

## Unequal Democracy in America

### The Long View

*Jeff Manza*

Modern democratic political systems claim that all citizens have equal opportunities to shape the composition of their elected governments (and hence the policies those governments adopt). In the classical model of democracy, governments are responsive to the mass public, making public policies favored by a majority of citizens while respecting the rights of minorities. In such a world, participation is said to foster learning and engagement on the part of all citizens such that compromise, reasoned debate, and consensus would become possible.

Of course in the real world, no model of democracy has ever proved capable of achieving such a neat equality of representation and the balancing of competing interests. Democracy in practice falls short, perhaps inevitably so, of the ambitious theoretical goals associated with it for the past 2,500 years. For example, one person/one vote rules seem clear enough, but other “inputs” besides votes inevitably influence the relative power of individuals and groups. These “other” inputs—money, networks, media use, policy ideas, social movements—are far less evenly distributed than the right of each citizen to cast a single ballot. However representatives are chosen, the resulting governing coalition inevitably privileges the wishes of some voters over others. And even representative public opinion (derived from

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polls of all citizens) provides uneven cues. Political leaders frequently make decisions on important issues on which the will of the public is unclear or unknowable, or the result of elite manipulation of one kind or another.

While all democratic polities exhibit shortcomings of one kind or another, the American political system is defined by a set of institutional rules and legacies of the past that enable some voices to be more readily heard than others. No other democratic country among the rich, affluent societies allows as much money into the political system, and while the rate of increase in the flow of political money in recent years has been shockingly high, this has always been an important feature of American politics. No other rich democracy has as low a rate of voter participation as the United States, or such large disparities in participation rates by income or class. And few other democratic countries have as decentralized a political system as the United States, giving powerful actors multiple opportunities to "veto" legislation they do not like. These institutional and political factors combine to make it very difficult for redistributive policies commonly found elsewhere to establish themselves in the United States. Political inequality is the normal condition of American politics.

In his essay on the sources of rising political inequality in this volume, John Ferejohn provides a broad overview of how *recent* trends in inequality in the United States have moved faster and with more consequences than in Western Europe. While recognizing there are important nonpolitical sources of rising inequality, Ferejohn notes that policy changes relating to fiscal policy (in particular, the important tax cuts enacted during the presidencies of Ronald Reagan and George W. Bush) have played an especially important role. Given this, he argues, it makes sense to look to recent political trends. Ferejohn fingers party polarization, and growing Republican Party control of national government, as the key proximate factors driving public policy to endorse economic inequality.

While these partisan political factors are unquestionably important, in this essay I want to offer a different interpretation than that of Ferejohn (and indeed, most other commentators on rising inequality). Ferejohn and many other writers on the new inequality sometimes imply the normal pattern in America is to move toward increasing equality, with the post-1970s period as the critical deviation.<sup>1</sup> But taking a longer-range perspective, it is now apparent that the period from the 1940s through the 1970s represents the truly significant departure from the normal pattern; it is the *exception*

to the normal patterning of high inequality in the United States (especially when we focus on rising income and wealth inequality at the very top).<sup>2</sup> The underlying institutions, rules, and political economy are structured in ways that almost always facilitate inequality. The current period represents, in other words, a return to normalcy, not a departure from it.

In this essay, then, I develop a somewhat different argument about democracy and inequality in America than that of the more typical portrait represented in this volume by Ferejohn. I start with some basics: the right to vote and participate in elections, the institutionalization of a two-party system that discourages redistribution except under pressure from social movements from below, and the increasing openness of American democracy to political money and corporate bias. The inequalities embedded in some of these "fundamentals," and the institutions that create them, are well known (such as the role of money in politics), while others (like access to the vote in the first place) are more rarely discussed. Both are important to consider.

Institutional and political factors favoring inequality unfold over time. Understanding contemporary inequality is no different. I begin the second half of the essay with a brief discussion summarizing what should be viewed as the outlier period—from World War II to the 1970s—when a number of unique shifts (primarily having to do with changes in labor law and the regulatory regime during the New Deal, and rising racial and regional equality from the 1950s onward) combined to make possible *declining* political and economic inequality. I then turn more briefly to examine how some of the recent return to normalcy played itself out over the past twenty-five years, focusing on how some of the same developments Ferejohn highlights interacted with the underlying institutional inequalities. The cumulative portrait provides a related but somewhat different basis for understanding how and why American political dynamics reinforce social inequality than that suggested by Ferejohn. In the conclusion, I provide a brief speculation about what would be required for this state of affairs to shift back toward more equality, although I am doubtful that this is likely in the foreseeable future.

#### SOME FUNDAMENTALS OF AMERICAN DEMOCRACY

Political inequality has long been the subject of analysis by scholars and writers, but the intensity of concern has risen in recent years in the

context of rising economic inequalities. This is so for two reasons. First, rising inequality has the potential to widen disparities in the “inputs” flowing into the political system. The example of political money is perhaps the most obvious. As the amounts and shares of income received by households at the top of the distribution have increased over the past three decades, the amount of money the rich have at their disposal to support political causes has increased dramatically. Although analysts have had trouble specifying the exact pathway through which money influences policy, there are nevertheless good reasons to think that there are links between the two.

Second, concern about inequalities in the political system may account, at least in part, for the failure of the American political system to effectively *respond* to rising inequality. The American welfare state stands out in the rich democracies for its low levels of public spending (with the United States currently devoting about 14 percent of its GDP to social spending programs, versus an average of 26.5 percent in the West European welfare state, and 18 percent in the other Anglo-American democracies frequently grouped together as “liberal” welfare states).<sup>3</sup> These figures are startling: even a 1 percent difference in government spending is enormous (translating to about \$130 billion in public spending). To be sure, the United States does provide massive tax subsidies for private benefits, but these private benefits have a more limited redistributive impact.<sup>4</sup>

There are numerous other examples of the failure of the political system to respond to rising inequality: as Ferejohn has noted, repeated tax-cutting disproportionately benefiting the super-rich at a time when high-income households are already absorbing unprecedented shares of national income; or in the pointed refusal of Congress and the White House to adjust the federal minimum wage for a decade after 1997, leading to a 20 percent decline in real value (and the minimum wage has declined overall by some 36 percent in real value between 1979 and 2006).<sup>5</sup>

My argument is that understanding political inequality in the United States requires analysis of unique institutional arrangements and embedded practices. My focus here is on four critical “rules of the game”: the right to vote, the patterning of participation, the nature of the party system, and the financing of elections. Each of these has played a significant role in enabling rising inequality to proceed largely unchecked by public policy. The constraints of the American political system in hindering the development of

social democratic parties and strong unions have been a staple of political analysis since Werner Sombart's 1906 classic *Why Is There No Socialism in the United States?* It is important, however, to revisit the issue in light of new social and economic conditions. I begin with one of those fundamentals, the right to vote.

### *The Right to Vote*

Democratic governance in the modern world is based, in part, on "universal" suffrage, at least the right of all citizens living within a political jurisdiction to have the right to cast one (and only one) ballot for all elected offices. Yet unlike virtually all other democratic constitutions around the world, the American constitution does not provide a guarantee that all citizens will be allowed to vote. When the framers met to draft the Constitution, there were no models of universal suffrage (at least for white men) to draw upon. Some participants floated ideas about declaring the vote a right, or even a "natural right." Such views were supported by radicals like Ethan Allen and Benjamin Franklin. Against these ideas were various conceptions of stakeholder democracy, in which only property owners or taxpayers would participate. The most commonly expressed justification was that only "stakeholders" had a material interest in the well-being of the community, and thus would exercise the franchise wisely.<sup>6</sup> In the end, however, the drafters compromised by delegating to the states the power to determine who could exercise the franchise. This power remains in the hands of the states, mediated by a series of constitutional amendments that later curtailed some of that power. As a result of these amendments, states can no longer discriminate based on race, sex, or age (for those over eighteen years old), nor can they impose poll taxes as a precondition of voting.<sup>7</sup>

In the first few decades after 1789, many states adopted rules that excluded many or all nonpropertied white men, as well as blacks and women. Throughout the first half of the nineteenth century, the nature and extent of the political exclusions against white men based on property ownership tended to fall, but barriers to participation for women, African Americans, and (increasingly) immigrants persisted. Women's suffrage arrived first at the state level, especially in the newer states in the West, and later nationally with the adoption of the Nineteenth Amendment in 1920. Despite the promise of the Fifteenth Amendment in 1870 (barring the states from explicit bans based on race), suffrage was not fully secured for

African Americans in the South until the adoption of the Voting Rights Act in 1965, a full century after the end of the Civil War. The exclusion of African Americans in the South is well chronicled, but it is important to note that not all measures adopted after the Civil War to restrict participation were limited to African Americans. All states began adopting registration requirements, some onerous, and a large number played with various kinds of literacy tests to fence out certain groups of voters (many of whom were poor whites or immigrants). The expansion of measures disenfranchising convicted felons after 1840 (and especially after the Civil War) constituted yet another type of restriction, one that remains in place to this day and that has become increasingly consequential as the felon population has grown dramatically in recent years.

