

“COMPENSATE THE LOSERS?” ECONOMIC POLICY AND THE ORIGINS OF U.S. PARTISAN REALIGNMENT*

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We argue that the Democratic Party’s evolution on economic policy helps explain partisan realignment by education. First, we document that educated Americans differentially oppose “predistribution” (e.g., job guarantees, higher minimum wages, protectionism, and stronger unions), while the educational gradient for redistribution (taxes and transfers) is close to zero. These relationships have been largely unchanged since the 1940s. Second, focusing on politicians and donors as key party actors, we show that the Democratic Party has moved away from predistribution since the 1970s. The number of predistribution bills introduced by Democratic House Speakers has declined by half since the 1970s. Unions—the traditional lobbying force for predistribution—see their share of Democratic Party PAC donations decline from 90% to 40% from 1968 to 1980, following 1970s legislation that facilitated corporate PAC donations. From 1980 onward, the Democrats rely increasingly on individual contributions from educated donors relative to the Republicans. We show the increased reliance on corporate PACs and educated donors is driven by the rise of a self-described “New Democrat” faction particularly conservative on predistribution and social issues. Finally, we trace the reaction of voters to these changes in the Democratic Party. Less-educated Americans begin to leave the party in the 1970s, after decades of serving as its base. We also show that in the crucial transition period of the 1970s through 1990s, New Democrat candidates outperform other Democrats among more-educated voters in both survey questions

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and actual Congressional elections. As the New Democrats are more socially conservative than other Democrats, their success with educated voters suggests that social issues alone cannot explain educational realignment. *JEL codes:* D72, D78, H1.

I. INTRODUCTION

Over the past few decades, less-educated voters in rich democracies have abandoned center-left parties, their political home for generations (Kitschelt and Rehm 2019; Gethin, Martínez-Toledano, and Piketty 2022).¹ In the U.S. context, many pundits have argued that less-educated voters who leave the pro-redistribution Democrats are voting against their economic self-interest. Scholars have proposed social issues (Lee and Roemer 2006; Gennaioli and Tabellini 2019; Inglehart 2020; Enke, Polborn, and Wu 2025; Grossmann and Hopkins 2024; Longuet-Marx 2025), misinformation (DellaVigna and Kaplan 2007; Martin and Yurukoglu 2017; Cruces, Perez-Truglia, and Tetaz 2013), or distrust in government (Kuziemko et al. 2015) to help explain this seeming puzzle. A recent review of this evidence by a commentator asked: “Is America too rich for class politics?”²

In this article, we focus on the American case and argue that reports of the death of class politics have been exaggerated. We separate economic policies into “predistribution” (policies that aim to change the earnings or income distribution before taxes and transfers, as described in Hacker 2011) and redistribution (taxes and transfers).³ We show that less-educated voters support predistribution significantly more than do educated voters, whereas the educational gradient for redistribution policies is close to zero. These patterns have been largely stable since the 1940s. What has changed, however, is that around the 1970s Democrats began to move away from predistribution, led by a growing “New

1. Two salient examples include less-educated voters breaking with Labour and supporting Brexit in the UK (Hobolt 2016) and fueling the two successful presidential campaigns of Donald Trump in the U.S. (Sances 2019).

2. See Levitz (2021). The basic argument that social issues are overtaking material concerns among U.S. voters dates back at least to Inglehart (1977).

3. To quote Hacker (2011, 35), predistribution is a “focus on market reforms that encourage a more equal distribution of economic power and rewards even before government collects taxes or pays out benefits.”

Democrat" faction explicitly skeptical of these policies. We also show that the educational gradient in Democratic identification—significantly negative since the 1940s—begins its upward shift at this same moment. We present a variety of evidence that it was the New Democrats—and not the "old" New Deal-style, pro-union Democrats—that attracted these educated voters. Importantly, the New Democrats were also more socially conservative than the "old," pushing against the idea that educated voters became Democrats based on social issues alone.

Our argument has three main steps, which we briefly detail here. First, we focus on demand for economic policies by education. To demonstrate that less-educated Americans differentially support predistribution, we harmonize hundreds of surveys asking respondents about the minimum wage, a federal job guarantee, unionization, and protectionist trade policies. This educational gradient remains relatively stable since at least the 1940s (with the exception that less-educated Americans have become significantly more protectionist over time). By contrast, there is no strong educational gradient for redistribution (e.g., higher taxes on the rich, welfare payments): in all cases the magnitudes are small and the sign depends on the exact policy. The strong preference of less-educated voters for predistribution relative to redistribution is, we believe, a novel result in the literature. Our estimates suggest that a four-year increase in education (e.g., going from a high school to a college graduate) pushes an individual rightward by an amount equal to 42% of the Democrat–Republican gap. Further, we show it is as stable and at least as large as educational divisions over social issues measured over the same period.

Second, we focus on the parties' supply of economic policies and show that since the mid-1970s, Democratic politicians and donors have moved away from the economic preferences of less-educated voters. We begin by focusing on congressional votes. Before the 1970s, predistribution-related topics accounted for nearly 20% of House votes in years the Democrats controlled the Speakership, but since then for only 10%. The redistribution share of House votes under Democratic leadership holds steady. We find a coincident decline in the financial influence of unions—the major lobbying force in support of predistribution policies—in favor of corporate political action committees (PACs), consistent with 1970s-era reforms codifying the legality of corporate PACs. Between 1968 and 1980, the union share of all PAC donations to Democrats falls from 90% to 40%, while remaining un-

changed (at a near-zero level) for Republicans. Finally, focusing on individual contributions, we show that from 1980 onward, the Democrats increasingly rely on educated donors relative to Republicans. In short, beginning in the 1970s, the party as a whole moves away from predistribution votes while increasing their reliance on donors hostile to predistribution.

To further study the supply side of economic policies, we identify an anti-predistribution faction within the Democratic Party and document its growth. We compile a list of New Democrats based on records from their official organization, the Democratic Leadership Council (DLC), as well as membership lists of aligned congressional caucuses. We show that the rise of the New Democrats occurs from the 1970s to the 1990s (after which their membership stabilizes at roughly half of all Democratic seats in Congress by the early 2000s). We analyze vote patterns to show that the New/DLC faction was generally more conservative than other Democrats but especially so on predistribution topics, consistent with their stated positions on these issues. Useful in adjudicating between “economic” versus “social issues” explanations of realignment, we show quantitatively that the New Democrats were also significantly more socially conservative than the rest of the party, again consistent with their public statements. Consistent with their shared opposition to predistribution, corporate PACs and educated donors significantly prefer New Democrats over other Democrats.

Third, we trace out voters’ reaction to these changes within the Democratic Party. First, we clean and harmonize over 1,000 surveys ($N \approx 2$ million) to precisely estimate the year-by-year evolution of party identification with respect to education since the early 1940s. In the 1940s, every additional year of education reduces the likelihood of identifying as a Democrat by 3 percentage points. This relationship holds with little change until an inflection point, which we estimate as occurring in 1976. Since then, the pace of realignment remains relatively steady. It is not until 2000 that the gradient reaches zero, and today it is essentially reversed from its 1940s–1960s baseline, with each additional year of education increasing Democratic identification by 3 points. Importantly, we estimate that the corresponding breakpoint in the trend for Republicans occurs much later, in 1992. To the best of our knowledge, previous studies of realignment have not identified an inflection point, an exercise we can perform only because of the large data set we have assembled.

As a further piece of evidence that economic policy played a role in realignment, we show a similar educational realignment when voters are asked to rate the economic policies of the parties. Since 1950, Gallup has asked which party will better keep the country “prosperous.” The less educated were consistently more likely to answer “Democrats” than were more-educated respondents in the immediate decades after World War II. Today, the less educated are more likely to name the Republicans as the party better for prosperity (a result that is robust to many controls, including own party identification).

Although it is reassuring to see that the educational gradient shifts at the same moment that the New Democrat movement begins, a key advantage of examining party factions is that it facilitates additional testable predictions regarding realignment. Our hypothesis predicts that Democrats should perform better with educated voters when a New/DLC Democrat represents the party than otherwise. We test this claim using survey questions on hypothetical election matchups from the pivotal years of the 1970s through the 1990s. Most of the Democratic presidential primaries in these years came down to a “New” versus an “old” Democrat (e.g., in 1984 “new” Gary Hart versus “old” Walter Mondale). We use survey questions that ask respondents for whom they would vote in hypothetical presidential elections (e.g., again, in 1984, we would compare answers to a hypothetical Hart-versus-Reagan election and a Mondale-versus-Reagan election). More-educated voters differentially vote for the Democrat when he is a “New Democrat” as opposed to an old-style Democrat.

Finally, we move to actual 1980s House election results. Using returns data disaggregated into granular geographic units (about 60 units per congressional district), we again show that more-educated neighborhoods differentially vote for Democrats when they are a DLC Democrat.

We use results from these exercises to gauge the role of the Democratic Party’s shift on economic policies and toward the New Democrat faction in explaining overall partisan realignment by education from the 1970s onward. Depending on the exercise and time period, we can explain 20% to 50% of realignment. We view this magnitude as large enough to show that shifts on economic policies have played an important and understudied role while leaving ample room for other factors not directly explored in this article.

In summary, we argue that changes in the Democratic Party's economic policy played a key role in partisan realignment by education. Voters' economic preferences by education have changed very little since the 1940s—today as then, less-educated voters appear to prefer a less market-based and more interventionist economic program that aims to promote domestic employment and wages. Starting in the 1970s, the growing New Democrat faction explicitly distances itself from these policies, and we show it is indeed more-educated voters who disproportionately find this faction attractive. We show that this timing is consistent with campaign finance reforms that reduced the within-party financial influence of labor unions, a traditionally low-education constituency in the Democratic Party. By the 1990s, DLC-aligned politicians and advisers controlled the Democratic agenda: a former president of the DLC (Bill Clinton) was in the White House and majorities of Democratic legislators joined DLC-aligned congressional caucuses. Our article shows that educational realignment began long before the 2016 election of Donald Trump made it a central topic of public discourse. We end most of our analysis in 2015, before Trump's election, but in the conclusion we discuss what post-2016 trends suggest about the future of party factions and realignment.

This study relates to recent work on the changing relationship between education and partisan identity (what Thomas Piketty has termed the “Brahmification of the left”). As noted, researchers have quantitatively explored many hypotheses to explain educational realignment (e.g., [Mutz 2018](#); [Kitschelt and Rehm 2019](#); [Sides, Tesler, and Vavreck 2019](#); [Inglehart 2020](#); [Enke, Polborn, and Wu 2025](#); [Besley and Persson 2021](#); [Bonomi, Gennaioli, and Tabellini 2021](#); [Zingher 2022](#); [Marble 2023](#); [Grossmann and Hopkins 2024](#); [Longuet-Marx 2025](#)), though none to our knowledge focuses exclusively on how well a purely economic policy-based mechanism performs. Other researchers have provided more qualitative and narrative evidence for this hypothesis (we benefited in particular from reading [Stein 2010](#), [Geismer 2022](#), and [Kazin 2022](#)).⁴ This more qualitative literature often identi-

4. While to the best of our knowledge economists have not examined the political demand for predistribution more generally, there are several papers on trade and immigration. See [Choi et al. \(2021\)](#) and [Autor et al. \(2020\)](#) on trade and [Mayda, Peri, and Steingress \(2022\)](#) on immigration.

fies the 1970s as a key moment of transition (which we also find in our quantitative analysis).

We differ from much of the existing realignment research by focusing on party factions, in our case, factions in the Democratic Party. Although there is a theoretical literature in political economy studying intraparty bargaining as an explanation for party platforms in multidimensional policy spaces (see [Roemer 1998](#); [Persico, Pueblita, and Silverman 2011](#)), there is little quantitative work. Intraparty bargaining is particularly important in majoritarian systems like the United States, where electoral competition generates strong pressure for few (often two) parties, so substantial preference aggregation happens within party. Our collection of new data on the New Democrat faction and showing that it was this conservative faction that differentially attracted educated voters allows us to more directly address the alternative view that educated voters became Democrats entirely because of their liberal positions on social issues.

We join a large literature in economics and political science that attempts to measure voters' preferences, particularly on economic issues. For the most part, past papers group together pre- and redistribution in a single "economic preferences" index. Other papers focus on redistribution explicitly.⁵ We document very different educational gradients for re- versus predistribution, suggesting that combining the topics into a single index may mask important heterogeneity.

We are related to a smaller economics and political science literature on predistribution versus redistribution. A distinguished theoretical literature in public finance ([Diamond and Mirrlees 1971](#)) and law and economics ([Kaplow and Shavell 1994](#)) has argued that ex post redistribution via taxes and transfers best implements egalitarian goals, making predistribution superfluous or even harmful. Two recent empirical papers ([Bozio et al. 2024](#) and [Blanchet, Chancel, and Gethin 2022](#)) argue that differences in pre-

5. For examples of papers that aggregate preferences into a single economic index, see [Ansolabehere, Rodden, and Snyder \(2006\)](#) and [Enke, Polborn, and Wu \(2025\)](#). The first component of the widely used DW-nominate is another measure often used to capture the economic ideology of legislators. For papers focusing on preferences for redistribution, see [Kuziemko et al. \(2015\)](#), [Ashok, Kuziemko, and Washington \(2015\)](#), and [Alesina, Stantcheva, and Teso \(2018\)](#). Recent and important exceptions are [Stantcheva \(2022\)](#) and [Dechezleprêtre et al. \(2022\)](#) examining how voters form views on policies not directly related to taxes and transfers, such as trade and climate change.

distribution better explain differences in inequality across countries than do differences in redistribution. Instead of the normative question of whether predistribution is an efficacious and desirable policy tool, in this article we focus on the positive questions of which voters support predistribution and whether the changes in partisan positions on predistribution can help explain observed shifts in partisan identity.

