

The Stagnation of Congressional Elections

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For the overwhelming majority of districts in 2002, there was never any real question that the election would leave the status quo intact. With a week to go, *Congressional Quarterly* rated only thirteen congressional districts as having no clear favorite (about 3 percent of the 435 districts). A total of 359 districts, about five out of every six districts, were rated as “safe,” with no real uncertainty as to who would win. The results a week later confirmed that very few House races were competitive. The election produced a net change of only five seats, and 98 percent of incumbents were reelected. This was not unusual.

Congressional elections are stagnant. Because of the near invincibility of House incumbents, only a handful of districts are truly competitive, and elections shift very few seats from one party to the other. Perhaps the most important reason why incumbents are nearly unbeatable is that they normally have much better financed campaigns than their opponents. Though campaign finance reformers had as their principal goal reducing the potentially corrupting impact of large contributions, they also made claims that the reforms would diminish the financial advantage that incumbents had and that this would help restore competition and revitalize elections. Opponents of reform made the opposite claim, claiming that BCRA was an “incumbent protection act” that would further smother competition. This chapter examines how House elections have become stagnant and what the likely effects of BCRA will be for competition and change in House elections.

ELECTORAL STAGNATION

Competition in House elections has been on the decline for several decades. Nearly thirty years ago David Mayhew wrote of the “vanishing marginals,” the decreasing number of congressional districts that were won by close vote margins and that could be considered competitive (Mayhew 1974b). In the typical election year between 1956 and 1964, about ninety-four districts were decided by a margin of fewer than 10 percentage points (55 percent to 45 percent of the vote or closer). From 1966 to 1972, the number of marginal districts dropped to about fifty-nine. Since Mayhew’s observation, competition has eroded further and is now in very short supply (Campbell and Jurek 2003, forthcoming).

One important indicator of competition is the partisan turnover of districts—the number of districts won by candidates of different parties in consecutive election years. Turnover is not essential for competition, but one would expect serious competition to result in a substantial amount of turnover. While some elections produced a great deal of turnover and others next to none, in general the amount of turnover in elections declined in the second half of the twentieth century and especially in the last few decades. As the first column in table 8.1 indicates, elections in recent years have switched fewer and fewer districts from one party to the other. The typical election in the first half of the century resulted in a shift of about 55 seats between the parties. That declined to about 38 seats between 1952 and 1974 and to only 23 seats from 1976 to 2000. Competitiveness, at least as measured by the likelihood of an election changing the partisan outcome in a district, is now less than half of what it was throughout much of the twentieth century.

The decline in competition also affected the amount of change produced by elections. Elections as instruments of popular control of the government should permit citizens to redirect the government in significant ways, but this is becom-

Table 8.1 Median Seat Turnover and Absolute Seat Swings for Elections in the Twentieth Century

<i>Elections</i>	<i>Median Seat Turnover (Gross Change)</i>	<i>Median Absolute Seat Swing (Net Change)</i>
1900–1924	53.9	31.6
1926–1950	56.1	31.0
1952–1974	38.3	20.0
1976–2000	23.1	7.5

Note: “Gross change” indicates the total number of seats electing a representative from different parties in consecutive elections (D to R or R to D). The net change is the net seat shift toward either the Democrats or the Republicans. The data have been adjusted to a constant House size of 435. Third-party seats are halved for the major parties. Because of reapportionment, the gross amount of partisan seat turnover could not be calculated for years ending in 2.

ing less the case for House elections (Campbell 2003). Elections used to shift large numbers of seats from one party to the other, signaling that voters wanted government set on a different course and providing the parties with enough support in Congress to have some real chance of moving government in a new direction. It was not uncommon in the first half of the twentieth century for the Democrats or the Republicans to register net seat swings of fifty seats or more. The parties gained or lost fifty seats or more in over a third of the twenty-five national elections for the House from 1902 to 1950 (nine of twenty-five). In stark contrast, setting aside the 1994 realigning election for the Republicans, neither party has gained or lost more than ten seats since 1984. As the right-hand column in table 8.1 indicates, the typical election in the first half of the century produced a shift of about thirty-one seats to a party. In the third quarter of the century the typical seat swing dropped to twenty seats, and in the last quarter it declined even further to only seven or eight seats. Seat changes are now only about a quarter of what they were. With fewer seats changing hands either way in our competition-poor electoral system, elections produce little change. The system is stagnant.

This is important. Competition is the lifeblood of elections. Without competition, elections become meaningless rituals. If few elections are truly competitive, and if elections overall produce little change in the composition of Congress, it is only natural that a large number of citizens would come to regard the process as unresponsive and crooked, grow cynical, and stay home on Election Day.

