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“You Can Rely on the Old Man's Money”: The Incumbency Advantage and Potential for Favor Exchanging in Congressional Elections

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Abstract
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Keywords
corruption, incumbency advantage, congress, congressional elections, incumbents, fundraising, spending

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“YOU CAN RELY ON THE OLD MAN’S MONEY”:

The Incumbency Advantage and Potential for Favor Exchanging in Congressional Elections

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Thanks to Marley Coyne, my favorite editor.

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To Matthew Levendusky, for helping me along.

And to my parents and grandparents, for getting me here, and for always talking politics at the table.

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The definition of corruption currently used by the United States judicial system for congresspeople is very stringent, requiring full knowledge of exchanging money for legislative favors in order to convict. However, the increasing amount of outside money in congressional elections suggests that the environment is ripe for a *quid pro quo* exchange. This is especially true for incumbents, who have an established, built-in advantage favoring reelection and receive the majority of outside spending. To investigate whether there exists the potential for a *quid pro quo*, I look at incumbents fundraising and expenditure data in 2010 and 2014, after the Supreme Court's *Citizens United* decision. I find that incumbents strategically take advantage of incumbency benefits to build war chests of savings and scare off higher quality challengers. This implies a level of integration with political elites and wealthy donors that suggests a *quid pro quo* between the two sides.

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I. Introduction

It is difficult to look at the incredibly high level of money in American electoral politics and not be at least marginally concerned. Allowing individuals to contribute significant amounts of money to campaigns makes it easy to believe that there is some level of corruption or *quid pro quo* behind that money exchanging. If outside money helps a candidate win an election, then they might feel indebted to that donor, who now has a new friend on the Hill. This is a particularly pressing issue as it relates to incumbents, who are consistently reelected at a greater than 90% rate ("Reelection Rates Over The Years | Opensecrets" 2016), and may owe their seat, or keep their seat, due to consistent backers over time. Therefore, it is important to discover which incumbents receive significant amounts of outside spending, and how they use that outside spending, as a way of investigating the potential presence of a *quid pro quo* between outside groups and United States politicians.

The concern about corruption stems from a general concern of private funding of public office. On a smaller scale, time a zero–sum resource, and congresspeople might choose to allocate more time toward a donor as opposed to a constituent. This is actually the recommended course of action from the Democratic Congressional Campaign Committee. *The Huffington Post* managed to collect a slide from a presentation the DCCC gave to freshman congresspeople in November 2012, which suggested that congresspeople spend four hours per day on call time to donors and one hour on strategic outreach, "which includes fundraisers and press work" (Grim and Siddiqui 2013, see Image 1). On the other hand, the DCCC recommends 1-2 hours of constituent visits and 2 hours in committee each day. This warped time allocation explicitly states the relative importance of fundraising and actual legislative responsibility: the former is much more vital than the latter.

On a larger scale, a conflict of interest can arise for a congressperson who could be stuck between allocating resources toward their constituents, or toward a major donor. “When the public is unaware of or unable to effectively monitor [donor–congressperson] relationships, the appetite for risking legal or political liabilities grows. When politicians know that they can operate without the scrutiny brought by an effective watchdog system, they may be more likely to take advantage of the spoils of public office at the expense of the public good” (Krumholz 2013).

While there is certainly concern about *quid pro quo* corruption, it is increasingly difficult to determine whether corruption takes place. This is first because of the lack of obvious proof: Just because a congressperson received a certain amount of outside spending from a donor and then voted in their interest, does not mean that the donation swayed a congressperson’s vote. Without access to a congressperson’s thought process and reasoning behind a vote, it is impossible to definitively prove whether a *quid quo pro* has taken place.

This line of thinking, though, has warped the philosophy behind American campaign finance law, making increasingly shady connections more commonly acceptable. This process begins with the definition of corruption. Surprisingly, “we have never developed a clear common law or statutory law around the meaning of what might seem to be the most straightforward corruption law—the law of bribery” (Teachout 2016). While corruption was generally understood to mean the use of public power to achieve private ends, the Supreme Court has greatly narrowed this definition over time, eventually concluding in the 2010 case *Citizens United v. FEC* “that corruption only includes explicit deals and is cut off from any broader political philosophy about the obligation to serve public ends in public offices" (Teachout 2016).

This is what is so shocking about the decision in *Citizens United*: While other, later cases may have been more impactful in terms of allowing the flow of private money into the public political space, *Citizens United* broke the dam which allowed that money to flow. By determining that money was equivalent to political speech, the Court instituted a judicial philosophy which allows for the free flow of private money. By limiting what could be called "corruption," the Court does a disservice to Americans everywhere, who have neither the time nor resources to compete with wealthy donors for the ear of their congresspeople. There is, effectively, no limit to the amount of corruption which could be present in American electoral politics. As Teachout frankly, if hilariously, explains, "If [juries] are not allowed [to determine corruption based on inference from the circumstances of individual cases], doesn't that allow everyone but idiots to get away with buying policy?" (Teachout 2016)

Indeed, there is plenty to be concerned about in a post–*Citizens United* world. Chart 1 (see Appendix) shows the increases in total outside spending by cycle since 1990. There has been a substantial increase over the last three election cycles, as outside spending has increased from $310 million in 2010 to $306 million *already* so far in 2016. Admittedly, the chart looks a bit like a sine wave, but that is explained by decreased outside spending in midterm years followed by sharply increased outside spending in Presidential election years. A like–cycle increase is present: Outside spending increased from $310 million in 2010 to $561 million in 2014. This is an especially worrying concern as it relates to incumbents. "Not surprisingly, this sector recognizes that incumbents tend to hang on to their seats, and the money flows accordingly"

(Krumholz 2013). Therefore, in investigating the question of a *quid pro quo*, I limit my analysis to the behavior of incumbents.

Given that definitively proving a *quid pro quo* is impossible, I investigate the possibility of a *quid pro quo* by analyzing campaign finance data to determine whether there exist conditions in which I could reasonably assume a *quid pro quo* took place. Specifically, I use the concept of a "war chest" to inform my understanding of campaign behavior. A war chest is campaign savings that incumbents can use to fund future campaigns. A secondary effect of this behavior is that incumbents can use their war chests to scare off higher–quality challengers: War chests can act as a signal that challengers will be substantially outspent and that challengers are well–connected to elites and donors within the district, all of which are unique advantages of incumbency and help to solidify incumbents' high rate of reelection. If congresspeople are reliant on war chests to fund their campaigns and maintain incumbency, I can believe that a *quid pro quo* has taken place between the congressperson and elites within the district.

While I cannot prove that *quid pro quo* has taken place, I do find that incumbents have exhibited behavior that is in line with their use of war chests. Campaign spending decreases over time, indicating that incumbents face easy reelection against weaker challengers, and further indicating that war chests scared off higher–quality opponents. While total funds raised decreased, the amount by which incumbents out–raised their opponents increased over time. This is the definition of a war chest: Incumbents collected excess funds to use later in the election. While incumbents outspend challengers by the same amount over time, these lower–quality challengers, who are less able to fundraise year over year, are more easily defeated. This implies a broken campaign finance system, in which a few individual private interests are taken care of by public power.

