Introduction to Part II: Structural Inequalities and Democratic Governance

Analytical precision and mathematical rigor are not ends in themselves. Ultimately, the approach developed in the preceding chapters must prove its usefulness in generating insights about substantive questions. Here I will take two small stabs at one such major question: the connection between democracy and equality.

At the dawn of the contemporary democratic era, many saw democracy as a formidable force that, once unleashed, would transform all the societies that embraced it. When observing what was at the time the only sizeable democracy, de Tocqueville (2000 (1835)) concluded that the American experiment in democratic government was heading to a future that would be shared by the rest of the world, a future where all the inequalities entrenched over centuries would collapse under the pressure of masses newly armed with the right of suffrage. In one country after another, blood was spilled in the struggle to extend the franchise because both friends and foes of democracy thought that, upon taking hold, this new form of government would overhaul the preexisting allocations of power and resources.

Soon a rival, skeptic account emerged, one in which democracy, far from ushering in an era of equality, would simply give
new garb to the inequalities and injustices of the past. In a famous passage, Marx and Engels (1992 (1848)) called the modern state the “executive committee of the bourgeoisie” and, although both later revised their views, they never became much more flattering of contemporary democratic strictures. Arguably, Marx’s scorn should be understood within the context where it emerged: a time when universal suffrage was still heavily restricted and when the notions of mass parties and open political competition would defy the most fertile imaginations. But, although many Marxists later came to embrace electoral democracy, notably social democrats, his statements were influential enough to start a tradition of doubting the potency of democracy as a force for equality.

With the hindsight of a century and a half, it is safe to say that none of these prognoses has turned out to be literally true. Perhaps a larger share of the world’s population lives in democratic regimes now than at any previous point in history but large disparities of income and opportunities subsist and often even have grown. But it is also true that several democracies, especially some of the wealthiest ones, devote a larger share of their resources and efforts to attaining equality than at any preceding era.

When facts do not lend themselves to sweeping generalizations, it is wise to turn the ambiguities into a source of questions aimed at finding the mechanisms at work. This is the path followed by a large and vibrant body of scholarship of political economy informed by rational-choice theory. The mechanism through which democracy could in principle lead to greater equality is clear: once the fundamental instruments of redistribution are in the hands of a majority, it is to be expected that said majority will use them to extract as much resources as possible from the wealthiest members of the polity. This idea, which animated much of the early debates about electoral franchise, received a new formulation in the language of contemporary economic theory in the work of Meltzer and Richard (1981). But the logic of this argument is too powerful for its own good: it fails to explain why democracies retain
some inequalities. A complete account needs other mechanisms to counteract this first one.

Meltzer and Richard suggest that, since taxes have incentive effects, electoral majorities abstain from full progressive taxation lest it shrink the size of the pie available for redistribution. Roemer (1997, 1996) claims that, since electoral competition is rarely only about taxation, but instead includes other issues (policy dimensions), these issues may end up fracturing what would have been otherwise a redistributive majority.

Before the advent of democracy, a polity’s anti-egalitarian bloc can resort to another mechanism: slowing down the march toward democracy or stopping it altogether, with fire if necessary. Recent studies about the emergence of democracy and its spread throughout the world draw on this intuition and probe how it works in different environments (Acemoglu and Robinson, 2006; Boix, 2003; Ellman and Wantchekon, 2000). Negotiated transitions are a closely related mechanism. In an authoritarian polity facing pressures to democratize, it is possible for elites to offer, and get accepted, a democratization package so tied in knots that not much can be expected from it (Przeworski, 1990).

Here I want to explore a related idea: democratic institutions may not lead to full equality, even once they are consolidated, because the socioeconomic structure in which they are embedded trammels their putative equalizing power. This topic has a long lineage in Marxism and theories influenced by it. Gramsci (1992) famously stated that elections are but the last stage of a long process destined to confer legitimacy to bourgeois rule. Poulantzas (1975) argued that the modern state’s scope for action is only one of “relative autonomy,” determined as it is by the underlying class structure. Offe (1987) considers that the welfare state as a redistributive arrangement depends on the mutual recognition of individuals of a normative principle of solidarity and that the functioning of a market economy puts pressure on individuals to abandon such a compact. Habermas (1984) considers that the economic rationalization typical of capitalism crowds out genuine demo-
cratic deliberation, leaving an imprint on the political institutions that keeps them from addressing the inequities inherent in the system.

It would be a major understatement to say that rational-choice theorists remain unimpressed by such theses since they are not couched in terms of individual decision making (although Offe and to some extent Habermas do rely somewhat on such categories). But this does not make them absurd. After all, their starting point is hardly controversial: an institution’s performance, we have many reasons to believe, depends on the environment in which it operates.

I have no interest here in starting a polemic for or against overarching theories of the state, Marxist or otherwise. The models I will put forward will barely resemble the arguments I just alluded to. I will not make any effort to translate or formalize them to make them palatable to rationalists. Instead, I will use the tools developed in the preceding chapters to spell out ways in which socioeconomic realities place limits on the type of redistribution that can result from electoral politics.

