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Brian R. Fry

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## Interparty Competition and Redistribution: Theme and Variation \*

BRIAN R. FRY

*University of South Carolina*

Probably the most thoroughly scrutinized linkage in the literature on public policies in the American states is the relationship between interparty competition and policy outcomes. The results of the various analyses have been largely negative. Regardless of the policy arena employed, interparty competition has failed to reveal the expected relationships with public policies. No convincing associations have been demonstrated between interparty competition and such outputs as levels of aggregate state revenues and expenditures, levels of functional categories of state revenues and expenditures, financial centralization, progressive taxation, governmental expansion, policy innovation, and the congruence between public opinion and public policies in the American states.<sup>1</sup> It is possible, of course, to challenge the validity of the measures of interparty competition and public policies employed in these analyses or the statistical tests of the relationships.<sup>2</sup> However, the consistently negative findings over a relatively broad range of policy outputs suggests that a reconceptualization of the relationship between interparty competition and public policy is in order—indeed overdue.

In this study, we propose to re-examine the influence of interparty competition on public policy in the American states in an area in which such an influence is most commonly predicted—namely, the redistributive configuration of state revenues and expenditures. Further, we shall

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<sup>1</sup> Thomas R. Dye, *Politics, Economics, and the Public: Policy Outcomes in the American States* (Chicago: Rand McNally, 1966); John G. Gramm, "Structural Determinants of Legislative Policy Outputs," paper delivered at Conference on Measurement of Public Policies in the American States, Ann Arbor, July 28 to August 3, 1968; Jack L. Walker, "The Diffusion of Innovations Among the American States," *American Political Science Review*, LXIII, 3 (September, 1969), 880-99; Frank Munger, "Opinions, Elections, Parties, and Policies: A Cross-State Analysis," paper delivered at the Sixty-fifth Annual Meeting of the American Political Science Association, New York, September 2 to 6, 1969.

<sup>2</sup> See John H. Fenton and Donald Chamberlayne, "The Literature Dealing with the Relationship Between Political Processes, Socio-Economic Conditions, and Public Policies in the American States: A Bibliographical Essay," *Polity*, I, 3 (Spring, 1969), 388-404 for a more positive interpretation of the research findings.

propose an alternative conceptualization of that relationship as well as an alternative view of the nature of party influence on public policies.

### CONCEPTUALIZATIONS OF THE RELATIONSHIP BETWEEN PARTY CHARACTERISTICS AND REDISTRIBUTION

Much of the research involving the linkage between interparty competition and public policy has been based upon the hypotheses developed by V. O. Key in his analysis of Southern politics.<sup>3</sup> Key reasoned that the loose, factional politics he observed in several Southern states did not operate, as some had assumed, as functional equivalents of political parties. The difference is that factions present neither continuing organizations nor identifiable groups of like-minded politicians to be held accountable for governmental actions or lack thereof. On the other hand, political parties possess both attributes. The consequences of a continuing organization and identifiable groups of politicians are that issues become a more prominent feature in the electoral process and parties must extend their appeal to a broader range of the electorate. In Key's words: "When two distinct groups with some identity and continuity exist, they must raise issues and appeal to the masses if for no other reason than the desire for office."<sup>4</sup> Key's reasoning is that electoral competition in a system marked by factional politics is likely to be based on idiosyncratic or personality factors rather than issues since the electorate doesn't know whom to hold responsible for what. Party politics produces a clearer recognition of the "ins" and the "outs," and the electorate is better able to determine which rascals to throw out. Finally, Key suggests that competing partisan organizations will work to the advantage of the "have-not" elements of society, specifically in the form of state fiscal policy:

. . . Politics generally comes down, over the long run, to a conflict between those who have and those who have less. In state politics the crucial issues tend to turn around taxation and expenditure. What level of public education and what levels of other public services shall be maintained? How shall the burden for their support be distributed? . . .

It follows that the grand objective of the haves is obstruction, at least of the haves who take only a short-term view. Organization is not always necessary to obstruct; it is essential, however, for the promotion of a sustained program in behalf of the have-nots, although not all party or factional organization is dedicated to that

<sup>3</sup> V. O. Key, Jr., *Southern Politics* (New York: Vintage Books, 1949), Ch. 14.

<sup>4</sup> *Ibid.*, p. 304.

purpose. It follows, if these propositions are correct, that over the long run the have-nots lose in disorganized politics.<sup>5</sup>

In sum, Key argues that interparty competition leads to an extension of effective suffrage, which leads to issue delineation, both of which result in a better break for the relatively disadvantaged portion of the population. It should be pointed out that Key's observations were limited to the South and he was discussing gross differences between one-party and two-party systems. The empirical tests, on the other hand, have dealt with a broader range of states and are concerned with degrees of interparty competition rather than the presence or absence of such competition. The extension of Key's reasoning to the broader case is problematical and may account for the difficulties in achieving his hypothesized results.

