

RETHINKING POLITICAL ECONOMY OF POLITICAL INEQUALITY

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WHAT WE ARE COVERING

- Growth of state and democracy; late 19th-Late 20th century
- Some of the changes since the 1980s (general but not universal)
- Deterioration of social contract in democracies
- Question 1: How does economic inequality affect political inequality
 - counterbalances
- Question 2: How political inequality affects economic inequality

WHAT WE NEED TO EXPLAIN



Change in time and place in demands/preferences for redistribution as expressed through voting and collective mobilization



Variation in government institutions and policies that support political and economic inequality



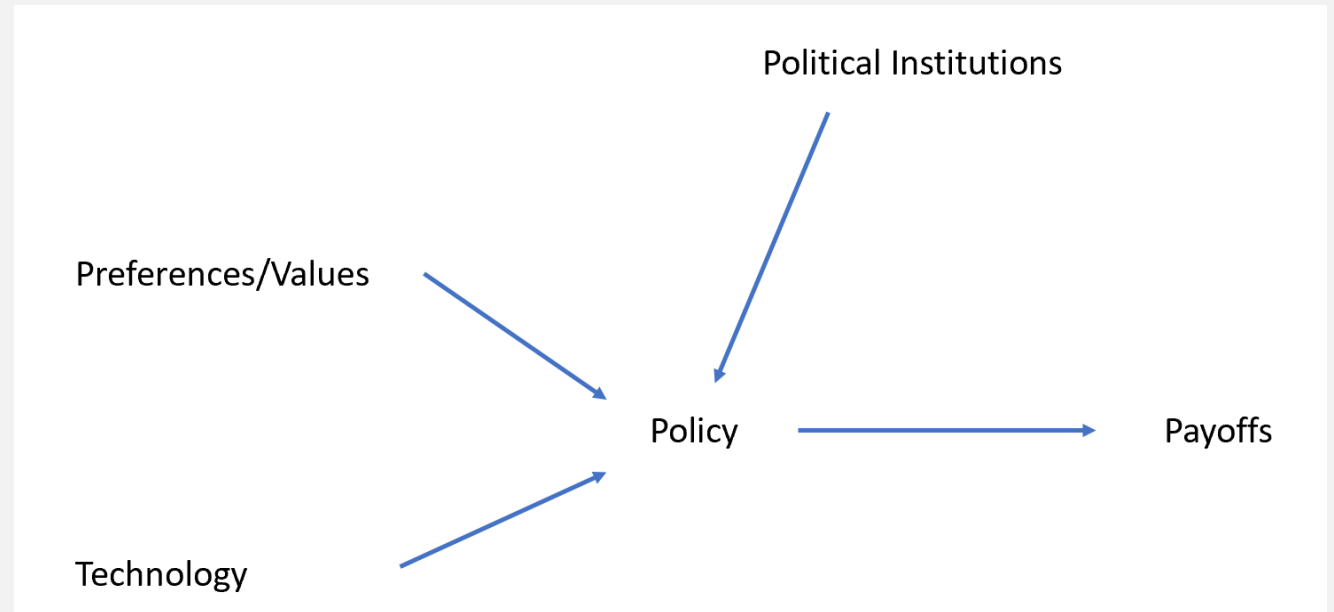
Change in political and economic inequality over time



