Inequality and the Trump Vote

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Workshop on the Economic Project of the Far Right

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The University of Texas Inequality Project

http://utip.lbj.utexas.edu

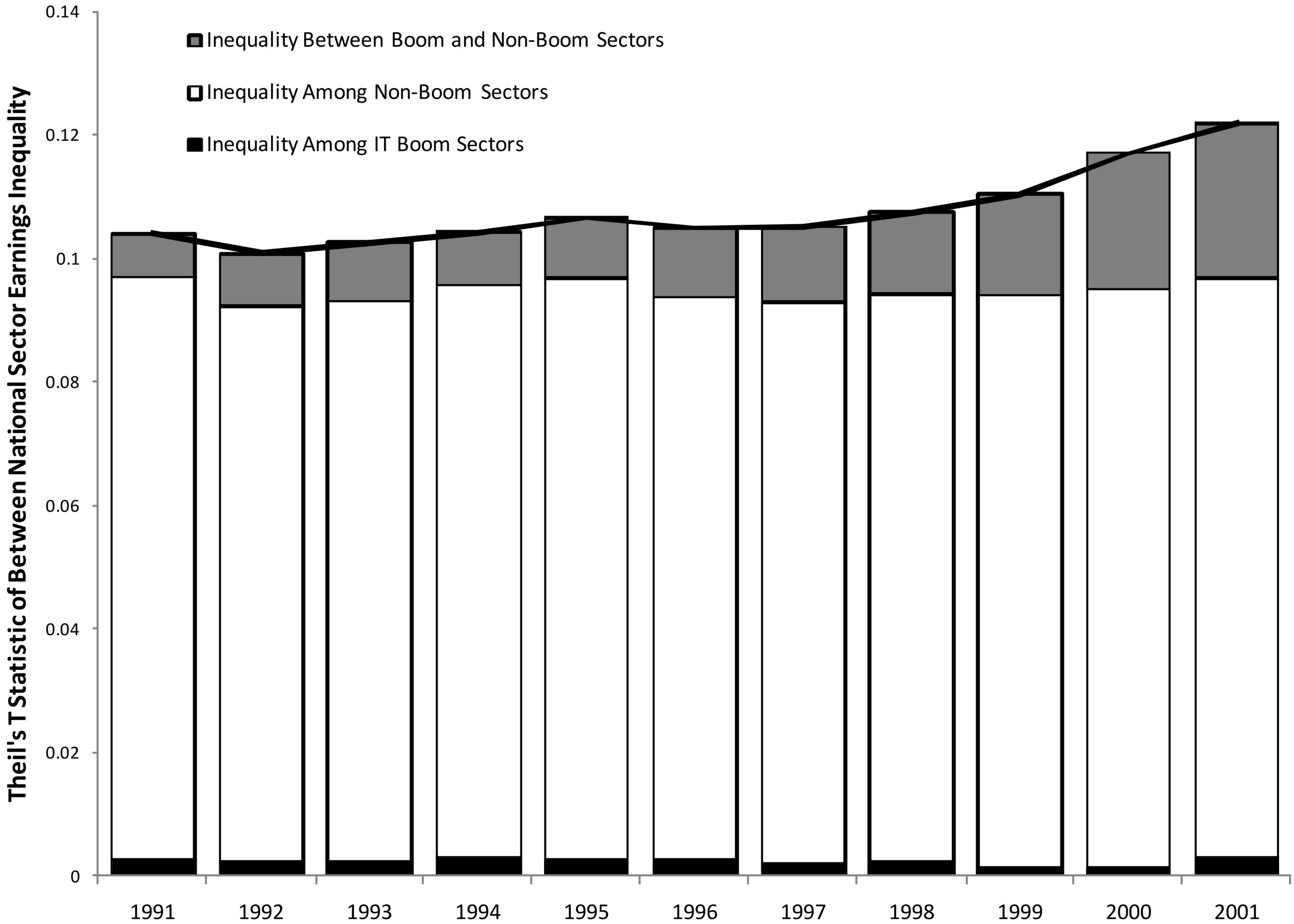
A long-running small research project aimed at
constructing dense, consistent and reliable measures of
inequality by exploiting the regular qualities of administrative
data sets, notably payroll records of employment and earnings,
and the between-groups component of Theil's T index.

The advantages include very low cost, ease of access to data
from many different sources, ease of calculation, and reliable calibration
to high-quality surveys.

The United States is an especially data-rich country

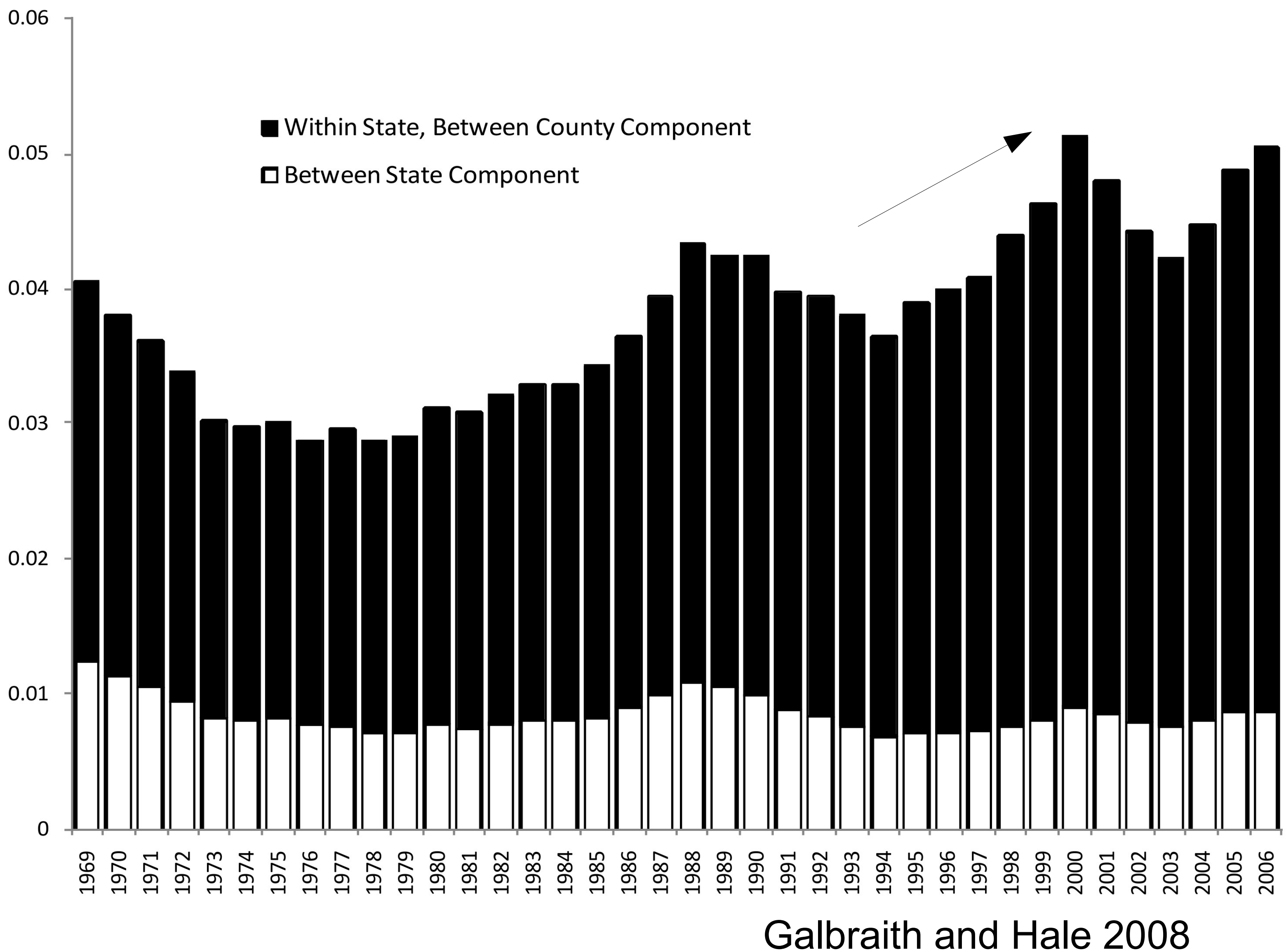
In the US case, with lots of data, we can explore many different aspects of changing inequality, including by sector and by state and county. We can show that the rise in inequality in the US is driven by a small number of boom sectors, and by counties within states rather than by changing inequality between states.

