

Transparency or Deception? How Rejecting PAC Contributions Affects Contribution Patterns

Nicholas R. Jenkins

Department of Political Science
University of California, Riverside
nicholas.jenkins@email.ucr.edu

April 25, 2020



Motivation

POLITICS

Why So Many Democratic Candidates Are Dissing Corporate PACs

Their pledge not to accept money from business entities is mostly symbolic. But voters can expect to hear it a lot more often in elections to come.

The Verdict Is In: Rejecting Corporate Cash Wins Elections

Dozens of Democratic House candidates touted their rejection of corporate PAC donations, helping them raise individual contributions and oust incumbents.

NOV 15, 2018 5:48PM EST

2018 MIDTERMS



Alex Kotch @alexkotch

Investigative reporter and extreme money-in-

EDITED BY JOSEFA VELASQUEZ

Motivation

ELECTIONS

Corporate America hikes contributions to key Democrats

The shift, driven by rising expectations of a change in House control, could exacerbate tension among liberals over corporate PACs.

By THEODORIC MEYER | 08/05/2018 07:00 AM EDT

Democrats Who Swore Off Corporate Campaign Donations Are Still Getting a Boost From Big Money



Libby Watson

11/02/18 1:29PM • Filed to: CAMPAIGN FINANCE ✓

93

2



OPENSECRETS NEWS

Democrats are rejecting corporate PACs: Does it mean anything?

By Karl Evers-Hillstrom | December 7, 2018 3:14 pm

Motivating individuals?

Hypothesis 1

Candidates that pledge to reject corporate PAC contributions will receive an increase in individual small-dollar donations.

- People generally hold negative views of money in politics (Lubenow 2001)
- Funding sources might affect voter perceptions of candidates (Bowler and Donovan 2016)
- Pledging to reject corporate PAC money might signal trustworthiness
- Discussions of these pledges and requests for small-dollar donations go hand-in-hand

Motivating individuals?

Hypothesis 1

Candidates that pledge to reject corporate PAC contributions will receive an increase in individual small-dollar donations.

- People generally hold negative views of money in politics (Lubenow 2001)
- Funding sources might affect voter perceptions of candidates (Bowler and Donovan 2016)
- Pledging to reject corporate PAC money might signal trustworthiness
- Discussions of these pledges and requests for small-dollar donations go hand-in-hand

Motivating individuals?

Hypothesis 1

Candidates that pledge to reject corporate PAC contributions will receive an increase in individual small-dollar donations.

- People generally hold negative views of money in politics (Lubenow 2001)
- Funding sources might affect voter perceptions of candidates (Bowler and Donovan 2016)
- Pledging to reject corporate PAC money might signal trustworthiness
- Discussions of these pledges and requests for small-dollar donations go hand-in-hand

Motivating individuals?

Hypothesis 1

Candidates that pledge to reject corporate PAC contributions will receive an increase in individual small-dollar donations.

- People generally hold negative views of money in politics (Lubenow 2001)
- Funding sources might affect voter perceptions of candidates (Bowler and Donovan 2016)
- Pledging to reject corporate PAC money might signal trustworthiness
- Discussions of these pledges and requests for small-dollar donations go hand-in-hand

Motivating individuals?

Hypothesis 1

Candidates that pledge to reject corporate PAC contributions will receive an increase in individual small-dollar donations.

- People generally hold negative views of money in politics (Lubenow 2001)
- Funding sources might affect voter perceptions of candidates (Bowler and Donovan 2016)
- Pledging to reject corporate PAC money might signal trustworthiness
- Discussions of these pledges and requests for small-dollar donations go hand-in-hand

Parties with their fingers crossed?

Hypothesis 2

Candidates that reject corporate PAC money will receive more contributions from partisan sources.

- Why not reject all PAC money?
- Taking the pledge is also risky
- Will political parties just hope that their candidates raise enough money?
 - Parties give strategically! (Wilcox 1989; Currinder 2003; Herrnson 2009)

Parties with their fingers crossed?

Hypothesis 2

Candidates that reject corporate PAC money will receive more contributions from partisan sources.

