

Political Context, Government Redistribution, and the Public's Response to Growing Economic Inequality

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Forthcoming, *The Journal of Politics*

Abstract

While most Americans appear to acknowledge the large gap between the rich and the poor in the U.S., it is not clear how the public has responded to recent changes in income inequality. The goal of this study is to make sense of several existing, and at times conflicting, perspectives on how changes in inequality affect public preferences for government action by demonstrating that each of these perspectives can simultaneously coexist in a logical manner. The argument put forward here is that growing inequality systematically shapes preferences for redistribution in different ways depending on two important factors: economic context and the type of redistribution being considered. Using time-series cross-sectional data covering over three decades and all 50 states, the findings show that context does affect the degree of the public's response to inequality and support for action is stronger for particular types of redistributive policy.

Keywords: income inequality; redistribution; state politics; public opinion; class politics

Data and supporting materials necessary to reproduce the numerical results in the article are available in the *JOP* Dataverse (<https://dataverse.harvard.edu/dataverse/jop>). Supplementary material for this article is available in the appendix in the online edition.

Introduction

In an era of expanding economic inequality, how has the American public responded to the growing gap between the rich and the poor? Does the public care at all? If they do, has rising inequality changed how the public views the role of government and their desire for redistribution? Recent scholarship has begun to address these questions with the aim of better understanding how the public views inequality and whether the issue is generally important to average citizens. One significant consequence of how Americans respond to growing inequality is the implications of this response for public policy. If the public is completely unaware of or apathetic about growing economic disparities it is unlikely they will demand a policy response to the issue. In other words, it will be difficult to justify any kind of government action on the basis of an issue most people do not care about or recognize. Alternatively, if the public is concerned about growing inequality their views may provide an important link between the distribution of income and government policy, particularly policies designed to redistribute wealth.

Although the current literature provides evidence that suggests the public is aware of growing income differences and this knowledge appears to influence preferences for redistribution, the collective results of these studies do not provide a coherent account of how people respond to rising inequality. Some scholars, for instance, find that the public is generally concerned about growing economic disparities and want government to address the issue. In particular, these studies show that those who are troubled by the growing gap between the rich and the poor are more likely to support redistributive policies like higher taxes on the rich and assistance to those who are not financially well-off (Franko, Tolbert and Witko 2013; Hayes 2013; McCall 2013; McCall and Kenworthy 2009). Others, however, argue that income inequality actually has very little influence on the public's policy preferences. According to these studies, people either do not fully comprehend the relationship between inequality and government policy or they simply do not care enough about growing income differences for the issue to affect their support for redistribution (Bartels 2005; 2008). Finally, a third line of research suggests that under certain circumstances public support for redistribution will decrease in the face of growing inequality (Kelly and Enns

2010; Moene and Wallerstein 2001). This argument is based on the idea that in some instances the number of citizens who benefit from redistribution decreases as inequality increases, and that support for some policies will depend on the target population of the proposed redistribution.

Altogether, scholars have developed several expectations related to the connection between growth in inequality and the public's desire for government action, with each leading to a very different conclusion. The goal of this study is to make sense of how the American public responds to rising economic inequality by demonstrating that each of these perspectives can simultaneously coexist in a logical manner. The argument put forward here is that growing inequality systematically shapes preferences for redistribution in different ways depending on two important factors: economic context and the type of redistribution being considered.

This research shows that the public's general economic environment can influence their response to expanding income inequality. Economic context has been shown to affect the kinds of issues that are important to individuals, meaning different issues often structure opinion on the same topic. For example, personal income tends to be a more important issue for people living in poor states than it is for those living in relatively rich states, which leads to a situation where voting behavior in low-income states is largely based on class issues while voting in wealthier states is more centered around cultural and social issues (Gelman et al. 2009). Since income inequality is primarily an economic issue, it is likely that citizens living in lower-income environments will place more emphasis on growing inequality when developing preferences for government redistribution, creating a strong connection between inequality and opinion. However, the policy preferences of those individuals in more affluent contexts, where cultural issues predominate, are less likely to be influenced by economic disparities.

Additionally, this study demonstrates that growing inequality shapes attitudes about redistribution in different ways depending on the type of redistributive policy being evaluated. Some scholars have argued that the public is more likely to favor non-traditional forms of government redistribution, like education and health care programs, as a response to expanding income differences (McCall 2013; McCall and Kenworthy 2009). These types of policies are preferred to tra-

ditional forms of redistribution, such as welfare spending and higher taxes on the wealthy, mainly because non-traditional policies focus on economic opportunity rather than economic outcomes. Hence, how public attitudes about redistribution change in response to inequality will depend on the type of policy being observed.

This research integrates the various theoretical approaches to understanding the public's reaction to growing income inequality by building on existing macro politics strategies to studying public opinion. This is accomplished by examining the diverse economic and political contexts of the American states, allowing for an assessment of whether context structures the public's response to over time shifts in inequality. Since focusing on changes in economic disparities is essential when studying whether public preferences for redistribution are related to inequality, the states are ideal in that the trajectory of inequality growth can vary substantially from one state to another (Frank 2009; Kelly and Witko 2012; Langer 1999). This approach is an improvement on existing research addressing how the U.S. public has responded to rising income inequality since this literature has typically examined either the influence of contextual factors on opinion or how opinion has reacted to inequality over time, but both factors are rarely considered simultaneously as is done in this study. Additionally, opinion on several kinds of redistributive policy is examined—including the public's general liberal-conservative policy mood, support for education spending, and support for welfare spending—to assess whether growth in inequality affects different policy attitudes in different ways. Using time-series cross-sectional data covering over three decades and all 50 states, the findings provide evidence showing that the public does systematically respond to growing inequality and that this response is influenced by both economic context and the form of redistribution being considered.

Inequality and Demand for Government Action

Although the study of attitudes about economic inequality has grown in recent years, scholars are still searching to understand how people grapple with income disparities. The literature

assessing the public's response to growing income inequality has for the most part developed into three lines of research, each of which providing different expectations about the way inequality shapes preferences for redistribution. The first view suggests that growth in income inequality should lead to a greater desire for government redistribution, and therefore a more ideologically liberal population. The theoretical basis for this perspective stems in part from the idea that people generally consider self-interest when forming policy preferences. As income inequality grows, a larger portion of the population will benefit from more redistributive policy and as a result more people will favor government redistribution (Meltzer and Richard 1981). In other words, as the richest members of society capture a larger portion of the overall share of income more people will be better off with greater levels of redistribution.

In addition to self-interested motivations, other scholars have suggested Americans will support more redistributive policy in the face of growing income disparities out of a general desire for equality. Early studies of how people understand inequality found that core values, such as individualism and equal opportunity, play a large role in shaping beliefs about why inequality exists and whether unequal outcomes should be tolerated (Feldman 1988; Hochschild 1986; Kluegel and Smith 1986; McClosky and Zaller 1984). While perceptions of a person's economic circumstances are certainly based in part on beliefs about meritocracy, a large portion of the public also appears to be concerned about growing inequality (McCall and Kenworthy 2009; Page and Jacobs 2009). In recent years a strong majority of the public consistently agrees that "Differences in income in America are too large (McCall and Kenworthy 2009)." This suggests people not only consider equality of opportunity when thinking about inequality, but they also care about unequal outcomes.

This research indicates rising inequality will not only motivate more individuals to support government redistribution because more people will benefit personally, but the public will also desire more redistribution as income disparities expand based on general concerns about outcomes created by the economic system. A number of studies assess both aspects of the perspective that inequality leads to greater demand for redistribution and most of them provide supporting evidence for each view. For instance, research using individual income to evaluate the role of self-interest

finds those with the lowest levels of income are more likely to prefer tax increases on the rich in a context where income inequality was a salient issue to the public (Franko, Tolbert and Witko 2013). Other work shows that those who are more concerned about income differences and place more emphasis on egalitarian principles are also more likely to support redistributive policies like taxing the rich or providing assistance to the poor (Bartels 2008; Franko, Tolbert and Witko 2013; Hayes 2013; McCall 2013; McCall and Kenworthy 2009).

