Candidate Quality and Fundraising in Canadian Constituency Elections

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Presented at the Annual Meeting of the Canadian Political Science Association, May 27 to 29, 2009, Carleton University, Ottawa, ON

I would like to thank Lisa Young, Munroe Eagles, Andrew Banfield and David Stewart for their comments and suggestions on various versions of this paper.

Please do not cite without permission from the author. This is an unfinished paper.
Introduction

This paper is about identifying a “candidate effect” in Canadian elections. Most academic and media attention focuses on party leaders and the national parties during Canadian federal elections. Party leaders and the parties they represent are undoubtedly important actors in the Canadian political system and, for most Canadians, are the main influences on their vote choice. But a Canadian election is not a single contest fought between the national political parties. A Canadian federal election is comprised of 308 individual elections fought in 308 diverse communities, between thousands of individual, and unique candidates. We do not know enough about how these individual candidates affect the outcome of the general election and consequently, who forms government. This paper is concerned with filling this gap.

We know that candidates running in each of Canada’s electoral districts can, and often do, influence the outcome of elections (Cunningham, 1971; Blais et al., 2003). Moreover, constituency campaigns themselves affect the outcome of elections and the candidate has a significant impact on the kind of campaign a local party is able to mount. A strong candidate, armed with adequate financial and human resources and intense local campaigning, can bring electoral rewards for his or her party (Carty and Eagles, 1999; Sayers, 1998).

In the United States, candidates have replaced the political party as the critical factor in elections, making elections highly candidate-centred affairs. In contrast, parliamentary democracies with single member plurality election systems are more party-centred. The political party plays an important role not only in voting behaviour, but also in the organization and conduct of elections. By contrast, British and Australian research has found that candidates are not significant factors in explaining election outcomes, in part as a result of the centralized candidate selection procedures in each (Hands and David, 1997; Sayers, 2007).

Canada lies somewhere in between the United States and Britain in terms of the importance candidates play in constituency elections. Canadian party organization has been described as representing a franchise system (Carty, 2004) where the national party is responsible for branding the party and leader while leaving decisions about the candidate and local campaign to the local party organization. Such a dynamic provides space for candidates to take a prominent role in the running and organizing of campaigns. Aside from appointing key campaign staff for the campaign, the candidate “is the central figure in its financing” (Carty, 1991: 206). In a survey of constituency associations in 1988, over half (58%) said that the local candidate was very important to fundraising efforts (Carty, 1991: 206).

Fundraising success is crucial to the viability of a local campaign. Without financial resources, local campaigns are unable to effectively market the candidate and mobilize voters on election day. Even with a strong contingent of volunteers, a campaign may not be taken seriously if it does not have the money to purchase lawn signs or have a prominent campaign office. Perceived vitality is as important to a campaign’s success as its ability to turn out the vote. Therefore, if a candidate’s qualities improve a campaign’s

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1 Blais et al. found that during the 2000 Canadian General Election, the local constituency candidate was a decisive consideration for five percent of Canadian voters. Furthermore, 10% of voters who had a preference for a local candidate, supported a party other than one they would have supported in the absence of such a preference.
total fundraising, we can conclude the candidate matters in the conduct of Canadian elections.

This paper performs a multilevel analysis of Canadian constituency campaign fundraising for the 2004 and 2006 general elections to answer the following question: do higher quality candidates raise more money in Canadian constituency elections? By answering this question, the paper extends the existing literature in three ways. First, the empirical model includes ecological and political variables previously used to explain fundraising in Canada. To isolate a candidate effect on fundraising, we must control for factors previously found to effect fundraising totals. Second, I extend the ecological analysis to include candidate-specific variables and assess the impact of ecological, political and candidate variables operating at two different levels. In doing so, I find that candidate characteristics have an independent effect on fundraising. Finally, I find that there is cross-level interaction: candidate-level variables interact with constituency-level variables to produce varied fundraising effects across constituencies. This allows me to conclude that the candidate effect interacts with the character of the electoral district to produce different fundraising outcomes.

Candidate Quality and Fundraising

Literature on candidate effects and political fundraising in Canada is limited. The only empirical study on fundraising looked at the influence of ecological factors on campaign receipts (Eagles, 1992). Other studies examined the role candidates play in affecting the nature of the local campaign and found a strong link between the candidate’s characteristics or quality and the kind of campaign that is eventually waged (Carty, 1991; Sayers, 1999). While the Canadian literature is limited, American researchers have paid greater attention to candidates in keeping with the central role they play in the conduct of congressional and state-level elections.

Early research on congressional elections in the U.S. identified a triad of mutually reinforcing variables that influences the amount of money raised by campaigns: (1) the quality of the candidate; (2) political and environmental conditions, and (3) the probability of victory (Jacobson, 1980, 107). Apart from a few studies that focus specifically on fundraising, the majority of research has been done on campaign spending and candidate emergence. These findings suggest that quality candidates and incumbents raise and spend more than lower quality candidates.

The Candidate Matters

As the central figure in campaign financing, the candidate and the qualities he or she brings to the campaign should have a substantial impact on the amount of resources the campaign has available. Those constituency campaigns without a strong candidate are missing the unifying force that rallies volunteers and attracts financial resources to the campaign. While the local party organization can make-up for the void, research has found that the presence of an incumbent or strong candidate is highly correlated to a viable local party organization (Coletto and Eagles, 2008; Sayers, 1999; Carty, 1991). Addressing the theoretical complexity of issue, Scarrow argues that the “ability [of candidates] to fundraise seems directly related to their perceived likelihood of success, meaning that campaign spending is a reflection of popularity, not just a cause of it.
Disentangling these multidimensional relations requires outside measures of candidates’ perceived viability (their quality)” (Scarrow, 2007: 1999).

Theoretically, a quality candidate is one with an ability to run a competitive campaign (Squire, 1989). However, there is disagreement on how to define the concept. For some, candidate quality means the candidate has prior elected political experience (Jacobson, 1981; Jacobson and Kernell, 1981; Kranso and Green, 1988; Bond, Covington and Fleisher, 1985; Squire 1991). For others, political experience is only one aspect that also includes the candidate’s occupation and personal qualities (Krebs, 2001; Bonneau, 2007). Despite these variations, all formulations of the concept agree that quality candidates are able to assemble a team of volunteers and professionals who can help them with communications, voter outreach, and getting out the vote. They also raise more money than non-quality candidates all else being equal (Jacobson, 1981; Jacobson and Kernell, 1981; Kranso and Green, 1988; Bond, Covington and Fleisher, 1985; Squire 1991).