Relationship to social contract

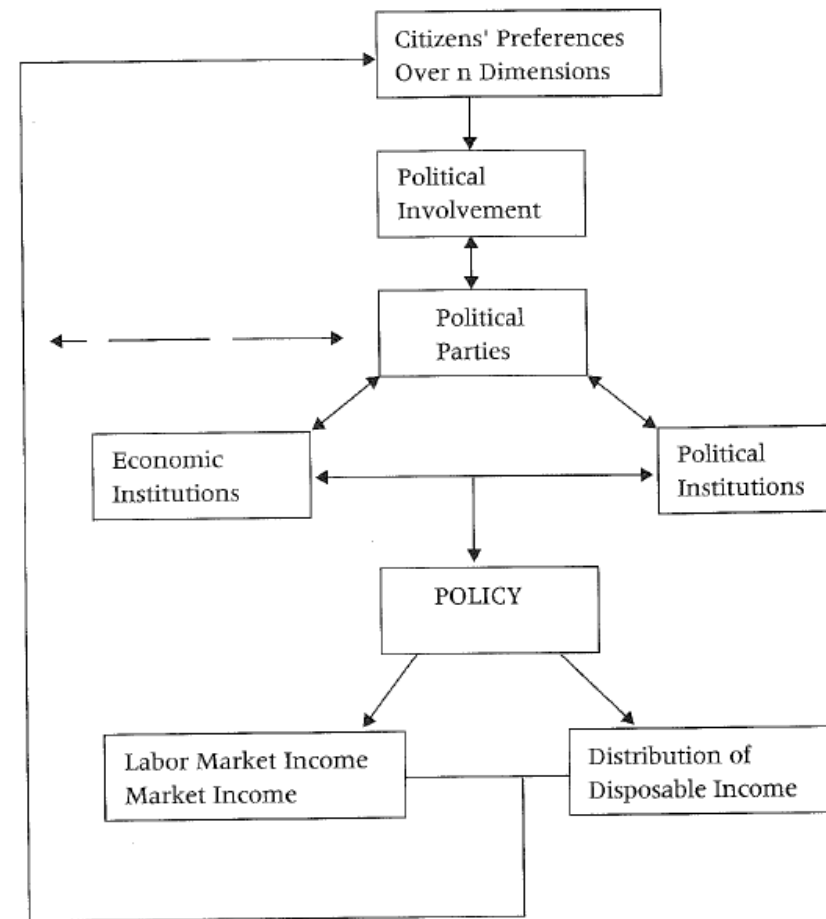
WE ARE REJECTING
MEDIAN VOTER SCHEMA
DEVELOPED BY ROMER,
ROBERTS, MELTZLER, AND
RICHARD

- Its major empirical implication is false
- Leaves out:
 - Partisanship
 - Multiple other dimensions of preferences
 - Institutions
 - Political and economic power

