Legislative Agendas during Periods of Inequality: Evidence from Europe and the United States

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This article investigates the relationship between economic inequality and legislative agendas. It argues that rising inequality makes agenda setting especially vulnerable to the influence of economic elites, and that elites use their influence to keep redistributive policies from receiving governmental attention. Empirical tests use data on public laws and bills introduced in the legislatures of five European countries between 1981 and 2012, and the United States between 1948 and 2015. As inequality becomes more acute, we observe a migration in legislative attention away from issues dealing with the social safety-net. These effects are more pronounced earlier in the policy process, which is consistent with the idea that elites can act as gatekeepers of legitimate policy ideas. These findings suggest that economic stratification shapes the policymaking debate in ways that make redistribution less likely.

5 February 2020

Foundational theories in policy studies concerned the nature and distribution of agenda-setting power. A major insight from this tradition was that power can be exercised through non-decision making. If direct power is the ability to put an issue on the policy agenda and get your solution approved, then at least as important is the power to do the opposite, which came to be known as the "second face" of power (Bachrach and Baratz 1962). A prominent argument was that even with well-designed democratic institutions, power would inevitably gravitate toward socioeconomic elites who would use their influence to nudge public policy in their favor (Schattschneider 1960). The second face of power came to be seen as an important driver of these disparities because simply by limiting the scope of policy alternatives open to debate, wealthy interests could protect what for them was a highly advantageous status quo.

We consider how the second face of power might shape legislative agendas during periods of heightened economic inequality. Rising inequality (OECD 2008) has prompted a surge of scholarly attention to claims of "unequal democracy" (see Bartels 2008). This literature investigates how inequality affects policy outcomes and there have been a series of influential studies finding that as inequality becomes more acute these outcomes increasingly favor economic elites (Winters and Page 2009; Lupu and Pontusson 2011; Gilens 2005, 2012; Page, Bartels, and Seawright 2013). However, the question of how inequality effects the overall policymaking environment has received less attention, and we see this as an area deserving of further study. If the influence of economic elites is mostly in keeping issues off the agenda, then a focus on policy outcomes might underestimate the influence of elites on policymaking. We therefore take a holistic approach to studying legislative agendas, looking at the distribution of attention across two stages of the policy process: public laws and bill introductions.

Our hypothesis is that there will be a migration of attention away from redistributive policy topics during periods of higher inequality. Moreover, we expect that these effects will be more pronounced at earlier stages of the policy process when elites are believed to act as gatekeepers of policy legitimacy. Inequality is thought to increase the relative influence of economic elites as political parties become more dependent on their financial support (Drutman 2011; Rosenthal, McCary, and Poole 2006), economies become more reliant on their capital investments (Hopkin and Shaw 2016), and lower-income groups that would benefit from redistribution become discouraged and less inclined to participate politically (Solt 2008). If economic elites use their influence to constrain the scope of policymaking, then these negative-agenda effects should leave their fingerprints on the content of government agendas. Searching for empirical evidence of these fingerprints is the objective of this study.

To test our expectations, we assemble data on the legislative agendas of five European democracies and the United States. The primary source for this data is the *Comparative Agendas Project*, which uses a uniform coding schematic to track the amount of legislative activity surrounding different policy areas over time (Baumgartner et.al. 2019). We discover that rising inequality is closely associated with a relative decline in legislative activities centered on redistributive issues. Compositional analyses that simulate how legislative agendas would shift given a spike in inequality give insights into the longitudinal nature of the relationship, revealing that changes in attention following increases in inequality are driven by a migration of attention away from traditional social safety-net topics toward other policy areas, such as law enforcement and national defense. Furthermore, these effects are strongest when legislators are introducing bills, rather than at the bill passage stage. Thus, the empirical evidence supports our expectations

and, chiefly, demonstrates the importance of considering not only policy enactments but also how the agenda-setting landscape more broadly responds to economic stratification.

Negative agenda power

Schattschneider (1957) reasoned that because agendas are finite whoever controls the scope of conflict exercises a great deal of political power. Political struggles could thus be understood as an attempt by those unhappy with the status quo to create conflict by putting new issues (or new dimensions of old issues) onto the agenda. Those benefiting from the status quo would try to do the opposite and narrow the scope of conflict, concluding, in his most famous work (1960), that socioeconomic elites are generally more successful at directing the scope of conflict than other groups.

Bachrach and Baratz (1962) incorporated Schattschneider's ideas about conflict into their influential article on "the two faces of power." The first face of power is exercised when one party takes place in a decision-making process that affects another party. Their contribution was to develop the concept of a second face of power that occurs when one party acts to confine the scope of collective decision-making to issues that they find safe or innocuous. This process can occur directly by lobbying against the inclusion of a particular issue on the agenda or, more implicitly, by crowding an issue off the agenda by assigning it lower priority. The chief distinction is that while the first face of power occurs openly, the second is more surreptitious as it consists of strategic gatekeeping decisions that reinforce the rules or institutional norms that prioritize some issues over others.

