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The Advantage of Wealth: How partisan success is affected by rising income inequality in the United States

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The Advantage of Wealth: How partisan success is affected by rising
income inequality in the United States

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Abstract:

After the end of the Second World War, the United States when through a period of great growth. As the economy grew, income inequality also grew within the country. Parallel to this, as income inequality increased, Republicans began to break the stronghold of Democratic congressional control. This begs the question, what happens to politics as income inequality increases in the United States? Can Republican success be explained by increased inequality? In order to answer this question, I theorize that income inequality increases the power of the Republican core support base, while it mitigates the power of the Democratic support base leading to better election results for Republicans. To test to see if income inequality actually increases the success of Republican candidates, I look at congressional districts from the years of 2006-2010 to see if Republicans do better in one election to the next in districts with high-income inequality. I find that Republicans do, in fact, do better in places with high income inequality but only about seven percent better, which is not a substantial amount. I conclude that income inequality might be a small explication to Republican success.

Keywords: income inequality, Republican, American politics, Congress, elections, election success, House of Representatives, Congressional races, Congressional districts

Since the end of World War II, the United States has experienced phenomenal economic growth. However, it seems the wealth of such growth has not been shared equally across classes. According to McCarty, Poole, and Rosenthal (2006), a household within the 95th percentile of the income distribution had six times the income to someone

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in the 25th percentile in 1967. In 2003, however, this number swelled to around eight times that amount (McCarty, Poole, and Rosenthal 2006). With rising income disparity, it is important to ask, how will increased income inequality affect politics or political institutions within the United States?

When looking at American politics after World War II, another interesting phenomenon occurs almost parallel to the rising inequality within America. Since World War II, Democrats have had a stark advantage in winning seats in Congress. From 1945 (79th Congress) until today (114th Congress), Republicans have held control of both the House and the Senate only eight times (80th, 83rd, 104th, 105th, 106th, 108th, 109th, and 114th Congress). Democrats, since 1945, contained the majority in both houses for twenty-two Congresses and the two parties have split six times (97th, 98th, 99th, 107th, 112th, and 113th Congress). In their book, *Polarized America*, McCarty, Poole, and Rosenthal (2006) show that the Gini index of family income within the United States has been rising since around 1969. Before 1969, the index shows much more variation. Democrats held a majority in Congress, uninterrupted from the 84th Congress all the way to the 96th (1955-1981) and even before that, Democrats only lost the majority to Republicans twice (80th and 83rd). Since Republicans broke the monopoly of Congressional Democratic power in 1981, Democrats have held a majority six times, Republicans have held a majority six times, and the two parties have split Congress another six times. Electoral success for the Republican Party seems to improve with greater inequality.

The trend above begs the question; does increased income discrepancy improve the chances of electoral success for the Republican Party? In 1981, when the Republicans broke the Democrats stranglehold in Congress, the Gini index of family income was as high as it

had ever been in the post-war era (McCarthy, Poole, and Rosenthal 2006). Since then, income inequality has been rising in the United States and Republicans have become more successful. In order to see how much of this success can be contributed to rising income inequality, I plan to test and see if higher income inequality across Congressional Districts actually do improve the chances of Republicans winning office. When looking at straight election results and income inequality by district, Democrats win more elections in places with higher inequality. However, no one has looked to see if Republicans are slowly doing better in these districts with high inequality. By running a linear regression, I hope to be able to find that when income inequality is high in a Congressional District, the Republican candidate wins an increased amount of the vote share from one election to the next. This does not mean the Republican wins office; it just shows that Republicans have an increased shot of winning in the future, if the trend is true. I look at the elections between 2006 and 2010 to see if I can observe my predicted trend.

After running a regression model comparing the Gini coefficients of Congressional Districts to the change in Republican vote from one year to the next, I find that in places with high income inequality, there was an increase in the Republican vote. I ran four different models looking at the Gini coefficient and the change in vote, another model adding for controls for regions, a third model controlling for state ideology, and a fourth combining all of the controls. In all models, the results were statistically significant and positive. However, the regression shows that going from a district with a Gini coefficient of 0 (or income is distributed equally) to a coefficient of 1 (income is concentrated in one person or there is perfect inequality) the Republican vote increased by about 34 percent (model 4). This is not that substantial since one, there are no Congressional Districts that

are a 0 or a 1 and two, most of my results fall between the Gini coefficients of .4 and .57 and

when looking at the predicted values, going from a Gini index of .4 to .57 is only about a 7

percent change in the Republican vote, which is not a substantial effect to swing an election

to the favor of the Republicans. Despite these less than substantial results, my research

could be a small piece of a larger puzzle of what income inequality will do to politics within

the United States.

Literature Review:

There are many theories for why, in the United States, there has been a rise in

income inequality. Some chalk up rising inequality to economic factors and is seen as a

natural thing that happens with rising globalization and increased trade between countries

(Hacker & Pierson 2010). Others choose to look through a political lens and see how the

political environment affects income inequality. What is it about the political landscape that

allows income inequality to increase within the United States? Recently, a rise in interest

groups allows more affluent individuals to lobby policymakers and increase their influence

in policy making. (Hacker & Pierson 2010, Gilens 2005, Gilens 2012). On top of that, the

liberalization of campaign finance laws allows richer individuals to gain more influence

through campaign donations (Gilens 2005, Flavin 2015). A system of "winner take all

politics" creates a landscape where these individuals seek policies that benefit them, rather

than the common good, which usually translates into policy that favor conditions that

exasperate inequality (Hacker & Pierson 2010, Gilens 2012, Bartles 2008). Once the more

affluent gain their policy goals, it is almost impossible for policy to change. Thanks to the

government's preference of protecting the status quo and increased polarization of the

parties, passing laws to change the status quo become even harder (McCarty, Poole & Rosenthal 2006, Gilens 2005). All of these factors build an environment that allows income inequality to continue to grow, but is it a bad thing if there is increased inequality? What effects does increased inequality have on our government?