Some scholars, however, question the causal nature of the positive association between growing inequality and demand for more redistribution. These skeptics suggest that while the public renounces inequality in the abstract, income differences appear to have little effect on policy preferences. This group makes up the second main perspective on the inequality-opinion relationship, which argues that rising inequality has very little influence on the public's support for redistribution. Those who agree with this view believe individuals either have very little knowledge about the state of economic inequality making it difficult to connect income disparities to their policy preferences, or people simply do not care enough about changes to the income distribution for the issue to affect their views on redistribution.

Advocates of the idea that no relationship exists between inequality and opinion often point to the high levels of public support for policies largely favoring the wealthy. For instance, although the public exhibits disapproval of the recent expansion of income inequality, a majority of Americans supported the 2001 Bush tax cuts. Not only did the cuts heavily favor the rich but it is likely that the policy has contributed to the continued growth of inequality (Bartels 2005; 2008). Further indicating that views on inequality have little effect on the public's policy preferences is the finding that support for traditional redistributive policies has changed very little over the past two-plus decades (McCall 2013; McCall and Kenworthy 2009). This research shows that the relationship between concern for inequality and the desire to assist the poor or place a greater tax burden on the rich has remained nearly the same in recent years. If individuals link their concern for inequality to policy attitudes, a public with knowledge of trends in economic inequality would be expected to increase their support for redistribution along with the substantial growth in inequality—this is

evidently not the case.¹

Finally, a third line of research proposes that under certain circumstances we should actually expect the public to be less supportive of redistribution when faced with rising inequality. Related to the self-interest perspective discussed earlier, proponents of this view think about redistributive policy in a way that contrasts with the common understanding of government redistribution (Benabou 2000; Persson 1995). Instead of redistributive policies forcing some people (typically the rich) to give up resources in order to assist another group (typically the poor), these policies should be viewed as general public goods. This suggests that if redistributive policies are delivered efficiently nearly everyone will benefit and the general public will be largely supportive of the policies. A key part of this argument is that redistribution is most efficient, and therefore has the highest levels of public support, when inequality is at its lowest levels. As inequality grows, however, redistribution becomes less efficient and fewer people will benefit from the policies. Therefore, public support for government redistribution may decline as income differences expand, a possibility that is supported by recent research (Kelly and Enns 2010; Luttig 2013). In a similar vein, Moene and Wallerstein (2001) argue that it is important to consider the target of redistribution when studying the relationship between inequality and public ideology. In a cross-national analysis the authors show that when redistributive benefits are targeted at low-wage workers, increases in inequality will lead to greater support for redistribution. When benefits target the unemployed, however, an increase in inequality will reduce the desire of those who earn below-average incomes to assist individuals who are not in the workforce.

In summary, the literature addressing how citizens respond to growing economic inequality has developed three different perspectives on the nature of the inequality-opinion relationship. One view suggests that the expansion of inequality will lead to greater demand for redistributive policy. When facing growing inequality more people will benefit from redistribution and at some

¹ It should be noted that McCall and Kenworthy (2009) and McCall (2013) do not conclude that Americans are unable to make the connection between inequality and their policy preferences. Instead, the public desires government action that involves non-traditional means of redistribution. Their work is discussed below in more detail.

point the public's tolerance for unequal outcomes will diminish, which eventually leads to a more liberal public. Another view argues that most people are too uninformed and/or too ambivalent about expanding income differences to make any connection between inequality and their policy preferences, meaning we should not expect public opinion to change in response to changes in inequality. Finally, some have argued that under certain circumstances increases in inequality will potentially create less support for redistribution. The goal of this study is to make sense of these seemingly contradictory expectations.

Rich States, Poor States, and Forms of Redistribution

Instead of proposing that one perspective on the relationship between rising inequality and public support for redistribution is more valid than the others, the argument put forward here is that each view can be justified and neither is necessarily more correct than the others. To show how these perspectives can simultaneously exist, the American states are used to understand the relationship between inequality and public opinion. State inequality and public opinion are examined for several reasons, each of which stems from the central idea that every state is composed of a unique set of economic, political, and social characteristics. These diverse contexts are used to assess how the public has responded to the recent growth in economic inequality.

When making the argument that studying opinion at the state level will allow for a better understanding of the inequality-opinion relationship, an important question to address is why the public should be expected to respond to the economic and political contexts of their states. A long history of research has shown that the American states can have substantial consequences for political outcomes and that the politics of the states can be quite different from national politics (e.g., see Erikson, Wright and McIver 1993; Key 1949). We also know that geographic context can have substantial effects on political behavior. Where one lives influences the types of information an individual receives, which subsequently shapes the way one perceives politics, the economy, and society (Books and Prysby 1999; Dreier, Mollenkopf and Swanstrom 2004; MacDonald and

Franko 2008). For instance, evidence suggests state-level economic factors influence voting behavior (Ebeid and Rodden 2006; Reeves and Gimpel 2012) and that collective opinion is generally responsive to local economic conditions (Newman et al. 2013). Additionally, in an important study of how income inequality shapes public attitudes, Newman, Johnston and Lown (2015) show that local differences in the distribution of income influence the extent to which people believe we live in a meritocratic society. This research is significant for a number of reasons, but it is particularly relevant to the current study in two ways: first, it demonstrates that local economic context matters when considering the formation of political attitudes; second, it provides evidence supporting the claim that individuals are aware of income differences and that inequality can affect public opinion. With knowledge that the growth in income differences over time varies considerably across the states (Frank 2009; Kelly and Witko 2012; Langer 1999), this study uses these variations in state context to assess how inequality shapes public attitudes about redistribution.

Three primary expectations, explained in more detail below, are developed here. The first is that on average, aggregate support for redistribution is expected to increase along with growing inequality. This general prediction is based on the theoretical arguments discussed in the previous section. Briefly, rising inequality creates a situation where more people will benefit from redistributive policy (Franko, Tolbert and Witko 2013; Meltzer and Richard 1981) and the public will become more apprehensive about the unequal nature of the economic system (Hayes 2013; McCall 2013; McCall and Kenworthy 2009; Page and Jacobs 2009). This suggests a positive relationship between inequality and policy liberalism in the sense that more inequality leads to more support for government redistribution.

While the first expectation is relatively straightforward, it does run counter to the findings in Kelly and Enns's (2010) study. The authors examine the relationship between changes in inequality in the U.S. and citizen ideology and show that growth in income differences has actually led to higher levels of conservatism. How is it possible, then, for the influence of inequality on public opinion to change when moving from a study of the U.S. to one focusing on the states? As already mentioned, economic inequality varies substantially from one state to another (see Fig-

ure A.1 in the Online Appendix). Taking these differences into account offers a more nuanced assessment of the relationship between inequality and support for redistribution when compared with analyses at the national level. Furthermore, if local context plays an important role in how the public reacts to inequality (as argued above), it is possible that shifts in public mood resulting from responses to changes in inequality are also substantively different at the state level. That is, changes in preferences to redistribution as a consequence of local inequality may be distinct from preference change at the national level. For example, public responses to state inequality could be driven by attitudes about local policies like education spending, whereas changes in preferences for government policies at the national level might be based on policies like the federal income tax. In other words, the differences in studying national opinion and state opinion do not only arise from disaggregating public preferences but it is also possible to capture distinct aspects of ideology when assessing different contexts (see Berry et al. 1998; Erikson, Wright and McIver 1993). Again, these differences in state environment will allow for a more robust assessment of the inequality-opinion relationship.

