

Investing in Democracy?

The Effects of Public Campaign Financing
On Political Participation

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A Political Science Honors Thesis
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For My Sister

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Chapter One: Public Campaign Financing And it's Effects on Political Participation

I recently spoke with a friend who refused to vote on November 2, 2004. He felt that the influences special interests and elites exert on politicians were so strong that his vote amounted to nothing: "They're all the same anyway- they don't care about me or what I think. They don't change anything, they just follow the money. They don't listen to me." My friend's feelings suggest that the disproportionate political influence of moneyed interests discourages ordinary citizens from participating in politics- a common concern that has endlessly haunted the American political system.

Public campaign financing is an old idea meant, in part, to reduce money's influence in politics. Yet only recently have public financing programs been enacted. Have these laws reinforced the belief that ordinary citizens can affect American politics? Do these programs assure citizens that politicians are not corrupted or swayed by large campaign contributions? Do such assurances convince more citizens to become politically involved? This thesis attempts to answer these and other closely related questions.

Theoretical Links: Political Influence, Efficacy, and Participation

The idea that public financing can increase political participation relies upon the theory that disproportionate political influence discourages people from participating. Merely half of voting-age Americans chose to vote in the 2000 election, and even fewer for lower-level races. The decline in political participation since 1960 is a cause of great concern for anyone worried about the state of American

democracy. When only 23.9 percent of citizens vote their support for the winner, as was the case for Bill Clinton in 1996, notions of democratic legitimacy and policy mandates are enormously weakened.¹

The leading explanations for the decline in political participation are the declines in party affiliation and feelings of personal efficacy. Political scientists define two kinds of political efficacy: internal and external. Internal efficacy is the measure of an individual's beliefs about the impact he or she may have on the political process due to his or her own attributes. For example, a person believing him or herself to be politically ignorant would have low internal efficacy. External efficacy is the measure of the responsiveness of political institutions to individuals' actions, and is often linked to trust in government; someone who thinks democracy is a sham would have low external efficacy.² This thesis will address external efficacy, or how disproportionate political influence in the political process, whether perceived or actual, can affect an individual's decision to participate. The decision to participate in any form of participation can be affected by efficacy levels, but this thesis concentrates on voting and running for office. Without nominal external efficacy, or a belief that personal actions are effective, much of the impetus for participation is removed. Certainly, other influences, such as civic duty, can incite one to vote even if he or she does not feel that individual participation will be meaningful. Studies have shown, though, that efficacy exerts the largest relative influence on the decision to participate.³

¹ Stanley, Harold, and Richard Niemi. *Vital Statistics on American Politics 2001-2002*. CQ Press. 2001.

² Sullivan, J.L, and E. Riedel Sullivan. In *International Encyclopedia of the Social and Behavioral Sciences* Elsevier Science Ltd., 2001, pp. 4353-4356

³ Gerber, Alan S. and Donald P. Green. "Does Canvassing Increase Voter Turnout?" *Proc. Natl. Acad. Sci. USA* 96. 1999.

What affects feelings of personal efficacy? In part, personal efficacy is inversely related to the efficacy others are perceived to have. If a citizen feels that his or her voice counts much less than other louder ones, that citizen may be discouraged from speaking at all. Conversely, if an individual feels that he or she has more influence than others do, then that individual may be more likely to use it. One way this manifests itself is in campaign contributions; if an individual knows that a political action committee just donated \$5,000 to a candidate, then that individual may feel that his or her own \$20 is just a drop in the politician's bucket, making them less likely to contribute it.⁴

Because of the inverse relationship between individual level efficacy and the influence others are perceived to have, the very appearance of impropriety and corruption can be deadly to democracy. At its most basic level, public campaign financing (the allocation of public monies to electoral candidates for their spending on campaigns for public office) may reduce the influence of private interests and increase participation levels. It is not a new idea, but has had few opportunities to be tested empirically. This thesis attempts to shed light on this question and begin to fill the scholarly void.

The History of Public Campaign Financing

President Theodore Roosevelt, a Republican, was known for "trust-busting:" breaking up companies he thought were too economically powerful. But he also

⁴Internet-based political fundraising, and Howard Dean's 2004 candidacy for Democratic presidential nominee in particular, may support this connection. Dean raised over \$5 million each month in the second half of 2003, with donations averaging under \$80; each of these donations was a drop in the bucket for Dean. Yet the well-publicized "grassroots" nature of the campaign may have made donors feel that their individual contributions were not being outweighed by far bigger donations, making the influence and access to his campaign seem more equitable and encouraging participation.

wanted to curtail their political power because he felt that their campaign contributions bought them unfair access. In his Message to Congress of December 3, 1907, Roosevelt said,

The need for collecting large campaign funds would vanish if Congress provided an appropriation for the proper and legitimate expenses of each of the great national parties, an appropriation ample enough to meet the necessity for thorough organization and machinery, which requires a large expenditure of money. Then the stipulation should be made that no party receiving campaign funds from the Treasury should accept more than a fixed amount from any individual subscriber or donor; and the necessary publicity for receipts and expenditures could without difficulty be provided.⁵

This was the first public financing proposal. Congress responded with the Tillman Act, which banned direct contributions from corporations and businesses to political parties and electoral campaigns. Yet they took no action to provide public funds for campaigns or political parties.

By 1924, public financing had become somewhat more popular. The Democratic Party decided to include a plank in its national platform to provide electoral candidates with “a reasonable means of publicity at public expense.”⁶ The Democrats, however, did not win the presidency that year, and public financing’s momentum disintegrated entirely in the onslaught of the Great Depression.

In 1950, however, public financing arose once more when the American Political Science Association (APSA) issued a manifesto, entitled “Toward a More Responsible Two-Party System.” Among its list of suggested reforms for the American political system, APSA noted “giving a specified measure of government assistance to the parties; this would reduce their dependence on private financial support and put them in a more equal competitive position.”⁷ While it is difficult to

⁵ Bartelby’s Quotation Dictionary. <http://www.bartleby.com/73/152.html>.

⁶ Center for Responsive Politics. Campaign Finance History. <http://www.opensecrets.org/pubs/history/history3.html>

⁷ American Political Science Association. (1950) “Toward a More Responsible Two-Party System.” *American Political Science Review* 44.

specifically assess the impact of the APSA’s endorsement, after it was issued the idea of public funding finally began to gather some momentum. In fact, Congress has considered legislation to create public financing for congressional elections in nearly every session since 1956.⁸

Although lawmakers remained unsure of *public* financing, they agreed that campaign financing needed reform. Lyndon B. Johnson had been involved with a number of financing scandals, including his “President’s Club” of major donors which he refused to disclose. As a response, the Federal Election Campaign Act (FECA) passed into law in 1971. It represented a monumental effort to curtail campaign spending and make knowledge of campaign contributors public. FECA entailed comprehensive funding disclosures, limits on media expenditures by federal office candidates, and ceilings on the amount that candidates and their families could contribute to their own campaign.

In the aftermath of Richard Nixon’s Watergate scandal, however, many felt that FECA had not gone far enough. The law was amended in 1974 to offer public matching funds for presidential campaigns and national conventions. The 1974 amendments also set strict limits on campaign contributions and expenditures, and created the Federal Election Commission (FEC) to oversee federal campaign laws and guidelines. The Senate also approved public funding for congressional candidates, but the House cut the provision from the final bill.

These campaign finance reforms brought on the landmark Supreme Court case regarding campaign finance issues. Reformers were passionate about the need for integrity and fairness in the election process, but opponents were just as adamant

⁸ “Campaign Finance Reform: Early Experiences of Two States that Offer Full Public Campaign Financing for Political Candidates.” United States General Accounting Office. GAO-03-453. May 2003.

that unlimited contributions and expenditures were an issue of free speech. The Court handed down its decision in *Buckley v. Valeo* in 1976, laying the groundwork for the future of the debate. In this case, Senator James L. Buckley of New York, along with Eugene McCarthy and several other plaintiffs, filed suit against Secretary of State Francis R. Valeo and the Federal Election Commission. The plaintiffs challenged the constitutionality of FECA and the Presidential Election Campaign Fund Act on a number of grounds.

After hearing the case, the Supreme Court ruled that campaign expenditures were a legitimate form of free speech; candidates could not be forced to submit to spending limits. Ceilings on family and self-contributions were also struck down as limits on free speech, as were limits on independent expenditures, so long as they were not coordinated with the campaign. Contribution disclosure requirements were upheld, however, and contributions were defined as proxy speech, wherein one person is paying another to speak for them. Because contribution limits do not interfere with an individual's ability to speak for him or herself directly, the Court ruled, contributions could be subjected to limitation.

The Court also made a *de jure* endorsement of public financing by deciding, "Limits to free speech were permissible only if imposed as a condition of acceptance of public funding by the candidate."⁹ By providing incentives for candidates to accept contribution and expenditure limits rather than coercing them to, public financing was a deliberate loophole in *Buckley* that allowed the continued use of such limits. "The Court further ruled," however, "that candidates who did not accept public funding were not bound by campaign expenditure limits or by personal

⁹ "Public Financing of Congressional Campaigns." American Enterprise Institute for Public Policy Research. 1978. p. 3.

contribution limits.”¹⁰ This opened the doors for more public financing schemes, but also made the financial competitiveness of publicly financed candidates a serious concern.