For increased inequality to become problematic, there needs to be a difference of preferences between poor and rich individuals. If richer and poorer people possess similar preferences, than the rich gaining more influence should not be problematic. In fact, some claim that there is little difference between the preference of the rich and the poor (Soroka & Wlezien 2008). However, this claim is refuted as others advocate that the rich and poor do in fact differ on policy, especially when it comes to welfare policy (Gilens 2009, Gilens 2012). It is also the case that party affiliations increasingly divide on class lines, with richer individuals favoring Republican candidates and the poor favoring Democratic candidates (Gelman, Kenworthy & Su 2010, McCarty, Poole & Rosenthal 1997). Voting preferences between the rich and poor may also only differ in poor states where the poor prefer the Democrat and rich prefer the Republican, while in rich states, both prefer the Democrat (Gelman, Shor, Bafumi & Park 2007). If there are different preferences between the more affluent and the less well off, then it is important to see which preferences are heard within the government.

Much of the literature shows that in government policy, the preferences of the affluent are enacted more than that of the poor (Gilens 2012, Gilens 2005, Flavin 2012, Carnes 2013). This phenomenon is found at the federal level (Gilens 2012, Carnes 2013, Gilens 2005), the state level (Flavin 2012), and political parties (Rigby & Wright 2013, Keller & Kelly 2015). On the federal level, when policy preferences differ between the rich

and the poor, the policy that better reflects the preference of the rich gets enacted more than the preferences of the poor (Gilens 2012, Gilens 2005, Bartels 2008, Carnes 2013). In fact, when looking at the responsiveness of the government to different income groups, the government is most responsive to the rich, then the middle class, and lease responsive to the poor (Gilens 2005). On the state level, the same phenomenon holds true (Flavin 2012). Political parties also seem to adopt platforms that favor richer individuals than poorer voters (Rigby & Wright 2013). Despite research that suggests the increase of polarization creates parties that are distinctively different, research shows that this is true, expect in the case of economic policy, where both Republican and Democrats favor deregulation (Keller & Kelly 2015). Another dynamic is that Republicans have moved their platform away from redistribution and Democrats have chosen to preach more cultural issues to garner votes of the more affluent (McCarty, Poole & Rosenthal 2006, Gelman, Kenworthy, & Su 2010, Rigby & Wright 2013). This all lends itself to the idea that the parties are tailoring their platforms to appeal to richer constituents. On the flip side, inequality does seem to increase faster under Republican leadership than Democratic leadership (Bartels 2008) suggesting that there are still differences between the two parties. If the federal government, state governments, and political parties all seem to respond more to the wishes of the rich than the poor, and there are differences between the preferences of the rich and poor, why do these institution respond more to the rich?

One answer may be found in political participation. Much of the literature shows that higher income inequality leads to lower voter turnout (Soss & Lawrence 2009, Levin-Waldman 2012, Bickers & Salucci 2015). The lower turnout of poor individuals leads to policy being skewed towards richer individuals (Soss & Lawrence 2009). This has led

some to suggest that raising wages may help increase voter turnout (Levin-Waldman 2012). Others suggest that income inequality may not be the central problem to the lower turnout. Instead, some propose that income inequality leads to education inequality and that is the real cause of lower voter turnout (Bickers & Salucci 2015).

This presents a problem. If income inequality leads to more people being poor or rich, and there are clearly more poor people within the United States, why does the government respond more to the preferences of the rich? One explanation says that that poorer individuals choose to vote based on social issues instead of economic (Frank 2004). This, however, comes into conflict with other literature, which shows that in fact, economic issues are more salient than ever and poorer individuals align themselves more with Republicans economically and Democrats socially (Bartles 2006). So it seems this may not be a viable explanation. Another solution could come from the fact that poorer individuals do not turn out to vote (Soss & Lawrence 2009, Levin-Waldman 2012, Bickers & Salucci 2015). However, seeing as income inequality creates vast number of poor people, even if poorer individuals turnout less, in shear numbers, they should outnumber the rich. Another explanation also advocates that the government responds more to the rich because the government *comes* from the rich, in that most representatives are from white collar backgrounds and may see policy in a different light than those from blue collar backgrounds (Carnes 2013). Finally, it could be the case that the loosening of campaign financing laws and the rise of interest groups allow those with money to influence campaigns more (Flavin 2015, Gilens 2005). Research shows that in states with stricter campaign finance laws there is a correlation with an increase in welfare spending (Flavin 2015).

Most of the literature on income inequality focuses on how the government seems to focus more on the preferences of the affluent than the poor. As the country sees income inequality grow, this can be concerning. When income inequality increases, there becomes a polarizing effect with people becoming either poor or rich. Because it seems the rich get better represented than the poor, the majority do not get their preferences listened to, which is troubling for a country that claims to be a democracy. So is this a self-fulfilling prophecy? If party identification can now be determined by income, will there be a rise of Republican membership within the government because richer voters prefer their policies?

