

Why Social Democratic Parties no longer expropriate the Rich?

In a new edited volume, a group of economists map variations in the determinants of voting to better understand the political processes behind the rise in income inequality.

About: Amory Gethin, Clara Martínez-Toledano, Thomas Piketty, *Political Cleavages and Social Inequalities. A Study of Fifty Democracies, 1948–2020*, Harvard University press, 2021, 656 p.

Thanks to the work of economists such as Anthony Atkinson, Thomas Piketty and many others, we have a relatively precise picture of levels and trends in income and wealth inequality across the world. Since the Great Recession, the growing consensus is that hyper concentration of income and wealth is not a regrettable side effect of a growing economy but evidence that equalizing processes, while they might have existed in the immediate post-war, are now long gone. Absent extraordinary political interventions, unfathomable levels of economic inequality are to be expected. In light of this diagnosis, scholars have turned their attention to the political and institutional processes that intensify (McCarty, Poole and Rosenthal 2008), mitigate (Thelen 2014), or disrupt (Scheidel 2018) the unequal distribution of income and wealth in contemporary capitalist societies.

Electoral Democracy and Rising Inequality

In this line of work, electoral politics' role in the production and reproduction of inequality has received outsized theoretical and empirical attention (e.g., Roemer

1998, Bermeo 2008; for a recent exception, see Hacker et al. (2021)). A new edited volume by a group of economists – which includes Thomas Piketty— adds to this research by providing a systematic account of the relationship between differences in socio- economic status (SES) and differences in voting patterns in 50 different countries. For each country, the authors use all available election surveys to examine whether citizens with high SES vote differently from citizens with low SES. As a proxy for high or low SES, they use educational attainment, income and –if available– wealth (“class” variables for short). To account for inequality in life trajectories between minority and majority groups, they also extend this analysis to ethnic and racial categories (“identity” categories for short). The final product is a book with 20 region-specific chapters and a long list of co-authors.

Each country-specific section starts with an overview of the party system and how it has changed over time. The remainder of the analysis is a succession of longitudinal graphs that break down aggregate voting data both by left versus right-wing voting blocs and by class variables (income, education and wealth) or identity categories. Close attention is paid to making these blocs and categories comparable over time and between countries.

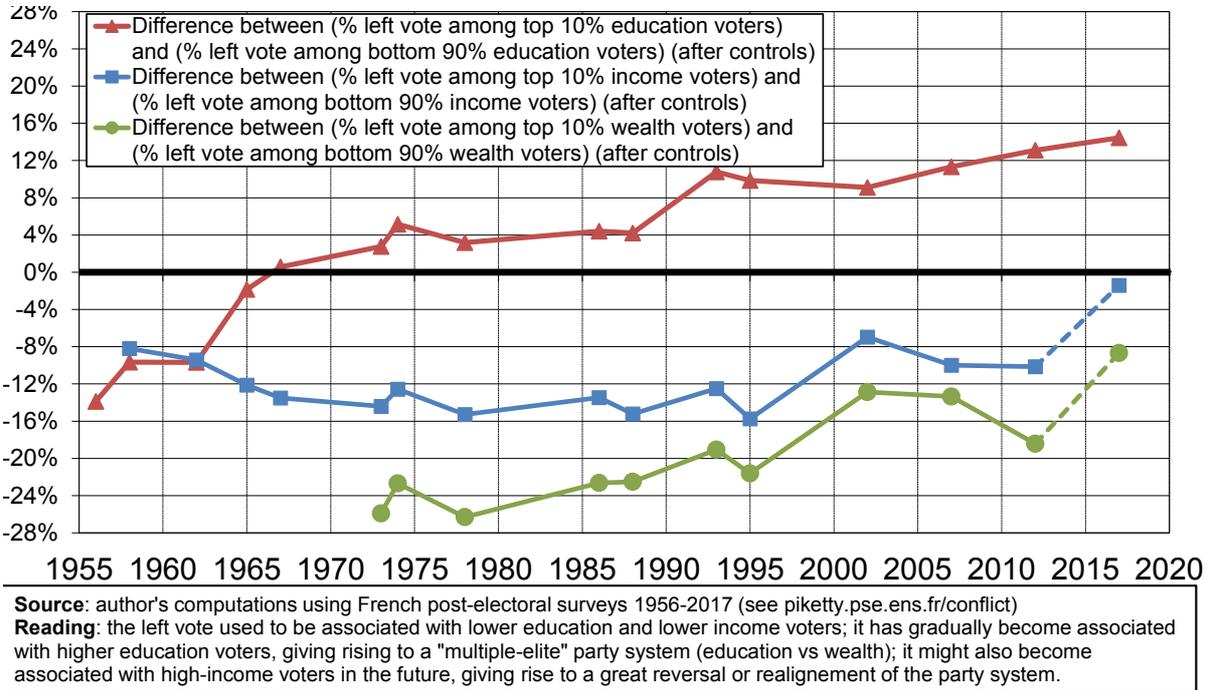
What exactly do the editors hope to learn from this exercise? The answer to this question is not so straightforward. On the one hand, the authors go out of their way to downplay the ambition of this edited volume and emphasize that it is mostly a descriptive exercise based on imperfect data. From this angle, the book’s main contribution is to collect existing information on longitudinal and cross-national variations in the class and identity determinants of voting. On the other hand, the authors argue that these variations tell us something important about the relationship between politics and economic inequality. From this angle, this book is more than a descriptive overview of variations in the determinants of voting: it is using these variations to inform our understanding of electoral politics’ role in the production and reproduction of inequality. I discuss each angle in turn.

