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Notes on distributive politics

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The puzzles discussed here concern the reality that the median voter theorem predicts more downward redistribution than we see in the capitalist democracies. The MV seems often to be willing to support, or at least acquiesce in, less redistribution of the sort she or he would be expected to favor, and in some circumstances to support or acquiesce in disadvantageous redistribution.

One prefatory point: to get at the relations between electoral politics and redistribution it seems better to focus on enacted redistributive legislation rather than, say, changes in inequality, as a dependent variable. This has costs in that it is unlikely to yield much that is cross-nationally comparable, but the benefit is that it gets us a good deal closer to the object of study. So many things influence changes in inequality. Some of them we know about and can control for, but some we most likely do not. More serious, because changes in inequality are proxies for the changes we want to understand, it is unlikely that we will get any good micro story by focusing on them. For instance, in the U.S. politics differs greatly on the tax and expenditures sides of the budget. Thus while organized labor will mobilize around issues having to do with regulation and the expenditure side, they will not mobilize on the tax side. This is the tip of an iceberg, suggesting that distributive changes that emanate from changes on the tax side of the budget follow quite different patterns from distributive changes that emanate from the expenditure side. None of this is captured in a macro variable like inequality.

Common strategies in the literature are to embellish the MVT story by adding dimensions to the demand side or looking for interference on the supply side. On the demand side Roemer, for instance, adds race or religion as a second dimension which might shift the median voter elsewhere on distributive questions when policy-bundling is taken into account. A comparable move is made in the literature on recognition v. redistribution following Young. This is basically adding a second dimension, status, that shifts the MV. Alternatively, researchers like Parkin have

focused on voter ignorance about the structure of inequality and their relative positions, or those like Hochschild have put the dearth of redistributive demand down to ideology. On the supply side the strategy by Przeworski & Wallerstein and others has been to gauge the effects of factors like fear of capital flight on the part of politicians, Tsebelis and Stasavage have pointed to veto players, and many have pointed to the strategic use of money in the political process. Complicating the MTV story in these ways is basically how I thought about the problem in *The State of Democratic Theory*.

But there might be altogether different dynamics at work, suggested by the reality if three or more vote by majority rule on the division of a dollar there is no equilibrium outcome. DDMR suggests we don't need to add dimensions to the demand side or interruptions to the supply side to see why the MV might not behave as MVT suggests.

DDMR also suggests that one important way to understand distributive outcomes is to study the politics of coalition formation. If every distributive coalition is potentially unstable, the research questions should center on why one coalition forms rather than all of the possible others that might form, why distributive coalitions hold together when they do, and why they are pulled apart when they are. This will have to be explained by something in addition to the strategic calculations of the players. My research on the coalition to repeal the estate tax suggests candidates such as ideological commitment to a moral crusade, distaste for being thought a hypocrite by peers, and fear of unknown alternatives.

Related difficulties with MVT result from variation in the intensity of mass preferences. Even if people's preferences are stable, they might not vote based on them. For instance, in the U.S. mass preferences about taxes are of low intensity, and about the estate tax of especially low intensity. No one running for office has to worry about voters' preferences on these questions. When that is so, what Graetz & I describe as the running room of public opinion is capacious, and outcomes are likely to be driven by organized interests. Almost by definition organized interests have

intense preferences over the issue around which they organize. So outcomes will be driven by how effectively they duke it out with competing organized interests.

Intuitively, DDMR is the way to analyze organized distributive coalitions. They have to be stitched together and kept together in the face of disintegrative pressures. E.g. farmers and small business in the estate tax repeal coalition. QFOBE type offers. This kind of politics is the politics of coalition-tending and coalition-busting.

When mass preferences are intense it is harder for DDMR to trump MTV. For instance, President Bush tried to build support for his plans to privatize social security by enunciating the principle that his proposed reform “must not change Social Security benefits for retirees or near-retirees”—an attempt to split the coalition opposed to his proposed reform. One likely story here might be that their intense preferences extend to their children and grandchildren’s social security benefits, not just their own.

But it might be that DDMR at the level of mass politics is more cludgy; there are many fewer bites at the apple. Maybe there was a price at which retirees and near-retirees could have been bought off, and the Bush people just got that price wrong. Or maybe they should have exempted everyone over forty. But once they had played the card that they did, the die was pretty much cast. By contrast, when organized interests are fighting it out over a piece of legislation there is endless back-and-forth, offering and counter-offering. See the chapters in *Death by a Thousand Cuts* on the final negotiations around the 2001 tax bill. (Indeed this is still ongoing. Hillary already has a new offer on the table to fund her new retirement savings accounts for freezing the estate tax exemption at its 2009 phase-out level of \$7m per married couple—evidently intended to split the estate tax repeal constituency). Framing things in mass politics takes a large investment of time and resources. It also tends also to be more tightly constrained by the rhythms of elections. When the first Clinton administration lost the battle for public opinion over healthcare reform it was off the table for a long time.

Implication I: To understand distributive outcomes, we must know a lot more about the structure and intensity of mass preferences. If they are intense, then MVT is likely to give better predictions, since there is comparatively little scope for organized interests to shape distributive outcomes. If they are not intense, then we should be studying the activities of organized interests. Notice here that the Bush administration used all the same tactics that had been so successfully deployed in the estate tax repeal debate to try to shift public opinion over social security, to no avail.

Implication II: To pick a viable strategy in order to shape distributive outcomes, similar knowledge is needed. If mass preferences on a particular distributive issue are intense, then you have to work around them. If they are supportive of your goals you appeal to them (e.g. those who opposed social security privatization). If they are at variance with your goals, you might as well give up (e.g. those who supported social security privatization) and direct your energy elsewhere. If mass preferences on the issue are not intense, then you should be devoting your energy to building coalitions of the like-minded and coalition-busting of your opponents. Success at this requires creativity and imagination, since effective coalitions can consist of unlikely bedfellows (the coalition to abolish the slave trade; the coalition to create majority-minority Congressional districts in the south; the estate tax repeal coalition).

Implication III: It may be that the intensity of mass preferences on some distributive questions is variable. If so, it becomes worthwhile to learn which those issues are, and what factors influence the intensity of mass opinion. If you can influence intensity, then you have a choice of strategies: whether to try to build intensive mass support for a distributive outcome, or to exploit the running room of public opinion through organized interests. The former might be more expensive, but, if you are successful, your victory might have more staying power. Killing off Clinton I healthcare is a case in point.

To some extent this is an artificial division since activists often employ both: try to build mass support for their views at the same time as they create organized coalitions to do their legislative business. And as the estate tax repeal shows, they can

be complimentary. But it still seems worth teasing the strategies apart, because, if I am right, this will not always be so, and in any case what I have said might suggest useful pointers on how best to deploy resources.