

Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence

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January 11, 2018

Abstract

We explore the role of charitable giving as a means of political influence, a channel that has been heretofore unexplored in the political economy literature. For foundations associated with Fortune 500 and S&P500 corporations, we show that grants given to charitable organizations located in a congressional district increase when its representative obtains seats in committees that are of policy relevance to the firm associated with the foundation, a pattern which parallels that of Political Action Committee (PAC) spending. We additionally show that charities directly linked to politicians in personal financial disclosure forms exhibit similar patterns of political dependence. Our analysis suggests that firms deploy their charitable foundations as a form of tax exempt influence-seeking. Based on a simple model of political influence, our empirical results imply that 8.8 percent of corporate charitable giving is politically motivated, which would imply that this channel of influence is economically substantial, potentially involving sums that are larger than that of PAC contributions or federal lobbying expenditures. Given the lack of formal electoral disclosure requirements, charitable giving may further be a form of political influence that goes mostly undetected by voters and is subsidized by taxpayers.

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1 Introduction

Representative Joe Baca has achieved near celebrity status in his suburban Los Angeles district...a charity his family set up three years ago to aid local organizations. It provides another benefit, too: helping the Democratic congressman run something akin to a permanent political campaign...But unlike most private foundations, Mr. Baca's gets little of its money from its founders' pockets. Instead, local companies and major corporations that have often turned to Mr. Baca's Washington office for help, and usually succeed in getting it, are the chief donors.

[“Congressional Charities Pulling In Corporate Cash”, New York Times, Sep 5, 2010]

[Joe Barton] the top Republican on the House Energy and Commerce Committee operates a foundation that has raised donations from the industries his committee oversees...taking credit when companies give directly to community groups in the foundation's name - essentially bypassing a 2007 congressional requirement that donations from lobbying interests to lawmakers' charities be disclosed...The Barton foundation also promised...to help build a \$1.2 million Boys and Girls Club in Corsicana, Texas, and those attending the meeting “burst into applause” ... Texas Monthly magazine reported in 2005...The [Exelon] contribution was made at a time when Mr. Barton...was proposing legislation that would help expand the market for nuclear energy. Exelon also had been negotiating for government approval to build a multimillion-dollar nuclear power plant in Mr. Barton's home state.

[“EXCLUSIVE: Barton's foundation not so charitable” The Washington Times, Apr 6, 2009]

In the United States, as in any representative democracy, legislators are tasked with creating laws that serve voters' interests. Politicians, however, are thought to be influenced via a number of channels that may untether the link from voter well-being to legislative decisions. Lawmakers rely on donations from individuals and businesses to run their campaigns, they may be promised lucrative jobs or board appointments after exiting politics, and they may be cajoled, rather than merely informed, by lobbyists. The extent to which we should concern ourselves with special interests' influence, and the effectiveness of potential regulatory responses, are governed by both the degree of influence and the potential strategic responses to the tightening of campaign finance rules or other regulations.

A large literature that straddles economics and political science aims to study both the amount of money in politics, as well as its influence. With few exceptions, past research has tended to focus on campaign finance and lobbying, which are easily observable both to the researcher as well as the electorate. This visibility is a result of explicit legislative provisions that serve to inform voters of large monetary transfers to politicians, thereby tracing special interest groups' potential

influence in politics.¹ The relatively small sums of money involved in these channels – as well as the outsized influence per dollar that some papers measure (Ansolabehere et al., 2003) – have led to concerns that these observable channels may be a small subset of the broader mechanisms by which special interests influence politics (see, for example, Bombardini and Trebbi, 2011). To better understand the scale and scope of influence-seeking activities requires that we also assess the existence, and potential importance, of other channels.

In this paper we examine whether companies use corporate social responsibility, more specifically their charitable foundations, to cater to the interests of politicians who are particularly important to the firm’s profitability. To this end, we assembled a dataset based on the IRS Form 990 tax returns from the (tax-exempt) charitable foundations funded by Fortune 500 and S&P 500 corporations. Schedule I of Form 990 includes information on all charities funded by the foundation, typically claiming 501(c)(3) tax status, as well as the dollar value of support.

Using a combination of lobbying data and congressional committee assignments, we generate a time-varying pair-specific measure that links company interests to legislators, which we then show is predictive of donations by the company’s foundation to charities in the legislator’s constituency and charities for which he or she sits on the board. As an illustrative example, consider the case of Congressman Joe Baca, cited in the *New York Times* quote above. Baca was a member of the House of Representatives between 2003-2013 and in 2007 the Joe Baca Foundation was established in San Bernardino, California, in his district. In 2010 the Walmart Foundation gave \$6,000 to this charity when Baca was sitting on the Financial Services Committee. At the time Walmart Stores was battling Visa/Mastercard on credit card fees and multiple financial issues, as disclosed in multiple lobbying reports filed by lobbying firms Patton Boggs LLP, Bryan Cave LLP, Cornerstone Government Affairs LLP, all hired by the corporation.

To understand how charitable contributions may serve as a useful channel of influence, we build on the notion of credit-claiming by self-motivated politicians, an idea that dates back at least to Mayhew’s observation that “*Credit claiming is highly important to congressmen, with the consequence that much of congressional life is a relentless search for opportunities to engage in it.*” (Mayhew 1974, p.53).² Although it is typically discussed in the context of federal grants and earmarks, political credit-claiming of local charities is another natural means of appealing to voters, given the visibility of many charities to politicians’ constituencies. . Consider for example the case of the Washington State Farmworker Housing Trust, a charitable organization with close ties to Washington’s senior Senator Patricia Murray. Senator Murray’s webpage features the organization in describing her work on housing, stating “*I was proud to help establish the*

¹See, for example, the Federal Election Campaign Act of 1972 and the Lobbying Disclosure Act (LDA) of 1995. For a review of empirical and theoretical analyses based on the disclosure data, see Stratmann (2005). For lobbying specifically, Bertrand et al. (2014).

²For a recent discussion see Grimmer et al. (2012).

*Washington State Farmworker Housing Trust to help families who work hard to keep one of our state's most important industries strong...*³. According to a report by the Sunlight Foundation, “[t]he charity’s donors include the foundations of JPMorgan Chase, Bank of America and Wells Fargo, yet only JPMorgan reported gifts to the charity to the Senate.”⁴ The same report discusses a similar case for Utah Senator Orrin Hatch and the local Utah Families Foundation, a beneficiary of grants by the charitable arms of many large banks and pharmaceutical companies. Senator Hatch often attends golf tournaments for the charity, which provide both visibility in his home state and the opportunity to interact with powerful donors.

Corporate charity is a particularly intriguing means of political influence for a number of reasons. First, the sheer scale of charitable contributions by corporations in the U.S. overall – nearly 18 billion dollars in 2014 – dwarfs the value of direct political contributions (464 million dollars of total PAC contributions in 2014). Thus, if even a small fraction of corporate charity is motivated by government influence, the sums involved potentially dominate better-studied channels. Second, while foundation grantees are disclosed via tax records, the link to political interests is far from transparent, which makes influence of the sort described in the preceding paragraph hard to monitor for voters and the media. (In fact, charitable giving may be afforded the right to anonymity under the law.) Yet such grants, sometimes extending into the tens of millions of dollars⁵, appear to warrant disclosure and regulation in “*the prevention of corruption or the appearance of corruption spawned by the real or imagined coercive influence of large financial contributions on candidates’ positions and on their actions if elected to office*” (Buckley vs. Valeo, 1(1975) U.S. Supreme Court). Third, foundations taking a 501(c)(3) organizational form for tax purposes are explicitly prohibited by the 1954 Johnson amendment to the U.S. tax code to “*participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office*”. This provision essentially aims to exclude direct tax subsidization of political voice for selected groups. Unlike lobbying or political donations, charitable contributions thus represent a tax-advantaged and hard-to-trace form of influence.⁶

³<https://www.murray.senate.gov/public/index.cfm/ruralhousing> Accessed last December 16, 2017

⁴<http://web.archive.org/web/20160922002911/http://sunlightfoundation.com/blog/2011/07/12/some-lobbyists-gifts-lawmakers-pet-causes-remain-dark/> last accessed December 23, 2017.

⁵Our largest aggregate grant recorded is a charitable contribution of 62.7 million dollars by the Goldman Sachs Philanthropy Fund to charities in Minnesota’s 5th District. The largest campaign contribution recorded is \$25,000, a result of the \$5,000 maximum cap by PACs for each election — primary and general — and candidate, on a two year election cycle.

⁶A more malignant form of political influence through charitable giving is outright embezzlement of the recipient charity’s funds on the part of politicians. Former Florida Representative Corinne Brown was sentenced to 5 years in prison in December 2017 for misusing and appropriating funding of the One Door for Education, a nonprofit dedicated to supporting financially disadvantaged students. Former Pennsylvania Representative Chaka Fattah was convicted in 2016 for a similar misuse of funds from Educational Advancement Alliance, a local charity, for personal use and racketeering.

In our empirical analysis, we employ issues listed in lobbying disclosure forms available from the Senate Office of Public Records under the dictate of the LDA of 1995 to link corporate interests to specific congressional committees, which in turn allows us to link companies’ interests to specific lawmakers based on (time-varying) congressional committee assignments. That is, we use the data to construct, for each company-legislator pair, a variable which captures the number of legislative issues covered both in a company’s federal lobbying and by committees that include the legislator as a member (“*Issues Covered*”). We also explore whether donations directed at a politicians’ charities (either those in her constituency or those for which she sits on the board) vary as a function of the number of issues covered. We emphasize that our identification strategy, by exploiting turnover in committee membership to generate variation in issues covered, credibly rules out the possibility that companies simply provide donations to like-minded representatives and/or have non-political interests in supporting particular geographies (in our most stringent specification, we include firm-congressional district fixed effects which absorb all time-invariant pair-specific effects). Because we employ time variation in the issues of relevance within a firm across different Congresses based on its lobbying activity, we are also simultaneously controlling for self-selection of firms into charitable giving and for any firm-specific fixed unobservables.

Our results may be summarized as follows. We begin by documenting a very robust positive relationship between charitable contributions and a more direct channel of political influence, political action committee (PAC) contributions. This correlation survives the inclusion of constituency fixed effects and a battery of robustness checks, thus providing prima facie evidence of political forces at play in charitable giving.

We then show that our proxy for a politician’s relevance to a firm is correlated with donations by the firm’s charity to recipient charities in the politician’s constituency (again, robust to the inclusion of constituency fixed effects). We similarly find a strong link between a politician’s relevance to a company and its PAC contributions to the legislator, a finding complementary to more standard extant research in political economy and political science.⁷

As a second measure linking politicians’ interests to individual charities, we use information on board memberships from politicians’ annual financial disclosures to explore whether companies attempt to influence relevant legislators via donations to charities of *personal* interest to them. In our first analysis, we show that a non-profit is more than four times more likely to receive grants from a corporate foundation if a politician sits on its board, controlling for the non-profit’s state as well as fine-grained measures of its sector. We then go on to show that, in results paralleling those described above, a foundation is more likely to give to a politician-connected non-profit if the politician sits on committees lobbied by the firm.

