

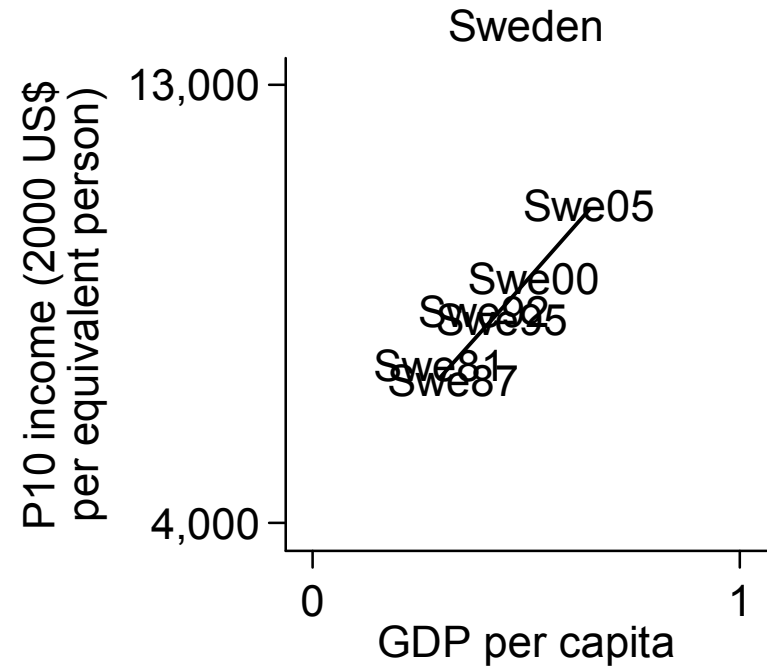
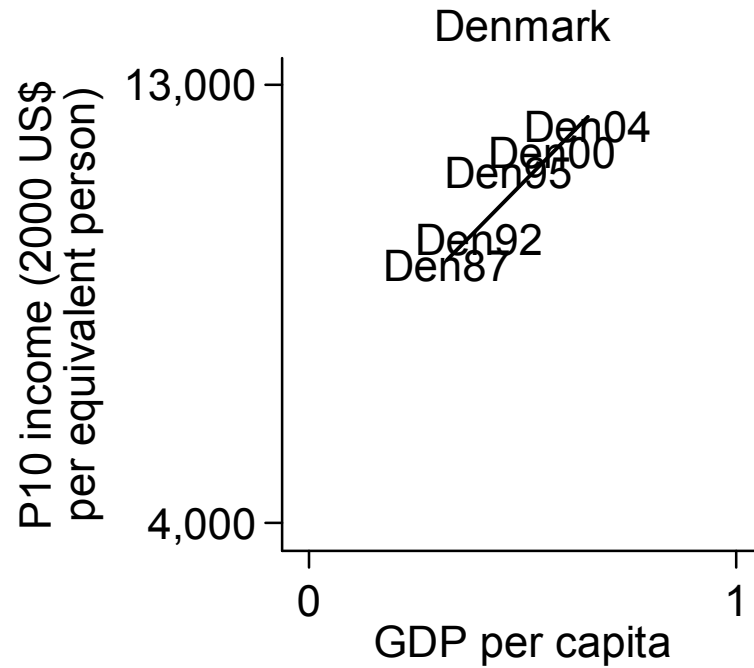
# The politics of helping the poor

Lane Kenworthy

June 2010

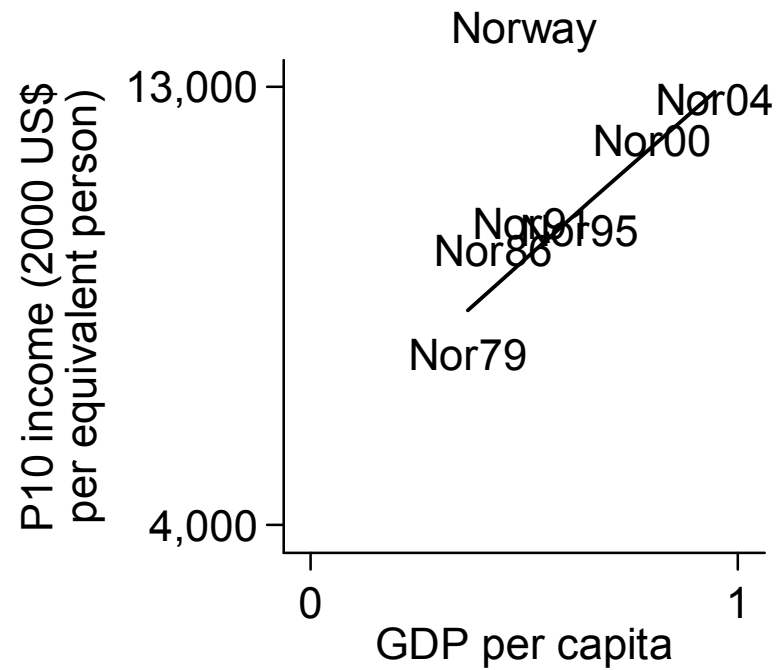
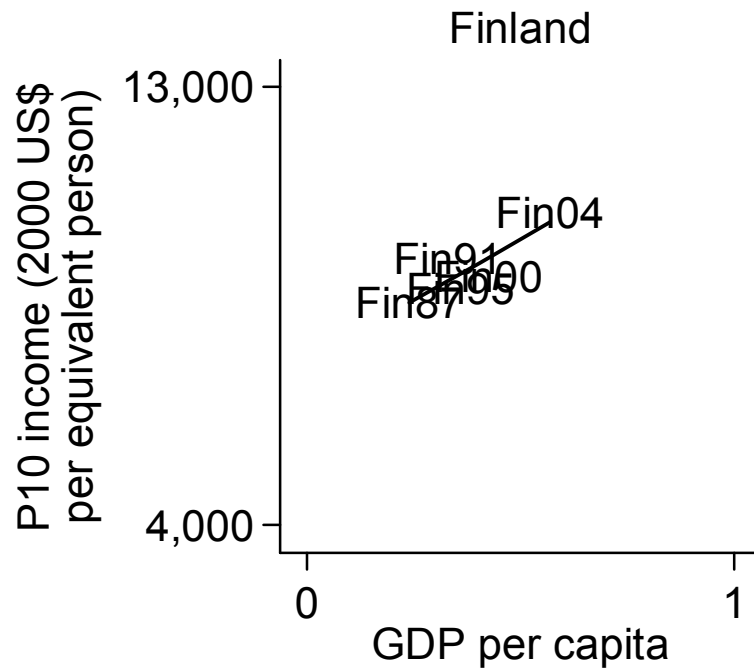
# *Economic growth has been good for the poor*

