

Who Wins (and Who Loses) in Income-Stratified Party Systems?

Elizabeth Rigby

The George Washington University

erigby@gwu.edu

Working Paper

Updated: February 12, 2012

Acknowledgements: This project benefits greatly from others' extensive data collection efforts, which capture variation and change in the political contexts among the American states. In particular, I am grateful to Jerry Wright for sharing thirty years of CBS/NYT polls. I am also appreciative of funding from The Center for Poverty Research at the University of Kentucky, as well as valuable feedback on an earlier draft provided by Richard Fording and others at the UKY Center for Poverty Research.

Abstract

The American electorate is increasingly stratified along income lines—with low-income voters aligned with the Democratic Party and wealthier voters aligned with the Republican Party. A substantial body of research examines the causes of this shift, with less attention paid to assessing its policy consequences. To answer this question: “who gets what” from income-stratified parties, I use longitudinal data (1980–2009) on states’ redistributive policy choices to test my expectation that the influence of income-stratified politics depends on its interaction with two other (related) political dynamics: party politics and racial politics. Findings confirm that it is the racial characteristics of the rich and poor that moderate the influence of income-stratified Democratic parties on state redistributive policy effort—with low-income whites benefiting much more from income-party stratification compared with low-income minorities.

Over the last few decades, American politics has become increasingly stratified by income, with low-income voters more likely to align with the Democratic Party and higher income voters more solidly Republican (Stonecash 2000; Stonecash, Brewer, and Mariani 2003). At the same time, increasing income inequality has further separated Americans in terms of economic resources (Neckerman 2004), resulting in larger numbers of both rich and poor Americans divided into two polarized political parties (McCarty, Poole, and Rosenthal 2006). This movement toward income-based political parties may have important redistributive consequences. In this paper, I examine three decades of longitudinal data on state-level patterns of partisanship and policy redistribution to determine whether the poor are rewarded with more favorable policy as they become a more solidly Democratic constituency, or whether those with low incomes would fare better in terms of redistributive policy in a cross-class political system.

I also examine how the concurrent racial context affects the degree to which Democratic parties back away from, rather than push for, redistributive benefits targeted to their lower income constituencies. This joint focus on income and race is not new in the study of redistributive politics. Policy scholars examining the historic development of U.S. policies and institutions have long noted the pervasive and inter-woven effects of class- and race-based politics on the development of our social welfare state (e.g., Gilens 1999; Katznelson 2005; Quadagno, 1994; Soss, Fording, and Schram 2008), as have scholars of cross-national welfare states (Alesina and Glaeser 2004). Yet, much of the recent research on income inequality and income-based political behavior (e.g., Avery and Peffley 2005; Bartels 2008; Gelman et al. 2008) pays more attention to the role of economic resources than to the racial dynamics known to limit redistributive policymaking (Fellows and Rowe 2004; Fording 2003; Hero & Tolbert 1996; Soss et al. 2001).

This paper combines both literatures to examine whether the degree to which Democratic parties reward the loyalty of their low-income base depends on the racial composition of those

low-income constituents. To do this, I pool approximately half a million individual responses to various CBS/NYT polls to generate state-year-level estimates of the contribution of low-income citizens to the Democratic Party's base, as well as decomposed estimates in which the contribution of low-income whites and low-income minorities are considered separately. These measures are tested as explanatory variables in a model predicting various measures of state-level redistributive policy. Findings confirm that the income-basis of state Democratic parties does little to explain their redistributive policy efforts without also examining the racial composition of the poor and rich Democrats in the state.

Background

Over the last twenty-five years, two trends have combined to magnify the importance of economic resources in structuring American politics. First, patterns of voting and partisanship have become increasingly stratified by income, with low-income Americans identifying as Democrats and higher income Americans more solidly Republican (McCarty, Poole, and Rosenthal, 2006; Stonecash, Brewer, and Mariani, 2003). Stonecash (2000) attributed the development of this cleavage to poorer voters in non-Southern states moving steadily toward the Democratic Party and affluent Southern voters changing their allegiance from the Democratic to the Republican Party. At the same time, economic and political developments have spurred an increase in income inequality—the gap between those at the top versus the bottom of the income distribution (Kelly 2005; 2009; Neckerman 2004). Combining these two trends, we now have larger numbers of both rich and poor Americans, with each group more concentrated in one of two polarized political parties (Stonecash 2000; Stonecash et al. 2003).

This income-based polarization of the electorate can have important implications for political conflict. As parties are generally presumed to represent the interests of their base constituencies (Erikson, Wright and McIver 1993; Karol 2009), income stratification likely

contributes to the parties pursuing very different redistributive policies (Powell 1982). Indeed, a long history of comparative research illustrates how cleavages in party systems (Alford 1963; Lipset 1981) are related to the policy outputs of these systems. Yet, the direction of these effects in the United States is less clear. Some studies indicate that heightened class-based politics serve to produce more redistribution via a Democratic party focused on securing benefits for its core constituency. Jennings (1979) found that class-based Democratic parties, when in control, were more likely to pay attention to the concerns of the poor by expanding social welfare benefits. To maximize their electoral prospects, however, Democratic parties may try to minimize class conflict by backing away from redistributive policy proposals, as suggested by recent work on policy responsiveness that finds limited responsiveness by either party to the preferences of the poor (Bartels 2008; Gilens 2005; 2011), particularly in poor places where class most polarizes economic policy preferences (Rigby and Wright 2011). In contrast, a class-based Republican party would have reason to oppose redistribution in order to reward its higher income constituency.

Variation in the Income-basis of State Party Systems

The growth in income-stratified party systems has potential consequences for redistributive policymaking, which typically allocates resources to different income groups. The U.S. states provide a unique testing ground for examining the influence of class-based politics on redistributive policymaking. Although political parties increasingly draw from distinct coalitions stratified by income (McCarty, Poole, and Rosenthal 2006; Stonecash 1999; 2000), we know that state party systems vary in the degree to which they draw on distinct income groups (Brown 1995; Dye 1984; Erikson et al. 1993; Fenton 1966; Garand 1985; Gelman et al. 2007; Jackson and Carsey 1999; Jennings 1979). For example, a study examining Presidential voting showed how the income-vote slope varies across states from the strongest relationship in Mississippi, where the

rich are much more likely to vote Republican, to the least stratified state (Connecticut), where there is almost no relationship between individuals' income and vote choice (Gelman et al. 2006).