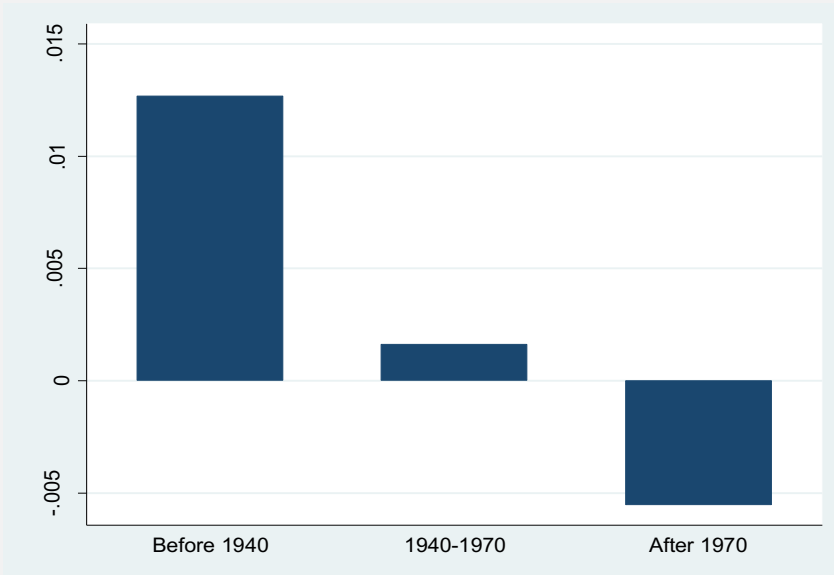


THE MODEL WE BEGIN WITH

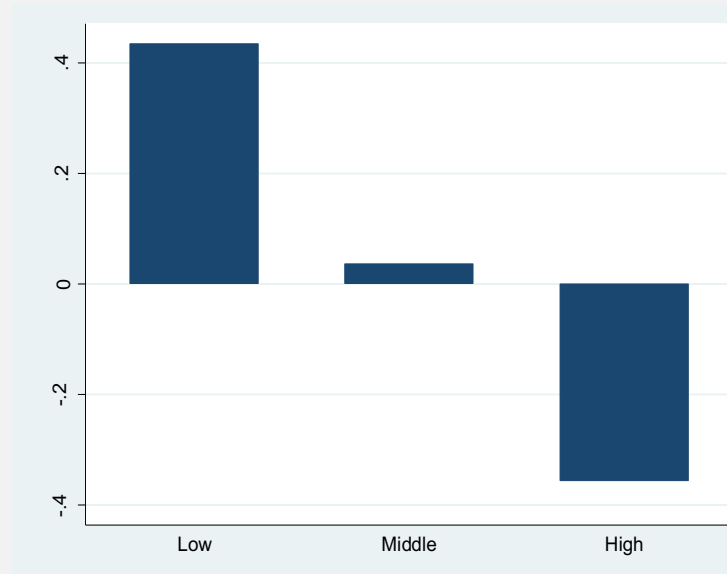
Figure 1.1 The Democratic Politics of Distribution



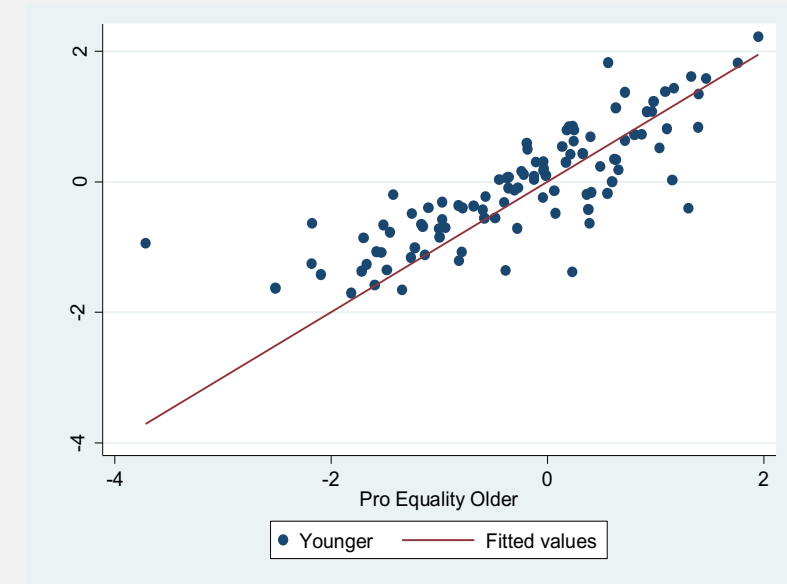
Beramendi and Anderson, p. 12
Source: Authors' compilation.



Generational differences



Educational differences
(primary, secondary, tertiary)

