Fall 2019

McGill University

**Poli 339. Comparative politics topics developed:**

**Political economy of income inequality and redistribution.**

Instructor: Olivier Jacques, McGill University

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Office: Center for the Study of Democratic citizenship, 3610 McTavish, 23-2

Office hours: 3610 McTavish, 32-2; Wednesday 11:30 to 12:30

Course Meeting time:

Monday and Wednesday, 8:35 to 10:00, McDonald engineering building 280

**1. Course description and objectives**

Income inequality is “the defining challenge of our time” according to former President Barack Obama. Most advanced democracies have witnessed a surge in income inequality in recent decades driven by a rise of top incomes, a polarization of the labour market and a reduction of governments’ redistributive capacity.

This course aims to highlight the processes leading to rising inequality, to recognize how institutions and public policies can explain divergent levels of inequality between countries and to understand the reaction of public opinion to rising inequality as well as the impact of public opinion and political parties on income distribution.

Three main questions structure this course.

1. Income inequality has risen significantly during the last decades in some countries, such as the United States and to a lesser extent Canada, while other governments have been able to limit the growth of inequality. What explains the differences in inequality between countries? What public policies cause these divergent outcomes?

2. Many on the left suggest that the state should use a “Robin Hood” strategy to reduce inequality: higher taxes on the rich to fund additional social programs helping the poor. However, several studies in political science and economics highlight that such a redistributive strategy does not take into account some policy trade-offs reducing its effectiveness. What are the main policy trade-offs concerning inequality reduction? What social policies and taxation policies work best to reduce inequality?

3. As high-income individual get richer and the wages of the middle class stagnate, one could would assume that rational citizens would vote for parties promising to take from the rich to redistribute income. However, governments have rarely reacted to rising inequality by increasing redistribution under popular pressure. Why public opinion isn’t reacting to income inequality as expected?

These questions will be addressed with a comparative political economy perspective: income distribution is determined by economic factors (growth, unemployment, changes in labour markets), political factors (political parties, institutions, voters, interest groups) and public policies (taxation, social services, cash transfers). It is a course in political science using extensively the literature on comparative welfare states and political behaviour.

To narrow the scope of the comparisons, the course focuses on income inequality in advanced post-industrial democracies in Europe and North America. It does not discuss inequality between the North and the Global South, nor inequality in non-democratic settings or in developing countries.

# 2. Prerequisites

There is no formal requirement for this class although having taken an introductory class in comparative politics is an asset. No prerequisite in economics are required, but a certain interest in understanding how the economy interact with government and politics is pertinent.

**3. Evaluations.**

In class participation: 5%

Mid-term exam : 20%- In class, October 16th

Final exam: 35%- Date to be determined

Research paper: 40%.

* Proposal- due October 23rd
* Final project, due November 20th

Research paper.

The research project aims to analyze the causes and consequences of policy changes on income inequality. The research paper is due on December 20th

There are two possible research projects: qualitative and quantitative. Both papers

can be done alone (15 pages double spaced) or in groups of 2 or 3 (25 pages double spaced).

More details are provided on My Courses.

A two-page proposal must be submitted on October 23rd. The proposal will be worth 5% of the final project and is used to give feedback to students.

**4. Conferences and teaching assistant**

Rohan-Carter-Rau will be the teaching assistant for this class. He will be teaching four conferences during the semester to help students to prepare for the evaluations and discuss the course material in smaller groups.

Rohan’s office hours are to be determined later during the semester.

For each conference, two lectures will start at 9:00. The precise moments of the conferences will be announced through the semester. The number of conferences might be subject to change if students ask for more conferences.

**Conference 1. Week of the 23rd.**

**Conference 2. Week of Oct 7th**

**Conference 3. Week of Oct 21st**

**Conference 4. Week of Nov 4th**

**Conference 5. Week of Nov 18th**

**Conference 6. Week of Nov 25th**

**5. Course materials**

Students are expected to read the required material before every class.

