

Democracy and Distribution

Democratic Vistas

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1. Introduction. In 1835 Alexis de Tocqueville made the following statement in the introduction to Democracy in America:

The gradual progress of equality is something fated. The main features of this progress are the following: it is universal and permanent; it is daily passing beyond human control, and every event and every man helps it along. Is it wise to suppose that a movement of society that has been so long in train [he believed for seven centuries] can be halted by one generation? Does anyone imagine that democracy, which has destroyed the feudal system and vanquished kings, will fall back before the middle classes and the rich? Will it stop now, when it has grown so strong and its adversaries so weak?

He was speaking to the French nobility and propertied classes, smug and self-satisfied following the failures of the 1830 revolutions and the restoration of monarchies across Europe. His message was: Democracy is the institutional expression of the restless drive for equality. It will kill you if you try to stop it. The best you can do is try to domesticate it or "tame its wild instincts."

If you read his preface to the 12th edition, published in 1848, Tocqueville's message is "I told you so." Revolutions had again swept throughout Europe, replacing monarchy after monarchy with republican and democratic regimes. His message was: learn to live with democracy, as the Americans have done, or it will wipe you out.

My overall concern is with the extent to which Tocqueville was right. I am interested in the impact, if any, of democracy on the distribution of income and wealth. My more particular concern is to ask why do democracies in general, and American democracy in particular, redistribute so little to those at the bottom of the socio-economic order? Is it because democracy has been appropriately "tamed" in as he argued that it ought to be, or are there other reasons, rooted in the nature of democracy, equality, or the relations between the two?

Why is it a question worth asking?

- 1.1. Practical concern: in the US the bottom quintile lives in or close to poverty. Elsewhere the inequalities are even starker. SA since 1994: far from increasing tax rates on the wealthy the ANC has been cutting them, even though its on of the most inegalitarian distributions in the world and millions of people live in abject poverty.
- 1.2. Theoretical puzzle. 19th century expectations on the left and the right: If the poor are enfranchised they will expropriate the rich. Formalized in political science via the median voter theorem which predicts majority support for downward redistribution, given a distributive status-quo like that in the advanced capitalist democracies. Yet history demurred. No systematic relationship between expanding the franchise and progressive redistribution. In fact, expanding the franchise is compatible with regressive redistribution. Examples: US 1975-95; 2000 bipartisan support for abolishing the estate tax.

This issue is not well-understood. There are various theoretical conjectures in the literature and some empirical studies, but, despite urgency and importance of the problem, no systematic study of it has been undertaken. That's what I'm working on; this lecture is part a survey of the literature, part a report of work in progress.

2. Logic of the question and my approach to it.
 - 2.1. What this concern is not. Why no socialism in America? Not why are American workers not more militant? Democracy offers a ready-made institutional solution to a major collective-action obstacle to downward redistribution. The question is why the dispossessed fail to take more advantage of it.
 - 2.2. Even within this limited conceptualization of the problem, it is important to understand that this is not one issue but many issues. No single explanation. Different factors interact and are more and less important in different contexts.
 - 2.3. 2.2. implies that there is no magic bullet on the prescriptive front.
 - 2.3.1. Have to think about responding to pieces of it.
 - 2.3.2. Have to distinguish the most causally important factors from those most susceptible to change in a given situation.
 - 2.4. The supply-side/demand-side heuristic. Focus on demand, asking why there is not more pressure for redistributive policies to the poor, and, from the supply side, asking why politicians and political elites do not try to put more redistributive policies on the table. Danger because they interact: the failure of both major parties to offer policies that benefit the poor compounds their political alienation, which in turn strengthens politicians' incentives to ignore them. Nonetheless supplies focus for considering different points of intervention and their likely effects.
3. The Supply side. When focusing on this, we assume there would be effective demand (i.e. a winning coalition) for more downward

redistribution than we see, and ask why the policies are not supplied. We distinguish two aspects of the supply side: those concerned with raising revenue and those concerned with spending it.