The second expectation examined here is that under some circumstances citizens will be less likely to link income inequality to their preferences for redistribution. More specifically, increases in inequality will have a weaker influence on policy liberalism for those living in high-income states. This possibility has its origins in the important work of Gelman et al. (2009), who address the apparent paradox that rich people tend to vote for members of the Republican Party but rich states vote for Democrats. The authors show that this inconsistency can be resolved by accounting for the differences in issues that are important to people across rich and poor states. In rich states, individual with higher incomes are still more likely to vote for Republicans, but the relationship between personal income and vote choice is much weaker than it is in poor states. Instead of politics being centered on issues related to class, cultural issues like abortion and same-sex marriage drive politics in rich states. In poor states, economic issues still dominate politics since income is more important in these areas, and for this reason the relationship between income and vote choice is very strong (Gelman et al. 2009).

These findings are consistent with a long line of cross-national research that suggests the political values and priorities of any given society are largely a product of whether its citizens' basic material needs are met in order to live comfortably with some level of economic security (Inglehart 1971; 2008). When standards of living are lower and security is in doubt, individuals tend to prioritize 'materialistic' (i.e., economic) goals. In situations where overall well-being and economic security is high, however, people are more likely to focus on 'post-materialistic' values like intellectual satisfaction, belonging, and self-expression (Inglehart 2008). Gelman et al.'s (2009) work is unique in that it applies these concepts to the U.S. and finds evidence that voting behavior is shaped by the economic context and well-being of the states.

The argument that a "culture war" motivates politics in some states (the rich ones) and a "class war" more heavily influences politics in others (the poor states) also has implications for the relationship between the expansion of inequality and public demand for redistribution (see Rigby and Wright 2011). With income inequality largely being an economic issue, it is possible that individuals living in poor states, where income is potentially more consequential, will give more attention to economic disparities. Therefore, the issue of income inequality may be more important to those in low-income states and people will place more emphasis on inequality when developing policy preferences. This expectation provides conditional support for the perspective that individuals may be ambivalent about growing inequality (see Bartels 2008) by suggesting the support of government activity for those living in rich states are more likely to be shaped by cultural concerns.

To this point the discussion of how inequality is related to support for redistribution has only broadly addressed the concept redistributive policy. A wide range of policies can affect the distribution of income and the public may prefer some policies to others as a way to address growing income differences. This is precisely the argument offered by McCall (2013) who suggests the public is more likely to support non-traditional forms of redistribution (e.g., education and health programs) to tackle the issue of inequality than the more traditional redistributive policies (e.g., welfare spending and taxation) (also see McCall and Kenworthy 2009). Support for non-traditional

forms of redistribution in response to growing inequality stems from the public's beliefs about economic success. As discussed above, most Americans are strong proponents of equal opportunity as an ideal and have less concern for equality of outcomes. While we often view income inequality as an example of an unequal outcome, McCall (2013) shows that the public perceives economic inequality as an indicator that opportunity has been unfairly restricted. This leads to the final set of expectations assessed in this study: when examining specific policy areas, rising inequality will have a positive and more robust influence on the public's support for non-traditional redistributive policies aimed at expanding opportunity when compared with traditional forms of redistribution.

Additionally, support for some traditional redistributive policies may actually decrease as inequality grows. This is the anticipated relationship between inequality and welfare spending, particularly in the context of Moene and Wallerstein's (2001) research. This work falls into the line of literature Cavaillé and Trump (2015) refer to as the social affinity perspective. The theoretical origins of this view are based on the idea that social identity and the characteristics of other groups play a central role in how people develop support for redistributive policy (Luttmer 2001). From this perspective, the public's level of support for a given government program is at least partially determined by attitudes about and empathy for the individuals who benefit from the program. When the public closely identifies with disadvantaged groups they are likely to be more supportive of redistributive policies intended to aid the poor. When group fractionalization exists, however, animosity toward the poor prevents the development of support for government assistance. This hostility toward the disadvantaged is established through group differences in race, religion, culture, or class (Alesina and Glaeser 2004; Lupu and Pontusson 2011; Shayo 2009), with the latter distinction being the basis for the connection between policy preferences and growing economic inequality. The main argument is that once the poor are viewed as outsiders it is difficult to conjure up broader public support for redistribution.

This proposed relationship is also consistent with Cavaillé and Trump's (2015) argument that public support for redistribution has multiple dimensions. When individuals focus on redistribution to a specific group—as opposed to considering the aspect of redistribution that takes

resources away from a group—they are more likely to develop support for the policy in the context of their own identity and the identity of those being targeted by the government program. From this perspective, studying welfare policy is ideal since it is generally designed to assist the disadvantaged, suggesting the public’s attitudes about welfare will likely be based on their perceptions of this group. A limited or even inverse relationship between inequality and support for welfare policy seems even more probable when considering the American public’s distinct hostility toward welfare programs and the negative connotations attached to those who receive welfare assistance (Gilens 1995; 1996; 2000; Katz 1990).

Methods and Analysis

Following the strategy used by other studies interested in understanding the public’s response to growing economic inequality (e.g., Kelly and Enns 2010; Luttig 2013), a macro politics approach is used here to assess the influence of inequality on support for government redistribution. Research on macro opinion demonstrates that public attitudes are remarkably stable and meaningful when observed in the aggregate (Erikson, Mackuen and Stimson 2002; Page and Shapiro 1992). When taken collectively, public opinion on most issues is stable over time with changes generally occurring slowly in response to changes in the political or economic environment. This implies that those who systematically change their attitudes will be the main cause of shifts in aggregate public opinion. Since aggregation is the key to understanding public opinion from the macro perspective, emphasis is typically placed on viewing the structured movements of opinion over time. Studying over time shifts in public attitudes is particularly important for this study since the main interest is making sense of how the public responds to changes in income inequality.²

To examine changes in the public’s broad policy sentiment in the states, Berry et al.’s (1998) measure of state citizen ideology used. This measure of state ideology has been shown to be a valid measure of policy mood (Berry et al. 2007; 2010), which is a concept that accounts for

²A list of each variable described below along with data sources can be found in Table A.1 in the Online Appendix.

general attitudes toward government change on liberal-conservative continuum (Erikson, Mackuen and Stimson 2002; Stimson 1999). In other words, the measure approximates the public's desire for more or less government. In addition to being an appropriate estimate of state policy mood, the measure is also available over a long period of time (1960-2010) for every state in the U.S. This will allow for an assessment of the dynamic relationship between state inequality and public attitudes. Since higher values of the measure indicate a more liberal policy ideology, the measure is referred to as liberal policy mood.

Two additional measures are also analyzed to evaluate the influence of inequality on public support for more specific forms of government redistribution. Pacheco's (2014) measures of public opinion on education and welfare spending at the state level are ideal for testing the possibility that the public's support for redistribution in response to growing inequality will depend on the type of redistribution being proposed. McCall (2013) suggests education policy is one of the main forms of non-traditional, less direct redistribution the public is willing to support as a way to address the problem of rising inequality. It is argued that education programs are more acceptable to the general public since they are designed as a solution to problems associated with economic opportunity rather economic outcomes. Conversely, the American public has largely rejected the concept of welfare programs for decades and many are unwilling to support welfare policy as an approach to assist the poor. In fact, some have suggested increases in the income gap could potentially lead to less support for welfare programs (Moene and Wallerstein 2001). The measures quantify the percent of the state population that support more spending in each area, with both spending measures ranging from the 1970s through 2000.³

The central explanatory variable used to test the expectations discussed above is the top 1% income share in each state (Frank 2009). Top income share is simply the proportion of total

³ The data for education and welfare spending cover all 50 states from 1975 to 2000 and 1974 to 2000, respectively. For some states, however, the starting date of the measure may not begin until later years due to data limitations (Pacheco 2013; 2014). The measures are intended to capture general ideological attitudes about government spending in these particular policy areas, which is supported by validity analyses. See Pacheco (2013) for more details, including information on the specific survey questions used to create the spending preferences measures.