Another view of interparty competition with decidedly different policy implications has been presented by Anthony Downs.<sup>6</sup> Downs bases his analysis on the presumption that voters are able to place political parties on a continuum ranging from extreme conservatism to extreme liberalism. Voters are arranged along a similar continuum. Voters will choose that party closest to their own position along the liberal-conservative continuum. Voters evaluate the position of a party on the basis of policy stances which that party takes, their party affiliation being determined by the voters' overall evaluation of party stands on various issues.

The nature of party competition, according to Downs, will be determined by the shape of the distribution of the electorate along the liberal-conservative continuum. If this distribution is bimodal or multimodal, there are likely to be two or more political parties with fairly well-defined stands corresponding, roughly, to the several modes of public attitudes. If, however, the distribution is unimodal, both parties will try to locate themselves as close as possible to this single modal position. The parties move to the center in order to appeal to more voters and do so with the assurance that they will not lose many supporters at the tails of the continuum since even these voters are likely to choose the lesser of two evils.<sup>7</sup>

In other words, while Key was arguing that interparty competition is likely to produce appeals to the tails of the voter distribution as par-

<sup>5</sup> *Ibid.*, p. 307.

<sup>6</sup> Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957), Ch. 8.

<sup>7</sup> Downs does say that if the extreme voters seek to affect electoral outcomes in the future or if they cannot distinguish between the two parties, they may defect or abstain.

ties seek support from previously unrepresented sectors, Downs reasons that competing parties will gravitate toward the middle of the continuum where the bulk of the votes resides. New voters may alter the location of the apex of the continuum, but, unless they enter in large numbers, the unimodal character of the distribution is not likely to be altered.

The consequence of party movement to the center is that parties become more alike in their stands on policy. Thus party competition, assuming a unimodal distribution of the population, leads to issue obfuscation rather than, as Key hypothesized, issue delineation. Further, Downs asserts that a unimodal distribution of public opinion is likely in a stable democracy since a radical departure from that configuration will lead to conflict, violence, and instability.

Now, if we assume that interparty competition actually blurs issues rather than clarifying them, it follows from Key's line of reasoning that the resulting confusion among the voters will make it difficult for them to choose rationally between parties on the basis of their own self-interest and thus interparty competition will not have the redistributive impact which Key foresaw. The crucial link in Key's chain of reasoning is that interparty competition will produce issue-based politics calculated to give the party broader appeal. In the Downs model, parties are similarly motivated (i.e., they seek to gain broad support); however, the means for achieving this end are to adopt policy stands closer to the mode and, since the opposing party is behaving in the same manner, closer to the stands of the opposing party.<sup>8</sup>

Thus we can find some theoretical foundation for predicting substantially different policy consequences in terms of redistribution as the result of interparty competition.<sup>9</sup> Key predicts redistribution in the favor of lower income groups as a system moves from one-party factional politics to two-party, issue-oriented politics. An extension of Downsian logic suggests less redistribution due to the policy confusion emanating from a situation in which two parties are competing for the same space on the political continuum.

As a final variation on a theme, we can entertain the almost heretical notion that party dominance rather than interparty competition is related to the redistributive configuration of state revenues and expendi-

<sup>8</sup> See Donald Stokes, "Spatial Models of Party Competition," *American Political Science Review*, LVII, 2 (June, 1963), 368-77, for an incisive critique of Downs' general theory.

<sup>9</sup> Much the same distinction between Key and Downs has been drawn by Cnudde. See Charles F. Cnudde, "Public Opinion and State Politics," in Robert Crew (ed.), *State Politics* (Belmont, Calif.: Wadsworth Publishing Co., Inc., 1968), pp. 165-84.

ures.<sup>10</sup> This notion is based on the common-sense proposition that it is not the mechanics of interparty competition but the programmatic predilections of the party in power which determine the nature of state fiscal programs. Accordingly, we can assume that dominance by the Democratic party will be associated with redistribution in favor of the lower income classes due to the public stance of that party in favor of such programs—at least relative to the public stance of the Republican party. This conception of party stands is, of course, a gross oversimplification of a complex situation given the overlapping nature of the ideological continuum in the two major parties. However, it provides us with a rudimentary device for the examination of a plausible alternative to the interparty competition thesis.

### MEASURES OF REDISTRIBUTION

The measures of redistribution employed in this study represent a revised and extended version of an index of redistribution developed in an earlier analysis.<sup>11</sup> Briefly, that index was based on an allocation of revenue burdens and expenditure benefits to nine income classes in each state derived from a study by the Tax Foundation.<sup>12</sup> The analysis yields a ratio of expenditure benefits to revenue burdens for each income class in each state. These ratios provide the basis for the present analysis, but there are three significant changes from the previous analysis. First, we shall employ four summary measures of redistribution rather than the single measure employed in the previous analysis. Second, intergovernmental revenues and expenditures have been excluded from this analysis in an effort to isolate that portion of state revenues and expenditures most susceptible to statewide political influences. Third, the eleven states of the Confederacy are excluded from analysis to avoid ambiguity in the interpretation of the party variables.

