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CREATING A CULTURE OF POLITICAL GIVING

A Dissertation Presented

by

DAVID L. WILTSE

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

September 2006

Political Science

UMI Number: 3242325

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CREATING A CULTURE OF POLITICAL GIVING

A Dissertation Presented

by

DAVID L. WILTSE

Approved as to style and content by:

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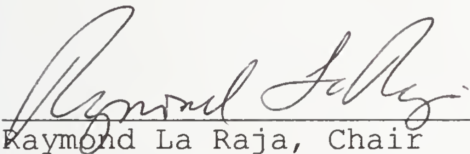

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DEDICATION

This work is dedicated to the memory of two great men. Without them I would not be where I am today. You were both taken from us far too soon.

To Andy B. Anderson, without doubt you were the finest teacher a person could ask for. It's been said you could teach statistics to a fence post… I am one of the countless posts who is forever in your debt.

-and-

To my father Donald Wiltse, among the countless things you taught me over our nineteen years together, none has been more important than the example of how you lived your life: on your own terms as if today may be your last and as if you'll *live forever*.

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me and providing a second set of eyes in proofreading. To my wife, Evren Çelik Wiltse, who patiently weathered my various neuroses from delusions of grandeur to the manic moments of inadequacy, tolerated my occasional bouts of frustration, and whipped me back to task when needed. And finally to Bebek Ceviz: hayatıma ve çalışmalarıma yeni bir anlam verdiği için.

ABSTRACT

CREATING A CULTURE OF POLITICAL GIVING

SEPTEMBER 2006

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Financial contributions by individuals to political candidates and parties are a critically important, yet largely overlooked mode of political participation. To date, no one has examined the effects of campaign finance laws on the likelihood of individual contributions. This work does just that, and finds that campaign finance regimes have an indirect effect on the likelihood of an individual contribution by an indirect route. Campaign finance laws shape the behavior of the political elite, who in turn rouse citizens into this critical form of political participation.

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CHAPTER 1

INTRODUCTION

Professor Sorauf's Question

The competition for money in politics is an almost uniquely American phenomenon. Candidates are essentially political entrepreneurs fighting not only for electoral victory, but for political contributions as well. For most political races it is incumbent upon the candidates to provide nearly all of their own funding. Consequentially, greater and greater amounts of political candidates' time goes into fundraising activities. As the cost of campaigning has risen, the ability of candidates to raise money has become one of their greatest assets. In fact, the viability of a candidate is often determined by his or her skills in creating a sound fundraising organization. With this, comes a growing reliance on individual contributors, who voluntarily offer portions of their discretionary income. And since the rise of campaign finance laws in the 1970's, individual contribution is a mode of political participation of growing importance.

Over the past few decades, as our nation has moved from a virtually unregulated system of campaign finance to

one of the tightest regulatory regimes in the world, academics and pundits alike have been focusing more attention to the role money plays in our political system. Volumes have been written on whether money buys votes (Frendreis and Waterman, 1985; Grenzke, 1989; Kau, Keenan and Rubin, 1982; Saltzman, 1987; Wawrow, 2001; Welch, 1982; and Wright, 1985), the role of political action committees (PACs) in the policy process (Biersack, Hernnson, and Wilcox, 1994; Clawson, Neustadtl, and Scott, 1992; Evans, 1988; Gopoian, 1984; Hall and Wayman, 1990; Poole and Romer, 1985; Stratmann, 1992; and Wilcox, 1989), the relationship between campaign spending and electoral success (Gerber, 1998; Geirzynski and Breaux, 1991; Green and Krasno, 1988; and Jacobson, 1978, 1990), and more recently, the phenomenon of self-financed candidates (Steen, 2006; and Wilcox, 1988). As interesting as these questions are to researchers, the central focus of this inquiry is how campaign contribution is a vital mode of political participation and whether campaign finance laws encourage or discourage this brand of participation.

In the contemporary American political era, the individual contributor is the financial rock on which campaigning is founded. Despite the attention paid to PACs and other large interest groups, the lion's share of money

in American politics, be it to candidates or parties, is contributed by individuals. For example: In the primary phase of the 2004 election (prior to the candidates being prohibited in most fundraising by the public financing rules in the general election phase), the campaigns of President Bush and Senator Kerry, according to FEC disclosures, had an approximate total of $505 million in receipts, about $474 million of which was from individual donors. On the Congressional side, where PAC activity is under the most scrutiny, PAC contributions comprise a larger share of total contributions, yet the individual contributor still provides the majority of campaign funding.

Aside from the substantial or even dominant role that the individual contributor has in strict financial terms, there is a deeper and normatively important part that the individual plays in our pluralistic system. Though there is a vigorous political debate as to just how representative our campaign finance system is, it is *far* more broadly based than any other democratic system in the world. This prompted Sorauf (1988) to posit:

> Above all, the American way of campaign finance is voluntary and broadly based. To an extent unknown elsewhere in the world, it depends upon the decisions of millions of citizens to channel some of their disposable resources into electoral combat (44).

Not only is the system broadly based, it is broadly based on the individuals voluntarily choosing to participate in this particular fashion. Taxpayers even have a choice to participate in the public financing programs at the federal and state levels through some form of checkoff on their tax returns; thus making even our public finance systems almost entirely voluntary. Though it is certainly an elite activity, political contributing is a vital mode of participation.

In the years since Sorauf's work, several authors have recognized the importance of political contributing as a mode of political participation. Rosenstone and Hansen (1993) found it to be the most common form of political participation outside of voting and attempting to influence another person's vote. And they viewed it as a vital enough mode of participation to include throughout their inquiry into political participation. Verba, Schlozman, and Brady also put campaign contributions in a class of critical modes of participation. In their highly influential 1995 work they say this of "checkbook" participation:

> [W]hen we consider changes in the amount of political activity over the last two decades, one mode of participation that seems to have increased is making a campaign contribution. Rapidly rising campaign costs, the enhanced role of paid professionals – rather than amateur volunteers – in managing campaigns, and the

> development of sophisticated telephone and mass mail techniques of raising money have conspired to augment the role of the citizen as the writer of checks.(67)

Between the changing technologies and modes of electioneering and the growing limitations being placed on campaign fundraising, explicitly put in place to marginalize the fabled "fat cat" contributor, we are left in a position where the importance of the individual contributor is constantly growing. Yet, as Sorauf (1988) aptly asked, "How is it that we have been satisfied knowing so little about so common a political activity?" He continued, "Moreover, the neglect is all the more regrettable if one agrees that the broad-based volunteerism of those millions give the American system of campaign finance its most distinguishing quality." (70)

In many respects, despite the work of the previously mentioned authors, Sorauf's question and concerns are still valid. Though both works answer several questions about campaign contributions as participation, they have left other large questions unanswered. Previous works on political participation were largely based on descriptive qualities of individuals: socioeconomic status, race, gender, and the like. They largely left people in theoretical isolation, and assumed that some people are more likely to participate than others based on their

backgrounds and identities. Rosenstone and Hansen placed people in a political context and showed how mobilization by political elites drove participation. Verba, Schlozman, and Brady placed those individuals in our traditional institutions of civil society and showed how those prepared and propelled people for political life and engagement. I bring an additional dimension to the determinants of checkbook participation, the way in which campaign finance laws *indirectly* bring greater participation rates.

The Indirect Effects of State Campaign Finance Laws on Contribution Behavior

My hypothesis is quite simple; the primary effects that campaign finance regimes have on an individual's decision to contribute or not, is by an *indirect* route. State laws are examined herein because of their wide variation throughout the time series examined. These state laws place various incentives and disincentives on parties and candidates. This yields widely varying incentive structures on these actors and shapes their behavior accordingly. This theory builds largely on the work of Rosenstone and Hansen who worked under the assumption that individuals rarely participate spontaneously; they must be mobilized. As shown more recently by Grant and Rudolph (2002), who looked at contribution determinants alone,

mobilization in the form of solicitations is a key determinant of an individual making a contribution. I contend that the solicitation behaviors of candidates and parties are affected by the campaign finance regime under which they operate. Not because laws influence contributors directly, but because laws shape the behaviors of those who are prompting citizens to participate. The two specific laws that should have an effect on parties and candidates solicitation behaviors are individual contribution limits and public financing.

In states with low individual contribution limits, the political elite, either parties or candidates, should be harder pressed for resources than in states with high or no limits. The reason for this is simple, in states with high or unlimited individual contributions, candidates and parties can rely on fewer, higher dollar contributions. They simply will not have to expend as much effort to raise the same amount of cash in a state with low individual limits. As such, the solicitation rates in high limit states will be lower than in the tightly limited states. Consequently, and indirectly, the likelihood of a contribution should be lower in that state. The same dynamic should apply to party limits as well.

The incentives and disincentives created by public financing should be of indirect route as well. However, there should be a direct opposite effect between the two types of public subsidies. In states that directly finance candidates we should see an increase in solicitations (and thereby an increase in contribution rates), simply because of the qualification requirements for multiple low dollar contributions force the candidates to solicit hard. In states that have direct party aid, the incentives created by the law should decrease the likelihood of an individual contribution simply because the state parties may likely ramp down their solicitation operations since they will not be as hard pressed for cash.

Simply put, campaign finance laws matter in an individual's calculus to make a political contribution. However, they have an indirect effect on that decision that works through the actions of the political elite.

The Layout of the Dissertation

No academic study is, nor should be, a theoretical island unto itself. Chapter 2 will squarely base this work on the foundational works on political participation. In their earliest incarnations, the participation literature focused almost entirely on voting and used the descriptive characteristics of citizens in explaining the likelihood of

participation. In the decades since, not only has the literature expanded into other modes of political participation, but also the explanations have moved "beyond SES." Among other factors, they folded in the effects of party mobilization, social connectedness, civic engagement, and even geographic spatial relationships in predicting participation. Chapter 2 will also detail the underlying theory of the indirect effects of campaign finance laws on individuals making a political contribution.

Chapter 3 will provide a survey of state campaign finance regimes. As we live in a federal system, the variation in state laws is quite extreme. Some states are nearly free of campaign finance restrictions, others are quite tightly regulated, and many fall happily in between. That wide variation is critical in the quantitative testing to come. In addition to the limitations on individual contribution we need to describe the variations in public financing systems. As we shall see, states generally have one of two types: those that subsidize parties, and those that subsidize candidates. Both had distinct justifications and intended effects when enacted. Chapter 3 will also provide a quick overview of the politics of campaign finance reform to see what the intentions of reformers were, and the objections raised by standpatters.

The quantitative testing of the hypotheses laid forth in Chapter 2 will be conducted in Chapter 4, using the descriptions of the campaign finance laws from the previous chapter as the central explanatory variables. The modeling will be conducted with logistic regression to gauge the likelihood of solicitation, candidate contribution, and party contribution. The multiple models will allow us to see whether or not campaign finance laws affect elite behavior; and then gauge whether that elite behavior indirectly sparks contribution behavior.

Chapter 5 will then sum up the principle findings of this work, address some of the policy ramifications of those findings, and make suggestions for future research.

CHAPTER 2

THE TRADITIONAL EXPLANATIONS OF PARTICIPATION AND THE INDIRECT EFFECTS OF CAMPAIGN FINANCE REGIMES ON THE INDIVIDUAL CONTRIBUTION DECISION

Introduction

Having established in the introductory chapter that the role of the individual contributor is both a critical component of our campaign finance system and an important mode of political participation, we must now place this in the broader context of the existing literature on political participation and develop a theoretical framework to begin to fully explore the relationship between campaign finance laws and the likelihood of an individual making a political contribution. The overall trajectory of those who have studied contribution behavior has been to use the existing participation literature as a theoretical springboard into their own work. Since studying the relationship between campaign finance regimes and contribution likelihood is a relatively novel approach in the study of contribution behavior, we must follow this same trajectory. We must firmly base this study in the existing literature on other

modes of participation, examine those existing models of contribution behavior, and apply those lessons learned to the central thesis here.

Simply put, the central thesis of this work is that state campaign finance rules matter in predicting the likelihood of an individual contribution. In addition to the descriptive factors that drive the contribution decision that will be discussed shortly, there is an *indirect* causal relationship between campaign finance regimes and contribution behavior. Certain types of campaign finance laws such as low contribution limits and public financing of candidates place incentives upon political elites to broaden their financial bases as much as possible. Those elites, be they candidates or parties, react logically to the incentive structures placed upon them and ramp up their solicitation activities accordingly; which as we shall see quite clearly have direct payoffs in the numbers of contributors brought into the fold. Individuals that live in states with low individual contribution limits and with public financing of candidates should be more inclined to contribute because of this indirect relationship. Citizens in states with direct aid to parties and high individual contribution limits should be less inclined to contribute since direct party support

may relieve parties of the impulse to aggressively solicit contributions from as broad of a base as possible. Those living in states where parties are privately financed have a greater likelihood of being solicited, and thus more likely to contribute.

Traditional Explanations of Political Participation

Socioeconomic Status

Empirical research on the determinants of political participation has a rich history that dates back to the 1970's and early 1980's. As voting rates began to trend sharply downwards throughout the 20th century, and more recently from the peak in the early 1960's, scholars went to work exploring possible explanations. This early work quickly settled on a variety of explanations centering around the positive relationship between socioeconomic status (SES (income, education, and occupation)) and likelihood of voting. Reiter (1979) found that income and educational levels were the most important factors that he tested. He noted that, "the decline in turnout since 1960 has not been occurring among all social groups equally; *poor and less educated whites have been dropping out of the electorate at greater rates than wealthy and highly educated whites,"* [emphasis his] (304). Additionally, he challenged some of the commonly held assumptions that the

expansion of the suffrage to minorities accounted for much of the decline in turnout rates. The sharpest declines in turnout rates actually occurred among whites of lower SES, not blacks, as the simple descriptive statistics of voting participation suggest (309).

Shortly after Reiter's work, a flurry of studies were spurred examining the determinants of voting participation based primarily on SES factors. Throughout the 1980's, and into the 1990's, SES factors remained an integral, if not always the most critical factor in determining the likelihood of citizens participating in the political system in its most fundamental mode. Scholar after scholar took note of the persistence of class bias (most often measured by income) in likelihood of voting (Burnham, 1982, 1987; Cavanaugh, 1981; Rosenstone and Hanson, 1993; Teixeira, 1987, 1992; Verba, Schlozman, and Brady, 1995; Wolfinger and Rosenstone, 1980). Some such as Almond and Verba (1963) and Sobel (1993) have shown a positive relationship between workplace status and decision making to higher rates of political participation.

Of special relevance to this study, some began to apply these base assumptions of an SES bias to other modes of participation such as: working for political parties or campaigns, signing and passing petitions, attempting to

persuade friends politically, protesting, and making a financial contribution (Cho, 2003; Rosenstone and Hanson, 1993; Theiss-Morse, 1993; Verba, Schlozman, and Brady, 1995). This SES bias that the Reiter and the other early studies found has remained remarkably stable since the 1960's, despite the fact that general participation rates have dropped across all economic classes (Leighley and Nagler, 1992; Shields and Goidel, 1997).

The persistence of this class bias also has some serious normative concerns as well. Several scholars have explored whether or not there have been any substantive policy biases as a result of the skewed participation rates. Particular attention has been paid to states' redistributive social welfare programs, since the linkage between overall state welfare spending and class bias in voting makes good intuitive sense. Though there is some disagreement on the exact mechanisms behind the trend, it is firmly established that higher levels of political participation lead to increased redistribution in social spending (Hill and Leighley, 1992; Hill, Leighley, Hinton-Anderson, 1995; Jennings, 1979; Peterson and Rom, 1989). In each of these works the authors posit that greater class disparity of electoral participation is clearly linked to a significant inequity in public policy.

It is this very same perceived inequity in contribution behavior that has been a great part of the impetus for significant campaign finance reforms brought forward since the 1970's. The stated intent of many reformers has been to achieve more equitable public policy across the entire policy spectrum. Though in some of the more vulgar manifestations of this reform impulse there is the nebulous and somewhat silly call to, "Take big money out of politics;" there are several more nuanced critiques offered by reformers and political scientists alike. Though this normative dimension will be further explored in Chapter 3, suffice it to say for now that the perceived bias in contribution behavior is of serious normative concern for both political activists and scholars advocating wholesale reforms of our political finance system (see Goidel, Gross, and Shields, 1999).

Given the central role that SES has been used to explain electoral participation it should come as no surprise that those scholars who have made the first attempts at modeling contribution behavior have uniformly included SES variables in their models. Too, the models they have employed with SES as independent variables have yielded remarkably consistent findings on the magnitude and significance of SES factors on the likelihood of an

individual making a contribution. Though SES was not the central focus of their work, Rosenstone and Hanson's (1993) models of participation found strong positive relationships between income and education and the likelihood of contribution. Verba, Schlozman, and Brady (1995) found that income was the primary determinant of contribution, Shields and Goidel (2000) saw a strong positive relationship between both income and education, as did Grant and Rudolph (2002). Clearly the SES of an individual is a factor that must be taken into account when determining the likelihood of a political contribution.

Demographics

Because there has been a clear distinction between the absolute levels of participation between whites and racial minorities across all modes of participation, race has been the focus of many queries into political participation. Several attempts to "net out" the effects of race on participation, using more sophisticated modeling techniques, have found that race alone is not a primary determinant of participation. The vast discrepancies between the participation rates of minorities were found to be due to a more complex relationship between SES and race that was lurking beneath the descriptive statistics. Early work clearly established that once SES was controlled for

using regression models, the likelihood of political participation in several forms for black Americans was often *higher* than their white counterparts (Olsen, 1970; Orum, 1966). As Gutterbock and London explain, "race enhances participation because race and class conscious blacks participate to excess as a positive means of striving for social changes that could benefit the black community" (440). Simply put, once income and education are controlled for, minority participation rates will be higher since the political awareness and saliency of political issues is greater within minority communities.

Further refinements of the effects that race has had on participation began to flourish concurrently with the increasing diversity (and perhaps more importantly the awareness of scholars to the diversity) of the American people. As a result of growing Hispanic and Asian populations in the United States, distinctions between, and the determinants of the political participation rates of the different racial groups are beginning to become apparent. All of these scholars test various theories of group connectedness that are logical derivatives of Olsen and Orum. Shaw, de la Garza and Lee (2000), found support for the theory that ethnic mobilization networks were a more important factor than traditional forms of

mobilization (parties etc.) in accounting for voting participation amongst Latinos in the 1992 and 1996 elections. Leighly and Vediltz (1999) go several steps farther and expand their research to other modes of participation, including political contributions. They find that social connectedness (as measured by length of residence in the community) is a significant factor to a varying degree between white, black, Hispanic, and Asian Americans. Cho (2003) further refines the modeling of participation, exclusively to contribution, by examining the patterns of political donations with specific attention to geographic clusters (spatial dependence). In exploring patterns of contribution in the Asian community she finds support for the "contagion" effect which she attributes to a spatial relationship beyond any individual characteristics (including SES). She argues there is, "some type of diffusion force [that] prominently underlies the Asia American campaign contribution network" (381).

Age has also been a persistent predictor of political participation by nearly every scholar referred to thus far. The positive relationship between age and voting rates is readily apparent by even the most cursory examination of the descriptive statistics on participation. Clearly, as people age, they become more attached to their political

institutions and become more engaging as fully participating citizens. There are a couple of competing theories as to the exact dynamics of the age differential in participation. One school of thought offers a generational explanation. They argue that political differences between age cohorts have their genesis in the differences between the political socialization that each cohort shares when coming of political age. This generational dynamic has received attention in the explanation of the variation in the intensity of partisanship between different cohorts by Beck (1974), Key (1955), and Sundquist (1973).

Another explanation of the growing participation rates that come with age is based not so much on the shared socialization in the formative years, but focuses on the experiences and resources gained as individuals age. As people progress in years, transformations in life begin to occur (Campbell, 1971; Glenn and Grimes, 1968). They learn more about political institutions and the political process. They marry (Stoker and Jennings, 1995), have children, and thus have more of a stake in the community and the services their communities provide. They become less transient (Squire, Wolfinger, and Glass, 1987) and more embedded in their communities and begin to become

involved in civic organizations. Many of these civic organizations (church, charities, schools. "animal" clubs (Elks, Moose, etc.)) foster broader participation in the community by developing "civic competence." This educational process helps propel individuals into taking a deeper role in political life (Strate, Parish, Elder, and Ford, 1989). All told, the cumulative experiences that build over the years transform people in their early to middle ages into more active, competent, and engaged citizens in all dimensions. Regardless of the exact mechanism, be it generational or life experience, involved in promoting higher rates of participation, age is a determinant that must be factored into any calculus of political participation.

The existence and explanation of the gender gap in rates of political participation have also been of key concern for social scientists for several decades as well. The gender gap persists in most of the modes of participation, especially in campaign contributions. However, it is both welcome and well known news that the gender gap in voting participation has evaporated. In fact, women now vote at a slightly higher rate than men and have for several election cycles. As the gender gap in voting was narrowing, several researchers began to account

for the trend in this transformation of gender roles. Anderson (1975) showed that much of this transformation in women's political participation pre-dated the feminist movement of the 1960's and 1970's. She effectively showed that the growing rates of participation were largely the result of more women entering the workforce and that the unity between women's rights activists of the era was just part (and a fleeting part at best) of the cause for the gap's disappearance. This lag in time from the 1950's when women began to enter the workforce, to the 1970's when the gender gap really began to narrow in voting, was well explained by Anderson and Cook (1985). Using panel data, they showed how time in the workforce was the important factor in socializing women into political participation, rather than the simple entrance into the workforce. As women became more seeped in the working environment they became better socialized in an environment once dominated by men, and learned the skills and values necessary to apply to full political participation.

Others have also explored the positive relationship between women entering the workforce and higher rates of political participation that hinge upon adult socialization. Gurin (1986) and Sapiro (1983) show that full-time homemakers have a number of obstacles that hinder

full political participation including: how staying at home full time reinforces traditional gender roles, lacking the communication skills needed in an alien and competitive political environment, and how the isolation of stay-at-home women can cut them off from the important social and political networks that facilitate full participation. Perhaps the best summation of the importance of gender differences in participation comes from the various incarnations of the resource model of participation put forward by Brady, Burns, Nie, Schlozman, and Verba. They have shown that political resources (money, spare time, and civic skills) are critical predictors of political participation in general, and specifically in the act of making a political contribution. As these skills are largely developed later in life, it has been shown that women are disadvantaged by traditional gender roles in various types of civic engagement. Thus, because of their treatment at work, church, "animal clubs," charities, and the like, the "pathways" to political participation leave women with a significant gap in the resources that facilitate participation. (Brady, Verba, and Schlozman, 1995; Schlozman, Burns, and Verba, 1994 and 1999; Verba Schlozman, Brady, and Nie, 1993; and Verba, Schlozman, and Brady, 1995).

