# Government Redistribution in the Shadow of Legislative Elections: A Study of the Illinois Member Initiative Grants Program[1]

Michael C. Herron[2]        Brett A. Theodos[3]

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[2]Assistant Professor, Department of Political Science, and Faculty Associate, Institute for Policy Research, Northwestern University. 601 University Place, Evanston, IL 60208–1006 (`m-herron@northwestern.edu`).

[3]Received B.A. in Political Science from Northwestern University in June, 2002 (`b-theodos@northwestern.edu`).

**Abstract**

Government redistribution programs designed by elected legislatures are subject to political manipulation insofar as the legislators who design such programs can use them to boost aggregate wealth levels in key electoral districts, ignore districts deemed to be of lesser importance, and so forth. In light of this general proposition, we conduct a case study of an Illinois state government program called "member initiative spending" and examine the extent to which three competing theories—two of which draw explicitly on electoral competition and one of which is apolitical—are able to explain this program's funding allocations across Illinois. Among Illinois's 118 House districts we show that member initiative monies distributed in the year and a half prior to the 2000 general election were disproportionately allocated to districts that were politically competitive, to districts represented by House legislative leaders, and to districts represented by relatively moderate legislators. We also find evidence that member initiative funds were channeled to quickly growing Illinois House districts. Overall, our empirical analysis lends support to political theories which posit that budgetary decisions made by elected officials prior to elections are tactical, and it also shows that the decision makers who allocated Illinois's member initiative spending pie prior to the 2000 general election had one eye solidly planted on upcoming political battles and another on Illinois's future development.

# 1 Introduction

One of the most important functions of democratically elected governments is wealth redistribution. Although many government redistribution programs operate at the individual level, e.g., welfare grants and related forms of social assistance to needy persons, redistribution can also take place across area-based units, e.g., legislative districts or counties, that lie within the jurisdiction of a given government. Area-based redistribution can occur when a government initiates spending projects in a select group of units under its jurisdiction while financing these projects with a jurisdiction-wide tax.

The vast majority of government redistribution programs, be they individual-based or area-based, are crafted by elected legislators and subsequently approved by an elected executive. As such, these discretionary programs are subject to political manipulation. If, to be precise, the legislators and executives who design a given redistribution program are office-seeking, then they can face electoral incentives which lead them to design redistribution programs that favor certain types of individuals or particular jurisdictional areas. Just as elected executives prior to an election can strategically use private information about policy outcomes (e.g., Canes-Wrone, Herron and Shotts 2001), both legislators and executives have opportunities when designing redistribution plans to boost aggregate wealth levels in key electoral districts, ignore districts of lesser importance, support key political allies, and so forth (Dixit and Londregan 1996).

Within the disciplines of political science and economics there is a well-established tradition of studying the interactions between electoral incentives and government policy choices. Much research on this subject focuses on executive behavior and on the extent to which elected executives try to manipulate the macroeconomy to ensure re-

election (e.g., Hibbs 1977, Tufte 1978, Rogoff 1990, Alesina, Roubini and Cohen 1997). Others have examined the role that district political partisanship has on within-district federal spending levels (Levitt and Snyder 1995), whether counties with more representatives in a state legislature receive more state transfers (Ansolabehere, Gerber and Snyder 2002), and so forth.

Here we study a state-level government redistribution program that for all intents and purposes is directed by an elected legislature—and directed in such a way that essentially removes all opportunities for executive interference and control. Thus, the redistribution program we consider is distinct from federal redistribution programs funded by the United States Congress: all such programs are subject to a presidential veto, and this type of oversight is absent in the state-level redistribution program we analyze. Indeed, the lack of executive oversight on our program of interest means that legislative behaviors associated with the program are not contaminated by attempts to ensure executive support.

The specific program on which we focus is an area-based redistribution program—details follow later—that exists in the state of Illinois. The program is called "member initiative spending," and it is one component of an Illinois-wide infrastructure development plan called the Illinois Fund for Infrastructure, Roads, Schools, and Transit (Illinois FIRST). Illinois FIRST was passed by the Illinois General Assembly in May, 1999, and it is intended to be a five-year, $12 billion spending program aimed at public works and infrastructure improvement.

Illinois FIRST member initiative spending grants, or what we simply call member initiative grants, are infrastructure development spending packages that are assigned to districts of Illinois General Assembly members. Although not cast as a redistribution program *per se*, member initiative grants take state funds and parcel them out in discrete packets to Illinois legislative districts. Thus, one potential consequence of the

Illinois member initiative grant program is that certain legislative districts in Illinois receive a greater share of the total member initiative spending pie than other districts.

The breadth of Illinois member initiative grants is extremely wide, ranging from equipment purchases (an ambulance for \$85,000 in Illinois House District 59, police vests for \$1,500 in District 63, and a firetruck for \$110,000 in District 112) to street lighting (\$40,000 in District 60), playground improvements (\$100,000 in District 79), and baseball diamond improvements (\$50,000 in District 109). Infrastructure in the context of member initiative spending is broadly defined, and in fact a number of member initiative grants have been criticized as excessively parochial by both those inside and outside of the Illinois General Assembly.[1]

The nature of the Illinois member initiative grant program—in particular, the fact that it is targeted explicitly at legislative districts across Illinois as opposed to, say, counties or towns in the state—means that the program offers an ideal laboratory for studying the interactions between electoral incentives and government policy choices. Although the specific details of the member initiative grant program may be idiosyncratic to Illinois, there are no reasons to think that the general theoretical principles that govern the program's behavior are special to this state. Indeed, all fifty American states, not to mention the United States federal government and democratic governments across the world, have elected legislatures that design area-based redistribution programs.

Moreover, the fact that Illinois's member initiative program allocates state dollars directly to legislative districts means that the program can be used to study the extent

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[1]Many highly parochial grants, some of which seem to be of questionable infrastructure value, are vividly described in "\$1.5 billion pot brims with secretive pork," *Chicago Tribune*, February 3, 2002. This article as well as "2 Accused in Scheme at Pork-rich Charities," *Chicago Tribune*, February 9, 2002, discuss various federal investigations and lawsuits associated with selected member initiative grants. Here, we take all member initiative grants at face value and ignore the possibility that some of them reflect an explicit attempt to transfer in a covert way state dollars into private coffers.

to which district electoral competitiveness affects grant distributions. Consider, in light of this comment, Ansolabehere and Snyder's (2002) research on the effect of state government partisanship on the aggregate transfers received by counties within states. Ansolabehere and Snyder show that the pro-Democratic counties in a given state receive disproportionately large transfers when the state's government changes from Republican controlled to Democratic controlled. But, they find no evidence of so-called "pivotality effects," the possibility that electorally competitive counties within states receive more funds than do counties that are electorally uncompetitive. This non-finding is important because the existence of pivotality effects is of fundamental importance to our collective understanding of the behavior of elected legislatures.

Attempts to study pivotality can be complicated by the fact that legislative districts often do not coincide with the types of districts that receive federal or state monies. In particular, because counties—the units of analysis in Ansolabehere and Snyder (2002)—are not formally represented within state legislatures, one would not expect to find that electorally competitive counties are treated differently by state redistribution programs than are comparable uncompetitive counties. This is because, to put it simply, the median voter in a county is of little import when it comes to the composition of a state legislature. In contrast, the set of median voters in a collection of state legislative districts are key individuals if pivotality effects exist. The bottom line here is that Illinois's member initiative spending program, on account of its focus on legislative districts rather than on counties or towns, provides researchers with an excellent opportunity to determine if pivotality matters are important to elected legislators.

Since its inception in May, 1999 and through early 2002, Illinois's member initiative spending program has distributed over 7,500 grants to upper chamber (Illinois Senate) and lower chamber (Illinois House) legislative districts in the state. Our study of

this distribution has three main findings. First, we show that electoral factors strongly influenced the distribution of member initiative funds to Illinois House districts between May, 1999 and November, 2000 (the month of the 2000 general election). Namely, and in contrast with Ansolabehere and Snyder's (2002) results on counties across the United States, we show that Illinois House districts which in 1999 and 2000 were politically safe in either a Democratic or Republican sense or which had uncompetitive elections in 1998 received a relatively small share of the overall member initiative spending pie. This is what one would expect if member initiative funds were strategically distributed across Illinois by politically-motivated legislative leaders in efforts to maximize their own partisan advantages in the Illinois House.

Second, we show that the legislative districts represented by a collection of twenty House leaders received a disproportionately large share of the total member initiative spending pie distributed between May, 1999 and November, 2000. This suggests that the leadership of the Illinois House took advantage of its status by using the member initiative program to benefit leadership districts.

Third and finally, we uncover evidence that quickly growing and hence relatively needy Illinois House districts received a relatively large portion of the total member initiative budget disbursed between May, 1999 and November, 2000. Thus, our analysis of the Illinois member initiative program shows that political considerations did not completely dominate the distributions made by this program.

