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DIFFERENCE IN POLITICAL REPRESENTATION BASED ON ECONOMIC STATUS

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ABSTRACT

An important feature of a democratic polity is that public preference affects the actions of government. Research finds that the relationship between public preferences and government varies substantially across policy issues and the characteristics of the public. A consistent finding is that those with greater wealth and access to resources are more likely to have their policies implemented by the government. In my honors thesis I want to examine the relationship between political representation and economic factors in California state government. To study this relationship, I will focus on housing policy in the state, because it is an issue where preferences are likely to vary substantially across income groups making it possible to identify if some receive better representation than others. My current research plan is to study California Senate Bill 50 to understand the political dynamics of this piece of legislation and analyze what it can tell us about political representation based on income and wealth. I hope to also understand if there are biases in political representation based on constituent socio-economic status. The empirical results are not supportive of the predictions based on the political science literature. First, with only 30 votes recorded from Senator observations there is a lack of data available to identify relationships between the variables. Second, there is some evidence from California that environmental groups were divided in their support.

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I. Introduction

Political representation is an important aspect of a democratic system. In a democratic polity, public preferences should affect the actions of the government. Citizens' preferences and interests should be reflected in the legislation that is passed or the acts taken by the government. The United States is a democratic republic as opposed to a direct democracy in which each elected official represents a district and each elected official is responsible for taking the concerns of their constituents and representing their interests in the legislature. However, the literature surrounding this topic shows that the relationship between public preferences and government varies substantially across policy issues and the characteristics of the public (Canes-Wrone 2015). A consistent finding is that those with greater wealth and access to resources are more likely to have their policies implemented by the government. (Ellis 2012). There is a body of literature that suggests that income variation creates a discrepancy in the representation violating the original purpose of a democratic republic.

In my honors thesis, I will examine the relationship between political representation and economic factors in the California state government. To study this relationship, I will focus on housing policy in the state, because it is an issue where preferences are likely to vary substantially across income groups making it possible to identify if some income groups receive better representation than others. My current research plan is to study a piece of legislation in the last decade to understand the political dynamics of that piece of legislation, and what it can tell us about political representation based on income and wealth. I argue that in California Housing policy the interests of California homeowners will be represented more than California renters.

To shed light on the factor that may affect representation, in this thesis I will examine how legislative support for policies that would expand access to housing are related to interest group donations and constituent characteristics.

II. Literature Review

Overview

Two broad theoretical approaches seek to explain the factor (s) that influence the extent of political representation in the government. The first is that regardless of levels of participation from the constituency there is a bias towards representing those that are part of an official interest group. Inequality in representation and agenda setting emerges because interest groups have their concerns prioritized in the agenda-setting stage of legislation and many times these interests differ vastly from the public agenda (Kimball et.al 2012). Since interest groups have more access and the ability to have their interests considered by legislatures, this causes differences between the government agenda and the public agenda. Another reason for interest group influence is that interest groups can donate large sums to campaigns, which may give these groups access to representatives or create an incentive for legislators to prioritize their interests so they can secure funding for their reelection campaign.

The second theoretical approach is that representation depends on which citizens participate (Erikson 2015). This approach explains that the citizens who participate in politics are better represented and that these citizens tend to be higher-income people which is why they are represented more. There is considerable literature addressing the many reasons why wealthier people have better representation than middle/low-income citizens that are directly related to income level (Elis, 2012). One reason is that lower-income citizens are less able to afford the

costs of political participation. For example, the cost of time to vote or reach out to an elected representative is too high since these citizens may be at work and unable to vote or communicate with legislators. Those with higher income levels may have more time (or flexibility) to spend and can take time to vote or communicate with their representatives to have their interests heard and opinions represented in legislation. There is a sub-branch of literature that claims that representation is not unequal based on income level (Brunner et. al 2013). This literature argues that the legislator's votes reflect the desires of both high- and low-income voters since Republicans tend to vote in the interests of high-income voters and Democrats tend to vote in the interests of low-income voters as such the only differences that exist are due to the variation in the political parties.

Interest Group Bias

The first theoretical approach concerns the interests of interest groups regardless of the levels of participation from the constituency. The idea is that interest groups have unequal representation compared to constituents and this inequality “presents itself at the agenda-setting stage, “which explains why the public agenda and interest group agendas vastly differ from each other (Kimball et.al 2012). In the Kimball et. al (2012) study, the lobbying agenda of interest groups “bears no resemblance to the policy priorities of the public regardless of which measure of public opinion is used” (Kimball et.al 2012). Interest groups are typically focused on the interests of corporations, institutions, firms, etc. as opposed to the interests of the general public. While there are some interest groups that are designed to work for disadvantaged groups, even these have a tendency to favor those members that are of a higher income bracket (Kimball et.al 2012). Compared to the common voter [TE1] [TE2], interest groups have a greater ability to

push their own agenda and make their interests and preferences known to politicians. Unlike regular voters or unorganized interests, “interest groups can spend as much as they can afford on campaign contributions, public relations campaigns and government lobbying” (Kimball et.al 2012).

