

Do State Campaign Finance Reforms Increase Trust and Confidence in State Government?

Jeff Milyo
University of Missouri

Presented at the Center for the Study of Public Choice
George Mason University
Fairfax, VA
March 30, 2016

Abstract:

The political and legal battle over campaign finance reform hinges on differing views about the importance of such regulations for preserving and enhancing the integrity of democracy. The hypothesis that restrictive campaign finance laws improve citizens' perceptions of government is often taken as self-evident, but has not been much investigated. This hypothesis is tested using a novel dataset on individual-level trust and confidence in state government created by pooling the results of 43 national polls spanning three decades. The presence of state identifiers in these polls allows the variation in campaign finance laws across states and over time to be exploited in order to identify the treatment effect of various reforms on individuals' trust and confidence in their own state government. Overall, campaign finance regulations are simply not important determinants of trust and confidence in government.

A democracy cannot function effectively when its constituent members believe laws are being bought and sold – Justice Stevens, *Citizens United* (dissenting, p. 150).

We face a deficit of trust--- President Barack Obama (State of the Union, January 27, 2010)

1. Introduction

In early 2010, the U.S. Supreme Court issued its decision in *Citizens United*, striking down federal (and state) prohibitions on independent campaign expenditures made by corporations and unions.¹ While to some observers the outcome of the case was neither surprising nor cause for consternation,² for others, the 5-4 split decision represented nothing less than an assault on the integrity of American democracy. In the dissent, Justice Stevens wrote that the decision “threatens to undermine the integrity of elected institutions across the nation.” In the immediate wake of the decision, Senator Charles Schumer (D-NY) warned: “this opens the floodgates and allows special interest money to overflow our elections and undermine our democracy;” not to be outdone, Representative Alan Grayson (D-FL) called *Citizens United* “the worst Supreme Court decision since *Dred Scott*. It leads us all down the road to serfdom.”³ The *New York Times* editorial board labeled the decision “radical” and a “disastrous” blow that “strikes at the heart of democracy.”⁴ Not surprisingly, given such rhetoric, the political fallout was swift; one week later President Obama used his State of the Union address to criticize the

¹ *Citizens United v. FEC*, 558 U.S. ____ (2010).

² Consider the prescient op-ed on *Citizens United* written by Milyo and Groseclose (2009).

³ Of course, reactions to the case were quite different across party lines. For example, Senator Cornyn (R-TX) stated: “I am pleased that the Supreme Court has acted to protect the Constitution’s First Amendment rights of free speech and association. These are the bedrock principles that underpin our system of governance and strengthen our democracy;” although long-time reform advocate, Senator McCain (R-AZ) declared himself, “disappointed” by the Court. All quotes are taken from “Pols Weigh in on *Citizens United*,” Politico.com (last viewed February 4, 2010).

⁴ “The Court’s Blow to Democracy,” <http://www.nytimes.com/2010/01/22/opinion/22fri1.html> (last viewed: February 4, 2010).

Court's decision and call on Congress to pass lobbying and campaign finance reforms in order to restore citizen's trust in government.

The visceral reaction to *Citizens United* is no doubt part political theatre, but hyperbole aside, the outcry is symptomatic of long standing and deeply held beliefs among many Americans that money plays a dominant and corrosive role in American politics. For example, the view that money is responsible for both perceived dysfunction in the policy process and citizens' mistrust of government has been espoused frequently by high profile politicians, pundits, judges and even scholars of American politics.⁵ However, the concomitant conviction among proponents of reform that more restrictive campaign finance regulations reduce corruption, the appearance of corruption, or more broadly, improve confidence in government is not well supported by scientific evidence, albeit perhaps for want of appropriate data and/or natural experiments.

This study exploits the variation in campaign finance laws across states and over time as a natural experiment for identifying the treatment effect of major campaign finance regulations on popular trust and confidence in government. This is a similar approach to that employed in Primo and Milyo (2006); however, that study did not examine the effect of reforms on trust in *state government*, but rather only on more general measures of political efficacy. In fact, no previous study has examined the *within state* determinants of trust and confidence in state government; this lacuna in the scholarly literature is attributable to the fact that the most common data sets employed in political science to study trust and confidence in government typically do not regularly ask respondents about state government (i.e., the American National Election Study and the General Social Survey). So, in order to test the hypothesis of interest, a

⁵ Numerous examples of such claims are documented in Primo and Milyo (2006) and Milyo, Primo and Jacobsmeier (2009).

novel data set on trust and confidence in state government was created by pooling individual-level observations from 43 different national polls conducted between 1987 and 2012. Thus armed with both an appropriate natural experiment and data, it is then possible estimate the treatment effect of state campaign finance reforms on trust and confidence in state government.

Overall, the findings of this study run counter to the frequent assertion that reform is critical to restoring citizens' faith in the integrity of democracy; instead, state campaign finance regulations have at best only very modest effects on individuals' trust and confidence in their state government. In part, this absence of a treatment effect is because individual perceptions of trust and confidence in state government are highly idiosyncratic. Nevertheless, other state-level phenomena, such as state government expenditures, unemployment and party control of state government, do have consistent impacts on trust and confidence. In addition, individuals consistently place more trust and confidence in state government when it is controlled by their preferred party.

This article concludes with a discussion of *why* campaign finance regulations fail to improve trust and confidence in state government. One possible explanation is that popular mistrust of government is the product of the contentious nature of democratic politics in a pluralistic society, which while often blamed on the role of money in politics, is not. In this respect, it is no surprise that campaign finance reforms (or other institutional reforms for that matter) have little impact on public perceptions regarding the integrity of democracy.⁶

⁶ Malbin (2008) discusses similar findings in Primo and Milyo (2006) and argues in reference to BCRA: "...it is true that some of the bill's sponsors, reformers and newspaper editorial boards talked about contribution limits as if they would reverse the public's cynicism about government. But it was **never plausible** to expect changes in campaign finance law by themselves measurably to improve citizens' views about government" (emphasis added).

2. Background: Political Corruption and the Unfortunate Tradeoff

There is widespread cynicism regarding the role of money in American politics. Popular wisdom holds that campaign contributions are the functional equivalent of bribes, campaign spending determines the winners of elective offices, and as a result, ordinary voters become alienated, disengage from politics and lose trust in government. Suspicion about the nefarious influence of special interests also serves the self-serving biases of partisans who wish to disparage their opponents, as well as those who find themselves out of the mainstream with regard to public policy decisions. Beyond this, very few Americans identify with campaign donors, lobbyists, or political candidates, let alone donate money, run for office, or even contact public officials. Given this combination of cynicism, suspicion and unfamiliarity, it is no surprise that public opinion often favors more restrictive campaign finance regulations.⁷ But such policies are frequently constrained by the First Amendment guarantees of free speech, association and the right to petition. In essence, campaign finance regulations necessitate an unfortunate tradeoff between the liberal and egalitarian ideals of democracy (Milyo 1999).

Since the landmark 1976 decision in *Buckley v Valeo*, the Supreme Court has been quite consistent in placing a greater emphasis on First Amendment concerns versus more egalitarian concerns. For the last 40 years, the Court has consistently ruled that state and federal governments are permitted to regulate political speech and association only for the purpose of preventing corruption or the appearance of corruption. Of course, the definition of these terms is contested, both in the law and among political scientists (e.g., Lowenstein, 1985, 1995 and 2004). So while Court opinions and policymakers often make reference to “undue influence” as

⁷ For example, (add citations)

a working definition of corruption, the absence of any definition of “due influence” renders vacuous the concept of undue influence.

For example, undue influence may be interpreted narrowly to mean the existence of a cash-on-the-barrel-head market for political favors (i.e., quid pro quo exchanges), or it might be interpreted more broadly to mean any influence over the content of public policy. Since the *Buckley* decision, the majority of the Court has hewn closely to the former definition, but this narrow view of corruption probably does not capture much of what is popularly held to be corrupt about politics (e.g., lobbying and other special interest group activities). However, the latter definition is clearly too extreme, since it would rule out a raft of activities that most people would find legitimate and even laudable (e.g., grassroots organizing, endorsements, and volunteering).

Dissatisfaction with the quid-pro-quo view of corruption has led several Justices (i.e., the minority in *Citizens United*) to define “undue influence” implicitly as essentially “too much influence,” where the threshold for “too much” is determined in large part by the identity of the interest doing the influence (i.e., corporations and interest groups). The maintained assumption is that money equates with influence, so that inequality in wealth leads to an inequality of influence. This effectively recasts “undue influence” to capture egalitarian ideals under the rubric of corruption. Nevertheless, in both *Buckley* and *Citizens United*, the majority of the Court has not been very amenable to this more expansive interpretation of corruption.

But perhaps not so for public opinion, which is unconstrained by any fealty to the First Amendment; in effect, the popular interpretation of undue influence may be fairly described as “influence wielded by people with whom I disagree.”⁸ So not only does regulating the role of

⁸ For example, it is well known that perceptions of corruption, political efficacy and trust and confidence in government are all strongly influenced by not only party identity, but the concordance between an

money in politics impose an unfortunate tradeoff, the terms of that tradeoff are likely to be revisited time and again as elected representatives try to respond to constituents who are not content only with regulations that will obviously pass muster with the courts.⁹ This phenomenon is manifest in recurring episodes of reform and repeal that have been observed since *Buckley*, sometimes even generating cycles in the same state. For example, in California, campaign contribution limits have been imposed, removed and imposed; Missouri has experienced two such cycles and may be headed for a third; and public financing has been passed and repealed in Massachusetts and Kentucky. Given this experience, it is likely that *Citizen United* will usher in a new wave of experimentation in campaign finance regulations to test the limits of what the courts will permit.

