Background

Campaign finance in the United States has been a hot topic for a long time, even before the Supreme Court lifted limits on spending by outside groups in the highly publicized Citizens United[[1]](#footnote-1) ruling. There have been countless attempts to reform this system, ever since the Naval Appropriations Bill of 1867, which prohibited government employees from soliciting donations from navy yard workers[[2]](#footnote-2). And as the sums of money involved continue to grow (individuals contributed more than $3 billion to federal candidates in the 2012 election cycle[[3]](#footnote-3)), calls for reform also grow louder. Proponents of campaign finance reform, like Senator (and 2016 presidential candidate) Bernie Sanders (D – VT), argue that campaign contributions are a form of “legalized bribery,”[[4]](#footnote-4) where contributors expect to see a return on their investment in the form of friendly policy. This idea enjoys widespread acceptance on both sides of the aisle; as Republican presidential candidate Donald Trump put it in a recent debate, “When you give, they do whatever the hell you want them to do.”[[5]](#footnote-5)

We constructed a dataset consisting of election results, campaign finance data, and stock values, and set out to answer the following questions:

1. Do campaign contributions predict electoral success?
2. Do campaign contributions predict an industry’s stock market performance?
3. Are there differences in who contributes to Republicans and Democrats?

1. "Citizens United v. Federal Election Commission." *Oyez.* Chicago-Kent College of Law at Illinois Tech, n.d. Nov 30, 2015. <https://www.oyez.org/cases/2008/08-205> [↑](#footnote-ref-1)
2. https://ballotpedia.org/History\_of\_campaign\_finance\_reform [↑](#footnote-ref-2)
3. http://www.fec.gov/press/press2013/20130419\_2012-24m-Summary.shtml [↑](#footnote-ref-3)
4. http://www.sanders.senate.gov/newsroom/recent-business/sanders-proposes-public-funding-of-elections-to-replace-corrupt-system-of-legalized-bribery\_-- [↑](#footnote-ref-4)
5. https://theintercept.com/2015/08/07/donald-trump-buy/ [↑](#footnote-ref-5)