Expected Benefits from Voting and Voter Turnout in the U.S.: The Role of Senate PAC Election Campaign Contributions, 1960-2004

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Abstract This study seeks to investigate the hypothesis that PAC (political action committee) election campaign contributions to U.S. Senate races may reduce the expected benefits of voting and hence voter turnout because the greater the growth of such real PAC contributions, the greater the extent to which eligible voters may become concerned that these contributions lead to PAC political influence over elected officials. Indeed, this study finds for the period 1960-2004 that the aggregate voter participation rate has been negatively impacted by the growth in real PAC contributions to Senate election campaigns, suggesting the need for genuine election campaign finance reform to strengthen and protect the democratic process in the U.S.

Keywords: Voter turnout; PAC contributions; U.S. Senate

JEL Classification: D72

1. Introduction

In the U.S., federal election campaign finance legislation and policy has had a colorful and highly varied history, not only in the form of a variety of statutes but also in certain Supreme Court decisions. For example, in 1867, the federal government first acted to regulate election campaign finances by prohibiting officers and employees of the federal government from soliciting funds from civilian workers employed at U.S. naval yards. Although this legislation was enacted, it obviously applied to only a very small demographic group. The fact remained that federal civil service workers were actually still expected to make election campaign contributions if they hoped to keep their jobs. This was presumably remedied by legislation enacted in 1883 that stopped the legal solicitation of campaign contributions from federal civil service workers. Over two decades later, additional federal statutes were enacted to address campaign contribution issues. For example, legislation enacted in 1907 sought to prevent corporations and nationally chartered commercial banks from making direct financial contributions to the coffers of candidates for federal office, and legislation enacted in 1910 established requirements for U.S. House candidates to disclose campaign funding information. Careful reading of both of these statutes reveals a common problem: the absence of meaningful enforcement and/or verification mechanisms. In other words, these were “patronizing” laws that proved to have no genuine enforcement power. In 1925, Congress passed legislation that acted to
codify and revise prior campaign finance legislation in terms of expenditure limitations and disclosure rules. The shortcoming of this legislation was that enforcement was vested in Congress, so that the statute’s provisions were routinely violated [the “fox was guarding the henhouse”]. Interestingly, despite this “shortcoming,” this statute was effectively the basic prevailing campaign finance legislation until 1971.

As a prelude to the passage of allegedly major campaign finance reform legislation, it is noteworthy that the first formal PAC [political action committee] was actually created in 1944. This was to be the first of many thousands. In any case, in 1971 Congress passed the Federal Election Campaign Act [FECA]. This law repealed the Corrupt Practices Act [Revised] and allegedly attempted to create a comprehensive framework for the regulation of federal election campaign financing. Among other things, its provisions required full and “timely” disclosure of funding sources and amounts and set ceilings on contributions from candidates themselves as well as from candidates’ families. This law also permitted unions to solicit “voluntary” campaign contributions from union members and permitted corporations to solicit “voluntary” campaign contributions from both their employees and stockholders; furthermore it permitted union and corporate funds to be used to cover overhead in operating PACs. FECA was amended in 1974. Among its many new provisions was one that established the FEC [Federal Election Commission] to administer campaign laws, with Congress to appoint four of its six Commissioners. Further amendments to the Federal Election Campaign Act were enacted in 1976 and 1979. The 1976 FECA Amendments limited individual contributions to national parties to $20,000 per year and individual contributions to a single PAC to $5,000 per year. Clearly, a potentially major loophole in this law was that if more than one PAC supported the same candidate, the so-called ceilings on individual contributions were de facto at best poorly controlled. The 1979 FECA Amendments increased the “in-kind” amount that volunteers could contribute to campaigns, raised the floor threshold for reporting contributions from $100 to $200, and effectively prohibited the FEC from conducting random audits of PACs. The 1979 FECA amendments also permitted state and local political parties to support federal candidates for elected office by expending unlimited amounts on campaign materials used by volunteers and on projects such as voter registration drives and transportation of voters to voting booths.

