Political Analysis

Volume 19 *Volume XIX (2018)* Article 6

2018

Income Inequality and the Effects on Government Responsiveness

Marina Kaghado
Seton Hall University, marina.kaghado@student.shu.edu

Income Inequality and the Effects on Government Responsiveness

Marina Kaghado

Marina is a senior, graduating with a Political Science Major and a Legal Studies in Business Minor. Having recently completed a judicial internship at the Passaic County Superior Court of New Jersey, she is in the law school admissions process. She plans to be admitted and attending Law School in Fall 2018.

Citizens of the United States are beginning to realize that economic prosperity also brings about political success. The support of top corporate elites has become one of the main deciding factors in political elections. As politicians also become aware of this fact, their focus tends to gravitate toward the interests of the small wealthy population, leaving the majority of their constituents behind. This trend essentially establishes a gap based on the preferences between the rich and the poor. With this said, the American government plays a large role in the causes of income inequality. Consequently, political institutions have begun to show unequal responsiveness between high and low income citizens. Those with low incomes are underrepresented in American institutions, which results in a preference gap between the rich and the poor. The greater income inequality present, the greater the preference gap will be. These trends have resulted in an overwhelming amount of unfair policy choices in American political institutions.

In this paper, I will explore income inequality in America as it is presently. I will begin by examining what causes inequality and further my analysis through examining the implications it has on political institutions' responsiveness, and representation. I will observe the differing policies in which the rich and poor favor, and examine government responsiveness state-by-state. Through this, I will research whether the poor are properly represented in American institutions. In addition, I will discuss the important role racial inequality plays in economic inequality and show how one is embedded in the other. There is an apparent preference gap in American politics, which can be seen as a direct product of the income gap. Political parties and institutions appeal toward specific income groups – primarily the affluent.

INCOME INEQUALITY AND UNEQUAL POWER

Income inequality plays a large role in the course of American politics. In "Winner-Take-All Politics," authors Jacob Hacker and Paul Pierson discuss the issues of the extreme concentration of income gains at the top of the economic ladder. They acknowledge the role of government policy in creating a "winner-take-all" pattern and explore the long-term transformation of the organizational landscape of American politics (Hacker & Pierson 2010). They examine that the balance of political power is sharply in favor of the extreme wealthy, paving the way for America's winner-take-all inequality. Due to this extreme bias, public policy and institutional representation tends to lean in favor of those with high incomes.

The dramatic rise of income inequality was not initially debated in the realm of politics. Until recently, most of the discussion focused on the hypothesized economic roots of rising inequality. However, much of the research's criticism derived from the absence of the relationship of inequality in American politics. (Hacker & Pierson 2010). In the past few years, there have been multitudes of books and articles written by prominent political scientists who have begun to research the importance of this phenomenon. Their central theses are based on the fact that politics and public policy have played a pertinent role in the rise of inequality, much more than what economic accounts suggest (Hacker & Pierson 2010). Now, both public officials and institutions are critical factors to examine in order to understand the calamities of income inequality.

Hacker and Pierson believe that a "convincing political analysis" of income inequality must contain two essential parts. First is staying consistent with the fact that American inequality is "winner-take-all," which means that a small slice of the population is becoming dramatically richer while the majority of the population remains stagnant. Second, the analysis must show the relationship between the economic factors that set inequality and the outcomes of public policy in American politics (Hacker & Pierson 2010). Their research tackles both of these areas and hinges off the fact that although gaps have grown across the income spectrum, the real action is at the top, especially the very top. The top 0.01 – 1 percent of the United States population income, which is about the richest 150,000 or so families, are growing quicker than the rest of the population (Hacker & Pierson 2010). They further their hypothesis by arguing that winner-take-all inequality constitutes from public policies that have enhanced economic rewards only for those at the top of the economic ladder. This requires looking closely at various mechanisms in which organized interests attempt to influence authority for personal needs.

Income inequality could be measured in several ways. In Hacker and Pierson's study on Winner-Take- All Politics, they base their statistics on pretax income earned in order to rate levels on inequality (Hacker & Pierson 2010). However, in this case, the use of the Gini index would work best in order to determine the relationship between income and shares in the population. The Gini index specifically "measures the extent to which the distribution of income among individuals or households within an economy deviates from a perfectly equal distribution" (World Bank 2016). This index ranges from values of zero, indicating perfect equality, to one, implying perfect inequality. Therefore, if the Gini index coefficient is greater, the more concentrated the nation's wealth will be toward the top.

According to data retrieved from 2012 from the Organization for Economic Co-operation and Development (OECD), the United States has a Gini coefficient of 0.390, which ranks them 29th compared to 30 other developed countries only placing ahead of Turkey and Mexico. In order to understand how this coefficient affects inequality, one must examine the Gini index before and after taxes and transfers (OECD 2016). This research is not intended to go into an in depth analysis of taxes and transfers however, it important to see where the United States stands in regards to the Gini Index.

