

Economic Inequality, Political Inequality, and Social Insurance

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The Argument:

- Increased economic inequality has led to increased needs and demands by working Americans for robust social insurance
- But it has also increased the political power of affluent and wealthy Americans, who often use their clout to oppose social insurance and thwart the will of the majority

Increased needs and demands

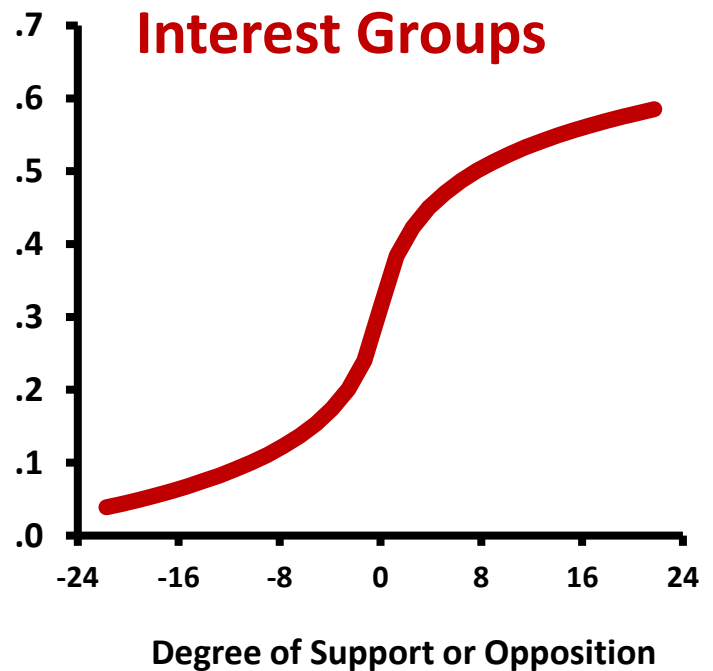
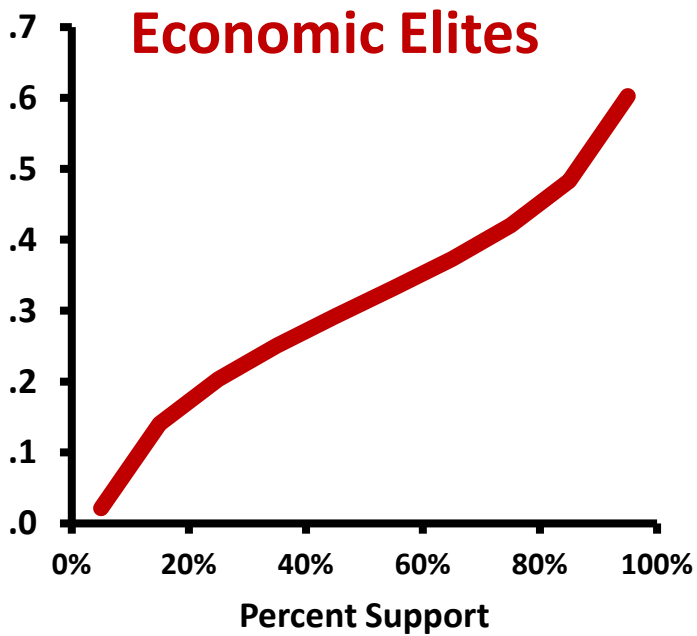
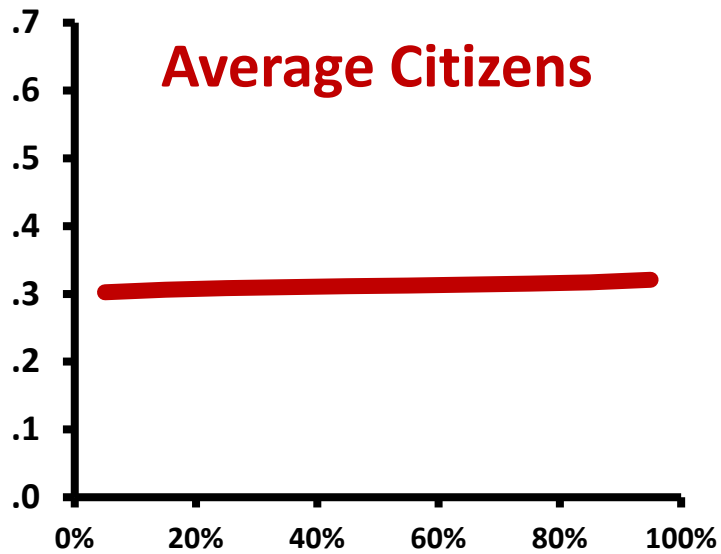
- Global wage competition and labor-saving technology have caused income stagnation
- Workers need better jobs and wages, cheaper health care, and more retirement security
- Surveys show high levels of support for a wide range of government social insurance and social welfare programs

Power has shifted toward the wealthy

- But global wage competition and technology have also empowered capital over labor
- Business owners and managers have more income and wealth to spend on politics
- They can credibly threaten to outsource
- The countervailing power of workers and labor unions has declined

