

Campaign War Chests and Challenger Emergence in State Supreme Court Elections

Drew Seib

Department of Political Science

Southern Illinois University

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Abstract

The study of campaign war chest and challenger emergence has only been studied in the context of legislative and executive elections. This study seeks to expand the understanding of this relationship by studying it in the context of state supreme court elections from 1990 to 2006 in states that hold competitive elections. A bivariate probate model is used to test the relationship, taking into account the emergence of both weak and strong challengers. The results provide some support for the conventional wisdom that large war chest deter challengers.

Introduction

Competitive elections are a cornerstone of democratic elections. Schumpeter describes the democratic method as an “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote” (1942, p. 260). When candidates run in uncontested elections there is no competitive struggle and thus a lack of democracy. As Box-Steffensmeier (1996) notes, “noncompetitive elections could signal perfect satisfaction with incumbent responsiveness” (p. 353). Thus, the problem is not necessarily the lack of competitive elections, but rather noncompetitive elections in which an incumbent signals to potential challengers that the campaign and election will be rough and difficult to win. Such signals may be the size of the incumbent’s war chest or the percentage of the vote previously won by the incumbent.

Scholars have started to examine what influences a challenger’s decision to enter an election (Box-Steffensmeier, 1996; Epstein and Zensky, 1995; Banks and Kiewiet, 1989; Adams and Squire, 1997; Goodliffe, 2001; Bardwell, 2002). Most of the research to date focuses on legislative elections. Only recently have scholars even sought to extend our understanding of challenger emergence beyond legislative elections.

One of the most popular explanations of challenger emergence in legislative elections is campaign war chests. The idea is that a loaded war chest signals to potential challengers that it will take a lot of fund raising to compete and thus it will be a difficult race to win. This signal may deter challengers from entering an election. While this proposition has been widely studied in legislative elections, scholars of state supreme court elections have neglected the importance of campaign war chests. This study seeks

to fill this gap by assessing if campaign war chests deter the entrance of challengers, especially strong challengers, in state supreme court elections.

This study will examine all competitive state supreme court campaigns from 1990 to 2006. Following the advice of Goodliffe (2001) a bivariate probate model is used to examine the effects of the size of the war chest over the course of the campaign up until the filing deadline. The results demonstrate how strong and weak challengers differ in their decision to enter a race and provide some support for the proposition that campaign war chest influence challenger emergence.

Campaign War Chests

Scholars who have explored the effects of campaign spending have mostly looked at how it affects the elections outcome. In legislative elections, the literature tends to indicate that challengers get more votes for their dollar. However, there is a discrepancy in the literature as to how much an increase in spending will help candidates (Jacobson 1978, Jacobson 1990; Green and Krasno 1988a; Green and Krasno 1990). In state supreme court elections, Bonneau (2007) draws similar conclusions as Jacobson (1978) and Jacobson (1990). According to Bonneau's (2007) findings, an incumbent, unlike a challenger, has little to gain by spending more campaign money. While these finding seems to indicate that a large war chest is not necessary for incumbents, it may serve another purpose: to deter challengers.

To date, there have not been any studies that examine the importance of campaign war chest for challenger emergence in state supreme court elections. However, studies of legislative election lend some help in this area. One of the first studies to examine the importance of campaign war chest was Squire (1989). Squire's examines elections for

the U.S. House of Representatives from 1978 to 1984. His results, contrary to conventional wisdom, indicate that campaign war chests are now an important determinant of challenger emergence.

In response to Squire (1989), Box-Steffensmeier (1996) reexamines the relationship between campaign spending and challenger emergence. The main problem that Box-Steffensmeier (1996) finds with Squire's (1989) model is that it assumes that the campaign process is static process. Box-Steffensmeier (1996) re-specifies Squire's (1989) model using a duration analysis. This accounts for the changing dynamics of a campaign. Box-Steffensmeier (1996) finds a significant and strong relationship between campaign spending and challenger emergence (deterrence). The results indicate that for every \$100,000 that an incumbent spends, the probability that a strong challenger emerges decreases by 16%. Thus, campaign war chests can deter challengers.

Goodliffe (2001) explores the same phenomena, but respecifies previous models the model to correct for omitted variable bias and endogeneity. Unlike, Box-Steffensmeier, Goodliffe uses a multinomial probit. Goodliffe's results indicate that once endogeneity and omitted variable problems are taken care of, then campaign war chest do little to deter challengers. Possible the most important improvement of Goodliffe's model is that it does not assume the emergence of strong and weak challengers are independent processes.