Explaining Variations in the Determinants of Voting

From the descriptive component of the book, we learn that, in most Western democracies (with a few interesting exceptions such as Portugal and Ireland), educated citizens, which used to vote for right-wing parties, now vote for left-wing

parties, while those with high-income/wealth still vote for right-wing parties (see Figure 1 below for France). We also learn about the reversal of the gender gap in Western democracies, with women shifting from voting in higher rates for the right to now voting in higher rates for the left. These patterns appear mostly limited to “old(er)” democracies: in the chapters on non-western democracies, we are told about the absence of a left-wing voting bloc in Eastern Europe, variations in the overlap between ethnicity and class in ethnically divided “new(er)” democracies, and the existence of countries with no discernible structure to voting patterns.

Figure 1. France: A reversal of the education gradient amidst stable income and wealth gradients



The exercise of mapping variations in the determinants of voting is quite common in political science. If this book is mostly a descriptive exercise, then I am not entirely clear what it adds to the existing mix of studies beyond a most welcomed synthesis of the evidence in a way that is accessible to a French audience as well as the generous sharing of data (see the website <http://www.wpid.world/>).

Scholars familiar with this research might consequently prefer to skip this volume and reach instead to their own bookshelves or computer folders for a refresher on the reasons for changes in class voting in Europe and the United States (Ford and Jennings 2020; Kitschelt and Rehm 2019; Oesch 2013), the relationship between the welfare state and the growing gender gap in Western democracies (Iversen and Rosenbluth 2010), the importance of sequencing for understanding the peculiarities of

Eastern European party systems (Pop-Eleches 2008), the structural factor shaping the relationship between ethnicity and vote (Huber and Suryanarayan 2016) or the impact on voting behavior of the failed institutionalization of party systems in Latin America (Lupu 2016).¹

Interpreting Variations in the Determinants of Voting: In Search of The Economic Cleavage

However, this volume does more than unearth patterns that have been discussed more extensively by others. As previously mentioned, it also seeks to connect these patterns to a broader research agenda on electoral politics and inequality. This has not been done so forcefully before: instead, most studies identify factors behind changing voting patterns and, at best, briefly discuss implications for income inequality in the conclusion. This edited volume, in contrast, has its eyes on the prize, i.e. big picture theory. So how exactly does mapping voting patterns to class variables and identity categories improve our understanding of electoral politics' role in the production and reproduction of inequality?

Western democracies' experience in the post-war period appears to provide a benchmark. Indeed, part of the decline in income inequality between 1945 and the early 1980s has been traced back to politically influential coalitions (both party and interest group coalitions) supported by low(er) income and low(er) skill voters (Przeworski and Sprague 1988, Korpi 2006). By tracing changes in the electoral class gradient, the editors aim to capture how these coalitions have evolved over time, and whether they exist or have existed in new(er) democracies.

