

Brahmin Left vs Merchant Right: Rising Inequality and the Changing Structure of Political Conflict

Evidence from France & the US, 1948-2017

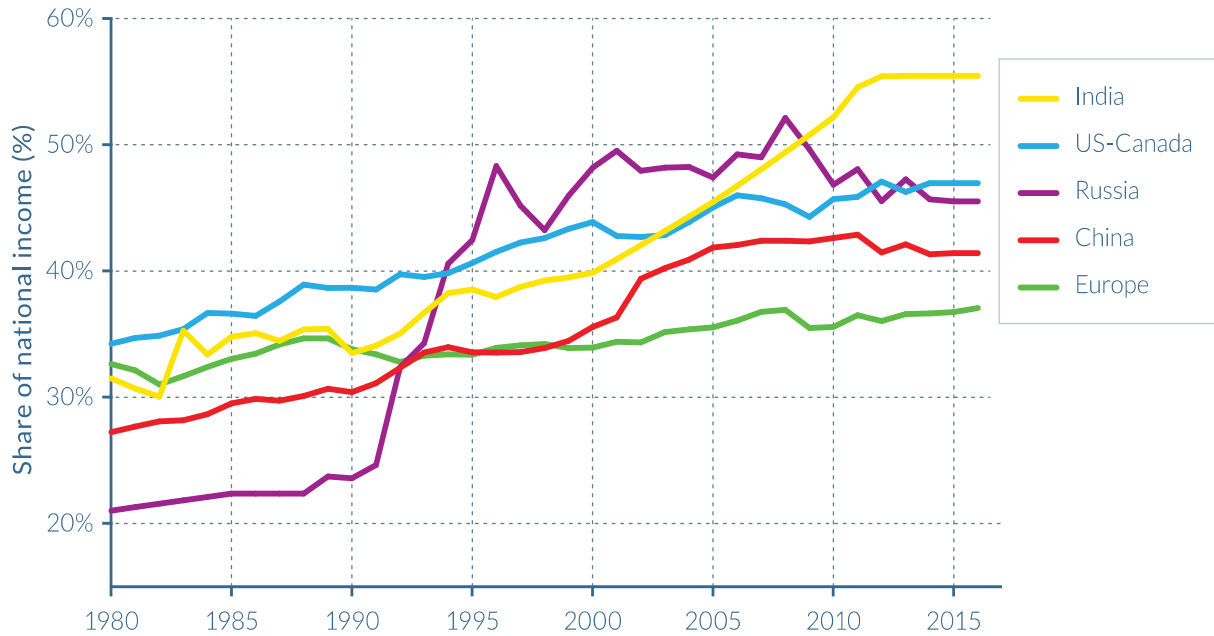
Thomas Piketty

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January 2018

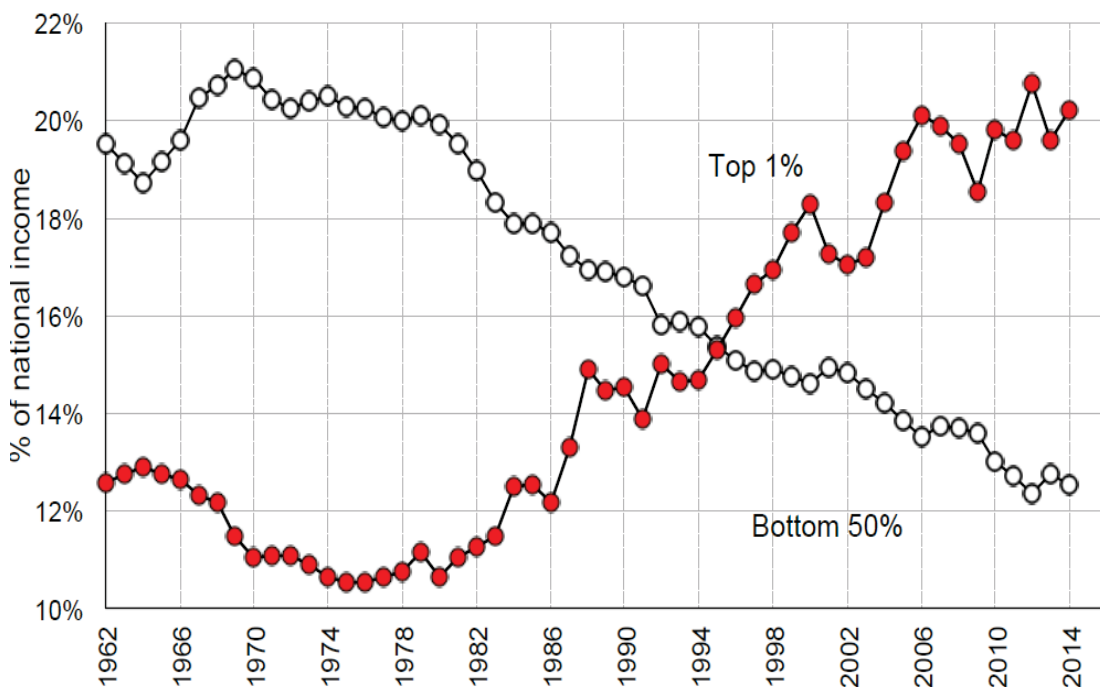
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- **Key question: why hasn't democracy slowed rising inequality ?**
 - We observe rising inequality in most world regions since 1980
 - One could have expected rising political demand for redistribution
 - So why do we see more xenophobic populism and identity-based politics (Brexit, Trump, Le Pen, Modi, AfD, etc.), rather than more class-based (income-based and wealth-based) politics?
 - **Was there something unique about 1950-1980 egalitarian period? Why did it happen and why did it end? Will it happen again?**
 - Do we need extreme circumstances (wars, crisis, revolutions, etc.) to produce the kind of Social-Democratic/New-Deal political coalitions which led to the reduction of inequality during 1950-1980 period?
 - **Politics drive inequality trends (both downturns and upturns). So we need to better understand political attitudes on inequality**

Top 10% income shares across the world, 1980-2016

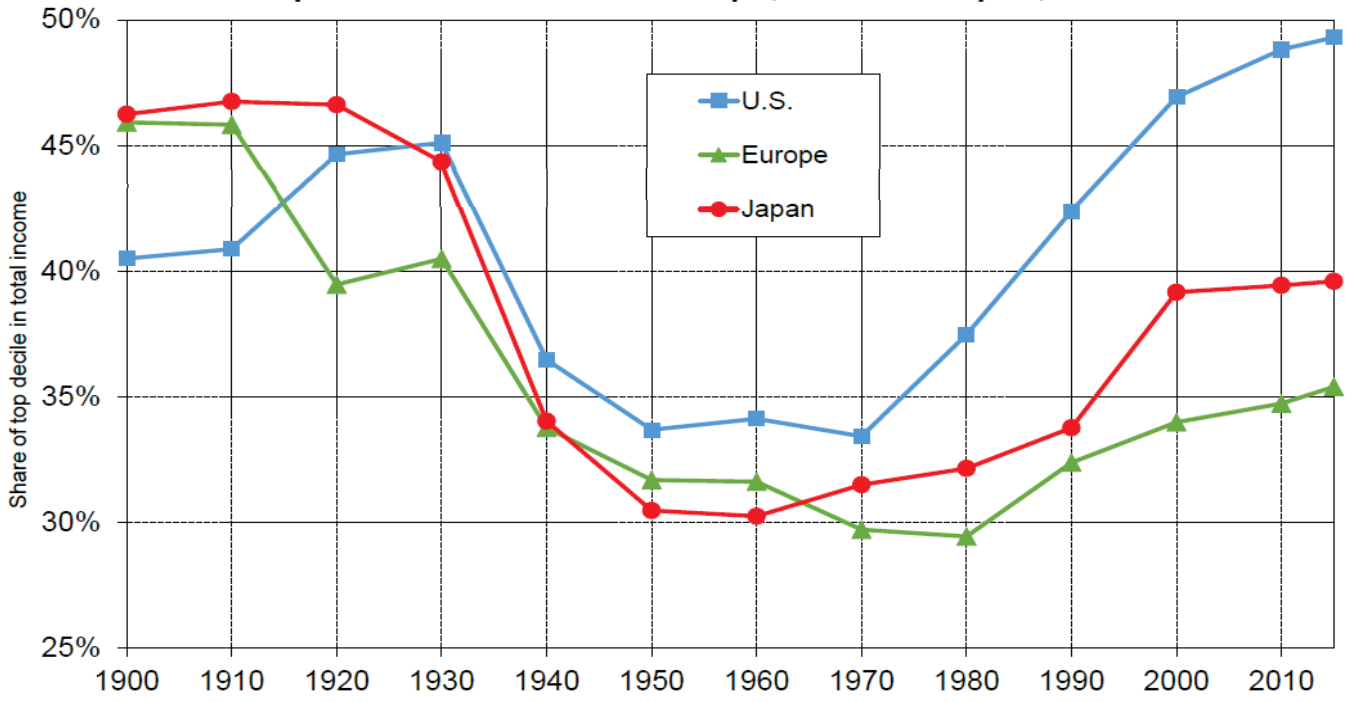


Source: World Inequality Report 2018, Figure 2.1.1. See wir2018.wid.world for data sources and notes.

USA: The collapse of the bottom 50% income share

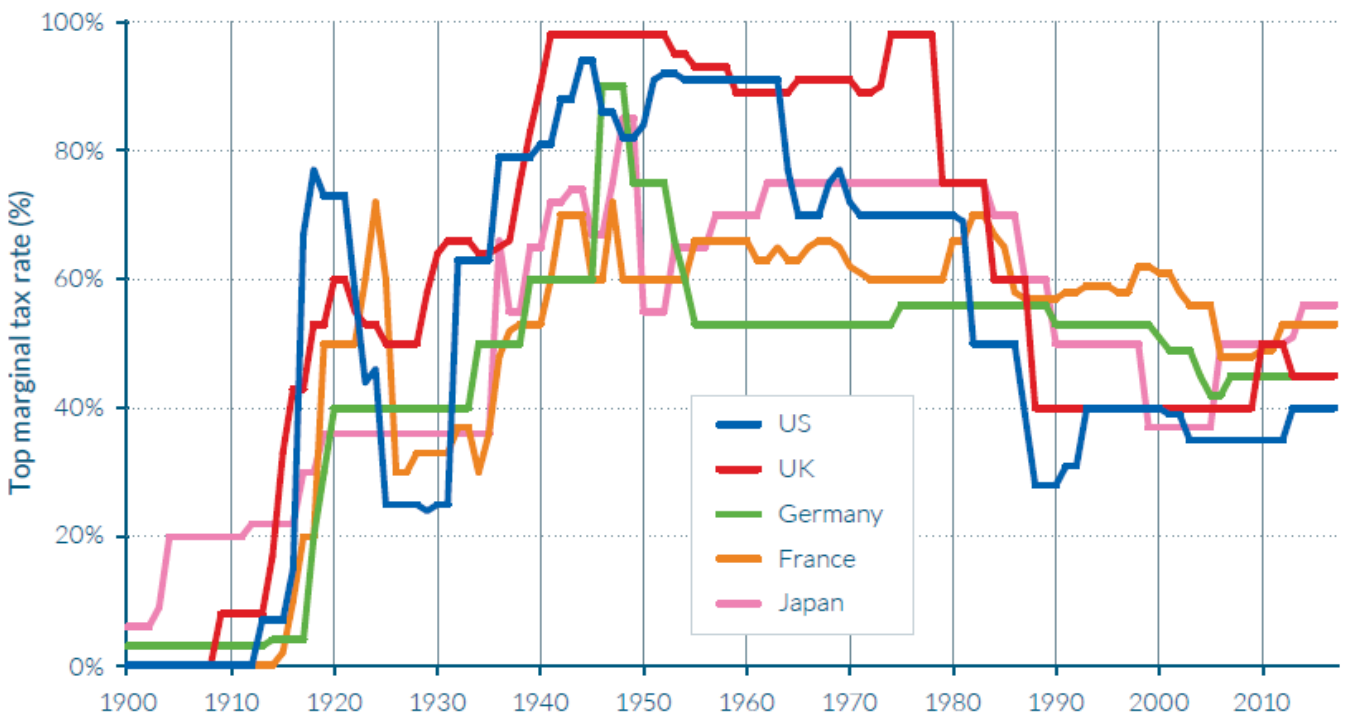


Top 10% Income Share: Europe, U.S. and Japan, 1900-2015



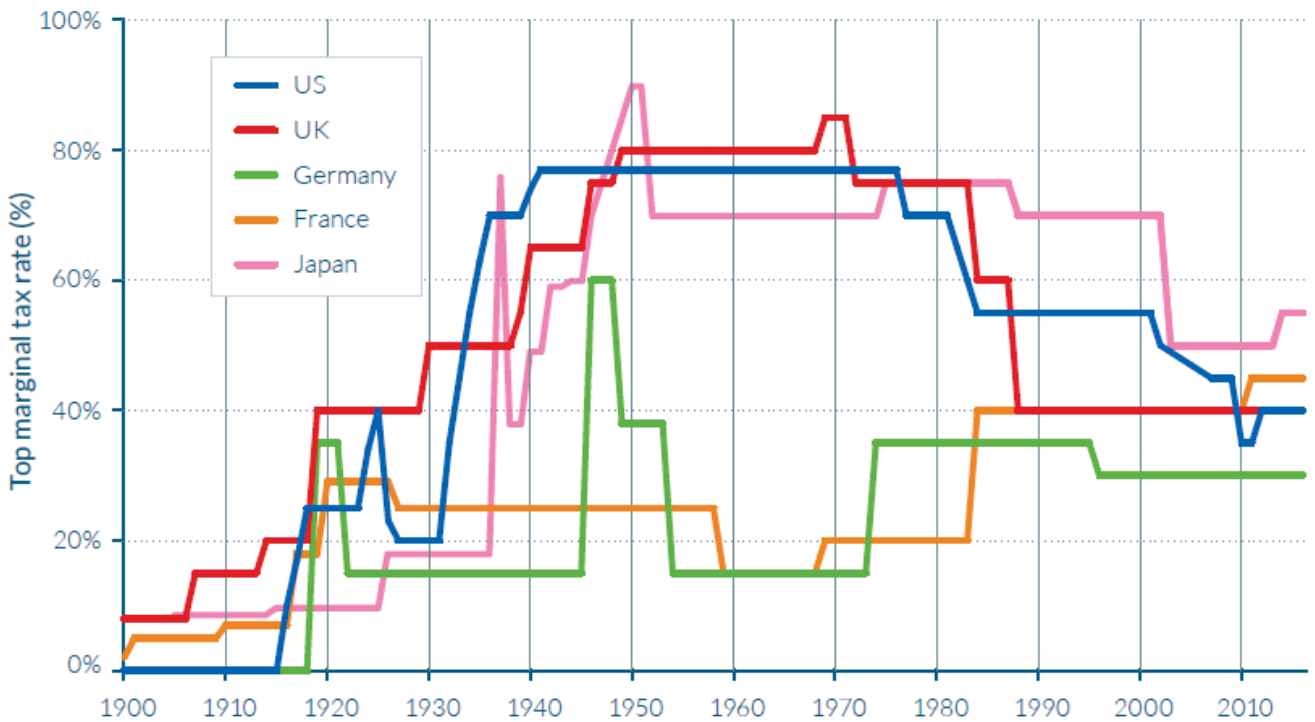
The top decile income share was higher in Europe than in the U.S. in 1900-1910; it is a lot higher in the U.S. in 2000-2010. Sources and series: see piketty.pse.ens.fr/capital21c and WID.world updates.

Top income tax rates in rich countries, 1900-2017



Sources: Piketty (2014) and updates. See wir2018.wid.world for data series and notes.

Top inheritance tax rates in rich countries, 1900-2017



Source: Piketty (2014) and updates. See wir2018.wid.world for data series and notes.

- According to the median-voter model, rising inequality (e.g. lower median/mean income ratio) should lead to more redistribution
- **So why is this not working?**
- **One possible explanation: globalisation & competition between countries make vertical redistribution more difficult to organize**
→ end of class-based redistributive politics, rise of identity-based conflict
- Probably part of the explanation, but not enough: too mechanical. Nothing in globalization makes redistribution technically impossible.
- **Unequal globalization is a choice:** countries & governments choose to sign treaties with free trade/capital flows with no common redistributive taxation/regulation (though they might not always anticipate all consequences of what they sign)

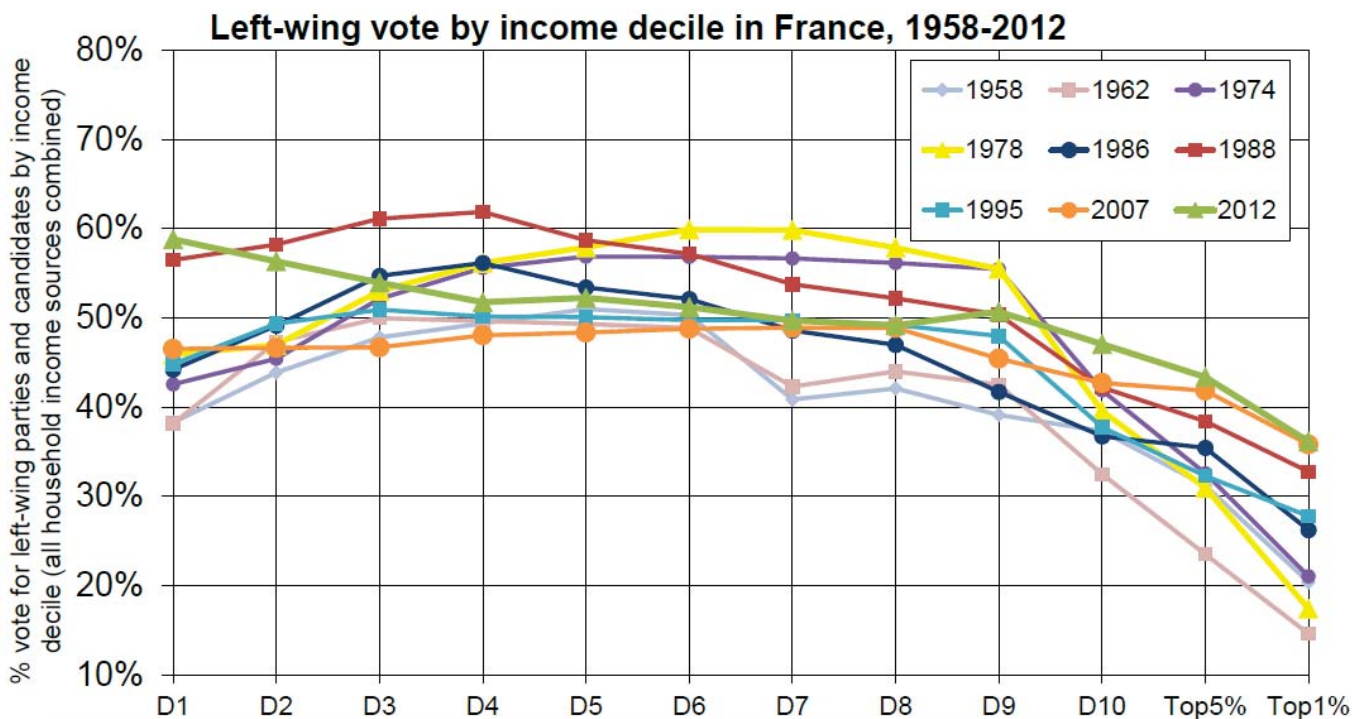
- More generally, the pb with the median-voter model of elections is that it is far too simplistic: **politics is about ideas and beliefs in a just world, not simply about conflicting interests and poor vs rich.**

- History of inequality is political and ideological. E.g. the history of progressive taxation in 20c involves sharp reversals in beliefs systems, unexpected political bifurcations, and unstable institutional tinkering

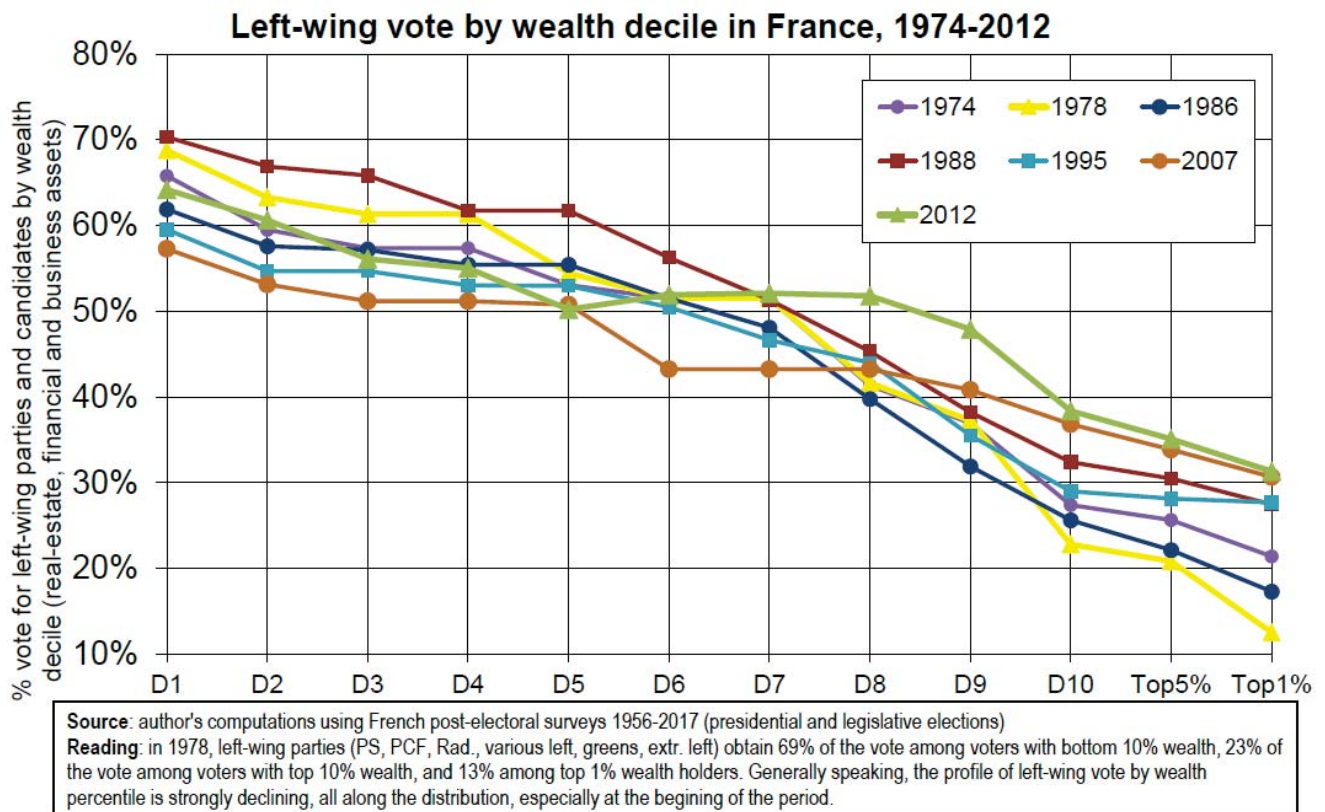
→ in order to analyze the future of redistribution, one first needs to better understand the changing multi-dimensional structure of political-ideological conflict about inequality & redistribution

We first need to construct historical series on electorates & political cleavages; we know very little

Exemple from French post-electoral surveys 1958-2012:
the income-profile of left-vs-right vote has always been relatively flat within the bottom 90%; but the wealth-profile has always been stronger



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: in 1978, left-wing parties (PS, PCF, Rad., various left, greens, extr. left) obtain 46% of the vote among voters with bottom 10% income, 23% of the vote among voters with top 10% income, and 17% among top 1% income holders. Generally speaking, the profile of left-wing vote by income percentile is relatively flat within the bottom 90%, and strongly declining for the top 10%, especially at the beginning of the period.



