

Campaign Finance and Campaign Success in Municipal Elections in the Toronto  
Region.<sup>1</sup>

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This paper is about municipal candidate campaign income and expenditure in ten Toronto area municipalities in 2003. It focuses on the sources of campaign funding for local council and regional council candidates and the relationship between raising and spending money and campaign success. There are no comparable Canadian studies of the sources of municipal election campaign finance at the candidate level and just my earlier study of sources where the results were aggregated across all contests. Systematic studies of local funding sources and expenditure patterns are similarly rare for federal and provincial election campaigns in Canada.

Canadian studies of campaign expenditure have concentrated on the amount of spending, rather than on the importance of sources of campaign finance to campaign success. This paper shows that municipal candidates raised money from corporations, individuals, unions, in the form of small contributions and from self-financing in different combinations and proportions. Campaigns that spend comparable amounts may not be similar in form or in result. Income can come from several sources and reflect the popular support for a candidate or the extent to which specific interests back a campaign. Some candidates are funded almost exclusively by a single class of donors, for example the development industry, while others rely heavily or exclusively on individual contributors or on their own resources to fund the campaign. While campaigns may report similar amounts of funding, the source of funding may relate to quite different campaigns with different levels of success. Campaigns can rely on volunteers or on paid staff, they can depend on door-to-door canvassing or on bought telephone contact services. They can rely on signs and brochures or on local meetings and volunteer activities. The sources and amounts of the campaign funding may determine or reflect the volunteer support and popularity of a candidate.

Why does this variation in funding components exist? While municipal politics lacks the ideological and policy signposts that parties provide, candidates still represent interests or views or segments of the electorate, and interests or organized groups that have a stake in municipal politics try to organize representation for their benefit. Groups that are in the minority but are well organized and willing and able to provide substantial funding for candidates, try to get those elected who have a sympathetic ear for their concerns. The patterns of giving to local candidates suggest that the development industry for example, behaves in just this way. While these specific minority interests have the advantage of organization and wealth they may not have the support of electors. Other candidates may try to advance the interests of a less coherent and less wealthy group of voters and have greater difficulty raising large sums of money from this group or large sums from many of the members of the group.

While the paper's focus is on the under-researched topic of municipal elections, it also addresses the issue of money and winning in democratic elections. Municipal elections in Canada are an opportunity to study the influence of spending on campaign outcomes without the confounding effect of political party spending in the form of a central campaign.<sup>2</sup> In municipal contests, voters are swayed by the candidate's campaign and

nothing else. Party leaders, partisanship and party policy are not competing influences for a voter in a municipal campaign. These campaigns present an opportunity to examine the effects of campaign funding on vote totals in a unique way.

## **Literature Review**

Recent empirical literature on municipal elections in Canada has not paid much attention to the issue of campaigning funding. Stanwick's (2000) ecological analysis of aggregate voting in the 1997 Toronto mayoralty election uses ward level census data, turnout figures, and to a lesser extent, campaign events, to explain the outcome of the race between Barbara Hall and winner Mel Lastman. Cutler and Matthews' study of the 2002 Vancouver mayoralty election tests models of voter choice that have been developed from election surveys at the national levels. Kushner, Siegel and Stanwick (1997) examine Ontario municipal council elections in a sample of small, medium and large cities in the 1982, 1988 and 1994 elections. They explain election outcomes in terms of incumbency, gender, campaign expenditures and the number of candidates in the race. Not surprisingly, they find incumbency to be the most important factor with other explanations varying according to the size of the municipality. They also look at the type of electoral system comparing ward races to at-large elections. One of the focuses of their analysis was to try to assess arguments about politics in small face-to-face communities as opposed to large growing and ethnically diverse urban areas.