Figure 6. Between-Sector Inequality 1991 – 2001



Galbraith and Hale 2008

Figure 9. Components of Theil's T Statistic of Between-County U.S. Income Inequality 1969 – 2006.



In fact, just a few counties

- Looking just at the between-counties component of rising inequality in the 1990s, Galbraith and Hale were able to show that five counties accounted for half of it, and fifteen counties for all of it.
- The five were, of course, New York NY, Santa Clara, San Mateo and San Francisco CA, and King County WA.
- In later booms, different counties emerged, notably the DC beltway in the years of the Afghan and Iraq wars.

Inequality and Elections

- The "Gelman Paradox" holds that while rich people vote Republican, rich states vote Democratic.
- In 2008, Galbraith and Hale argued that the paradox was resolved by different slopes of the relationship: in richer states, the relationship is weaker.
- The flatter slope was due to greater spatial separation of rich and poor, permitting coalitions between groups that do not like each other.

What the Literature Says

- There is also a literature on inequality and election outcomes, which generally supposes that the relationship is determined by *attitudes toward inequality*.
- But there is no reason why such attitudes, even if they exist at all, would be relevant at the state level.
- Further, measures based on tax records are affected by tax law, notably the presence or absence of state income tax.

The Consequences of Inequality for Presidential Elections in the United States, 1976-2016

James Galbraith and Jaehee Choi

https://tinyurl.com/y59kqynk

Structural Change and Economic Dynamics
Volume 53, June 2020, Pages 86-98

The objective of this paper was to suggest a simple but effective explanation for the pattern of voting and the Electoral College outcomes in recent presidential elections in the United States, especially the dramatic election of 2016, the first of three elections featuring Donald J Trump.

Inequality is central to this pattern.

I then examine what happened in 2020 and 2024.

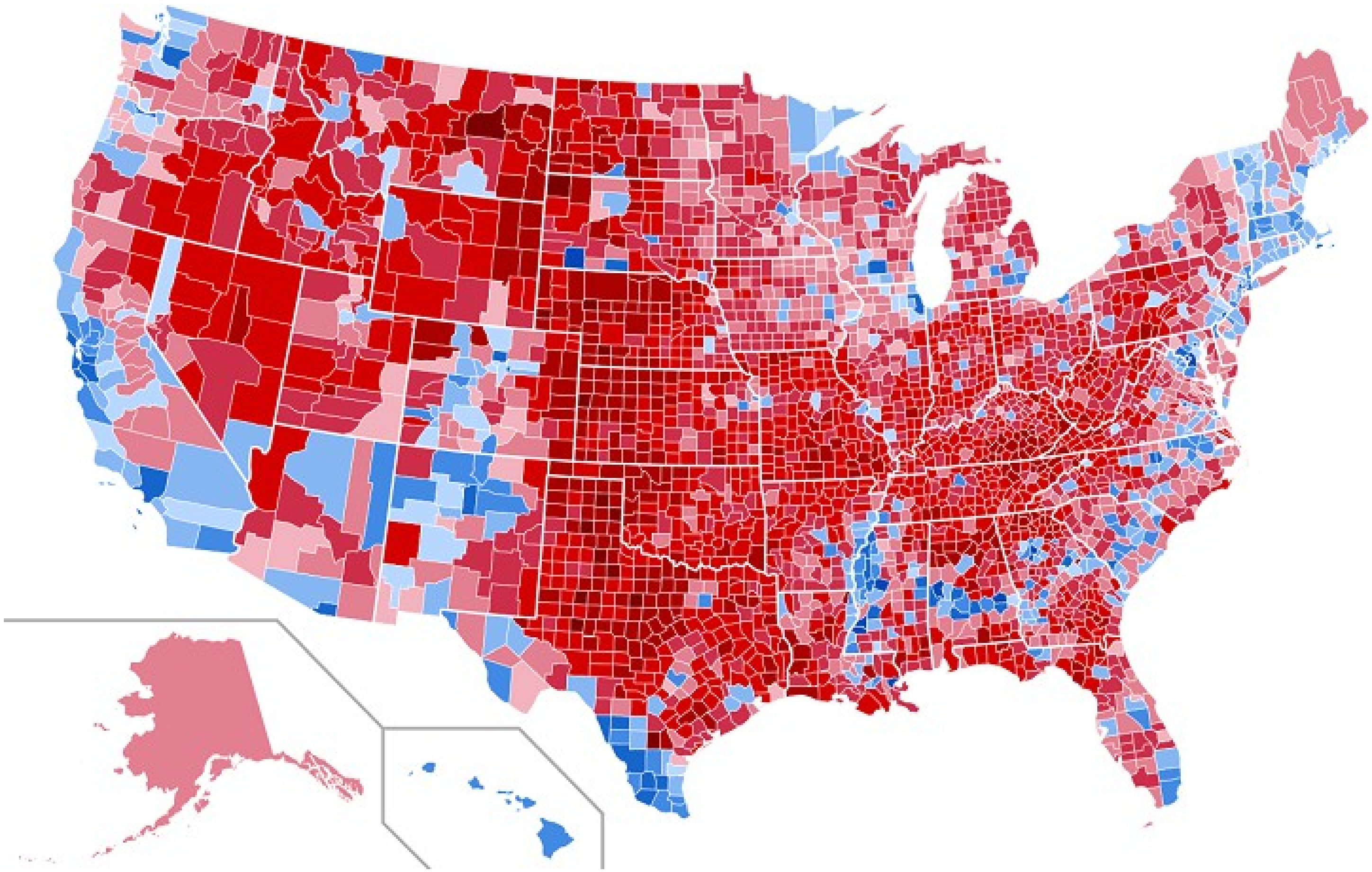
The Electoral College

The peculiar feature of the US presidential election system is that it is indirect. The popular vote in each state is not for the presidential candidates but for electors – members of the Electoral College – who normally (but not always) cast the votes of their state en bloc for the winner by plurality of the popular vote in the state. The number of electors depends on the number of House plus Senate seats, thus overweighting small states in relation to large.

•

I contend that the formula “Left-Center-Right”,
which dates to the French Revolution,
Does not usefully explain current American political alignments and election outcomes, which are readily explained by social class, corresponding to positions on the income distribution of the country as a whole.

