When Do Campaign Contributions Persist? The Role of Motivations in Non-Partisan Contexts

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Abstract

Donors to political campaigns are characterized as either investors who seek an economic return on their donations or as consumers who use their donations to express their preferences. We present a theory that predicts donation behavior over time for both types of donors in an electoral context with non-ideological races and weak parties. To test the theory, we study donors in Colombian mayoral elections and explore (1) whether they donated to the winner of a previous election and (2) whether their contributions depend on past rewards via public contracts. Consistent with our theory, a regression discontinuity design analysis demonstrates that donating to the winning candidate reduces the probability of donating in the next election, but that donors to the winner who receive a public contract are more likely to continue donating. Overall, the evidence indicates that the persistence of donations is influenced by whether donors' investment expectations are met.

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Campaign donations allow citizens to express their political preferences, but they can also buy influence and policy favors from elected officials (Francia et al. 2003; Ansolabehere, De Figueiredo and Snyder 2003; Gordon, Hafer and Landa 2007). Donors can act either as *investors* seeking economic benefits in return for their contributions, or as *consumers* if their contributions are not tied to an expectation of such benefits. If the desire to express individual preferences is driving campaign donations, calls to regulate money in politics could be detrimental to democracy. If not, a free flow of campaign contributions could help moneyed interests capture the government. Since we cannot observe donors' motives, understanding how their motivations map onto contribution patterns can help us determine whether campaign contribution regulations are needed and how to improve their design.

In this paper, we take steps toward understanding how individuals' donations over time are linked to their motives. We propose a theory of donation behavior which highlights how the electoral context—particularly the strength of parties and the role of ideology—determines whether donations of consumers and investors persist across electoral cycles. Doing so allows us to expand the analysis of donation behavior to geographic settings beyond the predominantly studied U.S. case. The theory offers predictions of donor behavior in electoral environments that are common in developing democracies, which we test using data from mayoral elections in Colombia.

Our theory is based on the premise that both types of donors, investors and consumers, will continue to donate in future elections if two conditions are met: (1) their expectations were fulfilled by previous contributions and (2) they believe their positive experience in the previous election is likely to be repeated. For example, an investor donor who was rewarded with favorable legislation or a government contract by the politician they donated to in the previous election will continue to donate in the next election if she finds a candidate who appears willing to engage in another quid pro quo. Similarly, the satisfaction generated by a favored candidate winning an election with the help of a contribution would

encourage a consumer donor to continue donating in subsequent elections. However, a future contribution is less likely to materialize if the donor does not find a candidate with the same characteristics that motivated the original contribution. In this way, two factors—a "successful" donation experience and conditions which signal to donors that such an experience will reoccur—motivate the continuation of campaign contributions.

The literature has highlighted the importance of having a successful donation experience in promoting new donations while focusing on consumer donors, but has not specified how the electoral context affects whether donors believe a successful donation experience will reoccur. More specifically, behavioral theories emphasize how contributing to the victory of a preferred candidate can increase the perceived importance of the donor's actions in the electoral process, which in turn incentivizes further donations (Valentino, Gregorowicz and Groenendyk 2009; Dumas and Shohfi 2020). This is a plausible explanation for the persistence of individual donations in the U.S., where there is strong party institutionalization, ideological races, and where most individual donations appear to be expressive in nature (Ansolabehere, De Figueiredo and Snyder 2003). But what are the expectations regarding donor contributions over time when those conditions no longer exist?

In democracies with weak party systems, non-programmatic races, and where most citizens' incomes do not allow them to express political support with small donations, the set of consumer donors mainly shrinks to those who have close personal ties to the candidate, such as family members or friends. Even after supporting a winning candidate, these donors might not donate in the future since their support was exclusively tied to the individual running in the previous race. Where winning candidates do not run again due to term limits or other reasons, contributing to a winning candidate can decrease future donations. In elections with stable and ideologically coherent parties, by contrast, it is easier for consumer donors focused on programmatic platforms to find a recipient for their contributions after a successful donation experience because parties put forward candidates who support similar

policies in every election. In this case, donating to the winner encourages future donations regardless of whether the previously supported candidate runs for re-election.

As an additional contribution to the literature, we explore investor donors' giving patterns over time and clarify the role of contextual electoral variables. Our theory predicts that investor donors will continue donating after receiving a benefit from a previously supported candidate, especially where parties are weak. This is a result of weak parties reducing electoral accountability and responsiveness (Snyder and Ting 2002; Klašnja and Titiunik 2017). Under such conditions, it is easier to find candidates willing to engage in a quid pro quo in a future election, as weak parties cannot discipline members who jeopardize the party brand by taking unpopular actions like favoring wealthy individual campaign donors.

We examine three implications of our theory for electoral environments with weak parties in non-programmatic races: 1) donating to the election winner should not have a positive effect on future donations, 2) this effect is likely negative for donors whose motivations are closer to those of a representative consumer donor, and 3) receiving an economic benefit from the government should have a positive effect on future contributions among investor donors to the winning candidate. To examine these implications, we use data from the 2011 and 2015 mayoral elections in Colombia, a context characterized by non-ideological races and a weak party system (Botero, Losada and Wills-Otero 2016).

Before testing the theory's implications, we need to 1) show that some donors benefit financially from campaign contributions and 2) identify a set of donors who are not driven in the same way by financial incentives. Using a close-elections regression discontinuity (RD) design, we find that while non-family donors to the election winner obtain economic benefits via municipality contracts, family members do not appear to receive these benefits. This pattern persists even though family members are more generous in their contributions than non-family donors. These results align with legal restrictions that make it difficult for mayors' relatives to contract with the municipality in Colombia. To explore whether family

donors to the winner are receiving benefits through other means, we check whether they are more likely to receive contracts from any government agency (including those with fewer legal constraints on contracting with family), or to run more frequently as candidates in the next election than family donors to the runner-up. We find that this is not the case. The findings support the view that family donors are closer to a representative consumer donor than non-family donors.

We then document that donating to the winner of a Colombian mayoral election has a strong *negative* effect on the likelihood that the donor will contribute to a campaign in the next local election. Using a close-election RD design, we find that donating to the winner reduces the likelihood of contributing to any race in the next election by 14 percentage points. This finding contradicts expectations from previous behavioral theories that do not account for differences in the electoral context and that implicitly assume the existence of programmatic campaigns, and strong parties. According to our theory, where parties are weak and races non-ideological or programmatic, consumer donors should be less likely to donate to a different candidate in the next election, and investor donors should donate again if their previous donation produced an economic benefit. Also consistent with the theory's predictions and the observation that family donors are closer to a representative consumer donor in contexts with weak partisanship, non-ideological races, and low average incomes, we find that contributing to the winner has a weaker negative effect on future contributions for non-family donors than for family ones.

We further show that receiving a contract from the municipality is linked to future non-family donations to the mayor. A donor to the mayor elected in 2011 who received a municipality contract is 4.4 percentage points more likely to donate in the 2015 election than one who did not receive a contract. An alternative explanation for this finding is that owners of successful businesses are better positioned to obtain contracts and are wealthier individuals inclined to donate in every election. Refuting this explanation, however, we show

that donors to the runner-up who receive a municipality contract are not more likely to contribute to a candidate in the next election. The same is true for donors to the mayor who receive non-municipality public contracts, which the mayor has less influence over. Finally, a sensitivity analysis (Cinelli and Hazlett 2020) shows that a confounder three times as strong as the donation in 2011—arguably the most important control in our regressions—would not change the conclusion that donors to the mayor who receive a municipality contract are more likely to donate in the next election.

In addition to offering an appropriate context in which to test our theory, the Colombian case provides empirical advantages for studying the motivations of individual donors. Recent efforts to increase transparency have made available campaign finance and government procurement information that allows us to link public contracts to individual donors. This approach offers at least three advantages to the study of donations as investments relative to roll-call-based analyses, which are common in the literature. First, individual contracts directly benefit a particular donor, unlike regulatory or legislative changes that affect entire industries. Second, roll-call analyses fail to account for donors' influence that appears much earlier in the legislative process (Powell 2012). Third, legislative changes favoring donors can reflect shared policy preferences between donors and legislators, rather than quid pro quo exchanges (Fox and Rothenberg 2011), which is a less pressing concern in the context of contracting goods and services at the local level.

Our focus on the financing of mayoral campaigns in a developing democracy contributes to a literature that has mostly centered on federal elections in industrialized democracies (Samuels 2001; Anzia 2019). Several studies have explored the drivers of individual donations in the U.S. (Francia et al. 2003; Ansolabehere, De Figueiredo and Snyder 2003; Gordon, Hafer and Landa 2007; Adam, Richter and Schaufele 2013; La Raja and Schaffner 2015; Barber 2016; Hill and Huber 2017; Barber, Canes-Wrone and Thrower 2017), but there has not been a theoretical and empirical comparative analysis of such determinants within

other contexts.[1] Our theory highlights how the nature of the party system and the role of ideology can alter our expectations of how donations evolve over time.

Our paper also advances research on the influence of money in politics (e.g., Powell 2012; Kalla and Broockman 2016; Fouirnaies and Hall 2018; Li 2018)[2] and campaign finance and corruption (Fazekas and Cingolani 2017; Figueroa 2021; Hummel, Gerring and Burt 2019). Although others have presented evidence of allocation of public resources that is biased in favor of donors in developing democracies (Boas, Hidalgo and Richardson 2014; Gulzar, Rueda and Ruiz 2021), we show that such biased allocation can persist over time by promoting future donations. Finally, our findings also contribute to our understanding of the motivations of family members who donate to relatives' campaigns. Despite the importance of family networks for politicians (Dal Bó, Dal Bó and Snyder 2009; Geys and Smith 2017), prior studies have not undertaken a systematic empirical study of the determinants of their donations or compared their donation behavior with that of private donors.

Theory: investors and consumers' donations over time

The premise of our argument is that investor and consumer donors to political campaigns (those interested in receiving personal financial rewards and those who are not, respectively) will continue donating in the future if two conditions are met: (1) the donors' expectations were fulfilled through previous donations and (2) given the pool of candidates in a future

[1] Arriola et al. (2021) and Sigman (2021) study campaign financing in Africa with a focus on the role of self-funding and party membership as well as parties' strategies to capture state resources for their campaigns, but they do not study donations persistence for different types of donors.

[2] For a review of the earlier literature see Ansolabehere, De Figueiredo and Snyder (2003) and Stratmann (2005).

election, the donors assess that their prior positive experience is likely to be repeated. For investor donors, the first condition translates to a previous donation generating an economic return, possibly involving favorable legislation or a government contract. For consumer donors, the act of donating to a preferred candidate increases their utility, but the satisfaction is greater when the supported candidate wins.

