Campaign Spending and Electoral Outcomes: 1977 Kentucky House and 1978 U.S. House and Senate Elections

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CAMPAIGN SPENDING AND ELECTORAL OUTCOMES:
1977 KENTUCKY HOUSE AND 1978 U.S.
HOUSE AND SENATE ELECTIONS

A Thesis
Presented to
the Faculty of the Department of Government
Western Kentucky University
Bowling Green, Kentucky

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
Philip Henry Jos
July 1980
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CAMPAIGN SPENDING AND ELECTORAL OUTCOMES:
1977 KENTUCKY HOUSE AND 1978 U.S. HOUSE AND SENATE ELECTIONS

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Dean of the Graduate College
ACKNOWLEDGEMENTS

I am deeply indebted to Dr. John Parker, thesis director, for his help, advice, and support. I would also like to thank Dr. J. J. Sloan, Dr. Thomas W. Madron, and Dr. Luther F. Carter for their assistance. Carolyn Marks, Janice Cottengim, Paul Martin, and the entire staff of the Academic Computing and Research Services Center patiently offered their help, for which I am most grateful. In addition, I thank Patty McDowell for her work in typing the manuscript. Finally, I would like to express my appreciation to all those friends and acquaintances who were concerned enough to ask about my progress on this project and understanding enough to endure my responses.
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Philip Henry Jos July 1980 44 pages

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This research examined the relationship between campaign spending and electoral success in 1977 Kentucky House races and 1978 U.S. House and Senate races. The results indicated that the winning candidate's percentage of campaign expenditures has a significant effect on the candidate's vote percentage. This effect is greater in U.S. House races than in U.S. Senate races. In Kentucky House races, the effect of spending on electoral success was only significant in open seat races. Regression results confirmed the importance of challenger spending in congressional races and indicated that the effect of challenger expenditures on votes is much greater than the effect of incumbent expenditures. Efforts to use challenger expenditures to predict incumbent expenditures were only partially successful. Finally, regression analysis designed to link constituency characteristics to the effectiveness of campaign spending was unsuccessful.
CHAPTER I

INTRODUCTION

As the American political apparatus gears up for its first national election of the new decade, it seems appropriate to take another look at the role of money in the electoral process. It was in the decade of the seventies that apprehension over the importance of campaign spending to electoral success became widespread enough to trigger a formal institutional response. The passage of the 1974 Campaign Spending Law and subsequent debate regarding public financing of congressional elections ultimately represent efforts to prevent the further erosion of a democratic selection process and, perhaps more importantly, to prevent the erosion of public trust and confidence in that process and the leadership it produces.

This study is an effort to contribute to a growing body of literature dealing with campaign spending in American politics. It is hoped that this study will help clarify money's role in the political process.

I. Literature Review

The Costs of Democracy, by Alexander Heard, represents one of the first comprehensive discussions of money in American politics. Heard's work includes an analysis of the
sources of campaign funds, how they are raised and the importance of money in elections. His commentary is directed at questioning the long believed political myth that expenditures are a reliable index of the outcome of elections, a generalization that remains convincing only as long as Republicans outspend and outpoll Democrats. Rejecting the notion of voters as cattle, being prodded by crafty, free-spending public relations men, Heard was skeptical of the importance of money to electoral success. He concluded that "the effect of money in politics is probably more certain in determining who the candidates will be than in determining the outcome of elections."¹ Notwithstanding his skepticism, Heard began asking the questions which were to serve as points of departure for researchers probing the link between campaign spending and electoral outcomes.

In the twenty years since Heard's work, an increased reliance upon costly mass media as a means of communicating with voters and a weakening of party loyalties has become evident. These developments would seem to argue that expenditures play a more important role in determining the outcome of legislative elections than Heard earlier suggested. A supposition that such a link exists is especially convincing in the case of challenger-incumbent races, where the incumbent's campaign advantages magnify the importance of challenger campaign spending. An incumbent legislator has

greater access to virtually every type resource necessary for electoral success. Incumbents enjoy more opportunities to make themselves visible and, of course, can build a positive record of service, an opportunity not available to the challenger. Incumbents also have various governmental resources at their disposal. David Leuthold writes:

The federal government subsidizes the campaigns of incumbents but not of challengers. The government contributes congressional salaries during the campaign, salaries of field representatives who are serving as campaign managers, franking privileges which allow congressmen to poll the constituency or send thinly veiled campaign literature at limited cost, extensive research facilities, such as the Library of Congress, free office space (which may obviate the need for renting a campaign headquarters) and a secretarial staff.²

A number of studies have discovered a positive relationship between campaign spending and electoral success in legislative contests. A 1976 study found that while incumbent expenditures had little effect on the incumbent's victory margin, challenger expenditures did have a significant impact.³ The researchers examined 1972 and 1974 elections for the California State Assembly and Congressional Delegation, and the 1972 U.S. House elections. Incumbent expenditures, challenger expenditures, and the challenger's party registration were included in a multiple regression equation designed to predict the incumbent's victory margin in


California races. The results indicated that while incumbent's expenditures had little impact on incumbent's victory margin, both challenger's expenditures and party strength did. Similar results were obtained in analyzing 1972 House races (although no measure of party strength was included in this analysis). The authors explain this finding by noting that while incumbents enjoy numerous opportunities to make points with voters, the actual campaign represents the challenger's only opportunity to make an impression on the electorate.

