# Book Reviews: How the Wealth Gap Damages Democracy

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***Inequality and Instability***. By James K. Galbraith, Oxford University Press.

***Affluence & Influence***. By Martin Gilens, Princeton University Press.

Reviewed by James Ledbetter, the op-ed editor of Reuters and the author, most recently, of *Unwarranted Influence: Dwight D. Eisenhower and the D Military-Industrial Complex*

**What do we mean by "inequality,"** and why exactly is it bad for American democracy? Are we discussing inequality of wages within a given firm or industry? Or inequality in household income—i.e., the difference between the poor and the middle class, or between the rich and everyone else? What about political inequality—is it a cause or an effect of economic inequality?

These are not idle questions, and to contemplate even incomplete answers appears, on the basis of these two books, to reveal a kind of knowledge inequality. Unless you've got a PhD in economics or political science and what Princeton University political scientist Martin Gilens calls "a virtual army of research assistants," there's not much chance that you're going to reach airtight answers on your own.

Gilens and James K. Galbraith are among the few experts who've been working on the subject for more than a decade. Their conclusions reinforce the fears of those of us who've suspected that inequality is a blight on American society. Indeed, the damage to democratic values is not in some distant dystopian future: Gilens states plainly that the relationship between the policy desires of the wealthiest 10 percent of the population and actual federal public policy over recent decades "often corresponded more closely to a plutocracy than to a democracy."

Yet both books offer some glimmer of hope, as well as findings that will surprise partisans on any side of the inequality debate.

If Galbraith is correct, the overwhelming majority of Americans have not experienced inequality directly. It's not really the case that the poor or the middle class are getting poorer; rather, the rise in inequality comes from a very small number of rich people becoming ultrarich. Galbraith maintains that just five U.S. counties—three in northern California, one in Washington state where Microsoft is located, and New York County, aka Manhattan—are responsible for about half of the rise in inequality through the late 1990s, and just 15 counties—out of 3,143 counties nationwide—are responsible for all of it.

Galbraith believes that recent volatility in inequality levels stems almost entirely from the increased accumulation of wealth among those working at the top of the technology and finance sectors.

The biggest problem, he insists, is that in recent decades, we seem to have forgotten how to grow the economy *except* by increasing inequality. The result has been a series of bubbles, and bubbles always cause damage when they pop. Galbraith also trains his lens on Europe, and finds that the common assumption that Europe is "more equal" than the U.S. is untrue; precise measurements reveal that, aside from the handful of northern European social democracies, the opposite is true.

Gilens's concerns are different, more pessimistic. He maintains that the poor and middle class have precious little representation in federal policymaking. Surveying a 40-year period, he finds that legislative outcomes almost never correspond to the public opinion preferences of the poor (at least when their expressed interests differ from those of the rich), whereas they much more frequently match the policy preferences of the wealthiest 10 percent. He does not flinch from the harsh conclusion: "The complete lack of government responsiveness to the preferences of the poor is disturbing and seems consistent only with the most cynical views of American politics.”

He could be underestimating the problem. Gilens looks at public opinion surveys, and whether or not a given policy is enacted. It’s entirely possible, though, for a law to pass that superficially pleases the poor and middle class, and then be implemented in ways that actually serve the interests of the rich. Such “wealth drift” would not show up in Gilens’s dataset. Moreover, he acknowledges that he cannot reliably measure the public policy preferences of the top one percent or one tenth of a percent of the population, and it seems plausible that elected officials are even more responsive to the desires of that upper echelon than to the top 10 percent.

Gilens’ explanations are hardly surprising. Compared to the poor (and to a lesser extent the middle class), the affluent are more likely to vote; to volunteer for a campaign; and, crucially, to donate to campaigns, political parties, and political action committees.

One reason why political inequality fails to generate much outrage is that the preferences of the economic elite do not uniformly correspond to policies of either left or right. Yes, wealthy Americans are more likely than their poorer fellow citizens to favor cuts in personal and capital gains taxes, and to oppose protectionist measures. At the same time, they are more likely to support gay rights, abortion, and gun control, and are more likely to want to maintain or even increase foreign aid.

Gilens finds other reasons to avoid declaring democracy dead. Federal policy tends to mirror overall public opinion a bit more during presidential election years. And while political gridlock is much derided by commentators of all stripes, he argues that it can sometimes force policy outcomes that correspond more closely to public wants.

It’s also worth remembering that when Galbraith’s groundbreaking book *Created Unequal* was published in 1998, almost no one in America—from Congress to the media to the public square—was publicly discussing inequality. Now, at least, we are, and these two fascinating books will make that discussion better informed.