

## *Financing Federal Nomination Contests in Canada – An Overview of the 2004 Experience*

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### **Abstract:**

The passage of Bill C-24 brought sweeping changes to the financing of party leadership, candidate nomination, and election contests. Many of these changes were implemented for the first time in the context of the 2004 federal election. We take advantage of the extensive financial data on contributions and expenditures associated with nomination campaigns collected by Elections Canada during the lead-up to the 2004 campaign in order to provide the first definitive and exhaustive depiction of this “secret garden” of Canada’s parties. Because of the fragmentary nature of existing evidence on nomination contests in Canada, we engage in an exploratory analysis of the spending in pursuit of a party’s nomination. We identify significant party and gender differences in the experience of nomination spending. We also ask whether intra-party conflict in the nomination process is associated with any electoral consequence in the subsequent campaign. In this respect, only the Conservatives appear to have been electorally punished when their candidates had to survive nomination contests. We think this likely reflects a local expression of the acrimony associated with the merger that produced this party in 2003. More generally, then, we conclude that the internal conflict associated with nomination contests does not generally threaten (or, for that matter, invigorate) local party associations. Apart from some growing pains as candidates adjust to the new regulatory regime, the provisions introduced in Bill C-24 have worked well in their first implementation, and that they have the potential to enhance the legitimacy and transparency of Canada’s electoral process in years to come.

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## *Introduction*

“I don't care who elects them as long as I nominate them.” William Marcy 'Boss' Tweed, Member of Congress for New York, 1853-55

In selecting those who contest elections, political parties play a key role in the legislative recruitment, a central task of any political system (Katz 2001: 278; Schattschneider 1942; Kirchheimer 1966; Jupp 1968: 58; 198; Ranney 1981; Gallagher, 1988: 2). In providing an opportunity for political participation, candidate selection is emblematic of the character of a democracy (Bille, 2001: 364; Cross, 2004: Ch. 4) and is of increasing importance at a time when links between voters and parties appear to be weakening (Shmitt and Holmberg 1995; Poguntke 1996).

Candidate selection is inextricably linked with the distribution of power within a party (Ostrogorski. 1902; Michels 1915). Nominations determine the type and quality of candidates offered to voters at election time and the character of the legislative party. (Gallagher 1988 :1; Czudnowski 1975: 219) With control of the nomination process goes control of the party (Schattschneider 1942: 64), and as such, the struggle to control the process is often the most intense organizational battle experienced by political parties (Gallagher 1988: 3).

In Canada, parties have traded-off local control of candidate selection for strict discipline within the parliamentary party as a means of negotiating the tension between an open, mobile society and relatively rigid, majoritarian legislative structures (Carty 2002; Sayers 1999).<sup>1</sup> Local party associations use nominating meetings open to party members to make their candidate selections. As in other countries, local activists jealously guard this prerogative, with participation in the selection of parliamentary candidates remaining “...one of the most politically significant of the selective benefits which parties are able to offer their members” (Scarrow et al., 2000: 134).

While most candidates are acclaimed, it is generally held that about forty percent of riding associations experience an intra-party contest to determine who will carry the party's banner in the next federal election. These local party associations are open to internal competition and vulnerable to a variety of strains and fissures. Till now, the highly local and private character of the nomination process in Canadian parties has complicated the investigation its dynamics and the development of a generalized account of its operation. Our only window on them came through academic surveys of local party officials (Carty, 1991; Carty & Erickson, 1991; Erickson, 1998; Carty and Eagles, 2005, Chapter 4).

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<sup>1</sup> Epstein suggests that it would be illogical to combine primaries, designed to make legislators independent of party, with a parliamentary system that requires cohesive legislative parties (Epstein, 1964:55). Yet given that local partisans control nominations in Canadian parties, this is very close to the situation.

With the passage of Bill C-24 in June 2003, the regulation of money in the Canadian political process profoundly changed. Coming into effect January 1<sup>st</sup>, 2004, the sweeping provisions restructured political finance in a wide variety of ways. The extensive reporting requirements of the legislation provide us with a hitherto unavailable opportunity to gaze upon this secret garden of Canadian politics that, on occasion, becomes an important locus of intra-party competition (Gallagher, 1988: 2). The legislation requires all candidates running for a party's nomination to register with Elections Canada, and all candidates who spent more than \$1000 in their nomination bid to file detailed accounts of contributions and expenditures.

Using this new source of systematic publicly collected data on nominations, we explore a series of questions concerning the nature of local nominations and the eventual electoral impacts associated with contested nominations. We begin with a brief introduction to the regulatory framework established by Bill C-24. This is followed by descriptive data on the incidence of contested nominations and the extent of nomination spending in the lead-up to the June 2004 election. We then search for patterns in the nature of nomination spending by parties and candidates, seeking to identify the kinds of settings that evoke particularly intense nomination battles. In the final section we present an analysis of the putative impact of nomination contests on the performance of the local party association in the subsequent general election campaign.

The result is the first comprehensive survey of evidence dealing with this under-explored component of Canadian nomination politics. We conclude our overview by offering some preliminary assessments of the impact and effectiveness of this regulatory effort.

