

ABSTRACT

Title of dissertation: THE EFFECTS OF CAMPAIGN CONTRIBUTIONS
ON STATE LEGISLATORS

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Tremendous increases in campaign contributions at the state legislative level, both from labor and business interests have led to suspicions regarding the influence of money on legislative voting. This study seeks to assess the degree to which campaign funds flowing from private interests to state legislators, influence how legislators vote on bills that affect those private interests. This study addresses the influence of money on roll call votes using campaign contribution data from 4,000 legislators in 22 states for the 1998 and 2000 election cycles. The analysis shows that in states with nonprofessional legislatures, campaign contributions from business interests do indeed influence how legislators vote on business-supported legislation. Unlike professionalized legislatures, where such factors as significant staff support, and stricter campaign finance laws mitigate the influence of lobbyists and campaign contributions, legislators in nonprofessional legislatures are often overburdened with complex policy proposals along as well as numerous contributors and lobbyists ready to provide both campaign money and advice when it comes to voting for business-backed legislation.

Disaggregating the analysis to the individual state level provides for a detailed examination of the political forces and policy environments, both historically and in the present that have shaped how and why the major players in state capitols maintain their influence over policy outputs. Findings that link the contributions of business interests to legislative voting raise important concerns including the declining representativeness of state legislators as well as the possibility of corrupt practices or the perceptions of corruption among the public when money is exchanged for votes.

THE EFFECTS OF CAMPAIGN CONTRIBUTIONS ON STATE LEGISLATORS

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Chapter 1 – Introduction

In 1990, in what became known as AzScam, seven Arizona state legislators were indicted in a sting when they agreed to accept money from a FBI informant posing as a lobbyist in exchange for passage of legalized casino gambling. A similar FBI sting in Kentucky during the same year, called BOPTR0T, netted 11 legislators and lobbyists convicted of bribery after accepting money in exchange for promising the delivery of legislation that would benefit the harness racing industry. In South Carolina in 1990, Operation Lost Trust caught and convicted 17 lawmakers, seven lobbyists and three others for bribery, extortion or drug use. High profile bribery cases involving lobbyists continued throughout the late 1990's in Maryland, Massachusetts and California (Gurwitt 1991; Ehrenhalt 1996). Coinciding with these scandals has been the exponential growth of state power. Much has been written about the “devolution revolution” whereby the power of national government has been partly ceded to an expanding role for state governments. State governments have more power to tax, regulate and distribute public goods than at any other time in history. In addition state spending has vastly increased – by an average of about 104% during the 1980s and by 19% during the 1990s (Stansel and Moore 1999) At the same time, New Federalism begun during the Reagan administration has transferred a tremendous amount of regulatory power to the states.

Is there a connection between increases in state power and largess and corruption among state lawmakers? After all, the stakes are quite high when state government is a growth enterprise. Is the tremendous increase in campaign funds flowing from private interests to state legislators having an influence on how they create

policy? In all the cases where the state charges bribery and corruption, one of the alleged perpetrators is a state business or lobbyist representing a business. At the same time, as will be seen in Chapter 3, the great majority of funds flowing to state candidates comes from various business interests within a state. The purpose of this project is to examine the underlying causes of this possible connection. While business contributions to state candidates are not in and of themselves illegal, if it is shown that contributions do influence legislators, then at the very least, we are faced with the possibility that such influence can be seen as a conflict of interest. Given that most states define corruption as the act of providing money to a legislator with the intent to influence legislative action (voting on a bill), findings that indicate a link between contributions and votes, can at least move us in the direction that corruption does indeed exist in many state legislatures.

Furthermore, perceptions of the corrupting influence of money on legislative outcomes have been shown to contribute to declining levels of trust and efficacy among the public (Grant and Rudolph 2004). Nationally, citizens holding the view that government is “run by a few big interests” and that “quite a few public officials are crooked” has steadily increased. In 1974, following Watergate, the public’s cynical view of government was at its height. Although public opinion grew somewhat more hopeful in the 1980s, cynicism began to rise again. In 1992, the last time that the National Election Study asked the question, nearly eighty percent of the public believed that government is run by a few special interests looking out for themselves rather than for the benefit of all. During the same year, nearly half of all respondents agreed that quite

a few government officials are crooked (National Election Study – Cumulative Data File 1952-1992).

The question this project will answer is whether or not campaign contributions provided to state legislators influence them when it comes to voting for policies, which affect contributors. I speculate that especially in states with nonprofessional legislatures, campaign contributions do indeed influence how legislators vote. Unlike professionalized legislatures, where such factors as significant staff support, and stricter campaign finance laws mitigate the influence of lobbyists and campaign contributions, legislators in nonprofessional legislatures are often overburdened with complex policy proposals coupled with an assortment of contributors/lobbyists ready to provide both campaign money and advice when it comes to voting for bills.

Mounting evidence indicates that in order for state legislators to get elected or to stay in office, they are required to raise huge sums of money necessary to run a successful campaign (Moncreif 1998; Gierzynski 1991). The cost for waging a campaign has increased by about 70% over the past decade. In the 2000 election, candidates running for state houses raised nearly a half a billion dollars, with the average candidate raising nearly \$50,000 to wage a campaign (Bender and O'Connell 2002). Realizing the need for state lawmakers to raise money in order to stay in office, do private business interests seek to reap the benefits of states' largesse or influence regulatory policy in exchange for the much needed campaign money? Since a great deal of policy that directly impacts both citizens and businesses is created in state legislatures, it is important to understand the processes by which such policies are created. Are legislators at the state level truly representing a broad array of constituent

interests in order to benefit people in their district and improve conditions in their particular state? Or are they more concerned with the rising costs of reelection and are therefore more in tune with the desires of well-financed special interests, which contribute money to their campaigns? If the latter is true, and money is being exchanged for legislators' votes, notions of equal representation and access by all citizens, regardless of income, are subsumed by a system where those with greater financial resources are afforded greater access to legislators and therefore more influence in the policy making process.

Wealthy business interests and well financed groups, who are able to contribute the great majority of funds to campaigns, may have relatively greater influence over how legislators vote as well as the outcome of the election. In a recent case in Kentucky for instance, State Senator Virgil Moore killed a bill involving mandatory child booster seats, admitting that voting for the bill would have cost him thousands of dollars of campaign contributions (Wolfe 2003). In other cases, it is the legislators themselves who instigates this privileged relationship between donor and donee. It what is known as rent extraction (McChesney 1997), legislators solicit a business interest to contribute money to their campaign in exchange for refraining from introducing or voting in favor of legislation (usually regulation) that would harm the profits of the business. Recent charges of ethical and criminal violations stemming from this practice, against a representative from Maryland's House of Delegates led to speculation regarding its widespread use (Waldron 2000).

Much of the debate revolving around issues of money and influence in legislative politics has to do with the power of business. After all, although other groups

such as labor and ideological groups contribute to campaigns, the great majority of money given to candidates comes from key business interests within a state. A sizable portion of bills voted upon by state legislators affect in some way the profits of various businesses. The measures of policy outputs in this project derive from ratings by the National Federation of Independent Businesses and concern mainly regulatory issues. In his seminal article delineating the types of policy battles that derive from the type of policies being debated, Lowi (1963) indicates that business is often challenged and sometimes defeated in policy battles over regulatory matters. Others see business power as an inevitable consequence of a capitalist democracy. Structural dependence theorists argue that business will always have an inordinate amount of power in political systems due to the fact that policy makers must bend to their desires if they wish to remain in office in the midst of a thriving economy (Lindblom 1977; 1982, Miliband 1969). This is especially the case in the state environment where businesses have the added power of mobility, as their threats to move to another more business-friendly state bolster their influence. The problem with such an all-encompassing theory as this is that it is generally nonfalsifiable, as it can be argued that any policy output was the result of policymaker's dependence on business (capital, investment, and jobs) (Quinn and Shapiro 1991). This project focuses on the overt forms of business power, namely the power of campaign contributions in influencing how policy makers vote on legislation that affect business.

The Debate for Campaign Finance

For the past twenty years, there has been a sharp and heated debate among interest groups regarding the possibility of the corrupting influence of money on our

representative democracy. The media, along with public opinion, is often on the side of those groups who feel that campaign contributions do indeed buy influence over our elected officials. Journalists and even academics chronicle the vast sums of contributions and their exponential increase over the past two decades, and unabashedly communicate their conclusions with such titles as “The Best Congress Money Can Buy,” (Stern 1988) “The Gilded Dome,” (Kubiak 1994) and “Money Rules,” (Gierzynski 2000).

Many see the current system of campaign finance as harkening back to Nineteenth Century horrors of money ruling politics. As Kevin Phillips indicates in his best selling book,

“What made the [new] Gilded Age were not the individual scandals of the Reagan, Bush, or Clinton years... The new crux was the vast, relentless takeover of U.S. politics and policymaking by large donors to federal campaigns and propaganda organs. The S&L scandals showed the corruption in both parties ... Indeed, the eighties saw the financial sector take the lead in Washington lobbying outlays and in dollars provided to federal election campaigns. Both cemented a fast-returning relationship: politics was finance, and finance was politics, just as the men with diamond stickpins had said a century earlier (2002, 322).”

Common Cause has been the leading proponent of campaign finance reform since the mid-1970s. In fact, the decade-long battle for significant campaign finance reform, culminating in the passage of the Bipartisan Campaign Reform Act in 2003, can be largely attributed to their unrelenting lobbying effort (Dwyre and Farrar-Myers 2001). Common Cause along with other pro-reform groups such as Public Citizen, The Center for Political Responsibility, the Center for Public Integrity and The Institute for Money in State Politics, have effectively used the internet to communicate their message linking campaign contributions to policy influence. At least through the internet, the primary focus for these groups is to chronicle at each election cycle, the amounts and

sources of campaign contributions for each congressional or state legislative candidate. High profile sources such as the tobacco or energy industries are often profiled, including their attempts to prevent elected officials from imposing costs on them through regulatory policies. The message is that massive amounts of money infused into the electoral process are merely “about purchasing the desired degree of inaction from a compliant congress.” (Common Cause 2001). National newspapers such as The Washington Post and The New York Times, regularly include editorials denouncing the “nation’s scandalous and corrupt political fund-raising system” (The New York Times 2/10/02), or charging that campaign contributions to legislators leads to “undue influence” over them (The Washington Post 7/23/01). Though most arguments hover around the periphery of the actual exchange between campaign contributions and specific votes, others hone in on the specifics of this exchange, calling it “legalized corruption,” and characterizing elected officials as “plutocrat corrupting public life, by seeking to turn a government by the people, and for the people into one for the wealthy.” (Etzioni 1984).

While the pro-reform rhetoric may appear, quite loaded (See Sorauf 1991) to implicate most politicians as corrupt or corruptible, those on the other side of the debate focus their argument on the First Amendment. Many argue that the right of a donor to contribute to a candidate, as well as the right for that candidate to spend money on a campaign, is protected by the First Amendment to the Constitution. Until quite recently, the U.S. Supreme Court seemed to agree. In *Buckley v. Valeo* (1976), the court found that there is no sufficient state interest to justify limits on how much a candidate can spend on their election. When it came to the relationship between money and First

Amendment protections, the Court distinguished between expenditures and contributions, ruling that only the latter should be afforded such protection, and only if the political advertising purchased by the contribution did not include express words of advocacy or defeat. This became known as the Court's 'magic words' test. Only communications that "expressly advocated" the election or defeat of a federal candidate, could be regulated. Words such as "vote for," "vote against," and "elect" were the type of words that the Court had in mind.

Thanks in part to remarks by Supreme Court Justice Stewart in the *Buckley* decision indicating that "money is speech," conservatives and libertarians among others, have been able to frame the debate over campaign finance reform in terms of First Amendment concerns. In *Buckley*, the court ruled that limits on campaign expenditures and independent expenditures were unconstitutional limits on free speech. The court and subsequently those who used the *Buckley* ruling to bolster their case for limiting campaign finance regulations, ignored the unequal nature of candidates or certain wealthy groups to raise more money than others and focused instead on an absolute right to use whatever money one has to participate in electoral politics.

Senator Mitch McConnell (R-KY) has for almost ten years, been the most vocal and effective opponent of campaign finance reform. He led the battle through four consecutive congresses in an attempt to defeat McCain-Feingold and later THE BCRA. He eventually lost the battle, culminating in the Supreme Court decision bearing his name and affirming the constitutionality of the BCRA (*McConnell v. FEC* 2003). Throughout the fight for reform, McConnell would typically characterize reform efforts as an "evil that threatens the First Amendment of the Constitution." (Keller and Henry

1998). Reformers and much of the media has criticized McConnell as a First Amendment opportunist, whose hides behind the constitution to mask the real reason for the GOP's opposition to reform efforts – the fact that they are better at raising money from wealthy sources than are the Democrats (Chait 1998).

McConnell has not been alone, as conservative and business-oriented interest groups such as the National Rifle Association and the Chamber of Commerce have been on the other side of the interest group battle over reform. They argue that further regulation of money in politics violates the First Amendment and stifles their right to use their money to influence elections and inform voters about issues. They argue that there should be little or no limits on the amount of money a group or an individual can spend when it comes to political speech. Though much of the First Amendment argument is focused on opposition to an aspect of the BCRA which restricts groups from running political issue ads within a specified window of time before an election, anti-reformers argue that almost all reform efforts which seek to take money out of the system, restricts their ability to have a say in the political and electoral marketplace of ideas.

In addition to free speech arguments used by those who oppose most campaign reform efforts, libertarian groups such as the Cato Institute often use the excesses in government regulatory power as a straw man, arguing that private interests would have no need to contribute money to elected officials in an attempt to influence decisions, if there were simply less decisions to be made. In other words, reducing the scope of government power decreases the opportunities for 'the regulated' to lobby government in order to reduce such regulations. Instead of focusing on contributions, the emphasis is put on campaign spending, as libertarian proponents posit the notion that as government

power and spending grows, so too does campaign spending. Unlike most campaign finance reformers, whose arguments begin with campaign contributors and the influence that they have on the political system, this perspective indicates that the relationship was put in motion by post-New Deal expansion of government regulatory power. When businesses contribute to campaigns in an attempt to influence legislators, they are simply reacting to an overly activist state, whose policies may inhibit the profits and growth of their industry.

Others see the contributor-candidate relationship as one that is set in motion not by the contributor but rather by the candidate. Legislators running for reelection extort money from businesses in exchange for killing legislation that would be costly to the business. In what is referred to as “rent extraction,” (McChesney 1997; Stigler 1971), the legislator makes demands on business interests not by promising benefits but by threatening to impose costs. These costs may come in the form of minimum wage hikes, increases taxes, or lower interest rates for consumers. Former Illinois Senator Paul Simon, describing the corruption in the Illinois legislature in the 1960s, described, “fetcher bills...bills deliberately designed to shake down groups which oppose them and which pay to have them withdrawn.” (1964). The omnipresent proposals in many state capitols regarding product liability legislation serves as another example. Referred to by some as a “cash cow,” proposals seeking to cap financial settlements in product liability lawsuits allow both Democrats and Republicans to demand contributions from their respective allies – business and lawyers. Both interests seem to comply as their contributions make up a significant portion of campaign contributions to state legislative candidates.

The State Setting

As campaign contributors find the loopholes in the BCRA and other state reforms, the debate regarding the corrupting influence of money in politics will continue, prompting new and potentially stricter reforms. Despite the reforms however, the competition for resources in an environment where the average state legislative campaign has increased exponentially, remains. Only those candidates who are able to attract large donations from contributors or who have enough personal resources for self-funding, are likely to run for office, severely narrowing the field for those wishing to represent their district in their statehouse. Potential candidates realize how difficult it is to unseat a well-funded incumbent with a large war chest, and often choose not to run in the first place (Hogan 2001; Maisel, Maisel and Stone 1999). One survey of state legislative candidates found that more nearly 80% of them felt that the financial cost of campaigning discourages qualified people from running for office (Herrnson 2004).

Notions of representation often begin with the assumption that legislators are “single-minded seekers of reelection.” (Mayhew 1974). While other factors such as making good public policy or delivering goods for constituents also come into play (Fenno 1978; Kingdon 1989), representatives must spend a considerable amount of time worrying about keeping their job in the first place. At the state level, those candidates with superior financial resources have a much better chance at winning the election. To a large extent, money does in fact win elections (Calderia and Patterson 1982; Gierzynski and Breaux 1993; Cassie and Breaux 1998). Legislators who wish to continue to receive campaign contributions may reward contributors by delivering specific beneficial goods to those who helped them get elected. In a representative

democracy, which often professes a utilitarian desire to achieve the greatest good for the greatest number of people, it seems valid that we place a higher value on representation, which seeks to represent the greatest number of people. In other words a legislator, when deciding what sort of public policy to create, should place more importance on their constituency. Whether it is the broad interests of their constituents, their most active constituents or even their “reelection constituency¹,” democratic ideals of representation assume that legislators should be more influenced by these groups rather than on a few wealthy individuals or entities that fund their campaign. It therefore seems a worthy inquiry to explore whether there is any validity to the suspicions that the exponential growth of money poured into campaigns, unduly influences policy makers. The growth of campaign contributions flowing to candidates in state legislatures creates a ripe climate to test for the possibility that moneyed interest play a significant role in determining state policy by influencing state legislators with the promise and delivery of campaign contributions.

Although there has been a clear trend among the states to professionalize their legislatures, the process has been painfully slow. When defined in terms of staff size, legislator salary and session length (Squire 1992) only a handful of states can be said to have professional legislatures. Despite the massive growth in state power as well as state spending, many state legislatures have not gone far enough in professionalizing their legislature, falling back on folksy notions of a supposed more democratic citizen legislature. This is not the case, however. Research shows that as professionalism increases, so too does the contact between the constituents and the representative (Squire 1993). In nonprofessional legislatures, a limited staff, and a shorter session lead to less

expertise among legislators who must make decisions on complex legislation. Private contributors and their accompanying lobbyists are available to fill the information vacuum, and thus provide for legislators both money and expertise. Specifically it is the states' business interests whose voice speaks the loudest to state legislators – far louder, for example, than that of labor interests or even the voice of constituents. (Ambrosius and Welch 1988). It is through these sorts of relationships that we can see the relative power and influence that campaign contributions may have on state legislators.

Overview of this Project

This project tests the hypothesis that campaign contributions to state legislators impact how they vote on bills that concern the interests of contributors. Does money buy votes? Alternatively, approaching the question from the demand side of legislators – do incumbent candidates keep their side of the bargain by voting in a pro-business fashion after soliciting business interests for campaign funds? What other factors influence how legislators vote on legislation that is central to the business interest? Do legislators' votes reflect the interests of their constituents or are they more swayed by the interests of contributors?

The data consist of campaign contributions to candidates running in the lower chamber of 22 state legislatures during the years 1998 and 2000. Senate candidates are not included in this analysis for a number of reasons. First, too much variation among the states in the election cycles of state senators, prevent an adequate cross-sectional study. Second, there is very little variation in senate voting when it comes to the pro-business bills used in this analysis. Finally, I speculate that legislators representing smaller house districts require less money to persuade them to vote a particular way,

thus leading to more robust findings regarding the relationship between money and votes.

Since the central focus of this project involves an examination of the influence that money from private interests have on policy outputs, campaign contribution data includes money donated to state candidates from PACs, corporations, unions, and individuals.² While money from unions is also included in the analysis, the great majority of private interest money is from various business interests in each of the states. In order to capture the variation in contributing as well as the possibility that money from some business interests have a greater impact on legislators than others, contributions from businesses are disaggregated into the top contributing business interests. Business money include contributions from retail and manufactures, banks, insurance companies, real estate interests, the healthcare industry, construction, energy, communications, transportation and agribusiness. This data was obtained by the National Institute on Money in State Politics from various states' election divisions.

The most common and effective means to measure legislative behavior is roll call votes. Although there are a number of other legislative actions that reflect legislators stances on issues important to the business interest, including committee votes and sponsorship of bills, how a legislator ultimately votes on the final version of a bill once it reaches the floor, is perhaps the best measure of their public stance on an issue. In this project, the issues of concern involve those that are vital to businesses within a given state. Although it is difficult to determine issues, which a variety of business interests support, large and active business lobby groups, operating in the states, act as a convenient clearinghouse for measuring the relative pro-business voting behavior of

state legislators. Legislators' voting records are based on the rating given to them by the state's National Federation of Independent Businesses (NFIB). Each year, this important organization representing a wide variety of business interests throughout each state, determines a set of bills which it uses to rate the pro-business voting of each legislator.

Although campaign contributions may have a significant impact on roll call votes, the decisions of legislators are often complex, involving considerations of ones district and constituents as well as personal characteristics of the legislator themselves. Furthermore, institutional variation among states provides other possible avenues of influence and impact on legislators' decisions to vote in a more pro-business manner. Controlling for district level factors that may have an impact on legislators' votes, this study also includes measures for the percentage of manufacturing interests in a district, the average income of residents in a district and whether or not the district is urban. These data were obtained from *The Almanac of State Legislatures: Changing Patterns, 1990-1997* (Lilley et al. 1998). In addition, cross-sectional analysis of legislators in all twenty-two states, necessitates the need to include controls for state institutional characteristics. Included in the study are a measure of states' restrictiveness of campaign finance regulations (Hogan and Hamm 2001), as well as the percentage of state residents who belong to a labor union (Hirsch et al. 2001).

Chapter 2 discusses the role of money in campaigns, both positive and negative. Though it is needed to run an effective campaign and communicate with voters, how much is too much? Discussing definitions and concepts of corruption, the groundwork is laid for the possibility that the money chase which state candidates are forced to participate in leads to the buying of votes, and thus corruption. This chapter also

examines previous research on the relationship between money and policy outputs, specifically, the existing evidence for quid pro quo exchanges. Since the contribution of money from various interests to candidates, is often accompanied by lobbying efforts and interest group mobilization by those interests, this chapter also includes a discussion of interest group power in the states. The majority of contributions to state legislative candidates derive from business-oriented interests. While in subsequent chapters, business influence is measured by breaking down contributions from businesses top contributors to state legislators (these include manufacturing and retail, healthcare, construction, finance, communications, energy, transportation, and agribusiness), Chapter 2 grapples with the thorny issue of defining ‘the business interest.’ Although there is significant variety within the business community as to particular goals and interests, there are a number of unifying themes that cause almost all business interests to react to government power, attempting to influence policies that affect their profits.

Before examining what money leads to, it is important to find out where it comes from. How do various economic interests decide which candidates to invest in? Chapter 3 focuses on the factors that cause business and labor interests to contribute to state legislative candidates in the first place. Do contributors provide money to types of candidates differently depending on whether they are running for a seat in a professional versus a nonprofessional legislature? Distinct differences between the two types of legislatures including levels of competitiveness, as well as the overall costs of waging a campaign, provide important clues as to why various interests contribute differently to candidates. Powers of incumbency, levels of legislative centralization as well as a states

regulatory framework all have an impact on how business and labor interests contribute to candidates.

Chapter 4 examines the primary question as to whether money has an influence on legislative behavior. With the increasing need of candidates to raise large sums of money from private interests in order to win election to the statehouse, what role do those interests play once the candidate becomes a legislator? How important is it to the candidate-turned-legislator to reward these donors with favorable legislative outcomes? This analysis examines whether campaign contributions to legislators in the 1998 and 2000 election cycles have an impact on how they vote on bills relevant to contributors, during the 1999 and 2001 legislative sessions. In order to generalize about the influence of money in legislator voting, this section, pools legislators from all twenty-two states into one analysis. Results indicate that especially in less professional legislatures, money does indeed influence votes. Other constituent, district, and state-level factor also come into play here.

Chapter 5 examines the distinctive political and cultural characteristics of the states in order to understand better, the factors that help determine the contribution patterns of business and labor interests as well as whether those contributions impact state policy. Which economic interests dominate the funding of campaigns? In many cases the wealthiest and most generous business interests such as banking, finance and real estate are the ones that seem to have the most significant lobbying presence in the state capitol. This chapter also describes the state of campaign finance in each of the 22 states in the sample. It examines each state's regulatory framework, as well as providing a summary of how much money business and labor contribute to both Democratic and

Republican candidates running for the statehouse. In order to derive generalizable findings, the sample includes states representative of the wide range of campaign finance regulatory environments. Included in the sample are states that have a non-professional legislature such as Oregon and Louisiana, where laws regulating the amounts that various entities can contribute to candidates are the most lax in the nation. Those state that have a professional legislature, are often on the other end of the regulatory spectrum, as entities are quite limited in how much they can contribute. These include such states as Florida, Wisconsin and Missouri. The remaining states fall somewhere in between. Are there different contribution patterns that emerge as a result of these institutional characteristics that define a state legislature as being either professional or nonprofessional? Do contributions differ when the legislature is controlled by Republicans or Democrats? This chapter will answer these questions.

Going into further detail regarding the differences between states with professional legislatures and those with nonprofessional legislatures, Chapter 6 provides a case study of four states- two that have professional legislatures and two that have nonprofessional legislatures. How does the political and historical context of a state factor into the complexities of the relationship between moneyed interests and politicians. This chapter breaks down the analysis even further, in order to examine the particularities of the various state environments that often produce such quid pro quo relationships between campaign contributions and legislator voting. This chapter presents a more detailed picture of the relationship between money, lobbying and policy outputs. Focusing on a few states where contributions play a significant role in influencing legislators, it details the role of prevailing and dominant organized interests

and the effect they have on the state's policy outputs. This chapter provides us with a deeper, more nuanced understanding of how money, politics and policy making operate at the state level. Chapter 7 concludes with implications and normative concerns regarding the findings presented here. The inordinate amount of influence that business groups have on state legislators may cause the interests of ordinary citizens, especially constituents, who do not have the financial resources to contribute to candidates, to be left out of the decision-making process.

CHAPTER 2

Money, Business and Politics – The Ties that Bind

From the very first elections, in early colonial times, the relationship between money and politics in America has been inexorably intertwined. When George Washington ran for the Virginia House in 1757, he was accused of trying to buy the votes of 391 citizens by providing them with 2 gallons of cider royal, 28 gallons of rum, 34 gallons of wine, 46 gallons of beer, and 50 gallons of rum punch (Thayer 1973). Especially with regard to the relationship between campaign contributions and policy outputs, there is a complex set of factors that come into play. This chapter will examine these factors and address a number of questions. What are the repercussions of state lawmakers' reliance on campaign contributions when it comes to what we believe about representation? When does reliance on contributions become too great, leading lawmakers to favor the interests of their benefactor over that of their overall constituency? Past research is examined, regarding the possibility of a quid pro quo relationship between contributions and legislator's votes (Evans 1986; Sabato 1985; Malbin 1984; Welch 1982; Stratmann 1992; Frendreis and Waterman 1985; Davis 1993; Grenzke 1989; Sorauf 1992; Magelby and Nelson 1990; Evans 1986; Herndon 1982; Wilhit and Theilmann 1987). How do we define these relationships between money and politics in terms of corruption? If a representative is influenced to vote in a certain way in order to please those interests who contributed to their campaign, can such an act being considered corrupt?

This chapter also notes that contributions to candidates are not given in a vacuum, as the possibility of influence may very well hinge on lobbying efforts by

interest groups interested in swaying legislators to vote their way. Interest group representation in state legislatures is therefore examined, focusing on their formation, power as well as the superiority of representation by business interests. Finally, due to the primary focus of this project on the influence of campaign contributions from business interests, this chapter also attempts to grapple with the somewhat amorphous definition of the business interest.

The Need for Money

Although there is much variation in contributions to state legislators, over the past decade contributions have increased on average by about 70 percent (Moncrief 1998). In the states with the most professionalized legislatures, such as California and Illinois, in the 2000 election, the average amount raised by House candidates was about \$260,873 and \$154, 636, respectively. As state elections become more “congressionalized,” (Salmore and Salmore 1996) candidates who wish to be elected must resort to more professionalized campaigns. Hiring professional consultants is quite costly, and only those candidates who garner enough contributions from wealthy contributors including PACs and individuals, are able to compete in the increasingly expensive race for the statehouse (Abbe and Herrnson 2003).

Money does indeed play a tremendous role in helping a candidates win elections (Gierzynski and Breaux 1993; Cassie and Breaux 1998). The large disparities in contributions to incumbents over challengers have also been well-documented (Jones and Borris 1985; Gierzynski and Breaux 1994; Cassie and Thompson 1998; Malbin and Gais 1998). Because incumbents get much more money than challengers, competition for state legislative races is severely limited, causing about 75 to 80% of all state

representative incumbents to be reelected (National Conference of State Legislatures Website 2004). The gap between incumbents and challengers is even greater at the congressional level, causing reelection rates to soar to 96% in the most recent election. Although the recent reforms establishing term limits have somewhat mitigated the lack of turnover in state legislatures (at least for the sixteen states who currently have them), the competition for contributions among all candidates, including open-seat candidates and challengers, causes “the money chase” (Magelby and Nelson 1990) to play a paramount role in state legislative politics.

The increase in contributions to state candidates is not simply driven by the contributors themselves. State legislative elections often see extremely low levels of turnout. Unlike federal elections which can capitalize on the burning political issue of the day, candidates running in most state elections have to raise substantial sums of money to run a campaign good enough to attract a substantial portion of what has traditionally been, an uninformed and somewhat apathetic public. This is especially the case in large heterogeneous districts, where it is much more difficult to reach voters in order for candidates to get their message to them. Most of the money that a candidate raises from contributors is in fact used for communicating with voters. At the congressional level, candidates spend about 37 percent of their total campaign budget communicating directly with voters through direct mail, get-out-the-vote drives, campaign literature and other grass roots activities (Herrnson 2004). For state candidates, that number is even higher at almost 60 percent (Faucheux and Herrnson 1999).

Exchanging Money for Votes

While it is clear that candidates are dependent on money to win the election, the question remains whether or not such dependency has any effect on voting behavior, once that candidate becomes an elected representative. Although there is a substantial body of literature regarding the role that money plays in congressional elections and in policymaking, there is a tremendous amount of disagreement and contradictory findings when attempting to uncover a link between campaign contributions and policy outputs.

When it comes to state legislators, conclusive evidence one way or the other is even more difficult to come by due to the dearth of studies in the state environment. The exchange model posits the notion that an interest group contributes to a candidate's campaign in exchange for future political favors, mainly key votes on bills, which are of interest to the donor. The basis for this relationship is partly derived from the "Chicago" model of economic regulation (Peltzman 1976; Stigler 1971) and expanded upon in the political science literature (Denzau and Munger 1986; Box-Steffensmeier and Dow 1992). This investment model contends that interest groups contributing to political campaigns do so with the expectation that they will see a return on their investment – namely policy outcomes which are beneficial to their interests.

Research regarding the quid pro quo nature of the contributions and policy outputs may be divided into those studies that find a casual connection and those which do not. The lack of consistency is due to a variety of factors. First, there has been an ongoing dispute as to the proper methodology. One of the problems is that there is a reciprocal relationship between money and legislative voting. In other words, money contributed during a given campaign cycle, may influence how the candidate-turned –

legislator votes during the following legislative session; however the contributions may have been given in the first place due to the legislator's voting record during the previous session. The simultaneity effect has been addressed in some studies, by employing a two-stage least squares regression (See Grenzke 1989; Dow and Endersby 1994; Kau and Rubin 1982 and Wilhite and Theilmann 1987). Other studies that find no significant relationship between campaign contributions and legislative voting are flawed due their reliance on single equation techniques (Welch 1982; Evans 1986; Wright 1985).

Others have focused their methodological concerns on the choice of variables to measure. When attempting to measure the influence of campaign contributions, one must ask the question of 'influence over what?' Deciding which policy outputs to measure has proved quite troublesome. Some researchers choose a particular bill or set of bills, running the risk of biasing their selection. In other words a researcher may pick a bill or set of bills where a particular PAC was unsuccessful in influencing a vote on that bill, and generalize their finding to conclude that there is no relationship between money and votes. Many studies that have found little or no relationship, have done just that. (See Chappel 1982; Vesenska 1989; Evans 1986). Beyond roll call votes, policy outputs may also be better measured by examining other aspects of policymaking involving legislator's decisions, including committee votes (Hall and Wayman 1990; Wright 1990) and sponsorship or co-sponsorship of bills.

Yet another flaw in previous studies is that the great majority of research focuses on the federal environment, neglecting the potentially rich environment of state legislatures. The vast proliferation of campaign contributions flowing to candidates in

state legislative campaigns creates a ripe climate to test the exchange model of voting. Most states have much fewer contribution limits compared to the heavily regulated environment of federal campaigns. States often do not even have the resources to enforce the few existing regulations (Malbin and Gais 1998). Furthermore, the state legislative environment is characterized by more particularistic and less conflictual issues than exists at the federal level. Research shows that at the federal level, business and labor contributions succeed more at influencing congressional votes when it comes to low visibility items (Jones and Keiser 1997; Neustadt 1990; Frendreis and Waterman 1985; Stratmann 1991). State legislative politics is arguably less salient than national politics. Levels of voting, interest and information among citizens at the national level are even lower at the state level. Therefore, it is likely that campaign contributions will have an even greater impact in the state arena.

Even at the state level, research regarding a possible link between voting and campaign contributions has proved inconclusive. One study finds no link between campaign contributions and votes when looking at the 1984 California Assembly (Dow and Endersby 1994). Using Chamber of Commerce ratings of legislators, the authors find that money from business and labor PAC's along with some constituent factors do not impact assembly members' votes on key business bills. Although their study is a fairly good model to build from, there are number of problems. First, due to the large increases in the amount of money in campaigns, more up-to-date contribution data, like the data used in this project, are likely to yield more accurate results. Furthermore, looking at a larger representative sample, where variation in institutional as well as

election-specific factors may affect influence, allows us to draw wider conclusions about the power of money at the state legislative level.

Other studies that indicate a casual relationship between campaign contributions and relevant votes by legislators, often find that such a link exists under limited conditions. Some find that the influence is greatest when the particular policy issue is narrow or specialized (Fredreis and Waterman 1985; Welch 1982). Others indicate a relationship between the two factors is strong when the issue being voted on is non-ideological (Malbin 1984; Wright 1985; Eagleby and Nelson 1990) or when the public is indifferent or ignorant about the issue (Grenzke 1990; Scholzman and Tierney 1986; Denzau and Munger 1986). Reliance on these earlier findings requires us to test the possibility of influence in the state arena. State publics have been characterized as having extremely low levels of interest and high levels of ignorance when it comes to issues being debated on and voted for in their state legislatures (Jewell 1982). In addition, unlike the highly partisan debates which often define congressional voting on many issues, in many states (especially those dominated by one party) issues voted upon by state legislatures are often not framed in terms of partisan politics, leading to a less ideological debate and increasing the possibility that other non-partisan factors will come into play.

Others see the exchange relationship going in the other direction – from legislator to contributor. Legislators have become adept at extorting money from donors, in exchange for refraining from enacting legislation (usually regulation) which would be costly to donors. Known as “rent extraction,” legislators have the power to introduce “milker” bills to extract contributions from donors in exchange for making sure the

harmful bills never become law (McChesney 1997). This is very much present in state legislatures today. Prior to the 2000 election for instance, Missouri state legislator Jim Kreider worked hard to get the gaming, alcohol and tobacco industries to contribute to his campaign in his quest to become the speaker of Missouri's House of Representatives. Kreider, who professes a libertarian view of government's role in regulating Missouri's industries, wrote in a letter directed to lobbyists and contributors, that his "goal was to assure these business are strong and viable in the state...(and that) the right to enjoy and engage in these adult activities is synonymous with responsibility, individualism and freedom." (St. Louis Dispatch 2000). Though the language is almost never a smoking gun clearly defining rent extraction or a quid pro quo agreement, it is clear that Kreider in his future capacity as Speaker of the House, implies that contributions from these industries will likely result in legislation favorable to them. As the money chase in state elections gets more and more intense, examples of such solicitations in many state capitols is growing increasingly common. Knowing what we know about the money chase as well as these cases of rent extraction, it is vital that we uncover the possibility of a causal link between contributions and voting in state legislatures.

Money and Corruption

From a more normative perspective, notions of exchanging campaign contributions for favorable legislation, raises the specter of corruption. The corrupting influence of money on our electoral system has been something that we have had to deal for many years. It reached its heyday perhaps during the Gilded Age of Robber barons who often purchased influence by providing financial backing to chosen candidates.

This led to passage of the Tillman Act (1907), which prohibited political contributions by corporations and national banks. Prior to the BCRA, the most sweeping reforms were the Federal Election reforms of 1974. The impetus for these reforms were, of course, the Watergate break-in, which involved large illegal contributions in the hundreds of thousands of dollars made to President Nixon's re-election campaign, in exchange for policy favors and ambassadorships from the Nixon Whitehouse.

Inherent to a capitalist democracy is the unequal levels of wealth that has the potential to produce unequal level of influence and representation. Acknowledgement of this reality would by itself suffice to adequately explain our system of government, were it not for the exclamations and reassertions from the media, many political scientists and our civics books touting the primacy of one person-one vote as well as notions of equal representation and pluralism. The possibility of money and wealth to corrupt political relations amongst the holders of such wealth and public officials may be an inevitable consequence of market forces competing for scarce resources. From a functionalist perspective, corruption merely exists as an "allocative mechanism" whereby goods are received by those seeking to increase their wealth, by engaging in informal, often illegal activities with government officials (Merton 1968; Rose-Ackerman 1978). Both business and labor attempt to survive among scarce resources by assuring access to government and by ensuring that decisions are made which benefit their particular interest in order to obtain those resources. "Corrupt activities expedite the workaday mechanism of government by reducing uncertainties... and delays." (DeLeon 1993). One of the reasons why the notion of corruption pervades all discussions of money and politics is due to what is perceived as the inevitability of a system where market forces

vie for control and profit, and where government acts as the primary means by which goods and benefits are transferred.

Although notions of corruption pervade journalistic accounts of money in our electoral system, there is scant research in American political science regarding corruption. Peters and Welch pose the question in their article entitled – “Political Corruption in America: A Search for definitions and a theory or If political corruption is in the mainstream of American politics, why is it not in the mainstream of American Politics research?” (1978). They asked their question more than twenty years ago, and it has remained largely unanswered. The answer to their question may be either that corruption is not as large a problem as the media nor the public thinks it is, or, as they contend, there is great difficulty in first defining corruption and next in operationalizing it. They offer a number of component elements involved with every political act or exchange, which can be analyzed to determine if corruption has occurred. Corruption may be based on illegality, the violation of the public interest, or by condemnation by public opinion. The first component is to determine if a public official was involved and whether he was involved in an act that was either part of his official duties or outside of his duty. Exchanging campaign contributions for votes is often given as an example of the former, and may be viewed as less corrupt than the latter. Misusing ones political office for private gain on the other hand is viewed as more corrupt. The next component element is the actual favor provided by the public official. Next, one should examine the payoff gained by the public official. Finally, one needs to examine the donor of the payoff. An act is deemed as more corrupt if it the donor is a not a constituent, the favor rendered by the public official is private or non-routine, and if the payoff is large or

involves a short-range benefit. The authors indicate that an act is considered less corrupt on the other hand if the favor is done for a constituent and is part of a routine such as a campaign contribution. Their standard is too narrow however, as even campaign contributions being exchanged for a legislator voting on a policy, which benefits the donor can and should be considered corrupt. Such a quid pro quo exchange is in fact in violation of federal law. Section 201 of the USC indicates that if a “public official directly or indirectly, corruptly demands, seeks, receives, accepts or agrees to receive or accept anything of value personally...in return for being influenced in the performance of any official act... is guilty of bribery.” (18 USCS Sect 201. 2003). Most states statutes are even more specific in criminalizing such quid pro quo exchanges between legislators and donors. California law for instance indicates that legislators are guilty of bribery if they “ask, receive or agree to receive any bribe, upon any understanding that his official vote shall be influenced thereby.” (Cal Pen Code Section 86. 2003). In Florida, legislators are guilty of bribery “if they solicit or accept anything of value to the recipient... based upon any understanding that their vote... would be influenced thereby.”(Florida Statutes. Section 112.313. 2003).

For the decades following the *Buckley* decision, much of campaign finance reform both at the federal and state levels was governed by this decision. A multitude of reforms were proposed and often defeated, largely due to what many perceived as the Supreme Court’s broad interpretation of the First Amendment in protecting campaign contributions from being regulated. In 2000, in *Nixon v. Shrink Missouri Government PAC*, the Court showed signs of loosening their interpretation of First Amendment restrictions with regard to campaign finance reform. Majority opinions began to

emphasize the corrupting influence of money on elections, indicating that they were concerned about “the broader threat from politicians too compliant with the wishes of large contributors.” (at 389).

This trend coincided with the six-year battle in Congress and the eventual passage of the Bipartisan Campaign Reform Act (the BCRA), the most comprehensive reform measures since the post-Watergate Federal Election Commission reforms of 1974. The bill, which dealt primarily with the banning of soft money contributions as well as the timing of political advertisements, eventually wound its way to the U.S. Supreme Court at the end of 2003. In *McConnell v. FEC*, the Court continued on its path toward a clearer recognition that restrictions on campaign contributions were necessary in order to prevent corruption. As O’Connor wrote in the majority opinion, “Our cases have made clear that the prevention of corruption or its appearance constitutes a sufficiently important interest to justify political contribution limits.”

In fact, a significant portion of the opinion deals with the relationship of campaign contributions and possible influence and corrupting effect it could have on our elected officials. The Court rejected the plaintiff’s argument and that of a good deal of evidence by political scientists that there has yet to emerge “concrete evidence” linking campaign contributions directly to the vote of a legislator. Undeterred by the supposed lack of concrete evidence, the Court nonetheless based much of its ruling on the clear link between money and the appearance of corruption, criticizing Justice Kennedy’s dissent in the case as a “crabbed view of corruption and particularly of the appearance of corruption, (ignoring) precedent, common sense and the realities of political fundraising.” The Court goes on to indicate:

“Just as troubling to a functioning democracy as classic quid pro quo corruption is the danger that officeholders will decide issues not on the merits or the desires of their constituencies, but according to the wishes of those who have made large financial contributions valued by the office holder. Even if occurs occasionally, the potential for such undue influence is manifest.” (44).

Looking at the relationship between money and legislative behavior from the perspective of the Court, obviates the need to demonstrate cases of actual corruption. In the *McConnell* decision, the Court relied primarily on anecdotal evidence from former and current congressional members including Alan Simpson, Warren Rudman, John McCain (R-AZ) and Russell Feingold (D-WI) to illustrate merely the appearance of corruption. While a good deal of similar anecdotal evidence at the state level is presented throughout this project, regression analysis testing the causality between past contributions and future roll call votes, provides an opportunity to bring us much closer to finding the possibility of corruption as defined by most state statutes.

Representation

Many contend that representative democracy is in decline, as legislators must respond to a wide array of particularized interests rather than acting as a representative for a broad array of constituents (Rosenthal 1998 ; Rauch 1999). As indicated below in the discussion on interest groups, at both the federal and state level, it is difficult to characterize the particularized interests as being a wide array as a majority of them represent the interests of business. When it comes to representation, most place legislators on a continuum, ranging from delegate (or agent) to trustee. The most thoughtful explanation on representation comes from Pitkin (1967) who emphasizes the notion of responsiveness. Legislators should act in the interests of their constituents and if they do not, they should have a good explanation as to why they acted contrary to

those whom they represent. According to Pitkin, a representative need not mirror the views of their constituents at all times, but must do everything possible to pursue the public interest.

Others move beyond Pitkin's notion of "descriptive representation" (1967) and indicate that representativeness has more to do with the policy congruence between constituent desires and legislator's roll call votes (Miller and Stokes 1963). Parsing this relationship between legislator and constituent even further, representation is best understood in terms of four basic components. First is policy responsiveness, which is similar to policy congruence in the sense that it is concerned with the connection between constituent desires and the decisions of legislators to choose one policy over another. Second is the service responsiveness, which deals with the casework that legislators engage in within their district. Third is allocative responsiveness that refers to the legislator's ability to gain benefits for their district (pork barrel). Fourth is symbolic responsiveness. This refers to the communication technique or home-style (Fenno 1978) that a representative has with their constituents (Eulau and Karps 1977; Jewell 1982).

In his interview with Florida legislators, for instance, Rosenthal found that most place themselves closer to the trustee form of representation. This dualistic distinction, however, so replete in the literature (it is found in the beginning pages of just about every American politics textbook) is inaccurate and incomplete. The majority of state legislators who see themselves more as a trustee are acting quite rational, realizing that the majority of their constituency is woefully ill informed about most issues, which they vote on. In many instances, when they have heard nothing from their constituency on an issue, they must vote for a bill based on other factors. Normatively, we would hope that

the most important of these factors would be whether the proposed policy would have a beneficial impact on their district or on the state as a whole.