Party identification has become more linked to income than ever before, with the rich identifying more as Republican and the poor identifying more as Democrats (McCarthy, Poole and Rosenthal 1997). As income inequality increases in the United States, one would expect to see a rise in the amount of poor individuals and therefore a rise in Democratic votes. This does somewhat seem to be the case. In the 2012 election, the higher the income inequality equated to higher success for Democratic candidates (Bickers & Salucci 2015). If this is the case, why, since the late seventies, do we see a rise in Republican power as income inequality is increasing?

Theory:

As income inequality increases, there will be a polarization effect on income distribution, as the middle class shrinks and flees to the two extremes of the income distribution. When the middle class becomes depleted, most individuals will fall into the lower end of the distribution, than the upper tier, meaning the poor will vastly outnumber the rich. On the flip side, despite the increased amount of numbers for the poor, the rich

will become richer, with the vast amount of wealth being concentrated on the upper end of the distribution. Because the rich usually align themselves with the Republican Party for their economic views, an increase in the number of rich people and the increase of money concentrated in the hands of the rich greatly benefit the Republican Party. On the other side, despite the proliferation of poorer individuals, the relationship of the poor voting for the Democratic Party has been mitigated in recent years, also benefiting the Republican Party. The amplified power of richer individuals and the mitigating effect of the poor voting for the Democratic Party have increased the success of the Republican candidates.

Republicans and the Rich:

As mentioned before, party affiliations have increasingly been divided on class lines, with richer individuals favoring Republican candidates (Gelman, Kenworthy & Su 2010, McCarty, Poole & Rosenthal 1997). The rich's preference for Republican candidates means that as more people leave the middle class and become more affluent, then they should adopt more pro-business views resulting in increased support for Republican candidates. However, just an increase in the numbers of richer individuals does not explain why Republicans have gained more electoral success. Especially when the numbers of the poor, who traditionally vote Democrat, have expanded at a higher rate than the rich. Instead, one must also look at the relationship money has on Republican success, given that most of the money will be concentrated on the richer end of the spectrum.

Thanks to loosening of campaign laws, money has been able to play a more central role within elections. One of the first attempts of campaign finance reform was the 1971 Federal Election Campaign Act, which required candidates to disclose their campaign

finance (Federal Elections Commission). Then, in 1974, the Federal Elections Commission was established as a central enforcement agency, along with other spending restrictions (FEC). However, in 1976, the Supreme Court ruled, in *Buckley v. Valeo*, that many of the limits on spending, enacted in the Federal Election Campaign Act, limited free speech and therefore, was unconstitutional (FEC). Having no spending limit allowed richer individuals to donate, either through direct donations or through independent ads, more to candidates they supported, increasing the power of money. In 2002, Congress passed the Bipartisan Campaign Reform Act, which ended "soft money" contribution to national parties but doubled the amount of "hard money" that could be donated to a candidate (FEC). Again, this allowed those with more money to have more influence thanks to an increase in how much donations were allowed. Finally, in 2010, the Supreme Court ruled that corporations and unions could not be constitutionally prohibited from promoting the election of a candidate further increasing the power of money (*Citizen United v. FEC).*

Because richer individuals mostly own corporations and union membership is on a decline, the Supreme Court's ruling allows the rich to donate even more to candidates and campaigns they support. As a result, the rich can hold more influence in campaigns because those with money can run more ads and events for candidates they support. Granted, a candidate that can raise more money is not guaranteed to win, but money does offer an advantage. Because most of the money is concentrated in the hands of the wealthy, and the wealthy usually favor Republican candidates, and campaign finance laws allow for increased spending, the advantage that comes from having more money is felt more by the Republican Party.

Finally, the rise in Republican support for the rich can also be attributed to the party shift in the South. Traditionally, the South was the stronghold of the Democratic Party. As the Democrats started to become the party of Civil Rights, many rich Southern-Democrats became disillusioned with the direction of the party. Because of this, many rich Southerners who traditionally voted Democrat shifted their party affiliation to the Republican Party. This continued through the Southern States, until the South became the stronghold for the Republican Party that one knows today. This shift in party affiliation increased the number of rich Republican supporters and therefore increased Republican success among the rich.

Mitigation of the poor Democrat

When explaining why Republicans have seen increased success, it is important to look at what is happening at the other side the distribution. Because income inequality brings more people into the lower end of the distribution than it does the upper, increased support amongst the rich cannot adequately explain why Republicans are doing better, especially since the poor usually support Democrats. The rise in the amount of poor people should expand the amount of support for Democrats. However, recent trends show that Democrats are not enjoying mounting success. This is because the amount of votes Democrats could be getting is being mitigated by a number of factors.

One such factor is turnout. When looking at turnout numbers of the rich versus the poor, the rich turnout in greater number than the poor (Soss & Lawrence 2009). The low turnout from low-income individuals put the Democrats at a disadvantage. The numbers of potential voters that may favor Democratic candidates are mitigated because they vote in lower numbers. On the flip side, the gains in numbers felt by the rich are more likely to vote

because they are richer. Because the rich favor Republican candidates, Republicans benefit, both from the high turnout of newly rich individuals and the low turnout from the newly poor individuals.

