

WWS 590B/POL598
Politics of Inequality and Redistribution

This six-week segment of the Social Policy seminar will focus on the politics and political economy of inequality and the welfare state. Particular attention will be paid to the institutions and policies of the advanced industrial economies.

Following a brief overview, we will begin by presenting some simple models of policy choice by self-interested voters (e.g. concerned with their own incomes and economic risks) in a purely majoritarian setting. We then extend these frameworks in two ways. First, we explore the role of different economic and political institutions such as firms, unions, parties, and electoral systems. We then consider more complex models of voter motivations including altruism, religion, and racial attitudes.

Written Assignments

There will be two types of written assignment during the course. Each student will be required to prepare one assignment of each type (i.e., two written pieces during the course):

- (a) For each week of the class, we will designate one or two of the readings listed on the syllabus for that week. For each such designated reading, we will also choose a student to provide a written analytical critique of that reading. For this assignment, you should provide a succinct but careful assessment of the reading's contribution to the topic at hand. Maximum length: 5 double-spaced pages (about 1400 words).
- (b) The other written assignment will be an overview of a group of readings for the week. (We will again designate the relevant readings to be considered for the assignment.) Your goal here is to give a brief account of the common themes among the readings, note the main areas of disagreement and their possible sources, and to give your sense of the unresolved issues. Maximum length: 5 double-spaced pages (about 1400 words).

Before the start of the course, we will circulate a roster that allocates assignments to each student over the six weeks of the class. You will be permitted to trade assignments with each other, but only assignments of the same type may be traded (i.e., no trades of a type (a) for a type (b)). A trade will be official only after it is approved by one of the course instructors. We will keep a current roster of assignments on the class Blackboard site, under "Assignments".

Completed written assignments should be submitted on Blackboard by 10 P.M. on the Sunday before the Tuesday class for which they are assigned. Post your paper in the Discussion Board part of the Communication section of the Blackboard site, under the "Submitted papers" forum topic. Click on "Add thread" and upload your document as an attached file.

Although for each week only some of the students will have prepared a written assignment, we expect that everyone will have done the reading for the class and will be fully prepared to participate in the discussion.

Readings can be accessed on the course Blackboard site. The articles are usually available under "Course Materials" and the book chapters under "E-reserves".

Week 1 (November 4): Introduction

A. Overview of cross-national differences

Jonas Pontusson. 2005. *Inequality and Prosperity*, ch. 7.

Gøsta Esping-Andersen. 1990. *The Three Worlds of Welfare Capitalism*, chs. 2-3.

Alexander Hicks and Lane Kenworthy. 2003. "Varieties of Welfare Capitalism," *Socio-Economic Review* 1 (1):27-61.

Lane Kenworthy and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries," *Perspectives on Politics*, 3(3):449-471.

B. The pivotal-voter model

Background on voting models: Torsten Persson and Guido Tabellini, *Political Economics* (2000), chs. 2 and 3, especially pages 48-52.

Allan Meltzer and Scott Richard. 1981. "A Rational Theory of the Size of Government," *Journal of Political Economy*, 89 (5): 914-927.

Week 2 (November 11): Extensions and challenges to the pivotal-voter model

Thomas Romer. 2004. "The Elusive Median Voter" in C. Rowley and F. Schneider (eds.), *Encyclopedia of Public Choice*, Kluwer, vol II, pp. 211-213.

Karl-Ove Moene and Michael Wallerstein. 2001. "Inequality, Social Insurance and Redistribution," *Am. Pol. Sci. Rev.* 95(4):859-874.

Avinash Dixit and John Londregan, "The Determinants of Success of Special Interests in Redistributive Politics," *J. Politics*, 1996: 1132-1155.

Branko Milanovic. 2000. "The Median-Voter Hypothesis, Income Inequality and Income Redistribution." *European Journal of Political Economy* 16:367-410.

Philipp Harms and Stefan Zink. 2003. "Limits to Redistribution in a Democracy," *European Journal of Political Economy* 19: 651-668.

Martin Gilens 2005. "Inequality and Democratic Responsiveness." *Public Opinion Quarterly* 69(5):778-796.

Week 3 (November 18): Power resources and Varieties of capitalism

Walter Korpi and Joakim Palme. 1998. "The Paradox of Redistribution and Strategies of Equality." *American Sociological Review* 63:661-687.

Torben Iversen and David Soskice. 2001. "An Asset Theory of Social Policy Preferences," *Am. Pol. Sci. Rev.*, 95:875-893.

