

Electoral Competition and State Capacity in the U.S. States

Abstract

For different reasons, both democracies and autocracies have incentives to develop state capacity. This paper focuses on the impact of democratic political competition on state capacity development in U.S. states. Parties competing for control of the government develop state capacity in order to maintain power. Politicians in competitive environments must be able to identify and resolve problems with public service delivery that lead to voter discontent. To solve these problems effectively, they must build state capacity. We test this argument by examining the impact of competition for state legislative control on state capacity in the American states. We employ measures of state-level party competition, democracy, policy liberalism, and a 20-year dataset of state-level state capacity to study this relationship at the subnational level in the United States from 2000-2019. We find that greater competition leads to greater capacity in states that run free and fair elections.

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Introduction

What political factors lead governments to build state capacity? Cross-national scholarship has found that both democratic and autocratic states have different incentives to generate capacity, defined as the ability to execute public policy. While democratic states build capacity to respond to voters' interests, autocratic states build capacity to suppress uprisings or other threats to the regime. Thus, competitive control of institutions, including democratic institutions, could be implicated in capacity building, but so could absolute control.

We posit that politicians in democratic regimes build capacity when they face greater competition for political power. In order to gain or maintain political control, political leaders in competitive states must deliver on their policy agenda and voter interests. One way they do that is by growing the capacity needed to implement policies they have enacted. Keeping power in lopsided legislatures requires far less effort or investment, so we predict that elected politicians in less competitive states can choose to operate at relatively lower levels of capacity. We explore the connection between democratic competition and the development of state capacity at the subnational level in the United States with a measure calculated annually over a 20-year period (2000-2019) for each of the 50 U.S. states.

Given a democratic context, we find that competitive states in which one party holds narrow control of the legislature are more likely to build state capacity. Where elections are not free and fair and thus not truly competitive – such as through gerrymandering – the relative distribution of seats does not predict state capacity building. In other words, while less democratic states may choose to build capacity, it is not motivated by electoral competition.

Furthermore, competition conditions the effect of political ideology. Previous studies have shown that policy liberalism leads legislators to build capacity. We show that such potential is limited by competition for legislative control. Liberal states in which a party holds a strong majority have the opportunity to enact a liberal agenda, which requires state intervention and thus encourages capacity building. Liberal legislators with tight majorities, on the other hand, are more constrained in their policy goals and capacity-building efforts as they need to appeal to conservative participants (who generally desire a less active role of the state) for voting coalitions or re-election. State capacity building is thus a function of both political will and competitive electoral outcomes.

Our findings are robust to several political and demographic covariates, including wealth and partisanship. This study therefore contributes to our understanding of the political forces that generate state capacity, particular factors operating subnationally and within the U.S. context. More broadly, we show the way in which competition and ideology interact to incentivize subnational governments to build capacity within democratic regimes.

In the next section, we define the main concepts of the study and present our theory of the ways in which competition might incentivize politicians to build capacity. After describing the measures of subnational state capacity, competitiveness, democracy, and ideology that we employ, we demonstrate the positive relationship between competition and capacity in democratic environments and the moderating effect of competition on political ideology. We conclude with a discussion of avenues for further research on the drivers of state capacity in the American states.

Democracy and Electoral Competition

We argue that democratic political competition incentivizes state governments to improve state capacity. We conceptualize state capacity as the ability of the executive branch to implement policy decisions. This ability requires financial and administrative resources, as well as the power to coordinate actions between political actors, the bureaucracy, and citizens, and to make these groups comply with policy directives (Berwick & Christia 2018; Hanson & Sigman 2021; Lindvall & Teorell 2016; Soifer 2008). Capacity is separate from the political will to achieve a particular policy output. Separating the ability to act from the will to a particular action is not to ignore the effect of political will, which has been shown in previous studies to inform the decision to build or withdraw capacity (Auerbach *et al.* n.d.; Holland 2016). It is to recognize that they are separate forces. As will be discussed below, competition also impacts the ability of would-be capacity-builders to pursue that goal.

The comparative politics literature demonstrates that democracy does not necessarily incentivize regimes to build capacity and that authoritarian regimes also choose to build capacity (e.g., Andersen *et al.* 2014; Bäck & Hadenius 2008; Hanson 2015). On one hand, democratic regimes may develop state capacity to deliver on electoral promises and respond to public desires for services and programs. Autocratic and hybrid regimes, on the other hand, build capacity to provide pub-

lic services and monitor citizens in order to forestall uprisings, to repress opposition challengers, or to adopt other techniques that tilt elections in favor of the governing party. Thus, there is not a strong reason to think that democracy equates to greater capacity. Because of these mixed impulses, democracy, on its own, would not be a consistent predictor of state capacity building. However, we argue that a key feature of democracies – political competition – does incentivize state capacity building.

We assume that legislators want their party to maintain control over the legislature (Fenno 1977). Party control lets parties “set the agenda” and advance their ideological and policy goals – and prevent the passage of bills that are incongruous with the interests of the majority (Aldrich & Rohde 2000a,b; Cox & McCubbins 2005, 2007). To keep a legislative majority, politicians need to deliver policy objectives that citizens desire, or at least convince citizens that they *could* deliver. In order to do this, state governments need to be able to “reach out and touch” their citizens effectively. This ability would allow governments to understand the interests and concerns of constituents so they can enact and then enforce policies to meet these concerns. For example, they need to know that crime is occurring in a particular area, devote resources to reducing crime, and inform their constituents that they delivered public safety. Building state capacity thus takes time and resources. It cannot be merely done on a whim or immediately in pursuit of one temporal goal. Under what conditions would state governments cultivate that power – separate from the ability of the federal government?

