Poor Democrats, Rich Republicans, & the Policy Consequences of Income-Party Stratification

Elizabeth Rigby
George Washington University
erigby@gwu.edu

Draft:
September 24, 2012

Poor Democrats, Rich Republicans, & the Policy Consequences of Income-Party Stratification

Abstract

The American electorate is increasingly stratified along income lines—with low-income voters disproportionately identifying as Democrats and wealthier voters as Republicans. To assess the policy consequences of this trend, I use longitudinal data (1980–2010) on states' redistributive policies to test my expectation that the influence of income-stratified politics depends on concurrent racial politics—specifically the degree to which parties are also stratified by race. Findings suggest that income-stratified parties are associated with less generous welfare policy. This negative influence is also found for other forms of redistribution (minimum wage and tax expenditures) when parties are stratified by both income and race. Much—but not all—of these effects seem to operate via the electoral system in which Democratic parties that draw disproportionately from low-income minorities find it harder to win elections. Yet, when they are elected, there is some evidence of greater redistribution or less retrenchment under Democratic control.

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 separate, and polarized, political parties (McCarty, Poole, and Rosenthal 2006). This movement toward income-based political parties may have important consequences for policymaking—particularly on questions of policy redistribution from the wealthy to the poor. Illuminating these policy consequences is important for understanding redistributive politics, as well as for assessing the role of party politics in shaping economic outcomes for low-income Americans. However, most scholarly work noting this trend focuses on its causes—not its consequences.

In contrast, in this paper, I examine nearly three decades of longitudinal data on state-level patterns of partisanship and policy redistribution[1] 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. To answer this question, I argue that we must also consider the concurrent racial context in the state since it may influence 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; Quadango, 1994; Soss, Fording, and Schram 2008), as have

---

[1] These data will be made publically-available upon publication of this article at: [website masked]

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. And finding that this is true, I explore three pathways by which this demographic basis of state party systems shape policy outcomes: electoral contents, representation by parties in legislatures, and scope of the policy agenda in the state. 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 considerate 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. And once both race and income are incorporated in the explanation—I conclude that low-income whites benefit much more from income-party stratification than do low-income minorities.

The Income-basis of State Party Systems

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 income-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; 2012), particularly in poor places where class most polarizes economic policy preferences (Rigby and Wright 2011) and in states with greater income inequality

5

(Rigby and Wright forthcoming). In contrast, a class-based Republican party would have reason to oppose redistribution in order to reward its higher income constituency.

Policy Consequences of Income-Party Stratification

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.

This leads to a quite general ***Hypothesis 1:*** *The degree to which state party constituencies are stratified by income impacts the level of redistributive policy in the state.* With conflicting expectations from previous research, I acknowledge that this could be a positive association in which income-based politics serves to increase states' redistributive policy effort; it is also feasible that income-based parties undermine cross-class coalitions in ways that limit redistribution and sharing of resources across social groups. I expect that the direction of this association will depend on the concurrent racial politics at play in the state, as described below.

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; Quadango, 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; Rigby and Wright 2011; forthcoming; 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). In fact, this omission was noted 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."

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,"[2] 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 expectation 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). Specifically, I test **Hypothesis 2:** *Greater policy redistribution is expected in states with greater income-party stratification among white voters, than in states in which the Democratic party is both disproportionally poor and disproportionally non-white.* 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-

---

[2] 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.

based political development in the South. Yet, he noted that "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).

How the Demographic Basis of State Party Systems May Shape Redistribution

A second aim of this project is to consider alternative pathways by which the income (and racial) basis of state party systems impacts the degree of policy redistribution adopted by the state. Although this longitudinal study design is not ideal for teasing apart specific processes, it does allow for a comparison of three potential mechanisms linking the demographics of parties' core constituencies to "who gets what" from of the policymaking process. At the core of these mechanisms is partisan control, which I expect to serve both to mediate and moderate the relationship between the income and racial basis of state party systems and the redistributive policy outputs in those states. This central role for party control is depicted in the conceptual model in Figure 1—with each potential mechanism described in the text that follows.

[Insert Figure 1 around here]

Electoral Mechanism (Arrow A). The demographic basis of state party system may matter most for its implications for Democratic success at the ballot box. A party that depends on lower-income and racial/ethnic minorities to get elected may be less competitive due to the lower rates of voting and contributing to campaigns among these groups (Schlotzman et al 2012). So if a state party systems draw from distinct demographic groups, the Democratic party may be disadvantaged electorally—leaving control of the policymaking process in the hands of a Republican majority who are less likely to enact redistributive policies regardless of the demographic basis of their party base. I depict this mechanism in the conceptual model as a mediating effect in which party control helps explain the relationship between the demographics of the state party system and redistributive policy.

Representation Mechanism (Arrow B). Another mechanism linking the demographics of the party base and redistributive policy output stems from both parties simply representing the economic interests of their core constituency. Where income- and racial-stratification of the party system is greater, the parties in the legislature are likely pursuing distinct policy agendas, which would be reflected in increased redistribution under Democratic party control, but retrenchment when Republicans are in power. This mechanism is depicted in the conceptual model as a moderating relationship in which a different relationship between the demographic basis of the state party system and redistributive policy is seen when a state is under Democratic versus Republican party control.

Scope of Agenda Mechanism (Arrow C). It is also possible that the income and racial basis of state party systems is linked to redistributive policy outputs; yet this linkage is without any evidence of the electoral or representation mechanisms above (i.e. regardless of patterns of party control). In this case, it is likely that the demographic basis of state party systems is serving to shift the overall agenda of both political parties such that redistributive policy is consistently excluded from (on consistently on) the agenda. This mechanisms is most likely to operate in a negative fashion consistent with the idea of a captured constituency in which a party depends on a group for votes—but makes limited effort to actually represent their interests, or with the notion of a "second face of power" in which the policy agenda is reduced in scope to those debates acceptable to more powerful citizens (who in the case of extreme income and racial stratification would be disproportionately Republicans). In the conceptual model above, this mechanism is depicted as a direct association between the demographic basis and policy outcomes.

Data and Measurement

Now I turn to describing the data and measurement strategy used to test both Hypothesis 1 and Hypothesis 2, as well as to assess the most likely mechanism underlying any association. 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 three different measures: (1) *Welfare*

Spending. 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) *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). And (3) *Tax Burden.* 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).

