Bertrand Lemennicier critically reviewed the relationship between democracy, inequality of income and public income redistribution as it has been discussed in the economic literature.

From the abstract of his lecture:

The median-voter hypothesis has been central to an extensive literature on the relationship between income inequality and public income redistribution. Knowing that the real-world market income distributions are skewed to the right, a majority of individuals earns an income that is strictly lower than the mean; the economic theory of democracy predicts a radical redistribution in favour of the poor and middle class. But a large empirical literature looking at explicit redistributive social transfers shows that it is rather the exception than the norm. This is an anomaly from a theoretical point of view. Why poor and middle classes who in terms of numbers have a majority in a democracy are not able to implement a large degree of redistribution by imposing high taxes and by spending the receipts on public goods or directly transferring the income tax to themselves? The idea that the largest transfers do not accrue to the poor majority even in a democracy was already at the core of the seminal article of G. Stigler, published in the Journal of Law and Economics in April 1970. G. Stigler gave credit to Aaron Director who, in the sixties, raised the following argument about Public Income Redistribution:

“Public expenditure are made for the primary benefit of the middle classes, and financed with taxes which are borne in considerable part by the poor and the rich.”

Excerpt from the introduction:

All the authors within this literature on one hand miss the essential characteristic of an income distribution which is a price factor distribution and not an exogenous distribution of talents or productivities and on the other hand do not cross the “rubicon” by maintaining the immaculate conception of the state despite of the old paradigm of the “exploitative” state illustrated by the works of Oppenheimer (1914) De Jouvenel (1945) Rothbard (1970) Tullock (1974) or McGuire and Olson (1996) which seems, at least to us, more appropriate to explain the complexity and the discriminatory features of the tax/transfers systems of our countries.