The course outline proposes some suggested material, marked with an \*, for those who want to learn more about the topic. The suggested readings can also be useful for the research project. Reading the suggested supplementary material is not mandatory.

Students are not required to buy any book; all materials are available online via My Course and the Library website.

The instructor might modify some topics or reading material along the way. Student will be notified in advance if it happens.

**6. Instructional methods**

The class runs as a lecture, but active discussion is encouraged.

Some guest lecturers might be invited (on Skype) during the semester to talk about their work, if the room fits the technical requirements.

In-Class Polling.

McGill uses a web-based polling system called TurningPoint, which is freely available to

students. The purpose of this software is to enhance active participation in lectures. Students can

use their own personal devices (laptop, tablet, or smartphone) to respond to polling questions. A

percentage (5%) of your grade is based on participating in these polls (not whether the answers are correct, just whether you participate). You are allowed two absence without any penalty (including health-related absences). You do not need to inform the instructor about these absences.

To use the polling software, you should come to class with your device charged and connected to

the Internet. To participate, you can either download the TurningPoint app, or access the Poli 339

Polling Session through https://www.mcgill.ca/polling/ and logging in with your McGill

username and password. Please note that logging into another students’ polling account and participating as someone else constitutes academic misconduct and is a serious violation of

university policy.

To participate in polling sessions, you must first register for an account by clicking on “Register

your Account.” We will begin with polling on Monday September 9th you must do this at the start of the course. For more information, please visit the “Getting Started for Students” section at www.mcgill.ca/polling. For any technical problems, please contact the IT Service Desk. If you

cannot use a phone, tablet, or laptop for in-class polling please contact the instructor as soon as

possible.

Note that your poll responses are not anonymous and are identifiable to the instructor.

**7. Course Policies**

**Attendance**. Attendance to the lectures is essential and the exams will be designed for those who attended the lectures. Moreover, participations points will be given via in class polling.

**Office Hours**. You do not need an appointment for office hours. Please feel free to come to discuss class material or the research project. Contact the instructor if you want a separate appointment if you cannot attend the office hours during the scheduled period.

**Deadlines** The research project deadline is not flexible. A penalty of 10% per day, including weekends and holidays, will be applied. To receive the points allocated to the research project proposal, you must submit it on time, on October 30th.

**Exam Policy.** Missing the midterm or final exam without an approved excuse will result in a

grade of 0%. In case of illness or emergency, official document, signed, and on letterhead,

indicating you are unable to take the assessment must be presented to the instructor upon

returning to studies.

**Special Needs**. Please come speak to me as soon as possible if you are in need of special

requirements or accommodations.

**Plagiarism.** McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offenses under the Code of Student Conduct and Disciplinary Procedures (see [www.mcgill.ca/integrity](http://www.mcgill.ca/integrity) for more information). In addition, students are not permitted to hand in the same assignment in two or more courses.

**Language**. Students are welcome to submit graded work or come with questions in English or French.

**Poli 339. Detailed course outline**

All readings are mandatory, except the suggested readings, marked with an \*

**Course 1. Introduction. Sept 4th**

\*Suggested reading

\*Kenworthy, L. 2016. “Is Income Inequality Harmful”, In *The Good Society*. Online: <https://lanekenworthy.net/is-income-inequality-harmful/>

**Section 1. Trends in inequality**

**Course 2 and 3. Explaining and measuring rising inequality. Sept 9th and 11th**

OECD. 2011. *Divided we stand*. Overview (page 23-43)

Kenworthy, L.. 2019. *The Good Society: Income Distribution*. Online: <https://lanekenworthy.net/income-inequality/>

\*Suggested reading

\*Krueger, A. 2013. *Land of Hope and Dreams*.

\* Huber et al. 2019. “The varied sources of increasing wage dispersion”. In *The European Social Model Under Pressure*.

\*Atkinson, T. 2015*. Inequality, what can be done*? Chap 1 and 3.