These three measures served only as proxies for the level and change in state policy since

redistribution is determined by a whole host of policy decisions. Yet, these measures provided two

important attributes that justify their usage. First, each represented a distinct approach to

redistribution that states may take—acknowledging that 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, and regulation. The choice among these tools represents a

11

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). Indeed, states scoring highly on one indicator of redistributive policy were more likely to score highly on the others as well. Yet, these correlations are modest in magnitude—with correlation coefficients of .21 (tax and minimum wage), .40 (minimum wage and welfare), and .44 (tax and welfare).

Second, and more pragmatically, these three measures could be tracked on an annual basis over the nearly 30 year time period that this study examines. 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).

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, it would be better to develop 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 identify 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.[3] 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 2. Figure 3 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, 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

---

[3] 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).

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.

[Figure 4 and Figure 5 about here]

Considering the time trend and geographic distribution of the income gap, we see additional differences among low-income whites and low-income minorities. Figure 4 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 5, 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.

[Table 1 around here]

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 2 and 5). The second strategy is to use a set of control variables (see Table 1) to account

15

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 their influence 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. To account for timing, the three dependent variables (the policy measures) are measured at time T+1, predicted by independent variables measured at time T.

I begin by estimating two models for each of the three policy measures. The first regresses the policy on my measure of the low-income gap between the parties (basically the degree to which the Democratic party constituency is disproportionately drawn from those in the bottom half of the state's income distribution). The second model disaggregates this income gap into two component parts: income gap among low-income whites and income gap among low-income minorities. These two measures sum to the total income-party gap used in Model 1. In both models, I control for the state-level characteristics described above, other than party control which is introduced in later models to test the proposed mechanisms linking the demographic basis of state party system to its redistributive policy output.

[Table 2 about here]

Table 2 provides the key coefficients from these models (controls included in the models but not shown here). The coefficients from Model 1 indicate the association between the overall income gap and each redistributive policy. This association is negative for welfare spending, non-significant for the minimum wage, and positive for tax burden. This indicates that when states experience an increase in the income stratification of their party system, they tend to reduce welfare spending but increase tax benefits to low-income people in the following time period. This provides partial support for Hypothesis 1 in which income-stratification is expected to shape policy redistribution. Yet, its direction is inconsistent. Model 2 allows for a comparison of how the income gap is related to policy outcomes when the polarization occurs among low-income whites versus low-income minorities. The most pronounced difference is for the income gap among minorities, which is negatively associated with all three indicators of policy redistribution. These distinct patterns confirm the need to consider by income and race when examining the demographic basis of state party systems.

[Table 3 & Figure 6 about here]

Next, I incorporate measures of party control in order to examine the alternative mechanisms by which the demographic basis of state party systems may impact policy outcomes. These models are presented in Table 3. To examine the potential electoral mechanisms, I focus on the change in the coefficients between Model 1 and Model 2 (before and after controlling for party control of the executive and legislative branches). A reduction in the magnitude of these coefficients would lend support for the electoral mechanisms in which the demographic basis of the party system matters because it shapes the ability of each party to get elected—rather than the actions each party would take once in office).

Figure 6 presents the magnitude of this reduction. These bars represent standardized coefficients (standard deviation units) in order to ease comparison across the three distinct policy

17

measures. The top panel of Figure 6 presents the coefficients for the income gap among whites, which remains quite consistent once I account for party control. In contrast, the bottom panel presents the same results for the income gap among minorities, which is reduced in magnitude once I account for party control. These reductions—15 percent for welfare spending, 32 percent for minimum wage, and 39 percent for tax burden—indicate that this portion of the initial association between the income gap among minorities and the reduction in redistribution can be explained by the lower rate of electoral success experienced by Democratic parties that disproportionately draw from a low-income minority constituency.

To assess the representation mechanism, I also estimated Model 3, which includes an interaction term (income gap X percent Democratic legislators). A significant interaction indicates that party control has a different effect on redistribution when parties draw from constituencies polarized by income. As seen in Table 3, there was no significant interaction for the welfare policy outcome—suggesting that the income-basis of the party system did not alter the importance of party control for shaping welfare spending. I interpret this as consistent with the notion of a reduced scope of the policy agenda since (for the most part) party control did very little to mediate or moderate the negative association between income-based party systems and changes in state welfare policy. For minimum wage policy, income-stratified Democratic parties were more likely to expand minimum wage policy when it was low-income whites who were disproportionately concentrated in the Democratic party. The same evidence of representing the interests of low-income minorities was not found. Finally, for the tax burden measure of redistribution, we found evidence of Democratic party representation was found for a gap among low-income minorities. However, for low-income whites, party stratification was actually associated with less tax redistribution when Democrats were in control.

[Figure 7 and Figure 8 around here]

18

These interactions are presented graphically for ease of interpretation in the next set of figures, which plot the marginal effect of a one-unit increase in income-party stratification among whites (top panel) and among minorities (bottom panel) on redistribution under different levels of Democratic party strength. Figure 7 illustrate the lack of any significant interaction for welfare policy—suggesting that the demographic basis of the Democratic party does not translate into greater or lesser welfare policy redistribution when Democratic are in power. Figure 8 examines these marginal effects for the minimum wage outcome. The concentration of low-income whites in the Democratic party can lead to expansions in the minimum wage once a large enough share of Democratic legislators are in office (threshold of about 70 percent). This is consistent with the notion of a representation mechanism in which elected officials pursue policies that benefit their core constituency once elected to office. However, no evidence of a similar mechanism was found for Democratic parties disproportionately dependent on low-income minority constituents.

[Figure 9 around here]

Finally Figure 9 presents marginal effects for the measure of tax burden on low-income families—finding a significant interaction for both measures of income-gap. Interestingly, there was a negative interaction between the partisan gap among low-income whites and party control indicating that when Democratic parties drew disproportionately from low-income whites in the state, it was Republicans who were more likely to expand tax-based redistributive policy. The opposite (more expected) positive association was found for the income-gap among minorities— which actually translated into less tax redistribution under Republican control.

[Table 3 about here]

Summary of Findings

To help draw conclusions across these distinct measures of redistributive policy, Table 3 presents a summary of the findings across the three proposed mechanisms. The symbols in the

boxes indicate whether the mechanism was found to lead to greater (+) or lesser (-) policy redistribution. For income-party stratification among whites, we find no evidence of an election mechanism and mixed evidence for the other two mechanisms. Yet, for income-party stratification among minorities we find negative effects consistent with the election mechanism in which these Democratic parties are less electable. However, when these Democratic parties are elected, there is some evidence that they expand minimum wage policy in response to greater income stratification among whites and tax-based redistribution with greater income stratification among minorities. However, much of the relationship between income-party stratification among minorities and reduced policy redistribution is not explained by party control and so seems to stem from a narrowing of the policy agenda in which neither party champions the push for redistribution.

