Representing the rich

Economic and political inequality in established democracies

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CHAPTER 3

Unequal Policy Responsiveness in the Netherlands

3.1 INTRODUCTION

The previous chapter provided evidence for the unequal representation of public opinion in welfare state reform. In this chapter, I again address the question whether policy in established democracies is more responsive to the preferences of high-income citizens than to the preferences of low- and middle-income citizens. However, I will approach this from a very different angle here. While the previous chapter analyzed one policy area in many countries, this chapter analyzes many policy areas in a single country. The country in question is the Netherlands, which is in many ways a least-likely case to find unequal representation. The level of income equality in the Netherlands is among the lowest in the world and has barely increased in the past few decades (Hager, 2018). Furthermore, financial donations play a very limited role in Dutch politics (Nassmacher, 2009, pp. 107–120) and its highly proportional electoral system should amplify the political voice of the poor (Iversen and Soskice, 2006). Hence, the Netherlands provides a contrast to the most-likely case of the United States, where most of the previous research on unequal representation has been conducted.

The analysis of this chapter consists of two parts. In the first part, I ask whether there is inequality in policy representation in the Netherlands by assessing the link between public

preferences and policy changes for different income groups. In the second part, I ask why there is inequality in policy representation and attempt to shed some light on relevant causal mechanisms. I focus on three of the most commonly suggested mechanisms for disproportionate political representation of wealthy citizens: political participation (Flavin, 2012), descriptive representation (Carnes, 2013; Hakhverdian and Schakel, 2017) and interest-group lobbying (Gilens, 2012). This second analysis is more exploratory than the first, owing to more stringent data limitations. But available empirical information provides some leverage to provide preliminary evidence which later chapters will expand on.

To develop these lines of inquiry into representation, I largely follow the research design used by Martin Gilens in his recent work on responsiveness in the United States (Gilens, 2012). Focusing on the Netherlands, I selected 291 questions from pre-existing surveys conducted in the Netherlands between 1979 and 2012, each question asking respondents for their opinions on particular policy changes. For each of these, coders tracked down whether the policy change in question was enacted in the subsequent four years following the survey. This results in an original dataset of public opinion and government policy that is uniquely suited to explore unequal representation.

The main finding of this chapter is that, amidst general policy responsiveness to public opinion, responsiveness is strongly skewed toward wealthier citizens. And when preferences between income groups diverge, only the higher incomes have an effect on policy change. When it comes to possible causal mechanisms, political participation – measured as voting during national elections – of wealthy versus poorer citizens seems to matter, though it cannot fully account for the gap in responsiveness. The expectation following from the literature on descriptive representation is not clearly supported. Finally, there are good reasons to think that lobbying activity by corporations contributes to unequal responsiveness, with civil society groups playing a subordinate role.

All in all, what emerges is a very sobering picture of democracy in the Netherlands. Moreover, the key elements in this picture – the presence of economic inequality, the association of income with political preferences, and inequalities in political participation, descriptive representation and interest-group lobbying – are not just found in the Netherlands but also in many other Western European countries. Hence, there are good reasons to expect political inequality to arise in those countries as well.
3.2 FRAMEWORK

In the introductory chapter, I argued that it is useful to depart from the notion that three basic conditions have to be met before unequal representation can arise (see also Winters and Page, 2009, p. 732). First, a resource should be unequally distributed in society. Second, this resource should be correlated with certain political preferences. Third, it should be possible for this resource to be converted into political influence in some way. Income stands out as a resource for which these criteria are potentially met in many countries, as income is very much unequally distributed (Alvaredo et al., 2018), it is a strong predictor of political preferences (Gilens, 2009; Rehm, 2009; Page, Bartels and Seawright, 2013; Arunachalam and Watson, 2018) and there are good reasons to think that money can be used as a political resource in many contexts.

So far, however, the vast majority of the evidence in support of unequal representation – and hence, its three conditions – comes from the United States (Rigby and Wright, 2011; Gilens, 2012; Ellis, 2013; Gilens and Page, 2014; Bartels, 2016). The United States is in many ways a most-likely case to find income inequality in representation, which I have also argued in the introductory chapter. To gauge the generalizability of the patterns found in the American context – that is, the prevalence of unequal representation – it is useful to focus our attention on a least-likely case. Arguably, the Netherlands presents such a case.

To understand what makes the Netherlands a least-likely case, we can use the three conditions for unequal representation. A least-likely case is one where income differences are muted, where income is not strongly correlated with political attitudes and where it is difficult to use income as a source of political influence. The first and third condition are the most relevant here, since I have no clear reasons to expect that the association between income and political preferences is weaker or stronger in the Netherlands than in other established democracies.

With regard to the first condition, income inequality is low in the Dutch context compared to most other countries. This is particularly true in terms of top incomes, which is presumably the most relevant measure when looking at the overrepresentation of the rich. In 2010, the top one percent of the income distribution earned 6.4 percent of total income in the Netherlands, joining Denmark as reserving the smallest share for the top one percent of any country in the world. That same year, the top ten percent earned 30.6 percent of all income, which is slightly more than they earned in Denmark (26.9 percent) but comparable to other Scandinavian countries (e.g. Sweden at 31.0 percent) and still among the lowest in the world. In comparison, the top one percent took home twenty percent of all earnings in the United States.
States in 2010, whereas the top ten percent took almost half (47.1%).