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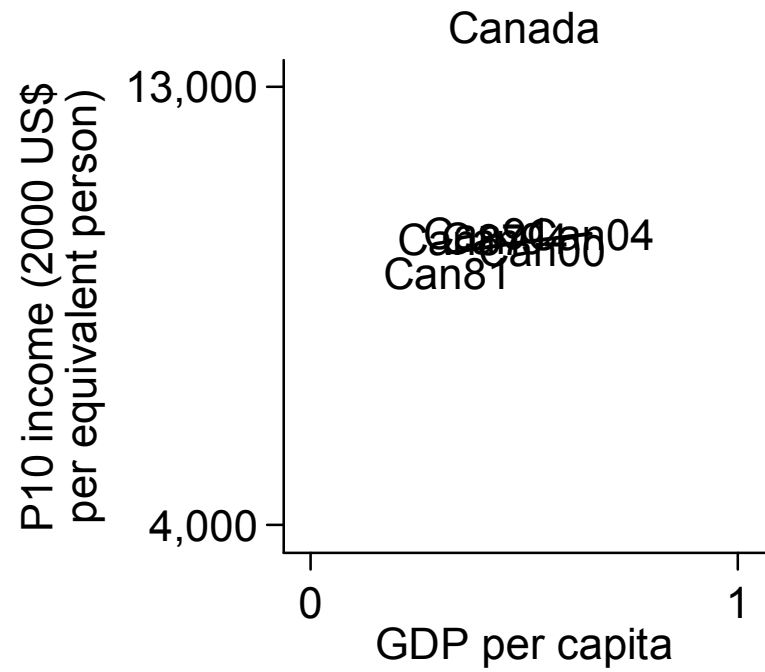
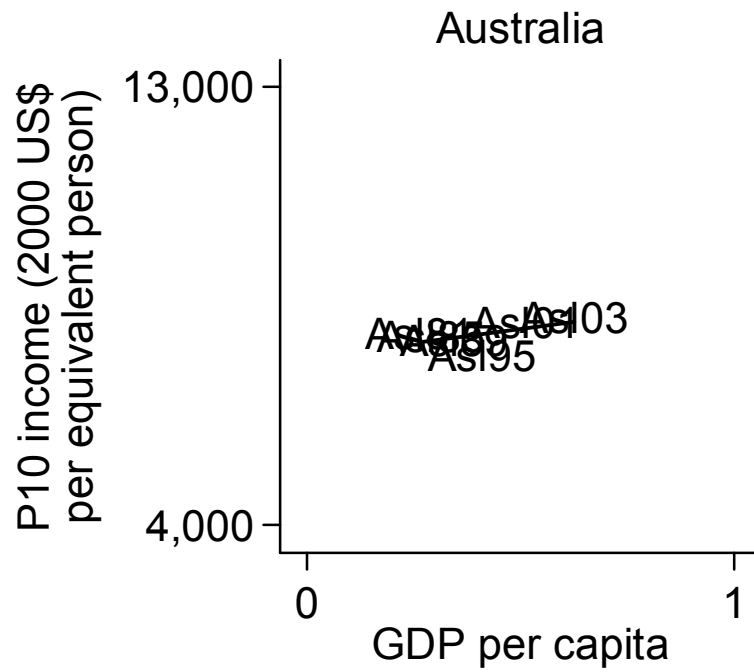
# *Economic growth has been good for the poor*

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# But not everywhere

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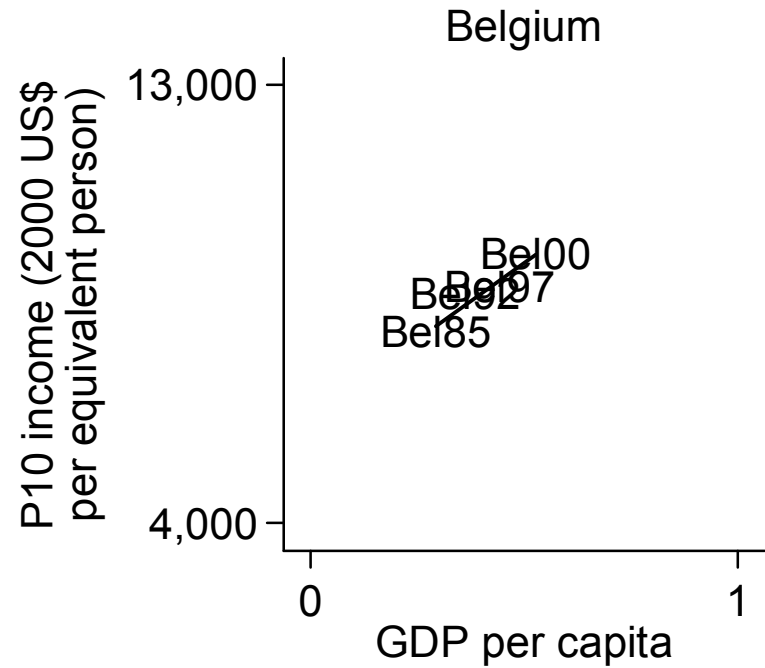
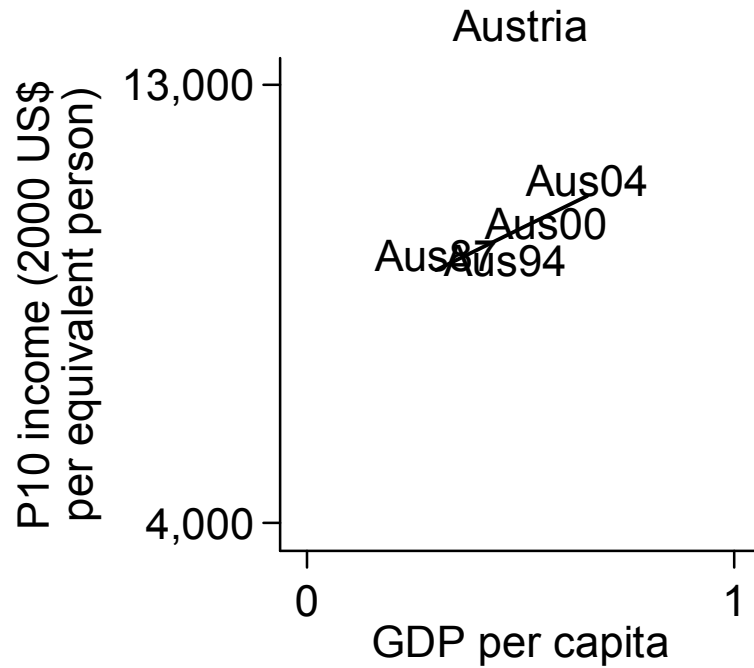


*Good only in the Nordic countries?*

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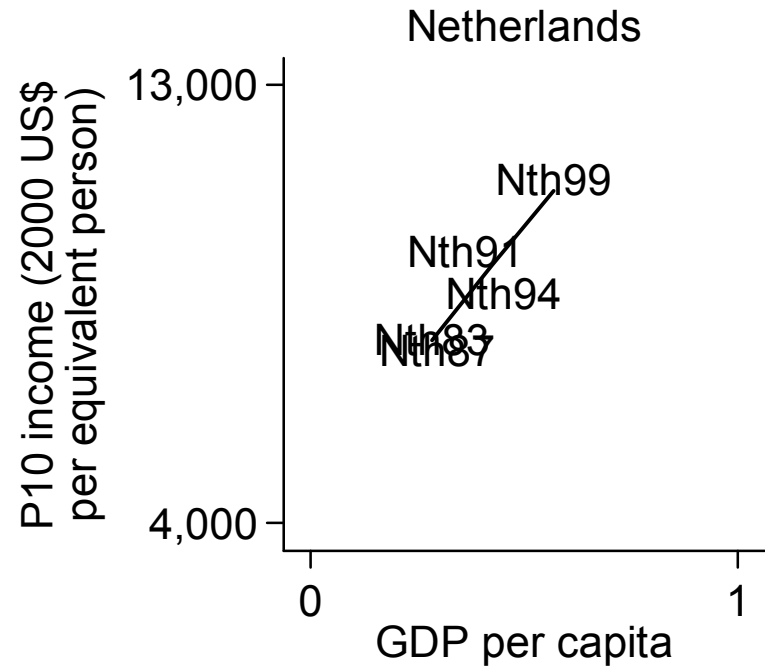
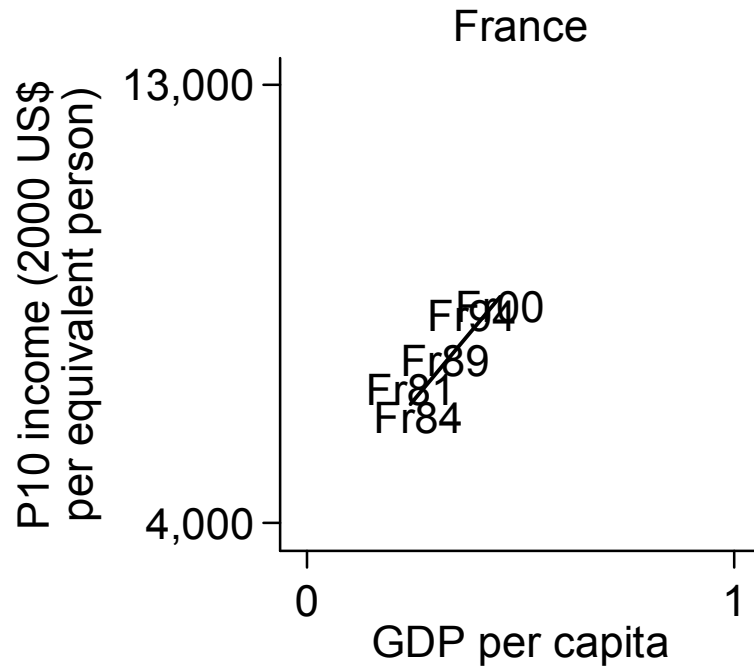
# *Good only in the Nordic countries? No*