Another way to consider these findings is by considering each policy separately. This illustrates the generally negative effect of income-stratified parties (of any race) on welfare generosity. In contrast, minimum wages are more likely to be expanded by Democratic parties that draw disproportionately on low-income whites. Parties stratified by both income and race are associated with lower minimum wages—but this seems to be occurring because these parties are less successful electorally not because of their priorities once in office. Finally, the tax-based redistribution followed a different pattern in which party systems stratified only by income were more likely to expand these tax benefits to the poor—but typically under Republican or divided control. In contrast, when party systems were stratified by income and race, these tax benefits were generally lower and only held constant (rather than reduced) under Democratic control.

Conclusion

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. 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 minorities that led to less generous redistributive policy, although any type of income-stratification seemed to depress welfare spending. 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 suggesting a general shifting of the two-party agenda away from consideration of redistribution via welfare.

References

Abramson, Paul, John Aldrich, and David W. Rohde. 2007. *Change and continuity in the 2004 and 2006 elections*. Washington, DC: CQ Press.

Alesina, Alberto, and Edward L. Glaeser. 2004. *Fighting poverty in the US and Europe: A world of difference.* Oxford: Oxford University Press

Alford, Robert R. 1963. *Party and society: The Anglo American democracies*. Chicago: Rand McNally Sociology Series.

Avery, James, and Mark Peffley. 2005. Class bias in state electorates and the adoption of restrictive welfare policies after TANF. *State Politics and Policy Quarterly*.

Bartels, Larry M. 2008. *Unequal democracy: The political economy of the New Gilded Age.* New York: Russell Sage Foundation and Princeton University Press.

Brown, Robert D. 1995. Party cleavages and welfare effort in the American states. *The American Political Science Review* 89 (1):23–33.

Dawson, Michael. 1994. *Behind the mule: Race and class in African American politics*. Princeton, NJ: Princeton University Press.

Erikson, Robert S., Gerald C. Wright, and John P. McIver. 1993. *Statehouse Democracy: Public Opinion and Policy in the American States.* New York: Cambridge University Press.

Faricy, Chrisopher. 2011. "The Politics of Social Policy in America: The Causes and Effects of Indirect versus Direct Social Spending." *The Journal of Politics, 73*(1): 74-83.

Fellows, Matthew C., and Gretchen Rowe. 2004. Politics and the new American welfare states. *American Journal of Political Science* 48 (2):362–73.

Fording, Richard C. 2003. Laboratories of democracy or symbolic politics? The racial origins of welfare reform. In *Race and the politics of welfare reform*, ed. S. F. Schram, J. Soss, and R. C. Fording, 72–100. Ann Arbor: University of Michigan Press.

Frank, Thomas. 2004. *What's the Matter with Kansas? How Conservatives Won the Heart of America.* New York: Metropolitan Books.

Gelman, Andrew, David Park, Boris Shor, Joseph Bafumi, and Jeronimo Cortina. 2008. *Red state, blue state, rich state, poor state: Why Americans vote the way they do.* Princeton, NJ: Princeton University Press.

Gilens, Martin. 2005. "Inequality and Democratic Responsiveness." *Public Opinion Quarterly* 69:778–96.

Gilens, Martin. 2009. "Preference Gaps and Inequality in Representation." *PS: Political Science and Politics* 70(2): 335–41.

Gilens, Martin. 2012. *Paying the Piper: Economic Inequality and Democratic Responsiveness in the United States.* New York: Russell Sage Foundation.

Gilens, Martin 1999. *Why Americans hate welfare*. Chicago: University of Chicago.

Hero, Rodney E. 1998. *Faces of Inequality: Social Diversity in American Politics*. New York: Oxford University Press.

Hero, Rodney E, and Caroline J. Tolbert. 1996. A racial/ethnic diversity interpretation of politics and policy in the states of the U.S. *American Journal of Political Science* 40 (3):851.

Hill, Kim Quaile, and Jan Leighley. 1992. The policy consequences of class bias in state electorates. *American Journal of Political Science* 36 (2): 351–65.

Hill, Kim, Jan Leighley, and Angela Hinton-Anderson. 1995. Lower-class mobilization and policy linkage in the U.S. states. *American Journal of Political Science* 39 (1): 75–86.

Hochschild, Jennifer. 2009. Perspectives on unequal democracy. *Perspectives on Politics* 7 (1):145–47.

Iversen, Torben and David Soskic. 2011. "Electoral Institutions, Parties, and the Politics of Class: Explaining the Formation of Redistributive Coalitions." In Pablo Beramendi and Christopher J. Anderson (Eds.), *Democracy, Inequality, and Representation: A Comparative Perspective* (p. 93-126). New York: Russell Sage Foundation.

Jacoby, William G. and Saundra K. Schneider. 2001. "Variability in State Policy Priorities: An Empirical Analysis." *The Journal of Politics, 63*(2):544-568.

Jacoby, William G., and Saundra K. Schneider. 2009. A new measure of policy spending priorities in the American states. *Political Analysis* 17 (1):1–24.

Jennings, Edward T. 1979. Competition, constituencies, and welfare policies in American states. *American Political Science Review* 73:414–29.

Katznelson, Ira. 2005. *When Affirmative Action was White.* New York: W.W. Norton & Company.

Kelly, Nathan J. 2005. "Political Choice, Public Policy, and Distributional Outcomes." *American Journal of Political Science 49* (4):865-880.

Lipset, Seymour Martin. 1981. *Political man: The social bases of politics.* Exp. ed. Baltimore, MD: Johns Hopkins University Press.

Lowi, T. J. 1972. "Four Systems of Policy, Politics and Choice." Public Administration Review 32 (4): 298–310.

McCarty, Nolan M., Keith T. Poole, and Howard Rosenthal. 2006. *Polarized America: The Dance of Ideology and Unequal Riches.* Cambridge, MA: MIT Press.

Neckerman, Katheryn, ed. 2004. *Social Inequality*. New York: Russell Sage Foundation.

Newman, Katherine S. and Rourke L. O'Brien. 2011. *Taxing the Poor: Doing Damage to the Truly Disadvantaged.* Berkley, CA: University of California Press.

Quadagno, Jill. 1994. *The color of welfare: How racism undermined the War on Poverty.* Oxford: Oxford University Press.

Rigby, Elizabeth. 2007. "Same Policy Area, Different Politics: How Characteristics of Policy Tools Alter the Determinants of Early Childhood Education Policy." *Policy Studies Journal 35*(4):653-669.

