

whereby union strength and Left government might affect the distribution of earnings or household income is ruled out by the evidence presented in the second part of the book, and the case studies do not yield strong conclusions as to the relative importance of different mechanisms.

As Huber and Stephens point out early on, the implication of their argumentation and empirical evidence is that the OECD-wide trend of rising income inequality is to be explained, first and foremost, by the decline of unions and by the “increasingly intermittent incumbency of Left parties” (p. 3). Taken on its own terms, *Challenging Inequality* cries out for a more extensive discussion of the widespread decline of union membership and electoral support for the Left over the last few decades.

The book would have also benefitted from more direct engagement with scholars who argue that trade unions have become less egalitarian as their membership has become more white-collar, and that Left parties have retreated from redistribution as they have increasingly sought to mobilize middle-class voters based on progressive “cultural” issues. Much of Huber and Stephens’ analysis assumes that the values of their independent variables have changed over time, but the effects of these variables appear not to have changed. In two instances—the analysis of disposable household income inequality in Chapter 3 and the analysis of poverty in Chapter 5—they show that the results of estimating models with pre-2001 and post-2000 data are quite similar, but there is no equivalent to this exercise that explores the effects of government partisanship on welfare-state generosity and other policy outputs (Chapter 6). Of course, exploring temporal variation in the effects of government partisanship would necessarily require abandoning their cumulative measure of partisanship (see Martin Haselmayr and Alexander Horn, “(When) Do Parties Affect Economic Inequality? A Systematic Analysis of 30 Years of Research,” *Perspectives on Politics*, forthcoming; Jonas Pontusson, “Unionization, Inequality and Redistribution,” *British Journal of Industrial Relations*, 51(4): 2013).

We agree with Huber and Stephens’ emphasis on cross-national variation, but we are inclined to think that the literature on the politics of inequality and redistribution should pay more attention to cross-national variation *in changes over time*—as distinct from the authors’ focus on cross-national variation *in levels*. Sweden, for instance, remains one of the most egalitarian of the OECD countries, but it has also seen the largest increases in disposable and market-income inequality since the early 1990s. Strong unions and the legacy of Left government are surely key to understanding why Sweden remains relatively egalitarian, but these variables do not seem to account for the changes over the last three decades. Union density has certainly declined in Sweden, but not so much by comparison to other countries; the Swedish Social Democrats

held the office of Prime Minister for 21 years between 1990 and 2022.

Power resources theory assumes a political alignment between working-class voters, labor organizations, and left parties, but this alignment has been eroding in recent decades. Working-class voters have been abandoning traditional Left parties, sometimes for newer leftist options, but just as often for populist parties on the far right. Labor unions, confronting this changing partisan landscape, are now less strongly aligned with mainstream Left parties. There is also growing evidence that Left parties have failed to be responsive to the preferences of less-affluent citizens. Assuming current trends continue, will power resources theory continue to help us understand social welfare policies in these political contexts?

Huber and Stephens rightly emphasize that rising inequality is fundamentally a political problem and that governments can counteract inequalitarian “market forces.” But they also defend the policy choices of mainstream Left parties in Western Europe against their leftwing critics. “For the criticism of the market turn of European social democracy to be compelling,” they argue that “the critics need to specify what alternative policies could have been pursued given the prevailing economic rules of the game” (p. 264). We would be keen to hear Huber and Stephens elaborate on this seemingly crucial sentence. What exactly are the prevailing economic rules of the game? To what extent, and in what ways, do they constrain governments from counteracting inequalitarian market forces? How did these rules come to prevail?

**Response to Noam Lupu and Jonas Pontusson’s
Review of *Challenging Inequality: Variation across
Postindustrial Societies***

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We thank Noam Lupu and Jonas Pontusson for their thorough review of our book and their pertinent questions. What do the case studies tell us about the mechanisms through which union strength and partisanship matter? Government partisanship is clear: the case studies document the policies that different governments implemented or—where veto points or coalition pressures forced watering down—tried to implement. Examples of this dynamic include the left in Spain raising the minimum wage and extending improved noncontributory benefits, or the bourgeois governments in Sweden severely cutting unemployment benefits.