The most prevalent area where interest groups’ influence can be found is in the policy agenda process. Due to interest groups favoring the interests of those of greater wealth by nature, this creates a class bias within the policy agenda process as interest groups push the interests of the upper class. This class bias “may produce a controlled policy agenda that ignores issues that organized interests do not want to be addressed... [thus, the policy agenda] may not reflect the issue priorities of the public” (Kimball et.al 2012). In a study done by Kimball et al, first public and interest group interests were determined and as expected they differed greatly from each other. The study then went on to see which interests were addressed when determining the policy agenda and the study found that “hearing held in the people’s Congress seem to correspond with interest group priorities more than public priorities” (Kimball et.al 2012). Since interest groups’ agendas do not align with that of the public the results of the study begin to show a trend of interest group bias with policy agendas.

Critics of this body of literature argue that interest group bias is not the issue with representation but representation is biased among various income levels. that differences in income between members of the constituency do not affect representation due to the use of “heuristics, decision-making shortcuts, such as party identification, core principles, ideology or endorsements to accurately decide which candidates best support their preferences” (Kimball et.al 2012). Since there are many shortcuts, available to both upper- and lower-income voters, that allow for informed decisions on which candidates would best support their preferences. It is

argued that these tools are sufficient for all voters, even disadvantaged groups, to have their interests represented through voting and other forms of political participation. There are also findings that “differences in policy opinions between income and other demographic subgroups tend to be small or non-existent...[and] policy preferences of different income groups move in tandem over time” (Kimball et.al 2012). The studies found even if a politician favors the wealthy demographic, despite this the government policy that comes about will reflect the interests of other demographic groups as well.

The consensus with this body of literature is that “dynamic representation the movement of government policy over time in response to the public preferences occurs fairly equally for rich, poor and middle-income Americans” (Kimball et.al 2012). Even though there is little evidence to suggest that income differences are the cause of unequal representation, interest groups are mostly ignored in this literature despite having a considerable potential to cause unequal representation.

Income based Political Representation

The second theoretical approach focuses on unequal levels of representation based on levels of political participation between wealthy and poor citizens. When defining inequality in political representation it occurs if “the preferences of some citizens are weighted more heavily than others in policy-making decisions or if the preferences of some citizens are more congruent with policy outcomes than the preferences of other citizens” (Ellis 2012). Constituents with higher income are more readily able to pay the costs of political participation at higher levels than the average constituent. Low-income voters due to the nature of their economic status are “disadvantaged in the political process in many ways that go beyond income: they vote less,

participate less, tend to know and care less about policy and are less likely to have the political ‘resources’ necessary to voice their views” (Ellis 2012). This literature suggests that due to the increased political participation, these citizens have their interests represented more since they are more politically involved compared to other constituents. The increased political influence of the rich can be highly attributed to the fact that “a member of the 1% is 2.5 times more likely to vote than someone in a homeless shelter” (Erikson 2015).

Although this comparison may be seen as extreme this trend is present among members of the 1% and people within the upper-middle class. Between the rich and poor “one advantage the rich have over the poor is greater access to news about politics. The rich are more knowledgeable about politics than the poor, resulting in more effective political influence” (Erikson 2015). Higher-income allows for people to spend more resources on increasing their political knowledge as opposed to spending those resources on other necessities. Compiling data from the American National Election Studies Erikson ran a regression and found that “almost 50% of respondents in the highest income category score have political knowledge scores at least one standard deviation above the mean” (Erikson 2015). These respondents were not only slightly better informed than the mean but they had an entire standard deviation point higher than the mean, compared to “almost 50% of respondents in the lowest income category score at least one standard deviation below the mean” (Erikson 2015).

When accounting for individuals with more political knowledge there is a division between the political opinions of the rich and the poor, “the more informed [a voter] is, the more one supports policy positions consistent with one’s economic standing” (Erikson 2015). A lack of political knowledge places low-income voters at a disadvantage because “the inability to develop coherent preferences necessarily precludes policy representation as it is unclear what

‘representation’ of public preferences even mean if those preferences are not themselves systematically meaningful” (Ellis 2012). There is a lot of variation in voting based on voters’ income level, even when standardizing political knowledge, among the informed. Since voters with higher incomes can participate at higher rates than voters with low incomes, they can vote according to their class interests making their interests more salient to representatives than their lower-income counterparts. High-income voters, vote at higher rates than low-income voters and have an increased rate of political participation. Due to this, representatives make more of an effort to cater to the interest of higher-income voters so that they are viewed more favorably at the ballot when they are up for reelection.