Beyond efficiency reducing consequences—there is no reason to think that electorally competitive legislative districts in Illinois have greater infrastructure needs than politically safe districts—attention paid to electoral considerations and district competitiveness has led to racial disparities in the distribution of member initiative dollars. This is in part a consequence of the fact that solidly African-American legislative districts in Illinois (and similarly across much of the United States) tend to be associated

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with safe Democratic seats. Hence, any Illinois government spending program that for whatever reason pays more attention to competitive districts than to safe districts will practically by design pay less attention to minority-dominated districts.

Overall, then, we find that the key decision makers who determined the May, 1999 through November, 2000 distribution of Illinois member initiative funds had one eye solidly planted on future elections and another on Illinois's future development. Such a preoccupation with upcoming political battles is consistent with Dahlberg and Johansson's (2002) study of Swedish government grant-making, which found strong evidence that that Swedish government grants distributed in the spring of 1998, a few months prior to Swedish elections, were allocated in a way designed to win votes for the incumbent government. Similarly, Case (2001) shows that, among rural communes in Albania (a commune contains at least 5,000 people), politically pivotal communes received disproportionately large government block grants. For more evidence on pivotality and the importance of electoral margins see Dasgupta, Dhillon and Dutta (2001) on India, Horcasitas and Weldon (1994) and Bruhn (1996) on Mexico, and Stein and Bickers (1994) and Bickers and Stein (1996) on United States federal spending. Finally, our results on the influence of upcoming elections on government redistribution policies are consistent with evidence on the distribution of New Deal funds across the United States. Namely, Wright (1974) argues that a state's political competitiveness measured using 1932 election returns had a meaningful impact on the level of New Deal spending received by the state—but see Wallis (1987), who argues that needy states also received a disproportionate share of New Deal dollars.

Broadly speaking, our finding that electoral considerations played an important role in the distribution of member initiative funds implies that one component of the Illinois FIRST infrastructure development program is essentially a publicly funded campaign finance mechanism. This mechanism may be welfare-enhancing to Illinois as a whole,

but it is a public campaign mechanism nonetheless. It thus illustrates an inefficiency in the protocol used to redistribute resources across the state of Illinois, and in a general sense it shows how electoral competition can distort an area-based government redistribution program.

The remainder of this paper is organized as follows. Section 2 describes the Illinois member initiative spending program, and Section 3 considers the theoretical issues at stake in our study of this program. Section 4 presents results, and Section 5 concludes.

## 2   Illinois FIRST and the History of Member Initiative Spending

In 1998, then Secretary of State George Ryan won the Illinois Republican gubernatorial primary and subsequently bested Democrat Glenn Poshard in the 1998 Illinois general election. Inaugurated as the 39th Illinois governor in January, 1999, Ryan wasted little time before proposing a massive public works plan—Illinois FIRST.[2] Illinois FIRST was announced with much fanfare by Governor Ryan after a state task force revealed that significant portions of Illinois's infrastructure, including roads, bridges, and schools, were in need of serious repair. Ryan proposed to fund his $12 billion initiative with monies from state bonds, increased license fees, and so forth.[3]

The majority of Illinois FIRST funding has been allocated to the Illinois Depart-

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[2]Despite his resounding victory of 1,714,094 votes to Poshard's 1,594,191, Ryan chose not to run for re-election in 2002. Conventional wisdom in Illinois attributes this to the uncovering of a bribery scandal involving truck-driving licenses that flourished during Ryan's years as Illinois Secretary of State. During Ryan's governorship and even preceding the 1998 general election, a number of Illinois state employees were charged with extortion and related crimes associated with fixing truck-driving exams; even a very close friend of Ryan, Dean Bauer, who had been inspector general at the Illinois Secretary of State's office, was so indicted. During the investigation of the so-called licenses-for-bribes scandal, which can be traced to a trucker-related crash in 1994 near Milwaukee, Wisconsin, that killed seven individuals including six children, it was discovered that well in excess of $100,000 in bribe money had been distributed to Ryan's gubernatorial campaign fund. This scandal is summarized in "Gov. Ryan's political fall was a 'death by a thousand cuts'," *Chicago Tribune*, August 12, 2001.

[3]See "Illinois FIRST: Swing Districts Favored over Minority Areas," *The Chicago Reporter*, November/December 2001 for a brief discussion of the task force which sparked Illinois FIRST as well as comments on program funding sources.

ment of Transportation, individual school projects (around \$2 billion), and the Regional Transportation Authority. Large Illinois FIRST projects have public hearings and consequently are subjected to public scrutiny. Projects such as the renovation of Wacker Drive in Chicago and construction work on the infamous Hillside Strangler, a tangled highway intersection that is well known in the city, have received funding from Illinois FIRST.

The origin of the member initiative grant program—which is funded as part of Illinois FIRST at a level of \$1.5 billion—lies in what is best thought of as a legislature-executive logroll. This logroll was necessary because, according to conventional wisdom in Illinois, Ryan's proposed Illinois FIRST development plan was not overwhelmingly applauded. In the words of Chicago political observer John McCarron, "At first [Illinois FIRST] was a political non-starter. How do you convince some city-baiter down in Mattoon [located in central Illinois] that citizens there should pay more for license plates so Chicago can rebuild its double-decked Wacker Drive?"[4] Nonetheless, after a surprisingly short revision stage—seventeen days—the Illinois General Assembly passed Illinois FIRST in May, 1999.

As part of enticing legislators to support his newly proposed Illinois FIRST program, Governor Ryan "agreed to allow legislators to set aside a separate pot of money to be divvied up behind closed doors by [the four top legislators in Illinois]."[5] These four legislators are the majority and minority leaders of the two chambers in the Illinois General Assembly, and as such they consist of two Democrats and two Republicans. Illinois Senate Majority Leader (in the 1999–2000 session of the Illinois General Assembly) James "Pate" Philip admits that Senate Republicans initiated the idea of including unspecified sums of cash in the state budget for member initiative grants.[6]

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[4]See "Is it pork or progress? When reporters miss the story," *Chicago Tribune*, February 8, 2002.
[5]"\$1.5 billion pot brims with secretive pork," *Chicago Tribune*, February 3, 2002.
[6]See "Pork, Power, and Politics All Hiding in State Budget," *Chicago Tribune*, September 26, 1999.

It was thus agreed upon by the Illinois General Assembly and Governor Ryan that Illinois FIRST member initiative funds were to be administered through legislative party leaders. Although Illinois FIRST itself was codified by four separate pieces of Illinois state legislation, there exists no formal statute for member initiative funds. There are, relatedly, no formal procedures, no explicit bargaining rules, and so forth which specify precisely how the top four legislators in Illinois are to reach a collective decision regarding the allocation of member initiative funds. Indeed, there is no requirement that these individuals even function as a collective insofar as deciding jointly how to allocate member initiative funds. It is generally believed that the four top Illinois legislators each control a fourth of the member initiative spending pie, but there is no legal apparatus that guarantees such a division.

Moreover, member initiative grant proposals need not be subject to public hearings, and, in reference to comments above, this stands in contrast to the hearings allowed for major components of Illinois FIRST.[7] The lack of hearings in conjunction with a general sense of secrecy surrounding member initiative grants is quite striking even in Illinois, a state known for ties between money and politics and a state in which there are virtually no restrictions on campaign contributions and expenditures (Redfield 1995). Indeed, prior to the inception of Illinois FIRST and the creation of the member initiative spending program, all Illinois legislator spending proposals—what some might derisively call "pork projects"—had to be explicitly passed by the Illinois General Assembly and then signed into law by, or passed over the veto of, the sitting Illinois governor. In practice, this is not required for member initiative funding projects that exist under the aegis of Illinois FIRST.

In accordance with what are believed to be informal member initiative grant pro-

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[7]There have been local hearings on some member initiative projects, but there appears to be no law or legislative rule requiring this. See "Legislators dole district cast at will," *Chicago Tribune*, May 31, 2000.

cedures, an individual Illinois legislator can apply for a member initiative grant when he or she believes that his or her district has a particular development need. There is no legal limit on the number of member initiative grants that a single Illinois legislator can receive and there is correspondingly no limit on the aggregate member initiative funding that a legislator can be allocated. Indeed, the only formal constraint on aggregate member initiative spending by all legislators in the Illinois General Assembly is the overall member initiative budget (which, as noted above, is part of the Illinois FIRST budget).[8]

In this paper we focus solely on member initiative funds spent in Illinois House districts from May, 1999 through November, 2000.[9] This time frame starts at the beginning of the member initiative spending program and continues through the first general election that took place after the program's creation (Illinois House terms are two years and there are no overlapping terms). We focus here on member initiative funds spent before the 2000 general election because, as noted in the introduction, our objective in the broadest sense is understanding the interactions between electoral considerations and the fund allocations made by a government spending program.

