Is Charitable Giving Political? Evidence from Wealth and Income Tax Returns

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Motivation

- Rise in **charitable giving** in Western democracies in recent decades. examples
  - Concomitant in some places with the introduction of **tax incentives**.
  - But philanthropy can also serve political objectives (Reich, 2018; Bertrand *et al* 2020).

⇒ **Research questions**:

- Is charitable giving politically motivated?
- Are there politically-driven charities?

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Contribution to the existing literature

1. Complementarity between political and charitable giving:
   + Yoruk (2015):
     - Strong complementarity, using cross-sectional survey data.
   - Petrova et al (2020):
     - Small substituability, using county-week level data for the US and shocks from natural disasters.

Our approach: complete panel data from income and wealth tax returns; investigate complementarity by looking at substitution effects *within the same donors*.

This paper: Objectives

1. Investigate whether donations to charities and donations to parties are **substitutes or complements**.

   $\Rightarrow$ Estimate **cross-price elasticity** of charitable and political giving.

2. Investigate the **mechanisms at play** behind the political motives.

   - Is there heterogeneity depending on the political parties that benefit from the donations?
   - And by determining the purpose of the different charitable organizations.

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Data

- Unique **administrative French data** for 2006-2021 on wealth and income tax returns.
  - Exhaustive panel of households.
  - Charitable and political donations are reported separately on the tax forms.

- Commune-level data on **donations received by political parties** .
  - All the donations – with information on the location of the donor – received annually by the main political parties between 2016 and 2020. ▸ figure

- **Charity-level information** on donation :
  - 658 FRUPS ("public-utility non-profit organizations").
  - Manually recovered (from their balance sheets) (▸ figure).
  - classified political / non political using their stated purpose ⇒ 6.1% of "political" FRUPS (▸ distribution).

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Empirical approach

Shock on the price of charitable giving, but not on political donations

- Exploits a **wealth tax reform**:
  - In 2018, restriction of the tax base: transformed the solidarity tax on wealth into a real-estate tax.
  - No change in the tax schedule.
- For households no longer eligible to the wealth tax (around 2/3):
  - The reform was a **shock to the price of charitable giving**,
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- Reduce sample of analysis to take into account potential income effects of the reform.

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Tax credits	Wealth tax	Income tax
Political donation		66%
Charitable giving	75%	66%

- Reduce sample of analysis to take into account potential income effects of the reform.

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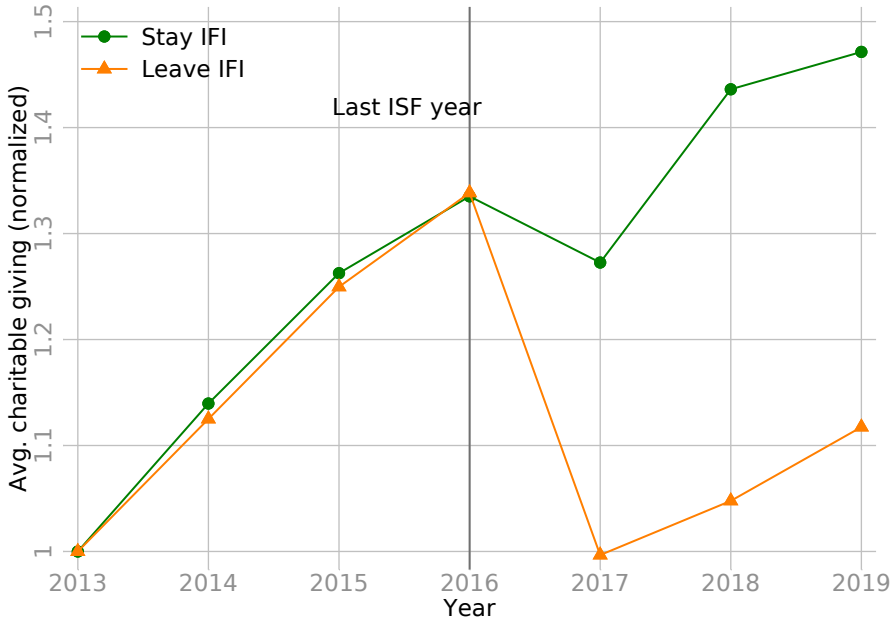
- Reduce sample of analysis to take into account potential income effects of the reform.
  - Only consider households with **similar wealth-tax gains** following the reform.

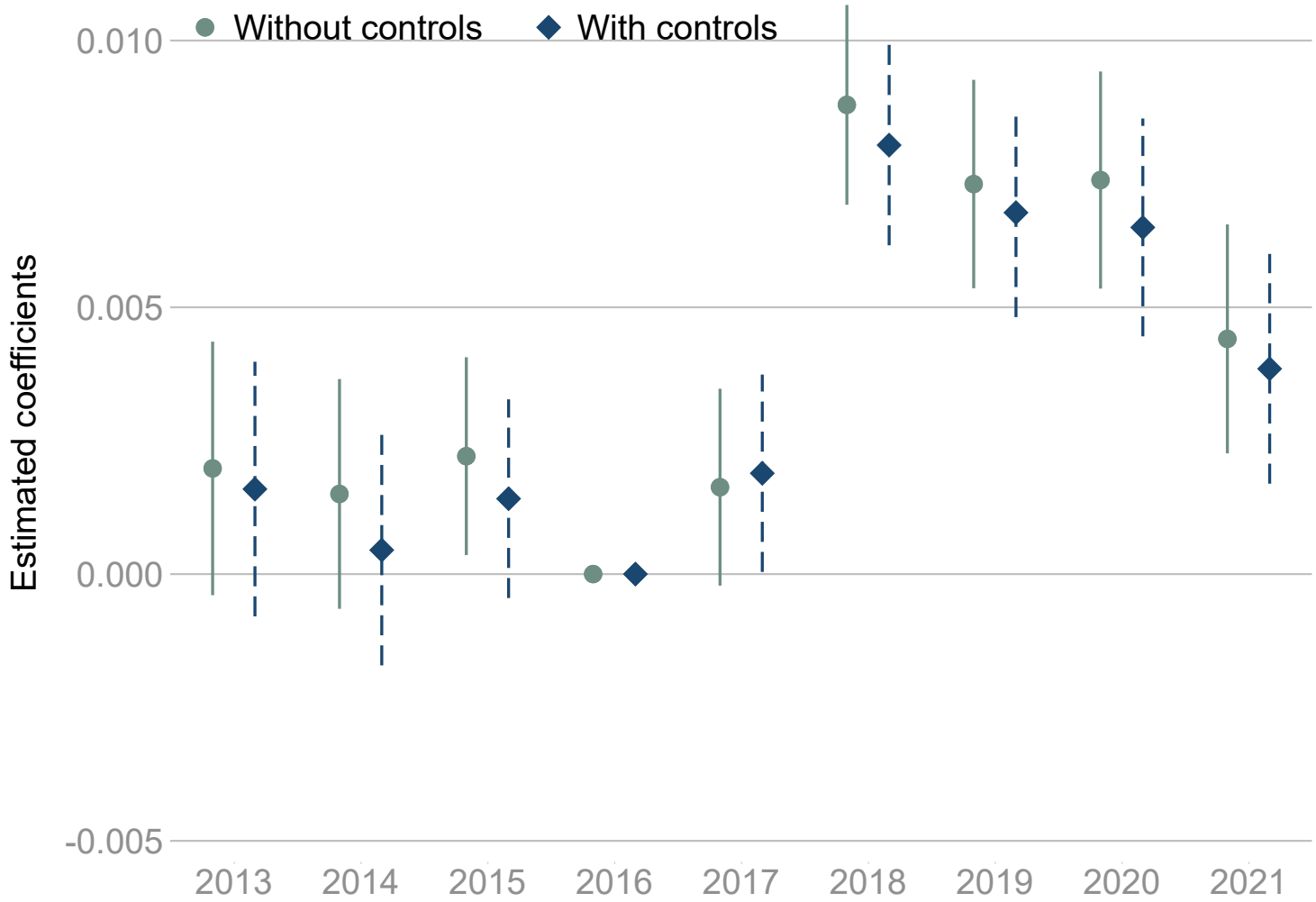
Identification using the 2017 wealth tax reform

- **Sample**: households liable to the wealth tax in 2016 (356, 228 households).
  - **Treated group**: households leaving the wealth-tax returns following the reform $\Rightarrow$ no longer benefit from the 75% wealth-tax deduction.
  - **Control group**: households liable to the new wealth tax (same tax schedule), and who can still benefit from the 75% wealth-tax deduction.

Figure: Charitable giving (income & wealth tax)

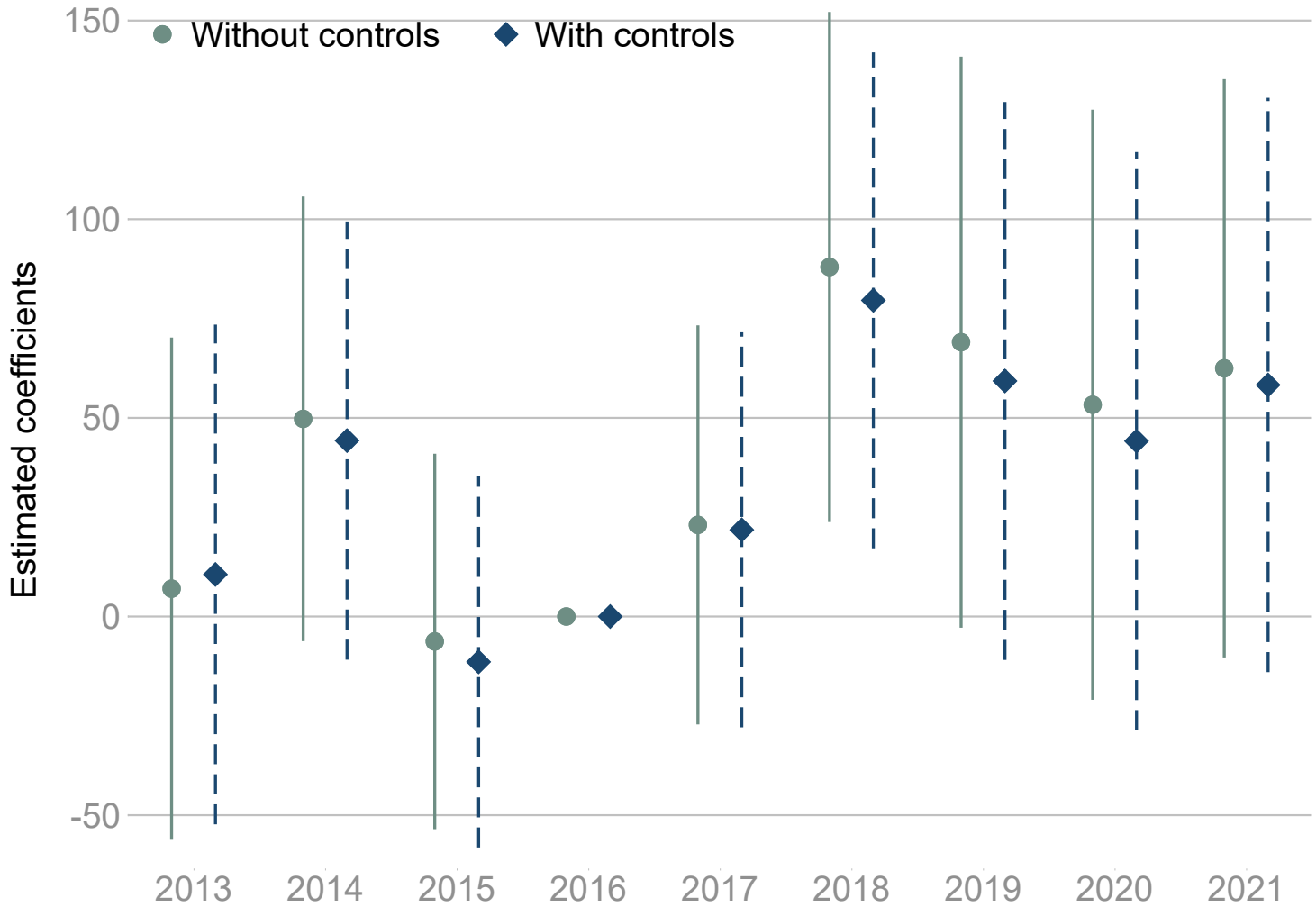


Dependent variable: Probability of making a political donation



▸ charitable-giving

Dependent variable: Amount of the donation



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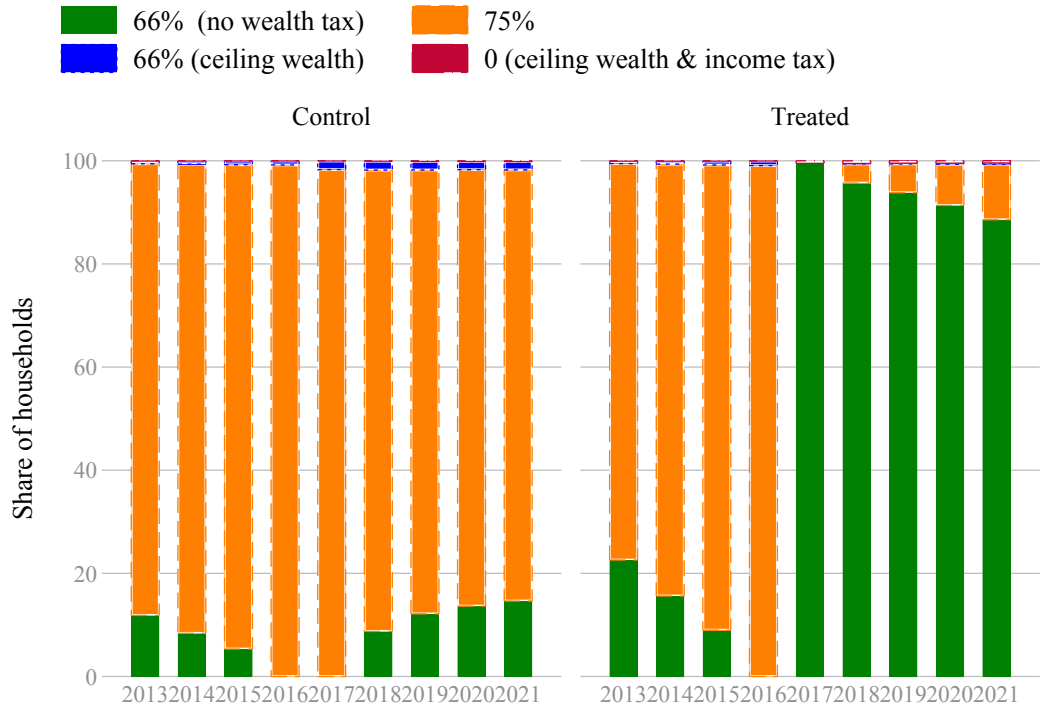
IV strategy

1. **First stage**: use the 2018 wealth tax reform reform as an instrument for the *price of charitable giving*.



2. **Second stage**: investigate how the (instrumented) price of charitable giving affects political giving.

