Democracy and Inequality
Fletcher D. Cox*

This Resource Guide is part of a series designed for readers, including students and practitioners, interested in exploring further some of the themes and issues raised in *The Global State of Democracy 2017: Exploring Democracy’s Resilience* (International IDEA 2017). The contents of the series reflect the topics of each chapter in the larger report, presenting current and past debates and key concepts related to each topic. This Guide complements Chapter 6, ‘Mind the gap: can democracy counter inequality?’ (Rocha Menocal 2017).

Inequality undermines democratic resilience. Inequality increases political polarization, disrupts social cohesion and undermines trust in and support for democracy. Across the globe, states use different types of welfare systems to manage the destabilizing effects of inequality with highly variable outcomes.

This Guide provides a broad overview and summary of the research on democracy and inequality from a comparative political economy perspective to complement the in-depth analysis in Chapter 6. Comparative political economy is a dynamic arena of research that identifies interrelated sets of institutions to try to explain why some countries are more effective than others in developing welfare systems to address inequality. The Guide provides a general overview of key trends and concepts in the literature and explanations of the most highly debated typologies of welfare systems.

*The Global State of Democracy* aims to provide policymakers with an evidence-based analysis of the state of global democracy, supported by the Global State of Democracy (GSoD) indices, in order to inform policy interventions and identify problem-solving approaches to trends affecting the quality of democracy around the world. The first edition, published in 2017, explores the conditions under which democracy can be resilient and how to strengthen its capacity as a system to overcome challenges and threats.

The full report can be accessed online: <http://www.idea.int/gsod>.

* Fletcher D. Cox is Assistant Professor of Political Science at William Jewell College, and a Research Associate of the Sié Chéou Kang Center for International Security and Diplomacy within the Korbel School of International Studies at the University of Denver.
1. Global trends in inequality

Trends in global inequality are contested. The level of ‘acceptable’ inequality has always been a much debated problem, and the broad array of approaches, concepts and analytical tools used to measure and compare different types of inequality have led scholars to emphasize very different trends. For example, some data sets emphasize long-running positive trends, such as falling global income inequality due to declining levels of extreme poverty (Rosen and Ortiz-Ospina 2017). In the second part of the 20th century, a major boom in growth in developing countries across the global South led to widespread poverty reduction (Diao, McMillan and Rodrik 2017). Globalization caused the global economic centre of gravity to slowly shift East due to significant development gains in South East Asia, Latin America and the Caribbean, and even sub-Saharan Africa (Dobbs et al. 2012; United Nations Development Programme 2013; Beegle et al. 2016; Rosen and Ortiz-Ospina 2017). This shift reduced the overall proportion of the world’s population living in extreme poverty and started to close the income inequality gap between what Ferguson refers to as ‘the West and the Rest’ (Oxford Martin School 2014; Ferguson 2012).

While promising, data focused solely on economic growth at the bottom of the ladder fails to capture the dynamics of wealth accumulation at the top of the ladder, as well as other important types of inequality. Not all inequality trends are positive. Two global trends, in particular, stand out as major challenges to the resilience of democracy. First, the concentration of wealth in the hands of a very few individuals is increasing. The 2016 Oxfam report, *An Economy for the 1%*, explains how in 2015 the wealthiest 62 individuals in the world controlled as much wealth as the poorest 3.6 billion (Oxfam 2016). Individuals with highly mobile capital have a comparative advantage in a globalized economy (Rodrik 1997). They also have greater access to political power and more capacity to put in place ‘rules of the game’ that promote their own interests (Shaxson, Christensen and Mathiason 2012). Thomas Piketty’s research explains how progressive tax systems effectively reduced inequality in capitalist economies after World War II (Piketty 2014). However, towards the end of the 20th century, tax and regulatory competition among states working to attract highly mobile global capital led to the erosion of the progressive tax systems and other key social welfare institutions necessary to effectively tackle inequality (Cerny 1995; Rodrik 2012).

In the case of the United States, Gilens and Page (2014) identify a strong relationship between globalization increasing wealth accumulation at the top of the income ladder and the rising power of business organizations to influence policymaking. Relative to the economic elites and well-organized business interest groups, the average voter in the USA now has very little influence over policy outcomes. Globalization also makes it easier for wealthy individuals and businesses to shift profits to low-tax countries and tax havens. Tax evasion and transfer mispricing make it difficult for countries to fund and sustain effective welfare systems (Reuter 2012; Zucman 2014). According to the London-based International Bar Association, tax evasion has become such a major global problem that it now violates international human rights norms. In other words, tax evasion extracts so much money from developing countries that it does real harm (International Bar Association 2013). It limits the capacity of governments to alleviate poverty, reduce inequality and invest in the public institutions necessary to protecting citizens’ economic and social rights.

