Economic Inequalities

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Inequality

- There are many inequalities in life, based on:
  - Race
  - Gender
  - Sexual orientation or identity
- We'll focus on the simple fact that some people make more than others
- How big are income gaps?
- What ramifications does this have for politics?

The big questions

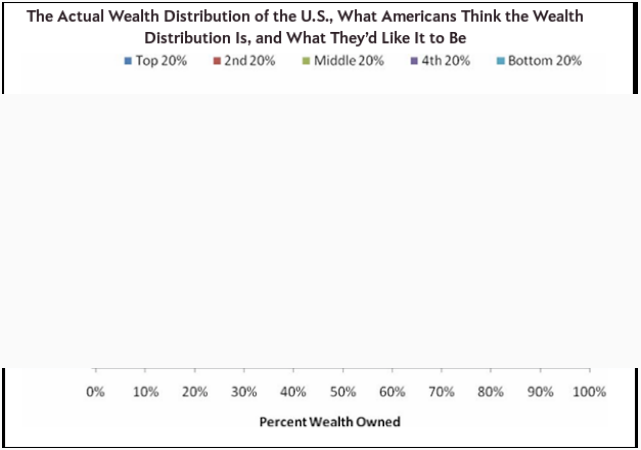
- We'll aim to answer a few questions about American politics:
  - Are the rich running the show?
    - Does public policy respond to the opinions of the richest citizens or the middle citizens?
  - How well are the poorest citizens represented?

Distribution of income and wealth

Wealth distribution

- How do you think wealth is distributed in the US?
  - Top 20%? Next 20? Mid 20? Next 20? Bottom 20?
  - Think about how that would look (examples)
- How do you *think* it should be?

Wealth distribution



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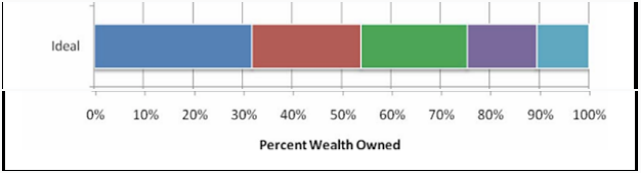

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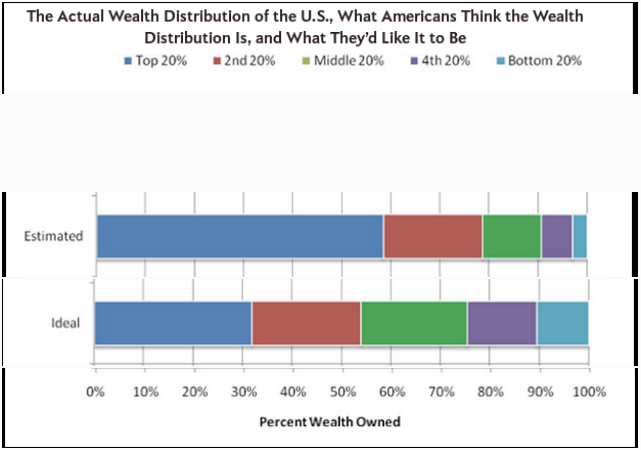