Where competition is low and party control is assured, the pressure to grow capacity is less; the legislators themselves or the party is assured of holding the position regardless of how much they deliver. By contrast, where control is competitive with close seat shares between the two parties, the incumbent will benefit from building the infrastructure and policy programs that allow him to deliver to his constituents. If the party delivers, voters are more likely to return it to office than to replace it; delivering suits the party’s interest (Aldrich & Battista 2002; Cox & McCubbins 2005).¹ Parties would have an incentive to build their brand around the fruits of state capacity – better outcomes and greater efficiency Cox & McCubbins (2007). Thus, we posit that – rather than either party delivering state capacity itself – state governments will build capacity when the

¹If citizens feel strong party allegiances that make them vote against material interests, then it would work against our finding any effects. This propensity, though, may be lesser at the more local levels of elections.

parties are in greater competition (H1).

An alternative hypothesis could be formulated. If legislators know they might lose control of the legislature or executive, they may purposely choose not to strengthen the state's capabilities. In this situation, the fear of handing over power to a rival party that could enact its will would make the incumbent less likely to strengthen the capacity. For example, at the federal level, we see this kind of argument put forward when parties weigh the pros and cons of abolishing the filibuster. Furthermore, state capacity is not a one-and-done expenditure. States have to consistently invest in things like tax-collection infrastructure and service provision to maintain and utilize capacity. In a competitive environment, where not all citizens or partisans want to pay higher taxes for the state to invest in public goods, political turnover could thus discourage investments in state capacity. If this is the case, we would expect *lower* state capacity in states with more competitive elections (H2).² H1 and H2 thus make exclusive and opposite predictions.

A caveat must be placed on these considerations. Our theory of political competition and state capacity assumes that legislators operate in democracies with free and fair elections that do not prevent alternations in power. This assumption has been called into question, as Grumbach (2022) refers to states as laboratories of democratic backsliding. Legislatures may *appear* competitive by traditional metrics – the ratios of party vote and seat shares (e.g., Gamm & Kousser 2021) – without being truly competitive. This would parallel the description of Congress as a cartel designed to help all the members keep their seats (Cox & McCubbins 2005, 2007).³ Policies like gerrymandering allow legislators to keep their seats by arranging for non-competitive districts, regardless of the ratio of party vote shares (e.g., Stephanopoulos & Warshaw 2020; Stephanopoulos & McGhee 2015). We therefore condition our expectations on the states' running *competitive* competitive elections. We can test H1 and H2 in interaction with state-level democracy scores. We anticipate that the effect of competition would show up in more democratic states (H1a and H2a). Although our theory is not specifically about the role of democracy on capacity, we must nonetheless account for variations in democracy so that the nature of competition is not obscured.

²Future work could explore the role of state-level ideological polarization and competitive elections on the decision to build state capacity. Under the theory of Conditional Party Government, ideological clarity within and between the parties facilitates decisive policy action in the majority (Aldrich & Rohde 2000a).

³That cartel would also desire *some* positive policy building. Ensuring they always have a minimum winning coalition for policies that are important to the majority is also important (Aldrich & Rohde 2000b; Cox & McCubbins 2005).

Another factor to consider in this framework is the role of political ideology, as only a subset of politicians want the state to achieve certain outcomes. Liberalism has been associated with building greater capacity (Auerbach *et al.* n.d.).⁴ We might expect only states pursuing a liberal policy agenda – one that would require government capacity to intervene in more policy areas and redistribute socio-economic resources – would choose to build capacity. Whereas liberalism is associated with a greater desire for government action, more ambitious social welfare policies, and an emphasis on collective goods, conservatism calls for less governmental regulation and a greater emphasis on cultural traditionalism and individual autonomy (Caughey & Warshaw 2016). This much has been examined previously. Our study introduces the caveats of electoral competition.

In that case, we expect a positive interaction between competition and liberal ideology in the development of state capacity (H3). This story is consistent with Gamm and Kousser’s 2021 argument that states with competitive elections spend more money and achieve better socio-economic outcomes. Money does not necessarily result in capacity, but greater regulation, welfare, and public goods provisioning requires more extensive state infrastructure and financial resources to achieve these policy outcomes.⁵

However, we could also posit that electoral competition would also constrain liberal politicians who want a larger role of the state. Although such politicians may want to build a stronger state, not all of their constituents desire a strong state. They would then be restricted in their public investments by the threat of losing seats to people who do not want to, for instance, pay higher taxes for the state to invest in collective goods. Thus, competition acts as a moderating force on the effect of liberalism. If neither ideological camps has a strong public backing or strong control of the legislature, then liberals cannot build as much capacity as they might otherwise desire. Vice-versa, conservatives cannot cede the capacities of the state entirely because they still need to offer some services to retain their positions. Policy liberalism would thus matter more when one of the parties has strong control (H4). Without the threat of turnover, liberal incumbents could then invest in the state capacity required to enact their agenda. Thus, we have dueling hypotheses.

Table 1 illustrates our theoretical expectations. It displays the interaction between compe-

⁴Policy liberalism is distinct from partisanship. Prior research has shown that partisanship – in terms of which party holds gubernatorial or legislative power – does not have a significant direct relationship with state capacity building (Auerbach *et al.* n.d.).

⁵Straus (2022) says this held before the 1980s but stopped being true from 1980 to 2020: “at particularly high levels of baseline political competition, the effect of additional competition on growth is ambiguous.”

Table 1: Effects of Liberalism and Competitiveness on Capacity

		Liberal	
		More	Less
Competitive	High	Moderate Capacity (WA and CT)	Moderate Capacity (VA)
	Low	High Capacity (MA)	Low Capacity (AL)

tition and policy liberalism. Where competition is high, we expect moderate capacity in both liberal and more conservative states. Where competition is low, liberalism matters more for capacity. Without the pressure of competition, liberal states have more freedom to invest in ambitious, welfare-enhancing policies that demand greater capacity. Conservative states, similarly unencumbered by competition, also pursue their ideal policies that entail less extensive government involvement and, therefore, reduce the need to build state capacity.

