In addition to the comments of our colleagues on the Task Force that helped guide our work, we wish to thank John Dilulio, Faye Williams, and Jared Bernstein, who provided extensive and extremely helpful comments on an earlier draft of this memo; Vincent Mahler, Timothy Smeeding, and David Jesuit, who offered extremely helpful data on redistribution from the Luxembourg Income Study; Joe Soss, who contributed greatly to the ideas presented in the section on policy feedback; Nigar Nargis, who helped develop the index of income volatility; Andrew Milstein, who helped compile the data presented about changes in the value and coverage of various policies over time; David Mayhew, who offered extensive and thoughtful comments on a previous draft; Peter Orzag, who helped with the discussion of the causes of rising inequality in the United States; and Nelson Gerew, Rachel Goodman, Pearline Kyi, Joanne Lim, Natalie Wigg, and, especially, Alan Schoenfeld, who provided valuable research assistance.

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Inequality and Public Policy

Over the past half century, the United States has experienced wrenching changes that have provoked sharply conflicting conclusions about the fate of the American democratic experiment. In little more than a generation, Americans have witnessed the almost complete abolition of longstanding restrictions on civic equality. Women and minorities once denied the right to freely vote, work, and associate now enjoy guarantees of equal protection in a broad array of domains in which discrimination was once the norm. How far and deep these gains have reached are still very much disputed, but the immensity of the transformation is undeniable.

And yet, in roughly the same era, economic inequality has increased dramatically, reaching levels not seen since the Gilded Age. A large body of research documents this now-undisputed shift. Virtually none of this growing body of work, however, considers how the story of rising economic inequality affects the story of rising legal equality. Indeed, although each of these momentous developments—increasing economic disparities and the establishment of long-overdue civic protections—has prompted considerable commentary and debate, their joint impact remains largely unexplored. In particular, we know surprisingly little about how U.S. public policies have shaped these two great transformations, or the relationship between them.

Just as important, what we do know only scratches the surface of what we could know. In the last twenty years, a wealth of research has traced the effects of major programs of social provision on family and personal income, attaching concrete numbers to relationships that had previously been the stuff of assumption and indirect inference. Our knowledge of policies’ effects on racial and gender inequality, however, has not kept pace with our knowledge of their effects on income inequality. And we know even less about the political effects of public
policies—how, that is, they shape the civic capacities of citizens and the processes of participation and policymaking once implemented.

The goal of this research review is to outline what we know about policy and inequality, focusing in particular on the political consequences of public policies. The review builds on recent scholarship on “policy feedback”—the ways in which “policies, once enacted, restructure subsequent political processes.” The concept of policy feedback pushes scholars to step beyond the traditional focus on the first-order economic or social effects of policies to considers how policies, once created, shape politics and subsequent policymaking efforts thereafter. This requires understanding not only the immediate effects of policies on citizens, but also the ways in which these effects shape power, preferences, participation, and policymaking in future political interactions.

Accordingly, this memorandum has a dual mandate: to consider the effects of public policy on American inequality, and to consider how these effects shape power, preferences, participation, and policymaking in American politics. The first major section discusses the state of the art in research on the wealth and income effects of American public policy. It also briefly examines research on educational and health inequalities. The second major section considers scholarship on the ways in which these income effects are mediated by differences of race, ethnicity, and gender. Our goal in this part is to examine how rising inequality has shaped the effects of the so-called “rights revolution”—the broadening of citizenship rights for blacks, women, and other historically disadvantaged groups in the 1960s and 1970s.

The third section of this research review moves to the political consequences of these policy effects, the heart of policy-feedback claims. It discusses the major findings of existing scholarship on the political effects of program design, focusing on recent illustrative works that
suggest the considerable utility of policy-feedback arguments for work on civic participation. It then explores the sometimes contradictory effects on equality of several major examples of government policy in the post-World War II period. This section ends with a general discussion of how changes in public policy have affected political equality. Finally, the memo closes by drawing these strands of policy-feedback research together into a set of larger conclusions about the interrelationships between public policy, inequality, and American civic life.

Overall, we find that U.S. public policy, while certainly not the only cause of rising inequality, is indeed powerfully implicated in the trend. U.S. social programs and tax policies reduce inequality less than do similar programs and policies abroad, and they have done less to blunt the post-1970s increase in income inequality. Moreover, while U.S. social programs have remained largely intact, they have grown less capable of dealing with key risks to family income. 4

Our second major conclusion is that public policies do in fact have major effects on political equality as well as economic equality. Program design can profoundly influence political resources, conceptions of citizenship, definitions of interest, and assessments of efficacy—both among the targets of policies and among citizens more generally. These effects are as large as or larger than the correlates of political activity most research fixes on, and they indicate that the first-order socioeconomic effects of programs may be deeply mediated by their second-order political effects. Perhaps most important, the available evidence seems to suggest that these political effects have increasingly exacerbated, rather than offset, disparities in political influence between the advantaged and less advantaged. Similarly, the evidence strongly suggests that that the recent explosion of economic inequality has undercut the “rights
revolution” of increased legal equality, eroding some of the important gains experienced by
groups that have historically faced discrimination.

Our final conclusion—and the one that we want to emphasize most for political
scientists—is that surprisingly little systematic research asks how public policies shape and
refract inequality’s social and political effects. Like the blind men and the elephant,
commentators have explored parts of the puzzle but mostly failed to take in the larger picture.
This may be an area in which small building blocks will not add up to a coherent whole. Scholars
will also need to ask big questions about the future of civic life in a paradoxical age of increasing
legal equality yet decreasing economic equality.

**U.S. Public Policy and Inequality in Comparative Perspective**

Perhaps the most striking feature of discussions of the distributional effects of U.S. public
policy is the extent to which, until recently, they have proceeded without much hard evidence of
any kind. Harold Wilensky’s seminal *The Welfare State and Inequality*, for example, actually
had little to say about the welfare state and inequality.\(^5\) Well into the 1980s, informed works like
Benjamin Page’s *Who Gets What From Government?* had to piece together various scattered
evidence to come to even a preliminary judgment.\(^6\) Some commentators, indeed, questioned
whether the welfare state—and not just the American welfare state—redistributed income at all.
Others argued that a middle-class bias characterized social policy, but again without much
evidence.\(^7\) As Frances Castles noted a decade ago, “The centrality of the welfare state in the
comparative public policy literature has until now drawn its rationale from plausible inferences
concerning the impact of government intervention on distributional outcomes.... However, in the
absence of any independent measure of outcomes, both aggregate expenditures and types of
### Table 1: Market and Post-Tax-and-Transfer Inequality in Selected Nations

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Market Income Gini</th>
<th>Disposable Income Gini</th>
<th>Redistribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1981</td>
<td></td>
<td>0.398</td>
<td>0.281</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td></td>
<td>0.455</td>
<td>0.224</td>
<td>50</td>
</tr>
<tr>
<td>Mean (1981-1994)</td>
<td></td>
<td></td>
<td>0.426</td>
<td>0.275</td>
<td>36</td>
</tr>
<tr>
<td>Belgium</td>
<td>1992</td>
<td></td>
<td>0.452</td>
<td>0.224</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td></td>
<td>0.483</td>
<td>0.26</td>
<td>46</td>
</tr>
<tr>
<td>Mean (1992-1996)</td>
<td></td>
<td></td>
<td>0.4675</td>
<td>0.242</td>
<td>48</td>
</tr>
<tr>
<td>Canada</td>
<td>1981</td>
<td></td>
<td>0.373</td>
<td>0.284</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td></td>
<td>0.432</td>
<td>0.305</td>
<td>29</td>
</tr>
<tr>
<td>Mean (1981-1998)</td>
<td></td>
<td></td>
<td>0.408</td>
<td>0.288</td>
<td>29</td>
</tr>
<tr>
<td>Denmark</td>
<td>1987</td>
<td></td>
<td>0.4</td>
<td>0.254</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td></td>
<td>0.432</td>
<td>0.257</td>
<td>40</td>
</tr>
<tr>
<td>Mean (1987-1997)</td>
<td></td>
<td></td>
<td>0.425</td>
<td>0.252</td>
<td>40</td>
</tr>
<tr>
<td>Finland</td>
<td>1987</td>
<td></td>
<td>0.334</td>
<td>0.209</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td></td>
<td>0.379</td>
<td>0.247</td>
<td>35</td>
</tr>
<tr>
<td>Mean (1987-2000)</td>
<td></td>
<td></td>
<td>0.359</td>
<td>0.223</td>
<td>38</td>
</tr>
<tr>
<td>France</td>
<td>1981</td>
<td></td>
<td>0.37</td>
<td>0.288</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td></td>
<td>0.49</td>
<td>0.288</td>
<td>41</td>
</tr>
<tr>
<td>Mean (1981-1994)</td>
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<td></td>
<td>0.454</td>
<td>0.290</td>
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<tr>
<td>Germany</td>
<td>1981</td>
<td></td>
<td>0.39</td>
<td>0.244</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td></td>
<td>0.445</td>
<td>0.261</td>
<td>41</td>
</tr>
<tr>
<td>Mean (1981-1994)</td>
<td></td>
<td></td>
<td>0.461</td>
<td>0.252</td>
<td>39</td>
</tr>
<tr>
<td>Italy</td>
<td>1986</td>
<td></td>
<td>0.424</td>
<td>0.306</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td></td>
<td>0.468</td>
<td>0.342</td>
<td>27</td>
</tr>
<tr>
<td>Mean (1986-1995)</td>
<td></td>
<td></td>
<td>0.433</td>
<td>0.312</td>
<td>28</td>
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<tr>
<td>Netherlands</td>
<td>1983</td>
<td></td>
<td>0.436</td>
<td>0.26</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td></td>
<td>0.423</td>
<td>0.253</td>
<td>40</td>
</tr>
<tr>
<td>Mean (1983-1994)</td>
<td></td>
<td></td>
<td>0.427</td>
<td>0.259</td>
<td>39</td>
</tr>
<tr>
<td>Norway</td>
<td>1986</td>
<td></td>
<td>0.355</td>
<td>0.233</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td></td>
<td>0.403</td>
<td>0.238</td>
<td>41</td>
</tr>
<tr>
<td>Mean (1986-1995)</td>
<td></td>
<td></td>
<td>0.378</td>
<td>0.234</td>
<td>38</td>
</tr>
<tr>
<td>Sweden</td>
<td>1981</td>
<td></td>
<td>0.411</td>
<td>0.197</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td></td>
<td>0.466</td>
<td>0.221</td>
<td>53</td>
</tr>
<tr>
<td>Mean (1981-1995)</td>
<td></td>
<td></td>
<td>0.444</td>
<td>0.216</td>
<td>51</td>
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<tr>
<td>United Kingdom</td>
<td>1986</td>
<td></td>
<td>0.466</td>
<td>0.303</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td></td>
<td>0.508</td>
<td>0.344</td>
<td>32</td>
</tr>
<tr>
<td>Mean (1986-1995)</td>
<td></td>
<td></td>
<td>0.490</td>
<td>0.330</td>
<td>24</td>
</tr>
<tr>
<td>United States</td>
<td>1986</td>
<td></td>
<td>0.436</td>
<td>0.335</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td></td>
<td>0.479</td>
<td>0.372</td>
<td>22</td>
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<tr>
<td>Mean (1986-1997)</td>
<td></td>
<td></td>
<td>0.457</td>
<td>0.350</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Unpublished Luxembourg Income Study data, kindly supplied by David Jesuit, Vincent Mahler and Timothy Smeeding; means include all available years between first and last observations.
instruments necessarily became proxies for distributional consequences, making any serious
distinction between means and ends impossible.”

U.S. Inequality and Its Causes

We now know far more about the income effects of social policies, thanks in large part to
the development of the Luxembourg Income Study (LIS) — a cross-national analysis of income
and demographics that began in 1983 and now encompasses 25 nations, with data in some cases
spanning three decades. The LIS assembles and harmonizes data from cross-sectional surveys
of households—which, we shall see, have strengths as well as limits for assessing public policy
effects. Besides a variety of demographic variables, the LIS dataset includes fairly
comprehensive measures of household and personal income and expenditures (but not in-kind
benefits, such as health care). This allows the LIS data to be used to construct intuitive measures
of the effect of government taxes and transfers on inequality, such as the difference between
income inequality “pre-tax and pre-transfer” and income inequality “post-tax and post-transfer.”

Table 1 shows the percentage reduction in inequality produced by taxes and transfers in
selected nations for available years. As the table shows, the United States has higher levels of
inequality, both before taxes and transfers and afterward. In addition, the table confirms that
inequality rose sharply in the United States and several other nations in the 1980s. The trend,
however, appears to be largely the result of shifts in pre-tax and -transfer income; the amount by
which taxes and transfers reduce inequality has not markedly changed, though it has also
certainly not increased.