#### *Participatory Inequalities*

In addition to the simple *right to vote*, there are large, persisting disparities in participation among the eligible electorate that have long been a defining feature of American political life. Here again, the character of American political institutions contributes to these disparities. Let's start with the class skew in voter turnout. Participation in American elections is far from universal; one recent international survey shows that turnout in U.S. national elections ranks only 138th highest among the 170 democratic countries surveyed, far lower than all similar rich, capitalist democracies except Switzerland (which ranked 137th).<sup>8</sup> The United States is further unusual for having a substantial cleavage-based skew in political participation: there is typically a turnout gap of some 25 percent or more between the high turnout groups versus low turnout groups (e.g., professionals versus unskilled workers, or whites and Hispanics in the case of race/ethnicity).<sup>9</sup> Such sharp socioeconomic-based cleavages are not generally found to the same degree in other countries.<sup>10</sup> In other words, in democracies where almost everyone votes, there are fewer group differences; as turnout falls, disparities in participation rise.

Why does the United States have such low levels of overall turnout, and why are the skews between groups so large? In the social science literatures on who votes, there are two broad streams of explanation: individual-level factors (generally focused on education level, race/ethnicity, class, religion, community, and knowledge/interest in politics), and political and institutional factors. Sociodemographic attributes of individuals, such as education level, are powerful predictors. For example, it is well established that people

with more education vote at higher rates; but we cannot account for the relatively low rate of overall voter turnout in the United States inasmuch as most individual-level factors are similar in the rich democratic societies today. Political and institutional explanations, by contrast, point to the role of mobilizing activities by parties and political organizations, and institutional constraints such as voter registration requirements, the practice of holding elections on a working day, and the (limited) range of meaningful choices presented to voters in a two-party system. Here, there is much more variation across countries, and in combination these factors provide a useful understanding of the puzzle of low rate of participation in American elections.

Two critical institutional rules contribute to low turnout in the United States: (1) the difficulty of registering to vote, which is automatic in most other countries;<sup>11</sup> (2) the increased costs of voting as a result of holding national elections on working days, versus on either a weekend or national holiday in most other countries. Earlier estimates that the American system of voter registration pushed down turnout by 8–15 percent<sup>12</sup> likely overestimate the impact today, as the difficulty of getting registered has been eased by the 1993 “motor voter” law that requires states to offer citizens voting registration materials through the Department of Motor Vehicles. And a number of states in recent years—eight at this writing—have moved to same-day registration systems, where voters can register at their polling place. Nevertheless, in a highly mobile society where registration is typically conducted at the county level, requiring voters to register (or reregister) before casting a ballot remains a significant barrier for many. Holding elections on a Tuesday, as mandated by the Constitution, further reduces turnout. Cross-national estimates of the negative impact of holding elections on a working day (versus a weekend) are around 5 percent,<sup>13</sup> with the penalty hurting turnout among workers with the least autonomy in their jobs or single parents (who have below-average incomes) the most.<sup>14</sup>

The level and type of mobilization efforts undertaken by political organizations of various kinds provide another set of explanations for why voter turnout is lower and the skew in participation higher in the United States.<sup>15</sup> Low-turnout groups are potentially subject to more influence by mobilization efforts than higher-turnout groups.<sup>16</sup> As with other participatory inequalities, the United States stands out for its lack of equalizing vehicles. In other democratic countries, the strength of unions and social democratic parties gives strong, systematic, and nationwide encouragement to poor

and working-class voters to participate in elections. The United States, by contrast, has weak unions and completely lacks a social democratic or labor party. As a result, voter mobilization efforts aimed at working-class voters are much more of a patchwork, with social movement organizations playing a disproportionate role. While such organizations can have impacts,<sup>17</sup> they cannot substitute for the embedded organizational strength of strong unions and left parties.

The upshot of these dynamics has been that in the United States participation inequalities are far greater than in elections in other countries. Writing in 1949, V. O. Key asserted that “the blunt truth is that politicians are under no compulsion to pay much heed to classes and groups of citizens that do not vote,”<sup>18</sup> a conclusion that has been frequently reasserted. But the problem in American politics is even more dramatic than this implies. Other types of political engagement are even more unequal. Later in the essay, I will take up differences in donations to causes and candidates, which arguably are the most important source of participation inequality aside from voting itself. But it is worth noting that research on *all* forms of political participation—including working on a political campaign, participating in a protest event, writing a letter to an elected official, civic volunteerism of any kind—finds large inequalities between resource-rich groups and disadvantaged groups. The definitive study in this area remains that of Sidney Verba, Kay Lehman Scholzman, and Henry Brady, who find evidence of even larger disparities in other types of political activity than voting.<sup>19</sup> For example, while 17 percent of those earning over \$75,000 a year (in 1989 dollars) reported working on a political campaign, only 4 percent of those earning under \$15,000 did; 73 percent of the former report being a member of a political organization, but only 29 percent of the latter; 50 percent of the affluent group wrote to an elected official at least once in the previous year, while only 25 percent of the low-income group did.

#### *The Party System and the Political Expression of Labor Interests*

The institutional arrangements that shape and define political parties, along with their relative hostility toward organized labor, have combined to produce another key source of political inequality. American unions have, historically, been far weaker and represented fewer workers than in nearly all other rich democratic countries. Some part of the explanation stems from unique economic factors: American firms in the nineteenth century



were big enough to successfully resist unions they did not want, setting in motion a limited style of "craft unionism" in which only a handful of American workers were organized.<sup>20</sup> A generation of scholarship has now shown that institutional and legal barriers to union growth made it impossible for unions to organize workers in the way that they were in Western Europe.<sup>21</sup> Union density in the late 1920s was under 10 percent of all private sector workers, a figure that put the United States at the bottom of the democratic world. American firms grew to dominate the global economy before the 1930s without having to battle organized labor.

Organized labor has generally had a relatively weak foothold in the workplace, but when we turn to political institutions the situation is even bleaker. The electoral system established by the Constitution—a "first-past-the-post" electoral system, in which the candidate (and party) winning the most votes in a single district wins the seat—makes it virtually impossible for third parties to gain traction. This has locked in place a party system in which socialist, Communist, social democratic, and labor parties have never been viable political contenders. The relentless logic of this "majoritarian" system has proved remarkably durable in enforcing major party hegemony. The reasons are not hard to fathom. While proportional representation systems allow minority parties to gain representation in legislative bodies with 5 percent of the vote or less, in the United States only the candidate/party winning the most votes in legislative districts wins the seat. A new party seeking to build support cannot do so gradually by electing a few representatives and building a reputation. Regional third-party efforts—most notably the Populists of the late nineteenth century and the Midwestern Progressives in the twentieth—have occasionally been viable for a period of time, but these efforts were easily parried by the major parties and their voters co-opted.<sup>22</sup>

The two-party system had become firmly established by 1840, and there has been only one successful example of a third party entering the political system and displacing one of the dominant parties since then—the Republican Party breakthrough in the intense conflicts of the pre-Civil War era in the 1850s and 1860 (when Abraham Lincoln won the presidency on a Republican ticket). American political history is littered with failed third-party efforts, many of which were launched by serious people with, in some cases, significant resources and/or apparent political opportunities.<sup>23</sup>

The stranglehold of the two-party system has had two major consequences. First, it has meant that both major parties are broad umbrella

coalitions and winning elections always means winning a majority of votes in the center of the ideological spectrum. To be sure, egalitarian political ideas have not always been absent from American politics. The "radical Republicans" of the Reconstruction era, and in certain regions and historical moments the Democratic Party, have promoted egalitarian programs.<sup>24</sup> The Democrats have also, however, been far more strongly influenced by a broad coalition with heavy Southern representation. The Southern wing of the party was deeply hostile to any policies challenging the Jim Crow system, which greatly narrowed the range of acceptable possibilities for egalitarian public policies.<sup>25</sup> Egalitarian policies and reforms that impact the racial order were continually frustrated by Southerners until the final decades of the twentieth century.

Second, as we have noted, the two-party system has prevented a politically viable social democratic party from emerging. Even where socialism gained a partial foothold in American politics, it would eventually be strangled by the two-party system. The now vast "American exceptionalism" literature was first invented to capture this failure.<sup>26</sup> The absence of such a party is important for two reasons. A durable finding in the comparative politics literature is that strong left parties facilitate more generous welfare states.<sup>27</sup> The path to welfare state generosity through party strength is twofold: when left parties control governments, they can redirect taxing and spending policies toward redistributive outcomes; but even when out of government, strong left parties provide important electoral competition that can push centrist and conservative parties toward greater generosity.<sup>28</sup>

Powerful left parties are also important for shaping public discourses and keeping issues relating to poverty and inequality "on the policy agenda." Parties do more than just seek votes; they also organize voters and political ideologies into a coherent spectrum, providing citizens with inputs that remind them of egalitarian ideas and values, as the extensive literature on the cognitive bases of political beliefs suggests.<sup>29</sup> When the party system includes strong left parties, political debates in the media are much more likely to include pro-equality viewpoints, and media coverage of groups and individuals making egalitarian arguments grows. The narrower spectrum of ideological debate throughout most of American history has significantly reduced the visibility of egalitarian politics.

