Political Finance in City Elections: Toronto and Calgary Compared

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Abstract

Comparing candidate contribution and expenditure data from urban elections in Toronto and Calgary, the paper concludes that elements of the regulatory regime in Toronto contribute modestly to a more level playing field for political competition in that city. In particular, the limits on the size of contributions, when coupled with a rebate for political donations, make candidates less reliant on corporate and development sources. These elements of Toronto's regulatory regime also contribute to a somewhat higher level of competitiveness in municipal elections in Toronto than in Calgary, where election finance is effectively unregulated.

Introduction[1]

Elected officials in major urban areas are responsible for deciding significant public policy issues, delivering a wide range of services and overseeing the allocation of substantial budgets. Political scientists in Canada have, however, paid disproportionately little attention to understanding the electoral politics that underlie these policy outcomes. A key element of the municipal electoral process is the role of political donations and the regulation of electoral finance. There is good reason to believe that money plays a significant role in shaping electoral competition at the local level. While political parties dominate provincial and federal electoral competition in Canada, they are weak or absent in the urban political arena. Consequently, elections to city councils are, for the most part, candidate-centered campaigns. Individual candidates are responsible for raising their own election funds, and voters' decisions will be based on their knowledge of and support for individual candidates, not political parties. Absent party discipline, individual members of urban governments have greater personal capacity to influence policy outcomes, and are not buffered from organized interests by a party organization.

This article explores the dynamics of electoral finance in Canadian cities by focusing on two economically vibrant urban areas with growing population bases and the development pressures that accompany growth, but very different regulatory regimes governing election finance. Municipal elections in Toronto

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are characterized by spending limits, modest public funding and contribution limits, all of which are absent in Calgary. Comparing patterns of election finance in these two urban areas illuminates the extent to which regulations affect patterns of political competition in local elections. More specifically, the article compares the predominant sources of financing in the two cities, the amounts spent by candidates, and the competitiveness of contests as indicated by candidate spending and electoral outcomes. It finds that limits on the size of contributions and rebates for small contributors lead to a somewhat lesser reliance on funds from the property development industry in Toronto, and that the Toronto regulatory environment appears to diminish the financial and electoral advantage enjoyed by incumbent candidates in that city's elections.

Underpinning this analysis is a series of normative concerns regarding the role of money in electoral competition. While recognizing that candidates in contemporary elections require adequate funds in order to communicate with voters, the role of money cannot be left unexamined. Elections offer citizens an opportunity to select those individuals who will govern them. Equity among voters is diminished if affluent individuals or organizations are able to create significant financial inequities among candidates. Ideally, candidates are able to raise money roughly in proportion to their electoral support, and contributions are offered as an expression of support, not in hope of exercising undue influence. Finally, the accountability function of electoral competition is enhanced when systematic financial disparities do not make it impossible to unseat an incumbent officeholder. Regulation of electoral finance – in the form of limits on spending, on the size and source of contributions – and public subsidization of campaign expenses have been adopted in many jurisdictions at both the national and sub-national levels in an effort to mitigate the potential negative effects of money on electoral competition.

Literature Review

While the comparative literature on election finance is extensive, the Canadian literature, particularly that focused on the local level, is markedly thin. In this review, we draw on the relevant comparative literature, with particular emphasis on American studies. Because of the relative weakness of political parties in the United States and the consequent tendency toward candidate-centered campaigns, the American experience is highly relevant.

Who Contributes, and Why?

A perennial concern in the study of election finance is the source and motivation for political contributions. The normative consideration underlying this is an apprehension that political contributions are given by corporations or wealthy individuals in order to obtain benefits of some sort from government. The *quid pro quo* anticipated in such a transaction could range from preferential access to government contracts to policy or regulatory considerations for an industry or a particular business. While the former fall into the category of fraud or bribery, the latter type of transactions is difficult to trace. They pose a particular concern in candidate-centered political systems, in which party organizations do not serve as buffers between organized interests and legislators, particularly on issues that are not publicly visible and that lack strong ideological divisions.

Studies trying to find connections between contributions and particular policy outcomes have not found convincing evidence to this effect (Chappell 1982; Elliot *et. al.* 1993; Grenzke 1989; Neustadtl 1990; Wright 1990; Wawro 2001; but see also Frendreis and Waterman 1985). More subtly, contributions from both corporations and unions have been found to be motivated primarily by a desire to reward and protect the donor's political allies in government (Welch 1982; Fleisher 1993). This can affect the ideological orientation of the legislative body and consequently expand or constrain political opportunities for certain interests as issues arise.