To gauge the magnitudes of the effects we document, we present a simple Cobb-Douglas po-

⁷For a recent contribution see Powell and Grimmer (2016).

litical influence ‘production function,’ with PAC and charitable contributions as inputs, whose productivity depends on the influence of the targeted legislator. Our model assumes that, while only a fraction of corporate charity is politically motivated, PAC contributions are, by definition, driven entirely by political concerns. Based on this intuitive assumption, the model yields the result that the fraction of corporate charity that is politically motivated is simply the ratio of the charity-issues elasticity (0.053) to the PAC-issues elasticity (0.602), i.e., 8.8 percent. For firms in our sample, the implied scale of politically-motivated charity is higher than PAC giving, since total charitable giving per congressional district (\$15,078) is so much higher than average per district PAC contributions (\$368). Moreover, if we assume that 8.8 percent of the \$25 billion in total corporate charitable contributions made in 2014 is politically motivated, the implied dollar value of ‘tax exempt’ lobbying is about \$2 billion, much higher than annual PAC contributions made to candidates in the 2013-14 cycle, and about two-third of firms’ total annual lobbying expenditures.

Our results indicate that corporate foundations act, at least in part, as a means of influencing government decision-makers. This per se contributes to our general understanding of the role of corporate social responsibility, although offering a somewhat more nuanced and less optimistic perspective than much prior work. In addition, we see our findings as highlighting the need to go beyond easily-observable channels in order to gain a broader appreciation of the full role of corporate influence in politics. Grassroots operations, dark money in the form of 501(c)(4) organizations, shadow lobbying (see LaPira and Thomas (2014)) and other forms of influence are already pervasive. Our findings suggest that caution is in order in limiting influence through oversight of easily documented channels. This may merely lead to displacement of influence-peddling to less visible channels. At the very least the potential for such displacement effects should be fully considered in policy design or campaign finance and lobbying disclosure regulation.

We contribute most directly to the literature on corporate influence in politics, particularly in the U.S. Most work in this area has emphasized influence via campaign contributions (see Grossman and Helpman, 2001 and Ansolabehere et al., 2003 for earlier overviews) or lobbying (e.g., De Figueiredo and Silverman, 2006, Vidal et al., 2012, Bertrand et al., 2014, Drutman, 2015 or from a more structural perspective Kang and You, 2016). As emphasized by Stratmann (2005) and others, interpretation of many of these papers is clouded by issues of causation – do corporations support candidates because of preexisting shared policy preferences, or because they wish to buy influence? A number of more recent papers share our approach of exploiting committee assignments as a means of generating credible causal identification (see, e.g., Powell and Grimmer, 2016 and Fourinaies and Hall, 2017).

Our research also contributes to an entirely distinct literature on the motivations of firms to engage in pro-social activities, such as charitable giving. Much of this research focuses on whether and how firms can “do well by doing good,” to the extent that ethical conduct is demanded

by consumers, employees, investors, or other stakeholders (see, e.g., Margolis et al., 2009 for an overview). Our findings turn the standard argument on its head. If corporations’ good deeds (in the form of charitable contributions) cater to politicians’ interests, who as a result put the interests of business ahead of those of voters, the overall welfare effects are ambiguous – society benefits via increased charity, at the potentially high cost of distorting laws and regulation. We expand on this discussion in the next section.

The rest of the paper is organized as follows. Section 2 provides a more detailed discussion of charitable giving and corporate social responsibility, a literature to which this paper contributes directly, and Section 3 presents our data. Section 4 introduces a parallel analysis of corporate giving and PAC contributions based on the geographical ties between House Members and non-profits, i.e. location of the charity in a Congressional Districts. Section 5 presents evidence based on links between politicians and charities that we collect from Personal Disclosure Forms. We present a simple model of political influence in Section 6, and use it to calibrate the scale of corporate giving as a tool for political influence. Section 7 concludes.

2 Primer on Corporate Social Responsibility

As background, it is useful to have some context for the broader set of explanations for corporate philanthropy (and corporate citizenship more broadly). Bénabou and Tirole (2010) provide a useful delineation of the primary motives for such behavior: (a) a “win-win” in which the firm’s prosocial behavior makes it easier to, for example, sell its products to socially conscious consumers or recruit and retain ethically-minded employees, and in the process increase profits; (b) “delegated philanthropy” in which stakeholders – customers, investors, or employees – effectively pay (through higher prices or lower wages/returns) the firm to engage in prosocial behavior on their behalf because, owing to information or transaction costs, the firm is better positioned to act on stakeholders’ behalf; and (c) insider-initiated philanthropy, in which a firm’s board or management exploits weak governance to spend shareholder profits on their own charitable interests, a view most prominently associated with Friedman (1970).

Our setting fits within what Benabou and Tirole describe within their “win-win” category as “strategic CSR” (Baron, 2001), in which firms give to charity in order to strengthen their market positions and hence longer-term profits. As Benabou and Tirole note, this form of CSR has “*more ambiguous social consequences*” if it serves as “*a means of placating regulators and public opinion in order to avoid strict supervision in the future.*” We see the primary purpose of our paper as providing empirical evidence on exactly this concern – to the extent that firms use charity as a means of securing favorable regulatory treatment, the societal benefits of their contributions to charity (a public good) may be swamped by the social cost of, for example, weaker environmental

regulations that lead to excessive (relative to the social optimum) pollution, favorable treatment by antitrust authorities that reduces consumer surplus, or lax financial oversight that increases the chances of a banking crisis.

Firms may act on social concerns in a variety of ways: for example greening supply chains or paying unskilled workers above minimum wage. Given our focus on philanthropy, we limit our discussion here to the mechanisms available to firms for charitable giving. The simplest method for a corporation to make charitable donations is through *direct giving*, in which the firm makes a direct (tax-deductible) donation to a non-profit, tax-exempt organization (a so-called 501(c)(3) organization).⁸ Such direct gifts require little administrative overhead and, critically for our purposes, are difficult to track because firms are not required to disclose publicly the recipients of their directed donations. In fact, if anything the government protects the right to privacy of donors and philanthropists in providing support for their causes.

A corporation may also set up a foundation, which allows a firm to take a tax deduction in the present by giving to its foundation, without necessarily disbursing the funds to charities until later. This also provides a greater visibility for the firm's philanthropic efforts, as an ongoing reminder to employees and the public more broadly of the company's prosocial efforts, as the foundation itself generally bears the company's name. It also incurs an additional layer of costs relative to direct giving, including the upfront cost of incorporating its own non-profit corporation, and the continued expense and administrative burden associated with an additional layer of reporting requirements (in particular the filing of an IRS Form 990-PF, a state return, a state Attorney General report, among others) and managing a foundation board as a means of oversight. It is precisely this additional layer of oversight which allows us to observe, via foundation disclosures, the beneficiaries and amounts received from corporate giving. (A final option available to corporations is a donor-advised fund which has lower administrative costs than a foundation but also limits a firm's subsequent control over donated funds.)

For all mechanisms, the sums involved are substantial – corporations made just over 5.1 billion dollars in donations via their foundations in 2014, the most recent year for which data are available,⁹ and a total of 17.8 billion dollars in direct charitable giving in that year (Giving Institute, 2014). These figures comprise a nontrivial fraction of overall giving: 60.2 billion dollars for all foundations in 2014, and 358.8 billion dollars in total charitable contributions overall. Further, aggregate corporate giving is very large when compared to firms' more direct channels of influence: total PAC contributions in 2013 and 2014 were 464 million dollars (out of 1.7 billion dollars raised by PACs each year of that congressional cycle), while total federal lobbying expenditures in 2014

⁸Donations to foreign entities are not tax deductible, nor are non-profits that do not have 501(c)(3) status, such as local chambers of commerce or professional membership associations.

⁹See the Foundation Center website, <http://data.foundationcenter.org/#/foundations/corporate/nationwide/total/> last accessed December 16, 2017.

were 3.26 billion dollars.¹⁰

Our focus on foundation giving, dictated by data availability, plausibly leads us to understate the extent of philanthropy as a means of hidden corporate influence, particularly when it comes to donations of personal interest to legislators. Since foundations are more subject to public and media scrutiny because of the requisite disclosures, firms wishing to obscure their efforts at currying favor with lawmakers by donating to their pet charities may choose to do so more often through direct donations, which we do not detect in our analysis, rather than via foundation giving. This downward bias is less likely to affect our analyses focused on giving which targets legislators' constituents, because both the corporation and politician have an incentive to publicize these donations: The corporation aims to boost its social image; the politician wishes to claim credit in elections. Figure 1 shows as an example the executive summary of Bank of America's 2012 CRS Report.

3 Data

3.1 Charitable Giving by Foundations

Data on charitable donations by foundations linked to corporations come from *FoundationSearch*, which digitizes publicly available Internal Revenue Service data on the 120,000 largest active foundations. Each foundation must submit Form 990/990 P-F "Return of Organization Exempt From Income Tax" to the IRS annually, and this form is open to public inspection. The Form 990 includes contact information for each foundation, as well as the yearly total assets and total grants paid to other organizations. Schedule I of Form 990, entitled "Grants and Other Assistance to Organizations, Governments, and Individuals in the United States," requires the foundation to report all grants greater than \$4,000 (the limit was raised to \$5,000 in recent years).¹¹ For each grant, *FoundationSearch* reports the amount, the recipient's name, city and state, and a giving category created by the database.¹²

While the IRS assigns a unique identifier (EIN) to each nonprofit organization, unfortunately *FoundationSearch* does not report this code, so we rely on the name, city and state information to match it to a master list of all nonprofits. This list, called the Business Master File (BMF) of Exempt Organizations, is put together by the National Center for Charitable Statistics (NCCS) primarily from IRS Forms 1023 and 1024 (the applications for IRS recognition of tax-exempt status). The BMF file reports many other characteristics of the recipient organization, among

¹⁰See <https://www.opensecrets.org/pacs/> last accessed December 16, 2017.

¹¹The form is reported in Figure 2.

¹²The 10 categories are: Arts & Culture, Community Development, Education, Environment, Health, International Giving, Religion, Social & Human Services, Sports & Recreation, Misc Philanthropy.

which a precise address which allows us to recover the Census Tract of each location (with the exclusion of PO boxes) and thus match the organization to a congressional district using the program MABLE/Geocorr from the Missouri Census Data Center. The results of the matching between all 501(c)3 organizations in the BMF and the recipient FoundationSearch charitable giving by Fortune 500 and S&P 500 companies is reported in Appendix A.1.

3.2 Personal Financial Disclosures and Board Ties of Legislators

As an alternative way of linking legislators to charities, we utilize information required by members of the House and the Senate in their personal financial disclosure (PFD) forms. Members of Congress are required by the Ethics in Government Act of 1978 to file annual forms disclosing their personal finances, and one of the requirements is a list of positions held with non-governmental organizations. This requirement covers positions in non-profits, but excludes religious, social, fraternal and political organizations.¹³ The Center for Responsive Politics obtained personal financial disclosure forms from the Senate Office of Public Records and the Office of the Clerk of the House for the years 2004 to 2016, and we obtained an electronic version of these data from Opensecrets.org.

Starting from these data, we isolate positions (very often board memberships) held at non-profit organizations and match, based on name (or name, city and state when available) the non-profits in the personal financial disclosure forms to their EIN and other information contained in the Exempt Organization Business Master Files (BMF). Because the personal financial disclosure forms are often incomplete in specifying the start and end dates of a given position, we treat the data as time-invariant. Overall, we identify 1088 unique non-profits in the personal financial disclosure forms with links to 451 unique members of Congress; there are 1286 unique links between members of Congress and non-profits.

