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Regulating Political Finance in Canadian Cities

by

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ABSTRACT

Research has produced mixed results concerning the relationship of campaign contributions, electoral success and policy outcomes. Mixing money and politics is potentially problematic because wealthy candidates may drown out their poorer competitors and special interest may be able to buy policy outcomes. Regulation is often cited as a solution to the potentially corrosive influence of money in the political system. This thesis examines patterns of political finance in four Canadian cities with different regulatory environments: Calgary, Halifax, Toronto and Winnipeg. This thesis demonstrates that established candidates enjoy a huge financial advantage, primarily because of the contributions of developers, but that regulation in the form of contribution limits, spending limits and public funding, reduces money's corrosive effects.

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DEDICATION

To my family, especially my parents Tom and Nan Austin and my partner in this world, Michelle McCann

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INTRODUCTION:

Politics is sometimes a messy business and nowhere is this more true than when it comes to political donations. Money is the grease that keeps modern campaigns running. Without it polling, advertising, signs, leaders tours, all the hallmarks of modern campaigning, are impossible. Although money is necessary its presence in the political process is potentially corrupting. Money can tarnish and debase democratic ideals. The spectacle of political scandal is never far away when money and politics mingle. This is an ongoing and old problem in Canada. In the 1872 election John A. MacDonald's government accepted bribes from railroad companies that were disguised as campaign contributions (Morton, 2005, p. 15-17). In more recent years, the federal Liberal Party has been embroiled by the sponsorship scandal (Morton 2005, p. 14-15) while their Conservative counterparts have been accused of violating spending laws (Galloway, 2007) and offering a dying independent member of parliament a $1,000,000 life insurance policy in exchange for his vote (Galloway and Laghi, 2008). The public can never be certain that political donations are motivated by a high-minded altruistic belief in the cause that a candidate or party represents. Lurking in the shadows is the ever-present worry that contributions are being given to buy outcomes, that political decisions are for sale to the highest bidder and that wealthy candidates and parties enjoy an unfair advantage. State regulation is often seen as the remedy to the ills of mixing politics and money.

Canadian cities are not immune to issues surrounding financing political campaigns. In the non-partisan world of municipal politics, there is actually reason to worry that the negative aspects of money and politics are magnified because there are no political parties to support candidates and structure norms. This study examines municipal campaign fundraising in four Canadian cities. It tests whether regulation alleviates the negative effects of money by comparing results from different jurisdictions. Does regulating campaign finance improve the quality of electoral democracy in Canada's cities?

To examine the impact of money and campaign finance regulation on Canadian cities this thesis has selected four cities for detailed study: Calgary, Toronto, Halifax and Winnipeg. This study proceeds systematically: chapter one sets the scene and explains this study's methodology: chapter two examines the types of contributors in Canadian cities: chapter three expands on the findings from chapter two by examining financial disparities between candidates: and the final chapter looks at how spending influences electoral competition. A common concern in chapters 2-4 is to measure the extent to which regulation affects electoral competition and, may, limit the potential for corruption. This thesis concludes that the regulatory limitations in Toronto and Winnipeg have successfully controlled candidate spending, curtailed the influence of wealthy contributors and enhanced democratic competition. In Calgary and Halifax, the virtual absence of meaningful regulation has allowed developers to dominate and has given huge advantages to incumbents. Regulation does curtail contributors and enhance electoral competition, but it is most effective when there is a complete mix of constraints and incentives.

CHAPTER ONE: REGULATING CAMPAIGN FINANCE

Money plays a significant role in elections because it buys what campaign volunteers cannot or will not provide and it allows candidates to directly communicate with voters. The candidate who spends the most does not always win, but candidates who spend nothing almost always lose. But should policy makers worry about the use of money in the political process? Arguably concerns about both the quality of democracy and legislative outcomes warrants the regulation of political finance.

Money is spread unequally in society, which poses challenges for democracy. Unlike other forms of participation, such as voting, financial contributions are not equal; a donation of $10 may secure a seat at a campaign event while $10,000 may provide a chance for a private face-to-face meeting with a candidate. The more a contributor gives the more responsive politicians are likely to be. Low-income citizens are not only less able to participate, but even when they do, their contributions are not as valuable (Boatright & Malbin, 2005, p. 790) (Gierzynski, Kleppner & Lewis, 1996, p. 5).

Money is also spread unevenly amongst candidate and parties, which can have a negative effect on accountability. Incumbents typically have access to more money than challengers because of the perks and contacts that come with elected office. If challengers are poorly funded and cannot launch a credible campaign, electoral competition suffers. Without competition there is no accountability (Abramowitz, 1991, p. 54). Campaign finance can, therefore, weaken democracy by undermining accountability, reducing competition, creating unequal forms of participation and enhancing the already privileged position of elites.

The other area of worry concerning campaign contributions revolves around the influence of contributors on the legislative process. The citizens who elect politicians are not always the same as the ones who fund political campaigns (Alexander, 1975, p. 8) (Fleisher, 1993, p. 391). When there is a conflict between the interests of those citizens and of contributors, which group do politicians respond to? Contributors who make large donations may do so to secure policy outcomes and influence the legislative process. This can be as crass and illegal as outright bribes and the sale of legislative votes or it can have a more subtle application through granting contributors access to policymakers. Buying access is not a guarantee, but it does allow contributors to present their case and apply influence in a way that non-contributors cannot (Wright, 1990, p. 419). If only politicians who hold certain views are able to attract contributions, then candidates who hold contrary positions end up at a disadvantage, which can narrow electoral and policy options (Hiebert, 1998, p. 103). Both direct and indirect contributor influences can alter legislative outcomes and reduce public confidence.

It is important to note that there is a principled assumption in much of the literature that one type of contributors is more desirable than all the others: individual contributors. Individuals who give small sums of money are considered the most desirable type of contributor because they are actual citizens engaging in a form of political participation (Boatright & Malbin, 2005, p. 787) (Young, 2002, p. 27). If politicians collect most of their money in small sums from multiple individual sources, then the risk of political corruption is lessened since no one donor is substantially more important then any other. Contributions from business interests, on the other hand, are usually viewed with suspicion. This is because businesses are non-voters that frequently have a large financial stake in government decisions and often have abundant resources. Lisa Young notes that before Canada's federal political finance laws were amended in 2003, businesses such as chartered banks and financial service companies were consistently the largest contributors to the governing Liberal Party (Young, 2004, p. 456). Young writes, "the ban on corporate and union contributions [at the federal level in Canada after 2003] is grounded in a sound principle: that entities ineligible to vote in elections should not be allowed to try to influence the outcome of elections through financial contributions" (Young, 2004, p. 458).

The difficulties that money potentially causes the democratic process can possibly be controlled through regulation. The remainder of this chapter explains the available regulatory options and this study's methodology.

Regulatory Options:

Before assessing the impact of different regulatory regimes, it is necessary to understand what options are available to policymakers. This section will examine the options and findings in the literature concerning what governments can do to limit the potentially corrupting influence of money.

Disclosure:

Of the options available to regulate campaign finance, the least demanding and most minimal is mandatory disclosure of a candidate's contributions and spending. The logic behind requiring candidates and parties to disclose their funding sources and their spending is that it makes them more accountable and improves public confidence. If a candidate or party knows that they will have to reveal their financial data, they are less likely to take questionable donations or blatantly reward their friends and allies. The public is provided some assurance and proof that elections are free of corruption (Young, 2002, p. 24). It is accepted that disclosure is important to ensure accountability and maintain public confidence in the political process. There is little empirical confirmation of this, however, because elections that do not include disclosure provisions leave researchers with no data. Nevertheless, in the 1974 case *Buckley v. Valeo*, the United States Supreme Court ruled that disclosure helps prevent corruption (Bakvis & Smith, 2000, p. 7-8). California's Commission on Campaign Finance also noted disclosure's connection to public confidence, arguing that the enactment of strict regulations in Orange County was crucial in restoring public trust after the municipality was rocked by political finance scandals (CCCF, 1989, p. 218).

Contribution Limits:

There are several regulatory options beyond basic disclosure provisions that can be used to further reduce the likelihood of contributors exerting undue influence or wealthy interests drowning out other voices. One option is contribution limits. Contribution limits can restrict who is allowed to contribute and how much they can give. They are intended to reduce disparities between candidates, make participation more equal and curtail the ability of wealthy donors to buy legislative outcomes. Contribution limits also affect candidates by forcing them to engage with a larger number of citizens to secure funding. With contribution limits, candidates cannot rely on a few wealthy donors to fund their campaigns (Young, 2002, p. 23-28) (Bakvis & Smith, 2000, p. 11-12).

The available empirical evidence concerning the effectiveness of contribution limits generally suggests that they increase the reliance of candidates on individual donors. Young notes that politicians and parties in jurisdictions with contribution limits (Germany, Quebec and the United States) tended to receive larger proportions of their funding from individuals than their counterparts did in jurisdictions where there were no limits (Canada and the United Kingdom) (Young, 2002, p. 35-36). Jeffrey Kraus' examination of New York City found that after the city enacted contribution limits the proportion of funding provided to candidates for the office of mayor and comptroller in donations of less than $3,000 increased significantly. For all candidates that participated in the city's program, the percentage of total contributions that came from individuals increased and the percentage of contributions that were provided by corporations decreased (Kraus, 2006, p. 3-4). A similar study in Los Angeles found that city's tough regulations reduced the reliance of candidates on corporations by 26 per cent (CGS, 2001, p. 21-24).

Although there are indications that contribution limits diversify sources of political funding, there is also evidence that contribution limits only change the form in which money is provided. Timothy Krebs found that contribution limits simply forced wealthy donors in Los Angeles to rearrange the way in which they delivered money and not the amount. Instead of donating one lump sum, contributors pooled donations amongst employees, family members or boards of directors or even became fundraisers for candidates. These loopholes allowed contributors to continue exerting significant influence, despite legal limits. Krebs' analysis found that after adjusting for individual interests, corporations provided 85 per cent of Mayor Hahn's total contributions instead of the 25 per cent reported in the mayor's unadjusted statements (Krebs, 2005, p. 171). Jeffrey Kraus identified similar problems in New York City where 19 per cent of all campaign donations were given through intermediaries (Kraus, 2006, p. 9). Gierzynski et al found the same problem in Chicago (Gierzynski, Kleppner & Lewis, 1996, p. 27-29), as did the California Commission in most of the 17 cities included in its study (CCCF, 1989, p. 14). Some critics have even found that contribution limits actually reduce competition by making it more difficult for non-incumbents to use money to overcome the advantages enjoyed by incumbents (Lott, 2006, p. 292) (Gross, Goidel & Shields, 2002, p. 154).

If contribution limits work, they seem to reduce the influence of large contributors and encourage broader more citizens based campaigns. They can also, however, be circumvented through loopholes and may even have some unexpected consequences for electoral competition. Their effectiveness remains in dispute.

Spending Limits:

Another regulatory option that can be used to control the negative effects of campaign finance is spending limits. Spending limits reinforce the anti-corruption aspects of contribution limits by reducing the pressure on candidates to raise ever-increasing sums. When a candidate's expenditure is capped, he or she needs less money and as a result should be less tempted to accept questionable contributions. Spending limits also enhance electoral competition by limiting the advantages enjoyed by incumbents. When spending is limited, incumbents cannot use their greater financial resources to substantially outspend challengers, resulting in more equitable elections and improved accountability (Young, 2002, p. 36-37).

Evidence concerning the effectiveness of spending limits is somewhat limited because the American Supreme Court ruled that they are unconstitutional unless a candidate voluntarily accepts them, usually in exchange for public funding. Generalizing from the American experience is difficult because Canadian laws can be stricter since they can be mandatory. Albuquerque, New Mexico's experience is, nevertheless, worth examining because the city was able to keep mandatory spending limits in place for decades in the absence of a legal challenge. Anthony Gierzynski and Donald Gross studied Albuquerque and found that while mandatory spending limits were in place, candidates spent significantly less per voter than their counterparts did in comparable Californian cities (Gierzynski & Gross, 2003, p. 22).

While Albuquerque had spending limits, most candidates did not spend their legal limit, which suggests that the limits were ineffective in regulating expenditure. Gierzynski and Gross, however, argue that simply knowing that there was a limit restrained spending (Gierzynski & Gross, 2003, p. 20). This argument is fairly convincing because after Albuquerque's limits were struck down, campaign expenditures increased dramatically. With limits in place, the city's incumbents spent an average of only $289 more than challengers, for a ratio 1.05:1, but when the limits were removed, the gap grew to $2,000 and the ratio soared to 2:1. Albuquerque's experience indicates that mandatory spending limits were effective in reducing the extremes created by money and were likely partially responsible for the city's unusually competitive elections (Gierzynski & Gross, 2003, p. 24-25).

There are a few other American studies that examined spending limits that are worth considering. Kraus' examination of New York City found that voluntary spending limits helped slow the steady rise in campaign expenditures, but did little to reduce the gap between challengers and incumbents or enhance electoral competition (Kraus, 2006, p. 10-14). Some American researchers who have studied Congressional spending have even found that spending limits secure incumbents because challenger spending is more effective then incumbent spending. If challenger spending is more effective, it follows that limiting expenditures disproportionately hurts challengers (Jacobson, 1980, p. 357) (Palda & Palda, 1998, p. 167). This finding is disputed by other researchers, however, who argue that incumbent spending is just as effective as challenge spending (Green & Krasno, 1990, p. 365) (Abramowitz, 1991, p. 42) or that disparities are too large for challengers to overcome, no matter how efficiently they spend (Gerber, 1998, p. 409).

In Canada, there is no evidence that spending limits have decreased competition in federal elections. Young found that in Canada's 2000 federal election, 300 candidates spent between 97 and 110 per cent of their limit and of the high spenders, just 15 were actually out of money. The rest had more money that could have been spent if limits were not in place (Young, 2004, p. 449). Gierzynski and Gross' study of Albuquerque found that spending limits had no detrimental effects on electoral competition. Albuquerque's regulated elections were actually more competitive then elections in other comparable cities, at the state level and in New Mexico's federal districts (Gierzynski & Gross, 2003, 10-12).

From the available evidence, spending limits do seem to reduce the disparity between challengers and incumbents, limit expenditures and produce more competitive elections. The contradictory conclusions in the literature seem to be partly due to voluntary versus mandatory limits. Voluntary limits simply cannot impose the same restrictions that mandatory limits can. In Los Angeles, for example, the city's voluntary spending limits are broken in the mayoral race in almost every election making them nearly meaningless (CGS, 2001, p. 11). Only mandatory spending limits can secure the maximum regulatory benefit.

Public Funding:

Beyond disclosure, contribution limits and spending limits, there is one final regulatory option available to policy makers: public funding. Public funding is intended to improve competition by ensuring that multiple candidates have enough money to compete and to reduce corruption by breaking candidates of their dependency on wealthy contributors. Public funding generally takes one of two forms: grants or reimbursements that are given directly to candidates or political parties or incentives to contributors to encourage donations. Both methods can have positive effects, but direct grants have created the most controversy. Katz and Mair argue that when parties receive funding directly from the state, established parties gain an advantage over new ones. The authors also argue that with direct state funding, the incentive for candidates and parties to engage the electorate is reduced because they no longer need contributors to provide financial resources (Katz & Mair, 1995, p. 15-16). Public funding that is delivered in the form of incentives to contributors, on the other hand, has the advantage of ensuring that candidates and parties still have to engage the electorate. Funding that encourages contributions still relies on contributors to deliver it and is, thus, potentially less equitable in distributing funding amongst parties and candidates (Young, 2004, p. 451-452).

Although there have been few studies that have considered public funding, they do generally show that it enhances electoral competition. One theoretical study that used a regression model to simulate different levels of challenger spending relative to incumbents in the American House of Representatives concluded that in 1984 as many as 40 incumbents could have been defeated if challengers had been adequately financed (Abramowitz, 1991, p. 52). In Maine and Arizona, public funding has encouraged challengers to run, created more competitive races and reduced the re-election rate for incumbents (Mayer, Werner & Williams, 2005, p. 6). A survey of Ohio residents concluded that the state's publicly funded tax credit could increase the number of contributors by 8-26 per cent and make the pool of contributors more reflective of society in general by drawing in donors that are younger, poorer, less partisan and less ideological then typical contributor (Boatright & Malbin, 2005, p. 798-802). The Ohio survey also found that the tax credit attracted more small contributions (Boatright & Malbin, 2005, p. 806).

Besides comparing regimes and models, there have also been a few case studies of public funding programs. One study of note found that Los Angeles' funding program decreased the reliance of candidates on the business community by encouraging small donations from individuals. Public funding, combined with contribution limits, decreased the proportion of total incumbent funding that came from corporate sources by 26 per cent. The study interviewed challengers and found that serious challengers considered guaranteed access to money a major factor in their decision to run and, in a few cases, in their subsequent success (CGS, 2001, p. 23-24). Unlike in Los Angeles, Jeffrey Kraus found that New York's public funding program has produced mixed results. The program helped diversify the sources of contributions, but it has had no impact on the competitiveness of the city's elections and has encouraged excessive spending (Kraus, 2006, p. 19).

The available evidence concerning public funding indicates that it can provide powerful incentives and cause candidates and contributors to behave differently. Public funding seems to encourage challengers and reduce the reliance of all candidates on corporate contributions, but whether it can actually enhance electoral competition is debatable.

Selection of Cases:

To determine what impact campaign finance regulations have on Canadian cities it is necessary to select several cases. This is because Canada does not have an Albuquerque where regulatory changes have been made and differences between before and after can be examined. It is, therefore, necessary to consider results from several municipalities. This method is not perfect since different cities have different political cultures and socio-economic characteristics that will have some affect on results. If one chooses carefully, however, it should be possible to broadly select cities that, although different, are similar enough that extrapolating overall trends is not excessively problematic. This study selects Calgary, Halifax, Toronto and Winnipeg. These four cities were chosen because they are all large Canadian cities that occupy an important niche in their region, they all have comparatively large populations and they all have professional politicians. The important structural variables are also the same in all four: they have non-partisan city councils elected through ward systems.[1] Finally, and most importantly, all four cities have different regulatory regimes. Having a selection of similar cases with differing regulations is crucial to determine what impact, if any, regulations has on electoral finance in Canadian cities.

City Backgrounds:

Before examining the specific regulatory regimes in the four case cities, each city's unique characteristics needs to be taken into account since they may influence results.

Calgary, Alberta is one of Canada's pre-eminent cities. It is one of the country's major corporate centres and is headquarters for Canada's oil and gas sector. Over the last decade, as global energy prices have increased, the city has enjoyed an economic boom. In 1996 the city's population was 768,082, but by 2001 it had grown to 878,866, an increase of 14.4 per cent. Calgary's rapid growth has meant that the city faces significant development pressures. Despite a growing population, the total number of wards in Calgary remains unchanged at 14 giving the city a 2001 population to councillor ratio of

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[1] Vancouver and Montreal could not be included in this study because they both have civic political parties and Vancouver uses at-large elections.

62,776:1. Alberta, and Calgary in particular, is known for its right-wing politics. In federal elections over the last decade all of the city's constituencies have elected either Reform, Canadian Alliance or Conservative MPs. Alberta is also known for its dynastic politics and low levels of electoral competition.

Halifax is the provincial capital of Nova Scotia, the largest city in Atlantic Canada and the region's cultural and economic hub. The city is the smallest of the four included in this study with a 1996 population of 342,851. The city, however, has enjoyed steady growth and by 2001 its population had increased by 4.7 per cent to 359,111. The city has an unusually large 23 member council giving it a 2001 population to councillor ratio of just 15,614:1. This ratio is significantly lower then the ratios in the other cities. Halifax's large number of councillors relative to its population likely makes elections cheaper by making it easier for candidates to run no frills grassroots campaigns. The city is politically diverse and since 1997 has shown strong support for the New Democratic Party, both provincially and federally, but both Conservatives and Liberals have also consistently won ridings within the municipality's boundaries.

Toronto is Ontario's capital and Canada's largest city. The city is Canada's corporate and financial centre and it home to all five of Canada's large banks and the nation's busiest stock exchange. The City of Toronto was created in 1997 by amalgamating the old city with five neighbouring municipalities. The new city of Toronto had a 2001 population of 2,481,494, an increase of 4 per cent over 1996.[2] Unlike the other cities in this study, Toronto is not a unified city with one municipal government

[2] Statistics Canada data took into account the 1997 amalgamation in calculating population growth

that encompasses the entire urban area. This is because the Greater Toronto Area sprawls across a huge expanse of land and boasts a population of over 5,000,000. Toronto has a large council with 44 members, but the population to councillor ratio in 2001 is still 56,398:1 due to the city's large size. In recent decades the Liberal Party has dominated in Toronto.