As for the third condition, there are various mechanisms that feature prominently as explanations for unequal representation in the United States which do not apply to the Netherlands. One important difference between the Netherlands and the United States is found in the role of money in politics. The vast and growing campaign contributions in American elections are the most common and perhaps the most plausible explanation of unequal responsiveness there (Dawood, 2015; Ferguson, Jorgensen and Chen, 2016; Page and Gilens, 2017, pp. 90–130). In contrast, political donations play a much smaller role in Dutch politics. Even compared to other European countries, elections in the Netherlands are inexpensive (Nassmacher, 2009, pp. 109–120). Since the amount of campaign contributions is strongly related to income (Schlozman, Verba and Brady, 2012; Bonica et al., 2013), this is expected to dampen unequal responsiveness along income lines. An additional difference lies in the electoral system. Proportional representation has been shown to be closely associated with left-wing governments and increased redistribution (Iversen and Soskice, 2006), and the Netherlands has one of the most proportional systems in the world. Finally, the socioeconomic background of representatives seems less skewed in the Netherlands compared to the United States, where more than half of all members of Congress are millionaires (Center for Responsive Politics, 2018). Following the growing literature that explores the effects of politicians’ personal backgrounds on their views and behavior (Burden, 2007; Carnes, 2013), this can also be expected to lead to more equal responsiveness.

All of this makes the Netherlands a least-likely case, but even in this least-likely case I expect income inequality to affect responsiveness, such that the opinion-policy link will be stronger for citizens with high incomes than for citizens with lower incomes. In other words, many prominent causal mechanisms from the American context do not apply in the Netherlands, but there are some mechanisms that I do expect to apply. Three, in particular, have often been suggested in both the American and European literature: political participation (Rosset, 2013; Erikson, 2015), descriptive representation (Carnes, 2013; Hakhverdian and Schakel, 2017) and interest-group lobbying (Hacker and Pierson, 2010). To be clear, I do not claim that this list is exhaustive, and chapter 5 contains a more elaborate overview of the possible mechanisms.

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41 All figures were obtained from the World Inequality Database (wid.world, accessed on 1 September 2018). 2010 was chosen because this was the most recent year for which data were available for some countries.
42 The majority of Dutch Party financing comes from membership dues and public subsidies (Veling et al., 2018). The money that flows in from private donations amounted to twenty-four million euros between 2015 and 2017 (in current euros). However, the vast majority of this came from politicians themselves, and in particular from representatives of the Socialist Party, for whom it is mandatory to donate their income to the party in return for a smaller fee. Excluding this, private donations totaled less than one million euros between 2015 and 2017 (De Vries and Boogaard, 2017).
43 In a recent paper, Eggers and Klasnja (2018) estimate the proportion of millionaires in the U.S. Congress to be about three quarters.
44 All of these considerations are summed up in the Varieties of Democracy database. On the question whether “political power [is] distributed according to socioeconomic position”, experts rank the Netherlands as the 6th most equal country in the world since 1980, while the United States ranks 62nd.
Nevertheless, all three of the above are plausible mechanisms in their own right and therefore worth exploring. I discuss each of them below.

The first and perhaps most obvious mechanism linking income to political influence is electoral participation in other forms than political donations. There is quite clear evidence that people with high incomes participate more in politics than those low incomes, through such activities as voting and working for a party (Gallego, 2007; Ojeda, 2018). Moreover, American research indicates that voters are better represented in Congressional roll-call votes than non-voters, for straightforward reasons: voters have more influence over who ends up in office, they communicate their preferences to politicians more clearly and they provide more incentives for politicians to act upon these preferences (Griffin and Newman, 2005). Together, these arguments suggest that political participation is a plausible causal mechanism connecting income to responsiveness. 45

Second, it is worth singling out the most intensive form of political participation of all: holding public office. While the Dutch parliament is not the ‘millionaire’s club’ that the U.S. Congress is, it is by no means representative of the Dutch population. This statement should be qualified by noting that there are no attempts, to my knowledge, to estimate the (previous) income or wealth of parliamentarians in the Netherlands. Yet, we do know that the Dutch parliament is highly skewed in terms of education, a related variable, prompting claims that the Netherlands is a “diploma democracy” (Bovens and Wille, 2017). Moreover, although the presence of government ministers from middle-class backgrounds has increased in recent decades, around forty percent are still from the upper class while only ten percent come from working class families (Bovens and Wille, 2011, p. 71). Hence, even without exact information on the net worth of Dutch politicians, it is likely that they are mostly in the upper deciles of the population. If this informs their political views and priorities, this may also be a plausible explanation of biased responsiveness.

The third possible mechanism is that the views represented by interest groups may align more closely with the views of the rich than the poor. Here, it makes sense to distinguish between two broad types of interest groups, namely civil society groups and corporations. Civil society groups, such as consumer and environmental organizations, can contribute to unequal responsiveness if (a) membership of these groups is positively correlated with income, (b) people join these groups (in part) to influence policy and not just to get membership benefits, (c) civil society groups take their members’ views into account when trying to change policy and (d) civil society groups are successful in changing policy.