THE INCREASED INCUMBENCY ADVANTAGE

The immediate cause of the stagnation in House elections is the increased electoral advantage that accrues to an incumbent by virtue of incumbency (as opposed, for example, to the advantage that comes from being a representative of the majority party in the district). There is no doubt that running as an incumbent rather than as a challenger or in an open seat race typically attracts some number of votes to a candidate. Over the years a number of different methods have been used to assess how many votes incumbency is worth. While estimates have varied, there is a broad consensus that incumbency per se did not make much of a difference prior to the mid-1960s. Most studies indicate that incumbency added perhaps only a couple of percentage points of the vote to the incumbent's column (Erikson 1971; Cover and Mayhew 1981; Payne 1980; Alford and Brady 1993; Jacobson 2000b; Gelman and King 1990; Levitt and Wolfram 1997).

After the mid-1960s, the incumbency advantage became a larger factor. Again, while various methodologies produced different estimates, there is a consensus that the incumbency advantage grew significantly. Most estimates indicate that incumbency in recent decades has been worth between about 7 and 10 percent-

age points of the vote (Erikson 1971; Cover and Mayhew 1981; Payne 1980; Alford and Brady 1993; Jacobson 2000b; Gelman and King 1990; Levitt and Wolfram 1997). My own estimates, based on an examination of a causal model of the district vote in elections from 1994 to 2000, are consistent with these. I estimate that incumbency was typically worth 7.9 percent of the vote in 1994 elections, 6.9 percent in 1996, 7.6 percent in 1998, and 10.0 percent in 2000 (Campbell 2002).

The impact of incumbency quadrupled at the same time as competition and seat changes were plummeting. Districts were somehow made safer (less competitive) for incumbents and this buffered these districts from national political tides. The question is why this happened. What is the root cause of the increased incumbency advantage, the decline in district competition, and the constriction of seat swings?

THE CAUSE OF ELECTORAL STAGNATION

Several potential explanations for the increase in the incumbency advantage (and therefore electoral stagnation) have been proposed over the years. First, some have speculated that incumbents have increased their hold on their districts by manipulating the redistricting process to their advantage (Tufte 1973). In redrawing district lines after every census, there are choices to be made regarding the areas to be included or excluded from districts, and incumbents naturally attempt to have friendly areas added to their districts and areas inclined to the opposition appended to adjoining districts. Other scholars have speculated that the weakening of party identification, or party dealignment, caused voters to rely more on incumbency as a voting cue. Presumably, voters who lacked much information about the congressional candidates, their records, and their issue positions had relied on party identification to help them reach their vote choice. With their partisanship weakened, these voters gave greater weight to the low information cue of incumbency in reaching their vote decision (Burnham 1975; Cover 1977; Nelson 1978). Still others have suggested that incumbents have won by larger margins because their challengers are weaker, less appealing candidates (Levitt and Wolfram. 1997; Cox and Katz 1996). Finally, the electoral advantage of incumbency may have grown because incumbents are doing a better job in serving their constituencies, in creating a "personal vote" (Cain, Ferejohn, and Fiorina 1987). Whether through casework, or position taking on issues important to the district, or bringing home "pork" for the district, or adapting their "home style" to their constituents' sensibilities, incumbents may have used their job to secure their job (Mayhew 1974a; Fiorina 1977; Mann 1978; Campbell 1983; Herrera and Yawn 1999).

In general these explanations have fallen short of accounting for the increased incumbency advantage. There is little evidence, for example, that redistricting

has strongly increased the advantage of incumbency (Ferejohn 1977). While some incumbents have had success in having district lines drawn to their liking, others have had just the opposite experience, and some incumbents are thrown into districts to run against each other. In general, given that they were all elected in the preredistricted districts, most incumbents would probably regard redistricting as more upsetting to their reelection chances than beneficial. Moreover, it is difficult to see why redistricting would have helped incumbents after the mid-1960s and not before.

