

Do Monetary Disclosure Laws Chill Speech?

Joshua A Spann

University of New Mexico

Abstract

This study analyzes the effect of campaign disclosure laws on US citizens' decisions of whether or not to fiscally contribute to political campaigns by donating money to candidates, political parties, or political action committees (PACs). Enforcement of political contribution disclosure laws is an important tool for combating corruption in US politics. Campaign finance laws are the sole type of legislation the United States Supreme Court has continually upheld as Constitutional in the realm of campaign finance law; however, Supreme Court justices have also expressed in their written opinions that disclosure laws have the propensity of "chilling" (dissuading) political speech. This research examines whether or not disclosure laws do in fact chill free speech by making citizens less likely to donate to political campaigns. My presumption is that they do not. Theory suggests that social networks will create a contagious atmosphere whereby donors will have a higher propensity to donate when they recognize others inside their networks have also donated. I hypothesize that more stringent disclosure laws will increase an individual's propensity to contribute. Data for my research were obtained from the 2014 Congressional Comparative Elections Survey, the National Institute for Money in State Politics, and the Center for Public Integrity. The results of my study indicate that individuals living in states with stricter primary disclosure laws donate at a higher rate. The normative ramifications of these results suggest that states with lenient disclosure standards should consider adopting more stringent disclosure laws to illicit a higher rate of citizen participation, while simultaneously limiting the pay to play tactics that Americans have come to despise.

Integrity of the electoral process has been a long-standing problem in politics. Few argue that limiting corruption in politics does not also aid in legitimizing a democracy. Members of Congress (MCs) have stated that one area, which has the ability to consume politicians and to promote corruption, graft and cronyism in politics if left unchecked, is unfettered campaign contributions. Transparency in political donations allows voters to know the source of politicians' funding and how their contributions are being allocated. The notion has thus led Congress to enact a host of bills limiting how, when, where, and from whom funds can be utilized (i.e. Tillman Act, Hatch Act, Federal Corrupt Finance Act, creation of the Federal Elections Committee [FEC], and most recently the Bipartisan Campaign Reform Act [BCRA], and the Federal Campaign Elections Act [FECA]). But, at what point does this type of legislation infringe on the rights of citizens to politically participate in the process?

Thus, the US Supreme Court (USSC) continuously rules on each piece of legislation's constitutionality to determine if these new bills diminish a citizens' right to participate in the political process. The general consensus of the Court's rulings has been that restricting campaign finance is a necessary function of the electoral system even if it hampers political activism. The USSC has accepted two dominate theories in their opinions.

First, the USSC holds that Congress has a compelling "governmental interest in safeguarding the integrity of the electoral process," which continues to permit MCs to legislate campaign finance laws ("Buckley v. Valeo 424 U.S. 1," 1976). Second, the USSC states that disclosure of expenditures is constitutionally permissible regardless of its propensity to "chill speech" (i.e. political donations) or place a high burden on contributors likelihood of donating ("Buckley v. Valeo 424 U.S. 1," 1976, "Burroughs v. United States, 290 U.S. 534.," n.d., *Citizens United v. Federal Election Comm'n (Syllabus)*, 2010, *McConnell v. Federal Election*

Comm'n (Syllabus), 2003). These ideals have held constant, even in the wake of the Roberts' Court and the monumental 5-4 *Citizens United v. FEC* decision, which heavily curtailed a long-standing tradition that limited campaign contributions (“DOE v. REED,” 2010., “Speechnow.org v. FEC,” 2010). This in no way means that there are no constraints on campaign donations, but showcases that over the years the Court has taken an alternative view on disclosure as a better means to sustain legitimacy and integrity in the electoral process.

The Court has consistently argued that transparency in campaign donations or contributions (henceforth interchangeable) is the “less-restrictive alternative to more comprehensive speech regulations” (*Citizens United v. Federal Election Comm'n (Syllabus)*, 2010) or as Justice Brandeis once said, “sunlight is said to be the best of disinfectants” in ensuring accountability of elected officials (BRANDEIS, 1913; La Raja, 2014)

The Court has steadily held that disclosure is inherently the best deterrent to corruption in politics. Their rulings have reinforced MCs' legislative choice to strengthen disclosure laws, obligating donors to release pertinent information to federal and state agencies about political donations (i.e. one's name, address, employer, occupation and donation size), in an attempt to reduce quid pro quo corruption in the US political system. The Court has argued that disclosure creates a highly informed society, which has the ability to expunge, via elections or impeachment, officials who partake in egregious undemocratic acts such as cronyism, fraud or bribery.

The USSC has, subsequently, acknowledged that there are potential drawbacks for these new precedents. One of these shortcomings is the potential for a “chilling effect” on speech (“*Buckley v. Valeo* 424 U.S. 1,” 1976, *Citizens United v. Federal Election Comm'n (Syllabus)*,

2010). Chilled speech is defined as an action where speech and/or symbolic speech is suppressed due to fear of discipline.

In *Citizens United v. FEC* the court explicitly stated, “the ongoing chill on speech makes it necessary to invoke the earlier precedents that a statute that chills speech can and must be invalidated where its facial invalidity has been demonstrated”. But could the Court have overstated the effect that disclosure laws actually have on speech or even misjudged their effects entirely? Could disclosure laws have a positive effect on contributors’ propensity to donate, particularly for individual donors?

