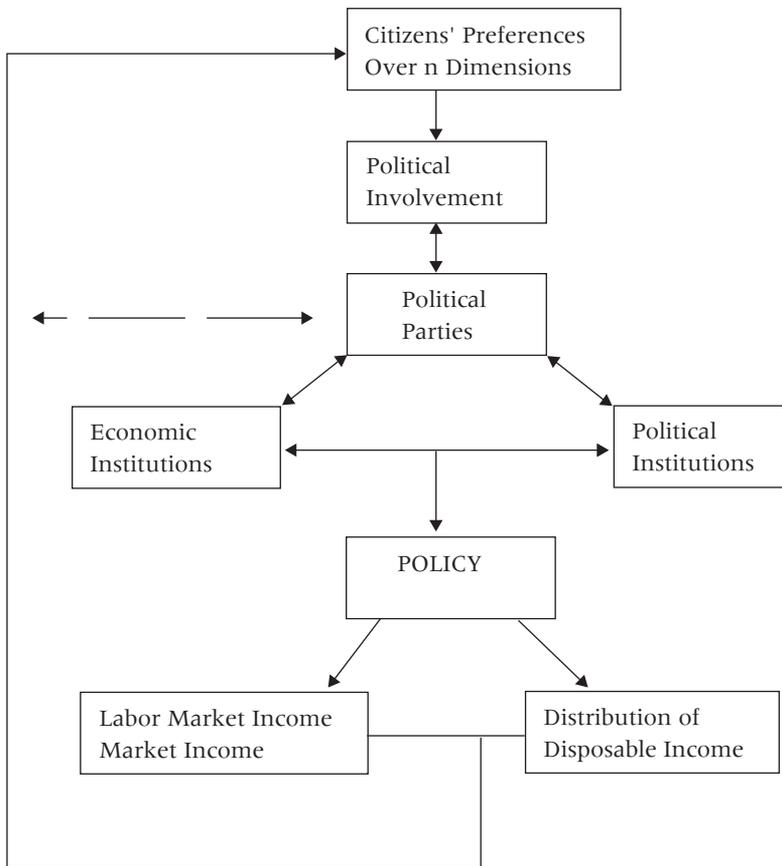
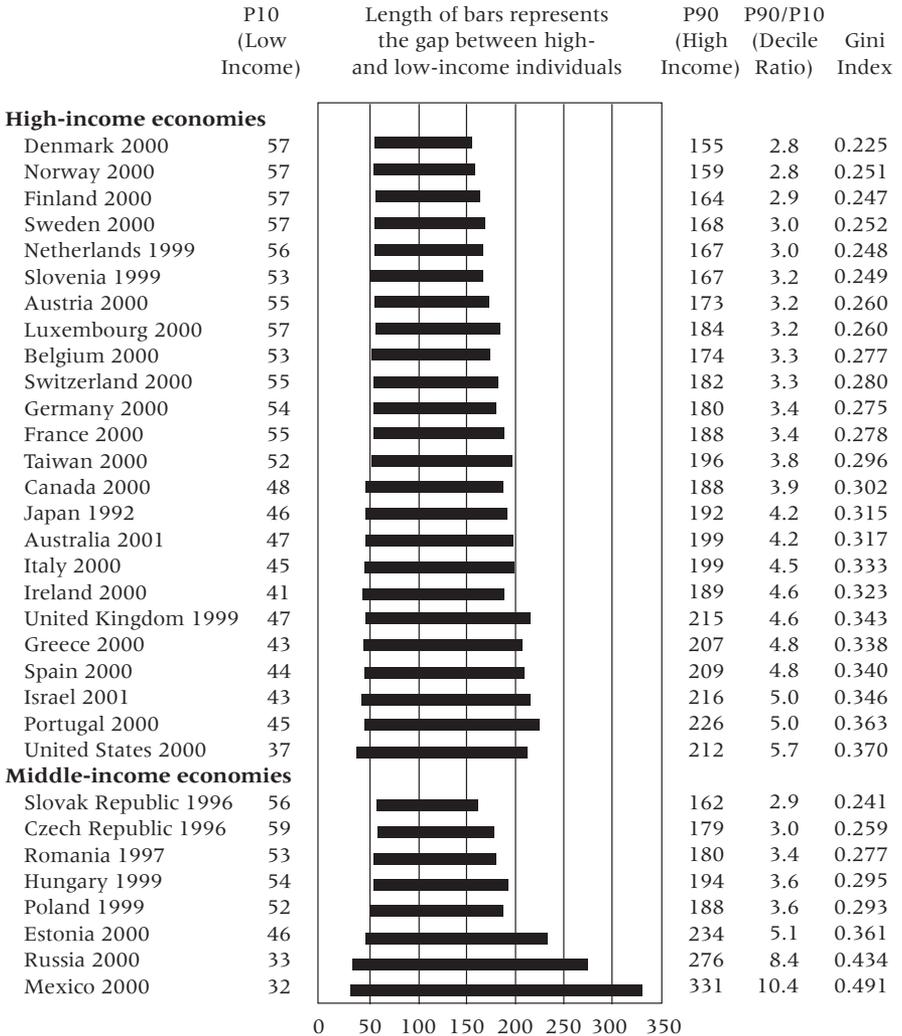


Figure 1.1 The Democratic Politics of Distribution



Source: Authors' compilation.

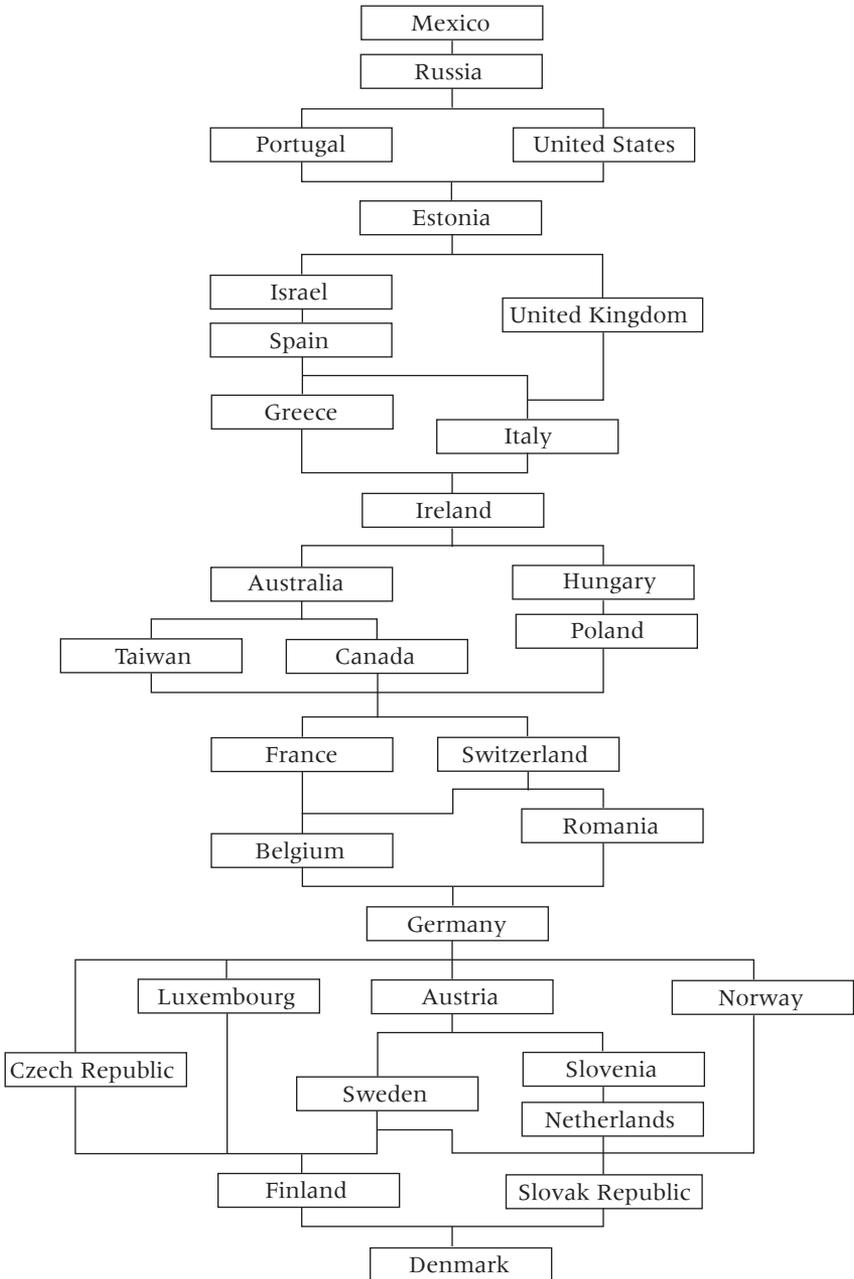
Figure 2.1 The Distribution of Equivalent Disposable Income in Thirty-Two Countries



Source: Authors' calculations from the Luxembourg Income Study (LIS) database, as of March 10, 2007 (figures coincided with those then reported in <http://www.lisproject.org/keyfigures/ineqtable.htm>), and, for Portugal, from the European Community Household Panel database (waves 1 to 8, December 2003); statistics for Japan were computed according to the same methodology as all other figures by Ishikawa for Gottschalk and Smeeding (2000).

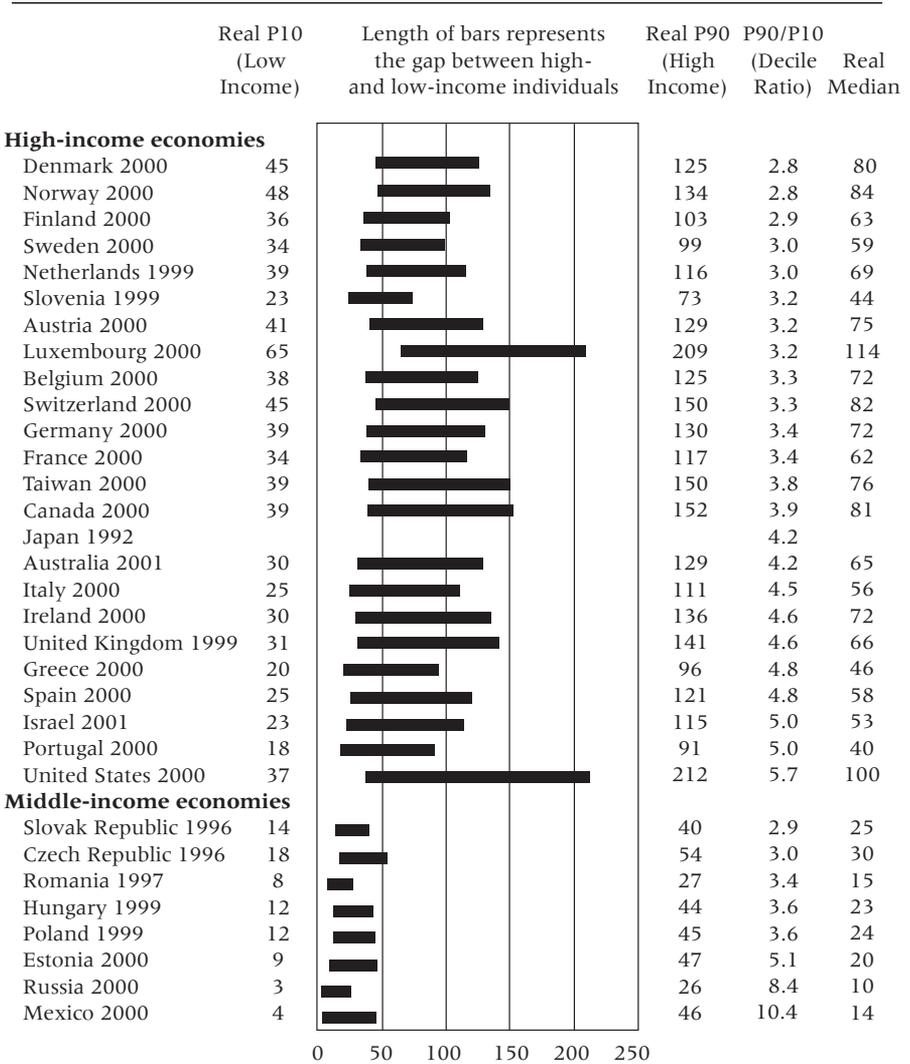
Note: P10 and P90 are the ratios to the median of the tenth and ninetieth percentiles, respectively. Observations are bottom-coded at 1 percent of the mean of equivalent disposable income and top-coded at ten times the median of unadjusted disposable income. Incomes are adjusted for household size by the square-root equivalence scale. Economies are classified by the World Bank (2005) according to 2004 per capita gross national income in the following income groups: low-income economies (LIC), \$825 or less; lower-middle-income economies (LMC), \$826 to \$3,255; upper-middle-income economies (UMC), \$3,256 to \$10,065; and high-income economies (HIC), \$10,066 or more.

Figure 2.2 Hasse Diagram for the Distribution of Equivalent Disposable Income in Thirty-Two Countries



Source: Authors' calculations.

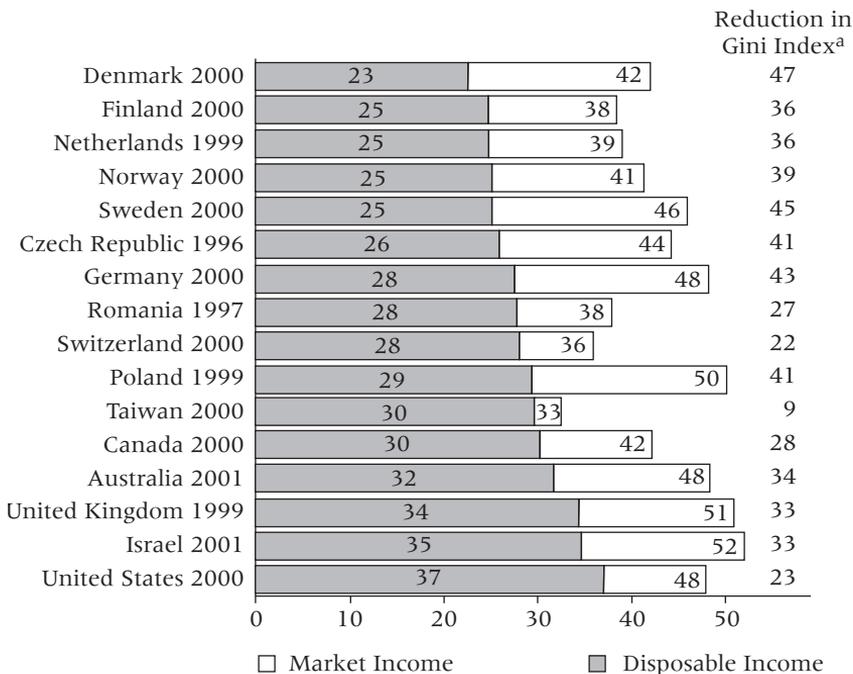
Figure 2.3 The Distribution of Real Disposable Income in Thirty-Two High- and Middle-Income Economies



Source: Authors' calculations from the Luxembourg Income Study (LIS) database, as of March 10, 2007, and, for Portugal, from the European Community Household Panel database (waves 1 to 8, December 2003); statistics for Japan were computed according to the same methodology as all other figures by Ishikawa for Gottschalk and Smeeding (2000).

Note: Real P10 and P90 are the percentage ratios to the U.S. median of the tenth and ninetieth percentiles, respectively; real median is expressed as a percentage ratio of the U.S. median. Observations are bottom-coded at 1 percent of the mean of equivalent disposable income and top-coded at ten times the median of unadjusted disposable income. Incomes are adjusted for household size by the square-root equivalence scale. Consumer price indices and purchasing power parity conversion factors from local currency units to international dollars are from International Monetary Fund (2006).

Figure 2.4 Gini Indices of Market Income and Disposable Income in Sixteen OECD Countries (Percentage)

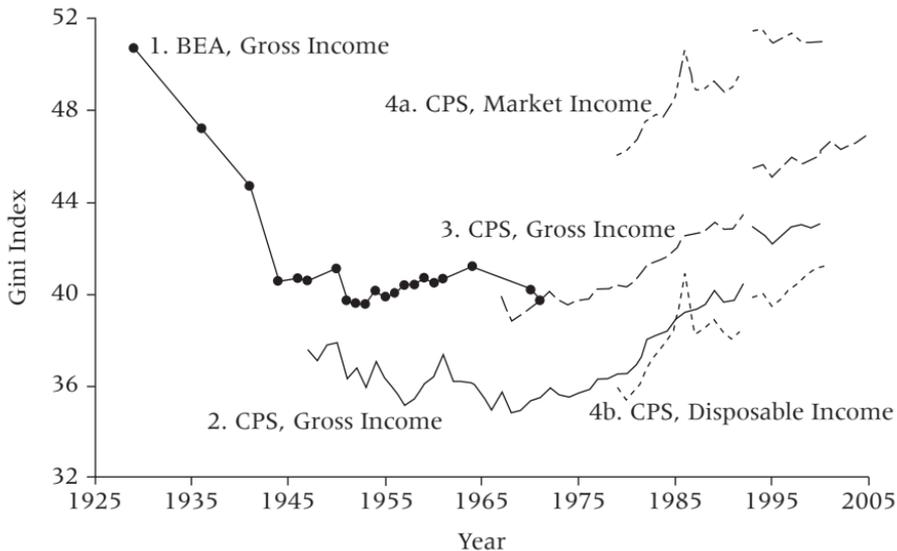


Source: Authors' calculations from the Luxembourg Income Study (LIS) database, as of March 10, 2007.

Note: Observations for disposable income are bottom-coded at 1 percent of the mean of equivalent disposable income and top-coded at ten times the median of unadjusted disposable income. Changes in disposable incomes due to bottom- and top-coding are entirely attributed to market incomes. Both market and disposable incomes are adjusted for household size by the square-root equivalence scale.

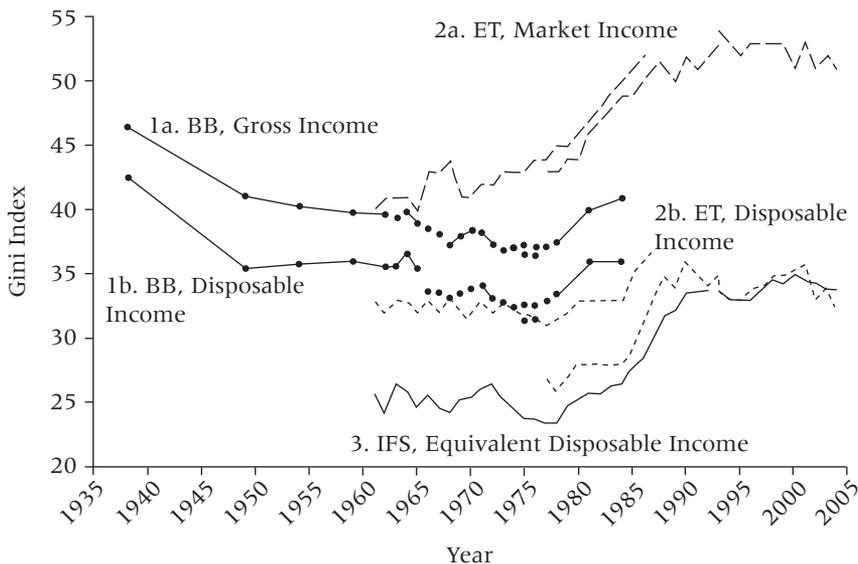
^a Difference between the Gini index for market income and the Gini index for disposable income expressed as a percentage of the former.

Figure 2.5 Gini Index in the United States (Percentage)



Source: 1: Brandolini (1998, table A1); estimates from BEA grouped data for gross incomes of households. 2: U.S. Census Bureau (2006a), CPS data: gross money income of families; weighted by family; shown the major discontinuity between 1992 and 1993, but not other minor breaks. 3: U.S. Census Bureau (2006b), CPS data: gross money income of households (families and unattached individuals); weighted by household; shown the major discontinuity between 1992 and 1993 and the break in 2000 (for which two figures are given), but not other minor breaks. 4: U.S. Census Bureau (2006c), CPS data; a: market income including capital gains and health insurance supplements to wage and salary income of households (definition 4); b: disposable income including capital gains and health insurance supplements to wage and salary income of households (definition 15); in both cases, weighted by household; shown the major discontinuity between 1992 and 1993, but not other minor breaks.

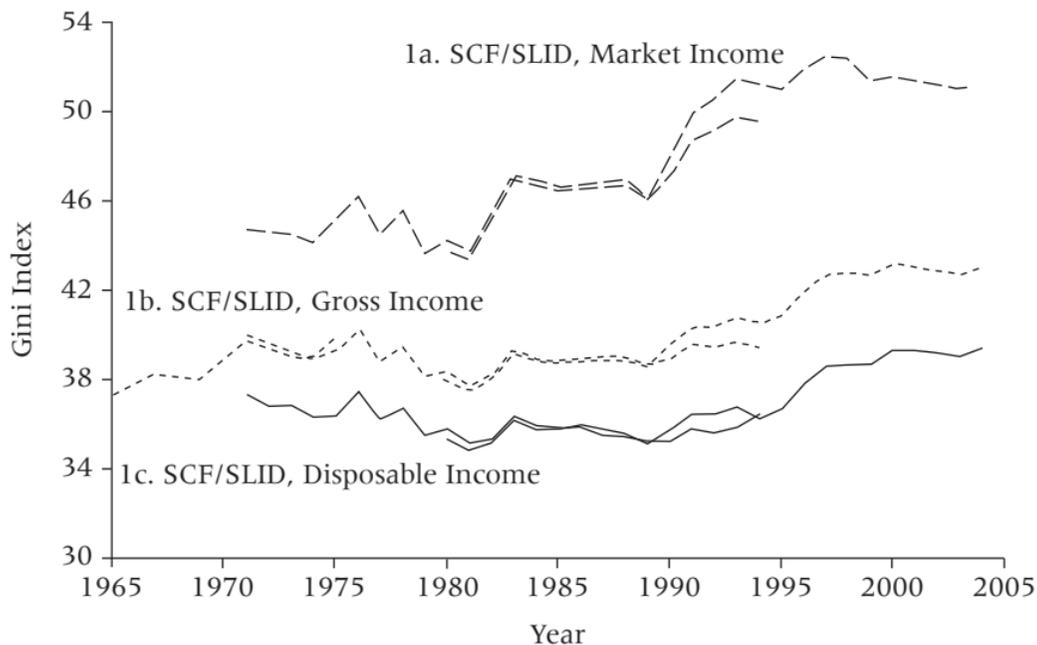
Figure 2.6 Gini Index in the United Kingdom (Percentage)



Source: 1: Official publications of the Royal Commission on the Distribution of Income and Wealth and of the National Statistical Office as detailed in Brandolini (1998, table A3), BB data; a: gross income of tax units; b: disposable income of tax units; in both cases, weighted by tax unit; the first series is for incomes net of amounts spent on mortgage interest (old basis), while the second is for incomes gross of those amounts (new basis); figures refer to calendar years until 1967 and to financial years afterwards (starting in the year indicated in the figure, for example, 1968 for 1968 to 1969); the figures for 1938 and 1949 are reconstructed and are less precisely estimated than subsequent values. 2: Official publications of the Royal Commission on the Distribution of Income and Wealth and of the National Statistical Office as detailed in Brandolini (1998, table A3) for data prior to 1980; Jones (2006, table 27, 39) for 1980 to 2004 to 2005, data from Family Expenditure Survey (FES) until 2000 to 2001 and Expenditure and Food Survey (EFS) since 2001 to 2002; a: market income; b: disposable income; in both cases, weighted by household; the first series refers to unadjusted income, the second series to equivalent income; McClements equivalence scale; figures refer to calendar years until 1993 and to financial years afterwards. 3: Brewer et al. (2006), data from FES for 1961 to 1993 to 1994 and from Family Resources Survey (FRS) for 1994 to 1995 to 2004 to 2005: equivalent disposable income of households, before housing cost; weighted by person; McClements equivalent scale.

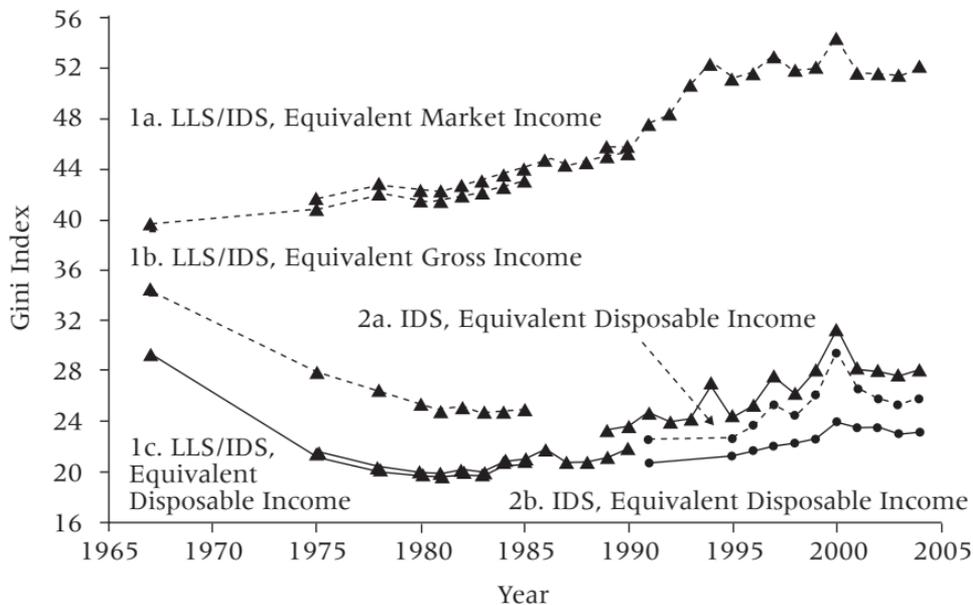
Note: Figures refer to Great Britain alone, but in the period 1961 to 1991 they differ by at most 0.4 percentage point from the corresponding series for the whole United Kingdom computed by Goodman and Webb (1994).