- Why not reject all PAC money?
- Taking the pledge is also risky
- Will political parties just hope that their candidates raise enough money?
 - Parties give strategically! (Wilcox 1989; Currinder 2003; Herrnson 2009)

Parties with their fingers crossed?

Hypothesis 2

Candidates that reject corporate PAC money will receive more contributions from partisan sources.

- Why not reject all PAC money?
- Taking the pledge is also risky
- Will political parties just hope that their candidates raise enough money?
 - Parties give strategically! (Wilcox 1989; Currinder 2003; Herrnson 2009)

Parties with their fingers crossed?

Hypothesis 2

Candidates that reject corporate PAC money will receive more contributions from partisan sources.

- Why not reject all PAC money?
- Taking the pledge is also risky
- Will political parties just hope that their candidates raise enough money?
 - Parties give strategically! (Wilcox 1989; Currinder 2003; Herrnson 2009)

Parties with their fingers crossed?

Hypothesis 2

Candidates that reject corporate PAC money will receive more contributions from partisan sources.

- Why not reject all PAC money?
- Taking the pledge is also risky
- Will political parties just hope that their candidates raise enough money?
 - Parties give strategically! (Wilcox 1989; Currinder 2003; Herrnson 2009)

Corporations just give up?

Hypothesis 3

Candidates that reject corporate PAC money will receive more contributions from individuals associated with business and ideological interests.

- Opportunity cost of not making contributions is very high! (Grier and Munger 1991)
- Corporations can “bundle” individual donations to candidates

Corporations just give up?

Hypothesis 3

Candidates that reject corporate PAC money will receive more contributions from individuals associated with business and ideological interests.

- Opportunity cost of not making contributions is very high! (Grier and Munger 1991)
- Corporations can “bundle” individual donations to candidates

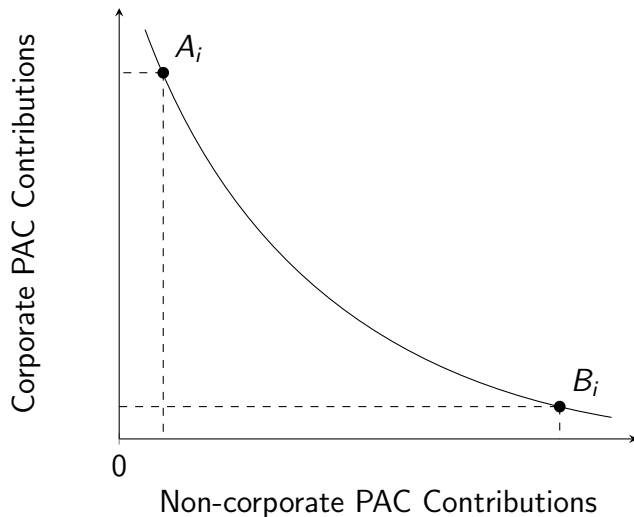
Corporations just give up?

Hypothesis 3

Candidates that reject corporate PAC money will receive more contributions from individuals associated with business and ideological interests.

- Opportunity cost of not making contributions is very high! (Grier and Munger 1991)
- Corporations can “bundle” individual donations to candidates

The Trade-off Summarized



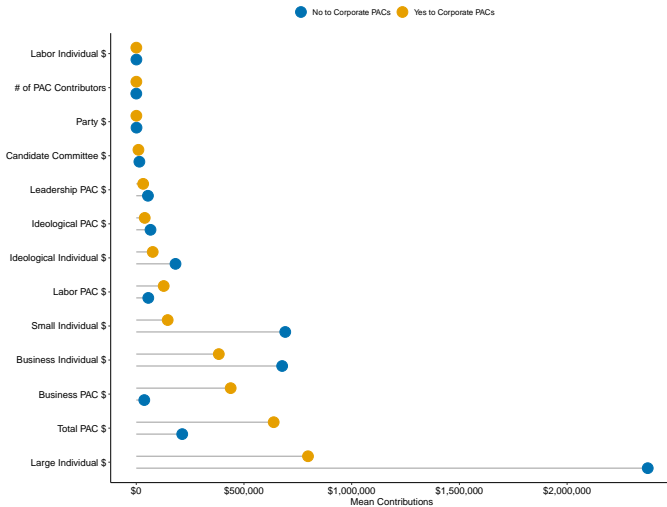
Sample Information

- Sample of candidates in the 2018 Congressional midterm election
- Only Democrats who won their election (167)

