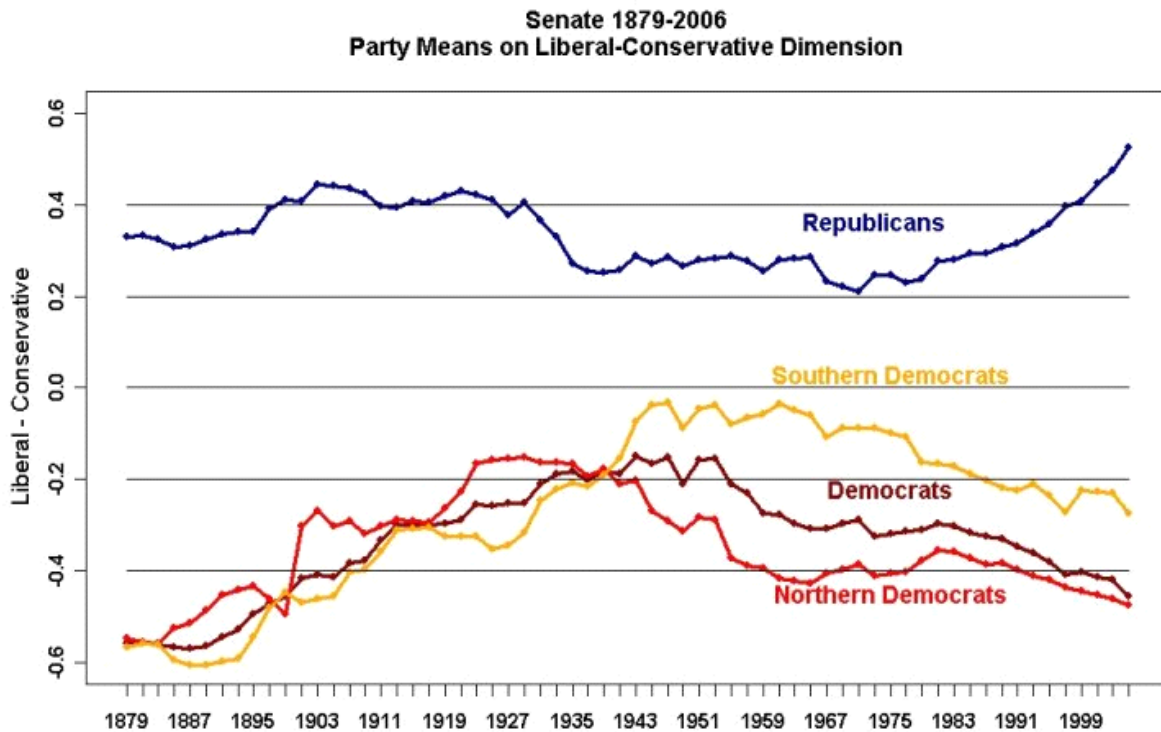


I. Increased party differences

A. Evidence

1. In U.S. House, 1952-2002 Figure 3-1, p. 44
2. In party platforms, 1960 v. 2004 Tables 3-1a & b, pp. 46-47
3. U.S. Senate, 1879-2006 McCarty, Poole, and Rosenthal, <http://polarizedamerica.com/>



B. Explanations (from McCarty, Poole, and Rosenthal)

1. *Expansion of the middle class*: as American society has become wealthier on average, a larger segment of society is unwilling to fund government social programs for the poor.
2. *Shrinkage of the lower-income voting bloc*: due to patterns of immigration and incarceration, members of lower-income groups are less likely to be part of the electorate.
3. *Rise of non-economic (cultural) issues*: the Republican advantage on these non-economic issues has mitigated the loss of votes that might have been associated with their shift to the right on economic issues.

II. Taxes: battles over revenues and who pays

A. Tax issues

1. Tax rates on higher-incomes
2. Capital-gain-income tax rates
3. Estate taxes - exclusions and rates
4. Loopholes

B. Who (earns) pays what? Table 3-2, p. 49 1960-2002 trends

1. Share of adjusted gross income
2. Income-tax rates
3. Percent of taxes paid Figure 3-2, p. 51

C. Fighting over what taxes should be Figure 3-3, p. 53 & Table 3-3, p. 54

D. Differing party interpretations

1. Republican (libertarian/conservative):
 - a. Because inequalities in income are primarily due to the
 - (1) *Individual shortcomings* of those with *less* income and
 - (2) *Individual merit* of those with *more* income
 - b. The income-tax system should reward individual initiative by
 - (1) Lowering the tax rate on higher incomes
 - (2) Lowering the tax rate on capital-gains income
 - (3) Lower or eliminate estate taxes
2. Democratic (liberal/populist):
 - a. Because inequalities in income are
 - (1) Too often due to *unfair disadvantages* beyond the control of the individuals with *less* income
 - (2) *Unfair advantages* of those with *more* income
 - b. And, because other taxes are regressive (e.g., social security & medicare)
 - c. The tax system should level the playing field by
 - (1) Maintaining or increasing the progressivity of all tax rates (social-security & medicare taxes as well as income taxes)
 - (2) Maintaining or increasing the capital-gains-income tax rate
 - (3) Maintaining or increasing the inherited-income (estate) tax rate

III. Battles over programs

A. Welfare Table 3-4, p. 59

1. For the poor
 - a. Two-year contiguous limit
 - b. Five-year total limit
 - c. Work-fare requirement
2. For the non-poor
 - a. Corporate subsidies
 - b. Tax loopholes for the wealth

B. Unemployment compensation Table 3-5, p. 59

C. Business regulations

1. Minimum-wage level
2. Undocumented workers
3. Health & safety working conditions
4. Environmental pollution
5. Consumer-product safety
6. Torte law
 - a. Class-action suits
 - b. Limits on punitive awards
7. Bankruptcy regulations

IV. Social Security, private markets, and redistribution issues

A. Voluntary v. compulsory savings

B. Contributions-to-benefits ratio