45 As I discussed in the introductory chapter, the U.S. literature has not found clear support for the mediating role of electoral participation (Flavin, 2012; Bartels, 2016), but I see no reason to rule out its relevance for the Dutch context at this stage.
Although all of these conditions seem plausible, it remains to be seen whether they are met strongly enough to increase inequality in responsiveness.

When it comes to corporations and their associated lobby groups, we may assume that their political stances are more similar to the preferences of the rich than the poor, certainly on economic issues. The opposite should apply to trade unions. The plausibility of this mechanism therefore hinges on the extent to which corporations are more influential in the policy process than unions. Research in the United States has indicated that this is the case, exploring mainly the instrumental sources of this influence (Ferguson, 1995; Hacker and Pierson, 2010; Gilens and Page, 2014). The strong corporatist tradition in the Netherlands would suggest that this does not apply to the Netherlands, but I know of no direct test of this hypothesis (cf. Van Waarden, 1992). Furthermore, Dutch corporations may still have a structural advantage over labor as drivers of economic growth and employment (Lindblom, 1982). All in all, many questions are unanswered about both types of interest groups, but in both cases, there is at least the possibility that they contribute to an economic bias in responsiveness.

To sum up, the overarching hypothesis of this chapter is that policy responsiveness is stronger for citizens with high incomes than for citizens with middle or low incomes. In addition, more tentative hypotheses state that this unequal responsiveness can be explained by biases in electoral participation, the socioeconomic background of representatives and interest-group lobbying.

### 3.3 DATA AND METHODS

To analyze the policy implications of citizen attitudes in the Netherlands, I follow the research design used by Gilens (2012). The basic idea is to gather a large number of questions from pre-existing surveys that ask respondents for their opinions on specific policy changes. These questions can cover all kinds of topics, the only common denominators between them being that they should fall under the authority of the national government and they can be linked to subsequent policy changes. For each question, coders could then track down whether the policy change was passed in the years following the survey. A major reason for adopting this research design is its focus on policy outcomes, which is “arguably the ultimate metric of representation” (Caughey and Warshaw, 2018, p. 250). As I noted in the introductory chapter, policy is what shapes the lives of citizens in many crucial ways and can therefore be considered the ‘prize’ of the political process (Hacker and Pierson, 2014).
Survey questions that were asked within less than two years of another question on the same specific issue were discarded. Furthermore, I only used questions about policy changes that were not yet enacted at the time of the survey to decrease the possibility of reverse causation. This results in a collection of 291 survey questions. These questions were asked between 1979 and 2012 and are spread fairly evenly across time, with the exception of a peak in the period 2010–2012. The sources of the survey questions are listed in Table A3.1 in the appendix. The complete list of all questions can be found in online appendix 3B.

It is important to add that the survey questions differ from those used by Gilens in the sense that he only used questions that were specifically asked in response to current events, often by media organizations. Due to more limited availability of survey data in the Netherlands, only half of the questions in the sample come from such organizations, while the other half come from repeated surveys such as the Dutch Parliamentary Election Study. Some of the questions in those surveys explicitly reference current events, but this still leaves a minority of cases where questions about policy preferences were potentially included for other reasons than to tie in with a current debate. If these include questions that are not very salient to either the public or political actors, but respondents still express an opinion because they are asked to, this may result in attenuation bias in the opinion-policy link.

**Independent variables**

After gathering the survey questions, I calculate for each question how much support the policy change has among respondents. In each case, the possible answers are recoded to two categories, change (1) or no change (0), and the independent variable is the percentage of respondents that favors change. Hence, gradations in support or opposition, such as the difference between somewhat and strongly supporting a policy, are not taken into account. Moreover, respondents that answer “don’t know”, “no opinion” or “neither for nor against” are not considered when calculating this percentage.

For the measures of possible differences in support for policy changes across income groups, I calculate scores at various percentiles by regressing the recoded questions on household income and its squared term (using probability weights whenever available) and taking the resulting predicted scores at various points in the income distribution. This approach follows Gilens and was used because different surveys often have a different number of income categories, which means one cannot directly compare the lowest and highest categories. The precise

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46 A slightly larger number of questions were selected for the coding procedure (305), but in fourteen cases the policy outcome could not be coded or the outcome was coded as partial change. These are excluded from the analysis.

47 There are a number of questions that can be answered in two directions, asking respondents, for example, whether they want to increase or decrease unemployment benefits. In those cases, I look which of the two directions contains more respondents overall and the independent variable is the percentage of respondents that position themselves on this side.

48 See Gilens (2012, pp. 61–62) for a more detailed explanation of this procedure.
positioning of low- and high-income groups is somewhat arbitrary, especially when expressed in percentiles. The baseline models focus on the tenth versus ninetieth percentiles, but this will be varied as a robustness check. Middle income is measured, naturally, as the fiftieth percentile.

For the imputation procedure to yield reasonably reliable estimates, the original variables should have a minimum number of categories. That is to say, it is hard to estimate the preferences at the ninetieth income percentile when there are only two or three income groups. Here, I only used surveys that had at least five income groups, although this number is based more on practical experience than any mathematical deduction. The average number of income categories is around fourteen for the surveys used in the analysis.