Because, as pointed out earlier in this section, member initiative grants are largely informal and because the member initiative grant-making procedure lacks a firm statutory basis, tracking down all such grants is practically impossible. Consequently, for our purposes we rely on a database of member initiative grants that is maintained by the Illinois Bureau of the Budget.[10] From May, 1999 through November, 2000, mem-

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[8]Illinois legislators may even apply for member initiative grants that are outside their districts. Indeed, Illinois State Senator Dan Cronin was accused in early 2002 with seeking to fund with a member initiative grant a gazebo project that was outside his current district but within a newly drawn district that he was hoping to represent. See "District-to-be served pork too," *Chicago Tribune*, February 25, 2002 and "Lawmaker Calls Back His Gifts of Pork," *Chicago Tribune*, February 20, 2002.

[9]The Illinois General Assembly is bicameral. We study only its lower chamber (House) because the Assembly's upper chamber (Senate) is half the size of the former.

[10]We acquired this database on February 4, 2002, and the email transcript of our communications with the Bureau of the Budget is available on request. We are aware of no other multi-bureau member

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ber initiative spending as tracked by this bureau accounted for $233,000,366 across Illinois's 118 House districts.[11]

An aggravating factor in terms of our ability to track down the totality of member initiative grants lies in the fact that money allocated for these grants is often listed in the Illinois state budget as a lump sum in the budget of an executive agency such as the Department of Commerce and Community Affairs (DCCA). Lump sums, by their very nature, are hard to disaggregate. Not only does this hamper our analysis of member initiative funds, but the grouping of member initiative grants in lump sums poses difficulties for others as well, i.e., watchdog group who scrutinize the spending decisions of the Illinois state government. It has been reported that even some Illinois legislators have had difficulty figuring out where member initiative funds have been allocated![12]

Along with being a focal point for member initiative grant distributions, DCCA also has an oversight role in investigating how member initiative funds have been used. Due, however, to the large number of member initiative grants that have been funded, DCCA only requires audits of grants over $100,000, although smaller grants may still be audited. DCCA must officially approve every grant, but through May, 2000 officials in DCCA could not cite a single instance where a legislator's project request had been

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initiative database (multi-bureau in the sense of listing grants administered by the Illinois Department of Transportation, the Illinois Department of Commerce and Community Affairs, the Illinois State of Education, and so forth) beyond that assembled by the Bureau of the Budget.

[11] This figure represents grants that have been actually spent in Illinois House districts. Because there is a lag between allocation and spending, this dollar figure understates the amount of member initiative funding that had already been allocated to the 118 districts. The $233,000,366 figure is roughly consistent with the five year, $1.5 billion allocated to the member initiative grant program upon its inception. One-fifth of one-half of this pot of money (half of which is presumably sent to Illinois Senate districts) is $150 million, and the May, 1999 through November, 2000 time period is approximately 1.5 years. Based on such rough calculations, we would expect to see $225 million spent in House districts through the 2000 general election.

[12] This was the conclusion of "Illinois FIRST: Swing Districts Favored over Minority Areas," *The Chicago Reporter*, November/December 2001. This newspaper analysis also reported that some Illinois legislators were surprised to learn of member initiative grant inequities across legislative districts only after such inequities had been approved by Illinois legislative leaders.

denied.[13]

A noteworthy aspect of the Illinois member initiative spending program is the existence of a group of four key legislators and the fact that these lawmakers can allocate member initiative grants with effectively no oversight.[14] These legislators, by virtue of the legislature-executive logroll that created member initiative funds, have tremendous power over how member initiative funds are allocated, and this power is the basis of our treating the member initiative spending program as purely legislature-based rather than executive-based (or rather than legislature-based subject to a meaningful executive veto). Although the member initiative allocation decisions of the four key Illinois legislators, known colloquially within the state as the "Four Tops," are in theory subject to oversight, in practice almost no oversight is conducted. Rather, if one member of the Four Tops decides to fund a given member initiative grant proposal, then the grant is funded subject only to budgetary constraints.

The Four Tops' power over member initiative funds is not anomalous and in fact is simply an apt illustration of the influence that these legislators have in Springfield, the capitol of Illinois. Indeed, Redfield (2001) notes that the April, 2000 Illinois state budget of approximately $49 billion was "almost exclusively a product of negotiations among the four legislative leaders and the governor. [The budget] was brought forth [to the General Assembly] and ratified in a single day... To say that the rank-and-file members of the legislature were largely irrelevant to the [budget] process would be an understatement (p. 7)."

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[13]On the lack of oversight and the lack of DCCA project rejections, see "Legislators dole district cash at will," *Chicago Tribune*, May 31, 2000.

[14]Illinois Governor George Ryan claims that he has the authority to stop member initiative spending grants but that he would not do so unless all key Illinois legislative leaders concurred on the need to do so. See "Legislators dole district cash at will," *Chicago Tribune*, May 31, 2000.

## 3  Three Theoretical Explanations for Member Initiative Grants

In this section we offer three theoretical explanations that are useful for understanding the distribution of member initiative spending dollars across Illinois. As detailed below, we call these competing explanations *functional*, *tactical*, and *self-enhancing*. This paper is, broadly speaking, a test aimed at determining which of the three general theories, or which set of them, best explains the distribution of member initiative grants across Illinois's 118 House districts between May, 1999 and November, 2000.

It is important to recognize that our three theories are general theories about the behavior of elected officials in the context of a discretionary spending program. There is nothing unique to Illinois in our application of these theories to the state's member initiative grants program just as there is nothing unique to Sweden in Dahlberg and Johansson's (2002)'s previously cited study of pre-election grants made by the Sweden government. Rather, what is special about Sweden and Illinois is the fact that their respective governments controlled spending programs that distributed resources prior to a general election directly to jurisdictional units that elect government officials.[15]

Furthermore, one reason that Illinois's member initiative spending program offers a useful venue for testing the three theories named above is that, as we detailed in the previous section, there are almost no institutional constraints on how member initiative dollars are spent. Whereas government spending programs can in theory be designed to prevent functional, tactical, or self-enhancing distributions, no such design constraints were imposed on Illinois's member initiative program. This flexibility offers the leaders who administer the member initiative program the opportunity to follow practically any creed that they choose. And, this means that the absence of any given facet of behavior associated with the Illinois member initiative spending program cannot be

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[15]A number of scholars have used Illinois as a laboratory for testing political theories. Most recently, see Adams (1996) and Wiseman (2002).

attributed to exogenous constraints. If we do not observe, say, evidence in favor of the tactical theory of member initiative fund distributions, then it logically follows that the directors of this program *chose* not to distribute member initiative dollars in a tactical manner.

## 3.1   A Functional Explanation

We say that Illinois member initiative grants are functionally distributed if the poorest or otherwise most needy legislative districts in Illinois receive the most funding from the member initiative grant program. A key aspect of functional theory is its apolitical nature. Although the legislative districts in Illinois that are relatively poor can be poor due to a variety of political factors—some districts tend to contain a disproportionate number of individuals whose financial status suffers when public welfare spending is cut—here we take legislative district status as given and thus treat functional distribution theory as entirely apolitical.

## 3.2   A Tactical Explanation

Recall that the key Illinois legislative leaders, the so-called Four Tops, who determine the distribution of member initiative dollars have almost complete autonomy when administering the member initiative grant program. In light of this, we say that the distribution of member initiative funds is tactical if these leaders take into consideration district-level electoral conditions and in particular district competitiveness when making funding decisions.

By virtue of the authority vested in the Four Tops and in accordance with Dixit and Londregan (1996) and Dixit and Londregan (1998), tactical theory would lead us to expect that member initiative funds are concentrated in key electoral districts and,

commensurately, are relatively sparse in districts that are not politically competitive (although one legislator's definition of "key" may not coincide with another's—on this point see below). Namely, if the tactical theory of grant allocations is correct, then what one might call the Democratic Tops push member initiative funds toward districts that contain important Democratic races and, correspondingly, the Republican Tops support key Republican legislators by sending to their districts a plethora of member initiative funds. In this scenario, legislative districts that are expected to feature competitive elections receive a disproportionate share of member initiative funds prior to a general election.

Because the Four Tops are divided between Democratic and Republican members, it is natural to question why the Democratic Tops might tolerate the Republican Tops supporting key Republican races since, after all, a successful Republican victory in a legislative contest is equivalent to a Democratic loss (symmetric logic applies to the Republican Tops and key Democratic races). In other words, it is natural to wonder why the tactical theory of member initiative fund distributions can hold in the context of Illinois's member initiative fund program. A simple explanation for this lies in the fact that the dominance of the Four Tops offers the opportunity for this evenly divided and tiny group of legislators to operate as a cartel.

