Is the American Electorate Increasingly Polarized
Because of Growing Income Inequality?

James E. Campbell
Department of Political Science
University at Buffalo, SUNY
Buffalo, NY 14260
jcampbel@buffalo.edu

Is the American Electorate Increasingly Polarized Because of Growing Income Inequality?

As a causal agent to political behavior, economics must rank very near the top of the heap. Long before Clinton strategist James Carville uttered the unforgettable advice to campaign workers reminding them in the 1992 presidential campaign that “It’s the economy, stupid,” James Madison in the tenth Federalist Paper traced the seeds of political factions to economic differences: “the most common and durable source of factions has been the various and unequal distribution of property” (Hamilton, Madison, and Jay 1961, 79). So, in surveying the likely causes of the increasing polarization of the American electorate, economic motives are an obvious suspect.

In Polarized America: The Dance of Ideology and Unequal Riches, Nolan McCarty, Keith T. Poole, and Howard Rosenthal (2006) explore the possible economic basis for the increasing level of political polarization in the American public. They forward the theory (henceforth, the theory of class polarization) that the American electorate has become increasingly polarized politically because of a growing chasm between “the haves” and “the have nots.” The theory suggests that growing income inequality has heightened differences in economic interests between the upper and lower classes driving higher income Americans into the arms of a more homogeneously conservative Republican Party and lower income Americans into the arms of more homogeneously liberal Democratic Party. McCarty, Poole, and Rosenthal examine their thesis with NES data and conclude that “high-income Americans have consistently, over the second half of the twentieth century and into the twenty-first, been more prone to identify and vote with the Republican Party than have low-income Americans, who have sided with the Democrats.... Moreover, there has been a rather substantial transformation in the
economic basis of the American party system. Today, income is far more important than it was in the 1950s” (pp.106-7). Their conclusions, however, rest on an analysis of the economic cleavage in partisanship rather than the ideological polarization in the electorate.

The purpose of this paper is to determine whether the growing disparity in household incomes in the country have caused a growing polarization in the ideological perspectives of American voters. The thesis has two links. First, it is supposed that growing income inequality has caused the well-off to become more conservative (or less liberal) than they were and the less well-off to become more liberal (or less conservative) than they were (class polarization). Second, the thesis supposes that these changes in class ideological differences have caused a general increase in the ideological polarization of the electorate. The thesis is essentially the causal chain: \textit{Income Inequality} $\rightarrow$ \textit{Class Polarization} $\rightarrow$ \textit{Ideological Polarization}.

The first mission of this analysis is to establish that there has, in fact, been both an increase in income disparity in the American public and that there has also been a growing ideological polarization of the public. These are the basic premises of the thesis. The second part of the paper examines whether the real change in income inequality has been associated with class polarization, a growing conservative tilt to higher income voters and a growing liberal tilt to lower income voters. The third part of the paper examines the extent to which class polarization in political perspectives has been responsible for increasing ideological polarization in the electorate.

The data for this analysis are drawn from two sources. The analysis spans the period from 1972 to 2004. This covers the period in which the increase in ideological polarization is supposed to have taken place and continuously collected survey data on the electorate’s
ideological inclinations is unavailable before 1972. The income inequality data are annual data from the U.S. Census Bureau’s Current Population Survey. The Census reports the annual distribution of aggregate household income in quintiles. In examining the Census data, the bottom and top quintiles are designated respectively as the low and high income categories. The class polarization and general polarization data are from the cumulative file of the National Election Studies (NES). The NES reports family income distributions (VCF0114) in five categories: 0 to 16 percentile, 17 to 33 percentile, 34 to 67 percentile, 68 to 95 percentile, and the 96 to 100 percentile. Unfortunately, the NES family income data collected in 2002 were not collected in a way that made them comparable to the rest of the series. As a result, the 2002 case is excluded from analyses using NES data. In examining the NES data, respondents in the bottom and top thirds of the family income are designated respectively as low and high income respondents. The analysis examines only those who reported voting in the election, since the views of these respondents are the most political important to the process.