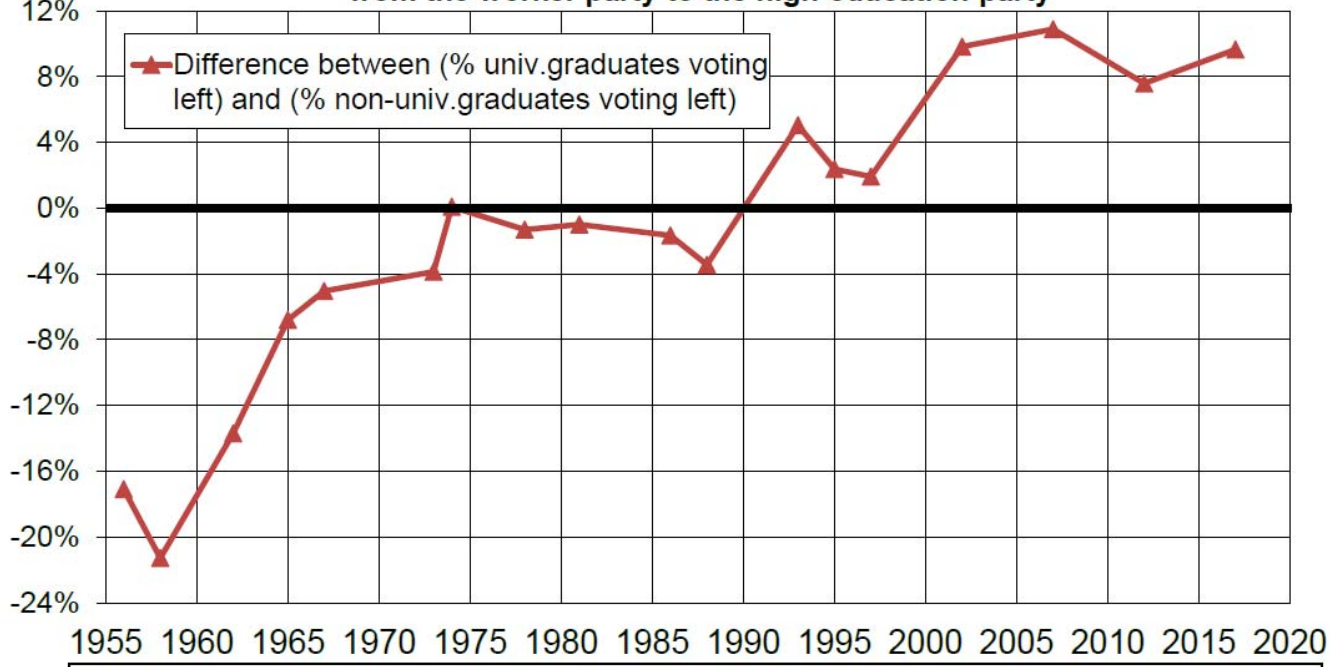
What I do in this research

- **Main contribution is empirical/historical**
- **I construct long-run series on the changing structure of the electorate, i.e. who votes for which parties depending on different dimensions of inequality: income vs wealth vs education (also age, gender, religion, origins, etc.)**
- **Main data sources:** (1) post-electoral surveys (available since 1940s-1950s); (2) local-level election results matched with census & other data (since 1800s)
- **Today I first present detailed results for France, and then for the US**
- **Currently being extended to UK, Germany and gradually to other countries**
- **Secondary contribution is theoretical:** I present simple two-dimensional models of inequality & redistribution (vertical redistribution vs attitudes toward globalization/migration, i.e. domestic vs external inequality; inequality in education vs inequality in wealth) which can help interpret some of the findings

Main empirical/findings:

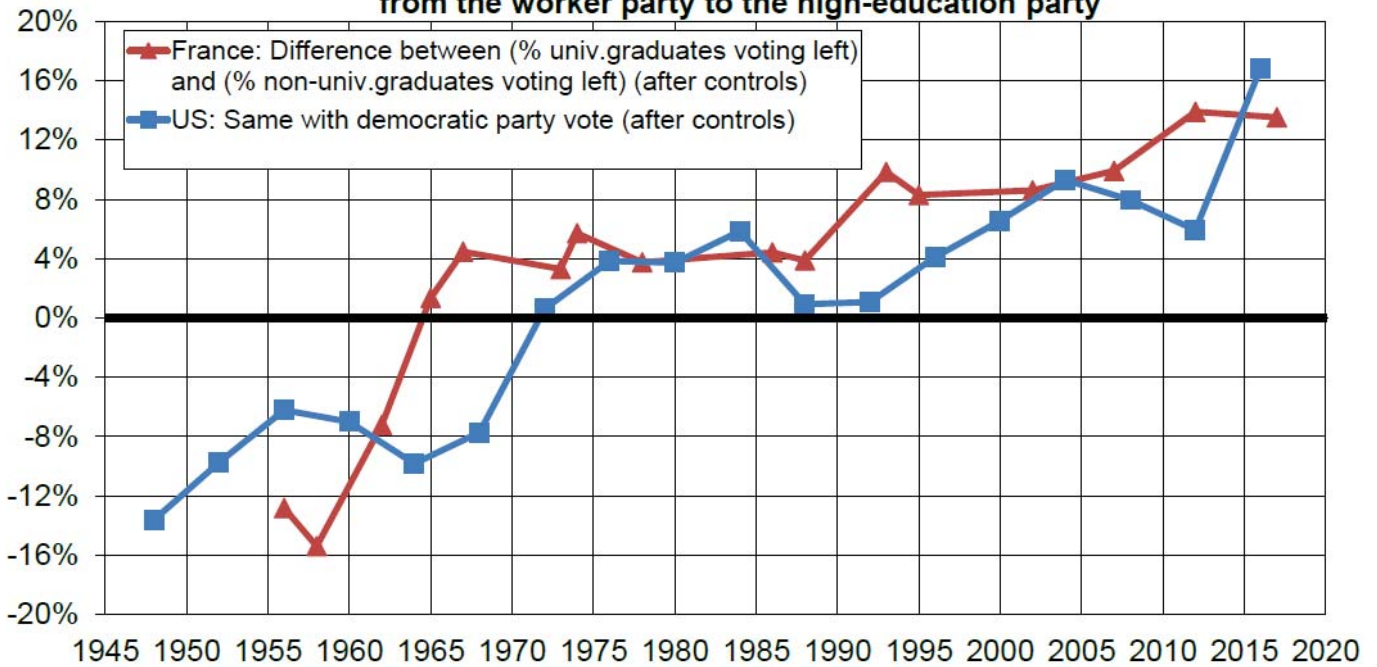
- In the 1950s-60s, the vote for left-wing (socialist) parties in France and democratic party in the US used to be associated with lower education & lower income voters.
- It has gradually become associated since 1970s-80s with higher education voters, giving rise to a **multiple-elite party system: high-education elites vote for left, while high-income/high-wealth elites for the right. I.e. intellectual elite (Brahmin left) vs business elite (merchant right).** Other groups might feel left behind → populism?
- High-education & high-income voters might also unite in the future, giving rise to a complete realignment of the party system: « globalists » (high-education, high income) vs « nativists » (low-education, low-income). E.g. like Rep vs Dem US 19c.
- Elections US 2016/France 2017: exception to the multiple-elite party system or new normal? **With many-dimensional political conflict, multiple bifurcations are possible.**
- Third possibility: a return to « normal » class-based conflict (socialist-internationalist party vs business-nationalist party) is not impossible, but it would require a new form of internationalist/egalitarian platform. There's nothing particularly « normal » in the internationalist/egalitarian alignment.

**Left-wing vote in France, 1956-2017:
from the worker party to the high-education party**



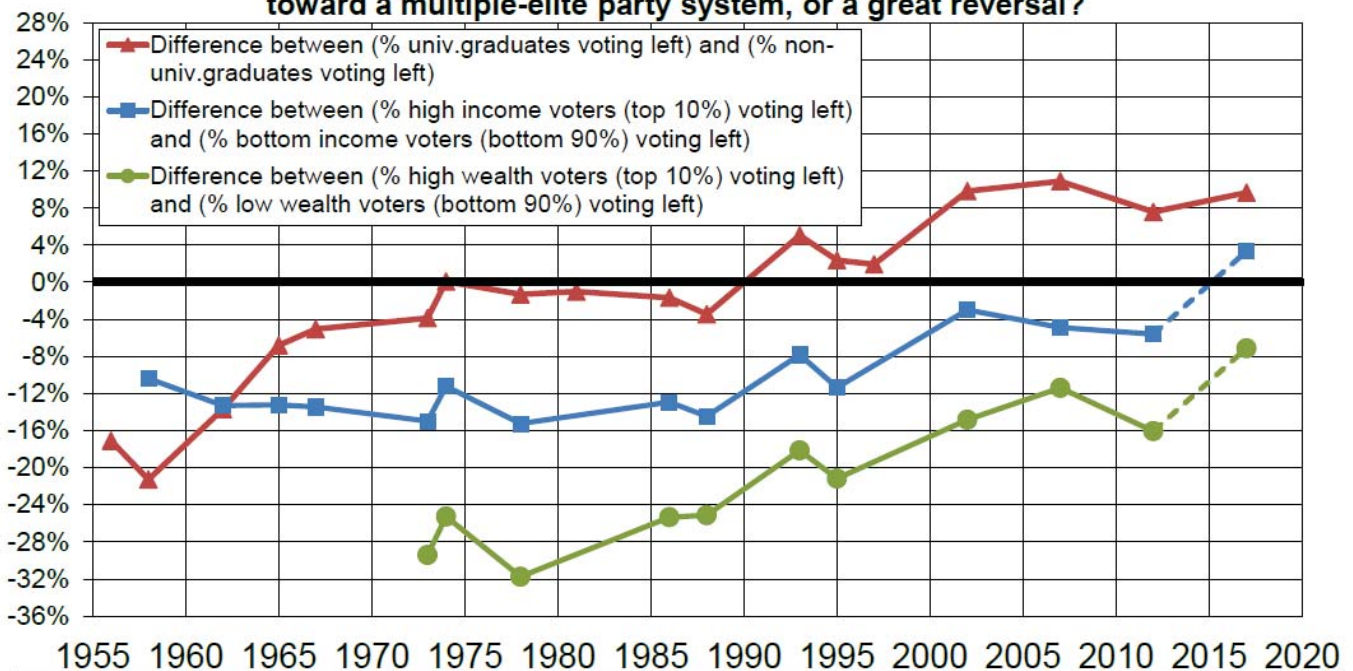
Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: in 1956, left-wing parties (SFIO-PS, PCF, Rad., various left, green, extreme-left) obtain a score that is 17 points lower among university graduates than among non-university graduates; in 2012, their score is 8 points higher among university graduates.

Voting for left-wing & democratic parties in France and the US, 1948-2017: from the worker party to the high-education party



Source: author's computations using French and US post-electoral surveys 1948-2017 (presidential and legislative elections)
Reading: in 1956, left-wing parties (SFIO-PS, PC, Rad., green, extr.-left) obtain a score that is 14 points lower among university graduates than among non-university graduates in France; in 2012, their score is 13 points higher among university graduates (after controls for age, sex, income, wealth, father's occupation). The evolution is similar for the democratic vote in the US.

Political conflict in France, 1956-2017: toward a multiple-elite party system, or a great reversal?



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: the left vote used to be associated with lower education and lower income voters; it has gradually become associated with higher education voters, giving rise to a "multiple-elite" party system (education vs wealth); it might also become associated with high-income voters in the future, giving rise to a great reversal or realignment of the party system.

Relation to the literature

- Enormous political science literature using party platforms, parliamentary debates, electoral surveys, etc. in order to study the evolution of party systems and electoral cleavages.
 - **Lipset-Rokkan 1967**, *Cleavage structures, party systems and voter alignments*. Modern democracies are characterized by two major revolutions – national and industrial – that have generated four main cleavages, with varying importance across countries: center vs periphery; state vs churches; agriculture vs manufacturing; workers vs employers/owners. **No racial/ethnic dimension?**
 - **Bornshier 2010**, *Cleavage Politics and the Populist Right*. The rise of universalist/liberal vs traditionalist/communitarian values since 1980s-90s, following the rise of higher education, has created the conditions for a new cleavage dimension, and for the rise of the Populist Right.
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- **I build upon this political science/historical literature**
- Main novelty: **systematic use of historical survey and electoral data in order to construct long-run series on voting profiles by education and income/wealth deciles, so as to recover long-run changes in cleavages structure.**
- Previous studies looked at shorter periods and do not decompose the income, wealth and education dimensions in a systematic manner. Often relied on categories (like blue-collar workers) which are highly relevant to characterize a given period but do not allow for long-run comparisons. Better to use education and income/wealth deciles for long-run analysis. Same issue as for inequality series.
- Racial/ethnic cleavages are not new. E.g. US 19c: Democrats gradually shifted from slavery party to the party of the poor whites, the New Deal party, and finally the party of the rich whites and the poor minorities. Strange from a European 19c-20c party-system perspective, but relevant for Europe 21c.
- **Bottom line: one needs long-run historical comparative series to study the political economy of inequality and redistribution. And other issues as well.**

Outline of the talk

1. Evidence from French post-electoral surveys 1956-2017

2. Evidence from US post-electoral surveys 1948-2016

3. **Two-dimensional models of inequality and redistribution** (domestic vs external inequality; education vs income/wealth) (building upon my paper « Social Mobility and Redistributive Politics », QJE 1995))

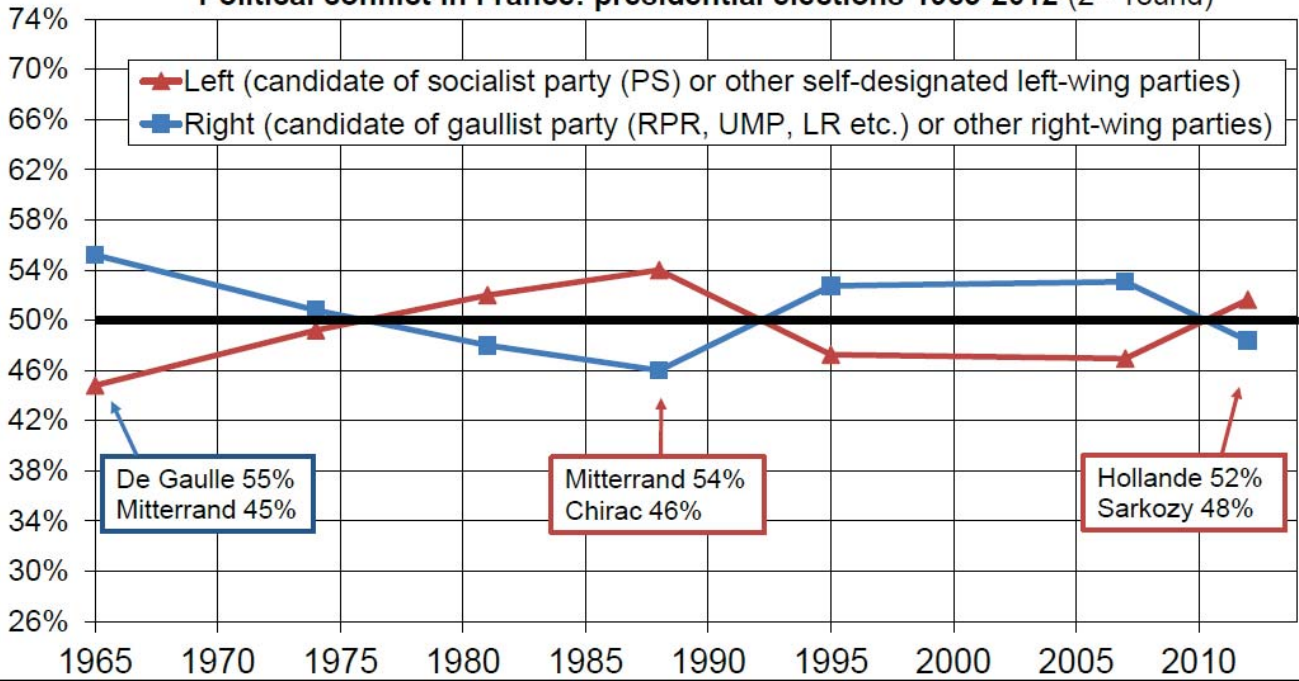
(4. Next steps. 19c-20c series. Other countries.)

1. Evidence from France

- Long tradition of post-electoral surveys: 1958, 1962, 1967, 1968, 1973, 1978, 1981, 1988, 1995, 1997, 2002, 2007, 2012, 2017
- Typically about 4000 observations/survey, with dozens of questions on income/education/wealth (& religion/foreign origins in recent surveys)
- Micro-files are available for most surveys

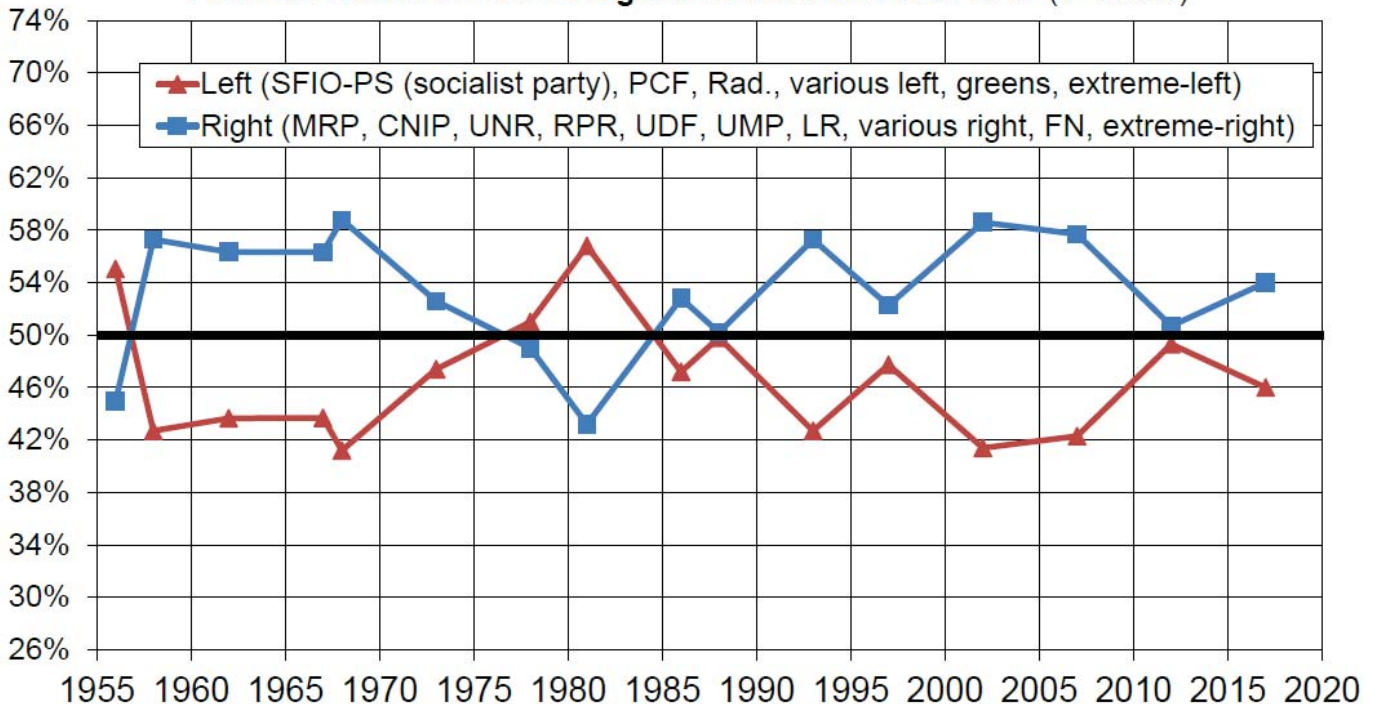
- I start by presenting results on changing voting patterns by **education**, then **income**, then **wealth**, and finally **religion/foreign origins**

Political conflict in France: presidential elections 1965-2012 (2nd round)



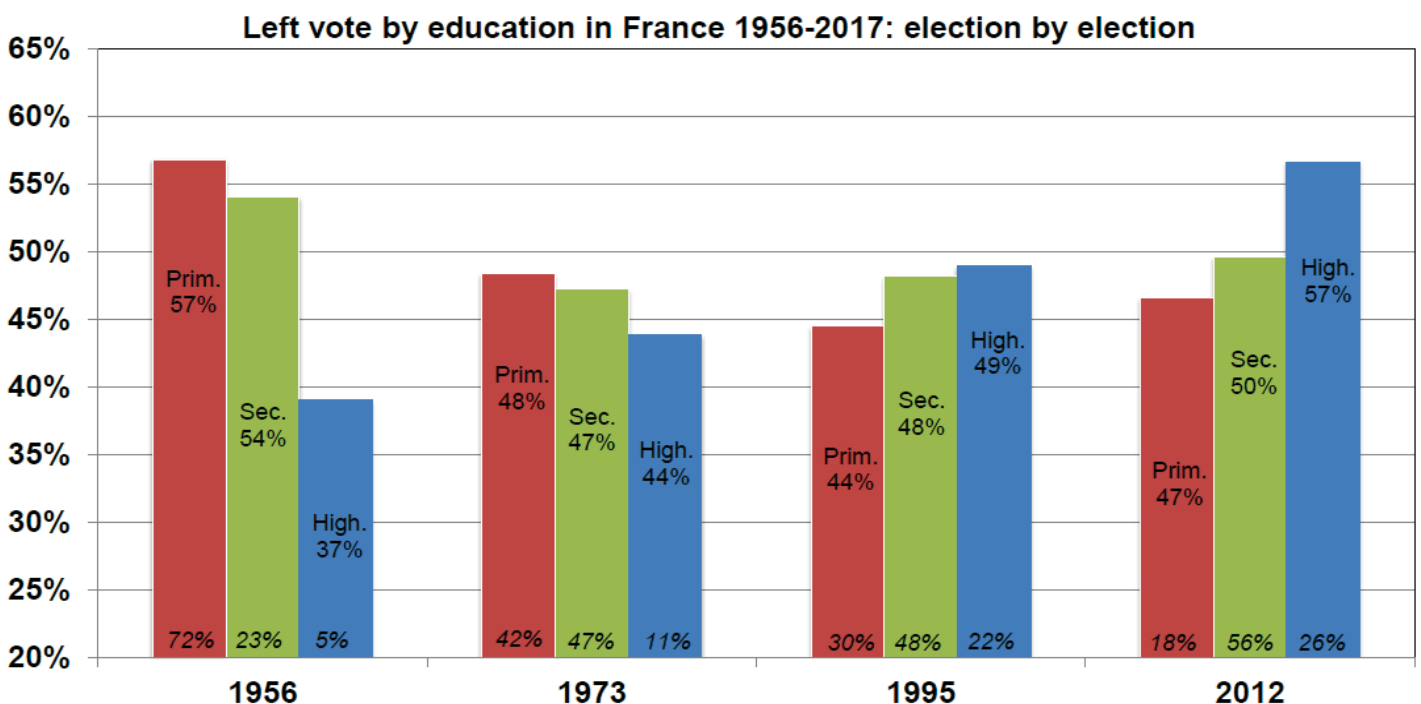
Presidential second rounds opposing left and right: 1965 (De Gaulle 55%, Mitterrand 45%), 1974 (Giscard 51%, Mitterrand 49%), 1981 (Mitterrand 52%, Giscard 48%), 1988 (Mitterrand 54%, Chirac 46%), 1995 (Chirac 53%, Jospin 47%), 2007 (Sarkozy 53%, Royal 47%), 2012 (Hollande 52%, Sarkozy 48%). Other second rounds (opposing right, extreme-right and center) were not represented here: 1969 (Pompidou 58%, Poher 42%), 2002 (Chirac 82%, Le Pen 18%), 2017 (Macron 65%, Le Pen 35%).