Siegel, Kushner and Stanwick (2001) explain the outcome of 32 large mayoralty races across Canada in terms of candidate characteristics such as age, gender, education, prior occupation, political experience, political affiliation, incumbency, and campaign expenditure and find the last two factors and the number of candidates in the race to be the only significant factors in determining winners. This and the prior study of Ontario municipal elections by the same group of authors used winning as the dependent variable rather than the percentage of the vote, and as result may have overlooked the influence of finances on outcomes. None of the studies mentioned above look at the sources of campaign funding and none look at how money is spent, both of which may be important influences on vote totals. Carty, Eagles and Sayers analysis of 1988 Federal election data proposes four types of local campaigns but makes limited reference to campaign finance issues, instead focusing on the local party nomination process which is irrelevant in municipal politics without political parties.

There are few detailed studies of the sources of campaign income in Canadian elections with the exception of my study of the funding coalitions in a similar group of municipal contests studied in this paper.<sup>3</sup> Stanbury's exhaustive study of federal party funding for the Lortie Commission looks mostly at central party funding. It has a single chapter on candidate funding but only in aggregate and not at the level of distinguishing between campaigns on the basis of the type of funding. Importantly, it does not examine the relationship between funding and election outcomes.

The American literature on funding coalitions in municipal politics can be a partial guide to examining funding although US municipal politics frequently has a formal party framework that is lacking in most Canadian cities. Krebs (2005) recent analysis of funding coalitions in Los Angeles council and mayoralty elections found that “Corporate interests dominate campaign contributions, but not all corporate interests are equally active” (Krebs 2005, 173). While the development industry was one of the two largest contributors, other groups of professionals and the entertainment and retail industries were also significant financiers of municipal candidates in Los Angeles. Krebs and Pelissero’s study of Chicago mayoralty races between 1983 and 1995 revealed different funding coalitions backing mayors Daley and Washington. Hogan and Simpson studied the same Chicago mayoralty elections and added council elections to the research and came up with similar funding coalitions. Gierzynski, Kleppner and Lewis also looked at funding in Chicago council elections in 1991 and 1995 and found that money was important to election outcomes even in a system dominated by political machines. Fleischmann and Stein’s study of municipal campaign contributions in Atlanta and St. Louis found that funding coalitions were broader than the development industry and reflected the complex political economy of the two different cities.

## **The Data**

This study examines municipal election races in the city of Toronto and nine other large municipalities that surround it, Oshawa, Whitby, Ajax, Pickering, Markham, Richmond Hill, Vaughan, Brampton and Mississauga. The three Regional Municipalities that surround Toronto - Durham, York and Peel - contain 20 municipalities that elect councils. The nine cities represent the inner tier of municipalities and contain the bulk of the population in the three regions. The data for this study comes from the financial reports filed by candidates for local and regional council in the ten municipalities following the 2003 elections.<sup>4</sup> Candidates who either collect or spend more than \$10,000 must complete a detailed financial report that includes a list of contributors who gave more than \$100 in cash or in-kind goods and services, a breakdown of all campaign expenditures, fundraising activities, the final surplus or deficit, any loans obtained and paid off and any accounts outstanding at the end of the campaign period. The report must be audited and signed by a licensed accountant. Candidates who raise and spend less than \$10,000, are required to file a shorter report that discloses the names of contributors over \$100 but does not provide a breakdown of campaign expenditures nor is the report audited and signed by a licensed accountant.<sup>5</sup> The data for the study was built from the candidates’ financial statements and the lists of contributors who gave more than \$100.

This paper studies only candidates for local and regional council offices. The mayoralty races in most of these municipalities were not competitive: the average margin between the winner and second finishers was 38% of the vote and 9 of 10 races were won by incumbents. The only real race was in Toronto, where David Miller won by just over five percent of the vote. At the other extreme, the gap between Hazel McCallion, the long-serving Mississauga Mayor and her closest challenger was 88 percent of the vote.

Twenty-four candidates did not file reports and as a result were barred from running in the next election. Since nothing is known about the finances of these candidacies, they are excluded from the analysis. Most of the candidates that failed to file finished third or worse but five did finish second, though in most cases, a distant second.<sup>6</sup> Six candidates were acclaimed and they and the uncontested races in which they participated are excluded from the analysis. One hundred and eighty-seven or 42% of the candidates reported raising or spending *less* than \$10,000 and as a result submitted less detailed financial reports but were still required to report the identities of donors of more than \$100. Removing mayors, races with acclamations and candidates that did not file financial statements left a dataset of 384 candidates in a total of 107 contested races across the 10 municipalities.<sup>7</sup>

All of the ward races used single member plurality systems so the basic structures of election races are similar for all candidates. Markham, Richmond Hill, Vaughan and Whitby elect regional council representatives from municipality wide lists while the others have ward systems.