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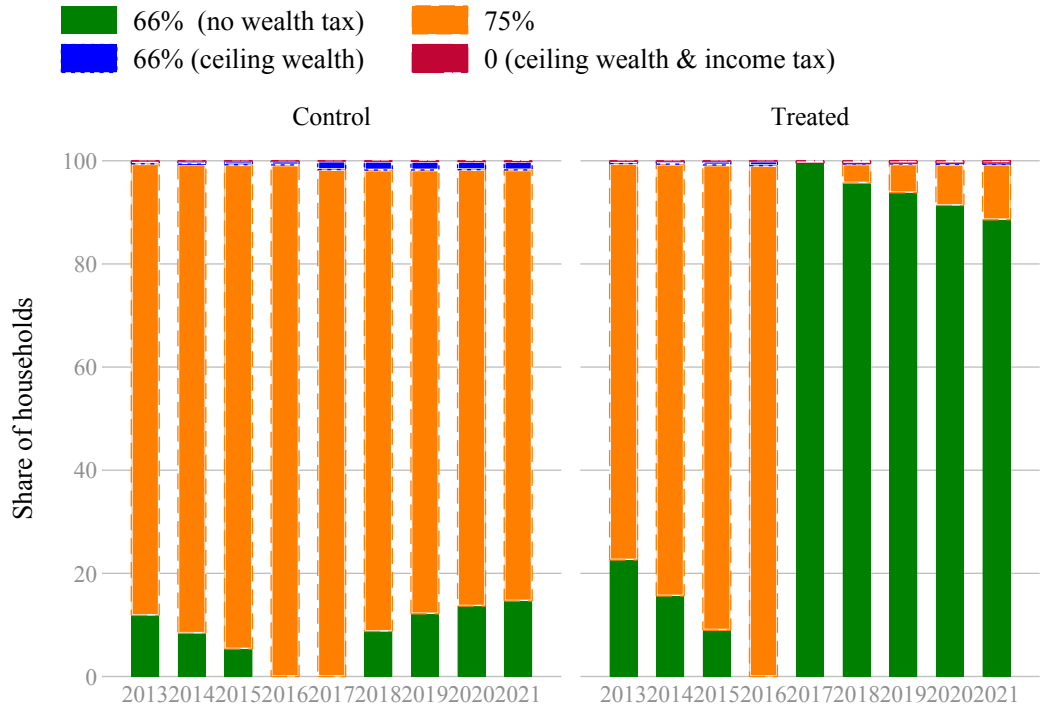

2. **Second stage**: investigate how the (instrumented) price of charitable giving affects political giving.

IV strategy:

First stage

$$ln\left(1-\tau\right)_{i,t} = \pi_0 + \pi_1 \text{Treatment}_i x Post_t + \mathbf{X'_{i,t}}\boldsymbol{\pi_2} + \eta_i + gamma_t + u_{it}$$

Second stage

$$\text{political giving}_{i,t} = \beta_0 + \beta_1 \widehat{ln\left(1-\tau\right)_{i,t}} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$$

where:

- $ln\left(1-\tau\right)_{i,t}$: marginal tax price of charitable giving. ▸ illustration
- $$\text{Treatment}_i = \begin{cases} 1 \text{ if wealth tax in 2016 but not in 2017} \\ 0 \text{ if wealth tax in 2016 and in 2017} \end{cases}$$
- $Post_t$: indicator variable $= 1$ for years following the reform (2017-).
- $\mathbf{X'_{i,t}}$: vector of household-level controls, including: nb fiscal shares, age, 10-splines in income, gross wealth in 2016, donations to wealth tax in 2016.
- Standard errors clustered at the household level.

Time period considered: 2013-2019.

First stage

	First stage ($ln(1-\tau)$)		
	(1)	(2)	(3)
Treated × Post	0.243***	0.243***	0.242***
	(0.000)	(0.000)	(0.000)
Year FE	✓	✓	✓
Household FE		✓	✓
Controls			✓
Observations	2,361,391	2,360,888	2,360,786
Cluster(households)	282,999	282,496	282,491
Mean Dep Var	19.099	19.099	19.099
Sd Dep Var	290.417	290.417	290.417

- The tax reform led to an increase in the marginal price of charitable giving for the treated group by around 24.2%.

Second stage: Extensive margin

$$\text{political giving}_{i,t} = \beta_0 + \beta_1 ln\,\widehat{(1-\tau)}_{i,t} + \mathbf{X}'_{\mathbf{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$$

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	-0.050	0.214*	0.186	1.832***	1.873***	1.886***
	(0.124)	(0.125)	(0.126)	(0.273)	(0.276)	(0.272)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	4.01	4.01	4.01	4.01	4.01	4.01
Sd Dep Var	19.61	19.61	19.61	19.61	19.61	19.61

- A ten-percent increase in the price of charitable giving leads to a 0.18 ppt increase in the probability of declaring a political donation,
- This effect corresponds to 4.5% of the mean

Second stage: Intensive margin

$$\text{political giving}_{i,t} = \beta_0 + \beta_1 ln\,\widehat{(1-\tau)}_{i,t} + \mathbf{X}'_{\mathbf{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$$

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	55.537	66.216	69.283	167.145*	153.318*	149.840*
	(43.472)	(44.290)	(44.771)	(89.690)	(89.419)	(88.759)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	75,452	75,452	75,452	75,452	75,452	75,452
Cluster(households)	19,138	19,138	19,138	19,138	19,138	19,138
Mean Dep Var	476.741	476.741	476.741	476.741	476.741	476.741
Sd Dep Var	1373.753	1373.753	1373.753	1373.753	1373.753	1373.753

- A ten-percent increase in the price of giving is associated with a €14.3 increase in the amount given (conditional on giving).
- This effect corresponds to 3.0% of the mean

Magnitude of the effects

- A ten-percent increase in the price of charitable giving leads to a 0.18 p.p. increase in the propensity to making a political donation
  - $\Rightarrow$ evidence of a substitution effect
  - $\uparrow$ tax price of charitable giving $\rightarrow \downarrow$ charitable giving $\rightarrow \uparrow$ political giving.
- Consistent with evidence in **Petrova et al. (2020)**.
- But contradicts **Yoruk (2015)** who documents complementarity between charitable and political giving.
- Effect driven by both:

▸ External validity

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  - $\Rightarrow$ evidence of a substitution effect
- Consistent with evidence in **Petrova et al. (2020)**.
  - Deduce substituability from the fact that households react differently to natural disasters and to political ads in their giving behavior.
- But contradicts **Yoruk (2015)** who documents complementarity between charitable and political giving.
  - Not surprising given Yoruk (2015) relies on cross-sectional variations while we exploit the panel dimension of our data.
- Effect driven by both:

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- Effect driven by both:
  - The **extensive margin**
  - The **intensive margin**

▸ External validity

Explanations

- How to interpret the substituability between charitable and political giving?
- Possible **mechanisms**:
  - Non-pecuniary benefits (e.g. warm-glow) and crowding out.
  - Decreasing marginal utility from giving.
  - Love for "variety".

$\Rightarrow$ Preferred explanation: charitable donations may be at least partially driven by political motivations.

- Is it also the case in France?

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  - Bertrand et al. (2020): in the US, 16.1% of total corporate charitable giving can be interpreted as politically motivated.

- Is it also the case in France?

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- Is it also the case in France?
  1. Does the substitution depend on political affiliation?
  2. Politically-driven charities?

1. Who benefited from the increase in political donations?

$$\text{political donations}_{p,c,t} = \alpha + \beta \text{Treatment intensity}_c x Post_t + \eta_c + \gamma_t + \mu_{pct}$$

	Overall		LFI		PS		LREM		LR		RN	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Treated x Post	0.015***	0.013***	-0.001	-0.002*	-0.011***	-0.012***	0.002	0.001	0.025***	0.023***	0.002	0.001
	(0.004)	(0.004)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.001)	(0.001)
Year FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commune FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commune-level controls		✓		✓		✓		✓		✓		✓
Observations	105,633	105,190	105,633	105,190	105,633	105,190	105,633	105,190	105,633	105,190	105,633	105,190
Clusters (communes)	21,182	21,133	21,182	21,133	21,182	21,133	21,182	21,133	21,182	21,133	21,182	21,133
Mean DepVar	0.140	0.140	0.013	0.013	0.010	0.010	0.030	0.031	0.076	0.076	0.014	0.014
Sd DepVar	0.303	0.303	0.080	0.080	0.087	0.087	0.139	0.139	0.226	0.225	0.092	0.092

LFI	*La France insoumise*	LR	*Les Républicains*
PS	Socialist Party		
LREM	*Les Républicains en marche*	RN	*Rassemblement National*

▸ Details on method

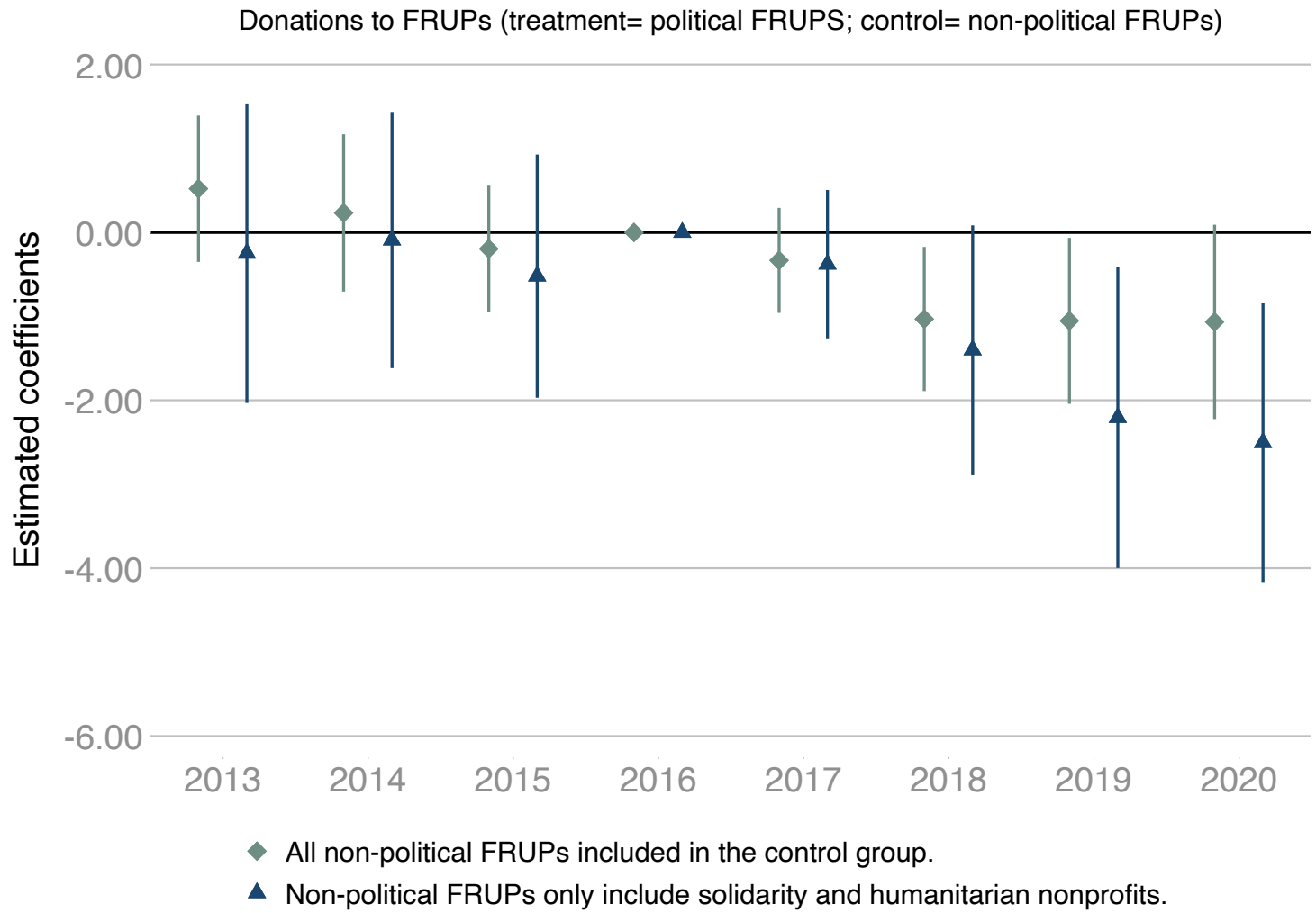
2. Politically-driven charities?

- Focus on the 658 charitable organizations eligible to wealth-tax deductions
- Using the purpose of the organizations, distinguish the politically involved from the non-politically involved organizations.
  - E.g. of politically-affiliated FRUPs: political think tanks such as Terra Nova, Fondation Jean Jaurès, Institut Montaigne, etc.
- Investigate whether – at the aggregate level – the politically-involved FRUPs receive more donations following the reform compared to the non-politically involved ones.

$$donations_{f,t} = \alpha + \beta \text{Political FRUP}_f x Post_t + \eta_f + \gamma_t + u_{ft}$$

Donations to FRUPs (IHS), Depending on whether political

Balanced panel



⇒ Politically-involved non-profit associations seem to drive overall decline in charitable giving compared to non-politically involved ones. ▸ with controls

Conclusion

- First attempt at:
  - Estimating the cross-price elasticity of charitable and political donations, relying on panel data of the universe of the income and wealth tax returns.
  - Using an instrumental variable approach based on the removal of the wealth tax.
- Evidence of substituability between charitable & political donations:
- Policy relevance:
  - Optimal tax policy? How should the tax incentives be designed?
  - To better understand political motivations behind charitable givings. Campaign finance laws place limits on political donations, but no cap on charitable giving.

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  - A ten-percent increase in the price of charitable giving leads to a 0.18 p.p. increase in the propensity to make a political donation, and to a large rise in donation (4.5% of the mean).
  - Probability driven by political motivations beyond charitable giving.
  - Benefiting to liberal & right-wing parties.
- Policy relevance:
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Thanks a lot for your attention!

Rise in charitable giving: Illustration

back

- **United States**: charitable giving has increased by 121% between 2000 and 2019, from 203 billions dollars do 450 billions (Giving USA).

- **Switzerland**: 78% increase between 2003 and 2019 (ZEWO).

- **France**: 78.6% increase between 2006 and 2019, from 1.465 to 2.617 billion euros.