Figure 2.7 Gini Index in Canada (Percentage)



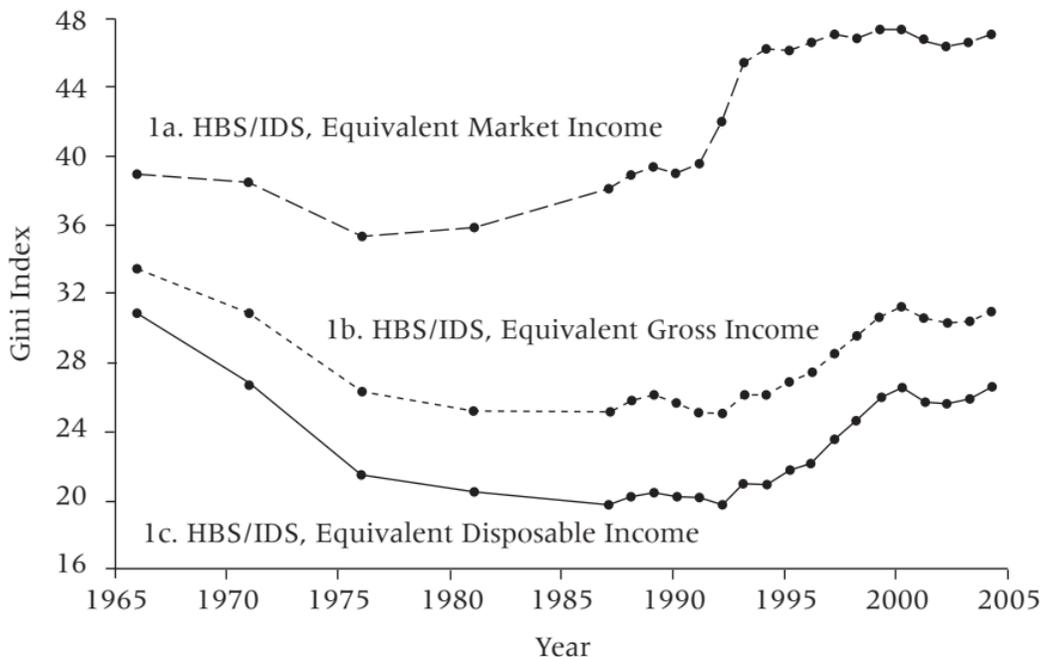
Source: 1: Stark (1977, table 18, 33) for 1965 to 1975, Statistics Canada (1996, table 6, 34) for 1971 to 1994, and Statistics Canada (2007) for 1980 to 2004, data from Survey of Consumer Finances (SCF) for 1965 to 1995 and Survey of Labor and Income Dynamics (SLID) for 1996 to 2000; a: market money income of households; b: gross money income of households; c: disposable money income of households; weighted by household.

Figure 2.8 Gini Index in Sweden (Percentage)



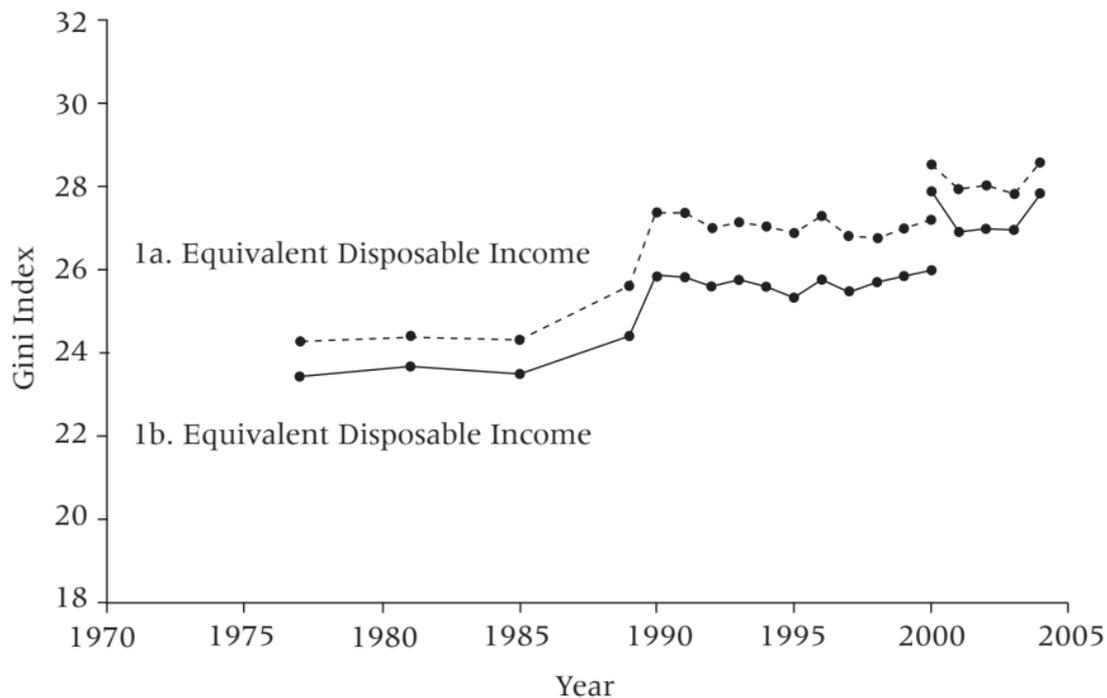
Sources: 1: Gustafsson and Uusitalo (1990, table 2, 85; table 3, 89; table 4, 91) for 1967 to 1985 and Statistics Sweden (2006a) for 1975 to 2004, data from Level-of-Living Survey (LLS) for 1967 and Income Distribution Survey (IDS) for 1975 to 2004; a: equivalent market income of families; b: equivalent gross income of families; c: equivalent disposable income of families; in all cases, weighted by person; social assistance equivalence scale; second and third series differ for the definition of income. 2: Statistics Sweden (2006b, 2006c); a: equivalent disposable income of households including capital gains; b: equivalent disposable income of households excluding capital gains; in both cases, weighted by person; social assistance equivalence scale.

Figure 2.9 Gini Index in Finland (Percentage)



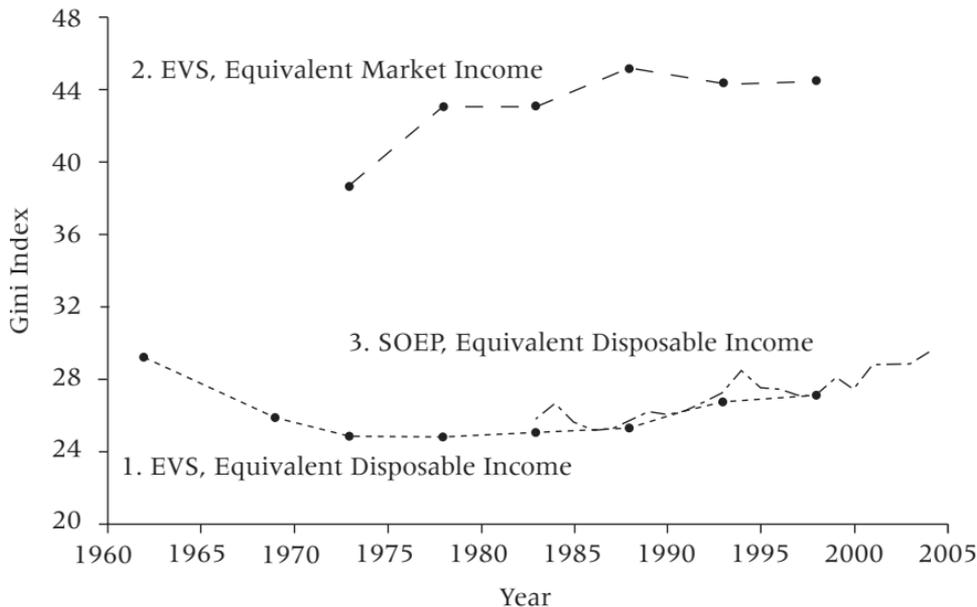
Source: 1: Statistics Finland (2006), data from Household Budget Survey (HBS) for 1996 to 1981 and Income Distribution Survey (IDS) for 1987 to 2004; a: equivalent market income of households; b: equivalent gross income of households; c: equivalent disposable income of households. In all cases, weighted by person; OECD equivalence scale.

Figure 2.10 Gini Index in the Netherlands (Percentage)



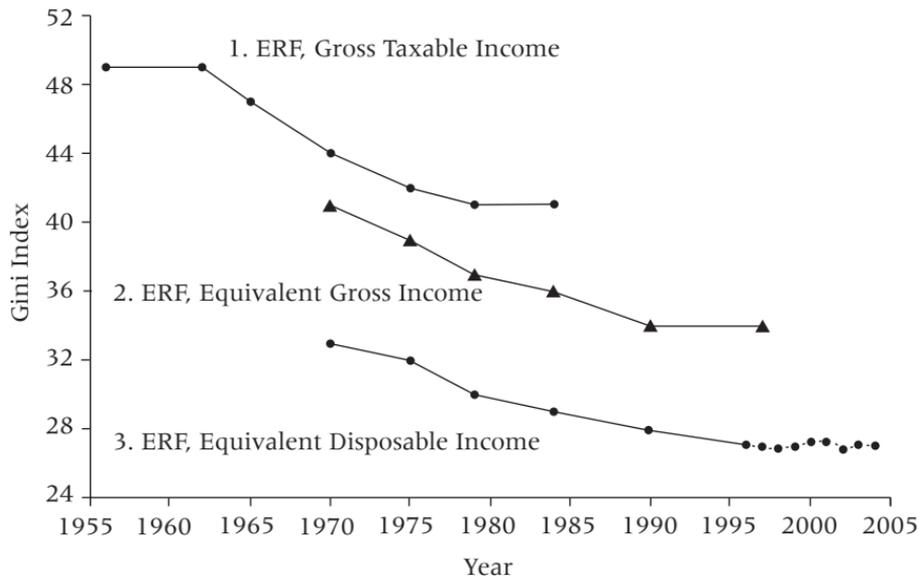
Source: 1: Personal communication from Wim Bos of the Central Bureau of Statistics (CBS), data from IDS for 1977, 1981, and 1985 and from Income Panel Survey (IPS) for 1989 to 2004; a: equivalent disposable income of households; weighted by household; b: equivalent disposable income of households; weighted by person; in both case, CBS equivalence scale.

Figure 2.11 Gini Index in West Germany (Percentage)



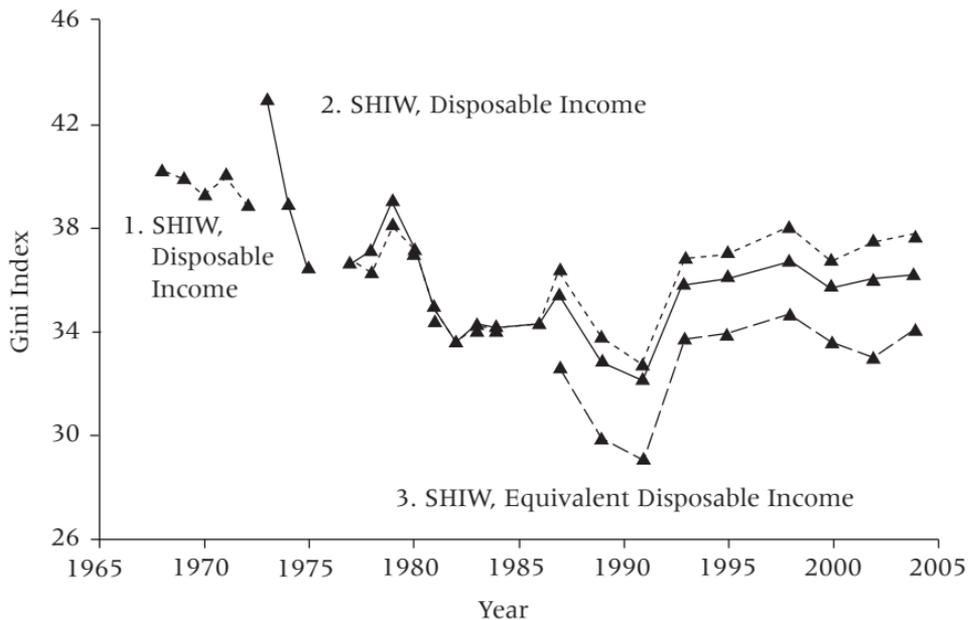
Source: 1: Becker (1997, table 1, 47) for 1962 to 1988 and Becker et al. (2003, table 3.3, 78–80) for 1983 to 1998, data from Income and Consumption Survey (EVS): equivalent disposable income of households; weighted by person; OECD equivalence scale; only German population. 2: Hauser and Becker (2001, 86) for 1973 to 1998 and Becker et al. (2003, table 3.1, 73–74) for 1983 to 1998, EVS data: equivalent market income of households; weighted by person; OECD equivalence scale; only German population. 3: SOEP (2006, 83–84), data from Socio-Economic Panel (SOEP): equivalent disposable income of households, including imputed rent; weighted by person; modified OECD equivalence scale.

Figure 2.12 Gini Index in France (Percentage)



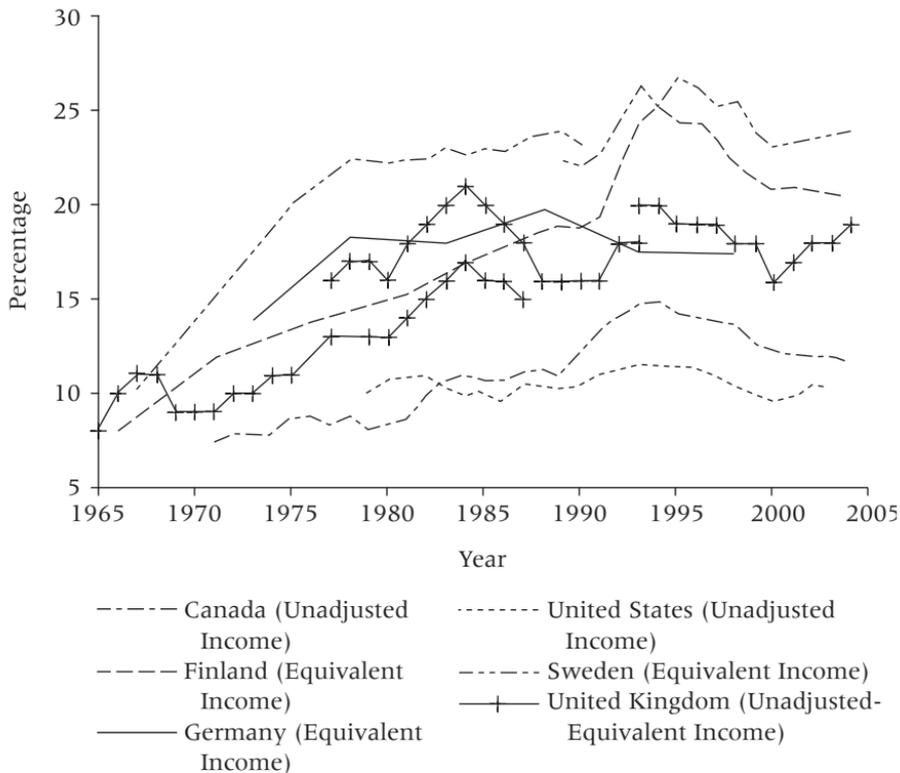
Source: 1: United Nations (1981, 108, 110) for 1956 to 1975 and Concialdi (1997, table 11.11, 256) for 1962 to 1984, data from Tax Revenue Survey (ERF): gross taxable income of households, excluding nontaxable incomes (the majority of social benefits, some property income); weighted by household. 2: Hourriez and Roux (2001, table 1, 280), data from ERF: equivalent gross taxable income of households excluding property income and some social benefits; weighted by household; OECD modified equivalence scale; only households with non-negative taxable income and positive disposable income. 3: Chevalier et al. (2006, figure 4, 449); figures provided by Pascal Chevalier for 1970 to 2002 and INSEE (2006, table 2, 71) for 2003 to 2004, data from ERF: equivalent disposable taxable income of households excluding property income and some social benefits; weighted by person; OECD modified equivalence scale; only persons in households with non-negative taxable income and positive disposable income.

Figure 2.13 Gini Index in Italy (Percentage)



Source: 1: Brandolini (2004, table 1, col. 4, 14), data from the Bank of Italy's Survey of Household Income and Wealth (SHIW): disposable income of households excluding imputed rents and interest and dividends; weighted by household; figures for 1968 to 1972 estimated from grouped data. 2: Brandolini (2004, table 1, col. 5, 14), data from SHIW: disposable income of households excluding interest and dividends; weighted by household; figures for 1973 to 1975 estimated from grouped data. 3: Brandolini (2004, table 1, col. 8, 14), data from SHIW: equivalent disposable income of households; weighted by person; square-root equivalence scale.

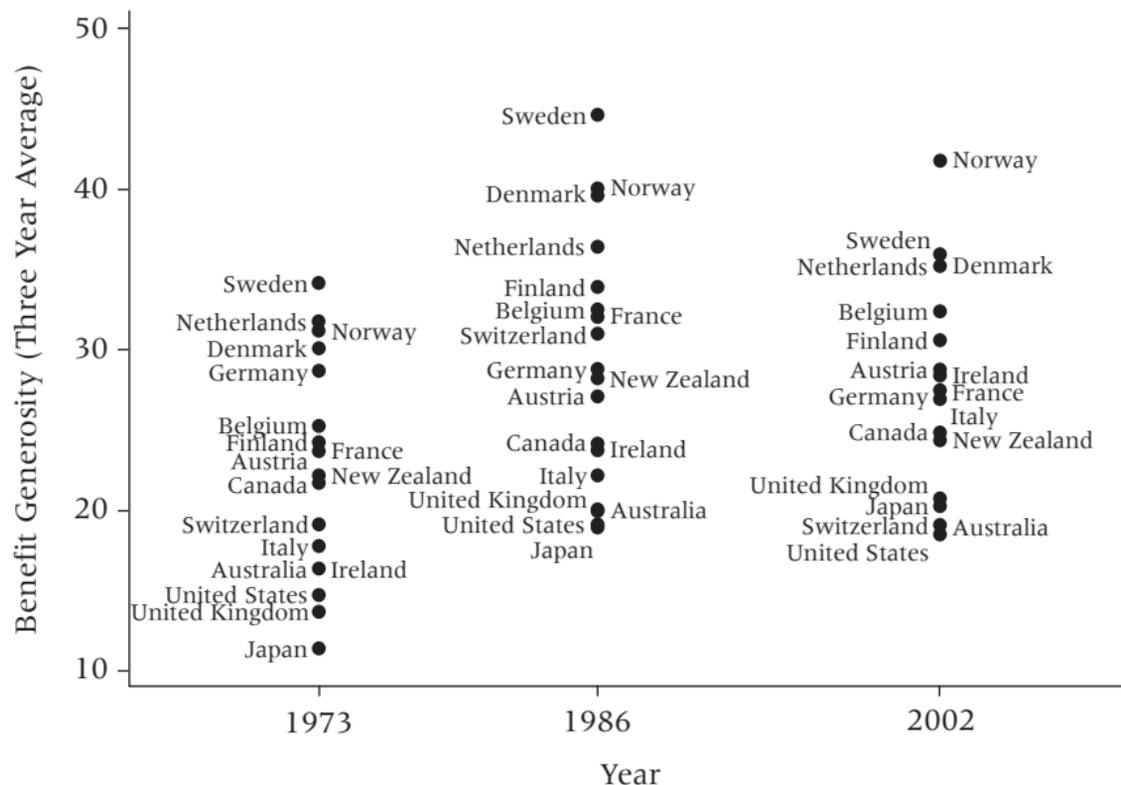
Figure 2.14 Equalizing Effect of Taxes and Transfers



Source: Authors' computation.

Note: Absolute difference between the Gini index of market income and the Gini index of disposable income.

Figure 3.1 Trends in Benefit Generosity



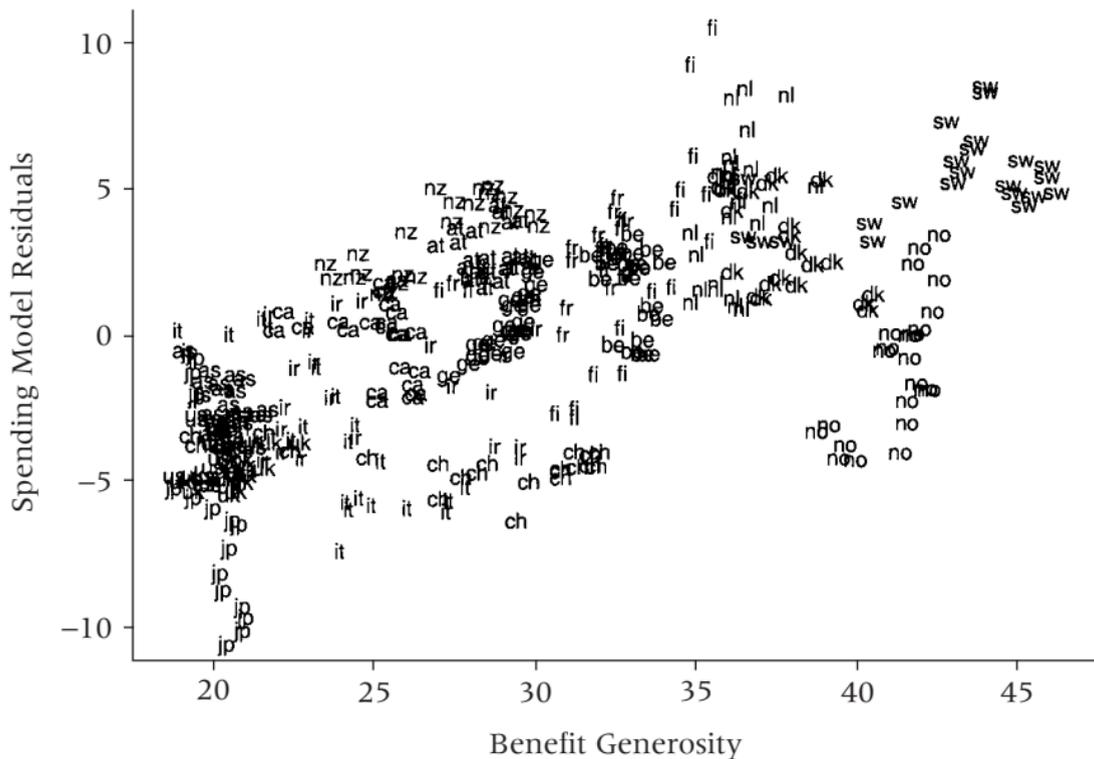
Source: Scruggs, Comparative Welfare Entitlement Data (CWED).

Figure 3.2 National Trends in Benefit Generosity and Social Spending



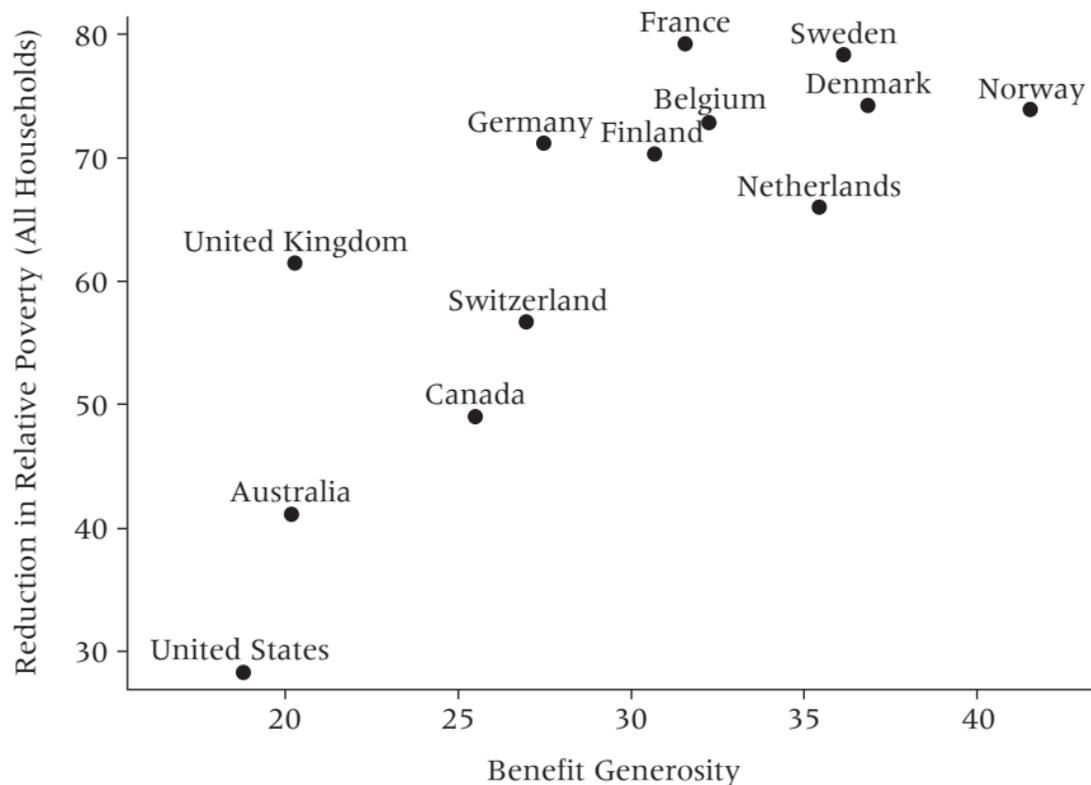
Source: OECD (2004); Scroggs, Comparative Welfare Entitlement Data (CWED).

Figure 3.3 Conditional Spending Ratios and Benefit Generosity



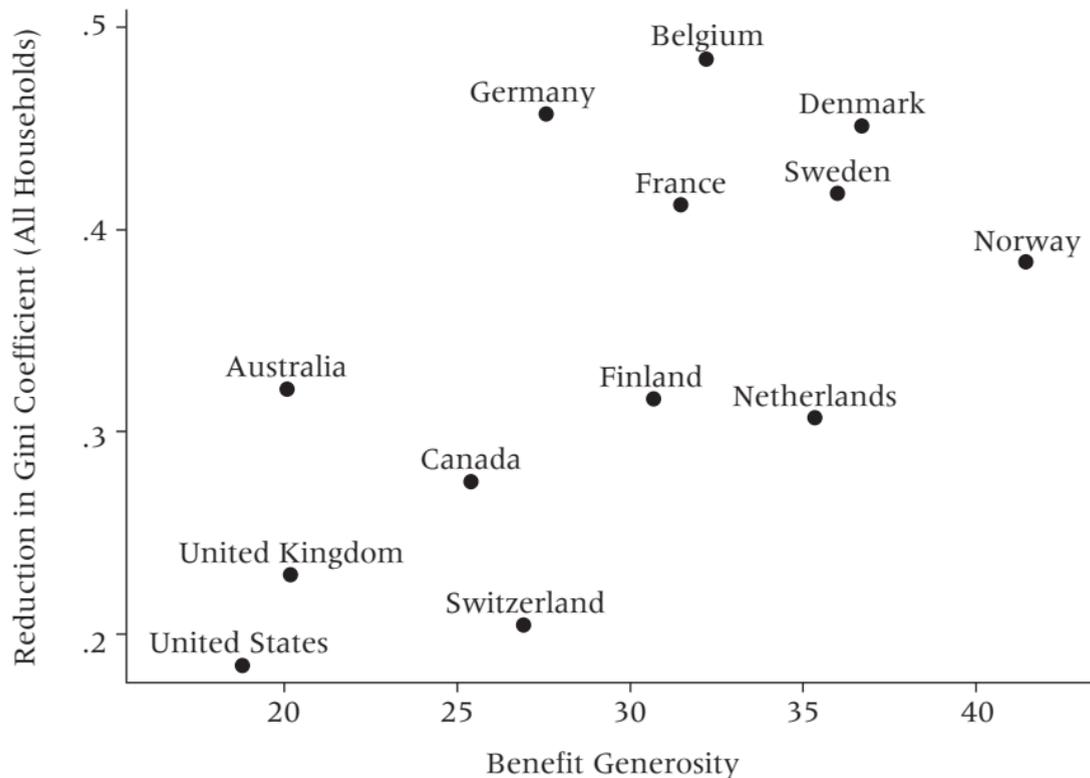
Source: Author's calculations.