Intuitively speaking, the tactical theory of member initiative fund distributions is feasible when applied to the Illinois member initiative grant program because, in the long run, the Democratic Tops and Republican Tops can presumably benefit from cooperation. By allowing tactical distributions that ultimately benefit Republican legislators, the Democratic Tops can effectively allow the Republican party to dominate or at least have a strong advantage in a select number of Illinois House districts. The benefit to the Democratic party of forswearing the opportunity to attack vigorously Republican candidates in all 118 House districts is that the Democratic party then has

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the opportunity to conserve member initiative funds and deploy them mainly in the districts about which they most care. In other words, the Democratic and Republican parties can for the most part maintain relative stability in the composition of the Illinois General Assembly if they can cooperate in the matter of member initiative funds.[16]

## 3.3   A Self-Enhancing Explanation

Finally, we say that member initiative funds are self-enhancing if they are allocated toward loyal Democratic and Republican legislators, regardless of whether these legislators face competitive elections. Here, the Democratic Tops push grants toward solid Democratic districts and the Republican Tops behave similarly with respect to Republican districts. In accordance with Cox and McCubbins (1986), self-enhancing member initiative funds can be thought of as investments intended to ensure that loyal partisans remain loyal. According to the self-enhancing perspective—and in contrast to the tactical distribution scenario described above—legislative districts represented by loyal Democratic or Republican lawmakers receive a disproportionate share of member initiative funds.

There is, notably, an additional facet of the self-enhancing explanation for member initiative funds, and it is a facet that focuses purely on rewarding legislative leaders. There is clearly a difference between strategically investing in a strongly partisan legislator (by sending member initiative funds to her district) to ensure that she remains loyal and, in contrast, allocating member initiative funds to the districts of the legislators who control the member initiative grant funding process. In the latter case, leaders are rewarded simply on account of their power or status.

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[16]The informal logic outlined here, in which adversaries, e.g., the Democratic and Republican parties in the Illinois General Assembly, benefit from long-run cooperation is common in studies of oligopolies. See, for example, standard oligopoly theory (e.g., Tirole 1992) or Axelrod (1985).

## 4 Results

To sort between the three competing theoretical explanations for member initiative spending introduced above—functional, tactical, and self-enhancing—we estimate a series of regressions where the unit of analysis in each regression is an Illinois House district. And for each regression the dependent variable is the natural logarithm of the total amount of member initiative funds per district resident disbursed between May, 1999 and November, 2000.[17] Before we turn to regression results, however, Figure 1 plots member initiative spending per capita for all 118 House districts in Illinois.

*** Figure 1 about here ***

Figure 1 implies that member initiative spending per capita was not even close to being constant over Illinois's 118 House districts. One can see this in the color variation across the legislative districts. Furthermore, simple descriptive statistics also testify to variance in member initiative spending per capita across legislative districts. Namely, spending per capita ranged from approximately $2.29 in District 20 to approximately $181 in District 46, and average per capita spending was $19.0 ($\hat{\sigma} = 20.2$). Median per capita spending was $14.4, and this (median much lower than the mean) suggests that a few House districts in Illinois received an unusually large share of the member initiative spending pie. Such skewness is illustrated in Figure 2, and below we comment explicitly on Illinois House Districts 22 and 46, both of which are pointed out in the figure.

*** Figure 2 about here ***

If there were little variance across Illinois's 118 House districts in member initiative spending per capita, and if the range of spending across all these districts were relatively

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[17]Since our unit of analysis is a House district, we make no allowances for the small number of cases in which a district's legislator in May, 1999 was different than the district's legislator in November, 2000.

tight, then we would have little choice but to conclude that district characteristics had little to do with the distribution of member initiative funds across Illinois. However, because there is so much variability in this distribution, it is natural to inquire as to the source of this variance.

Indeed, and as a prelude to our forthcoming regression results, Figure 1 highlights in red the legislative districts of the leaders of the Illinois House (we describe below precisely what we mean by a legislative leader). One can see from the figure that most, though certainly not all, leadership districts are associated with relatively dark colors, meaning that the districts which these leaders represent received unusually high amounts of member initiative spending per capita between May, 1999 and November, 2000. This informal result, in conjunction with the two districts identified in Figure 2—District 22, represented by Illinois House Speaker Michael Madigan (D) and District 46, represented by House Minority Leader Lee Daniels (R)—suggests that allocation decisions made in the member initiative spending program were not simply based on district infrastructure needs. Our regression models which follow shortly confirm what one might call the leadership effect that appears evident in Figures 1 and 2.

## 4.1 Measuring House District Characteristics

We assemble two collections of covariates to explain the variance of member initiative spending per capita across Illinois's 118 House districts. The first collection corresponds to the functional theory of initiative spending and the second to the tactical and self-enhancing theories. In contrast to the functional perspective, both the latter two theories of member initiative spending are inherently political insofar as they depend on elections, safe seats, preference extremism, and related factors.

### 4.1.1 Functional Covariates

The three covariates we use to measure a legislative district's functional need for infrastructure development are as follows:

- *Per capita income* is per capita income based on 1999 income data.

- *House value* is the average value of owner-occupied houses.

- *Growth* is the rate of population growth.[18]

Broadly speaking, these three covariates cover the extent to which a district is wealthy in an aggregate sense (*Per capita income* and *House value*) and the extent to which its population is expanding and thus has a large demand for infrastructure development (*Growth*).

If the distribution across Illinois's 118 House districts of member initiative spending per capita were functional in nature, then we would expect *Per capita income* and *House value* to be negatively correlated with member initiative funds per capita thus indicating that relatively wealthy legislative districts receive fewer member initiative dollars than their less wealthy counterparts. Moreover, we would also expect *Growth* to be positively correlated with member initiative spending per capita thus indicating that districts that are growing receive a disproportionate share of member initiative funding.

Although for redistricting purposes the 2000 United States census reports for each of Illinois's 118 House districts the total number of residents and the racial and gender breakdown of these persons, it does not report income or housing figures, i.e., it does not directly produce values of *Per capita income* and *House value*. We discuss in the appendix how to estimate these district-level values from publicly available census data

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[18]*Growth* is the percentage difference between the 2000 population of a district and 96,870, approximately the size of all Illinois House districts after the 1990 redistricting.

and how we deal with the measurement error caused by the fact that we have access only to estimates of *Per capita income* and *House value.*

### 4.1.2 Political Covariates

The district-level covariates we use to assess whether Illinois member initiative funds were distributed according to tactical and self-enhancing theories are as follows. Recall that we study the allocations of member initiative funds from May, 1999 through November, 2000, and these two dates are germane to several of the variables described below.

- *Unopposed* is an indicator variable that describes whether a district's 1998 Illinois House election was unopposed.[19]

- *Margin* is the difference in the number of votes between the 1998 House election winner and her first opponent divided by the total number of votes received by these two individuals.[20] By construction *Margin* is only defined for districts that had contested elections in 1998; for uncontested districts *Margin* is set at zero.[21]

- *Safe* is an indicator variable that reflects whether a given legislative seat is safe. A Democratic House seat is considered safe if in the district of the seat President Bill Clinton received at least 60% of the popular vote in the 1996 presidential election. Similarly, a Republican seat is considered safe if in the district of the

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[19]We determined which 1998 races were uncontested by consulting "Official Vote" publications of the Illinois State Board of Elections.

[20]The adjective "first" as in "first opponent" means that the definition of *Margin* ignores third-party candidates.

[21]The use of zero in the definition of *Margin* is without loss of generality. It is equivalent to interacting an *Opposed* indicator variable, i.e., one minus *Unopposed*, with a margin variable where the margin variable has arbitrary values for races that were unopposed in 1998. This means that we can only discuss the impact of changes in 1998 margins on per capita member initiative funds distributed to a district conditional on a district's having had an opposed House race in 1998.

seat President Bill Clinton received less than 40% of the popular vote in the 1996 presidential election.[22]

- *Extreme* is a measure of a legislator's preference extremism. In particular, *Extreme* is defined as the squared difference between a legislator's lifetime Illinois AFL-CIO rating and the mean lifetime AFL-CIO rating for all legislators in the 1999-2000 Illinois House (then, without loss of generality, divided by one hundred).[23]

- *Leader* is an indicator variable for whether an Illinois legislator is a House leader as defined in Joens (2000, p. 374).[24]

- *ApproChair* is an indicator variable for whether an Illinois legislator is a chairman of one of the five Illinois House appropriations committees.[25]

- *Turnout* is the general election turnout rate from 1998.

If Illinois member initiative funds were tactically distributed in 1998, then we would expect legislative districts that were unopposed in 1998 to receive a relatively low share of the member initiative pie that was distributed between May, 1999 and November, 2000, i.e., we would expect the relationship, all things equal, between *Unopposed* and member initiative spending per capita to be negative. This is because unopposed elections generally reflect dominance by either the Democratic or Republican party. When legislative leaders in 1999 and 2000 sought to infer which House seats would be

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[22] Among the 118 House districts there were 32 safe Democratic seats and 8 safe Republican seats.