The four hypotheses are summarized as follows:

H1: State governments build capacity when parties are in greater competition for legislative control.

H1a: The effect of competition occurs in democratic political environments.

H2: Competition leads to less capacity, where parties have less chance of retaining legislative control.

H2a: Competition lowers capacity occurs in democratic political environments.

H3: Liberalism has a larger impact on state capacity when competition is high.

H4: Liberalism has a larger impact on state capacity when competitiveness is low.

Notably, these hypotheses derive from opposing arguments. Thus, they cannot all be supported.

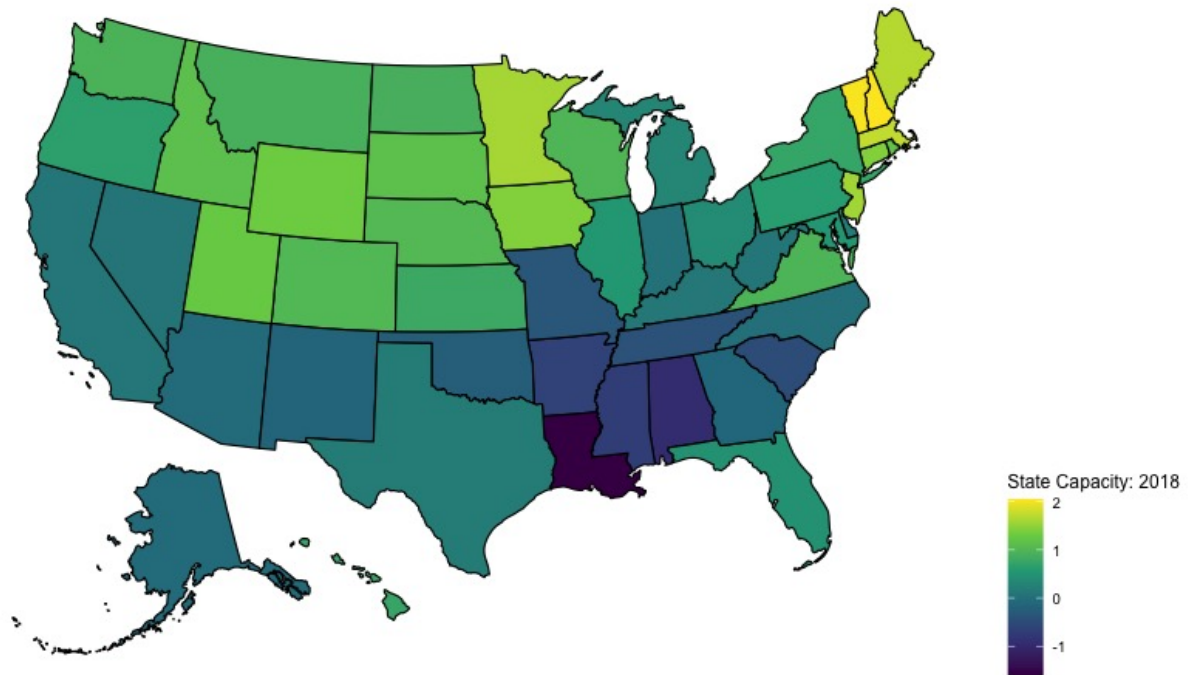
Data and Methods

The central variable of our analysis is state capacity. State capacity is the ability of state governments to implement their policy goals. This is separate from the will to any particular action.

For example, it takes a lot of capacity to operate a cash-transfer welfare system, but the desire to create such a system is separate from that capacity and relates to the ideological orientation of state governments.

We use the 20-year panel of state capacity ratings by Auerbach *et al.* (n.d.). This state capacity score measures capacity as a latent trait based on 12 outcomes that states' generated with respect to common goals (e.g., reducing infant mortality, producing literacy, etc.). In designing this metric, Auerbach et al. focused on outcomes that would be broadly desirable so as to remove the effect of political will.⁶ Higher scores indicate greater state capacity. For information about the factor loadings, summary statistics, and data sources, see Appendix Tables A1-A3.

Figure 1: State Capacity: 2018



This does not mean that only state capacity impacts these outcomes; local actors, chance,

⁶The indicators they include are infant mortality, student-teacher ratio, poverty rate, robbery rate, car theft rate, murder rate, property crime rate, percent of the population with a BA or higher degree, percent of the population that dropped out of high school, elementary students with basic reading skills, elementary students with basic math skills, and federal corruption convictions. Several of these items have been used to proxy state capacity or as direct outcomes of state capacity or government effectiveness in prior cross-national analyses and subnationally in the U.S. (Flavin 2023; Gamm & Kousser 2021). Because state capacity is a latent trait measurement, even if one item is to be called into question, the overall metric is functionally equivalent with the exclusion of any particular item. Hanson & Sigman (2021) also use a latent trait model in the most comprehensive cross-national measure of state capacity over time. Their components, however, mix both inputs and outcomes of state capacity. For further discussion of the state capacity metric, see Auerbach et al. n.d.

and other factors can still influence the achieved outcomes. However, state capacity matters, and it is extracted from these generally-desired outcomes with the latent variable model. A 2018 map of state-level state capacity is shown in Figure 1. The highest capacity states are in the Northeast and upper-Midwest. The lower-capacity states are most concentrated in the South and West. To delimit the concept once again, high capacity states are not necessarily highly active states. They may lack the political will to achieve certain actions. However, were they to decide to act, the high capacity would enable them to do so.