income held by the top 1% of income earners in the state. Recent studies have found that the rise of income inequality since the 1970s is largely due to the rapid expansion of top incomes (see Piketty and Saez 2003; 2006; Saez 2008). This finding is central to Hacker and Pierson's (2010) now well-known account of what they refer to as America's winner-take-all economy, where the benefits of economic growth are almost exclusively concentrated among the richest top 1%. In other words, economic inequality in the U.S. over the last four decades is very much about the rapid income growth of the very wealthy. In addition to top incomes being the main determinant of modern inequality, the public may also be more likely to understand and be exposed to information about top incomes (e.g., exorbitant CEO bonuses) than a concept like the skewed distribution of income. In fact, public evaluations of the economy have been found to be particularly sensitive to changes in the income growth of the rich (Bartels 2008). For these reasons, a measure of inequality that captures the top 1% income share is preferred over alternative measures.⁴

Several additional economic and political factors are also included in the analysis to account for other influences on the public's policy mood and support for government spending. One potential determinant of change in citizen ideology is government policy action. This perspective suggests that the public reacts to government policy decisions as a way to signal approval or disapproval of these decisions. That is, the public will demand more government spending when policy moves below their preferred level of spending and will demand less if spending grows too large relative to their ideal policy point (Soroka and Wlezien 2010). Similar to past work on changes

⁴ The Gini coefficient is a common summary measure of inequality that accounts for the unequal distribution of income for a given population. A specific limitation of this measure, however, is that it is insensitive to changes at the top of the income distribution (Atkinson 1970), which is particularly problematic when considering what we know about the relationship between recent trends in inequality and top incomes. In any case, as a robustness check the effects of inequality on support for government redistribution presented below are replicated using the Gini coefficient in place of the top 1% income share (the average over time correlation between top 1% income share and the Gini coefficient is 0.546). While there are some differences among short- and long-term effects, the findings lead to similar conclusions regardless of whether the top income share or the Gini coefficient is used to account for state inequality. The results for these alternative model specifications can be found in the Online Appendix.

in citizen ideology, measures of per capita government spending and state government ideology (Berry et al. 1998) are used to account for the possibility of a policy feedback effect (see Kelly and Enns 2010). Also, measures of Democratic Party control in each state government and an indicator of whether a state is holding a gubernatorial election in a given year are included to account for a state's institutional setting and electoral incentives.⁵

Additionally, the public's policy mood is expected to respond to their economic environment. One particular economic factor that may influence policy mood is the state unemployment rate. If unemployment is too high, public sentiment is likely to shift in a liberal direction as a signal to the government that action should be taken to address the problem. The general economic health of each state may also affect the ideological mood of the public. When the state economy is flourishing most of the population is likely doing well financially and the state government is collecting more tax revenue. In many cases this situation will lead to less demand for government and a conservative shift in policy mood. Each state's per capita income (in thousands of dollars) is used as an indicator of the overall economic health of the state. Finally, state union membership (Hirsch and MacPherson 2003) is included when modeling citizen ideology as way to account for any state differences in labor relations that may influence the public's ideological leanings. Altogether, after accounting for data limitations of each factor under consideration the analysis of liberal policy mood will include all states from 1977 to 2010, and the assessment of education and welfare spending preferences will include most states from 1977 to 2000 (see footnote 3).

Since the public's liberal policy mood and support for government spending are measured over time at the state level, a modeling approach for time-series cross-sectional (TSCS) data is needed. The error correction model (ECM) is employed here since it is one of the most general time-series models and allows researchers to account for both long- and short-term effects on the changes in the dependent variable over time (De Boef and Keele 2008; Kelly and Enns 2010). This

⁵ The party control variable is an additive measure of Democratic control in each legislative chamber and the governor's office, where a value of 1 indicates Democratic control of all three institutions and a 0 indicates Republican control of all three institutions.

is accomplished by regressing the differenced dependent variable on lagged values of the dependent variable and both a differenced and lagged version of each independent variable included in the model. The effect of the differenced version of the independent variable is the estimated short-term (or immediate) effect, while coefficient on the lagged version of the independent variable divided by the coefficient on the lagged dependent variable provides an estimate of the long-term (or total) effect. Additional details of the modeling strategy including a discussion of variable stationarity, model autocorrelation, and panel heterogeneity can be found in the Online Appendix.

Results

The results of three error correction models are presented in Table 1.⁶ The first model shows the estimated effects of the covariates on liberal policy mood. The top income share coefficient is positive and significantly different from zero for both the lagged and differenced versions of the inequality measure, indicating that the effect of changes in top income shares occur immediately and are distributed over time. These results indicate that over time increases in income inequality within states lead to a more liberal state policy mood.

[Table 1 about here]

The second and third models presented in Table 1 test the possibility that the public is more supportive of some types of redistribution than others. Examining public support for state spending on education and welfare shows that this is the case for these particular policy areas. In agreement with the argument put forward by McCall (2013), rising inequality creates a greater demand for education spending, a policy considered a non-traditional form of redistribution. The

⁶ All variables in the model have been mean-centered to account for any unexplained cross-sectional heterogeneity. These results can be found in the Online Appendix, which also describes a number of supplementary modeling strategies that assess the robustness of the analyses presented here. The alternative specifications include the use of the Gini coefficient to account for income inequality (discussed above) and adding a measure of state median income to the models. The results are generally consistent with those presented in Table 1 and in all cases the conclusions based on the alternative models are similar to those arrived at in the main text.

coefficients representing the short- and long-term effects of inequality on support for education spending are positive and significant. For welfare spending, the results are similar to those in the education spending model in that the effect of inequality is positive and significantly different from zero (only for the lagged version of top income share), but the magnitude of the effect appears to be much smaller. In order to better understand the extent to which the public responds to changes in inequality, which is an important aspect of this study, the total cumulative effect of inequality on opinion is demonstrated and discussed below for each model presented in Table 1.

Since each variable in the analyses was mean-centered to account for state heterogeneity, a standard change in income share needs to be used in order to estimate the substantive effects of inequality on policy preferences. Figure 1 presents the total cumulative effect—that is, the combination of both short- and long-term effects (when appropriate) within states—of a two standard deviation increase in top 1% income share on each dependent variable analyzed in Table 1.⁷ This shift is equivalent to a about an 8.5 point increase in the share of income held by the top 1% of the population in a state. The plot shows that, all things being equal, a two standard deviation increase in inequality leads to a more than 8 point increase in liberal policy mood. This suggests a state with an average liberal ideology that has an increase in the top income share of 8.5 percentage points would experience a positive change in citizen liberalism that would place the state just below the 90th percentile of liberal ideology.

The effect of this same change in inequality on support for education spending is not quite as strong as the effect observed on general ideology, but it is substantial nonetheless with an estimated change of about 2 percentage points. This means a state with a typical level of education spending support would be moved into approximately the 65th percentile of support after experiencing the 8.5 point increase in top income share. While growth in inequality does appear to have a positive influence on support for welfare spending, this effect is relatively modest at an estimated

⁷ When the lagged version of an independent variable is statistically significant the total effect is found by calculating the long-run multiplier (see the discussion in the previous section). If the differenced version of the independent variable is significant but the lagged version is not, the total effect is simply the contemporaneous, or short-term, effect.

change of under one percentage point. The standard increase in inequality used here would only increase support for welfare spending from an average level of support to slightly below the 55th percentile, and this estimated first difference is not significantly different from zero at the 0.05 level.

