

## Reviews

Takeshi Kawanaka and Yasushi Hazama, *Political Determinants of Income Inequality in Emerging Democracies*, Springer, 2016  
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The implementation of governmental policies to address the concerns of the majority is expected to reduce inequality in emerging democracies with large low-income populations. *Political Determinants of Income Inequality in Emerging Democracies* argues, however, that democracy does not necessarily lead to lower levels of inequality.

The authors of this book, who are researchers at the Japan External Trade Organization's Institute of Developing Economies, note that income equality is a major societal concern, especially in emerging democracies (usually developing countries with high inequality levels). Generally, the authors argue, people in the low income segments of a population believe that democracy will reduce inequality; however, many newly democratized countries do not experience such a reduction. This dissonance between expectation and reality results in a general sense of disappointment among the lower income sector, potentially leading to political instability and hindering democratic consolidation.

Why does democratization fail to achieve income equality? To address this essential question, the authors examine: (1) why, contrary to theoretical predictions, democracy cannot meet the demands of the poor from a public policy perspective, and (2) the factors that cause democracy to deviate from its projected aims and functions.

The book analyzes the assumptions of the median voter argument and finds three assumptions that do not hold in emerging democracies: (1) individual income status is not the sole determinant of public policy preferences (i.e., preferences are multidimensional); (2) the interests of the general public are not well aggregated and represented in policymaking due to political transaction problems between voters and politicians (i.e., failure of the political market); and (3) the state is not always capable of efficient policy implementation (i.e., weak state capacity).

The first two chapters offer a detailed theoretical analysis of these problems. It is found that policy preferences are not only based on income inequality; voters have multidimensional preferences. An individual's preferences are affected by the status of the group to which he or she belongs, regardless of personal income. Thus, the book focuses on group identity.

Additionally, the authors consider the political market's failure to represent public interests owing to information constraints. Voters do not know the policy positions of the politicians,

and politicians are unaware of the interests of the voters. These information constraints compel people to depend on personal ties and patron–client networks, often leading to intermediary exploitation and inappropriate identification of beneficiaries.

State capacity is also a problem at the implementation phase. Even if a policy is designed to reduce inequality, its impact may be negligible because of bureaucratic incompetence and corruption.

Subsequent chapters provide an overview of the observations and theories on income inequality in emerging democracies. Three chapters are devoted, respectively, to empirical studies on multidimensional preferences, political market failure, and state capacity. These three factors are found to have a large bearing on income distribution in emerging democracies.

First, the importance of income status for preference formation can dissipate in the face of group identities fueled by ethnic fractionalization. Second, proxy variables affecting political market failure exert a negative effect on income inequality. Finally, Weak state capacity, as measured by some indicators used in this study, increases inequality.

The statistics on income inequality that are introduced in this book are fresh and intriguing. The summaries and introductions of theories on income inequality are well organized and comprehensive, and they should prove extremely useful for researchers in this field. Additionally, the empirical studies discussed are well considered and thoughtfully prepared.

While there is little room for criticism, I have several questions and concerns about the book. First, the authors seem to ignore the fact that income inequality is primarily determined by economic factors. Income distribution is significantly affected by the state of property and resource distribution at the start of the democratization process. Industrial structure (i.e., the shares in the total economy taken up by various industries, such as the mining, and light and heavy industries) also affects income distribution. Politics can change the results of income inequality caused by economic forces to some extent, but it cannot change the economic factors themselves. Politics can also change the state of property or resource distribution – communist governments tried to do precisely that; however, income distributions in formerly communist countries are among, if not the most unequal in the world. This suggests that the impact of political policies on inequality may be limited.

To gauge the impact of policy on income inequality, the authors focus only on income after taxes, the social security tax, and subsidies. Considering the differences among income and income after taxes, the social security tax, and subsidies may be appropriate because these factors are directly affected by public policy. Income distribution, however, can be affected by subsidies to particular industries, regulations aimed at protecting domestic employment, and small firms and factories, as well as tariffs, and non-tariff impediments. Therefore, differences among the factors discussed in the book are likely insufficient indicators of the impact of policy on income inequality.

The second issue concerns the fact that people in emerging democracies are often more concerned with their individual incomes than they are with general income inequality. Certainly, most individuals are critical of corruption, illegal income, and the privileges of the elites; however, they tend to be more concerned with general income growth and how they can leverage political connections to increase personal income. Among the participants of democratization movements are those who are only interested in taking over the privileged positions of the former regime – the corrupt bureaucrats in formerly communist states being good examples.

The third problem pertains to the fact that ethnic fractionalization occurs in both mature and emerging democracies. Ethnic fractionalization and inflows of immigrants in advanced democracies have prompted residents to oppose generous welfare benefits for newcomers. Citizenship in mature democracies is seen as a privilege, whose value decreases if it must be shared with immigrants. Following this line of logic, it may be natural for people to oppose the inflow of immigrants within democratic states.

The fourth issue is that political market failure and weak state capacity occur, again, in both mature and emerging democracies. Intense lobbying by vested interest groups in sectors such as agriculture and ailing heavy industries is frequently observed in advanced countries. Using personal ties to politicians and patron–client networks to secure government spending for agriculture, construction, and welfare initiatives remains a common practice, for example, in Japan.

Finally, while this book focuses on emerging democracies, its insights can be extended, I believe, to the role of politics in advanced democracies as well as I suggested.

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N. F. Batto, C. Huang, T. C. Tan, and G. W. Cox, *Mixed-Member Electoral Systems in Constitutional Context: Taiwan, Japan and Beyond*, University of Michigan Press, 2016  
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In keeping with Duverger's research, some scholars have explored the relationship between electoral systems and the number of political parties from a comparative empirical perspective. However, few of them have provided explanations for the question of how Japan and Taiwan, two countries that have experienced similar reforms, obtained different outcomes. While both Taiwan and Japan transitioned from similar single non-transferable vote (SNTV) to mixed-member majoritarian (MMM) systems, the speed with which the two countries moved toward two-party systems, and the actual number of parties in their legislative bodies, significantly vary. Though some works have noticed that the presidential system does decrease the number of parties in the legislature, the question needs to be explored further. This book, which I highly recommend, discovers the missing link between electoral systems and constitutional systems, and bridges the gap between them by putting forward a new perspective-executive-centric theory. The authors of the book have provided solutions to the puzzle by looking into how contextual factors mitigate the effect of electoral setups on party systems.

The book relies heavily on the comparison between Japan and Taiwan, and excellently displays the effect of constitutional design on a party system under similar MMM setups. Part I of the book presents key contextual elements in Japan and Taiwan. In particular, the role of the party in defining portfolio allocation under different constitutional systems is intriguing. In Chapter 2, Lin points out that the role of political parties in portfolio allocation is suppressed under unicameral semipresidential constitutions, while political parties play a decisive role in cabinet formation in parliamentary systems. The difference between the two constitutional systems is also