Several mechanisms explain why a positive donation experience could motivate both investor and consumer donors to contribute in the future. In an electoral context in which an investor donor is uncertain about what fraction of politicians is willing to engage in a quid pro quo, having donated to such a candidate in the past will increase her assessment of the probability of encountering a similar politician in the future. An investor donor may also gain experience in a quid pro quo exchange that will facilitate similar engagements in the future. For example, a donor who receives a public contract could learn how to better circumvent procurement rules that limit politicians' discretion to award contracts. Complementarily, receiving a financial reward increases the resources available for future donations-investments.

Similarly, consumer donors who derive satisfaction from supporting the election winner will be more likely to donate in the future. Behavioral explanations can account for this expectation. For instance, having contributed to a winner could increase an individuals' sense that her actions can affect the outcome of the election, which in turn motivates her to continue donating (Valentino, Gregorowicz and Groenendyk 2009). This is in line with evidence that successful political participation increases internal efficacy (Clarke and Acock 1989), and that greater efficacy induces more participation (Rosenstone and Hansen 1993).

Even without effects on efficacy, reinforcement learning mechanisms could generate the same expectation: donors could follow heuristic rules in which successful past donations elicit future donations. Indeed, Bendor, Diermeier and Ting (2003) propose a model in which individuals' future payoffs of participating increase when the current payoffs of participation

are above a benchmark (aspiration) determined by previous outcomes. Since the utility of donating to the winner tends to be high for a consumer donor, the satisfaction of contributing to the winner will likely be above the aspirational benchmark, thus inducing a future donation.

While having a successful donation experience can increase the likelihood of future donations, individuals will not contribute money in the future if they do not expect that successful experience to reoccur. The electoral context—particularly the institutionalization of the party system and the role of ideology in elections—moderate such expectations. Where parties are strong and programmatic, a donor who is driven by partisanship or ideology is likely to find a candidate similar to one they supported in the past. Yet, where election campaigns are less programmatic, and parties do not communicate a consistent message, consumer donors are more likely to base their contribution decisions on personal loyalty to the candidate.[3] Since donations in these environments are tied to an individual candidate rather than a party's policies, finding a candidate with the same set of characteristics that motivated the previous donation is more challenging for a donor when the same candidate does not run. Moreover, if the winning candidate is constrained by term limits, donating to their campaign might increase efficacy, but the term limits guarantee the same candidate will not run in the next election, and therefore reduce the likelihood of a future donation.

Party strength also indirectly affects consumer donors' behavior by influencing winning candidates' willingness to induce their donors to contribute to other campaigns (Francia et al. 2003). Strong parties give elected officials incentives to use their position to encourage their previous donors to give money to other party members even if they cannot run again.

[3]When ethnic divisions are salient and parties represent specific ethnic groups, the set of consumer donors could include those contributing on the basis of ethnic loyalty. Although this theory accounts for cases where partisanship drives donations, our empirical analysis focuses on testing the theory's implications in contexts of weak partisanship.

Doing so strengthens the politician's position within the party and might entice reciprocity from other party members. Weak parties do not induce such incentives. Helping fellow party members advance brings few benefits when party switching is common, and parties cannot effectively promote individual members' careers.

Weak parties can also help investor donors find a candidate who will engage in a quid pro quo transaction. These parties lack the means to punish members who damage the party image by engaging in unpopular practices like favoring individual wealthy donors after an electoral victory.[4] Moreover, the leaders of these parties might not even be concerned with disciplining such practices, as their careers are not tied to the party's performance or reputation.

These arguments predict patterns in individuals' contributions relevant to elections in developing democracies. Where parties are weak and campaigns are personalistic and non-ideological, a consumer donor to the winner will be more likely to donate again only if the same candidate is running despite having previously supported a preferred winning candidate. In such a context, consumer donors are not contributing on the basis of party or ideology and are not as focused on programmatic platforms, which reduces the set of consumer donors mainly to those contributing to campaigns based on personal loyalties. Moreover, if the same individual is not running for office, finding a candidate with the same set of desirable characteristics that induced a previous donation is more difficult, thus making a future donation less likely. Where programmatic linkages and partisanship are strong, on the other hand, consumer donors who contributed to the winning candidate in a previous election will more easily find a similar candidate to support—from the same party and with similar policy proposals—even if the same candidate does not run again.

The most important factor determining future donations for investor donors is whether

[4] Klašnja and Titiunik (2017) present a theory and evidence of how weak parties erode electoral accountability, especially with term limited officials.

there was a return on their initial investment. An investor who receives a financial reward will be likely to donate in the future. While this should apply in most electoral settings, the reduced accountability on candidates when parties are weak can make a future donation from investor donors more likely by increasing the pool of politicians who will engage in a quid pro quo.

An additional key implication of the previous arguments is that donating to the winner can have ambiguous effects on future donations for investor donors because not all of them will receive a financial reward for doing so. Thus, only investor donors to the winner who were rewarded are more likely to contribute again.

The following sections present evidence consistent with our theoretical predictions. Before this, we briefly review some empirical patterns identified by other scholars who examine the U.S. case and highlight characteristics of the American context that make the persistence of donations among donors to an election winner likely according to our previous arguments. Our empirical analysis examines donations over time in municipal elections in Colombia, where weak parties and ideology plays a limited role in candidate selection and individuals cannot immediately run for re-election, for which our theory offers different expectations.

Electoral victory and donations in the U.S.

Several studies have examined the drivers of U.S. campaign contributions. While there is evidence that corporate executives and some non-elite individuals appear to have investment motivations when contributing to campaigns (Francia et al. 2003; Gordon, Hafer and Landa 2007; Adam, Richter and Schaufele 2013; Stuckatz 2021), the strongest factors driving individual donations to federal campaigns are partisanship and ideology. Donors have more ideologically extreme positions than voters even in primaries (Barber 2016; Hill and Huber

2017), and donate to candidates whose policy positions are closer to their own within the same party (Barber, Canes-Wrone and Thrower 2017). Although political action committees seem to donate in order to gain access to elected officials, they also contribute based on ideology (Bonica 2013; La Raja and Schaffner 2015).

We therefore expect most individual donors in the U.S. to be consumer donors, which is consistent with the fact that a large fraction of individual donations are relatively small (Ansolabehere, De Figueiredo and Snyder 2003). We have argued that, under these conditions, consumer donors to the winner should be more likely to donate in the future even when the same candidate is not up for re-election or is not running again.

Such expectations are consistent with the findings of Dumas and Shohfi (2020) and Peskowitz (2017). Using a large dataset of individual donors to U.S. state and federal elections from 1990 to 2004 and a close-elections RD design, Dumas and Shohfi (2020) find a large positive effect of donating to the winner of the election on future donations to the same office. For example, they find that donating to the winner of a Senate election increases the probability of donating to a different candidate running for the same seat in the future by 5 percentage points. The effect is larger for governors and state legislators (also in non-reelection cycles) by 8.3 and 7.6 percentage points, respectively. Remarkably, these point estimates change relatively little when the sample is constrained to reelection cycles.

Dumas and Shohfi (2020) interpret their findings in light of behavioral theories that implicitly assume an electoral context where consumer donors expect a successful donation experience to reoccur. This further assumes a context with institutionalized party systems and ideological and programmatic races.[5] By clarifying the role of the electoral context in donation behavior, our theory offers different predictions for consumer donors in an electoral context with weak parties and less ideological races. It also has additional implications for

[5]Peskowitz (2017) presents further evidence that reinforcement learning, rather than other mechanisms, drives donation persistence among supporters of winning candidates.

investor donors not previously tested. We now empirically examine these implications.

Colombian electoral context

Mayors in Colombia are elected under simple plurality rule every 4 years and cannot run for immediate re-election. They oversee the execution of the municipality budget and implementation of the annual development plan. Most public goods and services are provided through third parties that contract with the mayor's office, creating opportunities for mayors to repay donors by awarding them public contracts. Public contracts cannot be given to parents, siblings, children, children-in-law, grandparents, in-laws, spouses, or grandchildren of the mayor and the data reflect substantial (observed) compliance with this rule. Only 0.81% of family members in our dataset of donors to mayoral races in 2011 receive a contract. We discuss below how our inability to perfectly determine whether contracts are received by donors affects our conclusions.

Donors to mayoral candidates in Colombia's 2011 elections generally contributed a large amount to a single candidate. Only 138 donors (2.1%) gave money to more than one candidate and for family member donors, only eight individuals (out of 2,850) donated to multiple candidates. Unlike in the U.S., campaigns in Colombia do not rely on numerous contributions from small donors. Nearly three-quarters (72.4%) of private donors contributed an amount that is more than the average *monthly* wage in the municipality; this percentage is even higher for family members (91%). Moreover, only about 10% of donors give less than the monthly legal minimum wage. These large donations are concentrated in a small number of individuals and represent an important share of total campaign revenues for the top-two candidates. The average campaign of the top-two candidates in the sample has 3.1 donors, and 34% of their revenue comes from family or private contributions.

A weak party system and the nature of local policymaking make it difficult for ideo-

logical or partisan considerations to be important drivers of donations in Colombian mayoral races. Local concerns and institutional constraints on municipal governments generally make ideology less important in municipal government races (see, e.g., Oliver 2012). In Colombia, this is compounded by the fact that parties lack any ideological coherence (Botero and Alvira 2012; Botero, Losada and Wills-Otero 2016). Recent historical events help explain the weakness of the country's party system. Reforms that introduced an open-list proportional representation electoral system in the 1990s encouraged intra-party competition and dramatically increased the number of parties (Pachón and Shugart 2010; Shugart, Moreno and Fajardo 2007). In addition, a process of fiscal decentralization undertaken simultaneously gave more resources to mayors, which allowed them to create their own political organizations without relying on parties (Dargent and Muñoz 2011).

The weakness of the party system is reflected, for example, by the fact that only 25% of respondents identified with a political party in 2011 (LAPOP 2011), and only 33% of parties that ran candidates in the 2011 mayoral race did so again in 2015 in the same municipality. There are also high levels of party switching. Of the candidates who ran for mayor in 2011 and ran again in any local race in 2015, only 27% represented the same party both times. Similarly, donors are likely to switch which party they support. Of the 581 donors to a 2011 mayoral campaign who donated again in the 2015 mayoral race, 436 donated to a different party in the second campaign.