When discussing contributions to campaigns, unless otherwise noted, I am referring to those greater than \$100. Municipal election finance law requires the disclosure of names and addresses of those giving more than \$100.

## **Incumbency**

There were 83 incumbent candidates in the 107 races, 78 of whom were re-elected. Clearly incumbency is a huge advantage in winning municipal elections. All studies of municipal elections including Kushner, Siegel and Stanwick (1997) and Siegel, Kushner and Stanwick (2001) find it to be by far the most important determinant of who won an election: “There is no question that the advantage of incumbency dominates the effects of the other variables in the model.”<sup>8</sup>

Incumbency, that one candidate in a race was the office holder during the preceding term, is really a complex set of factors that apply to both past office holders and challengers. While incumbency can mean a record in office and a public profile, it is also a history of representing interests, making arguments for different interests, being lobbied by individuals, forming working relations with people who have a plan, vision or need they want to realize but must have the help of a local council and at least some of its councilors. Incumbency is a history of connections to groups and interests that a representative has advanced or neglected. Incumbency is the record of achievement on behalf of groups and interests. It is also a reason for those who feel their interests to have been well-represented, to support the incumbent’s re-election bid.

Challengers usually lack an incumbent’s history of connections unless they have a record of representing people at other levels of government or have been active representing groups to decision-makers as activists or professionals building relationships with the people they have been trying to represent. Not all of these relationships result in financial

backing. The groups to which an incumbent or challenger are connected will vary in wealth and influence. These groups or interests differ in how they are organized how easily they can collectively or individually support a candidate. For example, for-profit companies can contribute to candidates but charitable corporations are prohibited from making contributions. Those whose interests can be organized around corporate forms or through corporate structures have an advantage over loose organizations such as social movements or non-profit groups that may have substantially broader membership but are less wealthy and have difficulty concentrating their few resources behind specific candidate often because of internal political or partisan difference that are papered over by the cause that loosely unites them. Being a poverty or environmental activist and working with communities that are not wealthy, may not produce a well-funded campaign. For example, a relatively well-known environmentalist without a history in elected politics won a Toronto ward contest in 2003 largely on the basis of his own initial self-financing of the campaign. In the year after his win, the now council member was able to raise enough money, some from the development industry he had fought against, to erase his campaign deficit.<sup>9</sup> On the other hand, having connections to wealthy individuals and corporations with a particular interest in the decisions of a municipal council may well produce substantial backing for both a little known challenger or a long serving incumbent. The City of Toronto Computer Leasing Inquiry/Toronto External Contracts Inquiry Report, known as the Bellamy Inquiry, revealed something about how contributions are orchestrated and delivered to different candidates supportive of policy directions favourable to donors. A number of witnesses at the inquiry testified to how political influence is organized through orchestrating financial support for particular candidates.<sup>10</sup>

Incumbency is also the knowledge of what issues are current and where political forces are organized. Typically, an incumbent will have a far greater grasp of the details of issues having discussed them in deliberation and consultation with constituents. They will know what groups will support different positions and they will probably be familiar with a broader range of issues than most challengers. It is true that these differences are not always revealed to voters since very few see candidates during a debate or have the opportunity to evaluate their knowledge. But the incumbent can always claim credit for council successes and their name recognition will always be greater than most challengers.

Most studies of campaign success using regression based techniques conclude that incumbency is by far the most important factor in success. But incumbency can be broken down into relationships that are connections to communities and voters and financial backers. Challengers may have many of these connections as well or they may have different sets of connections that are able to mobilize different financial resources or strong support from specific communities that see the candidate as a potential representative. This paper takes the view that we should begin to examine more closely the factors that go to make up what is now imprecisely referred to as incumbency.