Evidence on political inequality

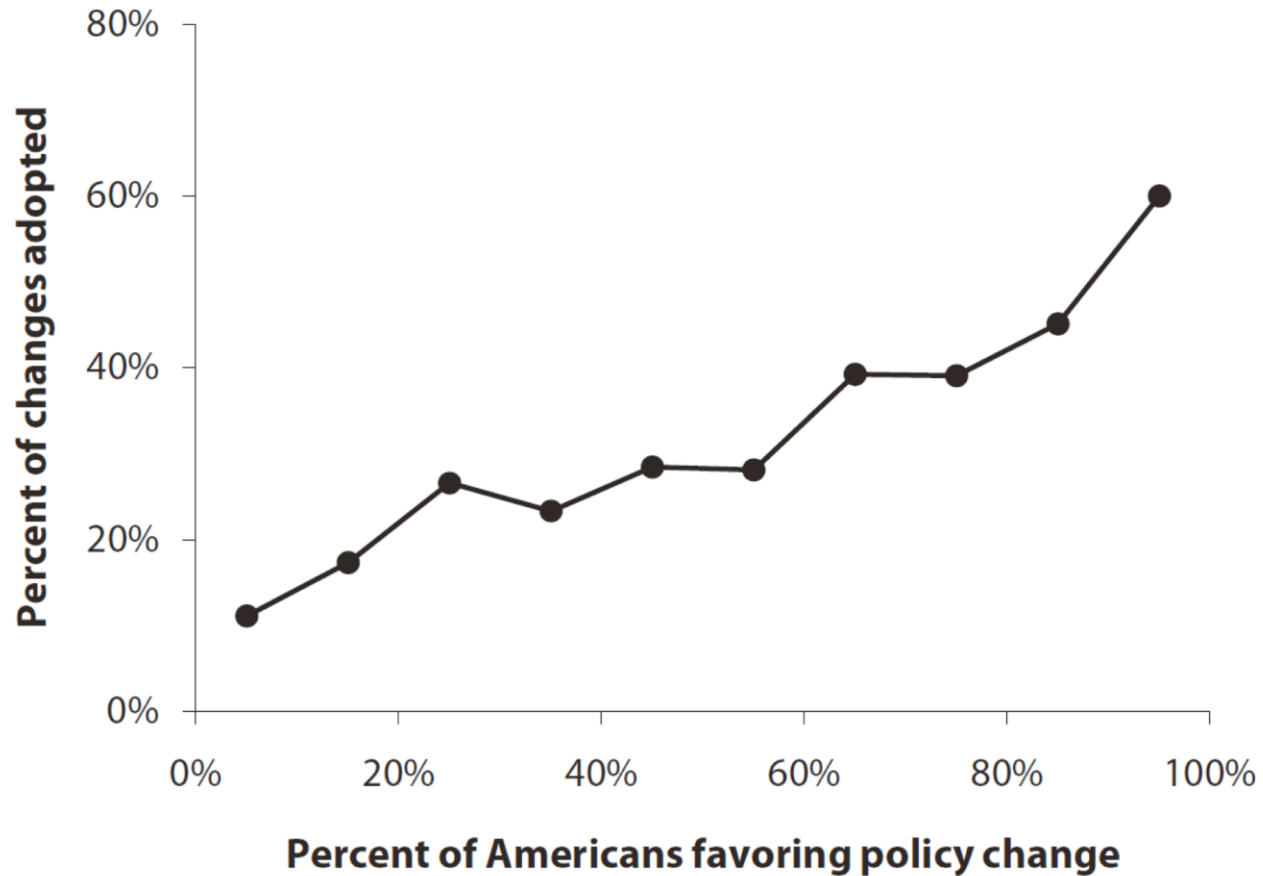
- Recent quantitative evidence (Bartels 2008, Gilens 2012, Gilens and Page 2014) confirms what many have long suspected:
- Affluent Americans and organized interest groups – especially business firms – have far more policy influence than average citizens
- Gilens' data cover 1,779 diverse issues of federal policy over a twenty-year period



Citizens' will is often thwarted

- There is substantial “democracy by coincidence,” when average citizens happen to agree with the affluent
- But there are many important areas of disagreement
- Multiple veto points make it easy for the affluent to *prevent* policy changes sought by large majorities of Americans

“Democracy by Coincidence” and its Limits



Most wealthy Americans oppose help with jobs and wages

% in favor:	millionaires	all Americans
Minimum wage above povty	40	78
Increase EITC (vs same or less)	13	49
See to jobs for everyone	19	68
Govt provide jobs	8	53
Decent std living unemployed	23	50
Ensure food, clothing, shelter	43	68

Source: SESA Chicago-area study of top 1% of wealth-holders. See Page, Bartels, Seawright (2013)

Wealthy Americans are less supportive of public schools, college, retraining

% in favor millionaires all Americans

Spend whatever is necessary

for really good pub schls 35 87

Make sure that everyone

can go to college 28 78

Govt should invest more

in worker retraining 30 57

Wealthy Americans are less favorable to govt help with health insurance

% in favor millionaires all Americans

National health insurance

financed by tax money	32	61
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Willing to pay more taxes for

health coverage for all	41	59
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Wealthy Americans are less supportive of Social Security

	% in favor	millionaires	all Americans
Expand Soc Sec, vs cut/same		3	55
Ensure min std living		55	68
Raise payroll tax cap		47	60

Wealthy Americans are less favorable to redistribution

	% in favor	millionaires	all Americans
Use corpt inc taxes a lot (vs. some, a little, not at all)	38	62	
Govt should reduce diffs betw high incomes and low	17	46	
Reduce inequality by heavy taxes on the rich	17	52	

Results of political inequality

- Meager job and wage programs
- Incomplete health insurance
- Crumbling schools
- Relentless campaign to cut rather than expand Social Security (Altman & Kingson, 2015, ch.9)
- Regressive tax changes and limited redistribution (Hacker and Pierson, 2010)

What can be done?

- Reduce the power of money in politics
- Curtail political activity by business firms
- Mobilize ordinary citizens
- A social movement for Equal Voice?

See Page and Gilens, *Democracy in America*, in progress