



Does negative advertising affect giving behavior? Evidence from campaign contributions[☆]



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ABSTRACT

This paper contributes to a growing literature that explains why individuals contribute to political campaigns. We build a panel dataset that follows contributors from primary to general elections to quantify the persistence of giving in political contests. Those who gave to winning candidates in the primary were most likely to contribute again in the general election. Next, we use an instrumental variable strategy to document that within party negative advertising decreases the probability that individuals contribute to their preferred party in the general election, regardless of whether they initially contributed to a winning or losing primary candidate.

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1. Introduction

In the 2011–2012 federal elections for U.S. Presidential, House, and Senate offices, over 1.2 million individuals contributed money to political campaigns (Center for Responsive Politics, 2012). This represented roughly \$2.8 billion dollars of small donations ranging from \$200 to \$2500. While contributions are critical to finance a successful campaign, the literature examining the determinants of individual-level contributions remains scant (Ansolabehere et al., 2003; Fremeth et al., 2013; Gimpel and Lee, 2008; Gordon et al., 2007; Urban and Niebler, 2014).¹

This paper contributes to a growing literature that seeks to understand why individuals contribute to political campaigns, and more broadly, to the literature explaining why individuals give to charitable causes. Meer (2013) finds that giving small amounts to charity early in life results in loyal giving as one ages. However, it is

not clear how this translates to political giving. Are campaign contributions similarly persistent as the identity of candidates changes over time? Using contributions across three U.S. presidential races, we first determine if individuals exhibit persistence in giving within a specific race and within a specific party across the primary and general election. Second, we look at how winners and losers affect persistent giving behavior. While this has yet to be explored in political contests,² Anderson (2012) finds that alumni donations are higher after a school's sports team wins. Further, Meer and Rosen (2009) find that this relationship is amplified when the individual has a direct tie to the winning team. We explore the relevance of these findings to the political market, where we determine if general election contributions are higher for individuals who gave to a winning primary candidate than those who contributed to a losing candidate. If the contributor is tied to the party, the probability of contributing in the general election should be independent of whether the individual gave to a winning or losing candidate in the primary. However, if the individual is tied to a specific candidate, he may not support the party's nominee once his candidate is no longer in the race.

Third, we look at one factor that is unique to political donations that could change the persistent behavior of contributions: negative

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¹ While presidential campaigns are predominantly financed through individual-level contributions, most papers focus on the determinants of Political Action Committee (PAC) giving and the potential for PAC contributions to improve access or influence voting behavior. Stratmann (2005) provides an excellent review of this literature.

² Henderson et al. (2010) use panel survey data to look at the probability individuals who voted for losing primary candidates come back to their bases in the general election.

advertising in primary contests.³ During the final two weeks of the presidential election, over 90% of televised advertisements were negative, meaning the ads spent some time attacking at least one of the candidates in the race.⁴ More strikingly, 60% of all the 2012 Presidential primary ads, where candidates within the same party vie for the nomination, were negative. Following a particularly negative primary contest, contributors may not give again, either because their favored candidate did not win the primary, or because their favored candidate suffered sufficient damage to his or her character during the primary campaign. Regardless of the mechanism, when negative primaries exist, we expect the persistence of donors to decrease.

Studying the causal effect of negative advertising on an individual's propensity to contribute would require candidates' advertising strategies to be randomly assigned across markets. Shachar and Anand (1998) show that advertisers target their messages to specific media markets; politicians will likely tailor their messages to voters in given media markets to maximize the probability of ultimately winning the race. For example, because of fear of losing voter support in the general election, a Republican candidate seeking the party nomination may be less inclined to air negative ads in a market that strongly supports one of his Republican opponents. To overcome the endogeneity of candidates' campaign advertising strategies and their eventual contributions, we develop an instrument for negativity first introduced in Gandhi et al. (2015). In races with more than two candidates, negative ads create a free rider problem that disincentivizes going negative. When one candidate attacks a second, the third, who is not the object of the attack, benefits. Two-candidate races do not have this free rider problem and exhibit twice the negativity of races with more than two candidates. At the same time, the number of candidates remaining in a given state and primary election are plausibly exogenous to the decision to contribute in the general election.

Using data from the Center for Responsive Politics (CRP) on individual-level campaign contributions, we build a panel of the population of individuals who contributed at some point throughout the election season and link individual donors from a primary to a general election contest.⁵ We use these data to look at the probability of giving conditional on previously contributing to a winner within the same party, a losing candidate within the same party, and to a candidate from the other party. These probabilities inform the persistence of giving across the primary and general election.