Union density works through wage negotiations and restraints on top incomes through mechanisms of implicit regulation, resource constraints, and organizational

constraints (Chapter 4). Beyond union density, institutions that strengthen labor by providing protection for temporary workers, rights of works councils, and contract extension can work together or as substitutes to prevent the emergence of a large low-wage sector and wide wage dispersion. Equifinality is why one cannot assign average weights to different mechanisms. Different variables can lead to the same outcome, depending on context.

With regard to the decline of union membership and electoral support for the left, we are relying here on the extant literature. Key factors in the decline of union membership were deindustrialization and the transition to the knowledge economy with the growth of atypical employment. The decline of electoral support for the left concerns the established left parties in particular, not the left block in general. So one must ask why establishment parties in general lost support to challenger parties on the left and the right. Governing through austere times tends to get incumbents punished at the polls.

As for the contention that unions have become less egalitarian as membership has become more white-collar, and left parties have become less redistributive and more focused on middle class and cultural issues, our evidence does not support the argument about unions. On the contrary, Spanish unions pushed hard for an improvement of social policy for outsiders in pensions, unemployment compensation, social assistance, and a comprehensive minimum income scheme (p. 186).

German unions, first in the service sector and then in core industrial sectors, came to support a statutory minimum wage despite a long tradition of bargaining autonomy, and the SPD managed to get it adopted by the Grand Coalition in 2014 (p. 155). For an important challenge to the view implied in this question that social democratic parties lost support primarily among the working class because of a neglect of redistribution in favor of cultural issues, see the contribution of Abou-Chadi and Wagner in *Beyond Social Democracy: The Transformation of the Left in Emerging Knowledge Societies* (2024), edited by Häusermann and Kitschelt.

Power resources theory will surely continue to help us understand social welfare policies in the new context. The fact that unions and traditionally allied left parties have become weaker and problem pressures and constraints have become more severe does not mean that unions and left parties have become irrelevant. This argument is supported, for example, by the switch from the PP government of Rajoy to the Left government of Zapatero in Spain. This switch was followed by an increase in the minimum wage of 22% in 2019, further increases in subsequent years, and an agreement with unions and employers on a series of important measures to strengthen labor in 2021 (pp. 180–181).

Finally, we address here the prevailing economic rules of the game. Fiscal constraints have emerged in different

forms at different times. Capital mobility has constrained the capacity of all governments to tax corporations and top-income earners. European monetary integration had a constraining effect on government spending in the Euro area (David Brady and Hang Young Lee, “The Rise and Fall of Government Spending in Affluent Democracies, 1971–2008,” *Journal of European Social Policy*, 24 (1), 2014). The sovereign debt crisis and the conditions imposed by the Troika were devastating for Spain’s efforts to reduce inequality and poverty.

Unequal Democracies: Public Policy, Responsiveness, and Redistribution in an Era of Rising Economic Inequality.

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This volume offers an impressive and comprehensive collection of analyses covering the psychological, behavioral, and institutional factors contributing to income inequality. The book’s central focus concerns the missteps of the government in addressing this rising issue, specifically the failure in compensating for income inequality through increased redistribution.

The book first addresses the supply side of policy—simply put, asking whether governments failed to act decisively in the face of rising income inequality and why. The first part centers on government responsiveness to differential group preferences, and the second concentrates on matters of representation and political inequality. The third and final section turns to the demand side of policy, examining voters’ preferences.

The strength of Lupu and Pontusson’s book is its diversity. The editors bring together a wide-ranging set of perspectives on the drivers of government action and analytical approaches to the study of these drivers. The chapters range from empirical analyses of unequal responsiveness, institutional influences, interest groups, and parties, to conceptual treatments and reflections on the measurement of political equality. Notably, the authors bridge the gap between American politics and European politics by bringing the methodological approach of unequal responsiveness pioneered by the United States to bear on European countries.

The introductory chapter by Lupu and Pontusson provides a descriptive analysis of the period between 1995 and 2019 for 12 countries, based on data from the Luxembourg Income Study/European Union Statistics on Income and Living Conditions (LIS/EU-SILC) and World Inequality Data (WID). Per their analysis, these governments failed to stem rising market income inequality