

THE POLICY CONSEQUENCES OF POLARIZATION: EVIDENCE FROM STATE REDISTRIBUTIVE POLICY

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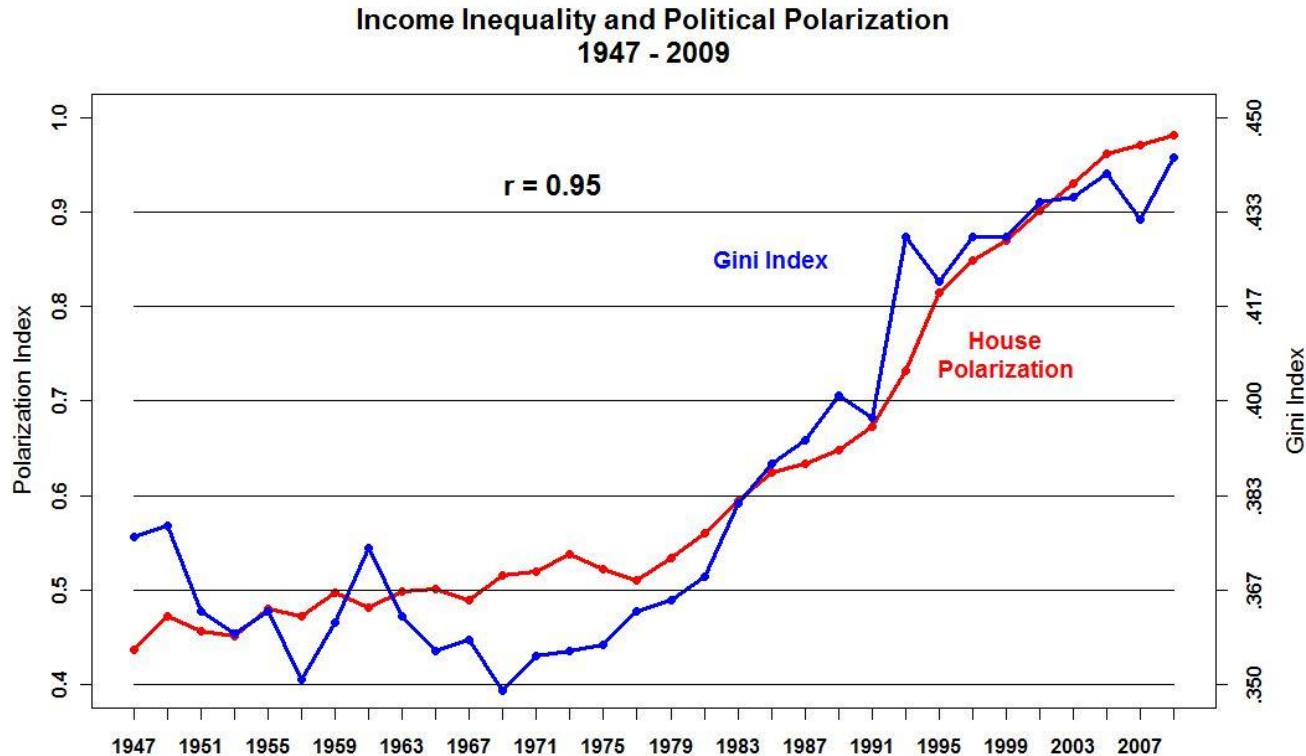
Indiana University

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Co-occurring National Trends

- Greater party polarization
- Increased income inequality
- Retrenchment of American welfare state
- Accounts of these political developments often draw linkages among these trends describing how party polarization → gridlock and policy drift → systematic disadvantage for those with less power and organization (e.g., the poor)

McCarty, Poole, & Rosenthal: Dance of Inequality



- Correlated trend in declining minimum wage & estate/income taxes
- “[Evidence] does seem to point strongly in the direction of a conservative effect of polarization on social policy.” (McCarty 2007, p. 243)

Both logics may apply

- Polarization may lead to gridlock and blocking that impedes policy change AND
- Polarization may increase the likelihood that at least one party represents the poor
- Further elaboration of the policy consequences of polarization are needed
 - Yet, these efforts are hindered by the near-exclusive focus on Congressional politics and the correlated national trends
 - States provide another vantage point for assessing the policy consequences of party polarization