Developments in Public Campaign Financing

Soon after the endorsement from *Buckley*, partial public financing of campaigns began to gather more momentum. Advocates of public financing argued, as they continue to today, that it would “ensure that our lawmakers put the needs of our communities before big corporations and special interest groups,” and “level the playing field, giving a fair chance to all candidates.”¹¹ Advocates also argued that public financing would reduce the need for politicians to fundraise, giving them more time to talk to voters, and that it would increase participation by restoring people’s faith in their government. Opponents of public financing argued that the contribution and spending limits that come with it were unconstitutional limits on free speech. Demanding “no taxpayer money for politicians,” as they do today, they said fringe candidates the public otherwise would not support can get public money.¹²

Public financing advocates won the debate in some states. Wisconsin and Minnesota were the first states to offer partial public financing to all candidates, stipulating that candidates must accept contribution and spending limits. Other states, such as New Jersey and Michigan, began to offer public funds to gubernatorial candidates, also with strings attached (a list of all programs is found on page 30).

¹⁰ Ibid.

¹¹ Mass Voters for Fair Elections. Accessed at <http://www.massvoters.org> on 2/18/05.

¹² The Reform Institute For Campaign and Election Issues. Accessed at <http://reforminstitute.org/cgi-data/article/files/229.shtml> on 2/18/05.

As public funding programs proliferated and aged, different designs highlighted different weaknesses. Wisconsin, for example, thought it would be good to reduce grants to candidates by one dollar for each PAC dollar they accepted. This, however, discouraged candidates from accepting public financing at all. Minnesota saw participation in its public financing program drop dramatically because grant sizes did not keep pace with campaign costs. When Minnesota lawmakers increased grant sizes and tied them to inflation, participation rose as high as 93 percent.¹³ With states serving as policy laboratories, experimentation exposed the strengths and weaknesses of different programs and the secrets of effective public financing began to appear.

Most public financing programs today provide partial financing, which means that candidates receive a moderate amount of public money to augment what they raise from traditional funding sources. Partial funding, in theory, can level the financial playing field for candidates without placing a large burden on taxpayers. Because candidates continue to raise some money conventionally, however, the public receives few reassurances regarding a candidate's "cleanliness." Moreover, candidates must still spend much of their time fundraising.

Six states have passed, and just three are using full public financing programs. Full financing programs offer grants large enough to cover the entire costs of a campaign, while stipulating that candidates may take no money from private sources. They also, in order to maintain the competitiveness of candidates who choose to accept public funds, often provide additional "emergency" funds to

¹³ Donnay, Patrick and Graham P. Ramsden. "Public Financing of Legislative Elections: Lessons from Minnesota." *Legislative Studies Quarterly*. Vol. 20, No.3. Aug 1995. 351-364.

publicly financed candidates with privately funded opponents who surpass the public financing stipend.

There are also public financing programs, both full and partial, that apply to all races in the state, and some that apply only to gubernatorial races. This distinction is important for this study because if a citizen is aware that the financing system applies only to one or two candidates, he or she may not be as inclined to vote as if they were assured that no politicians catered to special interests and major contributors.

Clearly, public financing is an idea whose time has come for the American states. After a century of rhetoric, the last five years have seen six states take bold measures by passing full-financing programs. But what are the results of these new laws? Arizona saw a 58 percent increase in the number of candidates in 2000 and voter turnout rose by 23 percent in 2002.¹⁴ But these statistics come from a public financing advocacy group. They look very promising, but are they representative of the results in other states? What else may have brought about these changes? An aggregate level study is necessary to address the link between public financing and political participation.

Questions and Methodology

This study will assess the ability of public financing systems to increase political participation. I will divide states according to the size and scope of their financing programs and assess candidate emergence in state legislature races and voter turnout rates from Presidential and gubernatorial races. Further, I will assess

¹⁴ "The Road to Clean Elections." © 2001 Public Campaign

whether states with participatory political cultures are more likely to pass public financing laws. Controlling for the effects of socioeconomic status, Southern geography, political opportunity structures, and term limits in my regression analyses will serve as a first step in measuring the independent effects public financing laws exert on levels of political participation.

Hypotheses

Overall, I expect to find that partial financing laws will have larger effects on candidate emergence than voter turnout because the laws directly relate to one of the biggest difficulties in campaigning: fundraising. Fundraising necessities are a major deterrence for many potential candidates, and one that public financing should alleviate.¹⁵ I also expect to find that public financing laws are most effective at increasing political participation when they apply to every electoral race in the state. The electorate will have greater efficacy and more reason to vote in those cases than if only one or two offices were covered by attempts to equalize access to representatives. Also, providing public financing for smaller races will have a greater effect on candidate emergence simply because it covers more races.

The GAO report notes that candidates who use public financing are strongly supportive of it and credit it with influencing their decision to run. The report also notes that many citizens were unaware of the laws.¹⁶ Thus, if public financing laws are effective in improving political participation, then the positive effects will likely take time to emerge their effects as more and more citizens become aware of the law

¹⁵ Lawless, Jennifer L. and Richard L. Fox. It Takes a Candidate: Why Women Don't Run for Office. New York: Cambridge University Press. 2006. Chapter 7.

¹⁶ "Campaign Finance Reform: Early Experiences of Two States that Offer Full Public Campaign Financing for Political Candidates." United States General Accounting Office. GAO-03-453. May 2003.

and, hypothetically, have their feelings of personal efficacy improve. In other words, it may be too soon to determine the extent to which public financing affects participation. Even a small positive effect, however, will suggest that levels of political participation will increase in years to come.

Chapter Two: Influence, Efficacy, and Their Effects on Participation

When acorns sprout and begin developing their root system, they first send a taproot deep into the soil to secure a consistent water supply. If they are located near a fully-grown oak, however, the old tree's root system is sometimes so extensive that it prevents moisture from reaching this taproot. In response, the young tree may end its efforts to grow a taproot because they seem fruitless. This chapter reviews the current literature regarding whether some individuals, sensing that bigger, more powerful interests make their own political efforts fruitless, abandon their attempts at political participation. It also reviews current studies regarding public financing schemes as a mechanism to limit the reaches of powerful interests and thus convince smaller ones, like ordinary citizens, that their participation efforts are fruitful.

Influences on Participation

The four most widely established influences on political participation are socioeconomic status (educational attainment, income, and occupation), age, party affiliation strength, and external efficacy. As any of these variables rise, so rises an individual's propensity to participate in politics. Conversely, low socioeconomic status often prevents individuals from having the resources, such as time and money, to make room for political participation in their lives.

Herein lies the puzzle that has intrigued researchers for the last quarter century. Since the 1960s, Americans have become more educated, wealthier, and have improved their occupational status. Yet during the same time, voter turnout has

dropped by over ten percentage points.¹⁷ The other widely established influences on participation (age, party identification, and efficacy) have all been indicted as sources of the decline. Younger individuals are less likely to participate in politics, especially those who entered the electorate after World War II. The passage of the Twenty-Sixth Amendment, which gave eighteen year-olds the right to vote, augmented the drop in participation rates by expanding the ranks of the least involved age group.

Generational differences are closely tied to the weakening of political party attachments. Specifically, voters who entered the electorate after the Vietnam War have been less likely to affiliate with a political party. Strong partisans- those who belong to and feel closely aligned with a particular party and its values and platform- are 30 percent more likely than Independent voters to participate in politics. Even moderate partisans are 15-20 percent more likely to participate than independents.¹⁸

Measures of external political efficacy also show a relationship with participation. Hence, the drop in efficacy since the 1960s is widely cited as a cause of the drop in turnout. Since 1964, the percentage of citizens responding “low” to the question “over the years, how much do you feel the government pays attention to what people think when it decides what to do?” doubled to 9 percent, while those responding “high” decreased from 31 percent to 15 percent. In addition, the percentage of the electorate that believes government attentiveness (the measure for effectiveness of elections and political parties in facilitating responsiveness) is high dropped from 60 percent in 1964 to 41 percent in 1998. Low ranks increased from 15 percent to 25 percent in the same time period. Overall, the percentage of the

¹⁷ This excludes the rise in turnout in 2004 for two reasons: first, unprecedented mobilization efforts made 2004 unlike any recent election, and second, it is impossible to say whether 2004 was an anomaly or a harbinger of a new pattern of rising turnout rates.

¹⁸ Conway, Margaret. *Political Participation in the United States*. CQ Press. 2000.

electorate with low efficacy grew from 20 percent in 1952 to 53 percent by 1996. High efficacy dropped from 53 percent to 15 percent, during the same time period.¹⁹ Although reasons for this decline in efficacy are debated, the implications for political participation are clear.