[23] Lifetime Illinois AFL-CIO ratings were downloaded from http://www.ilafl-cio.org/votingrecord.htm. For districts that for whatever reason had legislator changes between January, 1999 and November, 2000, we use the AFL-CIO rating of the latter legislators.

[24] There were ten Democratic and ten Republican leaders in the 1999-2000 session of the Illinois House, and in this session the Democrats held a 62-56 majority. These twenty leaders consisted of the House Speaker, the Majority Leader, the two Deputy Majority Leaders, the five Assistant Majority Leaders, the Majority Conference Chair, the Minority Leader, the two Deputy Minority Leaders, the six Assistant Deputy Minority Leaders, and the Republican Conference Chair.

[25] See p. 378 of Joens (2000) for a list of these members.

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at risk in November, 2000, it is natural to think that they would take notice of the unopposed contests in 1998. There were 58 such contests, indicating that approximately 49% of the Illinois House races in 1998 had only one contestant.[26] Similar comments apply to districts containing politically safe seats, irrespective of whether they were contested in 1998, and also to electoral margins in contested seats. That is, tactical distribution theory would predict that *Unopposed*, *Safe*, and *Margin* are all negatively correlated with member initiative funds per capita.

Furthermore, it is logical to think that member initiative funds, if they were tactically distributed, would be concentrated in House districts that have relatively high turnout rates. Indeed, Levitt and Snyder (1995) and Ansolabehere and Snyder (2002), among others, find that increased turnout is correlated with disproportionate state transfers. There are, presumably, fewer reasons to allocate funds to districts in which few people vote than to districts with many regular voters, and hence we expect the relationship between *Turnout* and member initiative spending per capita to be positive.

In addition, and in contrast to the self-enhancing theory of funds allocations, if member initiative funds were tactically distributed then there would be a negative relationship between a legislator's level of preference extremism and the amount of member initiative funds the legislator received between May, 1999 and November, 2000. This is because extreme legislators (both left and right) need no incentives to toe pertinent party lines and also because solid Democratic (Republican) constituencies can be expected to support Democratic (Republican) incumbents regardless of the amount of member initiative funding these incumbents garner.[27]

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[26]This presumably reflects concentration of voters by party preferences rather than political apathy. There are, for example, districts in Cook County in which Republican candidates have essentially no probability of winning House seats. While races for such seats might be unopposed in the general election, they might be hotly contested in a Democratic primary.

[27]The constituency link here is not very important. Rather, since it has been alleged that the Illinois member initiative grant program allows legislative leaders to exert control over their junior colleagues so that they follow party lines, it follows that junior legislators who are already extreme partisans

However, if member initiative funds were distributed in a self-enhancing way, then there would be a positive relationship between a legislator's preference extremism and the amount of funds the legislator's district receives. This is because, according to the self-enhancing theory of initiative funds allocations, extreme legislators and constituencies get rewarded for their strident adherence to a political perspective and receive investments, so to speak, to ensure they they remain extreme (and, presumably, to demonstrate to other legislators the relative advantages of partisan loyalty).

Finally, under the rubric of self-enhancing theory is the leadership indicator *Leader*. To the extent that the self-enhancing theory is valid in somewhat of a corrupt way, we expect the twenty Illinois House leaders to receive more member initiative funds per capita than non-leaders. Similarly, we employ the indicator variable *ApproChair*, which identifies the five appropriations committee chairs in the 1999–2000 Illinois House, to see if these legislators' districts received excess member initiative monies on account of their institutional status.

## 4.2  Regression Output

We now present results based on three regression models. The first (Model 1) contains only functional covariates, the second (Model 2) contains political covariates based on tactical and self-enhancing theories of member initiative spending, and the third (Model 3) includes the complete set of both functional and political covariates.

For Models 1 and 3, both of which contain functional variables (*Per capita income* and *House value*) that are estimated from 2000 census data and hence measured with error, we include four instruments. These instruments are a district's fraction African-American, its fraction white, the fraction of the two-party vote won by the Democratic

require less control and, tactically speaking, should receive fewer member initiative dollars.

Senate candidate Carol Moseley-Braun in her 1998 losing bid for re-election, and the fraction of the two-party vote won by Glenn Poshard in his 1998 losing Illinois gubernatorial bid. These four instruments are certainly correlated with a district's per capita income—for instance, heavily black districts in Illinois tend to be relatively poor, were supportive of Moseley-Braun, and have low housing costs. Furthermore, as explained in the appendix, the measurement error in *Per capita income* and *House value* is white noise and is hence uncorrelated with the instruments.

*** Table 1 about here ***

Table 1 shows that the results from Models 1–3 are qualitatively consistent with each other. This implies, loosely speaking, that the explanatory variables in Table 1 collectively do a very good job explaining the factors which drove member initiative spending between May, 1999 and November, 2000. In light of congruence between Models 1, 2, and 3, we henceforth focus almost exclusively on the latter, the model which includes both functional and political covariates.

However, before discussing this latter model, we draw attention to one noteworthy, albeit seemingly anomalous, finding in the Model 1 column of Table 1. In particular, note that the *Per capita income* estimate from this model is statistically significant at conventional confidence levels ($t = 2.53$).

The noteworthy aspect of this estimate is that it is positive, indicating that poor Illinois House districts were allocated disproportionately few member initiative dollars. One would expect that Illinois's member initiative spending program—being ostensibly targeted at infrastructure development—would send more member initiative dollars to districts with low *Per capita income* levels. Nonetheless, we show immediately below that the *Per capita income* finding is easily rationalizable in terms of political factors and that its positive significance is spurious.

Turning now to the Model 3 functional covariates at the top of Table 1, we observe

strong evidence that district growth rate affected the per capita amount of member initiative spending that an Illinois House district received between May, 1999 and November, 2000 ($t = 2.49$). As to be expected, the growth rate effect is positive since faster growing districts should have greater infrastructure needs and hence, in a normative sense at least, should receive more member initiative dollars than relatively slower growing districts. Finally, there is no evidence that district wealth, as proxied by *Per capita income* or *House value*, is significantly related to member initiative dollars received.

We see in Table 1 very strong evidence supporting both the tactical and self-enhancing theories of member initiative fund distribution. With respect to the former, the regression estimate associated with *Safe* is negative—meaning that districts with safe or political uncompetitive seats received relatively few member initiative dollars compared to districts associated with competitive House contests—and is statistically significant at conventional confidence levels ($t = 3.05$). This presumably explains much of Model 1's significantly negative *Per capita income* finding insofar as there is a negative relationship between seat safety and district wealth, e.g., poor districts are often associated with safe Democratic seats.

Similarly, districts that had unopposed House races in 1998 received relatively few member initiative dollars between May, 1999 and November, 2000 ($t = 1.68$). And, of the complementary districts that had opposed races, those which experienced large margins in 1998 received fewer such dollars ($t = 2.43$).

The negative signs of the *Unopposed* and *Margin* estimates, like that of the *Safe* estimate, are consistent with tactical distribution theory and they are very much consistent with Stein and Bickers's (1994) and Bickers and Stein's (1996) results on discretionary spending projects funded by the United States Congress. Indeed, the signs of the *Unopposed*, *Margin*, and *Safe* estimates are intuitive if one suspects that the legislative

leaders who allocated Illinois member initiative dollars did not want to waste them, so to speak, in districts that had overwhelmingly popular House members. Here, overwhelming popularity can be reflected in a legislator's not being challenged for election (i.e., *Unopposed*), being Democratic in a heavily Democratic area (i.e., *Safe*), and so forth.

With respect to the self-enhancing theory, we see from the *Extreme* row in Table 1 that districts with extreme preference legislators received relatively few member initiative dollars ($t = 2.70$).[28] This is roughly consistent with Wiseman's (2002) finding that, *ceteris paribus*, the most extreme Illinois General Assembly candidates in the elections of 1992–1996 did not receive more campaign contributions than relative moderates. Finally, the Model 3 *Turnout* estimate in Table 1 is positive—which suggests that politically active districts receive more member initiative funds—and is almost significant at conventional confidence levels ($t = 1.78$).