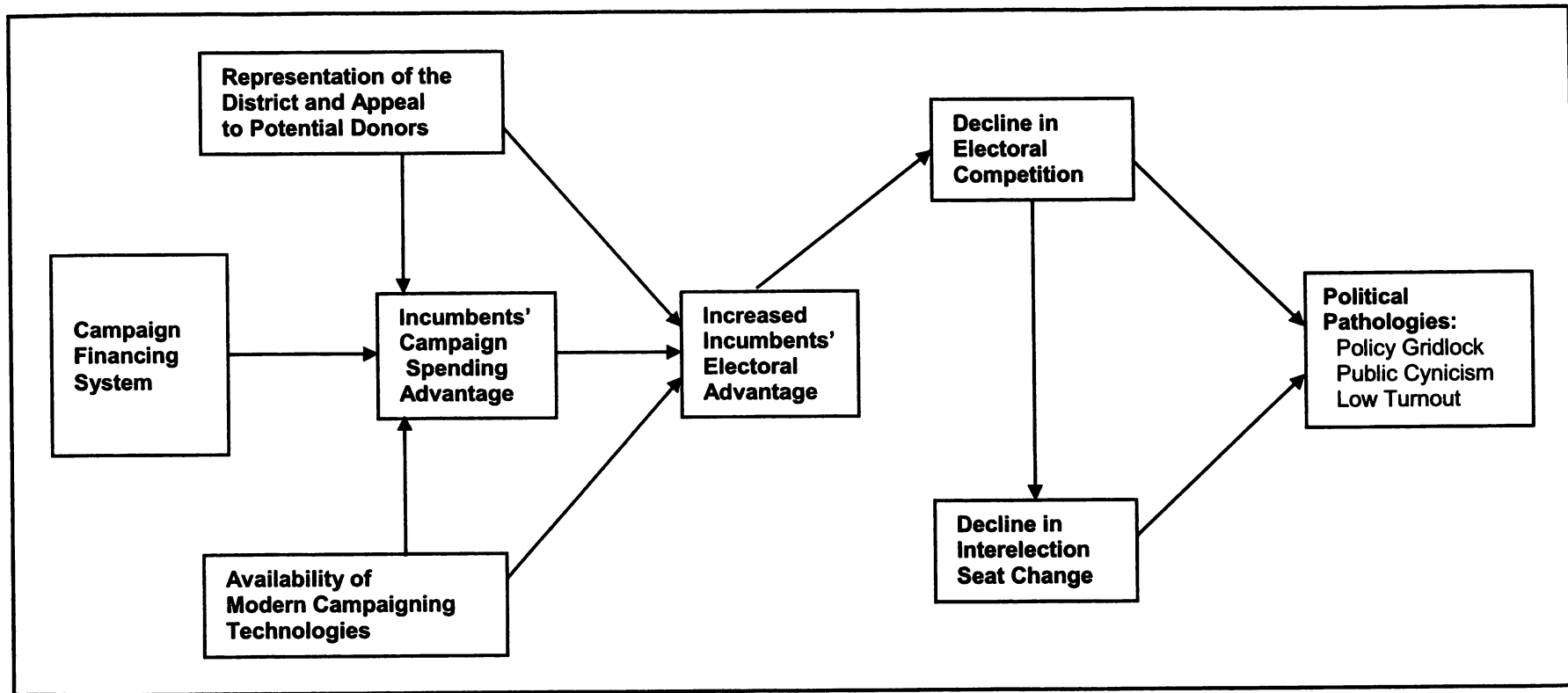
The other explanations also fail to explain the increased incumbency advantage. Although partisanship weakened slightly in the 1970s, it did not weaken very much, and it rebounded in the mid-1980s (Keith et al. 1992; Bartels 2000; Campbell 2000). If dealignment had been the basis for the growth of the incumbency advantage, the effects of incumbency should have declined after the 1980s, as partisanship rebounded, but they did not. The timing of the increase in the incumbency advantage also undercuts the challenger and constituent service explanations. It is difficult to imagine that the quality of challengers should have inexplicably dropped off in the mid-1960s or that incumbents should have become much more proficient at doing their job at that time.

A THEORY OF ELECTORAL STAGNATION

If not redistricting, dealignment, weaker challengers, or improved constituency service, what accounts for the increase in the incumbency advantage and the decline in district competitiveness and changeability?

The answer is campaign spending (Abramowitz 1991; Erikson and Palfrey 1998; Campbell 2000, 2002). Figure 8.1 depicts the effects of the campaign financing system in increasing the incumbency advantage and bringing about electoral stagnation. Starting on the left, the model claims that the laws that have governed the financing of congressional campaigns have permitted huge campaign finance disparities between candidates. The laws are not the prime moving cause of these campaign finance disparities, but they allow the supply of contributions from those served by the incumbent to meet the incumbents' demand for these resources to pay for expensive campaign technologies. Together the laws and the contributions that they permit constitute a system in which incumbents have had many times the resources of their challengers. The campaign spending advantages of incumbents have funded first-rate campaigns using all of the available modern (and expensive) campaign techniques and technologies, from mass media to mass mailings to polling to whatever the candidate and his or her advisors think will help highlight the incumbent's record and appeal to the district. This spending has typically paid off in votes and generated a substantial electoral advantage for incumbents. This, in turn, depresses competition at the district level and insulates these seats from the national political forces that had pre-

Figure 8.1 A Causal Model of Electoral Stagnation



viously generated substantial seat swings. Whether it is a good year for the Democrats or a good year for the Republicans, the party balance is pretty much what it was before the election. Combined with institutional arrangements that favor the status quo, electoral stagnation fosters gridlock and the public's reactions of cynicism, apathy, and low turnout rates.

THE CAMPAIGN SPENDING ADVANTAGE OF INCUMBENTS

There is substantial evidence for this theory of electoral stagnation. Much of the model has already been addressed. The national political pathologies of low turnout and political cynicism have been well documented elsewhere, and we have discussed the rise of the incumbency advantage and its accompanying decline in competition and electoral change. There is also no doubt that representatives do what they can to please their constituents and their potential donors outside the district and that expensive modern campaign technologies, from polling to mass media advertising, began to come into widespread use by candidates in the 1960s. The two links that remain to be established are the campaign financing advantage of incumbents over challengers (to pay for the technologies to communicate their district service to constituents) and the extent to which the incumbents' spending advantage affects their share of the district vote.