II. Campaign Finance History and Background

The relevant history of campaign finance law is as complex as the modern campaign finance system itself**.** Modern campaign finance reform begins in 1971, with the Federal Election Campaign Act (FECA). This law consolidated earlier attempts at campaign finance reform into one comprehensive legislation, "instituting more stringent disclosure requirements for federal candidates, political parties and political action committees (PACs)" ("The FEC And The Federal Campaign Finance Law Brochure" 2016). According to the FEC, "'PAC' here refers to a committee that makes contributions to other federal political committees. Independent-expenditure-only political committees (sometimes called 'super PACs') may accept unlimited contributions, including from corporations and labor organizations" ("The FEC And The Federal Campaign Finance Law Brochure" 2016). Amendments to FECA established the Federal Election Commission (FEC) in 1974, and amendments following the constitutional challenge in *Buckley v. Valeo* would "streamline the disclosure process and expand the role of political parties."

Specifically, FECA instituted several crucial reforms. First, all candidate committees, party committees, and PACs were required to disclose all money both raised and spent, as well as individuals who donated more than $200 in a given cycle and expenditures greater than $200. Second, contribution limits were placed on individuals and groups to candidates, party committees, and PACs. Third, FECA banned expenditures or contributions to influence federal elections from the following groups: corporations, labor organizations, federal government contractors, and foreign nationals. Fourth, FECA defined "independent expenditures" as "an expenditure for a communication which expressly advocates the election or defeat of a clearly identified candidate and which is made independently from the candidate's campaign. To be considered independent, the communication may not be made with the cooperation, consultation or concert with, or at the request or suggestion of, any candidate or his/her authorized committees or a political party, or any of their agents.” FECA allowed unlimited independent expenditures in connection with federal elections by individuals or PACs ("The FEC And The Federal Campaign Finance Law Brochure" 2016).

In 2002, John McCain and Russ Feingold teamed up to pass McCain–Feingold, or the Bipartisan Campaign Reform Act (BCRA), which supplemented FECA in crucial ways. “The BCRA banned national parties from raising or spending nonfederal funds (often called ‘soft money’), restricted so-called issue ads, increased the contribution limits and indexed certain limits for inflation” ("The FEC And The Federal Campaign Finance Law Brochure" 2016).

Soft money was the focus of McCain–Feingold. The Act defined “soft money” as “money raised outside the limits and prohibitions of federal campaign finance law,” and included restrictions such as: prohibiting national parties from raising or spending soft money; limiting fundraising by candidates and incumbents on behalf of party committees, nonprofit organizations, and other candidates; and requiring non–national party committees to fund certain federal election activities with federal funds.

McCain–Feingold also limited which entities may pay for what are referred to as “issue ads,” (ads which clearly identify a candidate and are publicly distributed to target a relevant audience before an election): Corporations and labor organizations could no longer engage in such “electioneering communication.” There were stricter reporting requirements delineated for this type of communication, including disclosing costs of communications greater than $10,000 and identifying the person making the disbursement. Moreover, a three–pronged test was established to determine whether communications were coordinated or independent expenditures.

Most importantly, the BCRA updated the campaign contribution limitations. Contributions to candidates increased by $1,000 to $2,000; contributions to all sub–national levels of party committees were raised by $5,000 to $10,000; contributions to national party committees increased from $20,000 to $25,000; the individual maximum contribution was changed from $25,000 per year to $95,000 every two years. These monetary limits were to be indexed to inflation.

At the turn of the century, then, campaign finance appeared to be tightly regulated. While the middle class could not reasonably contribute close to the maximum allowed under the BCRA, these limits were not so high as to believe that individuals might be using donations to gain access or legislative favors from their congresspeople.

The fear of a *quid pro quo* does not begin until 2010, when a series of federal court cases opened the floodgates for outside expenditure increases. In 2010, the Supreme Court decided *Citizens United v. Federal Election Commission*. Citizens United sought to prevent the application of McCain–Feingold to their film *Hillary: The Movie*. The act would have prevented "corporations or labor unions from funding such communication from their general treasuries," and required "the disclosure of donors to such communication and a disclaimer when the communication is not authorized by the candidate it intends to support" (Citizens United v. Federal Election Commission 2010).

The Court issued four holdings, two of which are relevant to this discussion of campaign finance. First, "the majority held that under the First Amendment corporate funding of independent political broadcasts in candidate elections cannot be limited," arguing that corporations also have a right to free political expression. Second, the Court "upheld the ban on direct contributions to candidates from corporations and unions" (Citizens United v. Federal Election Commission 2010). At this point in the campaign finance revolution, then, the Court has allowed unlimited corporate funding of political communications, but maintained the ban on direct contributions.

The second relevant court case is *SpeechNow.org v FEC.* SpeechNow was a collection of individuals, registered as an IRS Code 527 entity, that wished to pool their resources to "make independent expenditures expressly advocating the election or defeat of federal candidates." When the FEC advised they register as a political committee, SpeechNow filed a complaint in U.S. District Court, arguing that "the Act unconstitutionally restricts their association guaranteed under the First Amendment. By requiring registration as a political committee and limiting the monetary amount that an individual may contribute to a political committee, SpeechNow and the other plaintiffs assert that the Act unconstitutionally restricts the individuals' freedom of speech by limiting the amount that an individual can contribute to SpeechNow and thus the amount the organization may spend" (SpeechNow.org v. Federal Election Commission 2010).

This case was settled by the D.C. Circuit. That court held that, "when the government attempts to regulate the financing of political campaigns and express advocacy through contribution limits, it must have a countervailing interest that outweighs the limit's burden on the exercise of First Amendment rights." They applied the *Citizens United* decision, which stated that there was no inherent suspicion of corruption in donating funds to groups which only make independent expenditures, to rule that unlimited donations to independent expenditure groups was constitutionally allowed (SpeechNow.org v. Federal Election Commission 2010).

The last case, *McCutcheon v. FEC,* was decided by the Supreme Court in 2014. In this case, Shaun McCutcheon wished to continue his myriad donations to multiple Republican political committees and candidates. However, he could not do so due to the two–year aggregate limit on donations contained in the BCRA, intended to curb the amount that could be donated during each election cycle. He sued, arguing “that the aggregate limit violated the First Amendment by failing to serve a ‘cognizable government interest’ and being prohibitively low” (Shaun McCutcheon v. Federal Election Commission 2014).

The Roberts Court agreed. “The plurality held that the aggregate limit did little to address the concerns that the Bipartisan Campaign Reform Act was meant to address and at the same time limited participation in the democratic process” (Shaun McCutcheon v. Federal Election Commission 2014). The aggregate donation limits do not prevent corruption, so they are not rigorous enough to warrant the First Amendment violation. They also force donors to choose which interests to advocate in a given election cycle by limiting donations to a certain number of candidates. In overturning aggregate donation limits, the Court allowed for individuals to contribute as much as they desire directly to campaigns.

All three of these cases stoke fear of *quid pro quo* situations in significant ways. It is first important to note that the courts very clearly took the possibility of a *quid pro quo* into account, and decided that the violations of free speech represented by campaign finance laws were more egregious to American democracy than, effectively, unlimited campaign donations. However, by allowing unlimited corporation and union outside spending, unlimited individual donation to independent expenditure groups, and unlimited individual donations to campaigns, wealthy individuals, profitable corporations, and powerful unions could conceivably issue blank checks which turn into access and legislative favors on the Hill.