For these reasons, there is a particularly urgent need for systematic evaluation studies of campaign finance regulations on corruption and the appearance of corruption as a means to better inform the policy process. This study contributes to that goal by analyzing the impact of state reforms on public trust and confidence in state government, albeit with one very important caveat. To the extent that the general public interpret “corruption” or “undue influence” more broadly than the Court, survey measures that relate to opinion on the integrity of democracy are likely to reflect a much more expansive view of “corruption” than what any Court would consider appropriate (Persily and Lammie 2004).

3. Review of the Evidence: Campaign Finance Reform and the Integrity of Democracy

individual’s party identity and the party in control of government (Keele 2005, Persily and Lammie 2004, Primo and Milyo 2006).

⁹The sequential nature of reform has been noted by Justice Souter in *Wisconsin Right to Life*: “Campaign finance reform has been a series of reactions to documented threats to electoral integrity obvious to any voter, posed by large sums of money from corporate or union treasuries.” *WRTL*, 551 U. S., at 522 (Souter, J., dissenting).

Given that corruption has been defined narrowly by the Court, it has proven quite challenging for reform advocates to demonstrate that more restrictive campaign finance regulations reduce political corruption or even the appearance of corruption. The dearth of evidence is in no small part attributable to the challenges present in objectively and accurately measuring corruption and the perception of corruption. First and foremost, convictions for political corruption are sparse; further, since such convictions are produced by a political process that may itself be compromised, it is unclear to what extent convictions are a meaningful measure of corruption (Boylan and Long 2003). Nevertheless, scholars frequently employ convictions for public corruption as proxies for political corruption in the U.S. (Cordis and Milyo 2016). For example, two studies examine the cross-sectional association between limits on contributions to candidates and public corruption (Stratmann 2003; and Maxwell and Winters 2005). These studies yield mixed results, but aside from this neither of these studies convincingly identifies the treatment effect of contribution limits (for a variety of reasons, but not the least of which because they do not examine changes in either contribution limits or corruption within a state\country). In contrast, Cordis and Milyo (2014) examine public corruption convictions among state-level officials over several years; this difference-in-difference approach reveals no consistent relationship between corruption and state campaign finance regulations.

Given the difficulty in analyzing the treatment effect of campaign finance regulations on actual corruption, recently several scholars have instead focused on perceptions of corruption. Boylan and Long (2003) have constructed a cross-sectional dataset on perceptions of corruption among statehouse reporters; both Alt and Lassen (2003) and Rosen (2009) have used this cross-sectional data to explore the correlation between this measure of corruption and state campaign

finance laws.¹⁰ Once again, the findings are mixed, but more importantly, both studies share the same methodological flaw noted above: the statistical exercise employed by these authors ignores the potential endogeneity bias that may result from either reverse causality or unobserved heterogeneity. For example, states may adopt more restrictive campaign finance regulations in response to perceived corruption (leading to a downward bias). On the other hand, those states that are more likely to adopt more restrictive regulations may also have populations that exhibit less cynicism about the efficacy of government intervention in general (perhaps leading to an upward bias).

Finally, to the extent that corrupt practices and appearances are manifest in public discontent with the political process, survey responses to questions regarding trust and confidence in government can be employed to analyze the effects of campaign finance reforms. This is the approach taken by (Primo 2003; and Persily and Lammie 2004); these authors all note that movements over time in measures of perceived corruption, political efficacy and trust in the federal government do not track closely with either campaign spending or major federal campaign finance reforms. In related work, Coleman and Manna (2000) focus exclusively on the effects of campaign spending (not regulations) on trust and political knowledge; they find that higher spending is associated with more political knowledge and no decrease in trust in federal government. Similarly, Freedman, Franz and Goldstein (2004) observe that exposure to campaign advertising is associated with greater political knowledge and a higher probability of voting. However, none of these studies formally test the treatment effect of campaign finance

¹⁰ It is unclear whether reporters should be more or less biased or idiosyncratic in their views of corruption than the general public, but the caveat above regarding the interpretation of public opinion on corruption still applies.

regulations on any of these measures.¹¹ Consequently, there is little guidance for policymakers about the efficacy of available policy levers.

Primo and Milyo (2006) is the only previous study that utilizes a difference-in-differences model to identify the treatment effect of campaign finance regulations on citizens' perceptions about the integrity of democracy. The dependent variables examined by the authors are three measure of political efficacy that appear in multiple versions of the American National Election Study over the period 1952-2000 (whether "politics is too complicated"; whether people "have a say" in politics; and whether "public officials care" what ordinary people think). Overall, Primo and Milyo find no substantively important effects of state campaign finance reforms on these measures of political efficacy. However, one obvious shortcoming of this analysis is that the efficacy measures are not specific to the respondents' state government, so may reflect in some part views about the federal or local government. Consequently, the negligible effects of campaign finance regulations on political efficacy observed by Primo and Milyo may be an artifact of the somewhat noisy outcome variable that they examine. This study improves on their approach by examining the effects of state campaign finance reforms on trust and confidence in *state* government.

4. Data and Methods

In order to identify the treatment effect of state campaign finance laws, a mixed-level analysis is employed which uses state-level data on campaign finance regulations and other covariates matched with individual-level survey data on trust in government and other individual-level demographic covariates. The models estimated are reduced-form, so the

¹¹ Milyo, Primo and Jacobsmeier (2009) demonstrate that state public financing of campaigns leads to lower voter turnout in a within state analysis of aggregate turnout data.

coefficient estimates of interest represent the net effects on trust. In every regression, standard errors are adjusted for clustering at the state-level;¹² all of the regressions also include controls for year*party and state fixed effects. Finally, a variety of alternative specifications are examined in order to gauge the robustness of the main results.

Individual-Level Data

The data on trust in state government has been pulled from 43 different national polls that were conducted between 1987 and 2012; all of these surveys are nationally representative and include both measures of trust in state government and state identifiers. The appendix shows the distribution of these surveys across time and states, as well as the version of the trust question asked in each survey. The pooled dataset contains over 50,000 observations across all 50 states. However, different surveys employ slightly different questions to measure trust and/or confidence in state government. For this reason, all regressions also include indicator variables for the version of the trust/confidence question asked (i.e., versions 1-3 described in the appendix).

Another challenge is raised by the fact that different surveys offer respondents three, four or five response categories. In order to pool these data, the state trust and confidence measure must be placed on some comparable scale. This is accomplished in two ways. First, these categorical responses are assumed to be generated from a latent scale of 0-100. Then the categorical responses are transformed into ranges on the latent 100-point scale. For example, a response indicating the highest trust in government on a four point scale is assumed to lie in the range of 75-100, while the lowest response on the same scale is assumed to be in the range of 0-25. Finally, each categorical variable is then set at the midpoint of its range; in this way the

¹² See Primo, Jacobsmeier and Milyo 2007.

different response categories employed across surveys are all transformed onto a common scale from 0-100, with higher scores indicating greater trust and confidence in state government.¹³

The mean of this imputed state trust scale is about 46 points and the standard deviation is just over 22 points (descriptive statistics for the individual-level variables employed in this study are shown in Table 1).

The second adjustment method is simply to transform every response into a binary indicator, where one indicates highest trust, and zero otherwise.¹⁴ Similarly, I also examine a binary indicator for lowest trust. Only about 10% of respondents report the highest level of trust in their state government, but 23% indicate the lowest level of trust (see Table 1).

These adjustments to survey responses provide a convenient means to pool the trust and confidence measure across the disparate surveys. However, as an additional precaution, I also control for the number of survey responses offered to respondents in each survey in all regressions.

Yet another challenge that arises from pooling the 43 different surveys is that not all of them include the same demographic data, nor is the data that is in common necessarily reported in a consistent manner. For example, respondent age is sometimes reported in continuous years, and sometimes only as a range (with different categories across years); a similar problem exists

¹³One drawback of this method is that it does not incorporate information on the overall distribution of scores to infer anything about the distribution of latent scores within a particular category; in other words, the method that I employ probably biases scores above the mean upward, and those below the mean downward. However, in at least one other context, the simple imputation employed here is shown to be very highly correlated with more sophisticated methods of imputation (Milyo and Groseclose 1999).

¹⁴This is common practice in other fields; for example, survey respondents typically rate health status on a four or five point scale, but many public health studies employ only an indicator for fair or poor health. One exception is Mellor and Milyo (2005), who analyze determinants of health status using an ordinal probit; however, the substantive findings in that study are not appreciably different than if health status were simply measured as a binary indicator variable.

with income (different categories). In both cases, a value is assigned according to the midpoint of each range (or the top-coded value). In addition, all dollar figures are adjusted for inflation and expressed in constant 2010 dollars.

The remaining demographic variables are easier to compare across surveys with binary indicator variables. For example, education can be consistently measured by five indicator variables: less than high school, high school degree, some college or technical school, college degree and graduate degree. Political party is also consistently measured by three indicators (including leaners): Democrat, Republicans, and Other/Independent. Race and ethnicity are coded as: White, Black, Other Race and Hispanic. Likewise sex is described with self-explanatory indicators (see Table 1).

The final challenge associated with pooling the 43 polls concerns missing demographic data. Missing data is handled in two ways. The first method simply assigns an indicator variable for any missing individual-level control variables (e.g., education missing, age missing, etc). The second method involves dropping any observations with missing data. Descriptive statistics for all of the individual level variables used in the subsequent regression analyses are listed in Table 1; of note, the mean values do not differ much between the full sample (n=51,185) and the restricted sample (n=38,956).