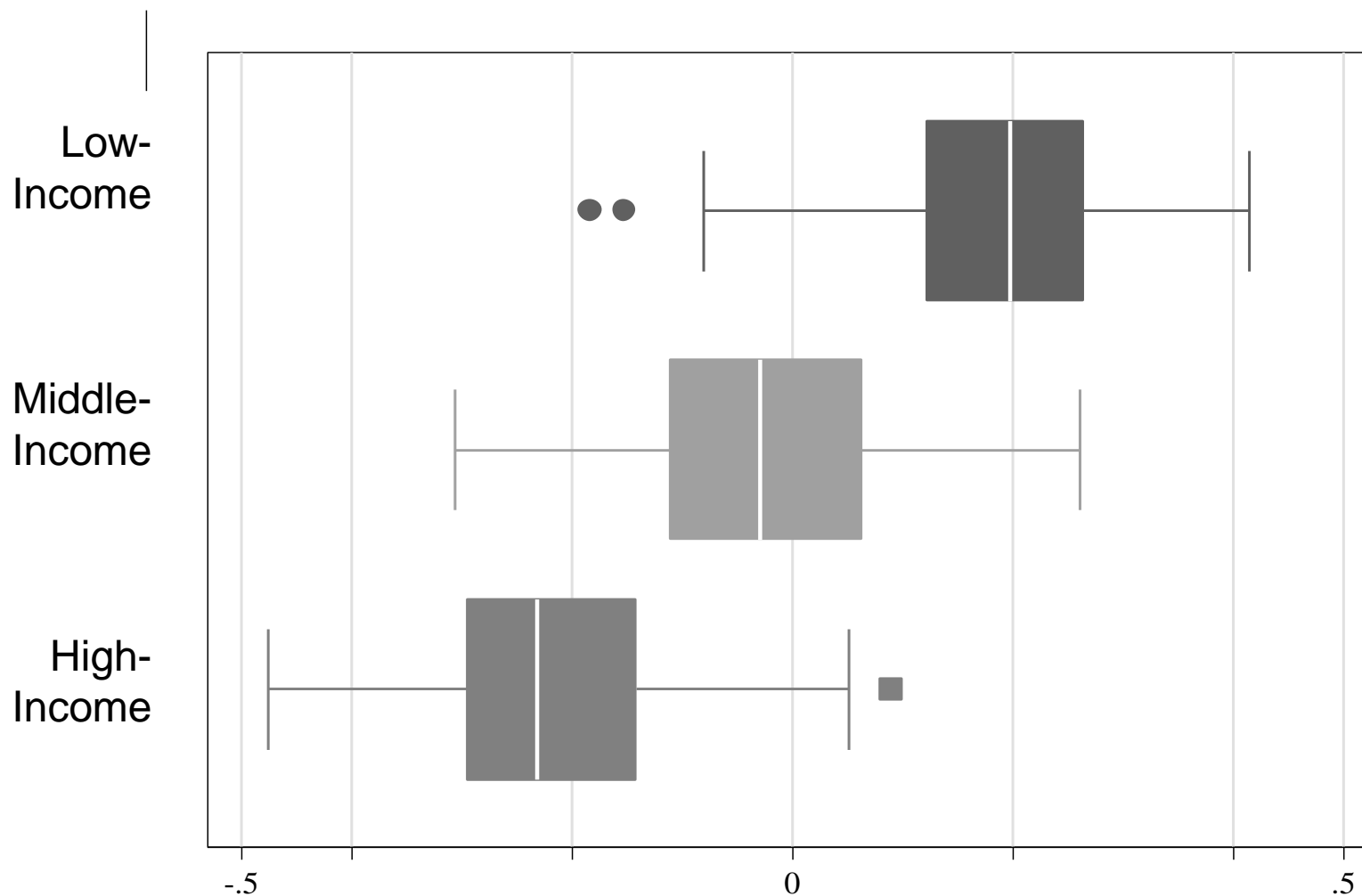
Case Study: State Redistributive Policy

- Long-standing laboratory for research on American politics and policy (Gray 2010)
- Increasing importance of income in shaping mass partisanship and vote choice (Stonecash, Brewer, and Mariani 2003; Stonecash 2000)
- Largest income gap in policy preferences on redistributive policy issues (Gilens 2009; Rigby and Wright 2010)

Contradicts earlier thinking regarding the role of parties in representation of the poor

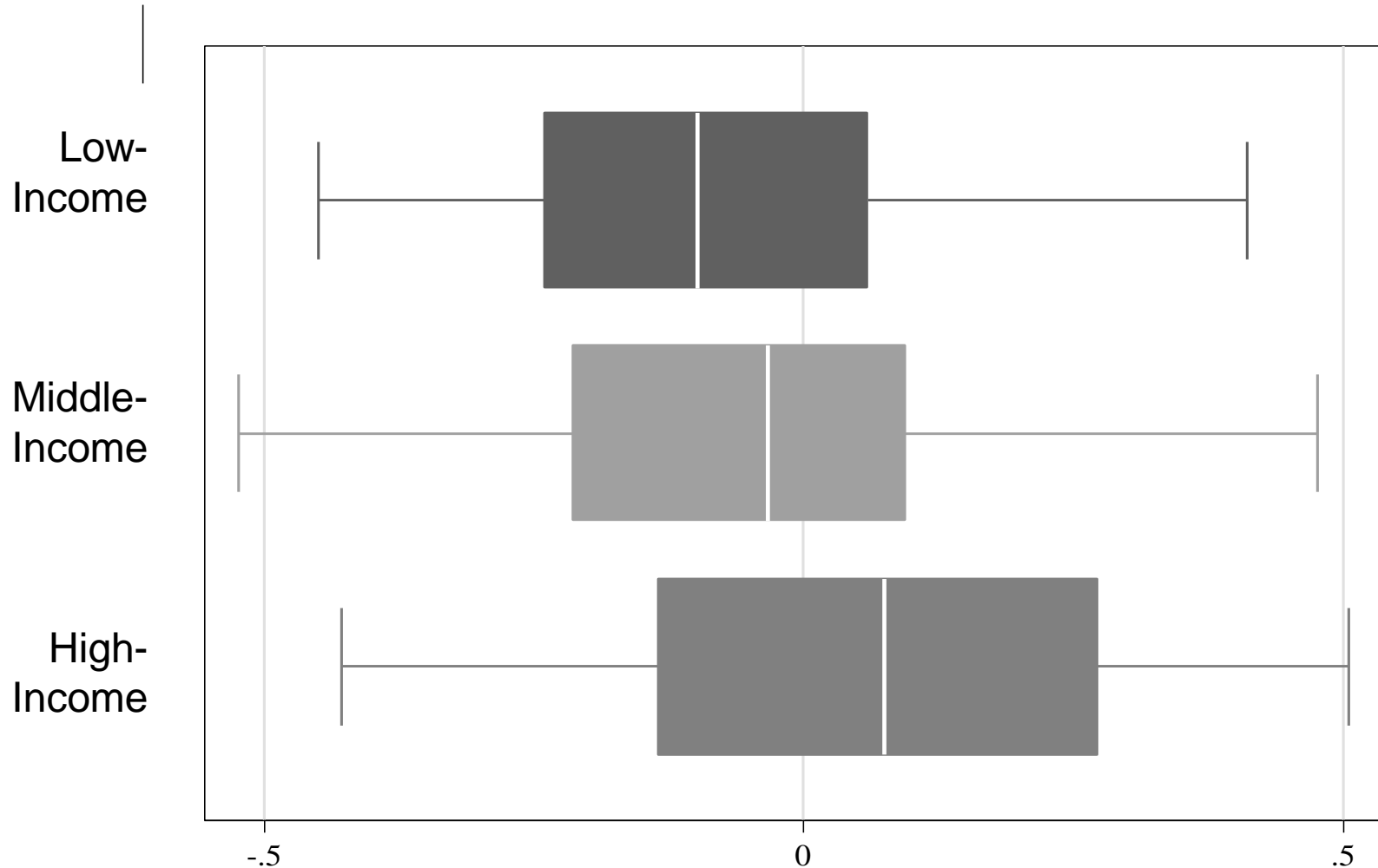
- Conventional wisdom that strong and competitive parties with defined issue bases would promote representation of less powerful citizens (Key 1949; Schattschneider 1942; APSA 1950)
- Supported by other work findings class-based polarization in the states to lead to more generous welfare benefits (Brown 1995; Dye 1984; Garand 1985; Jennings 1979)