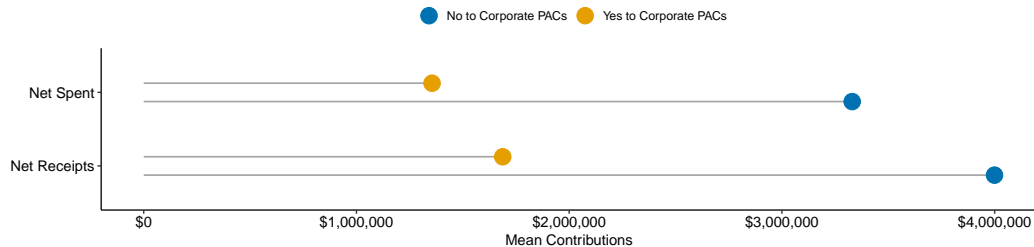
Sample Information

- Sample of candidates in the 2018 Congressional midterm election
- Only Democrats who won their election (167)

Exploratory Data Analysis

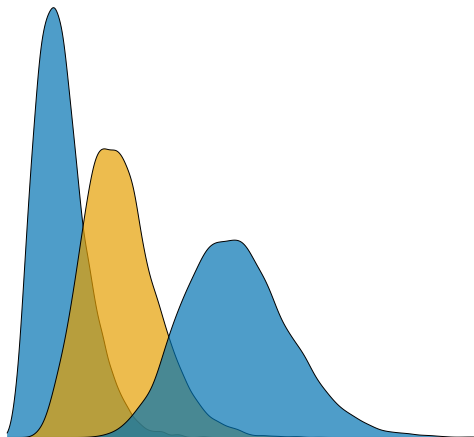


Exploratory Data Analysis



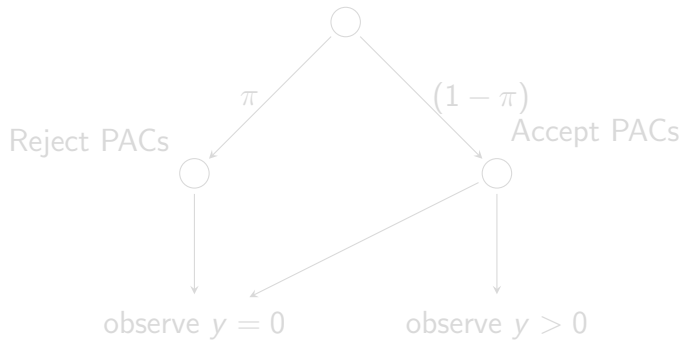
Model Definition

- Campaign contributions follow a gamma distribution ($y \in \mathbb{R}^+$)



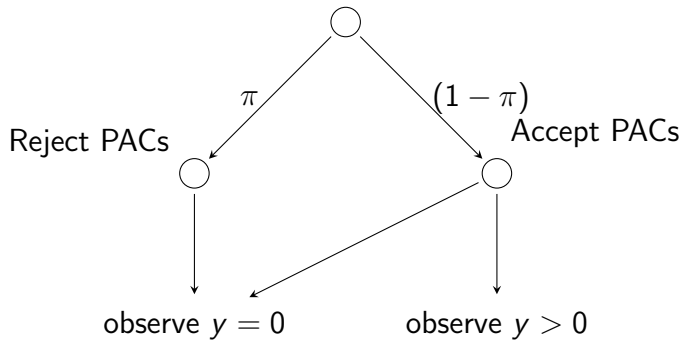
Model Definition

- But, zeros are also possible!