Solicitation

Citizens rarely participate in politics soley out their own internal impulses. Rather, citizen participation is roused by a combination of persuasive forces placed upon them by interest groups, parties, campaigns, and politically active friends. In the bygone era of party preeminence, prior to the Progressive reforms of the early 20th century, mobilization of the electorate by the parties was perhaps the most important function of parties in our democracy. From the perspective of a modern social scientist who sees the positive relationship between the various SES factors and of the likelihood of voting, it seems ironic that a people 100 years ago, who as a whole had much lower SES status, went to the polls at much higher rates. For many scholars, there is clearly a sense of political disengagement that has come with the weakening of political parties. Perhaps the normative sense of loss on the parts of many researchers is the impulse that has driven them to delve into the importance of mobilization efforts today.

Since the 1960's and the advent of comprehensive cross sectional and panel surveys of political behavior and attitudes (such as the National Election Studies), researchers have been given reams of data to more fully

understand the effects of party and candidate contact and the likelihood of political participation. Early work showed that local party and campaign contact was a key determinant of voter turnout (Katz and Eldersveld, 1961; Cutright, 1963). Kramer (1970) showed that door to door canvassing led to higher rates of participation, though he discounted the efficacy of repeated contacts and showed that voters' preferences were not usually affected. Weilhouer and Lockerbie (1994) affirm the importance of party contact, both in terms of statistical significance and substantive impact, on the likelihood of voting. Rosenstone and Hanson (1993) credit a large portion of the drop in voter turnout from the 1960's to the 1980's with a decline in party mobilization efforts. Kernell and Jacobson (2000) echo those sentiments and extend the lack of mobilizing efforts to unions, candidates, and interest groups as well.

Others have begun to question whether or not the techniques of modern campaigns have begun to erode the effectiveness of party and campaign mobilization. Figure 2.1 shows that the volume of contact seems to be quite

stable over the span of the NES dataset with sharp increase in the last two Presidential election cycles.[1] Even though it can be argued that the amount of resources candidates and parties are placing into mobilization, and that the proportion of citizens contacted has been quite consistent over the years (and growing in recent years), several questions loom as to the *quality* of mobilization in the modern era. On face value it certainly would seem plausible that in an era of high power political consultants, instantly available phone banks, and recorded messages from candidates begging for citizens political and financial support, that this new style of mobilization might be too cold and impersonal to be as effective as the canvassing done in the "good old days."

[1] The drop in 1972 can be explained by a change in the wording of the question for that year alone by the NES.

Figure 2.1: Percent of Respondents Solicited by A Major Political Party

Blydenburgh (1971) began to explore the differences in types of contact, and found that telephone contact may be less effective in rousing voters than direct canvassing. Putnam, in his influential work on the transformation of American civic life, *Bowling Alone*, posits that, "The 'contacts' that voters report are, in fact, less likely to be a visit from a neighborhood party worker and more and more likely to be an anonymous call from a paid phone bank. Less and less party activity involves volunteer collaboration among committed partisans." He continues, "The bottom line in the political industry is this: Financial capital- the wherewithal for mass marketing- has

steadily replaced social capital- that is, grassroots citizens networks- as the coin of the realm" (39). Others share this sentiment. Gerber and Green (2000) show that personal contacts are simply much more effective at mobilizing the electorate than telephone contact. Schier (2000) mourns the decay of the party in mobilization being supplanted by activation strategies by interest groups. Even though the merit of these critics' arguments has been questioned (Goldstein and Ridout, 2002), nowhere do they show that modern mobilization is completely ineffective. Therefore, the mobilization efforts that are made by parties are clearly a factor in determining the likelihood of participation.

In regards to the central thesis of this work, several researchers have begun to apply this work on mobilization voting participation to the likelihood of a financial contribution as well. The mobilization efforts and contacts made by political parties were a central focus of Rosenstone and Hansen's (1993) modeling of contributions. Weilhouer and Lockerbie (1994) also took note of the positive relationship between party contact and the likelihood of a contribution saying, "Few people would spontaneously make a financial contribution: they need to be asked" (225). Grant and Rudolph (2002) have offered the

best effort to explicitly link contact, by both parties and candidates, to making a contribution. They found that solicitation was a more decisive factor in determining the likelihood of a contribution than were financial resources and other SES qualities. Given that fact, mobilization efforts of the parties must be accounted for in any model of political participation.

Legal Restraints

As scholars began to concern themselves more and more with the determinants of the likelihood of voting, it did not take long before a series of work emerged that explored the institutional and legal restraints that raise the costs, and therefore lower the likelihood, of casting a vote. Comparative perspectives of voting likelihood suggested that institutional arrangements and legal restraints played an important role in determining participation rates. The standout legal restraint in the United States is our system of voting registration. Since the two step process of registration and voting significantly raises the cost of participating, scholars quickly focused attention to these legal effects on participation rates. In the years prior to the National Voting Registration Act of 1993 (NVRA or "Motor Voter Act"), there were clear, yet simple, correlations between

the number of days before an election that a person must register and participation rates (Minnesota consistently ranked near the top with election day registration, Georgia always ranked near the bottom with a 50 day cutoff). Scholars began to make suggestions on how specific legal reforms of the registration system would result in an increase in turnout rates (many of the suggestions made found their way into the National Voting Registration Act of 1993).

Wolfinger and Rosenstone (1980) were among the first to make the case that easier registration laws would likely increase the voting population by a factor of 9.1%. In a broad comparative study, Jackman (1987) found that lower rates of electoral turnout in the United States were not due to a difference in our political culture from other modern industrial democracies that enjoy much higher rates of participation. Rather, it was institutional structures and legal factors that suppressed turnout in America. Countries that had the highest participation rates were those that had competitive legislative districts, unicameralism, compulsory voting, and automatic registration. Mitchell and Wlezlein (1995) examined the negative effects of purge laws that cleared the voting rolls after a set period of time (often very short in the

south) of a voter not casting a vote. Though purge laws did suppress registration numbers, those affected negatively were the least likely to vote regardless of registration status. In the final analysis the effects of the purges were marginally negative on voting rates. Timpone (1998) found that there were differential effects of structure (namely registration laws) across race, gender, and age groups.

Shortly after the passage of the NVRA, scholars continued the examination of the effects of registration laws and began simulating how much the NVRA would raise participation rates. Highton (1997) found that restrictive registration laws disproportionately affected those citizens of low SES. Initially he predicted that there would marginal increases in actual turnout (though a high increase in the number registered) as a result of the lowered registration costs since approximately 90% of the eligible voting population would be registered under the provisions of the law. Shortly thereafter in a more detailed examination of the NVRA's separate provisions, he and Wolfinger (1998) claimed that there would be between a 4.8 and 7.8 % increase in turnout because of registration ease, 2% increase due to elimination of the purge laws, and no increase due to registration by mail.

The effects of campaign finance laws on interest group behavior have also begun to be explored. Given the variation between state campaign finance regimes, different incentive structures for interest groups will exist between states. Hogan (2005), utilizing an original cross-sectional survey, found that in states that have highly restrictive campaign finance laws (defined by levels of contribution limits), political action committees and interest groups place greater efforts in alternative forms of electioneering. Simply put, *restrictions placed on one behavior essentially force actors to seek out other means of influence*. Hogan's work clearly supports the notion that institutional arrangements do matter in shaping electioneering behavior. This same logic should apply to the behavior of candidates and political parties. Certain policies and restrictions on one set of behaviors may push them into different behaviors. The balloon analogy Hogan uses is useful. When a person squeezes a water balloon, it bulges out in areas that are not restricted. The result in the world of electioneering may be a differential impact on contribution and participation rates across the states.

Though work has begun to emerge that has dealt with the determinants of contributing explicitly, legal arrangements have not been fully explored. Rosenstone and

Hansen's work (1993) was well grounded in a general SES model, which was expanded to examine the role of mobilization. They found that financial contributions are much more likely to be made by the well educated. Verba, Schlozman, and Brady (1995) applied their political resource model to the act of political contribution. The model had a relatively tough time predicting the likelihood of a financial contribution being made. None of their variables to measure political resources that people develop through civic engagement (civic skills, religious attendance, political information) were statistically significant. Apparently making a contribution relies upon family income and "little else" (444, 446). Though their general resource model moved well beyond SES, those SES factors appeared to remain dominant in contribution behavior. Grant and Rudolph (2002) have also "thickened" the modeling of individuals' contribution decision beyond SES. In their analysis they bring solicitation by candidates and parties into the fold and demonstrate its preeminence as a determinant of a contribution.

This leaves us in a position where the work modeling contribution behavior has focused almost entirely on the SES and other descriptive qualities of respondents and their likelihood to contribute. Just as the research on

other modes of participation (i.e. voting and interest group electioneering) are beginning to grow out from the basic SES and descriptive factors, so too should the research on political contributors. In this light, Shields and Goidel (2000) examined the effect of the campaign finance reforms of the 1970's and its attempt to diminish the upper class bias that exists amongst contributors. Though their analysis showed (rather strongly) that there was little change in the class bias, it did mark a first step in analyzing the effects of legal constraints on contributors' behaviors. To extend the research on the effects of campaign finance regimes on political contributions, it is most convenient to broaden the level of analysis to the states and consider whether or not the various campaign finance regimes in America have differing effects on citizens' likelihood of contributing.

Scope and Theory of This Study

Having laid the theoretical springboard from which this study shall launch, it is necessary to precisely define the theoretical framework that will underlie the construction of the forthcoming quantitative modeling. The existing literature on the several modes of political participation, and the literature specifically regarding the modeling of the political contribution decision thus

far reviewed, lead to a few general conclusions that must be followed in this study. First, the traditional explanations of political participation (SES, demographics, etc.) must be included as controls in any attempt to model contribution behavior. Second, despite the importance of individual qualities of potential participants, there are environmental factors (solicitations, “contagions” (that Cho described), civic organizations) that may direct, restrain, or promote individual participation. Thirdly, a most important environmental factor that may exert influence on an individual’s contribution calculus may be the legal restraints on political financing that are found within any given political jurisdiction, be it federal or state. Clearly, the variations in state campaign financing regimes warrant a careful examination of the possible differential effects they may have on individual political contribution.

The possible effects of campaign finance laws on potential contributors can be broadly classified in two general categories: direct effects and indirect effects. On first blush, any number of reasonable hypotheses can be constructed regarding the direct effects of both contribution limits and public financing. But these can be readily dismissed upon further elaboration to the logical

end of their arguments and with a cursory examination of contribution behavior over the past several election cycles.

One hypothesis might go as such: Higher individual contribution limits, or no limits at all, may lead to a popular impression that campaign financing is an activity best left to "fat cat" contributors who can dig into deep pockets and wield tremendous influence. Simply put, an average citizen's perceived utility in making a contribution would be minuscule in proportion to large dollar contributors, thus making a contribution wholly irrational. As compelling of an argument as this may seem, any quantitative verification of this dynamic would be extremely difficult to show using existing data on political attitudes and behavior such as the NES or Current Population Survey, since they simply do not ask the necessary questions. However, a cursory examination of contribution rates and the increases in small donations and contribution rates in recent election cycles indicate that the behaviors of an increasing number of Americans are simply incompatible with such a hypothesis.

Another hypothesis regarding the direct effects of campaign limits could be constructed in the direct opposite direction. But it too is fraught with complications. One

might suggest: In systems with low contribution limits, citizens may feel constrained, and that the utility of their own contributions would be lost in a sea of small contributors. Therefore they would logically choose other avenues of participation to exert their influence on policy makers. Recall Hogan's balloon analogy, as one path of political persuasion is curbed the money would bulge out into different areas of persuasion. However this hypothesis would be highly improbable in any situation outside of that relatively small minority of contributors that "max out" under contribution limits. Too, those high level contributors would likely "max out" on individual contributions, and then move on to another avenue of electioneering to exert their influence.

Hypothesizing on the direct effects of public financing regimes is just as problematic. It could be rationally argued, and often is by reformers, that a sense of equity amongst potential contributors would encourage broader participation. Since "fat cat" dominance of the money game would be mitigated by a partial support of campaigns by the state, the voices of "regular" citizens would have a better chance of being heard. One could also plausibly argue that if a state were to erect a public financing program, citizens would feel less of a need to

contribute since the state is picking up part the bill. This feeling amongst potential contributors would exist to varying degrees even if the state's substantive contribution to overall campaign spending is small. So long as people's perceptions are that the state is funding campaigns to some degree, they may feel less inclined to make a contribution. As to the former hypothesis, the causal connection is often confused by a common requirement of several public financing regimes: to qualify, candidates must secure a requisite number of relatively small sized contributions. As to the latter, we shall see in Chapter 4 that the data simply do not support this claim; citizens are more likely to contribute in states with public financing of state elections. In both of these hypotheses contribution behavior is not because of direct effects of campaign finance regimes on an individual's calculus to contribute. Rather it is by an *indirect* causal link involving a second actor.

It is my contention that the primary effects that campaign finance laws have on an individual's contribution calculus is by an indirect route. Various incentives and disincentives are placed upon both parties and candidates by the campaign finance regime of each individual state. These incentive structures will then shape the behaviors of

both candidates and parties in their fundraising strategies. These indirect effects all hinge upon variations in the compulsion of parties and candidates to actively solicit funds from state to state. This is an *elite driven process*; that is the political elite, be it candidates or parties, alter their mobilization and solicitation behavior as a result of incentives placed upon them by state campaign finance regimes. This will then indirectly affect the likelihood of an individual making a political contribution since the link between solicitation and contribution is well established.

In finance regimes that have low individual contribution limits to candidates, candidates will be forced to solicit greater numbers of contributors in order to meet their fundraising goals. Solicitation, as we have seen (Grant and Rudolph, 2002), is one of the best determinants of an individual contribution. In a state such as Florida, that has a contribution limit in a gubernatorial contest of $500, a candidate could conceivably have to secure 40 maximum contributions to match a single "maxed out" contribution of $20,000 in the same race in California. Thus, a negative relationship between the contribution limit (if one exists) and the likelihood of an individual contribution should be seen in

any given state. Simply put, lower contribution limits should lead to more contributions. This same dynamic should extend to party contribution limits as well: Tighter contribution limits will compel parties to ratchet up their fundraising operations, seeking out a higher number of small contributions, and in turn drive up contribution rates within their states.

The incentives created by public finance systems should also show this same indirect connection between finance laws and contribution behaviors of individuals. Public finance systems generally take two distinct (but not always mutually exclusive) forms. Suffice it to say for now (the details will be explored in Chapter 3), states generally have systems that either give direct financing to parties or give direct aid to candidates. The indirect causal relationship should push the behavior of political elites in opposite directions depending upon which system they are operating under. In states with the former system giving direct aid to parties, the incentive structures created by the law should decrease the likelihood of an individual making a political contribution relative to individuals in states that do not have direct party aid. The indirect causation being that states that do not have direct party aid are creating stronger incentives for

parties to solicit compared to parties in states with direct aid. Parties in states with direct party aid may feel less pressed for cash, hence the impulse for aggressive solicitation might not be as potent. As a result, the likelihood of an individual contributing is less if the likelihood of solicitation is lower.

In states with the latter system of direct candidate support, there should be a corresponding increase in the likelihood of an individual contribution. The indirect causal mechanism works as such: Since most states that have direct candidate support require a certain number of small contributions for qualification, those laws (if properly constructed by reformers and actually funded by legislatures) should give direct incentives to candidates to expand solicitation activities to generate numerous small contributions, thus increasing the likelihood of an individual contribution. That small handful of states that have direct aid to both parties and candidates may be in an interesting position of having cross cutting incentives indirectly tugging in opposite directions. Careful model specification should tease out which pressures carry the most effect.

Since the indirect causal theories that I have hypothesized herein all center around the incentives

created by campaign finance regimes, either encouraging or discouraging candidates and parties to solicit contributors, an obvious theoretical issue is simultaneity. Simply put, if simultaneity exists, individuals who have previously made financial contributions, are more likely to be solicited to contribute again. In essence, the causal connection is running both ways. If simultaneity is present, the mathematical assumptions of multiple regression and logistic regression would be violated, rendering unreliable results. Rosenstone and Hansen (1993) who develop very similar models of participation in which party contact plays a central part (though obviously void of the campaign finance law variables I propose), deny the existence of simultaneity in their model for two all important reasons.

> The real statistical problem, we believe, is not simultaneity but our unavoidable failure to include an unobserved variable- the parties' estimates of the likelihood that each person will participate if asked. In practice, we think the consequences for the consistency of our estimates are relatively small. We have already included in each equation most of the objective indicators that parties might rely on in forming their estimates, except one: past involvement. Given the modest continuity in participation that we documented in Chapter 3,[2] knowing who took part last time might not necessarily be a good guide to who might participate this time (172).

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[2] Using NES panel data from 1956-1960 and 1972-1976 periods they ascertained that a rather small minority of political contributors were habitual contributors (53-55).

This finding of high turnover in the donor pool has also been shown more recently in a survey conducted by the Institute for Politics Democracy and the Internet (2006) of donors in the 2004 election. It concludes that there is much more "churning" of the donor pool than previously assumed by professional fundraisers. They show that people enter and leave the donor pool with great fluidity. Given that the modeling found in Chapter 4 is nearly identical in these critical regards to Rosenstone and Hansen's work, I would argue that their logic would be equally applicable in arguing a general absence of simultaneity in the course of this study and research design. Taken together, these two studies strongly suggest that continuity in the donor pools is not as strong as some would assume.

The theoretical core of the argument presented here is quite simple: campaign finance laws matter in the shaping of peoples' decision to contribute, or not, to a political party or campaign. These individual decisions are shaped *indirectly* by state campaign finance regimes placing direct incentives upon political parties and candidates which may encourage them to ramp up solicitations of individuals in their constituencies. To go about testing this hypothesis is a relatively straight forward task. In Chapter 3, we shall closely examine the variations between state campaign

finance regimes to get a better understanding of exactly what the incentive structures are for political actors, be they parties or candidates, in any given state to better understand the exact context in which those decisions are made. In Chapter 4, we will take those variations of state laws and incorporate them into quantitative models to test for the indirect effects of state campaign finance regimes mathematically, while controlling for the effects of the other determinants of political participation. Hopefully a better understanding of the decision making process of potential contributors will result and perhaps an assessment of the effectiveness of campaign finance reforms can be made as well.

CHAPTER 3

THE TIMING, SHAPE, AND POLITICS OF STATE CAMPAIGN FINANCE REFORM

Introduction

Campaign finance regulation is a relatively modern phenomenon at the state level. Not until 1974 and the major amendments to the Federal Elections Campaign Act (FECA), did the vast majority of states even begin to regulate any aspect of campaign financing. However, in the post-FECA environment, a flurry of campaign finance regulations of all kinds began to be adopted across the states. To answer the central question of this query, we must now undergo an examination of state campaign finance laws in order to properly test their indirect effects on individual contribution behavior. To this end we will examine the timeline of these reforms, describe the variations in state laws (paying particular attention to contribution limitations and public financing), and the political motivations of the reform movements and their opponents.

Timeline of Reform

Although the discipline of political science is lousy with grand theorists proclaiming periodic or cyclical patterns of behavior such as waves of democratization, electoral realignments, etc., no such parsimonious pattern underlies the dynamics of state campaign finance law enactment. Rather, there has been a steady march of reforms enacted at the state level in regulating all aspects of campaign financing. Nor has there been an "ideal type" used as a blueprint in bringing into law a whole package of reforms in more than a handful of states at any given moment. The general pattern of reform, broadly speaking across the states, has been incremental and steady. Those increments have often been followed with successful court challenges to the more ambitious reform packages, forcing states to revert back to earlier regimes from time to time. The result is that campaign finance regimes in the states are a mosaic in constant transformation. Many attributes (such as contribution limits) are widely shared, some (public financing) are fairly common yet vary from case to case, while others (such as "clean elections" laws) are found in very few states. Despite these similarities there are endless varieties and combinations of finance laws that make

general assumptions or broad classifications too imprecise to withstand any methodological rigor.

Though there are no clear "waves" of reform, where states upon states simultaneously enact similar campaign finance legislation, there do exist common trajectories in the enactment of the reforms that will have the most substantial impact upon individuals' contribution behaviors. Additionally there is a definite beginning to these reforms dating to the enactment of the FECA amendments of 1974. By necessity then, a brief synopsis of the pre-FECA world of federal campaign finance law is in order to show the demonstration effect that federal campaign finance legislation had on legislation in the states.

A Brief History of Federal Reform

The Pre-Reform Era of Campaign Finance

Until the early 1970's there was little in the way of effective campaign finance regulation in American elections. As Frank Sorauf (1988) explains, "Before the new era [post reform] in American campaign finance, there was no single old era. Neither campaigns nor their funding in 1950 or 1960 bore much resemblance to campaigns and campaign finance a hundred years earlier"(16). The first "modern" Presidential campaign was that of Andrew Jackson.

Prior to that election, aspiring Presidential candidates did not conduct open campaigns, they would lobby political elites around the country, hoping their aspirations would be recognized by the eventual electors of the electoral college. Jackson broke new ground in his successful bid for the Presidency in 1828 by making appeals directly to popular opinion, but he did not *directly* campaign across the country himself. Rather, he relied upon his surrogates in the budding Democratic Party and partisans in the newspapers to carry his message. Presidential candidates were often content to stay at home throughout the entire campaign and let the people, or the press, come to them. This is not to suggest that campaigns were in any way bland or uncontested. Far from it. Elections in the "golden era" of the parties from the mid to late nineteenth century were highly contentious and the average voter was deeply involved in the party and electoral process.

1896 marked a great transition in Presidential campaigning. William McKinley literally ran for office from his front porch as William Jennings Bryan gave his fiery oratory across the nation. Though McKinley won by a comfortable margin, the old era of surrogate campaigning had come to a close. Thanks largely to new technologies in both transportation and communications, candidates could no

longer employ the "front porch" campaign. Citizens began to expect a more personalized campaign, where candidates would come to them to woo their votes. The new campaigning style required more organization, travel, and money.

Even before this transformation of the political campaign took hold, the Congress began to take up concern with the appearance of corruption through campaign financing. The earliest reforms took place shortly after the tragic death of President Garfield. In the wake of his assassination, the Pendleton Civil Service Act of 1883 outlawed the forced contribution of funds from political appointees and employees. However, the dawn of the Progressive era at the turn of the century brought forth the first true attempts at creating a more comprehensive campaign finance regulatory regime.