Winnipeg is a large city in Western Canada and is Manitoba's provincial capital. The city is a regional centre for the Canadian prairies and Northern Ontario and is an important transportation hub. In recent decades Winnipeg has struggled with economic and social problems. In 1996, the city's population stood at 618,477, but by 2001 it had grown to just 619,544, a tiny 0.2 per cent increase. Over the entire metropolitan area the population grew slightly faster (0.6 per cent), but the fact remains that compared to the other cities, Winnipeg is stagnant. The city's population is represented by a 15 member council, giving it a 2001 population to councillor ratio of 41,303:1. Winnipeg's politics are very competitive. The city has elected members from the Conservatives, the Liberals and the New Democratic parities at both the federal and provincial levels.

Table 1-1: City Characteristics

City	Population (2001)	Growth Rate (1996/2001)	Council Size	Council: Population Ratio
Calgary	878,866	14.4%	14	62,800:1
Halifax	342,851	4.7%	23	15,600:1
Toronto	2,481,494	4.0%	44	56,400:1
Winnipeg	619,544	0.2%	15	41,300:1

Regulatory Regimes:

As already noted, Calgary, Halifax, Toronto and Winnipeg have different regulations that govern campaign finance. Both Calgary and Halifax employ minimalist regimes that rely on disclosure whereas Toronto and Winnipeg take a more regulated approach. Provincial governments often control the regulatory environments in Canadian cities through legislation, but there is some scope for local bylaws.

Calgary:

Calgary's regulatory regime is a minimalist one and that is largely set out in Alberta's Local Authorities Election Act. The province requires Calgary to hold elections every three years and gives the city the discretion to enact a campaign disclosure bylaw. Calgary's Municipal Elections Campaign Contribution Bylaw came into effect in 1994 and requires candidates to disclose their financial resources, their spending and the names of any contributors who donate $100 or more. If a candidate spends more than $2,500, the bylaw requires an independent audit. Since there are no contribution or spending limits and no public funding the only check on Calgary politicians is public opinion.

Halifax:

The regulatory regime in Halifax is very similar to Calgary in that the city has virtually no regulations. Halifax is bound by Nova Scotia's Municipal Elections Act, which requires the city to hold elections every four years. Unlike Alberta's legislation, the Nova Scotia Act requires campaign finance disclosure. Halifax candidates are required by the province to disclose all contributions of more than $50, but the law does not require candidates to disclose their spending or the total amount of money of less than $50 that they collected. Like Calgary, the regulatory regime in Halifax is very minimal.

Toronto:

Both of the other two cities in this study are much more regulated. Like the other Canadian cities, provincial law regulates Toronto's elections: the Ontario Municipal Elections Act. The law requires Toronto to hold municipal elections every four years and imposes extensive requirements concerning campaign finance. Under the law, candidates must disclose contributions of more than $100, the total amount they raise and how much money they spend. If a Toronto candidate raises or spends more than $10,000, they must submit to an independent audit.

Unlike Calgary and Halifax, contributors in Toronto are significantly limited. Contributions by out of province donors and federal and provincial political parties are prohibited and contributors cannot donate more than $750 to a city council candidate or more than $2,500 to a mayoral candidate. Ontario's Municipal Elections Act also imposes spending limits. In a Toronto election, a city council candidate cannot spend more than $5,000 plus 70 cents for every voter and a mayoral candidate cannot spend more than $7,500 plus 70 cents for every voter. On average the law meant that in 2003 candidates running for council could not spend more than $31,251 while mayoral candidates could not spend more than $1,162,547. Toronto's spending limits, however, exclude some expenses such as fundraising, which means that it is possible to spend significantly more than the legal limits without breaking the law.

Ontario provides no public funding to candidates, but Toronto operates a contribution rebate program. The city's rebate program rewards small donations by providing contributors who donate between $25 and $300 with 75 per cent of their money back after the election. The refund rate declines as donations get larger tapping out at 60 per cent for contributors who give the $750 maximum to council candidates and at 44 per cent for contributors who donate the maximum $2,500 to mayoral candidates. This means that the rebate ceases to offer any benefits after donations surpass $2,275. Despite offering the highest rewards to small contributors, Toronto's program has been criticised for being a bonus to corporations and trade unions since it does not distinguish between them and individual citizens. Table 1-2 outlines Toronto's Contribution Rebate Program.

Table 1-2: Toronto's Contribution Rebate Program

Contribution	Money Returned to Contributor	Maximum Returned	Contribution Returned (%)
$25-$300	75%	$225	75%
$300-$1,000	$225 plus 50 % of difference btw $300 and contribution	$450 for $750 top contribution to council candidate	60%
		$575 for $1,000 contribution to mayoral candidate	57.5%
>$1,000	$575 plus 33.5% of difference btw $1,000 and contribution. Max of $1,000	$1,000 for contributions of $2,275 to $2,500 legal max. Mayoral candidates only.	44%

Winnipeg:

Like Toronto, elections in Winnipeg take place in a more regulated environment. Most of Winnipeg's regulations are set out in Manitoba's City of Winnipeg Charter Act. The Charter Act requires Winnipeg to enact a bylaw that includes disclosure provisions, contribution limits and spending limits. Winnipeg's Campaign Expenses and

Contributions Bylaw is a result of the Charter Act. The city bylaw requires candidates to disclose contributions of more than $250 and their total spending. The bylaw forbids candidates from accepting donations from federal and provincial political parties and makes it illegal for a contributor to give more than $750 to council candidates or $1,500 to mayoral candidates. Like Toronto, spending limits in Winnipeg are based on the number of voters. Candidates for city council in Winnipeg can spend $0.75 for every voter in their ward and mayoralty candidates can spend $0.30 for every voter in the city. In the 2002 election, this formula resulted in an average limit of $22,934 for council and $137,604 for the mayoralty. Like Toronto, some expenses are exempt from Winnipeg's spending limits.

Although the provincial Charter Act gives Winnipeg the option to enact a contribution rebate program, the city did not do so during the time period included in this study. In 2004, however, council passed the Rebate of Election Contributions Bylaw, which provides rebates to contributors using the exact same formula as Toronto's program. Winnipeg's 2006 municipal election was the city's first election that included a public funding program and offers future researchers the rare opportunity to contrast elections before and after the program's introduction.

If the more comprehensive regulatory regimes in place in Toronto and Winnipeg are effective, the cities should have more competitive elections, a smaller funding gap between challengers and incumbents and less reliance on business donations than is the case in Calgary and Halifax. Since Toronto has public funding that encourages contributions while Winnipeg regulates, but dose not offer any public funding as compensation, one would expect Winnipeg candidates to be cash strapped. Table 1-3 summarizes the regulatory regimes in place in the four cities.

Table 1-3: Regulatory Regimes

City	Disclosure	Contribution Limits	Spending Limits	Public Funding
Calgary	All financial data Contributions >$100 Spending	None	None	None
Halifax	Contributions >$50	None	None	None
Toronto	All financial data Contributions >$100 Spending	$750 per council candidate $2,500 per mayoral candidate ON residents, corporations or unions only	$5,000 max for council + $0.70 per voter $7,500 max for mayoral + $0.70 per voter	Rebate to contributors Most generous for small donations between $25-$300.
Winnipeg	All financial data Contributions >$250 Spending	$750 per council candidate $1,500 per mayoral candidate	Council $0.75 per voter Mayoral $0.30 per voter	None (rebate program began in 2006)

Data:

This paper examines what affect money has on the electoral process in Calgary, Halifax, Toronto and Winnipeg and tries to assess what impact regulation has by comparing the cities to each other. It is unfortunately impossible to make definite conclusions because the dataset does not include political variables and because the four cities are different from one and other. It is still possible, however, to identify consistent trends that allow us to make some substantial, although somewhat tentative conclusions.

To explore regulatory effects, this paper uses election results and financial data from candidate disclosure forms from the 1998, 2001 and 2004 Calgary elections, the 2000 and 2004 Halifax elections, the 2003 Toronto election and the 1998 and 2002 Winnipeg elections. Data was collected from the City Clerk's Departments in each city. The available data varied from city to city because disclosure laws were enacted at different times, election timing varied and there are different policies regarding archives.[3] The data includes over 40 council races in Calgary, Halifax and Toronto and 30 in Winnipeg. Included are around 150 candidates in Calgary and Halifax, just fewer than 200 in Toronto and less than 100 in Winnipeg. Each race is classified by whether there was an incumbent and candidates by whether or not they were a challenger, an incumbent or a competitor in an open seat. Table 1-4 summarizes the characteristics of the dataset.

Table 1-4: City Council Races and Candidates

City	Races	Candidates
Calgary	Total 42 Incumbent Present 35 Open 7	Total 153 Incumbents 35 Challengers 57 Open Seat Candidates 61
Halifax	Total 46 Incumbent Present 42 Open 4	Total 140 Incumbents 42 Challengers 75 Open Seat Candidates 23
Toronto	Total 44 Incumbent Present 34 Open 10	Total 199 Incumbents 34 Challengers 93 Open Seat Candidates 72
Winnipeg	Total 30 Incumbent Present 27 Open 3	Total 87 Incumbents 27 Challengers 46 Open Seat Candidates 14

[3] Documents in Calgary, Halifax and Winnipeg date back to the time that disclosure bylaws were enacted, but Toronto destroys old returns after each election cycle; data from 2003 was all that was available.

By sorting candidates based on incumbency, it is possible to examine what impacts regulation may have. Any significant variance in the advantage of incumbency will indicate whether Toronto and Winnipeg's regulations have been successful. Examining contributions sources will indicate whether regulation reduces the influence of large contributors and broadens the base of municipal politicians. Contributions to each candidate were added up and contributors were categorised by whether or not they were developers, corporations, numbered companies, individuals, unions or small donations. The developer category includes companies with direct and indirect interest in development and includes property developers, professional firms such as engineering and architectural consultants, construction companies and mortgage dealers. Businesses without clear interests in development, such as restaurants, banks and retail chains were categorised as corporations. If a firm's interest could not be identified through an Internet search or by its name, it was categorised as corporate.

The other two categories of contributor that need explanation are numbered companies and small donations. Numbered companies are businesses that are basically anonymous because a registry number identifies them instead of a corporate name. They pose an obvious problem for disclosure regulations and have been classified separately. Small donations are contributions that remain undisclosed because they are below the relevant disclosure threshold. It is impossible to determine the identity or number of small contributors, but it is possible to determine their value in every city except Halifax by subtracting each candidate's total disclosed contributions from their total income. The value of small contributions cannot be determined in Halifax because the city does not require candidates to report the total of all their contributions.

It is important to note that since all of the data used in this study is a direct population and not a representative sample, measures of statistical significance are not required and will not be used. This is fortunate, because, in places, the number of available cases is small.

Data Limitations:

It is also necessary to mention difficulties inherent in the data. A number of problems arose in cataloguing contributor data. It is impossible to separate an individual's interests from the corporations that he or she may be active in, which makes assessing the total influence of the business community difficult. For example, in 2004 in Calgary's Ward 6, Boardwalk Properties donated $1,000 to incumbent candidate Craig Burrows. Four members of the Kolias family, the owners of Boardwalk Properties, however, each donated an additional $1,000 to the Burrow's campaign. These donations are all arguably the exact same since they came from a common interest making Boardwalk's real donation a substantial $5,000, even though the corporate entity technically only donated $1,000. It is beyond the scope of this study to track down and examine the interest of every individual contributor, but without doing so, the scope of corporate and development influence is likely underestimated.

It should also be noted that not every candidate complies with disclosure laws and the accuracy of the campaign disclosure statements is sometimes questionable. In Calgary 89 per cent of candidates complied with the city's disclosure laws compared to 92 per cent in Halifax,[4] 91 per cent in Toronto and 82 per cent in Winnipeg.[5] The damage caused by missing and inaccurate data, however, is minimal because in all four cities almost all credible candidates and every winning candidate complied with the laws and because discrepancies seem to be mainly the result of mistakes made, largely, by minor candidates.

Methodology:

In the next three chapters, data from all four cities will be examined and compared to determine what impact, if any, regulation has on municipal elections in Toronto and Winnipeg. The following hypothesises will be tested by seeking out the indicated evidence:

- Hypothesis 1: Property developers and corporate interests are the dominant providers of money in municipal campaigns. Contribution limits and public funding can reduce their dominance by forcing candidates to diversify their funding sources, by promoting grassroots contributions and by directly limiting corporate contributors.

  Evidence: Corporate sources are the largest providers of funds to candidates in the four cities, but are relatively more important in Calgary and Halifax compared to Toronto and Winnipeg.

- Hypothesis 2: Corporate sources tend to provide more funding from fewer contributors in an effort to maximize their influence. Contribution limits can limit

[4] Half of Halifax's non-complying candidates were acclaimed incumbents who likely did not campaign and were not asked to disclose. When they are discounted, Halifax's compliance rate is a high 96 per cent.
[5] Most non-complying candidates in Winnipeg competed in the first election in which the city's bylaw was in place. Compliance improved in 2002 suggesting that the city's high rate of non-compliance results from early implementation problems. Winnipeg's forms are also, by far, the longest, potentially encouraging candidates to ignore the law to avoid the nuisance.

them while public funding dilutes their influence by encouraging grassroots participation.

Evidence: Corporate sources provide the most per contribution, especially in weakly regulated Calgary and Halifax.

- Hypothesis 3: Corporate sources, especially developers, prefer "winning" candidates. Contribution limits and public funding can help overcome corporate biases and assist long-shot candidates.

  Evidence: Incumbents should receive most of the corporate money, but corporate sources should be less important in Toronto and Winnipeg. Challengers in Toronto should also be less reliant on self-contributions.

  Hypothesis 4: Imposing contribution limits without providing compensation in the form of public funding can leave candidates short on cash.

  Evidence: Candidates in Winnipeg, including incumbents, contribute more often to their own campaigns.

- Hypothesis 5: Depending on city size, incumbents collect significantly more money then challengers creating an electoral mismatch. Public funding and contribution limits can rein in wealthy incumbents and assist challengers.

  Evidence: Challengers in Calgary should collect substantially less money then incumbents. Challengers in Toronto and Winnipeg should be better off and more comparable to the small-city environment in Halifax.

- Hypothesis 6: Corporate sources preference for incumbents is responsible for Hypothesis 5's electoral mismatch.

Evidence: Examining challenger to incumbent rations and controlling for different corporate sources should have a dramatic affect on incumbent/challenger disparities in the two weakly regulated cities, but produce only small changes in the more regulated ones.

- Hypothesis 7: Surplus funds are a large loophole in Toronto's regulations and are responsible for a large portion of the challenger to incumbent inequities.

  Evidence: Toronto incumbents enter election campaigns with a large portion of their legal limit already available. Controlling for surplus funds has a significant impact on challenger to incumbent funding ratios in Toronto.

- Hypothesis 8: Surplus funds are a potential motivator for excessive fundraising in Calgary and Toronto, but the complete lack of regulation in Calgary encourages greater excess.

  Evidence: Incumbents in Calgary should collect much larger surplus then their Toronto colleagues.

- Hypothesis 9: Banning corporate funding and eliminating surpluses would make it easier for challengers to compete financially.

  Evidence: If all corporate sources and surpluses are controlled for, challenger to incumbent ratios should approach 1:1.

- Hypothesis 10: Regulating without providing public funding incentives offers incomplete assistance to challengers.

  Evidence: Winnipeg challengers should be worse off then their Toronto peers and show less improvement when controlling for different sources of funding.

- Hypothesis 11: Toronto and Winnipeg's spending limits reduce the incentive for candidates to fundraise excessively and limit how much they can actually spend, but they are partially undermined by exempt expenditures.

  Evidence: High spending incumbents should run into limitations on their allowable expenditures and some will exceed their limits through exempt spending. Limits should be more effective, but also more frequently breached in Toronto. The challenger to incumbent spending ratio should be less then the funding ratio in every city, but should see the least change in Toronto and Winnipeg.

- Hypothesis 12: Spending limits and public funding breaks the clear connection between electoral success and campaign expenditure.

  Evidence: The candidate that spends the most should win more often in Calgary compared to Toronto and Winnipeg. There should be less difference in how much winning candidates spend compared to how much losing candidates spend in the two more regulated cities.

CHAPTER 2: CONTRIBUTORS

In the study of campaign finance a principal concern is that campaign contributions buy political influence or outright favours that alter legislative outcomes. This prospect is worrisome because it means that those with money have an advantage in securing policy outcomes that benefit them. If contributions are allowed to become a decisive factor in public policy decisions, than results can be inefficient, wasteful and even detrimental to the community as whole and public confidence is reduced. Research, however, has generally shown that regulation in the form of contribution limits and public funding can reduce the reliance of candidates on wealthy self-interested sources.

In this chapter, contribution patterns in the four cities will be examined to search for potential problems and regulatory effects. Results will show that regulation, largely in the form of contribution limits and public funding, diversifies funding sources and shrinks the size of donations. This is a desirable outcome because this chapter will show that developers, who have a large financial interest in city council decisions, and other corporate sources, are major contributors to municipal campaigns and prefer winning candidates that they can influence. This chapter, however, will also show that regulation that imposes limits without compensating for the reduced value of contributions, can potentially leave candidates short on cash and force them to rely on their own personal finances. Only a complete mix of contribution limits, spending limits and public funding can diversify funding sources without starving candidates.

It is hard to examine the influence of contributions on legislative decisions because separating contributions and a politician's voting record from the independent effects of constituency, ideology and party is very difficult. Politicians have to respond to voters if they hope to win re-election, they are unlikely to support legislation that is contrary to their core beliefs and they are frequently constrained by partisanship. These three variables can potentially overwhelm the effect of contributions (Wawro, 2001, p. 364), which partially accounts for the contradictory conclusion in the literature (Gordon, 2001, p. 250). It is worth noting, however, that if contributions alter legislative outcomes, their impact on municipalities is likely substantial. This is because two of the three intervening variables are weak or non-existent: constituency opinion may be unimportant because city hall decisions are often ignored and partisanship is weak because political parties do not run in most municipal elections.

There are many authors who argue that contributions do not alter political outcomes because contributors donate to existing allies, other variables are too strong and most contributions are too small to have any influence. In the United States, where campaign finance has been more extensively researched, Euel Elliot et al found that major polluters were more likely to donate to Republican candidates than Democratic ones because of the party's pro-business ideology and laxer environmental policies. These contributions, however, did not really matter because they went to existing allies (Elliot, Regans & Gaddie, 1993, p. 340-41), a conclusion supported by Gregory Wawro's own examination of PAC donations (Wawro, 2001, p. 364). Janet Grenzke, in her study of 120 PACs affiliated with 10 major interest groups, found that contributions purchased access, but not votes. Contributions are simply a lobbying tool (Grenzke, 1989, p. 19). Contributions usually go to politicians who already support a group's interest because of the effects of constituency, ideology and party (Chappell, 1982, p. 83). Wright, found that the American Senate has not imposed further anti-smoking measures over the last twenty years because of mobilized tobacco farmers and the pro-business ideology that is prevalent in the American Congress (Wright, 2004, p. 11).

Although several American studies argue that contributions do not alter legislative outcomes, there are also several that indicate that contributions have a small, but potentially significant impact. Alan Neustadtl examined business and labour PAC contributions and found that union donations affected voting patterns on issues that did not attract public attention (Neustadtl, 1990, p. 556). A 1982 study on voting and milk price supports found that even though the dairy industry often "wasted" contributions on existing allies, the propensity of politicians to vote in favour of price supports still increased if they received contributions (Welch, 1982, p. 493). Similarly, politicians who received contributions from the arms industry were more likely to cast favourable votes on defence spending bills. For every $10,000 in contributions, the propensity to vote yes on defence bills increased by 2.5 per cent and the effect was strongest on ideologically moderate legislators and when a vote was close (Fleisher, 1993, p. 400-402). Contributions from the tobacco industry, although they had little impact on anti-smoking measures, did ensure that the American Congress maintained generous agricultural subsidies (Wright, 2004, p. 14). On financial service bills, contributions from banks and insurance companies were shown to have an impact on legislative votes, especially on rookie members of Congress (Stratmann, 2002, p. 367). Finally, American companies that received money under the controversial Byrd amendment[6] were more likely to contribute to members of Congress and the size of their contributions were directly related to their potential payout. The net effect was that for every $1,000 in contributions, the odds of a legislator supporting the amendment increased by 0.43 per cent (Liebman & Olson, 2005, p. 13-14).