**Political Experience and Occupation**

The previous elected experience and occupation of a candidate brings two unique aspects to their ability to raise money: experience and fundraising networks. First, politically experienced candidates should be better fundraisers than inexperienced ones. They have run for office successfully before giving them the skills necessary to raise large sums of money for their campaigns. Second, experienced candidates and those in professional occupations are more likely to have solid networks of colleagues, friends, and supporters who they can easily approach for campaign contributions. Politically experienced candidates are likely to have political contacts and organizations in place before the campaign begins. As a result, they are able to mount more effective campaigns than inexperienced candidates (Bond, Covington, Fleisher, 1985).

Empirical results in the United States confirm these theories. Candidates who hold elected office at the time of the election or those who previously held elected office raise and spend more than non-experienced candidates (Krebs, 2001; Kranso and Green, 1988; Jacobson, 1980; Jacobson and Kernell, 1981; Bonneau, 2007; Kranso, Green, and Cowden, 1994; Biersack, Herrnson, and Wilcox, 1993; Squire 1991). Moreover, a study on American municipal elections in Los Angeles and Chicago found that former political aides or party officials who run for elected office raise more money than non-incumbents who lack that experience (Krebs, 2001). These findings suggest that political experience, whether as an elected official or as an aide to other elected officials, provides skills and social networks unavailable to candidates who lack such experience.

Along with political experience, research has also found that candidates in professional or high-profile occupations also raise more money than candidates in other professions. Candidates in professional occupations, much like those with political experience, generally have a larger and wealthier pool of associates, colleagues and friends in which to solicit campaign contributions (Krebs, 2001). Again, for these candidates, having a larger “rolodex” is a critical factor explaining their fundraising advantage over candidates who lack such a potentially lucrative pool of potential contributors.

Empirical research in Canada on the relationship between candidate quality and campaign fundraising is very limited. Sayers’ 1999 study of candidates and local
constituency campaigns in British Columbia found a link between the type of candidate running in a constituency and the funding available to the candidate. Similarly, high profile and “local notable” candidates who are in higher profile occupations or have previous political experience have little problem raising money. Party insiders and stopgap candidates struggle the most to raise money, due in part to the characteristics of the candidate and the competitiveness of their campaign (Sayers, 1999). While there is a clear correlation between the type of candidate and the type of campaign waged, we do not know if a high-quality challenger running in an uncompetitive riding makes a difference to fundraising levels, especially when up against an incumbent.

**Incumbents vs. Challengers**

Incumbents possess a number of advantages over non-incumbents. By virtue of their position as a Member of Parliament, they have access to a variety of institutional benefits that help them to increase their name recognition and profile within their constituency. These include use of parliamentary funded mailings, interaction with constituents between elections at social events, town hall meetings or through their constituency office, and media coverage. Furthermore, they are experienced fundraisers having most likely raised money in their previous election victory. Apart from their experience, incumbents also have an advantage by holding office. Potential contributors may wish to influence decisions or gain access to government decision makers thus increasing the fundraising success of incumbent MPs. These advantages were confirmed by Eagles in his study of fundraising in the 1984 and 1988 federal elections (1992).

Incumbents also have an interest in maintaining the local party organization in their constituencies. Literature on Canadian political party organization in constituencies has found a relationship between the presence of an incumbent and the strength of the local party organization (Carty and Eagles, 1999; Coletto and Eagles, 2008). Indeed, incumbency has been described as the “most critical environmental factor” in the life of local party organizations (Carty and Eagles, 1999; Carty, 1991).

**Candidate Gender**

It is often assumed that female candidates raise less money than their male counterparts. However, empirical evidence both in Canada and the United States suggests otherwise. Women running in Canadian federal elections (Young, 2005), American congressional elections (Uhlander and Scholzman, 1986), American legislative elections (Thompson, Moncrief and Hamm, 1999) or American State Supreme Court elections (Bonneau, 2007) raise as much as male candidates all else being equal. Instead, men and women candidates of equal experience and occupation raise the same amount of money, and in some cases, women have been found to raise more than men (Thompson, Moncrief, and Hamm, 1999). The key variable is not gender, but candidate quality. Quality male and female candidates should raise the same amount of money.

The empirical studies, however, ignore the possibility that the relationship between gender and fundraising is context neutral meaning that high-quality female candidates will not raise as much as high-quality male candidates in all situations. We do not know if female candidates raise as much as male candidates in uncompetitive elections, or if there is a gender bias in less dense constituencies. In this case, the
character of a constituency could impact the relationship between gender and fundraising. By utilizing a multilevel research design, I will test this assumption.

The personal qualities of a candidate should affect their ability to raise campaign funds. However, we also know from previous research that candidates are strategic. High quality candidates, at least in the United States where there is empirical evidence to confirm the assumptions, run in more competitive congressional or state-level districts (Squire, 1991; Bond, Covington, and Fleisher, 1985). Moreover, candidates running in competitive elections raise more money. Therefore, in order to confidently isolate the candidate effect on fundraising the model must control for political factors such as competitiveness and political party.

**Political Factors**

It is accepted among American scholars that high quality candidates are strategic and run in contests they believe they have a chance to win. This speaks to the overriding power of incumbency in the United States and the impact that partisan redistricting has had on its electoral process (Squire, 1992; Jacobson, 1992; Abramowitz, 1988). In Canada, the situation is somewhat different. Voting behaviour is highly volatile (Clarke et al.), electoral districts boundaries are not politically drawn and there is often 30 per cent seat turnover in the House of Commons (Docherty, 1998). Moreover, there are comparatively fewer safe seats in Canada than in the United States. Research finds that competitiveness is one of the most important factors in explaining the strength of local party organization (Carty and Eagles, 1998) and fundraising (Carty and Eagles, 2003; Eagles, 1992). As a result, I expect candidates running in competitive elections to raise more money than those in less competitive elections.