Transparency and accountability were consistent themes of Progressive thought regardless of the area of legislation; campaign finance was no exception. 1907 saw the banning of donations by corporations and banks by the Tillman Act. In 1910 (and amendments in 1911) Congress placed limits on expenditures for House and Senate elections in the Federal Corrupt Practices Act (these however were eventually struck down in a series of Supreme Court decisions). Revisions to the Federal Corrupt

Practices Act of 1925 brought the most ambitious package of campaign finance regulation to date. Many of the previous reforms, spending limits in particular, were fine tuned and folded into the new law. Reporting of finances were also required by the political parties. There were also attempts in the Franklin Roosevelt administration to reign in some of the "corrupt" activities of parties. The Hatch Act in 1939 nailed the coffin shut on the patronage system by prohibiting any federal employees from participating in any partisan activities. Subsequent amendments in 1940 brought the first contribution limit of $5000 to any federal candidate and a ban on union contributions.[3]

The shared trait of this collection of reforms though was ineffectiveness. Enforcement was the greatest problem. No new controlling authority was created to enforce the new laws. All reports were submitted to Clerk of the House [of Representatives], who had no staff or authority to prosecute violators. As a contemporary observer, political scientist Louise Overacker noted in 1930, "Some [of these laws] are so obviously sketchy on the enforcement side as to arouse the suspicion that the drafters must have hoped and expected that they would remain dead letter upon the

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[3] This was a rather modest attempt at a contribution limit as this figure equates to approximately $70,000 in 2006 when adjusted for inflation.

statute books"(295). In fact, 1967 was the first instance when a Clerk of the House of Representatives, W. Pat Jennings, performed his duty, under the Corrupt Practices Act. He collected campaign finance reports and reported violators to the Department of Justice. His reports, however, were ignored. There were also massive loopholes that could easily be exploited. Nearly unlimited funds could be raised in periods outside of the election season. This would allow incumbents, parties, and potential candidates to load up on money prior to their technical entry into the campaign. With the massive abuses that were brought to public attention in the Watergate investigation after the re-election of Richard Nixon in 1972,[4] Americans, and more importantly Congress, were renewing their demands for effective reforms.

The Modern Reform Era

Even before the abuses that were occurring in the 1972 election were apparent, Congress had taken some baby steps in the direction of reform. The 1971 Federal Election

[4] Because of these loopholes, Nixon and his associates were able to bring in several massive contributions from individuals like Robert Vesco (a notorious corporate swindler who fled the US in 1973. He is currently an honored guest of Fidel Castro in a Cuban prison for cheating that government and international investors on the production of a promising AIDS drug), Howard Hughes, and Clement Stone (who gave over $2,000,000). There were stories of people literally handing CREEP suitcases and shopping bags full of cash.

Campaign Act (FECA) passed the Democratic controlled Congress following the veto of a similar bill the year before by Republican President Nixon. As Jeffrey Birnbaum explains, this was "mostly a reaction to the ever-rising costs of campaigning" (32). Though this was not necessarily an attempt at a comprehensive regulatory system of campaign finance, it did mark a beginning step for the more comprehensive reforms to come later. The major provisions included: more timely and complete disclosure of contributions and expenditures, limits on campaign expenditures, and a limit on contributions from wealthy candidates to their own campaigns. Though these reforms were fairly comprehensive relative to the mostly unregulated era prior to the FECA, they were, in fact, rather self-serving to the Democrats as Sorauf (1992, p7) suggests, since the Democrats were unable to keep pace with Republicans in the modern, high cost campaigns of the television era. Just as technology transformed campaigning into more expensive modes at the turn of the century, the full-scale embrace of television campaigning during the 1960's served the same function.

After the Watergate abuses became widely known, Congress quickly enacted a set of amendments to the FECA. The 1974 FECA amendments represented a quantum leap in the

American campaign finance regime. The most familiar reforms of this package were the dramatic limits that were placed on individual contributions. A person could donate no more than $1,000 per election to a candidate. Since the primary election counts as an election, an individual could have potentially given $2,000 to a candidate should he or she be lucky enough to win the nomination. The amendments also brought limitations on self-financing and attempted to reign in independent expenditures.

Another important provision was the creation of a partially publicly funded Presidential campaign, though Congressional races were to have no public financing. Since few Congressional members want to "rock the boat" regarding their own finances, public funding for Congressional races has never had much support. However, the 1974 amendments brought spending limits to Congressional races, despite the lack of a public financing system; a feature that would later doom that particular reform. As to the Presidential campaigns, candidates who agree to certain spending limits, can qualify for matching funds provided they reach a certain threshold of contributions on their own to prove viability. Since the 1974 amendments all but two candidates have declined public funding during the primary race (George W. Bush in 2000 and

2004, and John Kerry in 2004). Both however accepted federal funds (and the spending limits mandated by accepting those funds) in the general election. The 1974 amendments also brought newer, and stricter, standards of disclosure and financial reporting into being. All of these new regulations were to be monitored and enforced by the newly created Federal Elections Commission (FEC). The lack of will in enforcement that was associated with the earlier acts was largely corrected.

The Demonstration Effect on the States

Though there were no "waves" of state level campaign finance reform, there was a clear starting point for reformers nationwide. With the abuses and embarrassment of the Watergate affair that spurred federal reform came a spillover effect onto several state governments. In addition to the reforms that are key to the central thesis of this work (individual contribution limits and public financing), reforms included other restrictions that we take for granted today including financial disclosure. Prior to the FECA amendments of 1974, only a handful of states required disclosure. By 1980, forty five had enacted disclosure laws, and by 1996 all fifty states had. But disclosure is the lightest of regulations from that era, and would have little effect on individual

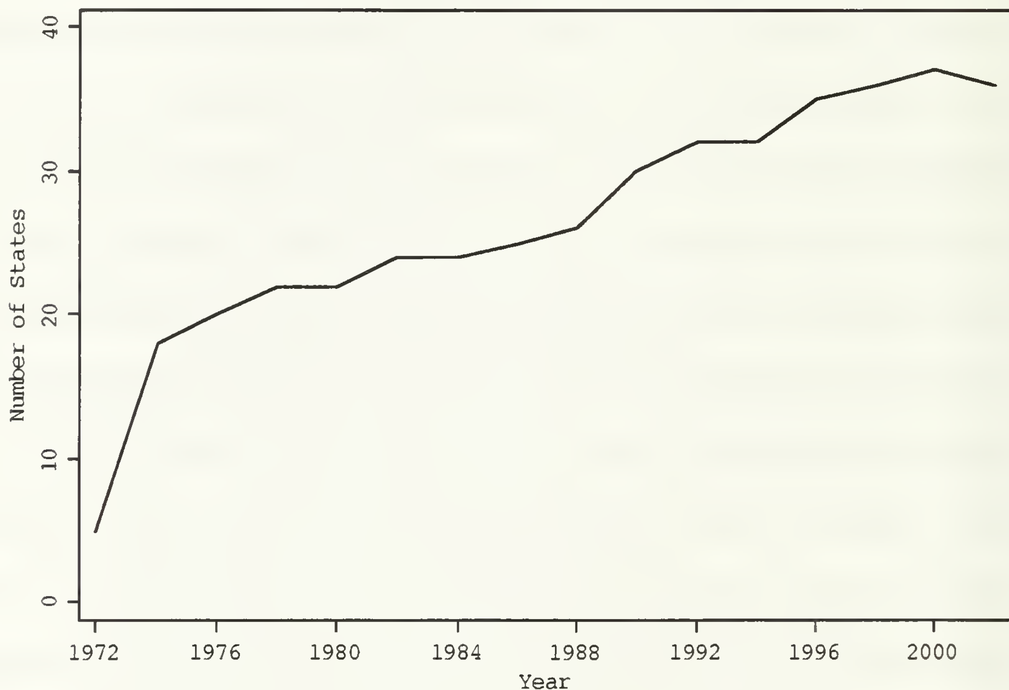
contribution behavior. The more substantive regulations started out with a flurry; and were followed by steady growth until present day.

Perhaps the most important restrictions from the FECA laws were the individual contribution limits. These have huge potential to affect the solicitation behavior of both candidates and parties in the aftermath of the FECA, especially before parties figured out the soft money game (massive amounts of spending in advertisements stopping just short of the *Buckley* decision's verboten words of advocacy) in the 1990's. Ideally the FECA would end the reliance upon large donors and force the parties and candidates to broaden their donor pools. These same principles behind the FECA and the abuses of Watergate were used as a call to arms at the state level as well.

Prior to the FECA amendments of 1974, only four states, Alaska, Kansas, Kentucky, and New Hampshire, had any individual contribution limitations on state offices. Almost immediately after the 1974 amendments, states began to place individual contribution limits on state elective offices. Figure 3.1 clearly shows this immediate flurry in the numbers of states making *some* restriction on

contributions in gubernatorial elections.[5] Between the 1974 and 1978 election cycles the number of unlimited states dropped from forty six to thirty. A busy four years indeed! That frenzied pace obviously did not sustain itself, but steady growth followed for the remainder of the period to 2002.

Figure 3.1: Number of States Limiting Individual (in any race) Campaign Contributions 1972-2002

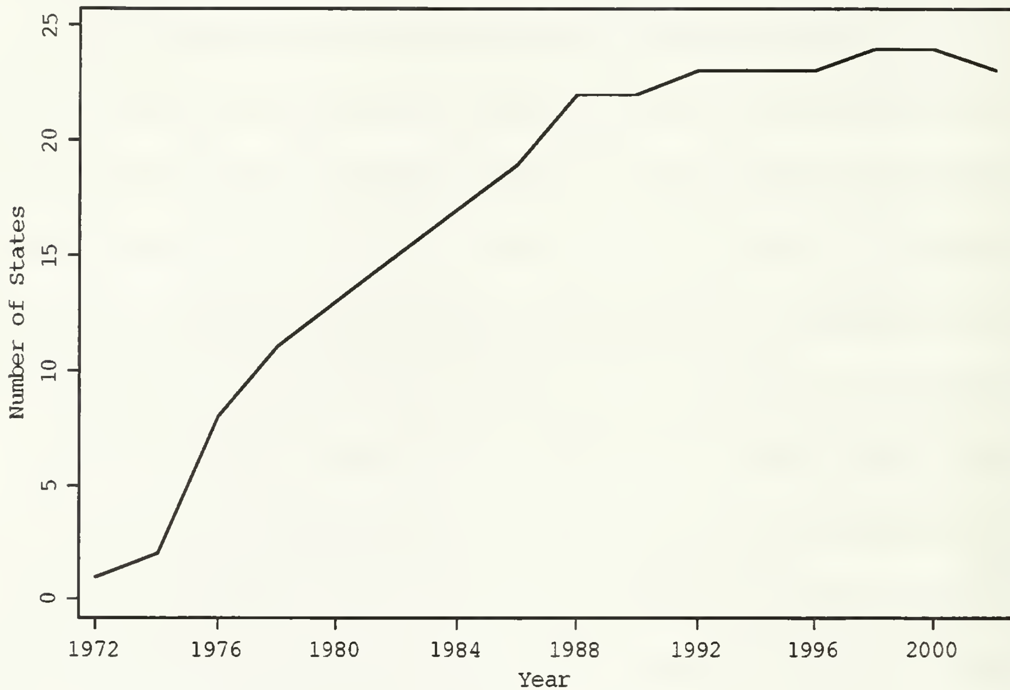


A very similar trajectory of reform was seen in the enactment of public financing regimes in state electoral systems. Just as in the case of individual contribution limits, there is a good deal of variation between the

[5] The substance of these laws will be discussed in the next section.

character of public financing systems that have been enacted. Generally speaking there are three flavors of public financing adopted by the states, each having distinct policy goals (which will be discussed in the next section). The first and most common set gives direct support to political parties. The second gives direct aid to candidates. The third, which comprises of only a handful of states, is a hybrid of the two. Figure 3.2 shows the number of states with some form of public financing, be it to parties, candidates, or both. The same general pattern that we saw with contribution limits is virtually replicated. In 1974 only two states had any form of public financing. By 1978 that number had shot up to eleven. Clearly, the same flurry of legislation that was inspired by the FECA carried over to the popularity of public financing of some form in the stats. After the initial flurry of activity, we see the same steady march of reform carried through to 2000, at which point twenty four states had some form of direct aid to political actors.

Figure 3.2: Number of States with Public Financing of Parties or Candidates 1972-2002



The Variety of State Campaign Finance Regimes

Now that the timeline of state campaign finance reforms has been well established and that there has been steady pressure by reformers placed upon the states to change their finance systems since the FECA reforms of the early 1970's, we must make a closer examination of the substance of the reforms in order to assess what effects they may have on individual contribution behavior. Thus far, we have simply implied that state campaign finance regimes are truly a mosaic of regulations. Careful attention must now be paid to further define exactly what that mosaic looks like in the various hues and incarnations

that states give them in their varying policies. Since the causal theory of the indirect institutional effects centers around the two key facets of campaign finance law- individual limits and public financing- we shall focus entirely on the variation between the states in these areas in the pages to come.

Contribution Limits

The demonstration effect that the FECA amendments had on the states was clearly shown in both the flurry of state legislation and the forms that they took. Between 1974 and 1978 sixteen states adopted some form of contribution limits on most state elective offices. Recall from Figure 3.1 that after that initial burst of legislative activity, slower, yet steady, pressure from reformers resulted in a fairly constant growth rate in the number of states limiting individual contributions to candidates. Yet this dichotomous indicator of a state limiting or not limiting individual contributions is not sensitive enough to get a qualitative grasp on the scope of these reforms.

To get a better feel for the degree of restrictiveness these limits had, Table 3.1 presents the various individual contribution limits in gubernatorial elections by state per two-year election cycle. More often than not, states enacted a similar "per election" limitation in the mold of

the FECA, that distinguished between primary and general elections. Most of the states that enacted limits between 1974 and 1978, chose to place fairly tight limits upon individual contributors. Ten of the sixteen states placed limits of $3,000 or less per cycle. As Malbin and Gais (1998) note:

> Most states' reforms during the 1970's focused on candidates… Contribution limits, on the whole, banned only the largest gifts. To the extent that equalizing power was an objective during the 1970's, the idea primarily was to reduce the role of the biggest players. (13-15)

Just as the intent of the FECA was to reduce the roles of very largest dollar contributors at the federal level like Vesco, Stone, and others who were handing shopping bags full of cash to The Committee to Re-elect the President (CREEP); so too was the intent in those vanguard states. Upon further examination of Table 3.1, there was steady movement of states towards lower contribution limits. As time marched on, more states moved from unlimited and high limit regimes towards tighter limit regimes.

Table 3.1: State Contribution Limits in Gubernatorial Elections in 1978, 1990, and 2002.[6]

Limit (in dollars)	1978	1990	2002
0-999			MT, VT
1,000-1,999	MT, NJ	AZ, MT	AK, AZ, FL, ME, MA
2,000-2,999	AK, AR, DE, ME, MD, MA, SD, VT, WY	AK, CA, DE, ME, MD, MA, SD, VT, WV, WY	AR, DE, KY, MN, RI, SD, WA, WV, WY
3,000-3,999	MI	AR, MI, NJ	MI
4,000-4,999		HI, KS, RI	KS, MD
5,000-5,999	CT, KS	CT	CT, NJ, TN
6,000-6,999	FL, KY, NC	FL	HI
7,000-7,999			SC
8,000-8,999		KY, NC	GA, NC
9,000-9,999			
10,000+	NH, OK, WI	LA, MN, NH, NY, OK, WI	CA, CO, ID, LA, NV, NH, NY, OH, OK, WI
Unlimited	AL, AZ, CA, CO, GA, HI, ID, IL, IN, IA, LA, MN, MS, MO, NB, NV, NM, NY, ND, OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WV	AL, CO, GA, ID, IL, IN, IA, MS, MO, NB, NV, NM, ND, OH, OR, PA, SC, TN, TX, UT, VA, WA	AL, IL, IN, IA, MS, MO, NB, NM, ND, OR, PA, TX, UT, VA

Table 3.2 presents essentially the same dynamic seen in gubernatorial limits in the limits created for candidates to the state's upper legislative chamber. A common, though not universal trend, was for states to enact progressively lower contribution limits for constitutional and legislative offices. This was a reflection of the higher costs of running for the high profile state-wide position of governor as compared to other constitutional offices and district level offices. Some states such as

[6] All dollar amounts referred to herein are **not** adjusted for inflation, unless specifically noted.

Minnesota had *huge* differences between these limits. In the 1984 election cycle an individual could contribute $72,000 to a gubernatorial candidate, $60,000 to an attorney general candidate, $11,000 to any other statewide office candidate, $1,800 to a state senate candidate, and a mere $900 to a state house candidate. That imbalance remained (though to a lesser degree) until the 1996 election cycle. New Jersey also has a unique distinction here in that contributions to gubernatorial candidates are strictly limited, but all other offices are not. This apparent fluke is the result of the public financing system in place for gubernatorial candidates. Since no financing system exists for other offices, limits were seen as unnecessary by the legislature.

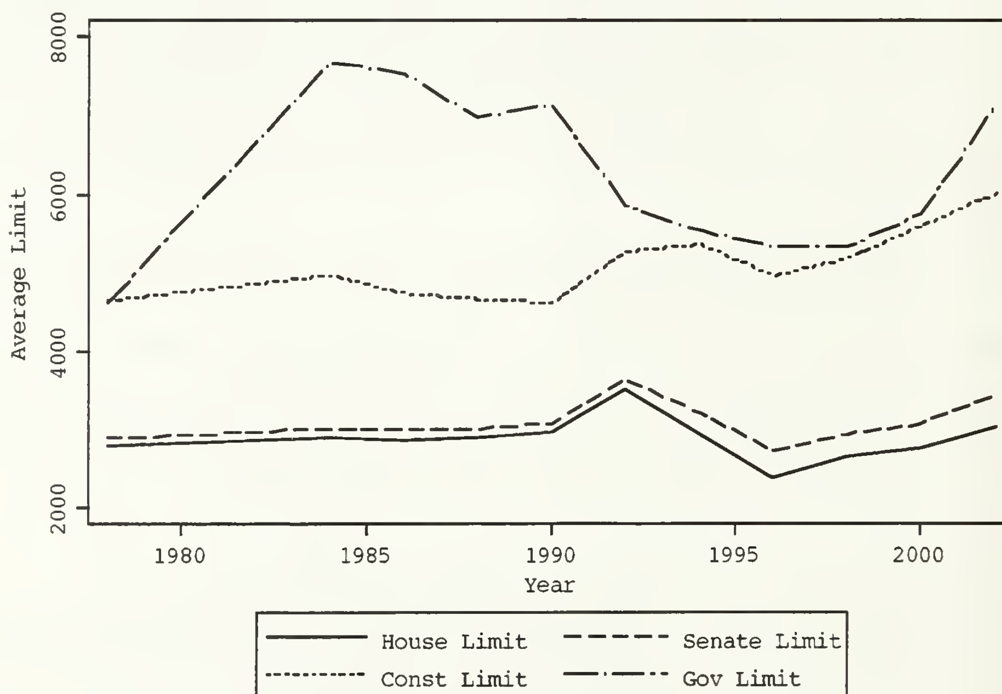
Table 3.2: State Contribution Limits in Legislative (Upper Chamber) Elections in 1978, 1990, and 2002.

Limit (in dollars)	1978	1990	2002
0-999	MI, MT, SD	MN, MT, SD	AZ, ME, MN, MT, SD, VT
1,000-1,999	CT, DE, KS	AZ, CT, DE, FL, KS, MI	AK, CT, DE, FL, MA, MI, WA
2,000-2,999	AK, AR, FL, ME, MD, MA, VT, WI, WY	AK, CA, ME, MD, MA, VT, WV, WI, WY	AR, ID, KS, KY, RI, SC, TN, WV, WI, WY
3,000-3,999		AR	
4,000-4,999		HI, RI	GA, HI, MC, NJ
5,000-5,999		LA	CO, LA
6,000-6,999	KY, NC		CA
7,000-7,999			
8,000-8,999		KY, NC	NC
9,000-9,999			
10,000+	NH, OK	NH, OK	NV, NH, NY, OH, OK
Unlimited	AL, AZ, CA, CO, GA, HI, ID, IL, IN, IA, LA, MN, MS, MO, NB, NV, NJ, NM, NY, ND, OH, OR, PA, RI, SC, TN, TX, UT, VA, WA, WV	AL, CO, GA, ID, IL, IN, IA, MS, MO, NB, NV, NJ, NM, NY, ND, OH, OR, PA, SC, TN, TX, UT, VA, WA	AL, IL, IN, IA, MS, MO, NB, NM, ND, OR, PA, TX, UT, VA

The cases of Minnesota and New Jersey though were definitely outliers in this regard. Most other states had a more "proportional" progressive scale. For much of the period examined here, New York used a formula based on the population of a jurisdiction to set the individual contribution limit. It too yielded a progressively higher limit from State Assembly, to State Senate, and to statewide office candidates. Figure 3.3 shows the average contribution limits for the four classes of political

candidates spanning from 1978 to 2002. In the initial flurry of reform, those states that had limits were relatively restricted compared to the years to come. Not all states made such distinctions between the various classes of elective office in creating their contribution limits. States such as Alaska, Kentucky, New Hampshire (three of the four states with pre-FECA contribution limits), and about a dozen others, were content to set a single contribution limit for all elective offices.

Figure 3.3: Average State Contribution Limits to Gubernatorial, Constitutional, and Legislative Campaigns 1978-2002.



Throughout the time series, the average contribution limits of legislative offices are both quite consistent and closely mated. The noticeable spike in the gubernatorial limits as opposed to other statewide offices in 1982 is largely explained by states such as Minnesota, New York, and Louisiana moving from unlimited contributions to extremely high contribution limits of $10,000 or higher (thus skewing the average). But by the mid 1990's the gap between the gubernatorial and constitutional office limits had narrowed as more states began to enact stricter limits. The spike at the end of the time-span is largely explained by two factors skewing the averages. First, successful court challenges to strict finance regimes (which will be discussed in the proceeding section on public financing) in the states of California, Colorado, and Oregon, forced those states to revert to the older, higher limits. Second, the three states of Idaho, Nevada, and Ohio went from unlimited regimes to limits of $10,000. Absent these "curve busters," the general trend of more restrictive finance regimes would stay largely intact.

Despite these overarching trends that we have seen over the past thirty years of legislation, we are still left in a position with a great deal of variation between states over the entire span of the time series tested in

Chapter 4 (1984-2000). The variation in state contribution restrictions is widely distributed by region, state population, state population density, "redness" or "blueness," or most other classifications imaginable. This variation is critical in testing whether state laws influence the likelihood of political donations.

Public Financing of Elections

Naturally, the diversity amongst the systems of public financing between the states are as diverse and widely varied as the variation between contribution limits that some states choose to erect. Though the percentage of states that have some form of public financing is lower than the number of states that have contribution limits, slightly less than half of all states subsidize political campaigns in some fashion. The nature of this inquiry requires us to paint in somewhat broad strokes to operationalize the underlying thesis quantitatively, however we do need to create a taxonomy of state campaign finance systems that is sensitive enough to reflect this variation between public finance systems of state elections. The simplest distinction between the state systems of public finance is whether the beneficiaries of the financing are the candidates or the parties. Besides the obvious difference in who receives the funding, as we

shall see, this reflects a difference in political culture between the states and how they create incentives to strengthen (or weaken) the roles of specific political actors. Table 3.3 presents these classifications as of 2002.