That framing is the way changes to campaign finance laws have appeared in the popular political discourse. Bernie Sanders, the candidate for the Democratic Presidential Nomination, argues that, “In the year 2016, with a political campaign finance system that is corrupt and increasingly controlled by billionaires and special interests, I fear very much that, in fact, government of the people, by the people, and for the people is beginning to perish in the United States of America” (Sanders 2016). The Brennan Center for Justice, a think tank and advocacy center at New York University School of Law, writes, “Today, new forms of big money threaten to undermine American democracy. *Citizens United* and other court rulings obliterated a century of campaign finance laws” ("Money In Politics" 2016). The unstated implication of these arguments is that money helps outside donors subvert traditional democratic processes to, essentially, buy elections.

The rhetoric of these individuals and organizations is fiery and intentionally provocative, but the fear behind that rhetoric is backed by a cursory look at the data. Table 1 (see Appendix) shows a substantial jump in all money raised by congressional candidates from 2008 to 2010 (the election cycle during which *Citizens United* was decided); this growth continued during 2012, and dropped slightly for a midterm election year in 2014. There are too few data points to say anything definitively. The best hope, however, is that we have a reached a new normal in terms of amount of money that congresspeople have access to. The worst case scenario is that these year–on–year moderate increases are a trend which continues over time.

Given that campaign finance law has changed significantly and rapidly over the last six years, it is worth investigating the ways in which outside spending has changed, and how candidates for office use their biennial war chests. This can first be done by examining campaign financial activities (Table 1). While total campaign spending and fundraising have continued their increasing trends since 2000, Total Cash on Hand remained relatively stable until 2010, before substantially increasing through 2016. In the current cycle to date, total cash on hand for House races has reached $372,985,200, up from $167,208,495 in 2010. This implies that campaigns are able to bank excess cash, as a result of increased fundraising, for use later.

It is also worth examining the behavior of outside groups. In the status quo, PACs tend to favor incumbents. OpenSecrets, a think tank which collects, publishes, and analyzes FEC data, finds that, “Political action committees have one overriding mandate: get the most bang for the buck. To maximize their dollars, nearly all PACs — particularly those of business groups — give the overwhelming proportion of their campaign dollars to incumbents. With congressional reelection rates typically in the 90 percent range, from their point of view that's a sound investment” ("PAC Dollars To Incumbents, Challengers, And Open Seat Candidates | Opensecrets" 2016).

It is true that PACs and outside spending are not the same thing — outside spending is the sum total of independent expenditures, communication costs, and electioneering communications in a given race, whereas PACs are just advocacy groups. However, OpenSecrets does have data on candidate fundraising which can help illustrate how the PAC rationale might carry over to outside spending (Table 2). Indeed, the average challenger raised a maximum of $335,101 in 2008, a number which steadily decreases through 2014, the most recently completed election, when the average challenger raised $258,177. Likewise, the average incumbent fundraising amount has increased steadily, from $885,620 in 2000 to $1,557,426. There is actually a slight decrease from 2012 to 2014, likely due to a presidential cycle bump in fundraising. The overall trend, though, is still valid: Fundraising concentrates around incumbents.

This would imply a crowding–out effect for challengers. If outside spending resources center around incumbents, and we assume that outside spending is largely zero–sum (spending on behalf of one candidate means not spending on behalf of another), then there must be fewer resources for challengers, discouraging them from entering races against incumbents. The data in Table 2 support this. The vast majority of incumbents have run for reelection every year since 2000, with the lowest amount being 407 incumbents running in 2004. Despite the massive influx in overall outside spending over the last six years, the number of challengers has steadily decreased over that time, from 1,115 challengers running in 2010 to 669 in 2014.

In the context of a possible *quid pro quo*, this pattern of behavior creates an especially worrisome scenario. Incumbents are able to take advantage of increased outside spending to raise more money, keeping a war chest on hand to discourage challengers. These war chests are created by outside donors who may be able to exchange donations for access or legislative favors, and because the war chests both enable spending and scare off challengers, their donations are especially valuable. This all points toward a system in which the officials who are ostensibly representatives of the people are more beholden to their financial backers than their constituents, and remain in that position over long careers, justifying an investigation into incumbents' spending habits.

III. Literature Review

The literature on incumbency suggests a chicken–or–the–egg problem for incumbency advantage. "'Incumbency advantage' typically refers to the electoral margin a candidate enjoys because of her status as an incumbent running for re–election" (Gordon and Landa 2009). A practical application of this definition could be the high reelection rates that incumbents experience. Incumbents have access to higher levels of funds because they are seen as the safer investment by outside spenders. If that is true, does the incumbency advantage result in more outside spending, or does outside spending boost incumbency advantage? Answering this question will help inform whether and how outside spending affects incumbents' chances of reelection.

To investigate, we should start with analyzing the components of the incumbency advantage. Gordon and Landa aggregate three different sources of incumbency advantage (2009). First, the *campaign discount* makes it easier and cheaper for incumbents to campaign. This comprises three known incumbency effects, the first of which is greater name recognition for incumbents. The name recognition effect is commonly referred to as the "personal vote — the vote that the incumbent receives because he or she represented voters in the past." They find that the "personal vote accounts for one–half to two–thirds of the overall incumbency advantage," equivalent to four percentage points of vote share (Ansolabehere, Snyder Jr. and Stewart III 2000). Moreover, incumbents tend to receive favorable coverage on television. This most significantly effects less–educated citizens, for whom local television news, as a less–demanding source of knowledge than print or digital media, was easily digestible (Prior 2006). However, favorable local coverage is a strong source of the incumbency advantage on any level. "Incumbents who win more newspaper coverage are viewed as being more in touch with the district and are more likely to win support from constituents during bids for reelection" (Schaffner 2006).

The last effect underneath the campaign discount is the creation of war chests. Incumbents have the benefit of access to donor networks and political elites which allows them to amass funds for future elections. If we assume there are three quality levels for incumbents (high, medium, and low), then their behavior is as follows: high–quality incumbents know they can deter high–quality challengers through means separate from a sizable war chest, and tend to avoid building one; low–quality incumbents raise and spend money expecting a high–quality opponent, and usually do face such an opponent regardless of fundraising activity; medium–quality incumbents raise moderate amounts of extra money to deter the challenger, and it does sometimes work (Goodliffe 2005).

The campaign discount is worrisome in the context of a *quid pro quo*. The campaign discount delineates ways in which it is cheaper for incumbents to campaign and seek reelection, but these ways also entrench those incumbents within networks that may require favor–exchanging in order to reap the benefits of cheaper campaigning. For example, an incumbent who faces a high–quality challenger might exchange access or legislative preference in order to ensure they outspend their opponent. The campaign discount suggests that fundraising and outside spending behavior is a reaction to the strength of the incumbent and quality of the challenger.

Second, *pro–incumbent endorser bias* suggests that "uninformed voters may rely on endorsements from respected elites or interest groups when deciding how to cast their ballots" (Gordon and Landa 2009). As the title of this bias would imply, it mostly derives from endorsements from elites. Endorsements usually cause poorly–informed voters to act like well–informed voters, because most voters are adept at using information shortcuts, such as endorsements, to appear well–informed (Lupia 1994). This emulation effect derives from the incumbent's ability to "cultivate relationships or offer promises to those elites" who provide the endorsements, which almost explicitly suggests a *quid pro quo* (Gordon and Landa 2009).