Whereas the first PAC was formed in 1944, by 1974, some 608 PACs were registered with the FEC. By 1995, the number of registered PACs had grown to more than 4,000. Since 1995, the number of PACs has continued to rise, reaching a total of 4,867 by 2004 [U.S. Census Bureau (2006, Table 409)]. This fact leads to an interesting [albeit perhaps obvious] question: “To what extent have the many billions of dollars raised [in the aggregate] by PACs for political candidates for elected offices and causes succeeded and thus tainted the very reason [s] individual citizens go to the polls to vote?” In other words, the question becomes: “Does the general public in the U.S. experience a reduced expected benefit from voting because of the influence it perceives PACs exercising over elected officials?” These are potentially serious questions for the healthy functioning of democracy in the U.S. as well as for the economy. Of course, as indicated below, the factors influencing voting behavior are very complex and often identification of such factors has proven elusive to investigators.

Related to the latter issue per se, the introduction by Downs (1957) of the theory of the “rational voter,” i.e., the Rational Voter Model (RVM), and the work of Black (1958) are particularly

Concern over low voter participation rates in the U.S. is frequently expressed in the economics literature, the political science literature, the press, and elsewhere. In the words of Putnam (2000, p. 31), “With the singular exception of voting, American rates of political participation compare favorably with those in other democracies…” Putnam (2000, p. 31) proceeds to observe that “We are reminded each election year that fewer voters show up at the polls in America than in most other democracies…” Putnam (2000, p. 32) further observes that poor voter turnout exists “…despite the fact that the most commonly cited barrier to voting [‘burdensome registration requirements’] has been substantially lowered.” Interestingly, the Presidential elections of the years 2000 and 2004 witnessed a reversal of this downward spiral, although whether that downward spiral will resume or not is a priori unknown. It is perhaps encouraging that in the 2006 U.S. general election, the aggregate voter participation rate achieved its highest level for a non-Presidential election in over a decade.

Clearly, since election outcomes can have very profound implications for societal and government resource allocations, the underlying free-rider problem in the voting/not voting decision process may generate huge social and economic costs. The size of government outlays generally and the specific directions in which public expenditures are directed influence the well being of the society as a whole in both the short run and the long run. In other words, voting in theory can play a critical role in budget determination [Musgrave (1959, p. 116)]. So, “What determines voter participation, or the lack of it, in the U.S.?” The fundamental concern in the present study is whether PAC contributions to Senate election/re-election campaigns negatively affect voter participation.

This study adopts the perspective that the decision as to whether or not to vote involves “Rational, self-interested individuals [who]…engage in behavior that is not motivated directly [simply] by a benefit-cost calculation…” [Copeland and Laband (2002, p. 351)] involving the probability of whether their individual votes will determine an election outcome. Within such a context, the central hypothesis investigated in this study is that a greater growth rate in real PAC [political action committee] contributions to U.S. Senate elections campaigns may reduce the expected benefits of voting and voter turnout because such contributions may be perceived as leading to PACs, as opposed to individual voters, having influence over elected officials.
To allow for other voter-behavior determining factors, it is also argued here that a factor such as the public’s strong approval or strong disapproval of the incumbent President *per se* may positively affect voter turnout. Indeed, it is argued in this study that these factors, along with such other factors as the excitement of the Presidential nomination, campaigning, and election process, an unpopular/controversial, protracted war such as the Vietnam War, the public’s dissatisfaction with government, and the inflation and real economic growth performances of the economy may combine to significantly affect aggregate voter turnout and hence the election of public officials whose decisions largely determine the allocation of public funds to the myriad forms of public outlay options that exist. In the interest of relevance, i.e., since the public debate over PACs became especially intense primarily beginning in the year 2000 Presidential primaries, the study period runs from 1960 (the earliest date of availability for at least one of the variables in the analysis) through 2004, the last year for which dependable data for all variables in the analysis are currently available.

