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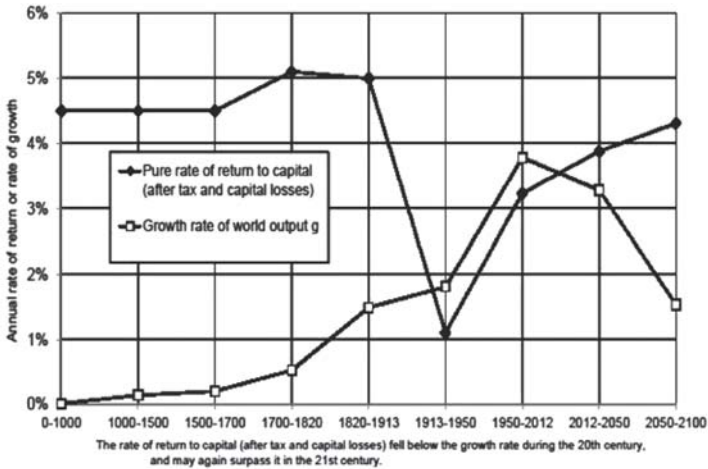
Bringing Politics Back In: Piketty and Economic Inequality in the United States

French economist Thomas Piketty's bestseller, *Capital in the Twenty-First Century*, provocatively claims that the widening income inequalities in the advanced economies (indeed, widening income inequality worldwide), is fundamentally rooted in the exigencies of the capitalist system. Specifically, capitalism operates according to inexorable laws – in Piketty's succinct formulation as $r > g$. That is, "r" is the rate of return on capital whereas "g" is the rate of economic growth. However, "the central contradiction of capitalism" is that the rate of return on capital (r) will always exceed the rate of economic growth (g). Because the rate of return on capital is higher than the economy's overall rate of growth, widening income inequality is inherent to capitalism.

Drawing on Marx's insight that the returns on capital (which to Piketty is mainly wealth in the form of financial assets and equity) tend to be far greater than the growth rate of the economy, Piketty concludes that the owners of equity will always see their wealth grow much faster than those depended on earning income from labour (Table 1). And, since capital tends to be concentrated in fewer hands while income generated from labour is more broadly dispersed, it is hardly surprising that the capital-owning class have seen their incomes and overall wealth grow at an exponential rate, whereas those who sell their labour for a living have seen their incomes either stagnate or decline in real purchasing terms.

Moreover, Piketty notes that inequality in income and wealth are not only transmitted over time, they also worsen over time. Drawing on an enormous volume of comparative data, Piketty shows that although advanced

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Table 1: After-tax Rate of Return vs. Growth Rate at the World Level

Source: Piketty (2014, appendix)

economies have grown at a rate of one to 1.5 per cent per year, the average return on capital has been between four to five per cent a year. He argues that the sharp rise in income inequality in the OECD economies, in particular, in the United States and the United Kingdom, has been driven mainly by steep increases in “wage inequality,” and warns that the trend towards slower growth in the advanced economies in years ahead will make inequalities in income and wealth even more pronounced. In fact, Piketty predicts a sustained increase in inequality, because as he argues, the distribution of wealth is mainly the outcome of the after-tax rate of return on capital minus the growth rate of GDP (i.e. $r - g$). Since wealth grows along with the after-tax return on capital (r), while wages grow along with GDP growth (g), and because wealth will inevitably become more important than earned income, inequality will also sharply increase.

However, if widening income and wealth inequality is endemic to capitalism, what then, explains capitalism’s remarkable stability during the six decades between 1914 and 1973 – the so-called “golden age” of capitalism – which according to Piketty is the only period in recorded history to experience a huge “leveling” when both the total wealth relative to income and wealth and income inequality actually declined and prosperity and living standards improved across the board in the advanced capitalist economies? Piketty claims that this period which saw the rate of economic growth exceed

the after tax rate of return on capital was an aberration – the result of the massive human and capital stock destruction due to the two World Wars (including the imposition of higher taxes on high incomes to finance the wars), which flattened income and wealth inequality, the establishment of an expansive “social state” following WWII (which imposed confiscatory taxation on high incomes, including high inheritance tax rates and state intervention to regulate capital and redistribute wealth), and the success of a mobilised and empowered labour movement in the advanced capitalist economies to garner concessions from the owners of capital.