The typical incumbent is able to spend many times what his or her opponent is able to spend. Table 8.2 presents the disparity in campaign spending between incumbents and their challengers in contested House elections from 1992 to 2000. (A contested election is one with both a Democrat and a Republican candidate in the general election.) One might think that incumbents would have a significant advantage if they spent 50 percent more than their challengers, and that they would have a huge advantage if they spent twice what their challengers spent. However, in reality, the typical incumbent in every year examined spent more than five times what the challenger spent. In 1998, the typical incumbent

Table 8.2 Campaign Spending Disparities, Incumbents and Challengers in Contested House Elections, 1992–2000

<i>House Candidates</i>	1992	1994	1996	1998	2000
Incumbent	86%	84%	83%	90%	93%
Challenger	14	16	17	10	7
Ratio	6.2 : 1	5.3 : 1	4.9 : 1	8.6 : 1	12.8 : 1

Note: The number of contested House elections with incumbents running was 316 in 1992, 330 in 1994, 358 in 1996, 303 in 1998, and 336 in 2000. The percentages are for the median contested district in the election.

spent more than eight times what the challenger spent, and in 2000, almost thirteen times more.

Another way to see what incumbency means to campaign spending is to examine what a party's candidate spent before and then after he or she became an incumbent (a "sophomore surge" in campaign spending) and also what the party's candidate was able to spend in his or her last race before retiring, compared to what the party's candidate in the next election (a nonincumbent) was able to spend (a "retirement slump" in campaign spending) (Ansolabehere and Snyder 2000, 76). The immediate (though not total) effect of gaining (or losing) incumbency should be evident in a "before" and "after" comparison. Partisan and district conditions are effectively held constant in this sort of comparison.

Table 8.3 presents the sophomore surges and the retirement slumps in campaign spending for the four pairs of elections from 1992 to 2000. As the table indicates, while candidates who became incumbents generally outspent their opponents in their first victory (about 63 percent of spending), they raised their percentage of spending in their first reelection bid by an average of more than 12 percentage points (to about 76 percent of spending). Similarly, a party's retiring incumbent was able to spend substantially more than his or her party's successor in the next election. Retiring candidates spent about 79 percent of spending in their last race, compared to their party's successor candidates, who typically spent about 60 percent of spending in the open seat election.

Does the huge spending advantage of incumbents translate into votes? Absolutely. The impact of the spending advantage of incumbents on their share of the vote was estimated based on a statistical analysis of the vote for the incumbent in contested districts from 1994 to 2000. The estimated impact of incumbent spending on the vote is plotted in figure 8.2. The figure is a plot of the expected vote percentage for the incumbent (the vertical axis) at different levels of incumbent spending in the district's race (the horizontal axis). Incumbent spending is measured as the incumbent's percentage of total campaign spending by both major party candidates in the race. The relationship between spending and the vote was examined separately for all contested House elections in 1994, 1996, 1998, and 2000, and this is reflected in the four separate lines. The analysis statistically controlled for a number of other factors that might influence the incumbent's vote percentage. These included the presidential vote in the district (a measure of the district's partisanship), the incumbent's district vote in the previous election, and whether the challenger had previously held elective office (a rough measure of the challenger's quality as a candidate). (For the full analysis see Campbell 2002. See also Campbell 1996 and Jacobson 1993.)

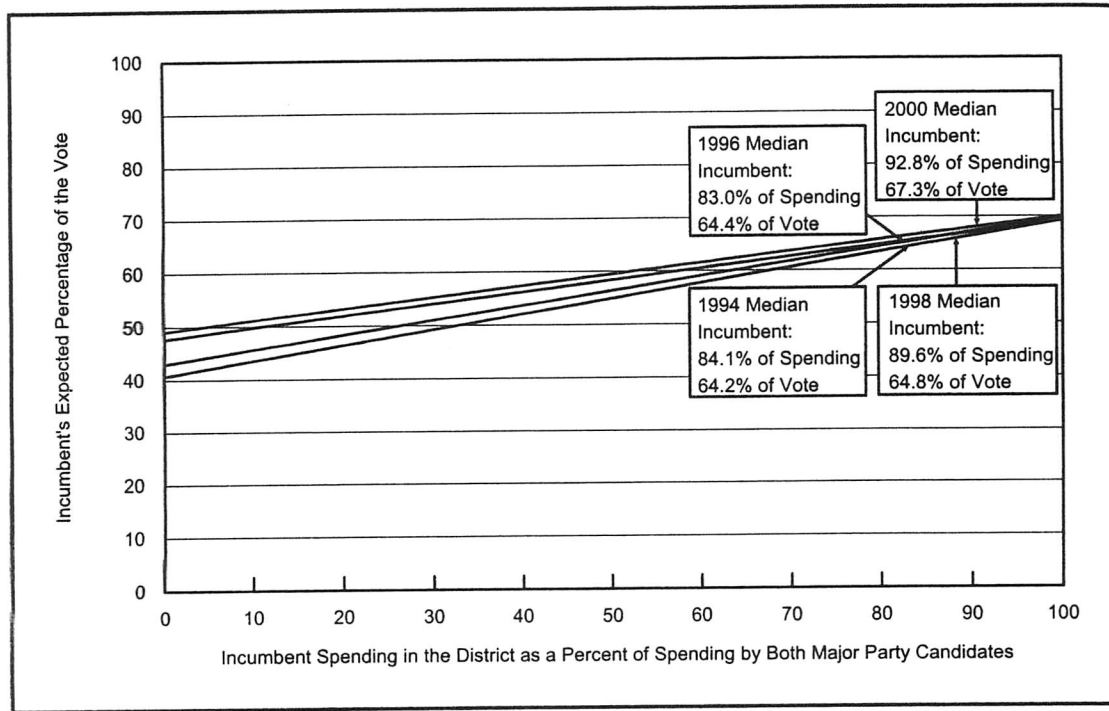
The results for the four election years examined are remarkably similar. As the percentage of spending by the incumbent increases, so does the incumbent's vote percentage. The figure indicates that the incumbent could be expected to gain about 1 percent of the vote for every additional 4 or 5 percent of spending in the district. Since this is a plot of the expected or average effects of campaign spend-