2. The Empirical Framework: Expected Benefits from Voting

Downs (1957) first introduced the concept of the “rational voter,” from which the RVM derives. The essential basic premise of this theory/model is that an individual will assess the perceived costs and benefits of voting and will vote only if the latter outweigh the former. Paralleling in principle the RVM, then, the probability that a given eligible voter will actually vote, PROBV, is an increasing function of the expected gross benefits [EGB] associated with voting, *ceteris paribus*, and a decreasing function of the expected gross costs [EGC] associated with voting, *ceteris paribus*. Accordingly, it follows that:

\[
\text{PROBV} = f(\text{EGB}, \text{EGC}), f_{\text{EGB}} > 0, f_{\text{EGC}} < 0
\]

(1)

In interpreting EGB, the present study argues that this concept requires a very broad, i.e., a very inclusive and encompassing, interpretation. For example, in most major elections, the marginal probability that one vote will make the difference is approximately zero. Nevertheless, certain circumstances or factors can potentially increase the expected benefits from voting. For example, when there is an issue (be it economic or non-economic in nature) or a candidate for elected office that an eligible voter feels particularly strongly about, voting may provide subjective benefits to the would-be voter because it can serve as an emotional release or outlet. That release may consist of expressing either approval or disapproval regarding the particular issue or candidate. Alternatively, certain circumstances can potentially decrease the expected benefits from voting. For instance, if a circumstance makes one feel disenfranchised from the government, e.g., if a would-be eligible voter *feels* that elected officials are responsive to special interest groups and often act with limited or no genuine regard for voters’ wishes *per se*, the would-be voter *feels* a reduced expected gross benefit from voting and therefore shies away from making the effort to vote. Thus, this study explores the perspective that the decision to vote or not vote can be impacted by a host of varying, often subjective, but nonetheless powerful circumstances.

To begin, this study asks the following question: “Does the voter participation rate increase when voters either strongly approve or strongly disapprove of the perceived job performance of the
incumbent President?” To begin, it is observed that the public’s approval rating of the U.S. President has for decades been measured scientifically, adopting sound and comparable polling methodologies. The present study, due to a certain data limitation as explained below, covers the period 1960-2004. Over this 44-year period, the mean public approval rating of the incumbent President was 47.9 out of a possible 100.0, with a standard deviation of 8.9. It is hypothesized in this study that the public has a greater incentive to vote when eligible voters are especially pleased or especially displeased in their perception of the incumbent President’s job performance. To measure whether the public is especially pleased or displeased with the President, the binary variable PRESAPP/DIS is introduced. The variable PRESAPP/DIS = 1 during those years when the President’s average public approval rating is either very low, defined in this study as the average Presidential approval rating minus at least one standard deviation [i.e., an approval rating of roughly 39 or less], or very high, defined here as the mean Presidential approval rating plus at least one standard deviation [i.e., an approval rating of roughly 57 or more]. Thus, it is hypothesized that voting when one either strongly approves or strongly disapproves of the President provides a subjective benefit because the act of voting has facilitated the expression of strong feelings. Naturally, whereas an approval rating that is either very high or very low is expected to increase voter participation, ceteris paribus, an approval rating exceeding 39 but less than 57 is expected to be associated with greater voter apathy and hence a lower voter turnout, ceteris paribus.

Presidential elections offer an opportunity for individual eligible voters to vote for a very powerful and important policymaker [the President] in conjunction with voting for myriad other candidates for public office, as well as a potential host of legislative referenda, popular referenda, and initiatives. Hence, during Presidential election years [as opposed to non-Presidential election years], a given trip to the voting booth provides at effectively zero marginal cost an increased expected gross benefit, the added opportunity/benefit of voting for a Presidential candidate, and hence it provides an increased incentive to vote. Moreover, the prospect of voting in such an important election may invoke a high degree of emotional enthusiasm typically missing in most other election years. Such enthusiasm can be fueled by a variety of circumstances, including such considerations as: the large number of and diverse character of the Presidential primaries and the drama attendant thereto; the national party nominating conventions, complete with speculation over prospective Vice Presidential running mates; controversial issues that arise during Presidential primaries and election campaigns; and issues stressed by the media. Indeed, the psychological rewards/benefits of fulfilling one’s “civic duty” by voting may be even more pronounced during a Presidential election year. Consequently, it is hypothesized in this study that the voter participation rate is increased by the benefits associated with a broad assortment of quantifiable and emotional issues generally associated with voting during the Presidential election years, ceteris paribus.