The first important point to make, then, is that public policy is not straightforwardly
responsible for the general rise in economic inequality in recent decades. That is to say, if we
Source: unpublished LIS data, kindly supplied by David Jesuit, Vincent Mahler, and Timothy Smeeding
focus simply on redistribution of market income (and not on the ways in which government
might shape the distribution of market income), it is shifts in market income, not changes in
taxes and transfers, that are the crucial factor explaining the rise in inequality. Certainly, public
policies do shape the distribution of market income, and there seems little question that they are
implicated in the rise in market income inequality, although this remains a hotly contested topic.
The decline in the real value of the minimum wage over the past thirty years, for example,
undoubtedly helps explain why the level of pay in low-wage jobs has improved little over the
period. Though far less unambiguously a result of public policy, the decline of unions in the
United States has also contributed to the general fall in the economic position of less-skilled
workers. Still, market inequality differs surprisingly little between the United States and
comparable nations, and in a range of nations with very disparate policies, it rose in the 1980s
and 1990s.

What is clear, however, is that U.S. taxes and transfers have done considerably less than
taxes and transfers in other nations to offset the rise in inequality that many nations experienced
during this period—a disparity suggested by the trend lines in Figure 1. Averaging across the
twelve other nations in Table 1, for example, the reduction in inequality created by taxes and
transfers increased 10 percent between the first and last observation. In the United States, by
contrast, taxes and transfers reduced inequality slightly less by the end of the series (1997) than
they did at the outset (1986).

Economic inequality is, of course, less worrisome to the extent that the lowest strata are
relatively well off. An obvious question, therefore, is whether America’s greater per-capita
income translates into higher incomes at all rungs on the economic ladder. The answer is no.
Although median income is indeed higher in the United States, far more Americans are poor
relative to that median than their counterparts abroad. And despite America’s high average income, absolute poverty (based on cross-nationally equivalent standard-of-living measures) is much higher in the United States than in other advanced industrial democracies. Moreover, these measures understate the gap because they do not account for America’s unusually high rates of incarceration, which removes from the surveyed population a not-inconsequential share of poor males.

It is sometimes suggested that the rise in economic inequality in the United States is an artifact of immigration or changes in family structures, or is offset by increases in economic mobility. None of these statements is true. Regarding immigration, it is indisputable that immigration has added to the ranks of America’s low-income families, and more disputable but highly possible that immigration has depressed wages at the low end of the pay scale. But since much of the overall increase in inequality is due to the growing gap in wages and income between the median household and the very rich, immigration simply cannot explain all or even most of the overall increase in economic inequality. Similarly, Gary Burtless has estimated that family changes (namely, the rise in single-parent families and increased correlation of spouses’ earnings) explains only a third of the rise in income inequality from the late 1970s to the late 1990s—about the same proportion that he estimates is due to increased inequality in wages.

As for economic mobility, good data on changes in mobility are hard to come by, but a recent review in the *Journal of Economic Perspectives* makes clear that, however one judges current levels of mobility, there is no evidence that mobility has risen in tandem with increased economic inequality. As noted shortly, what evidence we have on over-time income dynamics suggests mostly greater vulnerability, rather than greater mobility: panel income data do indicate
fairly unambiguously that family incomes have grown considerably more *unstable* since the 1970s.  

There is no question that social welfare programs are an important cause of the large cross-national disparities in levels of inequality. The United States, as Table 1 indicates, has average market-income inequality levels only 7 percent higher than the average for the other country-years, but inequality after taxes and transfers is almost 30 percent higher—a reflection of a tax and transfer system that is 36 percent less effective at reducing inequality. Across rich nations, inequality is highly correlated with public social welfare spending, and U.S. public social spending is much lower than average.  

Before moving on, it is worth noting that U.S. social provision is also more targeted on the aged than is social provision in other nations. This is not surprising, given that the United States lacks universal family allowances (although the tax exemption for dependents is a partial substitute), provides limited public day care and housing, and is the only nation with a national health program limited to the elderly. Julia Lynch has constructed the best comparative measures. She finds that public transfers and tax breaks are overwhelming directed toward the aged in the United States, with only Greece and Japan exhibiting more of an age skew. Table 2 contains the simplest measure, the elderly/non-elderly spending ratio for 1993—which shows that the United States spends more than 37 times as much per elderly citizen as per non-elderly citizens, a figure that does not seem to have changed much since 1980.

**Two Complications: Wealth and Intertemporal Variation**

The LIS data have weaknesses. One obvious one is that they contain measures of income, not wealth, and wealth inequality is by all measures much larger than income
Table 2: Per Capita Elderly/Non-Elderly Spending Ratios, 1993

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>99.72</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>49.46</td>
<td>2</td>
</tr>
<tr>
<td>U.S.</td>
<td>37.44</td>
<td>3</td>
</tr>
<tr>
<td>Italy</td>
<td>34.48</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>24.08</td>
<td>5</td>
</tr>
<tr>
<td>Austria</td>
<td>21.4</td>
<td>6</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>16.24</td>
<td>7</td>
</tr>
<tr>
<td>France</td>
<td>15.3</td>
<td>8</td>
</tr>
<tr>
<td>Canada</td>
<td>15.09</td>
<td>9</td>
</tr>
<tr>
<td>Portugal</td>
<td>14.72</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>13.17</td>
<td>11</td>
</tr>
<tr>
<td>U.K.</td>
<td>13.05</td>
<td>12</td>
</tr>
<tr>
<td>Belgium</td>
<td>11.98</td>
<td>13</td>
</tr>
<tr>
<td>Finland</td>
<td>11.03</td>
<td>14</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10.66</td>
<td>15</td>
</tr>
<tr>
<td>Ireland</td>
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<tr>
<td>Norway</td>
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<td>17</td>
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<tr>
<td>New Zealand</td>
<td>8.49</td>
<td>18</td>
</tr>
<tr>
<td>Denmark</td>
<td>8.04</td>
<td>19</td>
</tr>
<tr>
<td>Australia</td>
<td>7.68</td>
<td>20</td>
</tr>
<tr>
<td>Sweden</td>
<td>6.42</td>
<td>21</td>
</tr>
</tbody>
</table>

inequality—and arguably as, if not more, important. Moreover, the case for thinking that wealth inequality is influenced by public policy is strong, and the case for thinking that wealth inequality affects politics and policymaking is even stronger. As Carole Shammas writes, “Wealth distribution, in contrast to income, is best used as an indicator of who does and does not have economic power in society rather than as a measure of material well-being or the standard of living enjoyed by the general population.” Wealth is also a better indicator than income of long-run economic security—a powerful indirect measure of the extent to which families can weather temporary income shocks caused by unemployment and other events.

The most comprehensive work on twentieth-century wealth inequality comes from Edward Wolff, who finds a significant concentration of wealth in the 1980s and 1990s. By the end of the 1990s, the top 1 percent of wealth holders controlled 38 percent of total household wealth—higher than at any point since 1929. This made the United States the most unequal of any industrialized country. While Wolff’s research does not investigate the sources of the growing wealth differential, policy changes—such as declines in corporate and wealth taxation, cuts in top marginal tax rates, and the rise in the use of tax-subsidized 401(k) and IRA accounts—may account for some part of the growth in wealth inequality during the 1980s. Nonetheless, it seems unlikely that policy shifts fully or even substantially account for the shorter-term trends that Wolff finds.

On the other hand, the role of public policy in influencing long-term wealth inequality is unquestionably powerful. According to Shammas, “The share claimed by the top 1 percent is highly correlated with progressive tax rates.” She notes that high-income levies, including the estate, gift, capital-gains, and progressive income tax, were all introduced on the eve of World War I, when wealth inequality first fell. The share held by the top 1 percent, however, rose with
the proliferation of exemptions and the decrease in the top tax rate in the 1950s and 1960s, exploding in the 1980s, as large marginal rate reductions and tax benefits for the affluent took effect. In the mid-twentieth century, the lower rungs of the wealth ladder were lifted up by laws encouraging union organization, expanded educational opportunities, subsidized homeownership, and the creation of social programs that protected household wealth. As later sections of this memo will show, some of these policies promoting wealth formation among lower- and middle-income Americans have eroded, contributing to the rise in debt seen at lower ends of the income scale during the 1980s and 1990s.

Another, and more subtle, weakness of the LIS data are their reliance on cross-sectional surveys, which provide only point-in-time “snapshots” of the distribution of income in any given year—both before and after government taxes and transfers. In other words, these data can tell us how much of the population is poor or rich in any given year, but not whether the same people are poor or rich from year to year. Similarly, they can tell us how much redistribution transfers and taxes create at a specific time, but not how much redistribution occurs over the life cycle or across risk classes or between those experiencing an adverse event and those not experiencing it.

Responding to these shortcomings, scholars have started to turn to an alternative source of evidence: panel studies of income dynamics.25 These are studies that repeatedly interview the same families and individuals over many years—in the case of the longest such study, the U.S. Panel Study of Income Dynamics (PSID) has been conducted over more than thirty years. To date, only a small handful of studies attempt to use panel income data to analyze the effects of welfare states.26 Yet they have already contributed important insights. The data show, first, that there is in fact a great deal of variability in family income from year to year, far more than cross-sectional research would lead one to believe. This powerfully supports the point that the point-in-
time estimates of the redistribution effected by public programs overstate the extent to which welfare state policies take from the rich and give to the poor. Over time, the population at the lower and higher ends of the income scale change considerably. One year’s benefactor may be next year’s beneficiary.  

Second, spells of poverty are longer in the United States than in other nations, particularly among children. Across the rest of the income spectrum, however, social mobility does not appear markedly different than in Europe. Third, household income is considerably less stable in the United States than in Germany and the Netherlands partly because Americans are subject to greater labor- and family-related income shocks and partly because the U.S. social insurance system is less extensive. Both market and disposable income are more unstable in the United States, and when families are hit with large shocks to their income (such as the unemployment of the primary earner) it takes much longer for their income to return roughly to its former level. The disparity is particularly pronounced for women who lose a partner or cease employment.

Unfortunately, although this research is longitudinal, it does not at present allow for robust assessments about the extent to which income dynamics in the 1990s are different from those in the 1980s or 1970s. This is in part because of limited historical reach of foreign panel studies. Yet even those who have limited their attention to the U.S. data, which go back to 1968, have lumped together all the years that they analyze in a single statistical inquiry (or set of inquiries), preventing any conclusions about the change in family income dynamics over time. This is a serious oversight. There is increasing evidence that a crucial change in social policy over the past three decades is not the retrenchment of existing programs, but rather an increasing
Figure 2: Volatility and Inequality of American Family Income, 1972-1998

Source: Panel Study of Income Dynamics, adjusting for household size and average income growth. Calculations by Nigar Nargis, University of Dhaka. For additional information, see Hacker 2004 and http://pantheon.yale.edu/~jhacker/PSID_Data_NYT.htm.
mismatch between existing social welfare programs and the “new social risks” to income that are arising out of the labor market and family.  

**Risk-Benefit Mismatch**

Despite many observations about shifting social risks, the changing ability of social policies to deal with major life contingencies has not been intensively studied. There can be little question, however, that the constellation of risks that citizens face has changed significantly in the past three decades due to linked changes in work and family. In the employment sector, the shifts include rising levels of earnings inequality, growing instability of income over time, increased employment in services and in part-time and contingent work, and increased structural (rather than cyclical) unemployment. In the realm of family relations, the changes include rising rates of divorce and separation, declining fertility (a root cause of population aging), and the increasing prevalence of lone-parent, female-headed families. Connecting the two domains is perhaps the most important shift in the worlds of work and family—the dramatic movement of women into paid employment. Each of these changes has placed new strain on social protections constructed during an era in which the risks that families faced flowed almost entirely out of the employment status of the male breadwinner. In the new worlds of work and family, even stable full-time employment of household heads is not a guarantee of economic security, and citizens are barraged with a host of risks emanating from families themselves.

Perhaps the most powerful evidence of increased risks to family income is the growing instability of earnings over the past two decades. There has been a marked increase in the variability of male wages during the 1980s and 1990s—an increase driven more by instability of wages than by instability of employment. Figure 2 shows that income inequality across families
increased dramatically over this period, based on analysis of data from the Panel Study of Income Dynamics. Figure 2 also reveals that the over-time variance of family income increased by more than 10 percent during the 1980s and by a staggering 35.8 percent during the 1990s, even when factoring out the secular increase in average income across all families. This is a potent indication of the increased risks to income that American families confront.

