

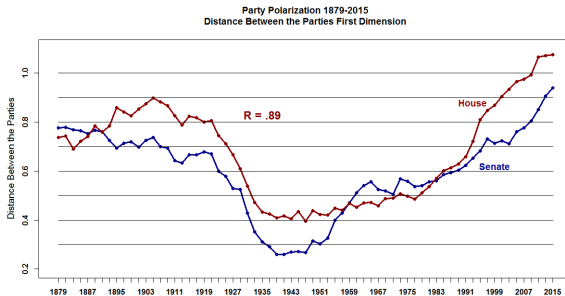
Unbundling Polarization

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Elite Polarization



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"Political polarization has reached levels not seen in decades, with nearly one-third of people in each party describing the other party as a threat to the nation's well-being. Trust in all institutions, including media, government, and business has fallen considerably." - T. R. Heath (2018)

¹www.voteview.com

Motivation (1)

Percentage of Foreign Policy Opinion Leaders Seeing Issue as Critical Threat			
	Republicans	Democrats	Independents
Political polarization in US	71	74	74
North Korea's nuclear program	54	53	50
Iran's nuclear program	64	28	33
Development of China as a world power	52	37	42
Decline of democracy around the world	35	57	42
Russian influence in US elections	41	78	45
Trade war with China	25	34	36
Drug-related violence and instability in Mexico	25	18	23
Large numbers of immigrants and refugees entering US	23	2	14
Economic competition from low-wage countries	0	9	10

Chicago Council on Global Affairs-Texas National Security Network Survey of Foreign Policy Opinion Leaders, August 2 - October 16, 2018

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- Survey responses of 588 foreign policy opinion leaders

²D.Smeltz, J. Busby, and J. Tama, The Hill, 2018

Motivation (2)

"...the party structures, primaries and major donors are getting very polarized, and since all party candidates must depend on these apparatuses to get elected, it's no surprise that candidates are becoming more polarized, too" - Clemmitt, M. (2010)

- Furthermore, increasing polarization is frequently suggested as a primary cause of a dysfunctional legislative branch ([McCarty, 2016](#); [Binder, 2003](#))

This Paper

- We use a structural approach to:
 - (i) quantify the *sources* of polarization
 - (ii) determine how polarization affects policy *outcomes*

Sources of Polarization

- Two main sources:
 - members' ideological positions themselves
 - party discipline ([Snyder and Groseclose, 2000](#); [Cox and McCubbins, 2005](#))
- Difficulty separating the two is a well known problem ([Krehbiel, 1993, 1999, 2000](#))
 - cohesion/party unity may reflect self-selection into parties
 - parties may only pursue bills on which they agree ([Cox and McCubbins, 2005](#))
- Source is important:
 - party discipline may be more amenable to change
 - differential effects on outcomes

The Effects of Polarization

- Polarization affects outcomes:
 - directly through votes
 - indirectly through **agenda-setting**
 - negative: keeping bills a party opposes from the floor
 - positive: pushing bills a party supports

What We Do

- Provide a stylized model of the legislative process from policy selection to roll-call votes
 - policy votes are a result of:
 - 1 Heterogeneous ideologies
 - 2 Party discipline
 - 3 Agenda-setting
- Use internal party records (whip counts) to identify key sources of party control:
 - whip counts provide information on ideology before discipline
 - presence of a whip count indicates the 'value' of a bill
- Estimate the model and perform counterfactual exercises to illustrate how polarization affects outcomes

Whip Counts

- Informal polls of members typically taken a day or two before the roll call vote
- e.g. Whip counts show that repeal of ACA won't have enough votes:

With Democrats united in opposition, House Republicans are currently short of the 216 votes they need to pass the bill before the Senate could take it up. They can afford only 22 defections, and the latest whip counts put Republican "no" votes at about 20, with a dozen more undecided. - [BBC](#)

- e.g. On the Tax Bill, after roll call (it passed with 227 votes vs. 205, with 13 Republicans breaking rank):
Ryan and House GOP leaders were confident throughout the week that they'd have the 218 votes needed for passage, even with unified Democratic opposition. In fact, they've felt so good about their whip count they barely called on the White House to twist arms. - [Politico](#)