*Perverse Openness: Corporate Influence and Political Money*

The fourth institutional source of political inequality is the paradoxical "openness" of the American political system. Because of its uniquely fragmented and decentralized structure, with multiple powers devolved to states, counties, and local governments, with federal courts having significant veto power as well, there are numerous avenues for organized interests to express themselves (or block measures they oppose). While decentralization has on occasion meant that progressive states could innovate in new ways, the so-called "laboratories of democracy" have far more often meant that powerful actors have multiple "veto points" to defeat legislative initiatives they do not like in the courts or in state- and local-level governments.<sup>30</sup>

Tracing policy outcomes in almost any major policy domain inevitably leads to the conclusion that diverse veto points have hindered redistributive impulses. A few examples should suffice. Federal courts have notoriously frustrated progressive liberal designs at many points in American history; the Warren Court of the 1960s stands out as a remarkable exception to the general rule that the courts have limited the powers of the federal government to regulate economic activity or reduce the political power of influential interests.<sup>31</sup> Decentralized governance has similarly been impactful. The case of social welfare has been particularly well studied. Robert Lieberman and Jill Quadagno have shown how state-level implementation of social welfare programs foiled the universalist intentions of national reformers in the New Deal and Great Society eras, respectively.<sup>32</sup> As implementation devolved to state (or local) governments, holes were punctured in the programs to shift benefits away from African Americans (or to hold down benefits and make sure that they would not operate as alternatives to low-wage labor markets). Many other examples could be mentioned as well.<sup>33</sup>

Another key source of openness stems from the unique role of money in the financing of American politics. Compared to other democratic polities, the American system of campaign finance allows for an unprecedented role for external funds to flow into the system. American politics have always been awash with cash, as First Amendment principles have equated "free speech" with the right to invest in politics and permitted Congress relatively little scope for setting limits on political investment (with the Supreme Court's recent ruling that unrestricted "independent" corporate campaigns

on behalf of political candidates cannot be limited by Congress merely the latest in a century-long struggle).<sup>34</sup>

The flow of money from businesses interests and the rich to candidates for political office in America is hardly a recent phenomenon. Opposition to big money in politics has been expressed in periodic muckraking journalism, Hollywood movies, and populist political rhetoric about the role of "big money" in politics. Fears that wealthy corporate and individual campaign donors were buying government influence were sufficiently pronounced early in the twentieth century that an early attempt at campaign finance reform, the Tillman Act of 1907, sought to ban all corporate contributions to federal campaigns. The effectiveness of this legislation, however, was limited by lack of enforcement and its susceptibility to loopholes and donations in the name of individuals. In her pioneering study of campaign contributions in the 1928 election, Louise Overacker found, for example, that nearly 70 percent of all money contributed came from donations of over \$1,000 (\$12,410 in 2009 dollars).<sup>35</sup> Similar limitations have characterized the numerous attempts at campaign finance reform right up to the present, including most recently the 2002 McCain-Feingold legislation, which has done virtually nothing to halt the flow of funds into the system.<sup>36</sup>

How and in what ways does political money matter? Theories of "investor" influence on the parties and legislation have proved difficult to definitively test and validate.<sup>37</sup> Much of the recent debate turns on complex methodological issues, producing what two leading analysts have characterized as "the statistical morass that surrounds the study of campaign finance."<sup>38</sup> We do not have the space here to discuss the debates over competing analytical approaches, but suffice it to say that scholarly consensus about the impact of money has proved elusive.<sup>39</sup> The complex array findings are more easily understood when broken down into four distinct outcomes: (1) who runs for political office (making a serious run for political office increasingly requires the capacity to raise huge amounts of money); (2) who wins (underfunded challengers have an almost impossible task against incumbents, although above a certain threshold the impact of resources on outcomes declines); (3) the voting patterns of legislators (who sometimes have to think about the needs of past and hoped-for future donors); and (4) other outcomes, such as facilitating access to legislators through the interest group process. At every stage of this process, there are compelling arguments and empirical evidence to suggest money skews

outcomes, even if in no area is money alone plausibly viewed as a single decisive factor.<sup>40</sup>

Starting with the “who runs” question, there is good evidence that fund-raising requirements deter some kinds of potential candidates. Most dramatically, increasing numbers of super-rich individuals make runs for political office (or finance a favored ballot initiative campaign). A new personal spending record for political office was recorded in 2010 by Meg Whitman, former CEO of eBay, in her campaign for California governor; Whitman spent over \$140 million. The previous record, just set in 2009, was the \$108 million Michael Bloomberg spent to be reelected to a third term as mayor of New York.

Such dramatic examples aside, the routine requirement for being a “serious” candidate for elective office is the ability to tap a well-heeled network of affluent individuals and political action committees. The days of the “grassroots” campaign run by citizen-volunteers employing shoe leather and determination are largely over, except in small local electoral contexts. This is most problematic for candidates outside the political mainstream such as left-liberals and socialists, who want to advocate policies that would tax the rich—the very people they must raise money from—aggressively. The so-called “money primary” matters in particular because it shapes who gets media coverage.

At the same time, however, we should not overstate the point. There is evidence that in certain times and places, sophisticated, well-organized candidates with egalitarian views can package their positions appropriately and surmount the money hurdle effectively. Affluent egalitarians can be located and convinced to give; unions remain active political players (donating about \$50 million in recent electoral cycles); and other sources of progressive financing from groups like environmentalists, feminists, anti-war and anti-nuclear groups, and others can come together in some cases. Every election cycle produces a few such candidates. But these counterexamples fly in the face of a much larger trend in the other direction.

Evidence of the impact of political money on who wins elections is notoriously more difficult to analyze. Republicans have for the most part since 1896 maintained a significant edge in support from large donors, and clear overall advantages in recent years where clear documentation is available (with overall marginal advantages of between 10 and 20 percent, higher when in control of both Congress and the White House).<sup>41</sup>

But both parties have long received enormous cash inputs from large donors, and it is rare in recent elections for serious Democratic candidates to lack sufficient resources. Strikingly, in recent years the Democrats have built a competitive donor base of business PACs that is somewhat different than the Republicans, with huge shares coming from industries such as finance, trial lawyers, and the entertainment industry, while the Republicans receive disproportionately more from industries like oil and pharmaceuticals.

The research literature findings consistently show that well-funded challengers have, not surprisingly, a better chance to win. But whether incumbent spending influences reelection chances is harder to determine. Incumbents typically work harder to raise money (and receive more money from the national party) in close elections, thus making it appear as if money doesn't matter in analyzing the universe of cases.<sup>42</sup> In recent electoral cycles, the ability of both major parties to concentrate resources in a handful of close races with either an open seat or a threatened incumbent has meant that it is rare that lack of resources alone accounts for the outcomes of the most contested races. Nonetheless, rising rates of incumbent reelection in an era when politicians are increasingly unpopular suggest indirectly that the ability of incumbents to raise vast sums contributes to declining competitiveness.

The most important issues over political money, and its impacts on policy outcomes, however, ultimately concern whether politicians adjust their policy positions or votes to respond to the wishes of their largest donors. Evidence of outright vote selling or the creation of "spot" markets where elected officials exchange votes for future donations is rare, although when found such scandals typically generate lots of media attention. Yet it is rarely the case that the amount of money coming from any one donor is of sufficient magnitude to ensure a legislator's vote, especially as the totals being raised have grown so dramatically. Other factors—party membership, legislator's ideology and beliefs, public opinion (perceived or actual), or strategic calculations about how a vote will impact future elections and career prospects—have greater measurable impact on legislative behavior in the most serious research on the topic.<sup>43</sup>

Stronger arguments can be mounted for more subtle forms of influence, such as "access" to elected officials that enables donors to press their case more effectively than those who do not give.<sup>44</sup> Such access, arguably

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a fourth type of impact, may shape legislation at the margins, for example, through the creation of special hidden tax breaks or exemptions inserted into legislation that can, in the aggregate, be quite expensive and deleterious to the overall purpose of a bill.<sup>45</sup> Access ensures that special interests are listened to, even if access alone does not drive the policy agenda.

INTERREGNUM: POLITICAL SOURCES OF DECLINING  
INEQUALITY IN AMERICA (CA. 1937-1975)

If political institutions have historically favored the powerful over the weak, there was one historical period in twentieth-century America in which inequality declined. The view propounded in this essay is that it is the era of declining inequality, not the current era of sharply rising inequality, that is the phenomena to be explained. Five unique forces combined in this era to produce declining inequality: (1) tax reforms, especially those adopted during World War II but largely maintained through the 1970s, which vastly increased income taxes on the highest earners; (2) changes in the regulatory regime during the New Deal, in particular those that set important limits on the financial sector, a key driver of wealth inequality in both the 1910s/1920s and again since the early 1980s; (3) New Deal labor law reforms, which initially worked to the advantage of unions and assisted in the rapid growth of private sector unions in the late 1930s and 1940s; (4) civil rights reform breakthroughs, which finally ended Jim Crow and extended full citizenship rights to African Americans, enabling the lowest-earning subgroup to make significant income gains (relative to whites) through the 1970s; (5) paralleling the end of Jim Crow, the South modernized, moving away from heavy reliance on agriculture toward industry, oil, real estate, and finance, raising incomes of all groups in the historically most impoverished region of the country.