Table 3.3: Public Financing Programs Across the States 2002

	No Direct Candidate Support	Direct Candidate Support
No Party Support	AK, AR, CA, CO, CT, DE, GA, IL, KS, LA, MS, MO, MT, NV, NH, NY, ND, OK, OR, PA, SC, SD, TN, TX, WA, WV, WY	FL, HI, MD, MA, MI, NE, NJ, VT, WI
Direct Party Support	AL, ID, IN, IA, NM, OH, UT, VA	AZ, KY, ME, MN, NC, RI

Public Party Financing Programs

The simplest form of public financing comes in the shape of party subsidies. Though there are a variety of incarnations across the states, compared to candidate funding systems, they are rather straight forward. Funding for the party subsidies generally comes from one of two sources. Five of the eight states that have party only financing derive their funds from state income tax checkoff systems, similar to the federal system. When filing tax returns, taxpayers can set aside a given amount (usually a few dollars) to go into the subsidy program without raising

the amount of their tax burden. Two states, Alabama and Virginia, have "add-on" systems where a taxpayer's tax burden will increase if they want to contribute to their states' program. Indiana has a unique program that is better insulated from taxpayers' fickle moods by siphoning proceeds from automobile vanity plates to their party subsidies. Distribution of the funds is also rather simple. In the Alabama, Idaho, Iowa, New Mexico, Utah, and Virginia programs, they allow individuals to direct their contributions to the party of their choice. The remaining states, Indiana and Ohio, have a formula for distribution amongst qualifying parties.

One unifying theme that seems to emerge from the pattern of public party financing is that the political culture of the states that adopt this reform, tend to be political environments that favor strong party organizations and are less restrictive of interest group activities. Consequently they erect fewer restraints on the various types of political giving across the board. In short, these states see value in the pluralistic system of strong parties and groups competing in a relatively unregulated political environment. Both Jones (1981) and Malbin and Gais (1998) take note of this relationship of reform and political culture. By offering direct aid to

political parties, by whatever mechanism a state employs, they are strengthening key linkage institutions between constituencies and elected officials, thus fostering a critical form of political representation. The "party only" moniker is also a bit of a misnomer in that the existence of such a program does not preclude candidates from receiving benefits *indirectly*. All states that have these party funding systems allow parties to make transfers from party coffers to state candidate campaign funds, thus infusing them with some public subsidized funds. Not only does this strengthen the power and role of the party in the state system vis-à-vis the candidate, it again strengthens the party as a critical linkage institution between constituents and policy makers.

Evidence of this tendency to create a more unregulated environment of political contributions can be gleaned from comparisons between restrictions on different modes of political giving and whether a state has party subsidies. Table 3.4 shows the relative levels of restrictions on PAC contributions to individual candidates by state. Of the eight states that offer direct party aid alone, six have no restrictions on PAC contributions to candidates. This relationship is even stronger between states that offer party aid and have high individual candidate contribution

limitations. When Table 3.3 is compared to Table 3.1, seven of the eight states that offer direct party aid only have either unlimited individual contribution limits or limits of $10,000 or more.

Table 3.4: PAC Candidate Contribution Limits Across the States 2000

PAC Candidate Contribution Limit	States
Unlimited	AL, CA, IL, IN, IA, MS, NE, NM, ND, OR, PA, SD, TX, UT, VA, WY
High Limits ($5,000+)	MD, NV, NJ, NY, NC, TN
Moderate Limits ($1,001-4,999)	AR, DE, GA, HI, ID, KY, LA, MI, NH, OH, IK, SC, WA, WV
Low Limits ($1,000 or less)	AK, AR, AZ, CT, FL, KS, ME, MA, MN, MO, MT, RI, VT, WI

Public Candidate Funding Programs

In general terms, public candidate funding programs tend to be as complex and varied as the party financing programs are simple. Yet, despite these complexities and variations, it is quite easy to tease out some fundamental similarities that justify the dichotomous qualitative measure necessary for the modeling to come.

Just as was the case for party subsidies, states draw their funding for candidate subsidies from a variety of sources. Ten of the thirteen states offering some form of candidate funding (Arizona, Hawaii, Maine, Massachusetts, Michigan, Minnesota, New Jersey, North Carolina, Rhode Island, and Wisconsin), draw their revenues from a tax

checkoff system. The remaining three use a variety of sources. For example: Florida uses direct appropriations, political filing fees, vehicle registrations, and a variety of other sources to fund their program. Maryland and Vermont use similar variations. Minnesota also enhances its checkoff program by literally paying their residents to make political contribution through a fifty dollar income tax credit. In his successful 1998 gubernatorial campaign, James Janos, used this system wisely by including details of the refund system in his direct mail solicitations, which took a tone of: "Why not contribute? You will get your money back." Also, he was able to secure several hundred thousand dollars in loans by his qualification for public money. Though he was certainly not the first, or last, candidate to do so, he certainly took full advantage of this system in raising his seed money for his insurgent campaign. One can easily hypothesize that such incentives may well lead to higher contribution rates. Arizona offers a refund as well, though for a paltry five dollars.

There is also a fair degree of similarity in what all but one of the states that provide funding for candidates (Rhode Island). They limit eligibility of candidates to those who can raise a threshold of either a fixed dollar amount or a set percentage of the spending limit (which is

usually a condition of taking public subsidies). Usually (in all cases save three), states place the additional hurdle of forcing the candidate to raise qualification funds with contribution limits far short of the general individual contribution limit. Some states like Michigan, Hawaii, and Wisconsin have the qualification funds limited to $100. Minnesota drops their limit down to $50 in qualification donations. This shared trait, reflects the political culture of these states that tend to be wary of consolidation of political power in the hands of an elite as opposed to the grassroots. Perhaps Malbin and Gais describe this tendency best by saying these states are,

> "trying to enhance the political involvement of "grassroots" supporters – that is, individual donors who give small amounts to candidates with whom they interact directly. From this perspective, parties – like many interest groups – cannot be a solution; they are more likely to be perceived as part of the problem." (55)

These incentive structures the states are providing with these qualification requirements are deliberately created in indirectly fostering the conditions favorable to individual contributions. Of all the traits of the candidate funding programs, perhaps this is the most important in fostering a culture of political giving. And given the similarity between the states in this regard, a

dichotomous variable reflecting this quality would seem quite appropriate substantively.

Where the systems vary the most is in how the money is distributed to candidates; yet here too there are enough similarities to suggest that a fundamental level, the substantive similarities outweigh the differences. Most states reserve their candidate subsidies for the most high profile statewide races. In the states of Kentucky, Maryland, Michigan, New Jersey, North Carolina, and Vermont, public subsidies are reserved for gubernatorial contests as of 2002. Florida, Massachusetts, and Rhode Island infuse gubernatorial and other constitutional offices. While a growing number of states offer subsidized legislative races as well, including: Arizona, Hawaii, Maine, Minnesota, Nebraska, and Wisconsin. Even in the states that limit the public subsidies to gubernatorial contests alone, the indirect effects that this practice should have in prompting people to contribute should exist to some degree; especially since these are the most high profile races in the state. So long as some candidates are seeking public funding, and in most elections in these states someone does, the qualification requirements should create incentives to those candidates to solicit hard for

those necessarily small contributions. Thus, contribution rates should be higher.

The Politics of Campaign Finance Reform

Like many other issues in American politics, the issue of campaign finance reform pits reformers against standpatters who both have doomsday predictions of the consequences of the other group's actions, against the backdrop of an ambivalent and increasingly cynical American public. Despite the real ambivalence of the American people on this issue, there is a vibrant political debate going on about the merits and demerits of the campaign finance reform and its consequences, be they intended or unintended. Also, as noted earlier, there has been a steady progression of state reforms being adopted across the country in the past thirty years showing evidence that reformers have had success in convincing both political elites and the general public that reforms are both necessary and beneficial. Though both sides have their rather vulgar and often times silly and reactionary rhetoric directing their actions, there is a more nuanced and intellectual debate between the two camps that begs the question central to this inquiry: Is campaign finance reform effective in its aims to broaden political participation?

Public Opinion on Campaign Finance Reform

Ambivalence is perhaps the best characterization of the attitude that the American people have regarding campaign finance reform. In general terms, when Americans are asked about their positions on the campaign finance system, they are rather critical of the status quo, are unsure of what the laws are, and are usually welcoming of the most commonly discussed reform proposals. Yet when pushed beyond their initial reactions, the issue is not particularly salient nor are their opinions strongly held (Mayer 2001).

In what is perhaps the most detailed survey of American's attitude on the subject, the American Politics Survey (APS) conducted after the 2000 election by Grant and Rudolph, respondents clearly showed skepticism of the finance system. Sixty nine percent of the respondents believed that the current finance system is in need of substantial repair or complete replacement. Despite the rather broad support of reform, respondents had mixed results in their knowledge of the status quo. A majority, sixty two percent, knew that individual contributions were limited. Yet only thirty one percent knew parties could take in certain types of unlimited contributions, failing to show the basic distinction between soft money and hard

money (though the question cleverly avoided those terms). Soldiering on deeper into the darkness, a vast majority of respondents favored limiting Congressional candidate spending, limiting television advertising, and eliminating soft money contributions. Paradoxically, fifty four percent indicated they would like to see all contribution limitations eliminated on condition of full disclosure and reporting. Given this messiness in public opinion, it should come as no surprise then that the salience and priority that citizens attach to campaign finance reform is quite low. This leaves them in a position where their opinion at any given point in time may in fact be quite malleable or unstable.

It is this general sense of dissatisfaction of the campaign finance system and the apparent malleability of public opinion that has allowed the reform movement to gain momentum in many of its political fights. A curious development in the politics of campaign reform has been the advent of the "clean elections" movement. These are a set of reforms at the state level that essentially eliminate private contributions outside of the initial phase of the primary campaign. These proposals have been debated in a handful of states over the past ten years. Though the ubiquity of this movement is dramatically overstated by

reformers (especially given the low salience of the issue), there is no doubt that reformers have taken advantage of this malleability in the framing of the issue when it has appeared before voters in initiatives. And given the success of "clean money" initiatives in Arizona, Maine, and Massachusetts, proper framing of the issue can cut through the ambivalence and result in a resounding success for reformers.

The softness of popular opinion has led to both supporters and opponents of reform to come to completely different conclusions on public support when referring to the exact same public opinion data. Since public opinion is quite malleable, respondents in public opinion polls are extremely susceptible to question wording and the way in which the ordering of questions can establish a loaded context. This happens even with the most neutrally worded questions. The end result can be pushing the respondents towards certain answers. Weissman and Hassan (2005), in a report released by the Campaign Finance Institute, cite extensive polling conducted from 1972 to 2000 individually by Gallup, Mellman, *The Los Angeles Times*, and several others as showing a strong support of public financing for Congressional and Presidential elections. Samples (2003), in a policy release from the Cato institute, refutes those

findings with polling data from CBS-*New York Times, US New and World Report* and Gallup/CNN/*USA Today*, showing great public skepticism.

Not surprisingly both these reports dismiss the poll results that go against the obvious normative position the authors represent for essentially the same reasons. Samples rejects the positive findings cited by Weismann and Hassan since those polls avoided the wording "Tax money involved," and since the questions on public finance followed questions that referenced "problems" with "special interests." Weismann and Hassan reject those very same poll results that Samples lauds, since they used wording like "Tax money involved," with no indication of how checkoffs worked, and prefaced those questions with questions that highlighted the costs of public finance systems putting the eventual question on support for public finance in a loaded context. Clearly, the normative baggage carried into both of these analyses have directed the interpretations of these polls results, but taken as a whole, the findings of all the polling conducted on public financing can lead to only one conclusion: public opinion is truly ambivalent and can easily be pushed one way or another depending upon the context.

Grant and Rudolph (2004) have explored the structure of public opinion on campaign finance reform in the best detail to date. Utilizing a controlled experiment on over one thousand respondents, they found that individual opinions on campaign finance reforms are largely driven by interest group affect that individual's possess. Utilizing the extensive behavioral studies on the effects of issue framing, they carefully crafted their poll to classify citizens based on their affect towards specific groups. Then, by knowing how these select groups have framed this particular issue, they found that this was a major factor in determining their position on most issues of campaign finance. Not surprisingly, the way this issue has been framed is the familiar tension in American politics between the reformers emphasizing political equality and the standpatters basing their arguments on freedom of speech.

The Politics of Reform

Having established the ambivalence of public opinion above, it is now understandable how the issue can take on as vibrant of a public debate as it has. Again, support is dependent upon the framing of the issue. When the issue is successfully framed and raised by reformers, popular victories in state initiatives can come for the very reason that most Americans have such soft opinions regarding the

use of public funding for political campaigns. Generally speaking, virtually all of the proponents of campaign finance reform, especially those of clean election laws, frame the issue in terms of equality. To most reformers, the increasing importance of money in politics that comes with the rising costs of elections, is threatening the basic democratic values of equality and equal representation. Essentially, they claim, economic power is being converted to political power. Only well financed interests have a viable voice in the political system. Campaign finance reform can fix this imbalance by forcing candidates and parties to broaden their financial base beyond well financed interests; or in the case of clean election laws, remove most private financing altogether.

The legal arguments that many scholars make in favor of reforms reinforce this notion of reforms being an equalizing force to bring in or buttress voices in the political process that they feel have been suppressed by the dominance of moneyed interests. Though every campaign finance proposal brought forward by reformers has been restrained by, and often times voided, in the legal fallout of the *Buckley* decision, reformers have still managed to make forceful and politically successful equality based arguments. These arguments generally find their roots in

the First Amendment or the equal protection clause of the Fourteenth Amendment.

First Amendment arguments typically are presented as such: The intent of the freedom of speech guarantee in the First Amendment should not be interpreted as an absolute protection of individual autonomy through political speech (thereby recognizing no legitimate restrictions on campaign spending or fundraising). Rather, we must recognize that the damage done to our democratic system through an unregulated campaign finance system justifies regulation of campaign finance; since the unfettered speech of an economic elite snuffs out the ability of others to voice their own political opinions. Simply put, properly constructed campaign finance reform will increase the fairness of our system by equalizing the power to create political speech (Freedman 2000). Though this is a regulation of speech, it is Constitutionally justified since the state's interest of maintaining an equitable political system fulfills the level of judicial scrutiny that the Supreme Court requires for any degree of speech regulation.

This line of reasoning necessitates a thicker reading of the First Amendment that recognizes that the totality of the First Amendment protections must be understood as a

package of rights to create and preserve an equitable democratic system. Perhaps Neuborne (1999) sums this logic up most eloquently:

> James Madison's First Amendment is self-consciously structured and organized as the life-cycle of a democratic idea - an idea that begins in the recesses of individual belief, is communicated to others through speech and press, provokes collective action through assembly and association, and finally matures into public policy through formal interaction with the political branches. It is no coincidence that the textual rhythm of the First Amendment moves from protection of internal conscience in the religion clauses, to protection of individual expression in the speech clause, to broad community-wide discussion in the press clause, to concerted action in the assembly (and implied association) clause, and, finally, to formal political activity in the petition clause. Indeed, no rights-bearing document in the Western tradition approximates the precise organizational clarity of the First Amendment as a road map of democracy (1069).

To ignore the greater purpose of the First Amendment in favor of a narrow understanding of the absolute rights of individual autonomy will come at the price of accentuating the imbalance of speech, and consequently political equity, that now exists.

Scholars that emphasize Fourteenth Amendment rights of equal protection also use the rhetoric of political equality as the center of their reform case. Hasen (1999) justifies the creation of a voucher system (a wholly public system of finance where citizens direct a certain amount of money to whichever political recipient they like) on

Fourteenth Amendment grounds. He along with others who advocate this system, claim this would create a marketplace of political ideas free of the economic inequities that are endemic to the system today. Foley (1994) goes so far as to forcibly argue for an additional amendment to the Constitution to create a voucher system he dubs "Equal Dollars Per Vote." Just how viable these voucher systems would be is anyone's guess. Given the popularity of the rough equivalent today (checkoff systems), one would be justified in wondering how any candidate would be able to mount an effective campaign with such low participation rates. Perhaps enough people would strategically not allocate their voucher just to be spared the television commercials every other November! Aside from the practical matters though, the equalizing effect of such voucher systems and their Fourteenth Amendment genesis are clearly visible.

Others that utilize a Fourteenth Amendment argument include Raskin and Bonifaz (1993). They claim that the wealth of individuals essentially determine the viability of their participation in the political system. They show how the Court has used the principle of one person/one vote in striking down grandfather clauses, white primaries, poll taxes, long residency requirements, high candidate filing

fees, and malapportioned legislative districts. All this with the intent of ensuring political equality. Arguing that the political system is essentially, "Stacked and closed" (276) and that, "wealthy interests… set the parameters of political debate and the nature of the legislative agenda", (277) we are left with a political system in which effective participation is as exclusive as it was in the dark days prior to those civil rights decisions that opened the suffrage generations ago. Consequently, they question the Supreme Court's unwillingness to accept a political equity argument in campaign finance regulations when they were willing to justify those previous decisions regarding voting rights on the grounds of political equity.

Correspondingly, opponents frame the issue in terms of freedom of speech. By equating political spending with free speech, as the Supreme Court did to a certain extent in the *Buckley* decision, they simply argue that restricting campaign contributions or expenditures necessarily reduces individuals' political speech. Such speech should rightly be protected under the First Amendment. Obviously, their First Amendment claim against expenditure limits was countenanced by the Supreme Court in *Buckley*, however their claim against contribution limits fell on mostly deaf ears

in that decision and the several that followed using *Buckley* as precedent. That said, the case against contribution limits as an abridgement against free speech is still held by many in the scholarly and political community, and more importantly by some Supreme Court justices, namely Justices Kennedy, Scalia, and Thomas.

In the *Buckley* decision, the Court recognized that the FECA Act and its subsequent amendments did in fact stifle free speech rights by limiting contributions, but ceded that the state had a interest in doing so to avoid corruption, both real and perceived. The important legal distinction though, was that they refused to apply the standard of "strict scrutiny" on the question of campaign contributions. Strict scrutiny is the Constitutional test that is used for laws that burden "fundamental rights." This has been the judicial standard applied to virtually all forms of speech in the latter half of the twentieth century. Instead, the Court opted for a standard of "rational basis," which leaves tremendous deference to legislatures and rarely leads to a Constitutional finding against the law in question (Smith 2001, 111). However, they explicitly rejected the political equity claim stating that, "the concept that government may restrict the speech of some elements of our society in order to enhance the

relative voice of others is wholly foreign to the First Amendment." This "mixed message" of a ruling infuriated both reformers and standpatters alike, leaving both groups with substantial feelings of defeat. Reformers lost their beloved spending limits, and standpatters failed to have strict scrutiny applied to the contribution limits.

Even though *Buckley* represented a setback to standpatters in regards to contribution limits, they still vociferously, forcefully, and cogently continue to make those very claims in the legal literature. BeVier (1985) expresses near disbelief that the Court has departed with its, "customary strategy of overprotecting speech, in order to protect speech that matters." (1087) Citing cases from *Schenk* to *Dennis* to *Brandenburg*, she notes that the Court in modern times has regularly deferred to free speech rights over various state interests. Interests which in this case, she feels are quite imagined (that of perceived corruption). Sullivan (1997) argues that individual contributions are simply a form of independent expenditure, thus affording total protection from regulation, as the Court has applied to any individual's independent expenditure.

Perhaps the most highly regarded legal critic of contribution limits (and campaign finance regulation in

general), Bradley Smith (2001), succinctly summed up the case for applying the standard of strict scrutiny to contribution limits stating:

> Given the case history over many years, it is too late, really, to argue that a gift of money is not a form of protected symbolic speech, at least when made to a political candidate. Such a gift is an action intended to convey support for a candidate and, it is generally presumed, his or her views. (114)

He dismisses the rational of Wright (1976), that money is property only having incidental effect on speech and thus subject to regulation, since money enables speech. If Wright's supposition were to be accepted judicially, Smith claims that nearly any form of speech could be regulated simply by restricting spending on the activities instrumental in exercising speech. By circumscribing this fundamental political right of self-expression, the Court has opened the door to destroying absolute rights, both of individuals and of groups, for participation in the political process, which is part of our liberal pluralist tradition (Bopp and Coleson 2002).

Aside from reformers having the unenviable task of gingerly stepping around the restrictions laid forth in *Buckley* (which they often exceed[7]), they also face a Supreme

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[7] Several popular initiatives from the 1990's in California, Oregon, and Missouri, and state constitutional provisions in Minnesota have been voided in a series of cases in the federal court system. The courts have generally seen these

Court that has flatly rejected the political equality argument in *Buckley* as a justification for regulation of political speech. Compounding their fate, they also face the methodological problem of a lack of legal parsimony. Typically their legal theorizing is based on a much more tenuous base of suppositions than those of their opponents. The arguments of standpatters tend to be much clearer, more concise, and simpler; thus having the potential for future courts to find in their favor (Ortiz 1998). Moreover, given the recent turnover in the Supreme Court, and the publicly stated willingness on behalf of Justices Kennedy, Scalia, and Thomas to revisit the findings of the Court in *Buckley*, the reformers may be in for sad times ahead in their legal fight. However, despite the legal obstacles they have faced, politically they have faired much better because of the sheer *political* appeal of the equity argument.

The legal arguments placed forward by the opponents and proponents of campaign finance reform, as has been hinted to thus far, have been the springboards in which

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restrictions as abridging First Amendment speech rights, since the state laws were far too broad and not well tailored to accomplish the states' asserted goals. See: *California Prolife Council PAC v. Scully* 164 F.3d 1189 (1999), *Vannatta v. Keisling* 900 F. Supp. 488 (1995, Oregon), *Carver v. Nixon* 72 F.3d 633 (1995, Missouri), and *Day v. Holahan* 34 F.3d 1356 (1994, Minnesota).

they have made their greater political case to the general public. As virtually every poll on the public's opinion on campaign finance reform has shown, very few understand the legal particulars of the issue, nor do they really care. However, crafting an appealing and effective political message around those legal issues allows political activists to frame the issue in a particular fashion that can stir up feelings and emotions of the general public to generate a fair degree of salience around the issue. But, this takes a concerted effort on the part of activists to awaken those sentiments.

Armed with this powerful rhetoric of political equality in a political atmosphere of high political apathy and cynicism, it should come as no surprise that reformers have had several successes politically at both the state and federal levels in recent years. At the state level, reformers have been successful at winning popular victories in nearly all of popular fights they have picked, be they initiatives or constitutional amendments.

As a testament to the power of this rhetoric, the 1990's and early 2000's proved to be a remarkable time period in the passage of campaign finance reform by popular mechanisms. 1993 saw the passage of constitutional amendments in Minnesota placing variable caps on spending

and contribution limits to entice people to accept public financing. 1994 saw the passage of the "Freedom From Special Interests" initiative in Oregon that limited the amount of contributions that come from outside a legislative district. Also in that year, Missouri passed very restrictive limits on individual contribution limits. 1996 was banner year for reformers. In Arkansas, California, and Colorado voters approved tight restrictions on individual contributions, as well as contributions by PACs and other interests. Nevada placed tighter limits on PAC contributions and beefed up its disclosure system, while Montanan voters banned corporate contributions (but not corporate PAC contributions) in campaigns concerning ballot initiatives.