Literature

- Large literature on estimating ideal points ([Poole and Rosenthal, 1984](#);
- More closely related to that which attempts to separate out party effects ([Jenkins, 2000](#); [Snyder and Groseclose, 2000](#); [Nokken, 2000](#); [Clinton, 2004](#))
 - we incorporate new data (whip counts) via a new theoretical, estimable framework
- Much smaller literature on the effects of polarization ([Binder, 2003](#); [Mian et al., 2014](#))
 - we provide a theory and quantitative estimates

Aside: Structural Econometrics

- Structural econometrics: define primitives of theoretical problem and estimate
- Pros:
 - forces one to take theoretical mechanism seriously
 - transparency: assumptions are clear
 - parameters allow:
 - comparison across settings (external validity)
 - make quantitative assessments (e.g. welfare)
 - counterfactuals (e.g. policy)
- Cons:
 - it's a lot of work and can be done very poorly
 - easy to overlook identification, not do estimation properly, etc.
 - requires assumptions (sometimes strong ones)
 - i.e. the model may be misspecified
 - validate via model fit; out of sample prediction; formal model comparisons

Aside: Examples in Political Economy

- DW-Nominate ([Poole and Rosenthal, 1984](#))
- Coalition formation ([Diermeier, Merlo, and Eraslan, 2001](#))
- Media and politics ([Gentzkow and Shaprio, 2010](#))
- Voting behavior ([Kendall, Nannicini, and Trebbi, 2015](#))

Setup

- Two parties, $p \in \{R, D\}$, compete for votes over a series of bills
 - have preferences of their median members, $\theta_{m,D}$ and $\theta_{m,R}$
- One-dimensional ideological space
 - bliss points, θ_i
- Continuum of members in each party
- Votes, and hence policy outcomes, are stochastic
 - idiosyncratic shocks, $\delta_{i,t}$, and aggregate shocks, η_t (normally distributed)
 - with continuum of members, require aggregate shocks so that outcomes are uncertain
 - aggregate shocks capture anything that affects overall perception of a bill (including changes to bill)

Agenda-setting

- Random recognition model - each party is chosen to be the proposer with some probability
 - required to match empirical fact that a significant number of bills have majority leadership voting 'no' and minority leadership voting 'yes'
- Proposing party:
 - observes a randomly drawn status quo policy, q_t
 - decides whether or not to pursue an alternative policy
 - if so, sets alternative, x_t
 - decides whether or not to conduct a whip count at cost, C_w
 - whip count allows it to learn about first aggregate shock and drop the bill if not looking promising
 - dropping the bill saves the cost of pursuing a bill, C_b
 - absent whip count, go straight to roll call

Timeline



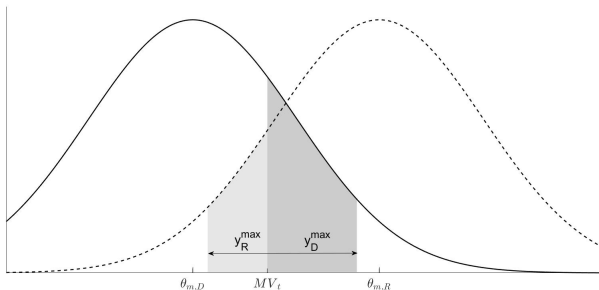
Voting Decisions

- Discrete-choice model as in DW-Nominate but with two key improvements:
 - shocks are on bliss points, θ_i , instead of utility
 - no need to specify utility function (other than concavity)
 - likelihood becomes a function of marginal voter, $MV_t = \frac{x_t + q_t}{2}$, rather than both q_t and x_t
 - bliss point is subject to influence from party through whip, $y_{p,t}$