Disproportionate Access is Disproportionate Efficacy

It has long been reported that Americans are concerned that their elected officials are more responsive to private interests than the public interest. According to Mellman and Wirthlin, only 6 percent of Americans think that big contributions do not affect government decisions. Sixty-eight percent agree that “big contributors to political parties sometimes block decisions by the federal government that could improve people’s everyday lives.” In addition, only 25 percent think members of Congress “often decide how to vote based on what they think is best for the country or what the majority of their constituents want,” as opposed to how big contributors want them to vote.²⁰

In fact, a 1997 Gallup poll found that 77 percent of Americans felt “elected officials in Washington are mostly influenced by the pressure they receive on issues from major campaign contributors.” Seventy-nine percent said government is “pretty much run by a few big interests looking out for themselves.”²¹

Addressing campaign finance reform more specifically, Robert Shapiro reported to Congress in 2002 that 46 percent of the public saw the way in which candidates raised money as unethical, and an additional 31 percent saw it as corrupt:

¹⁹ Conway, Margaret. *Political Participation in the United States*. CQ Press. 2000.

²⁰ Mellman, Mark, and Richard Wirthlin. “Public Views of Party Soft Money.” In *Inside the Campaign Finance Battle: Court Testimony on the New Reforms*. Edited by Anthony Corrado. Brookings Institution Press. 2003.

²¹ Bok, Derek. *The Trouble with Government*. Harvard University Press. 2001.

“Substantial percentages of the public have thought that...campaign finance reforms [are necessary], can be effective, can reduce the influence of money in politics at least somewhat, can make the public more optimistic about government, and would be good for democracy.”²²

Whether these perceptions are accurate is irrelevant. Because external efficacy depends upon individual perceptions of government responsiveness, this perceived lowered government responsiveness towards those without great influence reduces their efficacy by definition.

The Effects of Efficacy on Participation

Although the logic suggests that decreased external efficacy reduces levels of political participation, there is a body of evidence that suggests efficacy has no effects. A 1992 poll of registered likely voters found that 74 percent agreed that “Congress is largely owned by the special interest groups,” 83 percent agreed that “the special interest groups that give campaign contributions to candidates have more influence over the government than the voters,” and 75 percent worried either “a great deal” or “a good amount” that “special interest groups have too much influence over elected officials.”²³ The responses to these questions indicate low levels of external efficacy. But because the responses came from registered likely voters, the results undermine a strong link between external efficacy and political participation.

²² Shapiro, Robert Y. “Public Attitudes toward Campaign Finance Practice and Reform.” In...Corrado, Anthony, et al. *Inside the Campaign Finance Battle: Court Testimony on the New Reforms*. Brookings Institution Press. 2003. p. 260.

²³ Wertheimer, Fred; Manes, Susan Weiss. “Campaign Finance Reform: A Key to Restoring the Health of our Democracy.” In *The Constitution and Campaign Finance Reform*. Edited by Frederick G. Slabach. Carolina Academic Press. 1998.

A single poll, of course, is hardly sufficient evidence to conclude that is no relationship between external efficacy and political participation. Warren Miller offers a more nuanced argument: "The explanation for declining turnout is not to be found in commensurate diminution in political interest or involvement, or in a decreasing sense of civic duty, feeling of political efficacy, or trust in government."²⁴ Rather, overall participation quality has remained constant even while its quantity decreased. Twenty-eight percent of Americans wrote letters to elected officials in 1976, compared to 17 percent in 1964. Miller also cites that the number of Americans making political contributions rose from 4 percent in 1952 to 16 percent in 1976. According to Miller, "[Voter turnout] decline has been chiefly limited to population sectors characterized by lack of interest or involvement in national partisan politics."

This conclusion, however, could actually support the theory that disproportionate access reduces efficacy and thereby reduces participation. The same population sectors to which Miller refers (the poor, the uneducated) would be most susceptible to discouragement by the influence of more powerful interests. Thus, they may decide not to spend what little resources they have on what they perceive to be quixotic missions. The well off, on the other hand, continue to vote and make more contributions because they believe it has an effect and because the opportunity costs for each dollar they spend are less severe.

Indeed, Miller's own data support such a conclusion. Table 1 groups Miller's data to display the percentage of respondents with low trust in government who claimed to have voted, grouped by levels of efficacy.

²⁴ Miller, Warren. "Disinterest, Disaffection, and Participation in Presidential Politics." *Political Behavior*. Vol 2, No 1. 1980.

Table 1: Percentage of Individuals Who Reported Voting

Year	High Efficacy Individuals	Low Efficacy Individuals
1972	81%	71%
1974	71	43
1976	83	66
1978	62	45

Low efficacy individuals are consistently 10 to 30 percent less likely to vote than high efficacy individuals.

In fact, most political scientists agree that efficacy affects participation; debate revolves around the strength of the relationship. Some argue it is very strong. Darrell West concludes, for example, that, “The most powerful predictor of turnout is mistrust and the general sense of political efficacy- in other words whether people feel their vote will make a difference.”²⁵ Paul Abramson and John Aldrich draw a similar conclusion.²⁶ They studied the decline of electoral participation since 1960, and find that decreased external political efficacy and weakened party identification were responsible for more than 70 percent of the decline in turnout during presidential election years.²⁷

Many scholars take a more moderate stance. Conway concludes that those with high levels of efficacy are 20 to 30 percent more likely than those with low levels

²⁵ West, Darrell. *Air Wars*. Washington, D.C; CQ Press. 2001.

²⁶ Abramson, Paul, and John Aldrich. “The Decline of Electoral Participation in America.” *The American Political Science Review*. Vol. 76 No. 3. Sept 1982.

²⁷ Carol Cassel and Robert Luskin dispute the accuracy of these findings. While acknowledging that partisanship and efficacy certainly play a role, they endorse the incorporation of education levels, income, geographic mobility, registration and voting requirements, and other factors into future studies, because many variables are interrelated and must be considered in kind. Curiously, this was the same rationale that Abramson and Aldrich used, in part, to exclude other variables. In noting their methodology, they state that a multivariate analysis could have been used but “this approach is usually unsuccessful in accounting for the decline of turnout because such studies have often given little thought to the way variables relate to each other, how they should best be measured, and why they might be expected to contribute to turnout.” This dispute emphasizes the contentious nature of early works on the causes of the political participation decline since the 1960s. Future landmark works settled this disagreement about the inclusion of many interrelated variables; they each incorporated dozens of interrelated variables into large-scale studies on the causes of political participation. See Cassel, Carol, and Robert Luskin. “Simple Explanations of Turnout Decline.” *The American Political Science Review*. Vol 82, No 4. Dec 1988.

to vote.²⁸ Sidney Verba, Kay Scholzman, and Henry Brady's analysis of 15,000 random telephone interviews and a smaller, more in-depth sample overrepresenting activists and minorities, finds that participation rests largely upon two factors: the *motivation* and the *capacity* to take part in political life.²⁹ External efficacy is a "strong predictor" of participation, with a statistically significant effect for efficacy in two out of three regression equations.

Other analyses have shown a weaker link between efficacy and participation. Steven Rosenstone and John Hansen, combining respondents from eighteen NES surveys into a pool of 33,852 respondents, "transformed" citizens of the 1960s into citizens of the 1980s by changing different variables, one at a time, to match their values for the 1980s. Changing 1960s citizens' external efficacy levels, for example, to 1980s levels and leaving all other attributes equal, could reveal the magnitude of the effect of efficacy on decreasing participation. Their analysis showed that decreased efficacy caused 9 percent of the drop in participation, only one-eighth of what Abramson and Aldrich posited. Overall they argue mobilization has the biggest impact: "Participation results when groups, political parties, and activists persuade people to take part... because it subsidizes the cost of electoral participation."³⁰ Still, they characterize political efficacy as an "important resource" in electoral politics:

²⁸ Conway, Margaret. *Political Participation in the United States*. CQ Press. 2000.

²⁹ Verba, Sidney, Kay Scholzman, and Henry Brady. *Voice and Equality*. Harvard University Press. Cambridge, Massachusetts. 1995. They also noted possibilities of a two-way street for causality; high efficacy may cause participation, for example, but effective participation may also increase efficacy. The two-stage least squares regressions they used showed that resources were more likely to cause participation than psychological factors and less likely to be caused by it.

³⁰ Rosenstone, Steven and John Hansen. *Mobilization, Participation, and Democracy in America*. MacMillan Publishing Company. 1993. See also Verba, Scholzman, and Brady 1995. p. 210.

“As Americans have lost their confidence in the effectiveness of their actions, their commitment to electoral politics as also weakened.”³¹

Thus, while there is some debate over whether efficacy influences participation at all, the bulk of the literature acknowledges the link.

The Effects of Public Financing on Participation

Because external efficacy has a negative effect on political participation, it is possible that campaign finance reforms may increase external efficacy and participation both in terms of voter turnout and candidate emergence. I will explore whether public financing encourages more political participation by breaking up traditional circles of disproportionate political influence and access.