Figure 3.4 Benefit Generosity and Relative Poverty Reduction



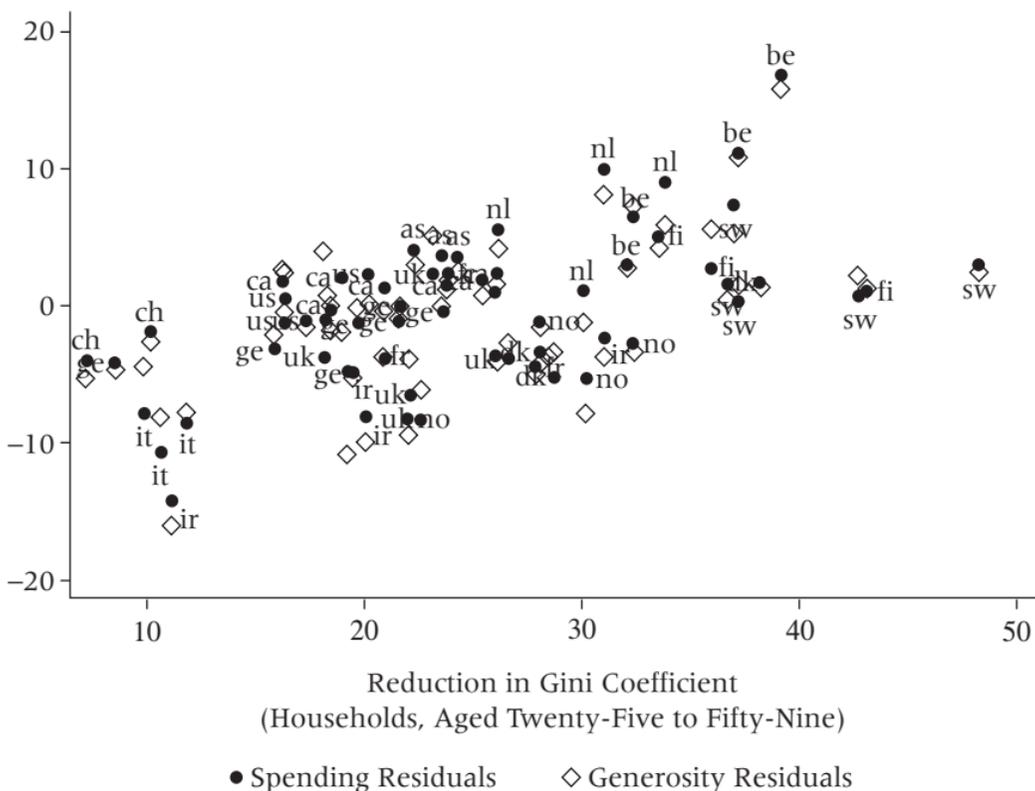
Source: Scruggs, Comparative Welfare Entitlement Data (CWED), Luxembourg Income Study (LIS).

Figure 3.5 Benefit Generosity and Reduction in Income Inequality



Source: Scruggs, Comparative Welfare Entitlement Data (CWED), Luxembourg Income Study (LIS).

Figure 3.6 Residuals from Spending and Generosity Models



Source: Author's calculations.

Table 3.1 Dimensions of the Decommodification Index

Core Program– Program Characteristics	Definition
Unemployment insurance	
Single replacement rate	After-tax benefit for single, fully insured forty-year-old earning average production worker (APW) wage divided by after-tax wage of employed APW
Family replacement rate	After-tax benefit for a family of four (one APW earner, nonworking spouse, and two children) divided by after-tax wage of employed APW
Qualifying period	Weeks of insurance-employment required to qualify for benefit
Waiting days	Number of days before benefits start
Duration of benefit	Weeks of benefits payable for fully insured (single) forty-year-old
Coverage ratio	Percentage of the labor force covered by unemployment insurance
Sickness benefit	All program characteristics defined the same as for unemployment insurance
Retirement pension	
Minimum replacement rate (single)	After-tax replacement rate at retirement for a single person with no work history (or income)
Minimum replacement rate (couple)	After-tax replacement rate at retirement for a couple with no work history (or income)
Standard replacement rate (single)	After-tax replacement rate for a single person with a full work history (maximum forty-five years) at APW wage
Standard replacement rate (couple)	After-tax replacement for a couple with one full work-history earner and spouse without a work history
Qualifying period	Years of insurance needed to qualify for single standard pension (defined above)
Contribution ratio	Employee-employer + employee ratio of payroll taxes (at time pension is claimed)
Take-up ratio	Portion of population above retirement age receiving pension

Source: Author's compilation.

Table 3.2 Variables Used in Different Regression Models

Variable	Source	Bradley et al. (2003) (Gini)	Moller et al. (2005) (Poverty Rate)
Dependent variables			
Relative poverty reduction (under sixty-five-year-old households)	LIS data files (author)		x
Reduction in Gini coefficient (twenty-five to fifty-nine households)	LIS data files (author)	x	
Independent variables			
Per capita income	Penn World Table (in HRS)	x	
Wage disperison	LIS data files (author)	x	
Unemploment rate	OECD	x	x
Female-headed households with children	LIS data tables	x	
Capital market openness	Quinn (in HRS)	x	
Wage coordination	Kenworthy (in HRS)		x
Christian Democratic cabinet (cumulative from 1945)	Swank (in HRS)	x	
Constitutional veto points	Lijphart (in HRS)		x
Left cabinet (cumulative from 1945)	Swank (in HRS)	x	x
Welfare spending	OECD (in HRS)	x	x
Benefit generosity	CWED (author)	(x)	(x)

Note: CWED—Scruggs, Comparative Welfare Entitlement Data; HRS—Huber, Ragin, and Stephens, Comparative Welfare State Data.

Table 3.3 Results for Pre- and Post-Fisc Reductions in Gini Coefficients

	Bradley et al. (2003) Estimates		Percentage Reduction in Gini Coefficient (Head of Household Aged Twenty-Five to Fifty-Nine)					
	Coefficient	Beta	Coefficient	Beta	Coefficient	Beta	Coefficient	Beta
Income dispersion	-.12 (.10)	-.01	.002 (.06)	.01	-.005 (.25)	-.03	-.004 (.22)	-.02
Income per capita	-.17 (1.16)	-.11	-.12 (.38)	-.04	-.60 (1.91)+	-.22	-.56 (1.99)+	-.20
Unemployment	0.74 (3.26)**	.29	.92 (2.53)*	.31	1.36 (4.71)**	.46	1.32 (4.85)**	.44
Single female households with children	.39 (2.41)*	.23	.36 (1.55)	.19	.61 (2.74)*	.32	.60 (2.62)*	.31
Capital market openness	-1.23 (1.13)	-.09	-.83 (1.75)	-.15	-.48 (.99)	-.09	-.52 (1.10)	-.10
Christian Democratic cabinet share	-.21 (2.22)*	-.29	-.14 (.76)	-.18	-.10 (.70)	-.13	-.11 (.71)	-.14
Left cabinet share	.21 (1.73)+	.27	.30 (2.62)*	.37	.26 (2.58)*	.31	.25 (2.07)+	.30
Spending	2.83 (5.88)**	.61	2.27 (3.27)**	.47			.23 (.21)	.05
Benefit generosity					.59 (3.91)**	.54	.55 (2.22)*	.50
Constant	20.28 (3.87)**		23.7 (5.85)**		7.30 (1.25)		8.59 (.97)	
Observations	59		57		57		57	
Root mean squared error			5.19		4.81		4.86	
R-squared	.82		.73		.76		.77	

Source: Author's calculations from Bradley et al. (2003).

Note: Robust t statistics (absolute value) are in parentheses

+ p < .10; * p < .05; ** p < .01

Table 3.4 Results for Percentage Pre- and Post-Fisc Reductions in Poverty Rates

	Möller et al. (2003) Results	Reduction in Relative Poverty					
		(Head of Household Age Less than Sixty-Five)					
		Coefficient	Coefficient	Beta	Coefficient	Beta	Coefficient
Unemployment	1.52 (5.07)**	1.68 (3.06)**	.25	2.62 (6.39)**	.39	2.43 (4.58)**	.36
Wage coordination	1.49 (1.79)	2.47 (1.88)+	.18	.21 (.12)	.01	.37 (.19)	.03
Veto points	-2.1 (3.96)**	-4.29 (4.81)**	-.50	-4.84 (5.22)**	-.57	-4.60 (5.77)**	-.54
Left cabinets	.63 (5.25)**	-.212 (.77)	-.12	-.32 (1.42)	-.18	-.33 (1.43)	-.18
Spending	4.00 (6.35)**	3.93 (3.13)**	.37			.94 (.48)	.09
Benefit generosity (labor market)				1.62 (2.88)*	.53	1.43 (1.71)	.47
Constant	21.75 (5.56)**	42.83 (5.90)**		20.64 (2.36)*		23.56 (1.79)	
Observations	61	57		57		57	
Root mean squared error		9.19		8.24		8.28	
R-squared	.91	.81		.85		.85	

Source: Author's calculations from Möller et al. (2003).

Note: Robust t-statistics in parentheses. Möller et al. (2003) results are based on households headed by twenty-five- to fifty-nine-year olds, not all under sixty-five.

p < .10; * p < .05; ** p < .01

Table 4.1 Electoral System and Number of Years with Left or Right Governments, 1948 to 1998

	Government Partisanship		Proportion of Right Governments
	Left	Right	
Electoral system			
Proportional	342	120	0.26
	(8)	(1)	0.75
Majoritarian	86	256	
	(0)	(8)	

Source: electoral system, Lijphart (1994); government partisanship: Cusack and Fuchs (2002), Cusack and Engelhardt (2002).

Note: Excludes governments that are classified as “centrist” on the Castles and Mair scale (Castles and Mair 1984).

Table 4.2 The Payoffs for the Middle Party (or the Middle Class) from Different Party or Coalition Choices, Depending on the Electoral System

	Choose LM Party or Coalition	Choose MH Party or Coalition
PR system	Half the proceeds from taxing H <i>or</i> half the proceeds from taxing, both M and H	Half the proceeds from taxing L <i>or</i> half the proceeds from taxing both M and H minus the share going to L
Majoritarian system	$\Pr(LM \text{ party represents } M) * \text{targeted spending on } M - \Pr(LM \text{ party represents } L) * \text{taxes on } M$	$\Pr(MH \text{ party represents } M) * \text{targeted spending on } M$

Source: Authors' compilation.

Note: Optimal choices are shaded.

Table 4.3 Key Indicators of Party and Electoral Systems

	Electoral System	Effective Number of Legislative Parties	Proportionality of Electoral System
Majoritarian			
Australia	majoritarian ^a	2.5	0.19
Canada	SMP	2.2	0.13
France	run off ^b	3.8	0.16
Ireland	STV ^c	2.8	0.70
Japan	SNTV ^d	2.7	0.61
New Zealand	SMP	2.0	0.00
United Kingdom	SMP	2.1	0.16
United States	SMP	1.9	0.39
Average		2.5	0.30
Proportional			
Austria	PR	2.4	0.89
Belgium	PR	5.2	0.86
Denmark	PR	4.4	0.96
Finland	PR	5.1	0.87
Germany	PR	2.6	0.91
Italy	PR	4.0	0.91
Netherlands	PR	4.6	1.00
Norway	PR	3.3	0.76
Sweden	PR	3.3	0.90
Average		3.9	0.90

Source: electoral system: Lijphart (1994); effective number of legislative parties: Laakso and Taagepera (1979); proportionality of electoral system: Lijphart (1994).

^a The use of the single transferrable vote (STV) in single-member constituencies makes the Australian electoral system a majority rather than plurality system.

^b The two-round runoff system has been in place for most of the postwar period, with short interruptions of PR (1945 until early 1950s and 1986 to 1988).

^c The Irish STV system is unique. While sometimes classified as a PR system, the low constituency size (five or less) and the strong centripetal incentives for parties in the system makes it similar to a median voter-dominated single member plurality (SMP) system.

^d The single nontransferrable voting (SNTV) system in Japan (until 1994) deviates from SMP in that more than one candidate is elected from each district, but small district size and nontransferrability makes it clearly distinct from PR list systems.

Table 4.4 Regression Results for Reduction in Inequality (Standard Errors in Parentheses)

	(1)	(2)	(3)
Inequality	-16.75*** (5.68)	13.17 (9.36)	12.48 (8.96)
Political-institutional variables			
Government partisanship (right)	—	-2.38*** (0.73)	—
Government partisanship relative to median legislator	—	—	-2.93*** (0.75)
Voter turnout	—	0.01 (0.10)	-0.06 (0.10)
Unionization	—	0.16* (0.09)	0.15* (0.09)
Number of veto points	—	-1.57** (0.62)	-1.79*** (0.59)
Electoral system (PR)	—	5.00** (2.15)	4.44** (2.06)
Controls			
Per capita income	-0.001*** (0.00)	-0.001 (0.00)	-0.001 (0.000)
Female labor force participation	0.73*** (0.11)	0.36* (0.20)	0.45** (0.20)
Unemployment	0.81*** (0.27)	0.99*** (0.27)	1.08*** (0.26)
λ	.4	.7	.7
R-squared	0.648	0.746	0.765
Observations	47	47	47

Source: Luxembourg Income Survey (LIS).

Note: Standard errors are in parentheses. All independent variables are measures of the cumulative effect of these variables between observations on the dependent variable.

*p < .10; ** p < .05; *** p < .01 (two-tailed tests)

Table 4.5 Electoral Systems and the Number of Years with Governments Further to the Left or to the Right than the Median Legislator, 1945 to 1998

	Government Partisanship		Proportion of Right Governments
	Left	Right	
Electoral system			
Proportional	291 (9)	171 (0)	0.37
Majoritarian	116 (1)	226 (7)	0.66

Source: electoral system, Lijphart (1994); government partisanship: Cusack and Fuchs (2002), Cusack and Engelhardt (2002).

Note: Excludes governments that are classified as “centrist” on the Castles-Mair scale (Castles and Mair 1984).

Table 4.6 Regression Results for Government Partisanship, 1950 to 1996

	(1) Government CoG Minus Legislative Median	(2) Government CoG Minus Legislative Median	(3) Government CoG Minus Legislative Median	(4) Government CoG	(5) Government CoG
Constant	0.653*** (0.039)	0.664*** (0.033)	0.663*** (0.051)	0.501*** (0.046)	0.375 (0.453)
Electoral system (PR)	-0.173*** (0.054)	-0.147*** (0.047)	-0.184*** (0.063)	-0.174*** (0.063)	0.176** (0.077)
Fragmentation (left minus right)	—	0.241** (0.094)	—	0.201 (0.116)	—
Right over- representation	—	—	-0.036 (0.101)	0.077 (0.104)	—
Electoral participation	—	—	—	—	0.001 (0.005)
Unionization	—	—	—	—	-0.004 (0.003)
Female labor force participation	—	—	—	—	0.004 (0.004)
Adjusted R-squared	0.37	0.54	0.49	0.55	0.49
Observations	17	17	17	17	17

Source: Authors' calculations.

Note: Standard errors are in parentheses.

** p < .05; *** p < .01 (two-tailed tests)

Appendix

Table 4A.1 Country Means for the Variables Used in Regression Analysis

	Redistribution (Reduction in Gini)	Inequality (Wages)	Partisanship (Right)	Voter Turnout	Unionization
Australia	23.97	1.70	0.47	84	46
Austria	—	—	0.30	87	54
Belgium	35.56	1.64	0.36	88	48
Canada	21.26	1.82	0.36	68	30
Denmark	37.89	1.58	0.35	84	67
Finland	35.17	1.68	0.30	79	53
France	25.36	1.94	0.40	66	18
Germany	18.70	1.70	0.39	81	34
Ireland	—	—	0.42	75	48
Italy	12.13	1.63	0.37	93	34
Japan	—	—	0.78	71	31
Netherlands	30.59	1.64	0.31	85	33
New Zealand	—	—	0.43	85	23
Norway	27.52	1.50	0.15	80	54
Sweden	37.89	1.58	0.17	84	67
United Kingdom	22.67	1.78	0.52	76	42
United States	17.60	2.07	0.40	56	23

Veto Points	Electoral System (PR)	Left Fragmentation	Right Over-Representation	Per Capita Income	Female Labor Force Participation	Unemployment
3	0	-0.39	0.10	10,909	46	4.63
1	1	-0.18	0.04	8,311	51	2.76
1	1	-0.34	0.27	8,949	43	7.89
2	0	0.18	-0.11	11,670	48	6.91
0	1	-0.40	0.07	9,982	63	6.83
1	1	-0.18	0.09	8,661	66	4.48
1	0	0.10	0.09	9,485	51	4.57
4	1	-0.13	0.15	9,729	51	4.86
0	0	-0.33	0.70	5,807	37	9.09
1	1	0.20	0.08	7,777	38	8.12
1	0	0.22	0.28	7,918	56	1.77
1	1	0.18	-0.36	9,269	35	4.62
0	0	-0.40	0.98	—	47	—
0	1	-0.02	-0.32	9,863	52	2.28
0	1	-0.40	-0.03	9,982	63	6.83
0	0	0.08	0.07	9,282	54	5.01
5	0	0.00	-0.17	13,651	53	5.74

Source: Luxembourg Income Study (LIS).

Note: Time coverage is 1950 to 1996, except for redistribution and inequality, which are restricted to the available LIS observations.

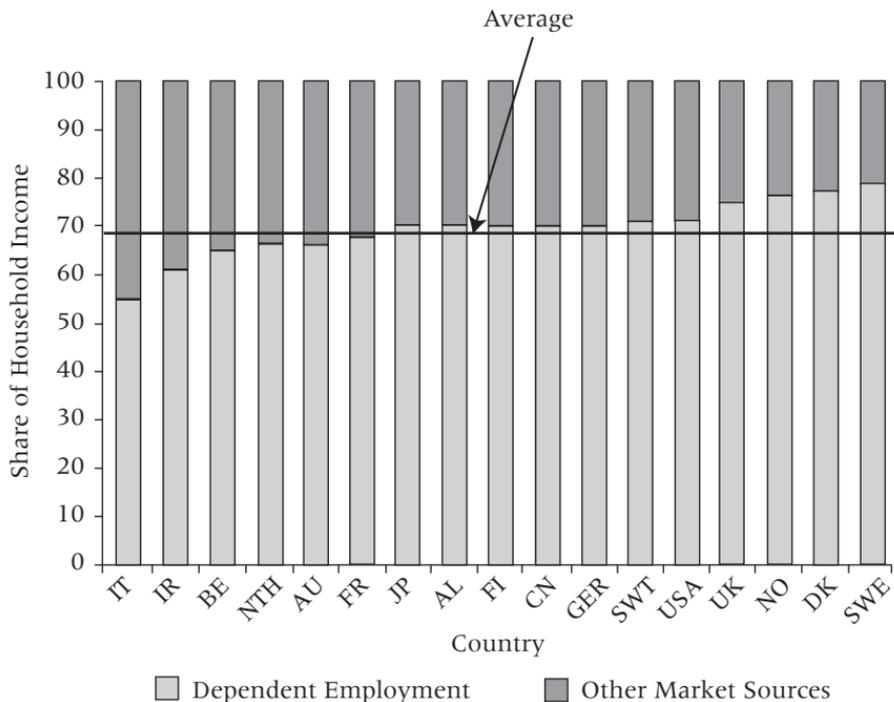
Table 4A.2 Correlation Matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1) Redistribution	1										
(2) Inequality	-0.38	1									
(3) Partisanship	-0.50	0.37	1								
(4) Turnout	0.11	-0.38	-0.24	1							
(5) Unionization	0.75	-0.22	-0.49	0.51	1						
(6) Veto points	-0.44	-0.01	0.33	-0.43	-0.56	1					
(7) Electoral system	0.34	-0.54	-0.66	0.71	0.49	-0.27	1				
(8) Left fragmentation	-0.57	-0.09	0.14	-0.27	-0.76	0.14	-0.18	1			
(9) Right overrepresentation	-0.13	0.66	0.46	0.10	0.14	-0.16	-0.24	-0.48	1		
(10) Per capita income	0.12	-0.42	-0.08	-0.51	-0.18	0.61	-0.22	0.08	-0.64	1	
(11) Female labor force participation	0.80	-0.45	-0.28	-0.19	0.48	-0.06	0.17	-0.37	-0.168	0.38	1
(12) Unemployment	-0.49	0.55	0.52	0.06	-0.20	0.01	-0.20	0.02	0.63	-0.41	-0.51

Source: Luxembourg Income Study (LIS).

Note: Correlations are based on the period averages in table 4A.1.

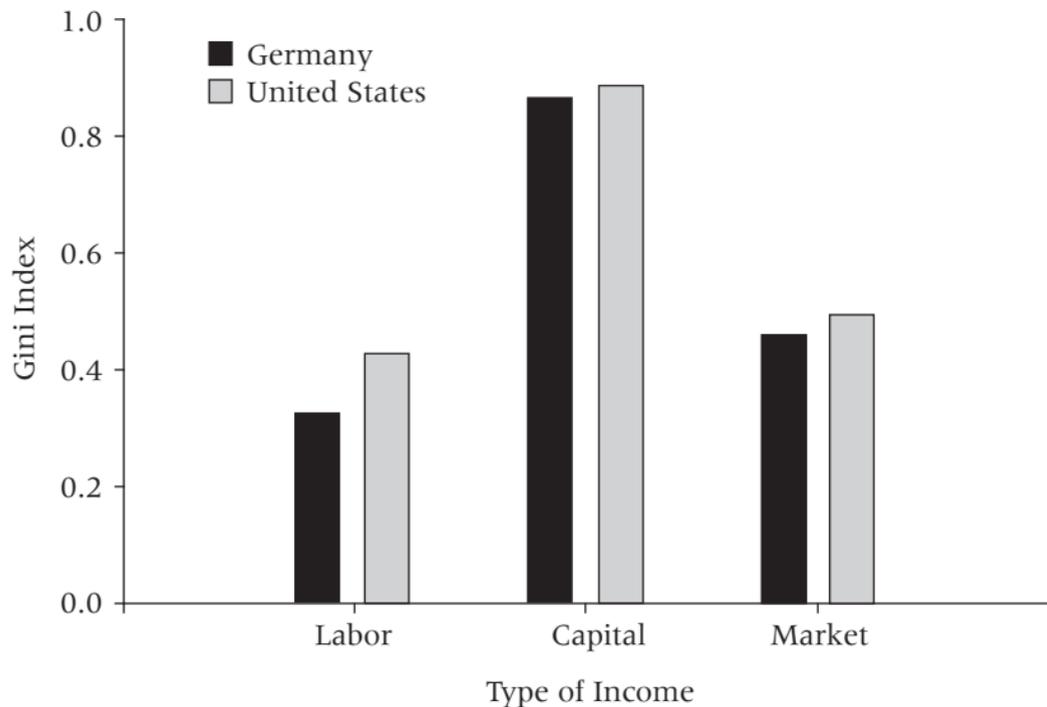
Figure 5.1 Sources of Household Sector Market Income Across OECD Countries, 1965 to 1995



Source: Authors' calculations using formulas developed by Mendoza et al. (1994, n. 10).

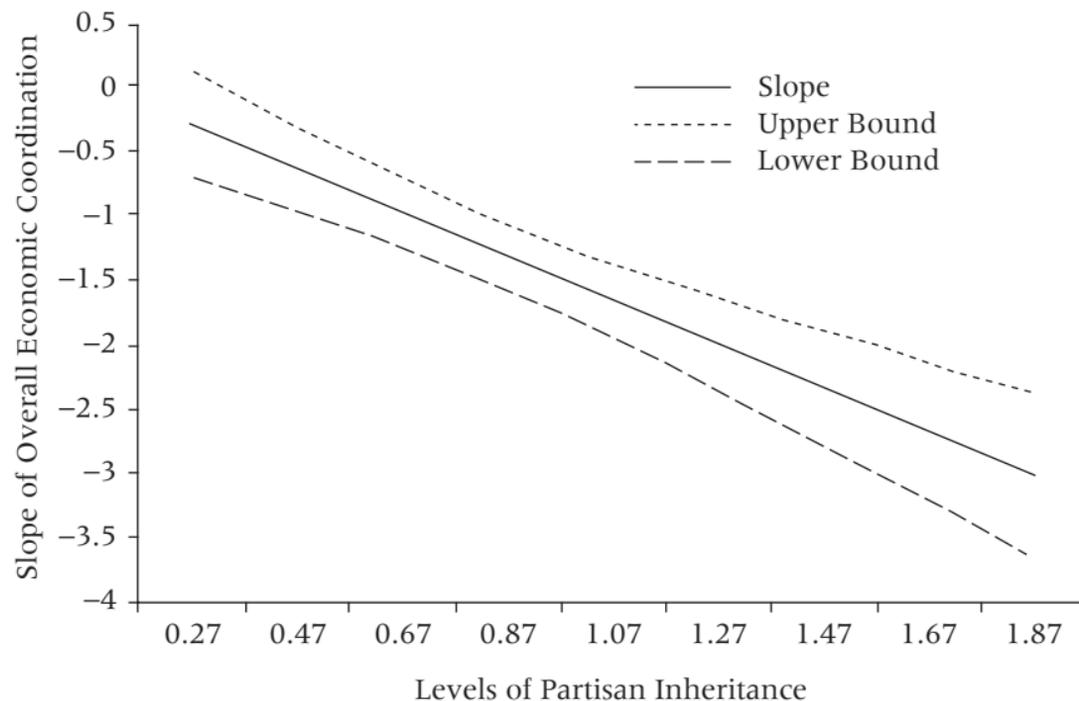
Note: IT = Italy; IR = Ireland; BE = Belgium; NTH = Netherlands; AU = Austria; FR = France; JP = Japan; AL = Australia; FI = Finland; CN = Canada; GER = Germany; SWT = Switzerland; USA = United States; UK = United Kingdom; NO = Norway; DK = Denmark; SWE = Sweden.