Liberalism: Economic Redistribution



*Note: State means for policy preference of each income group.
Source data from 2000 Annenberg Election Survey.*

Liberalism: Social Issues



*Note: State means for policy preference of each income group.
Source data from 2000 Annenberg Election Survey.*

Polarization & Partisan Politics

- We argue that understanding the policy consequences of polarization requires focusing more directly on partisan dynamics
- Wish to tease apart three separate constructs:
 - Party polarization (distance between party means)
 - Legislative ideology (positioning of party system)
 - Party control (united, divided; or party strength)

Illustration of Alternative Party Systems

Congress



State A



State B



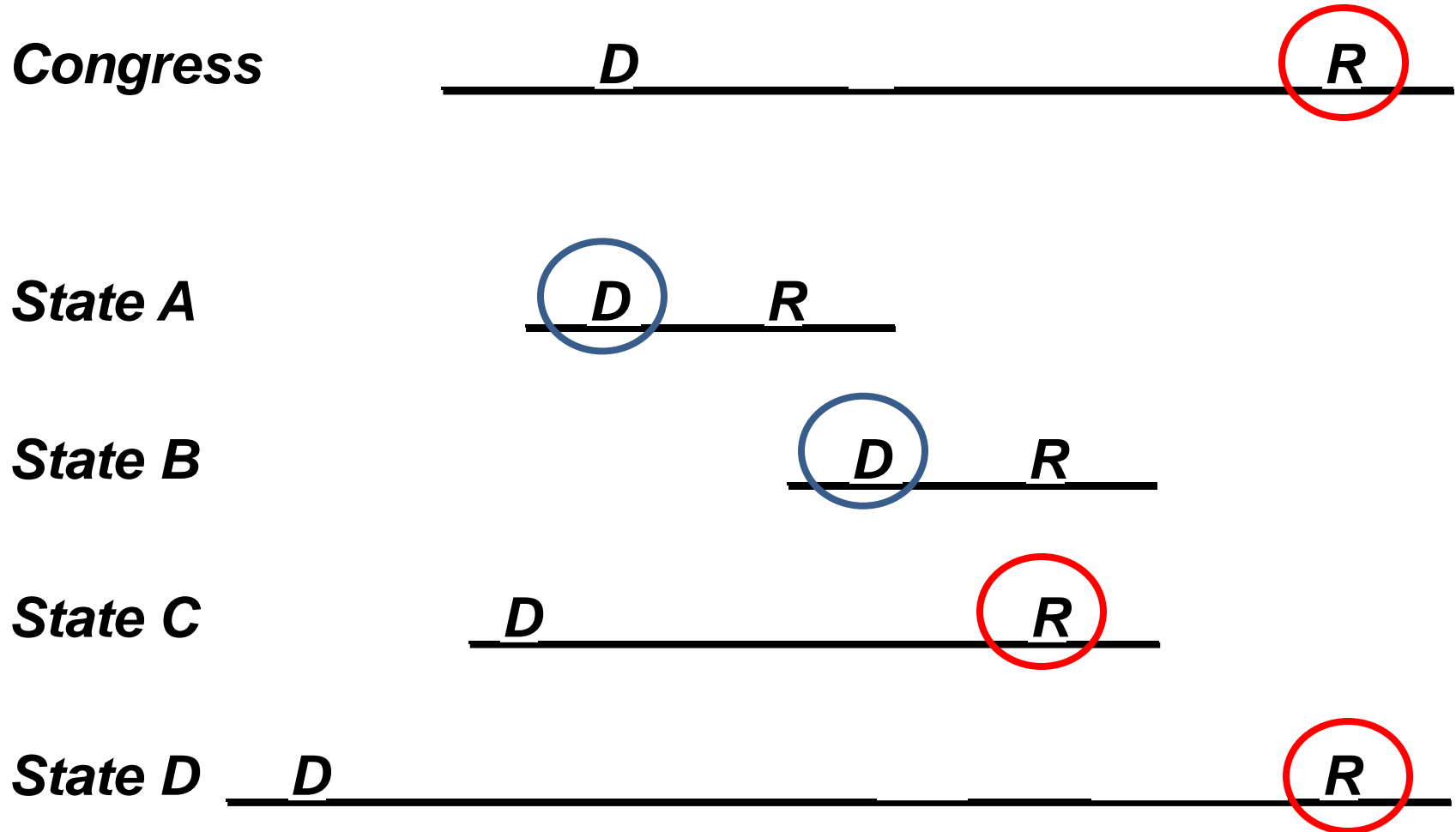
State C



State D



Illustration of Alternative Party Systems



Expectation: Polarization & Policy

- Do not expect polarization to have a direct effect on policy
 - No consistent liberal or conservative effect in more polarized states
- But, expect polarization to matter along-side (and in combination with) other aspects of state party systems
- In particular:
 - Legislative ideology
 - Patterns of party control