Most American studies indicate that if contributions affect legislative voting the effect is small, however, at least one study found a dramatic connection. John Frendreis and Richard Waterman's study of trucking deregulation found that contributions from the American Trucking Association (ATA) played a major role in Senate voting and exerted the strongest impact on senators who were closest to re-election. The authors theorize their findings differed so dramatically from past studies because ATA provided extremely large sums of money and trucking deregulation was largely an invisible issue, with no strong partisan attachments, no vocal constituency elements and no major ideological factors (Frendreis & Waterman, 1985, p. 407-408).

A recent study of California's Legislature suggests that contributions are potentially more influential than past studies have indicated. Stacey Gordon found that contributions only have a major impact when a legislative vote is close. This is because contributions are part of an overall lobbying effort and when a vote is close, contributors will try and exert as much influence as possible on politicians. (Gordon, 2001, p. 259-261). This confirms at least one earlier study that found that contributions by the arms

[6] The Byrd Amendment was a controversial act of the American Congress that redistributed import duties collected from foreign companies directly to their American competitors. It was repealed in 2007.

industry were more influential if a defence spending vote was close (Fleisher, 1993, p. 402). If Gordon and Fleisher's findings are valid, contributions are not important in most legislative votes, but may determine whether contentious measures succeed or fail.

At few authors have argued that focussing strict ly on contributions and legislative votes does not account for the nuances of government decision-making. Alan Neustadtl suggests that contributions can have a major impact by prompting politicians to not take action and, therefore, focussing on the outcome of legislative votes cannot reveal their true impact (Neustadtl, 1990, p. 559). Edwards and Figueiredo concentrated on policy and regulatory outcomes of state boards and found that contributions to legislators have a significant impact on the regulations imposed on telecommunications companies by nominally independent state boards. When large telecommunications firms contributed heavily during an election cycle, the costs imposed on smaller firms accessing their networks usually increased or remained unchanged (Edwards & Figueiredo, 2007, p. 567). The authors also found that contribution limits have a direct affect on how much influence contributions can buy (Edwards & Figueiredo, 2007, p. 570).

Unfortunately, there are no academic studies that consider contributions and municipal policy outcomes. The available evidence is largely anecdotal, but does suggest that contributors have tried to buy outcomes. New York senator Franz Leichter reported that during the 1980s, 16 of the 25 largest contributors to members of New York City's Board of Estimate had business before the Board. There were also 10 instances in which developers gave large contributions while the Board was making decisions that affected them (as cited in Kraus, 2006, p. 1-2). California's Commission on Campaign Finance identified a similar spike in developer contributions in four cities prior to the municipality reviewing its development strategy (CCCF, 1989, p. 15). The Commission also noted the infamous BKK example in which the BKK Corporation tried to use $300,000 in contributions to prevent City Council from closing the company's toxic waste dump (CCCF, 1989, p. 380-387). Evidence that contributors time donations to try and influence decisions that interest them has also been found at the Congressional level (Strathman, 1998, p. 96).

Anecdotal evidence can also be found in Canada. In recent years four Halifax city councillors have alleged that local developers offered them contributions in exchange for favourable treatment (Stewart, 2006) (Power, 2006). In one instance, Halifax police investigated and concluded that they believed the councillor, but there was not enough evidence to lay charges (Stewart, 2006). In Toronto, the citizens group Vote Toronto determined that councillors who voted for the controversial and business friendly island airport expansion and the MFP computer leasing settlement received 86 per cent and 74 per cent more business donations than councillors that voted against the measures (Vote Toronto, 2003).

There is an alternative scenario to the vulnerable legislator being tempted by large financial donations from self-interested contributors. It may be that, at times, legislators actually demand money from contributors who are directly affected by government decisions. Legislators may, effectively, extort money from vulnerable contributors. This theory has not been examined in much detail, but there are some examples. The Pacific Scandal of the 1870s came to light when a note was recovered from Sir John A.

MacDonald asking railroad financer Sir Hugh Allan for $10,000 (Desmond, 2005, p. 15). More recently, California's Commission on Campaign Finance reported that several developers, under condition of anonymity, told the Commission that contributions are simply part of the cost of doing business and a requirement to secure council approvals (CCCF, 1989, p. 15).

The debate concerning whether contributions affect legislative outcomes is far from over, but it is worth noting that contributions do not need to directly buy votes to have an impact. Money can improve a candidate's electoral chances, which means that contributions can produce a biased legislature through the electoral process. Types of contributors are, thus, worth considering even if they do not exert a direct influence (Strathman, 1998, p. 85). In local government, studies have shown that the business community and property developers in particular, consistently dominate. The California Commission on Campaign Financing found that in large urban centres, business provided a majority of funding to incumbents while in small cities individuals were more important. In booming Orange and Sacramento Counties, developers provided between 40 and 50 per cent of all contributions (CCCF, 1989, p. 219, 282). Even in San Francisco, a city known for its powerful unions and neighbourhood organizations, developers still provided 20 per cent of contributions (CCCF, 1989, p. 319). In Los Angeles, Timothy Krebs found that business interests supplied 69 per cent of all funding to successful city council candidates and the development industry managed to account for 15 per cent (Krebs, 2005, p. 171). Business also dominated in Middle America where, between 1989-1991, 74 per cent of all contributions in Saint Louis and 75 per cent in Atlanta came from businesses. In both cities, developers accounted for between 20-30 per cent of contributions (Fleischman & Stein, 1998, p. 679).

The situation in Canada is not much different. In Toronto, one-time mayoral candidate Stephen Clarkson wrote after his failed 1972 mayoral bid that the pressure to fundraise in municipal politics is huge and that property developers supply most of the money (Clarkson, 1972, p. 158-159). Vote Toronto's analysis of Toronto's 2000 municipal election found that two-thirds of campaign funding came from businesses, many of which had a financial interest in city council decisions. These included property developers, construction companies and other real estate businesses, which collectively accounted for 58% of total business donations (Vote Toronto, nd). Finally, Robert MacDermid studied contributions in Ontario's 2003 municipal elections in the Greater Toronto Area and found that although 55 per cent of disclosed contributions in Toronto came from individuals, only 15 per cent did in the surrounding suburban municipalities (MacDermid, 2004, p. 9). A full two-thirds of corporate contributions came from the development industry in the suburban cities, as did 45 per cent in Toronto (MacDermid, 2004, p. 13-14).

The political dominance of the business community in municipal politics over other interests has been attributed to several causes. In his influential book on urban regimes, Clarence Stone writes that Atlanta's business community has dominated because downtown businesses have common interests, economic power and the financial and political means to exert influence (Stone, 1989, p. 196-97). Paul Peterson adds in *City Limit* that because cities are small, they have to compete with each other for development, which gives political power to the business community (Peterson, *City Limit*). Finally, Timothy Krebs writes that the business community has the resources and is unified whereas the opposition is diverse, diffused and poor (Krebs, 2005, p. 173).

The literature indicates that business interests provide a large proportion of campaign funding to local politicians. This potentially leaves politicians in a conflict of interest because city councillors have to make decisions that directly affect business contributors, especially businesses that depend on development. In examining regulation it is important to ask if these business interests are a problem and can regulation, through contribution limits and public funding, enhance the value of grassroots sources? Analysing the datasets allows us to test the impact of regulation. If regulation is effective, candidates in Toronto and Winnipeg should be less reliant on business contributions compared to candidates in Calgary and Halifax. This should be especially noticeable in Toronto where public funding actively encourages small donations. Contribution limits should also rein in wealthy interests leading to smaller sums per contribution. This trend should be especially prevalent in Toronto compared to Calgary since the two cities are both large and have identical disclosure provisions ($100). Finally, the dataset will also allow us to test the motivation of potentially problematic contributors (developers in the municipal context). It is expected that developers will prefer winning candidates to maximize their influence, which will supports arguments in favour of regulation.

Sources of Funding in Canadian Cities:

To begin examining the role of contributors in the four cities, it is useful to take an overview of general contribution patterns. Table 2-1 shows what percentage of all money donated in each of the four cities came from the seven different types of contributors. The contributors can be roughly grouped into three categories: Developers, corporations, numbered companies and unions; individuals and small donations; and contributions from the candidate. The corporate group consists of non-voting interests who tend to have significant resources and are potentially motivated by financial reward; the individual group is the group of contributors that best represent the classic conception of grassroots support; and, finally, self-contributions are contributions of desperation from a candidate's personal finances. Of the three types, grassroots contributions (individuals and small contributors) are considered the most desirable because they engage voters and have little risk of unduly influencing candidates (Boatright & Malbin, 2005, p. 787) (Young, 2004, p. 458).

Table 2-1: Per cent of Total Contributions By Contributor Type

Type of Contributor	Calgary	Halifax	Toronto	Winnipeg
Developers	29%	24%	14%	2%
Corporation	18%	28%	18%	4%
Unions	1%	1%	3%	2%
# Companies	1%	1%	2%	0%
Individuals	13%	34%	44%	11%
Small Donations	28%	NA	12%	69%
Candidate	9%	12%	7%	12%

In analysing results from Table 2-1, it is first worth noting the contributors that are virtually absent. Numbered companies, which are essentially anonymous corporate donors that are only identified by their registry number, do not make up a large percentage of contributions in any of the four cities. They make up a bare two per cent of total contributions in Toronto and one per cent or less in Calgary, Halifax and Winnipeg.

Worries about business interests giving anonymously via numbered companies are, thus, for the moment, misplaced in the Canadian context.

The second group that gives almost nothing is unions. This is surprising given that political activity by unions has long been a rallying cry for business interests. Many of the political parties that were once active in Canadian cities were organized by the business community to combat union efforts to elect labour-friendly candidates (Lightbody, 1999, p. 172). The absence of unions is also surprising given that all four cities employ unionized staff. One would expect unions to make significant contributions because city council decisions have a direct impact on municipal employees, but this is not the case. Unions provide three per cent of all donations in Toronto, two per cent in Winnipeg and one per cent or less in Calgary and Halifax.

Although unions and numbered companies are not major contributors, developers, on the other hand, are. One would expect firms with ties to development to be significant contributors because city councils' control land-use planning, property taxes and infrastructure expenditures. Developers need council to approve development applications, agree to zoning and expand infrastructure and developers often need councils to do so over the objections of residents. Often the most contentious issues in municipal politics concern the question of whether to approve a particular development. The can result in situations where a council's constituents and their financial supporters advocate conflicting policies. Concerns about contributor influence in municipal politics, therefore, is most relevant when it comes to developers.

In the four cities, developers are important and their importance is affected by regulation and economic circumstances. In Calgary and Halifax, where there is no public funding and no limits on the amount a contributor can give or how much a candidate can spend, the development industry provides 30 per cent and 24 per cent of all money. In Toronto and Winnipeg, on the other hand, where contributions are capped, spending is controlled and, in the case of Toronto, public funding is provided, development interests are much less significant. The industry provides 14 per cent of funding in Toronto and a tiny two per cent in Winnipeg. The extremely low proportion of money provided by developers in Winnipeg is likely partially the result of regulation, but is also probably a result of the city's high disclosure threshold and weak economy. Winnipeg's weak economy means there are fewer developers with an interest in city council decisions, while the high disclosure threshold ($250) means that some development contributions, which would be disclosed in the other cities, go unreported. In Calgary, Halifax and Toronto, developers play a significant role, but the fact that they are approximately half as important in Toronto compared to Calgary and Halifax indicates that regulation has substantially reduced the reliance of candidates on them.

Contributions from other business sources also make up a large proportion of total contributions and again regulation has an impact. In Calgary and Halifax, corporations provide 18 per cent and 28 per cent of all contributions compared to 18 per cent in Toronto and four per cent in Winnipeg. The insignificance of corporations in Winnipeg is, again, likely the result of regulation, the city's high disclosure threshold and weak economy. Overall, corporate donations make up the largest proportion of candidate funding in Halifax. This is noteworthy because one would expect Toronto to have the highest proportion of corporate funding out of all three cities because it is Canada's largest city and the nation's corporate capital. The fact that Toronto is second to Halifax and equal to Calgary suggests that regulation, mainly in the form of contribution limits and public funding, has successfully reduced the reliance of candidates on corporations.

Given that developers and the corporate community as a whole often have similar interests, it is worth considering the net effect of their contributions. Again the evidence supports the hypothesis that regulation diversifies funding sources. Developers and corporations combined provided 47 per cent of all funding in Calgary and 52 per cent in Halifax compared to 32 per cent in Toronto and 6 per cent in Winnipeg. The fact that Toronto is a full 20 percentage points lower than Halifax and 15 points lower than Calgary is significant and indicates that regulation has successfully reduced the reliance of candidates in the city on corporations and developers.

Having examined the problematic sources of contributions, it is time to consider the desirable sources; individuals and small donations. Donations from individual citizens are the preferred type of contribution because they come from actual voters that evaluate issues outside of an institutionalized profit-driven framework. Small contributions are contributions that cannot be classified because they are less than the required disclosure threshold.[7] Small contributors can consist of unions, developers, corporations and individuals, but most small contributors are likely individuals because businesses usually

[7] Less than $100 in both Calgary and Toronto and less than $250 in Winnipeg. Halifax does not report totals making it impossible to calculate the value of contributions below the city's $50 disclosure threshold.

have more financial resources. Small contributions, however, do not carry much risk of unduly influencing politicians, even when they are provided by corporate interests, because of their small size. This is especially true in Calgary, Halifax and Toronto.

In all four cities, funding from individuals is important. In Calgary and Halifax, individual contributions make up 13 per cent and 34 per cent of all contributions compared to 44 per cent in Toronto and 11 per cent in Winnipeg. Small contributions also matter accounting for 28 per cent of all donations in Calgary, 12 per cent in Toronto and a huge 69 per cent in Winnipeg. It is noteworthy that individual donations make up a much larger percentage of total funding in Toronto whereas small contributions are more important in Calgary. This is likely because Toronto's contribution rebate program encourages individuals who would normally give less than $100 to give more while spending and contribution limits force candidates to broaden their funding base. In the absence of regulation, it appears that individuals in Calgary have less incentive to give more than $100 and candidates are free to rely on large corporate donors. The effect of regulation is also evident if one considers individual and small contributions together. In Calgary and Halifax, grassroots contributions, combined, provide 42 per cent and 34 per cent of all funding compared to 56 per cent in Toronto and 80 per cent in Winnipeg.

In examining small contributions, the numbers from Winnipeg require special attention. In Winnipeg small donations make up an extremely large proportion of overall funding. This is because the city's higher than normal disclosure threshold allows more donations to remain anonymous than is the case in Calgary or Toronto. There is, however, evidence that the $250 disclosure threshold encourages smaller donations by allowing contributors who bundle their contributions to donate significant sums anonymously, with minimal effort and without sacrificing their influence. For example, if four individuals coordinated their donations, they could collectively give $996 anonymously in Winnipeg compared to $396 in Calgary and Toronto and $296 in Halifax. It would require the cooperation of 10 contributors to donate $1,000 anonymously in Calgary and Toronto and 20 in Halifax compared to just four in Winnipeg. There are likely contributors in all four cities that actively try to hide their contributions through bundling, but Winnipeg's law practically invites the practice.

Evidence that Winnipeg's disclosure threshold is too high and has encouraged donors to remain anonymous can be found in the large proportion of small contributions and the near absence of business donations. There is also evidence provided by the handful of candidates who submitted all of their financial records instead of just the legal minimum. These complete statements show several instances of contributors, mainly corporations, donating exactly $249, a sum that could only have been reasonably chosen to allow the contributor to give the maximum possible while still remaining anonymous. The fact that a huge 69 per cent of all money in Winnipeg is not disclosed indicates that the city's disclosure provisions lack transparency. It could be argued that the contributions of less than $250 are small and are unlikely to influence contributors, but such an analysis discounts the danger of bundling and potential net effects of contributions from groups, such as developers.

The final type of contribution to consider is self-contributions. Self-contributions are an option of last resort for candidates who cannot raise enough money from other sources. If there are systematic biases in fundraising patterns, wealthy candidates that can finance their own campaigns will have an advantage, while poorer candidates could be discouraged from participating altogether. In all four cities self-contributions are a significant source of funding, especially given the limited number of contributors. In Calgary, nine per cent of contributions came from candidates compared to 12 per cent in Halifax and Winnipeg and seven per cent in Toronto. The fact that Toronto has lowest proportion of self-contributions suggests that the city's public funding program allows candidate to raise more money, reducing their need to self-finance.

The high proportion of self-contributions in Winnipeg relative to Calgary and Toronto is also noteworthy. Unlike Toronto, Winnipeg limits contributions, but does not offer public funding to compensate candidates. The result is a significant lack of funding that is exacerbated by the city's weak economy. Halifax also boasts a high proportion of self-contributions and the percentage is likely underestimated because the city's disclosure form does not explicitly include self-contributions. The high proportion of self-contributions in Halifax seems to be the result of some candidates skipping fundraising altogether and opting to run their own low-budget campaigns, an option that is still feasible in Halifax because of the city's small size and large council.

The Average Contribution

Having seen how much money the different types of contributors provide in total in the four cities it is necessary to briefly consider the average value of each donation that contributors give. For example, there could be differences between how much a developer gives when they make a donation compared to individuals. Contributors who give more per donation will presumably have more influence than those who give less. If regulation works, contributors should provide less per contribution in Toronto compared to Calgary.[8]

Table 2-2: Average Contribution Per Contributor

Contributor	Calgary	Halifax	Toronto	Winnipeg
Developers	$474	$268	$477	$497
Corporations	$530	$264	$422	$430
# Companies	$544	$260	$486	$494
Unions	$881	$401	$560	$651
Individuals	$449	$312	$361	$547

Table 2-2 shows the average mean value of each contribution to all candidates in the four cities by the type of contributor. It is important to remember that averages will be less in Halifax because of the city's low $50 disclosure threshold and larger in Winnipeg because of that city's $250 threshold. Only Calgary and Toronto use the same $100 threshold and are, thus, easily comparable. Nevertheless, Table 2-2 does reveal some interesting trends. Despite the extremely small amount of money that unions provide, they do tend to give more per contribution than other contributors in all four cities. On the rare occasions that unions give money to candidates, they typically provide more support than other contributors. Unions, thus, act somewhat strategically with their limited resources. This, however, cannot make up for their nearly total absence from overall funding. The results for numbered companies tells a similar story. Numbered companies do not make up a large proportion of overall funding, but when they do give, they tend to give generously.

[8] Halifax and Winnipeg are not as readily comparable because of their differing disclosure provisions

Table 2-2 also indicates that although developers collectively supply significant sums of money, they do not do so through large single donations. In fact, only in Toronto do developers give significantly more on average than individuals. This is likely, however, the result of Toronto's public funding program encouraging individual donors who otherwise may not have contribute to give small amounts of between $25-$300. Individuals give less per contribution in Toronto, but more participate. Table 2-2 also suggests that contribution limits have curtailed large donors and reduced the amounts that they provide. Compared to Calgary, every contributor group in Toronto, except the very motivated developers, gave less, on average, per contribution. This indicates that contribution limits, combined with the public funding program's incentive to keep donations small, has successfully curtailed large contributors in Toronto.

From the overview of contribution sources and the value per contribution, significant support for the argument that regulation makes a difference has emerged. It still remains to be seen, however, whether contributions vary by candidate type. It may be that certain donors only give to specific candidates to concentrate their influence and Table 2-1 and 2-2s analysis of overall averages has hidden strategic donating. The possibility that some donors may donate in a way that magnifies their influence will now be considered in detail for each type of contributor, except numbered companies in the following sections. Numbered companies have been excluded because they do not make up a significant portion of total contributions and, unlike unions, do not give an unusual amount per contribution.

Union Contributions:

As noted, city governments deliver public services that collectively employ thousands of people. Many of these employees are unionized, which should give unions a direct interest in the outcome of municipal policy decisions. Despite this, the preceding overview of funding in the four cities has shown that unions only make up a small proportion of total contributions. It remains, however, possible that unions donate exclusively to a handful of labour-friendly candidates. In the following section, the specific nature of union contributions is examined.

Table 2-3: Union Contributions to Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	90%	94%	86%	94%	91%	97%
<15%	2%	4%	14%	1%	0	3%
15%-30%	6%	0	0	0	0	0
30%-50%	0	0	0	1%	9%	0
>50%	2%	2%	0	3%	0	0
	Toronto			Winnipeg		
None	86%	78%	27%	77%	62%	74%
<15%	12%	22%	74%	20%	39%	26%
15%-30%	3%	0	0	0	0	0
30%-50%	0	0	0	3%	0	0
>50%	0	0	0	0	0	0

Table 2-4: Average Mean Total Union Contribution to Candidates Who Received Funding

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$990	$339	$1,818	$821
Open Seat	$8,367	$700	$2,188	$950
Incumbent	$350	$500	$1,635	$714
Overall	$2,446	$465	$1,837	$816

The preceding tables shows union contribution patterns in the four cities. Table 2-3 indicates the proportion of candidate funding that came from unions while Table 2-4 presents the average dollar total received by candidates who accepted contributions. In all four cities unions provide a very small proportion of funding. In Calgary, 14 per cent of incumbents received money from unions as did a tiny 3 per cent in Halifax. Unions were slightly more active in the more regulated cities, contributing at least some money to 74 per cent of incumbents in Toronto and 26 per cent in Winnipeg. Unions in all four cities, however, still provided a very small proportion of total contributions to incumbents.