Second, inequality within a state, or ‘intra-state inequality’, is rising, especially in developing and middle-income countries (United Nations Development Programme 2016; World Bank 2016). Developed countries often face so-called race-to-the-bottom
pressures—in other words, cutting public services or reducing tax burdens and regulations in order to attract mobile global capital and increase foreign direct investment (see e.g. Brueckner 2000)—and reduced capacity to equitably provide public goods, but developing countries face even greater risks (Rudra 2008). For example, South Africa is a success story of democratization and welfare system development (Gornick and Jäntti 2014; Sisk 2017). However, the country continues to face major social and political instability linked to deep and persistent inequality. After a long period of political stability between 2000 and 2016, service delivery protests have escalated and in some cases turned deadly (Institute for Security Studies 2016). Democracy and political equality lack meaning under conditions of ‘destitution’ (see Harriss-White 2002), a lack of access to basic services such as clean water and sanitation, and sharp economic inequality. In the absence of social protections and economic and social rights, the risk of democratic backsliding increases.

2. Global inequality: key concepts

Inequality takes different forms in different contexts. It can vary in terms of class, gender, race and ethnic identity, and even in terms of the various types of economic inequality. The literature uses multiple approaches, concepts and analytical tools to account for different types of inequality and analyse various trends in different countries. Income inequality, wealth inequality and inequality of opportunity (or the relative likelihood that individuals from particular backgrounds will achieve ‘intergenerational social mobility’) are key concepts, and each type of inequality can vary both among and within countries. In the case of China, for example, there is a high level of urban-rural variation in inequality of opportunity (Liu 2005). In the USA, wealth inequality is larger than income inequality, while inequality of opportunity varies by geography even at the neighbourhood level (Neckerman and Torche 2007; Stanford University 2017).

Various types of government institution have influenced inequality trends. In the US case, for example, the earlier actions of government institutions have affected trends in inequality of opportunity across neighbourhoods. ‘Redlining’ by federal home loan programmes and local education tax systems based on housing market values have had ‘path-dependent effects’. From the late 1930s to the early 1970s, redlining was the Federal Housing Administration’s (FHA) process for allocating government-backed home loans. The FHA approved loans to ‘first grade’, largely white, neighbourhoods delineated in green on urban maps, but did not approve loans in ‘fourth grade’, largely black, neighbourhoods, which were drawn in red—hence ‘redlining’. This government policy undermined property values in predominantly black neighbourhoods. Due to the link between house prices and the tax base available to fund public education, the policy also undermined the quality of public education in ‘redlined’ neighbourhoods. These institutions created such deep and persistent inequality across cities that Massey and Denton describe it as ‘American Apartheid’ (1993).

Electoral institutions that create incentives for clientelism and patronage can also contribute to trends in inequality. In the USA, once again, incentives for so-called pork barrel spending, or ‘earmarking’ as opposed to broadly based social welfare spending, also contribute to local inequality. This concept of pork barrel spending, while unique in terms of jargon to the US case, relates to the broader problems of clientelism and patronage in welfare systems. Due to electoral rules, politicians often have strong incentives to direct government spending towards particular localities and interest groups rather than large, national social welfare programmes. In some cases, in order to gain electoral advantage, representatives consistently allocate government resources to special projects or interest...
groups in their own districts. This type of behaviour may be politically popular, but it is also economically inefficient (Shepsle and Weingast 1981). Patronage and clientelism can contribute to regional and local variations in patterns of inequality and undermine the development of more equitable national programmes (Stokes 2011).

The concepts of ‘intersectionality’ and ‘horizontal inequality’ (HI) are also important tools for analysing inequality and democracy. Intersectionality is the idea that most forms of discrimination, marginalization and oppression are related not to a single social category such as class, but to overlapping or ‘intersecting’ identities such as race, gender and sexuality (Crenshaw 1991). The concept of horizontal inequality also focuses on ‘multidimensional’ forms of economic, social and political exclusion ‘among culturally defined (or constructed) social groups’ (Stewart and Langer 2008: 1). These two concepts help to explain how multiple forms of inequality based on gender, class, religion and ethnicity, among others, can create unique types of discrimination in different contexts.

