

POLITICAL SCIENCE 322

CAMPAIGN FINANCE AND ELECTIONS

Jonathan Wand

DESCRIPTION

A study of campaign and elections, with a focus on the strategies and behavior of special interest groups, parties, and candidates. Emphasis on statistical models and empirical tests of formal models.

TIME AND LOCATION

Seminar: Th 1:15–3:30 in 240-101

PREREQUISITES

Students are expected to be comfortable with calculus, probability, statistics, and game theory.

CONTACT INFORMATION AND MATERIALS

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Materials and information related to this course will be posted at:

<http://polisci322.stanford.edu>

Mailing list: polisci322@lists.stanford.edu. See the course webpage for instructions on how to subscribe.

COURSE REQUIREMENTS

- Presentations of weekly readings in seminar.
- Paper (approx 10 pages text). *Deadline:* Due by 4pm, Fri. March 18 in Department of Political Science, Encina Hall West, Rm 100.

TEXTS

See weekly outline for articles. This list is not intended to be an exhaustive summary of the literature. Indeed the subset of the texts which we will treat in detail will be further specified each week. The goal is that the development and relationship between theory and methods be understood in great depth for some difficult problems, rather than achieving superficial breadth.

NOTE: Readings marked with [WWW] are (or will be) available in pdf form on the course page.

COURSE OUTLINE

1. INTRODUCTION AND OVERVIEW (Jan 6)

We will discuss some of the main themes and issues which will arise during this course. Though they are dated and are not highly correlate with the materials that we will focus on, the readings provide useful background/history for the campaign finance literature.

- Biersack, Robert and Clyde Wilcox. 1990. Financing National Campaigns—A Research Agenda. *American Politics Quarterly*, 18:215–241 [WWW]
- Morton, Rebecca and Charles Cameron. 1992. Elections and the Theory of Campaign Contributions: A Survey and Critical Analysis. *Economics and Politics*, 4(1):79–108

2. CANDIDATE STRATEGIES (Jan 13)

Candidates are not forced to enter a race, nor are they forced to accept money from SIGs. Moreover, they have a choice of what policies to espouse. Each of these choices, however, affects a candidate's likelihood of election and is chosen in a competitive, non-cooperative fashion. Although we will not cover all candidate decisions (nor their consequences) this week, we start with the most fundamental. In this week we consider the entry and exit decisions of candidates, and the types of candidates who choose to run.

Methodological issues: decision vs game theoretic analysis; discrete choice models; endogenous choices/bivariate probit

- Rhode, David W. 1979. Risk-Bearing and Progressive Ambition: The Case of Members of the United States House of Representatives. *American Journal of Political Science*, 23(1):1–25
- Kiewiet, Roderick and L. Zeng. 1993. An Analysis of Congressional Career Decisions, 1947–1986. *American Political Science Review*, 87(4):928–41
- Goodliffe, Jay. 2001. The Effect of War Chests on Challenger Entry in U.S. House Elections. *American Journal of Political Science*, 45(4):830–44
- Jacobson, Gary C. 1989. Strategic Politicians and the Dynamics of House Elections, 1946–1986. *American Political Science Review*, 83:773–93

3. SPECIAL INTEREST GROUPS (SIG) (Jan 20)

How would you spend your resources if you wanted to purchase a private or particularistic benefit from a candidate?

Methodological issues: comparative statics; linear probability models, power of hypothesis tests.

- Baron, David P. 1989. Service-Induced Campaign Contributions and the Electoral Equilibrium. *Quarterly Journal of Economics*, 104:45–72
- Baron, David P. 1994. Electoral Competition with Informed and Uninformed Voters. *American Political Science Review*, 88(1):33
- Snyder, James M., Jr. 1990. Campaign Contributions as Investments: The U.S. House of Representatives, 1980–1986. *Journal of Political Economy*, 98(6):1195–1227
- Gopoian, David. 1984. What Makes PACs Tick? An Analysis of the Allocation Patterns of Economic Interest Groups. *American Journal of Political Science*, 28(2):259–81

4. PARTY AND PARTISAN STRATEGIES (Jan 27)

What are the incentives/strategies of parties? How should resources be allocated by a group who would like to affect the chances of their preferred type of candidates being elected?

Methodological issues: formal models of tournaments; parametric vs semi/non-parametric estimation of functions/curves

- Jacobson, Gary C. 1986. Party Organization and Distribution of Campaign Resources: Republicans and Democrats in 1982. *Political Science Quarterly*, 100(4):603–25
- Snyder, James M., Jr. 1989. Election goals and the allocation of campaign resources. *Econometrica*, 57(3):637–60
- Aldrich, John H. 1995. *Why Parties? The Origin and Transformation of Political Parties in America*. Chicago: University of Chicago [WWW]
- Wattenberg, Martin P. 1994. *The Decline of American Political Parties, 1952–1992*. Cambridge: Harvard UP Chapter 6. [WWW]

5. SORTING OUT INVESTORS AND PARTISANS (Feb 3)

Although investor behavior receives the most attention, little attention has been placed on determining the relative importance of investor and partisan money in elections. Even the incorporation of both motives as possible reasons for giving has been limited.

