

**The Politics of Inequality:
State Governments and Inequality in the American States**

by

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Abstract: Over the past four decades scholars have examined the impact of political parties on macroeconomic outcomes, such as unemployment, inflation, economic growth and the distribution of income (e.g. Campbell 2011; Bartels 2008; Hibbs 1987). The purpose of this paper is to further our understanding of the effect of political parties, specifically partisan control of state legislatures, on economic inequality by shifting the unit of analysis from the nation to the states. We focus specifically on the distribution of income within states from 1981 to 2003 as a function of state-level party control, controlling for a number of other factors. The findings we offer are important because they demonstrate that trends in inequality at the national level may in fact be reflecting shifts in income as a result of state-level factors not detected in previous research. This study is also unique because we control for the effect of past economic trends in the state as well as the effect federal-state transfers, allowing us to better isolate the effects of political party on economic outcomes. Finally, we contribute to the ongoing debate over power resource Theory as the appropriate framework for understanding inequality, and develop a partisan model of inequality that incorporates state-level political factors into the analysis of inequality in the United States.

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Income inequality has risen dramatically over the last several decades and much scholarly attention has been focused on trying to understand this trend and its possible causes and consequences (eg. Bartels 2008; Kelly and Witko 2012). In this article we focus on the state-level factors contributing to economic inequality and find that there are important political features of the 50 American states that contribute to rising trends in inequality, controlling for market-based and demographic features of the states. In other words, we argue that income inequality is not a merely a byproduct of the United States' economic arrangements, but rather that there are important features of American state politics, specifically the partisan nature of state governments, that have contributed to the rising trend of inequality over the past three decades.

This article contributes to a growing literature on federalism and inequality in the United States, as well as to research on the effects of political parties on economic outcomes. There is some debate among researchers of inequality about which level of American government—national or state—is the best level of analysis for understanding inequality in the U.S. Certainly, “[e]xplicit redistribution via taxes and transfers is the mechanism that typically comes to mind when thinking about government’s influence on inequality, and this may have caused analysts to discount the role of states in the distributional process” (Kelly and Witko 2012, 415). Yet states have direct control over policies that can “condition the market,” including education and economic development, which leads some researchers to suggest that state-level political and economic characteristics might better explain trends in inequality and/or efforts to mitigate inequality (i.e. Barrilleaux and Davis 2003; Kelly and Witko 2012). Our findings provide additional support for the argument that state-level characteristics are important for understanding the nature of inequality in the United States, with particular attention to partisan control of state government, a focus that has largely been trained on national macroeconomic

outcomes, such as unemployment, inflation, economic growth and the distribution of income (e.g. Campbell 2011; Bartels 2008; Hibbs 1987).

The purpose of this article is to further our understanding of the effect of political parties, specifically partisan control of state government, on income inequality by shifting the unit of analysis from the nation to the states. This move offers two important opportunities. First, the sheer number of states greatly increases the number of observations we can use in this analysis, strengthening our findings. And second, using states as units of analysis allows us to address a key problem in these types of studies, namely that scholars have generally underemphasized contextual variations, including institutional/structural contexts surrounding the case(s) being studied (Franzese 2002).

Unlike most previous studies on the partisan nature of political institutions and economic policy, which tend to focus on presidential administrations and examine the tradeoff between unemployment and inflation, we specifically focus on trends that captures the nature of inequality within states, including the 90/10 income ratio within states, the Gini index within states, and the share of income going to the top one percent of income earners within states. Moreover, we do this at the state-level, as a function of state-level partisan control of state government, controlling for a number of other factors. The findings we offer are important because they demonstrate that trends in income inequality at the national level may in fact be reflecting shifts in income inequality at the regional and state level not detected in previous research.

Background: Power Resource Theory and Alternative Approaches

Power resource theory (PRT) has been deployed by scholars studying trends in inequality, the rise of the super-rich and other measures of income distribution, as well as

support for welfare policies or the welfare state (i.e. Huber and Stephens 2001; Witko and Kelly 2012). The basic idea behind this approach is that levels of inequality and/or support for the welfare state rise or fall with relative power of lower, or working, classes (Rehm, Jacobs, and Schlesinger 2012, 387 – 388; Witko and Kelly 2012). The PRT approach is rooted in a class- or income-based analysis; the number of economically disadvantaged and the political power they possess shapes trends in inequality and support for the welfare state and/or welfare state policies.