Third, Gordon and Landa discuss *pro–incumbent district partisan bias*, in which districts that are more ideologically in line with their incumbent are more likely to continue to vote for that candidate (2009). This seems intuitive: If voter ideology is relatively stable in districts over time, then we might expect the same candidates to be consistently re–elected, assuming that the incumbent stays in step with the district.

These incumbency advantages are not created equal, and will have varying effects depending on the specific context of use. For example, Hirano and Snyder find that "direct office–holder benefits are larger in competitive districts than in safe districts and in states with relatively larger legislative budgets per capita" (2009). That is to say, in states that spend more money per capita on constituents, incumbency effects are higher. In addition, competitive districts see higher levels of incumbent benefits.

While this refers specifically to state–level politicians, we can reasonably assume that congressional districts in which congresspeople successfully "bring home the bacon" will experience high reelection rates for incumbents. This is intuitively true because providing goods and services for the district will embed the congressperson with local elites and incur positive media coverage, both of which are substantial parts of the endorsement bias and campaign discount. Moreover, the evidence on how different kinds of incumbents use their war chests supports the finding that competitive districts see higher levels of incumbent effects. Competitive districts are typically fought between high–quality challengers and low–quality incumbents, and those incumbents take more advantage of access to endorsements and fundraising networks to ensure a victory.

To return to the original chicken–or–the–egg question, this analysis suggests that it is nearly impossible to answer whether outside spending boosts the incumbency advantage or whether the incumbency advantage accrues higher levels of outside spending. More importantly, this question probably does not matter. What is important is understanding the symbiotic relationship between the two forces. The incumbency effect, to a startling degree, relies on access to donor networks and higher levels of outside spending to boost chances of reelection, especially for lower–quality incumbents. Outside spenders typically align with the candidate most in tune with their legislative priorities who is also most likely to win office. Knowing which effects comes first (if either does) is less important than examining whether these conditions are ripe for a *quid pro quo*.

To be fair, there is evidence suggesting that the campaign finance system is not as rigged as this presentation of the literature would suggest. First, there is the argument that outside spending should not be seen as political investment (in which investors might expect to gain legislative access or favors), but rather is a form of political consumption or participation. “The evidence that campaign contributions lead to a substantial influence on votes is rather thin. Legislators' votes depend almost entirely on their own beliefs and the preferences of their voters and their party. Contributions explain a miniscule fraction of the variation in voting behavior in the U.S. Congress” (Ansolabehere, de Figueiredo and Snyder Jr 2003). While legislative access might still be offered in exchange for outside spending, favors do not appear to be exchanged.

Instead, outside spending ought to be seen as a form of participation. Given that most donors give substantially less than the current donation caps, donors could not reasonably expect to gain any sort of return on this investment. Given that a substantial amount of campaign spending comes from individual donors, all donors would crowd each other out when attempting to cash in their donations for favors. This suggests that donors are giving largely to be a part of the political process. However, the authors admit that, “the idea of a campaign contribution as a form of consumption needs more empirical and theoretical development” (Ansolabehere, de Figueiredo and Snyder Jr 2003). It might be reasonable to apply this line of thinking to a large amount of donations. However, given both the substantial rise in outside spending over the last decade, it is reasonable to believe that larger donations do still come with strings attached.

There is also reason to believe that war chests do not incur the level of deterrence this literature review would expect. There are three proposed mechanisms for deterrence, each with their own shortcomings. First, war chests do not *prima facie* scare off challengers because they come with an opportunity cost (spending the war chest now means more resources diverted toward fundraising later) which mitigates their usefulness over time. Second, challengers are not afraid of incumbents' ability to raise funds because it is an accepted part of incumbency effects that incumbents are able to do so. Third, war chests do not signal intangible variables (such as toughness or commitment to spending) because this information is usually not accurate or reliable, and better information can be gained by looking at past incumbent performance. Thus, we can conclude that war chests have a negligible effect in scaring off high-quality challengers (Goodliffe 2001).

IV. Hypotheses

The point of a war chest is to amass reserves that scare off high–quality challengers. If the scare–off effect were to occur, then incumbents would not have to spend as much money in a campaign. Either outside spending would increase to support the flailing incumbent, or the incumbent faces a weaker challenger, allowing them to coast to a victory without spending as much money. This predicts:

H1: Incumbents will have lower levels of campaign expenditures in 2014 than in 2010.

Having established whether incumbents have decreased their spending over time, I will then investigate whether incumbents are able to scare off weaker challengers due to the presence of an incumbent's war chest. One way to determine whether incumbents are saving money is to check whether incumbents' expenditure as a proportion of raised funds decreases from 2010 to 2014. That is to say, if I create variable that is campaign expenditure divided by raised funds, would that variable decrease over time? If the answer is yes, then I can begin to piece together the existence of a scare–off effect. This would imply that incumbents are raising more money than they are spending over time, an indicator of a scare–off effect.

H2: Incumbents' expenditure as a proportion of raised funds will decrease from 2010 to 2014.

H2, on its own, will not prove the presence of a scare–off effect. If H1 is correct and incumbents are spending less in 2014 anyway, then the proportion proposed in H2 will naturally decrease in 2014. I need other corroborating evidence from incumbents' behavior to definitively say that a scare–off effect exists. One more necessary condition would be to know whether incumbents raised more money in 2014 than in 2010. It is one thing to suggest a scare–off because the proportion of campaign expenditure over raised funds decreased to a drop in the numerator; but if I can show that the denominator, at the same time, increased, then I can begin to buy into the "war chest" theory of scare–off effects.

H3: Incumbents will have raised more money in 2014 than 2010.

Challengers' behavior can also help to suggest a scare–off. One implication of the scare–off hypothesis is that, as a result of this phenomenon, incumbents will face weaker challengers. One definition of a bad challenger is an inability to fundraise effectively. Outside spending groups donated to incumbents more because they thought incumbents had a higher probability of winning; if they think a weak challenger his little chance of unseating the incumbent, they will not waste their money investing in that challenger. Thus, a weak challenger will have raised less money over time, which we can empirically test in this study.

H4: Challengers will have raised more in 2010 than in 2014.

We can also look to general campaign dynamics to determine the presence of a scare–off. If a challenger is strong enough to unseat an incumbent, they will raise money more effectively. If money donated is somewhat zero–sum (donating to one candidate means probably not donating to the other), then a dollar donated to a challenger is a dollar taken away from the incumbent, and vice–versa. This makes the difference between what challengers and incumbents both raise and spend very important: The closer those figures are to each other, the stronger the challenger, and the tighter the race. When those figures are farther apart, the incumbent is more widely accepted as dominant and it is easier to assume that the challenger is weaker.

H5: The difference between incumbents' and challengers' expenditures will have increased from 2010 to 2014.

The same logic can be applied to how much incumbents and challengers are able to raise over time. Fundraising is a fundamental part of building a war chest — calling in favors to political elites and wealthy donors is a necessary component of scaring off a potential high–quality challenger. This hypothesis will test how connected incumbents are to the webs of political elites and wealthy donors, while demonstrating their ability to use fundraising as a signal to keep high–quality challengers out of the race.

H6: The difference between incumbents' and challengers' fundraising will have increased from 2010 to 2014.