Like any study, it is important to understand why this topic matters. While this is an evident problem in the United States now more than any other country in the world, understanding why this trend should be fixed is crucial. To start, more Americans are continuing to see greater divergence in the standards of living between the middle-class, poor, and wealthy. As one may assume, people in the lowest-income group "express less financial satisfaction now than at any time in the last 25 years" (Pew 2012). However, one must examine why the poor are poor. Forty-six percent of a population say that the reason they are poor are due to circumstances beyond one's control (Pew 2012). Although a majority of Americans believe that hard work pays off in economic success, there is no doubt that people simply become discouraged due to their lack of belief in social mobility, or ability to move within a social hierarchy ("social mobility"). In a different study conducted by OECD, they found a correlation between high inequality and lower social mobility rates. Therefore, countries with lower Gini indexes such as Denmark, Germany, and Finland will have greater social mobility, whereas the United States will have less due to their high rates of wealth inequality (OECD 2014).

Along these same lines, inequality can also have an effect on education. This comes to show that this trend is not only an economic issue, but a social one as well. A highly skewed distribution of wealthy can be lethal to an overall growth of society, especially if it means unequal opportunity for new generations to come (Hacker & Pierson 2010). This affect will not only continue the movement of inequality in the future, it will lead these social classes to become more polarized than they already are. Hacker and Pierson also address the issue that the educated elite is not the same as the economic elite. Those at the top are often highly educated, but so too are those below them on the economic ladder who have been left behind. Only a small portion of the educated elite has entered the new economic elite (Hacker & Pierson 2010).

Subsequently, the shift of income toward the top has been increasing steadily since around 1980. The gap between the wealthy and poor is now the highest since the 1940s. This is due to the matter that gains at the very top were not accompanied by significant gains for those at the bottom of the income ladder (Hacker & Pierson 2010). Based on the Congressional Budget Office (CBO), there is few "trickle down" benefits for most of the population. These gains have been sustained, and growing steadily without interruption since. Hacker and Pierson make an important note that the growing share of national income captured by the richest Americans is not related to either the business cycle or the shifting occupation of the White House (Hacker & Pierson 2010). Therefore, this entails that the causes and solutions could be found in other areas such as public policy.

Larry Bartels' *Unequal Democracy* explains how the widening gap between the rich and the poor resulted in unfair policy choices in the political system. Hacker and Pierson agree with Bartels' notion that because the wealthy are able to contribute to the political system, citizens of higher incomes see more policy initiatives in their favor (Bartels 2008). However, they criticize Bartels failure to include the incomes of the top 1% in his research. Hacker and Pierson's research hinges off the fact that the 1% of the wealthiest people make more money that the rest of the population combined (Hacker & Pierson 2010). They believe that leaving out this vital information is essential to completely understanding how income inequality has direct consequences on unfair public policy and representation in the American political system.

In public policy, citizens envision their government to act on behalf of society as a whole by weighing the interests of both the rich and the poor equally. The problems that income inequality poses on the fairness of the political system directly affects the nature of its democracy (Bartels 2008). The United States was built upon the framework of core democratic values that unite all Americans despite where one stands financially. It provides each citizen with equal rights such as life, liberty, and the pursuit of happiness. If citizens at the top of the income ladder are able to have a greater say in the political scene than those at the bottom, is the U.S. able to maintain the fairness of its democracy? Political scientists such as Bartels and Martin Gilens ask this question in order to understand the political implications of income inequality.

Similar to Hacker and Pierson, Bartels acknowledges that the deep issue of income disparity in the United States is not simply an economic one, but "in substantial part, a political phenomenon" (Bartels 2008). To back up this claim, he examines the income trends between the rich and the poor from President Truman's administration to President George W. Bush. Bartels focuses on how Democrats and Republicans either cause or effect the rise of inequality in America through policy trends. He concludes by showing how inequality historically rises under Republican administrations, and under Democratic presidents, "poor families did slightly better than richer families" (Bartels 2008). He specifically notes that under Presidents Eisenhower, Nixon, Ford, Reagan, and both Bushes, the income gap increased, while it declined under all the Democratic presidents except Jimmy Carter. Both Hacker and Pierson agree with Bartels that this was "not a mere coincidence in the timing of Democratic and Republican presidents." Instead, this shows how the "two parties pursue different economic agendas, while appealing to two separate income groups" (Bartels 2008).