Each of these dynamics has been widely explored elsewhere, although the role of the modernization of the South and its contribution to declining inequality through raising incomes in that part of the country has not routinely been included in much of the discussion of midcentury equality.<sup>46</sup> Marginal tax rates on high earners prior to 1981 were at levels that seem almost incomprehensibly high today. Raised to 90 percent during World War II, they remained at 70 percent all the way until 1981. Such rates dampened enthusiasm for high earners to seek outsized compensation packages. New

Deal regulatory changes that made “banking boring,” as Simon Johnson and James Kwak put it in their fine analysis of the sources of the financial crisis of 2008,<sup>47</sup> provided steady profits but constrained the financial sector from the excesses that created super-wealth and ultimately financial collapse in the 1920s (and again in the 2000s). It was much more difficult for high earners to leverage exceptional returns in the market during this era. Unions also enjoyed their one period of ascendance in this era. During the New Deal, institutional reforms (first in the National Industrial Recovery Act of 1933, and then under the National Labor Relations Act of 1935) made it possible for unions to be organized on a broad basis, in some cases industry-wide (such as in steel, autos, and coal). Though it would take often heroic militance, union growth did happen. Union density—the percentage of all workers organized into unions—would reach over 35 percent by 1950. Finally, improving conditions for African Americans in the North (where industrial expansion opened decent-paying jobs from the 1950s onward), and civil rights legislation and Supreme Court rulings in the 1960s challenged the social and political exclusion of African Americans, while also generating unprecedented educational and labor market opportunities for a “new” black middle class. The rapid growth of the “New South” after 1970 benefited immensely from the region’s grudging, uneven, but relatively rapid acceptance of the end of Jim Crow (with the region’s other attractions, in particular its virulent antiunion environment, making it attractive to Northern capital and spurring rapid growth in the region). As incomes in the South (both black and white) moved closer to the national median, inequality declined.

Missing from this list are two other critical—albeit temporary—factors: the remarkable expansion of higher education, and American global economic dominance. Although the United States had long led the world in both the size and extent of its system of higher education and the scale and scope of its national economy, the comparative advantage skyrocketed after World War II as political coalitions across the country emerged that promoted educational opportunity. The rapid growth of higher education through the expansion of state universities from the 1950s through the 1970s significantly aided upward social mobility.<sup>48</sup> More recently, however, declining investment in higher education has halted the rise of an “educational meritocracy,” and allowed several European countries to surpass the United States in terms of college graduation rates.<sup>49</sup> The global positioning



of the United States in the world economy after World War II was also a unique but transient phenomenon. American economic dominance in the aftermath of World War II made it much easier for firms in key industries to be assured of relatively high profit margins and better positioned to compromise with their workers, especially when nudged by relatively strong unions.

The moderation of the classical sources of unequal democracy in the middle part of the twentieth century produced the "middle class America" now so cherished by many of the harshest critics of rising inequality ("Post-war America was, above all else, a middle-class society," writes Paul Krugman in the opening of his book on rising inequality<sup>50</sup>). Inequality declined. Political polarization was modest. Public policy moved left, especially in the 1960s; but it is striking to note that for all the talk of a conservative "Southern strategy," the rhetoric of the Nixon administration belied frequently liberal extensions of Great Society programs during the early 1970s.<sup>51</sup> Right up until the era of stagflation that followed the 1974–1975 recession, America enjoyed its one (and only) period of declining inequality since the Civil War. It would not last.

#### THE NEW POLITICAL INEQUALITY

Thus far we have discussed how American political institutions favor certain kinds of political disparities that favor those with more resources, and some of the resulting consequences (and how and why they abated in the middle part of the twentieth century). The contemporary era of rising inequality entailed not *only* the abating of each of the five factors identified earlier, but also a striking reassertion of the power of the institutions of unequal democracy. In this section, I turn to a brief survey of some of these developments.

With respect to the mid-century forces of equality noted in the previous discussion, each gave way beginning in the 1970s and 1980s. Policy changes have been widely noted. Marginal tax rates on high earners were cut in 1981, 1986, 1990, and 2001 (falling as low as 28 percent after the 1990 tax reform before stabilizing in a narrow range of 36–39 percent since 1993). Dramatic reductions in "capital gains" rates (just 15 percent since 2001) provide an especially useful source of tax avoidance for high earners at the top who enjoy significant capital earnings. Finally, steady union

decline had, by the 1990s, left organized labor as but a shell of its former self, concentrated especially in the public sector (where its impact on wages was limited).

The most important shifts, however, came in the wake of financial sector deregulation and the resulting wave of financialization that transformed the American economy and society from the early 1980s onward.<sup>52</sup> “Boring” banking was transformed by the growth of a shadow banking sector, new financial instruments that went largely unregulated (and the profits under-taxed at the low capital gains rate), a bank merger movement, and eventually the wholesale shift of conventional savings banks into investment banks and fully integrated firms drawing fees across a range of financial transactions they historically were not involved in.<sup>53</sup> Super-profits, along with rapidly rising wages in the financial sector, soon followed.<sup>54</sup>

What factors brought about these changes? I would insist that any credible analysis must take the long view, conceptualizing the recent period as only the most recent manifestation of the regular rhythms of American political inequality. Each of the institutional underpinnings of unequal democracy reasserts itself. The right to vote began to decline, as a new wave of immigration after 1965 and rising rates of felony convictions left one in ten adults living in the United States unable to participate by 2008.<sup>55</sup> Among eligible voters, the participation skew between advantaged and disadvantaged voters and donors has widened. With respect to participation, the consensus view was that from the 1950s through the elections of the mid-1980s there was relatively little change in the patterning of postwar participation: the gap between workers and managers, or highly educated and poorly educated citizens, remained roughly constant.<sup>56</sup> But since the late 1980s, the most careful analyses suggest that there has been an increasing skew in participation.<sup>57</sup> Disparities in other kinds of political participation widened further, as rising inequality enabled the super-rich to increase their “investment” in politics. In recent decades, incentives for political candidates to seek funding have increased dramatically. Political strategists and campaign managers have reached consensus that high-spending media campaigns are the most efficient way to reach voters, and that “serious” candidates for office need to raise funds (with the “money primary” often signaling who is, or is not, a serious candidate). The consequences of this shift toward television-based campaigning are startling enough. Exhibit 1 suggests that since 1978, there has been a nearly tenfold increase in

EXHIBIT I  
Trends in national election campaign finance, 1978–2006  
(in millions of dollars, inflation adjusted)

Election Year	Total business	Total labor	Total ideological	Total individual
1978	66.5	31.8	8.3	NA
1980	93.4	35.3	13.1	NA
1982	106.7	43.2	22.9	NA
1984	122.4	48.4	28.3	NA
1986	111.4	54.2	34.0	NA
1988	152.3	58.0	32.9	NA
1990	139.4	52.7	22.4	NA
1992	263.1	62.4	26.7	459.8
1994	262.7	63.6	30.4	353.6
1996	407.7	71.8	33.5	536.5
1998	357.3	65.5	37.8	407.2
2000	669.7	104.7	54.0	817.6
2002	615.5	96.1	68.6	719.3
2004	769.4	101.6	77.1	1,014.2
2006	631.7	88.9	67.1	703.0
Δ1978–2006 (midterm elections)	950%	280%	810%	
Δ1980–2004 (presidential)	823%	288%	589%	
Δ1992–2004 (individual)				154%

SOURCES: 1978–1984: Corrado (1987); 1986–2000: Federal Election Commission Reports ([www.fec.gov](http://www.fec.gov)) and Center for Responsive Politics ([www.opensecrets.org](http://www.opensecrets.org)).

NOTES: All estimates shown in 2006 dollars. “Total” includes hard and soft (unregulated) contributions during 1992–2002 to all candidates for national office (U.S. House, Senate, and the presidency). After 2002, totals include hard and estimated 527 (ideological advocacy) contributions. Note that 1992/96/2000/04 are presidential years, and thus reflect higher overall contributions than in midterm Congressional elections without presidential ballot.

real dollars contributed by business interests to candidates for American national elections, as well as steady and seemingly inexorable growth in contributions from affluent individuals. One would be hard pressed to imagine that contributors give large amounts and get nothing in return, although (as noted above) the consequences are more subtle than is commonly understood.

Changes on the supply side have also influenced these trends: the vast increase in wealth at the top has expanded the resources available to “invest” in the political system.<sup>58</sup> And rising household affluence creates a similar dynamic. Giving among the wealthy for all purposes—civic, charitable, religious, as well as political—has increased in this era of rising inequality.