Table 8.3 The Sophomore Surge and Retirement Slump in Campaign Spending, 1994–2000

<i>Mean Percentage of Campaign Spending by a Party's Candidate</i>						
<i>Elections</i>	<i>Effect of Gaining Incumbency</i>			<i>Effect of Losing Incumbency</i>		
	<i>Nonincumbent Winners at Election 1</i>	<i>Incumbent at Election 2</i>	<i>Sophomore Surge in Spending</i>	<i>Departing Incumbent at Election 1</i>	<i>Nonincumbent of Same Party at Election 2</i>	<i>Retirement Slump in Spending</i>
1998–2000	68.8	78.7	+ 9.9	85.0	64.0	– 21.0
1996–1998	63.9	76.3	+ 12.4	76.7	61.8	– 14.9
1994–1996	56.8	70.8	+ 14.0	76.7	60.8	– 15.9
1992–1994	64.5	77.6	+ 13.1	78.4	53.7	– 24.7

Note: The percentages are of spending by either major party in the district. Only districts contested by both major parties in both election years are included. To avoid party effects, the surges and slumps were computed for each party and then averaged between the two parties.

Figure 8.2 The Effect of Campaign Spending on the Vote for the House Incumbent in Contested Districts, 1994–2000



Note: The lowest regression line at the left vertical axis is for the 1994 election. The next three, reading upward, are for 1996, 1998, and 2000. The estimated effects of campaign spending were calculated from regressions of the incumbent's percentage of the two-party vote in all contested districts with an incumbent running ($N = 330$ for 1994, 358 for 1996, 303 for 1998, and 336 for 2000). Incumbent vote percentage was regressed on four independent variables: the percentage of campaign spending in the district by the incumbent; the two-party vote percentage in the district for the presidential candidate of the incumbent's party in the current or most recent election; the two-party vote percentage for the incumbent in the previous election (with an adjustment if the incumbent was uncontested); and a candidate quality measurement for the challenger. The simulated effects in this figure are based on substituting the median values for the other independent variables in the equation and reducing the equation to the effects of campaign spending alone. Each slope is significant at $p < .01$. For further details, see Campbell 2002.

ing, we should keep in mind that some incumbents would do better than this and others would do a bit worse. Nevertheless, as the figure indicates, most incumbents are at the upper end of the spending-vote distribution. That is, campaign spending by the typical incumbent in a contested election in the 1990s amounted to anywhere from 83 to 93 percent of what was spent by the two major party candidates in the district, and these incumbents typically captured about 64 to 67 percent of the two-party district vote.

To emphasize, this was the *typical* situation. Half of incumbents dominated spending in these elections to an even greater extent. If anything, the analysis may understate how much incumbent campaign spending predetermines the election outcome. The analysis examines only contested elections. There were thirty uncontested seats in 1992, fifty-two in 1994, twenty-one in 1996, ninety-four in 1998, and sixty-four in 2000. Virtually all of the uncontested elections are cases of incumbents without challengers. These are elections in which the situa-

tion for challengers is so hopeless that the opposition party does not mount even a nominal challenge to the incumbent.

With the expected effects of incumbent spending plotted, we can make an informed guess about how elections would turn out if incumbents and challengers spent equal amounts on their elections. Tracing the lines in figure 8.2 where incumbents spent 50 percent of campaign spending in the district indicates that the typical incumbent would receive about 55 to 59 percent of the vote, a drop of 8 or 9 points from their percentage of the vote with their current spending advantage.

The impact of the incumbent's campaign spending advantage on the election is also evident in the win-loss records of incumbents in contested elections from 1992 to 2000. In the rare cases in which challengers outspent incumbents (about 5 percent of contested elections in the 1990s), incumbents won about 61 percent of the time. When incumbents outspent their challengers by less than two-to-one—and only about 15 percent of contested elections fit this description—they won about 84 percent of the time. By far the most common situation was one in which the incumbent spent more than twice what his or her challenger spent. Four out of five contested races with an incumbent running in the 1990s involved this lopsided incumbent spending advantage. Incumbents won 98.5 percent of these elections. With a three-to-one spending advantage (which characterized about two-thirds of the elections), reelection is just about an absolute “lock.”