However, as is often case, the representative may hear from a select group who are often not part of their constituency. Those who have contributed to a legislator's campaign are often granted special favors when it comes to access to the legislators in order to make known their position on an upcoming bill. Therefore it is often these contributors whose voice is heard the loudest and therefore the most likely agent whom the legislator-principal serves. Research at the congressional level bears this out (Langbein 1986). At the state level, no empirical investigation of this relationship has been conducted, forcing us to rely on qualitative research as well as a plethora of press accounts regarding influence. In press accounts, legislators most often deny any favored access by those who contribute to their campaign, while contributors and especially lobbyists often indicate the opposite – that they or their client do get preferential treatment when it comes to meeting with a legislator or getting a phone call returned. When state legislators are interviewed by political scientists rather than journalists, they may be a bit more frank regarding influence. Rosenthal for instance finds that state legislators have indicated that a “sense of obligation that develops with respect to contributions operates at either a conscious or less than fully conscious level” (1998). He goes on to quote from a California lawmaker who indicates “In a campaign contest what happens is, especially the first time you run, there are indelible impression left of who supported you and who opposed you. It sometimes takes years to be able to sever that sense of connectedness, responsibility, obligation or whatever you might call it” (223).

Legislators are driven by reelection concerns and therefore make decisions to support or oppose a bill based on which position would help them get reelected. Their goal of reelection will push them toward voting in a way that serves either particularistic or general interests. When it comes to voting on business-backed legislation in state legislatures, to some extent, the distinction between particularistic and general interests is lessened. A legislator who votes to support a business-backed bill serves both the particularistic demands of the particular business interest, while at the same time they are able to claim that such a vote serves the general interests of the district or state in improving the overall economy. Such is the structural advantage of the business interest.

Nonetheless, in determining the distinction between these two types of interests, legislators estimate a constituent's policy preferences and the likelihood that citizens might incorporate these into choices on who to vote for. In determining their preferences, citizens may rely on cost benefit analysis, attempting to determine such things as who would benefit and who would suffer under a proposed policy. Even if most people fail to understand the precise relationship between policies and outcomes, it is contended that they do understand general outcomes of policies such as clean air, safe streets, or a good economy (Arnold 1990).

Utilizing Arnold's theory for the purposes of the state legislative arena characteristic of this study, legislators will often choose between many alternatives when creating policy. When choosing between a ye or nay vote on a NFIB-supported bill, they will ask whether voting either way will contribute more to their election margins. If there is no difference, they will choose based on other criteria such as making good public policy . When Arnold refers to the effect on electoral margins, he has in mind

citizen voting. The enormous impact of money in both congressional (Jacobson 1980; Herrnson 2004) and state elections (Gierzynski and Breaux 1991; Cassie and Breaux 1998) on a candidate's vote share has been well established. It is also well established that state legislative elections do not usually generate a good deal of interest by the voting public, who are characterized as having extremely low levels of information when it comes to state politics (Jewell 1982). A recent study, in fact, indicates that even state legislatures themselves do not think very highly of their constituents, as nearly 75% of state legislative candidates believed the public to be either very poorly or somewhat poorly informed about major issues (Faucheaux and Herrnson 2004). Since voters are uninformed, they have fewer predispositions in state races making it easier for a candidate with a well-endowed campaign fund to influence their vote (Gierzynski and Breaux 1993). State legislators are, therefore, likely to be more concerned with replenishing their campaign accounts than with pleasing, as Arnold refers to, as an "inattentive public." Although Arnold indicates congressional legislators may fear retrospective voting of this inattentive public, whose latent opinion may be aroused, state legislators probably have much less to fear. As Eugene Hickock puts it

"State legislators operate in a policy vacuum. Because the public remains rather uninterested and uninformed about state legislative issues, representative enjoy greater freedom to pick and choose among those issues they might have an interest in. Not having to shape an issue agenda around constituent interest, they will seek out those issues that will do them some good while not doing their constituents harm...they enjoy a degree of freedom and lack of direct accountability that eclipses even that of members of Congress...as an institution, the state legislature operates as though it exists in a world of its own." (16).

Since the advocacy explosion of the 1960's, elected officials have not been the only ones inhabiting the 'world' of state legislatures. Those who invest

in the campaign of a legislator realize that money alone may not gain them enough influence needed to persuade the legislator to vote a particular way on a certain bill. Contributions from PACs, corporations, and labor unions, are often accompanied by lobbying, usually by an interest group.

Interest Groups in the State – “Still The Upper-Class Accent”

Although this project focuses on the influence of money on state legislators, it is important to realize that contributions are not given in a vacuum. In order that contributors' investments in a candidate actually pay off in the form of favorable legislation, in many cases, contributions are accompanied by a lobbying effort; usually by an interest group. The same financial advantage that business interests possess in their ability to contribute more money to state candidates than any other interest, also provides them with an advantage in lobbying and interest group formation.

In Federalist 10, Madison indicates the dilemma of acknowledging the need and rights of people to organize into groups in order to express their views more powerfully, while at the same time, realizing that they will often do so for their own self-interest. He predicted (correctly) that factions would often arise, as men would naturally oppress each other. He acknowledged that factions could arise that would control the government. His solution of a republican form of government was a "leap of faith", in hoping that there would be equally competing groups, so no one faction would dominate. (Berry, 1989) Popular literature as well as numerous press accounts has illustrated the prescience of Madison's fears and the limitations of Berry's hopes, especially when it came to business control of state legislatures in the early part of this century. Frank Norris's *The Octopus* (1958), detailing the stranglehold the railroad

interests had on California's political process, is an example of this. Elite theorists such as C. Wright Mills, sought to bolster claims that much of America's policy process and subsequent policy outputs were controlled at all levels, by groups of elites and corporate chieftains pushing their own private interests at the expense of the public interest (1956).

In their exhaustive study of national interest groups, Schlozman and Tierney have found that over 60% of all active interest groups represent business or trade-oriented concerns (1986). At the state level, Hunter, Wilson and Brunk have also indicated that 53% of lobbying efforts at the state level come from business (1991). A more recent analysis finds that seven of the top ten sectors who lobby the states, come from the business community (Center for Public Integrity Website 2003). Much of the literature has established that at both the state and national level, one of the most prevalent forms of interest group behavior is that they act as information conduits to legislators and agency bureaucrats. It has been found that lobbyists often possess special, unequalled knowledge about a particular area, and that such knowledge is vital to the legislator (Browne 1991; Walker 1991; Thomas and Hrebenar 1999). The question remains, though, whether the mere presence of an inordinate amount of business oriented interest groups and lobbyists, have any significance on the polity. In other words, does the presence of these interests cause state legislative outputs to become more pro-business?

Others identify patterns of interest group behavior. The first indicates an 'Alliance of Dominant Groups.' This situation exists in states that have a non-diversified economy, non-competitive party politics and weak legislative cohesion. The authors illustrate this case by indicating that previously, almost all aspects of the Maine political

scene had been controlled by the "Big 3" interests of timber, electric power and manufacturing (Ziegler and Van Dalen 1976). Thirty years ago, the authors indicated that such power was waning due to environmental and tourism interests making inroads in political influence. A "Single Dominant Interest" existed in Montana, with the Anaconda Mining Company "playing the classic role of economic royalist, making frequent and extravagant forays into the electoral process. Other examples that abounded in this type of interest group domination were oil interests in Texas, sugar interests in Florida and the Du Pont company in Delaware. There is little doubt that these interests went far in affecting and determining a good deal of policy in their respective states. Throughout the 1970s and 1980s, the increased diversity in the economy of most states corresponded with the increase in number and to some extent, the diversity of interest groups lobbying state capitols. Although Ziegler and Van Dalen (1976), indicate the over-representativeness and even dominance of business interests in interest group systems, they like almost all other studies, fall short of being able to causally connect such dominance to any overall effect on the policy process.

One of the advantages in studying interest groups at the state level, as opposed to the national arena, is that political, economical, and cultural variations in state environments allow us to better understand interest group formation and proliferation. Which party is in control of the legislature, for instance, is an important factor when determining which types of groups wield power in a state. The sample for this project therefore include states like New York, Maryland, and Kentucky, where Democrats are in firm control of the statehouse, and where labor interest groups and PACs often dominate state politics. Republican-dominated legislatures such as Arizona, Idaho,

Kansas and Montana are also included in the sample, as the most important groups in these states are often business-oriented ones. Furthermore, states where there is great competition among the two parties such as Illinois, Wisconsin and Minnesota, are also included. In addition, depending on the economic fortunes or attributes of a state, different groups may be interested in gaining influence there. Large industrialized states with relatively high Gross State Products (GSP) such as New York, Michigan and Illinois are included in the sample as well as poorer, more rural-based states such as Iowa, Montana and Maine.

In his landmark study on the politics of New Haven, Dahl, the father of pluralism, held that U.S. society is open and equally accessible to all competing groups, fairly allowing them to vie for varying pieces of the pie (such as power and resources). Each stage in the evolution of ruling groups in New Haven meant a greater fragmentation of political resources and thus more people had the opportunity to in one way or another, influence policy decisions. Political resources include access to legal recourse, control over jobs, political participation, money, and social standing. According to Dahl, all of these resources or combination thereof maybe equally effectual when it comes to using them in order to influence policy decisions. This conclusion is necessary in order to bolster Dahl's claim of "noncumulative dispersed inequalities." For Dahl, the potential influence is the same for a citizen possessing any one or any combination of these important political resources. A wealthy citizen can use their wealth in only three ways according to Dahl: financial pressure, corruption and political contributions. (Dahl 1961, 241). A person who does not possess such great wealth can employ other political resources such as exercising his right to vote.

Although in reality a single vote cast versus a large political donation, for instance, doesn't appear to possess the same degree of influence over a particular policy decision, Dahl claims that by considering political resources in the aggregate (many votes cast by a spontaneously created coalition of voters perhaps) one can observe the indirect influence that the non-wealthy possess in a pluralist democracy. Leaders will inevitably choose policies that they believe will win support by the majority of voters. Thus elections exist as a counterweight to the advantages of wealth. Dahl contends that this power or influence is quite similar in effect to the direct influence that the wealthy may have on policy decisions when using their money as a political resource.

It is this very competition that drives the engine of democracy and prevents any one group from gaining dominance or from being left out of the system. Assuming that interest groups are a prime vehicle for citizens to exercise their First Amendment rights "to petition the Government for a redress of grievances," one would think that their proliferation would add to the diversity of interests, moving us further toward Dahl's ideal. Many jump to the conclusion of a diversity of interests lobbying state legislatures, by simply disaggregating the numerous, relatively narrow concerns of each group or lobbyists. Most researchers contend that a lobbyist representing widget manufacturers, for instance, has different interests than a lobbyist representing chemical companies. While their priorities regarding potential regulation and legislation that affects their client's profits may differ, they are no doubt united in such broad areas of concern such as corporate taxes and subsidies, along with numerous other rules and regulations that make it either more or less profitable to do business in a particular state. A study of state lobbyists concludes that "business is far from monolithic and overall,

its influence is thereby limited. Business rarely speaks with a single voice, and until recently, has been less than adept at politics" (Rosenthal 1993).

It has been postulated that as states become more complex, so should interest groups and interest group activity. One study examines this complexity by looking at states' economic diversity, per capita income, bills passed in the state legislature and the number of state employees. None of these factors seemed to lead to an increase in interest group activity (Hunter, Wilson and Brunk 1991). Gray and Lowery (1993, 1995, 1998) on the other hand, postulate the notion that state interest group density is a function of potential government goods and services, the stability of the political system and government age and size. Using a population-ecology model, their 'Isomorphism principle' borrows from Darwinian concepts of survival of the fittest due to superior adaptation, and attempt to apply such notions to explain interest groups.

Their exhaustive study concludes that interest organization density, but not diversity, is positively associated with economic growth as well as the growth of state and local governments. They measure density by the number of interest groups registered relative to the size of a state's economy (1993). For purposes of answering the broad question of interest group effects on democracy, this relationship flowing from the independent variable of interest group density and their corresponding dependent variables, is quite useful, and will be dealt with later. For this section however, what is important is that the authors contend that there is good reason to expect that causality runs the other way as well. In other words, economic and government growth lead to a proliferation in the number of interest groups. This increase in density of groups however, does not lead to more diverse or pluralistic

dynamics between groups and state governments. Gray and Lowery in fact, indicate that "contrary to the expectations of those who thought that the observed increase in the number of public interest organizations during the 1970's would transform interest communities, traditional economic interest continue to dominate lobbying communities in the states." (1996, p. 254) This conclusion has interesting implications, as it brings us closer to notions that business interests are better able to thrive in an interest group community, and are thus likely to have an inordinate amount of influence, relative to other groups that are less able to compete.

In his research examining Mancur Olson's notions of Collective action and how it applies to the formation of interest groups, Paul Brace also indicates domination of private interests in policy subsystems, indicating that market interests first establish the rules of the democratic game early on, pushing politics to evolve and become organized after the initial and disproportionate influence of market-oriented groups. (1988). The power of private interests in setting early on the parameters with which all political change must occur, (in what many refer to as the agenda setting stage of the policy process) has been studied extensively. Charles Lindblom, recanting earlier theories of a pluralistic equality of access for all competing groups, outlines the privileged position of business interests in our political system. (Lindblom, 1977) The main thrust of his argument indicates that in market-oriented societies, business controls major decisions and exhibits numerous forms of control over the economic and political systems. Government often acquiesces and even induces business to perform these functions since performance is vital to the a societies' survival (lack of performance may lead to a

depression or inflation) For these reasons business interests take a privileged role in government that is unmatched by any other group.

The special leverage powers that business interest holds are seen clearly at the state level. Building on Linblom's theory, Ambrosius (1982) measured the role of occupational interests in influencing state policy makers to adopt policies beneficial to them. She defines these interests as a state's: practicing lawyers, union members, business establishments, bank assets, and life insurance policies (all per capita). These interests have a punishing mechanism in that the potential mobility of capital creates competitiveness among states, which desire investment and employment. Realizing this economic prosperity leverage that these interests have, legislators, often at the expense of the public welfare pursue policy choices benefiting these groups (Ambrosius 1982, Salisbury 1984).

Other public interest or non-business interests may attempt to form in pursuit of gaining access to policymakers, but the odds seem to be against them. Previous, and now largely disproved theories of group formation held that only when equilibrium in society is altered through some type of frustration, deprivation or political disturbance, will people form groups in an attempt to get back the goods or services that they may have lost (Truman 1951). Others have shown that group formation is about leadership, as only through the successful marketing of the group by entrepreneurs by offering concrete benefits to members, can a group compete and survive (Salisbury 1969).

Business groups such as the Chamber of Commerce and National Federation of Independent Business, along with a variety of trade and occupational interests, are often more successful at forming and thriving as they are able to offer their members material

or selective benefits (Olson 1971) such as minimum wage caps or strict licensing requirements. Especially with regard to the latter type of selective benefit, business-groups unlike public interest groups or the broad public, are often able to minimize the scope of the conflict by persuading policy makers that little organized opposition exists to, for example , stricter licensing requirement for medical practioners. By defining the issues as ones lacking major conflict among the public, such groups are able to define the alternatives for policy makers and thus have a great deal of influence over the policy process (Schattschneider 1960).

Defining the Business Interest

Another potential problem when examining the relationship between contributions and votes is the problem of broadly defining one the major interests involved in the relationship - namely business. In most state legislative campaigns, contributions from business PACs and individuals associated with business far outnumber contributions from all other groups. When researching the relative power of business to influence the policy process, most studies attempt to grapple with the problem of operationalizing business power. Most research begins with an examination of the proliferation and dominance of business power in the policy process. Since the advocacy explosion of the 1960's, PACs have become the primary vehicle for various groups to exert influence in the legislative process. Organized labor, one of the primary oppositional interests to business, was the first to capitalize on this technique of pooling money from its members to donate to congressional and state candidates in the hope that they would sympathetic to their interests. This may have been more due to labor's institutional capacity rather than political strength, as they could accomplish this by

simply dipping into their treasury (Burns, Francia and Herrnson 2000). Business learned quickly however. In 1974 there were 201 labor PAC's and only 80 corporate PAC's. By 1978 there were 784 corporate PAC's and an additional 500 trade associations all attempting to express the interests of business to Washington. (Ackard, 1992).

Currently, business-oriented interests made up approximately 65% of all nationally registered PACs (FEC Website). At the state level, variation in state lobbying and PAC registration makes it difficult to calculate the breakdown in interest. However, one research project indicates that by the late 1990s as many as 74% of all lobbying groups in states were profit-oriented (business) groups (Gray and Lowery 2001). Labor on the other hand has no such advantage as a steady decline in the number of workers choosing to unionize translates into less opportunities for the formation of labor PACs.

The questions remains however, whether business interests speak with one voice

Most agree that business is generally incapable of unified political action. Conflicting policy disputes between business interests include financial versus nonfinancial; manufacturers versus retail; regional economic interests; defense industries versus non-defense industries; larger multi-national corporations versus smaller firms and general competition among firms of the same industry (Ackard 1992). While this may point to the possibility that this disunity means that there is no direct influence of corporate power on the policy process, there are two mitigating factors or circumstances that may act to help define business unity. The first is when conditions in the general political or economic environment exist that represent or are perceived to represent a common threat or create shared interests among most businesses. When it comes to state policy, this may be the case when policy proposals center on regulation of industries,

increases in the minimum wage, or environmental regulation. The other factor, more clearly defined by Useem's "Inner Circle" (1980) and C. Wright Mill's "Power Elite" (1952), indicate social, economic, or organizational ties between firms, industries, or sectors of the business community such as kinship or social class of economic elites. There is no doubt that businesses play a uniquely powerful role in a capitalist democracy. Charles Linblom (1982) has posited the idea that the market imprisons policymaking, due to an "automatic punishing recoil" that business interests possess. Any government regulation of business, for instance (such as increasing wages, pollution control, higher taxes, and safer cars), reduces profits for business and is punished by reactions such as unemployment, company relocation to cheaper markets in the Third world, and perhaps a declining economy. No other group has this awesome power to impose such a severe penalty on society if policy makers fail to bend to the wishes of the business interest.

Along with the economic constraints that big business has over public policy, they are also supported by the adherence that most Americans have to capitalistic and individualist values, long thought to be part of what McClosky and Zaller (1984) have referred to as the "capitalistic creed." The public's long term commitment and favorable view of business has much to do with the fact that along with democracy, capitalism is one of the two major traditions of belief that has been infused into American life. Capitalism is associated with private property, the right to unlimited profit from economic effort, economic competition, and laissez faire policy. These ideas as well as the protestant work ethic and individualism, form the basis of the creed (Chong, McCloskey and Zaller 1983). Through analysis of public opinion survey data during the

1970s, McCloskey and Zaller (1984) found that those in the public who are politically aware, take cues from influentials and opinion leaders who play a vital role in defining political norms such as support for capitalistic values that the public learns and adapts as their own.

When it comes to regulatory policies, a great majority of business interests in any given state are often united in their opposition to regulations that may impose costs on the business interest. Since the ‘devolution revolution’ shifted a good deal of regulatory responsibility from the federal government to the states, business groups have centered much of their lobbying efforts on lowering regulatory constraints and thus decreasing the costs of doing business in a particular state (Williams 1999). In addition to regulation, business interests in the states also unify around policy proposals that increase economic and infrastructure development in their state. Many states in fact create a variety of economic development plans to attract businesses, often competing with each other for policies which create the most profitable regulatory and developmental environment for businesses to operate in (Peterson 1981; Saiz and Clark 1999).

Summary

Nearly forty years ago, Grant McConnell’s seminal work, *Private Power and American Democracy* (1967) grappled with the problem of reigning in private power’s influence over government. This dilemma of democracy continues. In terms of this project, the dilemma stems from the fact that at the same time that candidates need to solicit more and more campaign funds from various business interests throughout a

state, the private power representing those interests continues to press for more access and more favorable legislation – in essence more representation.

Even at the state level, money is indeed the “lifeblood of politics” (Senator Tom DeLay (R-TX), quoted in Congress Daily). Candidates running for the statehouse spend a good portion of their time raising money for their reelection, and at times admit that those who contribute money to their campaigns are sometimes rewarded with preferential access. As difficult as it may be to legally define such a relationship as corruption per se, the most recent ruling by the U.S. Supreme Court, declaring the BCRA constitutional, seems to be moving in that direction (*McConnell v. FEC* 2003). Going a step further and cutting through the legal fiction (Clawson et al. 1998) whereby contributions are referred to by both candidate and donor as merely a gift rather than an exchange, one realizes that but for the specific language used by the parties involved, this is indeed corruption.

Although the current state of research in political science is quite murky as to the question of a quid pro quo exchange of contributions for votes, this project will contribute toward answering this question, due in part to the diversity, size and timeliness of the data. Given the vast structural advantages as well as the “upper-class accent” (Schattschneider) that interest groups possess in state legislatures, the exchange of business money for favorable legislation presents serious implications for principles of representation and democracy.

CHAPTER 3

What Determines Campaign Contributions?

The oft-quoted truism about money being the mother's milk of politics, makes it necessary, that before examining the effects of money, it is important to find out where it comes from and why. Although the central focus of this project involves an examination of the relationship between campaign contributions and roll call votes, it is important to understand what comes before. How do business and labor interests decide which state candidates will benefit from their contributions? How much depends on the party of the candidate, the institutional trappings of the legislature and other factors, in determining which interests give to whom? Unlike the federal environment, every state has its own unique scheme as to how it regulates the financing of campaigns. Like other state policies, laws that determine how much money private interests can contribute to state legislative candidates, arise from a combination of structural, political and cultural factors unique to a particular state.

This chapter begins by describing the various schemes that states employ to limit contributions to state candidates. Next, there is a discussion regarding the increase in candidate fundraising in light of most states' lenient campaign finance laws. Differences between professional and nonprofessional legislatures are highlighted indicating the importance of examining campaign contributions by comparing these two groups. The final section uses Ordinary Least Squares regression to predict the factors that lead to contributions by business and labor. Patterns in contribution limits and resulting contributions to candidates show that there are distinct differences between state that have professional legislatures and those that have nonprofessional ones. The distinctive environments of professional and nonprofessional legislatures produce differences in the

contribution patterns of labor and business interests – the two largest sources of funding for candidates running for the statehouse. Research at the congressional level indicates that business often gives fairly equally to candidates from both parties, while labor practices a more targeted and ideological strategy by giving primarily to Democrats (Herrnson 2004; Grier and Munger 1991; Endersby and Munger 1992). At the state level however, differences in levels of partisanship between the two types of legislatures explains the differences in how these groups contribute to candidates from both parties.

Donors contribute to legislators based on such factors as a legislator's attributes as well as state and district level factors. In professional legislatures, distinct institutional sign posts such as centralized leadership and strong committee structures are likely to show that these factors are much stronger predictors of contributions, than is the case in nonprofessional legislatures. In addition, the powers of incumbency are far more amplified in professional legislatures, as members are able to take advantage of the perquisites of office not unlike members of Congress. Therefore, incumbency should matter a lot more in these types of legislatures than in nonprofessional ones.

The State of Campaign Finance Regulation in the States

There are a number of ways that money can travel from donors to state legislative candidates. These include PACs, individual contributions, corporate contributions, and contributions from labor unions. Unlike the federal electoral arena, many states have few or no regulations limiting how much money state candidates can raise from donors. When it comes to PAC contributions to (as shown by Table 3-1), as many as sixteen states allow PACs to contribute an unlimited amount of money directly to candidates and twelve states have limits similar to federal limits, allowing PACs to

contribute between \$4,000 and \$6,000. Current federal limits allow PACS to contribute up to \$5,000 in hard money to congressional candidates (FEC Website).

In recent years, many states have sought to increase the power of parties and decrease the power of interest groups. Thus, many states place caps on PAC contributions ranging from \$100 to \$600. Only one state, Pennsylvania, prohibits all PAC contributions.

Table 3-1. PAC Limits to Candidates					
Unlimited	\$10,000-\$36,500	\$4000-\$6000	\$1000-\$3100	\$100-\$600	Prohibited
AL	CO	CA	AK	AZ	PA
IA	NE	HA	AR	CT	
IL		ID	KY	FL	
IN		LA	NH	KS	
MO		MD	NY	MA	
MS		NC	OH	ME	
ND		NJ	RI	MI	
NM		NV	SC	MN	
OR		OK	WV	MT	
SD		TN		VT	
TX				WA	
UT				WI	
VA					
WY					

Grey cells are the states used in the sample

Organized interests as well as corporations and labor unions often form PACs in raise and contribute money directly to state candidates or to parties. In many states, corporations and labor unions have the added benefit of being able to contribute directly to the candidate without the use of a PAC. Again, this is unlike the federal environment, where such direct contributions are prohibited. This is one of the primary reasons why,

when testing the relationship between contributions and legislator voting, it is important to do what most research fails to do - capture contributions that fall outside PACs. Less than half of all states prohibit contributions from corporations, while only 13 states prohibit contributions from union. As many as 11 states allow unions to contribute unlimited amounts of money to state candidates, while nine allow corporations to do so. The remainder of states place limits on labor unions and corporations ranging from a low of \$250 in Maine to a high of \$6,000 in Indiana (See Table 3-2). Although again, we face a good deal of variation in state regulation, compared to the federal elections where no contributions are allowed from either corporations or unions, the state arena is far less stringent and has led to large increases in overall contributions from both labor and business interests. Because unions can contribute an unlimited amount of money in such states as Illinois and Oregon, Democrats benefit greatly. In fact, nearly a quarter of all contributions to Democratic candidates in these states, can be traced to labor unions.

Table 3-2 Limits on Corporate and Labor Union Contributions to Candidates										
	Unlimited		\$4000-\$6000		\$1000-\$3000		\$250-\$600		Prohibited	
	Corp	Labor	Corp	Labor	Corp	Labor	Corp	Labor	Corp	Labor
	(9)	(11)	(6)	(5)	(9)	(11)	(7)	(8)	(19)	(13)
AZ									X	X
CO									X	X
CT									X	X
FL							X	X		
ID			X	X						
IL	X	X								
IA								X	X	
IN			X	X						
KS							X	X		
KY						X			X	
LA					X	X				
MD			X	X						
ME							X	X		

MI									X	X
MN								X	X	
MO	X	X								
MT									X	X
OH									X	X
OR	X	X								
PA									X	X
NY					X	X				
WI	X	X								
<i>Parentheses represented total number of states in this category</i>										

When it comes to contributions to candidates directly from individuals, most states lean heavily in favor of minimal regulation. As many as 17 states allow individuals to contribute an unlimited amount of money to candidates, while 12 states allow large contributions of between \$2,000 and \$5,000. Only four states, Maine, Montana, South Dakota and Vermont, where the cost of conducting a campaign is quite low, cap individual limits in the \$100-\$250 range. As indicated on Table 3-2, the remainders of the states have limits ranging from \$500 to \$1,500.

Table 3-3. Limits on Individual Contributions to Candidates				
UNLIMITED	\$2000-\$5000	\$1000-\$1500	\$500-\$760	\$100-250
AL	ID	AR	AK	ME
CO	GA	CA	AZ	MT
IL	HA	CT	DE	SD
IN	LA	NJ	FL	VT
IA	MD	RI	KS	
MS	NC	SC	KY	
MO	NH	TN	MA	
NE	NV	OK	MI	
NM	NY	WV	MN	
ND	OH	WY	WA	
OR			WI	
PA				
TX				
UT				
VA				

Grey cells represent sample states

The Increasing Need for Money

The lenient regulatory environment in many states combined with the growing costs of waging state legislative campaigns, has led to large increases in the amount of money contributed to state candidates. The growing professionalism of state legislative campaigns (Abbe and Herrnson 2003; Moncreif 1992; Frendreis and Gitelson 1993), leads candidates to be even more reliant on contributions from private sources. While public funding, whereby spending limits are imposed in exchange for public funds, may effect spending, the fact that only four states have such a system, does not significantly alter the impact of private money in state elections.

A recent study, looking at a representative sample of eighteen states, indicates that between 1986 and 1994, candidate spending in statehouse races increased by about 70%. Even when adjusted for inflation, the increase is still significant at 30% (Moncreif 1998). In 2000, among candidates running for a states' lower chamber, the average campaign spent about \$30,000, while Senate candidates spent an average of almost \$65,000 (Herrnson 2004). Senate candidates typically spend more than their House colleagues because they need to reach much larger districts during their campaign (Hogan and Hamm 1998). Open-seat candidates also spend more, as their expenditures usually range from about \$52,000 in house races to about \$82,000 in the senate.

While factors such as the professionalization of the legislature, the competitiveness of the race, the size of the district as well as the campaign finance regulatory environment (Moncreif 1998; Hogan and Hamm 1998) lead to a good deal of variation in spending among all states, an overall increase over the past decade has been well documented. In addition, because of the increasing amount of money needed to run

an effective campaign, candidates have had to dedicate more time to raising money in the first place. A recent survey indicates that about thirty percent of candidates running for the statehouse devote as much as from one-fourth to three-quarters of their time campaigning, engaged in fundraising activities. Interestingly, those candidates who are publicly funded however spend less time fundraising (Francia and Herrnson 2003).

The Distinction between Professional and Nonprofessional Legislatures

While both business and labor contribute to candidates in a manner determined by their own resources, goals and strategies, contribution patterns to candidates do emerge, when examining the type of legislature in which the candidate seeks office. As indicated earlier, there are important institutional, electoral, and behavioral differences between more professional and non-professional state legislatures. Professional legislatures are in primarily in heavily urbanized states in the northeast and Midwest (Morehouse and Jewell 2003). Dealing with a greater volume and variety of policy issues in these states, have caused legislatures to evolve into bodies resembling the United State Congress, complete with significant support staff, higher salaries, and longer sessions. For the purposes of this project, one of the most important differences between professional and non-professional legislatures is the amount of money raised by legislative candidates running in their respective legislatures. Past research indicates that due to such factors as the average size of the legislative district, as well as the cost of doing business in heavily urbanized states, contributors tend to contribute a lot more money to candidates in professional legislatures than their non-professional counterparts (Cassie and Thompson 1998).

Professional legislatures are generally found in the more densely populated states. The average size of a House district in these states is about 86,000 people –twice the size of a House district in states with nonprofessional legislatures. Wealth is a factor that distinguishes the two types of legislatures. States with professional legislatures have a Gross State Product (GSP) nearly three times greater than the nonprofessional states as well as wealthier individual districts. Greater industrial development in states with professional legislatures leads to a larger blue-collar workforce, which in turn leads to a greater union presence. When it comes to the strength of campaign finance regulation, candidates running in states with nonprofessional legislatures are governed by slightly more stringent laws. The *State Campaign Finance rating* reflected in the table below is based on an index score, calculated by Hogan and Hamm (1999). The authors calculate an index score for six components of a state’s campaign finance restrictiveness, including contribution limits for corporations, unions, PACs and individuals, as well as the presence of public financing and carryover limits (See Appendix Table 2-1).

When it comes to the competitive nature of the statehouse elections candidates running in states that have professional legislatures are quite a bit more competitive than their nonprofessional colleagues are. The average margin of victory for candidates running for nonprofessional legislatures is ten percentage points higher than candidates running for professional legislatures. Finally, we see a wider margin of control for Democratic legislators in professional legislatures than in nonprofessional. A t-test conducted on all factors indicates a statistically significant difference between the two types of legislatures at the .001 level.

Table 3-4. Means Table for Control Variables		
Business Rating	Republican-86 Democrat- 49	Republican-89 Democrat- 50
Union Presence in State	17.3	12.4
District Income	\$38, 538	\$34, 759
District Population	86, 533	43, 105
State Finance Rating(a)	11	13
% Republican in Legislature	48	55
Gross State Product(b)	\$359, 989	\$105, 223
Competitive Election©	0.23	0.33
State Competitiveness	41	43

(a) On a scale from 0 to 20

(b) In thousands

(c) Average winning margin for candidate

Predicting Campaign Contributions

There are a number of factors that induce campaign contributors to contribute to candidates. While differences have a good deal to do with the type of contributor (business or labor), as well as a candidate's attributes, district and institutional factors also come into play. Business and labor are the two primary interests who seek to use campaign contributions to both influence electoral outcomes and to influence how legislators vote on bills relevant to these interests. In this section OLS regression is used to examine what factors determine how much money business and labor contribute to statehouse candidates. If errors are not identically distributed on all values of the independent variables, standard errors and confidence intervals will not be trustworthy. More credible standard errors and confidence intervals for OLS regression can be achieved by using robust estimators. Due to the presence of heteroscedasticity, in some of the variables, robust estimators are therefore applied (Hamilton 2004; Dietz, Frey and Kalof 1987).

In order to capture the variation in contributions from both labor and business and how these differences manifest themselves in states with both professional and nonprofessional legislatures, I specify four different models. For the first two models business contributions is the dependent variable, while for the second two models labor contributions is the dependent variable.³

These equations are estimated as:

$$\text{Campaign Contributions} = \text{Incumbent} + \text{Leader} + \text{Majority} + \text{Republican} + \text{Business Votes} + \text{Competitive Election} + \text{Campaign Finance Laws} + \text{District Population}$$

Campaign Contribution Data – Moving Beyond PACs

The campaign contribution variables used in this project capture the aggregate amount of money that flows from business and labor through a variety of delivery vehicles, including PACs, unions, corporations and individuals. Accompanying the huge rise in the number of interest groups lobbying state capitols has been the equally huge increase in the number of PACs. PACs generally engage in three types of strategies. The first kind is the “access” strategy, where contributors may donate money to the reelection campaigns of legislators who serve on key committees or leadership positions in policy areas where the donor groups seek to have influence. Corporations and trade associations are the groups most associated with this sort of strategy (Herrnson 2004). The “election strategy” is when they donate money to candidates who agree with their ideology in order to help get them elected in the first place. (Engel and Jackson 1998; Wright 1985; Langbein 1993, Gopoian 1982). Groups such as labor, practice “mixed” strategies. They contribute both to assure that their favored candidates wins reelection as well as to sure up their relationship and access to legislators who are sympathetic to their cause (Herrnson 2004).

Although the proliferation of PACs often translates into increased levels of funding for state candidates, PACs are not the only means by which various interests deliver money to the campaigns of state candidates. Both at the federal and state levels, studies analyzing campaign contributions, often focus exclusively on PACs as their primary unit of analysis. (Grenzke 1989; Grier and Munger 1991; Hall and Wayman 1990; Rudolph 1999; Thompson, Cassie and Jewell 1994; Thielman and Dixon 1989; Cassie and Thompson 1998). Once again, there is tremendous variation across the states due to factors such as campaign cost, professionalism and regulations. Recent findings in fact indicate that PACs actually give less than the amount which they are allowed to under the particular state's law, and merely contribute the minimum amount of money that they feel is necessary to ensure that their candidate is victorious (Cassie and Thompson 1998). Most incumbents receive anywhere from 28% to 45% of their contributions from PACs, while challengers receive about 16% to 23% (Herrnson 2004; Cassie and Thompson 1998). A recent survey of state house candidates indicates that they receive about 40% of their contributions in the form of individual contributions (Faucheux and Herrnson 1999).

When examining campaign contributions in state elections, it is vital to include other sources in addition to PACs. This is especially important when one considers that in many states the majority of contributions to state candidates come directly from corporations and labor unions. There is considerable variation as to whether corporations and unions may contribute directly to a candidate and how much they are allowed to give (See Table 3-2). Quite a few states allow these two entities to contribute large sums

of money and therefore must be included in a measure of contributions from a particular business or labor interest.

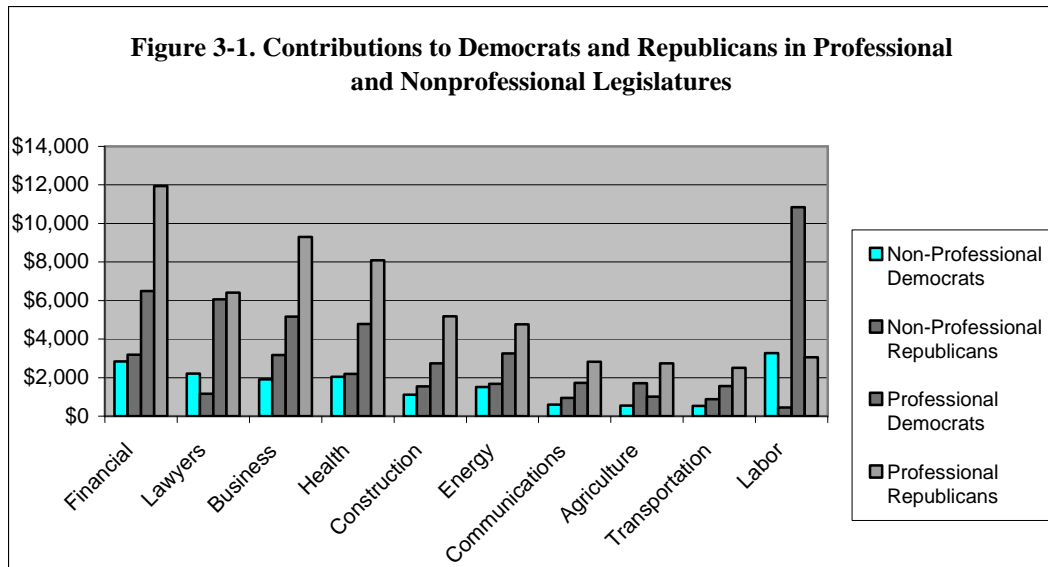
Contributions in this study include money from PACs, individuals, corporations and labor unions contributed directly to the candidate and which have a source that has been identified as representing either the business or labor interest. While there is a degree of diversity among unions operating at the state level (public versus private, large versus small), in most cases when unions seek to use campaign contributions to affect policy outcomes, they are unified over worker rights issues such as increases in the minimum wage, workers compensation, and other worker benefit programs.

Contributions used in this analysis make up about 25 different occupational unions, including public, private and trade unions. Turning to the federal environment for theoretical direction, some find that labor, being financially disadvantaged (as compared to business and corporations), will behave differently from other campaign contributors, attempting to change the composition of the legislature, while maintaining access to existing allies (Herndon 1982). More recently, others find that labor, practicing a mixed strategy, usually stick with Democrats in close races and may also reward both Republican and Democrats for past pro-labor votes (Herrnson 2004). As reflected in Figure 3-1, labor has much less money than the combined contributions of the eight business-oriented groups. It is likely that they will therefore be more selective in who they contribute to, rarely contributing much money to even moderately leaning Republican candidates.

In order to capture the diversity of business donors, measures for business campaign contributions include contributors from eight sectors of the business

community. These economic interests are the top contributors to state candidates. The data used in this study was collected by the National Institute on Money in State Politics using state board of elections and various secretaries of state disclosure sources. The eight-industry categorization is based on the Standard Industrial Classification (SIC) which is the system that the Federal Securities and Exchange Commission used to categorize corporations. Business contributions include contributions from the following economic interests: retail and manufactures, banks, insurance companies, real estate interests, the healthcare industry, construction, energy, communications, transportation and agribusiness.

As reflected on Figure 3-1 below, every interest contributes a lot more money to candidates running in professional legislatures than in nonprofessional legislatures. In professional legislatures, the largest donors are the Finance, Business and Health industries, though contributions are heavily weighted in favor of Republican candidates. Democrats must rely on large contributions from labor to make up at least some their deficit. For nonprofessional candidates, the disparity between parties is not as great. The largest contributors are from the Finance, Business, Construction and Energy industries.



Incumbency

At the congressional level, the power of incumbents to attract substantially more campaign contributions than challengers is well-established (Jacobson 1980; Sorauf 1988; Gopoian, Smith and Smith 1984; Herrnson 2004). Business-oriented donors who practice an access strategy, contribute to those candidates who have the best chance at winning the election. Incumbent's perquisites of office include free mailings to constituents, web sites, and pork-barrel projects, make it extremely likely that they will get reelected (Herrnson 2004). At the state level, research follows along the heels of congressional findings, indicating that incumbency is a strong predictor of increased contributions (Cassie and Thompson 1998: Cassie 1991; Jones and Borris 1985; Thompson and Cassie 1992; Thompson, Cassie and Jewell 1994). Salmore and Salmore (1996) indicate that state campaigns have become "congressionalized," in the sense that many state incumbents have become as powerful as their congressional counterparts, when it comes to attracting contributions from wealthy PACs and using the trappings of

office to easily beat back electoral challengers. Variations in the powers of incumbency however, occur depending on the type of legislature. After all, only the most professionalized legislatures resemble Congress in terms of the perquisites of office. This translates into increases in electoral invulnerability, as the success rates of incumbents in some professional legislatures approach that of the U.S. Congress – over 90% (Rosenthal 1993). Therefore the incumbency will likely be more important in professional legislatures than in nonprofessional ones. In addition to an incumbency dummy variable, also included is a dummy variable for open-seat candidates. Turning again to the congressional findings, research shows that open-seat elections are quite competitive, attracting qualified candidates who are adept at raising substantial sums of money and mounting an effective campaign (Herrnson 2004).

Majority Party

At the congressional level, findings indicate that for business and corporate interests, one of the most important factors is a legislator's majority party status (Rudolph 1999; Clawson, Neustadt and Scott 1992; Cox and Magar 1999; Monardi and Glantz 1996). At least in the House, the majority party and majority party leadership controls almost all points of access and power. This includes the assignment of committee chairs, the control of committees, the assignments of legislation to their committees and of course the ability to form the majority of votes for the ultimate passage or defeat of legislation voted upon by the entire body. Business and corporate PACs realize the institutional advantages of majority party status and following an access strategy, they adjust their contributions accordingly (Rudolph 1999).

Groups pursue their economic interests by contributing to those legislators who are most able to affect policy outcomes that benefit those interests (Cox and Magar 1999, Grier, Munger and Roberts 1994). Labor on the hand, most often practices an ideological strategy (Sorauf 1988), as their bias in supporting Democrats over Republicans, remains constant regardless of which party is in the majority (Rudolph 1999). Although research at the state level is quite scarce, one study does indicate that PACs contribute more to the majority party, since the minority does not have much influence over the policy making process (Thompson, Cassie and Jewell 1994). This study however, has severe limitations as the sample consists only of three states. Cassie and Thompson (1998) indicate that at the state level, majority party does not matter that much when it comes to contributions. Although theirs is the most up to date study thus far as well as the one with the largest sample of states (18 states), there are two issues that make their findings less than reliable. First, much of their data is over ten years old. Second, their research does not include any sort of statistical analysis as they base their conclusions simply on observation and inference. I expect that the larger and more up to date cross section of state legislators used in this project will yield results similar to findings in the congressional literature. As such, I include a dummy variable to compare legislators who are a part of the majority party in their state legislature.

In most state legislatures the majority party gets to choose chamber leaders, as well as committee chairs and members. In addition, characteristic of many state legislatures is that leaders and committees are the primary access points by which legislation either succeeds or fails. This is especially the case in nonprofessional

legislatures, which are often somewhat more centralized, and leadership driven than are professionalized legislatures.

Leadership

Also included is a variable for leadership. Legislators coded as leaders include committee chairs, ranking minority members of committees, Speakers and minority leaders. Looking at the North Carolina State Legislature, research shows that PACs favor legislative leaders and incumbents (Thompson and Cassie 1992). Contributors are thought to be rational maximizers and wish to maximize their investment by contributing to those legislators who have the power to move important bills through committees for a successful floor vote (Theilman and Dixon 1994). In addition, the role of legislative leaders in attracting and raising campaign funds for the entire party has been incredibly amplified in the past twenty years. Once again these changes have occurred mainly in professionalized legislatures and have involved the use of leadership political action committees as well as legislative campaign committees. (Gierzynski 1991; Rosenthal 1993; Clucas 1994). Again the power of leadership posts to attract contribution is likely to vary depending on the differing legislative settings.

Partisan Affiliation

Due to similar ideological beliefs as well as shared policy goals, groups will often ally themselves with one of the two major parties. In the case of business and labor, these alliances of labor with the Democrats and big business with the Republicans, have been quite strong and long lasting, beginning around the time of the New Deal and remaining fairly consistent for the past few decades. In many ways, these alliances have come to define a central core of both parties, highly affecting political and

ideological differences. Since the New Deal, the most salient policy debates has been dichotomized around the Democratic party's embrace of an expansive role for government in the economic and business sector, versus the Republican perspective which advocates less of a role for government and a greater reliance on the free market and consequently more leeway for corporate prerogatives. In most instances regardless of the particular issue involved, both labor and business have often fall in line with their respective allies.

These relationships may be more amplified in industrialized states where there is a greater manufacturing and union presence. In such a state setting, labor may for instance, find in more beneficial to maintain strong links to the Democratic Party through the funding of state campaigns. Conversely, most business interests who want to get the greatest bang for their buck will target Republican candidates, as this is the party that has on its legislative agenda, such issues as dismantling costly regulations and minimizing labor costs. In industrialized states, where such regulatory battles are more front and center, the linkages and bias in contributing will be more prevalent.

Again, existing research at the state level is sparse. Those studies that have explored the motivations of contributors to state candidates do observe a link between parties and the behavior of certain PACs (Cassie 1991; Thompson, Cassie and Jewell 1994; Cassie and Thompson 1998). We should expect that business contributions should favor Republicans, especially in industrialized states where professionalized legislatures are much more common. Labor contributions are likely to be targeted to Democrats in all legislatures. Included in the model is a dummy variable for *Republican*.