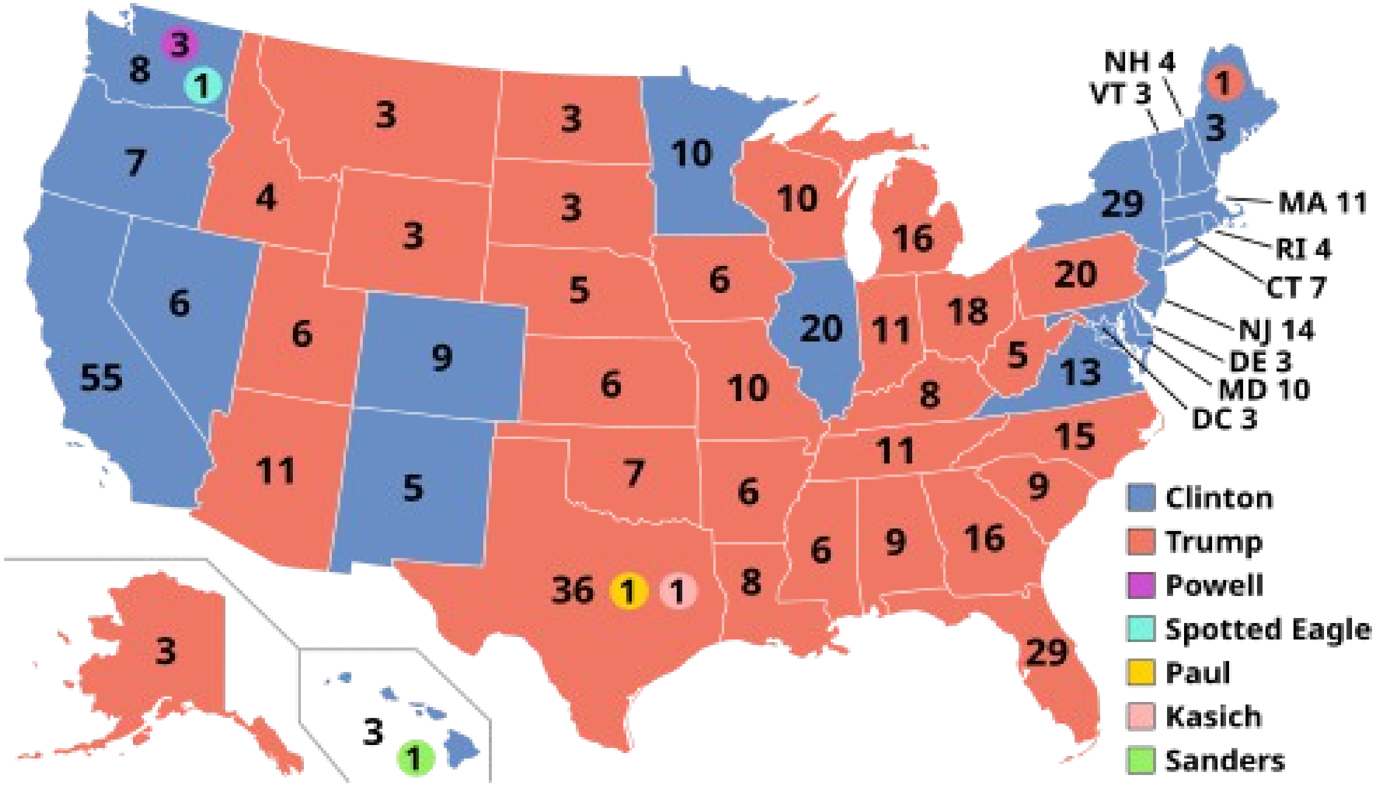
The US Vote 2016



By County

Source: Magog the Ogre via Wikimedia

By State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15
9
1
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NH 4
VT 3
MA 11
RI 4
CT 7
NJ 14
DE 3
MD 10
DC 3
3
3
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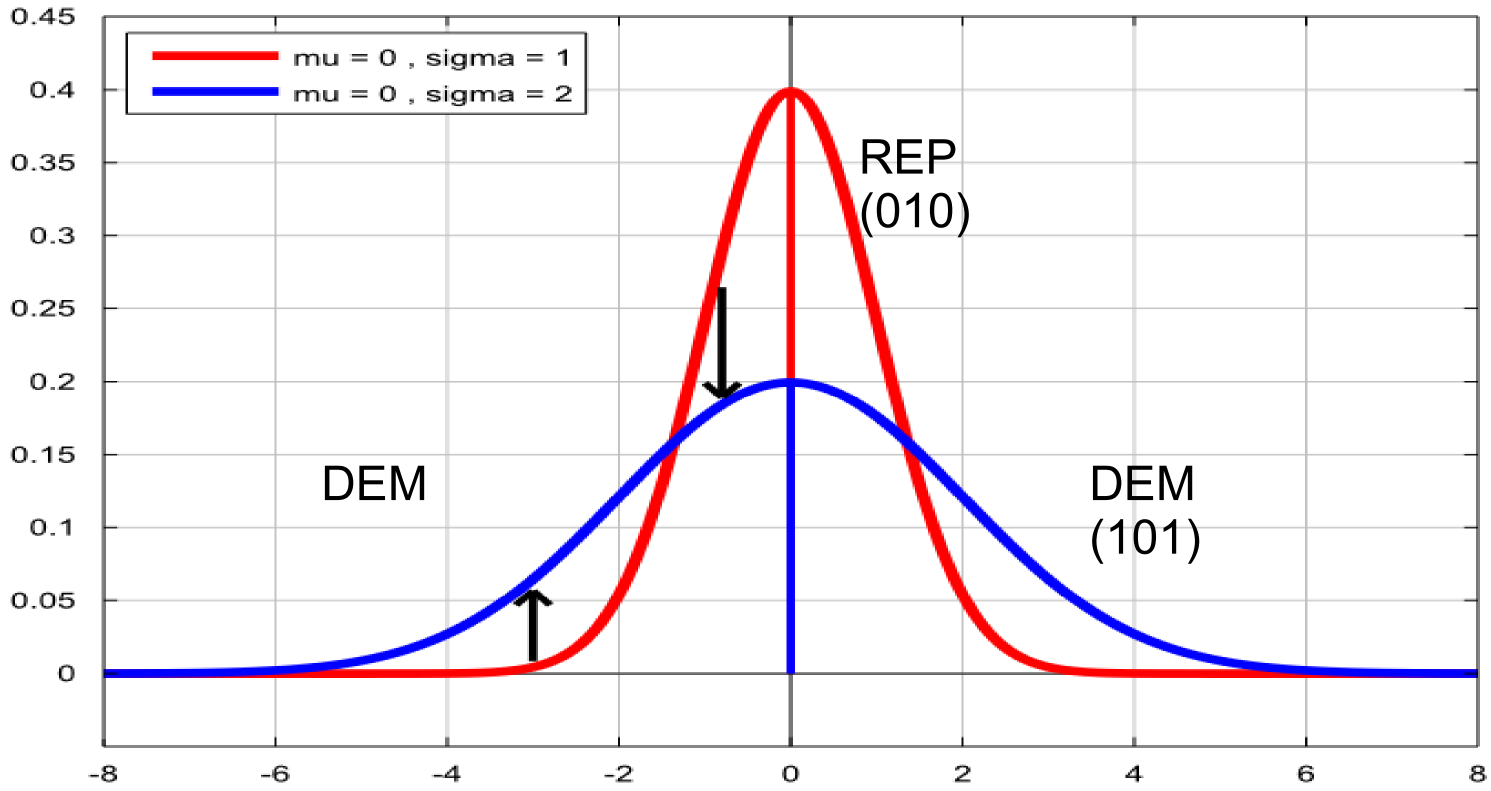
Clinton
Trump
Powell
Spotted Eagle
Paul
Kasich
Sanders

Schema of Political Affiliation by State and Income Distribution



The theory states that the party affiliation of American voters depends on their position in an income distribution, and the outcome of presidential elections by states depends on the kurtosis – or inequality -- of the log income distribution in that state. The Democratic Party has a disproportionate share of voters in both tails of the distribution, the Republican party (red states) has a larger share of voters in the center. Hence more unequal states tend to vote Democratic (blue states) in presidential elections.

Key Empirical Contribution

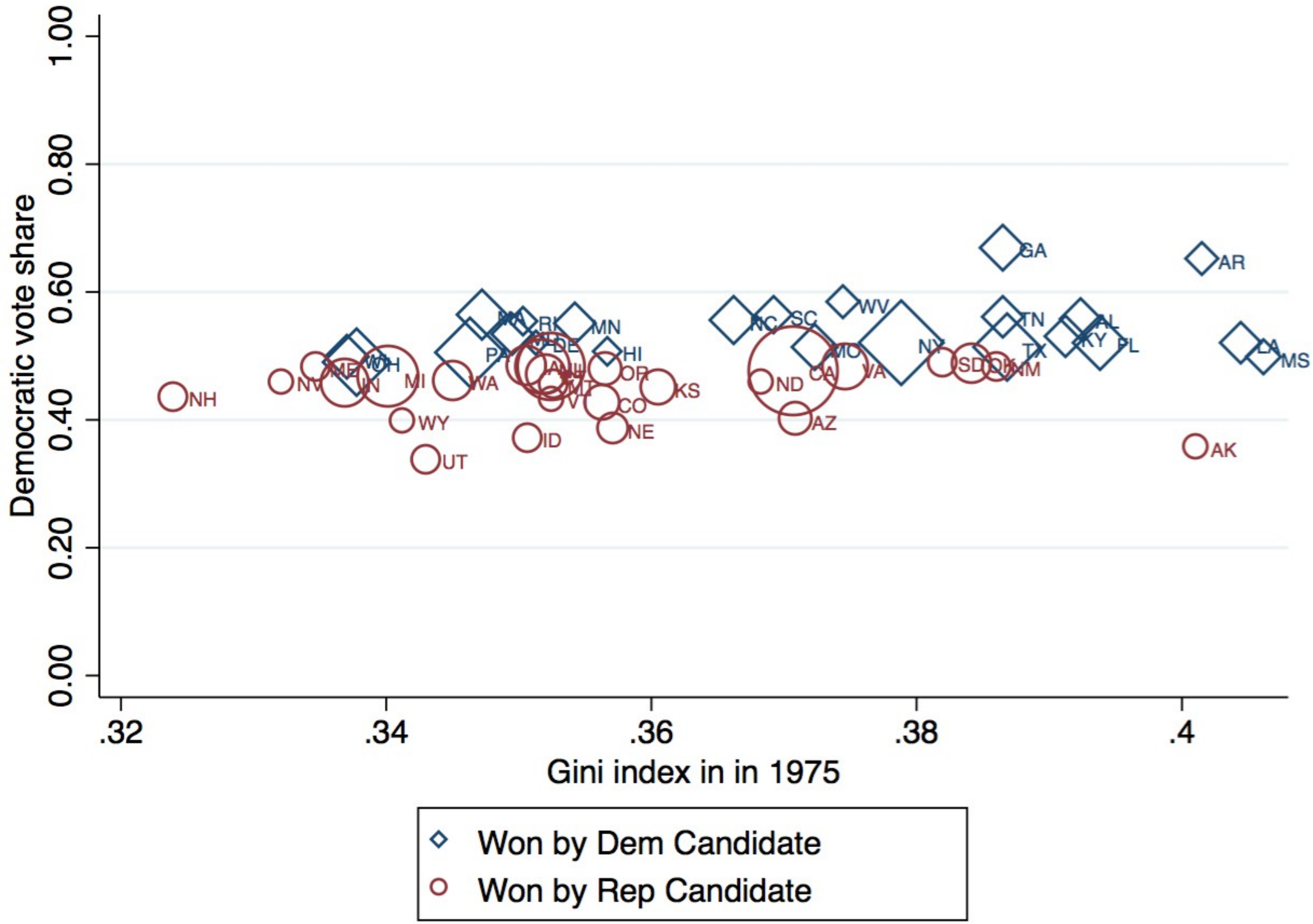
The empirical contribution underpinning the paper is the calculation of *annual measures* of earnings and income inequality for each US state and the District of Columbia for each year from 1969 to 2014. Previously state-by-state measures were only available from the decennial census until 2000 when annual surveys became available, because sample size for small states from the CPS is too small. Our method combined between-industry measures from Employment and Earnings with the census records.