- 3.1. Revenue raising.
 - 3.1.1. Weak states. Contra Weber's definition as a monopoly of coercive force in a given territory.
 - 3.1.1.1. Since Marx & Engels coined the phrase "the executive committee of the bourgeoisie" in The Communist Manifesto, the argument has been made that democratic governments bow down before the power of capital. State of the art in the contemporary literature is Przeworski & Wallerstein, who do indeed show that anticipation of capital strikes limits the willingness of politicians to tax.
 - 3.1.1.2. Why we should expect this to get worse with globalization and the expansion of free trade. Capital strikes become capital flight both internationally and within federal and other decentralized systems. This race to the bottom.
 - 3.1.1.2.1. Internationally, Garrett's result. Not what people think. That is, globalization does not benefit the very poor in the 3rd world. Poor people in middle-income economies benefit from trade-openness, but in poor countries only elites benefit.
 - 3.1.1.2.2. In the US some evidence of race to the bottom phenomenon, though also some stickiness. (Peterson & Rom, Tweedie, Figlio, Koplin & Reid)
 - 3.1.2. Role of money in politics.
 - 3.1.2.1. It seems obvious that campaign contributions will have a big effect on policies advocated by politicians because politicians must compete in the first instance for campaign contributions and only secondarily for votes. Particularly if the wealthy give to both parties, should anticipate bipartisan support for policies to the right of the median voter (such as abolishing the estate tax). This is hard to study empirically because it may be the threat of giving funds to an opponent rather than any funds that are actually given that moves politicians. In this its like the capital strike/flight problem. Obviously the capacity of the poor to make campaign contributions is limited.
 - 3.1.2.2. In the US it seems clear that political expenditures (as distinct from contributions--Buckley v. Valeo problem) in shaping redistributive policies. (Marmor and Hamburger on the expenditures to kill the Clinton Healthcare reform plan). Though the more interesting story here might really be contributions as in 3.1.2.1. in explaining why single payer was never even put on the table by the Clinton administration.
 - 3.1.2.3. Various proposals for campaign-finance reform (McCain-Feingold, Ackerman, Ayers, Schmitter, others) would be plusses if they led politicians to offer policies closer to the economic preferences of the median voter, though for reasons discussed below, this might not make much difference to the bottom quintile of the population.

- 3.1.3. Institutional arrangements
 - 3.1.3.1. There are good reasons for thinking that redistribution is more difficult to achieve in some institutional contexts than others. Generally, the greater the number of institutional veto points, the more difficult it is to innovate, so if the status quo is highly inequalitarian, or if the economy is continuously manufacturing new inequalities, then the political system will be less able to ameliorate. (Veto points arguments re unitary v. federal; parliamentary v. separation-of-powers systems).
 - 3.1.3.2. This is of particular relevance in the US given the historical role of the Federal courts. Increasingly seems that the Warren era was an outlier, giving the left imprudent faith in the courts. Comparative evidence seems to corroborate this claim. (Hirschl)
 - 3.1.3.3. The recent trend in democracy toward ceding authority for monetary policy to independent banks may be another institutional limitation on down redistribution. Bankers are likely to perceive fiscal policies designed to achieve downward redistribution to be inflationary, and counteract them with the monetary instruments they control. There is some evidence that democratic governments increasingly tie their own hands by ceding such authority to such veto players, and to other veto players such as international financial institutions, to insulate themselves from populist demands (Vreeland).
 - 3.1.3.4. Another significant implication of the role of veto-players in limiting institutional capacity to innovate concerns claims for political decentralization, strong civil society, transferring government functions to civic groups, etc. These come from the left (Cohen & Rogers, Bardhan), center (Putnam) and Right ("Thousand Points of Light," "Faith-based social policy initiatives"), but may be classified together as malevolent from this point of view--whatever their other advantages.
 - 3.1.3.5. Another facet of this problem concerns institutional arrangements in the legislature. For instance, in the US Congress party leaderships are comparatively weak and Senators and Representatives much more responsive to constituencies, contributors, and interest groups (Steinmo) In effect this is another version of the veto points argument.
- 3.1.4. Other considerations about political parties are also relevant to thinking about this problem.
 - 3.1.4.1. In the political science literature parties are generally modeled as monolithic actors, geared to maximizing votes. However, Roemer has shown that if they are composed of factions with different goals-- opportunists (interested in winning) reformers (interested in policies), and militants (interested in publicity) then they may not converge on downwardly redistributive policies.