Historically, Democrats focus on policies such as lowering unemployment and output growth, while also looking to raise social expenditures. These trends undoubtedly and disproportionately benefit poor and middle-class families over wealthier ones (Balz 2008). On the other hand, Republican administrations look toward amending fiscal policies such as containing inflation rates and tax policy. One can immediately point out that these policies are insignificant to those with lower incomes. Bartels notes that the Republicans' fiscal policies have inconsequential effects on real income growth for those citizens near the bottom of the income distribution but "substantial effects at the top" (Balz 2008). In regards to tax policy, Republicans have historically been more inclined to push for tax cuts that would support the wealthy, while exploiting the majority of the tax-paying population.

While Republicans undoubtedly receive its main support from its wealthy constituents, it is important to question why Republicans also receive a substantial amount of support from white lower- to middle- class citizens as well. Bartels makes a strong approximation by stating that, "the net decline in Democratic identification among poor whites over the past half-century is entirely attributable to the demise of the Solid South as a Democratic allegiance" (Bartels 2008). Since 1952, the South's Democratic identification went from 46 percent to negative 6 percent in 2004. As a result of this data, is it safe to assume that working-class whites have become more conservative in their politics? Bartels brings up an interesting point as to one reason why this trend is occurring. Republicans have succeeded in shifting the focus of political debates from economic issues, where low-income voters are generally relatively liberal, to cultural issues, where they are generally relatively conservative (Bartels 2008). More politicians are finding ways to downplay the politics of economic for reelection and favorability purposes, which finds that culture seems to outweigh economic as a principle public concern. Bartels states that due to these conservative culture preferences, the white working-class have reluctantly accepted the Republican economic agenda as "part of the package" (Bartels 2008).

In a recent article written by Jacob Hacker and Paul Pierson, they predict the effects that the Trump administration's tax cuts will have on income inequality. As previously mentioned, there is an evident red-state vs. blue-state bias in politics. As a result, parties generally try to favor segments of society that will support them (Hacker & Pierson 2017). As briefly noted earlier, Republican economic agenda usually revolves around tax cuts for the wealthy; however, this does not equate to Republicans redistributing its wealth back to states that support it. Republicans' bias toward big business and rich donors fit the exact policy patterns in which they support. However, the issue with Trump's administration is that those who are the main beneficiaries of the Republican tax bill no longer reside in the prevalent in red states. Instead, this deep party divide and new spoils system does not just corrupt our policies, but "cripple the economic future" of the United States (Hacker & Pierson 2017).

In order to support this claim, in his work, Bartels examines the election of 2000 between George W. Bush and Al Gore. Income inequality trends show that the top 5 percent of the wealthiest families saw an increase in real income during President Bush's first four years as president. Consequently, middle and low-income families saw a decline of 3 percent in real income (Bartels 2008). Interestingly, Bartels then uses a hypothetical example to show what it would be like if Al Gore had been elected in 2000. Based on historical data, he found that the middle and low-income citizens would have seen an increase of 6 percent, while the wealthy would have remained stagnant with essentially no gain (Balz 2008). Bartels shows how the differing economic agendas of the two parties ultimately signals the rise of the preference gap in American politics.

It has become apparent that most policy initiatives that affect the majority of the people are driven by the political power of the wealthy.

Those at the top of the income bracket are able to have a significant amount of political influence through campaign financing and other forms of donations. Top corporate elites, such as CEOs and hedge fund managers, are typically supporting bills or policies that benefit their personal needs rather than society as a whole. As a result of this, policy and legislation coming out of Congress is usually skewed in favor toward the top producers of income. These private troubles warrant significant public issues due to the fact that public policy is no longer created for the greater majority of Americans, but instead for specific groups in the population (Bartels 2008).

There are various reasons as to why politicians may seek the agendas of the wealthy before those of lower incomes. As mentioned briefly earlier, campaign financing and the influence of money plays a large role in the fulfillment of political agendas. Politicians aim to fulfill the policies of those who are able to contribute to their campaigns. While they may support different policy preferences, both conservatives and liberals are culprits of extreme campaign finance. The 2016 election saw the most expensive campaign season in history as spending to influence the presidential and congressional elections led to almost $10 billion (Price 2017). Political action committees, also known as super PACs, can raise and spend unlimited amounts of money supplied largely by corporations, unions, associations, and wealthy individuals and have reported $707 million raised for the 2016 presidential race alone (Price 2017).

Campaign finance regulations have recently been lifted through various Supreme Court cases, which has led to several unfair policy choices coming out of Congress. "Although there are large amounts of literature, which examine the effects of campaign finance regulation on the behavior of political campaigns, there are not enough [studies] that show the potential effects of regulations on political and policy outcomes" (Flavin 2015). Patrick Flavin concludes by assessing that regulations on campaign financing are one of the most visible ways in which the federal and state governments can level out the "political playing field" between the rich and the poor (Flavin 2015).