One point to emphasize is that predistribution fits awkwardly with workhorse models in political economy, which typically have voters maximize preferences over leisure and consumption (Meltzer and Richard 1981). Economists often suggest that output-increasing policies, such as free trade, can be made Pareto efficient by “compensating the losers” with generous transfers. Majority political support for Pareto-improving policies can be guaranteed via sufficient redistribution. Although influential, the Meltzer-Richard framework has not been met with overwhelming empirical success.⁶ If voters have preferences over pre-tax-and-transfer earnings as well as consumption, then economic policy is multidimensional and thus cannot be captured by a single tax rate (as in Meltzer-Richard) or a single index.⁷

The article proceeds as follows. Section II briefly introduces our data sources. In Section III, we document the strong, robust support among less-educated voters for predistribution policies and contrast this pattern with the much weaker educational gradient for redistribution. Section IV documents changes in the Democratic Party’s position on economic policies, focusing on politicians and donors. It also documents the rise of the anti-

6. For example, the model predicts that demand for redistribution should increase with pretax inequality, a result that is remarkably difficult to find in the data (see Bonica et al. 2013; Acemoglu et al. 2015; Ashok, Kuziemko, and Washington 2015).

7. Though not our focus, past work has suggested a variety of reasons why voters may care about pre-tax-transfer earnings per se. Following Adam Smith’s claim that “We desire both to be respectable and to be respected” (Smith 2010 [1759], 1.ii.3), voters might care about standing and status, making “compensation” as a “loser” unattractive. As a dimension of “respectability,” voters might have direct preferences over their beliefs that they are productive, as in Bénabou and Tirole (2016), and pretax income might be a signal of that productivity. Obscuring that signal with predistribution policy could be preferred by voters with priors that they are low productivity (whereas redistribution in modern tax systems tends to be rank-preserving). Alternatively, voters may believe that the tax and transfer system is more opaque, corrupt, or inefficient than more transparent policy interventions (Kuziemko et al. 2015).

predistribution New Democrat faction. [Section V](#) documents the reaction of voters to these supply-side changes. [Section VI](#) briefly considers alternative stories, though we mostly leave this work to future studies. [Section VII](#) concludes.

II. DATA AND METHODOLOGY

II.A. Data

This section briefly describes the survey data used in [Sections III](#) and [V](#). We provide greater detail on all data sources in [Online Appendix B](#).

1. Survey Sources. Although we include standard data sources such as American National Election Study (ANES), the General Social Survey (GSS), and the Cooperative Congressional Election Study, we also make heavy use of historical data from survey corporations, for the most part housed by iPoll at Cornell University. Many of these come from Gallup, which beginning in 1942 asks respondents their educational attainment and their self-reported partisan identification (along with standard demographics).⁸ Altogether, we have more than 2 million observations that include education and partisan identity, from 1942 until 2020. While education and partisan identity are asked in essentially all Gallup surveys from 1942 onward, Gallup often also asks views on specific policy questions (e.g., minimum wage, tariffs, taxes), which we also collect.

Many of these data sets have been used by past researchers, particularly in political science (see [Schickler 2016](#); [Berinsky 2019](#); [Caughey and Warshaw 2022](#)). In particular, we make use of the files Adam Berinsky and Eric Schickler cleaned and made public for the earliest decade of our analysis.

We believe our effort to harmonize over 1,000 surveys across eight decades is new to the literature. Surveys differ in how they pose policy questions (e.g., binary yes/no versus Likert scales), how they code education into different categories (and education

8. Many data sets require labor-intensive transformation from binary form. That is, the original raw data file contains only zeros and ones, so a question asking you to choose your preferred primary candidate among six options would be coded as six separate binary variables. We contracted with iPoll to perform these conversions, and they have already been made available on their website as SPSS and Stata data sets.

categories will naturally evolve over time as the population becomes more educated), and the income categories they use (mid-points must be hand-coded to render the variable useful across surveys). In each survey, states and regions can be mapped to FIPS or other numeric codes or simply to string variables based on their abbreviation or full name; age categories similarly vary. [Online Appendix Figure B.1](#) presents the data sources for each decade, separately for the partisan and economic policy preference analyses. To be consistent across data sets, we drop any respondent below the age of 21. Otherwise, we impose no sample restrictions.

2. Key Survey Questions. We provide illustrative examples of our pre- and redistribution survey questions. [Online Appendix Table B.1](#) shows the means of our eight topic areas. These questions emerge as the only eight egalitarian economic policies on which surveys consistently include questions over eight decades.⁹ Although these eight questions form the core of analysis, we supplement with other policies that are less consistently included in surveys.

i. Predistribution Questions.

- **Minimum wage.** We include questions that ask whether the respondent approves increasing the minimum wage. Typically, a new, higher level is proposed. An example from Gallup in 2013: “Would you vote for a law that would raise the federal minimum wage to \$9 an hour?”
- **Government job guarantee.** We include questions that ask respondents whether the government has the responsibility to provide a job for anyone who wants to work. An example from *Time* magazine in 1976: “Do you favor or oppose the passage of a full employment bill in which the government guarantees a job to everyone who wants to work?”
- **Support for unions.** Since the 1940s Gallup has asked individuals whether unions should have more, less, or the same amount of influence than they currently enjoy. It has also asked respondents’ “approval” of unions. ANES has asked re-

9. We do not include social insurance in this article because it is not specifically egalitarian across individuals.

spondents to place their view of labor unions on a 0–100 scale.

- **Trade policy.** In earlier years, Gallup typically asked about tariff levels. For example, in a survey from 1953 they ask: “By and large, do you favor higher or lower tariffs than we have at present?” In more modern data sets, the term “tariffs” is not often used, and instead respondents are asked whether there should be more or fewer “limits” on imports.

ii. Redistribution Questions.

- **Tax the rich more.** We begin with Gallup questions going back to the 1940s on whether there should be limits so that even the very rich do not pay more than half their income in taxes. We add GSS questions that ask whether the respondent considers that the amount high income earners are paying in taxes is too low.
- **Views on own taxes.** Since the 1950s, Gallup has asked respondents whether they view their own federal income taxes as fair, too high, or too low. We also rely on a very similarly worded question from the GSS.
- **Prioritizing tax cuts.** A variety of pollsters have asked respondents how strongly they prioritize tax cuts, even if the government would have to put off other goals, such as deficit reduction.
- **Transfers to the poor.** An example comes from the GSS: “Are we spending too much, too little, or about the right amount on welfare?”

II.B. Estimating Educational Gradients over Long Periods

One challenge faced by any long-run analysis involving educational attainment is that a given educational category can represent very different levels of selectivity at different points in time. As just one example, in 1940 only one-fourth of U.S. adults over age 25 had completed twelfth grade, whereas today nearly 90% have.

Our goal is to translate our education variable into the same units—years of schooling—across our eight-decade period. Most of our data sets include detailed categories of education, typically five to seven categories. The categories naturally shift over time, so a 1940s-era Gallup survey will often provide “less than fourth grade” as a category, whereas such a category would not exist to-

day. We then use the census (which records education in terms of years of schooling) to estimate years of schooling conditional on self-reporting a given educational category. Our preferred method (though we show robustness to alternatives) uses sex, race, year of observation (interpolated between census years), and birth cohort in 10-year bins to predict years of schooling conditional on a given category of education. In this manner, we can combine over a thousand data sets with different educational categories via a common metric.

We estimate the relationship between our main outcome variables—for example, economic policy preferences, partisan self-identification—and this *AdjYearsEduc* variable, separately by time period p (where p is often a single year when data permit or a four- or five-year period when data are more sparse). That is, for each time period p , we estimate:

$$(1) \quad y_i = \beta^p \text{AdjYearsEduc}_i + \mathbf{Age}_i + \mu_{s(i)} + e_i,$$

where y_i is the outcome of interest, $\mathbf{Age}_i$ are flexible controls for age (age fixed effects in five-year bins), and $\mu_{s(i)}$ are survey fixed effects, which subsume time fixed effects.¹⁰ In general, we view the unconditional covariance between education and preferences as our target parameter, with the exception of age, which we treat as a nuisance variable and thus try to absorb. Many of our main results plot the β^p values over time periods p to display long-run trends.

III. DEMAND FOR ECONOMIC POLICIES BY EDUCATION

This section provides evidence for one of our main claims: that less-educated voters differentially prefer predistribution relative to their more-educated counterparts, whereas the relationship between education and views toward redistribution is close to zero.

III.A. Main Result

Figure I displays the coefficients from equation (1), separately for our eight topic areas. Because the realignment literature emphasizes the “white working class,” we present results for the entire sample and a whites-only sample whenever possible. There

10. For example, if in $p = 1947$ we had a May and December Gallup survey and a May Roper survey, we would include three separate fixed effects.

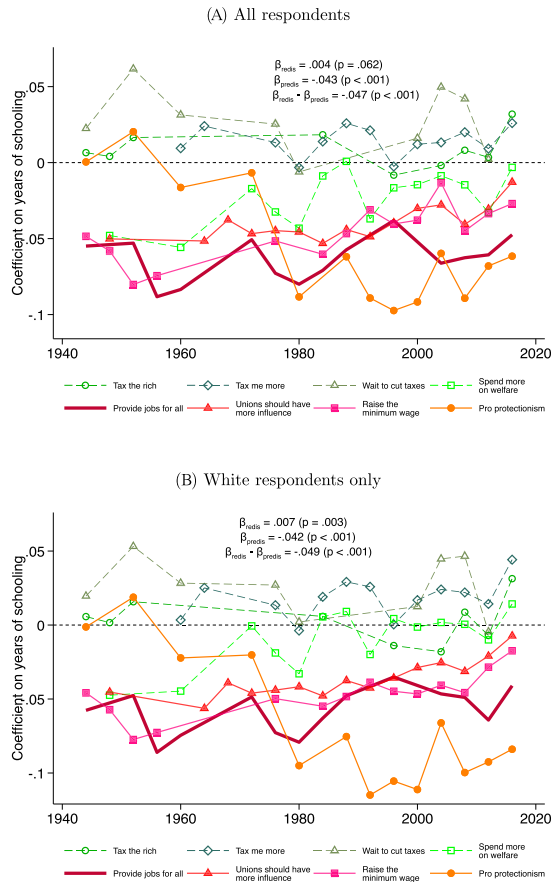


FIGURE I

Preferences for Pre- and Redistribution by Education

This figure plots the coefficients β^p from the following regression estimated separately for each four-year period p :

$$y_i = \beta^p \text{Adj.yearsof school}_i + \mu_{s(i)} + \text{Age}_i + e_i,$$

where y_i is the outcome variable for person i in survey $s(i)$; adjusted years of school is our predicted years of school based on the self-reported educational category provided by the respondent along with demographics and years (see [Section II](#)), $\mu_{s(i)}$ are survey (which subsume date) fixed effects, as we often have several surveys per period p , and Age_i is a vector of age-in-five-year-bin dummies. The outcome variables are standardized measures (mean zero and variance one) of support for the given policy. We suppress confidence intervals to reduce clutter, but we plot each policy question separately along with 95% confidence intervals in [Online Appendix Figure A.1](#). We use survey weights if provided (we divide by the mean of the weights by survey to ensure they all average to one). Panel B restricts the sample to white respondents only.

are also large educational gaps between whites and nonwhites, so readers might worry that in the full sample the educational gradient is actually arising from between-race differences in policy preferences instead of (within-race) variation in preferences by education.

To better compare the various outcomes in one graph, we standardize all outcomes to have a mean of zero and a standard deviation of one. If needed, a question is reoriented to be increasing in the left-wing (i.e., pro-predistribution, pro-redistribution) answer. Recall that we also include a fixed effect for our 310 surveys, which thus captures any changes in question wording. To avoid clutter we suppress confidence intervals but [Online Appendix Figure A.1](#) shows results for each outcome separately along with confidence intervals.

1. *Predistribution.* [Figure I](#), Panel A shows a strong, negative association between support for predistribution policies and years of education. In the first series, we show the educational gradient in support for a government job guarantee. Of all of our economic policy questions, this one is perhaps the most striking in that the magnitude of the gradient is both large and relatively steady over the eight-decade sample period. From the 1940s until today, an additional year of education reduces support by between 0.05 and 0.1 of a standard deviation. As we show in [Online Appendix Figure A.1](#), in each period this relationship is highly statistically significant.

The second series in Panel A shows a consistent negative association between years of education and support for the minimum wage. Since the 1970s, the educational gradient has been relatively steady: each year of additional education reduces support for the minimum wage by roughly 0.04 of a standard deviation. The educational gradient was somewhat larger in magnitude in the 1940s and 1950s. A similarly negative and robust pattern of coefficients is obtained when support for unions serves as the outcome variable (third series).

The final predistribution series documents the relationship between education and support for protectionist trade policies. Of all of our predistribution outcomes, support for protectionism has the least stable relationship with education over time. In the 1940s and 1950s, there is little educational gradient in views toward trade. In general, trade policy was not especially politically salient in the United States during the immediate postwar

decades and was not seen primarily as an economic issue but as a foreign policy tool to extend favorable trading terms to countries viewed as vulnerable to communist influence. As trade became more politically salient in the 1960s and 1970s, and as unions grew more opposed to it in light of the limits of trade-adjustment assistance, a strong negative educational gradient emerged. By the 1990s, trade had become the predistribution policy with the largest educational gradient.

As a summary measure, we include the β for all four predistribution questions averaged over the entire sample period, -0.044 ($p < .001$). To better understand this magnitude, consider two individuals, one with a high school degree and the other with a college degree. The latter's support for predistribution will be on average 0.176 of a standard deviation lower. To put this number in context, the Democrat/Republican difference in support for predistribution over our sample period is 0.34, so this four-year difference in education pushes someone in the Republican direction a distance that is half the average Democrat/Republican difference.