Competitiveness

The electoral security of a candidate will likely have an impact on how much that candidate is able to solicit from various interests. Previous research in the congressional universe shows that when contributors expect a close race they will contribute substantially more money to the candidate (Grier and Munger 1986; 1993; Endersby and Munger 1992; Grenzke 1989). At the state level, findings indicate that at least when it comes to PAC money, vulnerable incumbents are strongly favored (Cassie and Thompson 1998). Keeping in mind that labor in particular, which often employs both an access and electoral contribution strategy, vulnerable incumbents at the state level, are likely to see an increase in contributions. *Competitive election* is included as a dummy variable and represents those candidates who won by 20 percent of the vote or less during the last election.

Voting Record

The relationship between money and politics is a complex one. As indicated in the introduction to this chapter the central thrust of this project focuses on the part of the equation that predicts that money leads to policy outputs. A variable for a candidate's previous voting record on business issues is included here in order to test for the possibility that causation works in the other direction as well. In other words, money may influence legislative voting, but past voting may influence economic interests toward contributing in the first place. The variable *Business votes* is the rating given to the legislator by the state's National Federation of Independent Businesses (from 0 to 100) based on whether the candidate voted in line with NFIB views on a number of

important roll call votes. The ratings are based primarily on the following: minimum wage caps, tax benefits for businesses, limits on government spending, tort reform, control of health benefits and unemployment insurance for workers, and an expansion of private property rights. Although all economic interests are self-interested, materially oriented and narrowly focused, labor in particular are often motivated by more narrow policy concerns causing them to pay even more attention to the voting records of potential donees (Gopoian et al. 1984).

District Size

Previous research indicates that among the most important factor in determining the variation in contributions to state legislators is related to what it costs for a candidate to reach voters during the campaign. Much of this is dependent on the size of the district in which the candidate is running, as candidates have to spend more money in higher populated districts, in order that they reach as many voters as possible (Moncreif 1998; Hogan and Hamm 1998). Furthermore, these larger districts are often located in more industrialized, and wealthier states where the media market is more expensive. I therefore control for the population of the district. This measure was obtained from the Almanac of State Legislatures and is calculated in thousands (Lilley, DeFranco and Bernstein 1998).

Campaign Finance Laws

As previously indicated there is a good deal of variation in how states regulate campaign contributions. States that have nonprofessional legislatures are more restrictive than states with professional legislatures in how much they allow various entities to contribute to state candidates (See Table 3-2). Although laws are reflective of

the cost of doing business in a state, the smaller nonprofessional states stand out in setting extremely low limits on how much individuals can contribute to campaigns. For Montana that amount is only \$250, while Maine caps such contributions at only \$100. Larger states on the other hand such as Pennsylvania and Illinois allow unlimited contributions from individuals.

Only one study examines the relationship of a state's campaign finance laws on the amount of money contributed to candidates, and that study is limited to an examination of contributions from PACs. Findings indicate that no relationship exists (Cassie and Thompson 1998). By utilizing multistate data where the main unit of analysis is contributions from other entities besides and including PACs, findings are more generalizable. I expect that campaign finance laws will indeed effect how much various economic interests decide to contribute to candidates, especially in the more heavily regulated nonprofessional states. The variable *Campaign finance laws* is included in the model. It is comprised of an index score developed by Hogan and Hamm (2001) and is based on their ratings of public financing, as well as states' limits on contributions from corporations, labor unions, PACs and individuals.

Findings

Table 3-5 contains the results for business and labor contributions to candidates in both professional and nonprofessional legislatures. As predicted, incumbents attract a good deal more money than challengers and open-seat candidates. In professional legislatures, the incumbent label is worth an additional \$18,000 while incumbents running for nonprofessional legislatures can only count on an additional \$5,000. The advantages and perquisites available to incumbents in professional legislatures appear to

make a difference in attracting more contributions than their nonprofessional counterparts. It is also the case that legislators in professional legislatures care more about building their legislative careers (Rosenthal 1993) due to such factors as higher salaries and increased opportunities to make substantive policy changes. It is therefore likely that they work harder to raise the money needed to ensure reelection.

In states with professional legislatures, business seeks to maximize its influence by contributing significantly more money to legislative leaders. Candidates who hold leadership posts in these more centralized, leadership-driven bodies, can count on receiving on average, \$18,000 more money from business than rank and file candidates. Leadership is statistically significant among nonprofessional candidates, though it is much smaller for professional candidates. Although some have found that changes in professionalized legislatures have led to diminished power for legislative leaders (Jewell and Whicker 1994), these results indicate that when it comes to attracting large contributions from business and labor, leaders continue to wield substantial power. Particularly in states such as Florida and Pennsylvania legislative leaders control many aspects of policy making and are thus able to attract a significant larger portion of business contributions than nonleaders (See Appendix Table 3-1 and 3-2 for individual state analysis).

One of the most interesting findings is the differences in business contribution strategies when it comes to party affiliation. Only in the larger, more industrialized states of the mid-Atlantic and rust belt where professional legislatures are more common, do we find that business sticks with the GOP when it comes to funding state candidates. Only in New York and Maryland, where Democrats are in firm control of the

legislature, do we see business interests readjusting its ideological strategy, giving a lot more money to majority Democratic candidates. Business provides on average, \$13,000 more to Republicans than to Democrats. Republicans running for office in states with nonprofessional legislatures see no such Republican advantage. In these states, business focuses its investment strategy on factors other than party affiliation. This is somewhat counterintuitive, keeping in mind that legislatures in nonprofessional states have greater Republican majorities than in professional states.

Yet for business interests, factors such as a legislator's previous voting record on business issues, are more important than party in determining how much money they will receive. The coefficients for Business votes indicate that for nonprofessional candidates, every 1-point increase in pro-business votes, leads to an increase by \$1200. Comparing two hypothetical incumbents demonstrates the impact of this variable. The first incumbent, who scored one standard deviation below the mean on the pro-business score, received about \$5,000 from business interests, while the latter, who scored one standard deviation above the mean on the pro-business score \$11,000 or more than double the former. Similarly when the same analysis is applied to Republican candidates, the difference between a candidate who scored one standard deviation below the mean and another who scored one standard deviation above the mean is a whopping \$18,000. Past pro-business voting by legislators is particularly important in Colorado and Oregon. The competitive nature of these legislatures along with the presence of high profile policy battles, often involving environmental issues, lead business interests to pay careful attention to legislator's past pro-business votes before contributing to their campaign.

Yet another difference in businesses' contribution strategies is that they are largely constrained from contributing to candidates due to the more restrictive nature of campaign finance laws in nonprofessional states. Unlike previous research, that shows no relationship between campaign finance laws and contributions, results here indicate that for every one-point increase in a state's campaign finance restrictiveness, contributions decrease by \$2000. There is a good deal more variation in contribution limits set by states with nonprofessional legislatures. While in states with professional legislatures, limits are often extremely high or in the case of Pennsylvania and New York, they are nonexistent (when it comes to contributions from individuals).

Similar to the congressional environment, labor and business contribute quite differently. Labor contributes about the same amount both to incumbents and open-seat candidates in either type of legislatures. As predicted labors' strong ideological attachment to the Democratic Party translates into significantly more money for Democratic candidates. Once again the variation in institutional settings among the two types of legislatures means that being a leader in professional legislatures is worth significantly more than in a nonprofessional legislature. In addition, we see that labor takes into account the pro-business or anti-labor votes of incumbent candidates when it decides how much it will contribute to their campaign. Regardless of the type of legislature, the narrow policy concerns that labor has leads them to pay careful attention to how incumbent candidates have voted in the past on such issues as healthcare benefits, minimum wage increases and workers compensation, before they decide to contribute to their campaign. Unlike previous research at the congressional level, where the competitiveness of the candidate, is often a significant factor in influencing how

much contributors invest in the candidate, results here indicate that competitiveness is only significant in the case of labor contributions. This is particularly true in the highly competitive states of Illinois and Michigan (See Appendix Tables 3-3 and 3-4), where the margin of majority control is razor thin and where, as far as labor is concerned, greater contributions to more vulnerable Democrats, may just tip the balance in their favor.

Table 3-5. The Effects of Legislator, District and State Factors on Labor and Business Contributions to State Legislators				
	Business		Labor	
	Professional	Nonprofessional	Professional	Nonprofessional
Incumbent	17.6*** (5.6)	4.8* (2.5)	2.8 (1.9)	1.1** (.38)
Leader	18.3*** (3.5)	3* (1.4)	3** (1)	0.1 (.33)
Republican	12.2** (5.2)	-1 (1.26)	-3.1* (1.25)	-2*** (.3)
Business Votes	-.01 (.11)	0.12*** (.02)	-0.11*** (.03)	-0.02*** (.01)
Competitive Election	4.9 (3.4)	.3 (1.12)	2.2* (1.3)	0.8** (.4)
Campaign Finance Laws	.3 (.23)	-2*** (.15)	-0.6*** (.08)	-0.19*** (.04)
District Population	0.3*** (.05)	0.17*** (.02)	0.05*** (.01)	0.02*** (.004)
Constant	-24.5	19	13.6	4.6
Adj.R-Squared	0.10	0.24	0.15	0.12
N =	1180.00	1366.00	1180	1366.00

Dependent variable is business and labor contributions measured in thousands of dollars

Robust standard errors in parentheses

* $p < .05$ ** $p < .01$ *** $p < .001$

Summary

Business and labor interests decide to invest in the campaigns of state candidates in order to enhance the possibility that they will influence electoral outcomes as well as influence future policy outcomes. There are a number of factors however, that influence who they contribute to and how much money they provide. Much of the differences in contribution patterns among these two important interests can be attributed to the type of

legislature where the candidate is seeking office. In professional legislatures, a candidate's status as an incumbent translates into more money from both business and labor. Furthermore, legislative leaders in professional legislatures, much more so than in nonprofessional legislatures, can count on significantly more money than rank and file candidates who do not hold a leadership post. Another important finding is that business interests adopt a more ideological contribution strategy in professional legislatures, providing a lot more money to Republican candidates regardless of how they vote on pro-business legislation. Interestingly, when contributing to candidates running in nonprofessional legislatures, business and labor interests strongly consider how candidates have voted in the past on pro-business legislation. Being a Republican does not matter when it comes to attracting contributions from business interests, while a legislators' past voting, clearly does. In addition, their contributions are constrained by the states' campaign finance laws.

Those economic interests with significant sums of money at their disposal clearly take advantage of the rising costs of running for the statehouse, as well as the lax campaign finance laws that exist, especially in states that have yet to professionalize their legislature. Business PACs in particular, like at the congressional level, can afford to practice an access strategy by funding at nearly the same rate, incumbent candidates from both parties, regardless of which party holds the majority in the legislature. While we see that business provides money for their traditional Republican allies, who usually share a similar ideological outlook (on business-related issues), what happens when they contribute nearly equal amounts to Democrats in nonprofessional legislatures? Whether

or not such contributions actually have an effect on the behavior of legislators is the subject of the next chapter.

CHAPTER 4

Does Money Buy Votes?

Implicit in the alarms raised regarding the exponential growth of money in state campaigns, is the question of what impact money has on policy outputs. Do contributions from various private interests influence how legislators vote? Are contributions so important to a legislator's reelection chances that legislators pay more attention to these factors in deciding how to vote rather than to constituent or district level factors? If so, which interests have the most impact on which type of legislator? We know that various interests contribute differently to Democrats and to Republicans. We also know that there are sharp distinctions in legislative and campaign behavior among legislators from professional and nonprofessional legislatures. Can a stronger case be made for vote buying with a particular type of legislator? This chapter attempts to answer these questions, by looking at contributions from eight different business interests as well as from labor interests and lawyers and by examining how well they predict pro-business voting among Democrats and Republicans in professional and nonprofessional legislatures.

My research question is whether campaign contributions by business and labor interests affect how state legislators vote on a number of business-supported bills. The model also includes traits of legislators and their districts that might lead to either a predisposition to support business or labor interests or that may constrain them to vote against these interests. The sample consists of twenty one states. The states which were chosen, cross a broad range of institutional characteristics, including region, campaign finance regulations, and levels of legislative professionalism. Legislators are pooled together from all the states in the sample, separating the data sets into legislators from

professional and non-professional legislatures. The distinct differences in such things as state wealth and district size make the natural bifurcation of professional and nonprofessional legislatures a logical choice.

Measuring the Business Interest

One way to measure the influence and success of groups is to examine how legislators vote on bills, which benefit or harm those groups. Bills may also have neither a harmful nor beneficial affect on groups. The dependent variable is a measure that reflects bills that fall into the former two categories. It consists of ratings of legislators conducted by each state's branch of the National Federation of Independent Businesses for the 1999-2000 and 2000-2001 legislative sessions. The ratings are based on legislators' votes on a number of key bills identified by the NFIB as being important to business interests in the state. For most of the state branches of the NFIB, there are four major policy areas which ratings are based upon. These include environmental regulation, employee benefits (often dealing with extension of health care coverage), economic/infrastructure development and taxes. While there is the possibility that different business contributors will have different interests or stances on these issues, most businesses are largely unified on certain issues that often affect the cost of doing business in states. This appears to be the case, when examining the types of bills chosen for rating by the NFIB.

At the congressional level, some indicate that reliance on interest group ratings produces "artificial extremism," as roll call voting is heavily influence by committee votes (Hall and Grofman 1994). Other concerns regarding ratings are directed at the popularly-used ADA scores, as critics contend that the meaning of ratings over many

decades changes depending on what issues are around for the interest groups to rate (Groseclose, Levitt and Snyder 1999). In this study however, ratings from each states' NFIB include only two legislative sessions and reflect legislators' votes on those bills which the NFIB determines are reflective of the business interest in that state. While these bills do in fact change from year to year, the ratings by the NFIB remain the best measure for aggregated business interests in a state.

My own discussions with state NFIB officials indicate that in order to be as representative as possible of the business interest, they are quite thorough in canvassing divergent business interests throughout the state when they decide which bills to support or oppose during a particular legislative session. Looking at the bills used for the NFIB ratings; this measure also has the advantage of reflecting those issues where labor groups in the states would have likely taken the opposite position of the NFIB. This is especially the case when one considers the large number of wage and collective bargaining bills used by the NFIB in their ratings. There is in fact little variability in the bills used to rate legislators among each of the states' NFIB, making it easier to assume cross-state comparability of NFIB scores.

Campaign Contributions

PACs generally engage in three types of strategies. First, in what is referred to as an 'access' strategy, they may donate money to the reelection campaigns of legislators who serve on key committees or leadership positions in policy areas where the donor groups seek to have influence. The 'election' strategy is when they simply donate money to candidates who agree with their ideology in order to get them elected in the first place. (Engel and Jackson 1998; Wright 1985; Langbein 1993). Some groups, such

as labor and more ideologically-minded groups engage in “mixed strategies,” whereby they attempt to impact the composition of the legislature as well as develop relations which will help them impact legislation (Herrnson 2004). As stated earlier, research attempting to link levels of influence to those groups practicing access-oriented behavior, has been inconclusive. Some suggest that large corporations with diverse interests use their PAC money “to help people who are more broadly pro-business than to influence any specific policy relating to a particular line of policy” (Malbin 1979, 33). Others suggest that when it comes to allocating money during a campaign, PAC’s are self-interested, materially oriented and narrowly focused (Gopoian et al. 1984). Some indicate that the reason that most researchers have failed to find a link between PAC money and voting at the national level may have to do with the allocation strategy of large, national PACs (Wright 1985). The allocation of PAC money is often decided by local officials who are more familiar with local electoral and geographical constituencies than with the process of influencing legislation in Washington.

In state elections, these two processes (of giving and influencing) are not as distant, as most state contributors have a much closer connection to legislative candidate as well as the state issues, which concern them. Furthermore, when it comes to money from businesses, interests may possess a good deal more power at the state level than in Washington, due to the threat of mobility of capital. The competitive environment in the states may lead policy makers to acquiesce more easily to demands of business under the threat of businesses moving to a neighboring state that is willing to offer a more profitable regulatory environment (Ambrosius 1982; Peterson 1981). Thus there may be greater potential for stronger links between contributions and influence.

In order to capture the diversity of business interests, who contribute to state legislators, measures for business campaign contributions include a breakdown of contributors from nine business or economic sectors of the business. While the unit of analysis in the previous chapter, predicting contributions, contained the aggregate amount of contributions from all eight business interests, in this chapter business contributions are disaggregated into the following interests. These are the economic interests that spend the most money on contributing to state candidates. Contributions are from *retailers and manufacturers*. *Finance* includes contributions from the bank, insurance, and real estate interests. *Healthcare* represents a variety of healthcare practitioners, practices and interest groups and PACs representing healthcare practitioners. *Construction* includes contributions from all entities associated with this industry, including, general contractors, engineering firms, land surveyors, architects, building material manufacturers and home builders. The category of *Energy* includes contributions from a broad range of energy and natural resource interests including, oil, gas, mining, as well as water and electric utilities and waste management. *Communications* includes contributions primarily from industries such as telecommunications, cable television, printing and publishing, and computer and internet services. *Transportation* includes contributions from the auto, trucking and railroad industries. *Agribusiness* covers a variety of agricultural interests including the farming industry, food processing, farming equipment, forestry production and livestock.

Although not representative of a particular industry, included is the contribution category of *Lawyers*. Although this includes contributions from individual lawyers, law

firms and associations, in many states the bulk of the money from this category comes from trial lawyers and trial lawyer associations. Among state legislators, trial lawyer associations have in recent years, consistently been identified in most states as being among the top five or ten most powerful and influential interests. (See Thomas and Hrebener 1999). Furthermore, in many states, the NFIB rating score is based on at least one bill having to do with tort reform. Among the most contentious legislative battles in many state capitols, are those that revolve around bills that would place caps on monetary damages for plaintiffs or on lawyer's contingency fees. Such battles have pitted the contribution and lobbying prowess of trial lawyers against a wide variety of business interests, with the former maintaining seeking to protect their financial stake in tort cases involving large jury awards, and the latter attempting to limit their financial liability in such cases.

Contributions are mainly from PACs but also include individuals associated with one of these relevant interests. In addition, in some states businesses and corporations are able to contribute directly to candidates and are therefore included in these contributions. Among those studies mentioned earlier which failed to find a connection between campaign contributions and legislative voting, some have admitted that failure to find this connection may be due to their limited measure of contributions. Grenzke, for instance, indicates that it may be difficult to find a relationship when measuring a single group's contribution against a members' voting pattern "Contributions from the entire business community may be influential, whereas a portion will not" (1989; 20). This model tests the relationship of campaign contributions to votes, by disaggregating the contributions into the categories indicated above. The data, which include campaign

contributions reflecting both these broad interests as well more narrow business interests, may go further in allowing me to confirm the exchange theory and find a link between contributions and relevant votes. I may also find that a particular sector of the business community is driving or controlling the NFIB ratings in a particular state. On the labor side, contributions used in the analysis are made up of about 25 different occupational unions (including public, private and trade). Contributions are from union PACs as well as the unions themselves. Once again, turning to the federal environment for theoretical direction, some have found that labor, being naturally disadvantaged, will behave differently from other campaign contributors, and attempt to change the composition of the legislature, while it maintains access to existing allies (Herndon 1982). More recently, others find that labor usually sticks with Democrats in close races and may also reward both Republican and Democrats for past pro-labor votes (Herrnson 2004). Labor has considerably less money than the combined business contributions. It is likely that they will therefore be more selective in who they contribute to, looking perhaps to change the minds of moderately leaning Republicans.

District, Candidate, and State-Level Factors

Legislators are driven by reelection concerns in their choices to serve either particularistic or general interests. In determining the distinction between these two types of interests, legislators estimate a constituent's policy preferences and the likelihood that citizens might incorporate these into choices on who to vote for (Arnold 1990). Utilizing Arnold's theory for the purposes of the state legislative arena characteristic of this study, legislators will often choose between many alternatives when creating policy. When choosing between a ye or nay vote on a NFIB-supported bill,

they will ask whether voting either way will contribute more to their election margins. If there is no difference, they will choose based on other criteria such as making good public policy. When Arnold (1990) refers to the effect on electoral margins, he has in mind citizen voting. The enormous impact of money in both congressional (Jacobson 1990; Herrnson 2004) and state elections (Gierzynski and Breaux 1991; Cassie and Breaux 1998) on a candidate's vote share has been well established. It is also well established that state legislative elections do not usually generate a good deal of interest by the voting public, who are characterized as having extremely low levels of information when it comes to state politics (Jewell and Olson 1988). A recent study, in fact, indicates that even state legislatures themselves do not think very highly of their constituents, as nearly 75% of state legislative candidates believed the public to be either very poorly or somewhat poorly informed about major issues (Fauchaux and Herrnson 2003). Since voters are uninformed, they have fewer predispositions in state races making it easier for a candidate with a well-endowed campaign fund to influence their vote (Gierzynski and Breaux 1993). State legislators are, therefore, likely to be more concerned with replenishing their campaign accounts than with pleasing, what Arnold refers to, as an "inattentive public." Although, as Arnold indicates congressional legislators may fear retrospective voting of this inattentive public whose latent opinion may be aroused, state legislators probably have much less to fear.

Nonetheless there are in fact some issues identified by the NFIB as being important to business interests that may also be highly relevant to the constituents of some legislators. Since many of these bills concern benefits for workers or deal with local economic issues, the effect of contributions may be somewhat constrained by

legislators' concerns for voting in a manner that will benefit their constituents or their district. Democratic voters are typically more liberal and usually less amenable than Republicans to the concerns of business.

Partisan Affiliation

When it comes to solutions to ameliorate structural or socioeconomic problems of a given district, both Democratic voters and the representatives they elect, will often turn to government programs (often of the redistributive or regulatory nature). Republicans on the other hand are more likely to be sympathetic to business interests since these interests often reflect support for private economic development such as enterprise zones and tax incentives. It is likely that many Democratic legislators may be more constrained to vote against NFIB-supported legislation despite receiving large contributions from business interests, while Republicans, being traditional friends of business, will likely vote in a more pro-business fashion.

District-level Factors

In addition to including a dummy variable for Republican legislators, there are also a number of district level characteristics. Household income levels of a district are added to the model. The model tests for the possibility that legislators representing lower income districts have a tendency to vote in a more pro-business fashion in order to provide more business opportunities (e.g. tax breaks, less environmental regulations) for their economically disadvantaged district. Also included is a measure for the percentage of manufacturing interests in a district. Those legislators representing districts with a high percentage of manufacturing interests infused in the local economy are likely to be

more adverse to legislation that would drive up operating costs for business such as increased regulations or employee benefits.

Level of Legislative Professionalism

In order to respond to a changing regulatory environment as well growing complexity in economic development, many state legislatures have had to grow more professionalized. Professionalization is identified by such changing institutional norms including a lengthened session, increased staff, and increased salaries for legislators (Squire 1992). Factors that influence the professionalization of a state legislature include the socioeconomic level of the state population, the relative heterogeneity of the population, the institutional or legal restrictions on the length of the legislative session and the formal powers of the governor (Mooney 1995).

As an independent variable, professionalism has become perhaps the most important factor in explaining the variation in a variety of state characteristics including a state's organizational structure as well as the public's view of the legislature (Squire 1993). For the purposes of this project, professionalism has been found to be the most powerful determinant of candidate expenditures (Moncreif 1992; Hogan and Hamm 1998). It is likely that more professionalized legislatures with increased staff size and resources, and longer sessions, may be less dependent on interest groups for information and possible influence (See Opheim 1990). On the other hand, more professionalized legislatures, handling a wider array of issues, may provide increased opportunities for moneyed interests to gain access and influence by investing in campaigns of legislative candidates. Because of the importance of professionalism in distinguishing one state from another, when examining the cross-sectional data of all state legislators, the sample

is divided into two categories – professionalized states and non-professionalized states. To compile these categories, a variety of sources is used, including Squire’s index, which is based on the salary of legislatures, the time spent as a legislature and staff size (Squire 1992), as well as data from the National Conference of State Legislatures.

The Presence of Labor

Especially when it comes to the potential impact of contributions from labor unions, representatives serving in state legislatures in states where there is a significant union presence may be more likely to vote against the interests of business, which is often diametrically opposed to the desires of labor interests. Also included therefore, is a variable representing the union density in a state. This is a measure of the percentage of each state's nonagricultural wage and salary employees who are union members (Hersh, Machpherson and Vroman 2001).

Campaign Finance Laws

One of the most important variants in state comparison when examining the potential relationship between money and votes is the variation in state regulation of contributions and expenditures. Those states with more stringent campaign finance regulations, will see less money changing hands between contributors and candidates, and may therefore lessen the potential effect that contributions has on legislative voting. For measures of campaign finance regulations, I use an index score developed by Hogan and Hamm (2001) and is based on their ratings of public financing, as well as states’ limits on contributions from corporations, labor unions, PACs and individuals.

The Need for Two-Stage Simultaneous Models

Although the central thrust of this research are claims regarding the influence of money on future voting, research indicates that the relationship may be reciprocal. Money may influence voting while at the same time business and labor may contribute to legislators due to a number of other factors (as found in Chapter 3) (Dow and Endersby 1994; Grenzke 1989; Wilhite and Theilmann 1987) This ‘simultaneity’ effect is best addressed by conducting a two-stage least squares regression (Johnston 1972; Berry 1984), whereby, in Stage 2, NFIB scores are the dependent variable and past contributions are the independent variable, while in Stage 1, contributions are the dependent variable while the model’s exogenous variables are the independent variables. The two stage approach has two important results. One is able to construct a different measure of campaign contributions using the original model’s endogenous variables. This results in the removal of any influence that a legislators’ voting behavior may have on contributions (Grenzke 1989).

Because contributions in 1998 and 2000 are likely to be affected by factors other factors, the first stage of the simultaneous model has as its main dependent variable contributions from 1998 and 2000. Future contributions are likely effected by a number of candidate, district and state level factors. I have therefore included in the first stage model, measures for leadership, majority party status, party affiliation, district size, manufacturing presence in a district as well as the degree to which states regulate campaign contributions. Although it is common practice to include a lagged variable of previous campaign contributions, data limitations prevented its use in this project.⁴

While including all ten interests in one model, might have yielded interesting results regarding the pull of one or more interests in controlling NFIB scores, problems with multicollinearity prevent this possibility. Only by creating ten separate models, with each one of the interests as the main independent variable, can we accurately determine if previous NFIB ratings effect future contributions (for each interest).

Each of the models are estimated as:

First Stage

1998 and 2000 Total Contributions = $a + \text{Leader} + \text{Campaign Finance Laws} + \text{District Population} + \text{Majority Dummy} + \text{Republican Dummy} + \text{Manufacturing}$

Second Stage

1999 and 2001 NFIB Ratings = $a + \text{Predicted values of 1998 and 2000 Contributions} + \text{Union Density} + \text{Urban Dummy} + \text{Manufacturing} + \text{District Income} + \text{Republican Dummy}$

Findings

Isolating each of the ten interests into their own model, reveals remarkable differences in the degree to which campaign contributions influence legislators' pro-business voting in non-professional legislatures as compared to professional legislatures. The data presented in Tables 4-1 and 4-2 are the results of stage 2 of the Two Stage Least Squares regression for professional and non-professional legislatures. As noted previously in Figure 3-1, for most of the interests, legislators from professional legislatures often receive anywhere from two to four times as much in contributions than their non-professional counterparts. These relatively small contributions to non-professionalized legislators heavily influence pro-business voting. Although the power of business contributions are somewhat muted when all business interests are combined into one variable (as indicated by the relatively small coefficient of .1 in the left column), when business interested are broken down into the nine categories, in seven of these categories, we see large and significant coefficients.

Even when looking at all business contributions to candidates, a comparison of two hypothetical candidates, illustrates the impact of this variable. For Democratic candidates for instance, a hypothetical candidate who receives a mean contribution of about \$11,000 predictably receives a mean pro-business score of about 50 for the legislative session following the election. For another hypothetical candidate, who receives one standard deviation above the mean, pro-business voting increases by more than twenty points. Similarly, for a Republican candidate, one standard deviation above the mean contribution, causes pro-business scores to increase from 86 to 91.

Finance, business and healthcare interests for instance, can count on a half point increase in legislators' pro-business rating for every \$1000, which they contribute. Although transportation interests contribute the least amount of money to legislators, among the ten interests, what they do contribute, appears to have the largest impact. For every \$1000, which they contribute, there is an increase in legislators' pro-business rating by more than two points. Contributions from construction, energy and communication interests also affect pro-business votes by nearly two points.

Although results indicate that campaign contributions are indeed an important factor in determining how non-professional legislators vote for pro-business legislation, district and state-wide factors also come into play. The presence of union members as well as manufacturing interests in a state, appear to have negative influence on a legislators pro-business voting. For every 1% increase in the number of workers that are unionized in a state, legislator's pro-business rating decreases by nearly one point. This is largely due to the fact that the NFIB bases its ratings of legislators on bills, many of which deal with union concerns such as increase in the minimum wage, health and

unemployment benefits and right to work laws. Those legislators in states with a high union presence are less likely to follow the NFIB's anti-union position and thus receive a lower rating. Similarly, the presence of manufacturing interests also decreases legislators' pro-business votes, slightly less so than union presence.

District-level factors clearly matter, as results indicate that legislators representing urban districts, generally receive a pro-business rating four to five points lower than legislators who represent suburban or rural districts. Legislators who represent urban districts are less likely to support these business-backed bills, concerning themselves with constituent problems inherent to inner cities and populations at the lower end of the socioeconomic scale; problems to which the solutions are often adverse to the business interest (for example increased wages and healthcare benefits).

Table 4-1. The Effect of Campaign Contributions and other District and State Level Factors on Legislators' Probusiness Votes in Nonprofessional Legislatures											
All Business\$.1*										
Finance & Insurance\$(b)		.42*									
Lawyers\$.07								
Retail & Manufacturers\$.55**							
Healthcare\$.62*						
Construction\$						1.8*					
Energy\$							1.4*				
Communications\$								1.9*			
Agribusiness\$.71		
Transportation\$										2.3*	
Labor Unions\$											0.61
Unionized	-.62**	-.67**	-.37*	-.68**	-.64***	-.6***	-.55***	-.66***	-.68***	-.64***	-.74***
Urban District	-4.6***	-5.1***	-5.5***	-5.2***	-5.1***	-5.3***	-4.9***	-5.1***	-4.2***	-5.1***	-4.9***
Manufacturing	-.26***	-.27***	-.24***	-.25***	-.25***	-.23***	-.27***	-.26***	-.25***	-.2***	-.27***
District Income(c)	0.01	0.01	0.1	0.1	0.1	0.1	0.02	0.1	0.03	0.02	0.02
CF Reg Rating	0.2	0.18*	0.1	.31*	.20*	0.35*	.32*	0.21*	.23	.27*	0.17*
GOP	36.5***	36.7***	37***	36.2***	37***	36.1***	37***	36.4***	36***	36.2***	38.7***
Constant	61.4	62.3	58.4	60.5	61.1	57.3	57.73	61.8	62.0	59.0	62.3
Adj.R-squared	.59	.59	0.5	.59	.59	0.5	.59	0.5	0.5	0.5	.57
N	1858	1858	1858	1858	1858	1858	1858	1858	1858	1858	1858

(a) - 1999 and 2001 NFIB Ratings

(b)- 1998 and 2000 Campaign Contributions

(c) In thousands

* p<.05 **p<.01 ***p<.001

Instrumental Variables for Each Interest\$ - Leadership, Union District, District Population, Majority, Republican, Manufacturing

Table 4-2 presents the results for Stage 2 for legislators from professional legislatures. With the exception of Retail and Manufacturers, campaign contributions from all other interests, do not have an impact on pro-business votes. Again referring to Figure 3-1 in the previous chapter, when comparing average contributions to professional and non-professional legislators, one notices the tremendous disparity between contributions to the two types of legislators. In the case of contributions from financial interests for instance, the average contribution to professional legislators is about \$9,000, while non-professional legislators receive only about a third of that amount. Despite these relatively large sums of money from business-oriented interests,

to legislators from professional legislatures, it appears that they are not influenced by this money to vote in a more pro-business fashion.

As was discussed in the previous chapter, there are a number of important differences between the two groups of legislators, when it comes to the control variables used in the equations. District population for instance is important, as the average size of a legislator's district in a professional legislature is nearly three times that of his non-professional's counterpart. District income is also slightly higher in professional legislatures than in non-professional ones. In addition, professional legislatures are more likely to be located in states with a greater union presence. The results in Table 4-2 suggest that in professionalized legislatures, these state and district level factors, rather than campaign contributions, are the driving force behind legislators' pro-business votes. Legislators are more influenced by union presence in their state and manufacturing interests in their district than by contributions from the various business interests. The negative coefficients for both manufacturers and unions indicate that legislators vote in a more anti-business manner when they represent areas with higher concentrations and unions and manufacturing facilities. Characteristics of a professional legislature including increased staff and a longer session, allow legislators to become more aware of their constituents interests. A longer session for instance, lasting most of the year, provides a lot more visibility for the representative and thus a lot more opportunity for contacts with constituents (Jewell 1982).

In both professional and non-professional legislatures, the most important factor in determining how legislators vote on business-backed legislation, is the legislator's party. While, as indicated on Table 3-4, legislators from non-professional legislatures

receive only a pro-business rating four points greater than legislators from professional legislatures, when broken down further by party affiliation, the differences in pro-business rating are much greater. The average rating for Democrats from both professional and non-professional legislatures is about 50, while for Republicans it is about 87. It stands to reason then, that on both Tables 4-1 and 4-2, the largest coefficient is that for the Republican dummy variable. Being a Republican in both types of legislatures, causes legislators to achieve about a 35 to 37 point increase in their pro-business rating. It is clear that cues from a legislator's party remain the most important factor in determining how that legislators votes, with Republicans following their traditional pro-business voting, while Democrats vote with business much less frequently.

Table 4-2. The Effect of Campaign Contributions and other District and State Level Factors on Legislators' Probusiness Votes in Professional Legislatures										
Finance & Insurance\$(b)	-.02									
Lawyers\$		-.033								
Retail & Manufacturers\$.0002***							
Healthcare\$				-.05						
Construction\$					-.001					
Energy\$.17				
Communications\$							-.05			
Agribusiness\$.1		
Transportation\$									-.13	
Labor Unions\$.02
Union District	-.7***	-1.10***	-.7***	-.7***	-.7***	-.6***	-.7***	-.7***	-.7***	-.7***
Urban District	-2.9***	.072	-2.9***	-2.9***	-2.9***	-2.9***	-2.9***	-2.9***	-2.9***	-2.9***
Manufacturing	-.24***	-.255***	-.253***	-.24***	-.23***	-.23***	-.23***	-.22***	-.23***	-.23***
District Income©	-.05	-.02	-.05*	-.05	-.05*	-.05	-.05*	-.04*	-.05*	-.05*
CF Reg Rating	.42*	.163	.41***	.42***	.42***	.43***	.42***	.41***	.42***	.43***
GOP	35.1***	35.6***	35.9***	36.1***	36***	36***	36***	36***	36***	36***
Constant	64.9	74.7	64.6	64.3	64.6	62.7	64.9	64.1	65	64.1
R-squared	.65	.60	.65	.65	.65	.65	.65	.65	.65	.65
N	1633	1633	1633	1633	1633	1633	1633	1633	1633	1633

(a) - 1999 and 2001 NFIB Ratings

Contributions

© In thousands

* $p < .05$ ** $p < .01$ *** $p < .001$

Instrumental Variables for Each Interest\$ - Leadership, Union District, District Population, Majority, Republican, Manufacturing

Summary

Campaign contributions do indeed influence how legislators vote on business-backed legislation. One of the most fascinating findings of this chapter is that such influence is present almost exclusively in nonprofessional legislatures. Legislators in nonprofessional legislatures often work in conditions where they have minimal staff, lower salaries and a limited number of days in the legislative session to debate complex issues and ultimately vote on whether such issues should become law. At the same time, since the Reagan administration's push toward federalism, states have had to contend with massive increases in policy initiatives as well as a constant search for resources to fund federally-mandated programs. Although since the early 1990's some states have adjusted to these changes by professionalizing their legislatures, many other have not. States with nonprofessional legislatures leave their primary representative body, susceptible to powerful private interests and lobbyists who can fill the knowledge gap among legislators whose part-time status and lack of staff prevents them from receiving fully informed unbiased information about a particular bill. At the same time, these interests can take advantage of the increasing need for campaign dollars, offering candidates financial help with their campaigns in exchange for voting with the business interest.

Chapter 5 - The State of the States

There is considerable variation in the types of interests that are most active in the funding of campaigns as well as those who seek influence among legislators. What are the political and cultural characteristics of each of the states and how do these factors help to shape the degree to which business-oriented interests as well as unions are able to gain access to legislators through the financing of their campaigns? Are there particular interests and groups which have historically dominated state politics and which continue to do so today? Looking at each of the twenty-two states in the sample, this chapter examines the types of interests who are dominant in financing state legislative elections. While the previous two chapters included a cross sectional analysis of all states in the sample, this chapter seeks to explain the specifics of each state, examining for instance the state's campaign finance regulatory environment and seeing how this effects which economic interests dominate the funding of campaigns. With a lot more money at their disposal, some business interests can choose to contribute to candidates from both parties in order to have access to both sides of the aisle, thus vastly improving their chances that proposals for pro-business legislation will become state policy.

Chapter 3 illustrated the importance of distinguishing between professional and nonprofessional legislatures when examining how and why business and labor interests contribute to state candidates. Results showed business' partisan bias when it comes to deciding on how much more money it will provide to its Republican allies. Specifically the bias exists primarily in professionalized legislatures. Within the categories of professional and nonprofessional states, partisan bias in contribution patterns by both

business and labor, lead naturally the examination of another equally important subgroup of legislatures. Questions remain as to how partisan bias by business and labor manifests itself depending on which party controls the legislature.

Table 5-1 below depicts the average business and labor contributions to candidates from both parties in each of four types of legislatures. Table 5-2 captures institutional factors in these legislatures. These are the same control variables used in the previous two chapters. In professionalized legislatures, the gap between business contributions to Democrats versus Republicans is significant only when the legislature is controlled by Democrats. In nonprofessional legislatures, the pattern is reversed, as Republicans receive double what their Democratic opponents receive. As illustrated on Table 5-2, there are a number of structural differences among professional and nonprofessional states that may explain these differences. First, we know that there is a greater union presence in states that have professional legislatures. In addition, there are on average, less Republicans in professionalized legislatures. Therefore, when professional legislatures are in the hands of a Democratic majority, business groups contribute a lot more to Republican candidates in an attempt to win more seats for their traditional allies and overcome the Democratic advantage. When Republicans control the statehouse, their majority margin is usually quite small, as minority Democrats may still wield considerable power in these more competitive legislatures. In such instances, business interests likely practices more of an access strategy by contributing more evenly to members of both parties.

In nonprofessional legislatures, according to Table 5-1, the patterns are reversed. When Democrats form the majority, business interests contribute more evenly to both

parties, while Republican-controlled legislatures see Republicans receiving on average twice as much as their Democratic opponents. Again, this is because nonprofessional legislatures are generally less competitive (Ranney 1976; Patterson and Caldeira 1984), as the majority party is usually in firm control of the body, with minority representatives possessing very little power to affect legislation.

The variation and patterns that exist when it comes to how and why business and labor contribute to state candidates, are further highlighted by examining each of the states in this project under the rubric of both the type of legislature (professional and nonprofessional) as well as which party is in control.

Table 5-1. Average Contributions to Legislators				
	Professional			
	Democratic Control		Republican Control	
	Democrats	Republicans	Democrats	Republicans
All Business	\$20,400	\$32,600	\$24,400	\$27,800
Labor	\$9,000	\$2,500	\$14,300	\$2,500
(N)	(610)	(470)	(236)	(355)
	Non-Professional			
	Democratic Control		Republican Control	
	Democrats	Republicans	Democrats	Republicans
All Business	\$14,000	\$16,000	\$7,400	\$15,000
Labor	\$3,000	\$300	\$3,500	\$500
(N)	(516)	(311)	(430)	(678)

Table 5-2. Institutional Factors Among Four Categories of Legislatures				
	Professional		Non-Professional	
	Democrat Controlled	Republican Controlled	Democrat Controlled	Republican Controlled
Business Rating	61.07	71.25	64.83	70.99
Union presence in State	19.5	18.8	12.45	12.94
Percentage Urban District	33.9	26.4	21.6	28.6
District Income	41096	36583	31705	36792
CF Reg Rating	5.5	13.95	8.9	15
District Population	88696	78221	33913	38960
% Republicans in Legislature	39.4	53.8	45	57.3
Gross State Product*	444639	320244	109171	110918

* - in Thousands

The Professional Legislatures Republican – Controlled

Due to Republican gains in state elections since the mid 1990s, along with the statewide trend to professionalize state legislatures, this remains the fastest growing category of state legislatures. Republican candidates receive on average, twice as much in contributions from business interests than do Democrats. While labor contributes about four times as much to Democrats than to Republicans.

Table 5-2, depicts institutional factors among the four categories of legislatures used in this chapter. The first seven factors are the same factors used as control variables in the previous two chapters. The percent of Republicans in legislature As could be expected, the overall business rating for members of these types of legislatures is the highest among the four groups. This is reflected on Table 5-2, as the average pro-business rating given by the NFIB is a little over 71. These types of legislatures are also characterized by the relative competitiveness of the two parties within the legislature. The table also indicates that, Republicans maintain a slim 3.8% advantage over the Democrats when it comes to control of the House.

Florida

Massive growth in the sunshine state has led to an increasingly diverse economy. In order to meet the challenges of Florida's growth, and govern the state adequately, the legislature has had to become fully professionalized in a relatively short time. Lobbyists and interest groups have also responded as their numbers have increased exponentially over the past two decades. Candidates running for the legislature in professionalized bodies controlled by Republicans, get more money than candidates from the other three categories of legislatures. Within this category, Florida tops the list. The minority Democrats receive about \$107,000, while Republicans get about \$147,000. Party money makes up only 4% and 9% of the contributions to Democrats and Republicans, as campaign finance regulations limit party contributions to only those candidates who receive public financing. Corporations, unions, PACs and individuals are all allowed to contribute up to \$500 per candidate, per election, and most take advantage of this relatively generous limit, as the average contribution for all groups and individuals, was about \$385. Unions are quite weak in Florida, allowing business interests to dominate the financing of campaigns. All business interests contribute heavily to both parties, making up about 75% of all contributions. Like most legislatures controlled by Republicans, campaign finance regulations are relatively strict. Interestingly, although Florida is ranked as having the strictest campaign finance regulations among all states in the sample, candidates running for the Florida House, nonetheless raise more money than candidates in all but a few states. Although the \$500 cap prevents any one group or interest to contribute an exorbitant amount, the proliferation of contributors, business-

interests, PACs and lobbyists converging on the state capital, provides candidates with substantial sums from a wide array of sources. Florida's relatively weak party system, has allowed interest groups and lobbyists to thrive and have a good deal of influence in the legislature. In fact, a number of state lawmakers have estimated that 30 percent to 60 percent of the proposals that they file each year are lobbyist-driven (Talev 1999).

The 2000 election saw Republicans increase their majority in the House from six to 26 seats. Nonetheless, the Democrats remain quite competitive in attracting large numbers of contributions from retailers and manufacturers, the energy industry and financial concerns. As indicated on Figure 5-1a, however, Republicans, still receive more money from all groups except unions, lawyers and the energy industry. In the last few legislative sessions, with the help of two-term governor Jeb Bush, the GOP has shored up power in both chambers. Criticized by Democrats and much of local Florida media as unabashedly power-hungry and uncivil, during the 2001 session, Republican lawmakers changed the chamber's rules to minimize debate on controversial bills and make it easier for the majority to vote quickly on such bills (Nickens 2001). To a large extent, business-oriented interests have followed the power in Tallahassee, assuring that dozens of House Republicans are well-financed at election time. In one example of "rent-seeking" by Republicans lawmakers, (See McChesney 1997), a lobbyist indicated that other industry members and lobbyists had been told "unless you give substantial sums of money and a number of times what you give the Democrats, you will not be welcome in our office and your issues will have a very hard time." (Pellemans 2000).

One of the most powerful lobbying groups as well as a major campaign finance source for Republican candidates, has been Associated Industries. Calling itself "the

voice of Florida Business,” in the 2000 election, the various businesses which belong to AI, together contributed about \$8 million to their chosen candidates. Since 1994, in fact, 90% of the groups’ chosen candidates have won election. Their efforts to influence the legislature do not stop at contributions, as media accounts indicate that the state’s Patient Protection Act of 2000 “was written by AI and passed virtually unaltered.” (Wasson 2000). The bill, passing strictly along party lines, would limit healthcare coverage for certain conditions and would prohibit patients from suing their HMOs.

[See Appendix Figure 5-1a and 5-1b]

Note: Due to the length of this chapter, figures containing contribution data for each state appear in the appendix]

Pennsylvania

There are no limits as to how much individuals, PACs and parties can contribute to candidates in Pennsylvania. When it comes to regulating corporations and labor unions, Pennsylvania, like most states in this category, are quite restrictive. These two entities in fact, are prohibited from directly contributing any money to candidates. Despite the relatively smaller populated House districts in Pennsylvania (Due to the fact that there are 203 districts spread throughout the state), the lack of limits on individuals and PACS, causes contributions to candidates to often surpass the \$50,000 mark.