Rigby, Elizabeth, and Gerald C. Wright. 2011. Whose statehouse democracy? Policy responsiveness to the rich versus poor in rich versus poor states. In *Who is Represented?* Ed/ Peter Enns and Christopher Wlezien. New York: Russell Sage Foundation.

Rigby, Elizabeth, and Gerald C. Wright. Forthcoming. "Political Parties and Representation of the Poor in the American States." *American Journal of Political Science*.

Ringquist, Evan, Kim Hill, Jan Leighley, and Angela Hinton-Anderson. 1997. Lower-class mobilization and policy linkage in the U.S. states: A correction. *American Journal of Political Science* 41(1):339–44.

Salamon, L. 2002. *The Tools of Government Action: A Guide to the New Governance*. New York: Oxford University Press.

Schneider, A. L., and H. Ingram. 1997. *Policy Design for Democracy*. Lawrence, KS: University of Kansas Press.

Soss, Joe, Richard C. Fording, and Sanford F. Schram. 2008. The color of devolution: The politics of local punishment in an era of neo-liberal welfare reform. *American Journal of Political Science* 52:536–53.

Soss, Joe, Sanford F. Schram, Thomas Vartanian, and Erin O'Brien. 2001. Setting the terms of relief: Explaining state policy choices in the devolution revolution. *American Journal of Political Science* 45 (2):378–95.

Stonecash, Jeffrey M. 2000. *Class and party in American politics.* Boulder, CO: Westview Press.

Stonecash, Jeffrey M. and Mark D. Brewer, and Mack D. Mariani. 2003. *Diverging Parties: Social Change, Realignment, and Party Polarization.* New York: Westview Press.

Table 1. Descriptive Statistics

	N	Mean	sd	Min	Max
Policy Measures					
Welfare $	1316	910.23	421.58	74.37	2522.82
Min. Wage Gap	1316	0.18	0.47	0.00	2.54
Tax Refund	1316	-50.01	334.62	-797.22	1831.30
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 2. Relationship between Income-Party Gap and Redistributive Policies

	Coefficients	
	Model 1	Model 4
Welfare Spending		
Income Gap	-208.00 *	
	(70.28)	
Income Gap (Whites)		-161.30 *
		(72.00)
Income Gap (Minorities)		-517.90 *
		(129.20)
Minimum Wage		
Income Gap	-0.46	
	(0.36)	
Income Gap (Whites)		-0.33
		(0.37)
Income Gap (Minorities)		-1.28 +
		(0.67)
Tax Refund		
Income Gap	283.60 *	
	(134.40)	
Income Gap (Whites)		400.30 *
		(143.40)
Income Gap (Minorities)		-492.10 *
		(145.00)

Note: Selected coefficients from fixed-effect models employing panel-corrected standard errors. Models include all control variables—but omit the two measure of party control. Full models presented in Appendix A. * p<.05, + p<.10

Table 3. Potential Mechanisms Linking Party Bases and Policy Outcomes

	Welfare Spending			Minimum Wage			Tax Burden		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Citizen Ideology	2.31 *	1.98 *	1.97 *	-0.01 *	-0.01 *	-0.01 *	0.46	0.88	1.20
	(0.57)	(0.61)	(0.61)	(0.00)	(0.00)	(0.00)	(0.67)	(0.76)	(0.73)
GSP per capita	4.76 *	4.22 *	4.19 *	0.03 *	0.03 *	0.03 *	17.85 *	11.87 *	12.41 *
	(1.26)	(1.29)	(1.32)	(0.01)	(0.01)	(0.01)	(1.58)	(2.01)	(2.01)
Unemployment rate	14.40 *	16.44 *	16.38 *	-0.05 *	-0.05 *	-0.05 *	20.51 *	13.66 *	15.73 *
	(4.58)	(4.72)	(4.93)	(0.02)	(0.02)	(0.02)	(5.19)	(5.85)	(6.09)
Poverty rate	-5.34 +	-5.63 +	-5.58 +	0.03 *	0.02 *	0.02 *	-0.58	-0.58	-1.90
	(2.89)	(3.00)	(3.05)	(0.01)	(0.01)	(0.01)	(2.67)	(2.72)	(2.84)
Income inequality	354.90	374.10	375.50	-3.23 +	-1.78	-1.84	865.50 +	1563.00 *	1509.00 *
	(489.10)	(491.10)	(491.40)	(1.87)	(1.78)	(1.76)	(515.70)	(434.20)	(426.90)
Immigrant Pop.	-21.15 *	-18.59 *	-18.60 *	0.03	0.04 +	0.04 +	29.38 *	38.52 *	38.94 *
	(6.04)	(6.35)	(6.36)	(0.02)	(0.02)	(0.02)	(6.11)	(8.59)	(8.57)
Non-Hisp White Pop.	-4.84 +	-3.07	-3.10	0.00	0.00	0.00	8.15 *	14.85 *	15.47 *
	(2.54)	(2.69)	(2.68)	(0.01)	(0.01)	(0.01)	(3.18)	(4.32)	(4.27)
Governor = Dem		16.13 *	16.15 *		0.03	0.03		-24.53 *	-25.78 *
		(7.36)	(7.41)		(0.04)	(0.04)		(9.27)	(9.22)
Prop. Dem Legislators		0.66	0.70		0.01 *	0.00		5.37 *	3.82 *
		(0.54)	(0.68)		(0.00)	(0.00)		(0.78)	(1.01)
Income-Party Gap (Whites)	-161.30 *	-169.20 *	-197.60	-0.33	-0.40	-2.29 +	400.30 +	351.50 *	731.50 *
	(72.00)	(73.04)	(147.80)	(0.36)	(0.37)	(1.22)	(143.40)	(136.50)	(190.10)
Income-Party Gap (Minorities)	-517.90 *	-440.10 *	-419.70 +	-1.28 +	-0.87	-1.71	-492.10 *	-299.30 *	-1067.00 *
	(129.20)	(136.80)	(223.10)	(0.68)	(0.70)	(1.36)	(145.00)	(137.70)	(283.30)
Dem Leg X Gap (Whites)			0.55			0.04 *			-7.25 *
			(2.90)			(0.01)			(3.54)
Dem Leg X Gap (Minorities)			-0.38			0.02			14.45 *
			(4.37)			(0.02)			(4.90)
Constant	376.60 *	1105.00 *	1106.00 *	-0.30	-0.28	-0.02	-3023.00 *	-3089.00 *	-3062.00 *
	(190.90)	(258.50)	(256.90)	(0.91)	(0.91)	(0.90)	(348.60)	(348.60)	(350.00)
Observations	1316	1316	1316	1316	1316	1316	1316	1316	1316
Number of states	47	47	47	47	47	47	47	47	47
R-squared	0.913	0.911	0.911	0.650	0.650	0.652	0.698	0.698	0.700