Wealth tax schedule

back

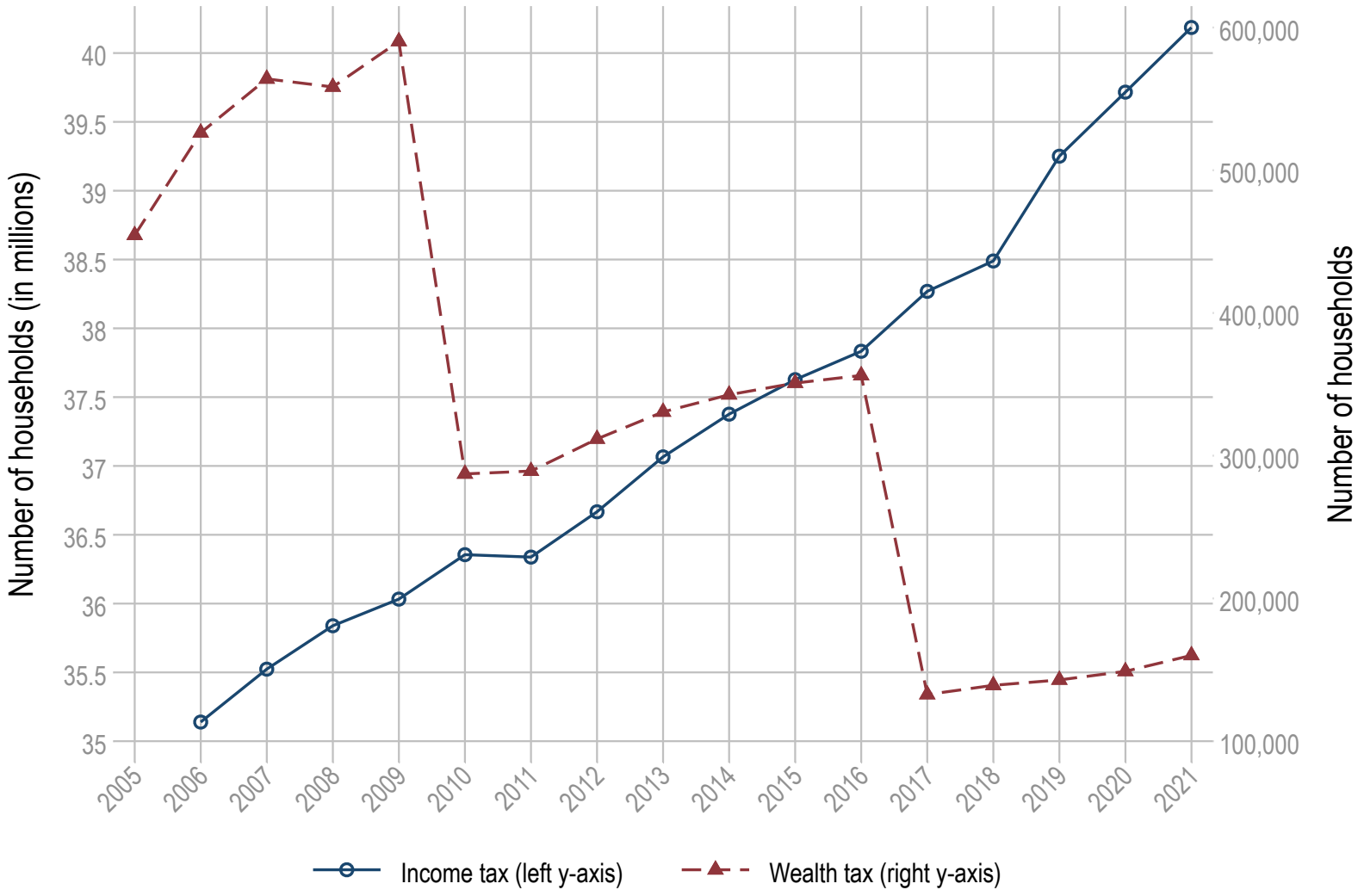
- Are liable to the wealth tax, only the households whose net taxable wealth is above €1.3 million.
- Tax rates:
  - Between 0 & €800,000: 0%.
  - Between €800,000 & €1,300,000: 0,5%.
  - Between €1,300,000 & €2,570,000: 0,7%.
  - Between €2,570,000 & €5,000,000: 1%.
  - Between €5,000,000 & €10,000,000: 1,25%.
  - Above €10,000,000: 1,5%.

Public-utility non-profit organizations (FRUPs)

back

- To be a FRUP, a foundation must:
  - Be of general interest;
  - Be sustainable, i.e. have a sufficient financial endowment at the outset to generate income to ensure this sustainability.
    - At least €750,000, or even one million in practice.
  - Have a board of directors or a supervisory board with a management board, where a representative of the State sits.

Total number of households



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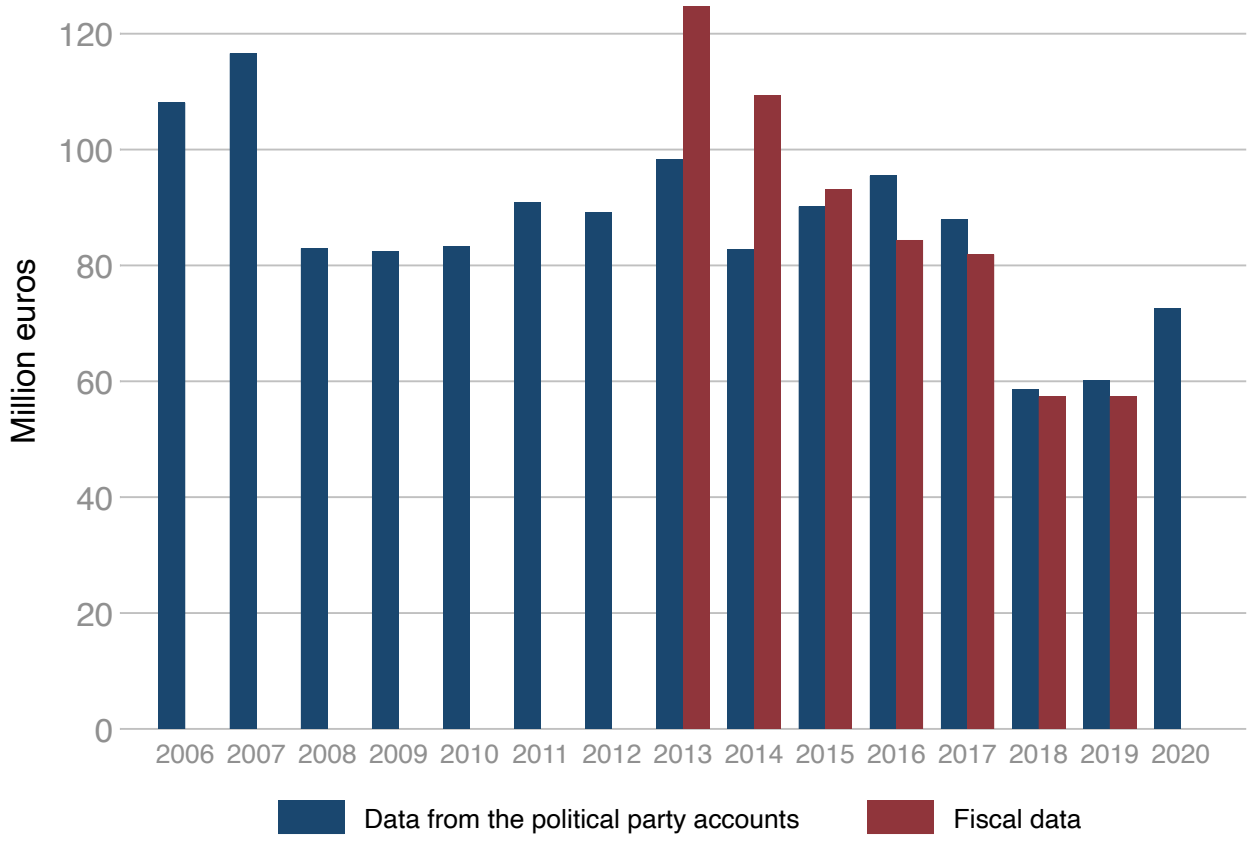
Donations that are not declared

back

- We only observe the donations that are declared by the households on their tax forms.
- Possible empirical issue: only the households who benefit from the tax rebate (i.e. above a certain income) have a fiscal incentive to declare their donations.
- But according Fack & Landais (2010), given it is almost costless for a household to report its contributions, the vast majority of contributions to charities are reported in tax data, even those made by nontaxable households.

Figure: Total amount of donations received by the political parties: data from the political party accounts vs. fiscal data



Source: political party accounts per year.

back

Donations: Average

Overall

- Following 2017 reform, large increase in average value of donations declared to income tax; substitution effect from donors who no longer pay the wealth tax?

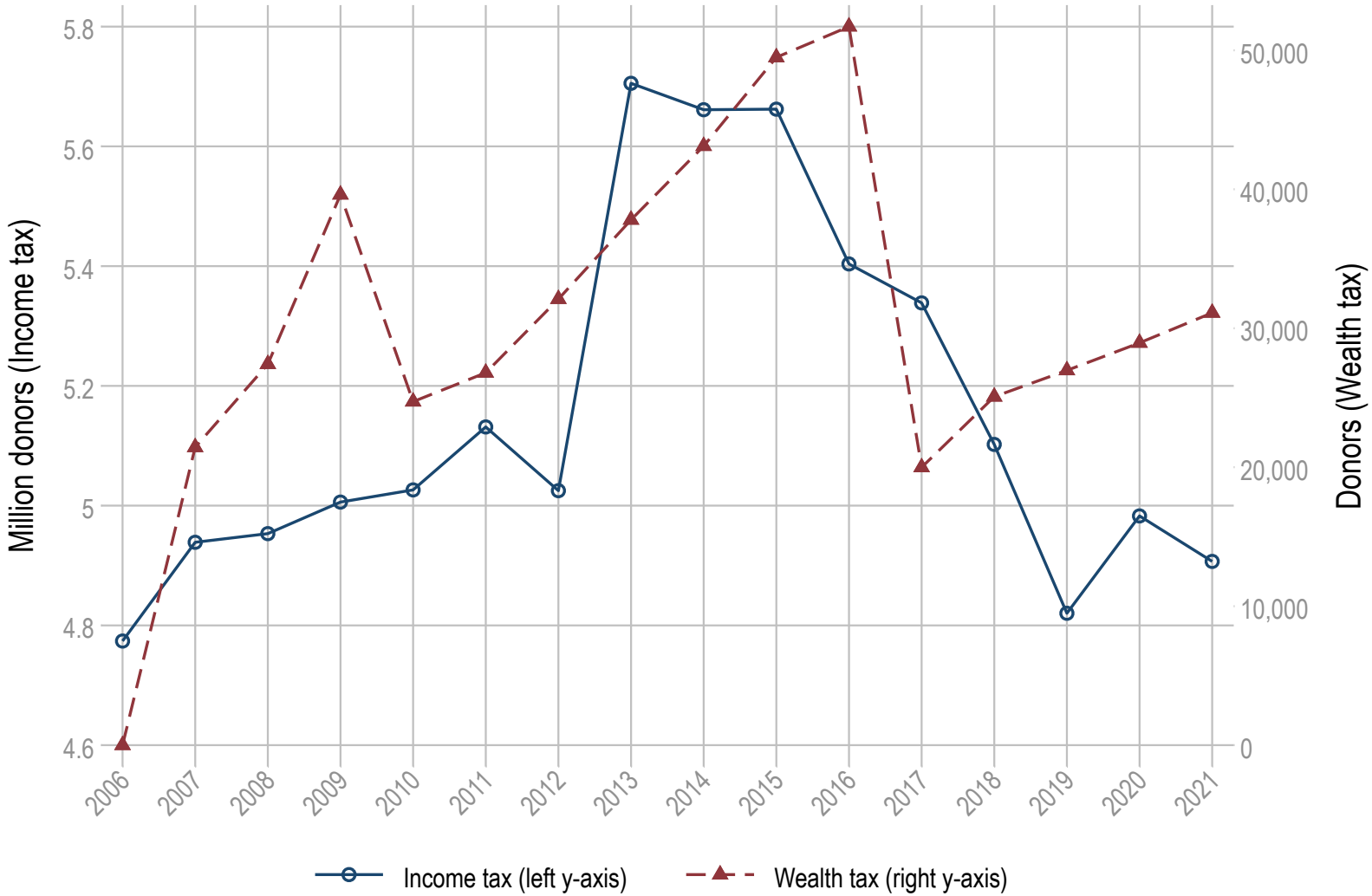
▸ IncomeTaxDetails

Donations: Average

Among the donors

- Similar picture in terms of trends, with one exception: drop for wealth-tax in 2018 (more donors so less 0; but lower donations among donors).

Donations: Number of households who give



Base100 ExplanationsForIncome

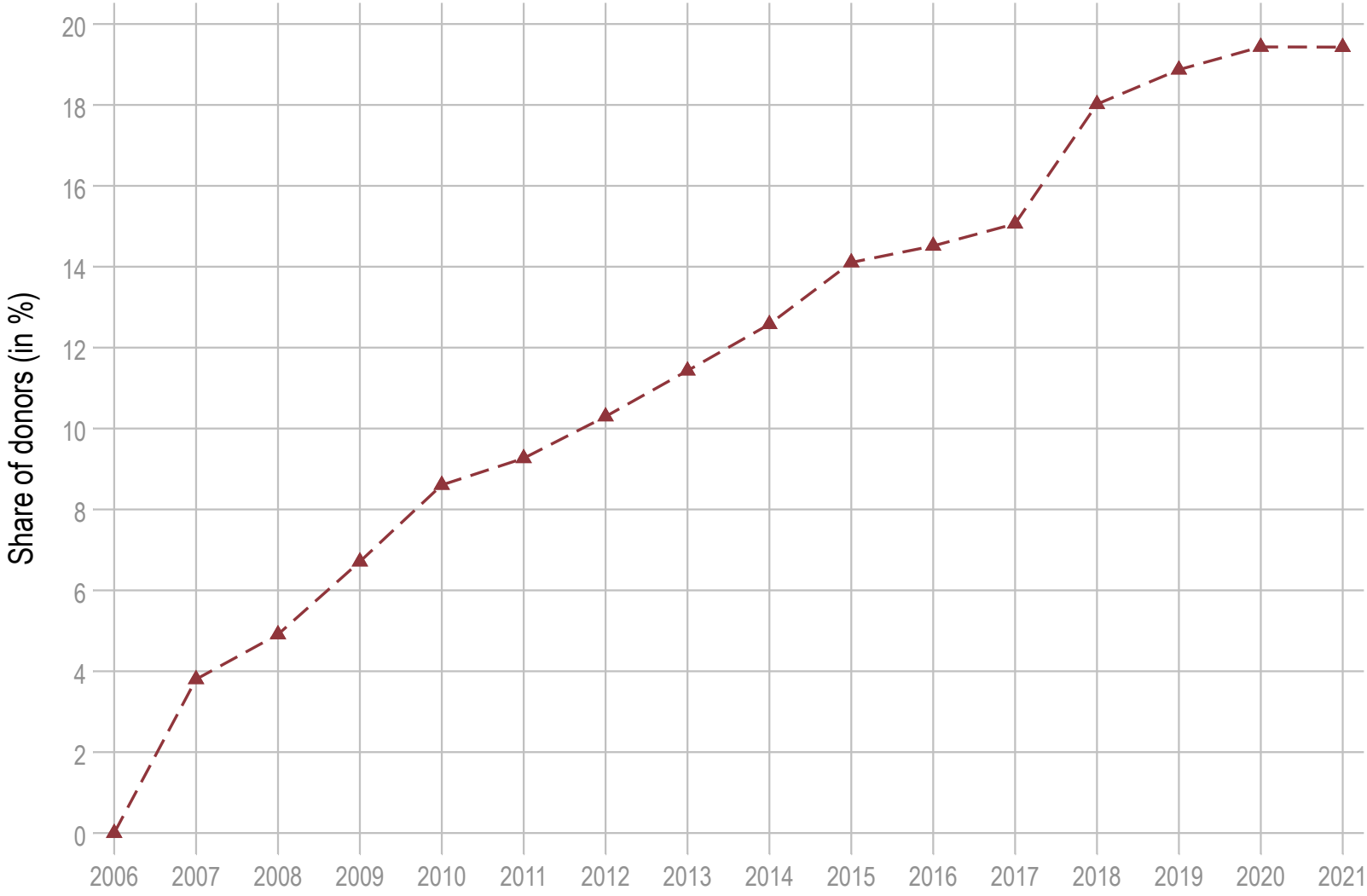
Donations: Number of households who give

Understanding wealth-tax variations

- Large increase in number of households declaring a donations on their wealth-tax form between 2008 and 2009 ($\simeq +20,000$) and back to 2008 level in 2010.
  - Drop in 2010 might be due to **2011 wealth-tax reform** (change in previous trend).
- Drop in the number of wealth-tax donors in 2017: **2018 wealth-tax reform**.
  - Drop in the number of households liable to the wealth tax $\Rightarrow$ drop in the number of households who can declare a wealth tax donation.
  - However, increase in the share of donors among households still liable to the wealth tax.