They conclude with a forceful argument that comparing the relative influence of elites and ordinary citizens on government decision making requires first understanding why some issues and not others were selected for debate. Elites might lose a policy conflict, but still win in

a deeper and more meaningful sense if they are successful in eroding governmental capacity to attend to issues such as income redistribution.[1]

Negative agenda power in practice

If economic elites exercise power by limiting the scope of political agendas, how might they go about this? Existing literature points to a variety of mechanisms and to review we divide these possibilities into direct and indirect pathways. Direct pathways are those involving lobbying efforts on the part of economic elites or the promotion of candidates who share their policy priorities. Indirect pathways benefit the wealthy as a byproduct of inequality. Our empirical scope is broad, with data spanning six countries and multiple decades, and therefore precludes distinguishing between mechanisms. Furthermore, we lack data on the actual behavior of economic elites. However, we believe that the mechanisms we review are likely to be mutually reinforcing and also likely to intensify along with inequality, so our goal is simply to look for observational evidence that would be consistent with their cumulative effects on legislative agenda setting.

Direct mechanisms

We identify three direct mechanisms from scholarship on inequality. First, we know that many lawmakers are themselves economic elites, so simple self-interest may make them hesitant to pursue redistributive policies, or at least more ambivalent about inequality (Carnes 2013). If economic elites and policymakers are the same individuals or populate the same social circles this can be considered a very direct mechanism. Second, economic elites and corporate interest

[1] A number of recent studies test the claim that the richer and poorer segments of society hold different policy preferences, finding that the relatively disadvantaged tend to prefer more redistribution (see Gilens 2009; Flavin 2012; Giger, Rosset, and Bernauer 2012; Page, Bartels, and Seawright 2013).

groups are thought to have better lobbying access than average citizens or labor groups in part because of revolving-door politics and may therefore be well-positioned to block redistributive proposals (Hacker and Pierson 2010; Gilens and Page 2014; Page, Bartels, and Seawright 2013; Tsingou 2015). Third, there may be a gatekeeping effect whereby economic elites donate disproportionately to the campaigns of candidates or parties with less disruptive, status-quo oriented agendas (Epp 2018). This avenue is especially relevant in the US, which lacks the robust public financing for political campaigns that are more common in European democracies (Lessig 2011; Koß 2010). Research on US campaigns has noted that private donations now far outweigh public funding and that a small number of wealthy individuals account for a majority of campaign financing (Winters and Page 2009; Bartels 2008; Drutman 2011).

Indirect mechanisms

European democracies may be less susceptible to direct agenda control because they tend to have less candidate-centered campaigns and more public financing. However, scholarship on inequality in Europe has also raised concerns about unequal democracy, arguing that economic elites tend to receive better representation (Giger et al. 2012; Rosset et al. 2012; Bernauer et al. 2015; Elsasser et al. 2018; Peters and Ensink 2015). In the European context, more focus has been paid to indirect mechanisms, and in particular to disparities in structural power. The idea is that economic elites can implicitly blackmail policymakers by threatening to withhold their capital from investment projects with potentially devastating effects for the economy (Bieling 2014; Rixen 2013; Hopkin and Shaw 2016; Woll 2016). To avoid this, policymakers cater to the priorities of capital holders at the expense of labor. For example, in the wake of the 2008 recession, by embarking on costly bailouts of the financial sector and then attempting to balance budgets through austerity measures. Blyth (2013) argues that austerity policies received little

support from economic scholarship and that they became popular only because policymakers were hesitant to alienate the financial institutions responsible for the crisis.

Thus, elites can exert considerable influence on the policy process without any behind-closed-doors maneuvering simply by virtue of their structural importance to economic development. As inequality becomes more acute this importance grows. Furthermore, the implicit nature of this power disparity makes it difficult to mitigate through institutional or electoral mechanisms. We can therefore anticipate that any effects of inequality on legislative agendas will be evident across variety of governmental forms.

Another indirect mechanism concerns political participation. Research suggests that lower-income groups become discouraged by high inequality and less inclined to participate politically (Solt 2008). These disparities appear to have meaningful consequences. In their study of 24 Western democracies, Rosset, Giger, and Bernauer (2013) find that economically unequal societies do a worse job at representing the political preferences of their poorest citizens.

Other possibilities

Of course, it may be that elites are not successful in exercising negative agenda power, or that they do so, but are not interested in preventing redistributive topics from receiving attention. In this case, what would we observe? One possibility is that as inequality becomes more acute the attention of legislators will gravitate toward redistributive policies. Meltzer and Richard (1981) describe this type of dynamic in their classic article on the link between inequality and government spending. This position emphasizes the weight of public opinion, rather than the influence of elites, as a key driver of legislative agendas. When it comes to inequality, a 2014 survey conducted by the Pew Research Center found that 65% of US respondents agreed that the gap between the rich and everyone else had grown, and 69% thought government should do

something about it (Gao and Drake 2015). Meanwhile, Pew's 2014 Global Attitudes survey revealed that 60% of Europeans see inequality as a "very big problem" and another 31% see it as a "moderately big problem" (Wike 2014). Thus, absent any interventions by wealthy interests, we might expect legislative attention to be drawn toward the types of redistributive solutions that would alleviate public concern.