This finding was substantiated by the research of Gary Jacobson, whose efforts constitute some of the more exhaustive empirical research in this field. Jacobson examined 1972 and 1974 U.S. House and Senate elections with a focus on challenger-incumbent races. Using a regression equation, Jacobson included the challenger's percentage of the two-party vote as the dependent variable. Challenger campaign expenditures in U.S. House elections, and incumbent campaign expenditures (each in thousands of dollars) were entered as independent variables, as was the challenger's party strength. The party strength variable was measured by the percentage of the vote won by the challenger's party in the last election for that seat. The results not only indicate that challenger spending has the greatest impact on the outcome of elections, but also that a weak negative effect of

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incumbent spending on the challenger's vote is found when challenger spending is controlled. Jacobson infers that incumbents are able to expand their financial resources in response to a serious challenge, as represented by the challenger's spending. This "reactive spending," he notes, either does them little good or at best does not match the benefits challengers derive from an equivalent increase. In a similar investigation of 1974 Senate elections, substituting expenditure per vote for dollar amounts, Jacobson's findings parallel his findings based upon the U.S. House.

Certainly one important variable in evaluating the role of campaign spending is broadcast expenditures. As mentioned earlier, voter awareness is crucial for a challenger who confronts an incumbent with much wider name recognition. The mass media has become a primary method of increasing voter awareness of a candidate.

A study by Dawson and Zinser directly confronts this aspect of campaign spending and its explanatory power. The researchers performed regression analysis with the winner's share of the vote as the dependent variable and the winner's share of broadcast expenditures as the independent variable for 1970 U.S. House and Senate elections. Their results show that while the winner's share of broadcast expenditures

5Ibid., p. 472.

has a significantly positive effect on his margin of victory, the effect is up to five times greater in Senate races than it is in House races. An interpretation of the findings, offered by the authors, is that a minimum expenditure per capita is necessary to break established voting patterns and turnout and that this minimum level may be achieved only in senatorial campaigns. In attempting to discover the determinants of the winner's level of broadcast expenditures the researchers found that although voter turnout, ethnicity, urbanism, incumbency, and party had little effect on winner's broadcast expenditures, loser's broadcast expenditures were a significant determining factor. This coincides with the "reactive spending" phenomenon later detailed by Jacobson and by Glantz et al.

Finally, a 1976 study by Welch\textsuperscript{7} examined the effect of incumbency, expenditures, and party strength on vote percentages in congressional and state legislative races. Welch reported three significant, if tentative, findings. In construing the relationship between variables as a production function, he found evidence to indicate that the marginal product of campaign expenditures decreases beyond a certain point. That is, the Law of Diminishing Returns seems to apply to the relationship of spending to votes. Welch's analysis also points towards greater efficiency of spending in primary elections than in general elections.

Finally, his efforts to show that the efficiency of per capita expenditures increases as the size of the constituency increases were unsuccessful.

II. Statement of Objectives

This research has three primary objectives: (1) To identify the relationship between campaign spending and electoral success, (2) to more clearly define the role of campaign expenditures in challenger-incumbent races, and (3) to explore the effect of socio-economic variables on the relationship between campaign spending and electoral success in U.S. congressional elections.

Chapter Two will deal with the first objective. The analysis will closely parallel that of earlier research; data will be drawn from 1978 U.S. House and Senate contests. In addition, 1977 Kentucky House races will be included in the research. When prior research has included state legislative elections, relatively populous and competitive states, such as California, have been selected. The state of Kentucky constitutes a quite different subject in that it is predominantly rural and less politically competitive than many states.

The second objective will be addressed in Chapter Three. The task here will be to measure the impact of challenger spending on electoral performance. The analysis will seek to confirm or modify two conclusions reached in earlier research: (1) Are challenger expenditures more effective in
producing votes than incumbent expenditures? (2) Does the theory of reactive spending, as formulated by the Jacobson and Glantz studies, hold true for the legislative races under study?

The third objective will be addressed in Chapter Four. Earlier research has either ignored or dealt with socio-economic variables in a rather cursory manner. This research will use socio-economic variables, indicative of the heterogeneity or homogeneity of U.S. House districts and states, in order to assess the impact of constituency characteristics on the relationship between campaign spending and electoral outcomes. Chapter Five will summarize the results of the regression equations developed to meet each objective and offer the author's conclusions.
CHAPTER II

CAMPAIGN SPENDING AND ELECTORAL SUCCESS

The amount of money candidates spend in congressional elections has risen dramatically in recent years. In 1972, 35.5 million dollars were spent by U.S. senatorial candidates. In 1978, 35.2 million dollars were spent in just nine of thirty-three Senate races. Although the rise in spending by candidates for the U.S. House of Representatives is not quite as steep as in the Senate, the 1978 mean expenditure for House incumbents had reached over $100,000.

Politicians clearly believe in the importance of money in winning elections. This chapter will explore the extent to which candidate perceptions are accurate.

I. Methodology

A. Case Inclusion Criteria

Only contested legislative seats were included in the analysis. Contests involving two major party candidates were selected. Races involving one major party candidate and a third party candidate were omitted.

