

The Politics of Inequality

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Forty years of Republican dominance of American presidential politics have led to an unprecedented rise in economic inequality. In his latest book, Larry Bartels argues that this politics of inequality results from voter amnesia and Washington politicians' disregard for public opinion.

Reviewed: Larry M. Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age*, Princeton, Princeton University Press, 2008.

The story has been told again and again: Lyndon Johnson sacrificed the support of the working class for the Democrats' Civil Rights agenda and sent the Democratic Party into a tailspin that prepared the way for consistent losses in presidential elections after 1968. This collapse of the New Deal coalition of liberal reformers, working class whites and blacks was compounded by a right-wing media and think tank conspiracy that shifted the terrain of American politics to a conservative cultural agenda and led to Republican control in Congress in 1994. The new *Contract with America* then cut off any air that the Democrats might have gained from their first 2-term post Welfare State president. In short, the *Emerging Republican Majority*¹ obliterated the sustainable New Deal coalition into submission for over 40 years, shifted the terrain from economics to culture, and left Democrats

¹ Kevin Philips, *The Emerging Republican Majority*, New Rochelle, Arlington House, 1969.

standing among the ashes with one simple question: “What’s the Matter with Kansas?”²

This story has been told with multiple variations and has become something of a foundation myth for any thinking on how to rebuild the Democratic party. The *Emerging Democratic Majority*, it has been argued³, will need to fight the Republicans by building a new coalition, through their own think tanks and voter mobilization, and accept that the white working class has gone the way of Joe the Plumber. Larry Bartels’ stunning work suggests that while the broad outlines of this story may bear some truth, the political and socio-economic reality of Republican dominance has been fundamentally misunderstood. Moreover, Bartels reveals, this misunderstanding has contributed to a United States saturated with economic inequality and lack of political accountability unprecedented since 1929.

Republican politics and the rise in inequality

Bartels’ book returns to one of the towering works of American political science when he asks, once again, Robert Dahl’s fundamental question: “In a political system where nearly every adult may vote but where knowledge, wealth, social position, access to officials and other resources are unequally distributed, who actually governs?”⁴ However, Bartels is unable to renew Dahl’s optimism in the New Gilded Age. 40-some years later, Bartels argues that socio-economic inequalities have grown to such an extent in the United States, and especially under the leadership of Republican presidents, that political equality has been reduced to a chimera. To do so, Bartels begins by confirming the analysis of Piketty and Saez⁵ and others on income inequality in the United States showing that the tremendous majority of the wealth generated in the United States since the 1970s has gone into the pockets of a smaller and smaller percentage of wealthy Americans. He delivers the shocking news that over the last 25 years, for example, while the real income of families at the 20th

² Thomas Frank, *What’s the Matter with Kansas? How Conservatives Won the Heart of America*, New York: Henry Holt and Company, 2004.

³ John B. Judis, Ruy Teixeira, *The Emerging Democratic Majority*, New York, Simon & Schuster, 2004.

⁴ Robert Dahl, *Who Governs? Democracy and Power in an American City*, New Haven, Yale University Press, 1961.

⁵ Thomas Piketty and Emmanuel Saez, “Income Inequality in the United States, 1913-1998”, *Quarterly Journal of Economics*, 118, p. 1-39.

percentile has grown only 0.4% and the income of families at the 60th percentile has grown less than 1% a year, the real income at the 99.9th percentile has nearly tripled and the income of those at the 99.99th percentile increased five-fold.

Here, Bartels is mostly confirming startling news known by too few, but where Bartels truly innovates is his response to the question why. There are two parts to this question: first, if these massive economic inequalities are policy driven, what macroeconomic policies have Republican presidents pursued that has generated such a rise in inequality? Second, if it has been the result of the policy of Republican presidents, how has a party that has so consistently supported such an infinitesimal fraction of the population managed to stay in power? While he spends very little time on the first question, it is on the second that he sets out a systematically iconoclastic argument on the importance of presidential political leadership, the shifts in voting patterns, and the impact of a “Republican conspiracy” to show that politics and policy have been the key players over the last 80 years in promoting economic inequalities. In short, Bartels reveals that economic inequality is not just a problem of the market or the evacuation of social concerns by an American population that has found a new home in cultural conservatism. Economic inequality is a political problem and has been clearly tied to presidential politics. Building on the work of Douglas Hibbs⁶, for example, Bartels shows that Republican presidents have consistently presided over increases in economic inequality.