The four summary measures of redistribution are: the summed benefit-burden ratio for the three lowest income classes (less than \$4,000) in each state, the summed benefit-burden ratio for the middle

<sup>10</sup> Measures of party dominance, somewhat surprisingly, have received considerably less attention than measures of interparty competition. And, where they have been employed, they have achieved only indifferent empirical success. Dye and Fredlund, Hymans, and Morss found little independent relationship between measures of party dominance and measures of public policy. Alt, in his study of English and Welsh county boroughs, however, discovered some differences based upon party control. See Dye, *op. cit.*, pp. 239-46; Eric J. Fredlund, Saul Hymans, and Elliott Morss, "Fluctuations in State Expenditures: An Econometric Analysis," *Southern Economic Journal*, XXXIII, 2 (April, 1967), 496-517; and J. Alt, "Some Social and Political Correlates of County Borough Expenditures," *British Journal of Political Science*, I, 1 (January, 1971), 49-62.

<sup>11</sup> Brian R. Fry and Richard F. Winters, "The Politics of Redistribution," *American Political Science Review*, LXIV, 2 (June, 1970), 508-22.

<sup>12</sup> Tax Foundation, Inc., *Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965* (New York: Tax Foundation, Inc., 1967).

four income classes (\$4,000-\$9,999) in each state, the summed benefit-burden ratio for the two highest income classes (\$10,000 and over) in each state, and the slope of the benefit-burden ratio for each income class regressed on a numerical designation of the income class (See Table I).

TABLE I. Dependent Variables by State (1961)

State	Benefit-Burden Ratio for Families with Incomes less than \$4,000	Benefit-Burden Ratio for Families with Incomes of \$4,000-\$9,999	Benefit-Burden Ratio for Families with Incomes of \$10,000 or more	Regression Slope for Benefit-Burden Ratios
Arizona	1.546	0.678	0.748	-.188
California	1.548	0.687	0.643	-.186
Colorado	1.266	0.683	0.677	-.137
Connecticut	2.503	0.969	0.798	-.367
Delaware	2.034	0.924	0.621	-.301
Idaho	2.286	0.908	0.794	-.365
Illinois	2.126	0.775	0.778	-.310
Indiana	1.393	0.827	1.049	-.092
Iowa	2.020	0.898	0.931	-.287
Kansas	1.332	0.886	0.964	-.092
Kentucky	2.515	0.946	0.808	-.397
Maine	2.184	0.940	0.937	-.301
Maryland	1.324	0.624	0.572	-.156
Massachusetts	2.253	0.848	0.528	-.355
Michigan	1.555	0.728	0.808	-.176
Minnesota	1.357	0.750	0.700	-.144
Missouri	3.081	0.881	0.769	-.548
Montana	2.185	1.039	0.999	-.281
Nebraska	1.447	1.076	1.363	-.041
Nevada	1.772	0.772	0.858	-.202
New Hampshire	2.101	1.146	1.144	-.242
New Jersey	1.838	0.697	0.587	-.261
New Mexico	1.646	0.716	0.860	-.197
New York	1.800	0.659	0.429	-.277
North Dakota	1.969	1.001	1.132	-.209
Ohio	1.952	0.733	0.719	-.271
Oklahoma	2.791	0.714	0.725	-.520
Oregon	2.503	0.847	0.718	-.427
Pennsylvania	1.938	0.708	0.578	-.299
Rhode Island	2.458	0.832	0.699	-.389
South Dakota	2.125	1.241	1.441	-.198
Utah	1.941	0.934	1.009	-.240
Vermont	2.581	1.242	1.126	-.363
Washington	1.861	0.679	0.729	-.261
West Virginia	2.064	0.824	0.908	-.279
Wisconsin	1.398	0.610	0.494	-.197
Wyoming	1.567	1.166	1.345	-.061
Mean	1.953	0.854	0.837	-.260
Range	1.815	0.632	1.012	.507
Standard Deviation	0.449	0.170	0.242	.116

The first summary measure of redistribution, the summed benefit-burden ratio for the three lowest income classes, reflects net benefits accruing to the lowest income classes in each state as the result of the fiscal policies adopted by the state.

The second and third summary measures of redistribution, the summed benefit-burden ratio for the middle four income classes and the two highest income classes reflect net benefits of state fiscal policies for those groups. The addition of these variables permits us to examine the possibility that there are different determinants of state redistributive efforts in various income groupings. For instance, the benefit-burden ratio for the middle income classes can be employed to investigate the hypothesis that measures of party characteristics have an influence on the benefit-burden ratio of the middle income groups while failing to have such an effect on the ratio for the lowest income groups.

The fourth measure employed, the slope of the benefit-burden ratio regressed on a numerical representation of income class, is also an indicator of redistribution in favor of the lower income classes. This variable was constructed by assigning numbers 1 through 9 in ascending order to each of the nine income classes for each state. Regression analyses were run between the assigned numbers and the benefit-burden ratio for each income class in each state. The slope of the regression line measures changes in the benefit-burden ratio as one progresses up the income scale. A negative slope means that the benefit-burden ratio decreases as income increases. To the extent that the descent is monotonic and linear, the regression slope accurately measures directional redistribution in favor of the lower income classes. If the descent departs from linearity or monotonicity, the measure will be less accurate, which should be reflected in a reduced proportion of variance accounted for by the numerically designated income classes.