- 3.1.4.2. Are two-party systems less willing to redistribute to the bottom quintile than multi-party systems? There is some evidence to suggest this is so, if we believe the median-voter favors more downward redistribution than we actually see. PR systems produce policies that are closer to the preferences of the median voter. (Powell)
- 3.1.4.3. Since its rare that countries change their electoral systems and highly unlikely that PR will be adopted in the US? What other types of reforms might be possible that would increase responsiveness to (a) the median voter (b) the poor?
 - 3.1.4.3.1. Antitrust idea used against political parties. Bipartisan agreement=collusion in restraint of trade. Progressives argued this and some contemporary literature. In the US, there are limitations deriving from the Supreme Court's Noerr-Pennington doctrine, but also untested possibilities.
 - 3.1.4.3.1.1. N-P rules out applying antitrust laws to "valid governmental action, as opposed to private action." (*Eastern R.R. President's Conf. V. Noerr Motor Freight*, 365 U.S. 127 (1961) at 136)¹ But this does not speak to activities by political parties.
 - 3.1.4.3.1.2. The Sherman Act has generally been held not to apply to non-economic entities such as labor unions, but exceptions are made when a conspiracy is alleged between such an entity and a business to injure the interests of another business, or where the agreement sought does not encompass a "legitimate union interest."² Analogously, activities by political parties might not be exempted if they allied with corporate contributors to promote anticompetitive practices, or could otherwise be shown to be seeking agreements with one another which went beyond "legitimate party interests."
 - 3.1.4.3.1.3. The constitutional obstacles to applying antitrust principles to politics are rooted in the right of petition and the "ability of the people to make their wishes known to their representatives."³ But the rationale for

¹ *Eastern R.R. President's Conf. V. Noerr Motor Freight*, 365 U.S. 127 (1961) at 136.

² *Connell Constr. Co v. Plumbers & Steamfitters Local Union No. 100*, 483 F. 2d 1154, 1164 (5th Cir. App. 1973); see also *Local Union No. 189, Amalgamated Meat Cutters v. Jewel Tea Co.*, 381 U.S. 676.

³ *Noerr*, 356 U.S. at 137, 138. Thus the court rejected a claim by the State of Missouri that the National Organization of Women had violated the Sherman Act by organizing a conference boycott in states that had not ratified the Equal Rights Amendment, holding that the participants were engaging in legitimate forms of political organizing rather than

this type of political exemption does not go to forms of collusion that undermine the process of free political expression itself, which parties engage in by maintaining prohibitive costs to entry, agreeing to exclude minor parties from political debates, and related practices.

3.1.4.3.1.4. Because the Sherman Act has been held to apply only to business combinations,⁴ and to organizations that have commercial objectives,⁵ antitrust regulation of such behavior might require additional lawmaking. It is hard, for obvious reasons, to envision legislators enacting such laws, but it is less difficult to think of political antitrust measures being adopted as a result of ballot initiatives to limit the "market share" of any particular party's votes.

3.1.4.3.2. Also in the anti-competitive mode one might think about initiatives to subsidize "infant industry" parties.

3.1.5. Contextual factors

3.1.5.1. Are certain periods more propitious than others for revenue-raising, particularly on the rich? The evidence suggests yes. In the US at any rate it appears only to be possible to increase taxes on the rich during wars and other times of great crisis. Otherwise there is little change in the structure of progressivity over time. (Steinmo, Witte)

3.1.5.2. Is it more difficult to raise taxes in expansions than recessions? When deficits are larger or smaller? Perhaps counter-intuitively, the answer in both cases is yes. (Witte). When times are good and budgets are in surplus (as now), the pressure is to cut taxes.