Proportional Representation

Another body of literature makes the argument that representation is not unequal due to income variation, but rather political representation is proportional to the actual turnout of voters. In a study conducted by Brunner et. al, they found that “the opinions of high- and low - income voters are highly correlated; the legislator’s vote often reflects the desire of both” (Brunner et al 2013). Since certain people turn out to vote more than others, their interests will be represented in policy and laws since they are engaging in political participation. Representation is present when “the legislator casts the same vote the individual would have cast, had that individual been in a position to do so” (Brunner et. al 2013). In the study, the results indicated that, “contrary to popular view, [they did] not find that less income means less representation” (Brunner et. al 2013). Instead the data showed that the, “underrepresentation of the politically disadvantaged [were]—those voters [who were] represented by a politician of the opposing party” (Brunner et.

al 2013). Supporters of this argue that representatives are representing those that engage and express their interests and opinions.

III. Predictions

To see if political representation plans to focus on housing legislation to examine the trends of political representation because, in the state of California, housing is a salient issue considering the rate of homelessness and the projected population increase. Specifically, I will study SB-50 Planning and zoning: housing development: streamlined approval: incentives legislation. Over the last decade, “California housing has become the most expensive in the nation, the excessive cost... is partially caused by activities and policies of many local governments that limit the approval of housing” (Bill Text SB-50). There is a current “unmet housing backlog of nearly 2,000,000 units and [California] must provide for at least 180,000 new units annually to keep pace with growth through 2025” (Bill Text SB-50).

The housing crisis in California is steadily increasing with California voters waiting for representatives to pass legislation to alleviate the situation. In a survey conducted by California YIMBY, the Public Policy Institute of California, and Change Research “over 60 percent of California voters have repeatedly said they want to see the state act to make it easier to build homes near transit and jobs, and support the regulatory and other changes necessary to legalize housing in urban areas” (California Yimby). There is a need for an increase in affordable housing available in job-rich areas which the Senate Bill 50 is trying to fulfil.

The amended version of SB-50, the More Homes Act by Senator Scott Wiener of the 11th Senate District would “allow construction of duplex, triplex, and fourplex residential units without additional local government approval in single-family neighborhoods... [the bill would] supersede local zoning rules that have limited density” (Myers 2020). Weiner’s revised proposal

would create a streamlined CEQA approval process for the multifamily homes to be approved and built (Bill Text SB-50). CEQA is the California Environmental Quality Act which has an in-depth process to analyze, all projects that will have an impact on the environmental landscape. California Environmental Quality Act, “requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect” (Bill Text SB-50). Streamlining the CEQA process along with the density bonus law, which requires the city and/or county to “provide the developer with a density bonus and other incentives for the production of lower-income housing units” (Bill Text SB-50) will allow for quick low-income housing to be developed.

The district-level characteristic I will be looking at is housing tenure. I expect that there will be a negative relationship between the percent of a district’s residents who are homeowners and the probability representative votes for SB 50. Currently, in California the “homeownership rate is at its lowest since the 1940s...[ranking] 49th out of the 50 states in homeownership rates... only one-half of California’s households can afford the cost of housing in their local regions” (Bill Text SB-50). Due to the high demand for affordable housing and the “lack of supply and rising costs are compounding inequality and limiting advancement opportunities for many Californians” (Bill Text SB-50). California homeowners are generally higher income than renters and have an incentive to preserve the value of their property, which can mean limiting the supply of new housing units, and therefore I expect them to oppose Senate Bill 50.

In terms of interest groups, the two primary groups related to SB 50 are environmental groups and the construction industry. I expect that there will be a negative relationship between

campaign contributions from environmental groups and the probability of voting for SB 50, because the legislation expedited construction and reduced environmental oversight of new housing projects. If representatives are biased to the interests of interest groups, such as environmental groups it is expected for them to vote against the bill. If the representative is biased to the interests of the construction industry they are expected to vote in favor of the bill. If representation varies based on income level then representatives will vote no on SB-50 aligning with the interests of the California homeowners, despite the vast number of Californians desiring the passage of this bill.

This is an important issue since the housing crisis in California is a salient issue and preference on support or opposition to housing policy can vary based on income level. Analysis of this housing policy shed some light on which body of literature accurately characterized representation in the California Senate.

IV. Methodology

The specific legislation I study is SB-50: Planning and zoning: housing development: streamlined approval: incentives. The purpose of the bill is to increase the quantity of multifamily housing. The bill would allow for an increase in building height and allow for the construction of five-story multifamily apartments that are closer to major cities. This would help alleviate the California housing affordability crisis and increase low-income housing within the city. The Bill was proposed three times and failed each time in the state legislature. SB-50 was the successor to SB-827 which was first proposed in 2018. After the first loss, SB-50 was written and proposed in both 2019 and 2020. I will examine legislators' voting records and what parties/interest groups supported the passing and failure of the bill.