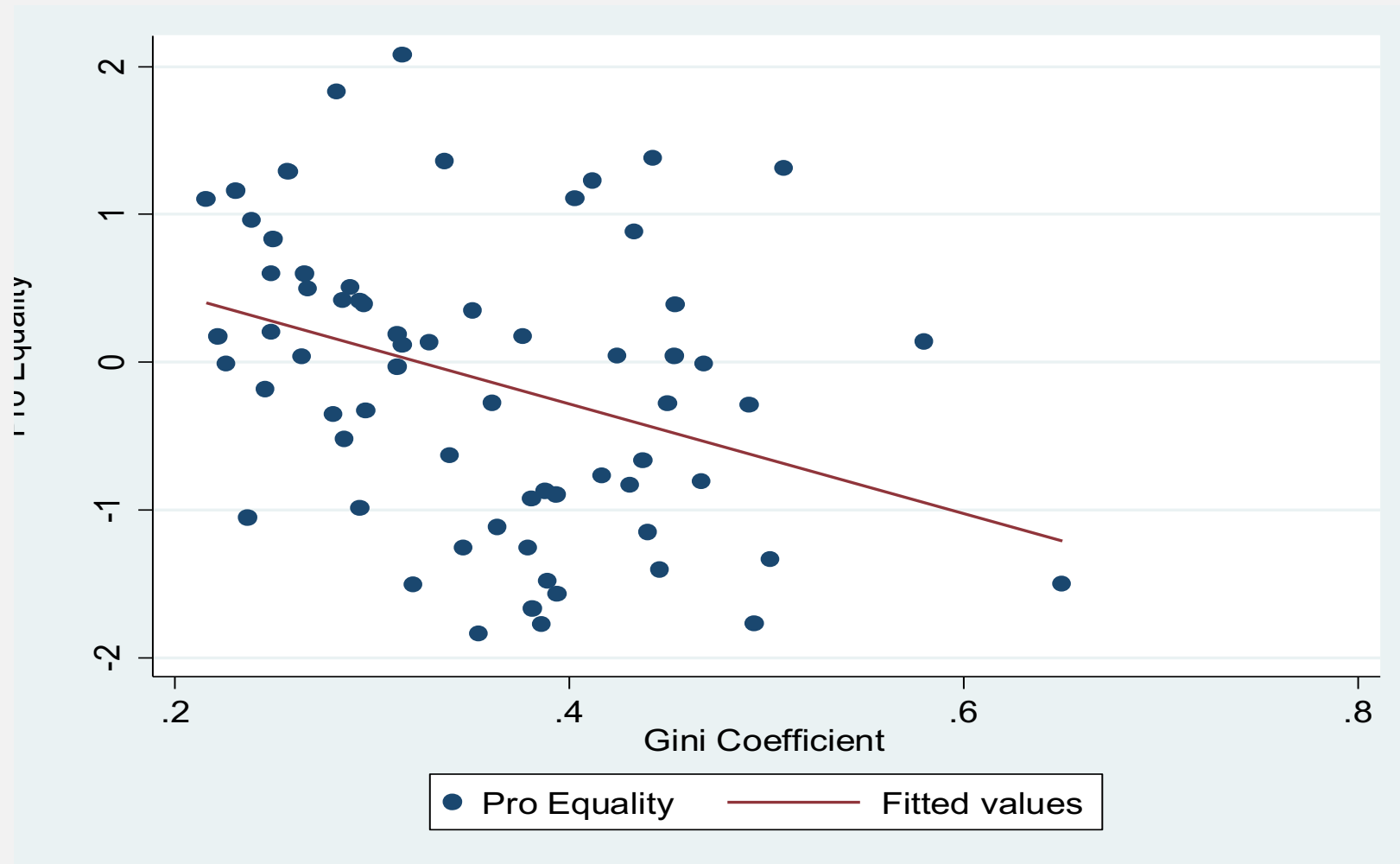


Preferences are stable across
generations and heterogeneous
by country

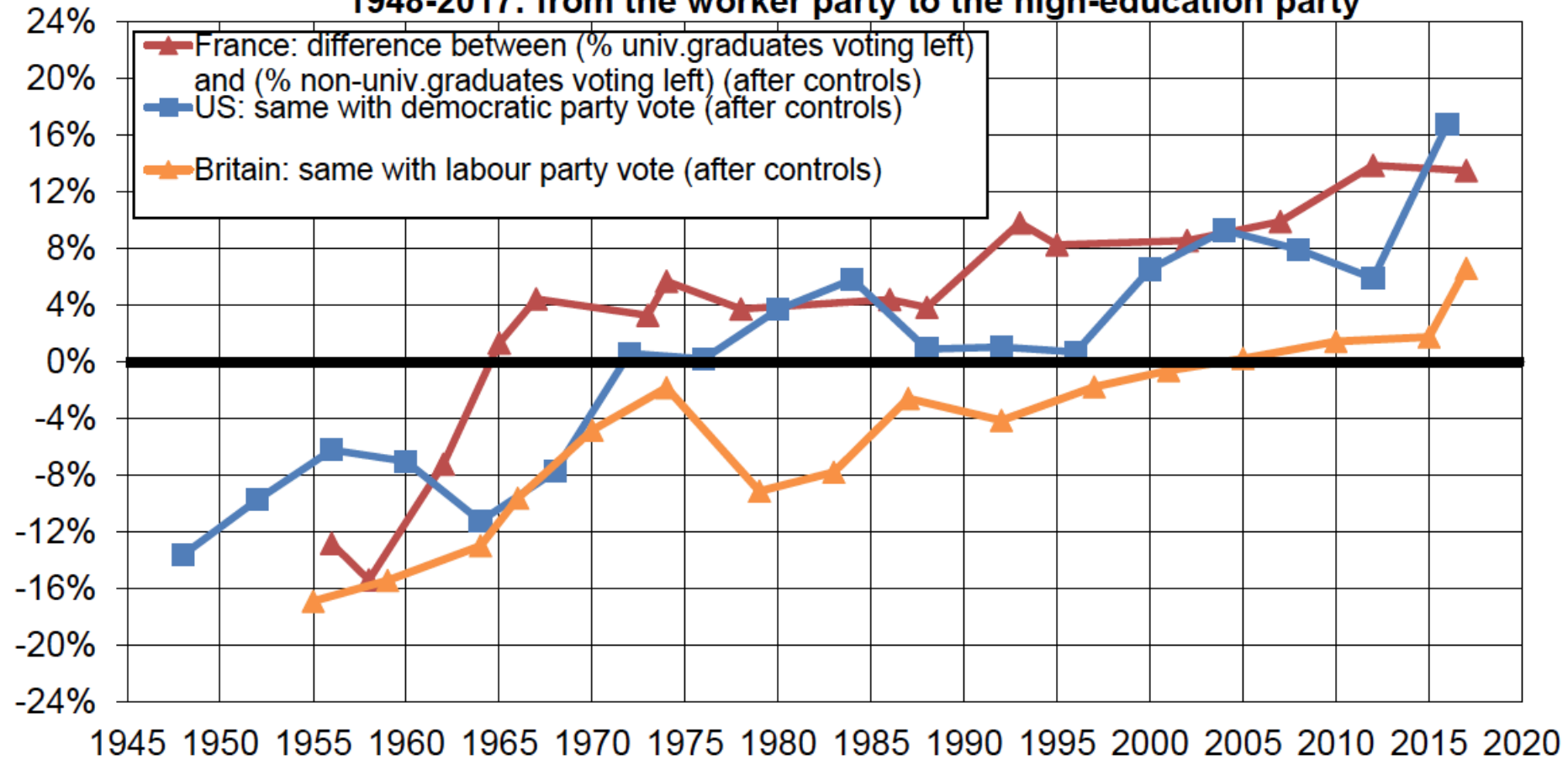
“Do you think that incomes should be made more equal” (10 point scale)

- Data on 440,000 respondents in 103 countries in waves from 1981 to 2014 (WVS/EVS)
Strongly correlated with individual characteristics
Significant cross-country differences

