

Sources of campaign funding and electoral outcomes: The legislative elections in France*

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Abstract

Political scientists and economists have extensively studied the link between campaign spending and election outcomes over the past few decades. This paper contributes to the literature by analyzing the legislative elections held in France in 2002 and 2007. Unlike the previous literature, I focus on the following question: does the manner in which a campaign is financed (through donations, contributions from political parties, or the candidate's personal wealth) matter in predicting election outcomes. A simple model shows that candidates who finance their campaigns mainly through personal wealth should exert more effort, resulting in efficient campaigning (each euro spent generates many extra votes). In the data it turns out that incumbents get their money primarily from individual donations and parties. Challengers, however, primarily finance their campaigns via their personal wealth. In line with the theoretical predictions, I find that the latter spend their money more efficiently than the former. As such, this paper offers a new explanation of the frequently observed fact that incumbent spending is less effective than challenger spending.

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