Whips

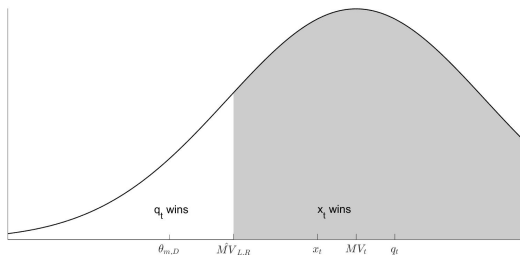
- Vote just as any other member
- Assigned members for which they are responsible:
 - at roll call time, obtain information - know their members' (stochastic) bliss points
 - can exert influence at a personal cost, $c(y_{p,t})$, strictly increasing
 - obtain r_p any time a member votes as the party prefers
- Whips themselves are subject to being whipped

Party Discipline



- Key parameter of interest is maximum distance a whip is willing to influence members, $y_p^{max} = c^{-1}(r_p)$

Optimal Policy Alternatives

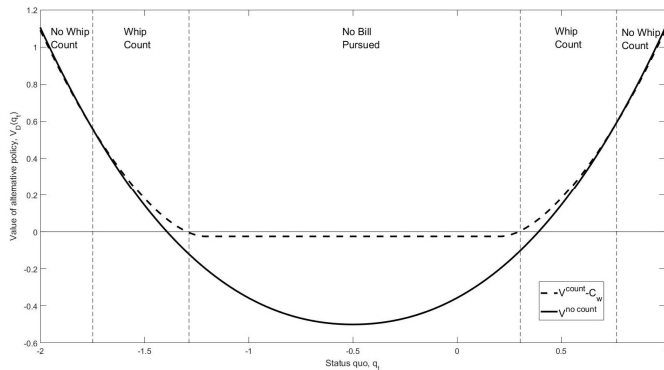


- If a policy alternative, x_t , is pursued, want to choose it close to the bliss point of the median member
...but, the closer it is, the less likely the bill is to pass
- Trade-off results in a unique optimal policy [► Formal Proposition](#)
 - always lies between status quo and party's bliss point

Whip Counts as Options

- On observing q_t , the proposing party can:
 - ① do nothing
 - ② pursue an alternative bill with a whip count
 - ③ pursue an alternative bill without a whip count
- Absent a whip count, bill goes straight to roll call and majority party pays C_b
- With a whip count (at cost C_w), bill can be dropped avoiding C_b
 - provides option value

Which Bills are Pursued



► Formal Proposition

Data

- U.S. House roll call voting data comes from the standard source, VoteView
- Whip count data covering 1977-1986 as compiled by [Evans \(2012\)](#)
 - Corresponds to time when polarization starts to rise
 - Democrats are majority over time period, but both parties conduct whip counts
 - Republican (1977-1980) data from Robert H. Michel Collection
 - Democratic (1977-1986) data from Congressional Papers of Thomas S. Foley
- We merge the data following [Evans \(2012\)](#)
 - 5424 roll called bills
 - 340 bills with whip counts
 - 238/340 bills have subsequent roll calls

Identification (1)

- Key assumption is that whip counts reveal true ideological positions
 - if not, would be uninformative... but parties do rely on them
 - reputation prevents lying
 - whips have knowledge about member's positions (difficult to lie)

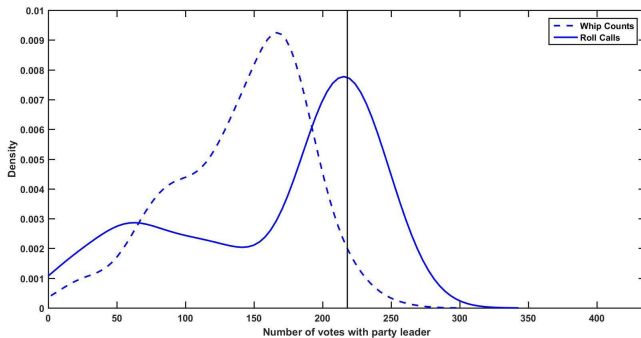
Identification (2)