State Level Data

This study examines five different types of campaign finance laws: i) limits on contributions to candidates made by corporations (and unions), limits on contributions to candidates made by individuals, iii) public financing in gubernatorial elections, iv) public financing in state legislative elections, and v) prohibitions on corporate independent

expenditures.¹⁵ Each of these laws is measured as binary indicator which turns “on” in the first year of the election cycle for an election conducted under that regulation. The reason for focusing on the presence or absence of these four laws is not only that these are the most studied and important features of campaign finance regulations at the state level, but also that these measures can be easily compared across states and over time.¹⁶ Table 2 indicates the number of states with these laws and how that number has changed over time; importantly, Table 2 also verifies that there are sufficient changes over time to estimate a difference-in-differences model.

Another useful feature of the state laws examined is that for the most part they can be combined to form mutually exclusive and nested campaign finance regimes. In other words, all states with legislative public financing also have gubernatorial public financing; in turn, all states with public financing also have limits on contributions from individuals, corporations and unions; and every state that limits contributions from individuals also limits contributions from corporations and unions. Therefore, while many combinations of these four major campaign finance laws are conceivable, only five different combinations exist in practice, ranging from no limits up to both types of limits and both types of public financing. Given this ordering of campaign finance regulatory regimes, it is natural to consider an index of state campaign finance laws consisting of the count of each type of law present in the state. However, prohibitions on independent expenditures by corporations are the one exception to this nested ordering; such prohibitions are not so neatly associated with the presence of other laws. In addition to the simple count of state laws, other indices examined include the natural logarithm of (one plus) the

¹⁵ I define public financing as any state that provides funds to candidates that agree to abide by a voluntary spending limit. Some states provide candidates or parties with small and unconditional subsidies, but this is not typically what most scholars describe as public financing.

¹⁶ For example, It is not clear how to compare a \$1,000 contribution limit in California versus Wyoming, since the both the costs of campaigning and the resources devoted to campaigning vary so dramatically.

count and the square of the count; these variants allow for either diminishing or increasing marginal effects of additional types of state campaign finance laws (see Table 3). Finally, several regressions include separate indicators for each type of campaign finance law.

In addition to indicators for state campaign finance laws, the main regression models also include indicators for the presence of state legislative term limits, the natural logarithm of state per capita income, the natural logarithm of state government expenditures, the state unemployment rate, and unified party control of the state government. Finally, these models also include controls for the concordance between the party in control of state government and an individual respondents own party identity. Descriptive statistics for all of these state level variables are listed in Table 3.

5. Results

The first set of results examines the effect of the campaign finance index on trust in state government. Four regression models are reported in Table 4. In the first two columns, the dependent variable is the 100-point trust in state government scale. Results are reported for both the full sample and the restricted sample. These models are denoted (DD) for difference-in-differences; the estimated coefficients describe the within state effects of changes in the independent variables on trust in state government. The last two columns of Table 4 are denoted (DDD) for difference-in-difference-in-differences. The dependent variable in these models is the difference in the 100-point state government trust scale less a similarly constructed 100-point federal government trust scale. This differencing sweeps out any individual-specific tendency to trust government. The estimated coefficients for the DDD models thus describe the within state effects of changes in independent variables on the difference in the state and federal trust scales.

Again these models are estimated using both the full sample and the restricted sample. This pattern of reporting regression results is repeated across all of the subsequent tables.

In every model reported in Table 4, the campaign finance index is negatively associated with individual trust and confidence in state government (i.e., more comprehensive reforms *reduce* trust and confidence). However, even though these estimates reach statistical significance in three of four models, they represent substantively small effects. For example, the estimates in columns (1) and (2) suggest that moving from a completely unregulated regime (e.g., Missouri or Virginia) to a state with every type of law (e.g., Arizona or Minnesota prior to *Citizens United*) is predicted to lower respondents trust in state government by about 4-5 points on the 100 point trust and confidence scale, whereas the standard deviation of the scale is about 22 points (and 25 points translates into moving one full category on a four-point response employed in most surveys). The DDD models reported in columns (3) and (4) also suggest a perverse and small effect for a similarly dramatic change in state campaign finance regulations.

The estimated coefficients for several other state-level independent variables of interest are also reported in Table 4. Many of these indicate effects that are both unsurprising in sign and statistically significant. For example, the state unemployment rate is consistently negatively related to state trust, as is the size of state government (as measured by state government expenditures). An increase in the state unemployment rate is associated with a little more than a one point drop in state trust in both the DD and DDD models. Likewise a one percent increase in state government expenditures is associated with a 7-14 point drop in state trust. Consequently, state economic conditions impact trust in state government in predictable ways, although these are by no means the primary drivers of variation in trust.

In general, term limits, state population and state per capita income are not significant determinants of trust in state government; this stands in contrast with partisan control of unified government and concordance with (or opposition to) the party in control of state government. A unified state government controlled by the Democratic Party on net increase trust in state government among Democrats by about 2 points, but lowers trust in state government by 3 points among independents and twice that for Republicans. A unified state government that is controlled by the Republican Party, however, increases trust among Republicans by almost 5 points, does not lower trust among independents and lowers trust among Democrats by just 3 points.

It should also be noted that both the DD and DDD models yield very similar estimates for each independent variable and in both samples. This suggests that the presence of any individual-specific tendency to trust government is not spuriously correlated with any of the state-level variables of interest.

But are the negligible and negative effects of state campaign finance reforms on trust in state government that are observed in Table 4 an artifact of the simple linear index employed to measure state laws? In order to check this possibility, two nonlinear indices are examined. The results in Table 5 indicate that models using nonlinear indices that allow for either diminishing or increasing marginal effects of additional laws still suggest that campaign finance reforms statistically insignificant, substantively small and otherwise perverse effects on state trust.

As an additional check on the robustness of these results, all of the models reported in Tables 4 and 5 were re-estimated after dropping all of the other state-level independent variables (except the state fixed effects). Again, this has no substantive impact on the general pattern of results (see Table A2). Nor does re-estimating the basic models above using only states with at

least 250 observations (see Table A3). Finally, it is possible that there are strong differential effects of state campaign finance reforms across different types of persons (e.g., Democrats and Republicans), but that the net effect washes out in the models that have been examined.

However, differential effects of the campaign finance index for Democrats, Republicans, college educated persons, blacks or women are all small and not statistically significant (see Table A4).

Yet another concern is that the dependent variable has been treated as if it were a 100-point variable, even though it is constructed from ordinal data. This issue is addressed by recasting the dependent variable as a binary indicator for whether an individual survey respondent answered with the highest (lowest) possible category regarding their level of trust in state government. Table 6 reports the marginal probability estimates from probit models for all of the models examined in Tables 4 and 5, above. Columns (1) and (2) of Table 6 indicate that the campaign finance indices examined here are not significantly related to the probability that a respondent answers with the highest category of trust in state government (all of the marginal effects are less than a 1% change in either direction). In contrast, columns (3) and (4) of Table 6 show that these same campaign finance indices are consistently positive and statistically significant, indicating that increased regulations lead to more respondents choosing the lowest possible category to describe their trust in state government. In this specification, an increase in the linear index from zero to five yields a 10% higher probability that individuals will report the lowest possible category of trust in state government (recall that just 23% of individuals across all of these 43 surveys respond with the lowest category of trust in state government).

To this point, state campaign finance laws have been measured by one or another form of index; now these indices will be unpacked and each type of law will be examined via an

indicator variable. Otherwise, the models examined in the next set of results are identical to those described above.

Table 7 reports estimates for the 100-point trust scales in the DD and DDD models, using both the full and restricted samples. Now it is only limits on corporate contributions and prohibitions on corporate independent expenditures that have consistently negative impacts on trust, albeit the effects are small and most are not significant. None of the other estimated effects for different types of state campaign finance laws are statistically significant and, again, all are substantively small. For example, the largest positive impact of a regulation on trust is seen in the DDD model for public financing of state legislative races; this form of public financing is associated with an almost 3 point increase in trust. However, even ignoring statistical significance, the effect is sensitive to the model specification. Further, since this form of public financing is never observed in practice without limits on both corporate and individual contributions to candidates, as well as public financing in gubernatorial elections, even this chimerical positive effect is barely enough to offset the negative effects of these other variables. Once again, the robustness of these findings is checked by re-estimating each model without time-varying state covariates and without states with fewer than 250 observations (see Tables A5 and A6).

Table 8 reports estimated marginal probabilities from probit regressions analyzing whether respondents indicate the highest (or lowest) categories of trust in state government. Now only limits on individual contributions and public financing in gubernatorial elections are positively associated with the highest trust response; however, these same two laws are also positively associated with the lowest trust response. Adopting public funding for gubernatorial races along with individual contribution limits is predicted to increase the probability of

reporting the highest level of state trust by over 4%, which is perhaps not so small considering only 10% of all individuals respond this way across all 43 surveys. However, even that effect may come with some offsetting increase in the probability that individuals report the lowest level of trust in state government.

The effects of limits on corporate contributions and independent expenditures are more consistently perverse across the two dependent variables, but only limits on independent expenditures are associated with a statistically significant increase in the probability of reporting the lowest category of trust in state government. But again, the impact is small; adopting limits on corporate independent expenditures would increase the probability that an individual responds with the lowest category of trust by just 2%. Overall, the results in Table 8 show that state campaign finance reforms do not have a robust and consistently positive impact on state trust and that some reforms may have a small negative impact on trust in state government.

To this point, it seems quite clear that the treatment effect of state campaign finance reforms on trust and confidence in state government is small, often negative and not often statistically significant. However, the DD and DDD models estimated thus far only address concerns about endogeneity stemming from time invariant state-specific unobservables. These estimates may be still confounded by unobserved trends within states. For example, it may be the case that campaign finance reforms are adopted in states that are experience precipitous drops in trust and confidence, so that the apparent non-effect observed above is really indicating a strong V-shaped pattern in trust and confidence centered on the onset of reform.

