Campaign Finance Transparency Affects Legislators' Election Outcomes and Behavior

Abby K. Wood*
Christian R. Grose**
University of Southern California

Abstract: Do audits by executive agencies impact the behavior of those audited? Does revealing negative information about legislators affect electoral results and behavior? Institutions that encourage transparency, such as campaign finance disclosure, influence mass and elite behavior. We theorize that greater transparency provides information to voters during legislative campaigns about the character of candidates, and this information affects voter and legislator behavior. The U.S. Federal Election Commission conducted random audits of 10 percent of U.S. House members in the 1970s. This FEC program is the only randomized experiment a U.S. agency has conducted on federal legislators and their electorates. We find that legislators with audits yielding campaign finance violations did poorly in the subsequent election relative to the control group. Audited nonsouthern legislators had reduced general election margins; and audited southern legislators faced more primary competition. Audited incumbents whose audits revealed violations were more likely to resign.

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*Associate Professor of Law, Political Science, and Public Policy, University of Southern California Gould School of Law, 699 Exposition Blvd, Los Angeles, CA 90089, 213-740-8012 awood@law.usc.edu (corresponding author).

**Associate Professor of Political Science and Public Policy, University of Southern California, 213-740-1683, cgrose@usc.edu

"Representatives and citizens alike…need to be equipped with standards that help them differentiate the good representatives from the bad." Suzanne Dovi (2012, ii)

"If the people are going to depend on campaign finance disclosures, they must be reliable. Who was supporting whom, what was being spent, how it was being spent, and how your local representative…was doing with FECA compliance. That was the theory that went into the disclosure law – transparency is valuable…When we began, we thought, 'we can't audit everyone for sure, we just don't have those kinds of resources; how are we going to do this?' It was decided that we'd pick some at random and try to get an idea of what the waterfront looked like." Joe Stoltz, retired Division Director for the Federal Election Commission (FEC) Audit Division

In 2016, U.S. Representative Duncan Hunter, Jr. (R-CA) was alleged to have used campaign donations for private benefit. He did not fully disclose these illegal campaign expenditures, which included the purchase of Italian jewelry, a new garage door for his home, and a flight for a pet rabbit.[1] These violations of campaign finance were unearthed by the media and seized upon by political opponents in his 2018 campaign. Running in a solidly GOP district that Donald Trump won by 15 points, Hunter nevertheless faced the most difficult electoral challenge of his career as he won reelection by just 3 points. Hunter's general election opponent attacked Hunter during the 2018 election by stating the campaign finance scandal "would be funny if it wasn't so sad and shameful."[2] The information revealed about this scandal affected voters, suggesting greater transparency influences democratic decisions.

Do transparency institutions that reveal candidate noncompliance with the law affect election margins? Do audits by executive agencies that provide greater information about elected officials impact the behavior of those audited? We argue that institutions that encourage

[1] Ricky Young. 2017. "Congressman Spent Campaign Funds for Rabbit Air Travel." *San Diego Union-Tribune* 3 January. http://www.sandiegouniontribune.com/news/watchdog/sd-me-hunter-rabbits-20170103-story.html

[2] Miriam Raftery. 2017. "Ammar Campa Najjar, Candidate Running Against Duncan Hunter." *East County Magazine*. May https://www.eastcountymagazine.org/print/25141

transparency – such as campaign finance disclosure – influence mass and elite behavior. Campaign finance compliance problems revealed due to transparency harm incumbents' electoral chances. Increased transparency should also cause incumbents who rationally expect punishment from their voters to either retire or work to shore up support.

For voters, transparency has the power to inform and affect elections. We theorize that campaign finance transparency informs voters about the character traits of candidates. When voters are informed about incumbents' noncompliance with the law, they update their attitudes about the elected officials. This "disclosure of official misbehavior" is often intensified by the media (Nyhan 2015, 435) and by opponents (Franklin Fowler and Ridout 2009). Negative information about candidates affects election outcomes (Franklin Fowler 2016; Dowling and Wichowsky 2013, 2015) because voters search for "desirable qualities" in their representatives (Pitkin 1967, 169), preferring "good" elected officials who follow ethical norms over "bad" types of representatives (Dovi 2012).

For elected officials, we also theorize that increased transparency and information have behavioral consequences. Legislators who are subject to increased transparency that reveals bad character traits rationally respond by retiring; or by engaging constituents and providing more attention to their districts. When there is little information or transparency about elected officials' actions, there are fewer incentives for legislators to participate in district-oriented activities.

This theory is novel as it is the first to argue that transparency increases information for voters about candidate traits, thus affecting election outcomes; and that legislators are thus responsive to transparency institutions. Our theory advances three streams of literature. First, scholars of campaign finance transparency focus on the ability of campaign finance disclosure to inform voters about candidate positions or interest group support, and do not consider the effects

of disclosures on evaluations of candidate characteristics (e.g., Ridout, Franz and Fowler 2015; Wood 2018). Second, scholars of campaigns wisely emphasize the importance of candidate valence characteristics in election outcomes, though ignore transparency and campaign finance disclosure (e.g., Stone and Simas 2010). Third, scholars of congressional behavior often claim that legislators engage in constituency service in order to increase electoral safety, but none argue that transparency can induce electoral insecurity.

We leverage random, compelled Federal Election Commission (FEC) audits of campaign finance disclosures to test our theory. In the late 1970s, the FEC conducted an experiment on U.S. House members. Some legislators' campaign committees were randomly assigned to audit by the FEC prior to the 1978 congressional elections; while another group was not audited by the FEC. This is one of the only examples of a truly natural randomized experiment conducted with legislators as subjects (Eber 2006; Grose 2014; Rogowski and Sinclair 2012) and one of the only transparency natural experiments ever conducted in a western democracy (though see Bertelli 2006). Typically, scholarly-led field experimental transparency interventions have been conducted in the developing world (e.g., Grossman and Michelitch 2018; Malesky et al. 2012). The experimental method used in the FEC audit provides exogenous random variation in campaign finance disclosure on the outcomes of election returns and legislator behavior not found in other research on scandals, transparency, or the incumbency advantage.

Our findings show that legislators who were audited received lower vote shares following the audit than those who were not audited. This finding is due to the outcome of the audits. Nearly half of incumbent legislators who were audited had important campaign finance violations, including illegal contributions, violations of disclosure requirements, or concealing fundraising or expenditure records. This effect is conditioned by region given the one-party

Democratic nature of the South in that era. We find that legislative incumbents from the nonsouth who have campaign finance violations do worse in their subsequent general elections following the audit, and audited southern legislators face more primary competition. Legislators are more likely to retire when audited, choosing to opt out of politics rather than face the voters. We also examine evidence regarding travel back to their home districts.

Theory: Transparency about Campaigns and Election Outcomes

Legislative election outcomes are predictably influenced by district-level, campaign-level, and candidate-level factors. Scholars regularly find associations between legislative election outcomes and the presence of quality challengers, levels of campaign opponent spending, and district features such as partisanship of the constituency (e.g., Ansolabehere, Snyder, and Stewart 2001; Ban et al. 2016; Grose and Oppenheimer 2007; Herrnson 2007; Jacobson 1989, 2006, 2012).

Beyond these typical explanations for congressional election outcomes, we theorize that increased information about incumbent type affects voter decisions. Voters already have perceptions of incumbents that can only be updated through additional information. One key set of information is traits. Especially in legislative elections, some voters prefer to vote for candidates who score high on non-policy valence characteristics such as trust and integrity (Adams, Merrill, and Grofman 2005; Bianco 1994; Peress 2010; Stokes 1963; Stone and Simas 2010). Members of Congress spend years developing relationships in their districts to build trust with constituents (Fenno 1978; Fiorina 1989) and to avoid the appearance of corruption.

Scandals involving elected officials can cause voters to update and view their representatives in a different, more negative light (Basinger et al. 2014; Funk 1999). A legislator formerly viewed as trustworthy may face electoral consequences when new and negative

information is shared with constituents. Personal or professional scandals undermine performance at the polls, even for long-serving incumbents (Jacobson and Dimock 1994; Grose and Oppenheimer 2007; Snyder and Hirano 2012). "Character valence," defined as the "bundle of qualities and skills that relate to character and job performance," is an important evaluative factor (Stone and Simas 2010, 373). Candidates high in character valence are viewed as less corrupt. However, any new information – perhaps provided by an opponent or neutral source – that is inconsistent with a legislator's positive reputation can cause voters to negatively update views on the traits of elected officials (Yoshinaka 2016).

Transparency is Harmful to Low-Character Valence Candidates but Informative to Voters

For the sake of simplicity, assume there are two types of candidates: high on character valence and low on character valence – or clean and honest versus dirty and corrupt. Holding issue and partisan disagreements constant, nearly all voters would prefer not to vote for a candidate who is corrupt or does not follow the law. However, candidate type is not easily revealed to voters. Among incumbents who serve in office for multiple years, it is easy to find information on policy positions but difficult to find credible information revealing whether the legislator is high or low on character valence traits, especially with regard to the potential for malfeasance. In particular, incumbents use their offices to advertise and credit claim (Bond 1985; Mayhew 1974), which may obscure their true characteristics to voters.

We theorize that greater transparency of legislators' reelection campaigns affects election outcomes. Campaign finance disclosure requirements allow voters to discover information about the policy positions of elected officials and the groups to whom they will be responsive (Bonica 2018). The courts, starting with *Buckley v. Valeo* (1976), have long conceived of the informational benefit of disclosure as informing voters of the ideological preferences of

candidates. However, we theorize that the informational benefit of campaign finance transparency is broader than merely assisting voters with understanding a candidate's ideology. Audits of candidate compliance with transparency laws provide voters with a second layer of information – a verification of whether a candidate is a complying or non-complying type. When a campaign finance audit suggests that a legislator has violated laws, voters may use the information to judge the legislator to be corrupt and low on character valence.

Information about campaign finance educates voters, helping them make higher-quality decisions (Elmendorf 2010; Lupia 1994). Further, claims made by candidates with a high likelihood of verification are more persuasive (Lupia and McCubbins 1998) and negative information can influence voters and affect their attitudes about candidates (Franklin Fowler 2016; Motta and Franklin Fowler 2016). Negative information about candidates can then be amplified by the media (Franklin Fowler and Ridout 2009; Sinclair and Wray 2015). Any elected official is likely to lose electoral support when voters, through greater transparency, learn that the official is ensnared in ethical and legal problems.

Opposing candidates, in addition to voters and media, have an incentive to learn about and highlight poor decisions made by incumbent legislators, thus creating an accountability mechanism (Arnold 1990). Negative attacks can be lobbed by opponents against elected officials, reminding voters of negative traits revealed due to transparency. Campaign communications highlight that legislators obscured campaign expenditures, accepted illegal contributions, or otherwise appeared dishonest. This transparency-induced negative information causes elected officials to lose electoral support or to no longer seek office. In contrast, in the absence of information about legislator traits such as compliance with the law, voters cannot distinguish between candidates that may be corrupt and those that are not.

In addition, transparency that reveals campaign finance violations also reveals information to voters that can allow for competence-based evaluations. Elected officials have to do many "clerk-like" tasks (Neustadt 1960), including attending meetings, showing up to vote, managing budgets, and resisting opportunities to abuse their office for private gain. An elected official's inability to comply with a regulatory regime signals to voters that the official fails to meet the clerk-like responsibilities required for the job. Thus, transparency that reveals information about which incumbents are significantly out of compliance with laws may help bring more compliant elected officials into office.

When periodic campaign finance disclosures occur during the campaign, opposition candidates and members of the media comb through filings looking for violations. But without access to the filer's bank statements and other supporting documents through an audit, many violations of campaign finance law are undetectable. Audits allow voters to learn about hard-to-detect – yet meaningful – violations. Where campaign finance audits reveal violations, the press or opposing candidates question the candidate's competence or honesty.[3]

Theory: Transparency Induces Legislators to Reach Out to Voters

Increased levels of transparency also induce legislators to change their behavior. Legislators revealed to have low valence traits may opt to forgo a bruising reelection campaign and retire. Other legislators will rationally respond to transparency by improving their efforts and tending to their constituents in their districts. In a regime with little transparency, legislators may be able to shirk participation with constituents. Most long-serving incumbent legislators in the protectionist stage of their careers are electorally safe and engage in less constituency

[3] It has been established observationally in the elections literature that scandals influence voters negatively. There is no work showing campaign finance disclosure violations affect election outcomes.

outreach (Fenno 1978).