Investigating if there is an actual chilling effect on speech attributable to disclosure laws is therefore imperative for verifying the Supreme Court’s antidotal statements that disclosure laws negatively impact political speech. If courts and legislatures are going to continue making claims about disclosure’s effect on political contributions, empirical evidence is required to establish the effects of disclosure laws on political participation.

The purpose of this research is to examine the chilling effect that disclosure laws may have on individuals’ decisions to contribute to a political campaign. The analysis explores the consequences of campaign contribution laws requiring disclosure, which have been legislated in Congress, signed by the President and upheld in the Courts, in order to determine if they place too high of a burden on the ordinary citizen, in turn hampering their choice to politically participate in the US political system. I theorize that stricter disclosure laws will actually have a positive impact on individuals’ decisions to make political donations, not a negative one, which both the Supreme Court and Congress have presumed.

To further understand why chilling effects matter, we must first look at the determinants and consequences of political contributions (used interchangeably with “campaign

contributions”). Because scholars have studied determinates of campaign contributions to a lesser degree, I will link much of the discussion about determinates to political participation as a whole, rather than contributions specifically. In this area, the discussion will focus on socio-economic status, resources, political context (i.e. competition) and institutional rules. The literature on consequences, which is more extensive, suggests that political contributions have an impact on various aspects of the political process, including election outcomes, access to candidates, shaping of policy outcomes, and earmarks in legislation.

Consequences

The majority of the literature concedes that there is a direct correlation between campaign contributions and vote shares. Therefore, contributions can be the key to victory in closely heated electoral competitions (Alexander, 2005; Allen & Cook, 2012).

Contributions can also help donors gain access to politicians whose most precious commodity is arguably time. With only so many hours in a day MCs have to wisely choose how to appropriate this resource (Fenno, 1978; Truman, 1951). Donors take advantage of this time constraint to impact policy decisions. Austen-Smith (1995) has shown that legislators lean to their most trusted contributors when looking for advice on policy issues. Donor input can influence the wording of a bill or other actions surrounding a bill’s approval/denial (Hoffman, 2005; Peoples, 2010). Additionally, Rocca and Gordon (2010) discovered a relationship between political action committee (PAC) contributions and a bill’s likelihood of being sponsored, which in turn shapes policy outcomes.

It is important to look at other advantages of contributing, such as legislative earmarks. Earmarks, as defined by Rocca and Gordon (2013), are “distributive policies that specify exactly which projects will be funded instead of creating formulas for allocating those resources or

relying on a competitive grant process”. Their study indicates a “robust” correlation between the amounts a PAC contributes and the earmarks that a PAC’s ventures receive (Rocca & Gordon 2013). This gives the perception that campaign contributions can affect the political environment, however, the topic requires additional empirical evidence to validate.

Determinants

Understanding the determinants of political participation is fundamental to establishing a causal link between campaign disclosure laws and the chill they may impose on political participation, in particular political speech (contributions). If disclosure laws do not affect the reasons why individuals participate, then no chilling effect can occur. To ensure that disclosure laws and their effect on citizens’ willingness to contribute are not mutually exclusive we need to explore why society participates in the political arena.

One of the most well-known concepts in political participation is that an individual’s SES holds significant weight in their political involvement and their voting history (Brady, Verba, & Schlozman, 1995; Cameron, 1974; Mitofsky, 1995; Wolfinger & Rosenstone, 1980). Citizens with higher SES participate at alarmingly higher rates than individuals with lower SES. Increased SES gives individuals the flexibility to bear the costs of participating in the political arena. The downfall of this argument is that while SES is an excellent predictor of participation rates, it fails to provide a casual mechanism linking social status to participation (Brady et al., 1995). The theory does clearly specify how and why people decided to politically participate. What the theory does demonstrate is that SES indicates the extent (range and rate) of a political contribution varies depending on their SES.

Brady et al (1995) examined resources as another factor in determining variances in political participation. They state “the presence or absence of resources contributes substantially

to individual differences in participation” with “some socioeconomic groups [being] better endowed than others” (Brady et al., 1995; 274). In essence, the range of resources are not normally distributed throughout the population. In order to fiscally contribute, an individual has to have the monetary means to do so. One also requires the time and civic skills to engage in this type of participation. Monetary donations may be perceived as an easier form of participating because merely signing a check seems uncomplicated; however, they carry a significant burden in all three of the general resource categories, which Brady et al (1972) categorizes as skill, time and money.

The political context in which an individual decides to contribute also matters. Actions that increase the likelihood of an individual’s politically preferred outcome drive individuals to participate at greater rates (Indridason, 2008). Research has shown a number of factors affect an individual’s participatory patterns in regard to the election process. Competition is one of these dynamics. An increase in the competitive nature of a race directly increases voter participation; close elections drive voter turnout (Indridason, 2008).

Political mobilization is another factor that influences participation. Actors attempt to manipulate the present power regime and distribute power differently through mobilization efforts. Mobilization fosters greater participation (Cameron, 1974; Nedelmann, 1987). When individuals believe their opinions are not being heard, they mobilize to reshape the existing establishment; therefore, social pressures increase the participation rates of individuals around a movement. A disregard for public opinion will mobilize the citizenry to act in waves in the hope of inflicting change. Other contextual variables persuading increased participation are: similarity in policy preference between the voter and a candidate (Flavin & Griffin, 2009); trustworthiness of government (Birch, 2010); and demographic heterogeneity (Logan, Darrah, & Oh, 2012).