Candidate Emergence

What convinces citizens to run for political office? Political scientists generally agree on three primary factors: individual ambition; context and timing, or the current political atmosphere and the individual’s prior personal obligations; and chances of winning, which is influenced by factors such as open seats or popular incumbents.³² For example, Sandy L. Maisel and Walter Stone’s survey of potential

³¹ Rosenstone, Steven and John Hansen. Mobilization, Participation, and Democracy in America. MacMillan Publishing Company. 1993. p. 145.

They also determined that a younger electorate was responsible for 17 percent of the participation decline, weakened party and candidate attachments accounted for 11 percent, and mobilization accounted for 54 percent. “Mobilization,” however, was designed to include numerous variables: party contacts, electoral competitiveness, increasing demands on campaign resources (more primaries and more opportunities to vote), and social movement activity. The inclusion of social movement activity is an interesting idea, as the 1960s were a time of unprecedented social and political activity. Because this era of activity was an anomaly on the historical continuum of participation, however, its presence may have represented a temporary cause of increased participation, rather than its absence being a cause of decreased participation.

³² See Who Runs for Congress? Ambition, Context, and Candidate Emergence. Edited by Thomas A. Kazez. CQ Press. 1994. Burrell, Barbara. C. A Woman's Place is in the House: Campaigning for

candidates concluded they are “most strongly influenced by what they perceived to be their chances of winning their party’s nomination in their district.”³³

But these factors are fundamental. Clearly, individuals who do not believe they can win the party nomination (when, for example, a popular incumbent from their party is running again), let alone the election, will be unlikely to run. Citizens who have no ambition to run will be very unlikely. When a potential candidate decides he or she wants to run and has a chance at winning the nomination, there are still clearly other issues, such as public financing, that factor into a final decision.

Evidence suggests that public financing also plays a substantial role in convincing more candidates to run for office. Of the sixteen factors addressed by Maisel and Stone, only five, including fundamentals such as whether the seat was open and level of support from the party, had a higher positive influence than the availability of public financing. Fifty-one percent of respondents said public financing would increase their likelihood of running; only 9 percent said it would have a negative effect.

Maisel and Stone conclude, “Public financing of challengers...would have some positive effect on willingness to run, although not as much as the other strategic factors,” including free television time, postage, and “significant financial support from the party.” Certainly, potential candidates may be more concerned with the amount of money they receive than with its source. Free television time and postage are more attractive to them than free money, without the strings that

Congress in the Feminist Era. Ann Arbor: University of Michigan Press. 1994. Ehrenhalt, Alan. The United States of Ambition: Politicians, Power, and the Pursuit of Office. New York: Times Books. 1991.

³³ Maisel, L. Sandy and Walter J. Stone. “Determinants of Candidate Emergence in U.S. House Elections: An Exploratory Study.” *Legislative Studies Quarterly*. Vol 22, No 1. Feb 1997. 79-96.

are often attached to public financing. Nonetheless, public financing does entice more candidates to run than it discourages.

Public financing has particularly strong effects on potential candidates who want to use it. A study by the General Accounting Office on full campaign financing laws, ordered as a part of the 2002 Bipartisan Campaign Finance Reform Act, found that 43 percent of Maine's publicly financed candidates said public financing and an open seat exerted equal effects on their decision to run, as did 39 percent of Arizona's candidates.³⁴

The construction and maintenance of public financing programs matter, too. Kenneth Meyer and John Wood studied the impacts of Wisconsin's partial financing system on candidate emergence from 1964 to 1990.³⁵ They conclude that "public financing...has not eased the fundraising burden on challengers...[and] the availability of public money does not appear to have encouraged challengers to emerge." But they attribute their findings to flaws in Wisconsin's system: "Public grants are probably too small [and allocated too late in the election cycle] to convince potential challengers that they can run a truly competitive race." Moreover,

³⁴ "Campaign Finance Reform: Early Experiences of Two States that Offer Full Public Campaign Financing for Political Candidates." United States General Accounting Office. GAO-03-453. May 2003. The first elections with full public financing in Maine and Arizona yielded numbers of candidates not significantly different than the averages for the two last elections without it. It may be, however, that fewer candidates than usual may have run had there not been public financing available. Indeed, only one Maine primary candidate said public financing had little or no importance on the decision to run. The results were similar in Arizona: just three of twelve respondents stated that public financing had "little or no" impact on their decision to run. Overall, 55 percent of publicly financed Maine candidates and 56 percent of publicly financed Arizona candidates in 2000 responded public financing was a "great" or "very great" factor in their decision to run. One Arizona candidate wrote, "I ran for statewide office in 2002. Without public funding, I would not have run." A candidate who did not use public financing stated, "Public funding has opened up the political process to individuals who, in the past, either could not self-finance their campaign or had little or no access to contributors." Thus, although candidate emergence did not increase with the introduction of public financing, the latter may have prevented a *decrease* in the former. Potential third-party candidates benefited from public financing as well, increasing from zero candidates in two elections before public financing to 22 in two elections after it passed.

³⁵ Meyer, Kenneth and John M. Wood. "The Impact of Public Financing on Electoral Competitiveness: Evidence from Wisconsin, 1964-1990. *Legislative Studies Quarterly*. Vol. 20, No. 1. Feb 1995. 69-88.

Wisconsin subtracts one dollar from public funds for each dollar accepted from political action committees, negating a major funding source for partially-publicly funded candidates.

Similar results emerge from an analysis of Minnesota's partial financing program. In 1976, 92 percent of Minnesota candidates took public monies; the figure dropped to 66 percent in 1980.³⁶ During this time, however, grant size failed to keep up with inflation and campaign costs. When grant sizes were adjusted to account for these problems in 1982, participation in the program rose to 93 percent by 1990. Moreover, Minnesota's grants are awarded based on the candidate's party's vote share in the last election, thus directing public money disproportionately toward incumbents. Clearly, a system that discriminates against challengers will not encourage them to run. Thus, Mayer and Wood, like Donnay and Ramsden, conclude mainly that the construction and maintenance of financing programs is crucial to their success.

Voter Turnout

If states are to increase turnout via public financing, then they must maximize the benefits gained by candidates who accept it to create a larger field of publicly financed candidates. Gross and Goidel's study tracked campaign finance reform efforts and used turnout rates for every state from 1978 to 1997 to determine how the efforts affected participation.³⁷ They aimed in part to determine public financing's effects on voter turnout, suggesting, "It may also be that campaign finance

³⁶ Donnay, Patrick and Graham P. Ramsden. "Public Financing of Legislative Elections: Lessons from Minnesota." *Legislative Studies Quarterly*. Vol. 20, No.3. Aug 1995. 351-364.

³⁷ Gross, Donald and Robert Goidel. The States of Campaign Finance Reform. Ohio State University Press. 2003.

regulations heighten perceptions of trust and efficacy, thus stimulating voter participation.” Controlling for state demographics, electoral competitiveness, campaign spending, political mobilization, open seats, and whether the election was in a presidential or mid-term year, they found that public financing for candidates raises turnout by 3.03 percent in all years and 3.66 percent in off-years ($p=.05$). Gross and Goidel acknowledge, however, that this may be because states with participatory political cultures may simply be inclined to pass public financing laws. In other words, it may be that participation rates in states with public financing programs may have been above average before the programs took effect, distorting the effects of the programs themselves.

Another aspect of a well-designed program is publicity. Only 60 percent of Maine residents and 37 percent of Arizona residents were aware of their state’s public financing programs, and clearly an individual’s efficacy cannot be increased by campaign finance reforms if the individual is unaware of them. This lack of public knowledge, of course, makes conclusions regarding the effects of such laws much more difficult.

Overall, studies indicate that public financing programs can have small, but positive impacts on both candidate emergence and voter turnout. The most widely accepted conclusion in public financing literature, however, is that programs must be carefully constructed and revised as necessary. A well-designed program resulting in a high level of candidate participation is essential to realize such effects.

Yet the literature lacks a major time-series study addressing changes in voter turnout and candidate emergence due to the availability of public financing, while controlling for the effects of participatory political cultures. The rest of the thesis

presents the results of such a study as well as its implications for public policy and further research.

Chapter Three: Measures, Hypotheses, Methodology, and Results

This thesis offers a detailed empirical assessment of the impact public financing programs have on two forms on political participation: voter turnout and candidate emergence. Turnout data, which easily lend themselves to regression analyses, are widely used as baseline measures of participation.³⁸ Candidate emergence is a strong indicator of individual level beliefs in government responsiveness; many publicly financed candidates remark, “I ran because public financing gave me the chance to hold office and not be beholden to the special interests that got me there.” They contend that they are better able to listen to citizens, as opposed to large contributors.³⁹ Candidate emergence and voter turnout are well suited for a study of public financing’s effects. Public financing increases potential candidates’ efficacy and fundraising ability, spurring them to run for office. Because publicly financed candidates do not use traditional fundraising methods, they may improve government responsiveness and reduce the perception of unequal access, and thus increase the efficacy of other citizens. This increased efficacy, in turn, may result in higher voter turnout.

I have a number of hypotheses based on the literature surrounding voter turnout, candidate emergence, and public financing.