In 1977 Kentucky House races, 46 cases were selected: 34 challenger-incumbent races and 12 open seat races.\(^9\) In 1978 House of Representatives races, a total of 360 contests were included in the analysis: 309 challenger-incumbent races and 51 open seat races.\(^10\) In the U.S. Senate, a total of 33 cases were selected, 21 of which were challenger-incumbent contests and 12 of which were open seat races.\(^11\)

The decision to select only those cases involving two major party candidates and to omit third party candidates from the computation of the variables was made for several reasons. As Welch has noted, major party candidates are primarily concerned with obtaining a majority of the two-party vote.\(^12\) Receiving a majority of the total vote is irrelevant unless a third candidate threatens to run ahead of a major party candidate.\(^13\) In addition, to include the

---

\(^9\) Of the 100 House contests in 1977, 53 candidates were unopposed in the general election and 1 case was deleted because only 1 major party candidate ran. In the Kentucky Senate, there were too few contested races to warrant inclusion in the study.

\(^10\) In 1978, fifty-two U.S. House seats were uncontested. A total of twelve races did not include two major party candidates. Six races were dropped due to the unavailability of campaign expenditure information and four races were eliminated because data necessary to compute the party strength measure was not available.

\(^11\) In 1978, only one candidate for the U.S. Senate ran unopposed; campaign spending information was unavailable for one case.

\(^12\) Welch, p. 337.

\(^13\) In only two instances did a third candidate pose such a threat. Charles Evers came within 9 percent of the vote of the Democratic candidate in a Mississippi Senate race, and, in New Jersey's 14th House district the third
third party vote in the dependent variable would require the incorporation of third party expenditures and party strength as well. The inclusion of this information would substantially lessen the precision of the independent variables.

B. Measurement of the Variables

The regression equation developed to investigate the first objective employs the following variables for the U.S. House and Senate analysis:

**Winner's vote**, the dependent variable is defined as the winner's vote divided by the total two-party vote.

**Winner's party strength**, an independent variable, is defined as the winning party's total vote in three previous elections for the seat divided by the total two-party vote in these three election years.\(^{14}\)

**Winner's expenditures**, an independent variable, is defined as the total of the winner's primary and general election expenditures, divided by the total of the winner's and the loser's expenditure in both primary and general elections.

A percentage measure of party strength was chosen. Party strength expressed as a percentage has the advantage of simplicity in computation and presentation. Such a measure also allows ordering on an interval scale, subject to common statistics and tests. In order to ensure the candidate came within 6 percent of the losing Republican's vote.

\(^{14}\) With the exception of one Senate seat and five House districts, for which information was available for only two election years.
comparability and uniformity of the data, both the spending and vote variables are expressed as percentages.

In measuring winner's expenditures, primary and general election spending have been summed. This was done in the belief that benefits derived from primary spending carry over to the general election. By including primary spending the measure can deal effectively with a candidate whose general election expenditures may be quite low, but who spends significantly more than his or her opponent in gaining the party nomination. Spending in each stage of the campaign has as its goal increasing the voter awareness of the candidate.

With regard to Kentucky House races, the winner's vote and expenditures are measured in the same way as the U.S. Congress. However, due to the November 1972 redistricting in Kentucky, only two election years were available for use in constructing the party strength measure. In addition, data on votes cast in ten unopposed 1973 races was unavailable. To handle this difficulty the average vote in unopposed races was calculated from a total of ninety-nine unopposed races in 1975 and 1977 and included for these ten cases.

Previous research in this subject area has often used party registration as a means of measuring party strength. In relatively competitive states this method may be appropriate; but in Kentucky, a state dominated by the Democratic party, such a measure would severely underestimate
Republican party strength by failing to take into account voters who register as Democrats merely so that they can cast a vote in the primary. While some studies, such as Jacobson's, have used a candidate's party performance in the election year immediately preceding the year under study, the measure used here seems more reliable. By incorporating three election years (two for Kentucky races) it is capable both of controlling for an atypical election year and of establishing a fairly firm trend of party support.

C. Descriptive Statistics

Descriptive statistics for the variables in Kentucky House races are presented in Table 1. There are no surprises here. The high mean party strength percentages reflect the dominance of a single party -- usually Democratic -- in most legislative districts. A mean winner's vote of 70 percent in Kentucky legislative races indicates that many House seats are actually decided in the primary.\(^{15}\)

Descriptive statistics for U.S. House and Senate races are presented in Table 2. The mean vote and party strength percentages in House races indicate a somewhat more competitive arena. The Senate figures reflect even greater

\(^{15}\)A conclusion reinforced by the fact that 53 percent of the seats in the Kentucky House were uncontested in the general election, as compared with 11 percent in the U.S. House, and 2 percent in the U.S. Senate.
TABLE 1

DESCRIPTIVE STATISTICS: 1977 KENTUCKY HOUSE RACES

<table>
<thead>
<tr>
<th></th>
<th>Challenger-Incumbent Races</th>
<th>Open Seat Races</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>St. dev.*</td>
</tr>
<tr>
<td>Winner's vote</td>
<td>70%</td>
<td>24%</td>
</tr>
<tr>
<td>Winner's party strength</td>
<td>69</td>
<td>13</td>
</tr>
<tr>
<td>Winner's expenditure</td>
<td>64</td>
<td>22</td>
</tr>
</tbody>
</table>

SOURCE(S): Expenditure information compiled from the Kentucky Primary and General Election, 1977, Kentucky Registry of Election Finance, Jan. 1978.