In [Figure I](#), Panel B we show that all of these results replicate in the white-only sample. Indeed, the summary β measure for predistribution is nearly identical to that in the full sample. In [Online Appendix Figures A.5](#) and [A.6](#), we further split the sample by income and by gender. The education gradients are similar across these subsamples.

2. *Redistribution.* Whereas the educational gradient for predistribution policies is large and negative, the gradient for redistribution is close to zero. For the full sample, the β summary measure is positive, but tiny in magnitude and not distinguishable from zero.

Both support for more progressive taxation and views that one's own taxes are not unfairly high are generally correlated with higher levels of education, although this relationship is not very large in magnitude. There is a somewhat stronger, positive gradient for willingness to delay tax cuts for other priorities, but again, the magnitude of this coefficient is smaller than for the predistribution questions.

On the spending side, we examine the educational gradient on support for transfers to the poor. Unlike our three tax questions, the pro-redistribution response to this question is negatively associated with education. But the magnitude of the coefficients is

always smaller than the coefficients on the predistribution questions, and there is a slight trend toward zero.¹¹

Figure I, Panel B shows that much of this negative gradient on welfare policy disappears when excluding nonwhites. Whites are significantly more likely to oppose welfare than nonwhites (see Online Appendix Figure A.4), and given they are also much more educated, much of the negative gradient in Panel A is coming from between-race differences in preferences. Among whites, education is only slightly correlated with more negative views toward welfare and by 1980 this relationship goes to zero. Other than welfare, there is little difference in the gradients for the white-only sample and indeed the summary gradient measure remains positive and very small (though it is now marginally significant).

In both panels, we show that we can easily reject equality of the β gradients on pre- versus redistribution. We believe this result is novel in the literature and suggests that essential insight may be lost by aggregating all economic policies into a single index of egalitarianism.

III.B. Related Results on Economic Policy Preferences

We focus on these eight questions because surveys have asked them frequently since the 1940s. In Online Appendix Table A.1, we show results for other pre- and redistribution questions for which we have a more limited sample period. For the predistribution policies of wage and price controls, the negative and significant gradient holds (for both the full sample and whites only). For taxes, the most striking result is the large positive gradient for the estate tax. The corporate tax also exhibits a positive educational gradient, though its significance depends on the sample. For transfer payments, we find similar patterns of smaller, negative gradients on support for food stamps that shrink for the whites-only sample.

As further evidence that respondents view pre- and redistribution as distinct policy approaches, we return to our main analysis sample and ask whether there is greater within-person correlation in support for policies of the same type. That is, while support for, say, the minimum wage is likely to predict support

11. Our estimation of slightly different educational gradients for taxes as opposed to transfers relates to Cavaillé and Trump (2015), who argue that voters respond differently to the “take from the rich” part of redistribution versus the “give to the poor” part.

for a redistribution policy like higher taxes on the rich (after all, all eight policies are egalitarian), does it have additional predictive power for another predistribution policy? This analysis can only be performed on the subsample of respondents that answer at least two policy questions, but for these observations, the claim strongly holds (see [Online Appendix Table A.2](#)). Indeed, while the correlation between support for policies of different types is positive and significant, it is twice as large for policies of the same type.

III.C. Robustness

1. *Demographic Compositional Change.* One challenge of long-run analysis is that demographic composition changes over time in a way that might complicate interpretation of the educational gradient. We show in [Online Appendix Figure A.2](#) that reweighting observations so as to hold fixed race $\times$ education composition to its late 1940s distribution does not change the results.

In the interest of space, [Online Appendix Table A.10](#) performs a number of robustness exercises and subsample analyses using a more concise, parametric approach: pooling all questions and regressing the response on a *Years educ.* $\times$ *Predis* interaction (along with all lower-order terms). We show in this table that there is no significant trend in the educational gradient in support for predistribution versus redistribution (this result can be eye-balled in [Figure I](#)). This result is robust to varying control variables and restricting to subsamples often highlighted in the realignment literature (e.g., whites, women, and Southerners). In [Online Appendix Figure A.3](#), we also show that the educational gradient in economic policy preferences remains largely unchanged even when we flexibly control for age, income, and gender.

2. *Changing Policy Environment.* Another challenge related to long-run analysis of policy preferences is that policies themselves change. To the extent respondents naturally consider the status quo in answering a question like “Do the rich pay enough in taxes?” we might worry that they answer differently in the high-tax 1950s than the low-tax modern era. If the policy status quo affects the answers of more and less-educated respondents differently (perhaps because the former have greater awareness), our β gradient estimates may be affected.

We take three approaches to addressing this concern. First, for our eight main economic policy questions, we control for the most relevant policy parameter and its interaction with education. For example, for the minimum wage question, we control for the average effective minimum wage in an individual's census division and year and its interaction with the education variable.¹² [Online Appendix Figure A.8](#), Panel A presents the results, which barely change relative to the baseline results in [Figure I](#).

Instead of choosing our own policy parameters separately for each question, [Online Appendix Figure A.8](#), Panel B interacts education with an omnibus policy measure, the Economic Liberalism index from [Caughey and Warshaw \(2016\)](#), again aggregated to the division-year level. Panel C reestimates our main specification interacting education with census division $\times$ year fixed effects, thus absorbing any arbitrary differences including those in the policy environment. In all cases, results remain substantively unchanged, and we conclude our results are not artifacts of changing policy environments.

III.D. Trends in Average Support for Predistribution and Redistribution

Given that educational attainment has increased over time, it is possible that overall support for predistribution versus redistribution has declined even if the educational gradient is stable. Moreover, support for predistribution across dimensions unrelated to education might be declining, and thus the Democrats might be moving away from a predistributionist agenda merely as a result of its diminishing popularity.

In [Online Appendix Table A.9](#), we show that predistribution appears on average more popular than redistribution over our sample period. Similarly, we find no evidence that predistribution has become less popular relative to redistribution over time (if anything, the opposite appears true).

12. Census division is the most disaggregated geographic identifier that we have for all of our policy questions. For the job guarantee, we calculate the division-year-level unemployment rate; for the unions question, the division-year-level union density; for protectionism, the division-year-level exposure to trade using data from [Feenstra \(1996\)](#), [Bernard et al. \(2009\)](#), and [Eckert et al. \(2020\)](#); for tax the rich, the average top marginal rate at the division-year level; for the remaining tax/transfer questions, the division-year share of households filing a tax return. To calculate these measures, we make use of data from [Kuziemko, Onorato, and Naidu \(2026\)](#), TAXSIM ([Feenberg and Coutts 1993](#)), and the U.S. Census.

A natural concern that complicates the interpretation of these results is that it is possible that predistribution questions are posed in a more positive way than redistribution or that these differences in question wording change over time.¹³ To address this concern, we compute sentiment scores for each question using [Loria et al. \(2018\)](#). [Online Appendix H](#) shows, first, that these scores indeed predict support for the policies, confirming that question wording matters. However, controlling for these scores has no effect on our estimates for the level or trends in support for pre- and redistribution.

A final point to highlight is that the stability of support for predistribution documented in this subsection alongside steadily increasing education levels suggests that the negative educational gradient we estimated in [Section III.A](#) is a relative concept and not an absolute one. Indeed, we show in [Online Appendix Table A.10](#) that our main gradient result—that support for predistribution relative to redistribution is negative and stable—holds when we instead use educational rank within cohort instead of years of education.

III.E. Educational Gradient on Social Issues

This article highlights a new fact—significantly different educational gradients among egalitarian economic policies, in particular between predistribution and redistribution. As noted in the introduction, recent literature on educational realignment has highlighted a positive educational gradient on liberal social issues ([Enke, Polborn, and Wu 2025](#); [Zingher 2022](#); [Marble 2023](#); [Grossmann and Hopkins 2024](#); [Longuet-Marx 2025](#)). To the extent that the educational gradient on liberal social positions has increased over time, it would present an alternative (but not mutually exclusive) story to ours, given Democrats are the more socially liberal of the two parties.

13. Even small differences in question wording can substantially affect the share of respondents who agree with a statement ([Schuman and Presser 1996](#)) and exact question wording is unlikely to remain perfectly identical over a long time period such as ours. Note that this concern is likely second-order in our estimates of the educational gradient, since we included separate fixed effects for each survey to absorb whatever differences in question wording might occur. But documenting levels of support precludes our absorbing the mean of each question and thus changes in question wording could have direct effects on our estimates of the popularity of these policies.

To the best of our knowledge, few if any papers have estimated the educational gradient on social issues over long periods, a task we take up in [Figure II](#), Panel A. Although this exercise naturally limits us to social issues that have remained in the public discourse over several decades, the gradients are remarkably stable for these ten questions (which capture prejudice toward various racial and sexual minority groups, gender roles, and sexual norms). In fact, less-educated Americans becoming more liberal than their more-educated counterparts on the question of divorce is the only major shift. This pattern holds for the white sample in Panel B.

Although this analysis shows that the educational gradient on social issues has not increased over time, it is of course still possible that social issues drive partisan realignment if these educated voters increasingly view the Democratic Party as aligned with them on these issues. So far, we have shown that educated voters have always been wary of predistribution while being liberal on social issues. To the extent that the parties are shifting on both predistribution and social issues over time, in a two-party system we have limited degrees of freedom to separate these effects ([Aldrich 1995](#); [Karol 2009](#); [Noel 2014](#)). This challenge motivates our focus on party factions in the next section.

IV. CHANGES IN THE SUPPLY OF ECONOMIC POLICY

We now turn to examining the supply of predistribution and redistribution by the parties. The first part of this section considers the economic positions of the parties as a whole, and the second part focuses on the positions of factions in the Democratic Party. Besides looking at legislative priorities and platforms, we document the decline of influence of pro-predistribution constituencies (unions) and the rise of anti-predistribution constituencies (corporations and educated individuals). For both types of analyses, we consider politicians and donors (unions, corporations, and individuals) as the key actors that determine party or faction positions, with particular attention to out-of-district donors, who cannot vote in the election but nonetheless shape candidates' positions. In the next section, we document voters' reaction to these positions—both in terms of which party they support and which faction within a party they support—and how these reactions are mediated by voters' education and views on the economy.

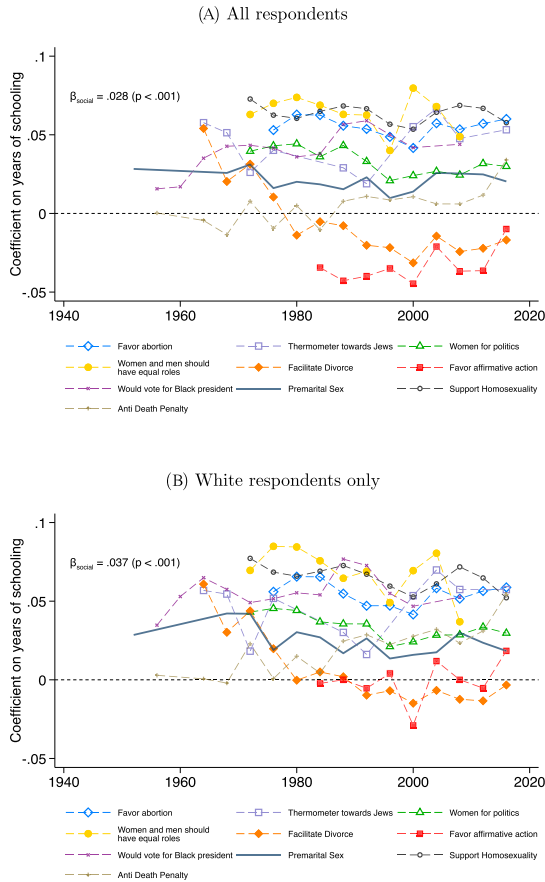


FIGURE II

Social Issue Preferences by Education

As in [Figure I](#), this figure plots the coefficients β^p from the following regression estimated separately for each four-year period p :

$$y_i = \beta^p \text{Adj. years of school}_i + \mu_{s(i)} + \text{Age}_i + e_i,$$

where y_i is the outcome variable for person i in survey $s(i)$; adjusted years of school is our predicted years of school based on the self-reported educational category provided by the respondent along with demographics and years (see [Section II](#)), $\mu_{s(i)}$ are survey (which subsume date) fixed effects, as we often have several surveys per period p , and Age_i is a vector of age-in-five-year-bin dummies. The outcome variables are standardized measures (mean zero and variance one) of support for the given policy. We suppress confidence intervals to reduce clutter, but we plot each policy question separately along with 95% confidence intervals in [Online Appendix Figure A.28](#). We use survey weights if provided (we divide by the mean of the weights by survey to ensure they all average to one). Panel B restricts the sample to white respondents only.

IV.A. Party-Level Analysis

1. *Party-Level Changes: Politicians.* We begin by documenting the changing character of economic policies the Democratic Party brings to a vote when they enjoy majority-control in a chamber of Congress. For this analysis, we make use of the Comparative Agendas Project (CAP) data set. CAP groups all congressional votes since 1947 into policy-related categories and subcategories. We take these categories as given and then place them into pre- and redistribution groups.¹⁴ We consider a bill as “predistribution” if it relates to labor market regulation (e.g., minimum wage, working conditions, union organizing), industrial policy and public works, and trade. For redistribution, we include tax and budget topics and transfer programs. We provide the exact groupings in [Online Appendix D](#).

We begin with the House because Democrats were in nearly constant control of this chamber in the postwar period until 1995 (and then again in the mid-2000s), allowing us a long time-series to study any changes in the composition of roll call votes while Democrats control the chamber.¹⁵ [Figure III](#) shows that predistribution figured prominently in the Democrats’ House agenda in the decades after World War II, accounting for roughly one-quarter of all votes. That share declines by nearly 10 percentage points after

14. See <https://www.comparativeagendas.net/> for the CAP website, which includes the data set we use in this section as well as many others. All CAP categories and subcategories, including their description and examples, can be found at https://comparativeagendas.s3.amazonaws.com/codebookfiles/Codebook_PAP_2019.pdf. We can also use an alternative bill classification data set from [Bateman, Katznelson, and Lapinski \(2018\)](#). In the interest of space we show in the main part of the article results using the CAP dataset and replicate the analysis in [Online Appendix D](#) using the [Bateman, Katznelson, and Lapinski \(2018\)](#) classification data.