\*Clark, G. 2015. “Social mobility barely exists but let’s not give up on equality”. *The Guardian*. Online: <https://www.theguardian.com/commentisfree/2015/feb/04/social-mobility-equality-class-society>

\*Scheidel, W. 2017. “The only one thing, historically that’s curbed inequality: catastrophe”. *The Atlantic*. Online: <https://www.theatlantic.com/business/archive/2017/02/scheidel-great-leveler-inequality-violence/517164/>

**Section 2. Explaining the patterns of inequality between countries.**

**Course 4 and 5. Three worlds of welfare state capitalism. Sept 16th and Sept 18th**

Esping‐Andersen, G. (1989). “The three political economies of the welfare state”. *Canadian Review of Sociology/Revue canadienne de sociologie*, *26*(1), 10-36.

Gingrich, J. (2015). “Coalitions, policies, and distribution: Esping-Andersen's Three Worlds of Welfare Capitalism.” In J. Mahoney and K. Thelen (eds.) *Advances in comparative historical analysis*. pp. 67-96.

\*Suggested reading

\*Scruggs, L. A., & Allan, J. P. (2008). Social stratification and welfare regimes for the twenty-first century: Revisiting the three worlds of welfare capitalism. *World Politics*, *60*(4), 642-664.

\*Van Kersbergen and Vis. Comparative Welfare State Politics. Chapter 4

**Course 6. The role of electoral systems. Sept 23.**

Döring, H., & Manow, P. (2017). “Is proportional representation more favourable to the left? Electoral rules and their impact on elections, parliaments and the formation of cabinets”. *British Journal of Political Science*, *47*(1), 149-164.

\*Suggested reading

\*Iversen, T., & Soskice, D. (2006). Electoral institutions and the politics of coalitions: Why some democracies redistribute more than others. *American Political Science Review*, *100*(2), 165-181.

\*Rodden, J. (2007). “Back to the Future: Endogenous Institutions and Comparative Politics”. In Lichbach and Zuckerman (eds.). *Comparative politics.*

**Course 7. Varieties of Capitalism: the role of employers in welfare state development. sept 25th**

Pontusson, J. 2005. *Inequality and Prosperity: Liberal America vs Social Europe*. chapter 2

\*Suggested reading

\*Estévez-Abe, M., T. Iversen and D. Soskice. 2001. “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State”; in: Hall, Peter/Soskice, David (Eds.): *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford University Press, pp. 145-183.

**\*\*\* Conference 1- Understanding the three worlds of welfare states.**

**Course 8. Three worlds of welfare capitalism: country cases. Sept 30th**

Esping-Andersen, G. and J. Myles (2009). “Economic Inequality and the Welfare State “, In W.Salverda, B. Nolan and. T. M. Smeeding (ed.), *The Oxford Handbook of Economic Inequality*, pp. 639-64.

\*Suggested reading

\*Van Kersbergen, K. and B. Vis. 2014. *Comparative Welfare State Politics.* Chapter 5.

**Section 3. trade-offs in inequality reduction**

**Course 9-11. Paradoxes of redistribution and taxation. oct 2nd, 7th and 9th**

*The paradox of redistribution*

Kenworthy, L. 2011, *Progress for the Poor*. Chapter 6. 53-62.

Jacques, O., & Noël, A. (2018). “The case for welfare state universalism, or the lasting relevance of the paradox of redistribution.” *Journal of European Social Policy*, *28*(1), 70-85.

\*Suggested reading

\* Brady, D., & Bostic, A. (2015). Paradoxes of social policy: Welfare transfers, relative poverty, and redistribution preferences. *American Sociological Review*, *80*(2), 268-298.

\*Beramendi, P., & Rehm, P. (2016). Who gives, who gains? Progressivity and Preferences. *Comparative Political Studies*, *49*(4), 529-563.