In both Republican-controlled legislatures, both professional and nonprofessional, the gap between contributions to members of the two parties is quite large. Pennsylvania is an exception to this, as Republicans receive only about \$10,000 more in overall contributions than the minority Democrats. This can be largely attributed to the extremely small four-seat majority, which Republicans hold, as well as the overall

tenor of party competition between Democrats and Republicans throughout Pennsylvania state politics. While all business-oriented interests and even lawyers contribute more to Republicans than to Democrats, Democrats are able to compete head to head with Republicans due to average contributions of over \$12,000 from labor. Party money is also a major factor here. The Pennsylvania House Democratic Campaign Committee contributed an average of about \$21,000 to its candidates in the 2000 election while the House Republican Campaign Committee gave about \$10,000 to each of its candidates.

Michigan

Although Michigan's campaign finance laws are in synch with the overall stringency common to this group of legislatures, the highly partisan statehouse causes parties to serve as the most important source for private interests who wish to influence election outcomes and policy outputs. Individuals and PACs are generally allowed to contribute up to \$500 to state House candidates. Corporations and unions are prohibited from contributing to candidates, unless the money derives from a separate segregated fund. All donors may contribute an unlimited amount to parties. The state's central parties may contribute up to \$5,000 to state House candidates. The cap on contributions from the state party is rendered somewhat meaningless by the fact that most money contributed to all party organizations is funneled through the Michigan House Democratic Fund and the House Republican Campaign Committee of Michigan. These two entities are allowed to contribute an unlimited amount of money to House candidates. Republican candidates receive about 34% of their entire budget from party sources. In the 2000 elections, HRCCM distributed over \$1 million to its House

candidates, with individual contributions candidates, ranging from \$5000 to about \$65,000. Much of the money went to candidates running in open-seat races, as the party attempted to close the seven-seat majority, which the Democrats held.

Democrats only receive about 11% of their budget from the MHDF and must instead rely on labor to bolster their campaign chests and compete with Republican candidates. As in most legislatures where Republicans form the majority, Democratic candidates can count on about a quarter of all their contributions coming from labor. Even in Michigan, which has one of the strongest union presences in the nation, money from labor unions is not enough to compete with the Republicans parties' superior fundraising. Democrats generally receive over \$20,000 less in overall contributions than their Republican counterparts. Although Democrats picked up enough seats in the 1998 election to regain control of the House, in the 2000 election, Republicans regained control, with a six seat advantage. Throughout the 1990s, the Michigan House was one of the most competitive in the nation, with either party winning enough races to produce a razor-thin majority in any given year. The Republicans have been consistently gaining ground and widening their margin of control. The advantages of Republican candidates in receiving more contributions from business-oriented interests than their Democratic opponents, is likely the result of the contributors' realization that continued Republic control seemed like a pretty sure bet. They were right, as the most recent elections in Michigan, in 2003, resulted in Republicans gaining their widest margin of victory in the House ever. They currently hold a sixteen seat advantage.

Wisconsin

Wisconsin's campaign finance regulations remain among the strictest in the nation. The cost of waging a campaign in this state is less than most states in this category as Wisconsin has the smallest house districts as well as the lowest GSP. As a result of these factors, candidates running for election in this highly professionalized legislature, receive only about \$30,000 to \$50,000 in contributions. Under their campaign finance law, candidates who choose to accept public financing must not spend more than \$17,250. They are also not allowed to take contributions of more than \$500 from any entity. In most cases, the public subsidy candidate receive is far less than the statutory spending limit. They are therefore allowed to make up the difference from money they raise from PACs, as long as that amount does not exceed 45% of their total campaign funds. In order to qualify for public financing, the candidates must raise a minimum of \$1,725 in individual contributions of a \$100 or less.

Individuals and PACs may contribute up to \$500 to candidates, while, like in all states in this category, corporations and unions are prohibited from contributing at all. Individuals may also contribute up to \$10,000 to parties, while PACs may give up to \$6,000. Parties in turn, may contribute an unlimited amount to individual candidates, as long as those contributions do not make up more than 65% of the candidate's budget. The threshold amount where contributors must file a statement with the Wisconsin State Election Board, identifying themselves as well as the recipient of their contribution, is \$100 with a yearly aggregate amount of \$1000. These small contributions make up about 30% of all contributions for both Democrat and Republicans running for the Wisconsin House. Parties barely play a role in the financing of candidates, providing only about 4% to 6% of total contributions. As indicated on Figure 5-4a, the only other

interests which contribute a significant sum, are business, financial and healthcare interests, all of which contribute about twice as much to Republican candidates as they do to Democrats.

Ohio

Though contributions from PACs and individuals are capped at \$2,500, contributions to Ohio's candidates remain high, due to the relatively generous allowances for party money. Parties are allowed to contribute \$52,000 to the designated state campaign committee of a candidate. Thus nearly a third of contributions for both parties' candidates derive from party sources.

Beginning in 1973 and continuing up until the Republican landslides of 1994, Democrats were in firm control of the House. Republicans made tremendous gains in 1994, won back control of the House the following election, and have maintained close to a twenty seat margin ever since. Thus the breakdown of contributions follows a similar pattern to that of other states in this category, as all interests except labor contribute substantially more money to Republicans than to Democrats. Among states in this category, Ohio is most similar to its neighbor Michigan, when it comes to union presence, as union members make up about 20% of their workforce. For Democratic candidates, this translates, into labor contributing almost as much money as the party.

Similar to most states in this category, Idaho is quite pro-business. Large business contributions to the Republican leadership have recently led to charges of vote-buying in the case of a telemarketing bill. In December of 2000, a lobbyist for the Ohio Council of Retail Merchants wrote a letter to sixty five potential contributors, on behalf of Representative Amy Salerno, citing the legislator's efforts to "protect our interests by

helping to sidetrack a telemarketing reform bill.” Salerno who chairs the House Civil and Commercial Law Committee, made sure that the bill died in her committee. Like most legislators who are charged with vote buying or preferential access to contributors and lobbyists, she claimed that neither contributions nor the lobbying effort influenced her decision to quash the bill, but rather because she felt there would be a detrimental effect on legitimate business as well as “the teenager who calls on neighbors to earn money shoveling driveways.” (Davis 2000).

Along with the disparity of funding from business-oriented interests such as finance, and healthcare, party money also aids greatly in giving Republicans their fundraising edge. The Ohio House Republican Campaign Committee gave its candidates an average of about \$18,000 each in the 2000 election, plus an additional \$18,000 from other party sources. Democrats on the hand received an average of only about \$15,000 from all party sources combined.

The Professional Legislatures Democratic- Controlled

A number of factors combine to allow candidates running for election in Democratic-controlled, professional legislatures, to get more money in contributions than candidates in any of the other types of legislatures. As illustrated in Table 5-2, these legislatures have the most heavily populated legislative districts, the highest district income and also lie in states with the highest GSP. The relatively high cost of waging a campaign in this environment leads to candidates seek to raise considerable sums of money to assure election or reelection. In addition, these states have the least restrictive campaign finance regulatory scheme, as the average CFR rating is only 5.5, thus making it easier for them to accomplish this task. Finally, greater contributions from labor are

part of the campaign finance environment here, as the combined factors of significant union presence along with the most Democrat-dominated legislatures lead to labor being a major source of candidate funding.

Illinois

Illinois has the least restrictive campaign finance laws in the nation. The inability of state policy makers to enact legislation that restricts their behavior in any way may partly stem from the historical legacy of free-wheeling politics and corruption in Illinois. In 1964, state legislator and future U.S. Senator Paul Simon wrote an article in *Harpers Magazine*, entitled “The Illinois Legislature: A Study in Corruption.” Simon chronicled cases of wanton vote buying by moneyed interests in addition to the influence in the legislature, of organized crime as well as the powerful Daley machine. Much has changed in Springfield in the past forty years, as the legislature has grown to be included in the top three most professional legislatures in the nation (along with California and New York). Changing the laws that govern how much money contributors and lobbyists provide to legislators, have been slow in coming. In fact reforms limiting how much lobbyists could spend on state legislators were not passed until 1998, prompted by a scandal when a campaign contributor to former Governor Jim Edgar, was found guilty of giving state employees cash and vacations in exchange for a more profitable contract with the Department of Public Aid. The reforms were later declared unconstitutional by an Illinois court, prompting the legislature to pass another, less restrictive law in 2003, which limits lobbying spending on state legislators to \$75 per day. Currently there are no limits as to how much money can be donated to neither parties, nor are there any limits as to how much any entity can donate directly to

candidates. Contributions to Illinois legislators are the highest in the sample. Democrats receive about \$228,000 while Republicans get just over \$292,000.

In 1998, Democrats had only a two-seat majority in the extremely competitive Illinois House. After the 2000 election, they enjoyed a six-seat advantage. In almost every interest group category, Republicans receive anywhere from one and one half to three times what their Democratic counterparts receive. Only labor gives substantially more money to Democrats. Even lawyers, who in every other state contribute more to Democrats, give slightly more money to Republicans, in Illinois. For the Democrats, 30% of their total contributions are from the Democratic Party of Illinois, while the Republicans receive about 20% of their budget from the House Republican Campaign Committee of Illinois. Along with Louisiana, Illinois is the only state in the sample where the minority party receives substantially more money in overall contributions than the majority. Contributors realize that the legislature is highly partisan and competitive, with Republicans often wielding as much power as the majority Democrats, especially when party unity is strong. Constant horse-trading and complex political strategies are an integral part of Springfield's political climate, with the great bulk of power residing with what has become known as the Four Tops – the majority *and* minority leaders of both the house and the senate (Gove Schoenburg 1999). Although labor maintains its close relationship with Democratic legislators, much of help which labor provides comes in the form of grassroots campaigning rather than merely monetary contributions. Business-oriented interests on the other hand, are not as well organized especially at the grassroots level, relying instead on generous contributions to their traditional Republican

allies, realizing that in the deal-making atmosphere of Springfield, legislative victories led by Republicans are not at all uncommon.

Maryland

Although Maryland's legislature is considered by some to fall somewhere in between professional and nonprofessional (Morehouse and Jewell 2003), a number of factors push it closer to the professional category. While the ninety-day legislative session is relatively short, delegates propose over 2,300 bills, enacting about 700 of them. This is the ninth highest of bill enactments among all states. In addition, delegates are afforded year round staff, and receive a salary of \$31,509-the thirteenth highest in the nation (The Council of State Governments 2003).

Like most states in this group, Maryland's lack of substantial campaign finance regulations helps greatly in allowing the free flow of money to state legislative candidates. A lax regulatory environment exists, despite the culture of corruption that has enveloped much of Maryland politics over the past few decades. During the 1960s and 1970s, two successive governors, one U.S. Senator, two U. S. Congressmen, four state senators and five members of the House of Delegates were indicted for various crimes including bribery, tax fraud, kickbacks and mail fraud (Lippincott and Thomas 1993). Although in the 1990's Maryland followed many states hit with corruption scandals of the previous decades, by passing reform legislation aimed at limiting lobbyist gift-giving, such reform failed to prevent one of the most high-profile scandals in years. In yet another case of rent-seeking, in 1999, Delegate Tony Fulton was charged in a scheme involving lobbyist Gerald E. Evans. In what is known in Annapolis as "bell ringing," Fulton admitted that he made empty threats that he would introduce legislation

that would allow market share liability to incur on all companies who once manufactured lead paint. Because of Fulton's threats, Evans, a one-time protégé of Senate majority leader Mike Miller, would be able to drum up fees among his paint manufacturer clients. He told his clients that in order to prevent such financially harmful legislation; they had to contribute to Fulton's pet-community projects in his district. Evans was convicted of 11 counts of various corruption charges, while Fulton was acquitted of all counts (Waldron 2000).

The fact that Maryland is ranked last in the amount of overall contributions among states in this group is more likely a product of the relatively small size of the state, and the fact that candidates run in multi-member districts where campaign costs are somewhat lower than in single-member districts. Regulations allow individuals, corporations and unions to contribute up to \$4,000 to candidates and allow PACs to contribute up to \$6,000.

Even among those states where Democrats hold a comfortable majority in the House, Maryland is one of the few states where Democrats receive substantially more money from every interest in the study. As indicated in Figures 5-7a , business, finance and healthcare, who in most states, contribute heavily to Republicans (even in Democratically controlled legislatures), provide more than double the contributions to Democrats as they do to Republicans - perhaps a realization that Democrats really run the show in Annapolis. While the Democrat's comfortable majority in the House of Delegates is partly responsible for the disparity in contributions, the highly centralized power of the legislature also plays a role. The leaders of both chambers have by far, the most power in the legislature. Serving for six years as Speaker of the House, Casper

Taylor, controlled the 141 legislators with a “military-like hierarchy,” ceding power only to the ten members who chair the House’s main committees (Waldron and Dresser 2000). Contributors and lobbyists get a lot more return on their investment if they contribute heavily to the Democratic powerbrokers in the House. House leaders in fact, receive on average, more than six times the amount of overall contributions of rank and file members.

Missouri

Like Maryland, Missouri’s campaign finance regulations are quite lax, though not quite as lax as in Illinois. Corporations and unions may contribute an unlimited amount to candidates, while individuals and PACs are limited to \$750 and \$275 respectively. In 2000, the law was changed to allow individuals to contribute an unlimited amount. There are also no limits as to how much parties can contribute to candidates. Despite the laxness in the state’s campaign finance laws, the overall amount of contributions to candidates, does not seem unreasonably large, taking into account the moderate size of the average house district of about 33,000 people. Republicans receive about \$27,000 while the majority Democrats gets about \$8,000 more. Again, this has much to do with the cost of waging a campaign in the relatively low-cost Missouri.

Like Michigan, fierce competition for control of the House, throughout the 1990s, seemed to favor the Republicans. The Democrats managed to win back control and were able to hold a slim majority at the end of the decade. Even with Democrats controlling the chamber, like in Illinois, some business interests such as agribusiness and energy, still give more money to minority Republicans. Democrat’s real edge in fundraising is of course due to money from unions and lawyers. The gap in contributions

from these two groups to Democrats over Republicans is the largest of any state in the sample. As indicated on Figure 5-8a, unions practically ignore Republicans, contributing to Democrats over Republicans by a ratio of about thirty to one. Though the union presence in Missouri is not particularly great, intense legislative battles over tort reform as well as reforming Missouri's workers' compensation laws has produced an arms race in contributions from unions and lawyers versus business-oriented interests.

New York

Despite the relatively lax regulatory environment characteristic of these types of legislatures, as well as the high cost of funding a campaign in many of New York's House districts, overall contributions to candidates are not as large as one might expect. Democrats typically receive a total of \$45,000 from all interests combined, while Republicans receive about \$28,000. Individuals, corporations, unions and PACs are all able to contribute up to \$3,100 per candidate. Parties may contribute an unlimited amount of money. Thus Republicans and Democrats see about one fifth and one fourth of their entire budgets deriving from party sources, respectively. The wide margin by which New York's Democrats control the Assembly, lead to their financial advantage in attracting contributions from all business sectors. Possessing the greatest union presence among all states in the sample, Democrats running for an Assembly seat in New York, can also count on receiving on average, a little over \$10,000 from labor interests.

Along with Maryland, New York is the only other state in the sample where all business-oriented interests contribute more money to Democrats than to Republicans. In addition we find labor acting as a major player in the funding of candidates from both parties. The money seems to follow (or lead to) lobbying power and prowess in Albany,

as the business and public-employee lobbies are consistently rated as being the most powerful and influential. On the business side, the State Business Council, the Chamber of Commerce, the Bankers Association, and the Association of Realtors have the strongest presence at the capitol. The New State Federation of Teachers and the Civil Service Employees Association, form the base of the union lobbies.

Although the union-dominated Democrats often cause the state to receive poor ratings and reviews from business groups, regarding conditions conducive to business, the contributions and lobbying effort by the business lobby has led a to a number of important victories including corporate and personal income tax cuts of the late 1980s. Though the parties in the legislature are quite competitive, with the Democratic-controlled Assembly battling the Republican-controlled Senate during each legislative session, the parties are not very ideological, thus increasing the access that most groups have to both parties (Cingranelli 1993). The other important characteristic, which distinguishes New York from other states, is the degree of central control by party leaders. The largely “anachronistic” legislature operates on the basis of a near permanent state of divided partisan control between the two chambers, with the leader from each (along with the governor) deciding many policy decisions behind close doors without much input from the rank and file members (Gurwitt 2000).

Summary

While professional legislatures have a lot in common, there are some interesting differences when party control is taken into account. With stricter campaign regulations, candidates running in legislatures controlled by Republicans see fewer contributions coming from business interests. This may also be partly due to wealthier, and larger

districts that are found in states with Democratically-controlled legislatures (See Table 5-2). Business interests also respond to the relatively narrow majorities in most Republican-controlled bodies, contributing nearly equal amounts to Democratic candidates, perhaps with the realization that power can change hands after any given election.

The Nonprofessional Legislatures Republican – Controlled

Having the most restrictive campaign finance laws, candidates in Republican-controlled, nonprofessional legislatures, must attempt to wage a campaign where total contributions from all interests often do not rise above \$20,000. In these most Midwestern and western states, Republicans are in firm control of the legislature, where, as Table 5-2 shows, the average Republican margin in the legislature is about 7%; the highest among the four groups of legislatures. Similar to their professional counterparts, majority Republicans here, can count on business interests' contribution about twice as much to them than to their Democratic opponents, thus aiding greatly their status as the majority party. With a much smaller union presence in these states as compared to states with professional legislatures, unions on the other hand, usually ignore Republicans, contributing, on average a paltry \$464 to Republican candidates and about \$3,070 to Democrats.

Arizona

Arizona has the one the most restrictive campaign finance in this category of states. Political parties are prohibited from earmarking any money to specific candidates. Nominated candidates to the legislature often set up a candidate committee that may, accept up to \$7, 560 from all parties and party organizations. On average, House

candidates received almost \$35,000 from contributors in 1998 and 2000. Despite the general prohibition on party money, 9% of those contributions are categorized as deriving from party sources. While corporations and unions are prohibited under Arizona's strict laws, from contributing directly to candidates, their PACs may contribute up to \$300 to each candidate. Most groups and private interests contribute an average of only \$138.00 to candidates running for the House. Some contend that when Republicans are in the majority, groups traditionally allied to Democrats easily switch their allegiance in order to garner influence with the party in power (Rudolph 1999; Alexander and Bauer 1991; Cassie and Thompson 1998). Arizona is the only state among Republican-controlled legislatures, where this is the case. In Arizona, lawyers give more than twice as much to Republicans, then to Democrats. As indicated on Figure 5-10a, along with business, finance and healthcare interests, and lawyers provide about half of all contributions to Republican candidates. Democrats, who on average receive about half as much in total contributions then their Republican opponents, also rely heavily on contributions from lawyers, in addition to healthcare interests.

In 1998, Arizona voters passed Proposition 200, the Citizens' Clean Election Act. The act established public financing for legislative candidates who agree to limit the amount of private money they receive and who are able to collect 200 \$5 contributions in seed money from individuals in their district. The system did not go into effect until the 2000 elections and for the purposes of this study, the restrictions on contributions deriving from this Act have limited importance, as only 11 of the 95 candidates included in the sample for Arizona, ran as 'clean candidates' in 2000. Interestingly, the 'clean' candidates have, on average, almost the exact same NFIB

rating as their 'unclean' counterparts, indicating that in 2000, with this small number of cases, the Clean Elections Act does not seem to lessen influence from private contributors.

Colorado

Although laws ban corporations and labor unions from contributing directly to candidates, various interests have at their disposal the ability to contribute an unlimited amount through individual contributions as well as up to \$10,000 in the form of PAC money. Thus, the data in Figure 5-11a reflects labor contributions to Democrats attempting to compete head to head with the finance industry's contributions to Republicans. Each group makes up about one quarter of all contributions for each of the two parties' candidates.

Business interests seem to respond to the strong majority that Republicans hold in the Colorado House, and as with the case for most states in this category, every business interests contributes more money to the Republican majority candidates. Nonetheless, party money along with labor; allow Democrats to compete, as the total amount of money they receive from all groups is only about \$3,000 less than Republicans.

Although, Colorado ranks somewhere in the middle of nonprofessional states when it comes to the stringency of campaign finance laws, pro-reform citizen groups have been trying for years, to limit the presence of money in state politics even more. They were almost successful in 1996, when a voter initiative known the Fair Campaign Practices Act passed. Among other things, it sharply decreased the cap on PAC contributions from \$10,000 to \$700. Although a federal District Judge struck down the

limits as unconstitutional, soon thereafter, the U.S. Supreme Court in *Nixon v. Shrink Missouri Government PAC* (2000), ruled that states could impose such limits if they could show that there was a compelling interest (such as corruption or the appearance of corruption) to do so and if the regulations were narrowly drawn to serve that interest. By this time, big moneyed interests such as finance, healthcare, energy and unions, who had been largely responsible for providing a bulk of the funds to state candidates, had coalesced their power and lobbying effort in Denver, persuading legislators to gut the law during the 2000 legislative session.

Colorado's conservative political climate, where most desire minimal government intervention and regulation, creates a dynamic where the legislature is seen as very pro-business. The Colorado Association of Commerce and Industry (CACI) is one of the most powerful of the pro-business groups, as more than one legislator has indicated that "in effect, CAC just walks in and gets what it wants" (Strayer 2000, 186). Business interests such as gas and oil industries hold much sway among legislators. Over the past six years, these two industries have contributed close to a \$1 million to state races - in a state where the average House candidate raises about \$13,000 from various interests. Their investment in both Republicans and Democrats is not a serious financial burden for them, when one considers that each year, they extract about \$2 billion worth of oil and gas from Colorado's ground. Their investment seems to pay off. In 1999, for instance, a bill which would have prevented industry personnel from sitting on a state energy regulatory commission, failed by one vote in the House (Money in Colorado Politics 2004).

Idaho

This is one of the most Republican-dominated states in the nation. Although its campaign finance laws are not as restrictive as other states in this category, the low cost of conducting a campaign in this part time legislature, along with a GSP ranking of 44th in the nation, leads to an average total contribution to candidates of about \$12,000.

Individuals, corporations, unions and PACs can all contribute up to \$5,000 per candidate per election. Despite this generous limit, the average contribution is only about \$250.

There is no limit as to how much any entity may contribute to parties. In Idaho however, indirect influence from private entities funneling contributions to candidates via the parties, is severely mitigated due to the fact that 45% of all party money given to candidates is derived from public subsidies.

Idaho's legislature sees an overwhelming Republican advantage, with Democrats filling only 11 of the House's 68 seats. Despite being in the majority, the average total contributions to Republicans are only slightly higher than Democrats. This is partly due to the overwhelming advantage that Democrats see from both labor and small contributions. In addition, the average totals are somewhat skewed due to the relatively small number of Democrats serving in the Idaho House at the time this data was collected. In 1998, out of seventy seats in the House, there were eleven Democrats, while in 2000, there were twelve. For traditionally pro-Democratic groups such as labor and lawyers, these members are the only game in town, so contributions will tend to be quite generous. As indicated on Figure 5-12a, labor unions fulfill their traditional role as Democrats most generous donors, providing Democrats with nearly 20% of their entire budget, while practically ignoring Republican candidates, providing them with a paltry

contribution averaging about \$280. Helping minority Democrats compete even more are business, energy, and healthcare interests who contribute, on average, slightly more to Democrats than to Republicans. The few Democrats who serve in the House, do have the advantage of sitting on multiple committees, giving them the ability to serve as tiebreaker on important votes. “Rational contributors,” are likely to realize the potential power of these minority legislators and therefore contribute generously (See Thielemann and Dixon 1994). Republicans are able to compete and obviously maintain their strong majority, due to their two most generous donors, agriculture interests and party contributions. Agriculture interests contribute to Republicans, more than twice what they contribute to Democrats. Furthermore, while the Republican Party funds about 16% of their candidates’ campaigns, the Democrats receive only about, 8% of their funding from their own party. Finally, too much should not be made about average contributions, as overall contributions from the relevant interests tell a slightly different story. The combined contributions from all eight business-oriented interests to all Republican candidates in 2000 was about \$650,000, while Democrats received about \$100,000.

Iowa

Democrats were in firm control of the legislature for decades before the 1994 Republican revolution where both the U.S. Congress and many state legislatures experienced a Republican landslide. By 1998, Republicans held 54 seats in the House, while the Democrats held 44. In 2000, Republicans increased their majority advantage to 12 seats. As a result of the shift of partisan power in Des Moines, as indicated in Figure 5-13a, they receive substantially more money than Democrats from every interest except labor unions and lawyers.

Democrats manage to compete financially with Republicans partly due to the difference in how Iowa regulates unions and corporations. Iowa is one of eight states which prohibits corporations from contributing money to candidates, but which allows unions to do so. Furthermore, Iowa is unique among these eight states in that allow unions to contribute an unlimited amount of money. Democratic candidates take advantage of this, as an average of nearly thirty percent of their entire contributions derives from union sources. Both Republican and Democratic candidates also rely heavily on their own party to contribute about one-fourth of entire campaign budget-aided by Iowa's lax regulation allowing parties to contribute an unlimited amount to candidates. All entities, except corporations can contribute an unlimited amount to the parties. Unlike most states with a nonprofessional legislature, Iowa's moralistic political culture has for the most part, helped steer corruption and scandal away from the state capitol. In fact, one study indicates that "Iowa politicians tend to be so honest that they are at times characterized as dull"(Wiggins and Hamm 1992, 92). That is not to say that legislators escape charges of corruption and undue influence, especially when Iowa's divided government works hard to protect their partisan fiefdoms. Such was the case in 2000, when the state's Democratic Party accused Republican legislative leaders of "wink-and-nod" fundraising to finance a lawsuit against Democratic Governor Tom Vilsack. Republicans raised money privately without revealing the names of contributors in order to finance a lawsuit challenging Vilsack's executive order banning discrimination based on sexual orientation. Usually when lawmakers sue the governor, the lawsuit is ratified by a legislative council and paid for with tax dollars. Democrats

charged that such lack of disclosure would lead to Republicans secretly paying back private contributors with future legislative favors (Associated Press 2000).

Republicans also maintain their fundraising and thus electoral advantage with the help of other ideological groups. In the 2000, Taxpayers United, a group dedicated to seeking tax reductions for Iowans, contributed about \$292,000 to Republican candidates⁵ in Iowa. The group advocates the elimination of income tax on pension and social security benefits, as well as a cap on property. For Republicans, running in House election, the group provided an average contribution of about \$4,000 nearly 10% of all their contributions. This is reflected on Figures 5-13a and 5-13b in the category, 'Ideological'. Although the group claims to be non-partisan, 99% of their total receipts to all Iowa candidates, went to Republicans.

Kansas

Falling in the middle of the group of nonprofessional states with regard to strictness of campaign finance regulations, Kansas is the only state in this group and one of ten in the nation, which places limits on how much may be contributed to parties. Any entity who wishes to contribute money to Kansans for a Democratic House and the Republican House Campaign Committee of Kansas, the prime vehicles used to deliver party money to House candidates, may only contribute up to \$5,000 per year. For this reason, candidates running for the Kansas House, see only 4 to 5% of their budgets deriving from party sources, the second lowest amount in the entire study, just behind Wisconsin.

Despite the strong Republican advantage in the House, the various interests contribute fairly equally to candidates from both parties. This is especially true when it

comes to contributions from business, communications, and construction. Individuals, PACs, unions and corporations may contribute up to \$500 to House candidates, under Kansas campaign finance law. The average contribution is about \$230, with Republicans gaining their slight financial advantage over Democrats, mainly from large contributions from financial interests (See Figure 5-14a and b). In what is often thought of as a solidly Republican state, the relatively small gap between contributions to Republicans and Democrats may seem puzzling. Beginning in the 1970s, reapportionment caused a decline in rural constituencies and the increase in urban constituencies. This has led to a cleavage between suburban Republicans in eastern Kansas and their rural western colleagues. Factionalism within the Republican Party has allowed conservative Democrats to win the governorship a number of times as well as brief control of the House in 1992 (Cigler and Kiel 1993). Republicans regained control of the House in the following election, consolidated its power, and maintained at least a thirty seat advantage ever since. Nonetheless, such factionalism among Republicans allows the minority Democrats to have a substantial voice in policy making; a fact realized by most contributors wishing to gain access to the capitol.

The most powerful interests in the state have been the banking industry, farmers and most recently, education. Even with the decline of rural districts, groups such as the Kansas Farm Bureau and the Kansas Livestock Association have been dominant forces in Kansas politics (Cigler and Kiel 1993). The Kansas Bankers Association has also long been a formidable presence in Topeka, spending more money on lobbying the legislature than any other group in the past two decades. Since the 1998 legislative session, they have been contributing heavily to the majority Republicans in hopes of

defeating proposed regulations that would levy heavier taxes on state-chartered banks (Hanna 1998).

Minnesota

Although the state has among the strictest campaign finance regulations in this category, the low reporting threshold of \$100, makes it almost impossible to identify the private interests who make up a substantial party of the campaign budget for both parties' candidates. Candidates from both parties receive more than half their entire contributions from these unidentifiable, small contributions; a result of Minnesota's public subsidy program. Under Minnesota's public finance law (the first in the nation), candidates who raise a minimum amount and agree to not spending more than \$25,000, receive from 20% to 40% of their entire budget from the state. The state uses a formula based on past election results from the district where the candidate is running, to determine how much the candidate receives. Ninety-Eight percent of all House candidates participate in the program. Those who contributed to the candidate, are eligible to receive up to a \$50 reimbursement by the state (\$100 for married persons). Republican candidates in the sample received 58% of their entire contributions from these small reimbursable donations, while Democrats received about 52%. About 23% of the campaign budget for both parties' candidates was from Minnesota's public subsidy. Thus, we are able to identify the private sources of only about 15% of the contributions for Minnesota's House candidates.

Montana

This is the smallest of the states in this category, with regard to the average size of a House district. Candidates running for Montana's part time House, raise only between \$5,000 and \$6,000. While size matters here, the other factor that affects the small contribution amounts include a \$200 cap on donations from all entities given directly to the candidate. Corporations are prohibited from contributing any money, while unions remain free to contribute up to \$100 per candidate. Parties may provide up to \$500 to candidates, while all entities except corporations, may give an unlimited amount of money to parties. Early political culture in Montana was built largely on the frontier myth and a hatred for large exploitive interests – mainly Anaconda Mining Company, which for much of the early part of the Twentieth century, ran Montana “like a fiefdom.” Similar to Oregon, environmentalists, have exploited and used these sentiments to their advantage, establishing itself as power player in Helena during the past two decades. (Payne 1987). In Montana's traditionally anti-corporate political culture, corporations are prohibited from contributing both to individual candidates as well as to the parties.

Democrats receive about one fourth of their entire budget in the form of small \$100 contributions, mostly from retired individuals. Unlike most states, Republican candidates choose to self-finance nearly 25% of their campaign budget. This is indicated by the category ‘Candidate’ on Figures 2-22a and 2-22b. In keeping with the pattern of Republican controlled legislatures, with the exception of lawyers, labor and healthcare, Republicans receive more money than Democrats from every other interest.

Oregon

The upsurge in the economic fortunes of the Northwest, played a large role in pushing the Oregon legislature to join the growing number of states whose state legislative candidates raise over \$100,000 in campaign contributions. Among nonprofessional legislatures, Oregon ranks far and above the other states in the amount of overall contributions. Republicans who hold a ten point majority in the small 55 member House, generally receive about \$133,000 while Democrats receive about \$83,000.

Oregon is somewhat of an anomaly among Republican-controlled, nonprofessional legislatures, when it comes to the regulation of campaign finance. In contrast with states such as Arizona, Idaho and Montana, in Oregon, there barely exists any campaign finance regulatory framework. It ranks last among nonprofessional legislatures when it comes to the stringency of regulations. All entities may contribute an unlimited amount of money to all candidates. There are no limits for entities who contribute to parties, nor are there any limits when parties contribute to individual candidates. Democrats must rely on labor unions for more than 25% of all their contributions, while Republicans receive about half their entire budget from business, agriculture, and financial interests. Republicans also rely heavily on their own party. Various party committees as well as the state Republican Party, provide Republican candidates an average of about \$31,000 in contributions. All business-oriented interests contribute two or three times more to the majority Republicans than to the minority Democrats.

In addition to the lax campaign finance laws, Oregon's political culture is one in which had encouraged the growth and power of interest groups. It is a culture of

progressive, self-reliance and a distrust of politics in general. As a study by Hendrik and Zeigler indicates, “this spirit of self-determinism has created a weak state legislature and executive and rendered political parties ineffective. These conditions along with an undiversified economy has enhanced interest group strength (1993, 105). Utilities as well as timber concerns, have been for some time, the most powerful groups in Salem. In the 2000 election the top contributing PACs included interests representing business, the timber industry, the building industry, the restaurants and grocery industry as well as the state’s largest teacher union (Hogan 2001).

Nonprofessional Legislatures Democrat- Controlled

Although Democrats not quite as dominant here as they are in professionalized legislatures, they still maintain a 5% advantage in the legislature. Despite this, minority Republican get on average about \$2000 more in contributions from business interests. As with the case of professional legislatures, controlled by Democrats, business appears to be practicing an ideological rather than access strategy. Although business’s ideological allegiance to the minority Republicans may play a role in these candidates being able to compete head to head with the Democrats, the relatively small 5% Democrat advantage, may also convince business interests that on some issues, contributing as much to minority as to the majority, may allow them to gain an added measure of access and influence.

Kentucky

Individuals, PACS and labor unions are all able to contribute up to \$1000 to a candidate running for the House. Corporations are prohibited from contributing any

money. One of the most Democratic-dominated states in the nonprofessional group, the majority Democrats receive on average, about \$4,000 more than Republicans. Like in most of the nonprofessional states, even when Democrats control the legislature, business-oriented interests have enough money to go around allowing them to contribute generously to Republicans as well. As indicated on Figure 5-18a, the only business interest who contributes substantially more to Democrats is construction. During the 2001 legislative session in Frankfort, there was a heavy lobbying effort by a construction-management company, who contributed a great deal of money Democratic leaders, in order to help with passage of a bill that would limit the roles of architects in certain public construction projects. Republicans also manage to compete with Democrats due to small contributions from individuals. Kentucky's reporting requirements for small contributions make it impossible to trace the source of these contributions, which make up nearly 30% of all contributions for Republicans. Among all the states in the study, candidates running in Kentucky's citizen-legislature receive the largest percentage of small contributions.

Louisiana

Although a non-professional legislature, candidates running for the Louisiana House can count on receiving comparatively large contributions from all groups. Similar to Oregon, this is largely due to the state's loose regulations regarding campaign finance, whereby all entities may contribute up to \$5,000 to candidates, and where parties have no limits as to how much they give to their candidates. In addition, all entities may contribute to parties up to \$100,000 per four years. Among nonprofessional states, only Oregon has less stringent campaign finance regulations.

Like Illinois, in Louisiana, the minority party receives substantially more in contributions than the majority. In 2000, Democrats held a comfortable 45 seat advantage in the House, yet Republicans received on average, \$125,000 while Democrats received just \$93,000. As Figure 2-19a indicates, Business interests alone, contributed almost \$16,000 to Republican candidates, while finance provides an additional \$10,000. Democrats once again, have to rely on the generosity of the state's trial lawyers association. Weary of losing the battle for tort reform legislation, they provide the Democrats with average contributions of about \$12,000. Despite the unlimited potential of parties to contribute to candidates, candidates from both parties seem to rely more on direct contributions from private interests, as parties make up only 7% of contributions for both parties' candidates.

Maine

In the 2000 elections, Maine's Clean Election law was put into effect. This allowed candidates to opt into a public financing system, if they agreed to forego private money. The only money they were allowed to raise, was in the form of 50 \$5 contributions from registered voters in their district along with \$500 in seed money. They also must agree to not spend any of their own money. If they qualify, 'clean' candidates then receive up to \$4,393 in public financing.⁶ About 28% of candidates running for the House opted into this system while the rest chose to rely entirely on private and personal sources to fund their campaign. The majority however, chose not to opt into the system, and was thus able to accept an unlimited number contributions of no more \$250 from all entities and to spend an unlimited amount of their own money.

Republicans receive the bulk of their contributions from business, financial and health interests, while the Democrats receive about 14% of their contributions from the House Democratic Campaign Committee of Maine. As indicated in Figure 2-20a, the largest category of contributions is from “Small contributions.” Almost all states have a threshold amount where contributions that are valued under this amount, need not be reported to the election commission. Therefore, it is impossible to identify the source of this category. In Maine, the threshold amount is \$25.00. Therefore, for Democrats, 17% of their campaign money comes from contributions under \$25.00, while Republicans receive about 15%.

Despite the fact that Democrats control Maine’s House of Representatives, total average contributions are slightly higher for Republicans. Public financing is partly responsible for this anomaly, as most of the candidates who choose to get public financing, are Democrats, thereby decreasing their ability to collect larger contributions from wealthier business-oriented interests. In addition, Maine’s legislature is quite large with 151 seats, causing agricultural interests to gain more influence (Lilly, DeFranco and Bernstein 1998). This is seen in the contribution patterns of agricultural interests, as they contribute about four times as much to Republicans than to Democrats. The real financial advantage for Republicans however, as seen in Figure 5-20a, is mostly due to large contributions from finance and healthcare interests. Of the top ten largest contributors to House candidates, four are PACs representing banks, while two are healthcare PACs. Included in the category of healthcare, are pharmaceutical concerns. Prior to the 2000 session, various leadership-controlled fundraising committees accepted large amounts of money from pharmaceutical companies who were actively lobbying to

overturn the state's new prescription-pricing law (Carrier 2000). They were unsuccessful in their bid.

Indiana

Like neighboring Illinois, Indiana's individualistic political culture, has led to a fairly lax campaign finance regulatory regime. Corporations and labor unions may contribute an aggregate total of \$5,000 to all candidates per year. PACs and individuals may contribute unlimited amounts to candidates. In 1997, a Republican-controlled senate passed reforms that placed a limit on these types of contributions. The Democratic majority in the House however, has continued to defeat such measures, most recently in 1999 when it was defeated thanks to a poison pill amendment which made it easier for gambling interests to contribute to legislators.

In 1998, the House was perfectly split between Democrats and Republicans, while in 2000, Democrats won a number of important elections to give them a slim, six seat majority. Despite the competitively divided House, Democrats still receive almost fifty percent more in contributions than Republicans. For years, Indiana's House has been controlled by Democrats, albeit, by rather small margins in recent sessions, while the Senate has remained in Republican hands. It appears that most business interests, practicing an access strategy, reserve their most generous contributions for Democrats in the House and Republicans in the Senate.

As indicated on Figure 5-21a, Democrats receive a lot more from both labor unions and the finance industry. In fact, finance, which gives more to Republicans in almost every other state, provides Democrats with about \$15,000 in campaign contributions, while Republicans receive just about half of that amount. The Indiana

House Democratic Caucus takes advantage of the unlimited amount of money, which they are allowed to contribute to their candidates under Indiana law, providing an average of over \$16,000 or about 26% of the entire campaign budget for Democrats.

Connecticut

Despite the fact that the Connecticut House of Representatives has the largest percentage of Democrats, among the nonprofessional states, Republicans still receive almost as much as Democrats do in this business and finance-dominated state. As with most states in this category, with the exception of labor, candidates from both parties receives very similar ratios of contributions from the ten private interests. This is unique among the states studied, as in the other categories of legislatures, partisan differences usually determine the breakdown of private interest contributions to candidates. In Connecticut, contributions from lawyers and labor unions make up about 30% of all contributions to Democrats. Under Connecticut's business-friendly campaign finance environment, corporate PACs may contribute an aggregate amount of \$100,000 per year to all candidates, while Union PACs may only contribute \$50,000. Contributions made directly to the candidate are capped at \$250, which explains why the average contribution from all groups made to candidates, is about \$150. Business PACs have a free reign in Connecticut, as they are allowed to contribute an unlimited amount of money to state parties. Contributions from all business interests to Republican and Democratic candidates are 65 and 53 percent, respectively. In addition to business PACs, parties can also take advantage of Connecticut lenient regulatory environment that places no limits on the amount that parties can contribute directly to candidates. Thus 20% of both Republicans and Democrats contributions derive from party sources.

Nearly twenty years ago, an analysis of the fifteen most powerful groups in Connecticut, indicated that business interests made up only nine of those groups. The analysis went on to note that “Connecticut is a weak-interest group state, one in which businesses are influential but do not dominate.” (Morehouse 1993, 56).

Summary

Nonprofessional legislatures where Republicans are in the majority have the widest margin of control among the four types of legislatures. On average, Republicans enjoy a seven percent advantage over Democrats. Although most business interests are therefore predisposed to contribute a lot more money to Republicans, they are hampered somewhat by the relatively strict campaign finance laws. Nonetheless, retailers and manufacturer interests, agribusiness and finance manage to contribute substantial sums of money to Republican candidates as compared to Democrats by a rate of nearly four to one. Even in Democratically-controlled nonprofessional legislatures, the relatively low cost of campaigning in many of these less industrialized states, allow wealthy business interests to contribute almost as much money to Democrats as they contribute to Republicans.

Chapter Summary

Candidates running for representative in states with professional legislatures, have the advantage of attracting contributions in a relatively lenient regulatory environment. This along with other factors including district size and campaign costs lead to such well-heeled interests as finance and business playing dominant roles in the funding of candidates. Especially for Republicans who are also more often in control of states with professional legislatures, the financial prowess of these business-oriented

groups seems to translate into substantial power and lobbying presence in the state capital. In Florida for instance, Associated Industries, as an umbrella group for the state's major business concerns, remains a powerful force both in terms of contributing to Republicans and attempting to influence them during the legislative session. In Michigan, Republicans hold onto a razor-thin majority in the House, thanks in part to the generosity of business interests who contribute much more to them than to the minority Democrats. Even in Illinois, where the situation is reversed with the Democrats maintaining a slight majority, business interests still contribute more money to Republicans. Responding to the access afforded by close connections to the majority party, in Democratically-controlled New York and Maryland legislatures, the contribution patterns are reversed as business interests pour the most money into the campaigns of Democrats rather than Republicans.

In nonprofessional legislatures, candidates running for the House must contend with somewhat stricter campaign finance laws, as well as a number of states where public financing severely limits their ability to raise large sums of money from private interests (if they choose to participate in such programs). With the cost of financing a campaign significantly less in these states, business-oriented interests contribute somewhat more evenly to candidates from both parties. Nonetheless, their favoritism toward Republicans is ever present, as illustrated by the cases of Maine and Louisiana, where despite the Democrats firm control of the legislature, Republicans still receive more money from almost all business-oriented interests.

Although this chapter illustrates the variation among states both in regulating campaign finance as well as the results of such regulations, fascinating patterns do in

fact emerge. Despite the enormous disparity in contributions to professional versus nonprofessional legislators, within parties, the degree to which each of interests contributes to candidates is quite similar. As indicated in the Table below, Democrats, in both professional and nonprofessional legislatures receive nearly the exact same percentage of contributions from each of the groups, with the major difference being the slightly higher percentage of labor contributions going to professional Democrats. Among Republicans in both types of legislatures, contribution patterns are equally similar. A slightly greater percentage of contributions from agricultural interests to the more rural nonprofessional candidates, are the only significant difference. Despite the similarities in the candidates' abilities to attract contributions from these groups, there are likely to be important differences as to how this money translates into donor influence in different states. That is the subject of the next chapter.

Table 5-3. Average Percent of Contributions to All Legislators				
	Democrats		Republicans	
	Nonprofessional	Professional	Nonprofessional	Professional
Finance	13.4	14.4	19.6	21.1
Business	9.5	10.4	13.4	14.0
Healthcare	14.5	11.7	13.9	13.8
Construction	6.0	5.9	8.7	9.6
Energy	10.4	9.5	11.9	11.7
Communication	3.6	3.3	5.8	4.6
Agribusiness	3.0	2.0	9.7	4.9
Transportation	3.0	3.9	5.5	5.3
Labor	22.7	24.0	3.4	5.9
Lawyer	13.1	14.9	7.3	9.2

Chapter 6 - The Role of Money in State Politics - A Closer Look at the States

Almost every textbook on state politics depicts state legislatures as an incredibly improved and thriving institution. The depiction is much easier when present-day state politics is compared with the highly centralized rule and special interest dominated environment that existed throughout the Nineteenth Century. As one textbook indicates “Years ago they (state legislatures) were roundly criticized for being malapportioned and exhibiting a rural bias, for not offering members decent staffing and pay; for being internally undemocratic and rife with cronyism” (Straayer et al. 1998, 98). Others indicate that prior to the 1960s, “the legislative process was in many instances a sham, power within the institution was narrowly held and not democratically exercised” (Rosenthal 1993, 115). Most agree that the turning point was the 1962 Baker v. Carr decision, which did away with the rural bias in legislatures by assuring that districts had to be of relatively equal size. Following the decision, many states over the next two decades, reformed their legislatures as they decentralized power, and increased session length, staff size and salary. Institutional reforms of the 1970s were followed by many states’ implementation of campaign finance and ethics reforms during the 1980s, following on the heels of considerable ethical lapses and scandals. (As covered in Chapter 1). Most political scientists proclaimed these changes monumental, declaring, “legislators are now meeting their responsibilities, and they are representative (Rosenthal 1993, 117).”