Another alternative is that there is no meaningful relationship between inequality and legislative agendas. This can be thought of as the null hypothesis. Agendas are known to be path dependent, so it is not especially noteworthy that attention to an issue stays the same over time even in the face of rapidly changing social conditions (Wildavsky 1964; Baumgartner and Jones 1993; Jones and Baumgartner 2005). Possibly policymakers do not share the public's concern over inequality. In this case, we would expect levels of attention to redistributive policies to fluctuate randomly with respect to inequality. We can therefore outline three possibilities: (1) legislative attention migrates away from redistributive topics, (2) attention migrates toward these topics, or (3) there is no relationship. Subsequent empirical tests are designed to find out which possibility rings true.

Hypotheses

Our hypotheses are based on the following assumptions:

1) An important form of political power is the ability to shape the scope of debate. Economic elites benefit from this "second face" of power, which they employ to limit discussion of policies that would redistribute income or wealth downward.

2) Rising economic stratification has increased the political power of economic elites relative to other social groups.

We therefore posit that when and where inequality is higher, legislative agendas will be less focused on redistributive policy topics. The idea is simply that inequality amplifies the

influence of wealthy interests and that they use this influence to steer legislative attention away from redistributive mechanisms. This is our first hypothesis:

Hypothesis 1: higher levels of economic inequality correspond to less legislative attention to redistributive policies.

Furthermore, we take seriously the admonition of Bachrach and Baratz that the influence of elites is predominantly in shaping the range of alternatives open to debate rather than in affecting final passage votes. We therefore expect that any inequality related dynamics will be more pronounced at earlier stages of the policy process. This is our second hypothesis:

Hypothesis 2: the relationship between economic inequality and legislative agendas will be stronger at earlier stages of the policy process.

Data

To test our hypotheses, we use data available from CAP to measure the legislative agendas of five European countries (Belgium, Denmark, Italy, Portugal, and Spain) and the United States.[2] CAP is an international data-sharing endeavor that codes policy activities conducted by lawmakers into twenty-one mutually exclusive "major" topic categories, which can be further subdivided into 220 subtopic categories. We focus on activities deriving from two distinct stages of the policy process: bills introduced for legislative consideration and public laws. The chances of a bill becoming law vary extensively within and across countries, but they are generally low both across Europe and in the US. As a result, there is only a partial overlap between the two datasets.

Incorporating data from two stages of the policy process allows us to test our second hypothesis that the influence of economic elites on agendas emerges most clearly in earlier

[2] We replicate subsequent analysis including additional data from the Netherlands, France, and the United Kingdom, where only partial datasets are available. (See Table 8A in the online appendix.)

stages when legislators are determining what issues deserve attention. Of course, if the influence of elites is by serving as gatekeepers of legitimate policy ideas, then even bill proposals may be too late in the process to fully measure this effect. Ideally, we could measure the full range of hypothetical, yet plausible, policy alternatives. We would expect that policymakers disproportionately select alternatives that minimize economic distribution for elites. But until a policy option lands on the legislative agenda it is difficult to measure empirically, and so we are limited to what we can observe. Still, among the countries we study a substantial share of the bill proposals do not pass into law (see Brunner, 2013, Table 2, a partial exception is Denmark), and so they can be considered a fair approximation of a legislative proving ground where ideas compete for attention. Members of the legislature will frequently introduce a bill simply as a means of calling attention to a policy area that they feel is neglected in national discussions, fully aware that its chances of passage are small (Brunner 2013). We can therefore say that bill introductions come closer to mirroring the latent range of hypothetical policy options than public laws.

Each bill or public law is manually coded by analysts from each country into only one category and it is therefore possible to compare trends in political attention to different issues both cross-sectionally and over time. Because of the decentralized process of data collection and coding, available time series are not identical across countries. We do, however, look at public laws and bill introductions over similar periods within each country, facilitating comparisons between these two stages of the policy process.

An advantage of this dataset is that it covers the legislative agendas of a variety of countries, allowing us to test our hypotheses with heterogeneous cases. While we are aware that cross-country institutional and political differences may affect our hypothesized relationships,

our goal is to detect average patterns. Therefore, by using dissimilar cases, we decrease the likelihood of our results being confounded by specific country characteristics. Furthermore, we expect the dynamics we have outlined to apply in every country we are studying. The six countries featured in our analyses vary in terms of political and welfare systems, as well as levels of income inequality.

We use this data to develop a set of compositional dependent variables. To do so, we take the 220 subtopic categories used by CAP coders and assign them to one of four groups: economic, social order, social safety-net, or other. Any bill or law having to do with macroeconomics (including tax policy), domestic commerce, or foreign trade is assigned to the economic group. Bills or laws addressing law and crime, immigration, or national defense form the social-order group. Legislation on the affordability of health care, unemployment, social welfare programs, pension plans, workforce development, labor unions, and public housing form the social safety-net group. The remaining topics are assigned to the other group and this includes legislation addressing technology, public lands, international aid, or government operations, among a few additional categories.[3] We then calculate the annual percentage of total bills and laws from each of the four groups for each country. These variables allow us to measure if legislative attention to social safety-net topics is increasing or decreasing relative to the other groups as inequality becomes more pronounced. Of course, legislation on almost any topic can potentially have a redistributive effect. We focus on the social safety-net because we see these items as the most likely to effect a downward redistribution of economic resources.