The U.S. military involvement in the Vietnam War, which escalated sharply in 1965, clearly can be regarded as having generated intense emotional responses among the U.S. electorate [(Putnam (2000), Feige (1994)]. The controversy and emotions surrounding the Vietnam War were in part reflected in the following: numerous anti-war demonstrations [including flag burning and anti-draft demonstrations], disruptions of national political party conventions where Presidential candidates were being nominated, intense and almost constant “hawk” versus “dove” debates, and daily media coverage of POWs, MIAs, casualties, and wounded, amidst the chaos that came
to represent/symbolize the Vietnam War. Arguably, the Vietnam War created intense emotional responses, including an intensified effort to disengage from the Vietnam War by electing “new” candidates to key political offices. Indeed, the Nixon election victory over President Johnson in 1968 might even be interpreted in part as an emotional expression on behalf of change. It is hypothesized here that the Vietnam War [VIETNAM] elicited interest levels and emotional reactions that raised voter interest and participation, ceteris paribus: voter participation would be expected to yield a benefit by providing a vehicle for expressing one’s feelings and views on this major public issue.

It is hypothesized here that greater public dissatisfaction [DIS] with government (as opposed to elected officials per se) acts to discourage voting by eliciting a negative emotional response on the part of voters, a hypothesis that is in principle consistent with arguments in Feige (1994, p. 129). More specifically, if would-be voters feel discouraged by their government because of negative perceptions as to whether government officials can be trusted to fulfill their responsibilities, whether they are dishonest, and whether they waste tax dollars, then would-be voters very likely may react by adopting a negative attitude toward voting, presumably resulting from lower expected gross benefits from voting, consequently, voter turnout would tend to decline, ceteris paribus. To measure this variable, this study adopts the “dissatisfaction index,” DIS. DIS is constructed as an equally weighted average of three normalized indices reflecting responses to the University of Michigan’s Institute for Social Research [ISR] surveys concerning whether government employees can be trusted to do their assigned jobs, whether they are dishonest, and whether government officials waste tax dollars. Values for DIS range from a low of –1.5, for least dissatisfied, to a high of +1.5, for most dissatisfied. As constructed, the DIS index measures the public’s attitude toward government in general, as opposed to an attitude toward the President per se or elected officials per se.

Feddersen (2004, p. 107) argues that individuals base their voting [participation] decision in part on “…assessments about the overall macroeconomic health of the economy.” Accordingly, it is also hypothesized in this study that the more poorly the economy is performing, e.g., the more slowly the economy is expanding [in real terms], the more interest the public [eligible voters] may have in the outcome of a major election. If indeed the economy is growing “too slowly,” the public may vote so as to express a wish for change at some level [s] of government because of fear of the unemployment prospects associated with slow real GDP growth. Consequently, it is expected that if real GDP grows too slowly [SLOWGR], the greater may be the expected potential benefits from voting [so as to precipitate change in order to implement more effective economic policies and/or to at least “express displeasure” with the economy’s weak performance] and hence the greater the voter participation rate, ceteris paribus. In this study, any year in which the real GDP grows at an annual rate of less than two percent is treated as a year when real GDP is growing too slowly to prevent increases in the unemployment rate. In such years, the voter participation rate is expected to be higher, ceteris paribus.

Naturally, the public’s assessment of the performance of the economy could be based on more than just this single criterion. For instance, the inflation rate may be of interest to many voters. Inflation reduces the purchasing power of money and unless nominal wages/income grow more rapidly than inflation, higher inflation reduces real income. Over the study period, nominal wages/income in the U.S. on the average grew at an average annual rate of nearly five percent,
which reflected the impacts of such factors as COLAs [cost of living adjustments], increased compensation for productivity increases and/or investment in human capital, and/or promotions. Consequently, it is hypothesized in this study that when the annual inflation rate of the CPI exceeds five percent, many eligible voters are more likely to vote in the hope of electing politicians who will pursue policies conducive to lower inflation, ceteris paribus. Voting might also serve as a means to express displeasure over the economy’s excessive inflation [INFLDUM]. In either case, the expected gross benefits from voting may rise when inflation exceeds five percent per annum.