We pair the CRP data with data from the Wisconsin Advertising Project (WiscAds) to measure the negativity of the election in each media market based on the tone of the television advertisements aired during the primary contest.⁶ Our data span three election cycles: 2000, 2004, and 2008, giving us variation in the number of contests, the tone of the race, and the partisanship of each contest. We use these data and our instrumental variable strategy to estimate the effect of negativity in the primary contest on contributing again in the general election to the same party. This makes us the first to causally estimate the effect of negativity in primary elections on individual-level campaign contributions in the general election.

Ultimately, our results indicate that across both parties, negative campaigns have a greater deterrent effect for those who gave to the winning candidate in the primary than for those who gave to a losing

candidate in the primary. Among individuals who gave to a losing candidate in the primary, doubling the fraction of negative advertisements decreases the probability of giving to the winning candidate in one's preferred party in the general election by about 1.5% for Republicans. Since few (less than 10% in 2008) individuals contribute to the winning candidate in their party after supporting the losing candidate in the primary, this effect is relatively large. For Democrats, contributors to the losing candidate in the primary are not affected by intra-party negative advertisements. These results are not simply a product of candidate preference. Negativity in presidential primary contests actually decreased the probability that presidential primary contributors gave to congressional candidates of the same party in the general election for Democrats; the same relationship does not hold for Republicans.

To ensure that our main results are not driven by idiosyncratic factors of the three presidential election cycles in our study, we supplement our main findings with data from U.S. Congressional races and find roughly consistent evidence of negative advertising decreasing campaign contributions.

The remainder of the paper is organized as follows: Section 2 describes the reasons an individual may give and how these could be affected by negative advertising; Section 3 describes the CRP and WiscAds data and provides summary statistics; Section 4 empirically investigates the persistence of campaign contributions across the primary and general elections; Section 5 explains the empirical strategy of the paper; Section 6 presents the main results; Section 7 shows the results from Congressional elections; and Section 8 provides concluding remarks.

2. Theoretical predictions

In primary elections, candidates from the same party compete against one another in an effort to represent their party in the general election. This requires candidates to appeal to extreme members of their party whose ideal points are far from the median voter. Following the conclusion of a particularly drawn-out primary campaign, political pundits and party activists often express concern that the divisiveness of the primary harms the eventual nominee in the general election campaign (Broder, 2008, April 24). Academics disagree on the degree to which divisive primaries have a negative effect on general election outcomes, finding that the effects vary based on the type of election (presidential, congressional, gubernatorial, state legislative) (Bernstein, 1977; Hacker, 1965; Hogan, 2003; Kenney, 1988; Kenney and Rice, 1984, 1987; Lengle, 1980; Lengle et al., 1995; Piereson and Smith, 1975). None of these studies account for the endogeneity of negative primaries and general election results. In order to understand how divisive primaries may affect general election campaign contributions, we first need to understand individuals' decisions to contribute. We outline four potential reasons individuals contribute to campaigns and how each would be affected by an increase in negativity in the primary.

First, individuals may contribute to campaigns to "buy influence" or access to politicians. This theory, initially developed by Grossman and Helpman (1994, 1996, 2001), has spawned a large literature empirically testing the relationship between campaign contributions and influence, especially pertaining to PAC contributions.⁷ These givers will likely be unaffected by negativity in a primary. They will be more likely to support the winner in the general election if they originally gave to a losing candidate provided that the nominee is sufficiently aligned with their interests (Coate, 2004b).⁸

³ Okten and Weisbrod (2000) look at the effects of advertising on donations in private nonprofit markets, though there is no negative advertising in that market.

⁴ For more on 2012 advertising statistics, see <http://mediaproject.wesleyan.edu/releases/2012-shatters-2004-and-2008-records-for-total-ads-aiared/>.

⁵ Individuals in these data contributed at least \$200.

⁶ Studies examining the effect of divisive primaries on general election outcomes use post-election vote shares to determine divisiveness (Atkeson, 1998; Bernstein, 1977; Born, 1981; Hacker, 1965; Hogan, 2003; Kenney, 1988; Kenney and Rice, 1984, 1987; Lengle, 1980; Lengle et al., 1995; Makse and Sokhey, 2010; Piereson and Smith, 1975). Wichowsky and Niebler (2010) measure negativity as the fraction of negative ads.

⁷ Stratmann (2005) provides an excellent review of this literature.

⁸ Prat (2002) and Coate (2004a) assert that candidates ideology may be flexible, and contributing groups can change politician's ideal points to be closer to their own.

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