation. The next two parts mirror the two types of explanations of the political puzzle of rising inequality: those that focus on elites and the process of representation and those that focus on voters and demand for redistribution. Although the chapters each engage in specific scholarly debates, they also offer answers to our central motivating question: why governments in advanced electoral democracies have largely allowed economic inequality to rise during the last three decades.

Together, these chapters offer some plausible political explanations for the puzzle of rising inequality in advanced democracies, but they also leave some possibilities unexplored. None of

the chapters in this volume, for instance, take up the possibility that rising immigration has undermined support for redistribution or that elites misperceive the preferences of citizens. There are also many possible explanations for the puzzle of rising inequality that have nothing to do with voters or the process of representation, like the role of interest groups in policymaking or external constraints on governments, on which the chapters in this volume say little. Our goal, of course, is not to give a holistic treatment of every possible explanation, but to focus on those that seem especially plausible and to invite more direct engagement between those that focus on voters and those that focus on elites.

Even within this subset of explanations, the contributions to this volume leave some questions unaddressed. Most glaring is the heterogeneity, across both space and time, in rising inequality across advanced democracies that we illustrated above. Although each of the chapters in this volume offers a compelling way to explain the overall puzzle of inequality, it would be harder to deploy them to explain that variation. Why, for instance, did the Nordic countries become much less redistributive at the same time that France became more progressive? It is not clear that arguments about fairness norms, media coverage, or descriptive representation (to name just a few) can explain these differences. Why did some countries respond to the financial crisis by reversing course and becoming more redistributive? Again, we are not convinced that the arguments in this volume shed much light. There is still much work to be done to understand this variation.

One debated dimension of this heterogeneity is the comparability of the US with other advanced democracies. By inviting scholars of American and comparative political economy to contribute to this volume, we evinced our conviction that it would be fruitful to consider the US as one case among many and that treating the US as an exception hinders more than it helps out understanding of political economy. As we noted above, at least since the mid-1990s, the US

experience of rising inequality has not been particularly exceptional as compared to other affluent democracies. At the same time, there are differences between the US and its counterparts, differences that some chapters in this volume emphasize. Still, we think it is more productive to theorize about these differences, as with other cross-country variation, than to consider them in isolation. We hope that this volume encourages such an approach.

The studies in this volume also define inequality in a variety of ways, each of which draws on different conceptions about relevant social groups. Cavaillé, Elkjær and Iversen, and Mathisen and coauthors compare income groups; Curto-Grau and Gallego study education groups, while Mathisen and Peters examine both income and education; and Ares and Häusermann and Carnes and Lupu focus on occupational categories. Political economy has for years been dominated by theories that focused on income groups, so it is important that the analysis of social class is making a return. But our discipline has yet to grapple with the concept of social class and how to measure it in consistent or standardized ways.

Our volume focuses on these class- and income-based inequalities, and why and when governments tolerate them. But as Bartels usefully points out in his chapter, there are surely also racial, ethnic, and other political inequities that may be more pronounced and possibly more consequential than the ones we are concerned with here. There may also be reasons to think that economic inequality and political inequality are not entirely independent. The wealthy may be able to exert disproportionate influence on policymakers where economic resources are distributed unequally (Erikson 2015; Rosset et al. 2013). In their cross-national analysis, Lupu and Warner (2022b) indeed find that economic inequality is related to inequalities in opinion congruence between citizens and representatives. Ares and Häusermann's chapter in this volume also highlights the possibility that political inequalities, if they disempower and disengage certain

groups of voters, can lead to policies that exacerbate economic inequality. We hope scholars take up studying these complex relationships and that this volume's efforts to explain the political puzzle of rising economic inequality might help to inform those efforts as well.

REFERENCES

Achen, Christopher. 1978. "Measuring Representation." *American Journal of Political Science* 22(3): 475-510.

Alesina, Alberto, and Paola Giuliano. 2011. "Preferences for Redistribution." In *Handbook of Social Economics*, Vol. 1, eds. Jess Benhabib, Alberto Bisin, Matthew O. Jackson, pp. 93-131. San Diego: Elsevier.

Alesina, Alberto, and Edward L. Glaeser. 2004. *Fighting Poverty in the US and Europe: A World of Difference*. New York: Oxford University Press.

Ansell, Ben, and Jane Gingrich. 2022. "Concentration and Commodification: The Political Economy of Post-Industrialism in America and Beyond." In *The American Political Economy: Politics, Markets, and Power*, eds. Jacob S. Hacker, Alexander Hertel-Fernandez, Paul Pierson, and Kathleen Thelen. New York: Cambridge University Press.

Bartels, Larry. 2016. *Unequal Democracy: The Political Economy of the New Gilded Age*, 2nd ed. Princeton, NJ: Princeton University Press.