In order to check whether this is the case, several indicator variables were created that count the years pre and post a specific change in campaign finance laws. Period zero ($t=0$) is defined as the year prior to the first election under the new law; this means that the first election

after a reform is coded (t+1), etc. For each of the five state campaign finance laws examined in this study, the model from column (1) of Table 7 has been re-estimated with the indicators for five years prior and five years after the change in a particular law. In addition, the “long run” effect of each law is captured by an indicator that turns on in year 6 (i.e., the start of the fourth two-year election cycle after the respective law changes).

Figure 1 displays the results for corporate contributions limits by plotting the coefficient estimate (solid line) and upper and lower confidence bounds (dotted lines) over time. The vertical scale represents plus or minus one standard deviation in the dependent variable. It is apparent that there is no strong trend either before or after corporate limits are adopted, although there is a small decline in trust and confidence in the second election cycle after corporate limits are implemented. However, the confidence intervals mostly contain the zero-level, indicating that the individual year effects pre and post the onset of corporate contribution limits are not significantly different than zero. Moreover, all of the year effects pre and post are small relative to the standard deviation of the trust scale. This exercise confirms that there are no strong time-varying state-specific effects that confound the estimated treatment effects of corporate contribution limits on state trust in the DD model. If anything, the types of states that adopt these limits had slightly lower trust to begin with, then continued to have slightly lower trust for several years after this reform.

Figure 2 yields even more convincing evidence of no effect from limits on individual contributions. The year effects pre and post the implementation of individual limits are all small and not statistically significant in all but one year. This exercise confirms that there are no strong time-varying state-specific effects that confound the estimated treatment effect of limits on contributions from individuals in the DD model. Likewise for gubernatorial public financing

(Figure 3), legislative public financing (Figure 4) and prohibitions on corporate independent expenditures (Figure 5). One caveat is in order regarding these last sets of analyses, since relatively few states adopt public financing or prohibitions on corporate independent expenditures during the timeframe examined here (see Table 2).

The much maligned *Citizens United* Supreme Court decision in 2010, however, provides a natural experiment on the effects of removing prohibitions on independent expenditures. This decision swept away restrictions on corporate independent expenditures that had been in place in 23 states.¹⁷ Figure 6 illustrates the time path for three years pre and post *Citizens United* (time zero is set at 2009, just prior to the Supreme Court decision). Not only is there no evidence that *Citizens United* reduced trust in state government; trust is actually slightly higher in the wake of this decision. However, there appears to be a modest increasing trend prior to *Citizens United*, and as before, the magnitude of the effects is small.

6. Discussion

This study conducts the first statistical evaluation of the treatment effect of state campaign finance regulations on trust and confidence in state government. The results suggest that public opinion on the integrity of state government is largely orthogonal to such regulations. There is no evidence that the concerns raised by *Citizens United* are manifest in popular trust and confidence in state government.

At best there is some inconsistent evidence that gubernatorial public financing may increase the probability that individuals rate state trust highly by 4% (from a base of 10%); however, this same reform also has a perverse effect on the probability that individuals rate state

¹⁷ The states affected are AK, AL, AZ, CO, CT, IA, KY, MA, MI, MT, NC, ND, NH, NY, OH, OK, PA, SD, TN, TX, WI, WV, and WY.

trust very low. The net effects appear to wash out. Other than this, most estimates for corporate contribution limits and prohibitions on independent expenditures are consistently and perversely related to state trust. However, for the most part, these and other state campaign finance reforms appear to have very small effects on state trust that are statistically indistinguishable from zero. These findings suggest that campaign finance reform is a highly ineffectual policy lever for improving citizens' trust and confidence in government. This is consistent with previous studies that cast doubts on the connection between campaign finance and perceptions about corruption or the integrity of democracy.

So why doesn't campaign finance reform have more of an impact on public perceptions? One possibility is that money plays a less influential role in determining political phenomena than typically feared, so that restrictive regulations generate little in the way of observable effects from the perspective of the general public. Another is that campaign finance regulations are more window-dressing and have no impact on the incidence of political corruption (Cordis and Milyo 2014). And yet another possibility is that public mistrust of government is not primarily the product of actual corruption, but rather indicates a general and unreflective discomfort with the messy nature of democratic politics in a pluralistic society. Finally, trust in government is strongly related to partisan preferences, so that popular opinion of "political corruption" may more reflect dissatisfaction with the existence and prominence of political opposition.

This conjecture that mistrust of government may be less symptomatic of political maladies and more a byproduct of pluralistic democracy calls into question the legitimacy as a policy goal of increasing trust in government in the first place. Care should be exercised that policy tonics for improving public trust and confidence in government do not have the

unintended effect of actually undermining the integrity of democracy. But regardless of the reasons, one thing is fairly certain: state campaign finance reforms have little impact on public trust and confidence in state government. A robust state economy, smaller state government and divided or Republican party control of state government are likely to do far more to increase trust in state government.

References:

- Alt, James and David Lassen. 2003. "The Political Economy of Institutions and Corruption in American States," *Journal of Theoretical Politics*, 15(2): 341-365.
- Boylan, R. and C. Long. 2003. "Measuring Public Corruption in the American States: A Survey of State House Reporters," *State Politics and Policy Quarterly*, 3(4): 420-438.
- Coleman, John and Paul Manna. 2000. "Congressional Campaign Spending and the Quality of Democracy," *Journal of Politics*, 62(3): 757-789.
- Cordis, Adriana and Jeffrey Milyo. 2014. "Do State Campaign Finance Reforms Reduce Political Corruption?" working paper, University of Missouri.
- Cordis, Adriana and Jeffrey Milyo. 2016. "Measuring Public Corruption in the United States: Evidence from Administrative Records of Federal Prosecutions," *Public Integrity*, 18(2): 127-148.
- Freedman, Paul, Michael Franz, and Kenneth Goldstein. 2004. "Campaign Advertising and Democratic Citizenship." *American Journal of Political Science*, 48 (4): 723-41.
- Keele, Luke 2005. "The Authorities Really Do Matter: Party Control and Trust in Government," *Journal of Politics*, 67(3): 873-886.
- Lowenstein, Daniel. 1985. "Political Bribery and the Intermediate Theory of Politics," *UCLA Law Review*, 784: 804.
- Lowenstein, Daniel. 1995. "Campaign Contributions and Corruption: Comments on Strauss and Cain," *The University of Chicago Legal Forum*, pp. 163-192.
- Lowenstein, Daniel. 2004. "When is a Campaign Contribution a Bribe?" in *Private and Public Corruption*, William Heffernan and John Kleinig, eds. (Rowman and Littlefield: Lanham, MD).
- Malbin, Michael. 2008. "Rethinking the Campaign Finance Agenda," *The Forum*, 6(1): Article 3.
- Maxwell, Amanda and Richard F. Winters. 2005. "Political Corruption in America." Manuscript (Dartmouth College: Hanover, NH).
- Mayer, William. 2001. "Public Attitudes on Campaign Finance," in *A User's Guide to Campaign Finance Reform*, Gerald Lubenow, ed. (Rowman and Littlefield: Lanham, MD).
- Mellor, Jennifer and Jeffrey Milyo 2005. "State Social Capital and Individual Health Status," *Journal of Health Politics Policy and Law*, 30(6): 1101-1130.

Milyo, Jeffrey. 1999. "The Political Economics of Campaign Finance," *The Independent Review*, 3(4): 537-548.

Milyo, Jeffrey and Tim Groseclose 1999. "The Electoral Effects of Incumbent Wealth," *The Journal of Law and Economics*, 42(2): 699-722.

Milyo, Jeffrey and Tim Groseclose 2009. "Who's Afraid of Political Speech?" *St. Louis Post Dispatch*, September 29, 2009.

Milyo, Jeffrey, David Primo and Matthew Jacobsmeier 2009. "Does Public Financing of State Elections Increase Voter Turnout? Manuscript (University of Missouri; Columbia, MO).

Persily, Nathaniel and Kelli Lammie. 2004. "Perceptions of Corruption and Campaign Finance: When Public Opinion Determines Constitutional Law," *University of Pennsylvania Law Review*, 153: 119-180.

Primo, David. 2003. "Campaign Contributions, the Appearance of Corruption, and Trust in Government," in *Inside the Campaign Finance Battle: Court Testimony on the New Reforms*. Anthony Corrado, Thomas Mann, and Trevor Potter, eds. (The Brookings Institution Press: Washington, DC).

Primo, David, Matthew Jacobsmeier and Jeffrey Milyo. 2007. "Estimating the Impact of State Policies and Institutions with Mixed-Level Data," *State Politics and Policy Quarterly*, 7(4): 446-459

Primo, David and Jeffrey Milyo. 2006. "Campaign Finance Laws and Political Efficacy: Evidence from the States," *Election Law Journal*, 5(1): 23-39.

Rosenson, B. 2009. "The Effect of Reform Measures on Perceptions of Corruption," *Election Law Journal*, 8(1): 31-46.

Shapiro, Robert. 2003. "Public Attitudes Toward Campaign Finance Practice and Reform," in *Inside the Campaign Finance Battle: Court Testimony on the New Reforms*. Anthony Corrado, Thomas Mann, and Trevor Potter, eds. (The Brookings Institution Press: Washington, DC).

Stratmann, Thomas. (2003). "Do Strict Electoral Campaign Finance Rules Limit Corruption?" CESifo DICE Report 1/2003, pp 24-27.