Increased transparency could cause legislators who are "bad" types on valence traits to exert more effort to engage their constituents than those not facing character valence concerns. Legislators who regularly return home for town meetings and interactions with constituents will do even more of these district-oriented events, and legislators who do not frequently visit their constituencies will return home to shore up support. When transparency results in information about an incumbent legislator that is negative, that legislator will either retire or engage in a higher level of constituency outreach.

Our theory leads to hypotheses about the effect of transparency on electoral outcomes and legislator decision-making in anticipation of electoral outcomes. The *electoral effects of transparency hypothesis* predicts that incumbents forced to reveal substantial details about their campaign finances will suffer electorally if the information revealed shows they have violated campaign finance rules. We anticipate that increased transparency, via campaign finance audits, will lead to lower vote shares for incumbents. We further expect that audits that reveal campaign finance violations will lead to lower incumbent vote shares. Given the time period studied of one-party southern electoral dominance, audits will impact the general election outcomes of nonsouthern legislators and primary election outcomes of southern legislators.

Our other two hypotheses are about legislator behavior resulting from increased campaign finance transparency. The *opting out hypothesis* suggests that audits will cause legislators to retire. These effects will be largest among those legislators with legal violations revealed via audits. Finally, the *increased effort hypothesis* suggests that audits will cause legislators who decide to run for reelection to make more trips back to their districts, which can help shore up constituency support.

Identification Strategy: The Natural Experiment of the 1970s FEC Random Audits

It is extremely difficult to find natural randomized experiments about institutions and elections (Carr Peterson 2018; Dunning 2012; Stokes 2016), even though randomization allows the researcher to make causal claims. When studying political institutions and legislative elections, scholars often rely on field experiments where the interventions are conducted by researchers (Grose 2014); or simply rely on observational data and statistical associations. Those interested in assessing causal relationships in the study of campaign finance transparency or legislative representation conduct survey experiments (e.g., Dowling and Wichowsky 2013, 2015; Druckman and Valdes 2019; Hertel-Fernandez, Mildenberger, and Stokes 2018; Ridout, Franz, and Franklin Fowler 2015), which have strong internal validity but may lack external validity. It is difficult to conduct a field experiment in which a transparency institution is randomly varied across elected officials. When studying political institutions, it is also rare to find an experiment that can be conducted in a highly realistic field setting (e.g., Butler and Broockman 2011; Grose, Malhotra, and Van Houweling 2015; Wood and Lewis 2017).

We have identified one of the most unique natural experiments ever conducted – and likely the only one conducted by a federal agency on sitting members of the U.S. Congress: the FEC random audit program from the late 1970s. This program subjected a randomly assigned treatment group of U.S. House members to a new level of campaign finance transparency, while leaving a larger control group of House members under the old regime with lower transparency requirements (Eber 2006). The only related audit program studied in the social sciences was a random audit of local municipalities in Brazil, which harmed elected officials in those audited municipalities (Ferraz and Finan 2008). The unit of analysis in the FEC random audit was the

U.S. House district, and each incumbent federal legislator was a subject with the possibility of being assigned to the treatment group.

The FEC was created in 1975 in the wake of Watergate by the Federal Election Campaign Act. Soon after the agency was created, it began a random audit program of U.S. House members after the 1976 election. Ten percent of U.S. House districts were randomly assigned to receive a comprehensive audit of campaign finances while the other 90 percent were in the control group, not audited.[4]

The FEC decided to conduct the audits in November 1976, after the general election in 1976 was complete, meaning that candidates could not change their behavior during the 1976 campaign to adjust for the possibility of being audited. Candidates were assigned into the treatment audit group after the 1976 elections had concluded. The FEC chose the post-1976 election period so that the extra burden of the audit for those who were audited did not affect incumbents' 1976 campaigns.[5] The audits were conducted from March 1977 to March 1978. Audit results were not published and revealed to the public until December 1977 to June 1978. Ultimately, for nearly half of those incumbents who were audited, the FEC found $10,000s or more (in 1978 dollars) of illegal contributions from corporations or unions, excessive contributions from individuals, failure to disclose contributions, mis-statements about contributions, and other instances of concealing records. Summary statistics on violation types are in Appendix A.

[4] In addition to the congressional audits, the FEC also audited all presidential candidates and three U.S. Senators.

[5] Interview with former FEC auditor. Also see the 1978 FEC annual report, stating: "In December 1978, the Commission reaffirmed the Audit Division's current audit policy, adopted in November 1976 and revised in April 1978." http://www.fec.gov/pdf/ar78.pdf.

As a retired FEC auditor who worked on these audits told us, the random audit program came at a "heady time" for the FEC amid efforts to combat corruption in government. The FEC, a new independent executive agency, had few regulations and procedures in place – thus creating an opportunity for novel programs such as the random audit.

The administrative details of the audit process shed light on the audit timing. The audits were an extensive investigation into legislators' campaigns. Teams of auditors spent "a week or ten days" in campaign offices randomly assigned to be audited. The auditors had access to all records and finances, and followed up with additional questions and requests for documents. The legislator was fully aware that the FEC auditors were conducting the audit. Upon concluding the audit at the end of the week, the FEC auditors held an exit meeting with the campaign.[6]

The audits were concluded prior to the 1978 general election. As a result, during the 1978 elections, incumbents' opponents and local media had the ability to raise the results of the audits during their campaigns, providing additional information to voters about incumbent type. As one member of Congress complained after the names of those being audited were publicly revealed, "back home the newspapers play it up. The public says 'aha, something is wrong.'"[7] Information regarding lack of compliance with campaign finance laws could affect the election margins of incumbents. In Appendix B, we examine the relationship between audits and media coverage of House members to assess if this information was communicated to voters. We searched an historical newspaper archive (newspaperarchive.com) to construct a dependent variable mentioning the frequency of newspaper mentions of campaign finance activity among

[6] In a nice example of the human personalities and institutional memory at play, the head auditor during that era told us "you can't stay there a week then just pack up and say 'see ya' without talking to them. That would be rude." Interview: Joe Stoltz, May 3, 2016.

[7] Martha Angle and Robert Walters. 1978. "House Rails at Random Audits." *Jacksonville Daily Courier.*

audited incumbents in the 1977-78 period. We found an average of 1.57 mentions of audited members' campaign finances during the time period, with negative findings accounting for the bulk of that activity (3.02 articles on average where audits revealed violations and 4.16 where violations were above $10,000). Information about the audits reached local newspapers and thus voters.

Due to the unpopularity of the audits among some members of Congress, the FEC random audit process ended almost as soon as it began. The 1977 audit of the 1976 election (conducted and released prior to the 1978 election) was both the first and last random audit the FEC conducted. During the hearings that ultimately led to Congress stripping the FEC of the resources to randomly audit the campaign finance reports of legislators, legislators asked about the randomization process used for the audit assignment. This record allows us to confirm assignment was random.

During the conference committee hearing on FEC re-authorization in 1978, the FEC Commissioners and staff testified before Congress to justify the continuance of the random audit program and explain the randomization. Senator Claiborne Pell (D-RI) asked the FEC staff "How do you randomly select them [the House seats]? Do you have a roulette wheel?" The FEC staff said "Senator, it is done by a computer-driven process. Random numbers are generated by programs fed to the computer, and it is directed to give us a random number that will select a certain number of Congressional districts."[8]

This account suggests the audits were randomized (Eber 2006 also verifies randomization). Further, we interviewed current and former staff of the FEC, including an

[8] Joint Conference Report, S.3025 [Congressional Election Audits], Oct. 5, 1978, U.S. Senate Committee on Rules and Administration and U.S. House of Representatives Committee on House Administration.

auditor involved with the late-1970s random audits to confirm there was random assignment. He told us that the audits were randomized using a computer and a seed was set. Each House district was subject to randomly being assigned to the audit. In addition, a former FEC Commissioner also confirmed the random audit program. Because the FEC used random assignment of legislators to the "audit" or "no audit" conditions, we can causally assess the role of transparency on electoral outcomes and legislator behavior. We include randomization checks of covariate balance in Appendix C for several variables. There are few statistical differences between treatment and control groups across the covariates, as would be expected given randomization of conditions.

Modeling the Audit Treatment on Election Outcomes and Legislator Behavior

The audit treatment of House members affected two groups of people. First, it affected voters whose representatives were subject to audit. Voters in treated electorates gained information about their representatives during the 1978 election, so we model *electoral effects*. The legislators were also affected. They knew they were selected for audit after the 1976 election and prior to the 1978 election, and they knew the outcomes of the audits before their constituents since legislators were informed during the FEC exit interview and before the final audit report was completed prior to the 1978 election. If an audit revealed violations, legislators had choices. First, they could *opt out*, choosing to retire so the audit results could not be used by their electoral opposition in the 1978 primary and general election campaigns. Second, they could choose to shore up their electoral fortunes by *increasing their effort* in their districts and regularly traveling back home to expand electoral support (Bond 1985; Fenno 1978).

Dependent variable for electoral effects hypotheses. Because the audits were conducted and revealed before the 1978 election, we analyze the 1978 U.S. House incumbent primary and

general elections. To test the *electoral effects of transparency* hypothesis, we measure the *Vote share % for the incumbent legislator* in the general election as one dependent variable. When we analyze the *electoral effects of transparency* during the primary, we have two dependent variables: (1) the *number of primary competitors* and (2) *primary competitiveness*, $c = 1 - \sum {p_i}^2$, where p_i is each primary candidate's vote share, and $c \in [0, 1]$, with 0 being no competition and 1 being maximum competition (see Grose and Yoshinaka 2003; and Rice 1985 who use this measure).

As winning the Democratic primary was tantamount to reelection for most southern House members in the 1970s (McKee 2019), we separate the effect of audits on incumbents from the south and nonsouth. Their general election vote shares and decision-making around retirement and district travel are the product of different data generating processes. Put another way, incumbents from the south faced far less general election competition than incumbents from the nonsouth (Caughey 2018), had nominal general election opponents, and were generally safer. We anticipate electoral effects in the general election to be greatest on nonsouthern House members, and primary election effects to be greatest for southern members. In 1978, 377 incumbents ran in general elections; and 383 in primaries.

Dependent variables for opting out and increasing effort hypotheses. When we test our *opting out* hypothesis, we measure whether the legislator *Retired* in 1978 (1=retired during the 95th Congress, 1977-78; 0=did not) as the dependent variable.[9] For the models examining the decision to retire, the sample size is 435 House members. We expect the effects of the audits to be greatest on nonsouthern members, given one-party electoral safety in the south.

[9] In addition to retirements at the end of the congressional session, we also code those who resign mid-session as retirements.

Finally, for the *increased effort* hypothesis, the dependent variable is the *Number of trips to the district* the legislator took from January through March 1978. We examine the first three months of 1978, because all audited members received the results of their audits by that point, but no member would have yet faced a primary. In addition, records of legislator travel were kept by three-month quarter, facilitating our study of this period (any other quarter of travel would non-randomly coincide with primary election periods so we choose to look exclusively at this January to March period in 1978 once legislators knew they had been audited but before any faced reelection). Research assistants read the *Report of the Clerk of the House* for the first quarter of 1978 and counted the number of trips to the district. The data source reported the requests for travel reimbursements by individual members. We coded the number of trips to the district by tallying the frequency of individual travel reimbursement requests to the home district. Some House members reported requests for one lump-sum reimbursement over the entire period in the *Report of the Clerk of the House*, so we excluded those who requested lump-sum reimbursements as we could not count the number of trips home (leaving n=267 incumbents who reported individual travel to their districts in 1978 and also in 1976; as we discuss below, we include a pre-treatment measure of trips home in 1976 as an independent variable).

Model A: The direct effect of audits. In the first model we estimate, the key independent variable of interest is the treatment assignment, *Audited*. It is coded 1 if the legislator was randomly audited, and 0 if not. Audits revealed campaign finance law violations for 43% of the treatment group of audited legislators. Almost all of these violations were related to either lack of disclosure or illegal contributions, and all violators had significant violations as the auditors did not include simple clerical errors as violations. We anticipate that the *Audited* variable has a direct and negative effect on incumbent vote shares. First, we think that disclosure of violations

will decrease vote share, and almost half of the treatment group has violations. Second, the FEC did not do much voter outreach to explain that the audits were random, and voters who learned about the audits may have made an adverse inference about their incumbent legislator being audited, regardless of audit outcome. Further, House members are risk averse, so we also expect increased effort back home and increased opting out among those in the audited treatment group.