## **Analysis**

## Sources of campaign income

What are the sources of financial support for municipal candidates in the 10 Toronto area municipalities? Are some funding sources larger or in some way more important or targeted than others, do some candidates draw exclusively from one or a limited number of sources, does raising money from different sources imply different types of campaigns, how does the source of a candidate's funding affect or is affected by the positions they represent? A whole range of largely uninvestigated questions suggest themselves.

Table 1. The sources of contributions to candidates in regional council and ward races in ten Toronto area municipalities in the 2003 elections

Source of contributions	(a) Number of candidates supported by source	Number of contributions	(b) Sum of contributions	% of total value of contributions	(a)/(b)
corporations	251	6,384	\$3,185,526	43.4	\$12,691.34
individuals	272	5,951	\$2,045,966	27.9	\$7,521.93
unions	73	225	\$114,672	1.6	\$1,570.85
candidate	205	334	\$1,175,997	16.0	\$5,736.57
undisclosed	281	unknown	\$812,809	11.1	\$2,892.56
Total	384	12,894	\$7,334,970	100.0	\$19,101.48

\*Mean per candidate that had any self-financing.

Table 1 relates the sources of contributions to the 384 candidates in the study. The table shows the usual sources of contributions, those disclosed from individuals, corporations and trade unions, and it also shows two other sources of funding that together make up more than 25% of total funding, undisclosed small contributions and candidate self-financing. Corporations provided 43 percent of the total, individuals 28 percent, unions less than 2 percent, candidates provided 16% of all funding and 11 percent was undisclosed.

One of the first things to note in the table is that candidates drew from different funding sources. Less than one-fifth of the candidates reported contributions from unions and many received little or no support from corporations or individuals.<sup>11</sup> Some candidates depended completely on individual contributions while others relied entirely on corporations. As much as two-thirds of corporate contributions came from the development industry and some candidates were funded largely by it. For example, 10 candidates, four being Vaughan council winners, received more money from the development industry than their expenditure limit allowed them to spend. On the other hand, many candidates received no contributions greater than \$100 from the development industry and some reported that all of their disclosed contributions came from individuals.

Table 2. Candidate placing and the sum of disclosed contributions from the development industry to candidates in regional council and ward races in ten Toronto area municipalities in the 2003 elections.

Placing in race	Number of candidates	Sum of contributions
1	95	\$1,579,706.33
2	37	\$449,350.00
3	11	\$41,099.52
4	6	\$25,250.00
6	2	\$4,350.00
8	1	\$5,250.00
Total	152	\$2,105,005.85

Just over 75% of disclosed development industry contributions went to winning candidates. Almost all of the rest was given to second place finishers. MacDermid (2006) illustrated how development industry contributions were concentrated behind winners or second place finishers in a pattern that suggests support for specific candidates. Candidates might also try to raise funds from the development industry knowing that they are supporters of municipal candidates. However, it seems unlikely that firms in the industry would support candidates that were opposed to development.

### **Candidate Self-Financing**

Extensive candidate self-financing is unusual in Canadian election finance and prohibited at the Federal level since reforms in 2004. But even prior to the recent reforms, large disclosed contributions from candidates to their own election campaigns were relatively unusual. Self-financing was probably more frequent and maybe even predominated before campaign finance legislation of the 1970s and 80s.<sup>12</sup> Several provinces have caps on contribution size that apply to candidates for provincial office and so prevent large scale self-financing. American politics has recently featured some spectacular cases of wealthy individuals financing their own campaigns, none more so than the \$84.6 million spent by Michael Bloomberg to capture the office of Mayor of New York in 2005.<sup>13</sup>

The Ontario Municipal Election Acts permits a candidate and his or her spouse or same-sex partner to contribute an unlimited amount to a campaign. Such a provision permits wealthy individuals to provide significant funds to pay election costs and create name recognition that less-wealthy candidates cannot match.