While much of this giving may have benign consequences, no such simple conclusions would be appropriate when it comes to political money.

Of perhaps equal or greater concern in recent years is the impact of political money in funding "agenda-setting" organizations. Increasingly centralized corporate control over the media undermines advocacy of progressive causes.<sup>59</sup> The rise of Internet-based media provides a potential but as yet largely unrealized counterweight. The remarkable growth in the resources flowing into conservative think tanks and foundations is especially significant. Starting in the 1970s, business organizations and conservative foundations began providing resources on a heretofore unprecedented scale in support of policy formation organizations inside the Beltway.<sup>60</sup> The considerable power of these policy organizations to intervene in political debates, get their representatives into the media, and provide policy advice to presidents and Congress is well established.<sup>61</sup> By all accounts, such organizations play a significant role in setting the policy agenda.<sup>62</sup> To the extent that the policy organizations with the greatest resources are disproportionately promoting a conservative policy agenda—as numerous studies have found<sup>63</sup>—they contribute to a larger environment in which many egalitarian policy ideas are simply "not on the agenda" for discussion.<sup>64</sup>

*Recent Political Dynamics: Republicans Ascendant,  
Democrats in Disarray*

Aside from the long-run dynamics, more proximate factors (including some of those discussed in the Ferejohn essay) merit brief attention. The rising political power of the business-oriented wing of the Republican Party, which has to a large extent set the national policy agenda from the early 1980s through at least 2006, is particularly important.<sup>65</sup> Republican political leaders from Ronald Reagan through George W. Bush, as well as a new generation of Republican politicians and party activists, have moved the party to the right. Although there is some disagreement over what impact this shift has had on public policy, it is certainly clear that Republican control over the policy agenda has moved tax policy, regulation, and foreign policy rightward in the past thirty years. Combined with high (and growing) rates of incumbent reelection, many very conservative and principled Republicans have persisted in office without serious challenge from Democratic opponents.<sup>66</sup>

The Republican majority between 1994 and 2006, and the conservative movement that fostered it, however, lost significant ground in the 2006

midterm elections. The decision of the Bush administration to start and sustain an increasingly unpopular war in Iraq backfired, as the party lost control of both houses of Congress and a majority of statehouses to the Democrats. The Republican majority that many observers thought had succeeded in consolidating power at the time of the 2004 presidential election has unraveled, at least for the time being.

Yet the election of Democrat Barack Obama in 2008, with a substantial Democratic majority in Congress, did little to produce a return to egalitarian policymaking of the post-World War II period. Against bitter opposition, the Obama administration has pushed through a national health plan that—if it is fully implemented—promises to provide health insurance coverage to about 95 percent of all Americans by the time it goes into effect in 2014. The administration's heavily compromised financial sector reform legislation partially reverses some of the massive deregulation of finance that underlay the financial crisis of 2008. But these modest legislative victories did little if anything to reverse the course of the past thirty years, and it strains credulity to think that under current conditions the Obama administration will be able to push policy much further.

The main reason for this stark conclusion is that the electoral bases of the major parties have shifted in important ways that discourage the parties—notably the Democrats—from pursuing an expansionary program of social provision. In the debate over trends in class voting in the United States, recent work has suggested two apparently contradictory findings. Income-based models have found persistence of the classical alignment, with lower-income voters remaining as Democratic as before.<sup>67</sup> To be sure, growing affluence (perceived or actual) has pushed all voters to the right,<sup>68</sup> but the relationship between *relative* income groups and vote choice has remained as strong as ever.<sup>69</sup>

However, an occupational-based model of class voting produces a more nuanced picture. Classes (as measured by occupational location<sup>70</sup>) have realigned politically. In our own six-class model distinguishing professional, managers, the self-employed, routine white-collar workers, skilled manual workers and supervisors, and nonskilled workers, we find that considerable realignment has indeed occurred. The results of our statistical analysis of class voting—originally presented in Hout, Brooks, and Manza,<sup>71</sup> and most recently updated and extended by Hout and Moody<sup>72</sup>—suggest a number of striking trends. Professionals had moved from being the second most

*Republican* class to the most *Democratic* class by the late 1980s. The self-employed moved from a centrist position to a strongly Republican bloc in recent elections. Skilled and nonskilled workers have shifted toward the center, although nonskilled workers remain in Democratic alignment.

The question of trends in class voting—and how they may be impacting elections more generally—has been reignited by the debate over the widely discussed best-selling book by Thomas Frank, *What's the Matter with Kansas?*<sup>73</sup> Frank argues that white working-class voters have defected to the Republicans, and into an alliance with affluent voters, creating a coalition “uniting business and blue collar” because of Republican inroads into the working-class electorate based on appeals to symbolic social issues and traditional family values. Our own investigation of these trends suggests a somewhat different picture.<sup>74</sup> We find evidence that social issues have become an important source of occupation-based class realignment, but *not* because conservative views on such issues have pushed working-class voters to the right. Rather, we find strong evidence that social-issue liberalism has pushed professionals toward the Democratic Party.<sup>75</sup> But while these professionals have changed their partisan identity, they have *not* become more supportive of social spending for the poor or other redistributive measures.

To chart the overall impact of change in the social bases of contemporary party coalitions, it is informative to focus on how the intersection of turnout, class-based voter alignments, and the size of groups combine to shape the Democratic and Republican parties' coalitions. In other words, by taking into account the relative *size* of social classes as well as their turnout and vote choice, we can obtain a better sense of the combined impact of class politics on the electoral strategies and policies that politicians and parties will ultimately pursue. Indeed, because processes such as manual workers' declining size and decreasing willingness to support Democratic candidates are difficult to reverse over short periods of time, they set in place powerful constraints that party officials cannot readily ignore.

How have class voters' turnout levels, alignments with parties, and relative size influenced the major parties' coalitions? In earlier work with Clem Brooks, I find that the Democratic Party experienced a major electoral shift from between the 1950s and the 1990s, moving from a party with far more working-class voters than professional and managerial voters to one with

larger representation of the latter groups and a sharply diminished working-class electorate. We estimate the ratio of working-class to professional/managerial voters fell from almost 3:1 in 1960 to about 1:1 by 1992, and it has nudged even further in the direction of middle-class electorate since then.<sup>76</sup> In other words, while in 1960 there were three working-class voters for every professional/manager voter, by the 1990s the Democratic coalition had reached parity between working- and upper-middle-class voters.<sup>77</sup>

Decomposing this shift revealed several dynamics. Professionals have both grown in size and become significantly more Democratic. Both skilled and nonskilled workers have moved toward the center, although at different time periods. Skilled workers in the 1960s and early 1970s and non-skilled workers in the 1980s and 1990s moved toward the political center (although the latter remain in Democratic alignment, albeit not to the same extent as before 1980). Because both classes have declined in size, their relative contributions to the Democratic coalition have shrunk. This development only deepens when we consider a smaller but still significant increase in the share of votes coming from routine white-collar workers, which has also risen since the 1960s.

With such a significant shift in where the votes are now coming from, it is hardly surprising that Democratic strategists and politicians have faced less pressure to extend the economic and social policies of the New Deal. Indeed, it is precisely the growing prominence of middle-class voters within the Democratic coalition that provides party leaders with incentives to emphasize market-related and meritocratic policy ideas and arrangements. To be sure, there remain significant differences between the Democratic and Republican Parties. Political scientists Larry Bartels and Nathan Kelley have produced econometric evidence suggesting that since World War II inequality has grown significantly faster under Republican presidents.<sup>78</sup> Democrats in office have tended to slow the inequality express. But compared to their New Deal and Great Society predecessors, they have done nothing in recent decades to reverse it.

What about the Republican coalition? Has a similar shift occurred among the Republican electorate? In short, the answer is no. Like the Democratic coalition, the Republican coalition shows a marked increase in the representation of professionals and managers, although unlike the Democratic coalition it is managers rather than professionals who provide the bulk of the increased vote share from the educated middle classes.

The share of Republican votes coming from the working class has remained much steadier, as increased Republican voting among some segments of the working class has offset their declining size in the population as a whole. The most striking change, we believe, concerns not class but religion: the share of Republican votes coming from mainline Protestants has dropped precipitously. Once half of all Republican voters, mainline Protestants today provide less than one-fifth of all Republican votes.<sup>79</sup> This group once provided the electoral backbone of moderate and liberal Republicanism, supportive of civil rights and modest support programs for the poor. The mainline population, for various demographic and market factors, has hemorrhaged membership since World War II, while the increasing conservatism of the Republican Party on social issues has prompted them to move to the political center.<sup>80</sup> The loss of this moderate center has been, I believe, a critical but little-noticed source of the rightward shift of the Republican Party over the past fifty years.

Finally, we would be remiss if we did not mention enduring changes in public opinion that have, since the 1970s, made redistributive policy proposals difficult. From a comparative perspective, it is clear that Americans are dramatically less supportive of redistribution through the welfare state than citizens in other rich democracies.<sup>81</sup> But even within an already constrained political market for redistribution, some small but significant trends in public opinion have further tightened opportunities for redistribution. I have explored some of these shifts in a recent paper with my colleagues Brian McCabe and Jennifer Heerwig;<sup>82</sup> our key general conclusions are that declining confidence in government and rising conservative political ideological identity have offset Americans' persisting support for social spending programs across the liberal agenda.