However, as Piketty notes, this did not mean that capitalism as a system had been “tamed” or reformed. On the contrary, the irrevocable laws of capitalism have remained fundamentally unaltered (that is, r always exceeds g), returning with a vengeance to its normal trajectory by the late 1970s under Reagan and Thatcher’s pro-capital neoliberal agenda. Over time, Piketty argues, neoliberal policies systematically gutted the “social state” and facilitated the re-emergence of a system marked by even greater disparity between capital and labour with the wealthy capital owning class deriving an even larger share of their income and wealth through finance capital. Combined with the sharp reduction in the top earners marginal tax rates (with the average rate in the OECD falling from 66 per cent in 1981 to 43 per cent in 2013), including the reduction in the average statutory corporate income tax rate, the globalisation of capital or “financialisation,” and the emasculation of organised labour in order to keep down minimum wages, but with no limits placed on the incomes earned by the wealthy and their heirs, has not only further exacerbated inequalities, but ushered in “patrimonial capitalism” reminiscent of the pre-WWI period when wealth derived from income and inheritance dominated.

Just as it was for his hero Marx, to Piketty also, the capitalist system characterised by impersonal, hierarchical and exploitative market relations is the principal determinant of socio-economic inequalities. Unlike the Nobel prize-winning economists, Paul Krugman who in his *The Conscience of a Liberal* (2007) and Joseph Stiglitz in *The Price of Inequality* (2012) blame “market imperfections” for the widening wealth and income inequality, Piketty argues that the rise in inequality “... has nothing to do with any market imperfection: the more perfect the capital market (in the economist’s sense), the more likely r is to be greater than g .” (p. 24). In other words, the higher the ratio, the wider the inequality. Similarly, Piketty concludes that over the long-term even the well-intentioned reformist and redistributionist policies of liberal democracies will fail to meaningfully reduce income inequality.

Although the pivotal role market forces play in creating and distributing wealth, and shaping the fortunes of nations is undeniable, the dangers of single-minded focus on economic factors to explain such complex processes are also well-known. Clearly, Piketty is cognizant of this as he notes that “one should be wary of any economic determinism in regard to inequalities of income and wealth. The history of the distribution of wealth has always been deeply political, and cannot be reduced to purely economic mechanisms” (p. 20). Yet, Piketty’s account remains incorrigibly economic – the political underpinnings of rising inequality conspicuously absent. In fact, the closest Piketty comes to addressing the issue is to rhetorically ask: “Has the US political process been captured by the 1 per cent? This idea has become increasingly popular among observers of the Washington political scene” (p. 513).

By focusing almost exclusively on economic explanations Piketty presents a rather rigid and one-sided picture of, both, the sources and extent of income disparities, its socioeconomic and political implications, and how best to address this problem. Yet, politics is central to understanding the patterns of economic growth and redistribution – especially in the mature democracies whose commitment to economic justice and redistribution is a *raison d’etre* of the liberal democratic welfare states. Hence, it is appropriate to ask why these democracies – if Piketty is correct – have failed to mitigate the widening income inequality by implementing policies to reduce the gap between r and g , including a progressive taxation system (something Piketty advocates) that imposes much higher taxes on top incomes, and transfer and redistributive policies and programs to uplift the have-nots? Furthermore, can these democracies reverse the seeming rise of a “new Glided Age” marked by widening income inequalities and decreasing socioeconomic mobility? Fortunately, the following studies reviewed here by “bring politics in” shed much light on these questions, besides providing a much-needed nuance (and corrective) to Piketty’s unduly deterministic explanations.