To test the direct effect of random audits in Model A, we use OLS for the models with *Vote share % for the incumbent legislator*; *Primary competitiveness*; the *Number of primary competitors*; and *Number of trips to the district*, as these dependent variable measures are continuous.[10] Given regional differences in electoral safety, the basic equation is:

$$Y = \alpha + \beta_1 A + \beta_2 S + \beta_3 (A * S),$$

where A is *Audited* and S is *South*. This model usefully allows comparisons between audited (β_1, β_3) and non-audited (α, β_2) incumbents as well as incumbents from the south (β_2, β_3) and non-south (α, β_1), and it allows us to compare the effect of audits among incumbents across regions. Recovering the predicted *Y* for each group is straightforward. Among incumbents from the nonsouth, those not audited have a predicted *Y* of α, and audited incumbents have a predicted *Y* of $\alpha + \beta_1$. Southern incumbents who were not audited have a predicted *Y* of $\alpha + \beta_2$, and southerners audited have a predicted *Y* of $\alpha + \beta_1 + \beta_2 + \beta_3$. We also include the simple bivariate regression, $Y = \alpha + \beta_1 A$, not considering region; and more fully-specified models. When we present the results, we will mostly discuss the above model examining the effect of audits on nonsouthern and southern members given differences in electoral safety by region; but also present these other models for the reader.

[10] For the model with *Number of trips to the district*, we also estimated a negative binomial regression model. The results were substantively similar to the OLS results and in Appendix D.

For the *Retired* dependent variable, we estimate a linear probability model (LPM) based on the equation above. In settings such as this where the audits were randomly assigned, Freedman (2008) argues that LPMs should be estimated on experiments as "randomization does not justify logistic regression." The LPM estimates the difference of mean effect in the coefficient for the *Audited* variable. Nevertheless, for robustness, we also estimated a logit model for the *Retired* model in Appendix E.[11]

Ho and Imai (2006) suggest randomization inference be conducted in the presence of randomized natural experiments. Thus, we also conduct permutation tests on the results from our basic model specified earlier. We re-assigned audits on a randomly selected (with replacement) 10% of the sample and re-ran this model 10,000 times. We present figures showing permutation test results on our key covariates in addition to regression tables.

Model B: The effect of negative audit results. In a second set of models, we examine the same dependent variables. We explain the intuition behind Model B using the vote share analysis, but the legislator behavior analyses carry the same intuition. When we turn to Model B, we move beyond the direct effect of the randomly assigned audit on vote shares to estimate instrumental variable models where the audit is an instrument for whether the legislator is revealed to be in violation or not. This is akin to a treatment-on-treated (TOT) model often used in the get-out-the-vote literature, though it has also been used to model random office assignments in congressional politics (Rogowski and Sinclair 2012). The intuition behind the 2SLS instrumental variables model is that the audit is randomly assigned by the FEC to the set of voters in each incumbent's district. This random audit can be used as an instrument in a first-

[11] These results were substantively similar to the LPM Freedman (2008) shows should be used with experimental data.

stage regression predicting whether the candidate had campaign finance violations or not. Then the second stage regression leverages the random audit to use the instrumented variable related to the presence of campaign finance violations to predict the vote share. The random audit actually treated each legislator's electorate, but the revelation of an incumbent as having low character valence traits or being in violation of the campaign finance laws is the treatment-on-treated effect on the incumbent vote share. The 2SLS allows analysis of the effect of a violation on outcomes.

In the first stage of the 2SLS equation, the *Audited* variable is used to predict the instrumented variable, *Incumbent found to have campaign finance violations* in audit. This latter variable is coded 1 if the incumbent was found to have campaign finance violations and 0 otherwise. We expect this variable to be negatively correlated with the dependent variable *Vote share % for the incumbent legislator* (especially outside of the south) – and positively related to the outcome variables of *Primary competitiveness* (especially in the south); the *Number of primary competitors*; *Retired*; and *Number of trips to the district* – in the second-stage equation.

<u>*Other independent variables.*</u> As described earlier, we also include an independent variable for *South* (yes=1; 0=no) and *Audited * South*.[12] In additional models, we also include the independent variable *previous House vote share for incumbent*. It is measured as the vote percentage of the incumbent or the candidate of the incumbent's party in 1976; and is a pre-treatment measure of the dependent variable. We do the same for the primary election models.

When we analyze our *opting out* and *increased effort* models, we also include *Seniority*, to correct for imbalance in the treatment and control groups. More senior members of Congress

[12] This choice also serves to correct slight imbalance between the audited and control groups, since more southerners were in the audited group. The *South* variable includes legislators from Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. These states had uncompetitive general elections and were one-party dominant (McKee 2019).

ended up in the *Audited* group; and *Seniority* is a pre-treatment measure. They are more likely to retire (Moore and Hibbing 1992; Theriault 1998) and less likely to take trips home. We measure seniority as the number of years in Congress as of 1978. We do not include any other independent variables typically associated with electoral outcomes, retirement, or legislator trips home as the randomization of the natural experiment, in expectation, "controls" for all these other explanations.[13]

We expect the audit to have an impact on the outcome variables described above. These outcome measures, which occur post-treatment, are 1978 election results and legislative behavior that occurs in the 95th Congress (1977-78). In Appendix G, we present placebo tests of all analyses with pre-treatment outcome measures (1976 election outcomes and legislative behavioral outcomes that occurred in the 94th Congress, 1975-76). We expect no statistical relationship to be found in these placebo tests, and we find none.

Results: Audited Incumbents Suffer at the Polls, Particularly Legislators with Violations

The direct model (Model A) uses the dummy variables for *Audited* and *South*, interacting the two terms and including them separately, as in a difference-in-differences model. Table 1 displays the models analyzing the direct effect of the random audits on House incumbent vote shares. Legislators from the nonsouth who were subject to the audits received 6.8 percentage points less of the vote than did similar legislators in the control group who were not randomly audited (*Audited* variable has a coefficient of -6.84; $p = 0.03$ in model 1/Table 1). This result is of larger magnitude than many factors often found to correlate with House election outcomes.

[13] In addition, other independent variables are often associated with these dependent variables. For instance, scholars examining vote share include quality challenger or campaign spending as independent variables. However, these are post-treatment measures that may be affected by the audit. Nevertheless, for robustness, we present such models in Appendix F. In addition, though not presented due to space constraints, we also examined 1978 challenger spending as an outcome variable. Challenger spending, a measure of competitiveness, was higher in audited incumbents' districts.

Incumbents from the South who were audited were not statistically more likely to lose vote shares relative to non-audited southern House members. The key takeaway result from Table 1, then, is that audited legislators from the nonsouth did much worse in their general elections, but those from the uncompetitive south were unaffected in general elections. Figure 1 shows permutation test results for audited incumbents in the non-south. The effect among audited incumbents outside of the south is unlikely to be due to chance. In short, random audits led to reduced general election vote shares for nonsouthern incumbent legislators.

[Table 1, Figure 1, and Table 2 here]

Table 2 displays the model (Model B) where we test the effect of legislators having negative audits with campaign finance violations on their subsequent vote shares (with the treatment-on-treated 2SLS model). Incumbent legislators from the nonsouth revealed as being in violation of campaign finance laws do much worse than those in the control group. Where the instrument is measured as the random audit for nonsouthern legislators, the coefficient on the instrumented variable *Incumbent found to have campaign finance violations*, is around -15.3 (p = 0.03). This means that nonsouthern incumbent legislators who had dirty campaign finance audits did around 15 percentage points worse than nonsouthern legislators in the control group.

This is a very large magnitude, suggesting voters learned about the audits and campaign finance violations by incumbents. Indeed, our archival research shows that the Associated Press covered all of the audits, as did many local newspapers. Some local newspapers also reported that their incumbent legislator had been selected into the "random" or "routine" audits, and newspapers also reported audit results.[14]

[14] Some examples include: Mike Connelly, "Schmitt's campaign fund eyed." *Santa Fe New Mexican*, Oct. 28, 1977; Staff, "Find Books Deficient." *Syracuse Post Standard,* Feb. 21, 1978; Dorothy Williams, "Iowans in Washington: There's Culver touch in a campaign." *Cedar Rapids Gazette*, March 5, 1978.

Not surprisingly, the southern legislators easily won their general elections regardless of whether they were audited and had findings. Table 2 shows that those southerners not audited received about 80 percent of the general election vote (coefficients in Table 2/Model 1 for this condition: 69.15 + 10.94 = 80.09) while those with audited and negative findings received about 88 percent of the general election vote (coefficients in Table 2/Model 1 for this condition: 69.15 + 10.94 + 23.81 – 15.39 = 88.51; difference is insignificant).

In terms of evaluating the effect size of the violations, it is important to detail the extent of violations uncovered in the audits. Many audits had illegal corporate campaign contributions, while others had significant numbers of missing or false records. Further, in the post-Watergate context, campaign finance violations were likely considered very serious. Thus, for robustness purposes, we re-analyzed these 2SLS models measuring dirty audits as a 1 if the violations were $10,000 or greater; and 0 if not. The results are substantively similar (see Appendix H).

We now turn to the primary results, which was the election tantamount to winning office for southern House members during this period. Audited incumbents from the south suffered at the primary election polls as shown in Tables 3 and 4. Models 1 and 2 in the two tables report our findings on the dependent variable of *primary election competitiveness* (which we label *c* below; higher values of *c* indicate greater primary competitiveness). Audited southern incumbents had more competitive primary campaigns ($c = 0.26$, sum of all coefficients in Table 3/Model 1: 0.20 – 0.07 + 0.03 + 0.10) than their non-audited counterparts ($c = 0.13$, 0.10 + 0.03; difference is statistically significant). As before, we also conducted a permutation test (in Appendix I due to space constraints).

The effects were amplified when the audits revealed findings (Table 4), with audited southerners facing more competitive primary elections (c = 0.29, sum of all coefficients in Table 4/Model 1) than non-audited southerners (c = 0.14, 0.10 + 0.04) or non-southerners.

[Tables 3 and 4 here]

Unsurprisingly, part of the increased competition came from more challengers choosing to run against audited incumbents and those with findings. Models 4 and 5 in Tables 3 (OLS) and 4 (2SLS) report the findings with the dependent variable as the number of candidates in the primary. Audited incumbents from the south are found to have more primary competitors. In Model 4 in Table 4, the coefficient for audited southern incumbents is 1.23 (p=0.02). When calculating the overall effect difference using all coefficients in Model 4/Table 4, audited southern incumbents faced 0.60 more primary challengers than southern incumbents not audited. There is no statistical effect of audits on increasing primary competition for nonsouthern incumbents in Tables 3 and 4.

These results suggest that transparency of legislator type – low on character valence, or non-compliant with the law as revealed by the campaign finance audits – affects incumbents by causing their elections to become more competitive. For nonsouthern incumbents where the general is the key election, incumbents received fewer votes in the general election following the campaign finance audit than legislators who were not audited. Similarly, audited incumbents from the south faced stronger primary competition in the wake of the audits, and they also faced more primary opponents, when compared to their non-audited counterparts.

Results: Audited Incumbents Strategically Retire, Particularly Incumbents with Violations

If audited incumbents rationally and strategically foresaw they might lose vote share due to the violations uncovered by auditors, did they change their behavior to mitigate a potential loss by choosing to retire? Tables 5 and 6 report the results of our models on legislator decisions to retire. In Table 5, being audited resulted in legislators being 14 percentage points more likely to retire than legislators in the control group ($p = 0.01$; examining nonsouthern legislators only in both conditions). The magnitude suggests these nonsouthern legislators who were audited strategically retired instead of having to face voters again. These results also hold when looking only at the effect of audits without regards to region (Model 3 in Tables 5 and 6).

Incumbent legislators from the south who were audited had an estimated probability of retiring of 0.05 (adding coefficients from Table 5/Model 1: -0.18 + 0.14 + 0.03 + 0.06), which is not statistically distinguishable from the estimated probability of retiring when one is from the south but not audited (adding coefficients on South, 0.03, and constant, 0.06 = 0.09; *p*-value on difference across southern House members is 0.29). Southern incumbents enjoyed electoral security at the time. The variable *Seniority* was also associated with congressional retirements. Permutation tests of the results from Model 1/Table 5 are presented in Appendix I.