*Standard deviation.

**Number of cases.
TABLE 2

DESCRIPTIVE STATISTICS: 1978 U.S. CONGRESSIONAL RACES

<table>
<thead>
<tr>
<th></th>
<th>Challenger-Incumbent Races</th>
<th>Open Seat Races</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>St. dev.</td>
</tr>
<tr>
<td>U.S. House</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winner's vote</td>
<td>66%</td>
<td>10%</td>
</tr>
<tr>
<td>Winner's party strength</td>
<td>62</td>
<td>13</td>
</tr>
<tr>
<td>Winner's expenditure</td>
<td>72</td>
<td>21</td>
</tr>
<tr>
<td>U.S. Senate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winner's vote</td>
<td>60</td>
<td>09</td>
</tr>
<tr>
<td>Winner's party strength</td>
<td>53</td>
<td>09</td>
</tr>
<tr>
<td>Winner's expenditure</td>
<td>67</td>
<td>18</td>
</tr>
</tbody>
</table>

SOURCE: Election returns and spending data compiled from The Congressional Quarterly, Sept. 29, 1979, pp. 2154-2163.
competitiveness, with the mean winner's party strength less than 50 percent in open seat races.\footnote{16}

Differences between challenger-incumbent and open seat races, while not pronounced, are predictable. At each level, with the exception of the U.S. Senate, the percentage of the vote won by the winning candidate is somewhat less in open seat races. The absence of an incumbent is likely to result in closer, more competitive races. Finally, the winner's party strength advantage is somewhat less in open seat races.

\section*{II. Regression Analysis}

Multiple regression analysis was used with winner's party strength and winner's expenditures as the independent variables and winner's vote as the dependent variable. Winner's party strength was entered first in the regression equation on the premise that the advantages due to party logically precede the possible benefits of campaign spending.

Table 3 presents the regression analysis for Kentucky races. The difference in the model's explanatory power in challenger-incumbent and open seat races is startling. One possible explanation for the model's impotence regarding challenger-incumbent races, and strength regarding open seat races, is documented by Warren L. Kostroski in "Party and Incumbency in Post-war Senate Elections: Trends, Patterns and Models," American Political Science Review 67 (December 1973):1213-34.
TABLE 3
MULTIPLE REGRESSION ANALYSIS: EFFECT OF WINNER'S EXPENDITURES AND PARTY STRENGTH ON WINNER'S VOTE PERCENTAGE. 1977 KENTUCKY HOUSE RACES

<table>
<thead>
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<th>Challenger-Incumbent Races</th>
<th>Open Seat Races</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta*</td>
<td>R^2**</td>
</tr>
<tr>
<td>Winner's party strength (%)</td>
<td>.09</td>
<td>.00</td>
</tr>
<tr>
<td>Winner's expenditures (%)</td>
<td>-.04</td>
<td>.00</td>
</tr>
</tbody>
</table>

*Beta refers to the change in winner's vote for each unit of change in the independent variable.

**R^2 is adjusted for sample size and degrees of freedom.

***Statistical significance levels of R^2 are reported at each step of the model cumulatively. NS: not statistically significant.
races, may lie with low levels of challenger spending. Ex-
penditures are of little consequence in Kentucky challenger-
incumbent races because challengers have not presented a
threat to incumbents serious enough to warrant an increased
reliance on spending as a campaign tool. Challengers only
spent an average of 34 percent of the total two-party expen-
ditures. While the percentage of total expenditures by
losing candidates in open seat races is not appreciably
higher, (37 percent), Kentucky House incumbents can evi-
dently rely on their incumbency in order to win. As the
data presented in the next chapter will indicate, challenger
expenditures have very little effect on the challenger's
vote percentage in Kentucky legislative races.

An explanation for the apparent independence of party
strength and vote percentage in Kentucky challenger-
incumbent races poses a more difficult task. As noted ear-
lier, Kentucky is less competitive than many states. The
predominance of Democrats makes many general elections a
mere formality, with the real choice being made in the Demo-
cratic primary. Furthermore, almost all of the districts
not dominated by the Democratic party are controlled in an
equally impressive manner by the Republicans. The fact that
the party strength measure is based on only two election
years suggests an overlap between party strength and the
advantage of incumbency.

Results of the U.S. House analysis, shown in Table 4,
are comparable with the findings of previous research.
TABLE 4

MULTIPLE REGRESSION ANALYSIS: EFFECT OF WINNER'S EXPENDITURES AND PARTY STRENGTH ON WINNER'S VOTE PERCENTAGE. 1978 U.S. CONGRESSIONAL RACES