### ***Bill C-24 and Nomination Contests in 2004***

While most election candidates are acclaimed and contested nominations are modest affairs with limited spending by contestants, each election produces the odd story regarding excesses surrounding some contests. And over the last twenty years, debates have raged in Canada's major parties over the pros and cons of nomination candidates selling party credentials to "instant members." Sufficient numbers of these new members, often drawn from ethnic and kinship groups associated with the candidate, create resentment when they wrest control of the local party away from the established local executives and long-term partisan activists. The 2004 election saw renewed controversy concerning the nomination process, particularly with respect to the newly formed Conservative Party. Produced by a controversial merger in 2003 of the Canadian Alliance and the Progressive Conservative parties, Conservative nomination contests were especially divisive affairs, as factions based on each of the previous rivals competed for control of the local association (Chase and Laghi, 2003: A11).

For the first time in the 2004 election, the provisions of Bill C-24 extended the umbrella of financial regulation established in 1974 to include both contributions and expenditures during the nomination process. Under the new legislation, citizens or permanent residents of Canada may contribute up to \$5,000 *in total* in a calendar year to

a registered political party and its registered electoral district associations, nomination contestants and candidates. A candidate for a party's nomination may contribute up to a further (maximum) amount of \$5,000 in support of their own candidacy. Corporations and trade unions are limited to a total of \$1,000 *in total* to a party, candidate, or nomination contestant in any calendar year. In turn, spending by contestants in a nomination fight is limited to 20% of the maximum permissible spending by candidates in the general election campaign. Any candidate spending more than \$1,000 in their bid to win a nomination is obligated to file a financial disclosure report covering contributions to and expenses associated with their campaigns.

The data collected from the 2004 election reveals that the incidence of contested nominations is actually somewhat higher than had previously been believed. Of the 1,252 nominations reported to Elections Canada, only 441 (38.1%) were filled by acclamation. Therefore, more than 60% of all riding contests featured more than one candidate – a figure half as large again as earlier studies had suggested (Carty, 1991; Carty and Eagles, 2005). This may be partially a function of the decision of many New Democrat electoral district associations not to declare a formal nomination contest, thereby absolving their nomination contestants from the obligation to register.<sup>2</sup> In addition, it seems likely that 2004 was unusual as compared to earlier elections in that the newly formed Conservative Party constituted a battleground for Alliance and PC factions struggling for local control over their new creation (see Table 1 below). In any event, it is clear that nomination contests obviously constitute an important and frequently occurring feature of Canadian party politics.

Table One presents a breakdown of these nomination contests for the four major parties. As might be expected, nomination contests were most common for the newly formed Conservatives. Only a quarter of its candidacies were filled by acclamation, and the modal Conservative association contest involved more than three candidates. Virtually the opposite was true for the BQ, where almost three-quarters of its candidates stood unopposed. Almost half of all Liberal candidates in 2004 stood unchallenged, probably reflecting its many incumbents competing for another term. These sharp partisan differences make it important to distinguish among parties when examining the dynamics of nomination contests.

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<sup>2</sup> The NDP reported nomination contests in only 167 of the 308 electoral districts where they ran candidates. In the remaining 141 electoral districts, most of which are in Quebec and Ontario, no nomination contest was declared, with nominations being taken from the floor. This appears to be a blatant effort to circumvent the legislation, as many of the electoral districts that did not report in Ontario were attractive seats for the party and it is difficult to imagine that nomination contests did not in fact occur.

**Table 1: Incidence of Nomination Contests by Party, 2004\***  
Column percentages

# of Nomination Candidates	Liberals	Conservatives	NDP	BQ
1	47	25	36	73
2	24	26	34	19
3	16	21	20	8
> 3	13	28	10	-
(N)	(441)	(551)	(159)	(74)

\* Minor party candidates (N=27) excluded.

Though the proportion of contested nominations may be greater than we had previously believed, most of these contests were relatively modest affairs. The new disclosure requirements governing nomination contests mean that we can have our first comprehensive look at the minority of nomination contests in which the candidate spends more than \$1,000. Of the 1,252 individuals who ran for party nominations in 2004 and registered with Elections Canada to that effect, only 297 (23.7 percent) spent more than \$1,000, and as a result filed detailed financial reports as required under the new legislation.

On average, these candidates spent \$5,413. To estimate average spending overall, we must make assumptions about the level of spending by those candidates who spent less than \$1,000. Although not required to do so by law, 43 candidates who spent less than \$1,000 filed returns. On average, they spent \$195. Assuming that the average nomination campaign under \$1,000 spent \$200, we can estimate that the overall average spending would be just over \$1,400. This is somewhat higher than has been reported from surveys of candidates, but it would not be terribly surprising to find that some of the 'big spenders' were not reporting their full nomination contest expenditures on surveys. Moreover, given that NDP nomination campaigns tend to involve lower spending, the 141 missing NDP contests would presumably lower this average somewhat.

In any event, the average spending for a nomination contest appears to be quite modest. It is only in the relatively rare cases of the 'big spenders' that we find the kinds of expenditures that had been rumoured to exist in the past. As Figures 1 and 2 illustrate for the Liberal and Conservative parties, even among the candidates for nomination spending more than \$1,000, it was relatively rare to spend in excess of \$10,000. Nonetheless, examination of the nomination contestant spending disclosures does demonstrate that there are a relatively small number of nomination contests in which large sums of money were spent in pursuit of a nomination.