These findings support the basic claim that the public's preferences for government redistribution are shaped by changes in inequality. In general, more inequality leads to greater demand for redistribution. Moreover, the separate results for education and welfare spending support also suggest that citizens are likely to favor non-traditional means of redistribution over more traditional policies as a way to address growing income inequality. It should be noted, however, that even though the effect of inequality on support for welfare spending is modest when compared with its influence on support for education spending, the estimates in Table 1 do not support the expectation that preferences for redistribution become more conservative (i.e., a negative relationship) for certain types of policies when inequality grows. In other words, the public appears more supportive of certain types of redistribution over others in response to inequality but the influence of inequality on redistribution is positive for all three policy measures.

[Figure 1 about here]

With evidence suggesting the public does respond to changes in state income inequality on average, the possibility that citizens in some states will be more responsive to shifts in inequality than other is now examined. Recall that due to the central importance of cultural issues in rich states, residents of these states are expected to be less responsive to the income differences in their state. Conversely, economic issues are crucial to those living in low-income states and people living in these states will likely be relatively more responsive to changes in economic inequality. To test these potential differences in responsiveness to inequality, the models already presented are re-estimated for subsamples of rich and poor states. To define rich and poor states, the average per capita income for each state over the entire period of the analysis is used to calculate the overall median income of the states. "Rich states" are simply those states with average per capita incomes above the median and "poor states" are those below the median. The estimated effect of top income

share on liberal policy mood, education spending preferences, and welfare spending preferences for rich states and poor states are presented in Table 2.⁸

[Table 2 about here]

In general, the rich-poor state estimates are similar to those displayed in Table 1. The exception is that the effect of top income share varies substantially by rich states and poor states. The policy mood results in Table 2 show that while increases in inequality within states leads to an increase in policy liberalism in rich and poor states, the short- and long-term effects in rich states are not significantly different from zero. The estimated effect of inequality on liberal policy mood in poor states, however, is positive and decidedly significant for both top income share terms. Additionally, in poor states the size of the coefficients on inequality are substantially larger than those estimated for policy mood in the baseline model presented in Table 1.

Similarly, the influence of inequality on support for education spending (see Table 2) is positive but attenuated in rich states, with a significant yet relatively small short-term effect on education spending support. For poor states, however, the coefficients for the short- and long-term effects are positive and quite strong. Again, by simply comparing these results to those estimated using all 50 states it appears as though inequality has a particularly large influence on preferences for education spending in poor states.

The trend observed for liberal mood and education spending in rich states and poor states is continued when examining the results for welfare policy preferences shown in Table 2. Citizens

⁸ Once again, these results have been replicated using the random intercept modeling approach and they have been re-estimated with the replacement of top income share with the Gini coefficient. Each model was also estimated using states in the top and bottom third of per capita income as an alternative to using median income as the threshold for rich and poor states. Finally, rather than using separate models of subsamples to examine the conditional effect of inequality on public opinion by rich and poor states, each dependent variable was modeled with the inclusion of interaction term between top income share and an indicator variable for poor states, middle-income states, and rich states. All of the results, which can be found in the Online Appendix, are generally consistent with those presented in the main text.

in rich states do increase their support for welfare spending when inequality increases, but the size of this effect is smaller when compared with the response of those in poor states. The influence of growing top income shares on welfare support in poor states is also seemingly larger than the effect presented in the initial model of welfare support (see Table 1). These results show income inequality plays a larger role in shaping attitudes about government redistribution in poor states than it does in rich states, which supports the idea that class-related issues like economic inequality tend to motivate politics in low-income states.

The substantive effects of inequality on opinion for each rich-poor state model are presented in Figure 2, again showing the estimated public response to a two standard deviation increase in top income share. The plot demonstrates that the influence of inequality on preferences for redistribution predominantly stems from the public response to rising inequality in poor states. Not only is the effect of changes in top income share much stronger in low-income states, but the results also show that opinion on education spending in poor states is more responsive to inequality than opinion on welfare support. The effect of changes in inequality on education spending support is almost twice as large as the effect of income share on support for welfare spending.

[Figure 2 about here]

Overall, the findings provide evidence in support of the expectations described at the outset of this study. First, growth in state income inequality does lead to greater levels of support for redistribution among the public. This is the case for a broad set of political attitudes captured by citizen policy mood, as well as the more specific policy areas of education and welfare spending. Second, these effects are substantially stronger in low-income states than they are in rich states, suggesting that the emphasis placed on economic issues in poor states leads citizens in these states to make a stronger connection between income differences and their support for redistribution. Lastly, the public is more willing to support some forms of redistribution over others in response to growing inequality. Specifically, top income share has a stronger influence on support for education spending than it does on welfare spending support. This finding is consistent with recent research proposing that the public is more likely to favor non-traditional forms of redistribution aimed

at improving opportunity as an alternative to more traditional redistributive policies to address expanding income differences (McCall 2013).⁹

Conclusion

The goal of this paper was to provide a clearer understanding of how the American public has responded to the recent expansion of economic inequality. The current literature on this topic provides some insight into this question, but the results of these studies support a variety of conclusions about the relationship between inequality and public opinion. Some have suggested that growth in inequality has led to more public demand for government redistribution while others have suggested that income disparities have very little influence on public preferences for government action, and a third argument claims opinion has actually become less supportive of redistribution in the face of rising inequality.

This study has shown that while these different perspectives on the connection between inequality and preferences for redistribution seemingly contradict one another, each has its own merit and all of these views can logically exist together. In the most basic sense, the key to comprehending how each of these perspectives can compliment the others is to consider the possibility that the public responds differently to inequality depending on economic context and the form of redistribution being examined. In general, the findings presented here suggest that the public responds to increases in state inequality by becoming more supportive of government action. This is consistent with perspectives that suggest economic self-interest (Meltzer and Richard 1981) and egalitarianism (McCall and Kenworthy 2009) will lead people to want more redistribution in response to growing income inequality. As the wealthy capture a larger share of total income, the

⁹ Considering the well-documented relationship between race and welfare policy in the U.S., the influence of inequality on the public's attitudes about welfare spending warrants further attention. A discussion and analysis of how a state's racial context has the potential to shape the connection between economic inequality and aggregate support for welfare spending is included in the Online Appendix. The results suggest that the racial heterogeneity of the states can affect the public's response to changes in inequality.

rest of society becomes financially worse off and more likely to benefit from redistributive programs. Additionally, a large portion of the public is seemingly concerned about expanding income differences and want government to address the issue.

While aggregate opinion has generally become more supportive of redistribution as a result of rising inequality, this response is not necessarily absolute. Two crucial factors, local context and preferences for specific types of redistribution, can mitigate the effect inequality has on public opinion. As we continue to build on our understanding of how individuals develop political attitudes, it is clear that place matters (Gelman et al. 2009; Newman, Johnston and Lown 2015). Using the American states to account for differences in economic environments, the analysis supports the idea that inequality is more likely to affect the policy mood of those living in lower-income states where issues related to income play a larger role in shaping policy preferences when compared with residents of wealthier states. These results again show that the public has become more amenable to redistribution as income differences grow, but at the same time supports the perspective that inequality can have little or no influence on policy attitudes under certain circumstances. It should be noted, however, that the lack of a relationship between inequality and redistribution in some states does not appear to be a result of a poorly informed public that is unable to connect growing inequality to policy preferences as some have argued (e.g., Bartels 2008). Instead, the evidence suggests residents of rich states tend to place more emphasis on social issues, leading to weaker connections between the economic issue of income disparities and political attitudes.