<table>
<thead>
<tr>
<th></th>
<th>Challenger-Incumbent Races</th>
<th></th>
<th></th>
<th>Open Seat Races</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>R²</td>
<td>Sig.</td>
<td>N</td>
<td>Beta</td>
<td>R²</td>
</tr>
<tr>
<td>U.S. House</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winner's party strength (%)</td>
<td>.36</td>
<td>.24</td>
<td>.001</td>
<td>309</td>
<td>.12</td>
<td>.04</td>
</tr>
<tr>
<td>Winner's expenditure (%)</td>
<td>.46</td>
<td>.43</td>
<td>.001</td>
<td>309</td>
<td>.51</td>
<td>.28</td>
</tr>
<tr>
<td>U.S. Senate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winner's party strength (%)</td>
<td>.36</td>
<td>.18</td>
<td>.05</td>
<td>21</td>
<td>.09</td>
<td>.00</td>
</tr>
<tr>
<td>Winner's expenditure (%)</td>
<td>.34</td>
<td>.25</td>
<td>.05</td>
<td>21</td>
<td>.38</td>
<td>.00</td>
</tr>
</tbody>
</table>
In both the Senate and the House campaign spending is linked to electoral success. In each chamber the impact of expenditures is of similar magnitude in both open seat and challenger-incumbent races. However, races involving an incumbent differ from open contests in the significance of party support. In both the House and the Senate, party accounts for less variance in open seat races than in challenger-incumbent contests. Furthermore, the party strength beta weights for challenger-incumbent races may be artificially high. In those cases where the winning candidate is an incumbent, the party strength measure (based on three previous election years) will reflect the congressmen's incumbency advantage as well as his party support. Indeed, there has been evidence to suggest that incumbency has begun to serve as an alternate voting cue to party.\(^{17}\)

What is most surprising about these results is that in each type contest expenditures have a stronger impact on votes in the U.S. House than in the Senate. Previous research has fairly consistently found that campaign spending exerts more influence on electoral success in the Senate than in the House.\(^{18}\) One interpretation of this finding is related to the increasing vulnerability of Senate incumbents as compared with House incumbents in recent years.

\(^{17}\)Ibid., p. 1233.

\(^{18}\)See Dawson and Zinser, p. 400; Jacobson, p. 478.
In 1970, 88 percent of Senate incumbents were re-elected, compared with only 60 percent in 1978. Meanwhile, the percentage of House incumbents re-elected has remained very high, (95 percent in 1970, 93 percent in 1978). A number of institutional factors may be at work here. Six year terms may make it easier for senators to drift out of touch with the electorate. Indeed, the mobility of the electorate often confronts an incumbent senator with a rather large bloc of new voters each term. But clearly the most critical factor accounting for the vulnerability of senators is that they are much more visible than their counterparts in the House. House members are usually not subjected to the degree of scrutiny experienced by senators. Senators are forced to deal with controversial issues more often than House members. Their higher profile makes senators much better targets for voters and interest-groups in a time of increasing cynicism regarding government in general. By contrast, a great deal of a House member's time and effort is devoted to constituent service which, if effectively handled, may overshadow controversial aspects of his policy views and decisions.

Ironically, the purpose of campaign spending is to increase voter awareness, in effect, to realize the high profile which seems to be working against Senate incumbents.

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20 Ibid.
This irony may clarify the role of money in congressional elections. It seems reasonable to suggest that rather than "buying" elections, congressmen "buy" voter awareness, which can work in either a positive or a negative way. In the case of incumbent senators, current political tides make a high profile potentially detrimental to their reelection. In the House achieving a high level of recognition more often results in the obvious advantages, without the disadvantages recently incurred by senators.

This interpretation is not made less convincing by the low explanatory power of expenditures in Senate open seat races. While incumbents may have a somewhat higher profile than nonincumbents, almost any senatorial candidate will be subjected to more scrutiny than a House candidate. More importantly, most Senate candidates are persons of considerable reputation before they make the bid for a Senate seat. A look at the twenty-four senatorial candidates for open seats in 1978 reveals four ex-representatives, three ex-governors, one ex-basketball star, several millionaires, Elizabeth Taylor's husband, and Alf Landon's daughter. Senatorial candidates rarely rise from what one would call obscurity.

In summary, it is possible that a certain minimum level of expenditures is necessary before spending can be effective in producing votes. And where such levels of spending are attained, the increase in a candidate's voter awareness can either work to his or her benefit or
detriment. This suggests that money often operates as a necessary but not sufficient condition for electoral success.

The next task is to examine challenger-incumbent races more closely. An effort will be made to assess the relative importance of challenger and incumbent spending. Also, the degree to which incumbent spending is determined by challenger spending will be investigated.
CHAPTER III

SPENDING IN CHALLENGER-INCUMBENT RACES

While no single factor can offset all the various advantages of incumbency, money would seem to be the most critical. Media exposure directed towards improving name recognition, professional staff people, campaign literature, and a variety of organizational tasks all require funds. Thus, campaign spending is being posited as a major variable in explaining the outcome of challenger-incumbent legislative contests.

I. Methodology: Measurement of the Variables

The regression equations developed to investigate the role of challenger campaign spending employ the following variables:

Challenger's vote, acts as the dependent variable and is defined as the challenger's vote divided by the total two-party vote.

Challenger's party strength, an independent variable, is defined as the challenging party's total vote in three previous election years for the seat, divided by the total two-party vote in these three election years. 21

21 As in Chapter Two, two previous election years are used for Kentucky House races.
Challenger's expenditures, an independent variable, is defined as the total of the challenger's primary and general election expenditures, divided by the total of the challenger's and the incumbent's expenditures in both primary and general elections.

Challenger's dollar expenditures, is defined as the challenger's total expenditures, both in the primary and the general election.

