# Political Representation of the Poor and Economic Inequality: A Comparative Analysis

Jan Rosset, Nathalie Giger, Julian Bernauer*

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**Abstract**

This paper analyses the relation between economic inequality at the macro-level and the political representation of poor citizens in a comparative perspective. More specifically it addresses the research question: Does the level of economic inequality at the time of the election affect how well citizens belonging to the two lowest quintiles of the income distribution are represented by the party system and governments as compared to richer citizens? Using survey data for citizens' policy preferences and expert placement of political parties, we find that in economically more unequal societies the party system represents relatively poor citizens worse than in more equal societies. This moderating effect of economic inequality is also found for policy congruence between citizens and governments, albeit slightly less clear-cut.

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* Jan Rosset is a doctoral student at the Swiss Foundation for Research in Social Sciences, c/o University of Lausanne, CH-1015 Lausanne, jan.rosset@fors.unil.ch. Dr Nathalie Giger is a post-doc research fellow at the Mannheim Centre for European Social Research, University of Mannheim, D-68131 Mannheim, nathalie.giger@mzes.uni-mannheim.de. Julian Bernauer is a doctoral student at the Department of Politics and Management, University of Konstanz, D-78457 Konstanz, julian.bernauer@uni-konstanz.de. The authors gratefully acknowledge the financial support provided by the EUROCORES Programme of the European Science Foundation. Julian Bernauer has received support from the Heinrich Böll Foundation. We would like to thank Anna Walsdorf for excellent research assistance.

## 1. Introduction

Scholars of representation have recently showed a renewed interest in the policy representation of societal groups. In particular the question of whether representative institutions reflect the preferences of some groups of citizens better than others has emerged as an important topic of inquiry. Given the role of economic cleavages in both shaping the interests of citizens and giving them means to voice their preferences, much emphasis has been put on the representation of poor citizens (e.g. Gilens 2005; Bartels 2008; Ura and Ellis 2008). The focus has been on the documentation that the economic status of citizens systematically impacts the way their preferences are taken into account by parties or parliaments. However, this topic of the unequal representation based on economic factors has so far been covered mainly by single country studies that focused on the American case. Therefore, we know little about the representation of poor outside the US and in particular about the relation between the magnitude of macro-level inequality and the political representation of relatively poor citizens.

Another stream of literature has addressed the question of the relation between macro-level inequality and the way states apply redistributive policies (e.g. Meltzer and Richard 1981; Bénabou 2000; Moene and Wallerstein 2003; Kenworthy and McCall 2008). While it provided interesting models of the effect of inequality notably on public opinion and consequently redistribution, this literature has not investigated varying levels of policy representation across income groups as a moderating factor between the preferences of citizens and policy outcomes. In representative democracies however, citizens' preferences do not directly impact policy making but are mediated by representatives. And despite the equality before the law or the "one citizen, one vote" principles, representative institutions are likely to be influenced by the unequal social structures within which they function. Therefore, features of the party system and the systematically differing levels of policy congruence for poor and rich are likely to play a role in the type of policies that are implemented. In other words, if some citizens have preferences that are not channelled in the political arena, it is unlikely that these preferences will be heard.

By documenting an underrepresentation of low income citizens' preferences in policy outcomes, studies of unequal political representation show well that economic and political inequalities might be reinforcing one another. As Bartels puts it: "disparities in representation are especially troubling because they suggest the potential for a debilitating feedback cycle linking the economic and political realms: increasing economic inequality may produce increasing inequality in political responsiveness, which in turn produces public policies that are increasingly detrimental to the interests of poor citizens, which in turn produces even greater inequality, and so on." (Bartels 2008: 286). Despite the gravity of this prospect, there is no systematic work neither on the impact of economic inequality on unequal electoral representation nor on the relation between the magnitude of unequal representation and policies that are implemented.

In this paper we add to this debate by focussing on the first issue. We reconcile both of the above presented approaches by not only documenting the underrepresentation of poor but explaining this phenomenon by means of macro-level economic inequality as a moderating factor. By taking a comparative approach we are able to assess whether cross-nationally we find initial evidence for the existence of a vicious circle of reinforcing political and economic inequalities that works through political representation. Moreover, by taking individual policy preferences into consideration, we propose integrating citizens-elites policy congruence as a mediating factor between macro-level inequality and redistribution. Our focus is thus to ask whether and how the level of economic inequality affects the representation of the policy preferences of various groups of the population defined on the basis of their relative income. Our study shows that systemic-level income inequality reinforces the negative effect of individual-level economic deprivation on policy representation both in terms of party systems and governments.

The paper proceeds with a review of the existing literature on the link between economic inequality and redistribution as well as on the electoral representation of the poor, which provides the basis for the formulation of our main hypotheses. Research design, modelling strategy and the data are described in a subsequent section. The results are then presented and discussed before we conclude.