The impact of the campaign spending advantage on the electoral fortunes of incumbents can perhaps be most graphically demonstrated by an “exception that proves the rule” case. Between 1992 and 2000 there were 1,643 contested House elections in which one of the candidates was an incumbent. In 905 of these (55 percent), the incumbent spent 84 percent or more of the total spending by the two major party candidates. These elections resulted in 904 incumbent victories and only one loss. The single exception, the exception that proves the rule, was the defeat of Democratic incumbent Dan Rostenkowski in the Fifth Congressional District of Illinois. Rostenkowski, serving in his eighteenth term, spent close to \$2.5 million on the election to a mere \$133,000 spent by his Republican opponent. The spending advantage of better than twenty-two to one for the incumbent was, however, not enough to save him from the fallout of a seventeen-count federal indictment on charges of “misuse of personal and congressional funds, extortion of gifts and cash, and obstruction of justice” (Duncan, Lawrence, and Staff 1995, 406). This only goes to show that a lopsided campaign spending advantage does not buy an election, if you are under a seventeen-count federal indictment!

While some claim that money does not buy elections (Smith 2001), there can be no doubt that at some point it does (at least if the incumbent is not on his or her way to federal prison). The typical election to the House is not one in which the incumbent spends twice or even three times what his or her opponent

spends. It could not even be compared to an arms race in which both sides ratchet up spending to astronomical levels, though this happens in the few remaining competitive districts. In the typical election to the House in recent years the incumbent spends six to twelve times what the challenger spends. This is no arms race. This is the Powell Doctrine applied to campaigns: massive and overwhelming force to crush the opposition. Incumbents are able to, and routinely do, drown out the opposition. The results are safe incumbents, very few competitive elections, very little electoral change in the composition of the House—in short, electoral stagnation. (Some might argue that this reverses causes and effects, that the candidates who raise more money are better candidates, and that money has little independent effect. This is known technically as an argument about “endogeneity.” It is addressed and answered in Erikson and Palfrey 1998 and Campbell 2002, and by the sophomore surge analysis in table 8.3.)

THE IMPACT OF CAMPAIGN FINANCE REFORM

BCRA was enacted with the promise that it would break the stranglehold of money on the political process, that it would make money less important and reduce or eliminate the corrupting influence (real or perceived) of money that has tainted the democratic process. Will it live up to this billing with respect to opening up competition to incumbents and allowing for voters, when they feel the need, to register a real vote for change?

From one standpoint, one might expect that any reform would be an improvement on the current system. Competition in House elections has so seriously eroded that it would seem that there is no place to go but up. However, from another standpoint, it would be surprising if the campaign reform that was enacted had any beneficial effect in restoring competition. After all, the reforms were written with the intention of inhibiting the corrupting effects of big contributions and were not explicitly designed to make elections more competitive. Also, campaign finance reform was intended to eliminate soft money contributions to the political parties and restrict the impact of issue advocacy shadow campaigns funded by the independent expenditures of interest groups. The problems of an enlarged incumbency advantage and electoral stagnation are the results of a severe imbalance in *hard money* contributions to the candidates and not a consequence of either the huge influx of soft money into campaigns or the intrusion of issue advocacy ads funded by the independent expenditures of interest groups. Given the tremendous imbalance between incumbents and challengers in hard money, any other source of money in elections (including soft money and independent expenditures) would be welcomed as potentially helping challengers and increasing competition. It follows that any impediment to

these alternative sources (such as BCRA) might not be helpful in revitalizing the process.

Whether intended to affect competition or not, four provisions of BCRA might have an impact on competitiveness: the elimination of soft money contributions to the political parties, the restrictions on issue advocacy ads in the weeks leading up to the election, the triggered increase in individual contribution limits for candidates facing high-spending, self-financed opponents (the "Millionaires' Amendment"), and the increased limits on hard money contributions by individuals to the candidates from \$1,000 per election to \$2,000 per election campaign.

Soft Money and Electioneering

While there is no doubt that political party soft money and nonparty expenditures on issue advocacy have grown enormously in recent election cycles, this "outside money" does not seem to have made much difference to competition levels. As we have seen, the district vote for a candidate can be quite fully explained without knowing how much soft money or independent expenditures were spent either for or against the candidate. Further, the rise in the incumbency advantage, the decline in competition, and the compression of seat change occurred well before the explosion in outside money. While it seems odd that the soft money and independent expenditure surges would not have had an effect on congressional competition (just because of their sheer magnitude), the distribution of the outside money spending may explain the absence of an effect. Both forms of outside money spending have been concentrated in the few remaining districts that are competitive rather than spread around to a larger set of races to make them competitive. This has the effect of producing a distorted and highly intense competition in a few districts (see Dwyre and Kolodny, chapter 5). As David Magleby noted in examining soft money and independent expenditures in 1998, "outside money approximately equals candidate spending in competitive districts" (Magleby 2002b, 225). However, in most districts hard money disparities secure seats for incumbents and soft money spending apparently makes little difference. Thus, since the presence of party soft money and nonparty electioneering have had little to do with the rise of the incumbency advantage or the decline in competition, there is little reason to think that the elimination of soft money and restrictions on issue advocacy campaigning would appreciably reduce the advantage of incumbency or increase competition levels.