The correlation between income class designation and the benefit-burden ratio ranges from .38 in Nebraska to .87 in New York, which means that income class designation accounts for between 14% and 75% of the variances in the ratios in each non-Southern state. Income class designation accounts for at least 50% of the variation in 31 of the 37 non-Southern states with the median amount of variance accounted for standing at 58%. In six states 70% or more of the variance in benefit-burden ratios is accounted for. These statistics indicate that there is a relatively good fit between income class designation and the benefit-burden ratios, which, in turn, means that the regression slope variable can be interpreted in most states with confidence that it actually reflects redistribution in favor of the lower income classes. The measure is also



consistent in that the slope is negative for all states, indicating that the ratios generally decrease as income increases.

The regression slope has two advantages over the summed ratio for the three lowest income groups as a measure of redistribution in favor of the lower income classes. First, this measure is not dependent on an arbitrary selection of income classes to be examined. The regression slope measures directional redistribution throughout the income range. Second, the summed ratio for the three lowest income classes may be higher than the ratio for any other income grouping in a particular state, but the degree of advantage may vary considerably among the states. The regression slope indicates the relative degree of advantage while the summed ratio for the three lowest income classes may reflect only absolute advantage. It is probably best to interpret the summed ratio for the three lowest income classes as a measure of the treatment of the lowest income classes *among* the states while the regression slope is a more accurate measure of the relative treatment of the lower income classes *within* each state.

The inter-correlations among the four dependent variables are relatively low. Only two of the seven relationships exceed .50. The two cases of high inter-correlation are the relationship between the benefit-burden ratio for the three lowest income classes and the regression slope and the relationship between the benefit-burden ratios for the middle and upper income classes. All these variables have been retained in the subsequent analysis in spite of these high inter-correlations because the interaction of these variables with other variables in the analysis differs in a theoretically significant manner.

### CAVEATS

Several limitations in the construction of the dependent variables should be kept in mind in interpreting the results of this analysis. First, the Tax Foundation study upon which our measures of redistribution are built, focused on the aggregate redistributive consequences of state revenues and expenditures rather than state-by-state estimates. The method used mutes variations in redistributive impact among the states due to such factors as differential spending habits, size of the income classes, and structural differences in revenue and expenditure programs.<sup>13</sup> Second, the shifting and incidence assumptions for both reve-

<sup>13</sup> See Bernard H. Booms and James R. Halldorson, "The Politics of Redistribution: A Reformation," *American Political Science Review*, LXVII, 3 (September, 1973) (forthcoming), for a revised version of the benefit-burden ratio for the three lowest income classes which adjusts for income class size. We have not used the suggested revision because adjusting for income in the dependent variable definitionally inflates the relationships between income and income-related variables and the dependent variable.

nue and expenditure categories can be challenged. Third, the exclusion of intergovernmental revenues and expenditures has a differential effect in the various states which tends to be associated with the size of the benefit-burden ratios. In states where intergovernmental revenues exceed intergovernmental expenditures, the benefit-burden ratios will be higher, *ceteris paribus*, than in states where intergovernmental expenditures exceed intergovernmental revenues. Thus, the dependent variable contains a component which is only tangentially related to the item of concern in this analysis—i.e., differences in redistributive patterns produced by the relative dependence of each state on various revenue sources and expenditure programs.

In short, we make no pretense that the measures of redistribution employed in this analysis are definitive. Rather, we consider them a legitimate point of departure for the analysis of an important dimension of state policies.

#### MEASURES OF PARTY CHARACTERISTICS

A multitude of measures of interparty competition have been constructed relating to a variety of offices and time periods. Our strategy, while selective, was to use several measures of interparty competition in an effort to avoid potentially artifactual results.

In selecting the variables to be used in this analysis, we first excluded measures not dealing with statewide offices. This criterion excludes most measures dealing with national contests and some measures which deal only with state legislatures. Next, we grouped the measures of interparty competition according to the dimension of party competition with which they were concerned. Two general categories were used in this process—the closeness of the election and the actual sharing of office.

The first category includes indices of minority party support expressed as a percentage of the total vote received by the minority party and/or the percentage of the seats in a state legislature held by the minority party. The specific measures in this category are: Ranney's index of the percentage of the vote received by the minority party candidate for governor and the percentage of the seats held by the minority party in the state legislature for the period 1938 to 1958;<sup>14</sup> Hofferbert's measure of the percentage of the vote received by the minority party

<sup>14</sup> Austin Ranney, "Parties in State Politics," in Herbert Jacob and Kenneth N. Vines (eds.), *Politics in the American States: A Comparative Analysis* (Boston: Little, Brown, & Co., 1965), pp. 61-99.