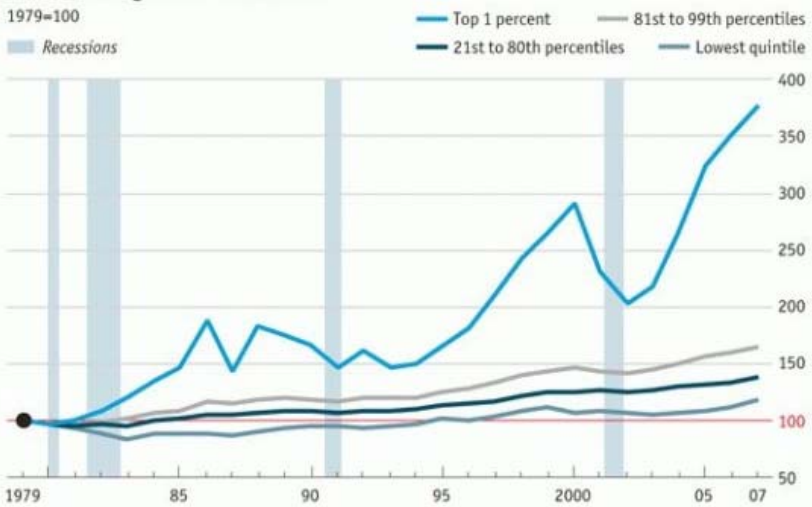
The Nature of Inequality

It is important to reiterate that economic inequality is relative: even as inequality has increased worldwide, the absolute level of economic well-being has also improved globally since the onset of the Industrial Revolution. This is because even if the top 10, the top one or the top 0.1 per cent of the population enjoy a disproportionately bigger share of the economic pie, the

size of pie has also rapidly grown enabling even the bottom or poorest percentile of the population to improve their overall economic well-being. Tyler Cowen (2011) lucidly captures this irony:

“the inequality of personal well-being is sharply down over the past hundred years and perhaps over the past twenty years as well. Bill Gates is much, much richer than I am, yet it is not obvious that he is much happier if, indeed, he is happier at all. I have access to penicillin, air travel, good cheap food, the Internet and virtually all of the technical innovations that Gates does. Like the vast majority of Americans, I have access to some important new pharmaceuticals, such as statins to protect against heart disease. To be sure, Gates receives the very best care from the world’s top doctors, but our health outcomes are in the same ballpark. I don’t have a private jet or take luxury vacations, and — I think it is fair to say — my house is much smaller than his. I can’t meet with the world’s elite on demand. Still, by broad historical standards, what I share with Bill Gates is far more significant than what I don’t share with him.”

Second, the extent of the measurable income-gap varies, sometimes significantly, from country to country, and the levels of economic polarisation depend on what evidence one looks at and how one interprets the data. As Mankiw (2013) has pointed out, inequality is not a problem, and “absolute poverty” is largely a problem for the developing world. Nevertheless, there is no denying that socioeconomic inequalities, especially income inequality has increased to alarming levels in many countries, and Piketty is certainly correct in pointing out that among advanced democracies, the United States stands out for its high levels of income inequality. According to the Congressional Budget Office (2011), between 1979 and 2007, the after-tax income for the top one per cent of households grew by 275 per cent; 65 per cent for the highest 20 per cent of households; just under 40 per cent for the next 60 per cent, and only about 18 per cent for the bottom 20 per cent of households (Tables 2 and 3). In other words, the top 20 per cent of American households experienced much faster income growth than the bottom 80 per cent over a period of three decades. As the then chairman of the Council of Economic Advisors, Alan Krueger (2012), has aptly noted, “We were growing together for the first three decades after World War II, but for the last three decades we have been growing apart.”

Table 2: US Real Average After-tax Income

Source: Congressional Budget Office

Table 3: Countries with the Highest Income Inequality

Rank	Country	per cent of Wealth Held by Richest 10 per cent
1.	Russia	84.8
2.	Turkey	77.7
3.	Hong Kong	77.5
4.	Indonesia	77.2
5.	Philippines	76
6.	Thailand	75
7.	US	74.6
8.	India	74
9.	Egypt	73.3
10.	Brazil	73.3

Source: Credit Suisse Global Wealth Report (October 2014), <https://publications.credit-suisse.com/tasks/render/file/?fileID=60931FDE-A2D2-F568-B041B58C5EA591A4> (accessed 10 March 2015)