Contrary to PRT scholars, “revisionist” scholars think PRT studies are too focused on income and distribution and argue that support for the welfare state and welfare state policies is based not on demand for redistribution by certain income groups, but on demand for insurance or protection against risk, by those who perceive themselves to be economically at-risk or insecure (Rehm, Jacobs and Schlesinger 2012, 387 – 88). In this risk-based view, “social insurance programs are attractive not just to those with low incomes but also to those facing higher risks” (Rehm, Jacobs, and Schlesinger 2012, 387). Importantly, as Rehm and his colleagues point out, “This creates the bases for cross-class coalitions in support of social protection” (Rehm, Jacobs, and Schlesinger 2012, 3870).

This observation prompted Rehm, Jacobs and Schlesinger to develop an income-risk model in order to better understand the structure of public support for welfare state programs, arguing that income and risk are not independent and that, instead, scholars should be examining how the interrelationship of income and risk shape support for the welfare state and redistributive policies. Indeed, these scholars find that when economic disadvantage and risk are highly correlated, strong opposition to welfare-state programs exist and that countries with lower disadvantage-risk correlations enjoy greater support for welfare-state programs (Rehm, Jacobs, and Schlesinger 2012, 403). This is the case because when “the disadvantaged and the insecure are mostly one and the same, the base of popular support for the welfare state is narrow. When

the disadvantaged and insecure represent two distinct groups, popular support is broader and opinion less polarized” (Rehm, Jacobs, and Schlesinger 2012, 386).

The State Partisan Model of Inequality

An explicit examination of the effects of partisan government on economic outcomes is largely missing from these traditional and revisionist approaches, despite that they control for various political factors. We make the partisan context of states central to our investigation, an approach more commonly seen in studies of macroeconomic policy at the national level. Hibbs’ now seminal work entitled “Political Parties and Macroeconomic Policy” (1977) makes the case that different constituencies have different economic preferences—lower economic and occupational classes prefer a low unemployment/high inflation economic arrangement whereas higher economic and occupational classes prefer a high unemployment/low inflation economic arrangement—and that leftist parties in advanced Western democracies, including the U.S., tend to promote the former while rightist parties tend to promote the latter. This has been attributed to the electoral impulse (Hibbs 1992); if these parties wish to be successful at the polls they need to promote the policies most desired by their core constituencies. “[G]overning parties pursue their ideological preferences as long as they enjoy comfortable ratings in the polls. When poll ratings deteriorate, and as election dates approach, purely electoral motives begin to drive policy” (Hibbs 1992, 362). The focus of this work was the economic effect(s) of partisan control of government.

A great deal of work has been done to expand upon Hibbs’ original partisan theory of macroeconomic policy, including introducing rationality, adaptation and “surprise” into the model (Chappell and Keech 1986, 1988; Alesina 1987, 1989; Alesina and Sachs 1988). Some work, however, asks us to reconceive the initial partisan formulation. Beck (1982) re-examines Hibbs’ conclusion by introducing the effect of administrations on economic outcomes into the

debate. Though the differentiation he offers between his approach and Hibbs' seems underdeveloped, Beck concludes that it is not the party of the administration that best predicts unemployment, but rather the difference between administrations.

In this, as well as the original Hibbs article, the partisan explanatory variable(s) could be better, or at least, more explicitly explained, and rather than dismissing or controlling for the role of party on economic outcomes additional studies could have offered a more nuanced understanding of how party might matter in shaping macroeconomic policy. For example, perhaps partisan control of the administration is not what matters, but partisan control of the legislature, control of both the administration and the legislature, or the intraparty differences between the legislative and executive branches of government due to the different types of policy tools available to each branch. Yet, more recent studies focusing on partisanship and macroeconomic policy continue to largely focus on the partisan nature of administrations (i.e. Bartels 2008; Campbell 2011).

This critique is not to suggest that studies of legislative partisan composition and economic policy do not exist. Indeed, Hibbs and Dennis (1988) examine the effect of partisan control of Congress and of the White House on economic outcomes and find that shifts in partisan composition of Congress and balance of power between Congress and the White House lead to significant shifts in after-tax after-transfer income and inequality. Democratic control of Congress tends to drive up after-tax after-transfer income regardless of which party controls the White House, and drive down inequality. Republican control of the legislature and White House drives up inequality and, perhaps unexpectedly, after-tax after-transfer income because of "the tendency of Republican administrations to create extra unemployment...which automatically raises income- and employment-contingent transfer spending" (Hibbs and Dennis 1982, 483).