Incumbent's dollar expenditures, is defined as the total expenditures of the incumbent, both in the primary and general elections.

II. Regression Analysis

A. Challenger Expenditures and Electoral Outcomes

Multiple regression analysis was used with challenger's party strength and expenditures as the independent variables and the challenger's vote as the dependent variable. Again, party strength was entered first in the equation. Table 5 presents the findings for Kentucky House and U.S. House and Senate races.

Neither party strength or expenditures seem to affect the electoral performance of challengers in Kentucky House races. The number of uncontested races included in the party strength measure may account for the lack of explanatory power the variable affords in Kentucky challenger-incumbent races. Of sixty-eight races used to construct the party strength measure, nineteen were uncontested. This
TABLE 5

MULTIPLE REGRESSION ANALYSIS: EFFECT OF CHALLENGER'S EXPENDITURES AND PARTY STRENGTH ON CHALLENGER'S VOTE PERCENTAGE. 1977 KENTUCKY HOUSE AND 1978 U.S. CONGRESSIONAL RACES

<table>
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<td>34</td>
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<td>Challenger's expenditures (%)</td>
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<td>.00</td>
<td>NS</td>
<td>34</td>
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<td><strong>U.S. House</strong></td>
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<tr>
<td>Challenger's party strength (%)</td>
<td>.32</td>
<td>.21</td>
<td>.001</td>
<td>309</td>
</tr>
<tr>
<td>Challenger's expenditures (%)</td>
<td>.51</td>
<td>.45</td>
<td>.001</td>
<td>309</td>
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<tr>
<td><strong>U.S. Senate</strong></td>
<td></td>
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<tr>
<td>Challenger's party strength (%)</td>
<td>.30</td>
<td>.14</td>
<td>NS</td>
<td>21</td>
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<td>Challenger's expenditures (%)</td>
<td>.57</td>
<td>.44</td>
<td>.01</td>
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flaw may be seriously distorting the measure as an estimate of party strength.

One would expect that campaign spending would be less important in a smaller more homogeneous area such as Kentucky, a supposition suggested by very low spending levels in the state. In such areas, electoral success depends less on spending than on personal contacts and the candidate's reputation within a small group of political activists. Initial efforts to verify the idea that constituency size affects the importance of spending have proven unsuccessful.22 But the fact that so little money is spent on Kentucky House campaigns, even as compared to other state legislatures,23 suggests that money is of limited importance in these races. Whether or not the effectiveness of campaign spending varies in any systematic way with the nature of the constituency is a topic to be addressed in Chapter Four.

The regression results for U.S. House and Senate races amply demonstrate the importance of campaign spending to a challenger's hopes of unseating an incumbent legislator. Indeed, in Senate races, focusing on challenger expenditures and electoral success has caused a significant rise in the explanatory power of campaign spending. A comparison of the

22Welch, p. 352.

23In 1977 the mean expenditure for Kentucky House incumbents was just $3,937, for challengers $2,614. Glantz, Abramowitz, and Burkhart report that in California Assembly races the mean incumbent expenditure was $68,000, $32,000 for challengers (p. 1035).
regression results in Table 4 and those presented in Table 5 indicates a 24 percent rise in the explanatory power of campaign spending in Senate elections. This rise suggests what Jacobson and others have demonstrated in earlier research, that the effect of challenger spending in producing votes is much greater than is the case with incumbent expenditures.24

B. Determinants of Challenger's Vote Percentage: Challenger Versus Incumbent Expenditures

A regression equation was developed to test the relative contributions of challenger and incumbent expenditures to the challenger's vote. The equation includes challenger and incumbent expenditures (in dollars) as independent variables and challenger vote percentage as the dependent variable. The variables were entered in a stepwise fashion.

The results of the regression are presented in Table 6. Although the beta weight for challenger expenditures is higher than that for incumbent expenditures in Kentucky House races, both variables remain extremely low in explanatory power. However, U.S. House and Senate results clearly demonstrate the greater importance of challenger spending.

As Glantz, Abramowitz, and Burkhart have noted, the reason for the greater impact of challenger spending on election outcomes may be that the campaign is the challenger's only opportunity to make an impression on the

24See Glantz et al., p. 1037; Jacobson, p. 470.
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<td>Incumbent's expenditures ($)</td>
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<td><strong>U.S. House</strong></td>
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<tr>
<td>Incumbent's expenditures ($)</td>
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<td>.001</td>
<td>309</td>
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<td><strong>U.S. Senate</strong></td>
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TABLE 6
REGRESSION ANALYSIS: EFFECT OF CHALLENGER'S EXPENDITURES AND INCUMBENT'S EXPENDITURES ON CHALLENGER'S VOTE PERCENTAGE. 1977 KENTUCKY HOUSE AND 1978 U.S. CONGRESSIONAL RACES
electorate. An incumbent, however, enters the campaign with an established reputation that he can do little to change in a short campaign. Thus, spending is more critical for challengers than for incumbents.25

To complete the analysis of challenger-incumbent races, it is necessary to explore the determinants of spending as well as the consequences of such spending.

C. Reactive Spending

The line of reasoning developed by earlier researchers asserts that the key determinant of incumbent spending is the threat posed by the challenger.26 This threat, of course, is most easily approximated by the degree of challenger spending.