Table 1: Descriptive Statistics for Pooled Survey Data

	All Observations (n=51,185)	No Missing Observations (n=38,956)
Trust and Confidence in Government		
State scale (0 to 100)	45.8 (22.2)	46.3 (22.4)
Federal scale (0 to 100)	42.0 (21.8)	42.3 (22.0)
State - federal scale (-100 to 100)	3.8 (21.1)	4.0 (21.9)
Highest response category	.092	.099
Lowest response category	.225	.230
Age	47.9 (17.1)	47.8 (16.9)
Age missing	.01	n.a.
High school	.30	.30
Some college	.27	.27
College	.33	.35
Education missing	.01	n.a.
Female	.52	.50
Sex missing	.00	n.a.
Black	.10	.10
Other minority (includes Hispanic)	.11	.11
Race missing	.01	n.a.
Household income	62,240 (48,597)	63,145 (49,033)
Income missing	.11	n.a.
Democrat	.29	.35
Republican	.26	.30
Party missing	.15	n.a.

Note: Cell entries indicate variable means (and standard deviation for continuous variables) for non-missing values. The second column omits observations with missing values for any variable. Household income is expressed in 2010 constant dollars.

Table 2: State Campaign Finance Laws

	1987	1999	2009	2012
<i>States with limits on contributions to candidates</i>				
Corporations and unions	34	44	44	45
Individuals	24	36	36	37
<i>States with public financing conditional on voluntary expenditure limits</i>				
Gubernatorial candidates	6	9	13	13
Legislative candidates	3	4	7	7
<i>States with limits on corporate and union independent expenditures</i>				
Independent expenditure limits	16	18	23	0

Table 3: Descriptive Statistics for State-level Variables

	Full Sample (n=51,185)	No Missing Observations (n=38,956)
Campaign finance regulations		
Corporate limits	.84	.85
Individual limits	.63	.64
Gubernatorial public funding	.20	.20
Legislative public funding	.06	.07
Independent expenditure limits	.38	.37
Campaign finance regulation indices		
Count (0-5 above)	2.1 (1.2)	2.1 (1.2)
Log of (count+1)	1.0 (0.5)	1.0 (0.5)
Legislative term limits	.34	.34
Party control of state government		
Democratic unified	.20	.20
Republican unified	.22	.23
Party concordance		
Same party as unified government	.13	.15
Opposite party as unified government	.11	.13
State characteristics		
State unemployment rate	6.0 (2.0)	6.1 (2.1)
Log(state per capita income)	5.9 (0.2)	5.9 (0.2)
Log(state government expenditures)	3.9 (0.2)	3.9 (0.2)
Log(state population)	15.9 (0.9)	15.9 (0.9)

Note: Cell entries indicate variable means (and standard deviation for continuous variables). Second column omits any observations with any missing individual-level demographic data. State per capita income and government expenditures are measured in constant 2010 dollars.

Table 4: Effect of Campaign Finance Regulation Index on Trust and Confidence

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
Count of major campaign finance regulations	-0.8 (0.44)	-0.9* (0.38)	-1.1** (0.37)	-1.0** (0.34)
Legislative term limits	0.1 (0.66)	0.3 (0.70)	1.6** (0.76)	1.3 (0.83)
Unified Democrat	-3.1*** (0.51)	-3.0*** (0.56)	-2.9*** (0.69)	-3.4*** (0.67)
Unified Republican	-0.2 (0.88)	-0.7 (0.94)	-0.4 (0.74)	-0.7 (0.95)
Same Party*Unified	5.1*** (0.53)	5.1*** (0.50)	4.7*** (0.61)	5.1*** (0.63)
Different Party*Unified	-3.1*** (0.56)	-3.0*** (0.57)	-3.3*** (0.82)	-3.2*** (0.75)
Unemployment rate	-1.4*** (0.16)	-1.3*** (0.18)	-1.0*** (0.17)	-1.2*** (0.21)
Log of state per capita income	6.4 (5.38)	15.1* (5.80)	-2.1 (6.13)	0.6 (6.07)
Log of state government expenditures	-11.3*** (2.42)	-14.1*** (2.71)	-7.4* (2.90)	-8.7* (3.44)
Log of state population	2.1 (4.22)	2.7 (4.24)	4.7 (4.65)	6.0 (4.99)
R^2	.21	.24	.04	.04

Note: ***p<.001; **p<.01; and *p<.05. Cell entries are OLS coefficient estimates with standard errors adjusted for clustering within state. Columns (2) and (4) omit observations with any missing values. All models include demographic controls (log of age, education, ethnicity, gender, log of income, party and race), as well as indicators for party*year, state, the version of the trust question that the respondent received and the number of response categories for the trust question that the respondent received.

Table 5: Alternative Campaign Finance Regulation Indices

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
1. Log of (1+ count)	-1.9* (0.90)	-2.1** (0.74)	-2.5** (0.68)	-2.3** (0.64)
2. Count squared	-0.1 (0.11)	-0.1 (0.10)	-0.2 (0.13)	-0.2 (0.12)

Note: ***p<.001; **p<.01; and *p<.05. Each cell entry corresponds to a separate regression; the models estimated are identical to those listed in Table 4 except as indicated.

Table 6: Binary Dependent Variables

	Highest State Trust (1,0)		Lowest State Trust (1,0)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
1. Count of campaign finance regulations	-.001 (.003)	.000 (.003)	.020** (.007)	.021** (.007)
2. Log of (1+ count)	-.002 (.006)	-.000 (.006)	.041** (.013)	.044** (.014)
3. Count squared	-.000 (.001)	.000 (.001)	.004** (.002)	.004** (.002)

Note: ***p<.001; **p<.01; and *p<.05. Each cell entry corresponds to an estimated marginal probability from a separate probit regression; the models estimated are identical to those listed in Table 4 except as indicated.

Table 7: Effects of Campaign Finance Regulation Indicators on Trust and Confidence

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
Limits on corporate contributions	-2.3 (1.34)	-2.3* (1.06)	-1.5 (1.69)	-1.1 (1.86)
Limits on individual contributions	0.2 (0.77)	0.1 (0.61)	-0.8 (1.34)	-0.9 (1.57)
Public financing for gubernatorial candidates	-0.2 (0.85)	1.0 (1.02)	-1.5 (1.70)	-0.4 (2.03)
Public financing for legislative candidates	1.8 (1.72)	0.5 (1.75)	2.7 (2.24)	0.9 (2.66)
Limits on independent expenditures	-1.1 (0.60)	-1.3* (0.60)	-1.8* (0.69)	-1.8* (0.69)
R ²	.22	.24	.04	.04

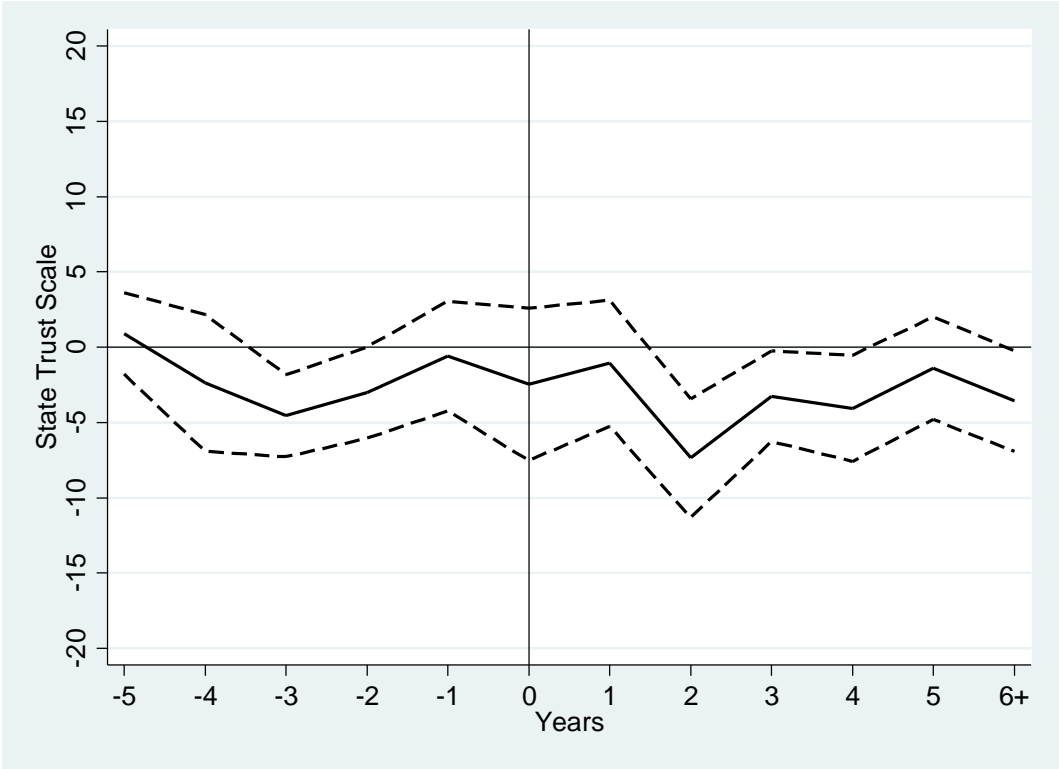
Note: ***p<.001; **p<.01; and *p<.05. Cell entries are OLS coefficient estimates with standard errors adjusted for clustering within state. All models are identical to those in Table 4, except as indicated.