candidate for governor for the period 1932 to 1962;<sup>15</sup> Pfeiffer's measure of the percentage of the vote received by minority party candidates for statewide offices and by all minority party candidates for the U. S. House of Representatives between 1940 and 1964;<sup>16</sup> and Fenton's index consisting of the sum of the percentage of the vote received by the minority party candidate for governor and the percentage of the seats in the state legislature controlled by the minority party between 1946 and 1948.<sup>17</sup>

The measures of shared control have somewhat more internal variation. The first measure which we call "minority party success" is based on Hofferbert's compilation of the percentage of the time the minority party in a state controlled the governorship between 1932 and 1962.<sup>18</sup> The second measure, also derived from the Hofferbert index, relates to a pattern of alternation in office and is based upon the percentage of gubernatorial elections in which the winning party was different from the incumbent party in each state for the period between 1932 and 1962.<sup>19</sup> The final measure of party sharing is divided party control. Here we use Key's index which measures the percentage of the time in which the governorship and one or both of the houses of the state legislature were in the control of opposing parties for the period between 1931 and 1952.<sup>20</sup>

To explore the programmatic dimension of party behavior, we can make some minor alterations in available indices of interparty competition to transform them into measures of party dominance. We shall use three such measures: the average support for the Democratic candidate for governor and the percentage of the seats of each house of the state legislature controlled by the Democratic party for the period between 1938 and 1958 (based on the Ranney index),<sup>21</sup> the average support for Democratic candidates for all statewide offices and Democratic candi-

<sup>15</sup> Richard I. Hofferbert, "Classification of American State Party Systems," *Journal of Politics*, XXVI, 3 (August, 1964), 550-67. There are missing values for all of the Hofferbert measures for Kansas, apparently as the result of an oversight in his classification scheme. Values are also missing for Fenton's measure of minority party support and Key's measure of divided party control for Nebraska and Minnesota. These states were omitted in the measures because legislators in both states are elected on a nonpartisan basis. Ranney's index uses only gubernatorial elections in assigning scale values to these states. The other indices do not use measures of competition in the legislature. Missing values were deleted pair-wise. That is, if a value is missing for any state for a particular variable, the computation excludes that state. However, if other variables are available for the same state, that state will be included in all computations for which variables are available.

<sup>16</sup> David G. Pfeiffer, "The Measurement of Inter-Party Competition and Systemic Stability," *American Political Science Review*, LXI, 2 (June, 1967), 457-67.

<sup>17</sup> John H. Fenton, *People and Parties in Politics* (Glenview, Ill.: Scott, Foresman, and Co., 1966), p. 34.

<sup>18</sup> Hofferbert, *op. cit.*

<sup>19</sup> *Ibid.*

<sup>20</sup> V. O. Key, Jr., *American State Politics* (New York: Knopf, 1956), p. 55.

<sup>21</sup> Ranney, *op. cit.*

dates for the U. S. House of Representatives for the years 1940 to 1964 (based on the Pfeiffer index),<sup>22</sup> and a classification by Schlesinger based on the number of elections for governor won by Democrats and the number of elections in which there was no party change for the period from 1870 to 1950.<sup>23</sup> The various measures and their components are summarized in Table II.

TABLE II. Summary of Measures of Party Characteristics

Category	Components	Time Period
<b>INTERPARTY COMPETITION:</b>		
<i>Closeness Measures</i>		
Ranney—Minority Party Support	% vote for minority party candidate for governor and % of seats in both houses controlled by minority party	1938–1958
Hofferbert—Minority Party Support	% vote for minority party candidate for governor	1932–1962
Pfeiffer—Minority Party Support	% vote for minority party candidates for statewide offices and % vote for minority party candidates for U. S. House of Representatives	1940–1964
Fenton—Minority Party Support	% vote for minority party candidate for governor and % of legislative seats held by minority party	1946–1948
<i>Sharing Measures</i>		
Hofferbert—Minority Party Success	% of gubernatorial elections won by minority party	1932–1962
Hofferbert—Party Alternation	% of gubernatorial elections in which winning party differed from incumbent party	1932–1962
Key—Divided Party Control	% of time period in which governorship and one or both of legislative houses controlled by different parties	1931–1952
<b>PARTY DOMINANCE:</b>		
Ranney—Support for Democratic Party	% vote for Democratic candidates for governor and % of state legislative seats held by Democrats	1938–1958
Pfeiffer—Support for Democratic Party	% vote for Democratic candidates for statewide offices and U. S. House of Representatives	1940–1964
Schlesinger—Support for Democratic Party	% of elections won by Democratic candidates for governor and duration of Democratic party control	1870–1950

We shall examine three hypotheses concerning the relationship between party variables and state redistributive efforts. Using Key's analysis as a point of departure, the following hypotheses will be considered:

<sup>22</sup> Pfeiffer, *op. cit.*

<sup>23</sup> Joseph A. Schlesinger, "A Two-Dimensional Scheme for Classifying States According to Degree of Inter-Party Competition," *American Political Science Review*, XLIX, 4 (December, 1955), 1122.

1. Party closeness measures will be positively associated with state redistributive efforts in favor of the lower income classes and negatively associated with the benefit-burden ratios for the middle and upper income classes.
2. Party sharing measures will be positively associated with state redistributive efforts in favor of the lower income classes and negatively associated with the benefit-burden ratios for the middle and upper income classes.