**Dependent variable**

For each survey question, coders tracked down whether the policy change was enacted or not in the first four years following the survey. The dependent variable is therefore a dichotomous measure; either the measure passed (1) or it did not (0). If the change was not enacted during this period, this is coded as not having passed. If a change took place in the opposite direction of the question, for instance, if unemployment benefits were decreased when respondents were asked if they wanted to increase them, then this was coded as zero as well.

Coding the policy outcomes is a laborious process that involves going through official announcements, legislative changes and news articles. This task was performed by two people, who each coded about half of the survey questions. An intercoder reliability test, calculated for a random sample of forty questions, resulted in a Krippendorff’s alpha of 0.74, indicating a sufficient level of reliability.49

Summary statistics for the dependent and independent variables are presented in Table A3.2 of the appendix.

### 3.4 FINDINGS

The findings will be presented in the order of the theoretical framework. The first and longest part will address whether income has a positive effect on policy responsiveness, starting with some descriptive information. The second part will discuss the mechanisms of political participation, descriptive representation and interest-group lobbying, in turn.

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49 Full documentation of the coding procedure, including the intercoder reliability test, is available upon request.
Unequal policy responsiveness

As a first impression of the findings with regard to both public opinion and policy changes, Figure 3.1 shows the preferences of citizens with low incomes (tenth percentile) and high incomes (ninetieth percentile) on all 291 issues. The dark-grey dots indicate policy changes that were passed, whereas the lighter dots are policy changes that were not passed. Horizontal and vertical lines at fifty percent divide the observations into four quadrants. Several things stand out.

First, the preferences of the two groups are highly correlated. For the tenth and ninetieth income percentile, the correlation is 0.76; the fiftieth and ninetieth income percentiles have a correlation of 0.87. This strong association mirrors patterns found in the United States (Soroka and Wlezien, 2008; Branham, Soroka and Wlezien, 2017). In part, this might reflect the fact that different groups are exposed to similar stimuli from their environment, such that many policies are popular or unpopular among all of them, even if they differ in their level of support or opposition. In line with this, in only twenty-two percent of all cases, there is a majority of low-income citizens in support of a policy change while a majority of high-income citizens is opposed, or vice versa (the upper-left and lower-right quadrants of Figure 3.1). However, this strong relation might also partly reflect measurement error that affected all respondents of a specific survey.

Second, although the preferences are strongly correlated, Figure 3.1 shows that there are also clear differences between income groups. The average absolute difference between the preferences of the tenth and ninetieth income percentiles is twelve percentage points. This shows that income provides clear ‘room’ for unequal responsiveness, in line with the second condition discussed in the theoretical framework.\(^50\) Third, Figure 3.1 indicates that most potential policy changes are not adopted. In fact, this only happens in twenty-seven percent of all cases.\(^51\) Fourth, policy change is unlikely when the poor are in favor while the rich are mostly opposed (the upper-left quadrant). When the opposite occurs, change is more likely (the lower-right quadrant). Fifth, policies are especially likely to be adopted when a clear majority of the rich are in favor of them, indicated by the dark-grey dots on the right side of the figure.

\(^{50}\) As a comparison, the average absolute difference between women and men is six percentage points.

\(^{51}\) This is very similar to what Gilens (2012) finds in the United States, but given the difference in the nature of the survey questions mentioned above, it may not be wise to conclude that both countries have similar status quo biases.
To learn more about the effect of opinion on policy, Table 3.1 presents the results of logistic regression models where the dependent variable is policy change and the independent variables are the preferences of the different income groups. In general, public preferences have a significant positive effect on the dependent variable. At the fiftieth income percentile, for example, an increase in support of one percent multiplies the odds of a policy change being enacted by about 1.02. At the same time, this effect clearly increases with income.\textsuperscript{52}

Table 3.1: Logistic regression models of income groups

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (P10)</th>
<th>Model 2 (P50)</th>
<th>Model 3 (P90)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferences</td>
<td>1.016\textsuperscript{*}</td>
<td>1.020\textsuperscript{***}</td>
<td>1.034\textsuperscript{***}</td>
</tr>
<tr>
<td></td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.170\textsuperscript{***}</td>
<td>0.139\textsuperscript{***}</td>
<td>0.070\textsuperscript{***}</td>
</tr>
<tr>
<td></td>
<td>(0.058)</td>
<td>(0.049)</td>
<td>(0.028)</td>
</tr>
<tr>
<td>Pseudo R\textsuperscript{2}</td>
<td>0.020</td>
<td>0.030</td>
<td>0.072</td>
</tr>
<tr>
<td>N</td>
<td>291</td>
<td>291</td>
<td>291</td>
</tr>
</tbody>
</table>

\textsuperscript{*}p < 0.10, \textsuperscript{**}p < 0.05, \textsuperscript{***}p < 0.01 (two-tailed). Effects are displayed as odds ratios.

\textsuperscript{52} The difference between the coefficients of the tenth and ninetieth income percentiles is on the edge of statistical significance (p = 0.064).
To illustrate these findings, Figure 3.2 contains the predicted probabilities of a policy being passed at different levels of support among low, middle and high incomes, corresponding to models 1–3 presented earlier. The steeper line for the ninetieth income percentile indicates stronger responsiveness to their views. That is, policy change is very unlikely (around ten percent) if they are largely opposed to it, while it is quite likely (around sixty percent) if they are largely in favor.

