

Request for Proposals: The Politics of Inequality

Over the past three decades the United States has experienced a long, slow rise in economic inequality driven by a complex mix of market forces (such as increased global flows of goods and capital), technological change (computerization, high bandwidth communication, cheap air transport), demographic trends (increased single parenthood) and public policies (liberalized immigration laws, declining real minimum wage). In 2001, the Russell Sage Foundation initiated a special project designed to examine the distributional implications of rising economic inequality across many areas of social life – the wellbeing of families, the parental resources available to young children, the quality of education from preschool to college, the chances of finding secure and satisfying work, the quality of health care and health outcomes, and the effectiveness of participation in the democratic process. For each of these domains, the Foundation supported research that sought to establish whether the groups that have increasingly been left behind economically have also lost ground in other ways that limit their participation in society and constrict the opportunities available to their children. Many of the results of this research have been summarized in a volume of research reviews, *Social Inequality*, published by the Foundation in 2004. In addition, a large collection of [primary research papers](#) produced by the project is available on the Russell Sage website.

Having completed this first broad phase of the social inequality project, the Foundation now plans to turn more specifically to research on the recent performance of the principal institution that our society depends upon to counteract the effects of market-driven inequality: the democratic political system. In principle, American democracy gives equal voice to every citizen, independent of an individual's wealth or market power. Following this assumption to its logical conclusion, some models of political competition predict that when rising inequality concentrates economic resources in fewer hands at the top of the distribution, and the income of the median voter slips substantially below the mean, there should be a ground swell of popular support for legislation that taxes the rich and redistributes the proceeds to those below them on the economic ladder. Other analysts have pointed out, however, that as economic inequality rises, the assumption of equal voice for all citizens may become increasingly unrealistic. With growing financial resources at their disposal, the wealthy may be able to exert increasingly effective influence over the political process, resist redistributive legislation, and reduce collective investments in those public services that they can purchase privately. And, as the poor are left behind at the other end of the income distribution, they may increasingly opt out of the political process, which may appear ever more unresponsive to their needs.

The political record of the last 30 years with respect to redistribution is complex and its implications are hotly contested. Taxes on capital have fallen, as have top marginal income tax rates. Estate taxes have been cut. Payroll taxes have risen, but so have exemptions from the federal income tax in the lowest brackets. The real value of the minimum wage has been allowed to fall, but the earned income tax credit for poor working families has been increased. Welfare benefits have been capped and time-limited, but federally subsidized health insurance has been extended to previously uninsured children. On balance, do these policy changes constitute

evidence that the interests of the wealthy have come increasingly to dominate the U.S. political process, as some analysts claim? Or, do these policies stimulate economic growth and employment in ways that are broadly beneficial, as others contend?

The Russell Sage Foundation is interested in supporting research that examines the performance of the U.S. political system during the recent period of rising inequality – both in order to clarify and track the distributional impact of legislation and other governmental actions, and to improve our understanding of the ways in which rising inequality has influenced the political process and the policies it has produced. In this new initiative on the Politics of Inequality, we plan to encourage research projects that are broadly congruent with these general goals and we explicitly invite proposals on the following kinds of issues:

Legislative Performance: We are interested in research that systematically tracks federal and state law-making in key areas such as taxes on capital and labor, mandated wage supports, social welfare transfers, and programs for health and education in order to provide a basis for assessing re-distributional trends in legislation over time. Have government transfers become more or less effective in offsetting market driven inequality over the last 30 years? Has the relationship between the income distribution before and after taxes and transfers changed over time, and if so, which aspects of government policy appear to be driving that change?

Political Voice: Participation in the political system among low-income, low-education voters has perennially lagged behind more advantaged groups, and some key modes of participation, principally voting, may have declined more precipitously among the poor as inequality rose. Why? Are poor voters discouraged or disinterested in a political system that appears to be more attuned to the interests of the rich? Are they simply too hard pressed by work and family responsibilities to take the time to vote? Are there barriers to participation such as voting regulations, felon disenfranchisement, and non-citizenship (among immigrants), which are more prevalent among lower income groups? Or, have mobilizing institutions, principally political parties and labor unions, lost the broad membership base and influence that once got out the vote among workers and their families.

Political Responsiveness: Several recent studies demonstrate that legislators are more responsive to the interests of their wealthy constituents than to poor and middle income citizens. Enacted legislation tends to conform more closely to the policy preferences of well-off than to less-advantaged groups. From the standpoint of democratic theory, this is a puzzle since the more numerous middle and lower classes should vote to punish political representatives who ignore their interests. We are interested in understanding this apparent skew in democratic representation in more detail. Are the rich more influential primarily because of the increasing importance of money to electoral success? If so, how exactly does money exert its influence on the legislative process – by supporting the election of like-minded representatives? by lobbying for specific legislation? by threatening potential defectors with the loss of financial support? All these practices appear to be widespread but have so far eluded systematic study. Finally, if politicians respond to money and are successfully ignoring majority economic interests, how and why has democratic accountability declined in this way? Are middle and lower tier voters indifferent, poorly informed, more interested in moral values than economic issues, confused by

cleverly framed or deceptively designed legislation, or too optimistic about their future life chances?