Confirming findings from Congressional and state legislative races, research on municipal elections in the U.S. has found that many contributors first consider a candidate’s viability before making contributions (Krebs, 2001). This means that potential contributors are more likely to support a competitive candidate than an uncompetitive candidate. We also know that voters have a fairly good capacity to determine which of the main parties is weakest in their constituency (Blais and Turgeon, 2004) and that the competitiveness of the constituency impacts that type of candidate that will eventually contest the seat (Carty, Eagles, and Sayers, 2003). Therefore, an electoral district’s competitiveness provides an incentive to potential contributors (who are more likely to give to competitive candidacies) to give and for higher quality candidates to contest the election in the district. Due to the likelihood that stronger candidates will run in more competitive electoral districts, the model must control for both if we are to isolate their independent effect on fundraising.

Along with competitiveness at the local level, contributors may also consider the broader national political trends. For example, competitiveness of the national election, that is if two or more parties are vying to form government, should increase fundraising in key ridings that could make the difference. Therefore, there must be some control for the election year and partisanship.

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2 In the 2004 and 2006 Canadian federal elections, 16 per cent of constituency elections were decided by fewer than 5% of the vote, while another 17 per cent were decided by between 5% and 10% of the vote. About two thirds of constituencies during the two elections should be considered safe (winning margin greater than 10%).
Political factors therefore are important. For this reason my model must control for their potential impact on fundraising. And although it may seem that political factors should explain most of the variation in fundraising, Carty and Eagles argue that “although the relationship between the competitiveness of a local race and the amount of money raised by candidates is statistically significant, the general softness of the linkage suggests that other factors are at work.” (Carty and Eagles, 2003; 38) These other factors include candidate quality and constituency context.

**Electoral District Characteristics**

Constituency elections are not contested in a vacuum. As Carty and Eagles assert, “place does matter in politics” (Carty and Eagles, 1998: 589). Differences among electoral districts shape electoral contests in different ways. They can affect voting behaviour, the partisan composition of the electoral district, and the strength of the local party organization. These differences also manifest themselves in the ability of certain candidates to raise money.

In the only empirical study of fundraising in Canada, Eagles argues that “a variety of socio-economic and demographic features of local settings will likely influence patterns of contributions” (Eagles, 1992: 540). These include the average levels of education, wealth, and diversity of the constituency. He finds education level is associated with higher levels of financial contributions and that the concentration of poor households depress the level of contributions to campaigns. Moreover, a higher proportion of the workforce in agriculture leads to a smaller total fundraising amount. These findings were confirmed in later work that found that high levels of employment and community heterogeneity strengthen party finances (Carty and Eagles, 1998: 596).

One methodological concern with Carty and Eagles’ that this paper tries to correct is the problem related to party transfers. Their measure of fundraising does not distinguish between money raised locally and money transferred in from other constituencies or from the national party. By including both of these sources in their dependent variable, they overlook the potential relationship between the socio-economic variables they found to be critical in affecting fundraising and the competitiveness of the election. Political parties will transfer resources into competitive ridings and research has found that an electoral district’s socio-economic status profoundly affects the potential for competitive elections (Fenno, 1978; Fiorina, 1974; Davidson, 1969). More diverse districts breed more competitive elections. My measure of candidate fundraising helps correct this problem.

Nonetheless, I expect fundraising to be higher in constituencies with more available financial resources (higher average income) and in constituencies with higher percentage of university degree holders. A potential donor without disposable income is less likely to be able to make a political contribution and those with a university degree are more likely to contribute than non-degree holders. A recent study in the United States found that “education is a great dividing line between donors and non-donors. Donors who gave $200 or more are very highly educated, and this finding is consistent over the past 20 years.” (Campaign Finance Institute, 2005)

The existing literature in Canada is ill equipped to comment critically on the impact of candidate quality on fundraising in Canadian constituency elections. We need a systematic examination of the determinants of fundraising success that incorporates
candidate qualities while controlling for factors assumed to matter most: political and contextual factors. Carty and Eagles are the only researchers to empirically study what determines receipts in Canada but they do not address what American studies have found critical: the role of the candidate itself. Other qualitative studies have theorized about the link between candidate quality and available resources, but it is difficult to generalize those findings to the wider Canadian political system because it studied candidates running in only one province during a single election. This paper attempts to fill this gap by building a multilevel model that incorporates candidate qualities, political factors, and electoral districts characteristics and develops a measure of fundraising that isolates the real influence of the candidate in the process.

**Hypotheses**

Most of the empirical research on campaign fundraising, particularly the notion of candidate quality, is American and developed for a candidate-centred political system. Are these concepts applicable in the Canadian political system? At first glance, American and Canadian electoral politics seem too incongruent to apply American concepts to Canadian data. However, when we consider previous Canadian research on the role of candidates in managing and influencing their own campaigns, candidate quality should account for a significant portion of variation in fundraising between constituency campaigns.

I also argue that candidates are not entirely masters of their own destiny. Context and political conditions matter in their ability to extract resources from potential contributors. Thus, to effectively isolate the true “candidate effect” on fundraising, we must control for factors outside the control of the candidate including: the political conditions in the constituency, the candidate’s political party, and the socio-economic and geographic features of the candidate’s constituency. I propose the following five hypotheses:

**Hypothesis 1:** Candidate-level variables will explain more variation in fundraising than constituency-level variables.

**Hypothesis 2:** Candidates running in more competitive elections will raise more money than those in less competitive elections all else being equal.

**Hypothesis 3:** Higher quality challengers (those with previous political experience and those in high-profile occupations) will raise more money than lower quality challengers all else being equal.

**Hypothesis 4:** Incumbents will raise more money than challengers all else being equal.

**Hypothesis 5:** Overall, female candidates will raise as much money as male candidates all else being equal but that the relationship between gender and fundraising will be different in different constituencies.
Data and Methods

Not all candidates are equal, nor are all electoral districts the same. This variation affects the success of raising money to pay for campaign expenses. In this section, I outline the data and methods used to test my hypotheses about the impact of candidates quality on fundraising. I begin with a brief discussion of the data used in my analysis. I then discuss the measurement of my independent and dependent variables. I conclude the section with the description and justification of the multilevel model used to test my hypotheses.