Table 4. Summary of Findings, by Mechanism

	Welfare $	Min. Wage	Tax Refund
Income Gap: Whites			
Election Mechanism			
Representation Mechanism		+	-
Scope of Agenda Mechanism	-		+
Income Gap: Minorities			
Election Mechanism	-	-	-
Representation Mechanism			+
Scope of Agenda Mechanism	-		-

**Figure 1. Conceptual Model Linking Income-Party Stratification and Redistributive Policy**

C. Scope of Agenda Mechanism

A. Electoral Mechanism

**Income & Racial
Basis of Parties**

**Party
Control**

**Redistributive
Policy Choices**

B. Representation Mechanism
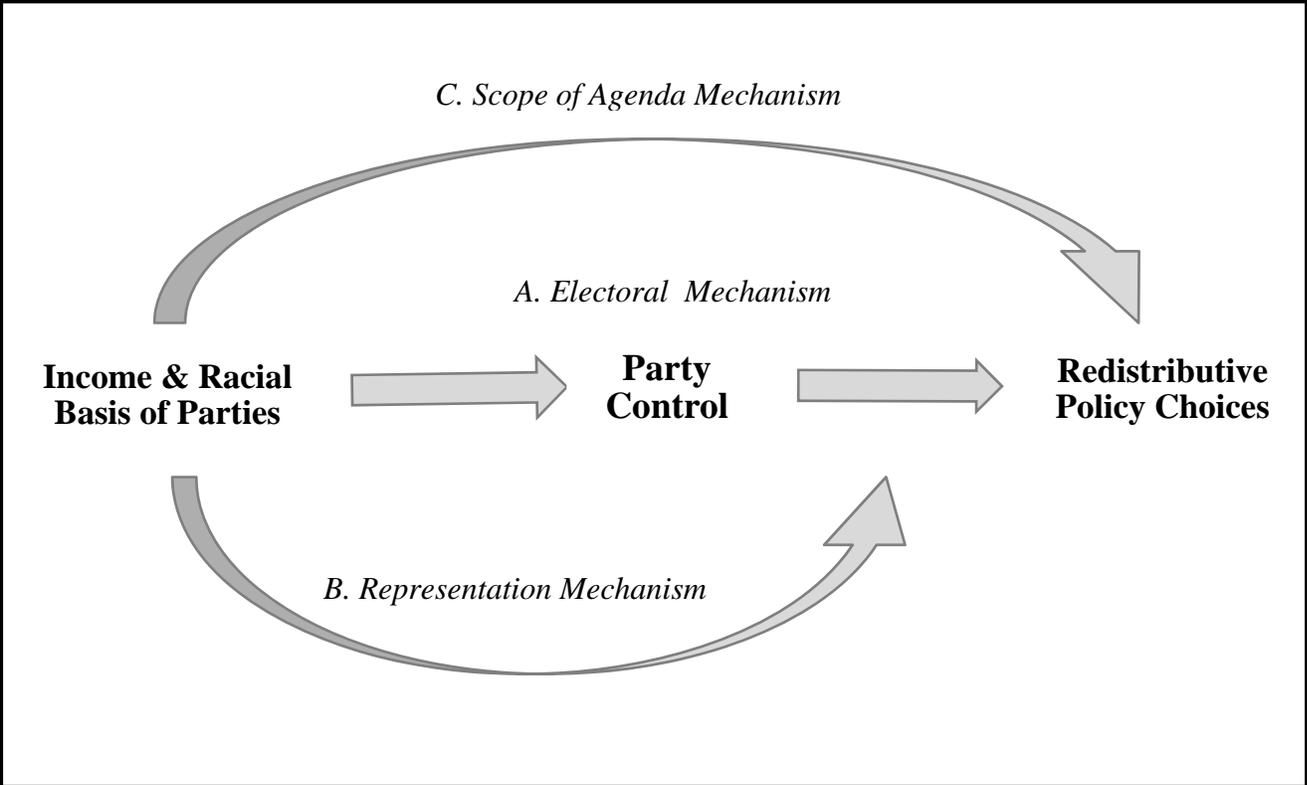
Figure 2. Average Income-Party Gap, by State

Class Gap

(.1273144,.191723]
(.1040947,.1273144]
(.0754526,.1040947]
[-.0020106,.0754526]
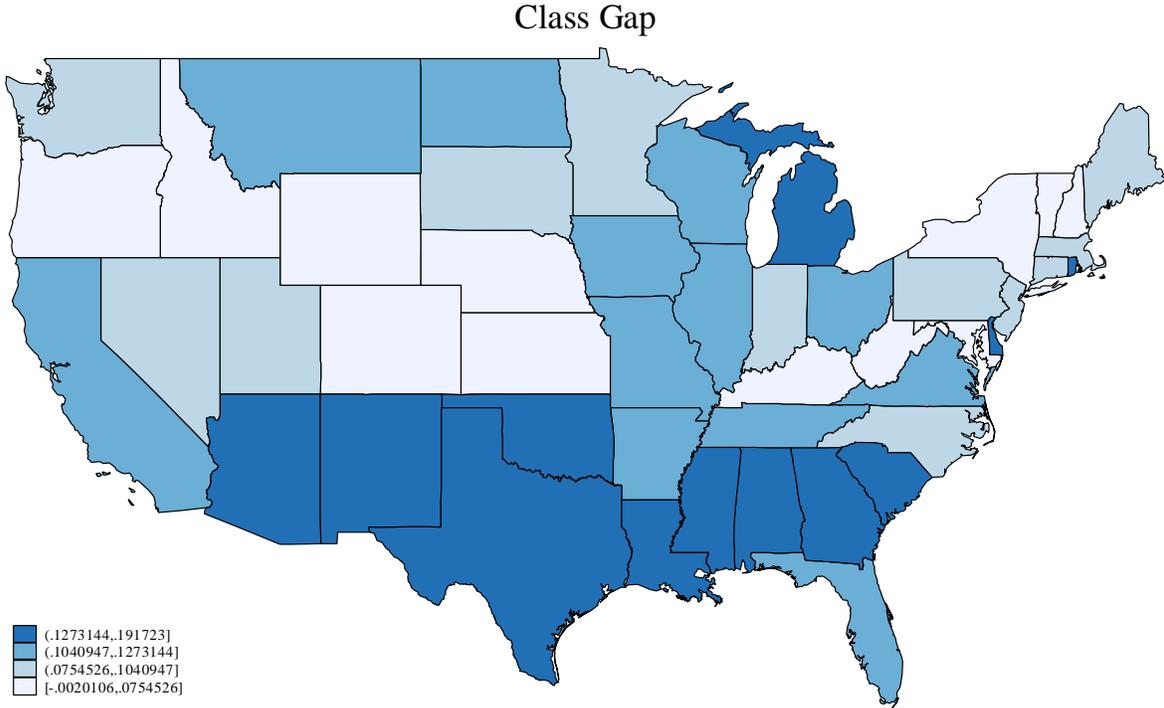
Figure 3. Magnitude of Income-Party Gap, 1976-2010
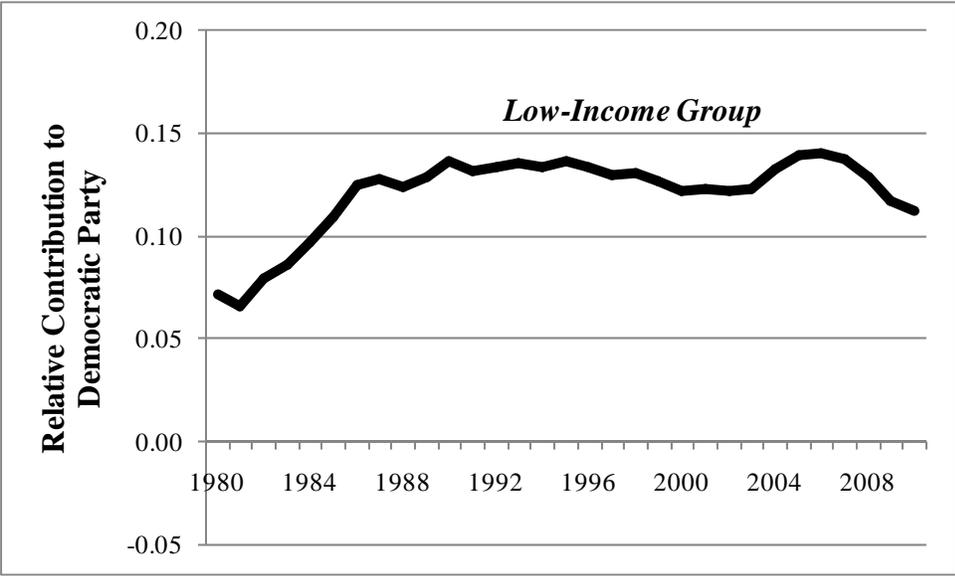
Figure 4. Change in Income-Party Gap, by Race
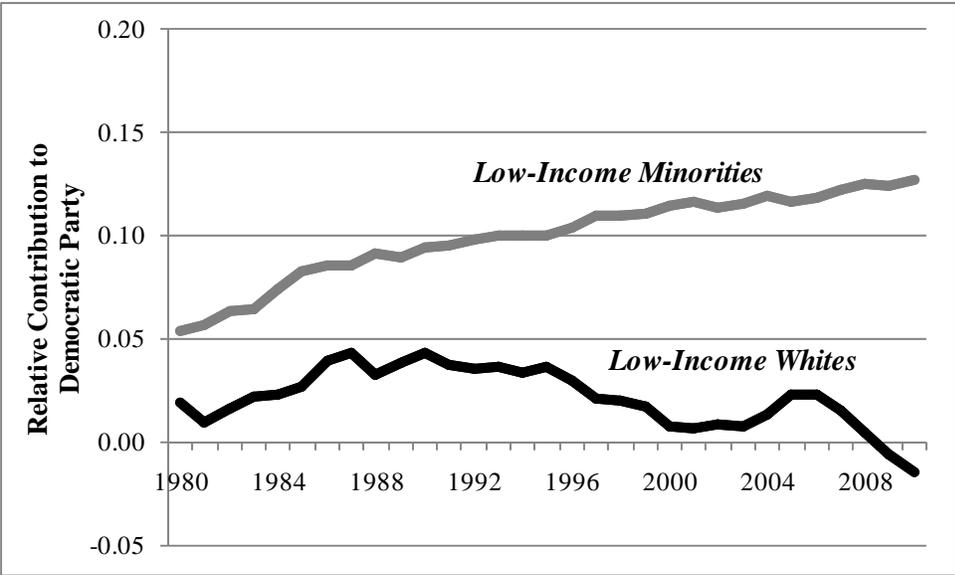
Figure 5. Income-Party Gap, by Race

Gap: Low-Income, Whites

(.0564275,.1055129]
(.0232815,.0564275]
(-.0056484,.0232815]
[-.078695,-.0056484]