Finally, the number of challengers incumbents face should decrease over time. Incumbents face higher amounts of challengers when they are perceived as weak or out of step with the district. Conversely, if an incumbent is strong, then stronger candidates should move on to another district wait for a future cycle to challenge a weaker incumbent.

H7: There will be fewer challengers in 2014 than in 2010.

V. Methodology and Results

In order to examine how incumbents spend money, I collected data on the sample of 50 U.S. House of Representatives with the highest amount of outside spending in their cycle. This list was culled so that those who won in these elections in 2010 were still running for reelection in the following midterm cycle in 2014. The sample was extended to 52 congresspeople to reflect a data cutoff of $3,000,000 in total outside spending.

For both 2010 and 2014, data was collected for these congresspeople along the following benchmarks: Whether their district was redistricted, whether incumbent was running in 2010, the number of terms served before the election, the number and percentage of votes received for the candidate, the number and percentage of votes cast for the presidential candidate which carried that district in 2008 as well as which candidate won, Cook PVI values, incumbent and challenger spending and fundraising totals, outside spending in support of Democratic and Republican candidates, and total outside spending.

There are some important methodological notes to discuss. First, 2010 was chosen as the initial year because it is the election held after *Citizens United*, when the larger effects of campaign finance liberalization were first starting to take place. The comparison year was 2014 because that was the immediately following midterm election. This means that the intertemporal analysis is limited to two election cycles, which is not particularly robust, but does illustrate how changes have occurred over that time period. This is to say, this analysis may not be especially predictive, but does illustrate a current trend. Moreover, because only two cycles were samples, it was most important to establish a difference between the two cycles, allowing me to use T-tests for this analysis.

To test H1, I ran a simple two–sample T–test, which will determine whether sample of incumbent campaign expenditures is higher in 2010 than in 2014. The nine races which did not feature an incumbent in 2010 were excluded from this analysis. I find that the 2014 incumbent expenditure is significantly less than 2010 incumbent expenditure ($p<0.01$). The 2010 incumbent expenditure averages $2,589,941.65, which is considerably more than the 2014 average of $1,356,011.67, a change of -47.6%. Given that these incumbents have entered the 2014 cycle as, at least, two–term congresspeople, we can assume a small but noticeable level of access to noted incumbency effects. As these effects begin to take hold, incumbents spend less in their reelection campaigns.

There is an alternative explanation of this phenomenon: What if everyone spent less in 2014 than in 2010? After all, as Table 1 shows, there was an approximately $100 million decrease in outside spending from 2010 to 2014, even though PAC spending increased by $22 million. This difference mostly derives from a decrease in Democratic spending: In 2010, Republicans spent $542,063,375 and Democrats spent $552,270,681; in 2014, Republicans spent $534,144,802, while Democrats spent $428,397,320. Given that 33 of the 43 races tested included Republican incumbents, we would expect only a moderate decrease in spending, not a decrease by almost half. I will discuss this phenomenon in greater detail in the following section.

To test H2, I conducted a simple two–sample T–test, which will determine whether incumbents spent a larger proportion of their raised funds in 2010 than 2014. There were fewer observations for 2010 than for 2014, because there were 9 races in the 2010 sample in which the incumbent was not present in the race. I find a higher average proportion of spending in 2010 compared to 2014. Incumbents spent, on average, 110% of what they raised in 2010; in 2014, they spent 90% of what they raised ($p<0.01$). Incumbents spend significantly less money as a proportion of their total spending as they experience more electoral victories. This could potentially be due to the demonstrated decrease in campaign spending found in H1. Moreover, this phenomenon suggests that incumbents are able to pay off debts accrued in earlier races with surpluses from later races. This is a crucial finding in terms of incumbent campaign finance strategy, because it suggests the use of a war chest.

To test H3, I conducted a simple two-sample matched T–test, which will determine whether incumbents raised more in 2010 than 2014. I found that the average incumbent raised about $2,365,472.67 in 2010, which actually shrunk to $1,534,422.94 in 2014. This was very statistically significant ($p < .01$), forcing me to reject hypothesis three. It seems that the general electoral trend holds true here: Less money was raised overall in 2014 than 2010 (about $50 million less, according to Table 1), which affected overall incumbent fundraising patterns.

To test H4, I conducted a simple two-sample T-test, which will determine whether challengers raised more money in 2010 than in 2014. There were fewer observations for 2010 than for 2014, because there were 9 races in the 2010 sample in which the incumbent was not present in the race, making it impossible to determine the challenger spending variable. Challengers raised substantially less in 2014 than 2010. The 2010 average was $1,645,330.84, whereas the 2014 average was $453,124.52 ($p<.01$). Again, this is in line with general trends observed in the differences between the two years.

To test H5, I ran a simple two-sample T-test to see whether the difference in incumbent expenditure and challenger expenditure was larger in 2010 compared to 2014. There were fewer observations for 2010 than for 2014, because there were 9 races in the 2010 sample in which the incumbent was not present in the race. I find no statistical difference between the two samples, indicating that incumbents were outspending challengers to roughly the same extent in both cycles. I will take a look at why that is in the following section.

To test H6, I conducted a simple two-sample T-test, which will determine whether the difference between incumbents' and challengers' fundraising totals increased from 2010 to 2014. There were fewer observations for 2010 than for 2014, because there were 9 races in the 2010 sample in which the incumbent was not present in the race, making it impossible to determine the challenger spending variable. The 2010 difference of $766,145.38 was smaller than the 2014 difference of $1,110,062.54 ($p<.03$). Incumbents were able to increase the extent to which they out–fundraised their opponents from 2010 to 2014.

To test H7, I counted the number of opponents that this set of incumbents faced in 2010 and 2014. For 2010, those districts in which no incumbent ran were not counted toward the tally. For the purposes of this tally, a "challenger" is an opponent who filed with the FEC as having authorized expenditures in that election cycle. In 2010, there were 61 challengers. In 2014, there were 60 challengers. Given that there were 43 valid races in in 2010 and 52 valid races in 2014, the number of challengers per race decreased from 1.41 challengers per race to 1.15 challengers per race. I can reasonably say that there were fewer challengers in 2014.

VI. Discussion

I began searching for evidence of a scare–off effect and use of war chests by congresspeople in order to determine whether there was a *quid pro quo* present between outside spenders and congresspeople. However, it was difficult to measure changes in outside spending over time because thirteen of the races did not have outside spending data on OpenSecrets. When we consider that 9 races in 2010 did not have incumbents and remove the deficient data from the sample, the resulting data pool is too small to have significant results. Thus, I have to piece together evidence of a scare–off due to war chests looking solely at fundraising and expenditure data. If I can establish a scare–off effect due to the use of war chests by incumbents, then we can begin to assume that a *quid pro quo* has taken place, because congresspeople will have been shown to be taking advantage of the campaign discount to keep themselves in office. The favors incumbents have called in to build a war chest and initiate a scare–off will be the first half of a *quid pro quo*.

The evidence for a scare–off effect seems mostly positive. While there might be enough evidence to justify thinking that a scare–off effect might exist, these data cannot fully confirm that hypothesis. However, it is worth looking at the areas where a scare–off is best exhibited to weigh the evidence. The best evidence of this comes as a result of H2, which established that incumbents spent approximately 110% of what they raised in 2010, before spending 90% of their fundraised total in 2014. That is, they went into debt in 2010, and financed that debt with leftover funds in 2014. This is exactly the kind of behavior I would expect to see if war chests were being used. Faced with a tumultuous election cycle in 2010, incumbents were able to use connections to local elites and wealthy donors to finance the debt incurred to maintain their seat. This reading of the result explicitly supports a potential *quid pro quo*.