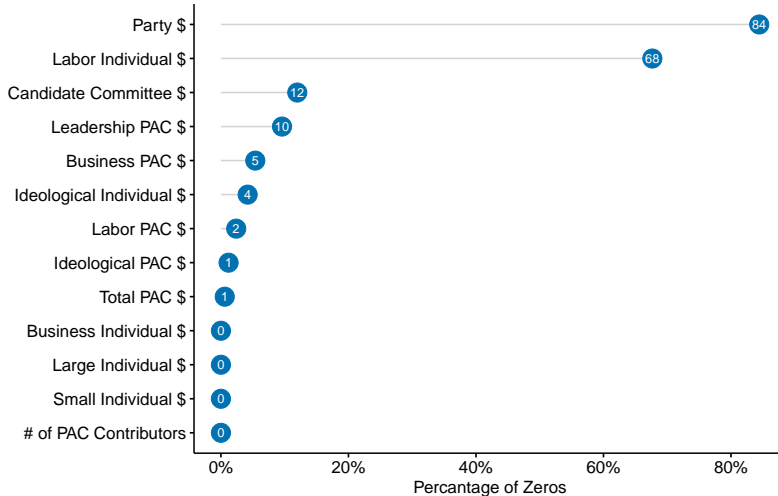


Model Definition

- But, zeros are also possible!



Percentage of Zeros



Model Definition

$$f(y) = \begin{cases} \pi & \text{if } y = 0 \\ (1 - \pi)\text{Gamma}(k, \theta) & \text{if } y > 0 \end{cases} \quad (1)$$

Model Definition

$$y_i \sim \text{ZGamma}(\pi_i, \mu_i, \theta_i) \quad (2)$$

$$\log \frac{\pi_i}{1 - \pi_i} = \alpha_\pi + \beta_{1\pi}(\text{No PACs})_i + \beta_{2\pi}(\text{New Member})_i \quad (3)$$

$$\log(\mu_i) = \alpha_\mu + \beta_{1\mu}(\text{No PACs})_i + \mathbf{X}\beta_\mu \quad (4)$$

- Yes, priors are subjective ... but so are likelihood and link functions!

Model Definition

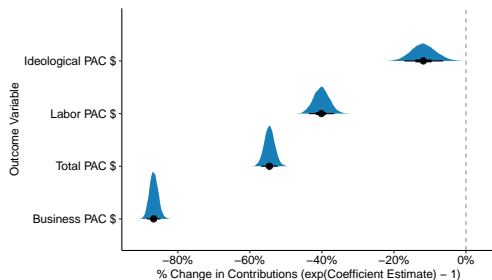
$$y_i \sim \text{ZGamma}(\pi_i, \mu_i, \theta_i) \quad (2)$$

$$\log \frac{\pi_i}{1 - \pi_i} = \alpha_\pi + \beta_{1\pi}(\text{No PACs})_i + \beta_{2\pi}(\text{New Member})_i \quad (3)$$

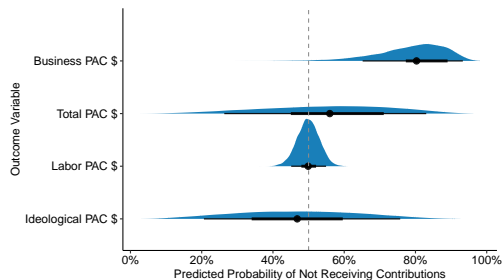
$$\log(\mu_i) = \alpha_\mu + \beta_{1\mu}(\text{No PACs})_i + \mathbf{X}\beta_\mu \quad (4)$$

- Yes, priors are subjective ... but so are likelihood and link functions!

Are the pledges effective?