3.2. Expenditures. One possible conclusion to 3.1. for those who would like to seem more downward redistribution is that they should forget about increasing progressivity in tax-raising. Given the difficulties, structural and contextual, of making the system more progressive than it is, perhaps it would be better to abandon progressivity in revenue-raising, just go for the most effective method in a given context and worry about distributive agendas on the expenditure side? (Arguments over consumption taxes v. income taxes v. estate taxes in the US). This argument tends to be made in third world contexts, where the limits of state capacity are more dramatically evident; but arguably they make sense generally.

undermining commercial competitors. *Missouri v. National Organization of Women, Inc.*, 467 F. Supp. 289, 304 (1979), cert. denied 449 U.S. 842 (1980).

⁴ *Parker v. Brown* 317 U.S. 341, 351 (1943).

⁵ *Klor's Inc. v. Broadway-Hale Stores, Inc.*, 359 U.S. at 213 n. 7 and *Apex Hosiery Co. v. Leader*, 310 U.S. 469, 493 n.5.

- 3.2.1. Does the type of expenditure influence the likelihood of the policies that will redistribute to the bottom quintile? Yes, Outlays are more difficult to enact tax expenditures (deductions) which have to go through fewer institutional veto points and often are not perceived as government spending (charitable deductions, home-interest mortgage deductions. These are components of Christopher Howard's Hidden Welfare State. This is presumably why it is so difficult to have discussion of a social wage or universal basic income (von Parijs) in the US. Even when you have elements of it, it seems it must be euphemistically named a "refundable tax credit" or a "negative income tax." Likely a significant difference between the US, on the one hand, and Europe and Japan on the other.
- 3.2.1.1. Moral of Howard's US story: Get your foot in the door in the dark. Start with small tax expenditures and let them grow over time.
- 3.2.1.2. Because the bottom quintile does not pay taxes they could not benefit directly, but they might benefit indirectly (see 3.2.8. below).
- 3.2.2. Universalism v. "targeted" programs. Some literature suggests that it is easier to enact universal programs such as Social Security rather than one targeted at groups, such as AFDC--the theory being that the targeting brings demonization with it. However some contrary evidence too. There are intermediate possibilities. Skocpol et. al on "targeting within universalism".
- 3.2.3. If incrementalism and camouflaged policies better bets than bold innovations to improve the condition of the poor? (Howard), what are the costs of these policies? Seems to run counter to arguments for publicity and transparency that often go with defenses of democracy (e.g. Gutmann and Thompson, Fishkin).
- 3.2.4. What are the fixed effects in budget priorities, such as interest payments, certain types of military expenditures. Some literature suggests there is a "crowding out" effect on redistributive policies when deficits are large (Skocpol, Boomerang), though this is in some tension with the argument under 3.1.5. that lack of budgetary pressure makes it harder increase taxes. Perhaps there are upper ceilings on taxes that will be tolerated in non-crisis times, and the Boomerang logic prevails once this threshold has been passed.
- 3.2.5. Some literature suggests that there are limits to the proportion of the budget available for transfer payments, so that increasing the numbers who benefit from transfer payments leads to reductions in the size of the payments themselves. (Peterson & Rom). If this is so, another reason to go the tax-expenditure rather than the transfer route.
- 3.2.6. Some literature suggests that transfer payments more palatable when linked to work (Ribar & Wilhelm, Moffit, Ribar & Wilhelm).
- 3.2.7. It stands to reason that transfer payments are more likely to survive when command support from interest groups of the left and the right. AFDC was for a long time held out as a model--supported on the left

because it redistributed and on the right because it was linked to work (Pierson). In fact it was wiped out in Clinton's 1996 welfare reform.

3.2.8. Given the difficulties on the expenditure side, an important challenge for those who want to see more downward redistribution is to think about policies that do not operate through the fisc, or only minimally in the sense that tax expenditures do.

3.2.8.1. This suggests the wisdom of trying to structure things with tax incentives to encourage redistribution of the kind one wants to see. Tax write-offs for specified transfers, hiring unemployed workers, etc. The only ongoing role of government here is the IRS.

