United Nations Development Programme

Contributing

The politics of inequality

Why are governance systems not more responsive to the unequal distribution of income and wealth?

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Acknowledgement

This paper was prepared by Gideon Coolin (Wageningen University), Emanuele Sapienza (UNDP) and Andy Sumner (King's College London) in the framework of a collaboration between International IDEA and UNDP's Regional Bureau for Latin America and the Caribbean on democracy and distributional justice in Latin America and the Caribbean. Comments and guidance from the following individuals are gratefully acknowledged: Jairo Acuña Alfaro, Jason Gluck, Ricardo Guerrero, Christopher Hoy, Sarah Lister, Juan Pablo Luna, Philip Nel, Eduardo Ortiz-Juarez, Tomas Quesada, Rita Sciarra, Paul Shaffer, David Stasavage, Razvan Vlaicu and Alexandra Wilde.

Summary

Various widely cited theoretical models, such as those developed by Kuznets in the 50s and by Melzer and Richards in the 80s, regard democracy as having in-built mechanisms to address excessive economic inequality. And often, the ability to bring about greater distributional justice is mentioned as an integral part of the "case for democracy". However, empirically, more democratic governance systems are not necessarily associated with more equal distributions of income or wealth. Why is that the case? The present paper aims to contribute to answering this question by exploring the factors that may prevent the adoption of inequality-reducing policy in a democratic society.

In a democratic system faced with high (or rising) economic inequality, it could be expected that the supply of redistributive policy will follow the demand for inequality reduction. If this does not happen, two classes of explanations can be posited. For various reasons, the demand for inequality reduction may fail to materialise, despite significant segments of society (potentially a majority) standing to benefit from redistribution. Or, alternatively, some factors may intervene to block the supply of redistributive policy, despite the existence of a demand for inequality reduction. Different strands of research have been focusing on different combinations of these potential explanations.

Starting from a theoretical framework that conceptualizes policy outcomes as the result of complex interactions between actors, institutions and discourses, the paper synthesizes global research on the politics of (re)distribution within democratic governance systems. Four questions are used to structure the surveyed material: What factors shape preference formation with respect to distribution across different actors? What factors enable or constrain collective action aimed at generating demand for inequality reduction? How do actors with an interest in preserving inequality leverage influence differentials to capture the policy process? How do institutions and discourses constrain the policy arena to limit the range of possible policy outcomes?

After reviewing each of the above questions in turn, the paper concludes with avenues for further research. An annotated bibliography highlighting especially significant scholarship is also included as an annex. As a synthesis of global research on the politics of distribution, the paper is expected to serve as a conceptual springboard for context-specific analysis aimed at generating relevant governance reform agendas. In addition, the paper could be used in a more prospective way in the context of political transitions. It could, for instance, provide the starting point for a risk-oriented analysis of factors that may prevent democratic openings from delivering hoped-for economic and social justice results.

Introduction

Inequality is, as eloquently put by Stiglitz (2019: 20), 'a choice. It is not inevitable'. As such, to a significant extent, inequality is a matter of policy choices. Further, the specific policies needed to address income inequality are no secret. Governments often have little control on the external factors that impact national inequality, such as shifting global trade and finance patterns as well as technological change. However, to some considerable extent there is control over domestic policies, such as national macroeconomic policies, labour market polices, wealth inequality policies and more generally, fiscal policy (taxation and transfers) and government spending on public goods.[1]

So, why are governance systems not more responsive to high- or rising-income inequality? We survey research in the area focusing on a set of sub-questions. Specifically: What factors shape preference formation with respect to distribution across different actors? What factors enable or constrain collective action aimed at generating demand for inequality reduction? How do actors with an interest in preserving inequality leverage influence differentials to capture the policy process? How do institutions and policy discourses/narratives constrain the policy arena to limit the range of possible policy outcomes?

Papers were selected for this review through a combination of keyword searches in repositories, alongside identification of relevant papers from citations. Papers were screened for relevance and quality. In the initial stages of reviewing literature, this process informed the conceptual structure of the survey. Once this conceptual structure was set, further keyword searches and identification of relevant citations were conducted to add depth to the debates in each section of the paper. Throughout, an emphasis was put on finding recent scholarship to capture the influence of contemporary issues. For instance, democratic 'backsliding', the proliferation of digital technology, the emergence of intersecting crises, and changing patterns of production and labour market participation.

Our survey has two limitations. First, we focus largely, though not entirely, on the adoption of policy rather than its implementation. This is because policy adoption is a higher order question: in other words, policy must be adopted before it can be implemented. Second, we largely focus on income and wealth inequality, rather than gender, and race inequalities which matter in their own right and also interact and produce income and wealth inequality. We do so because much of the literature in the area focuses on income and wealth inequality.

The paper is structured as follows. Section 2 considers the oft cited reference points that have framed debates on the politics of income and wealth inequality, namely Kuznets (1955) and Meltzer-Richards (1981). Section 3 situates the policy process in the governance system. Specifically, we conceptualise the policy process as the politics inherent between and within actors/networks, institutions/context, and narratives/discourses. Section 4 then surveys the literature by responding to the set of questions posed using this conceptualisation. Section 5 concludes with avenues for further research.

[1] Such policies can usefully be categorised by what they seek to achieve in terms of influencing distribution: first, policies to reduce disparities in disposable income, such as tax and transfers. Second, policies to decrease disparities in individual's endowments, such as policies on wealth or education, labour market policies or policies to increase the value of assets owned by the poorest. Third, policies to reduce risk, resultant income losses and additional costs, such as health insurance or unemployment insurance. Policies influencing the distribution can also be distinguished based on their timing and the groups affected.

Points of departure: Kuznets and Melzer-Richards

Two reference points for any discussion of income inequality and politics are the seminal papers of Kuznets (1955) who, while often misinterpreted, did argue that the downswing of inequality was a consequence of politics; and Meltzer-Richards (1981) who predicted that democracy tends to result in reduced levels of inequality.[2]

Kuznets (1955) argued that as countries urbanise and grow richer, the levels of inequality they experience will increase, before peaking and declining at higher levels of income. In democratic societies, he argued, taxation of capital and wealth would inevitably be introduced as the political power of lower-income groups increases. Kuznets was clear that politics have the potential to counterbalance any increase in inequality. As he put it:

One group of factors counteracting… is legislative interference and 'political' decisions. These may be aimed at limiting the capital accumulation of property directly through inheritance taxes and other explicit capital levies. They may produce similar effects indirectly .... All these interventions, even when not directly aimed at limiting the effects of capital accumulation of past savings in the hands of the few, do reflect the view of society on the long-term utility of wide income inequalities…. Furthermore, in democratic societies the growing political power of the urban lower-income groups [leads] to a variety of protective and supporting legislation (Kuznets, 1955: 8–9, 16–17).

Kuznets argued that the way to offset the rise in inequality overall was an increase in the share of income accruing to lower-income groups in urban areas. He further contended that, in democracies, urban migrants would become politically organized, leading to redistribution.

A second well cited reference point that relates to governance systems and distributional outcomes is that of Meltzer and Richards (1981). The authors, adapting Romer (1975), predict that democracy tends to translate into reduced levels of inequality. The paper starts from a rational choice framework where all individuals aim to maximise consumption above all else. It then posits that the existence of a gap between the mean and median incomes means that most individuals stand to gain from a more equal distribution of income. Given this, in a simple majority-rule system, there will be majority-support for inequality-reducing measures at least until the mean and median incomes come to coincide. High inequality will incentivise political actors to advocate for redistribution and will trigger corresponding action from public authorities. In other words: according to this model, there are reasons to expect redistribution (i.e., a reduction of inequality) when democratic elections are held in a context of economic inequality.

