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Class War: The Politics of Rising Economic Inequality

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REVIEW ESSAY

Class War: The Politics of Rising Economic Inequality

Benjamin I. Page and Lawrence R. Jacobs, *Class War? What Americans Really Think about Economic Inequality*, Chicago & London: University of Chicago Press, 2009, 142 pp.

Larry M. Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age*, Princeton, NJ: Princeton University Press, 2008, 325 pp.

Rising economic inequality is one of the most disturbing trends in America today. Blighted inner cities, industrial wastelands, and desolated rural communities stand in sharp contrast to the gated communities, luxury apartments, and suburban mansions that house the superrich. The economic inequality whose spatial and visual representations accompany our everyday lives has been well documented by countless studies. While the top strata of American society have seen their wealth skyrocket, wages of working class Americans have been stagnant or falling. America has always been a country of great economic inequality. But the discrepancies between the tiny elite of the superrich and the great majority of working- and middle-class America have become so great that even the scientists in the ivory towers have become alarmed.

Benjamin Page, Lawrence Jacobs, and Larry Bartels deserve praise for their efforts to use their command of survey data and statistical tools to tackle the very topical problem of rising economic inequality. They have taken on this task in a way that is supposed to engage the wider public. Page and Jacobs seek to reach a "broad audience of general readers" beyond the narrow circles of the scientific community (p. xi). Bartels's ambitions are more modest. His use of sophisticated statistical methods makes his argument more difficult to follow for the untrained reader. But his commitment to "balance the demands of scholarship and accessibility" is laudable because it is too rarely found among the leading scholars in the discipline (p. ix). While both books make valuable contributions to the debate on the political ramifications of rising economic inequality, their focus on elections and public opinion puts significant limits on the effectiveness and scope of their analyses.

Page and Jacobs set out to examine an intriguing question. Why has rising economic inequality not led to class conflict? Many pundits have argued that Americans are either uninterested in inequality or accept it as an essential component of a free market economy. Page and Jacobs not only set out to refute the claim that Americans do not want the government to address the problem of economic inequality. They also seek to show that regardless of income or party

identification, a majority of Americans are not only concerned about rising inequality but demand government action. Thus they claim “*agreement*, not class war, is a striking, yet often-ignored, feature of public thinking about economic inequality” (p. 2).

Their argument proceeds in three steps. After citing evidence of the great income disparities among Americans, they use survey data to show that Americans are not only aware but also concerned about the growing gap between rich and poor (chap. 2). They go on to argue that a majority of Americans supports government programs that help the economically weak (chap. 3). Finally, they present survey data, indicating general support among Americans to pay for these programs with their tax dollars (chap. 4). In the light of claims by pundits and scholars that Americans are generally conservative, these findings seem counterintuitive. Page and Jacobs argue that Americans are both, “conservative egalitarians” and “pragmatic egalitarians” in order to reconcile Americans’ support for a free market economy, emphasis on individual responsibility, and general distrust of government with their support for government programs that spread economic opportunities and secure a basic standard of living for all Americans.

Page and Jacobs present a strong case for their argument that Americans’ awareness of great economic disparities makes them supportive of social policies that alleviate the problem. However, citing pundits’ dismissals of Americans’ concerns for economic inequality, Page and Jacobs set up a straw man to begin with. The current recession has only aggravated the dire economic circumstances millions of Americans find themselves in. And they surely have noticed that their paychecks hardly make ends meet, while the CEOs of the companies they work for walk away with millions in executive pay and bonuses. Their finding that many Americans harbor a general distrust of government but support specific social policies is also hardly new. As Page and Jacobs note,

close students of public opinion have known for at least 40 years that the American public combines philosophical conservatism regarding the government’s general role, with an equally strong pragmatic liberalism concerning concrete challenges facing Americans and specific government programs to help them. (p. 21)

However, despite long-standing questions regarding its validity, the persistent use of the dichotomy between philosophic conservatism and liberalism in public opinion studies has greatly contributed to the proliferation of this flawed dichotomy in popular discourse in the first place.