US Inequality in the 1970s

In the 1970s the most unequal states in the United States were in the South, a result of the racial divide and the plantation/sharecropper economies of those states, which had only begun the process of industrialization in the New Deal of the 1930s. Probably the data for these years largely reflect the gap between middle-class households on government payrolls and the rural poor. The theory we advance above would not apply to this period.

Inequality and Election Outcomes in 1976

Using Gini Index

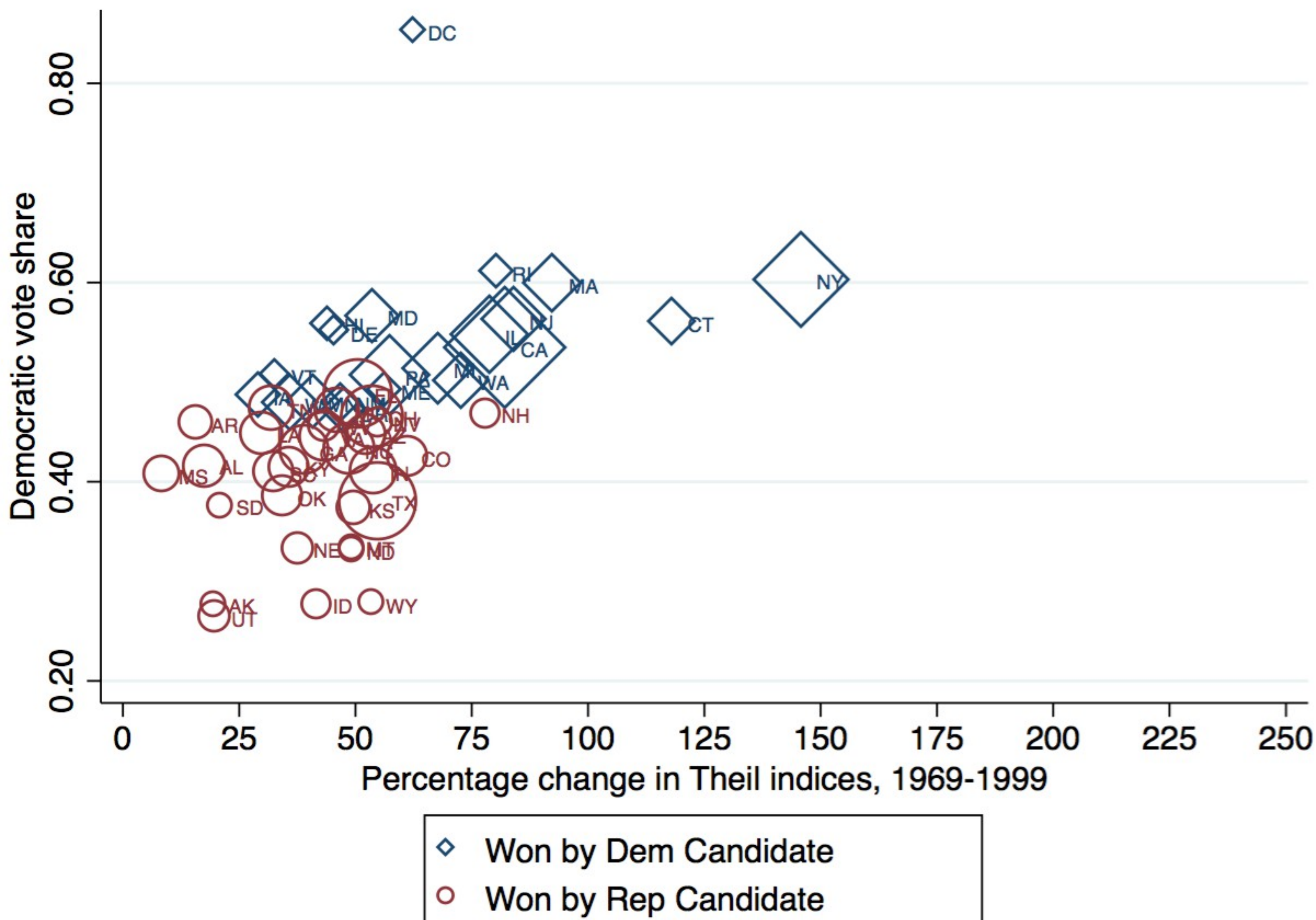


Changing Inequality after 1990

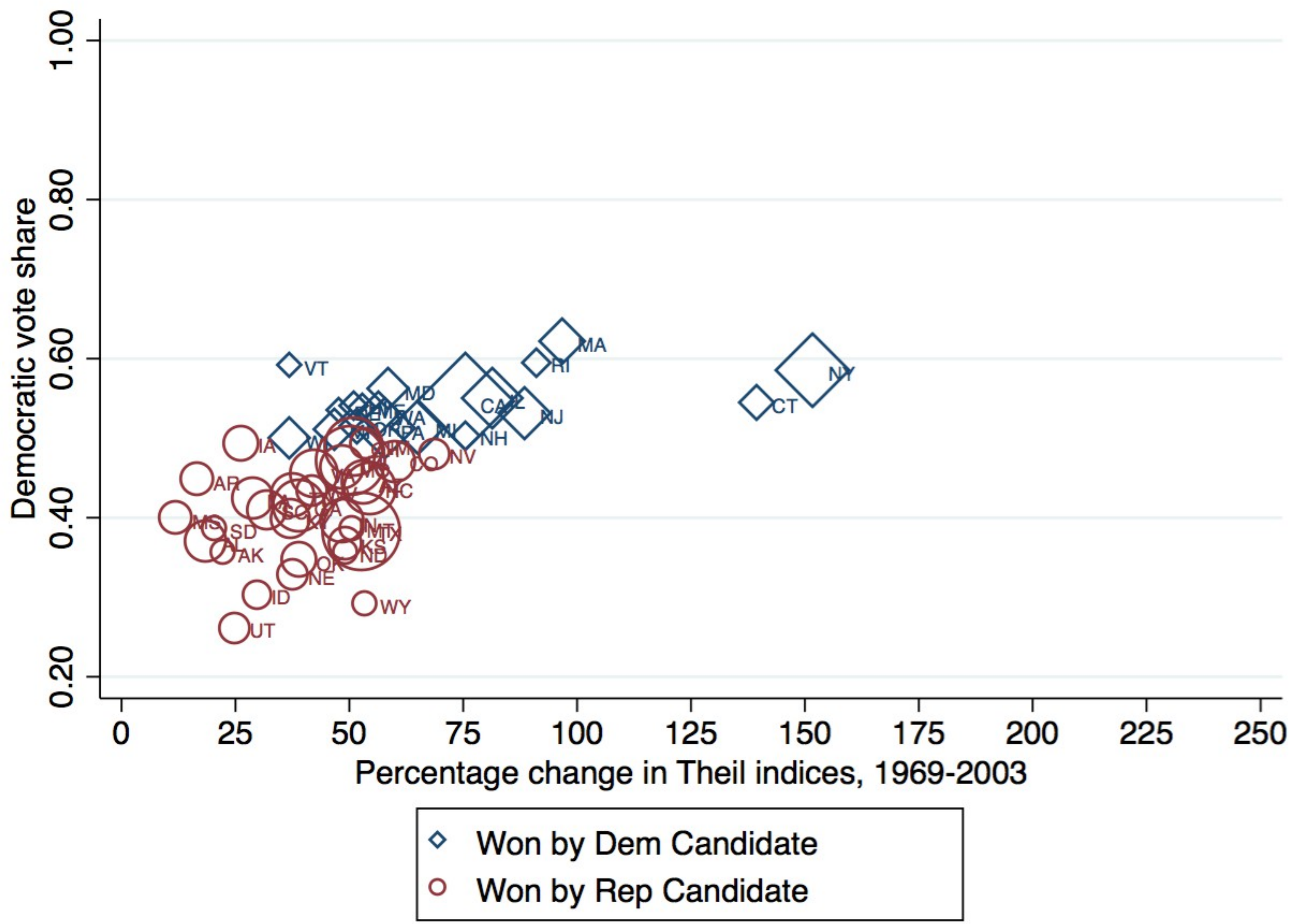
The pattern of inequality in American states changes sharply in the 1990s, with the aftereffects of the 1980s recessions and resulting de-industrialization in the Midwest, and then the emergence of a bi-coastal economy with financial services dominating the East and aerospace and information technologies, along with entertainment, dominating the West.