Nevertheless, Piketty's explanations regarding why income inequality has sharply increased in the United States and other OECD countries needs to be qualified. The reasons for this are complex and interrelated: Perhaps, the single major factor has to do with the fact that wage gains have become

highly unequal, with the top 10 per cent experiencing the biggest increases. This is largely because the rise of a powerful financial sector and their CEO's ability to generate unprecedented increases in value has sharply driven-up wage inequality between the top percentage of income earners and everyone else. On the other hand, the nominal minimum wage has not increased in line with inflation. On the contrary, the real minimum wage has decreased in most OECD countries, including the United States negatively impacting the income and wealth of the lower middle and working class workers.¹ Exacerbating this, globalisation and rapid technological change, in particular, outsourcing and offshoring has "hollowed out" the share of skilled jobs worsening the stagnation of middle class incomes (Acemoglu and Autor 2011). In the United States, the increased labour-market competition due to the huge influx of immigration (in particular, illegal) has put tremendous downward pressure on wages for low-skilled workers, even as this has helped to greatly reduce the cost of living for those above the middle percentile of income distribution.

Piketty also underestimates how the Great Recession of 2007-09 and the resultant wealth destruction, including the painfully slow recovery and high unemployment, has made income inequality far worse than it actually was before the recession. Similarly, Piketty's claim that the level of income distribution in the United States is the "most unequal" among advanced industrial economies is misleading as it is based on a rather selective reading of the data. As is wellknown, income can be measured in two ways: market income before taxes and transfer payments, and disposable income after taxes and transfer payments. As the data from the non-partisan Congressional Budget Office shows, inequality of market income before taxes and transfer payments in the United States is actually slightly below most OECD countries, including the cradle-to-grave social-welfare states like Denmark, Sweden and Norway. In fact, Germany has higher income inequality before taxes and transfers than the United States.

Moreover, Piketty's charge that compared to other advanced economies, the American taxation system is the "least progressive" because the distribution of disposable income after taxes and transfer payments is the most unequal in the United States, needs to be qualified. First, the issue has little to do with which country has the most progressive tax code. Arguably, the American tax system is not very different from its OECD counterparts. The anomaly has to do with the fact that unlike most OECD countries, the United States does not use "consumption taxes" such as the VAT (value-added taxes) to collect revenue. Of course, this does not mean that the VAT is progressive. The claim

by supporters that VAT is progressive because the increases in generated revenue are used to fund welfare services and transfer programs and this has helped to keep inequality in check may be true in theory. However, in practice, the VAT can be just as regressive as lower-income households spend a much higher percentage of their incomes on consumption, not to mention it discourages businesses to invest and create jobs. Second, in the United States, the 'Earned Income Tax Credit' helps to offset the federal income and payroll taxes of workers who earn below certain income levels. About 80 per cent of the tax credit goes to workers in the bottom 40 per cent of the income distribution. Complementing this is the Child Tax Credit which reduces taxes of up to 1000 dollars for each dependent child under the age of 17. In fact, an estimated 40 per cent of low-income US households do not pay any federal income tax.

Contrary to Piketty and the popular narrative, only a minority of the so-called "one-per centers" in the United States are products of the perverse compensation schemes on Wall Street. Rather, three factors are largely responsible for the widening income inequality between the so-called one per cent and the rest. First is the growing trend towards "assortative mating" – where individuals tend to marry others with the same educational background. Put bluntly, the better educated marrying each other not only skews the distribution of household incomes in their favour, they are able to pass down their advantages to their off-springs (Greenwood 2014). The second is the result of dramatic changes in family structure (such as the number of one-parent versus two-parent households), and third, significant numbers of the new rich and the growing affluent are both creators and products of the new economy. The vast majority is made-up of the highly-educated and skilled professionals, including sport and entertainment super-stars. As Zingales (2009, 25) points out, "even before the internet boom created many young billionaires, in 1996, one in four billionaires in the United States could be described as self-made.... And the wealthiest self-made American billionaires – from Bill Gates and Michael Dell to Warren Buffet and Mark Zucker-berg – have made their fortunes in competitive businesses, with little or no government interference or help."²