**Have Income Inequality and Ideological Polarization Increased?**

The plausibility of the thesis that growing income inequality has caused an increase in ideological polarization rests on both having occurred. Have they? The answer is that they have.

The growth in income inequality in American households since 1972 is tracked biennially in Figure 1. The figure plots the percentage of aggregate household income generated by the top twenty-percent of income earning households and by the bottom twenty-percent. Two facts jump out from this plot. First, throughout this entire period, there has been a great amount of income inequality between those at the top and those at the bottom of the income ladder. Those in the top twenty percent of households have enjoyed about 46 or 47 of the income while those in the
bottom twenty percent of households have had to manage with less than four percent of the aggregate income. The second fact that emerges is that the income gap has widened over the last several decades. The bottom quintile has slipped from about four percent of incomes to less than 3.5 percent while the upper strata has increased its share from less than 44 percent to about 50 percent. An income ratio between the bottom and top quintiles started out the 1970s at about 10 to 1 and increased to nearly 15 to 1 by 2004. The income gap, the simple difference in shares of aggregate income, increased from less than 40 percentage points to almost 47 percentage points.

While the income inequality gap was increasing, so was ideological polarization in the electorate (Evans 2003, 81; Abramowitz 2007; Campbell 2007). There has been a good deal of controversy around the question of whether the American electorate has become more polarized (Fiorina, Abrams, and Pope 2006, Nivola and Brady 2006), but there is no doubt that significantly more American voters are now willing to declare that they have a liberal or conservative political perspective than was the case in the 1970s.

Figure 2 plots the percentage of reported voters who reported that they had a liberal or conservative political perspective in elections from 1972 to 2004. Again, two points emerge. First, even in the 1970s, at least half of voters claimed a liberal or conservative political inclination. Among these ideological voters, self-identified conservatives held an edge. Slightly more than thirty percent indicated a conservative perspective and about twenty percent indicated a liberal perspective. This, of course, does not mean that they all meant exactly the same thing by these designations or that this structured all of their thinking on issues, candidates, or parties. However, it does suggest that an ideological label held a certain amount of attraction to these
voters and that they felt comfortable revealing their association with that perspective. The second point evident in the figure is that the percentage of reported voters indicating an ideological perspective increased significantly since the early 1990s. Since 1992, typically almost 60 percent of reported voters have indicated liberal or conservative inclinations. Again, conservatives have outnumbered liberals with conservative numbers in the high 30 percent range and even occasionally exceeding 40 percent while liberal numbers have inched up into the low 20 percent range. The bottom line is that American voters have become more willing to indicate an ideological inclination in the last several decades and that moderates are now a minority among American voters. The American electorate is more ideologically polarized than it was.

While it is clear from figures 1 and 2 that ideological polarization increased over the same period that income inequality increased, the question remains whether the growth in income inequality caused the increase in ideological polarization? To answer this question we can examine four indicators of class polarization. If an increase in income inequality was behind the growth in ideological polarization, we should have seen: (1.) an increase in conservative inclinations among higher income reported voters, (2.) a decline in liberal inclinations among higher income reported voters, (3.) an increase in liberal inclinations among lower income reported voters, and (4.) a decline in conservative inclinations among lower income reported voters. Essentially, the thesis expects that high income voters should become relatively more conservative and low income voters relatively more liberal with increasing income inequality.
**Trends in Class Polarization**

While there is no question that lower income voters have tilted less to the conservatives than have higher income voters, the ideological makeup of the lower and higher income strata are fairly complex. Though some trends are as the theory expects, some are counter to what might be expected, and the evidence in general does not appear to sustain the expectations of the theory that rising income inequality has generated an ideological polarization between the “haves” and the “have nots.”