The question of the ideological orientation becomes particularly important in the context of urban governments, as the business community tends to possess the resources and unity to affect politics, while its opponents tend to be diverse, diffuse and resource poor (Krebs 2005; Stone 1989). Of particular concern is the influence of the property development industry, which is heavily reliant on urban governments to pave the way for expansion and redevelopment.[2] Analyzing of the sources of campaign funding for Toronto-area municipal elections, MacDermid (2006, 3) articulates this concern, noting that "apparently prodevelopment councils in many cities in the greater Toronto area have produced suburban cities that are automobile dependent, unfriendly to mass transit, lacking the density to support other services."

The development industry plays a significant role in urban electoral finance in many cities. The California Commission on Campaign Financing (CCCF 1989) studied contributor influence in seventeen cities and found that in large centers, the business community, most notably developers, almost always provided a majority of the contributions received by incumbents. This conclusion is contested by Fleischman and Stein (1998), who argue that the financial influence of developers in urban politics in the United States is overstated. They find, however, that businesses were responsible for 45 and 53 per cent of all contributions in St Louis and Atlanta, respectively, while the development industry accounted for an additional 29 per cent and 22 per cent. Similar results are evident in Los Angeles, as Krebs (2005, 170) finds that business contributions made up 70 per cent of all contributions to city council candidates while developers accounted for an additional 15 per cent; non-corporate interest groups and organizations contributed the other 14 per cent, but Krebs (*ibid.*) argues that this is insufficient to offset the influence of business.

The Canadian experience has not been subject to comparable research, but MacDermid's (2006, 2007) study of patterns of contribution to candidates in Toronto-area municipal elections indicates that corporate contributions are the largest category of contributions to these candidates, and that development industry contributions comprise a significant proportion of these donations. Moreover, he finds that contributions from the development industry tend to be given disproportionately to winning candidates.[3]

Does Money Matter?

Any examination of patterns of election finance must address the issue of whether money affects the conduct and outcome of elections. A plausible argument holds that voters may be swayed more by a candidate's personal charisma or a labour intensive campaigning than by expensive advertising. More subtly, one can argue that money is epiphenomenal: popular candidates raise more money than unpopular one, so the observation that one candidate outspends the other does not imply that money leads to electoral support, but rather demonstrates the winning candidate's pre-existing electoral viability.

Substantial evidence suggests, however, that election spending affects electoral outcomes. Studies at the constituency level in Canada and Britain find that election spending makes a discernible, but modest, impact on a candidate's electoral support (Pattie *et. al.* 1995; Chapman and Palda 1984; Eagles 2004). American studies on the same subject generally concur with the finding that spending affects electoral outcomes (Jacobson 1990; Squire and Wright 1990; Gierzynski *et. al*. 1998; CCCF 1989; Arrington and Ingalls 1984), but diverge somewhat on the question of whether spending is more effective for incumbents than challengers. Some (Jacobson 1990; Abramowitz 1991) find challenger spending more effective, in that each additional dollar spent will yield more votes on election day, while others have concluded that there is little difference in effectiveness between incumbent and challenger spending (Green and Krasno 1990; Gerber 1998). Notably, however, one study of election finance in urban elections in St. Louis concluded that money was not a particularly strong predictor of election outcomes. In this analysis, Fleischman and Stein (1998) found that incumbency was a strong predictor of electoral support, but that money mattered relatively little.

Do Incumbents Enjoy a Fundraising Advantage?

While the relative effectiveness of election financing for incumbents and challengers is a matter of debate, consensus exists on the question of incumbent advantage. In addition to non-monetary benefits such as name recognition, incumbents have been found to enjoy a financial advantage over challengers at the national level in the United States (Green and Krasno 1990; Cowden, Green and Krasno 1994; Gerber 1998), at the local level in the US (Fleischman and Stein 1998; Krebs 2001; CCCF 1998; but see also Arrington and Ingalls 1984). Such outcomes have also been noted in local elections in Canada (Stanwick 2000; Kushner *et. al.* 1997). The most comprehensive examination of electoral finance at the local level in Canada examined election finance in 136 Ontario municipalities. Kushner *et. al.* found that in smaller cities – those with populations under 100,000 - there were no consistent patterns of difference in spending between challengers and incumbents, whereas in larger cities incumbents outspent challengers by a margin of two to one.

Incumbents' greater access to financial resources has two potential implications. First, to the extent that spending affects electoral outcomes, greater financial resources mean that incumbents compound their other advantages, including name recognition, media coverage and political experience. In the United States Abramowitz (1991) finds that the level of competition in the House of Representatives has declined as the financial advantage associated with incumbency has increased. Second, incumbency's financial advantage may affect political competition before the election begins by deterring challengers. However, Krasno and Green (1988) find that preemptive spending and advanced fundraising by incumbents has no effect on the quality or number of potential challengers.