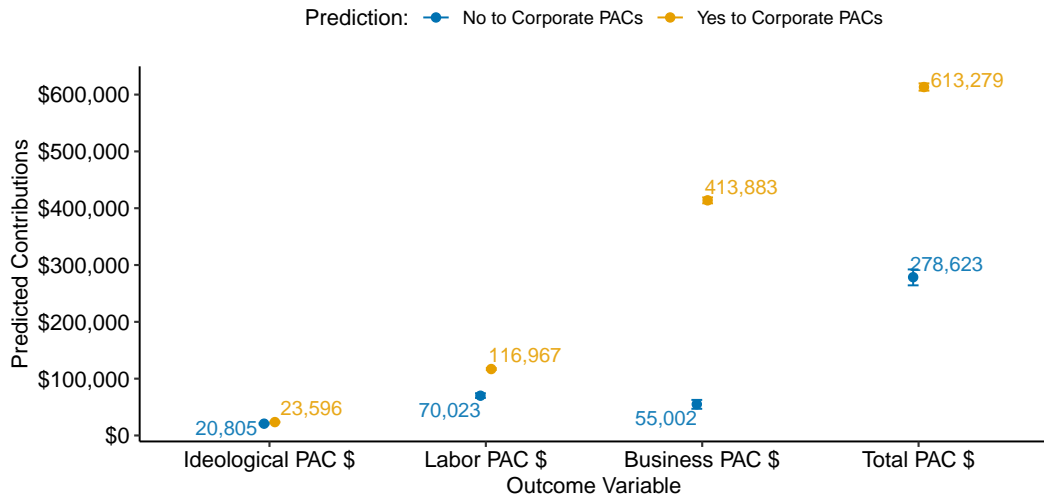
(a) The Effect of Rejecting Corporate PAC Contributions on the Amount of PAC Contributions



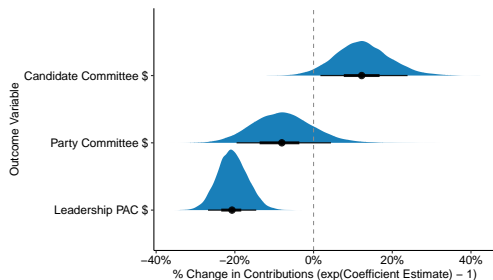
(b) The Effect of Rejecting Corporate PAC Contributions on the Probability of Receiving PAC Contributions

Prior Simulations

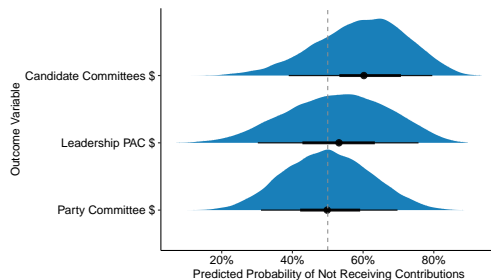
Are the pledges effective?



Parties with their fingers crossed?



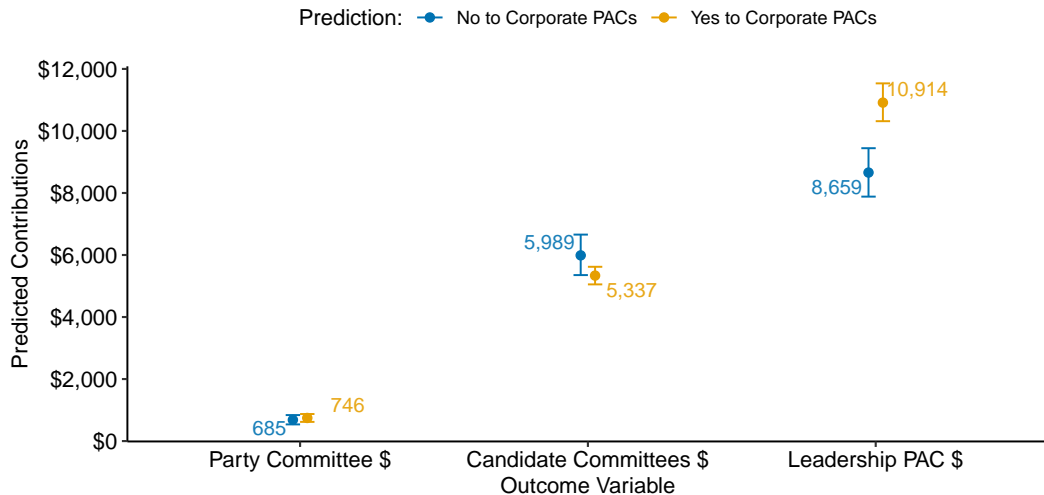
(c) The Effect of Rejecting Corporate PAC Contributions on the Amount of Contributions from Party Organizations