There has been work done examining policy origins at the state level. In 1966, Thomas Dye explored the origin of policies within states by considering the effects of socioeconomic factors, including income, educational attainment and urbanization, and political factors, such as voter participation, party control of government and party competition on public policy. He concluded that socioeconomic factors have a greater effect on state-level policy output than the political factors we might normally associate with public policy creation (1966). Rivaling this socioeconomic model of state policy origins at the time was Daniel Elazar's typology of state political cultures (1966), which have been used to assess public policy outputs by states (Sharkansky 1969). Sharkansky found that political culture was a strong determinant of "scope, magnitude, or cost of government programs" (1969, 70).

Subsequent authors have built upon this work to develop an understanding of state-level determinants of economic output and have identified interest organization, state expenditure policies, characteristics of state political institutions, federal transfers, and regional and national influences (Hendrick and Garand 1991). Indeed, these studies tend to find that attributes unique to each state explain "a substantial proportion of the variance in state economic growth" (Hendrick and Garand 1991, 1093). Relevant to our investigation here, research has shown that legislatures dominated by Democrats produce more liberal policies and that legislatures dominated by Republicans produce more conservative policies (Garand 1985; Ringquist, Hill and Leighley 1997), while other scholars have shown that party strength in government is dependent on state-level party competition and that this relationship has policy consequences (Barrilleaux, Holbrook, and Langer 2002).

All of this contributes to our theory of how partisan context shapes inequality. Drawing on previous studies of partisan political effects as our guide, we expect that Democratic Party control of state institutions will drive down inequality, while Republican control of state

institutions will contribute to an increase in inequality. In this examination and we aim to supplement these various bodies of literature by exploring a partisan explanation for trends in inequality. Second, in examining the specific consequences of partisan control of state government on economic policy, we expand the use of partisan theory of economic policy to the state level by examining distributional effects rather than policies related to growth.

This is particularly important because of the rise in inequality in the U.S. over the past several decades, and the role that state policies can play in mitigating inequality through various distributional techniques. The political factors affecting economic trends within states are also important to consider in the broader context of representation in American democracy. As research has shown, different parties represent different distributional goals and create different distributional outcomes. Thus, when considering how different economic groups are or are not represented by state legislatures, it is important to examine the partisan composition of state legislatures and what this composition means for economic inequality and distribution of income with the states.

Measurement of Inequality and Income Distribution

This study uses data sources based on two different income units: tax units and households. The income measures used in all of the analyses involving pre-1967 data and involving the share of income going to the top one percent of either a state or the United States as a whole are all based on tax units (i.e., are taken from IRS data). Tax units can be smaller than households. For example, a married couple would be one household. However, if they filed two individual tax returns this same couple would represent two tax units. The distributional data by state over the 1913-2003 period are drawn from Estelle Sommeiller (2007), while the distributional data for the United States over the 1913-2010 period are from Thomas Piketty and

Emmanuel Saez (2007). In both the states and U.S., tax-unit data income is defined as annual pre-tax gross income excluding government transfers (i.e., Social Security, Veteran's Benefits and welfare benefits). The state data does not include capital gains whereas the U.S. data does include capital gains.

All of the income measures used in analyses that exclusively cover the period beginning in 1967 and are from Census Bureau data. This data is based on households as opposed to tax units. All of the data are pre-tax private income (e.g., earnings, dividends, estates, royalties, etc. as well as government cash transfers (e.g., Social Security, veteran's benefits, welfare benefits, etc.)). Data on real disposable income is disposable personal income divided by the price deflator recommended by the Bureau of Economic Analysis. Most of the data on the partisan balance in state legislatures and the partisanship of the governor for the bulk of the 1880-1948 era are available through the ICPSR. Partisan balance in the U.S. Congress and the party affiliation of the president was taken from Information Please.¹

To assess the effect of partisan control of state governments on income inequality, controlling for a variety of other factors, we focus on two dependent variables meant to capture different aspects of these phenomena: the *state Gini indexes* for all states between 1981 and 2003, the *90/10 ratio* for all states between 1981 and 2003. and the *share of state income going to the top one percent of earners* for all states 1981 to 2003. The Gini index scores and the 90/10 ratio, which is the ratio of the cumulative income going to the top decile of the income distribution and the cumulative income going to the bottom decile, are meant to capture income inequality. Since the Gini index cannot tell us where inequality lies or changes (e.g., between the top and the middle, the middle and the bottom, etc.), we include a 90/10 ratio to capture what

¹ In May of 2001 Senator James Jeffords switched from the Republican Party and became an independent, which caucused with the Democratic Party. As of 2001 he is coded as a Democratic senator.

many think is the most important inequality: the difference between the top and the bottom of the income distribution. The share of income going to the top one percent is meant to capture income a third aspect of inequality, since so much of the increased inequality over the past several decades is due to the rising share of income going to the top one percent. (See Table 1 for a summary of these variables of interest.)

