

# ECONOMIC INEQUALITIES

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J. Alexander Branham

Fall 2016

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- What ramifications does this have for politics?



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    - Does public policy respond to the opinions of the richest citizens or the middle citizens?
  - How well are the poorest citizens represented?

# DISTRIBUTION OF INCOME AND WEALTH

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- How do you *think* it should be?

# WEALTH DISTRIBUTION

The Actual Wealth Distribution of the U.S., What Americans Think the Wealth Distribution Is, and What They'd Like It to Be

■ Top 20% ■ 2nd 20% ■ Middle 20% ■ 4th 20% ■ Bottom 20%

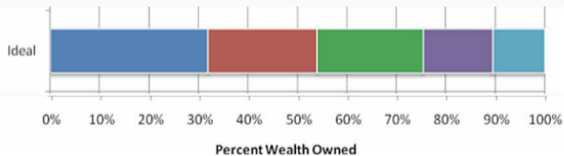
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Percent Wealth Owned

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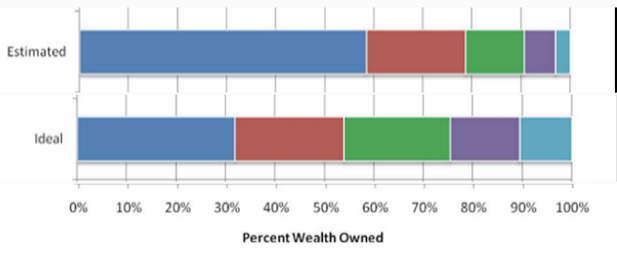
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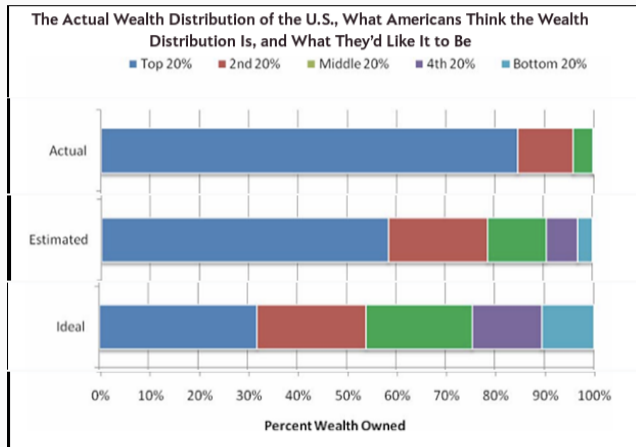
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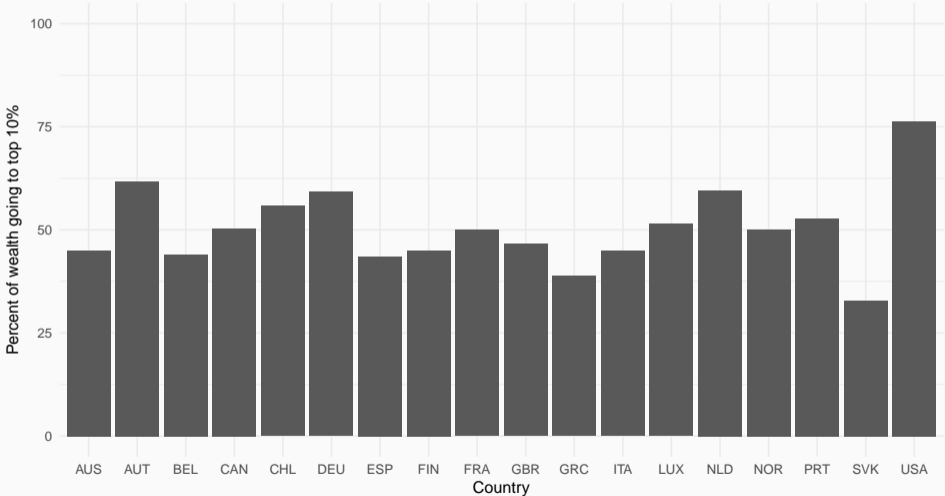
# WEALTH DISTRIBUTION



- Is the US an outlier here?

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- What do other comparable countries look like?