Another factor is that despite the increased number of people, individuals do not hold as much money per capita. It could be the case that because there are so much more poor people, in the aggregate, most the money is located on the lower end of the income distribution. However, when looking at the amount of people also located at this end, there is not much money for individuals to donate to Democratic candidates per capita. This, again, puts Democrats at a disadvantage. To make matters worse, unions, which acted as a body that could pool resources of many individuals to contribute to a campaign, have seen their membership on a decline. This means that poorer individuals now have fewer avenues to donate to Democratic candidates. Again, this lends itself to the advantage of Republicans.

A third factor is the moderation of the Democrats' economic views. The Democrats traditionally, especially since the Presidency of Franklin D. Roosevelt, have been the party of the poor because they supported welfare policies and more business regulation. Over the years, the Democrats moved more to the center when it comes to economic issues. Although each individual candidate offers different opinions, since the 1980s, even when the Democrats have controlled the house, there has been increased deregulation through the years (Keller & Kelly 2015). The Democrats move to the center means they are moving away from the issues that won support among the poor. Because there seems to be policy convergence among the parties, the poor may choose not to vote for either party, since

there seems to be no difference between the two, mitigating the affect of more poor voters supporting the Democrats.

Finally, the Southern shift to the Republican Party had a profound affect on the poor votes in the South. Among poor, especially white, evangelical, Southerners, the Republican Party could appeal to their conservative social values. Because religion is very important, the Republican Party could garner the votes of the poor, white, Southerner through preaching conservative values. This, along with other factors, further reduces the advantage the Democrats seemed to have through the increased number of poor individuals. This leads to my hypothesis:

H1: High income inequality increases support for Republicans among the rich and mitigates support for Democrats leading to an increase in Republican electoral success.

Case Selection:

In order to test and see if increased inequality has any affect on the rise of Republican success, I will look at House races and the income inequality within that district over time and across states. Looking at House races and the district level allows me to gather more data than at other levels. It also gives me consistent election data, since Congressional races happen every two years, while Senate races cycle with only a third of the seats open every two years. By looking at districts over time, I will be able to see if Republican success is correlated with high income inequality within that district. The problem with looking at districts over time is that Congressional Districts change every ten years due to migration and redrawing of Congressional lines. Because of this, I will compare districts in ten-year periods. In my model, I will look at election years between

2006-2010. I do not include 2012 because that is the first election where districts were redrawn and I start at 2006 because that is the earliest year the Census recorded Gini coefficients for Congressional Districts.

Measures:

Dependent variable: Change in Republican electoral success

For my model, I want to be able to measure if Republicans are seeing better results in elections. In order to measure this, I will look at the percent of the vote share the Republican won in the election between the two main parties (Democrats and Republicans). For each election, I will calculate the change between what the Republican won in the election before to the next. By looking at the change of the Republican vote, I will be able to see if Republicans are doing better in districts without necessarily winning the seat. I have gathered election results from the database provided by CQ Press, which gives each Congressional race and the percentage of votes each candidate won. Looking at the percent of vote share allows me to see if Republican candidates are doing better with the electorate relative to the year before, instead of shear numbers, which could increase because of a rise in voter participation. I take the election results and translate them into a new measure, which looks at the vote share of Republicans compared to Democrats, called the two-party vote share. The measure excludes third parties and divides the vote share between two the parties. For example, in the 2006 election, Alabama's Sixth Congressional District had the Republican candidate win 98.3% of the vote, while a third party candidate won the remaining 1.7%. In my dataset, since I am focusing on how the vote changes between Republican and Democratic candidates, the Republican will be recorded as

winning 100% of the vote share. Because I want to measure to see if Republicans are doing better, I have dropped all results where either the Republican or the Democrat won 100% of vote. In most cases, when this happens the candidates are running unopposed. Because I want to show the increase of Republican success, it is important to only include results were there is competition (even if it is very small).

Independent Variable: Income Inequality

To measure income inequality, I will look at the Gini coefficient in each Congressional District. The Gini coefficient is measured on a scale of 0 to 1, where 0 represents an area where wealth is distributed equally across society, and 1 reflects a society where wealth is concentrated within one person or household. This means that the higher the Gini coefficient, the higher the inequality within that society. The Census Bureau, yearly, from 2006-2014, measures the Gini coefficient for Congressional Districts. However, data before 2006 is measured in 10-year increments, which hurts the precision of this measure. Because I am looking at a small period of time, 2006-2010, the Gini coefficient should not vary very much from one year to the next meaning I will not look at how a change in the Gini affects Republican success. Instead, I will be looking at if places with higher income inequality help Republican success over time. If my hypothesis remains true, then districts with a high Gini coefficient should correlate with an increase of the Republican share of the vote.

Controls

> *State Ideology:*

For my model, I will control for a state's ideology. State ideology should have an affect on the change in the Republican vote share. If a state is ideologically conservative, than Republicans should be doing better within that state. State ideology may also have an affect on the Gini coefficient within the state. If a state is more conservative, the state will be less likely to adopt welfare policies that would decrease the Gini coefficient. Because state ideology may influence both the Gini and Republican success, I will control for this variable to make sure there is not a spurious relationship between state ideology, income inequality, and Republican success. My data comes from Pool in his article "Recovering an Issue Space from a Set of Issue Scales". Pool updates the results from an article by Berry, Ringquist, Fording and Hanson in their article ""Measuring Citizen and Government Ideology in the American States, 1960-93", which measures the ideology of the state from ADA/COPE scores (Berry, Ringquist, Fording and Hanson 1998). I use their ADA/COPE measure of state ideology for each election year I have in my model. The score runs from 0-100 with the higher the score meaning the more liberal the state.