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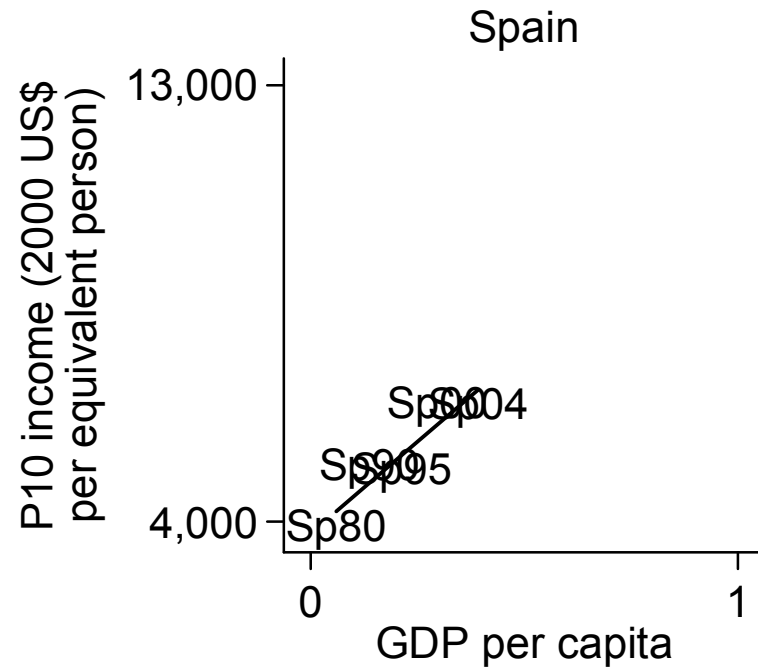
# Good only in the Nordic countries? No

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# *Good only in the Nordic countries? No*

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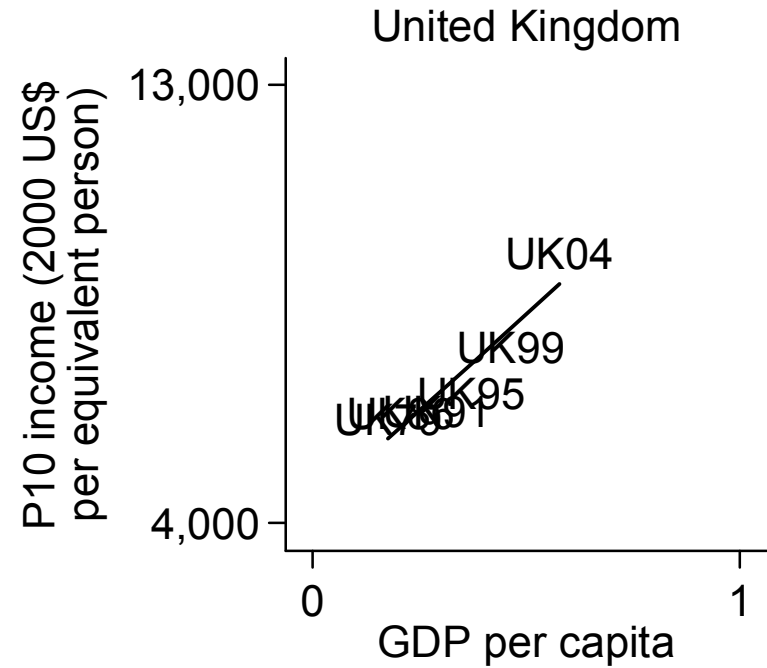
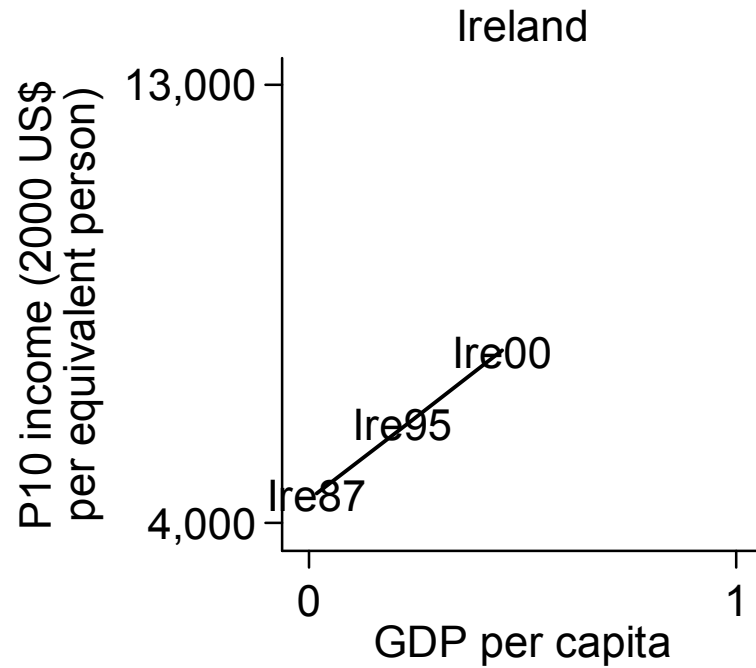


*Bad in all English-speaking nations?*

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# *Bad in all English-speaking nations? No*

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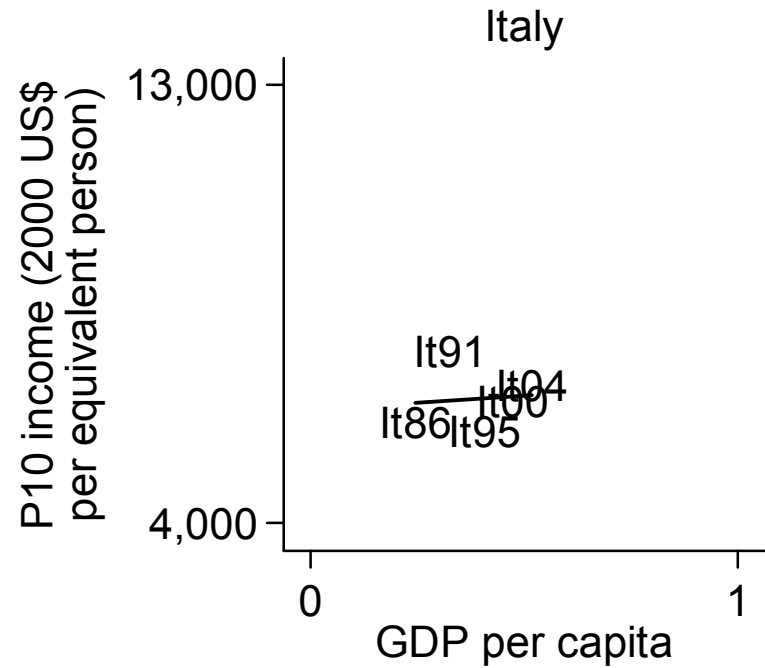
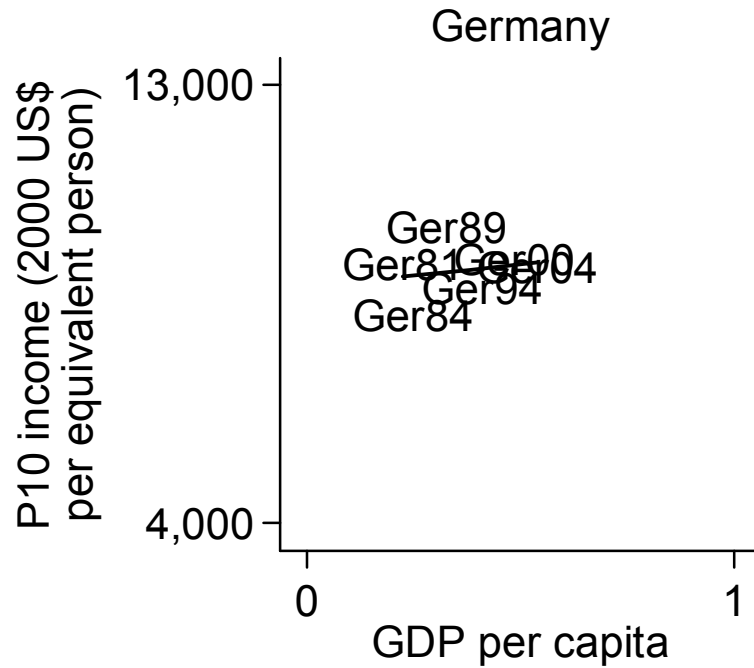