3.2.8.2. Could go even further and work for redistributive policies that do not operate through the fisc at all, such as Bill Bradley's proposal to link the minimum wage to the median income? A kind of unfunded mandate on the economy. Some advantages to this, though economists will say it will "distort" labor markets. It will not get to those completely outside the labor market--at least not directly. Since levels of welfare payments seem to be linked to the minimum wage, there may be an indirect benefit even to them.

4. Demand side. Having held the demand side constant, it is now time to recognize that it is not. There is a host of reasons why demand for the type of redistribution predicted by the median voter theorem fails to eventuate. As a prefatory note, the economics and rational-choice influenced literatures are less helpful here than in thinking about the supply side, because the assumptions behind rational choice do less well with mass behavior than with the behavior of politicians and other self-consciously strategic actors (just as in economics these models do better at explaining the behavior of firms than of consumers, so in politics they do better with parties than voters (Green & Shapiro). The literatures in sociology and social psychology seem to take us further.

4.1. Logics of distributive reference

4.1.1. How do self-versus other referential frames of reference influence distributive expectations? Here we are concerned with the difference between Pareto-improvements "Are you better off than you were four years ago" and relative judgments "I don't care what my raise is so long as its more than/less than/the same as Jones's." Relevance to debates about absolute versus relative condition of the poor.

4.1.2. Which other-referential comparisons matter most? (Local v. global comparisons, status--Marx v. Frank and contemporary sociology)

4.1.3. Extreme other-referential comparisons: Interdependent utilities, as with sadism or with the divorcing couple if you take a dollar from his pocket and burn it, her utility goes up. Note interdependent utilities can be positive as well as negative, as when one's happiness is a function of one's child's happiness. To the degree other-referential utilities motivate people, the sorts of redistributive demands they are

likely to make for redistribution will not obviously be those predicted by the median voter theorem.

4.2. Knowledge, beliefs, and ideology

- 4.2.1. How does knowledge about the distribution of income and wealth, and one's place in it, affect distributive expectations? An older sociology literature on "transparency" that runs from Weber to Frank Parkin (1970s) suggests that in market systems most people think there is less inequality than there is, and that their relative position is better than it is. No recent research.
- 4.2.2. How do knowledge and beliefs about the prospects for upward mobility affect distributive expectations?
 - 4.2.2.1. There is some rational expectations literature that tries to model people's apparently irrational beliefs about the prospects for their own upward mobility (Bénabou & Ok). But it depends on some pretty implausible assumptions. The reality might be more like the propensity to gamble, which economic models don't handle well.
 - 4.2.2.2. More plausible is literature in experimental psychology showing that although total exclusion (as with Apartheid) breeds organization and collective responses, tokenism that permits tiny proportions of the population to advance defuses it and fuels individualist approaches to mobility. (Crosby, Wright et. al) Soft Apartheid works better than hard Apartheid.
- 4.2.3. Normative beliefs act as a different kind of constraint on demands for downward redistribution. Prevalent beliefs about fairness can operate as obstacles to redistribution. In the US although people tend to be socially egalitarian, they accept what the market produces as fair; seems true even of poor and minorities. (Hochschild) So they might not think it legitimate to demand collective redistribution.
- 4.2.4. The Hochschild hypothesis aside, people have other values in addition to their views about economic distribution which might
 - 4.2.4.1. Shape it (Frank on choosing the right pond)
 - 4.2.4.2. Trump it (Rae on identity or status and block-regarding equalities)
 - 4.2.4.3. Operate at cross-purposes with it (Roemer on multi-dimensionality)
- 4.2.5. Low political participation rates by the poor sometimes draw attention of people concerned with redistribution: If they don't vote why would politicians be responsive to them.
 - 4.2.5.1. Conventional political science wisdom to the effect that it makes no difference because non-voters have the same preferences as voters now under some challenge (Gerber).
 - 4.2.5.2. There is an "alienated" rational expectations argument that poor and marginalized groups do not participate because they understand that politicians will do nothing for them; it's a waste of their time (Kim).
 - 4.2.5.3. A more benign interpretation of the same data is, consistent with the Hochschild hypothesis, is that non-participation reflects contentment rather than alienation. Participation thought to be a waste of time not

because its ineffective, but rather because its unnecessary. (Almond & Verba, Verba et.al).