Finally, to create a dataset that indicates whether a non-profit has a direct link to a legislator via a board tie, we use the BMF data to consider the universe of non-profits in existence in either 2004, 2014 or both, and then create an indicator variable which denotes whether a non-profit has a connection to at least one member of Congress. We also compute, for each non-profit, the total number of members of Congress it is linked to via PFD forms. Using the foundation data, we compute for each non-profit in the BMF data whether it received any grants from any of the corporate foundations from 2004 onwards, as well as the total donation amounts received from 2004 onwards (summing across years and foundations). Finally, we also compute, for each non-profit, the number of different corporate foundations financially supporting the non-profit at any point from 2004 onwards.

¹³There is no requirement for members of Congress to list purely honorary positions, nor are they required to list positions held by spouses or dependent children.

3.3 Other Data

3.3.1 Campaign Contributions and Lobbying Reports

We employ the Center for Responsive Politics data on PAC contributions, originally from the Federal Election Commission. For each congressional cycle we use information on the amount donated by the PAC associated with each corporation to individual members of Congress. From the Center for Responsive Politics we also obtain the lobbying reports that feature our list of corporations as clients. These records list the issues and the dollar amounts related to the lobbying work performed by a registrant (the lobbying firm or the lobbyist) on behalf its clients (generally corporations). These reports allow us to determine the issues on which corporations focus their lobbying efforts.

3.3.2 Members of Congress and Committee Assignments

We obtain the list of Members of the US Congress, their congressional district numbers and their committee assignments from Charles Stewart III's website¹⁴ and member seniority from Poole and Rosenthal's website.¹⁵

3.4 Basic Data Facts

Our initial sample consists of the 328 foundations affiliated with the set of companies in the S&P500 and Fortune 500 as of 2015. The period covered is 1997-2016 which spans the 105th to the 114th Congress.

While the unit of observation for PAC contributions is firm/foundation-congressional district-congressional cycle, we have to sum across all recipients located in a congressional district d to obtain the corresponding structure for charitable contributions. Table 1 reports the average contribution levels for both PAC and foundations (which we denote as "CSR contributions" or simply "CSR" for brevity in reporting our results) across all firm-district-Congress observations in our sample. The average PAC contribution is \$368 with a maximum of \$25,000. We can rationalize this figure if we consider that each PAC can contribute \$5,000 dollars to each candidate for each race and each year (sometimes there are more than two candidates). Each foundation contributes on average to less than 10% of all 435 Representatives. The average CSR contribution is \$15,079, but once again, zeros represent more than 90% of all foundation-congressional district combinations. The largest cumulative donation to congressional districts is \$62.7 million by Goldman Sachs Philanthropy Fund to charities located in Minnesota's 5th District.

¹⁴http://web.mit.edu/17.251/www/data_page.html#2

¹⁵See Poole and Rosenthal (2017).

In Appendix Table A.10 we summarize the data we will use to analyze links via politicians' PFDs. Slightly less than 4 percent of non-profits in existence in 2004 or 2014 (or both) were recipients of corporate philanthropy. The mean number of connections to corporate foundation is .08 and mean total foundation contributions received is 9, 283 dollars across all non-profits. Only about .05 percent of non-profits have a tie to a member of Congress that we can measure in the PFD forms.

4 Evidence based on geographical link between non-profits and House Members

4.1 Empirical Specification

In this section we measure the extent to which charitable contributions are targeted to non-profits that are linked to a specific House Member, as the Member moves to committees that are of interest to a given firm/foundation. The key assumption in this section is that the link between a charity and a House Member is based on the location of the charity. If the charity's address is within the boundaries of the Congressional district of the House Member, then we consider the two to be linked. This assumption fits with anecdotal evidence that Congressmen are concerned about charity-funded initiatives like youth centers and musical events that are situated within their constituencies. In Section 5 we adopt an alternative strategy to focus links between charities and House Members based on board memberships.

We begin by describing the construction of our key independent variable, which measures the degree to which a Congressional District is of interest to a given firm/foundation. We then we discuss our specification and possible identification issues.

The key variable of interest $IssuesCovered_{fdt}$ is a measure of how many issues of interest to foundation f are covered by the Representative in district d through his/her committee assignment in Congress t . To create this measure, we start by defining $Membership_{cdt}$ to be equal to one if Representative in d has a seat on Committee c in Congress t . We then employ a crosswalk constructed in Bertrand et al. (2014) to match all Congressional committees to issues listed on lobbying reports.¹⁶ The crosswalk is a matrix in which element x_{ic} is equal to 1 if issue i is covered by committee c . Note that a committee often covers more than one issue and that some issues are overseen by more than one committee. We then denote by $l_{fit} \in \{0, 1\}$ whether issue i is of interest to foundation/firm f , which we gather from the reports that lobbying firms submit on behalf of their client f . We emphasize that we allow the interests of a firm/foundation to change

¹⁶See Appendix A.3 for the complete list of 79 issues.

over time as we keep track of the topic(s) that feature more often in its lobbying reports over a Congressional cycle. We assemble the three sources of information in the following variable:

$$IssuesCovered_{fdt} = \sum_c \sum_i l_{fit} x_{ic} Membership_{cdt} \quad (1)$$

where:

$$l_{fit} = \begin{cases} 1 & \text{if issue } i \text{ is a top issue in firm } f \text{ lobbying in Congressional cycle } t \\ 0 & \text{otherwise} \end{cases}$$

$$x_{ic} = \begin{cases} 1 & \text{if issue } i \text{ is overseen by Committee } c \\ 0 & \text{otherwise} \end{cases}$$

$$Membership_{cdt} = \begin{cases} 1 & \text{if Rep in } d \text{ sits on Committee } c \\ 0 & \text{otherwise} \end{cases}$$

Table 1 reports summary statistics for the variable $IssuesCovered_{fdt}$. Its median is 0 while its mean is 0.3, once again revealing a skewed distribution with a maximum number of $IssuesCovered$ of 18 (for the Parker-Hannifin Foundation and New York's 20th Congressional District in the 114th Congress).

Our main hypothesis is that there will be a positive relationship between the contributions (both PAC and CSR) a firm makes towards a Congressional District and the importance of its Representative to the firm as captured by our measure of committee relevance. We employ the following specification:

$$\ln(1 + Contributions_{fdt}) = \beta_0 + \beta_1 \ln(1 + IssuesCovered_{fdt}) + \delta_{fd} + \gamma_t + \varepsilon_{fdt} \quad (2)$$

where f is foundation, d is Congressional District and t is Congress. The dependent variable $Contributions_{fdt}$ is either (a) contributions from the PAC associated with firm f , or (b) CSR contributions from the foundation associated with firm f directed to non-profit entities located in Congressional District d . There are clearly a number of potential determinants of a foundation's charitable contributions, which may include a preference for specific geographical areas, or a desire to focus on specific programs like education or health research. This can introduce bias in the estimation of the effect of $IssuesCovered$ if Representatives from certain areas also self-select or are assigned to committees that systematically correlate with the interests of the foundation. Take for example the Bank of America Charitable Foundation. It is straightforward to see why it donates to charities located in New York, since Bank of America has a large number of employees

living in many of New York City’s congressional districts and the company may thus be attuned to their preferences for local charities. Representatives of New York’s congressional districts may also be particularly interested in issues pertaining the financial industry and therefore may seek seats on the Financial Services committee (6 members of the current committee are from the state of New York). These concerns could lead to a positive coefficient β_1 even if there is no causal nexus between committee assignment and charitable contributions. However, to the extent that these tendencies are time-invariant, we can control for them by including Foundation \times Congressional District fixed effects. By including these fixed effects we exploit the variation in contributions and committee assignments over time within a congressional district, and thus pick up the increase or decrease in donations that occur when Representatives join or depart from different committees. A similar argument may be made regarding PAC contributions from Bank of America to Representatives of New York’s congressional districts, and it is addressed by inclusion of the same set of fixed effects.

Although suitable to address the endogeneity concerns we just discussed, Foundation \times Congressional District fixed effects are very restrictive in that they absorb a large fraction of the overall variation. To achieve a compromise between credible identification while utilizing potentially relevant between-district variation, we always report specifications with Foundation \times State fixed effects, as well as with Foundation \times Congressional District . All specification also include Congress fixed effects to account for time variation in average contributions and committee size.

4.2 Main Results

We begin by showing the association between PAC and CSR contributions in Table 2, controlling for increasingly finer sets of fixed effects. The OLS coefficient is 0.137 when we only include state and Congress fixed effects and remains positive and significant, but decreases in size as we consider the variation within finer groups. Column 5 shows that PAC and CSR contributions are positively correlated even when we include Foundation \times Congressional District fixed effects, indicating that the two variables move together over time within a specific Foundation-Congressional District pair.

In Figure 3 we present a graphical depiction of the PAC-CSR relationship, show that this relationship is monotonic, even if we look at a given firm’s allocation of PAC and charitable funds within a single Congressional cycle. To do so, we regress $\ln(1 + CSR)$ on a set of Foundation \times Congress fixed effects, and show the average residuals for each of five bins of PAC spending that, for non-zero values, divide observations approximately into quartiles: $\{[0], (0, 1000], (1000, 2000], (2000, 4000], (4000, 25000]\}$. The Figure shows a clear and monotonic increase in charitable giving by a firm (within a Congressional cycle) as its PAC giving increases.

We are not aware of any extant model that would rationalize this set of findings, and in the next section we put forward the view that the two types of contributions may co-move because

they both respond to the same set of political incentives induced by changes in the committee assignments of Representatives in the Congressional District over time.

We next provide the results of estimating equation (2). Table 3 shows the relationship between a firm’s PAC contributions directed to a congressional district and the number of issues of interest to the firm that are covered by the district’s Representative due to her committee assignments; 4 shows the analogous relationship for charitable contributions by the firm’s foundation. We report results in which we take the logarithm of both *Contributions* and *IssuesCovered* so that the coefficient has an elasticity interpretation; we also include specifications that regress the logarithm of contributions on the level of *IssuesCovered*, as well as specifications that measure political relevance using an indicator variable, *Any Issue*, to denote whether *IssuesCovered* is positive. Columns 1-3 in Table 3 include Foundation \times State fixed effects, while columns 4-6 include the more restrictive Foundation \times Congressional District fixed effects. In the latter set of specification, the results in column 4 indicate a 1% increase in *IssuesCovered* is associated with an increase in PAC contributions of 60.2%. This PAC elasticity estimate is remarkably similar to that of Berry and Fowler (2016), who find that the overall effect of entering a committee that is relevant for the industry increases PACs contributions by 62%.

Table 4 has the same structure as table 3 and shows that the elasticity of CSR contributions to *IssuesCovered* is 6.3% and 5.3% depending on whether Foundation \times State fixed effects or Foundation \times Congressional District fixed effects are used. The other specifications in columns 2, 3, 5 and 6 also find a positive and significant relationship.¹⁷

We return to explore the scale of politically motivated corporate giving in Section 6, where we will use the preceding estimates to show that CSR contributions for political purposes may run into the billions of dollars, potentially involving sums much greater than firms’ PAC contributions. To see how this can be the case, we merely note for now that, while the estimated PAC-Issue elasticity is more than ten times greater than the CSR-Issue elasticity (0.602 versus 0.053), charitable contributions are far higher than PAC spending.