**Table 2: Characteristics of Candidates Spending Over \$1,000**

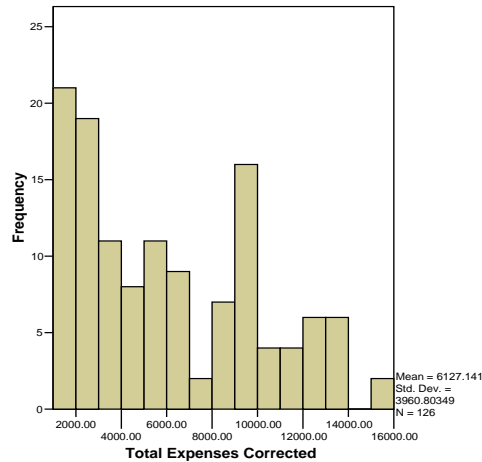
	<b>Spent Over \$1000</b>	
	<b>%</b>	<b>(n)</b>
<b>Won nomination</b>	21%	(156)
<b>Lost nomination</b>	28%	(141)
<b>Won election</b>	25%	(67)
<b>Did not win election</b>	23%	(230)
<b>Women</b>	23%	(53)
<b>Men</b>	24%	(244)
<b>Party:</b>		
<b>Liberal</b>	28%	(125)
<b>Conservative</b>	27%	(149)
<b>NDP</b>	11%	(18)
<b>BQ</b>	5%	(4)
<b>Green</b>	4%	(1)
<b>Number of Contestants:</b>		
<b>1</b>	5%	(24)
<b>2-3</b>	34%	(185)
<b>4-5</b>	36%	(64)
<b>6 or more</b>	45%	(24)

This figure assumes that all individuals who spent more than \$1,000 filed the nomination contestant disclosure report required by law (we will discuss some compliance issues below). In addition, several individuals who spent less than \$1,000 filed these reports. We excluded these reports from our analysis of this group. Table 2 lists the proportion of contenders who spent more than \$1,000 in several categories. It demonstrates that, contrary to some research (Erickson 1991; Brodie and Chandler 1991), there were no substantial differences in the propensity of male and female candidates for nomination to spend over \$1,000, nor were there differences between those individuals who went on to win a seat in Parliament and those who did not. Individuals who won their party's nomination were *less* likely to spend over \$1,000, but this reflects the lower spending of those who won their nomination unopposed.

Here also there was considerable variation across the five parties whose candidates registered their nomination contests. Only one-quarter of candidates for Liberal and Conservative nominations spent over \$1,000, as compared to only 11 percent of New Democrats and 5 percent of Bloc candidates. The factor that makes the most difference to the propensity to spend more than \$1,000 is the number of candidates contesting the nomination. Only five percent of candidates running unopposed spent more than \$1,000, as compared to one-third of candidates running in contests with between two and five contestants. In the relatively small number of races with six or more candidates, almost half spent over \$1,000.

To get a clearer portrait of nomination spending in the two largest parties, it is helpful to look at the entire distribution of values. The histograms presented in Figures 1 and 2 clearly illustrate the clustering of most candidacies at the lower end of nomination spending, with a generally diminishing number of higher spending candidates. Evidently, there are more candidates clustered at the lower end of the range, with relatively few ‘big spending’ campaigners.

**Figure 1: Total Expenditures, Liberal Contestants**



**Figure 2: Total Expenditures, Conservative Contenders**

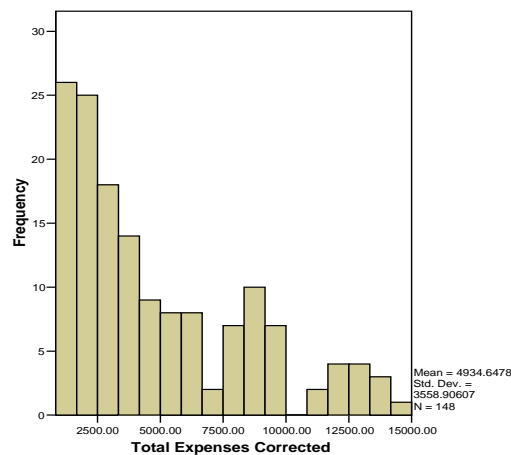


Table 3 demonstrates that there is considerable variation across the four major parties in terms of nomination spending. Liberals outspent Conservatives, who in turn outspent the four BQ contestants who reported. The lowest average expenditures are reported in the NDP, which imposes its own nomination spending limit of \$5,000, which is considerably lower than the limits imposed by the Canada Elections Act. Of course, the average is lowered by the numerous “paper associations” maintained by the party in areas where it has been traditionally weak. The figures presented in the Table indicate that in

**Table 3: Nomination Expenditures over \$1,000 by Party and Outcome**

<b>Party</b>	<b>Overall</b>	<b>Lost Nomination</b>	<b>Won Nomination</b>	<b>Won Election</b>
<b>Liberal</b>	\$6,127 (126)	\$5,753 (89)	\$7,027 (37)	\$8,259 (23)
<b>Conservative</b>	\$4,935 (148)	\$4,647 (90)	\$5,381 (58)	\$5,556 (36)
<b>NDP</b>	\$3,335 (18)	\$3,528 (14)	\$2,659 (4)	\$2,838 (3)
<b>BQ</b>	\$3,889 (4)	N/A	\$3,889 (4)	\$3,912 (2)

Note: The Won Nomination and Won Election columns are not mutually exclusive

both the Liberal and the Conservative parties, spending is apparently helpful to successfully contesting the nomination (or at least that winning candidates are able to raise more money). The differences are most marked in the Liberal party, where candidates who won their nomination spent more than \$1,000 more, on average, than those who lost. Candidates who went on to win the election spent another \$1,000 on average on top of this. In all probability, the high spending of candidates who won their election reflects the intense competition for some of the Liberal party's most promising electoral districts.