In principle, U.S. social policy could have adapted to changing social realities. Some nations have dramatically increased their provision of public protections that assist the entry of women into the labor force and help families balance work and child-rearing, while tackling the new realities of the labor market with active public employment and training polices. Putting aside some important exceptions, however, the United States did not follow this path. Increases in the Earned Income Tax Credit (EITC) for low-wage workers and their families, shifts of money from cash assistance to child care and job retraining, and new family leave legislation were all steps toward a response. But lower-wage workers continued to receive only modest public supports in comparative terms. The welfare reform legislation of 1996, though failing to uphold the dire predictions of critics, nonetheless removed important elements of the safety net for the most disadvantaged workers. Family leave rules did not apply to small employers and, more important, did not provide any income support to leave-takers. Government assistance for child care remained scant, and unavailable even for families eligible for it. Despite longer spells of unemployment and new forms of job insecurity, unemployment insurance contracted in reach, particularly for lower-income and intermittently employed workers. Perhaps most striking was a massive decline in employment-based health and pension protections among lower-wage workers—which was only weakly offset by expansions of public health coverage under Medicaid and the new Children’s Health Insurance Program of 1997.
same purposes made by employers and other non-governmental organizations, provided that such benefits are
also market policies and other similar social benefits. Private social welfare expenditures are payments for the
unemployment, poverty—i.e., well as spending on housing, health care services for the elderly and disabled, active
social benefits—disability, age, death of a spouse, occupational injuries, disability, sickness, childbirth,
and

Notes: Public social welfare expenditures exclude education. They include cash benefits for a wide range of


Figure 3: After Tax Public and Private Social Welfare Expenditures as Percentage of GDP in Eleven Nations, 1995

Percentage of GDP
The declines in private pension and health protection are quite large and surely worthy of policy analysis, given the more than $200 billion in foregone tax revenue that subsidizes these private employment-based benefits. Although the American welfare state has long been viewed as a “laggard” in comparative perspective, the picture looks quite different when publicly regulated and subsidized private social benefits are taken into account. Indeed, Figure 3 shows that U.S. social spending is not all that much smaller as a share of the economy than the levels found in even the most generous of European welfare states when private benefits and relative tax burdens are factored in. In the United States, a larger share of the duties that are carried out by government elsewhere are instead left in the hands of private actors, particularly employers.

While U.S. social spending is comparable to spending in other nations, the distribution of that spending is not. In the U.S., private social benefits are distributed much less equally than public benefits for several reasons. First, private benefits are generally distributed in rough accordance with pay. Second, they are subsidized through exclusions and deductions in the tax code worth more to high-income tax filers—who generally receive more generous private benefits, are more likely to itemize their deductions, and are in higher income tax brackets. Third, and finally, for more than two decades, the private side of America’s hybrid benefit system has eroded as corporations eliminate and restructure benefits to cut costs and encourage self-reliance. This erosion has taken two forms: drops in benefit coverage and generosity, and changes in the character of benefits that have shifted risk from collective intermediaries, such as employers and insurers, onto workers and their families.39

In sum, the new climate of economic and family risks means that the welfare state has had to run to stay still—to do more merely to secure past gains. In the United States, it has not done
more, and when we examine the broader framework of American social protection, a strong case can be made that it has done less.

**Tax Policy**

Besides social policy, no policy area directly affects disposable income more than tax policy. Indeed, among married couples taxes have a greater effect than public transfers in reducing lifetime income inequality. Yet it is difficult to reach firm conclusions about the effect of tax policy on inequality, because effective tax rates (which include exemptions, deductions, and credits) are often quite different than statutory rates. One of the best recent studies of federal effective tax rates, for example, shows that despite the large decrease in marginal rates at the top of the income scale in the 1980s (from a 70 percent statutory rate to 30-40 percent), effective tax rates (including federal income, corporate, estate, excise, and payroll taxes) have remained relatively stable, or even risen slightly, for the highest-income Americans.

Two somewhat conflicting trends are at work. The first is a clear decline in effective tax rates at lower ends of the income scale. In all but the highest quintile of families on the income scale, effective tax rates have fallen since 1979, with a dramatic drop in the lowest quintile, largely because of the expansion of the Earned Income Tax Credit for low-income workers. In the top quintile, and particularly among the top 1 percent, there is a modest rise in effective tax rates. The second trend is increased concentration of income at the top. The increase in pre-tax household income rose by more than 50 percent between 1979 and 1997 in the top quintile (and by nearly 150 percent among the top 1 percent), while it dropped by 4 percent in the bottom quintile. In sum, the slightly higher effective tax rates of the richest Americans reflects the fact that they are vastly more wealthy than the richest American were in 1979. The effective tax rates
on the well off would have had to increase massively to offset this income concentration; they clearly did not.

None of these studies takes into account the 2001 and 2003 federal tax cuts, which are certain to shift the distribution of taxes in a regressive direction. Estimates placed the ten-year cost of the 2001 tax cut as high as $2.1 trillion, with a skewed distribution: 36 percent of that total will accrue to the richest 1 percent of Americans and 63 percent to the top 20 percent, while just over 20 percent will go to the bottom 60 percent.\textsuperscript{42} The 2003 tax bill is estimated to cost more than $1 trillion in the first ten years, and its benefits are even more concentrated on higher-income taxpayers. In the first year, for instance, it grants nearly $100,000, on average, to taxpayers making more than $1 million, while median-income households receive an average cut of $217.\textsuperscript{43}

It is more difficult to track changes in state and local tax policy, but two conclusions seem warranted from the available evidence. First, the share of total tax revenues that is made up by state and local taxes has risen significantly since the 1970s. Federal tax levels have remained relatively stable, but state and local taxes have increased dramatically. Second, state and local taxes are, on balance, much less progressive than federal taxes, and they have probably grown even more regressive since the 1980s. State sales and excise taxes, for example, are a primary source of revenue for almost all states, but they hit lower-income residents much harder than higher-income residents, who spend a smaller share of their income on consumption goods. The combination of these two realities—higher state and local taxation, and the generally less progressive character of state and local taxes—have probably shifted the overall non-federal tax burden in the direction of decreased progressivity.
The idea that education, rather than explicit redistribution, is the key to fostering opportunity and equality remains a touchstone of American thinking. The United States pioneered universal public education, and United States spending on education ranks as relatively generous in comparative perspective. Moreover, there has been a significant growth in federal spending on education in the past few decades.

The contribution of U.S. education policy to equality has long been contested, however. Indeed, part of the contentiousness may stem from the relatively limited research that has been conducted on the interrelations between the growing economic inequality and educational equality.

The conclusion of the research that has been done, however, is that the trend toward greater economic inequality has exacerbated the gap in educational achievement as well. One study of educational attainment between 1970 and 1990 concludes that “[g]rowing income inequality raised mean educational attainment but also exacerbated disparities in educational attainment between rich and poor children.” There is also evidence that economic inequality within schools districts harms educational outcomes for all students in high-inequality districts, due to the important role of environmental factors. All else equal, a student’s performance declines as the proportion of his or her classmates who are from poor household increases.

It is clear, too, that education’s contribution to equality remains limited by a number of factors. Because American public education is built around a notion of local control and, consequently, funded largely by local property taxes, educational inequality is directly related to larger forces of social and political inequality and segregation. Despite Brown v. Board of
Education, de facto segregation along racial lines within public schools has increased, with black children more likely to be in majority-black schools today than they were before Brown. To be sure, the effects of resource inequality and racial segregation are variable and complex, and there is significant dispute over whether spending differentials truly translate into differences in educational opportunities. Yet there is some agreement that greater resource equality would at least marginally bolster educational equality. As Jennifer Hochschild and Nathan Scovronick explain, higher spending is associated with “higher per pupil expenditures, lower pupil ratios in lower grades, higher reported adequacy of teacher reported resources, higher levels of participation in public pre-kindergarten, and lower teacher turnover all show positive, statistically significant effects on achievement.” In fact, if districts with high poverty rates are to achieve the same educational outcomes as other districts, they would need to spend more, in order to overcome the enormous obstacles imposed on them by the environment.

At the level of higher education, U.S. public policy has also evidenced a commitment to educational opportunity for all citizens, at least since the 1970s. At the federal level, numerous programs attempt to enable lower and middle-income citizens to go to college. Most notably, the Higher Education Amendments of 1972 included the creation of a new program called “Basic Educational Opportunity Grants,” later renamed “Pell Grants” in 1980 in honor of the bill’s champion, Senator Claiborne Pell. This program came to be the primary source of federal aid for needy undergraduates who had not yet earned their bachelor’s or professional degree. At the subnational level, states also poured extensive resources into higher education, particularly by expanding public universities and colleges. In 1940, less than half (46 percent) of all college students attended public institutions; by 1970, 75 percent did.
Since the 1970s, however, public funding has failed to keep pace with the rise in tuition, and its role in expanding access has diminished sharply. Accounting for all sources of public aid, according to a study by the Commission on National Investment in Higher Education, support per student has just kept pace with inflation, but real costs per student have grown by about 40 percent. At the federal level, the number of Pell Grant recipients has grown steadily, reaching 8.3 million students annually in the 1998-99 academic year, but its value for individuals has diminished. The maximum value of Pell Grants per student, in 1999 dollars, peaked at $4,205 in 1975, then declined steadily to $2,500 in the mid-1990s, rebounding only slightly in recent years. In 1975, a Pell Grant covered about 80 percent of tuition, fees and room and board at the average public four-year institution and 40 percent at the average private four-year institution. By 1999, its share had fallen to about 40 percent and 15 percent, respectively.

Even as federal funding stagnated, many states continued to increase their contributions to higher education. Mounting fiscal pressures over the last two decades, however, have increasingly constrained spending. To make matters worse, states tend to increase the tuition at public colleges particularly during periods of recession, compounding the financial challenges faced by needy students.

What is critical to recognize is that *college education has become less affordable precisely at a time when its economic value has become more pronounced*. In the mid-century and through the 1970s, a college degree did not offer the promise of economic well-being much greater than that attainable through jobs requiring less education. During the 1980s, however, the “college premium,” grew tremendously, owing primarily to the decline in the value of wages to less educated workers. College graduates, between 1979 and 1994, witnessed a five percent increase in their weekly earnings, whereas high school graduates’ earnings fell by 20 percent.
While enrollment in four-year colleges has grown sharply in recent years among individuals from high-income families, it has increased much less for those from middle-class families, and has actually declined slightly among those from the least advantaged families. In addition, among those who enroll, college completion rates have declined in recent decades; the lowest completion rates among “under-represented” minority groups, with students taking a greater number of years to graduate. In sum, even as higher education has become more clearly the road to economic success in the United States, those from less advantaged and middle-class backgrounds find their chances of attending college to be far less than those of their wealthy peers.

**Health Inequality**

The relationship between socioeconomic status and health has received less attention than the effect of income on education. Yet new research suggests that the link may well be profound. One recent study observed “a robust inverse association between SES and health status dates back to our earliest records and exists in all countries where it has been examined.” Indeed, all manifestations of low health are present to a greater degree in poorer locales. An analysis of mortality variations across 342 health districts in New York City found that “male residents of Harlem…were less likely to survive to age 65 than were male residents of rural Bangladesh.” Infant mortality, the most relied-upon indicator of the well-being of a population, is far higher in poorer neighborhoods and in areas with predominantly racial and ethnic minorities. In addition, minorities tend to receive lower quality care than do non-minorities, even when controlling for income and insurance status. Furthermore, a substantial gender gap in health status also exists, with women having higher levels of multiple indicators of morbidity, though lower rates of mortality, than men. Mental health also varies greatly according to socioeconomic status and
race. The evidence also suggests that mortality differences across socioeconomic lines have increased over recent decades.

The first section of this research review can be summed up quickly. Economic inequality in the U.S. is greater than it is in other nations in large part because U.S. public policy is less equality-producing. We are not attributing the rise in inequality over the past two decades directly and completely to public policy. There is, however, considerable evidence that links a substantial part of the rise to government policy. U.S. taxes and transfers have grown less redistributive over the past two decades, as have other key areas of policy -- particularly private social benefits and subsidies for them. More important is the inaction of American policy makers. U.S. policy has not, as has policy in other nations, changed to accommodate the increase in market income inequality that many nations saw in the 1970s, 1980s, and 1990s. One consequence is that American education policies are less capable of providing equality of opportunity to American’s youth than they once were.

Economic equality is not, however, the same as political equality. The second section considers how the expansion of legal rights of citizenship over the past century has intersected with rising economic inequality. We conclude that declining economic opportunity has undercut some of the expansions of political rights for historically disadvantaged groups, with particular erosion for the least economically advantaged.

**Economic Inequality Meets the “Rights Revolution”**

In comparative perspective, the United States was a democratic pioneer, granting white men political rights regardless of whether or not they owned property by the 1830s. Yet the
nation proceeded far more slowly and haltingly in extending rights to African Americans and women. Indeed, as late as the mid-twentieth century—a period celebrated for the relatively high degree of equality of income—entrenched forms of race and gender inequality persisted, either unhindered by public policy or, in the case of Jim Crow segregation, inscribed in law. Nine decades after the Reconstruction Amendments guaranteeing equal citizenship, African Americans continued to lack meaningful civil and political rights. While white women were certainly better off—their right to vote was secured by the 19th Amendment in 1920—women of all ethnicities, like African-American men, experienced routine and institutionalized discrimination in their pursuit of educational, employment, housing, and other opportunities.