Does the Regulatory Regime Affect Patterns of Competition?

A core consideration in this article is the extent to which the very different regulatory regimes in place in Toronto and Calgary affect the patterns of political competition in the two cities. One significant regulatory difference between these two cities is the limitation on the size of contributions in Toronto compared to the limitless environment in Calgary. Contribution limits are primarily designed to curtail the influence of wealthy contributors and to encourage candidates to broaden their financial base. Studies examining the effect of contribution limits in urban elections in New York City and California produced some evidence that the implementation of contribution limits forced candidates to broaden the base of their financial support (Kraus 2006; California Commission 1989). Krebs (2005), however, argues that Los Angeles' contribution limits simply forced contributors to rearrange the form in which they deliver their donations and consequently did not diversify the actual sources of contributions. The California Commission (1989) also found evidence of contribution limits being undermined by the practice of bundling[4] and donations by prior donors' families and spouses, and concluded that contribution limits alone are ineffective in regulating campaign finance.

A second key difference between Toronto and Calgary's regulatory regimes is the presence of spending limits in Toronto elections, and their absence in Calgary. In theory, spending limits help level the playing field between competitors, most notably in this instance between incumbents and challengers. Some limited empirical evidence supports this contention. Gierzynski and Gross (2003) found that candidates in Albuquerque, where spending is limited, spent substantially less per vote received than their counterparts in similar jurisdictions, and conclude that limits prevented the emergence of a significant financial gap between challengers and incumbents. An analysis of the optional spending limits employed in New York City elections concluded that the presence of spending limits slowed the growth of campaign spending in mayoral races (Kraus 2006).

The third important difference between Toronto and Calgary's regulatory regimes is the provision of modest public funding in the form of rebates for campaign contributions in Toronto. In theory, public funding should reduce the pressure on candidates to raise money and free them from contributions given with the expectation of a *quid pro quo*. Kraus (2006) argues that generous public funding in New York City has increased candidate spending without reducing incumbency advantage or increasing competitiveness.

Regulatory Regimes

Of Canada's major cities, Calgary has one of the least regulated campaign finance environments. Alberta's *Local Authorities Elections Act* allows, but does not require, municipalities to enact bylaws governing election finance. Calgary's *Municipal Elections Campaign Contribution Bylaw (35M94)* merely requires candidates to disclose the source of contributions of more than $100 following an election. Candidates who spend over $2,500 must also disclose their expenses. No other laws govern campaign finance, making public opinion the only real check on candidates.

The *Ontario Municipal Elections Act* requires candidates to disclose contributions and expenditures. It provides that only residents of Ontario or corporations and trade unions that are active in the province are allowed to contribute, and they cannot donate more than $750 to a city council candidate and $2,500 to a mayoral candidate. The *Act* also prescribes spending limits. In a Toronto election, a candidate cannot spend more than $5,000 plus 70 cents for every voter (on average, $31,251 in 2003). Campaign surpluses are held in trust for future election campaigns. Since spending is limited, but the money candidates collect is not, many successful politicians in Toronto have substantial war chests held in trust by the City.

Ontario provides no public funding to candidates, but Toronto operates a contribution rebate program. Under the law, contributors who donate between $25 and $300 receive a 75 per cent rebate, those who donate $300 to $1,000 receive $225 plus 50 per cent of the difference between their contribution and $300, and contributors who donate more than $1,000 receive $575 plus 33.5 per cent of the difference between their contribution and $1,000, provided that their total rebate does not exceed $1,000. Overall, Toronto candidates operate in a much more regulated environment than their Calgary counterparts.

Table 1: Summary of Legal Regimes

City	Disclosure	Contribution Limits	Spending Limits	Public Funding
Calgary	Contributions >$100 Total Spent	None	None	None
Toronto	Contributions >$100 Total Spent	ON Only $750 Council $2,500 Mayor	Yes Council: $5000 +$0.70/ eligible voter	Contribution Rebates (75% <$300)

Methodology

To examine the effect of regulatory regime on electoral competition in city council elections, this paper uses election results and financial data from candidate disclosure forms from the 2004, 2001 and 1998 Calgary municipal elections and Toronto's 2003 municipal election. Because the Calgary City Council is one-third the size of Toronto's, the number of cases is similar in both cities: a total of 42 in Calgary and 44 in Toronto. Our dataset includes 153 Calgary council candidates and 199 in Toronto. Among these candidates, we find considerable variety in status: in Calgary, 35 candidates were incumbents, 57 were challengers and 61 were competing in open seats; this compares to 34, 93 and 72 in Toronto. To supplement the analysis of competitiveness of outcomes, results (but not candidate financial data) from the 2006 Toronto election were included in the dataset. This yields a total of 130 contest-level cases to analyze, 88 from Toronto and 42 from Calgary.