15. Throughout the analysis in this subsection, we make the assumption that the party in control of the chamber of Congress controls the supply of roll call votes in that chamber. [Cox and McCubbins \(2005, 55\)](#) argue that the structure of House rules strongly favored the majority party, since Thomas Reed systematized House procedures in 1894, writing that “the rules of the legislative game have been heavily stacked in the majority party’s favor since the re-adoption of Reed’s rules in 1894.” The Republicans explicitly formalized this practice with the so-called Hastert Rule, and since Dennis Hastert’s speakership in 1999 do not bring to the floor of the House any measure that a majority of Republican House members do not support. Democrats do not publicly follow such a rule but the vast majority of roll call votes brought by Democratic Speakers enjoy the support of the majority of Democratic House members.

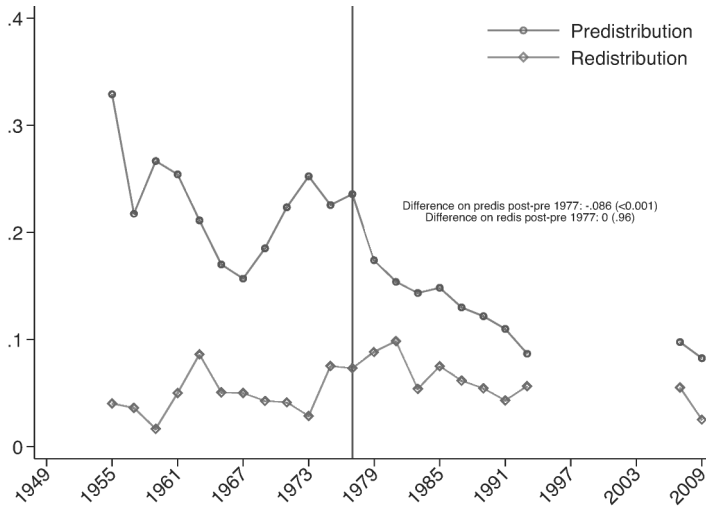


FIGURE III

The Pre- and Redistribution Share of House Roll Call Votes Under Democratic Leadership

This figure shows the share of pre- and redistribution roll call votes every year that the Democrats are in control of the House from 1947 until 2009. Breaks in the series are when Republicans control the House. The same graph in the Senate is shown in [Online Appendix Figure A.13](#). Robustness to using alternative classification from [Bateman, Katznelson, and Lapinski \(2018\)](#) is shown in [Online Appendix Figure D.1](#). See those sections for how we define pre- and redistribution but generally predistribution involves labor and employment topics, industrial policy, and public works, while redistribution involves taxes, transfer programs and the budget process. We test whether the share of roll calls devoted to predistribution (redistribution) is different before or after 1977, the first year of the Carter administration. We report the p -value of the test in parentheses.

1977 (following historians that date Jimmy Carter's presidency as marking the start of the New Democrat era, we compare before and after this point). The redistribution share of bills remains constant. [Online Appendix Figure A.13](#) shows similar results in the Senate, although the gaps in the series are somewhat more frequent.¹⁶

16. To bolster our claim that Democratic politicians moved away from pre-distribution policies starting in the 1970s, we turn to party platforms, using data from [Hopkins et al. \(2022\)](#). We look at the relative frequency of the words "minimum wage," "full employment," and words related to labor relations. [Online](#)

2. Party-Level Changes: Donors.

i. Decline of Union Finance. The 1970s saw massive changes in the regulation of campaign finance. As we detail in [Online Appendix G](#), a combination of reform-minded legislation, the Watergate scandal, and subsequent court cases massively reduced the relative influence of labor union PACs over the course of a few short years. Until the early 1970s, different laws had governed the political donations of union versus corporate PACs, with unions enjoying substantially more freedom. The mid-1970s reforms put them on the same legal footing, and corporations were now free to enjoy the benefits of their naturally deeper pockets.

Labor unions were natural constituencies for predistribution inside the Democratic Party. Labor unions have always lobbied for predistribution policies. For example, in 1960, the number one legislative priority for the AFL-CIO was raising and expanding the minimum wage, and the number two priority was “areas of chronic unemployment.”¹⁷ In the [Online Appendix](#), we show that union members were also quite supportive of predistribution, above and beyond redistribution. Using the same eight questions as in [Section III](#), [Online Appendix Table A.3](#) shows that respondents from union households systematically favor predistribution policies (minimum wage increases, job guarantees, protectionist trade policies, and greater union influence) while being neutral to slightly negative toward redistribution. On average, union households support predistribution by 0.306 of a standard deviation more than nonunion households but oppose redistribution by 0.007 of a standard deviation; the difference is statistically and economically significant ($p < .001$) and holds when excluding the “greater union influence” item. The magnitude is comparable to the overall Democrat–Republican gap in support for progressive economic policies, reinforcing that union respondents treat pre- and redistribution as distinct approaches.

To measure the declining financial influence of unions, we stitch together data from congressional hearings, watchdog groups, and Federal Election Commission reports to document the

[Appendix Figure A.12](#) shows that for all three sets of terms, there is a sharp decline in their use by the Democrats in their national platform starting in the 1970s and 1980s. By contrast, GOP platforms use these terms sparingly throughout the period.

17. *AFL-CIO News*, January 1960, 5.

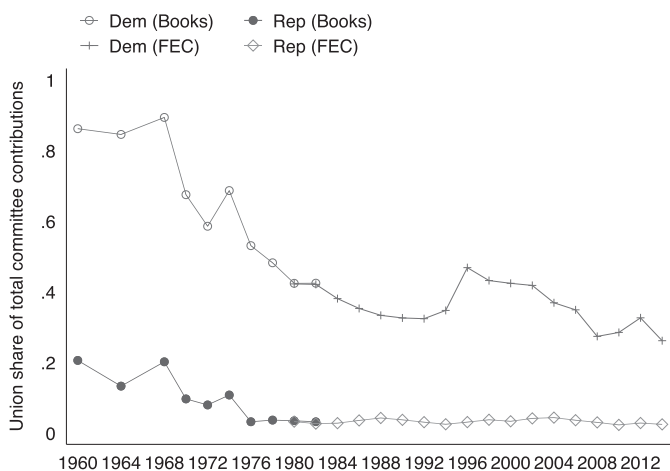
resulting effect on PAC donations by party (Figure IV). As Panel A shows, as late as 1968, unions accounted for nearly 90% of the Democratic Party's total PAC donations, whereas by 1980 that share had fallen to 40%. Because union PACs had never made substantial donations to the GOP, there is almost no decline in the union share for the GOP. As unions and corporations are the two main sources of PAC contributions, in Panel B we see the corresponding rise in the corporate share of PAC contributions to Democrats, from 10% to 45% over the 1970s. By contrast, the GOP corporate share only modestly increases from 70% to 80%.¹⁸ Note that the rapid decline in union share cannot be explained by the declining position of unions in the economy because both union and corporate PAC donations increase substantially in absolute terms during this period, but the latter far outpaces the former. Moreover, the timing of the union density decline—density peaks in the early 1950s and has been in gradual decline since then—does not line up with the rapid decline in the union PAC share in the 1970s.

While a formal causal analysis is beyond the scope of this article, we find it reassuring that the substantial and rapid decline in the relative financial influence of labor unions in the Democratic Party occurs just as the party (based on House votes) turns away from policies that the labor movement explicitly supports. Unions' pro-predistribution orientation and their dominance in Democratic Party financing kept the postwar Democratic party platform anchored toward predistribution, in a way that was not mirrored for redistribution, and the decline of their financial clout inside the party is a natural proxy for the decline of predistributionary prioritization in the Democratic Party.

ii. Individual Donations. The foregoing analysis showed that corporate PACs gained financial influence in the Democratic Party at the expense of labor unions, the traditional lobbying force for predistribution. This shift did not occur for the Republican Party. Did a similar evolution occur among individual donors, whereby the Democrats begin to rely on a group less supportive of predistribution? Although donors are often voters, we can focus on out-of-district donors in primary elections to isolate the “within-party”

18. This pattern is consistent with related evidence for the United Kingdom documented in Cagé (2020).

(A) Labor Unions



(B) Corporations

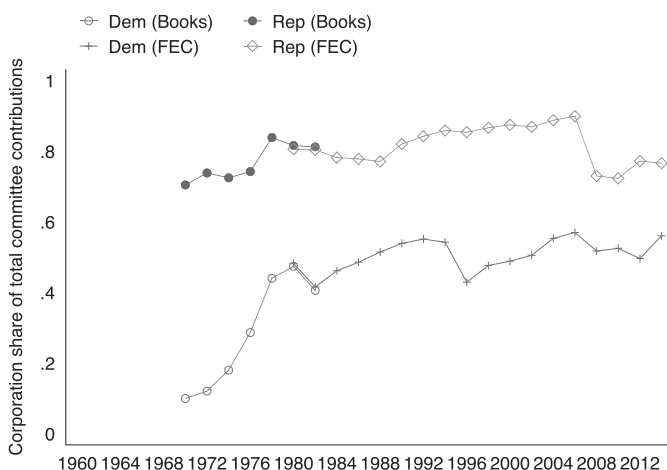


FIGURE IV

Share of PAC Contributions to Congressional Candidates from Labor Unions and Corporations

We plot in each election cycle the proportion of PAC contributions to congressional candidates originating from labor unions and corporations. Trade organizations are included in the “corporations” category. We exclude party PACs from the analysis to avoid double counting. We use data from the FEC and campaign finance books, as described in [Online Appendix G](#).

influence of educated donors, who we have shown are relatively opposed to predistribution.

We use data from [Bonica \(2016\)](#) to examine this question. We rely on the results from [Section III](#) and assume that donations from more-educated census tracts (the donations data unfortunately do not ask individuals' years of schooling) come from individuals on average less supportive of predistribution. A weakness of these data for our purposes is that they begin in 1980, so we cannot observe our key decade of the 1970s. A strength, however, is that we can separate donations into those for the primary and general election (such a distinction was not possible using our historical PAC data in [Figure IV](#)). We focus on the primary election because this contest speaks to within-party competition and ultimately determines the supply of candidates to voters in the general election.

[Figure V](#), Panel A shows that in the early 1980s Democratic primary candidates, relative to their GOP counterparts, are still somewhat less likely to rely on highly educated census tracts for their donations. By the late 1980s this difference disappears, after which point Democratic primaries are increasingly reliant on educated census tracts for their donations. By 2018, Democratic primaries are financed by places with 0.41 more years of education than are Republican primaries (a substantial difference given that the within-year, across-census tract standard deviation in years of education is only 1.56).

Interestingly, when we separate primary donations into whether they are coming from within or outside the district (Panels B and C, respectively), we see that educated out-of-district primary donors are already skewing Democratic by 1980. At a time when Democrats, relative to Republicans, still get most of their votes (and their local donations) from the less educated, they are already receiving more of their out-of-district donations from the educated. Importantly, throughout the period, Democratic candidates receive substantially more contributions from out-of-district donors than Republican candidates—by almost 10 percentage points—as shown in [Online Appendix Table A.7](#).

IV.B. Factional Analysis

So far we have shown that beginning in the 1970s, the Democratic Party moved away from emphasizing predistribution policies typically supported by labor unions and less-educated vot-

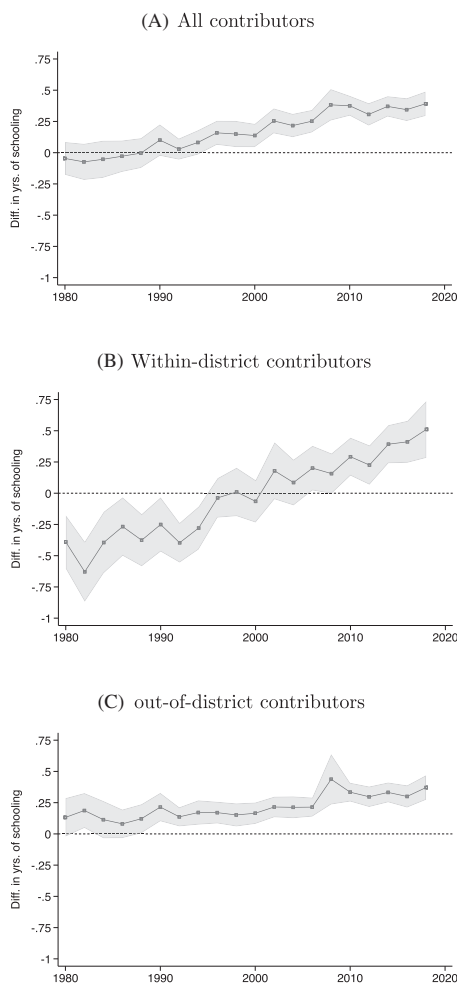


FIGURE V

Difference in the Average Level of Schooling of Primary Election Contributors for House Elections

The figure shows, in each election cycle, the difference in the average years of schooling at the census tract level for all primary-election donations between the Democratic and the Republican Parties. We weight this average by total dollars received (see [Online Appendix Figure A.11](#) for analogous results, but weighted by individual contributors). Panel A shows results for all primary contributors; Panel B for only within-congressional-district contributors (i.e., they are donating to candidates for whom they are eligible to vote); and Panel C for only out-of-district contributors (i.e., they live outside the district in which their recipient is running). [Online Appendix Table A.7](#) shows the difference in the proportion of out-of-district contributions received by Democratic and Republican candidates. [Online Appendix Figure A.10](#) shows the same patterns for the Senate.

ers. During the 1970s, campaign finance reforms removed the historical advantage unions had enjoyed over corporations in donating to political campaigns, a shift that primarily affected Democrats because unions had rarely contributed to the GOP in the first place. A similar shift toward donors from more-educated census tracts can be seen in Democratic primary races.