This variation is not surprising since, although every state has both a Democratic and Republican party, these parties are decentralized institutions that chart their own path to electoral success. The states vary a great deal in their ideological preferences, and the parties adapt to these state contexts rather than following lock-step with the national party platforms (Erikson, Wright, and McIver 1993). Thus, candidates for the Democratic Party in Texas take a different position on many issues than their counterparts in New York. Since parties respond to state-level political ideology and demographics, moderating their positions in order to gain party identifiers and larger shares of legislative seats, I expect the parties will adopt positions in alignment with their constituents (Erikson, Wright, and McIver 1993). The question I address is whether strategic Democratic parties increase or decrease their push for redistribution when responding to a constituency with more concentrated economic disadvantage. I also examine how the answer to this question may depend on the racial politics that likely interact with these class-based political dynamics.

The Importance of Race in Redistributive Politics

Policy scholars examining the development of American policies and institutions have long noted the pervasive and interwoven effects of class- and race-based politics on the shape and structure of our social welfare state (e.g., Gilens 1999; Katznelson 2005; Quadagno, 1994; Soss, Fording, and Schram 2008), as have scholars of cross-national welfare states (Alesina and Glaeser 2004). Yet, much of the recent research on income inequality and politics focuses on income differences in political behavior (e.g., Avery and Peffley 2005; Bartels 2008; Fellows and Rowe 2004; Hill and Leighley 1992; Hill, Leighley, and Hinton-Anderson 1995; Ringquist et al. 1997),

with less attention paid to the racial dynamics known to structure redistributive policymaking (Fellows and Rowe 2004; Fording 2003; Hero and Tolbert 1996; Soss et al. 2001).

An exception to this bifurcated literature is found in Brown's (1995) study of party cleavages among states. Examining a range of social groups (e.g., income, race, gender, religion, urbanity), Brown compared the contribution of each group to the parties' constituency base. These results helped him identify common patterns of social cleavages among the states, as well as test the policy implications of these differences. The clearest difference was found between his "Southern Party System," in which political conflict was stratified primarily by race (but also by income), and the "New Deal Party Systems,"¹ in which partisan identification was stratified primarily along income-lines (and to a lesser degree religious lines). In his New Deal states, Democratic Party control led to more generous welfare spending, while no effect of party control was found among Southern party states. Yet, this party stratification varies across place with state party systems varying in the degree to which they organize around race versus class dimensions (Brown 1995; Gelman, et al. 2006; Jennings 1979).

Brown (1995) interpreted these results as indication that class-based political cleavages were more likely to result in wealth redistribution. However, since both Southern and New Deal Party Systems were stratified by income, I interpret his findings to support my hypothesis that income-based political cleavages can lead to redistribution—but this depends on whether or not they also overlap with racial cleavages in the state (as occurred in the Southern party system, but not the New Deal system). This potential interaction was also highlighted by Stonecash (2000) in his book *Class and Party in American Politics* in which he acknowledged the role of race in shaping distinct patterns of class-based political development in the South. Yet, he noted that

¹ Southern states: SC, MS, AL, TX, LA, GA, VA, NC, OK, FL, TN; New Deal Systems: VT, ME, NH, MA, AZ, NM, CT, MT, RI, MN, CO, UT, IA, SD, ND, ID, NE, WA, OR.

“much more analysis is necessary to try to disentangle the role of race and class in the South and elsewhere in the nation” (p.110). A similar call to investigate the overlapping politics of race and class (and gender) was voiced by Hochschild (2009, 147) in her review of Bartel’s (2008) book, *Unequal Democracy*, in which she calls on him, as well as all political scientists, to “address the intersection of two or more axes of inequality rather than allowing one to predominate.”

Potential Consequences of Class-based Parties

Assessing the policy consequences of class-based politics is important for understanding redistributive politics, as well as for assessing the role of party politics in shaping economic outcomes for low-income Americans. To this end, I use longitudinal data on state-level patterns of partisanship, as well as five measures of state redistributive policy from 1980 to 2008 to test five potential policy consequences of income-stratified party systems.

1. Direct Positive Influence: The most optimistic expectation is that income-based politics serves to increase redistributive spending.
2. Direct Negative Influence: It is also feasible that income-based parties undermine cross-class coalitions in ways that limit redistribution and sharing of resources across social groups.
3. No Influence: Income-based politics may simply reflect other elements of demographic, electoral, and political contexts and not contribute any additional influence on the level of redistributive policy adopted.
4. Dependent on Parties’ Electoral Success: It seems most likely that income-based parties serve to heighten the importance of party control, with greater redistribution when Democrats are elected in greater numbers but less when Republican candidates experience more electoral success.

5. Dependent on Partisanship of Low-income Whites: Another possibility is that the racial composition of poor Democrats and wealthy Republicans affect whether low-income Democrats are rewarded for their concentration in the Democratic Party.

Data and Measurement

In order to measure the income-basis of the state party system and assess the consequences for redistributive policymaking, I undertook a longitudinal analysis (1980–2008), mapping the level and change in patterns of partisanship at the state-level, as well as testing the relationship between changes in these group-based political cleavages and redistributive policy in the states.

Measuring Redistribution

I measure state-level redistributive policy via a range of measures of redistributive policy. This decision acknowledges the theoretical distinctions among alternative policy approaches (or policy tools) originally drawn by Lowi (1964, 1972) and Wilson (1973) and expanded on by Salamon (2002). In short, when government addresses a policy goal (i.e. equalize income or reduce poverty or hardship), it has at its disposal a range of common tools to employ, including subsidies, taxes, regulation, and direct government. The choice of policy tool to employ represents a form of politicized action that both responds to the current political and economic context (Rigby 2007; Salamon 2002) and shapes the future distribution of economic and political power (Lowi 1972; Peters 2002; Schneider & Ingram, 1997. These measures are listed below:

- (1) **Welfare.** Income transfers to low-income families, measured as spending on welfare and income supports per 1,000 residents of the state. Adjusted for inflation, this value varied from \$74.37 to \$2522.82 with a mean of \$910.23 (sd=421.58).
- (2) **Tax.** Refund for low-income families, which I measured as the state tax refund available to a family at 100 percent of the poverty line (following the methodology used by Newman and O'Brien 2011, but reversing the scale so that positive values

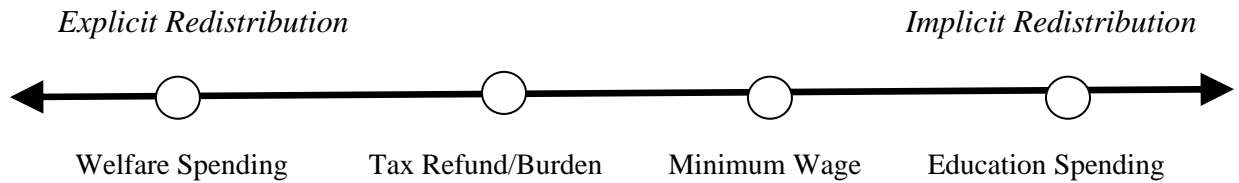
indicate tax refunds and negative values indicate the tax burden of a family at the poverty line). This measure (in constant 2010 dollars) varied from \$-797.22 (tax burden) to \$1831.30 (tax refund) with a mean of \$-50.01 (sd=334.62).

