Democracy and Distribution
Professors: Michael Graetz & Ian Shapiro
PLSC 287/ PLSC 565/ EP&E 411/ LAW  20538
M 1:30-3:20

Course Description
The attention showered in 2015 on Thomas Piketty’s book, *Capital in the Twenty-First Century*, brought issues of inequality in the distribution of income and wealth to the forefront of public and scholarly attention. An enormous body of research has been produced over the past two decades to understand the nature of the dramatic rise in inequality, especially in the United States, and its causes.

A long list of proposals for legal change has emerged in response to the outpouring of data and analysis. This course will explore the facts and the causes of and political barriers to potential responses to these recent developments, principally but not exclusively in the United States. Ultimately, the question requires an examination of the relations between democracy and the distribution of income and wealth. Particular attention will be paid to the ways in which different groups, classes, and coalitions affect, and are affected by, democratic distributive politics. Attention will be paid to theories of distribution, politics of distribution, distributive instruments, and the implementation of policies affecting distribution. Substantive topics covered will include, for example, regulation, protectionism, taxes, social insurance, welfare, public opinion, education, and unions.

Course Requirements
Students will be expected to write a 20 to 25-page paper over the course of the semester, tackling one of the proposals for change. Law student papers may qualify for substantial writing credit or, with the permission of the professor, SAW credit. A one to two page paper prospectus must be discussed with the instructor and submitted for approval by Thursday, October 15th. Students enrolled in the course will be expected to attend all classes, participate and to initiate discussion of certain readings.

Statement regarding plagiarism. Misrepresenting the work of others as your own is plagiarism, as is failing to acknowledge any and all sources on which you draw. It will be reported to the relevant university authority. No exceptions. The relevant rules and expectations are set forth at http://writing.yalecollege.yale.edu/advice-students/using-sources/understanding-and-avoiding-plagiarism

Books for Purchase
The following books will be available at the Yale Bookstore:

- Robert Putnam, *Our Kids: The American Dream in Crisis*
- Gretchen Morgenson and Joshua Rosner, *Reckless Endangerment: How Ousized Ambition, Greed, and Corruption Created the Worst Financial Crisis of Our Time*
- Michael Graetz and Ian Shapiro, *Death by a Thousand Cuts: The Fight Over Taxing Inherited Wealth*
- Theodore Marmor, Jerry Mashaw, and John Pakutka, *Social Insurance: America’s Neglected Heritage and Contested Future*
INTRODUCTION

Friday, September 4: The Scope and Depth of the Problem

I. FACTS, CAUSES AND TOOLS

Monday, September 14: Facts about Inequality
- Top Incomes Database, Paris School of Economics: [http://topincomes.g-mond.parisschoolofeconomics.eu/](http://topincomes.g-mond.parisschoolofeconomics.eu/)

Monday, September 21: Causes of Inequality
- Alan Krueger, “Rock & Roll Lecture”
- Lawrence Summers, “The Inequality Puzzle”, *Democracy Journal*, Issue 33, Summer 2014

Monday, September 28: Effects of Democracy on Distribution and Effects of Distribution on Democracy
- Ian Shapiro, Robert Dahl, *On Democracy*, Chapter 16

Monday, October 5: Analytical Tools
- Mancur Olson, *The Logic of Collective Action* (1965), Chapters 1 and 6
- Albert Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Chapters 1, 2, and 3
- Majority Rule and Divide-a-Dollar Selection
• Allan Meltzer and Scott Richard, “A Rational Theory of the Size of Government”,
The Journal of Political Economy

II. PROPOSALS TO ADDRESS THE PROBLEM
STUDENTS TO ADDRESS PROBLEMS AND DESCRIBE COALITIONS.

Monday, October 12: Proposals to Change Market Outcomes
• Atkinson, Inequality, pages 237-239, 301-308
• François Bourguignon, The Globalization of Inequality, Chapters 4 and 5
• Putnam, Our Kids, Chapter 6
• Lawrence Summers and Ed Balls, “Report of the Commission on Inclusive Prosperity”

Monday, October 19: Proposals to Redress Market Outcomes
• Thomas Piketty, Capital in the Twenty-First Century, Chapters 14 and 15
• Theodore Marmor, Jerry Mashaw, and John Pakutka, Social Insurance: America’s Neglected Heritage and Contested Future (CQ Press 2013)
• Bill Gale et. al “Would a significant increase in the top income tax rate substantially affect inequality?”

II. BARRIERS TO REDUCING INEQUALITY IN THE US

Monday, October 26: Normative Barriers: Family and Meritocracy
• Alexander Bickel, Brief in DeFunis v. Odegaard, 1973
• Daniel Markovits, Snowball Inequality: Meritocracy and the Crisis of Capitalism, Selections

Monday, November 2: Legal and Political Barriers I: neighborhood schools, residential segregation and local school finance
• Richard M. Brooks and Carol Rose, Saving the Neighborhood: Racially Restrictive Covenants, Law, and Social Norms, pages 211-230
• Gretchen Morgenson and Joshua Rosner, Reckless Endangerment: How Outsized Ambition, Greed, and Corruption Created the Worst Financial Crisis of Our Time
• Schelling, Neighborhood Tipping Demonstration: http://ncase.me/polygons/

Monday, November 9: Legal and Political Barriers II: Money In Politics Since Buckley, Business Influence
• Michael Graetz, Unequal Protection, Selections
• Ian Shapiro, Robert Dahl, On Democracy, Chapter 17
• District of Columbia Circuit Court, SpeechNow vs. FEC Opinion

Monday, November 16: Legal and Political Barriers III: Taxing the Wealthy
• Michael Graetz and Ian Shapiro, *Death by a Thousand Cuts: The Fight Over Taxing Inherited Wealth* (Princeton University Press 2005), Chapters 1-12, 16, 19, 20-23, and Epilogue

**III. PAST SUCCESSES, CURRENT PROPOSALS, AND COALITIONS**

**Monday, November 30: Coalitions: Changing Market Outcomes**
• Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Time*, Chapters 4 and 5

**Monday, December 7: Coalitions II: Redressing Market Outcomes**
• Peter Swenson, “Business Interests and the Healthcare State: Medicare and Obamacare in Historical and Comparative Perspective”, April 2015
• Peter Swenson & Scott Greer, “Foul Weather Friends: Big Business and Health Care Reform in the 190s in Historical Perspective”, *Journal of Health Politics, Policy and Law*, August 2002
• Edsall & Edsall, *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* (Norton & Company), Chapter 10