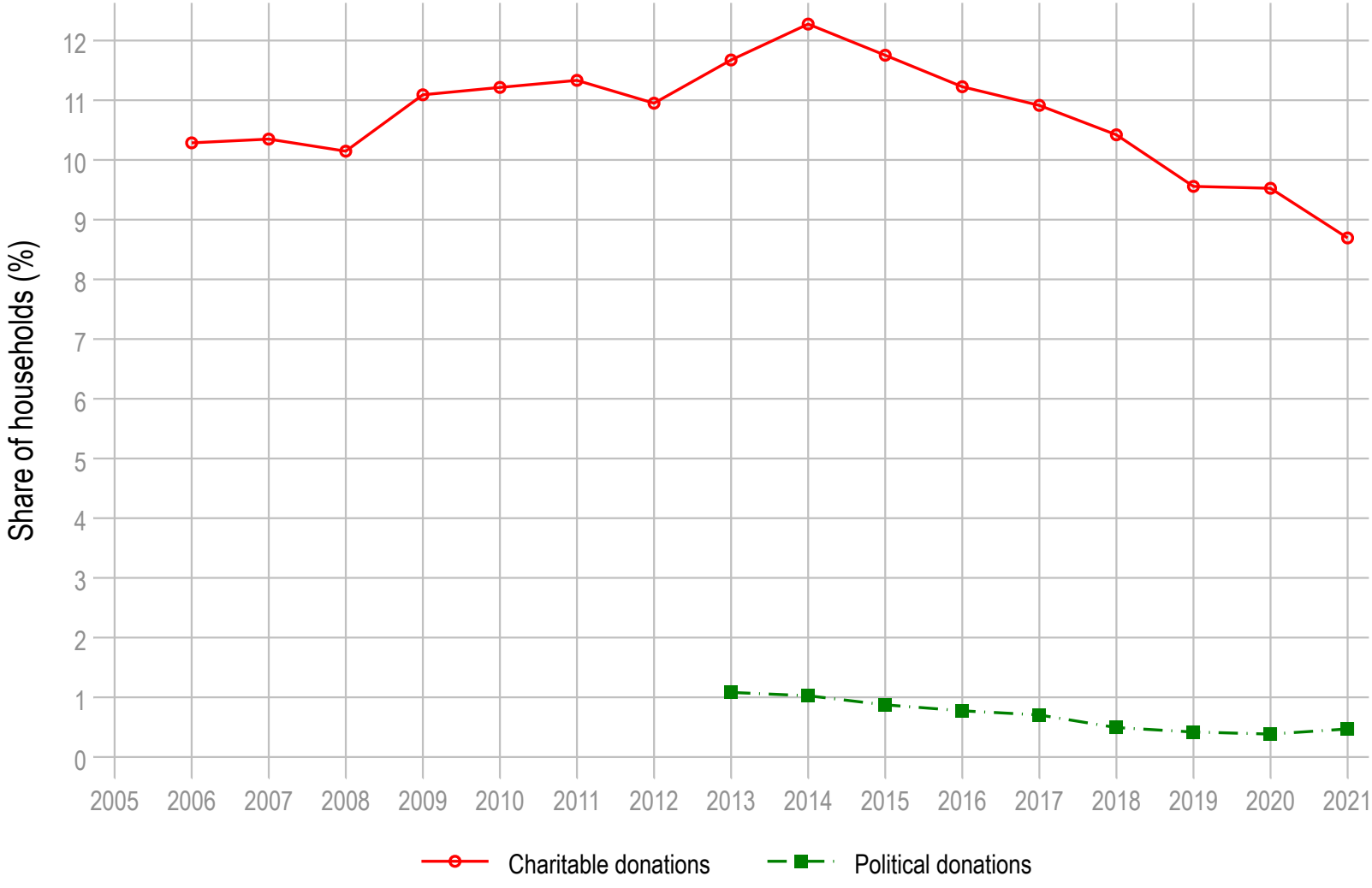
Donations: Share of households who give

Wealth tax



Donations: Share of households who give

Income tax



Donations: Number of households who give

Base 100

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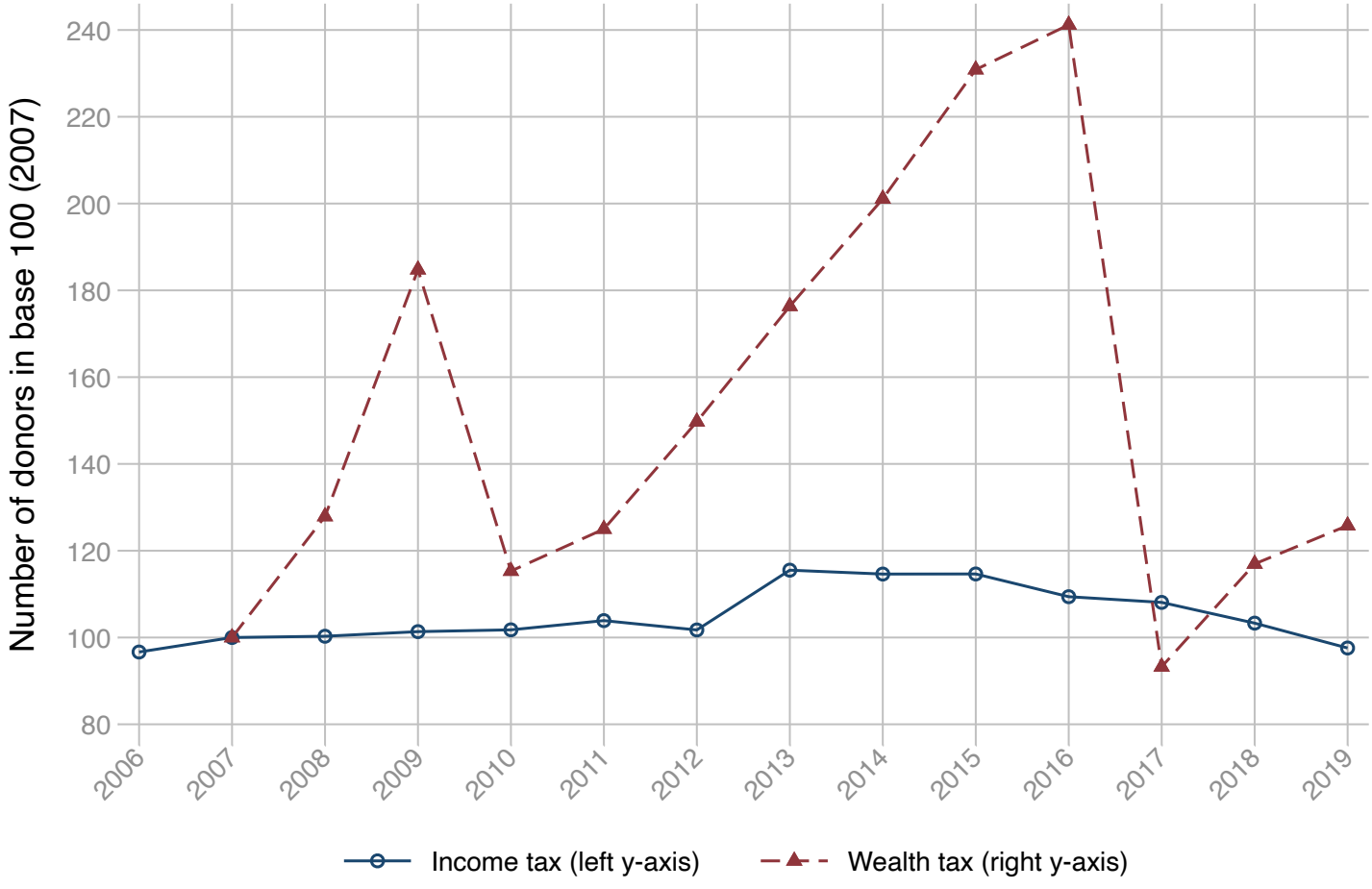


Donations: Number of households who give

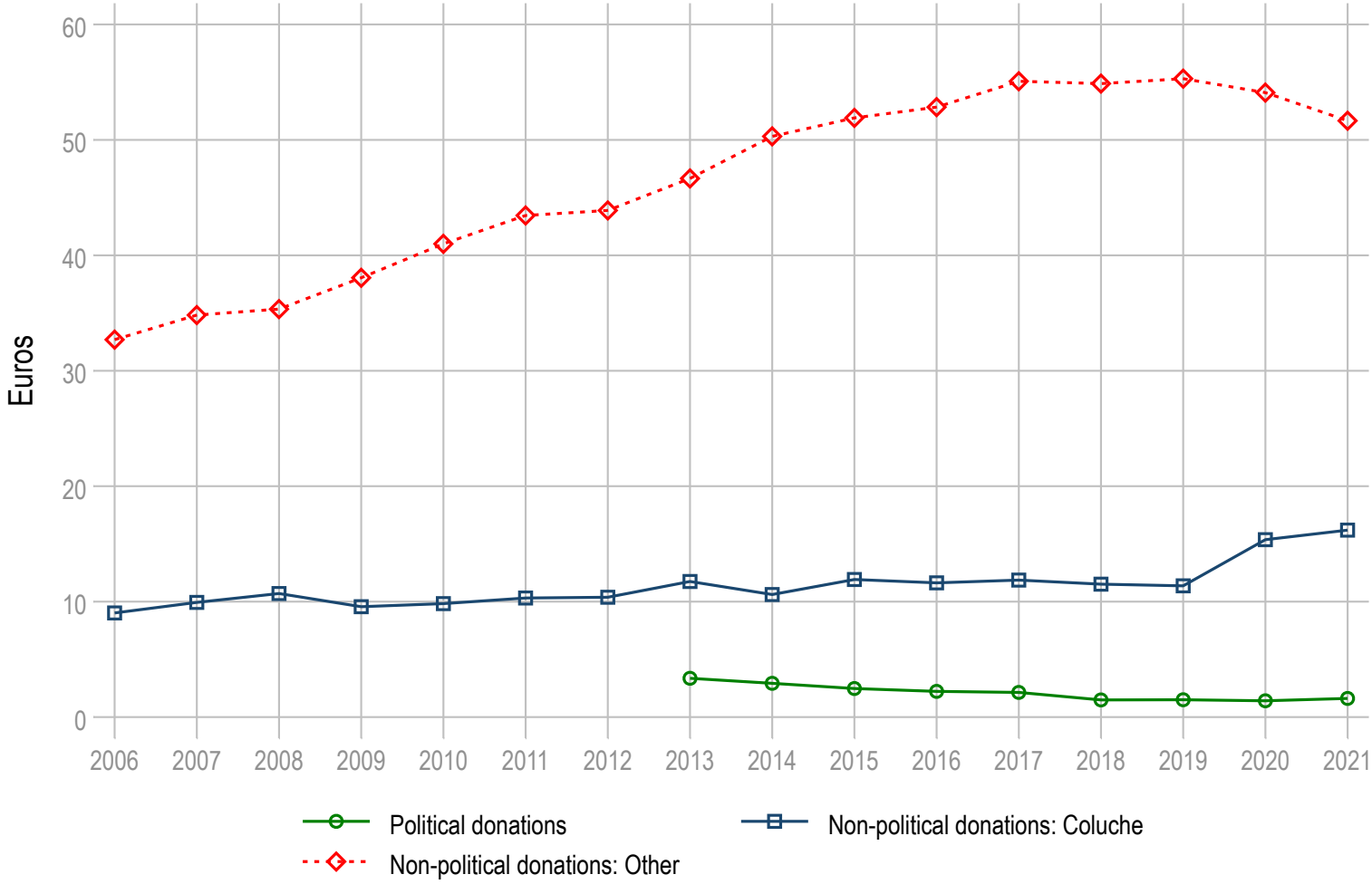
Understanding income-tax variations

back

- 2007-2012: stagnation in number of income-tax donors ; because of the introduction of wealth-tax deductions and/or because of tax shield (*"bouclier fiscal"*) system?
- 2012-2013 increase in number of households declaring a donations on their income tax form $\rightarrow$ because of the end of tax shield system in 2013?

