A Swing-State Theorem, with Evidence

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Abstract

We study the effects of local partisanship in a model of electoral competition. Voters care about policy, but they also care about the identity of the party in power. These party preferences vary from person to person, but they are also correlated within each state. As a result, most states are biased toward one party or the other (in popular parlance, most states are either ‘red’ or ‘blue’). We show that, under a large portion of the parameter space, electoral competition leads to maximization of welfare with an extra weight on citizens of the ‘swing state:’ the one that is not biased toward either party. The theory applies to all areas of policy, but since import tariffs are well-measured they allow a clean test. We show empirically that the US tariff structure is systematically biased toward industries located in swing states, after controlling for other factors. Our best estimate is that the US political process treats a voter living in a non-swing state as being worth 77% as much as a voter in a swing state. This represents a policy bias orders of magnitude greater than the bias found in studies of protection for sale.

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