# Seminario 506. The power of money. The consequences of electing a donor-funded politician

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- PhD candidate, London School of Economics and Political Science

**Entrada libre. Indispensable inscribirse en el siguiente vínculo: Inscripciones**

**Hora:** 12:00 m. (refrigerio) y 12:30 p. m. (inicio del seminario)
**Tiempo de exposición:** 12:30 p. m. a 2:00 p. m.
**Lugar:** Banco de la República, carrera 7 # 14-78, piso 13 (Sala de prensa), Bogotá D.C.
**Idioma de la exposición:** Español

***Resumen del documento:*** *Do donor-funded politicians benefit donors disproportionately? This paper examines the impact of electing donor-funded politicians using a novel dataset that uniquely links campaign donors and recipients of public contracts during a mayor's incumbency period in Colombia. Using a regression discontinuity design (RDD) that compares close elections between politicians who received campaign donations and those who did not, I find that electing a politician who received donations more than doubles the probability of donors receiving contracts from a mean of 5.9% to 15.5%. The benefits to the donors of the donor-funded politician are significant: on average total contracts received is 13.75 times the value of their donations. From a social welfare point of view, electing a donor-funded politician does not affect local government deficits and it has no impact on investment, however they are more likely to have disciplinary sanctions against them and investigations related to public procurement. Moreover contracts for donors have a short duration, have an inflated value compared to similar contracts for non-donors, and tend to be given under a minimum value threshold modality, in which there is less screening and lower chances of competitors bidding for contracts. In order to isolate the effect of donor money from other personal characteristics associated with being donor funded, I employ a fuzzy RDD approach that uses arbitrary campaign limits as an instrument for the candidates' proportion of donor funds. Results indicate that looser campaign limits lead to more participation of donor funding in campaigns, and as a result reduce the effect of favoring donors with contracts. This paper shows evidence that political selection of donor-funded candidates can have repercussion in public procurement, and that campaign limits can limit the influence of money in politics.*

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