Figure 5.2 Inequality in Different Measures of German and American Household Income: Labor, Capital, and Market



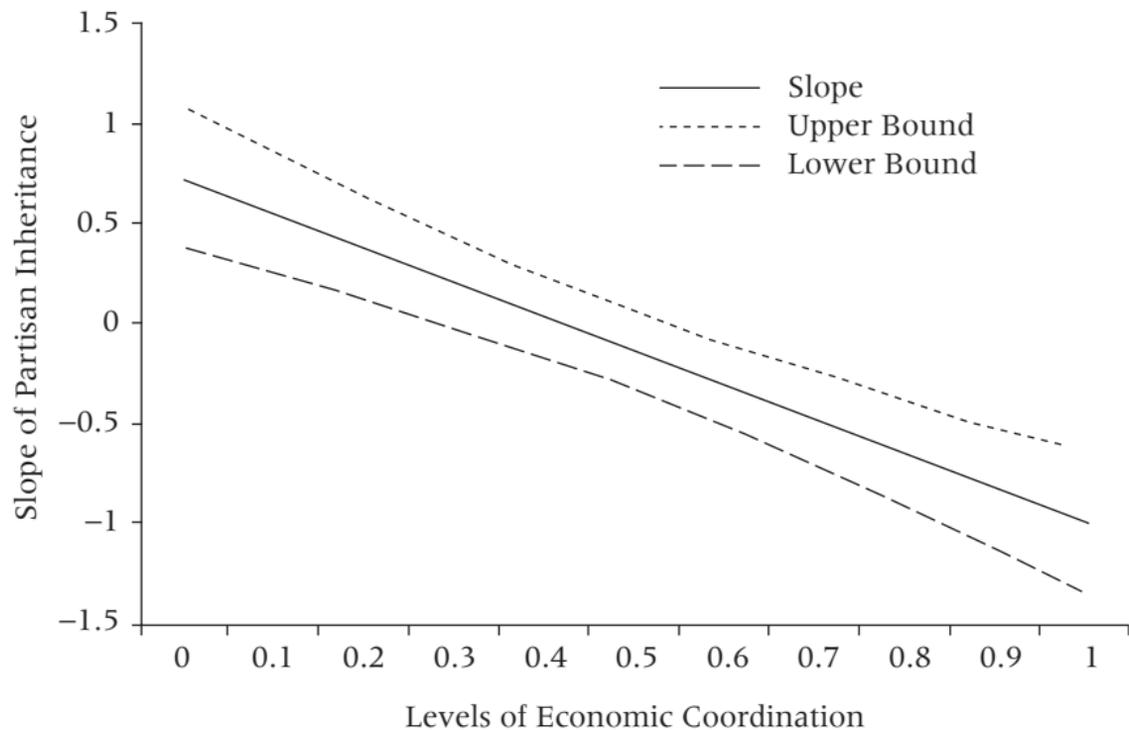
Source: Authors' calculations using data from the German Socio-Economic Panel (SOEP) and the U.S. Panel Study of Income Dynamics (PSID).

Figure 5.3 Effects of Economic Coordination Contingent on the Levels of Partisan Inheritance



Source: Authors' calculations.

Figure 5.4 Effects of Partisan Inheritance Contingent on the Levels of Economic Coordination



Source: Authors' calculations.

Table 5.1 Wage Inequality Across the OECD Countries (90/10 Ratio from OECD, 1996)

Wave	Australia	Belgium	Canada	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Sweden	United Kingdom	United States
1	2.83		4.02	2.15	2.47	3.23			2.52	2.07	2.03	3.03	3.80
2	2.84	2.42	4.45	2.19	2.48	3.14	2.91	2.26	2.48	2.11	2.05	3.20	4.14
3	2.85	2.33	4.33	2.17	2.46	3.25	2.73	2.34	2.60	1.98	2.09	3.39	4.35
4	2.88	2.25	4.28		2.33	3.11	2.79	2.37	2.72		2.19	3.42	4.56
5	2.95				2.42	3.05					2.22	3.42	4.58

Source: Authors' compilation.

Note: Each period is five years in duration and follows the LIS wave dating convention: 1 = 1978 to 1982; 2 = 1983 to 1987; 3 = 1988 to 1992; 4 = 1993 to 1997; 5 = 1998 to 2002.

Table 5.2 Market Income Inequality Across the OECD Countries (Gini Index Based on Luxembourg Income Study [LIS] Data)

Wave	Australia	Canada	Denmark	Finland	France	Germany	Netherlands	Norway	Sweden	United Kingdom	United States
1	0.37	0.36			0.34	0.31		0.35	0.39	0.37	0.39
2	0.40	0.37	0.39	0.33	0.37	0.40	0.36	0.33	0.43	0.42	0.42
3	0.41	0.39	0.42	0.34	0.39	0.41	0.38	0.37	0.46	0.44	0.42
4	0.41	0.39	0.43	0.38	0.47	0.40	0.39	0.41	0.45	0.45	0.45
5		0.41		0.37		0.44		0.42	0.44	0.46	0.46

Source: Authors' calculations.

Note: Income adjusted for household size using LIS equivalence scale. Each period is five years in duration and follows the LIS wave dating convention: 1 = 1978 to 1982; 2 = 1983 to 1987; 3 = 1988 to 1992; 4 = 1993 to 1997; 5 = 1998 to 2002.

Table 5.3 Disposable Income Inequality Across the OECD Countries (Gini Index Based on Luxembourg Income Study [LIS] Data)

Wave	Australia	Belgium	Canada	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Sweden	United Kingdom	United States
1	0.28		0.28			0.29	0.24			0.22	0.20	0.27	0.30
2	0.29	0.23	0.28	0.25	0.21	0.30	0.26	0.31	0.26	0.23	0.22	0.30	0.34
3	0.30	0.23	0.28	0.24	0.21	0.29	0.25	0.29	0.27	0.23	0.23	0.34	0.34
4	0.31	0.25	0.29	0.26	0.23	0.29	0.26	0.34	0.26	0.24	0.22	0.35	0.36
5			0.31		0.25		0.26	0.35		0.26	0.26	0.35	0.38

Source: Authors' calculations.

Note: Income adjusted for household size using LIS equivalence scale. Each period is five years in duration and follows the LIS wave dating convention: 1 = 1978 to 1982; 2 = 1983 to 1987; 3 = 1988 to 1992; 4 = 1993 to 1997; 5 = 1998 to 2002.

Table 5.4 Cross-National Differences in Coefficients of Variation Across Measures of Inequality

Wave	Wages	Market	Disposable
1	0.24	0.07	0.15
2	0.25	0.09	0.15
3	0.26	0.08	0.15
4	0.25	0.07	0.16
5	0.24	0.07	0.17

Source: Authors' calculations.

Note: Each period is five years in duration and follows the LIS wave dating convention: 1 = 1978 to 1982; 2 = 1983 to 1987; 3 = 1988 to 1992; 4 = 1993 to 1997; 5 = 1998 to 2002.

Table 5.5 Estimation Results for Equation 5.1: Wage Inequality

	OLS (Robust SE)
Manufacturing employment	.000 (.020)
Imports from Third World	-.072** (.035)
Female labor force participation rate	.023*** (.008)
Distribution of human capital	.018** (.007)
Union density	-.019*** (.004)
Left government inheritance	.710*** (.171)
Overall economic coordination	.306 (.248)
Left government inheritance* overall economic coordination	-1.69*** (.302)
Constant	2.32*** (.360)
R-squared	.90
Observations	41

Source: Authors' calculations.

** p < .05; *** p < .01

Table 5.6 Predicted Values of Wage Inequality

	High Wage- Bargaining Coordination	No Wage- Bargaining Coordination
Left wing government	2.36	4.24
Right wing government	3.04	3.17

Source: Authors' calculations.

Note: Predictions based on table 5.5. All other variables are at their mean values.

Table 5.7 Estimation Results for Equation 5.2: Market-Based Income Inequality

	OLS (Robust SE)	TOLS (SE)	OLS (Robust SE)	TOLS (SE)
Wage earnings inequality	.015* (.008)	.021* (.012)	.014* (.008)	.024* (.012)
Stock market capitalization	.025*** (.007)	.022*** (.006)	.024** (.007)	.022*** (.006)
Pension-age population	.009*** (.002)	.011*** (.003)	.009*** (.002)	.011*** (.003)
Partisanship inheritance	—	—	-.003 (.007)	.007 (.01)
Constant	.250*** (.060)	.210*** (.080)	.25 (.06)	.189** (.085)
R-squared	.58	.57	.58	.57
Observations	41	41	41	41

Source: Authors' calculations.

* p < .10; ** p < .05; *** p < .01

Table 5.8 Estimation Results for Equation 5.3: Disposable Income Inequality

	OLS (Robust SE)	TOLS (SE)
Market income inequality	.326*** (.069)	.444*** (.093)
Coordinated market economy	-.042*** (.005)	-.039*** (.008)
Union density	-.0009*** (.0001)	-.0008*** (.0004)
Left government inheritance	-.019*** (.005)	-.017*** (.007)
Constant	.242*** (.032)	.190*** (.042)
R-squared	.87	.87
Observations	41	41

Source: Authors' calculations.

* p < .10; ** p < .05; *** p < .01

Table 5.9 Disposable Income Inequality

	Low Overall Coordination		High Overall Coordination	
	Low Union Density	High Union Density	Low Union Density	High Union Density
Left wing partisan inheritance	0.31	0.24	0.27	0.20
Right wing partisan inheritance	0.34	0.27	0.30	0.23

Source: Authors' calculations.

Note: Predicted values based on table 5.8, OLS

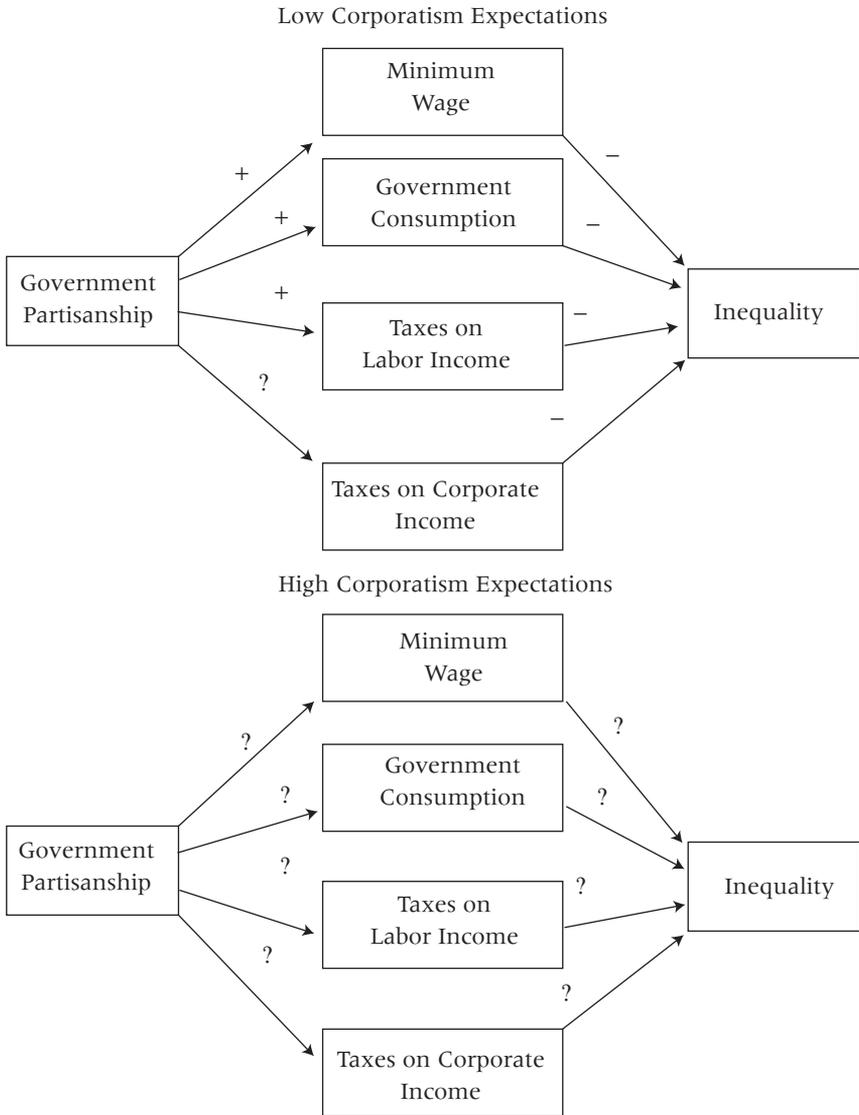
Appendix

Table 5A.1 Descriptive Statistics of Variables Used in the Analysis (Forty-One Observations)

Variable	Mean	Std	Minimum	Maximum
Wage inequality (<i>WI</i>)	3.02	.79	1.98	4.57
Market income inequality (<i>MI</i>)	.39	.04	.33	.47
Disposable income inequality (<i>DI</i>)	.27	.05	.19	.37
Manufacturing employment (<i>ME</i>)	19.40	3.18	14.18	25.83
Imports from the Third World (<i>TWI</i>)	3.24	1.13	1.38	6.77
Female labor force participation rate (<i>FP</i>)	64.31	8.58	42.26	79.96
Proportion of adults with a college degree (<i>HC</i>)	11.13	5.94	4.40	30.30
Economic coordination (<i>EC</i>)	.46	.32	0.0	0.95
Union density (<i>UD</i>)	42.84	23.83	10.12	87.82
Partisan inheritance (<i>LG</i>)	.93	.42	.27	1.78
Stock market capitalization (<i>SMC</i>)	.48	.39	.050	1.66
Retirement-age population (<i>OP</i>)	13.8	2.15	9.48	17.75

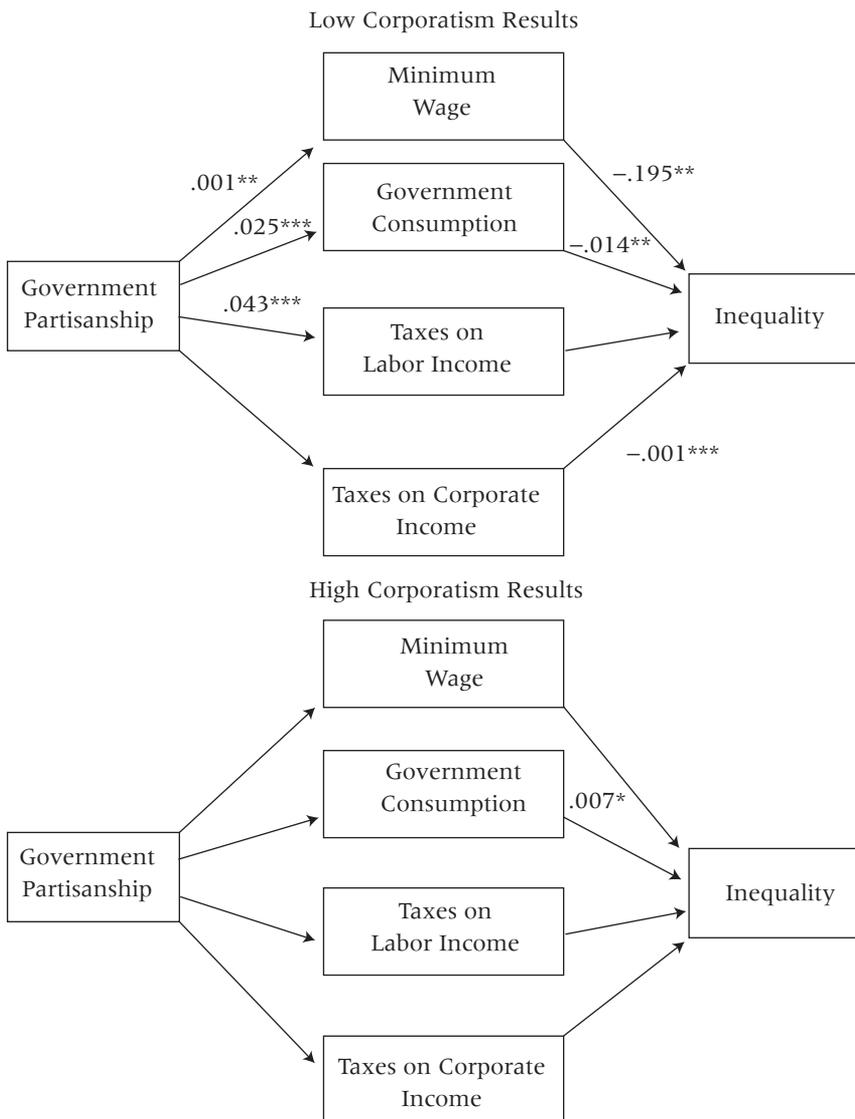
Source: Authors' calculations.

Figure 6.1 Theoretical Claims



Source: Author's compilation.

Figure 6.2 Conditional Effects



Source: Author's compilation.

* p < .10; ** p < .05; *** p < .01

Table 6.1 Means and Percentage Changes in Inequality

Country and Years Covered	50/10 Ratios	
	Mean	Percentage Change
Australia, 1976 to 1995	1.66	3.1
Austria, 1980 to 1994	1.96	0.0
Belgium, 1986 to 1993	1.45	-1.4
Canada, 1973 to 1994	2.30	9.1
Denmark, 1980 to 1994	1.40	-2.8
Finland, 1977 to 1995	1.46	-10.2
France, 1973 to 1995	1.66	-5.7
Germany, 1984 to 1995	1.63	-11.9
Italy, 1986 to 1995	1.42	-3.4
Japan, 1975 to 1995	1.70	-6.3
Netherlands, 1977 to 1995	1.56	5.8
Norway, 1980 to 1994	1.39	-6.4
Sweden, 1975 to 1995	1.33	0.0
Switzerland, 1990 to 1995	1.61	0.0
United Kingdom, 1973 to 1995	1.78	1.5
United States, 1973 to 1995	2.00	11.0
Average	1.64	-1.1
Standard deviation	0.26	6.38

Source: OECD (1996, 61–62) for all countries except the United States; for the United States, OECD (1993, 161; 1996, 103).

Note: The percentage changes measure the variation from earliest to latest available observation in the country series.

Table 6.2 The Effects of Government Partisanship on Inequality in the Lower Half of the Wage Distribution

Constant	—	-.125 (.061) <i>.041</i>
Lagged dependent variable	.484 (.065) <i><.001</i>	.980 (.015) <i><.001</i>
Cabinet partisanship	.003 (.005) <i>.593</i>	.008 (.005) <i>.112</i>
Unemployment rate	-.005 (.004) <i>.166</i>	-.001 (.003) <i>.705</i>
Trade with less-developed countries	-.001 (.006) <i>.814</i>	-.005 (.004) <i>.188</i>
Female labor force participation	-.025 (.031) <i>.412</i>	.008 (.013) <i>.526</i>
Private sector services	-.002 (.034) <i>.950</i>	.027 (.009) <i>.004</i>
Union density	-.018 (.010) <i>.086</i>	-.006 (.003) <i>.078</i>
Wage bargaining centralization	-.028 (.007) <i><.001</i>	.004 (.003) <i>.164</i>
Public sector employment	-.068 (.020) <i>.001</i>	.010 (.005) <i>.047</i>
Observations	203	203
Adjusted R-squared	.99	.99
Fixed effects	Yes	No

Source: Author's compilation; see appendix for variable details and data sources.

Note: All entries are OLS estimates. Numbers in bold are estimated coefficients; numbers in parentheses are their panel-corrected standard errors; numbers in italics are p-values from two-sided t-tests.

Table 6A.1 Regression Results for Figure 6.2

	Minimum Wage	Government Consumption	Taxes on Labor	Taxes on Corporations
Determinants of policy				
Cabinet partisanship	.0010301 (.000482) .033	.0256197 (.007376) .001	.0438422 (.0136908) .001	.9371027 (1.29744) .470
Cabinet partisanship* corporatism	-.0013645 (.0007139) .056	-.0289719 (.0140254) .039	-.0597766 (.0310418) .054	-4.95936 (5.002042) .321
Corporatism	.0230247 (.0544388) .672	1.030228 (1.389138) .458	-6.688961 (3.042322) .028	263.9869 (492.8069) .592
Union density	.0034848 (.000822) .000	.0382604 (.0153101) .012	.0117861 (.0296078) .691	-2.492325 (4.270994) .560
Wage-bargaining centralization	.0785674 (.0546315) .150	1.484446 (1.010216) .142	9.384893 (2.31408) .000	172.2172 (288.3194) .550
International openness	-.0001998 (.0003365) .553	-.0122439 (.0100618) .224	-.0726906 (.0224608) .001	-1.926598 (1.951015) .323
Financial openness	-.0004002 (.0022044) .856	.1246415 (.0446082) .005	.0544854 (.1084007) .615	-7.32711 (7.456081) .326
Government debt	-.0007041 (.0248975) .977	-.4073702 (.4629413) .379	14.49643 (1.015794) .000	-31.62622 (112.0451) .778
Unemployment rate	.0007135 (.0015534) .646	.3371956 (.0317582) .000	.3443517 (.0692177) .000	4.600955 (5.94565) .439
GDP growth	-.000106 (.0011732) .928	-.1332531 (.0225736) .000	-.1201857 (.0499664) .016	1.108425 (4.208872) .792
Constant	-.2021842 (.0639506) .002	9.406055 (1.178893) .000	8.273959 (2.396136) .001	160.97 (215.8107) .456
Observations	329	348	338	329
R-squared	.9747	.9502	.9624	.0480

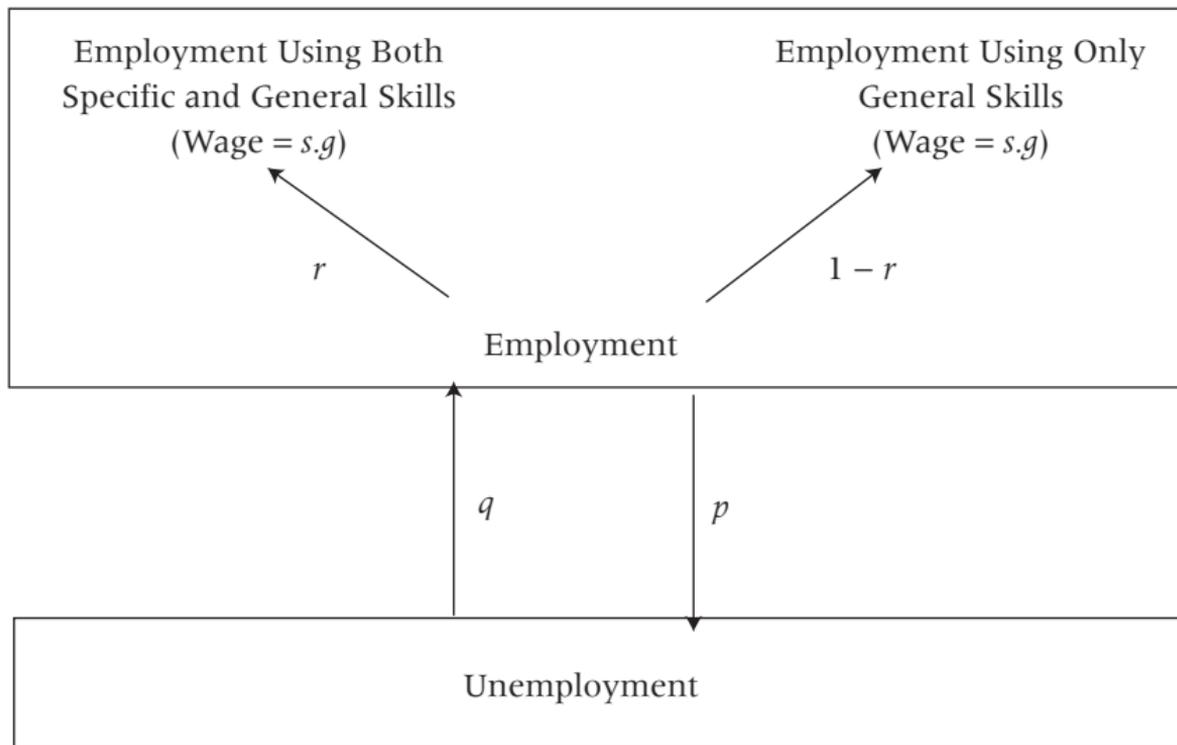
Table 6A.1 *Continued*

	Minimum Wage	Government Consumption	Taxes on Labor	Taxes on Corporations
Determinants of inequality				
Policy (specified in first row)	-.1991474 (.0993088) <i>.064</i>	-.0140506 (.0061321) <i>.022</i>	.0015068 (.002595) <i>.561</i>	-.0013982 (.0004463) <i>.002</i>
Policy*corporatism	.3736833 (.2466455) <i>.130</i>	.0215531 (.0079391) <i>.007</i>	-.0021971 (.0034897) <i>.529</i>	.0014108 (.0004508) <i>.002</i>
Corporatism	-.0363871 (.0632842) <i>.565</i>	-.3670438 (.1695945) <i>.030</i>	.1190394 (.1688838) <i>.481</i>	-.0495208 (.0664126) <i>.456</i>
Unemployment rate	-.0019291 (.0016245) <i>.235</i>	-.002412 (.0014569) <i>.098</i>	-.0026831 (.001495) <i>.073</i>	-.0032901 (.0016331) <i>.044</i>
Trade with less- developed countries	.006031 (.0029678) <i>.042</i>	.0098622 (.0030503) <i>.001</i>	.0064025 (.0029502) <i>.030</i>	.0060687 (.0029734) <i>.041</i>
Female labor force participation	.0056115 (.0036816) <i>.127</i>	.0009731 (.0033987) <i>.775</i>	.0026306 (.002697) <i>.329</i>	.0024898 (.0029058) <i>.392</i>
Private service sector	-.0031868 (.0020111) <i>.113</i>	.0005268 (.0020229) <i>.795</i>	-.0013548 (.0018421) <i>.462</i>	-.0020748 (.0017882) <i>.246</i>
Union density	-.0003537 (.0011775) <i>.764</i>	-.0001588 (.0011472) <i>.890</i>	-.0004433 (.0011684) <i>.704</i>	-.0010562 (.0012177) <i>.386</i>
Wage-bargaining centralization	-.2712495 (.0715453) <i>.000</i>	-.3284604 (.0642466) <i>.000</i>	-.3387357 (.0685666) <i>.000</i>	-.408379 (.0691053) <i>.000</i>
Public-sector employment	-.01108 (.0023847) <i>.000</i>	-.0126009 (.0029683) <i>.000</i>	-.01225 (.0028719) <i>.000</i>	-.0115403 (.0022338) <i>.000</i>
Constant	2.004856 (.1572161) <i>.000</i>	2.292805 (.1926206) <i>.000</i>	2.068716 (.1619231) <i>.000</i>	2.255708 (.1633958) <i>.000</i>
Observations	219	222	222	213
R-squared	.9763	.9767	.9756	.9758

Source: Author's compilation; see appendix for variable details and data sources.