Political conflict in France: legislative elections 1956-2017 (1st round)



Vote shares in legislative elections 1956-2017 (1st round). The vote shares of parties that are difficult to classify along left-right dimension (regionalist parties, etc.) were split 50-50 between both sides. These votes always represent less than 2% of the vote, except in 2017, when the vote share of LRM-Modem reaches 32% (here split 50-50 between left and right).

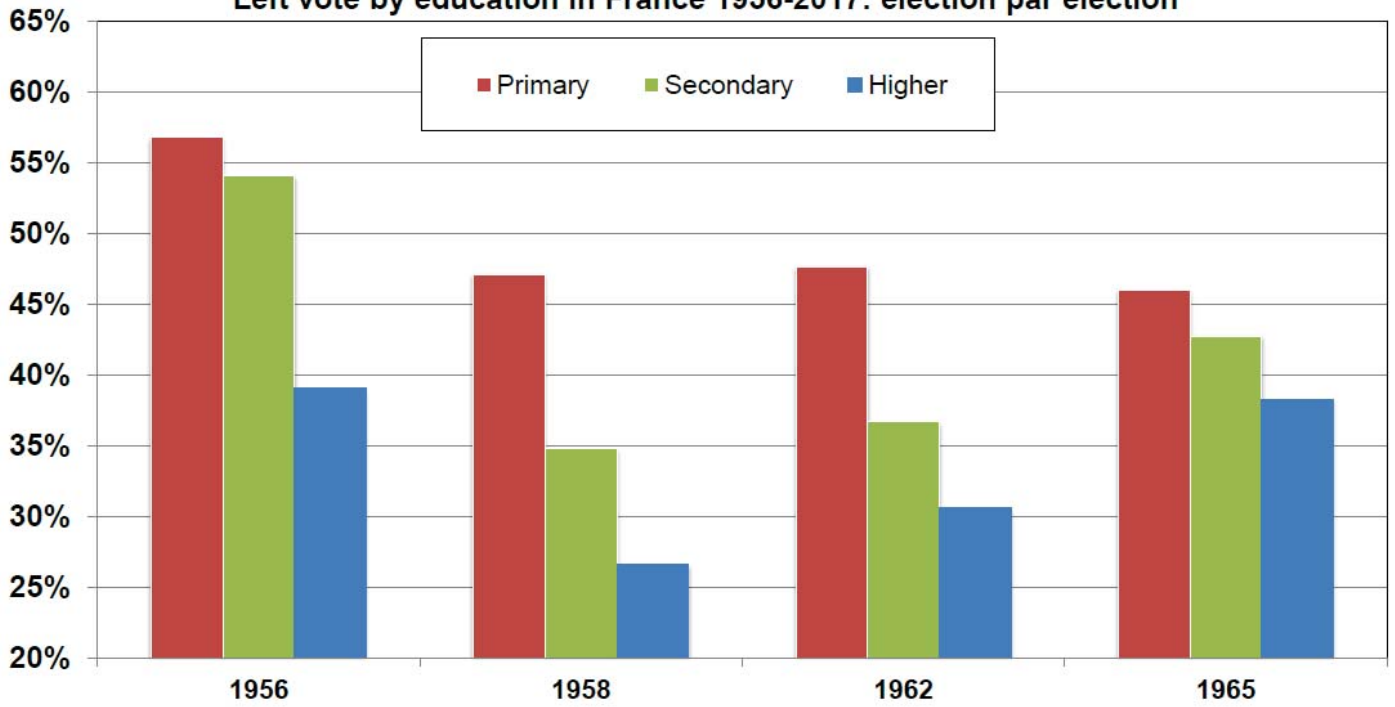
- **Key finding: reversal of the education cleavage**
- **Complete reversal of education gradient over 1956-2017 period.**
At the beginning of the period, the more educated, the more right-wing.
At the end of the period, the more educated, the more left-wing.
- **Highly significant. Robust to controls.**
- $left_{it} = \sum_t \beta_{ht} \text{higheduc}_{it} 1_{elec=t} + \sum_t \beta_t 1_{elec=t} + \sum \beta_{ct} c_{it} 1_{elec=t} + \varepsilon_{it} + cte$
 $left_{it} = 1$ if left-wing vote, 0 if right-wing vote
 $higheduc_{it} = 1$ if higher education degree, 0 otherwise
 c_{it} = control variables (age, sex, family situation, income, wealth, father's occupation, etc.)
- With no controls: $\beta_{ht} = E(left_{it}=1, higheduc_{it}=1) - E(left_{it}=1, higheduc_{it}=0)$
- Gradually adding the control variables: no impact on trend (level is affected, not the trend)



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

Reading: in 1956, left parties (SFIO-PS, PCF, Rad., various left, greens, extr. left) obtain 57% of the vote among voters with no degree (other than primary), 54% among voters with secondary school degrees (Bac, Brevet, Bep, etc.) and 37% among university graduates. In 2012, the left-wing candidate (Hollande) obtains 47% of the vote among voters with no degree, 50% among voters with secondary degree and 57% among university graduates (higher education).

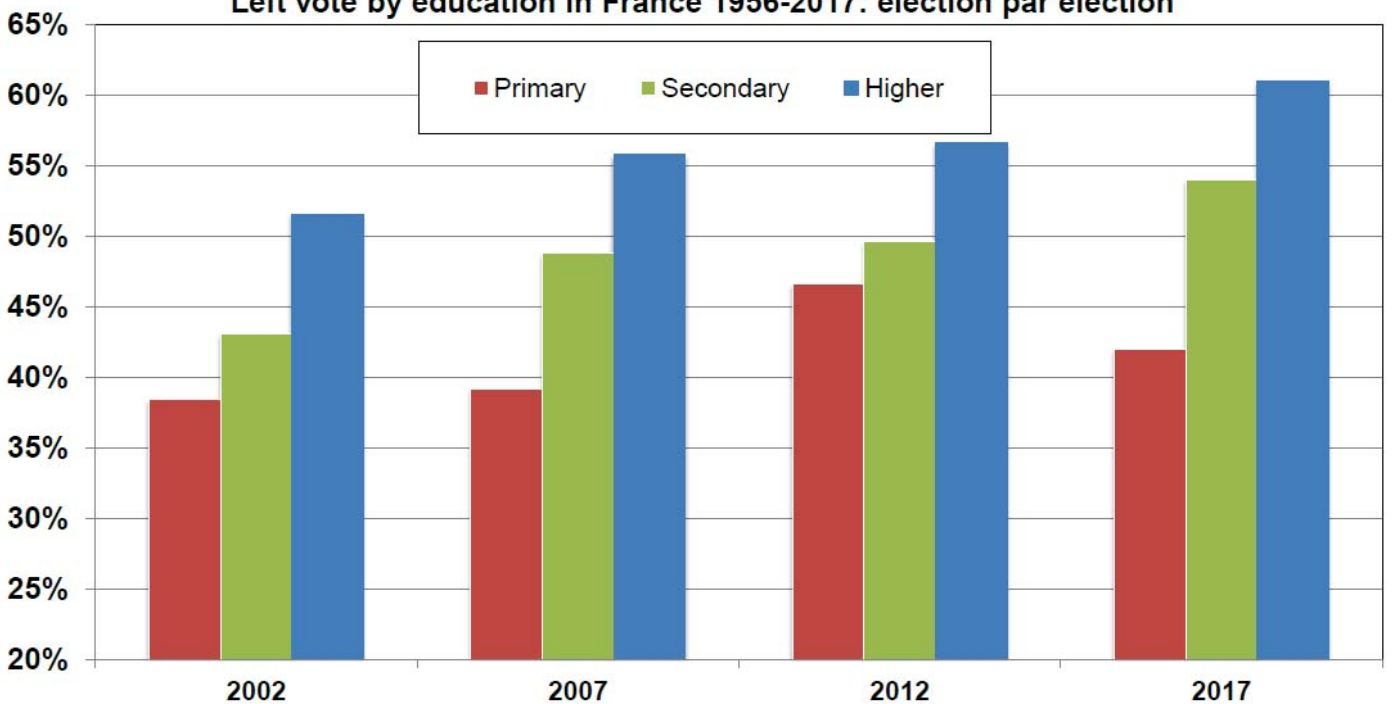
Left vote by education in France 1956-2017: election par election



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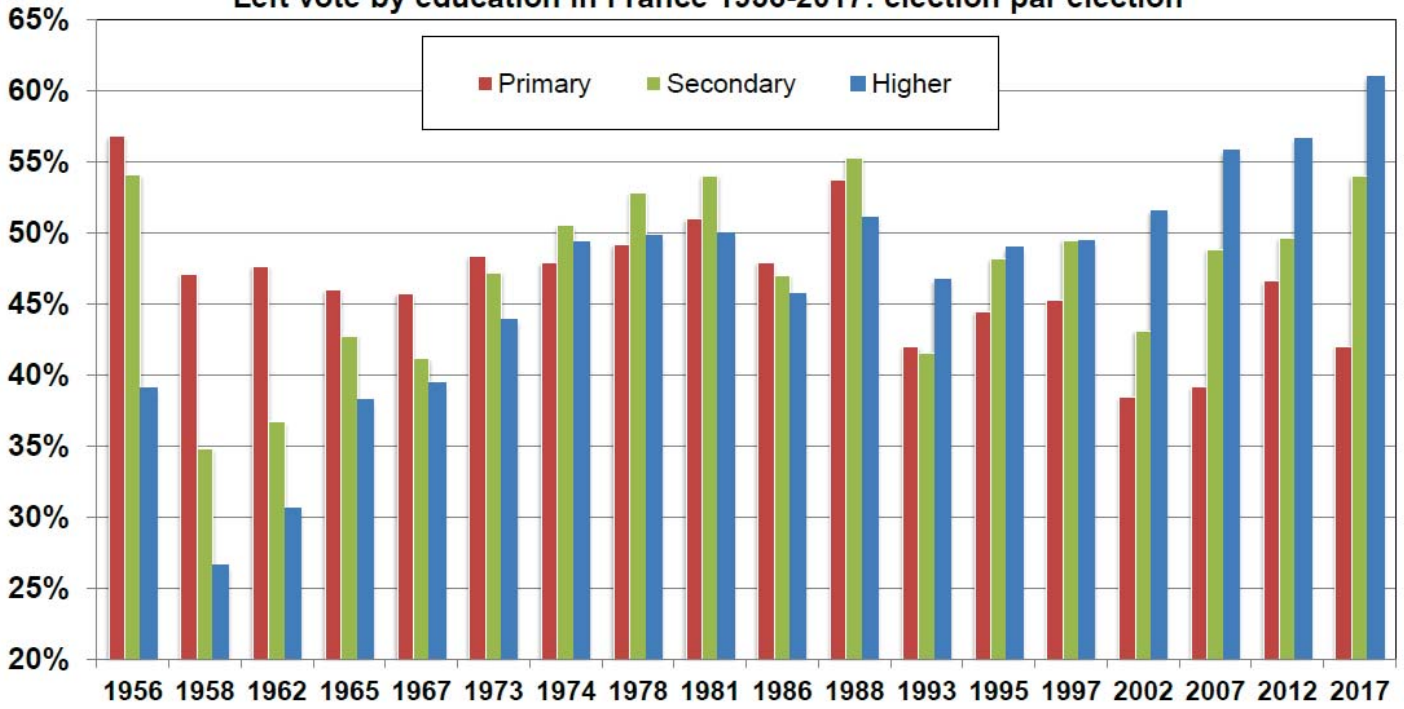
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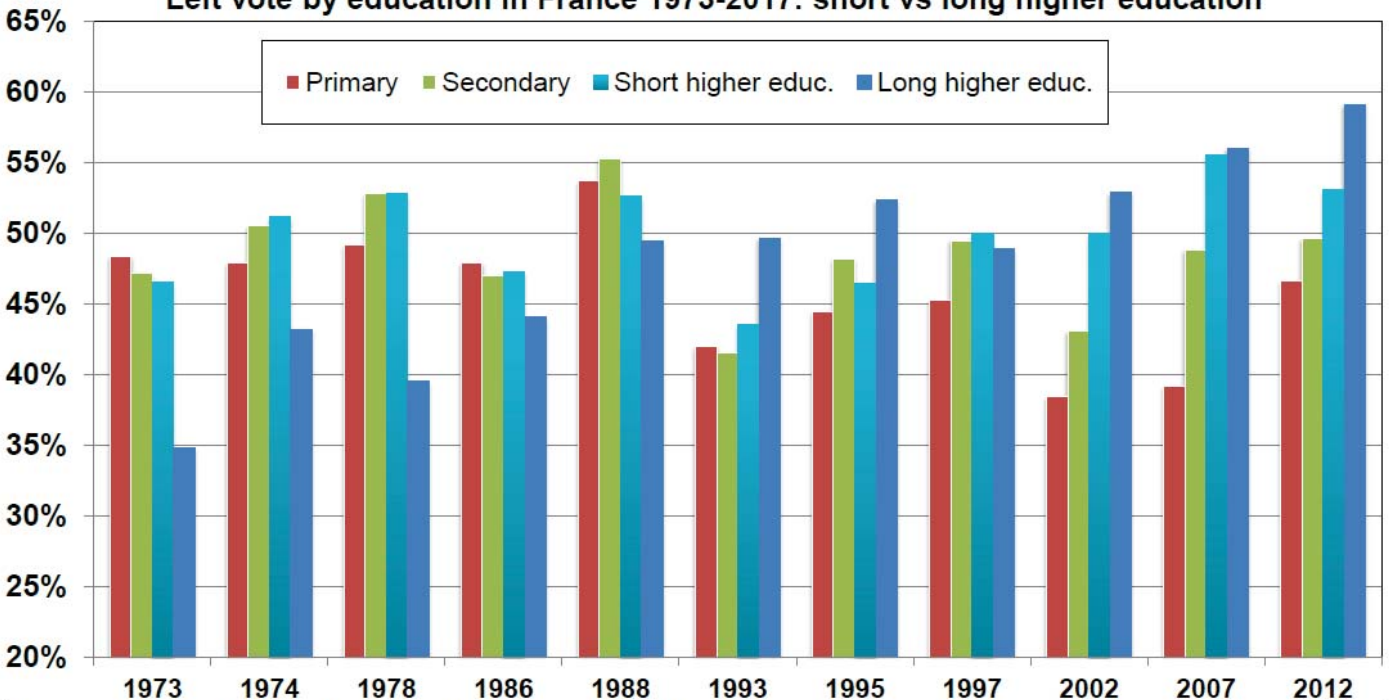
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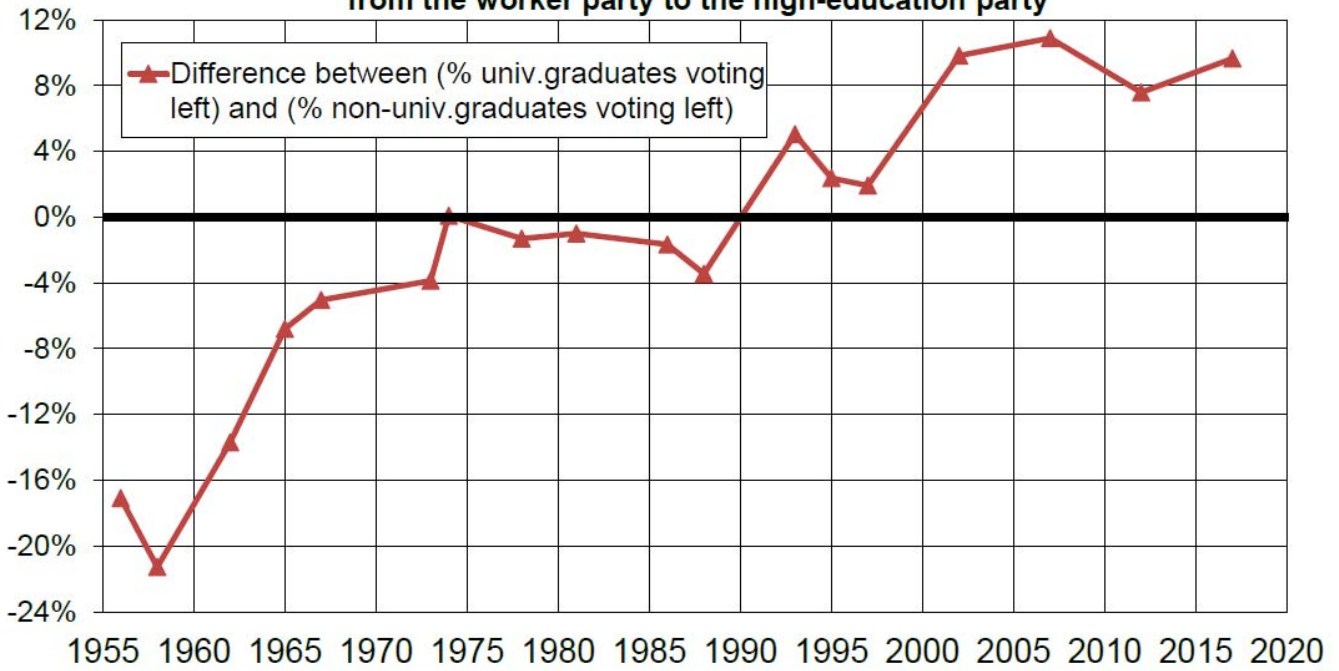
Left vote by education in France 1973-2017: short vs long higher education



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

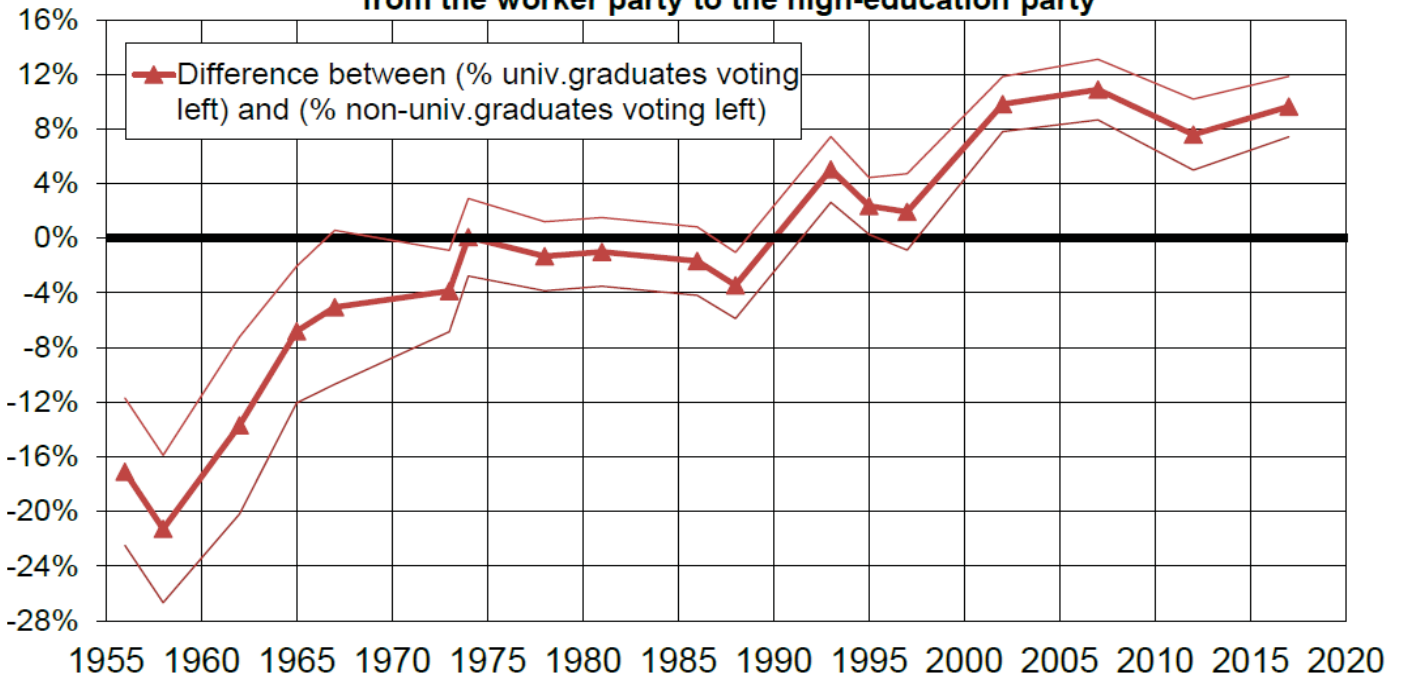
Reading: in 2012, the left-wing candidate (Hollande) obtains 47% of the vote among voters with no degree (other than primary), 50% among voters with secondary degrees (Bac, Brevet, Bep, etc.), 53% among voters with short higher education (bac+2) and 59% among voters with long higher education (bac+3 or more). Note: 1973-1978, short high. = university, long high. = grande école. 1986-2012: short high. = bac+2, long high. = bac+3 or more.