So, how do these reference points stand up in a general sense? Empirically, it is not necessarily the case that more 'democratic' societies (which can mean a wider range of regimes) are associated with more equal distributions of income (see Krauss, 2016; Dorsch and Maarek, 2019). Several studies find no causal relationship between extent of democracy and economic inequality (Scheve and Stasavage, 2017; Krauss, 2016). In fact, there are many

[2] Acemoglu et al. (2023: 26) in a similar vein argue that 'support for democracy increases significantly when individuals have been exposed to democratic institutions, especially when these democratic institutions have delivered in terms of economic growth, peace and political stability, control of corruption, public expenditure, and *low inequality* [emphasis added]'.

examples of autocratic governance systems enacting programmes of redistribution (Acemoglu et al., 2015; Krauss, 2016).

Despite the proliferation of democratic regimes (albeit with recent regressions) since the Kuznets and Meltzer-Richards models were published, income inequality has fallen in some democracies and risen in others. For instance, in regions such as Latin America, disparities in income remain amongst the highest in the world although democratisation has been widespread since the 1990s and despite some reduction in the early 2000s that was driven to a significant extent by policy choices.[3] The fact that democracies have already lasted for three or four decades in much of Latin America could lead us to expect that the distributional effects would be greater. In other parts of the world, such as Indonesia, democratisation over the 2000s and 2010s coincided with a sharp rise in income inequality. To identify the governance factors that influence whether inequality-reducing policies are adopted, we need to situate the policy process within the broader governance system.

[3] For example, Cornia (2014) argues the fall in inequality in the 2000s was due to domestic policy interventions such as the equalisation of the distribution of human capital, targeted social spending, and improvements in tax-to- GDP ratios. Labour market interventions, including rising real minimum wages (after two decades of decline) and a growing number of people covered by formal contracts, as well as macroeconomic stability and stable exchange rates also contributed to the fall in national inequality. Lustig et al. (2013) argue that the declining inequality trend in Latin America is due to two reasons. First, that there was a fall in the premium of skilled labour over unskilled labour, measured as returns to education, due to labour market policies and the expansion of basic education. They posit that one would expect the skill premium to rise if growth is based on open trade and open markets, but this can be counteracted by the expansion of basic education which makes low-skilled labour less abundant and shifts labour demand. Second, that there were higher and more progressive government transfers such as *Oportunidades* in Mexico and *Bolsa Familia* in Brazil.

Situating policy processes in governance systems

Policy and policy processes have always been notoriously difficult to define. Cunningham (1963: 229) famously described policy as an elephant – you know it when you see it. A definition needs to extend from the explicit intentions of policy to the non-explicit, unintended and the implementation of policy (or otherwise). Policy has a 'concrete' component – the actual programmes and implementation of policy – and a 'non-concrete' component, such as statements of intent that may or may not be (currently) feasible. Further, policy can also be deliberate or unintended inaction and policymaking is rarely a specific decision made by a single decision-maker. Considering this, we take a broad definition of policy as '[a] broad statement of goals, objectives and means that create the framework for activity. Often taking the form of explicit written documents but may also be implicit or unwritten' (Buse et al., 2005:4).

How do we situate policy processes in the governance system? Graham et al. (2003: 1, 2) define governance as 'the traditions, institutions and processes that determine how power is exercised, how citizens are given a voice, and how decisions are made on issues of public concern'. That means that governance is many things. It is about who decides (and who sets the rules of decision-making), when and how. Additionally, it is also, among other things, about the relationship(s) between governments and society. While not the same, governance entails policy, and policy is made within a broad governance framework. For this reason, if we want to understand how policy changes, we need to situate policy processes within governance systems.

So, how does policy change (or stay the same)? There is a bewildering array of theories and analytical frameworks of how policy processes happen and analytical frameworks to guide policy process research (each with differing assumptions). However, there are some clear commonalities in frameworks (see discussion of Sumner and Tiwari, 2009). These are – broadly speaking – power relations around three interlocking domains which we can take to construct a loosely applied, synthesis framework for our survey. The three interlocking domains are as follows:

(i) *Actors and networks:* The policy actors and networks, their political interests and incentive/disincentive structures.
(ii) *Institutions and context:* The context and institutions how the socio- economic, political, and cultural environment shapes policy processes and the formal/informal 'rules of the game'.
(iii) *Policy narratives/discourses:* The policy narrative/discourses and their underlying evidence or knowledge.

Underlying each of the three domains is an assumption. Respectively: there is an unclear line between those who 'make' policy and those who 'influence' policy; policy processes are likely to be non-linear and highly iterative; and 'evidence' used in policy processes is contestable rather than positivistic.

In terms of policy processes, the stages of policy-making – agenda setting, formation, decision-making, implementation, and evaluation – have survived as an approach to break down the complexity of policy processes. Although discredited as too linear and unrealistic, the different stages are defended as a heuristic device (see discussion in Jenkins-Smith and Sabatier, 1993) with which to compare reality.

An alternative to policy stages is 'policy spaces' (Brock et al., 2001; Gaventa, 2006). These are spaces in which policy is discussed by some or all actors, depending on the space type. Grindle and Thomas (1991) define policy spaces as moments of intervention that throw up new opportunities, reconfigure relations or bring in new ones and set the tone for a new direction. Gaventa (2006) and others have argued spaces may be closed, invited, claimed/created, visible, hidden, and invisible in their nature. We can also identify spaces by their function in policy processes. Five types of spaces have been identified: conceptual spaces (where new ideas can be introduced into the debate and circulated through various media), bureaucratic spaces (formal policy-making spaces within the government bureaucracy/legal system, led by civil servants with selected inputs from external experts), political/electoral spaces (i.e., formal participation in elections), invited spaces (consultations on policy led by government agencies involving selective participation of stakeholders), and popular or claimed spaces (protests and demonstrations that put pressure on governments).

In the following survey we focus on policy adoption, taking the lens of the actors-institutions-discourses framework. Much of the focus in this survey is on the roles of actors/networks – citizens, elites, and their respective preferences – because actors/networks are the most covered in the literature. We also refer to institutions/context and narratives/discourses. We distinguish between the 'demand' and 'supply' of redistributive policy interventions – as in Robinson (2010) and Vlaicu (2023) –, reflecting how the governance systems enable the translation of preferences into policy outcomes. To go back to the Meltzer-Richard model: in a democratic system, it could be expected that the supply of redistributive policy will follow the demand for inequality reduction. If this does not happen, two classes of explanations can be posited: For various reasons, the demand for inequality reduction may fail to materialise, despite significant segments of society (potentially a majority) standing to benefit from redistribution. Or, alternatively, some factors may intervene to block the supply of redistributive policy, despite the existence of a demand for inequality reduction.[4]

[4] As a first approximation, the conditions of policy implementation can be considered as exogenous to the policy formulation process (and in a sense they are). However, in practice, the policy implementation context will often affect policy design. In particular, the combination of two factors limit the ability of governments to adopt first-best redistributive policies: first, weak state capacity, with administrative states lacking personnel, professionalisation, and technical skills, and second, the structure of economic life, which inhibits the formalisation necessary to deliver traditional 'welfare' policies (Esping-Andersen, 1990). Consider tax, for instance: progressive income taxation is considered a gold-standard policy to reduce inequality and raise revenues to fund redistributive policies. However, such a tax regime requires both significant bureaucratic effort and widespread receipt of formal (rather than informal, and therefore largely untraceable) income in an economy. In many countries, where most of the economic activity comes from the informal sector, such a policy is exceedingly difficult to implement (Medina et al., 2017). Given this, governments turn to second-best, less progressive, lower-yield revenue streams – for instance, sales and property taxes. The inability of many governments to implement wealth taxation, as they are unable to fix legal loopholes that enable evasion, could be considered another abandonment of first-best policies due to constraints on state capacity. State capacity also affects policy adoption via preference formation. For instance, people may oppose a policy that theoretically could be effective in reducing inequality if they perceive that state institutions are unlikely to implement such policies in ways that are efficient and free of corruption.