In the 1960s and 1970s, however, a “rights revolution” roiled these prevailing laws and practices. Through landmark legislative achievements, the civil rights and feminist movements succeeded in dismantling the most overt discriminatory rules. The Civil Rights Act of 1964 remains the landmark achievement, outlawing discrimination in public accommodations (Title II), prohibiting federal funding of educational institutions if they discriminated (Title VI), and forbidding discrimination by employers—whether in the public or private sector—as well as by unions, on the basis of race, national origin, religion or sex (Title VII). The Voting Rights Act of 1965 outlawed numerous practices that had been used to prevent African Americans from voting. Other policy achievements of the era include the Elementary and Secondary Education Act of 1965, which granted federal funds to poverty-stricken public schools; the Fair Housing Act of 1968, which outlawed discrimination in real estate transactions; the Educational Amendments of 1972 (Title IX), which prohibited sex discrimination in educational institutions receiving federal funds; and the Emergency School Aid Act of 1972, which granted financial aid to schools attempting desegregation.
The “rights revolution” has gone far in making the promises of equal opportunity a reality for many Americans. A vast array of formal policies and practices that granted second-class citizenship to men of color and women have simply disappeared from the political landscape, treated today not merely as illegal, but as socially retrograde.

These advances can be seen most clearly in the American professional class. Many better-off blacks and women have gained education and employment in fields that were, for the most part, closed to them until recent decades. The presence of African-American men in the highest income categories has improved in recent decades, though they remain strikingly underrepresented.65 The number of women in managerial and professional jobs nearly doubled between 1974 and 1994.66 At the 95th percentile, women’s wages increased by 52 percent between 1979 and 2000, compared with 26.5 percent for men.67 Between 1967 and 1996, the proportion of African-American women with wages in the top quartile increased from 0.7 to 7.5 percent, a tenfold increase.68

And yet, for many women and vast numbers of African Americans, equal opportunity remains elusive even at the start of the 21st century. To some extent, the limits on the “rights revolution” for these citizens reflects the reversal or curtailments of some of the relevant rights-oriented policies in recent decades—a topic that has been treated quite thoroughly by numerous scholars.69

What has received less attention, however, is the effect of rising economic inequality on the reach and impact of the “rights revolution.” For just as the “rights revolution” sounded the death knell to many legally institutionalized patterns of racism and sexism, new forms of inequality emerged based less on legal discrimination and more on stratification of income and wealth.
Growing income inequality has profoundly limited the reach of the “rights revolution.” Although the wage gaps between men and women and blacks and whites have narrowed, they have diminished less than might have been anticipated. And while growing inequality has not developed neatly along lines of either race or gender, women and minorities are most likely to find themselves near the bottom of the income scale. As a result, they often lack the resources to exercise their new rights. Growing inequality, in short, has presented new obstacles to equal opportunity, while threatening and complicating policies aimed at achieving it.

**Race and Inequality**

The post-World War II period represented a time of considerable social opportunity for American males of European ancestry. Yet African-American males—including well over a million who performed in military service overseas in World War II—fared quite differently. In the first decades following the Second World War, educational institutions in the South continued to segregate and relegate blacks to inferior facilities. Nationwide, African Americans faced rampant discrimination in job markets. Although the Fair Employment Practices Commission (FEPC) and related reforms opened some government jobs, blacks still found employment only in a narrow range of jobs that offered low pay and low status. While black family incomes expanded during the period, even highly educated black men received less of a boost from advanced degrees than their white counterparts and typically found employment only in jobs well below their qualifications. Median black family income hovered at just above half the level of the median white family from the late 1940s through the early 1960s, and gaps in black and white educational attainment, home ownership, wealth, and occupational status were even more glaring.
It is important to recognize that a number of major twentieth century government programs that aimed to reduce inequality among whites reinforced rather than ameliorated racial inequality. For example, core elements of the New Deal, as well as of housing and urban renewal policy in the 1950s and 1960s, created new resources for middle- and lower-class white Americans that were largely inaccessible to African Americans. Federal property appraisal recommendations established in the 1930s both fostered processes known as “red-lining,” through which banks routinely refused to make mortgage loans to African Americans, and encouraged local banks to offer mortgages for suburban homes. After World War II, urban renewal programs and federally funded urban renewal and federal highway construction programs dramatically affected black population centers. Urban renewal was used to varying effect locally, but the national effort earned the nickname of “Negro Removal,” with “approximately two-thirds of the people…forced out of their homes [as of March of 1963]…members of some…minority group.” Prior to the rights revolution, then, the failure of many inequality-reducing policies to reach blacks reinforced the link between racial and economic inequalities—in ways that, as we shall see, proved difficult to undo once economic inequality among all Americans began to rise sharply in later decades.

The “rights revolution,” initially, seemed to promise fundamental improvement in the well being of African Americans. By bringing an end to legalized discrimination in job markets, the Civil Rights Act of 1964 ushered in a brief period during which the racial wage gap rapidly narrowed. All too quickly, however, the American economy stagnated and economic inequality began to grow.

After the late 1970s, however, the trend of dramatic progress in diminishing inequality between blacks and whites stopped or was reversed. The racial wage gap exploded: by the 1980s,
it returned to levels found in the 1950s, and unemployment spiked among African Americans, averaging 14.7 percent throughout the eighties, more than twice the average rate for whites (6.2 percent)—a ratio that has persisted. The high economic growth period of the late 1990s greatly benefited African Americans (the black-white income ratio rose to an historical high of 63.5 percent), but the economic well-being of blacks still lags well behind that of whites.\textsuperscript{76} As of 2001, 31.2 percent of black workers were employed in jobs paying less than poverty-level wages, compared to 21.2 percent of white workers. Amid deindustrialization and other economic shifts, black men were especially likely to be squeezed out of jobs offering middle-class salaries. One quarter of black men (25.7 percent) worked for poverty level wages in 2001 compared to only 14.5 percent of white men and poverty rates among African Americans generally remain much higher than among whites. In short, after the immediate gains that followed the banning of discrimination, relative income gains among African Americans slowed dramatically.\textsuperscript{77}

Yet that is not the whole story. Unlike the period before the civil rights movement, the extent to which African Americans’ well-being lags behind that of whites now depends heavily on the interaction of race and other factors, particularly educational attainment. Highly educated blacks, like highly educated whites, have seen increasing returns to their education. And many are considerably better off today than they were in the early 1970s.

These disparate trends reflect developments in the broader population, and to that extent, they highlight ways in which growing inequality cuts across all racial groups. Yet they also point to ways in which public policies have aided some members of minority groups more than others—a point pursued more fully in later sections of this research review. Affirmative action in particular has been especially helpful to highly educated and professional African Americans, rather than those in working-class jobs.\textsuperscript{78} Conversely, programs that previously offered strong
support to working-class and low-income Americans in the 1960s and early 1970s have grown considerably weaker, with particularly harmful effects to African Americans.

Residential segregation provides a powerful case in point. Although the residential isolation of blacks has declined somewhat over the last two decades, it continues to be higher than among any other ethnic group in the United States. Douglas Massey and Nancy A. Denton argue that “racial segregation—and its characteristic institutional form, the black ghetto—are the key structural factors responsible for the perpetuation of black poverty in the United States.” They show that black urbanites did not dwell in segregated neighborhoods before 1900. Rather, such enclaves emerged by 1940 through a combination of individual and collective discriminatory actions that had few parallels in the treatment of other ethnic groups. Once established, this extreme residential segregation persisted, despite fair housing laws. Some recent studies downplay such outcomes, ascribing them to individual choice. Yet careful empirical studies offer evidence that discrimination in housing is still a common experience for blacks, as well as Hispanics.

At the same time, growing income inequality has fostered greater economic segregation. One study reports that “[e]conomic classes are becoming more spatially separate from each other, with the rich increasingly living with other rich people and the poor with other poor.” While much of the emphasis has been on the “gated communities” that have appeared across the nation over the last few decades, the main reason for growing economic segregation is that income disparities between neighborhoods have grown more exaggerated in direct relationship to growing inequality in the population. Economic inequality thus exacerbates the challenges faced by predominantly black neighborhoods, perpetuating numerous and intertwined forms of disadvantage, including high
poverty rates and limited educational and economic opportunities. It contributes to poverty by promoting high rent burdens, poor quality housing and associated health risks, and lack of access to housing wealth or equity. Segregated neighborhoods also undermine employment opportunities, creating a spatial mismatch between residence and quality available jobs.\textsuperscript{85} This is one reason for higher levels of unemployment among African Americans.\textsuperscript{86} Neighborhood effects also appear to harm individuals’ life opportunities by, for example, undermining children’s chances of academic achievement and exposing residents to crime and other social pathologies.\textsuperscript{87} Housing values in poor communities fail to appreciate over time at levels comparable to those in middle-class communities, undermining the local property tax base, with all the vast implications already discussed for the relative quality of educational institutions.

\textbf{Gender and Inequality}

Gender equality might appear less affected than racial inequality by growing income differences. Yet while women have indeed made significant economic gains over the last three decades, they remain unequal in economic status to men and the gap is most severe for women lower on the economic ladder. Moreover, policies aimed at fostering gender equality have been seriously undermined by growing economic inequality.

Amid the tide of growing income inequality, women’s economic progress stands out. Overall, women’s median wages have increased in real terms: from $9.24 per hour in 1973 to $11.40 in 2001. In contrast, men’s real median wages fell between the mid-1970s and mid-1990s, rising to their pre-1975 level of about $15 only in 2001. As a result, the ratio between women and men’s wages has narrowed substantially, though the narrowing is due as much to stagnation of men’s wages as to improved women’s wages.
These shifts have varied, to be sure, with occupational sector, income level, familial situation, and other individual-level factors. Just as white-collar men have gained economically in recent decades while blue-collar men have seen their real wages fall, wages grew most rapidly among women in the highest-paying jobs. Nonetheless, gender inequality persists in the workforce at all levels, with women earning substantially lower wages than men in each occupational sector. While the persistence of an especially high gender wage gap in the United States appears to be attributable in part to occupational segregation, discrimination, and women’s role in raising children, these factors actually explain less in the United States than in other nations. One analysis found that the gap owes largely to the high level of U.S. wage inequality, which penalizes especially those in the bottom half of the wage distribution. And while the share of women earning poverty-level wages has declined, women are still considerably more likely than men to earn such wages. Most vulnerable, for a variety of reasons, are single mothers. Among married couples, wives’ earnings as a percentage of family incomes have grown from about 25 percent in the early 1970s to about 34 percent in 2000. At the same time, women with children are far more likely to be raising them alone than they were three decades ago. And despite the fact that female-headed households are better off financially now than in the past, they are still likely to live at just below twice the poverty line.

Women with low incomes are assisted by a variety of government programs, but huge gaps remain. Given their greater likelihood of working for low wages, women are especially vulnerable to the diminished real value of the minimum wage. In fact, women comprise well over half of workers earning wages within a dollar of the present minimum wage. Moreover, 94 percent of women in low wage jobs are not unionized. In the absence of stronger labor regulations, a crucial safety net has been provided by the Earned Income Tax Credit, which has
lifted perhaps 2 million children out of poverty in 1996. To the extent, then, that single mothers are better off now than in past decades, it is primarily because they are working more outside of the home and because their pay is supplemented by the EITC. Finally, despite Medicaid, the rate of health insurance coverage has fallen much faster among women than men over the last several years.

The situation of elderly women also deserves emphasis. While social programs aimed toward the elderly have proven important in lifting women out of poverty, women continue to reach older adulthood with considerably less in private savings and pensions than men. They also live longer after retirement, making them especially vulnerable to poverty. For this reason, Social Security provides a vital safety net for elderly women.

Overall, then, the most spectacular gains in women’s economic status have affected mostly highly educated professional women. In the top income quintile of households, both men’s and women’s wages have increased dramatically over the past two decades, with women’s wages rising by a stunning 80 percent, fully a third faster than men’s. Yet in the lowest income quintile, men’s wages actually fell while women’s wages rose by only 20 percent. It can be said that far greater gender equality exists today than 30 years ago. As with African Americans, however, the fruits of the rights revolution have disproportionately reached more privileged women. Indeed, many of the rights secured by feminists—though applying to all women in principle—can be exercised only by those of financial means. For example, the Family and Medical Leave Act of 1993 offers unpaid leave to workers to care for a newborn, child, or other relative. Yet lower income women are typically unable to afford to exercise this right. Similarly, while new public policies aim to allow women to escape from domestic violence and press charges, low-income women are less likely to feel sufficiently independent in economic
terms to leave a violent relationship. In essence, growing income inequality has undermined some of the key successes of the movement for gender equality. More important, it has distributed these successes quite unequally across the income scale.

The postwar years are often viewed as a golden age of growing economic equality. But we should not forget that this era also featured two levels of citizenship, divided along the fault lines of race and gender. The “rights revolution” of the 1960s and 1970s powerfully attacked this ascriptively-based citizenship regime. But in its wake, three decades of growing economic inequality have created disparities of wealth and income not seen since the Gilded Age. What political consequences ensue from this brave new world of equal formal rights yet increasingly unequal economic standing? That is the question taken up in the next section.