**Left-wing vote in France, 1956-2017:
from the worker party to the high-education party**



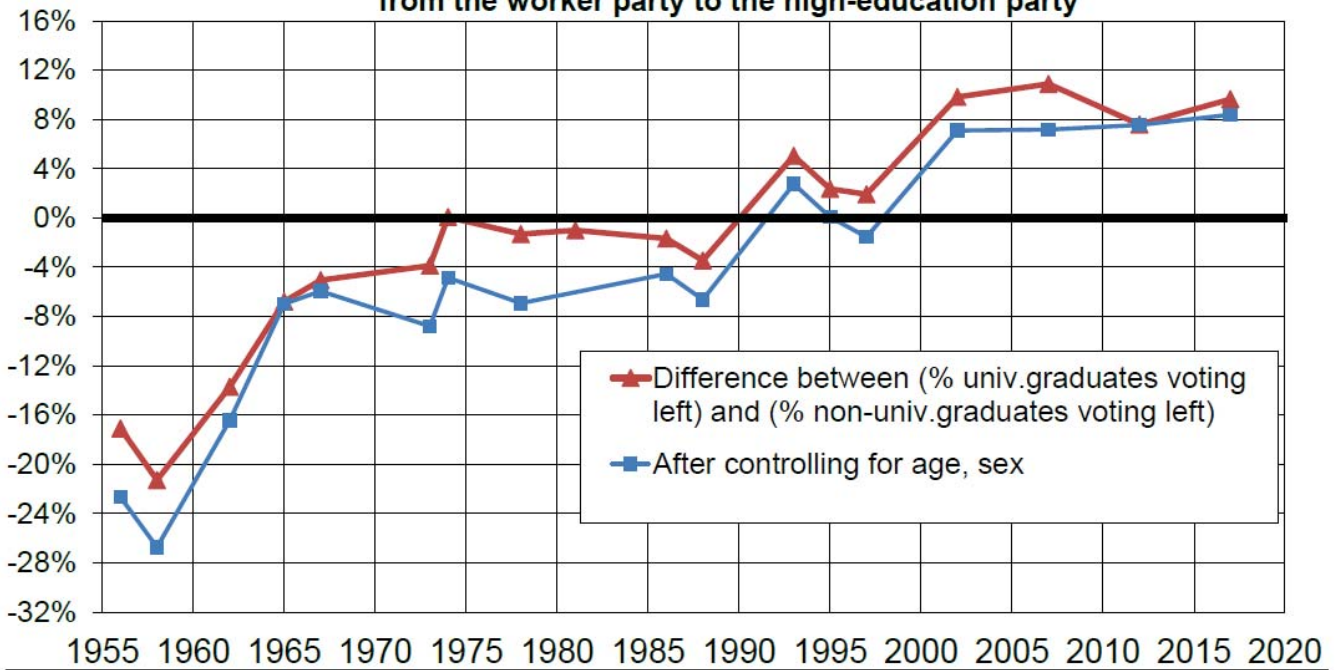
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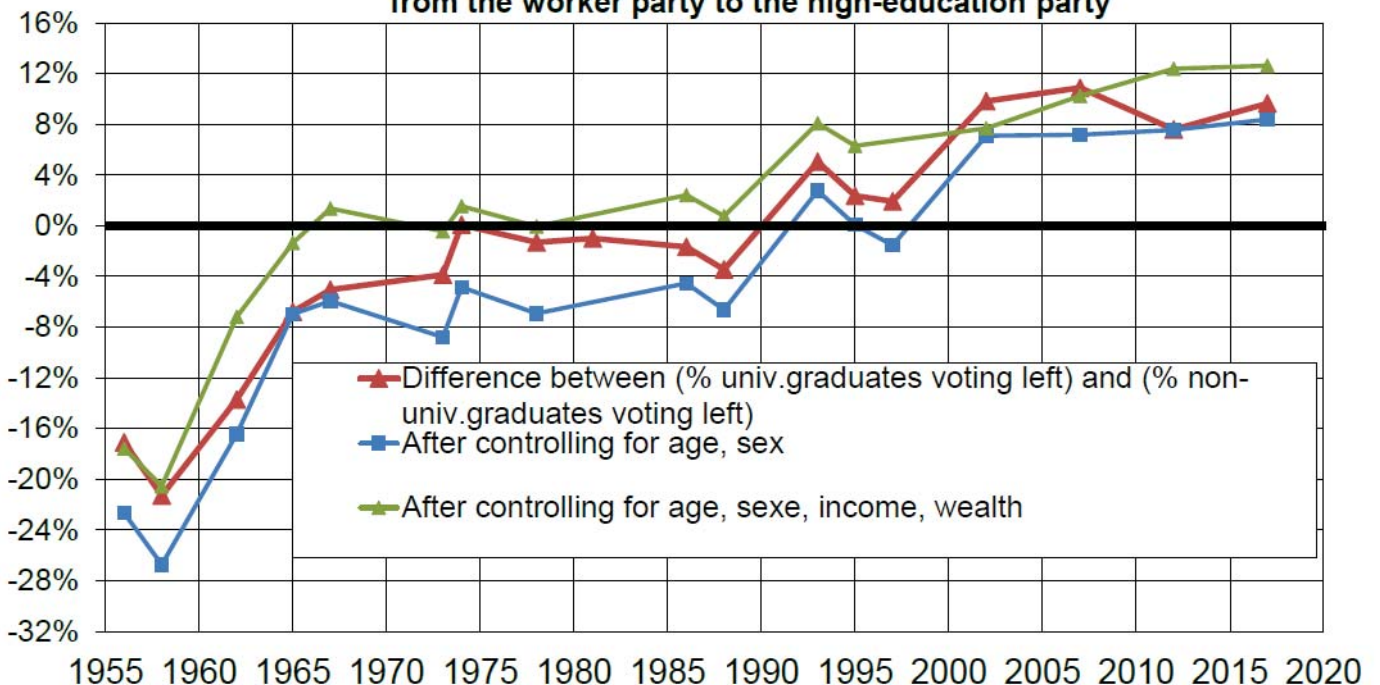
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**Left-wing vote in France, 1956-2017:
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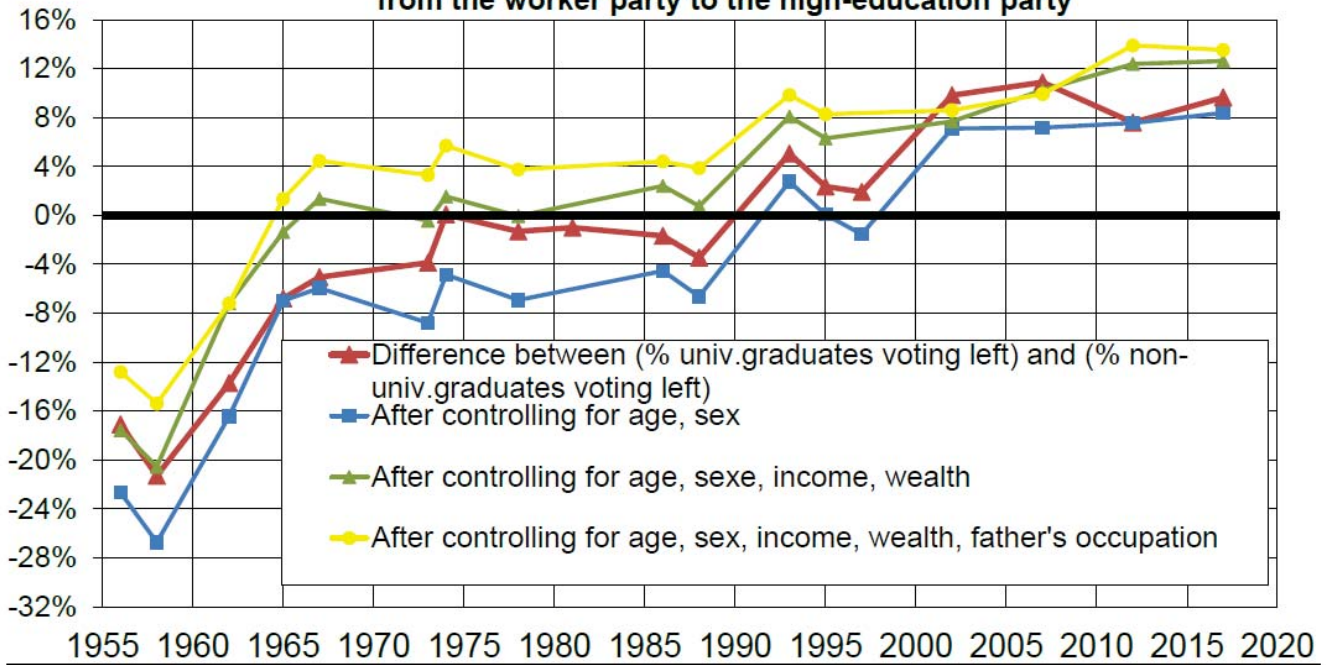
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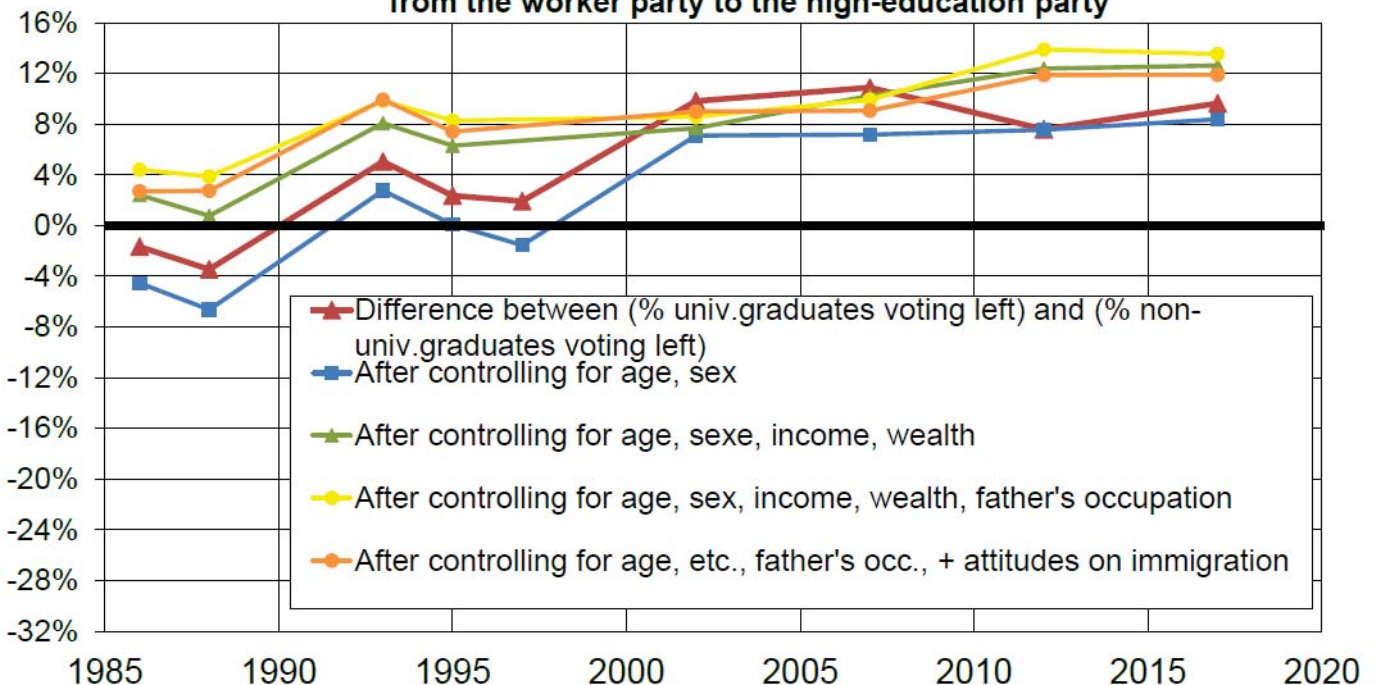
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from the worker party to the high-education party**



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**Left-wing vote in France, 1986-2017:
from the worker party to the high-education party**



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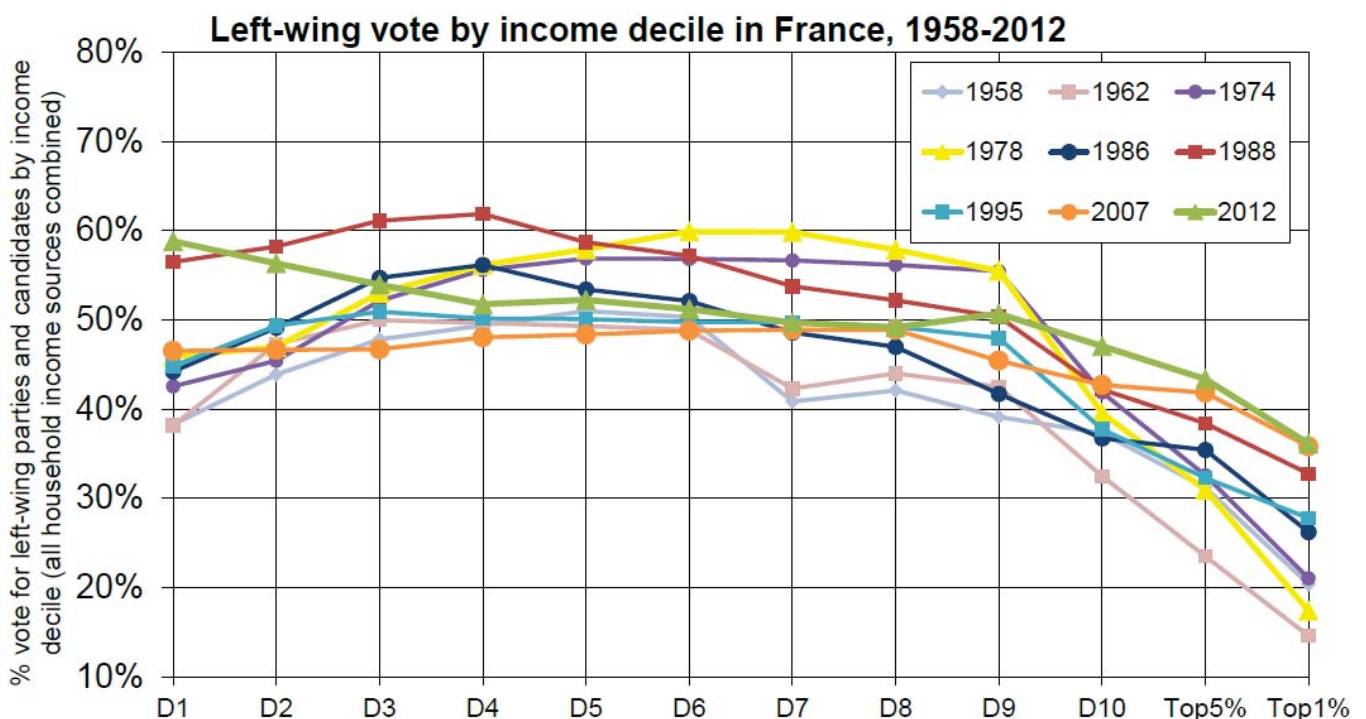
- I now present changing voting patterns by **income and wealth deciles**

- The income-profile of left-vs-right vote has always been relatively flat within the bottom 90% (multiple compensating effects: young vs old, urban vs rural, self-employed vs wage-earners, public vs private etc.), but strongly downward-sloping at the level of top 10%

→ look at top 10% income vs bottom 90% income voting patterns

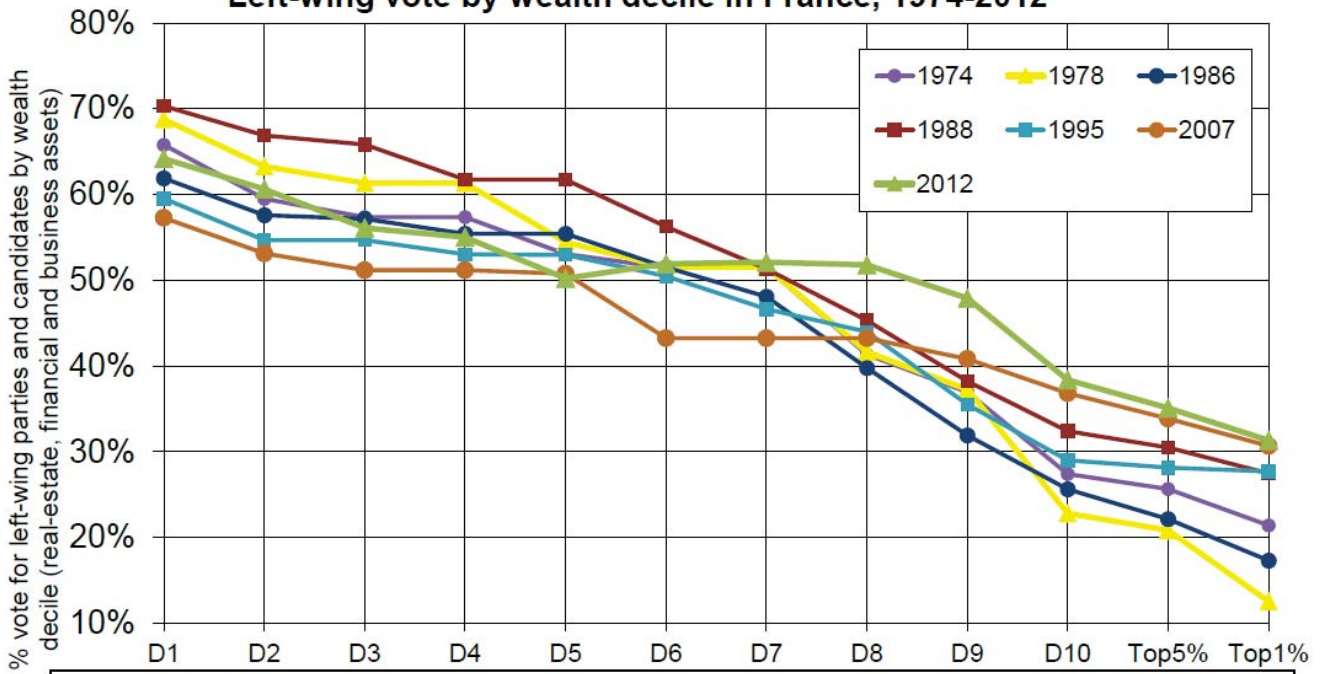
- The wealth-profile has always been much stronger than the income profile: inequality in property and wealth more important than inequality in income

→ look at top 10% wealth vs bottom 90% wealth voting patterns



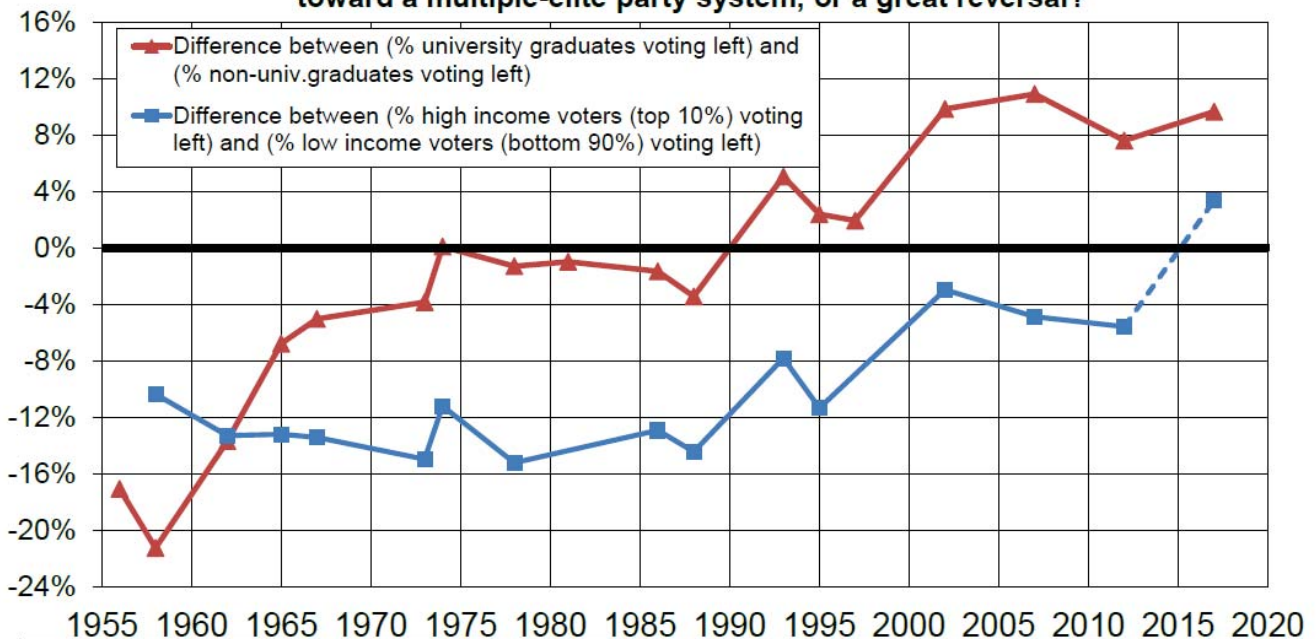
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Left-wing vote by wealth decile in France, 1974-2012



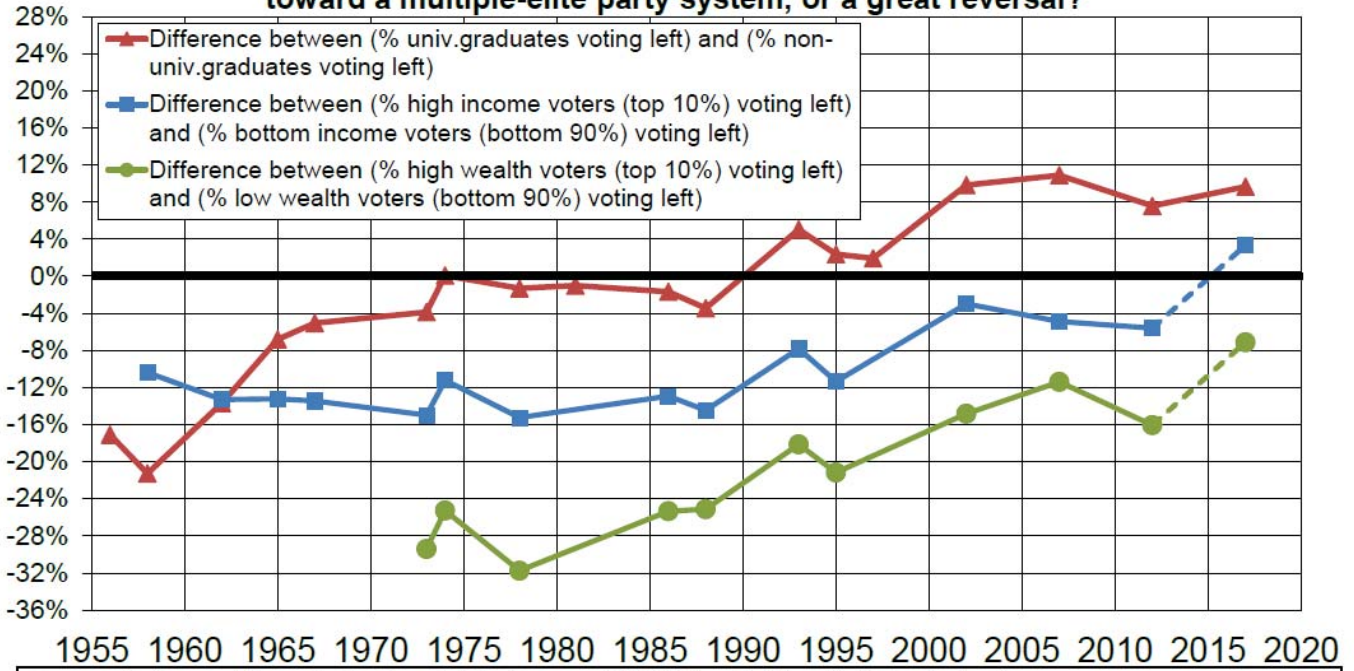
Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: in 1978, left-wing parties (PS, PCF, Rad., various left, greens, extr. left) obtain 69% of the vote among voters with bottom 10% wealth, 23% of the vote among voters with top 10% wealth, and 13% among top 1% wealth holders. Generally speaking, the profile of left-wing vote by wealth percentile is strongly declining, all along the distribution, especially at the beginning of the period.

Political conflict in France, 1956-2017: toward a multiple-elite party system, or a great reversal?