(3) **Minimum Wage.** Market conditioning/regulation in which state policies shape the distribution of market income in the state (see Kelly 2009), which I measured as the gap between the state minimum wage and the federal minimum wage in 2010 dollars, which varied from zero (no difference) to a state minimum wage \$2.54 above the federal rate, with a mean of \$.18 (sd=.47).

(4) **Education.** Investment in public goods and human capital, measured as spending on K-12 and higher education per 1,000 residents in the state. Adjusted for inflation, this measure ranges from \$408.54 to \$3707.59 with a mean of \$1,464.70 (sd=\$415.45).

These measures served only as proxies for the level and change in state redistributive policy since policy redistribution is determined by a whole host of policy decisions. Yet, these measures provided three important attributes that justify my focus on each. First, all four could be tracked at an annual basis over the 30 year time period that this study examines. Additionally, each represented a distinct approach to redistribution that states may take, so allowed for (a) a broader picture of state redistributive policy (extending beyond welfare payments alone) and (b) a comparison of the economic and political dynamics surrounding each approach. Finally, these four measures of redistributive policy can be aligned on a continuum in terms of the degree to which they explicitly redistribute resources—from the most visible form of redistribution (spending on welfare) to a policy with redistributive consequences but not typically considered a redistributive policy (spending on education). In between, are two less visible policies that redistribute via the tax code (tax refund to family at poverty line) and serve to condition the market income (Kelly 2009).

This continuum is presented below.



These data were all publicly available from the U.S. Census, Bureau of Labor Statistics, and the NBER's TaxSim program—going back to the late 1970s or early 1980s for each. In fact, previous research has explored the determinants of each of these measures (e.g., Jacoby and Schneider 2001; Newman & O'Brien 2011). Yet, no research has compared these alternative approaches to redistribution—despite evidence that states adopt different mixes of policy tools in response to unique economic and political contexts (Faricy 2011; Rigby 2007).

These four redistributive policy measures were positively correlated with one another, as shown in Table 1 with correlation coefficients in the moderate range—from .21 (correlation between tax and minimum wage policies) to .52 (for correlation between welfare and education spending). To capture, as well, this underlying commonality among state redistributive policy, I generated a composite score predicted from a principal component factor analysis among the four measures. The first factor extracted after a varimax rotation (which explained 63 percent of the variance across the three measures) was used to predict a redistribution score, which was standardized across the 1316 state-years with a mean of zero and standard deviation of one (ranging from -1.76 to 5.66). Notably, this composite measure was correlated more strongly with each of the individual policy measures as follow: welfare ($r=.84$), tax ($r=.69$), minimum wage ($r=.61$), and education ($r=.76$).

Measuring Income-based Party Cleavages

The dataset used for this estimation was generated by pooling together the public opinion polls conducted by the NYT/CBS polling organization from 1976 to 2011. This pooled dataset comprised 524,195 individual cases that included a state identifier and non-missing data on respondents' income. The other cases were dropped from the analysis. Although these polls asked different questions, they all tended to ask respondents for basic demographic information, as well as for their partisan identification.

The first step in estimating income-based political cleavages was to generate a common measure of income across surveys. In most cases, the NYT/CBS poll asked for respondents' income using categorical response options that ranged in the number of options from four to seven. Posing an additional challenge, the cut points for these categories changed over time, as did the substantive meaning of a particular income. In order to classify respondents by income across these diverse income questions, as well as across thirty years of data, I standardized responses for each survey so that the average income category in each survey was recoded zero, with a standard deviation of one. From these standardized income scales, I simply divided the sample in half for each state-year, generating a crude distinction between each state's lower income and higher income respondents. Clearly, I would have preferred to have developed more fine-grained income groups; however, I prioritized the reliability that came from larger cell sizes, particularly since later in the analysis I divided the low-income half further to compare partisanship among non-Hispanic white versus among other groups (pooled for sample size reasons into one "low income minority" group). As a result of this conservative estimation strategy, it is more likely that I underestimated any income-group differences in partisanship, as well as their impact on redistribution, than overestimated them.

Once I had the individual-level data in which respondents were coded as low-income or higher-income for each state-year, I used the variable asking respondents for their partisan affiliation to estimate the partisan gap for each group. Following the procedure used by Brown (1999) to estimate the contribution of each income group to each political party, I began by taking the proportion of each political party that was classified as low-income. Brown (1995) described these proportions as the underlying coalition making up each party's supporters. By design, this approach considers both the patterns of partisan affiliation (e.g., the poor are more likely to affiliate as Democrats) and the tendency for residents in each state to affiliate with one party or the other. In addition, relevant to the later analysis where I incorporate racial identity as well, this approach allows for the size of the group (e.g., some states have more minorities than others) to vary across states as well.

This process was repeated for each state-year, employing a four-year moving average.² Finally, these state-year-level measures of each group's contribution to each party were used to estimate the magnitude of the partisan gap. This gap is simply the difference between the proportion of Democrats who were classified as low-income and the proportion of Republicans who were classified as low-income. If this value is positive, then it indicates a greater dependence on low-income constituents for the Democratic Party; if it is negative it indicates a greater dependence on low-income constituents within the Republican Party. This measure averages .13 (sd=.08) but varies among state-years from -.29 to .42, with the average value for each state presented in the map in Figure 1. Figure 2 illustrates the mean value of this income-party gap throughout the time period of study (1980-2008) reflecting the upward trend in income-party stratification found in other work that estimates the gap at the individual voter level (McCarty,

² To increase the robustness of these measures, I took a moving average of four years to estimate each state-year. This moving average included the year in question (i.e., 1990), as well as the three prior (in this example: 1987-1990).

Poole, and Rosenthal 2006; Stonecash 2000). However, it is notable that the greatest growth was earlier in the time period with more stability in recent years.

To generate race-specific measures of the income-party gap, I repeated the same process but divided each party's low-income constituency into two groups: low-income whites and low-income minorities (including Hispanics/Latinos). As discussed above, I would have preferred to have divided the minority group further to assess the partisanship of specific groups (i.e. African-Americans), but due to small sample sizes in states with few minorities, this was not possible. As shown in the descriptive statistics in Table 1, a positive gap was identified for both groups—indicating that (on average) low-income voters of both racial/ethnic groups contributed more to the Democratic Party constituency than to the Republican Party. Yet, the magnitude and range of this Democratic Party advantage varied with low-income whites contributing less reliably to the Democratic Party ($M=.02$, $sd=.08$) than did low-income minorities ($M=.10$, $sd=.08$). Further, the range of each measure differed with the relative contribution of low-income minorities tilting toward the Democratic party in nearly all the states and years (95.1 percent of all state-years). In contrast, the measure capturing the relative concentration of low-income Whites in the Democratic party was positive in only 60.3 percent of the state-years, indicating that for 39.7 percent of the state years, it was the Republican party who dependent more on this constituency.