The inclusion of the 2006 contest-level data from Toronto ensures that any peculiarities of the 2003 election do not cloud the analysis of competitiveness between the two cities. The 2003 Toronto municipal election was, in fact, somewhat atypical, as there was no incumbent in the mayoral race and ten incumbent councillors had chosen not to run. As a result, there was a greater rate of turnover than is typical in Toronto municipal elections. The mayoral race featured an ideological contest, pitting left-leaning David Miller against centre-right candidate John Tory, who went on to lead the Ontario Progressive Conservative Party (Wanagas 2003). The 2006 Toronto election was more typical, with an incumbent mayor running successfully for re-election, and only 7 of 44 incumbent councillors not running for re-election.

The three Calgary elections included in the analysis were not characterized by pitched ideological confrontation, even in 2001 when the incumbent Mayor stepped down. The 1998 election was overshadowed somewhat by the Senatorial election and referendum on water fluoridization that was held in conjunction with it. The 2004 contest, with an incumbent mayor and many aldermen being acclaimed, had a voter turnout of only 19.8 per cent.

To construct the dataset, relevant data from the disclosure form was entered for each candidate. Contributions were categorized first according to size: less than \$100 versus more than \$100. Contributions of more than \$100 were categorized according to the type of donor: individual versus corporate. No information was available regarding the characteristics of individual donors, as only their names were disclosed. It was, however, possible to classify corporate donors using publicly-available information from the Internet and published sources including business directories. Corporate donations were classified as numbered corporations, non-development corporations, and businesses involved in property development. The category of developers includes property developers, home builders, and architectural and engineering firms. In cases where it was not possible to find information about a company, it was classified as general corporate. Consequently, the dataset under-estimates the total development contributions to candidates by some margin. Added to the data regarding political financing were variables indicating whether a candidate was an incumbent, and data showing the candidate's vote share. The dataset is based at the level of individual candidates, but for each candidate we have also included race-level variables to allow analysis of patterns of fundraising and spending depending on the character of the contest. These race-level variables include the number of candidates, the presence/absence of an incumbent in the race, vote margin between first and second place candidate and spending spread between first and second place candidate.

Toronto and Calgary offer an interesting pair of cases for focused comparison. They are similar in their institutional arrangements, with a ward-based system for election and similar sized electoral districts.[5] Both are large, affluent urban centres (Toronto the largest city in Canada and Calgary the fourth largest) experiencing steady rates of population growth. As such, their urban governments face similar pressures from the development industry and must make decisions about how to manage urban growth. There are important contextual differences between the two cities as well. Most notably, Toronto's electoral environment is shaped by vibrant multi-party competition at the provincial and federal levels, while Calgary's is more inclined toward monolithic Conservatism, particularly at the federal level.

Analysis of the dataset described above allows us to draw tentative conclusions about the impact of regulatory regimes on political competition at the municipal level. If regulation of electoral finance does affect political competition, we would expect to find the following differences between Toronto and Calgary:

- Lower rates of reliance on corporate/developer contributions in Toronto, because of public funds subsidizing small contributions and limits on the size of contributions;[6]
- Lower spending (adjusted to account for differences in the size of council districts) by candidates in Toronto, because of the presence of spending limits;
- Incumbent advantage (both financial and electoral) will be less in Toronto, because challengers are better able to raise money and because of the presence of spending limits; and
- Lower levels of incumbent advantage will increase the competitiveness of races in Toronto

Findings

Source of Contributions

Having noted that the corporate community, particularly the development industry, is likely to be heavily involved in funding the candidates for city council, we expect that candidates will be more heavily reliant on such contributions in Calgary in the absence of public incentives to encourage small individual contributions, caps on the maximum size of contributions, and spending limits to curb candidates' demand for money. Moreover, Calgary candidates can keep any surplus funds raised, creating a strong incentive to solicit and accept contributions. Taken together, Table 2 and Figure 1 suggest that Toronto's regulatory regime lessens the role of corporate and development contributors and increases the role of individual and small contributors.