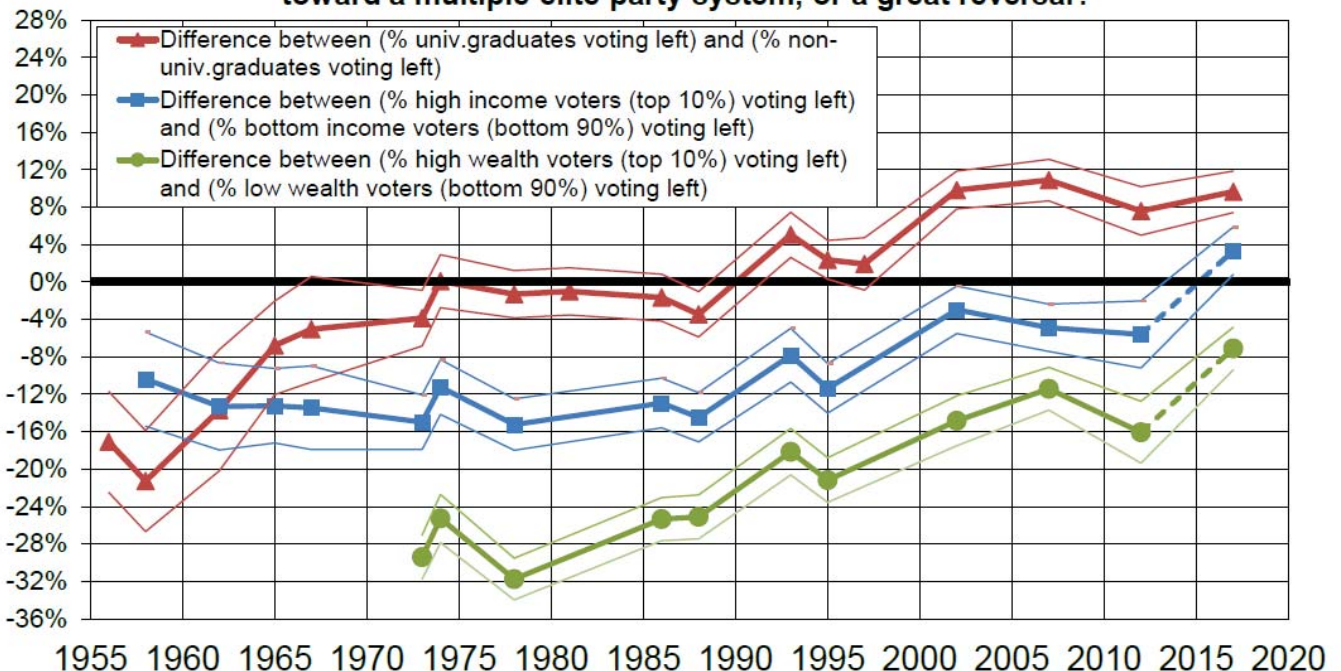
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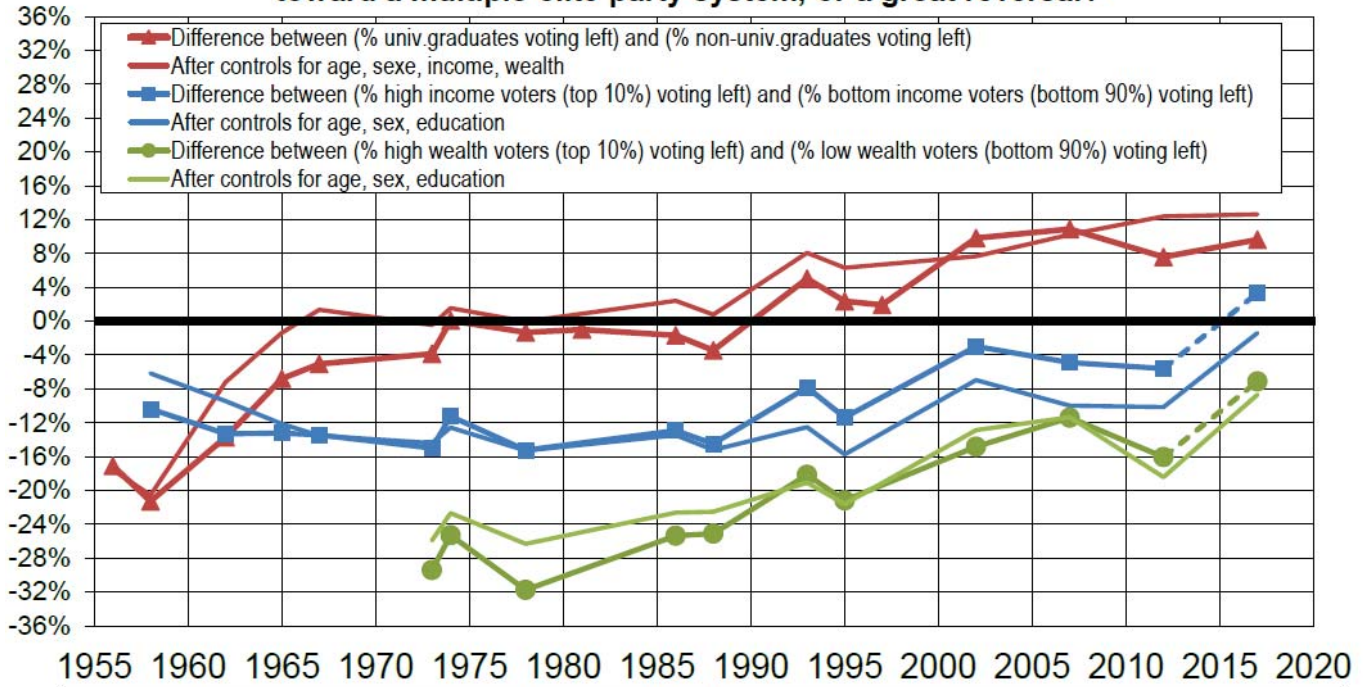
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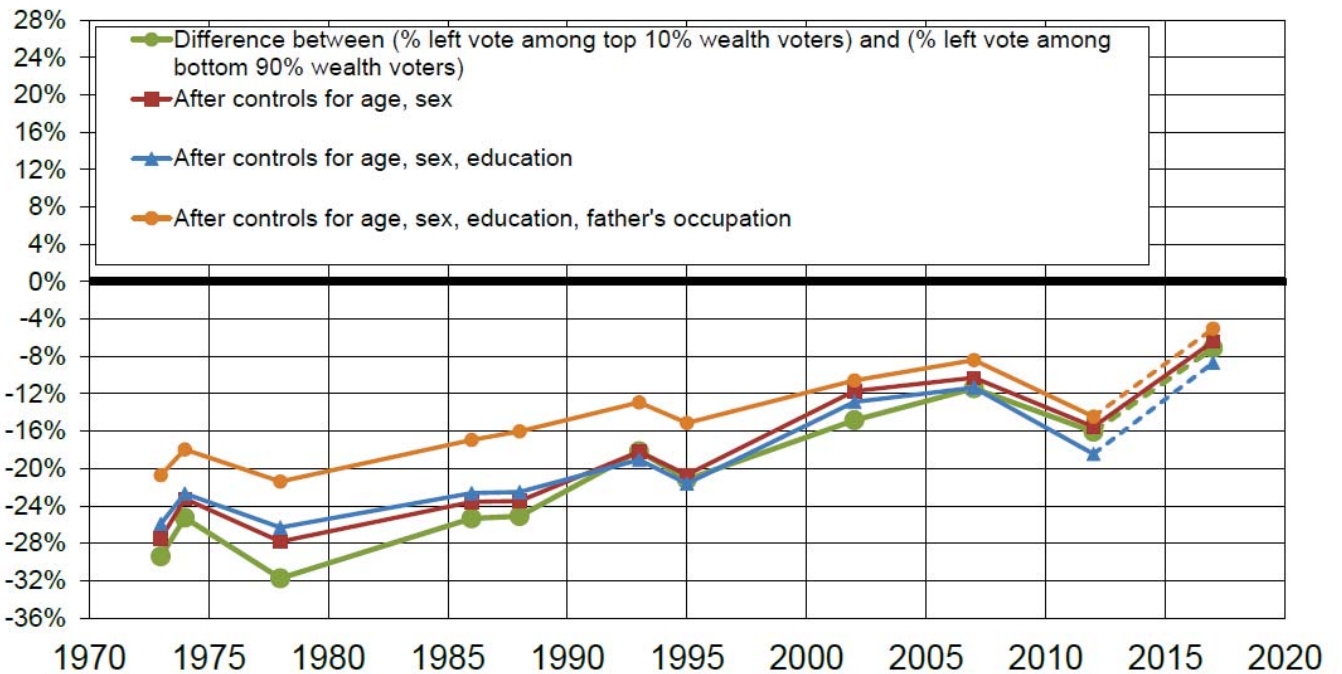
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Reading: fine lines indicate confidence intervals at 90% level.

Political conflict in France, 1956-2017: toward a multiple-elite party system, or a great reversal?



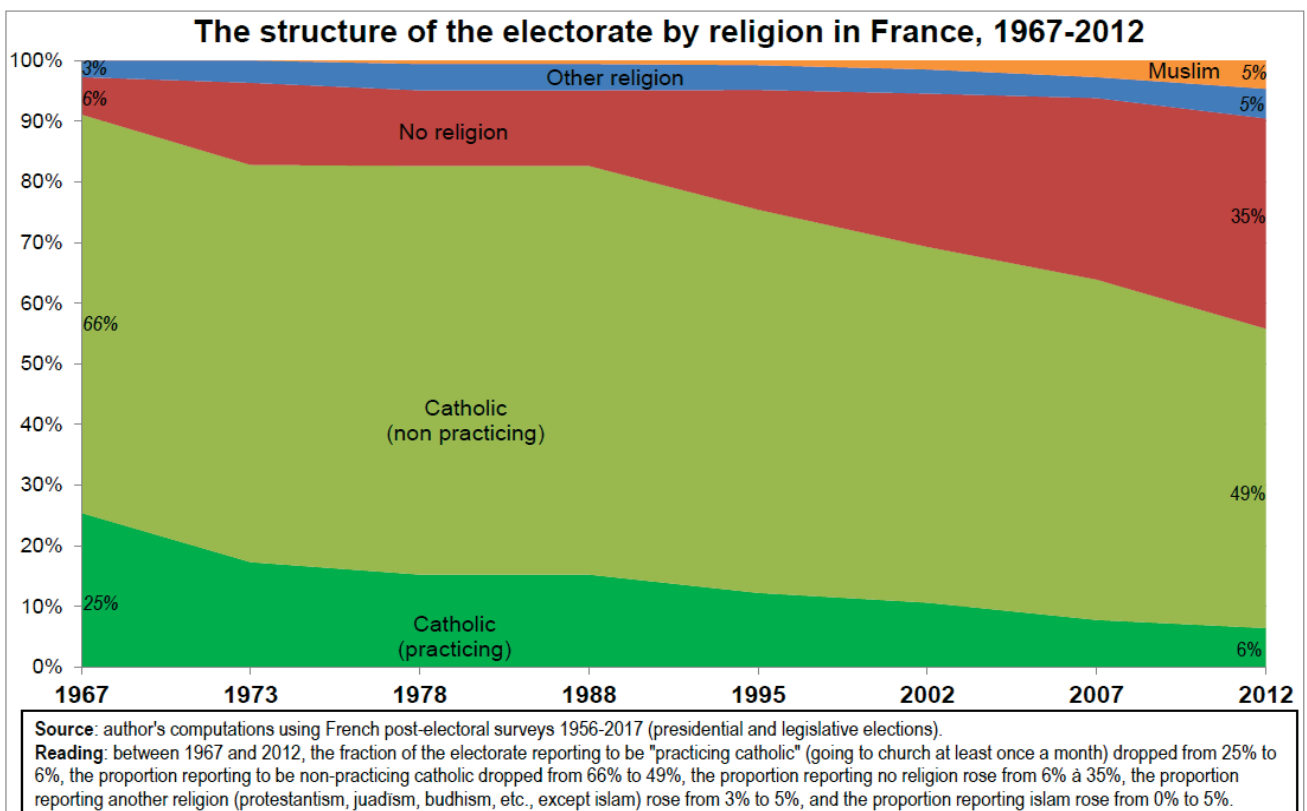
Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
 Reading: controls reinforce the "multiple-elite" (education vs wealth) party system interpretation.

High-wealth vote in France, 1956-2017: before and after controls

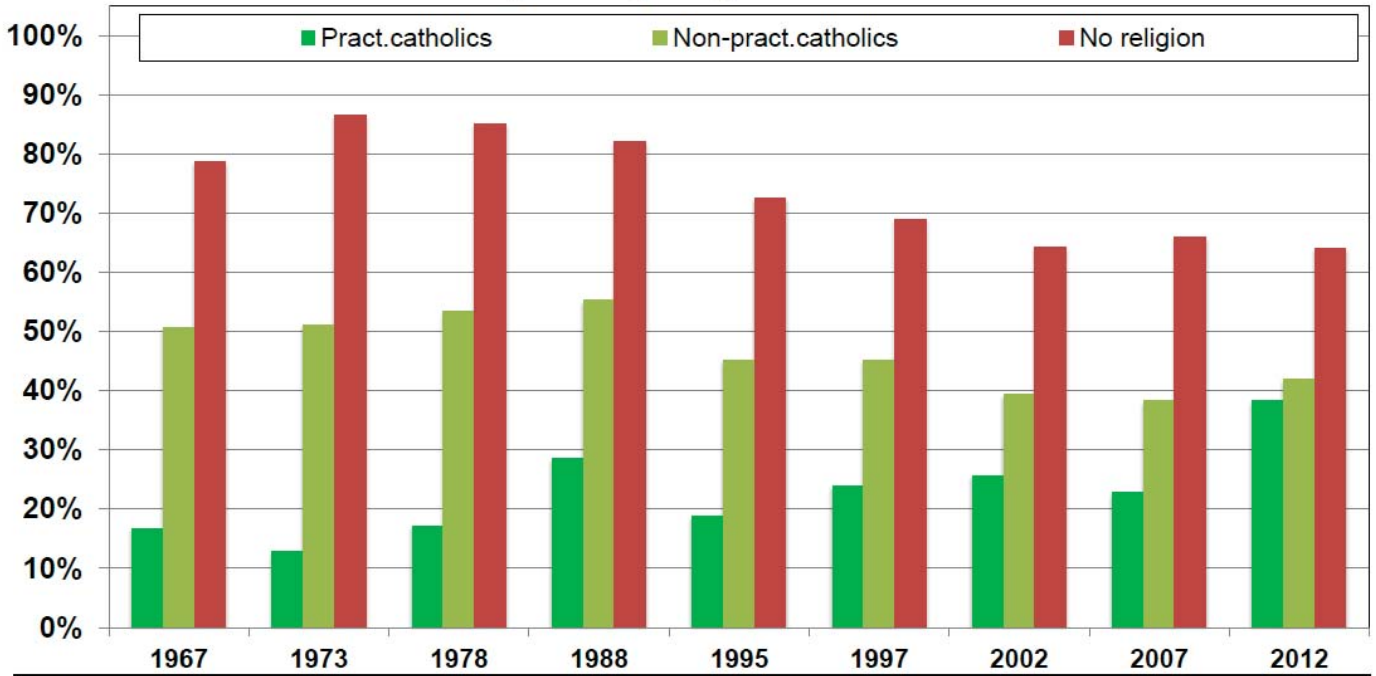


Source: author's computations using post-electoral surveys 1956-2017 (presidential and legislative elections)
 Reading: controls slightly modify the wealth effect.

- I now present results on voting patterns by **religion/foreign origins**
- One common interpretation of the reversal of the education cleavage is the rise of globalisation/universalism/immigration: low-education felt abandoned by left-democratic parties and threatened by competition with foreign countries/workers
- This will also make the transition to the US case: relatively new for Europe, not for the US



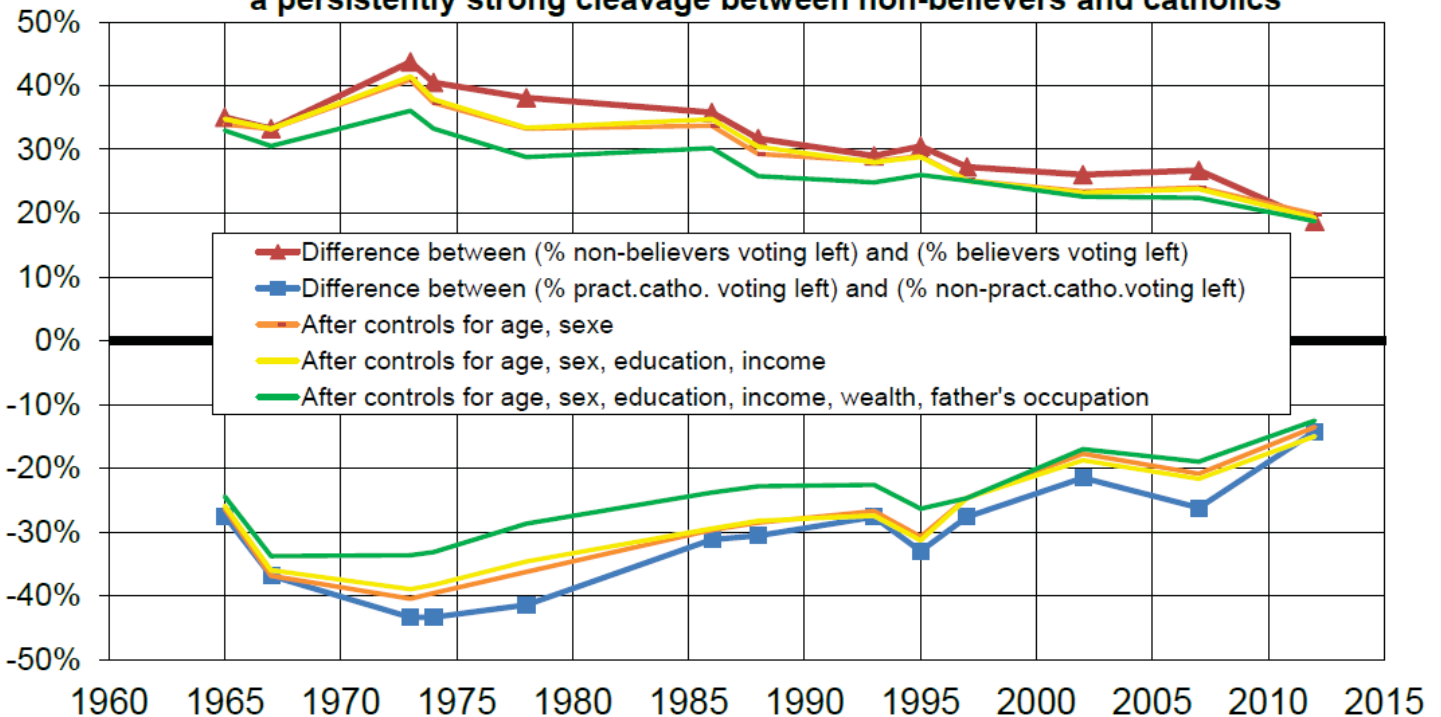
Left-wing vote by religion in France 1973-2012



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

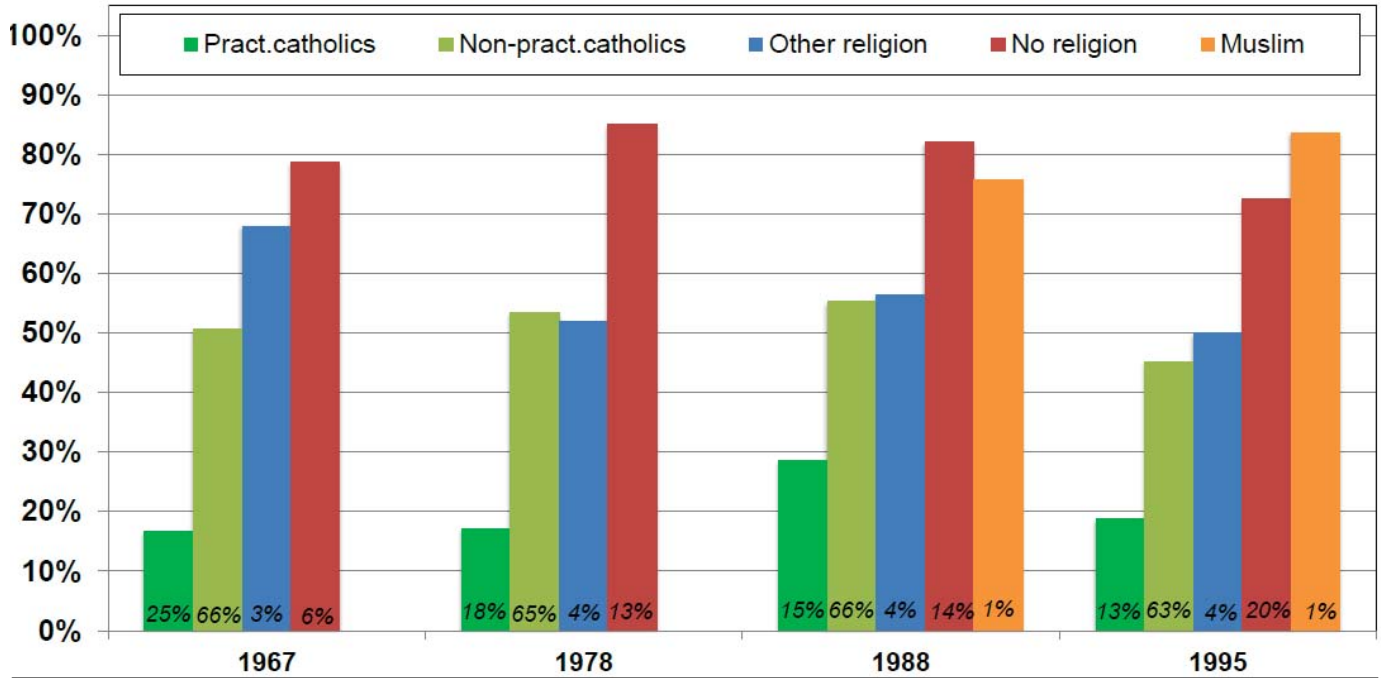
Reading: in 2012, the left-wing candidate (Hollande) obtains 38% of the vote among voters reporting to be practicing catholics (going to church at least once a month), 42% among non-practicing catholics (less than once a month), and 64% among voters with no religion.

Political conflict in France, 1956-2017: a persistently strong cleavage between non-believers and catholics



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

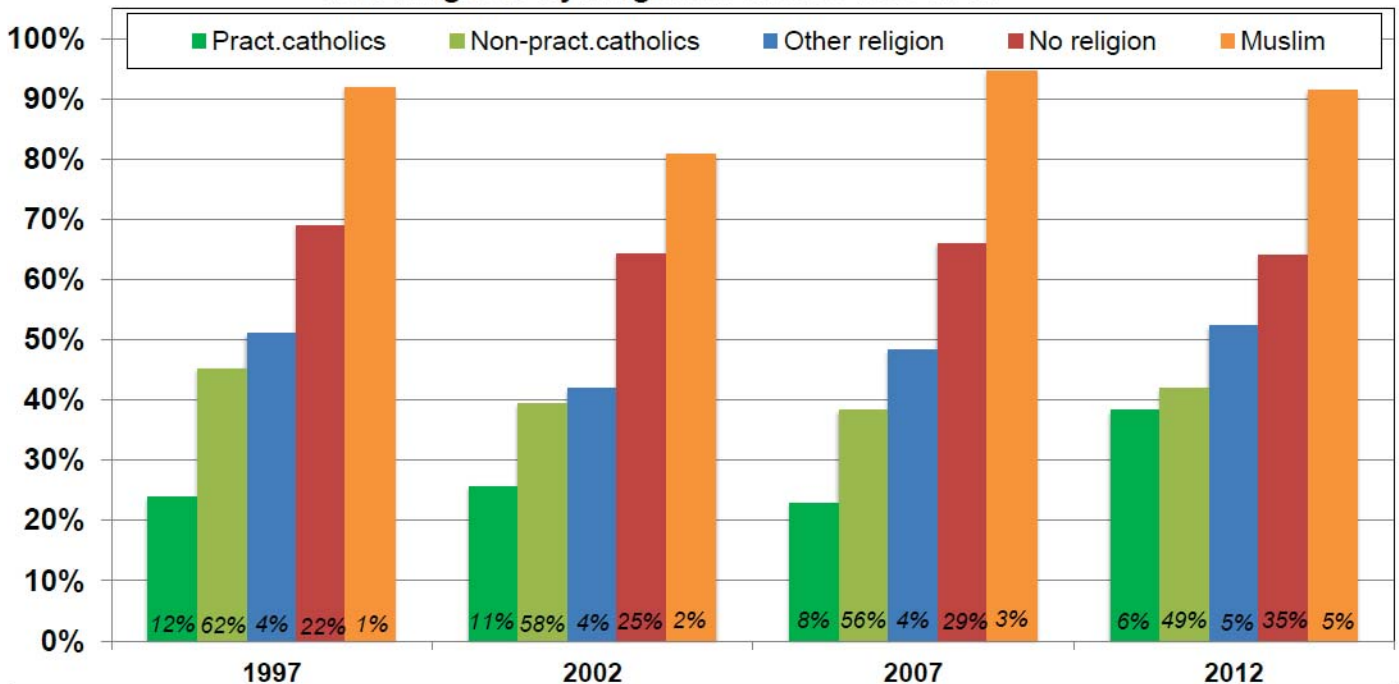
Left-wing vote by religion in France 1973-2012: the role of Islam



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

Reading: in 1995, left-wing parties (PS, PCF, Rad., etc.) obtain 19% of the vote among practicing catholics (at least once a month), 45% among non-practicing catholics, 50% among voters reporting another religion (protestantism, judaism, buddhism, etc., except islam), 73% among voters with no religion and 84% among muslims. Islam is classified with "other religion" in 1973-1978.