Considering the time trend and geographic distribution of the income gap, we see additional differences among low-income whites and low-income minorities. Figure 3 presents the time trends for these de-composed measures of the low-income gaps, illustrating much greater growth in the relative contribution of low-income minorities to the Democratic Party over the last thirty years. In contrast, the contribution of low-income whites has been small, on average, as well as declining in recent years. Further, as shown in the maps in Figure 4, states with large party gaps among low-income whites tended to be in the far northern states (in Plains region, as well as New

England), while the states with large income gaps among minorities were disproportionately found in the south.

Accounting for Other State-level Factors

To account for other factors likely to shape (a) states' redistributive priorities, (b) income and racial party stratification, and (c) the relationship among these, I use two strategies. First, all models include state- and year-fixed-effects. The state-fixed-effects absorb stable characteristics of states, while the year-fixed-effects account for national trends (such as those evidenced in Figures 1 and 4). The second strategy is to use a set of control variables (see Table 2) to account for time-varying factors likely to impact the relationships of interest. These include measures of economic resources (per capita GSP measured in 2010 constant dollars, the unemployment and poverty rates, and a measure of income inequality) and political factors (citizen ideology/policy mood, percentage non-Hispanic whites, percent immigrants and indicators of Democratic party strength—a dummy variable for whether the governor is a Democrat and an average of the percentage of Democratic legislators in each chamber).

Modeling Policy Consequences of Income-stratified Parties

To examine the relationship between states' political cleavages and the priority they place on redistributive policy, I estimated state- and year-fixed-effects models employing panel-corrected standard errors (xtpcse). Further, due to the auto-regressive nature of the redistributive policy measures, the models were adjusted for a panel-specific AR1 correlation. Tables 3 and 4 present the models examining the hypothesized relationships for the measures of redistributive spending serving dependent variables across all the models.

Table 3 presents results for two models: Model 1 assesses the direct association between the income-party gap and the level of redistributive policy in the state; Model 2 adds an interaction term between this measure of the income-party gap and the percent of state legislators who are

Democratic. To account for timing, all five of the dependent variables (the policy measures) are measured at time $T+1$, predicted by independent variables measured at time T . Considering first the composite redistribution score, we see a non-significant positive coefficient ($b=.16$, $se=.27$) for the income-party gap measure (Model 1). Yet, Model 2 includes a significant, positive coefficient ($b=.01$, $se=.005$) for the interaction of the income-party gap measure and Democratic strength in the legislature. This indicates that the policy consequence of income-party stratification varies, depending on the level of party control—with greater redistributive policy change when Democrats govern income-stratified party systems. This relationship is illustrated in Figure 5, which plots the marginal effect of a one-unit increase in income-party stratification on redistribution under different levels of Democratic party strength, which is significant under very high or very low levels of Democratic party strength.

The rest of the models in Table 3 present parallel results for the four measures of redistributive policy that make up the composite redistribution score used in the last two models. These analyses indicate different patterns for each of the four policy measures. Beginning with welfare spending (the most explicitly redistributive approach), I find a negative association for income-party stratification on welfare spending ($b=-204.40$, $se=69.37$), which does not vary by Democratic party strength. In contrast, I find a positive direct relationship for tax refunds ($b=267.10$, $se=127.40$), which also doesn't vary by party strength. A more similar pattern (to each other, as well as the composite score) was found for the other two policy measures—those least explicitly viewed as redistribution: minimum wage and spending on education. For both, Democratic party control served to moderate the policy consequences of income-party stratification with income-party stratification leading to less generous redistributive policy under greater Republican party strength and more generous redistribution when Democratic legislators are more prevalent.

Table 4 presents the results from models breaking out the measure of low-income party contribution to the Democratic party into two component parts: contribution by low-income whites and contribution by low-income minorities. These two measures sum to the total income-party gap used in Table 3. Examining first the model regressing the overall redistribution score, we find a non-significant, positive association for low-income whites ($b=.36$, $se=.30$), which does not vary by Democratic party strength. In contrast, there is a significant, negative association for low-income minorities ($b= -1.15$, $se=.32$) indicating that as minorities make up a larger proportion of Democratic party identifiers (due to migration into the state and/or party switching), the state reduces its redistributive policy effort. Model 2 provides the additional information that this association varies by Democratic party strength ($b=.02$, $se=.01$). Figure 6 presents the results from Model 2 for both measures of low-income party stratification. Beyond illustrating the findings discussed above, these marginal effects estimate that it is not until Democratic party strength gets to 80 percent or higher that we would expect a concentration of low-income minorities in the Democratic party to be rewarded with increases (rather than decreases) in redistributive policy.

The rest of the models in Table 4 compare the relationship between the concentration of low-income whites and low-income minorities in the Democratic party for each of the four component parts of the redistribution index. Again, these patterns vary across each type of redistribution, with income-party stratification having the most negative impact on welfare spending for both whites ($b=-169.20$, $se=440.10$) and (to a greater degree) minorities ($b=-440.10$, $se=136.80$). Minimum wage policy was not directly associated with income-party stratification among whites or minorities—yet the interaction between Democratic party strength and the income-party gap among low-income whites was positive and significant ($b=.04$, $se=.02$) indicating that income stratification among whites could benefit the poor when Democrats held a greater majority of the elected offices in the state. The other two redistributive policies: tax

refunds and education spending demonstrated a similar pattern in which the direct association of income-stratification depended on the racial group—with income-party stratification among whites leading to greater redistribution, but income-party stratification among minorities leading to less. In addition, for both of these approaches to redistribution, Democratic party strength positively moderated these associations increasing the pay-off for low-income whites concentrated in the Democratic party, and reducing the negative impact of income-party stratification among minorities.

Summary of Findings

To help draw conclusions across these distinct measures of redistributive policy, Figure 5 presents the direction of each significant (at $p < .10$) finding. Three patterns stand out. First, the direct effect of income-party stratification among minorities was negative (in 4 of 5 tests), while income-party stratification among whites tended to be neutral (2 tests) or positive (2 tests). This demonstrates the importance of considering how racialized political dynamics interact with income-based politics. The second general take-away is the tendency for Democratic party strength to positively moderate the impact of income-party stratification (in 8 of 15 tests, with only one negative association). And finally, these findings highlight differences in the political dynamics surrounding more explicit and less explicit redistributive policy. Specifically, income-party stratification had a direct, negative association with welfare generosity regardless of the racial identity of those low-income partisans. However, income-party stratification had a typically positive association for education spending (the least explicitly redistributive policy) with the one exception being income-party stratification among minorities. These preliminary findings suggest that the group basis of party politics may interact with the politics surrounding each specific policy approach in different ways.