Changes in Inequality and Election Outcomes in 2000

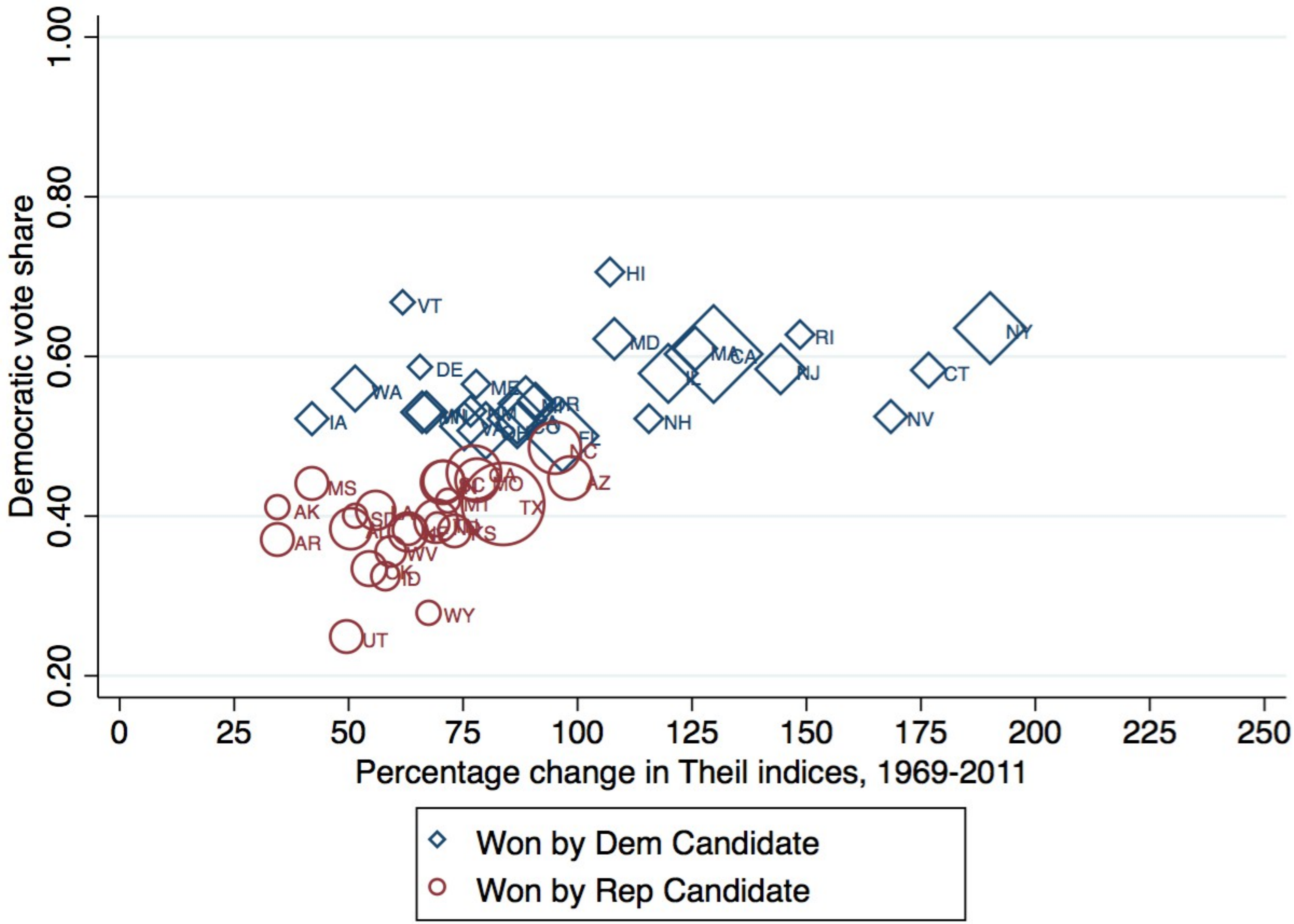
Using Theil Index based on employment and pay



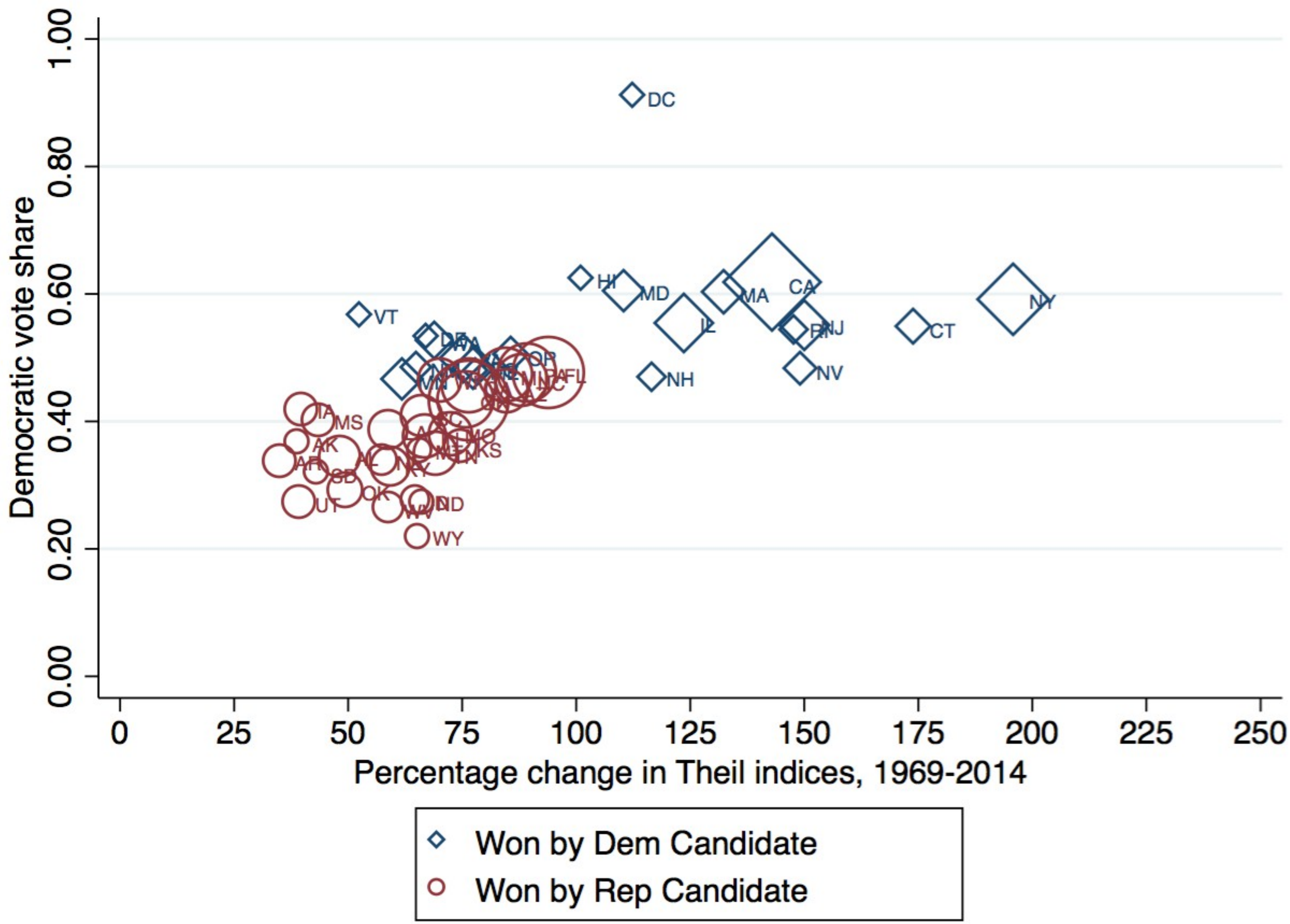
Changes in Inequality and Election Outcomes in 2004