³⁸ Abramson, Paul, and John Aldrich. “The Decline of Electoral Participation in America.” *The American Political Science Review*. Vol. 76 No. 3. Sept 1982. Austin, Erik, et al. “Electoral Participation in the United States, 1968-86.” *Legislative Studies Quarterly*. Vol 16, No. 1. Feb. 1991. Patterson, Samuel, and Gregory Caldeira. “Getting out the Vote: Participation in Gubernatorial Elections.” *American Political Science Review*. Vol 77, No 3. Sept. 1983.

³⁹ “Campaign Finance Reform: Early Experiences of Two States that Offer Full Public Campaign Financing for Political Candidates.” United States General Accounting Office. GAO-03-453. May 2003.

- I expect public financing programs to exert small, but positive effects on political participation. Public financing programs should have a stronger influence on candidate emergence than voter turnout rates because the grants provide a direct personal incentive to run for office.

- States with more widely used programs should see greater effects on levels of political participation. Poorly designed or implemented programs offer few real benefits to candidates who choose to participate, and thus I expect that few will. Controlling for program effectiveness prevents underfunded or poorly designed programs from skewing the results.

- Programs that apply to legislative races, in addition to gubernatorial races, should have a greater effect on candidate emergence and voter turnout because they cover more races. The additional political opportunities should generate more efficacy.

- Participatory political cultures are unnecessary for the passage of public financing programs. My analysis of elections both before and after public financing takes effect will help establish causality because I can compare political participation levels in states with public financing programs before they passed the laws. I expect to find that they are not significantly higher.

To test these hypotheses, I constructed a data set of 1,050 elections from 1964 to 2004 and forty variables containing information on public financing programs, voter turnout, candidate emergence, and a number of controls on a year-by-year and state-by-state basis (data sources are listed in the appendix).

I coded all fifty states in every year for whether they have public financing programs in effect, and further discriminate between governor-only partial funding systems, governor-only full funding systems, statewide-candidates partial funding

systems, all-candidates partial funding systems, and all-candidates full funding systems to test whether more inclusive and complete programs have stronger effects on participation. Before performing any of my analysis, I first ruled out particular states and years when operating public financing systems were not used.⁴⁰ A collection of functioning public financing systems is left for analysis so that unused programs will not skew their effects on participation. Table 1 offers a description of the various types of public financing programs and the states that use them.

Table 1: Types of Public Financing Programs

Type of Program	Partial Funding-Gubernatorial Candidates	Full Funding-Gubernatorial Candidates	Partial Funding-All Statewide Candidates	Partial Funding-All Candidates	Full Funding-All Candidates	Partial Funding-Judicial Candidates
States Possessing Program	Kentucky Maryland Michigan New Jersey	Vermont	Florida Rhode Island	Hawaii Minnesota Nebraska Wisconsin	Arizona Maine	North Carolina

States in bold were completely excluded from the study.

I analyze voter turnout data for each state’s presidential and gubernatorial elections from 1964 to 2004. These data enable me to measure turnout in the elections preceding any public financing laws, so as to gauge whether states that eventually passed laws already had higher participation rates. Dummy variables are included to control for nationwide changes in turnout from year to year. I also rely on candidate emergence data from 1992 to 2004. The measure for candidate emergence is the total number of state legislative seats that lacked a Democrat or Republican candidate,

⁴⁰ While Nebraska has had a public financing system since 1994, it has never been used because it only goes into effect when an opponent crosses a spending boundary. The law is, in reality, only meant to keep campaign costs down. Because it has never been used and could never have had effects on participation, it is coded for this analysis as being nonexistent. Maryland’s partial gubernatorial financing system, which passed in 1978, was only used in 1994. As such, the 1994 election is Maryland’s only that is coded as having public financing. Kentucky’s partial gubernatorial financing program was used only in 1995 and is similarly coded. In North Carolina, 2004 was the first year that public financing took place, but only for judicial races. Because of the unique nature of the program and the 2004 election and the consistently low turnout for judge’s races, that program was also excluded.

divided by the total number of seats in the state's legislature. These uncontested races serve as strong indicators of candidate emergence because they control for potential candidates' notions that they will not win their party's nomination. They also account for incumbency effects, as many potential candidates are deterred by incumbents and wait for open seats to emerge. While it would be preferable to include third party candidates as they, too, benefit from public financing, the data are unavailable.

For both types of political participation, I employ a series of independent and control variables. Census Bureau data from 1970 to 2000 serve as controls for socioeconomic factors that influence participation. Per capita income serves as a proxy for income level. In order to control for party identification, I calculated the percentage of individuals in a state who entered the electorate after World War II, as those individuals are less likely to participate.⁴¹ To control for education I include the percentage of a state's population possessing a college degree (1985 to 2004) or the percentage of residents with high school diplomas (1964 to 1984).⁴²

I also incorporate a series of institutional variables that affect participation. Southern states have markedly lower participation rates, so I include a dummy variable to control for this phenomenon.⁴³ I also include a dummy variable to indicate whether a state has term limits in effect for its legislature. Because term limits increase the number of open seats, they should have a positive effect on

⁴¹ Conway, Margaret. *Political Participation in the United States*. CQ Press. 2000.

⁴² Different measures are used for different decades because the statistics made available in Census files changed as the median level of education shifted from high school to some college in the same time period.

⁴³ Cassell, Carol. "Change in Electoral Participation in the South." *The Journal of Politics*. Vol 41. No 3. Aug. 1979. States coded as "Southern" include: Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, Arkansas, Missouri, Oklahoma, South Carolina, North Carolina, Kentucky, Tennessee, Virginia, West Virginia, and Maryland.

candidate emergence.⁴⁴ Finally, I control participatory political cultures by including a measure of each state's political opportunity structure. Political opportunity structure is measured by the number of electoral units in a state, which is the total number of state, county, and local elected positions, divided by the state's congressional delegation size to account for population differences. A state with more elected positions per capita is likely to devote more resources to government and politics, bringing a greater percentage of the population into the process in the meantime. In addition, because both voter turnout and candidate emergence are strong measures of participation, I use each as independent variables to further control for participatory cultures. In other words, my second model controls for voter turnout when attempting to predict candidate emergence, and vice versa. If states with public financing have higher turnout rates, for example, even after controlling for political opportunity structure and the number of uncontested races, it suggests that public financing increases political participation regardless of political culture.

Results: Effects of Public Financing Programs on Political Participation

The results of the multiple regression analyses strongly support the idea that public financing programs have a positive impact on voter turnout, raising it generally from one to three percent. Moreover, they have a very strong effect on candidate emergence; states with public financing programs have roughly 10 percent fewer uncontested state legislature races. The effects are as strong as the effects of

⁴⁴ Levine, Martin, and Mark Hyde. "Incumbency and the Theory of Political Ambition: A Rationale-Choice Model." *The Journal of Politics*. Vol 39, No. 4. Nov 1977. Maisel, L. Sandy and Walter J. Stone. "Determinants of Candidate Emergence in U.S. House Elections: An Exploratory Study." *Legislative Studies Quarterly*. Vol 22, No 1. Feb 1997. 79-96. States with term limits in effect: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Maine, Michigan, Missouri, Ohio, Oklahoma, and South Dakota.

active term limits, even after controlling for participatory political cultures. In fact, neither the positive effects of public financing on voter turnout nor candidate emergence are mitigated by multiple controls for participatory political cultures. The effects of these programs, as I will show, are quite independent of the state's preexisting political culture.

Voter Turnout

Overall and at the aggregate level, public financing programs have a positive effect on voter turnout. Table 2, model 1 presents the coefficients and standard errors of a linear regression analysis predicting voter turnout from 1964 to 2004, controlling for population age, income, educational attainment, Southern geography, political opportunity structure, and the availability of public financing.

Another independent variable can be introduced to account for participatory cultures: the percentage of uncontested state legislature races. States with participatory cultures should have fewer uncontested races because in a culture that emphasizes and values political participation, citizens should be more willing to run for office. Data on uncontested races is only available from 1992 to 2004, limiting the sample to 350 elections. Model 2's results, identical to the first but introducing an independent variable for uncontested state legislative races, only strengthens the effects of public financing on turnout, despite the smaller sample size. In substantive terms, from 1964 to 2004, states with any operating public financing program generally saw a 1.3 percent increase in voter turnout ($p=.086$); after controlling for uncontested elections, the effect of public financing rose to 2.6 percent ($p=.010$). It may be that the regression shows such a large difference between Model 1 and

Model because a much higher percentage of cases are coded as having public financing programs in the smaller sample. Both models are quite effective, predicting nearly three-quarters of the variation in turnout from year to year.