Donations: Average

Income-tax details



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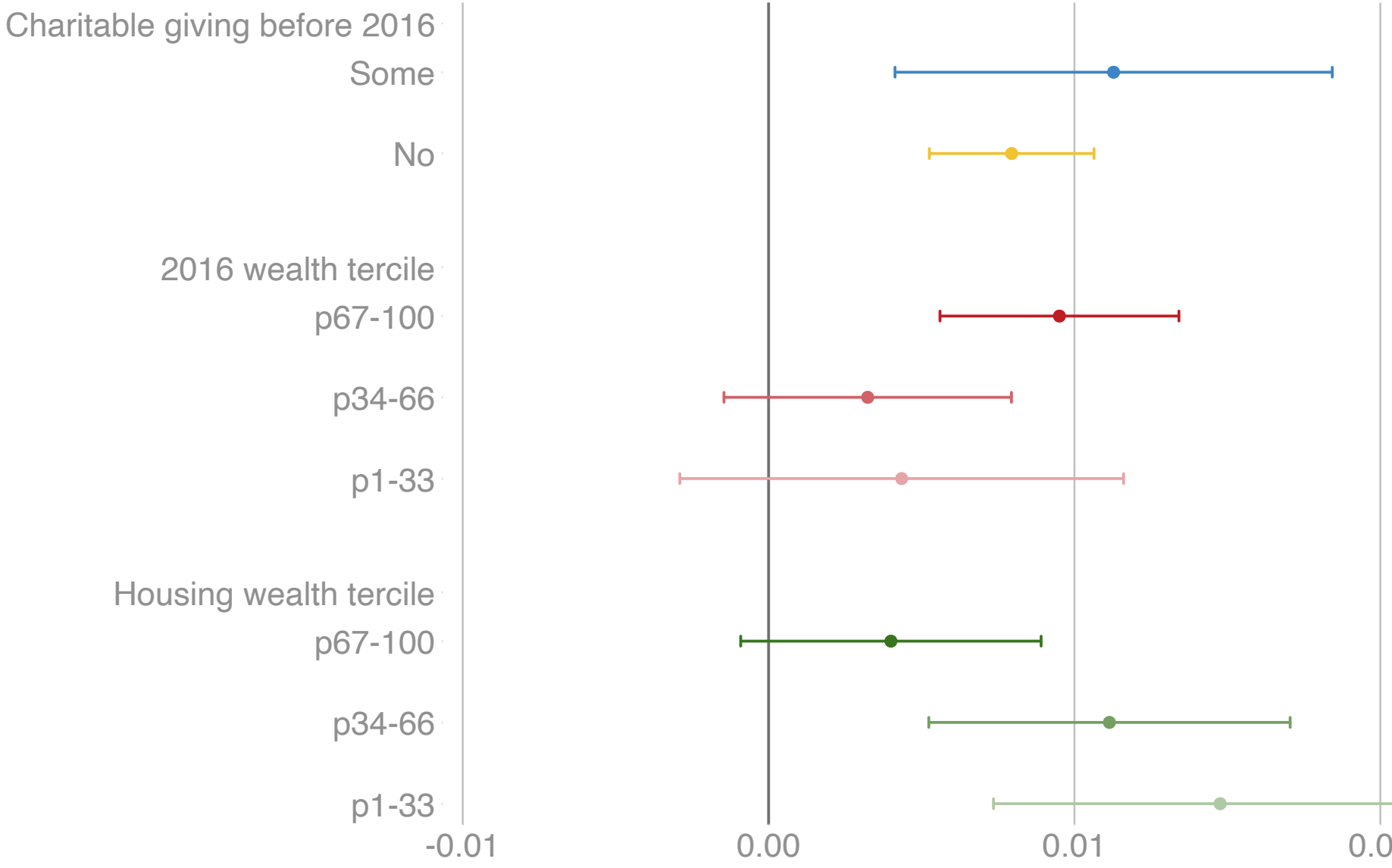
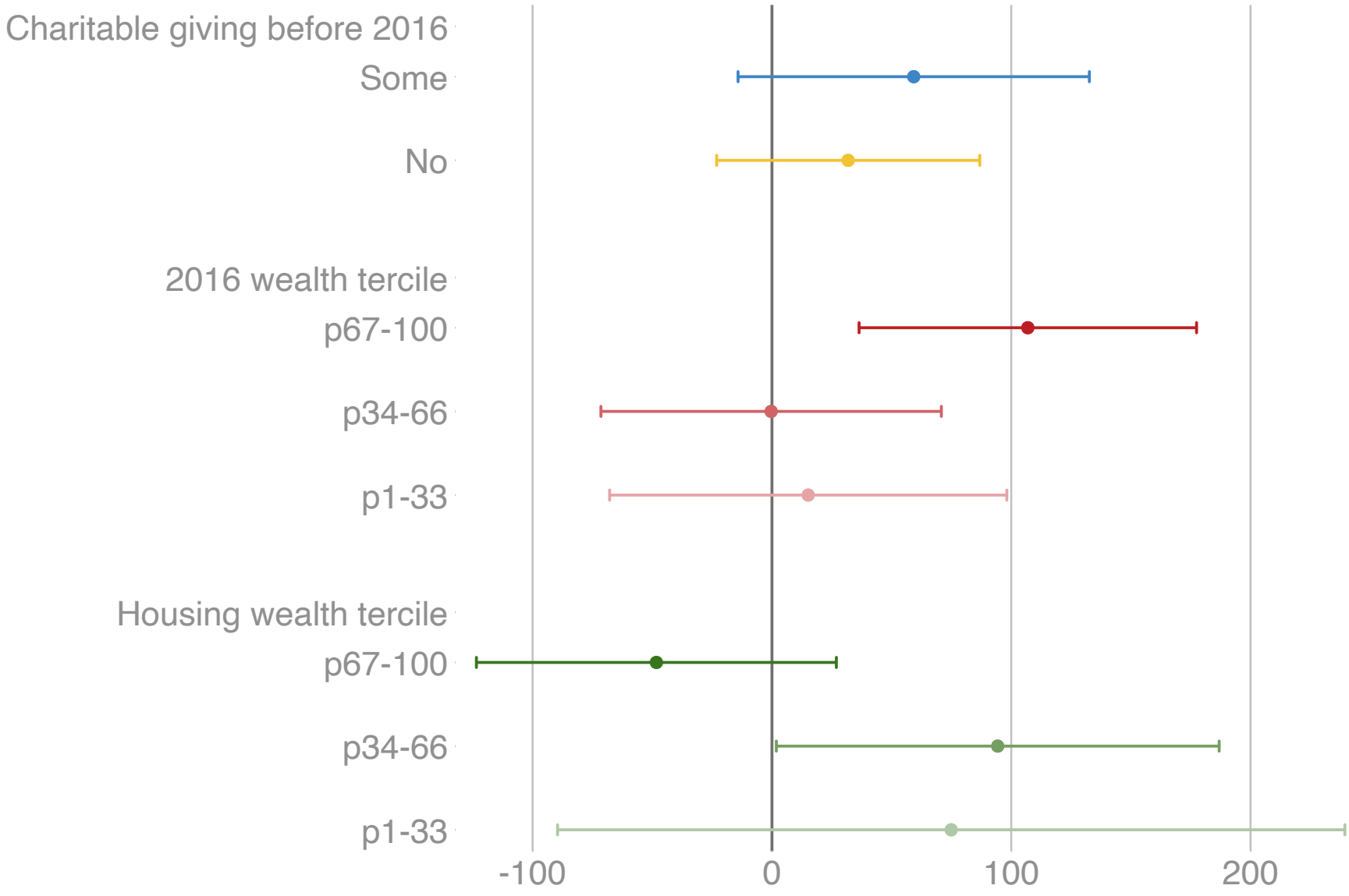
Heterogeneity of the effects: Extensive margin



Heterogeneity of the effects: Intensive margin



Discussion: external validity

back

- Representativity of the sample:
  - Results on households not liable to the wealth tax in 2016
  - Higher income and wealth; possibly tax optimizers who might not have pure intrinsic motives for giving
  - However, represent the lion's share of both political and charitable giving in France, so of interest to understand their motivations.
- Relevance of the results :
  - Peculiarity of the French tax system?
  - For all the countries that – contrary to the US – have introduced tax deductions for political donations:

    e.g. Germany, Italy, Spain, etc.

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back

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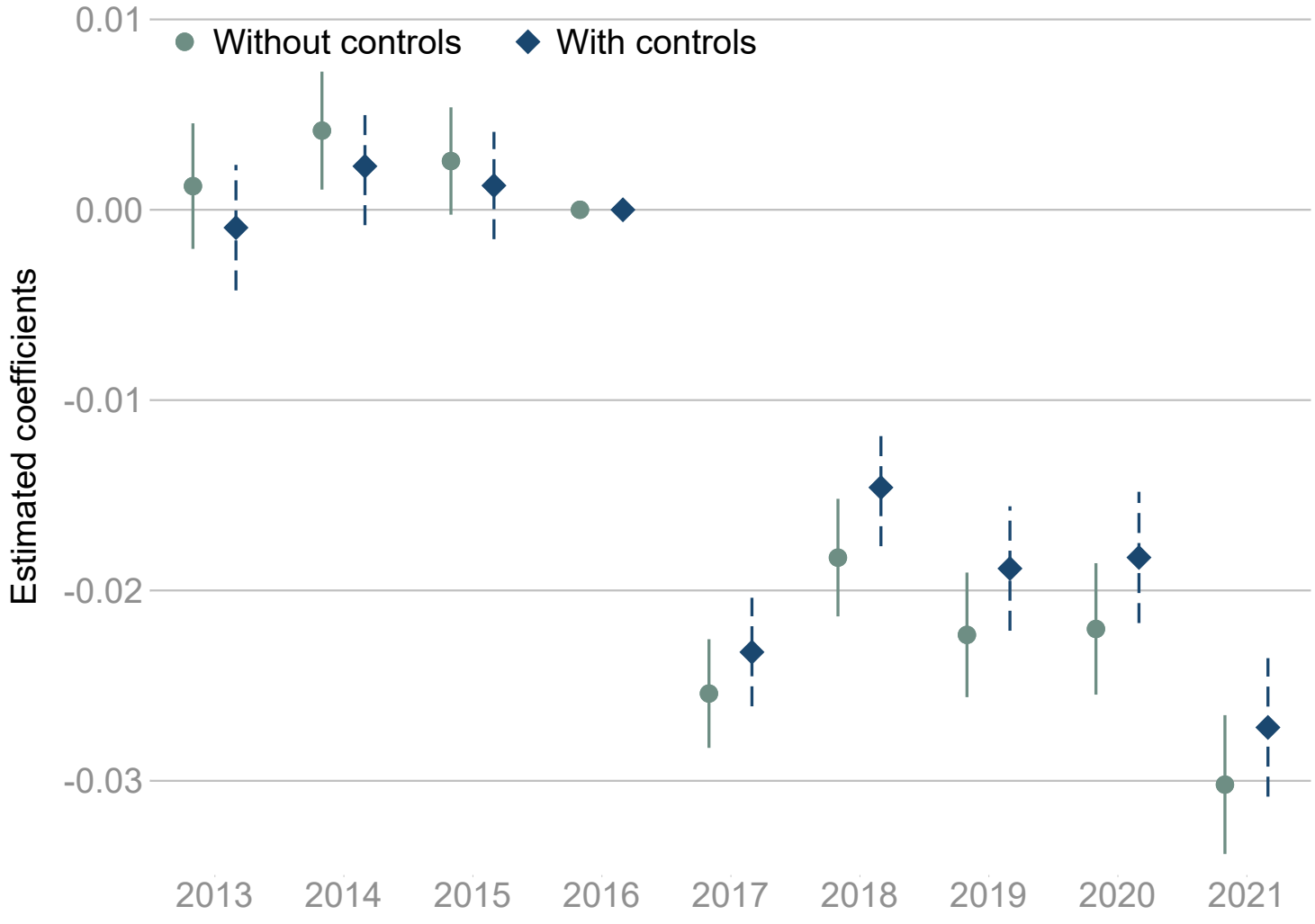
Dependent variable: charitable donations

back



Magnitude of the effects

back

- β_1=0.12 implies that a 36% increase in the tax price of charitable giving (from 25 to 34%) is associated with a 4.3% increase in political donations.
    - Effect on charitable donations: 9% decrease.
- Hence, at average charitable giving (€1,089) and political donations (€22), a €98 decrease in charitable giving is associated with a €0.92 increase in political donations.

Second stage

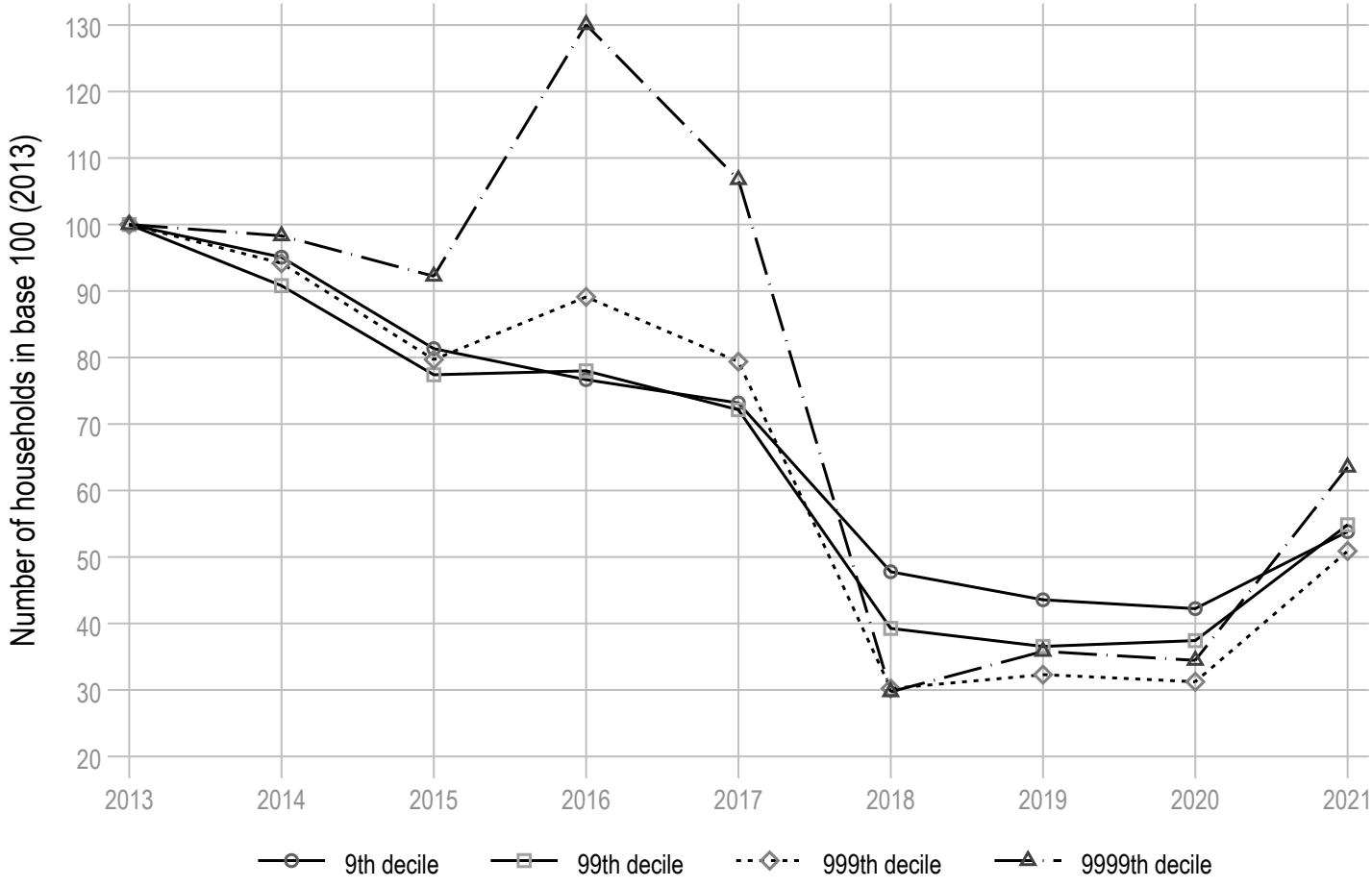
$$\text{chariatable giving}_{i,t} = \beta_0 + \beta_1 ln\,\widehat{(1-\tau)}_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$$

back

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	2,333***	2,480***	2,512***	-1,610***	-1,707***	-1,697***
	(226)	(232)	(234)	(92)	(88)	(86)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	982	982	982	982	982	982
Sd Dep Var	6032	6032	6032	6032	6032	6032

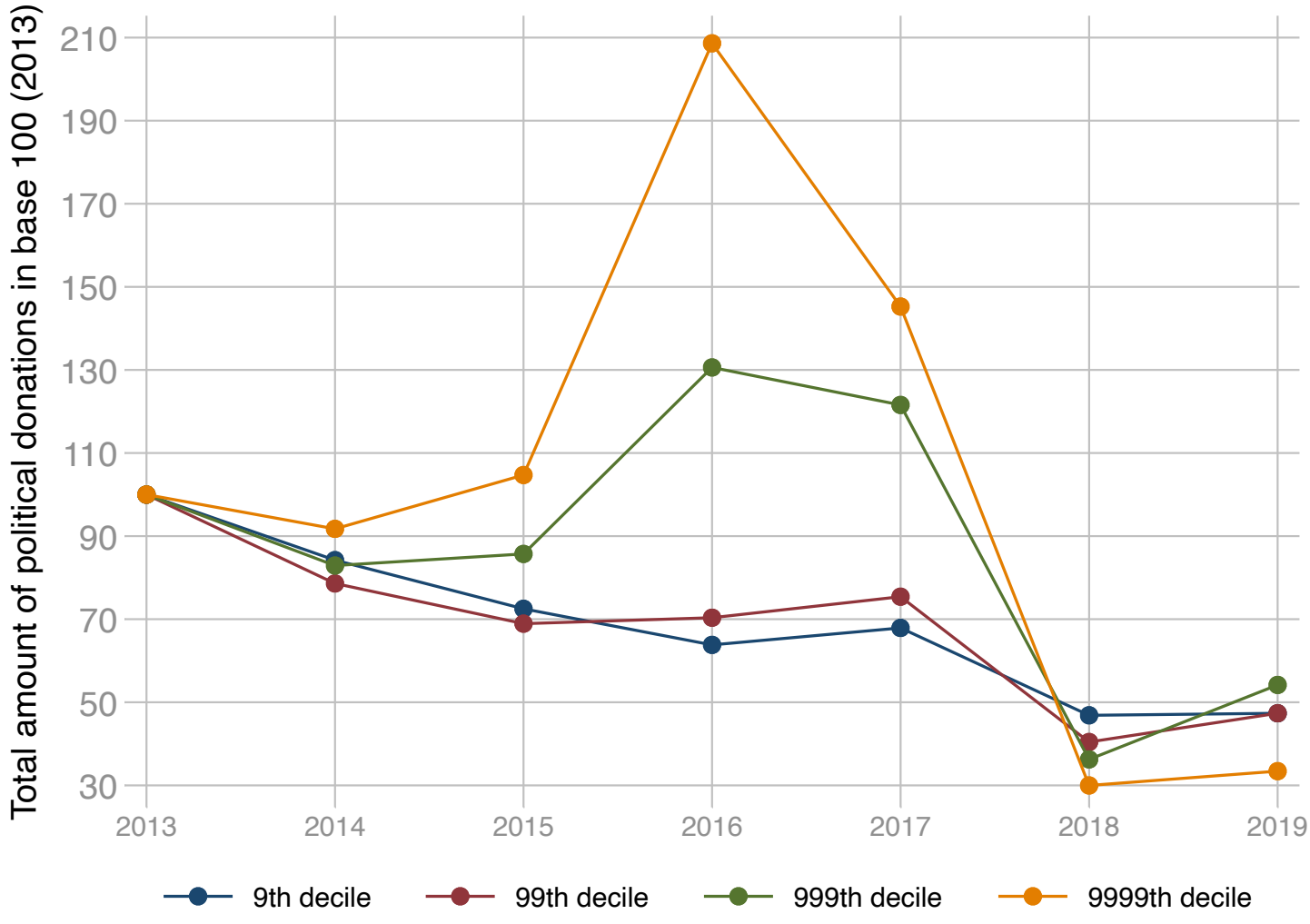
Evolution of the political donations at the top of the distribution: Number of households

back



Evolution of the political donations at the top of the distribution: Total amount