At the global level, Minority Rights Group International (n.d.) collects data related to ethnic and economic inequality that helps scholars analyse horizontal inequality using quantitative methods (see also Baldwin, Chapman and Gray 2007). With improving access to global data, horizontal inequality has become an increasingly important tool for scholars analysing the relationships between economic and identity-based inequality, political stability and the resilience of democracy. One of the strongest findings in the literature is that in many cases, there is a strong correlation between horizontal inequality, poor governance and armed conflict (Cederman, Weidmann and Bormann 2015). In Nepal, for example, researchers found a strong correlation between the areas of the country with the highest levels of horizontal inequality and higher levels of participation in Maoist rebel groups during the 1996–2006 civil war (Murshed and Gates 2005).

One explanation for this might be that the overlap of social and economic inequality can lead to ‘relative deprivation’ among groups and a shared feeling of discontent based on comparing one’s own social position with the position of other groups in society (Walker and Smith 2002; MacGinty and du Toit 2007). In South Africa, for example, the persistent economic dominance of the white community has affected economic and identity-based inequality. Even though wages and wealth have increased across the country in the post-apartheid era, the ‘relative’ differences among social groups in South Africa remain stark. Similarly, Mueller argues that, in Kenya, relative deprivation and a lack of access to government resources among particular ethnic groups drives identity politics and the ‘decay’ of democratic institutions (2011). In sum, high levels of horizontal inequality lead to relative deprivation, which can increase conflict vulnerability, intensify identity politics, trigger election-related conflict and undermine democratic institutions (Stewart, Brown and Mancini 2005; Mine et al. 2013).

3. Tackling inequality: types of welfare system and virtuous circles

This section provides an overview of comparative political economy (CPE) research, which sets the stage for current debates around welfare systems, democracy and inequality. It presents an introduction to the complex positive feedback loops (virtuous circles) that help some countries prevent high levels of inequality, and the negative feedback loops (vicious circles) that cause other countries to encounter barriers to effective governance of inequality. Political institutions and institutional choice are both important in these processes (Beck et al. 2001).

CPE research seeks to explain variations in the performance of economic systems around the world, with a specific focus on comparing how different types of political institutions
and economic systems lead to different outcomes, especially in terms of inequality. Globalization—or the increasing movement of goods, services, labour and ideas across state borders—is also a major topic. Global and domestic political and economic systems have become increasingly interdependent (Keohane and Nye 2001). Influential scholars in the field of CPE, such as Iversen and Soskice, describe the global economy, welfare states and political institutions as ‘coevolving systems’ (Iversen and Soskice 2009, 476). In other words, different states are developing diverse sets of institutions in response to the pressures of globalization. Methodologically, to explain institutional variation, scholars of CPE develop ideal types, such as ‘liberal’ and ‘social democratic’ welfare systems (described below), to build theories about the most important sets of factors that cause some countries to achieve lower levels of inequality than others.

Following the global financial crisis of 2008, income inequality rose rapidly in many advanced industrialized countries, especially among youth (OECD 2015). However, in the second half of the 20th century, following World War II, the Organisation for Economic Co-operation and Development (OECD) countries consistently achieved lower levels of inequality than developing countries, and improved their Human Development Index (HDI) scores (Dobbs et al. 2016). What factors led to falling inequality in the OECD countries in the 20th century? As Garfinkel et al. describe, income tax levels were relatively high, social expenditure relative to gross domestic product (GDP) was high, and a broad range of social spending through a mix of formal state bureaucracies, tax codes and private market mechanisms helped the OECD countries sustain productivity, increase output and generate wealth that reduced poverty and built a strong middle class (Garfinkel, Rainwater and Smeeding 2010).

However, not all OECD countries achieved the same outcomes in the 20th century. Why was this case? As a basis for comparing trends in inequality across the OECD, Gösta Esping-Andersen (1990; 2008) identified three different ‘worlds of welfare’ in the late-20th century. The three clusters of democratic welfare states were: (a) the liberal tradition (Canada, Ireland, the UK and the USA); (b) the corporatist-statist tradition (Belgium, France, Germany, Italy and the Netherlands); and (c) the social democratic tradition (Austria, Denmark, Norway and Sweden). In general, liberal welfare states spent 16–20
per cent of GDP on social expenditure and had very low ‘decommodification scores’. The decommodification index measures the extent to which citizens bought public goods in the market, such as health care, education, and unemployment protection, relative to the state’s provision of public goods (Esping-Andersen 1990). Corporatist-statist countries spent 21–27 per cent of GDP. Under the strong political influence of the values of the Catholic Church, corporatist states such as Germany and Austria developed welfare institutions that tended not to provide direct social services until ‘the family’s capacity to service its members [was] exhausted’ (Esping-Andersen 1990: 27). Social Democratic states spent the highest proportion on welfare, between 26 and 30 per cent of GDP, and had the highest levels of state provided redistributive goods, and thus the highest decommodification index scores (Hall and Soskice 2001).