Note: All entries are OLS estimates. Numbers in bold are estimated coefficients; numbers in parentheses are their panel-corrected standard errors; numbers in italics are p-values from two-sided t-tests. Estimates for country dummies are not reported.

Figure 7.1 Transition Between Different Labor Market Situations



Source: Authors' compilation.

Figure 7.2 Support for Redistribution as a Function of Income and Risk

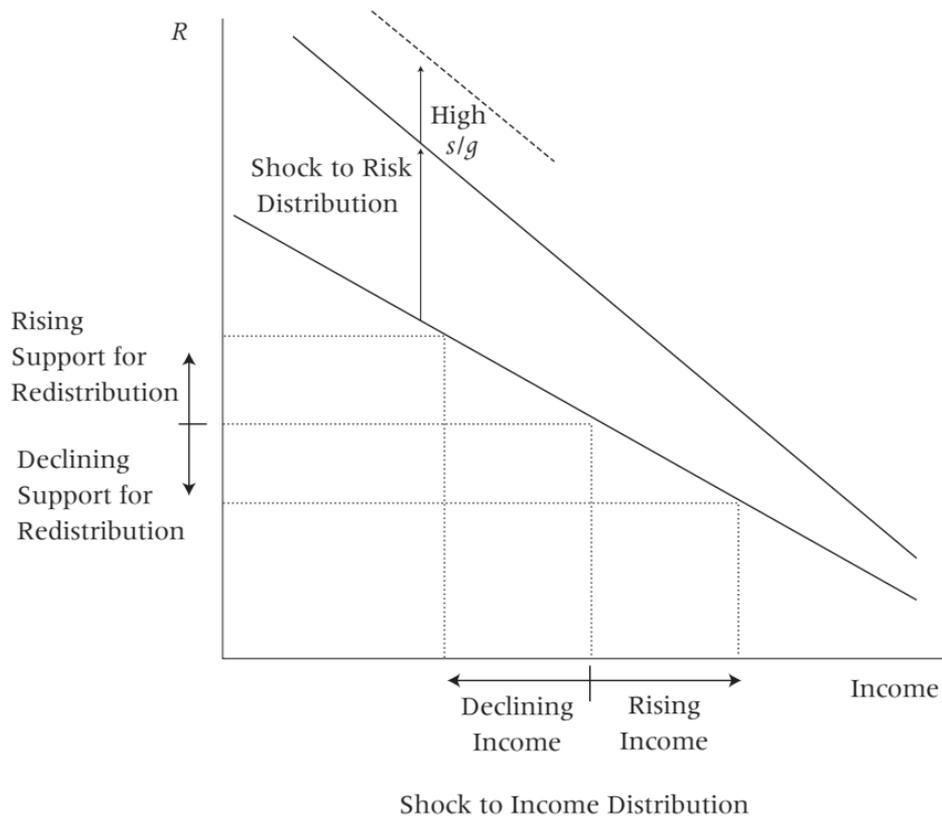
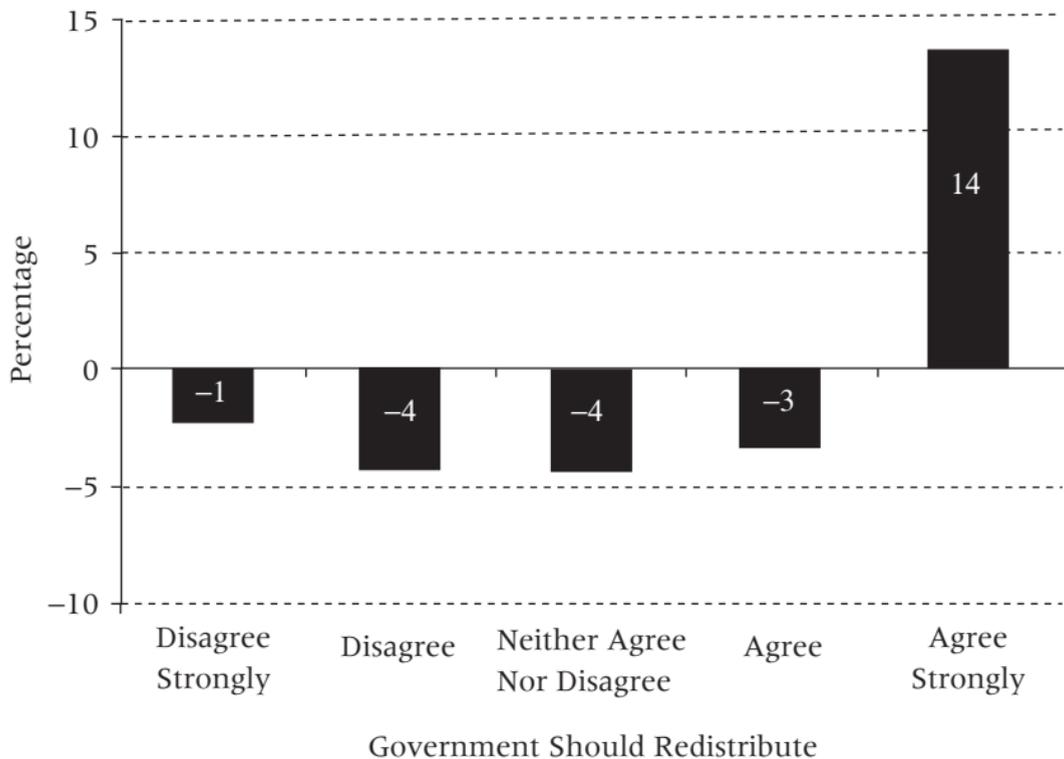


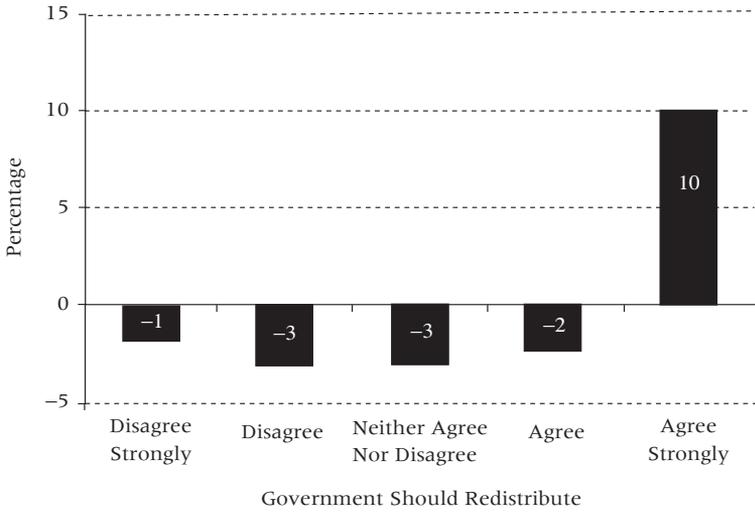
Figure 7.3 Changes in Redistributive Preferences as a Function of Job Loss



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Differences in redistributive preferences comparing an employed with an unemployed individual.

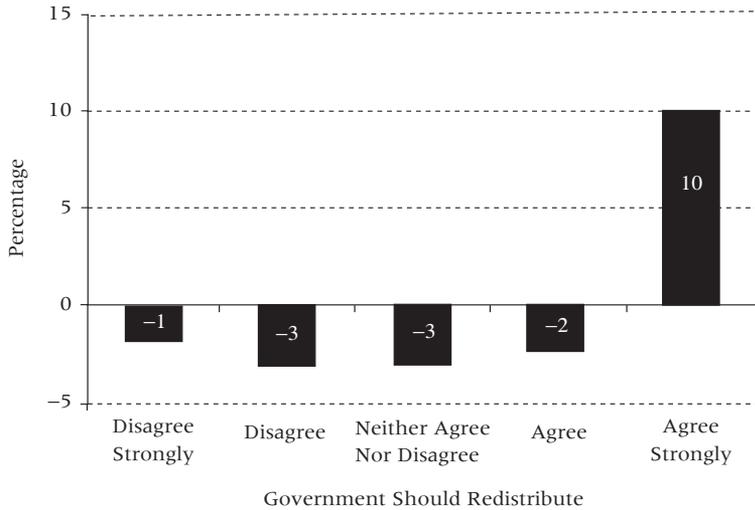
Figure 7.4 Changes in Redistributive Preferences as a Function of Differences in Skill-Specificity



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Change in skill-specificity from 0 to 3.33 (95th centile).

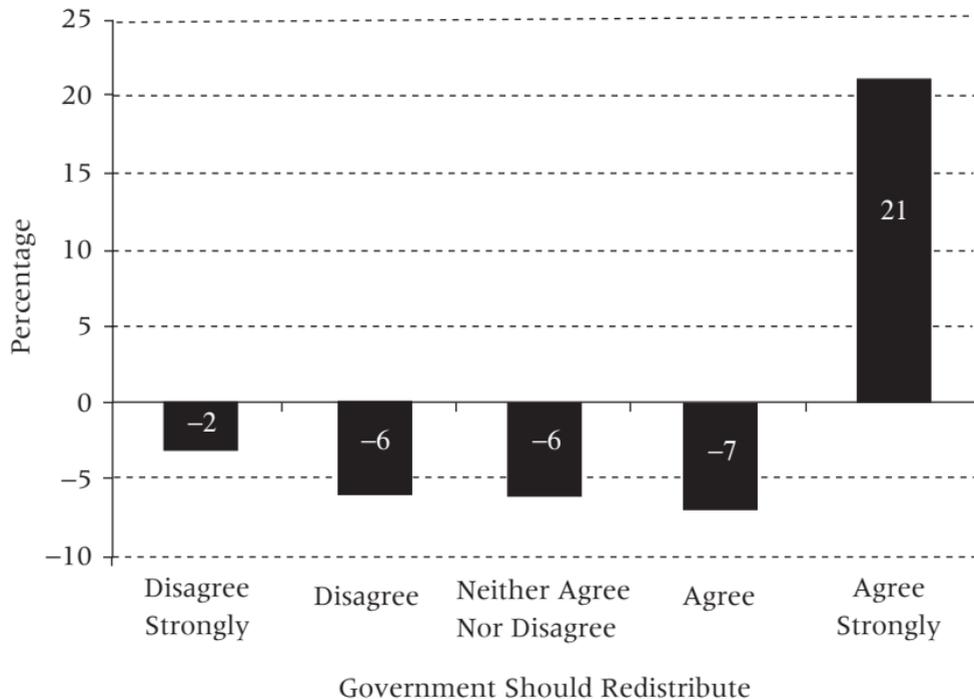
Figure 7.5 Changes in Redistributive Preferences as a Function of an Increase in Occupational Unemployment Rates



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Change in risk from 0 to 20 (95th centile).

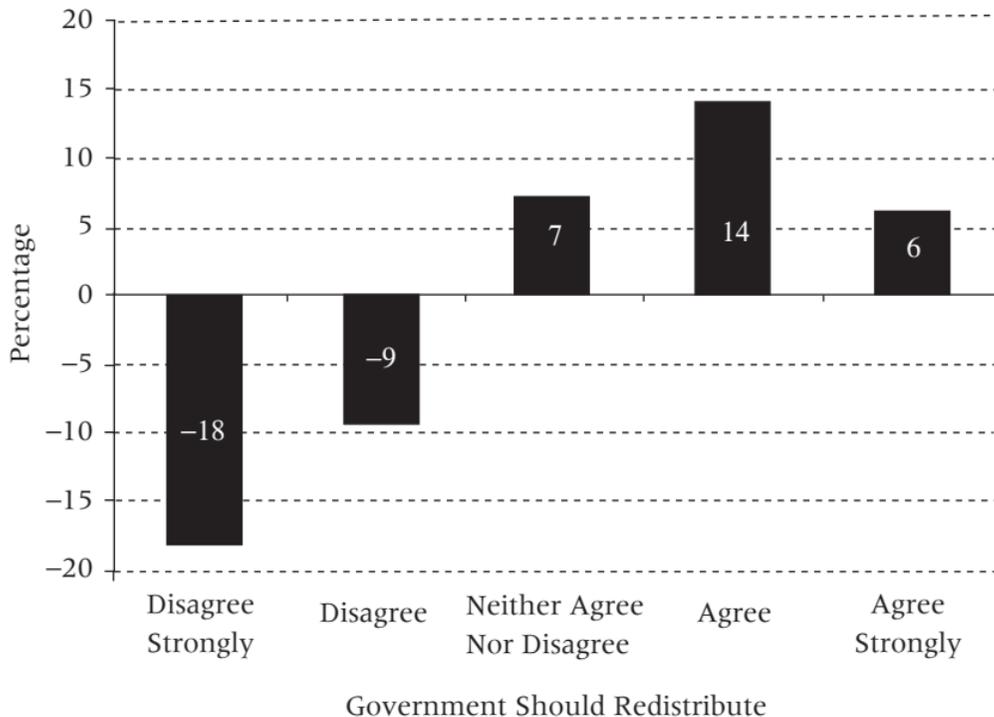
Figure 7.6 Changes in Redistributive Preferences as a Function of an Increase in Occupational Unemployment Rates and Skill-Specificity



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Change in occupational unemployment risk from 0 to 20 (95th centile) and change in skill-specificity from 0 to 3.33 (95th centile).

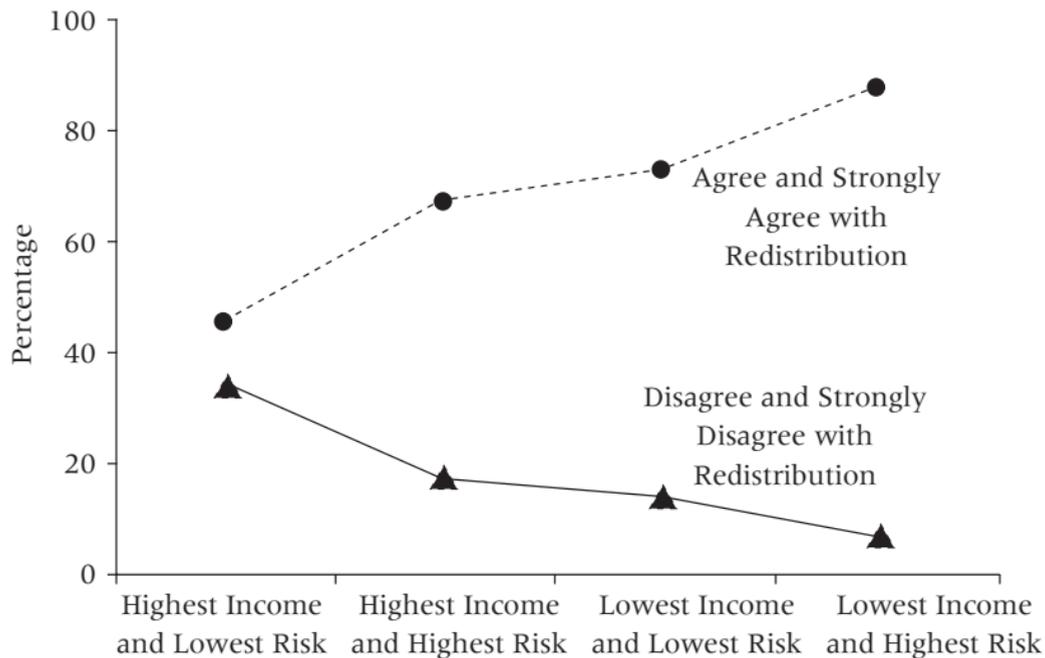
Figure 7.7 Changes in Redistributive Preferences as a Function of Moving from the Bottom to the Top Income Quantile



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Change in income from quantile 1 to quantile 9. Horizontal axis reversed in comparison to previous figures.

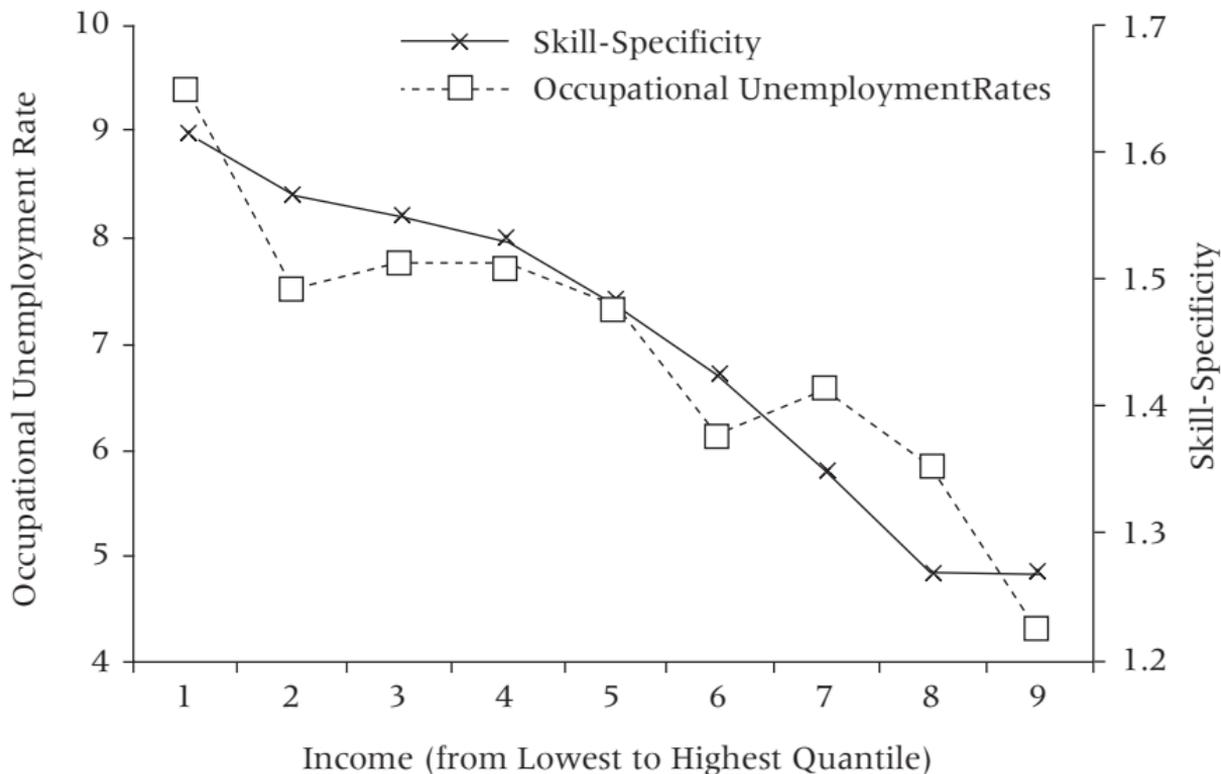
Figure 7.8 Changes in Redistributive Preferences as a Function of Different Combinations of Income and Risk Exposure



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Note: Combinations of changes in income from quantile 1 to quantile 9 and in risk exposure (occupational unemployment rates and skill-specificity combined) from lowest to highest.

Figure 7.9 Relationship Between Income and Risk Exposure



Source: Authors' compilation. Simulations based on model 1 in table 7.1.

Table 7.1 Determinants of Preferences for Redistribution

	(1)	(2)	(3)	(4)
	Pro Redistribution		Pro Redistribution	
	(Five Answer Categories)		(Four Answer Categories)	
Risks				
Occupational unemployment rate ^a	0.021*** [0.003]	0.021*** [0.003]	0.025*** [0.004]	0.029*** [0.004]
Skill-specificity ^b	0.135*** [0.017]	0.146*** [0.019]	0.137*** [0.024]	0.143*** [0.027]
Realized risk				
Unemployed	0.585*** [0.053]	0.689*** [0.059]	0.695*** [0.073]	0.823*** [0.081]
Controls				
Income ^c	-0.145*** [0.004]	-0.146*** [0.005]	-0.156*** [0.005]	-0.155*** [0.006]
Age	0 [0.001]	0.001 [0.001]	0.001 [0.001]	0.003** [0.001]
Gender (female)	0.160*** [0.019]	0.155*** [0.021]	0.213*** [0.026]	0.211*** [0.029]
Nonemployed	0.289*** [0.040]	0.424*** [0.047]	0.389*** [0.054]	0.524*** [0.063]
Student	0.259*** [0.055]	0.406*** [0.061]	0.210*** [0.074]	0.376*** [0.084]
Retired	0.269*** [0.046]	0.387*** [0.053]	0.315*** [0.062]	0.442*** [0.071]
Self-employed	-0.366*** [0.033]	-0.239*** [0.037]	-0.474*** [0.042]	-0.325*** [0.049]
Publicly employed	—	0.152*** [0.027]	—	0.241*** [0.037]
Union membership	—	0.286*** [0.027]	—	0.264*** [0.036]
Country dummies	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes
Observations	52,027	45,429	29,152	24,992
Pseudo-R-squared	0.06	0.06	0.08	0.08
Log pseudo-likelihood	-73,462.9	-63,582.6	-35,148.1	-29,469.7
Wald χ^2 (degrees of freedom)	7,550.71 (36)	5,681.12 (38)	5,120.28 (30)	3,842.87 (32)

Source: Authors' compilation from International Social Survey Programme (ISSP) data for the United States, Canada, the United Kingdom, Ireland, Switzerland, Spain, Portugal, East Germany, West Germany, Austria, Finland (not in models 3 and 4), Sweden, Norway, Denmark, Australia, and New Zealand, for various survey years.

Notes: Ordered logit regressions, using weights (design weights*sample weights). Robust standard errors in brackets.
^a Right-censored at 20 percent (circa 95th centile), at the most detailed occupational level. Zeros for people not in the labor force.

^b Right-censored at 3.33 (circa 95th centile). Zeros for people not in the labor force.

^c In nine (national) quantiles.

* p < .10; ** p < .05; *** p < .01

Table 7.2 Common Shocks, National Institutions, and Government Transfers
(Equation 7.2)

	(1)	(2)	(3)	(4)
Time effect (shock)	7.20*** (0.86)	7.67*** (0.87)	6.53*** (0.90)	7.42*** (0.53)
Vocational training*time dummies	0.013*** (0.002)	—	—	0.006*** (0.002)
PR*time dummies	—	0.53*** (0.08)	—	0.35*** (0.10)
Partisanship*time dummies	—	—	-0.75*** (0.21)	-0.11 (0.77)
Partisanship	0.93** (0.40)	0.81** (0.40)	3.91*** (0.86)	1.23 (0.77)
Dependency ratio _{<i>t</i>}	0.54*** (0.07)	0.58*** (0.07)	0.64*** (0.08)	0.58*** (0.07)
Minimum	5.17	5.16	4.41	4.59
Maximum	11.72	9.22	8.32	11.11
Effect	6.56	4.07	3.91	6.57
Adjusted R-squared	0.92	0.92	0.92	0.92
Observations	564	564	564	564

Source: OECD *Labor Force Statistics* (various years); OECD *National Accounts Yearbook Vol. II* (various years); UNESCO Yearbook (1999); Cusack (1991); Cusack and Engelhardt (2002); Lijphart (1994).

Notes: Standard errors are in parentheses. The results for the interactive terms correspond to β in the statistical model. The results for country and time dummies are not shown.

* $p < .10$; ** $p < .05$; *** $p < .01$

Table 7.3 Shocks and Government Transfers in Two Periods

	1960 to 1979	1980 to 1995
Vocational training	0.015***	0.054***
Time effect	7.44***	0.84**
PR	0.364***	1.51***
Time effect	6.76***	1.44***
Partisanship	0.37**	1.27*
Time effect	6.19**	1.18***

Source: Authors' compilation. Estimation results and data used in table 7.2.

* $p < .10$; ** $p < .05$; *** $p < .01$

Table 7.4 Shocks, National Institutions, and Government Transfers
(Equation 7.3)

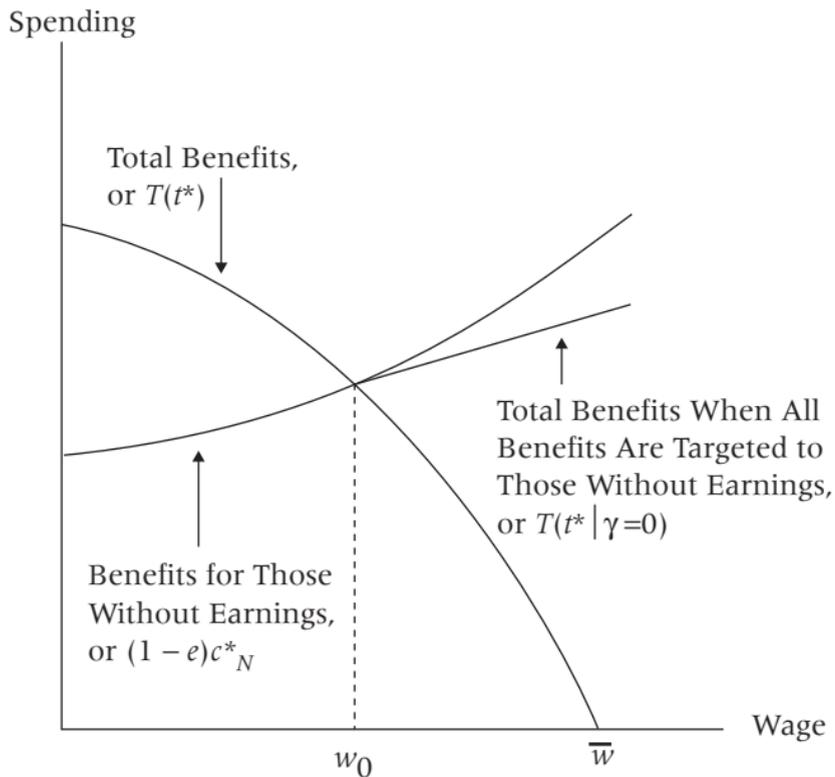
	Exogenous Source of Shock	
	Unemployment	Deindustrialization
Shock effect	5.10*** (0.22)	8.15*** (0.43)
Vocational training*shock	0.011*** (0.004)	0.0012*** (0.0005)
PR*shock	0.119 (0.109)	0.206*** (0.074)
Partisanship*shock	-0.489*** (0.180)	0.128 (0.128)
Partisanship	0.656 (0.435)	-3.629 (4.471)
Population over age sixty-four	0.826*** (0.039)	0.325*** (0.059)
Minimum	2.22	6.52
Maximum	7.94	9.68
Effect	5.72	3.17
Adjusted R-squared	0.91	0.92
Observations	564	564

Source: OECD *Labor Force Statistics* (various years); OECD *National Accounts Yearbook Vol. II* (various years); UNESCO (1999); Cusack (1991); Cusack and Engelhardt (2002); Lijphart (1994).