The trend in the ideological inclinations of higher income voters are displayed in Figure 3. The theory of class polarization expects that the gap between the percentage of high income conservatives and liberals would widen over time–either by an increase in the conservative well-to-do, a decline in the liberal well-to-do, or both. While a general increase in the percentage of higher income voters professing a conservative inclination is noticeable in the figure (b = .23 with election counter, p < .05 one-tailed), the ideological gap among higher income voters did not appreciable increase over this period (b = .06, p > .10 one-tailed). Among the well-off, conservatives outnumber liberals, but not any more so than they have for some time. This is true even if you set aside the 2004 election in which there was a considerable increase in the number of liberals among higher income voters.

Figure 4 displays the ideological inclinations of lower income voters. The first point to note here is that a much smaller percentage of lower income voters claim either a conservative or a liberal perspective. Whereas 60 to as many as 75 percent of higher income voters claim an liberal or conservative political perspective, only 35 to 50 percent of lower income voters are
willing or able to claim a liberal or conservative inclination. The second point to note in the figure is that even among the lower income strata of voters, those expressing a conservative perspective often outnumber those expressing liberal convictions. The third point, and the point most important to the income polarization thesis, is that there does not appear to be any evidence of the expected trend toward greater liberalism or less conservatism among lower income voters. If anything, the percentage of conservatives among lower income voters increased a bit over this period (b = .23, p < .02, one-tailed) without an appreciable increase in the number of lower income liberals (b = −.03, p > .10, one-tailed).

To obtain an overview of income polarization and its trend, the four measures of ideological inclinations by income levels are combined into a single index of class polarization in Figure 5. The index is the sum of two differences: the percentage of high income conservatives minus the high income liberals plus the percentage of low income liberals minus low income conservatives. In more formal terms,

\[ CP = (HC - HL) + (LL - LC) \]

where,

- CP is class polarization,
- HC is the percentage of higher income voters who are conservatives,
- HL is the percentage of higher income voters who are liberals,
- LL is the percentage of lower income voters who are liberals,
- LC is the percentage of lower income voters who are conservatives.

While the extent of income polarization increased over the decade of the 1970s, it then generally declined a bit in the 1980s, shot up in the 1990s, then receded in recent years. In short,
contrary to the expectations of the theory of class polarization, there appears to be no evidence of a strong and consistent increase in income inequality-related ideological polarization in recent decades. There were some years in which class polarization was stronger than in others, but there was no discernable general increase in class polarization over this period.

**Income Inequality and Class Polarization**

The questions of whether their has been a trend in class polarization and whether class polarization reflects the actual growth in the inequality of household incomes over time is addressed in the regression results reported in Table 1. The dependent variable is the index of class polarization described above and plotted in Figure 5. The first regression indicates that there was no significant linear trend in class polarization over this period. The second equation examines whether the actual disparity in household incomes, as measured by the U.S. Census, affected class polarization. It did not. The third equation tests the possibility that there might be a lag in the impact of income inequality on class polarization. Again, there was no effect. All three of these possibilities are examined in the fourth equation. Though there appears to be a significant effect of real income inequality on class polarization in this specification, the impact appears to be quite marginal. The overall message of the analysis of table 1 is that the ideological polarization between upper and lower income groups has not systematically increased over time (as general ideological polarization has) and has been remarkably independent of real changes in income inequality. In both respects, these findings fail to support the expectations of the theory of class polarization.

/Table 1 about here/
Has Class Polarization Caused the Increase in Ideological Polarization?

As was evident in Figure 2, ideological polarization in the American electorate has increased since the early 1970s, the question is to what extent, if any, has polarization between the “haves” and the “have nots” increased ideological polarization among voters generally? Table 2 presents the regression analyses of ideological polarization in the electorate. The first equation reaffirms the findings of figure 2 that the American electorate has become more ideological. The linear trend is statistically significant and indicates that the electorate typically became 1.5 percentage points more ideological (the combined growth in liberalism and conservatism) and less moderate or unaware of an ideological inclination between each election (4 x .38 = 1.52 percentage points). Over the thirty-two year period between 1972 and 2004, this amounts to more than a twelve percentage point growth in voters claiming a liberal or conservative inclination and an equal decline of those lacking an ideological perspective (32 x .38 = 12.16).