The results presented here also support the perspective that some forms of redistributive policy have a stronger relationship to inequality than other policy types. Specifically, the public is seemingly more supportive of increasing education spending than welfare spending in response to rising top income shares, which is consistent with the idea that Americans are more open to non-traditional forms of redistribution like education policy than policies more commonly associated with government redistribution like welfare programs (McCall 2013). Although the analysis does not demonstrate that the public becomes less supportive of redistribution as inequality grows, it is important to keep in mind that this perspective still has the potential to help explain the public's

response to inequality for other types of redistributive programs not examined here. For instance, studying trends in opinion on specific welfare policies directed at the unemployed (e.g., unemployment benefits) may show that the public becomes less supportive of some forms of redistribution as inequality grows, which would be consistent with arguments suggesting that greater levels of inequality lead to more negative attitudes about policies targeted at those who have lost their market incomes (Moene and Wallerstein 2001). Further analysis of the types of policies the public is willing to support (or reject) in response to inequality will require more innovative research that can assess over time changes in opinion on specific kinds of government redistribution (e.g., see Cavallé and Trump 2015).

While this paper offers some clarity to one aspect of the public's relationship with economic inequality, a number of unanswered questions still remain. For instance, if public opinion is responsive to changes in inequality, have state governments taken action? In particular, if growing inequality increases general public support for redistribution, what, if anything, have the states done to redistribute wealth? One insight into this question is provided by an important study assessing state government response to public opinion. Pacheco's (2013) research shows that some states are much more responsive to public opinion than others, with a number of state governments appearing to follow the preferences of the nation as a whole rather than their respective state constituencies. This suggests that even with a public that is aware of and concerned about inequality, a lack of government responsiveness may reinforce recent trends in rising income differences.

Related to the previous point, this study is also unable to assess whether specific portions of the public are more likely to respond to growing inequality through their support for more redistributive policy. For instance, if those with lower incomes are largely driving changes in opinion toward redistribution as top income shares increase, it is possible that elected officials are paying very little attention to these shifts in support for more government action. As a number of recent studies have shown, politicians appear to be more responsive to the policy preferences of the rich than they are to those of the poor (Bartels 2008; Gilens 2005; 2009; 2012). This suggests the possibility that although certain portions of the public do respond to changes in the income

distribution, the characteristics of those most responsive to growing inequality make it unlikely that policy outcomes will reflect the changes in support for redistribution demonstrated here.

Moreover, the responsiveness of government to changes in public support for redistribution will likely depend on the policy goals of each state's lawmakers. A state legislature that is largely composed of members from the Democratic Party would presumably be more amenable to an increasing demand for redistribution than a mostly Republican legislature (Kelly and Witko 2012), suggesting the partisan makeup of a state will influence whether changes in public attitudes about redistribution end up altering government policy. This point is particularly interesting when considering this study's finding that residents of poorer states have a stronger response to growing inequality than those in rich states since poor states tend to be more Republican (Gelman et al. 2009). If Republican legislators are less responsive to those who want more redistribution, this poses a potentially formidable obstacle to those concerned most about income disparities and would like to see more equal economic outcomes.¹⁰ Of course, policy change does not necessarily have to occur by way of state legislatures. Some states allow citizens to circumvent the typical legislative process through the use of the ballot initiative, which may provide a path for more redistributive policies when lawmakers are unresponsive to public preferences. For example, residents of four traditionally right-leaning states—Alaska, Arkansas, Nebraska, and South Dakota—recently voted on ballot proposals to increase their state minimum wage, all of which passed with overwhelming support (Schulte 2014).

Even if government is responsive to public preferences for redistribution, how effective can the states be at reducing income inequality? Evidence suggests the states can play an important

¹⁰ Another potential implication of the differences in public response to inequality in rich and poor states is that the largest changes in public support for redistribution may be occurring in states that have experienced the smallest changes in inequality. This would be especially relevant if wealthier (poorer) states have faced the largest (smallest) increases in economic inequality over the 30+ years studied in the analysis, but this does not appear to be the case. While rich states tend to have higher levels of income inequality *on average* (Pearson's $r = 0.333$), over time *changes* in top income shares from year-to-year are not strongly correlated with state income (Pearson's $r = 0.013$). This indicates that residents in poor and rich states have experienced both large and small changes in inequality in recent years.

role in shaping distributional outcomes (Kelly and Witko 2012), but state governments may be limited in what they can accomplish if they are bound by public opinion. Rather than implementing an extensive mix of new programs, the public's willingness to support education spending—and apparent unwillingness to increase welfare spending—might mean the states will be restricted to using non-traditional redistributive policies when addressing inequality. If this is the case, the question then becomes whether non-traditional forms of redistribution (e.g., education programs) can be as effective as traditional policies (e.g., welfare programs) at reducing inequality. Looking at education policy in particular, some evidence does indicate that educational assistance programs, for instance, can be as successful at equalizing incomes as public assistance and food stamps programs (Kelly 2009, chapter 2).¹¹ This suggests that while government action may be limited by the public's response to inequality, even focusing only on non-traditional forms of redistribution has the potential to produce more equal economic outcomes.

The evidence presented in this study shows that the recent rise in economic inequality has not gone unnoticed by the American public. As those at the top of the income distribution have accumulated a larger share of riches the public has become more supportive of government redistribution. Importantly, this relationship between inequality and attitudes about redistribution has been shown to be dependent on economic context—the issue of growing inequality appears to be more important for some people, particularly those with fewer economic resources who place more emphasis on political issues related to the economy. The public's response to changes in inequality also varies depending on the type of redistribution being considered. This research could only examine opinions on education and welfare spending, but future research should further assess the kinds of policies people are willing to support in response to growing income differences. More work should also be done to better understand whether changes in collective state support for redistribution influence state policymaking in order to fully appreciate the interconnections among the public, government, and inequality.

¹¹ Kelly shows that educational assistance, public assistance, and food stamps programs each independently reduce income inequality by 0.4%.

Acknowledgments

For their helpful comments, I would like to thank Fred Boehmke and participants at the 2014 State Politics and Policy Conference, the editor, and anonymous reviewers.

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Tables

Table 1: The Effect of Inequality on State Liberal Policy Mood and Support for Education and Welfare Spending

	Δ Liberal Policy Mood		Δ Education Spending Support		Δ Welfare Spending Support	
	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)
Liberal Policy Mood _{<i>t</i>-1}	-0.465***	(0.049)				
Education Spending Support _{<i>t</i>-1}			-0.021	(0.021)		
Education Spending Support _{<i>t</i>-2}			-0.182***	(0.018)		
Welfare Spending Support _{<i>t</i>-1}					-0.138***	(0.029)
Welfare Spending Support _{<i>t</i>-2}					-0.052*	(0.026)
Δ Top 1% Income Share	82.265*	(33.960)	18.145***	(5.134)	6.258	(3.501)
Top 1% Income Share _{<i>t</i>-1}	44.431*	(18.566)	7.485*	(3.313)	4.308**	(1.623)
Δ Total Per Capita Spending	-1.445	(1.161)				
Total Per Capita Spending _{<i>t</i>-1}	-0.230	(0.374)				
Δ Per Capita Education Spending			0.148	(0.623)		
Per Capita Education Spending _{<i>t</i>-1}			1.797***	(0.335)		
Δ Per Capita Welfare Spending					-1.503***	(0.388)
Per Capita Welfare Spending _{<i>t</i>-1}					-0.015	(0.168)
Δ Government Ideology	0.052	(0.027)	-0.016***	(0.004)	-0.004	(0.003)
Government Ideology _{<i>t</i>-1}	0.061**	(0.022)	-0.009**	(0.003)	-0.003	(0.003)
Δ Democratic Control	-1.085	(1.836)	0.342	(0.256)	0.412*	(0.192)
Democratic Control _{<i>t</i>-1}	-2.549	(1.467)	-0.135	(0.178)	-0.273	(0.168)
Δ Gubernatorial Election	-0.171	(0.628)	0.162*	(0.080)	0.081	(0.066)
Gubernatorial Election _{<i>t</i>-1}	0.741	(0.954)	0.539***	(0.117)	0.239*	(0.104)
Δ Unemployment Rate	0.335	(0.414)	-0.143**	(0.047)	-0.025	(0.042)
Unemployment Rate _{<i>t</i>-1}	-0.297	(0.244)	-0.188***	(0.027)	-0.066*	(0.033)
Δ % Union Members	0.246	(0.133)	0.001	(0.017)	-0.017	(0.018)
% Union Members _{<i>t</i>-1}	0.333**	(0.109)	0.063***	(0.014)	0.007	(0.015)
Δ Per Capita Income	-0.118	(0.562)	-0.317**	(0.123)	-0.295***	(0.079)
Per Capita Income _{<i>t</i>-1}	0.143	(0.142)	-0.129***	(0.021)	0.005	(0.025)
Δ % White	-0.137	(0.283)	-0.264***	(0.037)	-0.043	(0.030)
% White _{<i>t</i>-1}	0.202	(0.172)	-0.111***	(0.027)	0.035	(0.022)
Δ % Age 60+	1.844	(2.101)	0.349	(0.281)	0.129	(0.165)
% Age 60+ _{<i>t</i>-1}	0.700**	(0.253)	0.177**	(0.060)	0.071**	(0.026)
Constant	-14.950*	(6.928)	-4.393***	(0.633)	-10.517***	(0.881)
N	1421		1087		1011	
Wald Chi ²	133.184		1084.101		1557.770	