**Policy Feedbacks and Political Equality**

The rights revolution offered the hope of not only leveling access to social opportunity, but also of reducing political inequality. The initial record, of course, was one of stunning success: The extension of basic citizenship rights directly enabled and encouraged political participation among historically excluded groups. Nonetheless, the political playing field still remains tilted, and the immediate gains of the rights revolution have not yielded sustained equalization of political voice. As the research review on political participation points out, whites continue to participate much more frequently than African Americans and Latinos, and men continue to participate more frequently than women. This is principally because racial and gender inequalities continue to mark educational attainment, employment, income, and other factors that are critical in distributing the skills, networks, and resources that make participation possible and productive.
Most of the differences in voice that mark American politics today, therefore, are not due to explicit exclusion of groups, but from educational inequities, differential employment rates, and other factors that affect the distribution of civic skills and political opportunities. It remains the case, however, that these inequities and differences significantly undermine equality of voice. And it is almost certainly the case that rising inequality—because it has been especially disadvantageous to groups helped by the rights revolution—has limited the gains in political equality that the rights revolution aimed to foster. For all these reasons, equality of political voice for women and minorities remains a pressing issue. But it is an issue whose confrontation will require addressing elusive and complex market-induced inequalities rather than the government-backed ascriptive inequalities that stirred the rights revolution. To grasp the intersection of the rights revolution with rising economic inequality, therefore, requires an understanding not just of policies’ social consequences, but of their long-term political effects—a subject increasingly explored by political scientists under the label policy feedbacks.

In this penultimate part, we consider the consequence of the evolution of American public policy over the past half century for social and political equality. We begin by reviewing the growing body of scholarship on how public policies affect citizens’ political resources, capacities, and interests. We then examine the impact on American citizenship of a number of twentieth-century policies particularly associated in the public and scholarly mind with social and political equality. Finally, we bring together the findings of these sections to explore how U.S. public policy promoted (and responded to) social and political equality in the immediate postwar years. This discussion then sets the stage for our final major section, which argues that this “virtuous cycle” seems to have eroded significantly in recent decades.
Studying Policy Feedback Effects

The idea that policies reshape the political environment has a long legacy. In 1935, E.E. Schattschneider suggested that “new policies create a new politics.” Recently, historical institutionalists coined the term “policy feedback” to illuminate such dynamics. Most analyses to date focus on how new policies alter the calculus and priorities of public officials and interest groups, such that the next round of policymaking assumes different dynamics. The approach has antecedents in Charles Lindblom’s observation that public officials do not routinely use the “rational” approach to selecting policy choices, but turn instead to a pre-existing policy design, and build on it incrementally or adapt it piecemeal for new purposes. It also builds on Hugh Heclo’s argument that policymakers engage in learning from existing policies, a process that sets parameters on the subsequent actions they take in creating new policies. Such choices have a cumulative effect over time: “Decisions at one point in time can restrict future possibilities by sending policy off onto particular tracks, along which ideas and interests develop and strategies adapt.”

Scholars of American welfare state development have embraced the policy feedback approach, using it to explain several seeming anomalies of the U.S. case. They have told us, for example, why policymakers in the early twentieth century failed to enact a “paternalist” welfare state like that of most European nations; why most programs within the Social Security Act of 1935 were made subject to joint national-state administrative arrangements but Old Age Insurance was endowed with fully national level authority; why American employment policy, over time, moved increasingly away from efforts to promote full employment and features only remedial efforts for those at the lower end of the labor market; why national health insurance has been so much more difficult to achieve in the United States than elsewhere; and why the United
States has increasingly sanctioned and regulated private forms of social provision rather than bolstering public benefits. These prominent examples each emphasize primarily the feedback effects between policy and administrative or political elites.

In contrast, relatively little scholarship has explored the boundary between public policy and mass political behavior. In a seminal theoretical analysis, Paul Pierson suggested that the effects of policies mass publics could take two main forms: (1) resource effects, as policies act as producers of resources and incentives, thus shaping the costs and benefits associated with particular political strategies; and (2) interpretive effects, as policies serve as sources of information and meaning, with implications for political learning. Understanding such effects requires careful attention to the details of policy design, such as the type and value of goods or services offered, the extent of coverage with the citizenry, targeted population, methods of ascertaining eligibility, procedures for delivery, and administrative arrangements. Already scholars know that policies seem to vary in terms of their consequences for civic engagement. The nascent literature on policy feedback for mass publics begins to illuminate the mechanisms through which policy designs produce such variation in political outcomes.

The resources transmitted to citizens through public policies are likely to have numerous effects on citizens. For example, it is known that advanced education and higher levels of socio-economic status foster, in turn, cultivation of those skills and predispositions that make citizens more engaged politically. In addition, recipients of benefits are sought after in mobilization efforts by political parties and interest groups, thus amplifying their voice in the political process. The manner in which policies distribute resources across social groups in the polity, therefore, generates different degrees of civic capacity.
In a forthcoming article, Joe Soss and Suzanne Mettler suggest four principal ways in which policies may affect the citizenry. First, policies shape civic affiliations, status and the degree of unity among the citizenry. Policies delineate groups in the polity, defining their boundaries and infusing them with political meaning. (Neither “welfare mothers” nor “taxpayers,” for example—both potent sources of political symbolism—would exist without public policy.) Second, policies affect civic capacity, altering the incentives, skills, resources and beliefs of citizens. They may create material incentives for mobilization, build and distribute civic capacities, and supply resources for political mobilization. Third, policies have feedback effects through the citizenry that shape issue framing and political agenda setting. As policies approach social problems through particular solutions and not others, they effectively frame issues, shaping the way citizens perceive the problem and the legitimate role of government in relation to it. Finally, public policies structure political participation itself, influencing the extent to which individuals or groups are mobilized and the form their participation takes. They define the universe of participants and demand makers, create new arenas for political action, and shape political group and party affiliations, inasmuch as citizens view particular groups and parties as protectors of policies that they support or oppose.

To what extent are these four relationships between policy and political influence seen in the landscape of twentieth-century policies? The remainder of this section offers some concrete answers to this question by exploring a handful of major government policies that have shaped inequality—and its political effects—in the post-World War II era: the G.I. Bill, Social Security and Medicare, the War on Poverty, and the Voting Rights Act. These policies were chosen for analysis not because they are representative of all government activities, but because of their acknowledged role in affecting inequality and because a growing amount of research explores
their second-order political effects. After exploring this research, this section concludes by bringing together the findings of these mini-case studies to offer some reflections on the relationship between public policy and economic and political equality in the postwar era. The next and final section considers how this relationship has changed in the wake of the rights revolution and the post-1970s trend toward sharply rising economic inequality.

**The G.I. Bill**

The Serviceman’s Readjustment Act of 1944—commonly known as the G.I. Bill—significantly fostered social and political equality in the post-World War II era. Grounded in the longstanding American tradition of providing social benefits to military servicemen, the G.I. Bill parted from earlier veterans’ programs, which offered assistance only to the disabled, retirees, and their widows in offering immediate benefits to all who had served. Benefits included education, on-the-job training, unemployment compensation, and loan-guarantees to assist in the purchase of homes, farms or businesses. Similar benefits were offered to veterans of later wars, but the original G.I. Bill was far more generous and extensive than these subsequent laws, and it stands out today as one of the most important postwar social programs promoting equality.

The original G.I. Bill offered a wide array of benefits that were renowned for their inclusivity and generosity. Any veteran was eligible for benefits as long as he had served for at least 90 days and had a discharge status other than dishonorable. All veterans were entitled to a “mustering-out” payment of $100-$300 per person. They also qualified for up to a year of unemployment benefits that were far more generous and easier to obtain than unemployment benefits in most states. Loan guarantee provisions were also offered—and widely used: 4.3
million veterans purchased homes at low-interest rates, and 200,000 purchased farms or started businesses, giving construction an enormous boost. By 1955, nearly one-third of the new housing starts nationwide owed their backing to the Veterans’ Administration.

The education and training benefits were utilized by just over half of all World War II veterans, or 7.8 million individuals. Beneficiaries could attend the educational institution of their choice as long as they gained admission through the standard procedures. Among beneficiaries, 28 percent attended colleges and universities, 45 percent went to schools below the college level, especially trade and vocational training programs, and the remainder utilized on-the-job or on-the-farm training. The G.I. Bill covered tuition and provided monthly stipend payments for up to four years, depending on the veteran’s length of service.

The effects of the higher education provisions were dramatic indeed. Colleges were inundated with students, with veterans comprising half of the undergraduate population nationwide by 1949. Prior to the war, higher education had been limited primarily to the sons of the elite. The G.I. Bill provided access to college for large numbers of Jews, Catholics, African Americans, immigrants and the children of immigrants, and members of working- and middle-class families. Given the rapid rise in high school graduation rates just prior to the war, the average veteran had already completed high school and therefore could choose whether to utilize the higher education benefits. The financial assistance of the G.I. Bill, in turn, served to weaken the prevailing class determinants of who went to college and how much education they received. In turn, the program greatly boosted educational attainment among beneficiaries—indeed, by as much as three years, with other key determinants held constant.

The vast majority of veterans on the G.I. Bill flocked to the sub-college programs, prompting the number of vocational training schools in the nation to triple within six years.
Through these programs, veterans acquired training in a wide array of vocations. Thousands also attended flight and business schools or completed their primary or secondary education. Veterans with less prior education were especially likely to use the vocational training benefits. And while such programs did not increase beneficiaries’ formal level of education, they enabled them to advance in their careers and reach supervisory or managerial positions that, in the postwar economy, typically guaranteed middle-class wages and health, pension, and other benefits.

The G.I. Bill—through both its World War II and Korean War versions—extended educational opportunity to the vast majority of males of the World War II generation (that is, men born in the 1920s), 80 percent of whom served in the military. Though blacks were somewhat underrepresented in the military, due largely to explicit discrimination, as well as to inferior schooling and health in the Jim Crow era, nonetheless black veterans actually utilized the education and training benefits at higher rates than white veterans—in the South and, indeed, throughout the nation.112 While institutionalized segregation persisted in the South, tens of thousands of black veterans crowded into the historically black colleges and separate vocational programs. Others seized the opportunity to move to the North or West, and utilized their benefits to attend integrated institutions of higher education. Granted, black G.I. Bill users in the South did not exhibit the same advances in formal educational attainment as white users, but that is because they had less education to begin with and therefore were more likely to utilize the vocational training programs. In the North, moreover, the program did advance black educational attainment.113 All told, black male veterans were even more likely than white male veterans to regard the program as a turning point in their lives.114
By contrast, the G.I. Bill had little direct impact on women’s lives. Women comprised only 2 percent of the military, and gender norms promoted educational advancement mostly among men. Forty percent of female veterans used the education and training provisions, though typically for shorter periods of time than male veterans and with less likelihood of receiving degrees.115

Today, political scientists view the World War II generation as the great exemplar of twentieth-century civic engagement. Did the G.I. Bill have any role in creating this celebrated civic generation? The evidence indicates that it did, and powerfully so. As it extended generous benefits, the G.I. Bill also prompted higher levels of subsequent involvement in civic and political activity. Although the higher education levels that the G.I. Bill prompted were an important cause of this effect—and one worth emphasizing, given that avenues for education advancement had generally been closed to less advantaged Americans in the past—there is also evidence that the G.I. Bill encouraged civic engagement through the lessons that it carried about citizenship and common cause. Comparing two non-black male veterans with the same socio-economic background and level of educational attainment, for example, the veteran who used the G.I. Bill’s education and training benefits joined 50 percent more civic organizations and participated in 30 percent more political activities during the postwar era.116

How can we explain this remarkable effect? It appears that that the policy design of the program—particularly its universalism, generosity, and message of equal citizenship—made beneficiaries much more inclined toward civic involvement. Importantly, these “interpretive effects” were most pronounced for those from low to moderate socio-economic backgrounds, who felt, often for the first time, that they were fully incorporated into the polity as first-class citizens.117 Interpretive effects also proved strong among vocational education beneficiaries,
and—strikingly—among African American veterans, who became especially active in the civil rights movement of the 1950s and 1960s and, subsequently in electoral politics and political organizations. Although the interpretive effects of the G.I. Bill largely faded by the mid-1960s, beneficiaries’ civic engagement remained high, thanks to enhanced educational levels, skills, and networks that allowed them to engage successfully in public life.

The G.I. Bill served as a template for later legislative efforts to help veterans of the Korean War (1952), the Cold War (1966), and the Vietnam War (1967). Each bill’s educational and training benefits were extended on somewhat less generous terms than those of its predecessor. In 1984, Congress established a comparatively modest system of educational benefits for veterans of the all-volunteer military that has proved much less successful than the original G.I. Bill was in bridging the significant educational gap that now exists between veterans and non-veterans. Nonetheless, the G.I. Bill still looms large in American public consciousness, demonstrating that policies that affect economic inequality and opportunity can also have profound effects on American civic life. This conclusion is greatly reinforced when we turn to Social Security and Medicare.