## 2. Economic Inequality and Policy Representation

Until recently, scholars in the tradition of representation and policy congruence studies have mainly focused on the overall correspondence between citizens and elites preferences. This follows directly from the democratic theory where representation is defined as the linkage between public preferences and public policy. In this tradition, the focus is on the correspondence between the preferences of citizens and the preferences of political elites or ultimately the policy output (see e.g. Huber and Powell 1994, McDonald et al 2004, Powell 2004).

However, in democratic theory we also find the strong notion that all citizens should be equal and have equal voice in the democratic process: “a key characteristic of a democracy is the continued responsiveness of the government to the preferences of its citizens, considered as political equals” (Dahl 1971: 1). This principle of political equality is difficult to achieve because of the hierarchical social structures that play a role in both shaping individual’s interests and giving them means to voice these interests. This can lead to systematic biases in the representation of various social groups. In particular economic cleavages appear as problematic for an equal representation of citizens’ preferences. The economic status of citizens is directly linked to their self-interest, and thus likely to influence policy preferences, notably in relation to redistribution (e.g. Rehm 2009). Simultaneously, economic factors also play a role in politics both directly (e.g. financing of parties, rewards to politicians, etc.) and indirectly (e.g. varying levels of political participation and information across income groups), which makes it plausible that the interests of richer citizens are better heard. The issue of equal political representation becomes even more relevant in the light of worldwide growing economic and social inequalities (OECD 2008) and led scholar to put more emphasis on the study of the representation of poor citizens (e.g. Gilens 2005; Bartels 2008; Ura and Ellis 2008 Beramendi and Anderson 2008).

An obvious question is how these growing income and wealth differences affect political representation and more precisely the unequal representation of various income groups. Indeed, in more or less unequal settings not only the gap between the relatively rich and poor varies but also other important factors for political representation are likely to differ. Some of these factors have been studied in the literature interested in explaining the relation between income inequality and politics of redistribution. In that respect, public opinion as well as the political weight of various income groups have attracted the attention of scholars and are both relevant also for the study of political representation. In the next sections, we discuss each of these factors.

*Economic inequality and public opinion*

One of the most influential and theoretically appealing works in the field has been provided by Metzler and Richard (1981). Their model - known as the median voter model - provides an explanation for varying levels of redistribution depending on the level of pre-tax income inequalities. Their analysis starts with the observation that the median income earner will, in societies where income is not equally distributed among individuals, always benefit from redistribution as her pre-tax income will be lower than the mean pre-tax income.[1] Assuming that citizens vote according to their immediate economic advantages and that their voices are heard, the more income inequality the more redistribution. The rationale for this it that the incentive for the median voter for favouring redistribution grows with income inequality as the more unequal the income distribution the greater the gap between the pre-tax income of the median and the mean wage earner.

In contrast, other authors have proposed theories to explain why preferences of citizens do not necessarily evolve in the expected direction with income inequality, which has been documented in several empirical studies (Kenworthy and McCall 2008; Kelly and Enns 2010). One of the reasons is that redistributive policies that generate greater economic efficiency for the society as a whole will tend to be almost unanimously supported when income inequality is low but less so when the inequality increases as richer citizens will start to individually lose from these policies (Bénabou 2000: 100). So, Bénabou expects a curvilinear association between income inequality and support for redistribution with levels of support for redistribution initially declining with an increase in inequality.

[1] Redistribution however comes at the cost that more people in society will choose leisure over labour which decreases productivity and voters are aware of that.

Other reasons can also explain the lack of a clear relation between the level of economic inequality and the support of the median voter for redistribution: Welfare policies do not only have a redistributive role but they are also a form of insurance against loss of income, whose utility function is not only dependent on income but also other factors (Moene and Wallerstein 2003; Iversen and Soskice 2001); the poor expecting an upward social mobility will not necessarily support redistribution (Bénabou and Ok 2001).

The direction of the relation between macro-level inequality and the median voter's preferences seems thus to be an unresolved issue in this literature which provides predictions for both positive and negative associations between the two. But beyond the median voter, it is also a direct interest in our study to look at how the differences in terms of policy preferences of various income groups are affected by inequality. The meaning of unequal representation can vary depending on the context and notably how far away or close together the preferences of different citizens are. Indeed, the consequence of systematic underrepresentation of a certain group can have only minor consequences if this group has preferences that are very close to those of the group that is better represented but enormous ones if these preferences are radically different. And it seems that in the specific case of various income groups, the magnitude of the preference gap between poorer and richer citizens is likely to be greater in more unequal societies. This is at least a conclusion we can draw on studies interested in the polarisation of political parties (McCarthy, Poole et al. 2006; Pontusson and Rueda 2008; Garand 2010).

To conclude, the studies on the impact of inequality on public opinion, very appealing from a theoretical perspective, tend to put little emphasis on political processes and do not explain how voters' preferences translate into policies. There is however a different body of literature, chiefly interested in showing how economic inequality affects relative political impact of groups of citizens with different economic background and hence emphasizing that not everyone has equal chances to be heard.