For challengers and open seat candidates results are largely the same. In every city, challengers and open seat candidates were unlikely to receive money from unions, but unions were slightly more active in Toronto and Winnipeg. Ninety per cent of challengers in Calgary received no funding as did 94 per cent in Halifax, 86 per cent in Toronto and 77 per cent in Winnipeg. Candidates in open seats received more than challengers, but the money given did not make a significant difference.

Although unions contributed more in Toronto and Winnipeg, they made up a larger proportion of funding for challengers and open seat candidates in Calgary and Halifax. Eight per cent of Calgary challengers received more than 30 per cent of their total funding from unions as did 4 per cent in Halifax, which suggests some strategic giving. There was one high-profile case in Calgary in which a successful open seat candidate received almost all her campaign funding, $26,000, from four major unions. This huge donation skews union contributions to all open seat candidates in the city.

With the exception of the single Calgary case unions do not provide much money to candidates in any of the four cities, but they are a little bit more active in Toronto and Winnipeg. Unions do, however, act strategically. In the two weakly regulated cities they donate to "outsider" candidates, who are either challenging incumbents or running in open seats. In Calgary and Halifax, unions favour challengers and open seat candidates over incumbents, but the situation is reversed in Toronto and Winnipeg. In fact, a Toronto incumbent was the most likely to receive union donation.

Results from this section suggest that regulation has had very minor impact on the influence of unions. Unions simply do not make up a significant portion of any candidate's funding in Toronto or Winnipeg and matter to just a few challengers and open seat candidates in Calgary and Halifax. Unions make more donations in Toronto and Winnipeg and provide larger sums of money, which is likely related to the differing political cultures, but their donations actually carry less weight. Toronto and Winnipeg's contribution limits, therefore, appear to constrain unions from making large targeted donations to favoured candidates while Toronto's public funding program dilutes their influence even further by encouraging other contributors.

Developer Contributions:

In municipal politics businesses that rely on development are key players who are strongly motivated to influence outcomes because of the control that city councils have over land use planning and infrastructure spending. Campaign contributions are one method that developers can employ to directly and indirectly influence political outcomes. The following section, examines the role of developers in the four cities.

Table 2-5: Developer Contributions to Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	73%	44%	0	75%	65%	19%
<15%	17%	25%	14%	15%	17%	3%
15%-30%	6%	14%	11%	3%	9%	22%
30%-50%	4%	15%	60%	6%	0	30%
>50%	0	2%	14%	1%	9%	27%
	Toronto			Winnipeg		
None	75%	51%	6%	81%	77%	56%
<15%	21%	34%	27%	19%	23%	44%
15%-30%	4%	12%	32%	0	0	0
30%-50%	0	3%	32%	0	0	0
>50%	0	0	3%	0	0	0

Table 2-6: Average Mean Total Developer Contribution to Candidates Who Received Funding

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$1,145	$470	$1,982	$933
Open Seat	$3,274	$819	$3,572	$541
Incumbent	$17,345	$1,849	$11,198	$828
Overall	$9,310	$1,273	$6,117	$817

Table 2-5 shows the proportion of candidate funding that comes from businesses that rely on development while Table 2-6 indicates the average total contribution by the development industry. Recall that developers make up a significant portion of total funding, accounting for 29 per cent in Calgary, 24 per cent in Halifax, 14 per cent in Toronto and 2 per cent in Winnipeg. In real terms, the industry contributed $717,000 in Calgary, $70,000 in Halifax, $514,000 in Toronto and $17,151 in Winnipeg.

Developers tend to donate to only certain types of candidates. Tables 2-5 and 2-6 show that the vast majority of money that developers pour into municipal elections goes to incumbents. Every Calgary incumbent was given money by developers and three-quarters received more than 30 per cent of their funding from them, as did 57 per cent of incumbents in Halifax. Results differed somewhat in the more regulated cities. Toronto incumbents split fairly evenly between candidates who received a significant portion of their funding from developers and those who did not. In Winnipeg, developers were fairly inactive, contributing to fewer than half of the city's incumbents. Results from Winnipeg are likely partially the result of the city's high disclosure threshold, weak economy and small size.

It is significant that developers are proportionately more important to Calgary's incumbents than they are to Toronto's while, at the same time, incumbents in Toronto and Halifax are nearly equally reliant on developers, despite differences in city size. This strongly suggests that Toronto's regulations have curtailed the reliance of incumbents on developers while regulation has had some similar, although less clear impact in Winnipeg. The differences, however, may be at least party the result of differing political cultures. At various moments in Toronto's history, such as during the Spadina Expressway debate, anti-development candidates have run successfully in the city. Calgary has, so far, not had comparable crystallizing event.

Incumbents who received contributions from developers collected significant sums of money, especially in Calgary and Toronto. Incumbents received a huge average $17,345 from developers in Calgary, $11,198 in Toronto, $1,849 in Halifax and $828 in Winnipeg. Calgary's $17,345 is a huge sum in a municipal election. To put the figure in perspective, $17,345 is half the average legal spending limit in Toronto. In fact, the Calgary incumbent that received the most money from developers collected a huge $66,864 compared to $34,350 for the most favoured incumbent in Toronto. Halifax's mean developer contribution, $1,849, is also significant given the city's size. Developers are very important for most incumbents in Toronto and a handful in Winnipeg, but they provide only about half as much money as they do in the weakly regulated cities, again suggesting that comprehensive regulation has limited their influence.

Although developers give generously to incumbents, they offer challengers and open seat candidates little or no support. In all four cities, between 70 and 80 per cent of challengers received no contributions from developers. Open seat candidates in Halifax and Winnipeg were equally forgotten, but developers did give slightly more to their counterparts in Calgary and Toronto. Developers provided some funding to a small minority of challengers and open seat candidates, but only a few received significant sums. Open seat candidates in Toronto received the most out of all open seat candidates, $3,572, but developers still made up a larger proportion of open seat candidate funding in

Calgary. This again suggests that regulation dilutes the influence of developers by reducing the amount they can give and encouraging contributions from other sources.

The results indicate that developers have a clear preference for incumbents. Incumbents received 15 times more than challengers in Calgary, 3.9 times more in Halifax and 5.6 times more in Toronto. Only in Winnipeg, where developers were fairly inactive, was there no clear preference for incumbents. This supports the argument that developers contribute to ensure access and favourable legislative outcomes. Developers give almost exclusively to incumbents because incumbents already hold power and are likely to be re-elected. Developers are not interested in long-shot challengers or uncertain open races they simply want to influence those in power. Alternatively, some developers may be pressured by councillors to contribute and, given the large financial stake that they have in council decisions feel unable to say no.

Despite clear results in all four cities that demonstrate that developers favour incumbents there is also evidence that regulation reduces the influence of developers. Toronto's contribution rebate program and the city's contribution limits seem to curtail and dilute the influence of developers in comparison to Calgary and Halifax. Property developers are still important in Toronto, but their influence is considerably less than it would be if fundraising was less tightly regulated. The numbers from Winnipeg indicate similar trends, especially when the city is compared to Halifax. Regardless of regulation, developers provide incumbents with a large proportion of their funding and provide significant sums in real dollars. Regulation has reduced extremes, but it has not changed trends.

The Motivation of Developers:

Considering the evidence that indicates that the development industry prefers incumbents, it is worth examining what effect competition has on patterns of development contributions. If the development industry supports incumbents because incumbents are the most likely to win, then one would expect developers to give more to safe incumbents. If developers are only interested in winners, safe incumbents should receive more money from developers than those in electoral jeopardy. This trend should be evident, but not too strong since how an incumbent performs on election day depends on the quality of the challengers, a variable that incumbents cannot control. Furthermore, the value of developer contributions should reflect how supportive an incumbent has been, how much effort an incumbent has put into fundraising and the developer's own judgement concerning an incumbent's chances. Despite these mitigating factors, safe incumbents should still receive more money than ones who are in jeopardy.

Figure 2-1: Development Contributions to Incumbents and Competition

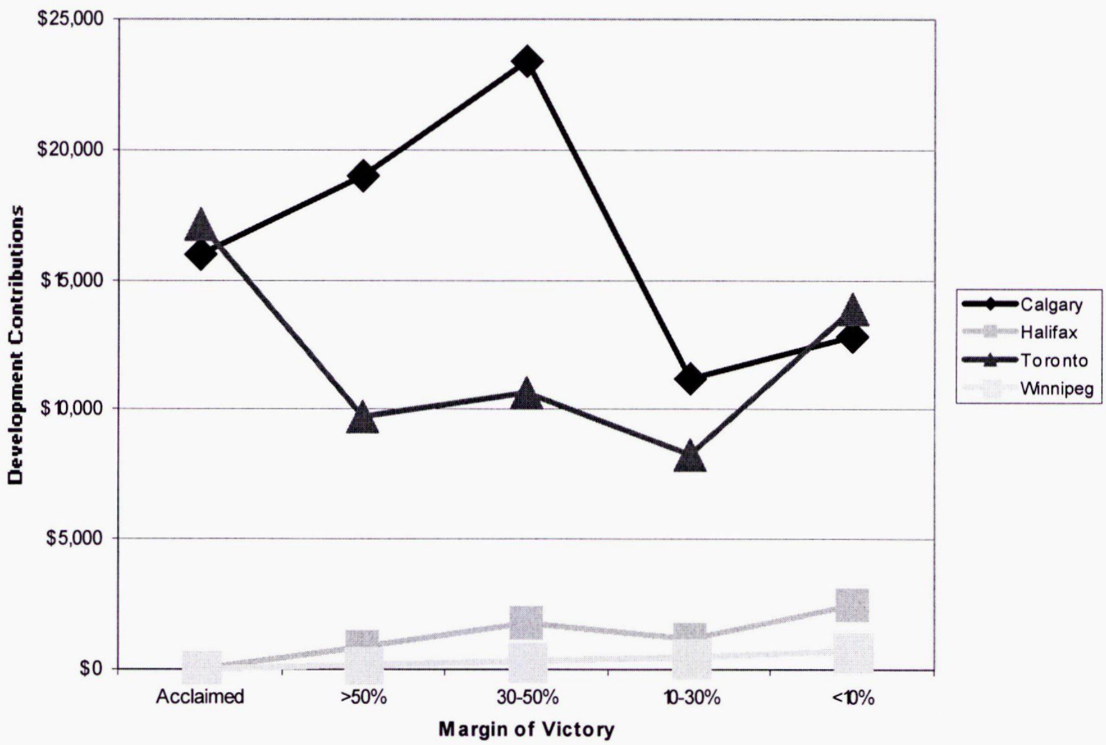

Figure 2-1 shows developer contributions to incumbents by the competitiveness of the election. It indicates that, in the larger cities, developers not only prefer incumbents, but they prefer successful incumbents. In Calgary, an acclaimed incumbent could expect $15,944 from developers while incumbents who won by more than 30 percentage points received $23,365. Calgary incumbents who won by less than 30 percentage points, however, received significantly less, just $12,000. In Toronto, the numbers tell a similar although less dramatic story. Toronto incumbents who were acclaimed were given an average of $17,113 by developers while incumbents who defeated their opponent by more than 10 percentage points received only $10,000. In Toronto, developers did give slightly more to incumbents in close races, but this is likely due to more intensive fundraising efforts by threatened incumbents. The small spike in developer donations to incumbents in competitive races in both cities also lends some support to the theory that incumbents may demand money from developers who feel they cannot say no. The spike in donations is caused by incumbents who are in trouble pushing developers for more money. Since regulation limits what developers in Toronto can give, it makes sense that there is less of a difference between incumbents in competitive races and incumbents who are acclaimed compared to Calgary.

Although there is evidence in Calgary and Toronto that supports the contention that developers are only interested in winners, the same is not true in Halifax and Winnipeg. Incumbents in close races in the two cities actually received more money from developers than incumbents who won by large margins. This is likely a function of city size. In Calgary and Toronto, incumbents who did not end up facing a serious challenger still campaign whereas the same is not true in Halifax and Winnipeg.

Results in the previous two sections indicate that the primary criterion for developers is a candidate that already has power and is likely to keep it. Developers do not seek out favourable challengers to defend their interests or gamble on the outcome of competitive open seats. Rather, they back candidates who have influence over council decisions. Given this reality and the interests that developers have in city council decisions, constraining their financial influence through regulation is more than justified.

Corporations:

Besides the development industry, there are many other corporations that are active contributors in municipal elections. These range from banks and insurance firms, to bars and restaurants to small local businesses. From the perspective of democracy, corporate donations are not as desirable as donations from individuals because they do not require politicians to engage the citizenry. Like the development industry, corporations can also often have interests that conflict with the community as a whole on policy issues such as development, transportation and taxes, but the conflict is usually less extreme. The following section will examine the role of corporate contributors, in the four cities.

Table 2-7: Corporate Contributions to Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	54%	42%	0	65%	61%	19%
<15%	10%	29%	31%	9%	9%	19%
15%-30%	15%	17%	49%	4%	0	19%
30%-50%	13%	10%	20%	15%	22%	35%
>50%	8%	2%	0	7%	9%	8%
	Toronto			Winnipeg		
None	54%	34%	6%	65%	39%	52%
<15%	22%	36%	21%	29%	54%	48%
15%-30%	12%	18%	41%	7%	8%	0
30%-50%	11%	9%	32%	0	0	0
>50%	1%	3%	0	0	0	0

Table 2-8: Mean Total Corporate Contribution to Candidates Who Received Funding

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$1,998	$1,063	$2,959	$796
Open Seat	$2,665	$1,414	$3,970	$1,590
Incumbent	$9,446	$1,525	$11,829	$625
Overall	$5,224	$1,333	$5,917	$925

Table 2-7 shows the proportion of candidate funding that came from corporate sources and Table 2-8 shows the average total value of corporate contributions. Like property developers, corporations favour incumbents. In Calgary, 20 per cent of incumbents collected more than a third of their contributions from business, as did 43 per cent in Halifax and 32 per cent in Toronto. Winnipeg was the only city in which corporations were not significant contributors, giving to only half the city's incumbents and providing less than 15 per cent of their funding. Again, this is likely because of the city's high disclosure threshold, small size and weak economy.

In real terms, corporations provided substantial funding to incumbents, giving an average $9,446 in Calgary and $1,525 in Halifax. In both cities, even though corporations have more potential contributors, developers were more important. On the other hand, corporations were the top contributor in Toronto providing $11,829 to incumbents, but corporations were still proportionately more important in Halifax.

Unlike incumbents, challengers and candidates running in open seats in all four cities received little support from corporations. Between 40 and 50 per cent of challengers and open seat candidates in Calgary received no corporate money and most of the rest received only token support. In Halifax, the trend is even more extreme, with over 60 per cent of challengers and open seat candidates receiving no funding. Very similar results are evident in Winnipeg. Only in Toronto were corporations a little more generous to new candidates. Corporations, like developers, strongly favour incumbents in all four cities, but the pattern is not quite as strong.

Despite the general lack of support for challengers and candidates running in open seats, there was a small group in all four cities who received significant funding from corporations and this was especially true in Halifax. Twenty-two per cent of challengers and 31 per cent of open seat candidates in Halifax received more than a third of their funding from corporations, which, with the exception of Calgary's challengers, is approximately double the support their counterparts received in the other cities.

Despite regulation, corporations are, proportionately, more important in Toronto than they are in Calgary. The reliance of candidates on corporations in Toronto suggests that regulation has failed, but this is not the case. It is important to remember that if developers are added, the reliance on all business contributions in Calgary and Halifax exceeds Toronto's by a wide margin. The somewhat larger reliance on general corporate sources in Toronto is largely because of the large number of potential business contributors in the city, Canada's corporate hub. Toronto's corporate contributors cannot give more than $750, but, because there are so many businesses operating in the city, regulation has less of an impact. The fact that corporations provide a comparable proportion of funding in Halifax and Toronto and are only slightly less important in Calgary and that this occurs despite Toronto's economic role, indicates that public funding and contribution limits have constrained and diluted the business community's influence. Without regulation corporations would likely make up an even greater proportion of funding in Toronto.

Individuals:

Individual citizens also play a role in funding political campaigns. From the perspective of democracy, donations from individuals are regarded as highly desirable because they come from actual voters. Successful regulatory regimes should enhance the reliance of candidates on individual contributions. The following section will examine individual contributions in the four cities.

Table 2-9: Individual Contributions to Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	56%	25%	3%	44%	22%	19%
<15%	17%	33%	69%	3%	4%	35%
15%-30%	13%	15%	26%	10%	17%	19%
30%-50%	13%	6%	3%	10%	17%	19%
>50%	2%	21%	0	33%	39%	8%
	Toronto			Winnipeg		
None	34%	19%	3%	45%	15%	44%
<15%	5%	3%	9%	26%	46%	33%
15%-30%	5%	5%	47%	10%	23%	11%
30%-50%	13%	27%	18%	13%	15%	11%
>50%	42%	46%	24%	7%	0	0

Table 2-10: Average Mean Total Individual Contribution to Candidates Who Received Funding

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$1,701	$1,190	$8,416	$1,863
Open Seat	$3,111	$1,390	$12,570	$2,217
Incumbent	$4,903	$988	$15,056	$1,973
Overall	$3,444	$1,162	$11,653	$1,992

Tables 2-9 and 2-10 show the proportion of candidate funding that came from individuals and the average value of individual contributions to candidates who accepted contributions. For Calgary incumbents, individual contributions are of modest value. Most of the city's incumbents, 69 per cent, received less than 15 per cent of their funding from individuals and in Halifax 27 per cent were able to collect more than a third of their funding from individuals.[9] Recall that, in comparison, corporations provided 20 per cent of incumbents in Calgary and 43 per cent in Halifax with at least a third of all their funding while developers did the same for 74 per cent in Calgary and 57 per cent in Halifax. Corporate and developer contributions have eclipsed individual contributors in Calgary and Halifax.

In Toronto, on the other hand, individuals are an extremely important source of funding. A huge 24 per cent of Toronto's incumbents received more than half their contributions from individuals and 42 per cent received at least a third. Unlike the other cities, more Toronto incumbents received at least a third of their money from individuals than received a third of their money from corporations and developers. Individual contributions provided an average of $15,056 in total, a figure that rivals the huge sums provided by developers in Calgary. Individuals are significantly more influential in Toronto relative to all the other cities. This strongly suggests that Toronto's regulatory regime has successfully enhanced the reliance of candidates on individual contributors.

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[9] The proportional importance of individuals in Halifax is likely slightly inflated because the $50 threshold means that donations that would be recorded as small contributions in the other cities are recorded by contributor type in Halifax. This likely has the most effect on individuals.

The situation for cash strapped challengers in all three cities relative to incumbents is by now familiar, but regulation appears to have a minor impact. In the two weakly regulated, cities candidates simply did not receive any significant funding. Just 15 per cent of Calgary challengers received a third of their funds from individuals compared to 43 per cent in Halifax, 55 per cent in Toronto and 11 per cent in Winnipeg. Just 34 per cent of challengers in Toronto collected no money from individuals compared to 56 per cent of challengers in Calgary and 44 per in Halifax. The average challenger in Toronto who accepted contributions received a substantial $8,416 from individuals, well above the totals collected in the other cities. Regulation seems to elevate the role of individuals in Toronto. Open seat candidates tended to receive more money, but overall trends were the same.

Results from this section clearly indicate that Toronto's regulatory regime has enhanced the importance of individual contributions as a source of funding for candidates. Individuals matter more to all three types of candidates in Toronto compared to the other cities. Toronto's regulatory regime and public funding program encourages individual donations, prevent incumbents from becoming dependent on corporate and development sources and assist cash-strapped challengers and open seat candidates. Incumbents in Toronto depend on individuals while their counterparts in Calgary and Halifax rely on corporations and developers. Results from Winnipeg are more mixed and inconclusive, largely because of problems with the city's disclosure laws. If Toronto's results are any indication, Winnipeg's 2006 election will differ significantly because the city has initiated a contribution rebate program.