Clean elections laws were also part of this surge in citizen initiative lawmaking. In 1996, Maine passed its clean elections law after rejecting a similar proposal several years before. 1997 brought a clean elections law to Vermont, with Massachusetts following the next year. And finally, 2000 brought a clean elections law to Arizona. Of all the campaign finance reformers, the clean election supporters obviously bring the most comprehensive proposals with colorful rhetoric to support their cause. And it is no coincidence that the rhetoric is centered on equity

based arguments very similar to those that legal scholars are forwarding.

Public Campaign, the premier group working to enact clean elections laws in all the states and at the federal level, uses these equality references frequently. In their "Model Bill", on which they hope state and federal reforms will borrow from, they claim that, "Common sense tells [the American people] that genuine political equality and public accountability - essential hallmarks of democracy - cannot exist within a system in which money counts more than votes." And by removing the need for candidates to raise vast sums of money in elections they feel that the disproportionate power of moneyed interests will be leveled through this system of funding. Essentially they seek to purify the finance system. They also believe that clean elections schemes will promote more equity amongst the kinds of candidates running for office, by removing the imperative for candidates to be well connected to financial interests to conduct a viable campaign. Clean elections, "[a]llows qualified individuals to mount competitive campaigns regardless of their access to large contributors or their economic status." By freeing candidates from the financial burdens, they believe that these policies will force clean elections candidates to pay attention to their

political constituents, not financial constituents. The result, they claim, is more equitable and responsive candidates and representatives.

Given the success of these voter initiatives and clean elections laws (and the relatively low number of defeats), it is clear that in the political sense, reformers seem to have the upper hand at this time. The equality-framed argument has clearly won out over standpatters' free speech concerns. The net effect of this, and the relevance to the greater theme in this dissertation, is that to reformers and their supporters, the intent of all these reforms is to create more responsive government representing a more active and less cynical public. In short, they want to bring more people into the political arena. An arena in which their voices cannot be silenced by large scale contributors. In the end, reformers are trying to broaden participation, and more specifically, widen the financial base of political candidates, both by limiting contributions and by forcing candidates to raise seed money from numerous small sum donations. We shall now put that supposition to an empirical test and see if greater participation has indeed been the result of this thirty-year crusade to reform campaign financing.

CHAPTER 4

MODELING AN INDIVIDUAL'S CONTRIBUTION DECISON

Introduction

In the context of the American federal system, the states are often referred to as "laboratories of democracy." The reason for this is well known: the autonomy that states have in several policy areas allows for a great deal of policy innovation by state lawmakers in several policy areas. Because of the great variation amongst state laws in campaign finance, an excellent opportunity exists to examine whether or not certain campaign finance regimes create a culture of political giving.

Simply put, the central thesis of this work is that state campaign finance rules matter in predicting the likelihood of an individual contribution. In addition to the descriptive factors to be discussed shortly, I theorize that there is an *indirect* causal relationship between campaign finance regimes and contribution behavior. Certain types of campaign finance laws such as low contribution limits and public financing of candidates

should place incentives upon political elites to broaden their financial bases as much as possible. Those elites, be they parties or candidates, react logically to the incentive structures placed upon them and ramp up their solicitation activities accordingly. This has a direct payoff in the numbers of contributors brought into the fold. As a result of this indirect causal mechanism, citizens in states with low individual contribution limits and public funding for candidates should be more likely to contribute.

A similar indirect causal mechanism should also exist for states with high (or no) individual contribution limits and public aid to political parties by creating less incentive for parties and candidates to solicit campaign funds. In theory, parties and candidates in these states should be less compelled to aggressively solicit contributions from as broad of a base as possible since they can rely upon larger, or unlimited, contributions and a degree of state support. Accordingly, citizens living in these states should be less likely contribute than in the states with low individual contribution limits and public candidate support.

The assessment of the effects of campaign finance regimes on the likelihood of an individual making a

political contribution is necessarily a quantitative exercise. The great challenge that awaits quantitative researchers in this query is twofold. First, we must capture the scope, magnitude, and details of any given state's campaign finance system. Secondly, we must devise a conceptual model that gauges whether or not certain policies and procedures regarding campaign finance laws affect the behaviors of political parties and candidates in regards to political fundraising. The novelty of this work, and by consequence its most significant contribution, is that no one else to date has systematically analyzed the effects of state campaign finance laws on the likelihood of making an individual contribution by utilizing individual level data. Ideally, this should shed some light on the effectiveness of the most common types of campaign finance reforms.

Modeling the Contribution Decision

The rich body of literature examining the determinants of political participation necessitates a carefully constructed model, firmly based on several important factors. Socio economic status, demographics, political engagement, ambient political environment, and solicitation have all been shown, by various researchers over the years, as important factors in determining the likelihood of

individuals participating in the political system across various modes of participation. By statistical necessity, these must be accounted for in any model as control variables. In addition to these control variables, and of most importance to the central thesis of this work, we must carefully construct measures of both the restrictions in campaign finance regimes and attempt to isolate other important aspects of states' campaign finance systems that may impact on an individual's contribution decision.

Back to SES

Any individual level model of political participation is necessarily grounded in the respondents' socioeconomic status (SES). Since political contribution is a vital mode of participation, it is natural that any examination of the factors that determine the likelihood of an individual to contribute or not must include SES factors. As noted in Chapter 2, early works tended to focus on the SES and demographic characteristics of individuals and their likelihood of voting (Burnham 1982, 1987; Hill and Leighley, 1992; Leighley and Nagler, 1992; Reiter, 1979; Rosenstone and Hansen, 1993; Sheilds and Goidel, 1997; Teixeira, 1987, 1992). Since this work is a natural extension of the broader participation literature, the SES factors that are associated with higher degrees of voting

participation, should have the same relevance across the other modes of participation, including political contributing.

Figure 4.1: Candidate Contribution Rate by Income Quintile 1984-2000

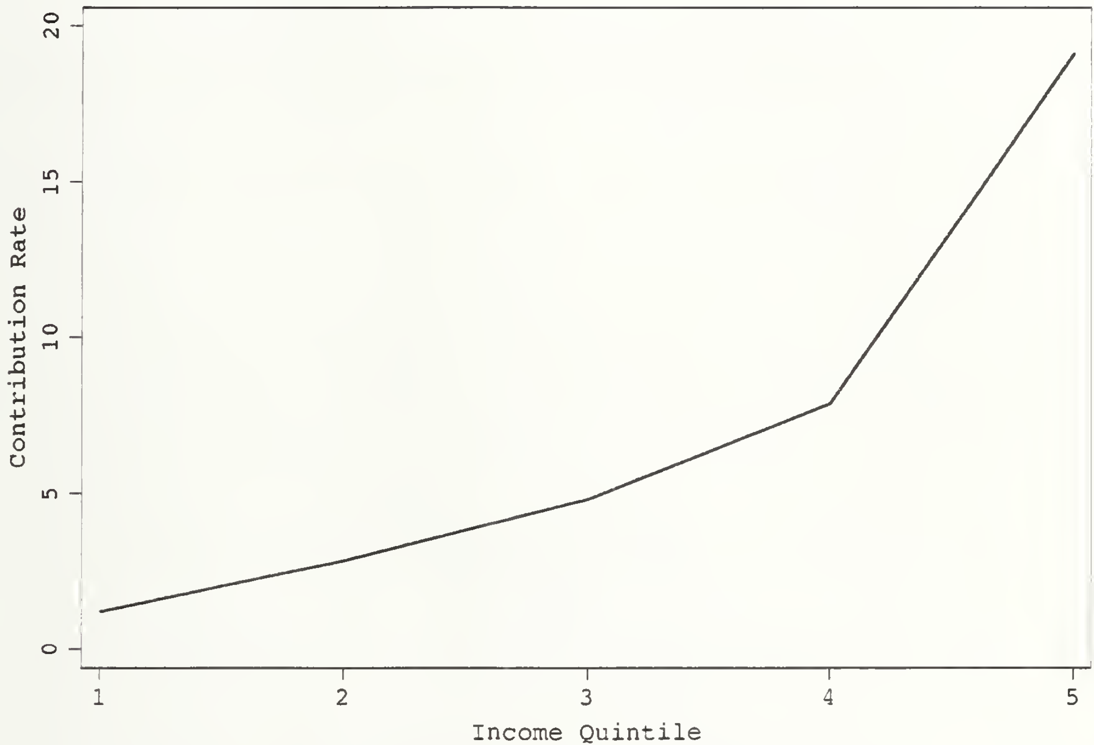
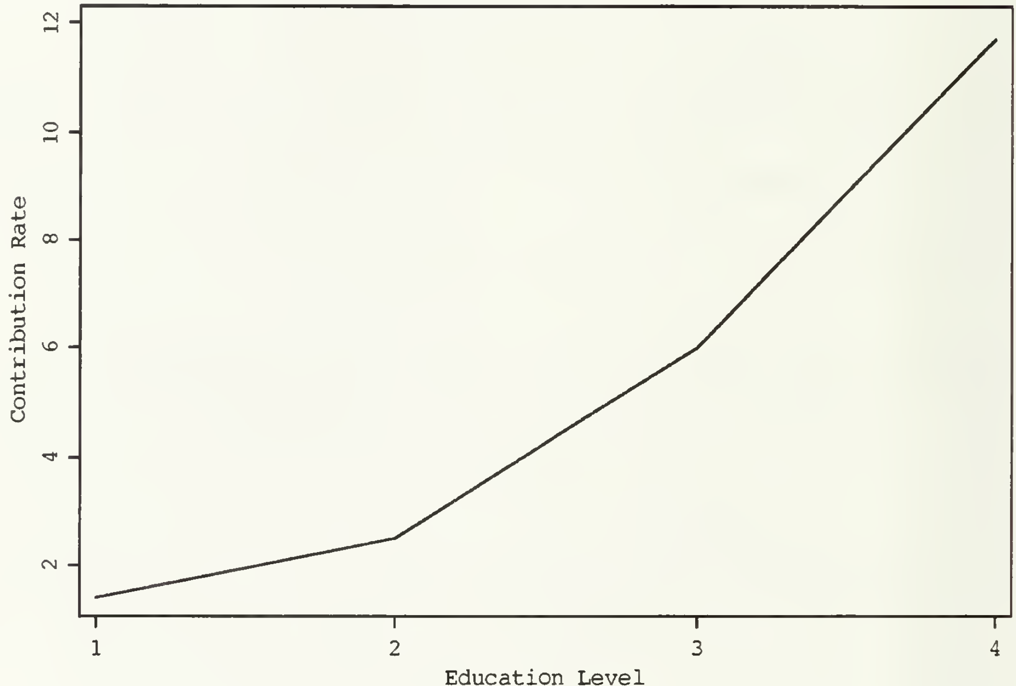


Figure 4.1 shows a clear relationship between income and contribution rates in percentage terms in the National Election Studies (NES) respondents from the years 1984-2000. The contribution rate to candidates in the highest income quintile was 19.1 percent as opposed to the lowest income quintile of 1.2 percent; over a fifteen-fold difference. Clearly (and for obvious reasons in differences in disposable income), political contributing

is a middle to upper-class mode of participation. Figure 4.2 shows the relationship between education and candidate contributions.

Figure 4.2: Candidate Rate Contribution by Education 1984-2000



Again, as in the case of income, as the level of education rises, the likelihood of contributing rises dramatically. However, the difference in contribution rates are not quite as sharp. For those who only completed grade school the candidate contribution rate was 1.4 percent of the sample, as opposed to 11.7 percent for college graduates.

Demographics

Early work on political participation also explored demographic factors that drove participation levels. There has long been a clear difference in the participation rates between whites and racial minorities. Again, those studying the effects of race on participation outlined in Chapter 2 have found a much more complex relationship between participation and race than a simple negative correlation that is often assumed (Gutterbock and London, 1983; Leighley and Vedlitz, 1999; Olsen, 1970; Orum, 1966; Shaw, de la Garza, and Lee, 2000). Whether this "excess" participation in voting that Gutterbock and London refer to will translate to checkbook participation is doubtful.

Figure 4.3: Candidate Contribution Rate by Race 1984-2000

Figure 4.3 calls this into question by showing a marked disparity between self-identified minority respondents and whites. The excess participation as described by scholars is in participation modes that are largely "free" in that most do not require a monetary outlay (voting, community activism, campaign volunteering, etc). Rather, these modes rely upon participants giving the equally precious resource of time and energy, something that is more easily given by those in lower income levels, than a monetary contribution. Consequently, excess participation should be less likely in a mode that cuts into the discretionary income of a potential participant.

The positive relationship between age and political participation must also be taken into account in the model. As discussed in Chapter 2, as an individual ages a whole host of transformations occur: higher levels of education, better work conditions, greater strength of partisanship, more community attachments, growing church attendance, and greater family income to name a few. All of these factors net out to a greater level of political participation as an individual advances in the life cycle (Campbell, 1971; Glenn and Grimes, 1968; Stoker and Jennings, 1995; Strate, Parrish, Elder, and Ford 1989; Verba and Nie, 1972).

Gender differences have also been apparent in political participation. Women have traditionally been far behind men in their participation rates across the various modes of participation. Even though the voting participation rate difference has evaporated, and indeed women's voting rate has passed that of men, women's contribution rates are far behind that of men. Figure 4.4 shows that despite the reversal of the gender gap in regards to voting rates, the gender gap is in fact widening in terms of campaign contributions. This vast gender gap is even more acute amongst the "significant" political donors ($200 or more) that Francia et al (2003) have shown. Perhaps the best explanation of this disparity is described

in the resource model of participation that Brady, Burns, Nie, Scholzman, and Verba described in Chapter 2. Because of discrimination and ill treatment in the social and economic institutions that are "pathways to participation," women face a systematic gap in the resources that facilitate participation. Given this large distinction between males and females in political contributions, gender must be accounted for in the model.

Figure 4.4: Candidate Contribution Rate by Gender 1984-2000

Political Engagement and Environment

Several underlying factors regarding the respondents' levels of political engagement, interest, and knowledge

must also be accounted for. These factors have been noted throughout the literature as determinants of both general participation and contribution. Strength of partisanship, interest in and knowledge of politics, have been integral (and more importantly significant) components of virtually every model of contribution, and most models of other modes of participation (Grant and Rudolph 2002, Rosenstone and Hansen 1993, Verba et al 1995).

The ambient political environment that the respondent is exposed to in the election cycle is also of critical importance in shaping an individual's contribution decision. In virtually all models of participation (especially those focusing on contribution), electoral competition is accounted for in at least one of the variables. Increased electoral competition, a critical ambient political circumstance, raises individuals' attentions to the political process and stimulates political candidates and parties to mobilize the electorate. The increased awareness, coupled with mobilization efforts, should stimulate greater contribution rates. This segues nicely into what is perhaps one of the most important party activities that prompts an individual into making a political contribution: solicitation.

Solicitation

The critical role of the parties in stimulating citizens to participate in the various ways our system allows is perhaps best summed up by Rosenstone and Hansen. "Few people participate spontaneously in politics. Participation, instead, results when groups, political parties, and activists persuade citizens to take part (36)." The relationship between the act of contributing and party solicitation has been best explored by Grant and Rudolph (2002). Using data collected following the 2000 election, they have shown that solicitations from both parties and candidates often have the most substantive impact on an individual's calculus to contribute or not. Accordingly, solicitations must be accounted for in any model of political contributing.

Campaign Finance Regulations

Comparative studies of voter turnout between the US and other advanced industrialized democracies of the world, as reviewed in Chapter 2, brought the quick realization that institutional arrangements and legal restrictions may have a significant impact on participation rates. A whole host of scholars began to make predictions on how legal reforms of the registration system would result in an increase in turnout. Though these predictions ranged from

rather marginal to substantial increases, they all illustrated the importance of legal arrangements in promoting citizen participation in the political system (Brown, Jackson, and Wright, 1999; Highton, 1997; Highton and Wolfinger, 1998; Jackman, 1987; Mitchell and Wlezien, 1995; Piven and Cloward, 1989; Powell, 1986; Teixeira, 1992; Timpone, 1998; Wolfinger and Rosenstone, 1980). These works on voting participation coupled together with the recent research explored earlier by Hogan (2005) concerning interest group behavior and state restrictions, and Shields and Goidel (2000) focusing on the effects of the FICA reforms on contribution, suggest that campaign finance regulations may have a significant effect on different actors' likelihood of participation. Therefore it is most appropriate for researchers to move "beyond SES" and focus on state campaign finance regimes in an attempt to better understand contribution behavior.

Data and Analysis

Utilizing pooled data from the National Election Studies (NES) from 1984-2000, several binary logistic models are employed to test various hypotheses regarding the effects of campaign finance laws on individual

contribution behavior.[8] Logistic regression estimates the likelihood of a binary outcome (the dependent variable). The dependent variable in any binary logistic model is a categorical variable. That is, you can model the likelihood of any event or situation with a binary outcome. Generally these values are coded 0 for a negative outcome (the event did not occur), or 1 for a positive outcome (the event did occur). Examples of binary outcomes are easy to come by. Did a person vote? Did a student finish the dissertation? The magnitude of the effects that the independent variables have on the dependent variables are reflected in the coefficients.

The NES is the most complete survey of Americans' political attitudes and behaviors spanning back to 1948. Every two years, anywhere between roughly 1500 and 2500 respondents are randomly selected from the general population, and asked hundreds of questions regarding all aspects of political opinions and behaviors. In addition, most demographic attributes of the respondents are covered as well. The data from 1984-2000 is of particular interest for two primary reasons. In this range of years,

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[8] In the construction and interpretation of logistic equations, the use of good software is critical. The software package used in this analysis is Stata8, using the categorical data analysis patch developed by Long and Freese (2001).

respondents are asked to differentiate between the recipients of their political contributions. Of particular interest for this study is the distinction between candidate and party contributions to determine differential effects of state campaign finance regimes on these two unique types of giving. Respondents in the previous years were simply asked whether or not a political contribution was made. Shields and Goidel (1997) used pooled NES data dating from 1952. However, they lose some important distinctions between these different acts. Another equally important factor in choosing to use these years in the time series analysis is to avoid the effects of federal campaign finance law changes in the 1970's. As the central focus of Shields and Goidel's work was to gauge peoples' contribution behaviors under different federal campaign finance regimes, they needed to have their time series span the pre and post FECA eras. In this work, it is critical that federal campaign finance laws stay constant, so differential behaviors can be attributed to other campaign finance laws: those of the states. Necessarily, the range of years must exclude the 2004 election cycle to avoid any effects that the Bipartisan Campaign Reform Act of 2002 may have had.

Consideration must also be given to the appropriateness of using the NES variables that ask whether a contribution was made to a political candidate or a party without differentiating between whether the recipient of the contribution was at the state or federal level. It must be clearly stated that the assumptions behind this model do not treat all contributors within the NES dataset as state contributors alone. Rather, they recognize that federal contributors will affect the results in a predictable way.

I contend that for a variety of reasons this is a sound practice. First, since federal laws apply evenly to contributors throughout the country, there should be no differential effect from state to state on federal contributions. Other factors accounted for in the model will be driving the contribution calculus. Consequently, any differential effects between types of state regimes can then be attributed to the variation in state laws. Second, the bias that exists in the model is towards no finding. Put differently, respondents who give to federal candidates and parties will create a fair amount of statistical "noise." If statistically significant and substantive differences emerge between state campaign finance regime types, it is all the more remarkable since the federal

contributors will, statistically speaking, be pulling the parameters of the state law variables down. Finally, on a purely practical level, this is the best data available at this time. No other time series asks this question in a way that would suit this query perfectly.

The Variables

State Campaign Finance Regimes

The independent variables of most interest are those that describe the campaign finance regimes of the states. To capture the whole system of campaign finance, it is necessary to include multiple variables. The key institutional arrangements that may shape an individual's contribution behavior are contribution limits and public finance regimes.

Recall the discussion in Chapter 2 regarding the indirect causal relationship between campaign finance regimes and individual contributing. The political elite of a state, be they candidates or parties, will react to incentive structures placed upon them by campaign finance regimes. Lower contribution limits should force candidates and parties to broaden their financial support by seeking out as many contributors as possible, as opposed to parties and candidates in states with high or unlimited contribution laws that can rely on a smaller number of

large contributions. By necessity the political elite in restricted states will ratchet up their solicitation networks to make up the difference. As the literature has shown quite clearly, solicitation is among the best, if not the best, determinant of a contribution. Thus, we must devise a sound measure that reflects the restrictiveness of the contribution limits to gauge whether or not this indirect causal relationship exists.

Public financing should also be an important factor in determining the likelihood of a contribution. To briefly restate the hypothesis: Citizens residing in states with public financing schemes benefiting candidates should be more likely to make a political contribution. States that have direct candidate support create a very clear incentive structure for candidates to increase the number of contributors: they require it for qualification. Voters living in these states should expect more solicitations, and as a result will be more likely to make a contribution. Citizens residing in states that have public support of parties should be less likely to contribute since their political elites may be under less pressure to raise money and be less intensive in their solicitations. Creating variables to capture these different systems is necessary, yet quite simple.

The Measurement of Contribution Limits

In order to best account for the wide variation of contribution limits in the states, several different methods were attempted. Using the sage advise of William of Ockham, that simple explanations are generally preferred over complex explanations riddled with numerous assumptions (Ockham's Razor), a simple binary variable was constructed to indicate unlimited contribution limits across the various state political offices. As was discussed in Chapter 3, most states that have contribution limits have varying levels of limits depending upon the office that the candidate is seeking. Most, with the exception of New Jersey (which has a significantly lower limit for gubernatorial candidates), have progressively lower individual contribution limits on constitutional office, senate, and house contenders. Coding these variables is simple matter of 1 for unlimited contributions and 0 for limits. Initial models employing this dichotomous coding were plagued with problems, particularly multicollinearity and sensitivity. Indeed, they were too simple.

A problem endemic to binary variables in cases that in reality show a high degree of variation, is that forcing a dichotomous outcome is insensitive to the degrees of variation. For example, is there a substantive difference

between unlimited contributions in the state of Iowa and a $10,000 limit in New Hampshire? The constriction on individuals' behaviors or the fundraising strategies employed by candidates should not differ greatly since to most potential contributors, a $10,000 limit is essentially no limit. This insensitivity is just as apparent within the category of "limited" states. The incentives to both candidate's fundraising activities and potential contributors is entirely different in New Hampshire with those $10,000 limits than the $400 limit across the Connecticut River in Vermont for gubernatorial candidates.