Moves towards professionalizing state legislatures, however, are an extremely slow and gradual process. As late as 1997, one study indicated that most state legislatures are professionalizing, but only a few are professionalized. In fact, “some

legislatures...have remained remarkably unaffected by the Professionalization revolution (Squire 1997, 419).” Among the sample twenty-two states used in this study, only nine could be classified as having professional legislatures. This is a somewhat larger proportion than exists among all states, where only thirteen out of fifty states have professionalized legislatures. The remainders of states either have nonprofessional legislatures or are slowly professionalizing their legislatures.⁷ This chapter flushes out the notion that most state legislatures, especially the ones that have failed to professionalize, are not truly representative, when economic interests, through their campaign contributions, are able to influence lawmakers to vote a particular way. Although state legislatures have come a long way since the 1960s, the fact that money from certain groups still plays a significant role in influencing policy means that they have a long way to go toward equal representation, where access is not simply purchased, and where legislators vote based on constituent desires rather than based on the desires of contributors.

The results of the analysis in Chapter 4 tell us that when it comes to the relationship between campaign contribution and roll call votes, there is a distinction between professional and nonprofessional legislatures. Although the dollar amounts of contributions are much lower in states with nonprofessional legislatures, results indicate that these lesser amounts go a much longer way when it comes to influencing how a legislator votes. The lawmaker in a nonprofessional legislature has less staff to rely on when it comes to gathering information and hearing varying perspectives necessary to make an informed decision on how to vote on a proposed bill. In addition, a relatively short session often means that lawmakers lack time enough to consider the complexities

of some proposals. Instead, they must often rely on the information presented to them by those who have the most access – contributors and lobbyists. Such access to lawmakers likely accentuates the statistically significant relationship between money and votes found primarily in nonprofessional legislatures.

The resulting reality of the slow-moving process toward professionalization means that, in most states, some economic interests that contribute to a legislator’s campaign are able to parlay those investments into influencing how that legislator votes. Although the analysis in Chapter 4 indicates that this pattern of influence is greater in nonprofessional legislatures than in professional ones, questions remain as to what effect the political environment of the states has in mitigating or enhancing this influence. While analyses pooling together states with a variety of data allow one to make more generalizable claims regarding the relationship between money and votes, a more detailed examination of a few states, representing the distinctive categories outlined in Chapter 5 and depicted in the matrix below, will further illuminate this relationship.

Table 6-1. Types of Legislatures for Sample of States used in Study

	Republican-Controlled	Democrat-Controlled
Nonprofessional	Arizona Minnesota Iowa Kansas Colorado Oregon Idaho Montana	Louisiana Indiana Connecticut Kentucky Maine
Professional	Florida Illinois Michigan Wisconsin	Ohio New York Maryland Missouri Pennsylvania

In this chapter, a similar analysis applied to the cross sectional data set of 3491 legislators in Chapter 4 from twenty-two states is applied to legislators from each of four states.⁸

What is it about states with nonprofessional legislatures that causes there to be a stronger relationship between money and votes? Does it matter whether the Republicans or Democrats control the legislature? What does this relationship between money and votes look like in a state such as Kansas, which has a nonprofessional legislature and is controlled by Republicans? The same question is posed and answered with regard to states from each of the remaining three categories. Therefore, in addition to Kansas, this chapter examines Connecticut, Wisconsin and New York. In each case, the state chosen is a good representative of the four categories of legislatures. In the case of Kansas, like most states in this category, Republicans maintain tight control at all levels of state politics. In addition, their regulations restricting campaign contributions are quite stringent. Connecticut is typical of its group due in part to the fact that like most nonprofessional states where Democrats control the legislature, Connecticut's Gross Domestic Product is quite small, as are the population of the districts that the assembly members represent. Wisconsin is also quite typical of Republican-controlled, professional states, in that Republicans hold a much slimmer majority than in nonprofessional states. Finally, New York is representative of Democratically-controlled, professionalized legislatures due to the state's wealth, as well as more densely-populated and wealthier house districts.

An in depth analysis looking at the political history and partisan makeup of the state as well as who the most powerful campaign contributors and economic interests are

which drive policy in a particular state, provide us with a deeper, more nuanced understanding of the relationship between money and votes.

Kansas – Republican Dominance and Traditional Influence

The dominance of the Republican party as well the state's reluctance to professionalize its legislature, make Kansas an ideal case to illustrate the relationships between money and politics in a Republican-controlled, nonprofessional legislature. Considered in many respects to be a one party state, Kansas is the only state to have never elected at least one Democratic U.S. senator (Cigler and Loomis 1992). Republican control of the legislature has gone largely uninterrupted for the past hundred years. The legislature meets for only three months out of year. Members are not paid a regular salary, and instead receive a per diem of only about \$76. They also do not have any staff, except for a secretary, which they must share with other members. Only about 785 proposals are considered by the legislature during each session, and about 184 actually become law (The Council of State Governments 2000).

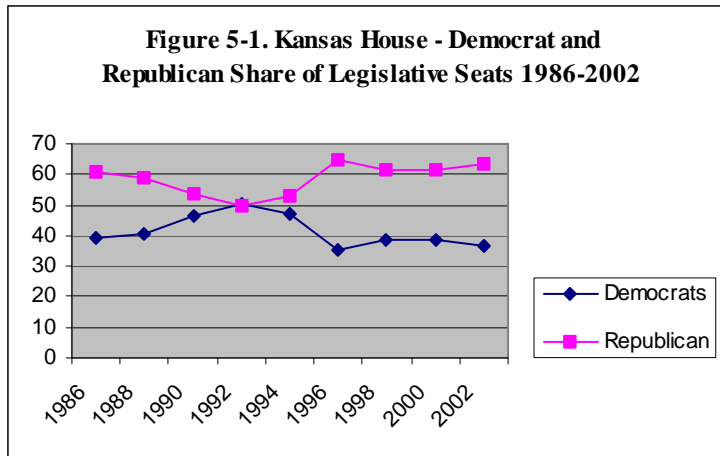
Historically, the Populist movement at the end of the Nineteenth century influenced the two major parties in Kansas. Comprised mainly of the Farmers Alliance and Union labor parties, the Populists advocated for farmers rights, which often meant taking away power from the corrupt railroad companies and banks. They were briefly in control of Kansas politics, winning control of the House and electing five of seven members to the U.S. Congress. Their dominance was short-lived, as Republicans reasserted their control in 1900. Populism, however, left its mark on Kansans, as evidenced by their tendency to embrace radical movements. In the recently published "What's the Matter with Kansas?" Thomas Frank goes so far as to refer to Kansas as "a

freak state...where various ideological nostrums of the day were embraced quickly and ardently.” (2004, 31).

The Republican Party – Cleavages and Control

Ironically, it was radicalism from the right, in the form of the Christian conservatives/pro-life movement that swept through Kansas politics in the 1990s. In 1992, the movement began a rapid takeover of the Kansas Republican Party, culminating in their control of the entire congressional delegation and a substantial number of seats in the state legislature (Frank 2004). In 1995, the conservative movement helped defeat the moderate Speaker of the House and replace him with a more conservative member. In another battle, more visible to a national audience, the factional infighting revealed itself not so much in House politics, but in school board elections. In 1999, the Kansas State Board of Education adopted rules that banned the teaching of evolution in public schools, adding to Kansans’ national reputation as radically rightwing and desiring to return to a pre-Scopes world of creationism-based teaching. During the following election, the moderate wing of the Republican Party marshaled its forces together to defeat two conservative members of the Board who had voted for the rule.

As a result of Republican infighting, begun in the mid 1990s, cleavages within the party have started to erode some of its power. However, they remained firmly in control of both houses of the legislature, except on three occasions. The most recent time was in 1992, when the Democrats won the House by one seat. As indicated by the figure below, Republican dominance has been increasing as they have maintained in excess of a twenty-seat margin for the past five election cycles.



Source: The Book of States, Volumes 26-35.

In addition to the battles waged between the moderate and conservative wings of the party, earlier geographical changes during the 1970s provided an even firmer and more permanent basis for the cleavages within the party. As urban areas grew at the same time as a declining rural base, reapportioned districts meant a significant decline in rural constituencies and an increase in urban and suburban ones. As a result, Democrats gained slightly in the House during the late 1970s and early 1980s. Only in Kansas City and a few pockets in some cities in western Kansas, do Democrats hold a majority of registered voters, while the rest of state is solidly Republican. Overall, in only 27 of the 125 House districts are there an equal or greater number of Democrats than Republicans. In many districts, the Republican advantage is often two to one (Hanna 2000). The more significant and far-reaching result of the rural decline, however, was the growing cleavage between the progressive suburban Republicans in eastern Kansas with their rural, more conservative colleagues in the western part of the state (Cigler and Kiel 1993). Party politics within the Kansas legislature is affected by this growing cleavage, resulting in the characterization of the legislature as being made up of three political

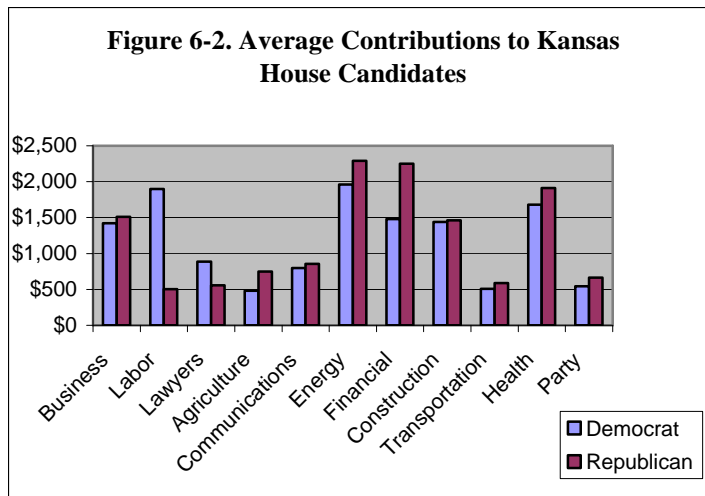
parties – conservative Republicans, moderate Republicans and Democrats (Drury and Stottlemire 2001).

The Power of Business

The Republican domination of the state seems to translate naturally into a political environment where pro-business forces wield a tremendous amount of power. A recent survey by Forbes magazine rated Kansas as the most pro-business state in the nation – “thanks largely to its respect for property rights: it engages in less income redistribution and attracts less tort litigation than most states” (Mcquillan 2004). In the 1980’s as sales and retail trade began to surpass agriculture as the state’s largest economic sector, the power of business lobbies in Topeka continued to grow. Groups such as the Chamber of Commerce and the Kansas Bankers Association have long been power players involved in both grass roots lobbying as well as the insider tactics, focusing on campaign contributions and meetings with legislators and their staff (Cigler and Kiel 1993). Agricultural interests are still however, a potent force in state politics as long time interest groups such as the Kansas Farm Bureau (KFB) and the Kansas Livestock Association (KLA), are still recognized as among the most influential groups. On the opposing side, union power is often exercised through the lobbying power of the Kansas National Educators Association (KNEA).

When it comes to campaign contributions, energy, finance and health interests are the most generous in providing contributions to House candidates. In any other state with such an overwhelming Republican advantage in terms of the number of seats in the House, one would expect that contributors would respond by giving a lot more money to the majority. In the case of Kansas, however, the major players realize that factional

divides within the Republican ranks provide an opportunity for moderate and conservative Democrats to wield a considerable amount of power (for a minority party). On average, total contributions to Republicans are only about \$2,000 more than to Democrats. Some groups, such as business, construction and transportation, give almost equal amounts to members of both parties.



For Democrats, contributions from a variety of labor groups including trade, public sector, transportation and teacher unions, help to keep them competitive against their Republican opponents.

Contributions from PACs

The contribution chart reflects the aggregate amount of contributions from a variety of sources including individuals, corporations, unions and PACs, all of whom represent the seven interests listed. Even when breaking down contributions by examining the top contributing PACs, contribution patterns indicate that most interests contribute nearly equal amounts to candidates from both parties.

Table 6-2. Top Contributing PACs to Kansas House Candidates				
	Republican		Democrat	
	Total	Average	Total	Average
KS Contractors Association	\$57,625	\$430	\$36,400	\$438
KS Farm Bureau	\$31,700	\$428	\$12,900	\$477
Heavy Construction Association	\$30,750	\$256	\$16,500	\$206
KS Livestock Association	\$28,050	\$390	\$10,850	\$388
Boeing	\$24,600	\$228	\$9,400	\$223
KS National Education Assoc.	\$20,904	\$249	\$54,090	\$342
KS Trial Lawyers Assoc.	\$20,750	\$233	\$26,200	\$270

Source: National Institute of Money in State Politics

While total amounts from all PACs, with the exception of the KNEA and KTLA, are much greater for Republicans than for Democrats, the average amount contributed to candidates from both parties remains extremely similar. The wealthiest two PACs, the KCA and KFB, contribute almost the maximum allowed by law (\$500), while the others contribute a bit less. As is typical of unions, only in the case of KNEA do we see a large disparity in contributions as between Democrats and Republican, with the former receiving nearly \$100 more than the latter. This is the only case, in fact, where a T-test reveals a significant difference between the two parties.

It is no coincidence that the top-contributing PACs represent the interests of those who are the major players in Kansas state politics. Issues and proposals which come before the legislature, often have an enormous impact on the economic fortunes of those interests, who in turn believe that their contributions will have some effect on how legislators ultimately vote. An analysis of contributions from the nine interests used throughout this project, while controlling for district and legislator level factors, allow us to determine whether contributions do matter in Kansas.

The Relationship between Contributions and Votes

Table 6-3 shows the results of an OLS regression for contributions for each of the nine interests. The dependent variable is the pro-business votes of the legislator in the session following the election cycle when the contribution from the interest was made. In most models, contributions from the various interests are not statistically significant. In fact, the only factors that seem to make a difference in the pro-business votes of legislators are their party and the type of district they represent.

Table 6-3. The Effect of Campaign Contributions and other District and State Level Factors on the Probusiness Votes of Kansas House Members										
Finance & Insurance\$(b)	.002									
Lawyers\$		-.51								
Retail & Manufacturers\$.98							
Healthcare\$.7						
Construction\$					-.9					
Energy\$						-.8*				
Communications\$							-.3			
Agribusiness\$								2.8*		
Transportation\$									4.8*	
Labor\$										-1.9**
Urban District	-7.6*	-7.5*	-7.7*	-7.7*	-8.1*	-7.9*	-7.7**	-6.6**	-6.6**	-6.6**
Manufacturing District	.27	.26	.3*	.3*	.3	.24	.26	.27	.24	.24
District Incomez(c)	.008	.001	.004	.008	.002	.002	.009	.001	-.009	.001
Republican	11.2***	11.1***	11.1***	11.1***	11.1***	11.5***	11.2***	10.8***	11.11***	8.8***
Constant	64.7	65.2	63.1	63.1	66	67.4	65.1	62.5	63.12	68.3
R-squared	.15	.15	.16	.16	.16	.16	.15	.17	.17	.17
N	155	155	155	155	155	155	155	155	155	155

(a) - 1999 and 2001 NFIB Ratings

(b)- 1998 and 2000 Campaign Contributions

(c) In thousands

* $p < .05$ ** $p < .01$ *** $p < .001$

For all models, being a Republican increases pro-business rating by about eleven points, indicating that business interests can count on Republican legislators to vote their way.

Furthermore, those legislators who represent an urban district, have a tendency to vote in

a less pro-business manner. This is likely due to a higher percentage of constituents identifying with the Democratic Party in some urban areas, causing legislators to often vote in favor of labor interests and against that of most business interests. When it comes to the influence of contributions, only in the case of agribusiness, transportation and labor, does money seem to matter.

Although two of the seven top contributing PACs represent agricultural interests, on average, only about 5% of candidates' total contributions derive from agricultural interests. Nonetheless, this money plays a significant role in determining how they vote on pro-business issues. For every \$1000 contributed to legislators, their pro-business rating increases by nearly three points. Although the money obviously plays a role here, its influence is greatly amplified by the lobbying efforts of agricultural interest groups. Agricultural interests, as indicated earlier, still play a large role in the politics and policies of Kansas, despite its decline as the number one economic interest in the state. The Kansas Livestock Association, for instance, represents 7,000 cattlemen who use 20 million acres or forty percent of the land in Kansas (Suber 2000). In addition, legislators have always recognized the Kansas Farm Bureau as being one of the most effective lobbying forces in Topeka (Cigler and Kiel 1993). Recent policy battles raging at the Capitol have been about environmental regulation of water in the state. Groups such as the KFB and KLA continually lobby lawmakers to minimize regulation of their operations which environmentalists and regulators contend lead to significant levels of pollutants of various water sources. To some extent, the arguments of environmentalists and regulators have been buoyed by the growth of suburbs in places like Wichita, resulting, in a new, highly educated and politically active constituency who have

concerns about clean drinking water. Nonetheless, they often find it difficult to go up against the power of the agricultural lobby as well as the agrarian-populist myth, which is so much a part of Kansas. (Loomis 2001).

Like agriculture, contributions from transportation have an impact on voting which is disproportionate to their relative size. Average contributions from transportation interests to candidates are about \$550. Yet the coefficient for such contributions is quite large and significant. In fact, the model for transportation contributions indicates that it is the contributions themselves rather than any of the other factors including party membership that is driving the pro-business votes of legislators. While it is clear that the actual dollar amount influences legislative voting, two other factors appear to have an effect. First, influence is enhanced by the lobbying effort of the group or lobbyists who represent the contributors (or the contributors themselves). In addition, the overall importance of the particular interest or group within the scheme of Kansas politics and economy, play a role in enhancing influence. The aviation industry serves as an example here. More than 45,000 Kansans work for the industry, making it the state's largest employer. In addition, during the 2000 legislative session, aircraft makers spent about \$26,000 on lobbying state lawmakers, which was nearly 20% of all money spent on lobbying (Hanna 2000). In 1999, transportation was the legislature's most high profile issue, revolving around the replacement of the state's Comprehensive Highway program, begun in 1989 as the largest public works project in history, with the state spending over \$7 billion over an eight-year span. The battle in Topeka came down to the legislature's more ambitious and expensive plan versus the governor's more fiscally conservative one. Economic Lifelines, which represented itself as the state's

premier grassroots transportation coalition, lobbied hard for the more expensive legislative plan. The group members included such pro-business groups as the KFB, the Kansas Contractors Association, and the Kansas Motor Carrier Association and the Kansas Chamber of Commerce. Eventually a compromise was reached as a cooled economy toward the end of the decade led legislators to pare down the more expensive, lobbyist-driven transportation plan.

The other interest whose contributions influence legislators is labor. Deriving mostly from the KNEA, results indicate that contributions cause legislators to vote in less pro-business manner. This is due, in part, to the fact that many of the bills, which are used by the NFIB for the business rating, involve worker-related issues. In addition, the power and influence of the KNEA also help to make their contributions a more powerful mover of votes than some other interests do. A survey of legislators conducted in 1986 revealed that most felt that the Kansas National Education Association is the most consistently influential group in Topeka (Cigler and Kiel 1993). More recently, it is clear from Table 6-1 that the group relies heavily on PAC contributions (especially to Democrats), made possible due largely to its 24,000 dues-paying members. Often competing for scarce government funds, the group also engages in grass roots activities, as well as independent or parallel campaigns to elect legislators favorable to their cause. Although their financial and electoral support sharply favors Democrats in such a Republican-dominated state, the group has, since 1996, begun endorsing quite a few moderate Republican candidates (Myers 1998).

Connecticut – Business Power and Influence

Among the twenty-two states in the sample, only Maine and Montana have house districts smaller than Connecticut's. Like other part time, nonprofessional legislatures, the Connecticut General Assembly meets for only part of the year and compensates its members with a relatively small salary of \$28,000. Although classified as a state where party competition is alive and well, at the legislative level, Democrats clearly dominate. This is especially the case in the lower chamber, where for the past decade; the Democrats have averaged a thirty seat advantage in the 151-member body. As in many Democratic-dominated states with competitive parties, in the Senate, Republicans are able to compete somewhat better. Throughout the 1990s, they have been within three seats of wresting control away from the Democrats. In the early part of Connecticut's political history, Republicans fared much better.

The Parties

As in many states, the history of the parties (especially Republicans) is intertwined with their relationship to the state's dominant industries. In Connecticut, the Republican Party developed and thrived due to support by the states' early manufacturing interests at the close of the Civil War. Mass support from the populace occurred primarily due to opposition for the Democratic Party's support of the Civil War as well as the legacy of traditional conservatism (Lockard 1959). The Speaker of the House remained in Republican hands for an unprecedented sixty-five years, from 1866 to 1931. In addition, one of the two party machines, which ruled state politics, was Republican J. Henry Rorback, whose reign lasted from 1912 to 1937. While serving as

Republican Party boss, he was president of the Connecticut Light and Power Company, director of four insurance companies and a bank (Morehouse 1993; Lockard 1959), thus further laying the groundwork for Republican alliances with Connecticut's business and industry.

Democratic inroads into the state occurred during the mid part of the Twentieth Century. Gathering their strength from the influx of immigrants, as well as a growing labor force in the state's major urban centers, it took Democrats about thirty years, from 1930 to 1960, to have as many registered voters as the Republicans had (McKee 1983). The other major party machine was in fact a Democrat. Party boss John Baily controlled most of state politics through patronage and graft from 1946 to 1975. The Democratic advantage in electing majorities in the state legislature, was due largely to strongholds in cities with significant labor forces including New Haven and Waterbury. They have maintained this advantage in terms of registered voters due largely to the geographic advantage of having their bases concentrated in urban centers. The bases for Republicans in places like Fairfield County (in cities such as Greenwich, Stamford and Darien) as well as the Northwestern part of the state are more dispersed, making it more difficult to mobilize voters. Republican fortunes have to some extent improved in the past twenty years, thanks to in-migration of wealthy New Yorkers as well as the dealignment of blue-collar former Democrats, who found the Republican Party more in line with their views (Gimpel and Schuknecht 2003). In 1984, the Republicans took control of both houses. Two years later however, the Democrats regained control and have held it ever since. Although Connecticut's House of Representatives has remained firmly in Democratic hands, as indicated earlier, the extremely close gap in the Senate

means the upper chamber can easily fall into Republican hands during any upcoming election. Republicans have fared much better at the gubernatorial level, as the last two governors have been Republican.

The Power of Businesses

Connecticut is one the most industrialized states in the nation. In terms of per capita income, it is the wealthiest state. Beginning in the period following the Civil War, the Colt factory was the first of many industrial giants who led the country in the manufacturing of arms and munitions. Also known as the insurance capital of the world, the state houses the headquarters of Aetna, Travelers, Connecticut General and Phoenix insurance companies. Despite its wealth, its most populous cities of Hartford and New Haven, are among the nations poorest. The gap between the states' wealth and its lack of delivery to its neediest residents, says something about the politics of power within the state. As one author puts it,

“The political character of a state can be deduced from its expenditure-revenue system. How a state raises and spends its money is the result of how this state determines its needs, allocates its priorities and responds to those who have the greatest influence” (McKee 1983).

The political battles that have dominated the state in the past few decades have often revolved around policies that inhibit or advantage Connecticut's business interests. On one side are the state's Republicans and more business-oriented Democrats (usually found in the Senate), who advocate for Connecticut's business and industry to maintain the state's favorable regulatory and tax system. On the other side are liberal Democrats and public advocacy groups, as well as environmentalists, who work to shift the tax burden from the lower income

residents, and to promulgate regulatory policy that seeks to redistribute some of the states' wealth and to reign in the power of business.

Connecticut is the only state that passed a state income tax but then repealed it. In 1971, the legislature passed a state income tax, but repealed it a few days later, after a groundswell of opposition from constituents. Instead, to meet budget shortfalls, they legalized an assortment of gambling activities, making Connecticut the third highest state for gambling revenues. Until 1993, Connecticut was one of nine states without a state income tax. Instead, revenues were collected by levying a plethora of state fees, which most consider a type of regressive tax, as it is more burdensome on the poor than on the wealthy. Twenty years later, the battle for the establishment of an income tax began again. This time, it was 1992, and the state faced a budget shortfall of about \$2.4 billion. Republicans and business interests claimed the shortfall was due to Democratic policies of high sales and capital gains taxes as well as burdensome employment regulations, helped to drive revenue sources (businesses) out of the state. Republican-turned-Independent Governor Lowell Weicker, campaigned on a platform promising that he would not vote for a sales tax. Seeing no other options, he joined with a majority of Democrats in both houses to pass a personal income tax. Business interests lobbied hard for its enactment since it meant the opportunity to lower sales and corporate taxes (Morehouse 1993).

Democratic legislators in Connecticut walk a fine line between maintaining their alliances with their traditional allies such as unions and environmentalists, while at the same time maintaining policies that benefit the

states' businesses by providing for a friendly tax and regulatory climate. When it comes to taxes for instance, despite the state's wealth as well as its Democratic majority, it is consistently ranked as having the least progressive tax structure (Hovey and Hovey 2001). Throughout the 1980s and 1990s, in fact, policies passed by a pro-business Democratically controlled legislature, helped to create a state that was able to maintain its reputation as business-friendly. As the 1990s came to a close, record corporate profits, coupled with downsizing and worker frustration, led some liberal, pro-labor House Democrats to reign in the power of business, pushing for a more anti-business agenda. Notably, the House Labor Committee, "a haven for unionist and the last bastion of left-wing, Democrat-dominated activism, (Haar 2000) consistently introduced such legislation as caps on CEO pay, higher minimum wages for firms doing business with the state, and increased workers compensation benefits. Year after year, the proposals die before ever reaching the Governor's desk.

Campaign Contributions

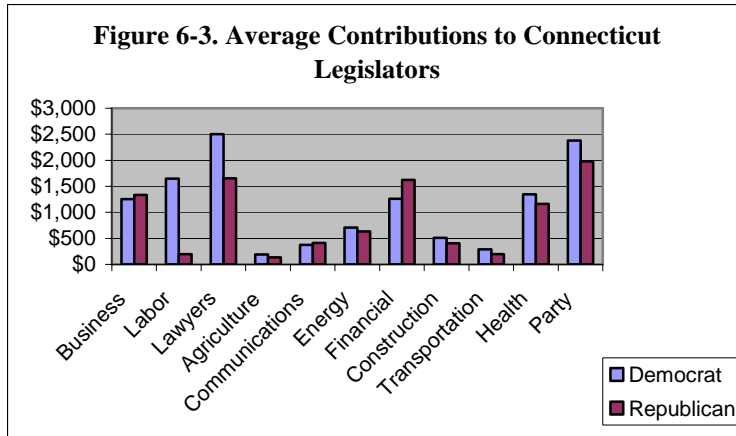
At the end of the 1990s, the Connecticut Business and Industry Association, the state's most powerful business lobby, reported that it was largely satisfied with the pro-business climate in the state, citing progress in policies that lowered corporate taxes and other costs that affects business's bottom line (Haar 2000). It is no coincidence that among the top contributing PACs, the CBIA is the second most generous. Six out of the seven PACs, in fact, represent the business interest in Connecticut. The desire to gain access to legislators from both the majority and minority parties, cause corporate PACs to

contribute nearly identical amounts to both parties' candidates. There is, in fact, no significant difference in these contributions as between Democrats and Republicans.

Table 6-4. Top Contributing PACs to Connecticut House Candidates				
	Democrats		Republicans	
	Total	Average	Total	Average
CT Lawyers for Excellence in Government	\$33,475	\$531	\$15,300	\$510
CT Business and Industry	\$14,000	\$318	\$14,650	\$287
GE Employees PAC	\$17,100	\$356	\$10,550	\$325
Northeast Utilities Employees PAC	\$17,750	\$188	\$8,925	\$186
Mohegan Sun Casino	\$22,675	\$208	\$9,575	\$233
Bankers PAC	\$12,100	\$242	\$6,775	\$225
CT Assoc of Realtors	\$11,300	\$182	\$10,500	\$201

Source: National Institute of Money in State Politics

Similarly, when we look at contributions whose sources, in addition to PACs, include individuals and corporations, most business interests continue to give equally to candidates from both parties. As Table 6-4 shows, the eight business interests (Business, agriculture, communications, energy, finance, construction, transportation and health) all contribute on average about the same amount to both Democrats and Republicans. The results of a Two Independent Samples T Test, reveal that only in the case of the Democratic allies of labor and lawyers groups, is there a statistically significant difference in contributions. Contributions from these two interests give Democrats their small \$3,000 advantage over their Republican opponents. Democrats on average, receive about \$21,000 from all interests, while Republicans get about \$18,000.



The Relationship between Contributions and Votes

The strength of the relationship between campaign contributions and roll call votes is due to the type of the legislature and the party that is in control.

There is a greater tendency to find a relationship between campaign contributions and roll call votes when the legislature is controlled by Democrats and it is a nonprofessional body. Connecticut clearly fits the bill. As indicated by the Table 6-5 below, contributions from seven of the nine interests have a large and statistically significant effect on legislators' pro-business votes.

It is apparent that the insurance and banking industry's long-standing reputation for power and influence in the legislature, is well deserved. For every \$1000 contributed to House members, their pro-business rating increases by almost four points. As indicated earlier, the CBIA also wields a lot of power in the state. Many of its 10,000 member companies are manufacturing and retail interests. Contributions from these interests affect pro-business votes also by four points. A significant union presence in the state keeps the power of business and industry in check. Making up almost one-fifth of total contributions to Democrats, labor money has a significant negative impact on pro-business votes.

This is primarily due to the large number of bills, which NFIB uses to calculate the pro-business vote scores that directly effect workers. These include increases in the minimum wage and increased workers compensation bills.

The most interesting findings regarding campaign contributions is that those interests which give the least amount of money, appear to have the greatest impact on persuading legislators to vote more pro-business. Such is the case for the transportation, communication and agricultural interests. Not having the resources of the wealthier interests such as business and insurance, these groups must target their contributions carefully to those legislators where they believe the money will have the most impact.

Table 6-5. The Effect of Campaign Contributions and other District and State Level Factors on the Probusiness Votes of Connecticut House Members										
Finance & Insurance\$(b)	3.7**									
Lawyers\$.09								
Retail & Manufacturers\$			4***							
Healthcare\$				-.41						
Construction\$					3.1*					
Energy\$						-.42				
Communications\$							10.2**			
Agribusiness\$								10.4*		
Transportation\$									10.5***	
Labor\$										-3.4***
Urban District	-4.90	-3.10	-4.10	-2.90	-3.10	-2.60	-3.70	-3.30	-2.40	-3.40
Manufacturing District	0.32	0.29	0.32	0.27	0.35	0.28	0.25	0.26	0.26	0.24
District Income©	0.01	0.01	0.12	0.01	0.11	0.01	0.01	0.01	0.01	0.01
Republican	30.7***	32.5***	30***	32.4***	31.3***	32.5***	31.2***	32.7***	33***	27***
Constant	30.70	38.10	33.20	39.00	35.80	41.00	38.20	39.40	38.50	48.90
R-squared	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
N	148	148	148	148	148	148	148	148	148	148

(a) - 1999 and 2001 NFIB Ratings

(b)- 1998 and 2000 Campaign Contributions

© In thousands

* $p < .05$ ** $p < .01$ *** $p < .001$

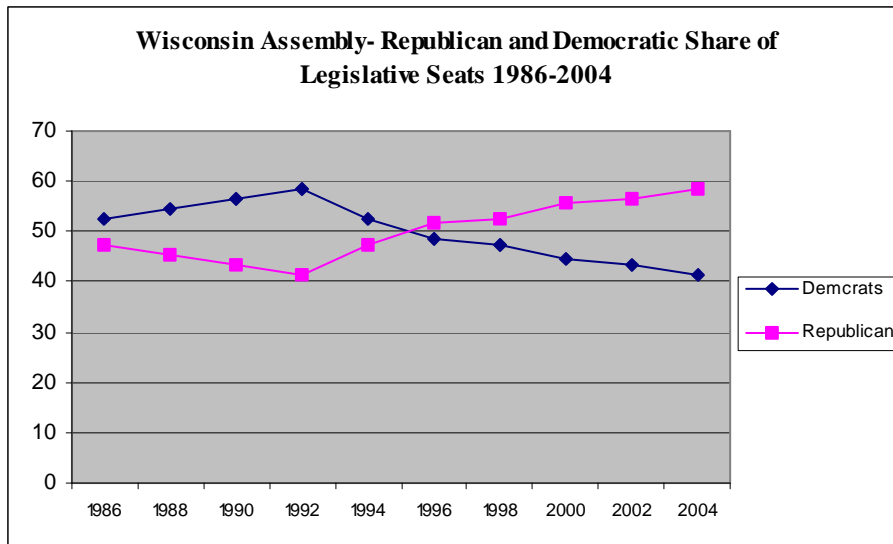
Wisconsin – The Influence of Money Despite a Progressive Tradition

Wisconsin is a study in contradiction and irony. As indicated on Table 6-1 at the beginning of this chapter, it falls into the category of a Republican-controlled professionalized legislature. Yet politically, it possesses the characteristics that should make it a Democratic stronghold – its economic base is dominated by manufacturing, 33% of its workforce is blue collar, there is a strong labor presence, a large Catholic population and a thriving urban center (Milwaukee). Beginning in 1974, Democratic control of the legislature lasted for two decades. Their reign was predicted to last for much longer. As late as 1992, John Bibby indicated that “the Democratic dominance of state legislature as been complete. Like their Democratic counterparts in the U.S. House of Representatives, Wisconsin Democrats appear firmly entrenched in the legislature (Bibby 1992, 155).

The Parties

The 1994 elections, however, brought surprising and overwhelming Republican victories both at the congressional level and in the states as well. Due in part to the Republican strategy of running state candidates based on ideological and value-based themes associated with the GOP’s Contract with America, Republicans took control of eleven state legislatures throughout the country, while the Democrats lost control of eight (Little 1998). Wisconsin’s lower house was part of this Republican sweep, as the unseating of powerful Democratic incumbents led to a thin majority of 51 seats to the Democrats’ 48 seats. As Republican leadership consolidates its power, supported by powerful and well-financed private interests, this margin of control continues to

increase. As illustrated by the figure below, Republicans appear to be in firm control of the lower house. Republicans have also made headway in the Senate, gaining control of the body in a special election in 1993, and maintaining a razor-thin majority after the subsequent 1994 election. They briefly lost control during the late 1990s, but regained it in 2002.



Source: The Book of States, Volumes 26-35.

The other irony in Wisconsin politics is the historical legacy of progressivism juxtaposed with the modern-day scandals and influence peddling that has plagued the Capitol since the 1980s. After all, the Progressive movement begun at the end of the Nineteenth century, had at its core, the idea to limit the power of big business and private interests. Robert M. “Fighting Bob” La Follette Sr., led the early movement, running for governor on a platform of reforming the graft and corruption that had become a way of life for the Republican political machine, dominant in Wisconsin since the Civil War (Bibby 1992). The moderate and pragmatic nature of the progressive platform included the installation of home rule, nonpartisan local elections, the establishment of “clean government,” based on citizen input, and a general distrust of

private economic interests, especially railroad, public utilities and corporations (Hedlund 1993). “Progressivism envisioned the expansion of government to curb special interests groups and to promote the economic well-being of the individual citizen.” (Maxwell 1956). By the mid-1940s, the Progressive movement began to dissipate, as followers were absorbed mainly by the Republican party.

Ironically, a century after “Fighting Bob” La Follette Jr. began his Progressive movement to reform the scandalous nature of Wisconsin state politics, charges were brought against his grandson, attorney general Bronson La Follette, involving lobby law and ethics violations. This began a string of indictments and convictions against legislators and lobbyists throughout the 1980s and continuing up to the recent charge against Senate Majority leader Chuck Chvala (D-Madison), who was forced to resign after being charged with twenty felonies including extortion for allegedly demanding campaign contributions from lobbyists in exchange for action on legislation (Brinkman 2003). Specifically, Chvala was charged with misconduct after extorting contributions from the Wisconsin Beer Wholesalers and the Wisconsin Realtors Association in exchange for the passage of legislation favorable to the groups’ financial interests (Price 2003).

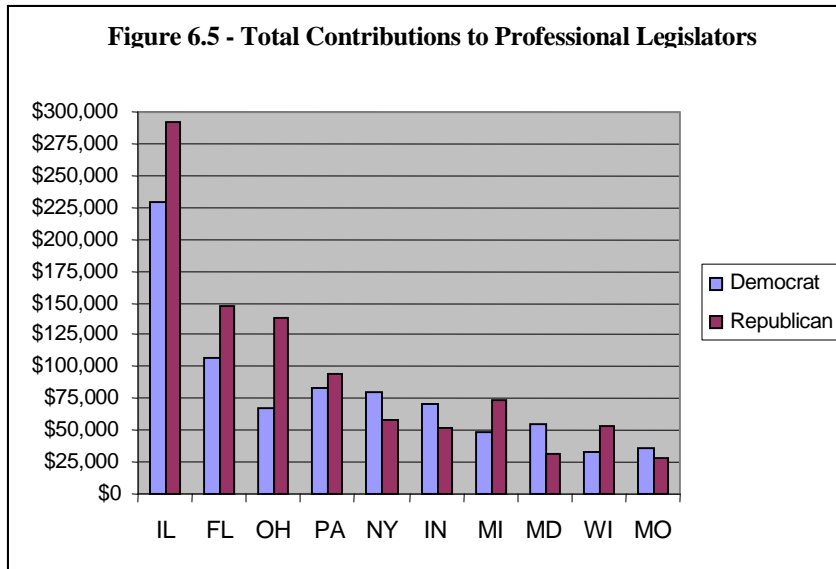
Campaign Finance Regulations

The enigmatic nature of Wisconsin politics is further seen when we examine the relationships between campaign contributions and the regulatory and institutional environment. Though Wisconsin is properly classified as a professional legislature⁹, it differs somewhat from other states with professionalized legislatures. First of all, it is not quite as wealthy as the other professionalized states, as its GSP is more in line with

those states who have non-professional legislatures. In addition, the average size of its legislative districts is only about 52,000 people, again this is closer to the average district size for states with nonprofessional legislatures. One thing that it does have in common with professional legislatures, especially those controlled by Republicans, is that Wisconsin is relatively strict when it comes to the regulation of campaign contributions. Individuals are only allowed to contribute up to \$500 to candidates, while corporations and labor unions are banned from contributing any money. As indicated on Appendix Table 2-1, the state ranks near the top of the list for the overall strictness of its regulations. Part of this high ranking however, is due to the points Wisconsin receives for its public financing program. Harkening back to its progressive, reform-oriented roots, in 1977, Wisconsin became the first state to institute a system of public financing for state elections. Candidates who chose to participate in the system would receive 45% of their spending limits (\$17,250) in state funds, financed with \$1 check-off on state income tax. Though the majority of candidates chose to participate in this groundbreaking reform scheme, for the first decade of its existence, the legislature eventually doomed the program by refusing to adjust it for inflation. (McCabe 2002). Public participation in the \$1 check-off decreased to about 8% currently, as did candidates' use of the program, as very few of them have opted for public financing since the mid-1990s.

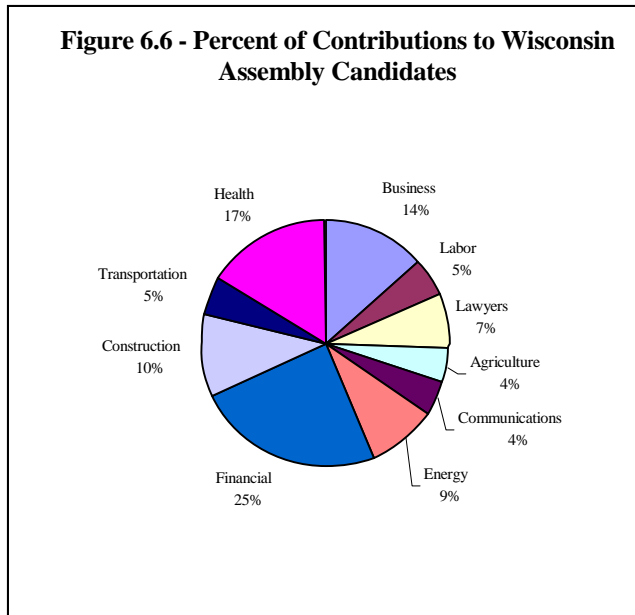
Contributions to Candidates

As indicated in the figure below, the combination of institutional factors causes contributions to state candidates in Wisconsin to be quite small compared with candidates in other states that have professional legislatures.



Nonetheless throughout the 1990s, sharp competition among the parties to control the Assembly has led to an increasingly expensive money chase for the candidates. Between 1994 and 2000, the average amount of money raised by candidates increased by about 66 percent. About a dozen candidates, mostly Republicans, raised in excess of \$100,000 from contributors. While overall increases in the amount contributed to candidates is the first step pointing us in the direction of the increasingly important role which money plays in Wisconsin legislative and electoral politics, the degree to which various private interests contribute bring us even closer to discovering the possible link between money and policy.

In Figure 6-6 below, one can see that financial, health and business interests dominate the funding of campaigns. Candidates receive more than half of all their contributions from these three interests.



The degree to which these interests contribute to candidates reflects the importance of the recent policy battles taking place at the capitol. For many years in Wisconsin, banks have been battling with credit unions over the types of services that each should be allowed to provide to the public. Both sides have funneled a substantial amount of money to state candidates in recent elections in order to assure that the passage or blocking of legislation increases their market share in banking services.

Also included in this category of financial interests is the payday loan industry. In states such as Wisconsin, where interest rates go completely unregulated, check cashing and payday loan storefronts have opened up all over the state. Often concentrated in low-income neighborhoods, they offer customers small loans at interest rates ranging between 390 and 680 percent. Critics and consumer groups charge that the industry preys on stressed and impoverished consumers, providing them with two-week loans made against their paychecks. When their paycheck comes, other unforeseen expenses, prevent them from paying back the payday loan, causing massive interest rates to go into effect, leading them into a downward spiral of debt and poverty (Barret

1999). In the 1999, 2000 and 2001 legislative sessions, an assortment of proposals capping interest rates on these loans was defeated, as most bills died in committee.

The Relationship between Money and Votes

As is the case in many state capitols, journalistic accounts of legislative activity often focuses on scandals as well as the growing influence of campaign contributions and lobbying activities on state legislators. In Wisconsin, the actual presence of ballooning campaign budgets, as well as a plethora of charges against lawmakers over the past few sessions, have provided ample opportunity for journalist to report on these things. They draw the implications that there is a quid pro quo relationship between campaign contributions to legislators and how they vote on legislation that affect those contributors.

Often quoted by journalists covering state politics, the Wisconsin Democracy Campaign has been the leading advocacy group for reforming Wisconsin's state campaign finance system. They produce dozens of reports each legislative session, detailing the contribution patterns of industries, corporations and unions to legislative and gubernatorial candidates. Like many campaign finance reform groups, implicit in their advocacy is the notion that the precipitous rise in campaign contributions from private interests leads to extreme degrees of influence by those interests on the policy produced by state lawmakers. Examining specific bills or budget allocations which stand to benefit an industry, reports by the group first indicate the amount which an industry contributes to legislators and then indicates the return on their investment, whether it come in the form of legislation or budget allocations which benefit the industry. In one report entitled "Playing the Policy Market" (2001), the group claims that such interests

as bankers, road builders, the waste disposal industry, as well as a number of national companies received in excess of 100,000% on their investment. Usually, they calculate these figures based on the amount the group contributed (the investment) and the amount of money which the industry receives or saves due to lawmakers' action on a bill.

While pro-reform groups such as WDC raise the specter of a quid pro quo relationship between contributions and policy outputs, such a relationship must be subject to the careful and controlled analysis presented here, in order to determine whether causation actually exists. Although rising costs of running for the Assembly corresponding with the increasing contributions of private economic interests are a fact in Wisconsin, it may not necessarily be the case that these two factors lead to greater pro-business voting by Assembly members. First, we know that most states like Wisconsin, which have professionalized legislatures, also have relatively stringent campaign finance regulations. Furthermore, institutionalized factors, which characterize this type of legislature, such as increased staff size, a longer legislative session and greater legislative pay, may at some level mute the potential power and influence which campaign contributors may have over legislators.

Regression results contained on Table 6-7 indicate that contributions from the finance and insurance industry, the transportation industry and retailers and manufacturers have an effect on pro-business voting by legislators. As indicated earlier, the finance and insurance industry play an extremely important role in funding the campaigns of Assembly candidates, as their contributions make up a quarter of all contributions. In addition, four of the seven highest contributing PACs, fall into this

category of finance and insurance. Although they contribute a lot more money to the majority Republicans, in the 2000 election, RPAC, WISBANK, NW Life Insurance PAC and Banc One Wisconsin PAC poured nearly \$100,000 into the campaign coffers of candidates running for the Assembly.