Table 8: Marginal Effects of Campaign Finance Regulation Indicators on Highest or Lowest Category of State Trust and Confidence

	Highest State Trust (1,0)		Lowest State Trust (1,0)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
Limits on corporate contributions	-.010 (.010)	-.016 (.009)	.037 (.022)	.039 (.020)
Limits on individual contributions	.005 (.007)	.014** (.005)	.005 (.018)	.004 (.014)
Public financing for gubernatorial candidates	.018 (.013)	.031* (.017)	.039** (.013)	.018 (.014)
Public financing for legislative candidates	-.008 (.019)	-.012 (.020)	-.034 (.020)	-.009 (.023)
Limits on independent expenditures	-.001 (.008)	-.005 (.008)	.024* (.010)	.025** (.010)
Pseudo-R ²	.08	.08	.21	.23

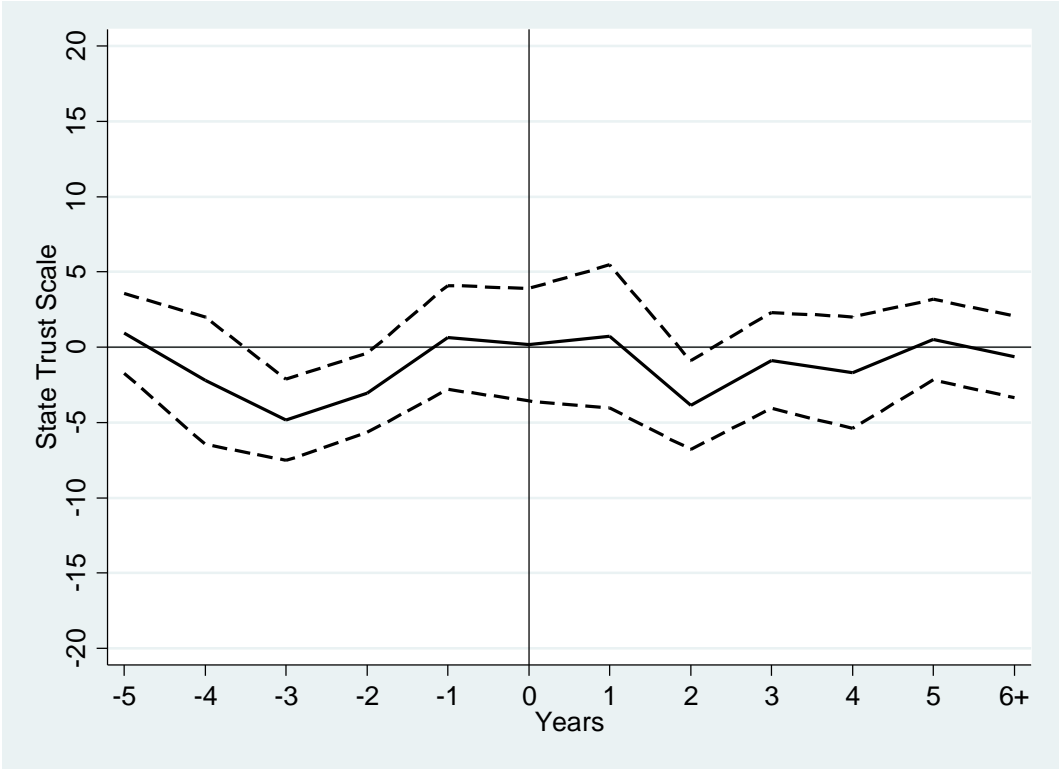
Note: ***p<.001; **p<.01; and *p<.05. Cell entries are estimated marginal probabilities from a probit regression with standard errors adjusted for clustering within state. All models are identical to those in Table 4, except as indicated.

Figure 1: Corporate Contribution Limits



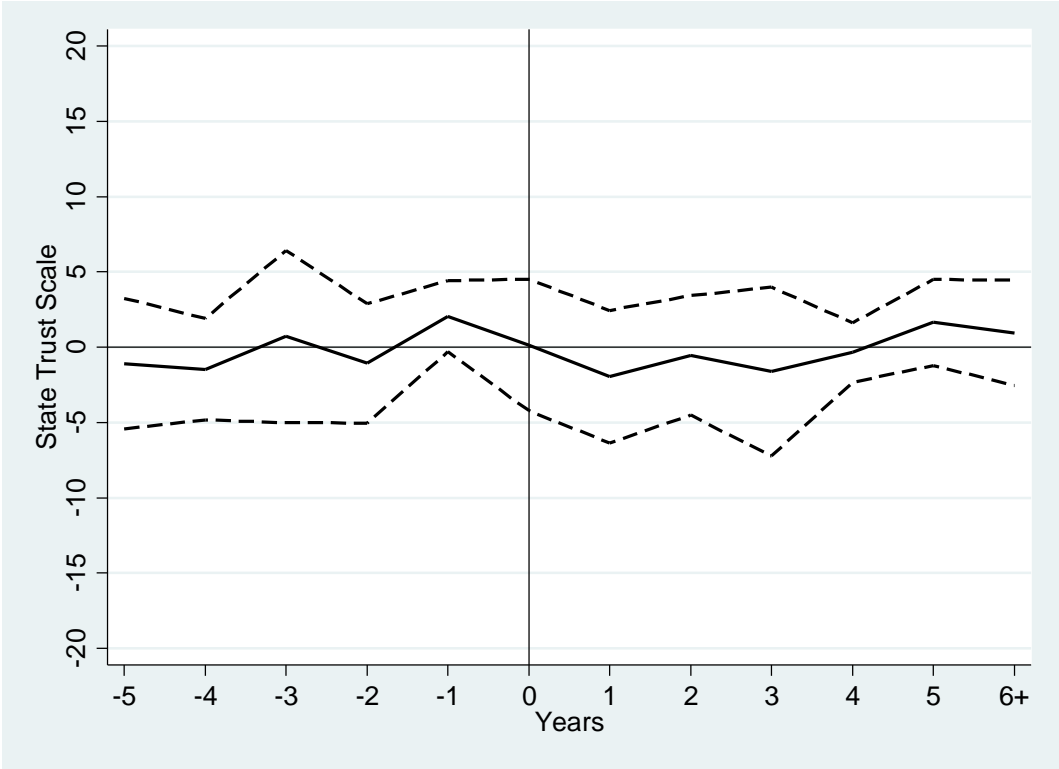
Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

Figure 2: Individual Contribution Limits



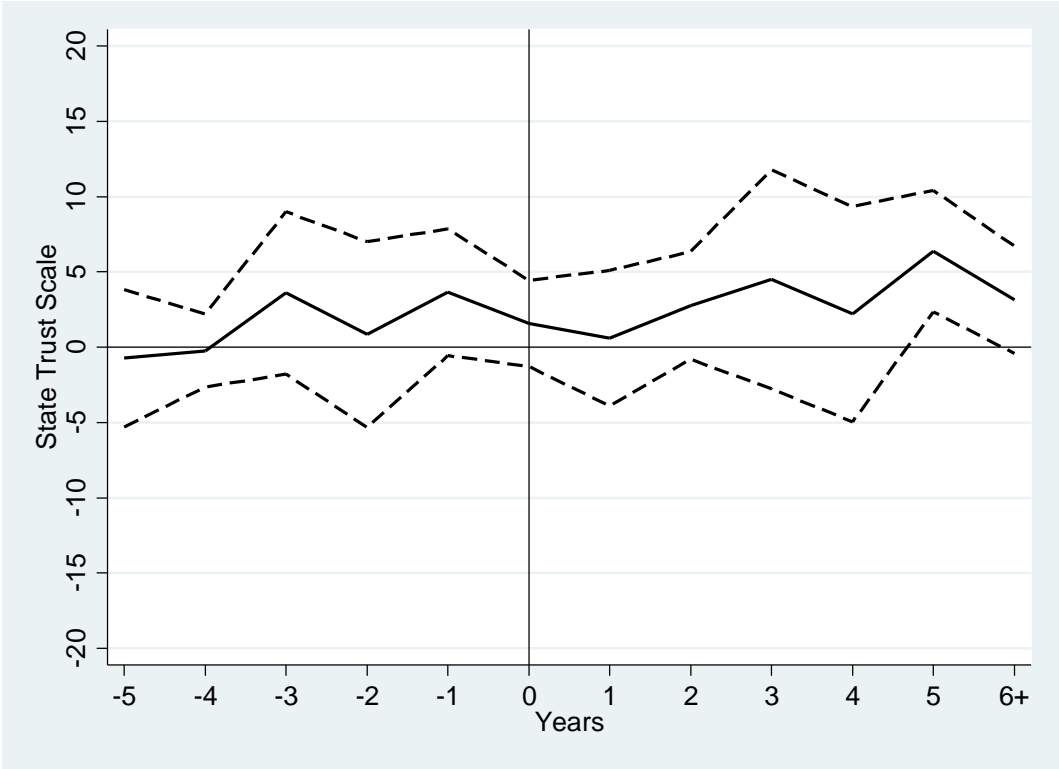
Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