[Tables 5 and 6 and Figure 2 here]

In Table 6, we display the 2SLS model of retirements. For non-southern incumbents, the variable *Incumbent found to have campaign violations* has a coefficient of 0.29 in the first column ($p \leq 0.01$). Outside the south, this suggests that incumbents with campaign finance violations in the random audits were 29 percentage points more likely to retire than their counterparts who were not audited. In terms of magnitude, the effect is very large and is similar when we control for *Previous House vote share* and *Seniority*. In Table 6, there is little effect of

the audits causing southern legislators to retire at greater rates than non-audited southern House members.

To summarize results thus far, audited members of Congress – particularly with negative findings – faced greater electoral competition and were more likely to retire. Given the regional differences in electoral competition, audited nonsouthern House members were more likely to have reduced general election vote shares and were more likely to retire; relative to non-audited nonsouthern House members. Audited southern House members were more likely to face greater primary competition. Figures 2a and 2b visually display the coefficients in Model 1 in Tables 1 through 6 so the reader more clearly assess effects. Lines above or below 0 in the figures mean the condition was statistically distinct from the reference category (control group nonsouthern legislators). The audits affected nonsouthern legislators' general elections and retirement decisions and southern legislators' primary competition.

Results: Do Audited Legislators Go Home More?

Tables 7 and 8 display the results of the models on legislator travel to their districts. Like previous analyses, models 1 and 2 in Tables 7 and 8 examine the effect of audits interacted with south/non-south as we expect nonsouthern members to be electorally vulnerable and more likely to take trips home in response to an audit; while southern incumbents are generally safer and less likely to adjust their behavior. In general, the coefficients for nonsouthern audited incumbents are positive, suggesting that the audits, and findings, spurred legislators to travel more, taking 0.33 more trips than non-audited incumbents from the non-south. However, the estimates are short of traditional standards of statistical significance.

In Model 2, we introduce co-variates that are pre-treatment "control" variables. One is the *Distance between Washington and District*, important because travel home was less frequent

for members whose districts were far from DC (Fenno 1978). The other is the *Number of trips home in the first quarter of 1976*. As shown in this additional model in Table 7, the direct effect of being audited is associated with an increase in travel (about 1.23 more trips for audited nonsouthern members relative to non-audited nonsouthern members), but again, we lack statistical precision. Permutation tests for Model 1/Table 7 are in Appendix I.

In Table 8 we can see the effect of a legislator being audited and found to have campaign finance violations (2SLS). An audited nonsouthern legislator with violations takes 0.75 more trips in Model 1; and 3.05 more trips in Model 2 than a nonsouthern legislator in the control group, but we lack statistical precision. We cannot conclude that the audits affected legislator efforts back home, though the direction of the coefficients suggest they may have. Figure 2 also visually displays these results from Model 1 in Tables 7 and 8.

[insert Tables 7 and 8 here]

Conclusions and Implications

Transparency and campaign finance audits are policies that can increase information to voters. Utilizing a novel natural experiment where campaign finance transparency levels were randomly assigned across legislators, we find that incumbents facing transparency rules that reveal information of campaign finance law violations do worse in their subsequent elections than incumbents not subject to heightened transparency. When the information revealed via campaign finance audits show that legislators have violated campaign finance laws, those legislators received lower vote shares in their reelections. Southern legislators faced more competitive primaries when audited, and nonsouthern legislators faced more competitive general elections when audited. Incumbent legislators whose audits revealed violations were more likely to retire, foregoing facing voters who knew they engaged in campaign finance malfeasance.

Our theory is that transparency in campaign finance allows voters to learn about legislator traits such as honesty or corruption, and this study should open new research avenues related to legislative transparency, campaign finance, and the role of traits and scandal on elections. Most research about transparency focuses on the effects of bureaucratic transparency requirements, which are passed by the legislature in order to affect the behavior of members of the executive branch (e.g., Berliner 2014; Bertelli 2006; Wood and Lewis 2017). Here, we see the effects of transparency applied in the opposite direction in a separation-of-powers framework. Bureaucrats forced heightened levels of transparency on legislators, affecting incumbent behavior. The FEC audit program was one of the more audacious interventions by the executive branch into another branch of government, given that the legislature can (and did) defund the program (also see Carr Peterson et al. 2019). Nevertheless, bureaucratic interventions spur legislators to change their behavior and inform and influence the mass electorate.

This scholarship expands the theoretical frontier of information. Prior research on the information effects of campaign finance disclosure focused on the relationship between the information in disclosures and voters' abilities to predict candidate policy positions (e.g., Bonica 2018). Our theory is that information transmitted via campaign finance transparency goes beyond ideology. Voters can use campaign finance audit outcomes to make inferences about candidates' competence, honesty, and character valence. Transparency is useful not only for determining whether legislators are congruent ideologically with voters, but also to assess quality on non-policy dimensions. Transparency enhances democratic outcomes, and the effect of transparency on election outcomes and legislator behavior is normatively important. If voters prefer "good" representatives (as Dovi 2012 argues they should) who are ethical and high on character valence, audits providing greater information are important. Further, there are second-

order effects of information, with causal evidence that enhanced transparency of information leads "bad" representatives to retire. Thus, information can enhance the quality of representation.

In terms of our understanding of legislative politics and elections, the theory suggests that information about scandal and valence influences voters. Voters can in fact be swayed by new information about incumbents. Our research also speaks to the literature on legislative or candidate valence in another way. Most research on legislative valence leaves out candidate ability to comply with regulatory requirements (e.g., Stokes 1963). Our findings show that voters view legal compliance as a valence trait. Legislators are required by law to perform several tasks. For example, they must disclose their financial ties, they must comply with employment laws that affect their staffs, and they must comply with campaign finance regulations. Scholars studying valence must analyze the ways in which the public rewards compliance and punishes noncompliance of its elected officials. The scholarly emphasis has been on perceptions of traits, but these traits are influenced by noncompliance with the law.

A policy implication is that campaign finance audits should be encouraged in democracies. A strong campaign finance regulator with audit powers can help inform the public, which in turn will impact legislators. Over time, campaign finance audits can filter out low-quality incumbents, improving the quality of the pool who run for legislative office, which can, in turn, improve representation. However, the random audit we study here, which was not accompanied by explanations to voters by the FEC, negatively affected vote shares. It is possible that voters would gain sophistication and knowledge if such an audit program were allowed to continue and mature for more than one election cycle. Random audits of elected officials could be conducted by U.S. state and local election commissions modeled after this novel FEC random audit policy.

We live in a noisy political age where information quality – including intentional disinformation – has been alleged to affect voters and elected officials. Legal theorists argue that an informed electorate is beneficial to the health of a representative democracy and should be recognized as a constitutional value (e.g., Garrett 1999; Elmendorf 2010; Hasen 2009). We demonstrate that if voters have the information, they are willing to punish legislators who have engaged in ethical or legal violations. Information – and audits – improve voters' abilities to evaluate whether candidates are high on character valence, resulting in a more informed, competent electorate.

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Table 1: Campaign Finance Transparency Audits Decreased House Incumbents' General Election Vote Shares

Dependent variable: *Vote share % for the incumbent legislator*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	-6.84 (0.03)	-5.35 (0.04)	-0.14 (0.48)
Audited * South	10.64 (0.97)	4.19 (0.79)	------
South	10.84 (0.00)	7.72 (0.00)	------
Previous House vote share for incumbent	------	0.52 (0.00)	------
Constant	69.15 (0.00)	33.97 (0.00)	71.85 (0.00)
F	16.46 (0.00)	45.67 (0.00)	0.002 (0.96)
N	377	377	377

OLS models estimated for all U.S. House incumbents running for reelection in 1978 general elections following the audits. House member/district is the unit of analysis. The model measures the treatment audit variable as 1 for all legislators randomly assigned for an audit and 0 for those randomly assigned to the control group with no audit. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited, allowing us to compare the coefficient on *Audited* with the constant to see the difference among audited and non-audited incumbents outside the south. *P*-values are in parentheses. We examine only incumbents who ran in November 1978 in these models.

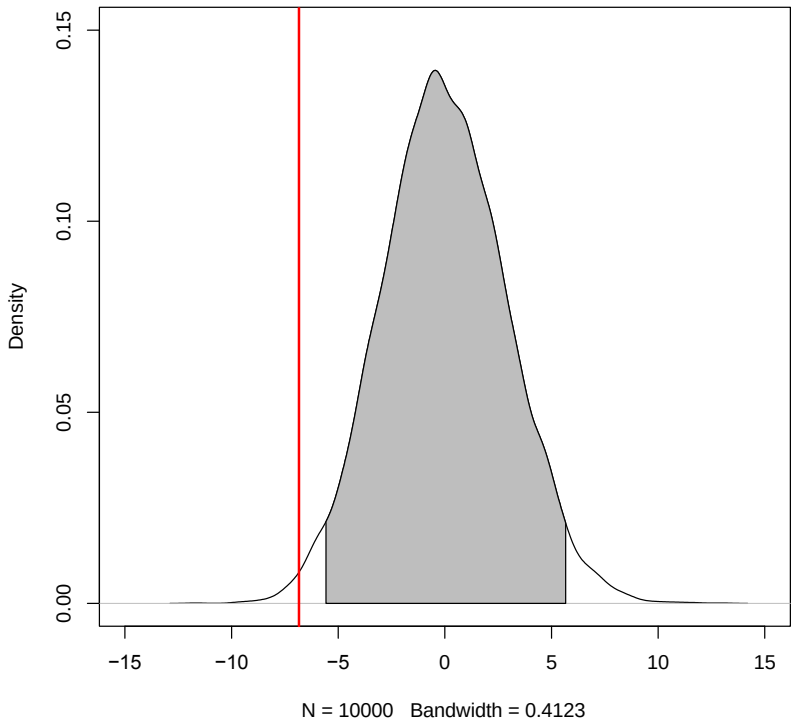


Figure 1: Permutation Test Results for Audits' Effects on General Election Vote Shares for Incumbents (Non-South), from Model 2 in Table 1

In addition to the OLS results in Table 1, we conducted 10,000 permutations of the audit treatment in Model 2 of Table 1, with Pr(audit) = 0.1. We plot the density of the coefficient on the *audited* variable, which by construction is the interaction between *audited* and *non-south*. The shaded region in this figure covers the 2.5^{th} quantile to the 97.5^{th} quantile of the 10,000 estimated coefficients from resampling. The vertical line is the observed coefficient for *Audited* from Model 1, Table 1 and reflects the vote share difference between non-southern audited incumbents and non-southern incumbents who were not audited. This permutation test suggests that the audit effect on reducing incumbent vote share is unlikely to be due to chance.

Table 2: 2SLS Analyses: Incumbents with Campaign Finance Violations Had Large Decreases in General Election Vote Shares (Random *Audited* variable is instrument)

Dependent variable: *Vote share % for the incumbent legislator*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	-15.39 (0.03)	-11.96 (0.04)	-0.35 (0.52)
Incumbent found to have campaign violations (instrumented) * South	23.81 (0.98)	18.05 (0.97)	------
South	10.94 (0.00)	7.24 (0.00)	------
Previous House vote share for incumbent	------	0.52 (0.00)	------
Constant	69.15 (0.00)	33.81 (0.00)	71.85 (0.00)
Wald	49.59 (0.00)	184.04 (0.00)	0.002 (0.96)
N	377	377	377

Second stage of 2SLS model estimated for U.S. House incumbents running for reelection in 1978 general elections following the audits. House member/district is the unit of analysis. The second-stage instrumental variables regression is presented, while the first stage is not shown. In the first stage, we use *Audited* as the instrumental variable for *Incumbent found to have campaign finance violations*. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited, allowing us to compare the coefficient on *Audited* with the Constant to see the difference among audited and non-audited incumbents from outside the south. *P*-values are in parentheses. We examine only incumbents who ran in November 1978 in these models.