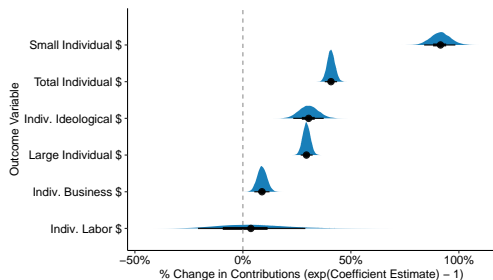
(d) The Effect of Rejecting Corporate PAC Contributions on the Probability of Receiving Party Contributions

Prior Simulations

Parties with their fingers crossed?

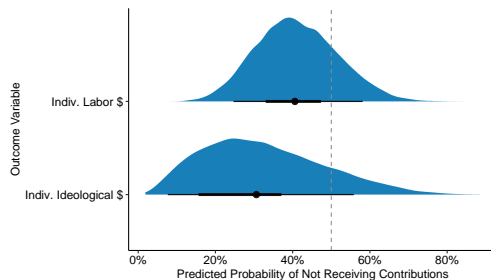


Corporations just give up?



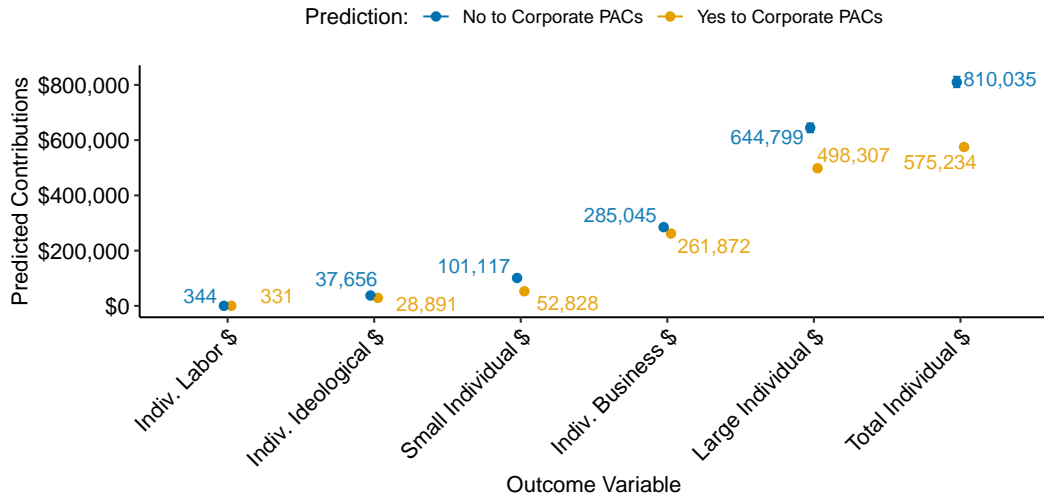
(e) The Effect of Rejecting Corporate PAC Contributions on the Amount of Contributions from Individuals

Prior Simulations



(f) The Effect of Rejecting Corporate PAC Contributions on the Probability of Receiving Individual Contributions.

Corporations just give up?



Summary

- Pledging to reject corporate PAC contributions is associated with:
 - ↓ contributions from ideological, labor, and business PACs
 - ↑ contributions from political PACs and individuals
 - ↑ in small and large dollar contributions
 - ↑ in contributions from individuals affiliated with ideological and business interests

Summary

- Pledging to reject corporate PAC contributions is associated with:
 - ↓ contributions from ideological, labor, and business PACs
 - ↑ contributions from political PACs and individuals
 - ↑ in small and large dollar contributions
 - ↑ in contributions from individuals affiliated with ideological and business interests

Summary

- Pledging to reject corporate PAC contributions is associated with:
 - ↓ contributions from ideological, labor, and business PACs
 - ↑ contributions from political PACs and individuals
 - ↑ in small and large dollar contributions
 - ↑ in contributions from individuals affiliated with ideological and business interests