Table 2: Source of Contributions, by City (Totals for all candidates)

	Developer	Corporate	Numbered	Union	Individual	Less $100	Self/Fam
Toronto	13%	16%	2%	3%	40%	10%	17%
Calgary	29%	18%	1%	1%	13%	28%	9%

Figure 1 demonstrates that Toronto candidates are more reliant than their Calgary counterparts on grassroots support (contributions from any source of less than $100 and contributions from individuals). In Toronto, approximately half the money for campaigns is grassroots funding, as compared to forty-one per cent in Calgary. The only category of candidates for whom this pattern does not hold is those who were acclaimed. In Calgary, those candidates may keep any surplus; this constitutes a significant incentive to solicit contributions from all sources. In Toronto, acclaimed candidates can hold funds in trust for future campaigns, but have less incentive than their Calgary counterparts to raise grassroots funds.

Figure 1

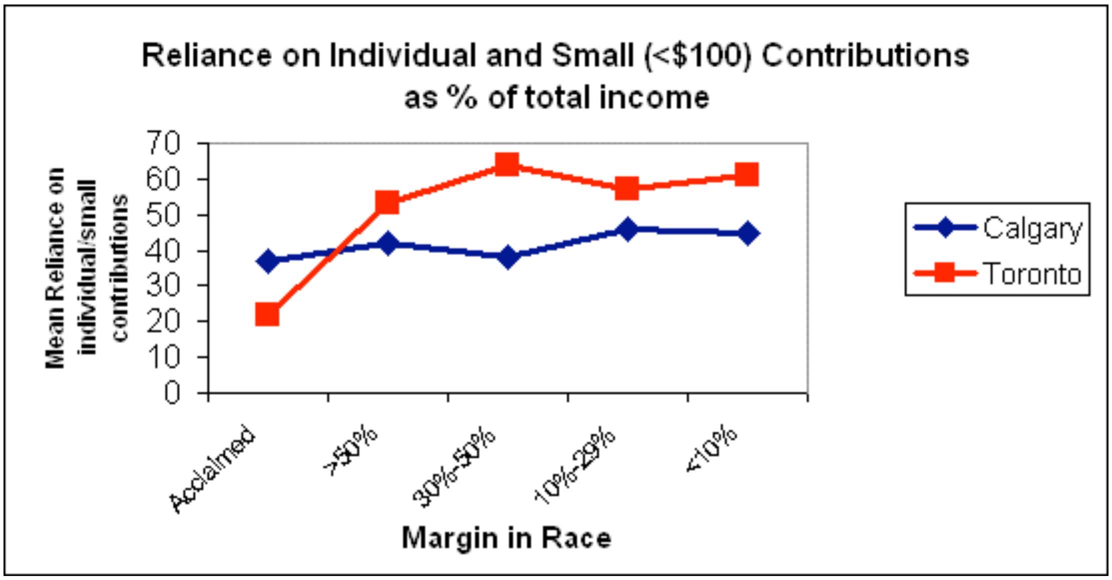
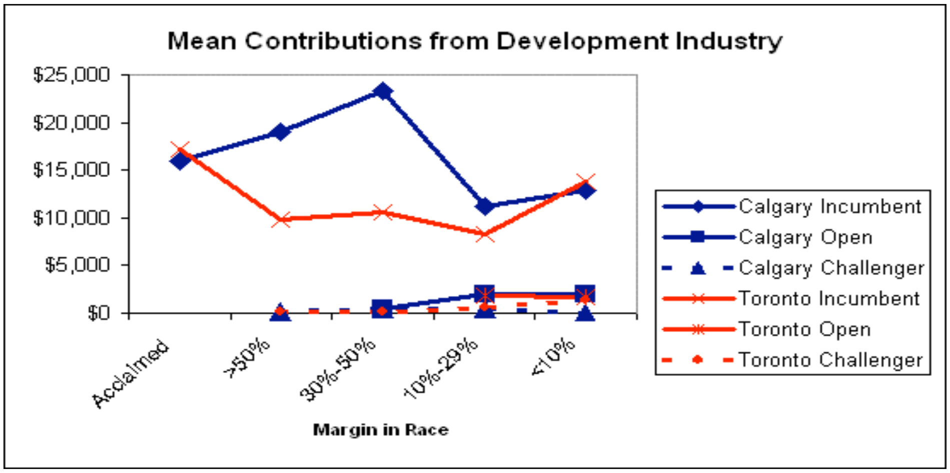


Table 2 reinforces this conclusion, showing that Toronto campaigns are substantially more reliant on individual contributions than contests in Calgary. Paradoxically, Calgary candidates receive a larger proportion of contributions under $100 than their Toronto counterparts. Assuming that these small contributors are mainly individuals, the difference between the two cities is best attributed to the presence of rebates for political contributions in Toronto, which significantly reduce the cost of a contribution to the donor, thereby encouraging individuals to give larger contributions.