- Ideological positions come from repeated whip count polls (individual fixed effects)
- Marginal voters at time of whip count and time of roll call come from multiple reports/votes on same bill (bill fixed effects)
- Maximum whipping distance, y_p^{max} , comes from distance between marginal voter at time of whip count and *per party* marginal voter at roll call
 - identify direction of whipping from leadership votes
- Distributions of policies (q_t and x_t) come from distributional assumptions

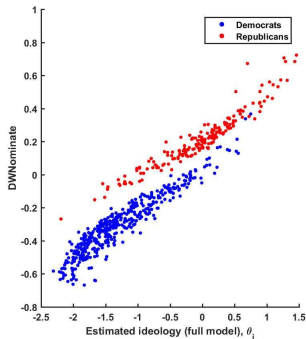
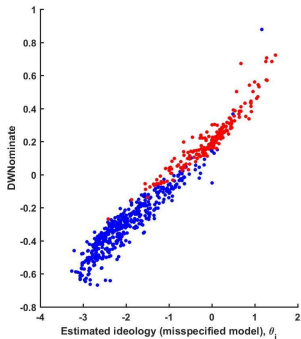
Estimation

- Two stage process (maximum likelihood in each stage):
 - ① estimate marginal voters, party discipline parameters, and ideological bliss points ▶ Likelihood
 - we use *all* bills
 - ② estimate flexible status quo distribution to fit estimated marginal voters
 - status quo drawn from truncated normal
 - impose model restrictions:
 - leadership votes determine where status quo originated
 - whip counts closer to party median
 - first-order conditions relate q_t to MV_t (bills with roll calls only)
 - extensive Monte Carlo simulation to demonstrate truncations are recoverable

Party Discipline - Reduced Form

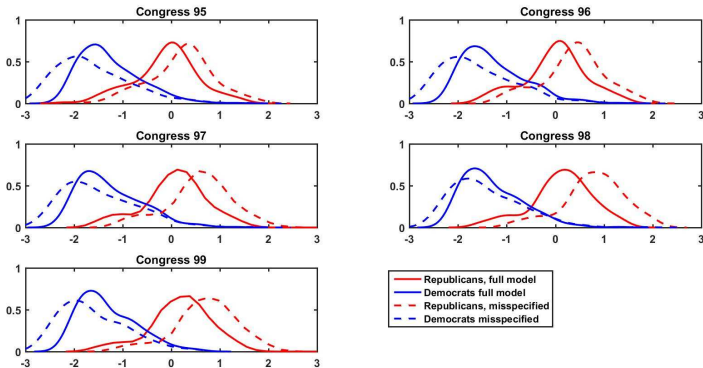


Ideologies (1)



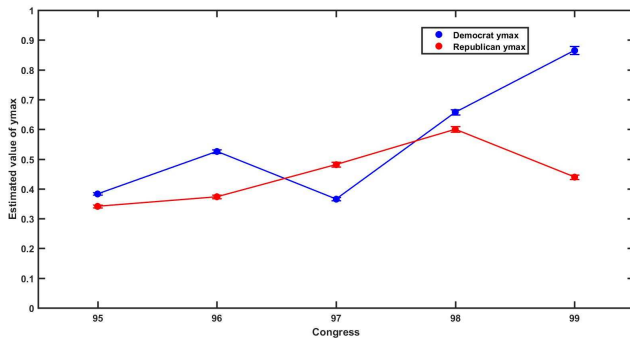
- Correlation between our estimates and DW-Nominate
 - strong, but not perfect, correlation
 - noticeable 'gap' introduced by party discipline (right graph)

Ideologies (2)



- 34 to 43% of *perceived* polarization is due to party discipline

Party Discipline Estimates

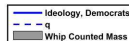
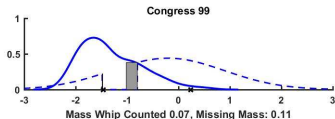
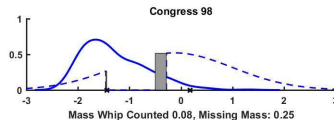
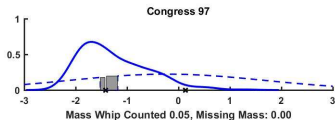
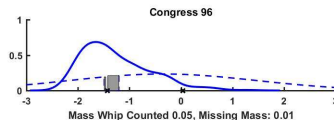
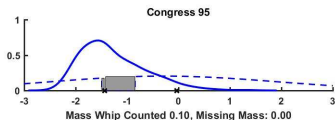
[► Estimates](#)

Which Bills are Whip Counted?