To examine the relationship between a California senator’s vote on SB 50 and constituent and interest group factors I collected data for each senator on the percent of their district that is homeowners (from the U.S. Census), their political party, and used the campaign contributions data from Follow the Money to calculate the total campaign contributions to each senator, and the proportion of the contributions from construction or environmental groups. Using the industry codes assigned by Follow the Money I combined contributions from Environmental Groups or Pro-Environmental Policy into a single measure of contributions from environmental organizations or groups. I also combined the contributions from the various industries coded as construction by Follow the Money¹.

There were only 33 recorded votes on SB 50 because seven legislators chose not to vote. Due to missing data for a few variables the analysis includes at most the 33 legislators who voted, but sometimes missing data leads to fewer observations. In Table 1 I display the summary statistics for the variables used in the analysis. One of the most obvious things from this data is that construction-related contributions make up a much larger proportion of donations than environmental groups

Table 1 – Statistical Summary

VARIABLES	N	mean	sd
Percent Homeowners	31	54.05	10.04
Total Campaign Contributions	32	1,719,397	898,673
Proportion Contributions, Environment	32	0.022	0.025
Proportion Contributions, Construction	32	0.41	0.43

¹Data on California campaign contributions can be accessed at <https://www.followthemoney.org> The organization ran a large data query for me to provide me with all the data for California senate candidates who were elected in 2016 or 2018.

In Table 2 I present the multiple regression models looking at the relationship between the chosen independent variables and whether a legislator voted yes on SB 50. There were only 33 total votes cast on SB 50, and I was missing data on campaign contributions so the number of observations in the regression analysis is only 31 or 32 cases. In column 1 I examine the relationship between whether a legislator is a Democrat and voting Yes, and I do not find any relationship between that. This is not at all a surprise because the Democrats were split in support of SB 50, which is reflected in the absence of a relationship here. In column 2 I show the estimated relationship between the various campaign contribution variables and the vote choice.

Results

The results indicate a significant relationship between campaign contributions and voting, with higher amounts in the proportion of campaign funds from environmental groups associated with a higher likelihood of voting Yes on SB 50 and more campaign funds from construction services associated with a lower likelihood of voting Yes on SB 50. This finding is quite different than my expectations, a point to which I return in the conclusion and discussion. Finally, I include all of the different regressors in the complete model. In this model, the only marginally significant relationship is between environmental group contributions and a greater likelihood of voting for SB50 (Levin).

Table 2 – Explaining Relationship between IV and Legislator Vote
SB 50 Vote

	(1)	(4)	(5)	(6)
VARIABLES	Party	Campaign Contributions	Percent Homeowners	Complete Model
Total Campaign Contributions		-2.99e-08 (1.23e-07)		-2.27e-08 (1.30e-07)
Environmental Contributions		42.06** (18.11)		39.39* (21.96)
Construction Contributions		-2.435** (1.124)		-2.184 (1.319)
Democratic	0.131 (0.219)			0.177 (0.289)
District % homeowner			0.00229 (0.00938)	0.00559 (0.0104)
Constant	0.429** (0.194)	0.665** (0.310)	0.393 (0.516)	0.166 (0.840)
Observations	32	32	31	31

R-squared	0.012	0.168	0.002	0.159
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Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

V. Discussion and Conclusion

Overall, the empirical results are not consistent with my expectations based on the political science literature. It seems there are at least three possible explanations for this. First, with only 30ish observations I may lack enough data to identify relationships between the variables. Second, although I drew my expectations from the general political science literature there is some evidence from California that environmental groups were divided in their support or opposition for SB 50, and perhaps my results pick up that same ambiguity. Even though SB 50 would limit the environmental review on some types of new residential construction, there are also reasons for environmental groups to support the construction of more housing. The building of new housing would likely result in higher-density living, which some environmental groups argue has considerable benefits for environmental outcomes. There were certainly environmental groups that supported the bill for the projected environmental benefits that would occur, since it would allow for “denser housing, for more people, closer transit [all while] generating fewer carbon emissions” while providing much needed housing in the state (Walker 2020). Other environmental groups opposed the bill due to failure of addressing other cross-sectional issues related to the bill. Such as equity for impoverished communities. This division in support and opposition of the bill does cloud the standard predictions we would make from other literature on housing and the environment. Additionally, in California quite a few of the environmental groups also have a commitment to racial and social issues, which means they are also supportive

of additional housing construction. Third, it may be that the same legislators who support construction groups and/or environmental groups have different preferences about SB 50 than those groups, but those groups give them money to ensure they have influence over other issues. Another way to put this is that politics involves multiple issues and therefore even if a legislator's action might be supportive on one issue, they may not be supportive on all possible issues.

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