One might expect that nominations contested by multiple candidates would generate intensity and give rise to higher levels of spending as candidates strive to establish their identity in a crowded field. Table Four suggests that this is partly true in that the relationship between candidacies and spending is non-linear. The largest increase in spending arises when moving from an uncontested nomination (one candidate) and those with two to three candidates. For each of the parties, increasing the number of candidacies further produces a smaller increment of increased spending, and in the case of the Liberal Party, average nomination spending declines beyond 4-5 candidates.

**Table 4: Average Spending by Number of Contestants**

<b>Party</b>	<b>1</b>	<b>2-3</b>	<b>4-5</b>	<b>6+</b>
<b>Liberal</b>	\$4,803 (11)	\$6,072 (89)	\$6,952 (21)	\$5,448 (4)
<b>Conservative</b>	\$3,809 (8)	\$4,731 (80)	\$5,381 (43)	\$5,805 (15)
<b>NDP</b>	\$1,507 (2)	\$3,523 (12)	n/a	\$3,683 (4)

The initial impetus for regulating nomination contests came from concerns articulated by women in the Liberal Party caucus over the role that money played in discouraging women from contesting nominations. As noted above, women were no less likely than men to spend over \$1,000 in pursuing a nomination contest. Among the 22



percent of women running for nominations who filed expenditure reports, we find that on average they spent slightly less than their male counterparts. In the Liberal party, the difference was just under \$500, while in the Conservatives just over \$600. Notably, however, in the case of the Liberals, the average surplus for female candidates was larger the gender gap in spending. On closer examination, however, we find that this is due to the much larger surpluses of Liberal women who won their nominations; on average, their surpluses were \$3,667, as compared to \$710 for similarly situated men. Money appears important for women winning nominations: Liberal women who won their nomination spent \$7,555 on average, exceeding the average for men who won their nomination by some \$1,300. Among contenders for Conservative nominations, women who won outspent men by some \$300, but men who lost outspent women who lost by over \$1,800. All of this lends some credibility to the notion that money remains an obstacle for at least some women entering the political arena. For those who are successful, however, it appears not to pose a problem.

**Table 5: Total Expenditures and Surplus/Deficit by Gender and Party**

Party	Total Expenditures			Surplus/Deficit		
	Men	Women	Difference	Men	Women	Difference
<b>Liberal</b>	\$6,216	\$5,748	\$468	\$442	\$894	-\$452
<b>Conservative</b>	\$5,012	\$4,409	\$603	\$203	\$378	-\$175
<b>NDP</b>	\$2,962	\$3,919	-\$957	\$316	-\$1,434	\$1,730
<b>BQ</b>	\$4,393	\$2,376	\$2,017	-\$1,594	\$23	-\$1,617

The NDP presents an interesting case that defies expectations. On average, women contesting nominations outspent their male rivals by almost \$1,000, and did so by incurring deficits. When we examine these numbers more closely, we find that much of the difference comes in one Saskatchewan electoral district where several women ran – by NDP standards – expensive campaigns for the nomination. The party’s eventual nominee was a man.

In sum, the portrait of the nomination process that emerges from our spending data suggests that while contested nominations are more common than we had believed, generally speaking it confirms conventional wisdom that spending in these contests is generally modest. Unsurprisingly, spending is lowest in uncontested nominations, and generally increases in line with the number of contestants. Party and gender differences in spending are also apparent. Recent work on election campaigns has suggested that there is an organic link between the nature of a party’s local nomination process and the kind of campaign the successful candidate goes on to wage in the general election (Sayers, 1999). Is there any evidence that variations in the nomination process that we have uncovered are associated with electoral consequences? Next, we turn to a preliminary exploration of this question.

### *The Electoral Impact of Nomination Contests*

Ultimately, Canada's parties are interested in winning seats and forming governments. Nomination contests plausibly have the potential to help or hurt this objective. On the one hand, the ranks of party members normally swell during a contested nomination as rivals recruit supporters of their candidacy. Not only does this bring new life into the local association, but the dues collected from these new members serves as a source of revenue for the party's campaign. Alternately, however, the intra-party conflict surrounding the nomination may equally detract from the party's competitiveness by siphoning off resources and energy that could better be spent during the general election campaign itself. In some cases, the "instant members" recruited in the lead-up to the nomination meeting, many of whom have dubious or shallow partisan commitments but are chiefly supporting 'their' candidate, attract the wrath of the local association's longer-term members. Moreover, as the Sheila Copps – Tony Valeri nomination fight last year vividly illustrates, these conflicts can often be bitter and hostile affairs that are likely to have enduring negative consequences for the local association.