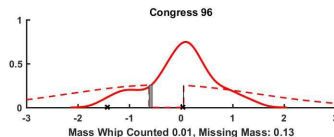
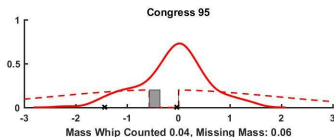
Distance from Marginal Voter to Party Median			
	Whip count	Roll call	p-value
Democrats	0.479	1.234	(0.000)
Republicans	0.910	1.163	(0.010)

- Model predicts whip counts are conducted for policies closer to the party's median (more difficult to pass)

Agenda-Setting (Democrats)



Agenda-Setting (Republicans)



Salient Bills

- How would the outcomes of votes on important bills have changed if parties exercised no discipline?
 - hold the policies themselves fixed

Salient Bills - Economic Policies

Bill	Data	Model	No Whipping
Increase of Temporary Debt Limit, (H.R.9290, Congress 95)	221	242	185
Increase of Temporary Debt Limit, (H.R.13385, Congress 95)	210	235	201
Increase of Temporary Debt Limit, (H.R.2534, Congress 96)	220	239	208
Depository Inst. Dereg. and Monetary Ctrl. Act of 1980, (H.R. 4986, Congress 96)	369	404	391
Inc. of Public Debt Limit, Make it part of Budget Process (H.R. 5369, Congress 96)	225	244	217
Economic Recovery Tax Act of 1981 (H.R. 4242, Congress 97)	284	329	276
Garn-St. Germain Depository Institutions Act of 1982 (H.R.6267, Congress 97)	263	279	327
Social Security Amendments of 1983 (H.R.1900, Congress 98)	282	299	230
Tax Reform Act of 1984 (H.R. 4170, Congress 98)	319	370	292

Salient Bills - Other

Bill	Data	Model	No Whipping
Aid to Turkey/Lifting of Arms Embargo (H.R. 12514, Congress 95)	212	193	147
Foreign Intelligence Surveillance Act of 1978 (H.R. 7308, Congress 95)	261	283	280
National Energy Act, 1978 (H.R. 8444, Congress 95)	247	271	258
Panama Canal Treaty, 1979 (H.R. 111, Congress 96)	224	243	180
Contra Aid, 1984 (H.R. 5399, Congress 98)	294	279	343

Policies Pursued

- Absent party discipline, the optimal policies pursued would have been different
- Look at two counterfactuals, accounting for change in policies themselves:
 - no party discipline
 - increase in ideological polarization (to DW-Nominate levels)
- Look at average effects because we don't know status quo or alternative for any particular bill

Bill Approval

	Congress				
	95	96	97	98	99
<i>Average Change in the Probability of Bill Approval</i>					
Democrats					
Baseline Probability (Main Model)	0.378	0.492	0.437	0.314	0.502
Main Model - No Whipping	0.035	0.066	0.009	0.037	0.098
Main Model - Polarized Ideology	-0.006	-0.011	0.011	-0.009	-0.022
Republicans					
Baseline Probability (Main Model)	0.237	0.210	-	-	-
Main Model - No Whipping	-0.033	-0.040	-	-	-
Main Model - Polarized Ideology	0.027	0.030	-	-	-

- Absent whipping, majority party is less likely to pass a bill, minority party more likely

Policies Pursued

	Congress				
	95	96	97	98	99
<i>Average Change in Pursued Policies, x_t</i>					
Democrats					
Main Model - No Whipping	-0.011	-0.017	-0.003	-0.020	-0.041
Main Model - Polarized Ideology	0.093	0.178	0.119	0.113	0.254
Republicans					
Main Model - No Whipping	-0.010	-0.015	-	-	-
Main Model - Polarized Ideology	-0.058	-0.045	-	-	-