A simple regression equation was constructed to test the reactive spending theory. Challenger expenditures (in dollars) was used as an independent variable designed to predict incumbent expenditures (also measured in dollars).

The results of the regression are reported in Table 7. The data does not strongly support the contention that challenger expenditures are the primary determinant of incumbent expenditures. Only in the U.S. House do challenger expenditures have a significant impact on incumbent spending. In the Kentucky House, of course, such a finding is not surprising based on earlier analysis which failed to

25Glantz et al., p. 1038.
26Jacobson, p. 472.
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<td>expenditures ($)</td>
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<td><strong>U.S. House</strong></td>
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<tr>
<td>Challenger's</td>
<td>0.60</td>
<td>0.35</td>
<td>0.001</td>
<td>309</td>
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<tr>
<td>expenditures ($)</td>
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<td></td>
<td></td>
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<tr>
<td><strong>U.S. Senate</strong></td>
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<tr>
<td>Challenger's</td>
<td>0.34</td>
<td>0.07</td>
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<tr>
<td>expenditures ($)</td>
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confirm spending as a variable critical to electoral success.

It is quite likely that incumbents do spend in reaction to the perceived threat of the challenger. But the seriousness of this threat may be judged by incumbents on the basis of criteria other than the challenger's spending. The degree of "insider" support may provide the critical indication of a challenger's strength, especially in state legislative races. Other cues used to judge a challenger's strength will include his party affiliation, interest group endorsements, and perhaps most importantly his standing in public opinion polls. Public opinion polls have become an extremely important political device, especially at the national level. In reading media accounts of public policy decisions one is more likely to be informed of the decision's effect on the polls than any substantive explanation of the decision.
CHAPTER IV

CAMPAIGN SPENDING AND THE NATURE OF THE CONSTITUENCY

Very few studies have dealt with environmental variables in the study of campaign spending. In an effort to discover what determines the level of broadcast expenditures, a 1970 study found no significant relationship between ethnicity, turnout, or urbanism and the broadcast expenditures of the winner.27 Some years later, Welch found no significant relationship between constituency size and the effectiveness of campaign spending in congressional elections.28 The task to be undertaken here, however, poses a quite different research question.

This research will examine several socio-economic variables in an attempt to show that the effectiveness of campaign money varies with the character, not necessarily the size, of the constituency. Rather than assuming that socio-economic variables affect spending levels, which in turn affect electoral success, this research hypothesizes that the effectiveness of campaign expenditures varies with

27 Dawson and Zinser, p. 401.
28 Welch, p. 340.
the nature of the constituency in a manner unrelated to the volume of campaign spending.

It is expected that in more heterogeneous constituencies money is a more effective campaign tool than in relatively homogeneous districts or states. In the former type constituency, one expects a large number of political interests and competitors. A multiplicity of issues, many of which have no direct impact on the average voter, confronts both candidates and voters. Such an environment seems especially vulnerable to mass media appeals and "image" oriented campaigns.

By contrast, a less diverse, predominantly rural, constituency constitutes a political milieu in which alternative issue stands are more clearly identified and more likely to serve as meaningful voting cues. In addition, organizational tasks require funds. Such funds would take on added importance in a heterogeneous constituency, where appeals must be made to a wide variety of political factions.

I. Methodology
A. Case Inclusion Criteria

Both U.S. House and Senate races are examined in the analysis to follow. However, the distinction between challenger-incumbent and open seat races will be abandoned for the present purpose. If the nature of the constituency does alter the effectiveness of campaign spending, there is
nothing to suggest that such an effect is related to the presence or absence of an incumbent.

B. Measurement of the Variables

The following variables, introduced in Chapter Two will be adopted for this analysis: winner's vote, winner's party strength, and winner's expenditures. Recall that each of these variables are percentage measures.

The socio-economic variables selected to measure heterogeneity are:

Urbanism, defined as the number of persons living in urban areas, divided by the total population of the district or state.

Minorities, defined as the number of persons in minority racial groups, divided by the total population of the district or state.

Ethnicity, defined as the total number of foreign born persons or natives of foreign born or mixed parentage, divided by the total population of the district or state.

C. Statistical Design

Two multiple regression equations were developed in order to test the hypothesis. The first equation repeats the analysis presented in Chapter Two, except that all 1978 U.S. congressional elections are used, regardless of the presence of an incumbent. The dependent variable is winner's vote. The independent variables are winner's party strength and winner's expenditures.

The second regression equation was developed in two steps. First, a regression analysis was performed with
winner's expenditures as the dependent variable and urbanism, minorities and ethnicity as the independent variables. This regression produced the residuals of winner's expenditures. These data are the original spending figures adjusted for the impact of the three socio-economic variables. This new expenditure variable therefore constitutes a measure of candidate spending purged of the effect of the selected environmental variables.

A comparison of these regression equations will allow a direct examination of the influence of the nature of the constituency on the effectiveness of campaign spending.

II. Regression Analysis

Table 8 presents the results of the original regression model. Table 9 reports the results of the regression using the residuals of winner's expenditures.

The results of the regression analysis show no support for the hypothesis that heterogeneity is related to the effectiveness of campaign spending. Clearly, removal of the impact of socio-economic indicators from campaign spending has no appreciably changed the model's explanatory power. Beta weights for each independent variable are almost identical.