We measure competition by looking at a measure of competitiveness based on Gamm & Kousser (2021, pp.1444), who “calculate the margin of control over legislative seat shares, averaged (except in Nebraska, which has a unicameral legislature) across a state’s two legislative chambers, then subtract that margin from 100” percent. We use one minus two-times the absolute value of fifty minus the Democratic seat share.

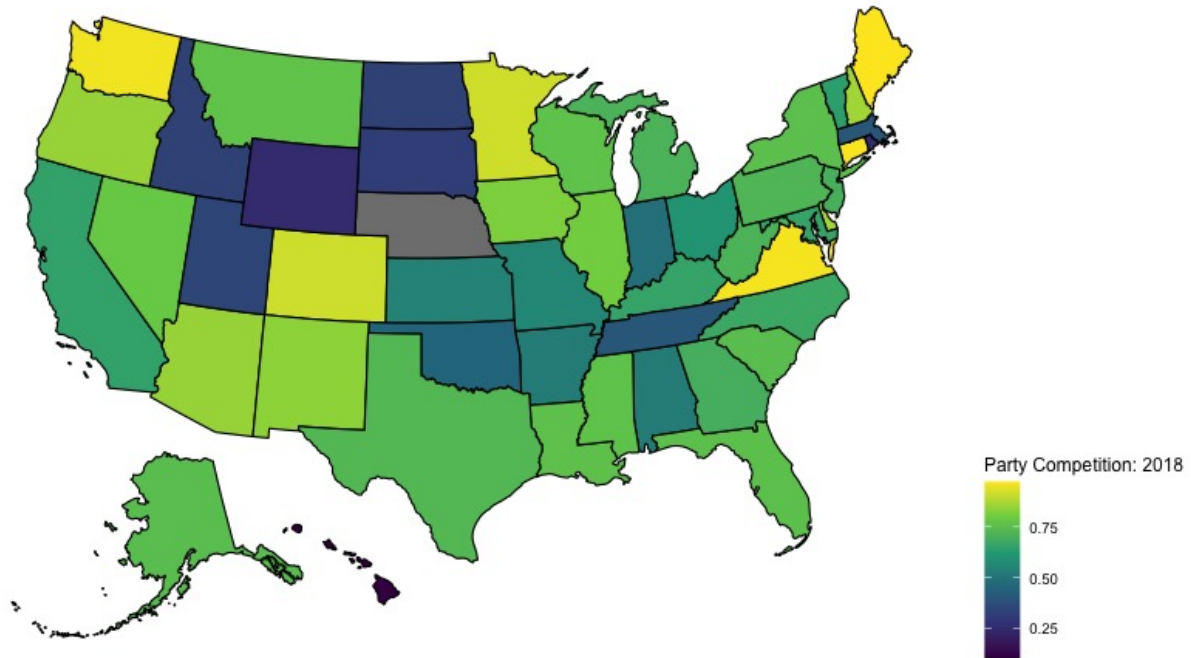
$$Competition = 1 - 2 * |50 - Dem.seatshare| \tag{1}$$

Thus, a higher score means that control of the legislature is more competitive. A map of these scores from 2018 is shown in Figure 2. The map shows that the most competitive states are Maine, Washington, Connecticut, and Virginia. The least competitive are the Dakotas, Wyoming, Idaho, Massachusetts, and Utah.⁷

The main caveat in our analysis is that the effects may only be discernible in states running free and fair elections. We therefore need a measure of state-level democracy. For this, we turn to the Grumbach (2022) democracy score. It is important to note how the measure of subnational democracy is construed. Grumbach’s definition of democracy refers to the extent to which elections are free and fair and is distinct from political competition. His measures focus on how much states restrict suffrage and whether they cheat in elections or not (e.g., gerrymandering). Other conceptualizations of democracy focus instead on the extent of competition, including Przeworski’s famous assertion that democracies are countries in which incumbents lose elections and leave office when they do (Przeworski 2015). All American states have cleared this threshold, so we focus

⁷We considered using election returns to measure competitiveness. However, a large proportion of statehouse races are not contested by both parties. Those races may or may not have had competitive primaries, which we cannot measure readily. Because of these issues, it is not possible to determine competition for state political control or the competition within the electorate merely from these returns.