Although Calgary and Toronto candidates are equally reliant on non-development corporate sources, Calgary candidates are more than twice as reliant on contributions from the development industry. More than one in every four dollars raised by Calgary candidates is contributed by a development interest. As a result, almost half the funds flowing into Calgary campaigns come from corporate sources, as compared to only one-third for Toronto. This is consistent with our first expectation, that candidates will be less reliant on corporate/developer contributions in Toronto, because of public funds subsidizing small contributions and limits on the size of contributions.

Figure 2 allows us to probe more deeply the question of which kind of candidates the development industry supports. Tracking the average (mean) contributions by developers to candidates in both cities by candidate status and the competitiveness of the race, it demonstrates that developers in both cities are heavily inclined toward incumbents over either challengers or candidates running in open seats. The development industry is apparently not prone to putting forward candidates to challenge incumbents or take on open seats, but is willing to back incumbents friendly to the industry. In Toronto, the development industry is the most generous to candidates who are acclaimed, and those who are in tight races. In Calgary, in partial contrast to this, the industry backs away somewhat from those candidates who are in tighter races, but is generous in support of probable or guaranteed winners.[7]

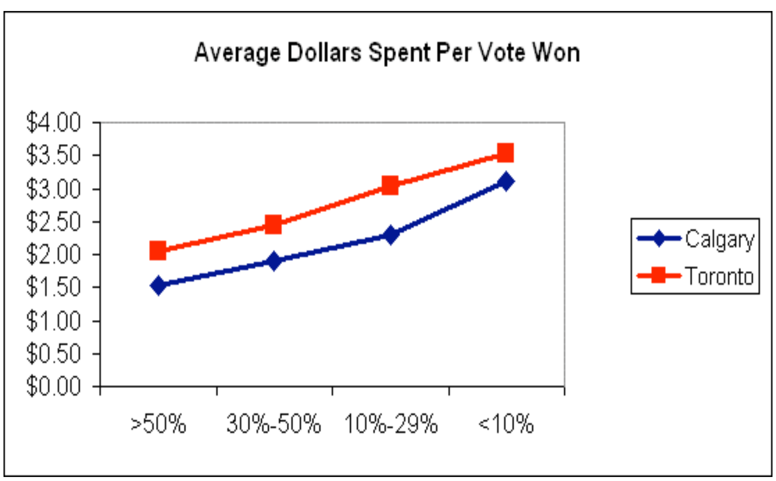
Figure 2



Spending

The second hypothesis to be tested holds that candidate spending should be lower in Toronto than in Calgary because of the presence of spending limits. To test this, a candidate's reported spending is divided by the number of votes the candidate won, in order to control for the number of voters in a district and candidate competitiveness.

Figure 3



The data presented in Figure 3 do not support this hypothesis. At every level of competitiveness of the race, Calgary candidates spent less than their Toronto counterparts. The trend line for both cities is in the expected direction: as races become more competitive, the candidate has to spend more. Given the very similar slopes to the two lines, greater overall competitiveness cannot explain the higher spending by Toronto contests. The most plausible alternative explanation would be that the presence of even modest public funding encourages candidates to spend more. In addition, spending limits may have been transformed from a ceiling into a floor: a target to be achieved by candidates who might otherwise have spent less.

Incumbent Advantage

The presence of incumbent advantage is virtually universal in candidate-centered political contests. The question, then, is not whether we find evidence of incumbent advantage in our two case cities, but rather how extensive is that incumbent advantage? We expect incumbent advantage will be less in Toronto, because challengers will be able to raise funds from individuals using the contribution rebate, and because incumbents operating under the constraint of a spending limit will not have the same incentive to raise money as those running in a system without spending limits.

Table 3 shows the total funds available[8] to candidates in Toronto and Calgary, categorized by candidate type: challengers (running against an incumbent); open seat candidates (running in a seat where there is no incumbent) and incumbents. In both cities, two-thirds of incumbents have more than $80,000 available to them to spend in their election campaign. Most of the remaining incumbents have between $40,000 and $80,000.

The difference between the two cities lies in the funds available to challengers. In Toronto, thirty per cent of challengers had access to more than $15,000, while in Calgary less than ten per cent were able to raise this much. Challengers in Calgary were also substantially more likely to have less than $2000 available to them. Similarly, Calgary candidates running in open seat elections, which are usually highly competitive, were substantially less likely than their Toronto counterparts to be able to raise $40,000 or more. Overall, challengers and contestants in open seats are apparently better able to raise money under the Toronto rules. This is tightly connected to lower rates of reliance on development contributions among Toronto candidates. As noted above, Calgary candidates tend to be more reliant on development industry contributions, and those contributions are directed overwhelmingly to incumbents. This contributes substantially to incumbents' financial advantage.