The *Extreme* results contradict self-enhancing theory as articulated by Cox and McCubbins. Namely, Cox and McCubbins would posit that extreme constituencies receive excess member initiative funds as a form of investment so that these constituencies remain loyal to whatever political pole they are attracted to. The opposite of this appears to characterize the distribution of Illinois member initiative funds.[29]

Nonetheless, as we noted in Section 3, an additional aspect of our self-enhancing

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[28]A potential concern with our use in Table 1 of *Extreme* is that this variable is endogenous to member initiative spending. Suppose, as has been conjectured, that member initiative dollars are used by legislative leaders to induce loyalty in their respective caucuses. If this were the case, then legislators whose districts received a disproportionately large share of the member initiative spending pie should be relatively strong partisans. That is, we would expect *Extreme* to be positively related to member initiative spending if legislator preferences responded to, or were endogenous to, initiative grants. Since, in fact, we have found a strong negative relationship between *Extreme* and member initiative spending per capita, endogeneity of *Extreme* is unlikely to be a problem.

[29]If we redefine *Extreme* to be the absolute value of the difference between a legislator's AFL-CIO rating and the mean chamber rating, then the relationship between *Extreme* and member initiative spending remains negative (slope of -0.0143) and only loses a marginal amount of statistical significance ($t = 1.95$).

theory focuses on self-enrichment by legislative leaders. We see, notably, very strong evidence of this in Table 1's *Leader* estimates (but we uncover no evidence that the districts represented by the House appropriations chairs in Illinois disproportionately benefited from the member initiative program). In particular, the Model 3 estimate associated with *Leader* is positive and significantly so ($t = 4.49$). This means that, all things equal, the legislative districts of the twenty House leaders received a disproportionate share of the May, 1999 through November, 2000 member initiative spending pie. We saw visual evidence of this in Figure 1's map of Illinois and in the histogram of Figure 2, and we have now confirmed our visual intuition with statistical results.

Moreover, the magnitude of this leadership effect is striking. According to 2000 census figures, the districts of the twenty House leaders contain approximately 2.06 million residents. In contrast, the remaining 98 House districts contain approximately 10.4 million residents. Thus, the twenty leaders of the House represented legislative districts that held about 20% of Illinois's population.

Between May, 1999 and November, 2000, approximately $73 million in member initiative funds was spent in the leaders' twenty districts and approximately $161 million was spent in the 98 non-leadership districts. These figures imply that that districts represented by Illinois House leaders accounted for approximately 31% of the member initiative dollars spent during the May, 1999 and November, 2000 period, this despite the fact that they contain only about 20% of Illinois's population.

This suggests an interesting perspective on legislature leadership, one somewhat at odds with that articulated in Cox and McCubbins (1993). Namely, Cox and McCubbins posit, in the framework of the United States House of Representatives, that legislative leaders are selected in order to support a collective good, i.e., in order to prevent individual legislators from selfishly following their personal political incentives and in so doing generating inefficiencies. What we have shown, however, is that the leaders of

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the Illinois House function as institutional caretakers but not in the way that Cox and McCubbins would envision. Rather, the Illinois caretakers use authority to maintain their partisan positions and magnify the importance of their personal preferences. They do not, that is, mute their personal desires in order to support a collective good.

## 4.3   Qualitative Evidence on Tactical and Self-Enhancing Distributions

Standing in sharp contrast to our overwhelming statistical evidence that member initiative funds were distributed in both tactical and self-enhancing ways are claims by Illinois General Assembly members that functionality was the only criterion used to allocate these funds. For example, Steve Brown, press secretary for Illinois House Speaker Michael Madigan's, has claimed that, "[Member initiative] [m]oney was spent all over the state with no particular regard to the politics of it."

Similarly, Illinois Senate Republicans have denied that they allocate member initiative funds specifically to vulnerable state senators. Patty Schuh, press secretary for the Senate Republican leader Pate Philip, has claimed that those Senators receiving more money are merely "very in tune with their districts' needs." And, Illinois Senate Minority Leader Emil Jones has also denied supporting candidates in close races with more funds. In a written statement to the *Chicago Reporter* in response to that newspaper's analysis of member initiative funds he wrote, "[T]he Senate Democratic Caucus adamantly denies any connection between the amount of Illinois FIRST grants distributed to a particular senator and whether that senator is or was involved in a 'hotly contested race.'"

However, the sentiments expressed in the above quotations were explicitly contradicted in a discussion between Heather Loyd of the Illinois House Speakers Research

Staff and the authors.[30] According to Loyd, the House Democratic formula for member initiative spending awarded the highest amount of member initiative funding, from $1.5 to $2.5 million annually, to politically vulnerable members of the House Democratic caucus. The next largest amount, $1.2 million, went to majority leaders and appropriation chairs followed by appropriation committee members with $650,000 and simple members with $375,000.

What is noteworthy about Heather Loyd's comments is that they imply that the tactical distributions we have identified in Table 1 are *deliberate*. It is in theory plausible, even if unlikely, that politically vulnerable House members were more energetic in seeking out member initiative funds prior to the 2000 general election in light of their precarious positions. Indeed, this position was articulated by Gregg Durham, a spokesman for the House Republican leader Lee Daniels, in response to questions about politically-sensitive member initiative grants: "Incumbents who have tougher political races are usually much more active in their district... You're going to find legislators in targeted races working with mayors and trying to determine what's needed for their communities."[31]

Of course, in some sense it does not matter how the across-district inequities in member initiative funding we have identified were created, either through pressure below (by legislators) or from above (by House leaders). Nonetheless, we know from Table 1 that the Illinois House leadership endorsed tactical distributions, and we know from Heather Loyd that this endorsement, at least in the Democratic Party case, was deliberate. Thus, we know that Gregg Durham's position noted above—that which attributes tactical distributions to energetic lawmakers—is at best only a weak argument.

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[30]A memorandum of this conversation as well as a phone bill which shows the call to Heather Loyd's office are available on request.

[31]See "Pork fund a political pipeline, study says," *Chicago Tribune*, August 30, 2002.

## 4.4 Racial Consequences of Tactical Distributions

As we noted in the introduction, Illinois legislative districts with large African-American constituencies tend to be associated with relatively safe Democratic House seats. Indeed, the correlation between district-level African-American percentage and the variable *Safe* is 0.557 and it rises to 0.706 when restricting attention solely to House districts represented by Democratic legislators. One consequence of this is that there is a racial bias in the distribution of member initiative funds across Illinois.

*** Figure 3 about here ***

This is evident in Figure 3, which displays the northeast corner of Illinois (including Cook County) with Chicago highlighted for reference purposes. This figure, like the map that preceded it in Figure 1, uses color shading to describe where member initiative dollars were spent between May, 1999 and November, 2000. As before, dark colors indicate a large number of such dollars. In addition, the blue dots in Figure 3 describe the location of large African-American populations across northeast Illinois, where larger dots connote relatively large such populations.[32]

It is evident from Figure 3 that dark colors and large dots do not appear together except in a few unusual circumstances. There are, to be precise, a number of legislative districts in the figure that have sizable African-American constituencies. None of these is associated with a dark green district. Figure 3, that is, illustrates how a government spending that by design appears racially neutral can have racially divisive consequences.

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[32]Figure 3 shows only part of Illinois because a complete state map describing spending and percent African-American by House district is practically impossible to read. This is a consequence of the fact that many northeast legislative districts are much smaller in terms of physical area than their downstate counterparts.

# 5 Conclusion

We began this paper with a theoretical discussion of government redistribution and electoral incentives and then turned to a case study of the Illinois member initiative spending program. In this concluding section we first consider the Illinois-specific aspects of our findings and then offer general comments.

In terms of our case analysis, we have illuminated an intriguing dimension of Illinois politics. At face value, the state's member initiative spending program should allocate monies to the most resource-deprived areas of Illinois. We have shown, however, that the fund allocations generated by this program are strongly influenced by political factors, this despite claims to the contrary by Illinois legislators.

The influence of electoral politics on member initiative funds allocations has led to strong distributional consequences for the 118 House districts across Illinois. Since, among other things, our evidence shows that districts with politically safe House seats received a disproportionately small fraction of the member initiative spending pie, and since districts with large African-American populations are generally highly pro-Democratic in nature, it follows that districts with large minority populations were penalized in the overall member initiative spending process.

One could argue, in the vein of Keech (1995), that the member initiative program's preoccupation with electoral politics to the apparent exclusion of functional factors reflects the costs incurred by a society (Illinois) that uses elections to choose its leaders. From this point of view, disbursements of member initiative funds in attempts to sway voters are extreme versions of what Mayhew (1974) calls the "Electoral Connection." Even granting this point, our results on leadership effects—the extent to which districts represented by a group of twenty Illinois House leaders disproportionately benefited from the member initiative program—and the contradiction between

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the member initiative program's ostensible purpose (infrastructure development) and its true purpose (in part a publicly funded campaign finance mechanism) should be a cause for cynicism on the part of Illinois voters. In what is perhaps a response to citizen cynicism induced by excessively parochial member initiative grants, the Democratic and Republican candidates for Illinois governor in the November, 2002 elections publicly repudiated the member initiative program.[33]

More generally, our results reflect a test of competing theories of legislative budget allocations. We have shown, like Case (2001) and Dahlberg and Johansson (2002), among others, that the electorally-sensitive tactical allocation theory of Dixit and Londregan (1996) can be more compelling than the allocation theory of Cox and McCubbins (1986), which posits that budgetary allocations are in some sense investments in loyal partisans. Our results also have general implication for the study of legislative leaders, and in this context we have noted that Cox and McCubbins's (1993) view of such leaders—a view the emphasizes the role that leaders have in tamping down the personal preferences of individual legislators—does not apply in our analysis.