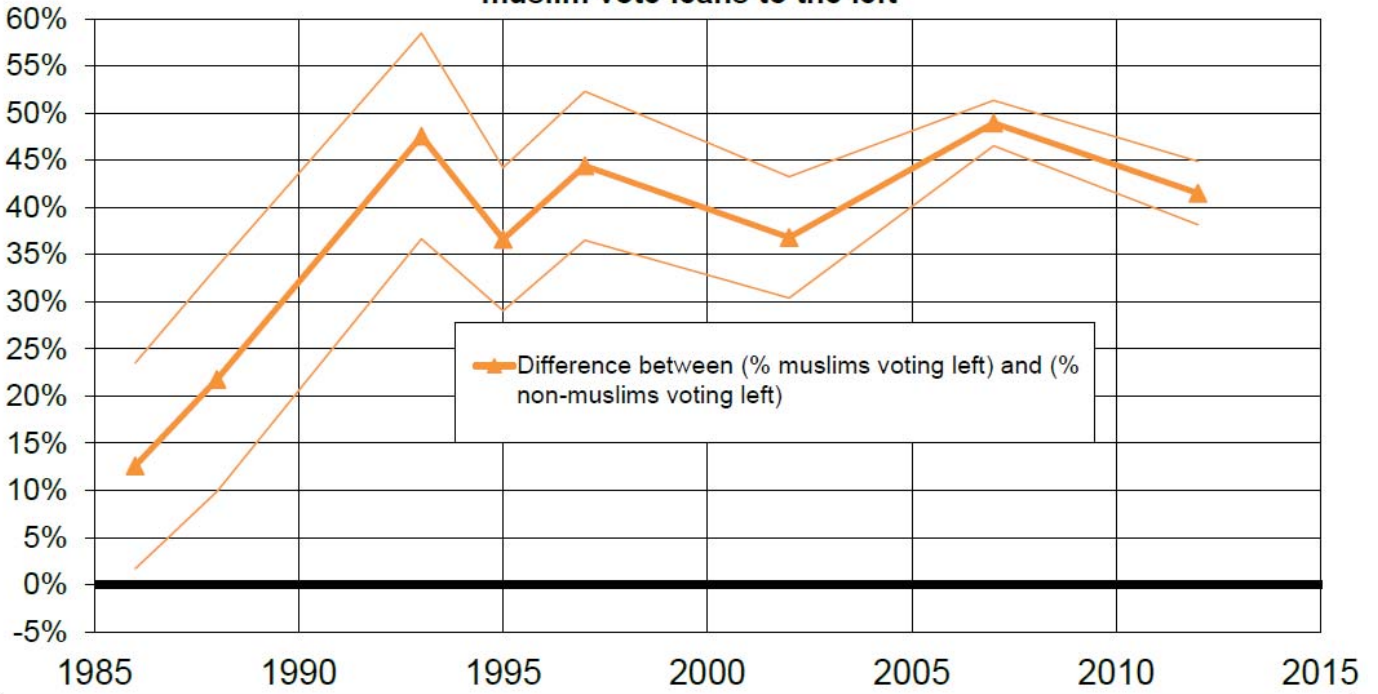
Left-wing vote by religion in France 1973-2012



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

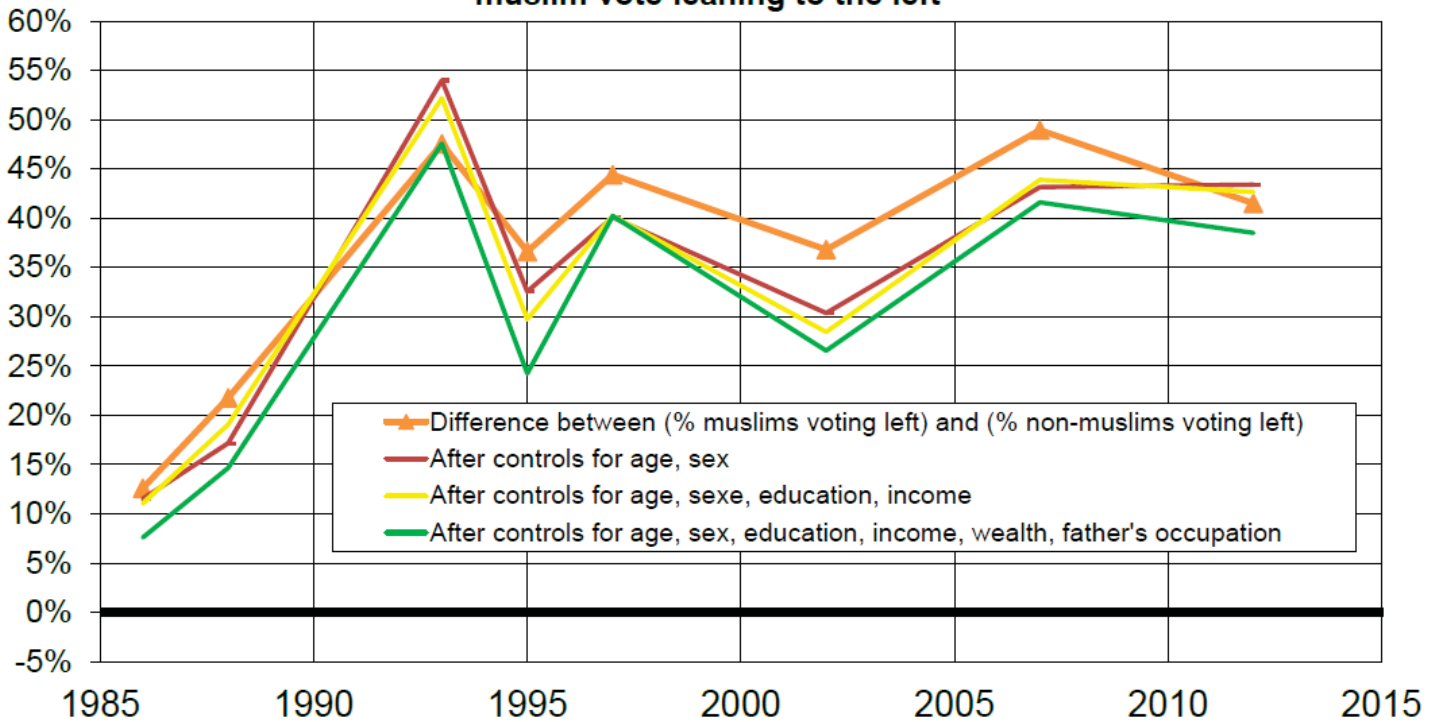
Reading: in 2012, the left-wing candidate (Hollande) obtains 38% of the vote among practicing catholics (at least once a month), 42% among non-practicing catholics, 52% among voters reporting another religion (protestantism, judaism, buddhism, etc., except islam), 64% among voters with no religion and 91% among muslims. Islam is classified with "other religion" in 1973-1978.

**Political conflict in France, 1986-2012:
muslim vote leans to the left**



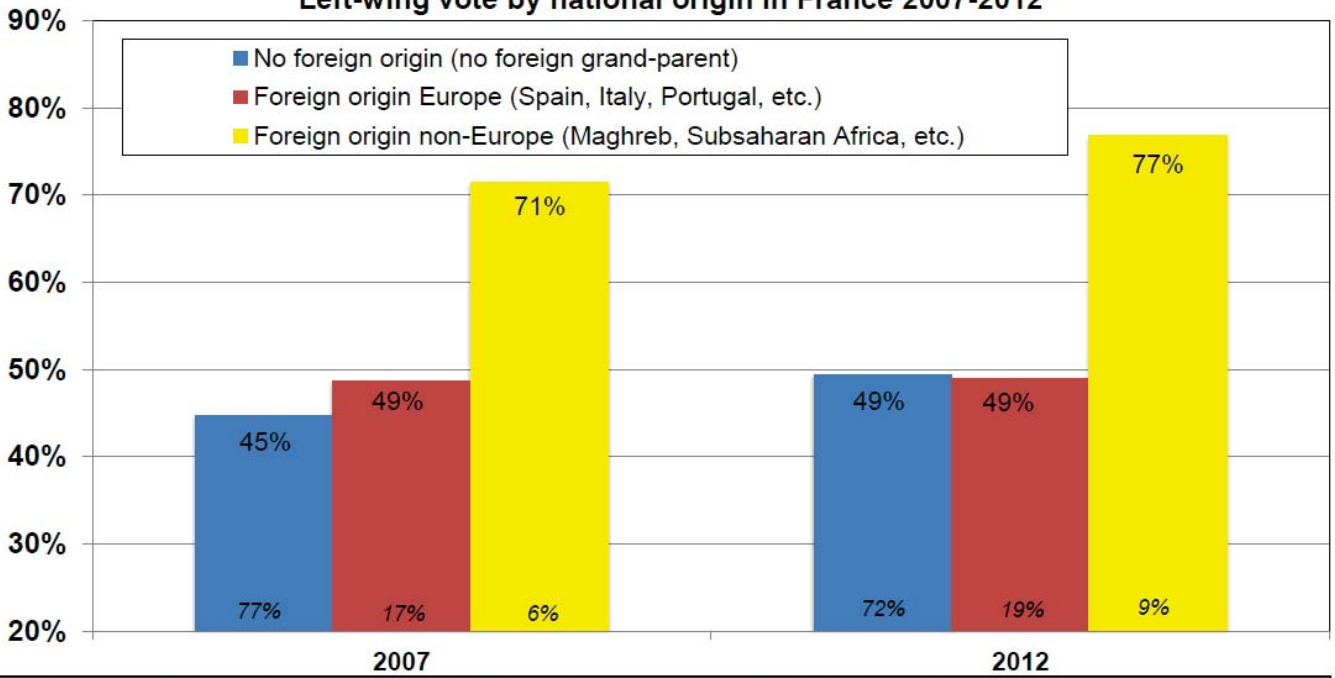
Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

**Political conflict in France, 1986-2012:
muslim vote leaning to the left**



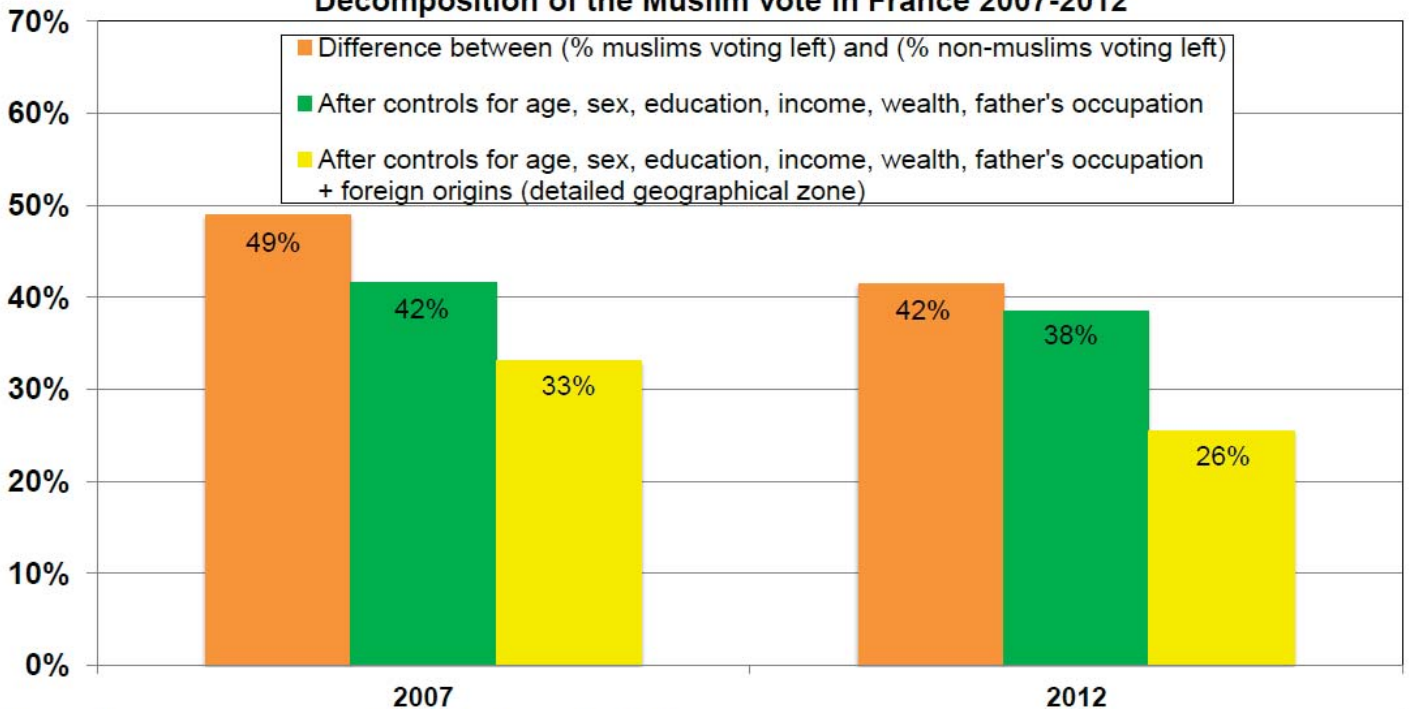
Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)

Left-wing vote by national origin in France 2007-2012



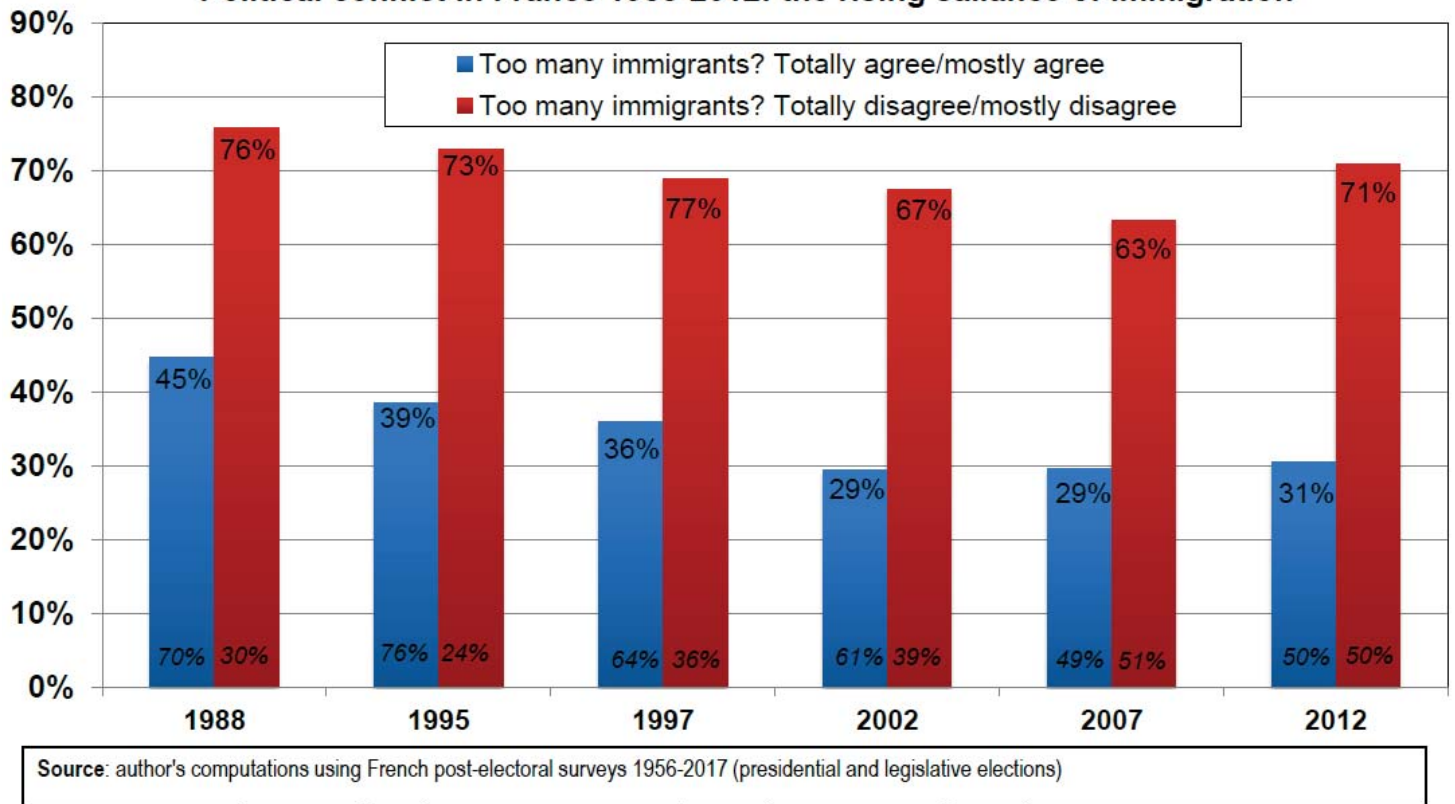
Source: author's computation using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: in 2012, the left-wing candidate (Hollande) obtained 49% of the vote among voters with no foreign origin (no foreign grand-parent), 49% of the vote among voters with European foreign origins (in practice mostly Spain, Italy, Portugal, etc.), and 77% of the vote among voters with extra-European foreign origins (in practice mostly Maghreb and sub-Saharan Africa).

Decomposition of the Muslim vote in France 2007-2012



Source: author's computations using French post-electoral surveys 1956-2017
Reading: in 2012, the left-wing candidate (Hollande) obtained a score among muslim voters that was 42 points higher than among non-muslim voters; this gap falls to 38 points after controls for age, sex, education, income, wealth, father's occupation, and 26 points if we add controls for foreign origins (broken down by detailed geographical zone: Italy, Spain, Portugal, other Europe, North Africa, Sub-Saharan Africa, Asia, other non Europe).

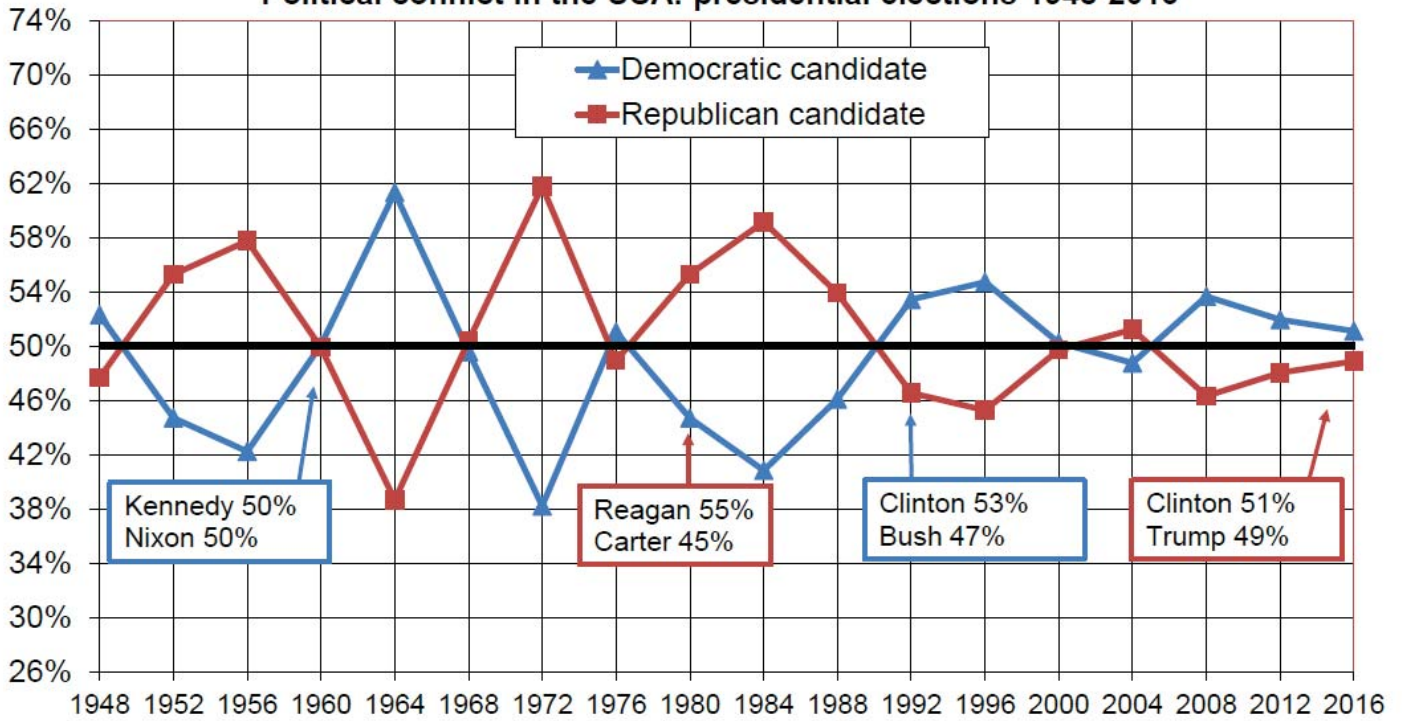
Political conflict in France 1988-2012: the rising salience of immigration



2. Evidence from US

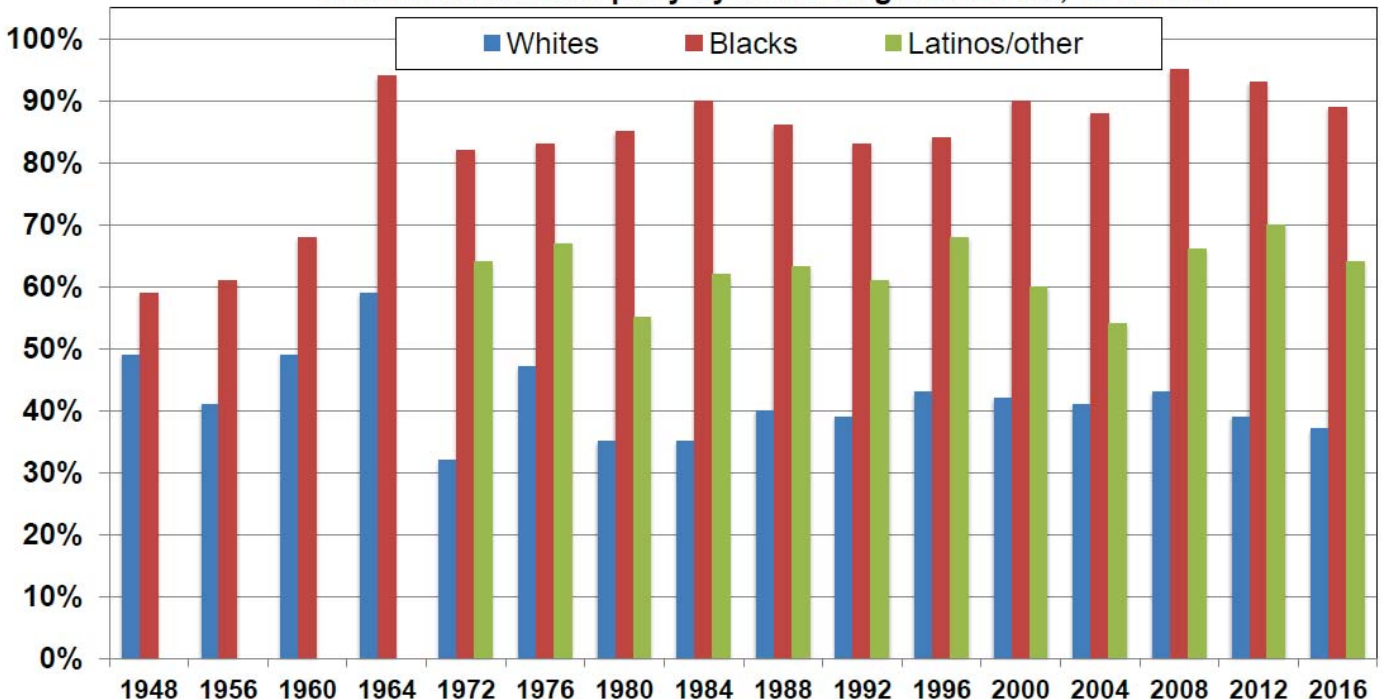
- Long tradition of post-electoral surveys: 1948-2016 biannual survey ANES series; homogenous micro-files; limited sample size (4000 obs/survey in recent years, but 1000-2000/survey for most of the series)
- 1972-2016 post-electoral surveys organized by media consortium (distributed by Roper): much bigger sample size (20-50000 obs/survey), but much smaller number of questions and income brackets
- Unfortunately US surveys usually do not ask questions on wealth
- I start by presenting results on changing voting patterns by **race**, then move to **education**, then **income**, so as to compare multiple-elite result with France

Political conflict in the USA: presidential elections 1948-2016



Percentage of popular vote obtained by democratic and presidential candidates in US presidential elections 1948-2016 (excluding other candidates).