The politics of inequality: a survey

To structure our survey, we use a set of sub-questions: What factors shape preference formation with respect to distribution across different actors? What factors enable or constrain collective action between actors aimed at generating demand for inequality reduction? How do actors with an interest in preserving inequality leverage influence differentials to capture the policy process? How do institutions or policy discourses/narratives constrain the policy arena to limit the range of possible policy outcomes?

What factors shape preference formation with respect to distribution across different actors?

In the first instance, the choices and strategies of actors in the policy process are driven by their preferences. Such preferences are central to determining the demand for redistributive policy (or lack thereof). For this, there is a significant body of literature on distributional preference formation (see for discussion, Hoy and Mager, 2021).

In much of the literature, material factors have been viewed as the fulcrum of distributional preferences. As mentioned, Meltzer and Richards (1981) argue that individuals care singularly about their level of consumption, calibrating their preferences with respect to their income level, and making demands for taxation and transfers accordingly. Material conditions do have significant explanatory power with respect to the variation in preferences across individuals in a society towards distribution – generally speaking, the richer one gets, the more likely one is to either oppose redistribution or view the present distributional settlement as fair (Alesina and La Ferrara, 2005; Sapienza, 2021).

Material factors are not, however, the whole story. In many cases, individuals do not wish for more redistribution, even when inequality is high and rising (Hacker and Pierson, 2010; Luebker, 2014). For instance, economic crises – where material conditions of many deteriorate sharply – would be seen from the 'materialist' perspective as events that galvanise pro-redistribution preferences. Yet, experimental studies of the 2007-2009 global crisis or 'Great Recession' and the COVID-19 pandemic suggest that economic crises have an ambiguous, if not actively negative, effect on support for redistribution. Fisman et al. (2015) detail that individuals hit harder by the Great Recession would focus more on economic efficiency, rather than distribution. Margalit (2013), also looking at the Great Recession, finds that preferences do change to favour redistribution when income is lost, but such changes are not durable. Turning to the COVID-19 pandemic, Bellani et al. (2023) find a relationship between areas hit hardest by COVID-19 and reduced preferences for redistribution, citing weaker trust in the ability of governments to deliver redistribution as the key determinant.

This shows that formation of preferences regarding policy is also contingent on levels of trust in institutions to effectively translate demands into policy, and policy into outcomes (Rothstein, 2018; Vlaicu, 2023). For instance, in Latin America, where it is common that social policy excludes the vast number of informal workers (such systems are described as 'truncated' welfare states), poor groups often oppose redistribution as they do not see the state as an institution interested in delivering for 'them' (Holland, 2018; Altamirano, 2019). Poor groups may also simply disengage from the political process, with lower levels of institutional trust than richer groups leading to apathy about the ability of electoral democracy to introduce redistributive policies (Vlaicu, 2023). As such, the impact of crisis is ambiguous, with material conditions not seen to translate directly into distributional preferences.

Further, the way in which material factors influence individuals' preferences for redistribution is intertemporal: not only determined by material factors today, but also by expected material factors in the future (Alesina and Giuliano, 2011). Evidence from the U.S. suggests that expectations of 'social mobility' amongst the poor depresses support for redistribution (Alesina and La Ferrara, 2005). Similarly, Reuda and Stegmeuller (2015) find that probability of support for redistribution declines as 'expected income' – defined, in advanced economies, as a function of educational attainment and age – increases. This effect on distribution preferences is *greater* than that resulting from current income. In the same vein, Hirschman and Rothschild's (1973) 'tunnel effect' states that people will tolerate inequality if they believe that it will fall in the future, as they expect their personal circumstances to improve.

Therefore, the literature suggests that expectations are crucial in the formation of individual preferences towards redistribution. This opens the door to misperceptions of income – both today, and in the future – influencing preferences (Piketty, 1995). For instance, individuals – particularly in poorer households – tend to overestimate their position in the income distribution (Cruces et al., 2013; Fernandez-Albertos and Kuo, 2018; Gimpelson and Triesman, 2017). Yet, research on whether the provision of the 'correct' information about individuals' relative position alters distributional preferences is inconclusive.

Some studies do find that, upon learning that they are relatively poorer than they thought, individuals become more amenable to redistribution (in addition to the above, see Cruces et al., 2013). However, other studies find that, rather, this induces individuals to become less supportive of redistribution. Hoy and Mager (2021) argue that this is the result of 'benchmarking' – people using their own living standard as a "benchmark" for what they consider acceptable for others (and therefore becoming less concerned about the living standards of the poor when they realize that their own living standard is well below the average). It is important to note, in this context, that the globalisation of information flows, for instance via social media, is pushing new very powerful demonstration effects that shape preferences and expectations and may eventually result in more homogeneous consumption aspiration patterns.

Another example of the fact that individuals do not think about distribution only in terms of their level of consumption, but also in relational terms, is what has been described by Kuziemko et al. (2014) as 'last place aversion'. As a result of this phenomenon, relatively low-income individuals may oppose redistribution, not because it negatively affects their material conditions but because it improves the incomes of those below them in the income distribution. This shows that the channels through which one's perceived position in the income distribution translates into distributional preferences are complex.

All of this is to say that conceptions of preference formation with respect to distribution is not *purely* material, and must be seen as socially, as well as 'rationally', constructed – from both material factors and value systems (Huber and Stephens, 2012; Armingeon and Weisstanner, 2021). Preferences have deep roots in individual ideology and beliefs (Piketty, 2019). Indeed, across all income groups, the role of ideology is found to be central by much of the literature. Armingeon and Weisstanner (2021) find that at all levels of income, citizens that self-identify as left-wing have more pro-redistribution preferences than those that identify as non-left-wing. In their study, ideology has more explanatory power than relative income vis-à-vis distributional preferences (see also, Jaeger, 2008).

Cultural norms and discourses influence preference-formation, via ideologies and beliefs. This has been suggested by cross-country studies. Citizens of the U.S., for example, are systematically more anti-redistribution than countries in Europe – explained in large part by differences in the belief in the causes of poverty in both contexts (Alesina and Glaeser, 2004). Milanovic et al. (2001) argue that cultural values – using dominant religion as a proxy – are important for preferences towards equality, and therefore distributional outcomes. Luttmer and Singhl (2011) find that first-generation immigrants that move from more- to less-pro-redistribution countries will be more likely to vote for pro-redistribution political parties – a trend that holds down to the second generation.

With reference to religion there may be preferences that 'God's will' is reflected in existing patterns of inequality. Further, religion typically entails collective practice and some reliance on the collective during times of need, thus demand for the state to provide social assistance may be weakened (Scheve and Stasavage, 2006). Indeed, Esteban et al. (2018) find that highly religious individuals will demand lower levels of taxation than their secular counterpart, regardless of class identification.

Importantly, beliefs can also be produced by the structure of the domestic political experience. Political actors can have leading effects on public opinion – the presence of pro-redistribution institutions, such as trade unions or social democratic political parties, shape preferences towards distribution in a society (Blofield and Luna, 2011; Huber and Stephens, 2012). The media is also a crucial determinant of individuals' ideological bent – in European countries with more concentrated media ownership, support for redistribution is systematically lower, in part due to the reduction in the plurality of viewpoints expressed in the media as well as the outsized role played by owners of media conglomerates in shaping public discourse (Niemanns, 2021). Recent history is also found to matter: upon reunification, East Germans – formerly of the Soviet Union-aligned German Democratic Republic – had significantly more pro-redistributive views than West Germans (Alesina and Fuchs-Schündeln, 2007).