*Economic inequality and political influence*

Studies on political influence complement the approach on political preferences as they take into account the limits of the impact of preferences on policies. The idea is to take into consideration the fact that economic inequality can increase various types of political influences that undermine the equal consideration of all citizens in the public decision-making. Several hypotheses have been advanced on how this increased influence of the rich is actually exercised. It can be induced by greater control of the media (Petrova 2008), control of the judiciary system (Glaeser, Scheinkman et al. 2003), or increased influence on the political elites, notably through the financing of parties (Rodriguez 2004). The general trend in this literature is to put forward that the more economic inequality the more political inequality due to a combination of two factors that we could name motivation and resources. First, when disparities are higher, richer citizens have more to lose and have thus an incentive to try to influence political outcomes. And second, greater economic inequality increases differences in terms of material goods at disposal by the relatively richer or poorer citizens.

The intuition that richer citizens do have a greater say in politics is supported by single country studies and find echo in the literature on the political representation of the poor. Recent studies on the policy representation of poor citizens show that there is a bias towards certain groups of citizens and that legislatures are less responsive to the preferences of poor citizens as compared to richer ones (Gilens 2005; Bartels 2008). These results - although not uncontested (e.g. Ura and Ellis 2008) - show that electoral representation might be a fact worth considering in relation to the link between economic inequality. Indeed, if money really makes a difference in electoral representation, the greater the disparity of economic resources at disposal the greater the potential bias of representative institutions.

Let's first sketch the mechanisms through which economic resources might be crucial in electoral representation. There are basically three lines of arguments that can be advanced. First, the political elites tend to come from certain social groups and have an economic status that mirror more closely the higher than the lower end of the income distribution. Hence, richer citizens are descriptively better represented in parliaments, which might play a role in their understanding of different policies and of their constituency preferences (Mansbridge 1999).

Second, income is related to the possibility of participating in politics or gaining information about politics. Indeed, it has been shown that having economic resources positively influence citizens participation in politics (Verba, Schlozman et al. 1995; Gallego 2007) and also that the higher the income inequality at the macro-level the lower the participation rates, especially for poor citizens (Anderson and Beramendi 2008; Solt 2008).This results in a relative greater propensity for the rich to vote but also to be active in other types of political activities (e.g. contacting politicians, being member of political associations, etc.). Whereas the first has a direct effect on the electoral outcomes the latter have as a consequence that a voice is being used and thus possibly heard by representatives. By monopolising the public discourse richer citizens might gain a greater say in politics. Economic resources are also associated with the possibility to gain information about politics. And political information can in turn affect the efficiency of one's political participation. Indeed, choosing a party or candidate that represents one own's views and interests is not straightforward and requires some knowledge about the positions of different actors. Thus, the voting choice is largely dependent on the level of information at hand (Lau and Redlawsk 1997). To summarise, economic resources play a role in the link between citizens and their representatives as they make it easier for citizens to express their preferences and also to gain information and this can have an influence on the efficiency of this expression of preferences.

A third channel for unequal representation is more direct. Indeed, money itself might play a role as parties and individual politicians might be interested in gaining financial resources. By definition more of these resources rest with richer citizens who are thus have more possibilities to influence politics through their financial support of political actors (e.g. economic rewards to elected politicians, see Eggers and Hainmueller 2009).

If we relate these points to the impact of the level of economic inequality and its potential moderating effect on the extent to which unequal representation occurs, it is quite clear that the second and the third mechanisms through which richer citizens gain better representation are enhanced with economic inequality. Indeed, the greater the inequality the greater the disparities in terms of economic resources and thus potentially what they convey (access to knowledge, resources for participation as well as more direct ways of influencing politics). Therefore, we postulate that the underrepresentation of the poor is moderated by economic inequality, with more equal societies showing a smaller gap between the representation of the rich and the poor (cf. Figure 1).

*** Figure 1 about here***

*Hypotheses*

To study this assertion we focus on the electoral representation of citizens at two different levels. We investigate the policy representation of citizens by parties and also by elected governments. Our focus is on the congruence between individual citizens and the position of political actors, along a single left-right dimension. The left-right ideological cleavage is the most important dimension of electoral competition in Western democracies and this cleavage is largely linked to preferences on economic issues (e.g. Huber and Inglehart 1995). Therefore, we assume that this dimension will also differentiate preferences of relatively poor and rich citizens.