- 4.3. Distinct from both knowledge and beliefs are framing effects, which concern what it is that people focus on (Kahneman & Tversky). They don't focus on the issue of impediments to downward redistribution, but it makes sense, if their general claim is valid, to think about framing effects as they relate to it. Several relevant types. Not much research here, obvious questions to ask.
 - 4.3.1. Backward-looking framing effects
 - 4.3.1.1. To what degree do marginal absolute gains blunt demands for redistribution ("Are you better off..?")
 - 4.3.1.2. To what degree does fear of falling rather than expectation of advancement motivate thinking about demands for redistribution? ("Never mind getting better off; I have to make sure I don't become worse-off.")
 - 4.3.2. Downward-looking framing effects.
 - 4.3.2.1. To what degree does hostility to those beneath one in the social order limit the propensity to demand downward redistribution?
 - 4.3.2.2. How much are race and racism factors in the kinds of demands people make and the demands they will tolerate in others? (Gilens). These factors suggest that the logic of divide-a-dollar games may be more important than the median voter theorem in figuring out what coalitions will form, and what redistributive demands they will make and resist.
 - 4.3.3. Inward-looking framing effects
 - 4.3.3.1. How do bootstrapping ideologies limit demands for redistribution? How might arguments for "real" equality of opportunity operate as a response?
 - 4.3.3.2. What are the conditions under which identity politics functions as an inward-looking framing-effect to limit redistributive demand? Rallying grass-roots supporters for the Million Man March in October 1995, Louis Farrakhan insisted that the time had come for the dispossessed in the black community to draw on their own resources and bootstrap themselves out of poverty. "Clean up, black man, and the world will respect and honor you. But you have fallen down like the prodigal son and you're husking corn and feeding swine...Black man, you don't have to bash white people. All we've got to do is go back home and turn our communities into productive places."⁶
 - 4.3.3.3. Are there forms of identity-politics that do not operate at cross-purposes with demands for downward redistribution. (Arguments about the logic and beneficiaries of affirmative action).
 - 4.3.4. Anecdotal distractions

⁶ Time, Oct 16, 1995. <http://cgi.pathfinder.com/time/special/million/minister2.html>.

- 4.3.4.1. What is the role of riveting distractions (stories about welfare queens, Horatio Alger stories, occasional punishment of the rich) in limiting demands for downward redistribution?
- 4.3.4.2. What strategies could be developed to get wider understandings of genuine probabilities for advancement among the poor? How might these operate as mobilizing devices?
- 4.3.5. Effects of distributional shape. A final set of factors that likely influence the demand for redistribution to the poor is the structure of inequality itself. At first glance one might think the greater the inequality, the more the society will seem manifestly unjust to the dispossessed and the more likely they will be to demand collective action to soak the rich. Some Political Science literature also suggests this (cf. Prezworski 1991 argument that its easier to redistribute from highly unequal societies because the very wealthy are fewer in number). On reflection however, at least three types of considerations suggest that the opposite logic might hold.
 - 4.3.5.1. Empathy gulfs. To take a redistributive possibility seriously one has to be able to see oneself in the altered circumstance. For this, psychic distance matters.
 - 4.3.5.1.1. Aspiration-limiting empathy gulfs. You can imagine yourself stepping unaided over a puddle, perhaps swimming a lake, but not across the Atlantic. At some point the gap between where you are and where you might hope to get will seem so huge that certain goals will be abandoned from your field of aspirations. Market systems, while formally open to upward mobility, will function as caste systems.
 - 4.3.5.1.2. Prudence-limiting empathy gulfs. Empathy gulfs can operate in the opposite direction as well. To the degree that willingness to tolerate downward redistribution is part of a prudential calculation "...there but for fortune go I...," it has to be believable. If the gap between you and the poor you see around you is so massive that no calamity you can imagine befalling you will put you into their circumstances, then any prudential reasons you might have for improving their lot disappears. This may be one reason why most people can tune out panhandlers and street people, and acquiesce in the demonization of the underclass. The mighty might be tumbled in Zola's novels, but no one who reads them really expects it to happen to them. Elites no longer believe, as they did after the depression, that capitalism might actually fall apart. This makes it much easier to say "lets move to the suburbs and let the underclass kill each other off in the inner cities."
 - 4.3.5.2. Next we should consider the role of physical separation in limiting demands for downward redistribution.
 - 4.3.5.2.1. The growth of suburbanization and enclave living in promoting "out of sight-out-of-mind" ideologies. Living on the upscale parts