[Table 1 about here]

These are important indicators to consider because a quick glance at the trends for income inequality and redistribution over the course of the 20th century show that income inequality has risen dramatically, particularly between the years of 1980 and 2000. Indeed the trends for the average Gini index across the 50 states and the average 90/10 ratio across the states look almost identical (Figures 1 and 2), while the u-shaped curve representing the average share of income going to the top one percent of earners shows us that the 1940s through the 1980s seem to have been a period of more equal income distribution (Figure 3).

[Figures 1 -3 about here]

Modeling Income Inequality and Distribution

We use a fixed-effects panel corrected standard error model in order to account for heteroscedasticity and first-order autocorrelation (Beck and Katz 1995). Fixed-effect models allow us to explore the relationship between independent and dependent variables within a unit of analysis, in this case states, as each state has its own individual characteristics that may or may not influence the predictor variables (i.e. Torres-Reyna n.d.). Our interest here is to

examine a partisan model of state-level inequality. Using the data we have compiled, we examine economic inequality and income distribution using a state partisan model to investigate how we can best understand state-level trends in inequality and income distribution over the past century. The explanatory variables of interest, then, are democratic and republican control of state-level institutions, so that independent variable *demcont* is coded 1 if there is a Democratic governor and Democratic majority in both houses of the state legislature, and 0 if there is Republican control or divided government, and *repcont* is coded 1 if there is a Republican governor and Republican majorities in both houses of state legislature, and 0 if there is Republican control or divided government.

The other political variables we include control for national political factors, including party control of the presidency [*pres*] (Democrat=1), the number of Democrats in the Senate [*dems*] and the number of Democrats in the house in the house [*demh*], as well as state-level political ideology. Similar to Kelly and Witko (2012) our measure of left party strength in each state is Berry, et al.'s institutional ideology measure based on the scores of each state's congressional delegation on the AFL-CIO's Committee on Political Education (COPE) congressional ratings. Since this measure is based upon a national standard (e.g., the scores for all members of the Senate are calculated from the same votes), it can better assess the differences with a political party. For example, a Democratically controlled state legislature in Alabama could be, ideologically, more conservative than a Democratically controlled legislature in Massachusetts. The Berry, et al. measure treats the state legislature as equal in power to the governor. Union strength is the percentage of each state's nonagricultural wage and salary employees who are union members (see Hirsch, et al. 2001).

We also include a number of market/economic and socio-demographic control variables. To control for market forces, we include the percentage of each state's nonagricultural wage and

salary employees who are union members [*union*]. To control for policy environment, we include the state rate of taxes on long-term capital gains [*ltgain1*]. The demographic and economic controls we include are: percent of the State's population that is white [*white*]; the percentage of population who are 65 and older [*elderi*]; and, per capita federal spending in a state [*fedspcc*].²

Following to Kelly and Witko (2012, 421), we have two parameter estimates for our independent variables: one that represents a “short term” effect, the result of a shock to the independent variable; and, a “long term” effect, which is the error correction portion of the model. “The long-term impact is the portion of the connection between *X* and *Y* that does not occur at one particular point in time but is distributed temporally such that a portion of the impact is felt in each period over a time span” (Kelly and Witko 2012, 421). The simple bivariate way of expressing this relationship is as follows (Kelly and Witko 2012):

$$\Delta Y_t = \alpha_1 Y_{t-1} + \beta_1 \Delta X_t + \beta_2 X_{t-1} + \varepsilon_t.$$

While the data for our dependent variables span the years 1913 to 2003, we do not have data for all of our explanatory variables for these time periods. Instead, our aim here is to identify statistically significant short- and long-term effects on economic inequality and redistribution within states from 1981 to 2003. Substantively, this time period makes sense to examine because it is since 1980 that we have seen a sharp rise in income inequality, and so examining the partisan effects on inequality and income distribution during this time period will contribute to our knowledge about the nature of these trends over the last three decades. We offer our findings

² As is common in state-level analysis, we exclude Alaska, Hawaii and Nebraska. Many state-level studies exclude Alaska and Hawaii because they are often not included in surveys of mass political behavior, and Nebraska has a nonpartisan state legislature (i.e. Rigby and Wright 2013).

for the entire time period and for two distinct eras, pre-1995 and post-1995, in order to examine if there are differential effects in these two time periods.