Table 6-6. Top Contributing PACs to Wisconsin Assembly Candidates				
	Democrats		Republicans	
	Total	Average	Total	Average
Wisconsin Education Association Council	\$61,589	\$832	\$6,100	\$254
Wisconsin Realtors Association (RPAC)	\$6,300	\$252	\$29,350	\$481
Wisconsin Bankers Association (WISBANK PAC)	\$3,100	\$100	\$18,800	\$376
Tavern Industry PAC	\$3,950	\$232	\$9,167	\$254
NW Mutual Life Insurance	\$8,050	\$251	\$13,900	\$323
Wisconsin Motor Carriers Association	\$3,050	\$203	\$10,050	\$245
Banc One Wisconsin	\$5,050	\$162	\$9,020	\$180

Source: National Institute for Money in State Politics

The other contributing interest that appears to be driving legislators to vote in a more pro-business fashion is the transportation interest. Interestingly as indicated earlier on Figure 6-5, transportation provides only about 5% of candidates' total contributions. Yet they appear to get considerable bang for their buck, as every \$1000 that they contribute, causes the ratings of legislators to increase by more than 1.5 points. The Wisconsin Motor Carriers PAC is among the list of top contributing PACs, providing candidates from both parties with contributions in the \$200 range. In addition, this category includes contributions from the states' many new and used car dealers, as well as the airline and trucking industries. Looking at the type of bills used to derive pro-business ratings, it is clear that these business are concerned about such issues as rising labor costs, a concern that seems to resonate well with legislators. For similar reasons, contributions from retail and manufacturing interests also have a positive and significant effect on pro-business votes.

In addition to campaign contributions, we see that regardless of which group contributes to their campaign, legislators are constrained in voting pro-business by the characteristics of the district as well as their party. In all columns, the coefficients for manufacturing district, district income, and Republican party, are positive and significant. So legislators will tend to vote more pro-business if they represent a district with the significant presence of manufacturing interests or where residents fall into higher income brackets. In addition, as in all cases, voting with the business interest has much to do with whether or not a legislator is a member of the Republican party, as such membership increases pro-business ratings by about forty points.

Table 6-7. The Effect of Campaign Contributions and other District and State Level Factors on the Probusiness Votes of Wisconsin Assembly Members										
Finance & Insurance\$(b)	.47**									
Lawyers\$.46								
Retail & Manufacturers\$.62*							
Healthcare\$.46						
Construction\$.7					
Energy\$.006				
Communications\$							1.4			
Agribusiness\$								2.4		
Transportation\$									1.8*	
Labor\$										1.8
Urban District	-7.1**	-6.4**	-6.9**	-6.8**	-6.8**	-5.7**	-6.2**	-6.2**	-6.6**	-5.5**
Manufacturing District	.3*	.3*	.3*	.3*	.3*	.3*	.3*	.3*	.3*	.3
District Income©	.25**	.27**	.27**	.23**	.27**	.28**	.28**	.28**	.28**	.29**
Republican	33.1***	35.4***	33.8***	34.4***	33.7***	35.6***	34.5***	32.7***	33.5***	37.8***
Constant	38.50	38.20	38.40	39.10	38.80	37.70	38.10	37.20	36.60	35.90
R-squared	0.77	0.76	0.76	0.76	0.76	0.75	0.76	0.77	0.77	0.76
N	151	151	151	151	151	151	151	151	151	151

(a) - 1999 and 2001 NFIB Ratings

© In thousands

* $p < .05$ ** $p < .01$ *** $p < .001$

New York – The Mitigating Effect of Centralized Power

Home to New York City, the world center for finance, commerce and trade, it makes sense that the legislature, which governs the state, is one of the most professionalized in the nation. Members of the Assembly, the lower chamber, command an annual salary of \$80,000. They meet for six months out of the year and must contend with the introduction of over 15,000 bills, of which about 1600 are actually voted upon. (Creelan and Moulton 2003). In addition to dealing with the urban problems associated with New York City, the huge swaths of agricultural lands which make up much of upstate New York add to the state's diversity, and thus to the need for a highly professionalized legislature. The extreme diversity or differences between the two regions leads to the other uniquely New York characteristic, that of an extremely sharp division between Democrats and Republicans. Democratic legislators almost exclusively represent the downstate region, specifically the New York metropolitan area. For decades, the exception was the Long Island suburbs, where Republican strength had been a longstanding tradition, but which has declined in recent elections. In upstate (the rest of the state lying outside the New York Metro area, is often referred to as "upstate") New York, with the exception of the medium-sized urban centers of Buffalo, Syracuse, and Albany, Republicans dominate. In both electing state representatives to Albany as well as gubernatorial voting, the regions are sharply divided. The election of George Pataki in 1994, the first Republican governor elected in the state since 1959, illustrates the party divide. Pataki received only 27% from the five boroughs of New York City, 49% from Long Island, Westchester and the upstate cities, and 64% from the rest of the state (NYS Board of Elections 2004). When it comes to the legislature, party divisions

lead to firm Democratic control of the Assembly, while the Republicans control the Senate. Divided control of the legislature has lasted for nearly thirty years, longer than almost any other state.

The Power of Leadership

The primary reason for such firm party control of each of the two chambers is that the legislature is one of the most leadership-dominated bodies in the nation. The legislature has long been considered ‘a two man show,’ where the Assembly speaker and the Senate majority leader maintain a stranglehold over individual members through campaign contributions, salary perquisites, and the assignment of committee chairs. Leaders run sophisticated political operations that include conducting opinion polls, raising campaign contributions, and providing campaign experts and grassroots campaign workers. Leadership in fact, is seen as supplanting the role of local political parties. (Dao 1998). As one journalist put it, “There are many state capitols you can visit these days to pick up clues about what legislating in the 21st Century will be like. However, if you want a lesson in the way the process worked for most of the last century, Albany is the place to go. It is the capitol of yesterday’s politics” (Gurwitt 2000). Authority is centralized in the hands of both the elected leaders as well as the committee chairs appointed by those leaders. Unlike most legislatures, committees do not mark up bills, hold hearings or amend bills. They are simply gatekeepers, who control which bills make it to the floor. In order for a rank and file member to get a bill heard, they must bring it to the leadership. During the last days of the session, members may get an audience with the Speaker, depending on how they are ranked in seniority (Schneier and Murtaugh 2001).

The Power of Business

Despite the seeming omnipotence of commerce and industry in a place like New York City, the state as a whole is often considered to be extremely anti-business.

The power and influence of the state's public and private unions, along with one of the most liberal electorates in the nation, are among the reasons for this. Like in many state capitals, one of the most dominant policy battles, and one that most polarizes the two parties, revolves around labor issues. New York has always been known as an extremely pro-union state. The power of public sector unions in particular has grown precipitously since a 1997 law that authorized unions representing state employees to collect an agency shop fee from the paychecks of nonunion members (Cingarelli 2001). Among the most common policy battles, which take place in Albany, involve, on one side, the more labor-friendly wing of the Democratic party in the Assembly going to bat for labor who wish to expand the rights of workers in the form of more generous worker compensation claims or a higher minimum wage. On the other side is the Republican-controlled Senate, along with more moderate, pro-business Democrats, who represent the interests of a variety of smaller and larger business firms, who continually lobby for tax breaks and a cessation of costly regulations.

Contributions

When it comes to contributions from PACs, the power and wealth of unions in funding the campaigns of Assembly candidates is quite substantial. As the Table below indicates, unions make up four the seven top contributing PACs. T-test analyses indicate

that all union PACS, with the exception of the Teachers union, give a statistically significant greater amount to Democrats than to Republicans.

Table 6-8. Top Contributing PACs to New York Assembly Candidates				
	Democrat		Republican	
	Total	Average	Total	Average
NY Trial Lawyers Association	\$189,845	\$1,091	\$39,295	\$727
Service Employees 1199	\$89,000	\$2,170	\$0	\$0
NY United Teachers Vote	\$90,702	\$540	\$25,490	\$463
NYS Public Employees	\$49,981	\$446	\$10,470	\$248
Medical Society of New York	\$44,480	\$383	\$33,830	\$393
NYS Laborers Union	\$42,625	\$991	\$22,230	\$766

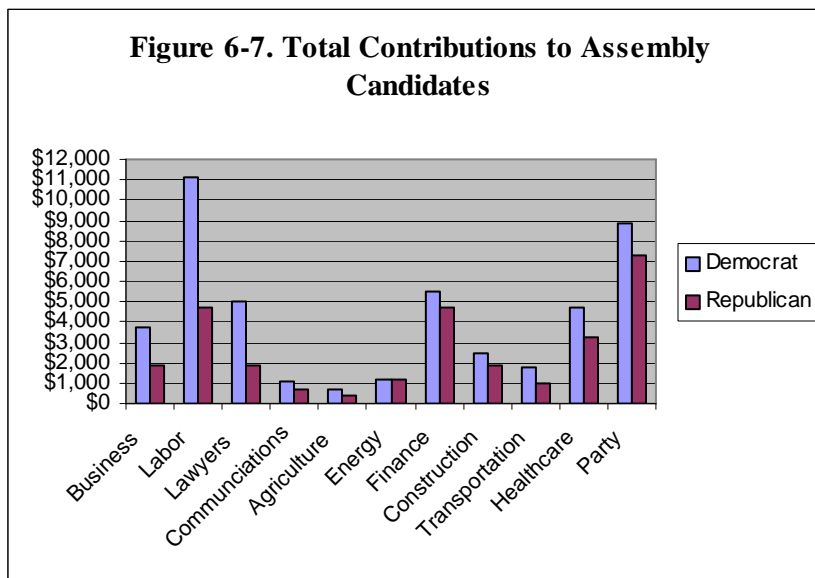
Source: National Institute for Money in State Politics

It is typical for unions to contribute money employing a mixed strategy (Herrndon 1982; Herrnson 2004), whereby they contribute much more to Democratic candidates in order to continue to maintain majority control in the Assembly as well as maintain their access to legislators. With New York's extremely divided government, however, when groups ally themselves exclusively to one party, they run the risk of negating what such access can potentially bring. In other words, in the case of labor, their nearly exclusive ties to Democrats allow them only to block legislation in the Assembly, while accomplishing very little in the Senate (Schneier and Murtaugh 2001).

Even with the two to one advantage that Democrats have over Republicans in the Assembly, and even with fewer resources than New York's well-funded unions in many cases, most business interests practice an access strategy of contribution, giving to candidates from both parties. When it comes to PAC contributions, only one of the top contributors, the Medical Society of New York, could be considered a business-oriented interest. It represents the interests of physicians in the state. There is no significant difference in how much this PAC contributes to candidates from both parties.

Expanding the universe of contributions to include individuals, corporations and non-

union PACs, Figure 6-7 below indicates that almost all eight business interests provide similar contributions to majority Democrats and minority Republicans (Figure 6-7). Only in the case of business (retail and manufacturing interests), do we find a significant difference in the amount of money provided to both parties.



Once again, we see labor contributions to Democrats dwarfing the amount given to Republicans. We see a similar disparity in contributions with the Democrats' second staunchest supporter- trial lawyers, as this group gives more than twice as much to Democrats as to Republicans. This strategy seems to work well for this group, as Assembly Democrats have, session after session, managed to block proposals for tort reform.

The Relationship between Money and Votes

A great deal of policy in New York is produced by private negotiations among the "big three" - the Speaker of the Assembly, the majority leader of the Senate, and the Governor. Individual legislators rarely have a say in how legislation is crafted and more importantly, what the final version that is voted upon on the floor looks like. New York

is one of three states that do not markup bills in committees. Public hearings and conference committees on bills rarely occur. Likened to old-style party bosses (McKinley 2002), New York's big three are often sought after by a legion of lobbyists, campaign contributors, corporate heads and union bosses, all wishing to have the most impact on creating policies favorable to their interests. While campaign contributions from private interests to individual legislators may make a difference in how legislators vote on legislation relevant to those interests, much of the influence by private interests occurs under the cloak of private negotiations, and is therefore difficult to capture employing the analyses used in this project. Nonetheless, results indicate that at least for some interests, campaign contributions do make an impact.

As the table below indicates, contributions from three of the nine interests have a small but significant impact on how legislators vote on business-backed bills. The Pataki administration has marked a turning point for business power in New York, with the formation of CHANGE-NY, a PAC and lobbying group funded by a small a group of New York businesspersons. The group has challenged the moderate wing of the Republican party, taking over the minority leadership in the Assembly and in much of the Senate (Schneier and Murtaugh 2001). Results included here indicate that contributions from both retailers and manufacturers along with energy interests, influence state legislators. When it comes to contributions from the state's retailers and manufacturers, the impact on voting is seen in column three, where the coefficient is positive and significant. In addition to retailers and manufacturers, contributions from energy interests also play a role in persuading legislators vote in a more pro-business manner. Finally, the state's agricultural interests, whose power and influence is often

diluted by the more powerful downstate interests which control the Assembly, is also at play here. Three of the bills used in the NFIB rating involve agricultural issues including a dairy compact, a bill authorizing a study for attracting more agribusiness to the state and an agricultural branding bill that allows brands to carry a state brand. Though agricultural contributes the least amount of money compared to all other interests, their contributions appear to have the most impact, increasing pro-business rating by nearly one point for every \$1000 contributed to legislators. For all models the only other factors that influence pro-business votes are the legislator's party as well the type of district that they represent. As in all cases, the dummy variable for Republican is positive and significant, indicating that Republicans are much more pro-business than Democrats. In addition, those legislators who represent urban districts tend to vote against the business interest in New York, as they are likely more influenced by poorer, urban, and more union-oriented constituent interests than they are by the concerns of private businesses.

Table 6-9. The Effect of Campaign Contributions and other District and State Level Factors on the Probusiness Votes of New York Assembly Members										
Finance & Insurance\$(b)	.007									
Lawyers\$.004								
Retail & Manufacturers\$.24*							
Healthcare\$.005						
Construction\$.12					
Energy\$.74**				
Communications\$.33			
Agribusiness\$.95*		
Transportation\$.28	
Labor\$										-0.09
Urban District	-6.6***	-6.6***	-6.4***	-6.5***	-6.5***	-5.7***	-6.5***	-6.3***	-6.3***	-6.5***
Manufacturing District	-.15	-.14	-.005	-.14	-.1	-.1	-.31	-.004	-.004	-.21
District Income©	-.11	-.11	-.42	-.11	-.12	-.16	-.16	-.14	-.14	-.008
Republican	11.7***	11.7***	12.3***	11.8***	11.8***	12.4***	11.9***	12.2***	12.1***	11***
Constant	60	60	60.2	60.2	60.4	60.1	60.2	60.3	60.7	60.7
R-squared	.30	.30	.31	.31	.31	.32	.31	.32	.32	.32
N	276	276	276	276	276	276	276	276	276	276

(a) - 1999 and 2001 NFIB Ratings

(b)- 1998 and 2000 Campaign Contributions

© In thousands

* $p < .05$ ** $p < .01$ *** $p < .001$

Summary

Although Kansas has a nonprofessional legislature, characteristics associated with Republican control mitigate the strength of the relationship between money and legislator's votes on pro-business bills. First, as indicated in Chapter 3, those states where Republicans control the legislature often have somewhat stricter campaign finance regulations, limiting the amount of contributions to candidates. In addition, the Republican domination and pre-existing pro-business sentiment among most legislators blunt the effect of contributions from most economic interests. Contributions from agricultural interests, who have a long-standing reputation of power and influence in Kansas's politics, remain a significant force in influencing voting. Newer policy battles

involving the improvement of infrastructure, lead to interests such as the transportation industry wielding influence over legislators through their campaign contributions.

Connecticut is even more illustrative of the conflicted nature of state legislatures as they grapple with increased power and policy complexities without the benefits of a professionalized legislature. Legislators must respond to the desires of the state's many business enterprises, maintaining a regulatory framework that encourages companies to remain in Connecticut and not follow the exodus of many other New England and Northeastern companies who have relocated in the Sunbelt. As a result contributions from almost all the business interests measured here help persuade legislators to vote in favor of pro-business legislation. Results also indicate that, despite the structural economic advantage of business, as well as their superior financial resources, other interests, such as labor, can win in some cases.

Despite the claims of rampant corruption and vote buying by Wisconsin's news sources as well as campaign reform groups, legislators in the more professionalized body are not influenced greatly by campaign contributions. Instead, they appear to pay more attention to the type of district that they represent when they choose to vote yea or nay on business-backed legislation. Similarly, members of New York's Assembly have the advantage of a fully professionalized legislature, complete with significant research and staff resources. So despite the presence of a wide array of both business and labor groups interested in affecting the outcome of the election as well pressing their influence during roll call votes, legislators are not very affected by contributions. Even party affiliation does not seem to matter very much when it comes to predicting how legislators vote on pro-business legislation. To some extent, the highly centralized

structure of the New York's legislature mutes the power that money can have on rank and file legislators.

Chapter 7 - Conclusion

This study sought to address the question of whether campaign contributions to state legislators have an impact on roll call votes on bills relevant to contributors.

Although labor often stands as the countervailing force to business, with far fewer resources and without the structural advantages of business, they are usually unable to persuade legislators to vote against the desires of business.

The first chapter laid the theoretical groundwork for the research. It reviewed the current literature regarding the possibility of a quid pro quo relationship between campaign contributions and roll call votes. It illustrated that current research focuses primarily on the congressional universe, failing to take advantage of the recent availability of state data as well as the fact that such exchange relationships between money and votes more likely to be found in the less salient and more particularistic state environment. The devolution movement, transferring a tremendous amount of power to the states, presents even more justification for discovering the potential influence that business interests can have on the legislative process. It was suggested that particularly in states that have failed to professionalize their legislature, the potential for contributors having influence on legislative behavior was much greater than in states that have professionalized legislatures.

It was also demonstrated that the spiraling costs associated with running for the statehouse, has led to a money chase, whereby candidates must spend an inordinate amount of time raising money from business interests. This makes it far more likely that the voices of these interests will speak a good deal louder than the majority of constituents, who could not afford to contribute to the campaign.

This study departs from existing research in that the data set consists of nearly 3,000 legislators in 22 states, allowing for more generalizable claims regarding the role of money in state policy outputs. In addition, unlike most studies the measure of campaign contributions is expanded beyond merely PAC money, as it includes all entities (corporations, unions and individuals) that are identified as representing the interest of a particular business sector or labor union. Furthermore, the project looked at the unique environments of each state. This provided for a greater understanding of the variation and patterns that exist in states campaign finance regulatory environment as well as the particular economic interests that dominate the funding of campaigns and are often the most influential when it comes to roll call votes.

Chapter 2 examined business contributions in the aggregate, proceeding from the assumption that although difficult to define as one unifying force, business interests in a state are often unified under broad areas of agreement regarding the minimization of costly state regulatory policies as well as pro-business incentives such as lower taxes and minimum wage caps. The findings presented in this chapter showed that the contribution strategies of the states major businesses differs sharply depending on whether the contributions are made to candidates running in a professional or nonprofessional legislatures. In the case of the former, contributions are targeted much more to incumbents, legislative leaders and Republican candidates. While in the latter, such factors as partisan affiliation are less important. Instead, nonprofessional candidates can count on increased contributions from business mainly when they tow the line and vote with the business interest in the prior legislative session. In addition, business interests

are more constrained in their giving, by stricter campaign finance laws that exist in states with nonprofessional legislatures.

Chapter 4 addressed the question of whether or not campaign contributions influence roll call votes. Findings confirmed the important structural differences inherent in the two types of legislatures studied here. One of the most important findings is that contributions influence roll votes almost exclusively in nonprofessional legislatures. Although their contributions to candidates are small, relative to other business interests, contributions from the construction, energy, communications, and transportation industries have the most powerful impact on persuading legislators to vote more pro-business. Among professional legislators, only contributions from retailers and manufacturers are able to move legislators toward a more pro-business vote. Money from labor had no effect on the roll call votes in either type of legislature, confirming existing research that labor's more limited resources often forces them to focus on a electoral contribution strategy rather than one which might bring them more access and influence.

The major concern resulting from these findings are that currently, many states are in fact deprofessionalizing their legislatures. For the last decade, there has been a movement to limit the terms of legislators. As many as sixteen states currently have term limits for state legislators. While such measures cause a greater turnover of seats, the legislature loses its more senior and often more knowledgeable members, allowing contributors and their lobbyists to fill the expertise vacuum and thus have even more influence on the legislative process. Initiatives in a number of states have been introduced to reduce the size of the legislature, shorten the session, convert to a

unicameral institution or to modify legislative procedures to limit legislative power (Rosenthal 1993; Magleby 1986). Given what we now know about the impact of contributions in nonprofessional legislatures, the success of such movements will have dire consequences on state policymaking.

In chapters 5 and 6, the analyses, was further broken down in order to examine individual states. These chapters provided a clearer and more detailed understanding about the institutional and political environment of each state and how these factors shape and are shaped by the various economic interests seeking to influence both electoral outcomes and policy outputs. Chapter 5 described the financial prowess of interests such as the finance, retail and manufacturing industries which are the most generous donors to state candidates and who appear to have the heaviest lobbying presence in the state capitols. Claims regarding the decline of representative democracy in our state legislatures (Rosenthal 1998) need to be qualified in light of findings that indicate that a powerful majority of particularized interests representing the concerns of business, seem to dominate the halls of most state capitols. Though a good deal of the evidence, in this chapter regarding the privileged position of business, is anecdotal, it nonetheless reveals that conflicts of interests and in many cases corrupt practices are very much present in many state legislatures. Again, confirming the differences between the two types of legislatures, it was noted that contributions patterns for all businesses strongly favor Republicans in professional legislatures, In nonprofessional legislatures, business interests are much more likely to seek out Democratic candidates in order to contribute to their campaign and to hopefully gain access to them once they become legislators. Although differences emerge how much groups contribute to each parties'

candidates, within the same party, contribution patterns are remarkably similar in both professional and nonprofessional legislatures.

In Chapter 6, the same analysis applied to the cross-section of candidates in Chapter 4, was applied to four individual states. By placing the states in their historical context regarding the rise of partisan divisions and alliances with business sectors, more was learned about the how and why contributions from these sectors impact the behavior of legislators. Looking at Wisconsin and New York, two states who have among the most professionalized legislatures, it was illustrated that the power of money to influence roll call votes is mitigated by both district-level influences as well as more centralized leadership (in the case of New York). In the nonprofessional legislatures of Connecticut and Kansas, smaller, more targeted contributions from the states' major business interests had a profound impact on legislators when it came to voting for pro-business legislation.

One of the most important normative concerns about the relationship of campaign contributions to policy outputs is the question of what it is that money actually buys. If we acknowledge that in many cases, contributions do cause legislators to vote on policy in a manner, which they would not have voted, but for the contribution and accompanying lobbying effort by the interested contributor, then one must next examine the policy that such a vote produced. If the policy can be examined to determine who wins and who loses, then we can better understand the larger implications of the money-for-votes relationship. In both distributive and competitive regulatory policy arenas, concentrated benefits accrue to those private interests that we have seen playing a dominant role in contributing and lobbying state legislatures – including businesses,

banks, construction, real estate, insurance, and utilities. While in some cases, as these groups often argue, what is good for business is good for the state or the public as a whole, in many cases it is not. In the case of distributive policies, the costs (to the public) are dispersed making it difficult to place a value on them in order to determine whether or how much the public loses. Do price subsidies, tax breaks; specially awarded contracts lead to higher prices, fees or taxes for consumers? The same may be asked for competitive regulatory policies that often involve the regulation of services delivered or the granting of licenses to certain professions. We know that the policy benefits are concentrated in those industries, and occupations that call for such regulations. Once again, knowing that costs do exist with these sorts of policies, and that they are generally concentrated, questions remain as to who bears the brunt of such costs. If it is the public at large, we must again ask how much and with what consequence.

If the costs to the majority of the public, either dispersed or concentrated, reach a level that is greater than the benefits to them, then one can say that such policies do not represent the best interests of public and that therefore legislators who vote for such policies, are not acting in the best interests of their constituents. In such a case, legislators are not truly representing their constituents, but rather are representing the narrow private interests of contributors when they vote for policies, which deliver to these groups, concentrated benefits in the form of tax breaks, subsidies and wage caps.

Although one study at the state level confirms a degree of policy congruence between state policy and state public opinion (Erikson, Wright and McIver 1993), the authors' limited operationalization of policy outputs does not take into account the types of policies that business interests in the states are most concerned with and which are the

basis for the primary dependent variable used in this project (NFIB scores). Due to extremely low levels of information on the part of the public, when it comes to many of these issues vital to the business interests, legislators are faced with few oppositional voices and thus more easily swayed by the financial and lobbying effort of the states' most powerful business interests. Not even the substantial sums of money provided by labor in many states are enough to blunt the power of business money to influence legislators. In the ever growing money chase among candidates who wish to run for the statehouse, the implications for the favorable treatment received by business interests, is that unequal representation occurs whereby legislators vote on business-backed legislation to benefit those interests that are able to contribute money to their campaigns, while neglecting the concerns of their district or the state public as a whole.

The introduction to this project highlighted the high profile corruption scandals that seem to occur at an increasing rate in many state capitols. Though largely anecdotal, these events coupled with the findings presented here, are a clear indication that there is a growing crisis in corruption and representation in many state legislatures. States have to some extent, tried to reform the system by controlling the amount of private money in campaigns. Despite what many view as a Supreme Court confused or at best, reluctant to uphold congressional and state attempts at campaign finance reform, the Court has in fact been steadily moving in that direction. Affirming government regulations most of which attempt in some way, to remove money from the political system, the Court bases much of their legal reasoning on an expanded view of corruption. They have moved beyond the quid pro quo standard, indicated in this project. In *National Bank of Boston v. Belotti* (1978), for instance, they employ what Thomas Burke calls "the monetary

influence standard” (Burke 1996). The Court contends that it is corrupt for legislators to perform their public duties with monetary considerations in mind. The influence of money is corrupting even if no explicit deal is made. Rehnquist, writing for the majority, continues: “Corruption is a subversion of the political process. Elected officials are influenced to act contrary to their obligations of office by the prospect of financial gain to themselves or infusions of money into their campaigns.”

In subsequent cases, the Court has gone even further, indicating their concern that the corruption of politics through the massive amounts of money infused in the political system is due in large part to the inequality of resources between business and everyone else. In a 1986 case, the court, ruling that a state law restricting independent expenditures was overbroad, distinguished between advocacy groups and profit seeking corporations “who pose a real danger of distorting the political process through their accretion of wealth.” (*FEC v. Massachusetts Citizens for Life, Inc.*). As was illustrated in this project, business groups are the primary sources for campaign funds for state legislative candidates, thereby vastly increasing the opportunity for money to have a corrupting or distorting effect on legislative decisions.

Given that most state legislators see themselves in the role of trustee, when it comes to representation (Rosenthal 1998), it is important to use a more expansive definition of corruption when dealing with the increases in business contributions to state legislators. As a trustee, representatives’ decisions are supposed to be based in part on the views of their constituents whenever possible. Decisions however should also be based on legislators’ own views, guided by their conscious in acting for the general public good. Assuming that at some level campaign contributions are involved in a

legislator's decision to vote yea or nay on a bill, a conflict of interest exists. As Daniel Lowenstein indicates,

“There was no meeting, behind closed doors or otherwise, not even a moment in a single legislator's mind, in which a decision was made either to succumb to the contributors or not to succumb. The pressure from the contributors is simply part of the mix of considerations out of which a position evolves. At best, one can exercise a judgment as to whether the outcome would have been different if there had been no contributions and no possibility of contributions. Even if the hypothetical outcome would have been the same, however, it does not change the fact that the real outcome results from an actual, tainted process” (1989, 327).

Lowenstein's view that the process is tainted or corrupted is focused not so much on the behavior of the legislator, but on the contributor. The stated purpose of business groups to practice an access strategy of contribution, means that they seek to persuade the donee-legislators to make decisions based on personal gain rather than some public good. Notions of the public good are rooted in the assumption or the desire of a deliberative democracy. It is what Madison had in mind in Federalist #10, when he indicates that a republican form of government has the best chance to “refine and enlarge the public views, by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations.” The desire to replenish a campaign war chest or to please contributors by voting for a bill that benefits them, is something that can easily fit under this category of temporary or partial consideration. Although a number of political science patriarchs such as

Robert Dahl and David Truman, set forth other concepts of democracy focusing on procedural fairness or interest aggregation, they proceed from an assumption that representatives act only as delegates, as their decisions to vote one way or another on a bill is based simply on counting preferences. Also referred to by some as “proceduralist,” (Cain 1995), the presence of campaign contributions in the legislative process is not seen as corrupt since political money exists as a kind of vote that sits alongside ordinary votes at the ballot box, both of which enter into the legislator’s calculus in deciding how to vote on a bill. Others view the legislative process as simply a marketplace, where candidates sell themselves to the highest bidder and where voters make demands on the system based on the intensity of their feelings (Schumpeter 1942). The result according to Schumpeter and even to other pluralists like Dahl and Truman, is an equal balance of individual interests. That cannot and does not exist however, as the unequal distribution of resources inherent to a capitalist system causes business interests to tip the balance toward their favor, especially when the state fails to adequately regulate the financing of campaigns.

Faced with a political system that allows money to play such a large and significant role in electoral and legislative politics, states have taken two basic courses of action. Most state legislators seem to resign themselves to the fact that unequal resources will always exist and that those who have more money will find a way to leverage their resources to obtain access and influence. Clean election laws are the other option. Contrary to anti-reform

arguments, clean election laws do not in fact lead to less competitive legislative races. Rather, recent findings indicate that such programs lead to an increase in the pool of candidates willing to run for state office as well as smaller winning margins for incumbent candidates (Mayer, Werner and Williams 2004).

Regulations would provide full public funding to candidates if they agree to forego all private contributions and abide by strict campaign funding and spending limits. Thus far, only two states, Maine and Arizona have full a public financing system in place. Nine other states have partial public financing, which merely limit private contributions to candidates. In some states such as Massachusetts, full public financing exists in statute only, as the legislature has failed to budget money to fund the program. There are three primary benefits to such laws. First, they can massively reduce the influence of business money in both the electoral and policymaking arenas. Candidates would not feel beholden to private contributors when it came to voting for a bill whose outcome would benefit or detriment the donor. Furthermore, candidates would also spend much less time involved in the money chase, allowing them more time to interact with ordinary voters and refocus their attention toward legislating for a broader public.

ENDNOTES

¹ Fenno (1998) identifies a legislators' reelection constituency as those in their district who are likely to vote for him.

² Contribution data includes money donated by individuals, when it could be determined that such individuals represented a particular business interest.

³ Due to large differences among the states in the sample in the amounts contributed by business and labor, the model controls for such factors as district population. In light of such variation when using cross sectional data, alternative models were also estimated. One model substituted actual contributions with a new measure that consisted of contributions divided by the population of the district. Another model included dummy variables for each of the states. The major substantive findings of this project were supported in both cases.

⁴ Often when conducting two stage least squares regression, one of the most commonly used instrument variables is a lagged variable. In this case, one might use as a lagged variable the contributions received the previous year. So for cases where we are regressing the voting records of legislators in 2001, with contributions received in 1998, the lagged variable would be contributions received in 1996. Due to data limitations, this variable is not available for most cases. Further subsetting the data set so that a lagged variable was available in a limited number of cases, did not prove fruitful. A number of problems arose. In the case of nonprofessional legislatures, the inclusion of this variable often did not greatly increase the explained variance for the first stage equations. For the professional legislatures, the addition of the lagged variable often explained too much, increasing the explained variance of the first stage equations to over 90% in some of the models. These troubling findings may be in part due to the small sample size used to conduct these analyses. For these reasons, a lagged contribution variable is not used in these pooled models that include all state legislators. Later on in Chapter 5, when examining individual states, data for the lagged contribution variable was in greater supply for Connecticut and Kansas, allowing me to more accurately test the efficacy of this variable without losing many cases. In most models, the inclusion of this variable did not make much of a difference in changing the coefficients in second stage equations. In other words results both with and without the lagged variable was largely the same.

⁵ Including offices other than state legislator

⁶ They receive slightly more for an uncontested seat

⁷ As indicated in Chapter 3, the distinction between professional and nonprofessional is based on such factors as staff size, salary, bills passed, session length, as analyzed

by the author as well as Morehouse and Jewell 1993, Patterson 1996 and Squire 1993; Kurtz 1990.

⁸ When analyzing a particular state legislature with a much smaller sample of legislators (compared to the pooled analysis of a number of state legislators in Chapter 4), it is difficult to compute an instrument for campaign contributions. Unfortunately, very few factors can adequately predict contributions, often yielding an R-squared of less than 1% in the first stage equation. Furthermore, those factors that do predict contributions are usually highly correlated with the error term. For the analyses in this chapter, Ordinary Least Squares regression rather than Two-stage least squares regression, is used. In those few models where an adequate instrument could be created, the results were extremely similar as between OLS and Two-stage regressions.

⁹ Assembly members earn a salary of \$44, 000 per year, the state has a year-round legislative session and substantial legislative staffing

Appendix

Appendix Table 2-1. Measure of Campaign Finance Laws							
State	Public Financing	Carryover Limits	Corporate Limits	Labor Limits	PAC Limits	Individual Limits	Index
Illinois	0	0	3	0	0	0	0
Maryland	0	5	1	1	1	1	9
Missouri	0	0	0	0	4.5	4.5	9
New York	0	0	1	1	1	1	4
Florida	0	5	4	4	4	4	21
Michigan	0	0	5	5	3.5	3.5	17
Ohio	0	0	5	5	1	1	12
Pennsylvania	0	0	5	5	0	0	10
Wisconsin	2	0	5	5	3.5	3.5	19
Connecticut	0	0	5	5	3	4.5	17.5
Indiana	0	0	5	5	0	0	10
Kentucky	0	0	5	3	3	3	14
Louisiana	0	0	1	1	1	1	4
Maine	0	0	1	1	1	3	6
Arizona	0	0	5	5	5	5	20
Colorado	0	0	0	5	5	5	20
Idaho	0	0	3	3	3	3	12
Iowa	0	0	5	4	0	0	9
Kansas	0	0	3.5	3.5	3.5	3.5	14
Minnesota	2	0	5	4	4	4	19
Montana	0	0	5	5	5	5	20
Oregon	0	0	5	0	0	0	0

Source: Hogan and Hamm 2001

Appendix Table 3-1. The Effects of Legislator and District Factors on Business Contributions to Professional States												
	AZ	CT	ID	IN	IA	KS	LA	ME	MT	MN	OR	CO
Incumbent	8.03**	5.4***	---	---	7.09	10.60	---	3.95	0.42	---	---	---
Leader	2.90	-0.24	0.70	7.84	7.80	2.30	1.10	1.9*	-0.05	0.3	9.10	4.19
Republican	4.50	-1.22	3.8*	-7.53	11.2*	2.1*	20.6*	0.50	0.94*	1.9	24.18	-15.9*
Business Votes	0.10	0.06*	0.01	0.06	0.09	0.07*	0.3*	0.02	0.00	-0	0.6*	0.4*
Competitive Elect	4.94	0.62	4.1***	13.8*	-3.80	1.64	-6.30	0.86	0.48	0.8	8.99	1.4
District Population	-0.01	-0.35	.37***	0.09	0.09	-0.16	0.86	0.10	0.07	0	0.23	-0.01
Constant	-9.90	5.20	-9.30	20.14	-8.07	-3.60	-11.30	-4.07	0.01	1.4	-8.23	-9.07
Adj.R-Squared	0.23	0.06	0.19	0.06	0.08	0.10	0.24	0.17	0.14	0.26	0.43	0.35
N=	68	148	99	133	123	129	65	141	95	126	51	56

* p<.05 **p<.01 ***p<.001

Appendix Table 3-2. The Effects of Legislator and District Factors on Business Contributions to Nonprofessional States										
	FL	IL	MI	MO	WI	PA	OH	NY	MD	
Incumbent	-21.69	25.54	-8.32	-4.35	4.87	---	-25.11	-5.76	---	
Leader	19.2*	0.82	4.22	3.8*	4.21	31.2*	-41.47	4.23	82.49	
Republican	42.3*	53.7*	10.60	-0.86	12.5*	39.5*	-66.80	-9.4*	-36.7*	
Business Votes	-1.26	-0.68	-0.04	0.02	0.01	-1.02	2.61	0.15	0.6*	
Competitive Election	9.91	-4.77	8.2*	1.01	3.24	2.30	40.92	-2.44	11.5*	
District Population	-0.72	-0.25	-0.14	0.30	-0.59	-1.08	2.87	0.08	-0.36	
Constant	264.7	76.4	33.9	8.2	32.7	135.0	-398.0	6.6	11.7	
R-Squared	0.19	0.09	0.13	0.04	0.13	0.10	0.18	0.02	0.31	
N=	100	117	116	153	131	182	28	250	103	

* p<.05 **p<.01 ***p<.001

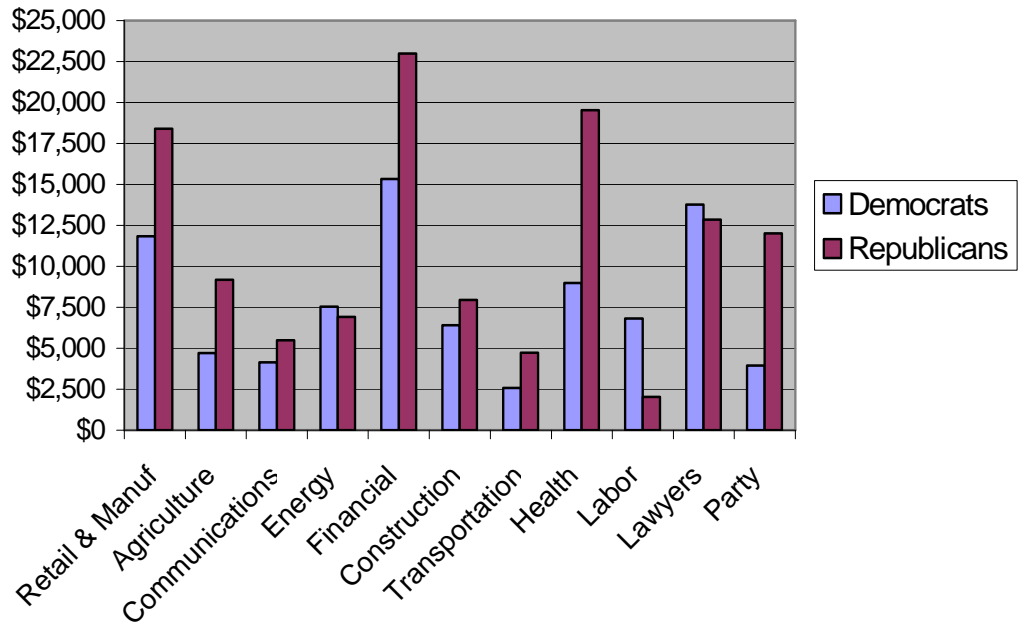
Appendix Table 3-3. The Effects of Legislator and District Factors on Labor Contributions to Professional States												
	AZ	CT	ID	IN	IA	KS	LA	ME	MT	MN	OR	CO
Incumbent	0.36	0.11	---	---	0.98	0.34*	---	0.03	-0.05	---	---	---
Leader	-0.12	0.31	-0.06	-0.24	-0.48	-0.23	-0.74	-0.06	0.09*	0.00	10.26	-0.15
Republican	0.53	-0.65*	-1.5*	-13.3*	-2.6*	-1.3*	-0.25*	-0.27*	-0.35*	-1.6***	-19	-4*
Business Votes	-0.02*	-0.03*	-0.01*	0.04	-0.01	-0.01	-0.03	-0.01	-0.01	0.01	0.17	0.02
Competitive Election	0.38*	0.3*	0.4*	7.6*	1.1*	0.8*	-0.51	0.01	0.05	-0.03	5.96	0.47
District Population	0.01	0.05	-0.01	0.2*	0.2*	-0.04	0.06	-0.01	-0.01	0.01	-0.68	0.04
Constant	0.6	2.1	2.4	-4.9	-4.3	2.6	1.6	0.5	0.5	1.9	40.9	-0.3
Adj.R-Squared	0.18	0.42	0.45	0.41	0.29	0.30	0.18	0.29	0.54	0.45	0.19	0.51
N=	68	148	99	133	123	129	65	141	95	126	51	56

* p<.05 **p<.01 ***p<.001

Appendix Table 3-4. The Effects of Legislator and District Factors on Labor Contributions to Nonprofessional States										
	FL	IL	MI	MO	WI	PA	OH	NY	MD	
Incumbent	-17.5*	-29***	1.16	-12.6**	.54*	---	2.72	-1.10	---	
Leader	0.07	-2.88	-0.60	0.23	0.05	6.74	-1.25	1.79	6.00	
Republican	-4.7*	-17.96	-6.50	-1.04	-1.3*	-4.02	-16*	-3.8*	-4.4*	
Business Votes	-0.05	-0.37	0.00	-0.05**	.01	-0.20	0.20	-0.2*	0.04	
Competitive Election	1.35	28.2**	4.7*	0.65	0.21	-.1*	-0.03	-1.01	0.50	
District Population	-0.09	0.85*	0.05	0.1*	-.001	-0.29	0.07	0.04	-0.03	
Constant	39.1	-8.4	0.9	14.5	0.3	38.8	-10.6	20.3	3.1	
R-Squared	0.36	0.27	0.23	0.46	0.35	0.15	0.30	0.07	0.18	
N=	100	117	116	153	131	182	28	250	103	

* p<.05 **p<.01 ***p<.001

Figure 5-1a. Florida - All Contributions



Note: For “Percent of Contribution” figures, percentages may not add up to 100 due to rounding

