

Nolan McCarty, Keith T. Poole, and Howard Rosenthal, *Polarized America: The Dance of Ideology and Unequal Riches*. Cambridge, MA: MIT Press, 2006. xii + 240 pp. \$35 (cloth), ISBN: 0-262-13464-0.

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The marketing material that accompanied this slender volume included a ringing endorsement from Paul Krugman: "Essential reading for anyone who wants to understand what's happening to America." Perhaps so; but the lay reader expecting a journalistic treatment of the issues is likely to find the book very tough going. Densely packed with statistical results based on layers of complex calculations, the book itself dances around an explanation of recent trends in political and economic polarization in the United States without ever quite getting there.

The authors begin by presenting evidence that both political and economic polarization have increased in the United States since the 1970s. The recent rise in economic polarization (income inequality) and the evidence for it will be familiar to many, and the authors largely take the trend as a given. The claim of increased political polarization is more controversial. Some widely held notions about political polarization, such as the purported deep ideological divide between red states and blue states, or the alleged recent widening of political and cultural divisions among American citizens, turn out to be more myth than reality (see Fiorina 2005; Glaeser and Ward 2006).

McCarty, Poole, and Rosenthal, however, focus on political polarization not among the populace at large but among politicians -- specifically, polarization as revealed by the voting patterns of congressional representatives. By their measures, ideological moderates have become increasingly rare in Congress, and the parties have pulled apart along the left-right spectrum. As Fiorina (2005) points out, this increasing ideological polarization among political elites and between the parties can create the illusion that the voters themselves are moving apart, even when the distribution of ideological positions in the electorate is stable.

Using a methodology derived from their important earlier work on congressional roll-call voting (e.g. Poole and Rosenthal 1997), the authors assign each legislator to a position or "ideal point" in ideological space. A representative's predicted vote on any particular measure depends on where her or his ideal point lies relative to a cut point (or surface) specific to the piece of legislation. The best estimates of each legislator's ideal point as well as the cut points on specific votes are essentially the ones that best predict the observed voting outcomes.

Political economists wed to the notion that all politics is special-interest politics might suppose that the dimensionality of ideological space is enormous, with perhaps as many dimensions as there are constituent or district interests. But in fact, confirming what the authors have found in their previous work, it turns out that a very large proportion of individual legislator votes can be

correctly predicted using a single “liberal-conservative” dimension, which the authors refer to as the legislator’s NOMINATE score. The definitions of liberal and conservative here are data-driven: the liberal position is whatever policies liberals tend to vote for consistently. Very often this is closely related to political party: in the 108th House, for example, every Democrat was to the left of every Republican on the first NOMINATE dimension. At certain historical moments, a second dimension adds a little predictive power. For the period under study in this book, the significant second dimension is largely related to votes over civil rights issues. But by the 1970s the contribution of these second-dimension issues to predicting legislators’ voting patterns was rapidly waning.

Most of the time, the authors interpret the liberal-conservative “first dimension” as a function of the distributional implications of policy: Republicans/conservatives tend to vote the interests of the rich, and Democrats/liberals side with the not-so-rich. This will hardly come as news to most readers, but the authors do provide some compelling evidence to back up what we thought we already knew. For example, a legislator’s conservatism is significantly and positively related to the average income of her constituents. And survey data on voter party preferences also reveal an increasingly strong correlation between income and Republicanism. Exactly how some evidently non-economic issues, such as gun control or abortion, came to be bundled with the economic class interests in party positions is not at all clear, and the pure empiricism of the NOMINATE approach is not well-suited to figuring it out.

Having presented the evidence for polarization among political elites, the authors finally get to the question that really interests them: what is the relationship between political and economic polarization? They frame the question using a highly stylized median-voter model of redistributive policy. The core prediction of the model is that redistributive transfers will be a decreasing function of the ratio of median to mean pre-tax income. Or to put it the other way round, as the right skewness of the income distribution increased in recent decades, the median-to-mean ratio fell, and the political process should have responded by taking more from the rich and giving it to the poor and middle classes. The logic of the model is straightforward: as the median-to-mean ratio falls, the median voter finds that her marginal gains from redistributive transfers outweigh the aggregate efficiency losses of an increase in the tax rate.

And here we come to the paradox that lies at the heart of the book: Contrary to the simple model’s prediction, federal policies have if anything become less progressive over the past three decades -- or so the authors claim. McCarty, Poole, and Rosenthal do not actually provide a comprehensive assessment of trends in the net distributional impact of federal policies, but rather point to a couple of key policy areas, including the downward drift in the real value of the minimum wage and recent changes in the estate tax that largely benefited the rich. These policy shifts are also consistent with a slight overall shift in party preferences toward the Republicans. While their assessment seems plausible to me, the selectivity of the evidence here is unsatisfying. Over the same period, for example, the generosity of the highly progressive earned income tax credit (EITC) increased substantially, bucking the trend.

Assuming they are right about the facts, what can account for the failure of the simple model? The book offers two explanations. First, a correct interpretation of the median-voter model is that

redistribution should depend on the income of the median _voter_, not the median individual or family. And while it is true that the income of the median American family has deteriorated relative to the mean since the 1970s, the same cannot be said of the median voter's income. The rich, for one thing, are more likely to vote than the poor. Just as important, recent increases in immigration have resulted in a disproportionate increase in non-citizens (and therefore non-voters) in the lower half of the income distribution.

Second, political polarization in the legislature has contributed to policy gridlock, making it more difficult to pass significant changes in policy progressivity. A variety of mechanisms lead to this result; for example, polarization decreases the ideological range of legislation that can overcome filibusters or presidential vetoes.

The most disappointing aspect of the book is that McCarty, Poole, and Rosenthal have not provided a compelling explanation of the very trend that they highlight: the increased ideological polarization among political elites. Like Fiorina (2005) and others, they deny that underlying ideological trends among the electorate are a driving force. They also downplay changes in congressional or party rules. Clearly the massive party realignment of the South played a role in moving Republicans rightward and Democrats leftward on average, but as the authors acknowledge, political polarization has increased even outside the South. They do identify a suggestive trend in congressional voting patterns: namely, that the correlation between constituent income and legislator ideology (NOMINATE score) has strengthened over their period. That is, the voting behavior of legislators increasingly reflects the economic class of their constituents. But exactly why remains an open question.

The authors of *Polarized America* have crammed a lot of interesting ideas and a huge amount of data analysis into a very small package. The result is a book that is at once too technical for the typical lay reader, but too schematic and incomplete to fully satisfy the social scientist. Some alternative explanations are posited and tested rigorously, others largely ignored. For example, increased immigration plays a significant role in their story, while declining unionization barely warrants a mention. The median voter model that frames their entire discussion of redistributive politics simply assumes that the revenue from a proportional tax will be redistributed evenly across the population. Would the implications change if low-income voters could direct government transfers toward themselves and exclude non-citizens? Are there other models of redistribution in the political economy literature that would be more consistent with the evidence?

These shortcomings notwithstanding, the book offers numerous insights into recent trends in American politics, and it presents a variety of methodologies and hypotheses that will be of potential use to economic historians interested in policy issues. One presumes that the many unanswered questions merely set the stage for the next installment in a research project that has already contributed greatly to our knowledge of the history and functioning of the American political process.

References:

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