> *Regions*:

I will also control for regions in my model. It is no secret that certain regions have a bias towards the Republican Party. Regions like the West and the South are known for a Republican bias. In fact, many point to the rise of the Republican Party as a direct result of the Southern shift from the Democratic Party to the Republican Party. It may also be the case that certain regions have higher levels of income inequality than others. The highest levels of income inequality are found in places with big cities, like in the Northeast.

Because of this, controlling for the region is necessary. In order to control for region, I have divided the country into four sections, South, Midwest, Northeast, and West (to see what state is in which region see appendix). Each state is coded with either a 1, if the state falls within the region, and a 0 if it falls outside of the region.

Modeling Strategy:

Equation: $Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + E$

In order to model the relationship, I will use a linear regression model as illustrated by the equation above. Before I run my regression, I will drop all results that end with either candidate getting one hundred percent of the two-party vote. I drop these results because it can be assumed that the candidate ran unopposed by the other party (although it is possible that there was opposition, I find it unlikely that even in the most conservative district, an opponent could not get at least a percentage of the vote). To show that Republican electoral success improves over time in places with higher income inequality, there needs to be opposition to show that there is some improvement. Otherwise, the point becomes moot. I expect Y, or the change in Republican success to be correlated with the Congressional District's Gini coefficient (beta 1). When the Gini coefficient is high within a Congressional District, the Republican candidate should win more of the two party vote shares over time. As for my controls, I expect to see the South (beta 2) and the West (beta 4) improve Republican success since these are regions seen with Republican bias, while state ideology (beta 5) should improve Republican electoral success if the state is more conservative (state ideology has a negative correlation because a high score means the state is more liberal). The Midwest (beta 3) should hurt Republican success because this

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region is less of a Republican stronghold. The Northeast is excluded from the model

because one region needed to be excluded for comparison.

Table 1: Expected model estimates

Coefficients	Expectation with Republican success
Gini coefficient	+ Correlation
South	+ Correlation
Midwest	- Correlation
West	+ Correlation
State Ideology	- Correlation

Results:

Table 1: Regression Table

|	changerep			
	(Model 1)	(Model 2)	(Model 3)	(Model 4)
gini	31.249**	34.503**	33.064**	34.289**
	(14.201)	(14.605)	(14.138)	(14.544)
south		-1.836		0.324
		(1.327)		(1.543)
midwest		-0.037		1.092
		(1.386)		(1.442)
west		-1.652		-0.656
		(1.413)		(1.454)
state.ideology			0.051***	0.054***
			(0.017)	(0.020)
Constant	-16.818***	-17.314***	-20.381***	-21.310***
	(6.338)	(6.631)	(6.414)	(6.766)
Observations	758	758	758	758
R^2	0.006	0.011	0.018	0.020
Adjusted R^2	0.005	0.006	0.016	0.014

Residual Std. Error	12.773 (df = 756)	12.770 (df = 753)	12.706 (df = 755)	12.716 (df = 752)
F Statistic	4.842^{**} (df = 1; 756)	2.074^{*} (df = 4; 753)	6.978^{***} (df = 2; 755)	3.143^{***} (df = 5; 752)

Note:	*p**p***p<0.01

I began by running my first model looking at the relationship between the change in Republican vote and the Gini coefficient (see table 1, model 1). In this regression, the Gini coefficient came out positive with a large coefficient of 31.249 and a standard error of 14.201. This means that going from a Congressional District with a Gini coefficient of zero, or everyone having an equal distribution of wealth, to a Congressional District with a Gini coefficient of 1, or when all the wealth is concentrated into one person, there would be about a 31 percent change in the Republican's favor, in terms of the shared two-party vote. This runs consistent with my predicted hypothesis. When the Gini coefficient was high, the change in the Republican share of the vote increased. However, it does not increase by a substantial amount. Since no Congressional District has a Gini coefficient of 0 or 1, it can be assumed that the maximum swing of predicted votes, 34 percent, is not plausible. In fact, if you look at the scatterplot of all the observations (graph 1), one will see that majority of the observations fall between a Gini coefficient of .4 and around .57 making the change in the Republican vote even less significant. The graph bellow has the Gini coefficient of each Congressional District on the X-axis and the percent change in Republican vote from one election year to the next on the Y-axis. Although the results are substantially not very significant, the model did produced a t score of 2.201 making it statistically significant, suggesting this is just a small piece to a larger puzzle.