Data

My hypotheses are tested using data from the 2004 and 2006 Canadian general elections. In 2004, the Liberal Party won a minority government despite the merger of Canada’s two largest centre-right parties, the Canadian Alliance and the Progressive Conservative Party, into the Conservative Party of Canada. The Conservatives, in 2006, ended the 13-year rule of the Liberals by winning enough seats to form a minority government.

Fundraising data and information on nomination meetings for the two elections, and elections results from 2000, 2004, and 2006 was acquired from Elections Canada, while census data (2001) profiles on Canada’s 308 electoral districts were retrieved from Statistics Canada. Finally, candidate biographical information was coded using candidate information on the CBC and Globe and Mail election websites. Candidates who did not report any fundraising were removed from the analysis leaving a total of 1,853 candidates running for the Conservative Party of Canada (n=582), Liberal Party of Canada (n=598), New Democratic Party of Canada (n=534) and the Bloc Quebecois (n=139).

Dependent Variable

The primary focus of this paper is to determine whether there is a candidate effect on fundraising totals. Fundraising can include any contributions from individuals, corporations, unions or associations. For the 2004 and 2006 elections, as a result of changes in Bill C-24, candidates could receive up to a maximum of $5,200 from individuals, and $1,000 from corporations, unions or associations.

Determining an appropriate measure for fundraising was more challenging than it appeared. While candidates can raise money during the formal election period, fundraising can also occur between elections particularly for incumbents and candidates.

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3 In order to meet the linear assumptions of OLS regression, the fundraising amount was converted to a log base 10. To do so, fundraising must be greater than 0. 28 Conservative candidates, 17 Liberal candidates, 80 NDP candidates and 10 BQ candidates were removed. Note, most of the NDP candidates removed ran in Quebec.

4 The Bloc Quebecois only runs candidates in Quebec.
nominated well before the election. Fundraising conducted before the election is not reported in the candidates’ election reports, but shows up in transfers from the electoral district association (EDA) who collect the donations on behalf of the candidate in order to provide tax receipts to contributors and then transfer money to the candidate during the election period.5

The dependent variable was measured with the following logic:

a. If the candidate is an incumbent, fundraising includes all money raised during the writ period and all transfers from the incumbent’s own EDA.

b. If the candidate is not an incumbent but nominated at least 60 days before election day fundraising includes all money raised during the writ period and all transfers from the EDA subtracted from the EDA’s opening balance at the beginning of the election year (2004 and 2005).6

c. If the candidate is not an incumbent but nominated within 60 days of election day or if no nomination information is available7, fundraising only includes funds raised during the writ period.

In all three situations, transfers from political parties or from other EDAs are not included in the fundraising total. Finally, to create a distribution conducive to regression analysis, the fundraising figure was converted into a base 10 log. Table 1 summarizes the mean fundraising totals for each situation and the base 10 equivalent.

-INSERT TABLE 1 ABOUT HERE-

Independent Variables

In order to explain as much fundraising variation as possible, most of the independent variables at the candidate level are measured as dichotomous dummy variables.8

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5 There is one minor problem with this method. EDAs will probably transfer only an amount of money that a candidate requires. As such, a candidate may raise significantly more money than is measured by this indicator. However, apart from incumbents, few candidates are nominated will before the election; most do not spend the maximum; and spending limits restrict the “effect” of huge fundraising amounts.

6 Two months was chosen as the cut off point because it is enough time for a candidate to set up a fundraising organization and because of the need to isolate, as much as possible, the influence of the candidate on fundraising. Also of note, if an EDA took out a loan during the year before the election, the loan amount was subtracted from the EDA transfer to the candidate as loans do not constitute fundraising. They proxy for the expected refund from Elections Canada for election expenses and may be a substitute for poor fundraising performance or ability.

7 Nomination information was not available for 475 candidates which either means that the candidates was appointed by the party leader or no formal nomination meeting was held. An analysis was run with these candidates removed from the dataset and results were very similar to a model with them left in. Therefore, they were left in the analysis.

8 A number of studies attempt to operationalize candidate quality as a single measure. Since I am placing such importance on a candidate’s occupation and previous political experience, I decided to disaggregate the measures and attempt to capture individual relationships between degrees of experience and occupational categories.
Candidate-Level Variables

**Competitiveness:** To measure the competitiveness of the candidate’s party relative to the winning party in the previous election (MARGIN), the winning candidate’s vote percentage is subtracted from the candidate’s party previous vote total.9

**Candidate Quality:** To measure candidate quality (a candidate’s previous political experience and their occupation), two nominal variables were recoded into dummy variables. In both measures, the comparator group includes candidates who lack any previous political experience or those who do not have one of the identified occupations. The categories for past political experience include incumbent (INCUMBENT), current elected office holder (CURRENT), past elected office holder (PAST), previous unsuccessful run for elected office (PREVIOUS), and political aide or senior party official (AIDE).10 The categories for occupation include incumbent, professional or business executive (includes lawyers, doctors, dentists, certified accountants, major local business owners, corporate executives) (PROFESSIONAL), elementary, secondary, and post-secondary educators (EDUCATOR), union leaders (UNION), media personalities (MEDIA), farmers (FARMER), and students (STUDENT).11

**Gender:** Female candidates (FEMALE) are coded as 1 and male candidates are coded as 0.

**EDA Opening Balance:** An EDA’s wealth may act as an incentive for candidates not to raise money since they have the EDA’s assets to fall back on (EDABALANCE). The EDA’s opening balance at the start of the election year is converted to a base 10 log and included in the analysis.

**Contested Nomination:** (CONTESTED) coded as 1 if the candidate faced a contested nomination; 0 if uncontested or no information was available.

**Political Parties:** Three dummy variables were created (CPDUMMY, NDPDUMMY, BQDUMMY) to capture any party effects. The results are compared to Liberal Party candidates.