Self-financing includes not just direct contributions to a campaign from the candidate but also the assumption of any campaign deficit. Unlike campaigns at other levels where political parties organize campaigns and assume surpluses, deficits and inventory, municipal level candidates are be responsible for campaign deficits and so this constitutes part of self-financing. Candidates may carry over deficits (and surpluses) to a future election, paying the interest on a loan and paying off the loan from contributions from a future campaign. A few incumbents do this but most challengers do not contest a future

election and have to settle the deficit.<sup>14</sup> Candidates may also request an extension of the campaign period and continue to raise funds for as much as a year after the campaign is over. Needless to say, incumbents often have an easy time erasing a deficit while it is a struggle for losers.

One implication of extensive self-financing is that a candidate was not able to raise money from supporters. If those willing to donate were absent then perhaps voters were absent as well. But of course for the most part, in low information campaigns where local media contain very little to no coverage, many voters will gauge the popularity of a candidate by the number of signs and brochures because they have not much else to go on. It is also increasingly the case that campaigns will hire people to distribute material, put up signs or do telephone contact, using money to replace campaign volunteers.

Of the 205 candidates that self-financed in a range of \$115 to \$84,000, 174 were losers and just 31 were winners. But a bivariate correlation of 0.24 (significant at .001) between the percent of self-financing and the percent of the vote won and the fact that self-financing winners contributed on average 20% of the spending limit while losers contributed 5% less, together suggest that self-financing was not unimportant in some races. These mixed findings also speak to candidates' reasons and motivations for running and their understanding of elected politics. A few candidates that lost badly but spent large sums of their own money must have thought they had the ability to do the job but not the understanding that successful campaigns usually involve extensive links to communities. That said, many more factors can be at play as in the 21 candidate, Ward 5 race in Mississauga, where a political novice won with 30 percent of the vote spending almost \$33,000 of her own money.

### **Undisclosed Contributions**

Small contributions, those where the contributor's identity is undisclosed and less than or equal to \$100 make up a not insignificant portion of some candidates' funding. The campaign disclosure statements do not reveal the category of the contributor but the statements do reveal the total amount. About one-quarter of the candidates did not report any contributions less than \$100 and of those who did, 82% reported that their undisclosed contributions added up to less than 10% of their spending limit. For a small number of candidates, this figure was much higher. It is reasonable to assume that these are contributions from individuals rather than unions or corporations.<sup>15</sup> A large sum of undisclosed contributions suggests that the candidate has tried to attract individuals who do not normally write large cheques to support political projects. We should expect campaign fundraising will be scaled according to the wealth of the campaign's supporters. Those candidates who appeal to or are known to defend the interests of the wealthy and corporations, say through promises of lower business tax rates or being more favourable to development, can hold a few expensive fundraising events while candidates attempting to represent working class interests will have to hold much less expensive events and try to attract campaign funds from a larger number of citizens.

## **A typology of campaign funding**

One way to examine the variation in the composition of campaign income is through cluster analysis, a technique for categorizing cases based on their scores on a number of different variables. In this case, I included all the funding sources discussed in Table 1 but used development funding as opposed to corporate funding, as this proved to be more important in the regression analysis below. Cluster analysis assigns cases to different groups based, in this case, on the relative importance of the different funding sources. By moving cases between groups, the clustering technique iteratively reduces the squared Euclidian distances between cases within each group and maximizes the distances between groups. It is an exploratory technique for determining how cases group together on a number of factors that are believed to be important. K-means clustering was used to classify 382<sup>16</sup> campaigns according to the income sources each measured as a percent of the campaign spending limit.<sup>17</sup> In some cases, the percentage of income from self-financing, unions, individuals and corporations add up to more than 100% because total expenditures not infrequently exceeded a spending limit that exempts such things as fund-raising costs and post-election parties.

Table 3 presents the result of the clustering procedure. There is no agreed upon way of determining the number of groups that represents the best solution. I tried several possibilities between 2 and 10 and the five cluster solution offered the best combination of the distribution of case across groups and clear differences between groups.