Although these results suggest some inequality in responsiveness, they also suggest that policy is responsive to all income groups. However, given the strong correlations between the views of these groups, it may not be the case that they all independently influence policy. The obvious next step is therefore to see what happens when the preferences of income groups diverge, which we can do by limiting the analysis to issues where preferences between two selected groups differ by, for instance, ten percentage points, as Gilens (2012) does. This is done in Table 3.2.
Table 3.2: Logistic regression models of income groups when preferences diverge

<table>
<thead>
<tr>
<th>Preferences</th>
<th>10th vs. 90th percentiles</th>
<th>50th vs. 90th percentiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 4 (P10)</td>
<td>1.010* (0.010)</td>
<td>0.995 (0.013)</td>
</tr>
<tr>
<td>Model 5 (P90)</td>
<td>1.057*** (0.014)</td>
<td>1.038** (0.017)</td>
</tr>
<tr>
<td>Model 6 (P50)</td>
<td>0.995 (0.013)</td>
<td>0.527 (0.363)</td>
</tr>
<tr>
<td>Model 7 (P90)</td>
<td>1.038** (0.017)</td>
<td>0.061*** (0.055)</td>
</tr>
</tbody>
</table>

Constant

<table>
<thead>
<tr>
<th>Preferences</th>
<th>10th vs. 90th percentiles</th>
<th>50th vs. 90th percentiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 4 (P10)</td>
<td>0.207*** (0.109)</td>
<td>0.020** (0.015)</td>
</tr>
<tr>
<td>Model 5 (P90)</td>
<td>0.020** (0.014)</td>
<td>0.527 (0.363)</td>
</tr>
<tr>
<td>Model 6 (P50)</td>
<td>0.527 (0.363)</td>
<td>0.061*** (0.055)</td>
</tr>
<tr>
<td>Model 7 (P90)</td>
<td>0.061*** (0.055)</td>
<td></td>
</tr>
</tbody>
</table>

Pseudo R²

<table>
<thead>
<tr>
<th>Preferences</th>
<th>10th vs. 90th percentiles</th>
<th>50th vs. 90th percentiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 4 (P10)</td>
<td>0.007</td>
<td>0.123</td>
</tr>
<tr>
<td>Model 5 (P90)</td>
<td>0.123</td>
<td>0.001</td>
</tr>
<tr>
<td>Model 6 (P50)</td>
<td>0.001</td>
<td>0.048</td>
</tr>
<tr>
<td>Model 7 (P90)</td>
<td>0.048</td>
<td></td>
</tr>
</tbody>
</table>

\* \( p < 0.10 \), \*\* \( p < 0.05 \), \*\*\* \( p < 0.01 \) (two-tailed). Effects are displayed as odds ratios.

Strikingly, the preferences of the ninetieth income percentile continue to have a strong effect when they diverge from the tenth and fiftieth percentiles, while the effect of the latter’s preferences is indistinguishable from zero. This suggests that median citizens in terms of income are only represented to the extent that they happen to agree with the rich. Another way to test this idea is to interact the preferences of, for instance, the ninetieth income percentile with the difference in opinion with the tenth percentile. This produces the same result: the ninetieth percentile continues to have a large effect regardless of the difference in opinion (with the interaction term being small and insignificant), while the tenth and fiftieth percentiles only have an effect when the difference in opinion is small (see online appendix 3C).

Figure 3.3 illustrates these findings by plotting the predicted probabilities of policy change at different levels of support among the fiftieth and ninetieth income percentiles when the difference in opinion between them is at least ten percentage points. This corresponds to models 6 and 7 presented earlier. The Figure shows that when median and high incomes disagree on a policy, the former no longer have a discernible effect on policy change, while the latter are still influential.
Robustness checks

The main findings are strikingly similar to those of Gilens (2012) for the United States. Needless to say, it is important to check whether they are robust to alternative approaches and specifications. One such alternative approach is to use a different measure of unequal responsiveness, the so-called win rate (Branham, Soroka and Wlezien, 2017). Here, we only look at cases where a majority of one group is opposed to a policy change, while the majority of another group is in favor of it, or vice versa. Table 3.3 contains an example of this, comparing the win rates of low- and high-income citizens. When a majority of those with low incomes is in favor of change while high incomes are mostly opposed, the policy is enacted in three cases and not enacted in thirty-five cases. When the positions are reversed, the policy is enacted in ten cases and not enacted in sixteen cases. We can calculate each group’s win rate by dividing their number of ‘wins’ by the total number of observations. This is thirty percent for low incomes and seventy percent for high incomes. Similar rates are obtained when we compare median and high incomes (respectively, thirty-three and sixty-seven percent). With the understanding that this measure underestimates unequal responsiveness because it disregards what happens at other places in the preference distribution other than the middle, and because any status quo bias provides a lower bound of ‘wins’ to both groups, this is in line with the findings presented earlier.
Table 3.3: Win rates of low- and high-income citizens

<table>
<thead>
<tr>
<th></th>
<th>Low favor, high oppose</th>
<th>High favor, low oppose</th>
<th>Total wins</th>
<th>Win rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low win</td>
<td>3</td>
<td>16</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>High win</td>
<td>35</td>
<td>10</td>
<td>45</td>
<td>70</td>
</tr>
</tbody>
</table>

A second important robustness check is to control for individual-level variables that are correlated with income. The most essential of these is education because this plausibly meets the same three criteria for unequal representation as income. In line with this, some commentators have argued that Dutch politics is dominated by the higher educated, hypothesizing – but not testing – that this skews policy in their favor (Bovens and Wille, 2017; Hakhverdian and Schakel, 2017).