The scare–off effect found as a result of H7 is even more significant in this context. If incumbents are so confident in the strength of their connections that they are willing to pay off their incurred debts with future fundraising, then high–quality challengers should stay away, because there is almost no situation in which they could outspend the incumbent. The drop in the number of challengers incumbents face over time, from 1.41 in 2010 to 1.15 in 2014, reads as a foreboding sign for high–quality challengers looking to unseat incumbents: as incumbency effects take hold, high–quality challengers do not challenge their well–connected incumbents.

Together, these two results suggest that a scare–off probably occurs, given that incumbents can use their connections to finance old debt. This sequence of events indicates that a *quid pro quo* could take place, as challengers become, literally, indebted to their backers.

Furthermore, the perplexing result of H1 provides the best evidence of a scare–off and potential *quid pro quo*. A surface–level analysis would indicate that the results of the test — that incumbent campaign expenditures decrease from 2010 to 2014 — are in line with the overall trend in campaign finance. However, as noted in the section above, Republican spending stayed largely level over time, while Democratic spending substantially decreased. Given that the districts which populate my sample are over 75% Republican, I would not expect to see a 47% decrease in expenditure spending over that time span. Why, then, would campaign expenditures shrink so substantially?

One reason could be that these are mostly strong incumbents, who can effectively signal their ability to raise more and spend more if necessary, keeping strong challengers out of races and allowing for incumbents to spend less. H6 supports this interpretation. H6 tests the difference between incumbents' and challengers' fundraising over time, and finds a statistically significant increase in this difference from 2010 to 2014. Incumbents raise more money as they become more entrenched in the district. This suggests that they are able to take advantage of access to wealthy donors and political elites, through the campaign discount of incumbency advantage, and raise more money when they find themselves in a pinch. If that is true, then these incumbents can use their war chest as a signal to attract weaker challengers, requiring less money to defeat the opponent in the following year. This is the best evidence found for both the strength of incumbency effects, the potential of a scare–off effect due to the ability to build a war chest, and the first half of a *quid pro quo*.

There were seven instances in 2010 of incumbents being out–fundraised by their opponents, and it is worth analyzing those instances as case studies. In five of these instances, the opponent unseated the incumbent (in OH-02, MD-01, PA-08, NM-02, and NY-20). This shows the extent to which fundraising matters: At least in my sample, the person who raised the most money almost always won the election.

There were only two instances in 2010 in which that was not the case. Gerry Connolly, who, in 2010, was a one–term (but highly experienced) Democratic congressman from Virginia's 11th district, faced a stiff Tea Party opponent in Keith Fimian. Connolly won, despite being out–fundraised \$2,461,286 to \$2,941,463. Given that Fimian had tremendous establishment support and was even chosen to be a member of the Republican Party's "Young Guns" training program, it is easy to explain this instance: Establishment support led to a mobilization of resources backing Fimian during the Republicans' massive, coordinated attempt in 2010 to unseat as many Democrats as possible (Weber 2010).

How was Connolly able to overcome this setback? Most likely, it was because he was in step with his district. Virginia's eleventh had a Cook PVI value of D+2 in 2010; given Connolly's moderate Democratic positions, he ideologically lines up with his district. Moreover, Connolly himself is a highly qualified congressman: He had held local office for 15 years prior to running for Congress, worked for the Senate Committee on Foreign Relations for 10 years and holds a Master of Public Administration from the Harvard Kennedy School of Government. A high–quality incumbent with the support of his district, then, can withstand a very strong challenger.

To confirm this, I looked at the second instance of an incumbent winning reelection in 2010 while being out–fundraised. Ed Perlmutter won reelection in Colorado's seventh district over Ryan Frazier, a high–quality opponent who had six years of local political experience and the backing of both the local media and the National Republican Congressional Committee (Von Drehle 2010). Perlmutter, though, was ideologically in step with his district, as a Democrat running in the suburbs of Denver, which had a Cook PVI of D+4. Perlmutter did not have the same extensive political background that Connolly did, and was not, at the time, a high–quality incumbent. Therefore, being in step with the district is the more important variable of the two, and can help those who are out–fundraised win election.

It is important to keep in mind that these seven instances are exceptions to the rule. Out of the 95 races across 2010 and 2014 which had an incumbent in this sample, only 9 had a challenger raise more money than the incumbent. Out of those 9, 7 occurred in 2010, as a result of the Tea Party uprising. Only 2 of those 7 were able to defeat the wealthy challenger, due to their ideological alignment with the district. (In 2014, Steve Southerland lost reelection, while Scott DesJarlais won despite being outspent.) These few occurrences do not detract from the general theory that incumbents use incumbency effects to create a war chest, creating a situation ripe for a *quid pro quo*. In general, incumbents are able to access networks of elites which allows them to significantly outraise their opponents, and that usually contributes to their victory.

Another set of results favoring a scare–off effect come form H3, which found that less money was raised by incumbents in 2014 than in 2010. A scare–off effect would include a war chest of raised money which could be deployed to outspend an opponent, greatly increasing chances of reelection. However, this finding conflicts with what was established in H2. The result of H2 demonstrates that the proportion of campaign expenditure divided by raised funds decreased over. The result in H2 was explained by H1, which determined that campaign expenditure decreased over time. This means that the numerator and the denominator presented in H2 both decreased, which put opposite pressures on the proportion. The fact that this proportion still decreased over time suggests that candidates decrease their spending at a greater rate than the rate at which they decrease the amount they raise. In other words, while both spending and fundraising decreased, spending decreased *to a greater extent* over time than fundraising.

This could still be seen as positive evidence helping to confirm the scare–off effect. Incumbents do not necessarily need to consistently raise more and more money in consecutive elections for a scare–off to exist. They just need to signal that they *could* raise more if a high–quality opponent were to enter the raise. Given that H6 demonstrates incumbents' ability to raise more money than their opponents as incumbency effects take hold, I feel reasonably confident that this interpretation is valid, and mild support for a scare–off exists here.

H4 demonstrates that challengers raised substantially less money over time. This is in line with what the scare–off would predict — weaker candidates should fundraise less — but also could be explained by existing campaign finance trends. One way to examine this result is to look at the rate of decrease in what challengers raised compared to the rate of decrease for incumbents. The rate of decrease is much larger for challengers: They raised about 75% less over time; incumbents raised about 37% less over time. From this perspective, I would confirm the idea behind H4. This hypothesis was supposed to demonstrate that weaker challengers run against incumbents that are more solidified within the district, because high–quality challengers refuse to enter races with solid incumbents. While these data are influenced by overarching trends in campaign finance, they do suggest that challengers received substantially less money than incumbents received, even when factoring in the observed decreases in these categories over time. This implies that the challengers were weak and solidifies the evidence for a scare–off

The results of H5 are perplexing. I found no significant change in the difference between incumbent and challenger expenditure from 2010 to 2014. This is particularly interesting because this hypothesis should be outside of the scope of general campaign finance trends. Regardless of whether challengers and incumbents are raising and spending less over time, we should still see a change in the difference between those numbers. Colorado's third district is an example of a race in which the differences stayed nearly constant over time: In 2010, this difference is $1,223,984, where as in 2014, the difference is $1,007,570.