**Social Security and Medicare**

Social Security and Medicare—technically, old-age, survivors, disability, and health insurance, or OASDHI—stand out as the privileged core of American social provision. Enacted during the New Deal, the original old-age insurance program (henceforth, called “Social Security”) represented the first national program of retirement protection available to private workers across the industrial economy. Medicare, passed in 1965 as an amendment to the Social Security program, provides hospital coverage (Part A) and physicians’ insurance (Part B) to
eligible U.S. residents older than 65 and, since 1972, the disabled. Although Social Security initially excluded many workers—most notably, agricultural and domestic employees—it is now essentially universal. Medicare, since its inception, has covered virtually all of the aged.

Both programs are also generally quite favorable to lower- and middle-income workers. Social Security bases its benefits on a formula that provides higher benefits to lower-income workers relative to the taxes they pay into the program. Medicare’s medical benefits do not seem so starkly redistributive. For beneficiaries with similar health histories, for example, higher-income beneficiaries consume more—and more costly—Medicare-funded services. But Medicare’s financing is more progressive than Social Security’s. Part A is financed by a small tax on wages that applies to all wage income, rather than the first $90,000 or so, as is the case with Social Security’s payroll tax. Part B, for its part, is principally financed by general tax revenues, which in turn are principally financed by the progressive income tax. And both Social Security and Medicare are complemented by special supplementary programs for the indigent aged—Supplemental Security Income in the case of Social Security, and Medicaid for elderly Americans who are “dually eligible” for Medicare and Medicaid.

A clear illustration of this progressivity is provided by the extensive research on the role of Social Security in lifting elderly Americans out of poverty. Census data show that without Social Security, nearly half — 47.6 percent — of the U.S. population age 65 and older would have been poor in 1997. By lifting more than 11 million senior citizens out of poverty, Social Security lowered the poverty rate by three-quarters that year—making it the most effective of all government programs in reducing poverty. To be sure, these statistics cannot answer the question of what senior citizens’ incomes would have been if Social Security did not exist and elderly Americans had not been able to count on its income in retirement during their working lives. Yet
it is impossible to argue that Social Security is not vital to increasing income, and equality of income, among the aged: Social Security makes up approximately 80 percent of the income of both the poorest fifth of elderly people and the next-to-the-poorest fifth, provides 62 percent of the income of those in the middle fifth of the elderly population, and even provides 41.5 percent of the income of the elderly in the next-to-highest income fifth.\textsuperscript{122}

Moreover, when the risk of needing the benefits that the programs provide are taken into account, both Social Security and Medicare appear even more favorable to workers on the lower half of income ladder. Private pensions are often unavailable for lower-income workers, who also rarely utilize tax-favored private savings accounts, in part because the tax breaks that such accounts offer are worth relatively little to workers in low income tax brackets. Lower-income workers are also much more likely to utilize Social Security’s survivors’ insurance, which aids dependents of deceased workers. These survivors’ benefits, in fact, more than offset the fact that the more affluent tend to live longer, and thus collect Social Security longer after retirement.\textsuperscript{123}

The story is similar with regard to Medicare. As reported earlier, average health status generally gets worse as one moves down the income ladder, so Medicare’s guarantee of basic benefits without regard to prior health experience is extremely valuable to less affluent Americans. Private health insurance for the aged is nearly impossible to obtain, especially for senior citizens who are less healthy than average, while retiree health coverage is mostly limited to highly paid and unionized workers.

That said, the taxes that fund Social Security and Medicare Part A are proportional, flat levies—which in the case of Social Security, stop at a certain standard of income. And for most workers, they are far and away the largest portion of the federal tax bill paid. While many workers hit hard by the tax will disproportionately benefit from the Social Security and Medicare
programs, it cannot be denied that the OASDHI payroll taxes are a serious blow to their disposable income during their working lives.

And because both programs pay current benefits using the contributions of current taxpayers, the program also disadvantages, relatively speaking, smaller generations of workers vis-à-vis larger ones. If present benefit levels are to be maintained when the large baby boom generation requires, taxpaying workers will need either to be markedly more productive than their predecessors or to pay higher levies. This points to a crucial feature of Medicare and Social Security: they redistribute across generations rather than across classes. Nonetheless, within generations, and even taking into account the heavy burden of the payroll tax on workers’ current incomes, the thrust of the two programs is clearly progressive.

Research on the effects of Social Security across lines of race and gender is more scattered and sketchy. Initially, Social Security excluded most African Americans and many women. Today, however, it is generally quite favorable to both groups. To the extent that women and blacks are more likely to have low incomes during their working lives and in retirement, Social Security’s progressive, guaranteed benefits offer disproportionately valuable assistance. While it is often argued that blacks do poorly under the program because they generally live less long than whites, the overall distribution of benefits remains in their favor when the progressivity of the benefit structure and survivors’ benefits are taken into account. As for women, Social Security (and Medicare) are increasingly crucial and generous to them, because the progressive benefit structure, because of generous spousal benefits (which despite their gender-neutrality are disproportionately received by women), and because women tend to live longer than men after retirement. Thus women receive 53 percent of Social Security benefits, while paying 38 percent of the program’s
payroll taxes. In 1997, nearly two-thirds of elderly women received a majority of their income from Social Security, and for almost one-third of elderly women, Social Security provided at least 90 percent.\textsuperscript{126}

The effects of Medicare across lines of race and gender are even less well understood. There is considerable evidence, however, that African Americans and other minorities are disproportionately among the uninsured within the nonelderly population (with rates of uninsurance two to three times as high as for whites); the guaranteed, universal benefits offered by the Medicare program are arguably more valuable to these groups than whites. That said, recent studies suggest that racial disparities in access to care that exist for the nonelderly are by no means eliminated by Medicare. Blacks covered by Medicare appear to receive less appropriate treatment than whites, controlling for income—although these disparities are much less severe than for the nonelderly.\textsuperscript{127} Barriers to prompt access to appropriate care that affect nonelderly women no doubt also carry over, to some extent, to female Medicare patients.

Since their codification in the 1960s and 1970s, when Medicare was established and Social Security saw its final major upgrading, neither Social Security nor Medicare have changed markedly. Nonetheless, what change there has been has mostly been in the direction of decreased protection. Social Security’s replacement rates—the share of preretirement income provided to retirees by the program—has declined, and Medicare covers an ever smaller share of senior citizens’ medical costs. In Medicare, the growth of private health plans contracting with the program has increased benefits for some beneficiaries, but there is some evidence that private plans discriminate against sicker patients, and that those in private plans are less supportive of program upgrading than those who remain in the traditional fee-for-service program.\textsuperscript{128}
This last point raises the issue of Social Security and Medicare’s political effects. It would seem difficult for two programs this large, visible, and politically salient not to have significant political effects, and indeed a new body of research demonstrates profound civic consequences. Perhaps most telling is the recent work of Andrea Campbell, which shows how Social Security has helped create the actively engaged population of senior citizens that so marks American politics today. Not only are levels of participation among the aged remarkably high, but in addition, the aged are the one group for which a marked participatory bias favoring the affluent and educated does not exist. As Campbell argues, Social Security and Medicare have “materially enhanced [senior citizens’] participatory capacity” and, in doing so, “fundamentally altered the American democratic landscape.”

Not only were senior citizens themselves activated by government efforts to help the aged; the popularity—and the weaknesses—of these programs helped give rise to extremely important watchdog groups representing senior citizens, notably, the American Association for Retired Persons (which now goes only by its acronym, AARP). It is a relatively little known fact that the AARP gained its current prominence mainly by selling supplemental policies that filled the gaps in the Medicare program. This reinforces the more general argument outlined in the previous section—that what government does (and does not do) can create important organizing opportunities for civic groups, shaping the organizational landscape of American politics decades after the initial impetus for a program fades.

In short, Medicare and Social Security have continued to foster civic engagement much as the G.I. Bill did in the immediate postwar era—first, by providing material resources that generate higher rates of participation; second, by providing the basis for group mobilization; and third, by providing interpretive signals that both shape and reinforce the perceptions of
government and the worth of political action among key groups. These effects have been, in many respects, overwhelmingly positive, and they certainly help account for the political resilience of the Medicare and Social Security programs. Yet the age bias in U.S. social policy noted earlier suggests that the active mobilization of the aged is not an unmitigated good for efforts to address rising inequality for all Americans. With poverty and inequality concentrated increasingly among the working aged and young, the lack of parallel civic engagement among the non-elderly probably reinforces the tendency of political leaders to focus on the preservation and improvement of programs for the aged, rather than the formulation of broader measures emphasizing young and old alike.

Nonetheless, the broad support for public programs for the aged, and the relative political equality among the aged that they appear to have fostered, provide a clear example of success in building participatory potential and capacities among once-vulnerable citizens. One reason for this success, surely, is the fact that these programs are highly inclusive, rather than focused simply on the poor or disadvantaged, as well as that they are received by groups in American society that are widely viewed with sympathy and favor. These reasons for success are thrown in sharp relief when we turn from Social Security and Medicare to the policy and political consequences of President Lyndon Johnson’s War on Poverty—another prominent example of a government initiative that has shaped American inequality and its political ramifications.

**The War on Poverty**

The War on Poverty is notable for three reasons. First, launched amid the civil rights movement’s greatest breakthroughs, it challenged racial inequalities much more directly than previous social policies. Second, it also departed from previous policies in attempting to affect
directly the political capacities of lower-income citizens through programs of organization and empowerment. And third, many of the embodiments and legacies of the War on Poverty became highly controversial, and some were abandoned, repudiated, or stripped of substantial financing. It is thus of considerable importance to ask today, with clear eyes, what the War on Poverty actually attempted and accomplished in affecting inequality and poverty in the United States.

The specific programmatic results of the War on Poverty were extensive and diverse, and involved a variety of interlocking and mutually reinforcing policies and programs.\textsuperscript{130} \textit{Housing policies} included the creation of the Department of Housing and Urban Development, the Model Cities program, and the Fair Housing Act of 1968. \textit{Health policies} included Medicaid, the public assistance counterpart of Medicare. \textit{Employment and job training} policies included the Job Corps and Neighborhood Youth Corps, though neither ever received much funding. The Johnson administration also encouraged compliance with Title VII of the 1964 Civil Rights Act, related to nondiscrimination in employment and, when labor unions balked, issued Executive Order 11246, which permitted affirmative action in federal contract compliance and led to the development of affirmative action in education, employment and a number of other areas.

A number of \textit{educational} programs focusing on the disadvantaged also originated with the War on Poverty, including Head Start and Upward Bound. The 1964 Economic Opportunity Act (EOA) included a wide range of \textit{antipoverty policies}; Food Stamps was created during this period. In addition to expanding antipoverty efforts, the EOA established over a thousand of Community Action Agencies—nonprofit groups, city agencies, and community-controlled groups designed to encourage “maximum feasible participation” of the poor in the administration of the Act. This exemplified the War on Poverty’s focus on \textit{civil rights and political participation}, and indeed the 1964 Civil Rights Act and the 1965 Voting Rights Act, though not
formally part of the War on Poverty, bolstered the emerging focus of the antipoverty program agenda on urban black poverty and played an important part in mediating its political effects, as we more fully discuss below.

Discerning the effects of all these complex and interwoven programs is difficult, despite the wealth of studies that have been done. The initial record was one of significant improvements in income and reductions in poverty. Research by Linda Williams found significant reductions in poverty and increases in college completion among both blacks and whites based on analysis of U.S. Census data. Perhaps the clearest effect of the War on Poverty was in the area of black employment; many of the new public-sector jobs created within government during the period went to African Americans.\(^{131}\) Nonetheless, improvements in income and living conditions and reductions in poverty were not sustained because of the confluence of the economic downturn and industrial transformation of the 1970s, failure to maintain relatively high levels of initial spending, and weaknesses in the program’s themselves.

Although the War on Poverty has been criticized for exerting little sustained effect on poverty, most experts agree that the spending was never great enough to have a major impact on cash income. Most agree, too, that macroeconomic trends were far more important than the program’s effects, positive or negative, in shaping poverty and inequality in the 1970s and after. The focus on poverty rates is misleading, however. Many of the most politically resilient programs that resulted from the War on Poverty’s —Medicaid, Food Stamps, Head Start—do not have much direct effect on poverty, providing as they do in-kind benefits rather than cash.

The political effects of the War on Poverty are even more difficult to judge. In each area in which the War on Poverty extended its programmatic reach, there were increased efforts to empower citizens and enforce civil rights reforms. The Community Action Programs aimed at
community involvement and complemented the changes brought about by the Civil Rights Act and Voting Rights acts of 1964 and 1965. The Model Cities Programs aimed at improving housing and was complemented by the Fair Housing Act of 1968, as well as by the elevation of the policy area of housing from an agency to a cabinet-level department. Title VI of the 1964 Civil Rights, which gave the federal government considerable discretion in ensuring nondiscrimination in federal education spending, was complemented by new education programs at a variety of levels, such as Head Start and Upward Bound.