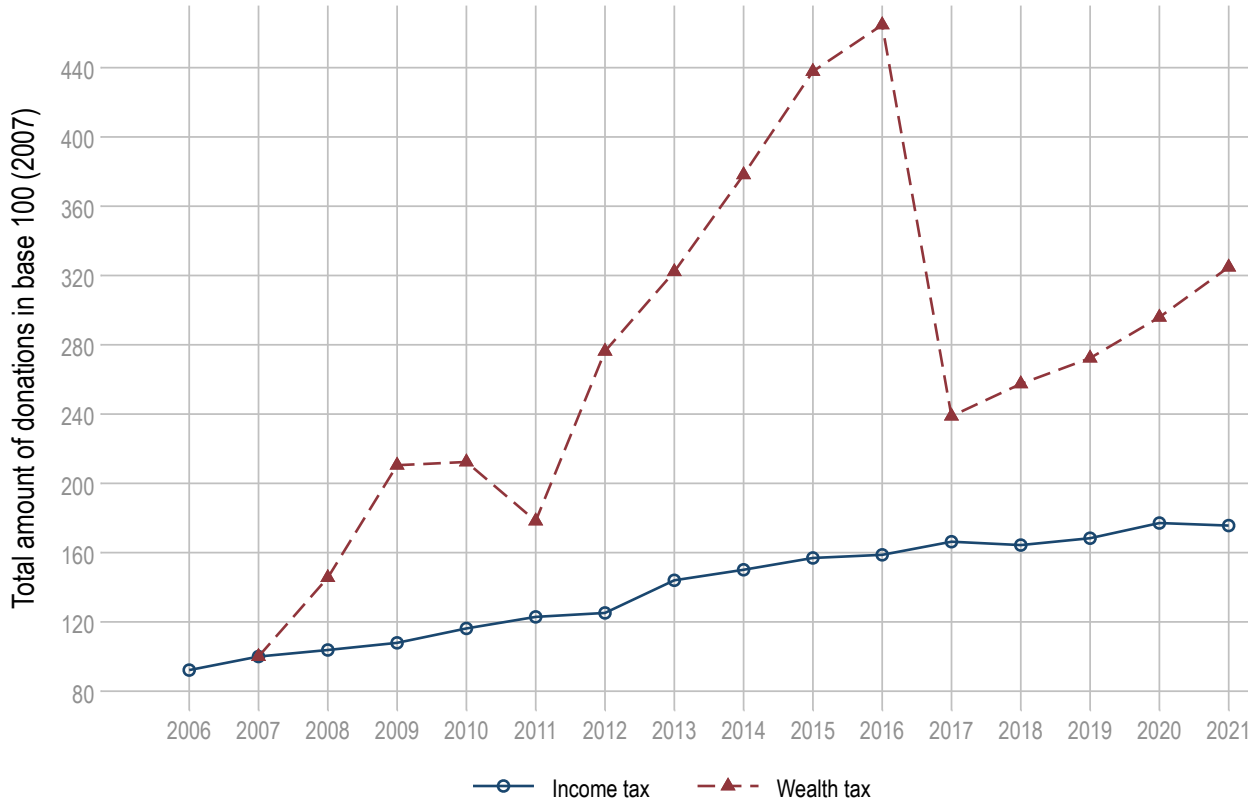
back



Donations: Sum

base 100

back



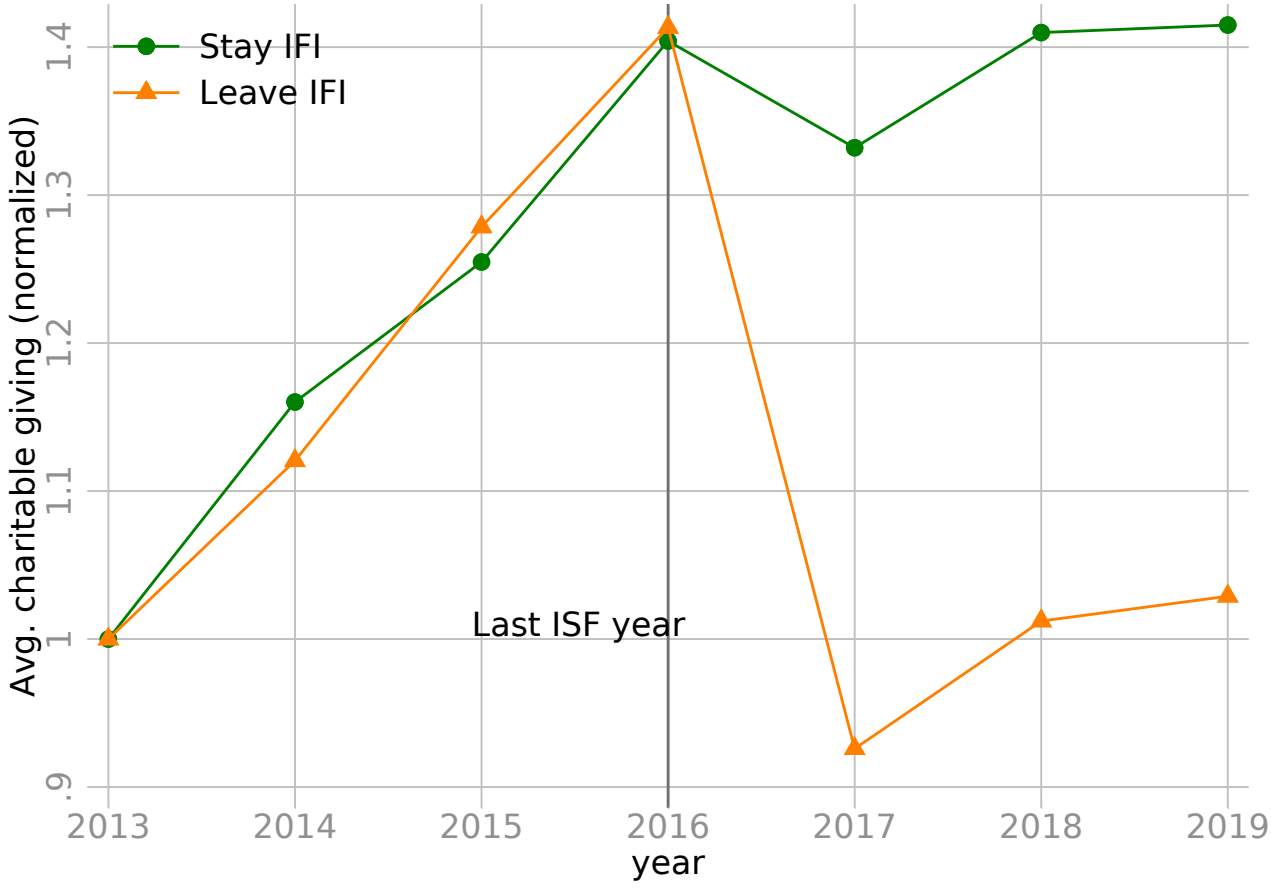
OLS results

	Declare a political donation			Amount of the political d	
	(1)	(2)	(3)	(4)	(5)
log(Amount of charitable donations)	-0.192***	-0.214***	-0.214***	-22.109***	-22.333***
	(0.008)	(0.008)	(0.008)	(3.512)	(3.529)
Year FE	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓
Controls		✓	✓		✓
Wealth-tax gain			✓		
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138
Mean Dep Var	4.01	4.01	4.01	476.741	476.741
Sd Dep Var	19.61	19.61	19.61	1373.753	1373.753

◂ Back

Identification: larger sample

Figure: Charitable giving

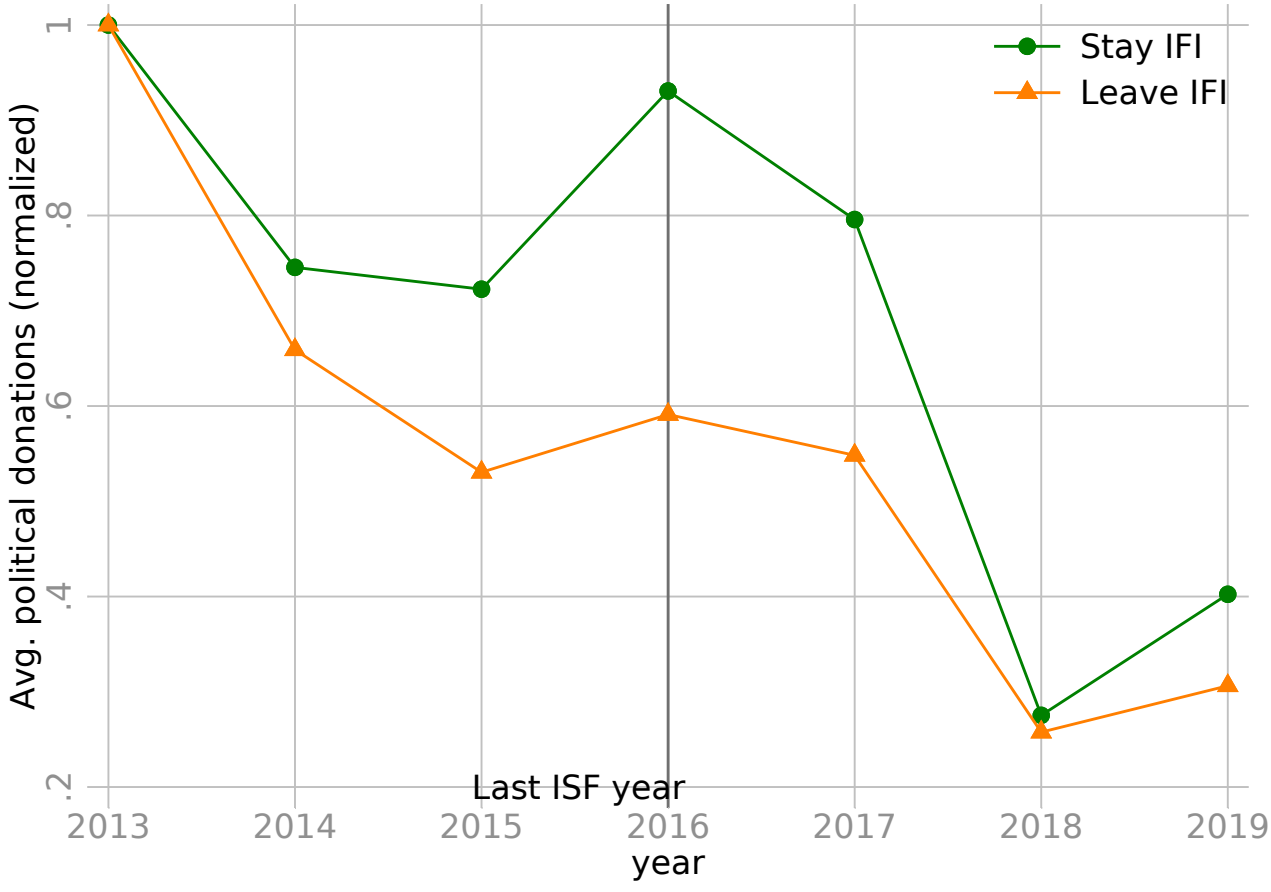


Sample: panel of households subject to the wealth tax in 2016.

Back

Identification: larger sample

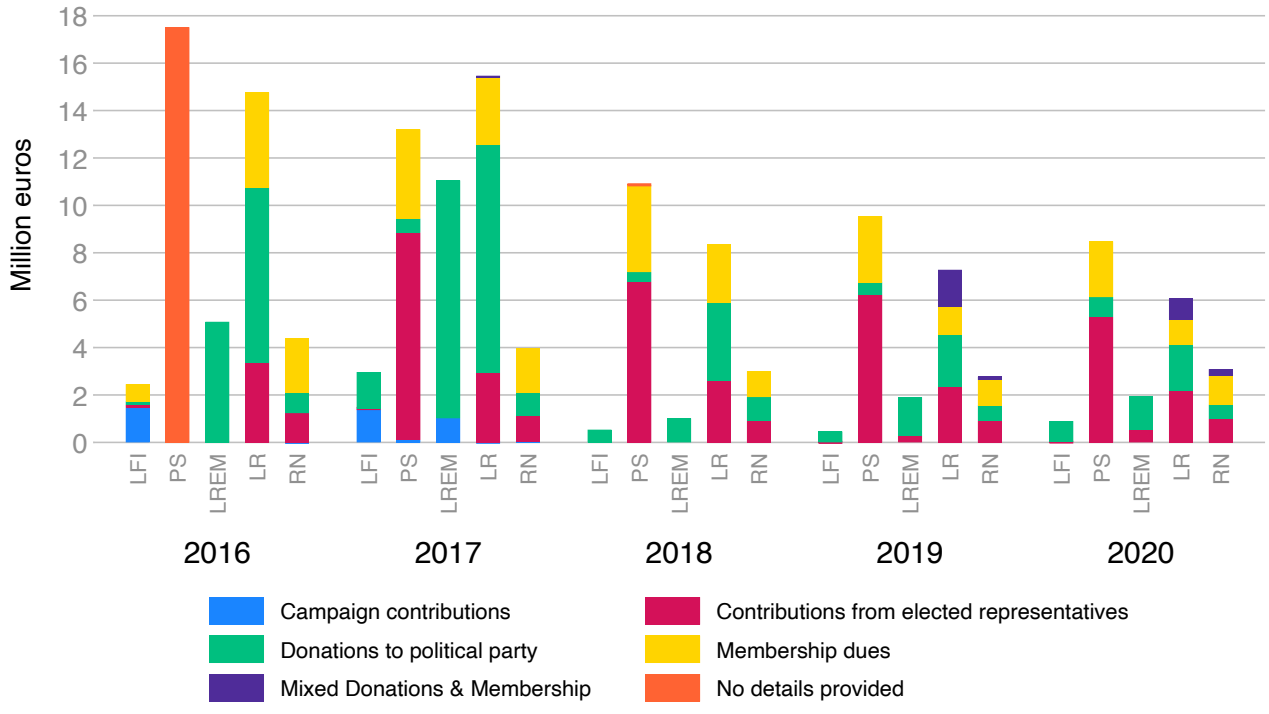
Figure: Political donation



Sample: panel of households subject to the wealth tax in 2016.