Note: Standard errors are in parentheses. The results for the interactive terms correspond to β in the statistical model. The results for country and time dummies are not shown.

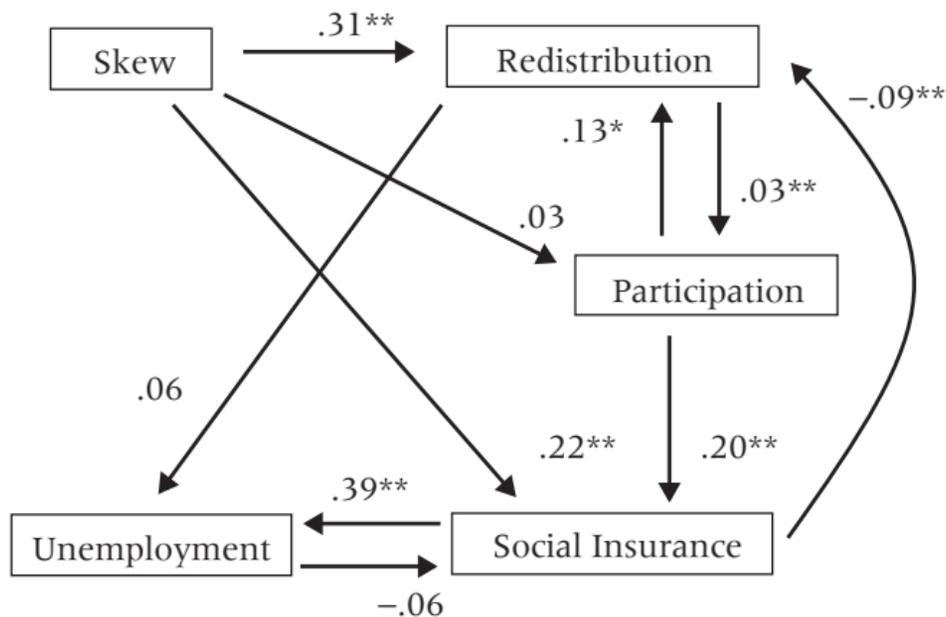
* $p < .10$; ** $p < .05$; *** $p < .01$

Figure 8.1 Preferred Policy of Employed Wage Earners



Source: Moene and Wallerstein (2001, figure 3). Reprinted with permission.

Figure 8.2 Causal Relationships Among the Endogenous Variables

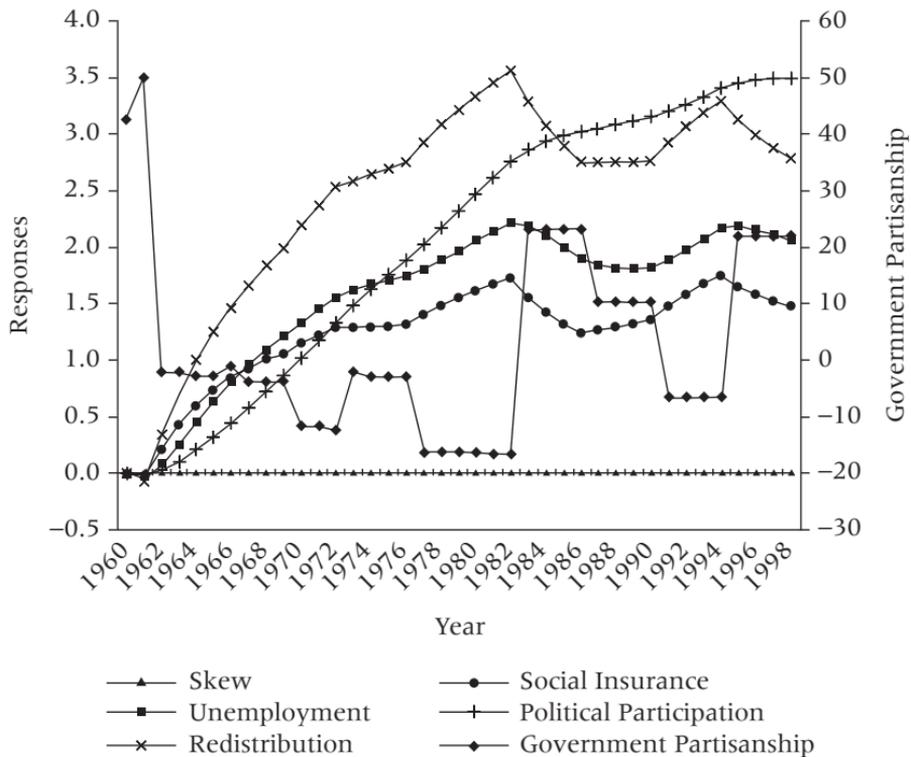


Source: Authors' calculations.

Note: The numbers are standardized coefficients. The conditional coefficients for skew and participation are calculated assuming low participation (39.4 percent) and low skew (1.44), respectively.

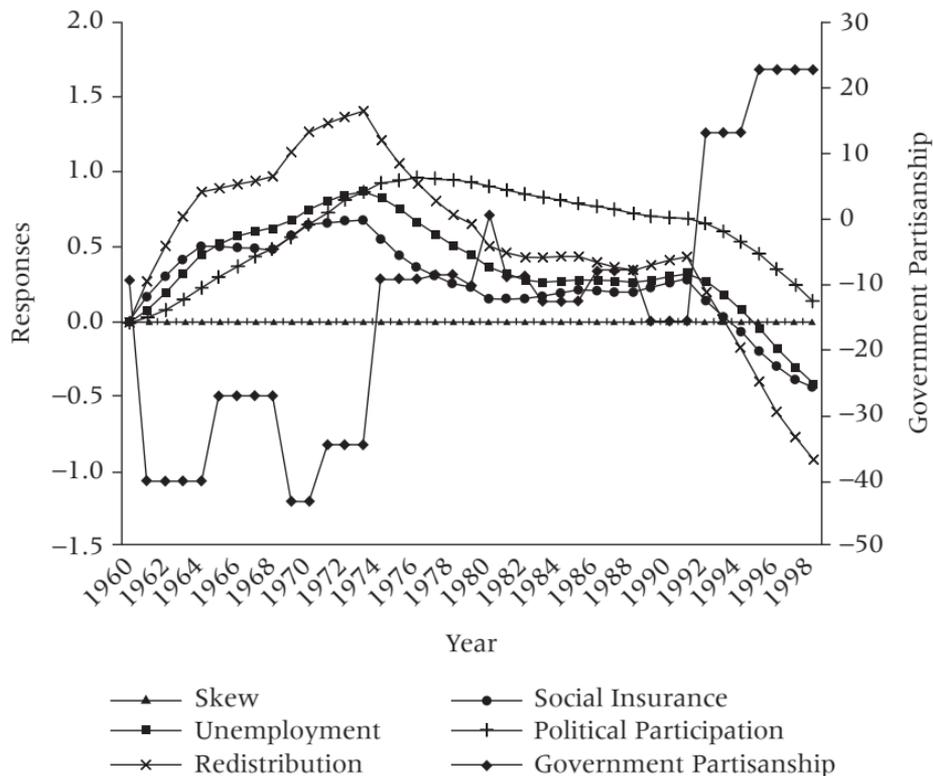
* $p < .10$; ** $p < .05$; coefficients without asterisks are marginally significant at $p < .15$

Figure 8.3 Estimated Responses to the Actual Historical Path in Germany of Government Partisanship



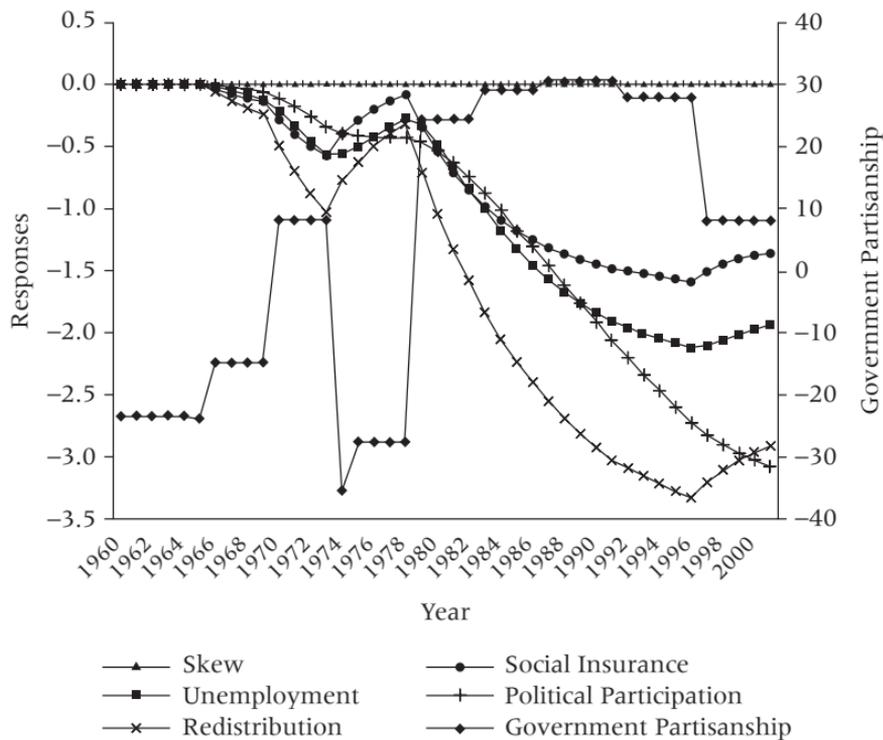
Source: Authors' calculations.

Figure 8.4 Estimated Responses to the Actual Historical Path in Sweden of Government Partisanship



Source: Authors' calculations.

Figure 8.5 Estimated Responses to the Actual Historical Path in the United Kingdom of Government Partisanship



Source: Authors' calculations.

Table 8.1 Empirical System of Skew, Unemployment, Redistribution, Social Insurance, and Participation: Estimation Results

	Skew	Unemployment	Redistribution	Social Insurance	Political Participation
Time lag	0.8196 0.0361	0.6364 0.0318	0.9151 0.0322	0.8062 0.0484	0.9269 0.0208
<i>GFrag</i> × time lag	—	—	0.0031 0.0119	0.0212 0.0110	—
<i>GPol</i> × time lag	—	—	-0.0002 0.0005	-0.0002 0.0006	—
Spatial lag	0.0809 0.0308	0.2069 0.0450	0.1275 0.0575	0.2232 0.0595	— —
<i>U</i>	—	—	—	-0.0577 0.0377	-0.0421 0.0562
<i>S</i>	—	—	12.1539 3.3458	8.4677 3.2131	1.9459 1.2057
<i>P</i>	—	—	0.2145 0.0871	0.2080 0.0842	—
<i>S</i> × <i>P</i>	—	—	-0.1201 0.0461	-0.1069 0.0433	—
<i>R</i>	0.0002 0.0012	0.0495 0.0331	—	0.0143 0.0230	0.0918 0.0468
<i>I</i>	—	0.3950 0.0470	-0.1077 0.0469	—	0.0571 0.0796
<i>Pop65</i>	-0.0048 0.0032	-0.1111 0.0835	0.0060 0.0706	-0.0022 0.0685	-0.1585 0.0747
<i>Pop14</i>	-0.0039 0.0020	-0.0907 0.0551	0.0078 0.0470	-0.0340 0.0395	—
<i>UDen</i>	-0.0005 0.0005	0.0025 0.0131	0.0049 0.0133	0.0074 0.0115	0.0301 0.0108
<i>Corp</i>	-0.0040 0.0019	-0.0371 0.0502	-0.0774 0.0441	-0.0508 0.0347	—
<i>FinExp</i>	0.0027 0.0016	0.0323 0.0409	—	—	—
<i>TExp</i>	-0.0003 0.0003	0.0381 0.0094	—	—	—
<i>SMC</i>	0.0000 0.0001	-0.0152 0.0025	-0.0092 0.0019	-0.0084 0.0017	—
<i>SMR</i>	-0.0001 0.0001	0.0007 0.0026	—	—	—
<i>SMC</i> × <i>SMR</i>	0.0000 0.0000	0.0001 0.0001	—	—	—

Table 8.1 Continued

	Skew	Unemployment	Redistribution	Social Insurance	Political Participation
<i>FLFP</i>	0.0002	-0.1001	0.0011	-0.0320	-0.0147
	0.0005	0.0166	0.0153	0.0133	0.0133
<i>CumSDG</i>	—	—	-0.1348	-0.1172	—
			0.0888	0.0761	
<i>CumSDG</i> × <i>FLFP</i>	—	—	0.0026	0.0026	—
			0.0013	0.0011	
<i>CumSCG</i>	—	—	—	0.0115	—
				0.0171	
<i>ln(DMag)</i>	—	—	-0.0676	-0.1092	-0.0072
			0.0438	0.0328	0.0763
<i>IPC</i>	—	—	-0.1801	-0.1561	-1.1866
			0.3157	0.2442	0.5831
<i>EleDiff</i>	—	—	-0.0037	-0.0471	-0.1322
			0.0998	0.0863	0.0575
<i>GFrag</i>	—	—	0.0643	-0.1366	—
			0.1746	0.1059	
<i>GPol</i>	—	—	0.0012	0.0014	—
			0.0069	0.0049	
<i>GPart</i>	—	—	-0.0096	-0.0056	—
			0.0028	0.0024	
<i>CurrCDG</i>	—	—	0.2439	0.0084	—
			0.4105	0.3122	
<i>E</i>	—	—	-0.0016	0.0255	—
			0.0821	0.0620	
<i>Pres</i>	—	—	—	—	-1.5602
					0.6080
<i>PresProx</i>	—	—	—	—	2.3025
					0.4866
<i>MandVote</i>	—	—	—	—	1.8808
					0.5580
<i>RegReq</i>	—	—	—	—	-1.3230
					0.6651
Number of observations – number of coefficients =					
^o Free	311 –	311 –	311 –	311 –	311 –
	29 = 282	30 = 281	40 = 271	42 = 26915 = 296	
R-squared	.9797	.9508	.9835	.9860	.9891

Source: Authors' calculations.

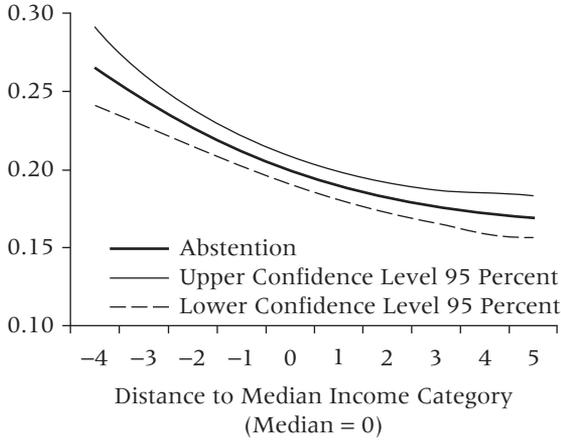
Note: Equations estimated with country fixed effects (omitted) simultaneously by iterated 3SLS, with $S \times P$ in addition to the five dependent variables treated as endogenous and with year and country fixed effects in addition to all other regressors treated as instruments. Estimated coefficients are in bold, with standard errors underneath. Entries significant or nearly so in italics.

Table 8.2 Empirical System of Skew, Unemployment, Redistribution, Social Insurance, and Participation: Estimation Results

	Skew	Unemployment	Redistribution	Insurance	Participation
$\Delta(FinExp) = 4.5$	0.06739	0.39580	0.38477	-0.03988	0.27571

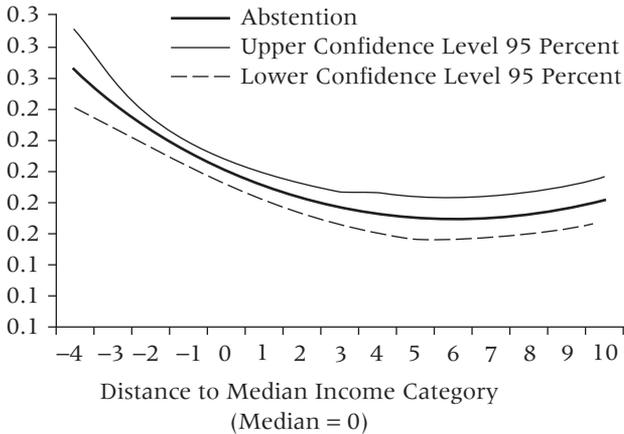
Source: Authors' calculations.

Figure 9.1 Individual Income and the Probability of Abstention



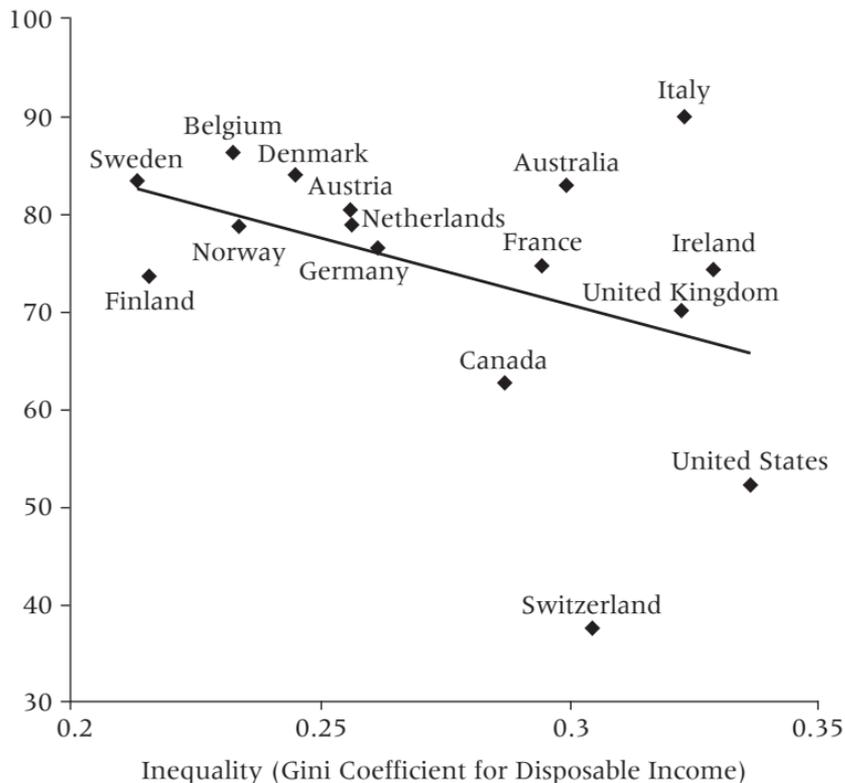
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.2 Individual Income and the Probability of Abstention (Simulated Distance Less than 5)



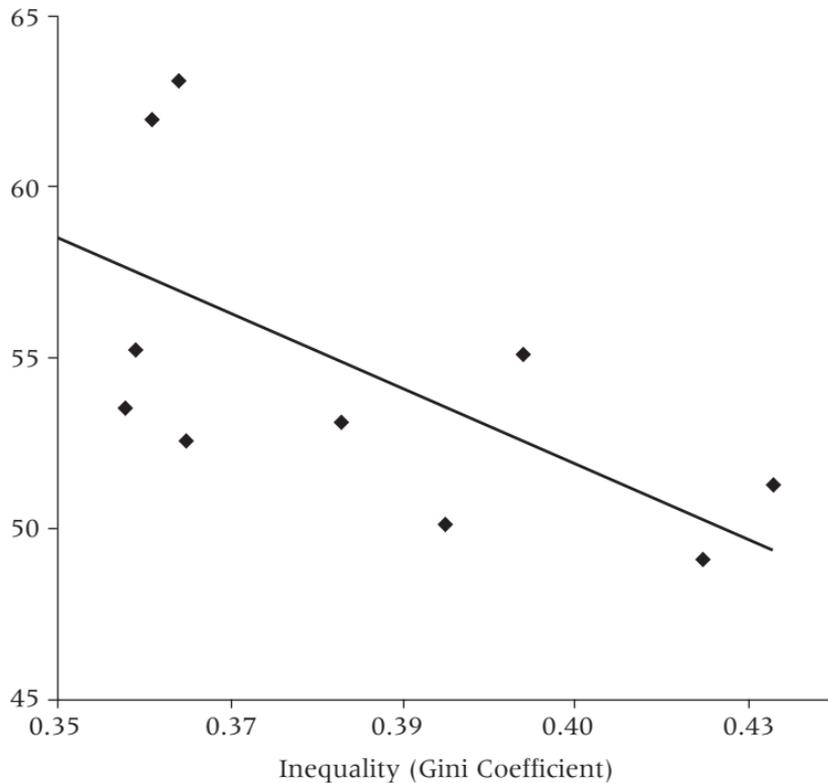
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.3 Inequality and Turnout in OECD Democracies, 1980 to 2002



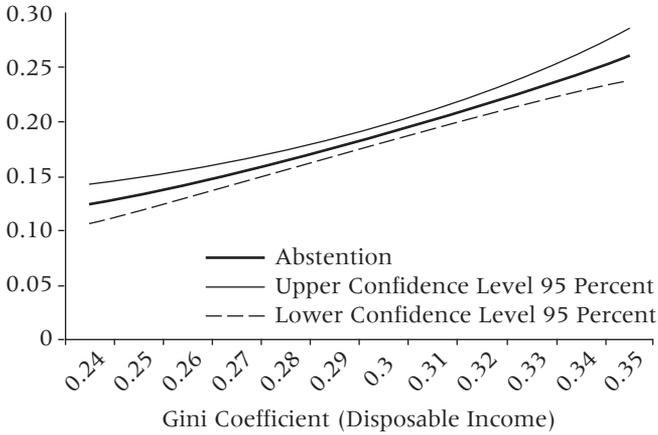
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.4 Income Inequality and Turnout in the United States, 1960 to 2000



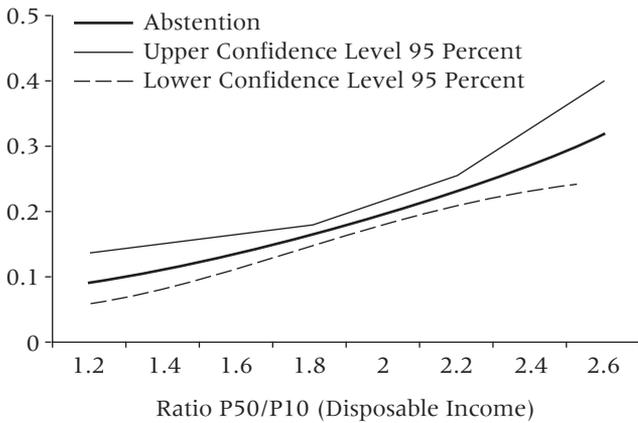
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.5 Aggregate Inequality (Gini) and the Probability of Abstention



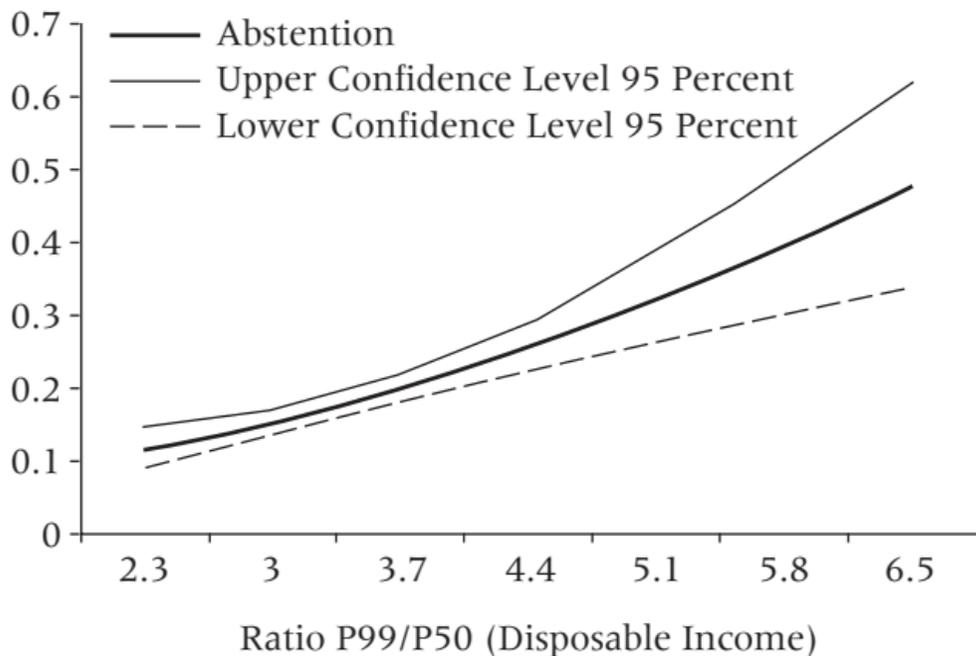
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.6 Inequality in the Lower Half and the Probability of Abstention



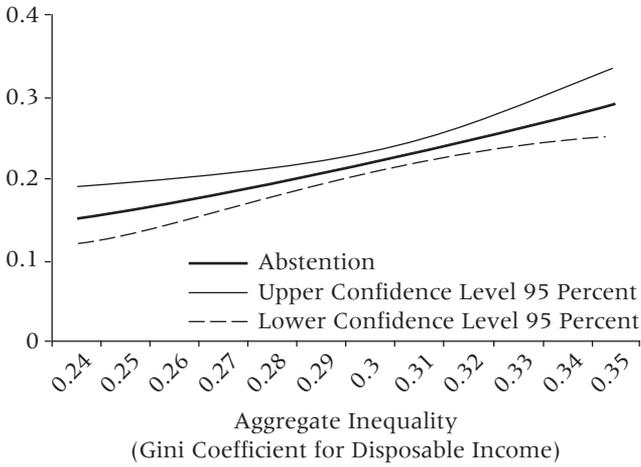
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.7 Inequality in the Upper Half and the Probability of Abstention



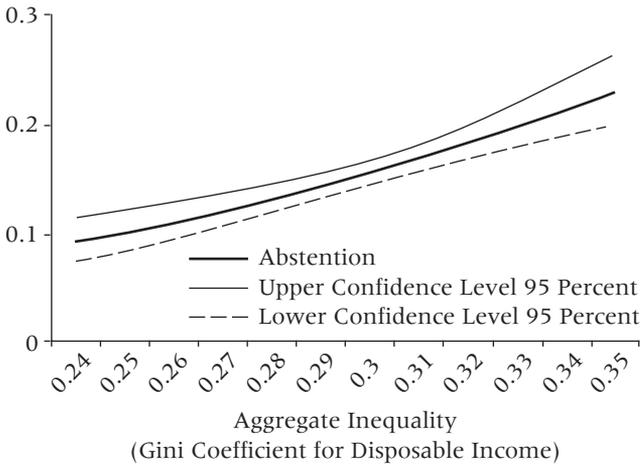
Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.8 The Impact of Aggregate Inequality on the Probability of Abstention (Individuals Below the Median)



Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Figure 9.9 The Impact of Aggregate Inequality on the Probability of Abstention (Individuals Above the Median)



Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Table 9.1 Individual Income and Electoral Abstention

	Logit	Multilevel
Distance to median income	-0.069** (0.010)	-0.012** (0.002)
Distance to median income-squared	0.006* (-0.003)	0.001* (0.0005)
Age	-0.026** (0.008)	-0.004** (0.001)
Age-squared	0.0002* (0.000)	0.00003* (0.000)
Education	-0.043** (0.011)	-0.006** (0.002)
Female	0.219** (0.041)	0.034** (0.007)
Marital status	0.145** (0.048)	0.024** (0.008)
Life satisfaction	-0.022 (0.011)	-0.004* (0.002)
Interpersonal trust	-0.203** (0.044)	-0.033** (0.007)
Distrust in institutions	0.438** (0.039)	0.075** (0.006)
Unskilled manual	0.077 (0.071)	0.013 (0.012)
Skilled or semiskilled manual	-0.041 (0.052)	-0.008 (0.009)
Unemployed	-0.071 (0.107)	-0.005 (0.018)
GDP per capita	-0.0002* (0.000)	-0.00003* (0.000)
Growth 1995 to 1999	-0.188** (0.020)	-0.029** (0.003)
Index of disproportionality	0.000 (0.003)	0.000 (0.001)
Australia	-1.616** (0.098)	-0.202** (0.011)
Belgium	-0.101** (0.082)	-0.016** (0.014)
Constant	1.489 (0.301)	0.659 (0.048)
Pseudo R-squared	0.07	0.07
Observations	15,088	15,088

Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Note: Two-way instrumented variable models. Multilevel models are hierarchical linear models with random intercepts estimated with generalized linear latent and mixed models (GLLAMM). Robust standard errors are in parentheses.