Given this, Piketty's claim that intergenerational income mobility is lower in the United States than in most other advanced economies because the US has higher levels of income inequality needs to be qualified. No doubt, there is a striking correlation between the levels of inequality across countries and rates of intergenerational mobility, and legitimate concern that rising

inequality is creating the so-called ‘Great Gatsby curve’ by reducing intergenerational mobility. Indeed, the Great Gatsby curve does show that countries experiencing high inequality in one generation tend to experience lower intergenerational mobility in the next generation (Corak 2013). Nevertheless, evidence also indicates that there is strong cross-country relationship between intergenerational mobility and inequality in skills. That is, wide skill gaps seem to be behind both higher inequality and lower intergenerational mobility. Given the strong correlation between intergenerational mobility and access to good education and stable family structure, the exploding cost of higher education and erosion of the family structure is a huge constraint to upward mobility in the United States.³

The Politics of Inequality

In their seminal formulation in political economy, Meltzer and Richard (1981), point out that high levels of inequality in a democracy should ultimately force the political elites to acquiesce to the “median voter” (or the voter at the median of the income distribution), to support higher levels of taxes on the wealthy and greater redistribution of income. Similarly, according to Stigler (1970) since democracy tends to transfer political power to the middle classes, rather than the poor, redistribution of wealth can only take place if the middle class favour such redistribution. However, Francis Fukuyama (2011) has described the emerging political order in the United States as a “plutocracy,” or one based on the “rule by the rich and for the rich...a state of affairs in which the rich influence government in such a way so as to protect and expand their own wealth and influence, often at the expense of others.” To Fukuyama, market forces alone are not responsible for the widening economic divide in the United States and elsewhere.⁴

Jacob Hacker and Paul Pierson (2010) in their *Winner-Take-All Politics: How Washington Made the Rich Richer and Turned Its Back on the Middle Class*, reject conventional economic explanations (globalisation, technological changes or educational levels) as the root cause of growing inequalities. Rather, they provocatively argue that the fundamental cause for rising inequality in the United States is “Washington” because the American government has been hijacked by powerful business and financial lobbyists to safeguard and serve the interests of the wealthy at the expense of the middle and lower classes – who have been systematically economically disenfranchised. This transformation in American politics began in the late 1970s under a Democratic president and a Democratic Congress whose support for big-business interests led to the implementation of government policies that systematically weakened

regulations that protected labour, the replacement of progressive tax policies (that had helped ensure a fairer distribution of income and wealth), and repeated tax cuts for the rich. The pro-business agenda continued under Reagan, Bush 1, Clinton and Bush 2 and Obama as the powerful business and financial lobbyists fund both Democrat and Republican politicians to safeguard and advance their interests. Pierson and Hacker underscore that income inequality in contemporary America fundamentally means that only a very tiny segment of the population (less than one per cent), have made the real economic gains. Specifically, the “have-it-all” or the top one per cent of households captured some 40 per cent of the nation’s GDP growth since 1979, while the rest of the populace have barely seen their incomes grow in the last 30 years. The “winner-take-all economy” has benefitted the rich at the expense of everyone because Democratic and Republican politicians and big business interests worked in tandem to undermine and gut the regulations and progressive tax policies that had earlier helped to provide a more fair economic distribution across all income groups. The end result is “winner-take-all gains” with a small minority benefitting, but a broad increase in inequality across income distributions, including marked decline in economic security for the vast majority.

As the subtitle of Nicholas Carnes (2013), *White Collar Government: The Hidden Role of Class in Economic Policy-Making* vividly states, the socioeconomic or “class” background of legislators profoundly influences and determines the content of policies the US political system generates. Specifically, Carnes argues that individuals from blue-collar or working class backgrounds are woefully underrepresented in the American political system, while the overwhelming dominance of the white-collar or upper-classes in America’s legislatures gives the wealthy unprecedented political influence, in particular, allowing them to skew policy that protects and advances elite economic interests. He notes that out of the 783 members of Congress (who served between 1999 and 2008) only 13 had spent about a quarter of their prior careers engaged in blue-collar occupations, namely factory and retail. The overwhelming majority came from white-collar backgrounds, in particular, law and business.