As political scientist Benjamin Page examines the policy preferences and the role of the wealthy in American politics, it comes to no surprise that wealthy Americans tend to be highly active than the typical citizen. Page agrees with Flavin that financial contributions serve as a catalyst by which Americans obtain a disproportionate amount of political power. Not only are they well-informed with current political issues, Page finds that 99 percent of his survey's respondents voted in the 2008 election while 41 percent said to have attended a campaign speech or meeting (Page 2013). Interestingly enough, 68 percent of the survey's respondents stated that they directly contributed money to politics and 21 percent helped solicit or bundle contribution. The author does not seem shocked by this phenomenon. He states, it is "little wonder that those who have the most money give the most to politics" (Page 2013). They get the most out of it as well.

Another reason why politicians may seek out preferences of the affluent over the poor is due to their overall disconnect with the public. Patrick Fisher points out that although lower-income citizens have differing policy preferences from higher-income citizens, those with lower-incomes "have been historically underrepresented in policymaking institutions" (Fisher 2010). Fisher hypothesizes that one of the main causes of the disconnect between members of Congress and their constituents is due to the "wealth gap" and the mere fact that "members themselves are disproportionately wealthy" (Fisher 2016). This study shows that because Congress consists of mostly wealthy individuals, wealthier citizens are "modestly but significantly better reflected in choices than of their poorer counterparts." Although he focuses on the representational nature of Congress itself from the wealth perspective, he addresses that the disproportionate representation of race is also a factor to consider when examining policy preferences. I will examine this point further in a later part of this paper.

Along the same lines, Benjamin Page discusses another finding consistent to the pattern previously mentioned. He states that another possible mechanism for influence involves "access" to, or contacts with, public officials (Page 2013). Since the wealthy mainly associate with other wealthy individuals, it comes to no surprise that many donors have personal relations with their policymakers. When asked whether one had initiated a contract with several types of federal government official or their staffs, Page's survey reveals that about half of its respondents reported contacted to at least one type of official. More specifically, the survey showed that 47 percent of the respondents made at least one contact with a congressional office. Although less frequent, contact with White House officials and executive agencies were also common among interviewees. The authors note that this is a much higher proportion than what the general public has reported (Page 2013).

PREFERENCE GAP: HOW DOES THE GOVERNMENT RESPOND?

To start, one should note that the "preference gap" is different from the more commonly known "income gap." In his book, which studies the various aspects of "gapology," Patrick Fisher defines the income gap as the "difference in the political behavior of those with low income and those with high income" (Fisher 2014). On the other hand, the preference gap as Martin Gilens examines, is the difference in the relationship between government policy and the preferences of high-income as opposed to low-income (Gilens 2009). According to data by the aforementioned political scientists, it seems as if the preference gap is a byproduct of the income gap. When exploring the preferences of Americans in different income groups, Gilens has similar data and techniques as Larry Bartels. They find that the more privileged subgroups of Americans have greater sway over government policy and are far better represented than the poor are. These preference gaps can be seen in a wide range of issues such as taxes, trade policy, or unemployment benefits, as well as non-economic polices such as abortion, gay rights, and civil liberties (Gilens 2009).

Before examining the public's policy preferences, one should question how public preference data is collected and what types of preferences it consists of. Gilens notes that one of the difficulties in assessing public preferences is trying to identify a "suitable collection" to assess properly. In addition to this, the researcher must examine both a possible and existing policies to form proper assessment of preferences to ascertain what could and could not be (Gilens 2009). In his research, Gilens focuses on the net preference gaps between high and low income earners to establish inequalities in government responsiveness. By using a specific set of policy questions to represent the range of federal government policies, he is able to get a more accurate estimate on an average preference gap between low- and high- income Americans. Through the policy items observed, including welfare items, Gilens finds that there is a 17.8 percent preference gap. With risk of being an outlier, welfare policies were detracted from a first sample because of the stark difference of preferences among income earners. In addition, there are certain aspects in public policy such as abortion, creationism, and stem cell research, which inevitably all generate large preference gaps between high- and low- income Americans (Gilens 2009). Similar to welfare policy, the size of the preference gap will vary from one specific policy aspect to another. Gilens assesses his data by concluding that public policy in the United States would "look rather different if poor Americans had the influence over government policy that affluent Americans appear to enjoy (Gilens 2009).