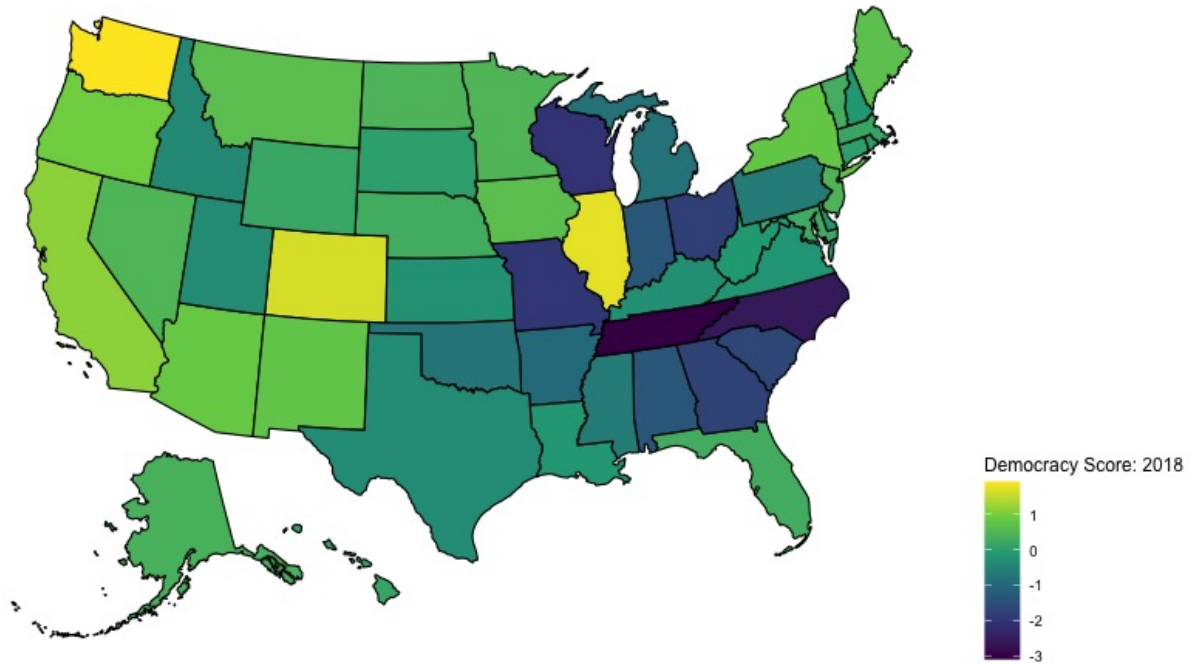
Figure 2: Party Competition: 2018



instead on Grumbach’s measure, for which there is substantial variation. Grumbach’s measure focuses on increases in the cost of voting as a marker of restricting democracy in the state. Our theoretical framework assumes that where citizens are able to participate in the political process, politicians are more likely to be responsive to their will. The extent of democracy is thus likely to affect the level of state capacity. Variations in the level of democracy are depicted in Figure 3. The most democratic states in 2018 were Illinois, Wyoming, and Washington. The least democratic states include North Carolina, Tennessee, Wisconsin, and Ohio.

To evaluate the public’s desire for the state to be activist, we appeal to Caughey & Warshaw (2016) measure of policy liberalism (updated to 2018). This measure accounts for the political will to act (the desire to achieve outcomes that could motivate them to build capacity) – which Auerbach *et al.* (n.d.) explicitly distinguish from the ability to act, which is to say the level of state capacity. Policy liberalism captures all policy outputs of a state in a given year across ten different policy domains. Importantly, the measure captures variations in the size of government, but is not a measure of the legislators’ own preferences or policy priorities (e.g. Jacoby & Schneider 2009). A map of these scores is shown in Figure 4. The map shows California as the most liberal

Figure 3: Democracy Score: 2018



state in 2018, followed by several states in the Northeast, and the Pacific Northwest. The most conservative states are located in the deep South. We also used two alternative measures from the same authors that capture the ideology of citizens within a state: economic conservatism and cultural conservatism. The models incorporating these variables are presented in the Appendix.

The models also include state-level covariates. We include population and GSP per capita, which also positively relate to capacity. In terms of partisanship, we include a binary indicator for having a Democratic governor. This data comes from the U.S. Census Bureau, the University of Kentucky’s Center for Poverty Research, and Jordan & Grossmann (2020). Further details and corresponding data sources are available in the appendix. The models also include state and year fixed effects.

Results

The results are shown in Table 2. Model 1 does not find a direct, significant relationship between competitiveness – based on the party seat ratio – and state capacity building. Model 2 interacts competitiveness with democracy to identify the effect of competition among *democratic* states.

Figure 4: State Liberalism: 2018

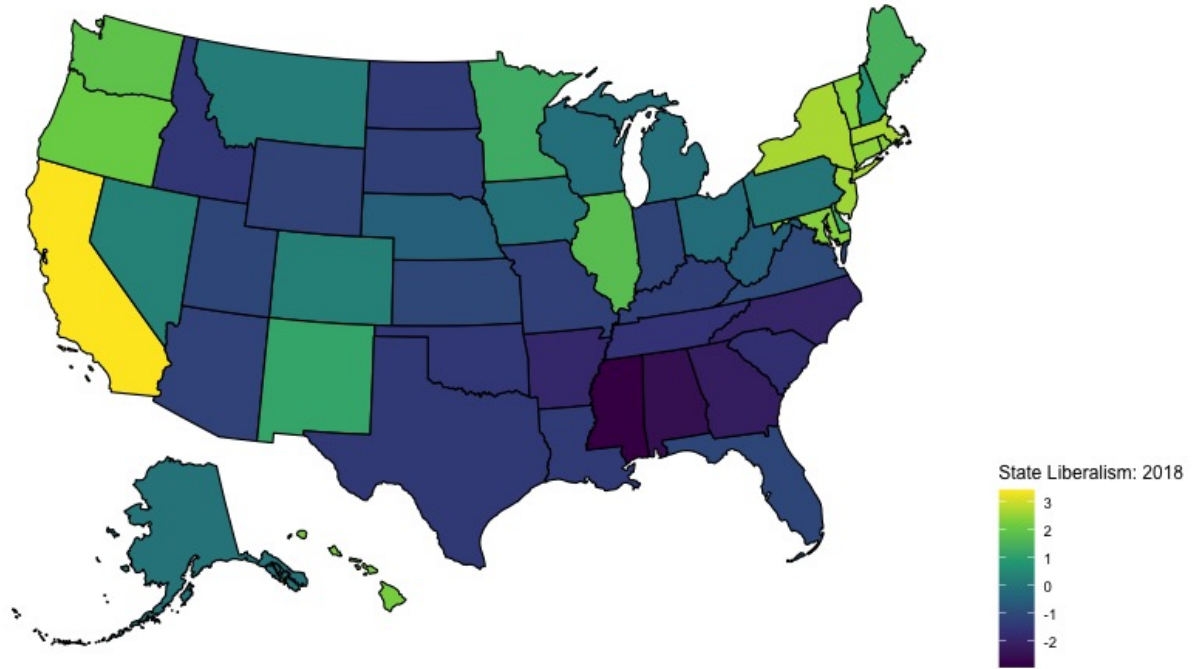


Figure 5 shows the marginal effects of democracy on state capacity at low, medium, and high levels of competition. Our theory is focused on inter-party competition, which requires a democratic context. In states that are closer to being polyarchies, with lower competitiveness, less state capacity is developed. In other words, if free and fair elections are held (democracy) but one party is assured victory (low competition), then the winners do not need to build capacity to maintain power. This finding is consistent with H1a. The figure also shows the non-democratic side. Less democratic states with low competition are relatively higher in state capacity. That these types of states would have high capacity invites comparisons to Knutsen (2013), who studied the effect of democracy and state capacity on economic growth in different regime types. We unpack this element by considering the will to action (liberalism).