Table 3 Cluster characteristics for K-Means clustering of campaign finance sources for candidates in regional council and ward races in ten Toronto area municipalities in the 2003 elections

	Cluster				
	1	2	3	4	5
All undisclosed contributions (LTE \$100) as a percent of the spending limit	16.55	9.89	2.89	4.05	58.47
All contributions from unions as a percent of the spending limit	4.86	1.70	.43	.50	.68
All contributions from the development industry as a percent of the spending limit	16.32	81.28	6.29	2.92	11.81
All contributions from individuals as a percent of the spending limit	77.57	17.99	5.15	12.48	19.29
All candidate self-financing as a percent of the spending limit*	6.85	3.76	3.64	29.88	9.04
TOTAL	122.15	114.62	18.4	49.83	99.29
Number of candidates	41	46	203	79	13
Percentage of winners within cluster	48.8	80.4	17.7	19.0	38.5

\* Includes contributions from the candidate the candidate's spouse or same-sex partner at the same address as well as any campaign deficit.

The upper portion of Table 3 shows the five clusters or groups and the average percentage of the spending limit that members of that group raised from the different funding sources. By adding up the averages we can also compare how well each group is financed. The total line shows that campaigns in clusters one and two had, on average, incomes that exceeded the spending limit and cluster three had campaigns with an average very close to the limit. Clusters 3 and 4 had, on average, far less financial support. Campaigns in cluster 3 raised on average and from all sources just 18% of their spending limit. Those in cluster 4 raised about half of what they were entitled to spend. So there were very substantial variations in the amount of money raised. The upper part of the table also shows how the clusters differed in the importance of their funding sources. Campaigns in cluster 2 averaged 81% of their spending limit from the development industry, no other cluster came close to this dependency. If one had to name cluster 2, it would be the group of development backed candidates. Cluster 1 seems to be defined by the very high percentage of funds from individuals and from unions. Campaigns in this cluster raised on average 77% of their funds from individuals and 4%

from unions. While the union contributions are not large as a percentage of the spending limit, they are larger for campaigns in this group than in any other. Cluster 3 is a group of campaigns that raised very little money from any source. Cluster 4, the next-to-worst funded groups is distinguished by the high percentage of funds supplied by the candidate. On average, 30% of the funds came from the candidate, a much higher figure than any other cluster. Cluster 5 is distinguished by the high percentage of funding coming from undisclosed contributions suggesting a campaign directed at and funded by people who are not wealthy.

The clustering procedure reveals distinct campaign finance patterns, and as the bottom line in Table 3 shows, also quite different probabilities of being elected. Eighty percent of the campaigns in cluster 2, the development backed cluster, were winning campaigns, while just 17 and 19 percent of the campaigns in clusters 3 and 4 ended up winning. Not only does this underline a relationship between spending and winning, but also a relationship between the sources of funding and the percentage of vote won.

The relationship between sources of campaign finance and campaign success can be tested in a regression that uses the percentage of the vote won as the dependent variable and components of financing as independent variables.

Table 4 OLS regression of funding sources and percentage of the vote for candidates in regional council and ward races in ten Toronto area municipalities in the 2003 elections.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	Std. Error
(Constant)	16.767	1.122		14.948	.000
All contributions from unions as a percent of the spending limit	1.065	.264	.168	4.034	.000
All contributions from the development industry as a percent of the spending limit	.407	.031	.525	13.024	.000
All undisclosed contributions (lte \$100) as a percent of the spending limit	.302	.066	.189	4.545	.000

a Dependent Variable: Percent of vote  
R Squared = 0.398

Table 4 presents the results of a model testing procedure involving all of the funding sources and concluding with a model that includes the three most important sources, contributions from unions, from the development industry and undisclosed contributions. Overall, the model achieves an R-squared value of almost .40 and all of the sources mentioned are significant at the .001 level. While the preceding text has referred to how development industry contributions are targeted at specific candidates, that is also true of union contributions, though less important overall since total union contributions are

much smaller. Just 12 campaigns raised more than 10% of their spending limits from unions although where unions funds were present, presumably union endorsement and union member involvement in the campaign were as well. That combination of money and volunteers and probably union campaigning amongst members significantly boosted the percentage of votes won by a candidate. While the funding helped the campaign, it could be that union activists willing to work for a candidate and union connections to voters may have been even more important, although the data in this paper cannot directly assess that.