# DISTRIBUTION IN COMPARATIVE PERSPECTIVE



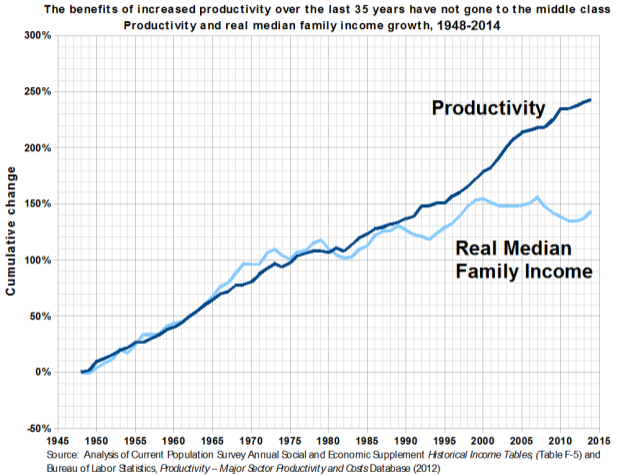
Source: OECD data, November 2014



- Income inequality is also large in the United States

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- Today, the top 10% of households take home about 30% of the money

# DISTRIBUTION IN HISTORIC PERSPECTIVE



# PUBLIC POLICY

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- Some policies are designed specifically to limit or shrink income/wealth gaps

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  - Example: federal income tax — your millionth dollar is taxed at a higher rate than your first
- Or they can be **regressive** where the tax rate decreases as the amount increases
  - Example: sales taxes on essentials like food — since poorer people spend a higher proportion of their money on food, this tax affects them more than richer people

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- Other redistributive policies include food stamps and Social Security

## WHY PROGRESSIVE TAXES?

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- The value of an additional dollar decreases with every dollar you already have
- So we need to tax dollars at high levels if you already have lots of money to make it just as painful as the taxation of a dollar if you have few

**WHO GETS REPRESENTED?**

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- After all, rich people have more time & money to give to politicians and campaign committees
- Maybe this translates into the richest citizens getting their way when it comes to public policy?
  - Especially troubling with regard to tax breaks, etc

Our task: to analyze whether (and to what extent) there exists unequal representation based on income

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  - Without this, difficult to detect differences in representation
  - Without this, limits on consequences of representation
- Let's use the General Social Survey to look at this

## NET SUPPORT BY INCOME ON DIFFERENT POLICY AREAS

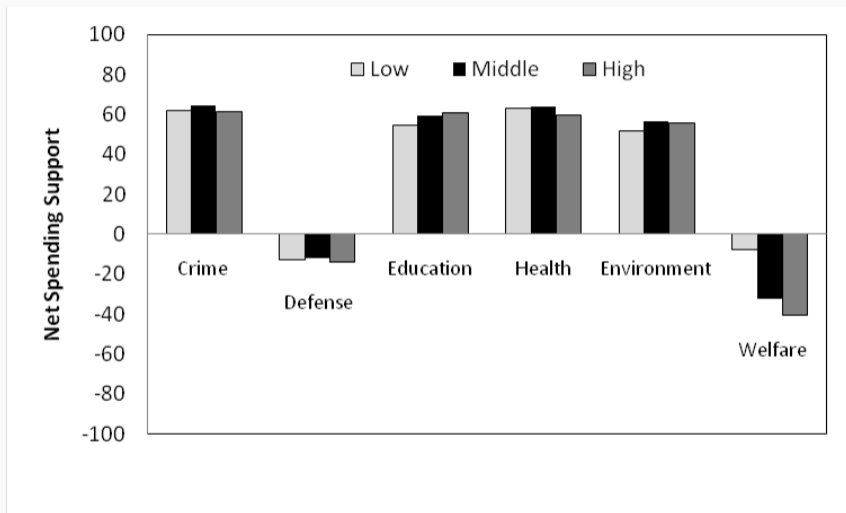


Figure 1: Source: Enns and Wlezien 2011 "Group Opinion and the Study of Representation"