**Election Year:** (YEAR) 2004 coded as 0; 2006 coded as 1

Constituency-Level Variables

**Population Density:** (RURAL) The number of residents (in 1,000s) per squared kilometre grand mean centred.12

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9 For the 2000 election, the PC and Canadian Alliance vote totals were combined.
10 A candidate cannot be coded in more than one of the previous political experience categories but can have more than one occupation. For example, if a candidate is currently the mayor of a municipality but had unsuccessfully run for another elected office earlier in their career, the candidate is coded as currently holding elected office (coding goes to higher order dummy variable).
11 Incumbency is included as a separate category for both previous political experience and occupation because it is assumed that incumbency trumps all other experience that a candidate has had. However, a candidate who has previously held elected office can be coded in the occupation category. Some candidates, after serving in elected office go on to work in high profile positions. Bob Rae is an example. After serving as Premier of Ontario, he went on to work for a high profile law firm in Toronto where could make additional contacts not available to him as premier.
12 Grand mean centring is the process of linearly transforming a variable by subtracting its mean over all constituencies. We interpret the variable as a deviation away from the grand mean. A score of 0 on the transformed variable is interpreted as the average population density of all constituencies. Centring variables in multilevel analysis makes interpretation of the constant more realistic because no constituency will have a population density of 0.
Percentage of managers and business professions: (%BUSINESS) The grand mean centred percentage of residents employed as either managers or in business professions as decided by Statistics Canada.

Percentage of university degree holders: (%DEGREES) The grand mean centred percentage of residents who have obtained at least an undergraduate university degree.

Unemployment rate: (UNEMPLOY) The grand mean centred percentage of residents who are unemployed as defined by Statistics Canada.

Percentage of visible minorities: (%MINORITY) The grand mean centred percentage of residents who self-identify as a visible minority as defined by Statistics Canada.

Percentage of educators: (%EDUCATORS) The grand mean centred percentage of residents employed in an education field as defined by Statistics Canada.

Average household income: (INCOME) The grand mean centred household income for the constituency converted to a log base-10.

Ethnic Diversity (DIVERSITY) The grand mean centred electoral district diversity.13

Percentage of Francophones: (%FRANCOPHONES) The grand mean centred percentage of residents whose mother tongue is French.

Multiparty competition: (COMPETITION) A measure of the mean major party competition in a constituency for the 2000, 2004, and 2006 federal elections calculated using the mean standard deviation of the 3 or 4 party vote percentage in the three elections.14

**Research Design and the Multilevel Model**

The data used in this paper have a hierarchical structure. The advantage of multilevel models is that they provide more accurate estimates when data is hierarchically structured (Steenbergen and Jones, 2002). Candidates are nested within constituencies or electoral districts meaning that the effects on candidate fundraising within the same constituency are likely to be more similar than effects on candidate fundraising in different constituencies. Multilevel analysis also permits me to test for interesting contextual effects and cross-level interaction effects.

The hierarchical linear model employed in this paper begins with a candidate-level only analysis expressed in Equation 1:

\[
\text{Log 10 (Y) } = B_0 + B_1 \times \text{(YEAR)} + B_2 \times \text{(FEMALE)} + B_3 \times \text{(INCUMBENT)} + B_4 \times \text{(CURRENT)} + B_5 \times \text{(PAST)} + B_6 \times \text{(PREVIOUS)} + B_7 \times \text{(AIDE)} + B_8 \times \text{(PROFESSIONAL)} + B_9 \times \text{(EDUCATOR)} + B_{10} \times \text{(UNION)} + B_{11} \times \text{(MEDIA)} + B_{12} \times \text{(FARMER)} + B_{13} \times \text{(STUDENT)} + B_{14} \times \text{(CONTESTED)} + B_{15} \times \text{(CPDUMMY)} + B_{16} \times \text{(NDPDUMMY)} + B_{17} \times \text{(BQDUMMY)} + B_{18} \times \text{(MARGIN)} + B_{19} \times \text{(EDABALANCE)} + R
\]

13 Ethnic diversity = 1 – Σ S k i^2 where i denotes electoral district and k represents the following ethnicities: Chinese, south Asian, African Canadian, Filipino, Southeast Asian, Arab, West Asian, Korean, Japanese, and Caucasian.

14 For the 2000 election, the PC and Canadian Alliance votes were combined. For example, in the constituency of Halifax during the 2004 election, the result was NDP 41.6%, Liberal 39.1%, and CP 14.6%. The multiparty competitiveness score was 14.90. The same score was calculated for the 2000 and 2006 elections and a mean was calculated. The mean SD score for all constituencies is 20.27 with a range from 5.02 (most competitive) to 44.36 (least competitive).
The effects of constituency-level variables on fundraising are explained through a two-level regression model using maximum likelihood estimation. Displayed in Equation 2, the intercept is modeled as a function of the constituency-level explanatory variables. The $j$ subscript on the $\beta_0$ signifies that the intercept is not fixed but varies across constituencies. $\beta_0j$ represents the average level of fundraising in constituency $j$, $G_{00}$ is the average intercept across all constituencies, the $G$s represent the fixed effects of the constituency-level factors, and $U_{0j}$ is a level-2 variance term that represents the residual constituency-level variation around the constituency mean after controlling for the constituency-level variables in equation 2.

\[
B_{0j} = G_{00} + G_{01}(\text{COMPETITION}) + G_{02}(\text{DENSITY}) + G_{03}(\text{UNEMPLOY}) + G_{04}(\%\text{DEGREES}) + G_{05}(\text{INCOME}) + G_{06}(\%\text{EDUCATORS}) + G_{07}(\%\text{BUSINESS}) + G_{08}(\%\text{FRANCOPHONE}) + G_{09}(\text{DIVERSITY}) + U_{0j}
\]

Equation 2

After introducing the constituency-level variables into the model, I will determine whether the relationship between gender and fundraising is the same in each electoral district: that is, whether there are random slopes. If a random slope exists, we can say that the relationship between gender and fundraising is not the same within all constituencies. As expressed in equation 3, I model the slope of FEMALE ($B_2$) as a function of the multiparty competitiveness, ethnic diversity and population density of the constituency.

\[
B_2 = \gamma_{020} + \gamma_{021}(\text{COMPETITION}) + \gamma_{022}(\text{DIVERSITY}) + \gamma_{023}(\text{DENSITY})
\]

Equation 3

Findings

Analysis of Variance

Before estimating a multilevel model, establishing that significant variation in the dependent variable exists above the lowest level of analysis, the candidate-level for my model, is an important first step. By controlling for all possible sources of individual-level variance, we can determine if constituency-level variances makes an independent contribution in explaining candidate fundraising. This process helps determine whether multilevel analysis is appropriate for the data. To do this, we calculate the intraclass correlation, or the percentage of variance at the second level of analysis.