#### A WAY OUT?

The interaction of longstanding American political institutions and recent political trends provides little evidence to suggest that public policy will contribute to reducing inequality for the foreseeable future. If the argument of this essay is correct, America will not be building a redistributive, European-style welfare state any time soon. For those concerned about rising inequality, this conclusion is a bleak one indeed.



Are there any forces that might nudge policy in another direction? History provides useful examples, even if mechanical application of lessons from the past is always problematic. These lessons suggest that the sources of any future reversal of inegalitarian policy trends lie not in a simple re-making of the electoral map, such as electing more Democrats to Congress or to the White House, but rather in challenges developing from outside the major political institutions. At key turning points in the history of the American welfare state, it has been challenger social movements that have shaken the political order in ways that have pushed complacent Democratic majorities to raise taxes on the wealthy and provide greater social supports for disadvantaged groups. This was true, most importantly, in the 1930s and again in the 1960s. In the 1930s, labor and social movement militance pushed the Roosevelt administration toward sweeping legislation that created, in the span of just a few years, the foundations of a national welfare state and strong unions capable of defending workers' interests across a range of industries. Franklin Roosevelt ran on a platform calling for a balanced budget and business-government collaboration. The "Second New Deal" policies adopted from 1935 through 1937—including the Social Security Act, the National Labor Relations Act, and the Fair Labor Standards Act—could hardly have been anticipated in 1932. But movement-driven events pushed FDR and the Democratic majority in Congress to contemplate, and ultimately adopt, policies that altered the course of inequality in America.

What happened in this critical period? One key factor was the backdrop of large, powerful social movement activity: the labor movement, unemployed workers' movements, the Townsend mobilization of the Aged—all contributed to disrupting the normal pattern of American politics, and gave the movements' allies in Congress and the administration unprecedented room to push for new policy reform. The scale of the upsurge in the 1930s is easily forgotten today. There were numerous takeovers of factories by workers engaged in sit-in strikes (over eighty in 1937 alone), a remarkable upsurge in successful organizing drives across a wide swath of industrial America, three large citywide general strikes in 1934 (in San Francisco, Minneapolis, and Toledo), and countless mass protests of unemployed workers and the poor.<sup>83</sup>

A similar dynamic erupted from the mid-1950s onward, when an increasingly militant civil rights movement challenged the previous

subservience of the Democratic majority to the segregationist preferences of its Southern wing. As with the labor-based social movements of the 1930s, the remarkable mass mobilization of African Americans in the South forced (mostly Northern) politicians to confront an enduring set of inequalities. In the span of a less than two years, the social order of the Jim Crow South was swept away by federal legislation (with the adoption of the Civil Rights Act of 1964 and the Voting Rights Act of 1965). None of this could have been predicted in 1960, when John F. Kennedy narrowly won the White House on a platform with moderate positions on civil rights consistent with that of previous Democratic leaders. And the success of the civil rights mobilization created a space of other, related mobilizations to extend civil rights to women and ethnic minorities.

These historical examples suggest how a seemingly entrenched inegalitarian configuration of institutional and political forces can be forced to move toward greater equality. Yet while they provide hope, they also suggest just how daunting is the hurdle facing supporters of egalitarian politics. The labor and civil rights movements of the 1930s and 1950s/60s were remarkable movements that cannot simply be conjured up again. Any survey of the American movement landscape in the first decade of the twenty-first century can only conclude that while we may be in a "social movement society" on a small scale, with lots of single-issue advocacy groups claiming to be membership organizations, there are no large-scale egalitarian movements currently on the horizon of similar scope and power to those of the 1930s or 1960s.<sup>84</sup> Pessimism can only follow from this conclusion.<sup>85</sup>

The historical lessons of the 1930s and 1960s do, however, provide one powerful parallel for today. In both periods, massive migration (the external migration from Central and Southern Europe between the 1880s and 1920s, and the internal migration of African Americans from the 1920s to the 1960s) was slowly remaking the sociodemographic foundations of the American polity. The populations of America's cities and regions were shifting dramatically in both periods. In the first period, immigrant voters were slowly being incorporated into the political system. By the 1930s, under the leadership of Northern liberals inside the Democratic Party, these voters provided the difference in critical electoral contests. By the late 1950s, several decades of strong African-American migration from the South to the North transformed the social bases of the Democratic coalition, making

Northern politicians much more sensitive to the demands of their increasingly black constituents.

A similar dynamic is already well underway. Rising rates of immigration since 1965 are slowly changing the face of the American polity. Latino voters are approaching 10 percent of the electorate nationally, and in key states like California, Illinois, and Florida they have already begun to shift the political balance (with Texas and many other states likely to experience similar movement in the near future). Most projections have Latinos making up as much as a quarter of the total electorate by the middle of this century. Recent developments, including the tensions around immigration reform, may serve to keep Latino voters in an "aligned" position with the Democrats much the same way as Jewish voters entered an enduring alliance with the Democrats during the New Deal, an alignment that has largely persisted even in the face of growing wealth and status in the Jewish community. If Republican politicians continue to promote harsh anti-immigrant policies, a process that seems inexorable in the face of threatening political demography, one can envision an enduring alignment taking shape.

While a growing Latino electorate may benefit the electoral fortunes of the Democratic Party in the future, this does not in itself ensure more egalitarian public policies will emerge. But when combined with other emerging trends, the possibilities are intriguing. Because of a persistent gender gap ranging from 7 to 14 percent since 1980,<sup>86</sup> the overwhelming support of African-American voters for Democratic candidates, and the growing size of the Latino electorate, approximately three-quarters of the Democratic Party vote today comes from either women or racial and ethnic minorities. And that proportion will continue to grow in the future. This sociodemographic shift suggests the *potential* basis for pressure on Democratic politicians to respond in new and different ways to the emerging social problems of the twenty-first century.

Yet the ultimate lesson from American history is that electoral developments by themselves are unlikely to significantly reverse the inequality express of the past three decades. In some ways, the election of President Barack Obama represents the first successful expression of the new Democratic majority. But in the absence of large-scale pressure from new social movements from below, disrupting the balance of institutional and political forces, the Obama administration and the Democratic Congresses of 2006–2010 did little to initiate an assault on inegalitarian America. Key

structural reforms that might shift the institutional context back closer to the environment of the late 1940s—for example, the passage of the so-called “card check” union legislation that would significantly alter the nearly impossible organizing obstacles unions currently face—will require a drastically different political environment than at present. Because it is difficult right now to envision where such pressure might emerge, one can conclude only that the political regime of inequality in America is likely to persist.

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### *Unequal Democracy in America: The Long View*

1. For other influential examples, see Paul Krugman, *The Conscience of a Liberal* (New York: W. W. Norton, 2007); and Larry Bartels, *Unequal Democracy* (Princeton, NJ: Princeton University Press, 2008). Jacob Hacker and Paul Piore's recent work, *Winner-Take-All Politics: How Washington Made the Rich Richer—and Turned Its Back on the Middle Class* (New York: Simon and Schuster, 2010), however, makes a similar historical point to the one here.

2. Thomas Piketty and Emmanuel Saez, "Income and Wage Inequality in the United States, 1913–2002," in Anthony Atkinson and Thomas Piketty, eds., *Top Incomes over the 20th Century* (New York: Oxford University Press, 2007), 141–225. For the comparative long-term evidence, see Anthony Atkinson, Thomas Piketty, and Emanuel Saez, "Top Incomes in the Long Run of History," *Journal of Economic Literature* 49 (2011): 3–71.

3. Clem Brooks and Jeff Manza, *Why Welfare States Persist* (Chicago: University of Chicago Press, 2007), chap. 1.

4. See Jacob Hacker, *The Divided Welfare State* (New York: Cambridge University Press, 2002); Irwin Garfinkel, Lee Rainwater, and Timothy Smeeding, *Wealth and Welfare States: Is America a Laggard or a Leader?* (New York: Russell Sage Foundation Press, 2010).

5. See U.S. Department of Labor, <http://www.dol.gov/whd/minwage/chart.htm>.

6. For an outstanding account of these debates, see Alexander Keyssar, *The Right to Vote* (New York: Basic Books, 2000), ch. 1. For an extended meditation on the visions of democracy embedded in the Constitution, see Robert Dahl, *How Democratic Is the American Constitution?* (New Haven, CT: Yale University Press, 2003).

7. Federal legislation following the Florida 2000 debacle has further codified federal control over state election laws. Under the Help Americans Vote Act of 2002 (HAVA), the states are now required to actually count all ballots, maintain accurate lists of eligible voters, and allow contested ballots to be cast and reviewed later if an election is sufficiently close for it to matter.