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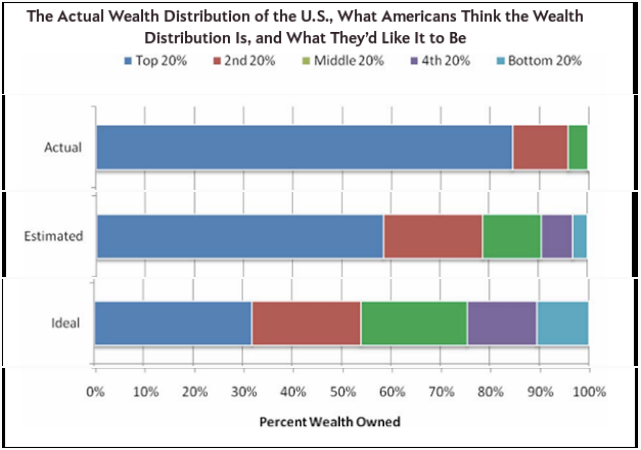
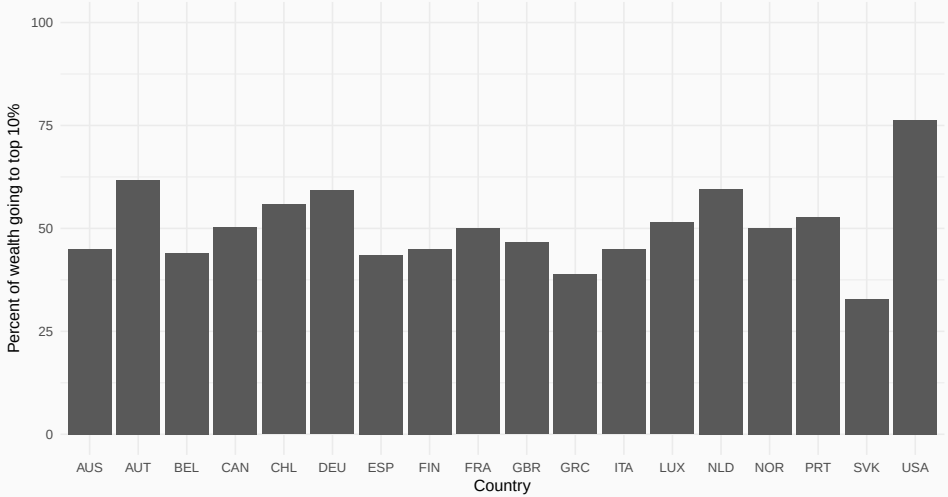


Distribution in comparative perspective

- Is the US an outlier here?
- What do other comparable countries look like?

Distribution in comparative perspective

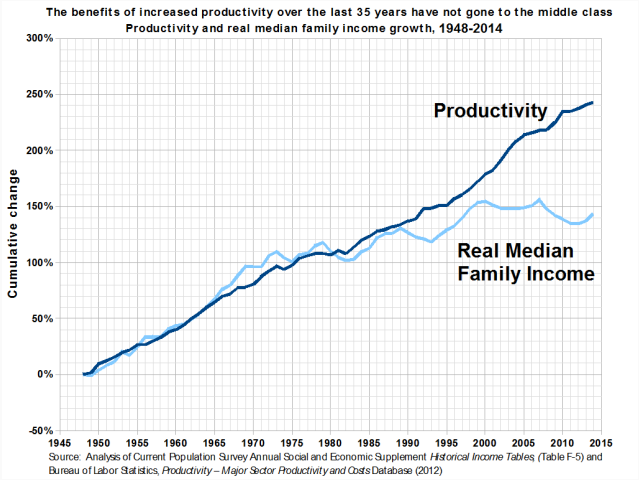


Source: OECD data, November 2014

Income inequality

- Income inequality is also large in the United States
- Today, the top 10% of households take home about 30% of the money

Distribution in historic perspective



Public policy

Policy

- Some policies are designed specifically to limit or shrink income/wealth gaps

(Income) Taxes

- Taxes can be progressive where the tax rate increases as the amount increases
  - Example: federal income tax — your millionth dollar is taxed at a higher rate than your first
- Or they can be regressive where the tax rate decreases as the amount increases
  - Example: sales taxes on essentials like food — since poorer people spend a higher proportion of their money on food, this tax affects them more than richer people

Taxes

- Progressive taxes are one way to shrink this gap
- Other redistributive policies include food stamps and Social Security

Why progressive taxes?

- The value of an additional dollar decreases with every dollar you already have
- So we need to tax dollars at high levels if you already have lots of money to make it just as painful as the taxation of a dollar if you have few

Voter ID laws

- Many states have passed Voter ID laws in recent years
- Reason given usually to suppress voter fraud
- However, many poor people & minorities don't have access to proper ID

Who gets represented?