By aggregating the public policy preferences and also shaping representatives' behaviour in the legislature, parties play a central role in the representation process. In relation to our research question, this role of parties is essential. If no party represents the preferences of a particular societal group, it is unlikely that these citizens will be represented in parliament. The party system can thus allow some citizens to voice their preferences or not. Because of the role money can play directly (financing of parties) or indirectly (better descriptive representation of the richer citizens in the party structures, greater political participation of citizens with more economic resources) in politics, we postulate that the party system is likely to better represent preferences of affluent citizens as compared to poor ones, hence our hypothesis:

*Citizens with low income have policy preferences that are further away from the position of the party that is closest to them than the remainder of the population (H1).*

Moreover, as there is a greater gap in terms of wealth distribution between the relatively rich and poor citizens in more unequal societies, it is likely that the effect of being relatively poor or rich on policy representation increases with economic inequality. Therefore, we hypothesize that:

*The degree to which the party system represents more affluent citizens better as compared to poor ones increases with macro-level economic inequality (H2)*

While parties play a prime role in the representation process, the political decisions are taken by elected politicians. Therefore, we also analyse how the preferences of various groups of citizens are represented in the outcome of the election. This means that we also expect the incumbents to hold positions that are systematically closer to more affluent citizens and that for the same reasons as in the case of party systems, this effect is more pronounced in more unequal societies. In other words:

*Citizens with low income have policy preferences that are further away from the position of the government than the remainder of the population (H3)*

*The degree to which the governments are further away from the preferences of citizens with relatively low income as compared to the rest of the population is greater in more unequal societies (H4)*

### 3. Research Design and Data

We make use of the Comparative Study of Electoral Systems (CSES) datasets that cover elections in 24 democracies for the period 1996-2007 as well as of data from the Standardized World Income Inequality Database on income inequality at the country level. From the CSES database, 24 democratic, non-presidential systems from the three waves of the CSES are chosen, covering 52 elections between 1996 and

2007 and up to three elections per country.[2] Focusing on non-presidential systems is the rule in the literature on policy congruence and reflects that government formation and arguably also the role of parties in the process of representation differs in presidential and parliamentary systems (Golder and Stramski 2010, Shugart 1998) and makes our results comparable to the literature on policy congruence. The countries covered are: Australia, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Israel, Italy, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. Within these countries, the CSES survey data covers several tens of thousands respondents, which are the basic units of analysis in this paper.

We compute measures of ideological congruence between individual citizens and the political elite as distance measures on a left-right scale. Such a measure is well known in the study of representation and captures what Achen (1978) calls *proximity.* Arguably, proximity measures share the disadvantage that scales for citizens and elites are hardly the same and thus the resulting scores might be biased. However, as our research focus is largely in relative differences only, all we have to assume is that the measures are equally flawed across societal groups. Therefore, if we find that one societal group, in the present paper economically disadvantaged citizens, has a larger distance to the party system compared to the rest of the population, we can at least say that they are relatively worse represented.

The focus of this paper is on the representation of the poor by parties and governments alike. The data on ideological positions of the citizens is taken from the three waves of the Comparative Study of Electoral Systems (CSES), where respondents are asked to place themselves on a 0-10 left-right scale, where 0 means "left" and 10 means "right".[3]

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[2] Our sample comprises elections from a period of ten years. Controlling for possible temporal effects does not alter the results presented here and has very little substantial influence on the dependent variable.

[3] A general justification for using a left-right policy dimension is given by Powell (2000: 162), who argues that it "not only the most widely available single measure of the preferences of citizens in different countries but seems to meet reasonably well our need to capture comparably the general stances of citizens and the general policy orientations of the parties that compete for policy-making positions". Other policy positions of voters are not available in the CSES. As argued above, there is a

The preferences of political elites are measured based on party positions. Preferences of parties are operationalized as judgments of CSES experts[4], a variable measured on the very same scale as the individual left-right placements. [5] We assume that both scales are quasi-continuous and similar with regard to both their underlying concept and endpoints. Further, these two left-right scales tend to be interpreted and understood in similar ways by citizens and experts (Converse and Pierce, 1986; Dalton, 1985).

The government position equals the weighted average of all parties in the government based on parliamentary seats; government policy congruence measures are then simply the individual proximity of each citizen to this government position. Party congruence measures reflect the proximity of each individual to the party closest to his or her preferences. We believe that such a measure captures the concept of policy representation better than a measure based on individual party choice as the latter is likely to be influenced by other factors such as candidate popularity or non-policy factors.[6]

Precisely, the individual policy congruence $C_{ij}$ is defined as the absolute distance between the position of citizen $P_{ij}$ and the position of the government position or party most proximate to her own position $P_j$ respectively, times −1:

$$C_{ij} = -\min|\,P_j - P_{ij}\,|$$

theoretical connection between both the preferences of women and poor to the general, (economic) left-right scale.

[4] Alternatively, the party positions can also be estimated using the Benoit-Laver expert survey data (Benoit and Laver, 2006). These two measures of party positions correlate very highly (Pearson's correlation coefficient Module 1 (1996-2001): 0.91; Module 2 (2001-2006): 0.94). The CSES Expert data carry the advantage that they are measured on the same scale as the citizen preferences. To avoid additional (problematic) rescaling, we decided to use the CSES Expert data. The results are robust against the use of Benoit-Laver expert party positions and – for government congruence – against the use of perceived party positions.