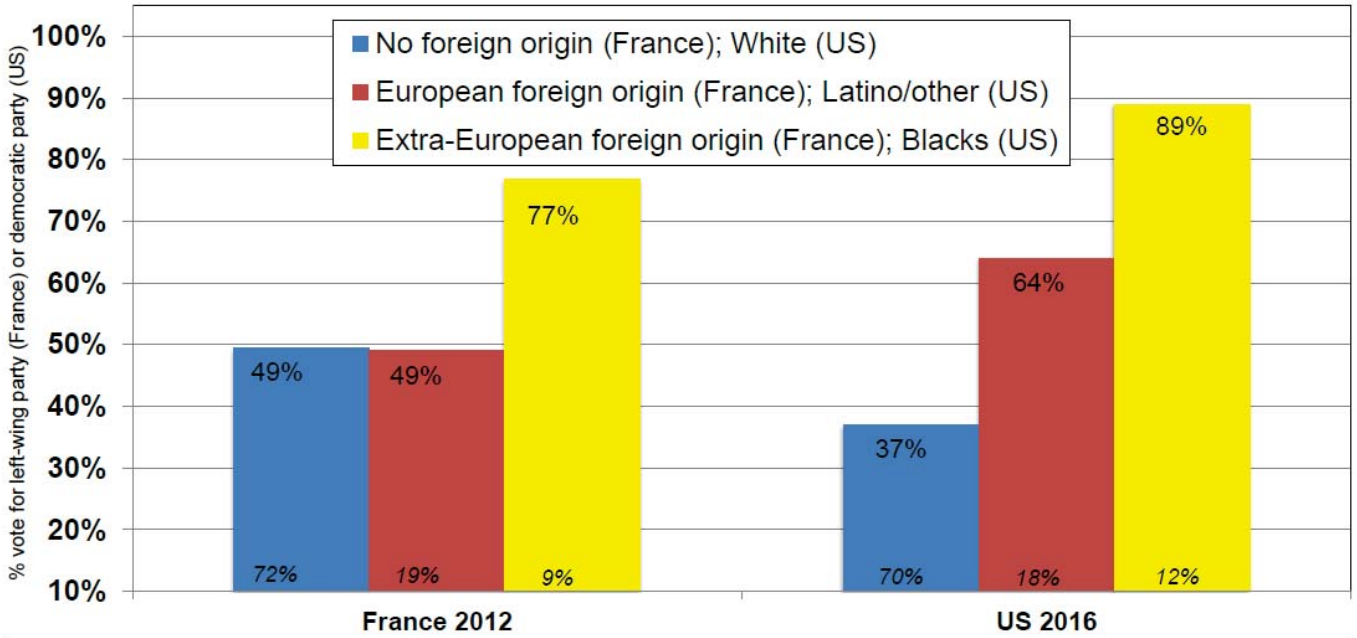
Vote for democratic party by ethnic origin in the US, 1948-2016



Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections)

Reading: in 2016, the democratic party candidate (Clinton) obtains 37% of the vote among white voters, 89% of the vote among black voters and 64% of the vote among latino and other voters.

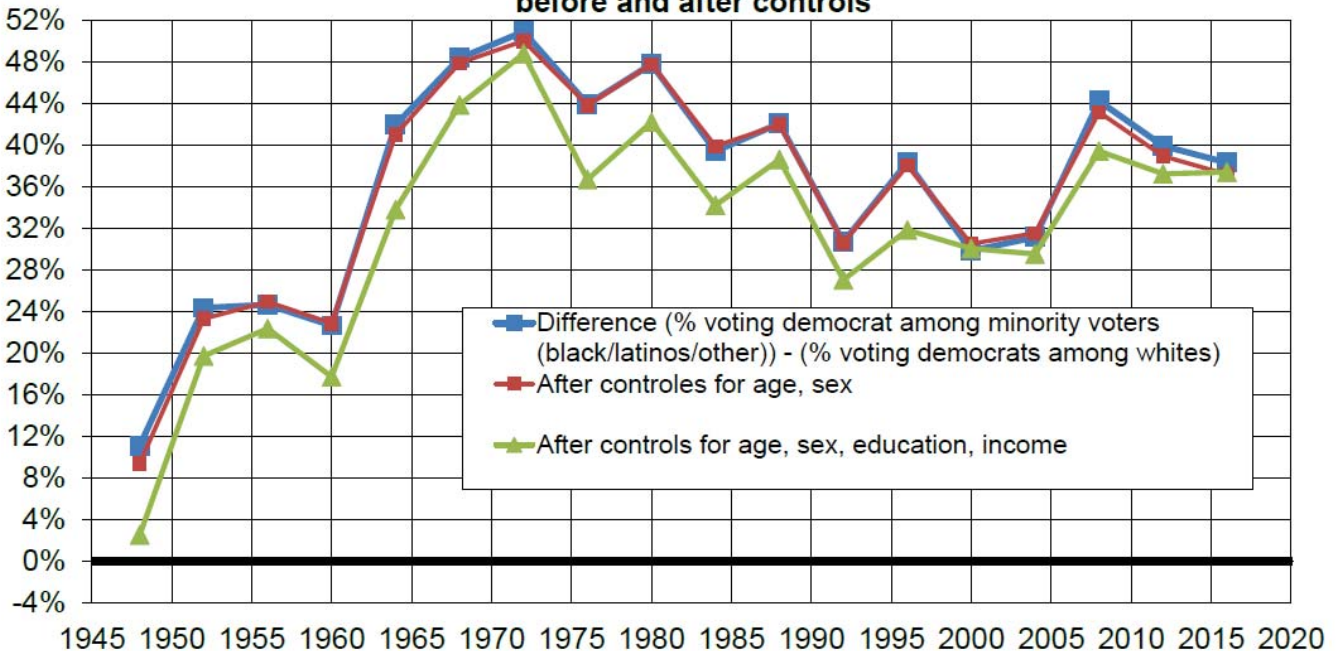
Political conflict and national-ethnic origins: France vs the US



Source: author's computation using French and US post-electoral surveys 1956-2017 (presidential and legislative elections)

Reading: in 2012, the French left-wing candidate (Hollande) obtained 49% of the vote among votes with no foreign origin (no foreign grand-parent), 49% of the vote among voters with European foreign origins (in practice mostly Spain, Italy, Portugal, etc.), and 77% of the vote among voters with extra-European foreign origins (in practice mostly Maghreb and sub-Saharan Africa). In 2016, the US democratic party candidate (Clinton) obtains 37% of the vote among white voters, 64% of the vote among Latino and other voters, and 89% of the vote among Black voters.

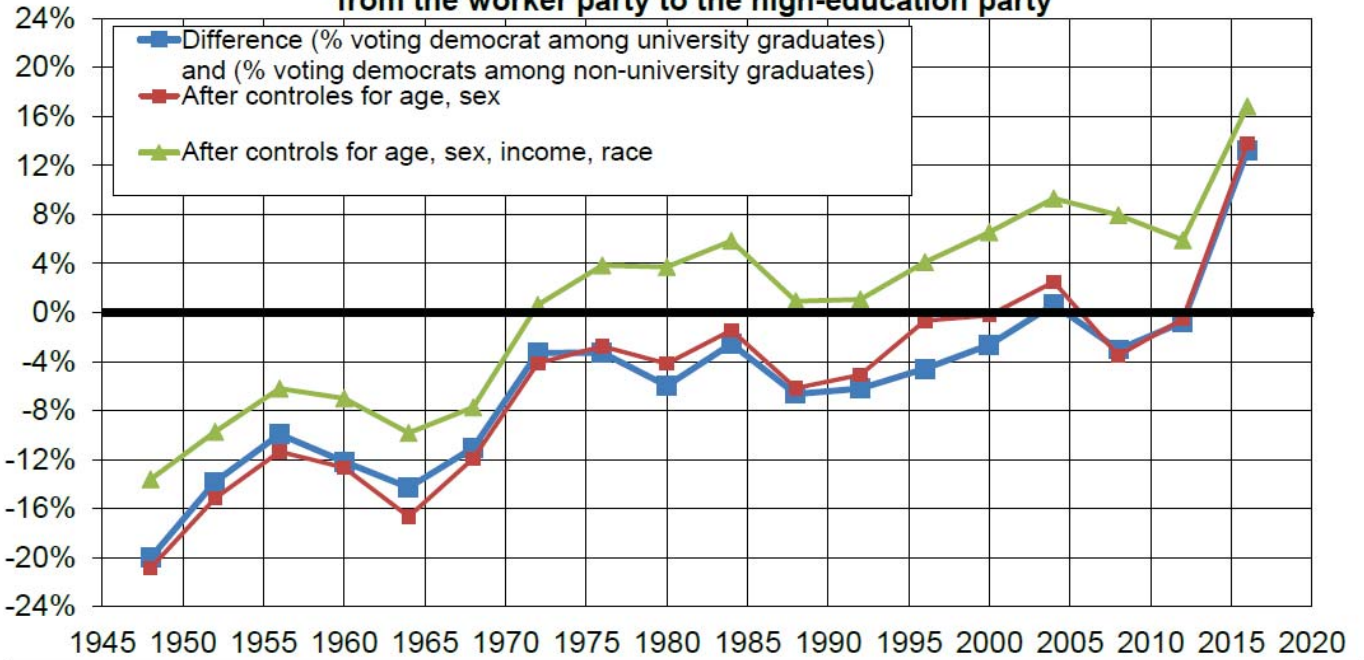
Minority vote in the US, 1948-2017: before and after controls



Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (ANES surveys)

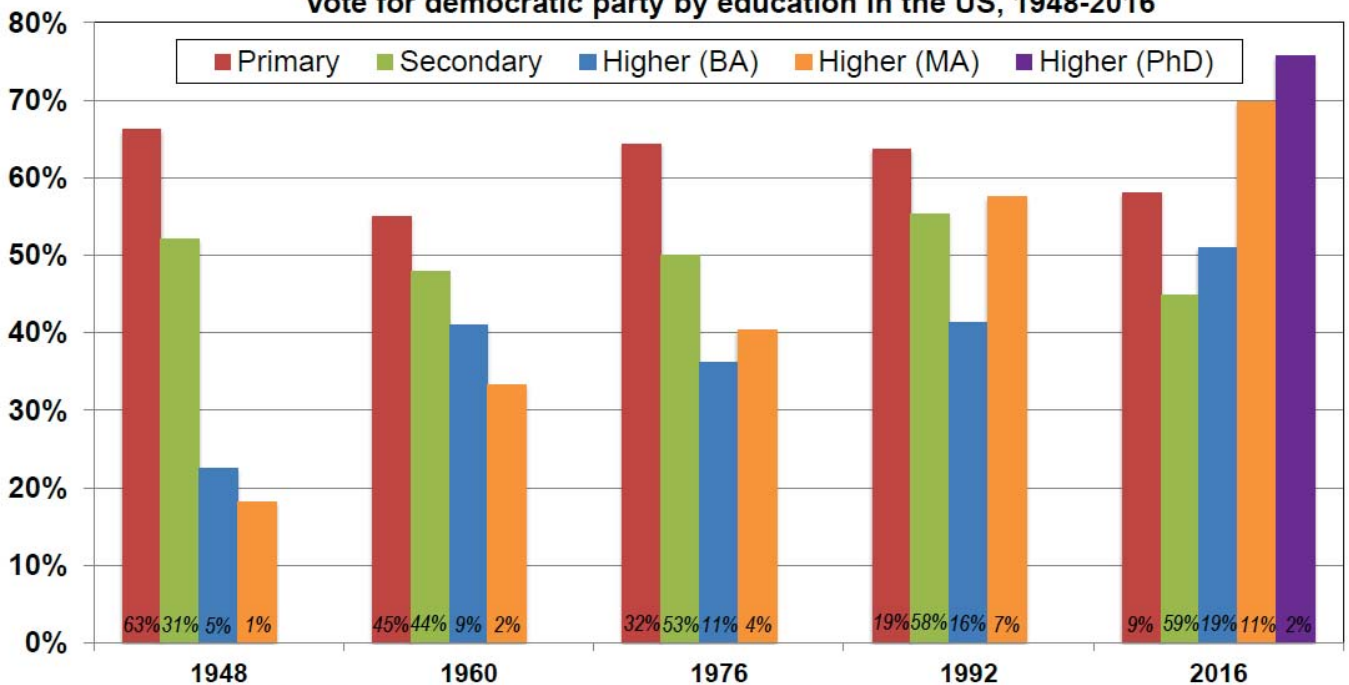
Reading: in 1948, the democratic candidate obtained a score that was 11 points higher among minority voters than among whites; in 2016, the democratic candidate obtained a score that was 39 points higher among minority voters.

Voting for the democratic party in the US, 1948-2017: from the worker party to the high-education party



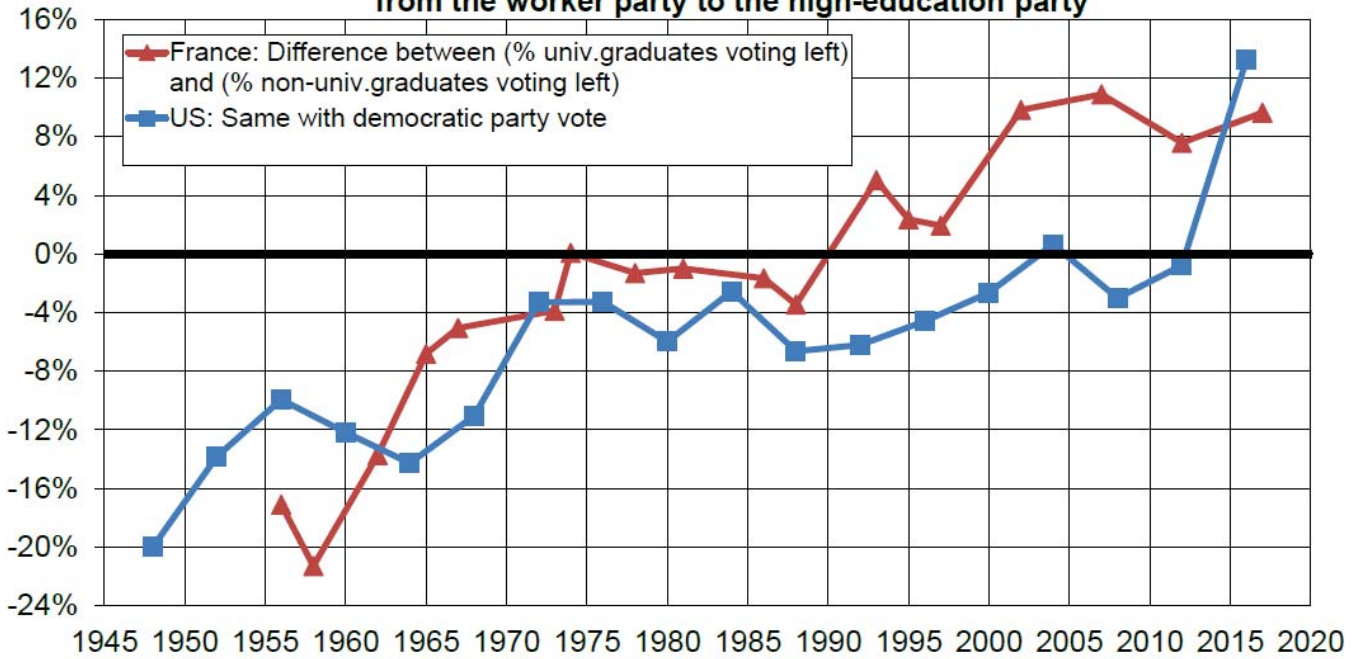
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (ANES surveys)
 Reading: in 1948, the democratic candidate obtained a score that was 17 points lower among university graduates than among non-university graduates; in 2016, the score of the democratic candidate is 13 points higher among university graduates.

Vote for democratic party by education in the US, 1948-2016



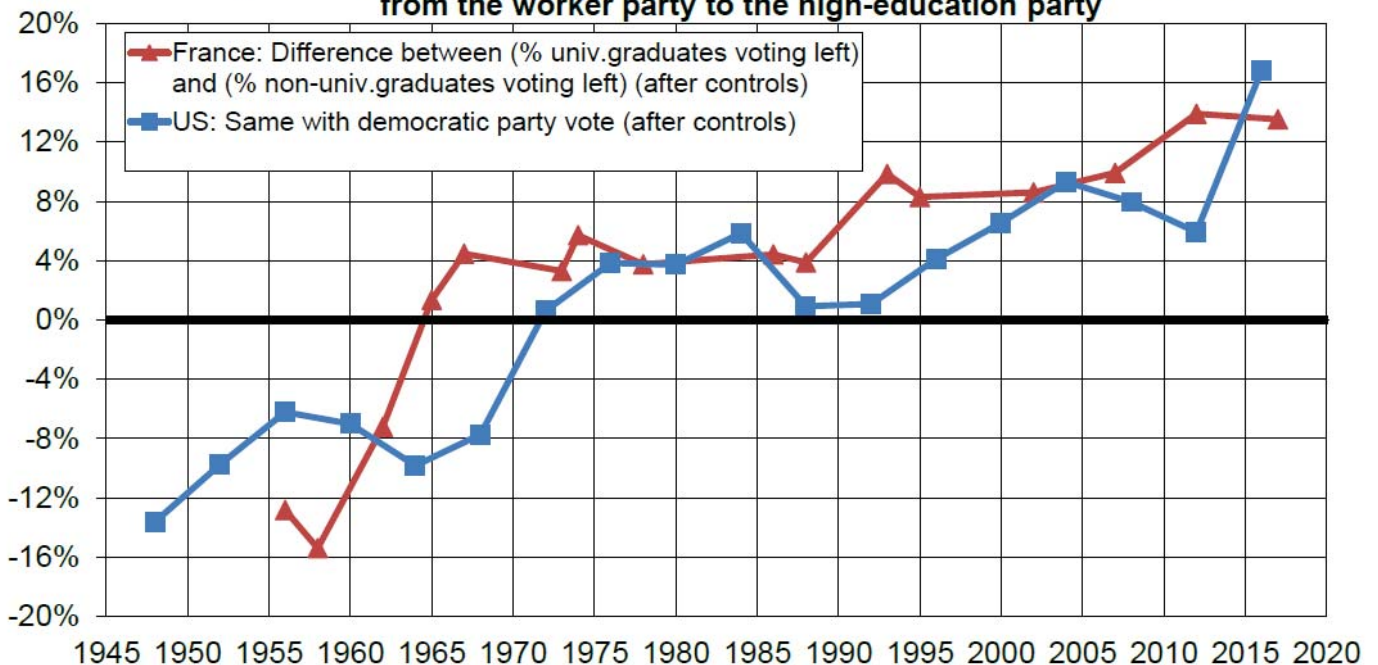
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections).
 Reading: in 2016, the democratic party candidate (Clinton) obtained 45% of the vote among high-school graduates and 75% among PhDs.
 Note: Voters classified by highest degree attained. Primary: voters with no high-school degree. Secondary: high-school degree but not bachelor degree. Higher (BA): bachelor degree. Higher (MA): advanced degree (master, law/medical school, etc.). Higher (PhD): PhD degree.

**Voting for left-wing & democratic parties in France and the US, 1948-2017:
from the worker party to the high-education party**



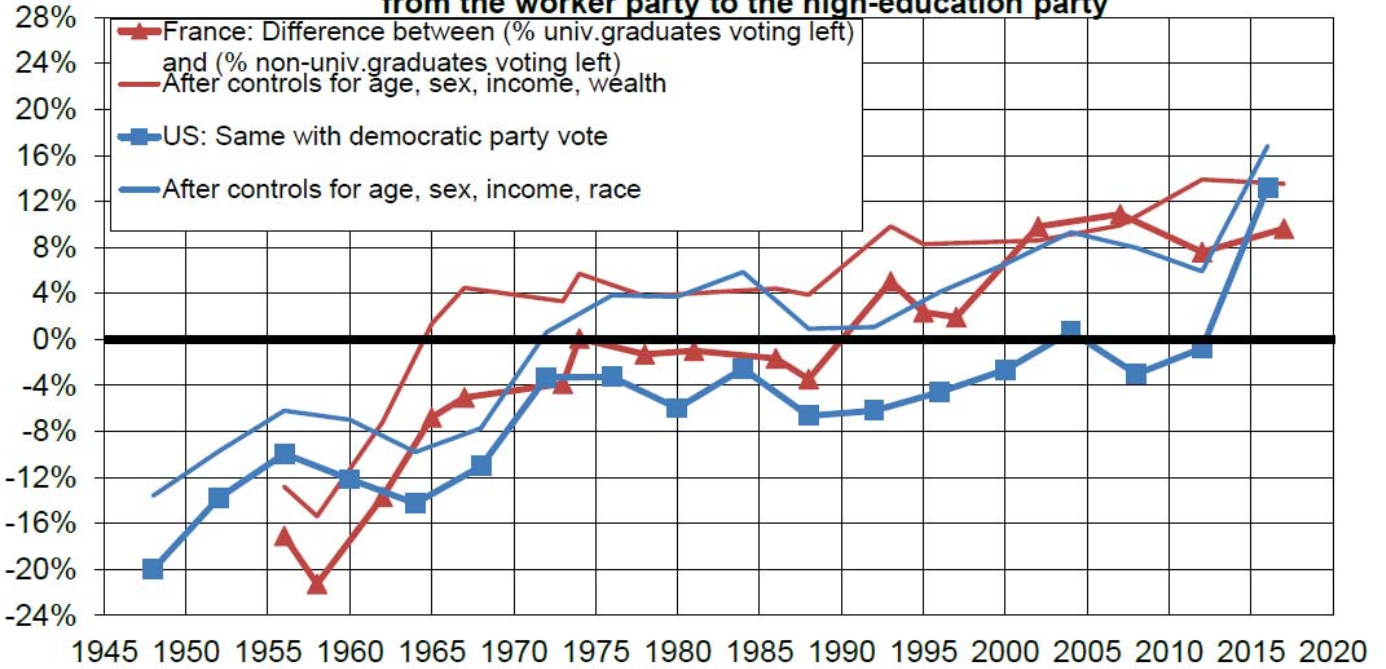
Source: author's computations using French and US post-electoral surveys 1948-2017 (presidential and legislative elections)
Reading: in 1956, left-wing parties (SFIO-PS, PC, Rad., green, extr.-left) obtain a score that is 17 points lower among university graduates than among non-university graduates in France; in 2012, their score is 9 points higher among university graduates. The evolution is similar for the democratic vote in the US.