Results and Discussion

Tables 2 and 3 show the results of our multivariate analysis of inequality, captured by the state-level Gini index and the 90/10 ratio, respectively. When analyzing these trends using state-level partisan variables over the entire time period, we find that the long-term effects of a higher Democratic proportion of the Senate and left government power actually increase the Gini indexes and the 90/10 ratios within states, while Democratic control of state governments, high tax rates on capital gains, and the percentage of a state population that is white decrease the Gini indexes and income ratios, though by very little in the last case. These relationships hold in the pre-1995 era, and in the post-1995 era the proportion of Democrats in the House also decreases inequality as does the percentage of the population that is elderly, while the presence of a Democratic president increases inequality. We see similar relationships over the time period, 1981 to 2003, when looking at the share of state income going to the top one percent (Table 4).³

[Tables 2 – 4 about here]

When examining the state partisan model, our variables of interest behave as expected; Democratic control of government, including control of the governor's office and the state legislature, decreases inequality and the share of state income going to the top one percent, while Republican control of state government significantly increases it. Importantly, the state-level

³ Part of the difference in results may be driven by the fact that we use slightly different variables, including breaking the Democratic control of Congress into two variables—one for the Senate and one for the House, and we do not have and so cannot include all the explanatory variables that Kelly and Witko (2012) used.

partisan effects apply only to the pre-1995 era. When examining the share of income going to top income earners, the long-term effect of Democratic control significantly decreases the share of income in the state going to the top one percent, while the short-term effects of Republican control increase it.

These findings seem to suggest that while inequality and redistribution of income to the top one percent has gone up since 1980, the institutional political factors contributing to their rise seem to matter only in the pre-1995 era. Moreover, when linking policy representation to trends in inequality, the Democratic Party seems more likely to promote policies that decrease inequality and distribution of income to the top one percent, which we might expect given the nature of their base (Hibbs 1992; Rigby 2012), while the Republican party seems more likely to promote policies that at best do not mitigate inequality and at worst appear to exacerbate it. Perhaps as interesting is the fact that left government has a positive and significant effect on both dependent variables, contrary to what one might expect (e.g. Kelly and Witko 2012).

It is also important to note state factors play a larger role in shaping trends in inequality in the pre-1995 era and a smaller role in the post-1995 era, while national factors play a smaller role in shaping inequality and income distribution the pre-1995 era and a larger role in the post-1995 era. Indeed, after 1995, one of the key factors shaping inequality and income distribution is the partisan composition of Congress. Prior to 1995 only the lagged effect of the Democratic proportion of the Senate have an effect and it is positive but in the post-1995 era the short- and long-term of effects of the Democratic proportion of the House are statistically significant and reduce the 90/10 ratio, while only the long-term effects of the House Democratic proportion reduce the distribution of income. This finding—that state factors shape the pre-1995 era and national political factors shape the post-1995 era—is important for beginning to understand how federalism and the differences between state and federal governance might shape inequality.

Finally, the r-squared coefficients for all models are fairly robust, particularly for the models of inequality by era.

Conclusion

Scholars have documented the dramatic rise in income inequality over the last several decades, and have turned their attention toward explaining the various social, economic and political causes and consequences of this trend (eg. Bartel 2008; Kelly and Witko 2012). In this article we focused on the state-level institutional political factors contributing to economic inequality and income distribution, and find that there are important political features of the 50 American states that contribute to rising trends in inequality. When controlling for market-based and demographic features of the states, we find that Democratic control of state governments reduces inequality, including the Gini index, the 90/10 ratio and the share of income going to the top one percent, while Republican control of state governments increases inequality and the redistribution of income to top income earners.

In other words, we find that there are important political features of the American states, specifically the partisan nature of state governments, that have contributed to the rise in inequality over the past three decades. Our findings provide additional support for and complicate the argument that state-level characteristics are important for understanding the nature of inequality in the United States. Our findings also hint at important representational and policy linkages at the state level. Stonecash (2000) and others have shown that American politics has become increasingly stratified by income so the rich and poor align with different political parties, with low-income groups identifying at higher rates with the Democratic party and wealthier voters identifying with the Republican Party (Rigby 2012). Our findings show that low-income groups within states see tangible benefits from the election of Democratic majorities and leadership in state governments, suggesting that the increasing income-party

polarization may be driven by the fact that low-income voters are actually being served better by the Democratic Party.