*Paradoxes of taxation: Taxing the rich and inequality*

Kenworthy, L. 2011. *Progress for the Poor*. chapter 8

Lindert, P. 2004, *Growing Public : Volume 1, social spending and economic growth since the 18th century*, page 234-245 (“The welfare state style of taxing : pro-growth and no so progressive.”)

Martin, C.J. and A. Hertel-Fernandez. 2014. “How Sweden Fights Inequality: without soaking the rich”. Vox. Online: <https://www.vox.com/2014/10/8/6946565/progressive-taxes-are-not-the-solution-to-inequality>

\*Suggested reading

\* Prasad, M., & Deng, Y. (2009). “Taxation and the worlds of welfare”. *Socio-economic review*, *7*(3), 431-457.

\* Martin, C. J. (2014). “Labour market coordination and the evolution of tax regimes”. *Socio-Economic Review*, *13*(1), 33-54.

**\*\*\* Conference 2. Preparation for the mid-term exam- week of the 9th**

October 14th is thanksgiving

**October 16th, midterm exam.**

**Course 12. October 21st. Discussion on inequality and the Canadian federal elections.**

Johnston, R. 2013. “Party System, Elections and Social Policy”. In *Inequality and the Fading of Redistributive Politics in Canada*

**Course 13-14. An employment equality trade-off? Oct 23rd and 28th**

Kenworthy, L. 2007. *Egalitarian Capitalism*. Chapter 4 and 5.

Pontusson, J. 2013. “Unionization, Inequality and Redistribution”. *British Journal of Industrial Relations*.

\*Suggested reading

\* Rueda, D. (2005). Insider–outsider politics in industrialized democracies: the challenge to social democratic parties. *American Political Science Review*, *99*(1), 61-74.

\*Visser, J. and D. Checchi. 2011. “Inequality and the Labor Market: Unions”. In Oxford Handbook of Economic Inequality. OUP.

**Conference 3. Week of oct 21st review of the exam, discussing labour market trade-offs.**

**Section 4. Issues in the political economy of inequality**

**Course 15-17. Towards a new political landscape: retrenchment, new divides and new bases. Oct 30, Nov 4 and 6.**

Pierson, P. 1998. “Irresistible forces, immovable objects: post-industrial welfare states confront permanent austerity, Journal of European Public Policy,

Stephens, J. 2015. “Revisiting Pierson’s Work on the Politics of Welfare State Reform in the Era of Retrenchment Twenty Years Later.“ PS. April 2015. 274-278.

Tavits, M., & Potter, J. D. (2015). “The effect of inequality and social identity on party strategies”. *American Journal of Political Science*, *59*(3), 744-758.

Gingrich, J. and S. Hausermann. 2015. “The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state”. *Journal of European Social Policy*.

\*Suggested reading

\*Beramendi et al. 2015. “Introduction.” *Politics of Advanced Capitalism*.

**Conference 4. A new political landscape and its impact on inequality.**

**Course 18. Gender inequality and the welfare state. Nov 11.**

Huber, E., J. D. Stephens, D. Bradley, S. Moller, and F. Nielsen. 2009. “The Politics of Women’s Economic Independence”. *Social Politics: International* *Studies in Gender, State & Society* 16 (1): 1-39.

Olivetti, C. and B. Petrongolo. 2017. “Economic consequences of family policies.” *Journal of economic perspectives*. 31(1): 205-230.

\*Suggested reading

\* Korpi, W., T. Ferrarini, and S. Englund. 2013. “Women’s Opportunities

under Different Family Policy Constellations: Gender, Class, and Inequality Tradeoffs in

Western Countries Re-Examined.” *Social Politics: International Studies in Gender, State*

*& Society* 20 (1): 1-40.

**Course 19. Top incomes and politics. Nov 13**

Huber, E., Huo, J., & Stephens, J. D. (2017). Power, policy, and top income shares. *Socio-Economic Review*.

Hope, D., & Martelli, A. (2019). The transition to the knowledge economy, labor market institutions, and income inequality in advanced democracies. *World Politics*, *71*(2), 236-288.