An increase in contributions from the development industry when all other funding source were statistically held constant, also led to a significant increase in the candidates percentage of the vote though not as marked as for union contributions. It may be that development contributions bring money but not workers and volunteers to a campaign. While money can purchase the services that volunteers might have performed, perhaps more signs or more phones calls or more brochures are not as effective as door-to-door canvassing by a volunteer. Finally, the total of contributions from undisclosed sources also has a significant impact on campaign success. Larger percentages of undisclosed contributions mean more individuals giving small amounts to the campaign. They indicate well-attended fundraising events with modest contribution components. Like union contributions, they also suggest broadly supported volunteer led campaigns.

## **Conclusion**

This paper breaks new ground on a number of fronts. It is the most detailed study of municipal candidates' sources of campaign funding. It reveals that funding composition is varied and complex with candidates relying on one or several sources and raising different percentages of their spending limits from those different sources. This should not be particularly surprising since candidates are backed by different political interests with different political resources. It should not be surprising that candidates that are favourable to the interests of the development industry should be funded by people and corporations from within that industry, just as it should not be surprising that candidates opposed to sprawl or in favour of the preservation of communities against redevelopment should be supported predominately by funding from individuals.

While there have been studies of campaign funding and success at other levels of government in Canada, they have either referred to aggregate levels of funding and not to individual campaigns as in Stanbury, or else they have not broken funding down by source as in the Eagles papers and others he has done with Carty.

This data also shows for the first time the extent of candidate self-financing in municipal politics in the Toronto region and possibly beyond it. More than half of the candidates provided some of their own funding and although that in itself was not significant across all races, it was important in a few. Future studies need to look at other variables to fully understand the importance of self-financing. Some of the biggest self-financers were challengers without campaign experience who may not have known the most effective uses of campaign funds. The level of community experience, the dynamics of the race such as the presence of an incumbent or the number of candidates may also influence the

effectiveness of self-financing. The campaigns and experiences and political views of the largest self-financers, all wealthy candidates, is deserving of more study.

The data shows that union funding can significantly increase support for candidates who are presumably supportive of union positions. While contributions from unions were in total the smallest of funding sources and were present in the fewest number of campaigns, they were more important in boosting the vote percentage of candidates than any other funding source. Perhaps this is the result of not just funding candidates but providing campaign expertise and campaigning amongst union members in the ward to support the union endorsed candidate. Union contributions are enhanced by an ability to call on a wider number of people to volunteer and support a candidate. By contrast a self-financed or development industry financed campaign may be able to raise the same or more money but have to rely on campaign persuasion – more signs, brochures, paid staff and so on – rather than connection to a community of sympathetic voters.

Development industry funding is a significant determinant of the percentage of the vote won by a candidate. There is also a cluster of candidates that relies heavily on funding from this source. I don't think that there is much doubt that these candidates are supportive of the industry's policy preferences but there is still work to be done to tie the candidate's positions or the incumbent's records in office to the presence or absence of development industry funding.

This paper did not look at how campaign funds were spent. There is every reason to think that different funding sources may produce campaigns with different funding emphases. My intentions to look at this more closely were limited by the fact that candidates that spent or raised less than \$10,000 are not required to file detailed information on spending. In addition, having worked closely with this data, I have some doubts about the assignment of expenditures to different categories. Municipal campaign spending oversight is badly lacking and it is much less detailed, regulated and enforced than is true at the provincial and federal levels despite the fact that candidates may be spending more money.

The study of municipal election campaigns is hampered by the problem of compiling data from paper returns and by the number of municipalities to be tracked. Federal and provincial politics and elections attract far more study are probably more significant and have a community of scholars working on similar interests. But municipal elections can be an interesting laboratory for the study of money and influence on outcomes in democratic elections.