This study is continued in his work, *Affluence and Influence*, where Martin Gilens essentially agrees with Bartels' theory of an "Unequal Democracy" in the United States. In fact, he researches how political inequality directly relates to economic inequality (Gilens 2012). Similar to Hacker and Pierson, Gilens believes that there are various components, which have shaped the last several decades of disparity. In winner-take-all politics, the role of organized interests and business groups has a significant impact on the systemic rise of income inequality (Hacker & Pierson 2010). Those with personal interests or ties in a certain industry have influence over many politicians' agendas, which in return leads to unfair policy initiatives. Gilens believes that interest groups, parties and elections also negatively contribute to this trend of inequality. As a result, politicians and institutions do not appropriately respond to the needs of all its citizens forming a preference gap in American politics (Gilens 2012). In his work, he finds it imperative to look at the policy preferences in which the rich and poor disagree rather than those in which they agree.

One common trend found when researching the preference gap is that regardless of the consistency of policies preference between the rich and the poor, "when preferences between the well-off and the poor diverge, government policy bears absolutely no relationship to the degree of support of opposition among the poor" (Gilens 2012). In other words, when the policy preferences of the rich differentiate from that of the poor, the government will inevitably respond in support of the higher income group. It is only in social welfare policies that slight influence is seen by lower incomes due to the support from powerful interest groups. Despite this, interest groups do not seem to limit the power of affluent policy decisions (Gilens 2012).

Furthermore, Gilens examines the preference gap during presidential election years versus non-election years. To no surprise, he notes that presidential elections increase government responsiveness in general, but primarily for the poor and middle class. In regards to the middle class, Gilens findings also show that policymaking is responsive to the higher-income groups, but not the middle-income group. In non-election years, he sees the responsiveness divert back toward the wealthy (Gilens 2012). Lastly, he explains how parties have also negatively affected government responsiveness toward lower income citizens. As discussed earlier, it comes as no surprise that those who contribute to candidates' campaigns have a stronger say in directing policies in general. However, Gilens finds that regardless of one's affluent status, policy influence decreases based on the majority party in office. As previously mentioned, political parties have clear preferences and appeal toward specific income groups.

This hypothesis is further heightened by specifically exploring state political parties and representation of the poor. Authors Elizabeth Rigby and Gerald Wright research how the poor is affected by income inequality and the repercussions it has on the preference gap. They conclude that in terms of political parties and the policymaking process, low-income citizens are ignored regardless of party affiliation (Rigby & Wright 2013). For example, Democratic parties and Republican parties vary by appealing toward specific income groups. Democratic parties capitalize on the relative liberalism of the wealthy on social issues, and Republican parties benefit from the relative conservativism of the wealthy on economic issues. In addition, Rigby and Wright agree with Gilens and Bartels that income inequality has an extreme effect on responsiveness. "Where and when income inequality is higher, parties will exhibit greater differential responsiveness toward their income-third constituents" (Rigby & Wright 2013). Similar to Hacker and Pierson, they find that the responsiveness to the affluent is most visible in states with greater income inequality – where economic resources are most concentrated in the hands of the few.

While most hope that political parties in the United States serve to link citizens with its political institutions in order to enhance representation of those with fewer resources, the current campaign environment seems to provide incentive to appeal wealthy citizens (Rigby & Wright 2013). The preferences of citizens with lower incomes are often kept out of political agendas and are likely to remain off through most legislative processes. Rigby and Wright examine how the poor is left out early on in the policymaking process by examining the preferences of low-income, middle- income, and high-income citizens. Due to the stark ideologies of the Democratic and Republican parties, the authors examine the parties' stances on economic and social issues. They look at the relationship between each income group's preferences with their party positions and compare the results.

They examine economic issues first. With Democratic parties, they found little alignment between party positions and the opinion of either low-income or middle-income citizens in the state. Instead, the results only showed alignment between higher income constituents (Rigby & Wright 2013). Contrarily, Republican parties' economic positions are almost identical with higher income preferences. However, there is a different pattern for social policy issues. They find that both Democrats and Republicans show alignment among all three income groups when considered alone. To bring this data together, the authors "illustrate how, for economic policy issues, party positions are aligned with the preferences of the more advantaged constituents" (Rigby & Wright 2013). However, for social issues, both parties align with each income group. Similar to Gilens' findings, when social issues diverge between high and low income preferences, it is only the more advantaged constituents who remain to be influential to the policymaking process. Therefore, in terms of the poor, "preferences align only on social issues – and only when they overlap with the preferences of the middle – or high-income groups" of that same party (Rigby & Wight 2013).

Lastly, in order for Rigby and Wright to show whether responsiveness to the wealthy is greater in states with more income inequality, they use a cross-sectional measure of income inequality based on market-income, pretax, and transfer family income. In addition, they use the Gini Coefficient in order to capture how far the state's income distribution deviates from perfect equality. Their research finds that Democratic parties varied by the level of income disparity in the states, while Republican parties did not vary by income inequality for economic issues or for social issues (Rigby & Wright 2013). One reason for this may be that concerns about high economic inequality worsens government responsiveness in state Democratic parties. States with more equal distributions do not find differential responsiveness across the three income groups. Although, the Democratic party positions are highly skewed toward the rich in states with high amounts of income inequality (Rigby & Wright 2013).