As earlier stated, there is limited literature explaining why citizens choose to make political donations. Thus, I will explore some of the reasons why individuals may participate in this process. For example, it can be presumed that as competition between candidates increases, people have a greater propensity to donate. With greater competition in an election, citizens believe that their donations will have a greater impact on the electoral outcome, encouraging them to donate at a higher rate. Similarly, increases in mobilization should increase donations to the challenger because of their yearning to oust the incumbent. The context surrounding the political process is likely an important factor when considering whom in the electorate contributes to political causes.

Institutional rules are not only determinants, but the very essence of what I argue alters the choice of individuals to contribute to a political cause. The vast majority of literature has shown that rules alter participation patterns in various ways. More stringent voter registration laws decrease turnout (Wolfinger & Rosenstone, 1980); different types of nomination processes create varying levels of turnout (Schier, 1982); the ease of voting greatly increases turnout in elections (i.e. increase number of ballot boxes in a close proximity to a voter) (Norris, 2003b); secret ballots increase turnout (Norris, 2003b); the ability of individuals to vote at a time or place other than a precinct on election day (i.e. early voting and absentee voting) increases turnout (Gronke, Galanes-Rosenbaum, & Miller, 2007); rules requiring voter ID cards, literacy tests, excess age restrictions, poll taxes, etc, generally referred to as suppression tactics, have been shown to decrease voter turnout universally (Norris, 2003b).

If each of these institutional rules has such a direct and substantial impact on political participation in voter turnout, then drawing the conclusion that disclosure rules have a significant impact on political contributions should be inherent.

Raymond La Raja has already made significant headway in this area. His experimental study empirically supported the concept that disclosure laws *negatively* effect contributions in a controlled situation. His paper, however, failed to demonstrate if those findings transfer to real world settings or whether the experiment only captured a snap shot of disclosure's effects on donors' choice under a controlled setting. The unanswered question in the literature is whether or not La Raja's findings hold construct validity and reliability. In the next section of this analysis, I will lay the theoretical principle for why I believe an opposite effect actually occurs, with individuals donating at higher rates in the face of more stringent disclosure laws. More specifically, for my purpose, I define a more stringent disclosure law as one that requires citizens to divulge more information at a lower monetary threshold.

Theory

The decision to make a political contribution is based on many factors, as previously discussed. An aspect that has not been thoroughly considered thus far is the social effect that contributing can foster. As is widely known, humans are social beings who are naturally inclined to congregate with one another. Aristotle explains this societal need by stating, "man is by nature a social [political] animal... anyone who either cannot lead the common life or is so self-sufficient as not to need to, and therefore does not partake of society, is either a beast or a god" (Aristotle, n.d.). Man is, therefore, naturally drawn to social settings and fears seclusion. Harvard professor and Boston surgeon Atul Gawande may have articulated this point best in his article *Hellhole*, where he states:

Human beings are social creatures. We are social not just in the trivial sense that we like company, and not just in the obvious sense that we each depend on others. We are social in a more elemental way: simply to exist as a normal human being requires interaction with other people. (Gawande, 2009)

His statement strikes at the very nature of the concept that all men instinctively strive for strong social networks.

Social interactions create social networks defined, for our purpose, as a group of individuals that consistently interact with one another. These social networks or groups (interchangeable henceforth) are typically composed of like-minded individuals who share similar interests (Fowler, 2007). The interests vary from group to group with some networks based on family connections, others on such factors as: particular sports preferences, common fields of study, same workforce, religious beliefs etc. But, all of these networks still have one common goal: the yearn to self-perpetuate.

Self-perpetuating one's social networks ensures to each member that they will not be outcaste from their group into seclusion. When a group is unified it is perceived as sound, people within the group feel safe and want to bolster that feeling. When a group is weak and divided, people within the group feel alone and isolated; they fear the group will dismantle leaving them without the social interaction they crave.

The common beliefs and interest of social groups increase individuals' likelihood of harmonizing by discussing thoughts that promote solidarity. Thus, social networks and the relationship created inside them "reinforce identity and recognition" (Lin, 1999) of a group's preconceived notions by promoting homophily, which unifies a groups positions (McPherson, Smith-Lovin, & Cook, 2001).

Homophily is defined by McPherson et al as "contact between similar people occurs at a higher rate than among dissimilar people" (2001) or, alternatively, as "the tendency for people to have [positive] ties with people who are similar to themselves in socially significant ways" ("Homophily," n.d.).

The sociological principle of homophily is the key in forging my hypothesis that more stringent disclosure laws will foster greater monetary participation amongst political actors. Actors surround themselves with other like-minded individuals who intrinsically spread and reinforce their own ideas, concepts and actions. The political actions that one member of the social network takes, such as making a campaign contribution, can, therefore, directly affect the actions of another, in this instance, encouraging another member to make a similar political donation. This is compounded when the action is well known within the group and between close members of the group (Bond et al., 2012). The contribution one member makes is like a virus, it is contagious and spreads as others in the network hear of it (Nickerson, 2008). The political decision can be transmitted from one member to another creating a cascading effect perpetuating greater involvement (Fowler, 2007).

The concept holds that social behaviors spread through knowledge of social (political) actions, here monetary contributions to political causes. Thus, the less the information divide is between the contributor and the rest of the group, the broader the contribution behavior should be within the group. In essence, the more public the contributors information is, the easier it is to access, and the more likely it is to be seen, the greater the level of participation will be by others.