Model 3 considers the influence of competition on policy liberalism's – the desire for an active government – effect on state capacity. Auerbach *et al.* (n.d.) tells us that democratic states build capacity when they have a broad policy agenda in mind. Basically, states that want to do more things, on the whole, build the apparatus to do them. We introduce competition as a caveat on that relationship. The results show a significant negative interaction between electoral competition and

Table 2: Liberalism, Democracy, Electoral Competitiveness, and State Capacity

	Model 1	Model 2	Model 3	Model 4
Competitiveness	0.042 (0.060)	0.069 (0.068)	-0.064 (0.062)	0.094 (0.063)
Democracy		-0.118* (0.047)		-0.167** (0.053)
Competitiveness \times Dem.		0.150* (0.062)		0.212** (0.072)
Liberalism			0.216*** (0.038)	0.321*** (0.046)
Competitiveness \times Liberalism			-0.167*** (0.042)	-0.280*** (0.060)
Liberalism \times Democracy				0.139*** (0.023)
Competitiveness \times Liberalism \times Dem.				-0.140*** (0.032)
Num.Obs.	980	931	980	931
R2 Adj.	0.959	0.961	0.961	0.964
R2 Within Adj.	0.113	0.110	0.145	0.176
Controls	Yes	Yes	Yes	Yes
FE: year	Yes	Yes	Yes	Yes
FE: state	Yes	Yes	Yes	Yes

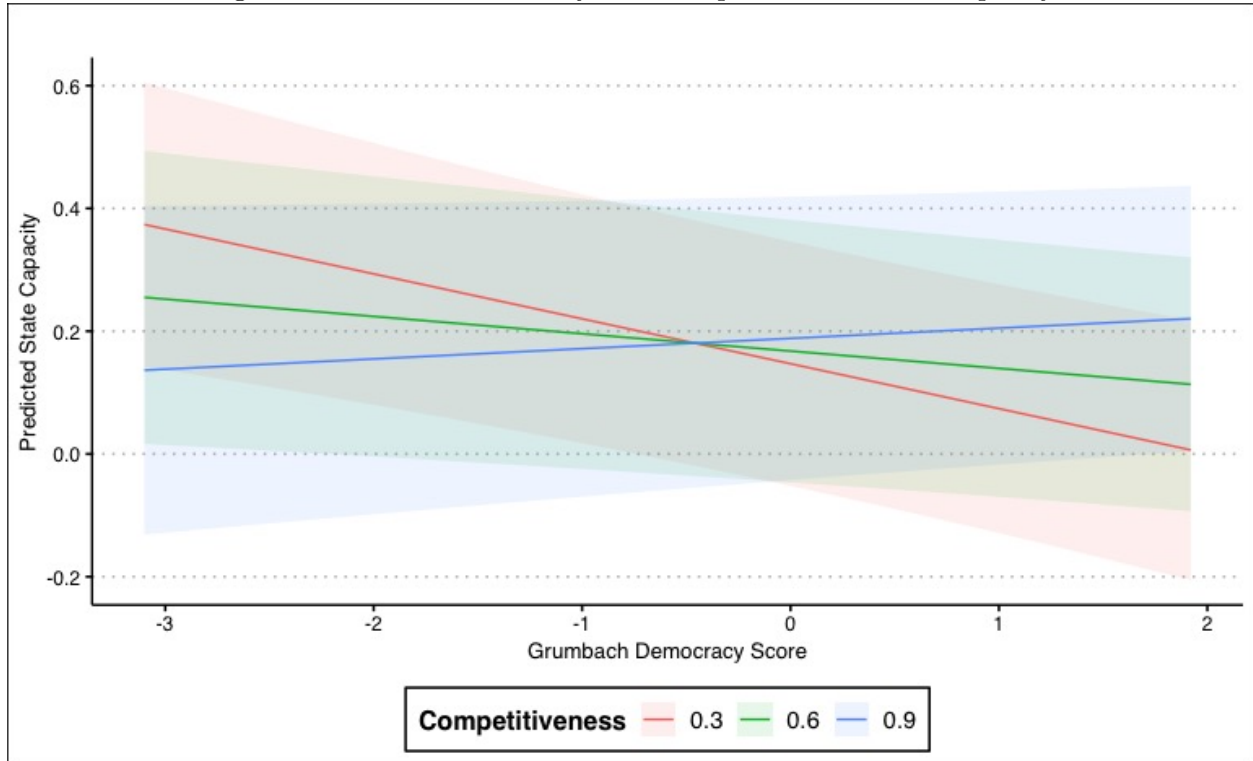
+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The dependent variable is the measure of state capacity. For each model we use OLS with state and year fixed effects, with cluster robust standard errors. We include covariates for population, GSP per capita, and a dummy variable for Democratic governor.

policy liberalism. This result means that responsive states may enact a liberal agenda if there is a solid population base desiring that; however, if the population or political elites is divided (which inter-party competition for control would indicate in a democratic state), then responsiveness would constrain enacting the agenda or discourage massive and durable investment in building the state apparatus to control it. That is to say, although liberalism may incline a state towards investment in state capacity, these would-be-liberalizers make more capable states (states that turn plans into realities) when they have secure political margins. This is consistent with H4.