There is some anecdotal evidence that nomination contests have impacts on the competitive potential of local party associations. For example, in the lead-up to the 2004 election in Newton-North Delta, Liberal Sukh Dhaliwal "...signed up so many Indo-Canadians, most of them landed immigrants, that the riding had more Liberal members registered than any other in Canadian history." ("Liberals Make Good Start..." 2005). These efforts helped Dhaliwal close the 22% gap that separated the Liberals from the combined Canadian Alliance/Progressive Conservative vote in 2000. In the tight three-way 2004 general election race, Dhaliwal (31.9%) narrowly failed to unseat the incumbent Conservative, Gurmant Grewal (32.8%). This suggests that the nomination contest may have energized the local Liberal party association. However, the lower mainland of BC provides an even more striking instance of the potential perils of nomination contests. In the neighboring riding of Surry North, incumbent MP Chuck Cadman lost the Conservative nomination after the local association was flooded by 1,500 instant Indo-Canadian members, all signed up by his rival, Vancouver resident Jasbir Cheema. According to local press reports, the normal Surrey North Conservative riding association membership figure was around 300. In losing the nomination contest, Cadman was quoted as saying "I don't think it should be this way. I think you should be a member for more than two-three weeks and represent a good cross-section of the riding." (Iverson, 2004: A7) Of course, Cadman had the last laugh as he went on to win the riding in the general election. Running as an independent candidate, Cadman took 43.8% of the Surrey North vote (as compared to Cheema's 12.6% for the Conservatives).

Clearly there are potential upsides and downsides to nomination contests. On the basis of existing research, nomination contests do not have any clear-cut or uniform impact on the vitality and competitiveness of a local association and its candidate (Carty and Eagles, 2005; Chapter 4). However, there is some possibility that these equivocal results may reflect sampling error, however, resulting from the potential response bias to

academic surveys mentioned earlier. What does the picture look like when all nomination contests are accounted for?

To answer this question, a multivariate analysis is required in order to statistically control for a range of influences on party support in addition to the key variables of interest pertaining to the nomination process. The sizeable party differences uncovered above suggest that we look at the experience of each party separately. We are interested in whether the simple presence of intra-party conflict in the pre-election period is associated with any particular impact on the party's share of the vote. To capture this, we employ a dummy variable scored one for a party whenever there was more than one candidate for its local nomination. Secondly, we are interested in measuring the intensity of the nomination fight, indexed in the analysis that follows by the total dollar value of spending by all candidates for the party's nomination. We expect that intense fights in which relatively large amounts were spent would probably be expected to hurt the party, if for no other reason than that it would deplete the resource pool available for spending in the subsequent general campaign.

In order to determine whether nomination contests help or hurt a party's performance it is important to control for other known determinants of party support. For this purpose, we incorporate a variety of geographic (provincial) dummy variables to capture the well-known regional variations in party support. Ontario is excluded as the reference category, so coefficients for the provincial dummies should be interpreted as the net percentage difference between the province in question and the party's performance in Ontario. The proportion of immigrants, native French speakers, and Catholics are included to capture the ethno-linguistic bases of party support, and the proportion of university graduates and individuals in managerial and administrative positions indexes the socio-economic composition of riding electorates.

The parameter estimates for these models for each of the major parties is presented in Table 6, where the dependent variables are the respective parties share of the 2004 vote. To save space, we will not discuss patterns in the performance of the various controls, save to note that the models are quite successful in accounting for the riding-level variations in party support (explaining from about sixty to over eighty percent of the total variance). The tests of interest pertain to our two measures of nomination contestedness, namely the presence of more than one candidate for a party's nomination and the amount of nomination spending. Regarding the former, only for the Conservatives does the mere presence of multiple candidates present an impediment for the party's subsequent performance. In this newly formed party, a nomination contest 'cost' the party just under four percent of the vote in June, 2004. This seems to indicate quite clearly that the new local Conservative associations that experienced conflict in the nomination process were unable to recover in the subsequent campaign. Although the coefficients for this variable were also negative for the other three parties, in no case did these clear the conventional (.05) level of statistical significance. With respect to the