Small Contributions:

Besides individual donations, small contributions are also generally unproblematic. Small contributions are donations that are less than the required disclosure threshold; under $50 in Halifax, less than $100 in Calgary and Toronto and below $250 in Winnipeg. The identities of small contributors are unknown, but most are likely individuals. Small contributions, especially in the case of Calgary, Halifax and Toronto, are unlikely to carry much risk of unduly influencing candidates because of their small monetary amount making them a desirable source of funding. Unfortunately since totals are not reported in Halifax, it is impossible to assess how important small contributions are. Similarly, small contributions loom large in Winnipeg because of the high disclosure threshold. In analysing small contributions, only Calgary and Toronto are readily comparable.

Table 2-11: Small Contributions to Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	40%	19%	0	--	--	--
<15%	17%	31%	23%	--	--	--
15%-30%	10%	23%	40%	--	--	--
30%-50%	15%	14%	14%	--	--	--
>50%	19%	14%	23%	--	--	--
	Toronto			Winnipeg		
None	36%	31%	9%	19%	8%	4%
<15%	34%	45%	62%	1%	0	0
15%-30%	17%	2%	21%	2%	8%	8%
30%-50%	5%	3%	9%	2%	23%	0
>50%	8%	2%	0	32%	62%	89%

Table 2-12: Average Mean Total Individual Contribution to Candidates Who Received Funding

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$1,463	--	$1,526	$4,273
Open Seat	$2,609	--	$3,261	$9,002
Incumbent	$15,460	--	$6,178	$12,722
Overall	$6,359	--	$3,304	$8,661

Tables 2-11 and 2-12 show the proportion of candidate funding that came from small donations and the average total value of small contributions. Again there is evidence of regulatory impacts. In Calgary, small contributions are very important. Thirty-seven per cent of incumbents received more than a third of their funding from small contributions and most of the rest, 40 per cent, collected at least a modest sum from small donations. On average, small contributions were worth $15,460 to Calgary's incumbents, making them their second most important source of funding. In Toronto, small contributions also matter, but they are nowhere near as important. Most of Toronto's incumbents received less than 15 per cent of their funds from small donations.

In the two cities, small contributions also differed in importance for new candidates. Thirty-four per cent of Calgary's challengers collected more than a third of their funding from small contributions compared to just 13 per cent in Toronto. Likewise, 28 per cent of Calgary's open seat candidates received more than a third of their funding in small contributions compared to a tiny five per cent in Toronto. While small contributions are crucial to new candidates in Calgary, they are not in Toronto.

The fact that small contributions are significantly more important in Calgary whereas individual contributions matter more in Toronto suggests that Toronto's public funding program has attracted more individual contributions and increased their value per contribution. As the size of individual contributions increases, more contributors exceed the disclosure threshold and are classified. The fact that small contributions are more important in Calgary while individuals are more important in Toronto fits the expectation that Toronto's rebate program encourages larger donations, which has the most effect on individuals who would normally give less than $100.

Table 2-11, like Table 2-1, also reveal that many candidates in Winnipeg are dependent on small contributions. Thirty-two per cent of challengers, 62 per cent of open seat candidates and a huge 89 per cent of incumbents in the city received more than 50 per cent of all their funding in the form of small contributions. This is not surprising given that Winnipeg's $250 disclosure threshold allows more donors to be classified as small contributions than is the case in any of the other cities. The numbers from Winnipeg give reason to worry about the effectiveness of the city's disclosure provisions. Eighty-nine per cent of incumbents in the city received more than half their funding in the form of small contributions. The average incumbent in Winnipeg who accepted small contributions collected a total of $12,722. Incumbents are the most likely to win which means that the funding provided to the city's elected representatives is virtually anonymous.

The high-disclosure threshold and the resulting large amount of small contributions in Winnipeg mean that the city's elections lack transparency. This is problematic because it gives voters no indication of where their elected officials receive their funding, a basic requirement of the most minimal campaign finance regulations. Even more worrisome, however, is the possibility of corruption through bundling. The danger is not that $249 donations will change policy outcomes on their own, but that it will be easier for groups of contributors to combine anonymous donations into large bundles. The danger is in the greater ease that $249 can be multiplied into larger sums compared to $99 in Calgary and Toronto and $49 in Halifax.

Self-Contributions:

The final source of funding that needs to be considered is self-contributions. As noted earlier, the problem with self-contributions is not undue influence since the money is coming from the candidate's own finances, but rather the limiting effect that self-contributions can have if they are required to compete. If significant self-contributions are a necessity for any serious campaign, than only wealthy candidates will have the opportunity to run for office. The fact that there are no political parties in any of the four cities means that poorer candidates are entirely on their own. Thus, wealth could have an unduly large and direct impact on the composition of legislature and policy outcomes. Wealth will always provide some advantages, but if it is a requirement than it becomes a problematic.

Table 2-13: Self Contributions by Candidates

% of Contribs	Calgary			Halifax		
	Challenger	Open Seat	Incumbent	Challenger	Open Seat	Incumbent
None	60%	65%	94%	86%	87%	92%
<15%	4%	6%	6%	1%	9%	0
15%-30%	6%	8%	0	1%	0	0
30%-50%	6%	6%	0	3%	0	3%
>50%	23%	15%	0	9%	4%	5%
	Toronto			Winnipeg		
None	37%	33%	65%	36%	39%	74%
<15%	28%	37%	29%	7%	8%	15%
15%-30%	9%	16%	0%	16%	31%	4%
30%-50%	9%	3%	3%	10%	8%	4%
>50%	17%	10%	3%	32%	15%	4%

Table 2-14: Average Mean Self-Contributions by Candidates Who Used Their Own Money

	Calgary	Halifax	Toronto	Winnipeg
Challenger	$4,629	$2,543	$2,553	$2,390
Open Seat	$7,359	$1,930	$2,392	$4,068
Incumbent	$1,313	$1,651	$1,808	$1,939
Overall	$5,719	$2,261	$2,399	$2,683

Tables 2-13 and 2-14 show the proportion of funding that came from a candidate's own finances and how much they gave in the four cities.[10] Not surprisingly, incumbents donate very little to their own campaigns. Ninety-four per cent of incumbents in Calgary, 92 per cent in Halifax, 65 per cent in Toronto and 74 per cent in Winnipeg contributed no money. There were, however, a handful of incumbents in every city except Calgary who provided more than 50 per cent of their funding. In the few instances where incumbents used their own finances, they gave sizable sum, just under $2,000 in Toronto and Winnipeg, slightly more than $1,600 in Halifax and just barely over $1,300 in Calgary. By limiting contributors, regulation seems to raise the cost for incumbents.

Although very few incumbents provided any money to their own campaigns and even fewer still provided significant funding, the reality is quite different for challengers and open seat candidates. Twenty-nine per cent of challengers in Calgary supplied a third of their funding, as did 11 per cent in Halifax, 29 per cent in Toronto and 42 per cent in Winnipeg. Like incumbents, challengers and open seat candidates in the more regulated cities were more likely to donate to their own campaigns. Between 33 and 39 per cent of challengers and open seat candidates in Toronto and Winnipeg did not contribute to their own campaigns compared to the 60 and 65 per cent who did not in Calgary and the 86 and 87 per cent that did not in Halifax. Regulation, again, seems to lead candidates to contribute to their own campaigns.

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[10] Some candidates in Halifax likely do not report their self-contributions because the city's disclosure form does not indicate that they are required to do so. Self-contributions are, thus, likely underestimated.

In terms of actual donations, challengers and open seat candidates have to make substantial investments in their own campaigns, especially in Calgary. Challengers in Calgary contributed over $4,600 compared to the approximately $2,500 that challengers gave in the other cities. The bill was even steeper for Calgary's open seat candidates who contributed $7,300 to their own campaigns, while their counterparts donated $4,000 in Winnipeg, $2,400 in Toronto and just $1,900 in Halifax. In every city incumbents had to give significantly less and fewer candidates did so. The need for challengers and open seat candidates to give large sums to their own campaigns undoubtedly has an impact on electoral competition, especially in Calgary. A $2,000 entry fee into an uncertain electoral race while also taking time off work to campaign is simply not a luxury that is open to many. This does not fit the idealized view of the non-partisan, part-time local candidate going door-to-door on a shoestring budget.

It is necessary to briefly note the near total lack of self-contributions, by all candidates, in Halifax relative to the other cities. This is partially the result of lax disclosure provisions, but is more strongly related to city size. Halifax's relatively small population and small number of constituents per district means that low-cost campaigns are still possible in the city.

The financial data regarding self-contributions suggests that regulation has a substantial and varied impact. In all four cities, self-contributions matter the least to incumbents, but self-contributions are larger and make up greater proportion of funding in the more regulated cities. This is not surprising given that contribution limits reduce the amount of money available to candidates. This is clearly indicated by the fact that incumbents in Toronto and Winnipeg give to their own campaigns, a situation that is virtually non-existent in Calgary and Halifax. It also makes sense that candidates in Winnipeg are the most reliant on self-contributions. This is because Winnipeg limits contributions, but does not compensate candidates for the lost donations. In Toronto, however, the negative impact of contribution limits is somewhat mitigated by the incentives provided by the city's contribution rebate program.

While regulation leads to more self-contributions by incumbents, it has a different impact on challengers and open seat candidates. Challengers and open seat candidates in Toronto and Winnipeg are more likely to donate to their own campaigns, but the amount that they give is much smaller than what their counterparts provide in Calgary. This is because contribution limits and Toronto's rebate program makes it easier for challengers and open seat candidates to compete. Regulation increases the number of new candidates who contribute to their own campaigns, but it also reduces the burden.

It should be noted that Toronto has the highest rate of household donations, which is likely a side effect of regulation. Toronto's contribution rebate program provides a very generous refund for contributions between \$25-\$300, encouraging candidates to accept donations from family members. Returns for candidates in Toronto show many instances of individuals living at the same address as the candidate "giving" small donations of \$300. The only plausible explanation for the prolific presence of these donations in Toronto and their absence in the other cities is that they are provided to take advantage of the rebate program's financial benefits.

Summary:

This chapter has clearly shown that regulation has a significant impact on the sources of campaign funding. In almost unregulated Calgary and Halifax, corporate sources, led by developers, account for the largest proportion of contributions. Corporations and developers do not spread the wealth equally because they prefer incumbents by a wide margin. Developers are particularly sensitive to a candidate's electoral chances. The average developer and a majority of corporate contributors simply want a winning candidate to influence. This raises the spectre of wealth dictating electoral and legislative outcomes. Regulation, however, can mitigate the worst extremes. Compared to Calgary and Halifax, elections in Toronto boast exceptional levels of grassroots fundraising. Toronto's contribution limits have reined in wealthy contributors by reducing the size of donations, which has also forced candidates to broaden their fundraising efforts. Contribution limits, however, also reduce the amount of money available to candidates, potentially leaving candidates short on cash. When candidates cannot solicit enough money through contributions, they are forced to self-finance. Self-financing is an option of last resort and, if required, can stifle electoral competition. Toronto's public funding program, however, has helped mitigate the negative impacts of contribution limits. Regulation has forced incumbents to contribute to their own campaigns more often in both Toronto and Winnipeg, but it has also assisted challengers and open seat candidates and reduced the potentially corrosive influence of corporations and developers.

CHAPTER 3: INCUMBENTS AND CHALLENGERS:

If money has an impact on electoral results there is reason to worry about how it is spread amongst candidates. Financial disparities could give privileged, well-connected candidates an insurmountable electoral advantage. Studies generally indicate that money has some affect on electoral outcomes and incumbents enjoy a substantial financial advantage. The fact that incumbents enjoy an advantage is not surprising given that they have experience, name recognition and easy access to potential contributors. If challengers cannot raise enough money to campaign effectively, electoral competition suffers.

This chapter will show that regulation can mitigate some of the financial inequities created by the presence of wealthy incumbents. Contribution and spending limits reduce disparity by constraining incumbents and the wealthy corporate donors that support them while public funding provides direct financial support to all candidates, but is really important to struggling challengers. Regulation potential has the most significant impact in large cities where extremes are naturally worse, but loopholes can lessen its effects. Finally, only a complete mix of regulatory limitations and incentives will actually reduce disparity and assist struggling challengers.

Before examining data concerning challengers and incumbents in the four cities, it is necessary to frame the results with evidence from elsewhere. The literature indicates that incumbents enjoy a significant financial advantage at all levels of government, an advantage that challengers rarely overcome. American studies highlight fundraising extremes and are particularly relevant because American elections, like elections in most

Canadian cities, are candidate centred. Incumbents in the U.S. House of Representatives receive more money than challengers at every phase of a campaign. In fact, their fundraising advantage grows as election day approaches, despite concerted efforts by challengers. Incumbents begin fundraising early and can raise more money whenever it is needed while challenger start fundraising late and cannot be sure that money will be consistently available (Cowden, Green & Krasno, 1994, p. 472-473).

The huge financial advantage enjoyed by incumbents has a significant impact on the quality of American Congressional elections. Alan Abramowitz examined the financial gap between incumbents and challengers and noted that the level of competition in House elections has decreased in proportion to the increasing financial value of incumbency (Abramowitz, 1991, p. 52-54). Similarily, Peverill Squire and John Wright found that money, or usually the lack of it, has a significant impact on election results. Very few challengers are successful, but, of the few that are, almost all spend large sums of money (Squire & Wright, 1990, p. 1). The financial advantages of incumbency also seem to trump any spending efficiencies that challengers may enjoy (Gerber, 1998, p. 409-410).

Studies of financial data for challengers and incumbents in large American urban centres have yielded similar results to those found in upper level government. Arnold Fleischman and Lana Stein found that of all money given to candidates in Atlanta and Saint Louis, 66 per cent and 73 per cent went to incumbents while challengers received a tiny 9 per cent in Atlanta and 12 per cent in St. Louis. The rest went to candidates in open seats (Fleischman and Stein, 1998, p. 681). A detailed examination of Chicago's 1995 and 1991 municipal elections indicates that the city's incumbents out-fundraise challengers by wide margins. During the 1995 election, the average Chicago incumbent spent \$89,963 compared to just \$20,751 for typical challengers. There was less money spent in 1991, but the trends were the same (Gierzynski, Keppner and Lewis, 1998, p. 164). Timothy Krebs identifies similar disparities between incumbents and challengers in Los Angeles (Krebs, 2001, p. 543).

In California, the state's Commission on Campaign Finance examined 17 Californian cities and found severe inequality between challengers and incumbents. Incumbents in the state's local elections enjoyed access to large sums of money, mainly from business, while challengers had difficulty raising enough money to run credible campaigns and were often forced to self-finance. Of all the money raised in 17 Californian cities, incumbents collected 83 per cent. The Commission found that financial gaps are directly related to city size. Incumbents had a slight advantage in small cities, but their edge was significant in large urban centres (CCCF, 1989, p. 11).[11] The Commission found that in large centres non-election year contributions from corporate sources provides incumbents with most of their financial advantage. Out of all non-election year contributions, 99.5 per cent went to incumbents. The supply of non-election year money and leftover surpluses means that incumbents enter local elections in California with sizeable war chests (CCCF, 1989, p. 13-14).

[11] The Commission categorises cities by population. Small cities have a population of less than 150,000, medium sized cities are between 150,000 and 1,000,000 and large cities have more than a 1,000,000 residents. By this standard, Halifax and Winnipeg are medium sized cities and Calgary and Toronto are large ones.

The American literature indicates that incumbents have a huge advantage and suggests that the uneven spread of money has had a negative impact on electoral competition. The impact, however, is somewhat dependent on challengers. Squire and Wright found that House challengers who were able to successfully compete were mostly from large states or had previous legislative experience. They theorize that this is because candidates with previous experience or who come from large states already know how to fundraise. These challengers are able to use their existing knowledge and networks to finance serious campaigns (Squire & Wright, 1990, p. 93). Timothy Krebs found similar results in Chicago and Los Angeles where candidates who had once worked as political aides tended to raise more money than candidates who lacked backroom experience (Krebs, 2001, p. 543). The work done by Squire and Wright and Krebs suggests that challengers who have fundraising expertise and who resemble incumbents are more likely to succeed. Some have found, however, that when incumbents collect large surpluses, the quality and number of challengers decreases (Goodliffe, 2002, p. 8)

In light of the American results it is worth noting that there are likely few challengers in Canadian municipal elections with experience that prepares them for taking on established incumbents. This is because Canadian municipal elections, with the exception of the mayoralty, are usually battlegrounds for political novices. At the same time, Canadian cities generally consist of one large municipality,[12] which results in wards that are comparable in size and population to ridings in upper level governments. Well-

[12] Calgary, Halifax and Winnipeg encompass almost their entire urban area within municipal boundaries. Toronto does not because of its huge size, but the city includes a large portion of the urban area and significantly more than comparable large American cities such as Boston and Chicago.

financed campaigns are, therefore, important in Canadian cities, but there are few challengers with the necessary expertise to compete effectively.

Information on Canadian municipal elections is scant, but what is available generally matches American findings. One Canadian study examined Toronto's 1997 mayoral election. Toronto's 1997 election was unique because it was the first since municipal amalgamation abolished the regional government and created the new City of Toronto out of six former municipalities. The election became a contest between two former mayors, which effectively meant that there were two incumbents. The two ex-mayors not only gathered the most votes, but they also raised over a million dollars and received the bulk of their donations in contributions of over $100. In comparison, none of the other candidates raised more than $10,000 (Stanwick, 2000, p. 559). Another study of 136 Ontario municipalities found that because incumbency provides name recognition, experience and a fundraising advantage, it is a major factor in municipal elections and its importance is linked to population size; There are no financial disparities in Ontario cites of fewer than 100,000 residents, but once the population surpasses 100,000 significant disparities emerge. The authors found that in large centres, incumbents spend an average of $10,733, which is more than double the $5,181 spent by challengers (Kushner, Siegel & Stanwick, 1997, p. 549).

The literature confirms that incumbents enjoy a huge advantage in many jurisdictions and at all levels of government and their advantage increases in relation to population. Incumbents raise more money than challengers and they start fundraising sooner. This negatively affects competition and means that most of the few challengers who are successful resemble incumbents in terms of wealth and experience. The limited evidence from Canadian municipal elections generally confirms the American results.

When evaluating regulatory regimes it is important to ask whether regulation can assist challengers and constrain incumbents to make for more competitive and equitable elections? Does the presence of contribution limits, spending limits and public funding reduce disparities? The dataset allows us to test potential regulatory effects. If regulation works, the funding disparity between incumbents and challengers will be less severe in Toronto and Winnipeg relative to Calgary and Halifax. Since corporate sources are more important in the weakly regulated cities and favour incumbents, it is expected that corporate sources will be largely responsible for disparities. Finally, a large amount of campaign money goes unspent in both Calgary and Toronto, but Toronto controls how that money is handled while Calgary does not. Surplus funds are, therefore, expected to be more significant in Calgary. Surplus funds, although more important in Calgary, should still, however, matter a lot in Toronto because they are a relatively large hole in the city's regulations. In general, if regulation works, challengers in Toronto should be better off then their counterparts in the other cities because Toronto is the only city that has a complete mix of regulatory limits and public funding.

Candidate Fundraising in the Canadian Cities:

To examine fundraising disparities between candidates, the logical starting place is with the average amount of money available to each type of candidate.