The second equation in table 2 examines the impact of class polarization on ideological polarization. Although the estimated effect of class polarization is not statistically different from zero and the overall fit of the equation fails to account for any variance in ideological polarization, the Durbin-Watson statistic indicates that there is substantial autocorrelation in the analysis. Equations 3 and 4 report two corrections for this autocorrelation problem. The third equation reports a partial differencing of the variables in a first order Cochrane-Orcutt analysis of the data and the fourth equation reports a first differences estimation (Ostrom 1978, 39-40). This amounts to examining the effects of the change in class polarization between elections on the change in ideological polarization between elections. After both autocorrelation treatments, the
estimates of the effect of class polarization on ideological polarization are statistically significant. For about every four or five percentage points of class polarization (higher income voters moving toward conservatism, away from liberalism and the opposite for lower income voters) one additional percentage point of the electorate became either liberal or conservative rather than moderate or unaware of their ideology.

Though the impact of class polarization is consistent with the theory, the results of the fifth equation in table 2 indicate that the general increase in ideological polarization in the electorate had very little to do with class polarization. When the higher and lower income strata were more polarized, the electorate became more ideological, but this was over and above the general trend of increased ideological polarization. The trend of increasing ideological polarization is evident even after controlling for class polarization in equation 5. Based on the estimated trend effect in the equation, after taking class polarization into account, ideological polarization increased by about 10.5 percentage points from 1972 to 2004 (32 x .33 = 10.56). Comparing the trend related extent of ideological polarization in equations 1 and 5 indicates that class polarization accounted for only 1.6 percentage points of the 12.2 percentage point trend. In short, the growing ideological polarization of the American electorate is not a product of growing income inequality and diverging political perspectives of those at the bottom and top of the economic ladder.

Discussion

There is no question that the American electorate has become more ideological, more polarized, over the last three decades. It was fairly well polarized to begin with, but has become more so. There is also no question that over this same period that income inequality has grown.
For whatever reason, whether illegal immigration, a change in the manufacturing-service base of the economy, or economic policies, the higher income segment of the economy account for a greater portion of aggregate incomes than they did thirty years ago. However, the analysis indicates that these two trends are coincidental rather than causal. American voters have not become more ideological because of growing income disparities.

As Louis Hartz (1955) documented many years ago, America developed without a class system. Economics is important to our politics, but its importance can be easily exaggerated. Despite a large and growing disparity in the distribution of income in the economy, there are a great many in the lower strata of the income distribution who do not associate themselves with liberalism. The class polarization thesis suggests that low income voters would increasing find their interests best reflected in liberal political perspectives. In fact, many of these voters not only do not declare themselves to be liberals, but do declare themselves to be conservatives. Some of these voters, no doubt, are confused about applying these labels, but it is hard to imagine that this confusion has grown over time. Even after 1990 and the growth in income inequality, more than a quarter of lower income voters (27 percent) claimed to be conservatives and less than a fifth (19 percent) claimed to be liberals. This discrepancy between the economic circumstances and the conservative political perspectives of many lower income voters is regarded by some as a “derangement” of the natural political-economic order. It inspired Thomas Frank (2004) to ruminate at length about What’s the Matter with Kansas?, how the relatively poor state of Kansas has come to consistently vote for conservative Republicans.

The supposed derangement or disconnect of income and self-interested ideological perspectives, however, is by no means confined to the lowest part of the income scale. It is also
evident in the political views of the upper income strata (and perhaps even among some of those who forward the class polarization thesis). Three decades ago, Everett Ladd (1976-77) documented the fairly common support for liberalism among the affluent since the 1960s. While the class polarization theory suggests that growing income inequality is supposed to drive high income earners toward self-serving conservative views, this has not happened for a majority of voters in the higher income category. Since 1990, among higher income voters, fewer than half (46 percent) claimed a conservative inclination and nearly a quarter (23 percent) of all higher income voters claimed a liberal political perspective. As long as we are asking about Kansas, perhaps we should also ask what’s the matter with Connecticut or Maryland (two wealthy but liberal states)? Maybe even, what’s the matter with Manhattan, that hotbed of wealthy liberals?