Concerns about representation

- Given what we know about the shockingly high levels of economic inequality, you may be concerned about how these show up in the political process
- After all, rich people have more time & money to give to politicians and campaign committees
- Maybe this translates into the richest citizens getting their way when it comes to public policy?
    - Especially troubling with regard to tax breaks, etc

Our task

Our task: to analyze whether (and to what extent) there exists unequal representation based on income

Different preferences

- Having a difference in preferences between rich, middle, poor is important:
  - Without this, difficult to detect differences in representation
  - Without this, limits on consequences of representation
- Let's use the General Social Survey to look at this

Net support by income on different policy areas

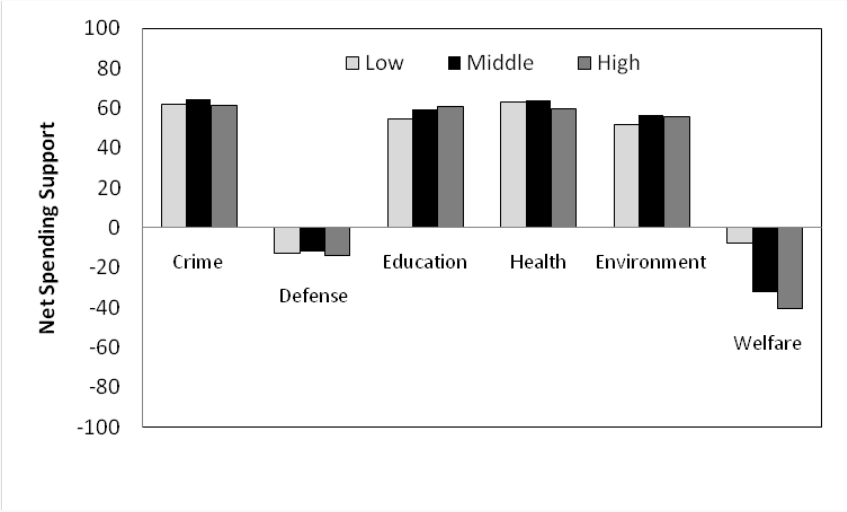


Figure 1: Source: Enns and Wlezien 2011 “Group Opinion and the Study of Representation”