Figure 3-1: Mean Funds Available by Candidate Type

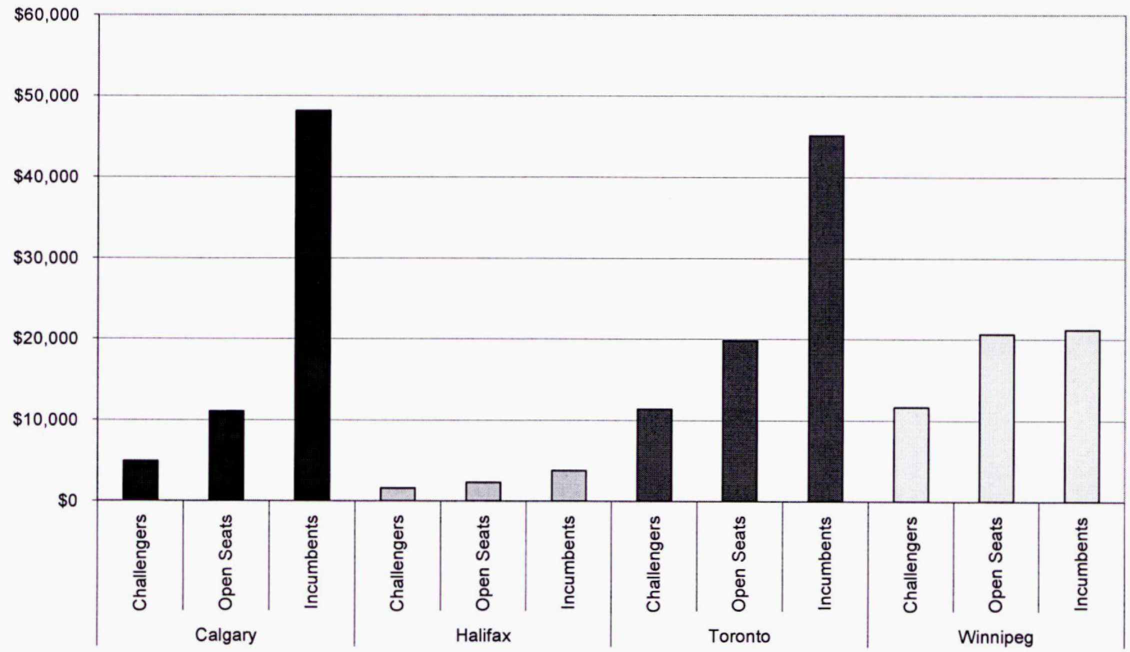

Figure 3-1 shows that incumbents enjoy a huge financial advantage over challengers in all four cities and that city size is directly related to how much money is contributed.[13] Incumbents in the big cities have the most money available to them, accumulating an average $48,000 in Calgary and $45,000 in Toronto. Incumbents in the smaller cities are nowhere near as wealthy, collecting $21,000 in Winnipeg and a comparatively miniscule $4,000 in Halifax. Challengers in all four cities have access to considerably less money. The average challenger raises just under $5,000 in Calgary, slightly more than $11,000 in both Toronto and Winnipeg and a tiny $1,500 in Halifax. Open seat candidates are not as secure as incumbents, but their chances are better than the average challengers. As a result, in all four cities they attract more money than

[13] Recall that the Halifax results do not include any contributions of less than $50 because Nova Scotia's regulations do not require candidates to report their total income. Because of the extremely low cut off of $50, this should not significantly distort results, but does, undoubtedly, deflate the Halifax totals.

challengers, but not as much as incumbents. The data in Figure 2-1 shows that incumbents enjoy a significant fundraising advantage in all four cities, but it also suggests that regulation has an impact. Incumbents in Calgary, the largest weakly regulated city, are extremely well off and face challengers that are almost penniless in comparison whereas the disparity is significantly less extreme in Toronto and Winnipeg.

Given the findings in Figure 3-1 it is illustrative to consider overall fundraising ratios.

Figure 3-2: Challenger to Incumbent Funding Ratios

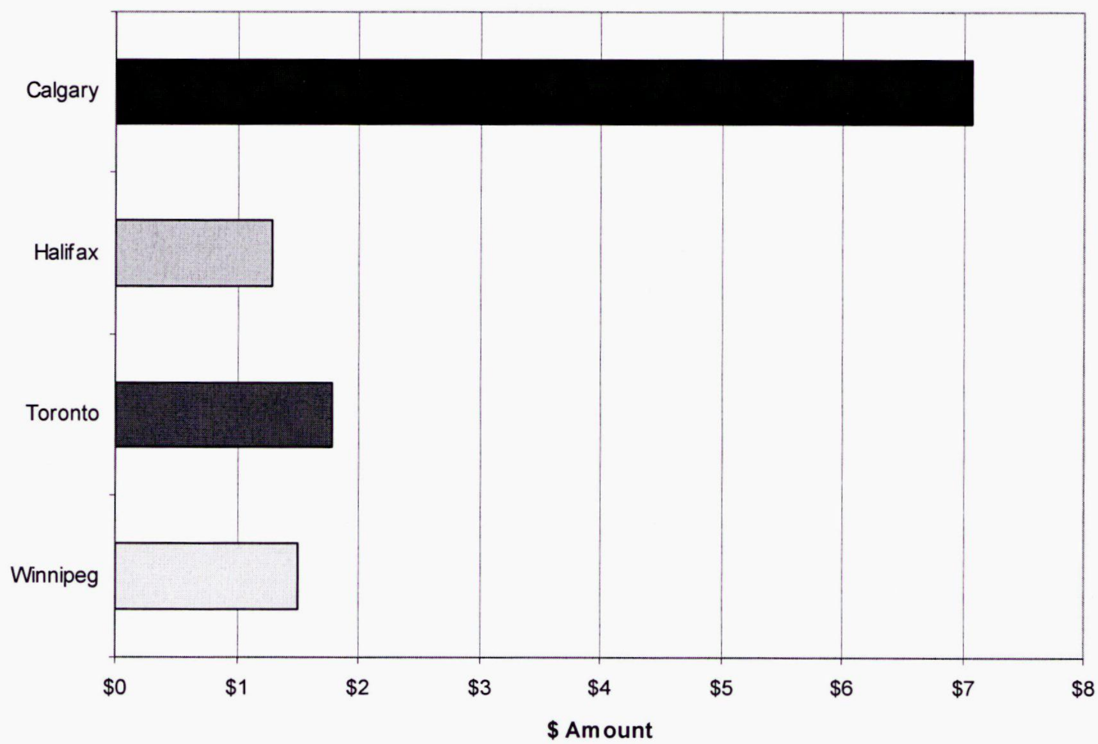

Figure 3-2 indicates that in Calgary, for every dollar that challengers raised, incumbents collected more than $7 leaving the city's challengers at a significant disadvantage. The ratios are not as extreme in the other three cities, but they tell the same story. For every dollar a challenger collected, incumbents raised $1.3 in Halifax, $1.8 in Toronto and $1.5 in Winnipeg. No matter where challengers run, they face better-financed incumbents.

The data in Figure 3-2 suggests that regulation makes a difference since challengers in Toronto and Winnipeg are better off than their Calgary counterparts. It is true that, like Calgary, Halifax is almost unregulated, but the challenger to incumbent ratio in the city is the smallest of all four. This is, however, likely because of the city's small size. As Figure 3-1 demonstrates, fundraising simply does not amount to more than a few thousand dollars, at most, in Halifax. It is important to also note, however, that Halifax's $1.3 ratio is only slightly smaller than Toronto's even though Toronto's population is fourteen times larger. This suggests that regulation has alleviated some of the disparity between challengers and incumbents. The argument is further bolstered by the fact that Calgary incumbents severely out-fundraise challengers and by the, comparably, more equitable environments in Toronto and Winnipeg. It is important, however, not to overstate the case. In all four cities incumbents have a significant financial advantage over the average challenger. Regulation produces more equitable elections, but it does not eliminate disparity.

Although illuminative, examining averages cannot provide a complete picture of the funding available to candidates. Comparing candidate funding across four cities with vastly different economies and populations is also problematic when only concentrating on real dollar values. By grouping the total funding available to each candidate into quartiles, it is possible make more precise comparisons and identify outlying cases.

In Table 3-1, candidates have been organized into four groups, Q1 through Q4, with Q1 consisting of the one-quarter of candidates with the lowest campaign funds available relative to their peers. Essentially, candidates with the least money make up Q1 while candidates with the most make up Q4. Because the value of electoral funding and the cost of campaigning varies, the real dollar values of each quartile are not the same in all four cities. Table 3-1 shows the real dollar values available to candidates by their quartile divisions.

Table 3-1: Candidate Resources by Quartiles

City	Q1	Q2	Q3	Q4
Calgary	<$1,671.50	$1,671.51 to $7,891.65	$7,891.66 to $27,633.47	>$27,633.48
Halifax	<$30.00	$30.10 to $955.90	$955.91 to $3,625.00	>$3,625.01
Toronto	<$3,210.75	$3,210.76 to $13,912.20	$13,912.21 to $31,954.18	>$31,954.19
Winnipeg	<$4,349.00	$4,349.01 to $11,107.01	$11,107.02 to $16,635.01	>$16,635.02

Quartiles increase the precision with which challengers, incumbents and open seat candidates can be compared with each other. Examining candidate funding by quartile confirms whether the findings derived from the more general measures, such as averages and ratios, are in fact accurate. Quartiles can identify whether average measures are skewed by outlying cases or whether averages omit significant exceptions.

Quartiles also reduce problems in directly comparing candidates across cities of differing populations and economic circumstances by focusing on how candidates in each city relate to each other. This allows for more accurate comparisons of candidates in the four cities to identify whether regulations in Toronto and Winnipeg allow for more effective competition. Are challengers better off in Toronto and Winnipeg compared to Calgary and Halifax? Table 3-2 considers these questions by examining the percentage of each type of candidate by the quartile that their financial resources placed them in.

Table 3-2: Candidate Wealth By Quartile

Candidate Type	City	Q1	Q2	Q3	Q4
Challengers % of	Calgary	40.8%	42.9%	14.3%	2%
	Halifax	33.3%	29%	20.3%	17.4%
	Toronto	40.8%	27.6%	23.7%	7.9%
	Winnipeg	54.8%	16.1%	16.1%	12.9%
Open Seats % of	Calgary	26.9%	25%	36.5%	11.5%
	Halifax	17.4%	43.5%	17.4%	21.7%
	Toronto	19.4%	29.9%	25.4%	25.4%
	Winnipeg	0%	38.5%	23.1%	38.5%
Incumbents % of	Calgary	0%	0%	22.9%	77.1%
	Halifax	10.8%	2.7%	43.2%	43.2%
	Toronto	0%	8.8%	26.5%	64.7%
	Winnipeg	0%	29.6%	37%	33.3%

Table 3-2 indicates that, as the average measures have shown, incumbents have a significant advantage over challengers in all four cities, with just a few exceptions. In Calgary, not a single incumbent fell into the poorest two quartiles, while nearly 80 per cent reached the wealthiest. In real terms, not a single Calgary incumbent raised less than \$10,000 and many had more than \$20,000. In Halifax, the numbers are less extreme, but similar. Although less than half of Halifax's incumbents reached the wealthiest quartile, almost all were in the top two. Incumbents in the two more regulated cities were also well financed. In Toronto, 65 per cent are grouped in the top quartile and had more than \$40,000 to spend. Out of the four cities, Winnipeg had the lowest percentage of incumbents in the richest quartile, 33 percent, but none of Winnipeg's incumbents were in the poorest quartile.

It is noteworthy that a few incumbents did not collect excessive sums of money, but these tended to be acclaimed candidates. In Toronto, 8.8 per cent of incumbents were grouped in Q2, but most were acclaimed and none fell into the poorest quartile. In Halifax, 10 per cent of incumbents did fall into the poorest quartile, but, again, most of these candidates were acclaimed. In Winnipeg, a larger number of incumbents fell into the lower quartiles, but this was mainly the result of better performing open seat candidates rather than more competitive challengers. In Calgary, a prosperous and largely unregulated city, there is no such thing as a poor incumbent.

Compared to incumbents, challengers raised significantly less money, especially in the weakly regulated cities. In Calgary over 80 per cent of challengers fell into the poorest quartile and only one managed to compete in the top bracket with the city's incumbents.[14] Just slightly over 15 per cent of challengers in the city had access to comparable levels of funding as their incumbent opponents. Trends were similar in Halifax where over 60 per cent of challengers failed to break out of the lowest two quartiles. In real terms, nearly 50 per cent of challengers in Calgary and 70 per cent in Halifax had less than $2,000. Challengers in the more regulated cities were slightly better off, but they too were still at a significant disadvantage relative to incumbents. In Toronto just 8 per cent of challengers reached the richest quartile compared to the 40 per cent who

[14] Calgary's challenger that reached the top quartile was also the only one who succeeded in defeating an incumbent.

fell into the poorest. Winnipeg's challengers faced similar problems with 54 per cent falling into the poorest quartile and just 13 per cent reaching the top bracket. It is noteworthy, however, that challengers Winnipeg and Halifax are better off than their counterparts in the larger cities and challengers in every city are better off than those in Calgary.

The quartile data suggests that regulation makes a difference. Larger populations mean more money for incumbents, which means that it is noteworthy that fewer incumbents in Toronto reach the wealthiest quartiles than in Calgary and fewer of Winnipeg's incumbents reach the top bracket compared to Halifax. The figures are generally reversed in the expected direction for challenger. Winnipeg's challengers, however, do not seem to enjoy the benefits of regulation. They are actually worse off than their counterparts in Halifax, reach the top two quartiles less often than their Toronto peers and are only marginally better off compared to Calgary. This strongly suggests that regulation in the form of contribution and spending limits has constrained Winnipeg's incumbents, but has not really assisted the city's challengers. This missing link appears to be public funding since in Toronto, where public funding exists alongside contribution and spending limits, incumbents are constrained, but challengers also perform better. Contribution and spending limits restrain incumbents, which narrows the gap between them and challengers. Public funding, however, is required to actually improve financial results for challengers.

It is not surprising that both challengers and incumbents in Halifax raise less money than their Calgary counterparts given the importance of city size in earlier studies.

It is noteworthy, however, that the funding available to challengers in the two cities is actually similar in real dollars whereas the same is not true for incumbents. In Calgary, 50 per cent of challengers failed to raise $2,000, which is somewhat similar to the 70 per cent who failed to do so in Halifax. Just one Halifax incumbent, however, raised more than $10,000 compared to every single one in Calgary. This strongly suggests that, as previous studies have indicated, the presence of both more and wealthier contributors in large cities has a dramatic impact on incumbents, but very little trickles down to challengers. As city size increases so do funding disparities between challengers and incumbents. As a result effective regulation is much more important in large centres.

Sources of Incumbent Dominance:

The results from this chapter have, so far, indicated that incumbents dominate fundraising efforts in all four Canadian cities, but regulation alleviates some of the disparity while public funding assists challengers. Given the data on contributors presented in chapter two and the findings in the literature, it is worth considering how donations from the business community and money left over from previous campaigns affects challengers and incumbent funding ratios. Table 3-3 illustrates the impact of different sources of money on challenger and incumbent ratios. The columns show how the base ratio changes when different sources of funding are omitted.

Table 3-3: Challenger to Incumbent Ratios and Sources of Funding

City	Base Ratio	Ratio; Minus Developer Donations	Ratio; Minus Corporate Donations	Ratio; Minus Corporate and Developer Donations	Ratio; Minus Starting Surplus
Calgary	$7.05	$4.77	$7.09	$4.16	$5.40
Halifax	$1.28	$0.83	$1.14	$0.48	N/A[15]
Toronto	$2.51	$2.16	$2.30	$1.88	$1.94
Winnipeg	$1.98	$1.99	$2.03	$2.03	1.93

Table 3-3 indicates that contributions from developers, corporations and surplus funds left over from past election campaigns are primarily responsible for the financial advantage enjoyed by incumbents in every city except Winnipeg. When developers are eliminated, the ratio of challenger to incumbent funding drops a sizeable $2.28 in Calgary, $0.35 in Toronto and $0.46 in Halifax, but also remains virtually unchanged in Winnipeg. In Calgary, the impact of contributions from the development industry is massive and results in an electoral mismatch. In Halifax, developers are also responsible for a significant portion of the disparity between challengers and incumbents and, if discounted, the city's challengers actually raise more money than incumbents. This does not mean that Halifax challengers would actually have more money than incumbents in the absence of developers, but rather that the city's incumbents currently rely on developers and do not have to spend time soliciting funds from other sources.

Eliminating developer contributions in Toronto produces similar, but significantly less extreme results than are evident in the weakly regulated cities. The reason that developers have less of an impact in Toronto, despite the city's size and prosperity, is likely because public funding dilutes development donations while contribution limits

[15] Halifax does not require candidates to disclose past surpluses.

constrain how much wealthy developers can give. Spending limits and regulating surpluses also likely has some indirect effects by reducing the incentive for candidates to fundraise excessively. Regulation likely also has an impact in Winnipeg, since developers there are so insignificant, but the city's stagnant economy is probably the more important variable.

Table 3-3 also shows that corporations create funding disparities in favour of incumbents, but their impact is nowhere near as significant. Eliminating corporate funding in Calgary while allowing developers to continue contributing, for example, would actually benefit incumbents. This is likely because small businesses often provide some support to challengers and without corporations, developer contributions become even more significant. This is not true, however, in Toronto where the business community tends to enrich the city's incumbents. The larger impact of corporations in Toronto compared to Calgary is not surprising given the significant developer contributions in Calgary and Toronto's role as Canada's corporate capital.

Given that the interest of developers and the larger corporate community are often the same, it is worth considering what happens to challenger and incumbents funding ratios when both are subtracted. Table 3-3 shows that eliminating both in Calgary brings the ratio below the one that results when just developers are subtracted. Calgary's corporate community, thus, contributes somewhat to the excessive amounts of money the city's incumbents collect, but developers carry most of the blame. In Halifax, without corporations and developers, the city's challengers collect twice as much as incumbents. In Toronto, where regulations are stronger, the same trends are evident, but results are not nearly as extreme. Controlling for corporate and developer contributions narrows the gap between the city's challengers and incumbents to slightly less than 1:2. This is miniscule compared to the differences that results in Calgary and suggests that regulation has a significant impact.

Like contributions from the business community, surplus funds pose a major problem. Surplus funds are funds that were collected, but not spent during previous election campaigns. They are problematic because most challengers have never competed before and, thus, have no leftover resources, whereas incumbents often have thousands of dollars in the bank. In Calgary, Toronto and Winnipeg,[16] most challengers had no surplus funds and, of the few that did, amounts were miniscule, often in the range of a $100 or less. To demonstrate how significant surplus fund are Figure 3-3 shows the percentage of incumbents who entered the campaign period with funding in each city.

[16] Halifax does not record surplus funds requiring its exclusion from this portion of the analysis.

Figure 3-3: Surplus Funds

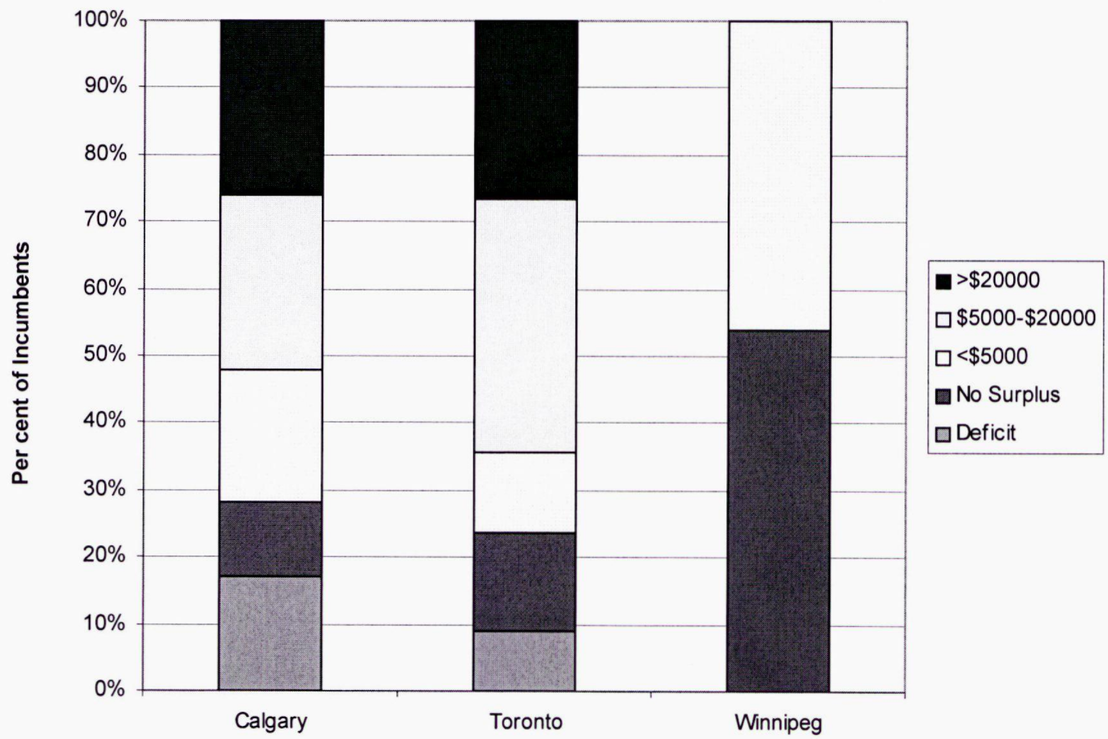

Figure 3.3 indicates that, surpluses were a significant source of funding for 52 per cent of incumbents in Calgary and 65 per cent in Toronto. In both cities, nearly 30 per cent of incumbents started with more than $20,000, which is almost the entire legal spending limit in a typical Toronto ward. Effectively, 27 per cent of Toronto incumbents entered the election with their campaigns prepaid. Because there are no limits in Calgary it is difficult to classify incumbent campaigns as prepaid, but even in Calgary, $20,000 is a significant sum. There were also a number of incumbents, 26 per cent in Calgary and 38 per cent in Toronto, who began their election campaigns with surpluses of between

$5,000 and $20,000. These incumbents would have had to devote at least some energy to fundraising, but they began with a significant head start.