Table 2: Effects of All Public Financing Programs on Turnout

	Model 1 B (S.E.)	Model 2 B (S.E.)
(Constant)	45.03 (3.12)	43.5 (4.31)
Population Entering Electorate Pre-WWII	.21 (.06)***	.01 (.19)
Per Capita Personal Income	.00 (.00)	.00 (.00)**
Educational Attainment	.19 (.04)***	.05 (.12)
Southern State	-6.76 (.59)***	-4.39 (1.01)***
Political Opportunity	.011 (.00)***	.016 (.00)***
Public Financing Available	1.28 (.74)*	2.56 (.98)***
Uncontested Races	-	-.04 (.02)**

Chronological effects controlled by dummy variables not shown.
 Model 1 based on data from 1964 to 2004; N = 1,050. R-square = .73.
 Model 2 based on data from 1992 to 2004; N = 350. R-square = .74.
 Levels of significance: *p < .10, **p < .05, ***p < .01

Table 3 demonstrates that when public financing programs are divided into different categories according to size and scope, programs that apply to more candidates have stronger effects. Programs that applied to governor races only failed to predict voter turnout. Programs that applied to every candidate in the state had strong and significant effects on turnout- but only in Model 2, which controls for candidate emergence (See Table 3).

Table 3: Effects of Public Financing for Any Statewide Candidate

	Model 2
(Constant)	55.40 (3.62)***
Population Entering Electorate Pre-WWII	-.03 (.21)
Educational Attainment	.03 (.13)
Southern State	-4.58 (1.01)***
Per Capita Personal Income	.00 (.00)**
Political Opportunity	.02 (.00)***
Uncontested Races	-.06 (.02)***
Partial Financing- Statewide Candidates	4.03 (1.95)**

Chronological effects controlled by dummy variables not shown.
For all years from 1992 to 2004; N = 350. R-square = .74.
Levels of significance: *p < .10, **p < .05, ***p < .01

The 4 percent increase in voter turnout attributed to partial financing is larger than the findings of any other regressions. While this is contrary to my hypotheses, it may be that because statewide office races receive more media coverage, their opportunity to take public financing is more widely reported and known by voters because it is unique to those races.⁴⁵

The effects of programs providing partial funding to all candidates are much more clear and stable. Table 4, which presents the results of regression analyses that measure partial funding to all candidates, indicates that states with partial financing programs for all candidates had 2.9 percent higher turnout than other states.

⁴⁵ It may also be due to unique conditions in Florida and Rhode Island. Their turnout rates were quite volatile when they passed public financing: Florida's turnout went from 83 percent of the national average in the three elections preceding public financing to 91 percent in the first three after its passage, while Rhode Island dropped from 117 percent of the national average to 105 percent after passing public financing.

Table 4: Effects of Partial Public Financing for Any Candidate

	Model 1 B (S.E.)	Model 2 B (S.E.)
(Constant)	44.71 (3.11)	52.33 (3.34)
Population Entering Electorate Pre-WWII	.22 (.06)***	.16 (.18)
Educational Attainment	.19 (.04)***	.08 (.12)
Southern State	-6.71 (.59)***	-4.43 (1.01)***
Per Capita Personal Income	.00 (.00)	.00 (.00)*
Political Opportunity	.01 (.00)***	.01 (.00)***
Uncontested Races	-	-.05 (.02)**
Partial Financing- All Candidates	2.86 (1.01)***	2.88 (1.3)**

Chronological effects controlled by dummy variables not shown.
 Model 1 based on data from 1964 to 2004; N = 1,050. R-square = .73.
 Model 2 based on data from 1992 to 2004; N = 350. R-square = .74.
 Levels of significance: *p < .10, **p < .05, ***p < .01

Full financing programs that apply to all candidates, however, did not achieve statistical significance in either model. This is likely because only six turnout figures could have been affected by such programs- elections in Maine and Arizona from 2000 to 2004. In addition, Arizona is an unusually non-participatory state (this will be discussed later in the chapter); because Arizona composes half of the sample, this has a strong effect.

These findings support the hypothesis that public financing, in general, has a small but positive effect on voter turnout. The hypothesis that programs that apply to more candidates, and that give full funds, would have a larger effect, however, is only partly supported by the results. The effects of full financing programs were weak, but just six elections have had such programs, and three were in Arizona, a state with low participation in general.

Candidate Emergence

In 1999, Kentucky held a unique gubernatorial election; for the first time since 1800, state law allowed an incumbent governor to run for reelection in consecutive terms. The Democratic governor was very popular- in fact, neither of the two Republicans who ran against him were viewed as serious candidates.⁴⁶ As Campbell County Clerk Jack Snodgrass said, “There isn't anybody running against [Governor] Patton that has credibility with the voters.” With a split and weakened top ticket, Republicans failed to nominate candidates for attorney general, secretary of state, auditor, treasurer, and agriculture commissioner. With so few contested races, just 20 percent of Kentuckians turned out, and that was only after heavy campaigning from Patton so that he could claim a stronger mandate. This story serves to illustrate the importance of candidate emergence for levels of political participation. Not only is the decision to run for office a form of participation itself, but it also greatly affects voter turnout.

Based on a sample of 350 cases from 1992 to 2004, the effects of public financing on candidate emergence are, as expected, much stronger than their effects on voter turnout. In addition to the controls used for voter turnout, the regression equations also control for active term limit laws for legislators, as term limited legislators mean more open seats. Table 5 presents the results of a regression analysis predicting candidate emergence.

⁴⁶ Crowley, Cynthia. “Historic Election Draws Little Interest.” *The Cincinnati Enquirer*. 10/26/99. Accessed at http://www.enquirer.com/editions/1999/10/26/loc_historic_election.html on 2/20/05.

The Model 2 equations in Table 5 account for the fact that states that place a high value on political participation should have higher rates of candidate emergence, and thus control for it.

When measuring only those states with partial funding programs that apply to state legislative candidates, the results are strengthened to equal the effects of term limits. These results are also shown in Table 5.

Table 5: Effects of Public Financing Programs on Candidate Emergence

	Effects of Any Public Financing Program		Effects of Partial Financing For All Candidates	
	Model 1 B (S.E)	Model 2 B (S.E)	Model 1 B (S.E)	Model 2 B (S.E)
(Constant)	24.37 (8.47)	36.78 (12.26)	27.30 (8.38)	40.43 (12.01)
Population Entering Electorate Pre-WWII	1.18 (.50)**	1.19 (.51)**	.78 (.47)*	.79 (.48)*
Per Capita Personal Income	.00 (.00)**	.00 (.00)**	-.00 (.00)**	.00 (.00)**
Educational Attainment	.57 (.31)*	.63 (.33)*	.47 (.31)	.54 (.33)*
Southern State	16.16 (2.33)***	15.97 (2.60)***	16.33 (2.31)***	16.03 (2.59)***
Political Opportunity	-.02 (.01)***	-.22 (.01)**	-.02 (.01)***	-.01 (.01)
Term Limits	-10.14 (2.74)***	-10.09 (2.81)	-12.33 (2.74)***	-12.18 (7.20)*
Turnout	-	-.32 (.16)**	-	-.32 (.16)**
Public Financing Available	-8.19 (2.53)***	-7.77 (2.61)***	-12.01 (3.50)***	-11.19 (3.59)***

Based on data from 1992 to 2004. N = 350. R-squares are .35 for Model 1, .38 for Model 2.

Levels of significance: *p < .10, **p < .05, ***p < .01

While full financing programs failed to predict emergence (results not shown), this too may be attributed to Arizona's non-participatory nature. Yet the programs still exerted effects on emergence. By looking at election years individually instead of

pooling them, we are able to parse out the positive effects of the young programs on candidate emergence.

From 1992 to 1998, Maine and Arizona averaged 5.7 percent more uncontested state legislature races each year than the rest of the nation. In 2000, the first year their full financing programs were in effect, that number rose to 8.1 percent from 7.3 percent. Yet the initial years of the programs were marked by legal challenges to the laws and skepticism by candidates. In 2002, once the programs had proven to be legal and reasonably effective, Maine and Arizona had 1.4 percent *fewer* uncontested state legislative seats than the rest of the nation. That number stayed below average in 2004. While the numbers are small, they do support the notion that public financing can increase candidate emergence and decrease the number of uncontested races.

It is possible, in fact, to illustrate the relationship between participation levels on public financing programs and uncontested races. Participation rates in partial public financing programs for all candidates in Hawaii (1994 to 2002), Minnesota (1990 to 2002), and Wisconsin (1978 to 2002) provided independent variables for a regression determining the percentage of uncontested races in each state each year. Controlling for political opportunity structure, the regression showed that for every 1 percent increase in candidate participation, states saw a 0.54 percent decrease in uncontested races. (p=.00) This finding reveals a strong correlation between public financing and more frequently contested elections. Public financing brings greater debate into the political realm.

Participatory Cultures and Public Financing: A Connection?

One can draw a conclusion as to whether public financing had a stronger influence than a participatory political culture by studying political opportunity structure scores. The average political opportunity structure score, which is equal to the total number of elected offices in the state divided by the state's congressional delegation size, is 201. Because the highest scoring state (North Dakota) leads second place by nearly 300 points, it is clearly an outlier and we can calculate the effect on the second-highest scoring state, Kansas. Kansas voter turnout increased by 5 percent over the national average due to the state's participatory culture. This is 3.7 percent larger than the effect of public financing laws shown in Table 5. Thus, a participatory culture *can* have a stronger impact on turnout than public financing.