The key question for Bartels then is how have the Republicans managed to be so consistently elected in spite of the few beneficiaries of their policies. It is here that Bartels offers some of his most original insights into the Republican dominance of American politics in post-welfare state United States. Bartels begins by revealing that Americans have been surprisingly short-sighted in their appreciation of the economic gains established during presidential terms. He shows that an improvement of the economy within 6-9 months before the election has consistently generated a kind of voter amnesia and has generally been sufficient to confirm the reelection of the incumbent candidate or his party. Bartels does not take a stand on whether this has been largely determined by luck or conspiracy, but he does reveal that Republicans,

⁶ Douglas Hibbs, *The American Political Economy: Macroeconomics and Electoral Politics*, Cambridge, Harvard University Press, 1987.

especially since Nixon's famous loss in 1960, have been advantaged by strong economic growth in the final year of their terms. This argument was obviously confirmed by the counter-example of Obama's success in 2008.

Where has the working class gone?

But beyond these correlations, Bartels makes one of his most original arguments when he suggests that the failures of the Democratic Party have not been tied to a general abandonment of the white working class for the Republican party as a result of the shift from social to cultural issues. The general argument that the United States has become increasingly culturally conservative at the expense of social issues is misguided he argues. According to Bartels, political scientists and journalists like Thomas Frank or David Brooks, who have contributed to solidifying these arguments, have made the essential error of defining the working class as those that do not have a college education. Bartels makes the very simple, but stunningly obvious and convincing observation, that levels of college education have little to do with the economic realities of a working class and as a result he argues for an economic interpretation based on salary. As a result, he shows that if working class is established as households making less than \$35,000 a year (in 2004), then they have not at all left the Democratic party. He also shows that these same categories of the population have not begun voting along cultural lines, but have consistently supported Democratic candidates on economic and social issues.

This definition of the working class has been a consistent point of contention among political scientists and Bartels' claim has weaknesses as well, especially considering, for example, that such a standard excludes the average auto-worker who makes more than \$35,000⁷. However, it does allow for a more complex picture of the voter landscape than the one painted purely along the lines of education levels. These debates on defining the working class also raise the more fundamental question: how does Bartels explain then that Democratic candidates have so consistently lost presidential elections? Here again he offers the deceptively simple and still convincing argument that the New Deal coalition that supported the Democrats from

⁷ On this debate see Michael Tomasky's review of *Unequal Democracy* in *The New York Review of Books*, "How Historic a Victory?", Volume 55, Number 20, December 18, 2008: <http://www.nybooks.com/articles/22156>

Roosevelt to Johnson was based on an unnatural monopoly of the Southern vote. Quite simply, since Civil Rights, the Democrats have increasingly been playing on equal footing with Republicans in the South.

Washington and public opinion

In two chapters at the end of the book, Bartels takes on one of the second most accepted arguments on the foundations of Republican domination and especially Republican control of Congress since 1994. While it has generally been accepted that conservative think tanks such as the Heritage Foundation and the rise of conservative media are largely responsible for the paradoxical voting patterns of many Americans who are not well-served by Republican fiscal policy, Bartels demonstrates that on two key issues, the Estate Tax and the Minimum Wage, it hasn't mattered whether or not public opinion was swayed by think tanks and conservative media gurus because policy makers have consistently ignored public opinion. He demonstrates a die-hard American rejection of the Estate Tax even before it was given the damning title of the "death tax". While cutting the Estate Tax would only reduce the tax burden of less than the wealthiest 1-2% of Americans, there remains a general national rejection of the Estate Tax, with even a fair share of well-informed Democrats ready to accept its abolition. In spite of this general public opinion against the Estate Tax, which Bartels shows has a long history in that it even withstood the profound economic impact of the Depression in the 1930s, Washington has consistently balked on repealing the Estate Tax.

On the other hand, he shows in a subsequent chapter that while raising minimum wage has had consistent support among voters of both political parties, the real value of the minimum wage has been consistently eroded by a refusal in Washington to act on this issue. The overall conclusion of these chapters, along with an enlightening chapter on the George W. Bush tax cuts, confirms general fears that presidents and lawmakers inside the Beltway are divorced from public opinion on key issues of economic policy, but it also (reassuringly?) suggests that the sway of conservative talk-radio and news channels has been limited – for, on these two basic issues, public opinion has remained unchanged across the build-up and dismantling of the Welfare State, and government policy has remained strikingly unresponsive nevertheless.

Bartels' conclusion to the question "Who Governs?" is unsurprisingly pessimistic. 40 years of Republican domination of American presidential politics have grossly increased economic inequality, distanced Washington politicians from public opinion, and have generated a renewed and striking disregard for the opinions of poor and working class America in Washington. However, Bartels' book does offer a more fundamental lesson, which for its part, is less pessimistic: politics do matter. The impact of partisanship and presidential policy on economic inequality suggests that voting in the early twenty-first century is still one of the most powerful tools we have. No doubt, the most recent American election will provide the United States with the opportunity to test this silver lining in Bartels' book.

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