In a nutshell, the reasoning I will follow is fairly simple. In every democratic polity, some ground rules are not subject to democratic decision making. Property rights and social hierarchies, two such ground rules that will play a prominent role in the next chapters, are cases in point. They have far-reaching consequences in determining what is and what is not possible in the realm of politics but they themselves are not routinely up for consideration: they are only called into question in times of a major constitutional shift or perhaps even a revolution. In normal times, political actors in a democracy are expected to accept the established ground rules, which is to say that they are expected to accept the outcome of the last constitutional shift or the last revolution.

When it comes to property rights and social hierarchies, this may prove to be a tall order. They are both exclusionary and depend on who was defeated the last time they were up for decision. It should come as no surprise if those defeated parties give at best a grudging acquiescence or even try to force a reconsideration of the issue. Seen from this perspective, there is no such thing as neutral democratic mechanisms.
To turn this notion into an analytical argument, we still need to make explicit the ways in which the ground rules of the socioeconomic structure condition the possibilities on the table during an electoral contest. The plural in “ways” is crucial: perhaps there is no single mechanism and therefore, no guarantee that it will always work in the same manner and with the same effects. Perhaps we have to work through the logic of the scheme one case at a time. Incidentally, this is a major methodological difference between the approach I want to articulate and the one most closely identified with “structuralism.” Whereas we may share the view that “structures matter” (to use the trite expression), structuralists try to arrive at one unifying principle that explains how this happens. By my reckoning, the debates among structuralists about the place occupied by categories such as “capitalist mode of production” or “suprastructure vs. infrastructure,” while somewhat objectionable to those foreign to the tradition, are relevant to those in it because whatever the outcome is, it will determine the final shape of the model, the way all the pieces fit together in one general account. But I do not think there is any need for the pieces to fit together. Societies are infinitely complex and it may well be that no unified principle accounts for all the connections between structures and outcomes. Instead of a unified theory, we should try to detect different mechanisms and explain how they work in different times and places, letting the final aggregate be a matter of empirics, dependent on the specific case analyzed.\footnote{In this regard, my methodological views agree with those of Elster (1989) to the extent that he rejects the notion of a general theory of society and calls for an account of mechanisms. But I do not go with him all the way: he extends this call to the very microfoundations of a theory while I have more confidence than him that the benefits of deductive models, based on orthodox decision theory, can make up for their undeniable drawbacks. Waldner (2006) offers a forceful critique of Elster’s stance in ways akin to the ones I defend in this book.}

Just like any other rule, social ground rules are worthless unless they enjoy some measure of collective recognition.\footnote{This topic is central in phenomenological sociology (Berger and Luckmann, 1967; Habermas, 1996) and in the philosophy of social facts (Searle, 1995; Gilbert, 1989; Bratman, 1993).}
In that sense, they are akin to the equilibria of coordination games: provided everyone adheres by them, individuals are discouraged from unilateral departures. Herein resides the power of collective action. Whereas an equilibrium works to punish unilateral deviations, coordinated deviations may destroy it altogether. Conceivably, collective action could destabilize and reestablish the most fundamental practices and institutions in any society, its laws, its currency, its customs and even its language. Yet it rarely does so. Instead, such social facts display remarkable endurance, sometimes measured in millennia.

In my approach to collective action problems, this is the point where the technical and the substantive converge. How stable a social fact is depends on how willing society’s members are to accept it. The likelier it is that individuals coordinate in a collective endeavor to reject a social fact, the more fragile it is. The game-theoretic treatment of coordination in Part I of this book taught us that the likelihood of such coordination depends on objective, structural circumstances. For the purposes of a research agenda in political economy, this suggests a line of inquiry: make explicit how a society’s economic structure lends stability or disrupts its political institutions by forestalling or promoting collective action directed against them.

In Chapters 5 and 6 I will exemplify such a take on political economy by developing models where economic and social conditions influence the possibilities of political collective action, electoral or otherwise, on the part of the citizenry. In Chapter 5 I will focus on clientelism to study how political monopolies based on patronage, often entrenched in the social structure thanks to longstanding inequalities of power, confront the voters-clients with a collective action problem that limits their possibilities to coordinate in favor of policies more to their liking. In Chapter 6 I will study how the functioning of the labor markets, often regulated as a result of workers’ collective action, has downstream effects on politics that change the distributive options available electorally. The result of this analysis will largely be compatible with the initial conjecture:
inequalities in the underlying socioeconomic structure blunt the equalizing power of electoral competition.

Thus stated, this may seem either a platitude or a sweeping indictment against democracy. We do not need sophisticated game-theoretic machinery to conclude that unequal societies will not stop being so only because they have elections. Many people already have arrived at this same conclusion without arduous mathematical weight lifting. By the same token, one could take this to be an incendiary conclusion, some sort of denunciation of democracy as a sham.

There is a third possible reading, the one I favor in these pages, that turns this simple notion into a source of social-scientific questions. What type of inequalities can reinforce themselves in the face of electoral competition? How? Are all economies equally prone to this? Are there any discernible socioeconomic trends that undermine this state of affairs? These and other related questions pertain to specific details about specific economies and societies. To answer them we need the right precision tools. Without scalpels we would not have anatomy treatises. The following chapters are not an anatomy of democracy, but a display of a special type of scalpel that may lead to some anatomic findings of interest in their own right.