Conclusions

This paper examined the policy consequences of the rise in income-stratified political parties in the United States. Despite the theoretical reasons to believe that income-based parties would result in more redistribution or the face validity of counter-arguments that suggest less redistribution would follow, the policy consequences of these income cleavages was most pronounced when considered in the racial context of the state. The data assembled for this project illustrate stark differences in the racial composition of class-based party systems, with the growth in this income-party stratification driven by an increase in the relative contribution of low-income minorities to the Democratic versus Republican Party. This is likely a function of the increased diversity among Americans more than a shift in patterns of partisanship among these low-income minorities. The degree to which low-income whites are concentrated in the Democratic Party has always been much lower, and has declined in recent years with a slight skew toward the Republican Party at the end of the time-series (2010). It is important to note that this does not mean that at the individual-level a low-income white person is more likely to identify as Republican but that they as a group, constitute a slightly larger share of the Republican Party than they do for the Democratic Party (which is increasingly made up by minority group members).

These race-based differences in party affiliation are important in understanding the degree to which income-party stratification translates into greater redistributive policy. In general, it was income-party stratification among whites that led to more generous redistributive policy, while income-party stratification among minorities was associated with less policy redistribution. Democratic party strength served to moderate these associations in some cases—most notably by blunting the negative effect of relative concentration of low-income minorities in the Democratic party. Yet, the policy consequences of income-party stratification seem to also operate via other pathways than simply via party control. This was most pronounced for welfare spending, which

was negatively associated with income-party stratification among whites and minorities— regardless of patterns of party control. These other pathways will be further explored in future iterations of this paper.

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Table 1. Measures of Redistributive Policy**A. Descriptive Statistics**

	N	Mean	sd	Min	Max
Redis. Score	1316	0.01	1.00	-1.76	5.66
Welfare \$	1316	910.23	421.58	74.37	2522.82
Tax Refund	1316	-50.01	334.62	-797.22	1831.30
Min. Wage Gap	1316	0.18	0.47	0.00	2.54
Education \$	1316	1464.70	415.45	408.54	3707.59

B. Correlation Coefficients

	Redis. Score	Welfare \$	Tax Refund	Min. Wage	Educ. \$
Redis. Score	1.00				
Welfare \$	0.84 *	1.00			
Tax Refund	0.69 *	0.44 *	1.00		
Min. Wage Gap	0.61 *	0.40 *	0.21 *	1.00	
Education \$	0.76 *	0.52 *	0.37 *	0.28 *	1.00

Table 2. Descriptive Statistics

	N	Mean	sd	Min	Max
Policy Measures					
Redis. Score	1316	0.01	1.00	-1.76	5.66
Welfare \$	1316	910.23	421.58	74.37	2522.82
Tax Refund	1316	-50.01	334.62	-797.22	1831.30
Min. Wage Gap	1316	0.18	0.47	0.00	2.54
Education \$	1316	1464.70	415.45	408.54	3707.59
Income-Party Gap					
Income-Party Gap	1316	0.13	0.08	-0.29	0.42
Gap: Whites	1316	0.02	0.08	-0.29	0.37
Gap: Minorities	1316	0.10	0.08	-0.09	0.47
State Context					
Citizen Ideology	1316	49.54	15.08	8.45	95.97
GSP per capita	1316	38.23	8.22	21.95	76.68
Unemployment rate	1316	5.76	1.98	2.30	17.40
Poverty rate	1316	13.02	3.93	2.90	27.20
Income inequality	1316	0.39	0.04	0.31	0.51
Immigrant Pop.	1316	3.89	3.94	0.35	27.42
Non-Hisp White Pop.	1316	81.90	11.09	42.83	99.15
Governor = Dem	1316	0.51	0.50	0.00	1.00
Prop. Dem Legislators	1316	55.36	16.63	10.71	98.08

Table 3. Redistributive Spending, by Income-Party Gap

	Redistribution Score		Welfare \$		Tax Refund		Min. Wage Gap		Education \$	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Citizen Ideology	0.00 (0.00)	0.00 (0.00)	1.91 * (0.61)	1.91 * (0.61)	0.70 (0.78)	0.70 (0.79)	-0.01 * (0.00)	-0.01 * (0.00)	1.01 (0.86)	1.08 (0.87)
GSP per capita	0.03 * (0.00)	0.03 * (0.00)	4.22 * (1.32)	4.21 * (1.31)	11.86 * (1.99)	11.87 * (1.99)	0.03 * (0.01)	0.03 * (0.01)	9.08 * (1.56)	8.85 * (1.57)
Unemployment rate	0.00 (0.01)	0.00 (0.01)	15.95 * (4.76)	15.96 * (4.80)	12.49 * (5.73)	12.46 * (5.77)	-0.05 * (0.02)	-0.05 * (0.02)	-15.19 * (4.72)	-14.52 * (4.80)
Poverty rate	0.00 (0.01)	0.00 (0.01)	-5.15 + (3.01)	-5.15 + (3.02)	0.59 (2.71)	0.59 (2.70)	0.02 * (0.01)	0.02 * (0.01)	-4.50 * (2.26)	-4.67 * (2.25)
Income inequality	2.25 * (0.90)	2.19 * (0.90)	297.10 (498.50)	296.80 (498.20)	1378.00 * (444.80)	1380.00 * (444.50)	-1.91 (1.76)	-2.03 (1.74)	1133.00 * (328.60)	1105.00 * (329.80)
Immigrant Pop.	0.02 (0.01)	0.02 (0.01)	-17.64 * (6.42)	-17.64 * (6.42)	40.81 * (8.75)	40.80 * (8.77)	0.04 * (0.02)	0.04 * (0.02)	-17.80 * (4.55)	-17.67 * (4.55)
Non-Hisp White Pop.	0.02 * (0.01)	0.02 * (0.01)	-2.62 (2.70)	-2.62 (2.70)	15.93 * (4.56)	15.94 * (4.54)	0.00 (0.01)	0.00 (0.01)	5.37 * (1.80)	5.21 * (1.80)
Governor = Dem	0.00 (0.02)	0.00 (0.02)	19.03 * (7.19)	19.02 * (7.24)	-17.57 + (9.32)	-17.53 + (9.38)	0.03 (0.04)	0.03 (0.04)	-7.50 (8.74)	-8.30 (8.85)
Prop. Dem Legislators	0.01 * (0.00)	0.01 * (0.00)	0.93 + (0.50)	0.92 + (0.55)	6.01 * (0.78)	6.05 * (0.80)	0.01 * (0.00)	0.00 (0.00)	3.13 * (0.66)	2.28 * (0.69)
Income-Party Gap	0.16 (0.27)	-0.50 (0.42)	-204.40 * (69.37)	-207.20 (136.20)	267.10 * (127.40)	284.40 (180.50)	-0.46 (0.35)	-1.97 + (1.05)	232.40 + (125.70)	-117.60 (204.10)
Dem Leg X Gap		0.01 * (0.01)		0.05 (2.69)		-0.34 (3.26)		0.03 + (0.02)		6.80 * (3.02)
Constant	-3.80 * (0.59)	-3.68 * (0.57)	1029.00 * (243.90)	1030.00 * (242.30)	-3270.00 * (359.70)	-3274.00 * (348.70)	-0.41 (0.92)	-0.14 (0.92)	778.30 * (133.90)	841.60 * (136.10)
Observations	1316	1316	1316	1316	1316	1316	1316	1316	1316	1316
Number of states	47	47	47	47	47	47	47	47	47	47
R-squared	0.888	0.888	0.911	0.911	0.695	0.695	0.650	0.651	0.893	0.893