4.3 Heterogeneity

In this section we present a number of additional findings that explore possible heterogeneity in the responsiveness of CSR contributions to political considerations, both as a function of characteristics of targeted charities as well as the electoral environment of the House Member. In Figure 4, we show how the sensitivity of CSR contributions to issues of interest varies by charity type, which shows the point estimates from specifications of the form of Equation (2), run separately for charities in each of ten non-profit sectors, as well as the 95 percent confidence intervals around these

¹⁷In Appendix Table A.1, we show that the results are virtually unchanged if we use a dummy, *Sign(CSR)*, as our outcome variable.

estimates. For ease of interpretation, we order sectors from smallest to largest effect. While we are circumspect in taking a stand on the types of non-profits that would best cater to constituents' interests, we believe that the ordering of effect sizes lines up roughly with one's intuitions of which sectors would most appeal to voters' concerns. The bottom five, none of which approach statistical significance, are membership benefit (MU), unclassified (UN), environmental (EN), international (IN), and arts (AR). The top five (in ascending order) are religion (RE), health (HE), public benefit (PU), education (ED), and human services (HU), with the latter two in particular being twice as large as any other effect. (If we scale each coefficient by the standard deviation of the dependent variable, it only amplifies the differences across sectors.)

We next turn to examine whether the electoral environment affects the issues-charity relationship. First, in Appendix Table A.7 we check whether charitable contributions are more sensitive to *IssuesCovered* in election years, and we do not find any change in sensitivity. In Appendix Table A.8 we examine whether the closeness of an electoral race has any effect on charitable contributions to the Congressional District of the House Member. We capture the closeness of the race with a dummy for whether the ex-post victory margin was less than 5%, and we do not find an effect, even though PAC contributions appear to be sensitive to whether the seat is more contested (columns 2 and 4). These results must naturally be treated with caution, given the many factors that are correlated with victory margin and would plausibly affect contributions as well.

4.4 Robustness

We performed several additional robustness checks for our main specification (1). We begin in Appendix Table A.2 by adding to the specification the square of the variable $\ln(1 + \text{IssuesCovered}_{fdt})$ to assess whether the responsiveness of contributions to congressional issues of interest is sensitive to nonlinearities or other hard-to-interpret behavior. While we detect a degree of concavity in the relationship for both CSR and PAC, the main message of our analysis is largely unaffected, both in terms of magnitudes and statistical precision. In Appendix Table A.3 we run a specification in which the dependent variable is not expressed in logs, but winsorized at the highest 1 percent of the values in the sample, to account for extremely large donations, which could be especially problematic for CSR contributions. Again, our main results are qualitatively unaffected by this transformation.

In Appendix Tables A.4 and A.5 we further expand our set of fixed effects. We maintain in all specifications either Foundation \times Congressional District or Foundation \times State fixed effects, but instead of employing Congress fixed effects, we expand them to include Foundation \times Congress (in Table A.4) or to Congressional District \times Congress (in Table A.5). These saturated specifications still display a robust relationship between CSR and issues of importance to the foundation. This

is also the case for PAC contributions.

Finally, as additional validation of the mechanism, Appendix Table A.6 focuses on the issues covered by politicians who are committee chairs only, rather than all committee members. Relative to our baseline specifications, the elasticities we measure for committee chairs are at least 30-40 percent larger, as is expected given the higher strategic value of connections to these leadership appointments.

4.5 Evidence from House Member Exits

In this subsection we provide additional evidence of the political sensitivity of corporate charitable giving using a distinct source of variation in the data. We focus on the dynamics of donations around the exit of Members of Congress from specific districts.

The intuition behind our approach is straightforward. If we observe a decline in charitable contributions by corporations to charities in the politician’s district that is coincident with his departure from Congress (whether due to death, resignation, or primary defeat) then, we argue, the donations must have been politically motivated in part in the first place. We will again show that qualitatively similar dynamics exist for a standard channel of political influence, PAC spending in the district, which we argue serves as an important consistency check.

As in the preceding analysis, we condition on a restrictive set of Congress and Foundation \times Congressional District fixed effects, but now we introduce information on whether this is the final congressional cycle for the politician representing a particular district based on Chamber membership data from voteview.org. In the analysis below we also consider the extent in which charitable or PAC giving responds to the tenure of the politician, which correlates strongly with Congressional ranking and power, and whether it is the politician’s first term in office.

Specifically, we employ the following modification of our most stringent specification:

$$\begin{aligned} \ln(1 + Contributions_{fdt}) = & \beta_0 + \beta_1 \ln(1 + IssuesCovered_{fdt}) + Exit_{dt} \\ & + Tenure_{dt} + Entry_{dt} + \delta_{fd} + \gamma_t + \varepsilon_{fdt} \end{aligned} \quad (3)$$

where the independent variable $Exit_{td}$ indicates whether Congressional cycle t is the last one observed for the House representative of Congressional District d , $Tenure_{td}$ indicates his or her tenure at t , and $Entry_{td}$ indicates whether Congressional cycle t is the first observed for the representative of Congressional District d . According to a comprehensive study of congressional careers by Diermeier et al. (2005), exits of politicians from Congress are most typically official retirement from office, sudden deaths, or scandals. Given the very high incumbency advantage, selection issues due to the probability of reelection are low, according to the authors. Issues such

as compensatory behavior in the request of funds for political campaigning before a tough election bid or accumulation of funds before a run for higher office are not quantitatively relevant and, in any case, would tend to dampen the evidence of a drop in resources around exits.

Our results are reported in Table 5. Notice that in the Table we also maintain a less stringent specification relative to (3), where we condition on a still-restrictive set of Congress and Foundation×State fixed effects. Table 5 shows that the congressional cycle marking the exit of a politician from a district is systematically characterized by a drop in charitable giving and of PAC donations to that district. With congressional tenure, charitable giving increases, while for new politicians the effect size is nearly zero. . These results require several clarifications. Notice first that, while a new Representative enters in that district in the cycle following an exit, we ascribe to a district only the current incumbent’s PAC contributions, so the analysis emphasizes the withdrawal of funds from that politician, which typically occurs because retirements are announced well in advance (i.e. we do not consider donations to the open race that follows). Secondly, our results on charitable giving also shows a reduction at exit, indicating that a foundation reallocates its resources to other districts. The rationale behind this behavior may be that Congressional committee assignments for freshmen are less valuable, or simply that freshmen are cheaper to influence. Finally, we note that $\ln(1 + IssuesCovered_{fdt})$ maintains its magnitude and significance as in our baseline analysis across all specifications, which further bolsters the robustness of our main findings.

Figures 5 and 6 represent the evidence graphically, by focusing on the timing of a politician’s exit and the dynamics of giving through charities and PACs around the exit date. The Figures report the means of the residuals of regressing $\ln(1 + Contributions_{fdt})$ on Congress and Foundation×Congressional District fixed effects for each Congress surrounding an exit event. We also normalize by rescaling so that the mean residual at the exit event is zero. The graphs indicate that both political and charitable giving follow see-saw pattern around exits, with funds being withdrawn at exit and then slowly rebuilding, as incumbents acquire ranking and status in the party and Congress.

5 Evidence from personal financial disclosure forms

Our analysis thus far has leveraged geographical linkages to identify the set of non-profits that may be of relevance to particular members of Congress. As an alternative, we identify specific non-profits with direct personal connections to members of Congress, via board ties obtained from members’ personal financial disclosures (PFD).

5.1 Political ties and corporate charitable giving

While our main goal with these data is to perform an empirical analysis that parallels the one laid out in the previous section, we start by performing a simple cross-sectional exercise to assess whether disclosure on a politician’s PFD is correlated with donations received from corporations in our sample. To do so, we use the dataset we generated by linking the universe of non-profits to those with political ties (see Section 3.2).

A simple tabulation of the data immediately suggests that non-profits connected to members of Congress receive more contributions from corporate foundations (recall we refer to these as CSR contributions). For example, while the number of corporate foundations giving grants to non-profits without any reported connections to Congress in politicians’ PFD forms is only .08, this number rises to 4.54 for non-profits that are listed in the disclosures. Of course, this simple tabulation could be explained by many other factors beyond the strategic use of charitable giving by corporations as a tool of political influence. For example, members of Congress might be disproportionately linked to larger non-profits, which might also be more effective in attracting corporate philanthropy. It is also possible that both members of Congress and corporate foundations are more likely to be connected to non-profits in larger urban centers because of physical proximity.

Table 6 assesses the sensitivity of the simple tabulation above to the addition of a battery of controls for non-profits characteristics, including size, location and sector. We begin in columns 1 and 2 with the baseline correlation, only controlling for whether the non-profit is a 501c(3) or other tax-exempt organization. As reported above, non-profits with any connection to Congress received grants from 4.44 more corporate foundations than non-profits without such connections to the legislature (column 1). Also, any additional connection to a member of Congress increases the number of different corporate foundations contributing to the non-profit by 3.69. Remarkably, these two estimate coefficients do not change substantially as we add controls for the non-profit characteristics that would most plausibly have been responsible for large omitted variable bias in columns 1 and 2. In particular, we first control in columns 3 and 4 for firms size (log assets and log income). As expected, larger non-profits have connections to a greater number of corporate foundations, but the estimated coefficients on “Any connection to Congress” and “Number of connections to Congress” are barely affected. The same is true in columns 5 and 6, in which we further control for location (state fixed effects and city fixed effects), as well as columns 7 to 10, where we additionally control for non-profit sector fixed effects (coarse or detailed classifications). In the most saturated specifications (columns 9 and 10), the estimated coefficient on “Any connection to Congress” is 4.00 (compared to 4.44 in the baseline) and the estimated coefficient on “Number of connections to Congress” is 3.42 (compared to 3.69 in the baseline). Appendix

Tables A.11 and A.12 replicate the exercise in Table 6 for two alternative dependent variables: a dummy variable for receiving any CSR contribution and the logarithm of total CSR contributions received by the non-profit. Any connection to Congress increases the likelihood of receiving CSR contributions by 44 percentage points and more than quintuples the amount of corporate donations a non-profit receives. Controlling for non-profit characteristics weakens these estimates, but as in Table 6, the correlation remains economically and statistically very strong even in the most saturated specifications.

5.2 Political ties, issue relevance, and corporate charitable giving

These initial results should naturally be treated as only suggestive. Even in the most saturated specification, the R^2 is only about 10 percent, indicating that there are many unobserved factors apart from size, location and sector that determine which non-profits receive CSR contributions, and hence we cannot rule out remaining omitted variable biases. That said, the relative stability of results across specifications is strongly suggestive that political influence might be one of the factors that corporations consider in allocating charitable contributions.

We now turn to our main empirical exercise leveraging the data collected via the PFD forms, which more closely parallels the results presented in Section 4. In particular, we restrict the sample of non-profits to those identified as connected to Congress in the PFD forms and ask whether corporations are more likely to make charitable donations to any of the non-profits in this sample when these non-profits are more politically relevant to the corporation’s main business interests. For every non-profit/corporation/year cell, we can assign measures of the political relevance of a non-profit to the corporation in a specific year. The most straightforward measure is simply a 0/1 categorical variable constructed as follows. Consider first the set of issues appearing in the lobbying portfolio of a corporation in a given year. Then consider the set of issues that are indirectly linked to a non-profit in that year as a result of the committee assignments (in that year) of any members of Congress that are board members of or otherwise connected to the non-profit. If there is any overlap between the set of issues relevant to the corporation in that year and the set of issues indirectly “covered” by the non-profit in that year, we set the variable “Any political relevance” equal to 1. It is possible to identify variation in such political relevance on the extensive margin. We define the variable “relevant (number of issues)” as a count of the number of issues that are both in the corporation’s lobbying portfolio and indirectly tied to the non-profit in a given year. We define the variable “relevant (number of Congressmen)” as a count of the number of Members of Congress that are tied to the non-profit and, because of their committee assignment in that year, cover at least one issue of relevance to the corporation in the same year. Finally, we define the variable “relevant (number of Congressmen-issue pairs)” as a count of separate Congressmen-issue

pairs indirectly represented in a non-profit in a given year that are relevant to the corporation in that year. An example may help to clarify the extensive margin measures. Imagine Firm F lobbies on Issues A, B and C in year t . Imagine also that Members of Congress X and Y have ties to non-profit NP. In year t , Member X’s committee assignment in year t covers issues A and D; Member Y’s committee assignment in year t covers issues A, B and E. In the context of this example, the variable “relevant (number of Congressmen)” would be equal 2 for the cell (Firm F, non-profit NP, year t); the variable “relevant (number of issues)” would equal 2; and the variable “relevant (number of Congressmen-issue pairs)” would equal 3.