To correct for the shortcomings in sensitivity of the binary categories, an ordinal scale was employed across the various levels of office to reflect the restrictiveness of campaign contribution limits. The ordinal categories ranged from 1 to 11. This is similar to the ordinal categories that were employed by Hogan (2005) to show the restrictiveness of state contribution limits on political action committees. Though an interval level measure would be preferable (i.e. entering the exact limit), this leaves a problem of coding those states with unlimited contributions. The highest ordinal category (11) are states that are either unlimited or have limits above $10,000. This scale more accurately reflects the

distinctions between low limit states, high limit states, and unlimited contribution states.

As sensitive as this measurement is, a problem that would crop up repeatedly in the preliminary models that employed the ordinal scales and binary indicators of limits is collinearity. A critical assumption of regression analysis is that the independent variables will not be correlated with one another. In practice however, a small degree of correlation between independent variables is quite common and tolerated to a certain degree. However, if collinearity becomes too pronounced, it can wreak utter havoc on the parameters of the model. In a preliminary incarnation of one of the models presented here (attached in the appendix), collinearity created several problems. One problem encountered was wildly divergent findings on the effects of gubernatorial and constitutional office contribution limits. Limits in the gubernatorial races produced a statistically significant and substantive change in contribution behavior in the hypothesized direction, yet the limits on constitutional offices produced an equally substantive and significant effect in the opposite direction. The problem was clearly collinearity. In models that were constructed using the binary limit variables, collinearity was so perfect that Stata removed

variables in order to estimate the model. Under such circumstances, collinearity has clearly gone beyond that tolerable threshold and must be dealt with decisively.

Dealing with collinearity need not be a complicated matter. The simplest and best approach is to increase the number of cases. Obviously this is not possible in this situation. Another possible approach is to simply eliminate variables. In this case deleting one or two of the limit variables does eliminate perfect collinearity, but as the first example above has shown, it did not eliminate the profound and deviant effects it had on the model. Reducing the limit variables to a single variable, would certainly solve the problem, but it would lose explanatory power in those several states with varying degrees of limits across office type. The best, and most accepted technique in dealing with this problem given the dataset, is to create an index using factor analysis. Factor analysis is a most efficient technique for data reduction taking several variables that measure different aspects of a single phenomenon, and creating a single score composed of those original variables. This newly created index replaces all the previous variables in the model measuring contribution limits, thus eliminating the problem of collinearity (see appendix for results). Yet most

importantly, it preserves the most important components of the several variables used to measure the restrictiveness of campaign contribution limits. The index created has a range of 0 to 100, from states with the most restrictive systems (0) to no restrictions (100).

Accounting for Public Finance Systems

The accounting for the two categories of public finance regimes was very straight-forward and simple. Two binary variables were created. One indicates states that have direct party aid; the other, those states that directly aid candidates. Proper care was taken to ensure that states were classified in each year to include only those years that public financing was actually in place. Many states adopted public finance systems during the span of the times series. For example: Maine from 1984 to 1996 was a "party only" state, but the initiative of 1996 changed its status in 2000.

Control Variables

Because of the vast amount of work done on the determinants of political participation, any effort to model must take into account all the factors that have been found as critical in explaining peoples' participation. These accounts must be made in one of several ways. They could be placed directly into the model, accounted for in

another variable or set of variables not previously explored, or they could be excluded based on sound theoretical and testable grounds. With a solid footing in the broad literature on political participation the models of contribution are cautiously developed. Each of the elements discussed in the previous sections have been accounted for in the control variables.

The socioeconomic status of the respondents are accounted for in education and income levels. Both of these variables are ordinal measures in the NES data set. Income is measured in quintiles and coded 1-5. The advantages of using quintiles over the absolute income in a time series analysis are obvious over sixteen years of, albeit modest, inflation. Additionally, quintiles are a fine indicator of relative socioeconomic status rather than absolute wealth. Leighley and Nagler (1992) argue that in addition to several issues of measurement error and stability of relying upon the occupational dimensions of SES, most governmental programs that would have a substantive impact on a respondent are explicitly based on distinctions that the government makes between individuals based upon their income (p 727). Education levels are coded 1-4 reflecting the highest level of attainment (grade school, high school, some college, college degree).

Virtually all previous work shows a positive relationship between higher SES and participation; contribution behavior should be no exception.

Demographic variables are accounted for as well. Race is included as a binary variable on self identification as a racial minority. Though the early works mentioned previously by Olsen and Orem did show higher levels of participation amongst black voters when income and education levels have been controlled for, the extension of this behavior might not extend readily to checkbook participation for the reasons explained earlier. Given the overwhelming dominance of whites in the donor pool and the relatively small numbers of non-whites in the sample, any attempt to account for variation between different races cannot be inferred. Unfortunately, the limits of the dataset compel us to use a simple dichotomous variable of self-identification as a minority. The positive relationship between age and the various mode of participation is quite secure, and therefore is a key control variable in the models. Gender discrimination has been shown to be a key stumbling block in the "pathways" to participation. The same results should be expected in checkbook participation. Appropriately, gender is a key control variable. Marriage is also accounted for in a

simple binary variable (1= married, widowed, separated; 0=single, divorced, cohabitating). Though Stoker and Jennings (1995) did find that short-term disruptions in marital status (newlyweds, newly divorced, etc.) temporarily suppressed political participation, the long-term relationship between marriage and participation is positive. Unfortunately that dynamic element cannot be accounted for in the NES dataset, but marriage should net out to be a positive determinant of contributing.

The ambient political environment that the respondent is in also needs to be controlled for. A concurrent gubernatorial or Senatorial election may lead to increased voter awareness or greater solicitation efforts by candidates, parties, and interest groups prompting higher rates of contributions. A simple binary variable controls for both circumstances. Higher political competition at the state level also may spur greater general participation. With a greater need for campaign funds in these tight conditions, citizens may face increased pressures (both internal and external) to contribute. A modified version of Holbrook and Van Dunk's (1993) was employed to yield a competition index of 0-100 in each state during each of the years in the model (a complete description and result report may be found in the

appendix). Solicitation, a key indicator of contribution likelihood as shown by Grant and Rudolph (2002), is included as a binary variable as well. The level of professionalization in the respondents' state legislature is measured using Squire's (2000) index. Respondents living in more professionalized states may be subject to more constant pressure to contribute from state party organizations. If this is true, more solicitations will lead to higher levels of contribution.

Political interest, as measured by the NES, is reflected in an ordinal scale ranging from 1-3. Knowledge is accounted for in a simple additive index based on questions regarding partisan control of the House and Senate. Both interest and knowledge have been strongly associated with higher rates of participation and this relationship should hold for contributing in particular. Partisan identification is measured on a four-point scale ranging from independent to strong partisan. Those who strongly identify with a party should be much more willing to make a contribution to either a candidate or a party, than those who are more independent. The efficacy index is the NES measure of external efficacy. Clearly those who feel more secure, and place value in their role in the

political system will be more willing to make a financial contribution.

Other measures of political connectedness should be controlled for, and would have substantive interest in their own right, as well. Household union membership (a simple binary variable), may increase the political connectedness of that household given the enormous mobilization efforts that unions make with their membership. Yet, the effects on the likelihood of a political contribution may in fact be negative, as members know that a portion of their dues is funneled into some form of electioneering. This may lead to the conclusion in the mind of a member that he or she has, "Done my part," and that their personal contribution would be excessive. Church attendance may also be positively associated with increased contribution rates, since peoples' "civic competence," that Strate et al (1989) discuss, are developed in this social context. As such, an ordinal measure of church going frequency is included.

The Dependent Variables

In regards to the dependent variable(s), several questions were asked in the NES regarding an individual's contribution behavior and whether a party made contact with the respondent. Fortunately the distinction between

candidate contributions and party contributions were made. This allows us to determine if state contribution limits and public finance systems have a different effect on the two different kinds of contributions. Unfortunately, there is no exact information on the recipient of the contribution. No distinction is made between what party organization, be it local, state, or national, is the beneficiary.[9] So too for the recipient of an individual candidate contribution. However, since we can hold national laws constant across the sample, they should not have a differential impact. But state laws should, so any differences could be attributed to state laws. Since the underlying theory that stricter campaign contribution limits and public financing of candidates compels parties and candidates to increase solicitation efforts (and thereby individual contribution rates would increase in those states), it is necessary to model both the likelihood of solicitation and contribution.

Results

[9] Often times respondents don't even know. I have got this sense both in interviews I've had with contributors (albeit anecdotal) and by looking at Grant and Rudolph's APS 2000 data. Generally an answer to that query would yield a simple "The Republicans," with no knowledge of what party organization they had given to.

To test the effects of campaign finance laws on party behavior, a logit model was constructed to predict the probability that an individual would be solicited by a major political party. Previous research, mentioned earlier by Grant and Rudolph, has show that party solicitation is one of the best determinants of the likelihood of a contribution being made. In the pooled NES data, nearly 26 percent of the respondents were contacted by one of the major parties. This model is the first step in testing whether or not the hypothesized indirect relationship between laws and contribution behavior exists. If it does, we should see a change in party behavior as a result of different campaign finance regimes. The results of the party solicitation model are presented in table 4.1. The dependent variable is whether or not a major party contacted the respondent. Each of the independent variables discussed in the previous section are included. They are grouped thematically for ease of interpretation.

Table 4.1: Party Solicitation Model

	Coefficient	Standard Error	z	P>|z|
Campaign Finance Regime				
Limit Index	0.0007	0.0008	0.85	0.394
Public Candidate Funding	0.0508	0.0771	0.66	0.510
Public Party Funding	-0.1696	0.0662	-2.56	.010**
SES				
Education	0.1856	0.0355	5.23	0.000***
Income	0.1326	0.0300	4.42	0.000***
Demographics				
Age	0.0166	0.0018	9.07	0.000***
Male	-0.0849	0.0567	-1.5	0.135
Whites	0.1267	0.0725	1.75	0.080
Marriage	0.1809	0.0681	2.65	0.008**
Political Engagement				
Partisan Strength	0.0734	0.0294	2.5	0.012*
Efficacy	0.0023	0.0007	3.19	0.001***
Knowledge	0.1709	0.0377	4.53	0.000***
Political Interest	0.2868	0.0427	6.71	0.000***
Church Attendance	0.0736	0.0180	4.09	0.000***
Union House	-0.1749	0.0689	-2.54	0.011*
Political Environment				
Competition Index	0.0276	0.0041	6.72	0.000***
Gubernatorial Race	-0.0113	0.0841	-0.13	0.893
Senate Race	0.1046	0.0593	1.77	0.77
Legislature Professionalization	-0.1069	0.1816	-0.59	0.556
Year Control Variables				
1988	0.0134	0.8872	0.15	0.880
1992	-0.5112	0.0887	-5.76	0.000***
1996	-0.0919	0.0973	-0.87	0.345
2000	0.2444	0.1448	1.69	0.091
Constant	-5.7309	0.3523	-16.27	0.000
number of cases	7831			
Psuedo r-square	0.0812			

note: Dependent variable Party Solicitation
*p<.05, **p<.01, ***p<.001, two-tailed.

Virtually all the variables that have been vital indicators of higher participation levels in the literature across the various modes of participation show both high levels of significance and have a substantial impact on the likelihood of an individual getting a solicitation call from a party. Education, income, age, marital status,

partisan strength, efficacy, knowledge, political interest, and church attendance were all positively correlated with the likelihood of a solicitation. Too, all of these results were in the hypothesized directions. Though not significant in a two-tailed test, the probability that self-identified whites heard the call of the party as compared to non-whites, was significant in a one-tail test in the hypothesized direction. As for the controls of the ambient political environment, the level of political competition in the respondent's state was a highly significant indicator of a solicitation call. A concurrent senatorial race also increased the likelihood of a solicitation call. An interesting finding was that of union households. Union members were less likely to receive a solicitation (.25) than were non-union households (.29), when all other variables are held to their mean values. Perhaps the parties' rational prospecting considers union members a hard sell since many see their dues as a form of contribution. These however, are merely the control variables, the variables of real concern to this study are those that measure the effects of the campaign finance regime.

Despite the multiple incarnations of the variable sets to measure the restrictiveness of spending limits, the best

measure, the limit index, was about as flat as statistically possible. The results were practically the same in models that used the ordinal and binary limit measures, but the model using the index was free of multicollinearity. This suggests that this particular aspect of campaign finance reform has little impact on solicitation behavior of the political parties. To paraphrase Malbin and Gais, there are limits to the effectiveness of limits in altering parties solicitation behavior; and by extension, the eventual contribution behavior of individuals. However, the impact of the other dimension of campaign finance regimes modeled here, public financing is quite dramatic. Those respondents living in states with public financing systems that directly aid parties were less likely to receive a solicitation. To put substantive numbers to the cryptic coefficient, an individual living in a state with no public financing system to the parties had a probability of .24 of being called, as opposed to .21 for an individual in a state that does provide public funds for political parties. Not only is this a substantive difference, it is of very high statistical significance.

To show the impact of public financing in spatial terms, consider figure 4.5. The lines in this graph

represent the change in the probability of being solicited by a party in states that have public support of parties (bottom line) and those that do not (top line). It also shows the dramatic effect that political competition in the respondent's state has on likelihood of solicitation too. All other variables in the model are held to their means. The space between the lines shows the effect of the public financing for state parties. Both lines rise (probability increases) as the level of competition rises from a low of around 40 in the sample to a high near 80. This gives a visual representation of how these two independent variables interrelate with one another and what their effects are on the dependent variable.

Figure 4.5: Predicted Probability of Solicitation Under Public Party Financing by Political Competition

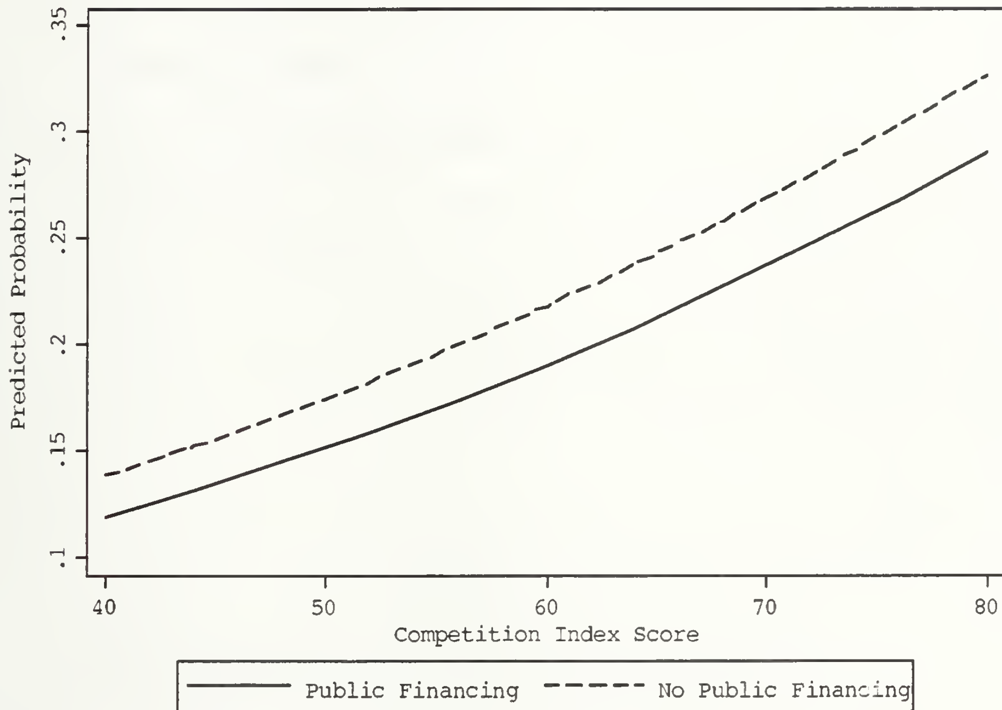
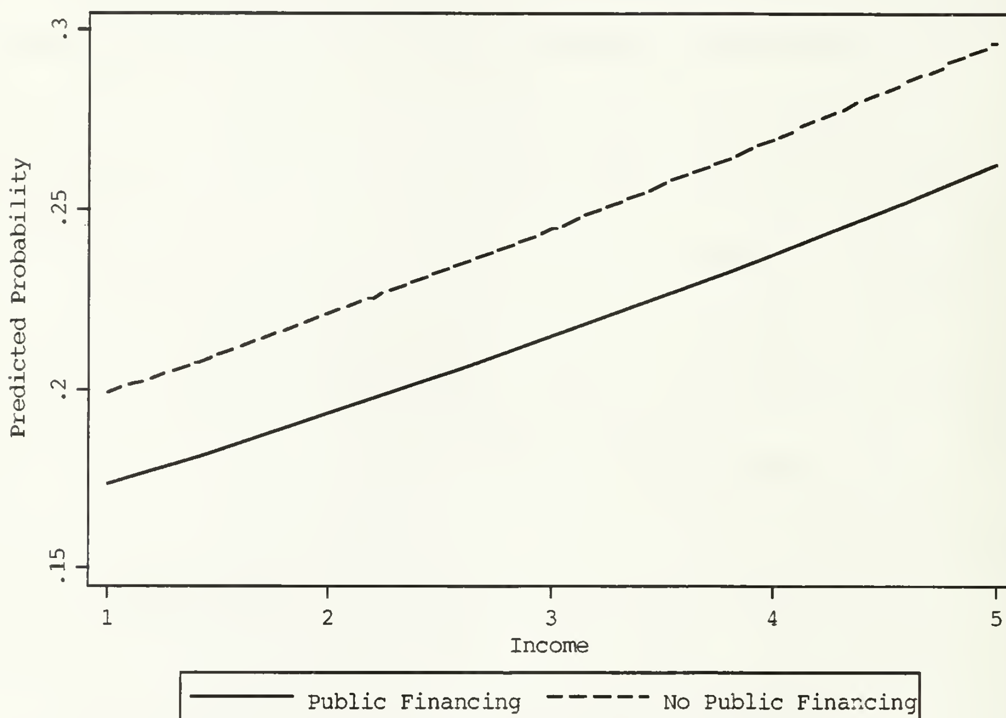


Figure 4.6 is a similar predicted probability graph charting income and public party financing. Here too the differences between the states with and without funding are clear. Those who live in states without public party subsidies are more likely to be solicited. The positive relationship between income and solicitation is also clear. As respondents move up to higher income quintiles, the likelihood of being solicited increases markedly.

Figure 4.6: Predicted Probability of Solicitation Under Public Party Financing by Income



Now that there is some substantial support for the hypothesis that campaign finance laws do shape the behaviors of parties, attention should be paid to the behaviors of individual citizens. Just because reforms seem to change the behavior of parties, the assumption cannot be made that individual contribution behavior will change simply because the behaviors of the solicitors have been shaped by the law. Table 4.2 shows the results of the modeling of respondent's likelihood of making a contribution to a political candidate. Here again most of the "usual suspects" of the determinants of general political participation were found to be significant and

substantial in the likelihood of an individual making a candidate contribution. Education, income, age, partisan strength, efficacy, knowledge, and political interest all were important factors. Solicitation was highly significant in predicting whether or not a candidate contribution was made. An unsolicited respondent had a probability of making a contribution to a candidate of .020, while a solicited respondent's contribution probability was .044 (all other variables held to their means).

Table 4.2: Candidate Contribution Model

	Coefficient	Standard Error	Z	P>|z|
Campaign Finance Regime				
Limit Index	0.0001	0.0015	-0.07	0.942
Public Candidate Funding	0.2987	0.1462	2.04	0.041*
Public Party Funding	0.1677	0.1257	1.33	0.182
SES				
Education	0.4292	0.0702	6.11	0.000***
Income	0.4444	0.0630	7.06	0.000***
Demographic				
Age	0.0269	0.0037	7.31	0.000***
Male	0.1425	0.1095	1.30	0.193
Whites	0.2678	0.1670	1.60	0.109
Marriage	-0.2201	0.1349	-1.63	0.103
Political Engagement				
Partisan Strength	0.1303	0.0582	2.24	0.25*
Efficacy	0.0042	0.0014	2.88	0.004**
Knowledge	0.2479	0.0853	2.91	0.004**
Political Interest	0.7804	0.0955	8.18	0.000***
Church Attendance	-0.0464	0.0347	-1.34	0.180
Union House	0.0309	0.1357	0.23	0.820
Political Environment				
Competition Index	0.0081	0.0084	0.97	0.335
Gubernatorial Race	0.0620	0.1765	0.35	0.726
Senate Race	-0.1480	0.1154	-1.28	0.200
Legislature Professionalization	0.2796	0.3402	0.82	0.411
Party Solicitation	0.8192	0.1082	7.57	0.000***
Year Control Variables				
1988	0.2857	0.1792	1.59	0.111
1992	0.0307	0.1770	0.17	0.862
1996	-0.0435	0.1994	-0.22	0.827
2000	0.0868	0.2915	0.30	0.766
Constant	-10.8218	0.7558	-14.32	0.000***
number of cases	7816			
Psuedo r-square	0.1878			

note: Dependent variable Candidate Contribution
*p<.05, **p<.01, ***p<.001, two-tailed.

Special note should be taken on two other control variables as well, and they may deserve further exploration in their own right elsewhere: race and marriage. Contrary to the early findings of race and voting participation, self-identified minorities were less likely to contribute as hypothesized earlier. The significance level of .109 is

close to the accepted threshold of .10 in a one-tailed test. As hypothesized earlier, it would appear that "excess participation" of self-identified minorities that Gutterbock and London discuss in respect to voting, does not apply to checkbook participation. Married individuals were less likely (.023) to contribute to candidates than the unmarried (.029). Perhaps this is an artifact of less disposable income. These questions however, go beyond the scope of this study and should be followed up separately.

The campaign finance regime that a respondent lived under did play an important role in the likelihood of an individual making a candidate contribution, though it does offer a mixed picture depending upon the specific policies one lives under. Contrary to the expectations of the underlying hypothesis presented earlier, contribution limits placed on individuals by the states had absolutely no effect on the likelihood of an individual making a candidate contribution. The coefficient of the limit index was nearly zero. The fact that contribution limits have little impact on individual's contribution behavior makes intuitive sense. From the parties' and candidates' perspectives, would they really be less driven to raise money in states with high limits as opposed to states with low limits when they know full well that the average

contribution is *far* below the limit in every state? Probably not! From the perspective of the average citizen would a difference between a $1,000 limit, $10,000 limit, or no limit constrict behavior when most contributions are far below all of those figures? No disincentive exists for an individual living in a state with a limit that is high above what they would give in the first place. Only in states with extremely low limits like Vermont would any behavioral changes be expected. Unfortunately, the NES sample does not contain enough respondents from Vermont or any of the other tightly regulated states to make solid statistical inferences upon.

Where campaign finance regimes do have an effect upon individual behavior is in those states that have public finance systems in place. States with public financing systems that directly benefit candidates have statistically significant, and higher, rates of citizens making contributions to political candidates. This should come as no surprise, since Malbin and Gais have shown that these states have a common goal in their reform efforts to raise the number of small contributions from a broader base of citizens. To get a better intuitive grasp of this models findings, the use of an "ideal type" case can be useful. For a well educated, middle class, middle aged citizen of

moderate partisanship, living in a state with a public finance system aiding candidates, the probability of contributing would be .050. For a citizen of the same qualities living in a state without the public finance system the probability would be .037; a difference of about one quarter. Predicted probability graphs also aid in interpretation of these coefficients.