Laws that require donors to divulge more information than is federally mandated and require disclosure of this information at lower monetary levels will close the informational divide. When disclosure information is readily accessible, members inside of their respective social networks will become informed of the political direction the group has taken. The knowledge will lead other members to partake in similar actions to gain better standing inside the group. The donation acts as a function of inclusiveness and comradery, which is perceived to

strengthen the group and an individual's position inside of network. This strengthening leads back to one of the basic goals of social networks, to self-perpetuate (to survive).

Betsy Sinclair's *The Social Citizen* contextualizes the theory in practical application with her case study on President Barack Obama's 2008 and 2012 elections. Individual supporters of Obama were tasked, by way of online forums, with contacting their social networks and leaning on them to financially support his cause. The Obama team supplied grassroots supporters with list of people inside of their networks that had already donated, showcasing their social network's tendency to contribute to his campaign. The actions made "political donations a social norm within these groups: a rule of behavior that imposes uniformity within the group: given the expectation of conformity, most people, preferred to conform" (Sinclair, 2012). Sinclair theorized political donations are seen as social giving under these conditions. The mechanism for giving was not politically driven; rather, it was socially stimulated behavior due to what I perceive as homophily.

La Raja's work explained that today's society is highly interconnected. The Internet has given citizens the ability to find information with a "lower transaction cost" increasing the transparency of political participation (La Raja, 2014, pg. 758; Shirky, 2008). His theory, however, took the opposite position than mine, stating that this lower transaction cost and increased public access of one's donations would "dampen participation because of the social costs it [could] impose" (La Raja, 2014).

The political watchdog site followthemoney.org substantiates La Raja's point regarding "lower transaction cost" well. It issued a comprehensive study examining disclosure laws in the US and found that 48 states allow individual contributors to be searched in an online forum for at minimum their name, address and donation size. A similar option is available at the federal level

via the website FEC.gov. New websites similar to followthemoney.org have opened up an entirely different tactic for locating individual contributors by making the search process even more accessible.

The Huffington Post's disclosure site is an exemplary example of this new paradigm. The site opens up the search criteria needed to ascertain donors' information by allowing the search to be conducted by area, rather than name. This site allows for geographical search parameters. For example, a town or zip code could be investigated. This level of disclosure has never been accessible in such an accommodating format. It further lowers the research cost of identifying an individual's political affiliations.

As previously stated, La Raja has predicted these sites, coupled with stringent disclosure laws, will have a negative effect on political participation, especially at lower donation levels. He predicts stringent disclosure laws discourage people from contributing to political causes. Potential contributors will be remissive of donating for fear of causing conflict within their social networks.

La Raja theory, however, places far too much emphasis on the minority opinion within the group. While there may be outliers of a given social network that have dissimilar views from the majority, this smaller faction will not have the clout to dissuade others from participating. The group as a whole has a tendency to promote others to contribute because of the contagious factors that were discussed earlier.

Therefore, in today's information age, individuals are more likely to choose to contribute to political causes where strict disclosure laws are implemented, leading to the following hypothesizes:

H1 – *Stricter initial disclosure laws (lower dollar thresholds for disclosure of minimal personal information such as name and address) promote greater levels of political participation through monetary contributions*

H2 – *Stricter secondary disclosure laws (lower dollar thresholds requiring disclosure of employers, occupation and type of business) promote greater levels of political participation through monetary contributions*

H3 – *Small dollar (under \$100 or \$50) donation disclosure thresholds promote greater levels of political participation through monetary contributions, contrary La Raja's findings*

H4 – *Increased accessibility to contributor's disclosed information promotes greater levels of political participation through monetary contributions*

According to my theory, individuals living in areas with more stringent disclosure laws will be prone to contributing at a higher rate, meaning the rate at which people donate not the size of their contribution. In the following analysis, I examine if stricter disclosure laws in a state induce citizens of that state to contribute at higher levels.

Second, I examine if there is any relationship between a state's level of accessibility to donor's information and its corresponding effect on individuals' decisions to contribute. I will lastly investigate if there is any alternative effect if the donation size is "small" (under \$100 or \$50) compared to larger donation sizes.

Data & Methods

To understand these questions, I drew data from the Cooperative Congressional Election Survey (CCES) an institute composed of statisticians from Massachusetts University, Amherst and Harvard University. I used their 2014 survey data composed of over 56,000 individuals. In my analysis, the sample was reduced to 40,957 individuals because of random missing values on

income, ideology, and donation behavior, in addition to dropping data obtained from Washington D.C (131 observations).¹ The D.C. data were removed because only federal laws govern the district's disclosure reporting. The analysis is based on state disclosure laws because they vary from state to state unlike the federal disclosure laws, which are constant throughout all states.

The survey was taken in two waves starting in October 2014 (Pre-Election) and ending in November 2014 (Post-Election). All surveys were conducted online using a sample matching method. This was done due to the online structure of the survey and the expansiveness of the sample frame, which was all US citizens. The matched sample method is economically efficient and derives like characteristics of a true random sample. CCES states "matched sample mimics the characteristics of the target sample. It is, as far as we can tell, representative of the target population [because it is similar to the target sample]" (CCES, 2014).

The survey asked participants if they donated to a political candidate, campaign, or political party in 2014. This question was coded into a binary yes/no variable (1/0 respectively). This measure was used as the dependent variable to analyze a citizen's decision to donate or not.