Using the corporate foundation data from *FoundationSearch*, we then create a dataset that determines for each corporation/non-profit pair in each year (excluding years with missing contributions data for that corporation), whether or not the corporation gave to the non-profit in that year, and if yes, how much. Our main empirical specification directly follows:

$$AnyGiving_{fct} = \beta * AnyRelevant_{fct} + \omega_{fc} + v_t + \epsilon_{fct}$$

where f indexes corporations, c indexes non-profits and t indexes Congress. We include Congress fixed effects in all specifications. We also control for corporation and non-profit fixed effects. Our preferred specification, as shown in the equation above, includes corporation/non-profit pair fixed effects. In other words, under this preferred specification, we ask whether a corporation gives more to a particular non-profit in a given year when that non-profit is politically relevant, holding constant how much the corporation gives on average to that non-profit across years. Given the time invariance of the links between members of Congress and non-profits, the source of identification comes from changes over time in committee assignments for members of Congress and changes over time in the set of issues in the lobbying portfolios of corporations.

There are multiple candidates for the dependent variable. One can simply define an indicator variable denoting whether a non-profit received any donation from a corporation in a given year. One can also define the dependent variable as the amount of charitable donations, i.e. $\log(1 + CSR\ contributions)$, by a corporation to a non-profit in a given year. A third candidate is donations to a given non-profit as a fraction of total donations made by the corporation to all non-profits in a given year. One benefit of the third option is that it allows us to benchmark donations to the overall level of charitable giving by the corporation’s foundation in a given year, which we do not control for under the other possible definitions. We present the results in which we define the dependent variable as “Any giving” in Table 7. Results for the two other dependent variables are presented in Appendix Tables A.14 and A.15.

Appendix Table A.13 summarizes the data for this part of our analysis. The likelihood that a non-profit in this dataset of connected non-profits receive any charitable donation from a corporation in a given year is about .5 percent. The political relevance (number of issues) of a given

non-profit to a given corporation in a given year is on average .7, with a maximum of 30. On average, there are .3 members of Congress with ties to a non-profit that are politically relevant to a corporation in a given year, with a maximum of 7.

Table 7 presents our main results for this section. In columns 1 to 4, we include both foundation (i.e., corporation) and Congress fixed effects. The estimated coefficients on the four measures of political relevance are positive and statistically significant. In columns 5 to 8, we further control for non-profit fixed effects. All four estimated coefficients remain positive and statistically significant, but decline substantially in magnitude. Columns 9 to 12 present our more demanding specifications, which include separate fixed effects for each corporation-non-profit pairs. The four estimated coefficients of interest remain positive, but only two (“relevance (number of issues)” and “relevance (number of congressmen-issue pairs)” remain statistically significant.

To assess economic magnitude, consider the estimated coefficients on “relevance (number of issues).” The findings in column 3 indicate that any additional issue of relevance to a corporation indirectly covered by a non-profit in a given year (via the connection of that non-profit to members of Congress) increases the likelihood that the corporation makes any charitable grant to that non-profit in that year by 0.00067, which is about a 14 percent increase (from a mean of 0.0047). The estimate drops to about 7 percent in column 7 when we control for non-profit fixed effects, and about 3 percent (and no longer significant) in column 11 when we control for corporation/non-profit pair fixed effects.

We obtain qualitatively similar results in Appendix Tables A.14 and A.15. All estimated coefficients in these tables except one are of the expected signs. Statistical significance is strongest across regressions in which we define the independent variable on the extensive margin (“relevance (number of issue-Congressmen pairs)” and “relevance (number of issues).” We lose statistical significance under the most demanding model (i.e., with the inclusion of corporation/profit pair fixed effects) when we define the dependent variable as donation to a non-profit as a fraction of total charitable contributions by the corporation in a given year.

6 Estimating the scale of politically motivated corporate charity

Our goal in this section is to use the estimates we generated in Section 4.2 to gauge how much of total corporate giving is used for political purposes. In our model, we will show that we may use the sensitivity of PAC contributions to political importance – which we assume to be entirely politically motivated – to proxy for the sensitivity of *politically-motivated* corporate charity. This will allow us to back out the fraction of corporate charity that is politically motivated, which is,

intuitively, just the ratio of the CSR-Issue and PAC-issue elasticities.

We begin by defining political-motivated charitable contributions as C and non-political corporate charity as \tilde{C} . Of course, in the data we observe the sum of the two, $C + \tilde{C}$.

Now, to model political influence, we assume the firm has two tools at their disposal, C , and also PAC contributions, which we label as P . Further, we can conceive of committee assignment as a factor which increases the productivity of the investments in P and C , and presume that these three elements, A, P , and C together influence the formation of a policy of interest to the firm, τ . To place some structure on the model, particularly given the positive empirical correlation observed between PAC and CSR contributions, we assume a Cobb-Douglas “production function” of corporate influence:

$$\tau = AC^\alpha P^\beta$$

A firm thus optimizes:

$$\max AC^\alpha P^\beta - C - P$$

So that the optimal choice of C and P are given by

$$C = \alpha^{\frac{1-\beta}{1-\alpha-\beta}} \beta^{\frac{\beta}{1-\alpha-\beta}} A^{\frac{1}{1-\alpha-\beta}}$$

$$P = \alpha^{\frac{\alpha}{1-\alpha-\beta}} \beta^{\frac{1-\alpha}{1-\alpha-\beta}} A^{\frac{1}{1-\alpha-\beta}}$$

It then follows immediately that the elasticities of C and P with respect to A are the same:

$$\begin{aligned} \frac{dC}{C} &= \frac{1}{1-\alpha-\beta} \frac{dA}{A} \\ \frac{dP}{P} &= \frac{1}{1-\alpha-\beta} \frac{dA}{A} \end{aligned}$$

This elasticity is what we measure in our PAC regressions in Table 3, so that:

$$\frac{dC}{C} / \frac{dA}{A} = \frac{dP}{P} / \frac{dA}{A} = 0.6$$

Now, assuming that non-political CSR, \tilde{C} , is orthogonal to committee assignments,

$$\frac{d\tilde{C}}{\tilde{C}} / \frac{dA}{A} = 0$$

We may now use our estimates from Table 4, which reflect the elasticities for *total* giving, to generate an estimate of the fraction of corporate charity that is politically motivated. In particular, our regression results imply that:

$$\frac{dC}{C + \tilde{C}} / \frac{dA}{A} = 0.053$$

Combining the preceding three sets of expressions, it immediately follows that:

$$\frac{\frac{dC}{C+\tilde{C}}}{\frac{dC}{C}} = 0.088 \implies \frac{C}{C+\tilde{C}} = 8.8\%$$

That is, 8.8% of corporate charity is political motivated. If we scale this by total charitable giving by corporations of \$23 billion, then the implied component that is politically motivated is just over \$2 billion. As a benchmark PAC contributions over 2013-14 were 464 millions for each of the years (Bertrand et al. (2014)).

7 Discussion and Concluding Remarks

This paper explores the role of charitable giving as a means of political influence, a channel that has been heretofore unexplored by researchers. In documenting the effect of political interests to private corporations' charitable giving, we further highlight the ambiguous (at best) social welfare consequences of firms' corporate social responsibility. While this point has been noted previously (e.g., Bénabou and Tirole, 2010), we are, to our knowledge, the first to provide an empirical foundation for such concerns.

In our analysis, we show that companies' charitable donations are responsive to the same types of political incentives as more standard instruments of political influence, such as Political Action Committees' campaign contributions, in particular that grants by firms' foundations tend to follow congressional committee assignment trajectories for legislative topics of specific relevance to firms over time. Further, our focus on philanthropy allows us to extend our examination of influence to explore a more *personal* channel of favor-seeking, via donations to charities for which a legislator has a personal connection.

Overall, we find that charity-as-influence may be economically substantial. For example, given our estimated elasticities ranging from 5 to 10 percent and the very large base rate levels of charitable spending (relative to PAC spending), total dollar magnitudes of this political channel dwarf PAC and federal lobbying spending combined.

Our results contribute to a number of contemporary debates, both conceptual and practical. First, by highlighting a largely undiscussed channel of influence, we contribute to the larger undertaking of understanding why the amount of money in politics – when measured just by PAC and lobbying expenditures – is so small, a puzzle originally posed by Gordon Tullock in 1972.¹⁸ Once we considering the broader set of instruments available to firms, their expenditures are likely more substantial, and the returns on these expenditures more reasonable.

¹⁸Tullock (1972)

Furthermore, the case of charity-as-influence has a number of properties that merit special consideration. Charitable foundations enjoy tax exempt status and are typically identified for tax purposes as 501(c)(3) organizations. They are also subject to the Johnson Amendment, a U.S. tax code provision dating back to 1954, that prohibits 501(c)(3) from endorsing or opposing political candidates. Our results, while falling short of a smoking gun, suggest that corporate foundations are at a minimum not in compliance with the spirit of the law. Finally, charitable contributions are a particularly opaque channel of influence, since they do not face the same public disclosure requirements, aimed at supplying voters with information concerning potential undue influence over legislators, as PACs or lobbying.

Collectively, our findings highlight the challenges in identifying the full set of instruments employed by special interests in Washington, and the complexities involved in designing the socially optimal policy. Failing to recognize the various channels of influence (as well as their various degrees of oversight and visibility) can lead both to substantial bias in the assessment of the returns to government influence and misdirection of efforts to reduce undue tilting of the political scale.