*Good in all continental countries?*

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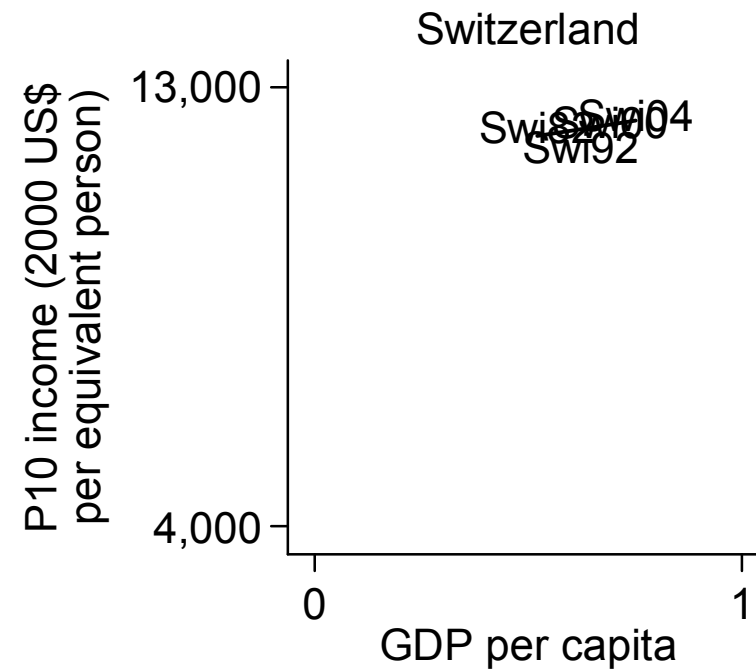
# Good in all continental countries? No

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# *Good in all continental countries? No*

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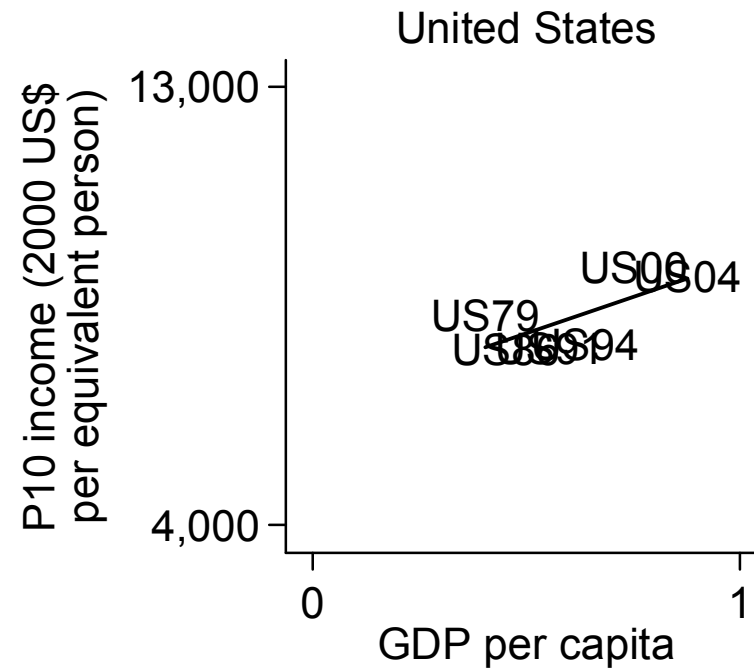


# *The United States?*

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# *The United States? Only in the late 1990s*

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## *What accounts for this variation in "trickle down"?*

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Where economic growth has trickled down to the poor (households in the bottom income decile), it has done so mainly via government transfers rather than via earnings

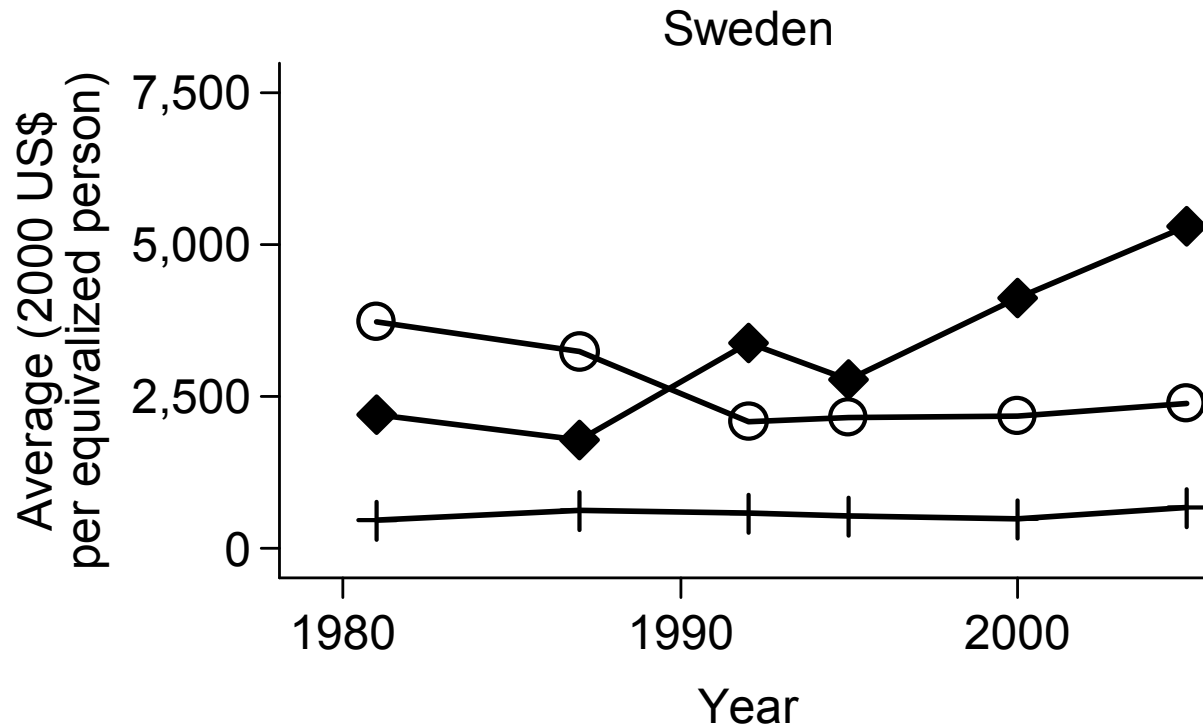
This is not surprising: in most rich nations 20-30% of households have no earnings