The authors analyze this trend by understanding patterns of resource constraints on parties. Unlike Bartels, Rigby and Wright believe that because Republicans inherently have a wealthier constituency base, they are able to readily contribute and fund the party's needs. With this said, they feel as if Republicans have the economic flexibility to appeal to broader preferences of lower incomes. On the other hand, the authors feel as though Democratic parties are more economically constrained, and thus, feel pressured to appeal to the policy priorities of the wealthy (Rigby & Wright 2013).

As Rigby and Wright examine the preferences of poor Americans, Benjamin Page describes democracy and the policy preference of wealthy Americans. This article relates directly and agrees with both Gilens' and Bartels' works that there are significant preference gaps between the affluent and other Americans concerning both social and economic issues. In order to get the most accurate information, Page compared wealthy Americans' responses to their survey with the responses that the public has given in various other polls. He finds that affluent citizens are unsupportive of job and income programs, raising the minimum wage, and unemployment. In addition, they are less willing to provide education opportunities. Most importantly, the surveys find that that the affluent are less willing to pay more in taxes to provide healthcare for everyone, favor a lower estate tax, and less eager to increase the income tax on high income people (Page 2013). Lastly, and the most pertinent to my research, the wealthy oppose government action to redistribute income or wealth in order address the issue of economic inequality.

Here, it is important to examine in detail the stark difference of policy preference and priorities of wealthy Americans from those of ordinary citizens. To start, it is interesting to point out that 87 percent of the Page's survey respondents stated that budget deficits were the "most important" problem facing the United States. Only 4 percent felt that this was "not very important at all" (Page 2013). Another point to emphasize is that the survey found that 84 percent of respondents called unemployment and education "very important" problems, but was not considered the "most important" issue. In regards to social issues, climate change was regarded as "very important" by only 16 percent of the survey's respondents (Page 2013).

Since most of the wealthy respondents focused on the issue of deficits, the authors analyzed how the wealthy confront this and other problems. There appears to be a disparity between the wealthy and other Americans regarding how to address specific issues such as the deficit. The focus on deficits is not a widely shared view by the majority of Americans. To deal with these kind of problems, the wealthy tend to favor spending cuts rather than tax increases (Page 2013). These policy preferences tend to occur at the expense of the majority of middle and low-income Americans. In regards to the unemployment, high-income groups favor relying on private enterprises to amend the issue rather than governmental income maintenance (Page 2013). To address education, the wealthy find it more favorable to rely on market-based reforms while promote spending cuts for public schools and financial assistance. One of the stark economic difference among high and low-income constituents is their disagreement on spending levels (Page 2013). Page also discusses differences among tax policies, education policies, healthcare issues, and economic regulations.

Since this paper discusses the relationship between income inequality and government responsiveness, it is important to consider how the wealthy regard the issues of income inequality itself. Page finds that the wealthy respondents are aware of the high levels of income inequality in the United States. Surprisingly, they also agreed at the fact that certain salaries should be adjusted in order to make wealth distribution more equal (Page 2013). Despite this fact, the respondents did not agree to government regulations of the redistribution of wealth. Although they believe that incomes should be more equal, they evidently do not favor redistributive actions by the government. Page finds that 87 percent of the wealthy said that it is not the government's responsibility to reduce income inequalities between the rich and the poor. Similarly, 83 percent of the respondents stated that the government should not try to fix this problem by amending tax policies. These percentages can be compared to that of the general public's opinion. Forty six percent of the majority of Americans stated that it is the government's responsibility to alleviate income inequalities, while 52 percent also agree that it should be fixed by placing heavy taxes on the rich (Page 2013).

In contrast to the aforementioned authors, Stuart Soroka and Christopher Wlezien refute the hypothesis that public preferences across income brackets affect representation, responsiveness and democracy. Instead, they believe that the differences these in preferences are in fact small and insignificant. They find that differences are much greater across education levels and, especially, party identification (Soroka & Wlezien 2008). Rigby and Wright agree that party identification has a major role in political preferences, but they still deduce that income inequality is the main driving factor. Gilens disagrees with Soroka and Wlezien entirely and through a more accurate set of data and research questions proves that in terms of federal policy, the affluent are far better represented than poorer constituents are. Flavin examines both Soroka and Wlezien with Gilens' research and considers both of these arguments when he researches economic inequality on state-by-state basis.