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Table 1: Summary of Dependent Variables

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
90/10 Ratio	1, 081	13.92	0.96	12	16.8
Gini Index	1, 081	0.38	0.07	.23	.59
Top 1%	1, 080	7.23	2.43	2.61	16.34

Table 2: State Partisan Model of State-level Gini Indexes

Independent Variables	Δ Inequality		Δ Inequality, pre-1995		Δ Inequality, post-1995	
	Coefficients	PCSE	Coefficients	PCSE	Coefficients	PCSE
Inequality _{t-1}	-0.30***	0.09	-0.60***	.014	-0.11**	0.06
<i>National Variables</i>						
Δ Democratic President	0.13	0.02	-0.03	0.03	0.01	0.01
Democratic President _{t-1}	0.03*	0.02	-0.03	0.03	0.05*	0.01
Δ Democrats in the Senate	0.00	0.00	0.00	0.00	-0.00	0.00
Democrats in the Senate _{t-1}	0.00	0.00	0.01***	0.00	-0.00	0.00
Δ Democrats in the House	-0.00	0.00	-0.00	0.00	-0.00***	0.00
Democrats in the House _{t-1}	-0.00	0.00	-0.00	0.00	-0.01***	0.00
<i>State Variables</i>						
Δ Democratic Control	-0.01**	0.01	-0.01**	0.01	0.00	0.00
Democratic Control _{t-1}	-0.01**	0.00	-0.01***	0.00	-0.00	0.00
Δ Republican Control	0.01*	0.01	0.02**	0.01	-0.00	0.00
Republican Control _{t-1}	0.01**	0.00	0.01**	0.01	0.00	0.00
Δ Left Gov Power	0.05**	0.02	0.06***	0.02	-0.00	0.01
Left Gov Power _{t-1}	0.02***	0.01	0.04***	0.01	0.01	0.00
Δ Union	0.00	0.00	0.00	0.00	-0.00	0.00
Union _{t-1}	0.00	0.00	0.00	0.00	0.00	0.00
Δ Rate/Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00
Rate/Capital Gains _{t-1}	-0.00**	0.00	-0.00*	0.00	-0.00**	0.00
Δ White	0.01	0.01	0.01	0.00	-0.03	0.03
White _{t-1}	-0.00***	0.00	-0.00***	0.00	0.00	0.00
Δ Elderly	-0.01	0.02	-0.02	0.02	-0.02**	0.01
Elderly _{t-1}	0.00	0.00	0.00	0.00	-0.00*	0.00
Δ Fed Per Capita Spending	-0.00**	0.00	-0.00*	0.00	6.77e-06	0.00
Fed Per Capita Spending _{t-1}	-5.09e-06	3.12e-06	-7.89e-07	3.07e-06	1.10e-06	1.03e-06
Constant	0.19	0.12	0.31	0.27	1.14*	0.18
R-squared	0.31		0.43		0.78	

Note: * indicates significance at the .10 level; ** indicates significance at the .05 level; *** indicates significance at the .001 level

Table 3: State Partisan Model of State-level 90/10 Ratios

Independent Variables	Δ Inequality		Δ Inequality, pre-1995		Δ Inequality, post-1995	
	Coefficients	PCSE	Coefficients	PCSE	Coefficients	PCSE
Inequality _{t-1}	-0.30***	0.09	-0.59***	0.14	-0.11**	0.05
<i>National Variables</i>						
Δ Democratic President	0.17	0.27	-0.40	0.35	0.16	0.11
Democratic President _{t-1}	0.40*	0.22	-0.45	0.36	0.71*	0.07
Δ Democrats in the Senate	0.04	0.04	0.05	0.04	-0.03	0.02
Democrats in the Senate _{t-1}	0.03	0.03	0.10***	0.03	-0.00	0.02
Δ Democrats in the House	-0.00	0.01	-0.02	0.01	-0.06***	0.01
Democrats in the House _{t-1}	-0.01	0.01	-0.02	0.01	-0.07***	0.01
<i>State Variables</i>						
Δ Democratic Control	-0.16**	0.07	-0.17**	0.08	0.03	0.05
Democratic Control _{t-1}	-0.12**	0.04	-0.14***	0.04	-0.04	0.03
Δ Republican Control	0.12*	0.07	0.21**	0.10	-0.02	0.04
Republican Control _{t-1}	0.11**	0.04	0.14*	0.07	0.01	0.04
Δ Left Gov Power	0.61**	0.23	0.82***	0.25	0.01	0.10
Left Gov Power _{t-1}	0.31***	0.09	0.53***	0.16	0.07	0.09
Δ Union	0.02	0.01	0.01**	0.01	-0.01	0.01
Union _{t-1}	0.00	0.00	0.01	0.00	0.00	0.00
Δ Rate/Capital Gains	0.01	0.04	-0.00	0.01	0.01	0.02
Rate/Capital Gains _{t-1}	-0.02**	0.01	-0.03***	0.01	-0.01*	0.00
Δ White	0.08	0.10	0.10	0.08	-0.38	0.46
White _{t-1}	-0.00***	0.00	-0.01***	0.00	0.00	0.00
Δ Elderly	-0.16	0.23	-0.33	0.23	-0.26**	0.11
Elderly _{t-1}	0.00	0.01	0.01	0.01	-0.01*	0.01
Δ Fed Per Capita Spending	-0.00**	0.00	-0.00***	0.00	0.00	0.00
Fed Per Capita Spending _{t-1}	-0.00*	0.00	-0.00	0.00	0.00	0.00
Constant	5.27**	1.93	9.41**	3.71	16.42***	2.32
R-squared	0.31		0.43		0.79	