LESS EQUAL COUNTRIES HAVE WEAKER PREFERENCES FOR EQUALITY

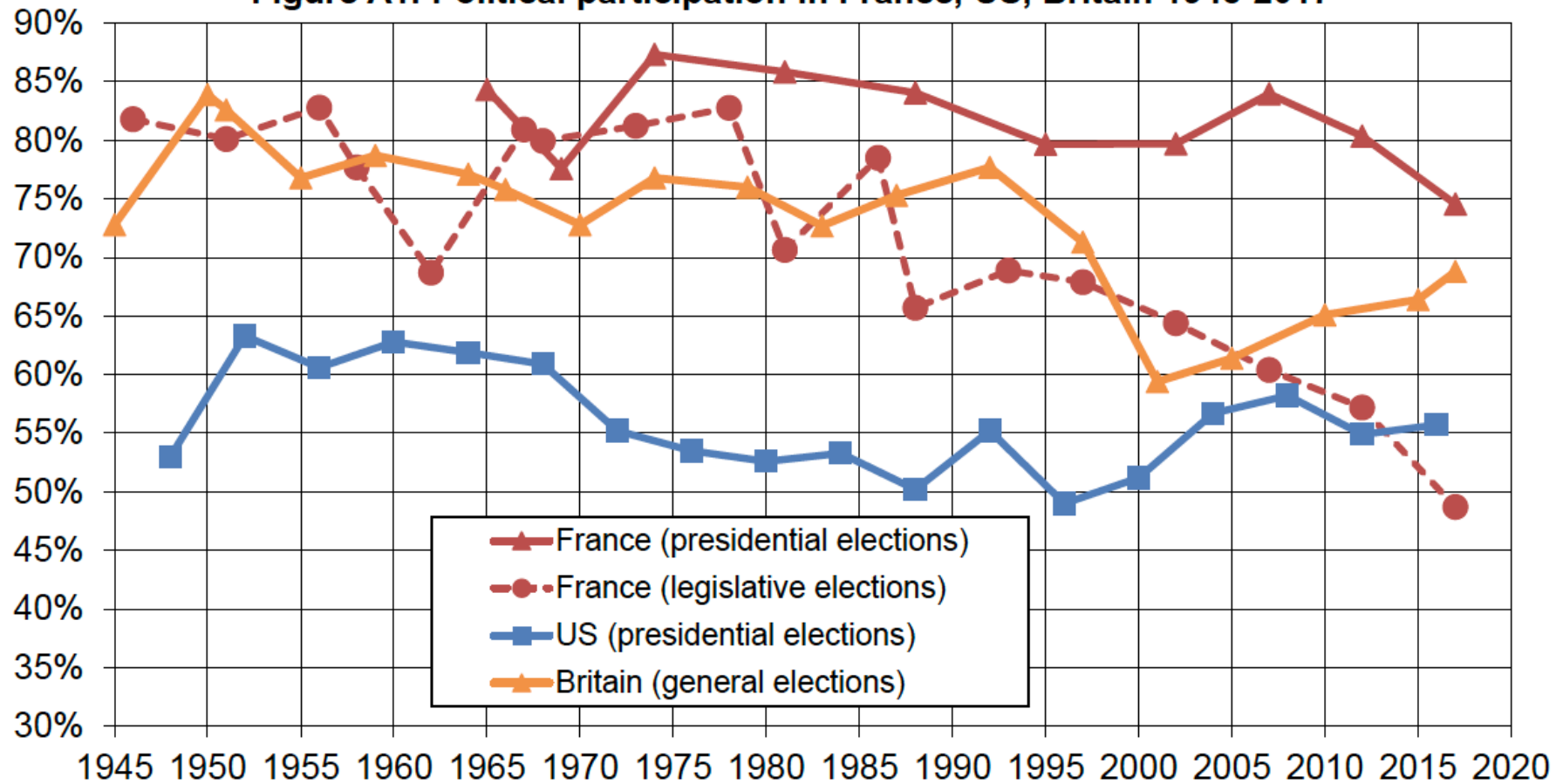


**Figure 1.2c. Voting for left-wing & democratic parties in France, Britain, US
1948-2017: from the worker party to the high-education party**



Piketty, Thomas. "Brahmin Left Vs Merchant Right: Rising Inequality and the Changing Structure of Political Conflict (Evidence from France, Britain and the Us, 1948-2017)." Paris: Paris School of Economics 2019, p. 72.

Figure A1. Political participation in France, US, Britain 1948-2017



Source: author's computations using French and US post-electoral surveys 1948-2017 (see piketty.pse.ens.fr/conflict)

Reading: Turnout has been relatively stable around 75%-85% for presidential elections in France, but it has fallen below 50% for

WE KNOW
PREFERENCES
AND POPULAR
DEMANDS CAN
CHANGE



Institutions matter



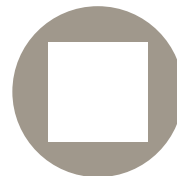
Policy matters



Ideas and leadership
matter



Popular organization
and collective action
matter



Economic geography
matters



Culture and values
matter

GOVERNMENT LEVERS
OF CHANGE
TOWARDS EQUALITY

- **Fiscal policy (taxes and transfer)**
- **Regulations to**
 - *Delimit political advantages that come from wealth*
 - *Ensure opportunities*
 - *Redistribute*
 - *Contain noxious markets*
- **Pre-distribution and social investment**
- **Reforms of political system**
- **Laws that facilitate democratic organizing and organizations**

A NEW SOCIAL CONTRACT

- **Requires creation a new political equilibrium**
 - **To rebuild confidence in government willingness and capacity to support political and economic equity, if not full equality**
 - **To build an encompassing “community of fate”**
 - **To redesign the institutions that make both political equality and flourishing possible**
- **Learn from comparison and history**
 - **One size does not fit all**
 - **Capitalist democracy (modified) possibly the best but not the only means**