Table 3: Total Funds Available, By Category of Candidate

	Challenger		Open Seat		Incumbent	
Funds available	Toronto	Calgary	Toronto	Calgary	Toronto	Calgary
<$2K	34%	49%	16%	27%	0%	0%
$2K-15K	36%	45%	36%	44%	9%	3%
$15K-$40K	25%	4%	34%	27%	24%	29%
$40K-$80K	5%	2%	13%	2%	44%	49%
>$80K	0%	0%	0%	0%	24%	20%
Total	100%	100%	100%	100%	100%	100%

Table 4: Incumbent: Challenger Spending Ratios by Margin in Race

Margin	Toronto	Calgary
>50%	7.0	11.4
30%-50%	4.2	8.2
10%-29%	3.1	2.7
<10%	2.1	3.0
Overall	3.6	5.8

Table 4 lists the mean ratio for incumbent to challenger spending in the two cities, broken down by the margin in the race. (Margin is measured as the difference between the percentage of the popular vote of the first place and second place candidates. The closer to zero, the tighter the race). Incumbents in both cities enjoy considerable spending advantage over challengers. Calgary incumbents outspend challengers by an almost six to one ratio, while Toronto incumbents outspend challengers by over three to one. The ratios are smaller in both cities in the tightest races, where credible challengers are able to make serious efforts to unseat incumbents. But even in races with margins of less than ten percent Calgary incumbents outspend their rivals by a margin of three to one, and Toronto incumbents by a margin of two to one. These findings suggest that Toronto's regulatory regime lessens, but does not eliminate, incumbent advantage.

Competitiveness of Contests

The competitiveness of contests can be examined in two ways: financial competitiveness among candidates and competitiveness of electoral outcomes. In terms of the former, there is evidence of a more level playing field for electoral competition in Toronto than in Calgary. Figure 4 categorizes the magnitude of difference in spending between the winner and the second place candidate in each council race. Only one second-place candidate in Calgary outspent the winner, in contrast to over one-quarter of Toronto second-place finishers. Calgary winners were considerably more likely to outspend their closest rival by a margin of more than two to one. In fact, one Calgary candidate spent 11,000 per cent more than the second-place finisher in their race. Not all Toronto races were financially competitive, of course. Some forty percent of winners in Toronto spent more than double the amount spent by their second place finisher. Nonetheless, the data presented in this figure indicate a more level playing field for electoral competition in Toronto.

Figure 4

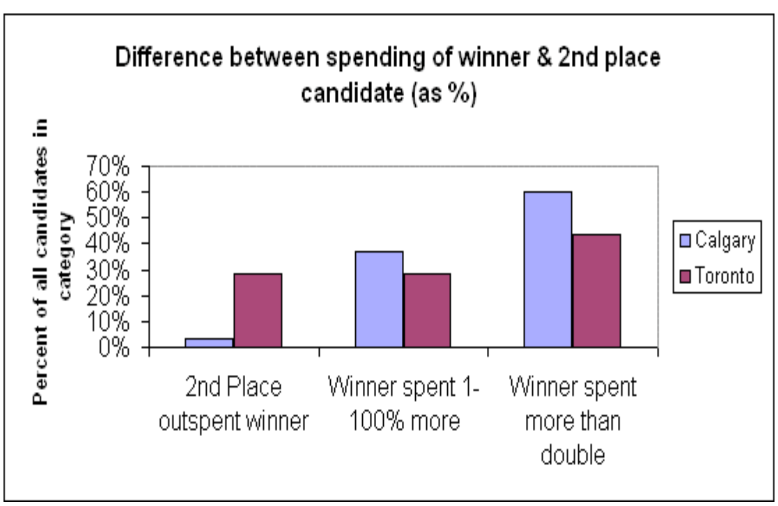


Table 5: Competitiveness of Council Contests[9]

Margin	Toronto	Calgary
Acclaimed	2%	19%
	(2)	(8)
>50%	32%	33%
	(28)	(14)
30-50%	21%	14%
	(18)	(6)
10-30%	27%	17%
	(24)	(7)
<10%	18%	17%
	(16)	(7)

In terms of electoral outcomes, council races are somewhat more competitive in Toronto than in Calgary. Only two per cent of Toronto races were acclaimed, as compared to nineteen per cent of Calgary races. While there were fewer uncontested races in Toronto, the proportion of races that were closely contested (with margins of ten per cent or less) was similar in the two cities. There was, however, a substantial difference in the proportion of races in which the margin was between ten and thirty percentage points; we find that twenty-seven per cent of Toronto races fell into this category, as compared to only seventeen per cent of Calgary contests (see Table 5).