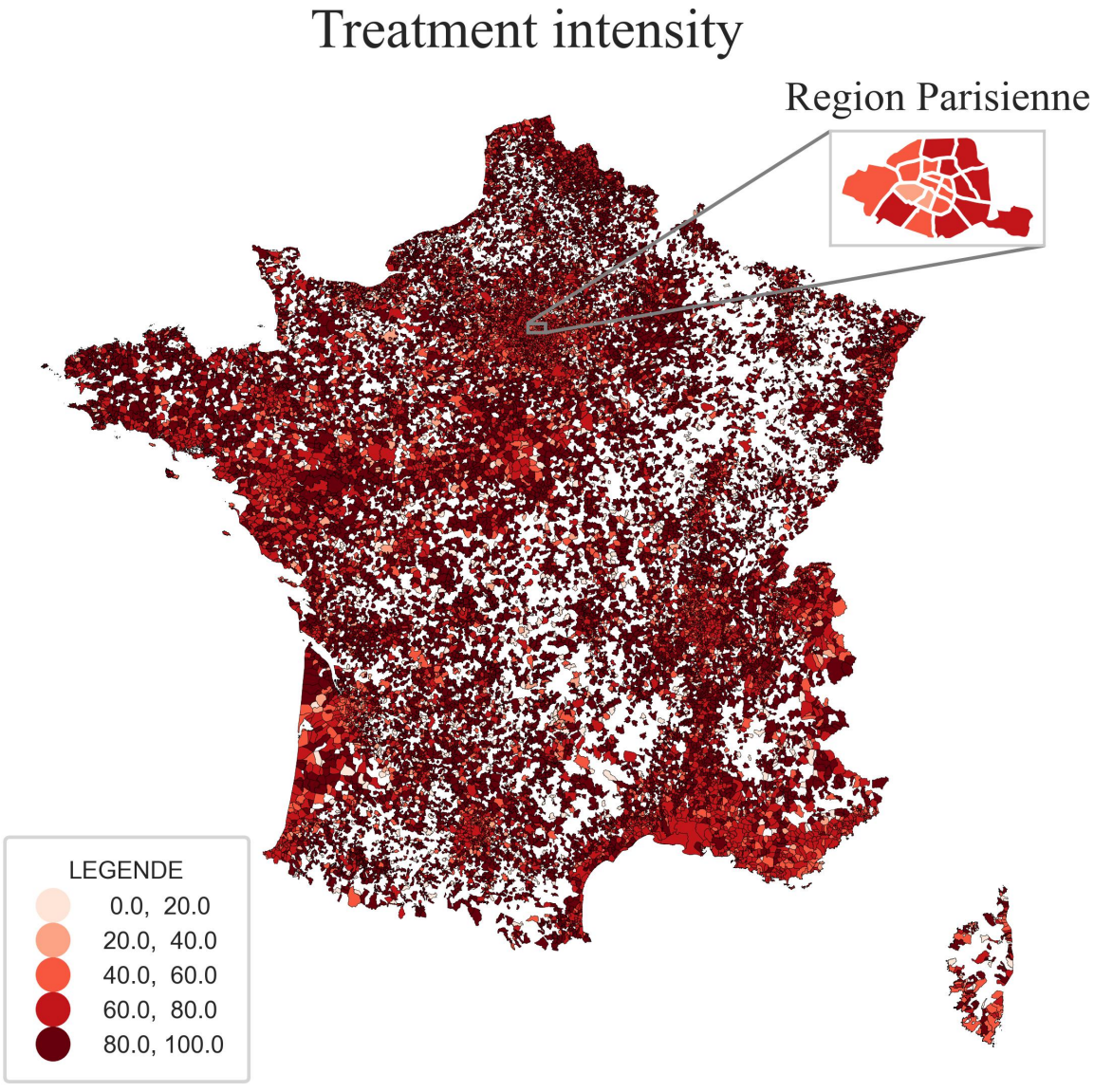
Back

Total amount of donations received by the political parties: Main political parties, 2016-2020

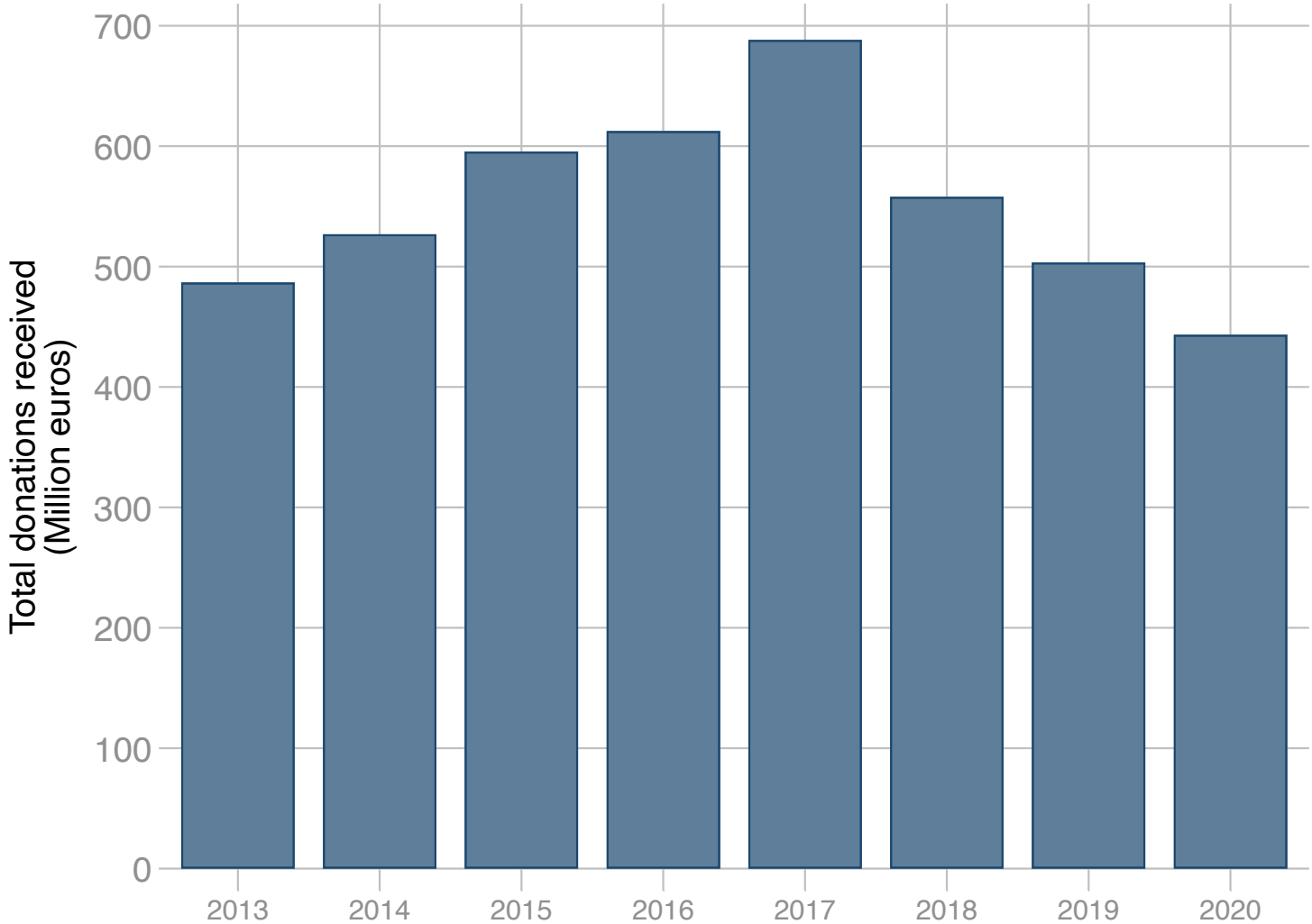


Source: CNCCFP.

Treatment intensity by commune



Wealth-tax charitable giving: FRUPs



Source: FRUPs' balance sheets (authors' own collection from paper-format documents).

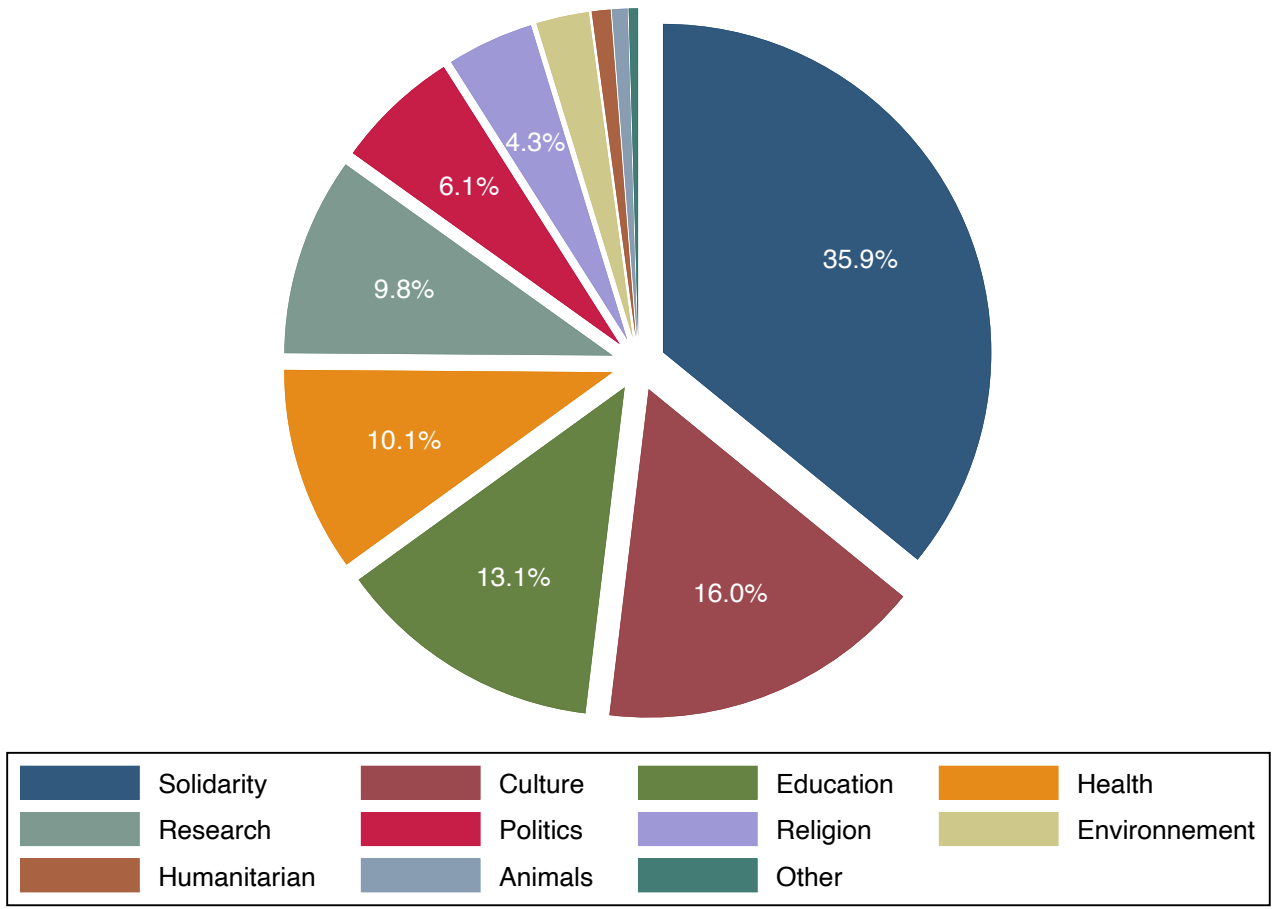
FRUP's stated purpose: Example

back

"La Fondation iFRAP a pour but d'effectuer des études et des recherches scientifiques sur l'efficacité des politiques publiques, notamment celles visant la recherche du plein emploi et le développement économique, de faire connaître le fruit de ces études à l'opinion publique, de proposer des mesures d'amélioration et de mener toutes les actions en vue de la mise en œuvre par le Gouvernement et le Parlement des mesures proposées."

Share of the FRUPs in our sample depending on their "category"

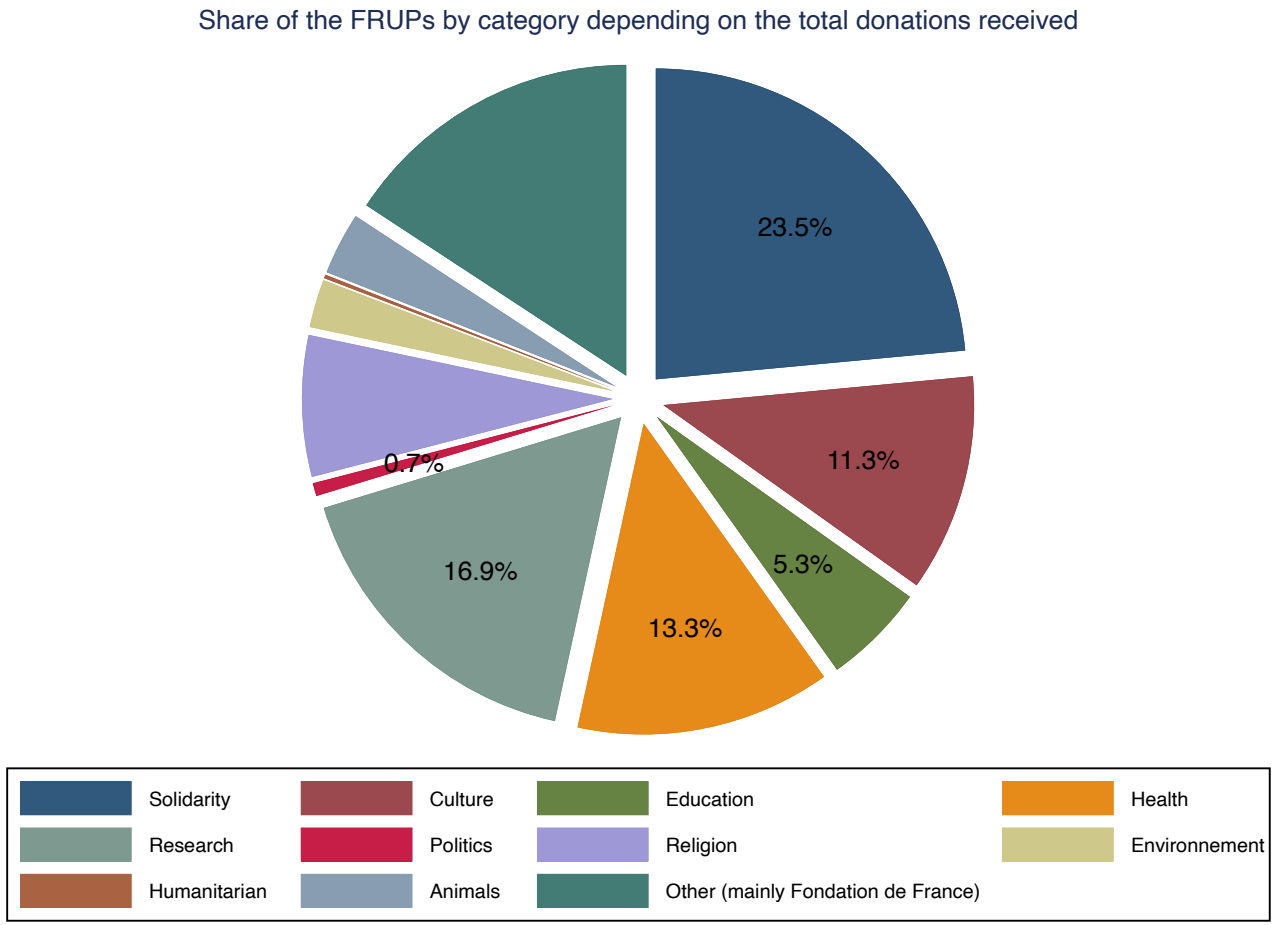
back



Source: authors' own computation based on the FRUPs' stated purpose (categories defined according to Reich, 2018). amount

Share of the FRUPs by category depending on the donations received in 2016

back



Characteristics of the sample for 2016

Back

Table: Descriptive statistics: Households liable to the wealth tax in 2016

	Mean	Std. Dev.
Gross Taxable Income	134,867	265,361
Number of fiscal dependents	1.9	1.0
Age (individual 1)	68	13
Total donations (income tax)	1,002.4	9,882.6
Political donations (income tax)	33.0	445.4
Charitable donations (income tax)	888.8	9,828.1
Coluche donations (income tax)	80.6	240.9
Total gross wealth	2,962,612	3,997,285
Total donation (wealth tax)	749.1	4,885.4
Charitable donation (wealth tax)	740.8	4,859.6
Charitable donation in EU (wealth tax)	8.3	492.5
Charitable giving (income & wealth tax)	1,637.9	11,730.3
Charitable donations (income & wealth tax), cond. on giving	3,037.1	15,839.7
Political donations (income tax), cond. on giving	662.5	1,888.5
Observations	351,229	

Characteristics of the treatment and control groups in 2016

Table: ttest

	Control		Treatment		
	Mean	Sd	Mean	Sd	P-value
Number of fiscal shares	302	131	288	133	0
Age (individual 1)	58	11	59	12	0
Income	190891	396342	108112	175725	0
Total gross wealth	4317088	7139525	2373508	2764268	0
Charitable donations (income tax)	1514	27667	733	24248	0
Political donations (income tax)	61	634	20	318	0
Donation (wealth tax)	1217	6994	527	3468	0
Number of households	117663		238564		

Control: households liable to the new wealth tax (same tax schedule but only on real-estate assets).