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Figure 1: CSR form



**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service
Name of the organization

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2017

**Open to Public
Inspection**

Employer identification number

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

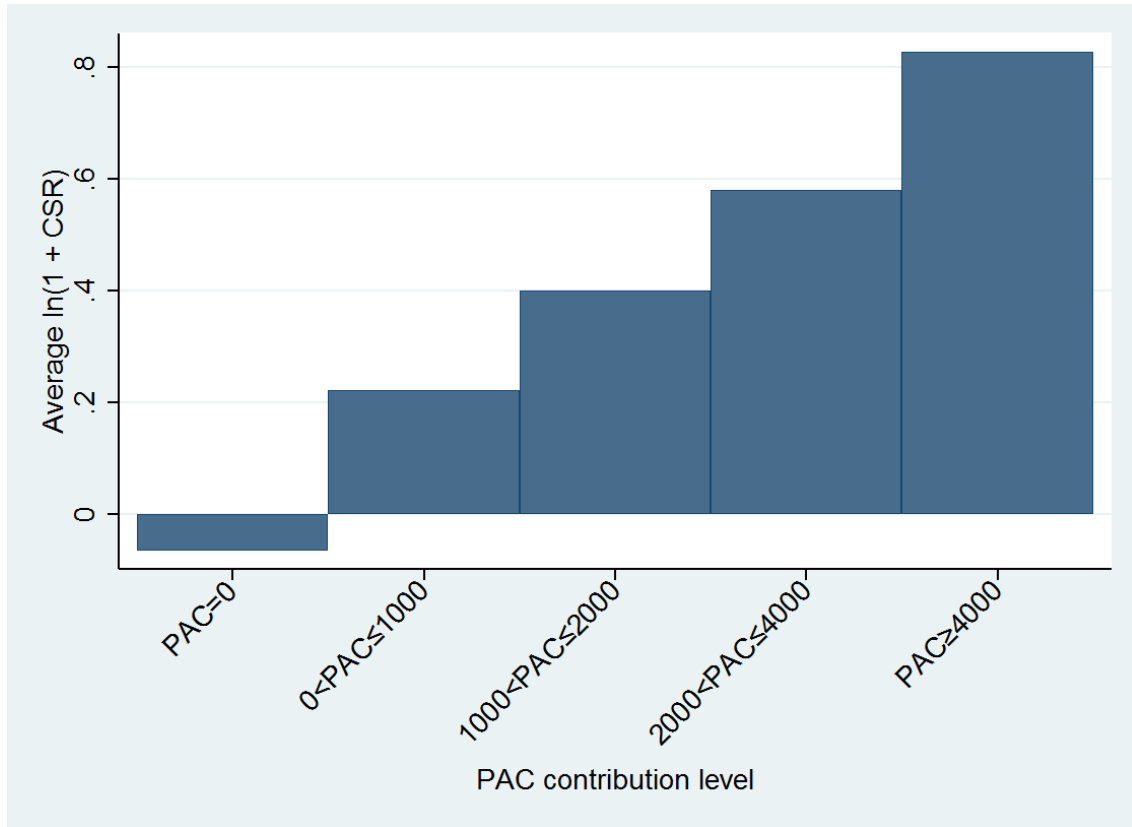
1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance	
(1)								
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table								▲
3 Enter total number of other organizations listed in the line 1 table								▲

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Cat. No. 50055P

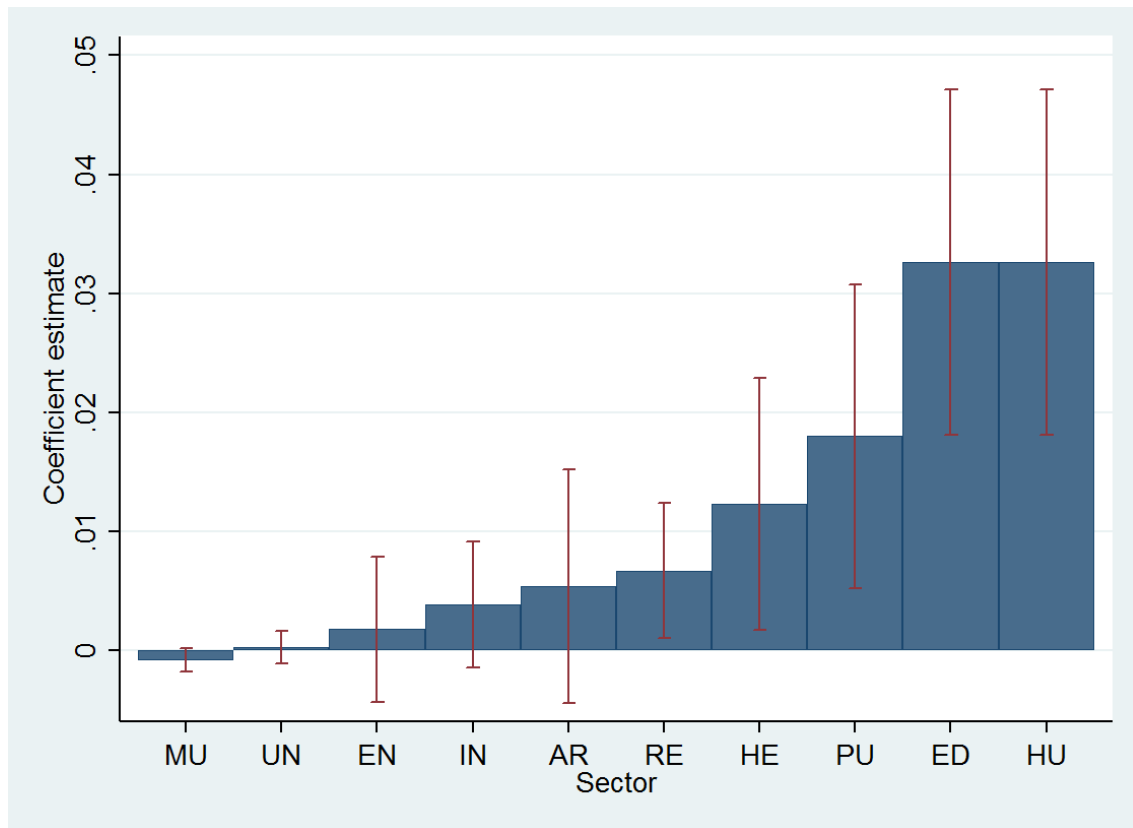
Schedule I (Form 990) (2017)

Figure 3: PAC and CSR Contributions



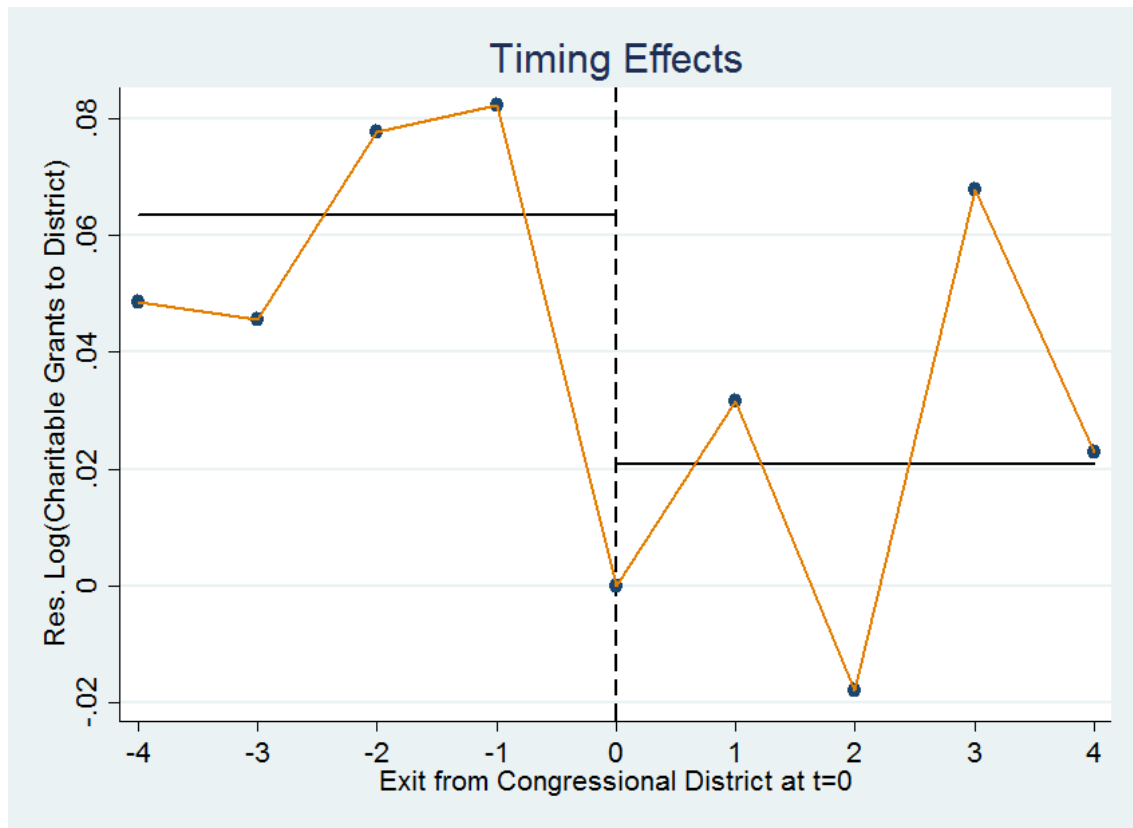
Notes: Each bar shows the average of the residual of $\ln(1 + CSR\ Contributions)$, generated at the foundation-constituency-Congress level, after conditioning on Foundation \times Congress fixed effects. The averages are binned in five groups based on the PAC contributions made by the foundation's company to the Member of Congress in the relevant constituency. See the text for details.

Figure 4: Individual sector estimates of the sensitivity of CSR to lobbying issues



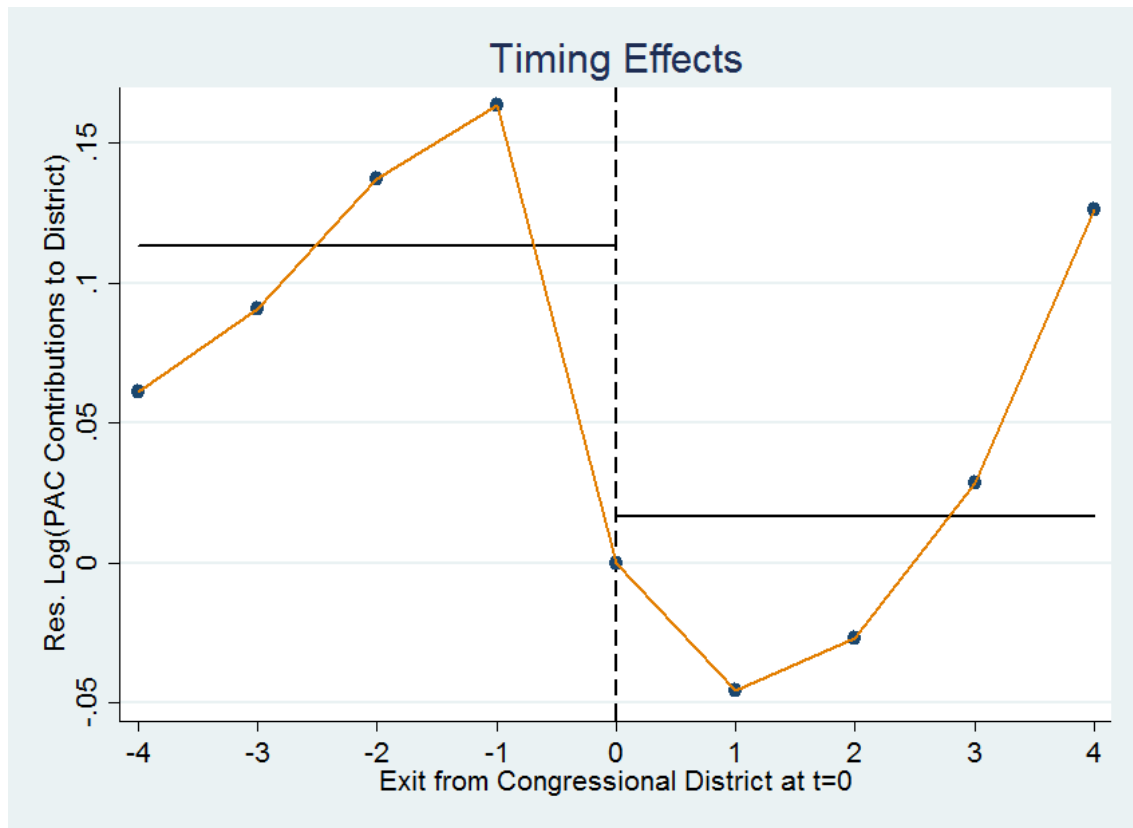
Notes: Each bar in the figure reflects the point estimate from regressing $\ln(1 + CSR\ Contributions_{fdt})$ on $\ln(1 + Issues\ of\ Interest)$ for donations to one of the 10 NTEE sectors, defined below. The ‘whiskers’ providing the 95 percent confidence interval. We include state \times Foundation and Congress fixed effects, paralleling the specifications in the first three columns of Table 4. The sector definitions, from right to left, are: Human Services (HU), Education (ED), Public Benefit (PU), Health (HE), Religion (RE), Arts (AR), International (IN), Environment (EN), Un-classified (UN), and Mutual/Membership Benefit (MU).