In the following analysis, four different independent variables, corresponding to the four hypotheses in the previous section, are analyzed to predict an individual's decision to donate or not. The first is the monetary threshold an individual had to contribute, at minimum, in order to trigger a law requiring them to disclose their name and address (1st Threshold). This threshold ranged from \$0.01 to \$300. The variable was kept in its original scale with a lower dollar amount representing a state with more stringent disclosure laws. Thus I expect a higher threshold to decrease the likelihood of an individual making a contribution.

¹ Further analysis is needed to determine whether or not any systematic bias is introduced into the analysis because of these missing observations.

The second independent variable measures whether or not a state has a secondary threshold at which point more information is required (2nd Threshold). The additional disclosure requires reporting of an individual's employer, occupation or principle type of business. The variable was recoded into a binary scale, 0-1, with 0 indicating a person lived in a state with no secondary threshold and a 1 indicating a person lived in a state with a secondary threshold. Creating a binary scale is the optimal way of coding the data because some states' secondary threshold is below other states' first thresholds, and because many states do not have secondary threshold. Further, the data was manipulated in multiple other fashions all-leading to same directional pattern, which will be discussed in the proceeding analysis. These include regressing only the states with secondary thresholds and dropping observations that do not have secondary threshold. For this method, the data were kept in their ordinal scale with the lowest secondary disclosure threshold being \$25 and the highest secondary threshold being \$5,000. Additionally, the data were regressed with individuals living in a state that does not have a secondary threshold given a reporting threshold higher than the highest secondary threshold (\$5,000). For example, Alaska does not have a secondary threshold so individuals living in Alaska were given a \$5,001 secondary threshold, which is \$1 above individuals living in North Dakota.

The third independent variables are created to test the small dollar hypothesis that La Raja produced in his 2013 work. The first is a \$100 threshold and the second is a \$50 threshold. The two variables are binary. For the \$50 threshold, all donations over a \$50 disclosure threshold are recoded as a 1 and all donations under or equal to \$50 are recoded as a 0. Similarly, for the \$100 threshold, all donations over a \$100 disclosure threshold are recoded as a 1 and all donations under or equal to \$100 are recoded as a 0. The transformation allows for an analysis to validate La Raja's statement that "higher thresholds attenuate the negative impact of disclosure

because they allow respondents to give smaller amounts, which preserve their anonymity” (2013).

While La Raja’s assessment included donation sizes up to a \$100 disclosure threshold, my presumption is that a \$50 threshold is a better marker for indicating any negative impact that disclosure laws may have on respondents willingness to donate, and is a more stringent test of his theory, so I test both.

The fourth independent variable is used to capture a citizen’s accessibility to disclosed information via an online portal provided by the state. The data were collected from the Center for Public Integrity (CPI), a Pulitzer Prize winning watchdog website that informs the public on a number of political activities. The CPI created an ordinal scale ranging from 0 to 100 with 100 representing a perfect score for ease of access. Each state was administered a composite score based on a number of factors, including ease of access to a contributor’s name online, if the data are accessible in bulk, etc. The measure not only controls for any bias that may occur for a citizen having a greater degree of access to public information, but also captures a tangible score to measure if easier online access to disclosed information has any bearing on an individual’s choice to donate.

A number of additional control measures are used to ensure their effects are accounted for in my model. These variables include education level, gender, income, party self-identification, race, political interest and ideological extremeness.

In the coming results section, I will use frequencies to examine the differences between state donation habits in comparison to national habits. Then use a logit regression to predict donation habits while controlling for confounding variables, which will display the relationship between donation choice and my five main independent variables.

Results & Discussion

The rate at which individuals choose to contribute to political causes is higher than some forms of political activity but much lower than other forms. Voting, for example, held a 60.2% national participation rate (US Elections Project, 2016), while political/civic volunteering produced a 4.8% participation rate reported by the Bureau of Labor Statistics in Volunteering in the US (2015). The CCES data confirms this statement showing that, on average, only 19% (+/- 1) of US citizens donated to a political cause in 2014 meaning 81% (+/- 1) of individuals chose not to partake in this form of political participation. The average was derived by dividing the total number of individuals that stated they made a donation (7991) by the total number of observations (40,957). The national average sets a base line for donation habits that can be measured against states means scores.

Table 1 below illustrates the 14 states that compose the least and most stringent reporting thresholds in the US, meaning, the states that have the lowest and highest 1st level reporting thresholds which require the contributor, at minimum, to disclose their name and address and at a maximum to additionally disclose their occupation, employer and field of employment. The donation averages per state were taken in a similar technique that was used for the national average. Individuals were grouped by the states in which they reside. The total number of individuals in each state was then divided by the number of individuals who reside in that state and declared that they made a political donation.