Anti-redistribution sentiment amongst lower-income groups, contrary to their expected views given material factors, can arise from belief in 'fairness', which informs perspectives on whether inequality is justified by hard work and talent. Scheve and Stasavage (2016) detail how attitudes towards high taxation of the wealthy are frequently opposed on the grounds of 'unfairness'. Similarly, the widespread acceptance of the idea of 'meritocracy' – an initially satirically-devised concept that views inequality because of variation in intelligence and effort, rather than structural pre-conditions (Young, 1958) – amongst citizens in more-unequal societies legitimates high levels of inequality, depressing redistributive preferences (Mijs, 2019; Friedman et al., 2023). Perceptions of the extent of equality of opportunity were also found by Corneo and Gruner (2002) as a determinant of preferences regarding outcomes.

The importance of beliefs in the formation of distributional preferences also holds amongst elite groups. As discussed, the rich *are* broadly less supportive of redistribution and are more comfortable with status quo distributional outcomes in unequal societies. From a strictly material perspective, we would expect all elites to steadfastly oppose redistribution. Elite perceptions of low-income groups, that they are insufficiently hard-working or are dependent on the state, can be used as a pretext to block redistributive policies – a trend that Seekings (2022) demonstrates has prevented the development of social protection in East and Southern Africa. However, elites can under certain circumstances 'pragmatically' favour inequality-reducing policies, driven by their experiences and beliefs.
Rising inequality and poverty can fuel societal discord that threaten the lifestyles and positions of elites. Elites may support redistribution to stem increases in urban criminal violence (Reuda and Stegmueller, 2015; López et al., 2022). This is not always the case, however, as evidenced in the case of earmarked taxes in which elites agree to pay more taxes under the condition that the tax goes to security, not redistribution. They may also prefer redistribution to preserve the stability of the incumbent political settlement against the potential for popular revolt (Boix, 2003). Support for certain forms of redistribution can also align with other elite priorities. For instance, widespread elite support for expanding access to education – a public good with impacts on distribution, if not an outwardly redistributive policy – found by Reis and Moore (2005) in a study of elite preferences in a sample of countries in the Global South accorded with desires for greater levels of economic growth.

One further neglected angle is that the preference for redistribution, including among elites, can also be informed by the sentiment of social affinity. If redistribution is understood as the transfer of income and opportunities to those who command less resources, for instance by providing income for the unemployed, an individual is more likely to support such *redistribution to* if they have some social affinity with the poor. If such affinity is absent or replaced by resentment – if the individual believes the unemployed are 'lazy', for instance – opposition to *redistribution* is more likely.

Wiemann (2015) argues that the preferences of the middle class have historically been pivotal in determining distributional outcomes, as they are in providing the social basis for democratic institutions (Moore, 1966). Palma (2011) establishes empirically that changes in income inequality occur at the 'tails' meaning between the share of Gross National Income (GNI) accruing to the richest decile or poorest four deciles in a society, with the 'middle', (deciles five to decile nine), always capturing approximately half of GNI in all countries and over time (see also, Cobham and Sumner, 2013). In other words, societies differ over how much the 'rich' and 'poorest' segments capture. This lends support to the thesis that redistribution is more likely to occur when coalitions are generated between the middle classes and the poor. If the middle classes fragment or align politically with the rich, there is no possible redistribution. For this reason, it is important to consider the specificities of preference formation amongst those on middling incomes – not only the poor, nor elites.

Sapienza (2021) demonstrates, using opinion data from Latin America, that the preferences of the self-described 'middle-class' show significant heterogeneity dependent on whether respondents place themselves as 'lower-middle', 'middle', or 'upper-middle'. These intra-group differences lead Wietzke and Sumner (2018) to question whether the middle group can be considered a 'class', without clearly shared interests. With these caveats, it can be noted that 'middle class' preferences are, as with other groups, formed by a mixture of material factors and countervailing social processes, which are dependent on local contextual factors (Wietzke, 2015; Leventoğlu, 2014). Ravallion and Lokshin (2000) show that middle classes also form preferences intertemporally, finding for instance that the middling income deciles in 1990s Russia expressed support or opposition to redistribution depending on whether they believed their welfare would decline or improve respectively.

Identities outside of individuals' beliefs and position in the income distribution can also play a significant role in the formation of preferences. In a study of Latin American countries, age was found to be an important driver of support for redistributive policies – with younger groups more supportive (Durakiewicz, 2018). Furthermore, there is evidence of gendered aspects in that some research finds women tend to be more supportive of redistribution than men or more concerned with the equal distribution of goods (Andreoni and Vesterlund, 2001; Ranehill and Weber, 2022).

It is important to distinguish between preferences towards distributional outcomes themselves, and those towards the policy mix to achieve a desired outcome. From an experimental study in the U.S., Margalit and Raviv (2022) find that only small numbers of voters connect the broad aim of reducing inequality with specific policy interventions. Misperceptions of policies also contribute to this gap – Ardanaz et al. (2022) find that provision of information about the progressivity or regressivity of tax regimes significantly alters policy preferences.

In short, the literature on the formation of distributional preferences is extensive and shows preference formation to be a complex process. Material factors, in the past, today and in the future, are important to preference formation – however, they are not the fulcrum. Distributional preferences are informed by both rational (material) and social factors – with the latter involving ideology and beliefs, informed by experiences of life and cultural socialisation. This shapes both the demands of citizens for redistribution, as well as how willing elites are to 'supply' equalising policies.

What factors enable or constrain collective action aimed at generating demand for inequality reduction?

When pro-redistribution preferences align, their influence on the policy process is mediated by the extent to which individuals can collaborate to make distributional demands on the state – be it for strengthened welfare policies, higher taxes on the wealthy, or greater provision of public goods. The literature on 'demands' for redistribution emphasises the importance of collective action – the aggregation of preferences under a single unit, be it an interest group, a political party, a social movement – in influencing the policy process (Grossman and Helpman, 2002; Robinson, 2010).

Scholarship on collective action and distributional demands emphasises the importance of 'power resources' – 'the attributes (capacities or means) of actors (individuals or collectivities), which enable them to reward or punish other actors' (Korpi, 1985: 33). As such, to translate demands into outcomes, collectives must possess the capacity to wrest at least some control over the political process. In societies where collectives have little capacity, economic elites can mobilise structural – broadly speaking, economic – and instrumental – in general terms, political – power to maintain a policy regime that benefits their economic interests (Mann, 1986; Parmigiani, 2022). The characteristics of the institutions in a governance system are key in determining the space for and transaction costs to collective action.

At a basic level, the extent to which a system is democratic is critical in determining whether collective action is possible. The rights to the freedoms of expression, association and peaceful assembly, and the prospects for effecting change of the policy process through the ballot box, are central enablers of collective action (Boix, 2003). Where civic space is reduced – meaning there is less scope for civil society actors to mobilise and contest – there is a diminished prospect for collective action to occur (Acemoglu and Robinson, 2023). As already mentioned, there is no automatic relation between democratic governance and greater economy equality. However, competitive political institutions are a significant enabler – if not a precondition – for the emergence of collective action (Boix, 2003; Mauro, 2022).

The primary way through which – in a democratic system – collectives with aligned preferences can possess the means to enact change is through the emergence of enabling organisations. Such organisations, typically political parties and trade unions, translate preferences into collective action, and then policy outcomes, as they confer on lower-income groups bargaining power that they do not possess alone.

Political parties are found to be more conducive to the aggregation of pro-redistribution preferences into collective action if they a) self-identify with some version of 'left' ideology, b) represent a united, class-driven popular base, c) have clear programmatic, rather than clientelistic, commitments, and d) are highly institutionalised (Huber and Stephens, 2012; Morgan and Kelly, 2017; Rasmussen and Knutsen, 2019; Mauro, 2022). Mauro (2022) also argues that the structure of the broader party system matters – with more competitive, multi-party systems able to facilitate greater levels of collective action. However, a de-institutionalisation of parties, as affiliations weaken and memberships decline, has been seen across Europe over recent decades (Van Biezen et al., 2012), accompanied by rising inequality.