In the literature on comparative political economy, ‘power resources theory’ provides a theoretical framework to explain how interrelated institutional, political and social forces created variations between different ‘worlds of welfare’ (Korpi 1998). For example, in the late-20th century, small social democratic states such as Denmark, the Netherlands, Norway and Sweden achieved the lowest levels of inequality and the highest rankings on the HDI (United Nations Development Programme 2016). In these countries, the positive feedback loop that constructed large, resilient welfare systems worked as follows.

First, in small states like Denmark and Norway, globalization and increased economic openness led to high levels of industrial concentration and economies of scale, which caused high rates of unionization and wide scope for collective bargaining between workers and business owners. Strong labour unions provided stable political support for leftist-dominated parties and coalitions. Frequent leftist governance allowed the formation of a strong ‘social contract’ (Bénabou 2000). In other words, public support for high taxes and for high levels of social expenditure was interdependent. For citizens and business interest groups to support high taxes, the state needed to provide both high quality public goods and economic growth. Once in place, social democratic welfare systems developed the capacity to effectively govern volatile business cycles through compensation for worker dislocation, education and retraining (Anderson and Hassel 2008). They also provided universal income supplements for people living in poverty. Evidence of the positive effects of the system in reducing inequality led to increased public spending and expansion of the public economy, strengthening the virtuous feedback loop (Cameron 1978).

Using the same ‘power resources’ model, by contrast, liberal market economies, such as Australia, the UK and the USA, still developed large welfare systems but were less able to create the virtuous circle found in social democracies. They maintained high levels of economic growth—often due to comparative institutional advantages in innovative, fast moving markets—but also had higher levels of inequality (Hall and Soskice 2001). Low rates of unionization, infrequent leftist-dominated governments and large fluctuations between political parties across the left-right spectrum, as well as low levels of social cohesion or resistance to high taxes among the upper class, limited the expansion of the welfare state. These conditions also caused politicians to create ‘hidden welfare’ spending (Howard 1999). In the absence of broad political support for universal social spending, and the absence of the ‘tax-mediated social contract’ necessary to increase taxes and increase government spending, politicians often disguised social spending in the form of tax breaks rather than direct government spending (Alesina, Glaeser and Sacerdote 2001).
4. Tackling inequality: globalization and vicious circles

In the above examples of virtuous circles, citizens and governments have incentives to cooperate to build welfare systems that help to redistribute wealth and maintain economic growth. Not all countries have such incentives. Just as the virtuous circle does not occur in the same way among the OECD countries, many developing countries are often prone to vicious circles. Therefore, in the literature on welfare systems in developing country contexts, one of the most important questions is: When do leaders in democratically elected governments have adequate incentives to build sustainable social welfare policies and programmes?

Sachs’ (1989) research on inequality in Latin America and Moore and Putzel’s (1999) research on pro-poor policymaking in developing countries provide important conceptual foundations for the ongoing debates around the drivers of inequality in developing countries. Sachs, for example, argues that the ‘populist policy cycle’ creates conditions conducive to extreme inequality in newly industrializing democracies. Specifically, high levels of poverty and inequality create pressures for politicians to fulfil populist campaign promises and institute economic policies to lift populations out of poverty. Under these pressures, politicians tend to use expansionary monetary policies to trigger rapid economic growth and appease voters. However, expansionary policies are not economically efficient, especially in developing contexts. They can cause rapid inflation and induce financial crises that increase—rather than reduce—inequality. Because of this, politicians’ efforts to support people living in poverty may end up having the opposite effect. Populist policy cycles leave many developing countries with stunted welfare systems, or ‘insecurity regimes’, that struggle to tackle inequality (Haggard and Kaufman 2008; Barrientos 2004; Boyer 2016).
Moore and Putzel (1999) argue that whether political coalitions emerge to protect and promote the interests of people living in poverty depends on a broad array of factors, such as the depth of class-based divisions, the types of institutions, economic ideas and, most importantly, the ‘messy’ nature of context-specific political contestation and compromise. These interrelated factors shape welfare system choice in developing contexts. Hickey and Bracking (2005), for example, argue that traditional democratic political representation, or providing ‘voice’ for communities living in poverty, is not sufficient to overcome deep structural drivers of inequality in developing countries.