Lowest Threshold Levels (Most stringent reporting states)			Table 1	Highest Threshold Levels (Least stringent reporting states)		
Threshold \$ Amount	Donation Average per state	State		Threshold \$ Amount	Donation Average per state	State
0.01	39%	AK	300	17%	NJ	
0.01	29%	NM	250	20%	NE	
0.01	20%	MD	200	25%	ND	
0.01	19%	LA	200	18%	MS	
0.01	19%	FL	150	18%	IL	
0.01	17%	MI	101	19%	GA	
0.01	17%	OH	\$100	19.6%	16 Other States ²	
0.01	12%	WV	-	-	-	

The table shows a slight inverse relationship between a state's disclosure laws and donation averages per state. States with lower reporting threshold generally had higher donation averages and vice versa indicating initial support for H1, with some exceptions. Arkansas (AR) and New Mexico (NM) are excellent examples of the inverse relationship. Each of these states has a disclosure threshold of \$0.01 and they are two of the three highest donating states with 39% and 29% donation averages, respectively (Montana is the 3rd with a reporting threshold of \$35). Maryland is also above the national average with a 20% donation average. While Florida (FL) and Louisiana (LA) are not above the national average, they do meet the national standard. Leaving 3 states to fall below the national average on the Lowest Threshold Level group.

In certain states, the Highest Threshold Level category shows an inverse relationship. The grouping has four out of six of their states at or below the national 19% standard and only two

² The 16 states with a \$100 disclosure threshold are AL, CA, DE, HI, IN, KY, MN, MO, NV, OR, RI, SC, SD, TN, VT, and VA.

states slightly above the national average. Nebraska (NE) and North Dakota (ND) are the outliers holding 20% and 25%, respective, donation averages. While NE and ND do have above average donating patterns they are not nearly as high as AK (39%) or NM (29%).

There are 16 states that have a \$100 threshold level and these states average a 19.6% contribution rate, which is above the national average. When incorporating these 16 states into the analysis it is difficult to definitively conclude that lower reporting thresholds produce higher donation averages and vice versa. Further, there is little variance between each category's bottom tier states; meaning 9 of the 14 states in table 1 are at or below the 19% national donation average. This leads me to use a regression measure to validate the initial findings. Additionally, a logit regression will ensure confounding variables are not driving my results.

The relationship between threshold reporting level and donation choice in my regression models supports *H1* and *H3*. Table 2 indicates, ceteris paribus, a \$10 increase in 1st threshold reporting decreases a citizen's probability of donating by 0.2% ($p < 0.01$), supporting my initial findings in the frequencies analysis. The under \$50 and \$100 threshold models, which can be seen in Tables 3 and 4, supports *H3*. To avoid any multicollinearity issues due to the high correlation between the \$50 threshold variable, the \$100 threshold variable and the 1st threshold variable, separate models were run for the two dollar threshold amounts. When a state's threshold is below a "small" monetary value, its citizens are more inclined to donate. An individual living in a state with a threshold of \$50 or lower has a 1.6% ($p < 0.01$) higher probability of making a political donation. Further, an individual living in a state with a threshold of \$100 or lower has a 0.6% ($p < 0.1$) higher probability of making a political donation.

Citizens Choice to Make Political Contributions

Table 2

Model Variables	Coefficient	SE	Marginal Effect	SE
Threshold 1 (\$0.01-300)	(-)0.001****	0.0002	(-)0.0002 ***	0.001
Threshold 2 (no-yes)	(-)0.085**	0.036	(-)0.011**	0.005
Online Disclosure	0.002	0.008	0.0003	0.001
Income	0.126***	0.004	0.016***	0.001
Male	0.493***	0.028	0.064***	0.004
Democrat	0.465***	0.035	0.062***	0.005
Independent	0.067*	0.038	0.009*	0.005
Other Party	0.394***	0.644	0.057***	0.01
DTS	(-) 0.878***	0.14	(-) 0.085***	0.009
Black	(-) 0.254***	0.049	(-) 0.03***	0.005
Hispanic	(-) 0.525***	0.064	(-) 0.057***	0.006
Asian	(-) 0.64***	0.104	(-) 0.066***	0.008
Other Race	0.297***	0.063	0.041***	-0.01
Political Knowledge	0.489***	0.02	0.062***	0.002
Ideological extremity	0.365***	0.013	0.046***	0.002
Education	0.24***	0.01	0.03***	0.001
Constant	-4.791	0.105		

Observation = 40,957

*p ≤ .10. **p ≤ .05. ***p ≤ .01

LR chi2(16) = 5670.99

p < 0.0000

Table 3 \$50 Threshold				
Model Variables	CoEff	SE	Effect	SE
\$50 Initial Threshold	(-) 0.123***	.0272	-0.016	0.003
Online Disclosure	0.003**	0.001	0.0004	0.0001
Income	0.125***	0.004	0.016	0.0006
Male	0.494***	0.028	0.064	0.004
Democrat	0.463***	0.353	0.062	0.005
Independent	0.065*	0.038	0.008	0.005
Other Party	0.392***	0.064	0.057	0.010
DTS	(-) 0.883***	0.140	-0.085	0.009
Black	(-) 0.252***	0.049	-0.030	0.005
Hispanic	(-) 0.520***	0.064	-0.057	0.006
Asian	(-) 0.638***	0.105	-0.066	0.008
Other Race	0.301***	0.063	0.043	0.010
Political Knowledge	0.489***	0.021	0.063	0.003
Ideological Extremity	0.367***	0.014	0.047	0.002
Education	0.241***	0.009	0.031	0.001