Figure 3: Gubernatorial Public Financing



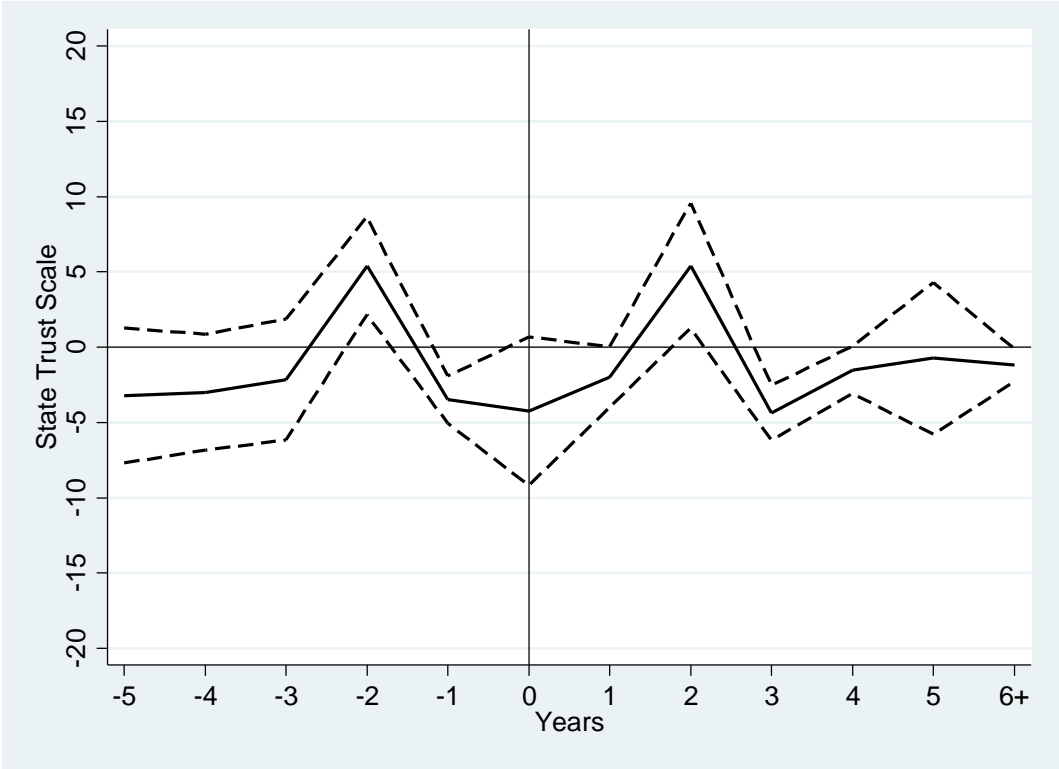
Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

Figure 4: Legislative Public Financing



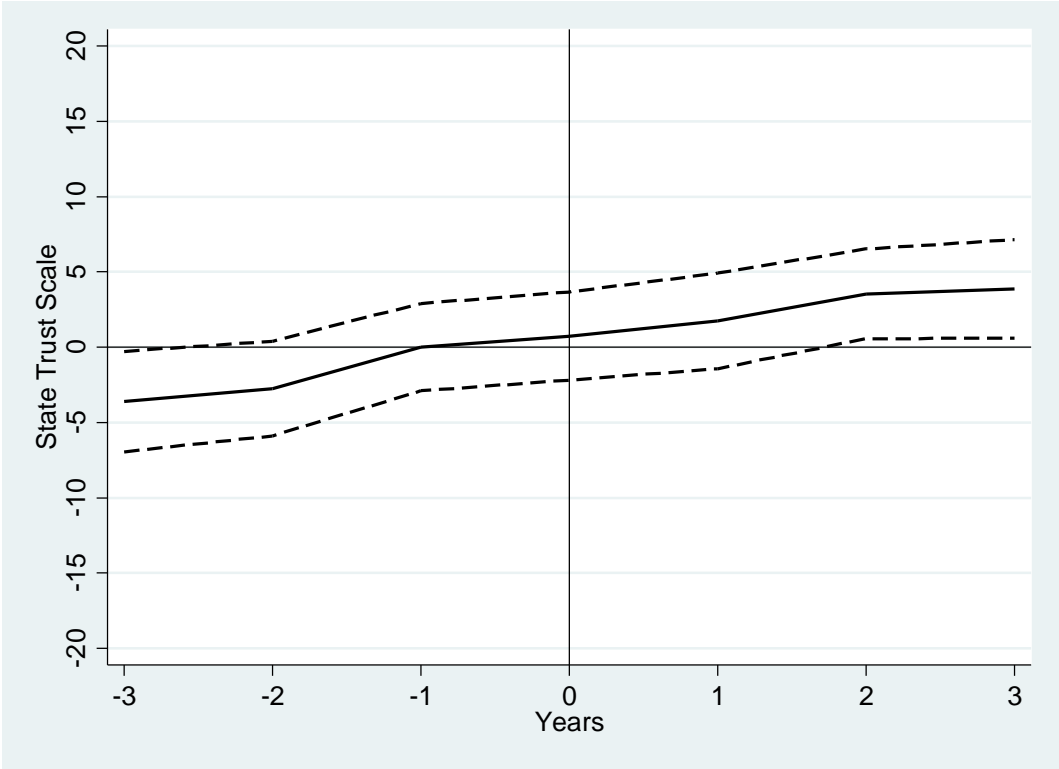
Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

Figure 5: Independent Expenditure Limits



Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

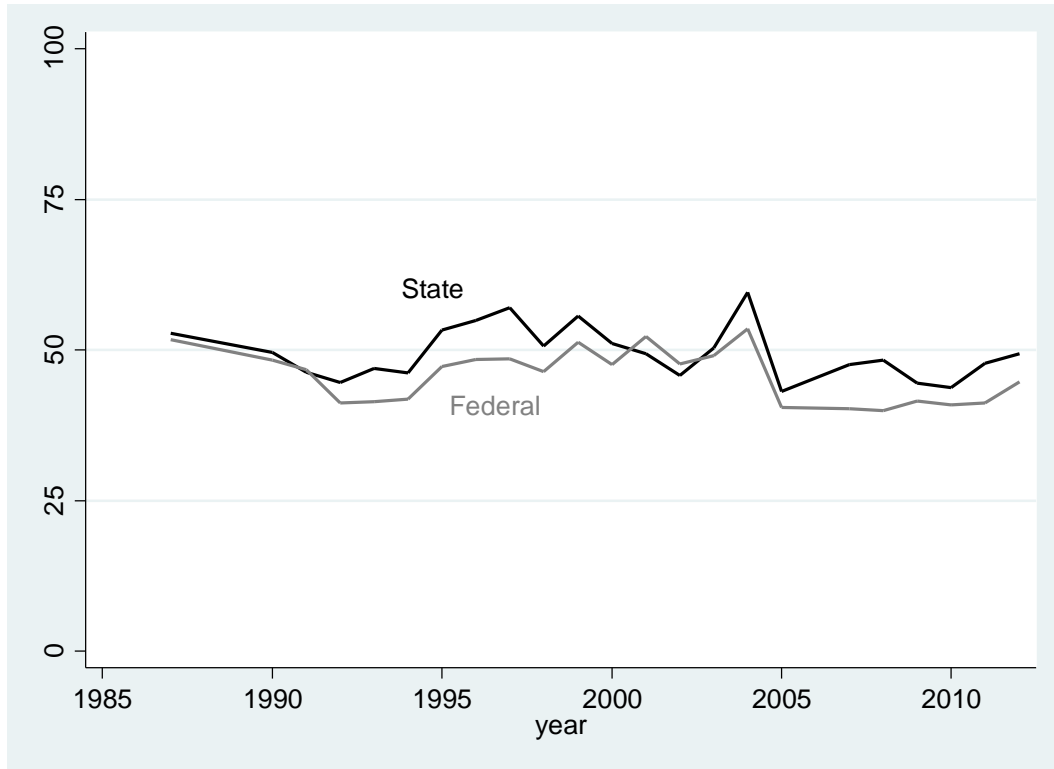
Figure 6: Citizens United



Note: Solid lines indicate estimated coefficients; dashed lines indicate 95% confidence interval.

Appendix:

Figure A1: Trust in Government Over Time



Note: Year fixed effects from a no-constant regression on survey responses controlling for age, education, income, party, race, sex and survey instrument.

Figure A2: Observations by Year

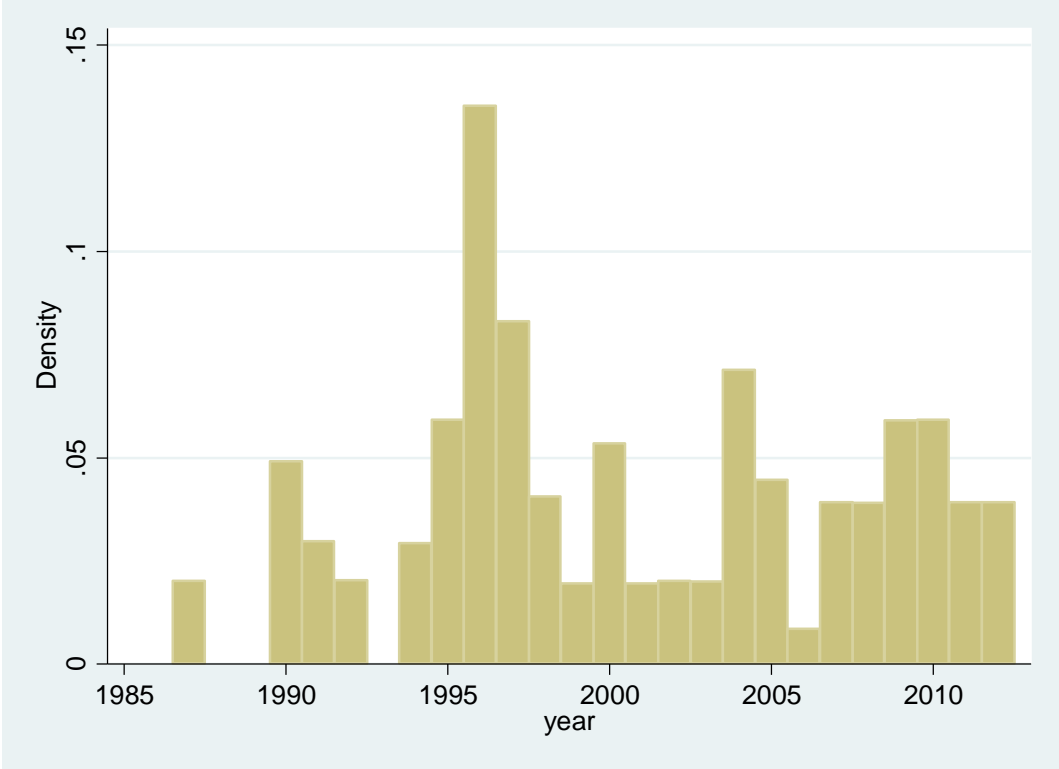


Table A1: Survey Observations by State

State	Observations	Percent	State	Observations	Percent
AK	17	0.03	MT	247	0.48
AL	805	1.57	NC	1,151	3.03
AR	514	1.00	ND	135	0.26
AZ	787	1.54	NE	369	0.72
CA	5,272	10.30	NH	293	0.57
CO	849	1.66	NJ	1,397	2.73
CT	620	1.21	NM	307	0.60
DE	174	0.34	NV	329	0.64
FL	2,564	5.01	NY	3,577	6.99
GA	1,428	2.79	OH	2,117	4.14
HI	49	0.10	OK	662	1.29
IA	648	1.27	OR	743	1.45
ID	269	0.53	PA	2,608	5.10
IL	2,024	3.95	RI	232	0.45
IN	1,770	2.29	SC	693	1.35
KS	554	1.08	SD	152	0.30
KY	800	1.56	TN	1,142	2.23
LA	805	1.57	TX	3,451	6.74
MA	1,163	2.27	UT	456	0.89
MD	1,035	2.02	VA	1,319	2.58
ME	318	0.62	VT	172	0.34
MI	1,734	3.39	WA	1,265	2.47
MN	1,034	2.02	WI	1,144	2.24
MO	1,151	2.25	WV	425	0.83
MS	497	0.97	WY	118	0.23
			Total	51,185	100.00

