

Economic and Political Inequality

Winter Term 2021/2022

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Office Hours: Thursday, 1-3 pm (by appointment)
211 Seminarraum S105

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Introduction and Course Content

Increasing economic inequality has been one of the most important phenomena of the last few decades in advanced economies. This course offers a broad overview of the causes and consequences of economic inequality with a focus on how politics contributes to and is affected by inequality. It considers the effects of economic change, policies, and institutions in creating economic inequality as well as its reciprocal effect on politics, policy choices, and western societies more generally. We will study how economic inequality and political inequality relate to each other, exploring competing explanations for the growth of inequality as well as competing understandings of the political consequences of inequality. In doing so, we will primarily focus on European democracies and the United States, but evidence from other countries will be used to contextualize the trends that we observe. Moreover, our discussions will mostly revolve around inequality in terms of income and wealth, but we will also pay some attention to disparities in social status, health, or education and their relationship with gender and race.

Prerequisites

A good knowledge of general political science concepts, theories, and basic qualitative and quantitative methods is required. Moreover, an interest in and basic understanding of economics and/or political economy is expected. Finally, you should also be able to understand and express yourself in English, as this will be the classroom language, but perfection is neither expected nor required.

All students are expected to actively participate. The goal is that everyone feels comfortable sharing their ideas and that we will respectfully listen and respond to each other, allowing us to engage deeply with the complex issues that the course addresses. My role is to facilitate the discussion, make sure important points get covered, explain ideas or information that are unclear, and draw out productive themes in our discussions. However, I hope that you will take a degree of ownership of the class in making it as stimulating and informative as possible.

Learning Outcomes

The main expected “learning outcomes” of this seminar are for you to:

- become familiar with the current trends in economic inequality and its impact on politics;
- gain a deeper understanding of basic concepts, theories, and debates on the political economy of inequality;
- describe how changing social and political conditions have affected the evolution of inequality and how it, in turn, affects political activity and policymaking;
- develop incisive and critical thinking about economic and political inequality and position yourself in key debates in the field;
- gain a deeper understanding of different measures of and data sources on inequality;
- discuss different policies developed to address economic and political inequalities and critically consider prospects for reducing inequality in the 21st century
- sharpen your analytical skills and improve your presentation and writing skills;
- clarify your own views on economic inequality.

Course Structure

This course will be taught as a block seminar. At the beginning of the course, we will have an introductory session. The main course will then take place over two blocks of two days each.

The date for the sessions are as follows (to be confirmed):

- Introductory session: **Friday, November 12, 2021, 2 pm – 5:30 pm**
- Block I :
 - **Friday, December 3, 2021, 2:00 pm – 5:30 pm**
 - **Saturday, December 4, 2021, 10:00 am – 3:30 pm**
- Block II:
 - **Friday, January 21, 2021, 10:00 am – 5:30 pm**
 - **Saturday, January 22, 2021, 10:00 am – 3:15 pm [student presentations]**

The seminar is currently planned as an in-person seminar (Herbert-Lewin-Str. 2, 2. floor, 211 Seminarraum S105). Depending on the state of the Covid-19 pandemic and decisions by the university, the seminar may be moved online during the semester, in which case it will take place via Zoom.

Throughout the semester, I will be available to meet with you online or in person during my office hours. Please send me an e-mail to make an appointment. Please also feel free to e-mail me with questions or concerns anytime.

Assessment

Your grade in this class will be based on a research paper (55 percent), a presentation (15 percent), and two short memos (30 percent).

1. **Research paper:** The final research paper should be the result of independent research (5,000-6,000 words). The topic should relate to the themes of the course, but you are free to explore a research question of your own choice.
2. **Presentation:** You will be asked to present (1) inequality trends in a country of your choice; (2) discuss the redistributive politics in the country; and (3) come up with some policy suggestions about whether and how to reduce inequality. Depending on the number of people who decide to take the course for credit, you can do this in teams of 2 or 3 people.
3. **Discussion memos:** The memos should briefly summarize the readings for a given session (500-800 words) and suggest a few discussion questions (2-3 questions).

More details about the requirements for the assessment will be provided at the beginning of the course.

Readings

There are no required books for purchase for this course. All readings will be made available electronically to students via ILLIAS. You will be expected to have completed all the assigned readings before each session.

Detailed Course Schedule (*preliminary*)

Introduction

1 Welcome and Introduction (12 November, 2 pm)

- Milanovic, B. (2016). *Global Inequality: A New Approach for the Age of Globalization*. Cambridge, MA: Harvard University Press. [Chapter 1, 2 & 3]

Suggested readings:

- Hung, Ho-Fung. (2021). Recent trends in global economic inequality. *Annual Review of Sociology*, 47:15.1-15.19.

2 The Rise of Inequality in Historical Perspective (12 November, 4 pm)

- Piketty, T. and Saez, E. (2014). Inequality in the long run. *Science*, 344(6186):838–843.
- Saez, E. and Zucman, G. (2020). The Rise of Income and Wealth Inequality in America: Evidence from Distributional Macroeconomic Accounts. *Journal of Economic Perspectives*, 34(4):3-26.

