one who advises or leads a religious organization. It is not a book to be read in a single sitting. But it is one to be bought and frequently used. **TFL**

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Unequal Democracy: The Political Economy of the New Gilded Age

By Larry M. Bartels

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Reviewed by Michael Coblenz

I distinctly remember the reaction of many of my conservative friends when Bill Clinton was elected President in 1992. "We're going back to the days of double-digit interest rates and double-digit inflation," one friend confidently predicted. His comment mirrored one of the major avenues of attack against Clinton during President George H.W. Bush's 1992 re-election campaign. One of the iconic commercials of the campaign showed desolate scenes from Arkansas while describing the state's woeful economy, implying that Clinton had ruined Arkansas' economy and would do the same to the national economy.

The 1992 campaign was also the first time I saw a graph of the Dow Jones industrial average showing that the stock market historically did better under Democratic Presidents than under Republican ones. The numbers were skewed wildly by the disastrous crash of 1929 under the Republican Hoover administration, but, even with Hoover's numbers factored out, the Democrats still had an edge. The chart's implication was that the election of a Democrat would not destroy the economy but could actually help it.

The economic predictions of my conservative friends (and the conservative pundits and politicians they were parroting) turned out to be totally wrong. The chart was right: the Dow went up and the economy grew substantially under Clinton. Curiously, none of my friends, conservative pundits, or Republican politicians ever admitted his or her error. Instead, they said that the good economy under Clinton stemmed from the policies enacted by Ronald Reagan some four years before. (This, of course, made hash out of their campaign claims about the President's power to affect the economy, but never mind.) In a similar vein, many conservatives claim that the current economic woes are not the fault of the last eight years of the Bush administration, but are the fault either of the Clinton policies of the eight years before that or of the new Obama administration.

The implication, then and now, is that Democrats just don't know how to handle the economy. (This accounts, to no small degree, for the fact that business groups like the U.S. Chamber of Commerce rarely endorse Democratic politicians.) According to this reasoning, the purportedly "pro-business" policies of Republican Presidents are better for the national economy than the supposedly anti-business or pro-labor policies of Democratic Presidents. But then how do we account for the performance of the Dow? Is it a fluke—a statistical anomaly that is unrepresentative of the economy as a whole?

According to Larry Bartels, since the end of World War II, the economy has consistently performed better during Democratic administrations than during Republican ones. Bartels, a professor of public policy and international affairs at Princeton University, presents a detailed economic analysis of these issues in his book, *Unequal Democracy*. He analyzes the overall gross national product (GNP) and the cumulative income growth by income percentile of the population instead of by the Dow, but the results are similar. Bartels finds that, since 1945, the real per capita GNP grew 2.78 percent under Democrats and 1.64 percent under Republicans. In the roughly 60 years that he studied, Democrats controlled the White House for 27 years and Republicans for 32. There have been major changes in the national economy—a switch from a manufacturing to a service economy, computerization, and globalization—during both Republican and Democratic administrations. Even accounting for these changes, the economy has performed better with a Democrat in the White House than with a Republican.

Although Americans' incomes grew during both Republican and Democratic administrations, the real growth under Democrats has been among families in the lower-income percentiles. "On average, the real incomes of middle-class families have grown twice as fast under Democrats as they have under Republicans, while the real incomes of working poor families have grown *six times* as fast under Democrats as they have under Republicans." Bartels also finds that, from 1945 to 1974, every income group benefited almost equally from the growing economy, but, since 1974, most of the benefit has gone to those in the upper incomes. Cumulative income growth for the bottom 20th percentile (the poorest fifth of the population) was 10.3 percent during this period, while the income growth for the top 20th percentile was 42.9 percent. The numbers are even starker farther up the income ladder, with the richest 5 percent of the population gaining 62.9 percent in income from 1974 to 2005.

Bartels believes that this is more than mere happenstance. Rather, it results from distinct partisan policy choices. Since the end of World War II, the gap between the top 20 percent of income and the bottom 20 percent has "increased under each of the six Republican presidents in this period. ... In contrast, four of five Democratic presidents—all except Carter—presided over declines in income inequality." The curious fact is that, although the wealthy do much better than the poor or middle class under Republicans, overall the wealthy still do better under Democrats. On average, since 1945, the wealthiest 10 percent of Americans have seen their incomes increase approximately 2.1 percent during Democratic administrations but only 1.8 percent under Republican administrations.

If this is true, why is there the perception that Republicans are better managers of the economy than Democrats are? Bartels notes that most of the growth in the economy under Democrats occurs early in their administrations, while for Republicans it occurs later in their terms. He suggests that the greatest predictor of an election is the state of the economy in the year immediately preceding the election. As Bill Clinton's campaign manager, James Carville, aptly noted, "It's the economy, stupid." Bartels suggests that Republicans are somehow much better at stoking the economy in the year before the election, and they benefit from this in public perception and at the polls.

But how do Republicans do this? Bartels doesn't tell us. In fact, one of the major drawbacks of *Unequal Democracy* is that Bartels never provides any details about specific policies that produce the results he so painstakingly describes. Bartels claims, for example, that the rich benefit under Republican presidents, while the poor do better under Democrats, but he doesn't explain the economic policies that produce these results. Is it tax cuts, reduced regulation, Federal Reserve policy? We never learn. Bartels does provide a few broad generalizations: Democrats accept inflation if it means job growth, while Republicans fight inflation to protect the investor class. Democrats favor progressive tax policies with higher taxes on the wealthy, and they favor increases in the minimum wage and funding for domestic programs to help the poorest citizens. Republicans, by contrast, favor cutting taxes and limiting government regulation of business and the economy. All that is well and good, but it doesn't explain the connection between these policies and the effect that Bartels' data seem to show.

Bartels is clearly more interested in proving the effect of these policies than in addressing the cause, and he often goes overboard to prove his point. More often than not, he presents data through regression analysis rather than through straight statistical description. When, for example, he discusses the likelihood of people in various income groups voting for the incumbent party, we learn that election year income growth affects the "probit parameter estimate" of high-income voters by 0.082, while it affects middle-income voters by 0.110. I'm sure economists understand what this means, and I suspect it is more statistically accurate than data understandable by lay people would be, but to me it is meaningless. The book would have been improved—it would be more understandable and would reach a broader audience—if the economic data were more meaningful to the average reader.

Bartels addresses a very important issue: the effect of partisan policy choices on the economy. But he misses something important by failing to discuss—even briefly—the specifics of those policies. He also fails to address an even more fundamental question: What is the purpose of government? Is it to ensure the success of businesses? Is it to ensure that investors make the highest return, or that their investments are secure? Although each is a noble goal in and of itself, it seems that government should be about more than that. Calvin Coolidge once famously said that the business of America is business. That sounds nice, but where does it say that in the Constitution?

In contrast, is the purpose of government to make sure that as many citizens as possible enjoy the fruits of the economy? Is it the purpose of government to structure the system so that prosperity is as broad-based as possible? That is clearly Bartels' view (and I happen to agree), but, again, where does it say that in the Constitution?

It is a partisan political choice to say that the government should regulate the economy to ensure the broadest possible income growth for the greatest number of citizens. That makes sense from a utilitarian perspective—the greatest good for the greatest number—but that doesn't make it inherently right or wrong. It is equally legitimate to say that the purpose of government is to ensure a level economic playing field and then let the strong prosper and the weak fall by the wayside. *Unequal Democracy* provides evidence for one side of the debate, but, because it fails to address why one policy choice might be better than another, it will simply be dismissed by those who have a different idea about how the economy should be structured. **TFL**

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