Finally, there is the central concern of this study: the issue of PAC election campaign contributions, i.e., election [or re-election] campaign contributions by special interest groups, a topic that has received recent attention from Riddel (2003) and Cebula (2007), among others. This is an issue that also attracted considerable attention during the year 2000 Presidential primaries within the context of election campaign finance reform, and, arguably was less of a public concern/political issue prior to the year 2000. From the perspective of this study, given the extraordinary growth in PAC election campaign contributions over the last 30-plus years, it can be argued that such contributions might well give at least some portion of the voting public the impression of “influence peddling,” i.e., the impression that various special interest groups are gaining influence over elected officials and candidates through contributing funds to their election or re-election campaigns. To the extent that voters or potential voters perceive that such PAC election campaign contributions lead to influence peddling, they may infer that politicians will be more concerned with the needs, concerns, and agendas of their PAC contributors than the needs, concerns, and agendas of the actual voters per se. This argument would seem consistent with Copeland and Laband (2002, p. 358), who observe that “…when individuals believe they have no say in what government does, they are less likely to vote.” Thus, it is hypothesized here that the greater the extent of PAC election campaign contributions, the more disenfranchised voters [or would-be voters] may feel and hence the less the degree to which they may feel inclined to make the effort to vote, ceteris paribus, i.e., some voters may adopt a “why bother” attitude towards voting. To test this hypothesis, it is argued that the greater the extent of real U.S. Senate PAC election campaign contributions, the lower the voter participation rate, ceteris paribus.

Based on the framework described above, the EGB of voting can be described by:

\[
\text{EGB} = g(\text{PRESAPP/DIS}, \text{PRESDUM}, \text{VIETNAM}, \text{DIS}, \text{SLOWGR}, \text{INFLDUM}, \text{PAC}),
\]

\[
g_{\text{PRESAPP/DIS}} > 0, g_{\text{PRESDUM}} > 0, g_{\text{VIETNAM}} > 0, g_{\text{DIS}} < 0, g_{\text{SLOWGR}} > 0, g_{\text{INFLDUM}} > 0, g_{\text{PAC}} < 0
\]  

(2)

The framework resulting from substituting equation (2) into equation (1) implies that the empirical investigation of determinants of the aggregate voter participation rate involves estimating the following:

\[
\text{VPR}_t = a_0 + a_1 \text{PRESAPP/DIS}_t + a_2 \text{PRESDUM}_t + a_3 \text{VIETNAM}_t + a_4 \text{DIS}_t + a_5 \text{INFLDUM}_t + a_6 \text{SLOWGR}_t + a_7 \text{PAC}_{t-1} + u
\]

(3)

where
VPR_t = the aggregate voter participation rate in the U.S. in year t, expressed as a percent; a_0 =
constant term;

PRESAPP/DIS_t = a binary variable to measure strong public approval or strong public
disapproval of the President in year t: PRESAPP/DIS_t = 1 for those years in which the public’s
average approval rating of the President was either very low (39 or less out of a possible 100.0)
or very high (57 or more on the same scale) and PRESAPP/DIS_t = 0 otherwise;

PRESDUM_t = binary variable for Presidential election years: PRESDUM_t = 1 during Presidential
election years and PRESDUM_t = 0 otherwise;

VIETNAM_t = a binary variable for the years during which the U.S. was militarily involved in the
Vietnam War, such that VIETNAM_t = 1 for those years and VIETNAM_t = 0 otherwise;

DIS_t = the level of the public’s dissatisfaction with government over year t, as measured
by the dissatisfaction index, ranging from –1.5 for least dissatisfied to +1.5 for most dissatisfied;

SLOWGR_t = a binary variable reflecting the annual percentage growth rate of real GDP in year t:
SLOWGR_t = 1 when the percentage growth rate of real GDP is less than two percent in year t
and SLOWGR_t = 0 when the annual percentage growth rate of real GDP is two percent or more
in year t;

INFLDUM_t = a binary variable indicating whether in year t the annual inflation rate of the CPI
exceeded five percent, such that INFLDUM_t = 1 during those years and INFLDUM_t = 0
otherwise;

PAC_{t-1} = total real PAC contributions to U.S. Senate election or re-election campaigns in year t-1,
expressed in millions of 1996 dollars, with the value of PAC treated as equal to zero prior to the
1971 enactment of FECA;

u = stochastic error term.

