

Berlin Applied Micro Seminar

Politician's Twitter and Political Donations

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Abstract:

Do new technologies change the way political markets operate in a democratic system? We estimate the impact of opening a social media (Twitter) account on political donations received by candidates running for the U.S. Congress in 2009-2014. To identify the causal impact of joining Twitter, we compare donations before and after opening the account in places with different levels of Twitter penetration, using a difference in differences strategy. We estimate that opening a Twitter account amounts to an increase of 1-2% percent in donations per campaign for a place with a mean level of Twitter penetration. This effect works only for the politicians never elected to Congress before. This implies that social media (Twitter) helps inexperienced politicians who have never run for the Congress before but does not help more experienced ones, thus reducing barriers to entry to congressional politics. We use a variety of placebo checks to rule out other events coinciding with the account opening using data from newspapers, blogs as well as campaign expenditures. We also find that the impact of Twitter is stronger for donations from new donors, for donations from places with lower newspaper penetration, and for politicians without previous presence on social media. Overall, our results suggest that social media reduces political barriers to entry by creating a channel for information dissemination, helping new politicians (and not experienced ones) raise political donations, thus potentially democratizing electoral campaigns.