To control for education, I first calculate preferences at different education percentiles in the exact same way as was done with income. The most straightforward approach would then be to estimate a model of policy change with the preferences of, say, the ninetieth income and the ninetieth education percentiles, but this would be quite unstable given the high correlation between the two variables and the limited number of observations. What we can do, however, is interact the variables in the imputation procedure to obtain estimates of, for instance, highly educated and low-earning respondents. Using the same three groups as before (at the tenth, fiftieth and ninetieth percentiles), we get nine combinations of income and education, which can be entered in nine separate logistic regression models as predictors of policy change. The results of this are presented in Table 3.4, which contains the regression coefficients of each model. This shows that the effect of education is in fact larger than the effect of income. That is, increasing education within income groups leads to a larger increase in the odds ratio than increasing income within education groups. At the same time, policy responsiveness still increases with income when holding education constant, though as expected the effect is smaller than in previous models.54

Table 3.4: Effects of education and income on policy change

<table>
<thead>
<tr>
<th>Income, P10</th>
<th>Education, P10</th>
<th>Education, P50</th>
<th>Education, P90</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0077</td>
<td>1.0128**</td>
<td>1.0166***</td>
<td>1.0077</td>
</tr>
<tr>
<td>1.0179***</td>
<td>1.0242***</td>
<td>1.0274</td>
<td>1.0179***</td>
</tr>
<tr>
<td>1.0353***</td>
<td>1.0361***</td>
<td>1.0361***</td>
<td>1.0274</td>
</tr>
</tbody>
</table>

* p < 0.10, ** p < 0.05, *** p < 0.01 (two-tailed). Effects are displayed as odds ratios.

54 The difference between the coefficients of the tenth and ninetieth income percentiles, within each of the education percentiles, falls short of conventional levels of statistical significance. However, the fact that preferences between the two groups often overlap, coupled with the limited number of observations, limits the practical significance of this finding. When the preference gap between the two groups exceeds ten percentage points, as in Table 3.2, the difference between the two coefficients is significant at α = 0.10.
The main result holds up to a wide range of other specifications. For the sake of brevity, these will be discussed more briefly than the previous two robustness tests, with the full results being relegated to online appendix 3D.

First, perhaps citizens with high levels of income are more attentive to changing macroeconomic circumstances and adapt their preferences accordingly. If the same goes for policymakers, this could explain the positive association of income with responsiveness (see Iversen and Soskice, 2019, p. 25). However, controlling for economic growth, unemployment and the size of government debt, either at the time of the survey or the average of the four-year period following the survey, leaves the effects as they are. The same goes when controlling for the left-right position of the government, again either at the time of the survey or over the years following it (online appendix 3D, Tables 3D.1–3D.2). Controlling for the year of the survey does not change the effects either (online appendix 3D, Tables 3D.3–3D.4).

Another possibility is that the effects are driven by one of the survey organizations that gathered the original data, perhaps because of the kinds of questions they ask. This does not appear to be the case, since either including dummies for the large survey organizations or excluding them one by one does not affect the results (online appendix 3D, Tables 3D.5–3D.6). Excluding survey questions about government spending, since spending is somewhat noisy as a measure of policy change (as discussed in the previous chapter), also has little effect on the regression coefficients (online appendix 3D, Tables 3D.7–3D.8).

The results could also be driven by outliers, particularly given the modest number of observations. However, if the analyses in Table 3.2 limited to issues where preferences diverge by more than ten percentage points but less than twenty-five percentage points, the findings do not change (online appendix 3D, Tables 3D.9). Furthermore, measuring low income as the fifth or twentieth percentile, and high income as the ninety-fifth or eightieth percentile, produces results that are in line with those presented earlier (online appendix 3D, Tables 3D.10–3D.11). Finally, using alternative estimators (ordinary least squares and probit) and using either robust or clustered standard errors (by year) does not lead to different conclusions either (online appendix 3D, Tables 3D.12–3D.17).

Causal mechanisms

The previous analyses have unearthed strong evidence of unequal policy responsiveness. I now turn to three potential explanations of this finding, namely political participation, descriptive representation and interest-group lobbying. To test whether the positive effect of income on policy responsiveness is mediated by political participation, I look at voting
behavior. Of course, voting is only one form of political participation, a form that differs from others by being more widespread and less strongly associated with socioeconomic characteristics (Bovens and Wille, 2017). Moreover, measuring voting behavior in surveys can suffer from over-reporting (Bernstein, Chadha and Montjoy, 2001). Both may lead to an underestimation of the mediating role of participation. At the same time, voting is an act with obvious significance in the process of representation and may also act as a proxy for more intensive forms of participation with which it is strongly correlated.