Table 3: Campaign Finance Transparency Audits Affected Southern Incumbents' Primary Vote Shares and Attracted Competitors to their Primaries

Dependent variable: *Primary Competitiveness (Models 1- 3)*
Number of Primary Competitors (Models 4 - 6)

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited * South	0.20 (0.00)	0.20 (0.00)	------	0.68 (0.01)	0.66 (0.02)	------
Audited	-0.07 (0.95)	-0.08 (0.95)	0.02 (0.25)	-0.36 (0.95)	-0.35 (0.95)	-0.01 (0.53)
South	0.03 (0.05)	0.03 (0.05)	------	0.13 (0.10)	0.13 (0.23)	------
Previous House vote share for incumbent	------	-0.00 (0.34)	------	------	0.00 (0.66)	------
Constant	0.10 (0.00)	0.12 (0.01)	0.11 (0.00)	1.41 (0.00)	1.32 (0.00)	1.45 (0.00)
F	5.27 (0.00)	3.99 (0.00)	0.44 (0.50)	3.04 (0.03)	2.32 (0.05)	0.01 (0.17)
N	383	383	383	383	383	383

OLS models estimated for all U.S. House incumbents running for reelection in 1978 primaries following the audits. The House member/district is the unit of analysis. The model measures the treatment audit variable as 1 for all legislators randomly assigned for an audit and 0 for those randomly assigned to the control group with no audit. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited, and primary competitiveness among audited incumbents from the south (Audited * South) is the sum of all coefficients (here, 0.26). *P*-values are in parentheses.

Table 4: 2SLS Analyses: Southern Incumbents with Campaign Finance Violations Experienced an Increase in Primary Competitiveness and Attracted Primary Challengers (Random *Audited* variable is instrument)

Dependent variable: *Primary competitiveness (Models 1-3),*
Number of primary competitors (Models 4-6)

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented) * South	0.32 (0.01)	0.32 (0.01)	------	1.23 (0.02)	1.22 (0.02)	------
Incumbent found to have campaign violations (instrumented)	-0.17 (0.95)	-0.18 (0.95)	0.05 (0.25)	-0.81 (0.95)	-0.80 (0.95)	-0.02 (0.52)
South	0.04 (0.02)	0.04 (0.04)	------	0.16 (0.05)	0.14 (0.08)	------
Previous House vote share for incumbent	------	-0.00 (0.48)	------	------	0.00 (0.76)	------
Constant	0.10 (0.00)	0.10 (0.02)	0.11 (0.00)	1.41 (0.00)	1.26 (0.00)	1.45 (0.00)
Wald	13.82 (0.00)	13.90 (0.00)	0.44 (0.50)	8.62 (0.03)	9.01 (0.06)	0.01 (0.94)
N	383	383	383	383	383	383

Second stage of 2SLS models estimated for U.S. House incumbents running for reelection in 1978 primaries following the audits. House member/district is the unit of analysis. The second-stage instrumental variables regression is presented, while the first stage is not shown. In the first stage, we use *Audited* as the instrumental variable for *Incumbent found to have campaign finance violations*. *P*-values are in parentheses.

Table 5: Audited Incumbents Are More Likely to Retire

Dependent variable: *Retired*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	0.14 (0.01)	0.12 (0.01)	0.07 (0.05)
Audited * South	-0.18 (0.48)	-0.17 (0.48)	------
South	0.03 (0.14)	0.03 (0.12)	------
Previous House vote share for incumbent	------	-0.001 (0.06)	------
Seniority	------	0.01 (0.00)	------
Constant	0.06 (0.00)	-0.07 (0.22)	0.07 (0.00)
F	2.25 (0.08)	8.37 (0.00)	2.70 (0.10)
N	435	435	435

Linear probability models estimating the probability that an incumbent legislator retires before the 1978 election. House member/district is the unit of analysis. The models measure the treatment audit variable as 1 for all legislators randomly assigned to be audited and 0 otherwise. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited. *P*-values are in parentheses. We estimate this via logit in Appendix E.

Table 6: 2SLS Analyses: Incumbents with Campaign Finance Violations Were More Likely to Retire (Random *Audited* variable is instrument)

Dependent variable: *Retired*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	0.29 (0.00)	0.26 (0.01)	0.16 (0.05)
Incumbent found to have campaign violations (instrumented) * South	-0.23 (0.93)	-0.19 (0.90)	------
South	0.02 (0.80)	0.03 (0.82)	------
Previous House vote share for incumbent	------	-0.001 (0.03)	------
Seniority	------	0.01 (0.00)	------
Constant	0.06 (0.00)	0.09 (0.12)	0.07 (0.00)
Wald	6.91 (0.07)	42.97 (0.00)	2.76 (0.09)
N	435	435	435

Second stage of 2SLS models estimated for all U.S. House incumbents serving in the 95th Congress (1977-78). The second-stage instrumental variables regressions are presented, while the first stage regressions are not shown. In the models, the first stage is the *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations*. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited. *P*-values are in parentheses.

Table 7: Campaign Finance Audits And Incumbent Visits to Their Districts

Dependent variable: *Number of trips to the district, first quarter of 1978*

	Model 1	Model 2	Model 3
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	0.33 (0.39)	1.23 (0.13)	0.21 (0.41)
Audited * South	0.13 (0.47)	-1.05 (0.73)	------
South	-0.86 (0.08)	0.10 (0.85)	------
Previous House vote share for incumbent	------	0.003 (0.41)	------
Seniority	------	-0.03 (0.13)	------
Number of trips home in 1976, 1st quarter	------	0.41 (0.00)	------
Distance between Washington and district (in 100s of miles)	------	-0.82 (0.00)	------
Constant	8.83 (0.00)	5.59 (0.00)	8.75 (0.00)
F	0.68 (0.56)	9.18 (0.00)	0.05 (0.82)
N	383	267	383

OLS regressions for incumbents who ran for re-election in 1978. Model 2 is limited to only incumbents who requested reimbursement for individual trips back to their districts in both 1978 and 1976 (other House members reported requests for one lump-sum reimbursement over the entire period in the *Report of the Clerk of the House,* so we exclude those who requested lump-sum reimbursements as we cannot count the number of trips home for these members; and hence the dropoff in N in Model 2). The House member/district is the unit of analysis. In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited. *P*-values are in parentheses. Negative binomial regression for this outcome variable is also estimated in Appendix D.

Table 8: 2SLS Analysis: Campaign Finance Violations and Travel to Home Districts (Random *Audited* variable is instrument)

Dependent variable: *Number of trips to the district, first quarter of 1978*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	0.75 (0.39)	3.05 (0.12)	0.51 (0.41)
Incumbent found to have campaign violations (instrumented) * South	4.86 (0.09)	1.83 (0.28)	------
South	-1.11 (0.03)	-0.14 (0.38)	------
Previous House vote share for incumbent	------	0.01 (0.37)	------
Seniority	------	-0.04 (0.07)	------
Number of trips home in 1976, 1st quarter	------	0.39 (0.00)	------
Distance between Washington and district (in 100s of miles)	------	-0.89 (0.00)	------
Constant	8.83 (0.00)	5.78 (0.00)	8.53 (0.00)
Wald	8.78 (0.03)	74.62 (0.00)	0.07 (0.79)
N	383	267	383

Second stage of 2SLS regressions on incumbents who ran for re-election in 1978. Model 2 is limited to only incumbents who requested reimbursement for individual trips back to their districts in both 1978 and 1976 (other House members reported requests for one lump-sum reimbursement over the entire period in the *Report of the Clerk of the House,* so we exclude those who requested lump-sum reimbursements as we cannot count the number of trips home for these members). In Model 1, the coefficient on the constant term is the estimate for the group of non-southern incumbents who were not audited. *P*-values are in parentheses.

Figure 2: The Effect of Audits and Violations on Congressional Elections

Figure 2a: General election effects (lower values = more competitive general elections), and

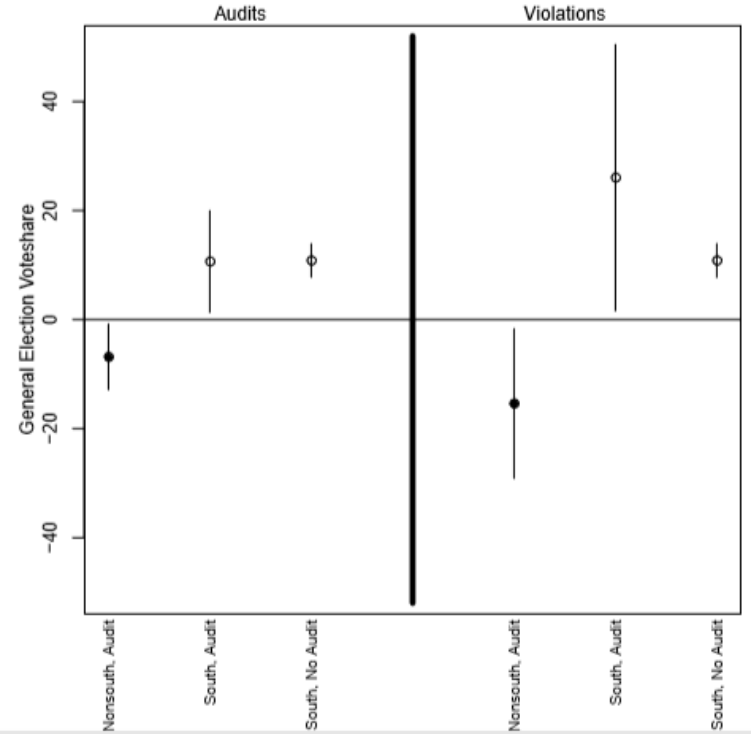


Figure 2b: Primary election effects (higher values = more competitive primary elections):

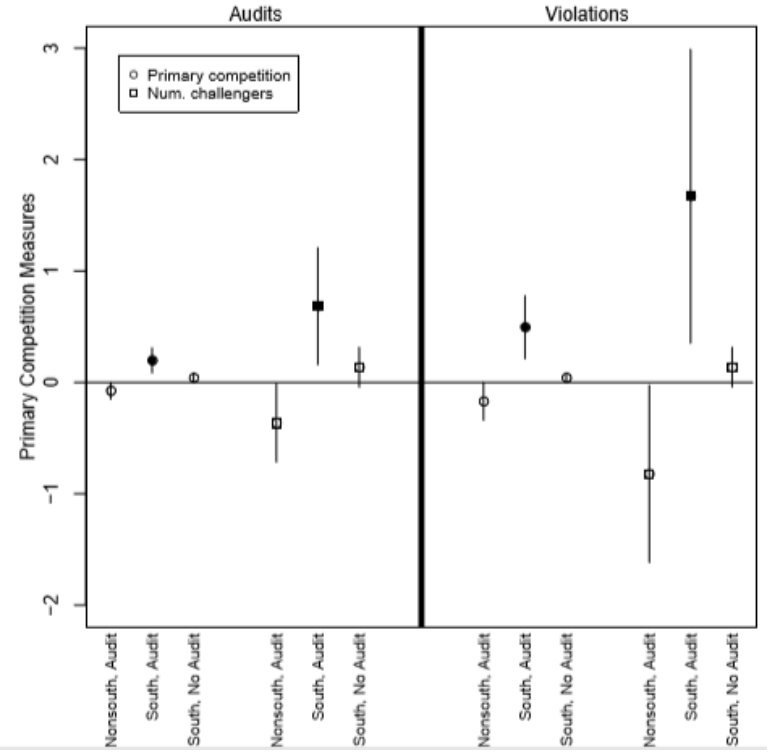
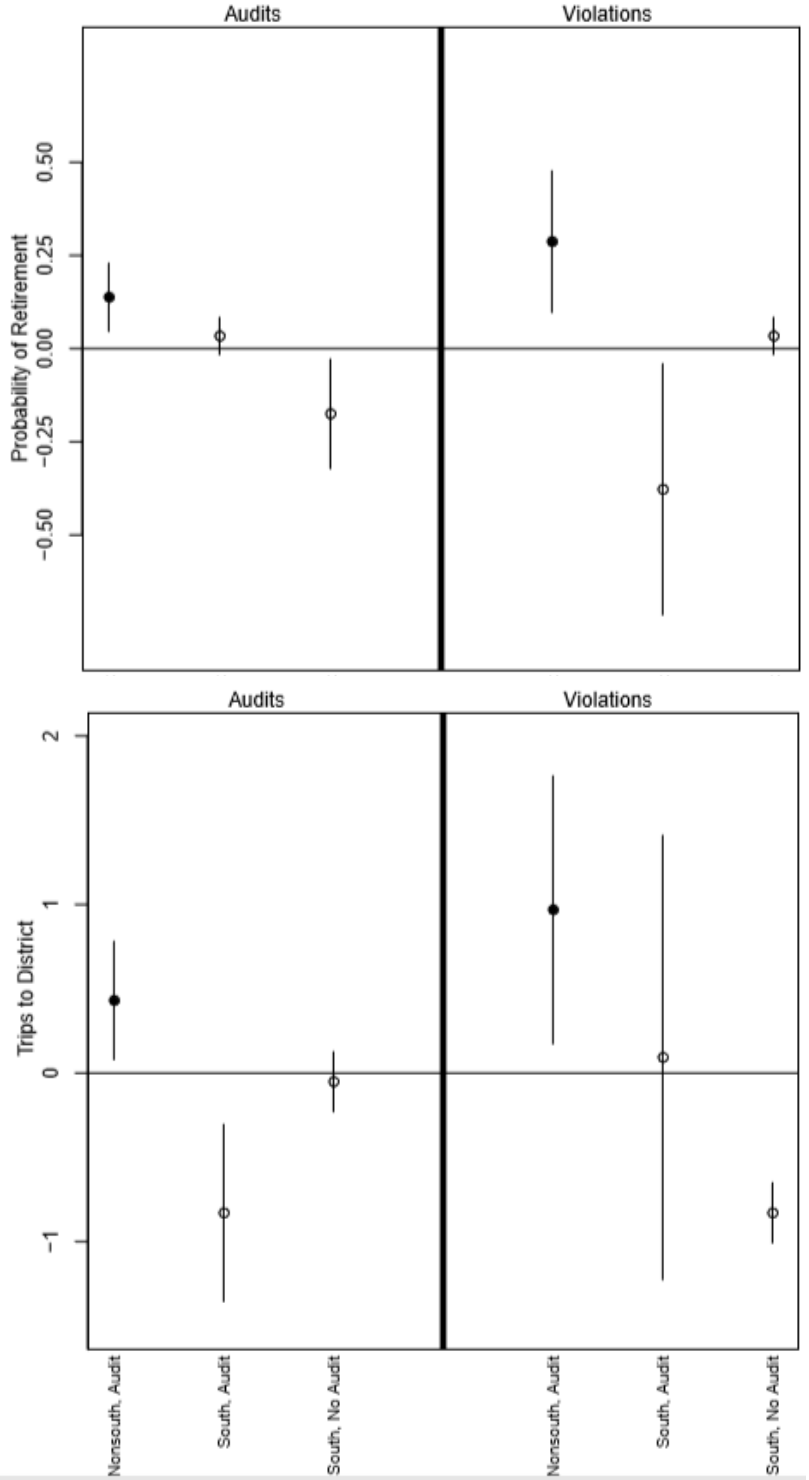