Note: * indicates significance at the .10 level; ** indicates significance at the .05 level; *** indicates significance at the .001 level

Table 4: State Partisan Model of Income Distribution

Independent Variables	Δ Redistribution		Δ Redistribution, pre-1995		Δ Redistribution, post-1995	
	Coefficients	PCSE	Coefficients	PCSE	Coefficients	PCSE
Inequality _{t-1}	-0.14**	0.06	-0.36***	.10	-0.08	0.06
<i>National Variables</i>						
Δ Democratic President	-0.18	0.44	-0.87*	0.53	-0.13	0.50
Democratic President _{t-1}	-0.06	0.35	-0.57	0.52	-0.15	0.32
Δ Democrats in the Senate	0.02	0.06	0.10	0.06	-0.19*	0.10
Democrats in the Senate _{t-1}	0.06	0.04	0.18***	0.05	-0.16*	0.09
Δ Democrats in the House	-0.00	0.01	-0.00	0.02	-0.06	0.04
Democrats in the House _{t-1}	-0.01	0.01	0.01	0.02	-0.06*	0.03
<i>State Variables</i>						
Δ Democratic Control	-0.23**	.012	-0.22	0.14	-0.01	0.18
Democratic Control _{t-1}	-.30***	0.08	-0.22**	0.08	-0.19	0.12
Δ Republican Control	0.19	0.13	0.36*	.20	0.08	0.14
Republican Control _{t-1}	.012	.10	0.06	0.14	0.05	0.11
Δ Left Gov Power	0.66*	0.40	1.00**	0.44	0.33	0.39
Left Gov Power _{t-1}	0.54**	0.20	0.55**	0.25	0.31	0.33
Δ Union	-0.00	0.03	-0.02	0.03	-0.00	0.04
Union _{t-1}	-0.00	0.01	0.00	0.01	0.01	0.01
Δ Rate/Capital Gains	0.05	0.06	-0.01	0.03	0.06	0.07
Rate/Capital Gains _{t-1}	-0.02*	0.01	-0.06***	0.02	-0.03	0.02
Δ White	0.06	0.19	0.17	0.15	-0.75	1.42
White _{t-1}	-0.01*	0.00	-0.01***	0.00	0.00	0.01
Δ Elderly	-0.59	0.42	-0.64*	0.38	-0.44	0.45
Elderly _{t-1}	0.01	0.02	0.03*	0.02	-0.02	0.02
Δ Fed Per Capita Spending	-0.00	0.00	-0.00**	0.00	0.00*	0.00
Fed Per Capita Spending _{t-1}	0.00	0.00	-0.00	0.00	0.00	0.00
Constant	-0.06	2.10	-9.78*	5.15	20.56**	9.84
R-squared	0.10		0.38		0.18	

Note: * indicates significance at the .10 level; ** indicates significance at the .05 level; *** indicates significance at the .001 level