Given the large and sudden decline in the union share of donations to the Democratic (but not Republican) Party, it would be surprising if an anti-predistribution group did not emerge within the party. We document that such a faction did indeed emerge in the 1970s and that they differentially benefit from corporate PAC donations and contributions from educated donors. We further document that this faction was also socially conservative, a fact that will prove useful in disentangling the drivers of voter realignment in [Section V](#). The remainder of this section is purely empirical, but in the [Online Appendix](#), we provide a model that formalizes the role of factions in party competition.

1. *Factional Analysis: Politicians.*

i. Background. Historians and political scientists have argued that Democrats who entered the political scene in the 1970s were distinct from their predecessors, especially on economic issues. “New Democrats, often from suburban, affluent districts, made it a badge of honor that they were not New Dealers” ([Stein 2010](#), 11). Many entered Congress in the first post-Watergate election of 1974 (and were known as the Watergate Babies), had particular interest in the technology sector and other high-skill industries (and gained the nickname Atari Democrats). “The freshman Democrat today is likely to be an upper-income type and that causes some problems with economic issues,” noted the AFL-CIO general counsel at the time (quoted in [Stein 2010](#)). “[New Democrats’] efforts were backed by connections to finance and corporations rather than organized labor” ([Mudge 2018](#), 291).

There is no official list of New Democrats, so to facilitate quantitative hypothesis testing, we often focus on the largest and most influential organization associated with the movement, the DLC, which operated from 1985 to 2011. We have been able to obtain official membership lists for 1985, 1986, 1991, 1993, and then 1997 onward. We define a member of Congress as DLC for their

entire career if they ever appear on any of these lists.¹⁹ Note that the gaps in our membership lists mean we will have some type II classification errors in the late 1980s and early 1990s.

Although we support this point with quantitative evidence, it is worth emphasizing that DLC rhetoric was explicitly skeptical of predistribution policies. In his memoirs, DLC founder Al From specifically criticizes all four of the predistribution policies we examine in [Section III](#). As one example, he emphasizes his group's break with the "old" Democrats' tolerance of protectionism: "Our [the DLC's] pro-trade stance clearly reinforced our message that we were different from the old Democrats" ([From and McKeon 2013](#), 68). Notably, this position was framed as a departure from the party's more recent turn toward protectionism rather than from its longer historical stance. Consistent with the limited salience of trade policy mentioned above, a Cold War, bipartisan consensus held that the United States should extend favorable trading terms to countries viewed as vulnerable to communist influence, and trade liberalization was typically justified in those strategic terms. This equilibrium changed as unions confronted intensifying import competition and questioned the effectiveness of trade-adjustment assistance ([Karol 2009](#); [Stein 2010](#)), making trade more politically salient. The DLC explicitly rejected protectionism after it became a prominent predistribution policy associated with Democrats.

As another example, on the minimum wage, From writes, "The bottom line was that the country and economy had changed, and the minimum wage, so important in the New Deal, had ceased to be an effective way to help the working poor" ([From and McKeon 2013](#), 121). From often describes unions as a major obstacle to passing DLC-favored policies: "But we needed to change our policy, and I wasn't about to give the unions or any other constituency group a sign-off on what we recommended" ([From and McKeon 2013](#), 39). The DLC was also opposed to public jobs programs and in fact called for the elimination of over 250,000 federal government jobs.

19. Please see [Online Appendix E](#) for greater detail on our definition of a DLC member and our methodology for acquiring membership lists. While the DLC officially closed in 2011, in 1997 both House and Senate Democrats associated with the DLC formed New Democrat caucuses, which existed until the end of our sample period. We thus call anyone who is on an official DLC membership list or a member of the New Democrat Caucus a DLC member.

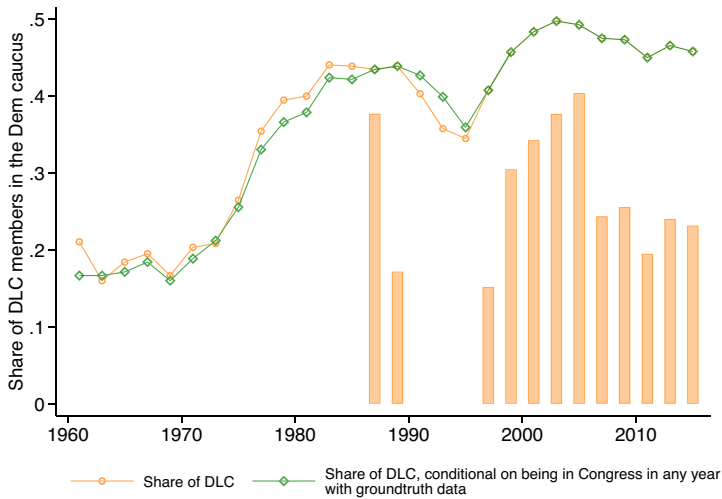


FIGURE VI

Evolution of Democratic Leadership Council Membership in Congress

The figure shows the evolution of the share of House Democrats belonging to the Democratic Leadership Council (DLC). We combine several sources (e.g., original membership lists as well as membership in DLC-aligned House caucuses) to determine DLC membership, detailed in [Online Appendix E](#). The solid bars show the shares of DLC members for the years for which we have actual records of membership. The series with hollow circles (orange) shows the raw evolution of (interpolated) DLC membership. We assume that any politician on any DLC list is a member for life, so the DLC share is nonzero even in years where we are missing actual membership information. The series with hollow diamonds (green) shows the evolution of the share of DLC members among politicians who were serving in the House during at least one year for which we have actual DLC membership lists (so this series captures the DLC share among representatives who could possibly appear on one of our DLC lists). Given data collection, DLC is likely underestimated from 1987 to 1996 because we will likely miss any DLC Democrat who served only during those years.

ii. Rise of the “New Democrat” Faction. [Figure VI](#) documents the evolution of the DLC as a share of all Democratic House members. The DLC enjoyed robust growth since its founding in 1985 (we attribute the small dip in the 1990s to our missing membership lists for several years during this time). By the early 2000s, almost half of Democrats in the House were DLC members. We show a similar, if somewhat larger, growth in the Senate ([Online Appendix Figure A.9](#)) and note that official DLC lists included governors and local politicians.

When did the types of politicians who would become DLC members first appear in Congress? Although the DLC did not officially exist until 1985, we can observe the share of representatives who would become DLC members before this date, and we track the “eventual DLC” share going back to the 1960s in [Figure VI](#). We see the DLC members begin to enter Congress in greater numbers in the 1970s, consistent with historical accounts. This trend holds even when we limit the sample to representatives who are in Congress the same years as we have DLC lists (second series) to control for sample bias.

iii. Roll Call Voting Patterns. We begin our exploration of by-faction differences in roll call voting patterns by estimating the following baseline regression to assess whether the DLC tends to vote more conservatively (i.e., in line with Republicans) than do other Democrats:

$$(2) \quad Yea_{ir} = \beta DLC_i \times MeanRepub_r + \eta_r + \gamma X_{ir} + e_{ir}.$$

The outcome is representative i voting “yea” on roll call bill r ; DLC_i is a dummy for whether i belongs to the DLC; $MeanRepub_r$ is the share of GOP representatives who voted for bill r ; η_r are roll call vote fixed effects (which subsume year or congressional session fixed effects); X_{ir} are controls that we vary to probe robustness; and e_{ir} is the error term. We estimate this regression only for Democrats, so the DLC dummy represents the difference between DLC Democrats and other Democrats. We include the vector η_r of roll call vote fixed effects (so that each vote receives its own dummy) given the evidence in [Figure III](#) that the composition of votes has changed across time.

[Table I](#), column (1) estimates [equation \(2\)](#) on all bills. Relative to other Democrats, when the share of Republicans voting for a bill increases by 10 percentage points, the probability a DLC member votes for a bill increases by 1.48 percentage points, confirming that DLC Democrats are significantly more conservative than other Democrats.

Our main hypothesis is that DLC-affiliated representatives are differentially more conservative on predistribution issues. Column (2) adds an interaction between $DLC_i \times MeanRepub_r$ and a *Predistribution* dummy (as well as all corresponding lower-order interaction terms). The results indicate that for a non-predistribution bill, a 10 percentage point increase in the GOP share for a vote increases the DLC probability of voting in favor

TABLE I
DEMOCRATIC HOUSE MEMBERS' ALIGNMENT WITH REPUBLICAN VOTING

	Dependent variable: Voted yea				
	(1)	(2)	(3)	(4)	(5)
<i>DLC</i>	-0.082*** (0.001)	-0.077*** (0.002)	-0.077*** (0.002)	-0.076*** (0.002)	-0.073*** (0.002)
<i>DLC</i> × <i>MeanRepub</i>	0.171*** (0.002)	0.163*** (0.002)	0.163*** (0.002)	0.164*** (0.002)	0.159*** (0.002)
<i>DLC</i> × <i>Predis</i>		-0.038*** (0.004)	-0.037*** (0.004)	-0.037*** (0.004)	-0.040*** (0.004)
<i>DLC</i> × <i>Predis</i> × <i>MeanRepub</i>		0.060*** (0.006)	0.060*** (0.006)	0.060*** (0.006)	0.065*** (0.006)
<i>DLC</i> × <i>Redis</i>			0.005 (0.007)	0.005 (0.007)	0.003 (0.007)
<i>DLC</i> × <i>Redis</i> × <i>MeanRepub</i>			0.002 (0.010)	0.002 (0.010)	0.007 (0.010)
<i>DLC</i> × <i>Social</i>					-0.021*** (0.005)
<i>DLC</i> × <i>Social</i> × <i>MeanRepub</i>					0.046*** (0.007)
Roll call fixed effects	X	X	X	X	X
State × Congress fixed effects				X	X
Linear combination of estimates:					
<i>Predis</i> – <i>Redis</i>			0.058*** (0.011)	0.058*** (0.011)	0.058*** (0.011)
<i>Predis</i> – <i>Social</i>					0.019** (0.009)
Observations	3,374,788	3,374,788	3,374,788	3,374,788	3,374,788

Notes. The table shows the extent to which Democrats are voting with Republicans. The dependent variable is a dummy equal to one if the House member votes yea. The independent variable *MeanRepub* is the share of Republican House members who voted yea on that bill. *DLC* is a dummy variable equal to one if the House member is part of the DLC caucus. *Predis*, *Redis*, and *Social* are dummy variables equal to one if the vote is about predistribution, redistribution, and social issues, respectively. We use the classification from the Comparative Agendas Project. All columns control for roll call fixed effects, and column (5) controls for state and year fixed effects. We show the difference between the coefficient on *DLC* × *Predis* × *MeanRepub* and *DLC* × *Redis* × *MeanRepub* as well as *DLC* × *Predis* × *MeanRepub* and *DLC* × *Social* × *MeanRepub* in the table statistics. The sample covers roll call votes between 1970 and 2014. We exclude roll calls for which no representative voted Yea, as well as those for which more than 90% of representatives voted Yea. The equivalent table with the Bateman, Katznelson, and Lapinski (2018) classification is displayed in Online Appendix Table D.3. Standard errors clustered by roll call are in parentheses. * $p < .1$, ** $p < .05$, *** $p < .01$.

by 1.66 points, but for a predistribution bill that effect is 2.26 percentage points (36% larger).²⁰ Column (3) shows that in contrast to predistribution, DLC House members are no more conservative on

20. Note that the *DLC* × *Predis* coefficient has no clean interpretation and will depend on whether the particular bill is for or against predistribution.

redistribution than they already are on all other bills. The DLC's differential conservatism on predistribution relative to redistribution is statistically significant (and remains so with additional controls, column 4).

The final column considers bills that the CAP data categorizes as social-issue topics. We again find that while the DLC are more conservative overall than other Democrats, this difference is especially pronounced on social issues.²¹

In sum, while DLC Democrats are more conservative than other Democrats generally, this difference is especially pronounced on predistribution and social issues.

2. *Factional Analysis: Donors.*

i. PAC Donations. We return to donors and show that the rise in corporate PAC donations and individual donations from well-educated census tracts that we documented for the Democratic Party as a whole is especially pronounced among DLC Democrats.

We assemble new candidate-level measures of PAC support from the Federal Election Commission (FEC) universe of PAC-to-candidate contributions. We classify each PAC by the legal form of its connected organization (FEC Form 1, Line 5(e)) and, for each candidate, separate receipts from corporate-connected and labor organization PACs. Using these measures, Table II shows that relative to other Democratic candidates, DLC Democrats receive substantially less from labor-connected PACs and substantially more from corporate-connected PACs. Table II focuses on primary elections, as we view them as more direct inputs into the party's candidate supply.

We also manually classify PACs that advocate progressive social positions. Consistent with their more conservative stances on social issues as captured in Table II, DLC members rely less on progressive social-issue PACs than do other Democrats, consistent with the congressional voting patterns documented above.

21. As a check, we looked up particularly hot-button pieces of legislation in the 1990s and 2000s. Relative to other Democrats, DLC members were more likely to vote for the Defense of Marriage Act of 1996 (by 16 percentage points), the Partial-Birth Abortion Ban Act of 2003 (7 percentage points), and the Border Protection, Anti-terrorism and Illegal Immigration Control Act of 2005 (10 percentage points). Each of these bills garnered nearly unanimous support among Republicans.