How do you explain the such frequent adherence to political ideologies and symbols that appear to contradict economic self-interests and the even more common failure to adhere to ideologies and symbols that are supposed to reflect economic self-interests? Perhaps condescendingly, one might discount the conservatism of lower income voters as “false-consciousness,” the supposed misguided views of those who are not very politically sophisticated and easily led astray by political snake-oil salesmen. Perhaps self-righteously, one might claim that liberalism among higher income voters reflects some “enlightened” self-interest or some benign altruistic sensibilities—a modern day equivalent of noblesse oblige.

The general explanation, however, might be more complicated and less sinister. First, some voters may be more motivated by general principles than by economic self-interest. Whether from experience or through socialization, they may come to regard activist government as benign or as a threat to the public interest. Second, voters may care about personal and social
conditions other than the economy. Voters are not cash registers. They care about social issues, law and order, education, the environment, immigration, national defense, and many other issues as well as the economy. Thirdly, to the extent that they care about the economy, their concerns are not necessarily limited to their personal circumstances. A good deal of research indicates that many voters adopt a sociotropic view of the economy. Finally, even to the extent that voters focus narrowly on their own pocketbooks, this does not inexorably lead them to adopt a particular political perspective. They may have different ideas about which political perspective has the better track record of economic performance and which is likely to lead to better economic futures. While many of the well-off may find their narrow self-interests served by the smaller government demands advocated by conservatives, some may see economic benefits springing from the public investments in social welfare and human capital promoted by liberals. A well trained and healthy workforce and a clean environment may be good for business and profits. Conversely, while many lower income voters may see their bread buttered by liberal social welfare programs, others may see these programs as simply feeding a bloated and self-serving government bureaucracy and that they benefit more from a robust and expanding productive private sector nurtured by lower taxes and conservative public policies.

In examining the economic basis of the self-declared ideologies of voters, it is clear that reactions to income inequalities do not take us very far in understanding American mass politics. The weakness in the association is evident but often not acknowledged in past work. What Everett Ladd (1976-77) detected as complicated curvilinear inversion of the class-ideological alignment and what Thomas Frank (2004) saw as a derangement of class interests may just
reflect the fact that many Americans are not purely economic animals driven by greed and envy.

Economics matters, but ideas matter a lot more.
References


Figure 1. The Growth in Income Inequality

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Table H-2, Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households, All Races: 1967-2006 (Households as of March of the following year).
Figure 2. The Growth of Ideological Polarization among Reported Voters, 1972-2004

Note: NES data weighted by VCF009A. The extent of ideological polarization is calculated using variable VCF0803 for those reporting having voted. Polarization is the percentage of reported voters who were not moderates or DKs. This includes the three categories of conservatives and the three categories of liberals.
Figure 3. Class Polarization among High Income Reported Voters, 1972-2004

Note: NES data, weighted by variable VCF009A. The analysis includes only reported voters. The ideological categories include the three categories of conservatives and the three categories of liberals. Self-described moderates and “don’t knows” are included in the denominator.
Figure 4. Class Polarization among Low Income Reported Voters, 1972-2004

Note: NES data, weighted by variable VCF009A. The analysis includes only reported voters. The ideological categories include the three categories of conservatives and the three categories of liberals. Self-described moderates and “don’t knows” are included in the denominator.
Figure 5. Class Polarization, 1972-2004

Note: NES data, weighted by VCF009A. Class polarization is the percentage of higher income voters who are conservatives plus the percentage of lower income voters who are liberals minus both the percentage of higher income voters who are liberals and the percentage of lower income voters who are conservatives.
Table 1. The Effect of Income Disparity on Class Polarization, 1972-2004

