NBER Digitization Tutorial Application

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- Industrial Organization (Major Field); Public Economics (Minor Field)
  - Research Interests:
    - Causes (*Recovering Voice* and *ActBlue* papers) and consequences (*Selling Misrepresentation* paper) of out-of-district political donations
    - Platforms as advertising (*OpenTable* paper)

Job Market Paper: *Selling Misrepresentation?: The Effect of Out-of-District Donations on Candidate Positioning* (Committee: Alan Sorensen, Jean-François Houde, and Chris Sullivan)

The Constitution's framers created the House of Representatives, which divided the country into small, independent political communities, to be uniquely responsive to local interests. While only district residents are eligible to vote in United States house elections, there are no locational restrictions on donating. Improvements in digital information and communication technology have made people aware of distant political contests, making it easier for district non-residents to contribute. Between 1990 and 2010, only a quarter of individual donations crossed state lines; in 2020, half of individual donations crossed state lines. I show that while voters and donors prefer ideologically close candidates, donors tend to be ideologically extreme. Thus, to the extent a candidate's constituents and potential donors have different preferences, candidates face a trade-off. To what extent can the pursuit of money explain deviations from best representing constituents? Moreover, in a counterfactual world where out-of-district donations are prohibited, what would be the distribution of candidate ideology?

Digitization-related Project Abstracts:

1. *Recovering Voice: Is Out-of-District Giving a Substitute for Local Political Participation?*

A growing share of U.S. citizens live in electorally lopsided congressional districts, which may depress their political participation. While citizens can only vote in their districts' elections, they may donate to candidates anywhere in the country, raising the question of whether individuals disengaged by their electorally lopsided home districts find voice through greater non-local giving. I use the post-2010 congressional redistricting that exogenously reassigned individuals to more, or less, competitive districts to explore this directly. When an individual's district becomes less competitive, she donates less to her district's House candidates and more to out-of-district candidates. Hence, givers regard local and non-local giving as substitutes: a dollar reduction in local giving increases non-local giving by $0.48. The substitution is strongest for competitive out-of-district races, suggesting that individuals give with the intention of helping their party win nationally.

2. *ActBlue and The Rise in Out-of-District Giving* (in progress)

Digital technologies have lowered the barriers to participation in faraway political contests. By the end of 2006, ActBlue, a platform for electronically donating to Democrat candidates, operated in twenty states. Using the universe of individual donations to state legislature candidates spanning the platform's introduction, I show that Democrat candidates exposed to ActBlue received approximately 10% more from out-of-state donors compared to their Republican opponents. By expanding candidates' relevant constituencies to include non-local donors, digital technologies such as ActBlue may weaken the ties between voters and their representatives.

3. *Platform Participation as Advertising: The Case of OpenTable*

Platform participation is effective advertising if it delivers net new customers. I study the efficacy of platform participation as advertising using restaurants' decisions to join OpenTable. Using a cross-section of 8,000 Texas restaurants, I document that restaurants less likely to have repeat customers have higher probabilities of participation, suggesting that participation would deliver new customers. Using monthly revenue data of Texas restaurants, 423 of which join the platform, I find revenue effects that are indistinguishable from zero, however. Moreover, restaurants participate for years, suggesting their operators overestimate the platform's benefits, providing another example of the challenges of measuring advertising effectiveness.