

Title

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1 Research Question

How does rejecting PAC money affect the distribution of campaign contributions that a candidate receives?

Does rejecting PAC money increase the amount of individual donations a candidate receives?

Rejecting PACs as a way to beat incumbent advantage?

Hypothesis 1 *Candidates that reject will receive fewer corporate PAC contributions.*

Rejecting corporate PAC money is likely a signal of trustworthiness and honesty and doing so will require raising money for other sources. The most popular strategy is to ask individual donors.

Hypothesis 2 *Candidates that reject PAC money will receive an increase in small-dollar donations.*

Rejecting PAC money and betting on small-dollar donations is risky, so organizations interested in the success of their campaign, could be businesses, political parties, or other candidates, may increase their contributions. Businesses may still contribute to candidates through individual donations. This could be with or without the consent of the candidate.

Hypothesis 3a *Candidates that reject PAC money will receive more contributions from political parties.*

Hypothesis 3b *Candidates that reject PAC money will receive more contributions from individuals associated with businesses.*

Hypothesis 3c *Candidates that reject PAC money will receive more contributions from other candidates.*

Rejecting PAC money could also be the result of a strategy/agreement with a party or ideological PACs to win the election without corporate PAC money.

Hypothesis 4 *New members who reject PAC money will receive more donations from non-corporate PACs.*

2 Introduction

On national television during the Democratic debate on February 6, 2016, Bernie Sanders stood on stage and enthusiastically announced to the audience, “I am very proud to be the only candidate up here who does not have a super PAC, who’s not raising huge sums of money from Wall Street and special interests.” Indeed, during the campaign, Sanders publicly voiced his opposition to PAC contributions and refused to accept their donations while his Democratic opponent, Hillary Clinton, accepted over \$1.7 million from political action committees (PACs) for which she faced sharp criticism from voters on the left (Harper 2019; Ye Hee Lee 2016; Seitz-Wald 2015; Bump 2016).

This trend in rejecting PAC contributions has continued into the 2018 Congressional races and so far in the 2020 presidential races. For example, Evers-Hillstrom (2018) reported in OpenSecrets News that 52 members of the 116 Congress, including 35 non-incumbents, announced that they would not accept money from PACs during their campaigns. Similarly, Averil Harper wrote an article in ABC News claiming, “The 2020 Democratic presidential candidates are forgoing corporate money in an effort to capture small donors.” In fact, as of April of 2019, all 14 of the 2020 presidential Democratic candidates have declined to accept corporate PAC contributions (although only 3 have declined to accept contributions from all PACs).

The push for campaign donations in the form of small-dollar donations, rather than PAC contributions, is indicative of a demand from voters to bring the era of “captured” politicians to an end. Indeed, the ideal candidate for most voters would likely be one that manages to raise money from a large number of individual donors and rejects donations from special interests and PAC to prevent themselves from becoming beholden to these donors rather than

their constituents. In fact, Bowler and Donovan (2016) show that the sources of campaign funding significantly influence voter attitudes towards corruption in politics.

Despite this shift away from PAC donations, however, is the claim that these strategies galvanize individuals to donate true? That is, does publicly rejecting PAC contributions mobilize voters to donate to political campaigns? Additionally, and perhaps more importantly, does pledging to reject PAC money lead to increases in contributions from alternative sources like political parties, ideological interest groups, or wealthy individuals? Finally, does this strategy yield any benefits for election outcomes?

In this article, I use Federal Election Commission data on campaign donations for all Democratic candidates in the 2018 Congressional House Elections to examine these questions. Using a zero-augmented Gamma likelihood function to model the data generating process, I show that rejecting PAC donations does encourage more individual contributions but it is also associated with an increase in contributions from alternative actors like ...

This study makes two significant contributions. First, to my knowledge, it is the first to examine the effects of pledging to reject PAC contributions on the distribution of a candidate’s campaign contributions. Campaign finance is an omnipresent concern for the vast majority of voters and political scientists and refusing PAC donations presents a curious strategy with unknown consequences. Perhaps such a strategy is born out of honest intentions, perhaps it is not. Either way, the systematic examination offered in this article provides valuable insights on the effects of this growing strategy.

Second, this study is the first to test the implicit causal claim that voters want candidates who are beholden to the people and not “bought-out” by special interests and corporate lobbyists. The growing trend of candidates refusing to accept campaign contributions from PACs assumes this fact to be true and that by publicizing their opposition to PACs, they will attract more political support and small-dollar donations from individuals.