Figure 4.7 shows the probability of contributing to a candidate in states with public subsidies to candidates with the income quintile of the respondent. The gap between the two lines represents the difference between states that aid candidates (top) and states that do not (bottom). Naturally the probability of contributing rises with the changing value of the income quintile that the respondent is in.

Figure 4.7: Predicted Probability of Candidate Contribution Under Public Candidate Financing Regimes by Income

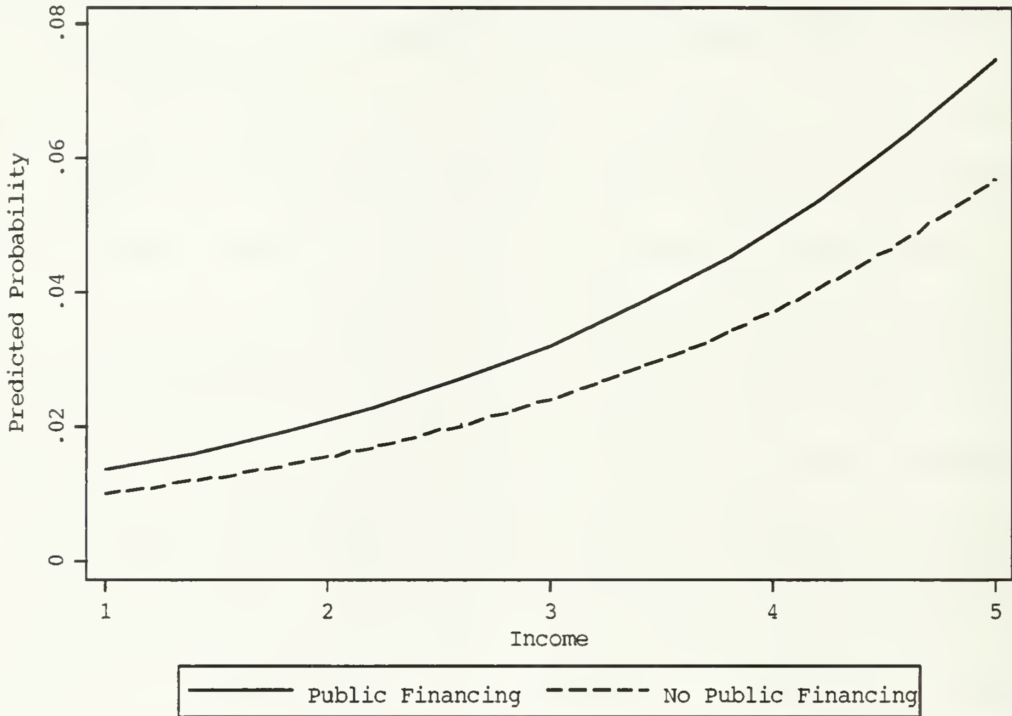
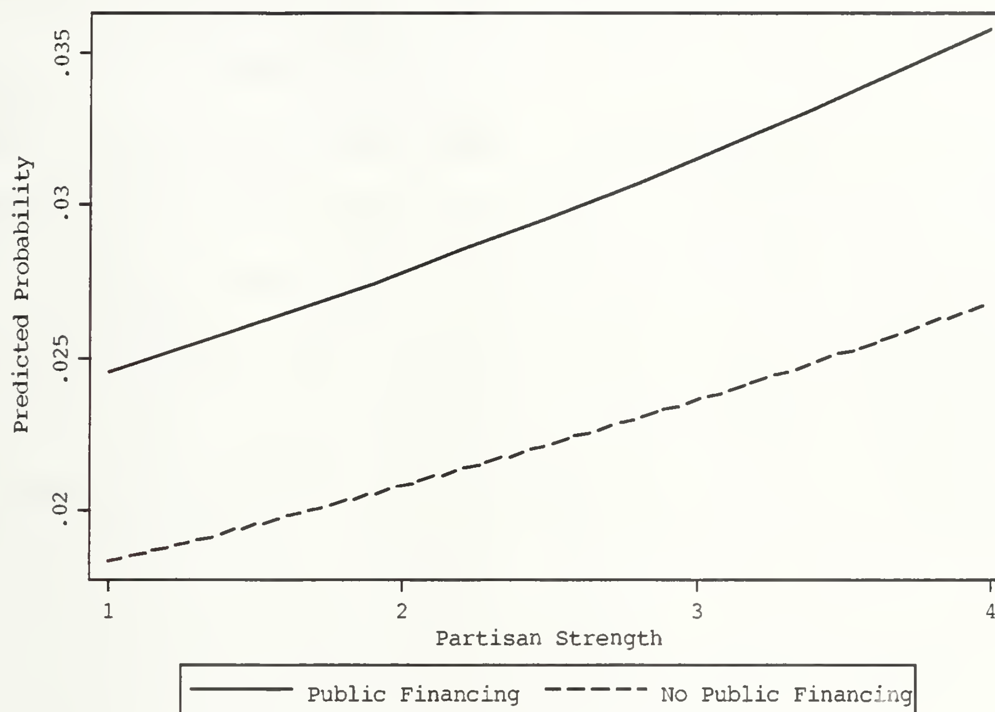


Figure 4.8 shows exactly the same dynamic. In this graph the predicted probability is graphed against the respondent's partisan strength to emphasize the important relationship between partisanship and the likelihood of contributing. If predicted probability graphs were created for any of the significant dependent variables (so long as they are continuous and not binary), the results would be the same.

Figure 4.8: Predicted Probability of Candidate Contribution Under Public Candidate Financing Regimes by Partisan Strength



The party contribution model had virtually the same results as the candidate contribution model. The results are presented in table 3. Nearly all of the control variables had the same effects as they did in the previous model. Only three merit further mention. Race seems to be unimportant in the likelihood of a party contribution. This suggests that in this particular form of checkbook participation (giving to your party), there is no appreciable difference between whites and non-whites. For some reason though, this does appear to be a male-dominated

activity. Males had an overall probability of contributing of .026 as opposed to females at .019. The result in the party model suggests that there still a distinct gender gap in checkbook participation. Marital status in the party contribution model was a significant indicator of lower contribution rates. Those unmarried respondents had a probability of contributing of .028, whereas married respondents had a probability of .020. Again issues of disposable income may explain this difference. However, further investigation of this should be done elsewhere.

Table 4.3: Party Contribution Model

	Coefficient	Standard Error	Z	P>|z|
Campaign Finance Regime				
Limit Index	0.0010	0.0015	0.64	0.523
Public Candidate Funding	0.3742	0.1489	2.51	0.012*
Public Party Funding	0.2751	0.1254	2.19	0.028*
SES				
Education	0.3887	0.0706	5.50	0.000***
Income	0.4763	0.0640	7.45	0.000***
Demographics				
Age	0.0311	0.0037	8.30	0.000***
Male	0.3131	0.1120	2.81	0.005**
Whites	0.1277	0.1635	0.79	0.435
Marriage	-0.3630	0.1360	-2.67	0.008**
Political Engagement				
Partisan Strength	0.3347	0.0623	5.37	0.000***
Efficacy	0.0049	0.0015	3.32	0.001***
Knowledge	0.2034	0.0867	2.35	0.019*
Political Interest	0.8620	0.0983	8.77	0.000***
Church Attendance	-0.0080	0.0352	-0.23	0.819
Union House	0.0973	0.1399	0.70	0.487
Political Environment				
Competition Index	0.0124	0.0084	1.47	0.142
Gubernatorial Race	-0.0566	0.1824	-0.31	0.756
Senate Race	-0.1312	0.1159	-1.13	0.258
Legislature Professionalization	-0.4171	0.3487	-1.20	0.232
Party Solicitation	0.6443	0.1098	5.87	0.000***
Year Control Variables				
1988	0.3244	0.1738	1.87	0.062
1992	-0.4849	0.1851	-2.62	0.009**
1996	0.0696	0.1922	0.36	0.717
2000	0.0039	0.2991	0.01	0.990
Constant	-11.9314	0.7736	-15.42	0.000
number of cases	7825			
Psuedo r-square	0.2017			

note: Dependent variable Party Contribution
*p<.05, **p<.01, ***p<.001, two tailed.

The results for the campaign finance system variable set are much the same in the previous model of candidate contributions. The limit index is equally flaccid in the party contribution model. Again, contribution limits are generally far beyond what most citizens are willing or able

to contribute so most will feel no constriction in their behaviors, but more importantly there is no evidence of an indirect effect either. Public financing systems, of both flavors, are strongly associated with higher rates of contribution to political parties. Respondents living in states with public financing of candidates had a probability of making a party contribution of .027 as opposed to .021 of those respondents whose states do not subsidize parties. Respondents living in states with programs supporting parties had a .029 probability of contributing to a party as opposed to .020 for the others. Respondents who live in those few states that support both parties and candidates had a .036 probability of contributing over a probability of .019 of all the other states.

To further illustrate the results of the party contribution model again refer to the predicted probability graphs presented in figures 4.9 and 4.10. Figure 4.9 shows the increase in the predicted probabilities in states of public subsidy to candidates over those without such subsidies. Figure 4.10 shows the same dynamic in regards to party subsidies. Figure 4.11 shows that special dynamic in those few states with public support for both parties and candidates. The greater contribution rates of states

with more “comprehensive” public finance systems are highlighted by the greater distance between the lines than seen in the previous probability graphs. Also take note that the gap at the lower end of the income quintiles is noticeably narrower. This is due to much lower rates of contribution in lower income respondents, regardless of the state financing system. As you move up from the lower income quintiles to the higher end, the effects of the subsidies become more pronounced, since these are the individuals that comprise the great bulk of contributors.

Figure 4.9: Predicted Probability of Party Contribution Under Public Candidate Financing Regimes by Income

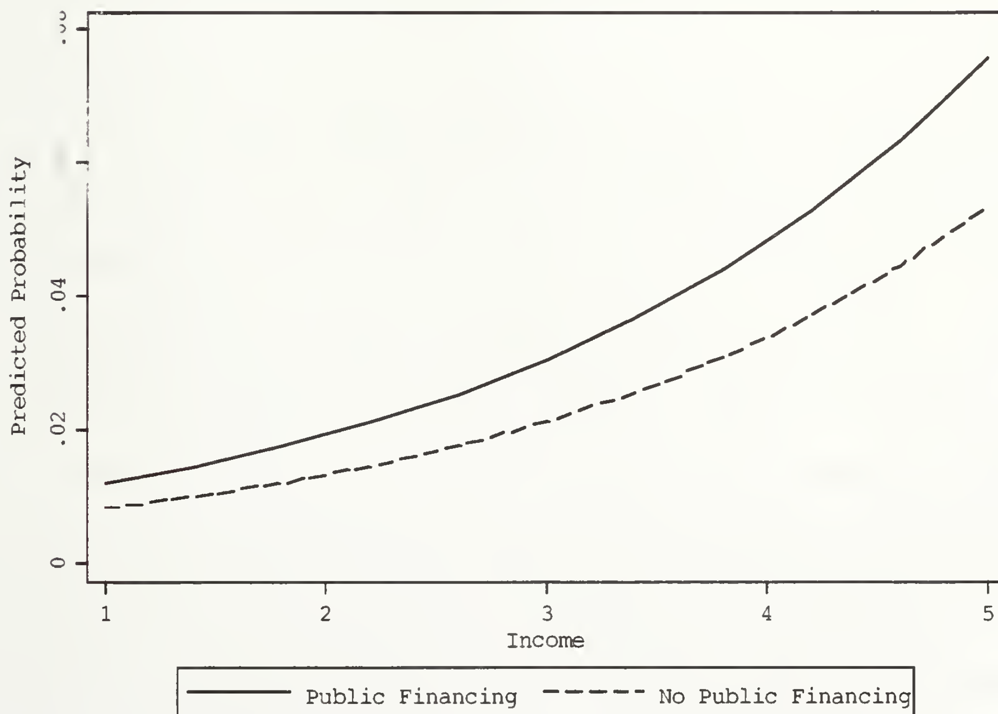


Figure 4.10: Predicted Probability of Party Contribution Under Public Party Financing Regimes by Income

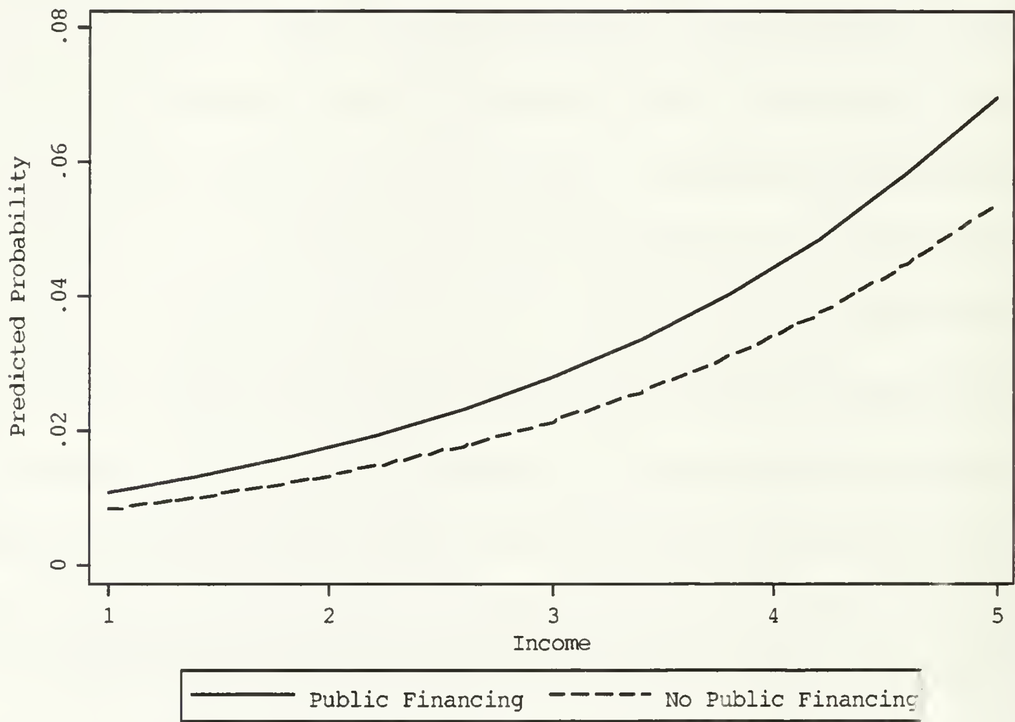
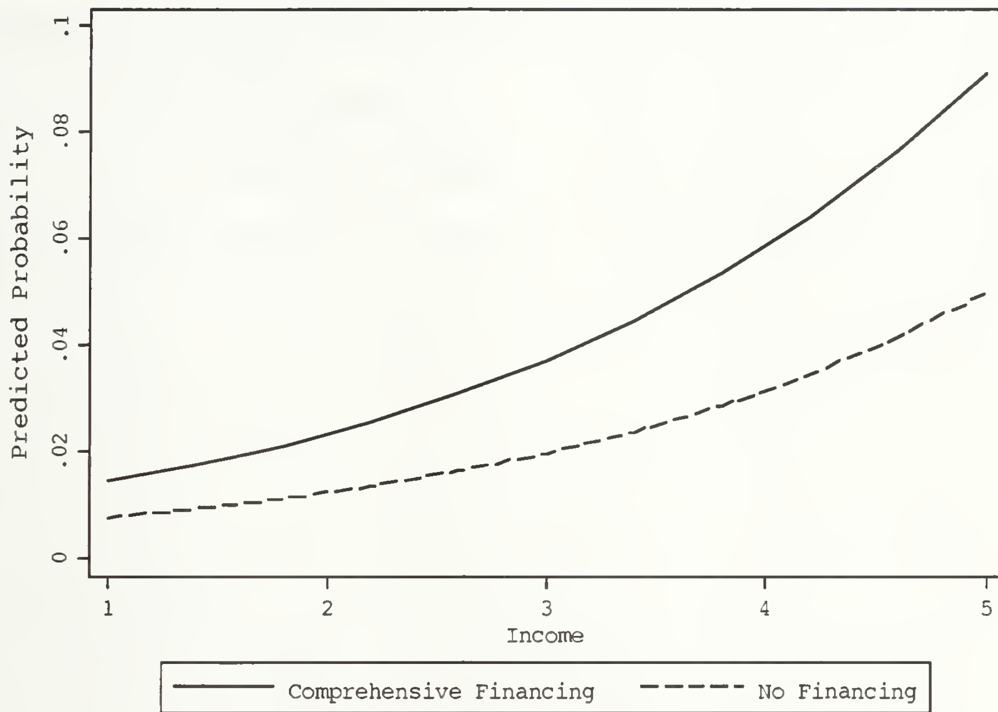


Figure 4.11: Predicted Probability of Party Contribution Under Comprehensive Public Financing Regimes by Income



All of these models presented to this point are static in nature. That is, they do not account for changes within the campaign finance laws. Because all the states in each of the years are modeled simultaneously, the effects of change will not be captured. Though they do present a fine explanation of certain types of campaign finance regimes, we have no way of determining if changes in the law are accompanied with a change in contribution behavior. To this end a set of binary variables was employed to show a change in the state's contribution limits since the last election cycle. Two binary variables were created for

either an increase or decrease in contribution limits, using states with no change as a reference variable. Table 4.4 shows the result of the dynamic model on candidate contribution behavior. It is quite apparent that even when this account for change in the law is added, limits have their limits in changing people's contribution behavior by either a direct or indirect route.

Table 4.4: Individual Contributions Model with Change in Limits 1988-2000

	Coefficient	Standard Error	Z	P>|z|
Campaign Finance Regime				
Increased Limits	0.0073	0.1252	0.59	0.553
Decreased Limits	-0.0074	0.0092	-0.80	0.442
Public Candidate Funding	0.3069	0.1349	2.28	0.023**
Public Party Funding	0.1604	0.1283	1.25	0.211
SES				
Education	0.4284	0.0702	6.10	0.000***
Income	0.4445	0.0630	7.06	0.000***
Demographics				
Age	0.0271	0.0037	7.34	0.000***
Male	0.1433	0.1095	1.30	0.194
Whites	0.2715	0.1672	1.62	.104
Marriage	-0.2231	0.1350	-1.65	.098
Political Engagement				
Partisan Strength	0.1312	0.0582	2.25	.024*
Efficacy	0.0042	0.0014	2.89	.004**
Knowledge	0.2483	0.0853	2.91	.004**
Political Interest	0.7779	0.0955	8.14	0.000***
Church Attendance	-0.0464	0.0347	-1.34	0.180
Union House	0.0244	0.1360	0.18	0.857
Political Environment				
Competition Index	0.0082	0.0084	0.98	0.329
Gubernatorial Race	0.0613	0.1767	0.35	0.728
Senate Race	-0.1502	0.1161	-1.29	0.196
Legislature Professionalization	0.2916	0.3378	0.86	0.388
Party Solicitation	0.8189	0.1082	7.57	0.000***
Year Control Variables				
1988	0.3895	0.2967	1.31	0.189
1992	0.0369	0.2687	0.14	0.891
1996	-0.0385	0.2834	-0.14	0.892
2000	0.0811	0.3542	0.23	0.819
Constant	-10.8287	0.7546	-14.34	0.000
number of cases	7816			
Psuedo r-square	0.1879			

note: Dependent variable Candidate Contribution
*p<.05, **p<.01, ***p<.001, two-tailed.

Conclusions

The preceding analysis lends a fair amount of support to the hypothesis that campaign finance laws do in fact shape contribution behavior of individuals by an indirect means, but not necessarily according to the restrictiveness

of campaign finance laws as initially hypothesized. Instead, public financing, regardless of whether it is directed at candidates, parties, or both, appears to have the biggest impact on the likelihood of an individual making a political contribution.

The party contribution model presents the strongest case for the effect of public subsidies. Individuals in states with some form of party subsidy were less likely to be subjected to party solicitation calls as initially predicted. However, the likelihood of an individual actually making a contribution in those states was higher, as shown in the party contribution model. At first blush, this could be interpreted as a breakdown of the indirect effects thesis at the heart of this inquiry. But I would argue that the indirect effects are still present, just in a different dynamic than initially predicted.

States that have direct party aid are strengthening a critical linkage institution by infusing them with money. They will then take advantage of those additional resources and what they do best: contact voters and in doing so, raise more money. The distinction being that they are more efficient in their fundraising efforts. Instead of making broader based appeals by casting the net out farther, which would seem to be the case in states that are entirely

funded privately, they are more focused on taking advantage of better established and known political networks that can yield more money from fewer sources. This would suggest that vigorous and healthy party organizations, as critical linkage institutions, find more productive ways of prompting political participation other than intrusive solicitation calls. Simply put, states that support these important linkage institutions with direct public subsidies are creating a culture of political giving.

The impact that the direct public financing of candidates had on contribution in the models was also in clear support of the indirect causal hypothesis presented. In every single case where a state has created a system of public financing directly to candidates, lower limits on the size of contributions have been simultaneously enacted. The logit models allowed us to separate the effects on contribution behavior that of each of these two aspects of campaign finance regimes have. In states that have lower limits, but no public financing, limits alone clearly do not create an incentive structure, however direct or indirect, that prompts individuals to contribute more often to political parties or candidates. Nowhere, in any of the models, was there even a suggestion that limits, in and of themselves, increased contribution rates. The dynamic

model also soundly rejected the notion that a downward or upward change in limitations had any effect on changing peoples' contribution behaviors. Clearly, the initial hypotheses regarding contribution limits were overstated. But, as the logit regressions parsed out, direct candidate subsidies created clear incentives for candidates to solicit more numerous, small contributions from individuals to qualify for funding. Again, just as in the case of party subsidies, states that create these incentives, foster a culture of political giving.

CHAPTER 5

CONCLUSIONS, POLICY IMPLICATIONS, AND SUGGESTIONS FOR FURTHER RESEARCH

Conclusions

The early research on voting participation provided a solid foundation to explore the nuances and determinants of political contributing. The modeling done by Reiter (1979), followed by Burnham (1982 and 1987), Cavanaugh (1981), Teixeira (1987 and 1989), Wolfinger and Rosenstone (1980), showed that a firm basis in socioeconomic status is the necessary starting point into any query of participation. Over the years, a clear need to thicken the general participation models beyond SES had emerged. Scholars happily met that need. Works such as Strate et al (1989) and Rosenstone and Hansen (1993) deepened our understanding of political participation by focusing on factors such as social networks and mobilization of political parties. While deepening our understanding of the determinants of voting participation, they simultaneously called on scholars to branch out and explore

additional explanations of political participation and apply those models to other modes as well in the spirit of Verba, Schlozman, and Brady (1995). This work has also answered that call.