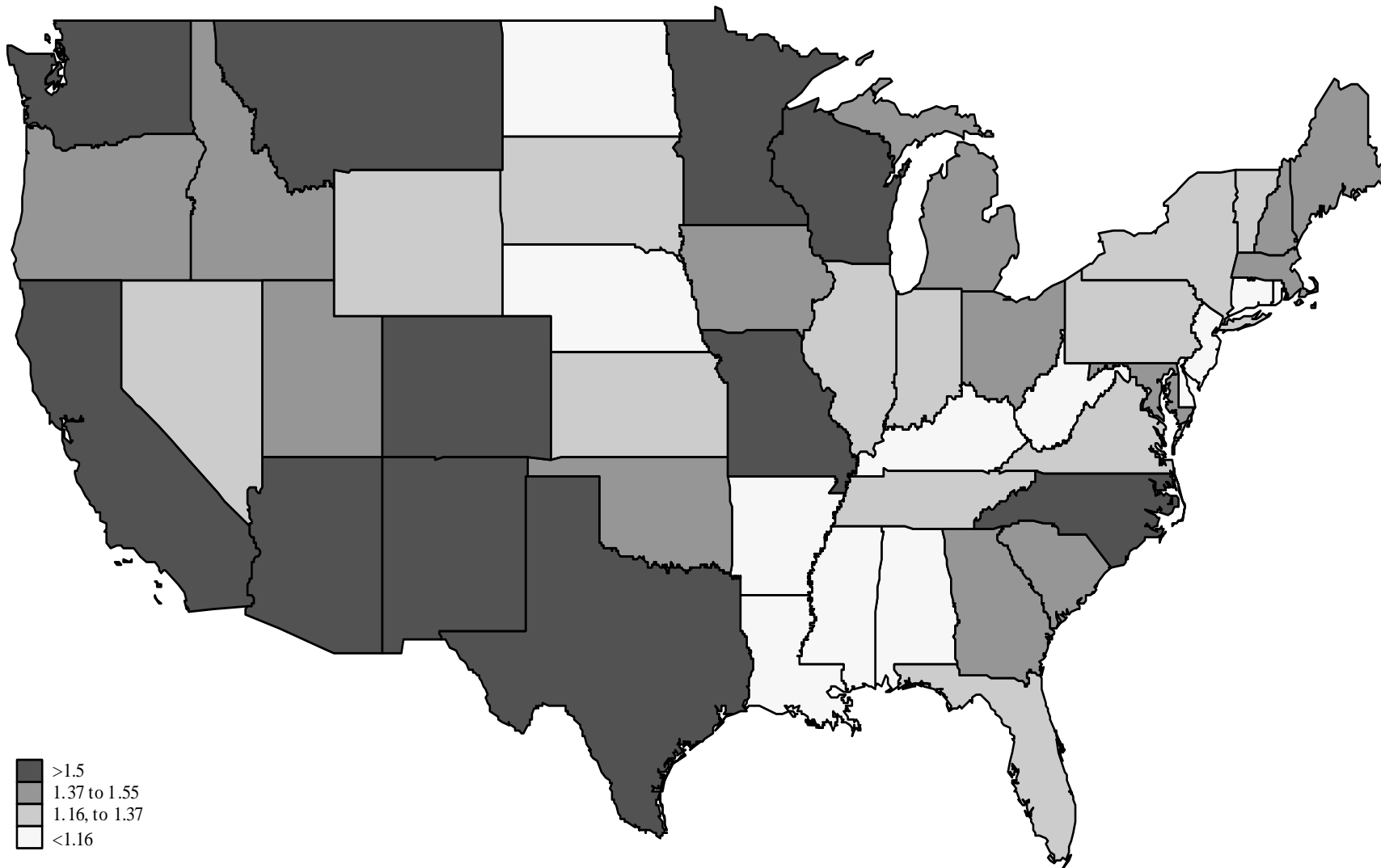
Parties' Policy Liberalism

- Used Project Vote Smart's NPAT data
 - 225 different surveys administered to candidates for state legislature, governor and Congress
 - N = 18,467; D & R candidates between 1996-2005
 - Select 87 frequently asked policy questions
 - MICE to impute missing data across 87 items
- Estimated policy liberalism for 98 state parties
 - Democrats & Republicans in 49 states, exclude NE
 - Weight cases for non-response (inverse of $pr(P)$)
- Calculated
 - Party polarization (distance between D & R liberalism)
 - Legislative ideology (weighted mean of D & R liberalism)

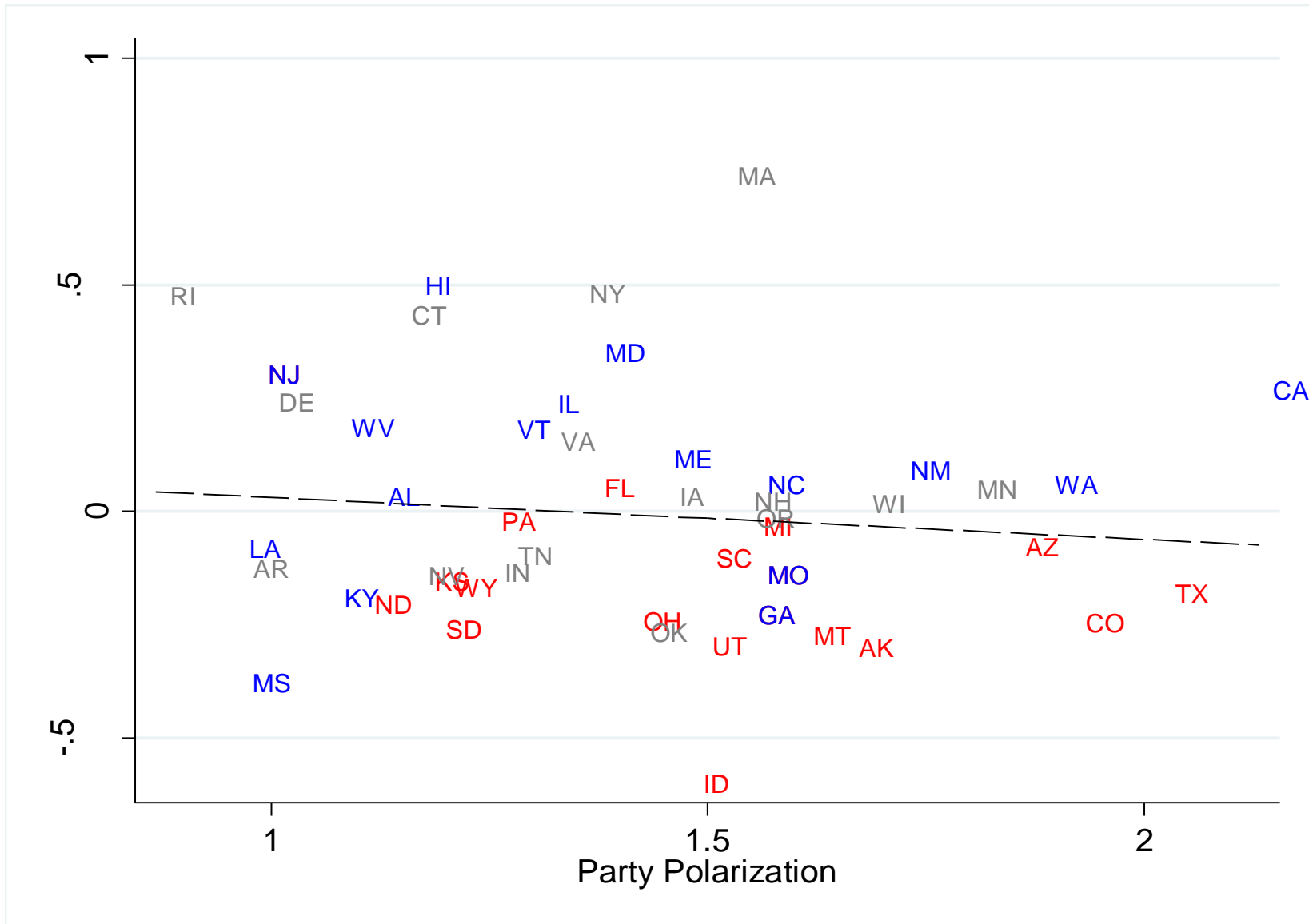
Estimates of State Party Polarization, Pooled 1996–2006