Runner-up candidates are very likely to run again in any local race in the next election (54.6%). Far fewer candidates who placed lower are likely to do so (28.3%). Moreover, runners-up have a high chance of winning if they run again. Of all runners-up in 2011 who ran again in the 2015 mayoral race, 83% finished in the top-two and 56.5% won the election.

The previous observations are consistent with the general view of campaign workers in these races that donors of mayoral races in Colombia are either family members, close friends, or local business owners seeking municipality-level public contracts. That is, unlike

the U.S. context, the set of consumer donors is composed mainly of those with close personal connections to the candidate and not by regular citizens who like the candidate and express their support with small contributions. Colombian donors in these races are not ideological zealots or moved by partisanship, yet they give large donations in a context where the incomes of regular citizens are low. Personal connections and profit seem to be the main factors driving donations in these races.

Data

To identify donors to the mayoral campaigns of 2011 and those who contributed again in 2015, we rely on the campaign funding information available on the National Electoral Commission's website. Electronic campaign finance reporting has been mandatory since 2009, and the National Electoral Commission fines candidates and parties that do not comply with this law.[6] Compliance with this requirement is high: 89% of the 4,460 mayoral candidates in 2011 reported their campaign funding information. In addition, the data allow us to identify donors who are family members of the candidate, as donors are required to describe their family relationship with the candidate (if any).

We use electoral data compiled by Pachón and Sánchez (2014), gathered from the Colombian national electoral authority, the *Registraduría Nacional del Estado Civil*. This register contains the results for the 2011 mayoral elections for all municipalities and those of all local races in 2015. The data includes key variables for the analysis, such as information on the winner of the election, and allows us to examine the history of participation in elections and the record of candidates' previous electoral victories, which we use in auxiliary analysis.

To gather evidence on donors' investment rationale, we use data from *Datos Abiertos*, an online portal that was created to increase transparency in public procurement compiled

[6] Norm 1094 of 2009.

by Ruiz (2017). This data contains the universe of public procurement contracts, including job contracts. We match the unique ID of each donor to the ID of the contractors in the municipality in which the candidate ran, which creates a *direct link* between the donor and a beneficiary of public resources or jobs. Since donors may receive contracts through associates, we discuss how such mismatches can affect our findings below.

We use the entire history of disciplinary sanctions for all mayoral candidates in the 2011 election from the Office of the Inspector General as controls and to check the validity of the RD assumptions. Public officials can be sanctioned for failing to reply to formal information requests by citizens, running for office without satisfying legal requirements, or violating contract law. Information on previous illegal voting practices (which includes cases of impersonating a dead person in order to vote, registering to vote in a municipality where the voter does not reside, or trying to vote while underage) is taken from the National Registrar Office. Data from the Office of the Comptroller General also provides a record of sanctions for donors.

Research design and estimation

We are interested in estimating the effect of donating to the election's winner on future donations and other outcomes. A challenge we face is that election winners and losers along with their donors might differ in other characteristics that determine subsequent donations. For example, if election winners tend to be more corrupt, honest candidates could be deterred from running, making those who donated to "cleaner" but unsuccessful candidates less enthusiastic about contributing in the future. Moreover, systematic differences between candidates who won versus those who lost might translate into systematic differences among their donors that correlate with their propensity to donate. We employ a close-elections RD design to address these concerns. Our forcing variable is the margin of victory, defined as

the candidate's vote share minus the vote share of her strongest opponent for the top two candidates in the 2011 mayoral race. Therefore, the cutoff that determines assignment to treatment (electoral victory) is normalized to zero. If the determinants of future donations are smooth at the cutoff, the RD design allows us to estimate the average treatment effect at the cutoff of donating to the winner of the mayoral 2011 election on future donations.

Following current practices (Cattaneo, Idrobo and Titiunik 2020), we report treatment effects estimated by taking the difference of (local) linear polynomial approximations of the average control and treatment outcomes at the cutoff. We use triangular kernels, which gives more weight to observations near the cutoff. To manage the trade-off between smaller bias and larger variance associated with using samples within a closer distance to the cutoff, our baseline estimates use the bandwidth that minimizes the asymptotic mean squared error (MSE). We report confidence intervals and p-values that account for clustering at the municipality level following Calonico, Cattaneo and Titiunik (2014). Along with these estimates, all main tables include results of the commonly used global linear parametric estimates and we leave quadratic specifications in Appendix F. In Appendix E we present local linear estimates computed using alternative bandwidths.

Our sample includes all top-two candidates in the 2011 mayoral race who had family or private donors (1150).[7] Of these candidates, 823 have non-family donors, and 778 received contributions from family members. In some models in which we study the downstream effects of donating to the election winner on outcomes defined only for one type of donor (e.g., the fraction of family donors who donate again), we use the sample of candidates who have that type of donor. One concern is that bias could be introduced if the top two campaigns differ in the type of donors they seek based on either their anticipated future contributions or what donors expect in return for their contributions. In Appendix A Table A1, we verify, however, that there are no discontinuities at the electoral victory cutoff in the

[7]Top candidates have at least one family or private donors in 78.5% of all municipalities.

probability of having non-family donors or the likelihood of having family donors.

A causal interpretation of our estimates requires that the determinants of future donations or contract assignment are smooth at the cutoff. Appendix Table C1 shows that candidate characteristics do not jump discontinuously at the electoral victory threshold. Bare winners and losers are, on average, similar in their electoral experience, whether they have held elected office in the past, ideology, campaign size, and prior malfeasance.[8]

Unlike other close-election RD studies, we can check for potential discontinuous jumps in many pre-treatment variables related to how campaigns are funded. This is an advantage of our application, as it is possible that donors, who have better information than researchers regarding differences between the winning candidates and runners-up, reflect such differences in their contributions. Table C1 reports no significant discontinuities around the electoral victory threshold in campaign revenues, number of donors, or the weight of donations in campaign revenues. We also check that the characteristics of the average donor to the winners and runners-up are similar in close elections, and find that average individual donations and the fraction of donors sanctioned by the with Comptroller general do not jump at the victory threshold. The same is true for other variables available for a smaller sample of donors, including the number of months registered in the Chamber of Commerce and the fraction of those reported as natural persons. Finally, we also verify that the number of treated and control units is not significantly different at the cutoff with a test of no manipulation of the density proposed by Cattaneo, Jansson and Ma (2019) (see Appendix C).

Mayoral races in Colombia are very competitive. This is an advantage, given that our design helps identify the causal effects of donating to the winner only in municipalities where the runner-up barely lost and because we require more observations near the victory threshold for our estimation. In 72% of the municipalities in our sample, elections were

[8]The winner and runner-up in a given race can clearly be different, but we should not find that those differences persist after averaging across municipalities.

won by less than 10% of the total vote.[9] We examine whether there are notable differences between the municipalities used in the estimation (with close margins) and those that were not. Table C2 shows that in 8 of the 28 variables considered we would reject equality of means. Yet even in those cases, the differences tend to be small. Close-election municipality governments seem to have a larger share of their resources in total revenues (about 8 pp difference) and a larger share of the population living in rural areas (5 pp). In close-election municipalities, minority candidates are more likely to finish as one of the two top candidates, and the campaigns are smaller as measured by total campaign revenues (by about 10 MCOP). These differences, however, do not affect the study's internal validity.

Non-family donors and investment motivations

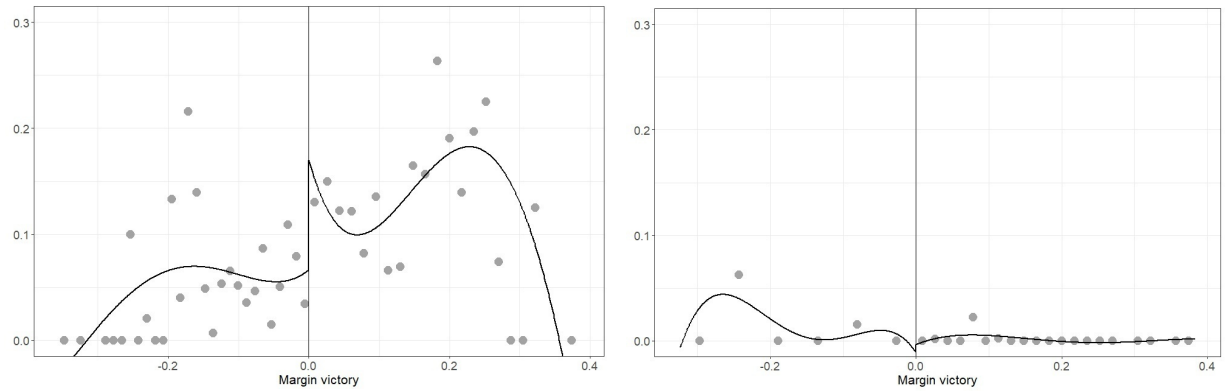
To test the implications of our theory, we need to (1) establish that some donors benefit financially from campaign contributions and (2) identify a set of donors who are not driven in the same way by financial incentives. This section shows that while non-family donors to the election winner obtain economic benefits in return for their contributions, family members do not appear to receive such benefits—even though family members contribute 9 million Colombian pesos (MCOP) on average, which is 50% more than the average contribution of a non-family member (6 MCOP).[10] We therefore consider family donors to more closely resemble a representative consumer donor, who is driven by personal attachments to the candidate, than non-family members when examining the implications of our theory.

The left panel of Figure 1 displays the fraction of non-family member donors who received a contract in a municipality as a function of the margin of victory. Dots to the right of the threshold (zero) represent the average fraction of donors to the winner who contracted

[9] A 10% margin of victory is close to the optimal bandwidth found in our RD analysis.

[10] This is for the sample of donors to the winners and runners-up in 2011.

Figure 1: Effect of donating to an election winner on the probability of receiving a contract (non-family vs. family)



Each dot represents the average fraction of donors receiving contracts in a bin. The number of bins is determined by the mimicking variance evenly spaced method using spacing estimators (Calonico, Cattaneo and Titiunik 2015). The line gives a polynomial fit of order three.

with the municipality within a bin, while those on the left denote the average fraction of non-family donors to the runner-up that received a contract. There is a jump around the zero margin of victory, and the fraction of donors to the winner with contracts is on average higher than that of the runner-up even when the margin of victory is large. The panel on the right presents a similar figure, but this time we only consider family member donors. There are no differences in the likelihood of receiving contracts among family donors to the winner versus runner-up in close races. Although there are exceptions (as seen here), family donors to the winner and the runner-up do not receive contracts.

