

PS 581: The Politics of Income Inequality

Winter Quarter 2011
The Ohio State University

Time: xxx
Location: xxx

Instructor: Prof. Philipp Rehm

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Course description:

This course introduces students to some of the most fascinating puzzles related to the politics of income inequality and redistribution. Harold Lasswell once remarked that ‘politics is who gets what, when, and how’ – and redistributive politics is a primary example of this struggle. We will explore questions like: Why was there hardly any social policy to speak of before the 1930s? Why are there huge differences in terms redistribution between countries? Why are some welfare programs more popular than others? For concreteness, we will analyze several countries in detail throughout the course.

Course requirements:

- Attendance. If you accumulate three absences during the semester, your participation grade will be lowered half a letter grade (i.e., it will be lowered from an A- to a B+, for instance). For each additional two absences past three, there will be an additional penalty of the same magnitude.
- Readings. The reading load is light, but often complex and requires careful preparation.
- 10%: participation, potential quizzes
- 35%: 7 mini-papers, each worth 5% [see appendix]
- 20%: midterm
- 35%: cumulative final

Course Readings:

Two books are required and should be purchased. They will be ordered to Ohio State University Bookstore (Barnes & Noble):

- Lindert, Peter H. 2004. Growing Public. Social Spending and Economic Growth Since the Eighteenth Century. Vol. 1: The Story. Cambridge, MA: Cambridge University Press.
- Beland, Daniel. 2010. What is Social Policy? Understanding the Welfare State. Polity.

Additional course readings will be available for download from Carmen. Also, all readings for the next session can be found there.

Note: there may be changes in the readings as we go along. I will communicate these on time.

It is critical that you do the readings. They serve as background information for lectures, and will be the starting point of our in-class discussions. The readings are not optional but required, and you cannot succeed in the course without having done them. The assigned readings as well as material from the lectures are the base for the midterm exam and cumulative final exam.

Extensions, make-up exams, extra credit:

Extensions will not be granted. You will be informed of all assignments well in advance, so good planning and time management skills will benefit you. Assignments must be handed to the TA or me in class on the day they are due, before the class starts. Make-up examinations are not permitted (unless you have a certified good reason). There will be no opportunities for extra credit.

Academic Misconduct:

It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term “academic misconduct” includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct: (http://studentaffairs.osu.edu/resource_csc.asp)

Disability Services:

Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated, and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.

Week 1:

(1) Introduction

This session introduces the course.

(2) (Some) puzzles in need of explanation - an overview

This session provides an overview of the puzzles we will explore and try to understand during the course. It will also introduce you to different measures of inequality.

Assignment:

Read the entire syllabus, including all the appendixes. If you have questions, please raise them in the session.

- Lindert 2004 Ch 1 (“Patterns and Puzzles”) {~16 pp} & Ch 2 (“Findings”) {~15pp}
→ ~31 pp

Week 2:

Assignment:

Mini-paper 1 due in class

(3) The expansion puzzle

Up to around the 1930s, social expenditure was typically less than 2% (and in no country more than 5%) of GDP. Around 1995, this number was more than 10 times higher - the typical rich democracy spent more than 22% of GDP on social expenditures. In this session, we explore the causes for this rapid expansion.

- Daniel Beland, What is Social Policy? Understanding the Welfare State (Polity, 2010), chapter 3 {~27 pp}
- Lindert 2004, Ch 7 (“Explaining the Rise of Social Transfers Since 1880”) {~18 pp}
→ ~45 pp

Recommended:

- Lindert 2004 Ch 3 (“Poor Relief before 1880”) {~25 pp}
- http://www.ilo.org/wow/ILOinHistory/lang--en/WCMS_120043/index.htm

(4) The divergence puzzle

While social expenditure rapidly expanded in all rich democracies, it did so much more in some countries than others. For example, Sweden spends about twice as much as the US on social expenditures (in % of GDP). What explains these differences?

- Esping-Andersen, Gosta (1990): The Three Worlds of Welfare Capitalism. Princeton, NJ: Princeton University Press, 1990, pp. 18-34 {~17 pp}
- <http://www.cesifo-group.de/DocCIDL/dicereport408-db6.pdf>
- Kees van Kersbergen & Philip Manow (2008): The welfare state, in: Caramani {~24 pp}
→ ~ 51+ pp

Week 3:

Assignment:

Mini-paper 2 due in class

(5) The American exceptionalism puzzle

In comparison with other rich democracies, the U.S. typically engages much less in, and spends much less on, social policy. Why is the U.S. so exceptional in this regard?

