



Do Lower Contribution Limits Decrease Public Corruption?

by Laura Renz

Issue

Supporters of campaign finance regulation regularly assert that contributions to political candidates need to be limited in order to reduce corruption by elected officials, and the lower the limits the better. Public Citizen President Joan Claybrook stated in 2001, for example, in reference to higher contribution limits to federal candidates that “increasing this contribution limit is a terrible idea that would further corrupt our already corrupted system.”¹

Most states have also adopted restrictions that limit how much citizens can give to support the candidates of their choice. Some states have set contribution limits extremely low,² such as Colorado which just recently limited individuals to contributing \$200 to legislative candidates,³ while others continue to allow unlimited contributions. Most states fall between these two extremes in what they allow citizens to contribute to candidates.

If contribution limits are an effective way of combating public corruption, or a lack of contribution limits or at least very high limits contribute to a political climate conducive to public corruption, we would expect to see states with low contribution limits experiencing lower

rates of public corruption than states with no or high limits. This analysis seeks to determine if lower contribution limits are in fact an effective way of reducing or minimizing public corruption.

Analysis

The U.S. Department of Justice Public Integrity Section, which specializes in investigating and prosecuting public officials who engage in corrupt activities, reports annually to Congress on their activities.⁴ A section of the report provides statistics on the nationwide federal effort against public corruption for the most recent year (2006 in this case) and over the previous two decades. This includes prosecution efforts against federal, state and local officials.

The corruption rate for each state represents the total convictions from 1997 to 2006 per 100,000 residents. The rate was calculated in this manner to capture yearly fluctuations in convictions due to the long term nature of some court cases, and also to account for any trends in state government and public officials.⁵

1 Public Citizen: Press Room, February 7, 2001, *available at* <http://www.tradewatch.org/pressroom/release.cfm?ID=535>

2 Public Citizen: Press Room, February 7, 2001, *available at* <http://www.tradewatch.org/pressroom/release.cfm?ID=535>

3 National Conference of State Legislatures. “State Limitations on Contributions to Candidates,” updated August 2008, *available at* http://www.ncsl.org/print/legismgt/limits_candidates.pdf

4 United States Department of Justice. Report to Congress on the Activities and Operations of the Public Integrity Section for 2006, *available at* <http://www.usdoj.gov/criminal/pin/docs/arpt-2006.pdf>

5 This methodology for calculating corruption is identical to that of a 2004 paper by researchers at Harvard University and the Federal Reserve measuring corruption in the states. Glaeser, Edward L. and Saks, Raven E., *Corruption in America* (October 2004). Harvard Institute of Economic Research Discussion Paper No. 2043. It is also worth noting that this data includes federal and local convictions and does not isolate corruption at the state level. Because all levels of government are extensively intertwined, and public officials often move among the various levels of



The three states with the lowest corruption rates have no or very high limits on contributions

For our analysis, states are divided into three groups according to their contribution limits for state legislative candidates:

1. States with high (\$5,001+) or no limits on contributions to candidates.
2. States with moderate limits between \$1,001 and \$5,000.
3. States with low limits that allow \$1,000 or less per election cycle.⁶

Each group is color coded – “blue” states have no or high limits on how much a citizen can contribute, “brown” states have low limits, and “green” states fall in between.

We also divide states into three further categories: “High Corruption States” (those with a conviction rate of 4 or more); “Medium Corruption States” (those with a rate of 2 or greater and less than 4); and “Low Corruption States” (those with rates less than 2)⁷. The three tables on page 3 rank all 50 states by corruption rate and are color-coded to show whether each state falls under the high or no limit (blue), moderate limit (green), or low limit (brown) category.

According to the rankings, North Dakota (8.18), Louisiana (7.67), and Mississippi (6.66) are the most corrupt states while Oregon (0.68), Nebraska (0.74), and Iowa (0.91) are the least corrupt.

government, the political culture of a state is treated here as a relatively homogenous single entity at the local, state, and federal levels. In Illinois, for example, between 2002 and 2008 a member of congress and former state legislator was elected Governor, a state representative became U.S. Senator and then President, and a man who started his career as commissioner of the Cook County Board of Tax Appeals was elected lieutenant governor.