<table>
<thead>
<tr>
<th>Dependent Variable: Class Polarization</th>
<th>(1.)</th>
<th>(2.)</th>
<th>(3.)</th>
<th>(4.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Election Trend (Year of Election)</td>
<td>-.19</td>
<td>–</td>
<td>–</td>
<td>-2.16</td>
</tr>
<tr>
<td></td>
<td>(1.06)</td>
<td></td>
<td></td>
<td>(1.99)</td>
</tr>
<tr>
<td>Income Disparity$_t$</td>
<td>–</td>
<td>-.59</td>
<td>–</td>
<td>6.45*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(.90)</td>
<td></td>
<td>(1.82)</td>
</tr>
<tr>
<td>Income Disparity$_{t-1}$</td>
<td>–</td>
<td>–</td>
<td>-.96</td>
<td>.23</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1.35)</td>
<td>(.08)</td>
</tr>
<tr>
<td>Constant</td>
<td>385.97</td>
<td>41.46</td>
<td>57.12</td>
<td>4028.93</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Adjusted R$^2$</td>
<td>.01</td>
<td>.00</td>
<td>.06</td>
<td>.19</td>
</tr>
<tr>
<td>Standard Error of Estimate</td>
<td>6.65</td>
<td>6.72</td>
<td>6.58</td>
<td>6.08</td>
</tr>
<tr>
<td>Durbin-Watson</td>
<td>2.82</td>
<td>2.79</td>
<td>2.49</td>
<td>2.93</td>
</tr>
</tbody>
</table>

* p < .05 (one-tailed). t-ratios are in parentheses.

Note: Class polarization is computed from the self-reports of the ideological inclinations of reported voters in the lowest and highest thirds of family incomes. It is computed as the percentage of voting low income voters who were liberal and high income voters who were conservative minus the percentage of low income voters who were conservatives and high income voters who were liberals. Income disparity is the difference between the percentage of aggregate income of the highest and lowest quintiles as reported by the U.S. Census Bureau’s Current Population Survey.
Table 2. The Effect of Class Polarization on Ideological Polarization

<table>
<thead>
<tr>
<th>Dependent Variable: Ideological Polarization</th>
<th>(1.) OLS</th>
<th>(2.) OLS</th>
<th>(3.) Cochrane-Orcutt</th>
<th>(4.) First Differences</th>
<th>(5.) OLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Variable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Election Trend (Year of Election)</td>
<td>.38*</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>.33*</td>
</tr>
<tr>
<td></td>
<td>(4.74)</td>
<td></td>
<td></td>
<td>(5.25)</td>
<td></td>
</tr>
<tr>
<td>Class Polarization</td>
<td>–</td>
<td>.07</td>
<td>.20*</td>
<td>.22*</td>
<td>.21*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(.50)</td>
<td>(2.57)</td>
<td>(3.08)</td>
<td>(2.24)</td>
</tr>
<tr>
<td>Constant</td>
<td>–699.09</td>
<td>52.88</td>
<td>19.89</td>
<td>.22</td>
<td>–603.53</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.59</td>
<td>.00</td>
<td>.29</td>
<td>.38</td>
<td>.64</td>
</tr>
<tr>
<td>Standard Error of Estimate</td>
<td>3.02</td>
<td>3.88</td>
<td>2.61</td>
<td>3.05</td>
<td>2.28</td>
</tr>
<tr>
<td>Durbin-Watson</td>
<td>2.14</td>
<td>.64</td>
<td>1.50</td>
<td>1.72</td>
<td>1.59</td>
</tr>
</tbody>
</table>

* p < .05 (one-tailed), t-ratios are in parentheses.

Note: Ideological Polarization is the percentage of reported voters who are non-moderates. Non-moderates include those indicating that they are slightly liberal, liberal, or extremely liberal or slightly conservative, conservative, or extremely conservative. Moderates include those indicating that they are moderate or do not know how to describe their ideological inclination. See table 1 note for the measurement of class polarization. The 2002 election is omitted because of the lack of comparable income data. The weight used in the Cochrane-Orcutt partial difference estimation was .61.