Yet there is more support for the notion that the participatory effects of public financing are due to the laws, rather than the state's political culture. The average political opportunity structure of states with public financing programs that were included in the study is just 142, 60 points below average. Including states with financing programs that were excluded from the study, the average rises just to 161, still 39 points below average. A difference of means test shows that the difference is statistically insignificant ($p=.30$), but this evidence certainly does not support the idea that public financing systems are more likely to be established in precursory participatory political cultures.

Nor does a regression equation that divides states with public financing programs, even those that were excluded from the study, from states without financing programs and measured differences in turnout from 1964 to 1974. The data

presented in Table 6 reveals that states with participatory cultures did not have higher turnout rates even before public financing laws were passed.

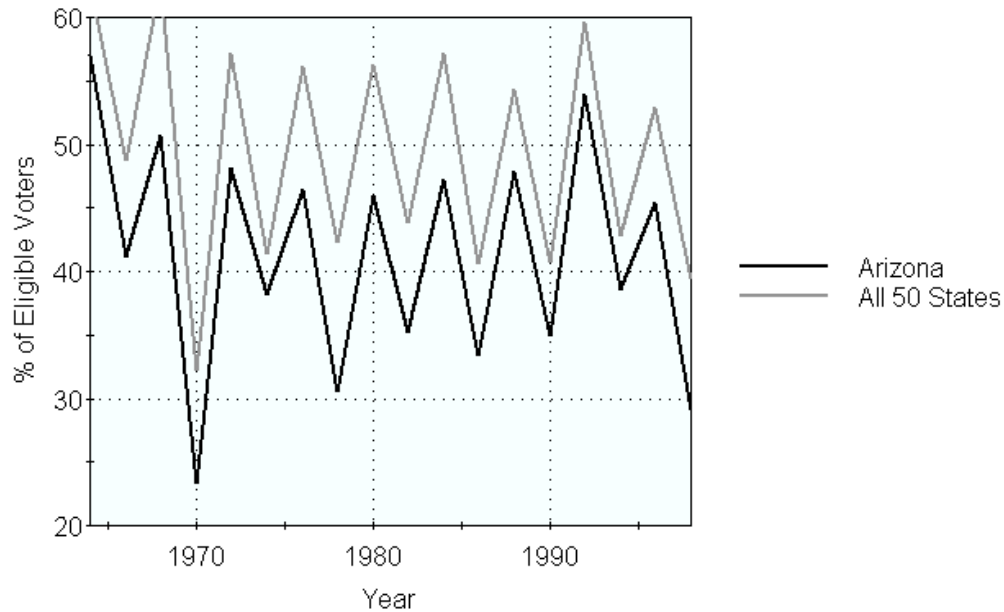
Table 6: Turnout in States with Public Financing- Before Public Financing was Enacted

	B, (S.E.)
(Constant)	52.13 (4.70)
States that Have Public Financing Now	-.084 (.94)
Population Entering Electorate Pre-WWII	.30 (.10)***
Per Capita Personal Income	.00 (.00)
Educational Attainment	.00 (.00)
Southern State	-11.92 (1.56)***
Political Opportunity	.01 (.00)***

In all states and all elections from 1964 to 1974. N = 300. R-square = .79.
 Levels of significance: *p < .10, **p < .05, ***p < .01

The idea that public financing systems depend on participatory cultures can also be refuted on a case basis. Arizona and Maine have the nation’s largest public financing systems, yet Arizona’s political opportunity structure is 140 points below average, ranking 41st in the nation. In addition, the following graph illustrates that Arizona’s voter turnout falls consistently well below national average.

Voter Turnout



The primary analysis of the effects of public financing on participation, controlling for participatory cultures via political opportunity structure, turnout, and candidate emergence, suggests that public financing and participatory cultures have no relationship. This secondary round of analysis also supports the thesis that higher turnout in states with public financing is due to those laws, themselves, rather than to differences in participation habits. Thus, not only do public financing programs improve participation both in terms of voter turnout and candidate emergence, but also they appear to do so regardless of a state's political culture.

Thus, regardless of political culture, public financing may increase voter turnout by around 3 percent and candidate emergence by around 10 percent. It is likely these public financing laws affect participation via efficacy. Other strong effectors of political participation include age, socioeconomic status, party

attachment, and partisanship. Obviously, public financing has no effect on age or socioeconomic status. And, as public financing may even somewhat loosen the attachment of candidates to parties by making them less reliant on them for fundraising and support, it does not seem plausible that public financing would develop or strengthen an individual's attachment to a party.

Mobilization may also help explain why public financing increases voter turnout. The results show that public financing usually results in a 10 percent drop in the number of uncontested state legislature races. Because state legislature districts are relatively small political units, this increase in candidates improves the odds that an individual will have personal connections to a race. In an uncontested race, there are half as many candidates that an individual could have an attachment to, either personally or through acquaintances. In addition, an uncontested race removes the incentive for activists whose party has no candidate to attempt to mobilize citizens for that race. As such, higher candidate emergence can result in increased mobilization efforts, via personal connections or activists, and thus increase voter turnout.

Even so, mobilization is not wholly distinct from efficacy. One of the most common and, in fact, the most effective mobilization technique is to attempt to enhance the efficacy of voters by saying the race will be close and their vote will make a difference.⁴⁷ Public financing, therefore, may have positive effects on efficacy both directly and indirectly.

Overall, these results can perhaps be seen as vindication of so many public financing advocates- Teddy Roosevelt, the APSA, and countless others who never

⁴⁷ Gerber, Alan S. and Donald P. Green. "Does Canvassing Increase Voter Turnout?" Proc. Natl. Acad. Sci. USA 96. 1999.

received attention for their work- who were unable to see the policy put into action. Public financing may not be miracle solution that some advocates claim it to be, but these results suggest it has positive impacts on political participation, and thus bolsters democratic legitimacy.

Chapter Four: Conclusions

I began this thesis with a story of a friend who was so convinced of his own lack of influence that he refused to vote in 2004. There are undoubtedly many others like him- ordinary American citizens so wary of connections between power, influence, and political outcomes that they feel stripped of their own power as individual citizens of our democracy. This thesis sought to determine whether public financing levels the playing field of political access and renews ordinary citizens' faith in their own political efficacy.

The results suggest that public financing can help do just that. After controlling for socioeconomic status, Southern geography, political opportunity structure, and uncontested races, the results indicate that public financing raises turnout by 2.6 percent; partial financing programs that apply to all candidates are somewhat more effective. Public financing raises voter turnout perhaps by increasing efficacy directly: breaking down traditional methods of political fundraising and distributing political influence more equitably. Moreover, perhaps growth in candidate emergence brings greater mobilization, which results in higher turnout. The effect on candidate emergence is much more pronounced; public financing states that give partial funds to all candidates have 11 percent fewer uncontested races. Clearly, public financing provides potential candidates with more incentive to run for office by alleviating their fundraising burdens. Whether via increasing efficacy, mobilization, or a combination of both, public financing is good for political participation.

Remarkably, the results of my analysis are independent of a state's political culture. From 1964 to 1974, states that later passed public financing laws did not

differ in turnout rates from those that have never passed such laws, disputing the idea that public financing states were predisposed to high participation rates. The effects of public financing on participation, therefore, seem to be due to the laws themselves.

Although these results speak to potential effects of public financing, the study leaves open several questions for additional study. The first point of contention is individual versus aggregate level data. Collecting individual-level data on efficacy and participation in all 50 states for a comparable study of the effects of public financing would be a monumental task, but certainly one worthy of undertaking. It may be leading to ask individuals directly whether public financing would make them more likely to vote, but questions built around that point dealing simply with efficacy, access, and participation could greatly illuminate their individual-level relationships.

Future research may also want to concentrate on the fact that voter turnout in a general election is not the ultimate measure of political participation. Although voter turnout and candidate emergence work well as baseline measures, participation has many faces: voting, running for office, volunteering, fundraising, letter writing, canvassing, protesting, and debating, to name a few. There are also primary elections, which I do not address. Other studies could attempt to measure public financing's influences on other forms of participation. For example, perhaps citizens are more inspired to volunteer their time for publicly financed candidates because they have a greater sense of ownership of the campaign. One could compare the number of volunteers and hours worked on campaigns that are publicly financed to those that are not. Or it may be that public financing results in crowded primary fields, dramatically increasing primary turnout via increased press coverage,

mobilization, and efficacy. One could replace the turnout figures used in this study with primary turnout figures and determine whether participation in the primary cycles has increased.

Another issue for future study, raised by the GAO report, is whether citizens are even aware of public financing programs. Sixty percent of Maine residents and 37 percent of Arizona residents knew the program existed. If citizens are not aware of the programs, then their efficacy cannot be directly increased and the programs, themselves, will not increase voter turnout. If the rise in efficacy is indirect, however, as a result of stronger mobilization due to an increase in candidates, then perhaps citizens do not need to be aware of the laws to be affected by them. Researching or directly polling and surveying citizen awareness of programs in various states would shed light on this question. If there is great variation in awareness from state to state, it could also delineate the most effective means of public awareness building, showing less-aware states to way to build the reputation of their programs.