At the same time, however, the War on Poverty clearly sparked a political backlash that compromised its own aims as well as the continued political popularity of activist government. Many of the community empowerment efforts backfired badly, alienating local Democratic leaders. With the campaign of Governor George Wallace and Nixon’s Southern Strategy, the South moved solidly into the Republican fold. And whatever its achievements, the perception of the War on Poverty not only as unsuccessful, but as a set of giveaways to urban black communities poisoned the well for future antipoverty efforts and negatively shaped public views of existing programs, such as Aid to Families with Dependent Children. In all these respects, the War on Poverty showcased the inextricable link between poverty and skin color. Sadly, it also showcased the political risks of programs too focused in the public mind on the plight of the poor in general and the black poor in particular.

The Voting Rights Act of 1965

The Voting Rights Act of 1965 offers a powerful example of policy feedback effects; but it is of a different character than the other cases we discussed above. Most obviously, voting rights legislation addresses the political status of groups suffering discrimination directly rather
than indirectly. In this sense, it is inherently designed to have long-term effects on political power and participation. Still, the Voting Rights Act has had a number of second-order policy feedback effects that extend well beyond its immediate impact on the participation of previously marginalized groups. These include the mobilization of organizations concerned with voting rights; the setting of the agenda of voting rights policy (which shifted from an emphasis on basic rights to a concern with the actual election of minority candidates); and the creation of precedents that were extended to other racial and ethnic groups and even to new protected categories, such as so-called language minorities (groups speaking or reading languages other than English) and populations whose differing physical abilities limit their access to the polls.

The Voting Rights Act of 1965 originated in a moment of high politics driven by the moral and political challenge created by the African American civil rights movement. Enjoying two-to-one Democratic majorities, President Lyndon Johnson skillfully secured congressional approval for the Act, which the Supreme Court subsequently upheld. The Act gave the federal government the power to require states and localities to curtail laws and practices that prevented the South’s sizeable African American population from exercising its political rights. The 1965 Act has been amended repeatedly and, in the process, extended in both intent and reach—to counteract other challenges to equal electoral rights and to reach other regions and groups.

In the wake of the 1965 Act, federal observation of voter registration led to rapid increases in the size of the black southern electorate in the 1960s and 1970s. Nonetheless, southern states (especially Mississippi) implemented new electoral strategies to minimize “black electoral success” even after African Americans were registered and active. In response, legal defense organizations and civil rights attorneys developed new strategies for ensuring that registration and voting actually led to shifts in electoral outcomes. Perhaps the most prominent
and most controversial of these innovations was the concept of majority-minority districts designed to increase the number of black elected officials, which we discuss shortly.

The most immediate consequence of the Voting Rights Act was a massive improvement in the electoral participation of previously excluded minorities. Voting and registration by African Americans, once only a small fraction of whites’ in the South, now rival that of the white population.\textsuperscript{135} Reported registration in November of 2000, for instance, was 67.5 percent for blacks, 71.6 percent for white non-Hispanics, and 70.4 percent for whites. Voting, however, was lower: 53.5 percent among blacks, 60.4 percent among non-Hispanic whites, and 56.4 percent among whites in the 2000 presidential election.\textsuperscript{136} Among other groups, the numbers are somewhat less encouraging: voter registration in 2000 was 57.3 percent for Hispanics and 52.4 percent for Asian Pacific Islanders, while voting in the 2000 presidential race was reported as 27.5 percent among Hispanics and 25.4 percent among Asian Pacific Islanders.

Elected officials from these varying racial and ethnic groups have also increased dramatically. African Americans, with 1,469 elected representatives at all levels of government in 1970 (when such data was first reported by the Joint Center for Political and Economic Studies), had reached 8,936 representatives by 1999. The Census, which reported Latinos had 3,147 elected officials in 1985, counted 4,432 by 2001.\textsuperscript{137} Indeed, while focused on voting rights and elections, the Act has also had significant spillover effects on the non-electoral participation of African Americans, Latinos, and Asian Americans. This includes participation in appointive government offices and in important nongovernmental organizations, such as state and federal legal and public-interest groups that monitor the Act’s effects. Perhaps most notably, the election of racial and ethnic minorities to public office has opened the doors to expanded representation within the executive and judicial branches—at all levels of government.\textsuperscript{138}
Although voting rights legislation was originally targeted at racial discrimination in southern state, its reach has dramatically expanded since 1965. The Act now aims to encourage the political participation not just of African Americans, but also of American citizens who are members of language minorities or who have physical disabilities. This huge expansion, in turn, has involved a substantial growth in federal observation of electoral activities. Originally covered by the Act were just seven states, all in the South—Alabama, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Virginia—and portions of North Carolina. The language minority provisions, however, added to the list all of Alaska, Arizona, and Texas, as well as portions of California, Florida, New York, South Dakota, and Michigan.139

Perhaps the most important way in which the Voting Rights Act of 1965 has fed back into American politics is through its effect on electoral outcomes themselves. The Act fundamentally reshaped regional and national partisan competition. Reacting to the Democratic Party’s support for civil and voting rights at the national level, many southern white Democrats shifted their partisan identification toward the GOP, making the South a two-party region for the first time and establishing the region as a powerful base for the national Republican Party.

But the feedback effects of the Act extend beyond its consequences for election outcomes. The Voting Rights Act has also prompted frequent, and frequently fierce, new struggles to shape those outcomes through the redefinition of district boundaries and electoral rules. Indeed, the debates over the design of electoral systems and legislative districts prompted by the Act represent a remarkable example of high-level democratic theory meeting real-world political struggles. These debates led, in particular, to the creation of majority-minority districts, in which a majority of voters are members of minority groups. Responding to the concern that expanded voting rights did not lead to the election of minority candidates, the Voting Rights Act
Extension of 1982 allowed the creation of majority-minority districts under certain conditions. Partly as a result, the U.S. Census count became an increasingly important event on the voting rights agenda, triggering as it does a new round of state, local, and federal redistricting. As the size of the black and Latino populations increased, voting rights litigators and groups seized the opportunity to draw majority minority districts after the Census in 1990 and then again in 2000.\textsuperscript{140}

The debate over majority-minority districts showcases the important ways in which the Voting Rights Act prompted new deliberation about appropriate electoral forms for enhancing electoral participation and control. Scholars and activists debated and discussed the logic of a variety of possible reforms, including cumulative voting and proportional representation.\textsuperscript{141} They did not always agree, of course, about which paths of reform were most feasible—or even desirable. (Some researchers have subsequently noted, for example, that majority-minority districts have packed black voters, who vote predominantly for the Democratic Party, into fewer districts, thereby helping elect Republicans elsewhere.)\textsuperscript{142} In recent years, the debate over electoral reform appears to have stalled after decades of litigation, as the Supreme Court has sharply limited the conditions under which majority-minority districts can be drawn for black voters. However, redistricting based on partisan considerations, according to several recent decisions—including the recent ruling in \textit{Vieth v. Jubelirer}, the Pennsylvania redistricting case—remains acceptable.

Today, controversies continue to swirl around the Act—for example, on issues related to gerrymandering (including both its partisan and racial forms) and the accurate counting of racial and ethnic minorities in the U.S. Census. Although the Supreme Court affirmed the constitutionality of the original Voting Rights Act in 1965, the current Court has offered
declining support for strategies to strengthen and expand protections for the voting rights of racial and ethnic minorities.\textsuperscript{143} The controversy over the 2000 presidential election in Florida and the Supreme Court’s ruling in \textit{Bush v. Gore} thrust voting rights back into the headlines. It also prompted a new wave of voting rights legislation. The Help America Vote Act of 2002, for example, created an Election Assistance Commission, provided funds to reform and to improve state election procedures, and to set new minimum standards for the conduct of elections. With the special powers of the Voting Rights Act due to expire in 2007, disagreements over its future—and over its feedback effects on the participation of racial and ethnic groups—are all but certain.

In sum, the Voting Rights Act of 1965 had profound policy feedback effects. It shaped civic affiliations and capacities, reframed issues, altered the political agenda, and restructured political participation—both among minority citizens and among whites.

\textbf{Policy Feedback and Postwar American Democracy}

In the interaction between equality and engagement in postwar America, public policy was crucial and, for the most part, conducive to expanded participation. In the mid-twentieth century, Americans exhibited higher levels of civic activity than they have more recently. They held more interest in public affairs and greater confidence in government. They also participated more frequently in a wide range of political activities, including voting, working for political parties or on campaigns, contacting elected officials, or serving on a local committee.\textsuperscript{144}

Crucially, the period that has been called the “golden age of civic engagement” was also—in socioeconomic terms—the most egalitarian of the twentieth century.\textsuperscript{145} One analysis shows that 1950 marked the moment of greatest equality among American workers in the 20\textsuperscript{th}
century. Inequality remained at an historic low point for the next two decades until it began to ascend dramatically from the mid-1970s to the present. Educational level proved much less of a predictor of earnings in the mid-century than it is currently. The sharp increase in high-school educated individuals entering the labor market after the war depressed the wages of white-collar jobs somewhat. Meanwhile, less-skilled workers saw increases in their standard of living.\textsuperscript{146}

This relatively high degree of income equality resulted not only from technological advances and shifts in the economy, but also, as we have seen, from increasingly well-established regulatory and redistributive policies. Various programs enacted during the New Deal era were strengthened and broadened, and thus began to have important consequences for large portions of the populace. The real value of the minimum wage standard, established under Fair Labor Standards Act of 1938, was raised considerably throughout the 1950s and 1960s, enhancing the wages of low-wage workers. Organized labor, emboldened by the National Labor Relations Act of 1935, grew to its highest levels, comprising over 20 percent of the workforce from the early 1940s through the 1970s. Social security coverage grew rapidly during the 1950s and 1960s after Congress extended it to more sectors of the workforce and to the disabled, and the benefits value grew steadily. The G.I. Bill’s educational provisions, extended in generous form to World War II and Korean War veterans, helped elevate educational levels among males. In addition, greater equality was facilitated by the postwar demand for construction workers, aided largely by the housing provisions of the G.I. Bill, FHA loans and other government programs.\textsuperscript{147}

Should such policies also be credited with helping to stimulate the high levels of political involvement among citizens in the mid-twentieth century? Given our discussion of resource and interpretive policy feedback effects, and our discussion of specific programs, it is reasonable to
assume this to be the case. The resources offered through public policies and programs, especially to less advantaged members of the polity who are most lacking in the factors that lead to participation, are likely to have been highly instrumental in enhancing civic skills and networks, prompting citizens to be more interested in politics, and stimulating political parties and interest groups to mobilize such individuals politically. In addition, to the extent that the programs mentioned above featured universalistic and visible policy designs, they are likely to have enhanced individuals’ civic status, promoted unity within the polity, and prompted beneficiaries to have a greater sense of political efficacy and inclination to participate politically.

In sum, the universal design and redistributive effects of public policies of the mid-twentieth century may have been critical in fostering the vibrant civic and political life that flourished in the United States at that time. The next section argues that there is reason to believe that this positive role has been less in evidence in recent decades.

**Inequality, Public Policy, and American Democracy**

In *The New American Voter*, Warren E. Miller and J. Merrill Shanks observe that while voting rates have declined generally over recent decades, the change can be accounted for by compositional changes in the electorate over time. Interestingly, those who came of age during the Depression and World War II—the very Americans who benefited from the kinds of programs discussed above—have participated at high levels throughout their lives, continuing to do so even recently. Those who grew up during the 1950s and 1960s, in contrast, have voted at considerably lower levels. The most highly educated individuals (i.e. those with at least some college education) vote at slightly lower rates than similarly educated members of the prior generation. Most strikingly, however, less advantaged members of the younger cohorts vote at
considerably lower levels than the older cohort groups with the same level of education. In fact, the decline in voter participation since the early 1970s has been most precipitous among members of the post-New Deal generation who have less than a high school diploma; their turnout rates fell drastically below those of the comparably educated members of the older generation, even at the same points in their life cycle.\textsuperscript{148} Other scholarship confirms that the tilt toward participatory inequality today extends beyond voting to numerous other areas of civic and political activity.\textsuperscript{149}

Five trends in policy development during recent decades help to explain the transformation in civic engagement. First, direct spending programs targeted primarily toward elderly Americans have remained relatively vibrant. Social Security benefit rates for retired workers and survivors held largely constant, owing to the cost-of-living adjustments mandated in 1972, and coverage rates persisted. Both Medicare and Medicaid have generally grown in coverage and value over the same period of time, though not enough to offset fully declines in private protections or increases in medical costs. Similarly, veterans’ disability compensation benefits, under which the majority of beneficiaries have been members of the New Deal generation, have also increased in value over the period.

Scholars have marveled at the persistently high rates of participation among the “civic generation.”\textsuperscript{150} Some of the participation of these older Americans can be explained by the resources they gained from generous programs in the mid-century, which reaped long-term effects by fostering subsequent development of civic skills, networks, and resources.\textsuperscript{151} In addition, as earlier sections argued, the civic mobilization of older Americans has been sustained by Social Security, Medicare, and veterans’ compensation.\textsuperscript{152} The relatively generous and dependable nature of those benefits boosts their civic capacity and yields positive interpretive
effects as well. The impacts of government programs on these Americans is especially strong among less advantaged seniors, the same socio-economic strata within which younger citizens have simultaneously become so disengaged politically.