Table 1 presents estimates of the differences in economic benefits by type of donor using RD regression. The first column shows that non-family donors to the winner are benefited via public contracts. The most conservative estimate indicates that the fraction of donors to the winner that receive a contract is 5.7 percentage points larger than that of the runner-up candidate. This is a large effect considering that the average fraction of non-family donors receiving contracts among the top-two candidates is less than 10%. For family members, on the other hand, there is no clear difference as expected.

Table 1: Effect of electoral victory on benefits to donors

Outcome:	Receive contract (municipality)		Receive contract (all)	Runs in 2015
	Non-Family	Family	Family	Family
	(1)	(2)	(3)	(4)
Local Linear				
Electoral victory	0.089	-0.001	0.007	-0.020
Robust p-value	0.052	0.676	0.989	0.397
CI 95%	[-0.001,0.191]	[-0.003,0.002]	[-0.071,0.072]	[-0.061,0.024]
Parametric (Linear)				
Electoral victory	0.057	0.002	0.031	-0.011
p-value	0.013	0.679	0.148	0.397
CI 95%	[0.012,0.101]	[-0.008,0.012]	[-0.011,0.072]	[-0.037,0.015]
Observations	823	778	778	778
Bandwidth obs.	381	189	476	456
Mean	0.096	0.004	0.058	0.014
Bandwidth	0.07	0.03	0.09	0.08

Local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth. 95% robust confidence intervals and robust p-values with clustering at the municipality level are computed following Calonico, Cattaneo and Titiunik (2014). Controls with parametric linear estimation include interaction of the treatment with running variable and running variable. Bandwidth Obs. denotes the number of observations in the optimal MSE bandwidth. Each observation is a candidate.

It is important to note that measurement error and our inability to perfectly match all donors to public contracts are unlikely to explain these findings. In particular, mayors might try to hide payments to their donors by signing the contracts to their donors' associates. This incentive to conceal a quid pro quo is not present when the mayor signs contracts with donors to the runner-up candidate, which suggests that the previous estimates could be a lower bound on the effect of donating to the winner on the probability of obtaining a contract. Also note that the previous findings are unlikely to be explained by family members of mayors not reporting themselves as family members when registering their donations. For this to be the case, family members of the winner would have to not disclose their family link to the candidate more frequently than family donors to the runner up in a close election. That is, the measurement error caused by misreporting familial relations would have to be

different on expectation at both sides of the electoral victory threshold. Given that the registration of donations happens before the election, changes in donors' registration after elections results are announced are not possible. Furthermore, since we are focusing on close races, it is more difficult to anticipate which candidate will win at the time of donation registration and both family members of the bare winner and bare loser would face similar incentives to disclose their personal relationship to the candidate. Also note that systematic differences in reporting of campaign finance information between bare winners and losers should be reflected in differences in the number of donors, campaign revenues, or weight of donations in campaign revenues, but such variables are smooth at the cutoff (see Table C1).

The previous results, however, do not rule out the possibility that family members are also seeking financial rewards with their contributions. Given the restrictions that prevent mayors from assigning contracts to family members, family donors could find alternative ways to obtain a return on their donations. We explore this possibility by estimating the effect of donating to the election winner on the likelihood of receiving any public contract, including those assigned by national or other government entities. The intuition for this test is that after a mayor is elected, she—who by law cannot directly contract with a family donor—can nonetheless exert influence on other government agencies that face fewer or no restrictions on assigning such contracts. As column 3 shows, we find no significant differences between the fraction of family donors obtaining public contracts from any government entity between donors to the winner versus those of the runner-up.

An alternative way by which the election winner can compensate family members for their donations is by assisting them with their own political aspirations. In this way, donating to a mayor is profitable because it secures her help in future elections in which the family donor might run. The model in column 4 explores this possibility. We see that there are no significant differences between the fraction of family donors to the winner who run in any race in the 2015 elections (governor, department assembly, municipal council, or mayor)

and that of the family donors to the runner-up.

These patterns suggest that non-family donors to the mayor reap economic benefits via municipality contracts, but that this is not the case for family members who donate to the mayor. The results also show that mayors do not systematically use two alternative channels to benefit family donors—influence over contracts outside the municipality and support for future political aspirations. These findings are robust to alternative bandwidths for estimation, and to quadratic polynomial global RD parameterizations (see Appendixes E and F). Since expressive motivations are likely stronger for family than for non-family donors, given these patterns, we expect family members' donation behavior to more closely resemble behavior theorized for consumer donors than for other donors. Importantly, if family donors are just as interested on average in economic benefits as other donors, but we are failing to observe how mayors repay their family members who donated to their campaigns, it would be more difficult to identify the differences in donation patterns between non-family members and family members.

Result: donating to the winner of the election reduces the likelihood of future donations

Column 1 of Table 2 illustrates that donors to the mayor elected in 2011 are 14 percentage points less likely than donors to the runner-up to contribute to any candidate in the 2015 local elections. Column 2 reports the results of models that only consider future donations to mayoral races in 2015 – i.e., whether a donor in 2011 is more likely to contribute to a candidate in the same type of race in 2015. The point estimate is smaller but still substantively and statistically significant.

Examining the effects of donating to the winning candidate on future donations help us assess the relative explanatory power of behavioral theories and our proposed theory. If

Table 2: Effect of donating to an election winner on future donations

Outcome:	Any race (1)	Mayor (2)
Local Linear		
Electoral victory	-0.140	-0.114
p-value	0.001	0.001
CI 95%	[-0.241,-0.065]	[-0.200,-0.050]
Parametric (Linear)		
Electoral victory	-0.095	-0.077
p-value	0.000	0.000
CI 95%	[-0.139,-0.052]	[-0.114,-0.040]
Observations	1150	1150
Bandwidth obs.	608	663
Mean	0.097	0.064
Bandwidth	0.07	0.08

Local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth. 95% robust confidence intervals and robust p-values with clustering at the municipality level are computed following Calonico, Cattaneo and Titiunik (2014). Controls with parametric linear estimation include interaction of the treatment with running variable and running variable. Bandwidth Obs. denotes the number of observations in the optimal MSE bandwidth. Each observation is a candidate.

previous success in participation induces future political participation in the form of donating to a political campaign, as behavioral theories suggest, we should observe that contributing to the election winner makes donors more likely to contribute to a candidate in the next election. Instead we find the opposite, which is consistent with consumer donors not finding a suitable candidate for their donations where campaigns are personalistic and when the incumbent is not eligible for reelection. Moreover, donors to the runner-up who are motivated by personal loyalty will be more likely to donate again if their favored candidate runs in the next election, especially if she has a good chance of winning, as is common in this context.[11] Despite having supported a losing candidate, a consumer donor to the runner-up moved by

[11]Of all runners-up from 2011, 49% ran again in 2015. We estimate that runners-up who obtained vote shares marginally above third place were 19.2 percentage points more likely to run in the next election than third-place candidates (Table A2 in Appendix A).

personal loyalty could still be motivated to donate again.

To further examine whether our theory can account for donation patterns over time, we estimate the previous model separately for family and non-family donors and present the results in Table 3. Our theory implies that the difference in future donation rates between donors to the winner versus the runner-up reported above should not be driven by investor donors who donate again if their previous investment was profitable, but by consumer donors who base their contributions on personal loyalty. Consistent with these ideas, the negative effect of contributing to the winner of the 2011 race on future donations is much stronger for family members than for non-family members. Family members who donated to the mayor are 20.2 percentage points less likely to donate to any 2015 race than family members who contributed to the runner-up's campaign, while the (non significant) point estimate with the local linear estimation approach is just 5.4 percentage points for non-family members, the donors that benefit with contracts.

Result: receiving a contract increases the probability that donors to the mayor will contribute again

An additional implication of our theory is that investor donors who receive an economic benefit from the winning candidate should be more likely to continue donating in the future. To explore this expectation, we focus on the sample of non-family donors to the election winner in 2011, and test whether receiving a municipality contract during the mayor's term affects the likelihood of future donations. We follow a selection on observables approach by estimating ordinary least squares (OLS) linear probability models.[12]

[12]Table A3 in Appendix A presents estimated coefficients of logit and conditional logit models along with marginal effects for the Logit models.

Table 3: Effect of donating to an election winner on future donations (candidate's family members vs. non members)

Outcome :	Any race	Mayor
	(1)	(2)
Panel A: Candidates' family members		
Local Linear		
Electoral victory	-0.202	-0.175
p-value	0.003	0.001
CI 95%	[-0.336,-0.069]	[-0.296,-0.073]
Parametric (Linear)		
Electoral victory	-0.164	-0.132
Robust p-value	0.000	0.000
CI 95%	[-0.228,-0.101]	[-0.188,-0.076]
Observations	778	778
Bandwidth obs.	427	469
Mean	0.086	0.068
Bandwidth	0.06	0.08
Panel B: Non-family members		
Local Linear		
Electoral victory	-0.054	-0.080
Robust p-value	0.218	0.107
CI 95%	[-0.154,0.035]	[-0.222,0.022]
Parametric Linear		
Electoral victory	-0.059	-0.041
Robust p-value	0.023	0.046
CI 95%	[-0.110,-0.008]	[-0.081,-0.001]
Observations	823	823
Bandwidth obs.	532	330
Mean	0.107	0.066
Bandwidth	0.06	0.05

Local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth. 95% robust confidence intervals and robust p-values with clustering at the municipality level are computed following Calonico, Cattaneo and Titiunik (2014). Controls with parametric linear estimation include interaction of the treatment with the running variable and running variable. Bandwidth Obs. denotes the number of observations in the optimal MSE bandwidth. Each observation is a candidate.

To estimate the impact of receiving a public contract on the probability that a donor to the mayor in 2011 will contribute to a campaign in 2015, we adjust for characteristics of donors and mayors that might confound this relationship. For instance, one variable that affects the likelihood of receiving a contract and future donations is the donor's wealth: wealthier donors can afford to contribute in both 2011 and 2015, and they might own larger businesses that are better positioned to win government contracts. We therefore control for the size of the 2011 donation in all of our models. We also control for proxies for donors' malfeasance, such as whether the Office of the Comptroller General previously sanctioned the donor for violating laws governing public resources and whether the donor contributed more than the legal limit. Finally, we control for how the donor's contribution ranks relative to all contributions to that candidate to capture his or her relative influence. Similarly, the characteristics of the elected candidate can also influence the type of candidate who runs in the next election and, therefore, future donations and contract assignment. For example, "clean" candidates might be deterred from running in municipalities that frequently elect corrupt officials. Corrupt candidates could also raise more donations from people seeking to profit from their campaign contributions. Because of this, we control for the mayor's characteristics, including whether she has engaged in illegal voting practices before, has been sanctioned by the Office of the Inspector General, ran in previous elections, the number of elected posts she has held previously, the share of all private donations received as a percentage of total campaign revenues, and whether she belongs to a party without a clear ideological leaning.