Figure 1: Average Gini Index, 1913 – 2000, Across all 50 states

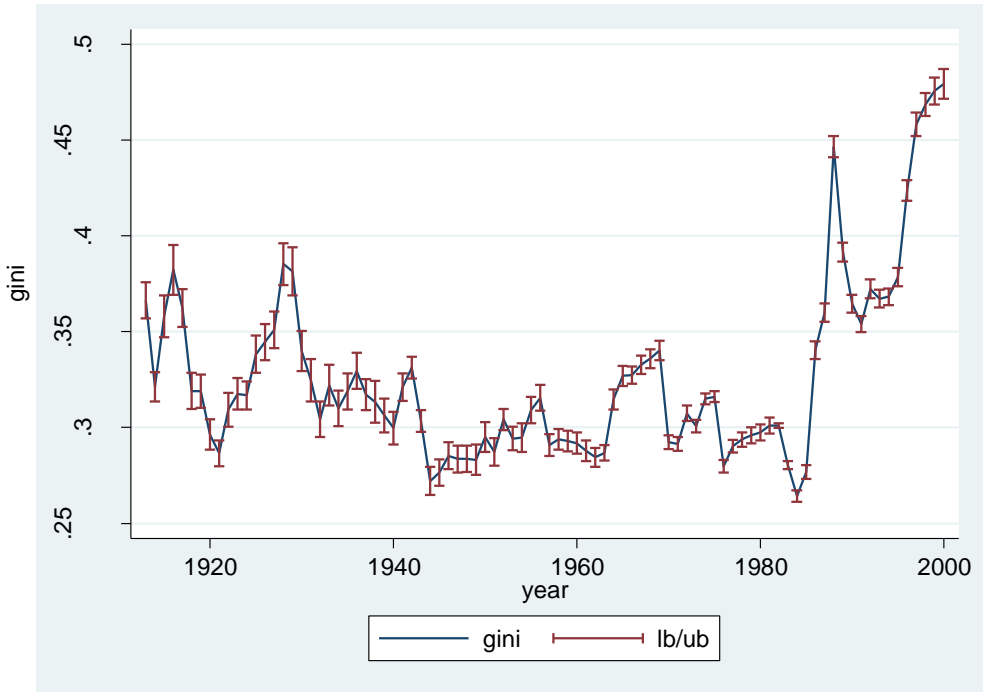


Figure 2: Average 90/10 Ratio, 1913 – 2000, Across all 50 States

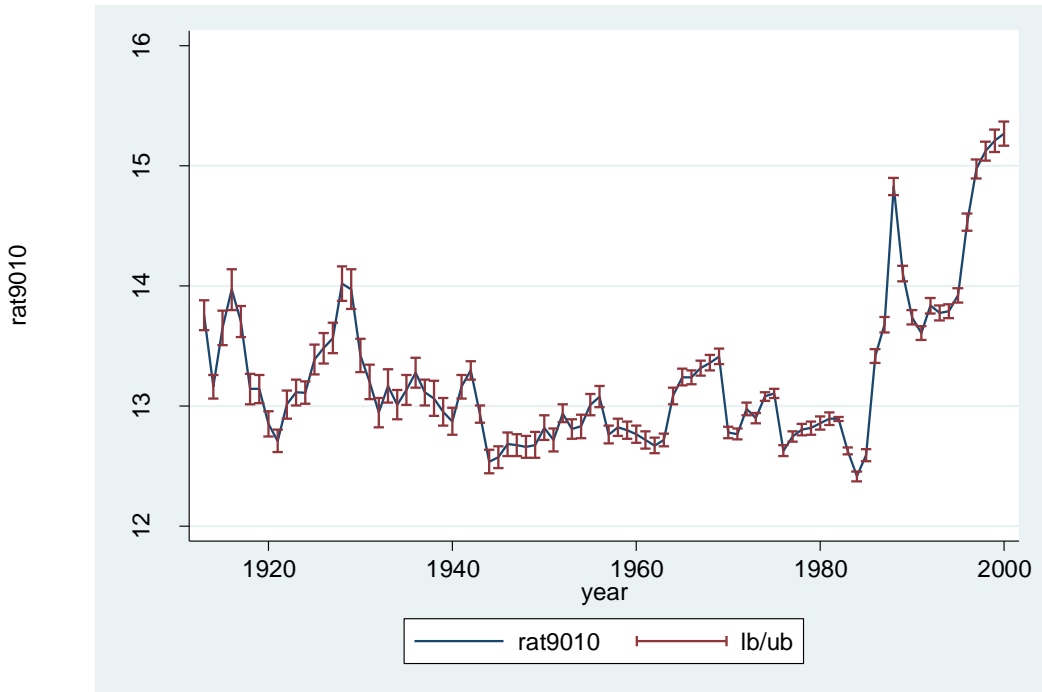


Figure 3: Average Share of Income going to the Top 1% of Earners Across all 50 States