[3] The online appendix (Table 1A) lists the topic codes that we assigned to each of our four categories. The CAP master codebook is available online: http://www.comparativeagendas.net/pages/master-codebook.

Subsequent analyses also include a number of independent variables. To measure inequality we use the Gini Index. For the European countries, this data is available from the *World Income Inequality* Database, although there are some missing values. As far as we can tell, periods of missing data are not related to economic or political crises. In the appendix, we replicate our analyses using Solt's (2019) Standardized World Income Inequality data that uses multiple imputation to fill in missing values; results are robust. For the United States, we use a measure of the Gini Index available from *The Chartbook of Inequality* (Atkinson et.al. 2017). In both the European and US cases, the index can vary between 0 and 100, with higher values indicating a greater concentration of income.[4] Across the six countries in our data, values for the Gini Index range from the lowest of 22 in Denmark in 1984 to the highest of 46 in the United States in 2011.

Other independent variables are available from the *Comparative Political Data Set* (CPDS) (Armingeon et al. 2017). These include a control for the ideological composition of the legislature that measures the percentage of parliamentary seats sociodemocratic and other left-wing parties control in the governing coalition out of the total parliamentary seat share of all governing parties (weighted by the number of days in office in a given year). We expect left-wing governing coalition to pay more attention to social safety-net issues. The countries with the highest and lowest mean yearly scores are respectively Spain and Belgium. In the United States, we simply use indicator variables for Democratic control of the House of Representatives, the Senate, and the presidency to measure the ideological composition of government.

[4] Traditionally, the Gini Index is mapped onto a 0 to 1 scale, but we transform this so that values can range from 0 to 100 to facilitate the interpretation of subsequent regression analyses.

For the European countries, we also control for various types of government, ranging from single-party majority governments to technocratic governments and we use a separate indicator variable to delineate each type. The degree to which each type of government can make changes to the status quo varies and it seems likely that governments that can claim a strong electoral mandate would be more likely to attend to social spending programs. Within European, we also control for annual levels of spending on social security payments (measured as social security transfers as a percentage of GDP). Policymakers from countries with comparatively high spending on social security may be less likely to attend to safety-net issues, feeling that the status quo is already sufficient or expensive enough even if inequality is rising. Both sets of controls are based on variables available through the CPDS.

Finally, our analyses control for the misery index, which is the additive total of the unemployment and inflation rates.[5] These are important elements to account for when testing our hypotheses because in period of economic hardship legislatures might look to buttress social programs. Taking all variables together, our window of analysis spans from 1988 to 2009 for Belgium, 1981 to 2012 for Denmark, 1987 to 2013 for Italy, 1996 to 2015 for Portugal, 1990 to 2015 for Spain (data on bills is available through 2011), and 1948 to 2015 for the United States. However, there are some gaps in the time series when values for the Gini Index are unavailable. Prior to 1995, only two observations are available for Belgium (1988 and 1992), only four observations are available for Italy (1987, 1989, 1991, and 1993), and only one observation for Spain (1990).

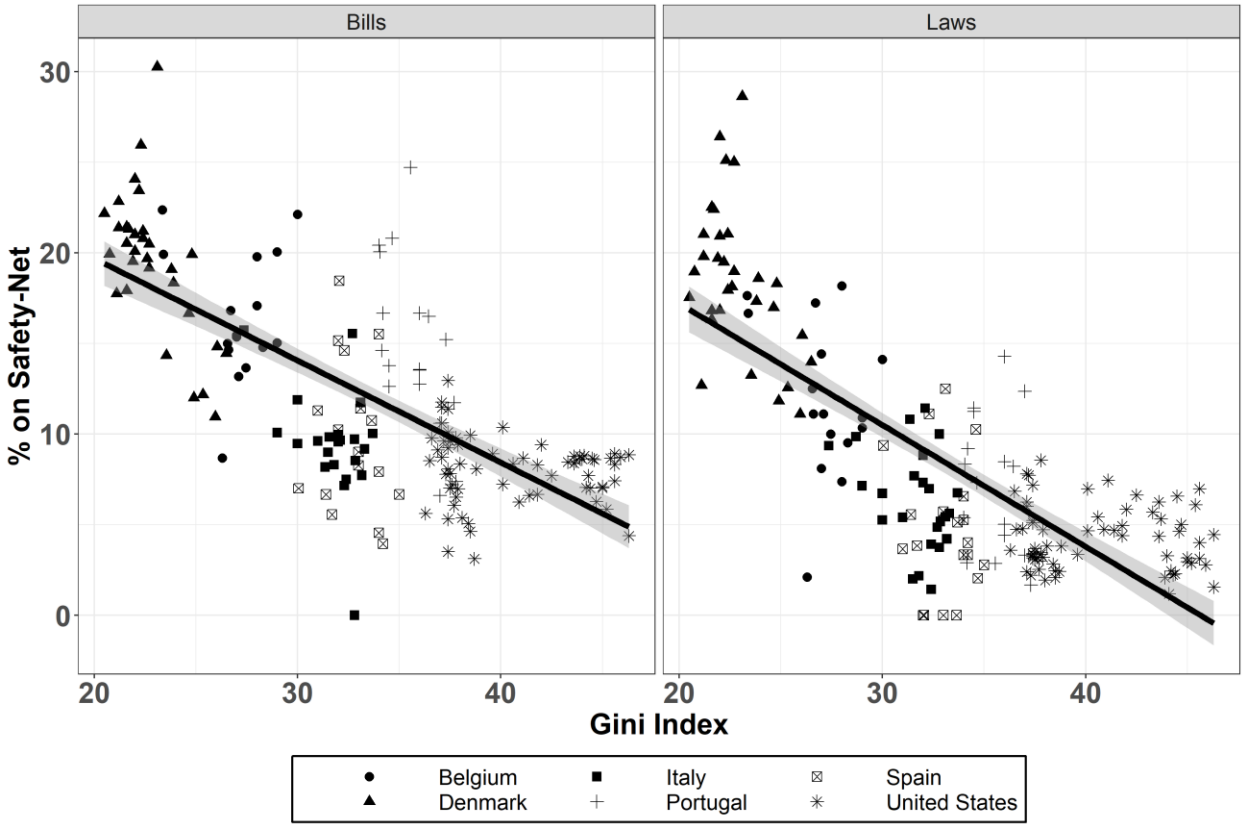
[5] For both Europe and the US, the inflation rate is measured as the annual percentage change in consumer prices.