Figure 5-1b. Florida - Percent of Contributions

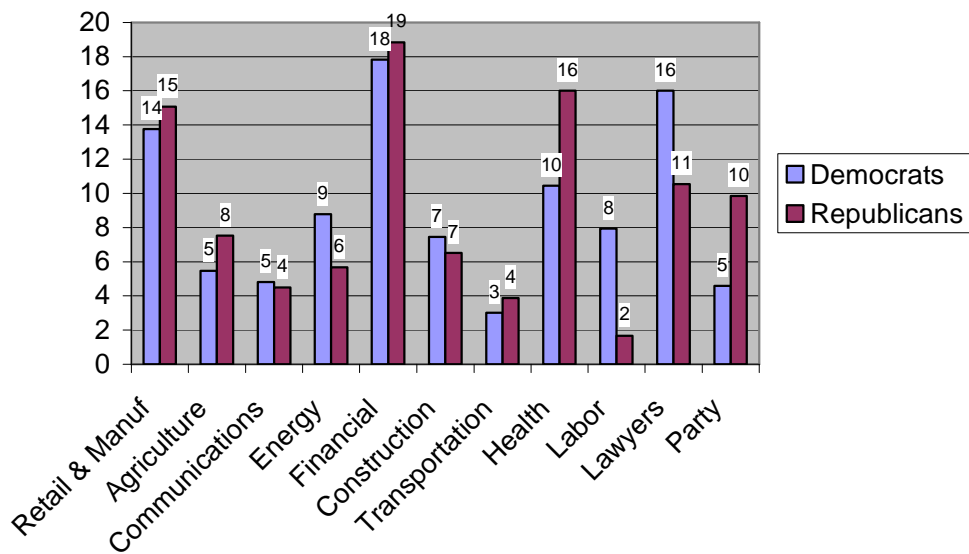


Figure 5-2a. Pennsylvania - Total Contributions

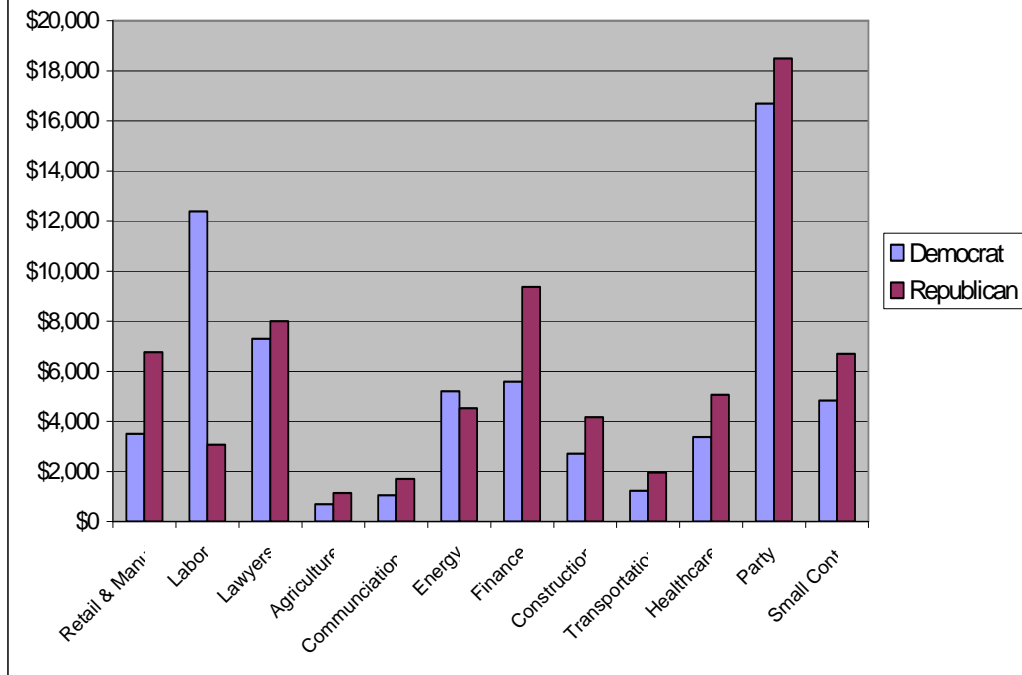


Figure 5-2b. Pennsylvania - Percent of Contributions

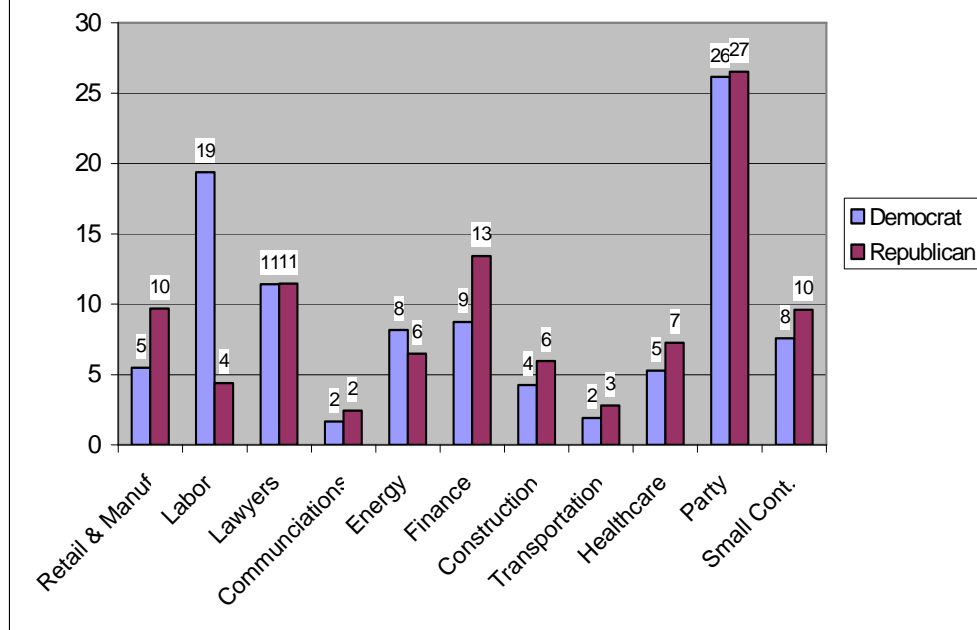


Figure 5-3a. Michigan - Total Contributions

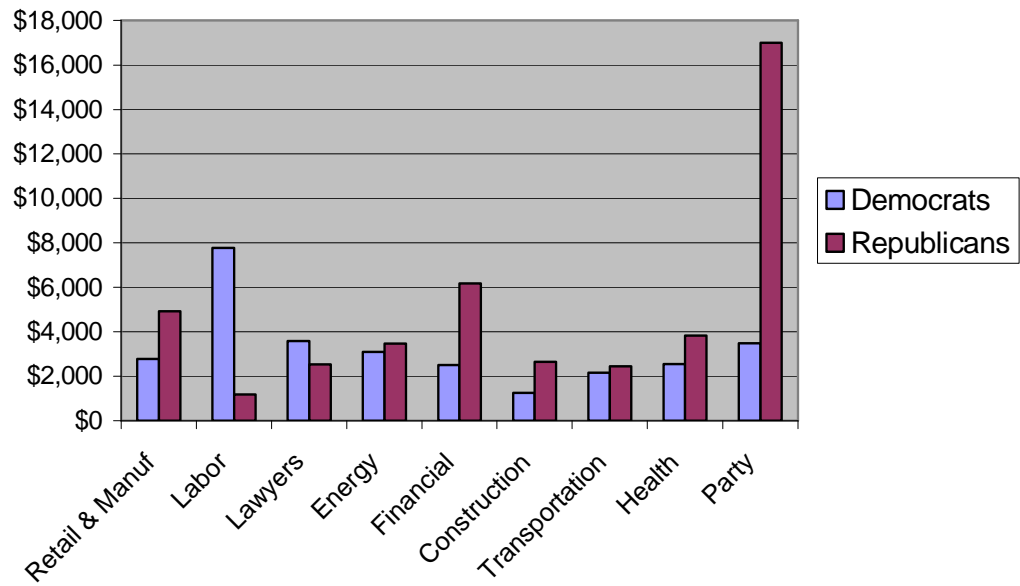


Figure 5-3b. Michigan - Percent of Contributions

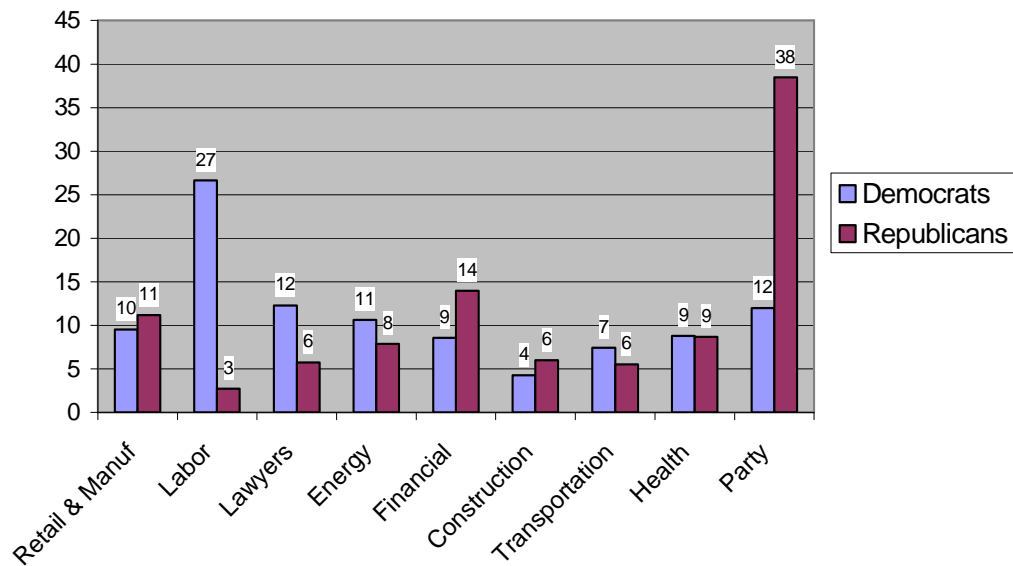


Figure 5-4a. Wisconsin - Total Contributions

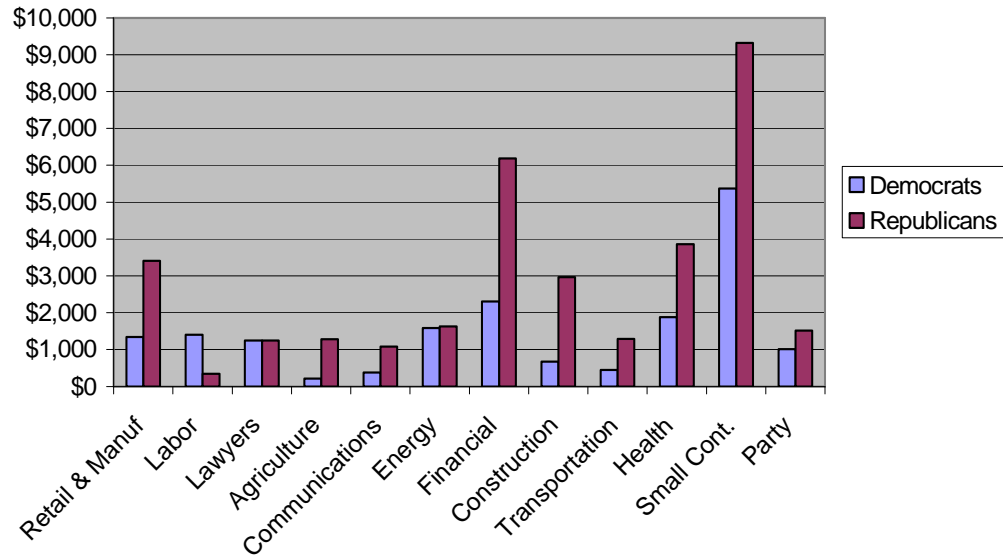


Figure 5-4b. Wisconsin - Percent of Contributions

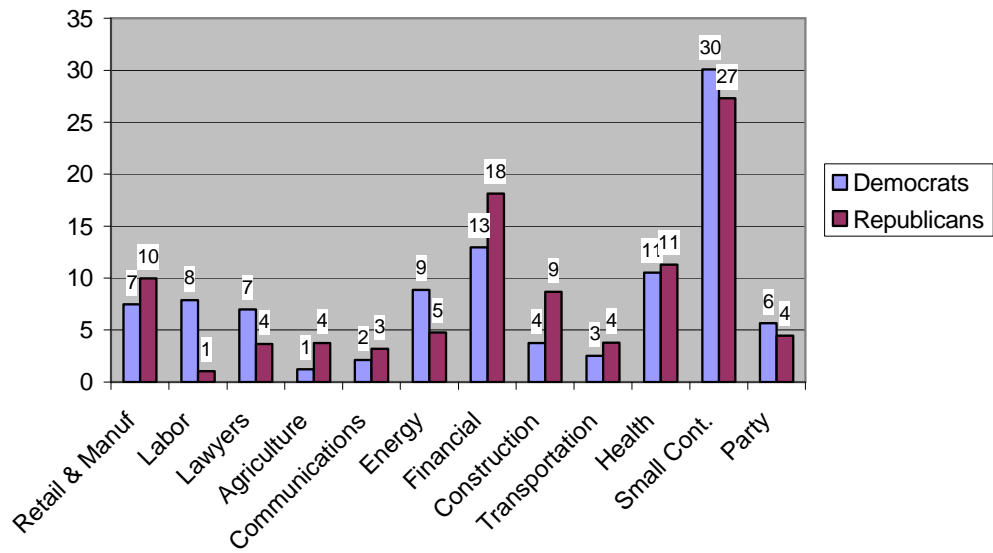


Figure 5-5a. Ohio - Total Contributions

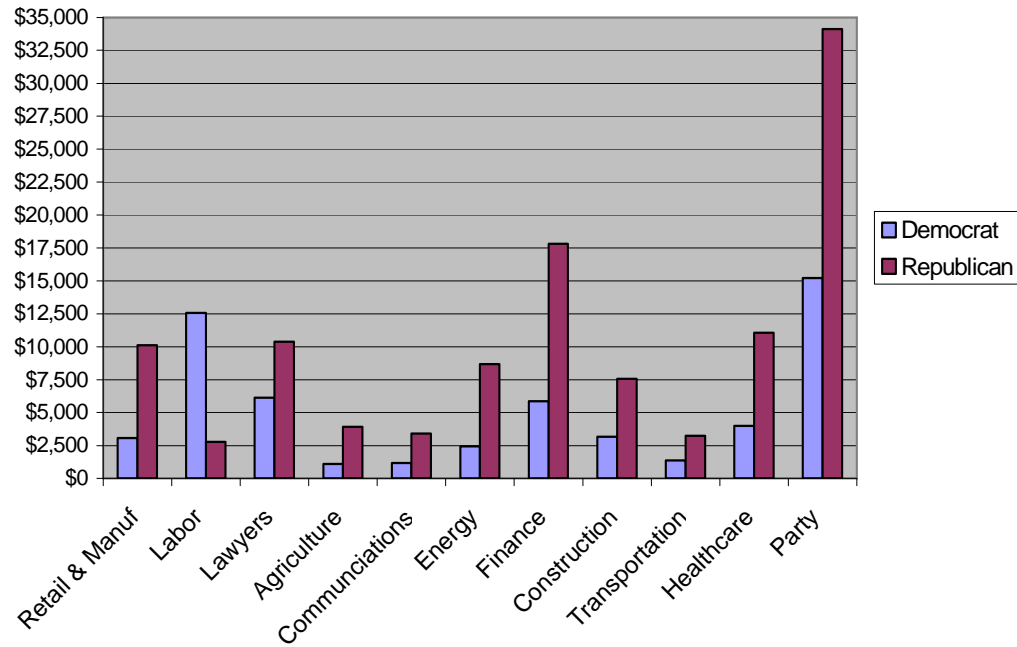


Figure 5-5b. Ohio - Percent of Contributions

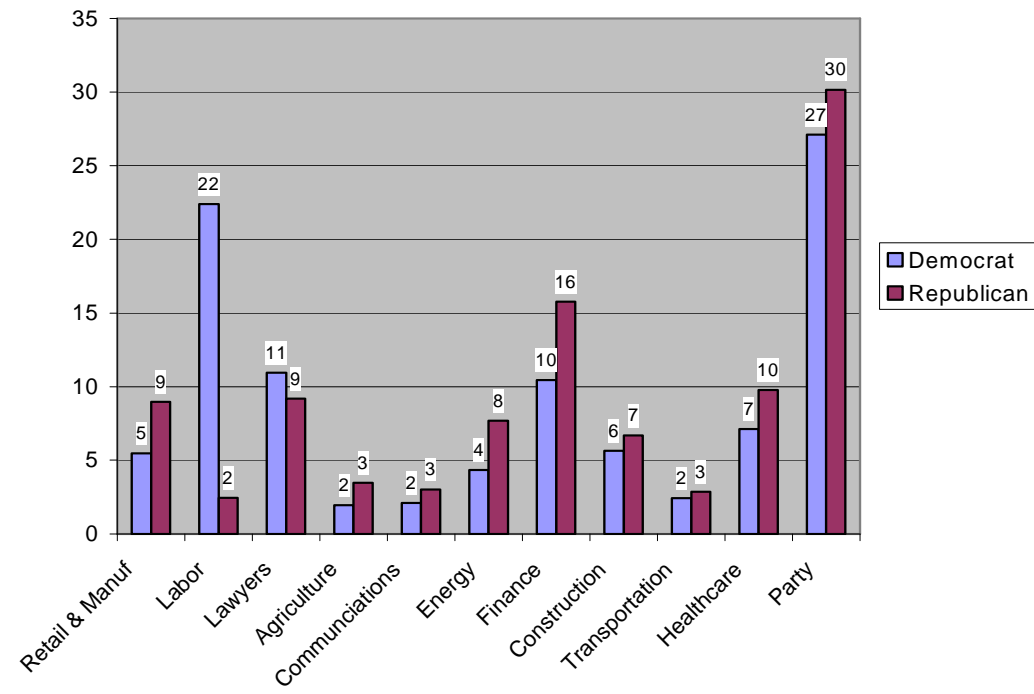


Figure 5-6a. Illinois - Total Contributions

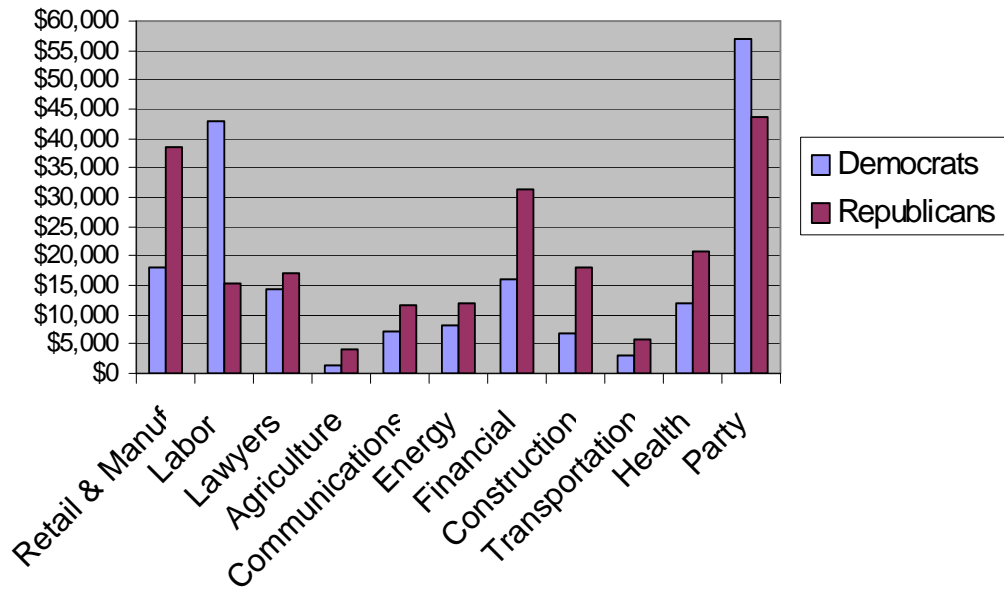
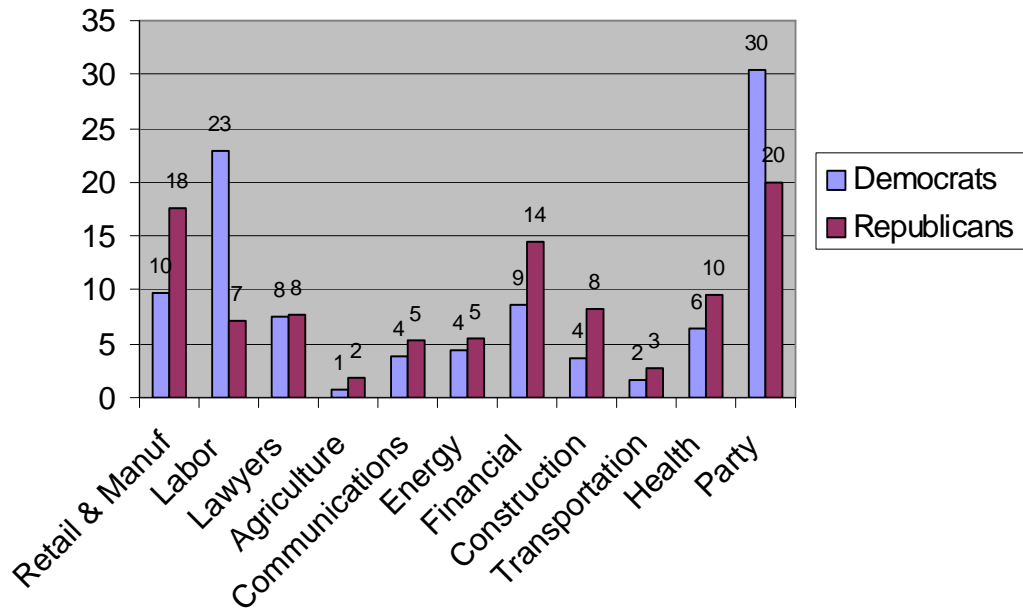


Figure 5-6b. Illinois - Percent of Contributions



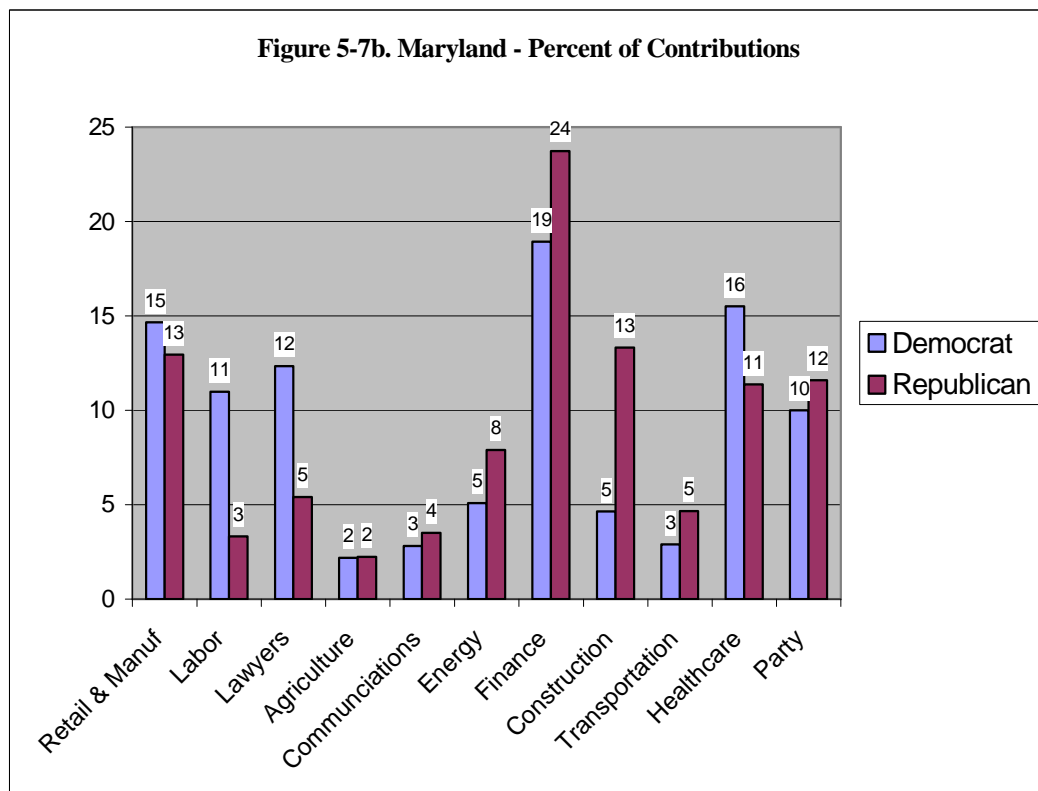
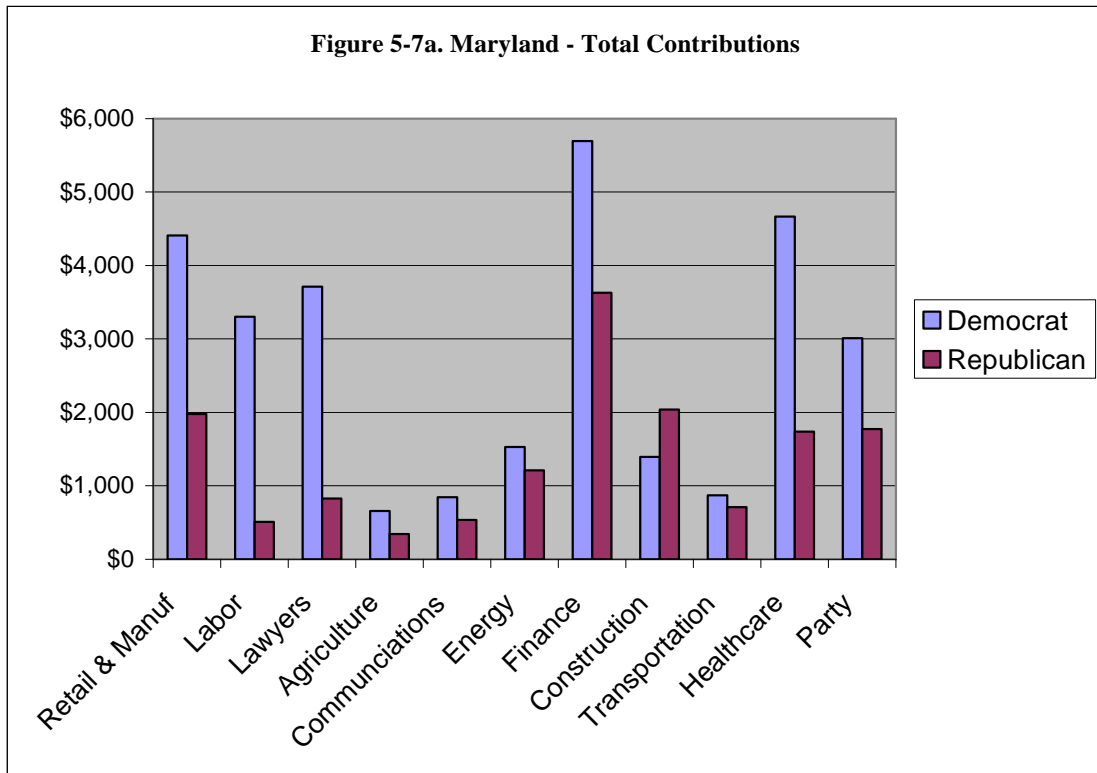