In Calgary in Toronto, there were also a few incumbents who started the campaign period with no surplus or even a deficit. Most of these were new incumbents who were challengers or candidates in an open seat during their last campaign and, as a result, did not attract enough contributions to generate large surpluses. Incumbents who reported a deficit likely actually began campaigning with no money because the regulations governing both Calgary and Toronto allow candidates to continue fundraising after an election campaign is over to pay off any outstanding debts. The reality is, thus, that between 20 and 30 per cent of incumbents, mostly new ones, started with no money. Almost no long-serving incumbents in either city failed to accumulate large surpluses.

Given how much money goes unspent by incumbents in Calgary and Toronto, it is unsurprising that Table 3-3 shows that eliminating surpluses in both cities significantly decreases the disparity between challengers and incumbents. The results concerning surplus funds also suggest potential regulatory effects. Recall that Toronto's incumbents are limited in how much they can spend, but there are no limits on their fundraising. The fact that Toronto's regulations limit contributions and spending, but leaves surpluses largely untouched explains why surplus funds are a more important part of incumbents' financial advantage in the city compared to their Calgary counterparts.

Regulating the negative impacts of surpluses in Toronto seems to have generally failed. Regulation, however, seems to have had an impact on the incentive to collect large surpluses. Calgary's incumbents can spend surplus funds at anytime on whatever they wish. When Calgary candidates leave office, they are allowed to keep whatever funds they have left. The recent case of Barry Erskine spotlighted Calgary's glaring loopholes because the retiring alderman refused to reveal how much money he had collected since the last election or what he has done with it and his old $6,000 surplus (Klaszus, 2007). In Toronto, on the other hand, left over funds are held in trust by the city. If a Toronto incumbent does not reoffer, any surplus funds in his or her name are forfeited. Calgary candidates, thus, have more of an incentive to accumulate as much money as possible whereas the same is not true in Toronto. In Calgary, the average incumbent finished their election campaign with $14,517 leftover compared to just $1,544 for the average Toronto incumbent.

These averages, at first, do not seem to fit with data presented in Figure 3-3. One has to recall, however, that Figure 3-3 shows how much money incumbents began their election campaign with and not how much they had left over at the end of a campaign period. Toronto incumbents cannot dispose of their surpluses as easily or in between elections and therefore Toronto incumbents that are re-elected several times are more likely to accumulate large surpluses from several smaller ones than is the case in Calgary. The fact that, in real terms, the average Calgary incumbent finishes campaigning with 9.4 times more money left over than the average Toronto incumbent indicates that Calgary candidates have more of an incentive to accumulate surplus funds and they likely use the money in between elections. Incentives created by regulation, or the lack of it, are likely partially responsible for the differences in surplus funds between the two cities.

Unlike in Calgary and Toronto, Winnipeg incumbents had little to no surplus funds. Figure 3-3 shows that approximately 50 per cent of Winnipeg incumbents began campaigning with no surpluses and the other half had less than $5,000. Winnipeg incumbents also do not finish with much left over, just $425 on average. Winnipeg's incumbents simply do not collect significant surpluses. This could partly be because, like Toronto, Winnipeg candidates are kept at arms-length from surplus money, reducing their incentive to fundraise excessively, and because Winnipeg does not offer public funding to offset the restrictive effects of contribution limits. The effort required to accumulate large surpluses in a smaller city, in a more regulated environment, without public funding and in a stagnant economy explains why Winnipeg's incumbents are pressed for cash and tend to spend almost every dollar they collect.

Having considered how different sources of funding affect the disparity between challengers and incumbents it is necessary to examine funding ratios if all corporate money and surplus funds are discounted.

Table 3-4: Challenger to Incumbent Ratios and Grassroots Funding

City	Base Ratio (includes starting surplus except in Halifax)	Ratio Individual and Small Donations Only
Calgary	$7.05	$1.90
Halifax	$1.28	$0.48
Toronto	$2.51	$1.18
Winnipeg	$1.98	$1.97

As Table 3-4 shows, challengers in all every city except Winnipeg are much more competitive if one discounts contributions from the corporate community and left over surpluses. The ratios, however, in the more regulated cities do not change nearly as much as in the weakly regulated ones. This strongly suggests that regulation in the form of contribution limits, spending limits, public funding and controlled surpluses has made a significant difference. In Calgary, the largest weakly regulated city, results are particularly staggering. Eliminating funding from non-grassroots sources reduces the challenger to incumbent ratio in the city by a huge $5.15. This is a 73.1 per cent improvement. Calgary incumbents still collect more money than challengers from small contributions and from individuals, but the gap is dramatically narrowed. This indicates that regulation could potentially have a major impact on the competitiveness of Calgary elections and go a long way to alleviating current disparities.

In the other cities similar although less extreme result are evident. Halifax is noteworthy because without corporate interests, the city's incumbents would actually collect fewer funds than challengers. Regulation would not only improve competition in the city, but would also force the city's incumbents to put more emphasis on citizens. Finally, it should be noted that, although the change is not as extreme, the ratio in more toughly regulated Toronto is also significantly affected by restricting funding to grassroots sources. This does not suggest that regulation has failed, but rather indicates that the loophole concerning surplus funds has had a significant impact. Recall that Table 3-3 showed that controlling for surplus funds alone had as much impact as controlling for both corporations and developers in the city. Preventing the accumulation of large surpluses would, thus, compliment Toronto's already successful regulations.

Summary:

The data presented in this chapter is clear, incumbency has a huge effect on fundraising in municipal elections and city size amplifies its financial value, but regulation in the form of contribution limits, spending limits and public funding lessens incumbency's built in financial advantage. In all four cities incumbents raise significantly more money, but extremes are greatest in the weakly regulated cities. Challengers in Toronto are better off than their counterparts in other centres and incumbents in both of the more regulated cities do not dominate as convincingly as they do in the weakly regulated cities. Spending and contribution limits can apparently hold back incumbents, but only the presence of public funding can actually lift challengers. Developers, corporations and surplus funds are the main source of inequity in municipal elections and regulation can alleviate the problem. It is significant that surplus funds, the one big hole in Toronto's regulations, are the largest cause of disparity in the city. Despite these positive indications, however, it is important to not overstate the case for regulation. Current regulations have helped alleviate extremes, but they have not created a level-playing field.

CHAPTER 4: SPENDING AND ELECTIONS:

This thesis has shown that business interests generally fund successful municipal election campaigns. Because of this, incumbent politicians enjoy a significant fundraising advantage. The business community likes the certainty of backing a winner and incumbents offer the most certain investment. Regulation has a mitigating effect, but it has not created a level-playing field. The question, however, of to what degree electoral outcomes are affected by campaign spending remains. If spending affects outcomes, then disparities between incumbents and challengers will have a negative impact on electoral competitiveness and local democracy in general. Furthermore, if spending is tied to electoral outcomes, the ability of contributors to use money to influence policy outcomes, through either outright quid-pro-quo demands or by supporting an ideological ally, increases. This chapter will show that regulation, especially spending limits, lessens the relationship between money and success by reducing disparities, leading to more competitive and equitable elections.

Unsurprisingly, studies of campaign spending have generally shown that money affects electoral results, even if the effect is small, but there is still debate concerning its impact on different types of candidates. In the United States, Gary Jacobson argues that spending is more effective for challengers than it is for incumbents because challengers tend to have little public profile. Spending produces beneficial results for all candidates, but challengers benefit more from equal levels of expenditure (Jacobson, 1990, p. 357). Jacobson's work suggests that spending limits reinforce incumbents by constraining challengers, a controversial premise that has not gone unchallenged. Donald Green and

Jonathan Krasno's study of the American House of Representatives found that there is no difference in spending efficiency between challengers and incumbents and that challenger spending is actually subject to diminishing returns; the impact of each additional dollar a challenger spends is less than the previous. A relatively high-spending challenger has no edge in spending efficiency to counter the large sums raised by typical incumbents (Green & Krasno, 1990, p. 363). Other American authors who have taken a more practical approach have found that spending is more beneficial to challengers, but that it is irrelevant because the funding gap between incumbents and challengers is too large to overcome (Abramowitz, 1991, p. 52-54) (Gerber, 1998, p. 409-410).

Although there is debate about the benefits of spending to different types of candidates, research has generally shown that money has an impact. Squire and Wright examined spending in the American House of Representatives and found that money, or more often the lack of it, makes a significant difference in how challengers perform on election day. Few challengers are successful, but of the ones that were, almost all spent large sums of money (Squire & Wright, 1990, p. 1). Randall Chapman and Kristian Palda found a similar link between money and success in Canadian provincial elections (Chapman & Palda, 1984, p. 224). More detailed work by Munro Eagles found that constituency spending in Canadian federal elections enhanced a party's performance, regardless of whether or not the party's candidate was a challenger or an incumbent. Results, however, were not uniform across party lines, suggesting that parties spend with differing levels of skill (Eagles, 2004, p. 132-133) a finding that is supported by Justin Fisher's work in the United Kingdom (Fisher, 1999, p. 530). Although spending cannot drastically alter voting results it can change outcomes in close races and may occasionally determine which of Canada's federal parties forms government (Eagles, 2004, p. 133).

Unlike upper level governments there are few studies of spending in municipal elections, despite convincing arguments that money is more important at the municipal level. In its examination of 17 Californian cities, the California Commission on Campaign Finance found that high-spending candidates are very rarely defeated. The Commission noted that well-financed candidates tended to only lose in small cities where it is still possible to run inexpensive grassroots campaigns (CCCF, 1989, p. 9). In Chicago and Los Angeles, Timothy Krebs found that candidates who raised the most money won nearly 90 per cent of the time (Krebs, 2001, p. 544). A more detailed study of Chicago's 1991 and 1995 elections found that defeated candidates were outspent by a ratio of at least 4 to 1 and that the highest spending candidate won 80 per cent of the time. The study's analysis found that in 1991, candidates increased their vote share by one per cent for every $5,556 spent, making spending a crucial variable in close races (Gierzynski, Keppner & Lewis, 1998, p. 168-169). Despite findings in California and Illinois, at least one study found that spending is not a good predictor of municipal electoral outcomes. In Atlanta and St. Louis, Fleischman and Stein identify incumbency as the more important variable (Fleischman & Stein, 1998, p. 687).

With few exceptions, the literature indicates that campaign spending does matter and that it is a potentially important determinant of electoral success. The various studies, however, differ on how important spending is and on whether it is more beneficial to challengers or incumbents. In the remainder of this chapter, spending in Calgary, Toronto and Winnipeg will be assessed to see what affect regulation has on spending and electoral outcomes.[17] Does regulation, particularly spending limits, control spending? If regulation does control spending does this weaken the link between campaign spending and electoral success? If regulation has an effect, candidates in Toronto and Winnipeg, particularly incumbents, should be constrained by spending limits. Since controlling spending primarily limits incumbents, regulation should lessen disparities between candidates. Challengers in Toronto and Winnipeg, therefore, should be better off than their Calgary counterparts. If regulation works, it should also weaken the link between campaign spending and electoral success. Spending the most money should be a clear indicator of electoral success in Calgary, but be a less certain indicator in Toronto and Winnipeg. Finally, it is expected that Toronto's public funding program will encourage some wasteful spending by making more money available, but that overall spending will be more equitable.

Spending Limits in Toronto and Winnipeg:

Before considering whether spending limits have affected candidate expenditures and made elections in Toronto and Winnipeg more equitable, it is necessary to first assess whether the limits have been effective. In both Toronto and Winnipeg, the amount a candidate can legally spend varies from ward to ward because the spending limits are set by formulas based on the number of constituents. In Toronto, candidates in the ward with the highest spending limit (the ward with the most residents) could legally spend $40,508

[17] Recall that spending is not disclosed in Halifax necessitating the city's exclusion from this chapter.

while candidates in the ward with the lowest limit (the ward with the fewest residences) could spend $24,632. Limits were smaller overall in Winnipeg, but were similarly varied. Candidates in the Winnipeg ward with the highest spending limit could spend $29,738 compared to $16,557 for candidates in the ward with the lowest limit. Spending limits averaged $31,251 per ward in Toronto and $22,934 per ward in Winnipeg.

To determine whether spending limits constrain candidates in Toronto and Winnipeg it is necessary to examine how much money candidates spend in relation to the legal limit in their ward.

Table 4-1: Limited Spending as a Per cent of Ward Spending Limits

City	Candidate Type	<25% of Limit	25%-50% of Limit	50%-75% of Limit	75%-100% of Limit
Winnipeg	Challenger	83%	7%	3%	7%
	Open Seat	8%	23%	31%	39%
	Incumbent	7%	26%	26%	41%
Toronto	Challenger	57%	13%	12%	17%
	Open Seat	34%	22%	8%	36%
	Incumbent	3%	18%	9%	71%

Table 4-1 shows limited expenditures by candidates as a percentage of the spending limit in their ward.[18] The columns indicate candidate expenditures as a percentage of their ward's spending limit while the rows indicate the percentage of each type of candidate. Candidates in the left column spent less than a quarter of what they were legally permitted while candidates in the right column spent nearly every cent possible, more than three-quarters of their total legal expenditure.

Given the results from previous chapters, it is not surprising that spending limits are of little concern for most challengers. The average challenger simply does not raise

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[18] Limited spending does not include exempt expenses, such as those associated with fundrasing.

enough money to spend the full legal amount. Table 4-1 shows that 57 per cent of challengers in Toronto and 83 per cent in Winnipeg spent less than a quarter of their legal limit. Only a tiny seven per cent in Winnipeg and 17 per cent in Toronto spent enough to be affected by spending limits. There are slightly more high-spending challengers in Toronto, which is possibly because of Toronto's public funding program. For most challengers, however, current spending limits are too high to be of any concern.

Since open seat candidates raise more money than challengers, it is not surprising that spending limits have more of an impact on them. Thirty-six per cent of open seat candidates in Toronto and 39 per cent in Winnipeg spent more than three-quarters of their legal limit. Most of the remaining open seat candidates were fairly evenly divided between the other three categories. For a significant minority of open seat candidates, spending limit do impose restraints.

Results for incumbents differ dramatically. Forty-one per cent of incumbents in Winnipeg and a huge 74 per cent in Toronto spent more than three-quarters of what they were legally permitted. In fact, 41 per cent of Toronto's incumbents spent between 90-100 per cent of their legal limit. The effect of spending limits, especially in Toronto, thus, falls almost solely on incumbents. Without spending limits, incumbents would likely outspend challengers by even more excessive margins.

As noted, spending limits in both Toronto and Winnipeg do not apply to all expenditures. The limits only apply to direct campaign expenses such as signs, polling and advertising. Expenses related to fundraising efforts are notably exempt in both cities. This is problematic because high-profile fundraising events can arguably generate publicity and affect a candidate's campaign beyond whatever funding is raised. The line between fundraising and campaigning is a grey one. With no limits on fundraising, candidates, especially incumbents, can collect money well beyond what they actually need. Chapter 3, has already demonstrated that this is especially problematic in Toronto. Because of these issues it is worth examining the exempt spending.

Table 4-2: Unlimited Spending as a Per cent of the Limit

City	Candidate Type	<25% of Limit	25%-50% of Limit	50%-75% of Limit	75%-100% of Limit	>100% of Limit
Winnipeg	Challenger	100%	0	0	0	0
	Open Seat	100%	0	0	0	0
	Incumbent	100%	0	0	0	0
Toronto	Challenger	93%	1%	1%	1%	3%
	Open Seat	73%	18%	5%	3%	1%
	Incumbent	32%	21%	15%	15%	18%

Table 4-2 shows unlimited expenditures by candidate as a percentage of the spending limit in their ward. Candidates in the left column spent less than a quarter of their spending limit in the form of unlimited expenditures while candidates in the right column exceeded their spending limit through exempt expenditures alone. It is important to remember that money spent on exempt expenditures is not actually subject to limitations. It is worth analysing, however, unlimited expenditures in relation to spending limits to determine whether they create a significant loophole. Table 4-2 shows that, in Winnipeg, exempt spending does not play a major role. Not a single candidate in the city spent more than a quarter of his or her limit through unlimited expenditures. In fact, very few candidates in Winnipeg, even incumbents, spent more than 10 per cent of their limit in unlimited expenditures. Unlimited spending is simply not an issue in the city.

Compared to Winnipeg, the situation in Toronto is dramatically different. Most of Toronto's incumbents and a few open seat candidates spend considerably on exempt expenditures. Just three per cent of Toronto incumbents spent less than a quarter of their legal limit in unlimited expenditures. Incredibly, 18 per cent managed to exceed their ward's spending limit through exempt expenditures alone. This represents a serious weakness in Toronto's regulatory regime that is further illustrated by Table 4-3.

Table 4-3: Total Spending as a Per cent of the Limit

City	Candidate Type	<25% of Limit	<25%-50% of Limit	50%-75% of Limit	75%-100% of Limit	>100% of Limit
Winnipeg	Challenger	57%	7%	23%	10%	3%
	Open Seat	8%	23%	23%	46%	0%
	Incumbent	7%	26%	22%	37%	8%
Toronto	Challenger	56%	12%	11%	12%	9%
	Open Seat	25%	22%	13%	12%	27%
	Incumbent	3%	15%	11%	15%	59%

Table 4-3 shows total candidate spending from both exempt and limited expenditures as a percentage of ward spending limits. Candidates in the left column spent less than a quarter of their ward's spending limit while candidates in the right column exceeded their spending limit, some by large margins. The results in Table 4-3 are clear: allowing some expenses to be exempt has undermined the effectiveness of Toronto's regulations. When all spending is accounted for, 59 per cent of Toronto's incumbents exceeded the legal limits in their wards, as did 27 per cent of open seat candidates and nine per cent of challengers. Some Toronto incumbents exceeded their spending limits by huge sums. For example, four Toronto incumbents spent more than twice their limit and another three managed to spend more than triple. In real terms, this meant spending approximately $75,000 in a race where the limit was just $25,000.

Unlike in Toronto, Winnipeg's spending limits have not been undermined, but they are of questionable effectiveness. This is because, as the two previous chapters have shown, Winnipeg candidates are short on funds. Candidates in the city simply do not raise enough money to exceed the limits. Given the nearly identical regulatory regimes, if Winnipeg's spending limits were lowered or more money was made available through public funding or an economic turnaround, the same loopholes that are exploited in Toronto would emerge.

The results from this section suggest that spending limits have had a moderate impact in Toronto and Winnipeg. On one hand, many incumbents in both cities spent enough to be affected by limits, but, on the other hand, Toronto's limits have been severely undermined by exempt expenditures and Winnipeg's are set too high to affect many candidates. Spending limits, however, in both cities do still constrain candidates by preventing them from spending unlimited amounts of money on direct campaigning. Spending limits, thus, should still have a modest affect on campaign spending in Toronto and Winnipeg, even if the impact is less than it could be if regulations were tighter.

Spending Patterns:

Having assessed how effective spending limits are in Toronto and Winnipeg, it is time to consider whether they have an impact on general spending patterns in all three cities.[19] Do spending limits reduce the importance of money? The regulatory regimes in Toronto and Winnipeg should lessen the impact of spending and make for a more equitable environment than is found in Calgary. Spending should be less of an indication of success in Toronto and Winnipeg and there should be less disparity between candidates. It is important to keep in mind that spending is only one variable among many that may affect election outcomes. Money may also be attracted to successful candidates and, as a result, may, by its presence, simply signal which candidates are competitive. Spending, however, likely has some influence at least some of the time and it is therefore useful to consider what affect regulation may have.

The logical place to begin examining spending patterns is by comparing spending ratios between incumbents and challengers. It is important to note that the large fundraising disparities presented in Chapter Three may not translate into unbalanced spending patterns because incumbents do not spend every dollar they collect and candidates in Toronto and Winnipeg cannot spend unlimited amounts.

Table 4-4: Spending Ratios Between Incumbents and Challengers

City	Fundraising Ratio	Spending Ratio	Spending Ratio - Unlimited Spending
Calgary	7.05	4.13	N/A
Toronto	2.51	1.61	1.08
Winnipeg	1.98	1.77	1.79

Table 4-4 shows incumbent to challenger spending ratios in the three cities. As expected, the difference between incumbents and challenger spending is not as great as the difference in funds raised. This is because incumbents tend to collect large surpluses

[19] It is impossible to include Halifax because the city does not require candidates to disclose expenditures.

while challengers spend every dollar. Calgary incumbents spend approximately four times what challengers spend, but, if pressed, could spend over seven times as much. In Toronto there is also a difference between what incumbents and challengers raise and how much they actually spend, but, compared to Calgary, the difference is small. This is because Toronto challengers are much more well-financed thanks to the contribution rebate program while spending limits restrain the city's incumbents. Similar although less strong results are evident in Winnipeg, which fits with the expectation that, without public funding, Winnipeg's regulations are only half as effective.