Figure 2, continued: The Effect of Audits and Violations on Legislator Behavior

Figure 2c (top panel): Retirements (higher values = more likely to retire);
Figure 2d (bottom panel): Number of trips to home district (higher values = more trips)



Campaign Finance Transparency Affects Legislators' Election Outcomes and Behavior

Supplementary Appendix

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Appendix A: Descriptive Statistics of Types of Violations the Audits Uncovered

Audited category	*Min*	*Max*	*Mean*	*Standard Deviation*
Number of Disclosure Violations	0	96	24.4	24.75
Dollar Value of Disclosure Violations	$0	$18,590	$4,734	$5,282
Number of Excessive or Prohibited Contributions	0	24	4.65	6.71
Dollar Value of Excessive or Prohibited Contributions	$0	$30,400	$2,614	$7,006
Number of Recordkeeping Violations	0	134	49.45	44.63
Dollar Amount of Recordkeeping Violations	$0	$65,730	$23,090	$23,704
Number of Misstatements of Financial Activity	0	43	2.65	9.57
Dollar Amount of Misstatements of Financial Activity	$0	$16,890	$1,369	$3,942
Total Dollar Amount of All Violations	$0	$90,540	$34,370	$27,386
Total Number of Violations	0	172	86.35	55

Dollar amounts are in 1978 dollars. For instance, the mean violation of $34,370 in 1978 dollars displayed above would be equivalent to $134,998 in 2019 dollars. This table displays descriptive statistics of the violations uncovered in the audits. This table omits audits that revealed no violations. These categories were coded by the auditors.

Appendix B: Audits & Local Media Coverage of Members' Campaign Finances, 1977-78

Dependent variable: *Number of newspaper articles about House members campaign finances*

	Model 1: Effect of negative findings, among audited House members	Model 2: Effect of major negative findings, among audited House members
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*
Any negative findings (1=yes; 0=no)	2.71 (0.07)	--------
Incumbent found to have major (> $10k) violations (1=yes; 0=no)	--------	3.82 (0.03)
Total # of news articles on any topics about House member 1977-78	0.00 (0.47)	-0.00 (0.51)
Constant	0.31 (0.83)	0.34 (0.78)
F	1.09 (0.34)	2.03 (0.14)

OLS models. The unit of analysis is the House member (just those who were audited). The historical newspaper archive (newspaperarchive.com) was utilized to construct the dependent variable. Searches for the name of each House member were conducted during the 1977-78 time period, and the number of total articles discussing the members' campaign finances such as FEC audits was coded. The analyses above show that the audits were covered in the local press. The models show that negative findings and major negative findings were also covered by the local press.

Appendix C: Covariate balance of treatment (audited members) and control (not audited)

Variable	Mean, Control	Mean, Treatment	*p* value
District presidential vote, 1976	55.39	56.12	0.67
South	0.25	0.41	0.04
Committee chair (1=yes; 0=no)	0.06	0.12	0.20
Party leader (1=yes; 0=no)	0.02	0.03	0.62
Seniority of House member (years)	8.44	10.35	0.16
Age of House member	48.77	51.00	0.22
Distance between DC & district (in 100s miles)	9.61	7.73	0.23

This table displays covariate balance between treatment (audited) and control (not audited) incumbents for the 1977-1978 congressional session. Few statistical differences between treatment and control groups suggest there was randomization in the audits.

Appendix D: Number of legislator trips home using negative binomial regression

Dependent variable: *Number of trips to the district, 1q 1978*

	Model 1	Model 2	Model 3
Independent variable	*Coefficient [Predicted Values] (p-value)*	*Coefficient [Predicted Values] (p-value)*	*Coefficient [Predicted Values] (p-value)*
Audited	0.05 [9.17] (0.37)	0.17 [8.6] (0.12)	0.03 [8.78] (0.39)
Audited * South	-0.001 [8.29] (0.49)	-0.12 [7.87] (0.26)	--------
South	-0.10 [7.91] (0.09)	0.03 [7.5] (0.435)	--------
Previous House vote share for incumbent	--------	0.001 (0.41)	--------
Seniority	--------	-0.01 (0.06)	--------
Number of trips home in 1976, 1st quarter	--------	0.05 (0.00)	--------
Distance between DC & district (in 100s miles)	--------	-0.0001 (0.01)	--------
Constant	2.17 [8.74] (0.00)	1.71 [7.30] (0.00)	2.14 [8.53] (0.00)
AIC	2218.3	1417.2	2216.4

Negative binomial regression estimated for U.S. House incumbents running for reelection in 1978 following the audits. Predicted number of trips for each indicator variable (when set at 1 with all continuous variables held at their means) in brackets. *P*-values are in parentheses.

Appendix E: Logit results for retirement models (replicating LPMs in Table 5 in text)

Dependent variable: *Retired (1=yes; 0=no)*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	1.33 (0.01)	1.28 (0.02)	0.08 (0.05)
Audited * South	-1.86 (0.47)	-1.77 (0.45)	
South	0.47 (0.12)	0.30 (0.25)	
Previous House vote share for incumbent	------	0.01 (0.15)	
Seniority	------	0.09 (0.00)	
Constant	-2.71 (0.00)	-4.38 (0.00)	-2.57 (0.00)
Wald	184.4 (0.00)	181.4 (0.00)	188.0 (0.00)

N=435. Replication of retirement analysis in Table 5 in text using logit. The models are for all House incumbents serving in the 95th Congress (1977-78). Results are substantively the same as in the text. *P*-values are in parentheses.

Appendix F: Models in text with Typical Control Variables Associated with Congressional Election Outcomes

Table F1: Additional general election vote share model using "control" variables common in the congressional elections literature (mirrors analysis in Table 1 in text)

Dependent variable: *Vote share % for the incumbent legislator*

	Model 1
Independent variable	*Coefficient (p-value)*
Audited	-3.84 (0.03)
Audited * South	3.61 (0.44)
South	1.69 (0.06)
Previous House vote share for incumbent	0.08 (0.00)
Quality Challenger (1=yes; 0=no; from Gary Jacobson)	-8.96 (0.00)
Opponent expenditures minus incumbent expenditures (10,000s)	-0.30 (0.00)
Unopposed (1=yes; 0=no)	0.32 (0.00)
Scandal unrelated to campaign finance (1=yes; 0=no)	-5.28 (0.03)
Constant	6.17 (0.00)
F	130.6 (0.00)

N=377. OLS model estimated for all U.S. House incumbents running for reelection in 1978 general elections following the audits. *P*-values are in parentheses. Results are substantively similar to those in Table 1 in text. Nonsouthern audited incumbents have lower vote shares than nonsouthern incumbents in the control group.

Appendix F continued: Table F2: Additional general election vote share model using "control" variables common in the congressional elections literature (mirrors 2SLS analysis in Table 2 in text)

Dependent variable: *Vote share % for the incumbent legislator*

	Model 1
Independent variable	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	-8.68 (0.03)
Incumbent found to have campaign violations (instrumented) * South	8.13 (0.42)
South	1.68 (0.06)
Previous House vote share for incumbent	0.08 (0.00)
Quality Challenger (1=yes; 0=no; from Gary Jacobson)	-9.00 (0.00)
Opponent expenditures minus incumbent expenditures (10,000s)	-0.20 (0.00)
Unopposed (1=yes; 0=no)	0.32 (0.00)
Scandal unrelated to campaign finance (1=yes; 0=no)	-4.75 (0.00)
Constant	6.15 (0.00)
Wald test	127.1 (0.00)

N=377. Second stage of 2SLS model estimated for House incumbents running in 1978 general elections following the audits. We use the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations*. *P*-values are in parentheses. Results substantively similar to those in Table 2 in the text.

Table F3: Additional primary competitiveness models using controls common in the congressional elections literature (mirrors analysis in Table 3 in text)

Dependent variable: *Primary Competitiveness (Model 1); Number of Primary Competitors (Model 2)*

	Model 1	*Model 2*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited * South	0.19 (0.00)	0.81 (0.01)
Audited	-0.08 (0.48)	-0.43 (0.49)
South	0.03 (0.06)	0.10 (0.15)
Previous House vote share for incumbent	-0.0003 (0.27)	-0.002 (0.15)
Scandal unrelated to campaign finance (1=yes; 0=no)	0.38 (0.00)	2.34 (0.00)
Constant	0.11 (0.00)	1.48 (0.00)
F	11.61 (0.00)	16.80 (0.00)

N=383. The OLS models are estimated for all House incumbents running for reelection in 1978 primaries following the audits. *P*-values are in parentheses. Results are substantively similar to those in Table 3 in the text.

Appendix F continued: Table F4: 2SLS, Additional primary competitiveness models using controls common in the congressional elections literature (mirrors analysis in Table 4 in text)

Dependent variable: *Primary Competitiveness (Model 1); Number of Primary Competitors (Model 2)*

	Model 1	*Model 2*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented) * South	0.48 (0.00)	1.76 (0.01)
Incumbent found to have campaign violations (instrumented)	-0.19 (0.49)	-0.97 (0.50)
South	0.04 (0.05)	0.11 (0.15)
Previous House vote share for incumbent	-0.00 (0.30)	-0.002 (0.18)
Scandal unrelated to campaign finance (1=yes; 0=no)	0.39 (0.31)	2.40 (0.00)
Constant	0.10 (0.00)	1.47 (0.00)
Wald	11.42 (0.00)	16.71 (0.00)

N=383. Second stage of 2SLS model estimated for House incumbents running in 1978 primaries following the audits. In the models, we use the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations*. *P*-values are in parentheses. Results are substantively similar to Table 4 in the text, showing southern House members in audit group have more competitive primaries than non-audited southerners.