Our results on Illinois contrast with those of Ansolabehere and Snyder (2002), whose study of county-level transfers across states finds no evidence of tactical distributions. What might explain this disparity? One possibility is that the unit of analysis in Ansolabehere and Snyder—the county—is not one for which tactical distribution theory applies. As we pointed out in the introduction, the median member of a county is not necessarily a politically important person, whereas the median member of a state legislative district is.

Moreover, one notable aspect of Illinois's member initiative program is the program's lack of oversight and the lack of a veto player who can prevent individual member initiative grants from being funded. In contrast to the transfers analyzed by

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[33]See "Madigan gets 2nd slap from his party," *Chicago Tribune*, August 14, 2002.

Ansolabehere and Snyder, most of which, presumably, can be vetoed by an elected executive, member initiative decisions in Illinois are made in a dictatorial fashion by the leaders of the Illinois House and Senate. These decisions, therefore, reflect incentives that are unadulterated by institutional constraints. As such, the contrast between our results and those in Ansolabehere and Snyder may reflect differences between the institutional rules which govern the Illinois member initiative program and the rules which govern most redistribution programs within the United States. In light of this possibility, a logical direction for research on redistribution and tactical considerations is exploring the role that rules and veto pivots have on the abilities of elected legislators to act strategically.

## A  Estimating Illinois House District Characteristics with Census Block Group Data

To estimate values of *Per capita income* and *House value* for Illinois's 118 House districts, we overlay an electronic map of these districts with a map of 2000 census block groups (Illinois House district and block group shapefiles are available the from United States Census at http://www.census.gov/geo/www/cob/bdy_files.html). There are 9,850 such block groups, and this overlay enables us to calculate the polygons which represent intersections of Illinois block groups and House districts. There are 10,965 such polygons. This number is relatively close to 9,850 because most block groups fit entirely inside House districts.

To create *Per capita income*, for each 2000 census block group we calculate total income by multiplying per capita income in 1999 dollars (census block group variable P082001) by persons (variable P001001). Then we assume that this total income in uniformly distributed within the block group and allocate it to House districts by first

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distributing it to polygon intersections on the basis of area. For *House value*, we carry out a similar procedure using census variables H086001, which reports the aggregate owner-occupied house value for each census block group, and H007001, the number of owner-occupied houses in each block group.

Thus, our values of *Per capita income* and *House value* are based on aggregating 2000 census block groups up to Illinois House districts. We can also use the aggregation algorithm described above to estimate the number of residents in each Illinois House district and then compare this number to the number of residents reported in Illinois's PL 94-171 file from the 2000 census. The mean deviation between these two numbers, normalized by true district size, over Illinois's 118 House districts is -0.00105 ($\hat{\sigma} = 0.0161$) and the mean absolute deviation is 0.0113 ($\hat{\sigma} = 0.114$). This implies, roughly speaking, that our census block group to House district aggregation algorithm leads to an average error of approximately 0.1% in terms of total district residents.

Moreover, if we plot district-level population deviations, the result is a histogram that looks nicely normal (plot available on request). And, if we regress district population measurement error on the covariates in Table 1, the result is a set of slope estimates of which none is significant at the 0.05 level. And, the overall F statistic from this regression has a p-value of 0.828. This leads us to conclude that the measurement error in *Per capita income* and *House value* caused by our aggregation algorithm is white noise.

Figure 1: Distribution of Member Initiative Funds per Capita in Illinois House Districts



**Spending per capita**

- 2.3 – 11.9
- 12.0 – 26.8
- 26.9 – 72.9
- 73.0 – 180.7
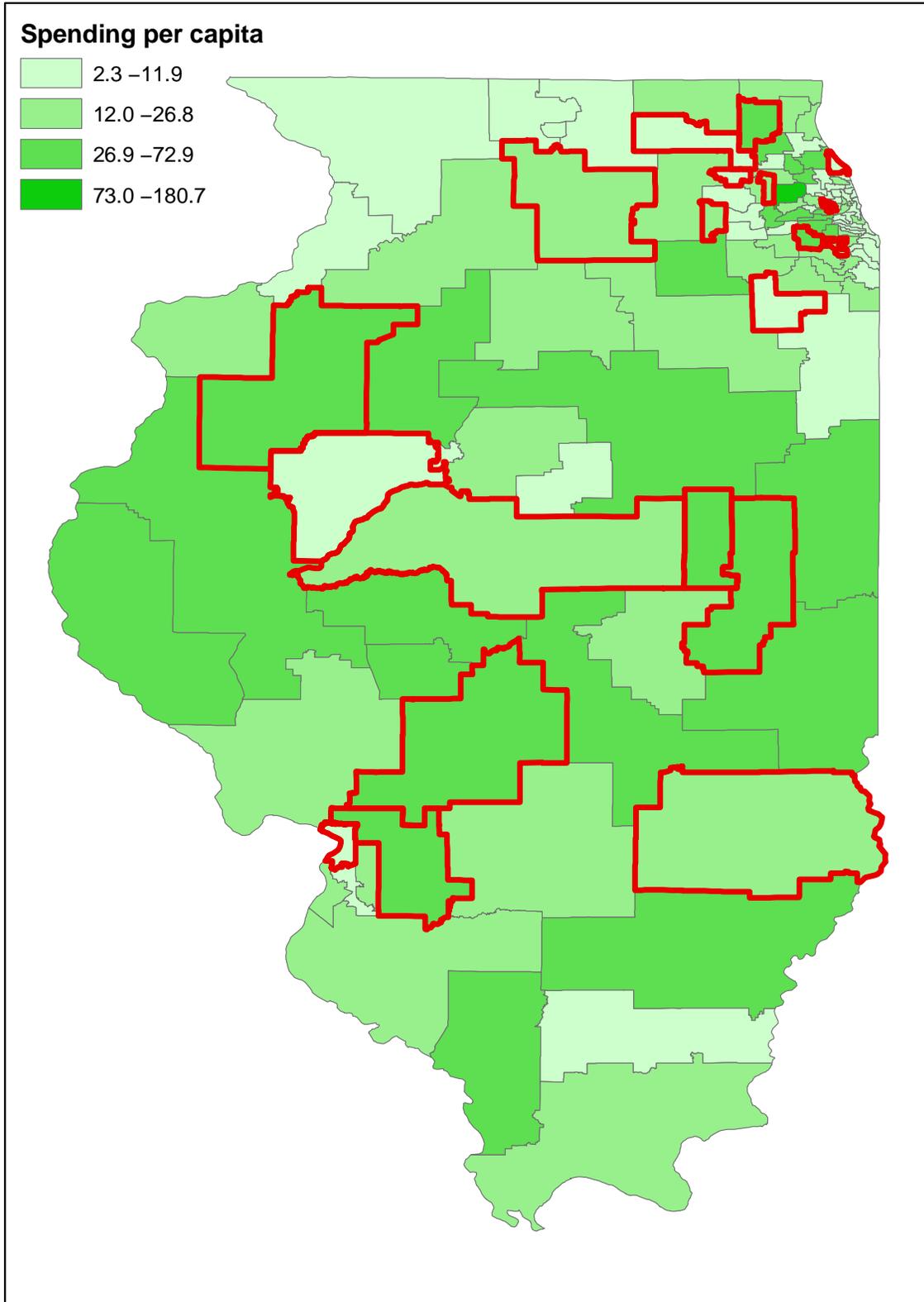
Figure 2: Histogram of Member Initiative Spending per Capita in Illinois House Districts
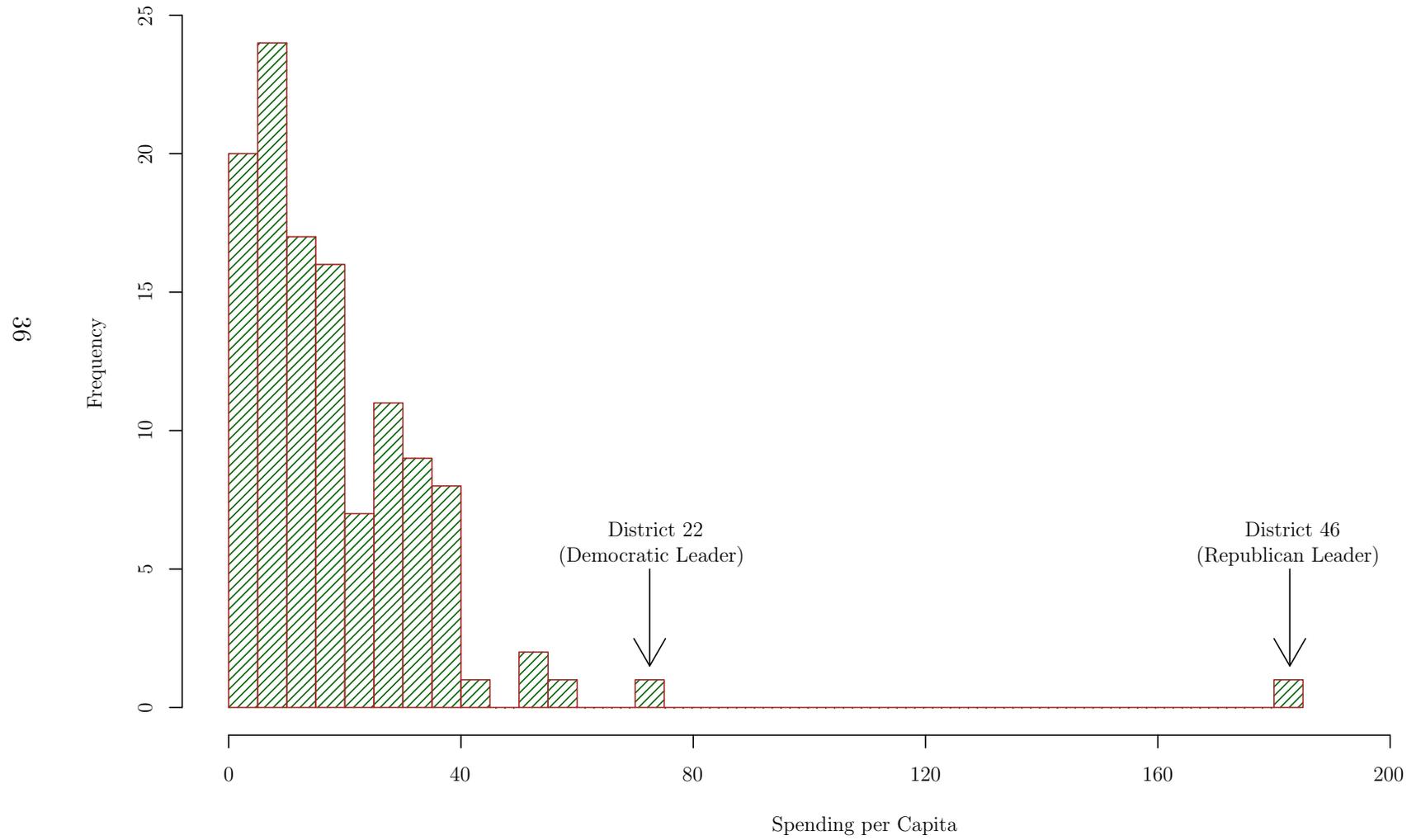
Figure 3: Member Initiative Spending per Capita and Percent African-American