To Carnes, a Congress member’s socio-economic or class backgrounds matter a great deal because class fundamentally shapes legislators’ views on a host of important public policy issues such as taxation, corporate rights, labour, unemployment, welfare, anti-poverty policies and programs, health, education, including the very role of government itself. However, even after

controlling for differences in party affiliation, constituencies, campaign contributions, and changing demographic patterns, Carnes finds that legislators who have blue-collar or working-class roots are far more liberal on economic issues – in both their individual voting records and favourable attitudes towards working class concerns. Carnes notes that since individuals who come from working class backgrounds or have held blue-collar occupations are conspicuously underrepresented in Congress, working class voices are rarely heard – and that this neglect has only served to exacerbate income inequality. As he notes, “Policy makers from the working class bring a unique voice to the... legislative process, but in our white-collar government, they must shout to accomplish what other politicians can do with a whisper” (pp. 60–61). Carnes concludes that if Congress’s class composition was truly representative of the country as a whole, its policies would be more pro-labour and less pro-Wall Street. Specifically, Carnes conducts a simulation exercise on roll-call votes in Congress to find out how the last few Congresses would have voted on several key economic issues if it truly reflected the country’s actual class makeup. He notes that a number of business-friendly policies, including the Bush tax cuts of 2001 and 2003 and the financial bailout following the subprime crisis would have failed to pass. Even at the state and local levels (which has more variation among legislator backgrounds), a 10 percentage point increase in the per cent of working-class legislators would translate into a four to five percentage point increase in the share of budget expenditures earmarked for redistributive and welfare programs – even after controlling for the available resources, partisan divide, racial composition and union density.

Martin Gilens (2012), *Affluence and Influence*, succinctly examines the relationship between public policy and public preferences to see if political influence and power has become more concentrated in the hands of the wealthy in the United States. To assess if mass or popular policy preferences were actually enacted into law, Gilens reviews almost 2,000 survey questions conducted by different national polls between 1964 and 2006.⁵ He concludes that “under most circumstances, the preferences of the vast majority of Americans appear to have essentially no impact on which policies the government does or doesn’t adopt” (p. 1). Rather, the evidence shows that “higher-income respondents’ views are more strongly related to government policy,” and that “the strength of the relationship between preferences and policy outcomes not only increases with each step up the income ladder but does so at an increasing rate” (pp. 76–77). Furthermore, the preferences of

the majority or those in the middle and bottom income levels tend to translate into tangible outcomes when they happen to coincide with the preferences of influential interest groups (such as the protection of Social Security by the AARP), or the wealthy such as the expansion of Medicare under President George W. Bush with strong backing of the pharmaceutical industry.⁶

However, “when preferences between the well-off and the poor diverge, government policy bears absolutely no relationship to the degree of support or opposition among the poor” (p. 81). Similarly, “median-income Americans fare no better than the poor when their preferences diverge from those of the well-off...when their views differ from those of more affluent Americans, government policy appears to be fairly responsive to the well-off and virtually unrelated to the desires of low and middle-income citizens” (p. 81). Gilens concludes that if 80 per cent of voters at the 90th income percentile support a change, it has a 50 per cent chance of passing, versus a 32 per cent chance when supported by 80 per cent of voters at the 10th income percentile. Gilens also finds that despite the Democrats proclaimed claim as champions of the underclass, the Democrats are only slightly better at representing the interests of blue-collar and low-income constituencies than Republicans. Rather, the seemingly irreconcilable partisan considerations notwithstanding, both parties are far more responsive to the preferences of campaign contributors, interest groups and wealthy members in their constituencies. To Gilens, this mismatch between policy preferences and actual policy outcomes lies at the root of the widening inequality in the United States.

Schlozman, Verba and Brady’s (2012), *The Unheavenly Chorus* authoritatively underscores the findings of Gilens. The authors draw on a voluminous compendium of some five decades of public opinion data to measure citizen political participation, (or what they call “voice”) across groups with different “socio-economic status” (SES). By combining income and education levels into an index of SES, the authors show that high SES individuals tend to be conservative on economic matters and that their voices dominate economic policy making in the United States. Not surprisingly, the authors conclude that “those who are not affluent and well educated are less likely to take part politically and are even less likely to be represented by the activity of organised interests.” (p. 5). Specifically, the voices of lower-income groups are rarely heard not only because of their very limited participation in the political system either as voters or volunteers for campaigns, but because the vast majority, either by choice or design, have become excluded from the system (as many are not registered voters), as they lack the resources for

campaign contributors or have lobbyists and interest groups to promote their interests. Indeed, the authors argue that the Supreme Court, including some other federal courts in deregulating campaign finance has only served to further muzzle the voices of the less privileged.