Soroka and Wlezien refute the hypothesis stated in this paper. They agree that there are other factors or "sub-aggregates" that are based on income that affect overall government responsiveness. They discuss how education levels as well as party identification bears some of the burden when considering inequality in responsiveness. Because there are many different groups which representation could vary, Soroka and Wlezien believe that this empirical debate cannot be solely considered an income disparity issue. They indicate that income only really matters in cases that involve welfare spending (Soroka & Wlezien 2008). Other than that, income levels in general play a small role in political responsiveness.

Soroka and Wlezien conduct their research by examining the U.S. General Social Survey (GSS) from 1973 to 2004. They pose questions about preference on government spending at all levels and opinions for policy changes. However, the questions posed in their survey are highly contested among other political scientists. Gilens analyzes over 1,700 different GSS survey questions that show the gap between low- and high-income Americans policy preferences. He deduces that the gap is much larger and extends much wider than what Soroka and Wlezien suggest from the GSS questions (Gilens 2009). He explains that the GSS data set on spending items is "too broad in nature"; whereas the question in Gilens' data set tend to be more specific. If questions are too broad, it may "obscure the existing differences in policy preferences within policy domains" (Gilens 2009).

Therefore, Soroka and Wlezien do not accurately represent the size or distribution of the preference gap among high and low income constituents. It has been proven that preferences across income groups do differ by a significant amount on a variety of issues and therefore, Gilens concludes that the affluent have a significant amount of influence over government policy. If the rich and the poor were to switch roles in this case, it is clear that public policy would come to look much different in the United States (Gilens 2009).

As already discussed, government representation is a key component of any democratic system. In a country like the United States, public opinion can vary greatly from state to state. Similar to many public issues, income inequality varies in almost every state or region. If income inequality and government responsiveness are linked, it is clear that government responses will vary from state to state as well. Patrick Flavin examines income inequality and policy representation in each state to help better understand and explain Bartels concept of "unequal democracy". (Flavin 2011). Like Gilens, Flavin agrees that income disparities are a driving factor when faced with equal representation. In addition, he pays attention to the question, "Are citizens' opinions represented equally?" Like Bartels and Gilens, he agrees that the opinions of the poor are underrepresented in political institutions. He uses the differences in citizens' opinions and public policies across the American states to examine whether state governments respond to their citizens as political equals – specifically citizens with low incomes (Flavin 2011).

Flavin extends this research to each of the American states, which reveals similar results. In his findings, he uncovers that the opinions of citizens in the middle-and high-income groups are represented in state public policies, but the poor is still seen to be consistently underrepresented (Flavin 2011). In order for a democracy to function properly, constituents are to be considered as equals in the realm of politics; however, it is clear that the American system fall short of this imperative standard. Flavin heightens Bartels' hypothesis in *Unequal Democracy* by showing that unequal representation also applies to the ideologies of state policies. In addition, this trend is also seen among social and economic issues across the United States. Flavin concludes by mentioning that most studies of unequal representation fall short of explaining exactly "why these disparities occur" in the first place. He believes that in order to fully understand the causes of unequal political influences, studies should explain why it occurs to begin with (Flavin 2011).

RACE AND INEQUALITY

Lastly, it is important to consider race when describing any type of inequality. Rodney Hero and Morris Levy discuss the racial structure of economic inequality in the United States. Specifically, it examines the issues of income inequality in relation to race. The central question of the authors' analysis asks how the structure of inequality by race has changed in an era of rapidly rising levels of income inequality (Hero & Levy 2016). News stories about income inequality often look past the issue of race despite the fact that economic disparities between racial groups plays a substantial role in its effects. The authors also mention Larry

Bartels work, *Unequal Democracy* and criticize that it does not mention or acknowledge the influence of race. They hypothesize that the sharp rise in income inequality in the United States since the 1970s cannot be viewed as a solely economic or "class" phenomenon: instead, racial inequality must also be embedded within rising income inequality (Hero & Levy 2016).

This research compares racial structures and inequality between social classes. When considering race and income inequality there are two ways to characterize the differences. Hero and Levy discuss "within-group inequality" and "between-group inequality." Within-group is the total income inequality between individual who are members of well-defined groups, such as whites or males. Between-group inequality is the total amount of inequality between individuals from various groups, such as between blacks and whites (Hero & Levy 2016). Not all income inequality can be considered the same. Although two different societies may obtain the same levels of income inequality, the authors show that it is necessary to note the biographical makeup of the population in order to understand the degree to which income differences between groups account for total inequality (Hero & Levy 2016).

Hero and Levy conclude that race is key factor when examining inequality. With this said, it is important to note that income divides between racial groups accounted for a larger share of total inequality in 2010 than it did in 1980, which shows that a "between-race" dimension of inequality has kept pace nationally (Hero & Levy 2016). Since racial inequalities have held firm with the rise of total income inequality at the national level, it is clear that this racial aspect is not just a simple byproduct of inequality, but a central component to it (Hero & Levy 2016).