[5] We note that other options to calculate the positions of parties exist. First, we can rely on party manifesto data as collected by the Comparative Manifesto Project (CMP) (Budge et al. 2001; Klingemann et al. 2006). The use of this type of data carries the large disadvantage that by focusing on the percentage of left-right statements, we capture more the salience a party puts on left-right issues rather than a party's substantive left-right position. Another option would be to estimate the party placement as the mean voters' evaluation of a party, available in the CSES survey. However, it is likely that the individual idiosyncratic factor do not cancel out completely as for example the position of the own party is often evaluated differently than the rest of the parties (see Aldrich and McKelvey 1977). In our opinion, the remedy just to use the judgements of more educated persons to calculate party positions (e.g. Alvarez and Nagler 2004) does not solve this problem entirely.

[6] Particularly, we are worried that the poor due to their tentative lower levels of education have a harder time finding the candidate/party closest to their interest than more affluent citizens.

The multiplication by minus one is allowing a more readily interpretation. If the distance between a citizen and the government/party gets smaller, $C_{ij}$ rises from negative values towards 0 and policy congruence increases.

Focal independent variables are the identifiers for low income citizens. Low income groups are defined as the lower two income quintiles (1) against the higher three quintiles (0). As we are not directly interested in explaining unequal representation by individual-level variables, we only include a limited number of controls. Because gender has been found to be associated with policy preferences, with women holding positions that are more the left than men (Inglehart and Norris 2000; Svallfors 1997), we include a dummy variable to control for possible gender effects. The participation in the vote is also included as an individual-level control, given that voters are likely to be better represented than non-voters (Griffin and Newman 2005). "Vote participation" is coded as 1 if the respondent declared that she did cast a ballot and 0 if not. A macro level dummy variable captures the democratic tradition in a country based on the observation that young democracies might suffer from generally lower levels of policy representation.[7]

To measure the level of income inequality at the macro-level, we use the net income inequality measures from the Standardized World Income Inequality Database, version 3 (Solt 2009). This database provides income inequality measures for country-years, estimated on the basis of the Gini coefficients provided in the World Income Inequality database as well as the Luxemburg Income Study (LIS). The LIS data which takes household adult equivalent as a reference unit has served as the standard. The advantage of using this dataset is that it allows having measures comparable across countries and years. Thus for each country we have measures that correspond to the year of the election. As this measure of net income inequality has been imputed, it is provided with a standard error. For all the cases we have in our sample the data can be considered as reliable as the standard errors of the estimates

[7] The young democracies in our sample are all post-communist states. One could argue that because of their history the meaning of left and right is different in the post-communist countries. This would make it harder for citizens to place themselves on this scale and most importantly, a left position would not necessarily be connected to a preference for a more equal society. Therefore, we also estimated the same models with a sample excluding post-communist countries. The results obtained for old democracies only do not differ from those presented in the next section of the paper.

were in the vast majority of the cases well below 1.[8] In terms of interpretation of the Gini index, this measure corresponds to the degree to which the actual cumulative distribution function of income (or Lorenz curve) departs from a state of perfectly equal distribution in which this function would correspond to a diagonal. The coefficient can take values between 0 (perfect equality) and 100 (one household has all the income). Among the various ways it can be calculated, one gives a clear image of what this measure captures: "it is exactly one half of the relative mean difference, which is defined as the arithmetic average of the absolute values of differences between all pairs of incomes" (Sen 1997 , 30-31).

Multilevel models are the method of choice to adequately treat the data at hand, where individuals are nested in countries. The observations from one context are interdependent in the sense that they duplicate each other to a certain extent as soon as they are influenced by contextual factors, i.e. the variance in the observed outcome is partially explained by the shared context. As a consequence, the basic OLS regression assumption of uncorrelated errors is violated. Statisticians clearly state that ignorance toward the multilevel data structure leads to inflated standard errors and an increased risk of committing Type-I (or Alpha) errors — rejecting a true null hypothesis which states no effect (Snijders and Bosker 1999: 15, Steenbergen and Jones 2002: 219f.). The method also enables us to adequately test the interactive hypotheses which postulate mediating effects of system characteristics on the relationship between subconstituency status and policy representation. The structure of a two-level linear multilevel model is described as follows:

Level 1: $C_{ik} = \pi_{0k} + \pi_k A_{ik} + e_{ik}$

Level 2 random intercept: $\pi_{0k} = \gamma_0 + \gamma\, W_k + u_{0k}$

Level 2 random slopes: $\pi_k = \phi_1 + \phi\, W_k + u_{1k}$

The model explains individual policy congruence ($C_{ik}$) by individual-level variables (A, their estimates π respectively) and election-level variables (W, their estimates γ

[8] Additional models with Gini level changes showed results not substantially different from what is presented here.

respectively). Furthermore, the model also includes variance terms on all levels ($e_{ik}$, $u_{0k}$) which are assumed to be normally distributed. To model interactions, random slopes $\pi_k$ for individual-level variables $A_{ik}$ are introduced, modelled as a function of a mean effect $\phi_1$, cross-level interactions between country-level variables $W_k$ and individual-level variables $A_{ik}$ (where $\phi$ is a vector of coefficients) and a variance term $u_{1k}$. The estimation further includes a correlation between random intercepts and slopes, as these are often connected. The descriptive and quantitative results are presented in the subsequent section.