TABLE II
PRIMARY DONORS' AVERAGE EDUCATION BY CANDIDATE'S DLC STATUS

	All contributions		Within district		Out-of-district	
	(1)	(2)	(3)	(4)	(5)	(6)
DLC	0.111*** (0.022)	0.144*** (0.024)	0.122** (0.058)	0.061 (0.054)	0.111*** (0.018)	0.160*** (0.027)
Year × state fixed effects	X	X	X	X	X	X
Weighting	Amount	Contributors	Amount	Contributors	Amount	Contributors
Number of DLC candidates	1,594	1,594	1,509	1,509	1,581	1,581
Mean of dependent variable	14.718	14.607	14.421	14.346	14.838	14.696
Observations	737,995	738,793	101,309	101,330	636,667	637,444

Notes: The table shows the difference in the average education level of primary contributors giving to DLC candidates compared to non-DLC Democratic candidates. We regress the average years of schooling of each contributor for the Democrats at the primaries on whether the candidates are affiliated with the DLC. We use each donor's census tract average education as a proxy for their education. Columns (1), (3), and (5) weight them by amount, while columns (2), (4), and (6) weight by distinct contributors. [Online Appendix Table A.8](#) shows similar results when election losers are included and DLC status is predicted using our machine-learning algorithm as described in [Online Appendix E](#). Standard errors (in parentheses) are clustered by year. $p < .1$, $^{**} p < .05$, $^{***} p < .01$.

TABLE III
PACs' PRIMARY CONTRIBUTIONS BY CANDIDATE'S DLC STATUS

	Unions		Corporate		Socially progressive	
	(1)	(2)	(3)	(4)	(5)	(6)
DLC	-0.096*** (0.006)	-0.071*** (0.006)	0.066*** (0.005)	0.049*** (0.005)	-0.003*** (0.001)	-0.002*** (0.001)
Year fixed effects	X	X	X	X	X	X
State fixed effects		X		X		X
Mean of dependent variable	0.364	0.364	0.261	0.261	0.010	0.010
Observations	3,861	3,861	3,861	3,861	3,870	3,870

Notes. This table reports estimates from candidate-by-election regressions of the form $Share_{jtc} = \beta DLC_j + \delta Incumbent_{jt} + \epsilon_{jtc}$, where $Share_{jtc}$ denotes the share of primary contributions of type $c \in \{\text{Labor, Corporate, Progressive}\}$ received by candidate j in election cycle t . Columns (1) and (2) report the difference in labor union PAC contributions between DLC-affiliated and non-DLC candidates; columns (3) and (4) for corporate PACs; and columns (5) and (6) for socially progressive PACs, which include pro-choice PACs, PACs advocating gender equality, and PACs promoting LGBT+ rights. The sample is restricted to Democratic candidates who ultimately won the general election, since DLC status is unavailable for those who did not serve in the House. Data are from the FEC. Robust standard errors are reported in parentheses. * $p < .1$, ** $p < .05$, *** $p < .01$.

ii. Individual Donations. Earlier in the section we documented the Democrats' increasing reliance on more-educated census tract in primary contests, and here we ask whether the anti-predistribution faction of the party, the DLC, are differentially reliant on these educated areas relative to other Democrats. The first column of Table III documents the differential DLC reliance on educated census tracts when we pool both within- and out-of-district donations. For this sample, the average DLC primary donation comes from a census tract that is 0.09 years more educated relative to the average non-DLC donation. The remaining columns show that the DLC's reliance on educated census tracts comes mostly from out-of-district donations. Indeed, when only local contributors are considered in column (4), the difference in the education level of donation census tract is smaller and insignificant. But for out-of-district donations (columns 5 and 6), the typical DLC census tract is over 0.1 years more educated than that for other Democrats. Thus, DLC candidates are relying on educated donations, in particular from outside their district, which reduces the concern that changes in local demand from voters in their district are compelling DLC candidates to vote against policies favored by less-educated voters such as predistribution. The educated are increasing their influence in the Democratic party by becoming national contributors to out-of-district primary races,

more than by being a pivotal constituency in local district primary races, and their preferred candidates are the economically and socially conservative DLC faction.²²

We have presented a variety of evidence that the Democratic party swung against predistribution in the 1970s. This pivot can be seen in the legislative agenda, party platforms, the decline of union finance and the rise of corporate and educated out-of-district donors, and particularly the rise of an explicitly anti-predistribution (and socially conservative) faction, the New Democrats/DLC, that in turn benefited from the changes in internal party financing.

V. HOW DO VOTERS REACT TO THE CHANGING SUPPLY OF ECONOMIC POLICIES?

We have so far shown that economic preferences by education are relatively stable over time, with the less educated showing a strong preference for predistribution policies. By contrast, the Democratic Party moves away from these policies in the 1970s, as a faction explicitly skeptical of predistribution gains influence. Here, we track the reaction of voters, both in terms of the party with which they identify as well as the within-party faction they prefer.

V.A. *When Did Educational Realignment Begin?*

In [Figure VII](#), we estimate [equation \(1\)](#) with an indicator variable for Democratic party identification as the outcome variable (so Republicans, independents, or any other response are coded as zero). As usual we include age-in-five-year-bin fixed effects and survey fixed effects. We perform this regression separately by year, so the coefficients on the age fixed effects are unrestricted across time.

Relative to existing literature, the novel result from this analysis is the clear inflection point in the 1970s. From the 1940s until the mid-1970s, an additional year of education predicted that a respondent was roughly 3 percentage points less likely to identify as

22. One challenge in using election data to study factions such as the DLC is that in many years our DLC lists come from the DLC-affiliated congressional caucuses, so the DLC status of election losers is hard to observe. Reassuringly, our main result holds whether we restrict the sample to election winners or use ML techniques to predicted the DLC status of losers. See [Online Appendix E](#).

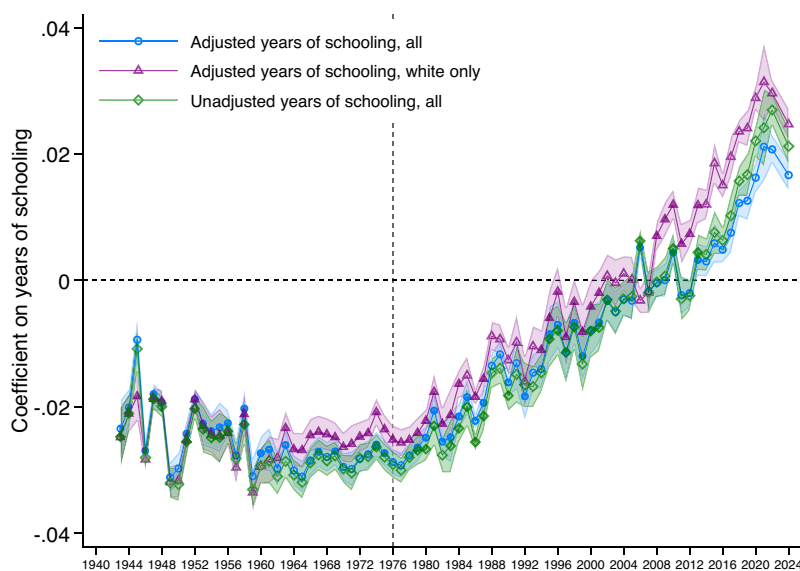


FIGURE VII

Democratic Party Identification as a Function of Education

The first series plots the estimated β_t from the following regression estimated separately for each year t :

$$Democrat_i = \beta_t Adj. \text{ years of school}_i + Age_i + \mu_{s(i)} + e_i,$$

where $Democrat_i$ is an indicator for whether person i identifies as a Democrat (as opposed to a Republican, independent, other, or nothing, all coded as zero); $Adj. \text{ years of school}_i$ is our predicted years of schooling based on the self-reported educational category provided by respondent i along with demographics and years (see Section II); Age_i is a vector of age-in-five-year-bin dummies; $\mu_{s(i)}$ are survey (which subsume date) fixed effects, as we often have several surveys per year (for surveys like the GSS that span years, we have a separate fixed effect for each year). The second series replicates the first but includes only white respondents. The third series replicates the first but instead of using our $Adj. \text{ years of school}$ assigns those with “high school or less” as 10, “some college” as 14, and “college or more” as 17 years of schooling. A Chow test identifies 1976 as the break point in the trend. We use survey weights (transformed to average to one within each survey) if provided. The shaded areas show the 95% confidence intervals.

a Democrat. While largely stable, the magnitude of this negative relationship if anything grew in the 1960s and early 1970s. But shortly thereafter, the slope goes from roughly flat to positive and remains so to this day. As a result, the relationship today is almost exactly the inverse of that after World War II: an additional year of education predicts a respondent is 3 percentage points more

likely to be a Democrat. As usual, we show robustness to dropping nonwhites (second series), and we show robustness to using nonadjusted years of schooling (third series).

The large data set we assembled ($N \approx 2.2$ million observations from 1,006 surveys) allows us to credibly estimate an inflection point (see [Online Appendix Figure A.14](#)). We identify the year τ that minimizes the sum of squared residuals of the equation:

$$Dem_{it} = \beta_0 + \beta_1 edu_{it} + \beta_2 edu_{it} \cdot \mathbb{1}\{t > \tau\} + \mathbf{Age}_i + \mu_{s(i)} + u_{it},$$

following [Bai and Perron \(1998\)](#). We normalize the survey weights so that each year is given the same weights in the estimation. The data choose 1976 as the inflection point. We also show in the [Online Appendix](#) that finding an inflection in the 1970s is robust to various changes in specification or subgroups (e.g., restricting to whites yields a very similar 1978 inflection point).²³

The patterns documented in [Figure VII](#) are robust to alternative specifications. We show in [Online Appendix Figure A.21](#) that using rank in education gives very similar results. We show in [Online Appendix Figure A.22](#) that controlling for basic respondent covariates such as income, gender, region, and race do not change the timing of the realignment patterns. [Online Appendix Figure A.23](#) shows the education gradient separately for individuals above or below the median income and for women and men. Last, to account for potential historical shifts in demographic composition, we conduct a sensitivity check where the *race* $\times$ *education* population's composition is held constant to its late 1940s distribution. [Online Appendix Figure A.24](#) shows that the observed political realignment patterns are not merely a consequence of increased educational attainment over time.

Another natural question is how realignment based on education compares to realignment based on other class markers such as income. [Online Appendix Figure A.16](#) uses the (considerably smaller) subsample of respondents that also has family income information to perform this comparison. Realignment by income is much smaller than realignment by education (in this exercise,

23. [Online Appendix Figure A.15](#) shows that there is no corresponding movement in overall Democratic party identification in the 1970s (either in aggregate or even just among whites), so roughly speaking realignment shuffled voters across partisan identities but did not benefit one party over the other. In fact, the Democratic share of two-party partisan identification is remarkably stable over time (and even including independents in the denominator, there is only a very gradual decline since the 1950s with no inflection point in the 1970s).

both explanatory variables are standardized), though like education the gradient switched from negative to positive over time. Moreover, controlling for education almost fully erases any income realignment, though some small post-2012 realignment remains. By contrast, controlling for income has almost no effect on educational realignment. For a much smaller sample, we show in [Online Appendix Figure A.17](#) evidence of realignment by another class marker (parents' education). Although certainly not the only class marker nor the only dimension along which it is fruitful to study partisan realignment, education stands out as the dimension along which partisan realignment in the United States is most pronounced.

Finally, we examine how the patterns of educational realignment relate to the rise of the DLC faction discussed above. A breakpoint test on the trend in the share of DLC Democrats in Congress identifies 1975 as the pivotal year—one year before the breakpoint in partisan identification. [Online Appendix Figure A.18](#) plots the correlation between the educational gradient and the share of Democrats affiliated with the DLC. The expansion of the DLC precedes the shift in the educational gradient by several years and is associated with a sharp rise in the gradient, which then levels off in the 1990s as the DLC becomes dominant. These time-series patterns are, of course, at risk of being driven by competing forces, which limits what can be concluded from aggregate data alone. This motivates the next section, where we turn to voters' preferences over different Democratic factions, allowing us to rule out potential confounds rather than relying solely on party-level trends.

V.B. Voters' Views of Parties' Overall Economic Policy

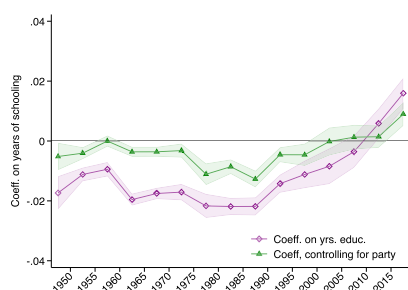
Since 1950, Gallup has asked respondents the following question (with only small variations over 80 years): "Looking ahead for the next few years, which political party—the Republicans or the Democrats—do you think will do the better job of keeping the country prosperous?" Although our focus is the educational gradients, [Online Appendix Figure A.19](#) shows the time series of the share of respondents naming each party as better in this regard. Until the late 1970s, Democrats enjoyed large advantages over Republicans on this question, which they did not regain except for a few years during the Great Recession.

The first series of [Figure VIII](#), Panel A replicates our main realignment graph in [Figure VII](#), but instead of identifying as a Democrat, choosing Democrats as the party better for the economy is the outcome variable. In general, the pattern is similar—in the immediate postwar decades, an additional year of education predicted a 2–3 percentage point reduction in the likelihood of identifying the Democrats as the better party for a strong economy. Today, it predicts a 2 percentage point increase in that same likelihood.

One natural concern is that the result is merely a consequence of party identification more generally. Suppose that less-educated individuals leave the Democratic Party entirely over cultural issues and actually still prefer Democratic economic policies. We might worry that, merely to avoid cognitive dissonance, such respondents—now identifying as Republicans or at least no longer Democrats—prefer not to admit that the Democrats in fact remain the better party on economic issues. We do our best to address this concern by including indicator variables for party identification (dummies for Democrat and Republican, leaving independents/others as the omitted group). This exercise asks, if we compare two Democrats in the early decades, is the less-educated one more likely to name the Democrats as the party better for the economy than is the more-educated (and vice versa for recent decades)? Even with this very demanding specification, we see evidence of educational realignment on the party better on the economy, especially from the 1980s onward.