David Bradley *et al.* 2003. "Distribution and Redistribution in Postindustrial Democracies." *World Politics* 55:193-228.

Margarita Estevez-Abe, Torben Iversen and David Soskice. 2001. "Social Protection and the Formation of Skills." In Peter Hall and David Soskice, eds., *Varieties of Capitalism*, 145-183.

Isabela Mares. 2003. "The sources of business interest in social insurance: sectoral versus national differences," *World Politics*, 55(2): 229-258.

Walter Korpi. 2006. "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism," *World Politics* 58(2):167-206.

Week 4 (November 25): The effects of formal political institutions

A. Electoral rules

Background: Persson and Tabellini, *Political Economics* (2000) chs. 8 and 9.

Alberto Alesina and Edward Glaeser. 2004. *Fighting Poverty in the US and Europe*, chs. 4-5.

Torsten Persson, Gerard Roland, and Guido Tabellini. 2007. "Electoral Rules and Government Spending in Parliamentary Democracies." *Quarterly Journal of Political Science* 2 (2):155-88.

Torben Iversen and David Soskice. 2006. "Electoral Systems and the Politics of Coalitions," *Am. Pol. Sci. Rev.*, 100(2):165-181.

Noam Lupu and Jonas Pontusson. 2008. "Electoral Rules, Income Inequality and the Politics of Redistribution."

B. Federalism

Martin Feldstein and Marian V. Wrobel, "Can State Taxes Redistribute Income?," *J. Public Econ.* (1998): 369-396.

Avinash Dixit and John Londregan, "Fiscal federalism and redistributive politics," *J. Public Econ.* (1998): 153-180.

Dennis Epple and Thomas Romer, "Mobility and Redistribution," *J. Political Economy* (1991): 828-858.

Week 5 (December 2): The U.S. case

A. Longitudinal change

Thomas Piketty and Emmanuel Saez. 2003. "Income Inequality in the United States 1913-1998," *Quarterly Journal of Economics*, v. 118(1): 1-39.

Nolan McCarty, Keith Poole and Howard Rosenthal. 2006. *Polarized America*, ch. 3.

Larry Bartels, 2007. *Unequal Democracy: The Political Economy of the New Gilded Age*, ch. 2.

Larry Bartels, "Homer Gets a Tax Cut? Inequality and Public Policy in the American Mind." *Perspectives on Politics* 3(1):15-31.

Jacob Hacker and Paul Pierson "The Bush Tax Cuts and the Limits of Democratic Control." *Perspectives on Politics* 3(1):33-53.

B. Redistribution via specific goods: Education

Sean Corcoran, Thomas Romer, and Howard Rosenthal, "The Troubled Quest for Equality in School Finance", in Howard Rosenthal and David Rothman, eds., *What Do We Owe Each Other? Rights and Obligations in Contemporary American Society*, Transaction Publishers, 2008.

Sean Corcoran *et al.* "The Changing Distribution of Education Finance, 1972-1997," in K. Neckerman, ed., *Social Inequality*, Russell Sage Foundation, 2004, pp. 433-465.

Sean Corcoran and William Evans, "Income Inequality, the Median Voter, and the Support for Public Education", working paper, 2008.

Stephen Calabrese, Dennis Epple, Thomas Romer, and Holger Sieg, "Local Public Good Provision: Voting, Peer Effects, and Mobility," *J. Pub. Econ.*, 2006: 959-981.

Week 6 (December 9): Attitudes toward redistribution, revisited

Alesina and Glaeser. 2004. *Fighting Poverty*, chs. 6-7.

Christina Fong. 2001. "Social Preferences, Self-interest and the Demand for Redistribution." *Journal of Public Economics* 82:225-246.

Lars Osberg, and Timothy Smeeding. 2006. "Fair' Inequality? An International Comparison of Attitudes to Pay Differentials." *American Sociological Review* 71(June):450-473.

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

Martin Gilens. 1999. *Why Americans Hate Welfare*, pp. 60-79.

Erzo Luttmer, 2001. "Group Loyalty and the Taste for Redistribution" *The Journal of Political Economy*, Vol. 109, No. 3. (Jun., 2001), pp. 500-528.

Kenneth Scheve and David Stasavage. 2006. "Religion and Preferences for Social Insurance." *Quarterly Journal of Political Science* 1:255-286.

Staffan Kumlin and Stefan Svallfors. 2007. "Social Stratification and Political Articulation." In Steffen Mau and Benjamin Veghte, eds., *Social Justice, Legitimacy and the Welfare State*. Pp. 19-46.