Table 4 presents the results. Column 1 shows a significant positive association between receiving a contract and donating to any race in 2015 among donors to the winner of the 2011 mayoral race. Receiving a contract is associated with a 4.6-percentage-point increase in the probability that a donor to the mayor in 2011 will donate again in 2015, which is a large effect given that only 8.8% of donors to the mayor contribute again in the future. Column

2 reports the results of a regression that includes municipality fixed effects. This model accounts for unobserved municipality characteristics that can determine contract assignment and political participation, like the level of development, state capacity, and democratic culture. Importantly, because the sample only includes donors to the mayor, these models allow us to compare donors to the same mayor with similar donation and malfeasance levels, while varying whether they received a contract. The point estimates barely change.

The positive association between receiving a contract and donating in the 2015 elections is maintained when the dependent variable takes a value of 1 if the donor contributed to a mayoral race in 2015 and 0 if they did not contribute to any race in that election. This time, however, the coefficients are smaller and less precisely estimated. The smaller coefficients in Columns 3 and 4 are also consistent with an investment rationale. Since donors in 2011 mostly supported only one candidate in the 2011 mayoral race, and the winner of the 2015 mayoral race is likely to be the (unsupported) runner-up from 2011, an investor donor would have more reasons to donate to races other than the mayoral race. Elected mayors who want to reward their donors could prioritize loyal donors who had not previously supported a rival. Rewarding loyalty is possible given the typically small number of donors per campaign and the fact that candidates frequently know who contributes to their main rivals in small municipalities. Appendix A Table A6, reports further evidence supporting these ideas. When the dependent variable is a dummy that takes a value of 1 when the donor in 2011 contributed to the mayoral race and not to another 2015 local race (governor, department assembly, and council), the coefficient on receiving a contract is even smaller and insignificant. This suggests that the results of Columns 1 and 2 are driven by donors seeking to support a candidate who can win and reward their contributions, which is less likely if they continue donating exclusively in mayoral races.

A potential concern with the results reported above is that we might not be able to link contracts to donations in every case. If a donor to the mayor receives a contract through

Table 4: Contracts and next election donations

Outcome:	Any race		Mayor	
	(1)	(2)	(3)	(4)
Contract	0.046	0.044	0.029	0.027
p-value	0.008	0.040	0.034	0.088
CI 95%	[0.012,0.080]	[0.002,0.085]	[0.002,0.055]	[-0.004,0.058]
Observations	3125	3125	3013	3013
Mean	0.088	0.088	0.052	0.052
R-squared	0.029	0.226	0.037	0.252
Controls mayor	yes	no	yes	no
Controls donor	yes	yes	yes	yes
Municipality FE	no	yes	no	yes

OLS estimates of the effect of receiving a contract on donating in the next election. The sample includes non-family donors to the mayor. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in past elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. "Controls donor" include: logged value of donation, donated above legal limit, sanctioned, rank of donation among all family and private donors. Confidence intervals and p-values with clusters at the municipality level. Each observation is a donor.

an associate (to avoid the appearance of a quid pro quo), it would appear in our dataset as a donor who did not receive a contract. However, this would underestimate the coefficient on receiving a contract in the previous models.

A separate concern is that although we included the value of the 2011 donation as a control, the relationship we observe is explained by more successful business owners being wealthier and better able to win public contracts, and not by investor donors seeking another a quid pro quo. If this were the case, we should find 1) a positive relationship between contracts and donations in 2015 for contract recipients who did not donate to the 2011 election winner and 2) a positive relationship between winning a non-municipality public contract and future contributions. Yet, we observe neither. Appendix Table A4 shows that when we use the subsample of donors to the runner-up, the coefficient on receiving a contract is either negative or much closer to zero, and is not significant. Similarly, there are no significant differences in the probability of future donations between donors to the 2011 mayoral race winner who only received non-municipality public contracts and those

who received no contracts (Appendix Table A5).

Although the models include important determinants of contracting and donations, it is still difficult to interpret the results of this section as causal relationships. To further bolster our confidence that contracts lead to an increase in future donations, we conduct a sensitivity analysis (Cinelli and Hazlett 2020) and report the results in Table B1. We find that confounding that is three times as strongly associated with contract assignment as the 2011 donation value does not change the conclusion that receiving a contract makes a private donor more likely to donate to any race in the 2015 election. The donation size is perhaps the most important determinant of future donations, and it could determine contract assignment if the mayor rewards donors based on how much they contributed to their campaign. We find similar findings if the comparison benchmark is not the 2011 donation but the ranking of a donor's contribution in models of donations to any race in 2015.

Finally, we estimate our models using the sub sample of donors for whom the Chamber of Commerce has information on whether they are registered as a natural person and the number of months the donor has been registered.[13] A downside of this test is that donors who have this information tend to be located in large cities rather in than in a typical municipality. Nevertheless, we find a large positive coefficient on receiving a contract in the models in which the dependent variable is an indicator for donating in any race in 2015. Discarding the 70% of our observations for which the new controls are not available comes at the cost of obtaining noisier estimates. Interestingly, the reduction in the magnitude of the coefficient on receiving a contract in models of donations to mayoral races is more pronounced. Again, this is consistent with the interpretation that investor donors who had a successful donation experience will donate to races where their positive experience is more likely to be repeated.

[13]See results in Appendix A Table A7

Conclusions

The potential for moneyed interests to capture government has pushed many countries to impose restrictions on the flow of money to political campaigns (Scarrow 2007; IDEA 2014). Understanding how different motivations drive contributions and how these motivations affect individuals' donation patterns over time can potentially assist the design of these policies. In this paper, we develop a theory of donation behavior that highlights the important nature of the party system along with the role of ideology and programmatic campaigning in moderating how consumer and investor donors contribute over time. The findings advance a literature that has focused primarily on explaining donation dynamics in industrialized democracies with strong parties and ideological races.

In elections where parties are weak and ideology does not play a significant role, the set of consumer donors shrinks to those who donate based on personal loyalty, and the pool of candidates willing to favor past donors increases. As a result, campaign donors are either investors or citizens with strong personal connections to the candidate. These ideas align with both general perceptions of those involved in local campaigns in Colombia and data on donors' characteristics that suggest donors in these contexts are primarily local business owners, who can benefit from municipality contracts, or family of the candidate.

Using a dataset that allows us to link individual donors to contractors and their donations over time, we find that donors to the winner of the 2011 mayoral election in Colombia were less likely to donate in the next election. This pattern is weaker among non-family donors, who receive economic benefits during the mayor's term via municipality contracts. Importantly, non-family donors to the election winner are also more likely to donate again if they receive a public contract. This finding highlights how allocation of public resources biased toward favoring campaign contributors encourages these contributors to seek similar benefits by donating again. Our evidence is limited to the observation of two

consecutive elections, but future work could examine cumulative benefits in the contracting market for these career donors across more elections.

Our theory and findings can inform the general design of campaign regulations. The risks that donors will influence the allocation of public resources are more significant when donations are more responsive to targeted government benefits directed towards previous donors of election winners. Rules restricting the ability of donors who supported the election winner to contract with the government, along with greater scrutiny of donors' contracting proposals, could be considered in such settings. Our findings also suggest that, where campaigns are highly personalistic, large donations by individuals that persist over time could be tied to investment motives, as consumer donors are more likely to fluctuate their donation behavior in such settings. Studying whether these large persistent donors become wealthier over time while taking a larger share of public contracts is an interesting avenue for further research.

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Online Appendix "When Do Campaign Contributions Persist? The Role of Motivations in Non-Partisan Contexts"

A Other tables

Table A1: Effect of electoral victory on donation type

Outcome:	Has non-family donors (1)	Has family donors (2)
Electoral victory	0.023	0.014
Robust p-value	0.619	0.974
CI 95%	[-0.144,0.241]	[-0.186,0.192]
Observations	1150	1150
Bandwidth obs.	551	593
Mean	0.715	0.681
Effect Mean(%)	3.22	2.06
Bandwidth	0.06	0.07

Local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth. 95% robust confidence intervals and robust p-values with clustering at the municipality level are computed following Calonico, Cattaneo and Titiunik (2014). Bandwidth Obs. denotes the number of observations in the optimal MSE bandwidth. Each observation is a candidate.

Table A2: Running in next mayoral election (runner up vs. third-place candidate)

Outcome:	Running again (1)
Placing second	0.192
Robust p-value	0.013
CI 95%	[0.043,0.358]
Observations	1632
Bandwidth obs.	798
Mean	0.387
Effect Mean(%)	49.61
Bandwidth	0.29

Local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth. 95% robust confidence intervals and robust p-values with clustering at the municipality level are computed following Calonico, Cattaneo and Titiunik (2014). Bandwidth Obs. denotes the number of observations in the optimal MSE bandwidth. Each observation is a candidate.

Table A3: Contracts and next election donations (non-family members-Logit results)

Outcome:	Any race		Mayor	
	(1)	(2)	(3)	(4)
Contract	0.110	0.083	0.131	0.121
p-value	0.002	0.066	0.003	0.035
CI 95%	[0.039,0.181]	[-0.005,0.172]	[0.045,0.218]	[0.009,0.233]
Observations	3124	1608	3013	1062
Mean	0.088	0.088	0.052	0.052
Log-likelihood	-886.145	-494.117	-576.091	-292.055
Controls mayor	yes	no	yes	no
Controls donor	yes	yes	yes	yes
Municipality FE	no	yes	no	yes

Estimates of the coefficient on receiving a contract in logit models of donating in the next election. Sample includes donors to the mayor. Columns 2 and 4 present conditional logit results with municipality as the grouping variable. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. "Controls donor" include: logged value of donation, donated above legal limit, sanctioned, rank of donation among all family and private donors. P-values and confidence intervals with clusters at the municipality level. Each observation is a donor.

We compute marginal effects for Models 1 and 2 in Table A3. The marginal effect of receiving a contract on donating again to any race in 2015 is 4 percentage points and 2.9 percentage points for donating to the 2015 mayoral race. Both estimates are statistically significant. We compute them fixing dichotomous variables at their respective modes and other variables ones at their mean.