Table 4-4 also adds to the evidence that unlimited spending by Toronto incumbents is prevalent and is used to avoid spending limits. If unlimited spending is excluded, the spending ratio between incumbents and challengers in Toronto is nearly equal at 1:1. The loophole presented by unlimited spending is almost solely responsible for broad spending inequities in the city's elections. The same, however, is not true in Winnipeg where the lack of public funding and high spending limits weaken the corrective effects of regulation. The ratios here suggest that regulation has had an effect on spending since Calgary's elections are a lot less equitable than is the case in Toronto and Winnipeg and that unlimited spending by Toronto incumbents has reduced the effectiveness of the city's regulations.

Spending, Competition and Electoral Success

Having seen that spending ratios differ between cities and that regulation lessens the disparity between candidates, it is time to consider whether the relationship between spending and electoral success is affected by regulation. Regulation should lessen the importance of spending by supporting weaker candidates and moderating extremes. If regulation works money should be more strongly linked to electoral success in Calgary compared to Toronto and Winnipeg.

Table 4-5: Mean Spending and Elected Candidates

City	Elected Challengers	Defeated Challengers	Open Seat Elected	Open Seat Defeated	Elected Incumbents	Defeated Incumbents
Calgary	$23,482	$5,506	$23,541	$10,724	$33,997	$12,834
Toronto	$27,860	$11,487	$40,328	$16,664	$44,919	$42,179
Winnipeg	$13,803	$6,941	$18,301	$12,549	$15,880	$16,418

Table 4-5 shows mean total spending for each type of candidate by whether they were elected. The Table indicates that spending is linked to electoral success. In all three cities, challengers rarely ever won. Only once did a challenger successfully defeat an incumbent in Calgary compared to twice in Winnipeg and four times in Toronto. Challengers have almost no hope of success and incumbents are virtually assured of holding office until they voluntarily decide to retire. The few challengers who were successful, however, in all three cities spent significantly more on average than those who failed. In Calgary, the one successful challenger spent $23,842, more than four times what the average defeated challenger spent. In Toronto and Winnipeg, successful challengers also spent significantly more than unsuccessful ones, but the difference was less dramatic. The same patterns hold for open seat candidates, but it is worth nothing that the disparity between winning open seat candidates and losing ones tends towards extremes in Toronto. In terms of funding, victorious open seat candidates in Toronto are more akin to incumbents. This is probably because Toronto's open seats are intensely competitive.

Unlike challengers and open seat candidates, Table 4-5 indicates that there is little difference between successful incumbents and unsuccessful ones. Losing incumbents in Toronto and Winnipeg spend the same, on average, as successful ones. In Calgary, however, the city's lone defeated incumbent spent significantly less than her re-elected counterparts. Calgary's defeated incumbent actually spent the least out of all the city's incumbents over the course of the three municipal elections included in this study. Whether Calgary's defeated incumbent lost because she spent the least or because of other factors that are reflected in her poor financial performance is impossible to determine in this thesis, but her defeat does suggest that money is more important in Calgary's weakly regulated environment.

The data presented in Table 4-5 indicates that, in general, spending limits and public funding have weakened the link between money and electoral success, as differences between elected and defeated candidates were generally at their most extreme in Calgary. It should be noted, however, that the number of cases in which an incumbent is defeated in all three cities is so small that it is impossible to be sure that the available cases are not just anomalies. Unfortunately, at current success rates, it would take decades in Toronto and Winnipeg and hundreds of years in Calgary to generate a sufficiently large group of elected challengers to allow for more definite conclusions. Nevertheless the consistent and predictable trends indicate that for challengers, incumbents and open seat candidates, money does not guarantee success, but lacking money does guarantees failure. Regulation weakens the link between money and success, but it does not eliminate it.

Another important variable to consider is the difference between winning candidates and their closest rivals. This measure is an excellent indicator of an election's financial equitability. If regulation reduces the financial divide between first and second place candidates inequality should be less in Toronto and Winnipeg compared to Calgary.

Table 4-6: Spending Spread Between Winning Candidates and 2nd Place Candidates

City	2nd Place Outspent Winner	Winner Spent 1-50% More	Winner Spent >50% More
Calgary	3%	36%	61%
Toronto	28%	28%	45%
Winnipeg	23%	41%	36%

Table 4-6 shows the difference between spending by winners and second place candidates. As expected the regulatory regimes in Toronto and Winnipeg reduce disparities and weakens the connection between money and electoral success. In weakly regulated Calgary, the candidate that spent the most won 97 per cent of the time. In Calgary, spending the most is a virtual guarantee of success. In Toronto and Winnipeg, however, spending limits and, in Toronto, public funding helps break the clear link between spending and success. In 28 per cent of races in Toronto and in 23 per cent in Winnipeg, the winning candidate was outspent by his or her closest rival. In the more regulated cities, winners who did spend more than second place candidates also tended to do so by lesser amounts. Sixty-one per cent of winning candidates in Calgary spent more than 50 per cent of what their closest rivals did compared to 45 per cent in Toronto and 36 per cent in Winnipeg. Regulation seems to make a significant difference since money is not as clearly linked to electoral success in Toronto and Winnipeg compared to Calgary.

The spending spread between winning and losing candidates is also worth considering in more direct relation to electoral competition. If spending influences outcomes, then one would expect wards that were won by large margins to also have large spending spreads and wards that were won by only a few votes to have small spending spreads. This trend should exist in all the cities, but again Calgary should be more extreme.

Table 4-7: Spending Spread and Race Competitiveness

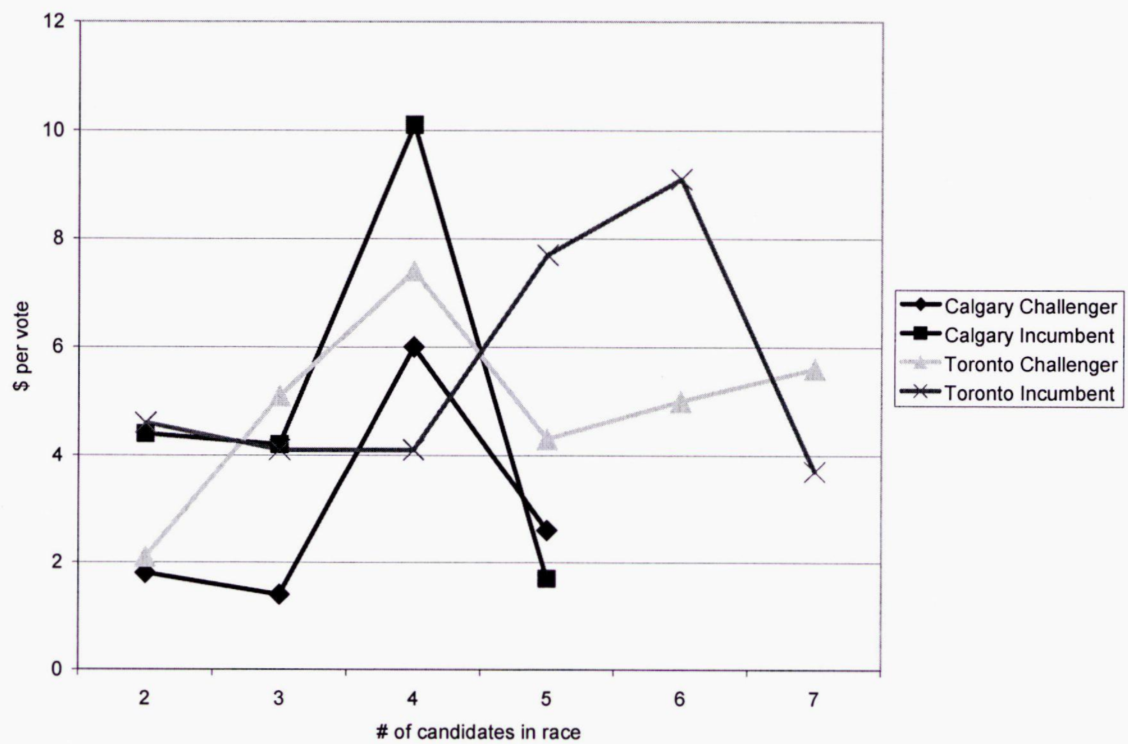
Spending Spread	Greater than 50%	30-50%	10-30%	<10%
2nd Place Outspent Winner	Calgary 0% Toronto 15% Winnipeg 0%	Calgary 0% Toronto 0% Winnipeg 14%	Calgary 0% Toronto 42% Winnipeg 27%	Calgary 14% Toronto 50% Winnipeg 33%
Winner Spent 1-50% More	Calgary 8% Toronto 0% Winnipeg 0%	Calgary 50% Toronto 43% Winnipeg 43%	Calgary 50% Toronto 42% Winnipeg 36%	Calgary 57% Toronto 38% Winnipeg 67%
Winner Spent >50% More	Calgary 92% Toronto 85% Winnipeg 100%	Calgary 50% Toronto 57% Winnipeg 43%	Calgary 50% Toronto 17% Winnipeg 36%	Calgary 29% Toronto 13% Winnipeg 0%

Table 4-7 shows the spending spread between first and second place candidates and the level of electoral competition in each of the three cities. The Table indicates that spending matters to some degree, even though the number of available cases is small and other variables have not been controlled for. In Calgary winners spent more than twice as much as losers in 92 per cent of wards where the margin of victory exceeded 50 per cent. The same was true of 85 per of the uncompetitive wards in Toronto and every uncompetitive race in Winnipeg. Significantly, in 15 per cent of Toronto's uncompetitive wards, the loser outspent the winner. As the margin of victory decreases, spending becomes less of a clear indicator of success. In races where the margin of victory was less than 30 per cent, winners in Toronto and Winnipeg were significantly more likely to be outspent than was the case in Calgary. It is noteworthy that in the most competitive Toronto races, where the margin of victory was less than 10 per cent, spending the most had no bearing on success. In Calgary, however, even in the most competitive races, the candidate who spent the most almost always won. It was only in the 14 per cent of Calgary's most competitive races that second place candidates outspent winners. Regulating spending and providing public funding, thus, reduces the clear connection between money and electoral success.

The results presented so far indicate that money does have an impact on electoral success and that impact can be reduced by regulation. It is worth considering, however, whether results also vary by candidate type, especially given the debate in the American literature concerning the efficiency and benefits of challenger and incumbent spending. Do challengers spend money more efficiently? Do they receive more votes for each dollar? Does regulation have any impact? One crude way of looking at these questions is by examining how much each candidate spends by the number of votes they received. Spending per vote is a difficult variable because it is affected by constituency populations, the number of candidates and voter turnout. Candidates in very large constituencies have to spend more to reach large numbers of voters, while candidates in very small constituencies cannot avoid some fixed costs, even though there are fewer voters. The number of competitors matters because each additional candidate means increased spending, for the same limited number of votes. There is also some indication that if there are only two candidates competing in a race, spending is clearly tied to the outcome because one candidates loss is the others gain whereas the same is not necessarily true in multi-candidate races (Arrington & Ingalls, 1984). Voter turnout is a complex variable that is driven by many factors, most of which have nothing to do with money. Whatever benefits candidate spending may have can also, potentially, be obscured by turnout.

To try and mitigate some of the problems inherent in assessing spending per vote, Figure 4-1 examines only the two largest cities, where the number of constituents per ward is comparable, by the type of candidate and the number of candidates in each race. Figure 4-1 does not take into account other determinants of voter choice or turnout. It simply compares how many votes a candidate received by how much he or she spent.

Figure 4-1 Spending Per Vote



Despite the available data's limitations, Figure 4-1 does suggest that spending per vote generally increases with the number of candidates. In Calgary spending per vote climbs dramatically for both challengers and incumbents in races with four candidates, but decreases once a race attracts more than five candidates. The rise in costs in Calgary between races with three candidates and races with four meets expectations, but the rapid decrease in races with five candidates does not. Given the small number of cases this could be because of an atypical race. Alternatively, although unlikely, Calgary's low voter turnout may increase when there is significant competition. Regardless, Calgary challengers generally spend less for every vote they receive compared to the city's incumbents, which suggests that they spend what little money they have more efficiently. This is not surprising given the evidence from elsewhere and given the embarrassment of riches enjoyed by incumbents. Calgary's incumbents can afford to be wasteful because money is so readily available.

In Toronto, on the other hand, results are much more mixed. In races with moderate levels of competition, two to three candidates, Toronto challengers are actually less efficient spenders than incumbents. Given that just over half of all contested races in Toronto had two to three candidates, it appears that, unlike Calgary, Toronto challengers are generally not efficient spenders. This is probably partially the result of spending limits discouraging incumbents from being wasteful and partially because the city's public funding program makes it easier for challengers to raise money. This is consistent with Jeffrey Kraus' study of New York City's public funding program. Kraus found that introducing public funding made New York's elections more equitable, but also allowed candidates to 'waste' money on big inefficient expenditures that they previously avoided (Kraus, 2006, p. 19). Regulation seems to produce a similar result in Canada.

Summary:

Considering the fundraising disparities evident in chapter 2, it is not surprising that incumbents substantially outspend challengers. This occurs in every city, but regulation lessens the extremes. Spending inequalities are most extreme in weakly regulated Calgary and could be even worse since Calgary's incumbents tend to collect large surpluses. In Toronto and Winnipeg, spending limits hold back incumbents, even though the limits are not as effective as they could be because of exempt expenditures. Exempt expenditures, especially in Toronto, are a significant problem and allow many incumbents to spend considerably more than their legal limit. If unlimited spending is excluded, challengers to incumbent spending ratios approach equality, especially in Toronto.

By holding back incumbents with spending limits and, in Toronto, assisting challengers with public funding, the more regulated cities have been able to weaken the link between electoral success and money. In Calgary, the candidate who spends the most always wins; the same is not true in Toronto and Winnipeg. In all cities the more competitive elections saw smaller spending spreads between candidates, but in the two more regulated cities, disparities were a lot less and electoral competition was less clearly tied to spending. Controlling candidate spending through regulation leads to more open and fair elections. If spending per vote is any indication it also allows candidates to spend more inefficiently than they otherwise would.

CONCLUSION:

Financing election campaigns is a messy, but necessary process. Without money, modern representative government is impossible. As American senator Jessie Unruh famously said, "money is the mothers milk of politics." The mixing of money and politics can, however, have a potentially harmful impact on democracy. Campaign contributions have been used to buy political favours and affect legislative outcomes. Money can narrow options, reduce electoral competition and raise public cynicism. The challenge, in short, is enabling politicians to secure the funding they need without potentially weakening democracy or allowing corruption.

It is at the municipal level that money is, perhaps, most problematic. Local government used to be small in size and scope, but modern cities serve thousands, even millions of citizens, and have responsibilities and roles that were never envisioned decades ago. In large urban centres municipal politicians have become full-time politicians that represent constituencies that rival the size of those in upper level governments. Unfortunately, financial realities have not kept pace. Municipal elections are still thought to be local in nature. The idealized view of a door-to-door, non-partisan, candidate centred campaign persists, despite the fact that this is no longer the case in most large cities. Municipal politicians have to run large-scale campaigns that target thousands of potential voters and include expensive advertising and polling and they usually do so without the support of a political party. This enhances the potential negative effects that arise from mixing politics and money.

This thesis has shown that in Canadian cities the negative side of electoral finance is never far away. Property developers, who have a direct financial interest in city council decisions, are major contributors to successful municipal politicians. Developers do not back unknown candidates, they only support those who have and will likely continue to hold office. As a result of their preference for winners, developers and the corporate community in general, create significant financial disparities between candidates. While incumbents collect large sums of money and carry over huge surpluses, challengers, in comparison, are destitute and effectively hopeless. Successful challengers are rare and most have to rely on their own personal finances. The ability to fundraise appears to be a significant variable that influences the outcome of elections in large Canadian cities. The idealized low-budget campaign simply no longer exists.

In this thesis, the potential for state regulation to control patterns of electoral finance in Canadian cities was tested. Although it is difficult to draw definite conclusions concerning what impact regulation has because of data limitations the consistent and expected trends strongly suggest that regulation has been at least somewhat successful. Despite money's negative effects on municipal politics, regulation can mitigate extremes and produce somewhat more equitable elections. Of the four cities included in this study, the two weakly regulated ones, Calgary and Halifax, face more severe issues than the two more regulated ones, Toronto and Winnipeg. In both the more regulated cities, contribution limits constrain wealthy donors and force candidates to broaden their fundraising base. In Toronto and Winnipeg, individuals and small contributors provide most of the funding whereas corporations and developers dominate in Calgary and

Halifax. Contribution limits lead to more self-contributions from candidates, but the amount that candidates supply from their own money shrinks. Regulation spreads the burden more equally.

While contribution limits target wealthy donors, spending limits directly regulate candidates. Spending limits eliminate the ever-increasing race for money and make it easier for poorer less well-connected candidates to compete. In Winnipeg and, especially, in Toronto, spending limits have reduced disparities. Toronto incumbents could easily spend more than they currently do, which would increase the gap between them and challengers. Spending limits curtail their activities. Not surprisingly, although the relationship between money and electoral success is evident in all four cities, it is weakest in Toronto and Winnipeg.

Contribution and spending limits make for more equitable elections by tackling disparities between contributors and between candidates, but neither provides direct support. They impose restrictions on candidates and contributors and serve as the stick in the regulatory toolbox. The regulatory carrot, on the other hand, is public funding. In Toronto, the city's contribution rebate program has assisted cash-strapped challengers by making it easier for them to solicit donations. By rewarding smaller contributions, the rebate program has also enhanced the impact of contribution limits and further diluted the influence of developers and business contributors.

Although this study has shown that regulation mitigates extremes, there is still substantial room for improvement in both of the more regulated cities. The exclusion of fundraising expenses from spending limits in Toronto and Winnipeg has seriously weakened the effectiveness of the limits. Winnipeg's spending limits are also set too high. Limiting spending by candidates, but not their fundraising has produced the deplorable result in Toronto in which many incumbents enter elections with their campaigns pre-paid. The beneficial effects of Toronto's rebate program are also somewhat limited by the fact that corporate donors receive the same consideration as individuals. It is worth questioning whether it really makes sense for Toronto taxpayers to subsidize the political efforts of developers. Winnipeg's disclosure threshold is also inadequate because it only applies to donations of $250 or more. This figure is too big and allows too much money to remain anonymous and potentially encourage contributors to bundle donations. Finally, Toronto's elections are made less transparent by the fact that after each election, the city destroys all of the old records.

Even though there are some loopholes in the regulatory regimes in Toronto and Winnipeg, they are still effective and have made elections in the two cities more equitable, competitive and less dominated by wealthy interests. A complete set of regulations, even with loopholes, is far better than the weakly regulated environments in Calgary and Halifax. The situation in Calgary is particularly noteworthy since it is a large and prosperous city with little regulation. In Calgary, developers provide huge sums to incumbents who are able to outspend challengers by wide margins. The candidate who spends the most money almost always wins in Calgary. Unsurprisingly, the city's elections are very uncompetitive. The huge amount of money provided to Calgary's politicians and the lack of rules regarding how surplus funds are dealt with practically invites corruption.

This study is the first detailed look at electoral funding and regulation in Canadian cities and is not perfect or definitive. Notably, a number of political variables that also impact electoral outcomes and campaign finance, such as voter turnout, were not available for consideration. Although pains were taken to select four cities that would be somewhat comparable, this thesis' inability to control for political culture, economic indicators and structural variables casts some doubt on results. A more detailed multi-variate analysis would have been desirable, but was not possible with the available expertise and resources. A lack of resources also means that a number of key questions must be left unanswered such as what impact on electoral results campaign spending really has and whether contributors are pressured to give by politicians or contributors use donations to pressure politicians.

This thesis is a starting place in a generally unstudied subject area that leaves several avenues open for future Canadian researchers to explore. The link between money and electoral success should be further studied with more detailed control variables. Similarly, how the number of constituents in a ward and what impact city size has should be further considered since it drives to the heart of what is actually local about local government and whether the recent rush to amalgamate municipal units in Canada has had unfortunate political side effects. Other large Canadian centres should also be added to the dataset to see if trends hold and to determine if Calgary is simply an outlying case. Edmonton and Hamilton would make excellent additions to this study and, if consistent, would add further weight to this thesis' findings. Most notably though, Winnipeg's 2006 election presents a rare opportunity to test how the addition of public funding has affected outcomes. Further research into electoral finance in municipal elections is important to better inform policymakers about regulatory options and to, in the long-run, potentially create more equitable and competitive elections in Canada's cities. Although the findings in this thesis are not conclusive, they consistent and expected nature of the findings lends strong evidence to the argument in favour of regulation.

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