Gap: Low-Income, Minorities

(.1243149,.2315339]
(.0703143,.1243149]
(.0348227,.0703143]
[-.0026709,.0348227]
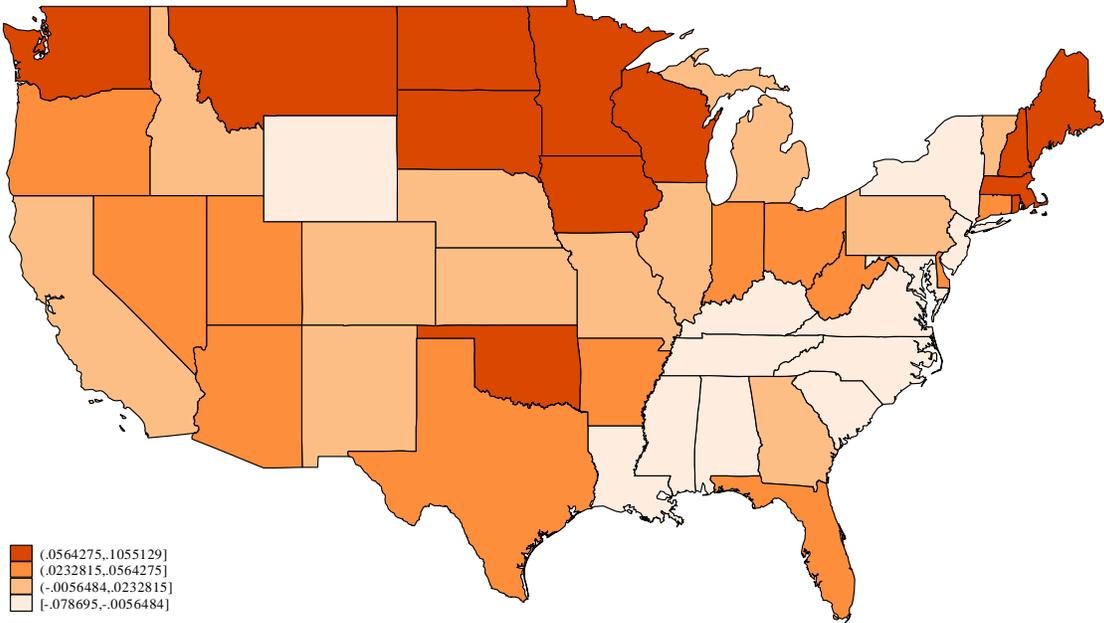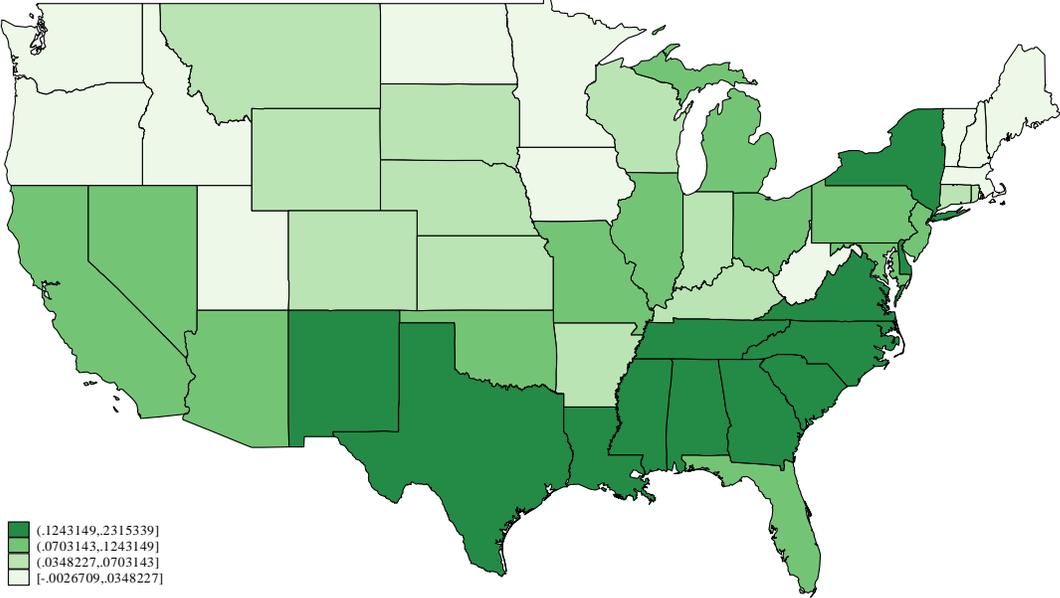
**Figure 6. Impact of Income-Gap, With and Without Party Control**

### A. Low-Income Gap among Whites
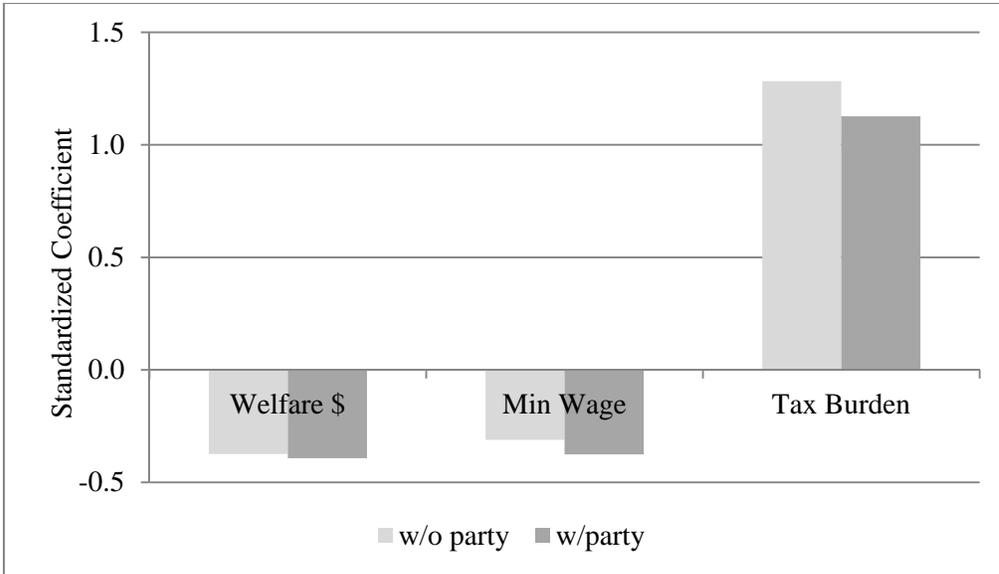
B. Low-Income Gap among Non-Whites
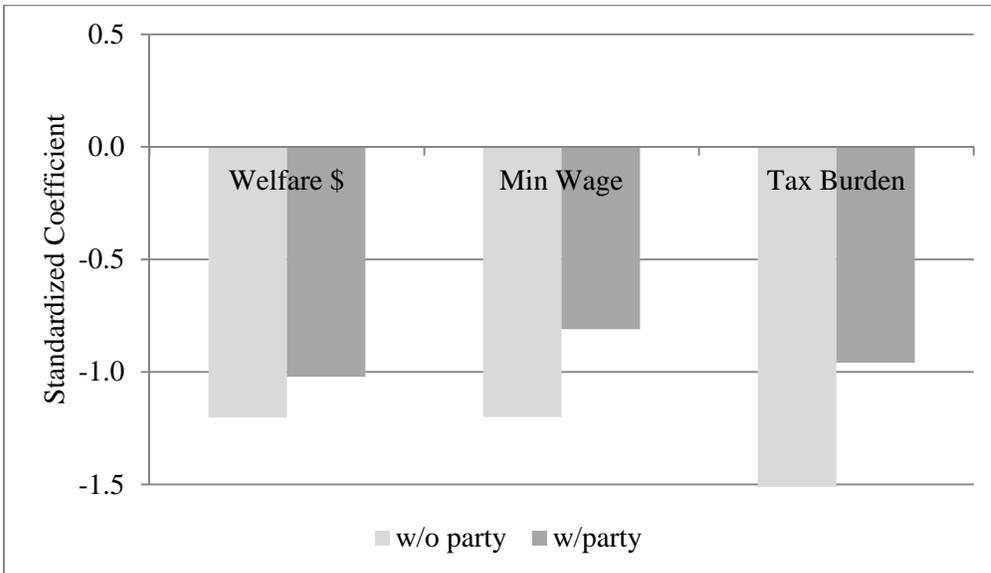
Figure 7. Marginal Effect of Income-Party Gap on Welfare Spending