The study period runs from 1960-2004. The beginning date is determined by data unavailability
for the DIS_t variable prior to 1960. The DIS_t data were obtained using the studies by Feige
(1994) and Cebula and Paul (2002). The VPR_t is measured only for even-numbered years. This is
because even-numbered years are when all members of the U.S. House of Representatives and
one-third of the U.S. Senate are elected and, on alternate even-numbered years [“leap years”]
when the President also is elected. The odd-numbered years typically do not correspond to the
election of large numbers of “significant” officials. The VPR data were obtained from the U.S.
Census Bureau (2006, Table 407). The VPR and DIS variables are treated as contemporaneous
because it is hypothesized here that the greater the current dissatisfaction with government the
voting public currently has, the greater the degree to which said dissatisfaction will likely be
reflected in current behavior. The values for PAC_{t-1} are assumed equal to zero until 1971, when
FECA effectively opened the door for the establishment of legal PACs. The data for PAC_{t-1} were
obtained from the U.S. Federal Election Commission (2006) and the U.S. Census Bureau (2006,
Table 4). The data used to construct INFLDUM and SLOWGR were obtained from the Council of Economic Advisors (2006, Tables, B-64, B-2). Finally, the data reflecting the Presidential approval rating surveys were obtained from The American Presidency (2007).

Augmented Dickey-Fuller and P-P [Philips-Perron] tests both confirm that the series for variables DIS$_t$ and PAC$_{t-1}$ are stationary only in first differences. Hence, in the estimation provided below, these two variables are expressed in first differences. The VPR series is stationary at the five percent level in levels, reflecting in large part the rise in the voter participation rate in the year 2000 and year 2004 Presidential elections.

Given that VPR$_t$ is contemporaneous with the dissatisfaction index, DIS$_t$, the possibility of simultaneity bias exists. To account for this possibility, the model in equation (3) was estimated by 2SLS [two-stage least squares], with the instrument being the two-year lag of the maximum marginal federal personal income tax rate, MAX$_{t-2}$. On economic grounds, the choice of instrument was based on the empirical findings in Cebula and Paul (2002, p. 501) that “…the public’s dissatisfaction with government is an increasing function of…the maximum marginal federal income tax rate...” On technical grounds, the choice of instrument was based on the finding that DIS$_t$ and MAX$_{t-2}$ are highly correlated, whereas the two-period lagged instrument is not contemporaneous with the error terms in the system. The MAX$_{t-2}$ data were obtained from the IRS (2007).

3. Empirical Findings

Estimating equation (3) by 2SLS, using the White (1980) heteroskedasticity correction, yields:

$$VPR_t = +37.5 + 12.8 \frac{PRESAPP}{DIS_t} + 11.8 PRESDUM_t + 12.6 VIETNAM_t - 5.69 zDIS_t$$

$$- 2.5 INFLDUM_t + 1.7 SLOWGR_t - 45.3 zPAC_{t-1}, \text{ DW }= 1.86, \text{ Rho }= 0.04, F =39.55 \quad (4)$$

where terms in parentheses are t-values and z is the first differences operator. In equation (4), six of the seven estimated coefficients exhibit the hypothesized signs, with five being statistically significant at the one percent level and one being significant at the five percent level. The remaining coefficient [that for INFLDUM] fails to have the expected sign but is not significant at the ten percent level. The D-W and Rho statistics imply the absence of serial correlation problems. The F-statistic is significant at beyond the one percent level, attesting to the overall strength of the model.

The estimated coefficient on the PRESAPP/DIS variable is positive and significant at the one percent level. This finding suggests, as hypothesized in this study, that when the public strongly approves or strongly disapproves of the job performance of the incumbent President, they turn out in greater numbers than otherwise would be the case to express either that strong approval or strong disapproval. Venting such feelings may generate increased benefits from voting.
The estimated coefficient on the PRESDUM variable is positive and significant at the one percent level. This confirms the hypothesis that during Presidential election years voter participation rates increase because the outcome [s] of the election is [are] perceived as more important, so that the expected potential benefits from voting are enhanced while presumably reflecting emotions ranging from simple enthusiasm, perhaps almost reminiscent of “cheerleading” on the one hand to emotional responses [involving arguably greater substance] to candidate positions, the candidates themselves, or party platforms on sensitive issues such as abortion, religion, and the environment, on the other hand. Thus, possibly for multiple reasons, voting in Presidential election years may increase the expected benefit of voting.