## 4. Results

Table 1 presents some first evidence that respondents with low income have lower policy representation than the wealthy: Both measures of policy congruence show a significant negative coefficient for the identifier of the poor indicating that the underrepresentation of poor citizens is widespread across our sample of 24 countries. In fact, a closer examination of the underrepresentation reveals that the effect varies strongly cross-nationally. We find for example only minor effects for the election 2002 in Portugal (-.04) or the Danish election 1998 (-.02) while in other instances, the difference between the representation of the poor and the rich is more substantial (e.g. Ireland 2002 (-.21) or Slovenia 1996 (-.17).

***Table 1 about here***

So, while Table 1 already gives hints that the phenomenon of an underrepresentation of the poor is not confined to the USA where recent research also points to such inequalities in representation, it is yet to be seen whether macro-economic inequalities moderate this effect. Table 2 presents the corresponding analyses.

***Table 2 about here***

Table 2 presents the results of the cross-level interaction of the identifier for poor citizens with the measure for economic inequality, namely the Gini index. Please note that higher levels of this index denote higher inequality. As it is notoriously difficult to interpret interactions effects solely based on the coefficients in the regression table (see Brambor et al 2006), we present graphical evidence to show this moderating effect.

***Figures 2-3 about here***

We find clear evidence for a moderating effect of the level of macro inequality in a country. Large income differences are associated with a larger underrepresentation of the poor. While the effect is slightly less pronounced for government congruence, it is very prominent for party congruence. In other words if income differences are high, parties do care less about the preferences of the poor and governments are also further away from their preferences. This effect is gradually stronger if we only look at long standing democracies in the Western world. In general, we find evidence that in systems with high income differences, parties care more about the affluent citizens. This bias is somewhat eased when looking at congruence with governments. Speculatively, government formation processes tend to mitigate the translation of economic into political inequalities. Government formation typically induces policy centrism, as centrist parties have pivotal positions in multiparty systems. In two-party systems, parties tend to compete for the ideologically central median voter. As a result, governments regularly take rather central policy stances (Blais and Bodet 2006; Golder and Stramski 2010). This should reduce the underrepresentation of the poor compared to the party system. In sum, economic inequality appears to reinforce the underrepresentation of the poor in both the party system and in government.

## 5. Conclusion

Social and political inequalities are suspected to be reinforcing each other (Bartels 2008). The analyses at hand provides an attempt to confront comparative empirical evidence with this hypothesis, incorporating both individual-level and systemic economic inequality and their interactive effect on political representation. The starting points of the study are the literatures covering the (under-)representation of the poor and the effects of macro-level economic inequality on redistributive policies. We aim at reconciling the comparative and macro-level perspective of the latter literature with the focus on individual economic inequality and political representation of the former. Hence, the focus is on the moderating, reinforcing effect of macro-level inequality on the relation between individual-level economic deprivation and (poor) policy representation. Several mechanisms have been discussed which are suspected to cause these patterns. Higher levels of economic inequality should both have an effect on public opinion and on the political influence of societal groups. This leads to the central hypothesis that higher levels of economic inequality reinforce the political underrepresentation of the poor.

Some evidence in favour of this expectation has been extracted from multilevel models with cross-level interactions. Economic inequality at the macro level increases the underrepresentation of the poor both in terms of party system and government policy representation. This finding underpins the expectation of an interaction between systemic and individual economic inequality in the emergence of underrepresentation of the poor. For party representation, the finding is slightly more clear-cut than for government representation. Taken together, the findings support the expectation that systemic economic inequality reinforces political underrepresentation, potentially as a result of varying political opinion on redistribution and/or varying political weight of societal groups.

One caveat of the empirical analyses is the possible endogeneity problem we are facing when looking at the link between inequality and underrepresentation. As underrepresentation could also cause economic inequality, the effects of inequality might be overestimated in our current design. Future estimations should therefore include instrumental variables to ease this problem and to capture the size of the feedback effect.

There are several avenues for further research, building on the approach that political representation is an important intermediate step in the causal chain (or cycle) between economic inequality and redistributive policies. In order to analyze this cycle more fully, the natural next step would be to examine the connection between political underrepresentation and social policy at the country level. To measure the country-wise levels of underrepresentation of the poor, the multilevel models could be used to extract country-specific effects of individual economic deprivation on political representation. Social policy as an intermediate step between representation and feedback effects on equality should then be understood in terms of generosity rather than total social spending, as the latter is determined by a host of potentially confounding factors such as levels of unemployment. Finally, the possible feedback effects of political representation or the character of social policy on economic inequality would enhance the understanding of the interrelation between economic and political inequality. This would be ideally studied in a dynamic perspective over time.