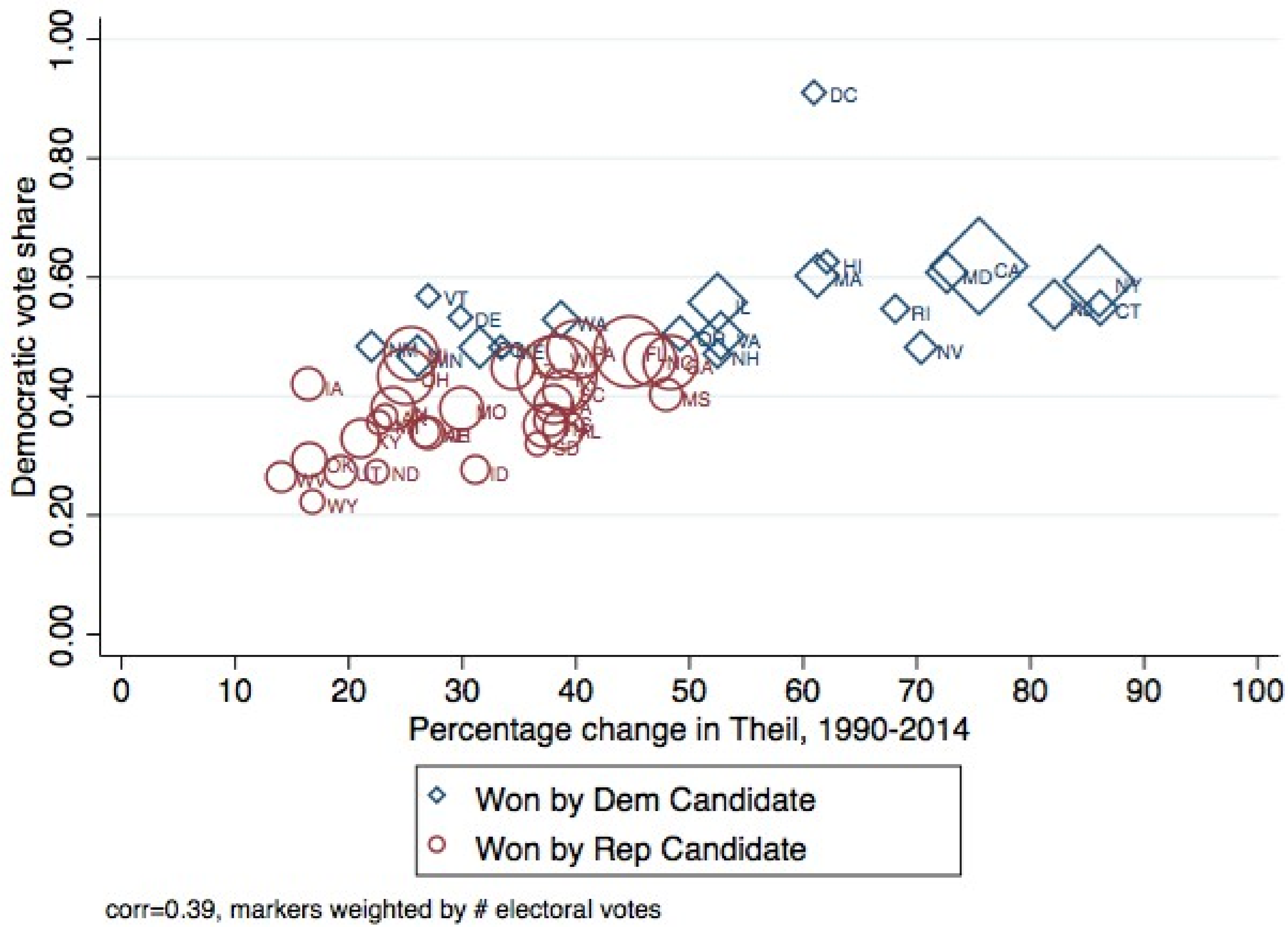
Changes in Inequality and Election Outcomes in 2012



Changes in Inequality and Election Outcomes in 2016

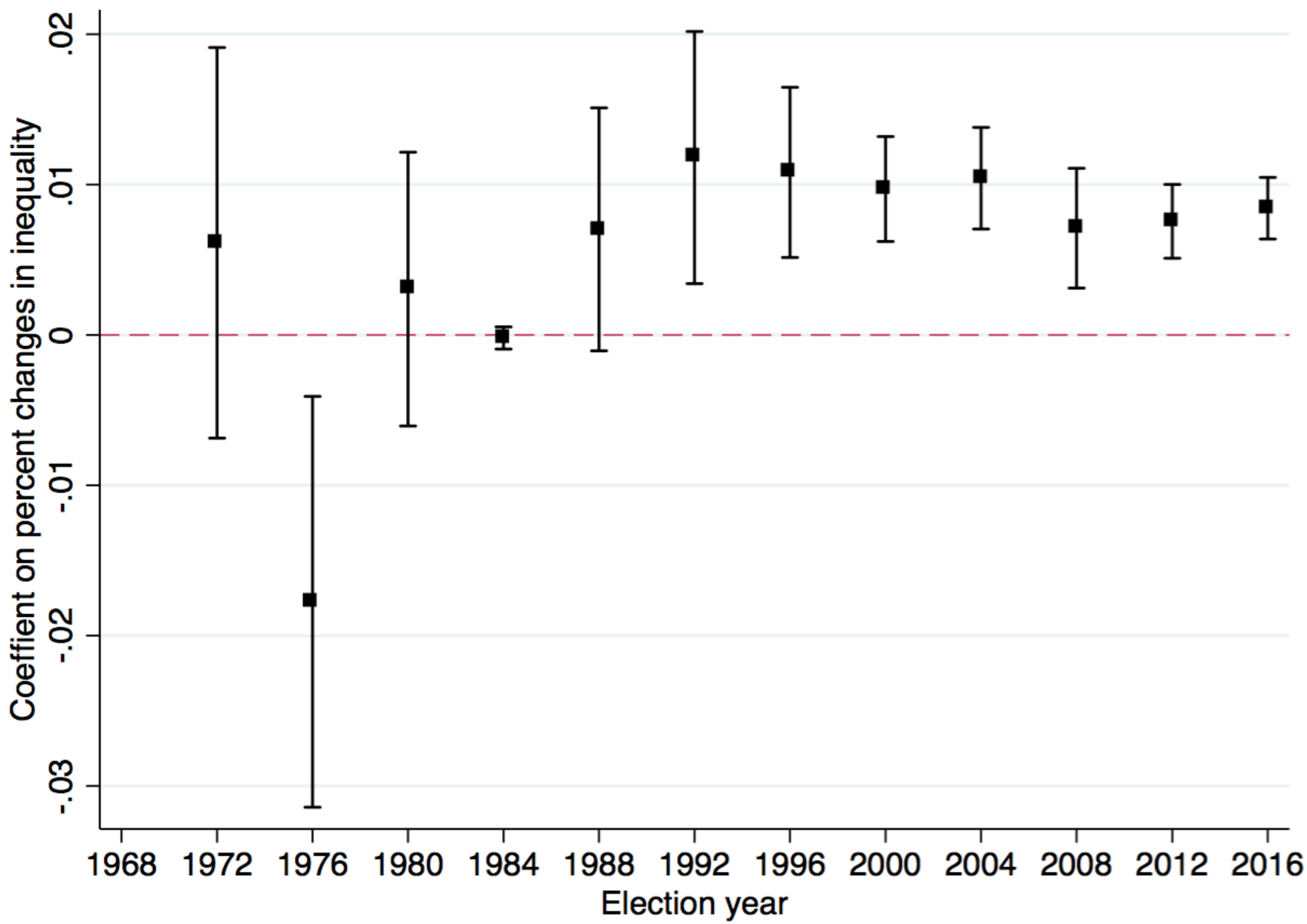


Changes in Inequality and Election Outcomes in 2016 (Based at 1990)