Low Party Polarization		Moderate Polarization		High Party Polarization	
RI	0.868	PA	1.248	MA	1.518
LA	0.959	IN	1.251	NH	1.537
MS	0.963	VT	1.266	OR	1.540
AR	0.964	TN	1.267	GA	1.542
NJ	0.981	IL	1.312	MI	1.548
DE	0.993	VA	1.316	MO	1.553
KY	1.068	NY	1.349	NC	1.553
WV	1.076	FL	1.366	MT	1.605
ND	1.103	MD	1.367	AK	1.657
AL	1.118	MD	1.367	WI	1.673
CT	1.145	OH	1.410	NM	1.716
HI	1.161	OK	1.418	MN	1.792
NV	1.164	ME	1.446	AZ	1.848
KS	1.172	IA	1.452	WA	1.881
SD	1.184	ID	1.479	CO	1.917
WY	1.194	UT	1.489	TX	2.019
		SC	1.494	CA	2.131

Party Polarization



Polarization in the Context of the Party System



Analytic Strategy

- Estimate random-effect models
 - $N=588$, $i=49$, $t=12$ (1997-2008)
 - Standard errors clustered for 49 states
 - Year fixed-effects
 - Control for initial policy level (1996) and a range of state context variables (economic, political, demographic)
- Estimate models for 8 redistributive policies
 - * TANF eligibility
 - * SCHIP eligibility
 - * Minimum wage
 - * Tax credit at 100% FPL
 - * Taxes at 500% FPL
 - * Top marginal tax rate
 - * Capital gains tax rate
 - * Corporate tax rate

Redistributive Policies

		M	sd	Min	Max
<i>Redistributive Policy</i>					
	TANF Eligibility	891.78	344.03	269.91	1895.14
	SCHIP Eligibility	219.95	52.27	114.28	430.76
	Minimum Wage	6.55	0.99	2.03	8.69
	Tax Credit (100%)	51.34	419.05	-613.39	1831.91
	Tax Charge (500%)	3371.11	1843.21	0.00	6950.38
	Top Marg Tax Rate	5.12	2.92	0.00	10.75
	Cap Gains Tax	4.81	2.86	0.00	10.75
	Corporate Tax	6.61	2.87	0.00	12.00

Independent Variables

		M	sd	Min	Max
<i>State Party Systems</i>					
	Party Polarization	1.39	0.29	0.87	2.13
	Legislative Ideology	-0.01	0.28	-0.65	0.83
	Dem Party Control	1.49	1.08	0.00	3.00
<i>State Context Variables</i>					
	Ideology	-0.14	0.08	-0.30	0.04
	Per Capita Income	35.88	5.70	24.29	57.09
	Unemployment	4.71	1.13	2.30	8.40
	Income Inequality	0.40	0.02	0.36	0.46
	% Latino	8.85	9.45	0.80	43.30
	% African American	10.45	9.66	0.40	36.80
	Income Vote Bias	1.66	0.28	1.15	2.89
	Legislative Prof.	2.84	1.08	1.00	5.00

Bivariate Associations

		Polarization	Ideology	Dem Control
		(1)	(2)	(3)
(1)	Party Polarization	1.00		
(2)	Legislative Ideology	-0.10 *	1.00	
(3)	Dem Party Control	-0.11 *	0.45 *	1.00
(4)	TANF Eligibility	0.12 *	0.15 *	0.02
(5)	SCHIP Eligibility	-0.01	0.33 *	0.36 *
(6)	Minimum Wage	0.10 *	0.40 *	0.29 *
(7)	Tax Credit (100%)	0.12 *	0.32 *	0.00
(8)	Tax Charge (500%)	-0.03	0.20 *	0.25 *
(9)	Top Marg Tax Rate	-0.02	0.27 *	0.24 *
(10)	Cap Gains Tax	0.00	0.25 *	0.24 *
(11)	Corporate Tax	-0.09 *	0.36 *	0.17 *

Polarization & Policy Change

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>TANF</i>	<i>SCHIP</i>	<i>Minimum</i>	<i>Tax Credit</i>	<i>Tax Charge</i>	<i>Top</i>	<i>Cap</i>	<i>Corporate</i>
Party Polarization	-15.49	13.19	0.20	-160.64	-27.04	-0.07	-0.18	0.44
	(118.19)	(14.25)	(0.27)	(85.44)	(154.60)	(0.22)	(0.46)	(0.39)