What is perplexing about this race is that there is, at best, a minor explanation for why it would not fall under my hypothesis. Scott Tipton, the representative, had a long career in state politics before moving up to the U.S. House. He defeated incumbent Democrat John Salazar in 2010, riding the Tea Party wave that overtook the country that year. He has sufficient Republican signals, having signed Grover Norquist's infamous no–tax pledge and received significant spending help from Norquist's organization as well as the oil industry. He also signed a pledge to refuse to sign climate change legislation that would increase taxes. This fits very well with a district that has a Cook PVI of R+5 and covers the rural, mountainous area of western Colorado.

The only possible explanation is that the negative attention he has attracted for minor controversies signaled that he was a weak incumbent. He has been caught violating House rules for ethics concerns multiple times: He used taxpayer dollars to promote a campaign event in the district (Sherry 2012); he used taxpayer dollars to pay vendors that contract with his nephew's company (The Denver Channel 2011); his daughter has dropped his name when working with clients (Sherry 2012); he has a history with toeing the line of rules regarding coordination with Super PACs (Hanel 2012). This level of negative attention for breaking rules that are mostly non–partisan might affect his perception as stable.

Alabama's second district is a race in which the difference was actually positive over time. In Martha Roby's case, she lost ground to her challenger in 2014. She seems to be the victim of having fringe conservative action mobilized against her. Roby's district has a PVI of R+16, which is extremely conservative. As a result, she found herself on an advocacy website organized by Club for Growth Action (Stevenson 2013), which named her as a RINO (Republican in Name Only) and offered to organize funding and campaign infrastructure to help defeat her ("Martha Roby" 2016). Therefore, it seems as if there are enough instances in which incumbents signal, either through controversy or becoming increasingly out of step, that they are weak candidates, prompting the organization of a strong challenger campaign.

It is interesting, though, there are still so few challengers in 2014 compared to 2010. While there are enough instances of strong challengers to suggest that there are no noticeable changes in spending habits over time, it seems as if the strong challengers are concentrated: Each weak incumbent faces one strong challenger, and weaker candidates with the prospect of facing strong incumbents stay out of the race. Combining the results of H5 and H6 leads to a proposal that the challenger pool is more polarized: The strongest of the strong challengers stay in and launch formidable campaigns, while the weaker ones bide their time.

IV. Conclusion

The results of this analysis suggest that incumbents create war chests, which is fueling the massive increase in outside spending in congressional elections. While there is a potential *quid pro quo* present in congressional elections, there is no definitive evidence here to prove that. I found that congresspeople spent less as a proportion of their total raised budget over time, suggesting that congresspeople run a different kind of campaign as incumbency advantage increases. I found that incumbents raised less over time, but this variable decreased at a slower rate than the decrease incumbent spending, which might mean that war chests were still being built and deployed as a result. Challengers raise less over time, and there is no difference in the amount by which incumbents outspend them. Incumbents raise more than challengers over time, suggesting that they are able to use incumbency effects to scare off weaker challengers. Last, there are fewer challengers in 2014. Incumbency effects have, historically, been strong, but it is difficult to analyze how they might play out in the rapidly changing campaign finance landscape.

Within the context of the political science literature, this analysis demonstrates that there is the possibility of a *quid pro quo* in American congressional politics. There is, again, a necessary caveat stating that we can never know for certain the motives behind a congressperson's actions. However, the environment in which congresspeople raise and spend money is questionable at best. It should not be as easy as it is for incumbents to outraise challengers. It should not be as easy as it is for incumbents to finance their campaign debts with future donations from political elites. Incumbents should not be able to scare off high–quality challengers and water down electoral campaigns, due to the strength of their wealthy backers. These trends all indicate an environment in which the most important factor to being elected is raising money, and that means the potential for a *quid pro quo* is quite high.

This analysis is important because it helps us understand how congressional elections work. While there might not be definitive evidence of a *quid pro quo*, we should be wary of how easy it is for incumbents to raise money, and how efficiently that raised money translates into an electoral victory. Where there's smoke, there's fire, and while this analysis could not prove that congresspeople trade money for favors, it did show the tremendous amount of smoke around congressional elections, in more ways than one. The difficulty I had just collecting data speaks to how hard it is to study congressional elections. Moreover, recall that while 7 challengers outraised their incumbents in 2010, only 2 did so in 2014. Incumbents are solidified within their seat very early on, and are harder to unseat as time goes on. There is an argument to be made that

Congress needs experienced incumbents to run the behind–the–scenes mechanisms of Congress that make that body work. However, OpenSecrets reports that there were 12 races in which outside groups outspent the candidates in 2010, but 28 such races in 2014. Regardless of whether a *quid pro quo* takes place, we should all be concerned about the dwindling voice of the American public in American elections.

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Appendix

*Chart 1: **Outside Spending by Cycle Thru April 8th of Election Year, Excluding Party Committees***

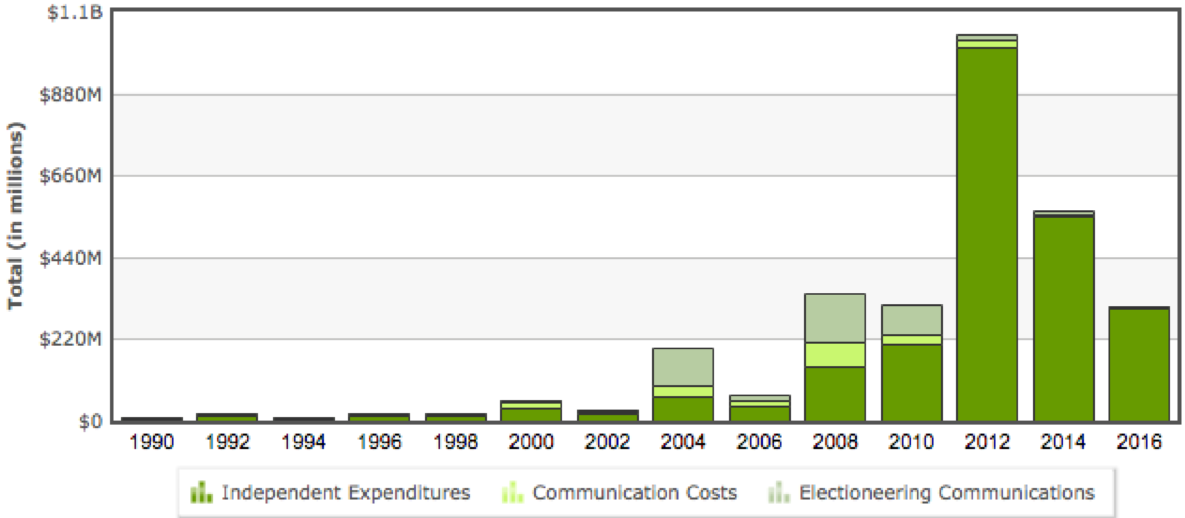

Image 1: DCCC's Model Daily Schedule for Freshman Congresspeople, from The Huffington Post