Like the way in which the ‘worlds of welfare’ varied among OECD countries, developing countries also experienced different inequality trends in the late-20th century. CPE scholars therefore developed additional typologies more specific to the challenges facing developing countries. Research on developmental regime types, for example, provides another key set of concepts in CPE for exploring the interrelated factors that affect trends in inequality (Kohli 2004, 2009; Wibbels 2006). In this model, three factors cause variations among countries working to industrialize and integrate into the wider global economy: (a) state power; (b) the power to mobilize society; and (c) the entrepreneurial power of capital (Kohli 2004; Wibbels and Ahlquist 2007). Different levels of each type of power create unique constellations of institutions that in turn create either ‘virtuous’ or ‘vicious’ circles.

Three models of developmental regime are identified: cohesive-capitalist, multi-class fragmented and neo-patrimonial. To illustrate and define these concepts, South Korea and Taiwan were described as ‘cohesive capitalist’ regimes due to the high levels of state power, power to mobilize society and the entrepreneurial power of capital. In other words, from this perspective, reducing inequality depends on government capacity, government legitimacy and the ability of the state to organize and inspire diverse social groups to embrace a common economic development agenda. These three factors increase the space for, and ability and interest of political leaders in, investing state resources in education, health and other forms of productive human capital development. These regimes, in other words, avoid Sachs’ famous ‘populist policy’ trap (1989). Rather than directing government resources towards economically inefficient forms of income redistribution, such as clientelism, rent seeking and patronage, cohesive-capitalist countries developed efficient state institutions that increased human development and economic growth, and reduced inequality.

Another model in the literature that is used to explain successful cases of overcoming extreme inequality is the multi-class fragmentation model, which focuses on the so-called Asian Tigers (Hong Kong, Singapore, South Korea and Taiwan), and on the ways in which leaders in these countries faced ‘resource constraints’ that led to more efficient government institutions. Doner et al. (2005), for example, argue that three principal political constraints make patronage a less viable choice for politicians: (a) broad coalitional commitments, to prevent mass unrest related to high levels of poverty and inequality; (b) scarce resource endowments; and (c) security threats. All three of these factors, they claim, created an incentive structure that pushed political leaders in cases such as South Korea and Taiwan towards institutional reform that generated economically efficient government spending (Doner et al. 2005). In short, government spending on education and human capital development, research and development, and large-scale infrastructure development projects created a virtuous circle. Strong budget constraints led political leaders to allocate scarce government resources more efficiently to support and expand the middle class.
In contrast to these success stories, neo-patrimonial regimes tend to have the highest levels of inequality in the world and face very strong barriers to the development of efficient welfare systems. The concept of neo-patrimonialism refers to political systems in which informal political relationships such as patronage, clientelism and identity-based social networks, shape the allocation of state resources rather than ‘legal rational bureaucracies’, or formal state institutions that are blind to traditional social ties (Weber 2005; Erdmann and Engel 2007). This concept appears most commonly in research on sub-Saharan Africa (Bratton and van de Walle 1994). However, it also helps to explain political and economic systems in developing countries in Central Asia such as Uzbekistan and across Latin America (Ilkhamov 2007; Bechle 2010).

Applying the same typology as described above, neo-patrimonial regimes have extremely high inequality due to extremely low levels of state power and extractive capacity. Weak fiscal systems and large informal economic sectors are major barriers and key components of the ‘vicious circle’. In many developing country contexts, ‘shadow’ or informal economies provide large populations with a subsistence livelihood but these forms of production remain untaxed. While large informal economies provide basic goods for citizens, they limit the resources available to develop the state bureaucracies necessary for managing and building strong welfare systems (Bird and Zolt 2005: 1645). Furthermore, without organized state bureaucracies, strong legal protections and a reasonably mature financial sector, businesses in neo-patrimonial states tend not to reinvest profits in other domestic enterprises. Instead, business owners tend to direct resources towards safer investments abroad (e.g. Swiss Banks), which creates high levels of capital flight and political risk (Alesina and Tabellini 1989). Overall, these dynamics create dependency on commodity-based economies or loans from wealthier countries (Wibbels 2006).