- Increase in ideological polarization results in more extreme policies: farther left for Democrats, right for Republicans

Conclusion

- We find that approximately 40% of polarization is due to party discipline
 - institutional changes may reduce party power
- The effects of polarization are complex due to the endogeneity of policies
 - a reduction in party discipline reduces the probability of bills passing
 - a reduction in ideological polarization results in less extreme bills
- Our methodology allows us (under some assumptions) to ‘de-bias’ ideological estimates even in the absence of whip count data
 - preliminary results suggest party power has grown over time (in line with the scholarly view)

First Stage Estimates

Parameter	Congress				
	95	96	97	98	99
y^{max} , Democrats	0.383 (0.002)	0.526 (0.003)	0.366 (0.003)	0.658 (0.005)	0.865 (0.007)
y^{max} , Republicans	0.342 (0.003)	0.373 (0.003)	0.482 (0.004)	0.600 (0.005)	0.440 (0.004)
Aggregate Shock, σ_η			0.859 (0.230)		
Party Median - Democrats, θ_D^m	-1.431 (0.038)	-1.431 (0.038)	-1.420 (0.042)	-1.435 (0.040)	-1.462 (0.095)
Party Median - Republicans, θ_R^m	-0.036 (0.049)	0.042 (0.138)	0.134 (0.139)	0.181 (0.034)	0.236 (0.049)
N: 711, T: 315 Whip Counted bills, 5424 Roll Called bills					

Proposition 1

There exists a strictly positive cutoff cost of pursuing a bill, $\hat{C}_b > 0$, such that for all $C_b < \hat{C}_b$, the optimal alternative policies, x_t^{count} and $x_t^{\text{no count}}$, are unique and contained in (q_t, θ_D^m) for $q_t < \theta_D^m$, contained in (θ_D^m, q_t) for $q_t > \theta_D^m$, and equal to θ_D^m for $q_t = \theta_D^m$.

Proposition 2

Fix $C_b < \hat{C}_b$ such that the optimal alternative policies, x_t^{count} and $x_t^{\text{no count}}$, are unique and fix the cost of a whip count, $C_w > 0$. Then, we can define a set of cutoff status quo policies, $\underline{q}_l, \bar{q}_l, \underline{q}_r$, and \bar{q}_r , with $\underline{q}_l \leq \bar{q}_l < \theta_D^m < \underline{q}_r \leq \bar{q}_r$ such that:

- ① for $q_t \in [-\infty, \underline{q}_l] \cup [\bar{q}_r, \infty]$, the optimal alternative policy, $x_t^{\text{no count}}$, is pursued without conducting a whip count.
- ② for $q_t \in (\underline{q}_l, \bar{q}_l] \cup [\underline{q}_r, \bar{q}_r)$, the optimal alternative policy, x_t^{count} , is pursued and a whip count is conducted.
- ③ for $q_t \in (\bar{q}_l, \underline{q}_r)$, no alternative policy is pursued.

First Stage Likelihood

$$\begin{aligned}
 \mathcal{L}_D(\Theta_1; Y_{est,p}^{i,wc}, Y_{est,p}^{i,rc}) = & \\
 & \prod_{t=1}^T \prod_{n=1}^{N_D} \Phi(\tilde{M}V_{1,t} - \theta^i)^{Y_{est,p}^{i,wc}} \left(1 - \Phi(\tilde{M}V_{1,t} - \theta^i)\right)^{1 - Y_{est,p}^{i,wc}} \\
 & \times \Phi\left(\frac{\tilde{M}V_{2,t} - \theta^i \pm y_D^{max}}{\sqrt{2}}\right)^{Y_{est,p}^{i,rc}} \left(1 - \Phi\left(\frac{\tilde{M}V_{2,t} - \theta^i \pm y_D^{max}}{\sqrt{2}}\right)\right)^{1 - Y_{est,p}^{i,rc}}
 \end{aligned}$$