Trends in the Relationship between Changes in Inequality and Election Outcomes

Based at 1969, Theil Index



Income Inequality Ranking and Presidential Outcome, Selected States, 1972-2016

Year	CA		NY		NJ		CT		NV	
	Ranking	Vote	Ranking	Vote	Ranking	Vote	Ranking	Vote	Ranking	Vote
1972	21	R	15	R	35	R	37	R	48	R
1976	20	R	14	D	27	R	34	R	49	R
1980	11	R	17	R	25	R	30	R	44	R
1984	11	R	16	R	25	R	29	R	42	R
1988	11	R	8	D	31	R	29	R	21	R
1992	12	D	3	D	22	D	23	D	20	D
1996	7	D	2	D	20	D	15	D	28	D
2000	3	D	2	D	8	D	6	D	32	R
2004	6	D	2	D	12	D	3	D	16	R
2008	3	D	2	D	10	D	4	D	7	D
2012	2	D	3	D	9	D	4	D	11	D
2016	2	D	3	D	7	D	6	D	12	D

Consistent Result

- In closely contested elections, the states with the *largest increases in inequality uniformly voted Democratic*, reflecting the combined plurality position of wealthy urban professionals and low-income minority communities.
- States that were/are predominantly rural, small town, suburban, ethnically white and *in the middle of the income distribution* tended to vote Republican.

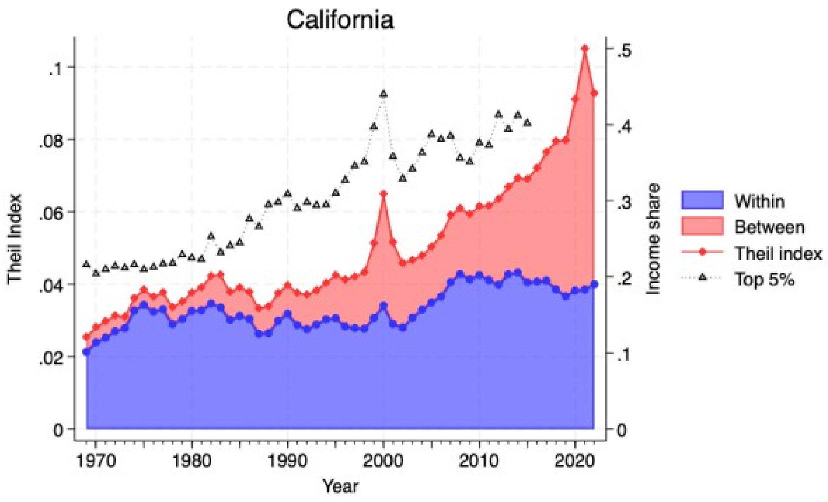
What happened in 2020?

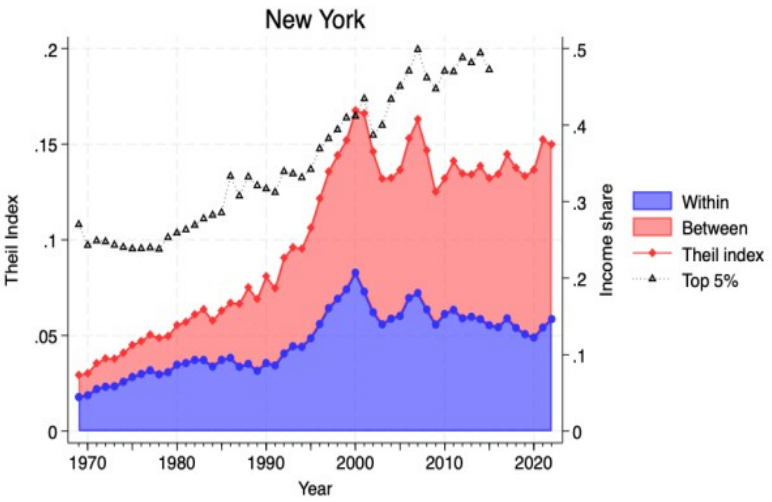
- In 2020 Covid forced large changes in election procedures, easing ballot access for low-income communities, greatly increasing turnout for both parties, but more for the Democrats, flipping Arizona and Georgia.
- In addition, about five percent of white men who would not vote for Hillary Clinton voted for Biden, flipping PA, WI and MI back to the Dems.
- Trump improved his vote share over 2016 with every other group: Women, Blacks, Hispanics.

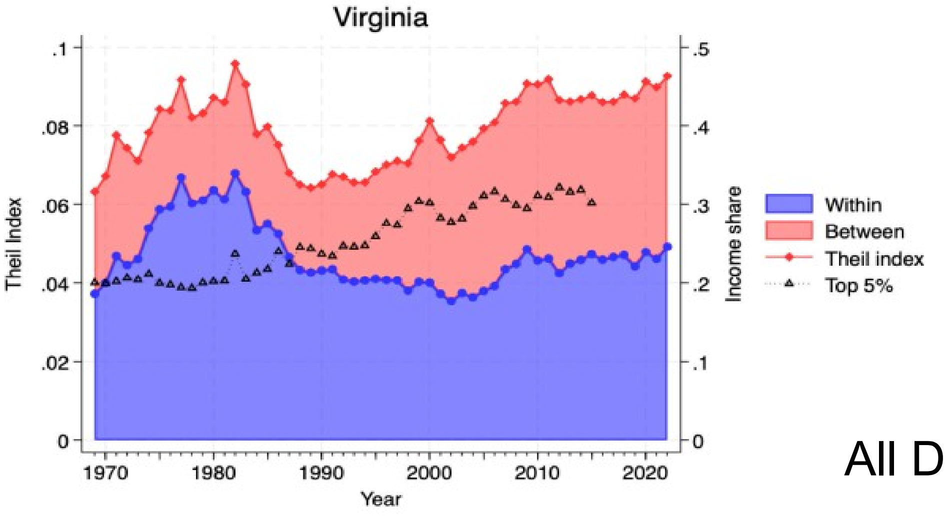
What Happened in 2024?
(It's over-determined)

- Ballot access from 2020 was not maintained; Republicans rolled it back wherever they could.
- Democrats ran a deplorable campaign!
- Although the economy appeared strong, most gains had occurred at the beginning of Biden's term, not toward the end.
- Most interesting from our point of view, inequality in most states *declined* over the period from 2010 to 2024.