Table A4: Contracts and next election donations (non-family donors to the runner-up)

Outcome:	Any race		Mayor	
	(1)	(2)	(3)	(4)
Contract	-0.009	0.011	0.008	0.010
p-value	0.808	0.773	0.814	0.779
CI 95%	[-0.083,0.065]	[-0.063,0.084]	[-0.061,0.078]	[-0.062,0.082]
Observations	1917	1917	1840	1840
Mean	0.117	0.117	0.077	0.077
R-squared	0.014	0.289	0.025	0.308
Controls mayor	yes	no	yes	no
Controls donor	yes	yes	yes	yes
Municipality FE	no	yes	no	yes

OLS estimates of the effect of receiving a contract on donating in the next election. Sample includes donors to the runner up. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. "Controls donor" include: logged value of donation, donated above legal limit, sanctioned, rank of donation among all family and private donors. p-values and confidence intervals with clusters at the municipality level. Each observation is a donor.

Table A5: Non-municipality contracts and next election donations (non-family)

Outcome:	Any race		Mayor	
	(1)	(2)	(3)	(4)
Non-municipality contract	0.002	0.013	-0.003	-0.001
p-value	0.938	0.673	0.862	0.970
CI 95%	[-0.044,0.047]	[-0.048,0.075]	[-0.036,0.030]	[-0.042,0.041]
Observations	2695	2695	2606	2606
Mean	0.088	0.088	0.052	0.052
R-squared	0.024	0.237	0.034	0.257
Controls mayor	yes	no	yes	no
Controls donor	yes	yes	yes	yes
Municipality FE	no	yes	no	yes

OLS estimates of the effect of receiving a non-municipality contract on donating in the next election. Sample includes donors to the winner who did not receive a municipality contract. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. "Controls donor" include: logged value of donation, donated above legal limit, sanctioned, rank of donation among all family and private donors. P-values and confidence intervals with clusters at the municipality level. Each observation is a donor.

Table A6: Contracts and next mayoral election donations (non-family)

Outcome:	Mayor only	
	(1)	(2)
Contract	0.020	0.018
p-value	0.108	0.183
CI 95%	[-0.004,0.044]	[-0.009,0.045]
Observations	2952	2952
Mean	0.032	0.032
R-squared	0.014	0.228
Controls mayor	yes	no
Controls donor	yes	yes
Municipality FE	no	yes

OLS estimates of the effect of receiving a contract on donating exclusively to the next mayoral election. Sample includes donors to the mayor. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. "Controls donor" include: logged value of donation, donated above legal limit, sanctioned, rank of donation among all family and private donors. P-values and confidence intervals with clusters at the municipality level. Each observation is a donor.

Table A7: Effects of contracts on next election donations (Additional controls sample)

Outcome:	Any race		Mayor	
	(1)	(2)	(3)	(4)
Contract	0.053	0.064	0.025	0.012
p-value	0.093	0.178	0.303	0.770
CI 95%	[-0.009,0.115]	[-0.029,0.157]	[-0.023,0.073]	[-0.067,0.090]
Observations	944	944	903	903
Mean	0.088	0.088	0.052	0.052
R-squared	0.139	0.399	0.161	0.426
Controls mayor	yes	no	yes	no
Controls donor	yes	yes	yes	yes
Municipality FE	no	yes	no	yes

OLS estimates of the effect of receiving a contract on donating in the next election. Sample includes donors to the mayor who are registered as a natural person, and for which the months registered in Chamber of Commerce is available. "Controls mayor" include: candidate's illegal registration of ID, sanctioned, elected posts, participated in elections, party is not left-wing nor right-wing, private donations as fraction of campaign revenue. Controls donor include: logged value of donation, donated above legal limit, sanctioned by the Comptroller General, rank of donation among all family and private donors, registered as a natural person, and number of months registered in Chamber of Commerce. P-values and confidence intervals with clusters at the municipality level. Each observation is a donor.

B Sensitivity Analysis

Table B1 presents the results of the sensitivity analysis for two outcomes: (1) an indicator that takes a value of 1 if the donor contributed to any race in 2015, and 0 otherwise (Panel A) and (2) an indicator of donating to the 2015 mayoral race (Panel B). The regression includes all donor controls as well as mayor fixed effects. For the first outcome, the robustness value ($RV_{q=1}$) indicates that an unobserved confounder that explains more than 4.9% of the residual variance of both the treatment and the outcome is strong enough to bring the point estimate to 0. To assess whether such a confounder is plausible, we consider a confounder that is just as strong as the value of the 2011 donation, arguably the most important control in our regression. The table reports the coefficient on contract, standard error, and 95% confidence intervals that would be obtained if we could control for such a confounder. The exercise is repeated for confounders that are twice and three times as strong confounders as the the 2011 donation. Including such a confounder would not affect the main conclusion that receiving a contract makes a donor more likely to donate in the next election. If we only consider donating to mayoral races, we still see that the coefficient on contract is almost unchanged with the inclusion of such a confounder; however, the coefficient is only significant at the 10% level. The results of this sensitivity analysis are very similar if instead of using the size of the 2011 donation as the benchmark for comparison, we use the rank of the donation (while controlling for donation size), which could capture a donor's relative importance for the candidate. Overall, these findings are in line with the interpretation that receiving a contract incentivizes future donations, especially in races in which a quid pro quo is more likely to occur.

Table B1: Sensitivity analysis

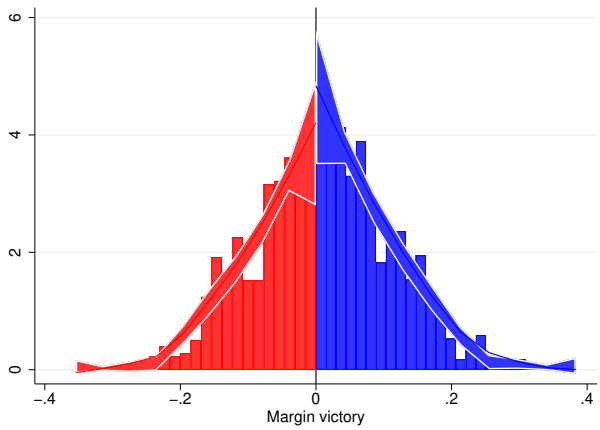
Panel A: Any Race					
	$R^2_{Y\sim D\|\mathbf{X}}$	$RV_{q=1}$	Contract	S.E.	
	0.003	0.049	0.042	0.016	
	$R^2_{Z\sim D\|\mathbf{X}}$	$R^2_{Y\sim Z\|D,\mathbf{X}}$	Contract	S.E.	CI 95%
Donation×1	0.002	0.001	0.041	0.016	[0.009,0.073]
Donation×2	0.003	0.001	0.04	0.016	[0.008,0.072]
Donation×3	0.005	0.002	0.039	0.016	[0.008,0.071]

Panel B: Mayor					
	$R^2_{Y\sim D\|\mathbf{X}}$	$RV_{q=1}$	Contract	S.E.	
	0.001	0.037	0.025	0.013	
	$R^2_{Z\sim D\|\mathbf{X}}$	$R^2_{Y\sim Z\|D,\mathbf{X}}$	Contract	S.E.	CI 95%
Donation×1	0.001	0.002	0.024	0.013	[-0.002,0.05]
Donation×2	0.002	0.004	0.023	0.013	[-0.003,0.049]
Donation×3	0.003	0.006	0.022	0.013	[-0.004,0.048]

$R^2_{Y\sim D|\mathbf{X}}$ denotes the partial R-squared of the treatment with the outcome. $RV_{q=1}$ is the robustness value or residual variation of both the outcome and treatment that is sufficient for a confounder to explain away the effect. $R^2_{Z\sim D|\mathbf{X}}$ is the partial R-squared of the confounder with the treatment, and $R^2_{Y\sim Z|D,\mathbf{X}}$ is the partial R-squared of the confounder with the outcome.

C Smooth pre-treatment variables and sorting test

Figure C1: Sorting tests (2011 and 2015)



The figure shows the density of the running variable. The test of no discontinuity at the cutoff (Cattaneo, Jansson and Ma 2019) gives a statistic of 0.939 and a p-value of 0.348).

Table C1: Candidate characteristics around the electoral victory cutoff

	Mean (1)	Std. Dev. (2)	Victory (3)	CI 95% (4)	Obs. (5)	Band. Obs. (6)	Bandwith (7)	p-value (8)
Panel A:Candidates' characteristics								
Women	0.120	0.326	0.018	[-0.105,0.182]	1150	563	0.07	0.602
Age	44.900	9.740	0.285	[-3.421,4.061]	1047	642	0.09	0.867
Black	0.052	0.221	0.009	[-0.068,0.097]	1047	674	0.10	0.731
Indigenous	0.124	0.330	-0.041	[-0.202,0.086]	1047	529	0.07	0.432
Left wing	0.031	0.172	-0.036	[-0.133,0.037]	1150	587	0.07	0.269
Right wing	0.244	0.430	-0.125	[-0.316,0.013]	1150	592	0.07	0.071
Sanctioned	0.110	0.313	-0.053	[-0.183,0.085]	1150	592	0.07	0.471
Illegal registration of ID	0.003	0.057	-0.018	[-0.062,0.019]	1150	641	0.08	0.300
Political experience	0.443	0.497	-0.004	[-0.251,0.172]	1148	507	0.06	0.714
Elected posts	0.361	0.480	0.016	[-0.206,0.190]	1148	551	0.06	0.940
Panel B: General funding covariates								
Donors	5.729	8.543	0.466	[-2.298,3.618]	1150	680	0.08	0.662
Campaign revenue (MCOP)	63.114	126.014	15.288	[-23.703,57.499]	1150	717	0.09	0.415
Donations/Revenue	0.585	0.273	-0.078	[-0.201,0.028]	1150	535	0.06	0.138
Panel C: Donor characteristics								
Family	0.441	0.412	-0.007	[-0.203,0.149]	1150	552	0.06	0.761
Rank	2.326	2.027	-0.006	[-0.840,0.799]	1150	745	0.10	0.961
Avg. donation (private)	5.777	7.876	-3.764	[-10.745,1.775]	823	389	0.07	0.160
Avg. donation (family)	10.179	12.145	-0.862	[-9.718,5.763]	778	358	0.06	0.617
Comptroller sanction	0.006	0.041	-0.011	[-0.024,0.003]	1150	514	0.06	0.138
Above limit	0.269	0.383	-0.133	[-0.337,0.006]	1150	480	0.05	0.059
Juridical person	0.103	0.266	-0.040	[-0.139,0.067]	774	440	0.09	0.496
Producer	0.073	0.198	-0.048	[-0.128,0.033]	759	330	0.06	0.251
Months registered	121.357	111.789	-7.504	[-58.258,37.999]	658	241	0.05	0.680

Columns 1 and 2 report descriptive statistics. Column 3 reports local linear estimates of average treatment effects at the cutoff estimated with triangular kernel weights and optimal MSE bandwidth (reported in Column 7). Columns 4 and 8 report 95% robust confidence intervals and robust p-values computed following (Calonico, Cattaneo and Titiunik 2014). Columns 5 and 6 report total observations and observations in optimal MSE bandwidth. Sanctioned indicates the candidate has been sanctioned by the Office of the Inspector General. Donors and Donations include totals for private and family donors. Family is the fraction of donors who are family members of the candidate. Rank is the average rank according to the donation size of individual donors to the same candidate. Above limit is the fraction of donors contributing above the individual legal limit. Observations are at the candidate municipality level.