The above measures of party characteristics are both ways of viewing interparty competition. Key was most concerned with the sharing measures since the process of the "outs" replacing the "ins" results in rewards for different constituencies and a redistributive effect. This process is best measured by minority party success, alternation in office, and, to some extent, divided party control. The closeness measures are not exactly what Key had in mind, but they can be interpreted as measures of the degree of threat to the major party which may make it more responsive to the interests of a broader constituency.

In regard to the party dominance measures, we suggest the following hypothesis:

3. Democratic party support will be positively associated with state redistributive efforts in favor of the lower income classes and negatively associated with the benefit-burden ratios for the middle and upper income classes.

This hypothesis, obviously, represents the opposite side of the coin. It suggests that the programmatic inclinations of the party in power rather than the mechanical factor of competition will produce redistributive fiscal policies in favor of the lower income classes.

### FINDINGS

Table III presents the zero order correlations between interparty competition and party dominance and the four measures of redistribution.<sup>24</sup>

From the standpoint of the interparty competition hypotheses, the relationships can best be described as confusing. All of the correlations in this table are negative. These results are in accord with the hypo-

<sup>24</sup> Some of the variables in this analysis have been transformed to achieve a more "normal" distribution and to avoid distortions in the reported correlations. The transformations involved do not force normal distributions because of possible non-monotonicity in the transformation process. Relatively simple transformations (e.g.,  $X^3$  or  $X^{50}$ ) were employed to bring the correlations within acceptable limits.

TABLE III. Zero Order Correlations Between Party Closeness, Party Sharing, and Party Dominance Measures and Redistribution Variables

	Benefit-Burden Ratio for Families with Incomes less than \$4,000	Benefit-Burden Ratio for Families with Incomes of \$4,000-\$9,999 (Transformed)	Benefit-Burden Ratio for Families with Incomes of \$10,000 or more	Regression Slope for Benefit-Burden Ratios
<b>Interparty Competition</b>				
<i>Closeness Measures</i>				
Ranney—Minority Party Support	-.20	-.21	-.30 <sup>a</sup>	-.13
Hofferbert—Minority Party Support (Trans.)	-.10	-.11	-.24	-.04
Pfeiffer—Minority Party Support	-.28 <sup>a</sup>	-.46 <sup>b</sup>	-.51 <sup>b</sup>	-.11
Fenton—Minority Party Support (Trans.)	-.08	-.22	-.37 <sup>a</sup>	-.00
<i>Sharing Measures</i>				
Hofferbert—Minority Party Success	-.50 <sup>b</sup>	-.28 <sup>a</sup>	-.20	-.43 <sup>b</sup>
Hofferbert—Party Alternation	-.14	-.20	-.22	-.10
Key—Divided Party Control (Trans.)	-.18	-.24	-.33 <sup>a</sup>	-.13
<b>Party Dominance</b>				
Ranney—Support for Democratic Party (Trans.)	.14	-.42 <sup>b</sup>	-.39 <sup>b</sup>	.28 <sup>a</sup>
Pfeiffer—Support for Democratic Party	.14	-.50 <sup>b</sup>	-.48 <sup>b</sup>	.30 <sup>a</sup>
Schlesinger—Support for Democratic Party	.17	-.28 <sup>a</sup>	-.23	.26

<sup>a</sup> Indicates significant at .05 level.

<sup>b</sup> Indicates significant at .01 level.

theses regarding the middle and upper income classes, but directly opposed to the hypothesis that higher levels of interparty competition result in higher net benefits for the lower income classes. The magnitude of most of the relationships is moderate to weak. Only nine of the twenty-eight coefficients of correlation reach the .05 level of significance and six of those correlations involve the benefit-burden ratios for the middle and upper income classes where the gap between revenues and expenditures produced by the exclusion of intergovernmental revenues and expenditures has a major influence on the size of the ratios. The negative relationships across the board and the relatively low magnitudes of those relationships suggest that no income class benefits consistently from higher levels of interparty competition.

On the other hand, the measures of Democratic party dominance describe the predicted patterns of relationship. Each measure of Demo-

cratic party dominance is positively associated with both measures of redistribution in favor of the lower income classes and negatively associated with the benefit-burden ratios for the middle and upper income classes. Once again, however, the relationships between party dominance and the measures of redistribution in favor of the lower income classes are moderate to weak and should be interpreted with some caution. Only two of the six coefficients of correlation attain the .05 level of significance. While the correlations for the benefit-burden ratios for the middle and upper income groups are considerably higher (five of the six are significant at the .05 level), the ambiguity produced by the exclusion of intergovernmental revenues and expenditures renders the findings somewhat suspect.