Figure 5: CSR contributions and exits of House Members



Notes: the figure reports the mean of the residual of regressing $\ln(1 + CSR\ Contributions_{fdt})$ on Congress and Foundation \times Congressional District fixed effects averaged for each Congress around an exit event ($t = 0$). We normalize by rescaling so that the mean residual at the exit event is zero.

Figure 6: PAC contributions and exits of House Members



Notes: the figure reports the mean of the residual of regressing $\ln(1 + PAC\ Contributions_{fdt})$ on Congress and Foundation \times Congressional District fixed effects averaged for each Congress around an exit event ($t = 0$). We normalize by rescaling so that the mean residual at the exit event is zero.

Table 1: Summary Statistics

	mean	std	median	95 th	max
PAC Contributions _{<i>fdt</i>}	368.3	1,365.1	0	2,500	25,000
CSR Contributions _{<i>fdt</i>}	15,079.7	261,748.2	0	18,000	62,705,500
IssuesCovered _{<i>fdt</i>}	0.3	0.6	0	1	18

Table 2: Correlation between Charitable and PAC Contributions

Dep. Variable: Log Charity Contributions from Foundation f to Cong Dist d	(1)	(2)	(3)	(4)	(5)
Log PAC Contributions from f to d	0.137*** (0.008)	0.090*** (0.005)	0.101*** (0.005)	0.028*** (0.003)	0.016*** (0.003)
Fixed Effects					
State, Congress	x				
Found. f , State, Congress		x			
Found. f , Cong Dist d , Congress			x		
Found. $f \times$ State, Congress				x	
Found. $f \times$ Cong Dist d , Congress					x
N	746,257	746,257	746,257	746,257	746,257
R^2	0.036	0.195	0.226	0.285	0.505

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table 3: PAC Contributions vs Issues Covered

Depend. Variable: Log PAC Contributions from f to Congr. District d	(1)	(2)	(3)	(4)	(5)	(6)
Log Issues of Interest to Found. f Covered by Representative in d	0.956*** (0.020)			0.602*** (0.019)		
Issues of Interest to Found. f Covered by Representative in d		0.465*** (0.014)			0.275*** (0.012)	
Any Issue of Interest to Found. f Covered by Representative in d			0.804*** (0.016)			0.521*** (0.015)
Fixed Effects						
Found. $f \times$ State, Congress		x			x	
Found. $f \times$ Cong Dist d , Congress				x		x
N	746,257	746,257	746,257	746,257	746,257	746,257
R^2	0.279	0.275	0.280	0.516	0.515	0.517

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table 4: CSR Contributions vs Issues Covered

Depend. Variable: Log CSR Contributions from f to Congr. District d	(1)	(2)	(3)	(4)	(5)	(6)
Log Issues of Interest to Found. f Covered by Representative in d	0.063*** (0.012)			0.053*** (0.014)		
Issues of Interest to Found. f Covered by Representative in d		0.030*** (0.006)			0.025*** (0.007)	
Any Issue of Interest to Found. f Covered by Representative in d			0.054*** (0.010)			0.046*** (0.011)
Fixed Effects						
Found. $f \times$ State, Congress	x	x	x			
Found. $f \times$ Cong Dist d , Congress				x	x	x
N	746,257	746,257	746,257	746,257	746,257	746,257
R^2	0.285	0.285	0.285	0.505	0.505	0.505

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table 5: Contributions, House Member Exits and Tenure

Depend. Variable: Log Contributions from f to Congr. District d				
Contribution	(1) CSR	(2) PAC	(3) CSR	(4) PAC
Log Issues of Interest to Found. f Covered by Representative in d	0.063*** (0.014)	0.879*** (0.021)	0.066*** (0.016)	0.443*** (0.018)
Exit of Representative in d at end of t	-0.162*** (0.011)	-0.082*** (0.008)	-0.071*** (0.012)	-0.164*** (0.010)
Entry of Representative in d at beginning of t	-0.016 (0.019)	0.051*** (0.015)	0.004 (0.021)	0.103*** (0.016)
Tenure of Representative in d	0.009*** (0.002)	0.002 (0.002)	0.002 (0.003)	0.022*** (0.002)
Fixed Effects				
Found. $f \times$ State, Congress	x	x		
Found. $f \times$ Cong Dist d , Congress			x	x
N	597,949	597,949	597,949	597,949
R^2	0.305	0.283	0.560	0.566

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. The sample excludes Congress 113.

Table 6: CSR to Connected Charities

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dependent variable: Number of corporate foundations contributing to the non-profit										
Any connections to Congress?	4.443*** (0.024)		4.290*** (0.023)		4.236*** (0.024)		4.213*** (0.024)		4.005*** (0.023)	
Number of connections to Congress		3.683*** (0.017)		3.587*** (0.017)		3.563*** (0.017)		3.548*** (0.017)		3.416*** (0.017)
Log Income × 1000			10.063*** (0.398)	10.060*** (0.397)	9.794*** (0.405)	9.786*** (0.403)	5.323*** (0.412)	5.329*** (0.411)	2.516*** (0.413)	2.509*** (0.411)
Log Assets			8.019*** (0.398)	8.005*** (0.397)	7.997*** (0.405)	7.991*** (0.404)	13.373*** (0.417)	13.342*** (0.416)	15.821*** (0.419)	15.793*** (0.418)
Fixed Effects										
501c(3)	X	X	X	X	X	X	X	X	X	X
City, State					X	X	X	X	X	X
coarse non-profit sector (A-Z)							X	X	X	X
detailed non-profit sector (NTEECC)								X	X	X
Observations	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738
R-squared	0.022	0.028	0.040	0.047	0.049	0.055	0.053	0.058	0.084	0.089

Notes: Robust standard errors in parentheses. *** p < 0.01, ** p < 0.05, * p < 0.1

Table 7: CSR Contributions to Relevant Charities

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dependent Variable: Any Giving? (Y=1)											
Relevance/1000	0.696***											
(Issue-Congressmen pairs)	(0.047)								0.142***			
Relevance/1000		2.608***			0.362***				(0.053)	0.013		
(Congressmen)		(0.128)			(0.054)	0.972***				(0.130)		
Relevance/1000			0.672***			(0.142)	0.331***				0.123**	
(Issues)			(0.046)				(0.053)				(0.053)	
Any relevance/1000				1.627***				0.257**				0.041
				(0.113)				(0.128)				(0.123)
Fixed Effects:												
Found. <i>f</i>	X	X	X	X	X	X	X	X	X	X	X	X
Charity <i>c</i>					X	X	X	X				
Found. <i>f</i> × Charity <i>c</i>									X	X	X	X
Congress <i>t</i>	X	X	X	X	X	X	X	X	X	X	X	X
Observations	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975
R-squared	0.015	0.015	0.015	0.014	0.064	0.064	0.064	0.064	0.493	0.493	0.493	0.493

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

A Data Appendix

A.1 Matching

We start with the grants by Fortune 500 and S&P 500 companies, a file that has 805,092 observations. In the initial file we have grants from 332 foundations to 76,321 unique recipients names. The first step is to match by name only when the name in the FoundationSearch file matches perfectly with the name in the BMF. For the remaining unmatched grants, we employed the matching algorithm `-matchit-` in Stata, which provides similarity scores for strings that may vary because of spelling and word order. We employed the option “token”, which reduces computational burden because it splits a string only based on blanks, instead of generating all possible ngrams. Employing matches with a score above 0.85 we match 536,920 observations to the BMF (66.7%).

A.2 Additional tables

In this section we report various robustness checks listed in the main text.

Table A.1: CSR Contributions vs Issues Covered – Dummy variable as outcome

Depend. Variable: Sign(CSR Contributions from f to Congr. District d)	(1)	(2)	(3)	(4)	(5)	(6)
Log Issues of Interest to Found. f Covered by Representative in d	0.006*** (0.001)			0.005*** (0.001)		
Issues of Interest to Found. f Covered by Representative in d		0.003*** (0.001)			0.002*** (0.001)	
Any Issue of Interest to Found. f Covered by Representative in d			0.005*** (0.001)			0.004*** (0.001)
Fixed Effects						
Found. $f \times$ State, Congress	x	x	x			
Found. $f \times$ Cong Dist d , Congress				x	x	x
N	746,257	746,257	746,257	746,257	746,257	746,257
R^2	0.266	0.266	0.266	0.476	0.476	0.476

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table A.2: Robustness: Non-linear terms

Depend. Variable: Log Contributions from f to Congr. District d	(1)	(2)	(3)	(4)
	CSR	PAC	CSR	PAC
Log Issues of Interest to Found. f Covered by Representative in d	0.117*** (0.026)	1.609*** (0.042)	0.087*** (0.028)	1.055*** (0.038)
(Log Issues) ²	-0.058** (0.023)	-0.699*** (0.033)	-0.036 (0.025)	-0.468*** (0.031)
Fixed Effects				
Found. $f \times$ State, Congress	x	x		
Found. $f \times$ Cong Dist d , Congress			x	x
N	746,319	746,319	746,319	746,319
R^2	0.285	0.280	0.505	0.517

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.3: Robustness: Winsorized Contributions (top1%)

Depend. Variable: Winsorized Contributions from f to Congr. District d				
	(1)	(2)	(3)	(4)
	CSR	PAC	CSR	PAC
Log Issues of Interest to Found. f Covered by Representative in d	582.002*** (125.942)	407.051*** (10.612)	446.784*** (124.011)	238.950*** (9.567)
Fixed Effects				
Found. $f \times$ State, Congress	x	x		
Found. $f \times$ Cong Dist d , Congress			x	x
N	746,257	746,257	746,257	746,257
R^2	0.243	0.286	0.531	0.530

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.4: Robustness: Foundation \times Congress Fixed Effects

Depend. Variable: Log Contributions from f to Congr. District d	(1)	(2)	(3)	(4)
	CSR	PAC	CSR	PAC
Log Issues of Interest to Found. f Covered by Representative in d	0.046*** (0.012)	1.038*** (0.021)	0.022* (0.013)	0.674*** (0.020)
Fixed Effects				
Found. $f \times$ State	x	x		
Found. $f \times$ Cong Dist d			x	x
Found. $f \times$ Congress	x	x	x	x
N	746,319	746,319	746,319	746,319
R^2	0.343	0.305	0.561	0.540

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.5: Robustness: Congressional District \times Congress

Depend. Variable: Log Contributions from f to Congr. District d				
	(1)	(2)	(3)	(4)
	CSR	PAC	CSR	PAC
Log Issues of Interest to Found. f	0.070***	0.748***	0.062***	0.445***
Covered by Representative in d	(0.012)	(0.020)	(0.014)	(0.018)
Fixed Effects				
Found. $f \times$ State,	x	x		
Found. $f \times$ Cong Dist d			x	x
Cong Dist \times Congress	x	x	x	x
N	746,319	746,319	746,319	746,319
R^2	0.333	0.343	0.523	0.552

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.6: Robustness: Committee Chairs Only