While all of the aforementioned studies examine congressional elections, Hogan (2001) examines state legislative elections. Additionally, Hogan examines campaign funding in both primary and general elections. Using a logit analysis, Hogan finds that campaign war chests are a deterrent in both primaries and general elections.

The findings in the literature lend little support for answering the question of the importance of war chest to challenger deterrence. In examining the literature there are three possible explanations for the different findings. First, each scholar used different control variables. By including different control variables, the authors have accounted for different parts of the error term. Second, each scholar used a different type of statistical analysis, which is partly due to the difference in how the authors measure campaign war chests. Squire (1989) and Goodliffe (2001) measure a campaign war chest as the amount of money that a candidate has at the beginning of a campaign cycle. Squire (1989) and Goodliffe (2001) also reach the same conclusion regarding the importance of war chests. Conversely, Hogan (2001) measures campaign war chest as amount of money on the last finance report prior to the date when a challenger must decide to run (p. 818). In contrast, Box-Steffensmeier measure campaign war chests as the amount of money an incumbent has available for use at his or her discretion for each reporting period up to the primary. Hogan (2001) and Box-Steffensmeier (1996) reached similar conclusions regarding the relationship between campaign war chests and challenger emergence. It appears that measurement and statistical analysis is driving the debate, yet scholars have taken little time to accurately operationalize a campaign war chest and justify why one particular measurement is more appropriate than another. Thus, this paper adopts conventional wisdom for the first hypothesis: as the size of the campaign war chest increase, challengers will be deterred from running for office.

Box-Steffensmeier (1996) argues that campaigns are a dynamic process both the time of entry and the size of the war chest. According to her, to accurately test the war chest hypothesis, one needs to know the size of the war chest when the challenger

entered. In other words, at what point was the war chest no longer a deterrence. Additionally, Box-Steffensmeier notes that one needs to be sure that a measure of campaign war chest is not a reaction to the emergence of a challenger. Thus, using operationalizing war chest as the amount of cash on hand at the end of the filing period is problematic. This means that Hogan's (2001) measure of campaign war chest is not capturing the relationship between war chests and challenger emergence.

Similarly, Goodliffe (2001) and Squire (1989) only capture the size of the campaign war chest at the beginning of the elections cycle. It is possible that the size of the war chest decreases, especially if a challenger does not immediately emerge. If this is the case, then a challenger may emerge later in the campaign at a time when the war chest has shrunk. Thus, the war chest will show as being greater when the challenger emerged than was actually the case.

Goodlife (2001) critiques Box-Steffensmeier's (1996) use of time-varying covariates. According to Goodliffe (2001), there are theoretical and methodological problems with using a measure of war chests that vary over the election cycle. Goodliffe (2003) provides some additional support for this argument. As Goodliffe (2003) notes, time-varying covariates that are endogenous pose a problems for duration models. For war chests, the problems is that the size of the war chest may be affected by the emergence or potential emergence of a challenger. Goodliffe (2003) gives the example of a candidate who knows he or she will be facing a strong challenger. In order to compete with the strong challenger and hopefully deter him or her, the incumbent raises additional money. Thus, the size of the war chest is affected by upcoming emergence of

a challenger and the effect of war chest size on challenger emergence would be over estimated.

Epstein and Zensky (1995) develop a formal model to explain the relationship between campaign war chests and challenger emergence. Unlike empirical analysis, they are able to account for the dynamics of a campaign and still avoid the problem of endogeneity. In fact, their model is dependent on the endogenous process of signaling between the incumbent and challenger. The authors conclude that previous studies have underestimated the effects of campaign fundraising on challenger emergence.

While empirical studies are not able to overcome the endogeneity problem between challenger emergence and campaign war chests, one method must best capture and operationalize campaign war chests. According to Goodliffe (2003) the a Cox model will work if the researcher drops the time-varying covariate for a time-independent covariate. The reasoning is that the survival of incumbents or the time it takes to for a challenger to enter is important to the outcome of the election. Additionally, by eliminating the temporal component of war chest, the problem of endogeneity is discarded. The outcome should underestimate the relationship, providing a baseline for the actual relationship.