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Note: All variables have been mean-centered by state. The estimates in parentheses are panel-corrected standard errors. In cases where the presence of autocorrelation could not clearly be rejected, a second-order lag of the dependent variable was added to the model (see Beck and Katz 2011). Each model includes a set of time variables estimating a second-, third-, or fourth-order polynomial to account for any remaining trend in the first-differenced dependent variable (these estimates are not included in the table). Model selection was based on the the overall fit of the model and the statistical significance of each time component.

Table 2: The Effect of Inequality on Liberal Policy Mood and Support for Education and Welfare Spending by Rich and Poor States

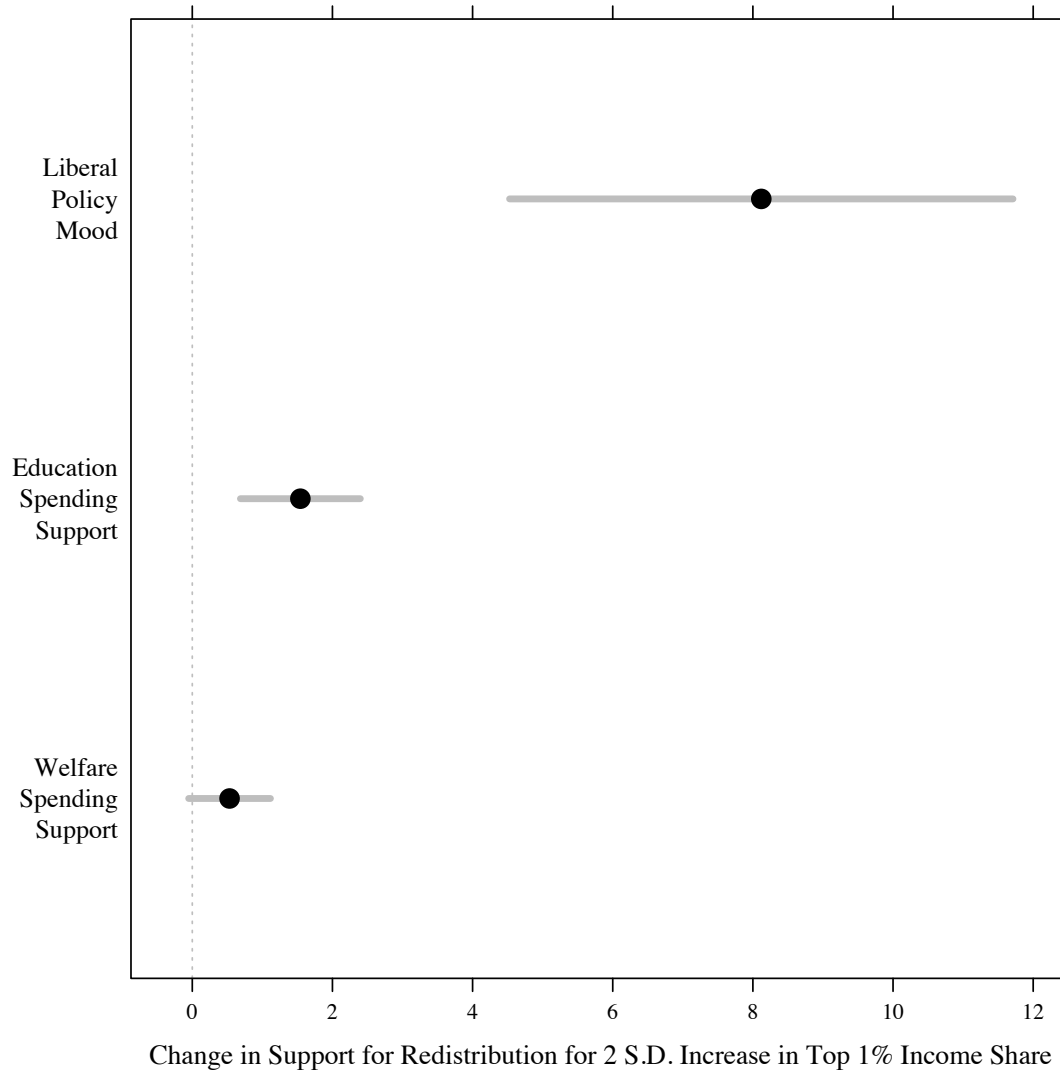
	Δ Liberal Policy Mood				Δ Education Spending Support				Δ Welfare Spending Support			
	Rich States		Poor States		Rich States		Poor States		Rich States		Poor States	
	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)	<i>b</i>	(<i>pcse</i>)
Liberal Policy Mood _{<i>t</i>-1}	-0.463***	(0.058)	-0.519***	(0.056)								
Education Spending Support _{<i>t</i>-1}					0.027	(0.027)	-0.187***	(0.041)				
Education Spending Support _{<i>t</i>-2}					-0.262***	(0.022)						
Welfare Spending Support _{<i>t</i>-1}									-0.138***	(0.030)	0.033	(0.047)
Welfare Spending Support _{<i>t</i>-2}									-0.059*	(0.026)	-0.259***	(0.044)
Δ Top 1% Income Share	37.559	(33.778)	159.027***	(42.563)	14.901**	(5.642)	33.047**	(12.661)	9.852**	(3.568)	11.994	(7.985)
Top 1% Income Share _{<i>t</i>-1}	18.503	(16.991)	132.696***	(31.371)	2.264	(3.668)	25.245**	(9.079)	-0.399	(1.853)	18.485**	(5.863)
Δ Total Per Capita Spending	-1.134	(1.292)	-0.681	(1.626)								
Total Per Capita Spending _{<i>t</i>-1}	-0.587	(0.387)	2.488**	(0.775)								
Δ Per Capita Education Spending					-0.386	(0.860)	0.460	(1.972)				
Per Capita Education Spending _{<i>t</i>-1}					1.470***	(0.405)	2.218*	(0.964)				
Δ Per Capita Welfare Spending									-0.829*	(0.412)	-5.773***	(1.395)
Per Capita Welfare Spending _{<i>t</i>-1}									-0.241	(0.252)	0.418	(0.785)
Δ Government Ideology	0.079*	(0.035)	0.026	(0.041)	-0.022**	(0.007)	-0.008	(0.013)	-0.011**	(0.004)	0.007	(0.012)
Government Ideology _{<i>t</i>-1}	0.068**	(0.026)	0.048	(0.030)	-0.021***	(0.005)	-0.000	(0.009)	0.004	(0.003)	-0.017*	(0.007)
Δ Democratic Control	-3.114	(2.099)	1.616	(2.765)	1.004**	(0.337)	-0.811	(0.893)	0.631**	(0.238)	0.172	(0.733)
Democratic Control _{<i>t</i>-1}	-2.649	(1.615)	-2.347	(2.079)	0.555*	(0.238)	-0.912	(0.598)	-0.516**	(0.170)	0.255	(0.460)
Δ Gubernatorial Election	0.022	(0.917)	-0.507	(0.520)	0.132	(0.105)	0.178	(0.183)	0.002	(0.053)	0.018	(0.130)
Gubernatorial Election _{<i>t</i>-1}	0.318	(1.521)	0.928	(0.711)	0.474**	(0.167)	0.677*	(0.273)	0.166	(0.087)	0.234	(0.208)
Δ Unemployment Rate	0.132	(0.480)	1.022*	(0.411)	-0.015	(0.061)	-0.119	(0.110)	-0.255***	(0.041)	0.528***	(0.084)
Unemployment Rate _{<i>t</i>-1}	-0.599*	(0.289)	0.275	(0.268)	-0.114**	(0.036)	-0.171*	(0.082)	-0.173***	(0.038)	0.322***	(0.063)
Δ % Union Members	0.387*	(0.182)	0.116	(0.149)	-0.074**	(0.026)	0.052	(0.047)	0.037*	(0.016)	-0.087**	(0.033)
% Union Members _{<i>t</i>-1}	0.420**	(0.150)	0.287*	(0.115)	0.024	(0.028)	0.101**	(0.037)	0.035	(0.019)	-0.040	(0.029)
Δ Per Capita Income	-0.175	(0.650)	0.229	(0.607)	-0.096	(0.169)	-0.257	(0.256)	-0.362***	(0.097)	-0.098	(0.193)
Per Capita Income _{<i>t</i>-1}	0.027	(0.153)	0.120	(0.250)	-0.131***	(0.032)	-0.132	(0.102)	0.019	(0.030)	0.188*	(0.075)
Δ % White	-0.204	(0.380)	0.038	(0.306)	-0.386***	(0.047)	-0.195**	(0.063)	-0.113**	(0.035)	0.079*	(0.040)
% White _{<i>t</i>-1}	0.116	(0.195)	0.261	(0.259)	-0.240***	(0.032)	-0.038	(0.070)	0.033	(0.029)	0.066	(0.051)
Δ % Age 60+	1.527	(2.227)	1.618	(2.675)	-0.180	(0.374)	0.940	(0.648)	0.501**	(0.178)	1.869***	(0.568)
% Age 60+ _{<i>t</i>-1}	0.289	(0.249)	1.371**	(0.524)	0.143*	(0.073)	0.335	(0.179)	0.009	(0.027)	0.368*	(0.174)
Constant	-22.438**	(7.396)	11.276*	(4.607)	-2.374*	(1.104)	-1.750	(2.558)	-9.988***	(0.939)	6.575***	(1.551)
N	696		725		516		575		489		522	
Wald Chi ²	99.887		148.684		1172.078		119.279		1748.929		455.879	