There is always the possibility, of course, that other variables are either obscuring the expected relationships or that other variables actually account for those observed relationships. It is not possible to consider all the alternatives, but we can take a step in that direction by examining a few obvious possibilities which threaten the validity of our findings. One particularly pregnant possibility is that levels of socio-economic development account for the observed relationships. Levels of socio-economic development are closely associated with levels of interparty competition and it is quite likely that this association alters the relationship between interparty competition and state redistributive efforts. In addition, one would expect that levels of socio-economic development could significantly influence all of the correlations involving the benefit-burden ratios since income is negatively correlated with levels of intergovernmental revenues. Intergovernmental revenues (as well as intergovernmental expenditures) have been excluded from this analysis and that exclusion may produce negative relationships between income-related variables and the benefit-burden ratios. We shall institute further controls for income distribution, electoral participation, and liberal partisanship to counter some additional potential threats to the validity of our initial findings.

The control procedure employed is partial coefficients of correlation. This is not an ideal device, but one necessitated by the small number of cases (states) available for analysis. We shall not institute simultaneous controls given the difficulties of interpreting high order partials, but we shall examine the controls sequentially. The control variables are: a factor score<sup>25</sup> for level of socio-economic development comprised of median family income, industrialization, urbanization (percentage of

<sup>25</sup> The factor analytic procedure employed was a principal components analysis in which the diagonals are unaltered and factors are extracted without rotation.

the population living in standard metropolitan statistical areas as defined by the Bureau of the Census),<sup>26</sup> and the reciprocal of the Gini index of income inequality;<sup>27</sup> the percentage of a state's population participating in gubernatorial and senatorial elections in nonpresidential years between 1952 and 1960 (electoral participation);<sup>28</sup> the percentage of a state's population with income of less than \$4,000; the percentage of a state's population with incomes of \$4,000 to \$9,999; the percentage of a state's population with incomes of \$10,000 or more;<sup>29</sup> and the percentage of a state's population claiming an ideological identification who identify as "liberals" (liberal partisanship).<sup>30</sup>

We can also simplify the analysis considerably by factoring the measures of interparty competition and Democratic party dominance since each set of variables proves to be internally consistent and both the patterns and the magnitudes of the relationships between each set of variables and redistribution have proven to be generally similar. Principal components factor analysis yields factors which account for 63% of the variance among the interparty competition variables and 84% of the variance among the party dominance measures.

The correlations between the interparty competition and the Democratic party dominance factors and the redistribution measures on both a controlled and an uncontrolled basis are shown in Table IV. The zero order correlations between the two factors correspond to both the patterns and magnitudes of the correlations observed in the separate analyses for each variable. The interparty competition factor has a negative relationship with all of the measures of redistribution and only the correlation between the interparty competition factor and the benefit-burden ratio for the highest income groups reaches the .05 level of significance. The party dominance factor, as hypothesized, is positively associated with both measures of redistribution in favor of the lower income classes and negatively associated with the benefit-burden ratios

<sup>26</sup> Income, industrialization, and urbanization figures are taken from U. S. Department of Commerce, Bureau of the Census, *U. S. Census of the Population, 1960* (Washington, D. C.: U. S. Government Printing Office, 1964), pp. 1-288, 1-249.

<sup>27</sup> David Verway, "A Ranking of States by Inequality Using Census and Tax Data," *Review of Economics and Statistics*, XLVIII, 3 (September, 1966), p. 314.

<sup>28</sup> Lester W. Milbrath, "Political Participation in the States," in Herbert Jacob and Kenneth N. Vines, *op. cit.*, p. 40.

<sup>29</sup> U. S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1964* (Washington, D. C.: U. S. Government Printing Office, 1964), p. 341.

<sup>30</sup> This measure was provided by Ronald E. Weber of Indiana University. It was derived from estimates from small state samples by use of the procedure devised in the Simulmatics Project. For a detailed report of the procedures employed, see Ronald E. Weber, Anne H. Hopkins, Michael L. Mezey, and Frank J. Munger, "A Methodology for Estimating State Policy Preferences" (unpublished paper).



TABLE IV. Zero-Order and Partial Correlations Between Interparty Competition and Party Dominance Factors and Redistribution Variables

	Benefit-Burden Ratio for Families with Incomes less than \$4,000	Benefit-Burden Ratio for Families with Incomes of \$4,000-\$9,999 (Transformed)	Benefit-Burden Ratio for Families with Incomes of \$10,000 or more	Regression Slope for Benefit-Burden Ratios
<i>Zero-Order Correlations</i>				
Interparty Competition Factor	-.28	-.27	-.37 <sup>a</sup>	-.20
Party Dominance Factor	.16	-.44 <sup>b</sup>	-.40 <sup>b</sup>	.31 <sup>a</sup>
<i>Control for Economic Development Factor</i>				
Interparty Competition Factor	-.20	.13	.04	-.24
Party Dominance Factor	.20	-.43 <sup>b</sup>	-.38 <sup>a</sup>	.32 <sup>a</sup>
<i>Control for Economic Development Factor and Electoral Turnout</i>				
Interparty Competition Factor	-.24	-.21	-.20	-.19
Party Dominance Factor	.22	-.31 <sup>a</sup>	-.29	.29
<i>Control for Economic Development Factor and % of State's Population with Incomes less than \$4,000</i>				
Interparty Competition Factor	-.13	.02	-.05	-.15
Party Dominance Factor	.11	-.34 <sup>a</sup>	-.31 <sup>a</sup>	.21
<i>Control for Economic Development Factor and % of State's Population with Incomes of \$4,000-\$9,999</i>				
Interparty Competition Factor	-.20	.06	-.02	-.22
Party Dominance Factor	.22	-.28	-.28	.30 <sup>a</sup>
<i>Control for Economic Development Factor and % of State's Population with Incomes of \$10,000 or more</i>				
Interparty Competition Factor	-.14	.18	.06	-.19
Party Dominance Factor	.24	-.42 <sup>b</sup>	-.38 <sup>a</sup>	.35 <sup>a</sup>
<i>Control for Economic Development Factor and Liberal Partisanship</i>				
Interparty Competition Factor	-.18	.12	-.01	-.21
Party Dominance Factor	.23	-.44 <sup>b</sup>	-.42 <sup>b</sup>	.34 <sup>a</sup>