To conclude, this research has found that the effectiveness of campaign spending does not vary with urbanization or racial and ethnic composition. A conclusion that environmental factors have nothing whatever to do with the role of
### Table 8

**Multiple Regression Analysis: Effect of Winner's Expenditures and Winner's Party Strength on Winner's Vote Percentage. 1978 U.S. Congressional Races**

<table>
<thead>
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<th>Beta</th>
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<td><strong>U.S. House</strong></td>
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<td></td>
</tr>
<tr>
<td>Winner's party strength (%)</td>
<td>.29</td>
<td>.19</td>
<td>.001</td>
<td>360</td>
</tr>
<tr>
<td>Winner's expenditures (%)</td>
<td>.51</td>
<td>.42</td>
<td>.001</td>
<td>360</td>
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<tr>
<td><strong>U.S. Senate</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Winner's party strength (%)</td>
<td>.21</td>
<td>.09</td>
<td>NS</td>
<td>33</td>
</tr>
<tr>
<td>Winner's expenditures (%)</td>
<td>.35</td>
<td>.17</td>
<td>.05</td>
<td>33</td>
</tr>
</tbody>
</table>

37
### TABLE 9

MULTIPLE REGRESSION ANALYSIS: EFFECT OF RESIDUALS OF WINNER'S EXPENDITURES* AND WINNER'S PARTY STRENGTH ON WINNER'S VOTE PERCENTAGE. 1976 U.S. CONGRESSIONAL RACES

<table>
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<td><strong>U.S. House</strong></td>
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<tr>
<td>Winner's party strength (%)</td>
<td>.32</td>
<td>.19</td>
<td>.001</td>
<td>360</td>
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<tr>
<td>Winner's expenditures (% residuals)</td>
<td>.48</td>
<td>.40</td>
<td>.001</td>
<td>360</td>
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<td><strong>U.S. Senate</strong></td>
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<tr>
<td>Winner's party strength (%)</td>
<td>.22</td>
<td>.09</td>
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<tr>
<td>Winner's expenditures (% residuals)</td>
<td>.39</td>
<td>.20</td>
<td>.05</td>
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</tbody>
</table>


*Residuals were calculated using urbanism, minorities, and ethnicity.
money in congressional elections is not justified, by this or any other research. To suggest that money is equally effective in all political and social environments seems unreasonable. However, it may be that situational variables which affect money's effectiveness are either impossible to measure or are the sources of intervening variables related to campaign spending and electoral success.
CHAPTER V
SUMMARY AND CONCLUSIONS

Previous research has examined a number of issues related to the role of campaign expenditures in congressional elections. This research has allowed an investigation of several hypotheses, many of which were formulated in earlier research, with a single data base.

The findings pursuant to the first objective of the research indicate that the expenditure percentage of winning candidates in U.S. congressional elections has a significant effect on his or her vote percentage. The greater impact of spending in U.S. House elections represents a departure from previous findings which have noted that the success of senatorial candidates depends on expenditures to a greater extent than is the case for House members. One interpretation of these results is drawn from the increasing vulnerability of Senate incumbents. This vulnerability is best explained by the higher profile of senators as compared with representatives. It appears that this higher profile, which is--after all--the goal of campaign spending, is often working against Senate incumbents. Thus, one can infer that rather than "buying" elections, congressmen "buy" voter awareness, which may be detrimental as well as beneficial to a campaign. In
Kentucky House races, the data indicates that while money is a significant determiner of electoral success in open seat races, its impact is negligible in challenger-incumbent contests. Incumbent Kentucky House members can evidently rely on their incumbency advantage in order to win. Analysis undertaken to accomplish the second objective of the research confirmed this conclusion.

An examination of the effect of challenger expenditures and party strength on the challenger's vote percentage showed that a challenger's expenditures in 1977 Kentucky House races had no significant effect on his or her vote percentage. However, this same analysis, applied to 1978 U.S. House and Senate races, confirmed the importance of challenger spending. Focusing on the impact of challenger spending, rather than on the expenditures of the winning candidate, caused the explanatory power of money in Senate elections to rise significantly. This rise suggested the greater importance of challenger spending as opposed to incumbent spending. Regression analysis using both challenger and incumbent expenditures confirmed the greater importance of the former in producing votes. In addition, the analysis undertaken in Chapter Three attempted to confirm the hypothesis that the key determinant of the incumbent's expenditures is the threat posed by the challenger. Simple regression analysis showed that, except in U.S. House races, challenger expenditures are a poor predictor of incumbent expenditures. The data suggests that while the theory of reactive spending may be
operable, challenger expenditures are not the sole criterion used by incumbents to assess the seriousness of the opposition's challenge.

In fulfillment of the third objective, the research examined the effect of socio-economic variables on the relationship between campaign spending and electoral success. It was hypothesized that in relatively diverse, heterogeneous constituencies, money is a more effective campaign tool than in more homogeneous districts or states. Regression analysis using the residuals of the expenditure variable, purged of the effect of urbanism, minorities, and ethnicity, failed to confirm the hypothesis.

Any political system which adheres to the form, if not the substance, of democratic government must concern itself with the process of selecting leadership. Specification of the conditions under which money becomes more or less significant in determining electoral outcomes is an important task for American political scientists and one that must be pursued further.
SELECTED BIBLIOGRAPHY