For my data, 9.9% of the variance is explained by variables at the constituency level with 90.1% of the variation explained at the candidate-level. I can conclude that candidates in the same constituency are more alike than candidates in different constituencies and that most of the variation in fundraising is related to factors operating at the candidate-level. We can also, therefore, proceed with multilevel analysis.
Table 2 presents the results from two similar multilevel models. The first column reports the results from the multilevel model with no cross-level interactions expressed in equations 1 and 2. The second column reports the results of the same multilevel model (equations 1 and 2) with the added cross-level interaction between gender and three constituency characteristics (density, ethnic diversity, and multiparty competition).

I begin by considering how candidate quality measures drive fundraising success in local constituency elections. The multi-level analysis finds that a candidate’s political experience and occupation do matter in explaining fundraising for candidates in the 2004 and 2006 Canadian federal elections. As expected, incumbency has a strong positive effect on fundraising. Incumbents raised about 35% more money than challengers without any prior political experience. Moreover, challengers who previously held elective office and those who currently held office can expect to raise 22% and 12% more money respectively than challengers with no political experience all else being equal, including competition level. One reason why previous elected experience is a stronger predictor of fundraising success than current office holding is that many current or recent provincial elected office holders, like MPPs or MLAs, resign their seats before running for federal office. Therefore, these candidates would be coded in the previous office holder category.

While holding elected office is an important predictor of fundraising, the model predicts that previous unsuccessful runs for elected office and being a political aide or major party office has little effect on fundraising. Challengers with these types of experience raise on average 2.8% (previous run for office) and 6.7% (political aide or party official) more than challengers with no previous experience. Nonetheless, the results confirm previous research in the United States and my expectations that political experience is a key measure of candidate quality, and it has an independent effect on candidate fundraising.

All else being equal, a candidate’s occupation also affects their fundraising total. Professionals or high profile business people can expect to raise at least 13% more than candidates with occupations not included in the analysis. Journalists and other media personalities raised approximately 12% more, while farmers and ranchers raised 11% more than candidates with occupations not included in the analysis. Somewhat surprisingly, current or previous union leaders raised 14% more than candidates not included in the analysis. Educators raised less than other occupations coded but still more than those not included in the analysis (8% more). Finally, students who run for federal Parliament can expect to raise significantly less money (27%) than candidates not coded and 40% less than candidates in professional or high profile business occupations.

A candidate’s occupation is therefore a significant predictor of their ability to raise money for their campaign. As expected, candidates in high profile media occupations, or those in close-knit occupational communities such as professionals, farmers, union organizers or educators, do raise more than other occupations. The potential contributor network that a candidate brings to a campaign not only may help their vote totals, but evidence confirms that on average, they are better fundraisers.

Overall, the results present convincing evidence for the hypothesized relationships between candidate quality and fundraising, and therefore the affect of the candidate on fundraising. Higher quality candidates, those with previous political experience,
incumbents and those in higher profile occupations, raised more money in 2004 and 2006 than lower quality candidates. But candidate quality, as expected, does not explain all the variation in fundraising between candidates. Political and constituency factors also play a critical role in the process.

Turning to political explanations for variation in fundraising, the model predicts, as expected, that both a candidate’s competitive position as well as the multiparty competition in the electoral district affect fundraising. Confirming previous research and my second hypothesis, the more competitive a party is in a constituency, measured using previous election results, the more money the party’s candidate can expect to raise. For every one point increase in the margin of victory between the candidate’s party and the winner in the previous election, the model predicts fundraising to have decreased by 1.1% in 2004, all else being equal. For example, a low-quality challenger running in an average constituency where her party finished 10% behind the winner raised 11% less money than a low-quality candidate running in a constituency her party won in the previous election. The results also indicate that multiparty competition in a constituency matters. For every increase of one point on the multiparty competition scale, a candidate’s fundraising would decrease by 0.6%. Therefore, taking into account the range of multiparty competition scores (39.34), the constituency-level variables effect on fundraising ranged from a 0% to a 23.6% decrease in fundraising.

Contested nominations and an EDA’s opening balance affected a candidate’s fundraising total. Candidates facing contested nominations raised about 10% more money than candidates without contested nominations while an electoral district association’s opening balance was positively related to fundraising. Candidates with running in constituencies with wealthier EDAs are not disinclined to raise money, but the opposite, raising marginally more in 2004 and 2006 than those with poorer EDAs. It seems the rich get richer in Canadian constituency elections.

As expected, political parties are a critical component of explaining fundraising. Candidates running for the NDP raised significantly less money (28%) than those running for the Liberals, all else being equal. The model predicted little variation between Conservative, BQ and Liberal candidates. In both elections, when other factors were controlled for, only NDP candidates faced a structural disadvantage in raising money. 

These results, along with those on competition, nomination contests, and EDA balance point to the importance of politics in fundraising. But the fact that candidate characteristic variables remain significant predictors of fundraising even after the inclusion of political factors illustrates they are but one component of the fundraising story in Canadian constituency elections.

Finally, I turn to the relationship between constituency characteristics and fundraising. The results again confirm my hypothesis that place does matter in politics and the socio-economic and demographic features of a constituency do affect the amount candidates raised in the 2004 and 2006 Canadian elections. Most important among the non-political constituency variables is average income. For every one percent increase in the logged average income of a constituency, fundraising would increase by 47%. Taking into account the range of values for the logged average household income variable (.481) the impact on fundraising ranged from 0% to an increase of 22.6%.
The percentage of Francophones, teachers, and business people and managers in a constituency were negatively related to fundraising, while the percentage of university degree holders was positively related. For every one percentage point increase of Francophones in a constituency, the amount of money raised decreased by 0.4% indicating that candidates running in primarily Francophone ridings in Quebec raised considerably less money than their counterparts in non-Francophone majority ridings. Somewhat surprising, a higher concentration of business people and managers did not lead to higher fundraising levels, all else being equal. The average income of an electoral district is therefore more important than the percentage of managers and business people. Finally, for every increase of one percentage point in university degree holders in a constituency, a candidate’s fundraising increased by 1%.