Results

Figure 1 shows scatter plots of the percentage of total bills (left panel) and public laws that address social safety-net topics and the Gini Index. Note, the data points associated with each country are assigned a different shape so that comparisons can be made across and within countries. In both panels, the relationship on display is negative: higher values of the Gini Index correspond to legislative agendas that are less focused on social safety-net issues. For laws the correlation is -0.762 and for bills it is -0.722. The figure also reveals that while there is some evidence of a negative relationship looking at the data points associated with only one country, the strongest evidence emerges cross-sectionally.[6] In part, this is because there is not always very much within-country variance. The legislative agendas in Denmark and Belgium, for example, have always focused on safety-net issues and inequality in these countries is comparatively low.

[6] Looking at each country individually, the correlation between the Gini Index and safety-net laws is -0.290 for Belgium, -0.459 for Denmark, -0.239 for Italy, -0.306 for Portugal, -0.052 for Spain, and -0.097 for the United States. The correlation for safety-net bills is -0.060 for Belgium, -0.640 for Denmark, -0.399 for Italy, -0.591 for Portugal, -0.174 for Spain, and -0.128 for the United States. Thus every correlation is negative, although they are not all statistically significant. Figures 2A and 3A in the online appendix provide individual country plots.

Figure 1. Relationship between legislative attention to safety-net topics and inequality



The CAP data measures only legislative attention, so we have no way of knowing if a bill introduced about a social welfare program sought to increase or decrease benefits. But the strong correlations suggest that in this case attention is generally a good thing, at least for those who prefer a stronger safety net and lower inequality. Safety-net programs can of course be a major source of income redistribution and when legislatures prioritize these types of programs we observe markedly less inequality than in countries where the safety net is a lower priority.

The next step is to determine if the relationship shown in the figure is robust to the inclusion of other variables, especially country-level controls. Furthermore, we want to investigate the dynamics of the relationship. Countries that prioritize social spending may naturally have lower levels of inequality. We want to know if upticks in inequality are associated with a reduction in attention to these topics. To find out, we estimate lagged dependent variable

(LDV) models to predict the percentage of total bills or laws addressing social safety-net issues. Legislative agendas are characterized by friction (i.e. they are resistant to change) so last year's agenda is a strong predictor of what policymakers will be attending to in the current year. Controlling for this path dependency, we can estimate how current levels of income inequality are related to attention to social issues.[7] Recall, we are estimating attention to the safety-net as a percentage of the overall legislative agenda, so less attention to the safety-net (corresponding to negative coefficients) indicates that legislators are spending relatively more time on either the economy, social order, or other issues. In addition to the controls outlined above, we include indicator variables for each country (with Belgium the baseline) and we estimate panel-corrected standard errors. We also estimate separate models for the European countries and the United States. Table 1 shows the results.

Model 1 estimates the proportion of laws across all five European countries that address safety-net topics.[8] The coefficient for the Gini Index is negative and statistically significant. A 1-

[7] We present diagnostics in the online appendix (Table 3A) showing that the residuals of each regression equation are stationary, suggesting only minimal amounts of residual autocorrelation (Keele and Kelly 2006). The appendix also includes descriptive statistics for every variable included in the models.