Marginal Effect of Low-Income Gap among Whites

Dependent Variable: Welfare Spending

Percent Democratic Legislators

——— Marginal Effect of Income-Party Gap among Whites
– – – – 95% Confidence Interval

Marginal Effect of Low-Income Gap among Minorities

Dependent Variable: Welfare Spending

Percent Democratic Legislators

——— Marginal Effect of Income-Party Gap among Minorities
– – – – 95% Confidence Interval

Figure 8. Marginal Effect of Income-Party Gap on Minimum Wage Gap

Marginal Effect of Low-Income Gap among Whites

Dependent Variable: Minimum Wage Gap

Marginal Effect of Low-Income Gap among Minorities

Dependent Variable: Minimum Wage Gap
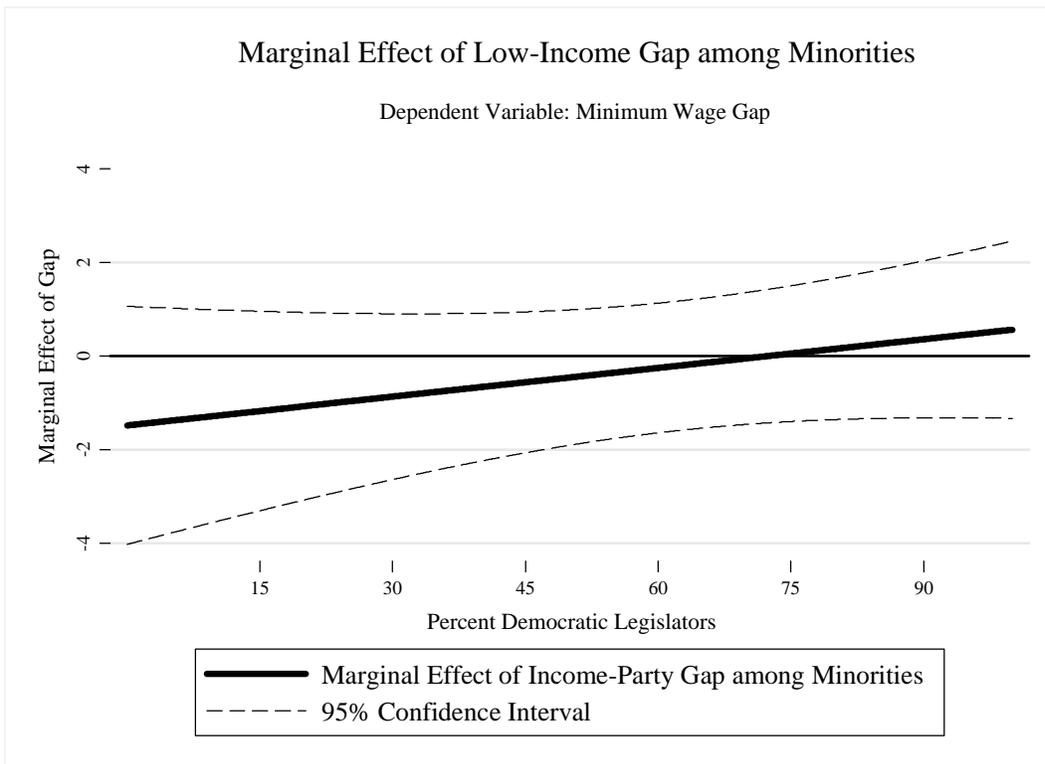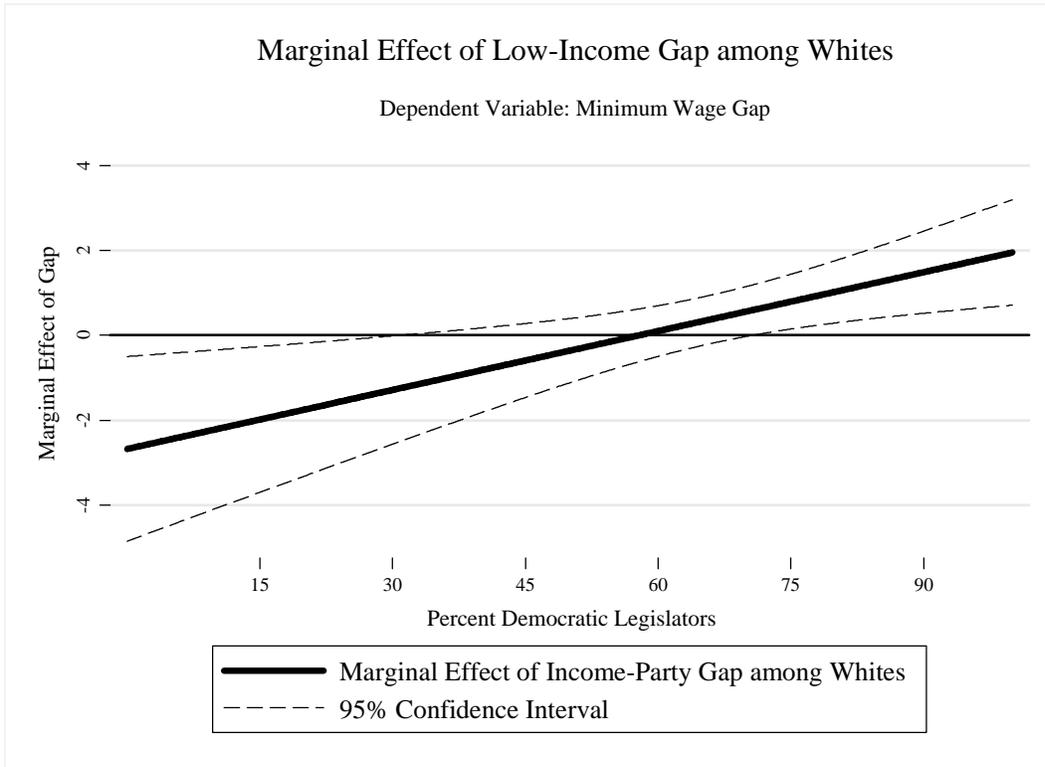
Figure 9. Marginal Effect of Income-Party Gap on Tax Burden

Marginal Effect of Low-Income Gap among Whites

Dependent Variable: Tax Burden

Marginal Effect of Gap

Percent Democratic Legislators

Marginal Effect of Income-Party Gap among Whites

95% Confidence Interval

Marginal Effect of Low-Income Gap among Non-Whites

Dependent Variable: Tax Burden

Marginal Effect of Gap

Percent Democratic Legislators

Marginal Effect of Income-Party Gap among Non-Whites

95% Confidence Interval