account of Prebisch's life and times. Those more interested in the validity of Prebisch's ideas will have to continue to rely on the accumulated, and still growing, more technical literature relating to the North–South divide.

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D Microeconomics

Unequal Democracy: The Political Economy of the New Gilded Age. By Larry M. Bartels. New York: Russell Sage Foundation; Princeton and Oxford: Princeton University Press, 2008. Pp. xiii, 325. $29.95. ISBN 978–0–691–13663–9.
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Since the mid-1970s, the distributions of income and wealth in the United States have become increasingly unequal, creating what the Princeton political scientist Larry Bartels terms "the New Gilded Age," in the subtitle of his important new book, *Unequal Democracy.* Bartels begins the book by citing some of the most striking findings from the research of economists Thomas Piketty and Emmanuel Saez. For example, the share of total personal income going to the richest one percent of income-earners in the United States more than doubled between the late 1950s to 2005 from 10.2 to 21.8 percent. Even more dramatic, the share received by the richest 0.1 percent more than tripled over this same period, from 3.2 to 10.9 percent.

Of course, capitalist economies are not designed to create equality. They are rather designed to reward winners in marketplace competition and correspondingly punish losers. This indeed is the motor force that drives capitalist economies to ever-rising levels of efficiency, even as it also promotes inequality. But recognizing this central fact about capitalist economies still does not help answer the question on which Bartels focuses in *Unequal Democracy*, which is why U.S. capitalism circa 2005 was generating a much greater level of inequality than during the 1950s and 1960s.

Economists have been debating this question for a generation, starting with the seminal 1988 book by Bennett Harrison and Barry Bluestone, *The Great U-Turn*. Over time, the dominant explanation among economists has been about the effects of "skill-biased technical change" on the opportunities available to working people. In this view, the ever-greater integration of computers into economic life has meant that markets increasingly reward those who work effectively with computers and related technical equipment, while correspondingly placing at a growing disadvantage those who lack solid computer-related skills. From this view, rising inequality is primarily due to the impact of technological forces as opposed to policy changes.

Proponents of this position have marshaled a wide range of supportive evidence (e.g., David H. Autor, Lawrence F. Katz, and Alan B. Krueger 1999). But this view has also been challenged by an at least equally strong set of counterevidence. For example, John E. DiNardo and Jorn-Steffen Pischke (1997) showed with German data that the returns for white-collar employees of working with pencils were comparable to those for working with computers (more generally, see also David R. Howell 1999 and David Card and DiNardo 2002). Such counterevidence also connects with alternative explanations for rising inequality in the spirit of arguments initially advanced in *The Great U-Turn*. From this alternative perspective, the rise of inequality has been mainly due to increasing global competition, and the weakening of institutions and policies—such as effective labor unions and minimum wage standards—that can protect working people against the pressures arising from globalization.

Bartels moves aggressively into this debate with an approach that builds from the second, policy-centered viewpoints but pushes these arguments further to reach a simple and striking conclusion: that the Democratic Party overall supports greater equality and the Republican party supports greater inequality. Thus, the more Democrats are elected to office, especially the Presidency, U.S. society becomes more equal, and the more Republicans are elected, U.S. society becomes more unequal.

Bartels presents an impressive array of statistical evidence to support his position, including the results of formal modeling exercises. For example, over roughly a half-century starting in the 1950s, Bartels shows that, on average, the real incomes of middle-class families have grown twice as fast under Democrats as they have under

Republicans, while the real incomes of working poor families have grown six times as fast under Democrats as they have under Republicans. He also finds that the average unemployment rate was much lower under Democratic administrations (4.8 percent) than Republican administrations (6.3 percent).

If, as Bartels finds, Democratic Party policies are indeed dramatically more favorable to middle- and lower-income people, and if such people constitute a decisive majority of the U.S. electorate, then this raises another obvious question: why don't Democrats dominate U.S. politics; and indeed, why, at least through George W. Bush's reelection in 2004, was the Republican party ascendant? Bartels pursues this question vigorously, still relying primarily on formal statistical modeling exercises to uncover explanations that have not been apparent through the more casual empiricism that dominate in the media.

Bartels devotes a full chapter to debunking the claim that Republicans success had been due to white working class voters making their political choices increasingly on the basis of hot-button cultural issues, such as abortion, religion, and gay marriage, as opposed to economic concerns. Bartels rather finds economic well-being consistently remains the first concern of white working class voters, and that these voters are broadly committed to greater economic equality. But he also finds that, to a significant extent, white working class voters frequently respond to economic concerns in ways that, anomalously, end up helping Republicans. His most surprising finding is that working class voters respond more positively to rising income growth for upper-income households than to income gains that primarily benefit themselves. Bartels argues that this is at least in part caused by the effectiveness of political advertising in setting the terms of political debates around election times. Republicans did have substantially larger advertising war chests over the time period on which Bartels focuses, and they exploited that advantage effectively.

The second half of *Unequal Democracy* presents a series of case studies in the political economy of inequality. These include a discussion of the 2001 tax cuts under George W. Bush, which were sold effectively as providing tax relief across-the-board, even while the vast majority of benefits flowed to the rich. Bartels also examines the debate around repealing the estate or "death" tax. His findings here are quite surprising—that working class voters strongly oppose the estate tax as a matter of principle, even though they themselves would not benefit financially from its repeal.

Overall, *Unequal Democracy* provides fresh perspectives and wide-ranging statistical evidence to the task of explaining why the United States has become dramatically more unequal over the past fifty years. However, just as Bartels is able to show how previous analyses have missed major aspects of the overall story, his own arguments are similarly weakened by inattention to important parts of the historical record. This becomes evident even by considering data featured prominently in *Unequal Democracy* itself.