8. International Institute for Democracy and Electoral Assistance (IDEA), *Voter Turnout from 1945 to 1997: A Global Report* (Stockholm: IDEA, 1997); see also Richard Freeman, "What, Me Vote?," in Kathryn Neckerman, ed., *Social Inequality* (New York: Russell Sage Foundation Press, 2004), 703–28.

9. Arend Lijphart, "Unequal Participation: Democracy's Unresolved Dilemma," *American Political Science Review* 91 (1997); Jeff Manza and Clem Brooks, *Social Cleavages and Political Change: Voter Alignments and U.S. Party Coalitions* (New York: Oxford University Press, 1999), ch. 7; and Freeman, "What, Me Vote?"

10. Lipjhart, "Unequal Participation," 2–3.

11. G. Bingham Powell, "American Voter Turnout in Comparative Perspective," *American Political Science Review* 80 (1986); Frances Fox Piven and Richard Cloward, *Why Americans Still Don't Vote* (New York: New Press, 2000).

12. Ruy Teixeira, *The Disappearing American Voter* (Washington, DC: Brookings Institute, 1992), 122.

13. Mark Franklin, "Electoral Participation," in Laurence LeDuc, Richard G. Niemi, and Pippa Norris, eds., *Comparing Democracies: Elections and Voting in Global Perspective* (Thousand Oaks, CA: Sage Publications, 1996).

14. However, Freeman, "What, Me Vote?," 715–16, notes one little-known example that implies the impact may be even greater. He compares the extraordinary differences in turnout between Puerto Ricans voting in American national elections in Puerto Rico (where the vote is held on either Sunday or a national holiday and produces turnout above 80 percent), versus Puerto Ricans living on the U.S. mainland (who vote without such flexibility and have turnout rates at less than half that level).

15. E.g., Steven J. Rosenstone and John Mark Hansen, *Mobilization, Participation, and Democracy in America* (New York: Macmillan, 1993); Jan Leighley, *Strength in Numbers? The Political Mobilization of Racial and Ethnic Minorities* (Princeton, NJ: Princeton University Press, 2001); Donald Green and Alan Gerber, *Get Out the Vote: How to Increase Voter Turnout* (Washington, DC: Brookings Institute Press, 2004).
16. See Sidney Verba, Norman Nie, and Jae-On Kim, *Participation and Political Equality: A Seven-Nation Comparison* (Chicago: University of Chicago Press, 1987); Powell, "American Voter Turnout"; Benjamin Radcliff and Patricia Davis, "Labor Organization and Electoral Participation in Industrial Democracies," *American Journal of Political Science* 44 (2000): 132–44.
17. Leighley, *Strength in Numbers?*
18. V. O. Key, *Southern Politics in State and Nation* (Cambridge, MA: Harvard University Press, 1964 [1949]), 527.
19. Sidney Verba, Kay Lehman Scholzman, and Henry Brady, *Voice and Equality* (Cambridge, MA: Harvard University Press, 1995).
20. Kim Voss, *The Making of American Exceptionalism* (Ithaca, NY: Cornell University Press, 1994).
21. William Forbath, *Law and the Shaping of the American Labor Movement* (Cambridge, MA: Harvard University Press, 1991); Steve Fraser, *Labor Will Rule: Sidney Hillman and the Rise of American Labor* (Ithaca, NY: Cornell University Press, 1993); Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton, NJ: Princeton University Press, 2003).
22. See, e.g., Steven J. Rosenstone, Roy L. Behr, and Edward H. Lazarus, *Third Parties in America*, 2nd ed. (Princeton, NJ: Princeton University Press, 1996); Michael Kazin, *The Populist Persuasion* (Ithaca, NY: Cornell University Press, 1998); Micah Sifry, *Spoiling for a Fight: Third-Party Politics in America* (New York: Routledge, 2003).
23. Rosenstone, Behr, and Lazarus, *Third Parties in America*. The most important of these party efforts were those of the populists at the end of the nineteenth century, socialists and communist parties in the first half of the twentieth century, Midwestern Progressive and farmer-labor parties in the 1930s, and in the recent era of increased third-party activism a plethora of efforts by libertarians, Ross Perot's Reform Party, the Green Party, the short-lived New Party, and others (for an overview, see Sifry, *Spoiling for a Fight*).
24. See, e.g., Melvyn Dubofsky, *The State and Labor in Modern America* (Chapel Hill: University of North Carolina Press, 1994); and Taylor Dark, *The Unions and the Democrats: An Enduring Alliance* (Ithaca, NY: Cornell University Press, 1999).
25. See Michael Brown, *Race, Money, and the American Welfare State* (New York: Cambridge University Press, 1999). To be sure, Southern Democrats historically were strongly supportive of social spending programs that could be controlled by state governments; it is incorrect to view them as "conservatives" in

the conventional sense. See, e.g., Keith Poole and Howard Rosenthal, *Congress: A Political-Economic History of Roll-Call Voting* (New York: Oxford University Press, 1997).

26. Werner Sombart, *Why Is There No Socialism in the United States?* (White Plains, NY: M. E. Sharpe, 1976); see also Jerome Karabel, "The Failure of American Socialism Reconsidered," in Ralph Miliband and John Saville, eds., *The Socialist Register 1979* (London: Merlin Press, 1979), 204–27.

27. Alexander Hicks, *Social Democracy and Welfare Capitalism* (Ithaca, NY: Cornell University Press, 1999); Evelyne Huber and John Stephens, *Development and Crisis of the Welfare State* (Chicago: University of Chicago Press, 2001); Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (New York: Cambridge University Press, 2002).

28. Brooks and Manza, *Why Welfare States Persist*, ch. 1.

29. E.g., John Zaller, *The Nature and Origins of Mass Opinion* (New York: Cambridge University Press, 1992).

30. Jill Quadagno, *The Color of Welfare* (New York: Oxford University Press, 1994).

31. See, e.g., Morton Horwitz, *The Transformation of American Law, 1870–1960: The Crisis of Legal Orthodoxy* (New York: Oxford University Press, 1992).

32. Robert Lieberman, *Shifting the Color Line* (Princeton, NJ: Princeton University Press, 1998); Jill Quadagno, *The Color of Welfare*.

33. On labor policy, see Joel Rogers, "Divide and Conquer: Further 'Reflections on the Distinctive Character of American Labor Laws,'" *University of Wisconsin Law Review* 1990 (1990): 1–147; on the frustration of national health insurance, see Colin Gordon, *Dead on Arrival: The Politics of Health Care in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2004); on the New Deal, see Edwin Amenta, *Bold Relief* (Princeton, NJ: Princeton University Press, 1998); on the Great Society, see Quadagno, *The Color of Welfare*; on the right to vote, see Keyssar, *The Right to Vote*. This list could be extended quite considerably—the role of fragmentation and decentralized policy-making as a source of conservative strength in the American system is one of the most enduring and powerful tropes of American history.

34. The case, *Citizens United v. Federal Election Commission*, 558 U.S. 50 (2010), was decided by a 5–4 vote. It held that Congress could not lawfully limit the right of corporations to make unlimited "independent" expenditures on behalf of candidates for office. The full impact of the ruling is not yet clear, but concerns about its potential impact are high. A normally cautious President Barack Obama immediately denounced the ruling, calling it "a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans," and generating headlines by staring down the justices while denouncing the ruling in his 2010 State of the Union address to



Congress. A key earlier ruling was *Buckley v. Valeo*, 424 U.S. 1 (1976), which barred Congress from setting limits on "independent" expenditures on behalf of candidates or parties.

35. Louise Overacker, *Money in Elections* (New York: Macmillan, 1932).

36. See Robert K. Goidel, Donald A. Gross, and Todd G. Shields, *Money Matters: Consequences of Campaign Finance Reform in U.S. House Elections* (New York: Rowman and Littlefield, 1999). The most recent attempt at reform, the 2002 legislation known as the Bipartisan Campaign Reform Act or McCain-Feingold (after its congressional sponsors), establishes a financing structure in which in each two-year election cycle individuals may contribute up to \$2,100 (now \$2,300) to any candidate, \$10,000 to a political action committee (PAC), and \$28,500 to national parties, and up to \$108,200 total. PACs are allowed to contribute up to \$5,000 each election to a candidate, \$5,000 to other PACs, and \$15,000 to national parties. McCain-Feingold eliminated unregulated so-called "soft money" contributions, but still permits unlimited spending for "issue advocacy" under a provision known as section 527. It has been gutted by a variety of federal court rulings, most notoriously the *Citizens United* ruling cited in note 34, so that independent campaigns on behalf of candidates are also still permitted.

37. See Thomas Ferguson, *Golden Rule* (Chicago: University of Chicago Press, 1995); and Mark A. Smith, *American Business and Political Power* (Chicago: University of Chicago Press, 2000).

38. Stephen Ansolabehere and Alan Gerber, "The Mismeasure of Campaign Spending: Evidence from the 1990 U.S. House Elections," *Journal of Politics* 56 (1994): 1115.