Graph 1: scatter plot
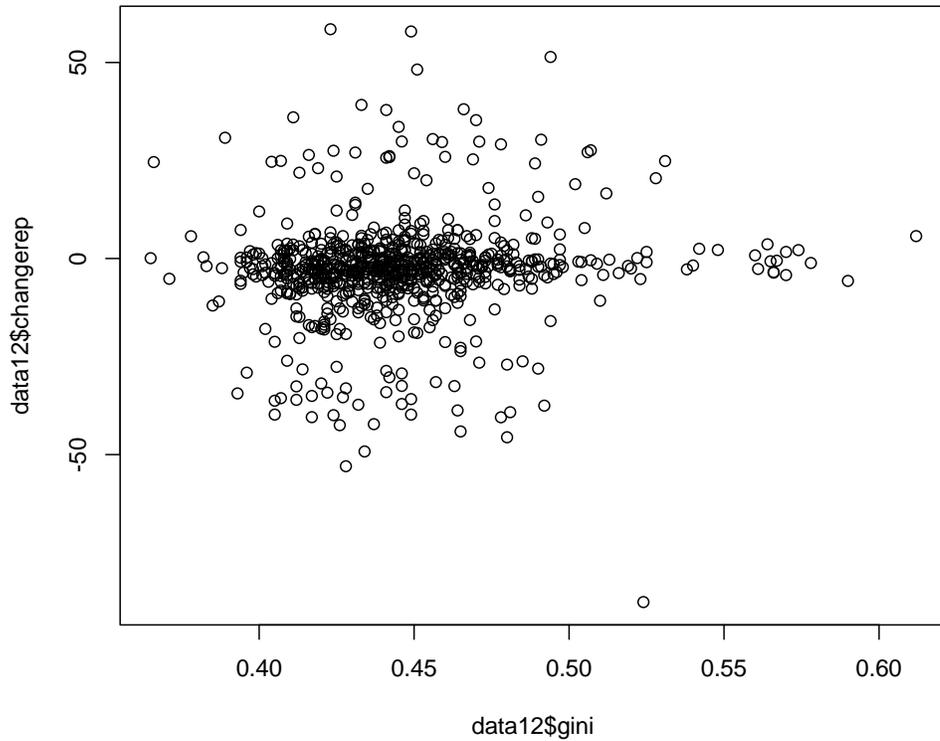
For the second model, I added controls for regions. The model looks at if the state

falls in the West, Midwest, and South (Northeast was excluded so the model had something

to compare to) (See model 2 in Table 1). After running this regression, the Gini coefficient

remained high and positive. In fact, it increased to 34.503 with a standard error of 14.605.

The increase means that going from a district with a Gini coefficient of 0 to a coefficient of 1

would now increase the change in the Republican vote by about 34 percent. As for the

controls, if the state was in the South, there was a negative 1.836 change in the Republican

vote with a standard error of 1.327, which is the opposite of what I predicted. If the state

was in the Midwest, there was a negative 0.037 change in the Republican vote with a

standard error of 1.386, which is consistent with my predicted hypothesis. Finally, if the

state fell in the West, there would be a negative 1.652 change in the Republican vote with a

standard error of 1.413, which also runs contrary to my predicted hypothesis. The higher

coefficient on my Gini coefficient still plays into the idea that my results are not

substantially significant but rather a smaller picture of a bigger puzzle (later on I will

calculate predicted values to show the change in most of my observations). However,

adding controls still created a t-score greater than 2 making the Gini variable still

statistically significant, although none of the regions came out significant. The fact that the

coefficient did not change very much after adding controls and remained statistically

significant shows that regions do not have spurious relationship between Gini and the

change in Republican vote.

After that, I ran a third regression controlling only for the state's ideology. Again,

the Gini coefficient came out positive but large, yet not as large as when controlling for

regions. The Gini coefficient came out to be 33.064 with a standard error of 14.138. This

means going from a 0 to a 1 on the Gini coefficient scale would change the Republican vote

by around 33 percent. When looking at a state's ideology, the coefficient came out to be

positive, with a 0.051 and a standard error of 0.017. It is important to remember that for

state ideology, the higher the score, the more liberal a state was. These results suggest that

going from the most conservative to the most liberal state would change the Republican

vote in the districts by .051 percent. This runs contrary to what I predicted, that the more

conservative a state was, the higher the change in the Republican vote. In fact, my findings

show that the opposite is true. This may be because that in more conservative states, the

Republican candidate could not do any better. The results suggest that the only states

where Republicans could increase their gains were in more liberal states. Either way, both the Gini coefficient and state ideology got a t-score over 2 making both statistically significant. However, both do not have a substantial impact on the change of the Republican vote over time.

Finally, for my last regression, I added all the controls into one model (see model 4 in table 1). In this regression, my Gini, again, remained high and positive at 34.289 with a standard error of 14.544. The South actually became positive with a coefficient of 0.324 and a standard error of 1.543. The Midwest also switched to a positive at 1.092, which runs contrary to my predicted hypothesis and a standard error of 1.442. The West remained negative at 0.656 and a standard error of 1.454 and finally the state's ideology remained positive at 0.054 and a standard error of 0.020. In this final model, a couple of things stand out. One is that the Gini coefficient remains high and positive. This means that despite all the controls, the effect of the Gini coefficient remains almost the same. With the controls, going from a coefficient of 0 to 1 increases the change in Republican vote by about 34 percent. Another interesting factor to point out is that the South changed from a negative to a positive correlation, albeit a small positive correlation. If the state were in the South, there would be a change of the Republican vote of about .32 percent. This means that my predicted hypothesis actually has some support. On the flipside, the Midwest region also became positive but unlike the South, it has a stronger positive correlation, which ran contrary to what I thought would happen. All the other variables, if the state was in the West or the state's ideology, remain about the same as in my other models. Also, both the Gini coefficient variable and the state's ideology were to two only statistically significant variables.