Bartels, Larry. 2017. "Political Inequality in Affluent Democracies: The Social Welfare Deficit." Unpublished manuscript.

Bernauer, Julian, Nathalie Giger, and Jan Rosset. 2015. "Mind the Gap: Do Proportional Electoral Systems Foster a More Equal Representation of Women and Men, Poor and Rich?" *International Political Science Review* 36(1): 78-98.

Becher, Michael, and Daniel Stegmueller. 2021. "Reducing Unequal Representation: The Impact of Labor Unions on Legislative Responsiveness in the U.S. Congress." *Perspectives on Politics* 19(1): 92-09.

Bénabou, Roland, and Jean Tirole. 2006. "Belief in a Just World and Redistributive Politics." *Quarterly Journal of Economics* 121(2): 699-746.

Burgoon, Brian. 2014. "Immigration, Integration and Support for Redistribution in Europe." *World Politics* 66(3): 365-405.

Burgoon, Brian, Jonas Pontusson, Noam Lupu, and Wouter Schakel. 2022. "Understanding Unequal Representation." *European Journal of Political Research* 61(2): 297–303.

Carnes, Nicholas. 2013. *White-Collar Government: The Hidden Role of Class in Economic Policy Making.* Chicago: University of Chicago Press.

Carnes, Nicholas, and Noam Lupu. 2015. "Rethinking the Comparative Perspective on Class and Representation: Evidence from Latin America." *American Journal of Political Science* 59(1): 1-18.

Cavaillé, Charlotte, and Kris Stella Trump. 2015. "The Two Facets of Social Policy Preferences." *Journal of Politics* 77(1): 146-60.

Carranza, Rafael, Marc Morgan, and Brian Nolan. Forthcoming. "Top Income Adjustments and Inequality: An Investigation of the EU-SILC." *Review of Income and Wealth*.

Condon, Meghan and Amber Wichovsky. 2020. "Inequality in the Social Mind: Social Comparison and Support for Redistribution." *Journal of Politics* 82(1): 149-161.

Cramer, Katherine J. 2016. *The Politics of Resentment: Rural Consciousness in Wisconsin and the Rise of Scott Walker*. Chicago: University of Chicago Press.

Dahl, Robert A. 2006. *On Political Equality*. New Haven: Yale University Press.

Dallinger, Ursula. 2022. "On the Ambivalence of Preferences for Income Redistribution: A research note." *Journal of European Social Policy* 32(2): 225-36.

Donnelly, Michael, and Zoe Lefkofridi. 2014. "Unequal Policy Responsiveness in Europe." Unpublished manuscript.

Erikson, Robert. 2015. "Income Inequality and Policy Responsiveness." *Annual Review of Political Science* 18: 11-29.

Elkjær, Mads Andreas. 2020. "What Drives Unequal Policy Responsiveness? Assessing the Role of Informational Asymmetries in Economic Policy-Making." *Comparative Political Studies* 53(14): 2213-45.

Elkjær, Mads Andreas, and Torben Iversen. 2020. "The Political Representation of Economic Interests: Subversion of Democracy or Middle-Class Supremacy?" *World Politics* 72(2): 254-90.

Elkjær, Mads Andreas, and Torben Iversen. 2023. "The Democratic State and Redistribution: Whose Interests Are Served?" *American Political Science Review* 117(2): 391-406.

Elsässer, Lea, Svenje Hense, and Armin Schäfer. 2020. "Not Just Money: Unequal Responsiveness in Egalitarian Democracies." *Journal of European Public Policy* 28(12): 1890-908.

Esping-Andersen, Gøsta. 1985. *Politics Against Markets: The Social Democratic Road to Power*. Princeton: Princeton University Press.

Finseeras, Henning. 2008. "Immigration and Preferences for Redistribution: An Empirical Analysis of European Survey Data." *Comparative European Politics* 6(4): 407-431.

Gallego, Aina. 2010. "Understanding Unequal Turnout: Education and Voting in Comparative Perspective." *Electoral Studies* 29(2): 239-48.

Gallego, Aina. 2015. *Unequal Political Participation Worldwide*. New York: Cambridge University Press.

Gilens, Martin. 2012. *Affluence and Influence: Economic Inequality and Political Power in America*. Princeton, NJ: Princeton University Press.

Giger, Nathalie, and Davy-Kim Lascombes. 2019. "Growing Income Inequality, Growing Legitimacy: A Longitudinal Approach to Perceptions of Inequality." *Unequal Democracies Working Paper No. 11*. University of Geneva.

Giger, Nathalie, Jan Rosset, and Julian Bernauer. 2012. "The Poor Political Representation of the Poor in a Comparative Perspective." *Representation* 48(1): 47-61.