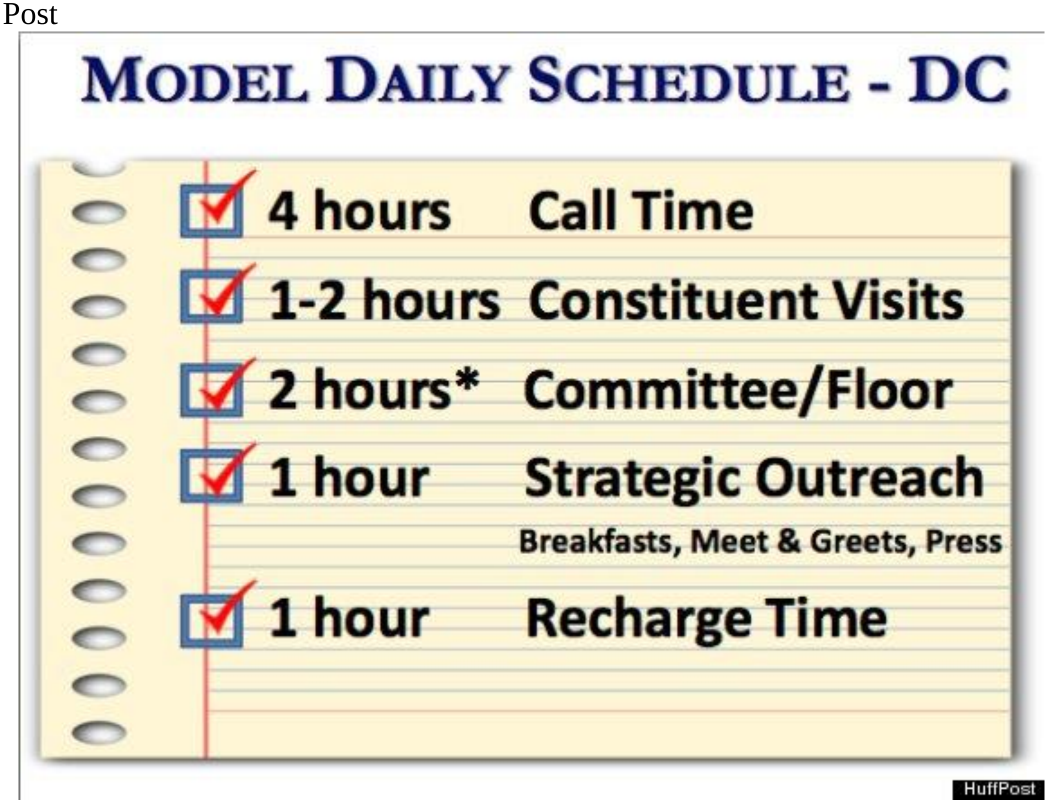

Table 1: House Financial Activity Data Since 2000

Year	Total Raised	Total Spent	Total Cash on hand	Total from PACS	Total individuals
2000	$593,361,795	$555,667,083	$122,982,833	$199,772,122	$313,601,306
2002	$654,148,695	$626,712,922	$141,034,948	$223,047,052	$333,831,009
2004	$697,179,902	$646,463,401	$163,308,546	$234,435,790	$395,937,811
2006	$873,049,499	$855,559,727	$169,162,722	$298,697,265	$482,369,459
2008	$978,434,442	$938,040,528	$194,725,380	$323,006,171	$531,471,223
2010	$1,089,007,576	$1,082,460,525	$167,208,495	$331,007,576	$645,453,883
2012	$1,111,628,101	$1,066,133,320	$188,367,571	$356,365,627	$630,572,34
2014	$1,039,800,630	$952,499,380	$229,533,892	$353,301,223	$567,592,516
2016 (so far)	$406,801,744	$222,720,201	$372,985,200	$155,572,266	$213,294,338

Year	Incumbents Raised	Number of Incumbents	Average Raised	Challengers Raised	Number of Challengers	Average Raised
2000	$364,875,623	412	$885,620	$116,136,781	577	$201,277
2002	$389,602,522	422	$923,229	$98,267,068	483	$203,451
2004	456,990,049	407	$1,122,826	$112,682,816	583	$193,281
2006	$538,842,476	424	$1,270,855	$178,054,021	629	$283,075
2008	$590,082,015	435	$1,356,510	$218,821,208	653	$335,101
2010	$635,589,757	420	$1,513,309	$295,852,173	1,115	$265,338
2012	$679,412,897	423	$1,606,177	$227,890,966	850	$268,107
2014	$661,905,932	425	$1,557,426	$172,720,435	669	$258,177

Table 2: Incumbents and Challengers Total and Average Raised, 2000-2014

Hypothesis Test 1

	Incumbent Spending 2010	*Incumbent Spending 2014*
Mean	2589941.651	1356011.674
Variance	9.64407E+11	3.91762E+11
Observations	43	43
Pearson Correlation	0.326741949	
Hypothesized Mean Difference	0	
df	42	
t Stat	8.282062991	
P(T<=t) one-tail	1.13386E-10	
t Critical one-tail	1.681952357	
P(T<=t) two-tail	2.26772E-10	
t Critical two-tail	2.018081703	

Hypothesis Test 2

	2010 Challengers' Expenditure	*2014 Challengers' Expenditure*
Mean	1645330.837	453124.5192
Variance	6.21088E+11	4.77987E+11
Observations	43	52
Hypothesized Mean Difference	0	
df	84	
t Stat	7.754694542	
P(T<=t) one-tail	9.37304E-12	
t Critical one-tail	1.663196679	
P(T<=t) two-tail	1.87461E-11	
t Critical two-tail	1.988609667	

Hypothesis Test 3

	Incumbent Raised 2010	*Incumbent Raised 2014*
Mean	2365472.667	1534422.941
Variance	9.4937E+11	3.73516E+11
Observations	51	51
Pearson Correlation	-0.019322445	
Hypothesized Mean Difference	0	
df	50	
t Stat	5.115710413	
P(T<=t) one-tail	2.48929E-06	
t Critical one-tail	1.675905025	
P(T<=t) two-tail	4.97857E-06	
t Critical two-tail	2.008559112	

Hypothesis Test 4

	Challengers' raised 2010	*Challengers' raised 2014*
Mean	1645330.837	453124.5192
Variance	6.21088E+11	4.77987E+11
Observations	43	52
Hypothesized Mean Difference	0	
df	84	
t Stat	7.754694542	
P(T<=t) one-tail	9.37304E-12	
t Critical one-tail	1.663196679	
P(T<=t) two-tail	1.87461E-11	
t Critical two-tail	1.988609667	

Hypothesis Test 5

	Incumbent minus challenger spending, 2010	*Incumbent minus challenger spending, 2014*
Mean	944610.8	920770.1
Variance	1.07E+12	7.92E+11
Observations	43	52
Hypothesized Mean Difference	0	
df	83	
t Stat	0.119073	
P(T<=t) one-tail	0.452753	
t Critical one-tail	1.66342	
P(T<=t) two-tail	0.905505	
t Critical two-tail	1.98896	

Hypothesis Test 6

	Incumbent minus Challenger Raised, 2010	*Incumbent minus Challenger Raised, 2014*
Mean	766145.375	1110062.538
Variance	9.40192E+11	3.28927E+11
Observations	40	52
Hypothesized Mean Difference	0	
df	60	
t Stat	-1.991245914	
P(T<=t) one-tail	0.025506368	
t Critical one-tail	1.670648865	
P(T<=t) two-tail	0.051012735	
t Critical two-tail	2.000297822	