A key premise is that electoral politics structured by income and class are more likely to foster egalitarian policy responses to rising inequality. Where does this premise come from? The authors explicitly draw on a key concept in political science, namely that of political cleavage.

In the 1960s, Lipset and Rokkan seeking to explain similarities and differences in party systems proposed the concept of political cleavage i.e., a situation in which

¹ Note that, based on the book's footnotes, this is not a case of economists failing to read political scientists. This implies a few awkward paragraphs (especially in chapters 1 and 2) in which the authors both acknowledge the extensive work done on the topic and argue that little is known about it.

political divisions, in the form of competing parties, reflect and articulate existing social divisions. They identified several types of political cleavages. One originated in state building and pitted the central state against peripheral communities, often morphing into a political conflict between the central state and a supranational church. Another originated in the industrial revolution and produced an urban/rural cleavage, which later morphed into a worker/employer cleavage. Conflicts between workers and employers, or secularists and defenders of the Church were rooted in collective identities and grassroots organizations tied to the main parties.

A key assumption in this book is that, by looking at the determinants of voting, one can identify the polities in which political divisions — as crystallized by the party system — reflect and articulate economic and material social divisions. An absent or declining class gradient is interpreted as (preliminary) evidence of a polity in which economic inequalities are no longer central to parties' platforms and electoral strategies, and thus a political context unfavorable to translating the economic costs of rising income inequality into more egalitarian policies. Let's unpack this latter claim.

The Economic Cleavage and Rising Inequality

As argued more than half a century ago by Schumpeter, voters are policy takers not policy makers: they only matter as agents capable of choosing between options provided to them by elites competing for votes (Schumpeter 1950). As discussed by Sniderman and Bullock (2004) (see also McCarty, Poole and Rosenthal (2008)): the more distinct and contrasting these options are in terms, for example, of progressive taxation and income redistribution, the easier it is for voters to "sort" according to their material interest, thus increasing the predictive power of class variables for voting. In other words, the absence of a correlation between voting on the one hand and income or wealth on the other can be interpreted as evidence that existing political parties are not competing to offer contrasting interpretations and policy solutions to existing economic grievances. Absent the latter, economic grievances find no political expression and policy translation. Moreover, absent politicization, these grievances are likely to remain latent (Lukes 2004). In this context, the rise in income inequality is more likely to remain unchecked.

What, in turn, explains the absence of a political cleavage favorable to the politicization of egalitarian responses to income inequality? One important line of

work argues that “something else” is structuring political competition, resulting in the depoliticization of economic divisions.² Furthermore, the activation of social divisions orthogonal to economic divisions can also impede the creation of pro-redistribution majorities. Indeed, given that voting blocs are constituted of voters with diverse (if not opposing) interest on the issues of inequality and redistribution, legislation would require important political compromises both within and between parties.

To the best of my understanding, the editors roughly ascribe to the framework described in the previous paragraphs, though with a distinct emphasis on mass educational upgrading, something I discuss later on in this review. As you can see, this (mostly implicit) theoretical framework is quite elaborate and makes many assumptions. This also means that it can be challenged in many ways. For example, while I am sympathetic to the goal of identifying when and where political cleavages reflect and articulate economic inequalities, I am less convinced that the measurement strategy used in this book is as informative as its authors claim. Similar attempts in political science tend to prefer measurement strategies that directly probe the processes described above instead of making the strong assumption that they shape variations in the determinants of voting. For examples, scholars might use text analysis of newspapers and party platforms to capture changes in what political scientists call “issue salience” (i.e., how often is inequality and redistribution talked about relative to other issues and in what fashion) (e.g., Kriesi et al. 2012a, b; O’Grady 2021). Another common practice is to track changes in what is called “issue voting” to capture the extent to which orthogonal issues are splitting class groups between voting blocs (Häusermann and Kriesi 2011; Tiberj 2013). The latter type of analysis requires extensive survey data on policy preferences.