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Note: All variables have been mean-centered by state. The estimates in parentheses are panel-corrected standard errors. In cases where the presence of autocorrelation could not clearly be rejected, a second-order lag of the dependent variable was added to the model (see Beck and Katz 2011). Each model includes a set of time variables estimating a second-, third-, or fourth-order polynomial to account for any remaining trend in the first-differenced dependent variable (these estimates are not included in the table). Model selection was based on the the overall fit of the model and the statistical significance of each time component.

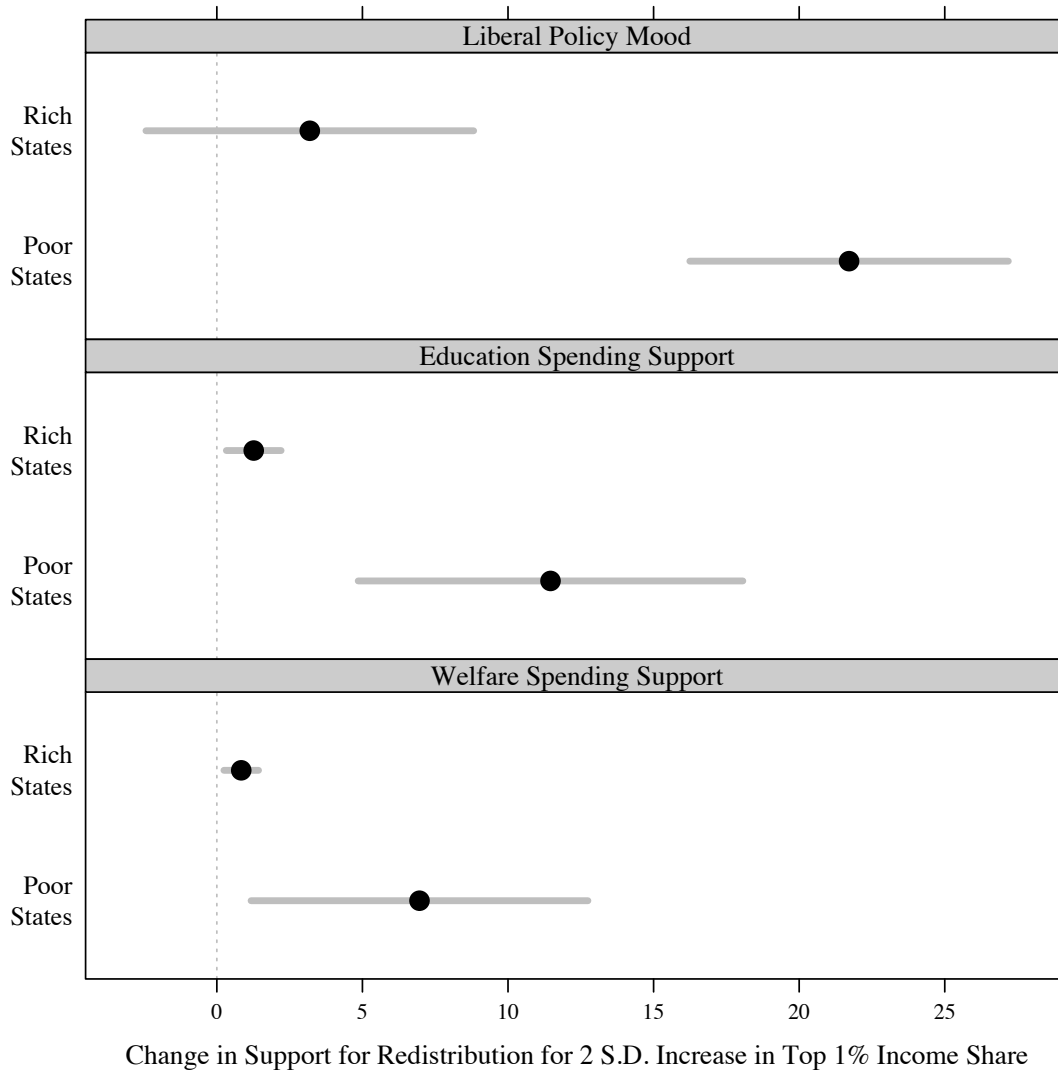
Figures

Figure 1: Total Cumulative Effect of Top 1% Income Share on Liberal Policy Mood and Spending Preferences



Note: Estimates are based on the ECM results presented in Table 1. The bars represent 95% confidence intervals, which were estimated using the Bewley transformation (Bewley 1979).

Figure 2: Total Cumulative Effect of Top 1% Income Share on Liberal Policy Mood and Spending Preferences by Rich States and Poor States



Note: Estimates for liberal policy mood, support for education spending, and support for welfare spending are based on the ECM results presented in Table 2. The bars represent 95% confidence intervals, which were estimated using the Bewley transformation (Bewley 1979).