To illustrate the effect the Gini coefficient has on the change in the Republican vote, I have produced a graph. On the Y-axis I have the change in the Republican vote and on the X-axis I have the Gini coefficient. The Y-axis runs from -100 to 100 and the X-axis runs from 0 to 1. The line best fit was produced from the Gini coefficient from my fourth model. In this graph, it is important to point out that there is a slight positive correlation between the two axes. As one moves along the X-axis (or an increase in the Gini coefficient), one will see that the observations seem to slowly trend upward as well. However, when looking at the observations, it is clear there is not much variation in the Gini coefficients of the Congressional Districts. Most of the districts hover around .4 and .5. This means that the relationship I observe may not be very substantially significant. To make this point I have calculated some predicted values.

Graph 2: With all controls
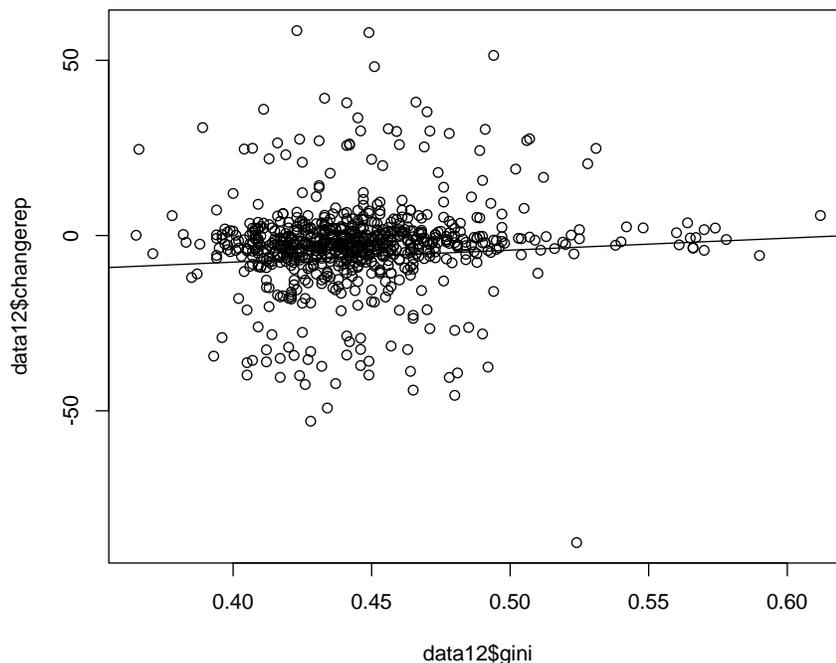
Looking at the graph, it is clear that most of the observations lay between the Gini coefficients of .4 and .57. For each of these values, I calculated a predicted value. For a Gini coefficient of .4, my model predicts that there would be change of the Republican vote of negative 3.25352547. On the other end, a Gini coefficient of .57 would result in a change in the Republican vote of 4.00858272. This means that most of the observations fall within the range where the maximum change in the predicted Republican vote, going from .4 to .57, is a mere 7.26210819percent. Said another way, going from the lowest grouping of my observations to the highest, there is a change of about 7 percent of the Republican vote. Obviously, this shows that there is not much substance in this finding. If going from the lowest to the highest of my observation only results in about a 7 percent change, then income inequality does not have that much effect, in the aggregate, on Republican success.

Graph 3: Predicted Values

7.26210819%
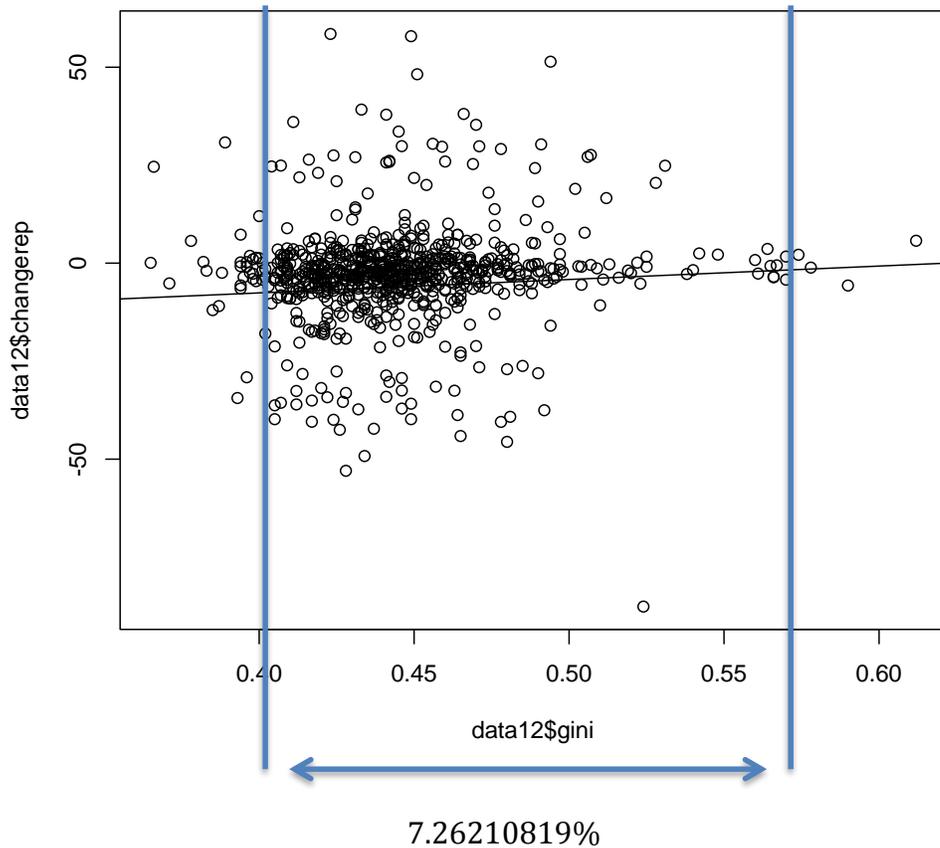
Conclusion:

As income inequality increases in the United States, research must analysis what effects this will have on the political institutions within the United States. Many look at the aspect of income inequality as it relates to whether or not the rich are more powerful than the poor in the realm of government and policy. Many find that the rich, in fact, do seem to get their preferences met more than the lower classes. My research looks at income inequality from new angle; does inequality help a particular party win election? In this case, I look at if Republicans, which are usually more supported by the rich, are helped by increased income inequality.

In order to show this, I made a dataset looking at two-party election results and Gini coefficients. By running four different regressions, I find support that Republicans are doing better, per election, in places with higher income inequality. However, this relationship is not substantial. When looking at straight election results and the Gini coefficient, standard thinking remains true. Democrats, who have the support of mostly lower income Americans, seem to do better in places with higher income inequality because there are more poor people in such areas. My research wants to see if these areas are slowly becoming more Republican. By looking at the change in the Republican vote from one year to the next, I find support for my hypothesis. In places with higher Gini coefficients, the Republican candidate does seem to be doing better from one election year to the next. However, because many Congressional Districts have Gini coefficients between .4 and .57, their effect is not substantial, being that there is only about a 7 percent change from the lowest grouping of districts to the highest grouping, which is not going to substantially change the aggregate political landscape.

However, my results could show a small part of a bigger picture. I theorize there are two different forces at play. One is that the traditional poor Democratic voter is being mitigated by low turnout, a shift to the center on economic views, and the lack of resources these people have to support the Democratic Party. On the other side, Republican voters seem to be more empowered as income inequality increases. Factors that empower the Republican vote include, more rich people than in the past, which increases the voter base for Republicans, a loosing of campaign laws that allow richer individuals to donate more to Republican candidates, the Republican shift of the South, a rise in corporate interest groups and the decline of unions. My research shows that if this is true, the change in income

inequality will have a small, almost unimportant, advantage to Republican candidates. However, a rise of Republican candidates could increase income inequality by following the preferences of their richer constituents, which could increase inequality even more.

Of course there are many reasons we see a rise in Republican vote. It could be the fact that we are in the middle of some sort of party realignment. The Democratic shift to the center is already an example but since the Regan era, Republicans have been able to tap into the traditional blue collar Democrat voter. It may also be the case that because Democrats have already had such a strong hold in the in House, Republicans had to do better one year to the next.

Either way, my research is just a beginning. My research just looked to see if Republicans are doing better in places with high inequality. More research needs to be done to see if this phenomenon is universal in all branches of government or may have more of a substantial effect. I chose to look at the House because the Republicans recently had broken the Democratic stronghold on it. Research could be done on whether an increase in inequality affects Presidential or Senate races. It may also be the case that this phenomenon has a limit. Republicans may only continually improve their electoral success in high inequality districts only up to a certain point. More research should also be done on whether or not the phenomenon I theorize is happening. One could look at the districts of high-income inequality and see if, in fact, there are lower turnout and increased spending on Republican candidates to help show that there is in fact a mitigating effect on Democratic votes and an increased effect on Republican vote. It is also no secret that my data was limited in that I could only gather information going back to 2006 for Gini coefficients. Because income inequality does not really change in 5 years, this put a big

constraint on my research. In a perfect world, I could look at each decade to see if the trends I find remain true, and if there is more variance in the Gini coefficient. More data and variance in the Gini coefficient could show that there is a much more substantial effect than the one I found. It also could mean one could look at the change in the Gini coefficient to see if that correlates with the change in the Republican vote and have a more substantial effect.

Either way, my research offers a new window that can be explored. As income inequality increases in this country, it is important to look at how it will affect politics, such as increasing the power of the rich within the society, and the mechanism used to do so. My research tries to explain the mechanism to show that the Republican Party improves itself as income inequality increases, although it was not substantial, it could be a small piece to a larger puzzle. If this is true, political scientist should look at what these implications mean.

Appendix:

States in each Region:

South	Northeast	Midwest	West
Alabama	Connecticut	Illinois	Alaska
Arkansas	Delaware	Indiana	Arizona
Florida	Maine	Iowa	California
Georgia	Maryland	Kansas	Colorado
Kentucky	Massachusetts	Michigan	Hawaii
Louisiana	New Hampshire	Minnesota	Idaho
Mississippi	New Jersey	Missouri	Montana
North Carolina	New York	North Dakota	Nevada
Oklahoma	Pennsylvania	Nebraska	New Mexico
South Carolina	Rhode Island	Ohio	Oregon
Tennessee	Vermont	South Dakota	Utah
Texas		West Virginia	Washington
Virginia		Wisconsin	Wyoming

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