6 National Conference of State Legislatures. “State Limitations on Contributions to Candidates,” updated August 2008, available at http://www.ncsl.org/print/legismgt/limits_candidates.pdf

7 These numbers were chosen because they cleanly divide all 50 states into thirds.

Of the 15 states with high or no contribution limits, 6 are in the “High Corruption State” category, 3 are classified as “Medium Corruption States,” and 6 are in the “Low Corruption State” group. The 21 states with the lowest contribution limits are evenly distributed with 7 states in each category.

Overall, the distribution of corruption among all 50 states is random, at least when compared to contribution limits. All three states with the lowest corruption rates have no or very high limits on contributions to candidates for state legislature, while 2 of the 3 states with the highest corruption rates also have no or very high limits.

Of states with low limits on contributions, 5 make the “Top 10” for high corruption rates while 4 make the “Bottom 10” with very low corruption rates. Half of the states with moderate contribution limits are in the “Medium Corruption” group.

Conclusion

This analysis demonstrates that there is no credible reason to believe that contribution limits on what citizens can give to candidates for public office has any effect on restraining corruption by elected officials or otherwise cleaning up any “culture of corruption” that may exist. The distribution of states categorized as “High Corruption,” “Medium Corruption,” and “Low Corruption” shows no relationship to whether a state imposes strict limits on campaign contributions, or imposes no or very high limits. That three of the least restrictive states in terms of contribution limits are the bottom three of the corruption rankings demonstrates the lack of connection between campaign contributions and corruption.

A possible explanation for this is found in a 2008 study of political corruption that analyzed

High Corruption States		Medium Corruption States		Low Corruption States	
North Dakota	8.18	New York	3.95	North Carolina	1.96
Louisiana	7.67	Tennessee	3.68	Vermont	1.92
Mississippi	6.66	Virginia	3.64	Maine	1.89
Montana	6.34	Wyoming	3.11	Arizona	1.88
Alaska	5.82	Oklahoma	2.96	Indiana	1.85
South Dakota	5.63	Connecticut	2.8	South Carolina	1.74
Kentucky	5.18	Missouri	2.79	Nevada	1.72
Alabama	4.76	Arkansas	2.74	Colorado	1.56
Delaware	4.69	Idaho	2.73	Washington	1.52
Ohio	4.69	Massachusetts	2.66	Kansas	1.41
Illinois	4.68	Rhode Island	2.53	Utah	1.41
Pennsylvania	4.55	Texas	2.44	New Mexico	1.38
Florida	4.47	Maryland	2.31	Minnesota	1.24
New Jersey	4.32	Michigan	2.14	New Hampshire	1.06
Hawaii	4.2	Georgia	2.13	Iowa	0.91
West Virginia	4.13	Wisconsin	2.09	Nebraska	0.74
		California	2.07	Oregon	0.68

No or High Contribution Limits
 Moderate Contribution Limits
 Low Contribution Limits

the “actual decision-making process of a legislator contemplating a corrupt act.”⁸

This study concluded that since campaigns are becoming increasingly expensive, the cost in time of raising money in smaller amounts is great. When the law dictates restrictive limits for campaign contributions, the benefit of any sort of financial bribe may be greater to a lawmaker than in a situation where they could raise the same amount of money through traditional legal fundraising that allows higher or no limits. The study concludes that “reducing the amount of money that an individual can give to a campaign does not reduce the likelihood that a legislator will become corrupt. Instead, making the amount of money that can be offered

smaller actually increased the likelihood of corruption.”⁹

The conclusion that low limits may in fact have the perverse effect of increasing corruption requires much greater study, and we certainly find no evidence here that this is the case. However, low limits on contributions to candidates for office do not appear to be related to combating corruption.

⁸ Nichols, Philip M. “The Perverse Effect of Campaign Contribution Limits: Making the Amount of Money that can be Offered Smaller Increases the Likelihood of Corruption in the Federal Legislature,” 2008, *available at* http://works.bepress.com/philip_nichols/2/

⁹ See note 5 at page 24.

Low limits on contributions to candidates do not have an effect on reducing corruption by public officials

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