**Table 6: The Impact of Nomination Contests on Major Party Vote Shares, 2004 (OLS coefficients)\***

		<b>Liberals</b>	<b>Conservatives</b>	<b>NDP</b>	<b>BQ</b>
<b>Constant</b>		<b>20.7</b>	<b>44.3</b>	<b>25.9</b>	-12.4
<b>Political</b>	<b>Nomination Contested? (dummy)</b>	- .8	<b>-3.743</b>	-.7	-22.7
	<b>Total Nomination Spending (\$1,000s)</b>	-.09	.01	<b>1.0</b>	4.0
<b>Socio-Demographic</b>	<b>% Immigrants</b>	<b>.4</b>	<b>-.3</b>	<b>-.1</b>	<b>.5</b>
	<b>% French Mother Tongue</b>	<b>-.2</b>	.1	<b>-.3</b>	<b>1.0</b>
	<b>% Catholic</b>	<b>.2</b>	<b>-.3</b>	<b>.3</b>	<b>-.3</b>
	<b>% Managers</b>	<b>.8</b>	<b>1.5</b>	<b>-2.0</b>	<b>.6</b>
	<b>% Degrees</b>	.02	<b>-.5</b>	<b>.5</b>	<b>-.4</b>
<b>Geography</b>	<b>NF</b>	<b>15.7</b>	<b>-7.4</b>	<b>-8.1</b>	
	<b>PEI</b>	<b>16.3</b>	-2.6	<b>-15.1</b>	
	<b>NS</b>	4.2	<b>-8.3</b>	<b>4.2</b>	
	<b>NB</b>	<b>14.4</b>	.3	-2.0	
	<b>QU</b>	<b>6.4</b>	<b>-16.7</b>	<b>-11.8</b>	
	<b>MB</b>	-3.6	.6	<b>4.9</b>	
	<b>SK</b>	<b>-7.4</b>	<b>4.3</b>	-.3	
	<b>AB</b>	<b>-17.5</b>	<b>24.1</b>	<b>-8.8</b>	
	<b>BC</b>	<b>-13.8</b>	-.6	<b>11.5</b>	
	<b>North</b>	<b>7.5</b>	<b>-25.1</b>	<b>10.7</b>	
<b>Adjusted R<sup>2</sup></b>		<b>.685</b>	<b>.808</b>	<b>.587</b>	<b>.680</b>

\* Boldface coefficients indicate significant relationships at .05 level or better for a one-tailed (directional) test (t-stats of 1.65 or higher).

level of spending during the nomination period, there is no evidence that higher levels significantly detracted from the subsequent election competitiveness of parties. Indeed, contrary to expectations, the only coefficient to clear the bar for statistical significance suggests that for every thousand spent on the nomination campaign the party won an additional percent of the 2004 poll.

In general, then, the experience of contested nominations in Canada's political parties does not seem to be associated with many effects on the competitiveness of local parties and candidates in the general election. In the two instances in which significant impacts were identified, the direction of impact appears to be different in the Conservative Party (where such contests hurt the subsequent electoral performance) and the NDP (where vigorous nomination contests seem to have helped). One possibility that should be ruled out, however, is that multiple challengers present themselves for a party's nomination may be more likely in settings where the party is expected to do well. In other words, part of the impact we attribute in the regressions to a nomination contest may instead be the spurious reflection of the party's prior level of support within the community. Table 7 distinguishes the average share of a party's 2000 vote according to whether it experienced a nomination contest among several candidates in 2004. Our

expectation here is that seats in which a party underwent a nomination contest in 2004 should in general have higher mean 2000 shares of the vote than in acclaimed seats. The comparisons presented in Table 7 bear this general expectation out for each of the four main parties.

**Table 7: Constituency Competitiveness in 2000 and Nomination Contests**

	Average Liberal Vote (N)	Average Combined CA/PC Vote (N)	Average NDP Vote (N)	Average BQ Vote (N)
<b>Nomination Contest</b>	42.2 (86)	44.5 (146)	12.4 (49)	57.4 (2)
<b>Acclamation</b>	38.3 (222)	31.5 (162)	8.7 (259)	39.7 (73)

To more accurately assess the unique contribution of nomination contests to vote shares, then, it is necessary to control for a party's prior performance. Table 8, then, presents this final test. Including this additional control variable in the NDP's case

**Table 8: The Impact of Nomination Contests on Major Party Vote Shares, 2004, Controlling Prior Vote (OLS coefficients)\***

		Liberals	Conservatives	NDP	BQ
<b>Constant</b>		-2	2.3	<b>17.4</b>	<b>1.6</b>
<b>Political</b>	<b>Nomination Contested? (dummy)</b>	-.9	<b>-2.1</b>	.3	-14.3
	<b>Total Nomination Spending (\$1,000s)</b>	-.05	-.08	-.01	1.0
	<b>% 2000 Vote</b>	<b>.7</b>	<b>.9 (CA)</b>	<b>.9</b>	<b>1.0</b>
			<b>.6 (PC)</b>		
<b>Socio-Demographic</b>	<b>% Immigrants</b>	<b>.1</b>	.03	<b>-.1</b>	.1
	<b>% French Mother Tongue</b>	<b>-.1</b>	.1	<b>-.1</b>	.1
	<b>% Catholic</b>	-.01	-.03	<b>.1</b>	.001
	<b>% Managers</b>	<b>.6</b>	<b>.5</b>	<b>-.9</b>	.1
	<b>% Degrees</b>	.1	<b>-.2</b>	<b>.2</b>	-.1
<b>Geography</b>	<b>NF</b>	<b>12.2</b>	<b>5.7</b>	<b>-9.3</b>	
	<b>PEI</b>	<b>14.7</b>	2.5	<b>-11.0</b>	
	<b>NS</b>	<b>8.7</b>	.7	<b>-6.8</b>	
	<b>NB</b>	<b>13.4</b>	-2.5	-2.0	
	<b>QU</b>	<b>3.5</b>	<b>-6.2</b>	<b>-5.6</b>	
	<b>MB</b>	<b>4.2</b>	1.5	<b>-7.6</b>	
	<b>SK</b>	<b>7.1</b>	<b>-4.2</b>	<b>-13.7</b>	
	<b>AB</b>	-.6	.6	<b>-6.9</b>	
	<b>BC</b>	.5	<b>-14.0</b>	<b>6.5</b>	
	<b>North</b>	3.5	<b>-5.1</b>	<b>-6.6</b>	
<b>Adjusted R<sup>2</sup></b>		<b>.877</b>	<b>.937</b>	<b>.840</b>	<b>.931</b>