**Voting for left-wing & democratic parties in France and the US, 1948-2017:
from the worker party to the high-education party**



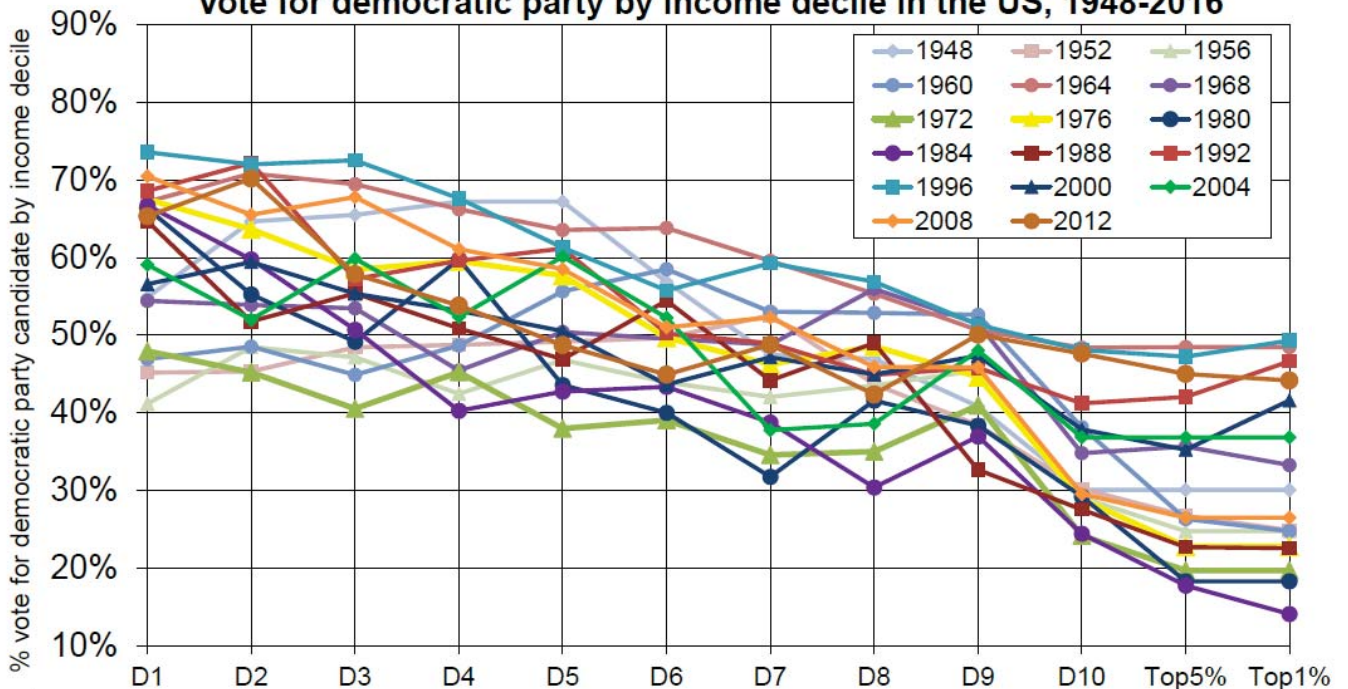
Source: author's computations using French and US post-electoral surveys 1948-2017 (presidential and legislative elections)
Reading: in 1956, left-wing parties (SFIO-PS, PC, Rad., green, extr.-left) obtain a score that is 14 points lower among university graduates than among non-university graduates in France; in 2012, their score is 13 points higher among university graduates (after controls for age, sex, income, wealth, father's occupation). The evolution is similar for the democratic vote in the US.

Voting for left-wing & democratic parties in France and the US, 1948-2017: from the worker party to the high-education party



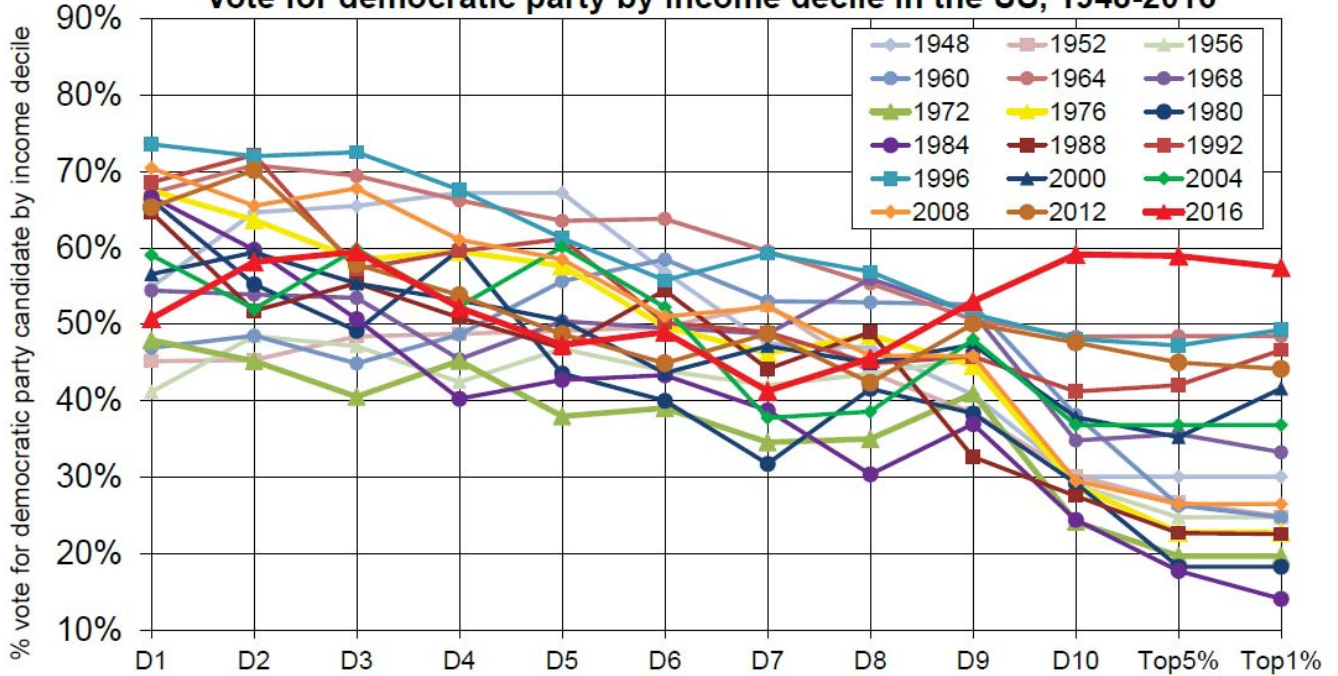
Source: author's computations using French and US post-electoral surveys 1948-2017 (presidential and legislative elections)
Reading: in 1956, left-wing parties (SFIO-PS, PC, Rad., green, extr.-left) obtain a score that is 17 points lower among university graduates than among non-university graduates in France; in 2012, their score is 9 points higher among university graduates. The evolution is similar for the democratic vote in the US.

Vote for democratic party by income decile in the US, 1948-2016



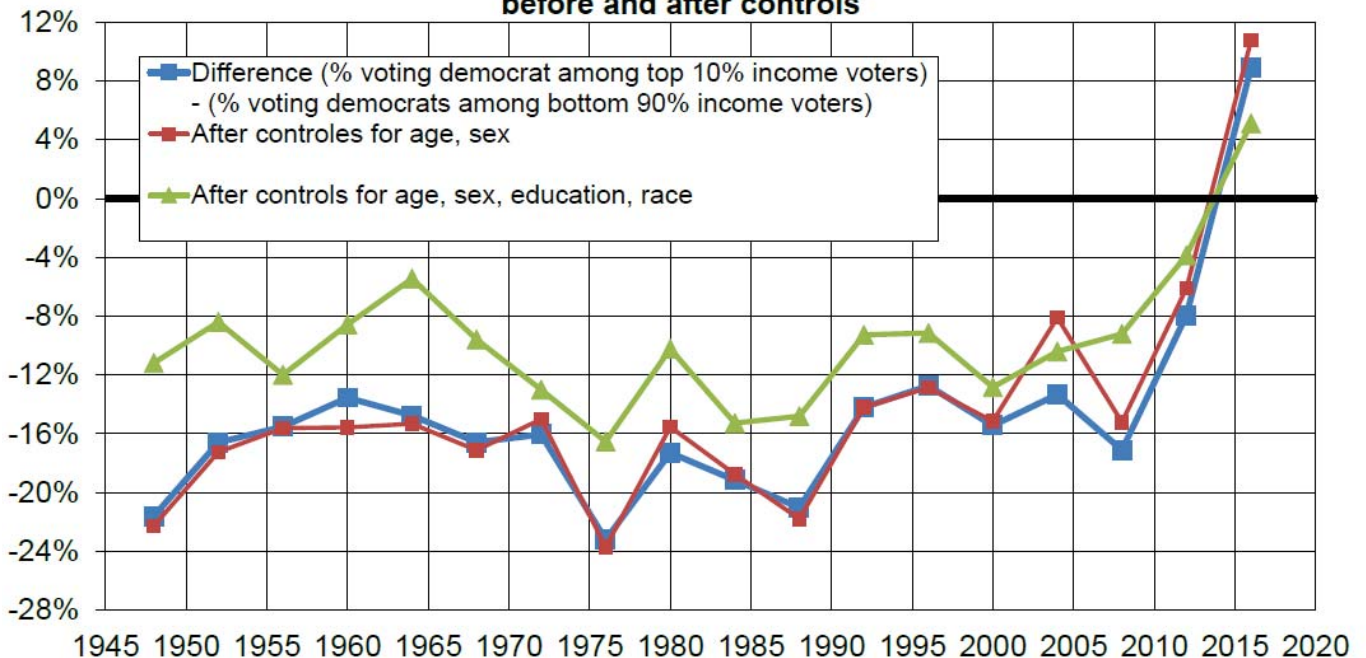
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (Anes surveys, current election)
Reading: the profile of voting for the democratic party candidate by income percentile is generally downward sloping, especially at the level of the top 10%, and particularly at the beginning of the period (from the 1950s to the 1980s). Since the early 1990s, the profile of the vote at the top is relatively flat.

Vote for democratic party by income decile in the US, 1948-2016



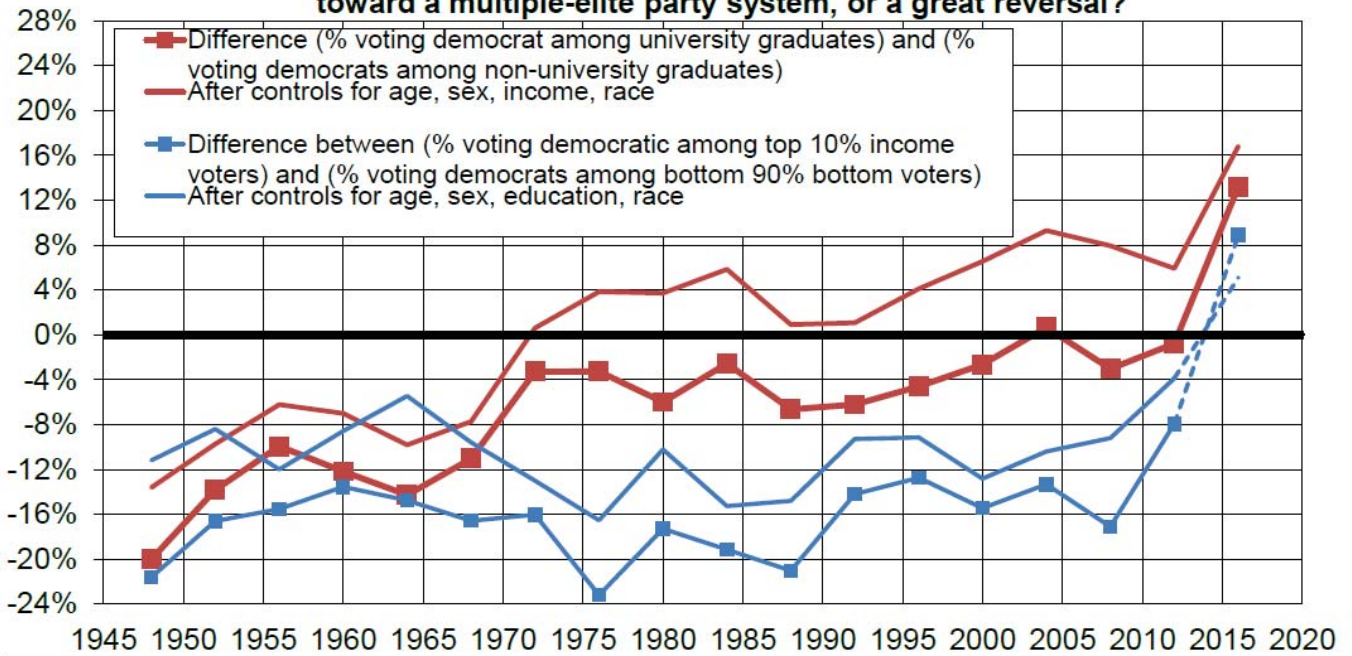
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (Anes surveys, current election)
Reading: the profile of voting for the democratic party candidate by income percentile is generally downward sloping, especially at the level of the top 10%, and particularly at the beginning of the period (from the 1950s to the 1980s). Since the early 1990s the profile is really flat at the top.
In the 2016 presidential election, the profile is reversed: for the first time, top 10% voters support the democratic party candidate.

High-income vote in the US, 1948-2017: before and after controls



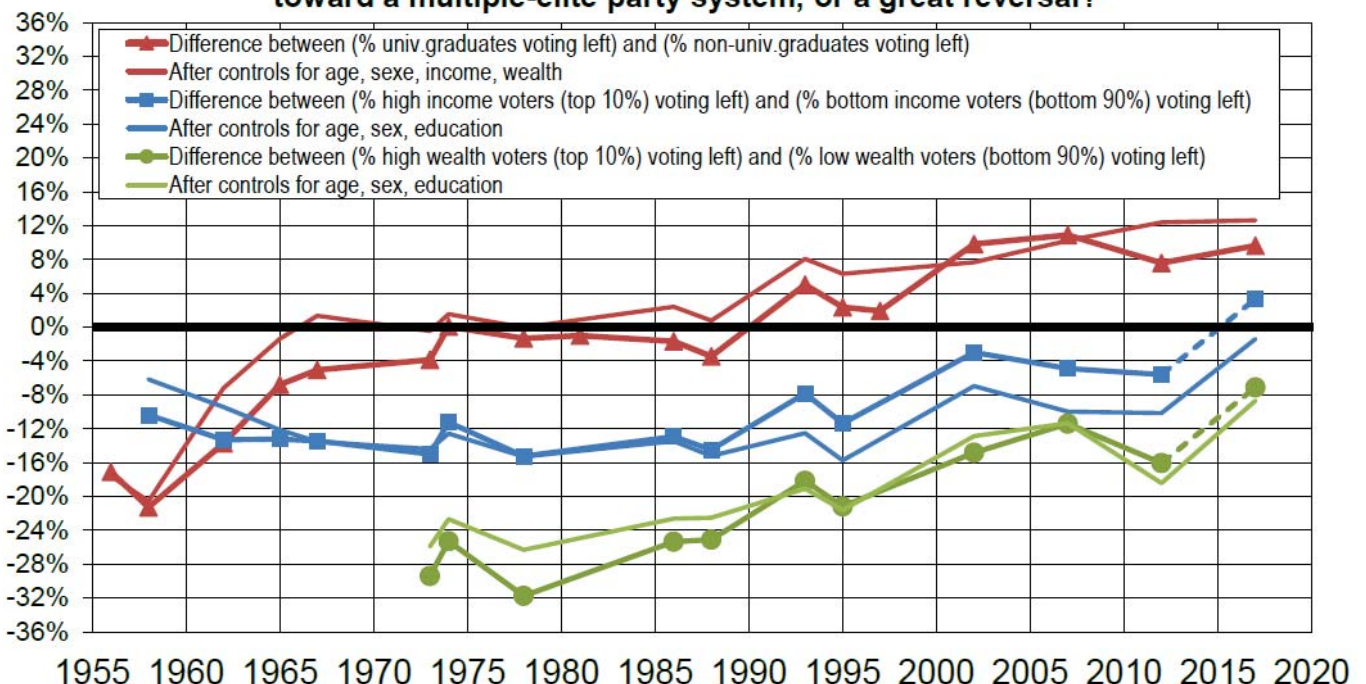
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (ANES surveys)
Reading: in 1948, the democratic candidate obtained a score that was 22 points lower among top 10% income voters than among bottom 90% income voters; in 2016, the score of the democratic candidate is 10 points higher among top 10% income voters.

**Political conflict in the US, 1948-2017:
toward a multiple-elite party system, or a great reversal?**



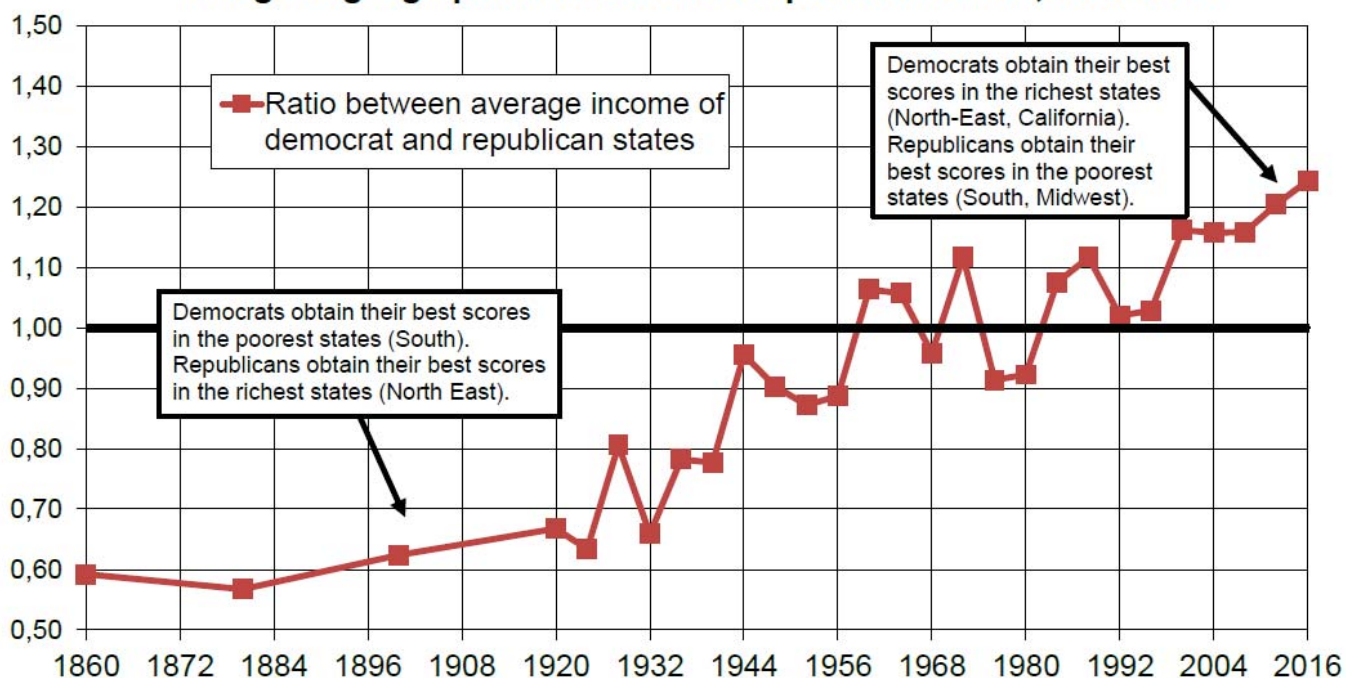
Source: author's computations using US post-electoral surveys 1948-2016 (presidential elections) (ANES surveys)
Reading: in 1948, the democratic candidate obtained a score that was 17 points lower among university graduates than among non-university graduates; in 2016, the score of the democratic candidate is 13 points higher among university graduates.

**Political conflict in France, 1956-2017:
toward a multiple-elite party system, or a great reversal?**



Source: author's computations using French post-electoral surveys 1956-2017 (presidential and legislative elections)
Reading: controls reinforce the "multiple-elite" (education vs wealth) party system interpretation.

The great geographical reversal of US political conflict, 1860-2016



Source: author's computations using US presidential election results 1860-2016 and state-level series for average incomes.
Reading: from the 1860s to the 1950s, the average income of states where democrats obtained their best score (half of states with best score for democratic candidate) is lower than the average income of states where republicans obtained their best scores (other states); beginning in the 1960s, and systematically since the 1980s, the opposite pattern prevails.

3. Multi-dimensional models of inequality & redistribution

- A simple one-dimensional model of beliefs-based political conflict on redistribution: « Social Mobility and Redistributive Politics », QJE 1995
- One needs to introduce other dimensions into the model in order to account for what we observe:

Vertical redistribution vs attitudes toward globalization/migration
i.e. domestic vs external inequality

Inequality in education vs inequality in wealth

- A quick summary of « Social Mobility and Redistributive Politics »
- Two possible income levels: $y_0 < y_1$
- y_0 = low-paid job; y_1 = high-paid job
- Probability ($y_i=y_1$) = $\pi_0 + \theta e_i$ if parental income = y_0
- Probability ($y_i=y_1$) = $\pi_1 + \theta e_i$ if parental income = y_1

With e_i = effort, θ = index of how much individual effort matters, $\Delta\pi = \pi_1 - \pi_0$ = index of how much inequality in social origins matters (better access to education, connexions to find jobs, etc.)

Different beliefs in effort and luck (partly determined by different income mobility trajectories) determine different political preferences for redistribution

Assume we start from initial policy conflict about domestic redistributive tax rate t_L (left) > t_R (right), with the poor having more left-wing beliefs than the riche about effort, luck/education, and taxes (on average)

Two-dim model 1: domestic inequality vs external inequality

- Introducing globalization: in addition to the policy dimension t (redistributive domestic tax rate between rich and poor), assume there's also some other policy dimension: openness/migration $o_L > o_R$
- Further assume that globalization makes it easier to evade taxes: by putting dissimulation effort f then high-income taxpayers can pretend that they have income y_0 instead of y_1 and be undetected with proba βf to be undetected
- With β large enough, then the policy conflict about redistributive taxation converges toward 0: both t_L^* and t_R^* close to 0
- Conflict about $o_L > o_R$ becomes salient (end of colonial empires in Europe, rise of civil rights/latinos in US) ; the poor vote for the right, assuming preferences for $o_L > o_R$ are correlated with income

Two-dim model 2: education inequality vs wealth inequality

- Introducing educational expansion: with rise of higher education, not possible to provide everyone with same education spending s ; depending on educational effort f , one face different chances to be admitted to higher education (education E_1 rather than E_0)
 - Assume Probability ($E_i=E_1$) = $\pi_0' + \phi f_i$ if parental education = E_0
 - Probability ($E_i=E_1$) = $\pi_1' + \phi f_i$ if parental education = E_1
 - Probability ($y_i=y_1$) = $\pi_0 + \theta e_i + s$ if parental income = y_0 & $E_i=E_1$

 - One can end up with a multiple-elite equilibrium: the left believes in education-related effort parameter ϕ , while the right believes in business-related effort parameter θ
-

Open question n°1: could the transition to a multiple-elite party system could have happened without globalisation?

- The rise of the globalisation/immigration/external-inequality cleavage dimension certainly facilitates the transition: vertical redistribution more difficult + association between high educ & universalist values
- But multiple-party systems can also happen without the external-inequality dimension: strength of education effort vs business effort cleavage
- Some of the oldest party systems are multiple-elite: e.g. Tories/Conservatives vs Whigs/Liberals in UK 18c-19c (landed elite vs urban-business elite)
- Of course this was the time of restricted suffrage (only top 1% could vote); but today's universal suffrage is limited by unequal political finance, control of the media by high-business and high-education elite, etc.
- **Do we see multiple-elite cleavages in countries less exposed to immigration/globalization?** On-going research on emerging & developed democracies.

Open question n°2: can multiple-elite systems persist, or will the high-education and high-income voters unite in the long-run?

- To the extent that high education commands high income/high wealth in the long-run, multiple-elite party systems are inherently unstable
 - US 2016, France 2017 : evidence that we may be moving toward a complete realignment of the party system, « globalists » (high-education, high-income) vs « nativists » (low-education, low-income). E.g. like Rep vs Dem US 19c.
 - This itself could be unstable: in the US, pro-slavery/segregationist democrats gradually became the New Deal Party (e.g. because defending poor whites can lead to develop policies which also benefit poor blacks). Racist left trajectory?
 - **We are not there yet: multiple-elite party systems can persist because of different career choices and values (high education does not always lead to high income).** And new internationalist-egalitarian platform is also possible.
 - With many-dimensional politics, many bifurcations are possible. Actors matter.
-

Conclusions

- Globalisation (domestic vs external inequality) and educational expansion (education vs wealth inequality) have created new multi-dimensional conflicts about inequality and redistribution
- Why didn't democracy reduce inequality?
- Because multi-dimensional coalitions are complicated
- Politics has never been a simple poor vs rich conflict; one needs to look more carefully at the content of political cleavages
- Social sciences can help