Note: Coefficients from fixed-effect models employing panel-corrected standard errors. * p<.05, + p<.10

Table 4. Redistributive Spending, by Income and Race Party Gaps

	Redistribution Score		Welfare \$		Tax Refund		Min. Wage Gap		Education \$	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Citizen Ideology	0.00 (0.00)	0.00 + (0.00)	1.98 * (0.61)	1.97 * (0.61)	0.88 (0.76)	1.20 (0.73)	-0.01 * (0.00)	-0.01 * (0.00)	1.15 (0.86)	1.21 (0.87)
GSP per capita	0.03 * (0.00)	0.03 * (0.00)	4.22 * (1.29)	4.19 * (1.32)	11.87 * (2.01)	12.41 * (2.01)	0.03 * (0.01)	0.03 * (0.01)	9.09 * (1.56)	8.83 * (1.60)
Unemployment rate	0.00 (0.01)	0.01 (0.01)	16.44 * (4.72)	16.38 * (4.93)	13.66 * (5.85)	15.73 * (6.09)	-0.05 * (0.02)	-0.05 * (0.02)	-14.26 * (4.74)	-13.62 * (4.86)
Poverty rate	-0.01 (0.01)	-0.01 (0.01)	-5.63 + (3.00)	-5.58 + (3.05)	-0.58 (2.72)	-1.90 (2.84)	0.02 * (0.01)	0.02 * (0.01)	-5.43 * (2.25)	-5.57 * (2.29)
Income inequality	2.68 * (0.89)	2.59 * (0.89)	374.10 (491.10)	375.50 (491.40)	1563.00 * (434.20)	1509.00 * (426.90)	-1.78 (1.78)	-1.84 (1.76)	1282.00 * (320.40)	1257.00 * (319.80)
Immigrant Pop.	0.01 (0.01)	0.01 (0.01)	-18.59 * (6.35)	-18.60 * (6.36)	38.52 * (8.59)	38.94 * (8.57)	0.04 + (0.02)	0.04 + (0.02)	-19.63 * (4.53)	-19.54 * (4.56)
Non-Hisp White Pop.	0.02 * (0.01)	0.02 * (0.01)	-3.07 (2.69)	-3.10 (2.68)	14.85 * (4.32)	15.47 * (4.27)	0.00 (0.01)	0.00 (0.01)	4.50 * (1.72)	4.30 * (1.74)
Governor = Dem	-0.01 (0.02)	-0.02 (0.02)	16.13 * (7.36)	16.15 * (7.41)	-24.53 * (9.27)	-25.78 * (9.22)	0.03 (0.04)	0.03 (0.04)	-13.09 (9.25)	-13.98 (9.36)
Prop. Dem Legislators	0.01 * (0.00)	0.01 * (0.00)	0.66 (0.54)	0.70 (0.68)	5.37 * (0.78)	3.82 * (1.01)	0.01 * (0.00)	0.00 (0.00)	2.62 * (0.66)	1.78 * (0.88)
Income-Party Gap (Whites)	0.36 (0.30)	-0.09 (0.50)	-169.20 * (73.04)	-197.60 (147.80)	351.50 * (136.50)	731.50 * (190.10)	-0.40 (0.37)	-2.29 + (1.22)	300.20 * (135.50)	-83.06 (256.30)
Income-Party Gap (Minorities)	-1.15 * (0.32)	-2.42 * (0.53)	-440.10 * (136.80)	-419.70 + (223.10)	-299.30 * (137.70)	-1067.00 * (283.30)	-0.87 (0.70)	-1.71 (1.36)	-222.60 + (128.60)	-565.60 * (247.50)
Dem Leg X Gap (Whites)		0.01 (0.01)		0.55 (2.90)		-7.25 * (3.54)		0.04 * (0.01)		7.47 + (4.10)
Dem Leg X Gap (Minorities)		0.02 * (0.01)		-0.38 (4.37)		14.45 * (4.90)		0.02 (0.02)		6.54 + (3.50)
Constant	-3.38 * (0.55)	-3.22 * (0.55)	1105.00 * (258.50)	1106.00 * (256.90)	-3089.00 * (348.60)	-3062.00 * (350.00)	-0.28 (0.91)	-0.02 (0.90)	924.00 * (137.80)	991.90 * (141.20)
Observations	1316	1316	1316	1316	1316	1316	1316	1316	1316	1316
Number of states	47	47	47	47	47	47	47	47	47	47
R-squared	0.890	0.890	0.911	0.911	0.698	0.700	0.650	0.652	0.894	0.894

Table 5. Summary of Findings

	Redis. Score	Welfare \$	Tax Refund	Min. Wage	Educat. \$
Low-Income (direct)		-	+		+
Low-Income (X party)	+			+	+
Low-Inc Whites (direct)		-	+		+
Low-Inc Whites (X party)			-	+	+
Low-Inc Minorities (direct)	-	-	-		-
Low-Inc Minorities (X party)	+		+		+