# NET SUPPORT FOR WELFARE OVER TIME

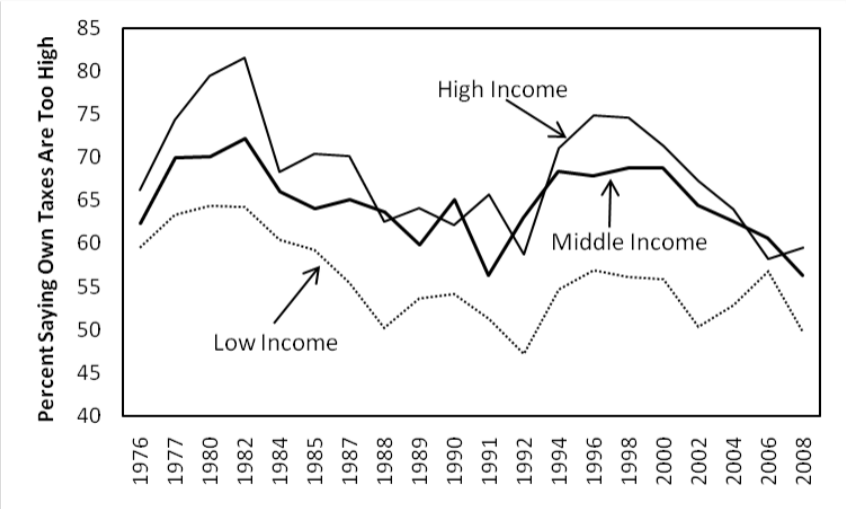


Figure 2: Source: Soroka and Wlezien 2008, "On the Limits to Inequality in

## TAX PREFERENCE OVER TIME

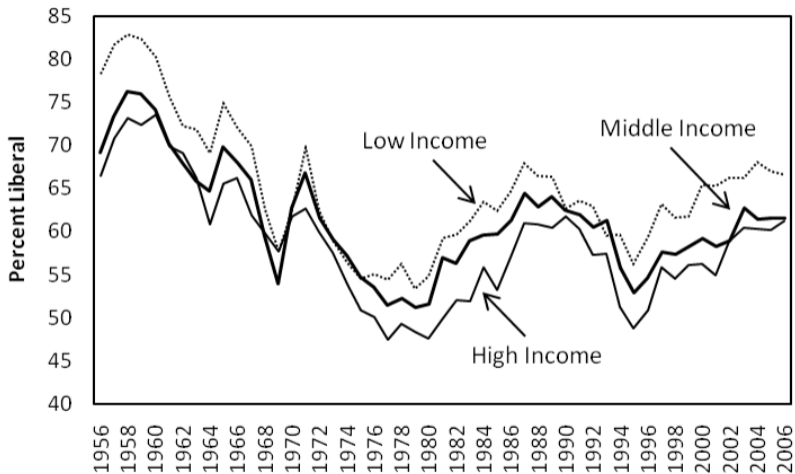


Figure 3: Source: Enns and Wlezien 2011

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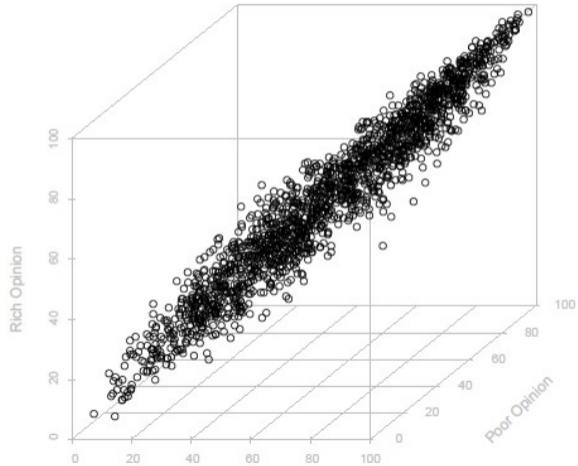
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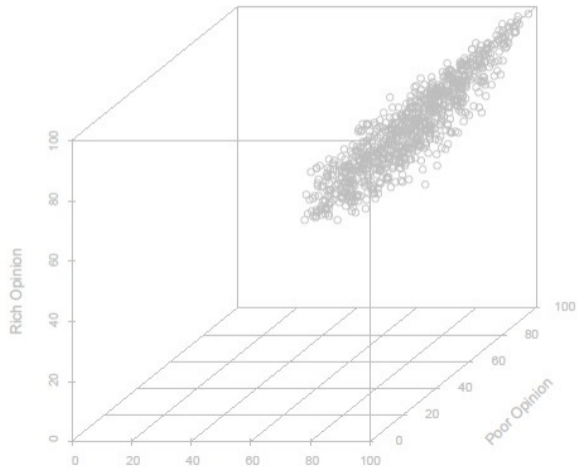
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# POLICY SUPPORT FOR THREE INCOME GROUPS