Some affluent countries have increased transfers in line with per capita GDP; others have not



# Successful trickle down

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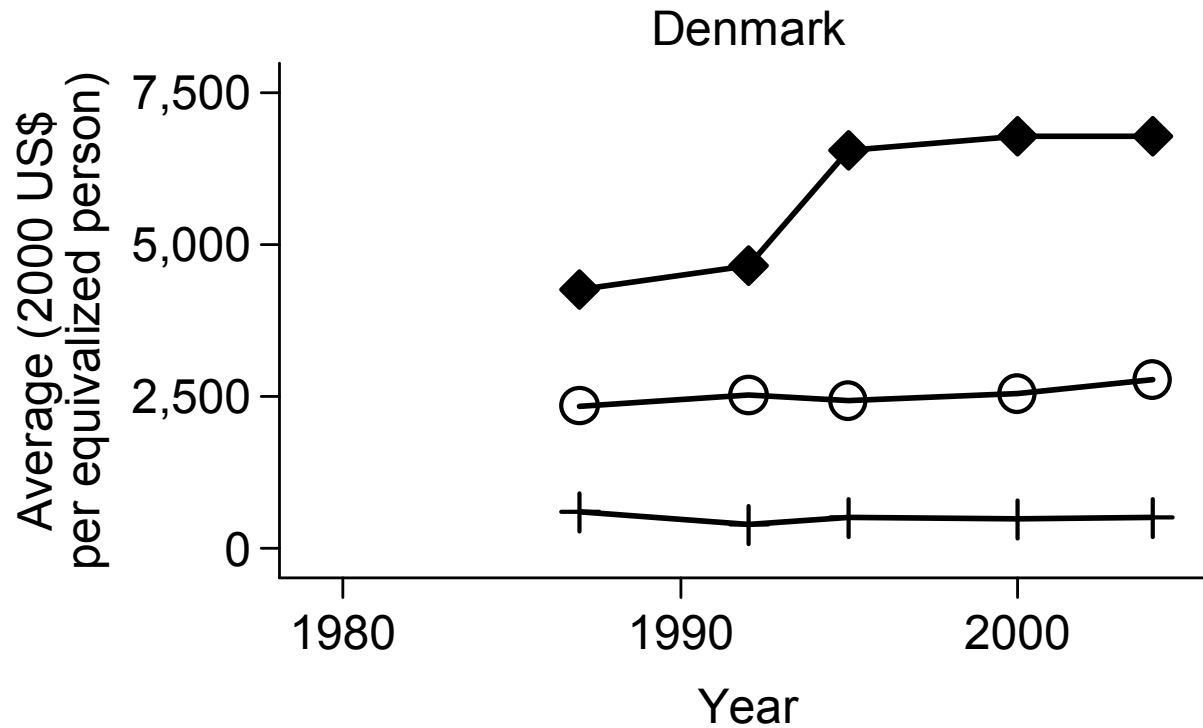


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## Successful trickle down

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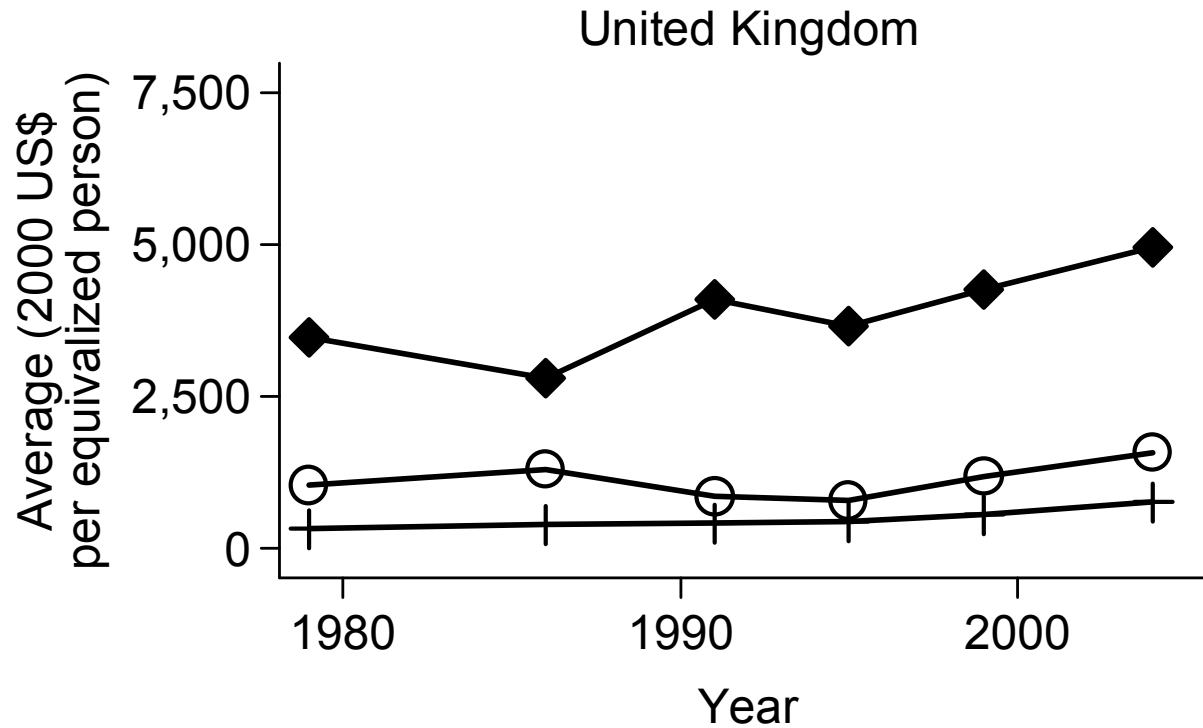


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# Successful trickle down

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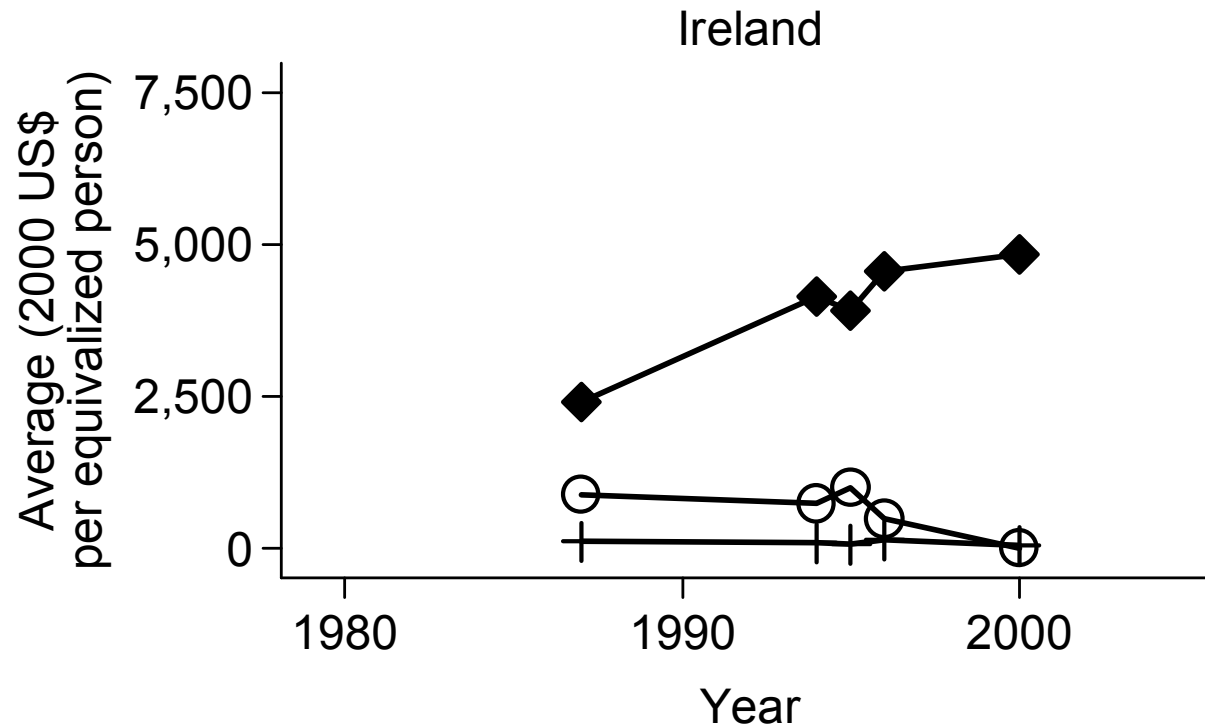