The remaining constituency-level variables in the multilevel model did not have noticeable effects. Controlling for the other factors in the model, an electoral district’s population density, unemployment rate, or ethnic diversity had no real impact on fundraising.

Having explained the results of the first multilevel model, I now turn to an assessment of the cross-level interactions between gender and constituency characteristics. Expressed in the second column of table 3, the coefficients for gender are positive and small representing the difference between male and female candidates fundraising when constituency factors are fixed at zero. However, the interaction between gender and multiparty competitiveness is negative indicating that as multiparty competition in a constituency decreased, female candidates raise less money than male candidates. Figure 1 illustrates this relationship more clearly.

*INSERT FIGURE 1 ABOUT HERE*

Population density had a similar impact on female candidate fundraising as multiparty competition. Figure 2 displays this relationship and shows that as the population density of a constituency increases, female candidates raise less money than male candidates. In other words, female candidates raised more money than male candidates in less dense constituencies and male candidates raised more money in highly dense constituencies.

*INSERT FIGURE 2 ABOUT HERE*

Finally, the interaction between gender and electoral district ethnic diversity was positive. Substantively, the coefficient implies that women who run in highly diversity electoral districts raised more money than those running in less diverse constituencies. Figure 3 illustrates this point. In the least ethnically diverse constituencies, male candidates raised marginally more than female candidates. However, this relationship changes as the constituency becomes more diverse so much so that female candidates raised considerably more money than male candidates in the country’s most diverse ridings. Therefore, density and ethnic diversity are not necessarily synonymous when it comes to their impact on fundraising for male and female candidates.

*INSERT FIGURE 3 ABOUT HERE*
Discussion

This paper offers an empirical model to examine the candidate effect in Canadian constituency elections. I argued and provided evidence to show that candidate quality can be as important to fundraising as political or environmental conditions in an electoral district. The analysis of fundraising in the 2004 and 2006 Canadian general elections supports the hypotheses that candidates with previous political experience and those in higher profile occupations will raise more money even when we control for the competitiveness of the election contest and constituency characteristics. However, findings also suggest that while candidate level variables explain most of the variation in fundraising, constituency characteristics still have discernable effects on campaign receipts.

Perhaps the most important finding of the paper is the evidence suggesting that candidates matter. Canadian electoral and legislative politics is dominated by political parties. Most Canadians cast a ballot, not for an individual candidate, but for a political party or a party’s leader. However, despite the tenuous role that candidates may play in voting decisions, this paper has confirmed what Carty, Eagles and Sayers have been arguing: local campaigns matter and the candidate largely determines the nature a local constituency campaign. We now know that the political experience and occupation of a candidate affects their ability to raise money in Canadian constituency elections.

Consequently, having access to adequate resources highlights a campaign’s viability and since the experience and occupation of candidates can increase fundraising by 15% to 30%, parties need to consider candidates not just as vote getters, but also as fundraisers. The academic community, on the other hand, needs to pay greater attention to local campaigns and the candidates who are so vital to them.

Second, since individual candidates have independent effects on fundraising in local constituency elections, the findings add another element in the discussion about the relationship between the central political party and the local campaigns and changes to that relationship as a result of recent election finance reforms in Canada. Candidates are central to fundraising efforts for their local party’s campaigns. The results of this paper confirm this hypothesis. However, candidates are also important players in the relationship between the central and local aspects of the political party organization. Since candidates retain some autonomy from the centre and are critical to the financial viability of their electoral district association, candidates can act as mediators on encroaching central party control.

With the adoption of direct public subsidies to Canadian political parties and stricter contribution limits in 2004 and the growth of the “permanent” campaign, one can argue that parties will centralize power and decision making, and elections campaigns both nationally and locally will become top-down affairs. If contribution limits reduces the amount of money that local campaigns can raise, local campaigns may become more reliant on the national party for financial support through transfers. Not only does this allow parties to target specific constituencies, but it takes some of the local control away from grassroots party members and the local campaigns.

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15 In 2003 and 2006, the federal government enacted major changes to Canada’s election finance system. It implemented strict contribution limits, introduced generous annual public subsidies to political parties, and expanded the election expenses rebate.
The growing permanent campaign may also have specific impacts on the Liberal and New Democratic parties. Recently, national party fundraising by the Liberals and New Democrats has been anemic compared to the fundraising machine assembled by the Conservative Party. If the Liberal Party and NDP cannot recruit high quality candidates to raise their own money, the parties may be unable to support local campaigns restricted by the contribution limits weakening the local parties in those constituencies. Results clearly indicated that NDP candidates in particular suffer a significant fundraising advantage, even when all other factors are controlled for. Once the 2008 general election data becomes available, we will be able to assess the impact of the stricter election finance laws\(^\text{16}\) on fundraising in general as well as the relationship between fundraising and candidate quality.

Third, this paper confirms work that stresses the importance of place in the conduct of politics in Canada. While the impact of constituency context accounts for a small portion of the explained variance, certain attributes had noticeable impacts on fundraising totals. The paper confirmed that candidates running in wealthier ridings do raise more money; that a higher percentage of business and managers in a constituency does not increase funds raised; and that multiparty competitiveness matters over and above the probability that a candidate will win the election.

Candidate fundraising is affected by the environment in which they run and it is not done in a vacuum. The supply and demand for campaign contributions is affected by the average wealth of its residents, and the nature of party competition in the riding. Moreover, these factors interact with other candidate-level variables to produce different effects from one constituency to the next. The relationship between gender and fundraising, while overall is non-existent, varies depending on the riding in which the female candidate runs.

While the paper confirmed previous research in Canada and the United States that female candidates raise as much or slightly more money than male candidates when we control for other variables, the multilevel analysis indicated that among Canada’s electoral districts, the strength and direction of the relationship between gender and fundraising is not the same. Female candidates running in less competitive districts raise less money than their male counterparts in the same districts while in highly competitive constituencies, women raise more money than male candidates.