3 Perceptions about Money in Politics

Americans are remarkably cynical about Congress, and this cynicism is increasing. According to a survey conducted by the Pew Research Center, as of February of 2014, only twenty-four percent of the public trust Congress (Pew Research Center 2014) and public trust in Congress has been declining since 1950 (Dalton 2005). Among the sources of distrust, researchers have argued that perceptions of corruption and money in politics play a crucial role (Persily and Lammie 2004–2005; vanHeerde-Hudson and Fisher 2013).

Although a lot is known about voting in congressional (Abramowitz 1988; Welch and Hibbing 1997) and presidential races (Petrocik 1996; Nadeau and Lewis-Beck 2001; Polsby and Schickler 2002), less is known about the effects of campaign money on attitudes and support for presidential candidates. Specifically, do the sources of funding that a candidate receives affect their public support?

Previous research has investigated the role of money in politics and campaigns, which has given us a better understanding of who donates to campaigns. For example, scholars have examined the role of campaign finance legislation and the FEC and how they limit or fail to limit, undue influence of large donors (Magleby and Nelson 2010; Raja 2008). Researchers have also investigated why donors donate, to what extent their donations influence policy, and what their donation strategies are (Francia et al. 2003). Most relevant to this study, Alexander (2005) correlated campaign funding sources with candidate vote share. He finds that PAC and in-state donations are correlated with a candidate’s vote share. In a study of small-dollar donations in Congressional elections, (Culberson, McDonald, and Robbins 2019) find that small-dollar contributions are distributed rather evenly across candidates, including non-incumbents. Similarly, they find that small-dollar donations are more numerous in competitive elections and among more ideologically extreme candidates. (Culberson, McDonald, and Robbins 2019) conclude by arguing that the participation of small-dollar donors “may help with democratization of the electoral process by expanding participation in campaign financing, with money flowing more equally to all candidate types.”

More recently, researchers have begun investigating how individuals perceive money in politics. For example, Bowler and Donovan (2016) conduct a survey experiment and find that beliefs about donations are dependent on partisanship and information about the source of the donations. In the end, they conclude that attitudes about campaign contributions are informed by much more than just perceptions of corruption. This suggests that the source of the contributions does matter to voters and that messages about campaign finance may alter their perception of candidates. Indeed, by announcing opposition to PAC donations, candidates may provide an information signal to voters that PAC donations produce adverse effects and that pursuing financing through alternative means is a more “ethical” strategy.

That American’s lack political knowledge is perhaps the most well established finding in political science (Carey et al. 2006; Carpini and Keeter 1997). Hence, there is little reason to suspect that voters are knowledgeable about a particular candidate’s campaign contribution sources unless they are explicitly discussed. However, voters typically think that contributions to candidates from corporations are more corrupt than contributions from individuals (Bowler and Donovan 2016). Moreover, the majority of Americans are dissatisfied with campaign practices in general, (Mayer 2001; Persily and Lammie 2004–2005). Since trust in political officials has been declined over the last several decades, candidates should be able to use this to their advantage on the campaign trail.

Given that Americans are typically unaware of political information and that they tend to be distrusting of campaign financing, candidates can strategically advertise the fact that they will not accept PAC contributions. By doing so, they can prime voters to interpret this message as saying that rejecting PAC money means a more trustworthy and honest candidate. Such priming effects through the media have been well-documented (Iyengar and Kinder 1989). Indeed, Ella Nilsen (2019) reported that Elizabeth Warren “swore off PAC money to make a statement” in a story for Vox.com. In an email to her supporters Warren explained, “For every time you see a presidential candidate talking with voters at a town hall, rally, or local diner, those same candidates are spending three or four or five times as

long with wealthy donors — on the phone, or in conference rooms at hedge fund offices, or at fancy receptions and intimate dinners — all behind closed doors” (Nilsen 2019). The 2020 Democratic candidates are almost in competition to distance themselves as far as they can from PACs and special interests.

Campaigns are still extraordinarily expensive, however, and rejecting contributions from large donors means that the money needs to come from somewhere else. Further, Democratic candidates like Bernie Sanders are soliciting donations from individuals for small amounts by advertising the fact that the average donation made to the campaign in 2020 is twenty-seven dollars (Gambino 2019). This strategy is not only meant to galvanize supporters to donate, but since voters see small-dollar donations from individuals as more honest (Bowler and Donovan 2016) it also creates an image of honesty and trustworthiness. These strategies are risky and require candidates to make-up for the lack of PAC contributions with these small-dollar donations from individuals. Ella Nilsen (2019) called Warren’s more extreme strategy of saying no to, “... PAC[s], corporate PAC[s], or Super PAC money, [and] no donations from federal lobbyists” a “risky move.” These candidates must be hoping that their public stances against large-dollar donations will excite their supporters enough to get them to donate to their campaigns.

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