* p < .05; ** p < .01

Table 9.2 Effects of Overall Inequality on Electoral Abstention

	Logit	Multilevel	Logit	Multilevel	Logit	Multilevel
Distance to median income	-0.064** (0.011)	-0.010** (0.002)	-0.068** (0.011)	-0.011** (0.002)	-0.068** (0.011)	-0.011** (0.002)
Distance to median income-squared	0.003 (0.003)	0.001 (0.001)	0.005 (0.003)	0.001* (0.001)	0.004 (0.003)	0.001 (0.001)
Overall Gini	16.903** (1.243)	2.97** (0.193)				
P50TOP10			0.993** (0.292)	0.198** (0.044)		
P99TOP50					0.931** (0.100)	0.173** (0.016)
Age	-0.022** (0.008)	-0.003* (0.001)	-0.024** (0.008)	-0.003** (0.001)	-0.023** (0.008)	-0.003* (0.001)
Age-squared	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Education	-0.063** (0.013)	-0.01** (0.002)	-0.054** (0.013)	-0.008** (0.002)	-0.062** (0.013)	-0.01** (0.002)
Female	0.287** (0.045)	0.041** (0.007)	0.253** (0.045)	0.037** (0.007)	0.269** (0.045)	0.039** (0.007)
Marital status	0.145** (0.052)	0.023** (0.008)	0.168** (0.052)	0.027** (0.008)	0.163** (0.052)	0.026** (0.008)
Life satisfaction	-0.012 (0.012)	-0.002 (0.002)	-0.024* (0.012)	-0.004* (0.002)	-0.017 (0.012)	-0.003 (0.002)
Interpersonal trust	-0.194** (0.049)	-0.027** (0.007)	-0.238** (0.049)	-0.036** (0.007)	-0.23** (0.049)	-0.034** (0.007)

Distrust in institutions	0.422** (0.042)	0.07** (0.007)	0.451** (0.042)	0.074** (0.007)	0.442** (0.042)	0.073** (0.007)
Unskilled manual	0.01 (0.08)	0.007 (0.013)	0.033 (0.078)	0.007 (0.013)	-0.007 (0.079)	0.002 (0.013)
Skilled or semiskilled manual	-0.024 (0.056)	-0.007 (0.009)	-0.057 (0.056)	-0.011 (0.009)	-0.05 (0.056)	-0.01 (0.009)
Unemployed	0.198 (0.113)	0.042* (0.019)	0.114 (0.114)	0.029 (0.019)	0.168 (0.113)	0.037 (0.019)
GDP per capita	0.0004** (0.000)	0.0001** (0.000)	0.0004** (0.000)	0.0001** (0.000)	0.0004** (0.000)	0.0001** (0.000)
Growth 1995 to 1999	-0.161** (0.022)	-0.024** (0.003)	-0.161** (0.022)	-0.026** (0.003)	-0.171** (0.021)	-0.027** (0.003)
Index of disproportionality	-0.036** (0.004)	-0.007** (0.001)	-0.013* (0.005)	-0.003** (0.001)	-0.035** (0.005)	-0.007** (0.001)
Australia	-2.29** (0.108)	-0.324** (0.013)	-2.02** (0.150)	-0.28** (0.020)	-2.117** (0.110)	-0.296** (0.014)
Belgium	-0.288** (0.083)	-0.058** (0.014)	-0.057 (0.082)	-0.011 (0.014)	-0.292** (0.085)	-0.057** (0.014)
Constant	-0.889* (0.406)	0.219** (0.064)	1.831** (0.420)	0.614** (0.061)	0.883* (0.381)	0.499** (0.058)
Observations	13,384	13,384	13,384	13,384	13,384	13,384
Pseudo-R-squared	0.09	0.09	0.07	0.07	0.08	0.08

Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Note: Two-way instrumented variable models. Multilevel models are hierarchical linear models with random intercepts estimated with generalized linear latent and mixed models (GLLAMM). Robust standard errors are in parentheses. P50TOP10 = ratio between the fiftieth and tenth income percentiles (equalized disposable household income). P99TOP50 = the ratio between the ninety-ninth and fiftieth income percentiles (equalized disposable household income).

* p < .05; ** p < .01

Table 9.3 Inequality and Electoral Abstention Above and Below the Median

	Logit		Multilevel	
	Below	Above	Below	Above
Overall Gini	7.518** (2.057)	9.643** (1.793)	1.606** (0.338)	1.738** (0.256)
Age	-0.007 (0.011)	-0.037* (0.016)	-0.001 (0.002)	-0.005* (0.002)
Age-squared	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Education	-0.066** (0.020)	-0.071** (0.019)	-0.011** (0.003)	-0.01** (0.003)
Female	0.274** (0.068)	0.353** (0.070)	0.046** (0.012)	0.046** (0.010)
Marital status	0.19** (0.070)	0.023 (0.086)	0.032** (0.012)	0.004 (0.012)
Life satisfaction	-0.015 (0.016)	-0.023 (0.022)	-0.003 (0.003)	-0.004 (0.003)
Interpersonal trust	-0.202** (0.073)	-0.255** (0.074)	-0.032** (0.012)	-0.034** (0.010)
Distrust in institutions	0.318** (0.058)	0.612** (0.071)	0.057** (0.010)	0.087** (0.010)
Unskilled manual	0.101 (0.100)	-0.145 (0.160)	0.018 (0.018)	-0.015 (0.023)
Skilled or semiskilled manual	-0.035 (0.077)	0.017 (0.098)	-0.007 (0.013)	0.002 (0.014)
Unemployed	0.313* (0.137)	0.312 (0.247)	0.065* (0.025)	0.051 (0.037)
GDP per capita	-0.003** (0.000)	-0.003** (0.000)	-0.001** (0.000)	0.004** (0.000)
Growth 1995 to 1999	-0.182** (0.037)	-0.153** (0.029)	-0.031** (0.006)	-0.022** (0.004)
Index of disproportionality	-0.019** (0.006)	-0.02** (0.007)	-0.004** (0.001)	-0.004** (0.001)
Australia	-1.825** (0.159)	-2.114** (0.174)	-0.274** (0.022)	-0.26** (0.018)
Belgium	-0.161 (0.127)	-0.307* (0.126)	-0.031 (0.024)	-0.056** (0.019)
Constant	1.231 (0.631)	0.503 (0.689)	0.55** (0.104)	0.369** (0.092)
Observations	5,683	6,123	5,683	6,123
Pseudo-R-squared	0.07	0.08	0.07	0.08

Source: Authors' calculations based on 1990–2001 World Values Survey and the Luxembourg Income Study (LIS) data set.

Note: Two-way instrumented variable models. Multilevel models are hierarchical linear models with random intercepts estimated with generalized linear latent and mixed models (GLLAMM). Robust standard errors are in parentheses.

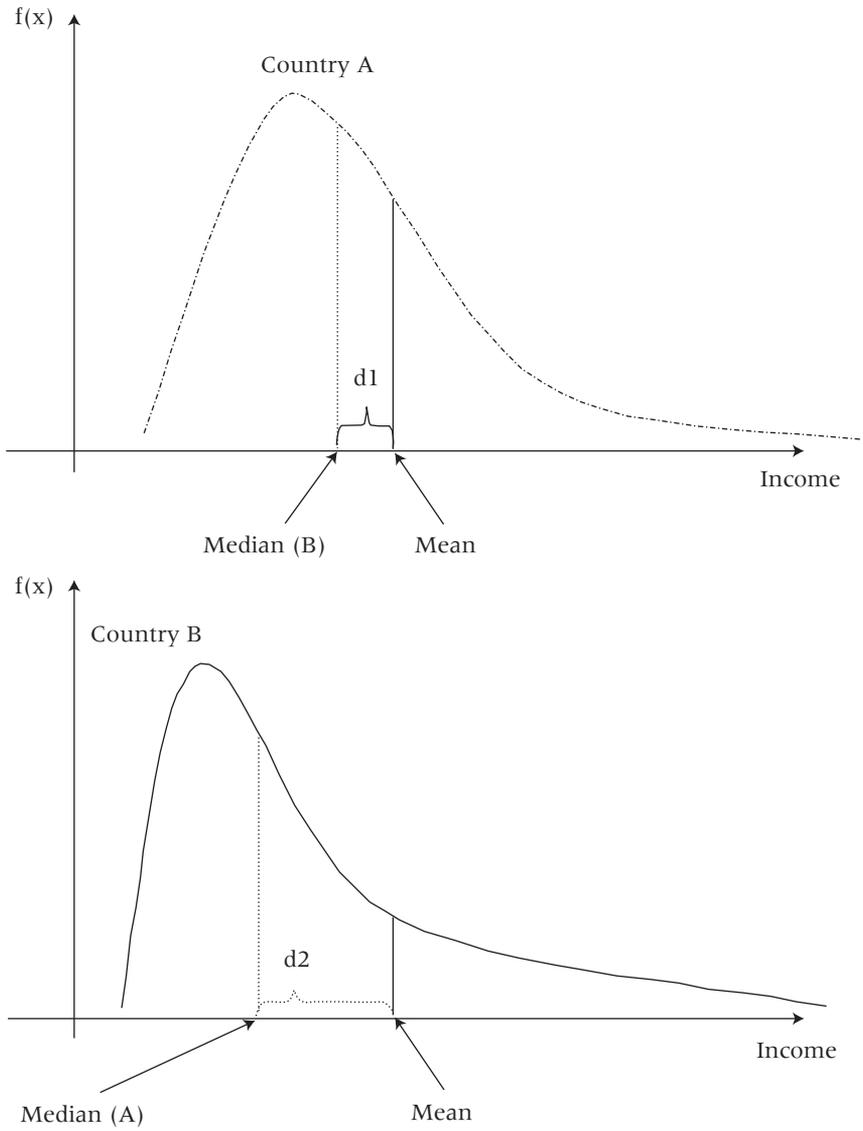
* $p < .05$; ** $p < .01$

Table 9A.1 Inequality of Disposable Income

Country	Gini	50/10	99/50
Australia	0.310	2.157	3.252
Austria	0.293	1.849	3.169
Belgium	0.284	1.816	3.219
Canada	0.301	2.152	3.420
Denmark	0.266	2.011	3.700
Finland	0.240	1.630	2.992
France	0.310	1.186	2.357
Germany	0.260	1.825	3.219
Greece	0.320	2.483	5.282
Ireland	0.331	2.137	4.369
Italy	0.345	2.371	4.645
Netherlands	0.264	1.821	2.928
Norway	0.250	1.691	3.019
Portugal	0.320	2.668	7.031
Spain	0.305	2.567	4.971
Sweden	0.239	1.656	2.841
United States	0.371	2.617	5.511
United Kingdom	0.350	2.142	4.552

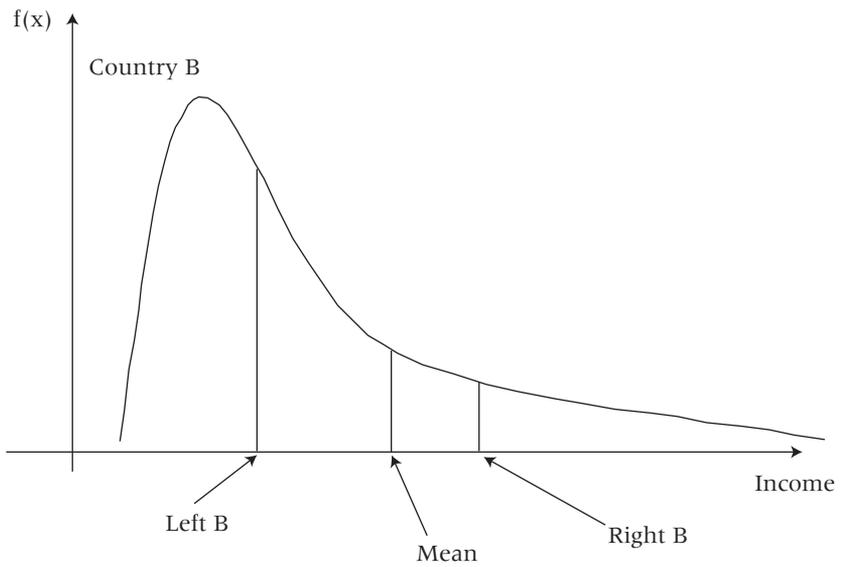
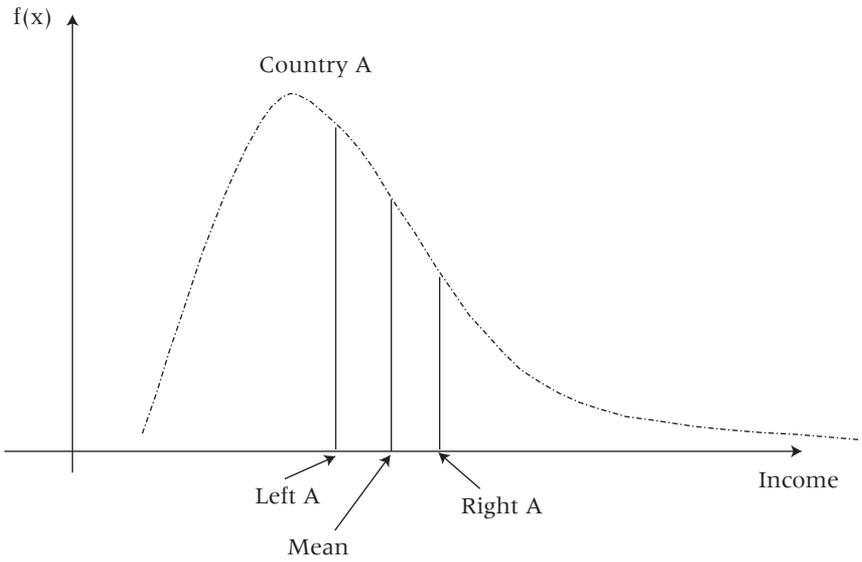
Source: Authors' calculations based on the Luxembourg Income Study (LIS) data set.

Figure 10.1 Illustration of the Metzger-Richard Model



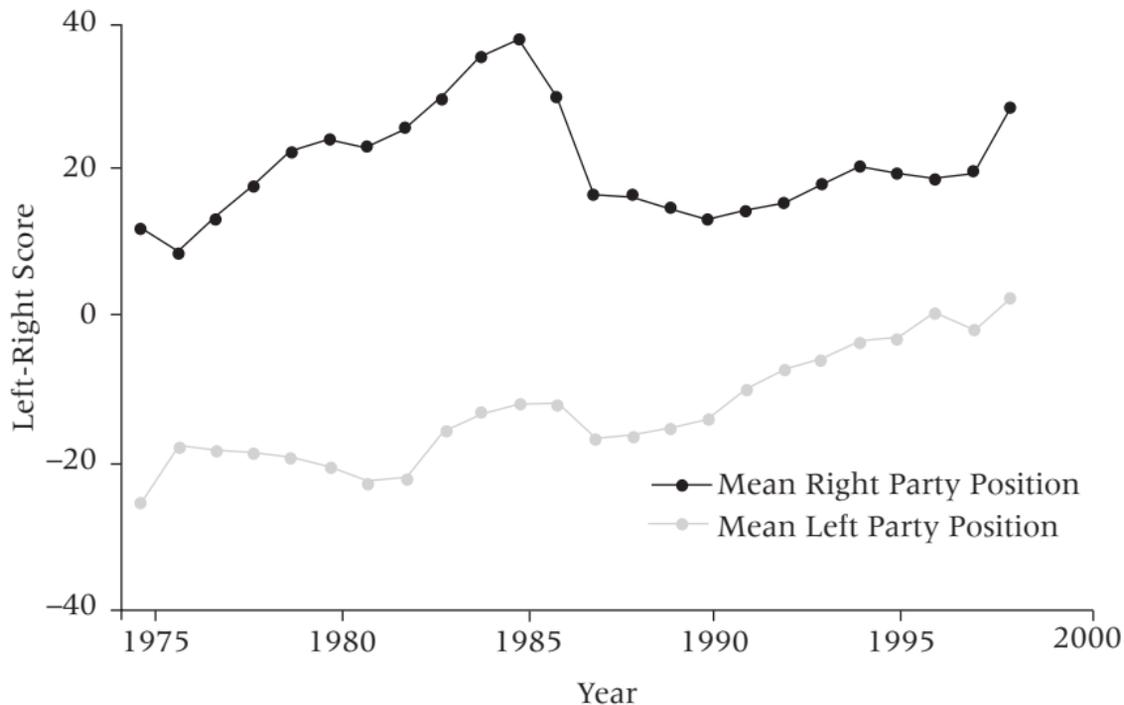
Source: Authors' compilation.

Figure 10.2 Illustration of Our Model



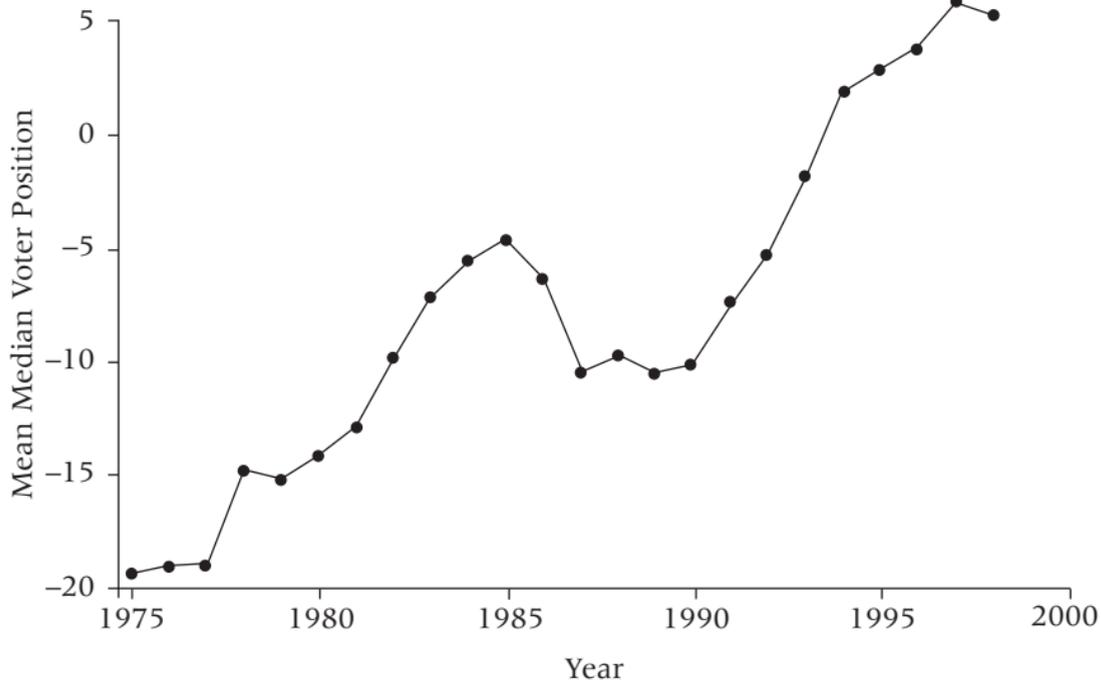
Source: Authors' compilation.

Figure 10.3 Positions of Main Left and Main Right Parties on the Left-Right Dimension: Yearly Means for Twelve Countries, 1975 to 1998



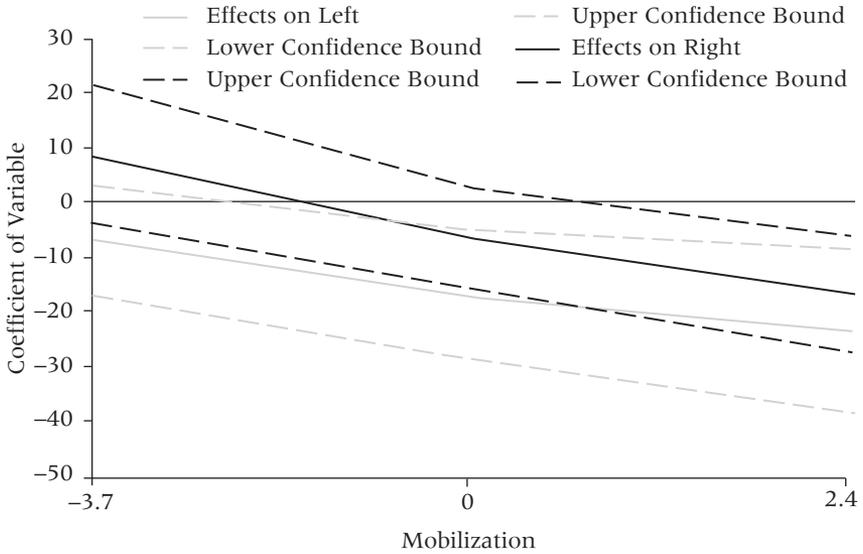
Source: Authors' calculations based on data in Klingemann et al. (2006).

Figure 10.4 Median Voter Position on the Left-Right Dimension: Yearly Means for Twelve Countries, 1975 to 1998



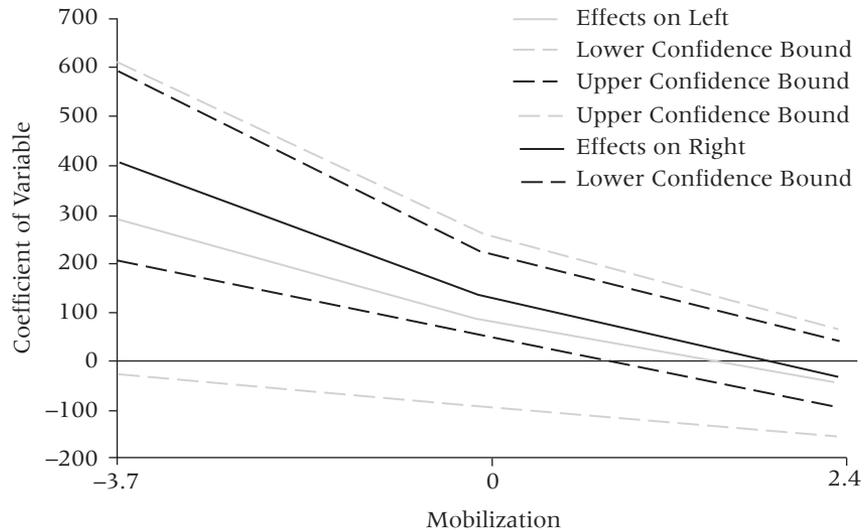
Source: Transformed Kim-Fording measure, based on data downloaded from HeeMin Kim's home page, accessed April 15, 2007.

Figure 10.5 Effects of Wage Inequality on Left and Right Party Positions, Conditional on Levels of Mobilization



Source: Authors' calculations based on regression results presented in table 10.4.

Figure 10.6 Effects of Household Income Inequality on Left and Right Party Positions, Conditional on Levels of Mobilization



Source: Authors' calculations based on regression results presented in table 10.4.