However, a Cox proportional hazard assumes that the emergence of strong and weak challengers are independent phenomena. Goodliffe (2001) argues that the emergence of strong and weak challengers are dependent phenomena. The argument is a weak challenger is more likely to emerge when a strong challenger fails to emerge. Thus, Goodliffe uses a bivariable probate model, which allows for the dependent relationship

Table 1: Hypotheses
<p><i>Candidate Characteristics</i></p> <ul style="list-style-type: none"> • As campaign war chests increase, the likelihood that a challenger emerges decreases. • Strong challengers will be more deterred by large campaign war chests, than weak challengers • Incumbent who have a close prior vote are more likely to see a strong challenger emerge. <p><i>Institutional Characteristics</i></p> <ul style="list-style-type: none"> • The longer the term of the state supreme court, the more likely a challenger will emerge. • Challengers should be more likely to emerge in partisan elections. • As the salary of the position increases, the more likely a challenger is to emerge.

between the two dependent variables for strong and weak challengers. This is also an assumption of this paper. Thus, for the second hypothesis, strong challengers will be more deterred by large campaign war chests, than weak challengers.

Deterrence of Challengers

Campaign war chests are just one explanation for challenger emergence. Aside from campaign war chest, scholar have explored the prior vote of the incumbent, number of years served by the incumbent, the length of the justices term, partisan versus non partisan elections, competitiveness of the state, and the salary of the position. The hypothesis for each are summarized in Table 1.

The prior vote of the incumbent is expected to have a negative relationship with challenger emergence.¹ In other words, the higher the percentage of votes won by the incumbent in the previous election, the less likely that a challenger will emerge. The prior vote of the incumbent is a signal of how popular the incumbent is and it also controls for “long-term district forces such as the districts’s party composition” (Box-Steffensmeier, 1996, p. 360; see also Goodliffe, 2001; Bonneau, 2007, Bonneau and Hall, 2003).

Several institutional characteristics should provide incentives to for challengers to enter a race. Among these are the salary of the position and the length of the term (Bonneau, 2007; Bonneau and Hall 2003). Both are expected to have a positive relationship with challenger emergence. Thus, as the length of the term or salary increase, the likelihood that a challenger emerges increases..

State supreme courts are a unique institution in that some states hold partisan elections while other hold nonpartisan elections. As Bonneau (2007) notes the only difference between these two electoral systems is that one includes the candidate’s party affiliation on the ballot. Additionally, Bonneau observes that partisan election tend to be more expensive. Thus, challengers should be more likely to emerge in nonpartisan elections.

Methods

Data has been gathered on state supreme court elections from 1900 to 2006 in states that hold competitive elections for the position. There are 21 states that hold competitive elections for their state supreme court. Of these, 7 states hold partisan

² Other scholars have also used the number of years that the incumbent has served. These two variables both measure the popularity of the incumbent and long-term district forces. Therefore, only the prior vote of the incumbent is used in this study.

elections (Alabama, Illinois, Louisiana, North Carolina, Pennsylvania, Texas and West Virginia) and 14 states hold nonpartisan elections (Arkansas, Georgia, Idaho, Kentucky, Michigan, Minnesota, Mississippi, Montana, Nevada, North Dakota, Ohio, Oregon, Washington, Wisconsin)².

As Goodliffe (2001) asserts, the emergence of strong and weak challengers are dependent phenomena. While previous literature handle challenger emergence in different ways, the dependence between strong and weak challenger outweighs the benefits associated with other methods. Thus, a bivariate probate model is used to analyze the relationship between campaign war chest and challenger emergence.

Dependent Variable

Being able to deter a challenger from entering into a campaign has some obvious advantages for the incumbent. Most obvious is the extra campaign time that incumbents have for the public to become familiar with their name and views. Goodliffe (2003) demonstrates that that incumbent gain about three percent of the vote for every one hundred days they deter a challenger. This means that not only are we interested in whether a challenger enters the campaign, but also when. In order to account for when a challenger enters the race, the dependent variable is a measure of the number of weeks until the challenger enters the race.

There are two different dependent variables. The first is the number of weeks for any challenger to enter a race. The second is the number of weeks for a strong challenger

² In Illinois and Pennsylvania, judges run in retention elections after winning their first election. In Michigan and Ohio, political parties play a role in the nomination of candidates, but the general elections are nonpartisan.

to enter the race. Previous studies have stress the importance of assuming that strong and weak challenger emergence is an independent process (Box-Steffensmeier, 1996; Goodliffe 2003. Following Hall and Bonneau (2006), a quality or strong challenger is defined as having held a previous judgeship.

