

Transparency or Deception? How Rejecting PAC Contributions Affects Contribution Patterns

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March 20, 2021



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 ✓

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OPENSECRETS NEWS

Democrats are rejecting corporate PACs: Does it mean anything?

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

Motivation

Research Question

Do pledges to reject corporate PAC contributions minimize corporate influence in elections?

Why do candidates refuse corporate PAC money?

- Americans are very skeptical about money in politics (Lubenow 2001)
- Voter believe contributions from corporations are more corrupt than those from other sources (Bowler and Donovan 2016)
- Voters also think that small-dollar contributions are the most trustworthy

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Why do candidates refuse corporate PAC money?

- It's probably strategic!
- Elizabeth Warren “swore off PAC money to make a statement” (Nilsen 2019)
- The Democrats in the 2020 presidential race were almost in a competition to distance themselves from corporations

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Do corporations just give up?

- Campaigns are extremely expensive!
- A lot of opportunity cost to not get involved (Denzau and Munger 1986; Kroszner and Stratmann 1998)
- Corporations bundle individual contributions
- “In some cases, a cluster of contributions from the same organization may indicate a concerted effort by that organization to ‘bundle’ contributions to the candidate” (Opensecrets.org, n.d.)

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Estimation Sample

- Campaign finance data on the 2018 midterm election from OpenSecrets.org
- 259 Members, 24% freshman 19% refuse corporate PAC contributions
- Among those who reject corporate PAC contributions: 35 are freshman and 29 are returning members

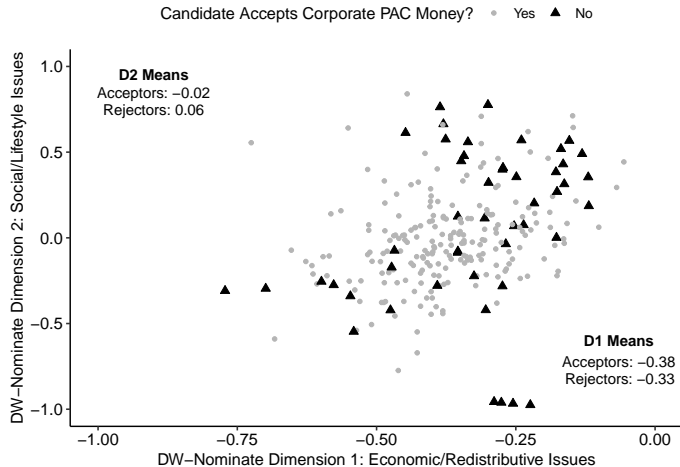
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DW-NOMINATE Scores



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- My focus is on contributions from:
 - Business PACs
 - Small-dollar individual contributions
 - Contributions of \$1,000 or more from individuals who work in business industries
 - Contributions of \$1,000 or more from individuals who work in business industries and live outside of the member's district

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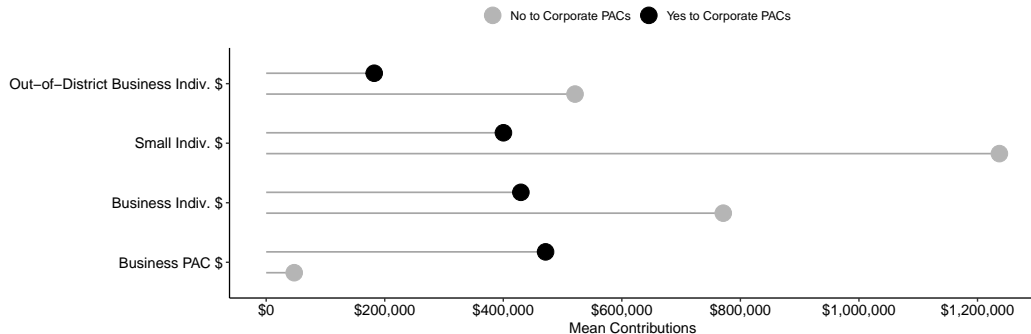
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How the composition of a member's campaign contribution courses change in response to making an anti-corporate PAC pledge?

- Outcome Variable: the proportion of contributions received by a candidate from business PACs, business individual, small-dollar, and out-of-district business donations
- Predictor of interest: Whether the candidate refuses corporate PAC contributions
- Dirichlet likelihood
- Controls: New member, district demographics, Democratic vote share, and median household income

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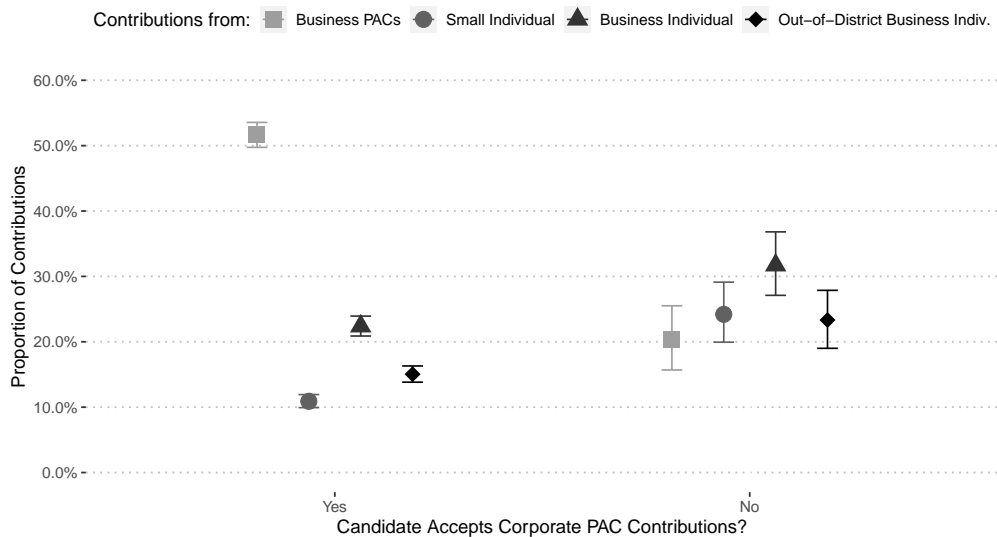
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- Candidates who refuse corporate PAC contributions receive:
 - more contributions from small-dollar donors
 - more contributions from business individuals
 - more contributions from out-of-district business individuals

Implications

- May create a less transparent campaign finance system
- Who is represented with money from other districts?

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