Polarization: Roll call measures of congressional polarization over the past 30 years closely track the rise of economic inequality, but the causal linkages that connect the two trends remain obscure. Are growing economic disparities the principal cause of the rise of political polarization in congress? Or, are institutional factors, such as closed primaries and increasingly effective gerrymandering, more to blame? To what extent might causation run in the other direction? Some analysts have suggested that polarization leads to legislative gridlock which makes the U.S. political system particularly ineffective at acting to redress the imbalances brought on by rising inequality – for example, by failing to maintain the real value of the minimum wage. Others have suggested that congressional polarization has been asymmetric – with Republicans moving much further to the right than Democrats have moved left, resulting in a rightward drift in legislation. If so, what sustains this rightward tilt? Is it the economic conservatism of the median voter, who may have fallen further behind the very rich but has benefitted from the real economic growth that has accompanied rising inequality? Is it a matter of cleverly designed legislation which provides small immediate gains to the middle class, while masking larger, deferred benefits for the rich? Or, is it a consequence of linking economic issues with wedge issues, such as race, crime or moral values, in political campaigns?

Government Action: In certain domains, governments have stepped in to retard rising inequality, or buffer its social effects. The movement to extend public education to kindergarten sharply decreased inequality in pre-primary enrollment between five year olds from rich and poor families beginning in the 1970s. Public school expenditures per pupil have also become more equal over the past 30 years, although the differences between schools in rich and poor districts are still substantial. State minimum wage laws and municipal living wage campaigns may have had some effect on bringing up the bottom of the wage distribution in local labor markets. The political question is how efforts to offset inequality, such as these, garnered political support. What distinguishes successful anti-inequality efforts – is it a matter of the level or branch of government involved (local or state vs. federal, judicial vs. legislative), the type of transfer (education vs. money), or the method of providing support (mandating benefits vs. making transfers)?

Reforms: A number of reforms have been proposed to depolarize the U.S. political system and possibly render it more responsive to the social disparities created by rising economic inequality. Prominent among them are a variety of proposals to make it easier to vote – ranging from same day registration to a national holiday on election day – so that voters in the lower tiers of the income distribution might participate in greater numbers. Other proposals involve strengthening mobilizing institutions, such as unions, or creating new institutional forms, perhaps using the internet, to increase democratic participation. Another proposed tack is redistricting reform, which would hand the job of drawing the boundaries of congressional districts over to non-partisan commissions in order to reduce safe seats and increase democratic accountability. Another possibility is to open more primaries to cross-over voters and independents, which might make primary candidates more responsive to middle class concerns. Still another idea is to restore the “fairness doctrine” to give competing candidates equal time on public airways, thus reducing the media advantage of well financed candidates. There is no shortage of ideas. The

difficulty, of course, is finding ways to test these reforms and estimate their effects. We are interested in supporting research that takes on this difficult job.

International Differences: The U.S. allocates a lower percentage of GDP to social transfers than almost all other OECD countries. Although our primary interest is in the recent performance of the U.S. political system, we are also interested in comparative research that examines why governmental efforts to reduce economic inequality have been so modest in the U.S. What is it about American political institutions, the composition of our population, or our historical development that has led to relatively low levels of social spending? And, compared to other countries, how effective are U.S. welfare expenditures in reducing social and economic inequality?

Research Proposals: The Foundation will entertain proposals for research broadly related to any of the foregoing questions about the politics of inequality. We anticipate that research may involve a variety of methods: the analysis of national data sets, the exploration of administrative data, case studies of particular political processes or episodes employing interviews or small scale surveys. While we encourage this methodological variety, we will generally favor proposals that are conceptually and empirically well developed. Where possible, models should be specified, hypotheses clearly stated, and the plans for testing systematically laid out. Where more exploratory approaches are appropriate, we expect clear statements of the questions at issue and the data and methods that will be employed. Awards of up to \$150,000 will be available for research assistance, data acquisition, data analysis, and release time explicitly for conducting research and writing up results. Larger awards may be considered for projects involving more extensive and costly data acquisition in circumstances where available data is insufficient. Proposals should follow [the guidelines for proposals to Russell Sage](#). A brief letter of inquiry (~3 pages in length) must precede a full proposal to determine whether the proposed project is in line with the Foundation's funding interests. Any questions about the proposal process should be sent by email to the program officer in charge of this initiative, Dr. James Wilson, at james@rsage.org. The deadline for proposals is April 1, 2013. Funding decisions for this round will be made in June, 2013.