This racial component is furthered through Richard Harvey Brown's "A Peculiar Democracy: Race, Class, and Corporate Power." In this chapter of his book, he examines the recent trend in American inequality in politics. He notes that although the United States is the world's third highest income per person, about 19 percent of the population lives below the national poverty line (Brown 2005). In addition, he examines the historical exclusion of African Americans, which has led to the racial inequalities in both modernization and economics. Through Brown's research he sees the creation of the black middle and professional classes and its expansion in recent decades, but continues to note that their conditions "of the lower strata have stagnated or declined compared to those of white Americans" (Brown 2005). It is evident that income inequality must be viewed in a different perspective for blacks and other minorities than when examining it to the white population.

CONCLUSION

As proven throughout this paper, the political role of the wealthy has become a prominent concern for the democratic values of this country. Given the central importance of money in the various aspects of politics, it has become almost inevitable to maintain a proper democracy while giving equal political voice to all American citizens. This paper concludes that there is a direct link between income inequality and government responsiveness by politicians and institutions. Policy preferences of the poor are underrepresented in all aspects of American politics. There has been a consistent rise of income inequality, which is the growing gap between the rich and the poor. More specifically, the United States' top 1 percent has consistently seen itself pull away from the rest, while the majority of the population remains stagnant.

Political scientists have characterized the United States as an "Unequal Democracy" as Larry Bartels put it, where the political system is piloted through unequal voices. Hacker and Pierson take it a step further and show how the American democracy has become an arena for "Winner-Take-All," where the rich become richer. By examining the political preferences and attitude of both high- and low-income citizens, political scientists are able to better understand what causes the unequal responsiveness by the government. Whether there are sub-aggregate groups such as education and party affiliations that affect these outcomes, the research has proven to show that income is at the base of inequality.

REFERENCES

Balz, D. (2008). For Richer or for Poorer. *The Washington Post Company.*

Bartels, L. (2008). Unequal Democracy: The Political Economy of the New Gilded Age. *New York: Russell Sage Foundation.*

Brown, R. (2005). A Peculiar Democracy: Race, Class, and Corporate Power. *Yale University Press.*

Fisher, P. (2016). Demographic Dynamics of the Wealth Gap in Congress. *Society*, *53*(5), 503-509.

Fisher, P. (2014). Demographic Gaps in American Political Behavior. Boulder, CO. *Westview Press.*

Flavin, P. (2015). Campaign Finance Laws, Policy Outcomes, and Political Equality in the American States. *Political Research Quarterly, 68*(1), 77-88.

Flavin, P. (2011). Income Inequality and Policy Representation in the American State. *American Politics Research*. Vol 40, Issue 1, pp. 29 – 59. Aug.

Gilens, M. (2012). Affluence and Influence: Economic Inequality and Political Power in America. PRINCETON; OXFORD, *Princeton University Press*. JSTOR.

Gilens, M. (2009). “Preference Gaps and Inequality in Representation.” *PS: Political Science and Politics*, vol. 42, no. 2, pp. 335–341. JSTOR.

Hacker, J. & Pierson, P. (2010). Winner-Take-All Politics: Public Policy, Political Organization, and the Precipitous Rise of Top Incomes in the United States. *Politics & Society*. Vol 38, Issue 2, pp. 152 – 204.

Hacker, J. & Pierson, P. (2017). Robbing Blue States to Pay Red. *The New York Times.*

Hero, R. & Levy, M. (2016). "The Racial Structure of Economic Inequality in the United States: Understanding Change and Continuity in an Era of "Great Divergence." *Social Science Quarterly (Wiley-Blackwell)*, vol. 97, no. 3, pp. 491-505.

OECD. (2014). *United States: Tackling High Inequalities Creating Opportunities for All.*

OECD. (2016). Income inequality.

Page, B. (2013). “Democracy and the Policy Preferences of Wealthy Americans.” *Perspectives on Politics*, vol. 11, no. 1, pp. 51–73. JSTOR.

Pew. (2012, June 4). Section 3: Values About Economic Inequality and Individual Opportunity.

Price, T. (2016, May 6). Campaign finance. *CQ researcher*, *26*, 409-432.

Rigby, E. & Wright, G. (2013). “Political Parties and Representation of the Poor in the American States.” *American Journal of Political Science*, vol. 57, no. 3, 2013, pp. 552–565. JSTOR.

“Social mobility”. (n.d.). *Dictionary.com Unabridged.*

Soroka, S., & Wlezien, C. (2008). On the Limits to Inequality in Representation. *PS: Political Science and Politics, 41*(2), 319-327.

World Bank. (2015). Gini Index (World Bank estimate)