Most telling here is Bartels's figure 2.2 (p. 35), which plots the rise of inequality under Democratic and Republican administrations from 1947 to 2005. My own eyeballing of this figure conveys to me a pattern quite unlike that described in Bartels's verbal discussions. Thus, the figure shows that overall inequality had not risen by the end of the Republican Eisenhower administration in 1960 relative to when it began in 1952. Moreover, inequality rose under the Democratic presidency of Jimmy Carter at roughly the same sharp rate as it had in the immediately preceding Republican administrations of Nixon and Ford. Finally, considering Bill Clinton's Presidential term overall, inequality did not fall at all relative to the historically high levels that were attained under Ronald Reagan and the first President Bush. In fact, Bartels's figure 2.2 shows that the *only period* between 1947 and 2005 when the United States became significantly more equal was during the Kennedy/Johnson years.

Because Bartels overlooks this major historical pattern, he also neglects the dramatic transformation in policy-setting circles undergirding it. This was the shift in policy-setting influence from an ascendant Keynesian social democratic framework, whose U.S. intellectual leaders included Paul Samuelson and James Tobin, to what is often termed a "neoliberal" framework, led, of course, by Milton Friedman. This shift occurred during the high inflation years of the 1970s, between the presidencies of Richard Nixon and Jimmy Carter. It was the Republican Nixon, after all, who declared that "I am now a Keynesian" when he imposed wage and price controls in 1971. By 1979, the year before Carter's reelection bid, major leaders on Wall Street forced him to appoint Paul Volcker as Chairman of the Federal Reserve. Volcker quickly engineered a punishing recession as a means of eliminating double-digit inflation.

More broadly, the transformation of the U.S. policy environment meant that macro policy no longer aimed to balance concerns over inflation and unemployment, but rather concentrated almost entirely on inflation control. It was also during the Carter presidency that the movement toward deregulating business—including, in particular, global trade and financial markets—began gathering strong momentum. Indeed, the most significant formal moves to deregulate U.S. financial markets occurred during the Clinton presidency, when most of the remaining features of the 1930s-era Glass–Steagall financial regulatory system were repealed.

Bartels is clearly aware of this shift in the broad U.S. policy landscape, writing, for example, that "When Bill Clinton entered the White House in 1993, he apparently felt a good deal more constrained by the Federal Reserve Board and the bond markets than previous Democratic presidents had been" (p. 55). Bartels's observation coincides closely with Clinton's own views, expressed only weeks after winning the 1992 election, that "We're Eisenhower Republicans here . . . . We stand for lower deficits, free trade, and the bond market. Isn't that great?" (quoted in Bob Woodward 1994, p. 165). Important differences between Democrats and Republicans on economic policy did continue after the 1970s. But the terms of the debate had shifted decisively away from New Deal/Great Society-type commitments to egalitarianism.

As a result of having neglected this dramatic transformation of the U.S. political landscape, Bartels is also less well positioned to explain the significant extent of myopia and susceptibility to advertising that, according to his own evidence, shapes the political choices of white working class voters. It may be that such factors become more powerful forces in a political environment in which the differences between Democrats and Republicans had diminished on central matters relating to economic equality.

Bartels could not have anticipated the more recent dramatic shift in U.S. politics: the recapturing of both houses of Congress by Democrats in 2006 and Barack Obama's decisive election to the Presidency in 2008. One of the most notable features of the Obama's Presidential campaign was his massive fundraising advantage over his Republican opponent John McCain. This neutralized the tool that, according to Bartels, had been a major factor in producing electoral victories to Republicans for the past generation.

Roughly one year into Obama's Presidency as I write, it remains an open question whether Obama and the Democratic Congress will implement a strongly egalitarian program in the New Deal/Great Society tradition, or a tepid "Eisenhower Republican" type agenda, as with Bill Clinton. In either case, *Unequal Democracy*—because of both its many substantial achievements as well as its significant shortcomings—will serve as an important reference for anyone seeking a serious understanding of the ongoing politics and economics of inequality in the United States.

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Rational Decisions. By Ken Binmore. Gorman Lectures in Economics. Princeton and Oxford:

Microeconomics is one of the main fields of economics. It considers the economic behaviour of individual consumers, firms and industries. (Contrast macroeconomics.) One of the goals of microeconomics is to analyze market mechanisms that establish relative prices amongst goods and services and allocation of limited resources amongst many alternative uses. Microeconomics analyzes market failure, where markets fail to produce efficient results, as well as describing the theoretical conditions needed for Microeconomics Made Simple: Basic Microeconomic Principles Explained in 100 Pages or Less. 132 PagesÂ·2014Â·1.43 MBÂ·26,424 DownloadsÂ·New! ? | Not a Perfect Model | Microeconomics vs. Macroeconomics1. Maximizing UtilityDecreasing Marginal Utility Intermediate Microeconomics (9th edition).pdf.Â Microeconomic Theory: Basic Principles and Extensions Walter Nicholson|Christopher M. Snyder Microeconomics 2nd â€“ Krugman, Wells. 656 PagesÂ·2008Â·10.8 MBÂ·8,142 Downloads. they are reading. Microeconomics is a branch of economics that studies how individuals, households, and firms make decisions to allocate limited resources, typically in markets where goods or services are being bought and sold. Microeconomics examines how these decisions and behaviors affect the supply and demand for goods and services, which determines prices, and how prices, in turn, determine the supply and demand of goods and services. Microeconomics is the study of economics at an individual, group or company level. Macroeconomics, on the other hand, is the study of a national economy as a whole. Microeconomics focuses on issues that affect individuals and companies. This could mean studying the supply and demand for a specific product, the production that an individual or business is capable of, or the effects of regulations on a business. Macroeconomics focuses on issues that affect the economy as a whole.