- Daniel Beland, What is Social Policy? Understanding the Welfare State (Polity, 2010), chapter 1 {~35 pp} and chapter 2 {~22 pp}.
- ~55 pp

Recommended:

- Alberto Alesina, Edward Glaeser, Bruce Sacerdote (2001): Why Doesn't the United States Have a European-Style Welfare State? Brookings Papers on Economic Activity, Vol. 2001, No. 2 (2001), pp. 187-254 {~70 pp}

(6) The free lunch puzzle

Standard economic theory has it that taxes and transfers (i.e. redistribution) harm economic efficiency (Okun's thesis). Yet, there is only little, if any, evidence of welfare states having adverse effects on economic growth. Why is social policy a 'free lunch'?

- Lindert 2004 Ch 10 ("Keys to the Free-Lunch Puzzles") {~35 pp}
- ~35 pp

Week 4:

Assignment:

Mini-paper 3 due in class

(7) The paradox of redistribution

"The more we target benefits at the poor only and the more concerned we are with creating equal public transfers to all, the less likely we are to reduce poverty and inequality" (Korpi & Palmer 1998: 681-682)

We will also read about and discuss normative issues related to inequality and redistribution.

- Walter Korpi and Joakim Palme (1998): The Paradox of Redistribution and Strategies of Equality: Welfare State Institutions, Inequality, and Strategies of Equality. Welfare State Institutions, Inequality, and Poverty in the Western Countries. In: American Sociological Review, Vol. 63 (5), pp. 661-687 {~26 pp}
 - Kenworthy, Lane. 2008. Jobs with equality. Oxford: Oxford University Press. (Chapter 2) {~12 pp}
- ~38 pp

(8) The Robin Hood paradox

“Redistribution from rich to poor is least present when and where it seems most needed. Poverty policy within any [country] is supposed to aid the poor more, the lower the average income and the greater the income inequality. Yet over time and space, the pattern is usually the opposite” (Lindert 2004: 15)

- Meltzer, Allan H., and Scott F. Richard. “A Rational Theory of the Size of Government.” *Journal of Political Economy* 89, no. October (1981): 914-27. {~14 pp}
 - Re-read Lindert 2004, Ch 1 (“Patterns and Puzzles”) {~16 pp}
- ~30 pp

Recommended:

- Meltzer, Allan H., and Scott F. Richard. “Why Government Grows (and Grows) in a Democracy.” *Public Interest* 52, no. Summer (1978): 111-18. {~7 pp}
- Adam Przeworski (2003): *States and Markets. A Primer in Political Economy*. Cambridge University Press. Ch 10 (pp. 181-199) {~18 pp}

Week 5:

Assignment:

Mini-paper 4 due in class

(9) Solutions to the Robin Hood paradox

In this session, we will discuss possible solutions to the Robin Hood paradox, including: turnout, POUM, social insurance, race, and multi-dimensional politics.

- Lind, Jo Thori. 2005. “Why is there so little redistribution?” *Nordic Journal of Political Economy* 31: 111-25. {~14 pp}
 - Torben Iversen 2006: “Capitalism and Democracy.” In Barry R. Weingast & Donald L. Wittman (2006) *Oxford Handbook of Political Economy*, Oxford University Press {~25 pp}
- ~39 pp

(10) Review (midterm preparation)

In preparation for the upcoming midterm, we will review the material covered so far.

Week 6:

(11) Midterm

(12) The globalization puzzle

On the one hand, ‘globalization’ is said to lead to a ‘race to the bottom’ when it comes to social policy (this is known as the efficiency hypothesis). On the other hand, ‘globalization’ is also a source of economic vulnerability, which usually calls for increased social policy effort (this is known as the compensation hypothesis). And some scholars argue that globalization has no effect whatsoever. In this session, we explore these perspectives.