Net support for welfare over time

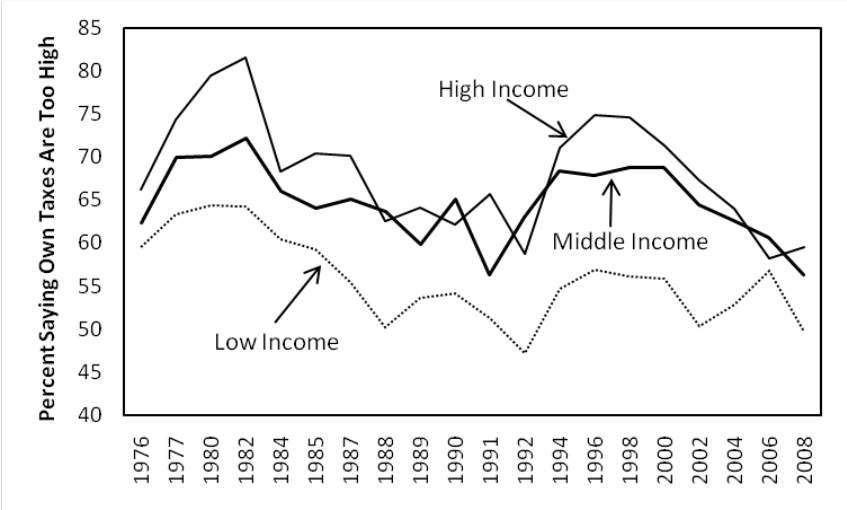


Figure 2: Source: Soroka and Wlezien 2008, "On the Limits to Inequality in

Tax preference over time

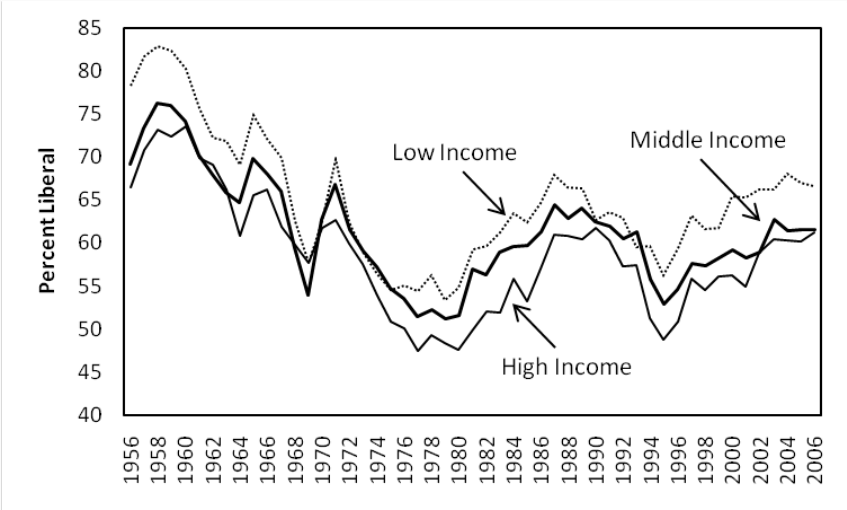
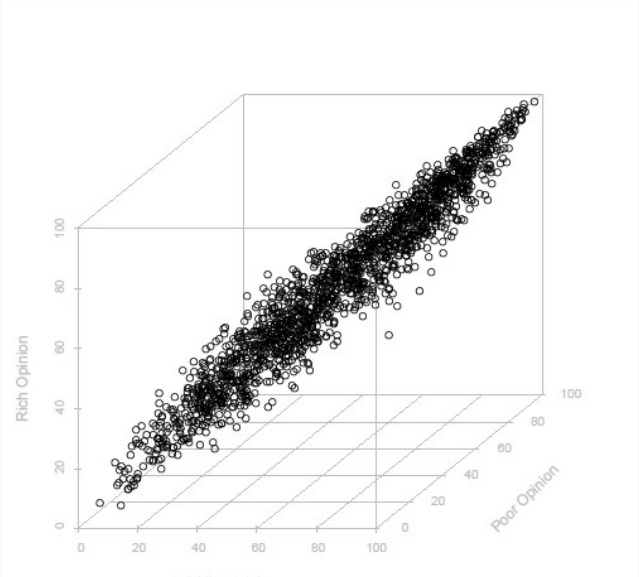


Figure 3: Source: Enns and Wlezien 2011

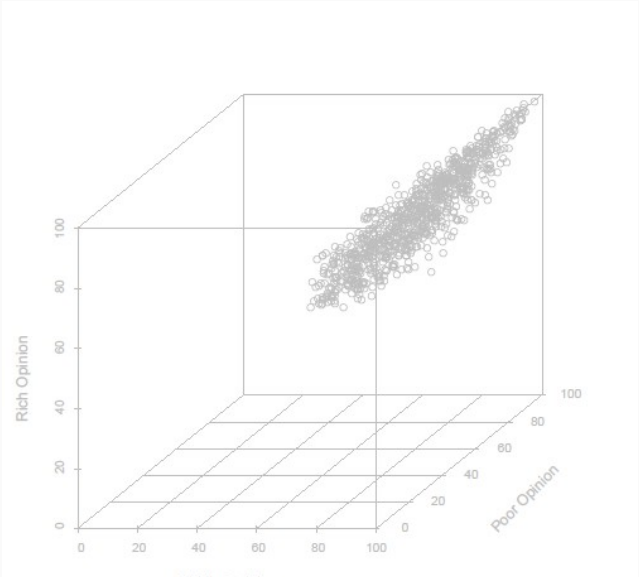
Different data

- The GSS data may not be the best suited to address congruence between policy outputs and preferences across income groups
- Gilens has data on 1,779 potential policies (passed/not passed) and corresponding support/oppose preferences for income groups
- Let's look at how the policy preferences of our three income groups relate to one another
  - What to expect if they're completely unrelated?
  - What to expect if they're completely related?