Depend. Variable: Log Contributions from f to Congr. District d	(1)	(2)	(3)	(4)
	CSR	PAC	CSR	PAC
Log Issues of Interest to Found. f Covered by Representative in d	0.084* (0.046)	1.734*** (0.066)	0.088** (0.044)	1.021*** (0.060)
Fixed Effects				
Found. $f \times$ State, Congress	x	x		
Found. $f \times$ Cong Dist d , Congress			x	x
N	746,319	746,319	746,319	746,319
R^2	0.285	0.267	0.505	0.514

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.7: CSR Contributions in Election Years

Dep. Variable: Log Charity Contributions from Foundation f to Cong Dist d	Charity (1)	Charity (2)	Charity (3)	Charity (4)
ElectionYear*Log Issues	-0.006 (0.009)		-0.003 (0.009)	
Log Issues	0.042*** (0.010)		0.035*** (0.011)	
ElectionYear*Issues		-0.003 (0.005)		-0.001 (0.005)
Issues		0.019*** (0.005)		0.016*** (0.006)
Fixed Effects				
Found. $f \times$ State, Year	x	x		
Found. $f \times$ Cong Dist d , Year			x	x
Observations	1,481,933	1,481,933	1,481,933	1,481,933
R-squared	0.239	0.239	0.426	0.426

Notes: Standard errors are clustered at the Foundation-State level. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A.8: CSR Contributions and Close Elections

Dep. Variable: Log Charity Contributions from Foundation f to Cong Dist d				
	Charity	PAC	Charity	PAC
	(1)	(2)	(3)	(4)
Margin _{5%} *Log Issues			0.0793 (0.0502)	0.0659 (0.0504)
Log Issues	0.0577*** (0.0139)	0.6071*** (0.0194)	0.0537*** (0.0143)	0.6038*** (0.0196)
Margin _{5%}	-0.0230 (0.0162)	0.0435*** (0.0150)	-0.0344** (0.0172)	0.0340** (0.0158)
Found. $f \times$ Cong Dist d FEs, Year FEs	x	x	x	x
Observations	705,825	705,825	705,825	705,825
R-squared	0.5091	0.5170	0.5091	0.5170

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table A.9: Heterogeneity by Charity Sector

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Arts	Education	Environment	Health	Human services	International	Mutual/Member	Public Benefit	Religion	Unclassified
Log Issues	0.0130*** (0.0050)	0.0209** (0.0083)	0.0057 (0.0036)	0.0124** (0.0056)	0.0282*** (0.0080)	0.0007 (0.0029)	-0.0001 (0.0007)	0.0131* (0.0067)	0.0091*** (0.0031)	0.0011 (0.0009)
Found. $f \times$ Cong Dist d FEs, Congress FEs	x	x	x	x	x	x	x	x	x	x
Observations	725,705	738,332	701,645	725,748	734,938	691,526	641,986	738,148	678,399	641,075
R-squared	0.4728	0.4488	0.3664	0.3976	0.4775	0.3511	0.3182	0.4630	0.3490	0.2461

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Notes: Standard errors are clustered at the Foundation-State level. *** p<0.01, ** p<0.05, * p<0.1

Table A.10: Summary Statistics

Variable	mean	std	median	max
<i>Any CSR received?</i>	0.0375712	0.1901569	0	1
<i>Number of foundations giving grants</i>	0.0818293	0.7588925	0	144
<i>Total CSR received (in dollars)</i>	9283.095	473675	0	278000000
<i>Ln total CSR received (in dollars)</i>	0.3876691	1.987043	0	19.44281
<i>Any conections to Congress?</i>	0.0005157	0.0227041	0	1
<i>Number of connections to Congress</i>	0.0006103	0.0317546	0	11

Table A.11: CSR to Connected Charities - Robustness 1

	Dependent variable: Log(total contributions received from corporate foundations)									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Any connections to Congress?	5.570*** (0.062)		4.988*** (0.061)		4.898*** (0.061)		4.814*** (0.061)		4.374*** (0.060)	
Number of connections to Congress		3.711*** (0.044)		3.345*** (0.043)		3.307*** (0.044)		3.252*** (0.044)		2.983*** (0.043)
Log Income			56.070*** (1.035)	56.106*** (1.035)	54.681*** (1.047)	54.706*** (1.047)	35.392*** (1.064)	35.403*** (1.064)	24.739*** (1.063)	24.737*** (1.064)
Log Assets			12.719*** (1.035)	12.799*** (1.035)	13.083*** (1.049)	13.170*** (1.049)	35.154*** (1.078)	35.253*** (1.078)	43.847*** (1.080)	43.938*** (1.081)
Fixed Effects										
501c(3)	X	X		X	X	X	X	X	X	X
City, State					X	X	X	X	X	X
coarse non-profit sector (A-Z)										
detailed non-profit sector (NTEECC)							X	X	X	X
Observations	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738
R-squared	0.016	0.016	0.056	0.055	0.071	0.071	0.079	0.079	0.113	0.112

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.12: CSR to Connected Charities - Robustness 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dependent variable: Does the non-profit receive any corporate charity?										
Any connections to Congress?	0.447*** (0.006)		0.394*** (0.006)		0.387*** (0.006)		0.379*** (0.006)		0.341*** (0.006)	
Number of connections to Congress		0.289*** (0.004)		0.256*** (0.004)		0.254*** (0.004)		0.249*** (0.004)		0.226*** (0.004)
Log Income/1000			5.508*** (0.099)	5.511*** (0.099)	5.368*** (0.100)	5.371*** (0.100)	3.522*** (0.102)	3.523*** (0.102)	2.536*** (0.102)	2.536*** (0.102)
Log Assets/1000			0.859*** (0.099)	0.866*** (0.099)	0.916*** (0.101)	0.924*** (0.101)	3.021*** (0.103)	3.030*** (0.103)	3.807*** (0.104)	3.815*** (0.104)
Fixed Effects										
501c(3)	X	X	X	X	X	X	X	X	X	X
City, State					X	X	X	X	X	X
coarse non-profit sector (A-Z)							X	X		
detailed non-profit sector (NTEECC)								X	X	X
Observations	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738	1,977,738
R-squared	0.015	0.015	0.052	0.052	0.068	0.067	0.076	0.075	0.106	0.105

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.13: Summary Statistics for PFD exercise

<i>Variable</i>	mean	std	min	max
<i>Any giving?</i>	0.0047	0.0685	0	1
<i>Log (1+Charitable Contributions)</i>	0.0475	0.6976	0	17.4534
<i>Contributions/Total Foundation Contribs.</i>	0.0048	0.2939	0	100
<i>Relevance (Issue-Congressmen pairs)</i>	0.7371	1.6130	0	30
<i>Relevance (Congressmen)</i>	0.3168	0.5301	0	7
<i>Relevance(Issues)</i>	0.7368	1.6119	0	30

Table A.14: CSR Contributions to Relevant Charities - Robustness 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dependent Variable: Log(1+Charitable Contributions)											
Relevance/1000 (Issue-Congressmen pairs)	7.558*** (0.496)				4.069*** (0.574)				1.525*** (0.548)			
Relevance/1000 (Congressmen)		28.058*** (1.366)				11.004*** (1.477)				0.319 (1.330)		
Relevance/1000 (Issues)			7.277*** (0.486)				3.700*** (0.563)				1.307** (0.544)	
Any relevance?/1000				16.925*** (1.159)				2.657** (1.310)				0.633 (1.240)
Fixed Effects:												
Found. <i>f</i>	X	X	X	X	X	X	X	X				
Charity <i>c</i>					X	X	X	X	X	X	X	X
Congress <i>t</i>	X	X	X	X	X	X	X	X	X	X	X	X
Found. <i>f</i> × Charity <i>c</i>												
Observations	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975
R-squared	0.015	0.015	0.015	0.015	0.066	0.066	0.066	0.066	0.511	0.511	0.511	0.511

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.15: CSR Contributions to Relevant Charities - Robustness 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dependent Variable: Charitable Contributions/Total Foundation Giving											
Relevance (Issue-Congressmen pairs)	0.649*** (0.138)				0.303** (0.147)				0.209 (0.178)			
Relevance (Congressmen)		2.238*** (0.487)				0.586 (0.528)				0.971 (0.618)		
Relevance (Issues)			0.632*** (0.137)				0.283* (0.146)				0.204 (0.177)	
Any relevance?				1.085** (0.464)				-0.060 (0.492)				0.616 (0.600)
Fixed Effects:												
Found. <i>f</i>	X	X	X	X	X	X	X	X				
Charity <i>c</i>					X	X	X	X				
Congress <i>t</i>	X	X	X	X	X	X	X	X	X	X	X	X
Found. <i>f</i> × Charity <i>c</i>									X	X	X	X
Observations	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975	2,607,975
R-squared	0.000	0.000	0.000	0.000	0.016	0.016	0.016	0.016	0.311	0.311	0.311	0.311

Notes: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

A.3 Lobbying Issues

Table A.16: Lobbying Issues

ACC	Accounting	HOM	Homeland Security
ADV	Advertising	HOU	Housing
AER	Aerospace	IMM	Immigration
AGR	Agriculture	IND	Indian/Native American Affairs
ALC	Alcohol & Drug Abuse	INS	Insurance
ANI	Animals	INT	Intelligence and Surveillance
APP	Apparel/Clothing Industry/Textiles	LBR	Labor Issues/Antitrust/Workplace
ART	Arts/Entertainment	LAW	Law Enforcement/Crime/Criminal Justice
AUT	Automotive Industry	MAN	Manufacturing
AVI	Aviation/Aircraft/Airlines	MAR	Marine/Maritime/Boating/Fisheries
BAN	Banking	MIA	Media (Information/Publishing)
BNK	Bankruptcy	MED	Medical/Disease Research/Clinical Labs
BEV	Beverage Industry	MMM	Medicare/Medicaid
BUD	Budget/Appropriations	MON	Minting/Money/Gold Standard
CHM	Chemicals/Chemical Industry	NAT	Natural Resources
CIV	Civil Rights/Civil Liberties	PHA	Pharmacy
CAW	Clean Air & Water (Quality)	POS	Postal
CDT	Commodities (Big Ticket)	RRR	Railroads
COM	Communications/Broadcasting/Radio/TV	RES	Real Estate/Land Use/Conservation
CPI	Computer Industry	REL	Religion
CSP	Consumer Issues/Safety/Protection	RET	Retirement
CON	Constitution	ROD	Roads/Highway
CPT	Copyright/Patent/Trademark	SCI	Science/Technology
DEF	Defense	SMB	Small Business
DOC	District of Columbia	SPO	Sports/Athletics
DIS	Disaster Planning/Emergencies	TAR	Miscellaneous Tariff Bills
ECN	Economics/Economic Development	TAX	Taxation/Internal Revenue Code
EDU	Education	TEC	Telecommunications
ENG	Energy/Nuclear	TOB	Tobacco
ENV	Environmental/Superfund	TOR	Torts
FAM	Family Issues/Abortion/Adoption	TRD	Trade (Domestic & Foreign)
FIR	Firearms/Guns/Ammunition	TRA	Transportation
FIN	Financial Institutions/Investments/Securities	TOU	Travel/Tourism
FOO	Food Industry (Safety, Labeling, etc.)	TRU	Trucking/Shipping
FOR	Foreign Relations	URB	Urban Development/Municipalities
FUE	Fuel/Gas/Oil	UNM	Unemployment
GAM	Gaming/Gambling/Casino	UTI	Utilities
GOV	Government Issues	VET	Veterans
HCR	Health Issues	WAS	Waste (hazardous/solid/interstate/nuclear)
		WEL	Welfare