[8] For the baseline model presented in the main text, we use OLS with country-level indicators and panel-corrected standard errors. In the online appendix, we present various robustness tests that utilize other specifications. These can be found in the online appendix and include (1) re-estimating the models using the concentration of income among the top 1% as a measure of inequality instead of the Gini Index, (2) using the total number of bills and laws on redistributive topics as dependent variables instead of the percentage, (3) using the percentage of bills and laws on tax policy as a dependent variables, (4) re-estimating the public laws model using additional data for the Netherlands, France, and the United Kingdom, (5) using a variable that measures disparities in political power across economic groups in place of the Gini Index, (6) including additional control variables that might plausibly affect the distribution of legislative attention, (7) re-estimating the models using fractional logit instead of OLS, (8) re-estimating the models using the unemployment and inflation rates instead of the misery index, (9) using single-equation error correction models instead of LDV models, (10) re-estimating the models after excluding data from various countries, and (11) re-estimating the models using the Arellano-Bover/Blundell-Bond estimator. These tests reinforce the findings we present in the main text.

unit increase in the Gini Index is associated with a 0.76% reduction in the percentage of laws passed on safety-net topics, holding other covariates at their means. Within our dataset of European countries, the Gini Index varies between 22 and 35. An increase of that magnitude corresponds to a decrease in the percentage of total laws on safety-net topics of 10%. The standard deviation of the laws variable (across all five countries) is only 7%, so the coefficient for the Gini Index is substantively large. For the controls, only the coefficient for the misery index is statistically significant. It indicates that a worse economy predicts more laws passed on safety-net topics. (Table 4A on page 5 of the online appendix shows the full results with parameter estimates for the indicator variables.)

Model 2 takes the same specification but uses as a dependent variable the percentage of total bills introduced during a parliamentary session on safety-net topics. Once again, the coefficient for the Gini Index is negative and statistically meaningful. A 1-unit increase in the Gini Index is associated with a 0.93% reduction in the percentage of bills on safety-net topics. The size of the effect is therefore slightly larger than in the first model, and furthermore, the standard deviation in the percentage of bills on safety-net topics is somewhat smaller than it is for laws (6% compared with 7%), so the effect is substantively larger as well.

To summarize our results for Europe, higher levels of inequality are linked to reductions in the amount of attention going to safety-net topics, and this effect emerges at two distinct stages of the policy process. This may not be surprising because laws are of course a function of the bills that get introduced, but it means that a reduction in attention during the bill introductory stage carries forward to the final passage stage. In other words, given a smaller pool of safety-net bills to work with, policymakers do not appear to place greater priority on passing those bills, but

instead simply enact fewer laws on those topics. Moreover, these findings support our second hypothesis. Inequality has a larger influence on agendas at an earlier stage of the policy process.

Table 1. Estimating the percentage of laws and bills on social safety-net topics

Variable	(1) Laws	(2) Bills
Europe		
$DV_{(t-1)}$	-0.19 (0.10)	0.28* (0.10)
Gini index	-0.76* (0.23)	-0.93* (0.27)
Misery index	0.24* (0.11)	0.04 (0.12)
Social security	0.007 (0.27)	-0.08 (0.34)
% Left-wing	0.005 (0.012)	0.002 (0.012)
Government type	Included	Included
Country	Included	Included
Constant	32.02* (7.67)	40.94* (8.69)
N	108	101
R^2	0.768	0.675
United States		
$DV_{(t-1)}$	0.05 (0.14)	0.01 (0.12)
Gini index	0.009 (0.095)	-0.21* (0.08)
Misery index	0.14 (0.11)	0.07 (0.08)
Dem. House	0.71 (0.73)	-0.67 (0.55)
Dem. Senate	0.07 (0.60)	0.19 (0.47)
Dem. President	-0.32 (0.50)	0.01 (0.43)
Constant	2.04 (4.47)	16.69* (4.17)
N	56	56
R^2	0.186	0.197

* ≤ 0.05

Note: All models estimate panel-corrected standard errors. The models for Europe include indicator variables for seven different governing conditions as identified in the Comparative Political Data Set (Armingeon et.al. 2017), and indicators for each country in our dataset. See Table 4A in the online appendix for these coefficients.

The bottom section of Table 1 shows the results for the US models. Here, instead of using the variable measuring the percentage of parliamentary seats in the governing coalition controlled by left-wing parties, we use indicators variables for Democratic control of the House, Senate, and White House. Once again, increases in inequality are associated with less legislative attention to safety-net issues. However, the effect is only statistically meaningful in Model 2,

which uses bill introductions as the dependent variable. The US regressions are based on a small number of total observations, so both models are relatively low-powered. Over the period of study, the Gini Index for the US varies between 36 and 46, and Model 2 predicts that an increase of this magnitude would lead to a decrease of around 2% in bills addressing safety-net topics. The standard deviation of the dependent variable (% of bills on safety-net topics) is also 2%, so the influence of inequality on the content of the US agenda is relatively large. Moreover, as was the case for Europe, this effect appears most pronounced in the early stages of the policy process when bills are being introduced for discussion. As with virtually all research on government agenda setting, the observational nature of our study makes causal attribution difficult. However, results from Table 1 are consistent with our expectations of a causal dynamic between inequality and legislative agendas.