The coefficient on the VIETNAM variable is positive, as expected, and significant at the one percent level. This finding is perhaps suggestive of a strong emotional pull by the “War” issue of voters to the polling booths, perhaps in the hope of creating a change in U.S. policy regarding military involvement in Vietnam, i.e., the possibility of ending U.S. involvement in the Vietnam War may have increased the expected benefit/value of voting. Thus, the documented unpopularity of and controversy over the Vietnam War appears to have led to increasing voter participation. The lesson from this result may be that protracted controversial or “unpopular” wars are likely to induce increased voter participation [and, arguably, of a nature that on balance is anti-incumbent].

The coefficient on the variable DIS is negative, as expected, and significant at the one percent level, presumably suggesting that the more dissatisfied the voting-eligible population is with government in general and perceived government officials’ trustworthiness, honesty/dishonesty, and use of tax revenues, the more discouraged from participation in the voting process they become. This suggests a form of disappointment and a negative emotional reaction to even “bothering” to vote, i.e., the DIS variable reflects disillusionment with government [Feige (1994)] and a correspondingly diminished expected gross benefit from voting [Putnam (2000)].

As for the economic dummy variables, the coefficient on the SLOWGR variable is positive and significant at the five percent level. This result suggests that when the growth rate of real GDP is relatively slow [i.e., less than two percent per annum], eligible voters either to some extent may envision greater stakes [greater expected gross benefits] in acting to potentially help ensure the election of politicians whose economic policies may more effectively stimulate economic growth and therefore job growth and employment security and/or may simply use voting to express displeasure over slow real GDP growth. Finally, the estimated coefficient on the INFLDUM variable is negative but not significant at the ten percent level, implying that this variable may not systematically exercise a significant impact on voter turnout. It may well be that because, in addition to the costs imposed by inflation, there may be benefits to inflation, e.g., for the owners of real estate, especially those whose real estate holdings are highly leveraged, the net effect of high inflation on aggregate voter turnout is not significant.

Finally, the estimated coefficient on the PAC variable is negative [as hypothesized] and significant at the one percent level. This result would seem to suggest that greater PAC campaign contributions to U.S. Senate elections [or re-elections] leads to reduced voter participation rates. This finding, if valid, might suggest that at least some eligible voters expect lower gross [and hence lower net] benefits from voting due to growing PAC election
contributions to U.S. Senate races, arguably because they perceive elected officials engaging in influence peddling to those from whom the PAC funds flows. In other words, growing PAC contributions may lead at least some portion of potential voters to feel disenfranchised from the electoral process and the democratic institution of voting because they feel their votes will not gain them sway with their own elected officials, who are busily “pandering” to their PAC supporters. This finding parallels that obtained for the case of the U.S. Congress by Cebula (2007).

To investigate further the voter-participation impact of the factors identified in this model, three variations on the system shown in equation (3) have been estimated by 2SLS, each adopting the White (1980) heteroskedasticity correction. The results of these estimations are provided in columns (1), (2) and (3) of Table 1. As shown in Table 1, 13 of the 17 coefficients are statistically significant with the expected signs at the one percent level, whereas the three of the remaining four coefficients are significant with the expected signs at the five percent level or beyond. Of particular interest is the pattern of results wherein the estimated coefficient on the PAC variable is statistically significant at an acceptable level in all three of these estimates. In sum, then, it appears that the voter participation rate in this expanded rational voter model has been found to be an increasing function of strong public approval or strong public disapproval of the incumbent President, the opportunity to participate in a Presidential election, the Vietnam War [possibly as a surrogate for a protracted unpopular or at least highly controversial war], and possibly a “too slowly” growing real GDP. Furthermore, and from the perspective of this study, most importantly, the voter participation rate appears to be a decreasing function of the public’s dissatisfaction with government and the growth in real PAC Senate election campaign contributions.

4. Conclusion

This study has endeavored to identify key aggregate-level determinants of the expected benefits from voting and hence key aggregate voter participation rate determinants in the U.S. so as to help improve understanding of and forecasting of voter turnout. It also has especially focused on the voter-turnout impact of growing real PAC contributions to U.S. Senate election [or re-election] campaigns.