Trade unions play a similar role in enabling collective action. In the first instance, their role in enabling collective bargaining ensures that gross inequality (i.e., pre-taxes and transfers) is lower through increasing wages for employees in unionised firms and sectors. However, like political parties, they also improve distributional outcomes through enabling collective action in ways that directly impact the policy process. They play a significant role in improving political equality – between lower- and higher-income groups. Trade unions will act as interest groups, conducting lobbying and making representations to policymakers on behalf of members. They also directly mobilise members – through protests or social functions – and form their preferences: Iversen and Soskice (2015) find that unionised workers are more engaged in politics and more likely to vote for left-leaning political parties (Ahlquist, 2017). Indeed, Pontusson (2013) shows that, historically, there has been a positive relationship between levels of unionisation and redistribution in OECD countries – though this has diminished in recent years with reductions in union density.

The importance of enabling organisations directly rebukes the rational-choice models of the politics of distribution, which assume symmetrical power throughout society (Huber and Stephens, 2012). Given that, as noted earlier, Palma (2011) established empirically that any changes in income inequality occur between the share of Gross National Income (GNI) accruing to the richest decile or poorest four deciles in a society – with the 'middle', deciles five to nine, always capturing approximately half of GNI, the mobilisation, and concomitant collective action, of a significant portion of the bottom 40% through enabling organisations is seen as vital to the adoption of policies leading to reductions in inequality.

In addition to the presence of competitive democratic institutions, which we have already mentioned, societal characteristics are important in determining the comparative scope for collective action across countries. Historical and institutional factors – such as the presence of a large urban, industrial working class, high levels of formalisation and relatively equal land distribution – create the conditions for the emergence of a popular base, which enables collective action to be successful. Political pressure for types of agrarian/land reform has, in some contexts, arisen because of the absence of these types of preconditions. Though, successes have been relatively few.

Central to this conception of collective action are the salience of material – or class – identities. Yet, as in the literature on distributional preferences, such factors are not deterministic. The existence of identities that cut across, and achieve higher salience than, class can dampen prospects for collective action for inequality reduction. This is because mobilisation and voting behaviour, a crucial facet of collective action, will be determined by this competing non-class identity (Scheve and Stasavage, 2017; Huber, 2017). For instance, movements away from class identification towards nationalist identification amongst poorer groups has been seen to decrease demand for redistribution, and therefore prospects for collective action for increased equality (Shayo, 2009). In many countries, social policy exhibits an 'elderly-bias' that provides unequal benefits to older voters – who, by virtue of higher levels of electoral participation, can exert political influence – exacerbating intergenerational inequalities (Lynch, 2006). The emergence of cross-cutting identities can also be institutionally determined. Federal systems of governance increase the importance of territorial, and reduce the importance of national, politics. As a result, territorial identities are intensified, with collective action demands focused on regional – rather than inequality-reducing – distribution of resources (Rogers, 2016).

On top of cross-cutting identities, as mentioned, prospects for collective action can be stifled by clientelistic political organisation, with power exercised through informally organised patron-client networks (Khan, 1995). Clientelism displaces programmatic mobilisation – which entails political organisation through coherent, policy-focused, often material means (IDEA, 2014). Programmatic organisation is critical for enabling collective action along class lines, which results in demands for redistribution (as discussed by Huber and Stephens, 2012 and Mauro, 2022). In contrast, clientelistic mobilisation entails the co-option of groups into patron-client networks that reduces the ability of class-based collective action. This can, for instance, take the form of 'machine politics' – whereby key regional or ethnic groups are delivered goods by parties and governments around elections to win support (see Nichter, 2011 for the case of healthcare in Brazil and Kramon, 2017 for a cross-country study of Sub-Saharan African countries). This undercuts collective action through placating those who would otherwise benefit from, and therefore potentially demand, redistribution.

Therefore, dispersion of power is central to understanding how pro-redistribution preferences can translate into collective demands, and then into outcomes. The existence of a popular pro-redistribution movement, often consolidated around a shared material identity, is conducive to collective action. To have the capacity to mobilise 'power resources', resisting incumbent elite resistance, action is best aggregated by 'enabling organisations' – commonly trade unions or left-wing political parties. Where such organisations are clientelist rather than programmatic, lack institutionalisation, or exist in a system lacking competitive political institutions, the prospects for collective action can be dampened.

How do actors with an interest in preserving inequality leverage influence differentials to capture the policy process?

Those with an interest in preserving inequality are, broadly speaking, those that benefit materially from the status quo distribution of resources in a society. Tilly (1999) observes those who control material resources will aim to disperse the associated surpluses narrowly. Surpluses will often be generated through the efforts of others, yet these 'other' groups will be excluded from the spoils. As a result, the elites in a society – who control the material, political and symbolic resources (Reis and Moore, 2005) – will be incentivised to use the differential influence they receive from control over said resources to preserve surpluses they receive. This utilisation of power resources, to counteract pluralist collective action, has – in Winters' (2017) description of 'Wealth Defence' – been a feature of human societies for thousands of years. In Palma's (2011 and 2019) description of contestation over resources, being primarily between the top decile and bottom four deciles in a society, elites can use control over the policy process to this end. Such leveraging of influence differentials is prevalent at each level of politics – from the supranational down to the local (Klüver et al., 2015; Acemoglu et al., 2014; Alatas et al., 2019).

The mechanisms through which the policy process is captured by elites are disputed in the literature. In the first instance, Boix (2003) argues that the basic mechanism through which elites can capture the policy process and cement their advantaged position in the income distribution is by maintaining a repressive governance system that precludes citizens from formal involvement in the policy process. For him, this is conditional on 'costs to repression'. These represent the quantity of resources it takes for elites in an autocracy to put down attempts at citizen struggle against the regime, as compared to the resources elites would lose if democratisation – and in Boix's telling, redistribution of income – were to occur. Such costs are determined by the extent to which citizens can act collectively. Therefore, in such regimes, elites will persist with repression – suppressing civil society and mass participation – when the poor are not mobilised.

In comparatively more democratic systems of governance, however, the prevalence of elite capture remains. To reconcile this, Acemoglu and Robinson (2008) distinguish between *de jure* and *de facto* political power. When influence differentials are nominally lower – because of democratic institutions allowing citizens a formal route into the political process – the impact of *de facto* political power can still ensure that the policy process remains captured. Indeed, the incidence of democracy may lead elite groups to invest more in increasing their *de facto* advantage, resulting in a 'captured' democracy (Acemoglu and Robinson, 2008).

A prominent manifestation of such *de facto* power exercised by elites is through clientelism. You (2015) argues that high levels of inequality, which implies significant influence differentials between wealthy elites and the citizens, within a society increases the incidence of patron-client networks. Such networks can be intra-elite: a familiar manifestation of clientelism can occur through direct appropriation of state resources. For example, firms with connections to political elites are widespread, with overlap between those controlling material and political resources (Faccio, 2006). Studies from Faccio et al. (2007), Amore and Bennendsen (2013), and Schoenherr (2019) demonstrate how such connections enable political elites to distribute funds through government procurement processes to others in their patron-client networks, enriching the well-connected and oftentimes reducing the efficiency of service provision.

Patron-client relations also exist at larger scale, between elite groups and sections of society. Clientelistic political organisation, centred around patronage, is often adopted by political elites as a means for garnering popular support through 'pork-barrel' distribution of state resources to key constituencies (see Bardhan and Mookherjee, 2012 for a discussion of this process in West Bengal). For Mauro (2022), this allows elites to eschew programmatic redistribution that would erode their relative material positions. As mentioned, such structural factors can undermine the prospects of collective action.