Figure 1. Average Income-Party Gap, by State

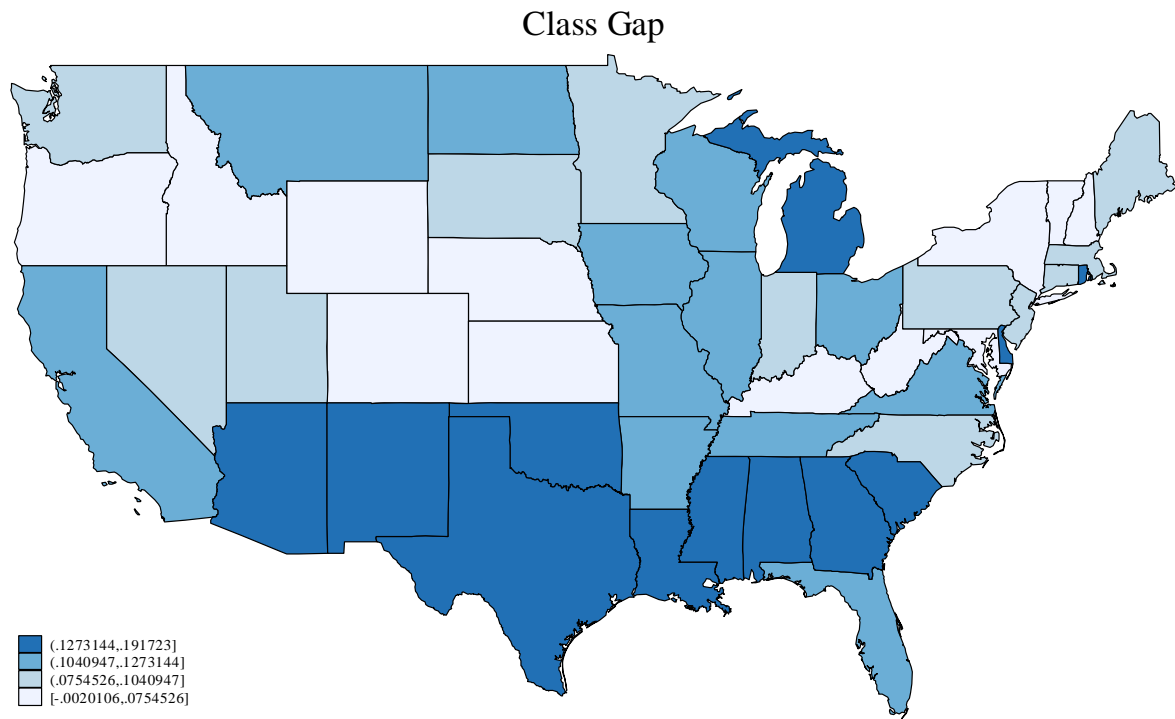


Figure 2. Magnitude of Income-Party Gap, 1976-2010

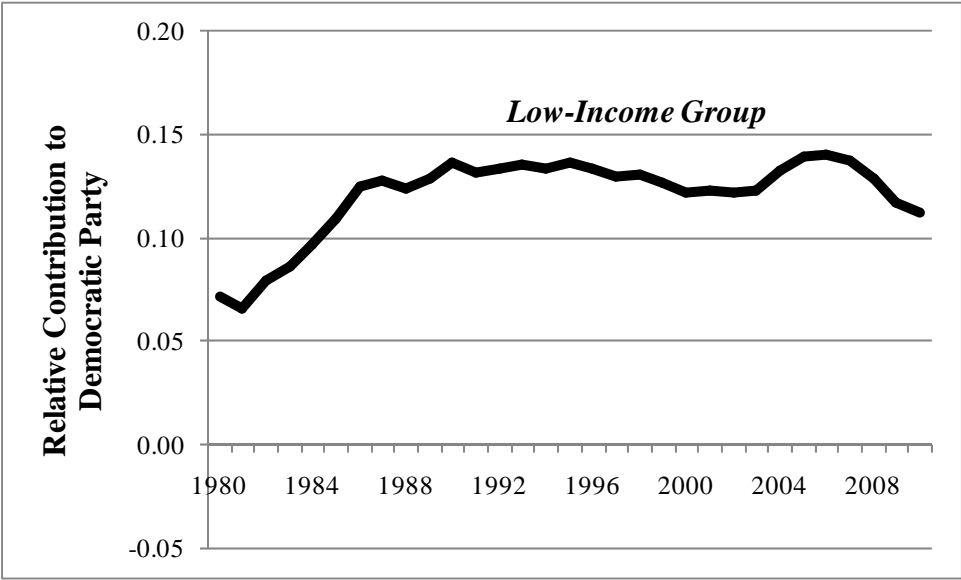


Figure 3. Change in Income-Party Gap, by Race

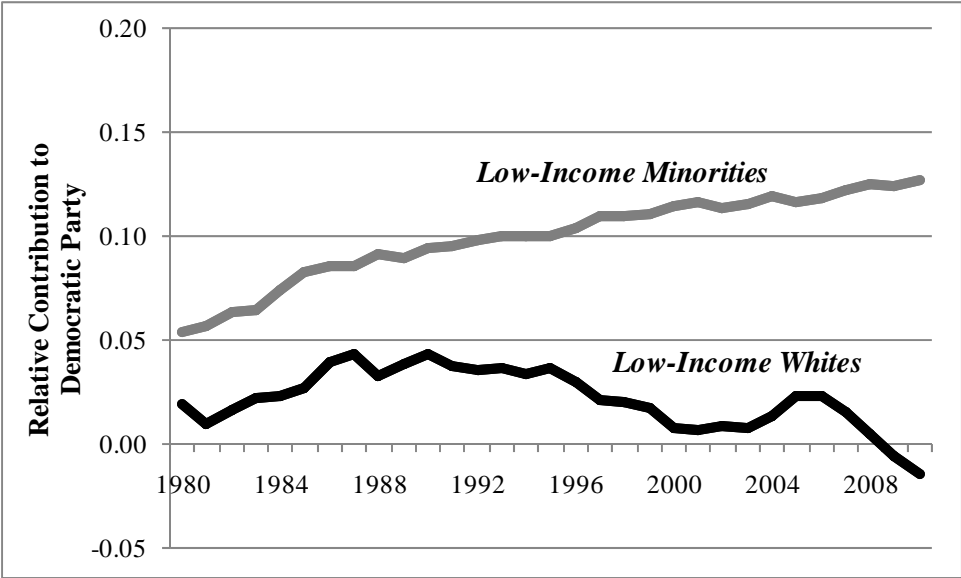
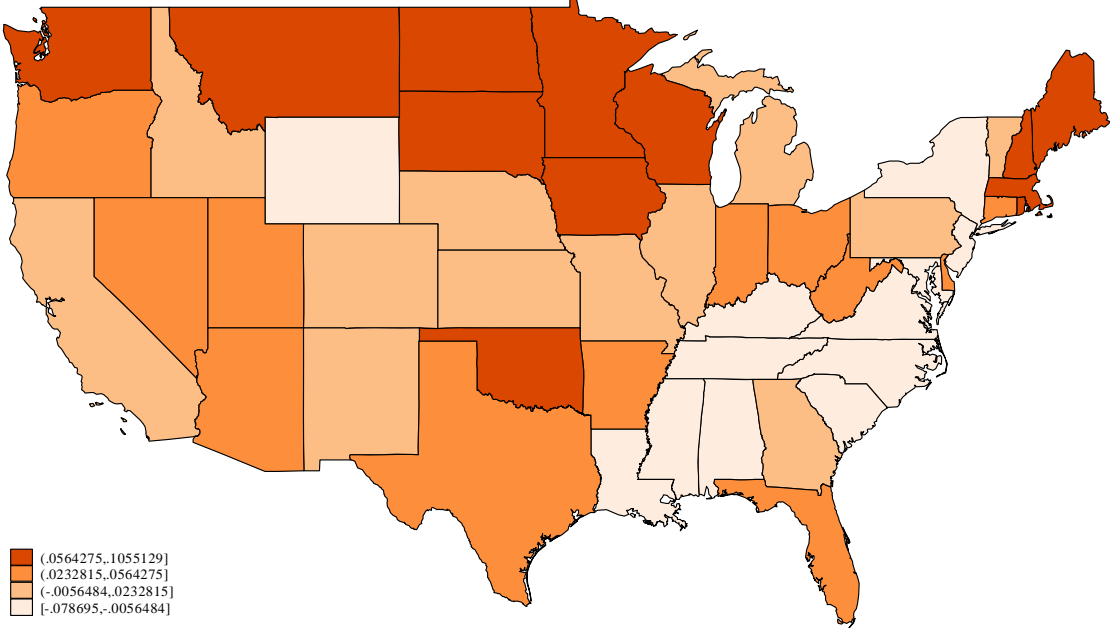


