



Citizen Contributions to Presidential Campaigns Under Economic Recession

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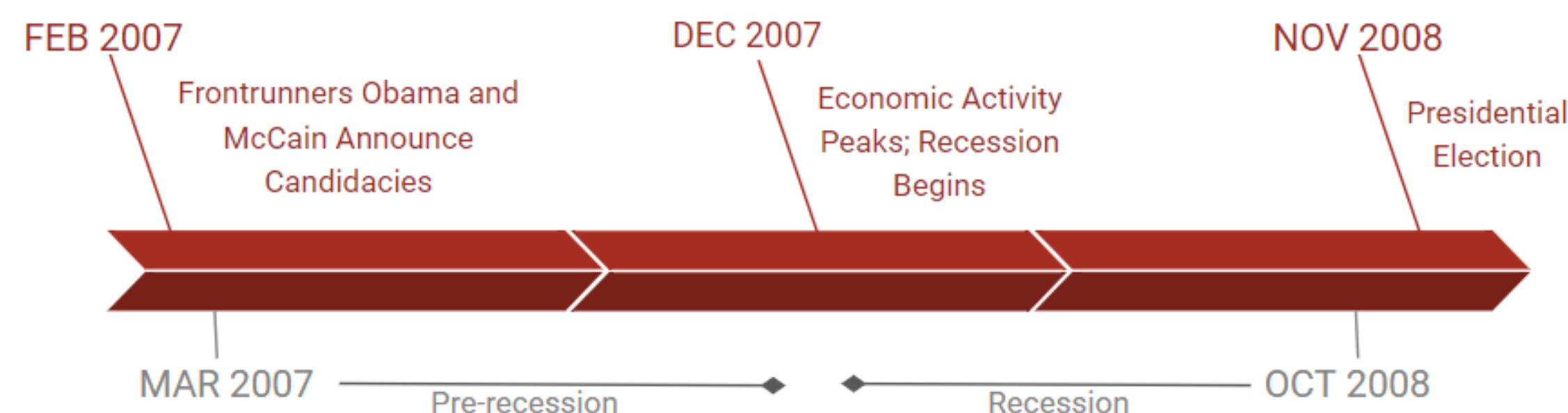
Research Question

How does the status of the macroeconomy affect monetary political campaign contributions made by individual citizens?

Method

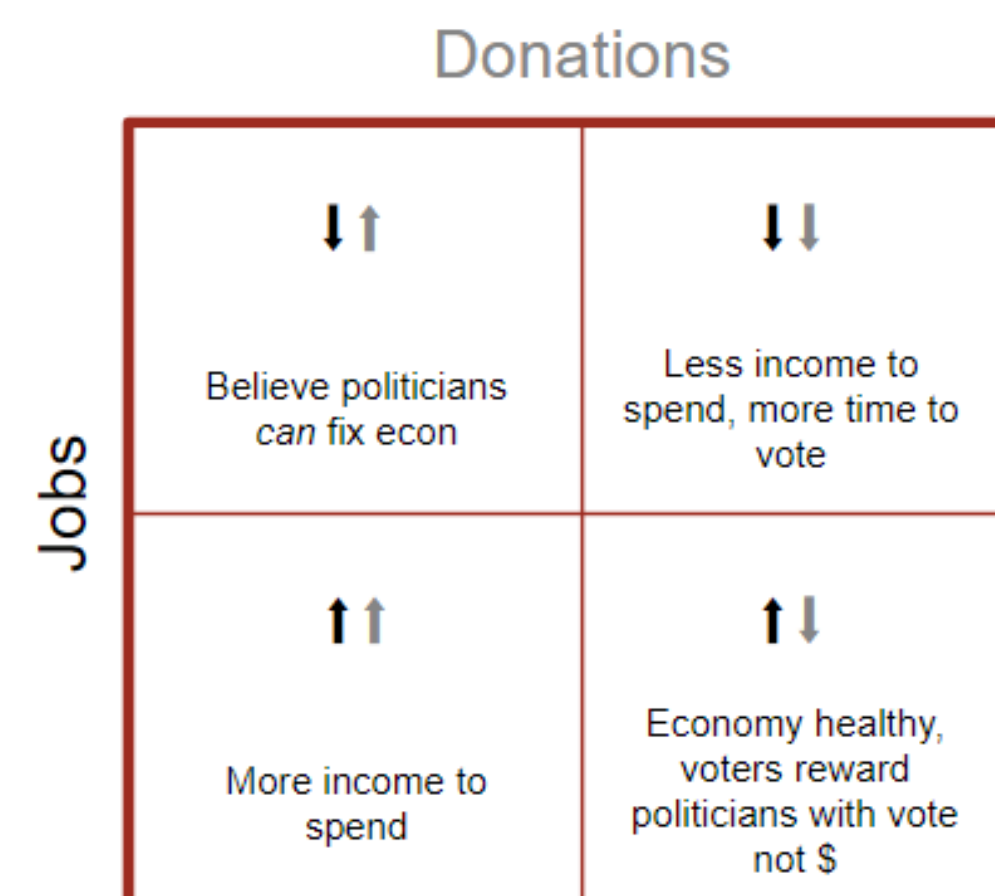
We compare donations in the 2008 presidential election (Nov. 2008) and the 2008 financial crisis (Dec. 2007 - June 2009, NBER). Monthly presidential election contributions under \$2,900 are assessed from March 2007 and onwards—a month following when John McCain and Barack Obama announced candidacy. Nine months before recession are used as control, and the following nine months (until October 2008) show contributors' behavior under recession.

We use OLS regression to compare monthly change in unemployment against monthly quantity of donations from individuals.



Motivation

Given that voters are sociotropically motivated in their economic voting (support candidates perceived as beneficial to the macroeconomy,) and given that monetary political contributions are so influential to elections, this research observes changes in those contributions during times of national economic hardship.



Data

Campaign donation data: FEC candidate raising data, 2007-2008

- Organized by quantity of donations per month per candidate in either pre or during recession time. Summed for regression.

Health of the economy: BLS monthly unemployment reports, 2007-2008

Results

Variable	Estimate	Std. Error	T-Value	P-Value
Intercept	-198,967.63	64533.37	-3.083174261	0.006411
Unemployment	33,786.73	18884.64863	1.78911091	0.292425
Recession Dummy	24981.80679	22992.97478	1.78911091	0.091429

n=20 R Square=0.4339

Comparing Avg. # Monthly Contributions	2007	2008
Mean	19,262.00	80,258.00
Variance	56,396,506.41	2,582,225,411.84
Observations	12	12

As an election nears, literature provides that the quantity of donations will increase, but no accepted percent of increase exists.

Conclusion

Unemployment rates are positively related to campaign contributions. However, a recession is not statistically significant--we do not find evidence that donors behave significantly differently in the chosen time period.

Discussion

This research supports the sociotropic theory of economic voting. Though, the research is limited in its lack of political controls. Further research might compare monthly trends in donations as elections near.