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## Successful trickle down

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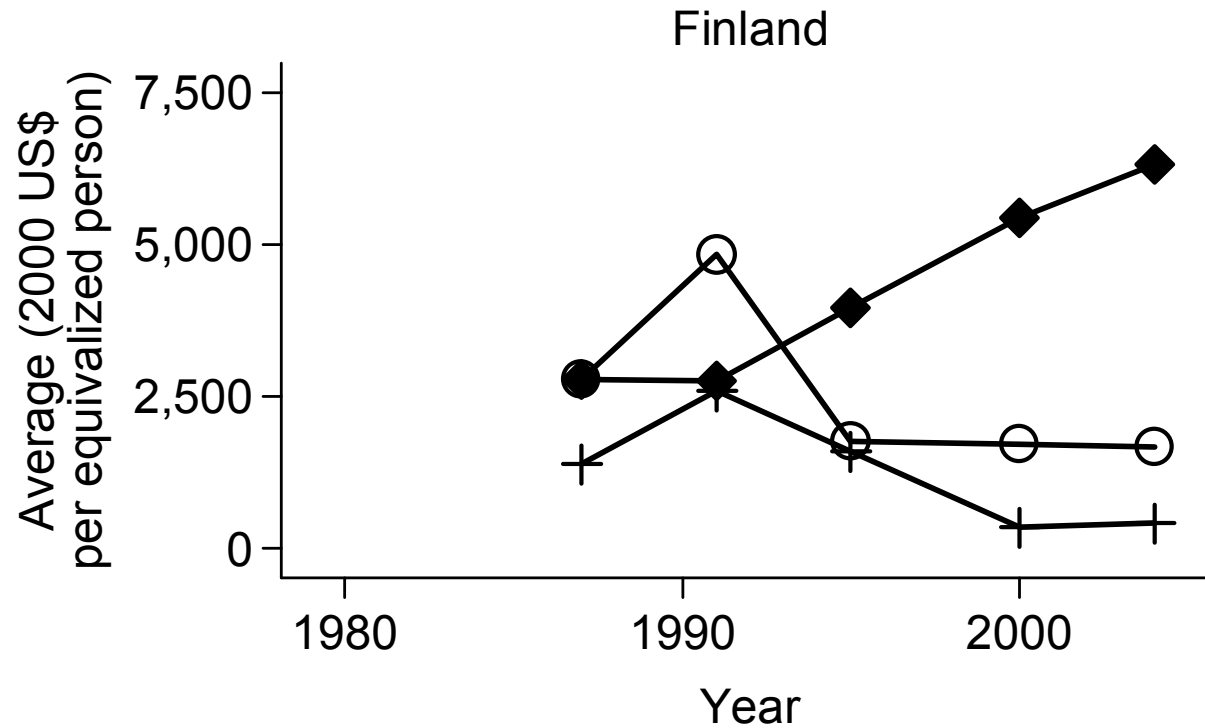


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## Successful trickle down

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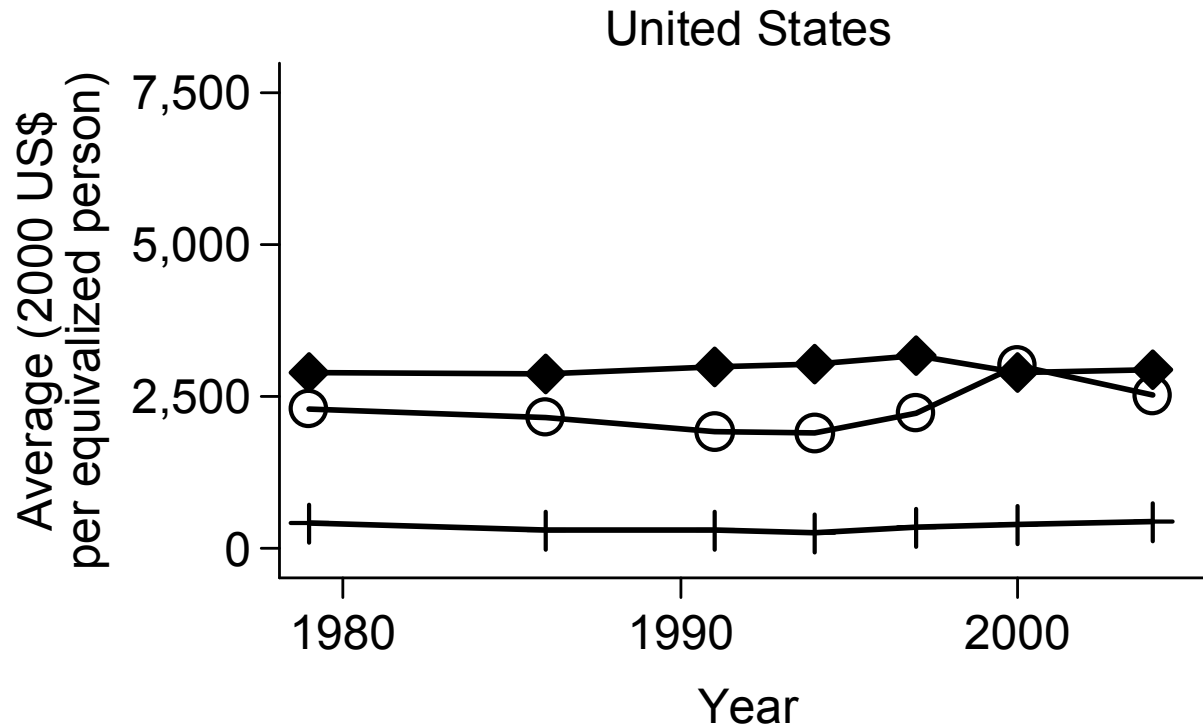


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## *Little or no trickle down*