Suggested readings:

- Scheve, K. and Stasavage, D. (2016). *Taxing the Rich: A History of Fiscal Fairness in the United States and Europe*. Princeton: Princeton University Press. [Chapter 1 & Conclusion]
- Saez, E. and Zucman, G. (2019). *The triumph of injustice: How the Rich Dodge Taxes and How to Make Them Pay*. [Chapter 1 & Conclusion]

Part 1: Economic Inequality

3 (Labor) Income Inequality (3 December, 2 pm)

- Goldin, C. and Katz, L. (2007). “Long-run Changes in the Wage Structure: Narrowing, Widening, Polarizing.” *Brookings Papers on Economic Activity*, 2:135-167.
- Autor, D., Katz, L.F, and Kearney, M.S. (2008). ”Trends in U.S. wage inequality: Revising the revisionists”, *The Review of Economics and Statistics*, 90(2):300-323.
- Weil, D. (2017). Income inequality, wage determination, and the fissured workplace. In Boushey, H. et al (eds.), *After Piketty*. Cambridge, MA: Harvard University Press.

Suggested readings:

- Kaplan, S. and Rauh, J. (2013). “Its the market: The broad-based rise in the return to top talent”, *Journal of Economic Perspectives*, 27(3):35-56.
- Bivens J. and Mishel, L. (2013). “The Pay of corporate executives and financial professionals as evidence of rents in top 1 percent incomes”, *Journal of Economic Perspectives*, 27(3): 57-78.
- Kristal, T. and Cohen, Y. (2017). “The causes of rising wage inequality: the race between institutions and technology”, *Socio-Economic Review*, 15(1): 187-212.
- Chetty, R., Grusky, D., Hell, M., Hendren, N., Manduca, R. and Narang, J. (2017). “The fading American dream: Trends in absolute income mobility since 1940”, *Science*, 356(6336):398-406.

4 Wealth Inequality (3 December, 4 pm)

- Piketty, T. (2015). “About capital in the twenty-first century”, *American Economic Review*, 105(5):48–53.
- Killewald, A., Pfeffer, F.T., and Schachner, J.N. (2017). “Wealth inequality and accumulation”, *Annual Review of Sociology*, 43(1): 379-404.
- Keister, L.A. (2014). “The one percent”, *Annual Review of Sociology*, 40:1:347-367.

Suggested readings:

- Piketty, T (2014). *Capital in the Twenty-First Century*. Harvard University Press. [Introduction & Conclusion]
- Saez E. and Zucman, G. (2016). “Wealth inequality in the United States since 1913: Evidence from capitalized income tax data”, *The Quarterly Journal of Economics*, 131(2):519-578.

5 Regional Inequality (4 December, 10 am)

- Moretti, E. (2012). *The New Geography of Jobs*. Houghton Mifflin Harcourt.[Introduction & Ch. 7]
- Bolet D. (2021). “Drinking Alone: Local Socio-Cultural Degradation and Radical Right Support—The Case of British Pub Closures”, *Comparative Political Studies*, 54(9):1653-1692.

Suggested reading:

- Rodden, J. (2010). “The geographic distribution of political preferences”, *Annual Review of Political Science*, 13: 321-340.
- Rodden, J. (2019). *Why Cities Lose: The Deep Roots of the Urban-Rural Divide*. Basic Books. [Introduction & Ch. 1]
- Rodríguez-Pose, A. (2018). “The revenge of the places that don’t matter (and what to do about it)”, *Cambridge Journal of Regions, Economy and Society*, 11(1): 189–209.
- Colantone, I. and Stanig, P. (2018). “Global competition and Brexit”, *American Political Science Review*, 112(2): 201–218.
- Bremer, B., DiCarlo, D. and Wansleben, L. (2021). “The constrained politics of local public investment under cooperative federalism”, *MPIfG Discussion Paper*, 21:4

6 Ethnic Inequality (4 December, 11:45 am)

- Alesina, Alberto and Edward Glaeser (2004). *Fighting Poverty in the US and Europe*. Oxford: Oxford University Press. [Introduction]
- Magni, G. (2020). “Economic Inequality, Immigrants and Selective Solidarity: From Perceived Lack of Opportunity to In-group Favoritism”, *British Journal of Political Science*, Online first: 1-24.
- Alesina, A. Ferroni, M.F. and Stantcheva, S. (2021). “Perceptions of Racial Gaps, their Causes, and Ways to Reduce Them”, *NBER Working Paper* 29245.

Suggested readings:

- Freeman, Gary P. (1986). “Migration and the Political Economy of the Welfare State”, *The Annals of the American Academy of Political and Social Science*, 485:51–63
- Kymlicka, Will and Keith Banting. (2006). “Immigration, Multiculturalism, and the Welfare State”, *Ethics & International Affairs*, 20 (3):281–304.