Of the 291 observations, 235 (or eighty-one percent) are taken from surveys that ask respondents either whether they voted in the previous national election or whether they intend to vote in the next national election. Hence, it is possible to calculate the preferences of self-identified voters and non-voters, interacted with income, for these 235 observations. Doing so reveals, first, that responsiveness is stronger for voters than non-voters at each income percentile. For voters at the fiftieth income percentile, for example, an increase in support of one percent multiplies the odds of a policy change being enacted by about 1.026 ($p = 0.001$). For non-voters at the fiftieth percentile, this is only 1.014 ($p = 0.032$). However, when estimating a model with the preferences of low-income voters and high-income non-voters as independent variables, the effect for high-income non-voters stays intact (OR = 1.018, $p = 0.038$), whereas the effect for low-income voters disappears (OR = 1.003, $p = 0.759$).\footnote{These two variables share a correlation of 0.68, which is sufficiently low to avoid problems of collinearity.} This suggests that controlling for voting at national elections does not eliminate the income bias in responsiveness. In fact, it is more important to have a high income than to vote when one wants their views to be implemented.

The second potential mechanism assumes that politicians’ personal backgrounds align more closely with the top of the income distribution than the bottom, and that this informs their views and actions. Testing this mechanism is hampered by the fact that, as mentioned earlier, I know of no effort to collect information on politicians’ (previous) income or wealth in the Netherlands. However, we do have information on the previous occupation of all those who entered the Second Chamber of parliament between 1994 and 2012 (Mügge et al., 2019). I use this to derive estimates of socioeconomic status with the index of Ganzeboom et al. (1992). This measure is based on the occupation’s income, education level and prestige. On the one hand, this is only an approximation of the purely economic backgrounds of representatives. On the other hand, the other parts of this index may by themselves also affect one’s political views (Carnes, 2013), potentially making this an easier test of this mechanism.

Between 1994 and 2012, 549 different people served in the Second Chamber of the Dutch parliament. 364 of these, or two-thirds, had professions that are classified as managers by the
2008 International Standard Classification of Occupations. Many in this group were already active in politics, for instance, on the municipal level. Another 157 (twenty-nine percent) were professionals, often in the field of policy administration. This leaves only twenty-eight (five percent) for the remaining categories. In comparison, only seven percent of the Dutch labor force were managers and seventeen percent were professionals between 2003 and 2012 (Statistics Netherlands, 2018).

The next question is whether this skew in socioeconomic class affects substantive representation. If so, it seems likely that it does so by affecting parliamentarians’ policy views. On the mass level, the association between socioeconomic status and policy views is quite clear. In the European Social Survey for the Netherlands, going from the lowest status to the highest status decreases support of reducing income inequality by 0.6 points (on a scale from one to five). It also increases support for European unification by 1.5 points (on a scale from zero to ten) and increases support for immigration by 1.6 points (on a scale from zero to ten).56

To find out whether the same association holds on the elite level, I match parliamentarians’ previous occupation to elite surveys conducted by Rudy Andeweg in 1990, 2001 and 2017. In this data, however, socioeconomic status is not as clearly related to parliamentarians’ responses to survey questions about reducing income inequality, European unification and immigrant integration (Table 3.5).57 The only possible (and intrinsically important) exception is the first, where going from the near-lowest status to the highest status in the sample decreases support for reducing inequality by 0.5 points (on a scale from one to seven), though this effect falls short of statistical significance.58 Of course, the limited variation in socioeconomic status on the elite level makes it harder to find a significant effect. Still, the mechanism of politicians’ personal background is not clearly supported in this analysis.

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56 These estimates are based on a combined dataset of all European Social Survey rounds between 2002 and 2012, with dummies for each wave and using post-stratification weights. The full text of the survey questions is as follows: "Using this card, please say to what extent you agree or disagree with each of the following statements. The government should take measures to reduce differences in income levels"; "Now thinking about the European Union, some say European unification should go further. Others say it has already gone too far. Using this card, what number on the scale best describes your position?"; "And, using this card, would you say that the Netherlands’ cultural life is generally undermined or enriched by people coming to live here from other countries?"

57 All three variables are measured on a scale from one to seven. The text of the survey questions is as follows: "How would you place yourself on a line from one to seven, where one means differences in income should be increased and seven means that differences in income should be decreased?"; "Where would you place yourself on a line from one to seven, where one means that the European unification should go even further and seven that the unification has already gone too far?"; "Where would you place yourself on a line from one to seven; one meaning preservation of own culture for foreigners and seven meaning that they should fully adapt [to Dutch culture]?

58 This estimate is not based on the very lowest status because there are a handful of negative outliers. Instead, the ‘near-lowest’ value is a socioeconomic status of forty-three on a scale from zero to hundred, which is the second percentile.
The role of interest groups, finally, is hardest to assess, largely because most of the surveys used in the main analysis do not contain questions on interest-group membership. Nevertheless, previous research provides some indications as to the importance of interest group in bringing about unequal responsiveness. Starting with civil society groups, research by Hanegraaff et al. (2018) shows that citizens who are higher educated, older and male are overrepresented among members of interest groups in the Netherlands. Given the positive association of all these factors with income, the same membership bias is likely to exist between rich and poor citizens. The bias is not amplified in the next step of the policy process, in the sense that interest groups with more privileged membership profiles are not consulted more often by policy makers, but it is not decreased either (Hanegraaff, Berkhout and Van der Ploeg, 2018). Furthermore, in organizations with members from different economic strata, the rich may be more influential in setting the interest groups’ agenda than the poor (Strolovitch, 2006).