\* Boldface coefficients indicate significant relationships at .05 level or better for a one-tailed (directional) test (t-stats of 1.65 or higher).

eliminates the positive coefficient found in the prior model for nomination spending, confirming that the earlier positive coefficient was the spurious product of the fact that nomination contests in that party were themselves more likely in the party's more successful settings. With prior performance controlled, nomination contests had no significant impact on NDP support.

However, the inclusion of this control diminished, but did not eliminate, the statistically-significant negative impact of nomination contests on Conservative support in 2004. Clearly, the merger that created this party involved intra-party tensions that, when played out in the candidate selection process through contested nominations, ultimately hurt the party's general election performance in 2004. Given the absence of strong evidence that nomination contests *per se* help or hurt the electoral performance of parties in general, and in light of the lack of any significant relationship between Conservative votes and the amount spent in their contested nominations, we doubt that the party was hurt by the diversion of financial resources from its general election campaign. Rather, it seems likely that the 2.1 percent of the vote lost to the Conservatives in ridings where they experience nomination contests was the residue of the local acrimony associated with the controversial merger of the Tories and the Canadian Alliance. As such, it might be expected that this negative relationship would disappear in future elections as the new party institutionalizes at the grassroots.

### **Evaluating the Regulation of Nomination Contests**

Our exploration of the secret garden of nomination politics in Canada's parties suggests that in the great majority of cases there is little cause for concern in terms of excessive spending. However, it is equally clear that in particular situations these intra-party contests can heat up and generate a significant amount of expenditure. The intention of the regulations of nomination contests was first, to subject them to public scrutiny via disclosure requirements, and second, to level the playing field by imposing spending limits. How effectively are these objectives being realized? How compliant are candidates with the new reporting requirements?

The legislation has vastly increased the degree of transparency in nomination contests – although it is regrettable that none of the information is made available until well after the election, thereby limiting its utility for voters. That said, compliance with the legislation is spotty, at best. Of the 339 contestants who filed expenditure reports, 108 did not report the expenditure limit in their electoral district, and another 34 reported a number that was clearly incorrect. Over twenty candidates reported 0 as their total nomination contest expenditures, even though they had reported amounts spent by category. Several others incorrectly included their personal expenses in their total expenditures. In short, the quality of the data presented does not instill a great deal of confidence.

Quite remarkably, even a casual perusal of the nomination contest reports finds that candidates have reported breaking the law. These range from innocent errors – such as Scott Reid's listing of a \$20,000 contribution he made to his own nomination

campaign in the space for 2004 contributions rather than in the space for 2003 contributions, when such a contribution was still legal – to blatant infringements of the rules. These include three corporate contributions over \$1,000 reported by Liberal candidate Miles Richardson, and Liberal Michael Gaffney’s report of spending in excess of the legal limit for his nomination campaign. It is not clear whether Elections Canada is pursuing these matters.

Another matter of some concern is the decision of 141 New Democratic electoral district associations to opt out of the law by not declaring a nomination contest. Their decision, and Elections Canada’s apparent acquiescence to it, suggest a significant loophole in the legislation that must be closed if it is to be a meaningful regulatory force.

How effective were the spending limits? This is, of course, difficult to evaluate as no baseline data are available and it is impossible to determine whether the limits were respected. It is, however, possible to observe that the spending limits were potentially meaningful in a small – but presumably significant – number of nomination contests. The spending limit varied by electoral district, but generally fell between \$12,000 and \$15,000. Only 36 of the 1,252 nomination contestants who registered with Elections Canada spent over \$10,000. These largest-spending campaigns constitute less than 3 percent of all nomination campaigns, but are nonetheless significant. Table 9 lists the twenty-five contestants who spent the most in pursuit of their party’s nomination. The list includes several candidates running for nominations that were almost certain to be tickets to Ottawa. These include the Liberal nomination in Hamilton East, with Sheila Copps and Tony Valeri in a high-profile fight, several Liberal nomination in Ontario, and several Conservative nominations in Alberta. In many cases, these nomination contests were arguably more important in determining what individual would hold the seat than was the election itself. So even though the number of contests affected was relatively small, there is some evidence that spending was limited in a few high-profile and high-stakes instances.

### ***Conclusion***

The nomination of candidates is an important function of the local associations of Canada’s major parties. Our analyses in this paper have sketched out for the first time in a comprehensive fashion the financial dimension of these nomination processes. The data assembled by Elections Canada pursuant to the provisions of Bill C-24 suggest that most nominations for Canada’s major parties involve at least some intra-party competition among rival candidates, but that in most cases the intensity of this competition (indexed by spending, at least) is relatively modest. While this suggests that there was not an enormous or general problem in the experience of local nominations that necessitated the extension of the regulatory umbrella to encompass this pre-campaign activity, it is equally clear that in a minority of cases these intra-party campaigns can become quite heated and acrimonious. In this respect, opening the financial aspects of nomination campaigns to public scrutiny and control contributes to the transparency and legitimacy of this important function of local parties.