Of course, the claim that the voices of the privileged and well-educated are over-represented in American politics is hardly new – indeed, the book’s subtitle acknowledges E.E. Schattschneider’s (1960) famous observation that the “flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent.” However, what the authors convincingly show is that economic inequality significantly contributes to inequality in the citizenry involvement in politics and that unequal voices have become deeply institutionalised in the United States – noting that “Our analysis of the roots of political inequalities makes clear how deeply embedded they are in social, educational, and economic inequalities” (p. 539). As in Gilens study, the authors’ research also raises questions regarding the long-established norm in political science: Why politicians in the United States have generally ignored the “median voter.” After all, classic political models show that the preferences of median voters tends to be more moderate and representative, and politicians gravitate to the middle in a two-party system because one ignores the median voter at their peril. The authors persuasively show that those active in politics (both Republicans and Democrats) have higher incomes than the median voter and generally share similar economic preferences. Hence, “there is no income confiscation in America. Political aspirants seeking the political support needed to be nominated by their parties and to run an effective campaign will be drawn away from the median voter, with clear consequences for policy outcomes” (p. 261).

Conclusion

In a vibrant representative democracy, all citizens (despite their economic standing) have their voices heard over the policies and programs their elected officials adopt. However, when the voices of the majority are marginalised and when influence and political power becomes disproportionately concentrated, democracy is threatened. Clearly, as the preceding pages have shown, the growing income inequality is pushing that ideal aside and that there is good reason to be worried about the current trajectory of American democracy. Yet, there is room for optimism. Democracies not only have the ability to correct course, we also know that key to reforming the current political order is to reduce the influence of money in politics. When the privileged and affluent learn that they cannot buy influence and access, policy

can gradually shift line with the preferences of all citizens. Meaningful campaign finance reforms, replacing gerrymandering with competitive districting and registering voters is essential if we are ever to have a democracy that respects the aspirations and preferences of all its citizens.

Notes

1. Since for most American households wages make up the primary source of disposable income, the slow growth in disposable income have led many middle and lower income households to turn to debt to finance their consumption. The unsustainability of this was starkly revealed during the 2007-2008 financial crisis.
2. A cursory look shows that individuals who were on the original "Forbes 400" list of richest Americans in 1982 were not on the list in 2013. They were replaced by new names.
3. Mettler (2014) has compellingly argued that the US education system has changed "from one that provides access and opportunity to one that widens economic inequality and fosters social division."
4. In a recent paper Bonica, McCarty, Poole and Rosenthal (2013, 1), ask why "During the past two generations, democratic forms have coexisted with massive increases in economic inequality in the United States and many other advanced democracies. Moreover, these new inequalities have primarily benefited the top 1 per cent and even the top .01 per cent. These groups seem sufficiently small that economic inequality could be held in check by political equality in the form of "one person, one vote." The authors provide "five possible reasons why the US political system has failed to counterbalance rising inequality. First, both Republicans and many Democrats have experienced an ideological shift toward acceptance of a form of free market capitalism that offers less support for government provision of transfers, lower marginal tax rates for those with high incomes, and deregulation of a number of industries. Second, immigration and low turnout of the poor have combined to make the distribution of voters more weighted to high incomes than is the distribution of households. Third, rising real income and wealth has made a larger fraction of the population less attracted to turning to government for social insurance. Fourth, the rich have been able to use their resources to influence electoral, legislative, and regulatory processes through campaign contributions, lobbying, and revolving door employment of politicians and bureaucrats. Fifth, the political process is distorted by institutions that reduce the accountability of elected officials to the majority and hampered by institutions that combine with political polarisation to create policy gridlock."
5. The bulk of the data are drawn from polls conducted between 1981 and 2002, with supplementary data from polls conducted between 1964 to 1969 and 2005 to 2006.
6. Gilens notes that the preferences of poor and middle-class Americans have a higher chance to be enacted into law (albeit, much watered-down versions), during the run-up to presidential, but not congressional elections. However, during periods of gridlock, Congress tends to be more responsive to popular preferences.