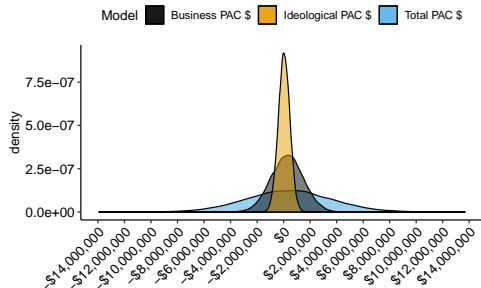
Summary

- Pledging to reject corporate PAC contributions is associated with:
 - ↓ contributions from ideological, labor, and business PACs
 - ↑ contributions from political PACs and individuals
 - ↑ in small and large dollar contributions
 - ↑ in contributions from individuals affiliated with ideological and business interests

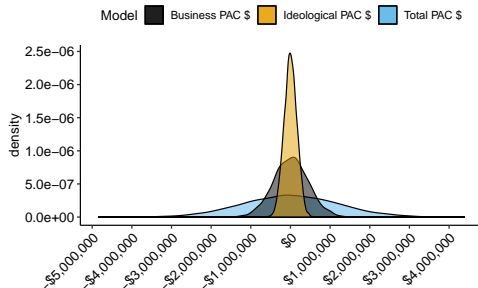
Summary

- Pledging to reject corporate PAC contributions is associated with:
 - ↓ contributions from ideological, labor, and business PACs
 - ↑ contributions from political PACs and individuals
 - ↑ in small and large dollar contributions
 - ↑ in contributions from individuals affiliated with ideological and business interests

Priors for PAC Models



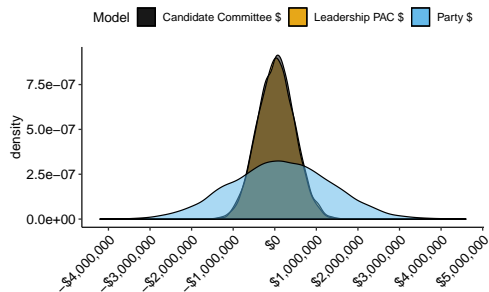
(g) Priors for Model Intercepts



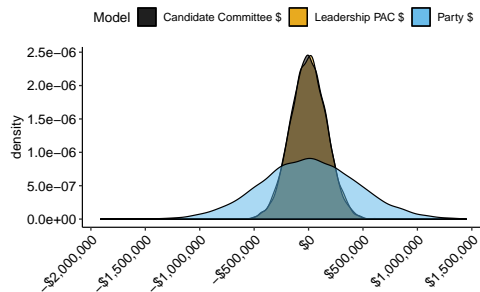
(h) Priors for Model Slopes

PAC Results

Priors for Political PAC Models



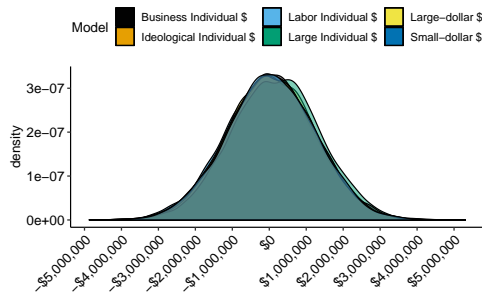
(i) Priors for Model Intercepts



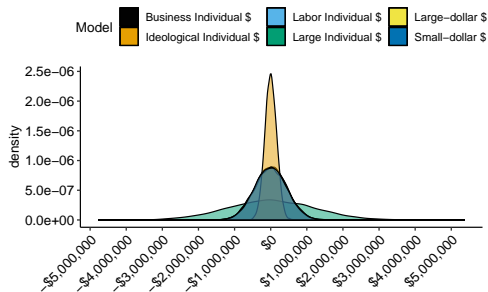
(j) Priors for Model Slopes

Party Results

Priors for Individual Models



(k) Priors for Model Intercepts



(l) Priors for Model Slopes

Individual Results