Table C2: Close-election municipality characteristics

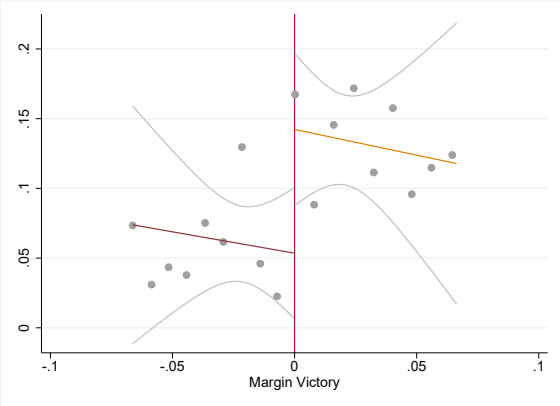
	Mean Margin. > 0.1	Mean Margin. ≤ 0.1	p-value H_0: No difference in means
Panel A: Municipality characteristics			
Local revenue (% of total)	63.569	55.509	0.000
Registered voters	4.4e+04	3.0e+04	0.361
Armed group	0.276	0.217	0.077
Rural population	0.509	0.547	0.046
Underperforming schools	0.352	0.395	0.125
Discretionary revenue	3.5e+04	3.9e+04	0.933
Panel B: Candidates characteristics			
Women	0.116	0.116	0.980
Age	44.954	45.399	0.328
Black	0.032	0.052	0.039
Indigenous	0.087	0.122	0.016
Left wing	0.018	0.030	0.082
Right wing	0.253	0.238	0.456
Sanctioned	0.115	0.128	0.393
Illegal registration of ID	0.003	0.007	0.165
Political experience	0.439	0.457	0.410
Elected posts	0.356	0.369	0.569
Panel C: General funding covariates			
Donors	3.264	3.174	0.768
Campaign revenue	52.508	42.989	0.034
Donations /revenue	0.341	0.342	0.925
Panel D: Donors characteristics			
Family	0.410	0.460	0.040
Rank	2.519	2.208	0.009
Avg. donation (non-family)	5.790	5.769	0.970
Avg. donation (family)	11.045	9.658	0.111
Comptroller sanction	0.006	0.005	0.648
Above limit	0.248	0.282	0.138
Juridical person	0.129	0.084	0.019
Producer	0.073	0.073	0.969
Months registered	117.684	124.011	0.462

This table reports the means of characteristics of municipalities and top-two candidates where elections had a margin of victory smaller than or equal than 0.1 or larger than 0.1 and the p-value of a difference in means test. Own resources denotes the percentage of own resources in all resources of the municipality. Armed group indicates the presence of guerrillas or paramilitary forces. Underperforming schools is the share of schools in the municipality classified below 'average performance' by the Instituto Colombiano para la Evaluación de la Educación (ICFES). Rural population is the share of population living in rural areas. Sanctioned indicates the candidate has been sanctioned by the Office of the Inspector General. Donors and Donations include totals for private and family donors. Family is the fraction of donors who are family members of the candidate. Rank is the average rank according to the donation size of individual donors of the same candidate. Above limit is the fraction of donors contributing above the individual legal limit.

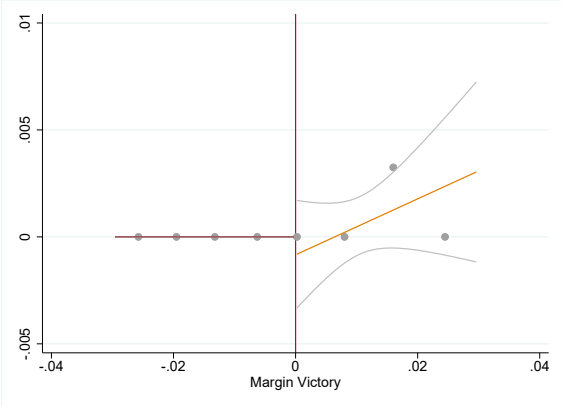
D Graphical representation of RD results (RD plots)

Figure D1: Effect of electoral victory on benefits to donors

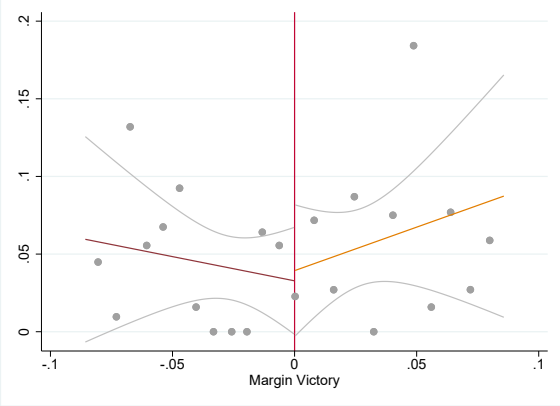
(a) Receive contracts (non-family)



(b) Receive contracts (family)



(c) Receive any contracts (family)



(d) Run in 2015

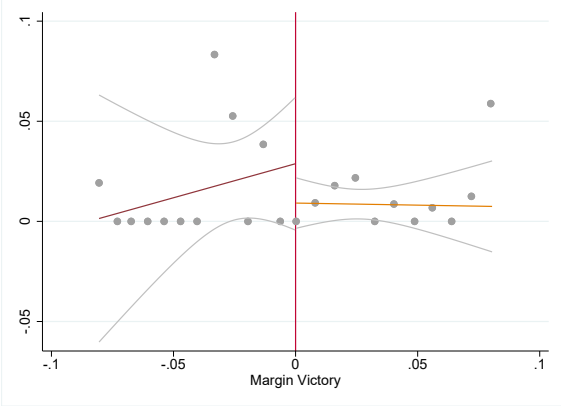
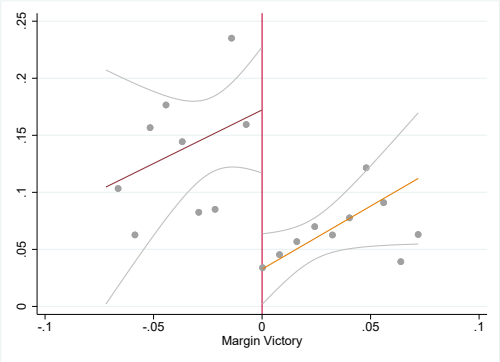


Figure D2: Effect of donating to an election winner on future donations

(a) Any race



(b) Mayor

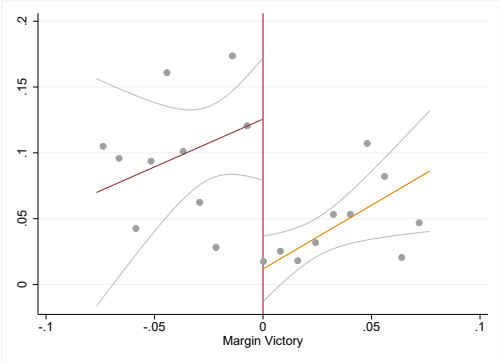
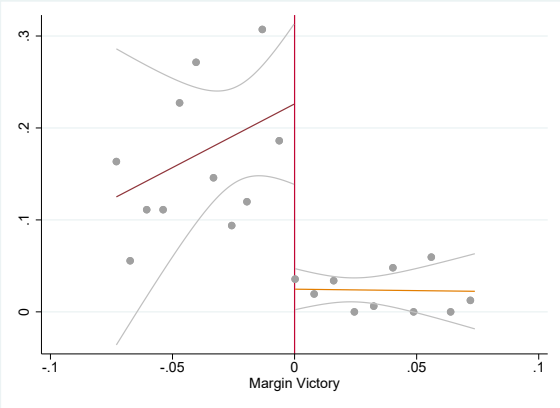
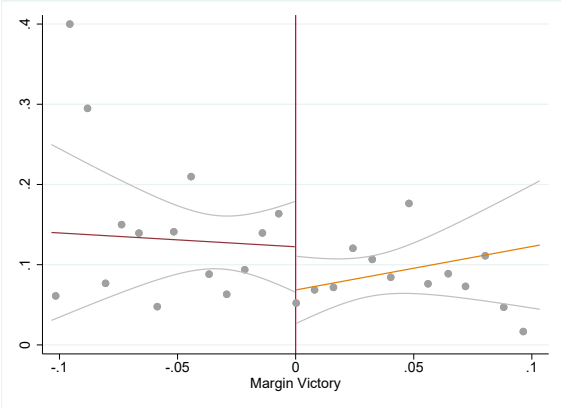


Figure D3: Effect of donating to an election winner on future donations (family vs. non-family)

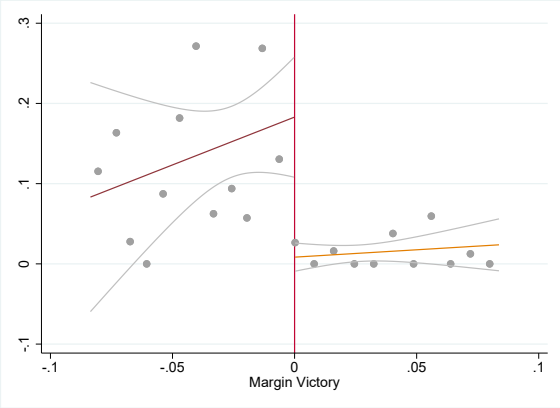
(a) Any race (family)



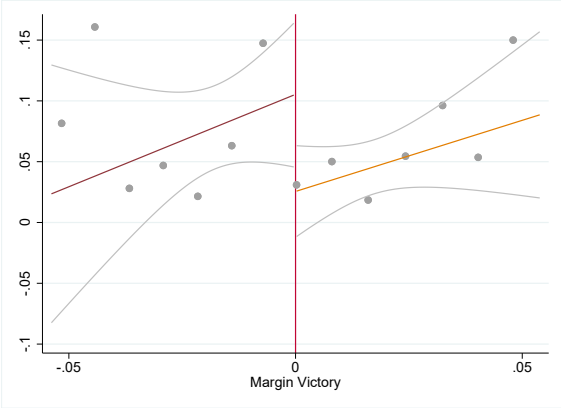
(b) Any race (non-family)