Another requirement for further study could simply be the passage of time. As Maine and Arizona's programs are still young, it is hard to measure their effects on participation. With time, an increase in the sample size of elections held with full financing in place (in those states and perhaps others as well) should make it easier to measure their effects. Waiting ten years and repeating this study would do much to clarify its findings.

Many policy implications that follow from this study, however, are relevant today. The results certainly provide support for public financing advocates both in terms of increasing voter turnout and candidate emergence. Most campaigns currently aim to implement full financing programs, like Maine's or Arizona's, yet the results of this study reveal smaller effects for those programs. Arizona's

candidate emergence has risen, but remains below national average; voter turnout has not risen dramatically. The effects of these programs may become clearer given more time. At the same time, this study has only addressed general election participation rates; it may be that participation has risen more sharply in primary elections, which would provide anecdotal evidence for advocates.

But public financing is not the only possible solution to disrupt disproportionate political influence. One particularly radical proposal is to institute the use of a “donor booth,” in which contributors would make anonymous donations to a centralized campaign fund, which would then distribute the funds to candidates as directed by contributors.⁴⁸ By taking the idea of the secret ballot, and applying it to political campaign contributions to make them anonymous, the donor booth greatly curtails disproportionate influence because no party can prove its role in helping candidates get elected. On the downside, if a way around the system is discovered, there will be no contributor disclosure to show it, potentially resulting in a silent and swift flood of corruption.

More mainstream means of disrupting disproportionate influence include tighter restrictions on PAC contribution limits, and ending the “bundling” practice that allows such groups to surpass their contribution limits by sending contributions from other sources. One downside would be that such a practice is particularly beneficial to minority candidates and women, who receive bundled contributions from PACs that aim to increase the presence of women (Emily’s List, for example) and minorities (Black America’s PAC) in political office. Without bundling, these candidates, who often have limited access to traditional fundraising circles, may be

⁴⁸ Ayres, Ian and Bulow, Jeremy I., “The Donation Booth: Mandating Donor Anonymity To Disrupt the Market for Political Influence.” September 1997. <http://ssrn.com/abstract=60331>

less successful. A particularly important area for the immediate future will be regulating outside, “independent” organizations, such as 527s, that commit massive amounts of resources to issue-based campaigns. No major proposals have come forward in this area, except regulating them in the same manner as other political committees.⁴⁹

Activists and advocates more concerned with increasing participation have options outside of public financing as well. As Maisel and Stone note, free television time and postage for candidates would entice more people to run for office by alleviating their fundraising burdens. On the other hand, term limits are just as effective as public financing at increasing candidate emergence, and require no infrastructure, institutionalization, or funding, making them simpler to enact and easier to maintain. Term limits may be an excellent starting point to increasing candidate emergence, although it would do little to disrupt patterns of disproportionate influence except perhaps by eventually requiring the removal of corrupted officials. States attempting to enact them, of course, will still face the difficulty of getting representatives to vote against their personal interest. Term limits, while simple and free, still have a number of downsides that may make public financing a more attractive route for reform. Governance may suffer when newcomers with no experience navigating bureaucracies replace well-liked, experienced politicians- potentially disallowing the people to choose their most preferred candidate. In addition, there is some evidence that term limits may

⁴⁹ Edsall, Thomas B. “In Boost for Democrats, FEC Rejects Proposed Limits on Small Donors.” Washington Post. Accessed 3/19/05 at <http://www.washingtonpost.com/ac2/wp-dyn/A24033-2004May13>

negatively impact the number of women holding office, particularly if efforts to recruit more women to run for office are not strengthened.⁵⁰

There are many other proposals in either election or campaign finance reform circles that may increase political participation. Participation increases could also level out political influence by making politicians more accountable to the public because the public is more involved, perhaps bringing more scrutiny upon government. Changing voter registration laws, particularly to accommodate same-day registration, seems to be effective in increasing turnout.⁵¹ Oregon has also had impressive successes with a complete switch to vote-by-mail, in which every eligible citizen receives a ballot via U.S. mail to mark and return: turnout has increased by 15 percent while saving millions of dollars in Election Day expenses.⁵²

There seems to be no shortage of energy or thought put into ways to decrease disproportionate political access and increase participation. Such campaigns have indeed been waged since the birth of democratic government, and clearly they continue today with great strength. This study continues in that tradition; it suggests that public financing increases participation by increasing efficacy via a combination of direct and indirect effects. The most important question remaining, however, is why proven policies to increase democratic legitimacy have been implemented by so few states, let alone the federal government. Democratic government is slow moving, yes, but such essential improvements in governance as increasing participation and equity of access should not be so glacial. That question, it seems, is best asked not in an academic work to readers, but in streets and statehouses to representatives.

⁵⁰ Jenkins, Krista and Susan J Carroll. Term Limits and the Representation of Women. American Political Science Association Newsletter. Accessed 4/7/05 at <http://www.apsanet.org/~lss/Newsletter/jan03/Jenkins.html>

⁵¹ Polsby, Nelson and Aaron Wildavsky. 2004. *Presidential Elections*. Lanham: Rowan and Littlefield.

⁵² Vote-By-Mail. Accessed 3/16/05 at <http://www.fairvote.org/turnout/mail.htm>

Data Appendix

All variables used in statistical analyses for this work are listed here along with their range, mean, and standard deviation. Explanations of their meanings and sources are also included.

Variable	Range	Mean	Standard Deviation	Coding	Source (if applicable)
Year	1964-2004	1984	12.12	Represents election year for single year analyses.	-
Year (for each election 1964 – 2004)	0, 1	.05	.21	Dummy variable used to control for temporal differences in dependent participation variables in multi-year analyses.	-
Turnout	17.3 – 80.2	50.81	11.94	Percentage of eligible voters who voted.	Presidential Years: Rusk, Jerrold G. <u>A Statistical History of the American Electorate</u> . 2001. CQ Press. Off-Years: <u>The Book of the States</u> . Council of State Governments. Volumes 1966 – 2004.
Any Public Financing Available	0, 1	.08	.28	The state has public financing in effect for that year’s election.	National Conference of State Legislatures, Various Secretaries of State
Partial Financing Available - Gubernatorial Candidates	0, 1	.02	.15	The state has partial public financing for gubernatorial candidates in effect for that year’s election.	National Conference of State Legislatures, Various Secretaries of State
Full Financing Available- Gubernatorial Candidates	0, 1	.001	.04	The state has full public financing for gubernatorial candidates in effect for that year’s election.	National Conference of State Legislatures
Partial Financing Available- Statewide Candidates	0, 1	.01	.12	The state has partial public financing for statewide candidates in effect for that year’s election.	National Conference of State Legislatures, Various Secretaries of State
Partial Financing Available- All Candidates	0, 1	.04	.20	The state has partial public financing for all candidates in effect for that year’s election.	National Conference of State Legislatures
Full Financing Available- All Candidates	0, 1	.01	.08	The state has full public financing for all candidates in effect for that year’s election.	National Conference of State Legislatures
States Eventually Enacting Public	0, 1	.30	.49	From 1964 to 1974, selects states that would later pass public financing	National Conference of State Legislatures

Financing Laws				laws to judge political culture.	
Age	3.8 – 52.6	23.55	12.53	Proportion of state population born before 1930.	U.S. Census Data Statistical Abstract Files: http://www.census.gov/prod/wwww/abs/statab.html
Income	1,200-38,449	12,755	8,880	Statewide per capita income in real dollars.	U.S. Census Data Statistical Abstract Files: http://www.census.gov/prod/wwww/abs/statab.html
Education (1964 – 1984)	21 – 80.2	59.27	11.09	Percentage of state residents with at least a high school diploma.	U.S. Census Data Statistical Abstract Files: http://www.census.gov/prod/wwww/abs/statab.html
Education (1985-2004)	11.1-37.6	23.18	5.16	Percentage of state population possessing at least a bachelor's degree.	U.S. Census Data Statistical Abstract Files: http://www.census.gov/prod/wwww/abs/statab.html
South	0, 1	.32	.47	Whether the state is a Southern state.	-
Political Opportunity Structure	5 – 919.67	201.26	175.7	Number of elected offices in the state, divided by its federal congressional delegation size.	U.S. Census Bureau Data.
Term Limits	0, 1	.04	.19	Whether a state has term limits in effect.	National Conference of State Legislatures
Uncontested Races	0 – 76	35.97	18.37	The percentage of state legislative seats that went uncontested.	<i>Ballot Access News</i> via Richard Winger, Editor
Public Financing Usage	0-95.7	47.14	31.94	The percentage of candidates who accepted public financing in Hawaii from 1994 to 2002, Minnesota from 1990 to 2002, and Wisconsin from 1978 to 2002.	Wisconsin Campaign Finance Project at University of Wisconsin- Madison