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THE DETERMINANTS OF CAMPAIGN SPENDING: THE ROLE OF THE GOVERNMENT JACKPOT

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Abstract

To raise money for their campaigns, political candidates auction a part of government wealth (the jackpot) to contributors. The larger the jackpot, the more candidates spend. Data on the gubernatorial races of 1978 and 1986 indicate that (1) for every dollar increase in the per capita jackpot, campaign spending rises by 0.0004 cents per voter, (2) balanced budget laws hinder the candidate's ability to raise money, (3) in states that give the governor more power over the budget (measured by a "Schlesinger" index) candidates raise more. The paper emphasizes that candidates willingly limit their spending to avoid indebtedness to contributors.

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