Table F5: Additional retirement models using controls in Congress literature (mirrors analysis in Table 5 in text)
Dependent variable: *Retired*

	Model 1	*Model 2*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	0.12 (0.01)	0.13 (0.01)
Audited * South	-0.15 (0.48)	-0.18 (0.49)
South	0.02 (0.21)	0.03 (0.17)
Previous House vote share for incumbent	0.0007 (0.11)	0.0007 (0.13)
Seniority	0.01 (0.00)	------
Age (in years)	------	0.01 (0.00)
Committee chair (1=yes; 0=no)	-0.06 (0.15)	-0.001 (0.49)
Party leader (1=yes; 0=no)	-0.20 (0.02)	-0.13 (0.20)
Scandal unrelated to campaign finance (1=yes; 0=no)	0.05 (0.27)	0.06 (0.22)
Constant	-0.06 (0.07)	-0.25 (0.001)
F	5.80 (0.00)	4.03 (0.00)

N=435. LPM for all House incumbents serving in the 95th Congress (1977-78). *P*-values are in parentheses. Results are substantively similar to Table 5 in text, showing nonsouthern audited members more likely to retire.

Appendix F continued: Table F6: 2SLS, Additional retirement models using controls in Congress literature (mirrors Table 6 in text)

Dependent variable: *Retired*

	Model 1	*Model 2*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	0.26 (0.01)	0.28 (0.01)
Incumbent found to have campaign violations (instrumented) * South	-0.33 (0.47)	-0.39 (0.48)
South	0.02 (0.21)	0.03 (0.18)
Previous House vote share for incumbent	0.001 (0.12)	0.001 (0.15)
Seniority	0.01 (0.00)	------
Age (in years)	------	0.01 (0.00)
Committee Chair (1=yes; 0=no)	-0.06 (0.13)	-0.01 (0.46)
Party leader (1=yes; 0=no)	-0.22 (0.01)	-0.15 (0.07)
Scandal unrelated to campaign finance (1=yes; 0=no)	0.04 (0.31)	0.05 (0.26)
Constant	-0.06 (0.08)	-0.24 (0.00)
Wald	5.85 (0.00)	4.06 (0.00)

N=435. Second stage of 2SLS models estimated for all House incumbents serving in the 95th Congress (1977-78). In the models, we use the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations*. *P*-values are in parentheses. Results are substantively the same as in text's Table 6.

Appendix F continued: Table F7: Additional travel model using controls common in Congress literature (mirrors Table 7 in text)

Dependent variable: *Number of trips to the district, 1st quarter 1978*

	Model 1
Independent variable	*Coefficient (p-value)*
Audited	4.76 (0.00)
Audited * South	-1.61 (0.37)
South	0.03 (0.48)
Previous House vote share for incumbent	0.01 (0.22)
Seniority	-0.05 (0.06)
Number of trips home in 1976, 1st quarter	0.40 (0.00)
Distance between Washington and district (in 100s of miles)	-0.001 (0.00)
Quality Challenger (1=yes; 0=no; from Gary Jacobson)	0.39 (0.27)
Opponent expenditures minus incumbent expenditures (10,000s)	-0.0001 (0.00)
Scandal unrelated to campaign finance (1=yes; 0=no)	-1.03 (0.22)
Constant	5.05 (0.00)
F	8.28 (0.00)

N=267. OLS regression on incumbents who ran for re-election in 1978 and who requested reimbursement for individual trips back to their districts in both 1978 and 1976. *P*-values are in parentheses. The direction of the coefficient is the same in this model as presented in Table 7 in the text. However, in this model the key variable (*Audited*) is statistically significant at $p \leq 0.001$, showing nonsouthern audited members going home to their districts more than nonsouthern members in the control group.

Appendix F continued: Table F8: 2SLS, Additional travel model using controls common in the Congress literature (mirrors Table 8 in text)

Dependent variable: *Number of trips to the district, 1st quarter 1978*

	Model 1
Independent variable	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	3.45 (0.10)
Incumbent found to have campaign violations (instrumented) * South	-1.61 (0.37)
South	0.03 (0.48)
Previous House vote share for incumbent	0.01 (0.22)
Seniority	-0.05 (0.06)
Number of trips home in 1976	0.40 (0.00)
Distance between Washington and district (in 100s of miles)	-0.001 (0.00)
Quality Challenger (1=yes; 0=no; from Gary Jacobson)	0.39 (0.27)
Opponent expenditures minus incumbent expenditures (10,000s)	-0.0001 (0.00)
Scandal unrelated to campaign finance (1=yes; 0=no)	-1.03 (0.22)
Constant	5.05 (0.00)
Wald	8.40 (0.00)

N=267. Second stage of 2SLS regression on incumbents who ran for re-election in 1978 and who requested reimbursement for individual trips back to their districts in both 1978 and 1976. We use the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations*. *P*-values are in parentheses. Results above are in the same direction and substantively similar to those in Table 8 in the text for the key variable (*Incumbent found to have campaign violations*), and substantively similar (though $p \leq 0.10$ in above table).

Appendix G: Placebo tests using 1976 data, prior to random audit

Tables G.1 and G.2: Placebo tests for House member general election vote share in 1976:

Table G.1 Placebo test of 1976 general election vote share (OLS, mirrors Table 1 in text with 1976 dep. variable)

Dependent variable: *Vote share % for the incumbent legislator, 1976*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	0.47 (0.88)	0.19 (0.95)	2.76 (0.29)
Audited * South	3.58 (0.25)	3.72 (0.23)	------
South	7.70 (0.00)	6.40 (0.00)	------
Previous House vote share for incumbent	------	-0.10 (0.00)	------
Constant	67.70 (0.00)	73.68 (0.00)	69.76 (0.00)
F	8.80 (0.00)	9.25 (0.00)	1.15 (0.29)

N=381. OLS models estimated for all House incumbents running for reelection in 1976 general elections before the audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, any differences between the audited and non-audited incumbents are indistinguishable from zero.

Table G.2 Placebo test of 1976 general election vote share (2LS, mirrors Table 2 in text but with 1976 dep. variable)

Dependent variable: *Vote share % for the incumbent legislator, 1976*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	1.04 (0.88)	0.41 (0.95)	6.63 (0.29)
Incumbent found to have campaign violations (instrumented) * South	10.30 (0.22)	10.54 (0.22)	------
South	7.70 (0.00)	6.39 (0.00)	------
Previous House vote share for incumbent	------	-0.10 (0.00)	------
Constant	67.70 (0.00)	73.73 (0.00)	69.80 (0.00)
Wald	8.60 (0.00)	9.04 (0.00)	1.14 (0.29)

N=381. Second stage of placebo 2SLS models estimated for House incumbents running for reelection in 1976 general elections before the audits. In the models, the first stage is *Audited* as the instrumental variable for *Incumbent found to have campaign finance violations* as the instrumented variable. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Appendix G continued: Table G.3: Placebo Tests for 1976 Primary Competitiveness (OLS, mirrors Table 3 in text but with 1976 dependent variable):
Dependent variable: *Primary competitiveness, 1976 (Models 1- 3); Number of primary competitors, 1976 (Models 4 - 6)*

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited * South	0.04 (0.28)	0.05 (0.27)	------	0.33 (0.16)	0.33 (0.16)	------
Audited	-0.02 (0.35)	-0.02 (0.33)	0.003 (0.46)	-0.09 (0.32)	-0.09 (0.32)	0.05 (0.39)
South	0.05 (0.05)	0.04 (0.06)	------	0.20 (0.08)	0.20 (0.08)	------
Previous House vote share for incumbent	------	-0.001 (0.10)	------	------	-0.0003 (0.44)	------
Constant	0.11 (0.00)	0.15 (0.00)	0.13 (0.00)	1.43 (0.00)	1.41 (0.00)	1.48 (0.00)
F	1.85 (0.14)	1.78 (0.13)	0.01 (0.93)	1.97 (0.12)	1.48 (0.21)	0.09 (0.77)

N=383. OLS models estimated for all House incumbents running for reelection in 1976 primaries before the audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Table G.4: Placebo Tests for 1976 Primary Competitiveness (2SLS, mirrors Table 4 in text but with 1976 dependent variable):
Dependent variable: *Primary competitiveness, 1976 (Models 1- 3); Number of primary competitors, 1976 (Models 4 - 6)*

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented) * South	0.11 (0.28)	0.11 (0.28)	------	0.86 (0.16)	0.86 (0.16)	------
Incumbent found to have campaign violations (instrumented)	-0.04 (0.35)	-0.04 (0.33)	0.01 (0.46)	-0.20 (0.32)	-0.20 (0.32)	0.11 (0.39)
South	0.05 (0.05)	-0.04 (0.06)	------	0.20 (0.04)	0.20 (0.04)	------
Previous House vote share for incumbent	------	-0.0006 (0.10)	------	------	-0.0002 (0.46)	------
Constant	0.11 (0.00)	0.15 (0.00)	0.13 (0.00)	1.43 (0.00)	1.42 (0.00)	1.48 (0.00)
Wald	1.86 (0.14)	1.80 (0.13)	0.01 (0.46)	1.99 (0.12)	1.49 (0.20)	0.09 (0.77)

N=383. Second stage of 2SLS models estimated for House incumbents running for reelection in 1976 primaries before the audits. In the models, the first stage is *Audited* as the instrumental variable for *Incumbent found to have campaign finance violations* as the instrumented variable. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Appendix G continued: Tables G5 and G6: Placebo Tests for 1976 Retirements

Table G.5: Retirements (OLS, mirrors Table 5 in text but with 1976 dep. variable)
Dependent variable: *Retired before 1976 election*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	-0.06 (0.14)	-0.01 (0.33)	-0.08 (0.00)
Audited * South	-0.07 (0.23)	-0.02 (0.28)	------
South	0.07 (0.02)	0.02 (0.14)	------
Previous House vote share for incumbent	------	-0.005 (0.01)	------
Seniority	------	0.001 (0.24)	------
Constant	0.06 (0.00)	0.04 (0.04)	-0.08 (0.08)
F	2.97 (0.03)	2.00 (0.08)	3.15 (0.08)

N=435. Linear probability models estimating if incumbent legislator retires before the audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are either signed the opposite or what theory predicts, are not statistically distinguishable from zero, or both.

Table G.6: Retirements (2SLS, mirrors Table 6 in text but with 1976 dep. variable)
Dependent variable: *Retired before 1976 election*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	-0.13 (0.14)	-0.02 (0.33)	-0.18 (0.92)
Incumbent found to have campaign violations (instrumented) * South	-0.23 (0.34)	0.02 (0.14)	------
South	0.07 (0.01)	0.02 (0.15)	------
Previous House vote share for incumbent	------	-0.001 (0.01)	------
Seniority	------	0.001 (0.01)	------
Constant	0.06 (0.00)	0.04 (0.04)	0.07 (0.00)
Wald	2.92 (0.03)	1.99 (0.08)	3.12 (0.08)

N=435. Second stage of 2SLS models estimated for House incumbents in 1976 before the audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Appendix G continued:
Table G7: Placebo Tests for District Visits in pre-audit 1976 (OLS, mirrors Table 7 in text with 1976 dep. variable)

Dependent variable: *Number of trips to the district, 1st quarter of 1976*

	Model 1	Model 2	Model 3
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Audited	0.04 (0.48)	0.73 (0.48)	0.19 (0.41)
Audited * South	0.43 (0.40)	-0.45 (0.39)	------
South	-0.05 (0.47)	0.13 (0.41)	------
Previous House vote share for incumbent	------	0.01 (0.14)	------
Seniority	------	-0.03 (0.12)	------
Number of trips home in 1974, 1st quarter	------	0.42 (0.00)	------
Distance between Washington and district (in 100s of miles)	------	-0.001 (0.00)	------
Constant	7.79 (0.00)	5.00 (0.00)	7.78 (0.00)
F	0.04 (0.99)	10.92 (0.00)	0.06 (0.41)

N=376 (Models 1 and 3); n=262 (Model 2). OLS regressions for incumbents who ran for re-election in 1976 but before audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Appendix G continued: Table G8: 2SLS Placebo Tests for District Visits in pre-audit 1976 (OLS, mirrors Table 8 in text but with 1976 dep. variable)

Dependent variable: *Number of trips to the district, 1st quarter of 1976*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have campaign violations (instrumented)	0.09 (0.48)	1.96 (0.47)	0.19 (0.41)
Incumbent found to have campaign violations (instrumented) * South	1.23 (0.39)	-1.24 (0.38)	------
South	-0.05 (0.47)	0.69 (0.10)	------
Previous House vote share for incumbent	------	0.01 (0.14)	------
Seniority	------	-0.04 (0.11)	------
Number of trips home in 1974, 1st quarter	------	0.42 (0.00)	------
Distance between Washington and district (in 100s of miles)	------	-0.001 (0.00)	------
Constant	7.79 (0.00)	5.10 (0.00)	7.78 (0.00)
Wald test	0.04 (0.99)	11.00 (0.00)	0.06 (0.81)

N=376 (Models 1 and 3); n=262 (Model 2). Second stage of 2SLS models estimated for U.S. House incumbents in 1976 but before audits. *P*-values are in parentheses. As expected, given that the audits had not occurred yet, the results are not statistically distinguishable from zero.