Some Inequality Measures Into the 2020s

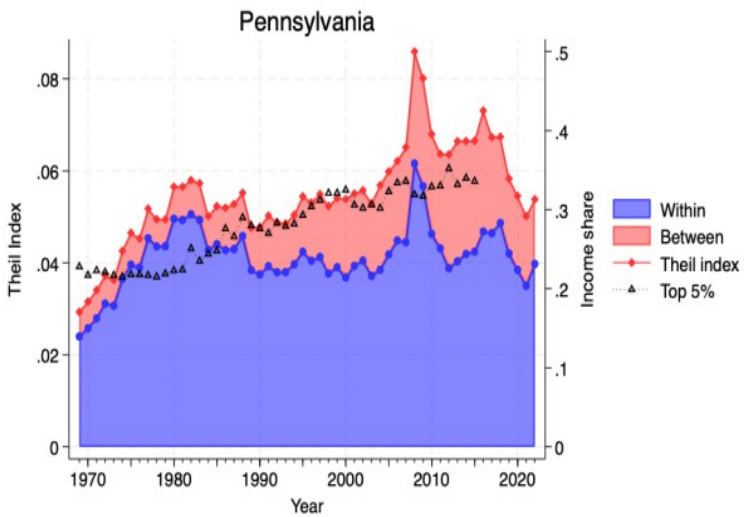


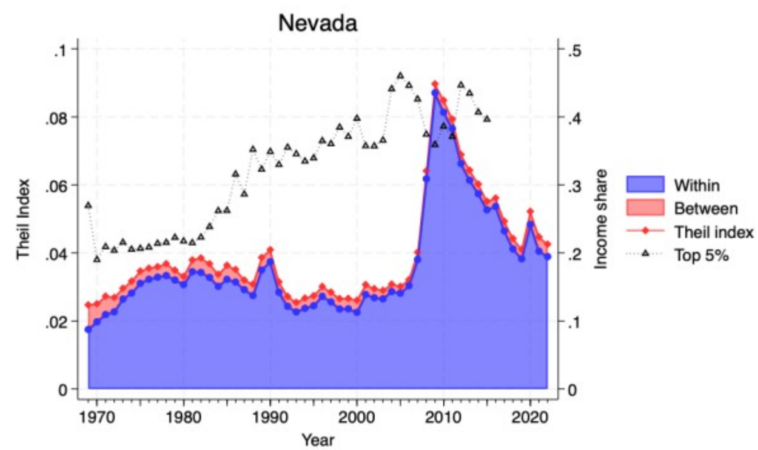


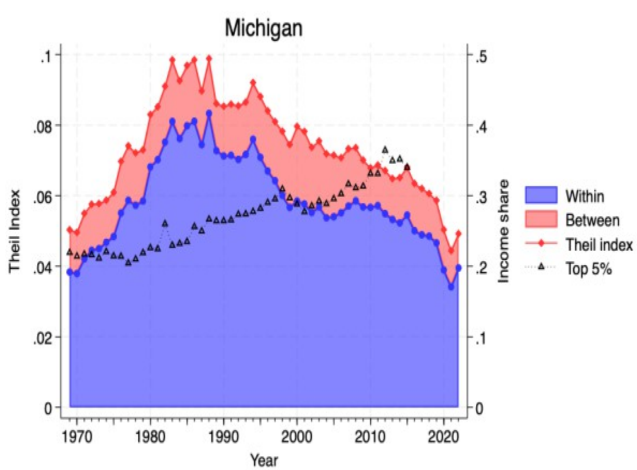


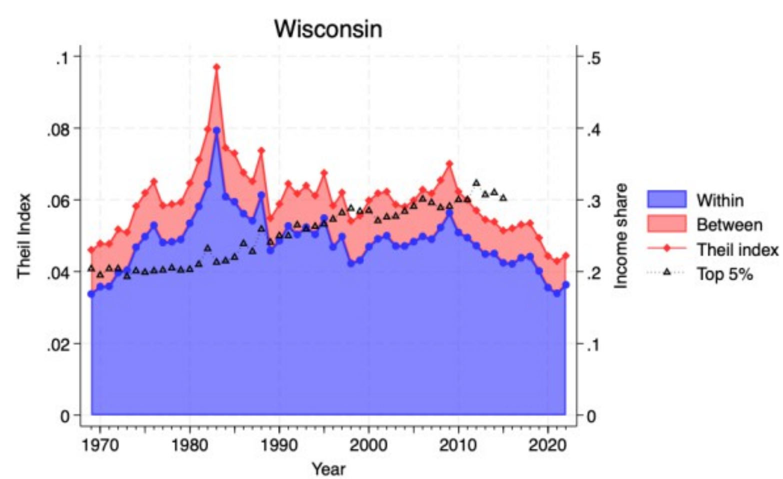
All Democratic in 2024

Swing States



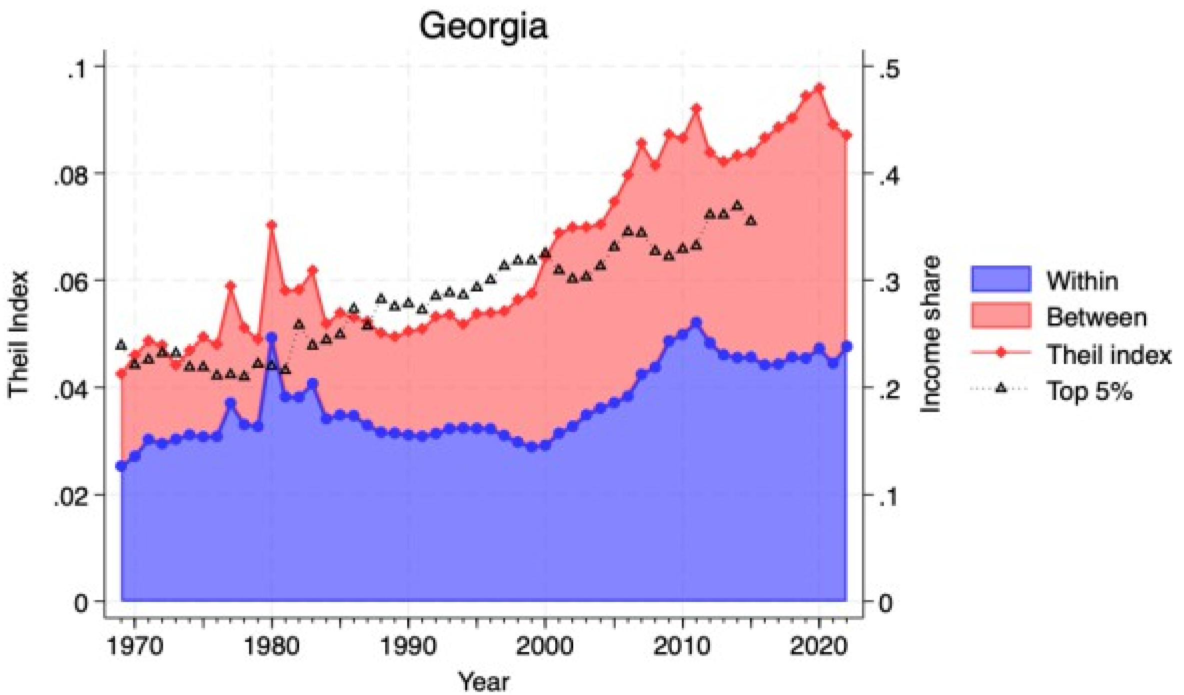






All back to Trump in 2024

One More Swing State



Only Counterexample!

Conclusion: Why Trump Won

- Although many factors helped deliver the 2024 election to Donald Trump, there is practically no evidence that a preference for his economic policies was among them.
- It seems plausible that decreasing inequality in the swing states played a role. But what caused that?
- Most likely explanation: continued de-industrialization and shift toward relatively low wage, egalitarian service work, with little stability and few prospects for advancement.

Is Equality a Good Thing?

- In the American context, a shift toward greater equality at the state level is probably consistent with flattening of life-time earnings profiles and possibilities for advancement, also with greater job insecurity, the need for more earners per household, more hours of work, and other pressures on the quality of life. This is entirely consistent with Trump's election rhetoric.
- Egalitarians: be careful what you wish for. It may get you government by Donald Trump.

Overall Inequality

- As noted earlier, overall inequality in the US is an artifact of extreme income concentration and large gains in a very small set of locations, dominated by the tech and finance sectors. Those regions remain solidly Democratic.
- Republican states are broadly egalitarian, with weak representation of high and/or low income communities. However, the Republican Party is dominated by a small number of extremely high-wealth persons, among them Trump himself. These people do not usually live in Republican states, except for tax reasons.

And the Future?

- The Democratic Party was on track to continue making gains through the South and Southwest, notably in Texas (!). The 2024 election reversed that trend, partly because the Hispanic tie to the Dems is weakening.
- The picture in the Midwest is bleak for the Dems and getting bleaker.
- However, don't worry: The Democratic Party as a fundraising machine is doing just fine: it raised $1.5 billion in 2024 in a losing effort.

Cynical Final Word

- It is, indeed, an open question whether the Democratic Party, as a party, *wants* to win future elections.
- To create a winning coalition, the Democrats would have to cede real power to the lower tier of their base. The Zohran Mamdani race in New York City shows how unwilling they are to do that.
- With Trump in power, fund-raising is very strong and the incumbent politicians are safe.

Thank you!

The calculations and graphics in this presentation were done by Jaehee Choi, Duke Kunshan University, except for those attributed to Travis Hale. State inequality measures into the 2020s are presented here for the first time. They will form part of an ongoing collaboration on the measurement and implications of economic inequality, at the national and international levels.

See http://utip.lbj.utexas.edu for data sets, research papers and computation methods.