These results are visualized in Figure 6. Competitiveness is located on the X-axis, where zero is the least competitive and one is the most competitive. Liberalism ranges from a low of -3 (most conservative states), to a high of 3 (most liberal states). The graph shows that liberalism is positively associated with greater state capacity, as our theory laid out. Where a party holds

Figure 5: Effect of Democracy and Competition on State Capacity

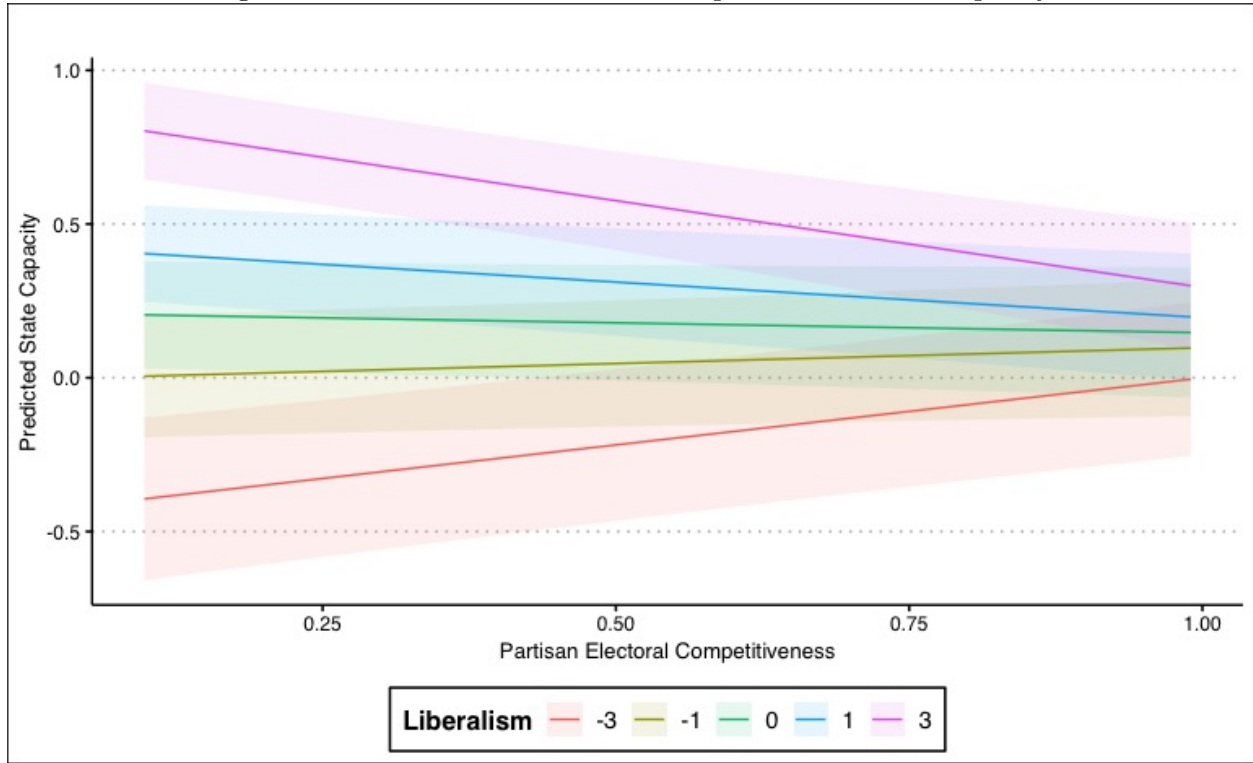


Marginal Effects plot from Model 2 from Table 2.

firm control (closer to zero on the x-axis), they are more capable of turning the program to their preferences. In more competitive environments (closer to 1 on the X-axis), conservatives cannot refuse to deliver and liberals cannot massively expand the state infrastructure or engage in the spending to do so, because they risk losing control of the chamber with tighter margins. Thus, both the lines move toward more moderate capacity.

Finally, Model 4 includes a three-way interaction between competitiveness, liberalism, and democracy. This is to account for the fact that our theory of competition on state capacity assumes legislators are operating in a democratic framework. As noted above, in less democratic states, legislators have different constraints and incentives. In states with higher democracy scores – states with more-inclusive and less-rigged elections – more state capacity is predicted in states with more competitive elections. By contrast, more capacity is built among the less-competitive, less-democratic states. In the comparative context, that would be consistent with state building as a repressive apparatus (Andersen *et al.* 2014; Bäck & Hadenius 2008). Future research can consider the drivers in less-democratic American states. The culmination of these forces is evident