Compositional modeling

Figure 1 showed a strong negative relationship between inequality and the percentage of legislative agenda items that are focused on safety-net topics. Using LDV models, we found that this relationship was robust when controlling for political and economic factors, existing levels of social spending, different types of government, and country-level differences. To further investigate this relationship, we use an estimator called "dynamic pie" developed by Philips, Rutherford, and Whitten (2015) for the analysis of compositionally dependent variables.[9] Their technique estimates a LDV model within a seemingly unrelated regression framework to describe the tradeoffs among compositional data series when a predictor variable is "shocked" to stimulate a sudden increase or decrease. In this case, we stimulate a one standard deviation

[9] See also Lipsmeyer, Philips, Rutherford, and Whitten (2017) and Lipsmeyer, Philips, and Whitten (2017).

increase in the Gini Index and then observe how legislative attention migrates across the four compositional groups we created from the CAP codes (social-safety net, social order, economic, and other), holding other covariates (described above) at their means and dichotomous variables at zero.[10]

This approach builds on the results shown in Table 1 in two important ways. First, by allowing us to estimate how a change in inequality affects agendas multiple years in the future. We have argued that inequality conditions the policymaking environment, which implies that changes in inequality should have long-lasting effects. That is, an increase in inequality in year *t* should leave an observable impression on the legislative agenda in year *t, t+1*, *t+2*, *t+3*, and so forth until the next meaningful change in inequality. Using dynamic pie, we can test these expectations. Second, this methodology allows us to better understand the tradeoffs involved. Attention migrates away from safety-net issues as inequality intensifies, but this implies that some issues are receiving more attention during periods of higher inequality and using dynamic pie we can model this process.

This methodology generates a lot of parameters because it simultaneously estimates the equation presented in Table 1 for each compositional group at multiple time lags. We therefore present the results graphically to aid in interpretation. Panel A of Figure 2 shows the estimated percentage of total laws on economic, social order, social safety-net, and other topics over twenty simulated years. The first six years in the figure serve as the baseline; this is the estimated percentage of attention each group commands holding predictor variables at their mean. Then, at

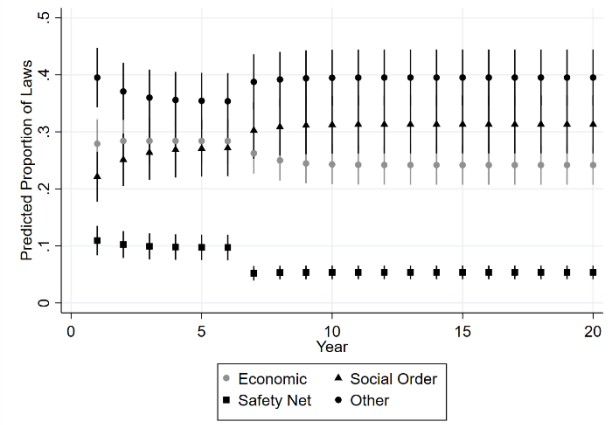
[10] Each of the compositional series is treated as a dependent variable with values expressed as a log-ratio rather than a percentage. The dynamic pie estimator then models these ratios as a function of their lag and a vector of independent variables. The use of seemingly unrelated regression is to account for the likelihood that errors will be correlated across the linear equations associated with each compositional series.

year seven, we simulate a shock to the Gini Index, increasing it by one standard deviation, while still holding the other independent variables constant. We can then observe how the four compositional data series deviate from the baseline following this shock. The y-axis in this figure displays percentage changes on a 0 to 1 scale.

Notice that the model predicts a rapid decline in the percentage of total laws on safety-net topics from a baseline of around 10% to approximately 5%. By the eighth year, attention to these topics has stopped declining, but it never recovers to pre-shock levels, which is consistent with our expectations. We also observe a decrease in the percentage of laws dealing with economic issues and an increase in attention to social order and other topics, although the standard errors for these estimates often overlap. Recall that because of the compositional nature of the data, these effects are describing tradeoffs, so in the aftermath of a shock to inequality we observe less attention for safety net and economic issues and more for social order and other miscellaneous topics. Panel B of Figure 2 shows the point estimates for each compositional data series averaged out over all twenty simulated time points. This allows us to determine, if, overall, a compositional series shows a statistically meaningful deviation from the pre-shock baseline. As the figure reveals, this appears to be the case only for the safety-net and economic groups both of which show an average decrease after the simulated increase in inequality.

Figure 2. Composition of parliamentary laws in Europe before and after a shock to the Gini Index