- Daniel Beland, What is Social Policy? Understanding the Welfare State (Polity, 2010), chapter 5 {~31 pp}.
 - David R. Cameron (1978): "The Expansion of the Public Economy: A Comparative Analysis." American Political Science Review 72 (December): 1243–61 {~18 pp}
- ~50 pp

Recommended:

- Torben Iversen and Thomas R. Cusack (2000): "The Causes of Welfare State Expansion: Deindustrialization or Globalization?", in: World Politics 52.3 (2000) 313-349 {~33 pp}

Week 7:

Assignment:

Mini-paper 5 due in class

(13) The retrenchment puzzle

Typically, welfare states were expanded in 'good times', front-loading the benefits and back-loading the costs. Today, welfare states face severe pressures (such as aging societies), and it has been widely expected that serious cutbacks (= retrenchment) would occur. Yet, relatively little happened. Why?

- Daniel Beland, What is Social Policy? Understanding the Welfare State (Polity, 2010), chapter 4 {~27 pp}.
 - Paul Pierson (1996), "The New Politics of the Welfare State," in: World Politics (1996), 143-79. {~ 36 pp}
- ~60 pp

Recommended:

- Jeremy Richardson (1994): Doing less by doing more: British government 1979-1993, in: West European Politics, Volume 17, Issue 3 July 1994, pages 178-197 {~ 19 pp}

(14) The non-convergence puzzle

Conventional economic theories would have it that there is a single best way of (minimal) social policy provision. Yet, not only the levels but also the modes of welfare state spending and the way of organizing the economy more generally vary widely across countries, and there is hardly any evidence of convergence to a single model. How can we make sense of this?

- Peter Hall and David Soskice (2001), "An Introduction to Varieties of Capitalism," in: Varieties of Capitalism, edited by ibid, Oxford: OUP, 1-68. {~68 pp}
- ~68 pp

Week 8:

Assignment:

Mini-paper 6 due in class

(15) Who wants redistribution?

Reflecting the development of the literature, we have basically ignored what it is that people actually want, and why they want it - up to this point.

- Svallfors, S. (2004). "Class, attitudes and the welfare state: Sweden in comparative perspective." In: Social Policy & Administration, 38, 119-138 {~19 pp}
 - Rehm, Philipp (2009). "Risks and Redistribution: An Individual-Level Analysis." Comparative Political Studies 42, no. 7, pp 855-881 {~25 pp}
- ~44 pp

(16) The public support puzzle

Why are some social policy programs more popular than others?

- Daniel Béland and Jacob S Hacker (2004): Ideas, private institutions and American welfare state 'exceptionalism': the case of health and old-age insurance, 1915–1965. In: Int J Soc Welfare 2004: 13: 42–54 {~12 pp}
 - Jacob S. Hacker (2009): Yes We Can? The New Push for American Health Security, in: Politics & Society, Vol. 37 No. 1: 3-32 {~29 pp}
- ~42 pp

Week 9:

Assignment:

Mini-paper 7 due in class

(17) The second dimension puzzle

Is, as Marx famously stated, religion really opium for the masses? In this session, we will focus on welfare states and voting behavior, in order to understand under which conditions voters prioritize social policy over other issues.

- John Huber and Piero Stanig (2007): Why do the poor support right-wing parties? A cross-national analysis {~ 30 pp}
 - Ana L. De La O and Jonathan A. Rodden (2008): "Does Religion Distract the Poor? Income and Issue Voting Around the World." In: Comparative Political Studies, Vol. 41, No. 4-5, pp. 437-476 {~39 pp}
- ~69 pp

(18) The red-state / blue-state (polarization) puzzle

At the individual level, income is a good predictor of voting in the US. Yet, colored maps of election results by state show that poor states are more likely to be won by Republicans, while rich states are often won by Democrats. How can we make sense of these two facts?

We watch the documentary "What's the Matter with Kansas?" (2009) in class.