Figure 5-8a. Missouri - Total Contributions

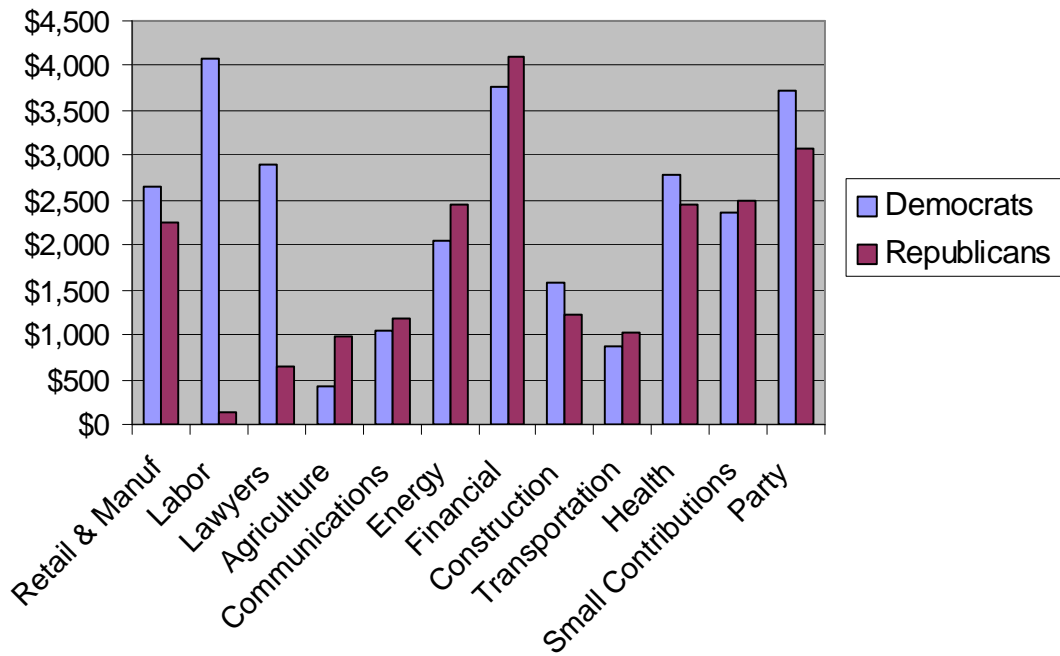


Figure 5-8b. Missouri - Percent of Contributions

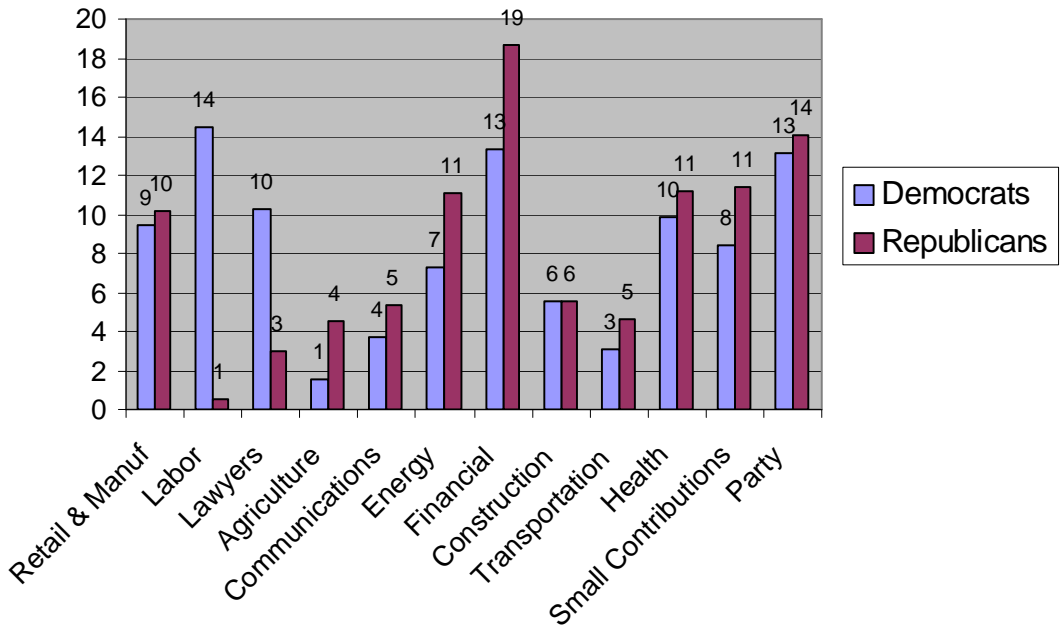


Figure 5-9b. New York - Percent of Contributions

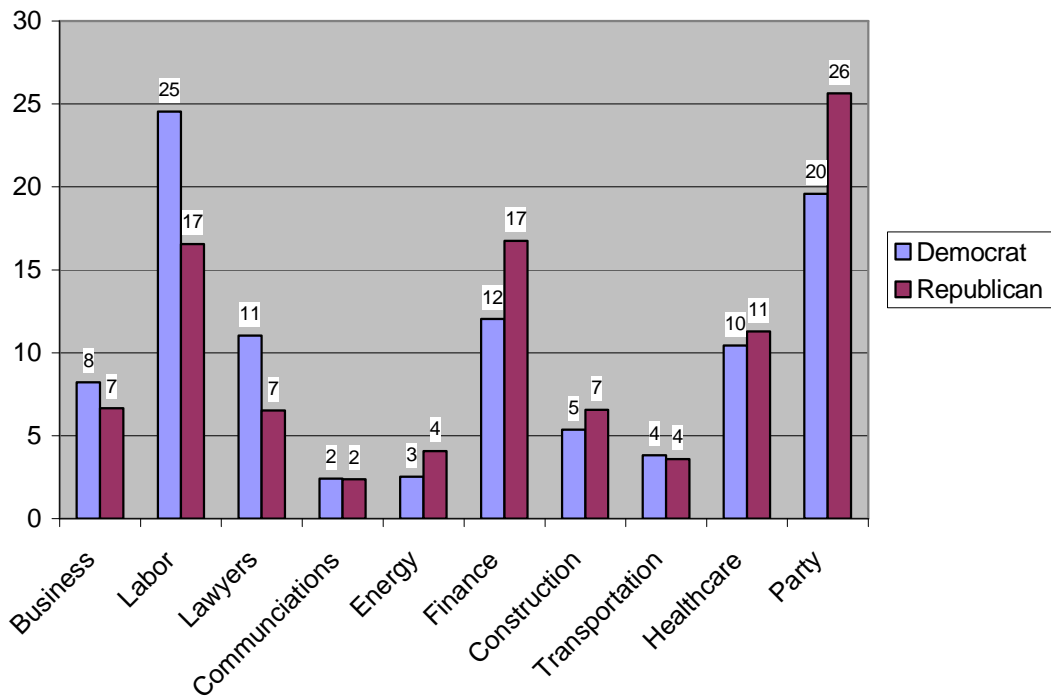


Figure 5-9b. New York - Percent of Contributions

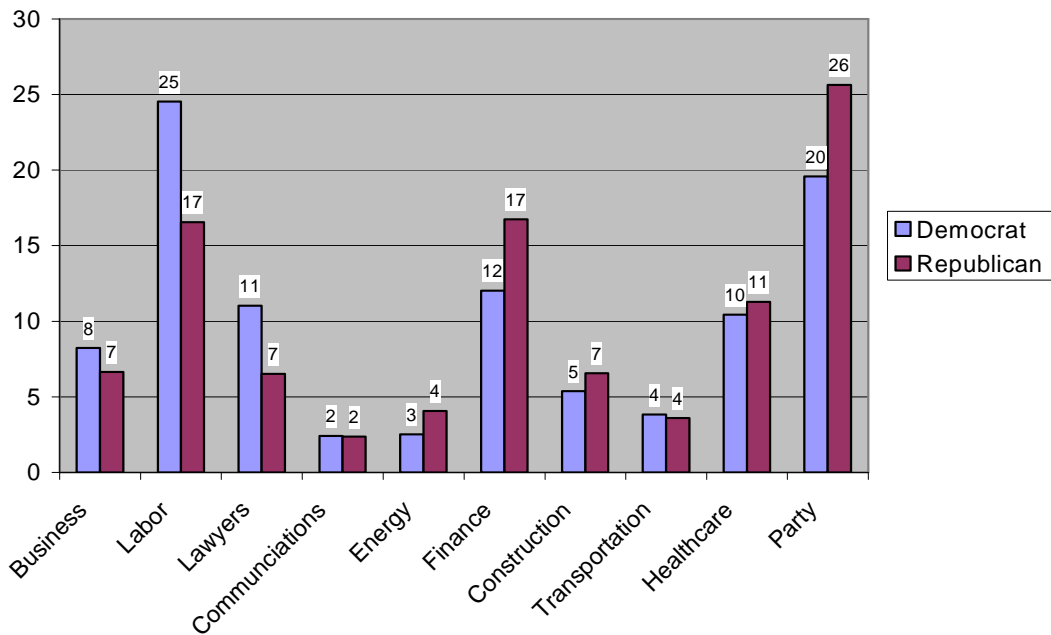


Figure 5-10a- Arizona - Total Contributions

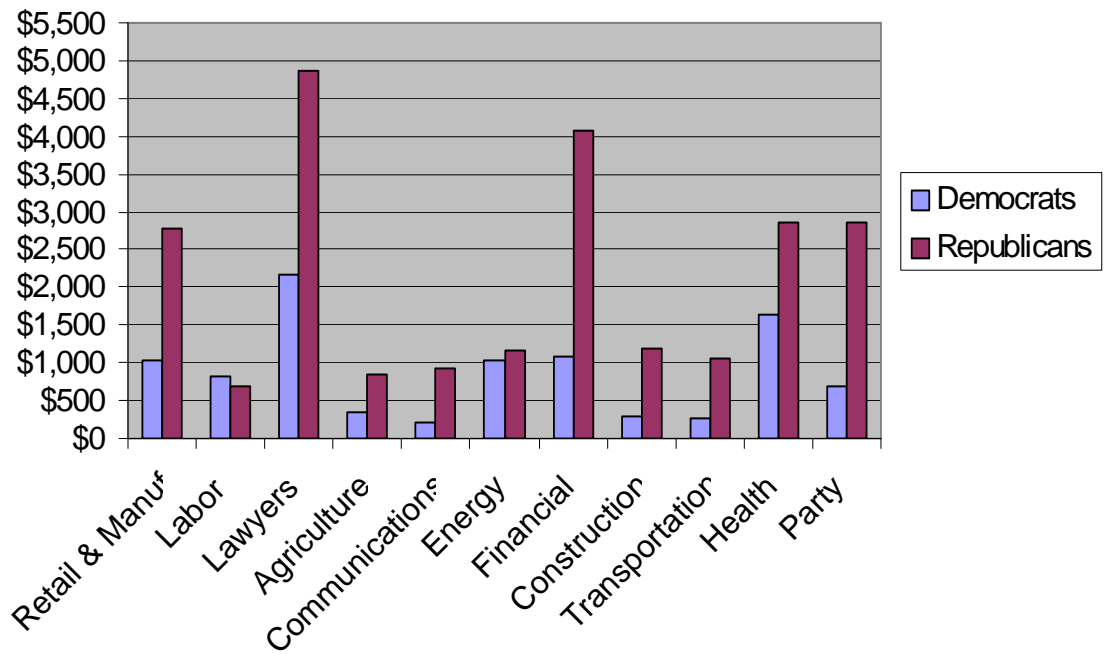


Figure 5-10b - Arizona - Percent of Contributions

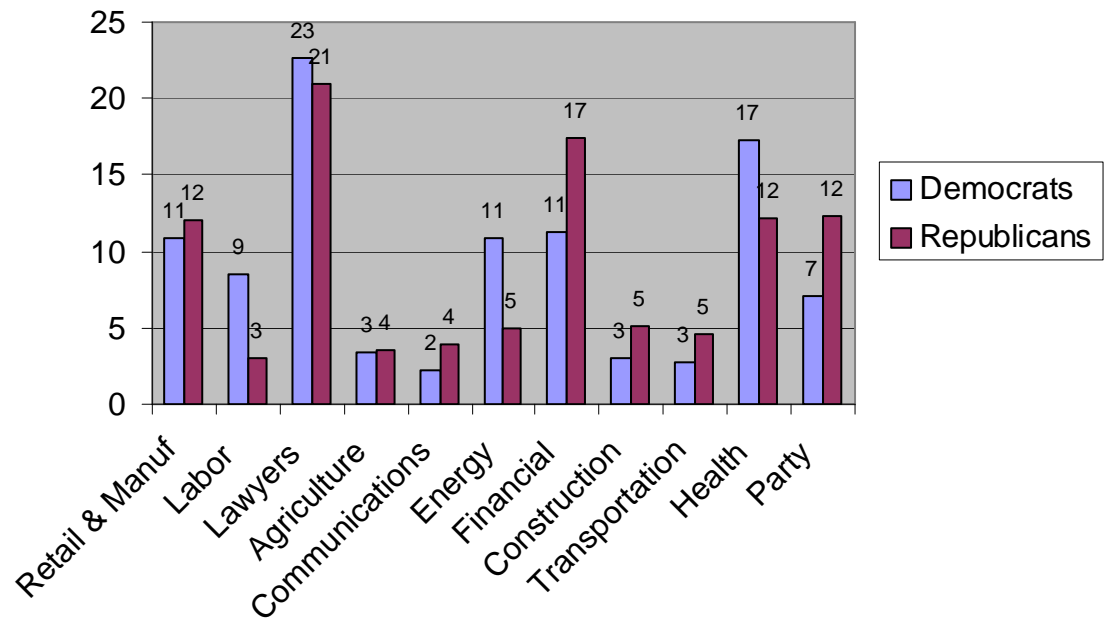


Figure 5-11a. Colorado - Total Contributions

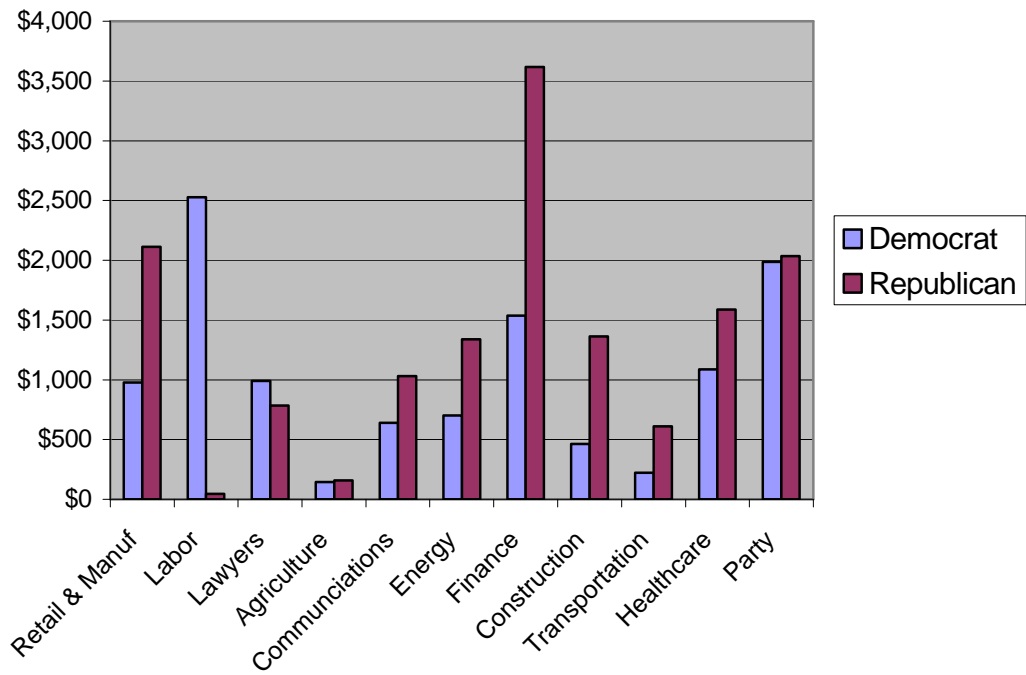


Figure 5-11b. Colorado - Percent of Contributions

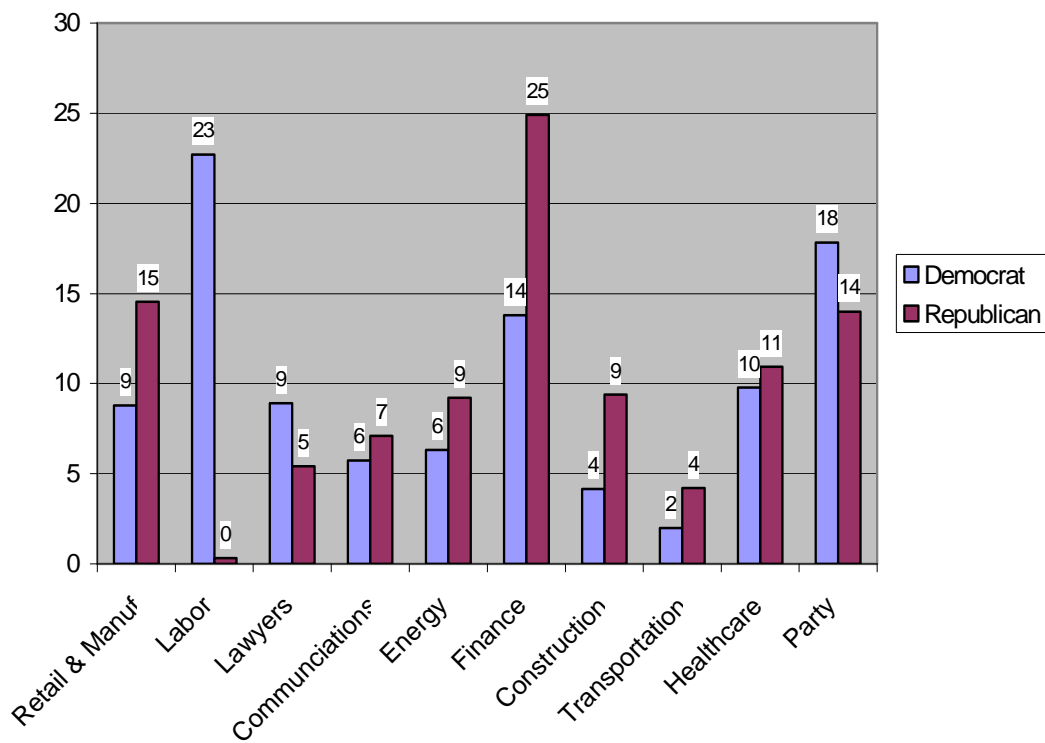


Figure 5-12a. Idaho - All Contributions

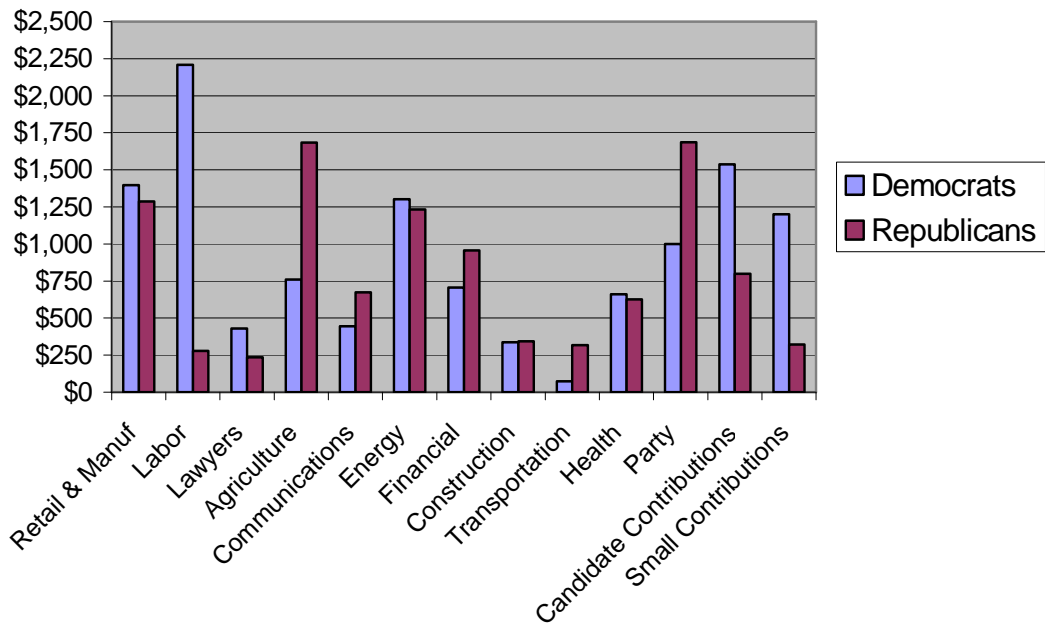


Figure 5-12b. Idaho - Percent of Contributions

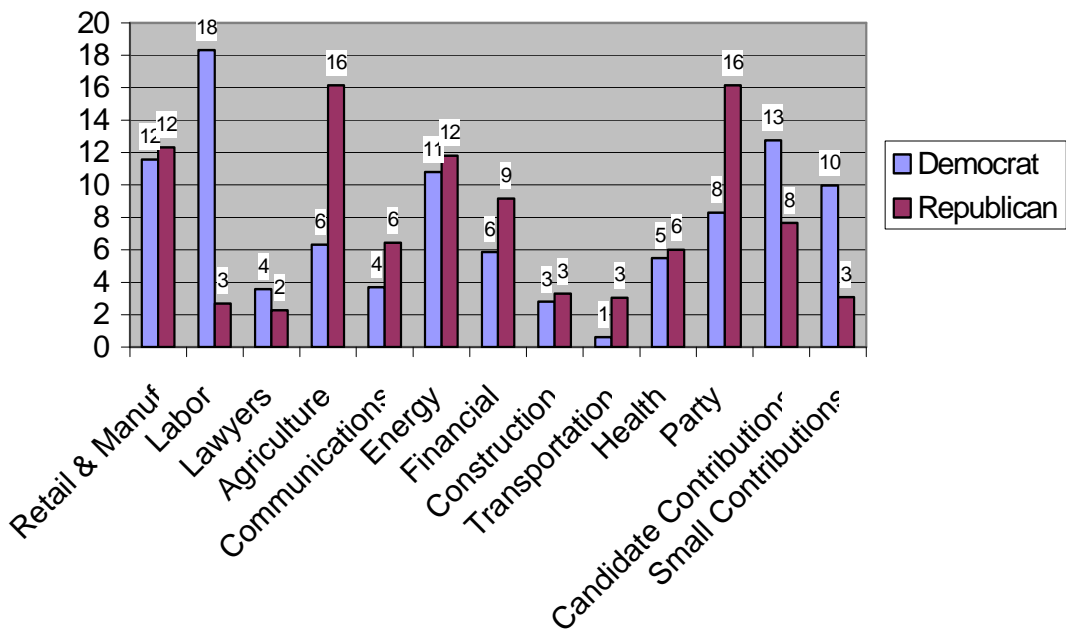


Figure 5-13a. Iowa - All Contributions

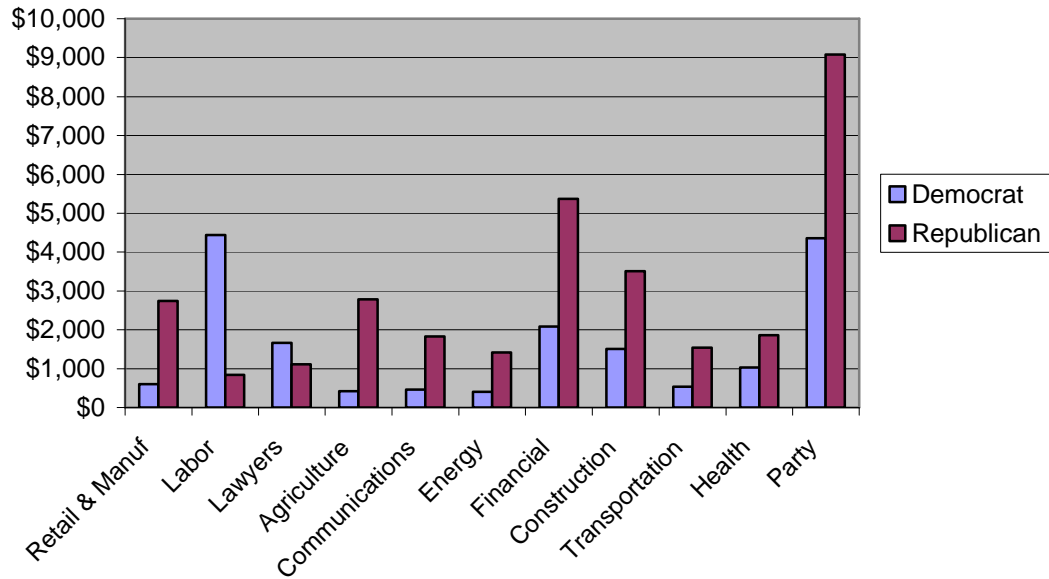


Figure 5-13b. Iowa - Percent of Contributions

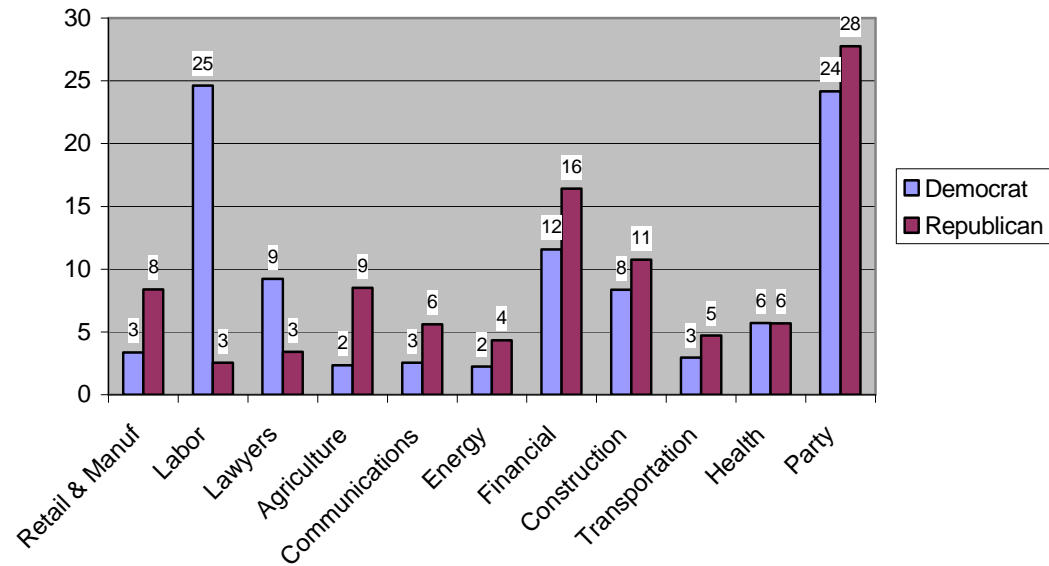


Figure 5-14a. Kansas - Total Contributions

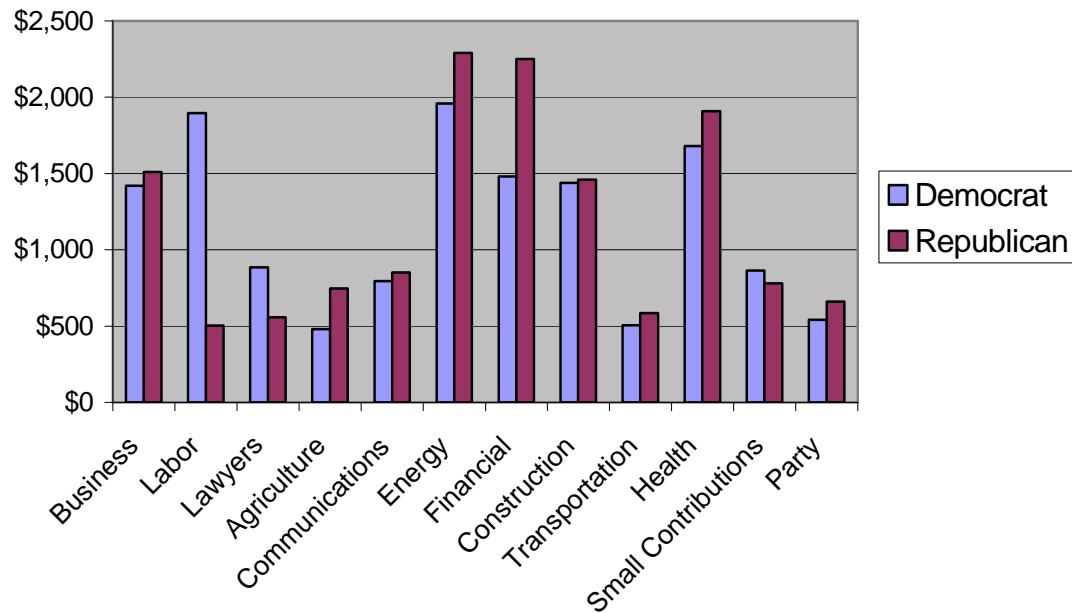


Figure 5-14b. Kansas - Percent of Contributions

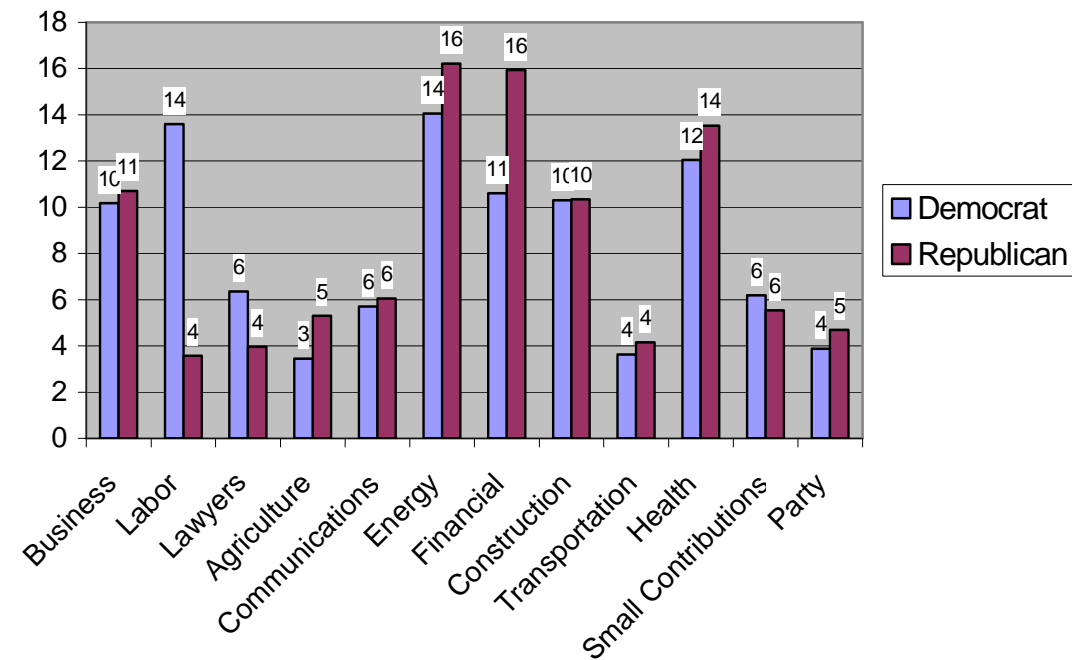


Figure 5-15a. Minnesota - All Contributions

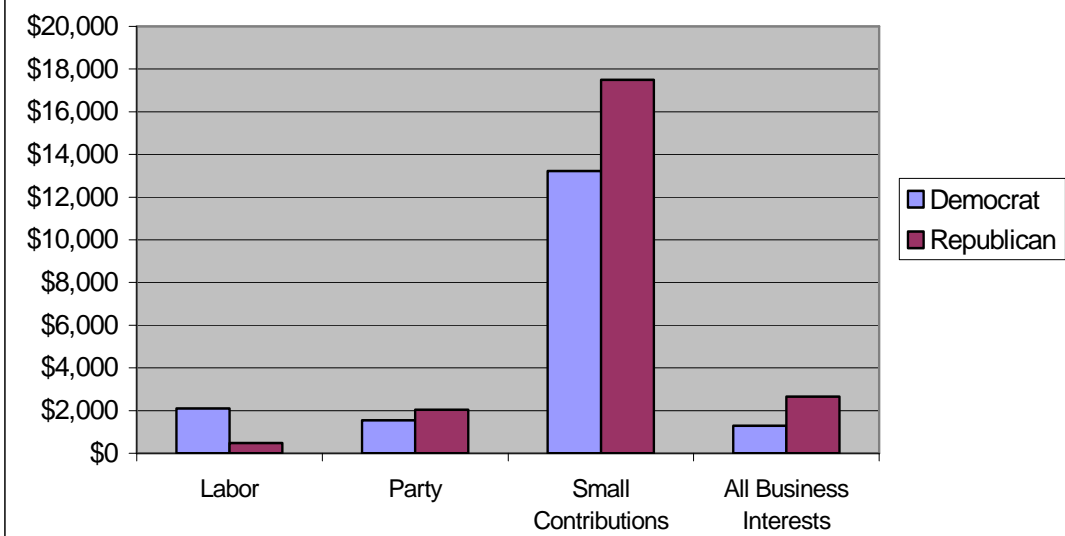


Figure 5-15 b. Minnesota - Percent of Contributions

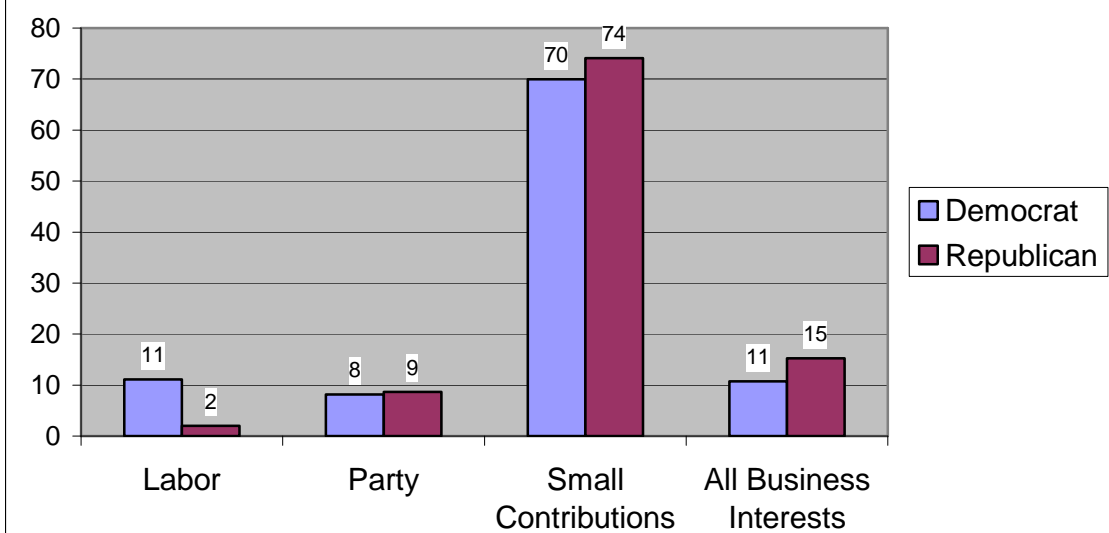


Figure 5-16a. Montana - Total Contributions

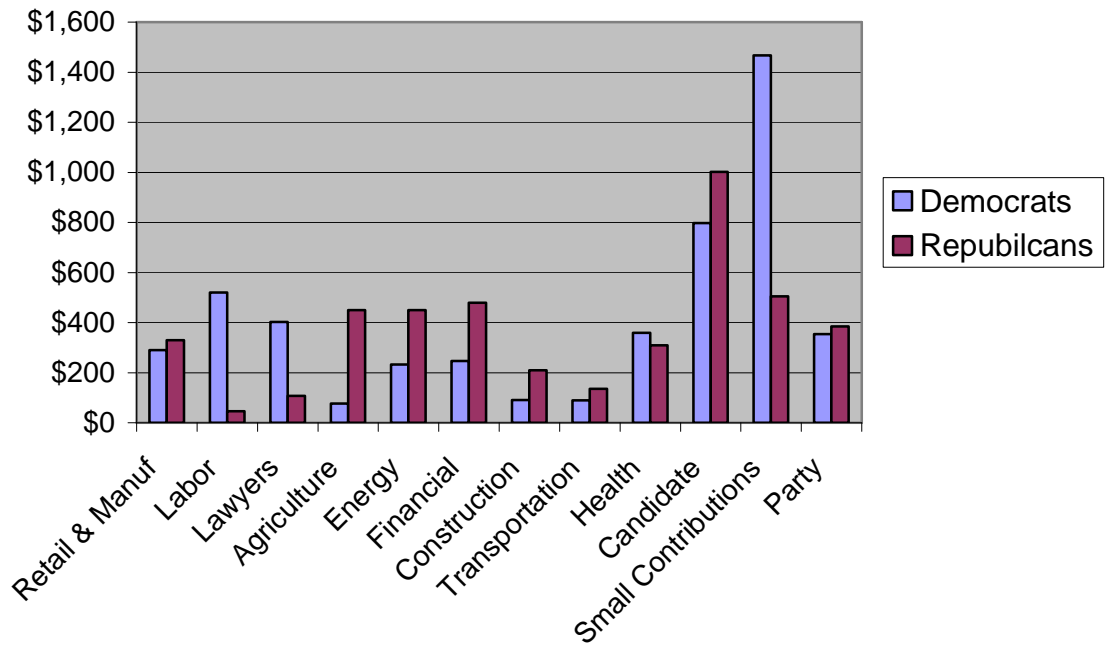


Figure 5-16b. Montana - Percent of Contributions

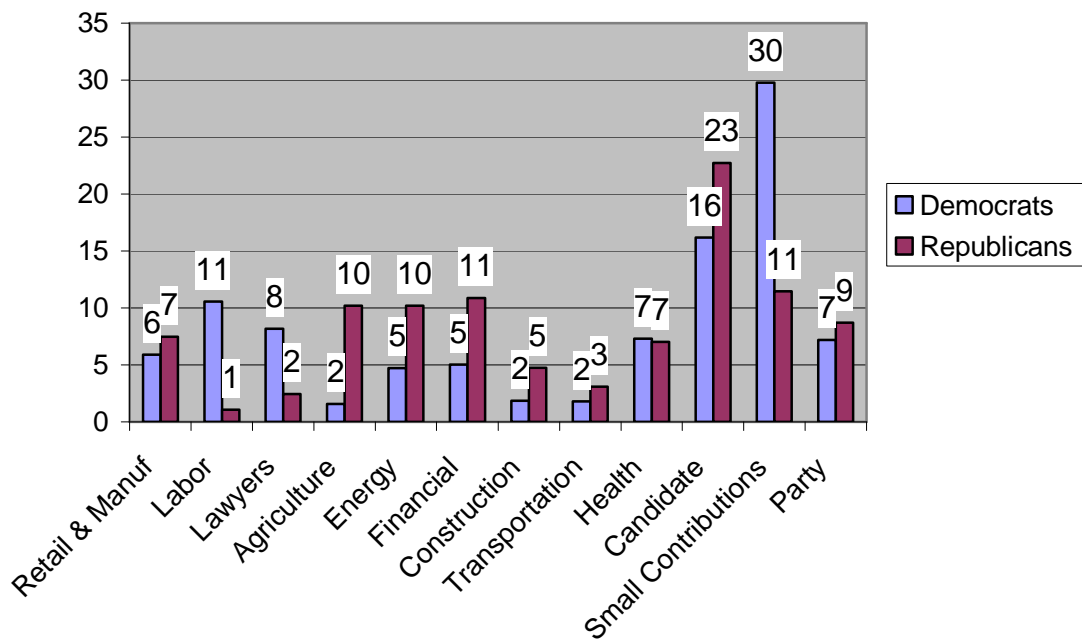


Figure 5-17a. Oregon - Total Contributions

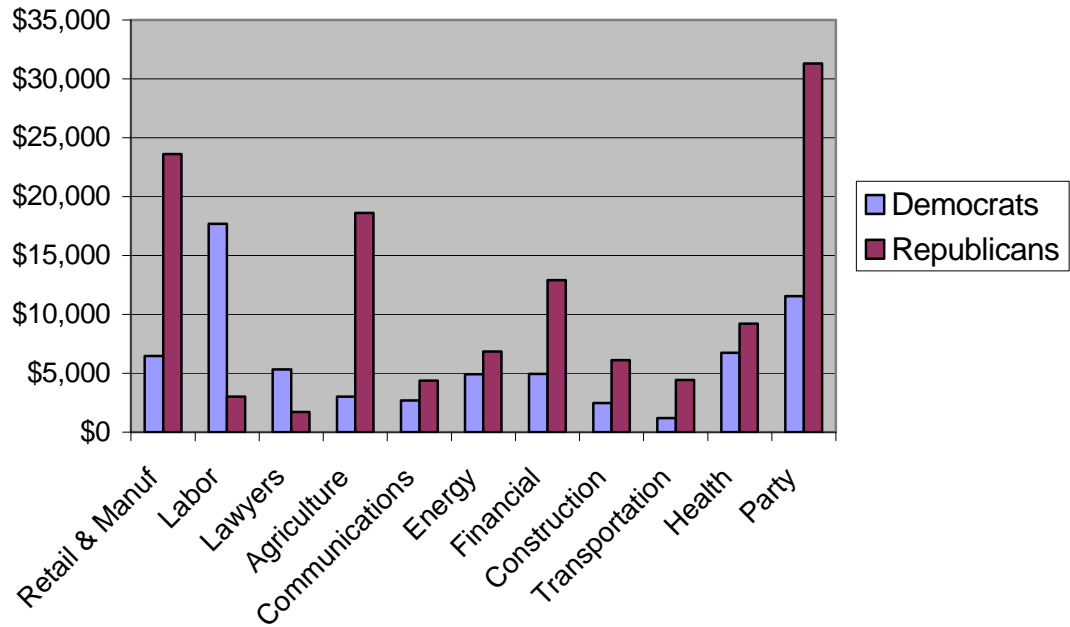


Figure 5-17b. Oregon - Percent of Contributions

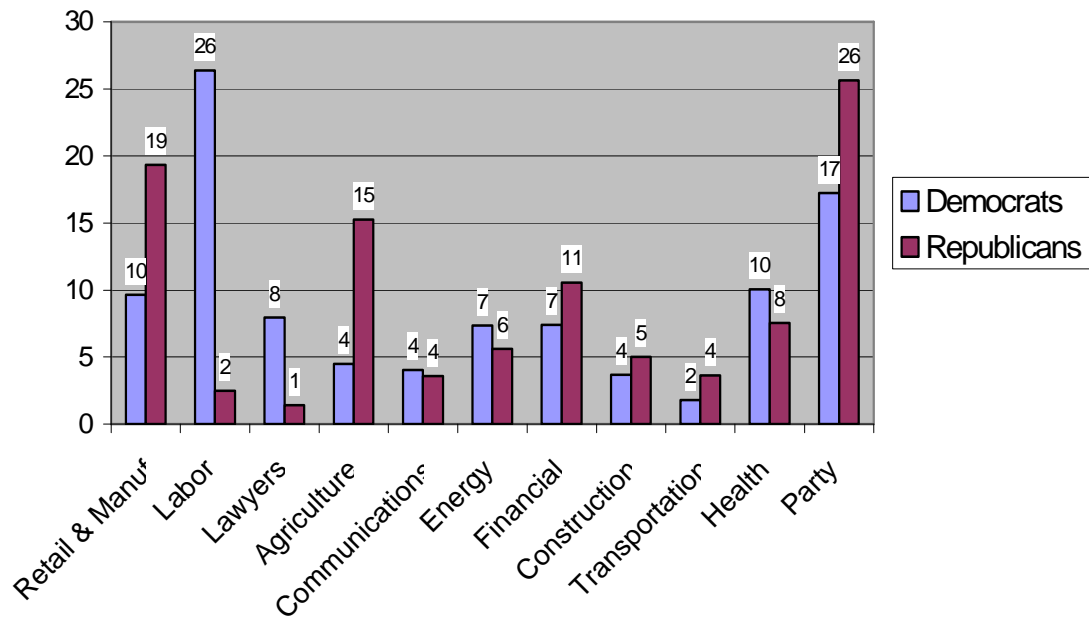


Figure 5-18a. Kentucky - Total Contributions

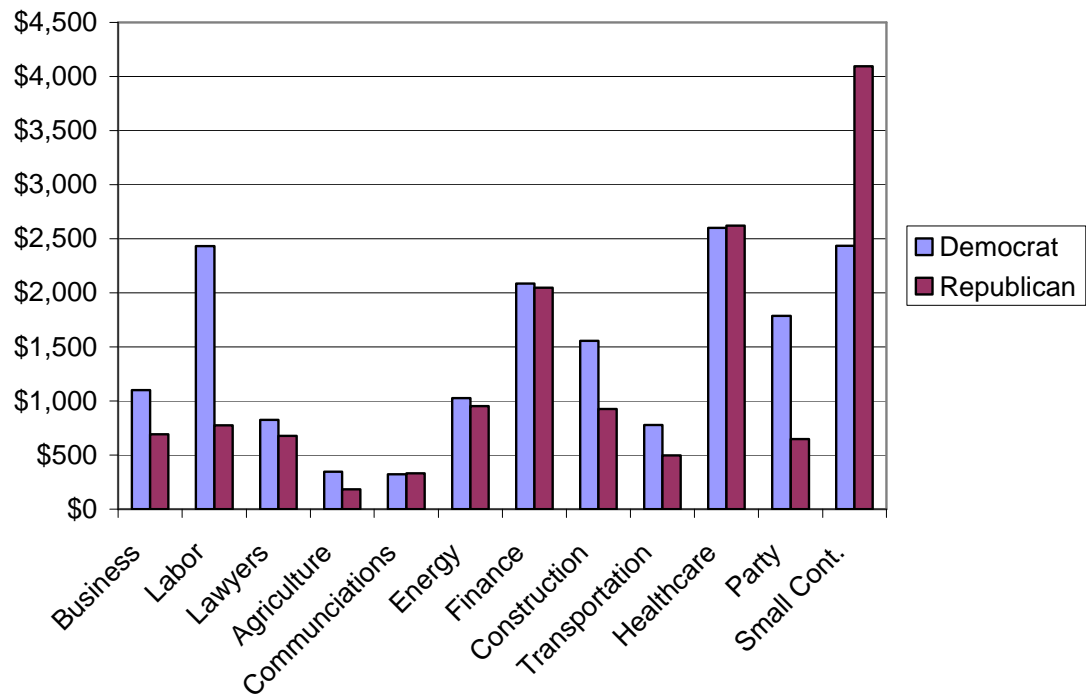


Figure 5-18b. Kentucky - Percent of Contributions

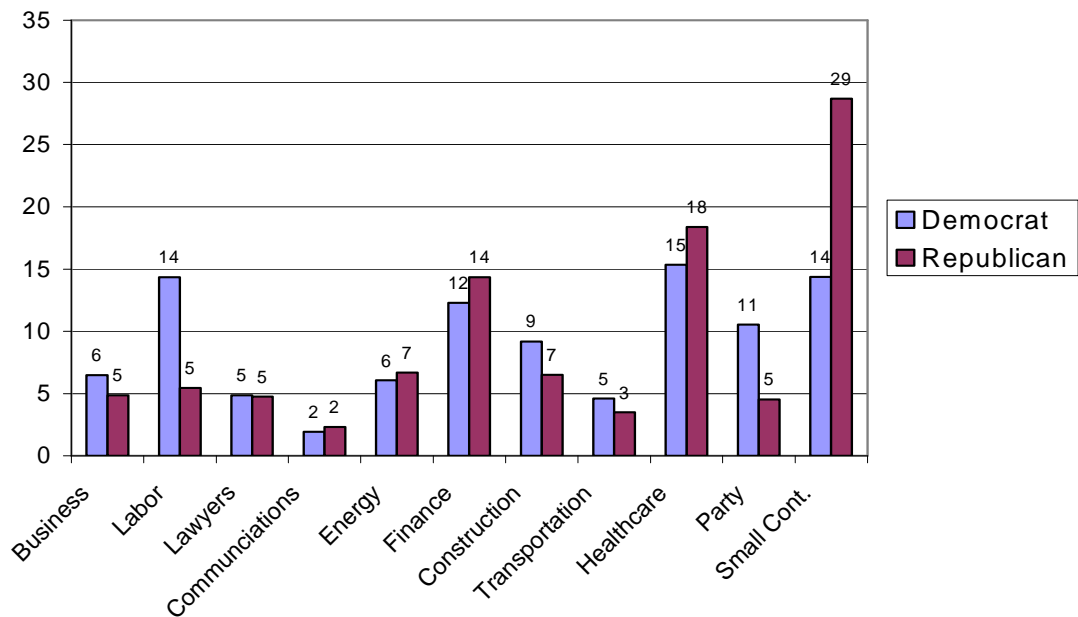


Figure 5-19a. Louisiana - All Contributions

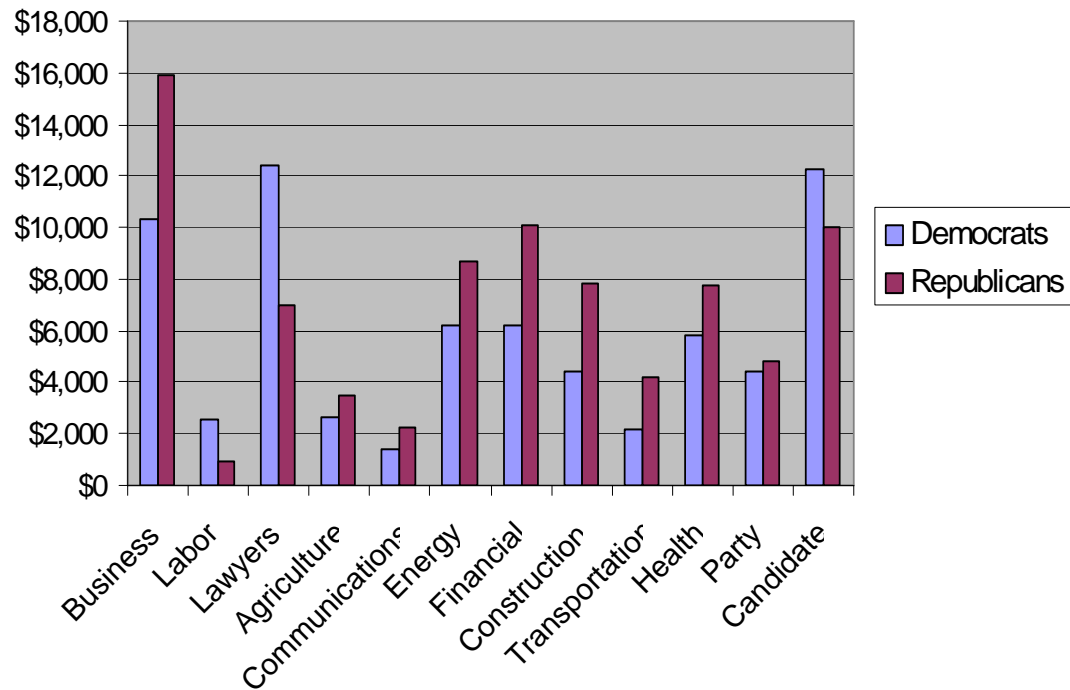


Figure 5-19b. Louisiana - Percent of Contributions

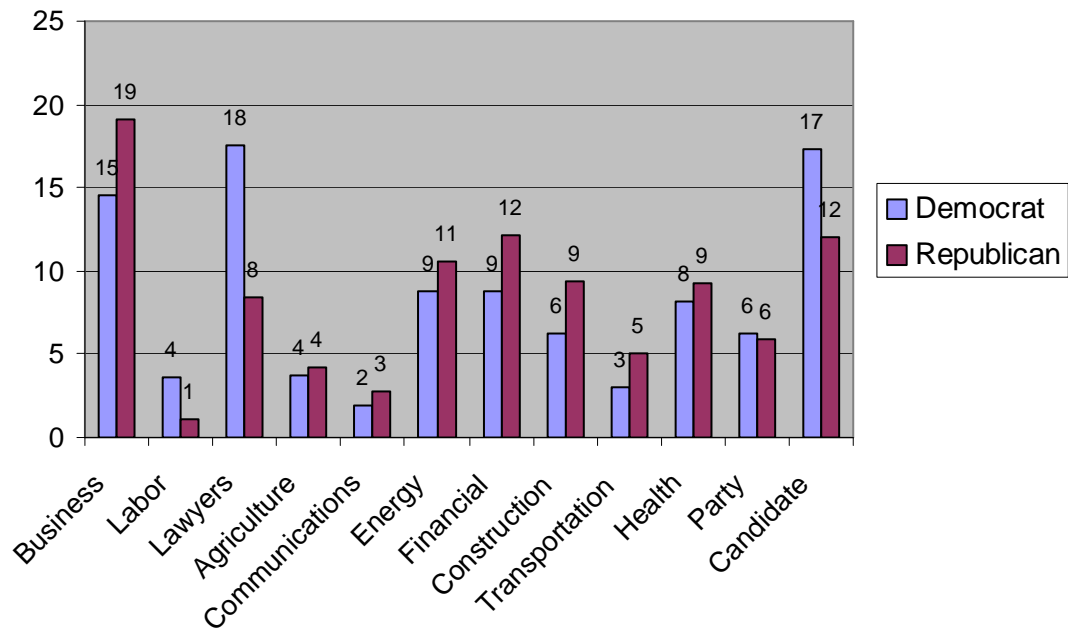


Figure 5-20a. Maine - All Contributions

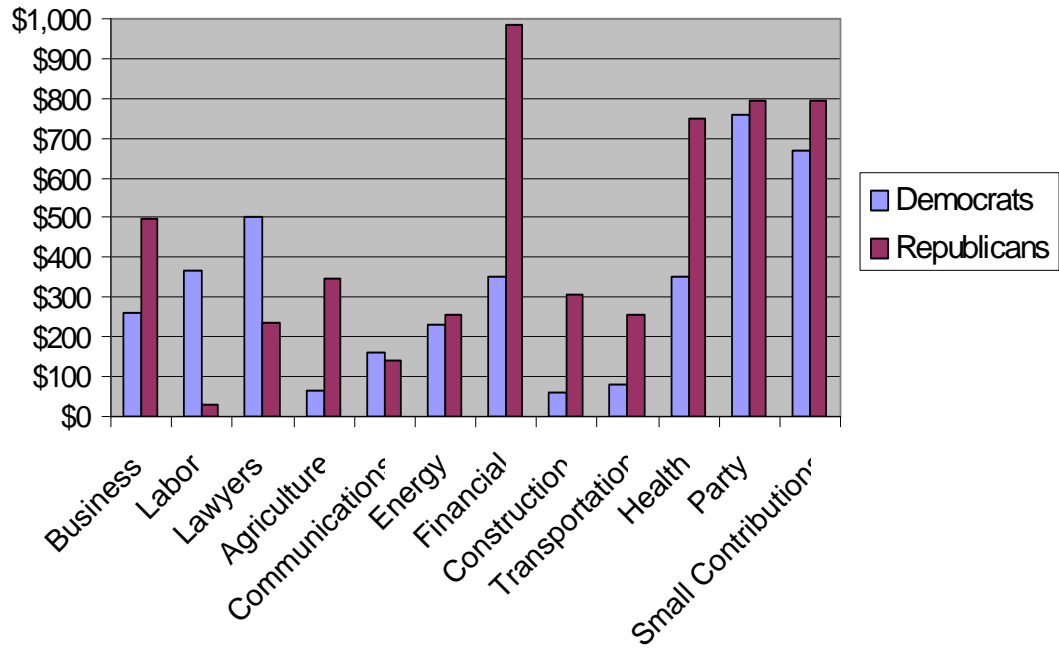


Figure 5-20b. Maine - Percent of Contributions

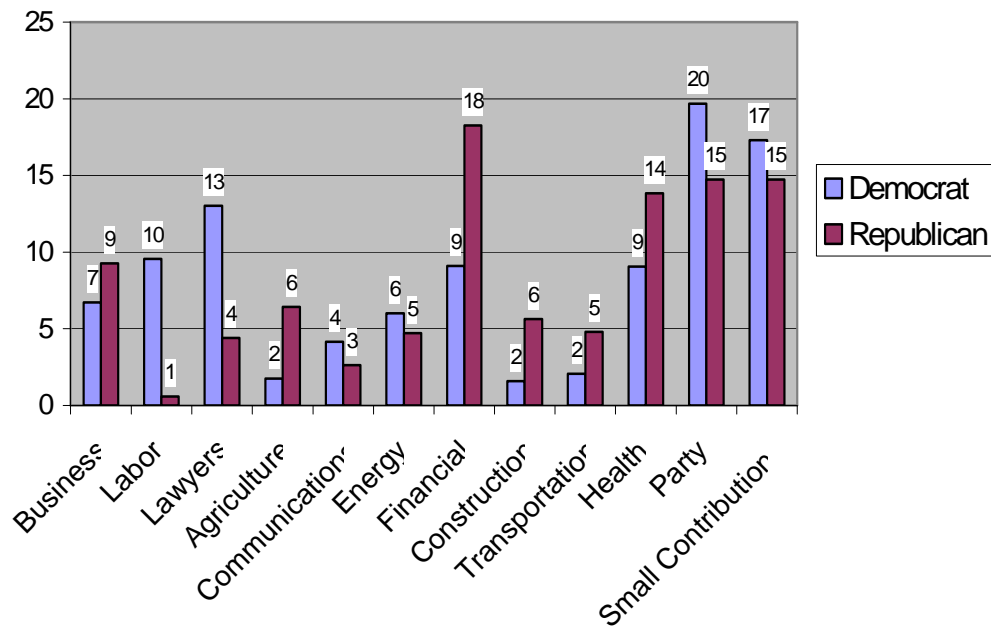


Figure 5-21a. Indiana - All Contributions

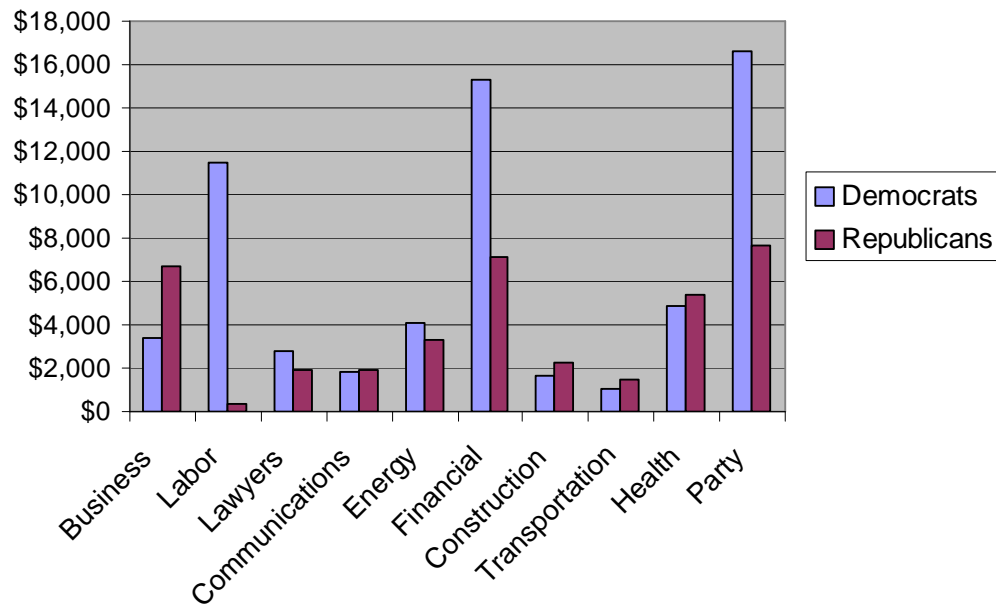


Figure 5-21b. Indiana- Percent of Contributions

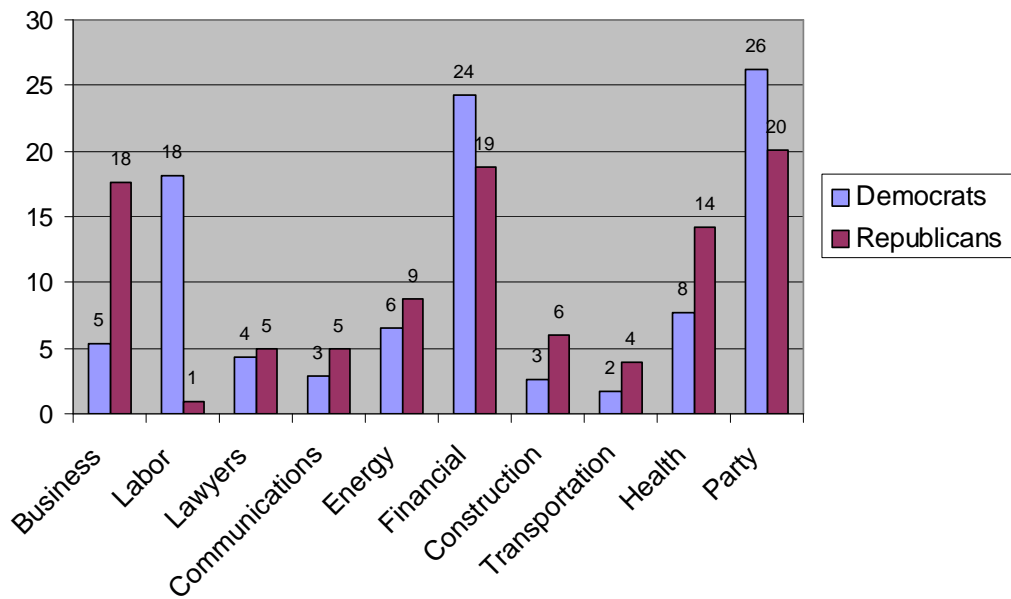


Figure 5-22a. Connecticut - Total Contributions

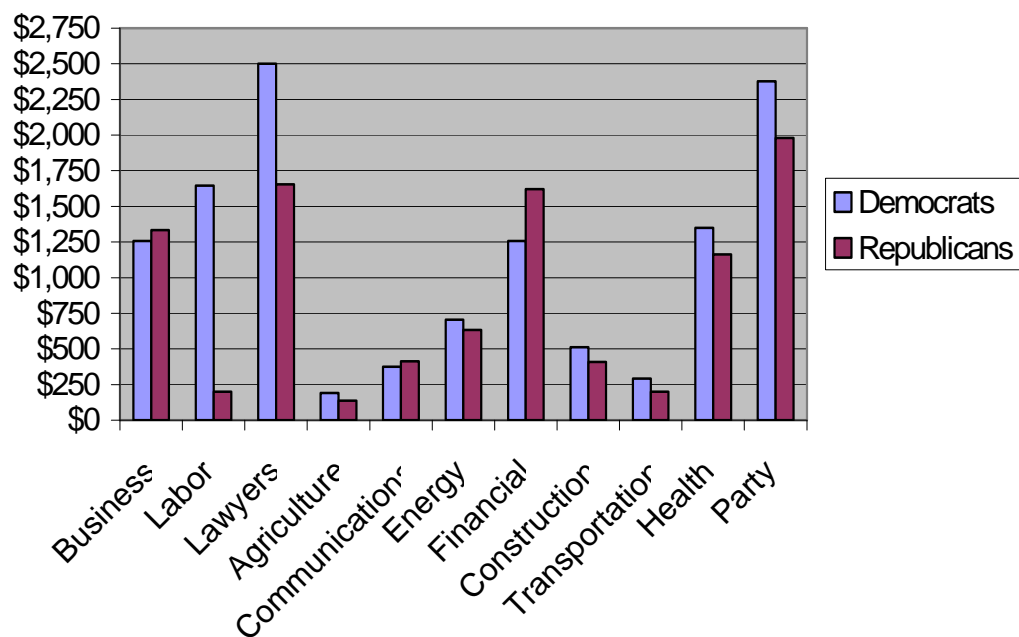
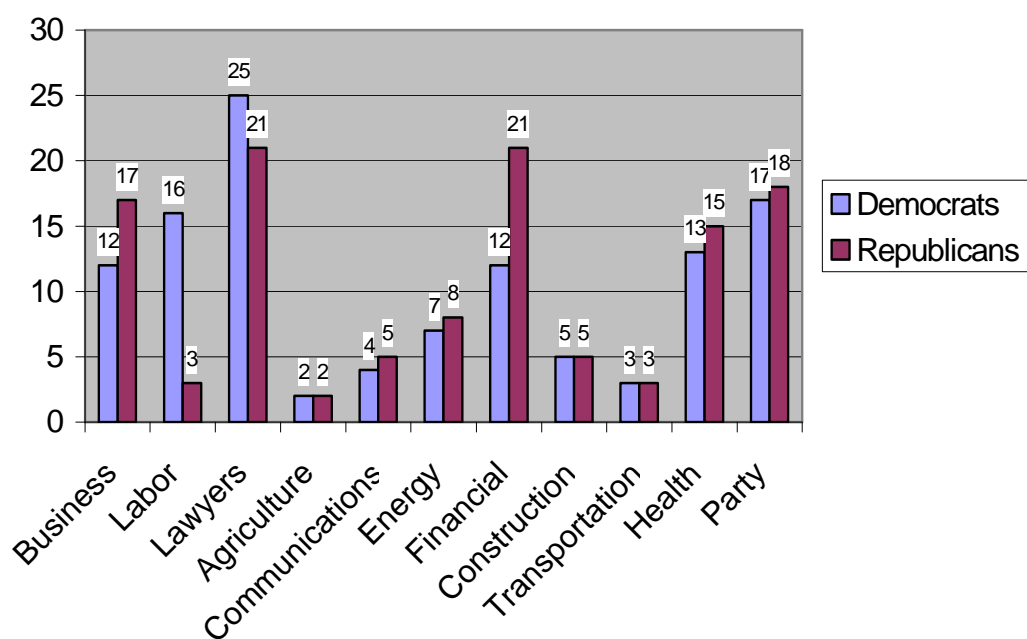


Figure 5-22b. Connecticut - Percent of Contributions



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