Observations = 40,957 *p ≤ .10. **p ≤ .05. ***p ≤ .01

L2 Chi2 (14) = 5664.12

p < 0.000

Table 4 \$100 Threshold				
Model Variables	CoEff	SE	Effect	SE
\$100 Initial Threshold	(-) 0.046*	.0278	-0.006	0.003
Online Disclosure	0.003**	0.001	0.0004	0.0001
Income	0.125***	0.004	0.016	0.0006
Male	0.459***	0.028	0.064	0.004
Democrat	0.463***	0.353	0.061	0.005
Independent	0.065*	0.039	0.008	0.005
Other Party	0.388***	0.064	0.056	0.010
DTS	(-) 0.885***	0.140	-0.085	0.009
Black	(-) 0.258***	0.049	-0.031	0.005
Hispanic	(-) 0.525***	0.064	-0.057	0.006
Asian	(-) 0.656***	0.105	-0.067	0.008
Other Race	0.297***	0.063	0.042	0.010
Political Knowledge	0.489***	0.020	0.063	0.003
Ideological Extremity	0.366***	0.014	0.047	0.002
Education	0.249***	0.010	0.031	0.001

Observations = 40,957 *p ≤ .10. **p ≤ .05. ***p ≤ .01

L2 Chi2 (14) = 5646.69

$p < 0.000$

The 1st threshold's marginal effect displays that a decrease in monetary disclosure levels directly lead to a higher participation rate among citizens living in that state. When an individual has to, at minimum, disclose their name and address at a lower threshold level they are more likely to make a contribution.

We can additionally compare the proportion of individuals whom donate at the \$50 threshold level in relation to those that contribute at the \$100 threshold level. When reporting levels increase from a \$50 threshold to \$100 threshold approximately 1% of individuals' opt-out of political participation through monetary contributions. While other variables may need to be included in the analysis, at a future date, such as competitiveness of a state's elections, the overall findings of this assessment assert more stringent reporting laws lead to higher participation rates at first level thresholds, \$50 thresholds and \$100 thresholds. In essence, individuals living in states that have a lower reporting threshold promote individual speech; stringent disclosure laws do not chill speech as previously concluded.

The positive relationship between stricter disclosure laws and donation rates in the above tables not only validities my hypotheses, but suggests that we need to begin questioning the accuracy of La Raja's findings. While his experiment only captures a small snap shot it time, it seems to display an incorrect assertion. Not only does a more stringent set of disclosure laws not decrease an individual's likeliness to donate, it actually increases the predicted likelihood that citizens donate at both the \$50 and \$100 threshold levels. My findings are in direct conflict with La Raja's conclusion that "individuals refrain from making small campaign contributions or reduce their donations to avoid disclosing their identities" (2013).

The 2nd Threshold variable, however, displays an opposing finding than was expected in *H2*. A resident of a state with a secondary reporting requirement (more stringent reporting

requirement) is predicted to be 1.1% less likely to make a political donation. The Online Disclosure variable had a p value of 0.773, well above the 0.05 standard, having us fail to reject the null hypothesis for *H4* and assert there is no difference in donation patterns dependent on the ease of obtaining public disclosure information on a state implemented website. The Online Disclosure variable indicates that easier access to online disclosure information from a state provided server has no significance on donating habits.

A potential cause for the secondary threshold opposing *H2* can be derived from a cost theory explanation, which was created in the economics' field. The cost for disclosing this secondary information out-weighs the sum gain of making a donation, and therefore suppresses an individual from making that contribution. The citizenry wants a finite amount of information provided to the public, that being one's name and address, before the cost is deemed too great to make the donation. Once the secondary threshold is met the public determines the government is being too intrusive into one's private life. When the government surpasses this intrusive threshold the public becomes remissive in making political donations. They may believe the additional information holds negative repercussion to their personal and professional networks.

H4 may not hold significance because of the influx in private search engines that allow the public to more easily obtain contributors information. Websites like the Huffington Post's have created vastly better means to find a contributor. Expanding the search criteria to geographical region or party affiliation rather than an individual's name has made these sites much easier to navigate in comparison to state run websites.

The control variables have effects comparable to those of the known literature on contribution, with increases in income, education, ideological extremity and political knowledge coinciding with increases in the likelihood that a citizen will make a donation. I will only discuss

table 2's findings but all three logit models display a similar relationship. For every one level of increase in an individual's income scale (see index for scale) there is a 1.6% ($p < 0.01$) increase in their predicted probability to donate. For every additional level of education received (see index for scale) there is a 3.1% ($p < 0.01$) increase in their predicted probability to donate. A one-unit increase in a citizen's assertion of ideological extremity increases their predicted probability of making a donation by 4.6% ($p < 0.01$), based on a 4 point scale. For every additional increase in a person's political knowledge there is an increase in their predicted probability of making a donation by 6.2% ($p < 0.01$). The results also indicate that all other major race categories donate at a lower rate than Caucasians. Table 2 additionally illustrates that Democrats and Independents donated at a 6.2% ($p < 0.01$) and 0.9% ($p < 0.10$) higher predicted rate than Republicans, respectively. And, those who declined to state their party affiliation are predicted to donate at 8.5% ($p < 0.01$) lower rates than Republicans.

Conclusion

At the onset of this essay, I asked a question that had been discussed by the judiciary and legislature for some time, but has only recently been analyzed by scholars. Do disclosure laws chill speech? The empirical evidence suggests that they do not. The results presented in this study indicate that donations may actually increase as disclosure laws become more stringent, if only up to a point. While more stringent primary disclosure laws lead to a higher likelihood of donating, there appears to be an intrusion threshold at which point stricter disclosure no longer increases the likelihood of donating (the secondary threshold).