Part 2: Political Inequality

7 Unequal Representation: The Policy Dimension (4 December, 2 pm)

- Bartels, L. (2016). *Unequal Democracy: The Political Economy of the New Gilded Age*. [Chapter 1 & 8 (second edition)].
- Gilens, Martin, and Benjamin Page. (2014). “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens.” *Perspectives on Politics* 12:564–81.
- Elkjær, M., and Klitgaard, M. (2021). Economic Inequality and Political Responsiveness: A Systematic Review. *Perspectives on Politics*, Online first: 1-20. doi:10.1017/S1537592721002188

Suggested readings:

- Gilens, M. (2009). “Preference gaps and inequality in representation.” *PS: Political Science & Politics*, 42(2):335–341.
- Elkjær, M.A. and Iversen, T. (2020). “The political representation of economic interests: Subversion of democracy or middle-class supremacy?” *World Politics* 72(2): 254-290.

- Kelly, N. J. and Enns, P. K. (2010). “Inequality and the dynamics of public opinion: The self-reinforcing link between economic inequality and mass preferences.” *American Journal of Political Science*, 54(4):855–870.

8 Unequal Representation: The Personal Dimension (21 January, 10 am)

- Bovens, M., and Wille, A. (2017). *Diploma democracy: The rise of political meritocracy*. Oxford: Oxford University Press. [Ch. 1 & Ch. 8]
- Alexiadou, D. (2021), “Cabinet ministers and inequality.” *European Journal of Political Research*. Online first. <https://doi.org/10.1111/1475-6765.12482>
- Folke, O., Martén, L, Rickne, J. and Dahlberg, M. (2021). “Politicians’ neighbourhoods: Where do they live and does it matter?” *NICEP Working Paper*: 2021-03.

Suggested readings:

- O’Grady, T. (2018). “Careerists versus coal-miners: welfare reforms and the substantive representation of social groups in the British Labour party”, *Comparative Political Studies*, 52 (4):544-578.
- Carnes, N. (2012). “Does the numerical underrepresentation of the working class in congress matter?”, *Legislative Studies Quarterly*, 37(1): 5–34.
- Carnes, N., and Lupu, N. (2015). “Rethinking the comparative perspective on class and representation: Evidence from Latin America”, *American Journal of Political Science*, 59(1): 1–18.

9 Unequal Participation (21 January, 11:45 am)

- Solt, F. (2008). “Economic inequality and democratic political engagement”, *American Journal of Political Science*, 52(1):48–60.
- Larcinese, V. (2007). “Voting over redistribution and the size of the welfare state: The role of turnout”, *Political Studies*, 55(3):568–585.
- Gallego, A. (2016) “Inequality and the erosion of trust among the poor: Experimental evidence“, *Socio-Economic Review*, 14(3):443–460.

Suggested readings:

- Kern, A., Marien, S., Hooghe, M. (2015). “Economic crisis and levels of political participation in Europe (2002–2010): The role of resources and grievances”, *West European Politics*, 38(3): 465-490.
- Solt, F. (2015). “Economic inequality and nonviolent protest”, *Social Science Quarterly*, 96(5): 1314-1327.
- Schäfer, A., & Schwander, H. (2019). “Don’t play if you can’t win’: Does economic inequality undermine political equality?”, *European Political Science Review*, 11(3): 395-413.

Part 3: The Politics of Inequality

10 Why Does Inequality Persist? (21 January, 2 pm)

- Lindblom, C. (1982). “The market as prison”, *Journal of Politics*, 44(2): 324-336.

- Hacker, J. S. and Pierson, P. (2010). “Winner-take-all politics: Public policy, political organization, and the precipitous rise of top incomes in the United States”, *Politics & Society*, 38(2):152–204.
- Iversen T. and Soskice, D. (2015). “Democratic limits to redistribution: Inclusionary versus exclusionary coalitions in the knowledge economy”, *World Politics*, 67(2): 185-225.

Suggested readings:

- Skocpol, T. and Hertel-Fernandez, A., 2016. “The Koch network and Republican party extremism.” *Perspectives on Politics*, 14(3): 681-699.
- Kelly, N. (2020). *America’s Inequality Trap*. Chicago: Chicago University Press. [Introduction & Conclusion]
- Gethin, A., Martínez-Toledano. C., Piketty, T., (2021). “Brahmin Left Versus Merchant Right: Changing Political Cleavages in 21 Western Democracies, 1948-2020”, *The Quarterly Journal of Economics*, Online first. <https://doi.org/10.1093/qje/qjab036>

11 The Politics of Inequality Across the World (21 January, 4 pm – student presentations)

12 The Politics of Inequality Across the World (22 January 10 am – student presentations)

13 The Politics of Inequality Across the World (22 January, 11:45 am – student presentations)

14 Inequality after Covid-19 (22 January, 2 pm – followed by joint drinks if possible)

Readings to be announced