If anything, the elimination of soft money and the restrictions on electioneering might further solidify the incumbency advantage and maintain competition at anemic levels. We know that incumbents have a huge hard money advantage. Anything that might compete with this advantage would help competition. The worst-case scenario is that soft money and issue ads reinforce the incumbency advantage. Since incumbents as a group have such a commanding control of

hard money contributions, this worst-case scenario is not much different from current circumstances. The best-case scenario would be that soft money and issue ads are spent largely in behalf of challengers and would thus partially offset the incumbents' hard money advantage. Although the data on this are limited, La Raja's analysis of soft money spending (transfers from the national to state parties) in 2000 suggests that soft money is spent much more evenly between incumbents and challengers than hard money and may even be tilted slightly in favor of challengers (La Raja 2002). There is also some evidence that a significant portion of independent expenditures fund negative issue ads (Biersack and Haskell 1999, 169; Dwyre 1999, 196) and that much of this may be directed at incumbents that have in some way displeased the interest groups financing the ads. Based on this limited evidence, we might expect that the elimination of soft money and the restrictions imposed on issue advocacy would have only slight effects on competition; but, to the extent that these reforms have any impact at all, they might further *diminish* electoral competition, not enhance it.

Self-Financing Provisions

Another component of BCRA that might affect competition is the provision allowing for increased contribution limits once a self-financed candidate's spending exceeds a specified threshold. This part of the law is examined in detail by Jennifer Steen in the next chapter. However, it should be noted here that self-financing works more to the advantage of challengers than incumbents. Incumbents are so well funded by others that they do not need to finance their own campaigns. Self-financing is thus an alternative source of campaign funds for some challengers that may offset the huge campaign financing advantage that incumbents otherwise enjoy. Any obstacle to self-financing or the effects of self-financing, such as those included in BCRA, would be to the detriment of competition in those few districts in which the challenger can afford to finance a viable campaign.

Raising Contribution Limits

The final provision of BCRA that might influence electoral competition is the increase in the limits on hard money contributions to candidates by individuals. This change could work to the challengers' advantage (and restore some competition) if those taking advantage of the liberalized limit are more evenly balanced in their contributions than the other sources of hard campaign monies (smaller contributors and PACs). On the other hand, this aspect of the reform would solidify the considerable advantage of incumbents if the big contributors are as biased in favor of incumbents as other contributors. To get an insight into the likely impact of the liberalization of the hard money contribution limits we can examine the extent to which incumbents and challengers have benefited in the

past from individuals who contributed the maximum allowable under the old law (though, as Wilcox et al. discuss in chapter 4, only a fraction of those who “maxed out” under the old limits say that they will do the same under the new limits).

Have incumbents or challengers generally benefited more from the contributions of those who have given the maximum in the past? The figures are presented in table 8.4 and are based on data provided to the Campaign Finance Institute by the Center for Responsive Politics. In examining individual contributions made in the 2000 election, it is clear that incumbents more than challengers have benefited from those who have made the maximum individual contribution. For our purposes, any contributor who gave a candidate at least \$1,000 in the 2000 House elections is considered to have made the maximum contribution. In the 336 contested districts involving an incumbent in 2000, a total of 81,165 individuals gave at least \$1,000 to a major party House candidate. Three-quarters of the candidates receiving these maxed-out contributions were incumbents (60,456 of the 81,165). The incumbent had more contributions from maxed-out contributors than the challenger in 304 (90.5 percent) of the 336 contested districts with an incumbent running.

This, in itself, is not surprising. Incumbents tend to receive more money from everyone. Even so, they fare particularly well among the big contributors. The median incumbent (in a contested election) received nearly \$170,000 from contributors who had maxed out, while the median challenger received \$6,500—a ratio of almost twenty-six to one. From a different perspective, 22.5 percent of contributions to the typical incumbent were from these \$1,000 plus contributors, while 12.8 percent of the typical challenger’s contributions (a much lower base) were from these maximum contributors. Thus, with the big contributors allowed to give even more than in the past, incumbents should be the main beneficiaries.