A final question is how much less-educated voters' increasing dissatisfaction with the Democratic Party on economic issues explains the overall partisan realignment in [Figure VII](#). In [Figure VIII](#), Panel B, we replicate the overall partisan realignment analysis, but only on the subset of data that also includes the prosperity question (first series). We add a control for the response to the prosperity question (second series). Roughly half of the overall change is explained by adding this control. We view this estimate as an upper bound on how much economic policy can explain realignment, given as noted some respondent might simply say their party is the best on all measures. One point to note is that controlling for views on the parties' economic policies does an especially effective job of explaining realignment from 1980 until 2012 (the educational gradient after controlling for this variable is near zero during this period). In the most recent years, we see some evidence that educational realignment resumes even after

(A) Democrats better to keep the country prosperous



(B) Views on economics policy explains half of realignment

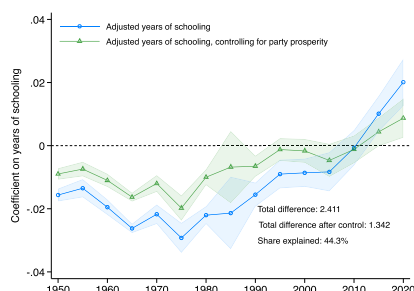


FIGURE VIII

Opinion of Parties' Economic Policies, by Respondent Education

Panel A plots the coefficients ω_p from the following regression, estimated separately by five-year period:

$$DemocratsBetter_i = \omega_t Adj. \text{ years school}_i + Age_i + \mu_{s(i)} + e_i,$$

where $DemocratsBetter_i$ is an indicator for respondent i answering that the Democratic Party is the best to keep the country prosperous.

Panel B plots the coefficients of a regression of party identification on years of schooling similar to Figure VII:

$$Democrat_i = \beta_t Adj. \text{ years of school}_i + \gamma_t DemocratsBetter_i + Age_i + \mu_{s(i)} + e_i.$$

We estimate both the unconditional regression and controlling for the views of respondents on Democratic Party's economic policy. We report the share of the total difference in partisan identification by education that is explained by changes in opinion of parties' economic policies. This share explained can be written as one minus the ratio between the difference in the partisan alignment conditional on economic policy opinion and the difference in the unconditional alignment:

$$1 - \frac{\tilde{\beta}_{last} - \tilde{\beta}_{first}}{\beta_{last} - \beta_{first}} \text{ with } \tilde{\beta}_t \text{ the conditional estimator and } \beta_t \text{ the unconditional estimator.}$$

The *last* years are 2001–2020 and the *first* years are 1948–1967. Online Appendix Figure A.19 shows the share of respondents answering that the Democratic or the Republican Party is the best to keep the country prosperous. The shaded areas show the 95% confidence intervals.

controlling for views on the parties' economic policies, a point we return to in the conclusion.

V.C. Who Supported the New Democrats?

So far we have shown that the educational gradient begins to shift in the 1970s, the same time that the New Democrats gain power and predistribution fades from the party's agenda. While consistent with our story, we can perform more demanding tests by examining which faction of the party—the New or old Democrats—perform better with educated voters.

1. Hypothetical Election Match-ups. In most of the 1972–1992 Democratic primaries, politicians who clearly identified with one of the two wings of the party (New Democrats versus old-style New Dealers) either won or were runners-up to the nomination. In 1972, while Hubert Humphrey represented the legacy of LBJ's Great Society, George McGovern had no close ties to labor. In fact, unions launched an “ABM” (Anyone But McGovern) campaign, and McGovern remains the only Democrat that the AFL-CIO did not endorse in a general election (they remained neutral that year). In 1980, Ted Kennedy ran against the incumbent Jimmy Carter after a first term that many historians date as the birth of neoliberalism in the United States.²⁴ Carter had so disappointed labor that the United Auto Workers took the unusual step of endorsing Kennedy's upstart primary campaign against an incumbent Democratic president. In 1984, Walter Mondale beat Gary Hart, one of the most prominent New Democrats. Hart once described his New Democrat brethren by saying, “We are not a bunch of little Hubert Humphreys.” (Newton, 2015) In 1988, Mike

24. Kazin (2022, 20) writes of Carter's single term: “What Carter did not do was advocate policies that might win the support of poor and working-class Americans buffeted by job insecurity and high inflation. Instead, he peered at social programs, old and new, through an austerity-tinted lens. Explaining that he needed ‘to enhance an image of fiscal responsibility,’ the president sought to balance the budget and opposed a national health insurance plan written by Ted Kennedy. He also signed bills to deregulate the airline and trucking industries. ... In sum, these moves, and the support they drew from other party leaders, signified a momentous retreat. No longer would Democrats maintain that government had an obligation to set strict rules to protect workers and demand that corporations obey them. No longer would union power be viewed as an unambiguous boon to party fortunes as well as prime evidence that Democrats were the natural home of wage earners of any race, religion, or region.”

Dukakis beat Jesse Jackson, perhaps the DLC's most prominent foe, who mocked the group as "Democrats for the Leisure Class." Finally, in 1992, while Jerry Brown and Bill Clinton were both DLC members, we rank Clinton as "Newer" since he was in fact the president of the group.²⁵ The 1976 election is hard to categorize because Carter ran mostly on anti-corruption themes and did not face a formidable opponent, but for consistency we label him as "New" and the runner-up, Mo Udall, as "old."²⁶

We make use of surveys that ask all respondents (regardless of party affiliation) for whom they would vote if one of the two Democratic politicians faced the eventual Republican candidate. For example, respondents are asked in 1984 their preferred candidate in a Hart versus Reagan election and, in a separate question, a Mondale versus Reagan election.

Table IV shows that years of education predict greater support for the New Democrat, relative to the old Democrat, when each is paired against the eventual GOP nominee. Column (1) shows that during this period, there is still a significantly negative educational gradient in support for the New Democrat over the Republican (not surprising, as these races are mostly in the 1970s and 1980s, when educational realignment has only just begun) but it is much smaller in magnitude than the negative educational gradient when the old Democrat is pitted against the Republican (column (2)). Relative to someone with only a high school diploma, a voter with a bachelor's degree is roughly 3 percentage points more likely to vote for the Democratic candidate over the Republican when the candidate is a New instead of an old Democrat.

We can subtract the old-Dem-versus-Republican-nominee response from the New-Dem-versus-Republican-nominee response to facilitate more succinct analysis (the dependent variable thus takes the values 1, 0, and -1). Note that the dependent-variable

25. We conclude this analysis in 1992 because there was no 1996 Democratic primary and in 2000 the front-runners (Al Gore and Bill Bradley) were both New Democrats. As noted, even in 1992, both candidates are DLC members. By the 1990s DLC types were firmly in control of the party.

26. While Udall was the (distant) runner-up in the delegate count, he consistently registered low name recognition in Gallup surveys from that time. The 1976 primary is complicated largely by the role of Hubert Humphrey. He consistently polls as Democrats' top choice, but he never officially entered the race (though at the same time he said he might accept the nomination in the case of a brokered convention).

TABLE IV
VOTES FOR NEW VERSUS OLD DEMOCRATS IN HYPOTHETICAL GENERAL
ELECTION MATCH-UPS

	New Dem.	Old Dem.	New Dem. minus old-style Dem.				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Years educ.	-0.528*** (0.109)	-1.029*** (0.105)	0.514*** (0.104)	0.515*** (0.105)	0.319*** (0.105)	0.315*** (0.111)	
Female					-0.0108 (0.620)		
White					11.31*** (1.048)		
Years educ. × 1972							0.752*** (0.181)
Years educ. × 1976							-0.760*** (0.286)
Years educ. × 1980							1.281*** (0.253)
Years educ. × 1984							0.404* (0.231)
Years educ. × 1988							0.869*** (0.306)
Years educ. × 1992							0.435* (0.234)
Mean of dep. var.	42.793	35.458	7.435	7.439	7.439	8.639	7.435
Sample	All	All	All	All	All	Whites	All
State fixed effects	X	X	X			X	X
State × election FEs				X	X		
Observations	29,748	29,748	28,528	28,526	28,526	25,002	28,528

Notes. Column (1) shows the probability to vote for a New Democrat rather than a Republican as a function of years of education. Column (2) shows the probability to vote for an old-style Democrat, and columns (3)–(6) show the difference in the probability to vote for the Democratic candidate versus the Republican candidate if the Democratic nominee is a New Democrat versus an old-style Democrat. In 1972, the dependent variable is equal to $(\text{vote}_{\text{McGovern}} - \text{vote}_{\text{Nixon}}) - (\text{vote}_{\text{Humphrey}} - \text{vote}_{\text{Nixon}})$. In 1976, the dependent variable is equal to $(\text{vote}_{\text{Carter}} - \text{vote}_{\text{Ford}}) - (\text{vote}_{\text{Udall}} - \text{vote}_{\text{Ford}})$. In 1980, the dependent variable is equal to $(\text{vote}_{\text{Carter}} - \text{vote}_{\text{Reagan}}) - (\text{vote}_{\text{Kennedy}} - \text{vote}_{\text{Reagan}})$. In 1984, the dependent variable is equal to $(\text{vote}_{\text{Mondale}} - \text{vote}_{\text{Reagan}}) - (\text{vote}_{\text{Hart}} - \text{vote}_{\text{Reagan}})$. In 1988, the dependent variable is equal to $(\text{vote}_{\text{Dukakis}} - \text{vote}_{\text{Bush}}) - (\text{vote}_{\text{Jackson}} - \text{vote}_{\text{Bush}})$. In 1992, the dependent variable is equal to $(\text{vote}_{\text{Clinton}} - \text{vote}_{\text{Bush}}) - (\text{vote}_{\text{Brown}} - \text{vote}_{\text{Bush}})$. All coefficients have been multiplied by 100 for readability. Robust standard errors are in parentheses. * $p < .1$, ** $p < .05$, *** $p < .01$.

means, reported below each column, tend to be small in this analysis, because most respondents support the same party regardless of the identity of the actual candidates. Column (3) shows that the main result—more-educated voters prefer the New Democrats—holds once we difference the hypothetical responses. As presiden-

tial candidates tend to pick up extra support from their own and neighboring states, we add *state* $\times$ *election* fixed effects in column (4) and the result remains unchanged.

Column (5) adds demographic controls (recall flexible age controls are included in all regressions). New Democrats have no differential appeal by gender, but they are far more attractive to white voters. Indeed, part of the educational gradient is explained by whites' differential attraction to the New Democrats (though the educational gradient remains statistically significant). This result is not surprising given leaders of the civil rights movement such as Jackson were DLC foes. Column (6) replicates column (4) but drops nonwhites. The magnitude of the gradient is reduced but remains significant.

The final column shows that the result holds in each election in our sample period with the exception of 1976. We are not surprised by the 1976 result given how little attention and name recognition runner-up Udall enjoyed.²⁷ Only those following politics very closely would have an opinion, positive or negative, of Udall, and such respondents tend to be more educated.

We use the estimates in columns (1) and (2) to provide a back-of-the-envelope calculation of how much of the partisan realignment the rise of the DLC can explain. In regressions of Democratic party identification (Figure VII), the coefficient on years of education shifts from -0.025 before 1976 to 0.002 in the 2010s. The corresponding coefficient for presidential voting (Online Appendix Figure A.26) moves from -0.0215 to 0.006 .²⁸ The difference between the coefficients in the first two columns of Table IV implies that the shift from old to New Democrats accounts for roughly 0.75 percentage points. Taken literally, this suggests that the party's transformation toward the DLC explains at least a fifth of the overall educational realignment—a lower bound, since for most voters the distinction between two Democratic candidates in a single election is less salient than the broader ideological shift that unfolded over several decades. This lower bound can be compared to the upper bound of 50% obtained

27. As just one example, in a May 1976 Gallup poll (taken after most of the primaries already took place), 28% of voters had not heard of Udall (rising to 40% in the bottom third of the education distribution), and only 4% had not heard of Carter (6% in the bottom third).

28. We use all pre-1976 years and compare them to elections between 2008 and 2015, which we take as the end of our study period.

from Figure VIII. This lower bound can also be seen as a conservative estimate of the realignment caused by the party's shift on economic issues: since the New Democrats were more conservative on social issues than the old Democrats, the total realignment driven by changes in economic positions would likely have been even larger had their social views been comparable to those of other factions.

2. House Election Returns. In this section we examine actual election results as opposed to hypothetical match-ups, so we take an ecological approach as individual-level votes are never observed. King and Palmquist (1997) provide 1980s election results at the minor-civil-division-group (MCDG) level. There are roughly 60 MCDG neighborhoods per congressional district. We match 1980 census data to MCDGs to calculate average years of education among adults and other demographic characteristics in each MCDG. This MCDG-level election returns is only available for the 1980s, so we cannot perform a long-run analysis, but we can examine the early years of educational realignment.

To capture how neighborhood education predicts voting patterns in these House elections, we estimate the following equation:

$$\begin{aligned} Dem_{mt} = & \beta DLC_{d(m)t} \times Education_m + \gamma_1 DLC_{d(m)t} + \gamma_2 Education_m \\ (3) \quad & + \eta_{d(m)} + \mu_t + e_{mt}, \end{aligned}$$

where Dem_{mt} is the share of MCDG m in election year t that votes Democratic; DLC_{mt} is an indicator variable for whether the Democratic candidate in district $d(m)$ in year t is a DLC member; $Education_m$ is the education level of MCDG m (based on the 1980 census), $\eta_{d(m)}$ is a vector of congressional district fixed effects (as each MCDG is mapped to a unique congressional district) and μ_t is a vector of year fixed effects.