Gonthier, Frederic. 2017. "Parallel publics? Support for income redistribution in times of economic crisis." *European Journal of Political Research* 56(1): 92–114.

Gimpelson, Vladimir, and Daniel Treisman. 2018. "Misperceiving Inequality." *Economics & Politics* 30: 27–54.

Goubin, Silke and Staffan Kumlin. 2022. "Political Trust and Policy Demand in Changing Welfare States: Building Normative Support and Easing Reform Acceptance?" *European Sociological Review* 38(4): 590-604.

Guardino, Matt. 2019. *Framing Inequality: News Media, Public Opinion, and the Neoliberal Turn in U.S. Public Policy*. New York: Oxford University Press.

Hicks, Timothy, Alan M. Jacobs, and J. Scott Matthews. 2016. "Inequality and Electoral Accountability: Class-Biased Economic Voting in Comparative Perspective." *Journal of Politics* 78(4): 1076-93.

Iversen, Torben, and David Soskice. 2009. "Distribution and Redistribution: The Shadow of the Nineteenth Century." *World Politics* 61(3): 438-86.

Kenworthy, Lane, and Leslie McCall. 2008. "Inequality, Public Opinion and Redistribution." *Socio-Economic Review* 6(1): 35-68.

Kenworthy, Lane, and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries." *Perspectives on Politics* 3(3): 449-71.

Kayser, Mark A., and Christopher Wlezien. 2011. "Performance Pressure: Patterns of Partisanship and the Economic Vote." *European Journal of Political Research* 50(3): 365-94.

Lesschaeve, Christophe. 2017. "Finding Inequality in an Unlikely Place: Differences in Policy Congruence between Social Groups in Belgium." *Acta Politica* 52(3): 361–83.

Lindert, Peter. 2004. *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century*. New York: Cambridge University Press.

Limberg, Julian. 2020. "What's Fair? Preferences for Tax Progressivity in the Wake of the Financial Crisis." *Journal of Public Policy* 40(2): 171–93.

Lupu, Noam, and Jonas Pontusson. 2011. "The Structure of Inequality and the Politics of Redistribution." *American Political Science Review* 105(2): 316-36.

Lupu, Noam, and Alejandro Tirado Castro. Forthcoming. "Unequal Policy Responsiveness in Spain." *Socio-Economic Review*.

Lupu, Noam, and Zach Warner. 2017. "Mass-Elite Congruence and Representation in Argentina." In Alfredo Joignant, Mauricio Morales, and Claudio Fuentes, eds., *Malaise in Representation in Latin American Countries: Chile, Argentina, Uruguay*. New York: Palgrave Macmillan.

Lupu, Noam, and Zach Warner. 2022a. "Affluence and Congruence: Unequal Representation Around the World." *Journal of Politics* 84(1): 276-90.

Lupu, Noam, and Zach Warner. 2022b. "Why Are the Affluent Better Represented Around the World?" *European Journal of Political Research* 61(1): 67-85.

Macdonald, David. 2020. "Trust in Government and the American Public's Responsiveness to Rising Inequality." *Political Research Quarterly* 73(4): 790-804.

Mansbridge, Jane. 1999. "Should Blacks Represent Blacks and Women Represent Women? A Contingent 'Yes.'" *Journal of Politics* 61(3): 628–57.

Marquis, Lionel, and Jan Rosset. 2021. "Explanations of Poverty and Demand for Social Policy." *Unequal Democracies Working Paper No. 23*. University of Geneva.

Mathisen, Ruben. 2023. "Affluence and Influence in a Social Democracy." American Political Science Review 117(2): 751-758.

Miller, Warren E., and Donald E. Stokes. 1963. "Constituency Influence in Congress." *American Political Science Review* 57(1): 45-56.

Meltzer, Allan H, and Scott F. Richard. 1981. "A Rational Theory of Government." *Journal of Political Economy* 89(5): 914-27.

Niemanns, Erik. 2023. "Welfare States, Media Ownership and Attitudes towards Redistribution," *European Journal of Public Policy* 30(2): 234-53.

Osberg, Lars, and Timothy Smeeding. 2006. "'Fair' Inequality? Attitudes Toward Pay Differentials: The United States in Comparative Perspective." *American Sociological Review* 71(3): 450-73.

Page, Lionel, and Daniel Goldstein. 2016. "Subjective Beliefs About the Income Distribution and Preferences for Redistribution." *Social Choice and Welfare* 47: 25–61.

Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Cambridge, M.A.: Harvard University Press.

Piketty, Thomas and Emmanuel Saez. 2014. "Inequality in the Long Run." *Science* 344(6186): 838-843.

Persson, Mikael. 2020. "What Explains Unequal Responsiveness? Investigating the Role of Institutional Agenda Setting, Costly Policies, and Status-Quo Bias." *Unequal Democracies Working Paper No. 18*. University of Geneva.

