Quid Pro Quo? Corporate Returns to Campaign Contributions

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Abstract

Scholars, pundits, and political reformers have long worried that corporations distort public policy and subvert the will of the electorate by donating to politicians. Well-publicized anecdotes notwithstanding, whether and how much corporations actually benefit from supporting political candidates remains unknown. To systematically address this question, we utilize two complementary empirical approaches that isolate the monetary benefits a company derives from a favored candidate winning office. First, we use a regression discontinuity design exploiting close congressional, gubernatorial, and state legislative elections. Second, we leverage within-campaign changes in market beliefs about the outcomes of US Senate races. We find no evidence that corporations benefit from electing candidates supported by their PACs, and we can statistically reject effect sizes greater than 0.3% of firm value. Our results suggest that corporate campaign contributions do not buy significant political favors—at least not on average.