To date, a select few have modeled contribution behavior. Shields and Goidel (2000) and Grant and Rudolph (2002) made the contribution decision the center of their work. The shared traits are that they have all based their work firmly on the work of these aforementioned scholars and adapted those models to the contribution decision. Additionally, they have provided another piece of the puzzle in explaining the determinants of checkbook participation. No one, however, had done a state level analysis using individual data to gauge the effects of the most common campaign finance regimes on the likelihood of making a contribution. Though there was a clear lack of support for some of the initial hypotheses (effects of contribution limits), some solid support for the hypotheses of indirect effects on individual behavior did emerge.

Should a state wish to create conditions that are more conducive to political giving, it now seems clear that there are some viable and effective ways to do just that. Properly constructed campaign finance laws can have a clear impact on the likelihood of an individual making a

political contribution to a party or a candidate. As initially hypothesized, the mechanism by which this works is indirect. Campaign finance laws that directly subsidize political candidates place incentives upon candidates to broaden their financial base as much possible to qualify for the public subsidy. Consequently, in states that had such programs, the likelihood of an individual making a political contribution was significantly higher.

States can also foster a culture of political giving by directly funding political parties. This too has the indirect mechanism as seen in candidate subsidies. There has been broad consensus amongst political scientists and historians on the value of political parties as linkage institutions that play critical roles in representation, interest articulation and aggregation, and mobilization. Rosenstone and Hanson (1993), along with a raft of others, have strongly argued that the decline of the political parties in the electorate has in large part been responsible for the overall decline across the modes of political participation over the last century. This analysis strongly suggests that parties do have an important mobilization role in this regard, and that individuals' participation in the mode of campaign contributing can be increased with the infusion of public

money to strengthen those organizations. As Rosenstone and Hansen noted, individuals seldom contribute without prompting. Political parties, strengthened by public support, stimulate that critically important mode of participation: checkbook participation.

This analysis also has shown that there are distinct limits to effectiveness of contribution limits in prompting greater rates of political contributing. There was absolutely no evidence that contribution limits, in and of themselves, had any direct or indirect effect upon individual contribution behaviors in the states. In order for contribution limits to have an effect, they would have to be below even the lowest limits any state has today to effectively restrain peoples' contribution behavior. Too, contributors that would be restrained by one type of restriction on political giving would simply "max out" on one mode, and move on to another mode with higher (or nonexistent) limits. In the data sets used for the modeling in Chapter 4, these contributions would still be captured because the variable is dichotomous; thus in that regard the model lacks proper sensitivity. Perhaps interval or ordinal level data (actual dollar amounts of individual contributions), should it become available, would better gauge the effects of contribution limits.

This analysis, however, should not be used as evidence that contribution limits are *wholly* ineffective as a political reform. This study was narrowly focused on the likelihood of contributions alone; none of the other purported benefits that reformers claim come with contribution limits were being tested. Obviously contribution limits have effectively reached one of their goals: the reduction of the role of the large contributor. Also, there is new evidence that tighter limits may lead to more competitive elections (Stratmann and Aparicio 2006). However, if higher contribution rates are the stated goal of more restrictive individual contribution limits, reformers should concentrate on creating incentives by other means.

Policy Implications

The conclusions to be drawn from this analysis can be very instructive in the terms of the current debate in campaign finance reform that the nation has been engaged in for over a decade. The state level analysis has shown that certain facets of reform have worked quite well in prompting more individuals to engage in checkbook participation. Yet others, appear to have failed. Again, low individual contribution limits, in and of themselves, seem to have no direct or indirect effect in changing

individual contribution behavior. Despite these obvious failures, reformers should be pleased that public financing programs have produced the desired effects in broadening the financial basis of political campaigning.

Reformers should be heartened that public financing, regardless of who the primary recipient is (parties or candidates), does in fact have a substantive and statistically significant effect on bringing more people into the pool of political contributors. Even though this pool is still a small percentage of Americans, this represents no small victory for reformers. Candidate centered programs, where states directly support qualifying candidates with money, showed the most profound results in the candidate and party contribution models of Chapter 4. These states create clear incentives for candidates to raise large numbers of small contributions in order to qualify for matching funds. Some states mentioned in Chapter 3, such as Minnesota, create incentives directed at the contributors themselves, by offering $50 tax rebates on contributions made to candidates. Obviously programs such as these will create a broader base of contributors than would be the case in states with no public finance regimes.

This analysis also supports the hypothesis that political parties' behavior can be influenced through

deliberately structured campaign finance regimes. Though the party models all soundly discounted the effectiveness of contribution limits alone in shaping behavior, party behavior was affected by direct public financing. The solicitation model clearly showed that parties in states with direct subsidies to their organizations spent less time in their solicitation activities. Yet, those respondents in states with public party subsidies, were *more likely* to contribute, despite not being solicited as often as respondents in states without public party financing. This suggests that vigorous and healthy party organizations, as critical linkage institutions, find more productive ways of prompting political participation other than intrusive solicitations. Additionally, in those few states that had direct aid to both candidates and parties (see figure 4.11), the probabilities of contributions by respondents in this sample were nearly *twice* those of the states with no public financing. These results speak to the effectiveness of carefully constructed reforms that build linkages between citizens and their political institutions, be they reforms that help parties or candidates.

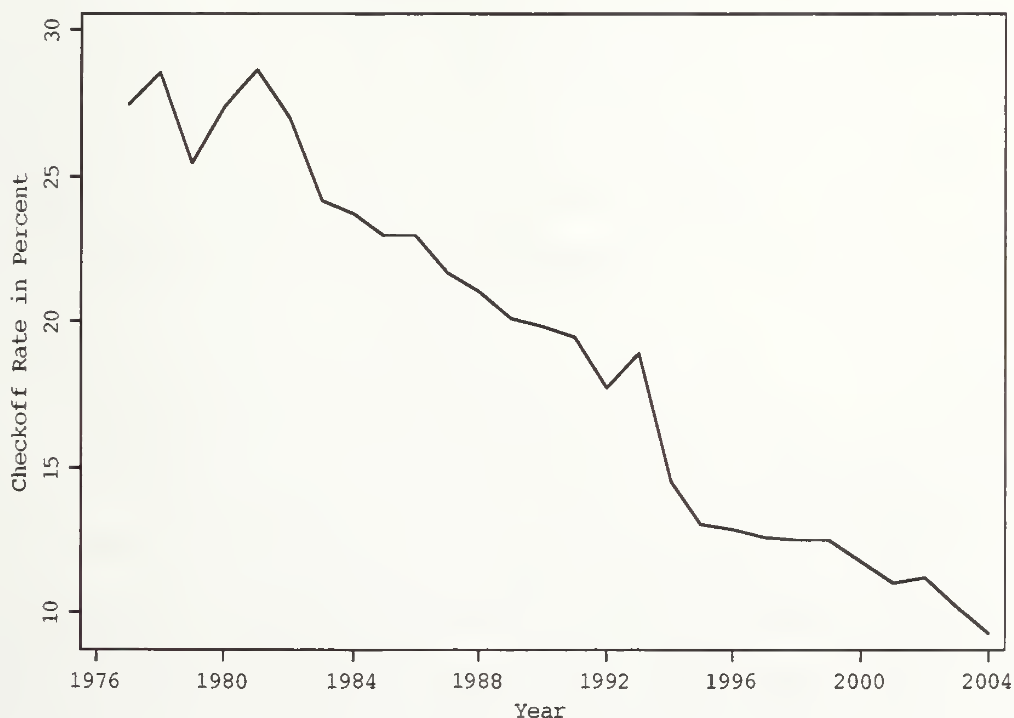
Despite the good news that this analysis delivers to reformers, they must also take heed. The reforms that seem

to generate the best results are also those reforms that are often the most politically unpopular, amongst policy makers and citizens alike. Framing of the debate, as explained by Grant and Rudolph (2004), is the key to success or failure of these reforms being passed. Except in those few instances where reformers have been able to frame the debate as "clean elections" laws being passed by popular initiative, public support for government subsidized campaign finance systems have been flagging in recent years. The "softness" and ambivalence of the American people on this issue spells real trouble for reformers in maintaining, much less expanding, public finance programs. By many measures, the popularity of these programs is trending sharply downward. Perhaps the measure of greatest consequence is the checkoff rate on tax returns filed.

Both at the federal and state level, fewer and fewer citizens are making the checkoffs for public funding on their tax returns, even when there is no additional cost in their tax bill. Though there is speculation that many taxpayers do not fully understand that there is no additional tax encumbrance and that tax software might be partly to blame for the downturn (see Campaign Finance Institute's 2003 task force report), there is still a

marked difference between the checkoff rates in the 1970's and 1980's and today. Figure 5.1 shows the precipitous drop in participation at the federal level from levels of over twenty five percent in the early years to less than ten percent today. Even in the immediate years following the creation of the state systems, some foresaw the inherent weaknesses, and anticipated feeble participation rates (Noragon 1981). Malbin and Gias (1998) have shown this to be the case, and have documented the rapid decline of citizens choosing to checkoff public finance programs on their state tax returns.

Figure 5.1: Federal Checkoff Rates 1977-2004



Because of this sharp drop, both the federal and state governments have had to consistently raise the dollar figure set aside from each checked-off tax return. At its inception, the federal checkoff was a dollar for an individual return. It was tripled as part of the Omnibus Budget Reconciliation Act of 1993 to head off a projected shortfall for the 1996 election cycle. The states have also followed suit. Figure 5.2 shows the average checkoff amount from 1986-2002. Clearly state programs are falling short financially as well and having to adjust for the drop in participation rates.

Figure 5.2: State Checkoff Average Amounts 1986-2002

Despite these attempts to stop the hemorrhaging of the lifeblood of these finance programs, the federal government, and the states in particular, seem to be holding back this tide of nonparticipation with a broom. If the apparent benefits of broader political participation derived from public financing of political parties and candidates are to be sustained, reformers will have to devise a strategy to reinvigorate the public's support. If support cannot be rallied, and the current trends in public opinion remain unchanged, it will only be a matter of a few short years that these programs will be so under-funded that their effects on contribution behavior will be nil.

Suggestions for Further Research

Like any query of this kind, several new questions have also been made apparent in the course of research that cannot be pursued for innumerable reasons, be they methodological or in the interest of keeping focus on the research question at hand.

Perhaps the most important questions to be pursued in other forums are the other determinants that the modeling has shown to be significant that go beyond the SES of respondents and had nothing to do with campaign finance laws. The persistent gender gap in contribution merits further review. Despite the fact that the gender gap in

voting has been erased and indeed reversed, and significant ground has been made up in the inequities of income and other SES factors, women are still less likely to engage in checkbook participation than their male counter parts. This is especially true of the large scale contributors. An effort should be made to tease out the factors that persist, particularly social factors that Verba, Schlozman, and Brady explore, that may account for this gap in contributions. Perhaps this is an artifact of the reporting, i.e. a female respondent from a high income *household* not making a contribution while her husband had. Or there could be a genuine difference in activities, where women tend to choose other modes of participation or are giving their discretionary income to other groups.

Questions of racial inequities also need to be addressed. Even when the SES attributes of racial minorities are controlled for, checkbook participation still seems to be a white dominated mode of participation. This, despite the fact that racial minorities are becoming more and more politically engaged in other modes of participation and in fact are more likely to participate in some modes than are whites. For some reason, people who identify as racial minorities seem to discount the value of making a financial contribution in favor of other modes of

political participation. Closer attention should also be paid to, if data were to allow (as it clearly did not in the NES data used here), differences between the contribution patterns of the different minority groups to see what the participation trends are over the past several election cycles.

Another important area of campaign finance reform that deserves serious attention is the change in federal laws that came with the Bipartisan Campaign Reform Act of 2002 (BCRA). This analysis necessarily left any consideration of the BCRA out for two important reasons. Firstly, federal laws needed to be held constant, so the 2004 election cycle was omitted. Secondly, and equally important, there has been but one election cycle under the BCRA. Any inferences between pre and post BCRA election cycles would be far too weak statistically to be of much value in the kind of modeling done in Chapter 4, since short term factors could not be sorted out from the deeper effects of the change in policy. Only after a few more election cycles could this modeling be done beyond the highly speculative educated guesses that can be presently made. In the spirit of wildly speculative guesses though, the changes in the BCRA in regards to the banning of soft money for party fundraising and higher limits for

individual candidate contributions may net little effect. Though there was a distinct rise in the contribution rate of NES respondents from 9.2 to 12.4 percent between 2000 and 2004, short term political factors such as the close competition between Bush and Kerry may be the cause rather than the changes in the finance regime.

Another area that will be worthy of deeper study a few election cycles down the road are the effects of clean election laws on the likelihood of individuals making political contributions. Here too, there were far too few cases to make any inferences upon in this study since only the states of Maine and Arizona had clean election laws on the books for the tail end of the time series. If one were to speculate on the effects of these laws, one would have to guess that should enough candidates participate in these programs, we should expect to see a drop off in contribution rates. That is the whole aim of these laws: to remove individual contributions from the financing in all stages of the campaign, except for the seed money being raised for qualification in the very early stages of the primary campaigns.

Though more nuanced understandings of the determinants of support for public financing has been pursued, best exemplified by Grant and Rudolph's 2004 work, the rapid

decline in participation in tax checkoffs seems to be at the very least inconsistent with public opinion. Great pains have been taken here to show the softness and malleability of popular support for any kind of public financing, but the ten percent checkoff rate in the federal program is simply *too low* given what the public opinion polls tell in their worst showings. Curiously, and perhaps not unrelated, as the participation rate fell, there have been increases in the rates of electronic filing, use of tax preparation services, and home tax software for tax preparation (Weissman 2005). Though the aforementioned Campaign Finance Institute's task force report (2003) raised important questions and prompted software manufacturers to make some changes, a deeper analysis is certainly warranted.

Regardless of which of these questions we as researchers undertake, the study of campaign finance is a study laden with many landmines. This is because the lines between empirical research, normative values of democratic governance, and partisan political advocacy are too often blurry or even non-existent. This study has tried to acknowledge and avoid these pitfalls, and dispassionately examine the measurable effects of campaign finance reform in regards to the one normative cause that most everyone

can agree upon: increasing the rate of participation in our political system.

APPENDIX A

PRELIMINARY MODEL

A preliminary model using ordinal measures of individual contribution limits in the 2000 NES release. Note the substantive and statistically significant coefficients in the *opposite* directions. The two scales had near perfect collinearity, though not enough for the computer to reject the model. There is little doubt that the collinearity was driving the confounding results.

Table A1: Preliminary Model Using NES 2000 Data

	Coef.	Std. Error	Z	P>|z|
Solicitation	0.85447	0.26757	3.19	.001***
Electoral Competition	0.04997	0.02039	2.45	.014*
Male	0.28241	0.26121	1.08	0.28
White	0.28672	0.38638	0.74	0.458
Education	0.12324	0.17710	0.70	0.487
Interest in Election	0.82816	0.22337	3.71	.000***
Marital Status	-0.75260	0.30493	-2.47	.014*
Age	0.03407	0.00953	3.[illegible]7	.000***
Income	0.63814	0.14545	4.[illegible]9	.000***
Union House	-0.33019	0.37902	-0.[illegible]37	0.384
Partisan Strength	0.041729	0.13181	0.[illegible]2	0.752
Efficacy	0.00191	0.00325	0.59	0.557
Knowledge	0.17563	0.17478	1.00	0.315
Concurrent Gubernatorial Election	-0.27056	0.39089	-0.69	0.489
Concurrent Senatorial Election	0.19405	0.31751	0.61	0.541
Public Finance System	-0.36334	0.37673	-0.96	0.335
Limit in Gubernatorial Race	-0.68147	0.26989	-2.53	.012*
Limit in Constitutional Race	0.56872	0.25876	2.20	.028*
Constant	-12.2462	1.66351	-7.36	0.000
Log Likelihood -235.946				
Number of Cases 1251				

*$p<.05$, **$p<.01$, ***$p<.001$, two-tailed.

APPENDIX B

FACTOR ANALYSIS OUTPUT

The following tables present the Stata output on the factor analysis and scoring conducted to create the index of individual contribution limits restrictiveness. indgov, indconst, indsenate, and indhouse are the ordinal categories based on dollar amount of each limit in each state.

Table A2: Factor Analysis Output

(principle factors; 2 factors retained)

Factor	Eigenvalue	Difference	Proportion	Cumulative
1	3.68605	3.50255	0.9616	0.9616
2	0.18350	0.18845	0.0479	1.0095
3	-0.00495	0.02653	-0.0013	1.0082
4	-0.03148	.	-0.0082	1.0000

Variable	Factor Loadings 1	2	Uniqueness
indgov	0.92886	0.25014	0.07466
indconst	0.96229	0.18189	0.04092
indsenate	0.97716	-0.19614	0.00669
indhouse	0.97079	-0.22221	0.00819

Variable	Scoring Coefficients 1
indgov	0.17318
indconst	0.26432
indsenate	0.49658
indhouse	0.18440

APPENDIX C

THE LIMITS INDEX

The following table reports the limits index for each state throughout the time series. 0 represents the most restrictive states, 100 represents the most unrestricted states.

Table A3: The Limits Index

State	1984	1988	1992	1996	2000
AL	100.00	100.00	100.00	100.00	100.00
AK	10.00	10.00	0.00	10.00	0.00
AZ	100.00	0.00	4.44	4.44	0.00
AR	20.00	20.00	10.00	10.00	10.00
CA	100.00	100.00	10.00	10.00	10.00
CO	100.00	100.00	100.00	100.00	100.00
CT	12.43	12.43	12.43	12.43	23.54
DE	4.44	4.44	14.44	14.44	14.44
FL	27.78	27.78	0.00	0.00	0.00
GA	100.00	100.00	60.00	17.78	23.33
HI	30.00	30.00	30.00	35.43	35.43
ID	100.00	100.00	100.00	100.00	45.56
IL	100.00	100.00	100.00	100.00	100.00
IN	100.00	100.00	100.00	100.00	100.00
IA	100.00	100.00	100.00	100.00	100.00
KS	27.78	27.78	17.16	17.16	17.16
KY	50.00	70.00	70.00	0.00	10.00
LA	100.00	100.00	62.22	62.22	62.22
ME	10.00	10.00	10.00	10.00	0.00
MD	10.00	10.00	70.00	70.00	70.00
MA	0.00	0.00	10.00	0.00	0.00
MI	13.33	13.33	13.33	13.33	13.33
MN	45.60	45.60	51.15	1.77	1.77
MS	100.00	100.00	100.00	100.00	100.00
MO	100.00	100.00	100.00	4.44	100.00
MT	1.77	1.77	1.77	0.00	0.00
NB	100.00	100.00	100.00	100.00	100.00
NV	100.00	100.00	45.56	24.15	24.15
NH	90.00	90.00	90.00	90.00	90.00
NJ	84.08	84.08	85.85	21.77	31.77
NM	100.00	100.00	100.00	100.00	100.00
NY	100.00	100.00	100.00	91.36	93.09
NC	70.00	70.00	70.00	70.00	70.00
ND	100.00	100.00	100.00	100.00	100.00
OH	100.00	100.00	100.00	100.00	40.00
OK	40.00	40.00	40.00	40.00	40.00
OR	100.00	100.00	100.00	0.00	100.00
PA	100.00	100.00	100.00	100.00	100.00
RI	100.00	100.00	10.00	0.00	0.00
SC	100.00	100.00	27.78	32.22	32.22
SD	0.00	0.00	0.00	0.00	0.00
TN	100.00	100.00	100.00	40.00	40.00
TX	100.00	100.00	100.00	100.00	100.00
UT	100.00	100.00	100.00	100.00	100.00
VT	10.00	10.00	10.00	10.00	0.00
VA	100.00	100.00	100.00	100.00	100.00

WA	100.00	100.00	100.00	4.44	14.44
WV	10.00	10.00	10.00	10.00	10.00
WI	40.00	40.00	40.00	40.00	43.83
WY	10.00	10.00	10.00	10.00	10.00

APPENDIX D

STATE COMPETITION INDEX

The competition index used here is a modification of Holbrook and Van Dunk's (1993) competition index. The calculation using district level data is quite simple. 100-((average percent vote for winners + average margin of victory + percent uncontested seats)/3). This yields a possible range of 0 to 100 with 0 representing no competition and 100 representing "perfect" competition.

Table A4: State Competition Index

	1984	1988	1992	1996	2000
AL	52	59.8	72.7	74.7	49.2
AK	73.2	73.4	78.9	73.3	62.4
AZ	59.7	67.1	74.8	73.3	65.1
AR	51.8	58.3	64	76.3	67.9
CA	63.5	62.6	70	69.4	65.9
CO	67.5	68.4	73.3	74.4	63
CT	75.4	68.7	74.8	74	70.1
DE	75.3	69.9	73.8	70.6	73.3
FL	45.6	47.8	67.3	60.9	48.2
GA	50.4	58.5	70.2	71.6	66.5
HI	60.5	66.2	70.3	73.6	67.6
ID	72.4	72	73.3	75.8	65.9
IL	67	64.3	68.7	64.9	62
IN	73.1	71.7	72.4	73.4	72.3
IA	75.2	72.3	66.3	76.9	73.7
KS	66.3	58.9	73.4	70.5	63.3
KY	63.4	56.4	75	69.5	73.7
LA	36.5	45.2	56.5	51.7	52.1
ME	67.2	68.6	73.6	76.1	71.3
MD	64.2	60.9	68.4	69.1	65.9
MA	56.4	45	69.5	64.2	41.9
MI	63.9	63.3	70.3	69.3	68.2
MN	72.3	70	75.8	74.7	75.6
MS	57	69.3	64.4	71.1	67.2
MO	67.2	70.3	73.7	72.6	72.5
MT	70.4	78.1	79.3	74.1	79.7
NE	68.6	73.4	75.5	69.4	70.6
NV	73.2	73.6	78.5	79.3	78.1
NH	69.6	72.5	77.1	80.7	78.1
NJ	70.3	60.2	72.4	70.9	69.4
NM	70.5	62.1	72	77.7	74.7
NY	64.2	51.5	63.8	64.6	61.3
NC	76.4	65.4	74.1	73.4	64.6
ND	66.7	73.8	74.9	75.2	73.8
OH	60.6	59.5	70.6	67.5	65.3
OK	66.8	56.5	70.2	73.6	64.6
OR	74.1	64.3	72.6	76.6	71.4
PA	65	53.2	60.3	71	62.4
RI	71.2	72.8	70.1	70.2	71.2
SC	62.9	72	67	61.8	67.7
SD	68.5	72.7	74.1	76.9	70.5
TN	47.6	53.9	65.9	71.9	52.8
TX	49.9	42.6	60.3	69.9	53
UT	67.7	70.6	75.2	70.9	70
VT	77.7	75.5	70.1	73.6	68.5

VA	54.9	54.5	67	63.5	60.3
WA	69.8	65.1	76.3	75.7	71.6
WV	74.1	61.9	59.7	49	54
WI	64.7	64.8	74	73.2	70.1
WY	64.5	73.8	76	76.3	68.1

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