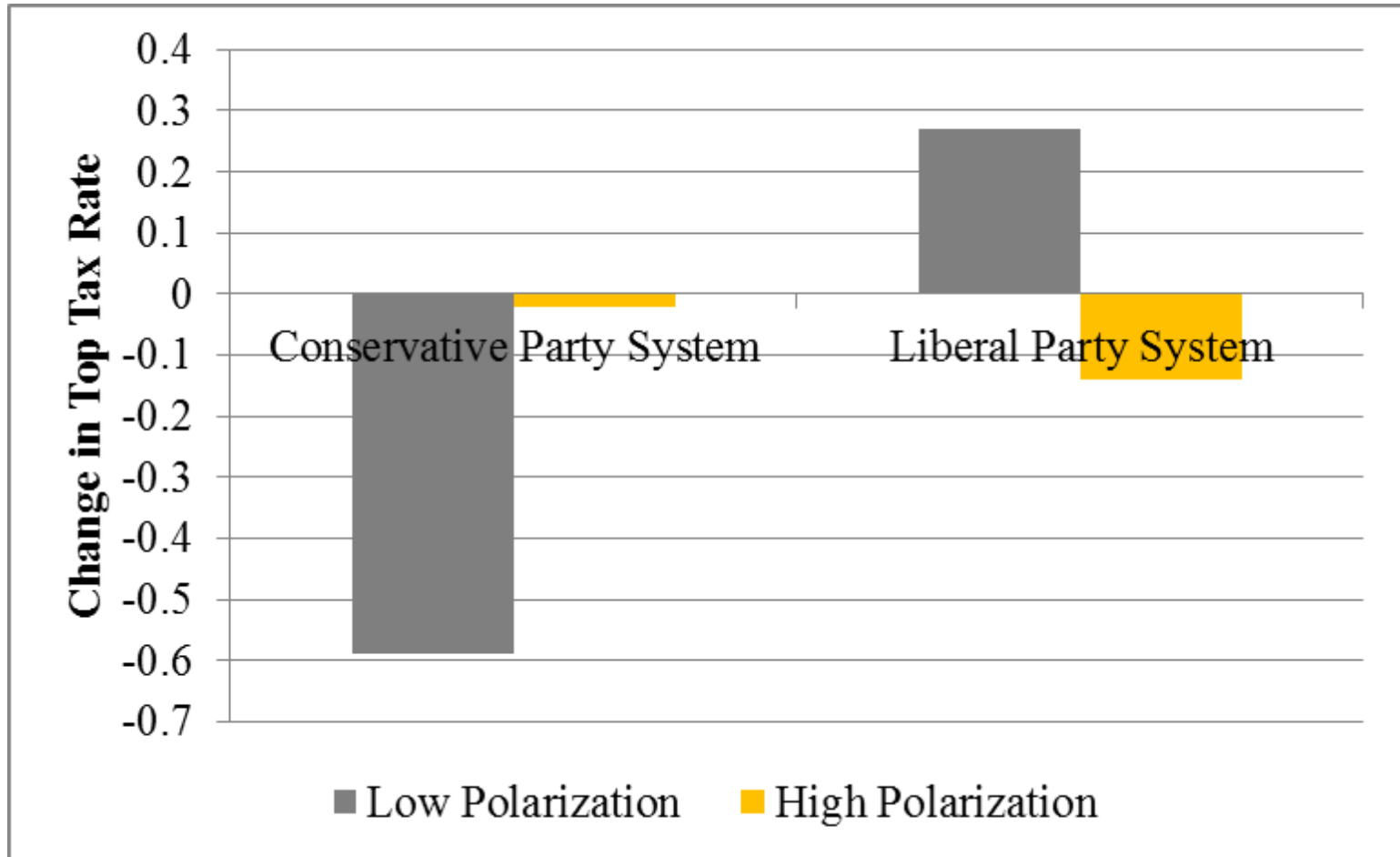
Note: $N=588$, $i=49$, $t=12$; Coefficients from random-effects models which control for the initial 1996 policy, year fixed effects, and the full range of state characteristics.

Polarization & Policy Change (cont.)

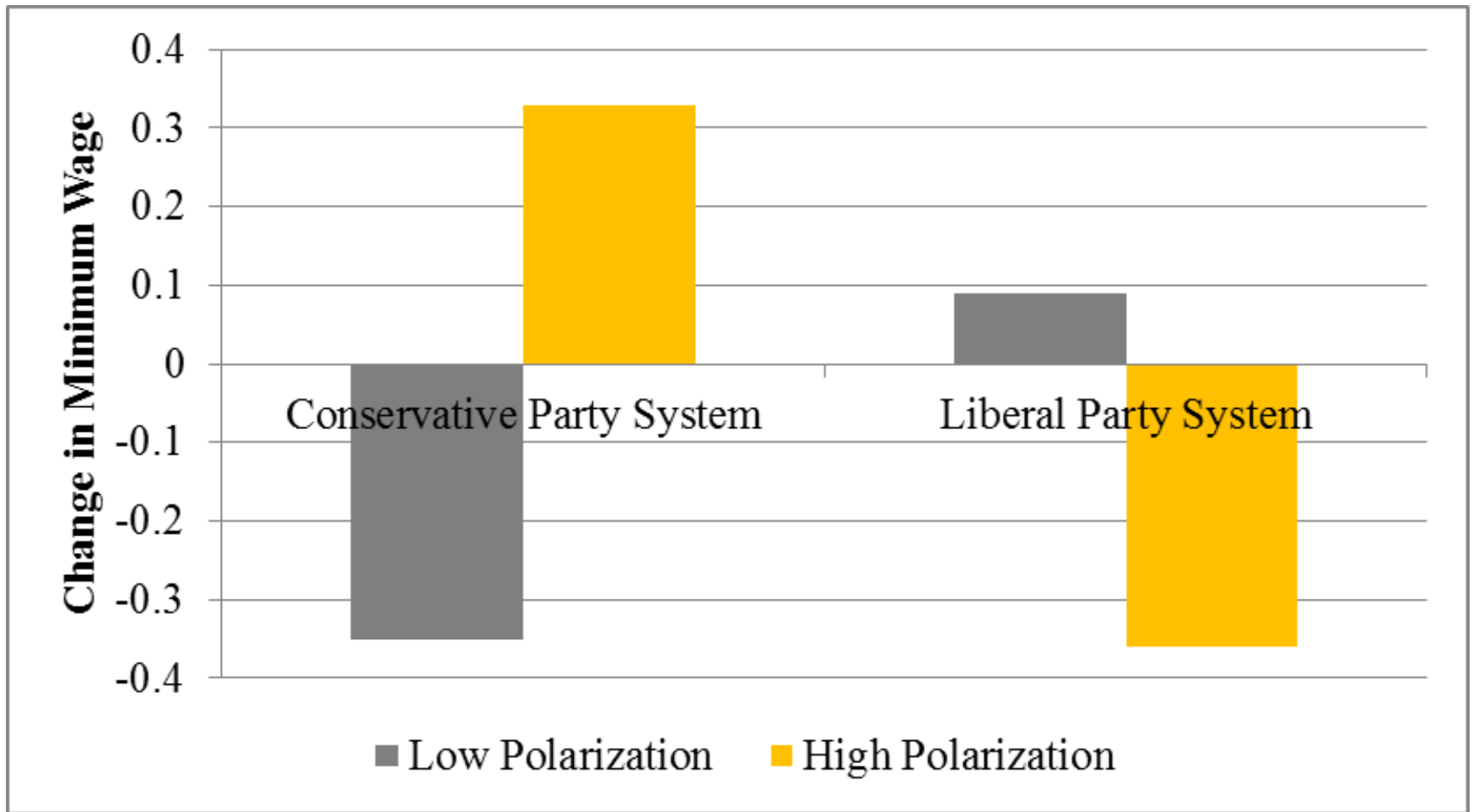
	TANF	SCHIP	Min Wage	Tax Credit	Tax 500%	Top Tax Rate	Cap Gains Tax	Corporate Tax
Party Polarization	-27.61 (121.59)	17.92 (14.97)	0.23 (0.28)	-143.61 (90.66)	-11.99 (161.79)	0.06 (0.24)	0.45 (0.45)	0.39 (0.40)
Leg Ideology	-45.59 (93.80)	-4.10 (19.15)	2.61 * (1.08)	1343.21 * (323.05)	21.62 (481.91)	2.47 * (0.90)	5.77 * (0.65)	1.35 (0.62)
Pol * Leg Ideology	-24.54 (226.20)	3.89 (36.59)	-2.01 * (0.70)	-978.05 * (209.30)	36.01 (308.06)	-1.55 * (0.58)	-2.39 * (1.16)	-1.31 (1.06)