As a second means of measuring the competitiveness of contests in the two cities, we can examine the difference in vote share (or margin) between the first and second place candidates.[10] The smaller this margin, the more competitive the contest. To determine whether Toronto contests are, as anticipated, more competitive than Calgary contests, we compare the margin between the winner and the second-place finisher in all contested races between the two cities. The number of races that can be included in this analysis is smaller in Calgary, because 19 per cent of all races were won by acclamation. Comparing the overall means between the two cities, we find that the overall mean margin is three percentage points smaller in Toronto than in Calgary, indicating that Toronto elections are modestly more competitive than Calgary contests for the elections studied. When a controls for the presence of an incumbent in the race is included, the pattern holds (see Table 6). When there is an incumbent in the race, the mean margin in Calgary is 43 percentage points, as compared to 39 in Toronto, suggesting that Calgary incumbents enjoy a modestly larger advantage than do their Toronto counterparts. In all other races, the mean margin is similar in size or is larger in Toronto. The gap in open seat races is slightly smaller, but again Toronto races are slightly more competitive.

Table 6: Mean Vote Margin (Winner – 2nd Place) in Contested Elections

	Calgary	Toronto
	Mean (N)	Mean (N)
Vote Margin	36.7 (34)	33.6 (86)
Incumbent in Race	43.3 (27)	38.6 (71)
No Incumbent in Race	11.3 (7)	9.57 (15)

Conclusion

This analysis of patterns of contribution, expenditure and political competition in Calgary and Toronto leads to the conclusion that regulation of political finance at the municipal level has a modest salutary effect on political competition. The Toronto mix of public funding via rebates for small contributors, limits on the size of contributions, and limits on spending appears to produce electoral competition in which the playing field is somewhat more level. In particular, incumbents' fundraising advantage is modestly reduced, and incumbents' electoral advantage, while still formidable, is lessened to some extent. In addition, Toronto's regulatory regime appears to have contributed to a situation in which there are fewer races in which voters are offered no choice because the incumbent runs unopposed.

Perhaps the most significant benefit of the Toronto regime is its apparent contribution to diversification of candidates' source of funds. Toronto candidates are less reliant on corporate contributions, and most notably development industry contributions, than are their Calgary counterparts. Providing incentives for individuals to make contributions to municipal candidates allows these candidates to free themselves somewhat from the need to solicit donations from entities with a particular pecuniary interest in municipal affairs.

Endnotes

[1] This research was supported by funding from the University of Calgary's Institute for Advanced Policy Research. The authors wish to thank Byron Miller, Ron Kneebone and the journal's anonymous reviewers for helpful comments on earlier versions of the research. All errors remain ours.

[2] The role of property developers as political contributors has become a focus for some environmentalists. The Green Party of New South Wales in Australia went so far as to introduce legislation banning political contributions from the development industry. The *Developer Donations (Anti-Corruption) Bill* was introduced in 2003, but was not adopted (Sawer 2004).

[3] MacDermid interprets this as evidence that developers' funds help their chosen candidates win.

[4] Bundled donations are donations made by individual members of a group with like interests, such as the directors of a corporation, to maximize their influence. Bundling can also refer to fundraising on behalf of a candidate and then transmitting the raised money to the candidate in one lump sum to maximize the fundraiser's influence.

[5] Using population data from the 2001 census, the Population: Councilor ratio for Toronto is calculated as 56,400:1 and for Calgary is 62,800:1.

[6] It is possible that a larger number of small contributions in Toronto is at least partially a function of bundling: it is impossible to determine the extent of this from this dataset.

[7] This analysis presupposes that contributors are able to make informed decisions about the tightness of the race, and that their contribution decisions are determined by this information. An alternative approach would identify donations from developers or other sources as a *determinant* of the outcome of a contest, as the magnitude of funds available might affect a candidate's ultimate vote share. MacDermid (2007) takes such an approach, and finds evidence that degree of reliance on contributions from the development industry has a robust positive impact on candidate vote share. In contrast to this, when added into the regression models for Calgary and Toronto (see Table 2), we find that reliance on development contributions has a modest negative impact on incumbents' vote share, and a modest positive impact on challengers' vote share. Because MacDermid's model does not include a measure of incumbency, we suspect that reliance on development contributions is acting as a proxy for incumbency in his model.

[8] Total funds available includes both the amount the candidate raised for the campaign as well as any surplus carried over from prior campaigns.

[9] The data for this analysis and that presented in Table 6 includes the three Calgary elections, and both the 2003 and 2006 Toronto elections.

[10] This analysis excludes all races won by acclamation.

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