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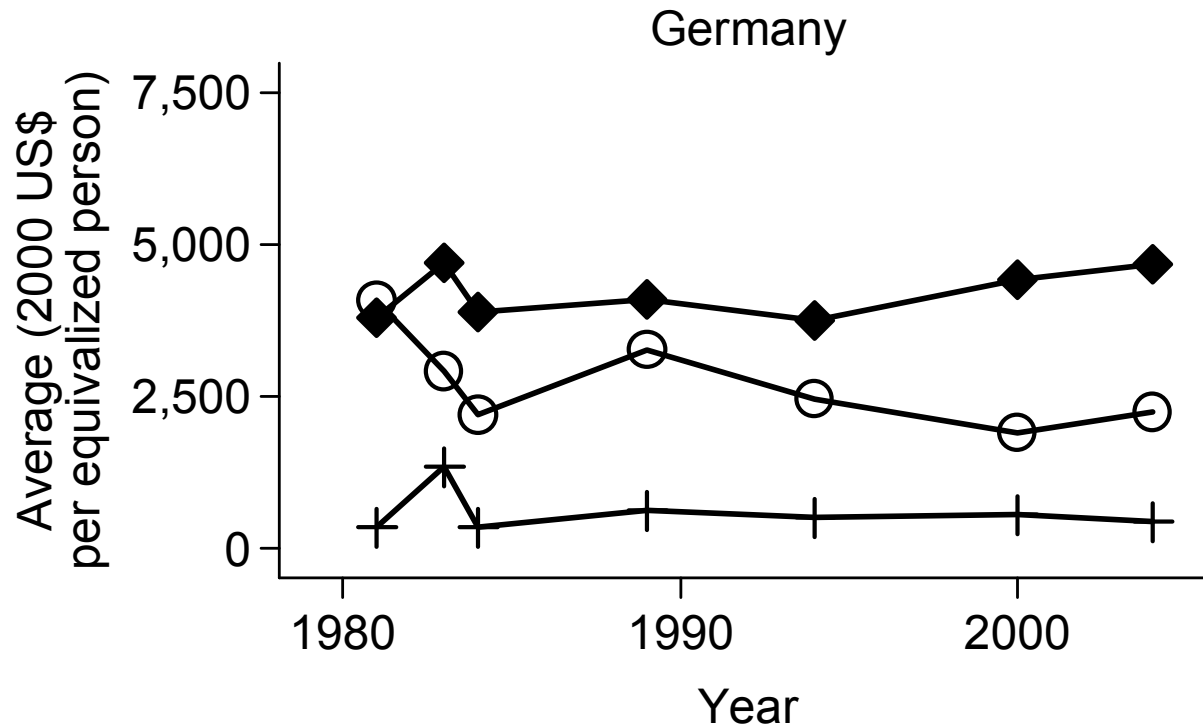


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## *Little or no trickle down*

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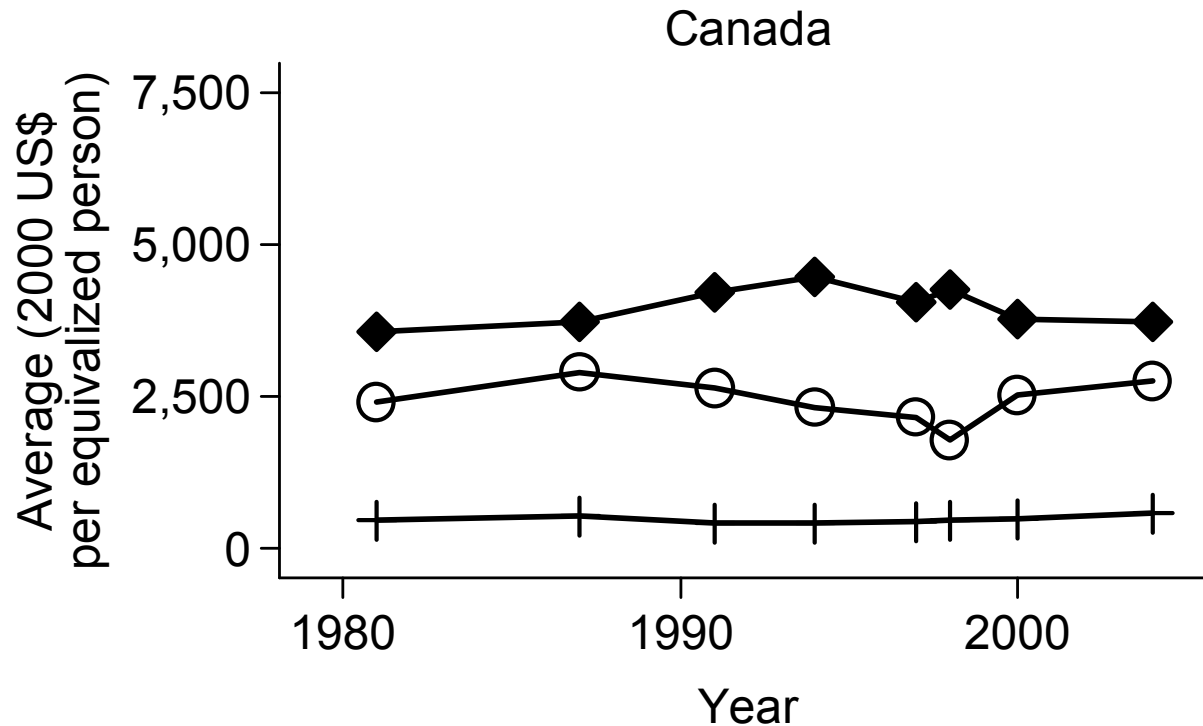


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## *Little or no trickle down*

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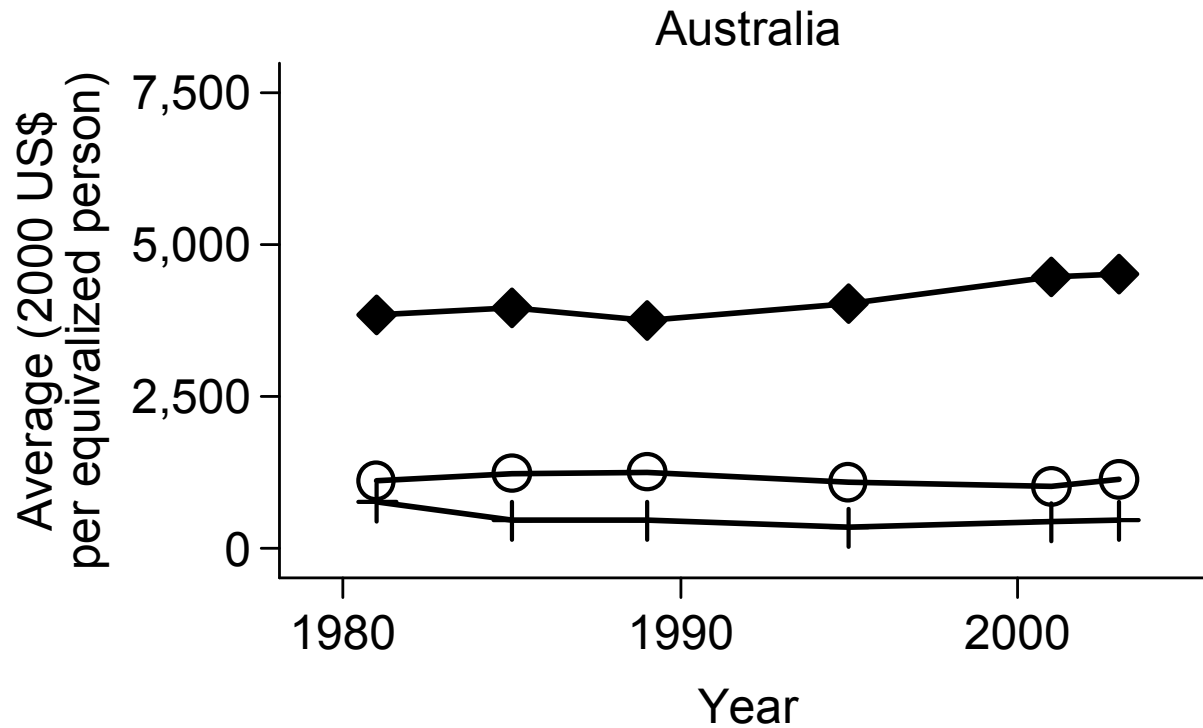
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## *Little or no trickle down*