The reality of the matter is that disclosure's impact on political contributions is a vastly understudied area. It requires further research to better understand its true effects on participation. Other areas that need to be further researched include disclosure law effects over a

prolonged period of time, secondary threshold influences and how private institutions like the Huffington Post's website affect donation patterns. Because contributing is one of the three pillars of political participation, disclosure's ability to chill speech needs to be more rigorously studied.

The findings in this analysis have significant normative implications as well. Disclosure laws have been the dominant force in combating corruption in the US political system. In *Doe v. Reed*, *Citizens United v FEC* and a number of other USSC opinions, the Court has consistently ruled that disclosure laws do not contradict constitutional precedents and are efficient and less intrusive forms of legislation for deterring quid pro quo corruption. Historically, one of the main arguments against disclosure laws is that they have the ability to chill speech, which should make them unconstitutional. They would infringe on the first amendment right to freedom of speech.

The empirical evidence thus far is on the side of the judiciary. Disclosure laws are not shown to adversely affect the willingness of citizens to donate. Rather this research suggests that legislation promoting stringent disclosure laws can actually be beneficial to encouraging citizen participation; however, lawmakers must realize there may be a point beyond which citizens determine disclosure laws become too intrusive causing a decrease in contribution rates, hence a decrease in civic engagement. They must grasp the ramifications these laws hold, making conscientious legislative decisions if they want to preserve the natural rights enshrined in the US Constitution.

Further, disclosure laws carry participation consequences. The study shows that rigorous disclosure laws not only grant individuals security in their electoral system, but also encourage participation through social unity. In light of my finding, it is appropriate to ask why certain state legislators have not enacted tougher disclosure laws. States should reassess their disclosure laws

and consider drafting bills with lower 1st disclosure thresholds in anticipation that these higher standards will promote greater participation in their constituency while simultaneously promoting transparency in the governmental process.

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Indexes**Index 2**

Education	Freq
No HS	1,493
HS	
Graduate	15,703
2 Year	
Degree	12,917
4 Year	
Degree	5,349
Post-Grad	13,969

Index 1

Family Income	Freq.
< \$10,000	2,536
\$10,000 - \$19,99	4,244
\$20,000 - \$29,999	5,793
\$30,000 - \$39,999	6,043
\$40,000 - \$49,999	5,164
\$50,000 - \$59,999	5,080
\$60,000 - \$69,999	3,787
\$70,000 - \$79,999	3,917
\$80,000 - \$99,999	4,426
\$100,000 - \$119,999	3,109
\$120,000 - \$149,999	2,686
\$150,000 - \$199,999	1,681
\$200,000 - \$249,999	570
\$250,000 - \$349,999	395
\$350,000 - \$499,999	160
>\$500,000	156

Index 3

Modeled Variables	Donate	Political Interest	Ideological Extreme	Edu	Income	Male	Democrat	independent	Other Race	DTS	Black	Hispanic	Asian	Other Race	1st Threshold	2nd Threshold	\$50 Threshold	Online Disclosure
Donate	1																	
Political Interest	0.1624	1																
Ideological Extremity	0.1701	0.0185	1															
Edu	0.2219	0.0874	0.1067	1														
Income	0.2369	-0.1541	0.0523	0.3633	1													
Male	0.1473	-0.1135	0.0742	0.1185	0.1589	1												
Democrat	0.0611	-0.0365	0.0289	0.0673	-0.0318	-0.1334	1											
Independent	-0.0524	-0.007	-0.2121	-0.009	-0.0129	0.0887	-0.4998	1										
Other Party	0.049	-0.0145	0.084	0.0343	0.022	0.0919	-0.1624	-0.1325	1									
DTS	-0.0848	-0.0888	0.1132	-0.112	-0.0979	-0.0784	-0.1629	-0.1329	-0.0432	1								
Black	-0.0372	-0.0129	-0.0504	0.014	-0.0811	-0.0925	0.2511	-0.0881	-0.0483	-0.0023	1							
Hispanic	-0.0468	-0.0202	-0.0378	0.0075	-0.0228	-0.0208	0.056	-0.0224	-0.029	0.0475	-0.09	1						
Asian	-0.0236	-0.0233	-0.0555	0.0712	0.037	-0.0069	0.0175	-0.0006	-0.0171	0.0334	-0.0517	-0.0396	1					
Other Race	0.0331	0.0179	0.0176	0.0373	-0.0099	0.0312	-0.0359	0.0428	0.0775	-0.0087	-0.0705	-0.054	-0.031	1				
1st Threshold	-0.0102	0.0085	0.0151	0.0324	0.054	-0.0028	0.0226	-0.0163	0.0122	-0.0025	0.0293	0.0098	0.0412	0.0014	1			
2nd Threshold	-0.0065	0.0014	-0.0309	-0.039	-0.03	-0.004	0.0079	-0.0011	-0.0134	0.0043	-0.027	-0.0357	-0.0278	-0.0082	-0.5752	1		
\$50 Threshold	-0.0092	-0.0019	0.0189	0.0417	0.0308	-0.0042	0.0433	-0.0284	0.0113	-0.0009	0.0482	0.018	0.0615	0.0174	0.7712	-0.5849	1	
Online Disclosure	0.0213	0.0077	0.0012	0.0259	0.0342	0.0027	0.0169	0.0014	0.0054	-0.0061	0.0121	0.0167	0.0164	0.0104	-0.1298	-0.0379	-0.0416	1