- Thomas Frank, What's the Matter with Kansas? How Conservatives Won the Heart of America (Holt Paperbacks, 2005), chapter 1 {~13 pp}

- Larry M. Bartels (2006): “What’s the Matter with What’s the Matter with Kansas?” In: Quarterly Journal of Political Science, 1, pp. 201–226 {~25 pp}
→ ~40 pp

Recommended:

- Andrew Gelman and Boris Shor and Joseph Bafumi and David Park (2007): “Rich State, Poor State, Red State, Blue State: What's the Matter with Connecticut?” In: Quarterly Journal of Political Science, 4(2), pp 345-367 {~22 pp}

Week 10:

(19) The Great Recession and Income Inequality

- TBA
→ ~ pp

(20) Review

Final: xxx

APPENDIX: MINI-PAPERS

Mini-papers have three purposes. Like quizzes, they provide a way for me to give credit for careful class preparation. But in addition (and unlike quizzes) they give you the opportunity to clarify your thinking by practicing analytic writing. Finally, they are an excellent way to prepare you for the midterm and final examinations.

Mini-papers must be turned in on a HALF SHEET of paper, using standard margins and a font size of 11 or larger. I will give you the assignment for each mini-paper the class period before they are due. There are two kinds of mini-papers, summary-writing and thesis-support mini-papers. Be sure to read carefully the directions and the criteria of evaluation that follow.

A. Summary-writing mini-papers

A summary-writing mini-paper has two objectives. One is for you to build analytic reading skills by concisely re-stating the argument of part of the readings. To do this successfully, you must be able to differentiate between the main ideas and less important points of a section of the argument. Then you must condense the argument by linking the main points and omitting the secondary ideas that you can leave behind without losing the sense of the argument. (In other words, make clear the relationship between the points.) The second objective is for you to learn how to follow and accurately give an account of arguments that you may not necessarily agree with. In effect, you have to “listen” to the authors you read and explain their arguments in your own words but without misrepresenting their points.

Write your summary as if it were for a reader who has not read the text, although she has heard of it. She has a pretty good vocabulary but will not understand overly technical terms. Make sure to provide page numbers in parentheses for all quotes and paraphrases.

The **criteria** for a summary are (1) accuracy of content, (2) comprehensiveness and balance (i.e., do you include the central points and omit secondary claims?) (3) clear sentence structure with good transitions, (4) adherence to usual rules of grammar, punctuation, and page citation.

B. Argument mini-papers

In an “argument” mini-paper, I will ask you a question about the assigned reading and you will write a short composition that supports your answer to the question. To do this successfully, you must be able to support your answer with textual evidence, and guard against the tendency to ignore textual evidence that might undermine your thesis.

The main objectives of this assignment are to develop your skills at a) thinking through complex texts that do not always provide simple answers, and b) writing a focused argument.

There will often be more than one persuasive answer to the question I ask. Thus the **criteria** for an argument mini-paper are (1) clarity: do you make your supporting points clear? (2) precision and accuracy: do you draw your supporting points from specific places in the text, using quotation marks and page numbers appropriately, and do you make correct assertions about the text? (3) comprehensiveness and balance: have you identified the textual passages important to this question? (4) organization: do you present your arguments in a coherent order with smooth transitions and grammatical sentences?

Points	Scoring criteria for summary-writing mini-papers	Scoring criteria for argument mini-papers
Outstanding (check plus)	Meets criteria of accuracy, comprehensiveness and balance, clear sentence structure and grammar. It is clear that you understand the text and can explain its main points to a reader who has not read it.	Meets criteria of clarity, precision and accuracy, comprehensiveness and balance, and organization. You have considered the texts carefully and creatively and made a persuasive argument in support of your thesis.
Average (check)	Must have strength on at least two of the criteria and it should still be good enough to give a reader a fairly clear and accurate overview of the reading. A summary gets a check (and not a check plus) because it overemphasizes secondary points at the expense of the main argument, is unclear and has problems with sentence structure.	Must have strength on at least two of the criteria and it should still be good enough to put forward a clear line of argument. It rates a gets a check (and not a check plus) because it does not use specific examples from the text, or does not anticipate the objections of a rival view, and has problems with sentence structure.
Poor (check minus)	A summary rates check minus because it is weak in all criteria. It would not serve to explain the text to an unfamiliar reader, it may be inaccurate, and is disorganized.	An argument mini-paper rates a check minus because it is weak in all criteria and would not serve to persuade an audience familiar with the text. It may also be inaccurate or disorganized.
No Credit	Fails to meet any of the criteria for an effective summary. Or not submitted on time.	Fails to meet any of the criteria for effective support of an interpretive thesis. Or not submitted on time.