Note: $N=588$, $i=49$, $t=12$; Coefficients from random-effects models which control for the initial 1996 policy, year fixed effects, and the full range of state characteristics.

Change in State Top Marginal Tax Rates



Change in State Minimum Wage

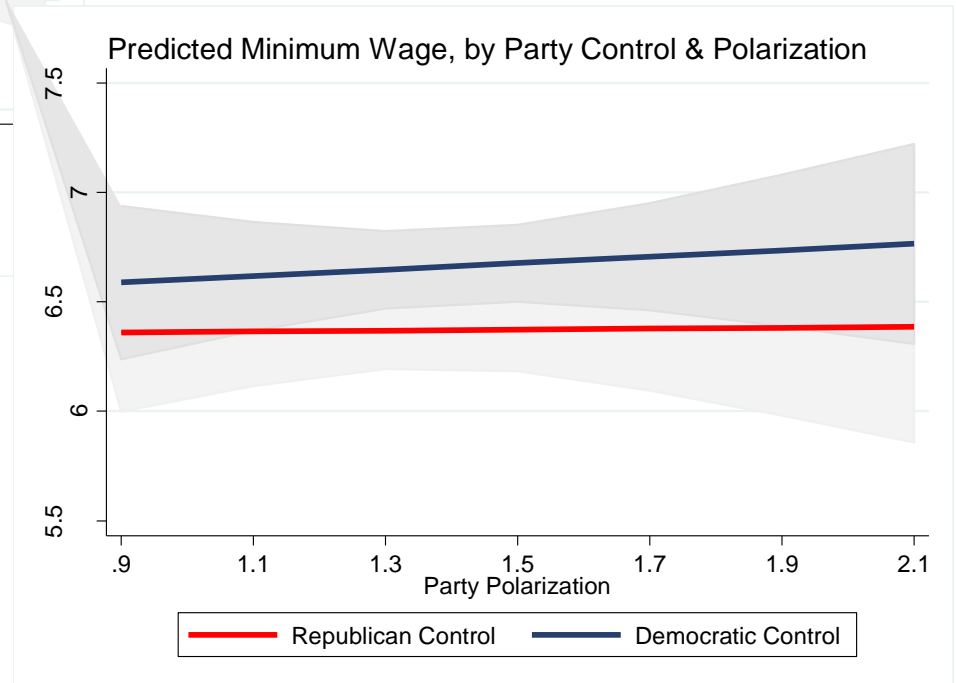
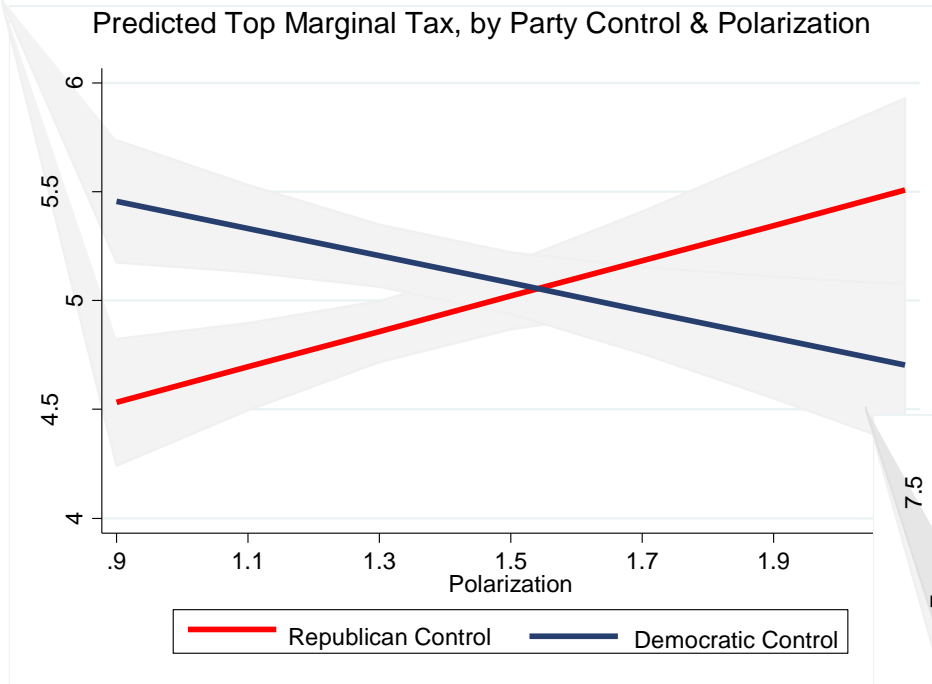