Treatment: households leaving the wealth tax returns following the 2018 reform.

Back

First stage: Illustration

back

year	id	Taxable wealth (m€)	Treatment	Wealth tax due Before tax deduction	Charitable giving Income & wealth tax	τ
2016	A	4.6	T	30,690	30,000	0.75
2017	A	0	T	0	30,000	0 or 0.66
2016	B	4.6	C	30,690	30,000	0.75
2017	B	4.6	C	30,690	30,000	0.75
2016	C	4.6	C	30,690	30,000	0.75
2017	C	4.6	C	30,690	59,000	0 or 0.66

T=treatment; C=control

What should we expect?

- For the treated group: wealth-tax reform $\Rightarrow$ increase in the marginal tax price of giving $\Rightarrow$ decrease in overall charitable giving, compared to control group.
- Impact on political giving depends on whether charitable and political donations substitute or complement.

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Robustness – Coluche giving

back

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	6.127^{**}	14.625^{***}	14.901^{***}	38.675^{***}	54.833^{***}	54.122^{***}
	(3.015)	(3.030)	(3.049)	(3.153)	(3.191)	(3.135)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	93.247	93.247	93.247	93.247	93.247	93.247
Sd Dep Var	277.434	277.434	277.434	277.434	277.434	277.434

- Since 1989, specific rate for donations to charities that help people in need: "Coluche giving".
- These donations benefit from a nonrefundable income tax credit of 75% percent (up to a certain threshold – €546 in 2019).

Placebo test

$$\text{Trade union subscriptions}_{i,t} = \beta_0 + \beta_1 ln\,\widehat{(1-\tau)}_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$$

back

	Probability of suscribing to a trade union			Amount of the subscription		
	(1)	(2)	(3)	(4)	(5)	(6)
Treated × Post	-0.068	-0.037	-0.040	-3.044	-1.824	-1.845
	(0.047)	(0.048)	(0.048)	(5.739)	(5.630)	(5.609)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	73,213	73,213	73,213
Cluster(households)	282,496	282,491	282,491	13,470	13,470	13,470
Mean Dep Var	3.26	3.26	3.26	207.873	207.873	207.873
Sd Dep Var	17.76	17.76	17.76	2058.208	2058.208	2058.208

- As expected, no effect on trade union subscriptions given determined by other motives (e.g. reputation concerns and existence of excludable benefits).

Robustness – First-euro price

back

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1 - \text{first euro } \tau)$	1.449^{***}	1.473^{***}	1.503^{***}	136.029^{*}	124.088^{*}	122.405^{*}
	(0.216)	(0.217)	(0.217)	(72.986)	(72.368)	(72.503)
Year FE	✓	✓	✓	✓	✓	✓
Households FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth-tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138	19,138
Mean Dep Var	4.01	4.01	4.01	476.741	476.741	476.741
Sd Dep Var	19.61	19.61	19.61	1373.753	1373.753	1373.753

Robustness – Similar wealth tax gain [0-10k]

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.394***	0.411***	36.335	35.261
	(0.070)	(0.071)	(23.270)	(23.304)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,128,181	2,128,105	67,574	67,574
Cluster(households)	254,365	254,362	17,095	17,095
Mean Dep Var	3.98	3.98	461.060	461.060
Sd Dep Var	19.55	19.55	1346.017	1346.017

back

Robustness – Similar wealth tax gain [0-20k]

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.507***	0.503***	37.878*	33.791
	(0.065)	(0.065)	(21.653)	(21.519)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,472,915	2,472,813	79,827	79,827
Cluster(households)	296,005	296,000	20,273	20,273
Mean Dep Var	4.05	4.05	489.038	489.038
Sd Dep Var	19.70	19.70	1417.501	1417.501

back

Robustness – Balanced panel

back

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.463***	0.461***	34.146	29.798
	(0.074)	(0.074)	(24.176)	(23.793)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	1,940,319	1,940,265	64,354	64,354
Cluster(households)	215,591	215,589	15,810	15,810
Mean Dep Var	4.11	4.11	476.271	476.271
Sd Dep Var	19.85	19.85	1379.545	1379.545

Robustness – Dropping 2017

back

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.575***	0.558***	59.889**	53.117*
	(0.072)	(0.072)	(28.178)	(27.739)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,084,401	2,084,308	63,845	63,845
Cluster(households)	282,025	282,020	17,512	17,512
Mean Dep Var	3.96	3.96	476.320	476.320
Sd Dep Var	19.51	19.51	1387.636	1387.636

Robustness – Dropping 2016

back

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.399***	0.432***	44.089*	42.172
	(0.074)	(0.075)	(25.817)	(25.723)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,077,528	2,077,437	62,581	62,581
Cluster(households)	281,632	281,626	17,234	17,234
Mean Dep Var	3.92	3.92	476.960	476.960
Sd Dep Var	19.41	19.41	1359.973	1359.973

1. Who benefited from the increase in political donations?

- Use information on commune-level donations received by each political party, merged with treatment intensity by commune.
  - Focus on the 5 main political parties that presented a candidate during the last (2017) French presidential elections.
  - Perform the analysis separately for each political party (and cluster the standard errors at the commune level).

$$\text{Treatment intensity} = \frac{\#\text{ hh leaving wealth-tax returns}}{\#\text{ hh leaving wealth-tax returns} + \#\text{ hh liable to new wealth tax}}$$

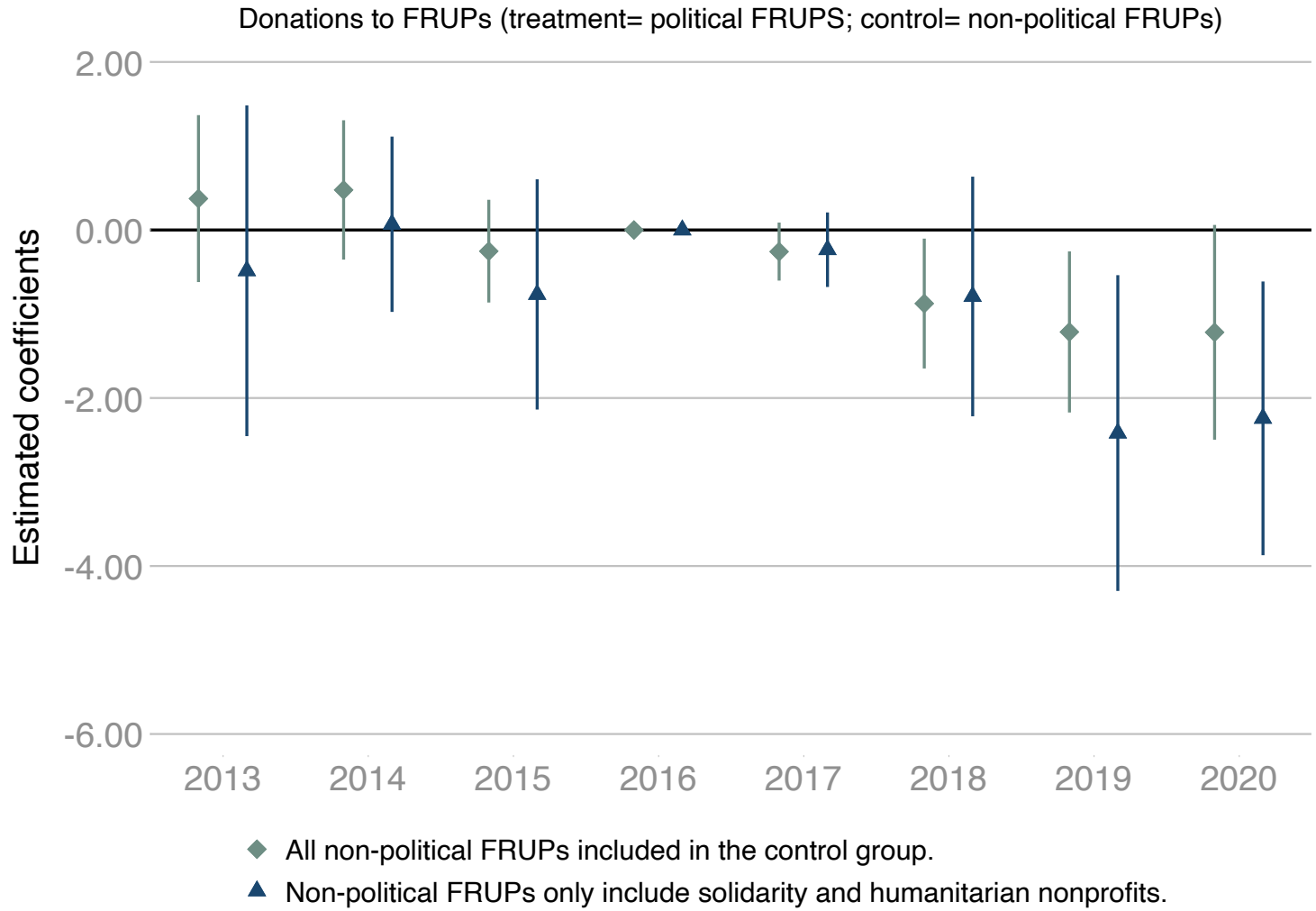
$$\text{political donations}_{p,c,t} = \alpha + \beta \text{Treatment intensity}_c x Post_t + \eta_c + \gamma_t + \mu_{pct}$$

Back

Donations to FRUPs (IHS), Depending on whether political

Balanced panel; including controls

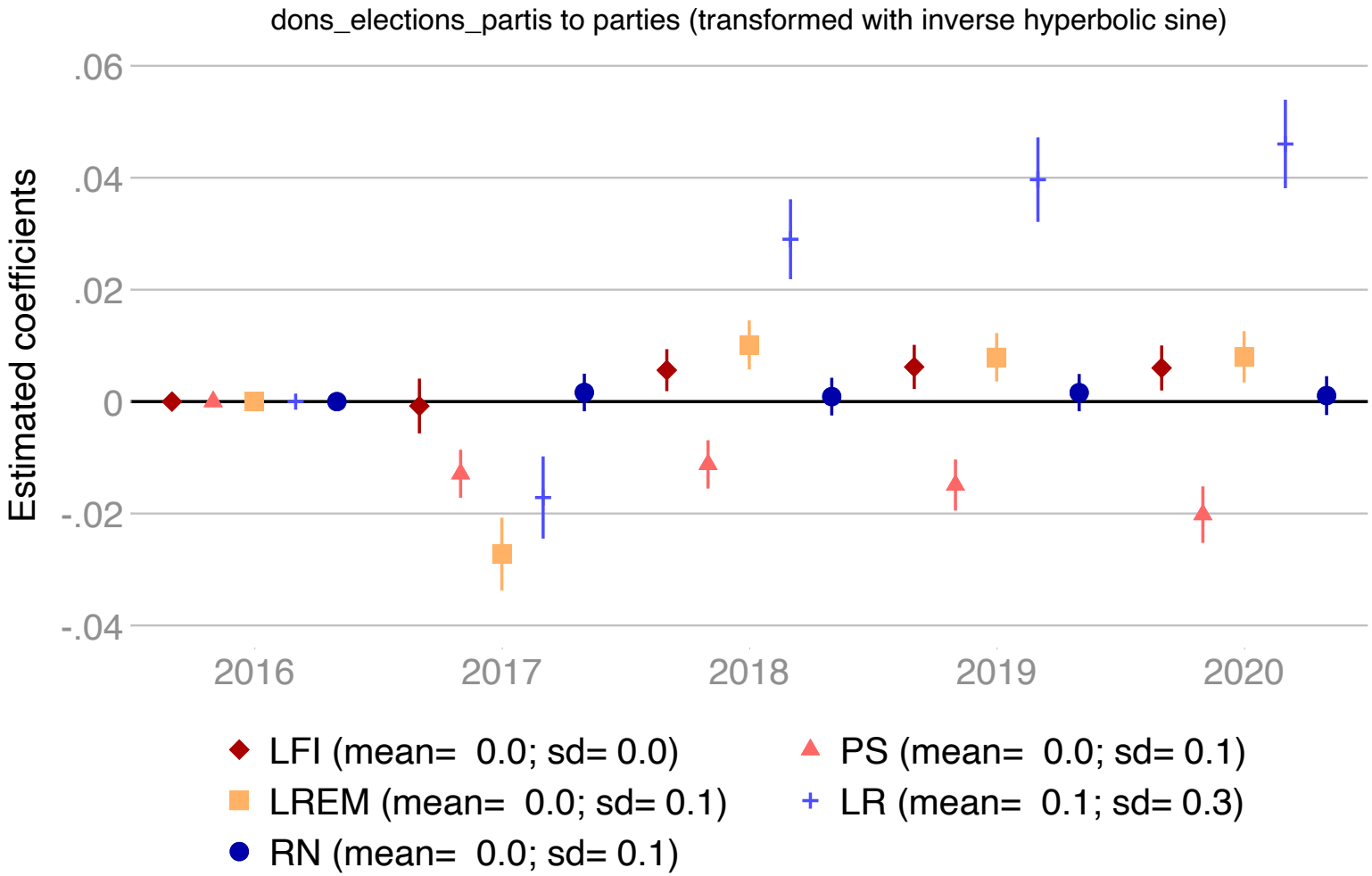
back



Donations to political parties (IHS), Depending on treatment intensity

Including controls

back



Notes: Controls include the log of the # of income tax hh, reference tax income, total net tax, # of retirees, total pensions.
Donations are normalized by the number of fiscal households (in thousands).
Clusters: 16053 communes included for the LFI regression.