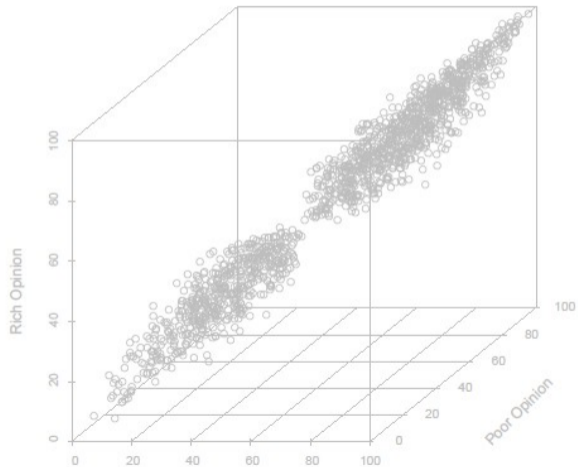




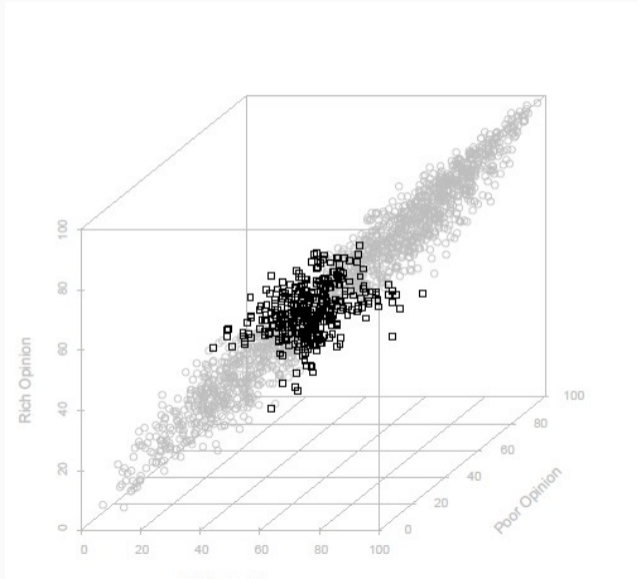
# POLICY SUPPORT FOR AGREEMENT (SUPPORT)



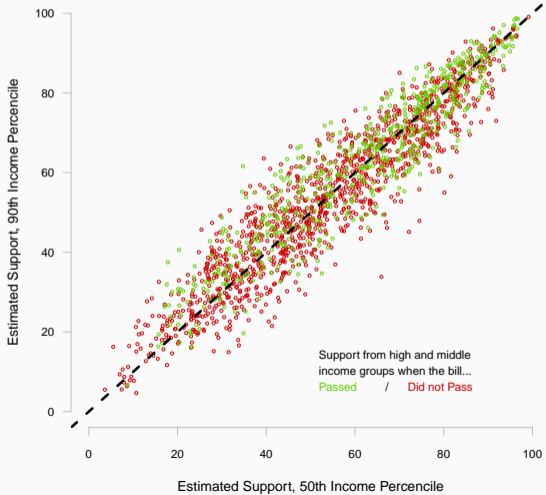
# POLICY SUPPORT FOR AGREEMENT (OPPOSED)



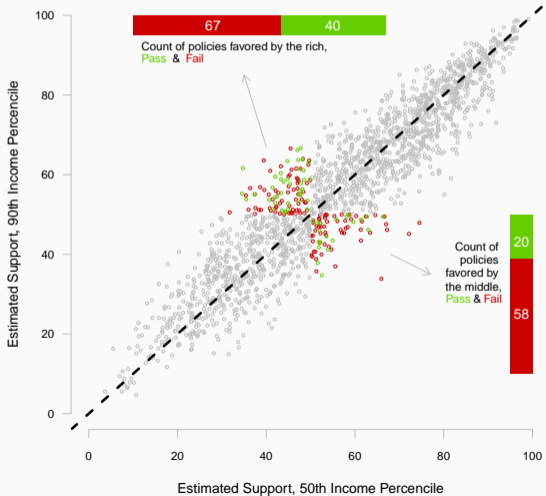
# DISAGREEMENT (352/1779 POLICIES ~ 20%)



# LOOKING AT THE MIDDLE AND RICH



# DISAGREEMENT



## WIN RATES

	Middle Favor	Rich Favor	Total wins	Win rate
Middle win	20	67	87	47%
Rich wins	58	40	98	53%
Total	78	107	185	
Win rate	26%	37%		