Pontusson, Jonas and David Weisstanner. 2017. "Macroeconomic Conditions, Inequality Shocks and the Politics of Redistribution, 1990-2013." *Journal of European Public Policy* 25(1): 31-58.

Rennwald, Line, and Jonas Pontusson. 2022. "Class Gaps in Perceptions of Political Voice: Liberal Democracies 1974-2016." *West European Politics* 45(6): 1334-60.

Rosset, Jan, Nathalie Giger, and Julian Bernauer. 2013. "More Money, Fewer Problems? Cross-Level Effects of Economic Deprivation on Political Representation." *West European Politics* 36(4): 817-35.

Rosset, Jan; Jonas Pontusson and Jérémie Poltier. 2023. "Redistributive Policy Preferences and Government Responsiveness in a Dynamic Perspective: Western Europe 2008-19." *Unequal Democracies Working Paper No. 41*. University of Geneva.

Rosset, Jan, and Christian Stecker. 2019. "How Well Are Citizens Represented by their Governments? Issue Congruence and Inequality in Europe." *European Political Science Review* 11(2): 145-60.

Schakel, Wouter. 2021. "Unequal Policy Responsiveness in the Netherlands." *Socio-Economic Review* 19(1): 37-57.

Schakel, Wouter, and Armen Hakhverdian. 2018. "Ideological Congruence and Socio-Economic Inequality." *European Political Science Review* 10(3): 441–65.

Scheve, Kenneth, and David Stasavage. 2016. *Taxing the Rich: A History of Fiscal Fairness in the United States and Europe*. Princeton, NJ: Princeton University Press.

Schlozman, Kay Lehman, Sidney Verba, and Henry E. Brady. 2012. *The Unheavenly Chorus: Unequal Political Voice and the Broken Promise of American Democracy*. Princeton, NJ: Princeton University Press.

Trump, Kris-Stella, and Ariel White. 2018. "Does inequality beget inequality? experimental tests of the prediction that inequality increases system justification motivation." *Journal of Experimental Political Science* 5(3): 206–16.

Verbist, Gerlinde; Michael Förster and Mariana Vaalavuo. 2012. "The Impact of Publicly Provided Services on the Distribution of Resources." *Social, Employment and Migration Working Papers No. 130*. Paris: OECD.

Wagner, Manuel. 2021. “Unequal Responsiveness and Direct Democracy: The Case of Switzerland.” *Unequal Democracies Working Paper No. 26*. University of Geneva.

APPENDIX:

Table of Contents for *Unequal Democracies*

(preliminary chapter titles)

1. **Introduction: The Political Puzzle of Rising Inequality**

   Noam Lupu (Vanderbilt University) and Jonas Pontusson (University of Geneva)

2. **Unequal Responsiveness and Government Partisanship in Northwest Europe**

   Ruben Mathisen (University of Bergen), Wouter Schakel (University of Amsterdam), Svenja Hense, Lea Elsässer (University of Mainz), Mikael Persson (University of Gothenburg) and Jonas Pontusson (University of Geneva)

3. **The Democratic State and Redistribution: Whose Interests Are Served?**

   Mads Elkjaer (University of Copenhagen) and Torben Iversen (Harvard University)

4. **Measuring Political Inequality**

   Larry Bartels (Vanderbilt University)

5. **Why So Little Sectionalism in the Contemporary United States? The Under-Representation of Place-Based Economic Interests**

   Jacob Hacker (Yale University), Paul Pierson (University of California Berkeley) and Sam Zacher (Yale University)

6. **On the Mechanisms Behind Unequal Representation in Legislatures**

   Michael Becher (IE University Madrid) and Daniel Stegmueller (Duke University)

7. **How do the Educated Govern? Evidence from Spanish Mayors**

   Marta Curto-Grau (Regional Government of Catalonia) and Aina Gallego (University of Barcelona)

8. **Working-Class Officeholding in the OECD**

   Nicholas Carnes (Duke University) and Noam Lupu (Vanderbilt University)

9. **Partly Discontinued Representation: How Differences in Knowledge and Communication can Result in Unequal Representation**

   Ruben Mathisen (University of Bergen) and Yvette Peters (University of Bergen)

10. **Fair Enough? Fairness Reasoning and Demand for Redistribution**

    Charlotte Cavaillé (University of Michigan)

11. The News Media and the Politics of Inequality in Advanced Democracies

Scott Matthews (Memorial University), Timothy Hicks (University College London) and Alan Jacobs (University of British Columbia)

12. Deflecting from Racism: Local Talk Radio Conversations about the Murder of George Floyd

Kathy Cramer (University of Wisconsin Madison)

13. Class and Social Policy Representation

Macarena Ares (University of Barcelona) and Silja Häusermann (University of Zürich)