In addition, elites are often able to exert influence on the preferences of citizens, muting demands for redistribution. Populist leaders can foment 'diversionary' nationalism – placing emphasis on national pride to raise the salience of nationalistic or sectarian arguments, reducing the importance to voters of high levels of inequality (Solt, 2008). As discussed, studies find that the monopolisation of media environments in Europe systematically reduces preferences for redistribution through providing a small group of owners of mass media the opportunity to constrict public discourse (Niemanns, 2021). Through setting the agenda and altering the salience of political issues, media attention has been found to both draw the focus of media consumers as well as policymakers (Bonafont and Baumgartner, 2013).

When seeking to preserve inequality, the literature finds that elites can have their most significant impacts when they focus on restricting the 'supply' of pro-redistribution policy. Through exerting influence on political actors and effecting *de jure* change through exercise of *de facto* power, the capacity of a governance system to redistribute can be hampered and the policy process captured.

A clear example of this phenomenon is lobbying. In their game-theoretic study on 'special interest groups', Grossman and Helpman (2002) state that lobbying represents the collection actions of interested parties in terms of influencing legislators and the public to affect the policymaking process. This can be conducted by a range of actors on an array of issues – not only by those with an interest in preserving inequality. However, such activities are highly costly – requiring the hire of lawyers, advisers, experts, and well-connected individuals who have access to policymakers. As such, lobbying activities are disproportionately available to moneyed elite 'special interests' who can afford to fund them. They are also contingent on the structure of political institutions – for instance, lobbying for policy change at a supra-national level requires a significantly broader effort, including engagement with national leaders as well as various intergovernmental institutions, than at a local level (Klüver et al., 2015).

In addition to expenditure on lobbying, the direct impact of money in politics, through contributions to political campaigns, is seen as corrosive for the prospects of redistributive policy. Bonica et al. (2013) posits that the use of campaign contributions to subvert the policy process has been a cause of growing inequality in the United States. Flavin (2015), looking also at the U.S., finds that states with stricter campaign finance regulations generally have more redistributive social spending. More broadly, inequalities in campaign financing entrench the positions of political incumbents, reducing political competition, and excluding opposition candidates from standing, limiting the range of policies offered in elections (for example, see Dendere, 2021 for a discussion of campaign finance in Zimbabwe).

In some settings, elites can utilise violence to capture the policy process, to prevent erosion of their privileged position – entrenching inequality. Kleinfeld and Barham (2018) develop a theoretical framework, detailing how the use of private, extra-state militias by elites in contexts of weak state capacity can create a 'bounded democracy' in which redistributive policies are not supplied and civic space is systematically dismantled by the threat of violence. This, the authors argue, impacts lower-income groups disproportionately, with middle-classes able to use their economic power to opt-out of violence in such contexts.

Despite these factors, capture need not be a result of individual actors' conscious attempts to alter policy processes – through campaign financing or media control. High levels of inequality, especially in wealth, make the state structurally dependent on those that own capital, as their investments are crucial to the maintenance of the prevailing economic settlement (Przeworski and Wallerstein, 1988). Such threats of capital flight, made credible by liberalisation of capital mobility since the late-20th century, can constrain the policy process so that only policies that are deemed 'acceptable' by financial markets can be implemented successfully (Krauss, 2016). For instance, the prospect of fiscal expatriation arguably makes significant taxation of wealth near-impossible (Perret, 2021).

As such, given attempts to equalise distributional outcomes, incumbents that benefit from the status quo – elites – are able to use their differential power to stymie redistribution. Through *de facto* power – exploiting patron-client relationships and altering citizen preferences, for instance through restricting public discourse – and *de jure* power – lobbying, violence, and structural factors that give elites disproportionate influence, the policy process can be captured and scope for redistributive policy restricted.

How do institutions or policy discourses/narratives constrain the policy arena to limit the range of possible policy outcomes?

We have surveyed literature on how the actors in the policy process enable and constrain the potential for pro-redistribution policy. Undergirding these processes – of preference formation, collective action dynamics, and elite capture – are the institutions and discourses that set the boundaries inside which actors operate.

In North's (1989) definition, the role of institutions, both formal and informal, are to specify rules that constrain 'choice sets' of actors in a society. As such, at the fundamental level, institutions exist to constrain the policy process. Consider constitutional arrangements – the foundational institutional structure in many polities that are by design resistance to reform. Through delimiting the structure of political life – from setting the structure of government, to determining the inalienable rights citizens enjoy – they are crucial to enabling the policy process. This also gives them significant power to constrain the scope of policy outcomes.

The formal structure of governance systems, defined by constitutions, are given significant attention by the literature. First, the electoral institutions matter significantly for the extent to which the policy arena – and the 'supply' of pro-redistribution reforms – is constrained. Majoritarian electoral systems are found to be more likely to result in more unequal distributional outcomes – resulting from a less pluralistic political environment and a lower incidence of centre-left governments (Mauro, 2022; Iversen and Soskice, 2006). In such systems, the electoral geography matters for the prospects of redistribution. Wiedemann (2023) makes the point that contexts with high spatial inequality – where some regions exhibit higher levels of inequality than others – can result in support for pro-redistribution parties being concentrated in high-inequality districts, reducing the possibility of capturing a significant number of legislative seats in a first-past-the-post system. By contrast, Jurado and León (2017) argue that the redistributive ability of majoritarian and proportional systems is dependent on the geographic dispersion of lower-income groups – with a highly concentrated dispersion allowing lower-income groups to wield disproportionate influence in systems such as first-past-the-post.

Also considered is the presence of 'veto points' in the ways in which constitutions structure the policy process (Immergut, 1990). Systems with strong bicameralism, presidential systems, those with high levels of decentralisation, and those that require referendums to settle policy issues are found to be less conducive to the adoption of redistribution oriented policy, as there are more opportunities for those opposed – for instance, elite groups – to exert power over the process, and diversifying the interests of policymakers (Huber and Stephens, 2001; Tsebelis and Chang, 2004). Rogers (2016) examines the role of federalism in increasing veto points – finding that empowered, territorialised institutions reduce the potential for redistribution and produce a strong status quo bias.

However, less considered is how constitutions explicitly impose limits on policymaking. Related but different, it may be important to also keep in mind constitutional/legal provisions – not in terms of what can or cannot be done but how and by whom. For example, the executive may have certain powers to enact distributional policies but not others, which are exclusive to the legislature (mainly taxes).

Albujar and Rubén (2021) examine the policy constraints present in the Peruvian constitution. Many provisions restrict the scope for pro-redistribution policymaking – for instance, those which restrict levels of public indebtedness, prevent 'confiscatory' taxation, prohibit trade and investment protectionism, restrict the scope for national ownership and enshrine free entrepreneurship as a fundamental right. While provisions also enshrine social rights and expenditure on education, the strict fiscal boundaries preclude significant, programmatic redistribution – putting a hard limit on the supply-side. Similar constitutional restrictions are also present in the Ukrainian, Montenegrin, Serbian, Zambian, German, and Chilean cases (Albujar and Rubén 2021; Republic of Zambia, 1991).

These processes of constitutional formation that serve to limit the scope of distributional outcomes are inextricable from the hegemonic policy discourses at the time at which constitutions are drafted. Specifically, many are shaped by the influence of international creditors on governments in the late-20th century that promoted liberal, pro-market 'Washington Consensus' policy agendas informed by the neoclassical economics prevalent from the 1970s (Williamson, 2004). As such, policy discourses, promulgated by international institutions, hamstrung the scope for pro-distribution policymaking in low- and middle-income countries.

Such hegemonic discourses do not only impact on constraining the policy agenda through such processes of institutional formation. For instance, the scope of policy is constrained by the so-called Overton Window – the breadth of 'acceptable' political ideas at a given moment.