While liberalizing the hard money contribution limits may generally favor incumbents, there are two silver linings (of sorts) to this cloud. The first is that the increased limits cannot give incumbents much more of an advantage than they already had under the old law. In 2000, under the prereformed law, the median incumbent (in a contested race) spent 92.8 percent of what the major party candidates spent in the district. If the maxed-out contributors doubled their contributions as allowed under the new limits, the median incumbent’s proportion would only increase by three-tenths of a percentage point. Of course, most challengers are unlikely to greet this news warmly, since incumbents would continue to outspend them by almost thirteen to one. Second, there are a number of districts in which the incumbent’s percentage of spending would have dropped a bit under the higher limits. For the most part, these are districts in which the incumbent does well among the maxed-out contributors, only not quite as well as he or she does with other contributors. In the few districts that were competitive, the incumbent’s big-contributor advantage over challengers was not as lopsided. If maxed-out contributors doubled their contributions, as

Table 8.4 House Incumbents' and Challengers' Receipts from Contributors of at Least \$1,000 in the 2000 Election

<i>Type of Candidates</i>	<i>Median in All Contested Elections (N = 336)</i>		<i>Median in Marginal Elections (N = 74)</i>	
	<i>Total from \$1,000+ Contributors</i>	<i>Percent of Total Receipts from \$1,000+ Contributors</i>	<i>Total from \$1,000+ Contributors</i>	<i>Percent of Total Receipts from \$1,000+ Contributors</i>
Incumbents	\$168,229	22.5	\$340,013	25.7
Challengers	6,500	12.8	188,962	25.2

Note: Marginal elections are defined as those having two-party vote percentages within the 40 to 60 range.

allowable under the liberalized limits, the incumbents' share of district spending would rise in about 47 percent of contested districts, stay the same in about a fifth of districts, and decline in a third of districts, though usually by no more than a percentage point or two. In effect, the new limits might offer a bit of help to a stray challenger here or there.

While this analysis has focused on the percentage of district spending by the incumbent and challenger (which is what my analysis indicates is important to the vote), Gary Jacobson (1980, 1990) claims that the absolute amount of spending by the challenger is what is important. If he is correct, even though the liberalized limits provide disproportionately more resources to incumbents, the addition of resources to the challenger is more important to that campaign. Although this view offers more hope that the liberalized hard money limits will improve competition, an examination of the numbers suggests that the effect of the reform on challenger spending (and thus, competition) in most cases will be minimal. If the maximum contributors in 2000 doubled their contributions under the new limits, the median challenger would add only \$6,500 more to the \$41,000 he or she spent under the old rules. However, a small number of challengers would receive a significant boost in resources. About one in eight (39 of 336) challengers would add more than \$200,000 to his or her campaign treasury (though the incumbent opponent would add nearly half a million to his or her campaign; see the marginal contests in table 8.4). Although my analysis indicates that the *proportion* of spending is what is important to the vote—and that the *absolute* amount of spending by the challenger does not have a significant independent effect—if it did have an effect, the liberalized contribution limits would again help only a handful of challengers.

The bottom line assessment of the liberalized hard money contributions for individuals is that they will do virtually nothing to restore electoral competition in the overwhelming majority of districts. The most likely effect of liberalizing individual hard money contribution limits, instead, would be to entrench incumbents further by adding to their already considerable spending advantage.

CONCLUSION

At a November 7, 2002, meeting of the Commonwealth Club of California, in responding to a question about BCRA, campaign finance reform champion Senator John McCain said that “our reform threatens the political life of the incumbents” (McCain 2002). Although the focus of the reform was clearly directed at the issue of corruption rather than competition, McCain had made similar statements in the national media, prior to the law's passage, about BCRA being a threat to incumbency (Cable News Network 2001; Holland 2001; Abraham et al. 2001). This analysis indicates that Senator McCain's contention that BCRA poses a threat to incumbency is wrong. BCRA will probably leave incumbents

unscathed and, if anything, will further reinforce their hold on their seats. Soft money and independent expenditures that might from time to time be used to counter the hard money advantage of incumbents will be eliminated or weakened as tools. Although there are doubts about whether it will be effectual at all, to the extent that it is, the Millionaires' Amendment provision also further insulates incumbents from competition. Liberalized hard money contributions to candidates may allow challengers to collect a few more dollars, but incumbents will add many times more than that to their war chests. In short, BCRA will not solve electoral stagnation and may very well turn a bad situation worse. At the very best, it will disappoint those hopeful that reform would reduce the impact of money in our political system.

Other defenders of BCRA admit that it is unlikely to restore competition, because it was never intended to have that effect. The purpose of campaign finance reform was only to reduce the corrupting impact, real or imagined, of contributions on the process—especially large contributions. It is too early to say how successful the reform will be in keeping large contributions out of the process, though it is quite likely that much of this money will find its way to the aid of its intended beneficiaries through one route or another.

It is not too early to say, however, that the promise of campaign finance reform to reduce the corrupting impact of money in the system will not be kept. It was a crucial mistake to see concerns about the corrupting influence of the campaign finance system and the anticompetitive effects of the campaign finance system as somehow separable. The issues are joined at the heart. Campaign contributions are potentially corrupting to the political process *because* campaign spending is so important to incumbents. Campaign spending is so important to incumbents because it allows incumbents effectively to buy their elections by outspending their opponents by huge margins. If money could not secure the election's result, it would lose much of its leverage over incumbents. Moreover, competitive elections are the linchpin in a defense against corruption. The real threat of a vengeful electorate is a valuable counterweight to the temptations of corruption. The corruption issue of campaign finance is intrinsically intertwined with the competition issue. Since BCRA would appear to have failed or to have neglected the latter issue, it also risks failing on the former.