**Table 9: Twenty Highest Nomination Spenders, 2004**

	Won Nom	Won Elec	Party	Winning Party 2004	Electoral District	Limit	Amount Spent	Percent of Limit	N Contestants
Richardson, Miles G	No	No	LIB	NDP	59025 Skeena-Bulkley Valley	\$15,577	\$15,389	99%	6
Gaffney, Michael John	No	No	LIB	CONS	35012 Carleton-Mississippi Mills	\$13,381	\$15,234	114%	3
Dirks, Gordon E	No	No	CONS	CONS	48006 Calgary South Centre	\$14,504	\$14,431	99%	4
Deans, Diane	No	No	LIB	LIB	35064 Ottawa South	\$14,199	\$13,965	98%	5
Copps, Sheila	No	No	LIB	LIB	35032 Hamilton East	\$13,800	\$13,760	100%	2
<b>Prentice, Jim</b>	Yes	Yes	CONS	CONS	48003 Calgary Centre North	\$13,986	\$13,616	97%	2
<b>Day, Stockwell</b>	Yes	Yes	CONS	CONS	59020 Okanagan-Coquihalla	\$13,650	\$13,551	99%	3
Conant, Armand G.R	No	No	LIB	LIB	35022 Etobicoke Centre	\$13,716	\$13,543	99%	5
Ceci, Joseph A	No	No	LIB	CONS	48002 Calgary East	\$13,720	\$13,461	98%	2
Byers, Rick C	No	No	CONS	LIB	35060 Oakville	\$13,940	\$13,443	96%	2
<b>Anders, Rob J</b>	Yes	Yes	CONS	CONS	48008 Calgary Southwest	\$13,243	\$13,179	100%	4
Paterson, Donald	No	No	LIB	LIB	35090 Thunder Bay - Rainy River	\$14,929	\$13,131	88%	2
<b>Komarnicki, Edward</b>	Yes	Yes	CONS	CONS	47012 Souris Moose Mountain	\$14,255	\$13,098	92%	3
<b>Parrish, Carolyn</b>	Yes	Yes	LIB	LIB	35049 Mississauga Erindale	\$13,100	\$13,034	100%	2
Dechert, Robert	No	No	CONS	LIB	35049 Mississauga Erindale	\$13,100	\$12,759	97%	2
<b>Scarpaleggia, Francis</b>	Yes	Yes	LIB	LIB	24027 Lac Saint Louis	\$13,598	\$12,729	94%	3
Marcil, Carole	Yes	No	LIB	BQ	24065 Saint Lambert	\$13,658	\$12,658	93%	2
<b>Valeri, Tony</b>	Yes	Yes	LIB	LIB	35032 Hamilton East	\$13,863	\$12,635	91%	2
<b>Ambrose, Ronalee H</b>	Yes	Yes	CONS	CONS	48017 Edmonton Spruce Grove	\$13,827	\$12,628	91%	9
<b>Zed, Paul L</b>	Yes	Yes	LIB	LIB	13009 Saint John	\$12,567	\$12,471	99%	3
Cooper, Joshua	Yes	No	CONS	LIB	35089 Thornhill	\$13,239	\$12,296	93%	1
Murdock, Bruce	No	No	LIB	LIB	35063 Ottawa Orleans	\$13,677	\$12,223	89%	3
<b>Wrzesnewkyj, Borys</b>	Yes	Yes	LIB	LIB	35022 Etobicoke Centre	\$13,716	\$12,197	89%	5
<b>Reid, Scott</b>	Yes	Yes	CONS	CONS	35040 Lanark-Frontenac-Lennox	\$14,338	\$12,006	84%	2
Cornell, R Dan	No	No	CONS	CONS	35029 Haliburton-Kawartha Lakes	\$14,000	\$11,954	85%	5



Although we have only begun our exploration of nomination campaign spending, we have uncovered a number of significant variations across parties, number of candidates, and gender. We find that variations in the nomination contests of different parties had no general impact on their ability to compete in the general election campaign – for better or worse. Only the Conservatives appear to have paid an electoral price in the seats where the local nomination was contested. We think this result reflects the general consequence of specifically local imperfections in the merger of the Tory and Alliance parties. As the party institutionalizes its grassroots organizations, we expect that this relationship will fade away. Otherwise, the experience of intra-party conflict over the nomination does not appear to threaten – or on the other hand to invigorate – the capacity of grassroots party organizations to mobilize support in the general election.

In general, our analyses suggest that the introduction of regulations to the candidate nomination process has been generally successful, despite some issues of compliance appearing in a handful of cases. It is clear from the 2004 experience that the regulation of money in these intra-party contests will not necessarily diminish the acrimony and bitter contention that occasionally arises in nomination fights. However, compliance with these regulations introduces a welcome degree of transparency and legitimacy to the financing of this important aspect of the electoral process. In addition, these regulations extend the guarantee of a level playing field for candidates from the electoral process to that governing their nomination. As a result, we have further safeguards against the possibility that simply enjoying deep pockets will allow candidates to purchase success in the Canadian electoral process.

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