Methodological Issues: testing functional hypotheses; tobit and non-linear models

- Wand, Jonathan. 2005. “Investor and Partisan Behavior among Political Action Committees” [WWW]
- Grossman, Gene M. and Elhanan Helpman. 1996. Electoral Competition and Special Interest Politics. *Review of Economic Studies*, 63:265–86
- Eismeier, Theodore J. and Philip H. Pollock. 1986. Strategy and Choice in Congressional Elections: The Role of Political Action Committees. *American Journal of Political Science*, 30(1):197–213
- Welch, William P. 1980. The Allocation of Political Monies: Economic Interest Groups. *Public Choice*, 35:97–120 [WWW]

6. CAMPAIGN DYNAMICS AND LEARNING (Feb 10)

The models up to now have mostly assumed a rational expectations equilibrium for the outcome. But there is considerable uncertainty about the outcome for a significant fraction of races, and money does not arrive all at once. This week we consider how information might be revealed/learned, how the flow of money arrives, and how two ideas are related.

Methodological issues: hierarchical models; unobserved heterogeneity

- McKelvey, Richard D. and Peter C. Ordeshook. 1985. Elections with Limited Information: A Fulfilled Expectations Model Using Contemporaneous Poll and Endorsement Data as Information Sources. *Journal of Economic Theory*, 36:55–85
- Biersack, Robert, Paul S. Herrnson, and Clyde Wilcox. 1993. Seeds For Success: Early Money in Congressional Elections. *Legislative Studies Quarterly*, 18:535–51
- Krasno, Jonathan S., Donald P. Green, and Jonathan A. Cowden. 1994. The Dynamics of Campaign Fundraising in House Elections. *Journal of Politics*, 56(2):459–74

- Mebane, Walter R. Jr. and Jonathan Wand. 1999b. The Dynamics of Campaign Contributions in U.S. House Elections. Paper presented at the 1999 Annual Meeting of the American Political Science Association, September 2–5, 1999, Division 8: Political Methodology Section [WWW]

7. ELECTORAL CONNECTION: MONEY AND VOTER BEHAVIOR (Feb 17)

Untangling the strategic behavior of incumbents to reactively (or preemptively) raise money poses serious challenges for estimating the effect of money on election outcomes.

- Green, Donald P. and Jonathan S. Krasno. 1988. Salvation for the Spendthrift Incumbent: Reestimating the Effects of Campaign Spending in House Elections. *American Journal of Political Science*, 32:884–907
- Jacobson, Gary C. 1990. The Effects of Campaign Spending in House Elections: New Evidence for Old Arguments. *American Journal of Political Science*, 34:334–62
- Green, Donald P. and Jonathan S. Krasno. 1990. Rebuttal to Jacobson’s ‘New Evidence for Old Arguments’. *American Journal of Political Science*, 34:363–72
- Erikson, Robert S. and Thomas R. Palfrey. 2000. Equilibria in Campaign Spending Games: Theory and Data. *American Political Science Review*, 94:595–609

8. CONGRESS CONNECTION: MONEY AND LEGISLATIVE BEHAVIOR (Feb 24)

- Wright, John R. 1985. PACs, Contributions, and Roll Calls: An Organizational Perspective. *American Political Science Review*, 79(2):400–14
- Denzau, Arthur T. and Michael C. Munger. 1986. Legislators and Interest Groups: How Unorganized Interests Get Represented. *American Political Science Review*, 80:89–106
- Hall, Richard and Frank Wayman. 1990. Buying Time: Moneyed Interest and the Mobilization of Bias in Congressional Committees. *American Political Science Review*, 84:797–820
- Austen-Smith, David. 1995. Campaign Contributions and Access. *American Political Science Review*, 89(3):566–81

9. ADAPTIVE BEHAVIOR (Mar 3)

With repeated observations of contributors and candidates, we are able to estimate more subtle relationships, as well as to account for time-invariant factors which were ignored in the cross-sectional analysis.

Methodological issues: panel studies; cross-over designs; treatment effects

- Cox, Gary W. and Eric Magar. 1999. How Much is Majority Status in the U.S. Congress Worth. *American Political Science Review*, 93(2):299–310
- Romer, Thomas and James M. Snyder, Jr. 1994. An Empirical Investigation of the Dynamics of PAC Contributions. *American Journal of Political Science*, 38(3):745–69
- McCarty, Nolan and Lawrence S. Rothenberg. 1996. Commitment and the Campaign Contribution Contract. *American Journal of Political Science*, 40(3):872–904
- Wawro, Greg. 2001. A Panel Probit Analysis of Campaign Contributions and Roll Call Votes. *American Journal of Political Science*, 45:563–79

10. SUMMARY AND STUDENT PRESENTATIONS (Mar 10)