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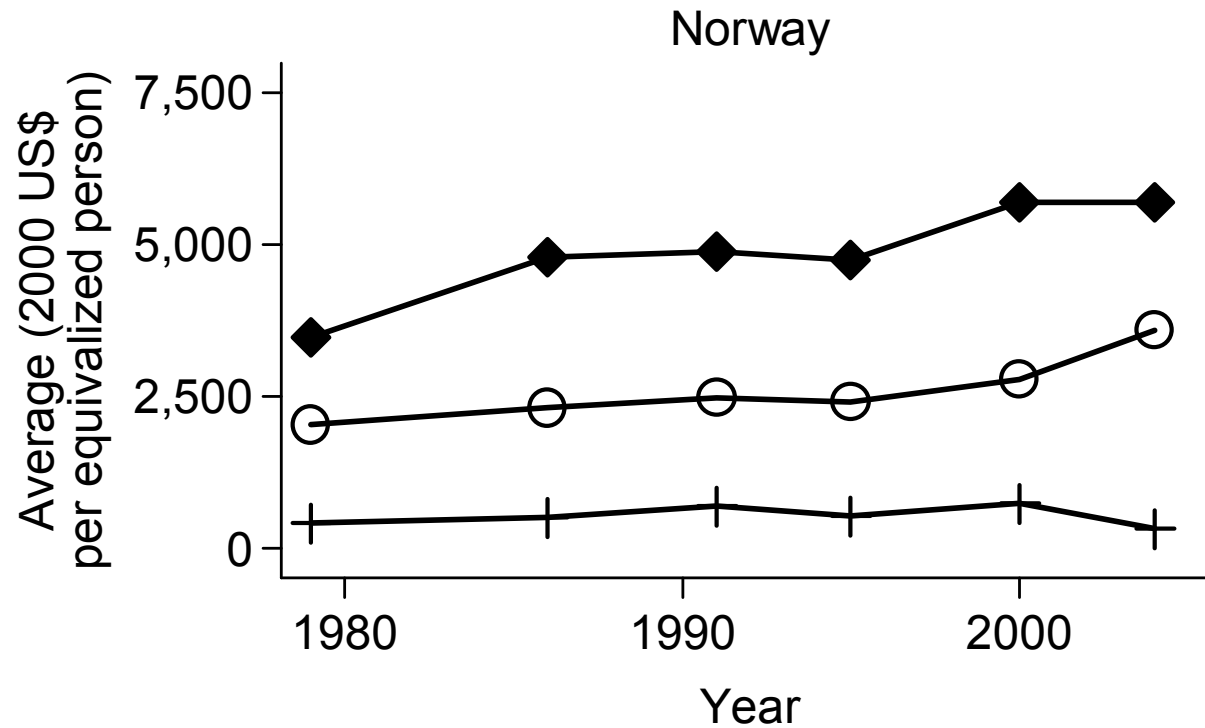


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## Successful trickle down

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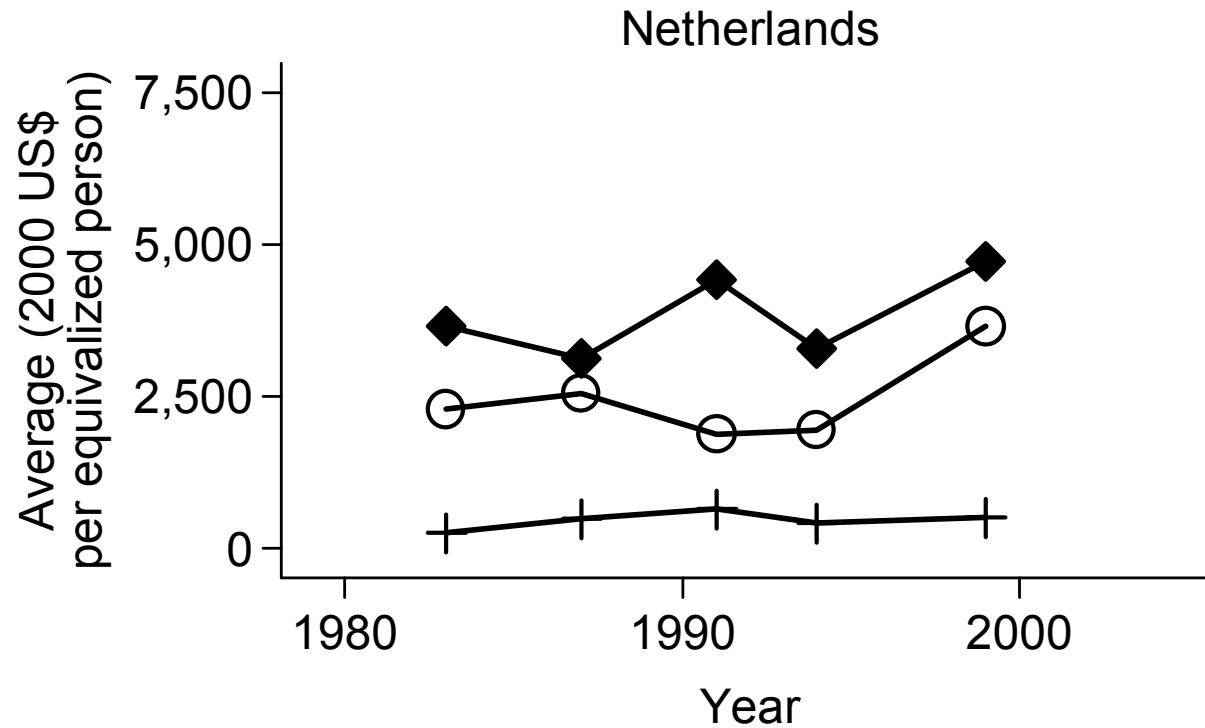


◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

## Successful trickle down

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◆ net government transfers; ○ earnings; + other market income

*Note:* averages for bottom-income-decile households

# *How can unsuccessful countries do better?*

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Advances in real incomes for low-end households hinge on government efforts to pass on the fruits of economic growth

How to get from here to there

I'll focus on the United States

# *The message from social scientists' study of social policy generosity*

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Structures and institutions rule

Generous social policy is a function of

- Strong labor and left parties

- Proportional representation

- Few veto points

- Corporatist concertation

- Heavy trade

- Declines in agricultural and manufacturing employment

## *But this research has identified tendencies, not necessary conditions*

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There are plenty of exceptions

Generous social policies favored by center-right Christian Democratic parties

Extensive government support for child care and early education in continental France and Belgium

Employment-conditional earnings subsidies adopted in diverse institutional settings and by parties all over the partisan map

Social policy retrenchment by left governments

## *But this research has identified tendencies, not necessary conditions*

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### In the United States

Adoption of public health insurance for the elderly and poor in the 1960s; enhancement in subsequent decades

Failure of universal health coverage in the 1970s and 1990s; adoption in 2010

Expansion of social assistance in the 1960s and 1970s; retrenchment in the 1990s

Adoption of EITC in the 1970s; expansion in 1980s and 90s

# *What do Americans want?*

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Several theories predict increased public support for social policy generosity in the United States

Postmaterialism (Inglehart)

Economic growth (Benjamin Friedman)

Median voter (Meltzer and Richard)



## *What do Americans want?*

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Public opinion surveys suggest an increase in support for government spending on education and health care

But not on the poor

## *Is lack of public support an obstacle to enhanced social policy generosity?*

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One view says countries tend to get the level of social policy generosity their citizens want

## *Is lack of public support an obstacle to enhanced social policy generosity?*

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An alternative view holds that the causality runs mainly in the opposite direction: policy → public opinion

Svallfors 1997; Rothstein 1998; Jaeger 2006; Larsen 2008;  
Kenworthy 2009; Newman and Jacobs 2010

This suggests reason for (guarded) optimism about possibilities in the U.S.

## *A ray of hope: Britain's war on poverty*

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There was no surge of public support for enhanced redistribution in the U.K. in the mid-to-late 1990s; if anything, the opposite

And Blair and Brown did not campaign on an anti-poverty platform in 1997

But once in office they committed to substantial poverty reduction and adopted an aggressive set of policies toward that end

It seems clearly to have helped (Waldfogel 2010)

*"The moral arc of the universe is long, but it bends toward justice"*

---

American presidents and legislators with similar ambitions face larger structural obstacles

But the EITC, SSI increases, Medicaid expansion, the 2010 health-care reform, and other successes suggest much is possible