For now, let’s put measurement and interpretation issues aside and assume that 1) the type of voting data used in this book is informative of changing political cleavages and 2) a political cleavage reflective of socio-economic divisions is more favorable to egalitarian solutions to rising inequality. Assuming 1) and 2) hold, what does this volume (very tentatively) contribute to our understanding of the relationship between electoral politics and inequality? This is the part of the book I am most enthusiastic about: it is a welcomed fresh and ambitious perspective on a very important research agenda.

² I will not bore the reader on the intricacies of modeling supply-side dynamics in a multi-dimensional space, see Miller and Schofield (2003); Roemer, et al. (2007) or Kriesi et al. (2012) for important contributions.

The Rise of a Multiple-Elites Party System limited to Western Democracies

One important contribution coming out of this volume is that it calls attention to “old” democracies’ particular trajectory. As a reminder, the main finding is a reversal of the relationship between vote and educational attainment alongside a relatively stable income and wealth gradient. This pattern is limited to this specific group of countries.

While the education reversal is well-known, the relatively stable income gradient is not commonly discussed. This latter finding is a product of the book’s unabashedly materialist lens, which is very much welcomed, if to be expected from a group of French economists. In political science, the education reversal is mostly discussed as a symptom of the rising salience of a second non-economic dimension of political conflict pitting “cosmopolitan libertarians” (who happen to be educated) against “parochial authoritarians” (who happen to be less educated). This debate has, at best, lost track of income and wealth, at worse, taken an unhelpful anti-materialist turn (especially so in American political science). This book thus provides additional ammunition for scholars uncomfortable with the “cultural turn” in comparative political behavior or the tendency to pit cultural factors against economic ones.

The emphasis on a pattern of convergence limited to Western democracies is this volume’s second contribution. Convergence despite cross-national difference in varieties of capitalism, welfare states and political institutions is worth more attention than it has received until now. I also found the interpretation provided by the editors ---and first put forward by Piketty in a working paper--- thought provoking.

My final comments will focus on discussing this interpretation. For that, I also draw on this working paper, which focuses on France, Great Britain and the United States and provides the foundation for chapters 1 and 2 in the edited volume.

The Multiple-Elites Party System's Implications for Income Inequality

Thomas Piketty interprets the reversal of the education gradient and the stable income/wealth gradient (see Figure 1) as evidence that “each of the two governing coalitions alternating in power tends to reflect the views and interests of a different elite (intellectual elite vs business elite).” Specifically, the left has become the party of the intellectual elite, while the right remains the party of the business elite. This --- reasonably--- assumes that political leaders are more responsive to middle and upper-middle class voters. If the right represents the asset rich and the left the education rich, then we can expect policies that benefit the working class to be of limited salience.

This interpretation, instead of focusing on those at the bottom who “vote against their interest,”³ helpfully shifts the attention to those at the top. Note that the rise of the intellectual elite is well documented by scholars studying how the expansion of healthcare, higher-education and the regulatory state more generally, has affected post-industrial countries' class structure (e.g. Oesch 2013, Beramendi et al. 2015). This line of work documents the emergence of a class of educated voters who identify with social democratic parties because of their social values and their ties to the state's payroll.

Piketty's contribution is to flesh out the political implications of such elite pluralism. Specifically, his framework helpfully complements the existing literature, which interprets the education reversal as evidence of a new political cleavage putting the winners of globalization against the losers. This literature overlooks differences among the winners, depending on whether they are education rich (winners of the new knowledge economy buttressed by public investment) and/or asset rich (winners of globalization, rising real estate prices and financialization).

The new Intellectual Elite: What it Wants and Why it Matters

What are the differences between the policy preferences of the intellectual elite vs and those of the business elite? Simply put, each want policies that increases the

³ See for example *What is the Matter With Kansas* by Thomas Frank.

monetary and social value of their main asset: a mix of “neo-liberal” economic policies broadly defined for the business elite and investment in the knowledge economy (e.g. more spending on education) for the intellectual elite.⁴

Again, this argument echoes a thriving line of work in political science, recently summarized in Beramendi et al. (2015) (see also Garritzmann, Busemeyer and Neimanns (2018) and Häusermann et al. (2019)). This group of scholars has zoomed in on the political preferences of educated middle and upper-middle voters (Piketty’s intellectual “elite”) and show that they favor public investment in human capital development, i.e. policies that expand educational opportunities at all levels – from public day care and high-quality early childhood education, to generous public funding for tertiary education and abundant resources for adult training. According to this line of work, this group of voters appears more circumspect when it comes to social consumption policies, which denote the traditional passive income transfer-policies that increase the income of the working class.