- of the Branford shoreline, ten miles from New Haven, one doesn't even need keys to one's house. But this is not only a "rich" phenomenon.
- 4.3.5.2.2. Interestingly, the growth of gated communities in the US in the past decade has mainly been in lower-middle class and working class areas. Will tend to reinforce downward-looking framing effects.
 - 4.3.5.2.3. Why is this not offset by other factors like universal availability of television? One answer might be derived from Runciman's claim about the difference between knowledge by acquaintance and knowledge by description. Not much recent evidence, but what there is does suggest that poor people in homogeneous neighborhoods are more accepting of the status-quo than those in heterogeneous ones (Canache, Johnstone).
 - 4.3.5.3. Last, we should consider possible counter-intuitive effects of the distributional slope itself--the more unequal the less the propensity to demand.
 - 4.3.5.3.1. Again the logic of divide-a-dollar games is relevant. The rich can be thought of as able to bribe the middle class with home interest mortgage deductions, educational benefits for their children, etc not to side with the poor against them Economists have modeled this showing formally that economically powerful (i.e. above average) income earners are indeed in a position to bribe the small segment of voters with incomes between the median and the mean to resist the temptation of confiscatory taxation (Breyer & Ursprung, Kramer & Snyder).
 - 4.3.5.3.2. As the slope of the income-distribution becomes steeper, the lower-middle class and working class may well resist both increases in taxation on the top quintile, which is increasingly likely to include them, and redistribution to the poor, which is increasingly likely to exclude them. This is what we see in countries like South Africa, where there is 30 percent unemployment and the black working-class does not push for increases in taxation or much redistribution. Who would have believed, ex ante, that the only action that the ANC would take with respect to top tax rates on coming to power would be to reduce them?
5. Conclusions. What of Tocqueville's concerns with which we began?
- 5.1. His view of equality as a snowball gathering momentum as it rolls down the a hill, facilitated by democracy, was wrong. He said "I told you so" to the French propertied classes in 1848. By 1851 the shoe would once again be on the other foot throughout Europe. Democracy has since had substantial advances and retrenchments. Fascism and Communism in the 20th century. Post 1989 triumphalism is naïve.

- 5.2. Focusing specifically on economic inequality, the snowball clearly does not roll down the hill either, not least because the economy can manufacture new inequality at a more rapid clip than it is offset by redistributive policies, as we have seen 1975-2000.
- 5.3. He was also wrong to think democratic institutions have a strong leveling impetus. Indeed, in light of what I have said today, you might question why there is ever any downward redistribution in democracies. The nineteenth-century expectations formalized as the median-voter theorem were simply wrong. There is no systematic relationship between democracy and downward redistribution, and quite likely no relationship at all. They can have no effect, or even a regressive effect on the distribution of income and wealth.
- 5.4. No single explanation of why not will do; it is a host of interacting factors on the supply-side and the demand-side; some structural, some embedded in the logic of democratic decision rules, some contextual, some psychological, some geographic.
- 5.5. If one thinks that achieving improvements in the relative and absolute well-being of the bottom quintile is important for justice reasons, as I do (though Tocqueville did not), two types of systematic research are needed.
 - 5.5.1. We need a better understanding of which factors are most important in a causal sense, and how they interact with the others.
 - 5.5.2. We need more creative attention to the types of feasible democratic reforms, on both the supply side and the demand side, that are most likely to push redistributive politics in the desired directions.