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## Endnotes

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<sup>1</sup> This research could not have been done without the help of a number of people. York University and specifically the Dean of Arts, Robert Drummond provided research funds as did the Faculty of Graduate Studies. Micki Honkanen, Matthew Wilson and Mark Busser, and Issac Anidjar, all graduate or undergraduate students in Political Science at York, helped in obtaining or coding the data. Hugh MacDermid helped with the building of contribution datasets. The Green Door Alliance helped by obtaining some of the candidate financial statements. The clerks in several municipalities patiently and helpfully answered questions about the financial statements. Paul Farrelly, a founder of Vote Toronto, a public disclosure campaign finance website, has helped code the Toronto data and other members of the Vote Toronto have worked to bring daylight and reforms to municipal campaign finance - my thanks to all of them. Any errors, omissions or oversights are my responsibility.

<sup>2</sup> In most regions of Canada, municipal politics does not have formal parties and in Ontario, parties are prohibited from forming by campaign legislation that does not allow candidates to share expenditures. Joint advertisements or candidates combining sums to create a municipality-wide campaign in favour of like minded candidates or a slate or a party would be effectively prohibited by this section of the Ontario Municipal Elections Act.

<sup>3</sup> MacDermid, 2006

<sup>4</sup> In some cases these were filed more than a year after the campaign and included up to three filings.

<sup>5</sup> There was some variation in how much financial information was required of low spending candidates by the different cities. Disclosure statements in Mississauga and Vaughan did not require candidates to state their total contributions and total expenditures. The next best measure of campaign income would be the amount of disclosed contributions over \$100, but this would likely underestimate total campaign income because smaller contributions would not be accounted for.

<sup>6</sup> This is about 5% of all candidates. Five of these non filers finished second, one taking 45% of the vote (Pinto Vaughan, Ward 2) and another 24% (Mascioli, Toronto, Ward 6) while the other 3 were a distant second with about 15% of the vote or less. Of the remaining 19 non filers, 11 had less than 6% of the vote.

<sup>7</sup> There were 199 candidates for the 44 seats on Toronto Council. This study included 143, dropping those with less than 4 percent of the vote. Some of the dropped candidates did not file financial statements and many others did not report income from outside the campaign.

<sup>8</sup> Kusher et al. 1997, 551

<sup>9</sup> Glenn DeBaeremaeker finished the campaign with \$27,888 deficit. The Municipal Elections Act allows candidates to extend the fundraising period if they end the campaign with a deficit.

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<sup>10</sup> The testimony of Jeff Lyons and Susan Cross in particular showed how consultants organize political contributions to support policies that are good for their clients. “Normally, Jeff Lyons would ask donors to make out cheques payable to various candidates, each cheque for an amount equal to or under the legal campaign donation limit. When he had a few cheques for a particular candidate, he would bundle them together and deliver them to the candidate with his usual cheery covering letter.” (Bellamy, Volume 1, 403) While the Bellamy Inquiry referred to contracting out of services, it is reasonable to assume the same dynamic exists with respect to contributions from the development industry.

<sup>11</sup> Because we cannot know the compositions of the contributors giving less than \$100, it is impossible to rule out support from one group or another. However, the often insignificant sums of contributions less than \$100 suggest this conclusion is not far-off.

<sup>12</sup> Paltiel (1970) notes that R. B. Bennett provided a large portion of the funding for the Conservative party from 1927 to 1930 out of his own fortune amassed through the ownership of the EB Eddy forestry company, pp.29-30.

<sup>13</sup> New York City Campaign Finance Board

<sup>14</sup> Twelve of 384 candidates entered the 2003 election campaign period with a deficit, the largest being Toronto city councilor Rob Ford’s \$11,133 deficit. Eight of the 12 were incumbents. The mean deficit was \$3,708.

<sup>15</sup> Candidates sometimes included in disclosure lists the identities of those who gave less than \$100 and these were overwhelmingly from individuals.

<sup>16</sup> Two candidates were removed because they were consistent outliers and in several solutions each formed a group of their own. One campaign apparently raised more than 100% of its spending limit in undisclosed contributions while the other raised 250% of its limit in individual contributions. Both of these figures are far removed from their averages.

<sup>17</sup> The 107 ward and contests vary in size, although spending limits, the maximum a candidate may spend in certain categories, are all set by a standard calculation of \$5,000 + 70 cents per elector. So expressing both income and expenditures as a percentage of the spending limit allows us to make comparisons of campaign finances across very different sized wards.