Page and Jacobs provide ample evidence from numerous surveys that should end the separation of Americans into conservative and liberal camps once and for all. They show that the majority of Americans believes in social mobility, personal responsibility, and free markets. When asked about government in the abstract, Americans express concerns about inefficiency and incompetence. But, at the same time, Page and Jacobs find evidence that Americans regardless of income or party affiliation “support government programs that moderate economic inequality by expanding opportunity and protecting Americans from harm” (p. 57). Rather than being strictly ideological, Americans seem to be pragmatic. They embrace government policies that protect against economic insecurity and ensure equal opportunities, even if these violate their abstract conservative

philosophy. The same pragmatic attitude is found in regard to taxation. While anti-tax zealots frequently try to capitalize on a general distrust of the people in the government's ability to spend wisely, survey data shows that Americans support taxes for concrete government programs. Page and Jacobs also find majority support for progressive taxation. Overall, their book identifies popular opinions that are completely out of step with the assertions of the Washington establishment that Americans neither like redistributive government programs nor are willing to pay for them.

The book by Page and Jacobs makes an important contribution to the current debate about economic inequality. It helps us to prove that those pundits, politicians, and pollsters who claim that Americans neither care about economic inequality nor want the government to do anything about it are misconstruing public opinion. However, they go too far when they deny the existence of class war. Their claim that "Americans from widely different backgrounds agree that extreme inequality of income and wealth is bad and should be dealt with" stands in sharp contrast to current policies that leave millions of Americans without help, while the wealthy enjoy tax break bonanzas. Their denial of class war can be explained by their broad conceptualization of high income and their flawed view that class war can only be fought by the proletariat. While many well paid doctors, software engineers, or lawyers may share Main Streets' unease with economic inequality, the CEOs of America's biggest corporations have shown little concern. In fact, the tiny minority of America's richest business leaders have declared class war against Main Street. While corporate profits and executive pay have soared during the past decades, corporate boards and CEOs have crushed unions, demanded tax cuts, and lobbied for rollbacks of government policies that help working class Americans.

Led by their focus on public opinion, Page and Jacobs can only naively ask whether policy-makers will respond to the will of the majority (chap. 5). They claim that the growing polarization of Washington politics, amplified by sensationalist media coverage and a deep-seated but wrong belief in the self-interest of high-income voters, has confused policy-makers as to what Americans really want (pp. 102–104). Page and Jacobs seem to understand themselves that the real problem is not a flawed understanding of American public opinion, as their book suggests. The brief references to America's electoral system, the institutional structure of American government, and the influence of moneyed special interests on the last five pages suggest where the analysis should be headed. It seems obvious that Americans would like their government to enact policies that end the class war the haves have declared on the have-nots. What is less obvious is how the interests of a tiny majority can prevail over the will of the majority under a supposedly democratic government.

This is precisely the question that Bartels examines. Like Page and Jacobs, Bartels cites ample evidence of growing economic inequality. But he emphasizes that the most dramatic income gains have been concentrated among the "hyper-rich stratum comprising about 13,000 taxpayers" (p. 11). These findings set up the core puzzle that he seeks to solve. Why does a democratic government enact public policies that benefit the tiny minority of the superrich? His answer begins with a refutation of the claim that income distribution has nothing to do with politics. In order to show that partisan politics have an effect on economic inequality, he compares the distribution of income growth during Democratic and

Republican presidencies and finds that low-income households have fared much better under Democratic presidents (chap. 2). This finding raises the question why Republican presidential candidates have had so much electoral success. Bartels dismisses claims that conservative values have driven the working class into the Republican camp and insists that workers continue to be focused on economic issues (chap. 3).

Given that working-class interests should result in Democratic votes, he identifies three biases that have helped Republicans win presidential elections (chap. 4). First, instead of looking at the larger historical picture, voters tend to take only short-term economic developments into account, a myopia that has helped Republicans at the polls. Second, because of media biases low-income voters tend to evaluate the state of the economy in accordance with income gains for the most wealthy. Third, Bartels suggests that income gains by the wealthy result in campaign contributions from which Republicans have benefitted more than Democrats.

Like Page and Jacobs, Bartels cites survey data that indicates concern among Americans about economic inequality and sympathy for working-class Americans. But despite the "importance of egalitarian values in American political culture," he finds that people often fail to "recognize the implications of their own values for their views about crucial public issues" (pp. 129, 161). Americans tend to be unaware that their policy preferences often contradict the general values they profess. His case studies of tax cuts (chap. 6), the repeal of the estate tax (chap. 7), and the minimum wage (chap. 8) further underscore how the ill-informed public lets government officials get away with policies that hurt the interests of working- and middle-class America. Politicians cater to the political views and economic interests of the affluent, whereas the views of millions of constituents in the bottom third of the income distribution are consistently ignored (chap. 9). Bartels concludes emphasizing that "unequal democracy," the lack of responsiveness of the government to the majority of the citizens, is the source of rising economic inequality. The ignorance of low- and middle-class preferences makes possible the adoption of policies that benefit the wealthiest citizens at the expense of the great majority of the American people.