In my own work, I have also found that education increases trust in the market economy and its ability to reward effort and talent. To attract and keep these voters, social democratic parties have redefined their conception of social justice. In its previous utterance (pre-1990s), social justice was to be achieved by allowing the state to intervene to compensate for capitalism’s inherent inability to deliver a fair division of income and wealth. Today, social justice is to be achieved through public investments in human capital formation and technical innovation, investment friendly tax-cuts and a more flexible labor market matched with generous unemployment transfers.⁵ In other words, the role of social democratic parties is to promote equity not equality. In this perspective, the ability of market institutions to translate effort into rewards is assumed. The role of the government is to make sure government regulation does not interfere with such mechanism and ensure everyone can acquire the skills most rewarded on the labor market (Cavaillé 2021).

While existing work focuses on this electorate’s impact on welfare state reform (what is being done), Piketty’s contribution is to zoom out and connects it to rising inequality (what is not being done). He highlights how, if political competition is

⁴ Anyone familiar with French politics will recognize parts of Emmanuel Macron’s political agenda, which attracted the “educated type” and (with the help of a few scandals on the right and insurgent parties on the left) resulted in an electoral defeat of massive proportions for the main center-left and center-right parties. Knowing Piketty’s political involvement with the French Socialist Party, these chapters read like an effort to situate the French experience in a larger context.

⁵ Both Piketty and the existing literature overlook the educated elite’s support for generous and inclusive social insurance, something I discuss in Cavaillé 2021.

centered on the material interests (both in terms of income and social status) of two groups of elites, then there is no reason to expect disruptive policies. The best one can hope for is improved social mobility, through more education spending, not lower inequality through income and wealth redistribution.

Tracing the Origins of a Multiple-Elites Party System

Assuming one agrees (and I think I do) that the rise of a multiple-elite system contributes to keeping redistributive policies off the policy agenda, what then explains the emergence of this type of party system and why is this taking place in most Western democracies?

Given Piketty's interpretation, mass up-skilling of the work force is a most-likely candidate. Furthermore, it has taken place in most Western democracies, potentially explaining patterns of convergence. How then can something so good on paper can become so bad in practice. Piketty offers a fatalistic account. Mass education, he argues, is a "naturally inclusive and egalitarian" political agenda up to a point: "once everybody has reached primary and secondary schooling, things look markedly different" as it is "difficult to imagine a situation where the totality of a generation becomes university graduates." More education, to put it simply, generates new types of inequalities that might be more permanent because easier to "justify."

This line of reasoning appears highly shaped by the French context in which many university graduates are in occupations that do not require a university degree. Ironically, the debate in the U.S. is very different: a common take is that rising inequality is due to an under-supply of university graduates (see Goldin and Katz (2009), and David, Goldin and Katz (2020) for an update). Despite these contradictions, the emphasis on mass up-skilling is a welcomed addition to a debate that usually mostly focuses on cultural grievances whether rooted in economic factors (Kriesi et al. 2012) or ethnic diversity (Norris and Inglehart 2019).

Note that interpreting convergence is a tricky business. In representative democracies, only a few parties form and only a few political divisions can be salient at any given period. This suggests an environment prone to equifinality: distinct social processes produce the same type of observable outcomes, partly because the list of possible observable outcomes is relatively short. A cursory look at electoral politics in

Great Britain and the United States point in this direction. Simply put, these two countries have experienced very different types of “supply-side” dynamics: parties have polarized in the United States and de-polarized in Great Britain, yet in both countries Piketty finds the same multi-party elite pattern in the form of an education reversal and a stable income/wealth gradient. Should we conclude that the same processes are at play on both sides of the Atlantic?⁶

Ultimately, this edited volume offers a refreshing take on an important question, providing new interpretations of well-documented patterns and highlighting less well-known ones. The next step is to move beyond election surveys. Piketty and his team look like they have the resources, networks and theoretical apparatus to do just that.

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⁶ The same reasoning could apply to the study of right-wing populism.

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