A more complete picture of the potentially vicious cycle of economic and political inequality (Bartels 2008: 286) is still needed. The first evidence of a moderating effect of system-level economic inequality on the relation between individual economic deprivation and policy representation provides a first stepping stone into this direction.

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# Tables and Figures

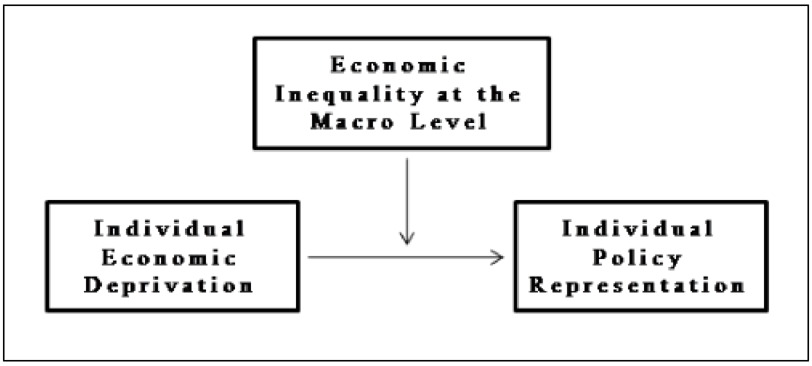


Figure 1: Economic inequality as a moderating factor for political representation of poor citizens