Using aggregate time series covering the period 1960-2004, this study has obtained several significant results. First, the voter participation rate tends to be higher when the public either strongly approves or strongly disapproves of the job the President is perceived as doing while in office. Second, the opportunity to vote in a Presidential election appears to induce a greater voter turnout. Third, the greater the public’s dissatisfaction with government, i.e., (1) the greater the degree to which the public doubts that government officials can be trusted, (2) the more the public feels government officials are dishonest, and (3) the greater the extent to which the public feels that government wastes tax dollars, the lower the voter participation rate. Fourth, the Vietnam War had a positive and significant impact on voter participation. This issue may have galvanized an otherwise potentially somewhat free-riding, somewhat apathetic public into a voter coalition with a greater propensity to vote in order to promote a specific agenda. This particular finding may be capable of being generalized into a rule of thumb by which it is possible to
conjecture that any *protracted, unpopular* war might act to elicit greater voter turnout. Clearly, this factor could yet potentially imply marginally important voter turnout developments in the U.S. in terms of the War in Iraq. Until hostilities involving the U.S. military in Iraq and the Iraqi occupation are both completed, however, this issue may not be ready to be fully investigated in an unbiased fashion. This is all the more true since there is a milieu involving terrorism against the U.S. beginning with September 11, 2001, within which the Iraqi issue must be interpreted. Next, on the purely economics side, there is at least some evidence that if the economy is growing too slowly, voter turnout may increase, presumably to elicit a change towards more stimulatory government economic policies.

Finally, and from the perspective of this study, most relevantly, it would appear that the growth of *real* PAC Senate election campaign contributions has led to a reduction in voter turnout, possibly because such “contributions” may lead voters to *feel* politically disenfranchised and to experience a decline or loss in expected benefits from voting, perhaps in the form of expected lost influence over elected officials. In other words, it appears that when individuals believe they have less say in what government does than PACs do, they are less inclined to vote. The findings in this study strongly reinforce the wisdom in achieving genuine and fundamental campaign finance reform in order to strengthen and protect the democratic process in the U.S.

**Footnotes**

* Shirley and Philip Solomons Eminent Scholar, Department of Economics, Armstrong Atlantic State University, and Professor Emeritus, Department of Economics, Appalachian State University, respectively.

1. This legislation was entitled the Naval Appropriations Bill of 1867.

2. This *de facto* extension of the Naval Appropriations Bill of 1867 came in the form of the Civil Service Reform Act of 1883.

3. This statute was the Tillman Act [1907].

4. This legislation came in the form of the Federal Corrupt Practices Act [1910].

5. The statute in this case was the Federal Corrupt Practices Act [Revised].

6. Other *potentially* useful campaign finance statutes were enacted between 1925 and 1971, including the Hatch Act Amendments [1940] and the Smith-Connally Act [1943].

7. The very first PAC was actually formed by the CIO in 1944 in its effort to support the reelection of President Franklin Roosevelt. Since the funds were derived from voluntary union member contributions as opposed to the union’s treasury, the Smith-Connally Act was not violated.

8. This framework applied to primaries, run-offs, and final elections.
9. In 1971, Congress also enacted the Revenue Act to supplement FECA.

10. These laws were simply FECA Amendments [1976] and, in 1979, more FECA Amendments.

11. Related to this statute, the reader is referred to the 1976 Supreme Court decision in *Buckley v. Valeo*

12. The results of the 2006 general election in which (a) the aggregate voter turnout was the highest it had been in a non-Presidential election cycle in over a decade and (b) the Democrats secured majorities in both the U.S. Senate and U.S. House could be interpreted as reflecting just such a public reaction to a protracted and unpopular war.

References


Table 1. Alternative 2SLS Estimations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Estimation (1)</th>
<th>Estimation (2)</th>
<th>Estimation (3)</th>
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<tr>
<td>Constant</td>
<td>+36.6</td>
<td>+37.7</td>
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<td>+13.61***</td>
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<td>+11.23***</td>
<td>+10.89***</td>
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<td>VIETNAM</td>
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<td>(-3.88)</td>
<td>(-3.58)</td>
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Terms in parentheses are t-values.
***Statistically significant at the one percent level.
**Statistically significant at the 2.5 percent level.
*Statistically significant at the five percent level.