Appendix H: Specifications Involving Major Campaign Finance Violations

Table H.1: 2SLS, Vote Share Effects of Audits are Amplified when Considering Only Violations Above $10,000 (mirrors Table 2 in text but with slightly different instrumented variable)
Dependent variable: *Vote share % for the incumbent legislator*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have major (> $10,000) campaign violations (instrumented)	-24.63 (0.03)	-24.39 (0.04)	-0.52 (0.48)
Incumbent found to have major (> $10,000) campaign violations (instrumented) * South	37.93 (0.49)	36.47 (0.48)	------
South	10.84 (0.00)	10.62 (0.00)	------
Previous House vote share for incumbent	------	-0.03 (0.49)	------
Constant	69.15 (0.00)	70.74 (0.00)	71.85 (0.00)
Wald	15.82 (0.00)	12.00 (0.00)	0.002 (0.96)

N=377. Second stage of 2SLS models estimated for House incumbents running for reelection in 1978 general elections following the audits. In the model, the first stage is *Audited* as the instrumental variable for *Incumbent found to have campaign finance violations above $10,000* as the instrumented variable. *P*-values are in parentheses. Results are substantively similar though of larger magnitude than those in Table 2 in the text, showing audited legislators from outside the south do much worse than control group nonsouthern legislators.

Appendix H continued: Table H.2: Primary Competition Effects among Southern Incumbents are Amplified with Major Violations
(mirrors Table 4 in text but with slightly different instrumented variable)

Dependent variable: *Primary competitiveness (Models 1, 2 & 3),*
Number of primary challengers (Models 4, 5 & 6)

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have major (> $10,000) campaign violations (instrumented) * South	0.60 (0.01)	0.59 (0.01)	------	2.18 (0.03)	2.10 (0.04)	------
Incumbent found to have major (> $10,000) campaign violations (instrumented)	-0.26 (0.48)	-0.25 (0.47)	0.03 (0.40)	-1.29 (0.47)	-1.28 (0.47)	-0.25 (0.67)
South	0.04 (0.05)	0.035 (0.07)	------	0.12 (0.14)	0.11 (0.16)	------
Previous House vote share for incumbent	------	-0.0002 (0.35)	------	------	-0.001 (0.30)	------
Constant	0.10 (0.00)	0.11 (0.00)	0.11 (0.00)	1.41 (0.00)	1.49 (0.00)	1.45 (0.00)
Wald	4.17 (0.01)	3.15 (0.02)	0.08 (0.78)	2.26 (0.08)	1.79 (0.13)	0.18 (0.67)

N=383. Second stage of 2SLS models estimated for all House incumbents serving in the 95th Congress (1977-78). In the models, the first stage is the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations above $10,000* as the instrumented variable. *P*-values are in parentheses. Results are substantively similar to Table 4 in text, except of larger magnitude for variable *Incumbent found to have campaign violations * South*.

Appendix H continued: Table H.3: 2SLS Analyses: Incumbents with Major Campaign Finance Violations (> $10,000) were More Likely to Retire (mirrors Table 6 in text but with slightly different instrumented variable)

Dependent variable: *Retired*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have major (> $10,000) campaign violations (instrumented)	0.43 (0.01)	0.43 (0.01)	0.22 (0.05)
Incumbent found to have major (> $10,000) campaign violations (instrumented) * South	-0.54 (0.02)	-0.50 (0.03)	------
South	0.03 (0.13)	0.04 (0.11)	------
Previous House vote share for incumbent	------	0.001 (0.11)	------
Constant	0.06 (0.00)	0.01 (0.40)	0.07 (0.00)
Wald	2.26 (0.08)	2.21 (0.07)	2.74 (0.10)

N=435. Second stage 2SLS models estimated for all House incumbents serving in the 95th Congress (1977-78). In the models, the first stage is the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations above $10,000* as the instrumented variable. *P*-values are in parentheses. Results are similar to those in Table 6 in the text, but of larger magnitude for variable *Incumbent found to have campaign violations.*

Table H.4: 2SLS, Major Campaign Finance Violations and Legislator Travel to Home Districts (mirrors Table 8 in text but with slightly different instrumented variable)

Dependent variable: *Number of trips to the district, 1978 1st quarter*

	Model 1	*Model 2*	*Model 3*
Independent variable	*Coefficient (p-value)*	*Coefficient (p-value)*	*Coefficient (p-value)*
Incumbent found to have major (> $10,000) campaign violations (instrumented)	1.55 (0.37)	7.70 (0.12)	0.25 (0.40)
Incumbent found to have major (> $10,000) campaign violations (instrumented) * South	-0.22 (0.49)	-4.83 (0.29)	------
South	-0.83 (0.10)	0.08 (0.44)	------
Previous House vote share for incumbent	------	0.01 (0.27)	------
Seniority	------	-0.06 (0.04)	------
Number of trips home in 1976, 1st quarter	------	0.40 (0.00)	------
Distance between Washington and district (in 100s of miles)	------	-0.0003 (0.00)	------
Constant	8.74 (0.00)	5.82 (0.00)	8.53 (0.00)
F	0.66 (0.58)	9.812 (0.00)	0.07 (0.80)

N=383 in Models 1 and 3; n=267 in Model 2. Second stage of 2SLS regressions on incumbents who ran for re-election in 1978 following the audits. We use the random *Audited* variable as the instrumental variable for *Incumbent found to have campaign finance violations over $10,000*. *P*-values are in parentheses. Results are similar to those in Table 8 in the text.

Appendix I. Permutation test results

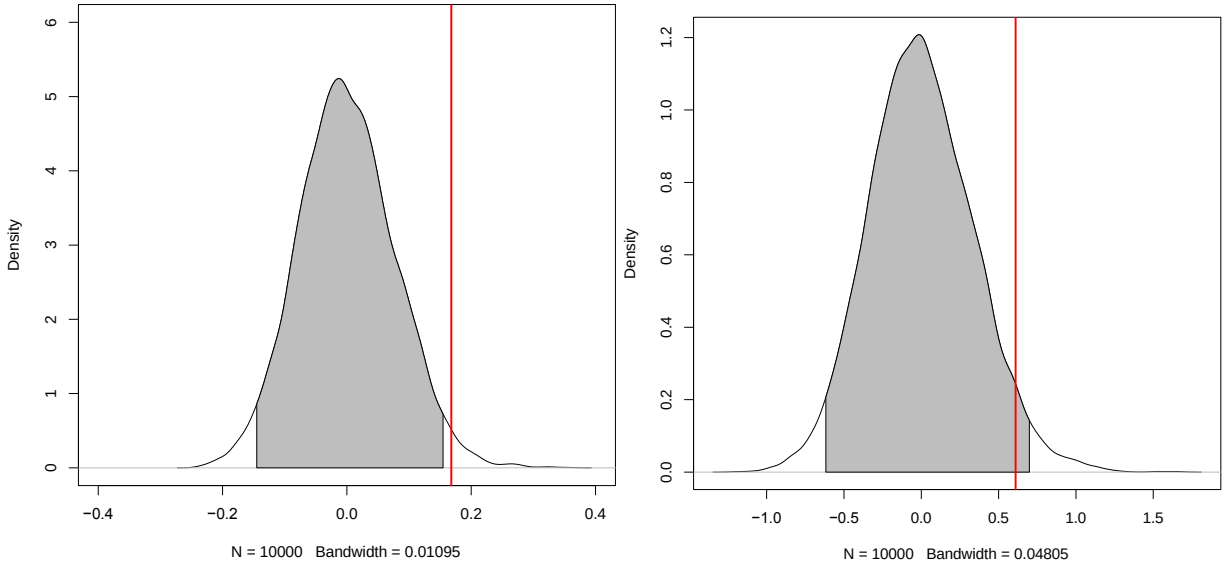

Figure I.1: Permutation Test Results for Audits' Effects on Primary Competitiveness (left) and Number of Primary Competitors among Incumbents from South, from Models 1 and 4 in Table 3

We conducted 10,000 permutations of the regression in Model 1 and Model 4 in Table 3, plotting the density of the coefficient on the *Audited * South* interaction term. Like the FEC, we assigned our permutated treatment with Pr(audit) = 0.1. The shaded region covers the 2.5th quantile to the 97.5th quantile of the coefficients from the resampled estimates. The vertical line is the observed coefficient for *Audited * South* in Model 1, Table 3 (the figure on the left); and the observed coefficient for *Audited * South* in Model 4, Table 3 (the figure on the right). These permutation tests show that the audit effect on increasing primary competition for southern House members is unlikely to be due to chance, but our findings on number of primary competitors are unlikely due to chance but unable to be ruled out at traditional levels of confidence (the regression coefficient we estimated falls between the 95th and 96th percentile of the distribution of coefficients from resampled data).

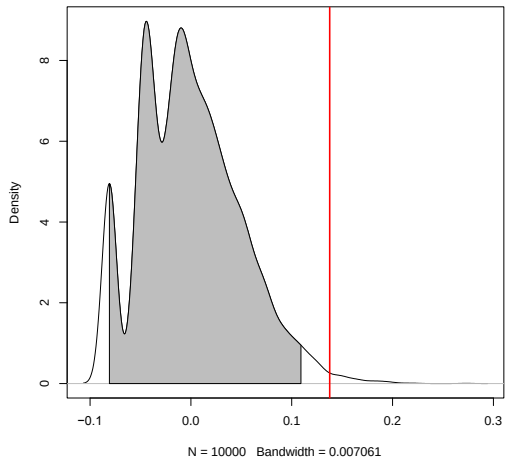

Figure I.2: Permutation Test Results for Audits' Effects on Legislators' Decision to Retire, Among Incumbents (Non-South), from Model 1 in Table 5.

We conducted 10,000 permutations of the regression in Model 1 in Table 5, plotting the density of the coefficient on *Audited*, which includes only audited incumbents from outside the south. Like the FEC, we assigned our permutated treatment with Pr(audit) = 0.1. The shaded region covers the 2.5th quantile to the 97.5th quantile of the coefficients from the resampled estimates. The vertical line is the observed coefficient for *Audited* in Model 1, Table 5. These permutation tests show that the audit effect on retirement for House members is unlikely to be due to chance; and confirms evidence from Table 5 showing that random audits caused legislators to retire.

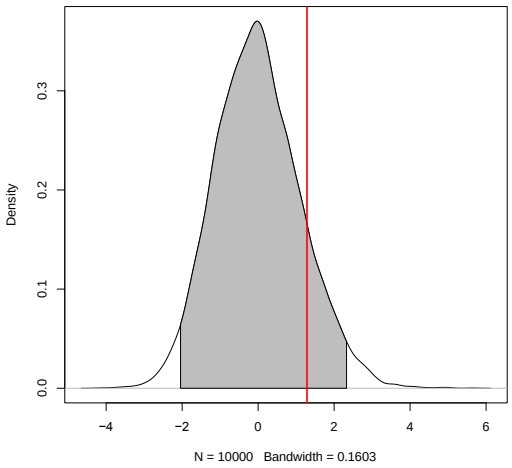

Figure I.3: Permutation Test Results for Audits' Effects on Legislators' Travel Back to their Districts, Among Incumbents (Non-South), from Model 1 in Table 7.

We conducted 10,000 permutations of the regression in Model 1 in Table 7, plotting the density of the coefficient on *Audited*, which includes only audited incumbents from outside the south. Like the FEC, we assigned our permutated treatment with Pr(audit) = 0.1. The shaded region covers the 2.5th quantile to the 97.5th quantile of the coefficients from the resampled estimates. The vertical line is the observed coefficient for *Audited* in Model 1, Table 7. These permutation tests show that the direct effect of the audit on travel back to the district for House members from outside the south is not distinguishable from an effect due to chance. The coefficient in our regression is between the 87th and 88th percentiles of the distribution of coefficients from resampling.