**Spending per capita**
- 2.3 – 11.9
- 12.0 – 26.8
- 26.9 – 72.9
- 73.0 – 180.7

**Percent African-American**
- 0.3% – 6.5%
- 6.6% – 14.3%
- 14.4% – 36.3%
- 36.4% – 78.8%
- Chicago

Wisconsin

Indiana
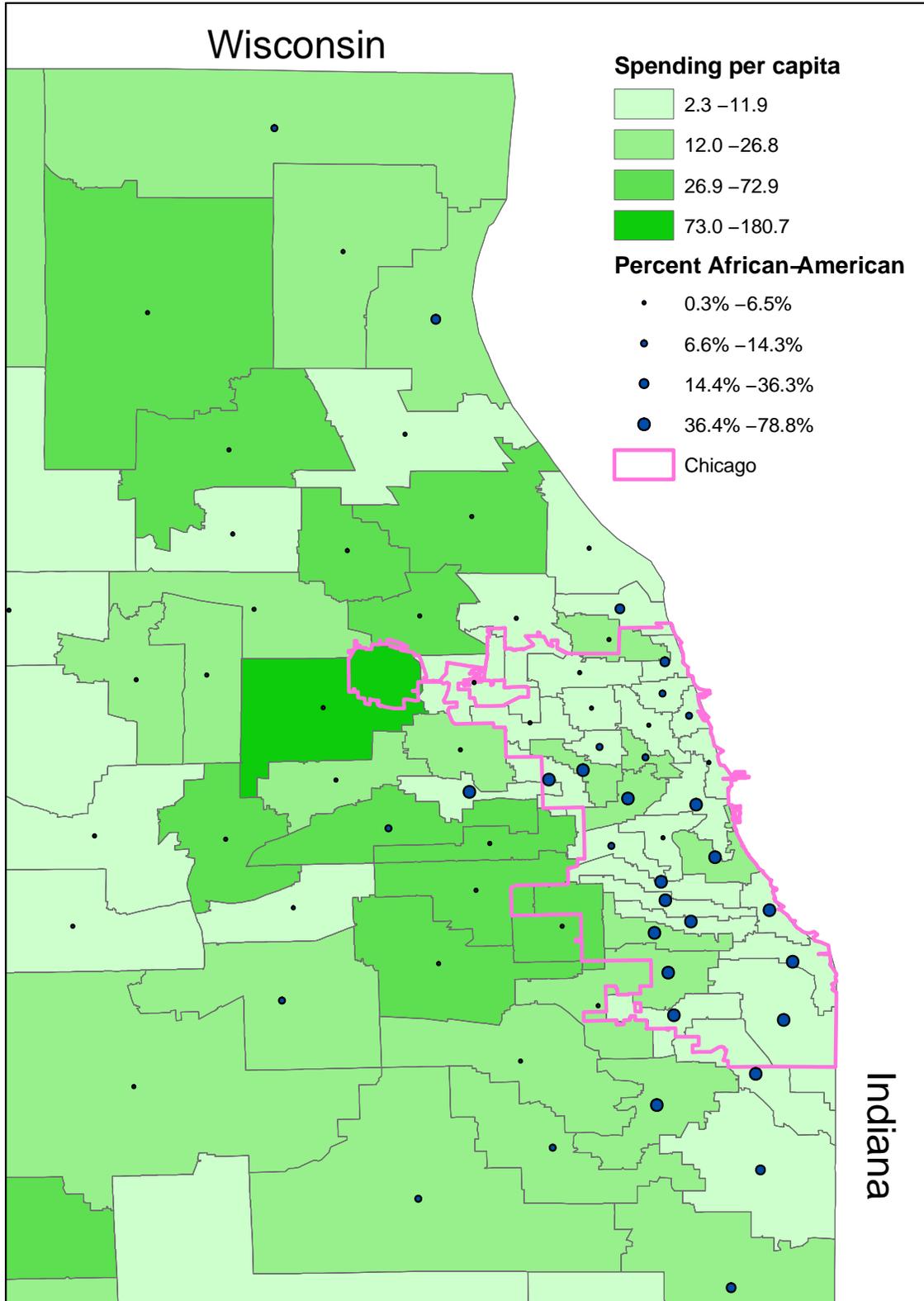
Table 1: Factors Affecting the Distribution of Member Initiative Spending ($n = 118$)

| Variable | Model 1 | Model 2 | Model 3 |
|---|---|---|---|
| Intercept | 2.36*** | 3.03*** | 2.27*** |
| | (0.258) | (0.552) | (0.754) |
| *Per capita income* | 0.444** | — | -0.358 |
| | (0.175) | | (0.252) |
| *House value* | -0.0571*** | — | 0.0147 |
| | (0.0189) | | (0.0257) |
| *Growth* | 0.145 | — | 0.0250** |
| | (0.0101) | | (0.0101) |
| *Unopposed* | — | -0.546*** | -0.398* |
| | | (0.195) | (0.237) |
| *Margin* | — | -1.26*** | -1.03** |
| | | (0.357) | (0.423) |
| *Safe* | — | -0.497*** | -0.713*** |
| | | (0.156) | (0.234) |
| *Extreme* | — | -0.0261*** | -0.0252*** |
| | | (0.00857) | (0.00934) |
| *Turnout* | — | 0.00658 | 0.0271* |
| | | (0.0102) | (0.0153) |
| *ApproChair* | — | -0.192 | 0.234 |
| | | (0.327) | (0.383) |
| *Leader* | — | 0.901*** | 0.866*** |
| | | (0.187) | (0.193) |
| $\sigma$ | 0.885 | 0.698 | 0.781 |
| $R^2$ | 0.0201 | 0.392 | 0.297 |

Note: Huber-White standard errors in parentheses;
*** denotes $p < 0.01$, ** $p < 0.05$, and * $p < 0.10$

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