Independent Variables

The primary variable that is explored here is the campaign war chest. As elaborated earlier, there is a discrepancy in the literature as to the best way to measure campaign war chests. Following the logic presented earlier in this paper, a war chest will be measured using the amount of money that the incumbent has on hand at the beginning of the campaign cycle in 19xx dollars. Dollars are converted using the Consumer Price Index, which prevents year effects. The variable is measured in thousands of dollars.

The second independent variable is the prior vote of the incumbent. This is measured as the percent of the vote that the incumbent won in the prior election. The third independent variable is the length of the term for the particular state supreme court, measured in years. The fourth independent variable is the salary for the particular state supreme court, rounded to the nearest thousand dollars. The final independent variable is whether the state holds partisan or nonpartisan elections. The variable is coded 1 for partisan and 0 for nonpartisan elections.

Results

In total there were 141 observations. Summary statistics on the variables are presented in Table 2. On average, a strong challenger emerges about 50% of the time and a weak challenger emerged about 30% of the time. The average size of campaign war chests was just over \$20,000 with a range from zero dollars to \$122, 878.5. The average

salary of state supreme court justices is about \$120,000. The average length of a state supreme court term is just under 7 years. About half of the observations are partisan

Table 2: Summary Statistics		
Variable	Mean	Standard deviation
Weak Challenger	0.38	0.48
Strong Challenger	0.50	0.5
War Chest	20,498	33,041
Length of Term	6.87	.94
Salary	119, 880	22,733
Prior Vote of Incumbent	68.5	17.5
Partisan Election	0.55	0.50

elections and half nonpartisan elections. The average prior vote of the incumbents was about 68%.

The results of the bivariate probate model are presented in Table 3. The results indicate that there are differences in the emergence of strong and weak challengers. Strong challengers are influenced by the size of the campaign war chest and the type of election (partisan or nonpartisan). The length of the court’s term, the salary of the justices, and the prior vote received by the incumbent in the prior election appear to not play a role in the decision of a strong challenger to enter a race. The results support the hypothesis that as the size of the incumbents war chest increase, a strong challenger is less likely to emerge. This is consistent with Goodliffe’s (2001) findings. Additionally, strong challengers are most likely to emerge in partisan elections.

A weak challenger's decision to enter a race is only influenced by the type of

Table 3: Bivariate Probit Coefficients for Challenger Emergence		
	Strong Challenger	Weak Challenger
Constant	-0.949 (2.041)	0.202 (1.867)
War Chest	-0.00002* (0.000006)	-0.000001 (0.000005)
Length of Term	-0.075 (0.208)	0.157 (0.194)
Salary	0.00001 (0.0000071)	-0.000005 (0.000007)
Partisan Election	0.777* (.343)	-0.784* (0.326)
Prior Vote of Incumbent	-0.011 (0.007)	-0.007 (0.007)
Standard errors are in parentheses. * p<0.05		

election (partisan or nonpartisan). Weak challengers are more likely to emerge in nonpartisan elections than partisan elections. Additionally, weak challengers are not deterred by the presence of a large war chest.

Interestingly, weak challengers and strong challengers tend to emerge in different types of elections. The results indicate that strong challengers are more likely to emerge in partisan elections, while weak challengers are more likely to emerge in nonpartisan elections. It is possible that strong challengers prefer partisan election because of the support that they will likely receive from their political party. Thus, they are able to take advantage of the party system to promote their campaign. In contrast nonpartisan elections offer even less information than partisan elections. Weak candidates might feel that they have a greater chance at winning when voters have less information about them.

The nonpartisan election helps to create a more level playing field (or at least the appearance of one by weak challengers). There is no support for the remaining hypotheses. The remaining variables in both models fail to reach statistical significance.

Conclusion

While the result above are consistent with Goodliffe's (2001) conclusions regarding campaign war chest, the result above have the added artifact of occurring in both partisan and nonpartisan electoral systems. State supreme courts are distinct from other elective institutions. First, in addition to the types of requirement imposed on legislative and executive candidates, the state supreme court has specific educational requirements, a law degree and admission to the bar. This means that there are many people who are trained for the job, unlike other elective positions. Additionally, there are more level of the court system by which the candidate can gain experience. Thus one would expect the emergence of strong challengers more often in state supreme court elections than in legislative or executive elections.

Second, state supreme court elections are low salience and low information elections. This means that people know less about the candidates that are running. With the absences of partisan cue on the ballot, nonpartisan elections have an added challenge for voters. This may be what explains the emergence of weak challengers in nonpartisan elections. The low salience, low information aspect of the election gives weak challengers a better chance.

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