The results in Table V document a strong preference of educated neighborhoods for DLC candidates relative to other Democrats. We begin with a sample of elections where Democrats all win (again, for this sample, we can identify DLC members with greater precision). In column (1), the main effect of years of education is to substantially depress Democratic vote share, not surprising because in the 1980s less-educated voters were still significantly more likely to be Democrats (even if we identify a turning point in the 1970s, the overall gradient is still markedly nega-

TABLE V
HOUSE DEMOCRATIC VOTE SHARE BY EDUCATION OF NEIGHBORHOOD

	Dep. var.: Share Dem			
	(1)	(2)	(3)	(4)
Years educ.	−0.009 (0.007)	−0.011** (0.005)	−0.010 (0.007)	−0.012*** (0.005)
Years educ. × DLC	0.012*** (0.005)	0.012** (0.005)	0.011*** (0.004)	0.011** (0.004)
DLC	−0.226*** (0.058)		−0.216*** (0.055)	
Share white			−0.088*** (0.032)	−0.084*** (0.031)
Share white × DLC			−0.009 (0.042)	−0.009 (0.041)
Share below 35			0.015 (0.019)	0.015 (0.019)
Share below 35 × DLC			0.014 (0.040)	0.018 (0.040)
Year fixed effects	X		X	
District fixed effects	X		X	
District × year fixed effects		X		X
Controls	Basic	Basic	Extended	Extended
Number of unique DLC candidates	185	185	185	185
Mean of dependent variable	0.649	0.649	0.649	0.649
Observations	22,326	22,319	22,326	22,319

Notes. The table shows the Democratic vote share obtained by House Democratic Candidates in MCDG for the period 1984–1990. We regress the share of votes obtained by the Democratic candidate for the House in each MCDG on the average years of education (Years educ.) of that MCDG and the interaction of this term with DLC, a dummy equal to one if the Democratic candidate is part of the DLC. Columns (1) and (3) include year and district fixed effects, while columns (2) and (4) include district by year fixed effects, meaning that we only look at variation within congressional district for each year, for a given candidate. Any nonvarying candidate attribute (such as DLC) is therefore subsumed by the fixed effects. We keep only elected Democratic candidates because we do not have any information on caucus membership on those who lost the general election. [Online Appendix Table 5](#) reproduces similar results including predictions from our machine learning algorithm, as described in [Online Appendix E](#). Observations are weighted by MCD-group population (1990 Census). We exclude MCD-groups in the top percentile of the population distribution (more than 86,000 residents). The sample covers 38 states; the remaining states do not have MCD-group-level election results in ROAD. See the ROAD documentation for further detail on coverage. Standard errors are clustered by district (in parentheses). The number of distinct DLC candidates by election is displayed in the row “Number of DLC candidates.”
* $p < .1$, ** $p < .05$, *** $p < .01$.

tive in the 1980s). But the coefficient of interest—the interaction term—indicates that as we predict, DLC Democrats outperform other Democrats in more-educated areas. In fact, this effect is so large that, among DLC Democrats, about 90% of the large Democratic underperformance in educated areas is erased.

One concern is that, perhaps for strategic reasons, DLC candidates run in districts where the educated voters are more open to voting Democratic. In column (2) we include district $\times$ year fixed effects (i.e., a fixed effect for each House election), so the coefficient of interest is identified by comparing the areas where DLC candidates overperform in a given election to the areas where non-DLC Democrats overperform in their elections, so across-election comparisons no longer contribute to the estimate. We find similarly large and significant results.

While we have been focusing on the educational level of MCDGs, it might be the case that the DLC overperformance in these areas is better explained by characteristics merely correlated with education. In column (3) we include controls for share under age 35 and share white and their interactions with DLC. Both of these main effects have large and significant coefficients in the expected direction—in general Democrats overperform with young and nonwhite voters. Interestingly, we see that white areas prefer the DLC to other Democrats, consistent with our individual-level results for hypothetical match-ups. But adding these additional controls has no effect on the coefficient of interest. Column (4) shows robustness to adding district $\times$ year to the column (3) specification.

The results showing the DLC's success in both educated and white neighborhoods echo the group's explicit goals of transforming their party's base. Representative Tim Wirth (who went on to be a founding member of the group) said in 1981: "Democratic constituencies used to be labor, blue-collar and minority-oriented. Now, as in my case, they are suburban, with two working parents—a college educated, information-age constituency" (see Geismer 2022, 34).

In [Online Appendix Table A.6](#), we reproduce the main results from [Table V](#) but predict DLC status via machine learning techniques to not restrict the sample to election winners. The table shows that this basic pattern—DLC overperformance in educated areas compared with other Democrats—holds when we include election losers.²⁹

29. Note that compared with the sample restricted to election winners, the mean of the dependent variable is much closer to 50% (it is still above 50, as we would expect, given that during the 1980s the Democrats still held firm control over the House and thus won most elections) because we are no longer restricting the sample to elections where Democrats win.

VI. ALTERNATIVE EXPLANATIONS FOR REALIGNMENT

We briefly examine other explanations, especially those that might have particular resonance during the 1970s and 1980s, when realignment begins.

VI.A. *The Role of Civil Rights*

The Democrats' increasingly liberal position on civil rights since the 1940s—and especially their role in passing the signature civil rights legislation in the first half of the 1960s—led to a major partisan realignment whereby a significant share of Southern whites left the party (Kuziemko and Washington 2018). Here we examine what role (if any) this large civil rights–driven realignment plays in educational realignment.

Online Appendix Figure A.20 shows our main realignment result (Figure VII) separately by the four census regions, Panel A for the full sample and Panel B for whites only. In the South, white Democrats are becoming less educated from the 1940s through the 1960s.³⁰ Put differently, just as the Democrats are making moves in the liberal direction on civil rights, educated white Southerners are leaving the party. This pattern is consistent with a model as in Lee and Roemer (2006) where educated, well-off white Southerners had supported the Democrats primarily because of their defense of Jim Crow and in spite of their relatively left-wing economic policies. But as the Democratic Party grew more liberal on this key issue, these voters no longer faced a trade-off between their economic interests and their support of segregation, so they left the Democrats. This pattern suggests that partisan shifts due to civil rights are unlikely to explain educational realignment.

VI.B. *What About the Republicans?*

As noted, we cannot always observe the supply of Republican economic policy as easily as we can for Democrats due to the former's infrequent control of Congress over most of our sample period. In this subsection we briefly address concerns that changes on the Republican side better explain educational realignment.

First, when we replicate the main realignment Figure VII but put Republican partisan identification instead of Democratic identification as the outcome, the inflection point is significantly later, in 1992 (see Online Appendix Figure A.25 for the realignment fig-

30. Using ANES data, Shafer and Johnston (2009) also noted this pattern.

ure and [Online Appendix Figure A.14](#) for tests of the inflection point). Roughly speaking, the educational gradient first changes in the mid-1970s along the Democratic-versus-all-other margin and then in 1992 along the Republican margin. The Republican result echoes past work showing that in the early 1990s, Republican politicians' speech became markedly more partisan ([Gentzkow, Shapiro, and Taddy 2019](#)) and work documenting the rise of right-wing media during this period ([DellaVigna and Kaplan 2007](#)). The coincident timing suggests that these developments may have appealed more to less-educated voters, which future work could explore. In any case, voters' reaction is consistent with the Democrats' agenda changing first.

Second, although Ronald Reagan is widely viewed as a transformative political figure, his role appears rather muted on the more narrow question of educational realignment. In [Online Appendix Figure A.26](#) we present a version of our main realignment figure but instead of Democratic Party identification, we use self-reported Democratic presidential vote as the outcome. If anything, the 1980 election is a bit of a retrenchment, where less-educated voters returned home (briefly, as it turned out) to the Democratic Party. In neither Reagan election did educational realignment appear to accelerate (this result holds, as we show in the figure, when nonwhite voters are excluded). Put differently, the so-called Reagan Democrats, while obviously numerous given the landslide results of the 1980 and 1984 elections, were not differentially less educated.

This article has focused on positive shifts in the bargaining power of the educated faction in the Democratic Party, but of course Republican factions exist as well. Our read of the modern history of the Republican Party suggests that the key changes in its factions are unlikely to explain the educational realignment that we document. We already discussed the rise of Southern Republicans ([Black and Black 2009](#)) in response to civil rights. But Southerners who left the Democrats in the 1940s–1960s were more educated than average and after the 1960s the South simply follows all other regions in terms of the pace of partisan educational realignment (see [Online Appendix Figure A.20](#)).

Since at least the 1930s, an antigovernment faction of Republicans has battled a faction willing to accept the parameters of the New Deal, with business groups and economists playing important roles in the former group. The more libertarian faction gained influence in the 1970s, especially among donors, think-tanks, and

PACs (Hacker 2011; Gerstle 2022).³¹ This faction is both anti-tax as well as anti-union, anti-tariff, and anti–minimum wage, but given the much stronger educational gradient in the latter policies relative to the former, their rising influence seems unlikely to have attracted less-educated voters.

Finally, a faction of politically organized evangelical Christians gain power in the Republican coalition in the 1970s. Somewhat reassuringly, we show in [Online Appendix Figure A.27](#) that flexibly controlling for religion explains essentially no part of partisan realignment by education. However, we caution that our data sets do not indicate which respondents who identify as Protestant are in fact evangelical or born again. We view the political mobilization of evangelical Christians (and some conservative Catholics) as an important topic for future work and could see an application of our factional analysis applied to “religious right” Republicans versus more traditional “Rockefeller” Republicans of this period.

Of course, this short section is hardly the final word on alternative explanations for educational realignment. While we believe that some of the patterns in this section suggest that a social-issues-alone (or a civil-rights-alone) model of educational realignment is unlikely to be consistent with the data, more nuanced models of how social and economic issues interact may better accommodate these patterns. Similarly, educational realignment is not the only shift in political coalitions over the past several decades. Even if the rise of the various Republican factions noted above cannot explain educational realignment, they can still have profound effects on U.S. political economy.

VII. CONCLUSION

We have presented evidence that less-educated voters have long favored more pre-tax-and-transfer interventions (predistribution) in the economy and labor market. Beginning in the 1970s, Democrats—once champions of these New Deal-type policies—

31. Looking beyond the 1970s, while Reagan’s economic agenda appeared to hold sway in the early and mid-1980s, Republicans saw a return of the moderates with George H. W. Bush (1988 and 1992) and then Bob Dole (1996) as the party’s standard-bearers. By the late 1980s, a more populist and anti-trade faction within the Republican Party has also emerged, personified by Pat Buchanan, although it was not ascendant until Donald Trump.

backed away from this agenda. This shift is coincident with campaign finance reform that disproportionately reduced the political power of unions, the traditional source of Democratic Party finance. We show that this shift is driven by a New Democrat/DLC faction openly skeptical of predistribution and significantly more reliant on corporate PACs and educated donors for contributions than are other Democrats. Importantly, we further show that New/DLC Democrats are also more socially conservative.

To track voters' reaction to this change, we construct a large data set of partisan identification dating back to 1942 and identify the 1970s as the key turning point for educational realignment, when less-educated voters started leaving the Democratic Party. Importantly, we show that educated voters are differentially attracted to DLC Democrats, both in hypothetical survey questions and in actual House elections using granular neighborhood voting data. As more-educated voters are socially liberal, their support of the socially conservative DLC faction suggests that it was their shared antipathy toward predistribution that made the DLC attractive to them. We show that the turn away from predistribution and the rise of the New/DLC faction account for 20%–50% of the educational realignment since the 1970s. Though not precluding an important role for other factors—particularly social issues—our findings indicate that economic issues played a central and previously overlooked role in the origins of this realignment.

As noted earlier, we end most of our analysis before 2016. As the DLC closes operations in 2011, it becomes hard for us to consistently identify the New Democrat faction much beyond that date. Moreover, there is growing evidence that in recent years factions in the Democratic Party have shifted. A key claim in our article is that from the 1970s until the 2010s, the New Democrats were comparatively more right-wing on both predistribution and social issues. A nascent, more qualitative literature in sociology and political science argues that the party is divided into an economically liberal and socially conservative faction and an economically conservative and socially liberal faction, with the latter faction perhaps best epitomized by Hillary Clinton's 2016 claim that "If we broke up the big banks tomorrow....[will] that end racism?" (Merica 2016). Indeed, recent evidence suggests that since 2010, the Democratic Party's positions on social issues have driven educational realignment (Longuet-Marx 2025).

Another reason we focus more on the origins of realignment than on its present-day features is that a pro-predistribution faction of the Republican Party has emerged over the past decade.³² Recall that our test for whether a Democrat is more right-wing on predistribution is if they vote closer to Republicans than do other Democrats. But on key predistribution questions such as trade, Republicans have moved closer to the historical Democratic position.

Although we have focused on factional conflict in the Democratic Party, future work could focus on Republicans. Over the twentieth century, isolationists, evangelicals, and libertarians have all jockeyed for relative power in the GOP. While our focus is on educational realignment, which we tie to changes in the economic agenda of the Democratic Party, there are other important dimensions of realignment (e.g., by region, gender, occupation, or religion) that may be better explained by within-party changes happening on the other side of the aisle.

Finally, we have not attempted to rationalize the preferences for predistribution versus redistribution we have documented. These preferences may stem from deep psychological characteristics (Enke, Rodríguez-Padilla, and Zimmermann 2023; Chinoy et al. 2025), (beliefs about) economic incidence, or they could be more malleable cultural framings of policy issues. Looking at the political cleavages around different types of economic policies in other countries may be informative as to whether the distinction between predistribution and redistribution we have identified in U.S. politics exists elsewhere and whether it can help explain realignment in other contexts. We leave exploration of these deeper microfoundations and comparative examination of policy preferences for future work.

SUPPLEMENTARY MATERIAL

An Online Appendix for this article can be found at *The Quarterly Journal of Economics* online.

32. See Cass (2018) and Ahmari (2023), two recent examples of prominent conservatives supporting predistribution policies such as union organizing and the minimum wage.

DATA AVAILABILITY

The data and code underlying this article is available in Kuziemko et al. (2026), in the Harvard Dataverse, <https://doi.org/10.7910/DVN/VI8XFC>.

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