39. There are a couple of common issues that recur. Most notably, there are linked questions about simultaneity bias and assumptions about the endogeneity of money in the political process. For instance, statistical studies that treat campaign contributions as an exogenous variable tend to ignore the possibility that PACs give legislators money *because* these legislators vote in a particular way. Such models are unable to distinguish between these two scenarios. The most sophisticated attempts to model the role of money at any stage of the political process attempt to build in parameters for capturing processes that may shape *both* the amounts of money received and their impact, but analytical difficulties continue.

40. My colleagues and I have developed a broader summary of the data and evidence elsewhere; see Jeff Manza, Clem Brooks, and Michael Sauder, "Money, Participation, and Votes: Social Cleavages and Electoral Politics," in Thomas Janoski et al., eds., *Handbook of Political Sociology* (New York: Cambridge University Press, 2004), 201-26.

41. "Guide to the Money in U.S. Elections," Center for Responsive Politics, <http://opensecrets.org/>, accessed May 15, 2007.

42. For an overview of this literature, see Manza et al., "Money, Participation, and Votes."

43. See Stephen Ansolabehere, John M. de Figueiredo, and James M. Snyder, "Why Is There So Little Money in U.S. Politics?," *Journal of Economic Perspectives* 17 (2003).
44. Dan Clawson, Alan Neustadtl, and Mark Weller, *Dollars and Votes* (Philadelphia: Temple University Press, 1998).
45. Clawson and his colleagues (ibid.) provide a compelling analysis of the case of the Clean Air Act amendments of 1990, a nearly 900-page piece of legislation filled with exemptions for individual companies that partially, though not completely, offset the overall goals of the legislation. See Dan Clawson, Alan Neustadtl, and Mark Weller, *Money Talks: How Business Campaign Contributions Subvert Democracy* (Philadelphia: Temple University Press, 1998).
46. For an exception, see Claude Fischer and Michael Hout, *Century of Difference: How America Changed in the Past 100 Years* (New York: Russell Sage Foundation Press, 2006), ch. 6.
47. Simon Johnson and James Kwak, *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown* (New York: Pantheon, 2010), 61–64.
48. Michael Hout, "More Universalism and Less Structural Mobility: The American Occupational Structure in the 1980s," *American Journal of Sociology* 93 (1988): 1358–1400.
49. Claudia Golden and Lawrence Katz, *The Race Between Technology and Education* (Cambridge, MA: Harvard University Press, 2010).
50. Krugman, *Conscience of a Liberal*, 3.
51. John Skrentny, *The Minority Rights Revolution* (Cambridge, MA: Harvard University Press, 2004); Brian Steensland, *The Failed Welfare Revolution: America's Struggle over Guaranteed Income Policy* (Princeton, NJ: Princeton University Press, 2007).
52. See Gerald Davis, *Managed by the Markets* (New York: Oxford University Press, 2009), for an overview.
53. Johnson and Kwak, *13 Bankers*, ch. 3; see also Neil Fligstein and Adam Goldstein, "The Anatomy of the Mortgage Securitization Crisis," *Research in the Sociology of Organizations* 30A: 29–70.
54. Thomas Phillipon and Ariell Reshef, "Wages and Human Capital in the U.S. Financial Industry, 1909–2006" (Unpublished ms., Stern School of Business, New York University, 2008).
55. Jeff Manza, "The Right to Vote," in Jeff Manza and Michael Sauder, eds., *Inequality and Society* (New York: Norton, 2009), 846–56.
56. See, e.g., Jan Leighley and Jonathan Nagler, "The Voters Remain the Same: Socioeconomic Class Bias in Turnout, 1964–1988," *American Political Science Review* 86 (1992); and Michael Hout, Clem Brooks, and Jeff Manza, "The Democratic Class Struggle in the United States, 1948–1992," *American Sociological Review* 60 (1995): 805–28.
57. Freeman, "What, Me Vote?"; Leighley and Nagler, "The Voters Remain the Same."

58. Note, however, that companies cannot give directly in their own name; firm-level political action committees are financed through donations from corporate executives. Firms may give to association committees representing a number of different businesses in, say, a single industry or to the Chamber of Commerce. Direct firm investment takes the form of paying for ever more elaborate lobbying operations separate from (though indirectly linked to) campaign contributions.

59. Eric Klinenberg, *Fighting for Air* (New York: Metropolitan Books, 2006).

60. Hacker and Pierson, *Winner-Take-All Politics*.

61. Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise* (New York: Cambridge University Press, 2004); G. William Domhoff, *Who Rules America?* (New York: McGraw-Hill, 2004).

62. John Kingdon, *Agenda, Alternatives, and Public Policies* (New York: Longman, 1995).

63. See Rich, *Think Tanks*, for a recent summary.

64. The absence of competing and similarly endowed policy organizations promoting progressive ideas has remained something of a mystery. Foundations supporting programs aimed at helping the poor and progressive civic activism have resources that far exceed those of conservative foundations supporting right-wing think tanks and policy organizations. But these organizations have not invested in ideas to nearly the same degree as the leading conservative foundations. For details, see Domhoff, *Who Rules America?*, ch. 4.

65. Cf. Sean Wilentz, *The Age of Reagan, 1974–2008* (New York: Harper, 2008).

66. Jacob Hacker and Paul Pierson, *Off Center* (New York: Oxford University Press, 2005).

67. Bartels, *Unequal Democracy*, chap. 3; Nolan McCarty, Keith Poole, and Howard Rosenthal, *Polarized America* (Cambridge, MA: MIT Press, 2006).

68. Clem Brooks and David Brady, "Income, Economic Voting, and Long-Term Political Change in the U.S., 1952–1996," *Social Forces* 77 (1999):

69. McCarty, Poole, and Rosenthal, *Polarized America*; Bartels, *Unequal Democracy*.

70. See David Grusky and Jesper Sorensen, "Can Class Analysis Be Salvaged?," *American Journal of Sociology* 103 (1998).

71. Hout, Brooks, and Manza, "The Democratic Class Struggle in the United States"; see also Manza and Brooks, *Social Cleavages and Political Change*, ch. 3.

72. Michael Hout and Benjamin Moody, "The Realignment of U.S. Presidential Voting, 1948–2004," in David B. Grusky, ed., *Social Stratification* (Stanford: Stanford University Press, 2006), 945–54.

73. Thomas Frank, *What's the Matter with Kansas?* (New York: Metropolitan Books, 2004).

74. Manza and Brooks, *Social Cleavages and Political Change*, ch. 3.

75. Bartels, in *Unequal Democracy*, ch. 3, challenges Frank's evidence of shifting class voting, in relation to either income groups or educational level. Bartels shows that neither voters with low education or low income have moved toward the Republicans as Frank claims.

76. Jeff Manza and Clem Brooks, "Classes and Politics," in Annette Lareau and Dalton Conley, eds., *Social Class: How Does It Work?* (New York: Russell Sage Foundation Press), 201–31.

77. Jeff Manza and Clem Brooks, *Social Cleavages and Political Change: U.S. Party Coalitions Since the 1960s* (New York: Oxford University Press, 1999), chap. 7.

78. Bartels, *Unequal Democracy*; and Nathan Kelley, *The Politics of Income Inequality* (New York: Cambridge University Press, 2009).

79. See Manza and Brooks, *Social Cleavages and Political Change*; and Clem Brooks and Jeff Manza, "A Great Divide? Religion and Political Change in U.S. National Elections, 1972–2000," *Sociological Quarterly* 45 (2004): 421–50.

80. See Jeff Manza and Clem Brooks, "The Changing Political Fortunes of Mainline Protestants," in Robert Wuthnow and John Evans, eds., *The Quiet Hand of God: The Public Role of Mainline Protestantism* (Berkeley: University of California Press, 2002), 159–80.

81. See, e.g., Brooks and Manza, *Why Welfare States Persist*.

82. Jeff Manza, Jennifer Heerwig, and Brian McCabe, "Political Trends 1972–2006: What Impact Did the Republican Resurgence Have on Mass Opinion?," forthcoming in Peter Marsden, ed., *Social Trends in the United States, 1972–2006* (Princeton, NJ: Princeton University Press, 2012).

83. For an overview of the upsurge, see Michael Goldfield, "Worker Insurgency, Radical Organization, and New Deal Labor Legislation," *American Political Science Review* 83 (1989): 1257–82.

84. David S. Meyer and Sidney Tarrow, eds., *The Social Movement Society* (Lanham, MD: Rowman and Littlefield, 1997).

85. As I write these lines, the Occupy Wall Street movement that began in the fall of 2011 continues to maintain an active presence in lower Manhattan and elsewhere around the United States. OWS explicitly challenges rising inequality and the political regime that supports it. Whether the movement will grow into a potent political force, or is the beginning of a new wave of social movement challenges, is at this writing unclear.

86. Cf. Manza and Brooks, *Social Cleavages and Political Change*, ch. 5.

#### *A Human Capital Account of the Gender Pay Gap*

1. This essay emanates from a debate between me and Fran Blau that took place at Cornell University, March 7, 2003. That debate stimulated my article "How the Life-Cycle Human-Capital Model Explains Why the Gender Wage Gap Narrowed," published in Francine Blau, Mary Brinton, and David Grusky, *The*