It would appear very plausible that civil society groups contribute to unequal responsiveness, if it was not for one factor: mass-based interest groups may not actually influence policy (Lowery, 2013). To the extent that these groups have any influence, this is mostly confined to non-salient policy changes, where the total number of actors fighting over the direction of policy is small. However, the policies I analyze here do not fall into this category, as they were all prominent enough to be included in national surveys and were usually actively debated in the media and the political sphere. Since the general public can hardly be expected to know and care about what are often minor policy changes, the role of civil society groups in fostering unequal responsiveness – or any kind of responsiveness – is very much in doubt. In contrast, corporate lobbying provides a more plausible explanation of biased responsiveness, for several reasons. First, corporations are overrepresented among interest groups in the Netherlands. In this sense, the Netherlands is similar to other European countries, as well as the European Union (Berkhout, Hanegraaff and Braun, 2017). Second, and in line with this, the corporatist tradition that aimed to balance the demands of labor

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Table 3.5: Linear regression models of elite policy views by socioeconomic status

<table>
<thead>
<tr>
<th>Socioeconomic status</th>
<th>Model 8 (Redistribution)</th>
<th>Model 9 (EU unification)</th>
<th>Model 10 (Integration)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.012</td>
<td>0.004</td>
<td>-0.006</td>
</tr>
<tr>
<td></td>
<td>(0.010)</td>
<td>(0.010)</td>
<td>(0.009)</td>
</tr>
<tr>
<td>Year dummies</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Constant</td>
<td>5.758***</td>
<td>3.070***</td>
<td>4.758***</td>
</tr>
<tr>
<td></td>
<td>(0.688)</td>
<td>(0.706)</td>
<td>(0.607)</td>
</tr>
<tr>
<td>R²</td>
<td>0.013</td>
<td>0.063</td>
<td>0.004</td>
</tr>
<tr>
<td>N</td>
<td>302</td>
<td>303</td>
<td>302</td>
</tr>
</tbody>
</table>

\( p < 0.10, * p < 0.05, ** p < 0.01 \text{ (two-tailed)} \)
and capital is showing clear signs of decline in the Netherlands. One of these signs is that corporations have become the dominant actors in parliamentary hearings since the 1990s, dwarfing the presence of unions (Aizenberg and Hanegraaff, 2020). Another suggestive piece of evidence is that the policies announced in Dutch coalition agreements have, in the past three decades, led to a lower tax burden on corporations than what was planned in the programs of the coalition parties. The opposite applies to the tax burden on labor. In other words, corporations apparently have a way to shift policy proposals in their favor during the formation of a coalition government (Bolhuis, 2018). All of this is still a long way from proving that policy change is decisively affected by corporate lobbying, but the existing findings are at least consistent with it.

3.5 CONCLUSION

This chapter has explored unequal responsiveness in the Netherlands. Based on an analysis of 291 potential policy changes between 1979 and 2012, it finds, first, that there are vast inequalities in the substantive representation of rich and poor citizens. Even in separate, bivariate models, the effect of preferences on policy changes increases with income. Furthermore, when preferences diverge, citizens with low or median levels of income have no discernible effect on policy, while the effects remain strong for the ninetieth percentiles of income. This finding, which mirrors Gilens’ (2012) conclusions for the United States, may come as a surprise. But even in a relatively egalitarian and inclusive context such as the Netherlands, there are clear biases in government responsiveness. The main hypothesis, hence, finds substantial support in the best and substantial body of available data.

The second and more exploratory part of the analysis considered three potential causal mechanisms behind this income bias in representation: political participation, descriptive representation and interest-group lobbying. Such exploration yields mixed but important results about the roots of the manifestly unequal representation. Political participation, measured in this chapter as voting during national elections, does seem to matter, but it cannot fully account for the gap in responsiveness. The expectation from the literature on descriptive representation, i.e. that the socioeconomic status of parliamentarians can predict their policy views, was not supported, though this test was necessarily weak given the limited variation in the independent variable. Finally, there are strong reasons to think that a third major mechanism, lobbying activity by corporations, substantially contributes to unequal policy representation, with civil society groups playing a subordinate role.
To sum up, the previous chapter found evidence for unequal representation for one policy area in many countries, while this chapter found similarly supportive evidence for many policy areas in a single, least-likely country. Combined, this represents strong support for the notion that high-income citizens are more influential in the policy process than middle- and low-income citizens. This conclusion applies to many established democracies, to various policy areas and to different time periods. While this is a very significant insight, it naturally raises the question how this inequality in representation can be explained. I have already considered some possible answers in this chapter, but this line of inquiry is still suggestive and incomplete at this stage. The second half of this dissertation is devoted to exploring the causal mechanisms behind unequal representation, starting with an analysis of political parties as intermediaries between public opinion and policy.