Figure 4. Income-Party Gap, by Race

Gap: Low-Income, Whites



Gap: Low-Income, Minorities

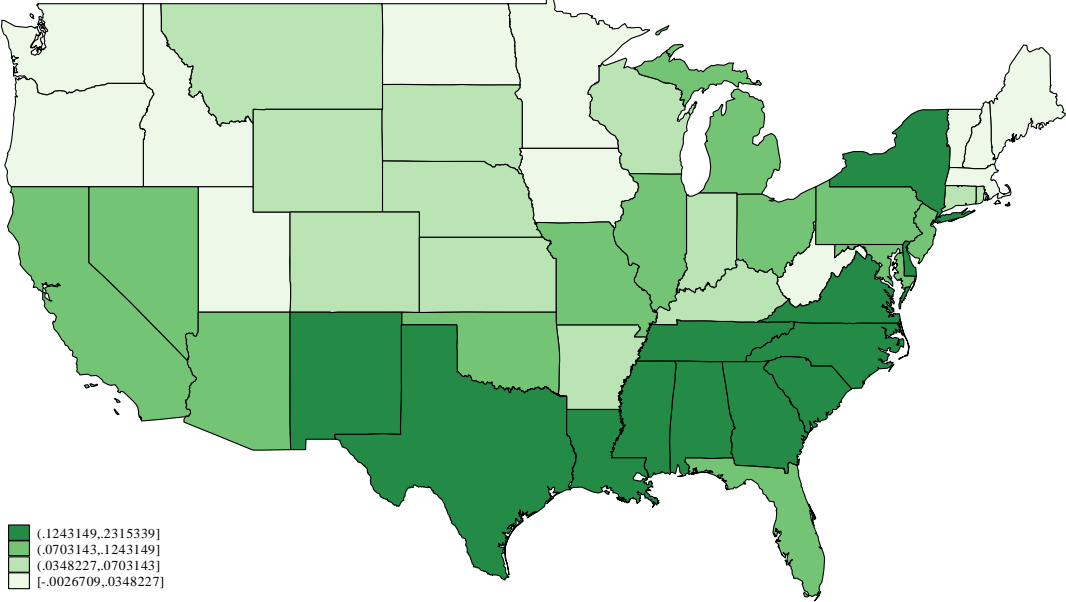


Figure 5. Marginal Effect of Low-Income Gap

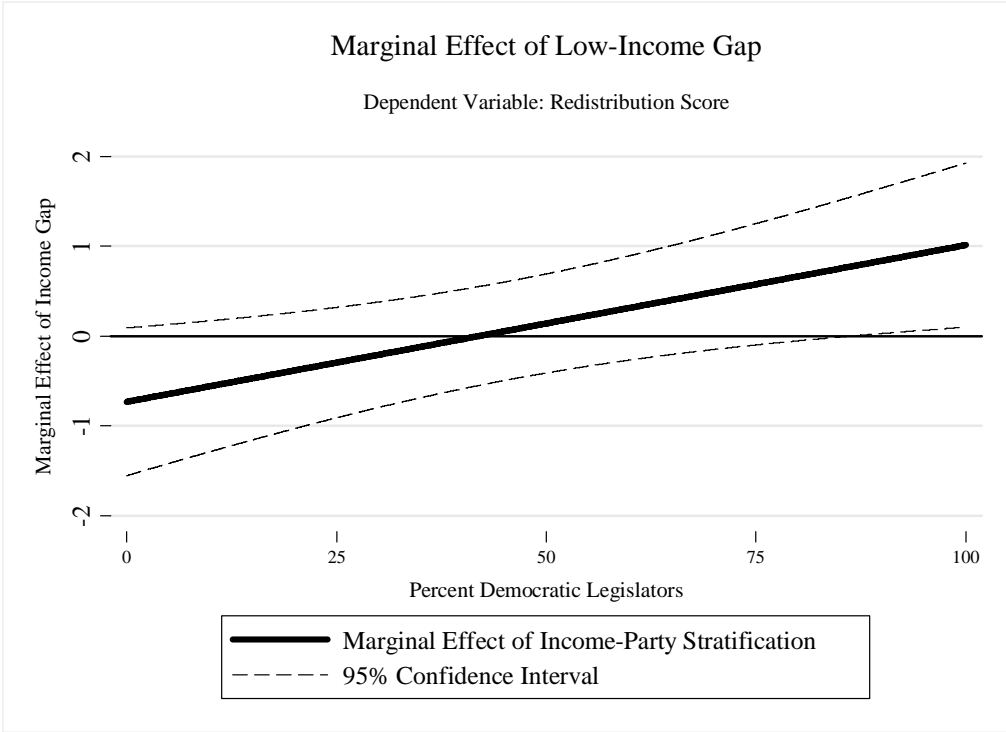


Figure 6. Marginal Effect of Low-Income Gap, by Race