Bartels's greatest contribution highlights the limitations of his approach to comprehend the "Political Economy of the New Gilded Age." As he reiterates throughout the book, neither elections nor public opinion have prevented the government from adopting policies which blatantly favor a very affluent minority over the great majority. Despite this important insight, he keeps looking at public opinion and election data to explain what public opinion and elections cannot explain. His sophisticated methodology cannot overcome the limitations of his theoretical framework. This is evident from the beginning when he contrasts the impact of Democratic and Republican presidencies on economic inequality. His finding that working- and middle-class Americans have fared better under Democratic presidents confuses correlation with causation. It is very telling that Bartels can give no convincing theoretical explanation for why the presidency should hold the key to redistributive economic policies. Presidents certainly shape the legislative agenda, but they cannot dictate outcomes. As his own case studies show, the fate of Bush's tax cuts, the repeal of the estate tax, and the minimum wage were decided in Congress. A closer look at the Clinton presidency further undermines Bartels's equation of Democratic presidents with redistributive

public policies. Clinton pushed for a very significant expansion of the Earned Income Tax Credit. But the economic boom generated by a short-lived “new economy” temporarily masked the detrimental effects of the North American Free Trade Agreement (NAFTA) and the 1996 welfare reform on poor and working-class Americans during the 1990s. As a fiscal conservative Clinton also does not fit Bartels’s model of Democratic presidents who use increased government spending to spread economic opportunities and wealth widely.

Bartels’s insistence that the working class has remained staunchly Democratic (chap. 3) sets up his explanation of why Republicans have nevertheless had so much electoral success (chap. 4). But whether cultural values trump economic interests or not, the main reasons why the working class is struggling lie not in electoral biases that benefit Republicans, but in the working class’s abandonment by the Democratic Party. Bartels notes himself that Democratic senators are as unresponsive to low-income constituents as their Republican counterparts (p. 270). Democratic senators also did not filibuster the Bush tax cuts or the repeal of the estate tax. In fact, Democrats have been complicit in the adoption of many policies that are widening the gap between rich and poor. Bartels’s focus on tax cuts and the federal minimum wage is important but incomplete. He misses the importance of the dramatic rise in executive compensation and the impact of the decline of unions. Even after the financial meltdown in 2008 and the massive federal bailouts of Wall Street, government officials have made no serious attempt to curb the excessive compensation packages. Regardless of the pathological incentives that these bonuses create and their detachment from actual economic performances, investment bankers and corporate executives have little to fear from the government.

The main reason why the superrich have been able to benefit from the government is not found in elections or public opinion but rather in an examination of how public policy is actually made. The most striking shortcoming of Bartels’s account is the near absence of special interest groups which dominate the policy-making process. Since the 1970s, corporations and wealthy individuals have funneled billions of dollars to Washington to influence government policies in their favor. At the same time, working- and middle-class Americans have steadily lost influence on Capitol Hill, most notably because of the decline of unions. The decline of unions plays a central role in the rise of this new Gilded Age of economic inequality. Organized labor helps workers to obtain a fair share of corporate profits in higher wages and benefits, and thus has a significant impact on income distribution. Unions also educate workers about their political interests, countering the political misinformation among low-income people that Bartels bemoans. And finally, unions can pose a powerful counterweight to the corporate and moneyed interests that dominate Washington’s lobbying community. The decline of unions is often associated with the Republican Party’s hostility towards them. However, Democrats have not helped much either. Despite current Democratic majorities in Congress and a Democratic president in the White House, the proposed Employee Free Choice Act, which would make the organization of unions easier, is going nowhere.

If we are to learn a lesson from Page, Jacobs, and Bartels, it is that public opinion and elections offer little hope that this new Gilded Age will soon come to an end. The views of the majority of Americans on economic inequality that Page and Jacobs so eloquently describe matter little, if Bartels is right that “whatever

elections may be doing, they are *not* forcing elected officials to cater to the policy preferences of the ‘median voter’” (p. 287). But how can the class war that the richest have declared on middle- and low-income America be won, when the current political system is so utterly unresponsive to the will and needs of the majority? Even though the two books under review are deeply rooted in conventional political analyses, they point to the need for more radical politics. Their accounts present strong evidence why participation in public opinion polls and voting will not be enough to reinstate an accountable democratic government that will reverse the disturbing trend of growing economic inequality.

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