Reflecting on the UK context, Lynch (2020) argues that the neoclassical paradigm has placed redistributive fiscal policy – via increased taxation and greater levels of transfers – outside the window of acceptability. This, she argues, constrained the centre-left 1997-2010 Labour-led government in its willingness to propose ambitious redistribution. Additionally, the process of state formation and its differences in each country explain the type of welfare regimes set up post-WWII.

Finally, limits to political discourse not only constrict the supply of policies, but also demand for them. Given the insight that ideology is critical to preference formation with respect to distributional outcomes, dominant paradigms bear heavily. Mijs (2019) argues that the 'meritocratic narrative', prevalent in advanced countries, has been constructed in part by the proliferation of free-market policies since the 1980s. Forty years of narratives emphasising individual grit and talent as the fulcrum of success has had a cultural impact (e.g., the 'American Dream') and as such formed views, politically limiting the possibilities of redistribution.

In short, institutions and discourses restrict the policy process by defining the range of possible outcomes that can be realised by a governance system. Different electoral systems, constitutional arrangements, and sub-national regimes modify the possibility of redistribution. These are shaped by many of the processes discussed in this paper – preferences and power of citizens and elites, and hegemonic discourses at times of institutional change. Additionally, discourses, oftentimes borne out of history and culture, limit policy outcomes through shaping dominant ideologies.

Conclusions

In conclusion, the survey brings to light a set of factors shaping the governance-policy-inequality nexus. First, preference formation: Actors have a set of preferences (explicit or latent) with respect to distributional outcomes. These preferences are influenced by a combination of the rational and the social. They are informed by peoples' material position, both current and expected; experience of day-to-day life; and ideological bent, determined by specific discourses and cultural norms. In a society, most people may well prefer greater redistribution. However, even in democratic systems, pro-redistribution preferences do not automatically translate into corresponding policy outcomes.

Second, the role of collective action: A central way through which preferences affect the policy process is via collective action. By mobilising collectively – for instance through enabling organisations, oftentimes but not only political parties – a certain social segment can exert significant influence over the policy process. For instance, a pro-redistribution majority may engage in collective action to promote certain inequality-reducing measures. The prospects for such action are, however, mediated by the configurations and characteristics of actors within a society as well as the norms – formal and informal – which regulate associational life. Relatedly, there are power or influence differentials and elite capture. Elites – or other groups with a vested interest in preserving the status quo – are often able to leverage the disproportionate influence and access they possess to maintain control of the policy process and reduce the prospects of redistribution, even against the preferences of most of the society. This can occur through different forms of 'capture', such as corruption and clientelism, among many, but also using influence to manipulate social narratives, and the tilting of the institutional context to preclude collective action.

Third, the role of institutions and discourse: The structure of institutions can constrain (or boost) actors' ability to engage in collective action to capture policy formulation. Additionally, institutions play an important role in setting policy process guardrails. Constitutions, for instance, can be powerful limitations to the scope of policymaking. Discourses can inform institutional development and the structure of political debates, while also determining the dominant values and ideologies with which actors form preferences.

To summarise: preferences, formed by both material and social factors, are crucial in determining citizens, elites, and the middle classes' support for redistribution. Collective action amongst lower-income groups is a crucial way through which such preferences are translated into policy outcomes; however, political institutions are key to constraining and enabling such activity. Elites are also able to leverage their differential influence to capture the policy process, through a combination of *de facto* and *de jure* power, which ultimately constrains the scope for the 'demand' and 'supply' of redistributive policy. Hegemonic discourses and institutional arrangements – for instance, constitutions – are important to providing the backdrop against which actors operate.

In terms of a future research agenda, several potential avenues can be identified. First, with a focus on actors, there is the impact of supranational organisations when considering distributional outcomes. The remit of such bodies has expanded rapidly across much of the world in the past two decades, framing the scope of policy action of national governments in certain areas. As bodies in the Global South, such as the African Union, develop it would be of interest to examine the interplay between supranationalism and fiscal policy.

Second, with a focus on institutions, there is need for a comprehensive review of national constitutions and how they limit the scope for the adoption of redistributive policy. For example, analysis of cross-country variations, different historical trajectories, and constitutional review processes (for instance, as seen in recent years in the Chilean case) would be useful. Relatedly, there are open questions how the social/fiscal contract is formed, how it changes and what it would take to shift the existing equilibrium (see discussion in Hickey et al., 2017; Hickey and Sen, 2023). Further, it is crucial to investigate the shrinking of civic space in many societies – as documented by CIVICUS (2023), which is likely to constrain collective action – through subtle shifts in formal and informal institutions. There is a dearth of empirical and theoretical work on how the available civic space shapes dynamics of collective action for redistribution. Relatedly, as discussed briefly in this brief, policy adoption does not necessarily translate into implementation and implementation into distributional outcomes. While we have focused on the 'concrete' aspects of policy, enquiry into the non-concrete, mediating factors between policy decisions and results – notably institutions; for instance, the influence of state capacity – would be fruitful. Implementation of policy is often the point at which policies are compromised and watered down.

Third, with a focus on discourses and narratives, there is limited literature considering the boundaries to acceptable debate on distributional issues and how dominant discourses interact with both voters and policymakers to shape the 'Overton Window' – the boundaries of 'acceptable' political ideas in each moment. Such enquiry could also consider the impact of political elites and the media in promulgating such discourses, as well as the effects of crises and shocks. This is distinct from the discussion on preferences, as it is less about determining what elites and the majority think, but rather the less-perceptible borders of what is deemed to be feasible or admissible in public debate.

Fourth, to enable these first three avenues for research, more collection of high-quality data on distributional perceptions and preferences is required globally. Outside of Europe and North America, such data is often scarce and irregular, though availability is improving in the Global South. Collection of such information would serve several purposes. First, it would allow for the dynamics surrounding governance systems and distribution to be explored across contexts and levels of governance. Second, it would permit the exploration of how, if at all, policy actors respond to the provision of information on citizen preferences towards redistribution.

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Annex: annotated bibliography

Acemoglu, D., Naidu, S., Restrepo, P., Robinson, J. A. (2015). Democracy, Redistribution, and Inequality. In A. B. Atkinson, F. Bourguignon (Eds.) *Handbook of Income Distribution.* Amsterdam: Elsevier.

The authors contradict Meltzer-Richards, arguing that the relationship between inequality and democracy is not straightforward. They argue that capture of democracy, the presence of increased access to market exchange, and the transfer of power to the middle classes upon democratisation can all *exacerbate* inequality.

Acemoglu, D., Robinson, J. A. (2008). Persistence of Power, Elites, and Institutions. *American Economic Review,* 98(1), 267-293.

The prevalence of elite capture of the policy process is present in both autocratic and democratic societies. The authors make the case that upon democratisation, elite capture can worsen. Distinguishing between *de jure* and *de facto* forms of power, they posit that elites in democracies will invest heavily in *de facto* means of control – such as lobbying and clientelism.

Ahlquist, J. S. (2017). Labor Unions, Political Representation, and Economic Inequality. *Annual Review of Political Science,* 20, 409-432.

This review of the literature on the role of trade unions in governance systems highlights their crucial role in altering both gross (ex-ante) and net (ex-post) inequality. Ahlquist looks at how trade unions aggregate and shape member preferences, as well as act as lobbying organisations – improving political equality and shaping distributional outcomes.

Armingeon, K., Weistanner, D. (2021). Objective Conditions Count, Political Beliefs Decide: The Conditional Effects of Self-Interest and Ideology on Redistribution Preferences. *Political Studies,* 1-14.

The authors find from empirical work using the European Social Survey that ideologies and values, termed political beliefs, matter more for distributional preference formation than material conditions. Both are important, and the relative importance of each factor differs for left-leaning and right-leaning voters, as well as depending on the income levels. This contradicts the rational-choice scholarship.