Finally, this paper attempted to apply concepts developed in the United States to the Canadian political system by importing the notion of candidate quality and testing its effect on fundraising. While a candidate’s previous political experience and occupation have independent and substantively significant effects on fundraising, we cannot ignore the impact of political parties and competitiveness in the conduct of Canadian elections. Candidate candidates for federal office do not have the freedom as their counterparts in the United States. Rarely do they establish a “personal vote” with their electors nor do many voters view the local candidate as important in influencing their voting decision. However, when it comes to fundraising, individual candidates can and do have an independent impact on the nature of elections based on personal qualities not influenced by neither the party they run for nor the political conditions within their electoral district. While the candidate may not have much influence on the vote directly, their ability to

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\(^{16}\) The 2006 reforms passed by Parliament further reduced the contribution limit and outlawed all corporate and union contributions to candidates and local party organizations.
amass campaign resources, both financial and human, remains a critical contribution to the electoral process in Canada. This alone requires that we, as Canadian political scientists, not ignore local candidates, and strive to better understand their role in Canadian electoral and party politics.
<table>
<thead>
<tr>
<th>Fundraising Types</th>
<th>Mean Fundraising ($)</th>
<th>S.D. ($)</th>
<th>Mean Log10 Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incumbents (n=512)</td>
<td>65,328.69</td>
<td>28,171.42</td>
<td>4.815</td>
</tr>
<tr>
<td>Challengers nominated 2 months prior to election call (n=793)</td>
<td>34,075.83</td>
<td>27,887.54</td>
<td>4.532</td>
</tr>
<tr>
<td>Challengers nominated within 2 months of the election call (n=548)</td>
<td>14,609.52</td>
<td>18,497.71</td>
<td>4.165</td>
</tr>
<tr>
<td>All Candidates (n=1853)</td>
<td>36,954.36</td>
<td>32,038.84</td>
<td>4.568</td>
</tr>
</tbody>
</table>
Table 2: Explaining Fundraising Variation

<table>
<thead>
<tr>
<th>Candidate Level Variables</th>
<th>Multilevel</th>
<th>Multilevel w/ Interactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>4.393</td>
<td>4.394</td>
</tr>
<tr>
<td>Election Year (2006)</td>
<td>-0.095</td>
<td>-0.088</td>
</tr>
<tr>
<td>Gender (Female)</td>
<td>0.004</td>
<td>0.003</td>
</tr>
<tr>
<td><strong>Political Experience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incumbent</td>
<td>0.345</td>
<td>0.347</td>
</tr>
<tr>
<td>Current office holder</td>
<td>0.120</td>
<td>0.113</td>
</tr>
<tr>
<td>Previous office holder</td>
<td>0.220</td>
<td>0.214</td>
</tr>
<tr>
<td>Previous run for office</td>
<td>0.028</td>
<td>0.016</td>
</tr>
<tr>
<td>Political aide/party official</td>
<td>0.067</td>
<td>0.063</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional/High profile business</td>
<td>0.130</td>
<td>0.125</td>
</tr>
<tr>
<td>Educator</td>
<td>0.080</td>
<td>0.082</td>
</tr>
<tr>
<td>Union leader</td>
<td>0.143</td>
<td>0.144</td>
</tr>
<tr>
<td>Media/Journalist</td>
<td>0.116</td>
<td>0.123</td>
</tr>
<tr>
<td>Farmer/Rancher</td>
<td>0.106</td>
<td>0.099</td>
</tr>
<tr>
<td>Student</td>
<td>-0.279</td>
<td>-0.293</td>
</tr>
<tr>
<td><strong>Party Dummies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservative (Liberal comparator)</td>
<td>-0.028</td>
<td>-0.034</td>
</tr>
<tr>
<td>NDP</td>
<td>-0.281</td>
<td>-0.302</td>
</tr>
<tr>
<td>Bloc</td>
<td>-0.034</td>
<td>-0.022</td>
</tr>
<tr>
<td><strong>Political Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contested nomination</td>
<td>0.095</td>
<td>0.103</td>
</tr>
<tr>
<td>Relative competititon</td>
<td>-0.011</td>
<td>-0.010</td>
</tr>
<tr>
<td>EDA Opening Balance (Log10)</td>
<td>0.031</td>
<td>0.029</td>
</tr>
<tr>
<td><strong>Cross-Level Interactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female x Multiparty competitiveness</td>
<td>-</td>
<td>-0.005</td>
</tr>
<tr>
<td>Female x Ethnic diversity</td>
<td>-</td>
<td>0.001</td>
</tr>
<tr>
<td>Female x Population density ('000s)</td>
<td>-</td>
<td>-0.013</td>
</tr>
<tr>
<td><strong>Constituency Level Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiparty Competitiveness</td>
<td>-0.006</td>
<td>-0.005</td>
</tr>
<tr>
<td>Population Density ('000s)</td>
<td>-0.007</td>
<td>-0.003</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-0.001</td>
<td>-0.001</td>
</tr>
<tr>
<td>Ethnic diversity</td>
<td>0.001</td>
<td>0.001</td>
</tr>
<tr>
<td>% Managers and Business</td>
<td>-0.020</td>
<td>-0.018</td>
</tr>
<tr>
<td>% Teachers</td>
<td>-0.032</td>
<td>-0.034</td>
</tr>
<tr>
<td>% Francophones</td>
<td>-0.004</td>
<td>-0.004</td>
</tr>
<tr>
<td>% University degree holders</td>
<td>0.010</td>
<td>0.010</td>
</tr>
<tr>
<td>Average income (Log10)</td>
<td>0.473</td>
<td>0.544</td>
</tr>
</tbody>
</table>

**Explained Variance**

| Level 1 | 0.55 | - |
| Level 2 | 0.82 | - |
| Deviance| 2103.90 | 2075.81 |
Fundraising and Gender by Ethnic Diversity

Fundraising (Log)

Ethnic Diversity

Male
Female
Works Cited


Blais, Andre and Mathieu Turgeon. (2004). "How good are voters at sorting out the weakest candidate in their constituency?" Electoral Studies 23: 455-461.