(c) Mayor (family)



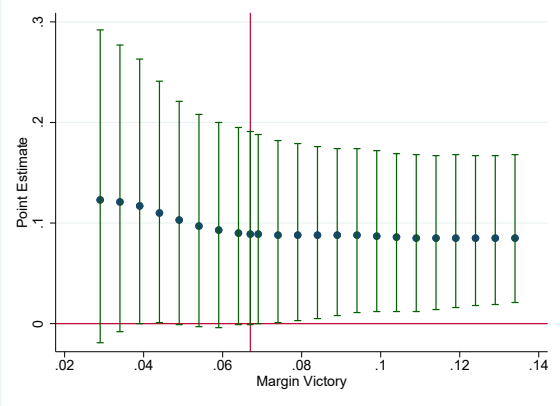
(d) Mayor (non-family)



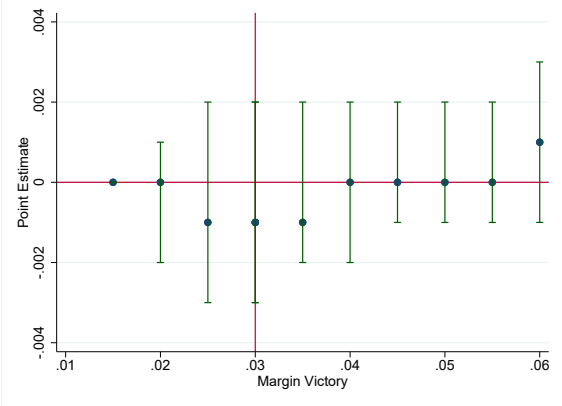
E Sensitivity of RD results to bandwidth choice

Figure E1: Effect of electoral victory on benefits to donors

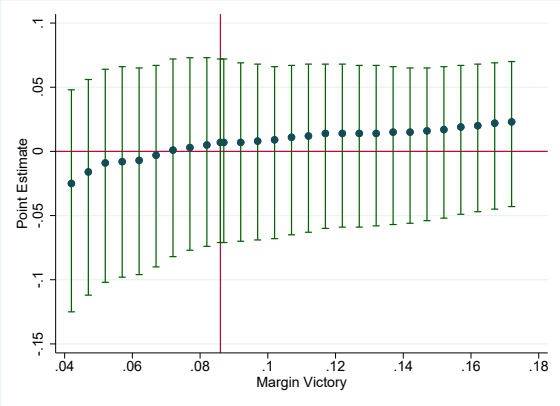
(a) Receive contract (non-family)



(b) Receive contract (family)



(c) Receive any govt. contract (family)



(d) Run in 2015

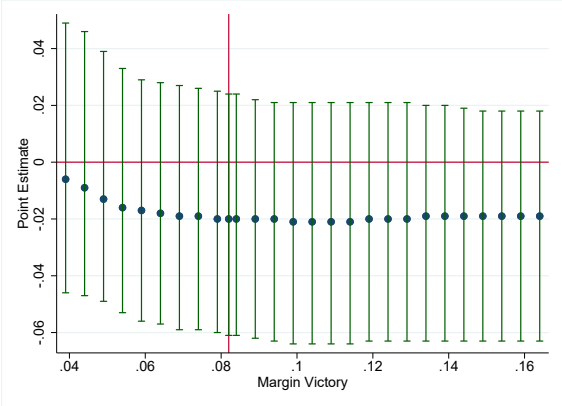
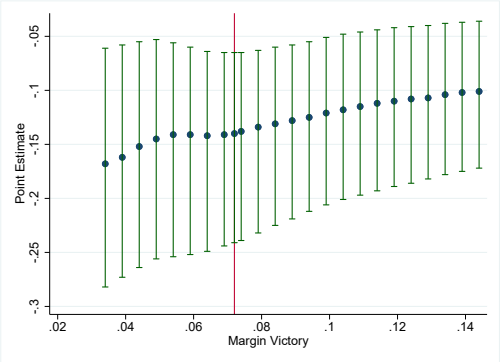


Figure E2: Effect of donating to an election winner on future donations

(a) Any race



(b) Mayor

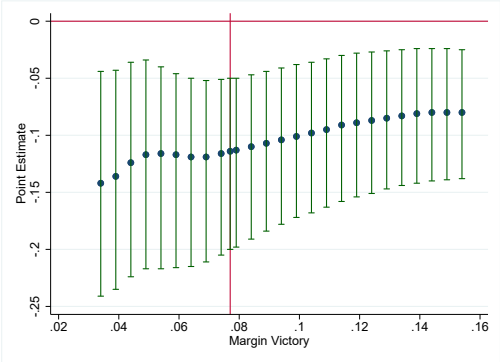
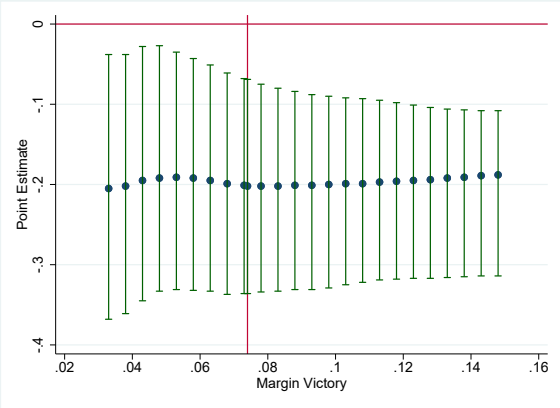
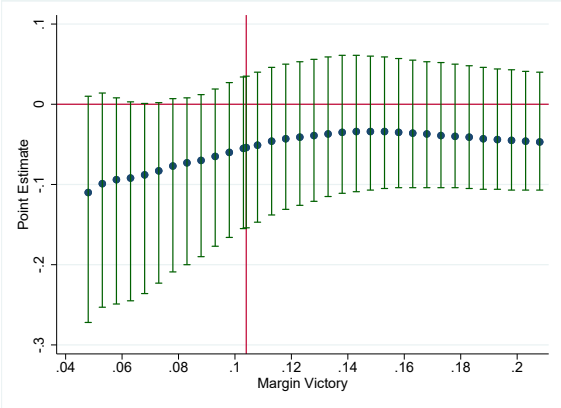


Figure E3: Effect of donating to an election winner on future donations (family vs. non-family)

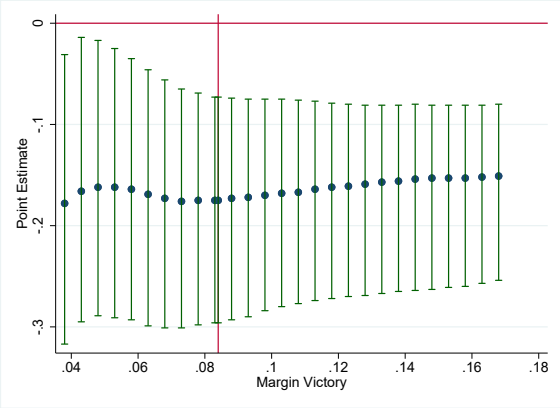
(a) Any race (family)



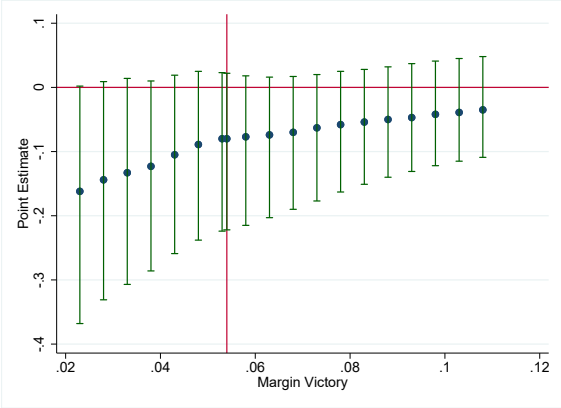
(b) Any race (non-family)



(c) Mayor (family)



(d) Mayor (non-family)



F Global parametric RD results (quadratic specification)

Table F1: Effect of electoral victory on benefits to donors (global parametric RD)

Outcome:	Receive contract (municipality)		Receive contract (all)	Runs in 2015
	Non-family	Family	Family	Family
	(3)	(4)	(5)	(6)
Electoral victory	0.070	-0.002	0.037	-0.024
p-value	0.023	0.401	0.173	0.184
CI 95%	[0.010,0.131]	[-0.007,0.003]	[-0.016,0.090]	[-0.058,0.011]
Observations	823	778	778	778
Mean	0.096	0.004	0.058	0.014

OLS estimates of average treatment effects at the cutoff. Controls include the interaction of the treatment with running variable and running variable, interaction of the treatment with the squared running variable, and the running variable squared. 95% robust confidence intervals and p-values with clustering at the municipality level. Each observation is a candidate.

Table F2: Effect of donating to an election winner on future donations (global parametric RD)

Outcome:	Any race	Mayor
	(1)	(2)
Electoral victory	-0.100	-0.083
p-value	0.001	0.001
CI 95%	[-0.158,-0.043]	[-0.131,-0.034]
Observations	1150	1150
Mean	0.097	0.064

OLS estimates of average treatment effects at the cutoff. Controls include the interaction of the treatment with running variable and running variable, interaction of the treatment with the squared running variable, and the running variable squared. 95% robust confidence intervals and p-values with clustering at the municipality level. Each observation is a candidate-municipality.

Table F3: Effect of donating to an election winner on future donations (candidate's family members vs. non-members, global quadratic parametric RD)

Outcome :	Any race	Mayor
	(1)	(2)
Panel A: Candidates' family members		
Electoral victory	-0.172	-0.142
Robust p-value	0.000	0.000
CI 95%	[-0.257,-0.087]	[-0.217,-0.066]
Observations	778	778
Mean	0.086	0.068
Panel B: Non-family members		
Quadratic specification		
Electoral victory	-0.054	-0.036
Robust p-value	0.116	0.193
CI 95%	[-0.121,0.013]	[-0.090,0.018]
Observations	823	823
Mean	0.107	0.066

OLS estimates of average treatment effects at the cutoff. Controls include the interaction of the treatment with running variable and running variable, interaction of the treatment with the squared running variable, and the running variable squared. 95% robust confidence intervals and p-values with clustering at the municipality level. Each observation is a candidate.