Role of Party Control

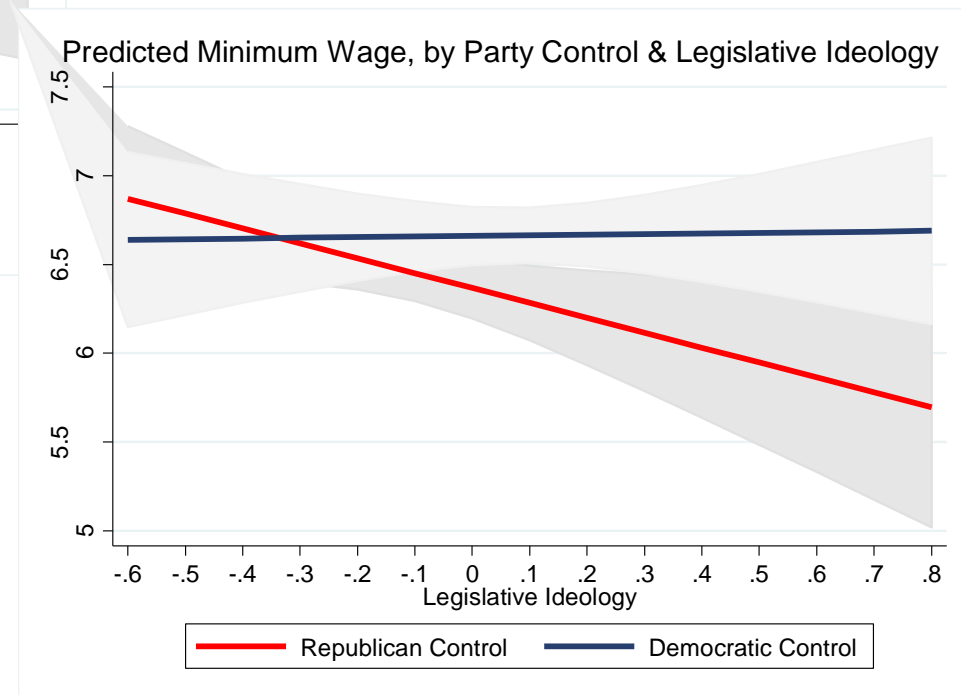
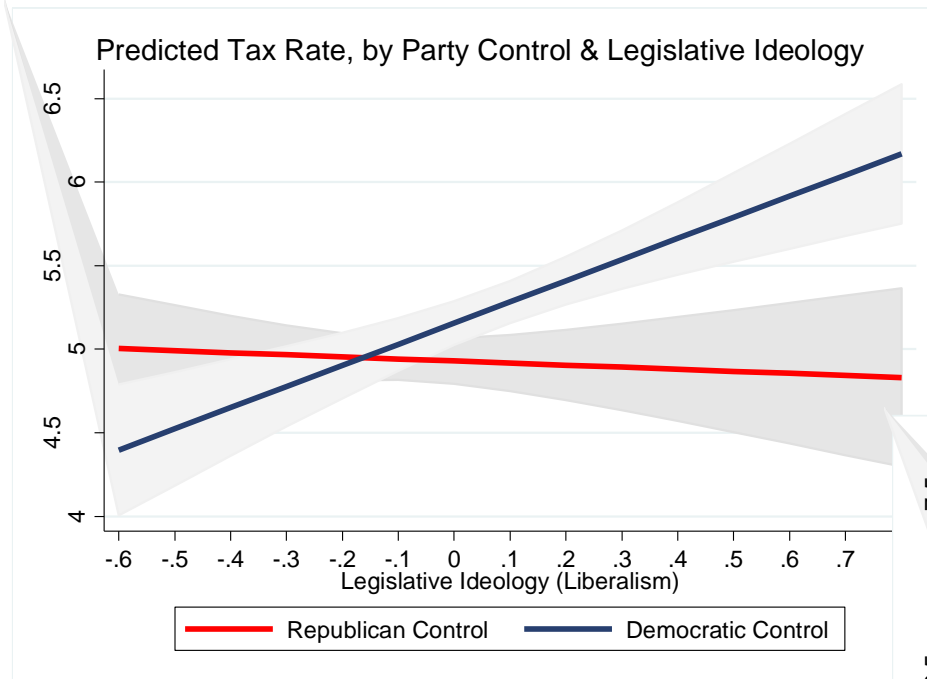
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>TANF Eligibility</i>	<i>SCHIP Eligibility</i>	<i>Minimum Wage</i>	<i>Tax Credit (100%)</i>	<i>Tax Charge (500%)</i>	<i>Top Marg Tax Rate</i>	<i>Cap Gains Tax</i>	<i>Corporate Tax</i>
Dem Party Control	-16.89 (37.05)	17.07 * (7.72)	0.04 (0.15)	125.03 * (42.51)	251.50 * (53.17)	0.74 * (0.12)	1.02 * (0.26)	0.25 (0.25)
Party Polarization	-38.60 (132.12)	29.91 (17.37)	0.02 (0.35)	-51.34 (105.55)	310.65 (174.79)	0.81 * (0.28)	1.63 * (0.56)	0.56 (0.51)
Legislative Ideology	-131.65 (100.86)	-11.33 (18.71)	-0.84 * (0.38)	-205.42 (105.99)	183.33 (140.38)	-0.12 (0.30)	1.56 * (0.62)	-0.99 (0.60)
Polarization * Dem Control	6.07 (26.45)	-8.84 (5.46)	0.04 (0.11)	-80.96 * (30.14)	-171.93 * (37.82)	-0.48 * (0.09)	-0.76 * (0.18)	-0.15 (0.18)
Leg Ideo * Dem Control	62.86 * (29.82)	16.60 * (6.02)	0.29 * (0.12)	106.32 * (33.21)	41.99 (41.33)	0.46 * (0.09)	0.82 * (0.20)	0.34 (0.20)

Note: $N=588$, $i=49$, $t=12$; Coefficients from random-effects models which control for the initial 1996 policy, year fixed effects, and the full range of state characteristics.

Polarization * Party Control



Legislative Ideology * Party Control



Key Findings

- No evidence of polarization directly impacting redistributive policy outcomes (in either liberal or conservative direction)
- Instead, polarization mutes the policy consequences of party system liberalism and of party control (likely through gridlock and minority party opposition)
- Further, liberalism of the state parties is more consistently related to redistributive policy expansion or retrenchment than is polarization
- **Conclude** that polarization is only one of many characteristics of party systems that shape the policymaking process.