\*Suggested reading

\*Atkinson, A. B., T. Piketty, and E. Saez. 2010. “Top Incomes in the Long Run of History.” In Top Incomes: A Global Perspective, edited by A. B. Atkinson, and T. Piketty, 664-759. Oxford : Oxford University Press

\*Flaherty, E. 2015. “Top Incomes Under Finance-Driven Capitalism, 1990–2010: Power Resources and Regulatory Orders.” Socio-Economic Review

**Section 5. Public opinion: why don’t voters soak the rich?**

**Course 20. Electoral turnout and inequality. Nov 18**

Pontusson, J., & Rueda, D. (2010). “The politics of inequality: Voter mobilization and left parties in advanced industrial states”. *Comparative Political Studies*, *43*(6), 675-705.

\*Suggested reading

\*Mahler, Vincent A., 2008. “Electoral turnout and income redistribution by the state: A cross-national analysis of the developed democracies, *European Journal of Political Research* 47: 161-183.

\*Anderson, Christopher J. and P. Beramendi, 2012. “Left Parties, Poor Voters, and Electoral Participation in Advanced Industrial Democracies” *Comparative Political Studies* 45/6: 714-746.

**Course 21. Ambivalence towards redistribution. Nov 20**

Fernández, J. J., & Jaime-Castillo, A. M. (2017). The institutional foundation of social class differences in pro-redistribution attitudes: a cross-national analysis, 1985–2010. *Social Forces*, *96*(3), 1009-1038.

Giger, N., & Nelson, M. (2012). The welfare state or the economy? Preferences, constituencies, and strategies for retrenchment. *European sociological review*, *29*(5), 1083-1094.

\*Suggested reading

\*Guillaud, E. 2013. “Preferences for Redistribution: an empirical analysis over 33 countries.” *Journal of Economic Inequality*. 11: 57-78.

\*Beramendi, P., & Rehm, P. (2016). Who gives, who gains? Progressivity and Preferences. *Comparative Political Studies*, *49*(4), 529-563.

**\*\*\*\* Conference 5. Attitudes towards redistribution.**

**Course 22. Privatization and public opinion. Nov 25**

Busemeyer, M. and T. Iversen 2017. The Welfare State with Private Alternatives. *Forthcoming in Journal of Politics*

\*Suggested reading

\*Zhu, L., & Lipsmeyer, C. S. (2015). Policy feedback and economic risk: the influence of privatization on social policy preferences. *Journal of European Public Policy*, *22*(10), 1489-1511.

\*Lindh, A. (2015). Public Opinion against markets? Attitudes towards market distribution of social services–a comparison of 17 countries. *Social Policy & Administration*, *49*(7), 887-910.

**\*Invited talk Marius Busemeyer**

**Course 23-24. Unequal responsiveness and winner take all politics. Nov 27, Dec 2.**

Gilens, M., & Page, B. I. (2014). Testing theories of American politics: Elites, interest groups, and average citizens. *Perspectives on politics*, *12*(3), 564-581.

Hacker, J. S., & Pierson, P. (2010). Winner-take-all politics: Public policy, political organization, and the precipitous rise of top incomes in the United States. *Politics & Society*, *38*(2), 152-204.

\*Suggested reading

\*Elsässer, L., Hense, S., & Schäfer, A. (2018). *Government of the People, by the Elite, for the Rich: Unequal Responsiveness in an Unlikely Case* (No. 18/5). MPIfG Discussion Paper.

\*Elkjær, M. A., & Iversen, T. (2018). The Political Representation of Economic Interests: Subversion of Democracy or Middle-Class Supremacy? *Typescript, Department of Government, Harvard University*.

\*Lupu, N and Z. Warner 2019. “Affluence and Congruence: Unequal Representation around the World.” Working Paper

**\*\*\* Week of Nov 25th Conference 6. Review of section 5,**

**Course 25. Recap and preparation for the final exam. Dec 3rd**