

Campaign spending affects electoral outcomes

March 18 2009

In Canada, campaign spending limits for candidates during a federal election are stipulated by the Canada Elections Act. A study recently published in the *Canadian Journal of Economics* uses these spending limits to evaluate the impact of candidate spending on voting outcomes. Results show that higher spending by candidates is found to lead to better chance of the candidate winning the election, and that spending limits are good for democracy.

Kevin Milligan and Marie Rekkas draw on data from the Canadian elections of 1997 and 2000, using Canadian campaign [spending limits](#) to study how candidate spending affects voting outcomes such as vote share, [voter turnout](#), and the margin of victory.

[Campaign spending](#) limits were found to be binding mostly for incumbent [candidates](#). Higher spending was found to lead to greater vote share.

Also, higher spending limits lead to less close races, less voter turnout, and fewer candidates running.

"Our results may suggest that unobservable lower-quality incumbents spend more to compensate for their shortcomings," the authors note. "If we consider the welfare of voters rather than candidates, our findings suggest that spending limits can have an impact on voters' welfare - if broader outcomes such as electoral participation through voter turnout and more candidates running are held to be important by citizens."

Source: Wiley ([news](#) : [web](#))

Citation: Campaign spending affects electoral outcomes (2009, March 18) retrieved 27 April 2024 from <https://phys.org/news/2009-03-campaign-affects-electoral-outcomes.html>

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