A second trend in welfare state development since the 1970s is that several forms of social provision targeting less advantaged non-elderly Americans have been subject to retrenchment. Unionization rates began to plummet in the early 1980s, falling from 23 percent of the labor force in 1980 to 13.5 percent currently, as government support withered. In constant 2002 dollars, the value of the minimum wage fell from $8.28 per hour in 1968 to $5.15 presently. The real value of unemployment insurance benefits descended from high levels of $240 or more for weekly average benefits in the early 1970s to around $220 throughout most of the 1990s. Average individual benefits for Food Stamps, also in real terms, declined from $144 per month in 1981 to $91 in 2000. Finally, individual benefits under Aid to Families with Dependent Children lost one-third of their value between 1970 and the mid-1990s. At that time, in 1996, the states regained increased authority over key features of the program, and beneficiaries were also made subject to strict work requirements and time limits.

Third, compared with other rich democracies, U.S. public policy has changed relatively little to reflect the changing character of the risks faced by American families as the job market and family relations have changed. Not only has the American tax and social welfare framework not followed the lead of other national frameworks in moderating the rise in market income inequality, there has also been a sharp decline in the generosity of antipoverty programs (with the notable exception of the EITC) and a massive fall in the scope and risk-spreading capacity of private workplace benefits among low-wage workers.
Considering the cumulative effect of these developments, it appears that the positive role of government has diminished in the lives of less advantaged, non-elderly Americans. Lack of support for unionization has directly undermined one form of civic involvement. The resources extended through the other programs have, in real terms, withered, leaving their beneficiaries with less of the civic capacity-enhancing factors available in prior decades.155

Fourth, the period has witnessed the persistence of the “hidden welfare state” of tax expenditures and the increasing reliance of higher-income Americans on private forms of social provision that are regulated by public policy.156 Most of these benefits—again, with the exception of the Earned Income Tax Credit—tend to further advantage already advantaged citizens economically.157 In terms of political effects, the results are less clear. Certainly the programs bestow important resource effects among users, perhaps helping to explain why participation among post-New Deal generations today is strongly tilted toward more advantaged citizens.158 On the other hand, the less visible nature of such programs is likely to undermine a wide array of interpretive effects. In fact, the obscurity of the EITC means that the program is underutilized by the low-income working population it targets, because so many are unaware of it. Presumably the hidden nature of such programs also thwarts broad-based efforts at citizen mobilization.159 In addition, citizens are unlikely to develop positive attitudes toward the political process and a stronger sense of political efficacy on the basis of such programs because the government’s role is so camouflaged and the fact that they are social benefits is less clear to many beneficiaries.

Finally, the nature of civic participation has changed over the past three decades in ways that likely accentuate the trends just described. While these changes defy simple assessment, one prominent strand within them has been a shift from civic-mobilization strategies premised on
widely distributed and tightly knit local groups with active memberships toward national civic organizations reliant on direct mail, media appeals, foundation grants, and dues-paying members. Associational reliance on direct mail, media appeals, and mailing lists is especially attractive for highly educated citizens, and there is some evidence that mailing-list organizations are increasingly targeting well-to-do potential contributors. Throughout much of U.S history, associations claiming to speak for the public or broad categories of citizens typically had to try to involve large numbers of people in their efforts. Today, however, civic elites can become influential by looking “upwards”—to wealthy donors and foundations—and by centering their activities in national headquarters close to the media and federal government. If this is indeed the direction of civic evolution, it would represent a major shift in the associational universe—one that is likely to shape profoundly the prospects for political mobilization around issues that intersect with America’s widening inequality gap.

Recent policy developments may have substantial implications for American democracy. The voices of older Americans continue to be well heard in the political process, at least in part because of the ways in which policies have bestowed positive resource and interpretive effects on them throughout their lifetimes and continue to do so today. Among younger generations, the most drastic declines in participation are manifest among less advantaged citizens, those who have suffered disproportionately not only from economic transformations but also from the simultaneous departure of government assistance in their lives. The resources they receive from government have fallen considerably in value over the last three decades and programs have been instilled with more invasive and restrictive procedures. These developments suggest that the participation decline among these individuals may have much to do with their perception that government is not responsive to or representative of people like them. Finally, the enduring high
levels of participation of advantaged citizens may emanate in part from the fact that they continue to derive important resources from government. Ironically, however, the policies that most benefit them feature government in a hidden role, such that they are unlikely to credit government with benefits they receive.

A large and promising research agenda looms for political scientists interested in better informing policymakers and the general public about the consequences of public policy for the well-being of American democracy. We have tried to give a sense of the scope of this agenda, while also demonstrating that substantial research already exists. The conclusions that emerge from this review defy simple summary, as befits the complexity of the subject. Yet two must be emphasized in closing. First, public policy is powerfully implicated in American economic, racial, and gender inequality. Although it has made a great dent in these interwoven forms of inequality over the past half century, the last two to three decades have seen an erosion of its capacity to promote equal opportunity. Second, the effects of public policies on the political standing and capacity of citizens is at least as profound as their impact on social conditions and relationships. Public policy shapes citizenship just as citizenship shapes public policy.
References


Endnotes

1 Jencks 2002.
2 For a recent assessment, which reaches the same conclusion, see Lenz 2003.
3 Skocpol 1992.
4 Hacker Forthcoming.
5 Wilensky 1975.
6 Page 1983.
7 Goodin 1987.
8 Castles and Mitchell 1993, 96.
9 For additional information, see http://www.lisproject.org.
10 Incorporating the elderly into statistics on redistribution poses the problem that in countries with very high replacement rates, the elderly make little or no provision for old age, inflating the redistributive effect of taxes and transfers. Excluding the elderly, however, seems equally likely to distort measures of redistribution, since intergenerational transfers are a crucial component of all welfare states’ activities.
12 Irvine 2002.
13 Cox and Alm 1999; Easterbrook 2003.
15 Burtless 2003.
17 Hacker Forthcoming.
18 For summaries of the relevant scholarship, see Bradley, et al. Forthcoming; Kenworthy 1999.
20 A full review of them is provided in Atkinson, et al. 2002.
21 Wealth is calculated by adding together the current value of all assets a household owns—such as bank accounts, stocks and bonds, life insurance savings, mutual funds, houses and unincorporated businesses, cars and major appliances, and the value of pension rights—and then subtracting from that total mortgage balances and other outstanding debt.
24 Shammas 1993.
26 Because most of these are cross-national in focus, they are limited by the availability of panel data comparable to the PSID, the gold standard in the field. Since only two other long-term panel studies of comparable scope and consistency exist (the German and Dutch Socioeconomic Panel surveys), and because neither is available before 1984, researchers interested in longer-term patterns have essentially found themselves forced to focus their cross-national analyses on the period between the mid-1980s and mid-1990s—all years that postdate the major shocks to the welfare state and economy of the 1970s and early 1980s.
30 The only exception are the findings, reported shortly, in Hacker Forthcoming.
31 Esping-Andersen 1990; Hacker Forthcoming.
32 The next few paragraphs draw on Esping-Andersen 1999; OECD 1999; Skocpol 2000.
33 Moffitt and Gottschalk 2002.
34 See Hacker Forthcoming.
36 Levy and Michel 2002.
38 For the extent of the reductions, see Hacker Forthcoming; Hacker 2002b.
40 Fitzgerald and Maloney 1990.
41 Congressional Budget Office 2001.
42 Citizens for Tax Justice 2002. These figures take the bill as written, ignoring future changes in the Alternative Minimum Tax, which would raise the estimate of upper-income benefits.
44 Jencks 1972.
46 William Duncombe and John Yinger 1998.
51 King 2000, 7.
52 Weir 2002, 183-84.
53 See http://www.rand.org/publications/CAE/CAE100/.
54 King 2000, 9-10.
55 National Center for Public Policy and Higher Education 2002, 8-9, 12, 22-30.
56 Weir 2002, 10.
57 Ellwood and Kane 1999, 286.
58 See http://www.gseis.ucla.edu/heri/darcu_pr.html. Perhaps these outcomes, too, relate to the mounting financial challenges faced by students and the greater necessity for many to be employed during their college years.
59 Williams and Collins 1995, 350. Evidence linking economic inequality to poor health status is not universally accepted due to the influences of persistent poverty or racial discrimination (Mello and Milyo, 2001; Jencks, 2002; Burtless and Jencks, 2003; House, 2001). Although the poorest Americans do bear a disproportionately high burden of illness and premature mortality compared to the rest of society, the unequal distribution of income and wealth – as distinct from the low absolute levels of each – exerts an independent, harmful affect the health of Americans (Kawachi, 2004; Morone and Jacobs, 2004).
60 McCord and Freeman 1990.
64 Williams and Collins 1995.
65 Welch 2002, 185-90.
68 Welch 2002, 188, 190.
69 E.g., Klinkner and Smith 1999; Orfield, et al. 1996.
70 Klinkner and Smith 1999; Mettler Forthcoming; Soss and Mettler 2003.
71 Featherman and Hauser 1978, 481; Miller 1960.
72 Hochschild 1995; Mishel, et al. 2003, 42.
73 Jackson 1985.
74 Anderson 1964, 7-8.
77 Hochschild 1995; Thernstrom and Thernstrom 1997.
80 Massey and Denton 1993.
81 Thernstrom and Thernstrom 1997.
82 Yinger 2001.
86 Wilson 1999.
89 Ibid.
91 Mishel, et al. 2003, 103-04.
92 Ibid., 49-50.
93 Ibid., 196-201.
94 Center on Budget and Policy Priorities 1998.
95 Mishel, et al. 2003, 342-44.
96 National Women's Law Center 2003.
Much of the evidence in this section comes from Mettler Forthcoming. This finding contradicts previous analyses that were based largely on anecdotal evidence, as in Cohen 2003. It comes from primary sources, including U.S. Congress, Committee on Veterans’ Affairs, “Readjustment Benefits: General Survey and Appraisal: A Report on Veterans’ Benefits in the United States by the President’s Commission on Veterans’ Pensions,” Staff Report No. IX, Part A (Washington, D.C.: Government Printing Office, 1956), p. 72; Veterans’ Administration, “Benefits and Services Received by World War II Veterans under the Major Veterans Administration Programs,” pp. 13, 20, RG 51, ser. 39.20a, box 9, National Archives. Bound and Turner’s 2002 analysis of the 1979 Survey of Veterans also shows higher rates of usage of the G.I. Bill’s educational and training benefits by black veterans than white. In contrast to the educational and training provisions, the low interest mortgage program, did not prove equally accessible to African Americans, given that they were administered largely through local banks adhering to red-lining procedures or other forms of discrimination. Bound and Turner 2002.

See the data at http://research.aarp.org/econ/ib31_sswomen.pdf.
Kronick 1999. The evidence on differential support between private plans and traditional Medicare is from work in progress by Mark Schlesinger, Yale University.
Campbell 2003.
Williams 2003 (esp. p.150).
Gilens 1999; Skocpol 1995.
Davidson and Grofman 1994.
Davidson and Grofman’s work survey these changes throughout the south; Parker 1991 discusses the program of legislation the Mississippi legislature created to limit the power of its large black population: remaking the state’s legislative districts to divide the African American population along the Mississippi Delta, making the approval of independent parties and candidacies more difficult by increasing the number of signatures required, shifting from single member to at large districts, and so on. The phrase ‘black electoral success’ is drawn from Guinier’s 1994 analysis of Voting Rights conflicts.

Guinier 1994; Parker 1991. National Urban League (2004, pp.32-34) presents an “Equality Index” composed of several sub-indices: economics, health, education, social justice and civic engagement. Civic engagement, composed of several measures, including voting in the last election, was the only subindex in which African American political status exceeded whites (at 1.08).

Jamieson, Shinm and Day 2002, Table C, p. 12
Pinderhughes 1987. Illinois used cumulative voting to elect state representatives for more than a century.
Lublin 1997; Swain, Borrelli, and Reed 1998; Swain 1993.
Pinderhughes 1997.
Miller 1996.
Mettler and Welch Forthcoming.
Campbell 2003.
Mettler and Milstein 2003.
The remainder of this paragraph is from Hacker Forthcoming.
On how key contemporary programs actually undermine civic capacity, see Soss 1999.
Subsequent inquiries, for example, must go beyond social policy—our main concern in preceding sections. For instance, incarceration rates in the United States have quadrupled since 1975, over the course of an era featuring a vigorous anti-crime policy agenda and strict sentencing laws. As a result, 4.7 million individuals are currently prohibited from voting due to their status as felons, and in some states, as ex-felons. Christopher Uggen and Jeff Manza found that such disenfranchisement likely altered the outcomes of several gubernatorial and U.S. Senate elections and at least one presidential election (Uggen and Manza 2001). Campaign finance laws and tax rules governing nonprofit organizations and foundations are two others areas of policy that are not explored in this memorandum but which are likely to shape the constellation of political forces surrounding public policymaking in the United States.