<sup>a</sup> Indicates significant at .05 level.

<sup>b</sup> Indicates significant at .01 level.

for the middle and upper income classes. Three of the four correlations between the party dominance factor and the measures of redistribution are significant at the .05 level.

Moreover, none of the controls instituted appreciably change the picture. All of the controlled relationships between the interparty com-

petition factor and the two measures of redistribution in favor of the lower income classes are negative in contrast to Key's contention that higher levels of interparty competition would accrue to the benefit of the lower income classes. None of the correlations reaches the .05 level of significance indicating that we cannot reject the null hypothesis that interparty competition is unrelated to the level of net benefits for the lower income classes. The pattern of the relationships between interparty competition and the benefit-burden ratios for the middle and upper income classes is mixed. Only five of the twelve relationships are negative (the direction hypothesized), but none of the correlations is significant at the .05 level. These data all suggest that interparty competition is unrelated to the redistributive configuration of revenues and expenditures in the American states.

The controlled relationships between party dominance and redistribution are almost identical to the zero order relationships between those variables. All of the correlations between party dominance and the two measures of redistribution in favor of the lower income classes are positive, as hypothesized. However, only four of the twelve correlations are significant at the .05 level and all of these involve the regression slope measure. Thus the evidence that Democratic party dominance is associated with some downward shift in net benefits resulting from state fiscal policies is stronger than the evidence that those benefits reach the lowest income classes. The controlled relationships between Democratic party dominance and the benefit-burden ratios for the middle and upper income classes are all negative, as hypothesized, and nine of the twelve partial correlations are significant at the .05 level.

Our data, then, present fairly strong support for the contention that the programmatic dimension of party control is more closely related to the redistributive configuration of state revenues and expenditures than is the mechanical factor of interparty competition. We submit two qualifications to this general finding. First, Democratic party dominance apparently results in redistribution in favor of the lower income classes, but the evidence is not convincing that these benefits reach the lowest income classes. Second, there appears to be some asymmetry in the effect of Democratic party dominance. The evidence that Democratic party control works to the disadvantage of the middle and upper income classes is much stronger than the evidence that Democratic party control works to the advantage of the lower income classes.

## CONCLUSION

This study has examined contrasting conceptualizations of interparty competition and contrasting images of the nature of party influence on the redistributive configuration of state revenues and expenditures.

In regard to interparty competition, we have contrasted hypotheses drawn from the works of V. O. Key and Anthony Downs. The data indicate that, regardless of the measure of interparty competition employed or the statistical controls invoked, the empirical relationships between interparty competition and redistribution fail to support the Key hypothesis that interparty competition will lead to more redistribution in favor of the lower income classes. Without controls, no income class seems to benefit from interparty competition. Indeed, all income groups appear to be at a relative disadvantage in a competitive partisan environment. With controls, the pattern for the lower income groups is the same, but the pattern for the middle and upper income groups is mixed. To add to the confusion, the strength of the relationships is, for the most part, quite low. These results are in direct contrast to Key's proposition that interparty competition is associated with redistribution in favor of the have-nots or at least the extension of that thesis beyond the Southern states. Both the pattern of the relationships and the strength of those relationships are far more compatible with Downs' assertion that interparty competition will lead to issue obfuscation with the result that every income class finds it difficult to use the system to its own advantage.

In regard to the contrasting images of the nature of party influence on state redistributive efforts, we have contrasted the hypothesized effects of interparty competition and the hypothesized effects of Democratic party dominance. This effort should be considered little more than a tentative probe into the programmatic predilections of political parties, but the results are at least minimally encouraging. The pattern of the relationships between Democratic party dominance and redistributive efforts is consistently in the direction predicted. Democratic party dominance works to the advantage of the lower income classes and to the disadvantage of the middle and upper income groups. However, the weakness of the relationships between Democratic party dominance and redistribution in favor of the lower income classes suggests that either the salience of the redistributive component of state fiscal policies in regard to partisan politics in the American states is rather low or that some—as yet untapped—characteristic of the political parties will reveal the proper associations.