Neo-patrimonial regimes tend to have low levels of state legitimacy and a very small middle class. This means, in contrast to the cohesive-capitalist regimes described above, they have little power to organize society behind the effective development strategy necessary to integrate into a highly competitive global economy. Under these conditions, they remain highly susceptible to external forces and shocks. Even when developing states are able to establish minimum levels of education or health care provision through basic tax systems, economic shocks can lead to early reversals. Commodity price fluctuations, high levels of international capital mobility, natural disasters and regional conflict can create conditions that quickly undermine state autonomy and the capacity to provide access to services such as education and health. The outbreak of Ebola in West Africa in 2014–16, for example, triggered extreme capital flight from the region, making it increasingly challenging for governments to rebuild already over-burdened health systems (World Bank 2017).

Increasing international competition in the global economy can also adversely affect government commitment to social expenditures in developing contexts (Navarro, Schmitt and Astudillo 2004). Developing countries have a much more difficult time maintaining social expenditure because they are ‘more vulnerable to race to the bottom pressures’ (Rudra 2007: 46). Nita Rudra’s work on the problem of the erosion of welfare systems in developing countries, such as Brazil and India, highlights the interrelated conditions that can cause early reversals of pro-poor public policy and welfare state development.

First, intensive global economic competition makes domestic recessions more common in developing states. This is largely due to intensive competition from other developing countries (such as China), relatively narrow production profiles, and over-dependence on primary commodities like oil, minerals or agricultural goods (Hausmann, Hwang
and Rodrik 2007). Second, during recessions, democratically elected leaders often face a difficult political dilemma. Austerity measures are necessary to manage economic downturns. Government spending cuts must be made to help weather the recession, protect the currency and maintain access to global capital. In almost all cases, under conditions of austerity, cuts to welfare programmes for low income groups come first (Rudra 2007).

Why are services for people living in poverty cut first? Rudra argues that people living in poverty face strong collective action dilemmas. Not only are they a large, fragmented interest group with limited voice and representation, but they also struggle to cover the costs associated with political mobilization. As a result, developing countries tend to end up with very few pro-poor public programmes. The few social programmes that remain tend to support wealthy groups in society. Social gains tend to go to the elite groups most closely connected to the government, such as public servants, the judiciary, the military and strong business sectors (Rudra 2007). This effectively deepens economic inequality, political polarization and mistrust of political elites (Kurtz and Brooks 2008). These interrelated economic and political dynamics create ‘insecurity regimes’ that persist due to negative feedback loops (Gough and Wood 2004).

Non-governmental organizations (NGOs) often step in to help provide basic public goods to people living in poverty. However, these efforts may not fully help to remove the barriers citizens face in accessing public services, such as large informal, untaxed economies and powerful collective action dilemmas for those living in poverty. While ‘aid effectiveness’ is highly debated, in many cases aid does not lead to systemic change and development of the strong welfare systems that are essential to reducing deeply protracted inequality (Moyo 2010).

Overall, in neo-patrimonial regimes, very low levels of social provision increase income disparity, limit social consensus, create a low level of financial citizenship and decrease the capacity of the government to extract taxes from the population. This vicious circle decreases government legitimacy and increases the likelihood of populism and political instability, which lead to capital flight and further deepen the spiral (Sachs 1989). The UN Sustainable Development Goals (SDGs) aim to address all of these drivers of inequality on a global scale through international efforts to reduce global poverty (SDG 1), reduce inequality both within and among countries (SDG 10) and build strong and sustainable government institutions (SDG 16). These SDGs clearly have important implications for resilient democracy. Tackling inequality under the pressures of globalization is a complex, transnational problem for all types of societies around the world.

5. Conclusion
Due to the complexity of the types, forms and causes of inequality in the world, scholars have worked to refine the typologies described above to classify various institutions and account for complex causality, process variables and feedback loops. While far from settling the complex debate around global inequality and democracy, research on comparative political economy aims to identify interdependent factors, or the multiple conditions under which some countries develop more capacity than others to effectively tackle inequality. Paying close attention to context reveals that multiple interrelated forces interact differently within the various states working to create and sustain welfare regimes to tackle inequality under the changing pressures of globalization.
References


Moyo, D., Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa (New York: Farrar, Straus and Giroux, 2010)


—, Globalization and the Race to the Bottom in Developing Countries: Who Really Gets Hurt? (Cambridge: Cambridge University Press, 2008)


—, Poverty and Shared Prosperity 2016: Taking on Inequality (Washington, DC: World Bank, 2016)