Figure 6: Effect of Liberalism and Competition on State Capacity

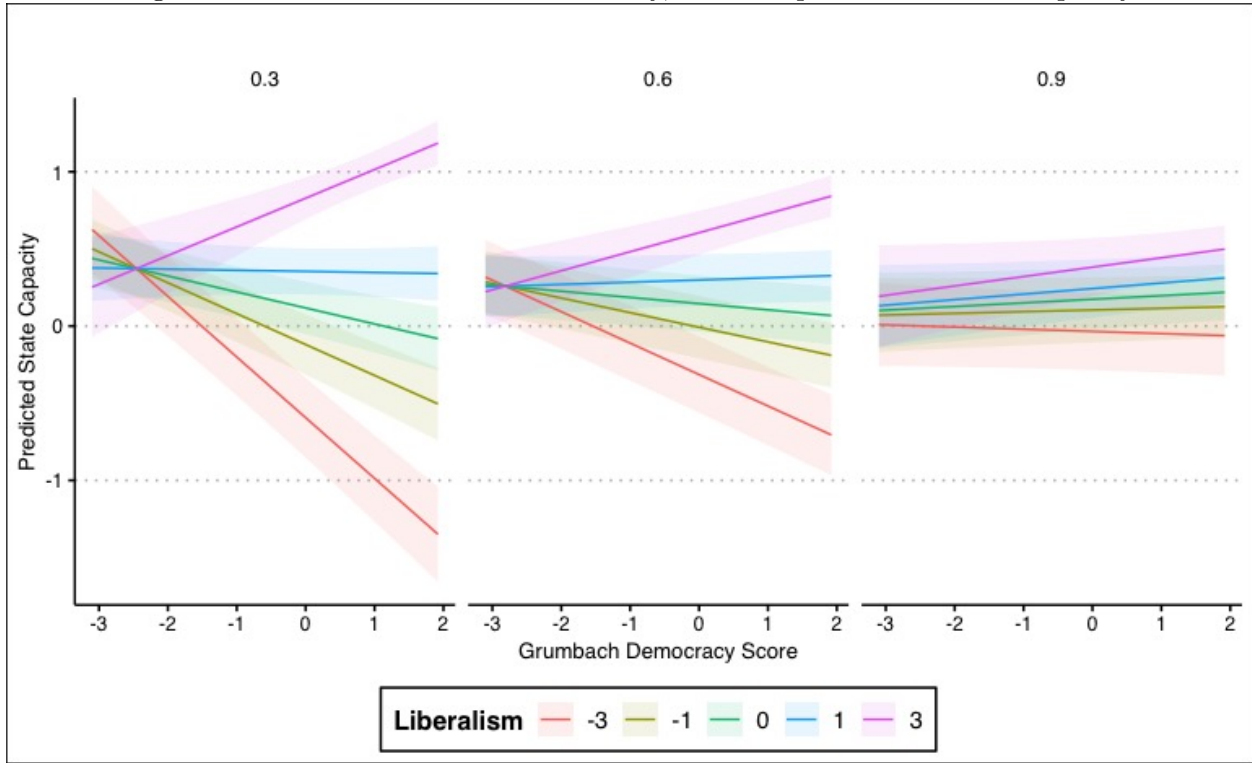


Marginal Effects plot from Model 3 from Table 2.

in Figure 7. The liberal-conservative split in democratic settings is far starker in the less competitive environment (the left-most plot) than in the more competitive environments (the right-most plot). More democratic environments (displayed on the X-axis) reflect policy liberalism or conservatism in making a more or less capable state – functionally representing that will as a democracy should. This relationship between democracy and ideology is stronger when the election is less competitive. Where competition is greater, state behavior will actually be less determined by ideology because the competitive force drives them towards a median position.

The models can also be tested by looking at the liberalism/conservatism of the population, as opposed to the policy liberalism (Appendix Table A4). Caughey & Warshaw (2016) measure opinion conservatism on economic and cultural issues. We find that conservative public attitudes are associated with lower state capacity, particularly in democratic settings. These findings are consistent with the policy liberalism results.

Figure 7: Effect of Liberalism, Democracy, and Competition on State Capacity



Marginal Effects plot from Model 4 from Table 2. The left panel is for low-competition states. The middle panel is for mid-level competition. The right panel is for the highest levels of competition.

Discussion and Conclusions

This study has examined the impact of democratic political competition on subnational state capacity in the United States over two decades of the 21st century. State capacity, defined as the ability of executive governments to implement public policies they desire, depends on a number of factors. One of these forces, we argue, is the nature of political competition.

Government officials wish to keep their jobs, and political parties want to retain power (Fenno 1977). If they have strong and stable control of the governing bodies, then they can readily enact their legislative agenda (Aldrich & Rohde 2000a,b; Cox & McCubbins 2005, 2007). If control of the legislature is competitive, then they will have to deliver for the voters to keep being permitted to “set the agenda.” We propose that, in order to enact their agenda and reach their constituents, these legislators will develop their states’ capacity more than legislators in less legislative competitive environments.

Our theory assumes a democratic political structure, which is to say that the states are running

free and fair elections. Not all American states run elections that grant all citizens equal access to the ballot. If the state has effectively rigged the elections for one party or if every office is held by members of one party, then the politicians can hold their offices without the same need for state capacity. Thus, we must empirically account for the variation in the levels of democracy. Our results demonstrate that our theory of competition holds in the democratic states. States with tighter control of the legislature have higher levels of state capacity.

The theory of competition also conditions prior findings about liberalism’s pushing for state capacity development Auerbach *et al.* (n.d.). As a baseline, the political will to build capacity is greater for liberal states, whose ideology centers on an active government that provides more public goods and services, compared to conservative states, which prefer lower government spending and fewer government programs. Political competition moderates the liberals’ and conservatives’ pursuit of their preferred policies on the question of building state capacity. In more competitive environments, for example, liberal officeholders need to appeal to at least some conservative constituents who do not want to pay more taxes or want more interfering capacity, while even the most committed conservatives cannot shut down all government programs without upsetting their constituents. Competition thus prevents liberals from building “too much” capacity, while it forces conservatives to build capacity for the provision of at least basic services.

Moreover, we find that when inter-party competition is low, liberals build more capacity as the level of democracy increases, while conservatives build less capacity. When competition is high, liberals and conservatives deviate from their ideal positions and are more moderate in capacity building, and converge on a more medium level of capacity. Competition thus induces government leaders to compromise on their policy agenda.

There are several avenues to expand this research going forward. This study treats parties as “Its”. Future research will treat the state parties as “Theys” by considering within-legislature variations. For instance, it could assess Conditional Party Government theory’s connection to capacity building. Scholars could also examine the impact of state-party polarization, incumbency, or legislator enrichment opportunities on state capacity building. Substantial additional opportunities remain to understand the causes and consequences of state capacity.

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