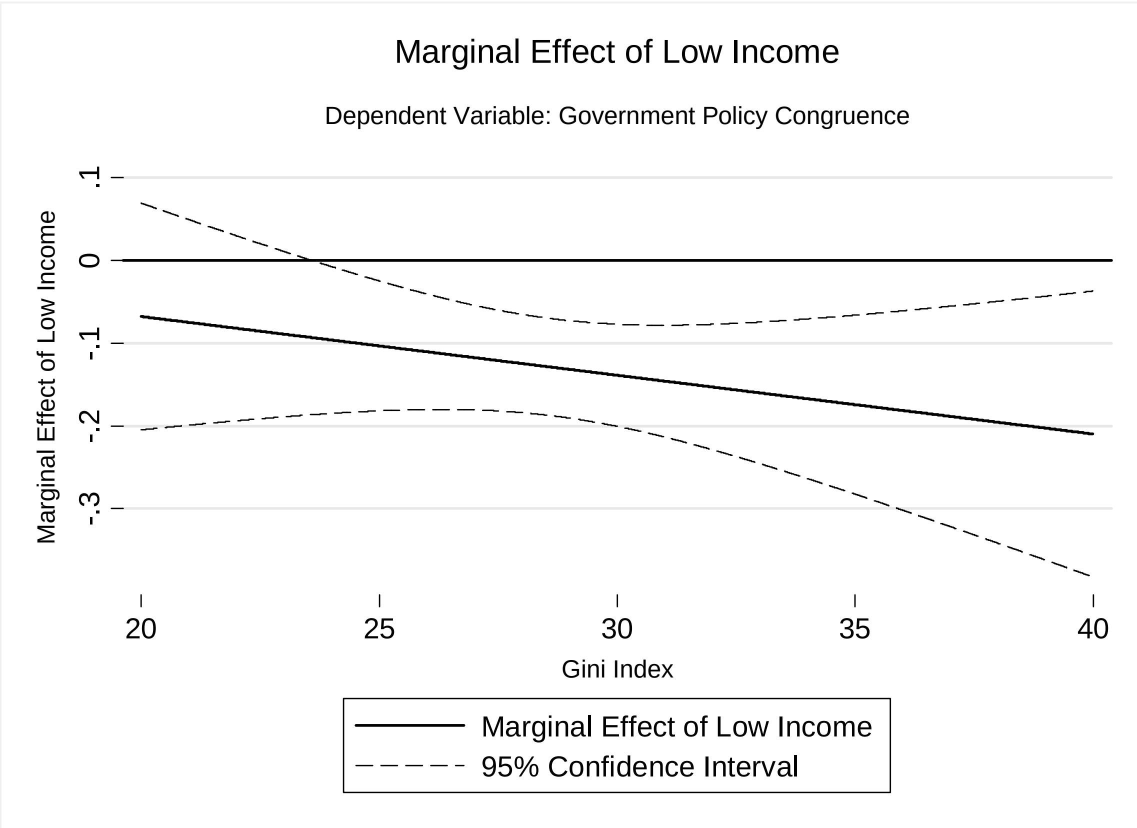


Figure 2: Government policy congruence, marginal effect of low income

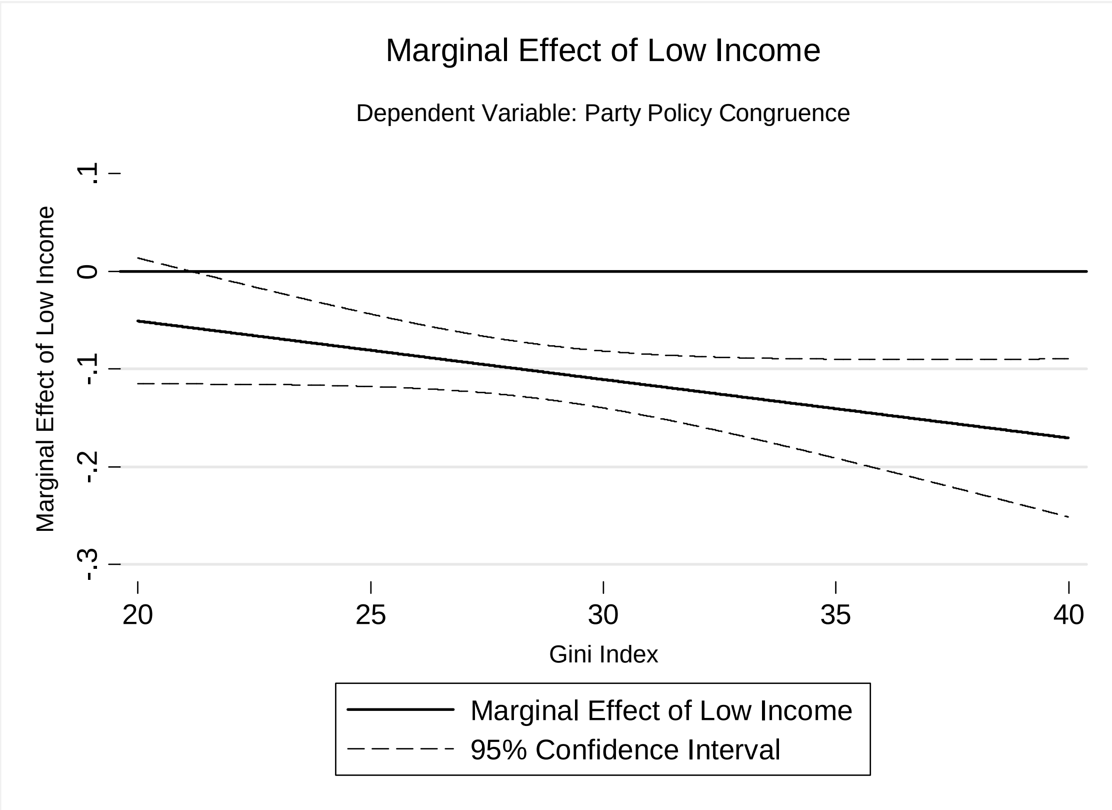


Figure 3: Party Policy Congruence, marginal effect of low income

Table 1: Underrepresentation of low income citizens, multilevel models

| | **Model 1 (government congruence)** | **Model 2 (party congruence)** |
|---|---|---|
| *Individual level* | | |
| Low income | −.13(.01)*** | −.10 (.01)*** |
| Constant | −2.06 (.07)*** | −.57 (.04)*** |
| Variance (elections) | . 23 (.05) | . 09 (.02) |
| Variance (individuals) | 2.38 (.01) | .53 (.003) |
| N (elections) | 47 | 49 |
| N (individuals) | 62472 | 62760 |
| Test vs. linear reg. (p) | .00 | .00 |

Note: *p<.1, **p<.05, ***p<.01. Standard errors in parentheses. All calculations were performed in Stata 10, using the xtmixed command with the reml (restricted maximum likelihood) algorithm.

Table 2: Cross-Level Interactions with Economic Inequality

| | **Model 3 (government congruence)** | **Model 4 (party congruence)** |
|---|---|---|
| *Country level* | | |
| Gini Index | −.01 (.02) | −.02 (.01)*** |
| Old democracy | .26 (.17) | .31 (.06)*** |
| *Individual level* | | |
| Low income | .07 (.21) | .06 (.10) |
| Female | −.04 (.01)*** | -.02 (.01)*** |
| Participation | −.24 (.03)*** | −.01 (.01) |
| *Cross-level interactions* | | |
| Gini X low income | -.01 (.01) | -.01 (.00)* |
| Constant | −1.66 (.49)*** | −.14 (.24) |
| *Random intercepts* | | |
| Variance (elections) | .23 (.05) | .05 (.01) |
| Variance (individuals) | 2.34 (.01) | .53 (.00) |
| *Random slopes* | | |
| Variance (low income) | .03 (.01) | .01 (.00) |
| Covariance (low income, cons) | −.00 (.01) | .01 (.00) |
| N (elections) | 47 | 49 |
| N (individuals) | 61132 | 61457 |
| Test vs. linear reg. (p) | .00 | .00 |

Notes: See Table 1.