Table A2: Campaign Finance Regulation Index: No Time-Varying State-Level Controls

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
1. Count of Campaign Finance Regulations	-0.7 (0.47)	-0.8 (0.44)	-1.0* (0.43)	-0.8 (0.42)
2. Log(1 + Count)	-1.8 (0.98)	-1.9* (0.89)	-2.3** (0.82)	-2.0* (0.83)
3. Count Squared	-0.1 (0.11)	-0.1 (0.11)	-0.1 (0.13)	-0.1 (0.12)

Note: ***p<.001; **p<.01; and *p<.05. Each cell entry corresponds to a separate regression; the models estimated are identical to those listed in Table 4 except as indicated.

Table A3: Campaign Finance Regulation Index: Only States with >250 Observations

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	49,889	37,928	49,889	37,928
1. Count of Campaign Finance Regulations	-0.8 (0.45)	-0.9* (0.38)	-1.0* (0.39)	-1.0* (0.36)
2. Log(1 + Count)	-1.8 (0.91)	-2.0** (0.75)	-2.4** (0.70)	-2.2** (0.64)
3. Count Squared	-0.1 (0.12)	-0.1 (0.11)	-0.2 (0.13)	-0.2 (0.13)

Note: ***p<.001; **p<.01; and *p<.05. Each cell entry corresponds to a separate regression; the models estimated are identical to those listed in Table 4 except as indicated. Excluded states are: AK, DE, HI, MT, ND, RI, SD, VT and WY.

Table A4: Differential Effects of Campaign Finance Regulation Index

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
1. Democrats	0.3 (0.23)	0.3 (0.23)	0.6 (0.39)	0.6 (0.42)
2. Republicans	-0.2 (0.26)	-0.3 (0.29)	-0.6 (0.41)	-0.6 (0.46)
3. College degree	0.1 (0.18)	0.0 (0.20)	0.1 (0.17)	0.2 (0.22)
4. Black	-0.1 (0.37)	0.2 (0.48)	0.6 (0.46)	0.7 (0.54)
5. Female	0.2 (0.13)	0.2 (0.17)	0.3 (0.15)	0.4* (0.19)

Note: ***p<.001; **p<.01; and *p<.05. Each cell entry corresponds to a separate regression; the models estimated are identical to those listed in Table 4 except as indicated.

Table A5: Campaign Finance Regulation Indicators: No Time-Varying State-Level Controls

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	51,185	38,956	51,185	38,956
Limits on corporate contributions	-2.6 (1.71)	-2.3 (1.44)	-2.1 (2.17)	-1.6 (2.43)
Limits on individual contributions	0.3 (1.21)	0.1 (0.86)	-0.3 (1.81)	-0.4 (2.05)
Public financing for gubernatorial candidates	0.6 (0.65)	1.5* (0.65)	0.0 (2.14)	1.2 (2.23)
Public financing for legislative candidates	0.7 (1.50)	-0.0 (1.48)	1.4 (2.41)	-0.5 (2.59)
Limits on independent expenditures	-0.53 (0.51)	-0.9 (0.54)	-1.3 (0.81)	-1.2 (0.83)
R ²	.20	.22	.03	.03

Note: ***p<.001; **p<.01; and *p<.05. Cell entries are OLS coefficient estimates with standard errors adjusted for clustering within state. All models are identical to those in Table 4, except as indicated.

Table A6: Campaign Finance Regulation Indicators: Only States with >250 Observations

	State Scale (DD)		State - Federal Scale (DDD)	
	(1)	(2)	(3)	(4)
Number of observations:	49,889	37,928	49,889	37,928
Limits on corporate contributions	-2.3 (1.34)	-2.3* (1.06)	-1.4 (1.72)	-1.0 (1.88)
Limits on individual contributions	0.1 (0.79)	0.0 (0.61)	-0.9 (1.38)	-1.0 (1.60)
Public financing for gubernatorial candidates	0.1 (0.93)	1.4 (1.13)	-0.6 (1.69)	0.3 (2.20)
Public financing for legislative candidates	1.5 (1.70)	0.1 (1.78)	1.9 (2.11)	0.3 (2.67)
Limits on independent expenditures	-1.05 (0.62)	-1.3 (0.63)	-1.7* (0.73)	-1.7* (0.73)
R ²	.21	.24	.04	.04

Note: ***p<.001; **p<.01; and *p<.05. Cell entries are OLS coefficient estimates with standard errors adjusted for clustering within state. All models are identical to those in Table 4, except as indicated.

Excluded states are: AK, DE, HI, MT, ND, RI, SD, VT and WY.

Versions of Survey Questions

Version 1A: Trust and confidence

How much trust and confidence do you have in your state government to do a good job in carrying out its responsibilities?

1. A great deal
2. A fair amount
3. Not very much
4. None at all

Gallup 1987; n=1,044
Gallup 1992; n=1,045
Pew 1997; n=1,503
Meyner Center 1999; n=1,007
Meyner Center 2002; n=1,036
Meyner Center 2004; n=1,000
Meyner Center 2009; n=1,004

Version 1B: Trust and confidence

How much trust and confidence do you have in your state government when it comes to handling state problems?

- 1 Great deal
- 2 Fair amount
- 3 Not very much
- 4 None at all

Pew 1997; n=1,762
Gallup 1998; n=1,055
Gallup 2001; n=1,004
Gallup 2003; n=1,025
Gallup 2004; n=1,022
Gallup 2005; n=921
Gallup 2007; n=1,010
Gallup 2008; n=1,007
Gallup 2009; n=1,026
Gallup 2010; n=1,019
Gallup 2011; n=1,017
Gallup 2012; n=1,017

Version 2A: Confidence

And now I will name some other institutions in America. Please tell me how much confidence you, yourself, have in each one:

1. A great deal
2. Quite a lot
3. Some
4. Very Little
5. None (vol.)

Gallup 1994; n=1,509
Gallup 1996; n=2,719
Gallup 1996; n=2,047*
Gallup 1998; n=1,035
UVA 2000; n=1,203*
Hart Teeter 2004; n=1,633

Version 2B: Confidence

And now I will name some other institutions in America. Please tell me how much confidence you, yourself, have in each one:

- 1 A great deal
- 2 Some
- 3 Not very much
- 4 No confidence at all

Belden 2007; n=1,633

Version 2C: Confidence

How much confidence do you have in... (government leaders in your state, including the governor and the state legislature) – a great deal, a moderate amount, not much, or none at all?

1. A great deal
2. A moderate amount
3. Not much
4. None at all

Harvard\USNWR 2005; n=1,374

Version 3A: Trust

How much of the time do you trust your state government to do what is right?

1. Just about always
2. Most of the time
3. Only some of the time
4. None of the time (vol.)

ABC\WaPo 1990; n=1,518
ABC\WaPo 1990; n= 1,011
ABC\WaPo 1991; n= 1,536
ABC\WaPo 1995; n= 1,524
CNN 2010; n=1,023

Version 3B: Trust

How much of the time do you trust your state government to do what is right?

- 1 Just about always
- 2 Most of the time
- 3 Some of the time
- 4 None of the time

Kaiser\Harvard\NPR 2000; n=1,557

Version 3C: Trust

How much of the time do you trust your state government to do the right thing?

1. Just about always
2. Most of the time
3. Some of the time
4. None of the time (vol.)

Harvard\Kaiser\WaPo 1995; n=1,514

Version 3D: Trust

How much of the time do you trust the state government in the state where you live to do what is right?

1. Just about always
2. Most of the time
3. Only some of the time
4. None of the time (vol.)

ABC 1996; n=1,024

Version 3E: Trust

How much of the time do you think you can trust your state government to do what is right?

- 1 Just about always
- 2 Most of the time
- 3 Only some of the time
- 4 None of the time

NORC 1996; n=1,200

Version 3F: Trust

Next I'm going to read a list of institutions. For each one, please tell me whether you feel that you can trust them (to do their job --- if ask) a lot, some, only a little, or not at all.

1. A lot
2. Some
3. Only a little
4. Not at all

Pew 1997; n=1,003

Version 3G: Trust

How much of the time do you think you can trust government? Please answer for each level of government listed below:

- 1 Just about always
- 2 Most of the time
- 3 Some of the time
- 4 Hardly ever

CCES 2007; n=1,000

CCES 2008; n=1,000

CCES 2009; n=1,000

CCES 2010; n=1,000

CCES 2011; n=1,000

CCES 2012; n=1,000