Bardhan, P., Mookherjoo, D. (2012). Political Clientelism and Capture: Theory and Evidence from West Bengal, India. *IGC Working Papers.*

The authors detail the process of 'pork barrel' distribution of resources in West Bengal, with clientelistic relations based on distribution of state resources contributing to elite capture of the policy process.

Boix, C. (2003). *Democracy and Redistribution.* Cambridge: Cambridge University Press.

Boix develops a framework of political transitions contingent on the distribution of resources in a society. He uses a game-theoretic approach to analyse how elites interact with citizens in different contexts. Central to the book is the argument that democracy is an inherently equalising system of governance.

Hoy, C., Mager, F. (2021). Why Are Relatively Poor People Not More Supportive of Redistribution? Evidence from a Randomized Survey Experiment across Ten Countries. *American Economic Journal: Ecconomic Policy,* 13(4), 299-328.

The authors, in a large survey experiment, find counter-intuitively that when low-income individuals are informed of their position in the income distribution – which is generally lower than they perceive beforehand – their preferences towards redistribution do not become more favourable. They make the case that this is the result of a 'benchmarking' process, whereby low-income individuals see their income level as average – meaning prior to provision of information about their true relative income, they overestimated the number of people they perceive as poor in society and underestimated the average income. This makes them more optimistic about the distributional status quo, and less likely to support further redistribution.

Huber, E., Stephens, J. D. (2012). *Democracy and the Left: Social Policy and Inequality in Latin America.* Chicago: University of Chicago Press.

The authors, building on prior work on welfare states, analyse the heterogeneity of development of social policies in Latin America. Drawing on the power relations school of thought, they argue that distributional outcomes are a function of the structure of the working class and the extent to which institutionalised, programmatic 'enabling organisations' – such as left-wing political parties – are able to mobilise preferences into collective action.

Huber, J. D. (2017). *Exclusion by Elections: Inequality, Ethnic Identity, and Democracy.* Cambridge: Cambridge University Press.

The author aims to explain why voters do not vote in the interests of their material position exclusively, given the observation that rational-choice models have failed to explain deteriorating distributional outcomes since the 1980s. He argues that when non-class 'ethnic' identities increase in salience, voting behaviour is formed and electoral competition occurs along group identities unrelated to shared material interests.

Hujo, K., Carter, M. (2022). *Between Fault Lines and Front Lines: Shifting Power in an Unequal World*. London: Bloomsbury.

This edited volume, in a similar vein to this paper, aims to define the current state of the interplay between inequality, elites, and politics in an inter-disciplinary way. It takes insights from economics, political science, social movements theory, and urbanism in a range of Global North and Global South countries.

Khan, M. (1995). State Failure in Weak State: A Critique of New Institutionalist Explanations. In J. Harriss, J. Hunter, C. Lewis (Eds.) *The New Institutional Economics and Third World Development.* London: Routledge.

Khan develops the concept of 'political settlements' - the combination of the distribution of power and institutions in a society – to explain, amongst other things, distributional outcomes. The distribution of resources in a society, especially where the state is weak, has to be such that all the groups key for stability are sufficiently remunerated.

Krauss, A. (2015). The scientific limits of understanding the (potential) relationship between complex social phenomena: the case of democracy and inequality. *Journal of Economic Methodology,* 1-13.

This paper cautions against the use of so-called 'empirical' approaches to the measurement of how different political systems affect distributional outcomes, given heterogeneity in cases and inadequacy of data sources. The author presents a survey of the literature and suggests limitations of many canonical studies in the area.

Mauro, V. (2022). Party Systems, Inequality, and Redistribution. *Perspectives on Politics.* 1-18.

The author argues that party systems are crucial to understanding the dynamics of inequality and redistribution. He argues that multi-party systems, with highly institutionalised parties, are more likely to result in fairer distributional outcomes.

Mijs, J. J. B. (2019). The Paradox of Inequality: Income Inequality and Belief in Meritocracy go Hand in Hand. *Socio-Economic Review,* 1-39.

As inequality has worsened in industrialised nations, public support for the idea of 'merit' as a primary determinant of economic success has increased. Mijs sees the role of dominant, neo-classical discourses as a driver of this seemingly contradictory process.

Palma, J. G. (2011). Homogenous Middles vs. Heterogenous Tails, and the End of the 'Inverted-U': It's All About the Share of the Rich. *Development and Change,* 42(1), 87-153.

Palma, J. G. (2019). Behind the Seven Veils of Inequality. What if it's all about the Struggle within just one Half of the Population over just One Half of the National Income. *Development and Change,* 50(5), 1133-1213.

Through looking at shares of GNI accruing to income deciles, Palma's contributions show empirically that the shares of income going to the top decile and bottom four deciles are heterogenous between countries – with the share going to the middle five deciles increasingly uniform. He gives an account of distributional struggle, highlighting the role of elites and global capital.

Reis, E. P., Moore, M. (2005). *Elite Perceptions of Poverty and Inequality.* London: Zed Books.

Drawing on fieldwork in South Africa, Haiti, Bangladesh, the Philippines, and Brazil; the authors offer a rich qualitative study of how elites understand and shape distributional outcomes in these contexts.

Robinson, J. A. (2010). *The Political Economy of Redistributive Policies.* New York: UNDP.

The author presents a survey, similar in scope to this effort, to make the case that distributional outcomes are explained significantly by comparative politics. Disaggregating between the 'supply' and 'demand' sides of inequality, he constructs a stylised image of a middle-income country and the barriers they may face to redistribution: including the institutional arrangements, state capacity, the presence of natural resources, and preferences amongst electorates.

Rogers, M. Z. (2016). *The Politics of Place and the Limits to Redistribution.* New York: Routledge.

Rogers identifies systems of governance that constrain efforts for redistribution, as they fragment class coalitions and raise the salience of non-class identities. The establishment of territorial, rather than unitary, institutions raise the importance of geography as a cleavage, reducing the importance of national mobilising cleavages and increasing the veto-points in a governance system.

Rueda, D., Stegmueller, D. (2019). *Who Wants What? Redistribution Preferences in Comparative Perspective.* Cambridge: Cambridge University Press.

The authors propose moving away from the median voter theorem, providing a model of demand or redistribution and preference formation that relies on expectations of the future, and the negative externalities of inequality on elites.

Scheve, K., Stasavage, D. (2017). Wealth Inequality and Democracy. *Annual Review of Political Science,* 20, 451-468.

The authors present a review of political science literature on wealth inequality and democracy. They present historical accounts of asset and wealth inequality, and conduct statistical analysis, finding a null relationship between democratisation and wealth inequality. To explain this, the authors cite the salience of non-class identities, the role of the concept of 'fairness', and the ability of elites to 'capture' a democracy.

Sumner, A., Tiwari, M. (2009). *After 2015: International Development Policy at a Crossroads.* Basingstoke: Palgrave Macmillan.

In the third chapter, the authors synthesise existing literature to give an account of the policy process – consisting of the interrelations between actors, institutions, and discourses. They make a distinction between the 'concrete' and 'non-concrete' aspects of policymaking, with the former relating to the outcomes of policy processes and the latter to implementation of policy.

Vlaicu, R. (2023). Inequality Persistence and Policymaking Constraints: Explaining Regional Data Patterns. *IDB Discussion Papers,* IDP-DP-1036.

In a recently released survey paper, the author finds that democracies have adopted more extensive social policies in Latin America than non-democracies. However, post-tax inequality remains very high. In part, this is explained by differential electoral turnout of income groups in society – with the poor reticent to make 'demands' due to their low trust in political institutions.

Wietzke, F. (2015). Kicking away the ladder? Poverty reduction and public support for redistribution in emerging economies. *Socio-Economic Review,* 14(3), 419-442.

The author finds that reductions in poverty in emerging are broadly associated with increases in support for redistribution. This is driven in large part by changing preferences as individuals emerge from lower-income groups into the lower rungs of the middle class, out of extreme poverty.