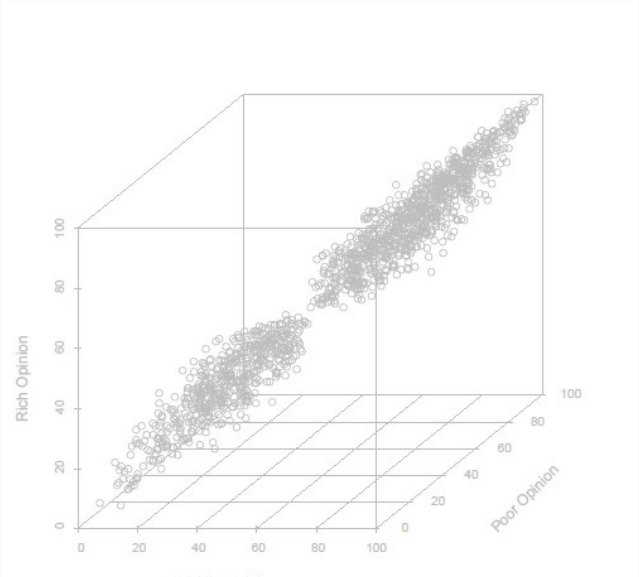
Policy support for three income groups



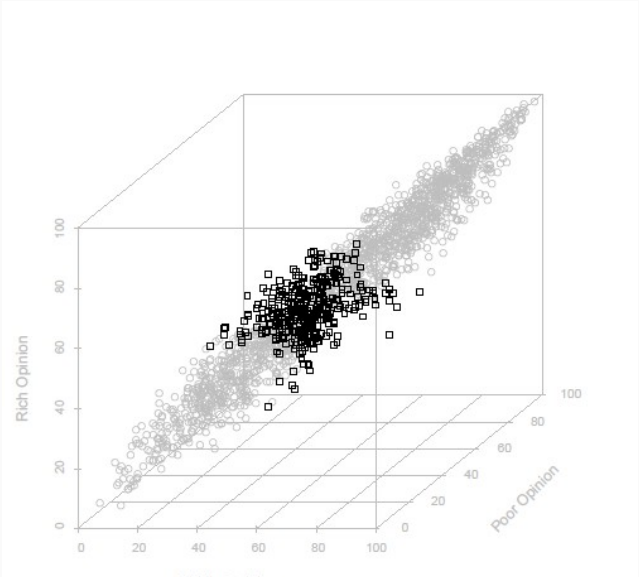
Policy support for agreement (support)



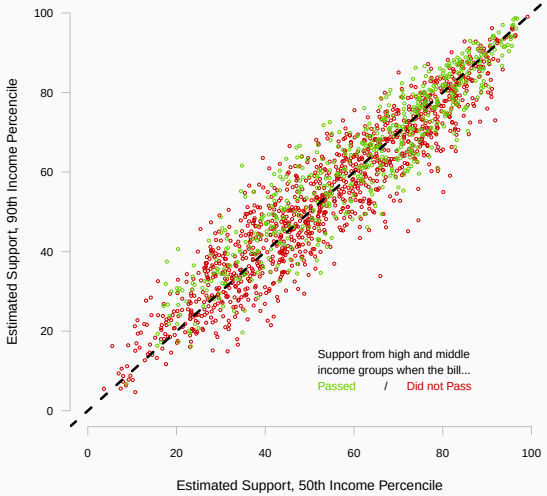
Policy support for agreement (opposed)



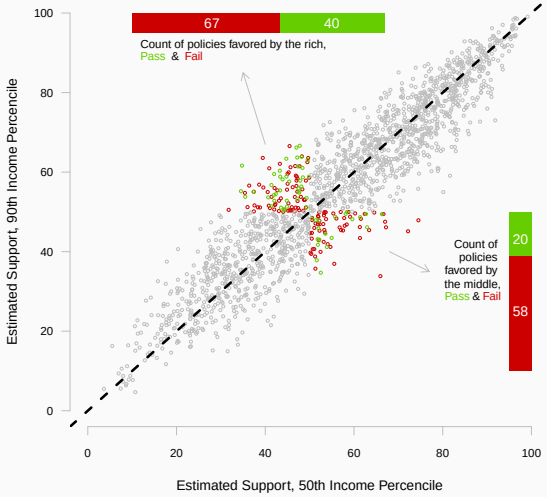
Disagreement (352/1779 policies ~ 20%)



Looking at the middle and rich



Disagreement



Win rates

	Middle Favor	Rich Favor	Total wins	Win rate
Middle win	20	67	87	47%
Rich wins	58	40	98	53%
Total	78	107	185	
Win rate	26%	37%		