Table 10.1 Country-Election-Years Covered and Descriptive Inequality Data

	Election Years	Wage Inequality		Household Inequality	
		Most Recent	Change ^a	Most Recent	Change ^a
Australia	1983, 1984, 1987, 1990, 1993, 1996, 1998, 2001	2.998	+6.0%	.317	+12.8%
Belgium	1987, 1991, 1995, 1999	1.96	— ^a	.258	+13.7
Britain	1974 (February), 1974 (October), 1979, 1983, 1987, 1992, 1997, 2001	3.45	+17.3	.343	+28.0
Denmark	1988, 1990, 1994	2.155	-1.7	.236	-7.1
Finland	1987, 1991, 1995, 1999, 2003	2.417	+2.5	.247	+18.2
France	1981, 1986, 1988, 1993, 1997, 2002	3.106	-5.1	.278	-5.8
Germany	1987, 1990, 1994, 1998, 2002	3.036	+9.4	.275	+7.0
Italy	1987, 1992, 1994, 1996	2.372	+5.0	.339	+14.1
Netherlands	1986, 1989, 1994, 1998, 2002, 2003	2.92	+18.5	.248	-4.6
Norway	1993, 1997, 2001	1.99	-1.5	.251	+8.7
Sweden	1976, 1979, 1982, 1985, 1988, 1991, 1994, 1998, 2002	2.28	+12.6	.252	+27.9
United States	1976, 1980, 1984, 1988, 1992, 1996, 2000	4.592	+24.3	.370	+22.9

Source: wage inequality: OECD (1999, 2004); household inequality: Luxembourg Income Study (LIS), "Income Inequality Measures," accessed April 15, 2007 at <http://www.lisproject.org/keyfigures/ineqbbble.html>.

^a Change is measured as the change from the minimum to the most recent observation unless the most recent observation is also the minimum observation; in the latter cases, change is measured as the change from the maximum observation to the most recent observation. A break in the series does not allow us to calculate change for Belgium.

Table 10.2 Main Parties of the Left and Right

	Left	Right
Australia	Labour	Liberals
Belgium	Socialists (SP+PS)	Christian Democrats (CVP+PSC)
Britain	Labor	Conservatives
Denmark	Social Democrats (SD)	Conservatives (KF)
Finland	Social Democrats (SSDP)	Center Party (SK)
France	Socialists (PS)	Gaullists (RPR, UMP)
Germany	Social Democrats (SPD)	Christian Democrats (CDU/CSU)
Italy	PCI/PDS	Christian Democrats (DC)
Netherlands	Labor (PvdA)	Christian Democrats (CDA)
Norway	Labor (DNA)	Conservatives (H)
Sweden	Social Democrats (SAP)	Moderates
United States	Democrats	Republicans

Source: Authors' compilation.

Table 10.3 Mobilization Scores by Country

	Average	Mid-1980s	Most Recent
Sweden	2.241	2.411	1.725
Denmark	1.839	2.023	1.655
Belgium	1.561	1.557	1.49
Australia	.956	1.219	.468
Finland	.772	.831	.472
Norway	.359	.586 ^a	.311
Italy	.287	.458	.060
Britain	-.398	.033	-1.207
Germany	-.423	.096	-.600
Netherlands	-.863	-.536	-1.106
France	-1.83	-.968	-2.058
United States	-3.458	-3.328	-3.454

Source: Sum of standardized scores for voter turnout and net union density (union members as a percentage of the employed labor force). Turnout data from Armingeon et al. (2004), supplemented by Internet sources for 2003. Union density data from Ebbinghaus and Visser (2000) except for Australia, Japan, the United Kingdom, and the United States: pre-1990 figures for these countries from Visser (1996) and post-1990 figures provided by Ebbinghaus. The following observations were extrapolated: all countries for 2001, Switzerland for 2002 and 2003, Sweden for 2002, Finland for 2002 and 2003, the Netherlands for 2002 and 2003, France for 2002, and Germany for 2002.

^a The Norwegian “mid-1980s” figure refers to 1993.

Table 10.4 Determinants of Party Positions on the Left-Right Dimension

	Main Effects		WI*MOB		HI*MOB	
	Left	Right	Left	Right	Left	Right
Constant	9.419 (21.208)	2.819 23.040	14.768 (21.411)	17.795 (20.612)	16.219 (17.315)	18.138 (21.756)
	<i>.657</i>	<i>.903</i>	<i>.490</i>	<i>.388</i>	<i>.349</i>	<i>.404</i>
Wage inequality	-11.425 (7.117)	1.239 (7.006)	-16.093 (6.148)	-5.912 (4.840)	-17.997 (6.339)	-7.025 (5.554)
	<i>.108</i>	<i>.860</i>	<i>.009</i>	<i>.222</i>	<i>.005</i>	<i>.206</i>
Household inequality	53.295 (76.687)	111.193 (43.506)	72.658 (92.074)	124.163 (39.130)	86.709 (90.073)	136.948 (42.926)
	<i>.487</i>	<i>.011</i>	<i>.431</i>	<i>.002</i>	<i>.336</i>	<i>.001</i>
Low-income mobilization	-1.116 (1.488)	5.236 (.2.405)	6.296 (3.805)	16.847 (4.627)	13.122 (6.056)	23.462 (5.666)
	<i>.454</i>	<i>.029</i>	<i>.098</i>	<i>.000</i>	<i>.030</i>	<i>.000</i>
WI*mobilization			-2.658 (1.031)	-4.137 (1.135)		
			<i>.010</i>	<i>.000</i>		
HI*mobilization					-55.216 (20.980)	-70.375 (17.217)
					<i>.008</i>	<i>.000</i>
Median voter position	.535 (.054)	.134 (.086)	.549 (.076)	.145 (.074)	.571 (.071)	.169 (.074)
	<i>.000</i>	<i>.119</i>	<i>.000</i>	<i>.049</i>	<i>.000</i>	<i>.023</i>
Number of parties	-4.61 (.935)	-4.314 (1.240)	-4.30 (.982)	-4.779 (1.023)	-4.53 (.923)	-4.817 (.995)
	<i>.622</i>	<i>.001</i>	<i>.661</i>	<i>.000</i>	<i>.624</i>	<i>.000</i>
R-squared overall	.432	.401	.472	.485	.489	.482
Observations	68	68	68	68	68	68

Source: Authors' calculations.

Note: Results are from generalized least squares random-effects models. Numbers are estimated coefficients; numbers in parentheses are robust variance standard errors that adjust for within-country correlation; numbers in italics are p-values from two-sided t-tests.

Table 10.5 Expected Polarization Patterns

	Low-Income Mobilization		
	Low	Medium	High
Wage inequality rising	No polarization	Left-skewed polarization	Left-skewed polarization
Household income inequality rising	Right-skewed polarization	Right-skewed polarization	No polarization
Both wage inequality and household income inequality rising	Right-skewed polarization	Symmetric polarization	Left-skewed polarization

Source: Authors' compilation.

Table 10.6 Left-Right Scores of the Main Left and Right Parties Circa 1980 and 2000, Selected Countries

	Left	Right	Left-Right Difference	Midpoint
United States				
1976, 1980	-20.5	14.5	34.5	-3.3
1996, 2000	2.6	18.7	26.1	15.7
Change	23.1	14.3	-8.4	19.0
United Kingdom				
1974 (October), 1979	-27.1	17.9	45.0	-4.6
1997, 2002	6.8	20.3	13.5	13.6
Change	33.9	2.4	-31.5	18.2
Sweden				
1976, 1979	-13.4	12.7	16.4	.4
1998, 2002	-10.9	37.7	48.6	13.4
Change	2.5	25.0	22.5	13.0
France				
1978, 1981	-33.5	17.3	50.8	-8.1
1997, 2002	-14.7	-6.1	8.6	-10.4
Change	18.8	-23.4	-5.1	-2.3
Denmark				
1977, 1979	-12.1	29.0	41.1	8.5
1998, 2001	-4.2	19.8	24.0	7.8
Change	7.9	-9.2	-17.1	-7
Belgium				
1977, 1978	-20.5	-1.5	19.0	-8.1
1995, 1999	-19.2	-5.4	13.9	-10.4
Change	1.2	-3.9	-5.1	-2.3
Netherlands				
1977, 1981	-37.1	-15.5	21.6	-26.3
2002, 2003	-5.2	2.5	7.7	-1.3
Change	31.9	18.0	-13.9	18.6
Twelve-country average				
Early	-22.1	7.9	30.0	-7.1
Recent	-5.3	18.6	23.8	6.7
Change	16.8	10.7	-6.2	13.8

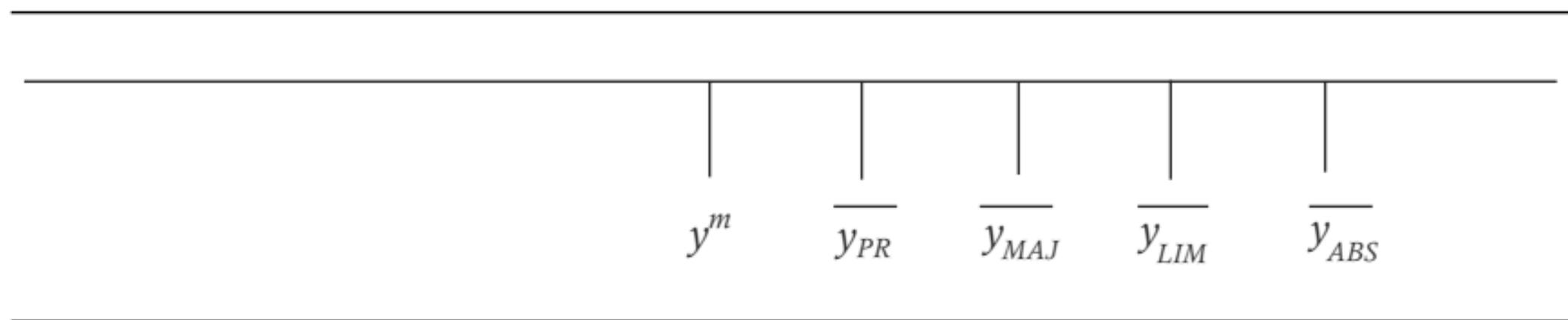
Source: Authors' calculations based on data in Klingemann et al. (2006).

Table 10A.1 Summary Statistics

Variable	Mean	Standard Deviation	Minimum	Maximum
Main left position	-11.507	15.698	-48.5	29.26
Main right position	17.593	17.065	-10.55	59.8
Wage inequality (90/10 ratio)	2.796	.635	1.96	4.592
Household inequality (Gini coefficient)	.271	.042	.197	.370
Low-income mobilization	0	1.689	-3.697	2.413
Median position	-2.6836	20.51432	-47.04074	41.77728
Effective number of parties	4.333	1.760	2.020	9.776

Source: party positions: Klingemann et al. (2006); wage inequality: OECD (1999, 2004); household inequality: Luxembourg Income Study (LIS), "Income Inequality Measures," accessed April 15, 2007 at <http://www.lisproject.org/keyfigures/ineqtable.htm>; low-income mobilization: sum of standardized scores for voter turnout and net union density (union members as a percentage of the employed labor force); turnout data from Armingeon et al. (2004), supplemented by internet sources for 2003; union density data from Bernhard Ebbinghaus and Jelle Visser (2000) except for Australia, Japan, the United Kingdom, and the United States: pre-1990 figures for these countries from Visser (1996) and post-1990 figures provided by Ebbinghaus; the following observations were extrapolated: all countries for 2001, Switzerland for 2002 and 2003, Sweden for 2002, Finland for 2002 and 2003, the Netherlands for 2002 and 2003, France for 2002, and Germany for 2002; median position: transformed Kim-Fording measure, based on data downloaded from HeeMin Kim's home page, accessed April 15, 2007 at <http://www.garnet.acns.fsu.edu/~7Ehkim/>; effective number of parties: based on a measure developed by Laakso and Taagepera (1979); data from Armingeon et al. (2004); updated for 2003 based on CMP data in Klingemann et al. (2006).

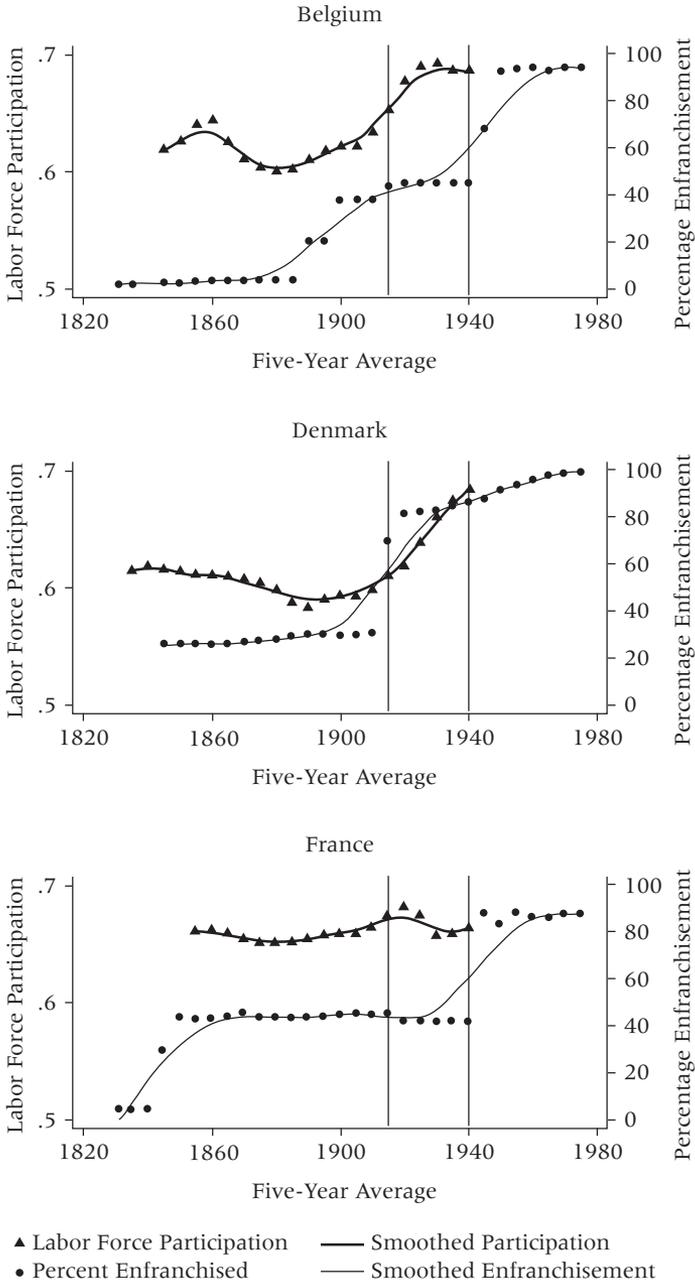
Figure 11.1 Relative Positions of Median and Average Incomes for Different Institutional Choices

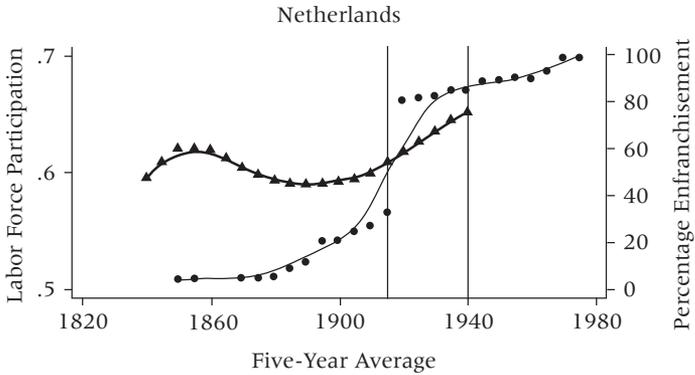
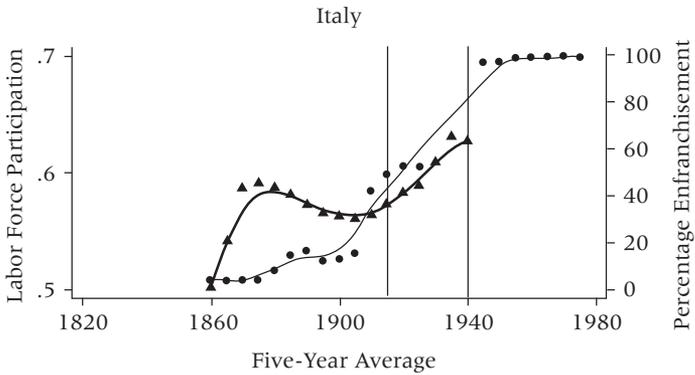
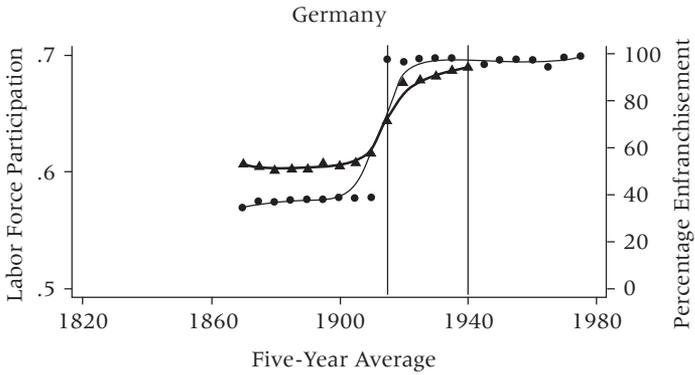


Source: Authors' compilation.

Note: Figure assumes fixed median income (y^m) and displays the ordinal location of average income under proportional representation ($\overline{y_{PR}}$), majoritarian democracy ($\overline{y_{MAJ}}$), democracy with limited franchise ($\overline{y_{LIM}}$), and absolutism ($\overline{y_{ABS}}$).

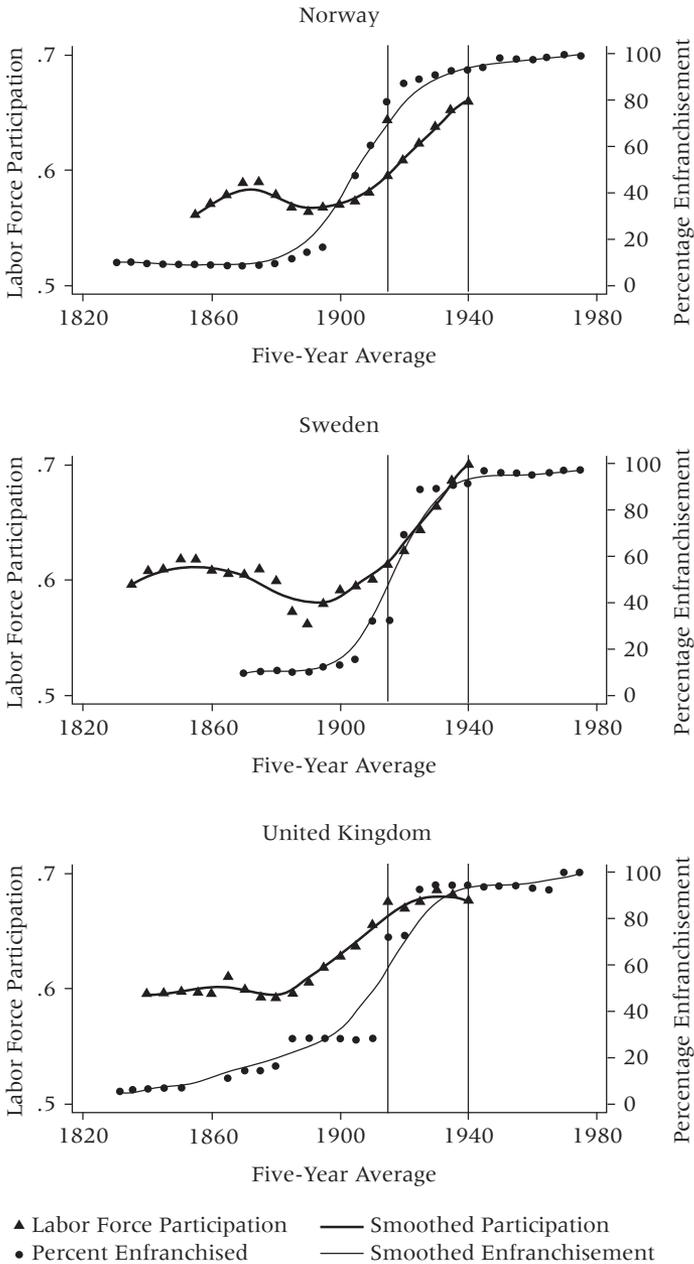
Figure 11.2 Labor Force Participation and Enfranchisement in Nine Countries, 1830 to 1975





- ▲ Labor Force Participation — Smoothed Participation
- Percent Enfranchised — Smoothed Enfranchisement

Figure 11.2 Continued



Source: Flora (1983), Williamson (n.d.).

Note: Vertical bars denote World Wars I and II.

Table 11.1 Some Major Historical Changes in Institutions and Inequality

Institutional Change	Antecedent Change in Inequality	Exogenous Shock(s) that Changed Inequality
Rise of ancient Greek democracy	Decreased inequality between aristocrats and commoners	Military technology (rise of hoplites), trade (especially with Magna Graecia, Black Sea regions, Egypt)
Rise of Roman Republic	Decreased inequality between Senatorial and other classes	Military technology (rise of infantry; parallels with Greece)
Fall of Roman Republic, rise of Caesarism	Increased inequality between rich and poor, military and nonmilitary	Trade (imports of slave-produced grain), military technology (superiority of professional soldiers)
Rise of feudalism	Increased inequality between lords and peasants	Military technology: stirrup, mounted knights
Decline of feudalism, democratization of Renaissance cities	Decreased inequality between lords and peasants, urban elites and masses	Disease (Black Death): sudden rise in capital-labor and land-labor ratios
Reformation: democratization of Church	Decreased inequality between laity and clergy	Information technology: literacy, printing, vernacular literature
Rise of absolutism	Increased inequality between state elites and subjects	Military technology (“military revolution”), crushing burden of taxation
Age of democratic revolution in Europe and North America	Decreased inequality between traditional elites (especially landed elites) and masses	Military technology (levée en masse), trade (within Europe and overseas), possibility of emigration
Second wave of democratization broadening of franchise and participation in Europe and the United States	Further decrease in inequality between owners and workers, males and females, majorities and minorities	Two world wars: insatiable demand for soldiers and workers

Source: Authors’ compilation.

Table 11.2 Ordinary Least Squares (OLS) and Generalized Least Squares (GLS) Estimates of Labor Force Participation and Wealth on Political Enfranchisement in Nine Countries, 1840 to 1944

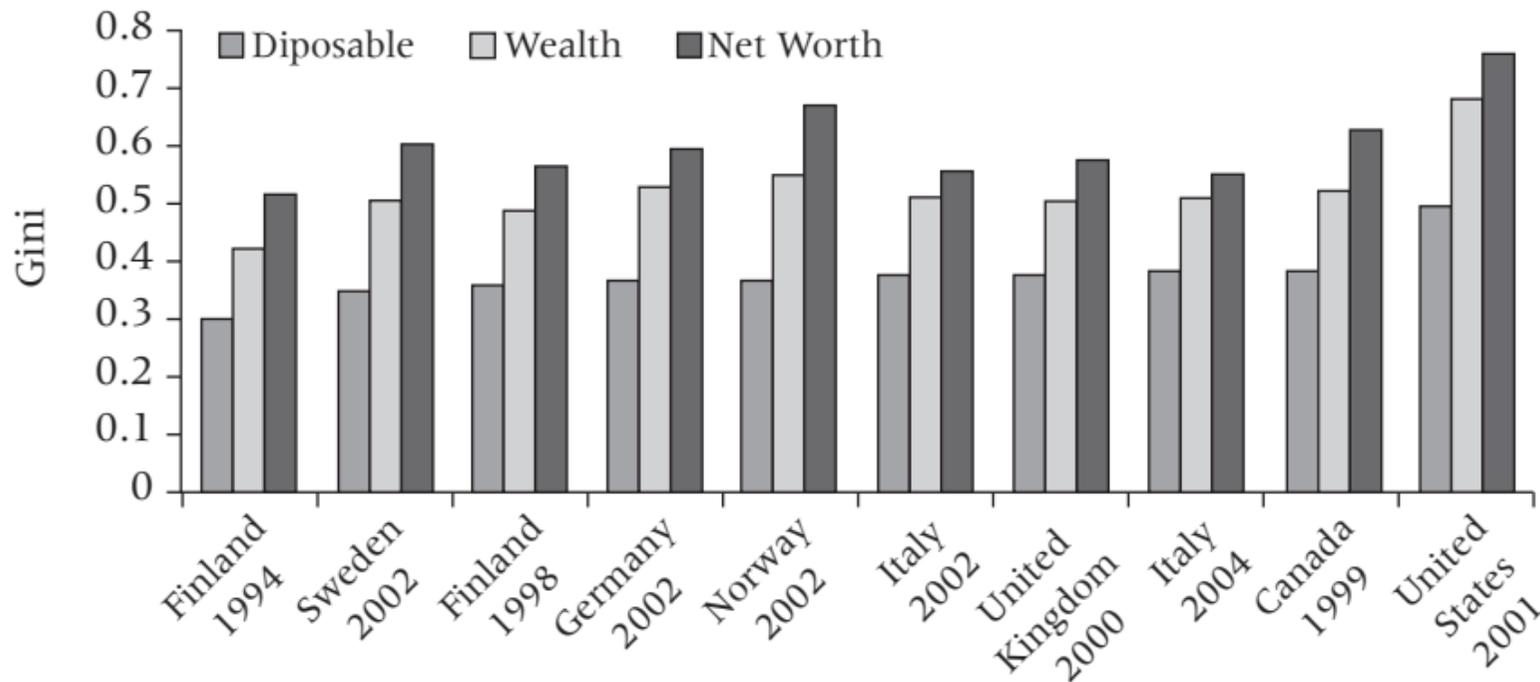
	OLS				GLS			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Log(GDP/capita)	0.265** (0.082)	0.317** (0.095)	0.407*** (0.114)	0.303*** (0.078)	0.263** (0.101)	0.321** (0.123)	0.429** (0.152)	0.311** (0.105)
L.F. participation	2.953* (1.493)	3.831*** (1.031)	4.642*** (0.986)	—	3.572* (1.681)	4.470*** (1.170)	5.662*** (1.255)	
Inter-war period	0.221* (0.112)	0.149** (0.063)	—	0.334*** (0.085)	0.199* (0.106)	0.138* (0.063)		0.327*** (0.084)
World War II	0.198 (0.138)	—	—	0.374*** (0.096)	0.168 (0.141)			0.358** (0.107)
Constant	-3.713*** (0.698)	-4.667*** (0.450)	-5.879*** (0.638)	-2.204*** (0.643)	-4.092*** (0.768)	-5.116*** (0.729)	-6.737*** (1.153)	-2.272** (0.869)
Observations	153	153	153	153	153	153	153	153
R-squared	0.83	0.82	0.80	0.80	0.76	0.74	0.71	0.74

Source: Authors' compilation.

Note: Robust standard errors clustered on country are in parentheses. Countries in regressions include Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden, and the United Kingdom. Observations are five year averages. All models include a full set of country dummies.

* p < .10; ** p < .05; ***p < .01

Figure 12.1 Gini Coefficients for Different Concepts of Income and Wealth



Source: Luxembourg Income Survey (LIS).