A) Annual effects



B) Overall effects

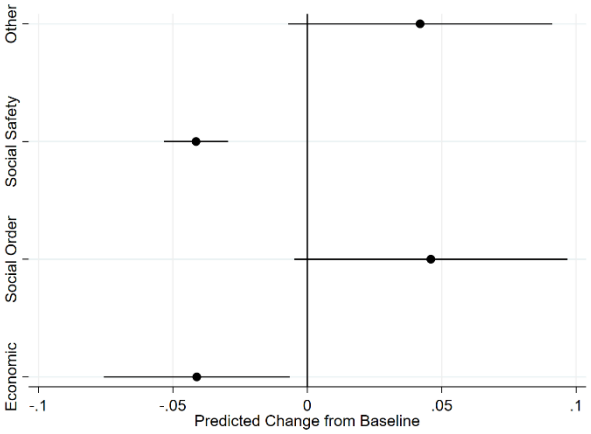
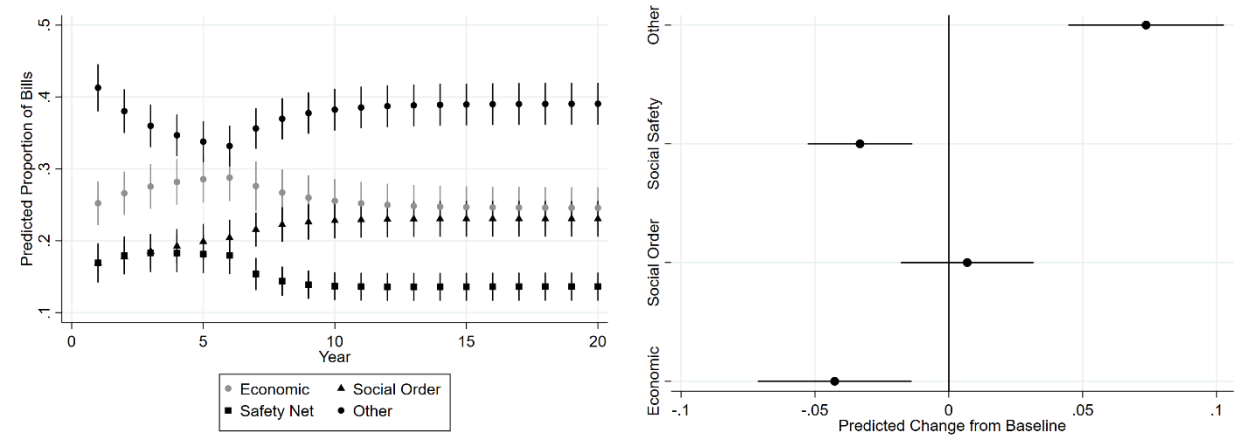


Figure 3 displays the results of simulations that use the composition of parliamentary bills as the dependent variables. Once again, we observe a decrease in attention to safety-net and economic topics and a relative increase in attention to social order and other topics. And, as with laws, the change in attention to the safety-net occurs rapidly and then stabilizes at a new lower level. In Panel B, we find that on average the decrease in attention to safety-net and economic topics is statistically meaningful as is the increase in attention to other topics. Recall, that the other category includes items relating to land management, technology, and international relations, among other topics. (See Table 1A in the appendix for the CAP subtopics that make up each compositional group.)

Figure 3. Composition of parliamentary bills in Europe before and after a shock to the Gini Index

A) Annual effects B) Overall effects



This analysis has revealed two new pieces of information. First, we know that inequality-related changes are highly stable, suggesting that economic stratification affects the overall policymaking environment rather than providing a brief one-time stimulus. Second, we know more about the tradeoffs involved: less attention is being paid to safety-net (and economic) topics so that more can be spent on issues relating to social order and other topics. We find complimentary results for the US where shocking the Gini Index also produces a migration of attention away from safety-net topics, so the result is not specific to Western Europe. US results are shown in the online appendix (Figure 6A).

Discussion and conclusion

Rising inequality in Western democracies has prompted a surge of scholarly attention. Questions about how inequality affects political systems have traditionally focused on positive outcomes: when policies are passed, do they disproportionately benefit the rich or poor? Instead, we have sought to explore the opposite dynamic, asking if higher levels of inequality are related to any notable absences from the policymaking space. Of course, it is impossible to directly observe policies that did not pass, so our empirical strategy was to compare legislative agendas across countries and during periods of higher and lower inequality. If policymakers are interested in

combating inequality, then it is plausible that attention would gravitate toward social welfare policies when and where inequality is more acute. This is not what we found. In fact, our results point in the opposite direction: higher levels of inequality are associated with less legislative attention to those policies most likely to generate a downward redistribution of wealth. These results align with longstanding insights into the nature of political power. Specifically, that wealthy interests are agents of inaction and nondecision, shaping the course of policy agendas to direct legislative attention away from issues that they find overly disruptive. While we do not observe this type of interaction directly, it is a plausible candidate to explain the patterns we observe.

Our results are robust across various estimators and model specifications (see the online appendix), but we want to be clear about the limitations of the data. Legislative agendas are famously complex and interactive. Moreover, we have fewer than 200 total observations distributed unevenly over six countries. Our findings should therefore be considered an entry-point to a broader research agenda focusing on the political externalities of inequality. Additional research will be needed to further understand the relationship between inequality, economic elites, and legislative agendas. We have discussed various mechanisms by which elites are thought to influence the agenda and have looked for observational evidence that would be consistent these mechanisms, but we have been unable to test for them directly. This may be possible with new data collections. For example, further data collection efforts may make it possible to examine even earlier stages of the policy process such as parliamentary questions, or to assess the redistributional effects of bill proposals. The more accurately we can measure legislative agendas, across countries and through time, the better we can understand how agendas response to socioeconomic forces.

Supplemental data for this article can be accessed at https://derek-epp.com/articles/

Supporting data and materials for this article can be accessed at https://derek-epp.com/articles/

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Word Count: 8,500